



Annual Activity Report 2023

annexes

Directorate General for Employment, Social
Affairs and Inclusion

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ANNEX 1: Statement of the Director(s) 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 DG to the Director-General.

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

Brussels, 25 April 2024

(e-signed)

Denis GENTON

Director of European Pillar of Social Rights and Strategy Directorate, in charge of Risk Management and Internal Control

⁽¹⁾ C(2017)2373 of 19.04.2017.

ANNEX 2: Performance tables

General objective 2: A Europe fit for the digital age

Impact indicator: Digital skills ⁽²⁾

Explanation: The digital skills indicator 2.0 (DSI) is a composite indicator which is based on selected activities related to internet or software use that individuals aged 16-74 perform in five specific areas (Information and data literacy, Communication and collaboration, Problem solving, Digital content creation and Safety). It is assumed that individuals having performed certain activities have the corresponding skills; therefore, the indicator can be considered as a proxy of individuals' digital skills. According to the variety of activities performed, two levels of skills are computed for each of the five areas ("basic" and "above basic"). Finally, based on the performance in the five specific areas, an overall digital skills indicator is calculated as a proxy of the digital skills of individuals ('no skills', 'limited', 'narrow', 'low', 'basic', 'above basic' or 'at least basic skills'). The basic digital skills indicator shows the share of individuals with 'at least basic skills'.

Source of the data: Eurostat (Eurostat online data code: isoc_sk_dskl_i21).

Baseline (2021)	Interim Milestone (2022)	Target (2024) ⁽³⁾	Latest known results (2023)
Basic digital skills: 54%	63%	67%	55.5%

Specific objective 2.1: A digitally skilled workforce

Related to spending programmes: ESF+, NextGenerationEU (RRF, JTF and REACT-EU), Erasmus+ and InvestEU

Result indicator 1: Use of European Digital Competence Framework

Explanation: The indicator shows the number of Member States using the European Digital Competence Framework (DigComp).

Source of the data: DigComp Into Action <https://europa.eu/Gv98Vy>.

Baseline (2018)	Interim Milestone (2022)	Target (2024)	Latest known results (2022)
		Set to have the European Digital Competence Framework used by all Member States	
13	20	27	27 ⁽⁴⁾

⁽²⁾ The methodology for computing the Digital Skills Indicator changed in 2021, to reflect the 5 competence areas of the revised [Digital Competence Framework](#) (DIGCOMP 2.0).

⁽³⁾ Set based on the 2025 target from the European Skills Agenda (70%).

⁽⁴⁾ On examination of information gained from Member States under the Structured Dialogue on Digital Education and Skills and the DigComp Community of Practice, there is evidence of DigComp being referenced in digital skills and/or digital education policies or initiatives in 27 countries; however, the nature and extent of use varies.

Result indicator 2: Users of the new Europass platform for learning and career management



Explanation: Europass is one of the most visited Europa websites and one of the few tools that the EU provides directly to the public to support careers and employability. Visitor numbers to the platform and numbers of registered users will be key indicators of the popularity and impact of Europass.


Source of data: Visitor numbers and other data on the use of the Europass platform was published on <https://europa.eu/europass/en/statistics> (live from July 2020).

Baseline (2018)	Interim milestone (2022)	Target (2024)	Latest results (2023)	known
72 000 visits per day - registered users	80 000 1 000 000	95 000 2 500 000	57 730 5 500 000	


Main outputs in 2023:

New policy initiatives

Output	Indicator	Target	Status at year end
 (Contribution to the) Cybersecurity skills academy	Completion	Q3	Completed.
 (Contribution to the) Initiative on recognition of qualifications of third country nationals	Completion	Q3	Completed.
(Contribution to the) Proposal for a Council Recommendation on improving the provision of digital skills in education and training and the associated staff working document	Adoption by the Commission	Q2	Completed.

External communication actions			
Output	Indicator	Target	Status at year end
 European Year of Skills	Organisation of the festival	Q2	Completed.
	Number of participants in the festival (online and in-person)	1 000	Completed. (6400)
	Organisation of the event 'Making skills count'	Q2	Completed.
	Number of participants in the event 'Making skills count' (online and in-person)	500	Completed. (1 200)
	Organisation of a high-level event	Q3	Postponed to Q2 2024.
	Number of participants in the high-level event (online and in-person)	1 000	Postponed to Q2 2024.

Other important outputs

Output	Indicator	Target	Status at year end
 European Year of Skills	Launch	Q2	Completed.
	Launch of Eurobarometer on skills	Q1	Completed.
	Presentation given at ESF+ Committee or Technical Working Group	Q2	Completed.

General objective 3: An economy that works for people

Impact indicator 1: People at risk of poverty or social exclusion

Explanation: The indicator shows the percentage of people affected by at least one of the following three forms of poverty: income poverty, severe material deprivation and very low work intensity. Children are those under the age of 18.

Source of the data: Eurostat (Eurostat online data code: [sdg_01_1](#))

Baseline (2018)	Interim Milestone (2020)	Target (2024)	Latest known results (2022)
Total population: 21.7%	Decrease	Decrease	21.6%
Children: 23.9%	Decrease	Decrease	24.7%

Impact indicator 2: In work at-risk-of-poverty rate

Explanation: This indicator refers to the share of employed people aged 18 years or over at risk of income poverty. People are considered employed if they held a job for more than half of the reference year.

Source of the data: Eurostat (Eurostat online data code: [SDG_01_41](#)), based on the EU Statistics on Income and Living Conditions.

Baseline (2018)	Interim milestone (2022)	Target (2024)	Latest known results (2022)
9.3%	Decrease	Decrease	8.5%

Impact indicator 3: Employment rate of persons aged 20 to 64

Explanation: The employment rate is calculated by dividing the number of persons aged 20 to 64 in employment by the total population of the same age group.

Source of the data: Eurostat (Eurostat online data code: [tesem010](#)), based on the EU Labour Force Survey.

Baseline (2018)	Interim milestone (2020)	Target (2024)	Latest known result (2022)
71.9%	75%	Increase	74.6%

Impact indicator 4: Young people neither in employment nor in education and training

Explanation: A considerable proportion of young people aged 15 to 29 in the EU are economically inactive. For some this is due to the pursuit of education and training. Others, however, have withdrawn from the labour market or are not entering it after leaving the education system. This indicator captures those who struggle with the transition from education to work and measures the share of the population aged 15 to 29 who is not employed and not involved in education or training.

Source of the data: Eurostat (Eurostat online data code: [sdg_08_20](#)), based on the EU Labour Force Survey.

Baseline (2019)	Interim milestone (2022)	Target (2024)	Latest known results (2022)
12.8%	Decrease	Decrease	11.7%

Specific objective 3.1: Effective support to Member States in their structural reforms and investments in the context of the European SemesterF

Related to spending programmes: ESF+, Erasmus+, InvestEU, NextGenerationEU (RRF, JTF and REACT-EU)

Result indicator: Level of implementation of the employment and social policy component of the Country Specific Recommendations (CSRs), based on a disaggregation by priorities of each CSR and with more emphasis on the multiannual dimension.

Explanation: The European Semester represents a yearly cycle of economic governance and country specific surveillance. In respect of Treaty obligations, DG EMPL fosters coordination and governance of employment and social policies within the European Semester, in the context of which the Commission issues to that end proposals for Country Specific Recommendations (CSRs) and Staff Working Documents (SWDs) that monitor progress in the implementation of CSRs from previous years.

The implementation of the employment and social policy reforms as provided for in the CSRs is instrumental in ensuring the implementation of EU priorities. The percentage of CSRs from the previous year in the field of employment and social policies which have been partially or completely complied with, indicates the effectiveness of the policy guidance, coordination and governance by the Commission.

However, Member States are ultimately responsible for the implementation of CSRs. In 2019, the European Semester was better linked to EU funding with a stronger focus on investment needs in the 2019 Country Reports and a new Annex D on Cohesion policy investment priorities. In 2020, DG EMPL also contributed to the incorporation of the UN Sustainable Development Goals in the 2020 Country Reports and to a strong social fairness dimension in the reports (one of the key priorities in the new Annual Sustainable Growth Strategy). This included drafting input to the new Annex D on investment priorities for the Just Transition Fund.

In response to the COVID pandemic, the Recovery and Resilience Facility (RRF) and the Recovery Assistance for Cohesion and the Territories of Europe (REACT-EU) provide Member States with large-scale financial support for reforms and investments, in areas such as competitiveness, productivity, environmental sustainability, education and skills, health, employment, and economic, social and territorial cohesion. To access the facility, Member States prepared national 'recovery and resilience plans' setting out their reforms and investments to be implemented by end-2026 to address the challenges identified in the context of the European Semester. The disbursement of the financial contribution follows the completion of the milestones and targets.

Source of the data: Staff Working Documents and CeSaR database

Baseline (2018)	Interim milestone (2022)	Target (2024)	Latest known results (2023)
Number of DG EMPL related CSR subparts: 113; Number of DG EMPL related CSR subparts with at least some progress: 49; => % with at least some progress:43%;	50% of DG EMPL CSR subparts with at least some progress	Set significantly more ambitious compared to the outcome of the 2014-2018 period (60%) 75% of DG EMPL CSR subparts with at least some progress	58% of CSR subparts 2019-2022 with at least some progress in the following policy areas: <ul style="list-style-type: none"> • Functioning of the labour market, including framework for labour contracts & undeclared work • Active labour market policies, incentives to work & labour market participation • Taxation policy • Wages & wage setting • Skills, Vocational Education and Training & adult learning • Education • Poverty, social inclusion & social protection • Pension systems and active ageing

			<ul style="list-style-type: none"> • Non-discrimination and equal opportunities • Long-term care • Early childhood education & care.
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Main outputs in 2023:

New policy initiatives

Output	Indicator	Target	Status at year end
Employment guidelines	Adoption by the Council	Q4	Adopted Q4 2023.

Initiatives linked to regulatory simplification and burden reduction

Output	Indicator	Target	Status at year end
Delegated act rolling over the EU simplified cost options for ESF+ to the 2021-2027 period	Adoption by the Commission	Q1	Completed.

Evaluations and fitness checks

Output	Indicator	Target	Status at year end
Preliminary evaluation of ESF and FEAD support under CRII and CRII+	Publication of evaluation report	Q2	Completed (Published on 14 July 2023).
Mid-term evaluation of the ESF+ shared management strand	Launch of supporting study	Q2	Completed (Invitation to tender sent on 12 May 2023).
2024 Evaluation of EU Agencies EUROFOUND, CEDEFOP, ETF and EU-OSHA	Completion of supporting study	Q4	Completed.
<i>Ex post</i> evaluation of FEAD	Launch of supporting study	Q2	Completed.

Public consultations

Output	Indicator	Target	Status at year end
Public consultation supporting the 2014-2020 <i>ex post</i> evaluation of ESF and the Youth Employment Initiative	Launch	Q4	Completed.
Public consultation supporting the 2024 evaluation of EU Agencies EUROFOUND, CEDEFOP, ETF and EU-OSHA	Launch	Q1	Completed.

External communication actions			
Output	Indicator	Target	Status at year end
European Employment and Social Rights Forum 2023	Number of registrations	1 500	Completed. (2900)
	Number of participants (online and in-person)	1 000	Completed. (2407)
	Number of people reached with the promotion campaign	3 000 000	Completed (26 000 000)
	Number of clicks on the promotion materials	150 000	Completed (270 522).
	Attendees' satisfaction rate (overall usefulness of the event)	75%	Completed. (91%)
Multiannual campaign on the European Pillar of Social Rights action plan ⁽⁵⁾	Annual reach on social media	7 000 000	Completed. ⁽⁶⁾ (68 000 000)
	Annual reach on media partnerships including TV	95 000 000	44 300 000
	Annual number of clicks on promotion materials	750 000	4 146 860
Other important outputs			
Output	Indicator	Target	Status at year end
Joint Employment Report	Adoption by the Council	Q1	Adopted Q1 2023.
Report on Labour Market and Wage Developments in Europe	Publication	Q3	Published Q4 2023.
Report on Employment and Social Developments in Europe	Publication	Q2	Published Q3 2023.

⁽⁵⁾ Total deduplicated campaign reach by 2025: 190 000 000 (60% of target audience).

Campaign knowledge rate (% of target audience who knows the EU is taking social action) by 2025: 90%.

Campaign recall rate by 2025: 60%.

Campaign relevance rate by 2025: 75%.

⁽⁶⁾ Combined reach of all waves on all social media channels.

Specific objective 3.2: Stronger social dialogue

Related to spending programmes: Prerogatives and ESF+

Result indicator 1: Share of the EU workforce covered by sectoral social dialogue committees

Explanation: The indicator measures the relevance of sectoral social dialogue committees for the EU labour market and economy.

Source of the data: European Commission_EMPL-C3

Baseline (2018)	Interim milestone (2022)	Target (2024)	Latest known results (2023)
		The share has been stable over recent years and the current Commission policy is not to increase the number of sectoral social dialogue committees	
75%	75%	75%	75%

Result indicator 2: Social dialogue outcomes

Explanation: The indicator looks at the outputs of social dialogue. It measures the level of activity of EU social dialogue which depends on the activities of the social partners and on the Commission support.

Source of the data: European Commission_EMPL-C3 database

Baseline (2021)	Interim milestone (2022)	Target (2024)	Latest known results (2023)
		Set as a slight increase in comparison with the number of outcomes observed in the past years	
33	35	37	19

Main outputs in 2023:

New policy initiatives

Output	Indicator	Target	Status at year end
Commission Communication on social dialogue	Publication	Q1	Adopted on 25 January 2023
Proposal for a Council Recommendation on social dialogue at national level	Publication	Q1	Adopted on 25 January 2023. EPSCO adopted the Council Recommendation on 12 June 2023.

Specific objective 3.3: Decent and safe working conditions for all

Related to spending programme: ESF+

Result indicator: Percentage of complaints, EU pilot and infringement procedures handled within Commission benchmarks

Explanation: The indicator consists of three sub-indicators which reflect the effectiveness of the Commission's services in relation to both monitoring of the transposition and application of the EU law.

Source of the data: European Commission_Semestrial coherence exercise_EMPL-C1/C2

Baseline (2018)	Interim milestone (2022)	Target ⁽⁷⁾ (2024)	Latest known results (2023)
Complaints: 85% Labour law 61% Health and Safety	90% 92%	95% 92%	65% 100%
EU Pilot: 0% Labour law 0% Health and Safety	80% 80%	80% 90%	0% 11%
Infringements: 48.8% Labour law 100% Health and Safety	65% 100%	75% 100%	83% ⁽⁸⁾ 50%

Main outputs in 2023:

Public consultations

Output	Indicator	Target	Status at year end
Social partners consultation on the sixth amendment of the Carcinogens, Mutagens and Reprotoxic Substances Directive (adoption planned in 2024)	Completion	Q3	Completed in Q4. This change of the timeline was made to accommodate social partners' request to hold the 2nd meeting of the SPC after the ACSH opinion was issued (on 22.09.2023).

Enforcement actions

Output	Indicator	Target	Status at year end
Promote effective and equivalent enforcement of EU OSH directives	Senior labour inspectors' committee plenaries and thematic days	2	Completed (Plenaries and Thematic Days meetings held under SE and SP Presidencies)

⁽⁷⁾ Set based on the results observed between 2012-2018 and aiming for higher achievements in concluding the cases within the benchmark set by Secretariat-General.

⁽⁸⁾ 14 non-comm files closed within the benchmark.

Output	Indicator	Target	Status at year end
Monitor EU OSH directives	Conformity checks of amendments of the Biological Agents Directive	Q4	Completed (EU Pilot letters sent to 14 Member States following the conformity check of the national measures of all MS)
Package on the Working Time Directive (update of the Interpretative communication and implementation report)	Adoption by the Commission	Q1 ⁽⁹⁾	Published on 15 March 2023 COM(2023)72, SWD(2023)40, C(2023)969

External communication actions

Output	Indicator	Target	Status at year end
OSH Summit	Organisation	Q2	Completed (15-16 May 2023)
	Number of in-person attendees	300	297

Specific Objective 3.4: Better functioning labour markets

Related to spending programmes: ESF+ and EGF related to spending programmes: ESF+ and EGF

Result indicator 1: Participants in employment, including self-employment, upon leaving ⁽¹⁰⁾

Explanation: Total number of participants supported by ESF+ shared management who are in employment, including self-employment, upon leaving the intervention - Annex I of the ESF+ regulation.

Source of the data: Transmission of data from managing authorities

Baseline ⁽¹¹⁾	Interim milestone (2024)	Target (2029)	Latest known results (2023)
0	n/a	10 000 000	12 000

Result indicator 2: Inactive participants reached ⁽¹²⁾

Explanation: Inactive persons who have received ESF+ shared management support and who are newly engaged in job searching activities upon leaving the ESF+ operation.

Source of the data: Transmission of data from managing authorities

Baseline ⁽¹³⁾	Interim milestone (2024)	Target (2029)	Latest known results (2023)
0	5 700 000	28 000 000	680 000

⁽⁹⁾ Postponed from 2022.

⁽¹⁰⁾ The indicator is also presented in the ESF+ Programme Statement for Draft Budget 2025 (to be published in June 2024).

⁽¹¹⁾ The indicator value shows the direct achievement of the programme, and therefore the baseline is 0.

⁽¹²⁾ The indicator is also presented in the ESF+ Programme Statement for Draft Budget 2025 (to be published in June 2024).

⁽¹³⁾ The indicator value shows the direct achievement of the programme, and therefore the baseline is 0.

Result indicator 3: Unemployed, including long-term unemployed, participants reached. ⁽¹⁴⁾

Explanation: Total number of unemployed participants supported by ESF+ shared management - Annex I of the ESF+ regulation.

Source of the data: Transmission of data from managing authorities.

Baseline ⁽¹⁵⁾	Interim milestone (2024)	Target (2029)	Latest known results (2023)
0	8 500 000	25 000 000	390 000

Result indicator 4: Young people aged 18-29 years reached ⁽¹⁶⁾

Explanation: Total number of participants below 30 years of age supported by ESF+ (shared management) - Annex I of the ESF+ regulation.

Source of the data: Transmission of data from managing authorities

Baseline ⁽¹⁷⁾	Interim milestone (2024)	Target (2029)	Latest known results (2023)
0	N/A	N/A	460 000

Result indicator 5: Percentage of EGF beneficiaries in employment (dependent/self-employed) ⁽¹⁸⁾

Explanation: The number of workers supported by the EGF that are back into employment 6 months after the implementation period as part of the number of workers to whom EGF co- financed services were offered (shared management).

Source of the data: Transmission of data by the Member States (EGF Biennial report)

Baseline (2018)	Interim milestone (2022)	Target (2024)	Latest known results (2023)
67%	n/a	Set based on the results reported by the Member States in the previous years, taking into consideration that the EGF beneficiaries are generally among those who face the greatest difficulties on the labour market (older and low-skilled workers). >50%	60%

⁽¹⁴⁾ The indicator is also presented in the ESF+ Programme Statement for Draft Budget 2025 (to be published in June 2024).

⁽¹⁵⁾ The indicator value shows the direct achievement of the programme, and therefore the baseline is 0.


⁽¹⁶⁾ The indicator is also presented in the ESF+ Programme Statement for Draft Budget 2025 (to be published in June 2024).

⁽¹⁷⁾ The indicator value shows the direct achievement of the programme, and therefore the baseline is 0.


⁽¹⁸⁾ The indicator is also presented in the Programme Statement for Draft Budget 2025 (to be published in June 2024). Latest known result is an average rate of the 2014-2020 period.

Main outputs in 2023:

New policy initiatives

Output	Indicator	Target	Status at year end
 Initiative on a reinforced quality framework for traineeships	Completion, if non-legislative	Q2	Completed in Q1 2024
	Completion, if legislative	Q4	

Public consultations

Output	Indicator	Target	Status at year end
 Two-stage consultation of social partners on the initiative on a reinforced quality framework for traineeships ⁽¹⁹⁾	Completion	Q3	Completed

Other important outputs

Output	Indicator	Target	Status at year end
Study exploring the context, challenges, opportunities and trends in algorithmic management in the workplace	Completion	Q4	Postponed to Q2 2024
Study exploring the context, challenges, and possible solutions in relation to quality of traineeships in the EU	Draft report	Q2	Postponed to Q2 2024

Specific objective 3.5: Greater social fairness and more effective social protection

Related to spending programme: ESF+

Result indicator 1: Participants considered as part of disadvantaged groups reached (Participants with a foreign background, minorities including participants from the Roma community, third country nationals) ⁽²⁰⁾.

Explanation: The indicator shows the number of participants in ESF+ shared management operations, which were persons with a foreign background and minorities, including marginalised communities such as Roma (ESF+ general support) - Annex I of the ESF+ regulation.

Source of the data: Transmission of data from managing authorities

Baseline ⁽²¹⁾	Interim milestone (2024)	Target (2029)	Latest known results (2023)
0	3 100 000	12 100 000	420 000

⁽¹⁹⁾ Only in case of a legislative initiative.

⁽²⁰⁾ The indicator is also presented in the ESF+ Programme Statement for Draft Budget 2025 (to be published in June 2024).

⁽²¹⁾ The indicator value shows the direct achievement of the programme, and therefore the baseline is 0.

Result indicator 2: Number of participants 55 years of age and above reached ⁽²²⁾
Explanation: The indicator shows the number of participants in ESF+ shared management operations, above 54 years of age (ESF+ general support) - Annex I of the ESF+ regulation.
Source of the data: Transmission of data from managing authorities

Baseline ⁽²³⁾	Interim milestone (2024)	Target (2029)	Latest known results (2023)
N/A	900 000	5 700 000	110 000

Result indicator 3: Number of end-recipients receiving food support ⁽²⁴⁾
Explanation: The indicator shows the total number of persons having received food support during the reporting year, irrespective of the number of times the support was given. In the case the support is given to a household, all the members of that household are to be counted - Annex II of the ESF+ regulation.
Source of the data: Transmission of data from managing authorities

Baseline ⁽²⁵⁾	Interim milestone	Target	Latest known results (2023)
N/A	N/A	N/A	5 040 000

Result indicator 4: Number of end-recipients receiving material support ⁽²⁶⁾
Explanation: The indicator shows the number of persons having received material support at least once in the reporting year, irrespective of the number of times the support was given. In case the support is given to a household, all the members of that household are to be counted. - Annex II of the ESF+ regulation.
Source of the data: Transmission of data from managing authorities

Baseline ⁽²⁷⁾	Interim milestone	Target	Latest known results (2023)
N/A	N/A	N/A	N/A

⁽²²⁾ The indicator is also presented in the ESF+ Programme Statement for Draft Budget 2025 (to be published in June 2024).

⁽²³⁾ The indicator value shows the direct achievement of the programme, and therefore the baseline is 0.

⁽²⁴⁾ The indicator is also presented in the ESF+ Programme Statement for Draft Budget 2025 (to be published in June 2024).

⁽²⁵⁾ The regulation does not require MS to set baselines, milestones, or targets for result indicators, but only reference values for a limited number of result indicators.

⁽²⁶⁾ The indicator is also presented in the ESF+ Programme Statement for Draft Budget 2025 (to be published in June 2024).

⁽²⁷⁾ The regulation does not require MS to set baselines, milestones, or targets for result indicators, but only reference values for a limited number of result indicators.

Result indicator 5: Number of children below 18 years of age benefiting from food, material, or voucher support from the fund ⁽²⁸⁾

Explanation: The indicator shows the estimated number of children under 18 receiving food and material support under ESF+ support for addressing material deprivation - Annex II of the ESF+ regulation.

Source of the data: Transmission of data from managing authorities

Baseline ⁽²⁹⁾	Interim milestone	Target	Latest known results (2023)
N/A	N/A	N/A	2 070 000

Main outputs in 2023:

External communication actions

Output	Indicator	Target	Status at year end
Launch event for the final report of the high-level group on the future of social protection and the welfare state in the EU	Number of participants (online and in-person)	200	Achieved (350 participants)
High-level conference on loneliness	Number of participants (online and in-person)	150	Achieved (180 participants)

Other important outputs

Output	Indicator	Target	Status at year end
Final report of the high-level group on the future of social protection and the welfare state in the EU	Publication	Q1	Completed (Published on 3 February 2023)
European Child Guarantee – support Member States in its implementation	Meetings of the national coordinators	4	Completed (4 meetings organised)
Call for proposals for ‘social innovation practices to combat homelessness’	Publication	Q4	Completed

⁽²⁸⁾ The indicator is also presented in the ESF+ Programme Statement for Draft Budget 2025 (to be published in June 2024).

⁽²⁹⁾ The regulation does not require MS to set baselines, milestones or targets for result indicators, but only reference values for a limited number of result indicators.

Specific objective 3.6: Enhanced labour mobility

Related to spending programme: ESF+

Result indicator: Facilitate labour mobility


Explanation: The EURES Regulation provides for better transparency on EU labour markets, enables workers to take informed decisions on intra-EU mobility and delivers support services that can facilitate fair mobility throughout the Union. In this context, a specific result of the process is reflected through the number of placements that are ensured by the EURES network, both at national level, through the EURES National Coordination Offices and at EU level, directly through the EURES portal.

Source of the data: European Commission_EMPL-E1 and the European Labour Authority based on EURES performance measurement system and the EURES portal satisfaction survey

Baseline (2018)	Interim milestone (2022)	Target (2024) Set based on the trends linked to EURES portal and data provided by the EURES National Coordination Offices	Latest known results (2020)
84 500	95 000	100 000	65 236 ⁽³⁰⁾ ⁽³¹⁾

Main outputs in 2023:

New policy initiatives

Output	Indicator	Target	Status at year end
 Communication on digitalisation of social coordination	Adoption by the Commission	Q3	Completed (Adopted on 6 September 2023)

Evaluations and fitness checks

Output	Indicator	Target	Status at year end
Study supporting the evaluation of the ELA	Launch	Q1	Completed (Q2)

Public consultations

Output	Indicator	Target	Status at year end
Public consultation supporting the evaluation of the ELA	Launch	Q2	Completed (Launched in Q4 and closed on 5 January 2024)

External communication actions

Output	Indicator	Target	Status at year end
Conference on 'digitalisation in social security coordination (ESSPASS) and labour cards'	Number of participants (online and in-person)	150	Completed (250 participants)

⁽³⁰⁾ The figures were substantially impacted by the lockdowns imposed due to COVID-19 pandemic.

⁽³¹⁾ Since May 2021, the EURES European Coordination Office is managed by the European Labour Authority, hence the process of calculating the indicator is the sole responsibility of the Authority. The Authority takes into account the national placements and those financed through the EURES, but not the ones done directly through the portal. The latest known figure is 51 120 and corresponds to 2022.

Other important outputs

Output	Indicator	Target	Status at year end
Implementation of EESSI by all 32 participating countries	All 32 participating countries fully in production	Q4	Postponed to 2024-2025
Study supporting the monitoring of the Posting of Workers Directive 2018/957/EU and the Enforcement Directive 2014/67/EU	Completion	Q2	Completed

Specific objective 3.7: More jobs created and sustained in micro- and social enterprises

Related to spending programmes: ESF+ and InvestEU Social Window

Result indicator: Jobs created


Explanation: Lack of finance is often a difficult obstacle for both micro- and social enterprises to face when being created or consolidated. The Commission considers the provision of microfinance and social enterprise finance an important factor in achieving the specific objective of creation and expansion of micro- and social enterprises.

Source of the data: European Commission_EMPL-G3 based on EaSI Microfinance and Social Entrepreneurship annual implementation reports, InvestEU reporting

Baseline (2018)	Interim milestone (2022)	Target (2024) Set on the assumption of a 25% increase compared to the milestone.	Latest known results (2023)
94 155	256 000	320 000	537 084

Main outputs in 2023:

New policy initiatives

Output	Indicator	Target	Status at year end
 Proposal for a Council Recommendation on developing social economy framework conditions	Adoption by the Commission	Q2	Completed

External communication actions

Output	Indicator	Target	Status at year end
Information provided to social economy stakeholders on EU funding and policies through a new social economy gateway	Number of visitors	100 000	Postponed to Q2 2024
'Social economy voices' testimonial campaign on social media (part II)	Reach on social media	100 000	Postponed to Q2 2024

Other important outputs

Output	Indicator	Target	Status at year end
Capacity-building for public officials through webinars and workshops	Number of public officials trained	100	Postponed to Q2 2024
Study on the trends, obstacles, and opportunities in sustainable finance for social impact	Completion	Q4	Postponed to Q2 2024
Report on social impact measurement	Completion of preparatory work, including consultation of stakeholders	Q4	Completed
Youth entrepreneurship policy academy to improve prospects for young entrepreneurs, with special focus on social entrepreneurs	Launch	Q1	Completed

General objective 5: Promoting our European way of life

Impact indicator: Adult participation in learning 25-64

Explanation: The indicator measures the share of people aged 25 to 64 who stated that they received formal or non-formal education and training in the four weeks preceding the survey (numerator). The denominator consists of the total population of the same age group, excluding those who did not answer to the question 'participation in education and training'. Adult learning covers both general and vocational formal and non-formal learning activities. Adult learning usually refers to learning activities after the end of initial education. Data stem from the EU Labour Force Survey (EU-LFS).

Source of the data: Adult education survey

Baseline (2016)	Interim milestone (2020)	Target (2024)	Latest known results (2022)
37.4%	44%	48%	39.5%

Specific objective 5.1: A skilled workforce to master the green and digital transition

Related to spending programmes: ESF+, NextGenerationEU (RRF, JTF and REACT-EU), Erasmus+ and InvestEU

Result indicator 1: Participants gaining a qualification upon leaving the ESF+ shared management intervention ⁽³²⁾

Explanation: Persons who have received ESF+ support and who gained a qualification upon leaving the ESF+ operation.

Source of the data: Transmission of data from managing authorities

Baseline (2018)	Interim milestone (2024)	Target (2029)	Latest known results (2023)
0	N/A	11 400 000	60 000

Result indicator 2: Individuals benefiting from investment in skills, mobilised by the InvestEU

Explanation: This is a core indicator set-out in the InvestEU regulation, to be included in the annual report by the Commission to the European Parliament and Council on the progress of InvestEU.

Source of the data: European Commission_EMPL-G3 based on data from ECFIN (InvestEU monitoring)

Baseline (2018)	Interim milestone (2022)	Target (2024)	Latest known results (2023)
0% (new programme)	Increase	Increase	9032

Result indicator 3: Share of low qualified adults (25-64) participating in learning

Explanation: This is an indicator already used in the European Semester benchmarking framework on adult skills in learning and included within the Skills Dashboard as part of the renewed Skills Agenda. It supports the implementation of Upskilling Pathways Recommendation, providing guidance to the Member States with regard to ensuring access of low-qualified or low-skilled adults to learning opportunities. Furthermore, this indicator has already been included as a sub-indicator of the broader adult participation in learning objectives adopted by the Council in 2003 and 2010.

Source of the data: The reference value for 2016 is sourced from Adult Education Survey and the latest known result is sourced from the 2022 Adult Education Survey.

Baseline (2016)	Interim milestone (2022)	Target (2024)	Latest known results (2022)
17.9%	24.0%	28.0%	18.4%

⁽³²⁾ The indicator is also presented in the ESF+ Programme Statement for Draft Budget 2025 (to be published in June 2024).

Result indicator 4: Skills (mis)match – overqualification

Explanation: The indicator measures the percentage of people aged 20-64 with tertiary education and working in ISCO 4-9, hence in occupations not typically associated with tertiary education.

Source of the data: Eurostat (Eurostat online code: [lfsa_eoqgan2](#))

Baseline (2018)	Interim milestone (2022)	Target (2024) Set to decrease constantly with support from new policy initiatives, such as the Skills Agenda	Latest known results (2022)
22.1%	21.0%	20.0%	22.2%

Main outputs in 2023:**Evaluations and fitness checks**

Output	Indicator	Target	Status at year end
Study supporting the evaluation of Europass	Completion	Q2	Completed
Evaluation of the implementation and impact of the Europass Decision	Publication	Q2	Postponed to Q2 2024
Evaluation of the Upskilling Pathways Recommendation	Publication	Q1	Completed

Other important outputs

Output	Indicator	Target	Status at year end
Last large-scale partnership under Pact for Skills on energy intensive industries	Launch	Q1	Completed

Specific objective 5.2: Vocational education and training effectively addresses the labour market needs and prepares people for the green and digital transition

Related to spending programmes: ESF+, NextGenerationEU (RRF, JTF and REACT-EU), Erasmus+ and InvestEU

Result indicator 1: Vocational education and training graduate employability

Explanation: Based on an earlier indicator in the ET2020 framework, it measures the share of recent graduates from vocational education and training (aged 20-34), having left education and training (upper secondary and post-secondary non-tertiary education) 1-3 years before the reference year and who are not enrolled in any further education or training, who are in employment. This indicator is regularly used in the European Semester as well as reported in the Joint Employment Report and the Education and Training Monitor.

Source of the data: Eurostat (Eurostat online data code: [edat_lfse_24](#))

Baseline (2018)	Interim milestone (2022)	Target (2024) Set based on the 2025 target from the Commission proposal for a Council recommendation on vocational education and training (82%)	Latest known results (2022)
79%	Increase	81%	79.6%

Result indicator 2: Vocational education and training learning mobility

Explanation: The indicator measures the number of mobile IVET learners in a calendar year having experienced a mobility abroad of at least 10 days, expressed in relative percentage terms as a proportion of a cohort of IVET graduates in the same year. IVET at ISCED levels 3 and 4 is considered for learners and graduates

Source of the data: European Commission/Cedefop based on data from EAC (Erasmus+ operational reporting) and Eurostat (UOE data)

Baseline (2019)	Interim milestone (2022)	Target (2024)	Latest known results (2021)
4.1% ⁽³³⁾	Increase	Set based on the 2025 target from the Commission proposal for a Council recommendation on vocational education and training (8%) 7%	2.1% ⁽³⁴⁾


Result indicator 3: Share of recent graduates from vocational education and training who have benefited from exposure to work-based learning

Explanation: New indicator measuring the share of recent vocational education and training (VET) graduates who were exposed to work-based learning during their VET programme. Promoting work-based learning, given its benefits for improving labour market relevance, attractiveness and quality of VET, is a long-standing Commission policy priority. It is testified by recent policy initiatives such as Council Recommendation on a Framework for Quality and Effective Apprenticeships as well as the Council Recommendation on Vocational Education and Training for sustainable competitiveness, social fairness and resilience. This indicator is regularly used in the European Semester as well as reported in the Joint Employment Report and the Education and Training Monitor. The indicator is also one of the targets of the European Education Area.

Source of the data: Eurostat (Eurostat online data code: [edat_lfs_9919](#)), based on the new EU Labour Force Survey methodology rolled out as from 2021. The reference value for 2016 is sourced from the EU Labour Force Survey ad-hoc module.

Baseline (2016)	Interim milestone (2022)	Target (2024)	Latest known results (2022)
59.6%	Increase	Set based on the 2025 target from the Commission proposal for a Council recommendation on vocational education and training (60%) 59.9%	60.1%

Main outputs in 2023:**New policy initiatives**

Output	Indicator	Target	Status at year end
 (Contribution to the) Proposal for a Council Recommendation on an updated learning mobility framework	Adoption by the Commission	Q3	Completed

⁽³³⁾ Estimate. Figures impacted by the COVID-19 pandemic, following a trend common to other education and training sectors. Baseline 4.1% without the UK.

⁽³⁴⁾ Due to the COVID-19 pandemic, the number of VET learners in mobility was reduced since in 2020-2021, following a trend common to other education and training sectors.

External communication actions			
Output	Indicator	Target	Status at year end
High-level event to celebrate EAfA's 10 th and EFQEA's 5 th anniversaries	Number of attendees (online and in-person)	450	572
EAfA action plan	Number of new EAfA members	15	25
	Number of apprenticeship places pledged	10 000	15 401
	Number of attendees or viewers of physical and online events	620	972
	Number of website visits (yearly)	10 000	29 790
	Number of social media impressions	1 000	Reactions on the LinkedIn group non- paid - 2 172 Impressions from paid ad campaigns >800 000
Other important outputs			
Output	Indicator	Target	Status at year end
Centres of vocational excellence	Number of new projects approved under the 2022 Erasmus+ call	12	13

General objective 6: A new push for European democracy			
Impact indicator 1: Gender employment gap			
Explanation: The indicator measures the difference between men and women's employment rate (aged 20 to 64 years) in percentage points.			
Source of the data: Eurostat (Eurostat online data code: tesem060), based on the EU Labour Force Survey			
Baseline (2018)	Interim milestone (2020)	Target (2024)	Latest known results (2022)
11.3 percentage points	Decrease	Decrease	10.7%
Specific objective 6.1: Equality			
Related to spending programmes: ESF+, NextGenerationEU (RRF, JTF and REACT-EU), Erasmus+ and InvestEU			
Result indicator 1: Number of women reached by the ESF+ shared management			
Explanation: The indicator shows the number of participants in ESF+ shared management operations, which were women (ESF+ general support) - Annex I of the ESF+ Regulation.			
Source of the data: Transmission of data from managing authorities			
Baseline	Interim milestone (2024)	Target (2029)	Latest known results (2023)
N/A	10 million	39.5 million	680 000

Result indicator 2: Formal enrolment rates of childcare for the population under 3 years old
Explanation: Percentage of children under 3 years old cared for by formal arrangements other than by the family.
Source of the data: Eurostat (Eurostat online data code: [tepsr_sp210](#) - EU Survey on income and living condition)


Baseline (2018)	Interim milestone (2022)	Target (2024)	Latest known results (2022)
34.7	Increase	Increasing and converging towards best performers	35.9%

Result indicator 3: Number of persons with disabilities reached by the ESF+ shared management ⁽³⁵⁾
Explanation: The indicator shows the number of participants in ESF+ shared management operations which were persons with disabilities (ESF+ general support) - Annex I of the ESF+ Regulation.
Source of the data: Transmission of data from managing authorities


Baseline ⁽³⁶⁾	Interim milestone (2024)	Target (2029)	Latest known results (2023)
n/a	1 600 000	Set based on the 2025 target from the Commission proposal for a Council recommendation on vocational education and training (60%) 5 000 000	40 000

Main outputs in 2023:


New policy initiatives

Output	Indicator	Target	Status at year end
 European Disability Card	Adoption by the Commission	Q4	Completed in Q3

Evaluations and fitness checks

Output	Indicator	Target	Status at year end
 Impact assessment supporting the European Disability Card	Publication	Q4	Completed in Q3

Public consultations

Output	Indicator	Target	Status at year end
 Public consultation supporting the European Disability Card	Launch	Q1	Completed in Q1

External communication actions

Output	Indicator	Target	Status at year end
	Social media impressions	40 000 000	120 512 139

⁽³⁵⁾ The indicator is also presented in the ESF+ Programme Statement for Draft Budget 2025 (to be published in June 2024).

⁽³⁶⁾ The indicator value shows the direct achievement of the programme, and therefore the baseline is 0.

Output	Indicator	Target	Status at year end
Communication campaign on the strategy for the rights of persons with disabilities	Website visits	350 000	278 980
Access City Award	Number of participating cities	> 40	34
European Day of Persons with Disabilities Conference	Number of participants	> 400	336

Other important outputs

Output	Indicator	Target	Status at year end
European Resource Centre AccessibleEU	Launch	Q1	Completed
Guidance on independent living	Publication	Q4	Postponed to Q2 2024
Outcomes of the Disability Employment Package catalogue of positive actions; guidelines for reasonable accommodation at work; and manual for managing chronic diseases and preventing the risk of acquiring disabilities.	Publication	Q1	Completed
	Publication	Q3	Postponed to Q2 2024
	Publication	Q4	Completed

ANNEX 3: Draft annual accounts and financial reports ⁽³⁷⁾

Annex 3 Financial Reports - DG EMPL - Financial Year 2023

Table 1: Commitments

Table 2: Payments

Table 3: Commitments to be settled

Table 4: Balance Sheet

Table 5: Statement of Financial Performance

Table 5 Bis: Off Balance Sheet

Table 6: Average Payment Times

Table 7: Income

Table 8: Recovery of undue Payments

Table 9: Ageing Balance of Recovery Orders

Table 10: Waivers of Recovery Orders

Table 11: Negotiated Procedures

Table 12: Summary of Procedures

Table 13: Building Contracts

Table 14: Contracts declared Secret

Table 15: FPA duration exceeds 4 years

Table 16: Commitments co-delegation type 3 in 2022

⁽³⁷⁾ The figures in Annex 3 are those related to the provisional accounts and not yet audited by the Court of Auditors.

TABLE 1: OUTTURN ON COMMITMENT APPROPRIATIONS IN 2023 (in Mio €) for DG EMPL					
			Commitment appropriations authorised*	Commitments made	%
			1	2	3=2/1
Title 01 Research and Innovation					
01	01 01	Support administrative expenditure of the "Research and Innovation" cluster	0.10	0.08	82.05 %
Total Title 01			0.10	0.08	82.05 %
Title 02 European Strategic Investments					
02	02 02	InvestEU Fund	0.00	0.00	0.00 %
	02 03	Connecting Europe Facility (CEF)	0.00	0.00	0.00 %
	02 04	Digital Europe programme	0.00	0.00	0.00 %
Total Title 02			0.00	0.00	0.00 %
Title 05 Regional Development and Cohesion					
05	05 02	European Regional Development Fund (ERDF)	0.17	0.17	100.00 %
	05 03	Cohesion Fund (CF)	0.20	0.20	100.00 %
Total Title 05			0.37	0.37	100.00 %
Title 06 Recovery and Resilience					
06	06 20	Pilot projects, preparatory actions, prerogatives and other actions	0.00	0.00	0.00 %
Total Title 06			0.00	0.00	0.00 %
Title 07 Investing in People, Social Cohesion and Values					
07	07 01	Support administrative expenditure of the "Investing in People, Social Cohesion and Values" cluster	1.31	1.11	85.22 %
	07 02	European Social Fund Plus (ESF+)	17,466.73	17,378.61	99.50 %
	07 03	Erasmus+	10.21	10.21	99.98 %
	07 06	Citizens, Equality, Rights and Values	7.76	7.76	100.00 %
	07 10	Decentralised Agencies and European Public Prosecutor's Office	123.13	122.77	99.70 %
	07 20	Pilot projects, preparatory actions, prerogatives, and other actions	56.71	55.26	97.45 %
Total Title 07			17,665.84	17,575.72	99.49 %
Title 08 Agriculture and Maritime Policy					
08	08 02	European Agricultural Guarantee Fund (EAGF)	0.14	0.14	100.00 %
	08 03	European Agricultural Fund for Rural Development (EAFRD)	0.45	0.45	100.00 %
	08 04	European Maritime, Fisheries and Aquaculture Fund (EMFAF)	0.37	0.37	100.00 %
Total Title 08			0.96	0.96	100.00 %
Title 10 Migration					
10	10 01	Support administrative expenditure of the "Migration" Cluster	0.61	0.61	100.00 %
	10 02	Asylum, Migration, and Integration Fund	0.00	0.00	0.00 %
Total Title 10			0.61	0.61	100.00 %

TABLE 1: OUTTURN ON COMMITMENT APPROPRIATIONS IN 2023 (in Mio €) for DG EMPL

			Commitment appropriations authorised*	Commitments made	%
			1	2	3=2/1
Title 11 Border Management					
11	11 01	Support administrative expenditure of the 'Border Management' cluster	0.41	0.41	99.91 %
Total Title 11			0.41	0.41	99.91 %
Title 12 Security					
12	12 01	Support administrative expenditure of the "Security" cluster	0.50	0.50	99.72 %
Total Title 12			0.50	0.50	99.72 %
Title 14 External Action					
14	14 02	Neighbourhood, Development and International Cooperation Instrument - Global Europe (NDICI - Global Europe)	0.05	0.00	0.00 %
Total Title 14			0.05	0.00	0.00 %
Title 15 Pre-accession Assistance					
15	15 02	Instrument for Pre-accession Assistance (IPA III)	0.00	0.00	0.00 %
Total Title 15			0.00	0.00	0.00 %
Title 16 Expenditure outside the annual ceilings set out in the Multiannual Financial Framework					
16	16 01	Support administrative expenditure outside the annual ceilings set out in the Multiannual Financial Framework	0.19	0.14	72.67 %
	16 02	Mobilisation of solidarity mechanisms (Special instruments)	19.74	8.21	41.60 %
Total Title 16			19.93	8.35	41.90 %
Title 20 Administrative expenditure of the European Commission					
20	20 02	Other staff and expenditure relating to persons	0.33	0.02	5.01 %
Total Title 20			0.33	0.02	5.01 %
Total Excluding NGEU			17,689.10	17,587.01	99.42 %

Title 05 Regional Development and Cohesion					
05	05 02	European Regional Development Fund (ERDF)	3.57	3.57	100.00 %
Total Title 05			3.57	3.57	100.00 %
Title 06 Recovery and Resilience					
06	06 01	Support administrative expenditure of the 'Recovery and Resilience' cluster	0.18	0.14	78.14 %
Total Title 06			0.18	0.14	78.14 %
Title 07 Investing in People, Social Cohesion and Values					
07	07 01	Support administrative expenditure of the "Investing in People, Social Cohesion and Values" cluster	3.23	0.00	0.00 %
	07 02	European Social Fund Plus (ESF+)	299.52	287.62	96.03 %

Total Title 07	302.75	287.62	95.00 %
Total NGEU Only	306.50	291.33	95.05 %

TABLE 1: OUTTURN ON COMMITMENT APPROPRIATIONS IN 2023 (in Mio €) for DG EMPL			
	Commitment appropriations authorised*	Commitments made	%
	1	2	3=2/1
Total DG EMPL	17,995.60	17,878.34	99.35 %

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

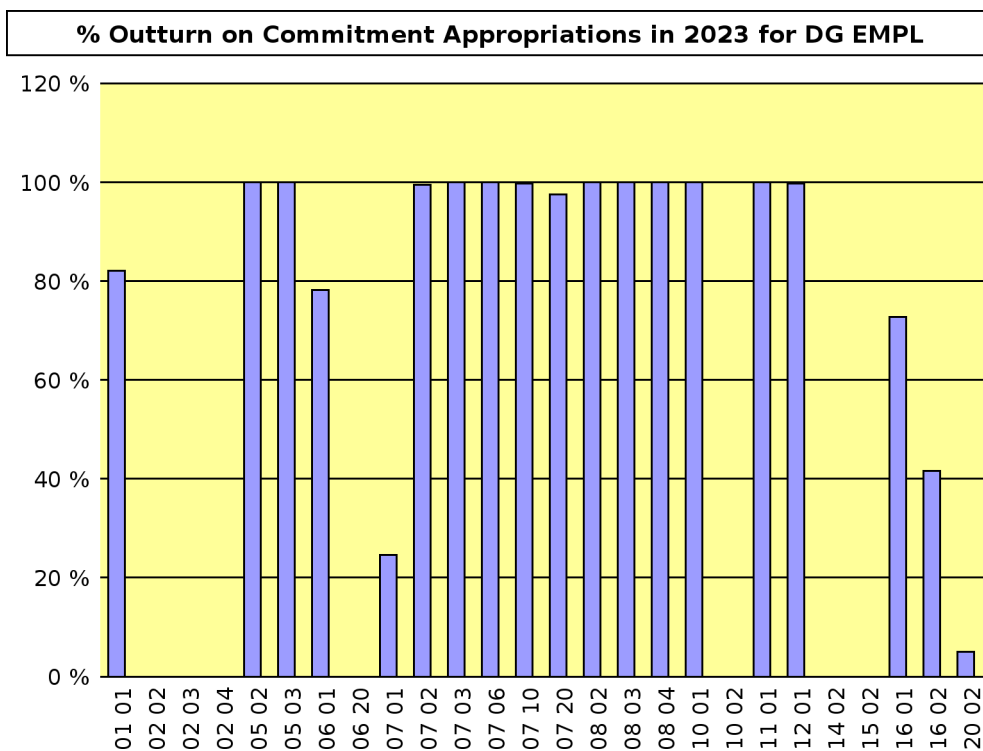


TABLE 2: OUTTURN ON PAYMENT APPROPRIATIONS in 2023 (in Mio €) for DG EMPL

			Payment appropriations authorised *	Payments made	%
			1	2	3=2/1
Title 01 Research and Innovation					
01	01 01	Support administrative expenditure of the "Research and Innovation" cluster	0.18	0.03	18.09 %
Total Title 01			0.18	0.03	18.09%
Title 02 European Strategic Investments					
02	02 02	InvestEU Fund	6.63	6.63	100.00 %
	02 03	Connecting Europe Facility (CEF)	0.00	0.00	0.00 %
	02 04	Digital Europe programme	0.30	0.30	100.00 %
Total Title 02			6.93	6.93	100.00%
Title 05 Regional Development and Cohesion					
05	05 02	European Regional Development Fund (ERDF)	1.16	1.16	100.00 %
	05 03	Cohesion Fund (CF)	0.23	0.23	100.00 %
Total Title 05			1.39	1.39	100.00%
Title 06 Recovery and Resilience					
06	06 20	Pilot projects, preparatory actions, prerogatives, and other actions	0.00	0.00	0.00 %
Total Title 06			0.00	0.00	0.00%
Title 07 Investing in People, Social Cohesion and Values					
07	07 01	Support administrative expenditure of the "Investing in People, Social Cohesion and Values" cluster	2.44	1.22	50.05 %
	07 02	European Social Fund Plus (ESF+)	13,607.65	12,786.86	93.97 %
	07 03	Erasmus+	7.26	6.79	93.48 %
	07 06	Citizens, Equality, Rights and Values	8.24	7.20	87.43 %
	07 10	Decentralised Agencies and European Public Prosecutor's Office	111.67	110.77	99.19 %
	07 20	Pilot projects, preparatory actions, prerogatives, and other actions	51.94	50.07	96.41 %
Total Title 07			13,789.20	12,962.91	94.01%
Title 08 Agriculture and Maritime Policy					
08	08 02	European Agricultural Guarantee Fund (EAGF)	0.00	0.00	0.00 %
	08 03	European Agricultural Fund for Rural Development (EAFRD)	0.84	0.83	99.28 %
	08 04	European Maritime, Fisheries and Aquaculture Fund (EMFAF)	0.62	0.58	94.32 %
Total Title 08			1.45	1.41	97.17%

Title 10 Migration					
10	10 01	Support administrative expenditure of the "Migration" Cluster	1.13	0.57	50.32 %
	10 02	Asylum, Migration and Integration Fund	0.00	0.00	0.00 %
Total Title 10			1.13	0.57	50.32%

TABLE 2: OUTTURN ON PAYMENT APPROPRIATIONS in 2023 (in Mio €) for DG EMPL

			Payment appropriations authorised *	Payments made	%
			1	2	3=2/1
Title 11 Border Management					
11	11 01	Support administrative expenditure of the 'Border Management' cluster	0.77	0.26	33.91 %
Total Title 11			0.77	0.26	33.91%
Title 12 Security					
12	12 01	Support administrative expenditure of the "Security" cluster	0.94	0.46	49.20 %
Total Title 12			0.94	0.46	49.20%
Title 14 External Action					
14	14 02	Neighbourhood, Development and International Cooperation Instrument - Global Europe (NDICI - Global	0.05	0.00	0.00 %
Total Title 14			0.05	0.00	0.00%
Title 15 Pre-accession Assistance					
15	15 02	Instrument for Pre-accession Assistance (IPA III)	0.50	0.25	50.00 %
Total Title 15			0.50	0.25	50.00%
Title 16 Expenditure outside the annual ceilings set out in the Multiannual Financial Framework					
16	16 01	Support administrative expenditure outside the annual ceilings set out in the Multiannual Financial Framework	0.31	0.14	43.50 %
	16 02	Mobilisation of solidarity mechanisms (Special instruments)	18.25	8.21	45.01 %
Total Title 16			18.56	8.35	44.98%
Title 20 Administrative expenditure of the European Commission					
20	20 02	Other staff and expenditure relating to persons	0.43	0.04	8.81 %
Total Title 20			0.43	0.04	8.81%
Total Excluding NGEU			13,821.53	12,982.60	93.93%

