



# Annual Activity Report 2021

## Annexes

DIRECTORATE-GENERAL EMPLOYMENT,  
SOCIAL AFFAIRS AND INCLUSION

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

*I declare that in accordance with the Commission's communication on the internal control framework <sup>(1)</sup>, I have reported my advice and recommendations on the overall state of internal control in the 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 2022*

*(e-signed)*

*Brigitte FELLAHI-BROGNAUX*

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

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<sup>(1)</sup> C(2017)2373 of 19 April 2017.

## ANNEX 2: Performance tables <sup>(2)</sup> <sup>(3)</sup> <sup>(4)</sup>

The following indicators support part 1 of the annual activity report and present the progress made towards the achievement of the general and specific objectives to which DG EMPL contributes, as set in its 2020-2024 strategic plan <sup>(5)</sup>.

### General objective 2: A Europe fit for the digital age

**Impact indicator:** Digital skills <sup>(6)</sup>


**Explanation:** The basic digital skills indicator looks at selected activities performed by individuals aged 16 to 74 on the internet in the four specific areas (information, communication, problem solving, content creation). It is assumed that individuals having performed certain activities have the corresponding skills; therefore, the indicator can be considered as a proxy of the digital competences and skills of individuals. Finally, based on the performance in the four specific areas, an overall digital skills indicator is calculated as a proxy of the digital competences and skills of individuals ('no skills', 'low', 'basic' or 'above basic'). The basic digital skills indicator shows the share of individuals with 'basic' and 'above basic' skills.

**Source of the data:** Eurostat (Eurostat online data code: [isoc\\_sk\\_dskl\\_i](#), [isoc\\_sk\\_cskl\\_i](#)).

Baseline (2019)	Interim Milestone (2022)	Target (2024) Set based on the 2025 target from the European Skills Agenda (70%)	Latest known results (2019)
Basic digital skills: 56%	63%	67%	56%

<sup>(2)</sup> The milestones and targets are set based on the pre-COVID-19 crisis and their achievement depends to a large extent on the evolution of the crisis which is unknown at the time this document is published.

<sup>(3)</sup> The missing baseline, interim milestone and target for ESF+ related indicators will be set in 2023, once the 2021-2027 programmes will be adopted. The indicators that have been used for the monitoring of the 2014-2020 operational programmes and have a continuation in the 2021-2027 programming period are updated with the latest known results (2020). The rest will be updated once the 2021-2027 programming period will commence and the Member States will report outputs and results (expected in 2024).

<sup>(4)</sup> The symbol  next to an initiative indicates that it was part of the 2021 Commission work programme.

<sup>(5)</sup> [2020-2024 Strategic plan](#)

<sup>(6)</sup> New methodology for the calculation of the indicator progress is currently under development. Therefore, the indicator might be revised in the future.

## 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 (2021)
13	20	27 Set to have the European Digital Competence Framework used by all Member States	24

### 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 known results (2021) (?)
72 000 visits per day - registered users	80 000  1 000 000	95 000  2 500 000 Set to reach a continuous growth of 10% annually with the objective to make Europass the first choice for end users seeking information on lifelong learning and skills in the EU	64 110  3 000 000

## Main outputs in 2021:

### New policy initiatives

Output	Indicator	Target	Latest known results (situation on 31/12/2021)
SELFIE for work-based learning	Full roll-out	Q4	Finalised

(?) There was an adverse impact on the figures due to COVID-19 outbreak.

European Digital Skills Certificate	Finalisation of the feasibility study	Q4	Ongoing (the call for tender was unsuccessful in attracting offers and has been reshaped and republished)
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### External communication actions

Output	Indicator	Target	Latest known results (situation on 31/12/2021)
Europass platform and Europass Digitally Signed Credentials	Launch event (online)	Q1	Finalised (Q4)
	Number of Europass registered users by the end of 2021	3 500 000	Ongoing (3 000 000; impacted by the COVID-19 pandemic)
	Visits to the Europass website by the end of 2021	28 000 000	Finalised (36 300 000)
	Number of Member States issuing Europass Digitally Signed Credentials by the end of 2021	18	Finalised (23)
EU-ICT-Jump-Start training	Press release	Q4	Delayed to 2022 (approach changed during the year and the aim is to publish a mapping of the short intensive courses of labour market relevant digital skills)

### Other important outputs

Output	Indicator	Target	Latest known results (situation on 31/12/2021)
EU-ICT-Jump-Start training	Launch of call	Q4	Delayed to 2022

### General objective 3: An economy that works for people

#### Impact indicator 1: People at risk of poverty or social exclusion <sup>(8)</sup>

**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\\_10](#) and [dataset ilc\\_peps01](#)).

Baseline (2018)	Interim Milestone (2020)	Target (2024)	Latest known results (2020)
Total population: 21.6%	Decrease	Decrease	22.0%
Children: 23.4%	Decrease	Decrease	23.7%

#### 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](#) and [tesov110](#)), based on the EU Statistics on Income and Living Conditions.

Baseline (2018)	Interim milestone (2022)	Target (2024)	Latest known results (2019)
9.3%	Decrease	Decrease	9.0%

#### 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: [sdg\\_08\\_30](#)), based on the EU Labour Force Survey.

Baseline (2018)	Interim milestone (2020)	Target (2024)	Latest known result (2020)
71.9%	75%	Increase	71.7%

<sup>(8)</sup> New methodology for the calculation of this indicator is currently under development. This indicator might be revised in the future.



**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.

<b>Baseline</b> (2019)	<b>Interim milestone</b> (2022)	<b>Target</b> (2024)	<b>Latest known results</b> (2020)
12.6%	Decrease	Decrease	13.7%

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

*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, issuing to that end 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 draft 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 this context, the Recovery and Resilience Facility (RRF) and the Recovery Assistance for Cohesion and the Territories of Europe (REACT-EU) help Member States to address the challenges identified in the European Semester through large-scale financial support to 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 prepare 'recovery and resilience plans' setting out their reform and investment agendas for the subsequent four years, until 2024 to address the challenges identified in the context of the European Semester. The Commission assessed the plans so far received in 2021 on the basis of transparent criteria and adopt a decision setting out the financial contribution (grant and, if requested, loans). Thus far around a third of the Recovery and Resilience Facility has been committed for social priorities in the national plans. The Commission has already identified some performance indicators (e.g. number of recovery and resilience plans agreed and implemented; overall financial contribution allocated). A set of indicators was further defined, in agreement with the Member State concerned, at the level of individual recovery and resilience plans. The disbursement of the financial contribution follows the completion of the milestones and targets.

**Source of the data:** Staff Working Documents and CeSaR database

<b>Baseline</b> (2018)	<b>Interim milestone</b> (2022)	<b>Target</b> (2024) Set significantly more ambitious compared to the outcome of the 2014-2018 period (60%)	<b>Latest known results</b> (2021)
-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	75% of DG EMPL CSR subparts with at least some progress	42% of DG EMPL CSR subparts with at least some progress

### Main outputs in 2021:

#### New policy initiatives

<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known results</b> (situation on 31/12/2021)
 Communication and Staff Working Document on the Action Plan on the European Pillar of Social Rights	Adoption	Q1	Finalised
New Employment Guidelines	Adoption by the Council	Q4	Finalised

#### External communication actions

<b>Output/Result</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known results</b> (situation on 31/12/2021)
Communication actions on the adoption of the Action Plan on the European Pillar of Social Rights	Reach: number of people exposed to content or participating in an action.	3 000 000	Finalised (8 850 000 on social media)
	Engagement: number of comments, shares and likes as a result of the communication actions	15 000	43 000 (on social media)

## Other important outputs

Output	Indicator	Target	Latest known results (situation on 31/12/2021)
Proposal for 2021 Joint Employment Report	Adoption	Q4	Finalised
Analytical documents assessing the national recovery and resilience plans	Publication	Q2	Delayed (22 adopted in Q4)
Report on Labour Market and Wage Developments in Europe	Publication	Q4	Finalised

## 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 (2021)
		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 data:** European Commission\_EMPL-C3 database

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

**Main outputs in 2021:****New policy initiatives**

<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known results</b> (situation on 31/12/2021)
Organisation of social dialogue meetings	Number of meetings	167	Partially delayed for COVID-19 related reasons (159 meetings)

**Initiatives linked to regulatory simplification and burden reduction**

<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known results</b> (situation on 31/12/2021)
Review of sectoral social dialogue	Number of consultation meetings with social partners for input into the Strategic Social Partner seminar in autumn 2021	3	Finalised (3 consultation meetings)

**Evaluation and fitness checks**

<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known results</b> (situation on 31/12/2021)
Specific hearings with social partners on Commission initiatives	Number of specific hearings	> 5	Finalised (10 specific hearings)

**External communication actions**

<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known results</b> (situation on 31/12/2021)
Three newsletters on social dialogue	Number of people exposed to the content	> 2 400	Finalised (2 500 people)

### 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 (2024)	Latest known results (2021)
		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	
Complaints: 85% Labour law	90%	95%	65.5%
61% Health and Safety	92%	92%	90.1%
EU Pilot: 0% Labour law	80%	80%	38%
0% Health and Safety	80%	90%	0%
Infringements: 48.8% Labour law	65%	75%	0% <sup>(9)</sup>
100% Health and Safety	100%	100%	66.6%

### Main outputs in 2021:

#### New policy initiatives

Output	Indicator	Target	Latest known results (situation on 31/12/2021)
 Communication from the Commission to the European Parliament, the Council, the European Economic and Social	Adoption	Q2	Finalised

<sup>(9)</sup> 12 non-conformity cases (1 closed, none within benchmark 3 years).

Committee and the Committee of Regions on an EU Occupational Safety and Health Strategy for 2021-2027			
<b>Public Consultations</b>			
<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known results</b> (situation on 31/12/2021)
Public consultation for the new Occupational Health and Safety Strategic Framework	Completion	Q2	Finalised
<b>External communication actions</b>			
<b>Output/ Result</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known results</b> (situation on 31/12/2021)
Press conference on the new EU Occupational Safety and Health Strategic Framework	Organisation	Q2	Finalised

### Specific objective 3.4: Better functioning labour markets

*Related to spending programmes: ESF+ and EGF*

**Result indicator 1:** Participants (unemployed and inactive) in employment, including self-employment, upon leaving the ESF+ shared management intervention <sup>(10)</sup>

**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

<b>Baseline</b> (2018)	<b>Interim milestone</b> (2022)	<b>Target</b> (2024)	<b>Latest known results</b> (2020)
n/a	n/a	n/a	5 400 000

<sup>(10)</sup> The indicator is also presented in the ESF+ Programme Statement for Draft Budget 2023 (to be published in June 2022).

**Result indicator 2:** Inactive participants engaged in job searching upon leaving the ESF+ shared management intervention <sup>(11)</sup>

**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 (2018)	Interim milestone (2022)	Target (2024)	Latest known results (2020)
n/a	n/a	n/a	1 100 000

**Result indicator 3:** Unemployed, including long-term unemployed, participants supported by the ESF+ shared management <sup>(12)</sup>

**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 (2018)	Interim milestone (2022)	Target (2024)	Latest known results (2020)
n/a	n/a	n/a	17 300 000

**Result indicator 4:** Young people below 30 years of age supported by the ESF+ shared management <sup>(13)</sup>

**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 (2018)	Interim milestone (2022)	Target (2024)	Latest known results (2020)
n/a	n/a	n/a	n/a

<sup>(11)</sup> The indicator is also presented in the ESF+ Programme Statement for Draft Budget 2023 (to be published in June 2022).

<sup>(12)</sup> The indicator is also presented in the ESF+ Programme Statement for Draft Budget 2023 (to be published in June 2022).

<sup>(13)</sup> The indicator is also presented in the ESF+ Programme Statement for Draft Budget 2023 (to be published in June 2022).



**Result indicator 5:** Percentage of EGF beneficiaries in employment and self-employment 6 months after the end of the implementing period <sup>(14)</sup>


**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)

<b>Baseline</b> (2018)	<b>Interim milestone</b> (2022)	<b>Target</b> (2024)	<b>Latest known results</b> (2021)
		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).	
67%	n/a	>50%	60%

### Main outputs in 2021:

#### New policy initiatives

<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known results</b> (situation on 31/12/2021)
 Improving the working conditions of platform workers	Adoption by Commission	Q4	Finalised

#### Evaluation and fitness checks

<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known results</b> (situation on 31/12/2021)
Impact assessment for the initiative on improving the working conditions of platform workers (if legislative)	Adoption	Q4	Finalised

<sup>(14)</sup> The indicator is also presented in the EGF Programme Statement for Draft Budget 2023 (to be published in June 2022). Latest known result is an average rate of the 2014-2020 period.