Title 05 Regional Development and Cohesion					
05	05 02	European Regional Development Fund (ERDF)	0.00	0.00	0.00 %
Total Title 05			0.00	0.00	0.00%
Title 06 Recovery and Resilience					

06	06 01	Support administrative expenditure of the 'Recovery and Resilience' cluster	0.50	0.45	89.06 %
Total Title 06			0.50	0.45	89.06%
Title 07 Investing in People, Social Cohesion and Values					
07	07 01	Support administrative expenditure of the "Investing in People, Social Cohesion and Values" cluster	1.05	0.00	0.00 %
	07 02	European Social Fund Plus (ESF+)	7,907.37	6,120.52	77.40 %
Total Title 07			7,908.42	6,120.52	77.39%
Total NGEU Only			7,908.92	6,120.97	77.39%

TABLE 2: OUTTURN ON PAYMENT APPROPRIATIONS in 2023 (in Mio €) for DG EMPL

	Payment appropriations authorised *	Payments made	%
	1	2	3=2/1
Total DG EMPL	21,730.45	19,103.57	87.91 %

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

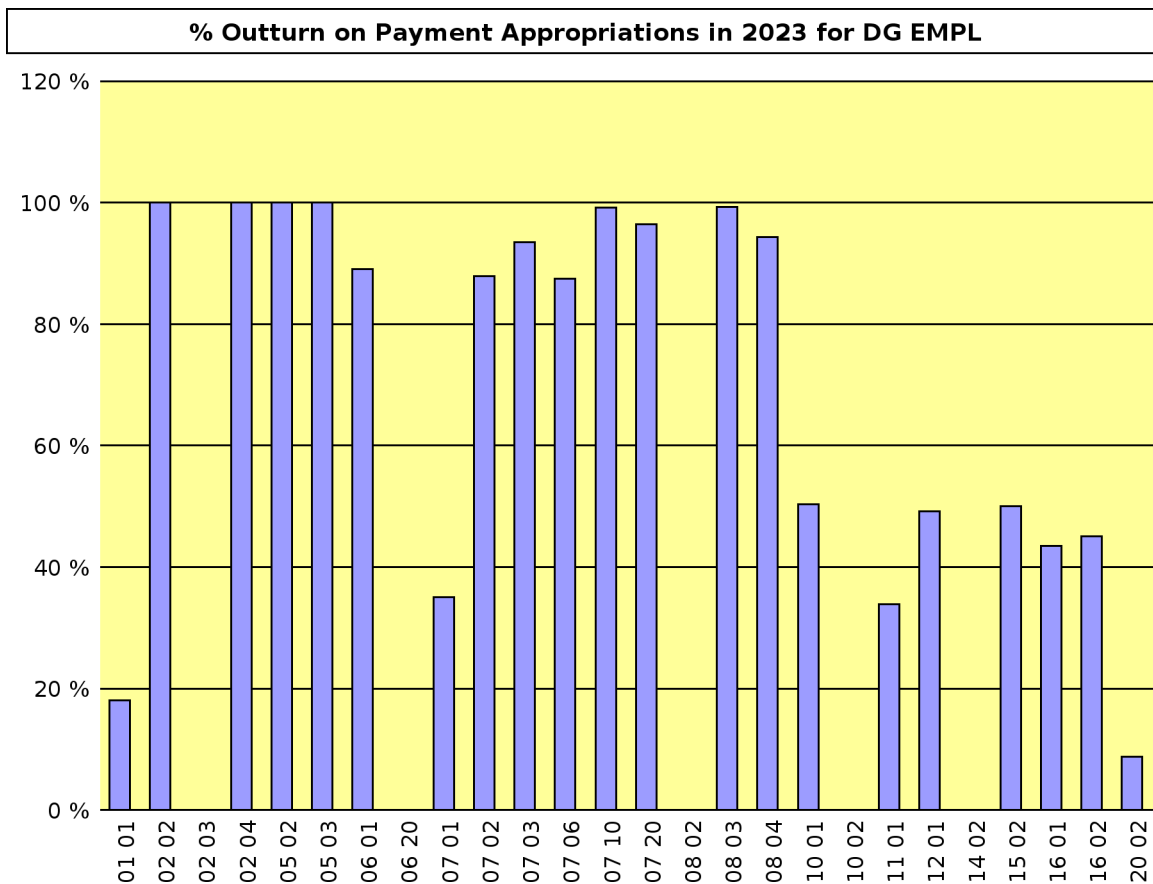


TABLE 3: BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2023 (in Mio €) for DG EMPL									
Chapter			Commitments to be settled				Commitments to be settled from financial years previous to 2022	Total of commitments to be settled at end of financial year 2023	Total of commitments to be settled at end of financial year 2022
			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
01	01 01	Support administrative expenditure of the "Research and Innovation" cluster	0.08	0.00	0.08	97.90%	0.00	0.08	0.08
Total Title 01			0.08	0.00	0.08	97.90%	0.00	0.08	0.08
TABLE 3: BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2023 (in Mio €) for DG EMPL									
Chapter			Commitments to be settled				Commitments to be settled from financial years previous to 2022	Total of commitments to be settled at end of financial year 2023	Total of commitments to be settled at end of financial year 2022
			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
02	02 02	InvestEU Fund	0.00	0.00	0.00	0.00%	5.47	5.47	12.10
	02 03	Connecting Europe Facility (CEF)	0.00	0.00	0.00	0.00%	0.05	0.05	0.05
	02 04	Digital Europe programme	0.00	0.00	0.00	0.00%	0.00	0.00	0.30
Total Title 02			0.00	0.00	0.00	0.00%	5.51	5.51	12.45
TABLE 3: BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2023 (in Mio €) for DG EMPL									
			Commitments to be settled				Commitments to be settled	Total of commitments	Total of commitments

Chapter			Commitments	Payments	RAL	% to be settled	from financial years previous to 2022	to be settled at end. of financial year 2023	ts to be settled at end of financial year 2022
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
05	05 02	European Regional Development Fund (ERDF)	0.17	0.00	0.17	97.96%	0.76	0.92	1.92
	05 03	Cohesion Fund (CF)	0.20	0.00	0.20	99.62%	0.02	0.23	0.25
Total Title 05			0.37	0.00	0.37	98.86%	0.78	1.15	2.17

TABLE 3: BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2023 (in Mio €) for DG EMPL									
			Commitments to be settled				Commitments to be settled from financial years previous to 2022	Total of commitments to be settled at end of financial year 2023	Total of commitments to be settled at end of financial year 2022
			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
06	06 20	Pilot projects, preparatory actions, prerogatives and other actions	0.00	0.00	0.00	0.00%	0.08	0.08	0.08
Total Title 06			0.00	0.00	0.00	0.00%	0.08	0.08	0.08
TABLE 3: BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2023 (in Mio €) for DG EMPL									
Chapter			Commitments to be settled				Commitments to be settled from financial years previous to 2022	Total of commitments to be settled at end of financial year 2023	Total of commitments to be settled at end of financial year 2022
			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
07	07 01	Support administrative expenditure of the "Investing in People, Social Cohesion and Values" cluster	1.11	0.15	0.97	86.76%	0.00	0.97	1.13
	07 02	European Social Fund Plus (ESF+)	17,378.61	465.92	16,912.69	97.32%	18,253.92	35,166.61	30,579.79
	07 03	Erasmus+	10.21	1.10	9.11	89.23%	4.98	14.09	10.98
	07 06	Citizens, Equality, Rights and Values	7.76	3.97	3.79	48.88%	7.94	11.74	11.21
	07 10	Decentralised Agencies and European Public Prosecutor's Office	122.77	110.27	12.50	10.18%	28.17	40.67	28.67
	07 20	Pilot projects, preparatory actions, prerogatives and other actions	55.26	14.10	41.16	74.48%	54.35	95.51	92.57
Total Title 07			17,575.72	595.51	16,980.21	96.61%	18,349.36	35,329.57	30,724.35

TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2023 (in Mio €) for DG EMPL									
			Commitments to be settled				Commitments to be settled from financial years previous to 2022	Total of commitments to be settled at end of financial year 2023	Total of commitments to be settled at end of financial year 2022
Chapter			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)	0.14	0.00	0.14	100.00%	0.00	0.14	0.00
	08 03	European Agricultural Fund for Rural Development (EAFRD)	0.45	0.00	0.45	100.00%	1.18	1.63	2.02
	08 04	European Maritime, Fisheries and Aquaculture Fund (EMFAF)	0.37	0.00	0.37	98.74%	0.10	0.47	0.68
Total Title 08			0.96	0.00	0.96	99.51%	1.28	2.24	2.69
TABLE 3: BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2023 (in Mio €) for DG EMPL									
			Commitments to be settled				Commitments to be settled from financial years previous to 2022	Total of commitments to be settled at end of financial year 2023	Total of commitments to be settled at end of financial year 2022
Chapter			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
10	10 01	Support administrative expenditure of the "Migration" Cluster	0.61	0.07	0.53	87.74%	0.00	0.53	0.52
	10 02	Asylum, Migration and Integration Fund	0.00	0.00	0.00	0.00%	0.05	0.05	0.05
Total Title 10			0.61	0.07	0.53	87.74%	0.05	0.58	0.57
TABLE 3: BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2023 (in Mio €) for DG EMPL									

			Commitments to be settled				Commitments to be settled from financial years previous to 2022	Total of commitments to be settled at end of financial year 2023	Total of commitments to be settled at end of financial year 2022
Chapter			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
11	11 01	Support administrative expenditure of the 'Border Management' cluster	0.41	0.00	0.41	100.00%	0.00	0.41	0.36
Total Title 11			0.41	0.00	0.41	100.00%	0.00	0.41	0.36

TABLE 3: BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2023 (in Mio €) for DG EMPL

			Commitments to be settled				Commitments to be settled from financial years previous to 2022	Total of commitments to be settled at end of financial year 2023	Total of commitments to be settled at end of financial year 2022
Chapter			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
12	12 01	Support administrative expenditure of the "Security" cluster	0.50	0.02	0.48	96.25%	0.00	0.48	0.44
Total Title 12			0.50	0.02	0.48	96.25%	0.00	0.48	0.44

TABLE 3: BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2023 (in Mio €) for DG EMPL

			Commitments to be settled				Commitments to be settled from financial years previous to	Total of commitments to be settled at end of financial year 2023	Total of commitments to be settled at end of financial year 2022
Chapter			Commitments	Payments	RAL	% to be settled			

							2022		
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
14	14 02	Neighbourhood, Development and International Cooperation Instrument - Global Europe (NDICI - Global Europe)	0.00	0.00	0.00	0.00%	0.20	0.20	0.20
Total Title 14			0.00	0.00	0.00	0.00%	0.20	0.20	0.20

TABLE 3: BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2023 (in Mio €) for DG EMPL

			Commitments to be settled				Commitments to be settled from financial years previous to 2022	Total of commitments to be settled at end of financial year 2023	Total of commitments to be settled at end of financial year 2022
Chapter			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
15	15 02	Instrument for Pre-accession Assistance (IPA III)	0.00	0.00	0.00	0.00%	0.41	0.41	0.66
Total Title 15			0.00	0.00	0.00	0.00%	0.41	0.41	0.66

TABLE 3: BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2023 (in Mio €) for DG EMPL

			Commitments to be settled				Commitments to be settled from financial years previous to 2022	Total of commitments to be settled at end of financial year 2023	Total of commitments to be settled at end of financial year 2022
Chapter			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
16	16 01	Support administrative expenditure outside the annual ceilings set out in the Multiannual Financial Framework	0.14	0.02	0.11	83.18%	0.00	0.11	0.12
	16 02	Mobilisation of solidarity mechanisms (Special instruments)	8.21	8.21	0.00	0.00%	0.00	0.00	0.00
Total Title 16			8.35	8.24	0.11	1.38%	0.00	0.11	0.12

TABLE 3: BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2023 (in Mio €) for DG EMPL

			Commitments to be settled				Commitments to be settled from financial years previous to 2022	Total of commitments to be settled at end of financial year 2023	Total of commitments to be settled at end of financial year 2022
Chapter			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
20	20 02	Other staff and expenditure relating to persons	0.02	0.01	0.01	68.73%	0.00	0.01	0.11
Total Title 20			0.02	0.01	0.01	68.73%	0.00	0.01	0.11
Total Excluding NGEU			17,587.01	603.85	16,983.16	96.57%	18,357.67	35,340.83	30,744.28

TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2023 (in Mio €) for DG EMPL

			Commitments to be settled				Commitments to be settled from financial years previous to 2022	Total of commitments to be settled at end of financial year 2023	Total of commitments to be settled at end of financial year 2022
Chapter			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
05	05 02	European Regional Development Fund (ERDF)	3.57	0.00	3.57	100.00%	0.00	3.57	0.00
Total Title 05			3.57	0.00	3.57	100.00%	0.00	3.57	0.00

TABLE 3: BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2023 (in Mio €) for DG EMPL

			Commitments to be settled				Commitments to be settled from financial years previous to 2022	Total of commitments to be settled at end of financial year 2023	Total of commitments to be settled at end of financial year 2022
Chapter			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
06	06 01	Support administrative expenditure of the 'Recovery and Resilience' cluster	0.14	0.00	0.14	100.00%	0.03	0.17	0.48
Total Title 06			0.14	0.00	0.14	100.00%	0.03	0.17	0.48

TABLE 3: BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2023 (in Mio €) for DG EMPL

			Commitments to be settled				Commitments to be settled from financial years	Total of commitments to be settled at end of	Total of commitments to be settled at end of
Chapter			Commitments	Payments	RAL	% to be settled			

							previous to 2022	financial year 2023	financial year 2022
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
07	07 01	Support administrative expenditure of the "Investing in People, Social Cohesion and Values" cluster	0.00	0.00	0.00	0.00%	0.00	0.00	0.00
	07 02	European Social Fund Plus (ESF+)	287.62	27.28	260.34	90.52%	9,904.49	10,164.83	15,998.23
Total Title 07			287.62	27.28	260.34	90.52%	9,904.49	10,164.83	15,998.23
Total NGEU Only			291.33	27.28	264.05	90.64%	9,904.52	10,168.57	15,998.71
Total for DG EMPL			17,878.34	631.13	17,247.21	96.47 %	28,262.19	45,509.40	46,742.99

Breakdown of Commitments Remaining to be Settled (in Mio EUR) in 2023 EMPL

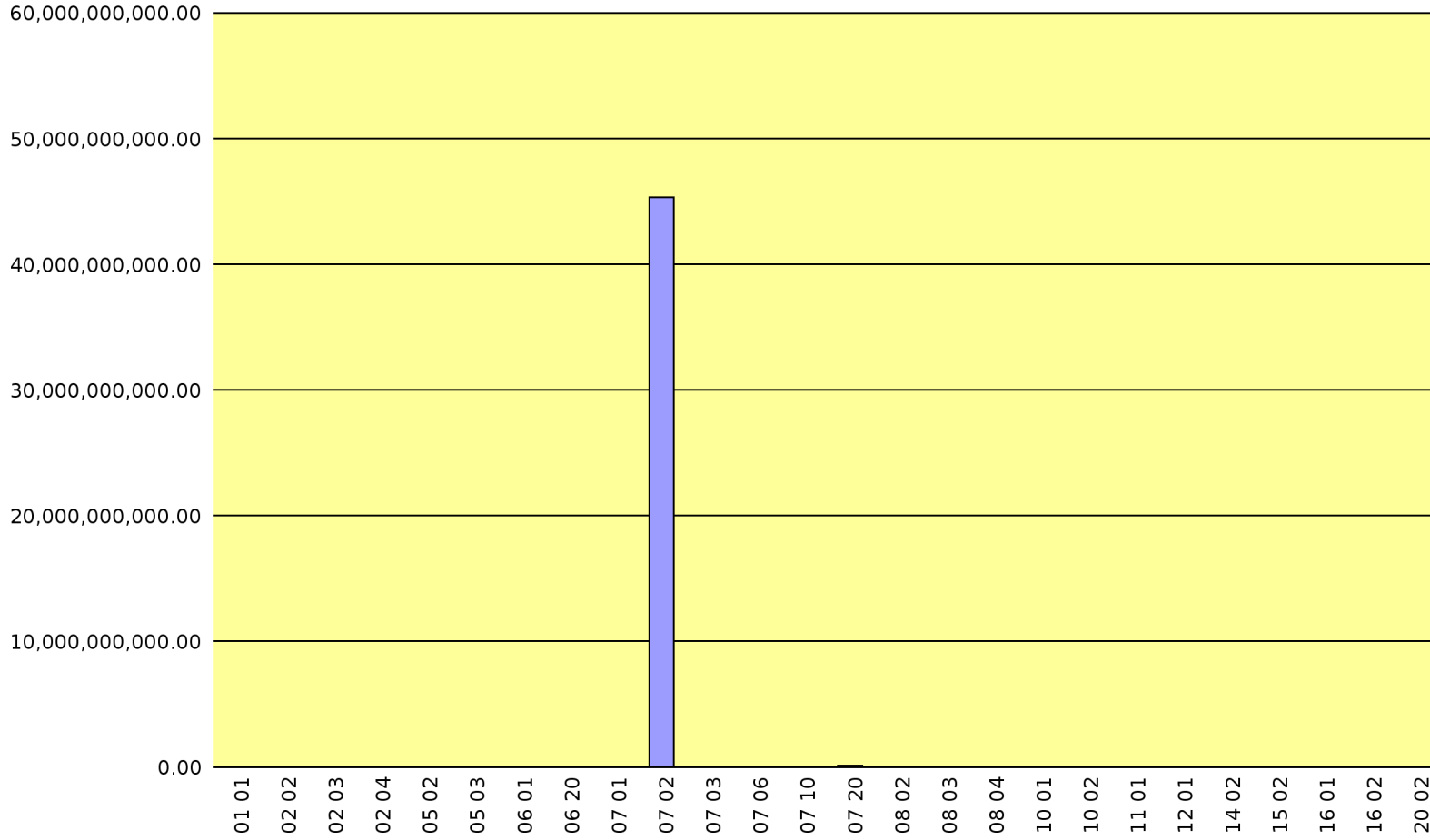


TABLE 4: BALANCE SHEET for DG EMPL

BALANCE SHEET	2023	2022
A.I. NON-CURRENT ASSETS	4,714,257,623.28	6,414,134,653.88
A.I.1. Intangible Assets	5,807,590.85	6,701,066.36
A.I.4. Non-Current Financial Assets	99,944,682.00	98,672,964.56
A.I.5. Non-Current Pre-Financing	4,474,905,574.69	6,057,734,543.24
A.I.6. Non-Cur Exch Receiv & Non-Ex Recoverab	133,599,775.74	251,026,079.72
A.II. CURRENT ASSETS	4,909,785,304.51	4,536,290,436.25
A.II.1. Current Financial Assets	1,548,500.00	1,499,099.84
A.II.2. Current Pre-Financing	4,782,453,564.39	4,264,883,185.37
A.II.3. Curr Exch Receiv & Non-Ex Recoverables	37,576,811.12	169,717,549.04
A.II.6. Cash and Cash Equivalents	88,206,429.00	100,190,602.00
ASSETS	9,624,042,927.79	10,950,425,090.13
P.I. NON CURRENT LIABILITIES	-63,402,549.00	-60,715,671.75
P.I.2. Non-Current Provisions	0.00	0.00
P.I.3. Non-Current Financial Liabilities	-63,402,549.00	-60,715,671.75
P.III. NET ASSETS/LIABILITIES	0.00	0.00
P.III.1. Reserves	0.00	0.00
P.II. CURRENT LIABILITIES	-5,825,805,980.23	-6,131,808,348.31
P.II.2. Current Provisions	0.00	0.00
P.III.2. Accumulated Surplus/Deficit	123,849,679,779.65	108,593,603,363.89
P.II.5. Current Accrued Charges & Defrd Income	-3,972,524,622.43	-3,483,293,354.31
LIABILITIES	-5,889,208,529.23	-6,192,524,020.06
NET ASSETS (ASSETS less LIABILITIES)	3,734,834,398.56	4,757,901,070.07

Non-allocated central (surplus)/deficit*	-127,584,514,178.21	-113,351,504,433.96
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TOTAL DG EMPL	0.00	0.00
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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 for DG EMPL

STATEMENT OF FINANCIAL PERFORMANCE	2023	2022
II.1 REVENUES	54,001,385.75	-150,573,021.46
II.1.1. NON-EXCHANGE REVENUES	67,026,675.58	-136,789,325.60
II.1.1.6. RECOVERY OF EXPENSES	68,748,325.93	-134,862,648.38
II.1.1.8. OTHER NON-EXCHANGE REVENUES	-1,721,650.35	-1,926,677.22
II.1.2. EXCHANGE REVENUES	-13,025,289.83	-13,783,695.86
II.1.2.1. FINANCIAL INCOME	-16,975,052.00	-15,933,252.39
II.1.2.2. OTHER EXCHANGE REVENUE	3,949,762.17	2,149,556.53
II.2. EXPENSES	18,695,559,409.50	15,369,893,225.21
II.2. EXPENSES	18,695,559,409.50	15,369,893,225.21
II.2.10. OTHER EXPENSES	33,569,591.85	33,559,783.70
II.2.1. EXP IMPLM BY MEMBER STATES (SH)	18,411,436,484.35	15,101,886,949.84
II.2.2. EXP IMPLM BY COMMISS&EX.AGENC	110,637,694.73	111,462,603.36
II.2.3. EXP IMPL BY OTH EU AGENC&BODIES	114,317,602.33	106,853,871.04
II.2.4. EXP IMPL BY 3RD CNTR & INT ORG (IM)	6,139,404.93	1,702,775.38
II.2.5. EXP IMPLM BY OTHER ENTITIES (IM)	8,904,648.39	2,459,213.80
II.2.6. STAFF AND PENSION COSTS	-88,106.67	-86,430.00
II.2.8. FINANCE COSTS	10,642,089.59	12,054,458.09
STATEMENT OF FINANCIAL PERFORMANCE	18,749,560,795.25	15,219,320,203.75

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 5bis: OFF BALANCE SHEET for DG EMPL

OFF BALANCE	2023	2022
OB.1. Contingent Assets	223,355.60	436,155.80
GR for performance	87,126.80	39,125.00
GR for pre-financing	136,228.80	397,030.80
OB.2. Contingent Liabilities	-16,382,429.00	-36,756,212.00
OB.2.1. Guarantees given for EU FI	-16,382,429.00	-36,756,212.00
OB.3. Other Significant Disclosures	-102,822,936,214.67	-119,903,800,506.43
OB.3.2. Comm against app. not yet consume	-39,703,798,316.86	-40,652,850,171.87
OB.3.3.1 Structural operations	-63,119,137,897.81	-79,250,950,334.56
OB.4. Balancing Accounts	102,839,095,288.07	119,940,120,562.63
OB.4. Balancing Accounts	102,839,095,288.07	119,940,120,562.63
OFF BALANCE	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.

Note: The figures are those related to the provisional accounts and not yet audited by the Court of Auditors

TABLE 6: AVERAGE PAYMENT TIMES for DG EMPL

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

Late Interest paid in 2023			
DG	GL Account	Description	Amount (Eur)
EMPL	65010100	Interest on late payment of charges New FR	1,749.16
			1,749.16

TABLE 7: SITUATION ON REVENUE AND INCOME in 2023 for DG EMPL

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	3,582,922.33	0.00	3,582,922.33	3,582,922.33	0.00	3,582,922.33	0.00
61	Cohesion, resilience and values	1,357,536,308.12	1,874,026.42	1,359,410,334.54	1,357,474,042.10	1,777,005.15	1,359,251,047.25	159,287.29
62	Natural resources and environment	397,764.08	0.00	397,764.08	397,764.08	0.00	397,764.08	0.00
65	Neighbourhood and the world	265,308.80	0.00	265,308.80	245,308.80	0.00	245,308.80	20,000.00
66	Other contributions and refunds	13,252,836.82	652,071.26	13,904,908.08	12,946,891.42	652,071.26	13,598,962.68	305,945.40
67	Completion for outstanding recovery orders prior to 2021	0.00	381,607.16	381,607.16	0.00	0.00	0.00	381,607.16
Total DG EMPL		1,375,035,140.15	2,907,704.84	1,377,942,844.99	1,374,646,928.73	2,429,076.41	1,377,076,005.14	866,839.85

TABLE 8: FINANCIAL IMPACT OF EX-ANTE AND EX-POST CONTROLS in 2023 for DG EMPL

EX-ANTE CONTROLS BY TRANSACTION	Irregularity	Total ex-ante amounts
NON ELIGIBLE IN COST CLAIMS	836,047.53	836,047.53
CREDIT NOTES	1,572,122.81	1,572,122.81
RECOVERY ORDERS ON PRE-FINANCING		
Sub-Total	2,408,170.34	2,408,170.34

EX-POST CONTROLS BY TRANSACTION	Irregularity	Total ex-post amounts
RECOVERY ORDERS OTHER THAN ON PRE-FINANCING	8,035,776.17	8,035,776.17
INCOME LINES IN INVOICES		
Sub-Total	8,035,776.17	8,035,776.17
GRAND TOTAL (EX-ANTE + EX-POST)	10,443,946.51	10,443,946.51

Table 8 covers the amounts (recoveries and deductions due to irregularities or fraud) registered in the accounting system of the Commission and does not include information stemming from the Member States' systems or other methods of corrections (de-commitments).

TABLE 9: AGEING BALANCE OF RECOVERY ORDERS AT 12/31/2023 for DG EMPL

	Number at 1/1/2023 1	Number at 12/31/2023	Evolution	Open Amount (Eur) at 1/1/2023 1	Open Amount (Eur) at 12/31/2023	Evolution
2013	1	1	0.00 %	146,358.80	146,358.80	0.00 %
2014	1	1	0.00 %	163,142.00	163,142.00	0.00 %
2015	1	1	0.00 %	72,106.36	72,106.36	0.00 %
2022	11	1	-90.91 %	2,526,097.68	97,021.27	-96.16 %
2023		4			388,211.42	
	14	8	-42.86 %	2,907,704.84	866,839.85	-70.19 %

TABLE 10: Recovery Order Waivers >= 60 000 € in 2023 for DG EMPL

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

Number of RO waivers	
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There are no waivers below 60 000 €

TABLE 11: Negotiated Procedures in 2023 for DG EMPL

Negotiated Procedure Legal base	Number of Procedures	Amount (€)
Total		

TABLE 12: Summary of Procedures in 2023 for DG EMPL

Internal Procedures > € 60,000

Procedure Legal base	Number of Procedures	Amount (€)
Negotiated procedure middle value contract (Annex 1 - 14.2)	2	239,025.00
Open procedure (FR 164 (1)(a))	4	27,129,898.00
Total	6	27,368,923.00

TABLE 13: BUILDING CONTRACTS in 2023 for DG EMPL

Legal Base	Procedure subject	Contract Number	Contractor Name	Contract Subject	Contracted Amount (€)

TABLE 14: CONTRACTS DECLARED SECRET in 2023 for DG EMPL

Legal Base	LC Date	Contract Number	Contract Subject	Contracted Amount (€)

TABLE 15: FPA duration exceeds 4 years - DG EMPL

N/A

TABLE 16: Commitments co-delegation type 3 in 2023 for DG EMPL

N/A

ANNEX 4: Financial scorecard

DG EMPL

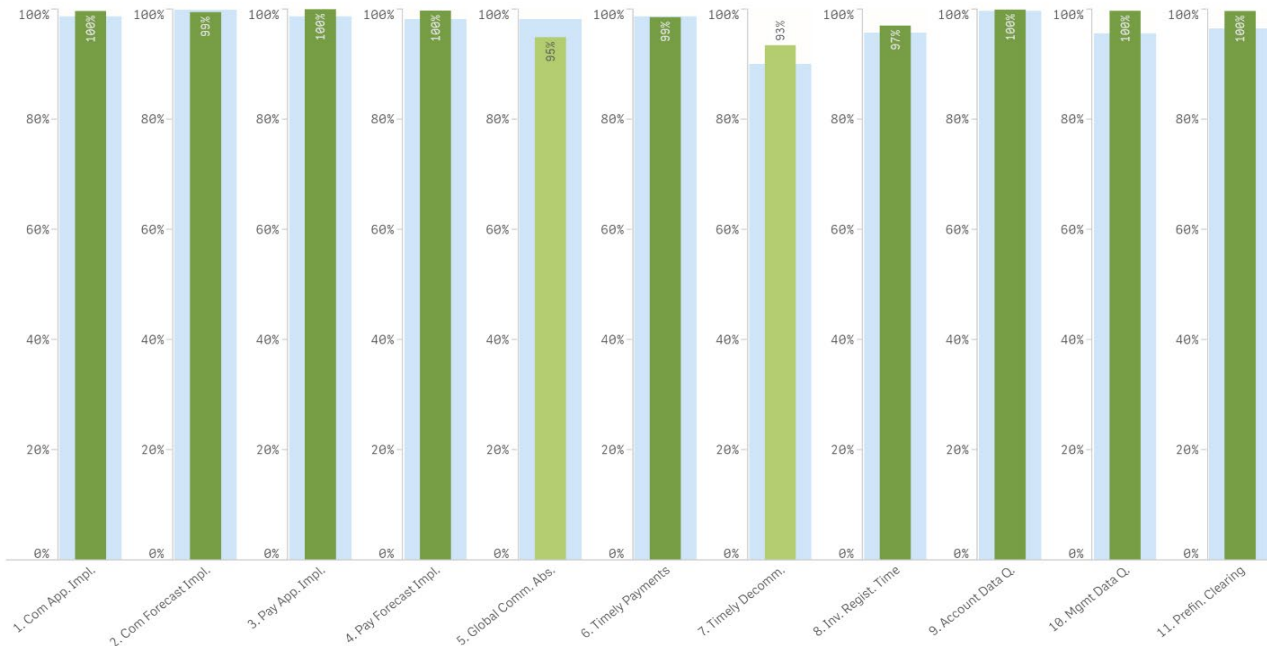
The Annex 4 of each Commission service summarises the annual result of the standard financial indicators measurement. Annexed to the Annual Activity Report 2023, 11 standard financial indicators are presented below, each with its objective and result for the Commission service and for the EC as a whole (for benchmarking purposes):

- | | |
|---|--|
| <ul style="list-style-type: none"> - Commitment Appropriations (CA) Implementation - CA Forecast Implementation - Payment Appropriations (PA) Implementation - PA Forecast Implementation - Global Commitment Absorption | <ul style="list-style-type: none"> - Timely Payments - Timely Decommitments - Invoice Registration Time - Accounting Data Quality - Management Data Quality - Timely Invoice PF clearing |
|---|--|

For each indicator, its value (in %) for the Commission service 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

EMPL Indicator Scores for 2023 12



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

Indicator	Objective	Comment	EMPL Score	EC Score
1. Commitment Appropriations Implementation	Ensure efficient use of commitment appropriations expiring at the end of Financial Year	DG EMPL's performance in consuming commitment appropriations elapsing at the end of the financial year is excellent.	100%	99%
2. Commitment Forecast Implementation	Ensure the cumulative alignment of the commitment implementation with the commitment forecast in a financial year	DG EMPL's performance is slightly below the overall performance of the Commission. The variety of management modes in DG EMPL makes the forecasting task complex, as well as the high number of AOSD (more than 40) involved in the financial implementation of DG EMPL's budget.	99%	100%
3. Payment Appropriations Implementation	Ensure efficient use of payment appropriations expiring at the end of Financial Year	DG EMPL's performance in consuming payment appropriations elapsing at the end of the financial year is excellent.	100%	99%
4. Payment Forecast Implementation	Ensure the cumulative alignment of the payment implementation with the payment forecast in a financial year	DG EMPL's performance in forecasting payments is excellent.	100%	98%
5. Global Commitment Absorption ⁽³⁸⁾	Ensure efficient use of already earmarked commitment appropriations (at L1 level)	DG EMPL's performance on global commitment absorption is slightly below the overall performance of the Commission. The higher number of global commitments needed for the calls of proposal increases the risk that the awarded amount is lower than the planned amount.	95%	98%
6. Timely Payments	Ensure efficient processing of payments within the legal deadlines	DG EMPL's performance in timely payments is in line with the overall performance of the Commission and it has increased from 96% in 2022.	99%	99%
7. Timely Decommitments	Ensure efficient decommitment of outstanding RAL at the end of commitment life cycle	DG EMPL's performance is above the overall performance of the Commission.	93%	90%
8. Invoice Registration Time	Monitor the accounting risk stemming from late registration of invoices in the central accounting system ABAC	DG EMPL's performance in invoice registration time is above the overall performance of the Commission.	97%	96%
9. Accounting Data Quality	Ensure the good data quality of ABAC transactions with the focus on fields having a primary impact on the accounts	DG EMPL's performance in accounting data quality is in line with the overall performance of the Commission.	100%	100%

⁽³⁸⁾ Due to technical limitation: 1. the indicator does not take into account the Com L1 Consumption between the FDC ILC date, and the FA FDI allowed as an exception in the external actions for Com L1 of type GF, i.e. with Financing Agreement, under the FR2018 Article 114.2. 2. it is technically not possible to exclude the decommitment of RAL (C8) which is subsequently re-committed for a new purpose. As a result, the actual Indicator score may be slightly higher than the one reported for DGs using the GF commitments.

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	DG EMPL's performance in management data quality is excellent and higher than then overall performance of the Commission.	100%	96%
11. Timely Invoice PF clearing	Ensure efficient clearing by invoices of prefinancing payments within the invoice payment time limit	DG EMPL's performance in timely invoice PF clearing is in line with the overall performance of the Commission.	100%	100%

ANNEX 5: Materiality criteria

For shared management (ESF/YEI, FEAD, and IPA)

Since 2019 ⁽³⁹⁾, a corporate 'de minimis' threshold for financial reservations is in place. Quantified AAR reservations related to residual error rates above the 2% materiality threshold, are deemed not substantial for segments representing less than 5% of a DG's total payments and with a financial impact below EUR 5 million. In such cases, quantified reservations are no longer needed. The implementation of this 'de minimis' threshold applies at the level of the AAR reservations, i.e., not at all affecting the detailed reservations at the level of the operational programmes. Given the amounts involved, this threshold has no effect on the AAR reservations of the DG for 2023.

Assessment of management and control systems in the Member States for the 2014-2020 and 2021-2027 period

- The assessment **of each programme is based on the following elements:**
1. First, the **assessment of the effectiveness of management and control systems**, carried out by the Joint Audit Directorate for cohesion (DAC) based on all information available (i.e. opinion issued by the audit authority on the management and control systems in the MS, total error rate, results of national systems audits, results of the Commission's audit work and/or the European Court of Auditors, information received from operational managers in their regular contacts with programme authorities).
 2. Second, the **assessment of legality and regularity of expenditure**, as reflected in the residual total error rate reported by the audit authorities in their most recent ACR, adjusted as necessary when we consider that adjustments to previous years' error rates could impact the most recently reported rates. The residual total error rate is the best indicator of the corrective capacity of the programme's management and control system and represents the remaining risk present in the amounts certified in the accounts taking into account the already applied financial corrections.

The DG assesses the reliability of the total error rate and the residual total error rate reported in two stages:

- The Commission confirms the Total Error Rates and Residual Total Error Rates for the accounting year 2021-2022 (for accounts accepted in 2023) and adjusts when considered necessary, based on a desk review of audit results and all other available information and, when necessary and conclusions are already available, risk-based on-the-spot audits carried out in 2023 and previous years. According to the 2014-2020 and 2021-2027 legal framework, the Commission can in subsequent years (during the documents retention period of at least three years after the accounts were accepted) continue to carry out on the spot audits to address specific risks or programmes. The confirmed error rates are determined after carrying out the entire audit cycle but before the finalisation of the contradictory procedure with Member States and can thus still evolve afterwards. These error rates are thus not always final and might be further adjusted downwards after finalisation of the contradictory

⁽³⁹⁾ Agreement of the Corporate Management Board of 30/4/2019.

procedure.

- In relation to the Total Error Rates and Residual Total Error Rates communicated by the audit authorities by 1 March 2024 for the accounting year 2022-2023, the Commission carries out a preliminary consistency review to identify potential inconsistencies, clerical mistakes or adjustments considered necessary following audit-based adjustments to previous years' error rates that could impact the most recently reported rates. The resulting adjusted total error rates and residual total error rates are disclosed in Annex 7B of the AAR for information purposes and to identify the need to issue additional reservations. If no error rates are reported by the audit authorities or reported error rates are not considered reliable at this stage, the DG uses flat rates instead.

➤ **Materiality criteria and reservations**

The DG assesses **each programme** in order to identify the need for reservations and corrective measures. Programmes with common management and control systems can be grouped for the purpose of this assessment.

At programme level, reservations or partial reservations are made in case of significant weaknesses in the Member States' management and control systems leading to a material risk to the EU budget. In practice, this means that reservations or partial reservations are made for (parts of) programmes included in the categories 'limited assurance with medium risk' (when insufficient financial corrections are taken) and 'limited assurance with high risk' (see below).

As a general rule, a programme will be put under reservation if at least one of the following conditions applies, based on the 2022/2023⁽⁴⁰⁾ assurance packages received by 1 March 2024:

- a total error rate above 10% for 2014-2020 programming period or a total error rate above 5% for 2021-2027 programming period
- deficiencies in key elements of the systems (or part of the system), which could result in/lead to irregularities above 10% for 2014-2020 or 5% for 2021-2027 and for which no adequate corrective measures to remedy the deficiencies have yet been implemented (programmes in category 4 below);
- a residual total error rate above 2%.
- material issues concerning the completeness, accuracy, and veracity of the accounts.

Exceptions, if any, are clearly reported and explained in the body of the AAR. In some cases, reservations may be made at sub-programme level (priority axis or intermediate bodies) when the systemic deficiencies only affect a specific component of the management and control system, not applicable to the other activities under the same programme. However, when the concerned part of the programme concerns less than 2% of the expenditure included in the accounts under assessment (or of the programme allocation in case no payments were made in the year), this deficiency is not considered to be material and therefore does not warrant a reservation. Such cases are reported in the body of the AAR.

In case there is no financial impact for the reporting year (e.g. no expenditure paid) for a

⁽⁴⁰⁾ No reservation is made for cases where the Residual Total Error Rate for the accounting year 2019-2020 is confirmed above 2 % given that this expenditure does not concern the 'relevant expenditure' as defined in the corporate instructions for reporting under the current AAR. For such previous accounting years, additional financial corrections will be applied as necessary (see Annex 7H).

programme under reservation, a non-quantified (non-financial) reservation is made.

In addition, reputational reservations are made for deficiencies of a qualitative nature which have a significant impact on the reputation of the Commission.

As regards the functioning of the management and control system, the programmes are classified in four categories:

Programmes not in reservation:

- Programmes with management and control systems which work well and for which only minor improvements are needed (category 1⁽⁴¹⁾). For these programmes, **reasonable assurance** means that there is no material deficiency affecting key elements of the systems (non-material risk of irregularities, below 2%) and residual total error rate well <2%) or the accounts;
- Programmes with management and control systems which work but for which some improvements are needed (category 2). For these programmes, **reasonable assurance with low risk** means that the deficiencies detected in key elements of the systems are with limited impact on the EU Budget (limited risk of irregularities, below 5%, therefore covered by the payment retention of 10% or 5% and residual total error rate <or= 2%);
- Programmes with management and control systems which work only partially and for which substantial improvements are needed (category 3). For these programmes, **limited assurance with medium risk** means that the deficiencies detected in key elements of the systems have material risk for the EU budget (risk of irregularities between 5% and 10%, therefore well covered by the payment retention of 10%) but adequate financial corrections have been implemented (residual total error rate <or= 2%).

Programmes in reservation:

- Programmes which essentially do not work (category 4). For these programmes **limited assurance with high risk** means that there are serious deficiencies in key elements of the systems with material risk for the EU budget (risk of irregularities above 10% for 2014-2020 or 5% for 2021-2027 therefore the risk is not covered by the payment retention), even if adequate financial corrections have been implemented (residual total error rate <or = 2%).

In addition are also put in reservation

- Programmes for which insufficient financial correction were carried out (residual total error rate remaining > 2%);
- Programmes with material issues concerning the completeness, accuracy, and veracity of the accounts.

For the calculation of the amounts impacted by a reservation, the reportable residual error rate for the 2022/2023 accounts is applied to the 2023 relevant expenditure of the programmes concerned.

Where there is no financial impact for the reporting year in question (e.g., no expenditure

⁽⁴¹⁾ Table 2 on the classification of key requirements for managing control systems with regards to their functioning of Annex IV of Commission Delegated Regulation (EU) No 480/2014 of 3 March 2014.

paid) for a programme under reservation, a non-financial reservation is made. In addition, reputational reservations are made for issues that could have a significant impact on the reputation of the Commission (e.g., fraud suspicions).

➤ **Estimation of the amounts at risk at payment and at closure**

The **amount at risk at payment** is calculated by applying the KPI 4 (weighted residual total error rate of the accounting year 2021-2022 as confirmed by the Commission services ⁽⁴²⁾) to the "relevant expenditure" of the Commission reporting year (i.e. payments made during 2023, after excluding new pre-financing and including the 10% or 5% retained for 2014-2020 and 2021-2027 respectively, and including the cleared pre-financing minus the retentions released and any deductions applied in the accounts covering the expenditure of the period 1 July 2022 to 30 June 2023).

For programmes under the programming period 2021-2027, for which no confirmed residual error rates are available yet, the following approach is exceptionally applied:

- In case of assurance packages received by 1 March 2024, the residual error rate of the accounting year 2022-2023 is used, provided it is considered reliable, following the preliminary desk review. Otherwise, a flat rate is used.
- In case no assurance package is received (no payments made during the first half of 2023), the programmes concerned will be assessed individually based on all available information, including from the programming period 2014-2020. Prudently a flat rate of 2% is used for programmes.

The **amount at risk at closure** indicates the remaining risk to the 2023 relevant expenditure once the Commission will apply the financial corrections that it considers necessary to bring the confirmed total residual error rates for all programmes down to 2%. The DG is able to identify for which programmes additional financial corrections will be required upon finalisation of the audit contradictory procedures.

Assessment of management and control systems in the Member States for the 2007-13 period

➤ **The assessment at closure**

At closure, the Annual Control Reports (ACR) were submitted as part of the closure packages. For each programme, the DG carried out an in-depth assessment of the information provided (in particular the audit opinion, the projected error rate covering the 2015 and 2016 expenditure and the residual risk rate).

As the audit authorities were required to disclose a residual risk rate calculated based on the expenditure certified during the whole programming period, the residual risk rate is used, as this is the best estimate of the expenditure that is not in full conformity with contractual or regulatory provisions over the lifetime of the programme.

The assessment of the relevant reports, data, and other information available requires the application of professional judgement, namely when weighting contradictory information or considering abnormal statistical results. When considering reported corrections, the

⁽⁴²⁾ After neutralizing the impact of the advances paid into financial instruments and included in the sample of audit authorities based on declared expenditure (in line with Article 127 CPR).

authorising officer by delegation also assesses that they are reliable based on all audit information and in particular the validation made at closure by the audit authorities and that they effectively mitigate the risks identified and that they result in a reduction in the level of the error that remains uncorrected in the population.

➤ **Estimation of the amounts at risk at payment and at closure**

- To calculate the amount at risk for programmes under reservation, the residual risk rate is applied to the payments made during the year. For a reservation made at sub-programme level, a flat rate depending on the deficiencies identified is applied to the relevant expenditure ⁽⁴³⁾. No financial corrections are considered for the quantification of the reservation, as the financial corrections already implemented are mainly linked to expenditure declared in previous years. In case of no payments were made during the year, the reservation will be non-financial.
- For the estimation of the amount at risk at closure, the estimated future corrections, if any, are deducted from the amount at risk at payment.

➤ **Materiality criteria and reservations**

Final payments are made for the closure of the programme only when all issues are cleared.

Following the in-depth assessment of closure documents, a non-financial reservation is made for those programmes, where either additional audit work is requested, or financial corrections may need to be applied exceeding the 5% retention (or less for underspent programmes of the overall allocation made at programme level) ⁽⁴⁴⁾.

Exceptions from the application of the materiality criteria, if any, are clearly reported and explained in the body of the AAR. In some cases, reservations may be made at sub-programme level (priority axis or implementing bodies) when the systemic deficiencies only affect a specific component of the management and control system, not used for the other activities under the same programme.

For direct and indirect management

The qualitative factors are based on the detection of significant and/or repetitive weaknesses which would be identified through the internal control system within the framework of supervision.

Based on Commission agreed principles, a reservation is envisaged when the error rate resulting from the annual ex-post audit missions would account for more than 2% of the payments made for the selected files.

For EGF

The assurance is built on a comprehensive assessment by all parties involved in the management and control of every case. Member States report, for each EGF case, information as regards the type of actions and main outcomes, the names of the bodies delivering the package of measures; the characteristics of the targeted workers and their

⁽⁴³⁾ I.e., paid in the relevant year in relation to the concerned sub-programme.

⁽⁴⁴⁾ The decision on whether to issue reservation will be made taking into account the cumulative residual risk.

employment status; and a statement justifying the expenditure. Commission staff carries out on the spot visits, both for monitoring and for auditing purposes.

When measuring against the 2% materiality level, DG EMPL calculates the weighted arithmetic average error rate from the audited sample and complements the information by a qualitative analysis of the origin, nature, impact and coverage of the errors found before issuing any reservation.

In order to enlarge the basis on which the assurance can be built, DG EMPL also considers the error rates detected in the last 5 years.

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

Shared management

Stage 1 – Negotiation and assessment/approval of spending proposals (ex ante)

Main control objectives: Ensuring that the Commission (COM) adopts the actions that contribute the most towards the achievement of the policy objectives (effectiveness);

Main risks	Mitigating controls	Coverage frequency and depth of controls	Cost-effectiveness indicators
The programmes financed do not adequately reflect the policy objectives or priorities.	Internal consultation, hierarchical validation at DG-level of each operational programme. Inter-service consultation (including all relevant DGs) Adoption by Commission Decision, where foreseen by EU law.	Coverage/Frequency: 100%. Depth: checklist, guidelines, lists of requirements in the relevant regulatory provisions and reflection of policy objectives and priorities in policy papers and CSRs.	Overall Commission cost: see AAR section Cost effectiveness and efficiency. Benefits: adopted programmes focus on challenges Member States and regions are facing (as identified in the European Semester) and have a clear intervention logic, allowing the Commission to evaluate their impact [non-quantifiable individually] Effectiveness: - % of programmes adopted/approved Efficiency: - average time to adopt/approve a programme (impacted by the time required by Member States to react).

Stage 2 – Implementation of operations (Member States)

A. Setting up of the systems

Main control objectives: ensuring that the management and control systems are adequately designed.

Main risks	Mitigating controls	Coverage, frequency, and depth	Cost-effectiveness indicators
The process of designation ⁽⁴⁵⁾ of national authorities in the Member States is not effective and, as a result, the management and control systems are not compliant with the applicable rules.	Supervision by Commission: - Commission review (and audits) of a sample of national designations - submission of Member States Audit Strategies to the Commission (on request).	Coverage / Frequency: fixed in sector-specific rules. Depth: verification (desk review + audit missions where necessary) of description of management and control systems communicated by Member States. Designation audits	Overall Commission cost: see AAR section Cost effectiveness and efficiency. Benefits:(part of) the amounts associated with unreliable systems for which the Commission audit work revealed substantial compliance problems [<i>not quantifiable</i>] Effectiveness: - % of authorities designated. Efficiency: - number of authorities for which serious weaknesses found by designation reviews/audits (% of total checked).

⁽⁴⁵⁾ Designation process is not required in 2021-2027 programming period.

		are generally done on-the-spot.	
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B. MS controls to prevent, detect and correct errors within the declared certified expenditure

Main control objectives: ensuring that the expenditure declared in the annual accounts submitted to the Commission is legal and regular.

Main risks	Mitigating controls	Coverage, frequency, and depth	Cost-effectiveness indicators
Annual accounts submitted to the Commission include expenditure that is irregular or non-compliant with EU and/or national eligibility rules and legislation.	Management verifications: first level checks by Managing Authorities. Certification of expenditure in the annual accounts (not applicable for 2021-2027), audit opinion and assurance declaration by the relevant authorities designated/accredited.	Coverage: fixed in sector-specific rules Depth: - <u>management verifications</u> : performance of first-level checks (administrative and on the spot controls). - <u>certification (not-applicable for 2021-2027)</u> : additional verification (desk checks and on the spot). - <u>audit opinion</u> : system audits on the checks already carried out, where necessary with re-performance of on-the-spot checks; audits of operations (on a statistical basis) and audit of accounts.	Effectiveness: error rates as reported by the Member States., annual audit opinions (or certificate opinions) of the Member States, Member States' recoveries (if applicable) Efficiency: time to lift interruption of payments

Stage 3 – Monitoring and supervision of the execution, including ex post control

Main control objectives: ensuring that the expenditure reimbursed from the EU budget is eligible and regular.

<p>The management verifications and subsequent audits/controls by the Member States have failed to detect and correct ineligible costs or calculation errors.</p> <p>The audit work carried out by the Audit/Certifying Authorities is not sufficient to obtain adequate assurance on the annual accounts.</p> <p>The Commission services have failed to take appropriate measures to safeguard EU funds, based on the information it received.</p>	<p>Commission checks of periodic Member States' expenditure declarations. Commission assessment of management and control systems in the Member States, in particular of work done and/or reported by the Audit Authorities, namely:</p> <ul style="list-style-type: none"> • assessment of Annual Control Reports / Annual Audit Opinion • calculation of projected error rate • estimation of a residual error rate (RER) • assessment of systems audits reports from AA • assessment of annual summaries (not applicable for 2021-2027) • own Commission audits • technical and bilateral meetings with Member States <p>Interruptions and suspensions of payments</p> <ul style="list-style-type: none"> • Financial corrections (implemented by MS resulting from Commission audit work) 	<p>Coverage: verification of information provided in the annual control reports and annual audit opinions.</p> <p>Depth: desk checks and/or on-the-spot audits based on risk assessment; verification of the quality and reliability of the information based on Commission's own audit work; 'validation' and where necessary adjusting of error rates reported by Member States to calculate a residual error risk (RER);</p> <p><i>[at closure: where applicable scrutiny of closure report and closure opinion, if needed with audits on sample of programmes]</i></p>	<p>Effectiveness:</p> <ul style="list-style-type: none"> - residual risk (EU and per Member State) - number of programmes with a reported error rate assessed as reliable (unchanged or re-calculated) - Number and amount of interruptions / suspensions of payments - corrections made resulting from Commission audit work (decided and implemented) - % of the expenditure for which the Commission can rely on the work of the AA (based on ACRs unchanged or adjusted exchange rates) - weighted average error rate after Commission analysis (KPI5) <p>Benefits: errors prevented [unquantifiable], errors detected or corrected (amount of financial corrections); the impact of the Commission's adjustments made on the error rates reported by the Member States following its own audit work and the total amount of expenditure for which the Commission has assurance</p> <p>Efficiency:</p> <ul style="list-style-type: none"> - overall cost of control/financial management of the Commission checks and assessment (% of total appropriations) – stages 1 to 3 - % of Commission payments on time - % interruptions of payments notified to Member States within 2 months - % suspensions of payments notified to Member States within 6 months <p>Economy (costs): cost of Commission staff checking Member States expenditure (financial circuits); estimation of cost of Commission staff involved in the assessment of management and control systems in Member States, including analysis of Annual Control Reports / Annual Audit Opinion, own audit work, and drafting of interruption/suspension/financial correction letters</p>
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Direct and indirect management

Stage 1: Programming, evaluation, and selection (ex ante)

Main control objectives: Ensuring that the Commission and the agencies select the actions that contribute the most towards the achievement of the policy objectives (effectiveness); that funds are allocated optimally (best value for public money, effectiveness, efficiency, economy) and in compliance (legality & regularity; prevention of fraud).

Main risks	Mitigating controls	Coverage, frequency	Cost-effectiveness indicators
<p><u>Grants and procurement:</u> The annual work programme and the subsequent actions do not adequately reflect the policy objectives and priorities and or are incoherent. Budget not optimally allocated.</p>	<p><u>Grants and procurement:</u> - programming of activities (Financing Decision) through a top-down definition of policy priorities. Activities examined centrally by horizontal units (coordination and financial) for compliance, relevance and optimisation (rationalisation/simplification); - inter-service consultation on Financing Decisions including all relevant DGs; - adoption by the Commission.</p>	<p>Grants and procurement: 100%</p>	<p>See AAR section 2.1.1 <u>Grants and procurement:</u> - Validation of actions in the annual work programme (relevance and compliance) (%); - Budget execution (%); - Overall cost of control/financial management of the Commission checks and assessment (as a % of total payment appropriations); - Cost of evaluation and selection procedure/value contracted (%).</p>
<p><u>Grants:</u> The evaluation, ranking and selection of proposals is not carried out in accordance with the established procedures, the policy objectives, priorities and/or the essential eligibility, or with the selection and award criteria defined in the annual work programme and subsequent calls for proposals. The beneficiaries, especially smaller organisations, lack the capacity to effectively control expenditure and ensure the transparency on the operations carried out.</p>	<p><u>Grants:</u> - implementation of a standard application form for the whole DG; since DG EMPL joined the e-grant IT tool, submission forms and evaluations forms are defined at corporate level; - AOSD supervision and approval of call text with the support of adequate guidance and using the available models; since DG EMPL joined the e-grant IT tool, call text template forms are defined at corporate level; - before publication, a formal opinion is issued by the Financial Unit to check if the documents are complete, have been correctly drafted and all the required procedures have been respected; - an evaluation committee is appointed by the AOSD and composed of at least 3 persons representing at</p>	<p><u>Grants:</u> Coverage : 100% of proposals are evaluated</p>	<p>See AAR section 2.1.1 <u>Grants:</u> - Validation of calls for proposals by the Financial Unit prior to publication (100%); - Formal opinion given by the Financial Unit before award (100%); - Number redress cases.</p>

Main risks	Mitigating controls	Coverage, frequency	Cost-effectiveness indicators
	<p>least 2 units; the AOSD also designates the call coordinator in charge of the submission and evaluation process within the respective operational unit;</p> <ul style="list-style-type: none"> - the management of the evaluation process has been standardised via the SEP submission and evaluation IT tool part of the e-grant suite; - a formal opinion is issued by the financial unit on the evaluation and selection procedure prior to the release of the evaluation results letters and consequent budgetary and legal commitments; - the Research Executive Agency ensures the validation of beneficiaries' legal representative and check their financial viability); - signature of the grant agreement by the Authorising Officer; - the publication on Europa of the grants awarded takes place after control by the Financial Unit. 		
<p><u>Procurement:</u> The best offer/s are not submitted due to the poor definition of the tender specifications. The most economically advantageous offer not being selected due to a biased, inaccurate or 'unfair' evaluation process.</p> <p><u>Agencies:</u> The multiannual (three-years) programming, the annual work programme and the subsequent actions do not adequately reflect the EU policy objectives and priorities and/or are incoherent. Budget not optimally allocated.</p>	<p><u>Procurement:</u></p> <ul style="list-style-type: none"> - AOSD supervision and approval of specifications with the support of adequate guidance and using the available models; - prior Information Notices and invitations to tender are checked for compliance with the Financial Regulation and Financing Decision by the Financial Unit before publication; - opening and evaluation committees appointed by the AOSD; - formal opinion issued after verification by the Financial Unit on the evaluation and selection procedure prior to budgetary and legal commitments (open 	<p><u>Procurement:</u> 95% ⁽⁴⁶⁾ of the specifications are scrutinised. 100% of calls are scrutinized by the Financial Unit.</p> <p><u>Agencies:</u> Executive Board: 4 to 6 meetings a year. Management Board: 1 or 2 meetings a year. Director-General DG EMPL/Director of Agency: min 1 time per year.</p>	<p>See AAR section 2.1.1 <u>Procurement:</u></p> <ul style="list-style-type: none"> - Formal opinion given by the Financial Unit before award. <p><u>Agencies:</u> Participation of the Commission in all meetings of the Executive and Management Boards. Meeting of Director-General of DG EMPL and</p>

⁽⁴⁶⁾ Formal financial opinion not given for very low value procedure (below a certain threshold) neither for orders deriving from framework contracts without reopening of competition.

Main risks	Mitigating controls	Coverage, frequency	Cost-effectiveness indicators
	<p>procedures, framework contracts with reopening of competition and negotiated procedures).</p> <p><u>Agencies:</u> Through the mechanism of the Executive and Management Boards, the Commission contributes to the setting of the agencies' strategy and objectives, the appointment of the Executive Director, the adoption of the annual work programme and budget. Discussions (notably on programme) between the Agency's Executive Director and the Director-General of DG EMPL.</p>		<p>Agency Executive Director.</p>

Stage 2: Implementing and monitoring the execution

Main control objectives: ensuring that the operational results (deliverables) from the projects, the agencies and the financial instruments (implemented by the European Investment Fund and the financial intermediaries) are of good value and meet the objectives and conditions (effectiveness & efficiency); ensuring that the related financial operations comply with regulatory and contractual provisions and that the Commission is fully and timely informed of any relevant management issues encountered by the entrusted entity, in order to possibly mitigate any potential financial and/or reputational impacts (legality & regularity); prevention of fraud (anti-fraud strategy).

Main risks	Mitigating controls	Coverage, frequency	Cost-effectiveness indicators
<p><u>Grant/Procurement:</u> The actions foreseen are not, totally or partially, carried out in accordance with the technical description and requirements foreseen in the agreement/contract and/or the amounts paid exceed that due in accordance with the applicable contractual and regulatory provisions.</p>	<p><u>Grant/Procurement:</u> Systematic Operational and financial checks in accordance with the financial circuits. Operation authorisation by the AOSD. <u>Grants:</u> Ex ante verification of financial report. Ex ante in depth checks of final cost claims – sample defined following a risk based approach described here</p>	<p><u>Grants:</u> 100% of projects are controlled. Analytical review performed on all final payment requests. Detailed desk check on all final costs statements above a certain threshold (30%-40% of costs statements). <u>Procurement:</u> 100% of contracts are controlled.</p>	<p>See AAR section 2.1.1 <u>Grants:</u> - verification of transactions by operational and financial agents (100%); - ex ante in depth check of final cost claims - sample r20% of the eligible costs for each action grant (at least 30% of staff cost - h <u>Procurement</u> - verification of transactions by operational and financial agents. <u>Grants and procurement:</u> - costs of control from contracting and monitoring the execution up to payment included / amount paid (%).</p>

Main risks	Mitigating controls	Coverage, frequency	Cost-effectiveness indicators
<p><u>Agencies</u></p> <p>The financial and control framework deployed by the entrusted entity is not fully mature to guarantee achieving all 5 ICOs (legality and regularity, sound financial management, true and fair view reporting, safeguarding assets and information, anti-fraud strategy).</p>	<p><u>Agencies</u></p> <p>Through the mechanism of the Executive and Management Boards, the Commission contributes to the set-up of internal control systems and anti-fraud strategies, and</p> <p>the follow-up of the agencies' performance.</p>	<p><u>Agencies</u></p> <p>Executive Board: 4 to 6 meetings a year.</p> <p>Management Board: 1 or 2 meetings a year.</p>	<p><u>Agencies</u></p> <ul style="list-style-type: none"> - the Executive Director provides reasonable assurance in the agency's AAR (declaration of assurance); - up-to-date Internal Control Framework and Anti-Fraud Strategy; - positive assessment by the European Court of Auditors of the reliability of the agencies' accounts and the legality and regularity of the underlying transactions; - Discharge granted.
<p><u>Financial instruments</u></p> <p>The activities supported under the financial instruments do not reflect the policy objectives and the implementation is not in compliance with the applicable regulations and is not in accordance with the principle of sound financial management.</p>	<p><u>Financial instruments</u></p> <p>DG EMPL monitors the implementation of the financial instruments and the corresponding expenditure through, for instance:</p> <ul style="list-style-type: none"> - regular reporting by the European Investment Fund to DG EMPL on the operational performance (annual and semi-annual reports, impact reports, pipeline and disbursement reports, risk & performance and treasury reports); - regular reporting on the financial performance, including the financial statements, management declaration, summary of audits and controls carried out during the reporting year and an independent audit opinion; - analysis and prior approval of operations; - monitoring visits; - participation in the governance. 	<p><u>Financial instruments</u></p> <p>Based on the reporting framework between DG EMPL and the European Investment Fund:</p> <ul style="list-style-type: none"> - operational report: annual; - semi-annual operational reports; - pipeline reports and disbursement forecasts: twice per year; - risk & performance and treasury reports: quarterly; - cash and treasury reports: monthly; - reports on financial instruments accounts: quarterly; - financial statements: annual; - governance meetings: at least twice per year; - monitoring visits: annual; <p>95% of operations analysed ex ante.</p>	<p><u>Financial instruments</u></p> <p>Economy: Cost of staff involved in the monitoring of the financial instruments.</p> <p>Efficiency: Supervision costs over assets under management.</p> <p>Effectiveness:</p> <p>Control results:</p> <ul style="list-style-type: none"> - key indicators of achievement (number of final recipients supported by the financial instruments; number of jobs created or maintained; total loan volume leveraged); - number of analysis; - number of findings and/or minor observations reported to the European Investment Fund. <p>Benefits:</p> <p>Assuring the compliance of the implementation with the provisions of the agreements, namely with regard to the eligibility criteria of final beneficiaries and operations, EU visibility and promotion, policy objectives, financial rules, ensuring legality and regularity of the operations, ensuring sound operational and financial management of the financial instruments.</p>

Stage 3: Ex post controls, reporting and discharge for decentralised agencies

Main control objectives: Measuring the effectiveness of ex ante controls by ex post controls;

detect and correct any error or fraud remaining undetected after the implementation ex ante controls (legality & regularity; anti-fraud strategy); addressing systemic weaknesses in the ex ante controls, based on the analysis of the findings (sound financial management); ensuring that assurance building information on the entrusted entity's activities is being provided through independent sources as well, which may confirm or contradict the management reporting received from the entrusted entity itself (on the 5 ICOs).

Main risks	Mitigating controls	Coverage, frequency	Cost-Effectiveness indicators
The ex ante controls fail to prevent, detect and correct erroneous payments or attempted fraud.	Strategy of ex post audit: (a) combine risk-based and ad random selection (b) consider operational aspects whenever possible during the on-the-spot audit.	Ex post controls relate only to grant aided projects which have been closed by the Operational Units. Contracts bear no risk so are not audited ex post.	See AAR section 2.1.1 <u>Grants/procurement</u> : - Cost of control ex post audits / value audited; - Ex post audits finalised (number) - % amount controlled by ex post audit vs. total amount; - Error rate.
<u>Agencies</u> The Agency's control system does not allow drawing conclusions on the assurance for the budget entrusted to the entity, which may reflect negatively on the Commission's governance reputation.	<u>Agencies</u> Through the mechanism of the Executive and Management Boards, the Commission contributes to: the set-up of internal control systems and anti-fraud strategies; the preparation and adoption of the agencies' annual activity report; the follow-up of the discharge process by participating and, if necessary, intervening in the relevant parliamentary debates.	<u>Agencies</u> Executive Board: 4 to 6 meetings a year. Management Board: 1 or 2 meetings a year.	<u>Agencies</u> - up-to-date Internal Control Framework and Anti-Fraud Strategy; - positive assessment by the European Court of Auditors of the reliability of the agencies' accounts and the legality and regularity of the underlying transactions; - discharge granted.

ANNEX 7: Specific annexes related to "financial management"

Cost of Control

Control results are presented by relevant control system, i.e., management mode and horizontal including control tasks which cannot be solely attributable to one control system (e.g., strategic planning and programming).

The functions/activities factored in include financial management; budget and accounting; external audit; coordination (e.g., strategic planning and programming, internal control); anti-fraud; programme management and ICT.

The estimates are calculated based on the time dedicated by the staff members to the functions/activities aforementioned which is translated into costs by using the annual average cost of staff, complemented with the external costs incurred by DG EMPL for the same functions/activities (e.g., outsourced audit, ICT etc).

The source of the time estimates is ATLAS (internal HR tool).

The calculations for shared management do not take into account the cost of control incurred at Member States' level. For the 2014-2020 period, this is estimated at 2.8% for ESF ⁽⁴⁷⁾ ⁽⁴⁸⁾, which shows a significant decrease compared to the previous programming period when the cost of control at Member States' level reached 4.8%. The Commission plans to launch a study to update the 2014-2020 assessment for Member States, for which the conclusions will be available in 2024-2025.

The calculations for direct/indirect management do not take into account the cost of control incurred with the entrusted entities. For 2023, this stands at **12.2 million** and takes the form of:

- administrative and policy-based fees as well as treasury fees amounting to **EUR 3.3 million** disbursed to the European Investment Fund for the financial instruments of DG EMPL that it manages ⁽⁴⁹⁾, and

⁽⁴⁷⁾ Based on the study '[New assessment of ESIF administrative costs and burden](#)'.

⁽⁴⁸⁾ Compared to 2.2% for the European Regional Development Fund, which encompasses much higher amounts, 4.4% for the European Maritime and Fisheries Fund, owing to the relatively small size of the fund, and 8.3% for European Agricultural Fund for Rural Development, due to a very high number of small operations.

⁽⁴⁹⁾ The amount was paid to the European Investment Fund for:

a) EaSI Guarantee (based on the unaudited Financial Statements):

- EUR 85 230 treasury fee calculated on the basis of the average value of assets under management with a cap of 0.5% of the EU contribution committed;

- the cap for administrative and incentive fees was reached so they are no longer due.

b) Capacity Building Instrument (based on the unaudited Financial Statements):

- EUR 752 335 as administrative fee and incentive corresponding to 2% of the total amount of operations signed;

- EUR 1 259 treasury fee calculated on the basis of the average value of assets under management with a cap of 0.5% of the EU contribution committed;

c) EaSI Funded Instrument (based on the Management Regulations and the Annual Operational Report):

- EUR 2 506 236 for administrative fee and policy-based fees.

- the cost incurred by the decentralised agencies for which DG EMPL acts as a parent DG, amounting to **EUR 8.9 million** and corresponding to 8% of the annual subsidies transferred to them by DG EMPL in 2023 ⁽⁵⁰⁾.

Table Y on the estimated “cost of controls” at Commission level

NB. The absolute values are presented in million EUR.

EMPL	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)
Shared management	17.727.015,00 €	18.834.000.000,00 €	0,09%	5.942.107,67 €	2.433.279.085,60 €	0,24%	23.669.122,67 €	0,13%
Direct and indirect management	11.535.815,00 €	269.500.000,00 €	4,28%	493.480,07 €	14.750.022,86 €	3,35%	12.029.295,07 €	4,46%
Horizontal	2.764.464,03 €	N/A	0,00%	N/A	N/A	0,00%	2.764.464,03 €	0,00%
OVERALL total estimated cost of control at EC level for expenditure	32.027.294,03 €	19.103.500.000,00 €	0,17%	6.435.587,74 €	2.448.029.108,46 €	0,26%	38.462.881,77 €	0,20%

⁽⁵⁰⁾ Based on calculations made by the decentralised agencies using the same guidance as DG EMPL:
CEDEFOP: EUR 1 174 209 corresponding to 6.0% of the annual subsidy;
ELA: EUR 1 363 410 corresponding to 4.9% of the annual subsidy;
ETF: EUR 1 039 162, corresponding to 4.8% of the annual subsidy;
EU-OSHA: EUR 2 028 842 corresponding to 12.1% of the annual subsidy;
EUROFOUND: EUR 3 295 643, corresponding to 13.13% of the annual subsidy.

Annex 7A: ESF/YEI AND FEAD: Brief INTRODUCTION TO SHARED MANAGEMENT AND ARCHITECTURE FOR BUILDING ASSURANCE

European Structural and Investment Funds are spent through a system of shared responsibility between the European Commission and national authorities:

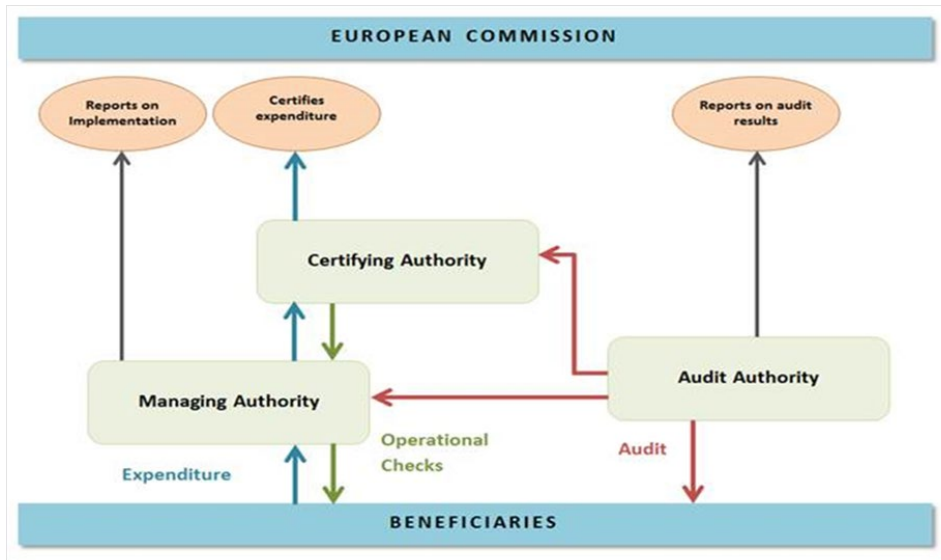
- the Commission negotiates and approves programmes proposed by Member States;
- the Member States / regions manage the programmes, implement them and perform controls;
- the Commission is involved in programme monitoring, commits, pays out approved expenditure, and verifies the management and control systems and compliance with applicable law for underlying expenditure, based on EU and national audit results.

For each programme, the Member State appoints:

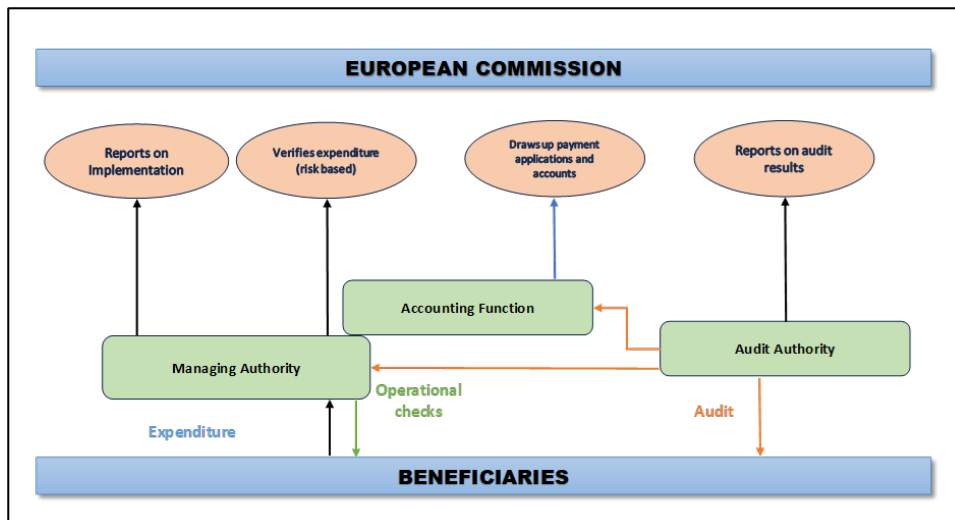
- a **managing authority (MA)** (national, regional or local public authority or public/private body to manage the programme) and **intermediate bodies (IBs)**;
- (in the 2014-2020 programming period) a **certifying authority (CA)** (national, regional or local public authority or body to prepare payment applications and to certify the accounts to the Commission); in the 2021-2027 programming period certifying authorities are replaced by an **accounting function** (carried out either directly by the managing authority or by an appointed body), in charge of drawing up and submitting payment applications and accounts to the Commission; the accounting function does not entail verifications at the level of beneficiaries (as one of the simplification measures).
- an **audit authority (AA)** (national, regional or local public authority or body to oversee the efficient functioning of the management and control system, to carry out sample-based audits of operations (possibly with the help of control bodies) and to provide yearly professional, independent audit opinions to the Commission).

The Commission plays a supervisory role. It verifies the effective functioning of management and control systems and of the reliability of audit results reported, and if necessary, applies financial corrections and requires remedial actions from programme authorities to improve systems.

Graph 1: Assurance architecture for shared management 2014-2020

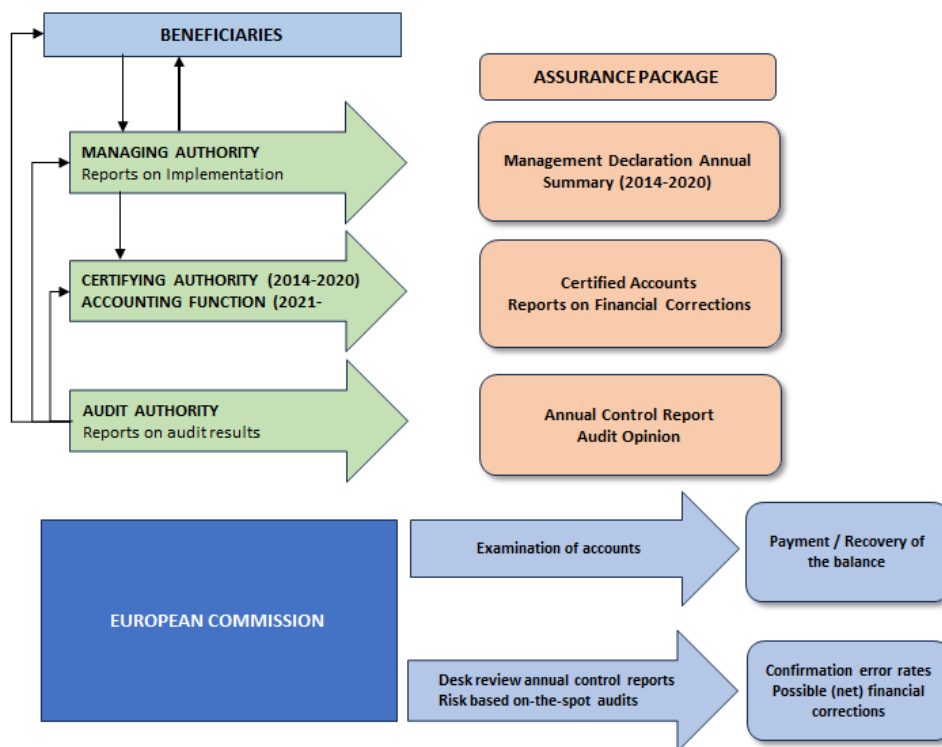


Graph 2: Assurance architecture for shared management 2021-2027



For both programming periods, the control system is built on several levels. Each level may rely on previous controls performed by other bodies after having performed its own verifications that those controls are effective (the single audit concept expanded in the 2021-2027 period to the controls between MAs/IBs and AAs).

Graph 3: Control system



1. Member States are in the first instance responsible for setting up robust management and control systems aimed at preventing and detecting irregularities (including fraud) and reporting a reliable residual total error rate for each programme each year, whilst also applying financial corrections where necessary.

For each accounting year the following tasks are performed :

- During the accounting year (1 July N-1 to 30 June N)

The **managing authority/intermediate body** carries out verifications (risk based in 2021-2027) until the submission of the programme accounts. It verifies that the co-financed objectives have been achieved, that the expenditure declared by the beneficiaries has been incurred and paid and that it complies with the applicable law, the programme and the conditions for support of the operation.

Then, only in the 2014-2020 programming period, the **certifying authority** before submitting interim payment applications to the Commission, certifies that they result from reliable accounting systems, are based on verifiable supporting documents and have been subject to verifications by the managing authority.

For both programming periods the last interim payment application is submitted to the Commission by 31 July each year, following the end of the accounting year.

The **audit authority** carries out audits on the management and control systems (system audits), on the accounts, and on a representative sample of operations based on the declared expenditure to the Commission during the accounting year. it's the system audits and audits

of operations are the basis of its audit opinion, submitted by 15 February each year (year N+1), following the end of the accounting year.

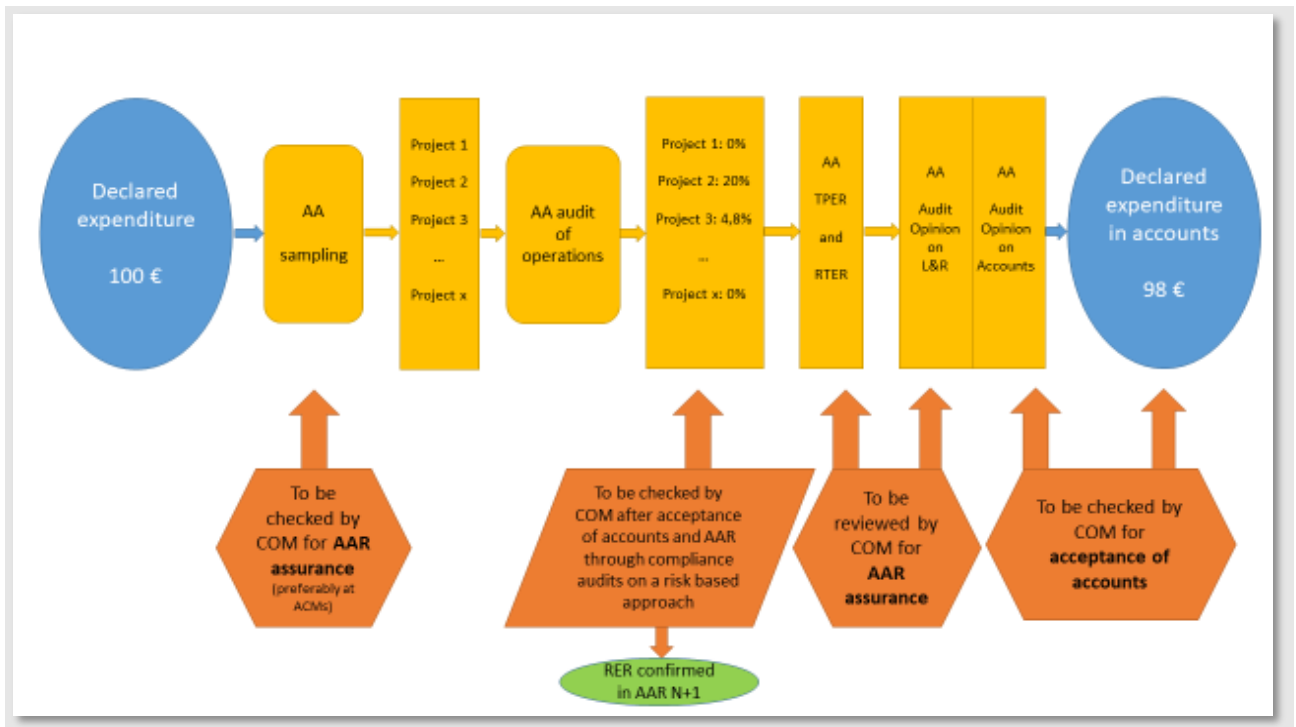
- At the moment of the assurance package (15 February N+1)

The managing authority finalises the verifications to ensure that the expenditure to be certified in the accounts is legal and regular. It takes account of the findings of the audit authority and makes the necessary financial corrections including flat rates corrections, if necessary. It draws up the management declaration and annual summary.

The certifying authority/accounting function collates all interim claims in the accounts and excludes the irregular amounts (and those under ongoing assessment) detected in relation to the expenditure included in interim payment applications. It takes account of findings of the audit authority and satisfies itself that necessary financial corrections including flat rate corrections have been made. It provides in the accounts (submitted for each programme) explanations for the difference between the sum of interim payment applications and the accounts. It draws up the accounts certifying their completeness, accuracy and veracity and that the expenditure entered in the accounts complies with applicable law. The national authorities should ensure that the expenditure declared in the accounts does not contain any remaining material level of irregularity. When a material level of irregularities is identified in the accounts, as reported by the audit authority (for ex. because of an annual residual total error rate above 2%), the Commission may decide to interrupt the payment of the final annual balance. In the 2021-2027 programming period the accounts are not admissible if Member States have not undertaken the necessary corrections to reduce the residual total error rate of expenditure included in the accounts to 2 % or below.

The audit authority finalises the system audits and the audits of operations. It informs the MA/CA of the final audit results for their follow-up and corrective measures. It prepares the annual control opinion and the annual audit opinion and calculates a total error rate and total residual error rate in the accounts, considering the financial corrections implemented by the MA/CA as a result of audits. In addition, it carries out final audit work on the accounts and assesses the consistency of the management declaration.

Graph 4: Annual assurance package and audits of operations



2. At Commission level, the assurance for the management and control system for each programme is based on a process of internal control and audit procedures carried out by the audit (DAC – Joint Audit Directorate), financial and operational units.

Through the **single audit approach**, each year the DAC assesses the audit work and opinions carried out by audit authorities for each programme, and complements the assurance process by its risk-based audits. The assessment of all available audit sources results in an Annual Audit Opinion of the DG for each programme. This forms the basis for management opinions by the Authorising Officers by Sub-Delegation.

The following audit sources are used based on the single audit approach and in line with the single audit strategy and risk-assessment in place:

- Audit authorities' work and results on both systems and operations, reported to DG EMPL throughout the year (systems audit reports) or at year end (annual control reports and audit opinions);
- DAC's desk and on-the-spot review of the work of audit authorities;
- DAC's on-the-spot system audits including at the level of operations where necessary;
- Relevant audit information received from other DGs (REGIO, MARE and possibly AGRI, HOME or ECFIN);
- Audits from the European Court of Auditors;
- OLAF and/or EPPO final reports.

Any other source of information, formal or informal, acquired by the geographical units in the context of their day-to-day management of the programmes are also contributing to the assurance process, for example:

- Annual Implementation Reports from the Member States;

- Monitoring committees and annual meetings;
- Contacts with regional and national programme managers.

This single audit approach is complemented by capacity building actions and thematic/targeted audits to ensure that no serious deficiencies remain undetected or uncorrected by the Member States when submitting the accounts, and that the Commission can rely on the assurance packages. The overall objective of the Single Audit Strategies is to obtain reasonable assurance that the management and control systems of the Member States:

- comply with requirements of the relevant EU Regulations; and
- are functioning effectively to prevent and detect errors and irregularities and to ensure the legality and regularity of the expenditure declared to the Commission

so that no serious deficiency remains not detected, reported or corrected.

The objective is to ensure that the **residual risk of error for each programme**, estimated through the residual total error rate of the amounts certified in the year N-1 accounts (after the control cycle is completed at national level and the required financial corrections were implemented by the programme authorities), **is below the materiality level of 2% in the annual accounts.**

Following the reception of the assurance packages, the Commission auditors perform:

1. first a **desk review for the acceptance of accounts** and **thorough assessment** including a consistency check **of the reported total error rates and audit opinions** for the assurance declaration in the AAR. Moreover, fact-finding audits can be performed to clarify issues stemming from the assessment of assurance packages (on time for the AAR).
2. followed (after finalisation of the AAR) by a **thorough risk analysis taking into account also the Annual Control Reports**, audit opinions and error rates reported and,
3. as a consequence of the risk analysis, for a number of programmes / audit authorities for which specific risks have been identified, **on-the-spot compliance audits** to re-perform the work done by the audit authorities. Furthermore, thematic audits are performed in order to address specific identified risky areas.

When deemed necessary, the Commission may impose **corrective actions**. This includes system improvements (through remedial action plans required from the concerned programme authorities) and financial corrections. Programme authorities have an interest to apply appropriate corrections in programme's annual accounts to be able to re-use such expenditure. When the Commission, through its desk review and on-the-spot compliance audits, still identifies further irregularities in the accepted accounts:

- in the 2014-2020 programming period launches a contradictory procedure that may end up in **financial correction procedures** (which shall be net if **serious deficiencies** in the management and control system of the Member State are identified by the Commission or the European Court of Auditors after the accounts

- were submitted, and which were not identified, reported and corrected by the Member State's authorities, if the strict conditions designed by the co-legislator under Article 145(7) of Regulation (EC) 1303/2013 are fulfilled);
- in the 2021-2027 programming period applies net financial corrections (in all cases when the expenditure contained in accepted accounts is irregular and was not detected and reported by the Member State), in line with the provisions of Article 104(1) of Regulation (EC) 1060/2021.

The DG has the legal tools to implement these additional corrections and uses them, if necessary, to eventually bring each concerned programme's residual risk below the 2% materiality threshold.

The adjusted reported error rates of the previous year (after implementation of the audit cycle) constitute the best indicator for the legality and regularity of the relevant expenditure reported in the AAR.

Calculation of residual total error rates, the risk at payment and residual total error rates and the maximum risk

The process for the confirmation of the residual total error rates and the calculation of the risk to the relevant expenditure in 2023 is performed as follows:

- The DG reports in this AAR its assessment of the reliability of residual total error rates reported for the **accounting year 2021-2022** (amounts certified and cleared in 2023). It confirms, where possible, individual rates per programme and the resulting average after the whole control process at national and Commission levels has been performed. This average residual total error rate for 2021-2022 accounts represents the most relevant key performance indicator of the overall residual risk for year 2023 to the underlying programmes expenditure. It is reported as **KPI 4 in the AAR** ⁽⁵¹⁾.
- Reported total and residual error rates for individual programmes are confirmed considering all available audit information, following the two-stage audit process (desk review and assessment / on spot audits) described above. This process may lead to a confirmation or a re-calculation of the programme's residual total error rate for the accounting year at stake.
- Where contradictory procedures for compliance audits are still ongoing at the moment of the adoption of this AAR, a prudent approach is taken when re-calculating the residual total error rates, i.e. using the most conservative results at that stage of the audit process; in some cases, a flat rate is used. For the concerned programmes DG

⁽⁵¹⁾ Advances paid into financial instruments are included in the declared expenditure which in line with Article 127 CPR form the basis for the samples of audit authorities. On this basis the confirmed residual total error rate is 2%, hence advance payments to financial instruments have a negligible impact on the confirmed residual error rate (0,1 percentage points).

In its recommendation n°2 a) in the 2016 Annual Report (paragraph 6.40) ECA also addresses State aid advances. In line with the Regulation, State aid advances may be partially cleared by expenditure during the accounting year. Given this inherent legal complexity for dealing with such advances in the error rate calculation, and the limited impact estimated in previous years, DG EMPL did not remove these advances in the KPI4 calculation.

EMPL may still further adjust downwards the residual total error rates upon completion of the contradictory procedure with the Member State (after signature of the AAR).

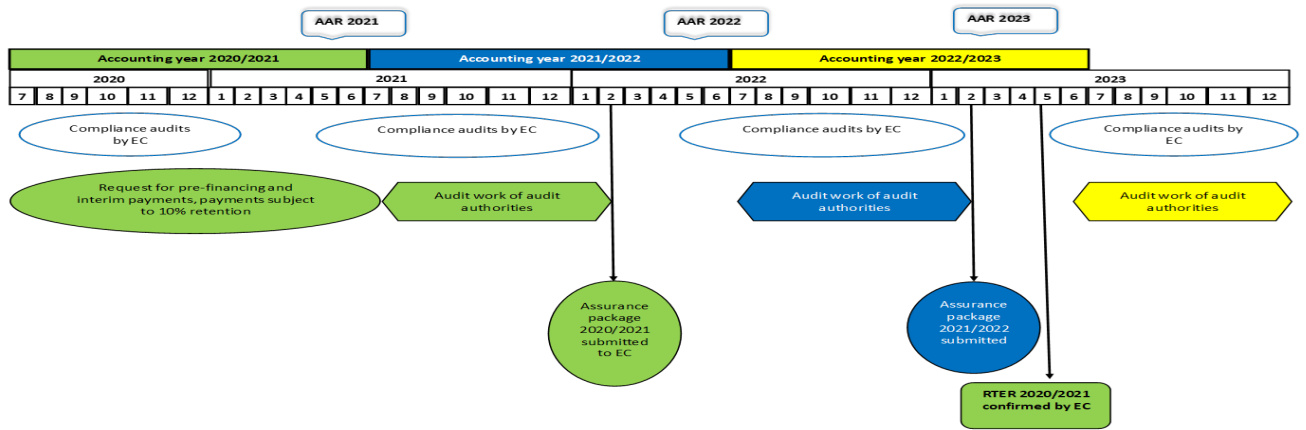
- A similar approach is taken for ECA's preliminary results on the 2021-2022 assurance packages, pending the results of the on-going contradictory procedures.
- DG EMPL also aggregates programme residual error rates to report a total, weighted average residual error rate for ESF. This is the key performance indicator on legality and regularity (KPI 4) for the annual activity report.
- As a complement to KPI 4, DG EMPL is also estimating **a prudent maximum residual error rate** to take into account potential additional risks for some programmes, estimated at flat rate. The maximum risk takes into account potential additional risks, estimated using **flat rates** for each individual programme depending on their specific situation,; to consider additional risks that may be present in the audit sample of the audit authority not covered by the Commission services' audits, as well as additional risks identified during the Commission services' desk reviews or during ECA audits but not yet communicated. For programmes not audited by the Commission services or by ECA but for which the audit authority was audited for another programme, the maximum risk is calculated based on the average increase of the error rate due to Commission or ECA audits for the audited programmes of the same audit authority in the last three years. This maximum residual error rate also prudently includes, for programmes only subject to a desk review and where no re-performance audit was carried out, flat rates to cover the risk of errors potentially undetected.

Reservations and preventive measures

The DG reviews all cumulative audit information available for each programme to identify the need for reservations in line with the materiality criteria disclosed in Annex 5, and additional corrective measures required to protect the EU budget. The legal framework (CPR) provides **safeguards for assurance**. The Commission applies a 10% or 5% retention (respectively in 2014-2020 and 2021-2027) on all interim payments during the year, thus effectively protecting the EU budget until controls are completed at Member State level and annual programme accounts are accepted. For programmes where serious deficiencies persist at the moment of settling the accounts, and in situations where the balance would be positive, the payment of the balance is interrupted.

The graph below illustrates how DG EMPL assesses the declared expenditure:

Graph 5: Assurance process covering different accounting years (July N to June N+1)



ANNEX 7B: 2014-2020 ESF/YEI and FEAD: Audit opinion and error rates

	MS	Ref	Title	(1) MCS functioning effectively	(1) MCS functioning effectively AAR20 23	Accounting year 2020- 2021	Accounting year 2021-2022			Accounting year 2022-2023			Issue d Reser vation for 2023 (Y/N)	Comments
				AAR 2022	(Y/N/N A*): Y=Cat. 1-2; N=Cat. 3-4 ⁽⁵²⁾	Confirme d error rates after EC's assessme nt (desk review of all OPs and risk- based compliance audits)	Confirmed error rates after EC's audit assessment (desk review of all OPs and risk-based compliance audits)			'Reportable' error rates (reported by audit authorities and, where necessary, adjusted by EC following preliminary consistency checks)				
				(Y/N/N A*): Y=Cat. 1-2; N=Cat. 3- 4 ⁽⁵²⁾		(2) Total Error Rate (TER)	(3) TER	(4) Residual Total Error Rate (RTER)	(5) RTER removing impact of advances to financial instrument s	(6) TER reportable by EC	(7) RTER reporta ble by EC	(8) Relevant Expenditure (€)		
1	AT	2014AT05FMOP001	Operational Programme 2014-2020 for the implementation of the Fund for European Aid to the most Deprived in Austria	Y	OP closed	-	0.00%	0.00%	0.00%	programme closed	programme closed	4,683,600.63 €	N	programme closed
2	AT	2014AT05SFOP001	Operational Programme Employment Austria 2014-2020	Y	Y	1.18%	5.00%	5.00%	5.00%	2.00%	2.00%	71,401,092.85 €	N	
3	BE	2014BE05FMOP001	FEAD Operational Programme - Belgium	Y	Y	0.01%	0.00%	0.00%	0.00%	0.00%	0.00%	25,308,489.50 €	N	

⁽⁵²⁾ Category 3 or 4 for all or part of the management and control system

4	BE	2014BE05M90P001	ESF Operational Programme Wallonie-Bruxelles 2020.eu	Y	Y	0.54%	2.00%	1.67%	1.67%	2.31%	2.00%	77,263,837.41 €	N	
5	BE	2014BE05M90P002	Operational programme ESF 2014-2020 of the Brussels-Capital Region : "Investment for growth and jobs"	Y	Y	0.86%	1.86%	0.00%	0.00%	2.00%	0.00%	7,853,590.38 €	N	
6	BE	2014BE05SFOP001	European Social Fund 2014-2020 – German Speaking Community of Belgium	Y	Y	-	0.00%	0.00%	0.00%	0.00%	0.00%	489,472.49 €	N	
7	BE	2014BE05SFOP002	Operational Programme ESF Flanders 2014-2020	Y	Y	3.99%	2.18%	2.00%	2.00%	2.05%	1.91%	49,667,323.93 €	N	
8	BG	2014BG05FMOP001	Food and/or Basic Material Assistance Operational Programme	Y	Y	0.29%	0.20%	0.20%	0.20%	0.00%	0.00%	4,063,910.77 €	N	
9	BG	2014BG05M20P001	Operational Programme Science and Education for Smart Growth	Y	Y	0.77%	1.37%	1.08%	1.08%	0.13%	0.07%	57,671,658.48 €	N	
10	BG	2014BG05M90P001	Human Resources Development	Y	Y	0.39%	0.48%	0.46%	0.46%	0.77%	0.58%	177,348,742.90 €	N	
11	BG	2014BG05SFOP001	Good Governance	Y	Y	1.12%	1.18%	0.87%	0.87%	1.18%	0.07%	36,700,742.53 €	N	
12	CY	2014CY05FMOP001	Food and/or Basic Material Assistance Operational Programme	Y	Y	-	0.00%	0.00%	0.00%	-	-	278,841.72 €	N	
13	CY	2014CY05M90P001	Employment, Human Capital and Social Cohesion	Y	Y	0.86%	0.31%	0.01%	0.01%	0.17%	0.00%	7,143,689.31 €	N	
14	CZ	2014CZ05FMOP001	OP for Food and Material Assistance	Y	Y	-	0.00%	0.00%	0.00%	0.00%	0.00%	3,436,205.23 €	N	
15	CZ	2014CZ05M20P001	OP Research, Development and Education	Y	Y	1.27%	0.00%	0.00%	0.00%	0.29%	0.29%	162,398,548.80 €	N	
16	CZ	2014CZ05M90P001	Operational Programme Employment	Y	N	0.12%	3.06%	3.05%	3.05%	2.00%	2.00%	240,414,806.40 €	Partial	Deficiencies in key elements of the systems, particularly related to expenditure declared for CRII measures. – System non functioning for part of the programme. See annex 7C

17	CZ	2014CZ16M2OP001	OP Prague – Growth Pole	Y	Y	2.19%	0.26%	0.22%	0.22%	0.00%	0.00%	2,725,977.42 €	N	
18	DE	2014DE05FSOP001	Social Inclusion of the Most Deprived Persons Operational Programme - FEAD Germany 2014-2020	Y	Y	0.37%	0.74%	0.64%	0.64%	1.77%	1.23%	4,813,216.05 €	N	
19	DE	2014DE05SFOP001	OP Schleswig-Holstein ESF 2014-2020	Y	Y	0.23%	0.00%	0.00%	0.00%	0.08%	0.04%	4,672,474.94 €	N	
20	DE	2014DE05SFOP002	Operational Programme ESF Federal Germany 2014-2020	Y	Y	0.59%	1.26%	1.26%	1.31%	0.85%	0.84%	264,668,226.30 €	N	
21	DE	2014DE05SFOP003	Operational Programme ESF Baden-Württemberg 2014-2020	Y	Y	2.29%	1.01%	0.98%	0.98%	3.51%	0.87%	-10,457,218.88 €	N	
22	DE	2014DE05SFOP004	Operational Programme ESF Bayern 2014-2020	Y	Y	1.36%	0.54%	0.54%	0.54%	0.02%	0.02%	40,859,453.66 €	N	
23	DE	2014DE05SFOP005	Operational Programme ESF Berlin 2014-2020	Y	N	3.34%	0.96%	0.86%	0.86%	7.51%	2.00%	75,749,555.83 €	Partial	Deficiencies in key elements of the systems (particularly weaknesses in management verifications), related among others to IB ZGS EGF Consult which could result in/lead to a material error rate above 5%.
24	DE	2014DE05SFOP006	Operational Programme ESF Brandenburg 2014-2020	Y	Y	1.17%	0.32%	0.31%	0.31%	1.18%	1.14%	89,408,459.30 €	N	
25	DE	2014DE05SFOP007	Operational Programme ESF Hamburg 2014-2020	Y	Y	0.01%	0.21%	0.19%	0.19%	0.00%	0.00%	7,636,166.92 €	N	
26	DE	2014DE05SFOP008	Operational Programme ESF Hessen 2014-2020	Y	Y	1.07%	1.30%	1.21%	1.21%	0.47%	0.41%	14,637,910.91 €	N	
27	DE	2014DE05SFOP009	Operational Programme ESF Mecklenburg-Vorpommern 2014-2020	Y	Y	0.11%	0.42%	0.41%	0.41%	0.54%	0.49%	39,218,023.00 €	N	
28	DE	2014DE05SFOP010	Operational Programme ESF Nordrhein-Westfalen 2014-2020	Y	Y	2.00%	1.12%	0.40%	0.40%	0.56%	0.44%	168,780,895.40 €	N	
29	DE	2014DE05SFOP011	Operational Programme ESF Saarland 2014-2020	Y	Y	1.31%	0.28%	0.24%	0.24%	0.00%	0.00%	5,735,748.85 €	N	

30	DE	2014DE05SFOP012	Operational Programme ESF Sachsen 2014-2020	Y	Y	1.36%	0.23%	0.23%	0.23%	0.28%	0.28%	218,912,420.30 €	N	
31	DE	2014DE05SFOP013	Operational Programme ESF Sachsen-Anhalt 2014-2020	Y	Y	2.33%	0.77%	0.70%	0.70%	0.15%	0.06%	122,257,543.90 €	N	
32	DE	2014DE05SFOP014	Operational Programme ESF Thüringen 2014-2020	N	Y	7.64%	8.75%	2.00%	2.00%	4.88%	2.00%	61,119,494.13 €	N	
33	DE	2014DE05SFOP015	Operational Programme ESF Rheinland-Pfalz 2014-2020	Y	Y	0.27%	0.70%	0.21%	0.21%	0.54%	0.46%	29,289,032.37 €	N	
34	DE	2014DE05SFOP016	Operational Programme ESF Bremen 2014-2020	Y	Y	0.68%	1.56%	1.25%	1.25%	1.16%	0.26%	25,492,599.49 €	N	
35	DE	2014DE16M2OP001	OP Niedersachsen ERDF/ESF 2014-2020	Y	Y	0.40%	1.40%	0.87%	0.92%	2.37%	1.35%	17,906,150.36 €	N	
36	DK	2014DK05FSOP001	Social Inclusion of the Most Deprived Persons Operational Programme	Y	Y	-	0.00%	0.00%	0.00%	0.00%	0.00%	328,153.18 €	N	
37	DK	2014DK05SFOP001	Educational and Entrepreneurial Growth	Y	Y	0.34%	2.00%	2.00%	2.00%	1.72%	0.62%	42,723,466.23 €	N	
38	EE	2014EE05FMOP001	Operational programme of the Fund for European Aid to the Most Deprived 2014-2020	Y	Y	-	0.00%	0.00%	0.00%	0.00%	0.00%	1,175,617.20 €	N	
39	EE	2014EE16M3OP001	Operational Programme for Cohesion Policy Funding 2014-2020	Y	N	1.67%	1.12%	1.06%	1.06%	3.02%	2.00%	52,020,219.45 €	N	Systems functioning effectively for ESF/YEI (ERDF only affected)
40	ES	2014ES05FMOP001	OP FEAD 2014 Spain	Y	Y	-	0.00%	0.00%	0.00%	0.00%	0.00%	82,915,753.32 €	N	
41	ES	2014ES05M9OP001	OP ESF 2014 YOUTH EMPLOYMENT	Y	N	5.26%	0.80%	0.00%	0.00%	1.27%	1.25%	372,753,825.00 €	Partial non-fin.	Reservation from previous year partially solved. The corrective measures requested to solve the deficiencies in key elements of the systems for one regional IB (Andalucía) are not fully implemented. - Systems non functioning for part of the programme. See annex 7C
42	ES	2014ES05SFOP001	OP ESF 2014 C.A. LA RIOJA	Y	Y	2.18%	4.16%	2.00%	2.00%	1.87%	0.82%	57,038.59 €	N	