<b>Public consultations</b>			
<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known results</b> (situation on 31/12/2021)
First stage formal consultation of social partners on improving the working conditions of platform workers	Adoption	Q1	Finalised
Second stage formal consultation of social partners on improving the working conditions of platform workers	Adoption	Q2	Finalised

### **Specific objective 3.5: Great social fairness and more effective social protection**

*Related to spending programme: ESF+*

**Result indicator 1:** Number of persons with a foreign background and minorities (including marginalised communities such as Roma) reached by the ESF+ shared management <sup>(15)</sup>

**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

<b>Baseline</b> (2018)	<b>Interim milestone</b> (2022)	<b>Target</b> (2024)	<b>Latest known results</b> (2020)
n/a	n/a	n/a	n/a

**Result indicator 2:** Participants above 54 years old reached by ESF+ shared management <sup>(16)</sup>

**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

<b>Baseline</b> (2018)	<b>Interim milestone</b> (2022)	<b>Target</b> (2024)	<b>Latest known results</b> (2020)
n/a	n/a	n/a	4 000 000

<sup>(15)</sup> The indicator is also presented in the ESF+ Programme Statement for Draft Budget 2023 (to be published in June 2022).

<sup>(16)</sup> The indicator is also presented in the ESF+ Programme Statement for Draft Budget 2023 (to be published in June 2022).

**Result indicator 3:** Number of persons receiving food and material support from the fund <sup>(17)</sup>

**Explanation:** The indicator shows the estimated number of the end recipients, receiving food and material support under ESF+ shared management for addressing material deprivation - Annex II of the ESF+ regulation.

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

Baseline (2018)	Interim milestone (2022)	Target (2024)	Latest known results (2020)
n/a	n/a	n/a	16 940 066

**Result indicator 4:** Number of children under 18 receiving food and material support from the fund <sup>(18)</sup>


**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 (2018)	Interim milestone (2022)	Target (2024)	Latest known results (2020)
n/a	n/a	n/a	4 795 865

## Main outputs in 2021:

### New policy initiatives

Output	Indicator	Target	Latest known results (situation on 31/12/2021)
 Recommendation for a European Child Guarantee	Adoption	Q1	Finalised

<sup>(17)</sup> The indicator is also presented in the ESF+ Programme Statement for Draft Budget 2003 (to be published in June 2022).

<sup>(18)</sup> The indicator is also presented in the ESF+ Programme Statement for Draft Budget 2023 (to be published in June 2022).

Public consultations			
Output	Indicator	Target	Latest known results (situation on 31/12/2021)
Public consultation on the Green Paper on Ageing	Launch	Q1	Finalised

Other important outputs			
Output	Indicator	Target	Latest known results (situation on 31/12/2021)
Joint Commission – Social Protection Committee report on long-term care	Adoption/publication	Q2	Finalised
Joint Commission – Social Protection Committee report on pension adequacy	Adoption/publication	Q2	Finalised

### 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 <sup>(19)</sup> <sup>(20)</sup>

<sup>(19)</sup> The figures were substantially impacted by the lockdowns imposed due to COVID-19 pandemic.

<sup>(20)</sup> 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.

## Main outputs in 2021:

### Evaluation and fitness checks

Output	Indicator	Target	Latest known results (situation on 31/12/2021)
Commission Report on the ex post evaluation of the operation and effects of EURES Regulation 2016/589	Adoption	Q2	Finalised
Staff Working Document on the ex post evaluation of the operation and effects of EURES Regulation 2016/589	Publication	Q2	Finalised

### 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 micro-finance 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 (2020)
94 155	256 000	320 000	383 773

**Main outputs in 2021:****New policy initiatives**

<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known results</b> (situation on 31/12/2021)
 Action Plan for the Social Economy	Adoption	Q4	Finalised

**Evaluation and fitness checks**

<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known results</b> (situation on 31/12/2021)
Study to support the ex post evaluation of the Programme for Employment and Social Innovation for 2014-2020 and the final evaluation of the European Progress Microfinance for 2010-2016	Launch	Q1	Finalised

**Public consultations**

<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known results</b> (situation on 31/12/2021)
Public consultation on the ex post evaluation of the Programme for Employment and Social Innovation for 2014-2020	Completion	Q4	Finalised

## General objective 5: Promoting our European way of life

**Impact indicator:** Adult participation in learning <sup>(21)</sup>

**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 12 months preceding the survey (numerator). The denominator consists of the total population of the same age group, excluding those who did not respond to the question 'participation in education and training'. Adult learning covers formal and non-formal learning activities — both general and vocational — undertaken by adults after leaving initial education and training.

**Source of the data:** Eurostat (Eurostat online data code: [isoc\\_sk\\_dskl\\_i](#), [isoc\\_sk\\_cskl\\_i](#))

Baseline (2016)	Interim milestone (2020)	Target (2024) Set based on the 2025 target from the Skills Agenda <sup>(22)</sup> (50%)	Latest known results (2016) <sup>(23)</sup>
37.4%	44%	48%	37.9%

## 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 <sup>(24)</sup>

**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 (2022)	Target (2024)	Latest known results (2020)
n/a	n/a	n/a	25.7%

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<sup>(21)</sup> New methodology for the calculation of this indicator is currently under development. This indicator might be revised in the future and the new methodology be rolled out as of 2022.

<sup>(22)</sup> [European Skills Agenda for sustainable competitiveness, social fairness and resilience](#).

<sup>(23)</sup> The 2016 is taken from the Adult Education Survey and no new data is available. From 2022, 12 months adult learning participation will be measured in the Labour Force Survey every 2 years. First data from this new variable will be available in 2023.

<sup>(24)</sup> The indicator is also presented in the ESF+ Programme Statement for Draft Budget 2023 (to be published in June 2022).

**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-B3 based on data from ECFIN (InvestEU monitoring)

Baseline (2018)	Interim milestone (2022)	Target (2024)	Latest known results (2020) <sup>(25)</sup>
0% (new programme)	Increase	Increase	n/a

**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:** Eurostat (Eurostat online data code: [edat\\_lfse\\_03](#), based on the EU Labour Force Survey on the basis of the new methodology to be rolled out as of 2022). The reference value for 2016 is sourced from Adult Education Survey.

Baseline (2016)	Interim milestone (2022)	Target (2024)	Latest known results (2020)
		Set based on a constant growth between 2016-2022, with more ambitious plans for 2023-2024 given the additional funding by RRF (aligned with the Skills Agenda)	
17.9%	24.0%	28.0%	25.1%

**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 <https://europa.eu/!PT83Bq>

Baseline (2018)	Interim milestone (2022)	Target (2024)	Latest known results (2020)
		Set to decrease constantly with support from new policy initiatives, such as the Skills Agenda	
22.1%	21.0%	20.0%	21.9%

<sup>(25)</sup> No skills-related projects were funded in the reporting period under InvestEU; the agreement with the European Investment Fund was not signed by the end of 2021.



**Main outputs in 2021:****New policy initiatives**

<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known results</b> (situation on 31/12/2021)
 Initiative on Individual Learning Accounts	Adoption	Q4	Finalised
 Proposal for a Council Recommendation on a European approach to micro-credentials	Adoption	Q4	Finalised

**Evaluation and fitness checks**

<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known results</b> (situation on 31/12/2021)
Impact assessment on a EU initiative on Individual Learning Accounts	Publication	Q4	Finalised
Evaluation of the implementation of Council Recommendation 2017/C 189/03 on a European Qualifications Framework	Completion	Q4	Ongoing
Evaluation on the implementation of Council Recommendation 2016/C 484/01 on Upskilling pathways: new opportunities for adults	Launch	Q2	Finalised

**Public consultations**

<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known results</b> (situation on 31/12/2021)
Public consultation on micro-credentials	Completion	Q1	Finalised
Public consultation on Individual Learning Accounts	Launch	Q1	Finalised

<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known results</b> (situation on 31/12/2021)
Public consultation on the implementation of Council Recommendation 2016/C 484/01 on Upskilling pathways: new opportunities for adults	Completion	Q4	Finalised
<b>External communication actions</b>			
<b>Output/Result</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known results</b> (situation on 31/12/2021)
Communication package on the initiative on Individual Learning Accounts	Press release and press conference	Q4	Finalised
	Communication products for use on social media (e.g. videos, infographics)	Q4	Finalised
	High-Level Forum on Individual Learning Accounts – number of participants/viewers	500	Finalised
Communication package on the Proposal for a Council Recommendation on a European approach to micro-credentials	Press release and press conference	Q4	Finalised
	Communication products for use on social media (e.g. videos, infographics)	Q3	Finalised
Implementation of the Skills Agenda	Webpages renewed to focus on achievements of the Skills Agenda and show progress of individual actions, accompanied by news items tailored to the group targeted by the action (eg. Wide-ranging public promotion of the Europass portal, Member State governments on the development of national whole-of-government skills strategies)	Q2	Finalised

## Other important outputs

Output	Indicator	Target	Latest known results (situation on 31/12/2021)
Implementation of the Skills Agenda: further developments in actions launched in 2020 (e.g. Pact for Skills, Europass and ongoing action on making available skills intelligence and tailoring it to different target groups such as individuals or Public Employment Services)	Progress against the 12 flagship and 47 component actions of the Skills Agenda	Q4	Finalised

## 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 existing 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) no more than three 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 (2020)
79%	Increase	81%	75.4%

**Result indicator 2: Vocational education and training learning mobility**

**Explanation:** The indicator measures the share of mobile vocational education and training (VET) learners supported by Erasmus+ for learning mobility, as part of the cohort of VET graduates. The indicator modified the IVET Learning Mobility benchmark set by the Council under ET2020 framework, which needed re-development given the inadequacy of the data source for the monitoring as concluded in Commission Progress Report to the Council on Learning Mobility.

**Source of the data:** European Commission\_EMPL-B3 based on data from EAC (Erasmus+ operational reporting) and Eurostat (UOE data)

Baseline (2019)	Interim milestone (2022)	Target (2024)	Latest known results (2020)
5% <sup>(26)</sup>	Increase	Set based on the 2025 target from the Commission proposal for a Council recommendation on vocational education and training (8%) 7%	5% <sup>(27)</sup>

**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. 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 Skills Agenda. 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 could allow also distinguishing the share of learners in apprenticeships.

**Source of the data:** Eurostat (Eurostat online data code: [lfso\\_16feduc](#)), based on the new EU Labour Force Survey methodology to be rolled out as of 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 (2021) <sup>(28)</sup>
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%	n/a

<sup>(26)</sup> Estimate. Figures impacted by the COVID-19 pandemic, following a trend common to other education and training sectors.

<sup>(27)</sup> Estimate. Due to the COVID-19 pandemic, the number of VET learners in mobility has been reduced since March 2020, following a trend common to other education and training sectors.

<sup>(28)</sup> Data collection will start in 2021, therefore, the first reporting will take place in 2022.

## Main outputs in 2021:

### External communication actions

Output	Indicator	Target	Latest known results (situation on 31/12/2021)
European Vocational Skills Week	Number of events organised at local level	> 550	Delayed to 2022 (due to COVID-19 pandemic; to be organised hybrid)
	Number of participants / viewers of the event	1 200 000	Delayed to 2022 (due to COVID-19 pandemic; to be organised hybrid)

### Other important outputs

Output	Indicator	Target	Latest known results (situation on 31/12/2021)
Monitoring the implementation of the Vocational Education and Training Recommendation with the assistance of Cedefop, feeding into the European Semester and other, in line with the 3 quantitative monitoring and reporting frameworks (notably Education and Training Monitor)	Provide inputs to country reports / fiches	Q3	Finalised
Centres of Vocational Excellence	Select the projects	Q4	Finalised
Peer reviews on quality assurance in Vocational Education and Training at system level	Finalise the EQAVET peer review methodology	Q3	Finalised
European Vocational Core Profiles	Review the draft concept and operational model	Q4	Finalised
Monitoring of the implementation of the European Framework for Quality and Effective Apprenticeships	Submit report to the Council (staff working document)	Q2	Finalised

## 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: [sdg\\_05\\_30](#)), based on the EU Labour Force Survey

Baseline (2018)	Interim milestone (2020)	Target (2024)	Latest known results (2020)
11.8%	Decrease	Decrease	11%

## 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 (2018)	Interim milestone (2022)	Target (2024)	Latest known results (2020)
n/a	n/a	n/a	24 000 000

### Result indicator 2: Formal enrolment rates of child care 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 (2020)
35.1%	Increase	Increasing and converging towards best performers	32.3% <sup>(29)</sup>

<sup>(29)</sup> Data for Italy is unavailable at the reporting date.