43	ES	2014ES05SFOP002	OP ESF 2014 EMPLOYMENT, TRAINING AND EDUCATION	Y	Y	2.41%	0.18%	0.18%	0.18%	1.59%	1.58%	296,752,086.60 €	N	
44	ES	2014ES05SFOP003	OP ESF 2014 REGION DE MURCIA	Y	Y	1.74%	0.00%	0.00%	0.00%	0.51%	0.05%	19,371,812.98 €	N	
45	ES	2014ES05SFOP004	OP ESF 2014 PRINCIPADO DE ASTURIAS	Y	N	-	0.21%	0.01%	0.01%	2.00%	2.00%	2,402,805.81 €	N	Deficiency identified at the level of the AA (DAC audit under contradictory). No impact on the ESF.
46	ES	2014ES05SFOP005	OP ESF 2014 ILLES BALEARS	Y	Y	1.15%	2.00%	2.00%	2.00%	2.00%	2.00%	25,214,082.56 €	N	
47	ES	2014ES05SFOP006	PO FSE 2014 C.A. CASTILLA Y LEON	Y	Y	0.47%	4.75%	2.00%	2.00%	4.19%	0.00%	75,350,511.31 €	N	
48	ES	2014ES05SFOP007	PO FSE 2014 C.A. CATALUÑA	Y	Y	0.92%	2.51%	1.98%	1.98%	1.51%	1.36%	351,346,690.00 €	N	
49	ES	2014ES05SFOP008	OP ESF 2014 CIUDAD A. DE CEUTA	Y	Y	1.20%	0.00%	0.00%	0.00%	0.00%	0.00%	2,307,932.89 €	N	
50	ES	2014ES05SFOP009	OP ESF 2014 C.A. GALICIA	Y	Y	2.64%	0.18%	0.17%	0.17%	1.31%	1.11%	53,371,980.16 €	N	
51	ES	2014ES05SFOP010	OP ESF 2014 C. FORAL DE NAVARRA	Y	Y	0.49%	0.13%	0.11%	0.11%	0.00%	0.00%	3,131,781.45 €	N	
52	ES	2014ES05SFOP011	OP ESF 2014 C.A. PAIS VASCO	Y	Y	0.36%	0.00%	0.00%	0.00%	0.17%	0.16%	103,523,264.60 €	N	
53	ES	2014ES05SFOP012	OP ESF 2014 SOCIAL INCLUSION AND SOCIAL ECONOMY	Y	Y	2.41%	0.18%	0.18%	0.18%	1.59%	1.58%	75,455,964.97 €	N	
54	ES	2014ES05SFOP014	OP ESF 2014 C.A. CANARIAS	Y	Y	0.15%	3.88%	2.00%	2.00%	0.00%	0.00%	148,717,481.80 €	N	
55	ES	2014ES05SFOP015	OP ESF 2014 C.A. CASTILLA-LA MANCHA	N	Y	19.11%	9.52%	1.50%	1.50%	0.00%	0.00%	58,907,511.62 €	N	
56	ES	2014ES05SFOP016	OP ESF 2014 C.A. EXTREMADURA	Y	Y	-	3.14%	1.92%	1.92%	0.01%	0.00%	38,680,464.14 €	N	
57	ES	2014ES05SFOP017	OP ESF 2014 CIUDAD A. DE MELILLA	N	N	-	2.00%	2.00%	2.00%	5.00%	5.00%	6,332,753.71 €	Full	Deficiencies at the level of the AA, detected through a DAC audit; inconsistencies in the information reported in the current Annual Control Report. RTER above the materiality level.
58	ES	2014ES05SFOP018	OP ESF 2014 C.A. ARAGON	Y	Y	0.25%	0.37%	0.37%	0.37%	0.43%	0.38%	7,229,990.10 €	N	

59	ES	2014ES05SFOP019	OP ESF 2014 C.A. CANTABRIA	N	Y	10.57%	0.00%	0.00%	0.00%	0.00%	0.00%	-	N	
60	ES	2014ES05SFOP020	OP ESF 2014 COMUNITAT VALENCIANA	Y	Y	0.32%	3.34%	2.00%	2.00%	0.04%	0.02%	19,422,272.09 €	N	
61	ES	2014ES05SFOP021	OP ESF 2014 C. DE MADRID	Y	Y	2.05%	2.88%	1.50%	1.50%	0.51%	0.26%	277,497,123.90 €	N	
62	ES	2014ES05SFOP022	OP ESF 2014 C.A. ANDALUCIA	N	Y	2.59%	8.75%	1.68%	1.68%	3.18%	1.89%	232,294,789.30 €	N	
63	ES	2014ES05SFTA001	OP ESF 2014 TECHNICAL ASSISTANCE	Y	Y	2.41%	0.18%	0.18%	0.18%	1.59%	1.58%	3,545,412.48 €	N	
64	FI	2014FI05FMOP001	Food and/or Basic Material Assistance Operational Programme	Y	Y	-	0.00%	0.00%	0.00%	0.00%	0.00%	1,751,266.01 €	N	
65	FI	2014FI05M2OP001	Entrepreneurship and skills, Åland Structural Fund Programme 2014-2020	Y	Y	0.03%	0.01%	0.01%	0.01%	2.00%	2.00%	412,067.24 €	N	
66	FI	2014FI16M2OP001	Sustainable growth and jobs 2014-2020 - Structural Funds Programme of Finland	Y	Y	2.00%	2.00%	2.00%	2.00%	1.06%	1.05%	76,604,604.79 €	N	
67	FR	2014FR05FMOP001	Operational Programme FEAD 2014-2020	Y	Y	2.51%	3.00%	0.09%	0.09%	0.00%	0.00%	117,728,428.90 €	N	
68	FR	2014FR05M0OP001	Operational Programme ERDF-ESF Ile-de-France et Seine 2014-2020	Y	Y	5.39%	3.89%	2.00%	2.44%	1.01%	0.66%	72,800,789.66 €	N	
69	FR	2014FR05M2OP001	Operational Programme ERDF-ESF Guadeloupe et St Martin Etat 2014-2020	N	N	3.61%	35.74%	2.00%	2.00%	10.00%	5.00%	-734,031.11 €	Full non-financial	RTER above 2%. A DAC audit revealed additional findings and led to reassessment of others. Due to this uncertainty, a flat rate is prudently used for this year's TER (10%) and RTER (5%) (instead of the reported ones).
70	FR	2014FR05M9OP001	for the implementation of YEI in mainland France and outermost regions	Y	Y	2.18%	2.73%	0.60%	2.00%	1.47%	1.17%	13,937,892.70 €	N	
71	FR	2014FR05M9OP002	Operational Programme ESF Alsace 2014-2020	Y	Y	0.65%	1.09%	1.00%	1.00%	0.81%	0.74%	4,310,472.80 €	N	

72	FR	2014FR05SFOP001	National Operational Programme ESF Employment and Social Inclusion 2014-2020	Y	Y	2.24%	0.56%	0.50%	0.50%	0.25%	0.21%	446,925,120.70 €	N	
73	FR	2014FR05SFOP003	Operational Programme ESF Guyane Etat 2014-2020	Y	N	0.91%	0.42%	0.38%	0.38%	6.63%	2.00%	17,431,859.88 €	N	TER >5% due to one operation under non statistical sampling; corrective measures taken. No reservation.
74	FR	2014FR05SFOP004	Operational Programme ESF Martinique Etat 2014-2020	N	Y	1.59%	7.17%	2.00%	2.00%	0.91%	0.73%	788,112.02 €	N	
75	FR	2014FR05SFOP005	Operational Programme ESF Réunion Etat 2014-2020	Y	Y	10.37%	6.98%	0.49%	0.49%	0.05%	0.01%	231,007,307.30 €	N	
76	FR	2014FR16M00P001	Regional programme Aquitaine 2014-2020	N	Y	5.99%	7.75%	2.00%	2.02%	3.45%	2.00%	11,919,048.51 €	N	
77	FR	2014FR16M00P002	Regional programme Auvergne 2014-2020	Y	Y	3.11%	0.94%	0.73%	1.03%	3.70%	2.00%	1,839,560.01 €	N	
78	FR	2014FR16M00P003	Regional programme Centre 2014-2020	Y	Y	1.84%	0.49%	0.31%	0.31%	1.28%	1.06%	7,403,402.57 €	N	
79	FR	2014FR16M00P004	Regional programme Champagne-Ardenne 2014-2020	Y	Y	0.65%	1.09%	1.00%	1.00%	0.81%	0.74%	11,820,799.91 €	N	
80	FR	2014FR16M00P005	Regional programme Haute-Normandie 2014-2020	Y	Y	2.82%	1.00%	0.79%	0.80%	1.49%	0.92%	2,471,523.96 €	N	
81	FR	2014FR16M00P006	Regional programme Languedoc-Roussillon 2014-2020	Y	Y	3.62%	1.95%	1.62%	1.75%	3.28%	2.00%	16,337,910.49 €	N	
82	FR	2014FR16M00P007	Regional programme Midi-Pyrénées et Garonne 2014-2020	Y	Y	3.62%	1.95%	1.62%	1.75%	3.28%	2.00%	13,047,215.84 €	N	
83	FR	2014FR16M00P008	Regional programme Picardie 2014-2020	Y	Y	1.28%	1.34%	0.69%	0.70%	0.14%	0.13%	13,463,927.38 €	N	
84	FR	2014FR16M00P009	Regional programme Guadeloupe Conseil Régional 2014-2020	N	N	5.00%	14.25%	2.00%	2.08%	23.53%	2.00%	801,260.48 €	Full	Reportable TER above 10% pointing to serious deficiencies in management verifications
85	FR	2014FR16M00P011	Regional programme Martinique Conseil Régional 2014-2020	Y	Y	0.03%	0.01%	0.01%	0.01%	0.01%	0.01%	827,543.00 €	N	

86	FR	2014FR16M00P012	Regional programme Nord-Pas de Calais 2014-2020	Y	Y	1.28%	1.34%	0.69%	0.72%	0.14%	0.13%	26,697,789.32 €	N	
87	FR	2014FR16M00P013	Regional programme Provence Alpes Côte d'Azur 2014-2020	Y	Y	2.91%	0.48%	0.44%	0.57%	2.70%	0.48%	20,607,492.32 €	N	
88	FR	2014FR16M00P014	Regional programme Bourgogne 2014-2020	Y	Y	2.00%	0.59%	0.38%	0.38%	0.68%	0.59%	6,643,746.57 €	N	
89	FR	2014FR16M00P015	Regional programme Lorraine et Vosges 2014-2020	Y	Y	0.65%	1.09%	1.00%	1.00%	0.81%	0.74%	-	N	
90	FR	2014FR16M20P001	Regional programme Basse-Normandie 2014-2020	Y	Y	3.48%	1.00%	0.79%	0.80%	1.49%	0.92%	5,463,195.38 €	N	
91	FR	2014FR16M20P003	Regional programme Bretagne 2014-2020	Y	Y	1.05%	1.02%	0.65%	0.66%	1.52%	1.07%	7,285,102.23 €	N	
92	FR	2014FR16M20P004	Regional programme Corse 2014-2020	N	Y	15.26%	8.10%	2.00%	2.03%	0.02%	0.01%	1,039,167.99 €	N	
93	FR	2014FR16M20P005	Regional programme Franche-Comté et Jura 2014-2020	Y	Y	2.00%	0.59%	0.38%	0.39%	0.68%	0.59%	19,534,876.87 €	N	
94	FR	2014FR16M20P006	Regional programme Limousin 2014-2020	N	Y	5.99%	7.75%	2.00%	2.02%	3.45%	2.00%	1,445,678.91 €	N	
95	FR	2014FR16M20P008	Regional programme Pays de la Loire 2014-2020	Y	Y	1.18%	2.71%	2.00%	2.00%	2.11%	0.51%	19,483,964.08 €	N	
96	FR	2014FR16M20P009	Regional programme Poitou Charentes 2014-2020	N	Y	5.99%	7.75%	2.00%	2.02%	3.45%	2.00%	6,916,211.58 €	N	
97	FR	2014FR16M20P010	Regional programme Rhône Alpes 2014-2020	Y	Y	3.11%	0.94%	0.73%	1.03%	3.70%	2.00%	18,689,962.85 €	N	
98	FR	2014FR16M20P011	Regional programme Guyane Conseil Régional 2014-2020	N	Y	7.01%	0.00%	0.00%	0.00%	0.46%	0.43%	3,885,982.76 €	N	
99	FR	2014FR16M20P012	Regional programme Mayotte 2014-2020	Y	Y	-	0.96%	0.76%	0.76%	0.88%	0.78%	22,455,279.13 €	N	
100	FR	2014FR16M2TA001	National technical assistance programme 2014-2020	Y	Y	-	0.15%	0.13%	0.13%	0.01%	0.01%	7,008,600.44 €	N	
101	GR	2014GR05FMOP001	Food and Basic Material Assistance Operational Programme	Y	Y	3.79%	2.00%	0.00%	0.00%	0.14%	0.00%	52,836,385.04 €	N	
102	GR	2014GR05M20P001	Reform of the Public Sector	Y	Y	2.02%	4.17%	2.81%	3.07%	3.00%	2.00%	83,771,362.46 €	N	

103	GR	2014GR05M9OP001	Human Resources Development, Education and Lifelong Learning	Y	Y	2.02%	4.17%	2.81%	3.07%	3.00%	2.00%	16,064,526.87 €	N	
104	GR	2014GR16M2OP001	COMPETITIVENESS, ENTREPRENEURSHIP AND INNOVATION OP	Y	Y	2.02%	4.17%	2.81%	3.07%	3.00%	2.00%	132,816,252.10 €	N	
105	GR	2014GR16M2OP002	CENTRAL MACEDONIA OP	Y	Y	2.02%	4.17%	2.81%	3.07%	3.00%	2.00%	5,550,241.64 €	N	
106	GR	2014GR16M2OP003	THESSALY OP	Y	Y	2.02%	4.17%	2.81%	3.07%	3.00%	2.00%	5,424,471.69 €	N	
107	GR	2014GR16M2OP004	EPIRUS OP	Y	Y	2.02%	4.17%	2.81%	3.07%	3.00%	2.00%	908,460.24 €	N	
108	GR	2014GR16M2OP005	WESTERN GREECE OP	Y	Y	2.02%	4.17%	2.81%	3.07%	3.00%	2.00%	3,367,832.67 €	N	
109	GR	2014GR16M2OP006	WESTERN MACEDONIA OP	Y	Y	2.02%	4.17%	2.81%	3.07%	3.00%	2.00%	436,684.21 €	N	
110	GR	2014GR16M2OP007	CONTINENTAL GREECE OP	Y	Y	2.02%	4.17%	2.81%	3.07%	3.00%	2.00%	1,706,374.84 €	N	
111	GR	2014GR16M2OP008	PELOPONNESUS OP	Y	Y	2.02%	4.17%	2.81%	3.07%	3.00%	2.00%	12,997,584.12 €	N	
112	GR	2014GR16M2OP009	IONIAN ISLANDS OP	Y	Y	2.02%	4.17%	2.81%	3.07%	3.00%	2.00%	-1,103,605.32 €	N	
113	GR	2014GR16M2OP010	NORTH AEGEAN OP	Y	Y	2.02%	4.17%	2.81%	3.07%	3.00%	2.00%	6,621,612.22 €	N	
114	GR	2014GR16M2OP011	CRETE OP	Y	Y	2.02%	4.17%	2.81%	3.07%	3.00%	2.00%	2,145,978.93 €	N	
115	GR	2014GR16M2OP012	ATTICA OP	Y	Y	2.02%	4.17%	2.81%	3.07%	3.00%	2.00%	6,504,906.97 €	N	
116	GR	2014GR16M2OP013	SOUTH AEGEAN OP	Y	Y	2.02%	4.17%	2.81%	3.07%	3.00%	2.00%	495,260.84 €	N	
117	GR	2014GR16M2OP014	EASTERN MACEDONIA-THRACE OP	Y	Y	2.02%	4.17%	2.81%	3.07%	3.00%	2.00%	1,851,488.37 €	N	
118	GR	2014GR16M3TA001	Technical Assistance Programme	Y	Y	2.02%	4.17%	2.81%	3.07%	3.00%	2.00%	3,187,719.01 €	N	
119	HR	2014HR05FMOP001	Operational Programme for Food and/or Basic Material Assistance	Y	Y	-	5.00%	5.00%	5.00%	5.00%	5.00%	7,575,654.29 €	Full	RTER prudently re-calculated at flat rate above materiality level for

120	HR	2014HR05M90P00 1	ESF Operational Programme Efficient Human Resource	Y	Y	1.54%	5.00%	5.00%	5.00%	5.00%	5.00%	968,744,460.30 €	Full	the two programmes grouped in a common sample. Additional possible irregularities not detected / reported in the Annual Control Report. RTER prudently re-calculated at flat rate above materiality level due to additional possible irregularities not detected / reported in the Annual Control Report.
121	HU	2014HU05FMOP00 1	Food and/or Basic Material Assistance Operational Programme	N	N	2.96%	8.17%	1.99%	1.99%	8.65%	1.99%	1,265,392.01 €	N	Reportable TER above 5% pointing to serious deficiencies in management verifications (but covered by payment retention). No reservation.
122	HU	2014HU05M20P00 1	Human Development Resources	N	N	2.96%	8.17%	1.99%	1.99%	8.89%	2.26%	484,885,701.00 €	Full	RTER above materiality level due additional errors identified by DAC from the ones reported in the Annual Control Report.
123	HU	2014HU05M30P00 1	Public Administration and Civil Service Development OP	Y	Y	1.32%	2.14%	1.02%	1.02%	3.07%	1.30%	46,995,122.57 €	N	

124	HU	2014HU16M00P001	Economic Development and Innovation OP	Y	N	1.71%	5.93%	3.86%	9.12%	1.51%	1.47%	117,597,010.00 €	Partial non-fin. Full Reputational	Significant reputational event (on-going fraud/corruption investigation possibly affecting MA staff). - Systems non functioning for part of the programme. See annex 7C
125	HU	2014HU16M20P001	Territorial and settlement development OP	Y	N	0.83%	3.22%	2.00%	2.02%	5.56%	1.99%	60,032,060.69 €	N	Systems functioning effectively for ESF/YEI (ERDF reputational issue)
126	HU	2014HU16M20P002	Competitive Central-Hungary OP	Y	N	0.83%	3.22%	2.00%	2.02%	5.56%	1.99%	59,976,858.66 €	N	Systems functioning effectively for ESF/YEI (ERDF issue)
127	IE	2014IE05FMOP001	Food and/or basic material assistance operational programme	Y	Y	-	0.06%	0.05%	0.05%	0.00%	0.00%	2,124,099.84 €	N	
128	IE	2014IE05M90P001	ESF Operational Programme 2014-2020	Y	Y	1.85%	0.00%	0.00%	0.00%	0.00%	0.00%	-	N	
129	IT	2014IT05FMOP001	Operational Programme I - FEAD 2014-2020	Y	Y	0.20%	0.00%	0.00%	0.00%	2.00%	2.00%	219,972,076.10 €	N	
130	IT	2014IT05M20P001	National Operational Programme on Education	Y	Y	1.12%	1.24%	1.19%	1.19%	1.27%	1.24%	131,048,562.40 €	N	
131	IT	2014IT05M20P002	National Operational Programme on Governance, networks, special projects and technical assistance	Y	Y	0.96%	0.65%	0.65%	0.65%	0.16%	0.16%	214,025,813.60 €	N	
132	IT	2014IT05M90P001	National Operational Programme on Youth Employment	Y	N	2.42%	1.44%	1.43%	1.43%	5.00%	5.00%	185,548,220.10 €	Full	RTER prudently set above materiality level due to ongoing audit by the ECA with potential quantifiable findings.
133	IT	2014IT05SFOP001	National Operational Programme on Social Inclusion	N	Y	5.00%	2.00%	2.00%	5.00%	2.00%	2.00%	58,800,270.53 €	N	

134	IT	2014IT05SFOP002	National Operational Programme on Systems for Active Employment Policies	N	N	2.00%	5.00%	5.00%	5.00%	5.00%	5.00%	2,305,987,724.00 €	Full	RTER above materiality level. Reservation from previous year not completely solved. The corrective measures requested to solve the deficiencies in key elements of the systems for regional IBs are not fully implemented.
135	IT	2014IT05SFOP003	POR Emilia Romagna ESF	Y	Y	0.28%	1.55%	1.53%	1.53%	0.92%	0.85%	51,378,354.35 €	N	
136	IT	2014IT05SFOP004	POR Friuli Venezia Giulia ESF	Y	Y	0.03%	0.00%	0.00%	0.00%	0.00%	0.00%	8,562,557.43 €	N	
137	IT	2014IT05SFOP005	POR Lazio ESF	N	N	3.95%	2.00%	2.00%	2.00%	7.00%	3.00%	7,061,167.38 €	Full	Estimated RTER above materiality level to cover risk of reported rates by the AA being understated due to weaknesses detected in the AA's audit work.
138	IT	2014IT05SFOP006	POR Liguria ESF	Y	Y	0.13%	0.26%	0.07%	0.07%	1.03%	1.00%	41,975,132.27 €	N	
139	IT	2014IT05SFOP007	POR Lombardia ESF	Y	Y	13.95%	0.11%	0.10%	0.11%	1.83%	1.75%	16,440,711.99 €	N	
140	IT	2014IT05SFOP008	POR Marche ESF	Y	Y	0.06%	1.45%	1.45%	1.45%	3.17%	3.16%	18,203,443.11 €	Full	RTER above materiality level due to AA's inadequate quantification of an error reported in the current Annual Control Report.
141	IT	2014IT05SFOP009	POR Abruzzo ESF	Y	N	1.54%	0.03%	0.03%	0.03%	6.83%	2.08%	422,018.25 €	Full	TER > 5% pointing to weaknesses in management verifications. RTER above materiality level due to its inadequate calculation by the AA in the current

														Annual Control Report.
142	IT	2014IT05SFOP010	POR Umbria ESF	Y	Y	1.23%	0.57%	0.52%	0.52%	0.81%	0.73%	11,605,312.59 €	N	
143	IT	2014IT05SFOP011	POR Valle d'Aosta ESF	Y	Y	0.83%	0.60%	0.53%	0.53%	0.56%	0.04%	5,424,000.99 €	N	
144	IT	2014IT05SFOP012	POR Veneto ESF	Y	Y	0.50%	0.06%	0.06%	0.06%	0.52%	0.46%	4,465,960.53 €	N	
145	IT	2014IT05SFOP013	POR Piemonte ESF	Y	Y	-	0.00%	0.00%	0.00%	0.51%	0.26%	8,976,916.56 €	N	
146	IT	2014IT05SFOP014	POR Sicilia ESF	Y	Y	1.03%	2.37%	2.00%	2.00%	2.58%	2.00%	48,974,146.70 €	N	
147	IT	2014IT05SFOP015	POR Toscana ESF	Y	Y	1.25%	0.22%	0.22%	0.22%	1.03%	0.99%	8,219,036.89 €	N	
148	IT	2014IT05SFOP016	POR Basilicata ESF	N	Y	5.00%	2.08%	0.67%	0.74%	0.00%	0.00%	39,609,685.68 €	N	
149	IT	2014IT05SFOP017	ROP PA Bolzano ESF	Y	Y	0.20%	2.16%	1.81%	1.81%	0.00%	0.00%	-	N	
150	IT	2014IT05SFOP018	ROP PA Trento ESF	Y	Y	0.05%	1.15%	1.07%	1.07%	0.00%	0.00%	4,126,535.14 €	N	
151	IT	2014IT05SFOP020	ROP Campania ESF	Y	Y	5.19%	1.31%	1.27%	1.63%	0.70%	0.69%	68,159,958.27 €	N	
152	IT	2014IT05SFOP021	POR Sardegna ESF	Y	Y	0.23%	2.00%	2.00%	2.00%	2.00%	2.00%	16,033,044.49 €	N	
153	IT	2014IT16M2OP001	ROP Molise ERDF ESF	Y	Y	23.80%	2.00%	2.00%	2.00%	2.00%	2.00%	616,369.52 €	N	
154	IT	2014IT16M2OP002	ROP Puglia ERDF ESF	Y	Y	5.00%	1.26%	1.22%	1.22%	2.35%	2.00%	37,178,102.58 €	N	
155	IT	2014IT16M2OP003	National Operational Programme on Legality	Y	Y	0.62%	2.12%	2.12%	2.12%	0.73%	0.49%	7,329,576.88 €	N	
156	IT	2014IT16M2OP004	National Operational Programme on Metropolitan Cities	Y	Y	3.93%	0.98%	0.98%	0.98%	0.96%	0.45%	93,370,561.55 €	N	
157	IT	2014IT16M2OP005	National Operational Programme on Research and Innovation	N	Y	1.10%	5.00%	5.00%	5.00%	2.00%	2.00%	482,812,534.10 €	N	
158	IT	2014IT16M2OP006	ROP Calabria ERDF ESF	Y	Y	3.77%	3.25%	2.83%	3.91%	2.40%	1.75%	40,776,362.11 €	N	
159	LT	2014LT05FMOP001	Food and/or Basic Material Assistance Operational Programme	Y	Y	-	0.00%	0.00%	0.00%	0.00%	0.00%	13,149,379.26 €	N	
160	LT	2014LT16MAOP001	Operational Programme for EU Structural Funds Investments for 2014-2020	Y	Y	2.33%	2.42%	2.00%	2.01%	4.92%	1.70%	138,567,037.90 €	N	

161	LU	2014LU05FMOP001	Food and/or Basic Material Assistance Operational Programme	N	Y	10.00%	4.66%	4.66%	4.66%	3.87%	1.30%	716,346.72 €	N	
162	LU	2014LU05SFOP001	Operational Programme ESF 2014-2020	Y	Y	2.00%	0.00%	0.00%	0.00%	0.13%	0.04%	9,655,178.41 €	N	
163	LV	2014LV05FMOP001	Food and Basic Material Assistance Operational Programme	Y	Y	0.03%	0.03%	0.00%	0.00%	0.01%	0.00%	984,001.02 €	N	
164	LV	2014LV16MAOP001	Growth and Employment	Y	N	2.33%	1.31%	1.25%	1.34%	0.05%	0.05%	146,904,297.40 €	N	Systems functioning effectively for ESF/YEI (ERDF issue). No reservation.
165	MT	2014MT05FMOP001	Food and/or Basic Material Assistance Operational Programme	Y	Y	-	0.00%	0.00%	0.00%	0.00%	0.00%	443,939.09 €	N	
166	MT	2014MT05SFOP001	Investing in human capital to create more opportunities and promote the wellbeing of society	Y	Y	0.02%	0.35%	0.31%	0.31%	0.17%	0.17%	66,864,300.25 €	N	
167	NL	2014NL05FSOP001	Social Inclusion of the Most Deprived Persons Operational Programme	Y	Y	-	0.00%	0.00%	0.00%	2.55%	0.00%	65,874.22 €	N	
168	NL	2014NL05SFOP001	Operational Programme ESF 2014-2020	Y	Y	0.96%	0.00%	0.00%	0.00%	0.31%	0.30%	130,284,814.60 €	N	
169	PL	2014PL05FMOP001	Operational Programme Food Aid 2014-2020	Y	Y	-	0.00%	0.00%	0.00%	0.00%	0.00%	18,129,879.75 €	N	
170	PL	2014PL05M90P001	OP Knowledge Education Growth	Y	Y	1.82%	1.54%	1.53%	1.53%	1.99%	1.96%	792,886,263.60 €	N	
171	PL	2014PL16M20P001	ROP 1 Regional for Dolnośląskie Voivodeship 2014-2020	Y	Y	1.00%	0.78%	0.78%	0.83%	0.26%	0.26%	51,475,112.74 €	N	
172	PL	2014PL16M20P002	ROP 2 Regional for Kujawsko-Pomorskie Voivodeship 2014-2020	Y	N	0.65%	1.65%	1.48%	1.58%	13.79%	13.68 %	66,979,062.12 €	N	Systems functioning effectively for ESF/YEI (ERDF issue). No reservation.
173	PL	2014PL16M20P003	ROP 3 Regional Operational Programme for Lubelskie Voivodeship 2014-2020	Y	Y	1.80%	0.34%	0.33%	0.33%	0.25%	0.24%	52,191,424.89 €	N	
174	PL	2014PL16M20P004	ROP 4 Regional Operational Programme for Lubuskie Voivodeship 2014-2020	Y	Y	4.95%	0.27%	0.19%	0.20%	0.18%	0.18%	36,762,304.32 €	N	

175	PL	2014PL16M20P005	ROP 5 Regional Operational Programme for Łódzkie Voivodeship 2014-2020	Y	N	0.70%	1.61%	1.60%	1.60%	0.61%	0.58%	89,325,179.28 €	N	Deficient management verifications in relation to one beneficiary's file sent to prosecutor - Systems non functioning for (limited) part of the programme. See annex 7C - Further verifications carried out under programme with no irregularity detected. No reservation.
176	PL	2014PL16M20P006	ROP 6 Regional Operational Programme for Małopolskie Voivodeship 2014-2020	Y	Y	1.52%	0.76%	0.73%	0.75%	0.49%	0.48%	124,861,175.00 €	N	
177	PL	2014PL16M20P007	ROP 7 Regional Operational Programme for Mazowieckie Voivodeship 2014-2020	Y	Y	0.47%	2.01%	1.73%	1.87%	1.04%	1.02%	118,487,163.20 €	N	
178	PL	2014PL16M20P008	ROP 8 Regional Operational Programme for Opolskie Voivodeship	Y	Y	0.97%	3.71%	2.82%	2.82%	2.00%	2.00%	34,423,050.55 €	N	
179	PL	2014PL16M20P009	ROP 9 Regional Operational Programme for Podkarpackie Voivodeship	Y	Y	0.41%	0.00%	0.00%	0.00%	0.26%	0.25%	81,631,109.46 €	N	
180	PL	2014PL16M20P010	ROP 10 Regional Operational Programme for Podlaskie Voivodeship	Y	Y	2.44%	1.53%	1.50%	1.59%	2.64%	1.92%	50,378,182.84 €	N	
181	PL	2014PL16M20P011	ROP 11 Regional Operational Programme for Pomorskie Voivodeship	N	Y	4.21%	2.14%	2.00%	2.22%	0.38%	0.38%	75,854,111.95 €	N	
182	PL	2014PL16M20P012	ROP 12 Regional Operational Programme for Śląskie Voivodeship	Y	Y	2.15%	0.62%	0.61%	0.63%	0.00%	0.00%	166,840,292.40 €	N	
183	PL	2014PL16M20P013	ROP 13 Regional Operational Programme for Świętokrzyskie Voivodeship	Y	Y	3.66%	0.98%	0.96%	1.08%	0.01%	0.01%	29,115,021.14 €	N	
184	PL	2014PL16M20P014	ROP 14 Regional Operational Programme for Warmińsko-Mazurskie Voivodeship	Y	N	3.13%	2.70%	2.00%	2.05%	2.00%	2.00%	45,566,312.37 €	N	Systems functioning effectively for ESF/YEI (ERDF issue). No reservation.

185	PL	2014PL16M20P015	ROP 15 Regional for Wielkopolskie Voivodeship	N	Y	5.00%	0.77%	0.62%	0.67%	1.57%	1.56%	119,238,584.40 €	N	
186	PL	2014PL16M20P016	ROP 16 Regional Operational Programme for Zachodniopomorskie Voivodeship	Y	Y	2.00%	0.12%	0.11%	0.11%	2.00%	1.95%	41,512,911.91 €	N	
187	PT	2014PT05FMOP001	Operational programme to assist the most deprived people	Y	Y	0.09%	0.02%	0.02%	0.02%	0.03%	0.03%	25,445,810.01 €	N	
188	PT	2014PT05M90P001	OP Social Inclusion and Employment	N	Y	10.00%	1.32%	1.29%	1.29%	2.72%	2.00%	199,008,813.70 €	N	
189	PT	2014PT05SFOP001	OP Human Capital	Y	Y	1.22%	1.32%	1.29%	1.29%	2.72%	2.00%	229,178,988.50 €	N	
190	PT	2014PT16M20P001	Regional OP Norte	Y	Y	1.22%	1,32%	1.29%	1.29%	2.72%	2.00%	75,633,968.61 €	N	
191	PT	2014PT16M20P002	Regional OP Centro	Y	Y	1.22%	1,32%	1.29%	1.29%	2.72%	2.00%	48,842,677.55 €	N	
192	PT	2014PT16M20P003	Regional OP Alentejo	Y	Y	1.22%	1,32%	1.29%	1.29%	2.72%	2.00%	41,322,402.96 €	N	
193	PT	2014PT16M20P004	Regional OP Azores (Autonomous Region)	Y	Y	1.22%	1,32%	1.29%	1.29%	2.72%	2.00%	39,040,332.48 €	N	
194	PT	2014PT16M20P005	Regional OP Lisboa	Y	Y	1.22%	1,32%	1.29%	1.29%	2.72%	2.00%	24,787,110.58 €	N	
195	PT	2014PT16M20P006	Regional OP Madeira (Autonomous Region)	Y	Y	1.22%	1,32%	1.29%	1.29%	2.72%	2.00%	28,095,113.49 €	N	
196	PT	2014PT16M20P007	Regional OP Algarve	Y	Y	1.22%	1,32%	1.29%	1.29%	2.72%	2.00%	17,598,654.19 €	N	
197	PT	2014PT16M30P001	Competitiveness and Internationalisation OP	Y	Y	1.22%	1,32%	1.29%	1.29%	2.72%	2.00%	139,010,746.80 €	N	
198	RO	2014RO05FMOP001	Operational Programme Aid for the Most Deprived	Y	Y	1.77%	2.86%	0.00%	0.00%	0.17%	0.00%	152,414,419.20 €	N	
199	RO	2014RO05M90P001	Operational Programme Human Capital	N	Y	3.72%	8.95%	2.00%	2.00%	0.86%	0.80%	1,107,023,466.00 €	N	
200	RO	2014RO05SFOP001	Operational Programme Administrative Capacity	Y	Y	0.54%	0.10%	0.09%	0.09%	2.18%	1.84%	134,518,426.40 €	N	
201	SE	2014SE05FSOP001	Social Inclusion of the Most Deprived Persons Operational Programme	Y	Y	-	1.16%	1.01%	1.01%	0.00%	0.00%	105,218.12 €	N	

202	SE	2014SE05M90P001	National Operational Programme ESF for investments in growth and employment 2014 – 2020	Y	Y	0.06%	0.14%	0.14%	0.14%	0.81%	0.80%	221,493,800.60 €	N	
203	SE	2014SE16M20P001	Community-led local development programme with support from ERDF and ESF 2014-2020	Y	Y	0.34%	0.34%	0.30%	0.30%	0.01%	0.01%	1,819,437.28 €	N	
204	SI	2014SI05FMOP001	Food and/or Basic Material Assistance Operational Programme	Y	Y	4.29%	4.55%	0.00%	0.00%	0.00%	0.00%	1,631,832.37 €	N	
205	SI	2014SI16MAOP001	Operational Programme for the Implementation of the EU Cohesion Policy in the period 2014 – 2020	Y	Y	1.00%	1.45%	1.44%	1.66%	1.57%	1.53%	42,669,987.11 €	N	
206	SK	2014SK05FMOP001	Operational Programme of Food and Basic Material Assistance	Y	Y	-	0.00%	0.00%	0.00%	0.00%	0.00%	14,480,438.76 €	N	
207	SK	2014SK05M00P001	Operational Programme Human Resources	Y	Y	7.06%	0.43%	0.42%	0.42%	0.92%	0.84%	436,708,636.70 €	N	
208	SK	2014SK05SFOP001	Operational Programme Effective Public Administration	Y	Y	0.16%	4.00%	2.00%	2.00%	0.05%	0.05%	48,968,334.90 €	N	
209	UK	2014UK05M90P001	ESF England	Y	Y	0.67%	0.45%	0.32%	0.32%	0.43%	0.42%	618,837,039.40 €	N	
210	UK	2014UK05M90P002	ESF Scotland (incl. YEI)	Y	Y	4.06%	3.83%	1.99%	1.99%	0.85%	0.85%	103,742,967.00 €	N	
211	UK	2014UK05SFOP001	United Kingdom - ESF West Wales and the Valleys	Y	Y	0.28%	0.05%	0.05%	0.05%	0.83%	0.20%	132,968,799.70 €	N	
212	UK	2014UK05SFOP002	United Kingdom - ESF East Wales	Y	Y	0.28%	0.05%	0.05%	0.05%	0.83%	0.20%	53,581,432.77 €	N	
213	UK	2014UK05SFOP004	ESF Northern Ireland	Y	Y	0.30%	0.26%	0.23%	0.23%	0.02%	0.02%	38,936,641.55 €	N	
214	UK	2014UK05SFOP005	ESF Gibraltar	Y	Y	-	0.00%	0.00%	0.00%	0.00%	0.00%	-	N	
215	DE	2020DE16M2RE017	OP Mecklenburg-Western Pomerania REACT-EU 2021-2022	Y	Y	-	0.00%	0.00%	0.00%	0.00%	0.00%	-	N	
												18,395,476,462.36 €		

ANNEX 7C: 2014-2020 ESF/YEI and FEAD: List of programmes with deficiencies in the functioning of the management and control system (MCS)

N°	MS	CCI	Programme Title	Authority concerned	Part of the MCS for which deficiencies were identified (KR)	Reservation Y/N	Programme expenditure in 2022-2023 accounts	% of total expenditure in 2022-2023 accounts
1	DE	2014DE05SFOP005	Operational Programme ESF Berlin 2014-2020	Intermediate body	Weaknesses in management verifications (KR 4) carried out by one intermediate body	Partial	141,670,137.47 €	0.78%
2	ES	2014ES05SFOP004	OP ESF 2014 PRINCIPADO DE ASTURIAS	Audit Authority	Weaknesses in audits of operations (KR 16)	No reservation	38,325,854.21 €	0.21%
3	ES	2014ES05SFOP017	OP ESF 2014 CIUDAD A. DE MELILLA	Audit Authority	Weaknesses in audits of operations (KR 16) and annual control report (KR 18)	Full	4,537,518.16 €	0.03%
4	FR	2014FR05M20P001	Operational Programme ERDF-ESF Guadeloupe et St Martin Etat 2014-2020	Managing Authority	Deficiencies in management verifications by the managing authority (KR4), demonstrated by the repeated high error rates reported.	Full non-financial	9,516,995.05 €	0.05%
5	FR	2014FR05SFOP003	Operational Programme ESF Guyane Etat 2014-2020	Managing Authority	Deficiencies in management verifications by the managing authority (KR4),	No reservation	4,519,825.40 €	0.02%
6	FR	2014FR16MOOP009	Regional programme Guadeloupe Conseil Régional 2014-2020	Managing Authority, Audit Authority	Deficiencies in management verifications by the managing authority (KR4),	Full	1,100,130.26 €	0.01%
7	HU	2014HU05FMOP001	Food and/or Basic Material Assistance Operational Programme	Managing Authority	Deficiencies in management verifications by the managing authority (KR4), demonstrated by the repeated high error rates reported.	No reservation	10,437,291.47 €	0.06%
8	HU	2014HU05M20P001	Human Resources Development Operational Programme	Managing Authority	Deficiencies in management verifications by the managing authority (KR4), demonstrated by the repeated high error rates reported.	Full	221,380,132.17 €	1.22%
9	IT	2014IT05M90P001	National Operational Programme on Youth Employment	Audit Authority, Managing Authority,	Deficiencies in the separation of functions in the Managing authority (KR1),	Full	201,167,470.56 €	1.11%

				Certifying Authority	the Certifying authority (KR9) and the Audit authority (KR14).			
10	IT	2014IT05SFOP002	National Operational Programme on Systems for Active Employment Policies	Audit Authority, Managing Authority, Intermediate Bodies	Reported error rates in the Annual Control Report (KR 18), deficiencies in the management verifications (KR 4) carried out by three intermediate bodies.	Full	62,447,455.28 €	0.34%
11	IT	2014IT05SFOP005	POR Lazio ESF	Managing Authority	Deficiencies in management verifications by the managing authority (KR4), demonstrated by the high error rates reported.	Full	41,959,342.32 €	0.23%
12	IT	2014IT05SFOP009	POR Abruzzo ESF	Managing Authority	Deficiencies in management verifications by the managing authority (KR4), demonstrated by the high error rates reported.	Full	5,657,546.08 €	0.03%
						Total of expenditure concerned in 2022/23 accounts:		4.09%

List of programmes with deficiencies in the functioning of part of the management and control system (MCS), affecting ESF

N°	MS	CCI	Programme Title	Authority concerned	Part of the MCS for which deficiencies were identified (KR)	Reservation Y/N
1	CZ	2014CZ05M9OP001	Operational Programme Employment	Managing Authority, Audit Authority	Weaknesses identified in management verifications (KR4) and ineffective audits of operations related to CRII expenditure.	Partial
2	ES	2014ES05M9OP001	OP ESF 2014 YOUTH EMPLOYMENT	Managing Authority, Intermediate Body	Weaknesses in management verifications (KR4) carried out by one regional body (IB Andaluca). Corrective measures are on-going.	Partial non-fin.
3	HU	2014HU16M0OP001	Economic Development and Innovation Operational Programme	Managing Authority	Partial deficiencies in priority 5 related to an on-going corruption investigation that may affect MA staff.	Partial non-fin. Full Reputational
4	PL	2014PL16M2OP005	ROP 5 Regional Operational Programme for Łódzkie Voivodeship 2014-2020	Managing Authority	Deficient management verifications (KR4) carried out by Managing Authority in relation to a beneficiary's file sent to prosecutor. Further verifications carried out allowing to limit the issue to this beneficiary.	No reservation

ANNEX 7D: 2014-2020 ESF/YEI and FEAD: Audit authorities with weaknesses and requested improvements

#	MS	Audit authority (AA) or control body concerned	Reasons	Reservation Y/N	Share of total ESF/YEI/FEAD expenditure audited by AA/ control body
1	ES	Regional AA General Intervention of the Government of the Principality of Asturias	Insufficient verification and formalisation of the work done by the AA in audits of operations detected during a DAC audit.	N	0,2%
2	ES	Regional AA General Intervention of Melilla	Deficiencies detected and not yet solved in the work of the regional AA following a DAC audit carried out in 2023: - Absence of updated strategies and of documented audit procedures, written audit manual and guidelines; - Insufficient formalisation of the verifications carried out on all the aspects of the audited operations and errors, inconsistencies and insufficient information in working papers, checklists and audit reports; - Inadequate controls over the externalised audit work; - Incomplete system audits and insufficient evidence supporting the assurance level obtained	Full	0,02%
3	IT	AA of the Ministry of Labor and Social Policies General Secretariat	Deficiencies identified by a DAC audit; risk on AA's independence following re-organisation since 2022. On-going measures to improve its procedures and to address the risk on its independence.	Full	6,11%
4	IT	AA of Lazio Region General Secretariat of the Presidency of the Council	Deficiencies detected in a DAC audit related to audits of operations carried out by the AA. As a follow-up the AA is putting in place measures to enhance its audit procedures.	Full	0,38%
				Total:	6,71%

ANNEX 7E: 2014-2020 ESF/YEI and FEAD: Actions to improve further the effectiveness of management and control systems and to boost the prevention, detection and correction of errors

Capacity building is an ongoing challenge requiring permanently to refocus and update the action. In the continuity of achievements made, and in order to address weaknesses still identified for some programmes, DG EMPL will further amplify its efforts towards the target to ensure compliance and a residual risk below materiality for all programmes.

DG EMPL offers tailored preventive actions to address the risk of non-detection of errors by the first and second control layers of programmes (managing authorities / audit authorities) and under-reporting of their financial impact, thereby improving the quality of assurance offered by programme authorities:

- Organising dedicated information sessions, workshop discussions, training material and best practice guidance for managing and audit authorities on the basis of an analysis of the recurrent errors identified for the concerned programmes;
- Sharing with programme authorities detailed analysis of the errors found in EMPL/REGIO and ECA audits and divergence against the applicable legal framework;
- Providing an overall analysis comparing the main error types identified by the audit authorities and by DG EMPL auditors, based on the joint typology of errors;
- Lending assistance and supervision to audit authorities in need of support to arrive at reliable assurance results, providing support for the analysis of specific systemic or recurrent findings;
- Consistently imposing remedial action plans to managing and/or audit authorities in case of deficiencies identified.

DG EMPL takes targeted actions to safeguard the reliability of the assurance results presented by audit authorities and addresses high error rates

- Reviewing thoroughly all error rates reported and re-calculating them in case errors are not detected and/or not sufficiently quantified;
- Providing as the case may be preventive advice and support to audit authorities (before the annual control report is issued), should the nature and difficulties of the findings so require;
- Analysing the frequency and seriousness of errors found, including cases of systematic low error rates, auditing itself relevant expenditure if its risk assessment reveals the need to perform additional work in order to obtain direct assurance for a programme;
 - a) In case of systemic deficiencies identified, re-calculating the residual error rates and monitoring how the authorities/management and control systems evolve over time;
 - b) Adopting a strict approach to sampling parameters used by audit authorities, however in line with the flexibility offered by existing rules, and to the reporting of possible anomalous errors not extrapolated towards the total error rate.
 - c) Systematically assessing under its compliance audits, when the Commission identifies additional errors in its re-performed samples, whether such errors can re-occur in the rest of the audit authority's sample and requesting additional audit work where necessary.
 - d) Assessing the reliability of audit authorities not only on the basis of the recalculated error rates (which can be influenced by single errors having an important statistical impact) but on the basis of a number of criteria which, if not satisfactorily assessed, reflect the presence of systemic weaknesses in their work and in the control systems.

e) Focussing the audit work on those audit authorities on which DG EMPL was not yet able to place an adequate level of reliance, for which limited review was performed so far or for which new risks emerged.

DG EMPL takes initiatives to curb the root causes of errors, in particular by

- Reinforcing efforts for administrative capacity building;
- Facilitating the uptake of simplified cost options (SCO) and financing not linked to costs (FNLC) by providing assistance and support to the programme authorities to prepare, implement and assess the SCO schemes for 2021 – 2027 programmes;
- Contributing to predictability based on methodologies approved and agreed with all actors, including with the ECA, taking account of recommendations issued by the ECA;
- Communicating, increasing trust and dialogue between programme authorities and with the Commission services and promoting simplification at all levels and fight against gold-plating at national / programme level.

ANNEX 7F: 2014-2020 ESF/YEI and FEAD: On-the-spot audit work carried out by DG EMPL in 2023

The majority of the audits (**93%** in 2023 against **78%** in 2022 and **40%** in 2021) took place either **fully** or **partly on the spot** (i.e., in the latter case **hybrid mode** audits with part of the audit work carried out via desk reviews and videoconferences, complemented by on-the-spot visits). The remaining (six audits) took place on a fully remote basis. This combination of on-the-spot and remote audit work is aimed to contribute to the greening efforts of the parent Directorates-General, to reduce the carbon emissions of audit missions in line with the Key Performance Indicators foreseen in the DGs' annual management plans, while facilitating the efficiency of DAC missions. In each audit, the DAC auditors also visited some selected beneficiaries on the spot.

The DAC carried out/initiated **55 audits (98% of the plan against 96% last year)**. One audit on the YEI OP in ES was planned to follow up the ECA's DAS 2021 findings that resulted into interruption of payments; it was postponed to 2024 to avoid duplication with a new audit of the ECA that was carried out for this OP in 2023 for DAS 2022.

These **55 audits** were carried out in 19 Member States and one in the UK.

Out of these audits, 35 audit missions (33 last year) contributing to review the work of audit authorities: **19 compliance audits covering 22 assurance packages and 28 ESF/YEI or FEAD programmes** with a systematic re-performance of at least 8 operations (12 in case of multi-fund programmes) audited by the concerned audit authorities, to assess the reliability of the reported error rates **in eight Member States** and the UK⁽⁵³⁾. In addition, the DAC also carried out **16 fact finding missions** to ascertain the accuracy and reliability of reported audit results; such fact findings also allow to re-perform some audit activity, as follows, thus contributing to the re-calculation of the overall error rate and to obtain **further insight into the reliability of the reported results and error rates for another 52 ESF/YEI or FEAD programmes**:

- **four pre-ACR fact finding missions** covering the 2023 assurance packages (2DE, 1CZ, 1FR), focusing on aspects at risk such as public procurement, State aid or simplified cost options (FR with five operations reviewed), contributed to the timely submission of the respective annual control reports, clarified potential issues impacting the future sampling exercise (DE) and the calculations of error rates (CZ).
- **one pre-ACR fact finding mission** covering the 2024 ESF assurance package in FR (programme Guadeloupe et St Martin Etat with five operations reviewed) preventively reviewed the preliminary audit results to be reported in the 2024 ACR, where a high error rate is expected since the past identified deficiencies are still unlikely to be addressed;
- **Six post-ACR fact finding missions** covering all programmes in SK, HU, PL, DE Thüringen, LV and MT) with a view to clarifying audit information reported in the concerned ACRs. In two PL operations (ROP Pomorskie and ROP Łódzkie) the DAC identified that the issue observed by the AA it was of systemic nature, whereas in HU one additional financial error of non-compliance with State aid rules was observed and errors on the application of SCO were identified in LV.
- **Five follow-up fact-finding missions**, out of which four in IT with seven operations reviewed, to follow-up remedial actions put in place by audit authorities (Lazio, Bolzano,

⁽⁵³⁾ AT, DE, ES, IT, NL, PL, PT, RO, UK.

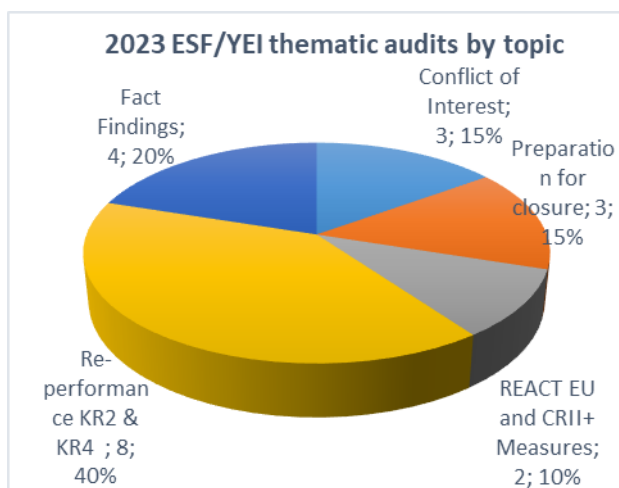
SPAO, and mission in Toscana & Emilia Romana) and validate the re-calculated error rates in relation to sub-contracting, and **one** in LU (with two operations reviewed) to verify the improved supervision of the audit authority towards its external service provider following our 2022 audit findings. The result of this fact-finding mission allowed the DAC to initiate the lifting of the respective reservation in the 2022 AAR.

As a result of **its 19 compliance audits for** ESF/YEI and FEAD and **22 assurance packages audited in total**, the DAC identified further irregularities to the ones detected by the audit authorities **in 13 assurance packages** ⁽⁵⁴⁾ covering 19 programmes (59% of the ACRs reviewed or 68% of the OPs covered). This **led to re-calculated residual risks** for these 13 assurance packages at this stage of the contradictory procedures, above **2% in one case (AT Employment OP)**, from an error rate initially reported below materiality ⁽⁵⁵⁾. The high frequency of additional errors not detected by the audit authorities has however limited impact on the recalculated error rates and does not fundamentally question the reliability of the work of the concerned ESF/YEI and FEAD audit authorities, with the exception of the AT programme.

Thematic Audits

In 2023 the DAC also carried out **20 thematic audits** covering various areas considered for ESF/YEI and FEAD to be risky, in particular:

- **Three** risk-based audits to assess the measures taken to avoid **conflicts of interest** (IT, CY, HR);
- **Four** fact-finding missions (three IT and one FR) to verify the effective implementation of the action plans linked to financial correction procedures;
- **Two** audits (in CZ and HU) related to the assessment of implemented REACT EU and CRII+ measures;
- **Three** audits on the **preparation for closure** (PL Fund of Funds, HU PA4 & late calls, EE) complementary to the assurance to be obtained from audit authorities in the upcoming assurance packages. Preparation for closure audits constitute an important part of the 2023-2024 audit plan given the end of the eligibility period in 2023 and that a number of actions must be well-planned in advance in the Member States to ensure a successful and fast closure of their programmes. The three audits carried out in 2023 relate to key topics affecting closure like treatment of irregularities or fraud suspicions and appropriate implementation of the requested financial corrections.
- **Eight** audits to review and assess the selection of operations (KR2) and management verifications (KR4) (1 HU, 3 FR, 1 SK, 1 BG, 1 DE, 1 LV) at this late stage of implementation, contributing as well to issue related recommendations for the start of 2021-2027.