**Result indicator 3:** Number of persons with disabilities reached by the ESF+ shared management <sup>(30)</sup>


**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 (2018)	Interim milestone (2022)	Target (2024)	Latest known results (2020)
		Set based on the 2025 target from the Commission proposal for a Council recommendation on vocational education and training (60%)	
n/a	n/a	n/a	3 100 000

### Main outputs in 2021:

#### New policy initiatives

Output	Indicator	Target	Latest known results (situation on 31/12/2021)
 Strategy on the rights of persons with disabilities 2021-2030	Adoption	Q1	Finalised

#### External communication actions

Output	Indicator	Target	Latest known results (situation on 31/12/2021)
Communication campaign on the new Strategy on the rights of persons with disabilities	Number of people exposed to content or participating in an action	> 1 000 000	Delayed to 2022 (due to the COVID-19 pandemic)
Access City Award	Number of participating cities	> 40	Finalised
European Day of Persons with Disabilities	Number of participants	> 400	Finalised

<sup>(30)</sup> The indicator is also presented in the ESF+ Programme Statement for Draft Budget 2023 (to be published in June 2022).

## Other important outputs

<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known results</b> (situation on 31/12/2021)
Report on the application of the Directive 2000/78 on Employment Equality and Directive 2000/43 on Race Equality	Adoption	Q1	Finalised



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

### **Annex 3 Financial Reports - DG EMPL - Financial Year 2021**

**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**

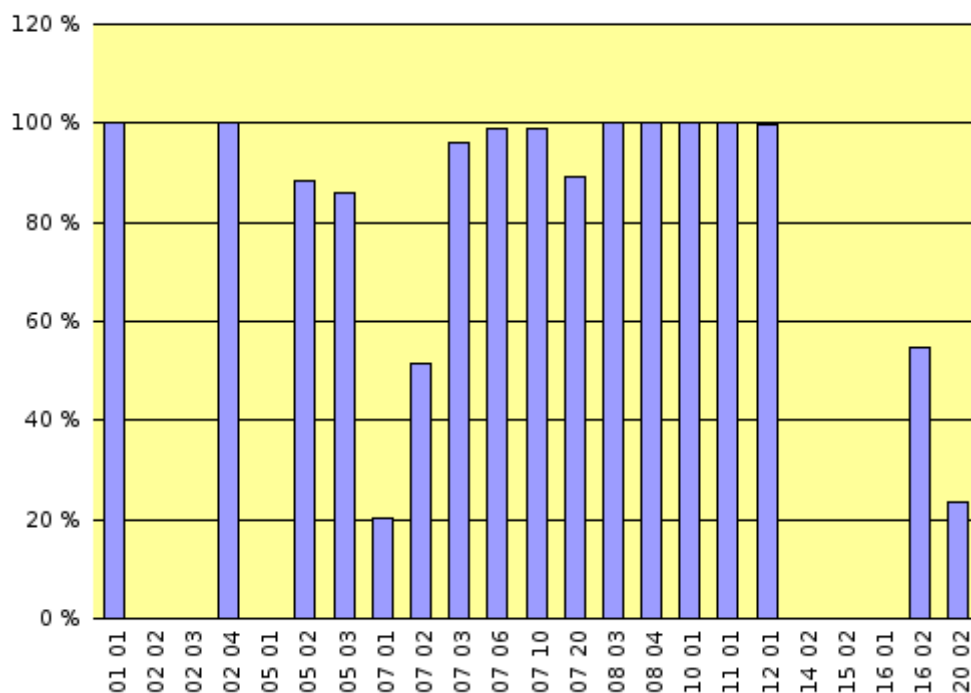
**Table 14 : Contracts declared Secret**

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

<b>TABLE 1: OUTTURN ON COMMITMENT APPROPRIATIONS IN 2021 (in Mio €) for DG EMPL</b>					
			Commitment appropriations authorised	Commitments made	%
			1	2	3=2/1
<b>Title 01 Research and Innovation</b>					
01	01 01	Support administrative expenditure of the "Research and Innovation" cluster	0.04	0.04	100.00 %
<b>Total Title 01</b>			<b>0.04</b>	<b>0.04</b>	<b>100.00 %</b>
<b>Title 02 European Strategic Investments</b>					
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	0.40	0.40	100.00 %
<b>Total Title 02</b>			<b>0.40</b>	<b>0.40</b>	<b>100.00 %</b>
<b>Title 05 Regional Development and Cohesion</b>					
05	05 01	Support administrative expenditure of the "Regional Development and Cohesion" cluster	0.00	0.00	0.00 %
	05 02	European Regional Development Fund (ERDF)	1.39	1.23	88.40 %
	05 03	Cohesion Fund (CF)	0.20	0.17	85.79 %
<b>Total Title 05</b>			<b>1.59</b>	<b>1.40</b>	<b>88.07 %</b>
<b>Title 07 Investing in People, Social Cohesion and Values</b>					
07	07 01	Support administrative expenditure of the "Investing in People, Social Cohesion and Values" cluster	3.79	1.85	48.78 %
	07 02	European Social Fund Plus (ESF+)	14,988.21	2,078.57	13.87 %
	07 03	Erasmus	8.49	8.16	96.04 %
	07 06	Rights and Values	8.16	8.07	98.98 %
	07 10	Decentralised agencies and European Public Prosecutor's Office (EPPO)	101.17	100.17	99.01 %
	07 20	Pilot projects, preparatory actions, prerogatives and other actions	62.94	56.11	89.16 %
<b>Total Title 07</b>			<b>15,172.75</b>	<b>2,252.92</b>	<b>14.85 %</b>
<b>Title 08 Agriculture and Maritime Policy</b>					
08	08 03	European Agricultural Fund for Rural Development (EAFRD)	0.95	0.95	100.00 %
	08 04	European Maritime and Fisheries Fund (EMFF)	0.51	0.51	100.00 %
<b>Total Title 08</b>			<b>1.46</b>	<b>1.46</b>	<b>100.00 %</b>
<b>Title 10 Migration</b>					
10	10 01	Support administrative expenditure of the "Migration" Cluster	0.56	0.56	100.00 %

<b>Total Title 10</b>			<b>0.56</b>	<b>0.56</b>	<b>100.00 %</b>
<b>Title 11 Border Management</b>					
11	11 01	Support administrative expenditure of the `Border Management cluster	0.37	0.37	100.00 %
<b>Total Title 11</b>			<b>0.37</b>	<b>0.37</b>	<b>100.00 %</b>
<b>Title 12 Security</b>					
12	12 01	Support administrative expenditure of the "Security" cluster	0.28	0.28	99.78 %
<b>Total Title 12</b>			<b>0.28</b>	<b>0.28</b>	<b>99.78 %</b>
<b>Title 14 External Action</b>					
14	14 02	Neighbourhood, Development and International Cooperation Instrument (NDICI)	0.00	0.00	0.00 %
<b>Total Title 14</b>			<b>0.00</b>	<b>0.00</b>	<b>0.00 %</b>
<b>Title 15 Pre-accession Assistance</b>					
15	15 02	Instrument for Pre-accession Assistance (IPA III)	0.40	0.00	0.00 %
<b>Total Title 15</b>			<b>0.40</b>	<b>0.00</b>	<b>0.00 %</b>
<b>Title 16 Expenditure outside the annual ceilings set out in the Multiannual Financial Framework</b>					
16	16 01	Support administrative expenditure outside the annual ceilings set out in the Multiannual Financial Framework	0.00	0.00	0.00 %
	16 02	Mobilisation of solidarity mechanisms (Special instruments)	43.84	24.03	54.82 %
<b>Total Title 16</b>			<b>43.84</b>	<b>24.03</b>	<b>54.82 %</b>
<b>Title 20 Administrative expenditure of the European Commission</b>					
20	20 02	Other staff and expenditure relating to persons	0.61	0.14	23.47 %
<b>Total Title 20</b>			<b>0.61</b>	<b>0.14</b>	<b>23.47 %</b>
<b>Total Excluding NGEU</b>			<b>15,222.29</b>	<b>2,281.60</b>	<b>14.99 %</b>
<b>Title 07 Investing in People, Social Cohesion and Values</b>					
07	07 01	Support administrative expenditure of the "Investing in People, Social Cohesion and Values" cluster	5.34	0.00	0.00 %
	07 02	European Social Fund PLus (ESF+)	19,155.66	15,434.46	80.57 %
<b>Total Title 07</b>			<b>19,161.00</b>	<b>15,434.46</b>	<b>80.55 %</b>
<b>Total NGEU Only</b>			<b>19,161.00</b>	<b>15,434.46</b>	<b>80.55 %</b>
<b>Total DG EMPL</b>			<b>34,383.29</b>	<b>17,716.07</b>	<b>51.53 %</b>

**% Outturn on Commitment Appropriations in 2021 for DG EMPL**



**TABLE 2: OUTTURN ON PAYMENT APPROPRIATIONS in 2021 (in Mio €) for DG EMPL**

			Payment appropriations authorised *	Payments made	%
			1	2	3=2/1
<b>Title 01 Research and Innovation</b>					
01	01 01	Support administrative expenditure of the "Research and Innovation" cluster	0.04	0.00	0.00 %
<b>Total Title 01</b>			<b>0.04</b>	<b>0.00</b>	<b>0.00%</b>
<b>Title 02 European Strategic Investments</b>					
02	02 02	InvestEU Fund	50.87	50.82	99.91 %
	02 03	Connecting Europe Facility (CEF)	3.54	3.54	100.00 %
	02 04	Digital Europe programme	0.00	0.30	0.00 %
<b>Total Title 02</b>			<b>54.41</b>	<b>54.66</b>	<b>100.46%</b>
<b>Title 05 Regional Development and Cohesion</b>					
05	05 01	Support administrative expenditure of the "Regional Development and Cohesion" cluster	0.27	0.23	84.46 %
	05 02	European Regional Development Fund (ERDF)	0.78	0.78	100.00 %
	05 03	Cohesion Fund (CF)	0.38	0.38	100.00 %
<b>Total Title 05</b>			<b>1.43</b>	<b>1.39</b>	<b>97.07%</b>
<b>Title 07 Investing in People, Social Cohesion and Values</b>					
07	07 01	Support administrative expenditure of the "Investing in People, Social Cohesion and Values" cluster	7.00	3.16	45.05 %
	07 02	European Social Fund Plus (ESF+)	19,060.19	17,389.49	91.23 %
	07 03	Erasmus	9.84	8.38	85.17 %
	07 06	Rights and Values	2.74	2.61	95.15 %
	07 10	Decentralised agencies and European Public Prosecutor's Office (EPPO)	91.57	90.57	98.91 %

	07 20	Pilot projects, preparatory actions, prerogatives and other actions	54.35	50.49	92.89 %
<b>Total Title 07</b>			<b>19,225.70</b>	<b>17,544.69</b>	<b>91.26%</b>
<b>Title 08 Agriculture and Maritime Policy</b>					
08	08 03	European Agricultural Fund for Rural Development (EAFRD)	0.85	0.85	100.00 %
	08 04	European Maritime and Fisheries Fund (EMFF)	0.37	0.37	100.00 %
<b>Total Title 08</b>			<b>1.22</b>	<b>1.22</b>	<b>100.00%</b>
<b>Title 10 Migration</b>					
10	10 01	Support administrative expenditure of the "Migration" Cluster	0.93	0.38	40.39 %
<b>Total Title 10</b>			<b>0.93</b>	<b>0.38</b>	<b>40.39%</b>
<b>Title 11 Border Management</b>					
11	11 01	Support administrative expenditure of the "Border Management" cluster	0.79	0.41	52.35 %
<b>Total Title 11</b>			<b>0.79</b>	<b>0.41</b>	<b>52.35%</b>
<b>Title 12 Security</b>					
12	12 01	Support administrative expenditure of the "Security" cluster	0.28	0.00	0.00 %
<b>Total Title 12</b>			<b>0.28</b>	<b>0.00</b>	<b>0.00%</b>
<b>Title 14 External Action</b>					
14	14 02	Neighbourhood, Development and International Cooperation Instrument (NDICI)	0.03	0.03	100.00 %
<b>Total Title 14</b>			<b>0.03</b>	<b>0.03</b>	<b>100.00%</b>
<b>Title 15 Pre-accession Assistance</b>					
15	15 02	Instrument for Pre-accession Assistance (IPA III)	1.13	0.73	64.77 %
<b>Total Title 15</b>			<b>1.13</b>	<b>0.73</b>	<b>64.77%</b>
<b>Title 16 Expenditure outside the annual ceilings set out in the Multiannual Financial Framework</b>					
16	16 01	Support administrative expenditure outside the annual ceilings set out in the Multiannual Financial Framework	0.10	0.10	100.00 %
	16 02	Mobilisation of solidarity mechanisms (Special instruments)	29.53	24.03	81.40 %
<b>Total Title 16</b>			<b>29.62</b>	<b>24.13</b>	<b>81.47%</b>
<b>Title 20 Administrative expenditure of the European Commission</b>					
20	20 02	Other staff and expenditure relating to persons	0.73	0.18	25.16 %
<b>Total Title 20</b>			<b>0.73</b>	<b>0.18</b>	<b>25.16%</b>
<b>Total Excluding NGEU</b>			<b>19,316.31</b>	<b>17,627.83</b>	<b>91.26%</b>
<b>Title 07 Investing in People, Social Cohesion and Values</b>					
07	07 01	Support administrative expenditure of the "Investing in People, Social Cohesion and Values" cluster	0.38	0.00	0.00 %
	07 02	European Social Fund Plus (ESF+)	2,265.85	2,080.84	91.83 %
<b>Total Title 07</b>			<b>2,266.24</b>	<b>2,080.84</b>	<b>91.82%</b>
<b>Total NGEU Only</b>			<b>2,266.24</b>	<b>2,080.84</b>	<b>91.82%</b>
<b>Total DG EMPL</b>			<b>21,582.54</b>	<b>19,708.67</b>	<b>91.32 %</b>

**% Outturn on Payment Appropriations in 2021 for DG EMPL**

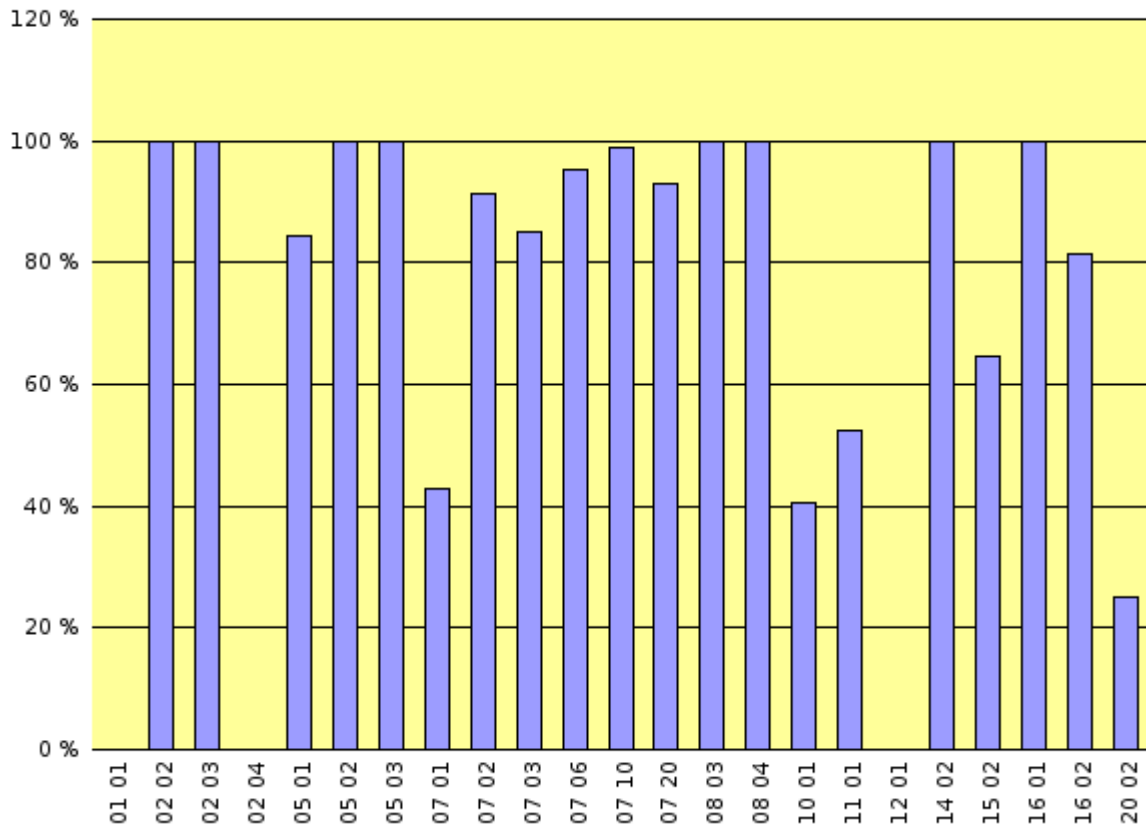


TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2021 (in Mio €) for DG EMPL									
			Commitments to be settled				Commitments to be settled from financial years previous to 2020	Total commitments to be settled at end of financial year 2021	Total commitments to be settled at end of financial year 2020
Chapter			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
01	01 01	Support administrative expenditure of the "Research and Innovation" cluster	0.04		0.04	100.00%	0.00	0.04	0.00
<b>Total Title 01</b>			<b>0.04</b>		<b>0.04</b>	<b>100.00%</b>	<b>0.00</b>	<b>0.04</b>	<b>0.00</b>
TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2021 (in Mio €) for DG EMPL									
			Commitments to be settled				Commitments to be settled from financial years previous to 2020	Total commitments to be settled at end of financial year 2021	Total commitments to be settled at end of financial year 2020
Chapter			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
02	02 02	InvestEU Fund	0.00	0.00	0.00	0.00%	27.37	27.37	78.19
	02 03	Connecting Facility (CEF) Europe	0.00	0.00	0.00	0.00%	0.46	0.46	4.00
	02 04	Digital programme Europe	0.40	0.00	0.40	100.00%	0.00	0.40	0.30
<b>Total Title 02</b>			<b>0.40</b>	<b>0.00</b>	<b>0.40</b>	<b>100.00%</b>	<b>27.83</b>	<b>28.23</b>	<b>82.49</b>
TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2021 (in Mio €) for DG EMPL									
			Commitments to be settled				Commitments to be settled from financial years previous to 2020	Total commitments to be settled at end of financial year 2021	Total commitments to be settled at end of financial year 2020
Chapter			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7

05	05 01	Support administrative expenditure of the 'Regional Development and Cohesion' cluster	0.00	0.00	0.00	0.00%	0.00	0.00	0.27
	05 02	European Regional Development Fund (ERDF)	1.23	0.02	1.21	98.00%	0.28	1.49	1.04
	05 03	Cohesion Fund (CF)	0.17	0.01	0.17	95.99%	0.09	0.25	0.50
<b>Total Title 05</b>			<b>1.40</b>	<b>0.03</b>	<b>1.37</b>	<b>97.75%</b>	<b>0.37</b>	<b>1.74</b>	<b>1.81</b>

**TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2021 (in Mio €) for DG EMPL**

			Commitments to be settled				Commitments to be settled from financial years previous to 2020	Total commitments to be settled at end of financial year 2021	Total commitments to be settled at end of financial year 2020
Chapter		Commitments	Payments	RAL	% to be settled				
		1	2	3=1-2	4=1-2/1	5	6=3+5	7	
07	07 01	Support administrative expenditure of the "Investing in People, Social Cohesion and Values" cluster	1.85	0.26	1.58	85.76%	0.00	1.58	3.22
	07 02	European Social Fund Plus (ESF+)	2,078.57	15.73	2,062.84	99.24%	28,002.26	30,065.10	45,393.41
	07 03	Erasmus	8.14	0.20	7.94	97.54%	7.17	15.13	16.39
	07 06	Rights and Values	8.07	0.35	7.72	95.66%	5.82	13.55	8.32
	07 10	Decentralised agencies and European Public Prosecutor's Office (EPPO)	100.17	89.86	10.31	10.29%	11.39	21.70	11.65
	07 20	Pilot projects, preparatory actions, prerogatives and other actions	56.11	14.45	41.66	74.25%	43.70	85.36	80.70
<b>Total Title 07</b>			<b>2,252.91</b>	<b>120.85</b>	<b>2,132.06</b>	<b>94.64%</b>	<b>28,070.34</b>	<b>30,202.42</b>	<b>45,513.70</b>

**TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2021 (in Mio €) for DG EMPL**



			Commitments to be settled				Commitments to be settled from financial years previous to 2020	Total commitments to be settled at end of financial year 2021	Total commitments to be settled at end of financial year 2020
Chapter			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
08	08 03	European Agricultural Fund for Rural Development (EAFRD)	0.95	0.02	0.94	98.37%	0.41	1.35	1.25
	08 04	European Maritime and Fisheries Fund (EMFF)	0.51	0.00	0.51	99.83%	0.00	0.51	0.37
<b>Total Title 08</b>			<b>1.46</b>	<b>0.02</b>	<b>1.44</b>	<b>98.87%</b>	<b>0.41</b>	<b>1.85</b>	<b>1.62</b>
<b>TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2021 (in Mio €) for DG EMPL</b>									
			Commitments to be settled				Commitments to be settled from financial years previous to 2020	Total commitments to be settled at end of financial year 2021	Total commitments to be settled at end of financial year 2020
Chapter			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
10	10 01	Support administrative expenditure of the "Migration" Cluster	0.56	0.00	0.56	100.00%	0.00	0.56	0.38
<b>Total Title 10</b>			<b>0.56</b>	<b>0.00</b>	<b>0.56</b>	<b>100.00%</b>	<b>0.00</b>	<b>0.56</b>	<b>0.38</b>
<b>TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2021 (in Mio €) for DG EMPL</b>									
			Commitments to be settled				Commitments to be settled from financial years previous to 2020	Total commitments to be settled at end of financial year 2021	Total commitments to be settled at end of financial year 2020
Chapter			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
11	11 01	Support administrative expenditure of the "Border Management" cluster	0.37	0.00	0.37	100.00%	0.00	0.37	0.42
<b>Total Title 11</b>			<b>0.37</b>	<b>0.00</b>	<b>0.37</b>	<b>100.00%</b>	<b>0.00</b>	<b>0.37</b>	<b>0.42</b>

TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2021 (in Mio €) for DG EMPL									
			Commitments to be settled				Commitments to be settled from financial years previous to 2020	Total commitments to be settled at end of financial year 2021	Total commitments to be settled at end of financial year 2020
Chapter			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
12	12 01	Support administrative expenditure of the "Security" cluster	0.28		0.28	100.00%	0.00	0.28	0.00
<b>Total Title 12</b>			<b>0.28</b>		<b>0.28</b>	<b>100.00%</b>	<b>0.00</b>	<b>0.28</b>	<b>0.00</b>
TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2021 (in Mio €) for DG EMPL									
			Commitments to be settled				Commitments to be settled from financial years previous to 2020	Total commitments to be settled at end of financial year 2021	Total commitments to be settled at end of financial year 2020
Chapter			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
14	14 02	Neighbourhood, Development and International Cooperation Instrument (NDICI)	0.00	0.00	0.00	0.00%	0.30	0.30	0.33
<b>Total Title 14</b>			<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00%</b>	<b>0.30</b>	<b>0.30</b>	<b>0.33</b>
TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2021 (in Mio €) for DG EMPL									
			Commitments to be settled				Commitments to be settled from financial years previous to 2020	Total commitments to be settled at end of financial year 2021	Total commitments to be settled at end of financial year 2020
Chapter			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
15	15 02	Instrument for Pre-accession Assistance (IPA III)	0.00	0.00	0.00	0.00%	1.64	1.64	5.96
<b>Total Title 15</b>			<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00%</b>	<b>1.64</b>	<b>1.64</b>	<b>5.96</b>

TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2021 (in Mio €) for DG EMPL									
			Commitments to be settled				Commitments to be settled from financial years previous to 2020	Total commitments to be settled at end of financial year 2021	Total commitments to be settled at end of financial year 2020
Chapter			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
16	16 01	Support administrative expenditure outside the annual ceilings set out in the Multiannual Financial Framework	0.00	0.00	0.00	0.00%	0.00	0.00	0.10
	16 02	Mobilisation of solidarity mechanisms (Special instruments)	24.03	24.03	0.00	0.00%	0.00	0.00	0.00
<b>Total Title 16</b>			<b>24.03</b>	<b>24.03</b>	<b>0.00</b>	<b>0.00%</b>	<b>0.00</b>	<b>0.00</b>	<b>0.10</b>
TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2021 (in Mio €) for DG EMPL									
			Commitments to be settled				Commitments to be settled from financial years previous to 2020	Total commitments to be settled at end of financial year 2021	Total commitments to be settled at end of financial year 2020
Chapter			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
20	20 02	Other staff and expenditure relating to persons	0.14	0.09	0.05	33.60%	0.00	0.05	0.12
<b>Total Title 20</b>			<b>0.14</b>	<b>0.09</b>	<b>0.05</b>	<b>33.60%</b>	<b>0.00</b>	<b>0.05</b>	<b>0.12</b>
<b>Total Excluding NGEU</b>			<b>2,281.59</b>	<b>145.03</b>	<b>2,136.56</b>	<b>93.64%</b>	<b>28,100.89</b>	<b>30,237.46</b>	<b>45,606.92</b>
TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2021 (in Mio €) for DG EMPL									
			Commitments to be settled				Commitments to be settled from financial years previous to 2020	Total commitments to be settled at end of financial year 2021	Total commitments to be settled at end of financial year 2020
Chapter			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7

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
	07 02	European Social Fund Plus (ESF+)	15,434.46	2,080.84	13,353.62	86.52%	0.00	13,353.62	0.00
<b>Total Title 07</b>			<b>15,434.46</b>	<b>2,080.84</b>	<b>13,353.62</b>	<b>86.52%</b>	<b>0.00</b>	<b>13,353.62</b>	<b>0.00</b>
<b>Total NGEU Only</b>			<b>15,434.46</b>	<b>2,080.84</b>	<b>13,353.62</b>	<b>86.52%</b>	<b>0.00</b>	<b>13,353.62</b>	<b>0.00</b>
<b>Total for DG EMPL</b>			<b>17716.05477</b>	<b>2225.87</b>	<b>15,490.18</b>	<b>87.44 %</b>	<b>28,100.89</b>	<b>43,591.08</b>	<b>45,606.92</b>

**TABLE 4 : BALANCE SHEET for DG EMPL**

<b>BALANCE SHEET</b>	<b>2021</b>	<b>2020</b>
<b>A.I. NON CURRENT ASSETS</b>	<b>7,489,367,165.06</b>	<b>5,927,097,840.04</b>
A.I.1. Intangible Assets	7,594,541.88	8,488,017.39
A.I.4. Non-Current Financial Assets	97,063,121.10	45,516,681.07
A.I.5. Non-Current Pre-Financing	7,091,343,995.44	5,566,883,827.83
A.I.6. Non-Cur Exch Receiv & Non-Ex Recoverab	293,365,506.64	306,209,313.75
<b>A.II. CURRENT ASSETS</b>	<b>1,154,376,912.40</b>	<b>2,211,723,294.47</b>
A.II.1. Current Financial Assets	1,499,100.00	
A.II.2. Current Pre-Financing	823,519,388.04	1,929,241,289.11
A.II.3. Curr Exch Receiv & Non-Ex Recoverables	227,581,497.36	163,461,813.36
A.II.6. Cash and Cash Equivalents	101,776,927.00	119,020,192.00
<b>ASSETS</b>	<b>8,643,744,077.46</b>	<b>8,138,821,134.51</b>
<b>P.I. NON CURRENT LIABILITIES</b>	<b>-53,218,671.00</b>	<b>-87,896,664.00</b>
P.I.2. Non-Current Provisions	0.00	-43,826,664.00
P.I.3. Non-Current Financial Liabilities	-53,218,671.00	-44,070,000.00
<b>P.III. NET ASSETS/LIABILITIES</b>	<b>0.00</b>	<b>1,795,677.30</b>
P.III.1. Reserves	0.00	1,795,677.30
<b>P.II. CURRENT LIABILITIES</b>	<b>-6,661,022,699.56</b>	<b>-6,503,202,444.84</b>
P.II.2. Current Provisions	0.00	-39,287,277.00
P.II.3. Current Financial Liabilities	-60,840,124.00	
P.II.4. Current Payables	-2,924,078,174.30	-3,300,032,269.14
P.II.5. Current Accrued Charges & Defrd Income	-3,676,104,401.26	-3,163,882,898.70
<b>LIABILITIES</b>	<b>-6,714,241,370.56</b>	<b>-6,589,303,431.54</b>
<b>NET ASSETS (ASSETS less LIABILITIES)</b>	<b>1,929,502,706.90</b>	<b>1,549,517,702.97</b>
P.III.2. Accumulated Surplus/Deficit	91,228,605,624.89	76,882,332,138.70
Non-allocated central (surplus)/deficit*	-93,158,108,331.79	-78,431,849,841.67
<b>TOTAL DG EMPL</b>	<b>0.00</b>	<b>0.00</b>

**TABLE 5 : STATEMENT OF FINANCIAL PERFORMANCE for DG EMPL**

<b>STATEMENT OF FINANCIAL PERFORMANCE</b>	<b>2021</b>	<b>2020</b>
II.1 REVENUES	-223229446	-176336365.8
II.1.1. NON-EXCHANGE REVENUES	-180154514.5	-175841347.6
II.1.1.6. RECOVERY OF EXPENSES	-177,707,316.37	-175,041,347.59
II.1.1.8. OTHER NON-EXCHANGE REVENUES	-2,447,198.11	-800,000.00
II.1.2. EXCHANGE REVENUES	-43074931.53	-495018.24
II.1.2.1. FINANCIAL INCOME	-44,402,213.98	-2,739,265.00
II.1.2.2. OTHER EXCHANGE REVENUE	1,327,282.45	2,244,246.76
II.2. EXPENSES	17588227185	14524359341
II.2. EXPENSES	17588227185	14524359341
II.2.10. OTHER EXPENSES	34,254,407.91	58,423,064.08
II.2.1. EXP IMPL BY MEMBER STATES (SHARED)	17,301,192,944.50	14,273,455,116.33
II.2.2. EXP IMPL BY COMMISS&EX.AGENC. (DM)	118,804,884.17	119,713,953.80
II.2.3. EXP IMPL BY OTH EU AGENC&BODIES (IM)	89,116,849.91	72,960,119.61
II.2.4. EXP IMPL BY 3RD CNTR & INT ORG (IM)	750,150.60	-461,899.34
II.2.6. STAFF AND PENSION COSTS	-191,950.00	-80,100.00
II.2.8. FINANCE COSTS	44,299,897.92	349,086.24
<b>STATEMENT OF FINANCIAL PERFORMANCE</b>	<b>17,364,997,739.00</b>	<b>14,348,022,974.89</b>

**TABLE 5bis : OFF BALANCE SHEET for DG EMPL**

<b>OFF BALANCE</b>	<b>2021</b>	<b>2020</b>
OB.1. Contingent Assets	621848.86	1467648.83
GR for performance	75,200.00	78,250.00
GR for pre-financing	546,648.86	1,389,398.83
OB.2. Contingent Liabilities	-60840124	
OB.2.1. Guarantees given for EU FI	-60,840,124.00	
OB.3. Other Significant Disclosures	-36995441762	-39148143384
OB.3.2. Comm against app. not yet consumed	-36,995,441,761.63	-39,148,143,383.84
OB.3.3.1 Structural operations	0.00	0.00
OB.4. Balancing Accounts	37055660037	39146675735
OB.4. Balancing Accounts	37,055,660,036.77	39,146,675,735.01
<b>OFF BALANCE</b>	<b>0.00</b>	<b>0.00</b>

**TABLE 6: AVERAGE PAYMENT TIMES in 2021 for EMPL**

Legal Times										
Maximum Payment Time (Days)	Total Nbr of Payments	Nbr of Payments within Time Limit	Percentage	Average Payment Times (Days)	Nbr of Late Payments	Percentage	Average Payment Times (Days)	Late Payments Amount	Percentage	
15	9	9	100.00 %	10.222222				0	0. %	
30	1330	1251	94.06 %	15.370104	79	5.94 %	38.18987342	4039130.99	2. %	
60	1089	1064	97.70 %	24.656955	25	2.30 %	78.36	603281815.8	4. %	
86	1	1	100.00 %	34				0	0. %	
90	263	259	98.48 %	60.949807	4	1.52 %	108.75	240438.81	0. %	
180	11	11	100.00 %	22.454545				0	0. %	
186	1	1	100.00 %	4				0	0. %	
193	1	1	100.00 %	4				0	0. %	
200	1	1	100.00 %	10				0	0. %	
207	1	1	100.00 %	4				0	0. %	
210	2	2	100.00 %	7				0	0. %	
218	1	1	100.00 %	11				0	0. %	
227	1	1	100.00 %	14				0	0. %	
238	1	1	100.00 %	14				0	0. %	
248	1	1	100.00 %	16				0	0. %	
256	1	1	100.00 %	7				0	0. %	
266	2	2	100.00 %	34				0	0. %	
267	2	2	100.00 %	13				0	0. %	
268	1	1	100.00 %	14				0	0. %	
269	1	1	100.00 %	14				0	0. %	
280	1	1	100.00 %	11				0	0. %	
288	1	1	100.00 %	11				0	0. %	
289	2	2	100.00 %	12				0	0. %	

290	2	2	100.00 %	13.5				0	0. %
296	1	1	100.00 %	12				0	0. %
297	1	1	100.00 %	41				0	0. %
301	1	1	100.00 %	24				0	0. %
305	1	1	100.00 %	8				0	0. %
309	3	3	100.00 %	27.333333				0	0. %
312	1	1	100.00 %	3				0	0. %
316	4	4	100.00 %	39				0	0. %
317	1	1	100.00 %	21				0	0. %
322	2	2	100.00 %	28				0	0. %
323	1	1	100.00 %	46				0	0. %
324	1	1	100.00 %	47				0	0. %
329	1	1	100.00 %	10				0	0. %
331	4	4	100.00 %	7				0	0. %
332	2	2	100.00 %	6.5				0	0. %
333	1	1	100.00 %	9				0	0. %
336	1	1	100.00 %	17				0	0. %
337	1	1	100.00 %	12				0	0. %
338	4	4	100.00 %	14.75				0	0. %
340	1	1	100.00 %	44				0	0. %
357	1	1	100.00 %	77				0	0. %
358	29	29	100.00 %	8.862069				0	0. %
359	1	1	100.00 %	8				0	0. %
360	2	2	100.00 %	8				0	0. %
365	245	245	100.00 %	42.428571				0	0. %

<b>Total Number of Payments</b>	<b>3036</b>	<b>2928</b>	<b>96.44 %</b>		<b>108</b>	<b>3.56 %</b>		<b>607561385.6</b>	<b>3. %</b>
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<b>Average Net Payment Time</b>	25.94433465			25.053279			50.10185185		
<b>Average Gross Payment Time</b>	40.24044796			39.641393			56.48148148		

<b>Suspensions</b>							
<b>Average Report Approval Suspension Days</b>	<b>Average Payment Suspension Days</b>	<b>Number of Suspended Payments</b>	<b>% of Total Number</b>	<b>Total Number of Payments</b>	<b>Amount Suspended Payments</b>	<b>of % of Total Amount</b>	<b>Total Paid Amount</b>
0	37	1164	38.34 %	3036	15,636,153,674.51	87.26 %	17,919,479,903.53

<b>Late Interest paid in 2021</b>			
<b>DG</b>	<b>GL Account</b>	<b>Description</b>	<b>Amount (Eur)</b>
EMPL	65010100	Interest on late payment of charges New FR	2 841.22