⁽⁵⁴⁾ 5 ES, 3 IT, 2 PL, 1 PT, 1 AT 1 NL.

⁽⁵⁵⁾ For this AT programme, the additional error detected by the DAC relates to public procurement procedures for the Intermediate Body Ober Österreich.

Annex 7G: Preventive and corrective measures (2014-2020 programmes)

Payments can be interrupted when one of the following CPR requirements (Art. 83) are met: legality and regularity issues; ex ante conditionalities not fulfilled; or insufficient quality or reliability of performance data indicators.

DG EMPL follows a balanced approach regarding the interruption of payments that protects the EU budget. DG EMPL applies a common approach to interruptions of payments with DG REGIO which is both strict and proportionate, taking into account the annual acceptance of accounts and the 10% retention on reimbursement of interim payments until accounts are accepted (Articles 130 and 139 of the CPR). This means that as soon as serious irregularities or deficiencies in the management and control system are reported, payments are interrupted (stopped) where the deficiency would require a correction higher than the 10% retention, or where the individual irregularity would have serious financial consequences ⁽⁵⁶⁾. This proportionate approach, taking account of the protection inbuilt within the system of annual accounts until the latter are accepted, leads to less interruptions than in the past (6 cases in 2022). If no payment claim was submitted by the time the serious deficiency / irregularity was detected, a warning letter of possible interruption of payment deadlines (in case a payment claim would be introduced) is sent to the Member State (4 new cases in 2023).

For 2021-2027 the co-legislators reduced the retention threshold by the Commission for interim payments from 10% to 5%. This will have as a consequence an increase in the number of interruptions and thus an increased incentive for Member States to timely follow-up system deficiencies that are detected. In 2023, no payments were interrupted for the 2021-2027 programmes.

Warning or corrective measures letters are also sent when risks linked to deficiencies are covered by the 10% payment retention.

When system deficiencies are identified with an estimated risk to the EU budget above 5% but less than the 10% retention, a warning letter requesting preventive and corrective measures is still sent to the concerned programmes. In such cases, payments are not stopped but the Member State is requested to take the necessary preventive and corrective measures to make financial corrections and improve the system, so that sufficient assurance is provided that expenditure included in the next accounts is not materially misstated. In case the deficiency still persists at the moment of settling the accounts, and in case the balance would be positive, the case is assessed to decide whether the warning should be transformed in a formal interruption of payments to speed up the implementation of the requested corrective measures.

In 2023, payments were interrupted on 1 occasion and 18 warning letters were sent, of which 4 concerned programmes with a problem whose impact exceeded the retention on payments of 10%. For the programmes with a total error rate above 5% but below 10% DG EMPL issued warning letters requesting corrective measures in 14 instances.

The improvements made to the management and control system by programme authorities led to the lifting of 20 warnings.

⁽⁵⁶⁾ Article 83(1)(a) of Common Provisions Regulation 1303/2013.

Payment suspension procedures are opened when required based on the CPR requirements (Art. 142): identified legality and regularity issues; ex ante conditionalities not fulfilled; or insufficient quality or reliability of performance data indicators

The Commission needs to take a decision to suspend payments to a programme when a serious system deficiency or irregularity are confirmed or was not solved within 6 months (possibly extended by 3 months at the request of the Member State) following an interruption of payments. No suspension decision for serious deficiencies or irregularities in a programme was needed in 2023.

After adoption of the necessary corrective measures by the programme authorities, the Commission was able to lift one payment suspension decision made in previous years.

The tables below show the number of warnings of corrective measures, warning of possible interruption, interruptions and pre-suspension letters issued by the Commission for ESF/YEI or FEAD programmes in 2023 and early 2024 (some of these had been decided in late 2022 and could only be implemented in 2023).

	Warning letters requesting corrective measures (risk >5% but < 10%)	Warning of possible interruption of payment (risk >10% but no pending payment application)	Interruption of payment (risk >10% and pending payment application)	Pre-suspension letters	Suspension Decisions
2023	14	4	1	1	0
During 1st quarter (Q1) 2024	0	0	0	0	0
Liftings (including cases from previous years) in 2023	9	11	5	N/A	1
Liftings in Q1 2024	8	2	0	0	0

Details on individual cases are presented below.

Warning letters requesting preventive and corrective measures sent in 2023

	MS	Region/ Operational programme	CCI Nr	DATE	DATE OF LIFTING	Main weaknesses identified
1	CZ	Employment	2014CZ05M90P001	21/12/2023	Not lifted	Deficiencies related to KR4: (Adequate management verification): procedures

	MS	Region/ Operational programme	CCI Nr	DATE	DATE OF LIFTING	Main weaknesses identified
						concerning the administrative and on-the-spot verifications
2	FR	Martinique	2014FR05SFOP004	25/5/2023	Not lifted	<p>Deficiencies regarding Management Verifications (KR 4): Total Error Rate of 5.75 %, i.e. above the materiality threshold of 2 %.</p> <p>The 2023 ACR identified irregularities relating mainly to:</p> <ul style="list-style-type: none"> A. Quantitative irregularities linked to the ineligibility of expenditure: double funding due to participants, non-project related expenditure, ineligible project operations (financial risks); B. Non-quantitative irregularities linked to non-compliance with Article 132 of Regulation (EU) No 1303/2013 (exceeding the regulatory deadline for payment of aid to the beneficiary) (legal risks); C. Non-quantitative irregularities linked to information and publicity measures (legal risks); D. Irregularities relating to conflict of interest (risk of fraud).
3	FR	Corse	2014FR16M2OP004	24/5/2023	Not lifted	<p>Deficiencies regarding KR4 and 5 leading to a Total Error Rate of 8.1 % in addition to irregularities:</p> <ul style="list-style-type: none"> E. Quantitative irregularities relating to missing or incorrect information or supporting documents (audit trail), other expenditure not linked to the project or the eligibility of expenditure on other criteria, non-compliance with public procurement rules; F. Non-quantitative irregularities linked to non-compliance with the

	MS	Region/ Operational programme	CCI Nr	DATE	DATE OF LIFTING	Main weaknesses identified
						principle of sound financial management (multiple irregularities including non-compliance with Article 132 of the Regulation of Regulation (EU) No 1303/2013), information and publicity, audit trail, state aid rules and certain irregularities relating to performance indicators.
4	FR	Aquitaine	2014FR16M00P001	24/5/2023	In the process of being lifted	Deficiencies regarding Management Verifications (KR4) leading to a Total Error Rate of 5.99 % and- G. Quantitative irregularities in public procurement procedures; H. Quantitative and non-quantitative irregularities linked to the lack of documentary evidence (expenditure not linked to the project, lack of documentary evidence); I. Non-quantitative irregularities related to non-compliance with Article 132 of the General Regulation; J. Suspected fraud for an operation following the audit of operation No FEDER-FSE-2015-27210.
5	FR	Poitou Charentes	2014FR16M20P009	24/5/2023	In the process of being lifted	Deficiencies regarding Management Verifications (KR4) leading to a Total Error Rate of 5.99 % and- K. Quantitative irregularities in public procurement procedures; L. Quantitative and non-quantitative irregularities linked to the lack of documentary evidence (expenditure not linked to the project, lack of documentary evidence); M. Non-quantitative irregularities related to non-compliance with

	MS	Region/ Operational programme	CCI Nr	DATE	DATE OF LIFTING	Main weaknesses identified
						Article 132 of the General Regulation; Suspected fraud for an operation following the audit of operation No FEDER-FSE-2015-27210.
6	FR	Limousin	2014FR16M20P006	24/5/2023	In the process of being lifted	Deficiencies regarding Management Verifications (KR4) leading to a Total Error Rate of 5.99 % and- N. Quantitative irregularities in public procurement procedures; O. Quantitative and non-quantitative irregularities linked to the lack of documentary evidence (expenditure not linked to the project, lack of documentary evidence); P. Non-quantitative irregularities related to non-compliance with Article 132 of the General Regulation; Suspected fraud for an operation following the audit of operation No FEDER-FSE-2015-27210.
7 + 8	HU	all 2014-2020 and 2021-27 Hungarian OPs, in particular ESF: Human Resources Development (14-20 and 21-27)	2014HU05M20P001 2021HU05FFPR001	16/3/2023	6/12/2023	Deficiencies related to the adequate management verifications (KR 4), pertaining to public procurement, in particular to the corrective capacity of the management and control system.
9	IT	Social Inclusion	2014IT05SFOP001	19/6/2023	Not Lifted	Deficiencies remain regarding KR6. The data related to the monitoring indicators reported by the MA are not supported by documentation relating to the outputs from which the alleged data is derived.
10	IT	Active Employment Policies	2014IT05SFOP002	3/3/2023	Not lifted	Concerning the Managing authority - KR 1: Adequate separation of functions and adequate systems for reporting and monitoring in cases where

	MS	Region/ Operational programme	CCI Nr	DATE	DATE OF LIFTING	Main weaknesses identified
						<p>the responsible authority entrusts execution of tasks to another body</p> <ul style="list-style-type: none"> - KR 2: Appropriate selection of operations - KR 4: Adequate management verifications - KR 6: Reliable system for collecting, recording and storing data for monitoring, evaluation, financial management, verification and audit purposes, including links with electronic data exchange systems with beneficiaries. <p>Concerning the Intermediate body Regione Marche</p> <ul style="list-style-type: none"> - KR 5: Effective system in place to ensure that all documents regarding expenditure and audits are held to ensure an adequate audit trail - KR 7: Effective implementation of proportionate anti-fraud measures. <p>Concerning the Intermediate body Regione Piemonte</p> <ul style="list-style-type: none"> - KR 2: Appropriate selection of operations - KR 4: Adequate management verifications - KR 5: Effective system in place to ensure that all documents regarding expenditure and audits are held to ensure an adequate audit trail. <p>Concerning the Intermediate body Regione Lombardia</p> <ul style="list-style-type: none"> - KR 4: Adequate management verifications. <p>Concerning the Intermediate body Regione Sicilia</p> <ul style="list-style-type: none"> - KR 1: Adequate separation of functions and adequate systems for reporting and monitoring in cases where

	MS	Region/ Operational programme	CCI Nr	DATE	DATE OF LIFTING	Main weaknesses identified
						<p>the responsible authority entrusts execution of tasks to another body</p> <ul style="list-style-type: none"> - KR 4: Adequate management verifications - KR 7: Effective implementation of proportionate anti-fraud measures. <p>Concerning the Certifying authority</p> <ul style="list-style-type: none"> - KR 9: Adequate separation of functions and adequate systems for reporting and monitoring in cases where the responsible authority entrusts execution of tasks to another body - KR 10: Appropriate procedures for drawing up and submitting payment applications. <p>Concerning the Audit authority</p> <ul style="list-style-type: none"> - KR 14: Adequate separation of functions and adequate systems for ensuring that any other body that carries out audits in accordance with the programme audit strategy has the necessary functional independence and takes account of internationally accepted audit standards.
1 1	IT	Puglia	2014IT16M20P002	7/8/2023	Not lifted	Deficiencies linked to key requirement 4 (adequate management verifications): lack of completion of the on-the-spot verifications of operations.
1 2	IT	Puglia	2014IT16M20P002	5/12/2023	Not lifted	Continued non-completion of on-the-spot verifications and issues with the follow-up.
1 3	IT	Research & Innovation	2014IT16M20P005	20/6/2023	18/9/2023	Deficiencies linked to KR 4 (adequate management verifications): lack of completion of the on-the-spot verifications of operations. This also lead to errors in the annual accounts.

	MS	Region/ Operational programme	CCI Nr	DATE	DATE OF LIFTING	Main weaknesses identified
1 4	RO	Human Capital	2014RO05M90P00 1	17/5/2023	Not lifted	Problem with KR4 (management verifications): The audit authority has reported a material total error rate (TER) of 8.95% and a residual total error rate (RTER) of 8.63%, both well above the materiality level of 2%.

Warning letters requesting preventive and corrective measures sent in the first quarter of 2024

None

Warning letters of possible interruption sent in 2023

	MS	Region/ Operational programme	CCI Nr	DATE	DATE OF LIFTING	Main weaknesses identified
1	FR	Guadeloupe & St.Martin	2014FR05M20P001	27/6/2023	Not lifted	Problems with KR4 (management verifications) leading to a Total Error Rate of 35.74 %; the Audit Authority is negative in its ACR- assessment, because of: <ul style="list-style-type: none"> — Conformity errors with no financial impact found due to non-compliance with Article 132 of Regulation (EU) No 1303/2013 (beneficiaries' settlement within 90 days); — Quantitative irregularities relating to the eligibility period; — Quantitative irregularities relating to missing documents; — Quantitative irregularities related to public procurement procedures.
2	FR	Guadeloupe Conseil Régional	2014FR16M00P009	16/5/2023	28/11/202 3	Deficiencies with KR4 and 7 leading to a Total Error Rate of 14.2 % due to different irregularities: <ul style="list-style-type: none"> — quantitative and non- quantitative irregularities relating to public procurement procedures;

	MS	Region/ Operational programme	CCI Nr	DATE	DATE OF LIFTING	Main weaknesses identified
						<ul style="list-style-type: none"> — quantitative irregularities related to the ineligibility of expenditure; — quantitative irregularities relating to State aid procedures; — non-quantitative irregularities due to lack of documentary evidence; — non-quantitative irregularities related to non-compliance with Article 132 of the General Regulation; — non-quantitative irregularities related to financial instruments; — incorrect output data for a performance indicator.
3	HR	Efficient HR	2014HR05M90P001	13/6/2023	4/1/2024	Deficiencies linked to KR 2 (appropriate selection of operations) for the intermediate body level 2 (IB2) National Foundation for Civil Society Development (NZRCD): deficiencies in the design of calls for proposals, substantial delays in selection of operations and low quality of evaluations of project proposals.
4	PL	Pomorskie	2014PL16M20P011	6/6/2023	Not Lifted	Deficiencies linked to KR4 (management verifications) for the managing authority and an intermediate body: In the ACR, the Audit Authority reported a high number of ineligible participants. In addition, the district prosecutor was notified by the director of the tax administration office in Gdańsk (IAS - Izba Administracji Skarbowej). Based on the information gathered, the Commission auditors have concluded that there are sufficient indications about suspicion of fraud at the level of the beneficiary.

Warning letters of possible interruption sent in the first quarter of 2024

None

Interruptions issued in 2023

	MS	Region/ Operational programme	CCI Nr	DATE	AMOUNT	DATE of LIFTING	Main weaknesses identified
1	FR	Corse	2014FR16M2OP004	8/2/23	794.753,43 €		Problems with KR 4 - Adequate management verifications: total error rate (TER) of 15,26%

Interruptions issued in Q1 2024

None

Pre-suspension letters issued in 2023

	MS	Region/ Operational programme	CCI Nr	DATE	DATE of LIFTING	Main weaknesses identified
1	ES	Castilla La Mancha	2014ES05SFOP015	6/2/2023	5/6/2023	Deficiencies linked to KR 4 - Adequate management verifications: TER (total error rate) of 19,1%. The Audit Authority detected irregularities in 15 out of the 30 operations audited and issued an adverse audit opinion (category 4).

Pre-suspension letters issued in the first quarter of 2024

None

Suspension Decisions issued in 2023

None

Suspension Decisions issued in the first quarter of 2024

None.

ANNEX 7H: 2014-2020 ESF / YEI / FEAD: Financial corrections applied by the Member States

In shared management, programme managing authorities are required to prevent irregularities by not including expenditure found to be irregular in interim payment applications submitted to the Commission. For this purpose, appropriate management verifications need to be carried out before validating the expenditure submitted by beneficiaries. Management verifications however continue even after declaring expenditure to the Commission during the accounting year (for example, on-the-spot visits to operations) and up to the preparation of the programme's annual accounts to be submitted to the Commission by 1 March at the latest, when the programme certifying authority formally certifies to the Commission that expenditure entered in the accounts is legal and regular.

The programme audit authorities audit a statistical sample of operations declared during the accounting year to the Commission. The errors found are withdrawn by programme authorities before submitting the accounts.

Taking into account the multi-annual programming in Cohesion and the fact that irregularities or other clerical errors are corrected before the legality and regularity of expenditure is formally certified to the Commission in the accounts, these financial corrections can be considered as **preventive measures safeguarding the EU budget**. Corrections intervening after accounts are submitted, identified by the Member States or at the request of the Commission, constitute **corrective measures** and are implemented in interim payment applications of subsequent accounting years.

Financial corrections reported by the programme authorities in the annual accounts

For safeguarding the EU budget, Member States implement during the year and at the latest in the accounts financial corrections following controls, audits and investigations which take place throughout the accounting year. These financial corrections are implemented in interim payment applications (column A in the table below) or at the latest in the accounts (column B in the table below), where they are reported in appendices 2 and 8 respectively. These implemented corrections result mainly from management verifications and audits carried out at national level, but also from the Commission's own audits and follow-up to ECA audits or OLAF investigations. According to the CPR Article 137(2), programme authorities can also temporarily withdraw from the accounts expenditure that is subject to an ongoing assessment, so that only legal and regular expenditure is certified. The regulation also foresees that corrections resulting from audits from the programmes' audit authorities are indicated separately in the accounts appendices, while all other amounts of corrections and temporary withdrawals are reported together.

The table below lists the total deductions (**financial corrections⁽⁵⁷⁾ and temporary deductions**) reported by the Member States in the **2021-2022 accounts** (column C), and the amounts of financial corrections stemming from the irregularities detected during the audits of operations by audit authorities (column D). Amounts are in EU public contribution.

⁽⁵⁷⁾ Withdrawn from interim payment applications or deducted from accounts.

ESF/YEI contributions withdrawn / deducted from accounts* (accounting year 2022-2023)				
MS	Withdrawals and recoveries from interim claims ("corrective")	Deductions from accounts ("preventive")	Total deductions included in the accounts	Out of which financial corrections resulting from audits of operations (by audit authorities)
	A	B	C= (A+B)	D
AT	201,165	33,508	234,673	31,717
BE	777,134	15,748,103	16,525,236	338,405
BG	826,364	832,515	1,658,880	790,308
CY	0	0	0	0
CZ	679,300	2,524,351	3,203,651	150,205
DE	2,935,110	26,819,869	29,754,979	6,988,002
DK	0	536,440	536,440	0
EE	95,473	102,282	197,756	23,131
ES	201,195	9,591,096	9,792,291	3,256,949
FI	23,277	143,145	166,423	18,471
FR	2,844,065	5,724,116	8,568,181	5,020,705
GR	2,229,067	7,442,237	9,671,303	3,150,796
HR	1,198,654	1,269,925	2,468,578	527,153
HU	4,494,461	39,009,284	43,503,745	2,137,036
IE	0	0	0	0
IT	33,597,601	12,177,714	45,775,315	2,206,367
LT	1,217,071	5,820,315	7,037,386	86,252
LU	0	4,115	4,115	4,115
LV	62,597	177,480	240,077	771
MT	42,418	3,919	46,337	99
NL	578,496	12,639	591,134	12,639
PL	3,916,689	31,669,968	35,586,656	560,555
PT	770,241	11,979,766	12,750,007	6,451,558
RO	1,934,900	7,891,565	9,826,465	1,092,536
SE	115,002	315,224	430,226	9,962
SI	567,586	1,227,570	1,795,155	194,314
SK	2,493,046	975,528	3,468,574	1,161,893
UK	3,516,242	58,167,367	61,683,608	653,762
Total	65,317,154	240,200,039	305,517,192	34,867,701

*amounts refer to EU contribution

FEAD contributions withdrawn / deducted from accounts* (accounting year 2022-2023)				
MS	Withdrawals and recoveries from interim claims ("corrective")	Deductions from accounts ("preventive")	Total deductions included in the accounts	Out of which financial corrections resulting from audits of operations (by audit authorities)
	A	B	C= (A+B)	D
BE	0	0	0	0
BG	257	0	257	0
CY	0	0	0	0
CZ	0	0	0	0
DE	58,016	324,104	382,120	56,586
DK	0	0	0	0
EE	0	0	0	0
ES	0	0	0	0
FI	0	0	0	0
FR	0	0	0	0
GR	3,605,136	299,350	3,904,487	3,901,269
HR	0	1,302	1,302	1
HU	0	284,406	284,406	284,406
IE	0	0	0	0
IT	0	5,370	5,370	0
LT	0	0	0	0
LU	0	18,002	18,002	0
LV	140	8,251	8,391	1,111
MT	0	0	0	0
NL	0	13,548	13,548	13,548
PL	522,573	259	522,832	0
PT	0	2,625	2,625	956
RO	15,950	192,177	208,126	195,861
SE	59,687	0	59,687	0
SI	0	0	0	0
SK	0	0	0	0
Total	4,261,758	1,149,395	5,411,153	4,453,738

*amounts refer to EU contribution

For the accounting year 2022-2023, the total expenditure certified in the accounts for **ESF/YEI is EUR 17.5 billion** and for **FEAD EUR 0.7 billion**. The programme authorities **deducted a total of EUR 436 million of ESF/YEI expenditure** (EUR 306 million in EU co-financing) **and EUR 6.3 million of FEAD expenditure** (EUR 5.4 million in EU contribution) from payment applications and in the accounts. These deductions protect the EU budget as they result from:

- (a) continued management verifications after the end of the accounting year and until submission of the accounts;
- (b) audits of operations by audit authorities (**EUR 34.9 and 4.5 million respectively, in EU contribution**);
- (c) financial corrections implemented at the request of the Commission (**EUR 13.3 million EU contribution**) as a follow-up to its own audits, ECA audits or OLAF investigations;

(d) amounts previously declared during the accounting year and temporarily withdrawn in view of the further assessment of their legality and regularity in application of Article 137(2) CPR (estimated to be at least 50% and 70% of the withdrawn amounts for ESF/YEI and FEAD respectively) ⁽⁵⁸⁾.

Such implemented financial corrections and temporary deductions under further confirmation of the legality and regularity of the concerned expenditure, are therefore **a powerful tool to protect the EU budget, year after year**. Since the beginning of the programming period 2014-2020, Member States deducted cumulatively EUR 4.7 billion for ESF/YEI **(EUR 3.5 billion EU contribution)** of definitive corrections and temporary deductions from the accounts **and EUR 97 million for FEAD (EUR 84 million EU contribution), including EUR 851 million of definitive financial corrections** implemented as a result of the audit authorities' work **(EUR 825 million for ESF/YEI or EUR 600 million EU co-financing and EUR 26 million for FEAD or EUR 23 million EU co-financing)**.

ESF/YEI contributions withdrawn / deducted from accounts* (cumulatively up to the 2022-2023 accounting year)				
MS	Withdrawals and recoveries from interim claims ("corrective")	Deductions from accounts ("preventive")	Total deductions included in the accounts	Out of which financial corrections resulting from audits of operations (by audit authorities)
	A	B	C=(A+B)	D
AT	263,583	13,716,695	13,980,279	242,316
BE	10,815,097	34,809,563	45,624,661	2,495,176
BG	6,554,402	4,096,364	10,650,766	2,374,365
CY	334,366	360,398	694,764	94,395
CZ	5,121,749	51,115,609	56,237,358	349,031
DE	12,191,061	109,563,719	121,754,780	25,619,153
DK	11,907	6,584,418	6,596,325	1,127
EE	760,262	6,577,424	7,337,686	229,816
ES	50,418,547	326,423,450	376,841,997	177,063,761
FI	200,766	9,358,984	9,559,749	146,571
FR	4,665,291	123,942,350	128,607,641	81,886,059
GR	35,632,162	82,848,743	118,480,905	34,081,848
HR	2,250,196	13,934,574	16,184,770	6,364,009
HU	61,594,204	753,694,393	815,288,597	33,213,527
IE	461,018	2,338,980	2,799,998	823,894
IT	60,305,062	315,338,361	375,643,423	22,867,816
LT	5,075,035	200,685,014	205,760,049	6,606,805
LU	0	4,115	4,115	4,115
LV	206,055	15,766,778	15,972,833	50,835
MT	429,410	874,969	1,304,379	22,536
NL	578,496	33,471	611,967	31,851
PL	86,908,387	334,625,497	421,533,884	11,910,544

⁽⁵⁸⁾ These amounts under ongoing assessment can be reintroduced only once the outstanding verifications have been completed and confirmed that the concerned expenditure is indeed legal and regular. Otherwise, they are transformed in definitive financial corrections implemented in the accounts.

PT	14,711,711	55,674,707	70,386,418	17,255,492
RO	7,843,196	46,769,842	54,613,038	14,436,397
SE	2,456,393	19,578,901	22,035,294	248,204
SI	3,231,815	23,716,905	26,948,720	328,560
SK	7,274,795	200,042,267	207,317,062	135,598,448
UK	24,172,325	332,664,927	356,837,252	25,408,507
Total	404,467,290	3,085,141,420	3,489,608,710	599,755,160

*amounts refer to EU contribution

FEAD contributions withdrawn / deducted from accounts* (cumulatively up to the 2022-2023 accounting year)				
MS	Withdrawals and recoveries from interim claims ("corrective")	Deductions from accounts "preventive")	Total deductions included in the accounts	Out of which financial corrections resulting from audits of operations (by audit authorities)
	A	B	C=(A+B)	D
AT	0	0	0	0
BE	101,109	309,653	410,762	207,575
BG	34,331	128,386	162,717	59,313
CY	7,705	33	7,738	33
CZ	0	0	0	0
DE	800,983	3,691,860	4,492,843	1,121,667
DK	0	81,930	81,930	78,898
EE	116,596	200,417	317,014	317,014
ES	226,184	407,447	633,631	633,631
FI	0	0	0	0
FR	4,570	8,678,009	8,682,579	5,631,106
GR	4,310,924	4,998,257	9,309,182	6,048,114
HR	18,261	1,375,386	1,393,646	237,118
HU	1,856,677	6,485,144	8,341,821	1,476,289
IE	231	669	900	1,132
IT	58,080	38,320,705	38,378,785	389,432
LT	0	0	0	0
LU	0	18,002	18,002	0
LV	938	27,119	28,058	15,718
MT	642	2,517	3,159	0
NL	11,277	69,895	81,172	24,825
PL	1,150,541	334,964	1,485,505	600,533
PT	264,336	400,045	664,381	62,421
RO	16,012	8,966,568	8,982,580	5,494,329
SE	68,039	244,506	312,545	8,780
SI	0	130,472	130,472	130,472
SK	0	0	0	0
Total	9,047,436	74,871,985	83,919,422	22,538,399

*amounts refer to EU contribution

Financial corrections imposed by DG EMPL to programmes and implemented by the Member States in the annual accounts

The corrective mechanism under Cohesion policy provides incentives for the Member States to carry out appropriate and timely financial correction before submitting accounts to the

Commission, so that they can re-use the corresponding allocations. The Commission services have also provided clear guidance to Member States to ensure that expenditure is duly withdrawn before submitting accounts, when doubts are raised about its eligibility (under Article 137(2) CPR).

DG EMPL, through its audit and supervisory role, contributes to the above preventive and corrective mechanisms. In particular, **EUR 762.2 million⁽⁵⁹⁾ (in EU contribution) financial corrections requested by DG EMPL since the beginning of the programming period and were accepted by Member States:**

(i) from DG EMPL audits: **EUR 152.0 million (EU contribution);**

(ii) from the Commission's follow-up to ECA audits: **EUR 598.9 million (EU contribution);**

(iii) from the Commission's follow-up to OLAF investigations: **EUR 11.3 million EU contribution.**

(iv) Additional corrections required to ensure a risk at closure below 2% for all programmes: **EUR 150.7 million EU contribution⁽⁶⁰⁾** (see details in the table below).

This represents **EMPL's corrective capacity as a result of the Commission' and the ECA's audit work** (the amounts corresponding to this corrective capacity are included in the total deductions from the accounts, column C in the above cumulative table).

The CPR requires DG EMPL to launch financial correction procedures each time it concludes that the national authorities failed to apply corrections in first instance, for example when it has concluded that **the confirmed residual total error rate for a programme remains material.**

In relation to **previous accounting years** and with respect to remaining residual error rates above 2% reported in previous AARs, the following additional financial corrections were carried out by EMPL, **allowing to reach an overall "risk at closure" below 2% for each accounting year** (although not for each individual programme yet, pending on-going contradictory procedures). **DG EMPL's complementary multiannual corrective capacity is effective and brings the risk at closure below 2% over time** (although taking some time due to the requirements to apply strict contradictory procedures), as indicated in previous AARs⁽⁶¹⁾.

The table therefore shows the evolution of KPI4 towards the estimated risk at closure in a given accounting year, considering the contradictory procedures for those programmes with a confirmed residual total error rate above 2%. It shows that **for all previous accounting years the risk at closure is, at this moment of the contradictory procedure with Member States, already below materiality.**

To get an exact risk at closure, the calculation of KPI4 is performed by updating for the programmes with a confirmed AAR above 2% the RTER without the impact of financial

⁽⁵⁹⁾ The increase compared to last year is explained by additional corrections in the year and from previous years not covered by last year's reporting.

⁽⁶⁰⁾ This amount cannot be added to the amounts of corrections following EC and ECA audits as they might have the same source and would therefore be counted twice.

⁽⁶¹⁾ The table refers only to those programmes which were reported with a RTER above 2% in previous AARs and which are considered for the calculation of the KPI4 following the complete audit cycle. All other cases are followed-up on a case-by-case basis to ensure that at closure no operational programme remains with a material residual total error rate.

instrument advances. For example, if a programme at the moment of publication of the AAR 2020 had a RTER of 3% and now has implemented the required financial corrections to bring the RTER to 2%, the updated RTER (without impact of FIs) is fed into the calculation. The RTER is not updated systematically for all programmes, only for those mentioned in column C of the below table. The recalculated risk at closure, taking into account the final error rate after contradictory procedure, is compared to the risk at closure estimated in previous AARs.

Table: Follow-up of programmes with RTER above 2% and updated risk at closure from previous AARs.

AAR	Acc. year	Number of programmes concerned	Additional audit work proving RTER<2% (no correction needed)	Financial corrections accepted with RTER<2% after corrections	Financial corrections on-going to ensure a RTER<2%	Estimated RTER (KPI)	Additional corrections applied at this stage of the contradictory procedures ⁽⁶²⁾	Risk at closure at this stage of the planned contradictory procedures ⁽⁶³⁾
A	B	C	D	E	F	G	H	I
2018	2016-2017	11 (4 MS)	6 (3 FR, 2 IT, 1 LT)	5 (DE, 2 FR, 2 IT)	-	1,53%	EUR 18.1 million	0,76% (estim. 0,89%)
2019	2017-2018	18 (7 MS)	6(2 FR, 1 IT, 1 PL, 2 UK)	10 (1 BE, 2 DE, 1 FR, 3 IT, 1 LT, 2 PL)	2 (2 IT)	1,67%	EUR 23.7 million	1,16% (estim. 1,25%)
2020	2018-2019	37 (12 MS + UK)	8 (3 ES, 2 FR, 1 IT, 1 MT, 1 UK)	26 (1 BE, 1 CY, 1 DE, 18 EL, 1 HR, 1 HU, 1 IT, 2 PL, 1 SK)	2 (2 IT)	1,43%	EUR 19.5 million	1,16% (estim. 1,25%)
2021	2019-2020	48 (9 MS)	5 (1 FR, 2 IT 1 PL, 1 SK)	20 (2 ES, 3 FR, 2 IT, 2 PL, 10 PT, 1 SI)	23 (17 EL, 1 FR, 4 IT, 1 LV)	1,70%	EUR 140.7 million	1,41% (estim. 1,4%)
2022	2021-2021	22 (9 MS)	5 (1 CZ, 1 IT, 2 PL, 1 SK)	6 (4 FR, 1 PL, 1 PT)	11 (1 BE, 3 ES, 1 FR, 5 IT, 1 LU)	1,87%	EUR 40.2 million	1,48% (estim. 1,2%)
2023	2022-2023	36 (9 MS ⁽⁶⁴⁾)	N/A	N/A		1,64%	-	estim. 1,26%
TOTAL AAR 2018 - 2023							EUR 242,1 million (total cost) EUR 150,7 million (EU contribution)	

Financial corrections procedures by the Commission

Financial correction decisions adopted by the Commission reduce the Funds' contribution to the programmes, i.e. they are always net. Such financial correction procedures incorporate steps providing the concerned Member State with ample possibilities to demonstrate the exact scope or impact of the alleged deficiencies. During such contradictory procedure, the

⁽⁶²⁾ Amounts in EU contribution.

⁽⁶³⁾ Recalculated risk at closure for AARs of previous years after additional verifications and financial corrections were implemented.

⁽⁶⁴⁾ AT, CZ, EL, HR, HU, it, LU, PL and PT

Commission may drop some findings or the Member State may accept to perform corrections. In the latter case, these corrections would in principle not be net and the Member State will be able to replace them with eligible expenditure for other eligible projects. No need for such formal Commission decisions on financial correction occurred in 2022, since Member States appropriately carried out all corrections requested by the Commission.

Furthermore, the CPR provides that the Commission shall apply **net financial corrections**, should **serious deficiencies** in the management and control system of the Member State be identified by the Commission audits or the European Court of Auditors after the accounts were submitted, and which were not identified, reported and corrected by the Member State's authorities. In this case, even if the Member State accepts the proposed corrections during the financial correction procedure, these corrections reduce the Funds allocations to the concerned programme, i.e. they are net. It should be noted, however, that **the provisions for net financial corrections adopted by the co-legislators in the 2014-2020 Common Provisions Regulation are subject to strict cumulative legal requirements, considerably limiting their scope of application** and in practice leading to considerable challenges in applying net financial corrections. In a first step, the Commission auditors shall find evidence of irregularities demonstrating a serious deficiency in the functioning of the management and control system. Then the Commission auditors must establish that the serious deficiency has not already been a) detected, b) reported, and c) subject to appropriate measures by the Member State prior to the date of detection by the Commission or the European Court of Auditors.

DG EMPL has not applied any net financial corrections till end 2023, the Commission's assessment being that the conditions to impose such net financial corrections were not met.

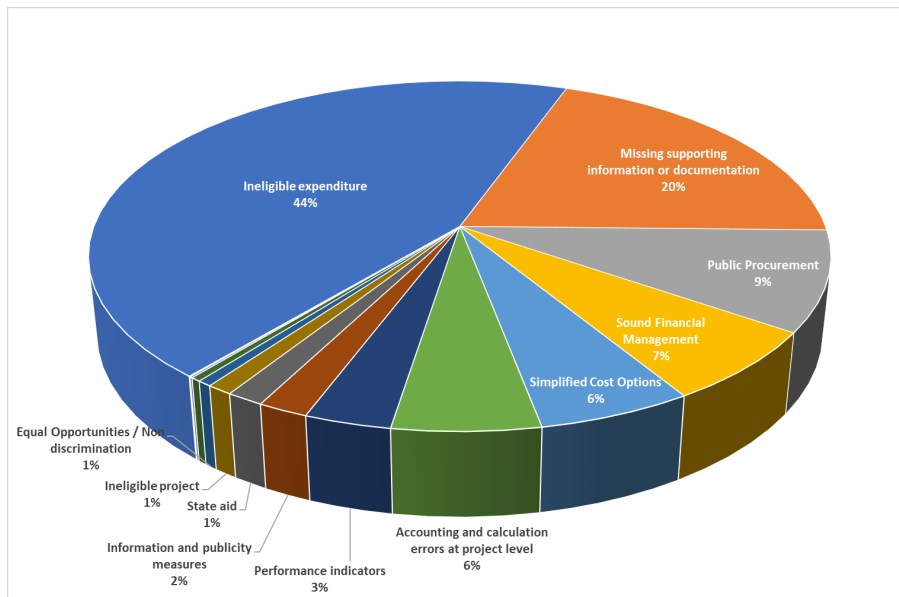
ANNEX 7I: 2014-2020 ESF / YEI / FEAD: Typologies of irregularities reported by Member States with the 2020-2021 assurance packages and by DG EMPL auditors

1) Typologies of irregularities reported by Member States in their 2022 annual control reports related to the 2021-2022 assurance packages

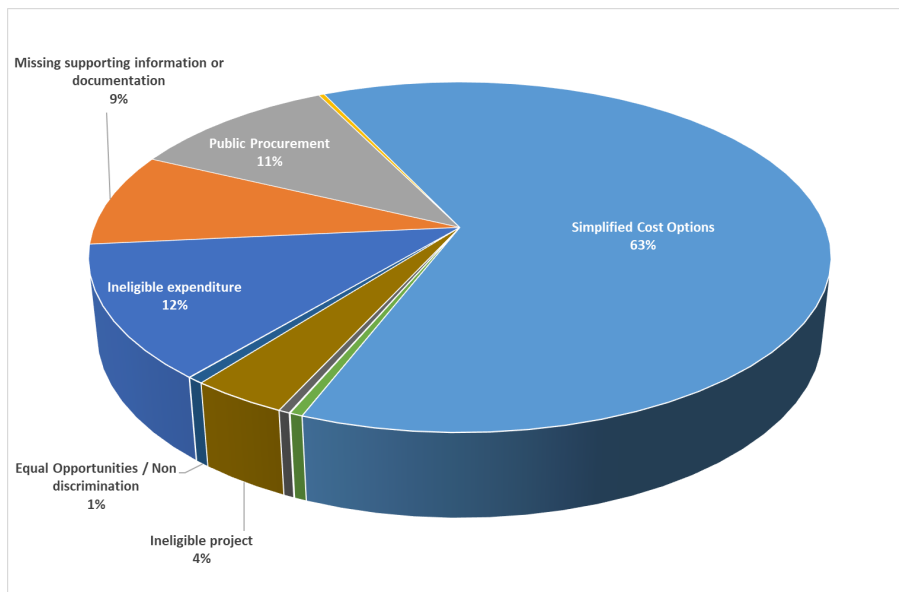
Category	Frequency		Amount of the irregularities (in total costs in million EUR)
	number of cases	percentage of cases	
Ineligible expenditure	821	44.38%	6.16
Missing supporting information or documentation	367	19.84%	4.30
Public Procurement	171	9.24%	5.29
Sound Financial Management	123	6.65%	0.14
Simplified Cost Options	107	5.78%	31.38
Accounting and calculation errors at project level	102	5.51%	0.24
Performance indicators	60	3.24%	0.02
Information and publicity measures	35	1.89%	0.00
State aid	26	1.41%	0.21
Ineligible project	18	0.97%	1.81
Equal Opportunities / Non discrimination	10	0.54%	0.31
Data protection	7	0.38%	0.00
Revenue Generating projects	2	0.11%	0.00
Financial instruments	1	0.05%	0.01
Total:	1,850		49.86

Audit authorities' results (% of total)

Frequency of cases



Amounts



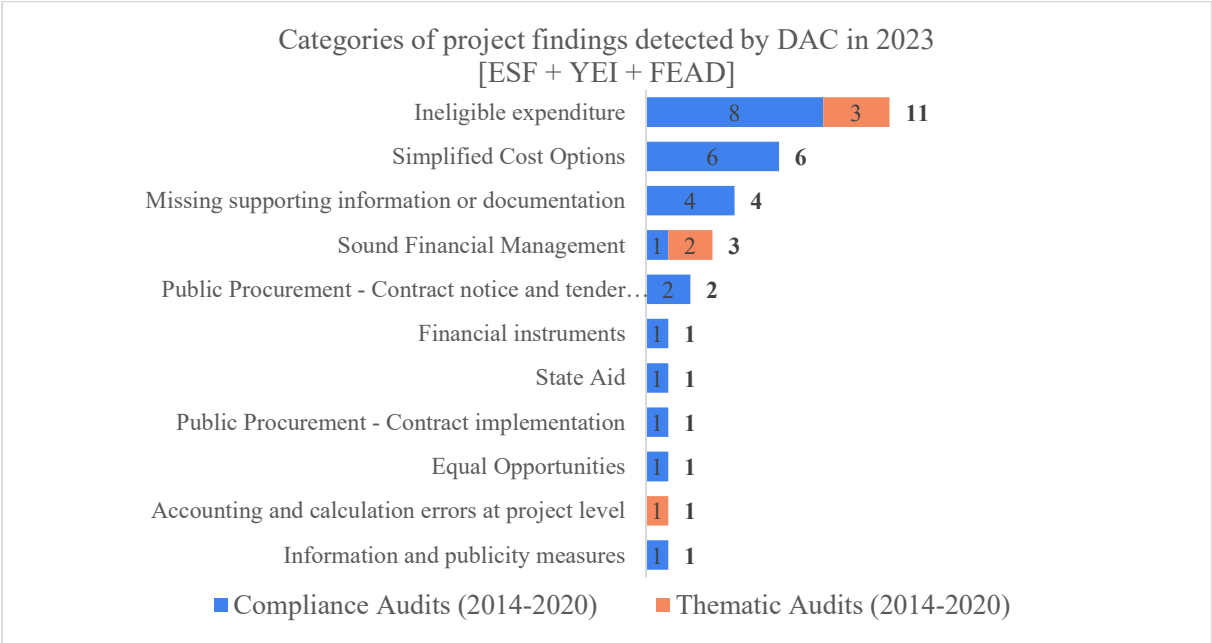
2) Typologies of irregularities reported in DG EMPL audits in 2023

The different types of DAC audits carried out in 2023 for ESF/YEI/FEAD programmes (excluding fact-finding missions) led to the identification of **72 system findings** and **32 project findings** with detected irregular amounts of EUR 1,13 million in relation to the 139 operations audited as part of re-performance audits (frequency of 23%). In line with the joint typology of errors shared with audit authorities, the majority of the ESF/YEI and FEAD project findings, pending on-going contradictory procedures, relate to ineligible expenditure (34%), SCOs and their implementation (19%), followed by missing supporting information/documentation (loss of audit trail, 12%) (see below graph for more details).

ESF/YEI/FEAD audits in 2023:

158 operations audited
(139 from re-performance audits, 19 from fact finding missions)

72 System findings
32 Project findings



These irregularities are consistent with the recurrent main risk areas identified for the ESF/YEI and FEAD implementation by the audit authorities and also by the ECA. They also demonstrate the need for continuous improvements in the work of both audit and managing authorities in these areas and prove that although simplified cost options and financing not linked to costs schemes are less error prone, their implementation needs to be well monitored. The DAC will continue in 2024 to work with the concerned programme authorities to improve their detection capacity and will continue to share with all audit authorities the types of errors not detected at their level in order to help reinforce their capacity.

ANNEX 7J: 2007–2013 ESF programmes: Assurance at closure

A. Overview closure and residual error rates

Closure is a threefold process involving different parts of the Directorate General (implementation, audit, financial part) which results in the financial settlement of outstanding Union commitments through payment of the final balance to the appointed authority or issue of a debit note and/or decommitment, as appropriate. The closure of programmes does not prejudice the Commission's right to impose financial corrections.

If there are no pending issues identified in the programme or all pending issues have been resolved, the final balance can be determined and paid. Consequently, a **closure letter** can be sent accepting the closure documents. However, if there are pending issues (such as on-going OLAF/national investigations, open audit findings, pending recoveries, etc.) identified in the programme, the final balance cannot yet be determined, the Commission pays only the uncontested amount to the Member State. A **pre-closure letter** shall be sent. Once the pending issues are resolved, a closure letter can be sent to the Member State.

At closure, the control objective is to ensure that the residual risk of each programme does not exceed 2% on a cumulative basis and that, where this is the case, the necessary additional financial corrections are applied. Therefore, this ultimate filter ensures that no material level of error exists in the co-funded expenditure.

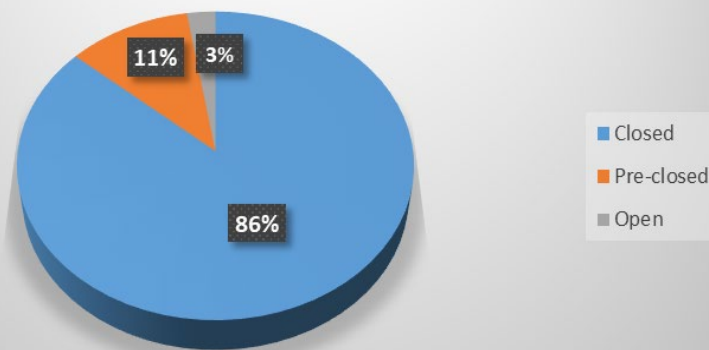
In 2023, DG EMPL assessed the additional information provided by Member States for the closure of the remaining 2007–2013 ESF programmes and could close in 2023 one additional programme for which an amount of EUR 11.8 million was recovered.

Table 3: Closure of 2007–2013 programmes

Indicator	2023
Number of programmes (pre)closed at 31/12/2023	13
Remaining allocation to settle (RAL) at 1/1/2023 (in EUR million)	268
Remaining allocation to settle (RAL) at 31/12/2023 (in EUR million)	267

Three ESF programmes remain open, out of which two in Romania and one in Italy. For the two remaining Romanian programmes serious issues and litigations remain and therefore the Commission cannot authorise the closure payment yet. Therefore, DG EMPL continues to monitor and follow-up the advancement of the mentioned issues for the two remaining Romanian programmes with the managing authorities to (pre)close them as soon as possible. However, the final payment for these programmes will only take place when the required level of financial corrections is accepted and implemented by the Member States (or through a Commission decision). Therefore, no payment was made in 2023 in relation to the two still open programmes. By end December 2023, 115 programmes were fully closed (102 or 86%)

Overview Closure programmes 2007-2013

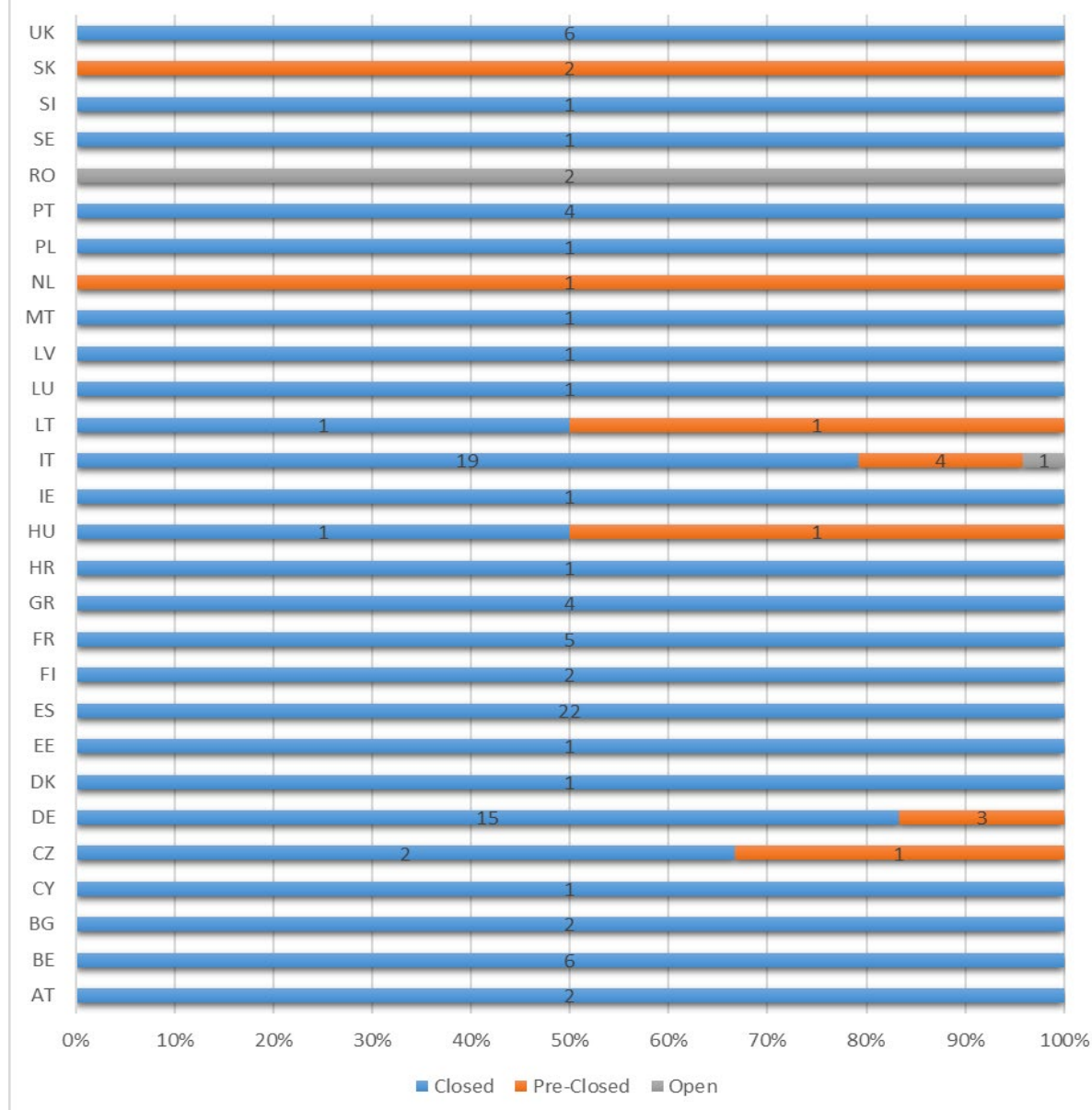


or pre-closed (13 or 11%) so far, representing 97% of the total 118 programmes. Only three programmes (3%) remain fully open due to pending issues, as shown in the pie chart.

For the 13 programmes with pre-closure, the Commission agreed to

make a partial closure payment covering only the uncontested amounts, and withheld any expenditure affected by potential irregularities or on-going investigations at national (pending recoveries, fraud investigations, administrative/court proceedings) or EU level. The majority of these pre-closed programmes are affected by on-going procedures at national level for which it is difficult to predict the date of full closure.

STATE OF CLOSURE AS OF 31/12/2023



Closure declarations and final control reports contain a synthesis of all EU and national audit work carried out during the programming period to monitor and mitigate irregularities and risks identified throughout implementation. On its side, during the 2007-2013 programming period, EMPL's audit directorate has built up significant knowledge of the effective functioning of management and control systems at national/regional level both from monitoring and analysing the work carried out by the audit authorities, and from its over 338 audits in the Member States under different audit enquiries, in line with its audit strategy:

Enquiry planning memorandum	Number of audits
Review of the work of audit authorities	75
Monitoring of Article 73	11
Fact finding audits on annual control reports and final control reports	102
System audits	38
Management verifications, follow-up and others	61
Reliability of reporting of withdrawals and recoveries	28
Financial instruments	6
Preparation for closure audits	17
TOTAL	338

Taking into account all additional financial corrections implemented after closure and up to end 2023, DG EMPL is able to conclude that the residual risk rate applied to the expenditure certified for the whole 2007-2013 period is now 0.6%. The list of the 2007-2013 ESF programmes with error rates/residual risk rates and closure status is presented below. This low updated residual risk at closure confirms the effective implementation of the programmes multi-annual corrective capacity and that closure acted as an additional filter to correct any remaining material level of errors.

The below list shows de 2007-2013 ERDF / CF programmes that are still open or have been closed /pre-closed in 2023) with its corresponding error rates.