**TABLE 7 : SITUATION ON REVENUE AND INCOME in 2021 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	7=3-6	
60	Single market, innovation and digital	38,693.98	-	38,693.98	38,693.98	-	38,693.98	-
61	Cohesion, resilience and values	1,930,462,085.78	-	1,930,462,085.78	1,914,280,376.82	-	1,914,280,376.82	16,181,708.96
62	Natural resources and environment	4,531,000.97	-	4,531,000.97	4,531,000.97	-	4,531,000.97	-
65	Neighbourhood and the world	790,980.67	-	790,980.67	-	-	-	790,980.67
66	Other contributions and refunds	11,313,207.64	-	11,313,207.64	9,397,765.24	-	9,397,765.24	1,915,442.40
67	Completion for outstanding recovery orders prior to 2021	-8,581.34	35,910,030.19	35,901,448.85	-8,581.34	35,528,423.03	35,519,841.69	381,607.16
<b>Total DG EMPL</b>		<b>1,947,127,387.70</b>	<b>35,910,030.19</b>	<b>1,983,037,417.89</b>	<b>1,928,239,255.67</b>	<b>35,528,423.03</b>	<b>1,963,767,678.70</b>	<b>19,269,739.19</b>

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

INCOME BUDGET RECOVERY ORDERS ISSUED IN 2021 Year of Origin (commitment)	Irregularity		Total undue payments recovered		Total transactions in recovery context (incl. non-qualified)		% Qualified/Total RC	
	Nbr	RO Amount	Nbr	RO Amount	Nbr	RO Amount	Nbr	RO Amount
2007					1	1,125,856.06		
2009					1	790,980.67		
2013					3	4,531,000.97		
2014					7	4,348,489.85		
2015					60	155,307,317.16		
2016	2	12,684.94	2	<b>12,684.94</b>	161	379,711,714.72	1.24 %	0.00%
2017	7	81,825.35	7	<b>81,825.35</b>	270	934,914,964.44	2.59 %	0.01%
2018	1	3,320.69	1	<b>3,320.69</b>	127	417,735,250.07	0.79 %	0.00%
2019	1	4,048.76	1	<b>4,048.76</b>	40	39,761,855.56	2.50 %	0.01%
2020					15	4,751,659.90		
2021					1	5,730.05		
No Link					3	4,112,455.61		
<b>Sub-Total</b>	<b>11</b>	<b>101,879.74</b>	<b>11</b>	<b>101,879.74</b>	<b>689</b>	<b>1,947,097,275.06</b>	<b>1.60 %</b>	<b>0.01%</b>

EXPENSES BUDGET	Irregularity		OLAF Notified		Total payments recovered		Total transactions in recovery context (incl. non-qualified)		% Qualified/Total RC	
	Nbr	Amount	Nbr	Amount	Nbr	Amount	Nbr	Amount	Nbr	Amount
INCOME LINES IN INVOICES										
NON ELIGIBLE IN COST CLAIMS	23	266,895.39			23	<b>266,895.39</b>	416	261,630,180.65	5.53 %	0.10%
CREDIT NOTES	10	33,674.53			10	<b>33,674.53</b>	101	2,677,871.55	9.90 %	1.26%
<b>Sub-Total</b>	<b>33</b>	<b>300,569.92</b>			<b>33</b>	<b>300,569.92</b>	<b>517</b>	<b>264,308,052.20</b>	<b>6.38 %</b>	<b>0.11%</b>
<b>GRAND TOTAL</b>	<b>44</b>	<b>402,449.66</b>			<b>44</b>	<b>402,449.66</b>	<b>1206</b>	<b>2,211,405,327.26</b>	<b>3.65 %</b>	<b>0.02%</b>

**TABLE 9: AGEING BALANCE OF RECOVERY ORDERS AT 31/12/2021 for DG EMPL**

	Number at 1/01/2021	Number at 31/12/2021	Evolution	Open Amount (Eur) at 1/01/2021	Open Amount (Eur) at 31/12/2021	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 %
2019	1		-100.00 %	6,104.20		-100.00 %
2020	11		-100.00 %	35,522,318.83		-100.00 %
2021		12			18,888,132.03	
	<b>15</b>	<b>15</b>	<b>0.00 %</b>	<b>35,910,030.19</b>	<b>19,269,739.19</b>	<b>-46.34 %</b>

**TABLE 10 :Recovery Order Waivers >= 60 000 € in 2021 for DG EMPL**

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

Number of RO waivers

There is 1 waive below 60 000 € for a total amount of -6,104.2

**TABLE 11 : Negotiated Procedures in 2021 for DG EMPL**

Negotiated Procedure Legal base	Number of Procedures	Amount (€)
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**TABLE 12 : Summary of Procedures in 2021 for DG EMPL**

**Internal Procedures > € 60,000**

Procedure Legal base	Number of Procedures	Amount (€)
Open procedure (FR 164 (1)(a))	7	12,646,453.50
<b>Total</b>	<b>7</b>	<b>12,646,453.50</b>

**TABLE 13 : BUILDING CONTRACTS in 2021 for DG EMPL**

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

**TABLE 14 : CONTRACTS DECLARED SECRET in 2021 for DG EMPL**

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

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

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**TABLE 16 : Commitments co-delegation type 3 in 2021 for DG EMPL**

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## ANNEX 4: Financial Scorecard

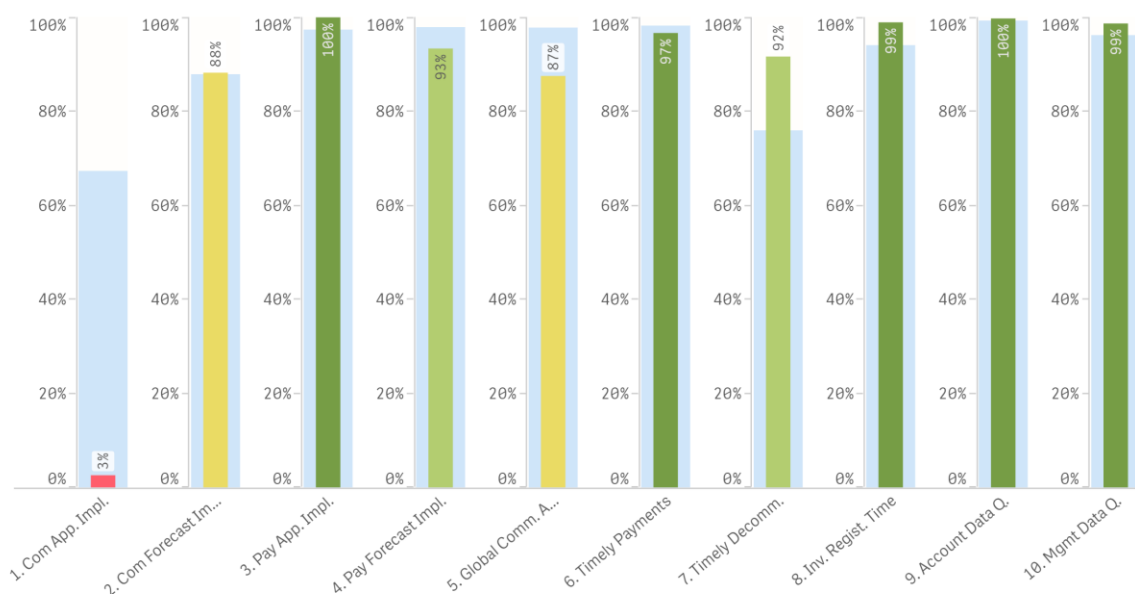
The annex 4 of each Commission service summarises the annual result of the standard financial indicators measurement. Annexed to the annual activity report 2021, 10 standard financial indicators are presented below, each with its objective and result for the Commission service and for the EC as a whole (for benchmarking purposes):

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

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 2021



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

Indicator	Objective	Comment	DG EMPL Score	EC Score
1. Commitment Appropriations Implementation	Ensure efficient use of commitment appropriations expiring at the end of Financial Year	The major part of DG EMPL's commitments relate to the ESF+ managed jointly with the Member States. The financial envelopes are agreed for the entire duration of the multiannual financial framework. Then each Member State needs to submit a draft partnership agreement to frame how the funds will be used at national level and draft programmes showing how the funds will be implemented in the most efficient manner, taking into account their national and regional particularities. This programming exercise is a lengthy process that needs to take into account aspects covered by other Cohesion funds and Resilience and Recovery Plans. The programming exercise was delayed by the late adoption of the Common Provision Regulation and of the sectoral regulations covering each fund. Therefore, the dialogue with Member States could not be finalised in 2021 and the 2021 commitments were reprogrammed over the years 2022-2025, as foreseen in Article 7 of the multiannual financial framework regulation.	3%	67%
2. Commitment Forecast Implementation	Ensure the cumulative alignment of the commitment implementation with the commitment forecast in a financial year	DG EMPL's performance in forecasting commitment is in line with the overall performance of the Commission. Due to delays in the start-up of the 2021-2027 programmes, many uncertainties remained until very late in the year, which made the forecast more complex and explain the 12 percentage point deviation from the target.	88%	88%
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%	97%
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 below the overall performance of the Commission. The complexity of having several management modes, i.e. direct, indirect and shared explains partially the difficulties encountered in 2021. In particular, the impact of the 100% co-financing rate granted to Member States under the Coronavirus Response Investment Initiative measures was difficult to anticipate. Member States sent a high number of cost claims much earlier in the year than in the previous	93%	98%

		years, with a peak during the summer, while this peak traditionally occurs only in the last six weeks of the financial year.		
5. Global Commitment Absorption	Ensure efficient use of already earmarked commitment appropriations (at L1 level)	Many global commitments made in 2020 were meant as a mitigating measure in case of significant delays in the adoption of the multiannual financial framework and of the sectoral programmes, with a view to ensuring business continuity in DG EMPL's recurrent activities. For instance, DG EMPL organises many meetings with experts and high-level conferences for its policy-making activities. The COVID-19 constraints led to the cancellation of many of those events, if not turned into virtual events, which are less expensive than physical meetings. This is the major reason for the low absorption of global commitments from 2020 in 2021.	87%	98%
6. Timely Payments	Ensure efficient processing of payments within the legal deadlines	DG EMPL's performance is very slightly below the overall performance of the Commission. Most of delayed payments relate to the European Labour Authority. The newly created decentralised agency gained its administrative autonomy in May 2021 and, due to the complexity of the transition between the two accounting systems, some invoices were recorded/paid late.	97%	98%
7. Timely Decommitments	Ensure efficient decommitment of outstanding RAL at the end of commitment life cycle	DG EMPL's performance is better than the overall performance of the Commission.	92%	76%
8. Invoice Registration Time	Monitor the accounting risk stemming from late registration of invoices in the central accounting system ABAC	DG EMPL's performance is better than the overall performance of the Commission.	99%	94%
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 is excellent.	100%	99%
10. Management Data Quality	Ensure the good data quality of ABAC transactions with the focus on fields having a primary impact on the management decisions	DG EMPL's performance is better than the overall performance of the Commission.	99%	96%



## **ANNEX 5: Materiality criteria**

Since 2019 <sup>(31)</sup>, a corporate 'de minimis' threshold for financial reservations has been introduced. Quantified AAR reservations related to residual error rates above the 2% materiality threshold, are deemed not substantial for segments representing less than 5% of the 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 corporate 'de minimis' threshold applies at the level of the AAR reservations, i.e. not affecting at all the detailed reservations at the level of the payment/operational programme. Given the amounts involved, this threshold has no effect on the AAR reservations of DG EMPL for 2021.

### **For ESF/YEI, FEAD and IPA**

During the implementation period, all programmes are assessed against audit opinions at national and Commission level based on audits carried out on systems and representative samples of operations. In addition, operational line managers and authorising officers by sub-delegation also assess the level of assurance.

### **Assessment of management and control systems in the Member States and for the programming period 2007-2013**

#### **➤ The assessment at closure**

The Annual Control Reports (ACRs) were submitted as part of the closure packages. For each programme, the Directorate-General 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 on the basis of the expenditure certified during the whole programming period, the residual risk rate is used as this is the best estimate of the expenditure which 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 taking into account reported corrections, the 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.

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<sup>(31)</sup> Agreement of the Corporate Management Board of 30/4/2019.

➤ 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-quantified reservation is made for those programmes, where either additional audit work is requested or financial corrections may need to be applied exceeding the retention (5% or less for underspent programmes of the overall allocation made at programme level) <sup>(32)</sup>.

Exceptions, if any, are clearly reported and explained in the body of the Annual Activity Report. 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.