MS	MS Name	Ref	Title	Reservation AAR 2023	Closure status at end 2023	Relevant expenditure 2023 (in mln Eur)	Residual error rate validated by DAC	Rate of risk on payment
AT	Austria	2007AT052P0001	Beschäftigung	-	Closed	-	1.20%	-
CZ	Czechia	2007CZ05UP0002	Vzdělávání konkurenceschopnost pro	-	Pre-closed	-	0.46%	-
DE	Germany	2007DE051P0001	Brandenburg	-	Pre-closed	-	0.55%	-
DE	Germany	2007DE051P0004	Sachsen	-	Pre-closed	-	0.00%	-
DE	Germany	2007DE051P0005	Sachsen-Anhalt	-	Pre-closed	-	1.40%	-
HU	Hungary	2007HU05UP0001	Revitalisation sociale	-	Pre-closed	-	1.04%	-
IT	Italy	2007IT051P0002	Calabria	-	Open	-	2.00%	-
IT	Italy	2007IT051P0003	Sicilia	-	Pre-closed	-	0.49%	-
IT	Italy	2007IT051P0005	Puglia	-	Pre-closed	-	1.34%	-
IT	Italy	2007IT052P0001	Abruzzo	-	Pre-closed	-	0.00%	-
IT	Italy	2007IT052P0004	Lazio	-	Pre-closed	-	1.79%	-
LT	Lithuania	2007LT051P0002	Technical Assistance	-	Pre-closed	-	0.27%	-
NL	The Netherlands	2007NL052P0001	Operationeel Programma ESF 2007-2013	-	Pre-closed	-	1.25%	-
RO	Romania	2007RO051P0001	Human Resources Development	-	Open	-	2.00%	-
RO	Romania	2007RO051P0002	Administrative Capacity Development	-	Open	-	0.00%	-
SK	Slovakia	2007SK05UP0001	OP Education	-	Pre-closed	-	1.25%	-
SK	Slovakia	2007SK05UP0002	OP Employment and Social Inclusion	-	Pre-closed	-	0.92%	-

B. Safeguarding the EU budget by corrective actions, 2007-2013 programmes

The purpose of financial corrections is to ensure that the risk on the legality and regularity of the expenditure declared for co-financing at programme level is below materiality, either through corrections of individual irregularities detected or through extrapolated corrections in case of material representative error rates. These must be based on evidence. The Commission bears the (initial) burden of proof for system deficiencies, irregularities and breaches of the obligations under Articles 98 and 15(4) ⁽⁶⁵⁾ of Regulation (EC) No 1083/2006.

Financial corrections as a result of the Commission supervisory role (2007-2013)

Indicator	2023 (EUR million)	Cumulative since 2007 (EUR million)
Financial corrections as a result of the Commission supervisory role (Decided/Confirmed) ⁽⁶⁶⁾	11.1	1660.7
Financial corrections as a result of the Commission supervisory role (implemented)	11.8	1 591.4
Rate of implementation of financial corrections 2007-2013		95.8%

Out of the total of **EUR 11.8 million** financial corrections implemented in 2023 in respect of the pre-2014 programming periods, **EUR 7.7 million** were implemented by recovery orders and **EUR 4.1 million** by deduction at closure.

The amount of financial corrections reported above do not reflect the total amount of corrections accepted by Member States as a result of the Commission's supervisory role. Remedial action plans are requested by the Commission from Member States when deficiencies are identified. These also have a **preventive effect** on expenditure already incurred by beneficiaries and registered at national level in the certifying authority's accounts, but not yet declared to the Commission. For such expenditure, the certifying authority applies the financial correction requested by the Commission prior to declaring expenditure ('ex ante' or 'at source'). Expenditure declared to the Commission is therefore net from irregular amounts.

The detailed financial corrections 2007-2013 by Member State are presented below:

1. Commission supervisory role - Financial corrections confirmed/decided in 2023 (excluded at source corrections) by programming period, in EUR million

(adjustments/corrections to reporting of previous years are directly reflected in the cumulative amounts)

Member State	1994-99	2000-06	2007-13	Total
	Cumulative end of 2023	Cumulative end of 2023	Cumulative end of 2023	Cumulative end of 2023
Austria	1.5	3.4	0.6	5.5
Belgium	12.4	10.7	13.7	36.8
Bulgaria			5.9	5.9
Croatia				
Cyprus			1.9	1.9
Czech Republic			69.9	69.9
Denmark				

⁽⁶⁵⁾ The Communications on the protection of the EU Budget is integrated in the Annual Management and Performance report (AMPR).

⁽⁶⁶⁾ Excluding financial corrections at source.

Member State	1994-99	2000-06	2007-13	Total
	Cumulative end of 2023	Cumulative end of 2023	Cumulative end of 2023	Cumulative end of 2023
Estonia		0.8		0.8
Finland	0.1		0.4	0.5
France	45.6	371.5	75.5	492.6
Germany	1.9	26.1	78.7	106.7
Greece		20.3	93.9	114.2
Hungary		8.2	46.6	54.8
Ireland	28.3	3.4	21.3	53.0
Italy	126.5	769.3	112.9	1008.7
Latvia		3.2	4.5	7.7
Lithuania				
Luxembourg	4.1	1.8		5.9
Malta			0.9	0.9
Netherlands	159.7	43.8		203.5
Poland		53.9	157.6	211.5
Portugal		9.2	15.7	24.9
Romania			461.2	461.2
Slovakia		2.9	60.6	63.5
Spain	181.2	877.6	375.7	1434.5
Slovenia		1.9	0.1	2.0
Sweden		11.5	0.4	11.9
United Kingdom	8.8	163.9	62.8	235.5
TOTAL	570.1	2 383.4	1 660.7	4 614.2
Implemented	570.1	2 383.4	1 591.4	4 544.9
%	100%	100%	95.8%	98.5%

2. Commission supervisory role - Financial corrections implemented in 2022 (excluded at source corrections) by programming period, in EUR million
(adjustments/corrections to reporting of previous years are directly reflected in the cumulative amounts)

Member State	1994-99	2000-06	2007-13	Total
	Cumulative end of 2023	Cumulative end of 2023	Cumulative end of 2023	Cumulative end of 2023
Austria	1.5	3.4	0.6	5.5
Belgium	12.4	10.7	13.7	36.8
Bulgaria			5.9	5.9
Croatia				
Cyprus			1.9	1.9
Czech Republic			69.3	69.3
Denmark				
Estonia		0.8		0.8
Finland	0.1		0.4	0.5
France	45.6	371.5	75.5	492.6
Germany	1.9	26.1	78.6	106.6
Greece		20.3	93.9	114.2
Hungary		8.2	46.6	54.8
Ireland	28.3	3.4	21.3	53
Italy	126.5	769.3	44.3	940.1
Latvia		3.2	4.5	7.7
Lithuania				
Luxembourg	4.1	1.8		5.9
Malta			0.9	0.9
Netherlands	159.7	43.8		203.5
Poland		53.9	157.6	211.5
Portugal		9.2	15.7	24.9

Member State	1994-99	2000-06	2007-13	Total
	Cumulative end of 2023	Cumulative end of 2023	Cumulative end of 2023	Cumulative end of 2023
Romania			461.2	461.2
Slovakia		2.9	60.6	63.5
Slovenia		1.9	0.1	2
Spain	181.2	877.6	375.7	1 434.5
Sweden		11.5	0.4	11.9
United Kingdom	8.8	163.9	62.8	235.5
TOTAL	570.1	2383.4	1591.4	4 544.9

Annex 7K: 2021-2027 ESF+: Error rates

#	MS	CCI	OP title	Relevant expenditure 2023	DAC reportable RTER	Reservation Y/N
1	AT	2021AT05SFPR001	ESF+ materielle Deprivation Kontrollbericht 2024	2,248,943.11	0.00%	N
2	BG	2021BG05SFPR002	Human Resources Development Programme	10,087,465.35	0.00%	N
3	BG	2021BG05SFPR003	Food and Basic Material Support Programme	12,837,389.12	0.00%	N
4	CZ	2021CZ05FFPR001	Johannes Amos Comenius	36,722,761.09	0.29%	N
5	CZ	2021CZ05SFPR001	Employment+	4,526,201.44	0.00%	N
6	DE	2021DE05SFPR001	Programme ESF Plus 2021 - 2027 Bund	6,145,008.50	1.12%	N
7	DE	2021DE05SFPR006	Programme ESF Plus 2021 - 2027 Bremen	11,436,053.09	0.26%	N
8	DE	2021DE05SFPR010	Programme ESF Plus 2021 - 2027 Rhineland-Palatinate	4,733,947.10	0.46%	N
9	EE	2021EE16FFPR001	Programme for Cohesion Policy Funds 2021-2027	5,552,283.08	2.00%	N

10	EL	2021EL16FFPR006	Anatoliki Makedonia, Thraki	14,032,188.57	2.00%	N
11	EL	2021EL16FFPR007	Kentriki Makedonia	1,371,139.24	2.00%	N
12	EL	2021EL16FFPR008	Thessalia	3,217,573.15	2.00%	N
13	EL	2021EL16FFPR009	Ipeiros	619,291.59	2.00%	N
14	EL	2021EL16FFPR010	Dytiki Ellada	2,749,575.08	2.00%	N
15	EL	2021EL16FFPR012	Stereia Ellada	3,740,944.03	2.00%	N
16	EL	2021EL16FFPR014	Ionia Nisia	1,966,645.74	2.00%	N
17	EL	2021EL16FFPR018	Notio Aigaio	2,453,791.81	0.00%	N
18	FR	2021FR16FFPR018	Programme Auvergne- Rhône-Alpes and territories Rhône Saône and Massif Central ERDF- ESF+-JTF 2021-2027	0.00	2.00%	N
19	HU	2021HU16FFTA001	Implementation Operational Programme Plus	62,986,393.72	0.10%	N
20	IT	2021IT05SFPR012	RP Piemonte ESF+ 2021- 2027	17,817,242.43	0.00%	N

21	LT	2021LT16FFPR001	Programme for the European Union funds' investments in 2021-2027	1,223,336.05	2.00%	N
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Annex 7L: Legality and regularity of other management modes

Legality and regularity of the EGF transactions

According to Regulation (EU) No 2021/691 of the European Parliament and Council of 28 April 2021 on the European Globalisation adjustment Fund for Displaced Workers (EGF) and repealing Regulation (EU) No 1309/2013, the fund supports workers who lose their jobs in large scale restructuring events and helps them in their job transitions from 1 January 2021 onwards.

The legality and regularity indicator is based on the result of audits selected on a risk-based approach and carried out in a three-year period (to obtain meaningful results, only one or two audits being carried out per year due to the limited expenditure at stake each year).

In 2023, the Commission carried out one audit selected on a risk-based approach. The amount audited was EUR 1.9 million representing 32% of the total population sampled. Based on preliminary findings, the Commission’s auditors did not identify deficiencies or irregularities relating to the implementation of actions with financial impact. On a three-year basis, and taking the 2023 results, the average error rate is estimated at 0.18%.

Therefore, based on the above assessment DG EMPL has reasonable assurance as regards EGF expenditure in 2023.

Legality and regularity of the (in)direct management transactions

The following points form the building blocks of DG EMPL’s assurance:

Table: Programming, evaluation, selection of proposals and contracting

Indicator	2023 (coverage)
Direct Management	
Procurement	
Validation of procurement procedures by the financial unit prior to publication	90%
Formal opinion given by the financial unit before award	90%
Grants	
Validation of calls for proposals by the financial unit prior to publication	100%
Formal opinion given on evaluation process by the financial unit before informing the beneficiaries	100%
Indirect Management	
Validation of actions in the annual work programme (relevance and compliance)	100%
Number litigation cases	0

DG EMPL produces annual financing decisions, which specify the activities that will be undertaken to implement the budget in support of policy objectives defined in legal bases. The programming process starts with a top-down definition of policy priorities. Specific activities subsequently proposed by authorising officers by sub-delegation are consolidated and examined by the (i) budget and planning cycle unit and the (ii) financial implementation

and procurement centre unit from two perspectives: their relevance as regards policy priorities and their compliance with the rules defined in the Financial Regulation for grants and contracts.

In 2023, DG EMPL used the e-grants IT system to launch open call for proposals and most of its direct grants. E-grant was also used to manage projects, related payments and decommitments. Simplified cost options are used for the presidency conferences financed from the new multiannual financial framework and for the open call for EaSI national contact points. Simplified cost options defined in Commission decision C/035 are used in grants to cover travel and subsistence costs. DG EMPL’s procedures ensure that the selection of projects and supplies comply with the sound financial management principles and effectively meet policy objectives.

DG EMPL exercises control through the following:

D.1 Grants

Prior to the publication or release of invitation letters, all calls for proposals and direct grants are systematically verified by the financial implementation and procurement centre unit for completeness, coherence and compliance with the rules. The procedure has been redefined and made available to the Operational Units in charge, following the switch to the new corporate grant management IT system (e-grants).

The evaluation reports as well are systematically verified prior to the award decision or to the release of the evaluation result letters, in case of grants managed in e-grants, and the approval of related budgetary and legal commitments.

D.2 Procurement

Contract notices, technical specifications, and invitations to tender for procedures above EUR 60 000 are systematically verified prior to publication for completeness, coherence and compliance with the rules.

Evaluation reports for open tender procedures, negotiated procedures and reopening of competition procedures are also verified prior to award and commitment by the financial implementation and procurement centre unit.

D.3 Indirect Management

In 2023 DG EMPL signed 15 contribution agreements in indirect management mode for a total value of 42.523.100 EUR (including 2022 activities from global commitments). Invitation letters and evaluation reports before entrustment of pillar-assed entities are verified by the financial implementation and procurement centre unit for completeness, coherence, and compliance with the rules.

Table: Monitoring the execution

Indicator	2023 (coverage)
Grants	
Percentage of transactions verified by operational and financial agents	100%
Percentage of ex-ante in depth check of final cost claims	55%
Error rate	0.30%
Procurement	

Percentage of transactions verified by operational and financial agents	100%
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For grants and procurement DG EMPL carries out preventive and corrective controls at the various phases of implementation of projects. At closure phases, final reports are analysed by operational officers to verify conformity of the implemented actions/deliverables with the contractual provisions, including cross-checking the final accounts and the final report on the implementation of the action.

For grants final cost claims are checked by financial officers on a risk-based approach to, among others, verify the eligibility of the costs and conformity with the initial budget, detect arithmetical errors and miscalculation of the co-financing.

The error rate for such ex-ante controls (management verifications) at cost claim level remains stable between 0.28% and 0.35%. It remains largely below the 2% rate.

Table: Ex post controls - Audit work

Indicator (*)	2023
Ex post audits carried out	16 Commission audits 4 Outsourced audits
% amount controlled by ex post audit vs. total amount	31%
Error rate grants	1.49% (2.24% including a specific file identified as high risk by ex-ante controls)

(*) based on audit plan 2023.

Ex post audits were carried out on the grant projects that have been closed by the operational units of DG EMPL in the reporting year.

As regards these grants, for selecting the sample of transactions to be controlled on the spot, the DAC selected first a random sample. In addition, following risks specifically related to a beneficiary identified during ex-ante controls carried out in the previous year (two contributions in kind claimed in financial reports for the same beneficiary), a complementary risk-based sample was selected at the request of the ex-ante controllers and audited on the spot (resulting in corrections due to the specific co-funding system this beneficiary had applied, as identified by ex-ante controls).

For 2023, the error rate of the random sample is 1,49%. The total error rate for grants, including the complementary risk-based sample is 2.24%. The material errors found in this beneficiary shows that the internal control system, and in particular the ex-ante controls, worked and prevented DG EMPL from reimbursing irregular expenditure.

When measuring against the 2% materiality level, DG EMPL calculates the weighted average error rate from the audited sample (grants) and complements the information by a qualitative analysis of the origin, nature, impact, and coverage of the errors found before issuing any reservation. Considering the above, and the weighted average error on a three-year basis of 1.11%, DG EMPL has reasonable assurance on the legality and regularity of direct management expenditure and no reservation is issued.

Legality and regularity of the transactions in relation to the budget implementation tasks entrusted to other services and entities

DG EMPL has entrusted parts of its budget for indirect management implementation to five

decentralised agencies, to ECHA (EUR 975 000 in the framework of an ongoing Service Level Agreement an amount) and to the European Investment Fund. In all these cases, the DG’s supervision arrangements are based on the principle of controlling ‘with’ the relevant entity.

Decentralised agencies

DG EMPL acts as a parent DG for five decentralised agencies to which it has provided annual subsidies. On top of the subsidies paid out to the decentralised agencies, DG EMPL has also made a payment to EUROFOUND for a contribution agreement amounting to EUR 125 000, but also for a service level agreement to ETF amounting to EUR 1 425 000. The table below summarizes the subsidies provided in 2023:

Table: Subsidies paid by DG EMPL to decentralised agencies

Agency	Amount paid in 2023 (in EUR million)
CEDEFOP	20.1
ELA	27.7
ETF	22.6
EU-OSHA	16.7
EUROFOUND	23.6
Total	110.7 million

Although the **decentralised agencies have full responsibility for their own management**, a number of monitoring, reporting and supervising arrangements allow DG EMPL to build assurance in regard to their management, as detailed in annex 13.

The latest declarations of assurance of the agencies’ directors in their annual activity reports contain no reservations.

DG EMPL has not been made aware of any issues related to legality and regularity, sound financial management, or of any fraud affecting its contribution payments.

European Investment Fund

The EaSI guarantee financial instrument and the EaSI Capacity building are implemented through indirect management by the European Investment Fund based on Delegation Agreements signed with the Commission. In 2023, an amount of EUR 6.6 million was transferred to the European Investment Fund in relation to these instruments.

In line with the Delegation Agreements, the European Investment Fund submits to the Commission:

- a management declaration of assurance annexed to the financial statements;
- a summary report on audits and controls carried out in the reporting period, including an analysis of the nature and extent of errors and weaknesses identified and any corrective actions taken or planned;
- an independent audit opinion on the management declaration and the summary report on audits and controls.

Based on the reporting made by the European Investment Fund for 2023, no particular issues were observed that would need to be addressed in this annual activity report.

Annex 7M: Fraud prevention and detection

During the first half of 2023, all actions planned by the CAFS were successfully implemented or were continuously being implemented. During the same semester, the CAFS Action Plan was reviewed to adapt it to the new challenges putting strain on the EU budget. The actions carried out during the year included the following key anti-fraud measures:

- Review and improve the ARACHNE risk scoring tool. Continue to promote its use among Member State authorities.
- Provide technical assistance to Member States through various spending programmes, including the EU Anti-Fraud Programme.
- Encourage Member States to put in place national anti-fraud strategies, provide advice and support in this respect and, where appropriate and possible, reinforce Member States' obligations throughout the anti-fraud cycle.
- Continuously promote the better documentation in audit work (check lists) and report (in annual control reports) on the actions taken by auditors to identify fraud red flags.
- Encourage programme authorities to better report irregularities in IMS, for further analysis.
- Promote integrity pacts for safeguarding EU funds against fraud and corruption.
- Closely and regularly follow up with Member States OLAF's financial recommendations. See more details below.
- Develop cooperation with EPPO services to improve the level of information available to the DG so that it can take the required precautionary measures to protect the EU budget and provide the required information, when investigations are open.

Regarding the JAFS, in 2023 the following key anti-fraud measures were implemented:

- The European Institute Public Administration (EIPA), organised trainings, which were provided by experts with the participation of the DAC and were followed by practitioners from almost all Member States.
- DG EMPL participated with OLAF in 5 antifraud network meetings (FPDNet), in 7 bilateral meetings targeting specific fraud cases and in other meetings on more general topics, allowing to enhance its knowledge basis and to increase cooperation on fraud prevention.
- In order to support the programme authorities in strengthening their work to identify and prevent fraud and corruption affecting cohesion policy funds, the European Commission invited Member States to make systematic use in the project selection, award and implementation phases of the Commission data-mining and risk-scoring tool ARACHNE and in particular of its newly released ex ante module (as per Action No2 of JAFS). The use of the tool, which remains currently voluntary, can help the programme authorities to identify, among others, possible risks of irregularities and fraud.

- A webinar and a presentation to Interreg authorities on conflict of interest took place in May and June 2023.
- Technical support and training were provided in 2023 to Member States authorities on identifying and preventing fraud and corruption in 2014-2020 ESI Funds, on anti-fraud strategies and on fraud risk management in Cohesion policy.

In relation to a continued supervision on the effective implementation of enhanced requirements in Article 61 of the 2018 Financial Regulation about **measures to prevent conflict of interest**, the DAC continued to carry out targeted thematic audits to verify the effective implementation of mitigating actions by Member States in relation to programmes considered at risk. In 2023, the DAC carried out or initiated three risk-based audits to assess the measures in place to avoid conflict of interest (in IT, CY, HR) . For the programmes audited DAC considered that overall measures are in place to avoid conflict of interest, subject to some recommendations for further improvements in the systems (see audit results in annex 7F).

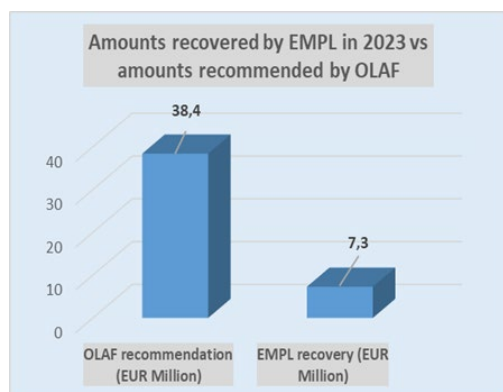
Ongoing OLAF cases

As of 31/12/2023, DG EMPL was monitoring 36 ongoing OLAF cases. More in detail:

- 15 cases were under investigation: OLAF was still investigating the case before issuing the Final Case Report;
- 21 cases were in their "follow up phase": OLAF issued a Final Case Report and DG EMPL was working on the related follow-up. This includes 9 new Final Case Reports sent to DG EMPL in 2023.

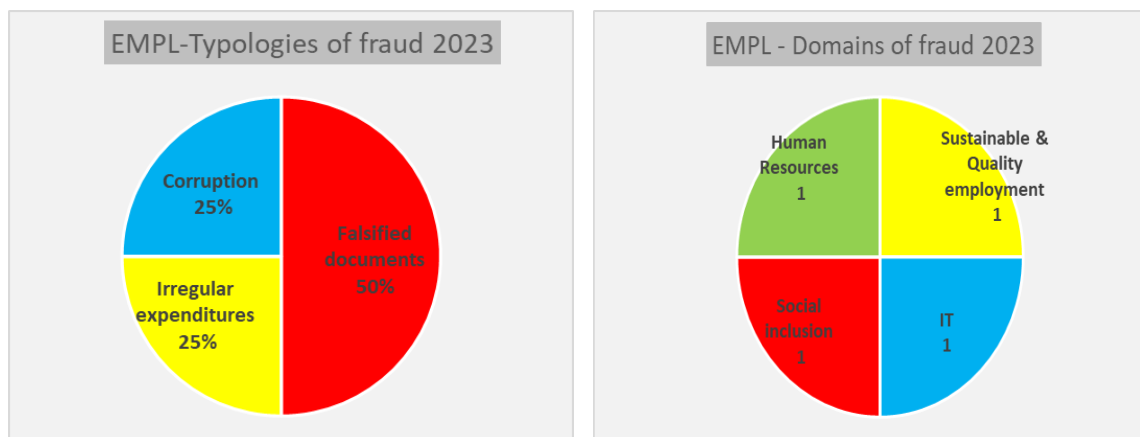
Closed OLAF cases

During 2023, DG EMPL closed 4 OLAF cases requiring financial follow up. The Final Reports of such cases were recommending recoveries totalling EUR 38,4 million. In accordance with the regulatory basis and to the applicable Guidelines for determining financial corrections, DG EMPL recovered an amount: of EUR 7,3 million. This corresponds to a recovery rate of 19%.



This low recovery rate is due to DG EMPL's partial implementation of OLAF financial recommendations regarding two cases. For the first case the OLAF recommendation was not to be implemented in full, because an in-depth review showed that the detected irregularity was impacting only part of the declared costs (under real costs). For the second case, the expenditure declared to the Commission was less than the recommended amount to be recovered and therefore no recovery was necessary. Details are provided in the table below.

The review of the four OLAF cases closed in 2023 shows that the most significant typology of detected fraud has been “Falsified documents”. Regarding the domains concerned, the fields "Human Resources", Social inclusion, IT and Sustainable & Quality employment are equally represented.



List of OLAF cases closed by DG EMPL in 2023, with financial follow up:

OLAF number	Programming Period	Fund	MS	Programme	Interruption Committee Reference/ Date	Interruption Committee Conclusions (amount decided, see column U)	Financial Recommendation from OLAF (Final Report)	Recovery by EMPL	Reason for not following OLAF Financial Recommendation	Date of closure of the case
OF/2013/xxxx	2007-2013	ESF	PT	2007PT05UPO001 Operational Programme Human Potential 2007-2013	14-07-22	RUMOS case. ISFC Committee endorsed the agreement that Portugal will decertify 100% of the amounts corresponding to the real costs invoiced between the various entities of the RUMOS group, representing an amount of EUR 3.348.162 and DG EMPL will abort its financial correction procedure for the amount of EUR 93.058.815,54 accordingly.	34.296.232	3.348.162	Justification: The OLAF recommendations cannot be implemented in full, because: - the co-financed operations have effectively taken place. The courses organised as part of the projects concerned supported 49 000 trainees per year and helped to improve the qualifications and employability of participants. - part of the projects to the beneficiaries was paid under the simplified cost options of "unit costs" and another part under "real costs". The alleged 'scheme' to create artificial expenses could in any case only involve expenditure claims based on "real costs".	14-06-23
OC/2018/xxxx	2014-2020	ESF / YEI	PL	OP Knowledge Education Development 2014PL05NBOP001	Ares(2023)12905 93 of 22/02/2023	ISFC meeting. Decision was taken to launch the Financial Correction Procedure by sending a Pre-Correction Letter. OLAF Unit A3 made an analysis of the evidence and identified email exchange and documents regarding four ineligible projects' participants where these were asked to backdate his/her previously signed declarations of participation in the project in order to make them eligible training participants. 11/09/2023: The geo-unit received from the MA on how the correction was implemented. This is confirmed by a statement made in Payment application ESF 5.0 2022 of 25/07/2023, SFC observations section. As a result, the matter has Ares(2023)6117.193 of been settled and there is no further correction to apply.	171.997	127.506	Taking into account that the 10% correction related to all expenditure declared so far to the Commission and was certified in the last payment claim: ESF 5.0 2022 of 25 July 2023, EMPL accepts the correction of EUR 127,506.06 and no further financial follow-up is required.	11-09-23
OC/2018/xxxx	2014-2020	ESF ERDF CF	HU	2007HU161PO007 , 2007HU16UPO001 , 2007HU05UPO001 OP Public Administration and Civil Service Development 2014HU05NBOP001; Technical Assistance Regional Operational Program of the Lower Silesian Voivodship 2014-2020.	N/A	N/A	3.577.605	3.577.605	N/A	12-10-23
OC/2020/xxxx	2014-2020	ESF	PL	Technical Assistance Regional Operational Program of the Lower Silesian Voivodship 2014-2020.	Email of 28/02/2023	Email from ISFC , they do no longer need to mention the case in the ISFC since the MS agreed with the financial correction.	270.744	270.744	N/A	10-05-23

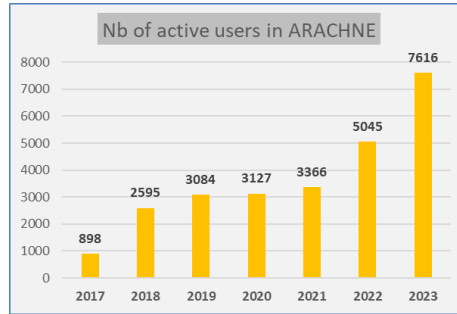
Arachne



Arachne is a datamining and risk-scoring tool made available to all Member States' authorities that can help them to identify, among others, the presence of situations of conflict of interests and the risks of fraud. Currently, ARACHNE is used in 20 Member States and UK and is a voluntary support tool for Member States.

The last years show that the number of connections as well as the number of active users is gradually increasing. At the end of 2023, the number of active users increased to 7 616. The Arachne team provided 60 trainings and workshops in 2023 to 23 Member States, 8 Arachne presentations (JUST, BUDG, ECA, OLAF, EIPA) and 6 internal training sessions for EC auditors.

In DG EMPL, out of 255 representing 43% of the for 106 programmes for programmes.



Operational Programmes, 109 use Arachne, OPs. In 2023, users have been connecting to Arachne DG EMPL, representing 97% of the 109 DG EMPL

In February 2024, Arachne 2.4 was released and the

- Integration of Beneficial Owners data for enhanced risk assessment.
- Introduction of new project types for agricultural funds (EAFRD and EAGF).
- Expansion of coverage to various new funds.
- Usability improvements, such as tooltips for better understanding.
- Implementation of automatic data upload via a web service.
- Enhancement of the matching process.

following functionalities are now available:

Annex 7N: European Court of Auditors

The Statement of assurance for 2023 (to be reported in the 2023 Annual Report of ECA) is on-going. Adversarial procedures are planned in June/July 2024, after the signature of this AAR; therefore, no information can be disclosed at this stage on the conclusions for the reporting year (2023). However, the ECA preliminary findings that the Commission has already received in this context were considered for the reporting under part 2 of the AAR.

ECA Annual Report for 2022

The ECA calculated an error rate of 6.7% for Cohesion policy Funds in 2022. The main sources of errors in the ECA annual report for 2022 relate to ineligible projects and costs, absence of essential supporting documents and infringements of public procurement rules. While identifying an increase of specific types of errors (such as ineligible costs and non-compliance with public procurement rules), ECA identified less state aid irregularities compared to previous year.

In its 2022 Annual Report, ECA considered that expenditure included in the audited 2020-2021 accounts was affected by specific circumstances (flexibilities introduced for the COVID-19 related expenditure, additional funding made available, approaching the end of the eligibility period of the 2014-2020 period, with absorption pressure and overlap with the preparation of the new MFF programmes, as well as 100% co-financing for some expenditure). ECA therefore considered that the effectiveness of the checks and verifications of managing and audit authorities may have been reduced and considered that risks linked to this specific period have materialised in some cases, explaining the rise in their estimated level of error for 2022 compared to previous years.

The Commission noted the increase in the ECA calculated error rate that contrasts with its audit results. Based on its own audit work as well as the one performed by the programme audit authorities, the Commission had reported a stable risk at payment in its 2022 AARs (1.9% with a maximum rate of 2.7%), comparable with those of previous years and overall a good functioning of the management and control systems during the period audited by the ECA, except for a limited number of programmes.

The Commission also reported its disagreement on an important number of cases (18 cases contested in total, 6 cases for ESF/YEI) out of the 48 cases quantified by the ECA for Cohesion, for which there was a different appreciation of facts. For 13 cases, the Commission considers that there is no legal basis to carry out financial corrections, as no irregularity under the CPR definition was identified (different interpretation of EU or national rules). For 5 cases, the Commission disagrees on ECA's quantification of the error, meaning that the Commission agrees on the irregularity but assessed it as already sufficiently addressed by the financial corrections already imposed before the ECA audit. Concerning the 6 ESF cases, 3 cases referred to expenditure eligibility criteria of EU rules (CPR) or national rules (calls for proposals), 2 cases to participants' eligibility criteria of EU rules (YEI programme) and one case referred to the application of the Public Procurement Directive.

As regards the audit authorities' work, in 2022 the ECA assessed the work of 24 out of the total number of 116 audit authorities for Cohesion policy, in 18 Member States and the UK.

Taking account of the additional errors detected by the Commission and its own audit findings, the ECA assessed that the residual error rate was above 2 % in 16 of the 34 audited assurance packages (corresponding to 61% of the expenditure sampled), of which 10 cases were already adjusted by the Commission in its AARs. The ECA concluded that, taking into account both Commission's adjustments and their own findings, controls currently in place do not sufficiently offset the high inherent risk of error in this area, in particular regarding management verifications. It also mentioned persistent shortcomings in the scope, quality and documentation of audit authorities' work.

The Commission noted that its assessment of the effectiveness and reliability of the work of an audit authority is based on various different aspects, the error rate being only one of them as some errors do not necessarily indicate a systemic weakness of the audit authority. Taking into account all the audit evidence the Commission has collected as well as the ECA results, the Commission assesses the effectiveness of audit authorities' work to be similar to the one reported in previous years and has reasonable assurance on the work of most of them, except for a limited number as reported in its AARs. In addition to recommendations to improve targeted weaknesses identified, the Commission has established a robust continued cooperation with the audit community. This includes the sharing of common audit tools and good practices in line with the 'Charter on good practices promoted by the Audit Community when auditing ESI Funds'.

The Commission also considers, as ECA does, that management verifications, the first line of defence against errors, should be even more effective in preventing and detecting errors in the first instance. This is why it has continued to provide support to those authorities to improve their administrative capacities and ensure a consistent and robust assurance and control framework, including following the practical restrictions during the pandemic.

Finally, the ECA concluded that the Commission continues to detect irregularities through its compliance audits, but inherent limitations of desk reviews remain. The Commission noted that these desk reviews carried out for every programme each year are an efficient and proportionate approach for programmes that are found to reliably report low error rates year after year. For riskier programmes, the desk review is complemented by fact-finding visits or re-performance work.

The ECA issued seven recommendations in chapter 6 dedicated to "Cohesion, resilience and values" of its 2022 Annual Report, out of which six are relevant for ESF/YEI/FEAD. The Commission accepted all recommendations and will ensure the necessary follow-up.

1- Mitigation measures for recurring errors: Strengthen the measures designed to address the recurring errors, ensure sufficient coverage of its own audit work for all audit authorities and disseminate the results to reduce the occurrence and impact of irregular spending.

There are ongoing actions with the audit authorities aiming at improving their detection capacity and ensure an adequate coverage of their audit work through the Commission's audit plan. The continuous monitoring and analysis of the root causes of the undetected errors feeds into the Commission's annual risk assessment for selecting programmes in view of subsequent risk-based audits.

2 – Thematic audits on conflicts of interest: Plan and implement focused thematic audits on conflicts of interest for the 2021- 2027 programmes, based on its own risk assessment and in view of the shortcomings identified.

In line with its 2021-2027 Single Audit Strategy, the Commission will continue to carry out different thematic audits, inter alia on measures in place to prevent and mitigate the risk of conflict of interest, based on its own risk assessment.

Building on its experience to date, the Commission is currently drafting the checklist for thematic audits for 2021-2027 programming period which will be shared with the audit community in order to enhance their detection capacity.

3 – Targeted checks on financial corrections for multi-annual operations during closure - Carry out specific targeted checks in its 2014-2020 closure audits to ensure that member states have applied the necessary financial correction for errors detected in one accounting year which also affect expenditure in other accounting periods.

The Commission will ask the audit authorities to confirm that all corrections have been implemented correctly, at the latest in the last annual control report, as a result of the audits of accounts that audit authorities must carry out each year. The Commission has carried out and will continue to carry out also in 2024 specific thematic audits on the preparation for the programme closure process.

4 – Reliability of self-declarations - Ensure that audit authorities have appropriate methods in place to check the validity and reliability of self-declarations and share good practices

The Commission is willing to collect and share identified good practices on how to check self-declarations. In 2023 during the Homologue Meeting the Commission tackled the topic together with the authorities in a dedicated workshop. Moreover, the point will be discussed in one of the 2024 Technical Group meetings, to ensure that audit authorities have all the available tools and information needed.

5 – Enhancing fraud risk awareness to ensure a more effective reporting on suspected fraud

The effective implementation of proportionate anti-fraud measures is part of the system requirements (Key Requirement 7) which audit authorities need to cover in their assessment of the functioning of management and control systems. The Commission offer specific methodological support to

the programme authorities and systematically promotes and encourages the use of the data mining and risk scoring tools and ensures a close monitoring on the use of Arachne.

In 2014-2020 period the Commission has carried out 10 thematic audits with findings related to fraud and currently prepares the checklist for thematic audits regarding fraud for the programmes 2021- 2027. Furthermore, in their compliance audits, the Commission auditors now embed an additional check whether the reporting of programme authorities in the Irregularity Management System (IMS) duly reflects detected errors and irregularities.

6 – Deployment of data mining and risk scoring tool- Advance the date for deployment of the single integrated IT tool for data mining and risk-scoring from 2028 to 2025, the first year when a significant amount of 2021-2027 expenditure is expected to be declared. In the meantime, ensure that OLAF, the EPPO and the ECA have access to Arachne.

The Commission has accepted the second part of the recommendation and has already implemented it in the second quarter of 2024, granting to OLAF, the EPPO and the ECA a direct limited access to Arachne on a case-by-case basis in the frame of the existing charter of rights and obligations of the Commission and Member States in using Arachne.

Follow-up of recommendations issued by ECA in previous years

EMPL systematically follows up the recommendations issued by the ECA in its Annual Reports and accepted by the Commission. In its 2022 Annual Report, the ECA assessed that the recommendations issued in 2017, 2018, 2019, 2020 and 2021 with an expired expected implementation date have been implemented, either fully or in most/some respects.

The following table gives an overview of the status of implementation of the recommendations for which REGIO/EMPL are responsible for Cohesion policy, as registered by the Commission in the RAD Recommendations Actions Discharge) database.

Annual Report	Number of recommendations issued and accepted by the Commission	DONE/CLOSED	OPEN
2017	6	6	0
2018	3	3	0
2019	2	2	0

2020	3	3	0
2021	4	4	0

Summary of the results of the most strategic ECA performance audits and reports finalised in 2023/early 2024 involving DG EMPL

In 2023/early 2024, the ECA published the following Special Reports with key importance for EMPL in a lead or associated role:

SR 06/2023: Conflict of interest in EU cohesion and agricultural spending: Framework in place but gaps in transparency and detection measures

The ECA audit aimed to verify whether the Commission and Member States had made efforts to address conflicts of interest in the common agricultural and cohesion policy. The audit intended to highlight possible shortcomings in the management of conflict of interest and to recommend improvements. The ECA assessed the framework and procedures in place to prevent conflicts of interest, the measures to detect, resolve and report on such cases. It found that both the Commission and Member States made efforts to address this issue but gaps remained, in particular for promoting transparency and at national level detecting situations at risk and reporting suspicious cases.

The ECA recommended to:

- improve the capacity to prevent, detect and report conflicts of interest;
- promote transparency.

The Commission accepted both recommendations.

Date of publication: 13 March 2023

SR 11/2023: EU support for the digitalisation of schools: Significant investments, but a lack of strategic focus in the use of EU financing by member states

In its audit, the ECA assessed actions financed from the EU budget in support of digital education in schools and considered whether national authorities used available funding as intended. The aim of the report was to address the challenges of the digitisation of schools in the new programming period more effectively.

The ECA concluded that overall, the measures helped schools in their digitalisation efforts, but that Member States lacked strategic focus in the use of financing. It concluded that in most cases the EU-financed projects delivered their intended outputs. The ECA further observed that the Commission had no comprehensive data on the overall amounts of EU funding spend on digitalisation of schools and programme specific indicators were not informative.

The ECA recommended that the Commission should:

- a) promote EU actions under the Digital Education Action Plan more actively;
- b) take action to strengthen the link between objectives of the digital education action plan, national or regional strategies and EU funding for schools; and
- c) monitor and encourage the achievement of the target of being connected to gigabit internet by 2025 for all schools.

The Commission accepted all the recommendations.

Date of publication: 28 June 2023

Review 4/2023: Digitalising the management of EU funds

The aim of the review was to describe and analyse the current state of digitalisation in the management of EU funds as well as planned developments. The review aimed to contribute to the process by identifying opportunities, challenges and implications for audit. ECA looked at operational expenditure under all three types of management with a focus on grants and procurement.

The ECA concluded that the Commission has made progress in digitalising its activities but has yet to achieve the truly digital administration. In the area of shared management, the ECA observed that while the Commission has digitalised its payment systems in agriculture, the Member States use a range of different IT tools to manage cohesion and rural development funding and due to their nature, there is no efficient means of exchanging useful information on the beneficiaries of EU funds. The ECA further noted that the transparency tools Arachne and EDES have limitations. No recommendations were issued.

Date of publication: 18 July 2023

SR 20/2023: Supporting people with disabilities: practical impact of EU actions is limited

The audit assessed whether the Commission's actions effectively supported persons with disabilities in the member states. The ECA examined whether the criteria for granting disability status allowed for mutual recognition across the EU and whether the Commission had a sound overview of the

situation of this population. The ECA further assessed the 2021-30 EU Strategy for the Rights of Persons with Disabilities, covered 5 EU institutions as employers and their support for inclusion and finally checked the effectiveness of the funding for the 2014-20 and 2021-27 programme period.

The ECA concluded that the EU impact on supporting people with disabilities was limited. The key equality indicators had not improved in recent years, the criteria used to grant disability status differed between member states and depended on the interpretation of decentralised authorities, and it was not always possible to reconcile the statistics obtained based on self-declaration. ECA also observed shortcomings in the EU statistics concerning coverage, frequency and level of detail, and equally within the new 2021-2030 Strategy.

The ECA recommended that the Commission:

- obtains more comparable data on the situation of persons with disabilities in terms of coverage, frequency and granularity as one of the bases for measuring the impact and effectiveness of EU policy aimed at ensuring equal rights for persons with disabilities;
- progressively reviews the relevant EU legislation to assess its compliance with the UN Convention and takes appropriate measures to support the Council in adopting the Equal Treatment Directive; and
- works towards mutual recognition of disability status in the EU, respecting the subsidiarity and proportionality principles.

The Commission accepted all the recommendations.

Date of publication: 12 October 2023

SR 03/2024: The rule of law in the EU - An improved framework to protect the EU's financial interests, but risks remain

The ECA audit assessed whether the Commission's application of the Conditionality Regulation was appropriate and consistent with other mechanisms available under the RRF and the 2021-2027 CPR for cohesion policy. The ECA examined the Commission's internal arrangements for implementing the Regulation, and the actions it took to protect the EU's financial interests under the three instruments. Specifically for cohesion, the ECA looked into the application of the horizontal enabling condition requiring member states to put in place effective mechanisms to ensure compliance with the Charter of Fundamental Rights of the EU.

The ECA concluded that the Conditionality Regulation, together with the relevant provisions of the RRF Regulation and the CPR, provides the Commission with a useful additional set of tools to protect the EU's financial interests and to ensure the sound financial management of EU funds. While acknowledging that the effectiveness of the budgetary and remedial measures taken so far can only be assessed at a later stage, the ECA identified a number of risks that in the ECA's opinion could undermine their effectiveness.

As concerns measures adopted under the CPR, the ECA recommended that the Commission should:

monitor the impact of the rule-of-law related measures
base any proposal to lift budgetary measures on solid evidence

The Commission accepted these recommendations (the first one - insofar as this is relevant, since the CPR does not establish specific provisions with regards to such monitoring).

Date of publication: 22 February 2024

All the accepted recommendations from these special reports are given due follow-up and are in the course of being implemented.

Recommendations of the ECA performance audits published in previous years, involving DG EMPL, which remain open.

For one special report published by the European Court of Auditors in 2021, one recommendation for which DG EMPL is in the lead is still open in the RAD database and in the course of being implemented, as the expected completion is due in 2025.

SR 25/2021: ESF support to combat long-term unemployment: Measures need to be better targeted, tailored and monitored.

The ECA recommended that the Commission, as part of the ex-post evaluation for the 2014-2020 period and the mid-term evaluation for the new 2021-2027 period, should evaluate the effectiveness of “access to employment” measures for long-term unemployment, take responsive actions and disseminate good practices between the national and regional authorities responsible for the implementation (Timeframe: By the first quarter of 2025 for the ex-post and the mid-term evaluations).

Follow-up to previous ECA Special Reports:

In 2023, the ECA conducted a follow-up of two Special Reports published in 2020 and involving directly or indirectly EMPL:

- A. SR 07/2020 on Implementing Cohesion policy: comparatively low costs, but insufficient information to assess simplification savings
- B. SR 20/2020 on Combating child poverty: better targeting of Commission support required

All 10 recommendations issued in these reports were accepted and have been implemented, except for two which have an expected implementation date not yet reached. The Court's assessment on the implementation of these recommendations will be reported in its next Annual Report.

On-going ECA reports

The following special reports and review-based documents were in the pipeline at the end of 2023 for DG EMPL in a lead or associated role:

- Review on EU actions addressing traineeships for young people
- Recovery of EU funds
- CARE – Cohesion’s Action for Refugees in Europe
- Recognition of professional qualifications
- Double funding between the RRF and Cohesion policy funds
- Labour market reforms in NRRPs
- Regularity of cohesion spending during the 2014-2020 period (review)
- Transparency of EU funding to NGOs.

Annex 70: Internal Audit Service: Audit observations and recommendations

By mid-April 2024, the following IAS recommendations considered as ‘very important’ were open. The actions identified and agreed in the respective action plans are in the course of being implemented by DG EMPL.

Audit title	Very important recommendations	Status / Deadline
Audit on preparedness for closing the 2014-2020 programming period of the ESIF	Planning of the closure exercise (rec. n°2): Clear definition of objectives, roles and responsibilities concerning the coordination of the preparation of the closure process & sufficient allocation of resources and prioritising the work on developing and putting in place internal processes and procedures for the closure exercise, adapting the IT tools and training staff	Started 31/12/2024
	Financial settlement at closure (rec. n° 6): Clear definition of closure in terms of the assurance to be provided on the legality and regularity, adoption of the definition by senior management, clear communication of the definition and establishment of adequate procedures.	Started 30/06/2024
Audit on Joint Audit Directorate for Cohesion (DAC)	Organisational arrangements (rec n° 1): alignment of internal procedures, HR procedures relating to DAC staff and resources allocated to support administrative processes, mission commitments, and assessment of the synergies and efficiency gains of the organisational model of the DAC.	Started 30/06/2026
	IT Tools, monitoring and reporting (rec n° 3): integration of IT tools and completeness of roadmap for IT tools integration, technical development of MAPAR Compass Corporate, awareness raising of used IT tools,	Started 31/12/2025
	IT project management for MAPAR and MAPAR Compass Corporate (rec n° 5): appropriate monitoring and reporting on the progress of the project with adequate communication to the steering committee & update of the monitoring dashboard	Started 30/06/2024 & 31/07/2024
Review of the Commission’s risk at payment	Analysis and (internal) reporting of the root causes of errors in relation with ECA’s findings (rec n° 7): strengthening of existing documented analysis to identify the causes for all ECA findings.	Started 31/07/2024

Annex 7P: Glossary of terms

Accounting year: a period of 1 July year N until 30 June year N+1

Annual accounts: They are submitted by Member States every year as part of the assurance package (15 February or 1 March if an extension is requested). The annual accounts present the expenditure that was incurred during the relevant reference period and are submitted to the Commission for reimbursement. According to Article 126(b) CPR, it is the programme's Certifying Authority (CA) who is responsible for drawing up the accounts. The CA is also responsible for certifying the completeness, accuracy and veracity of the accounts and that the expenditure entered in the accounts complies with applicable law and has been incurred in respect of operations selected for funding in accordance with the criteria applicable to the programme. Accounts are submitted by 15 February in the year following the end of the accounting year, per Fund and programme. Following the submission of the accounts, the Commission proceeds with the examination of the accounts and provides its conclusion as for their acceptance by 31 May at the latest.

Accounting function (2021-2027 programming period): The accounting function is carried out either directly by the managing authority or by an appointed body and is in charge of drawing up and submitting payment applications and accounts to the Commission; the accounting function does not comprise verifications at the level of beneficiaries (one of the simplification measures)

Annual activity report (AAR): An internal management report submitted to the Commissioners by the Director-General of each Commission DG. Each AAR covers the relevant DG's management and internal control, and its performance in relation to the key objectives and activities identified in its management plan. The AAR includes a declaration by the relevant Director-General or head of department on the financial information provided in the AAR.

Assurance package: Set of documents which each Member State submits to the Commission yearly in respect of the ESI funds, comprising the annual accounts, annual summary, annual control report, management declaration and audit opinion.

Audit authority: It is a national or regional public authority or body designated for each operational programme and responsible for verifying the effective functioning of the management and control system. It also monitors project compliance with national and European regulations. The Member State designates an audit authority for each operational programme (along with a managing authority and certifying authority).

Authorising Officer by (Sub-) Delegation (AO(S)D): Person responsible for implementing revenue and expenditure in accordance with the Financial Regulation and the principles of sound financial management, and for ensuring compliance with legality and regularity requirements.

Beneficiary: A natural or legal person receiving a subsidy from the EU budget.

Certifying authority (2014-2020 programming period): It is responsible for guaranteeing the accuracy and probity of statements of expenditure and requests for payments before they are sent to the European Commission.

Closure of programmes: It refers to the settlement of EU budgetary commitments of the programming period for each OP. This closure is done through the payment of the final balance to the competent national authority of the OP. It also refers to the period until which all the EC and Member State rights and obligations remain valid in respect of assistance to operations. Till the period 2007-2013, the closure was done at the end of the multi-annual financial period. Since the period 2014-2020 the closure is done annually, based on the closure (payment or recovery) of the annual accounts. In relation to the **closure of the 2014-2020 programmes**, the finalisation of all **legality and regularity** issues may take place after the payment of the final balance of the last accounting year, given that the legality and regularity can only be closed once DG EMPL has assurance that the estimated residual total error rate (RTER) per programme does not exceed 2% for all accounting years and that all identified irregularities and risks were appropriately addressed. This may entail compliance audits on expenditure of the last accounting year and/or following-up on any open issues such as prior payment interruptions, suspensions or financial corrections, stemming from previous audit work.

Confirmed RTER: Residual total error rate of the accounting year N-1 confirmed by the Commission after having carried out the audit cycle, i.e. thorough desk verifications of all annual control reports and on-the-spot compliance audits by the Commission and the European Court of Auditors for a sample of programmes, in particular when risks were identified. The confirmed error rates are determined after carrying out the entire audit cycle but before the finalisation of the contradictory procedure with Member States and can thus still evolve afterwards.

Cumulative residual risk: The expenditure which remains irregular at the end of the 2007-2013 programming period, once all corrective measures have been taken on the cumulative expenditure declared over the programming period. For the period 2014-2020, annual accounts were introduced and the residual risk is therefore the annual confirmed RTER. See also the explanation about the closure of 2007-2013 programmes.

Declaration of assurance: Declaration by a Commission Director-General, in their annual activity report, on the completeness and accuracy of the accounts, the legality and regularity of the transactions underlying them, the functioning of internal control systems, and adherence to the principles of sound financial management.

Deductions from the accounts: The deduction can be definitive and in line with Art. 137*2 CPR (due to ongoing assessment of the legality and regularity of the concerned expenditure). 1) Definitive implemented deductions are the result of management verifications, audits by audit authorities or follow-up to accepted findings from Commission and ECA audits or OLAF investigations performed with regard to expenditure already declared to the Commission in an interim payment claim. 2) Deductions in line with Art. 137(2) CPR involve further controls regarding the legality and regularity of expenditure. Once these controls are finalised, only the expenditure deemed legal and regular is re-introduced in an interim payment claim.

Direct management: The EC implements the budget directly through its services (including through its staff in the EU Delegations or Executive Agencies).

Error: An error is a quantifiable overstatement of the expenditure declared to the EC by Member States. Errors can be due to clerical mistakes, irregularities, fraud, etc.