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 <sup>(33)</sup>. No financial corrections are taken into account for the quantification of the reservation, as the financial corrections already implemented are mainly linked to expenditure declared in previous years.

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

For the 2017 AAR and onwards, the risk 'at payment' is estimated by applying the residual risk rate communicated by the Audit Authorities as part of the closure documents and validated by the Commission services to the 'relevant expenditure' (i.e. payments and the cleared pre-financing made during the reporting year).

Being at the stage of the closure of the programming period, the amount at risk at closure is equal to the risk at payment.

### **Assessment of management and control systems in the Member States for the programming period 2014-2020**

➤ The assessment of each operational programme is based on the following elements:

1. The first element is the assessment of the effectiveness of management and control systems carried out by the audit directorate based on all information available (i.e. opinion issued by the Audit Authority on the management and control systems, total error rate, results of national systems audits, results of Commission audit work and/or

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<sup>(32)</sup> The decision on whether to issue reservation will be made taking into account the cumulative residual risk.

<sup>(33)</sup> I.e. paid in the relevant year in relation to the concerned sub-programme.

the European Court of Auditors, elements received from operational managers in their regular contacts with programme authorities).

2. The second element is 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 annual control reports (ACR), adjusted as necessary when we consider that adjustments to previous years' error rate 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 Directorate-General assesses the reliability of the total error rate and the residual total error rate reported in two stages:

- Total Error Rates and Residual Total Error Rates for the accounting year 2019-2020 (for accounts accepted in 2021) are confirmed (including adjusted where considered necessary), taking into account all available information and audit results assessed through desk review and, where necessary and conclusions are already available, risk-based on the spot compliance audits. Following 2014-2020 legal framework, the Commission can in subsequent years (during the documents retention period) continue to carry out on the spot audits to address specific risks or programmes.
- In relation to the Total Error Rates and Residual Total Error Rates for the accounting year 2020-2021 communicated by the Audit Authorities by 1/3/2022, first preliminary consistency review is carried out to identify potential inconsistencies clerical mistakes or adjustments considered necessary following audit-based adjustments to previous years' error rates that could impact the most recent reported rates. The resulting adjusted total error rates and residual total error rates are disclosed in the annexes 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 they are not considered reliable at this stage, flat rates are used.

➤ Materiality criteria and reservations

The Directorate-General assesses **each operational programme** in order to identify the need for reservations and corrective measures to be applied. Operational programmes with management and control systems in common can be grouped for the purpose of this assessment.

At operational programme level, reservations or partial reservations (at sub-programme level) 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 programmes included in the categories 'limited assurance with medium risk' 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 2020-2021 <sup>(34)</sup> assurance packages received at the latest by 1 March 2022:

- a total error rate above 10%;
- deficiencies in key elements of the systems, which could result in/lead to irregularities above 10% 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 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.

In case there is no financial impact for the reporting year (e.g. no expenditure paid) for a programme under reservation, a non-quantified reservation is made.

In addition, reputational reservations are made for deficiencies of a qualitative nature (e.g. significant systemic deficiencies or major control failures) which have a significant impact on the reputation of the Commission.

As regards the functioning of the management and control system (2<sup>nd</sup> materiality criterion above), the operational programmes are classified in four categories:

- *Operational programmes not in reservation:*
  - Programmes with management and control systems which work well and for which only minor improvements are needed (category 1 <sup>(35)</sup> ). For these programmes, **reasonable assurance** means that the Directorate General has assurance 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 under 2%).
  - Programmes with management and control systems which work but for which some

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<sup>(34)</sup> 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).

<sup>(35)</sup> Table 2 on the classification of key requirements for manage a control systems with regard to their functioning of Annex IV of Commission Delegated Regulation (EU) No 480/2014 of 3 March 2014.

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 well covered by the payment retention of 10%; and residual total error rate  $\leq 2\%$ ).

- 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  $\leq 2\%$ ).
- *Operational 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%, therefore the risk is not covered by the payment retention of 10%), even if adequate financial corrections have been implemented (residual total error rate  $\leq 2\%$ ).

In addition, as indicated with the above materiality criteria, independently of the category of the system, all programmes with residual total error rate above 2% and programmes with material issues concerning the completeness, accuracy and veracity of the accounts are also put in reservation.

For the calculation of the amounts impacted by a reservation, the reportable residual total error rate for the 2020/2021 accounts, adjusted as considered necessary, is applied to the 2021 relevant expenditure of the operational programmes concerned.

Where there is no financial impact for the reporting year in question (e.g. no expenditure 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 KPI4 (weighted residual total error rate of the accounting year 2019-2020 as confirmed by the Commission services <sup>(36)</sup>) to the "relevant expenditure" of the Commission reporting year (i.e. payments made during 2021 after excluding new pre-financing and including the 10% retained, and

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<sup>(36)</sup> 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).

including the cleared pre-financing minus the retentions released and any deductions applied in the accounts covering the expenditure of the period 1<sup>st</sup> July 2020 to 30<sup>th</sup> June 2021).

The **amount at risk at closure** indicates the remaining risk to the 2021 relevant expenditure once the Commission will apply the necessary financial corrections to bring the total residual error rates for all OPs down to 2%. The Directorate General has been able to identify for which programmes additional financial correction will be required upon finalisation of the ongoing audit contradictory procedures for accounting year 2019-2020.

### **For centralised management**

Detective and corrective controls are implemented at initial and at final phases. Preventive and corrective controls take place through the verification of all transactions (grants and public procurement) by financial agents.

Commission staff and outsourcing company carry out on the spot audits for grants following a risk-analysis approach.

As regards transactions contracted through public procurement, thanks to the thorough ex ante control, the average risk of error is considered to be below the materiality threshold of 2%. Given the underlying nature of the transactions (delivery of goods or services), there is no added value in performing ex post audits.

As regards grants, for selecting the sample of transactions to be controlled on the spot, DG EMPL applies a risk based approach rather than a statistical random method that would comply with the criteria of samples' representativeness. The risk based approach is considered more cost-effective given the heterogeneity and relatively small size of DG EMPL's audit population.

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.

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

### **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 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 Systems 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 [ <i>non-quantifiable individually</i> ] 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.



<b>Main risks</b>	<b>Mitigating controls</b>	<b>Coverage, frequency and depth</b>	<b>Cost-effectiveness indicators</b>
The process of designation 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 (for 2014-2020): - 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 are generally done on-the-spot.	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).

### ***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.

<b>Main risks</b>	<b>Mitigating controls</b>	<b>Coverage, frequency and depth</b>	<b>Cost-effectiveness indicators</b>
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, 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</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: - Residual error rate as reported by the Member States. Efficiency: - acceptance of annual accounts.

### **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 expenditure declared in the annual accounts.</p> <p>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"> <li>- assessment of Annual Control Reports / Annual Audit Opinion</li> <li>- calculation of the total error rate (TER)</li> <li>- calculation of the residual total error rate (RTER)</li> <li>- assessment of systems audits reports from Audit Authorities</li> <li>- own Commission audits</li> <li>- technical and bilateral meetings with the Member States.</li> </ul> <p>Warning letters, interruptions and suspensions of payments.</p> <p>Financial corrections (implemented by the Member States resulting from Commission audit work).</p>	<p>Coverage: verification of information provided in the assurance packages.</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 compliance audits; 'validation' and where necessary adjusting of error rates reported by the Member States;</p>	<p>Overall Commission cost: see AAR Cost effectiveness and efficiency.</p> <p>Benefits: errors prevented [<i>unquantifiable</i>], errors detected or corrected (amount of financial corrections); the impact of the Commission's adjustments made on the error rates reported by the Member State following its own audit work and the total amount of expenditure for which the Commission has assurance</p> <p>Effectiveness:</p> <ul style="list-style-type: none"> <li>- residual risk (EU and per Member State)</li> <li>- number of programmes with a reported error rate assessed as reliable</li> <li>- corrections made resulting from Commission audit work (decided and implemented)</li> <li>- % of the expenditure for which the Commission can rely on the work of the Audit Authorities (based on ACRs unchanged or recalculated error rates)</li> <li>- weighted average residual error rate after Commission analysis (KPI 4)</li> <li>- Commission assessment of reliance on Audit Authorities.</li> </ul> <p>Efficiency:</p> <ul style="list-style-type: none"> <li>- overall cost of control/financial management of the Commission checks and assessment (% of total payment appropriations) – stages 1 to 3</li> <li>- % of Commission payments on time</li> <li>- % interruptions of payments notified to Member States within 2 months</li> <li>- % suspensions of payments notified to Member States within 6 months.</li> </ul>
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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></p> <ul style="list-style-type: none"> <li>- 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);</li> <li>- inter-service consultation on Financing Decisions including all relevant DGs;</li> <li>- adoption by the Commission.</li> </ul>	<p><u>Grants and procurement:</u> 100%</p>	<p>See AAR section 2.1.1</p> <p><u>Grants and procurement:</u></p> <ul style="list-style-type: none"> <li>- Validation of actions in the annual work programme (relevance and compliance) (%);</li> <li>- Budget execution (%);</li> <li>- Overall cost of control/financial management of the Commission checks and assessment (as a % of total payment appropriations);</li> <li>- Cost of evaluation and selection procedure/value contracted (%).</li> </ul>

Main risks	Mitigating controls	Coverage, frequency	Cost-effectiveness indicators
<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.</p> <p>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></p> <ul style="list-style-type: none"> <li>- 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;</li> <li>- 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;</li> <li>- 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;</li> <li>- an evaluation committee is appointed by the AOSD and composed of at least 3 persons representing at least 2 units; the AOSD also designates the call coordinator in charge of the submission and evaluation process within the respective operational unit;</li> <li>- the management of the evaluation process has been standardised via the SEP submission and evaluation IT tool part of the e-grant suite;</li> <li>- 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;</li> <li>- the Research Executive Agency ensures the validation of beneficiaries' legal representative (financial viability);</li> <li>- signature of the grant agreement by the Authorising Officer;</li> <li>- the publication on Europa of the grants awarded takes place after control by the Financial Unit.</li> </ul>	<p><u>Grants:</u> Coverage : 100% of proposals are evaluated</p>	<p>See AAR section 2.1.1</p> <p><u>Grants:</u></p> <ul style="list-style-type: none"> <li>- Validation of calls for proposals by the Financial Unit prior to publication (%);</li> <li>- Formal opinion given by the Financial Unit before award (%);</li> <li>- Number litigation cases.</li> </ul>

Main risks	Mitigating controls	Coverage, frequency	Cost-effectiveness indicators
<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> - 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 Central Financial Unit on the evaluation and selection procedure prior to budgetary and legal commitments (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><u>Procurement:</u> 95%<sup>37</sup> 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</p>	<p>See AAR section 2.1.1</p> <p><u>Procurement:</u> - Formal opinion given by the Financial Unit before award.</p> <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 Agency Executive Director.</p>

<sup>37</sup> 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
		of Agency: min 1 time per year.	

**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).

<b>Main risks</b>	<b>Mitigating controls</b>	<b>Coverage, frequency</b>	<b>Cost-effectiveness indicators</b>
<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> Operational and financial checks in accordance with the financial circuits. Operation authorisation by the AOSD. <u>Grants:</u> Ex ante verification of financial report.</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 (%); - ex ante in depth check of final cost claims - sample representing 20% of the eligible costs for each action grant (at least 30% of staff cost - higher risk) (% error).  <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>
<p><u>Agencies</u> 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> 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 the follow-up of the agencies' performance.</p>	<p><u>Agencies</u> Executive Board: 4 to 6 meetings a year. Management Board: 1 or 2 meetings a year.</p>	<p><u>Agencies</u> - 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>
<p><u>Financial instruments</u> The activities supported under the financial instruments do not reflect the policy objectives and</p>	<p><u>Financial instruments</u> DG EMPL monitors the implementation of the financial instruments and the corresponding</p>	<p><u>Financial instruments</u> Based on the reporting framework between DG EMPL and the European</p>	<p><u>Financial instruments</u> Economy: Cost of staff involved in the monitoring of the financial instruments.</p>

Main risks	Mitigating controls	Coverage, frequency	Cost-effectiveness indicators
<p>the implementation is not in compliance with the applicable regulations and is not in accordance with the principle of sound financial management.</p>	<p>expenditure through, for instance:</p> <ul style="list-style-type: none"> <li>- 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 &amp; performance and treasury reports);</li> <li>- 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;</li> <li>- analysis and prior approval of operations;</li> <li>- monitoring visits;</li> <li>- participation in the governance.</li> </ul>	<p>Investment Fund:</p> <ul style="list-style-type: none"> <li>- operational report: annual;</li> <li>- semi-annual operational reports;</li> <li>- pipeline reports and disbursement forecasts: twice per year;</li> <li>- risk &amp; performance and treasury reports: quarterly;</li> <li>- cash and treasury reports: monthly;</li> <li>- reports on financial instruments accounts: quarterly;</li> <li>- financial statements: annual;</li> <li>- governance meetings: at least twice per year;</li> <li>- monitoring visits: annual;</li> </ul> <p>95% of operations analysed ex ante.</p>	<p>Efficiency: Supervision costs over assets under management.</p> <p>Effectiveness:</p> <p>Control results:</p> <ul style="list-style-type: none"> <li>- key indicators of achievement (number of final recipients supported by the financial instruments; number of jobs created or maintained; total loan volume leveraged);</li> <li>- number of analysis;</li> <li>- number of findings and/or minor observations reported to the European Investment Fund.</li> </ul> <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).