Estimated future corrections: These are the amounts to be corrected in order to reduce the confirmed RTER without the impact of financial instruments advances to at least 2% for each single programme. As the Commission uses the confirmed RTER without the impact of financial instruments advances, the estimated future corrections are considered a conservative estimate ⁽⁶⁷⁾.

Financial corrections: Financial corrections are withdrawals of funding that take place after the expenditure was declared to the Commission in an interim payment claim. The Commission is committed to recovering funds that have been obtained or used wrongly or fraudulently, and will use the full force of the law to track down such payments. Financial corrections can be net (see below “net financial corrections”). The Commission has a range of controls available to ensure that EU funding is spent properly.

Fraud: The term fraud is commonly used to describe a wide range of misconducts including theft, corruption, embezzlement, bribery, forgery, misrepresentation, collusion, money laundering, conflict of interest and concealment of material facts. It often involves the use of deception to make a personal gain for oneself, a connected person or a third party, or a loss for another. The EU Treaty defines fraud, in respect of expenditure, as an intentional act or omission related to:

- The use or presentation of false, incorrect or incomplete statements or documents, which has as its effect the misappropriation or wrongful retention of funds from the EU;
- Non-disclosure of information in violation of a specific obligation, with the same effect;
- The misapplication of such funds for purposes other than those for which they were originally granted

Indirect management: The EC delegates the budget implementation to several actors (e.g. third countries, MS, international organisations, decentralised agencies, etc.).

⁽⁶⁷⁾ The CPR requires a confirmation about the eligibility of the expenditure declared to the Commission, i.e. including financial instrument advances. As those advances are less prone to error, the RTER calculated by excluding them is considered conservative.

Irregularity: Any breach of applicable law, resulting from an act or omission by an economic operator, which has or would have, the effect of prejudicing the budget of the Union by charging unjustified expenditure to that budget.

Key Performance Indicator (KPI): This is the main error rate reported in the AAR as a regularity indicator. It is the confirmed RTER aggregated and weighted for all programmes, removing the impact of financial instrument advances (see explanation in footnote 75).

Management and control systems: Set of bodies, procedures, relationships, processes. According to legal provisions - Art. 72 of Common Provision Regulation (CPR) -, the MCS shall provide for a description of functions of the bodies involved in management and control, allocation of functions, separation of functions, procedures (for ensuring correctness and regularity of expenditure declared), computerised systems (for accounting, storage and transmission of data, monitoring and reporting), arrangement for auditing, systems and procedures for adequate audit trail, procedures for prevention, detection and correction of irregularities, including fraud.

Managing authority: A designated managing authority is responsible for the efficient management and implementation of an operational programme, in particular selection of operations and monitoring their implementation. A managing authority may be a national ministry, a regional authority, a local council, or another public or private body that has been nominated and approved by a Member State. Managing authorities are expected to conduct their work in line with the principles of sound financial management.

Net financial correction: A Commission decision that reduces the amount of the total allocation to an operational programme. In 2014-2020 programming period, a correction can be net because the Member State does not agree to deduct the irregular amount or because the Commission considers that there is a serious deficiency in the effective functioning of the management and control system (under strict regulatory conditions set out in Article 145.7 CPR). In 2021-2027 programming period, a correction can be net if the expenditure contained in accepted accounts is irregular and was not detected and reported by the Member State.

Programmes: The funds are implemented through programmes that contain the objectives to be achieved, the EU and Member State's means put at the disposal for this purpose and the applicable performance framework. Programmes are agreed between Member States and the EC and adopted by the EC.

Recoveries (recoveries are not regulated in 2021-2027 programming period): The Member State withdraws the irregular expenditure from the programme only when the beneficiary corrects the irregular amount vis-à-vis the Programme authorities. Till this is the case, the irregular expenditure remains in the EU budget. One of the ways to implement a financial correction.

Reportable R(T)ER: Residual (total) error rate of the latest accounting year N as reported by the audit authority and adjusted by the Commission following a desk review of the data provided in the annual control reports, just before the finalisation of the annual activity report (end April). In view of its confirmation in the following annual activity report, the reportable R(T)ER can be further adjusted as a result of on the spot-audits that are performed by the Commission and/or the European Court of Auditors. Such error rates are therefore 'reportable' in the annual activity report that is signed immediately after such rates are communicated to the Commission, pending the required complete audit work to confirm these rates in the subsequent annual activity.

Risk "at closure": It indicates the remaining risk to the 2023 relevant expenditure once the Commission will have applied the necessary additional financial corrections to bring the total residual error rates down to 2% for all programmes, as this is found to be needed as a result of the Commission's assessment of the reported error rates for each programme. See also estimated future corrections.

Risk "at payment": For shared management, the risk "at payment" is calculated by applying the residual (total error rate of the previous accounting year after neutralising the effect of financial instruments advances (2021-2022 in this AAR) as confirmed by the Commission once the control cycle was completed (KPI5), to the "relevant expenditure" of the Commission reporting year.

Shared management: The EC implements the EU budget together with the Member States. Under shared management, the European Commission remains the ultimate responsible for the execution of the EU budget. However, Member States are responsible for selecting the projects through which the funds are implemented, and for their day-to-day management. Therefore, to ensure that the funds are used respecting the principles of sound financial management - Article 317 of the Treaty on the Functioning of the European Union (TFEU) -, the European Commission carries out audits and performs various other audit and control activities as well as capacity building activities.

Statistical sampling: A statistically based sampling technique selecting a random sample from the expenditure declared to the Commission and used in audit testing to provide representative results.

Suspension: The Commission may suspend all or part of an interim payment if conditions in article 142(1) of Regulation (EC) 1303/2013 , respectively article 97(1) of Regulation (EC) 1060/2021 are fulfilled.

Warning of interruption letter: With this type of administrative letter Member States are 'warned' that the payment deadline of any future payment application will be interrupted.

Warning letter of corrective measures: If deficiencies are detected in a management and control system, and in case the risk to the EU budget is estimated below 10%/ the submitted interim payments are not interrupted as the risk to the EU budget is covered by 10% retained. However, the letter requests programme authorities to implement the necessary corrective measures before submission of the next accounts.

Withdrawals: The Member State withdraws the irregular expenditure from the programme immediately when the irregularity is detected, by deducting it from the next interim payment claim and thereby releases EU funds for other operations. One of the ways to implement a financial correction.

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

Not applicable.

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

1. Annex related to "Control results" - Table X: Estimated risk at payment and at closure

Table X: Estimated risk at payment and at closure

DG EMPL	Payments made (2023;MEUR)	minus new prefinancing [plus retentions made] (in 2023;MEUR)	plus cleared prefinancing [minus retentions released and deductions of expenditure made by MS] (in 2023;MEUR)	Relevant expenditure (for 2023;MEUR)	Detected error rate or equivalent estimates	Estimated risk at payment (2023;MEUR)	Adjusted Average Recoveries and Corrections (adjusted ARC; %)	Estimated future corrections [and deductions] (for 2023;MEUR)	Estimated risk at Closure (2023;MEUR)
-1	-2	-3	-4	-5	-6	-7	-8	-9	-10
2021-2027 ESF+ (shared management)	1 147,64	- 941,17	0,00	206,47	0,47% - 0,47%	0,98 - 0,98	0,00% - 0,00%	0,00 - 0,00	0,98 - 0,98
2014-2020 ESF/YEI (NGEU included) (shared management)	16 982,51	- 328,59	983,74	17 637,65	1,67% - 2,61%	294,61 - 460,68	0,39% - 1,33%	68,32 - 234,38	226,30 - 226,30
2014-2020 FEAD (NGEU included) (shared management)	675,58	69,50	12,74	757,82	0,17% - 0,29%	1,29 - 2,20	0,03% - 0,15%	0,26 - 1,16	1,04 - 1,04
2007-2013 ESF (shared management)	1,30	0,00	0,00	1,30	1,20% - 1,20%	0,02 - 0,02	1,20% - 1,20%	0,02 - 0,02	0,00 - 0,00
2000-2006 ESF (shared management)	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
EGF (shared management)	8,21	- 8,21	2,56	2,56	0,00% - 0,00%	0,00 - 0,00	0,00% - 0,00%	0,00 - 0,00	0,00 - 0,00
IPA (indirect management)	0,25	0,00	0,00	0,25	0,00% - 0,00%	0,00 - 0,00	0,00% - 0,00%	0,00 - 0,00	0,00 - 0,00
Centralised (direct and indirect)	174,47	- 79,31	87,74	182,91	2,24% - 2,24%	4,10 - 4,10	2,24% - 2,24%	4,10 - 4,10	0,00 - 0,00
Decentralised Agencies - subsidies (indirect)	110,77	- 110,77	103,71	103,71	0,00% - 0,00%	0,00 - 0,00	0,00% - 0,00%	0,00 - 0,00	0,00 - 0,00
Decentralised Agencies - contribution agreements (indirect)	2,84	- 2,53	0,00	0,32	0,50% - 0,50%	0,00 - 0,00	0,50% - 0,50%	0,00 - 0,00	0,00 - 0,00
DG total	19 103,57	-1 401,08	1 190,49	18 892,98		301,00 - 467,97	0,38% - 1,27%	72,69 - 239,66	228,31 - 228,31
					Overall risk at payment in %	1,59% - 2,48% (7) / (5)		Overall risk at closure in %	1,21% - 1,21% (10) / (5)

Notes to the table X

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

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

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

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

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

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

Retentions: in Cohesion, the retentions released during the year by the Commission.

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

(6) In this column, we disclose the detected error rates or equivalent estimates. *Equivalents might be "residual total error rates", REGIO, EMPL, MARE.*

For low-risk types of expenditure, where there are indications that the equivalent error rate might be close to 'zero', the rate used is 0.5% as a conservative estimate, unless the department has a more precise estimate based on evidence. The subsidies given by partner DGs to decentralised agencies as part of their establishment and core tasks are considered error-free types of expenditure and the rate used is 0%.

(8) The estimated future corrections are estimated using the most conservative calculation of the corrections to be implemented by the programme authorities to bring the risk at closure to 2% for all programmes individually. For the correlation between estimated future corrections and implemented amount of corrections and recoveries, please see Annex 7H.

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

2.Reservations

A. Reservation fiche 2014-2020 programming period

DG	EMPL
Title of the reservation, including its scope	Reservation concerning ESF/YEI/FEAD management and control systems in 2014-2020 15 Programmes in 7 MS. (CZ, DE, ES, FR, HR, HU, IT)
Domain	Shared management – Structural and Cohesion Funds

Programme (or other relevant segment) in which the reservation is made and total (annual) amount of this programme	04.02 ESF/YEI (2014-2020) 04.06 FEAD (2014-2020) Scope Amount (Annual payment of segment) (in Euros): 17.658.092.851,32
Reason for the reservation	Significant deficiencies at the level of the key elements of the management and control systems with a material risk to the EU Budget; Residual error rate >2%,
Materiality criterion/criteria	Significant deficiencies at the level of the key elements of the management and control systems ad residual total error rates above the materiality of 2%.
Quantification of the financial impact (amount at risk)	Quantified Relevant Expenditure of the programmes under reservation (in Euros): 4.791.343.568,74 Amount at Risk of quantified reservations (in Euros): 440.040.927,93 Amount at Risk (in Percentage): 2.49%
Impact on the assurance	The weaknesses affect the legality and regularity of the payments concerned and the management and control systems in place. Financial impact is mitigated through: - interruption/suspension of payments pending the correction by the Member States concerned of the identified weaknesses; - financial corrections to be applied before submitting the next expenditure statement.
Responsibility for the weakness	The expenditure concerned is under shared management in which the Member State is responsible for implementing the management and control systems. The Commission supervises the national authorities in this respect.
Responsibility for the corrective action	At Commission level <ul style="list-style-type: none"> • warning letters / interruption of payment deadlines / launch of suspension and financial correction procedures, • audit work both desk and on-the-spot and/or remote to check the ability of programme managing and / or audit authorities to fulfil their obligations, At Member State level <ul style="list-style-type: none"> • implementation of remedial actions, including when necessary financial corrections, aiming at remedying the deficiencies.

- audit by the audit authority (or in case of issue with its reliability by the Commission) on the effective implementation of remedial measures applied by managing authorities in management and control systems and on the applied financial corrections when required. Targeted risk-based audits to verify the functioning of systems and the legality and regularity of expenditure declared.

B. Reservations not issued or lifted in 2023 due to the application of the 'de minimis' threshold.

N/A

C. Operational programmes under reservation and targeted actions for the 2014-2020 programming period

N°	Country	CCI	Title	Type of reservation	Reasons for reservation	Financial Impact (M€) in 2023	Structural Weakness (Y/N)	Actions to be taken
1	CZ	2014CZ05M90P001	Operational Programme Employment	Partial	Deficiencies in key elements of the systems, particularly related to expenditure declared for CRII measures.	262.42	N	Improve Management and control Systems. Carry out appropriate

2	DE	2014DE05SFOP005	Operational Programme ESF Berlin 2014-2020	Partial	Deficiencies in key elements of the systems (particularly weaknesses in management verifications), related among others to IB ZGS EGF Consult which could result in/lead to a material error rate above 5%. irregularities above 10% for the concerned body.	0.65	Y	financial corrections. Confirm the implementation of corrective actions
3	ES	2014ES05M90P001	OP ESF 2014 Youth Employment	Partial non-fin.	Reservation from previous year partially solved. The corrective measures requested to solve the deficiencies in key elements of the systems for one regional IB (Andalucía) are not yet fully implemented.	-	N	
4	ES	2014ES05SFOP017	OP ESF 2014 Ciudad A. de Melilla	Full	Deficiencies at the level of the AA, detected through a DAC audit; inconsistencies in the information reported in the current Annual Control Report. Reportable RTER estimated at flat rate above the materiality level.	0.13	Y	
5	FR	2014FR05M20P001	Operational Programme ERDF-ESF Guadeloupe et St Martin Etat 2014-2020	Full non-financial	Reportable residual error rate above 2%. A DAC mission revealed additional findings and led to reassessment of others. Due to this uncertainty, a flat rate is prudently recalculated by the DAC for this year's TER (10%) and RTER (5%) (instead of the reported ones).	-	Y	

6	FR	2014FR16M00P009	Regional programme Guadeloupe Conseil Régional 2014-2020	Full	Reportable Total Error Rate (TER) above 10% pointing to continued serious deficiencies in management verifications.	0.02	Y
7	HR	2014HR05FMOP001	Operational Programme for Food and/or Basic Material Assistance	Full	RTER prudently re- calculated at flat rate above materiality level for the two programmes grouped in a common sample. Additional possible irregularities not detected / reported in the Annual Control Report. RTER prudently re- calculated at flat rate above materiality level due to additional possible irregularities not detected / reported in the Annual Control Report.	0.38	N
8	HR	2014HR05M90P001	ESF Operational Programme Efficient Human Resources 2014-2020	Full		48.44	N
9	HU	2014HU05M20P001	Human Resources Development Operational Programme	Full	Reportable residual error rate above materiality level due additional errors identified by the DAC from the ones reported in the current Annual Activity Report.	9.65	Y
10	IT	2014IT05M90P001	National Operational Programme on Youth Employment	Full	Reportable residual error rate prudently set above materiality level due to ongoing audit by the ECA with potential quantifiable findings.	2.65	Y

11	IT	2014IT05SFOP002	National Operational Programme on Systems for Active Employment Policies SPAO	Full	Reportable Residual Error rate above materiality level. Reservation from previous year not solved. The corrective measures requested to solve the deficiencies in key elements of the systems for regional IBs are not fully implemented.	115.30	Y
12	IT	2014IT05SFOP005	POR Lazio ESF	Full	Estimated Reportable Residual Error rate above materiality level to cover risk of reported rates by the AA being understated due to weaknesses detected in the AA's audit work.	0.14	Y
13	IT	2014IT05SFOP008	POR Marche ESF	Full	Reportable Residual Error rate above materiality level due to inadequate quantification of an error reported in the current Annual Activity Report.	0.26	N
14	IT	2014IT05SFOP009	POR Abruzzo ESF	Full	Total error rate > 5% pointing to weaknesses in management verifications. Reportable Residual Error rate above materiality level due to its inadequate calculation by the AA in the current Annual Activity Report.	0.00	Y

15	HU	2014HU16M00P001	Economic Development and Innovation Operational Programme	Partial non-fin. Full Reputational	Deficiencies in key elements of the systems related to one IB involved in the management and control system of priority 5. Significant reputational event (on-going fraud/corruption investigation possibly affecting MA staff).	-	N
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D. Shared management: Reservations issued for Operational Programmes in last year's annual activity report and lifted in 2023

For the programming period 2014-2020, out of 25 reservations issued in the 2022 Annual Activity Report, 21 have been solved within the year.

N°	MS	OP CCI	OP Title	Type of reservation	Reasons for Reservations	Financial impact (M€) 2022	Reason for Lifting the Reservation
1	DE	2014DE05SFOP014	Operational Programme ESF Thüringen 2014-2020	Full reservation	Second year with high error rates. Corrective measures not implemented.	1,582,426.35	MCS opinion: upgraded to cat. 2 based on a pre-ACR audit and the ACR analysis, TER below 5 %. Corrective measures expected to have full effect in closure year.
2	ES	2014ES05SFOP019	OP ESF 2014 C.A. CANTABRIA	Full reservation	Reservation of previous year unsolved and corrective measures for non-functioning systems are not implemented yet	6,112.38	Measures requested by EC have been fully implemented.
3	ES	2014ES05SFOP015	OP ESF 2014 C.A. CASTILLA-LA MANCHA	Full reservation	Second year with high error rates. Corrective measures not implemented.	21,241.41	Action Plan with corrective measures validated and implemented, leading to financial corrections of 12,8M€

4	FR	2014FR05SFOP004	Operational Programme ESF Martinique Etat 2014-2020	Full reservation	Total Error Rate (TER) not yet confirmed but recalculated above materiality due to errors detected which need a final quantification	2,510,193.88	Additional work was carried out by the AA on the expenditure put under on-going assessment and financial corrections agreed by MS.
5	FR	2014FR05M2OP001	OP ERDF-ESF Guadeloupe et St Martin Etat 2014-2020	Full Reservation	Total Error Rate (TER) above 10%	277,210.63	Measures requested by EC to avoid the high error rate have been implemented and assessed as satisfactory by the AA.
6	FR	2014FR16M0OP009	Regional programme Guadeloupe Conseil Régional 2014-2020	Full Reservation	Total Error Rate (TER) above 10%	238,959.10	The action plan was satisfactory implemented as confirmed by the Audit Authority
7	FR	2014FR16M2OP011	Regional programme Guyane Conseil Régional 2014-2020	Full reservation	Flat rate TER/RTER of 5% proposed due to deficiencies detected by a Commission audit (in contradictory phase)	85,106.90	Final EC audit report issued. The TER was recalculated as below 2%
8	HR	2014HR05M9OP001	ESF Operational Programme Efficient Human Resource	Partial non-financial	One IB (NZRCD) for which weaknesses were detected by the audit authority in KR2 (selection of operations). No expenditure paid in 2022	-	
9	HU	2014HU05FMOP001	Food and/or Basic Material Assistance Operational Programme	Partial reservation	Significant deficiencies related to the corrective capacity of the Management and Control Systems (MCS) in relation to public procurement identified by a Commission audit.	106,106.07	The national authorities carried out the requested corrective actions, including the improvement of the MCS and financial corrections.
10	HU	2014HU05M2OP001	Human Resources Development Operational Programme	Partial reservation	Significant deficiencies related to the corrective capacity of the Management and Control Systems (MCS) in relation to public procurement identified by a Commission audit	2,266,150.96	The national authorities carried out the requested corrective actions, including the improvement of the MCS and financial corrections.
11	HU	2014HU05M3OP001	Public Administration and Civil Service Development OP	Partial reservation	Significant deficiencies related to the corrective capacity of the Management and Control Systems (MCS) in relation to public procurement identified by a Commission audit	294,552.82	The national authorities carried out the requested corrective actions, including the improvement of the MCS and financial corrections.

12	HU	2014HU16M00P001	Economic Development and Innovation Operational Programme	Partial reservation	Significant deficiencies related to the corrective capacity of the Management and Control Systems (MCS) in relation to public procurement identified by a Commission audit	2,464,556.87	The national authorities carried out the requested corrective actions, including the improvement of the MCS and financial corrections.
13	HU	2014HU16M20P001	Territorial and settlement development OP	Partial reservation	Significant deficiencies related to the corrective capacity of the Management and Control Systems (MCS) in relation to public procurement identified by a Commission audit	248,144.41	The national authorities carried out the requested corrective actions, including the improvement of the MCS and financial corrections.
14	HU	2014HU16M20P002	Competitive Central-Hungary OP	Partial reservation	Significant deficiencies related to the corrective capacity of the Management and Control Systems (MCS) in relation to public procurement identified by a Commission audit	264,735.16	The national authorities carried out the requested corrective actions, including the improvement of the MCS and financial corrections.
15	IT	2014IT05M90P001	National Operational Programme on Youth Employment	Full reservation	Flat rate TER/RTER recalculated as 5% due to deficiencies related to various IB and to the Certifying Authority	5,989,685.08	The confirmed RTER is estimated <2% for 2021-2022
16	IT	2014IT05SF0P001	National Operational Programme on Social Inclusion	Full reservation	Flat rate TER/RTER recalculated as 5% due to deficiencies related to KR 06, KR 16 and KR 18 detected in a Commission audit	5,191,486.03	The RTER is estimated at a flat rate 2% - hence reservation solved as the OP was under reservation due to RTER reported >5%.
17	LU	2014LU05FM0P001	Food and/or Basic Material Assistance Operational Programme	Full reservation	Provisional Flat rate of 5% for TER/RTER due to errors identified by ECA and deficiencies in the supervision of the outsourced audit work detected by a Commission audit	44,994.24	National authorities have taken action, following ECA audit results, to improve the quality of its controls and implemented the approach to quantify ineligible expenditure that it also present over the 2022-2023 accounting year.
18	PL	2014PL16M20P011	ROP 11 Regional Operational Programme for Pomorskie Voivodeship	Full Reservation	TER/RTER recalculated above materiality due to errors in an operation which are subject to fraud suspicion	1,564,910.16	Financial correction applied and RTER brought to 2%. Improvement measures implemented and are satisfactory.

19	PL	2014PL16M20P015	ROP 15 Regional Operational Programme for Wielkopolskie Voivodeship	Full Reservation	TER/RTER estimated on a flat rate basis of 5% due to continued disagreement with MA and AA on impact of one error. Additional errors related to State Aid identified by ECA audit	6,506,389.42	All the financial corrections have been applied.
20	PT	2014PT05M90P001	OP Social Inclusion and Employment	Partial reservation	TER/RTER recalculated at 10% to prudently cover ECA errors related to scholarship measures (reclassified as system issue – not quantified during contradictory procedure) and to errors in public procurement.	1,626,013.09	The ECA audit results did not confirm the risk.
21	RO	2014RO05M90P001	Operational Programme Human Capital	Full reservation	TER/RTER above materiality	46,804,668.35	Financial correction applied.

For the programming period 2007-2013, the reservation issued in the 2022 Annual Activity Report has been solved.

N°	MS	OP CCI	OP Title	Type of reservation	Reasons for Reservations	Financial impact (M€) 2022	Reason for Lifting the Reservation
1	RO	2007RO051P0001	Human Resources Development	Full non-financial	Updated closure package submitted on 30/10/2020 pending review by the EC, including open DAS audit cases in follow-up.		Updated closure package reviewed, including the review and closure of six DAS follow-up cases (2012, 2013, 2014, 2015 and 2016) for which it was concluded that they had no impact on closure.

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

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

Indicator 1: Number and percentage of first female appointments to middle management positions Source of data: SEC(2023)200			
Baseline (2019)	Target (2023-2024)	Latest known value (2023)	
57%, 20 out of 35 (share of women in middle management positions)	1 first female appointment to middle management by the end of 2024	1 first female appointment to middle management reached in March 2024	
Indicator 2: DG EMPL staff engagement index Source of data: Commission staff survey			
Baseline (2018)	Target (2024)	Latest known value (2023)	
72% (based on Commission staff survey)	At least 72%	72%	
Main outputs in 2023:			
Output	Indicator	Target	Status at 31/12/2023
Female talent development	Number of individual coaching packages offered	At least three	Completed
Learning and development	Number of internal training and info sessions	At least 30	Completed
Internal communication	Number of staff forums	At least five	Completed (six)
Well-being	Number of actions related to the improvement of staff well-being	At least three	Completed (six)

Objective: The authorising officer by delegation has reasonable assurance that resources have been used in accordance with the principles of sound financial management and that cost-effective controls are in place which give the necessary guarantees concerning the legality and regularity of underlying transactions.

Main outputs in 2023:

Output	Indicator	Target	Status at year end
Effective controls: legal and regular transactions	Risk at payment	Becomes <2% of relevant expenditure	Completed 1.9% (however we estimate that additional risk may bring the maximum to above 2%)
	Estimated risk at closure	Remains <2% of relevant expenditure	Completed 1,4%
Effective controls: safeguarded assets ⁽⁶⁸⁾	Absolute return of the portfolio	Benchmark ⁽⁶⁹⁾	Absolute return: -14.19% ⁽⁷⁰⁾ Benchmark: 4.92%
Efficient controls	Budget execution	Remains >95% of payment appropriations	Completed, 99%
Economy of controls	Overall estimated cost of controls	Remains <2% of funds managed	Completed, 0.2%
Reliance on the management and control systems (shared management)	% of all operational programmes assessed as functioning well or functioning with only some improvements needed	90%	Postponed, 89% achieved

⁽⁶⁸⁾ The comparison between absolute return (the return that an asset generates over a specified period) and relative return (the return an asset generates over a period of time compared with a benchmark - a standard against which the performance of an investment manager can be measured) reflects the overperformance or the underperformance of an asset compared with its benchmark. In the case of EaSI, assets are pooled together in a portfolio managed by the EIF on behalf of the EU.

⁽⁶⁹⁾ EIF is using standard benchmarks based on performance of individual currencies for all their mandates, in case of EaSI for EUR, SEK, RON, PLN, CZK and DKK. For each individual currency EIF is using well established Bloomberg indices, such as EURIBOR, all with duration of 1 month (1M), which matches most closely the holding period/duration of EIF mandates, including EaSI.

⁽⁷⁰⁾ EaSI decreased in absolute amount from MEUR 91.6 to MEUR 78.6 (or 14.19%), which is due to operational flows as is the eventual case with all legacy portfolios. Relatively positive financial year pressured the benchmark relatively high, especially for non-EUR currencies (in case of CZK and RON, which represent 25% and 40% respectively, benchmarks stood at 7.08 and 3.53). Such a relatively high benchmarks, compared to previous years, with nonetheless quite small amounts and operational outflows have pushed a relative benchmark into the negative. It is also important to stress that portfolios such as EaSi, with multiple compartments and individual currencies, all with respective benchmarks are challenging to aggregate into single figure, which should be interpreted only as a proxy.

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) ⁽⁷¹⁾ aimed at the prevention, detection and correction ⁽⁷²⁾ of fraud.

Main outputs in 2023:

Output	Indicator	Target	Status at year end
Support capacity building and dissemination of information to Member States on fraud prevention and detection	Number of presentations and training sessions offered	30	Completed (27 coordination meetings with AA + UK, and 2 trainings with MS)
Financial corrections implemented as a follow-up to financial recommendations in final reports from the Commission's Anti-Fraud Office	% of financial corrections implemented	75%	Postponed, 19% (mainly due to PT case, see below)
Increase the systematic use of ARACHNE or alternative data mining tools available at national level	% of all programmes using ARACHNE	60%	Completed (60% as of end-2023, programming period 2014-2020)
Improve anti-fraud knowledge, deliver the messages from the JAFS action plan to the Member States' authorities and cooperate with other Commission departments in particular in the framework of the Fraud Prevention and Detection Network (FPDNET) and its sub-groups.	Number of meetings per year	At least five meetings	Completed (7 meetings)

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

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

Source of data: Internal calculation based on guidance from DIGIT

Baseline (2020)	Milestone (2022)	Target (2024)	Latest known results (2023)
55%	80%	88%	85%

⁽⁷¹⁾ Commission communication on 'Commission Anti-Fraud Strategy: enhanced action to protect the EU budget', COM(2019) 196 of 29 April 2019 – 'the CAFS Communication' – and the accompanying action plan, SWD(2019) 170 – 'the CAFS Action Plan'.

⁽⁷²⁾ Correction of fraud is an umbrella term, which notably refers to the recovery of amounts unduly spent and to administrative sanctions.

Baseline (2020)	Milestone (2022)	Target (2024)	Latest known results (2023)
Indicator 2: Percentage of DG EMPL key data assets for which corporate principles for data governance have been implemented			
Source of data: Internal calculation based on guidance from the Secretariat General			
Baseline (2020)	Milestone (2022)	Target (2024)	Latest known results (2023)
25%	50%	80%	0%
Indicator 3: Percentage of staff attending awareness raising activities on data protection compliance			
Source of data: HR and the data protection coordinator			
20% of DG EMPL staff had attended data protection trainings at SG and inhouse	2023: 90% of staff, 100% of senior and middle management; 100% of newcomers.	100%	90% of staff 100% of senior and middle management and 100% of newcomers

Main outputs in 2023:

Output	Indicator	Target	Status at year end
Implementation of the corporate principles for data governance for DG EMPL's key data assets	Percentage of implementation of the corporate principles for data governance for DG EMPL's key data assets	50%	0% ⁽⁷³⁾
Strengthening the cybersecurity posture of DG EMPL's digital solutions	% of digital solutions owned by DG EMPL covered by an updated security plan (less than two years), declared in GRC (corporate methodology for cybersecurity governance and risk compliance)	100%	100%
Foster the reuse of components in DG EMPL's digital solutions	% of digital solutions owned by DG EMPL that reuse at least one component from the reusable solutions platform, being different from the EU-Login one (e.g. reuse of Corporate Compass, e-User Interface, European Blockchain Services Infrastructure etc.)	80%	82%
Implementation of the recommendations of DG EMPL's working group on information and knowledge management, internal communication and briefings	Number of targeted measures implemented	22 (out of a total of 27 measures)	23
Upgrade to the WELCOME IT environment	% of DG EMPL staff using WELCOME	60%	98%

⁽⁷³⁾ The role of the local data correspondent has not been assigned in DG EMPL.

Output	Indicator	Target	Status at year end
Applying first review action to NomCom electronic files with Administrative Retention Period expired (until 2021)	% of files treated, including paper component	90% of files with Administrative Retention Period expired until 2021	Completed.
Filing DG EMPL's registered documents	% of filed documents since the beginning of Ares	99.95%	Completed.
Treating the remaining units' old paper archives (around 800 linear metres)	% of linear metres treated	85% of total remaining linear metres (680 metres)	Completed.
Staff trained and informed on rules and regulations relating to personal data protection in the Commission	% of DG EMPL staff	90% (100% of all staff to be trained/informed on personal data protection by 2024)	90%

Objective: DG EMPL takes account of its environmental impact in their actions and actively promotes measures to reduce the related day-to-day impact of the administration and its work, with the support their respective EMAS Correspondents/EMAS Site Coordinators.

Main outputs in 2023:

I. More efficient use of resources (energy, water, paper):

Output	Indicator	Target (2019 as baseline, as appropriate)	Status at year end
Staff-awareness actions to reduce energy use in the framework of EMAS corporate campaigns and/or awareness actions about DG EMPL's total energy consumption (in cooperation with OIB/OIL where appropriate)	Progressive replacement of automatic switches by mechanical ones in DG EMPL's building SPA3	10% of offices	20%

II. Reducing CO₂, equivalent CO₂ and other atmospheric emissions

Output	Indicator	Target (2019 as baseline)	Status at year end			
Priority action to support the Greening the Commission Communication and action plan						
Analysis of DG EMPL's official travel trends/patterns, optimisation and gradual reduction of CO ₂ emissions (e.g. by reducing the number of participants in the same official trip, promoting more sustainable travelling options and promoting videoconferencing/virtual events as an alternative)	Reduction of DG EMPL official travel by plane, train & other means	Reduction of 5% by transport mean, compared to 2023		Completed		
		Year	Transport		Number of missions	%
		2023	Plane		809	62%
			Train		318	24%
			Others		181	14%
Total	1,308					

III. Reducing and management of waste

Output	Indicator	Target (2019 as baseline)	Status at year end
Priority action to support the Greening the Commission Communication and action plan			
Staff awareness actions about waste reduction and sorting in the framework of EMAS corporate campaigns and/or staff awareness actions about DG EMPL's waste generation (in cooperation with OIB/OIL where appropriate) e.g. promote and label the waste sorting schemes in place)	DG EMPL staff informed on waste sorting schemes	All staff	Completed

IV. Promoting green public procurement (GPP)

Output	Indicator	Target (2019 as baseline)	Status at year end
Staff awareness actions on the promotion of 'green items' in the Commission's office supplies catalogue	Information to DG EMPL units	All units	Completed

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

This annex includes information about implementing tasks entrusted to (i) national or (ii) international public sector bodies and to (iii) bodies governed by private law with a public sector mission. In practice, this includes (a) national agencies), (b) international organisations and their agencies, and (c) Private-Public-Partnerships (PPPs, such as Joint Undertakings).

1. **Programme(s) concerned:** European Social Fund Plus (ESF+) – shared management strand for transnational cooperation (Art. 5(2) and Art. 15 ESF+ Regulation) with a total budget of EUR 175 000 000.00; with the possibility to provide additional funding from EaSI strand under direct management)
2. **Annual budgetary amount entrusted in 2023:** EUR 30 308 100.00 has been allocated. In addition, top ups from the direct management strand of the ESF+ (EaSI) can be allocated to allow stakeholder from non-EU countries associated with EaSI to partake in the relevant transnational activities.

Contribution agreements need to have sufficiently long duration, allowing ESFA to implement the whole project life cycle of the calls launched. Accordingly, the first two contribution agreements have five years implementation period. Towards the end of the programming period the contribution agreements might have a shorter duration, but they still need to provide sufficient time of project implementation. This means that there will be several contribution agreements open in parallel.

3. **Duration of the delegation:** linked to the programming period of the ESF+ 2021-2027, i.e. until 31.12.2030;
4. **Justification of the recourse to indirect management:** stipulated in the ESF+ Regulation (see above);
5. **Justification of the selection of the bodies (identity, selection criteria, possible indication in the legal basis, etc.):** Call for expression of interest - selection of an entrusted entity for the indirect management of the initiative: ESF Social Innovation+⁽⁷⁴⁾.
6. **Summary description of the implementing tasks entrusted to these bodies:**

The 'ESF Social Innovation+' initiative aims at supporting transnational cooperation to accelerate the transfer of, and to facilitate the scaling up of, innovative solutions, in particular for the policy areas set out in article 4 of the ESF+ Regulation, i.e., employment, skills and social inclusion across Europe.

The management of this initiative has been entrusted to ESFA, the Lithuanian ESF agency. Tasks include: Launching of calls for proposals at European level; Information and counselling of potential applicants; Receipt and evaluation of grant applications; Establishment and supervision of evaluation committees; Decision on the award of grants; Publication of information on supported projects; Commitment of funds for projects and signing of

⁽⁷⁴⁾ [Selection of an entrusted entity for the indirect management of the initiative ESF Social Innovation+ | European Social Fund Plus \(europa.eu\)](#)

contracts with project beneficiaries; Pre-financing payments to beneficiaries; Monitoring projects; Analysis and control of final activity and final financial reports; Balance payments and recovery of funds; Establishment of a European Competence Center for Social Innovation, supporting knowledge sharing and mutual learning across the EU; Functioning as secretariat for 5 thematic Communities of Practices and 2 Networks; Reporting to the Commission.

ANNEX 12: EAMR of the Union Delegations (if applicable)

Not applicable.

ANNEX 13: Decentralised agencies and/or EU Trust Funds (if applicable)

Name of the entity	Role of the DG	Policy area concerned	Amount paid in 2023 in €			
			Contribution to			Contribution agreement
			Operating (admin) budget	Operational budget	Total in €	
CEDEFOP	Parent	Investing in People, Social Cohesion and Values	14 876 749	5 219 270	20 096 019	
ELA			16 680 355	11 040 645	27 721 000	
ETF			18 134 708	4 493 248	22 627 956	1 425 000
EU-OSHA			9 208 827	7 482 458	16 691 285	
Eurofound			17 858 030	5 736 970	23 595 000	125 000
Total			76 758 669	33 972 591	110 731 260	1 550 000

1. EUROPEAN CENTRE FOR THE DEVELOPMENT OF VOCATIONAL TRAINING (CEDEFOP)

<p>Short presentation of the agency's activities from 2023 that contributed to the specific objectives of DG EMPL.</p> <p>References: 2023 Management Plan 2020-2024 Strategic Plan 2022 Annual Activity Plan</p>	<p>The European Centre for the Development of Vocational Training (Cedefop) supports 'the promotion, development and implementation of Union policies in the field of vocational education and training (VET) as well as skills and qualifications policies by working together with the Commission, the Member States and the social partners'. In line with its mission, Cedefop particularly contributed to the following objectives of DG EMPL: (3.1) effective support to Member States in their structural reforms and investments in the context of the European Semester; (5.1) a skilled workforce to master the green and digital transition; and (5.2) vocational education and training effectively addresses the labour market needs and prepares people for the green and digital transition.</p> <p>Activities supporting these objectives included the following:</p> <p>Contributing to the European Year of Skills, including by: contributions to the Making Skills Count conference (June), the joint EP-Commission-agencies <i>Skills, skills, skills!</i> event (September), Cedefop's flagship EYS conference <i>Mind the gaps</i> (October), a series of #YearOfSkills virtual get-togethers, and contributing to the <i>Vocational Skills Week</i>.</p>
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	<p>VET policy monitoring, drawing on the ReferNet national experts that feeds into the European Semester country analysis and the Education and Training Monitor.</p> <p>In 2021, in close consultation with the Commission and the European Training Foundation, Cedefop developed the template for the National Implementation Plans (NIPs) for the Council Recommendation on VET and the Osnabrück Declaration, as well as the related ‘integrated monitoring framework’. After a first analysis in 2022, in 2023, the agencies presented a more in-depth analysis of the submitted NIPs to the Advisory Committee on Vocational Training (December 2023).</p> <p>Producing evidence and research on various VET and adult skills related topics, such as: upskilling pathways, apprenticeships, micro-credentials, and individual learning accounts.</p> <p>Providing skills intelligence that informs DG EMPL’s policy development, as well as national policy makers, social partners, and labour market actors, including on jobs and skills driving the green and digital transitions (big data analysis of online vacancies, ‘Matching skills” online tool, new series of occupation data insights, etc.).</p> <p>In particular, providing policy relevant labour market skills intelligence to support the EU’s work on labour migration, including discussions in the Labour Migration Platform, and implementation of the Skills and Talent package, as well as the initiatives on the recognition of qualifications of third country nationals and the EU Talent Pool.</p> <p>Providing analytical work on tools and principles promoting lifelong and lifewide learning (including EQF, EQAVET, ESCO, key competences, lifelong guidance, validation, etc.), which contributes to rendering labour market policies more effective and inclusive.</p>
<p>DG EMPL’s participation in the governance of the agency and nr of votes.</p>	<p>Cedefop has a ‘tripartite’ Management Board (MB), composed of 3 representatives of each Member State (representing government, employers, and employees) and 3 representatives of the Commission, as well as one independent expert appointed by the European Parliament (without voting rights). Decisions of the MB are taken by a majority of members with voting rights or by a majority of two thirds in a limited number of specific cases (single programming document,</p>

	<p>annual budget, etc). The Executive Board (EB) is composed of the Chairperson of the Management Board, the three Deputy Chairpersons (including one from the Commission), coordinators of the three groups (governments, employers, and employees) and one additional representative of the Commission. Decisions of the Executive Board are taken by consensus.</p>
<ul style="list-style-type: none"> • Description of ex ante monitoring, supervision and control activities • (control 'with' the agency): • role of the Management / Governing Board and Audit Committee; • nr of Board and Audit Committee meetings in 2023 and major decisions taken with DG EMPL's participation; • nr of bilateral senior management meetings in 2023 between the agency and their interlocutors in DG EMPL, and main points discussed / agreed; • nr of bilateral technical meetings in 2023 between the agency and their interlocutors in DG EMPL, and main points discussed / agreed; • initiatives taken by DG EMPL in 2023 to exchange good practices and ensure coherent approach between the agencies (e.g. on conflict of interest, rules on independence, anti-fraud strategy etc); • assess the agency's control framework and financial rules in 2023 (monitoring of alignment of the agency's Internal Control framework with the Commission's updated Internal Control Framework; alignment of agency's rules to the new Financial Regulation etc). 	<p>Role of Management Board The functions of the Management Board are laid down in Article 5 of Cedefop's Founding Regulation ⁽⁷⁵⁾ and include: (i) providing the strategic orientations for Cedefop's activities; (ii) adopting the agency's single programming document and annual budget; (iii) adopting a consolidated annual activity report together with an assessment of Cedefop's activities and submitting them to the European Parliament, Council, Commission and Court of Auditors; (iv) adopting an anti-fraud strategy; and (v) monitoring adequate follow-up to findings and recommendations from audits and evaluations. Cedefop does not have an Audit Committee.</p> <p>MB/EB meetings Management Board: 1 Executive Board: 4 DG EMPL attended all MB/EB meetings. It should be noted that, while many issues are debated at the MB/EB meetings, most decisions are formally adopted by written procedure. There were 10 such written procedures in 2023. Key decisions of the MB included: Single Programming Document 2024-2026; Consolidated Annual Activity Report 2022 and MB assessment; Final Accounts 2022 and Management Board opinion; Amending budget 2023; Extension of the contract of the Executive Director for another 5 years (see below). Meetings at senior management level Since 2020, DG EMPL has established the practice of organising bilateral meetings at Director level to discuss the agenda of the upcoming EB/MB meetings. In 2023, (only) one such meeting took place, but several ad hoc meetings took place (including one between the EMPL Director-General</p>

⁽⁷⁵⁾ [Regulation \(EU\) 2019/128](#).

and the Cedefop Executive Director) to discuss budget issues.

Technical meetings

DG EMPL's units B2 and B3 have regular contacts with Cedefop on topics and files of mutual interest, be it by phone (bilateral or conference calls), videoconference or in person at meetings in Brussels or Thessaloniki, thus ensuring optimal alignment, synergy, and efficiency of DG EMPL's and Cedefop's activities. It is not possible to provide a reliable number of such contacts/meetings.

At DG EMPL's initiative, since 2021, quarterly stocktaking meetings are organised to strengthen coordination of the respective activities and further foster synergies between DG EMPL and Cedefop, for better quality outcomes and more efficient use of resources. Participants are Cedefop management and the heads of units B2 and B3 of DG EMPL. Three such meetings were held in 2023. Initiatives taken by DG EMPL to exchange good practices and ensure coherent approach between the agencies. The units in charge of DG EMPL agencies exchange the debriefs of the meetings of the Executive and Management Boards, and systematically share relevant draft rules and provisions prepared by the agencies for comments, thus ensuring alignment of such rules where possible/appropriate. Since the beginning of 2023, Directorate A/Unit A1 ensure coordination of EMPL agencies' matters in a structured manner. An EMPL guidance paper on relations with its agencies was drafted and finalised in July 2023.

Assessing the agency's control framework and financial rules

As Cedefop ensured the necessary alignment of the agency's internal control framework with the Commission's updated internal control framework, as well as the alignment of the agency's rules to the new Financial Regulation in 2019, no further action was required in 2023. As a reminder:

The Cedefop Management Board adopted the agency's (revised) internal control framework in January 2019. It was verified beforehand by DG EMPL (including by its own internal control coordinator) and considered in line with the Commission's updated internal control framework.

In July 2019, the Cedefop Management Board adopted the financial regulation applicable to Cedefop, in conformity with the Commission Delegated Regulation (EU) no 2019/715 of 18

	December 2018 (the Framework Financial Regulation).
<p>Description of ex post controls (audits, external evaluations and discharge): ongoing and completed audits in 2023; ongoing and completed external evaluations in 2023; Was ECA's declaration of assurance for the reliability of the agency's 2022 accounts and the legality and regularity of the underlying transactions positive? Any negative comments made by ECA? If yes, did the agency drafted / already implemented an action plan? Was the discharge granted? Does DG EMPL follow up the implementation of the audit recommendations? If yes, how? If no, please explain the reasons.</p>	<p>Ongoing and completed audits in 2023. IAS audit on surveys in Cedefop. Ongoing and completed external evaluations in 2023. External 'cross-cutting' evaluation of four of the decentralised agencies under the remit of DG EMPL. ECA's declaration of assurance for the reliability of the agency's 2022 accounts and the legality and regularity of the underlying transactions ECA has given a positive assessment of the reliability of the agency's 2022 accounts and the legality and regularity of the underlying transactions. Weaknesses were flagged regarding allowances paid to Greek seconded national experts, and budgetary management (calculation of contribution of EFTA countries). Both issues were solved in the meantime. Discharge for 2022 is expected to be granted in spring 2024. DG EMPL follows up the implementation of the recommendations of the IAS and ECA audits and of evaluations as members of the Cedefop Executive and Management Boards. The Cedefop management reports at each EB and MB meeting on the actions taken to implement the recommendations and their state of play.</p>
<p>As the annual subsidy is transferred in tranches, please explain the conditions for releasing/transferring a tranche</p>	<p>Tranches were released quarterly upon request by the agency and following an assessment of the agency's cash position. As from 2024, Cedefop has joined the Commission's treasury service. As a consequence, and in order to simplify administration, the agency has asked for a first instalment of the 2024 payment appropriations of around 90% of its subsidy at the beginning of the year; the balance will be requested towards the end of the year, when a precise estimate of needs can be made.</p>
<p>Overall conclusion on legality and regularity of subsidy payments to the agency and benefits of controls (e.g., reduced risk of fraud, decreased nr of audit recommendations, increased % on key performance indicators etc).</p>	<p>While the Director-General of DG EMPL is accountable for the legality and regularity of the payments of the subsidies to the agency, the accountability for the regularity and legality of this expenditure resides ultimately with the agency itself. The Court of Auditors gave a positive declaration of assurance for Cedefop for the year 2022, as well as for previous years. The comments made by the Court do not call into question DG</p>

	<p>EMPL’s reasonable assurance on the operating budget managed by Cedefop. From its own monitoring and supervision work as partner DG, DG EMPL did not become aware of any element that would indicate that the reporting from the agency would not be reliable. Consequently, in view of DG EMPL’s responsibility for the funds paid to the operating budget of the agency, DG EMPL concludes that there are no control weaknesses affecting the assurance building in terms of the control objective as regards legality and regularity. The benefits resulting from the controls are not quantifiable. Examples of unquantified benefits are the reduced risk of fraud and deterrent effects of the audits by the Court of Auditors and the Commission’s Internal Audit Service, as well as DG EMPL’s verification and monitoring of the agency’s internal control framework, including the agency’s anti-fraud strategies and policies to prevent conflicts of interest.</p>
Regulatory changes, if any.	N/A.
Major events not captured above (staff related, etc).	<p>As was the case already in 2022, because of the significant increase of staff and other costs due to inflation and the increase of the Greek country coefficient, Cedefop has expressed concern that its operational budget is increasingly being “squeezed” (cf. Title 3 accounted for 30% of the overall budget in 2021, dropping to 25% in 2023, and possibly to ±20% in 2024). Given that Cedefop is an outlier among EU decentralised agencies in that it owns its building, DG EMPL has given its agreement in principle to an exceptional budgetary reinforcement for the extraordinary maintenance works related to Cedefop’s premises of maximum EUR 1.5 MEU over a 3-year period (2025-2027). At the 2022 MB meeting, members endorsed Cedefop’s pledge to become climate neutral by 2030 and approved the inclusion of a climate neutrality study in the 2023 work programme. At the 2023 MB meeting, members took note of the outcomes of the study and endorsed the general orientation of the proposed climate neutrality strategy. Upon a recommendation by the Commission, the Cedefop MB, at its meeting of 5-6 October 2023, decided to grant the Executive Director an extension of his mandate for another 5 years, as from 1 September 2024.</p>

2. EUROPEAN LABOUR AUTHORITY (ELA)

<p>Short presentation of the agency’s activities from 2023 that contributed to the specific objectives of DG EMPL. References: 2023 Management Plan 2020-2024 Strategic Plan 2022 Annual Activity Plan</p>	<p>The European Labour Authority entered the phase of consolidation in 2022 and 2023 with the objective to reach full capacity by the start of 2024 regarding its activities and resources. In 2023, the Authority continued in the growth of its resources as well as expansion of its operational activities. ELA also contributed to the specific objectives of DG EMPL, in particular specific objective 3.6 Enhanced labour mobility. ELA’s main organisational achievements include: by the end of 2023, the Authority employed 141 staff members, including 59 Seconded National Experts, being on a good track to reach 144 by early 2024. ELA continued to build its internal structure by finalising the onboarding of the heads of sectors in 2023. After obtaining approval from the Management Board and Commission, the Authority worked on the establishment of Brussels Liaison Office, which will be open at the beginning of 2024.</p> <p>The Authority updated its organisational structure as of 1 November 2023 to strengthen the legal and internal control activities it carries out.</p> <p>The Authority continued adopting and developing internal policies, rules, processes, and procedures, including further development of the Standard operating procedures. It further consolidated its planning and reporting, by deploying the Operational plan application to report on the implementation of its activities and fulfilment of KPIs. ELA signed Memorandum of Understanding with Cedefop to strengthen their cooperation on vocational education and training, skills, and labour mobility in the EU. ELA welcomed a delegation of the Employment and social affairs committee of the European Parliament at its premises in Bratislava led by MEPs Antonius Manders and Daniela Rondinelli.</p> <p>While finalising the phase of consolidation, the Authority continued to deliver in all areas of its mandate, including following achievements: in 2023, Authority conducted 76 concerted and joint inspections (CJIs). This is an increase compared to 2022. 26 Member States participated in the CJIs.</p>
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Multiple Member States hosted inspections repeatedly. ELA continued with the inspection activities in the road transport sector during the dedicated Weeks of Action in cooperation with Europol. In 2023, three weeks of action were organised with multiple joint and concerted inspections with the participation of various Member States. In addition, the First Action Week in the construction sector supported by ELA took place in May. During the action week, 10 cross-border inspections with the participation of 15 Member States took place. A second Week of Action in the construction sector took place in October with the participation of 12 Member States and 196 companies were checked with 113 possible infringements detected. The information and awareness-raising campaign #EU4FairConstruction focusing on posted workers in the construction sector had significant outreach. According to preliminary results for 2023 only, campaign videos were watched more than 8 million times, the outdoor advertising had an outreach of 9.5 million and online impressions reached over 27 million. ELA continued in its work to support provision of information in relation to posting of workers, free movement of workers and social aspects of road transport. It includes organisation of peer-reviews of national websites on posting of workers or the organisation of roadshows – local events organized with the support of ELA and involvement of national authorities to provide direct information to drivers and operators. ELA also published a booklet with lessons learnt for single national websites on the posting of workers. ELA further consolidated its activities related to the coordination of networks and the EURES portal. It continued the support of European Online Job Days. ELA also finalized and published the 2022 EU report on labour market shortages and surpluses. The report provides details on labour shortages and surpluses such as their extent and severity in the EU27 plus Norway and Switzerland. The report was presented in a joint event with Eurofound in March 2023. ELA continued to implement the activities of the Platform Tackling Undeclared Work working group, in line with the

agreed priorities. The Platform continues its pivotal role as a knowledge hub on undeclared work as well as incubator for exchange and innovation among practitioners. In the field of cooperation, ELA relied mainly on its network of National Liaison Officers, which contributed to finding solution in relation to 163 cases of cooperation. ELA continued to nurture its visibility and awareness rising about its mandate and activities in Member States by *inter alia* organizing 6 national events. ELA launched the Posting 360 programme under its Mutual Learning and Understanding Framework. The program is a multi-annual framework for extensive cooperation between the relevant stakeholders with a view to improve the exchange of information, enhance administrative cooperation and increase knowledge on EU and national rules on the posting of workers. The programme includes the Forum on the Posting of Workers that brings together national authorities from labour and social security fields. In 2023 the Forum met twice in Bratislava. ELA published a report on the cooperation practices, possibilities and challenges between Member States, specifically in relation to the posting of third-country nationals. The report will be followed-up with other ELA actions in the field. ELA finalized all the necessary arrangements and launched its mediation function in 2022. Since then, ELA received four cases, and in 2023 one case led to the adoption of the first non-binding opinion. ELA continued in the extension of its cooperation arrangements with sister agencies and other institutional stakeholders. ELA concluded cooperation instruments with Cedefop and EU-OSHA. ELA also started/continued its cooperation with Europol (within the framework of EMPACT), Cepol, Eurojust as well as with other bodies, such as Administrative Commission, SOLVIT or ROADPOL. ELA started to explore the cooperation with the third countries. The Authority continued its work on fostering digital innovation in labour mobility field by focusing on mapping of national solutions using AI or implemented within the social security field. Furthermore, ELA organized a call for papers with the innovative digital solutions using AI which can be applicable in labour mobility and social security

	<p>coordination area. Finally, ELA organised a workshop on Artificial Intelligence and algorithms for risk assessment in labour mobility, social security and enforcement focusing on mainly on addressing biases in algorithmic systems. ELA continued in improving its programming documents. It identified strategic areas of work and strategic objectives and developed specific Key Performance Indicators to measure their achievements. ELA also formulated its thematic priorities under the key regulatory areas under its mandate (posting of workers, free movement of workers, social security coordination and transport). This approach is reflected in the Single Programming Documents. ELA organised its Annual Conference in June on the topic “What future for labour mobility? Trends and a way forward”. It had a great attendance both in person in Bratislava and online. During the conference the Good Practice Awards were presented to four exemplary good practices in the field of seasonal work and road transport, following a call for good practices in 2022.</p>
<p>DG EMPL’s participation in the governance of the agency and nr of votes.</p>	<p>Two members are representing the Commission with right to vote in ELA’s Management Board (according to Article 17 of ELA Regulation). Two members are also representing the Commission in ELA’s Stakeholder Group (according to Article 23 of ELA’s founding Regulation). ELA Management Board (MB) met 3 times in 2023 (March, June, and November). In addition, there was an informal meeting of the Management Board in September. The ELA Management Board was presented with 49 documents and adopted 19 decisions. The main decisions of the ELA MB include Decision No 4 - Implementing rules concerning the Data Protection Officer of the European Labour Authority pursuant to Article 45(3) of Regulation (EU) 2018/1725, Decision No 6 - ELA Communication Strategy 2023 to 2026 Decision No 14 - Adoption of the ELA Capacity Building Strategy 2024-2030, and Decision No 16 – Adoption of ELA Anti-Fraud Strategy 2024-2026.</p>
<p>Description of ex-ante monitoring, supervision, and control activities (control ‘with’ the agency):</p>	<p>In December 2020, ELA's Management Board adopted its own Internal Control Framework, in line with the Commission guidance. The Management</p>

<p>role of the Management / Governing Board and Audit Committee; nr of Board and Audit Committee meetings in 2023 and major decisions taken with DG EMPL's participation; nr of bilateral senior management meetings in 2022 between the agency and their interlocutors in DG EMPL, and main points discussed / agreed; nr of bilateral technical meetings in 2023 between the agency and their interlocutors in DG EMPL, and main points discussed / agreed; initiatives taken by DG EMPL in 2022 to exchange good practices and ensure coherent approach between the agencies (e.g. on conflict of interest, rules on independence, anti-fraud strategy etc); assess the agency's control framework and financial rules in 2023 (monitoring of alignment of the agency's Internal Control framework with the Commission's updated Internal Control Framework; alignment of agency's rules to the new Financial Regulation etc).</p>	<p>Board also adopted the ELA Financial rules, which are in line with the new Framework Financial Regulation.</p> <p>During 2023, ELA Management Board adopted the following decisions relevant for control activities:</p> <ol style="list-style-type: none"> 1) 2023/11 Management Board Decision - appointment of the Accounting Officer of the European Labour Authority. 2) 2023/16 Management Board Decision - Adoption of the Anti-Fraud Strategy 2024-2026. 3) 2023/17 Management Board Decision - Designation of European Commission's reporting officer for annual appraisal procedures of ELA's Executive Director. <p>In 2023, ELA monitored the Risk Action Plan quarterly and the outcome is used for identified risk mitigating actions for the 2023 Risk Action Plan. ELA also developed the Internal Control Principles document and the draft KPIs to assess the functioning of the internal control system. The evaluation of the internal control system's effective functioning will be done in 2024 Q1.</p> <p>To further strengthen its ex-ante control, starting from 01/01/2023, ELA replaced Ares with Speedwell, to implement a paperless financial workflow, delivered financial and procurement trainings for non-financial staff, tips on type of errors and to identify errors in contract implementation, ex-ante checks for different type of activities, certified correct checklist, and other elements of the ex-ante control.</p> <p>In 2023, ELA took part in the peer review exercise on risk management in decentralised agencies launched by the European Commission.</p> <p>During 2023, ELA adopted Standard Operating Procedures for personal data breaches, handling personal data subject request, and encryption policy.</p>
<p>Description of ex-post controls (audits, external evaluations and discharge): ongoing and completed audits in 2023; ongoing and completed external evaluations in 2023;</p>	<p>In 2023, independent audits were carried out by the Internal Audit Service (IAS) of the European Commission and by the European Court of Auditors (ECA). External independent audits are carried out by private audit firms contracted by the Authority via a framework contract concluded by the European Commission, on the financial account and on the ex-</p>

<p>Was ECA's declaration of assurance for the reliability of the agency's 2022 accounts and the legality and regularity of the underlying transactions positive? Any negative comments made by ECA? If yes, did the agency drafted / already implemented an action plan? Was the discharge granted? Does DG EMPL follow up the implementation of the audit recommendations? If yes, how? If no, please explain the reasons.</p>	<p>post controls for the financial year 2023. The external audits in question will be finalized during 2024. ECAs opinion on legality and regularity of transactions as well as reliability of annual accounts for the financial year 2022 was included in the "Annual report on EU agencies for the financial year 2022" and published on 26 October 2023. The statement issued by the ECA assures that "ELA's accounts for the year ended 31 December 2022 present fairly, in all material respects, ELA's financial position, the results of its operations, its cash flows, and the changes in net assets for the year then ended, in accordance with its Financial Regulation and with accounting rules adopted by the Commission's accounting officer. These are based on internationally accepted accounting standards for the public sector." ECA confirmed that "the transactions underlying the annual accounts are legal and regular in all material respects." The ECA observations for ELA are published in the "Annual report on EU agencies for the financial year 2022" and have been followed up in 2023. The discharge procedure is ongoing. The EMPL Committee in its opinion proposed to grant discharge to the Authority. The draft report of the CONT Committee of the EP also proposed to grant discharge to the Authority.</p>
<p>As the annual subsidy is transferred in tranches, please explain the conditions for releasing / transferring a tranche</p>	<p>Tranches are released upon request by the agency and following an assessment of the agency's cash position. Considering the differentiated appropriation of Title III and an agreement with the Commission, ELA received EUR 27 721 000 in 2023.</p>
<p>Overall conclusion on legality and regularity of subsidy payments to the agency and benefits of controls (e.g., reduced risk of fraud, decreased nr of audit recommendations, increased % on key performance indicators etc).</p>	<p>While the Director-General of DG EMPL is accountable for the legality and regularity of the payments of the subsidies to the agency, the accountability for the regularity and legality of this expenditure resides ultimately with the agency itself, following the reach of financial autonomy in May 2021. From its own monitoring and supervision work as a partner DG, DG EMPL did not become aware of any element that would indicate that the reporting from the agency would not be reliable. Consequently, in view of DG EMPL's responsibility for the funds paid to the operating budget of the agency, DG EMPL concludes that there are no control weaknesses affecting the assurance building in terms of the control objective as regards legality and regularity.</p>

	The benefits resulting from the controls are not quantifiable. Examples of unquantified benefits are the reduced risk of fraud and deterrent effects of the audits by the Court of Auditors and the Commission's Internal Audit Service, as well as DG EMPL's verification and monitoring of the agency's internal control framework, including the agency's anti-fraud strategy and policies to prevent conflicts of interest.
Regulatory changes, if any.	N/A
Major events not captured above (staff related etc).	ELA continued developing the necessary human resources rules, policies, guidelines, info packages, and processes to enhance working conditions and support the integration of newcomers.

3. EUROPEAN TRAINING FOUNDATION (ETF)

<p>Short presentation of the agency's activities from 2022 that contributed to the specific objectives of DG EMPL.</p> <p>References: 2023 Management Plan 2020-2024 Strategic Plan 2022 Annual Activity Plan</p>	<p>The work of the European Training Foundation (ETF) contributes to the specific objectives of DG EMPL by integrating the principles of EU priorities on employment, social rights, social inclusion, skills, and qualifications into the support to the development of human capital practices and policies in the neighbouring countries. Beyond the formal governance, the ETF engages with core geographical DGs (DG NEAR, DG INTPA and the EEAS) and thematic DGs close to ETF core business (DG EMPL, DG EAC, DG HOME, DG GROW, DG JRC, and others) to ensure that the actions of its annual work plan contribute to the overall objectives of the Commission. Following the implementation of its 2027 Strategy, in 2023 the ETF has worked in close cooperation with Commission services, including in supporting actions related to the emergency work of services following the Russian war of aggression against Ukraine. In relation to the work plan of DG EMPL, the following actions stand out: The ETF continues to represent a key partner in the implementation of actions connected to the international dimension of the skills agenda, in particular as regards the Centres of Vocational Excellence, for which ETF is implementing a Service Level Agreement since 2022. The ETF has been pivotal in ensuring a rapid response to emergency needs following the aggression against Ukraine. This included the translation of ESCO and Europass, as well as the E-profile tool in Ukrainian, allowing immediate use by Member States and Ukrainian citizens fleeing the war. The ETF has also quickly developed and made available a resource hub with information for both Ukrainian citizens as well as Member States. The ETF completed the comparison of the EQF with the Ukrainian qualification framework hence</p>
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	<p>facilitating a smooth progress of participation of Ukraine to the EQF in its new status of candidate country. The ETF has also worked with Eurofound to make available the first working and living conditions profile for Ukraine. ETF continued to contribute to the work of DG EMPL in the area of qualification systems comparison, micro-credentials and recognition; ETF has followed the participation of several countries to the European Alliance for Apprenticeships, including new requests from Eastern Partnership countries. In 2023 ETF took part to the shaping of DG EMPL contribution to the COP27, focusing on skills and the green transition, by completing in 2023 the implementation of the European Skills and Job Survey in selected Western Balkans economies, and with Eurofound by launching the second wave of the e-survey on living, working, and learning conditions in neighbouring countries. These exercises offer to DG EMPL a good ground of comparability and benchmarking in view of policy dialogue and support to countries. Other key actions include EU bilateral and regional policy dialogue: input to Youth Guarantee action plans in Western Balkans and bilateral support to countries in form of policy advice and policy dialogue. Input to sub-committee meetings on employment (recurrent requests). Monitoring and assessment: regular monitoring of education and employment trends through the Torino Process and the production of country fiches – regular input; input in the assessments of Economic Reform programmes in Western Balkans and Türkiye – regular input; development and implementation of the monitoring framework of the priorities of the Union for Mediterranean Ministerial Declaration on Employment and Labour (Marrakech, 2022), including development of guidelines, monitoring tool, and coaching of volunteering countries. Facilitation of the discussion on the monitoring framework, including input in the Regional Platforms on Employment and Labour. Together with Cedefop and for the candidate countries, the monitoring process of the Osnabruck Declaration and the EU Council Recommendation on VET, adopted in November 2020. ETF also worked on the Rapid Education Diagnosis conducted in Lebanon (in 2021) and Kosovo (in 2023).</p>
<p>DG EMPL's participation in the governance of the agency and nr of votes.</p>	<p>The ETF Governing Board (GB) is chaired by the Director-General of DG EMPL. The Board adopted 15 decisions in 2023, meeting twice. DG EMPL organised and chaired two Structured Dialogue meetings between the Commission/EEAS members and observers in the Governing Board, and the ETF management. On the eve of the Governing Board meetings in June and November, DG EMPL organised and chaired the Troika meeting to discuss</p>

	<p>the agenda of the GB meeting with the representatives of the current, former, and future Presidencies and the ETF. On 1st June 2023 Commissioner Nicolas Schmit visited ETF and was presented with ETF activities.</p>
<p>Description of ex ante monitoring, supervision and control activities (control 'with' the agency): role of the Management / Governing Board and Audit Committee;</p> <p>nr of Board and Audit Committee meetings in 2023 and major decisions taken with DG EMPL's participation;</p> <p>nr of bilateral senior management meetings in 2023 between the agency and their interlocutors in DG EMPL, and main points discussed / agreed;</p> <p>nr of bilateral technical meetings in 2023 between the agency and their interlocutors in DG EMPL, and main points discussed / agreed;</p> <p>initiatives taken by DG EMPL in 2023 to exchange good practices and ensure coherent approach between the agencies (e.g. on conflict of interest, rules on independence, anti-fraud strategy etc);</p> <p>assess the agency's control framework and financial rules in 2023 (monitoring of alignment of the agency's Internal Control framework with the Commission's updated Internal Control Framework; alignment of agency's rules to the new Financial Regulation etc).</p>	<p>Role of the Management/Governing Board and Audit Committee:</p> <p>The Governing Board is responsible for drawing up the annual estimate of expenditure and revenue as well as for adopting the annual work programme, draft establishment plan, definitive budget, annual activity report, rules of procedure and financial rules. It has the power to appoint and dismiss the director, as well as to prolong his/her term of office. The ETF does not have an Audit Committee. Two Governing Board meetings were organised: one in June 2023 and one in November 2023. In 2023, 15 decisions were adopted, including: the adoption of the 2022 Consolidated Annual Activity Report, 2022 Annual Accounts, 2024 Annual Work Programme, 2023 Budget, and the appointment of the accountant. Initiatives taken by DG EMPL in 2023 to exchange good practices and ensure coherent approach between the agencies: On 20 September 2023, DG EMPL A organised a joint meeting with all 5 EMPL agencies on "<i>delivering together</i>" and then requested all of them to contribute with their input to DG EMPL Steering note on "<i>Looking ahead: Do you see any gaps or blind spots that would require policy action in the short- and medium-term? If yes, how can the agencies contribute to addressing them in an effective way?</i>" Cedefop and Eurofound have joint action plans with the ETF in the respective annual work programmes. The two agencies organised participation in activities and exchange of information in respect of the different mandates of the agencies. The ETF participated to their Management Board meetings and to that of ELA as observer. Continued engagement of ETF and its sister agencies under the remit of DG EMPL has been reinforced with concrete cooperation actions. The Service Level Agreement between ETF and EU-OSHA for sharing of accounting services continues and a joint action plan with CEDEFOP has been agreed covering several areas linked to central services (recruitment, procurement, IT, greening and EMAS, evaluation). Furthermore, agencies have agreed to seek opportunities for sharing services regarding cybersecurity. The ETF actively participated in the 2023 risk management peer review within the EMPL cluster of agencies. Beyond the employment cluster, ETF strengthened cooperation with other agencies in other priority areas such as Artificial Intelligence and diversity and inclusion as well as an active contribution to the discussion on the review of the EU Agencies Network</p>

	<p>current governance model. Assessing the control framework in 2023. The ETF completed the annual assessment on the effectiveness of internal controls in the ETF at the beginning of 2023. The results show a robust framework with no principles considered to be ineffective or requiring major improvements.</p>
<p>Description of ex post controls (audits, external evaluations and discharge): ongoing and completed audits in 2023; ongoing and completed external evaluations in 2023; Was ECA's declaration of assurance for the reliability of the agency's 2022 accounts and the legality and regularity of the underlying transactions positive? Any negative comments made by ECA? If yes, did the agency drafted / already implemented an action plan? Was the discharge granted? Does DG EMPL follow up the implementation of the audit recommendations? If yes, how? If no, please explain the reasons.</p>	<p>Ongoing and completed audits in 2023: An audit on ETF 2021 provisional and final accounts was outsourced in Q1 2023 and carried out by an external audit firm through the inter-institutional framework contract for audits and controls. The audit report was issued in 2023 and contains a clean unqualified audit opinion on the ETF accounts. Audit on legality and regularity of transactions: In October 2023, ECA published the annual audit report on EU agencies for the financial year 2022 with a clean unqualified audit opinion for the ETF, with two new findings in procurement which do not call into question the audit opinion. Follow-up actions have been designed to address the findings. The outstanding finding noted in 2018 referring to a public procurement procedure for temporary agency services, for which the ETF applied award criteria that consisted of mostly non-competitive price elements, has been closed with the conclusion of the new framework contract signed in early 2023. In 2023, ECA carried out the first of two audits for the financial year 2023 on the legality and regularity of transactions as an online audit. The second and follow up audit is due to take place as a site visit in February 2024. The audit on ETF 2023 accounts is due to take place in Q1-2024 as an outsourced audit through the inter-institutional framework contract on audits and controls. ECA's declaration of assurance for the reliability of the ETF's 2022 accounts and the legality and regularity of the underlying transactions was positive. The ETF was granted discharge for the financial year 2022 in Spring 2023. DG EMPL's follow-up on the implementation of the recommendations: All audit follow up actions are reported in the Governing Board meetings and in the annual activity reports of the ETF. IAS carried out an audit in 2021-2022 on collaboration and cooperation mechanisms between the ETF and EC services. The final report was issued in 2022 and contains 4 recommendations for improvement. In 2023, ETF and DG EMPL agreed on a common action plan that is being implemented jointly with most actions having been addressed. Also in 2023, ETF started preparations with IAS for the internal audit on digitalization that will continue in 2024.</p> <p>Ongoing and completed external evaluations in 2023:</p>

	<p>The regulation of the ETF calls for an evaluation every 4 years by the Commission and within the overall performance management system of the agency; the ETF commissions external evaluations to assess the extent to which the ETF's activities have achieved its planned results, added value and impact. All evaluations are followed up by action plans and reported to the GB and in the annual activity report. More specifically: in 2023 the ETF carried out a mid-term review of its strategy and launched an evaluation of ENE network. DG EMPL has launched the external evaluation of ETF in 2022-2023, as a cross cutting evaluation of 4 agencies under its remit (ETF, EU-OSHA, EUROFOUND and CEDEFOP); all agencies provided individual and joint feedback to the draft report.</p>
<p>As the annual subsidy is transferred in tranches, please explain the conditions for releasing / transferring a tranche</p>	<p>Tranches are released upon request by the agency and following an assessment of its cash position, and budgetary needs.</p>
<p>Overall conclusion on legality and regularity of subsidy payments to the agency and benefits of controls (e.g., reduced risk of fraud, decreased nr of audit recommendations, increased % on key performance indicators etc).</p>	<p>While the Director-General of DG EMPL is accountable for the legality and regularity of the payments of the subsidies to the agency, the accountability for the regularity and legality of this expenditure resides ultimately with the agency itself. The Court of Auditors gave a positive declaration of assurance for ETF for the year 2022, as well as for previous years as well as a clean opinion on ETF accounts. The comments made by the Court do not call into question DG EMPL's reasonable assurance on the operating budget managed by ETF. From its own monitoring and supervision work as a partner DG, DG EMPL did not become aware of any element that would indicate that the reporting from the agency would not be reliable. Consequently, in view of DG EMPL's responsibility for the funds paid to the operating budget of the agency, DG EMPL concludes that there are no control weaknesses affecting the assurance building in terms of the control objective as regards legality and regularity. The benefits resulting from the controls are not quantifiable. Examples of unquantified benefits are the reduced risk of fraud and deterrent effects of the audits by the Court of Auditors and the Commission's Internal Audit Service, as well as DG EMPL's verification and monitoring of the agency's internal control framework, including the agency's anti-fraud strategy and policies to prevent conflicts of interest.</p>

Regulatory changes, if any.	N/A
Major events not captured above (staff related etc).	<p>In 2023, ETF continued monitoring the rapidly changing geopolitical setting of its partner countries. Close monitoring with EC services, coordinated by DG EMPL allowed ETF to ensure its relevance with accelerated track for candidate countries on the one hand and adjusted engagement in fragile and conflict setting following the directives for External Action of the EC.</p> <p>Internal follow up includes:</p> <p>Provide means and tools to ensure support coping with change and disruptive social and working environments, in particular to Ukrainian colleagues, as well as ensure 'off the shelf' support to EU partners and beneficiaries in partner countries; business continuity required to re-allocate funds to cope with high inflation rate and rising energy prices, including introduction of a number of energy saving measures; adapt its work programme to provide immediate support to Ukraine by creating an emergency package, proposal for recovery and reconstruction, a dedicated ETF Ukraine Task Force; unexpected departure of accountant in August 23 led to the appointment of ETF Accounting Officer ad interim by the Governing Board. Cooperation with EU-OSHA has continued throughout the whole process, leading to the launching of a recruitment process expected to be concluded early 2024. Governing Board was kept timely informed on progress through updates in the June, November meetings and via an ad hoc written procedure in December. In view of supporting the wider EU investments, enlarging the impact of its work, building synergies within the Commission and widening its operational resources, ETF has identified the option, in a few and well-defined number of cases, of implementing extra subsidy projects that are closely related to the mandate and expertise of the ETF but cannot be met with the limited support under the subsidy and that can respond to policy priorities for Commission services including DG INTPA, DG NEAR, DG EMPL, DG EAC, etc. Notably, in 2023 the following extra-subsidy projects have been launched: SLA II on Centres of Vocational Excellence, with DG EMPL covering a period of 2 years (April 2023 - April 2025) for a total amount of EUR 1,5 million; ACQFII - African Continental Qualifications Framework with EU delegation to the African Union - 2023 - 2026 for a total of EUR 5 million;</p>

	<p>RWANDA TVET – EU delegation to Rwanda EUR 180 000 for 6 months. Projects still ongoing: DARYA (Dialogue and action for resourceful youth in Central Asia), with EU delegation to Kazakhstan for the period 2022-2027 for a total amount of EUR 10 million; SLA I on Centres of Vocational Excellence, with DG EMPL covering a period of 2 years (Nov 2021 – Nov 2023) for a total amount of EUR 1 million; HCD training for EU DELs in Africa and Asia – whose contract with DG INTPA has been signed in Q3 2022, for EUR 100 000. Contracts signed in Q3 2023 for implementation in 2024: Strategic support to the Ministry of Education and Technical Education in skills development – EUR 500 000 EU delegation to Egypt 12 months; Supporting Education Reforms & Skills in the Eastern Partnership region (SER) – DG NEAR EUR 2.5 million 2024 – 2026.</p>
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4. EUROPEAN AGENCY FOR SAFETY AND HEALTH AT WORK (EU-OSHA)

<p>Short presentation of the agency’s activities from 2023 that contributed to the specific objectives of DG EMPL.</p> <p>References: 2023 Management Plan 2020-2024 Strategic Plan 2022 Annual Activity Plan</p>	<p>EU-OSHA has greatly contributed to the achievement of DG EMPL policy objectives on OSH, particularly to the objective (3.3) decent and safe working conditions for all, through its research supporting policymaking, tools and guidance supporting workplace prevention and through its campaigns that raise awareness. An important milestone was the EU Stocktaking OSH Summit co-organized by the Commission and the Swedish Presidency which took place in Stockholm in May 2023 to assess the progress made on implementing the EU OSH Strategic Framework on Health and Safety at Work 2021-2027 (EU OSH SF). EU-OSHA contributed to this event across all themes. In particular, the Agency presented the “Occupational safety and health in Europe – State and trends 2023” report. This report provides a comprehensive picture of the OSH situation in the EU and helps assess progress in implementing the strategic framework. Furthermore, at the request of the Commission, EU-OSHA presented a guidance document - Heat at work – Guidance for workplaces ⁽⁷⁶⁾ that provides workplaces with practical guidance on how to manage the risks associated with</p>
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⁽⁷⁶⁾ The Heat at Work Guide was drafted based on existing guidance from the US National Institute for Occupational Safety and Health (NIOSH), the UK Health and Safety executive (HSE), the Canadian Centre for Occupational Safety and Health (CCOSH), and Safe Work Australia. It has been translated into 22 languages in addition to English (including) North-Macedonian. The Agency also produced [Napo videos](#) on the topic to get the message across to a broader audience.

working in heat and information on what to do if a worker begins to suffer from a heat-related illness. The document is a concrete contribution to protecting European workers from the consequences of climate change. Of specific relevance to the strategic framework's objective of anticipating and managing change is the Agency's foresight work on the circular economy which has provided important knowledge for policymakers and researchers on OSH issues that this element of the green transition brings with it. Similarly, the work on OSH and digitalisation produced a broad range of publications from research reports to policy briefs and laid the groundwork for Healthy Workplaces Campaign 'Safe and Healthy Work in the Digital Age' that was launched towards the end of 2023 and will run through 2025. The new risks, challenges and opportunities linked to digitalisation and new technologies are one of the focus areas of the EU Strategic Framework on Health and Safety at Work 2021-2027 (EU OSH SF). This EU-OSHA Overview on this matter contributed to knowledge development and thus help anticipate and better prevent those risks. It also provided insights into the consequences of digitalisation on workers' safety and health and the challenges it poses to prevention, policy, and practice as well as the opportunities it offers. EU-OSHA also contributed to the second objective of the strategic framework, improving workplace prevention in line with the Vision Zero approach to work-related deaths. The research activities ("OSH Overviews") on supporting compliance, on psychosocial risks and on OSH in the health and social care sector provide qualitative research results that can be used to improve both the monitoring and the prevention and management of risks in the workplace. The OSH overview on psychosocial risks, which is also mentioned in the EU OSH SF, aims at contributing to the prevention of psychosocial risks and the promotion of a good psychological and mental health at work by providing policymakers, social partners and other stakeholders with a better understanding and a comprehensive, cross-national insight on the state of the art of the issue. In this context, EU-OSHA published an important report on "Psychosocial risks and their impact on the mental health of workers with low socioeconomic status

(LSES)”. In this new report, EU-OSHA analyses the European research on the topic and draws conclusions and policy pointers. The publication showcases a selection of good practices adopted either at organisational or sectoral level and having successfully prevented and managed psychosocial risks for LSES workers. EU-OSHA’s [OSH Barometer](#) provides authoritative information on the state of OSH in the EU helping to track progress in implementing the EU OSH SF, and the large-scale surveys, [ESENER](#), and the recently finalised [Workers’ Exposure Survey on cancer risk factors](#), provide new and comparable data which enable development of evidence-based policy. The European Survey of Enterprises on New & Emerging Risks (ESENER) aims to contribute to the formulation of evidence-based policies by providing high quality information on OSH (participation of workers, the practical management of OSH and the management of psychosocial risks) and comparable data across Europe. EU-OSHA released the report Transportation and storage activities – Evidence from the European Survey of Enterprises on New and Emerging Risks (ESENER), examining OSH management in the sector by looking into the findings across the three survey waves (2019, 2014 and 2009) and carrying out interviews with sector representatives. The report identifies influencing factors like enterprise size and the main risk factors among workers such as prolonged sitting and risk of accidents with machines. The publication also explores the most frequent health problems, including musculoskeletal disorders and mental health-related issues and proposes tailored policy pointers to improve OSH in the sector. The Workers’ Exposure Survey on cancer risk factors has as its objective to contribute to the reduction of work-related cancer by providing data and information aimed at improving the understanding among policymakers, researchers and intermediaries about workers’ exposure to cancer risk factors. The activity fills an important information gap that has been widely identified, most recently in the context of the revision of the Carcinogens, Mutagens or Reprotoxic substances Directive (CMRD) but also in the January 2017 European Commission Communication on modernisation of EU OSH legislation and policy. The survey provides an accurate and comprehensive picture

of current risks related to workers' exposure to cancer risk factors. The fieldwork was carried out in 2023 in six countries and the [first findings from the survey](#) were published on 20 November 2023 and presented at high-level events. EU-OSHA's project on [Online Interactive Risk Assessment \(OiRA\)](#) continued and made good progress in facilitating more and better risk assessments in European workplaces with a specific focus on MSEs and SMEs. This project is directly relevant to improving workplace prevention and supporting small businesses. With approximately 370.000 risk assessments carried out and 354 OiRA tools in use by end 2023, the OiRA website was upgraded to pave the way for better safety and health risk management in the workplace. The upgrade aims to improve it as a user-friendly hub offering access to free risk assessment solutions from the expanding OiRA community in Europe. Finally, the Agency's awareness raising activities, in particular on "Safe and Healthy Work in the Digital Age" 2023-25 were the main European-level awareness raising actions on OSH in 2023. The campaign launch provided a timely contribution to the EU Year of Skills as it aims, among other aspects, to upskill EU workplaces to thrive in the digital age. In respect of the third objective related to enhancing preparedness to ensure a fast response to threats, EU-OSHA's continued involvement in the management of the consequences of the COVID-19 pandemic should be mentioned. EU-OSHA has been strongly involved in the EU response to the crisis and has been strengthening its focus on preparedness and crisis management via its own foresight activities and via enhancing strategic collaboration with other EU Agencies, bodies and institutions. EU-OSHA has provided support to the Commission, other institutions and key stakeholders when requested, to strengthen the evidence base for their decision-making and to provide them with the input necessary for their policy work. The important contribution of EU-OSHA's work to EU policy priorities has been confirmed in several evaluations and studies, for example the 2019 Commission evaluation of EU-OSHA, ETF, Cedefop and Eurofound and the 2021 study commissioned by the European Parliament's Budget Committee on the cost of non-EU Agencies. A second evaluation of EU-OSHA, Cedefop, ETF and

	Eurofound is ongoing, and the preliminary findings are very positive for EU-OSHA, confirming its contribution to EU policy priorities.
DG EMPL's participation in the governance of the agency and nr of votes.	EU-OSHA has a 'tripartite' Management Board (MB), composed of three representatives of each Member State (representing government, employers, and employees) and three representatives of the Commission, two of them from DG EMPL, as well as one independent expert appointed by the European Parliament (without voting rights). Decisions of the MB are taken by a majority of members with voting rights, or by a majority of two thirds in a limited number of specific cases (programming document, annual budget, etc). The Executive Board (EB) is composed of the Chairperson of the Management Board, the three Deputy Chairpersons (including one from the Commission), the coordinators of the three groups (governments, employers, and employees) and one representative of the Commission. Decisions of the Executive Board are taken by consensus. DG EMPL has two representatives in the EB.
Description of ex ante monitoring, supervision and control activities (control 'with' the agency): role of the Management / Governing Board and Audit Committee; nr of Board and Audit Committee meetings in 2023 and major decisions taken with DG EMPL's participation; nr of bilateral senior management meetings in 2023 between the agency and their interlocutors in DG EMPL, and main points discussed / agreed; nr of bilateral technical meetings in 2023 between the agency and their interlocutors in DG EMPL, and main points discussed / agreed; initiatives taken by DG EMPL in 2023 to exchange good practices and ensure coherent approach between the agencies (e.g. on conflict of interest, rules on	<p>Role of Management Board</p> <p>The functions of the Management Board are laid down in Article 5 of EU-OSHA's Founding Regulation ⁽⁷⁷⁾ and include, in line with the Interinstitutional Common Approach: providing the strategic orientations for EU-OSHA's activities; adopting the agency's programming document and annual budget; adopting a consolidated annual activity report together with an assessment of EU-OSHA's activities and submitting them to the EP, Council, Commission and Court of Auditors; adopting an anti-fraud strategy, and monitoring adequate follow-up to findings and recommendations from audits and evaluations. EU-OSHA does not have an Audit Committee, as the tasks are implemented by the Management Board with the support from the Executive Board. MB/EB meetings in 2023: Management Board: 4 (one of which was for the selection of the Executive Director); Executive Board: 3; DG EMPL participated actively in the work of EU-OSHA's Management and Executive Boards in 2023. The Management Board met in January, June (in one ordinary session and in another extraordinary session) and December whereas the Executive Board met in January, June, and December.</p>

(77) REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL establishing the European Agency for Safety and Health at Work (EU-OSHA), and repealing Council Regulation (EC) 2062/94.

independence, anti-fraud strategy etc);
assess the agency's control framework and financial rules in 2023 (monitoring of alignment of the agency's Internal Control framework with the Commission's updated Internal Control Framework; alignment of agency's rules to the new Financial Regulation etc).

In addition to the official Management and Executive Board meetings, DG EMPL in its capacity of deputy chair of the Management Board participated in a number of coordination meetings with the other deputy chairpersons and the chair of the Management Board. It should be noted that, while many issues are debated at the MB/EB meetings, a limited number of decisions are effectively taken by written procedure, mainly for the adoption of meeting minutes and similar decisions. There were 8 such written procedures in 2022;
Key decisions of the MB included:
Selection and appointment of Executive Director;
Single Programming Document 2024-2026;
Budget and Establishment Plan 2024;
Consolidated Annual Activity Report for 2022 and the analysis and MB assessment;
Management Board opinion on Final Accounts for 2022;
Appointment of interim accountant;

Meetings at senior management level
Commissioner Schmit participated in the launching of the EU-OSHA "Healthy Workplaces Campaign" on "'Safe and Healthy Work in the Digital Age' in October 2023. Commissioner Schmit and Director General Joost Korte also participated in a coordination Meeting "DG EMPL and its agencies: Delivering together" in September 2023.

As part of the now well-established tradition, the Interim Executive Director met with the Head of Unit C2 in DG EMPL and colleagues, in advance of both plenary meetings of the Advisory Committee on Safety and Health at Work (ACSH).

Technical meetings

Colleagues of unit C.2 in DG EMPL have regular contacts on topics and files of mutual interest, be it by phone (bilateral or conference calls) or by videoconference, thus ensuring optimal alignment, synergy, and efficiency of DG EMPL's and EU-OSHA's activities. While it is not possible to provide a precise number of such contacts/meetings, DG EMPL estimate these to be around 70 per year. Initiatives taken by DG EMPL to exchange good practices and ensure coherent approach between the agencies. The units in charge of EU-OSHA and the other DG EMPL agencies systematically share relevant draft rules and provisions prepared by the agencies for comments, thus ensuring alignment of such rules where possible/appropriate. The representatives of DG EMPL in the Management Boards

	<p>of EU-OSHA and the other DG EMPL agencies regularly recall the importance of exchanging good practices and ensuring coherent approaches between the agencies, especially when discussing and adopting the respective Single Draft Programming Documents. Assessing the agency's control framework and financial rules EU-OSHA ensured the necessary alignment of the agency's internal control framework in January 2019; In Q1 of 2023, the Agency performed the regular annual review assessment of its internal control framework by monitoring its KPIs. The results of the assessment fed into the corporate risk management exercise and documents. EU-OSHA is audited by the Court of Auditors and the Internal Audit Service and given discharge by the budgetary authority. Overall, general evaluations of EU-OSHA are commissioned every five years by DG EMPL. In addition, EU-OSHA carries out ex-ante evaluations of new activities and mid-term/ex-post evaluations of ongoing/finalised activities. IAS: Work on the SIAP 2021-2023 began towards the end of 2021 with a full audit of HR and Ethics undertaken in 2022 and a final report issued; no critical recommendation has been issued.</p>
<p>Description of ex post controls (audits, external evaluations, and discharge): ongoing and completed audits in 2023; ongoing and completed external evaluations in 2023; Was ECA's declaration of assurance for the reliability of the agency's 2022 accounts and the legality and regularity of the underlying transactions positive? Any negative comments made by ECA? If yes, did the agency drafted / already implemented an action plan? Was the discharge granted? Does DG EMPL follow up the implementation of the audit recommendations? If yes, how? If no, please explain the reasons.</p>	<p>Ongoing and completed audits in 2023 The IAS selected the audit on ESENER and OSH overviews as the next audit to be performed. During 2023, after a preliminary survey, the IAS decided to exclude OSH overviews from the scope of the audit and, thus, change the title of the audit to 'Audit on the European Survey of Enterprises on New and Emerging Risks (ESENER) and its secondary analyses in the European Agency for Health and Safety at Work (EU-OSHA)'. The audit is expected to be finalised by July 2024.</p> <p>Ongoing external evaluations in 2023 Evaluation of four EU Agencies under the remit of DG EMPL (CEDEFOP, ETF, EU-OSHA and EUROFOUND) Evaluation of the foresight activity on the circular economy Evaluation of the achievement of the strategic objectives in EU-OSHA's Strategy Evaluations finalised in 2023: Evaluation of ESENER-3 Evaluation of the OSH Overview and the Healthy Workplaces Campaign on musculoskeletal disorders and the change to a three-year Healthy Workplaces Campaign cycle.</p>

	<p>ECA's declaration of assurance for the reliability of the agency's 2022 accounts and the legality and regularity of the underlying transactions has been issued; a positive assessment has been given.</p> <p>Discharge for 2021 was granted in Spring 2023, whilst at present the Agency is still waiting for the discharge 2022. DG EMPL follows up the implementation of the recommendations of the IAS and ECA audits and of evaluations as members of the EU-OSHA Executive and Management Boards. The EU-OSHA management reports at each EB and MB meeting on the actions taken to implement the recommendations and their state of play.</p>
<p>As the annual subsidy is transferred in tranches, please explain the conditions for releasing / transferring a tranche</p>	<p>Tranches are released upon request by the agency and following an assessment of the agency's cash position.</p>
<p>Overall conclusion on legality and regularity of subsidy payments to the agency and benefits of controls (e.g., reduced risk of fraud, decreased nr of audit recommendations, increased % on key performance indicators etc).</p>	<p>While the Director-General of DG EMPL is accountable for the legality and regularity of the payments of the subsidies to the agency, the accountability for the regularity and legality of this expenditure resides ultimately with the Agency itself. The Court of Auditors gave a positive declaration of assurance for EU-OSHA for the year 2022 as well as for previous years. The comments made by the Court do not call into question DG EMPL's reasonable assurance on the operating budget managed by EU-OSHA. From its own monitoring and supervision work as a partner DG, DG EMPL did not become aware of any element that would indicate that the reporting from the agency would not be reliable. Consequently, in view of DG EMPL's responsibility for the funds paid to the operating budget of the agency, DG EMPL concludes that there are no control weaknesses affecting the assurance building in terms of the control objective as regards legality and regularity. The benefits resulting from the controls are not quantifiable. Examples of unquantified benefits are the reduced risk of fraud and deterrent effects of the audits by the Court of Auditors and the Commission's Internal Audit Service, as well as DG EMPL's verification and monitoring of the agency's internal control framework, including the agency's anti-fraud strategies and policies to prevent conflicts of interest.</p>
<p>Regulatory changes, if any.</p>	<p>There were no regulatory changes in 2023. As a reminder, changes that occurred in 2019 included the following.</p>

	<p>The revised Founding Regulation of EU-OSHA (78) was adopted on 16 January 2019 and entered into force on 20 February 2019. Following the adoption of the new Framework Financial Regulation in December 2018, EU-OSHA adopted its revised Financial Regulation in September 2019. The new cybersecurity regulation coming into force in 2024 will imply new tasks for EU-OSHA. As these tasks are not accompanied by additional resources, EU-OSHA is looking for support from CERT-EU and shared solutions through the EUAN and together with the other EMPL agencies.</p>
<p>Major events not captured above (staff related etc).</p>	<p>Further to the publication of the position of EU-OSHA Executive Director in July 2022, the EU-OSHA Management Board on 26 June 2023 to selected Mr. William Cockburn Salazar as the preferred candidate for the above post. Following a hearing in the EP EMPL Committee, the MB decided to appoint Mr Cockburn Salazar to the post on 2 October 2023. He took office on 16 October 2023. Following the retirement of the previous Executive Director, Mr. Cockburn Salazar had ensured business continuity as an interim Executive Director as from 16 September 2021.</p>

⁽⁷⁸⁾ Regulation (EU) 2019/126 of the European Parliament and of the Council of 16 January 2019 establishing the European Agency for Safety and Health at Work (EU-OSHA), and repealing Council Regulation (EC) No 2062/94.

5. EUROPEAN FOUNDATION FOR THE IMPROVEMENT OF LIVING AND WORKING CONDITIONS (EUROFOUND)

<p>Short presentation of the agency’s activities from 2023 that contributed to the specific objectives of DG EMPL. References: 2023 Management Plan 2020-2024 Strategic Plan 2022 Annual Activity Plan</p>	<p>The European Foundation for the Improvement of Living and Working Conditions (Eurofound) provides the Commission, other EU institutions bodies and agencies, the Member States, and the social partners with support for the purpose of shaping and implementing policies concerning the improvement of living and working conditions, devising employment policies, and promoting the dialogue between management and labour. To this end, Eurofound enhances and disseminates knowledge, provides evidence and services for the purpose of policy making and facilitates knowledge sharing among and between Union and national actors. In line with its mission, Eurofound contributed in particular to the following DG EMPL objectives: (1) A European Green Deal, (3.1) support to Member States through the European Semester, (3.2) stronger social dialogue and (3.3) decent, safe working conditions for all, and (3.4) better functioning labour markets. Eurofound supported these objectives by conducting and publishing research that aims to inform policy action, for example in the area of labour shortages, the right to disconnect, telework and hybrid work, minimum wages, wage bargaining, the impact of green policies, working time, housing, social services, economic and social inequalities and representativeness of European social partner organisations. In 2023, representativeness studies were published on the football sector, furniture sector, woodworking sector and cross-industry social dialogue.</p> <p>EUROFOUND provides analysis, which is relevant for policy makers. For instance, Eurofound representativeness studies are important for the Commission’s understanding of whom to consult under article 154 of the Treaty on the Functioning of the European Union (TFEU) and who may initiate social dialogue negotiations, potentially leading to Council Decisions under article 155 TFEU.</p>
<p>DG EMPL’s participation in the governance of the agency and nr of votes.</p>	<p>Eurofound has a ‘tripartite’ Management Board (MB), composed of three representatives per Member State (representing government, employers, and employees) and three representatives of the Commission (one in the role of Deputy Chair of the MB), as well as one independent expert appointed by the European Parliament (without voting rights). Decisions of the MB are taken by a majority of members with voting</p>

	<p>rights, or by a majority of two thirds in a limited number of specific cases (programming document, annual budget, etc). Eurofound also has an Executive Board, which is composed of the Chairperson of the Management Board, the three Vice-Chairs (including the Vice-Chair from the Commission) of the Management Board and the coordinators of the three groups (governments, employers, and employees). Decisions of the Executive Board are taken by consensus. Eurofound had four Advisory Committees in 2023, namely on: Living Conditions, Social Cohesion and Convergence Working Conditions and Sustainable Work Industrial Relations Employment and labour markets and anticipating and managing the impact of change. As per Article 12 of Eurofound's Founding Regulation, the Advisory Committees carry out the following functions related to Eurofound's research projects: Giving advice on their design and implementation; monitoring progress in their implementation; evaluating their findings; and advising on the dissemination of results. The Commission is represented by 2 members (with one alternate each) in each Advisory Committee. In 2019, Eurofound's Management Board established the Committee on Staff Matters, as a subgroup of the Management Board dealing with staff matters. It exercises certain appointing authority powers not delegated to Eurofound's Executive Director. It is composed of four members of the Management Board, one nominated by each of the three Groups, and one nominated by the Commission (the Vice-Chair to the Management Board, namely DG EMPL Director F). The meetings are chaired by the Commission's representative and is chaired by the latter. In 2023, the Committee on Staff Matters dealt with one case.</p>
<p>Description of ex ante monitoring, supervision and control activities (control 'with' the agency): role of the Management / Governing Board and Audit Committee; nr of Board and Audit Committee meetings in 2023 and major decisions taken with DG EMPL's participation; nr of bilateral senior management meetings in 2023 between the agency and their</p>	<p><u>Role of the Management Board</u> The functions of the Management Board are laid down in Article 5 of Eurofound's Founding Regulation and include: providing the strategic orientations for Eurofound's activities; adopting the agency's programming document and annual budget; adopting a consolidated annual activity report together with an assessment of Eurofound's activities and submitting them to the European Parliament, Council, Commission and Court of Auditors; adopting an anti-fraud strategy; and monitoring adequate follow up to findings and recommendations from audits and evaluations (Eurofound does not have an Audit Committee). <u>Management Board and executive Board meetings:</u></p>

interlocutors in DG EMPL, and main points discussed / agreed; nr of bilateral technical meetings in 2023 between the agency and their interlocutors in DG EMPL, and main points discussed / agreed;

initiatives taken by DG EMPL in 2023 to exchange good practices and ensure coherent approach between the agencies (e.g. on conflict of interest, rules on independence, anti-fraud strategy etc);

assess the agency's control framework and financial rules in 2023 (monitoring of alignment of the agency's Internal Control framework with the Commission's updated Internal Control Framework; alignment of agency's rules to the new Financial Regulation etc).

Management Board (MB): 1; Executive Board (EB): 3 (+2 informal Executive Board meetings in the margin of the summer Group meetings and the Management Board meeting); DG EMPL participated in all these meetings. The MB held in November 2023 notably served to adopt the 2024 Programming Document, the 2025-2028 multiannual Programming Document, and Eurofound's strategy for cooperation with external actors were adopted. It should be noted that, while many issues are debated at the EB meetings, decisions are taken by the MB, often by written procedure.

Meetings at senior management level

The Director of DG EMPL's Directorate F, who is member and Vice-Chair of the Eurofound MB, and the Deputy Head of Unit of DG EMPL's unit F2, who is alternate member of the MB, have regular contacts with Eurofound's management on topics and files of mutual interest, such as the financial resources of the agency. This happens in person at meetings in Brussels and Dublin, by email, phone and videoconference. However, it is not possible to provide a reliable number of such contacts/meetings.

Meetings at technical level

Colleagues of DG EMPL Units, and notably EMPL.F2 (in charge of Eurofound), have regular contacts on topics and files of mutual interest such as the progress in the implementation of a European Parliament pilot projects on minimum wages and working time reduction. These contacts are made by email, phone (bilateral or conference calls), videoconference or in person at meetings in Brussels or Dublin, thus ensuring optimal alignment, synergy and efficiency of DG EMPL's and Eurofound's activities. It is not possible to provide a reliable number of such contacts/meetings.

Initiatives taken by DG EMPL to exchange good practices and ensure coherent approach between the agencies.

DG EMPL unit responsible for managing the relations with Eurofound systematically shares the agency's programming documents with DG EMPL units in charge of agencies to foster synergies and avoid overlaps. Moreover, at DG EMPL Coordination meetings, DG EMPL Directorate responsible for Eurofound reports to the Director-General and other Directors on the main discussions held with the agency, including in the Management and Executive Board meetings.

	<p><u>Assessing the agency’s control framework and financial rules</u></p> <p>Eurofound reports annually to the Management Board on the work program and progress with regards to its internal control.</p> <p>The Annual report by the Internal Control Coordinator was presented to the Management Board in November 2023. The annual internal control work plan of Eurofound focuses on: actions following recommendations of audits from the Internal Audit Service (IAS), Court of Auditors and evaluations; and activities to maintain and strengthen the internal control framework.</p>
<p>Description of ex post controls (audits, external evaluations, and discharge):</p> <p>ongoing and completed audits in 2023;</p> <p>ongoing and completed external evaluations in 2023;</p> <p>Was ECA’s declaration of assurance for the reliability of the agency’s 2022 accounts and the legality and regularity of the underlying transactions positive? Any negative comments made by ECA? If yes, did the agency drafted / already implemented an action plan?</p> <p>Was the discharge granted?</p> <p>Does DG EMPL follow up the implementation of the audit recommendations? If yes, how? If no, please explain the reasons.</p>	<p><u>Ongoing and completed audits in 2023.</u></p> <p>The Internal Audit Service (IAS) closed the 2020-2021 audit on Human resources management and ethics based on their conclusion that all recommendations had been adequately and effectively implemented. Progress on implementing the recommendations from the 2021-2022 audit on Procurement and contracting has been steady. The actions were grouped around three recommendations: procurement planning, monitoring, and reporting, procurement procedures and control, and fostering competitions, synergies, and efficiencies. The IAS has positively assessed 17 of the 20 actions and the final three will be send for review during November.</p> <p><u>Ongoing and completed external evaluations in 2023.</u></p> <p>The 2024 evaluation of EU agencies EUROFOUND, CEDEFOP, ETF and EU-OSHA progressed in 2’023 and is due to be completed in 2024. The scope of the evaluation covers the period 2017 to 2022 and the entire thematic and geographical remit of the four agencies. The evaluation analyses the effectiveness, efficiency, relevance, coherence, and EU added value of the agencies, assessing the agencies performance in relation to their objectives, mandates and tasks. It will include individual and cross-cutting horizontal assessments, with an emphasis on complementarities, synergies, and reinforcement of cooperation.</p> <p><u>ECA’s declaration of assurance for the reliability of the agency’s 2022 accounts and the legality and regularity of the underlying transactions</u></p> <p>ECA gave a positive assessment of the reliability of the agency’s 2022 accounts and the legality and regularity of the underlying transactions. The Commission actively monitors the follow-up to findings and recommendations stemming from audit reports through its membership to the Management and</p>

	Executive Boards of Eurofound, in line with Eurofound's Founding Regulation.
As the annual subsidy is transferred in tranches, please explain the conditions for releasing / transferring a tranche	Tranches are released upon request by the agency and following an assessment of the agency's cash position.
Overall conclusion on legality and regularity of subsidy payments to the agency and benefits of controls (e.g., reduced risk of fraud, decreased nr of audit recommendations, increased % on key performance indicators etc).	While the Director-General of DG EMPL is accountable for the legality and regularity of the payments of the subsidies to the agency, the accountability for the regularity and legality of this expenditure resides ultimately with the agency itself. The Court of Auditors gave a positive declaration of assurance for the year 2022, as well as for previous years. The comments made by the Court do not call into question DG EMPL's reasonable assurance on the operating budget managed by Eurofound. From its own monitoring and supervision work as a partner DG, DG EMPL did not become aware of any element that would indicate that the reporting from the agency would not be reliable. Consequently, in view of DG EMPL's responsibility for the funds paid to the operating budget of the agency, DG EMPL concludes that there are no control weaknesses affecting the assurance building in terms of the control objective as regards legality and regularity. The benefits resulting from the controls are not quantifiable. Examples of unquantified benefits are the reduced risk of fraud and deterrent effects of the audits by the Court of Auditors and the Commission's Internal Audit Service, as well as DG EMPL's verification and monitoring of the agency's internal control framework, including the agency's anti-fraud strategies and policies to prevent conflicts of interest.
Regulatory changes, if any.	There were no regulatory changes in 2023.
Major events not captured above (staff related etc).	None.

ANNEX 14: Reporting on the Recovery and Resilience Facility

Not applicable.