<b>Main risks</b>	<b>Mitigating controls</b>	<b>Coverage, frequency</b>	<b>Cost-Effectiveness indicators</b>
<p>The ex ante controls fail to prevent, detect and correct erroneous payments or attempted fraud.</p>	<p>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.</p>	<p>Ex post controls relate only to grant aided projects which have been closed by the Operational Units. Contracts bear no risk to be audited ex post.</p>	<p>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.</p>
<p><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.</p>	<p><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.</p>	<p><u>Agencies</u>                      Executive Board: 4 to 6 meetings a year.                      Management Board: 1 or 2 meetings a year.</p>	<p><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.</p>

## 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 can't 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 <sup>(38)</sup> <sup>(39)</sup>, 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 2021, this stands at EUR 8.9 million and takes the form of:

- administrative and policy-based fees as well as treasury fees amounting to EUR 3.4 million disbursed to the European Investment Fund for the financial instruments of DG EMPL that it manages <sup>(40)</sup>, and

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<sup>(38)</sup> Based on the study '[New assessment of ESIF administrative costs and burden](#)'.

<sup>(39)</sup> 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.

<sup>(40)</sup> The amount was paid to the European Investment Fund for:

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

- EUR 90 341 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 821 085 as administrative fee and incentive corresponding to 2% of the total amount of operations signed;

- the cost incurred by the decentralised agencies for which DG EMPL acts as a parent DG, amounting to EUR 5.5 million and corresponding to 6% of the annual subsidies transferred to them by DG EMPL in 2021 <sup>(41)</sup>.

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- EUR 1 333 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 2 050 000 as flat administrative fee equal to 1.025% of the funds aggregate commitment (EUR 200 million);

- EUR 445 000 policy-based fees: EUR 35 000 for each operational transaction signed in 2021 (12 operations) and EUR 25 000 for each first final recipient situated or operating in a participating country in which the sub-fund had not invested previously (one operation).

<sup>(41)</sup> Based on calculations made by the decentralised agencies using the same guidance as DG EMPL:

CEDEFOP: EUR 988 545, corresponding to 5.5% of the annual subsidy;

ELA: EUR 830 820, corresponding to 5.6% of the annual subsidy;

ETF: EUR 923 054, corresponding to 4.4% of the annual subsidy;

EU-OSHA: EUR 1 253 987, corresponding to 8.3% of the annual subsidy;

EUROFOUND: EUR 1 458 022, corresponding to 6.8% of the annual subsidy.

**Table Y - Overview of DG EMPL' estimated cost of controls at Commission (EC) level**

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	15,118,152.18 €	19,428,190,053,42 €	0.08%	6,678,377.06 €	19,428,190,053,42 €	0.03%	21,796,529.24 €	0.11%
Direct and indirect management	10,751,495.42 €	280,482,758.13 €	3.83%	472,974.00 €	280,482,758.13 €	0.17%	11,224,469.42 €	4.00%
Horizontal	2,669,274.08 €	19,708,672,811,55 €	0.01%	- €	19,708,672,811,55 €	0.00%	2,669,274.08 €	0.01%
<b>OVERALL total estimated cost of control at EC level for expenditure</b>	<b>28,538,921.68 €</b>	<b>19,708,672,811,55 €</b>	<b>0.14%</b>	<b>7,151,351.06 €</b>	<b>19,708,672,811,55 €</b>	<b>0.04%</b>	<b>35,690,272.74 €</b>	<b>0.18%</b>

## **INITIATIVES TO HELP ALLEVIATE THE ADVERSE EFFECTS OF THE COVID-19 CRISIS ON THE CONTRACTORS, BENEFICIARIES AND SOCIAL PARTNERS**

In 2021, DG EMPL:

- allowed in a few cases that the evidences for the non-exclusion situation be produced at a later stage when there was an impossibility to make it available at the tender stage due to the pandemic;
- modified contracts where the initially planned activities had to be substantially adjusted, in line with Article 172 of the Financial Regulation;
- authorised the submission of the original proposal with blue ink signature in grant proposals at a later stage when there was an impossibility to make them available at submission stage;
- waived temporarily the internal obligation of processing exceptions for extensions of contracts and grant agreements duration when exceeding 20% of the duration of the contract;
- authorised exceptions to postpone some events for which order forms had already been signed without modifying the said order forms;
- authorised the submission of invoices by e-mail;
- authorised the receipt of signed scanned versions of contracts and grant agreements countersigned by the authorising officer by sub-delegation and returned scanned and regularised afterwards with blue inked signature, or when available the signature by third parties with european qualified electronic signatures and by the authorising officer by sub-delegation with the electronic module of ARES;
- supported the co-funded EU level networks and alleviated the impact of the crisis to the extent possible by implementing a flexible approach to modifications of the work programme.

The above series of measures was proportional to the COVID-19 impact and was applied on a case-by-case basis after prudent analysis, without any prejudice to the protection of the EU budget.

## **ANNEX 7A: 2014-2020 ESF/YEI AND FEAD: BRIEF INTRODUCTION TO SHARED MANAGEMENT AND ARCHITECTURE FOR BUILDING ASSURANCE <sup>(42)</sup>**

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 EU Member States, and allocates resources accordingly;
- the EU Member States / regions manage the programmes, implement them by selecting projects, follow their implementation and perform controls;
- the Commission is involved in programme monitoring, commits, pays out approved expenditure, and verifies the control systems.

For each programme, the national authority appoints:

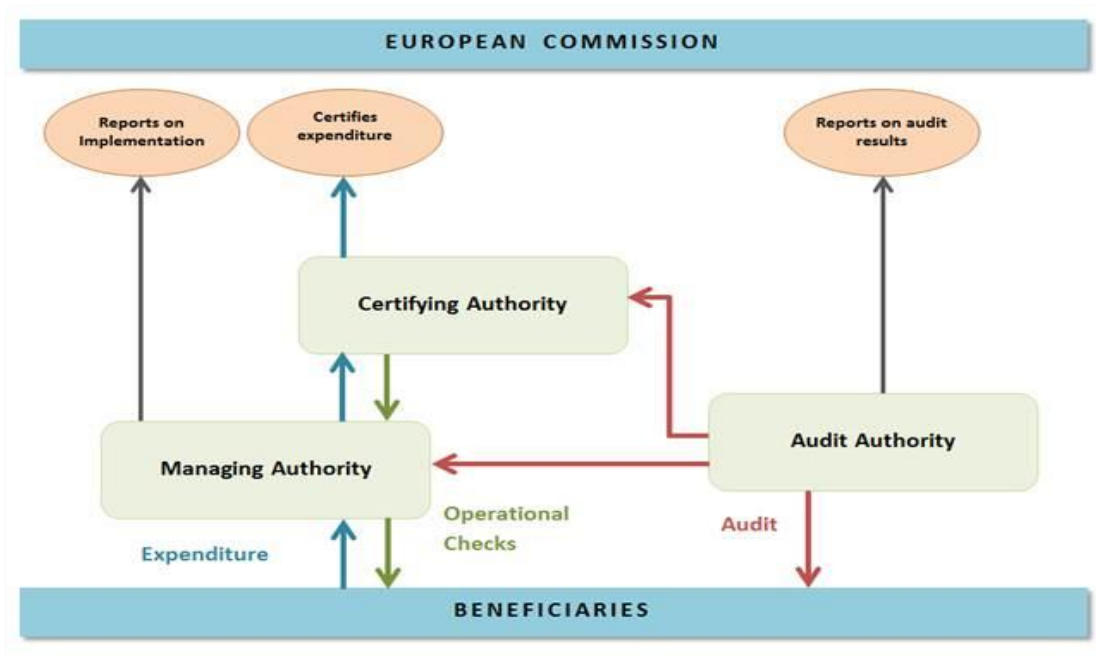
- a **managing authority** (national, regional or local public authority or public/private body to manage the programme) and **intermediate bodies**;
- a **certifying authority** (national, regional or local public authority or body to prepare payment applications and to certify the accounts to the Commission) and **intermediate bodies**;
- an **audit authority** (national, regional or local public authority or body to oversee the efficient functioning of the management and control system and to provide yearly professional, independent audit opinions to the Commission).

The Commission plays a supervisory role, ensuring arrangements for the effective functioning of the management and control systems. The Commission further verifies the effective functioning of the systems and if necessary, makes financial corrections.

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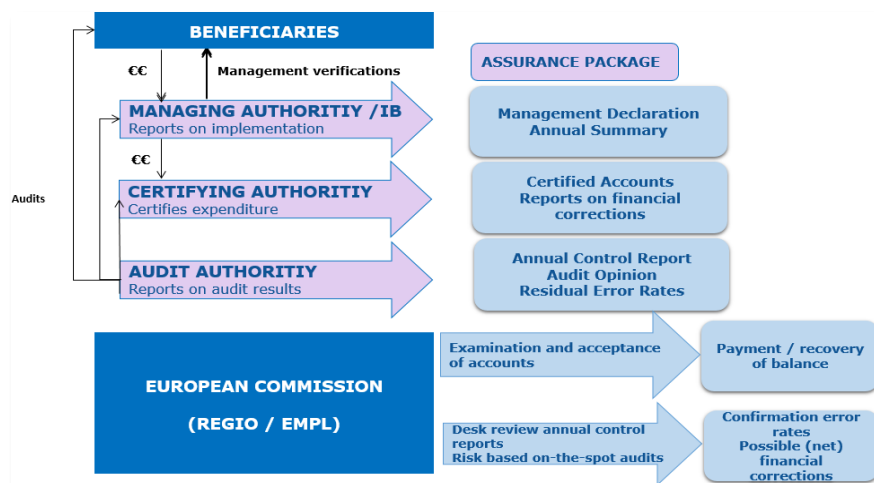
<sup>(42)</sup> The below system description remains largely applicable to 2021-2027 programmes as well, since the co-legislator decided to ensure a carry-over of the 2014-2020 architecture as part of the simplification measures. However no 2021-2027 programme were approved yet in the reporting year (2021).

**Graph 1: Assurance architecture for shared management**



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 (single audit concept).

**Graph 2: Control system**



1. Member States are in the first instance responsible for putting in place robust management and control systems, which are capable of preventing and detecting irregularities, and allowing for the reporting of the residual total error rates for each programme each year, whilst also having recourse to the imposition of financial corrections where necessary.

For each accounting year the Management and Control System (MCS) performs the following tasks:

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

The **managing authority/intermediate body** carries out verifications until the submission of the programme accounts. It verifies that the co-financed products have been delivered, that the expenditure declared by the beneficiaries has been paid and that it complies with the applicable law,

the programme and the conditions for support of the operation.

Before submitting interim payment applications, the **certifying authority** certifies that they result from reliable accounting systems, are based on verifiable supporting documents and have been subject to verifications by the managing authority. The last interim payment claim is submitted by the certifying authority to the Commission by 31 July following the end of the accounting year.

The **audit authority** carries out audits on the management and control systems (system audits), the accounts, and of a sample of operations based on the declared expenditure to the Commission during the accounting year. It has to perform its system audits and audits of operations in order to deliver the audit opinion by 15 February 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 findings of the audit authority and makes necessary financial corrections including flat rates corrections. It draws up the management declaration and annual summary.

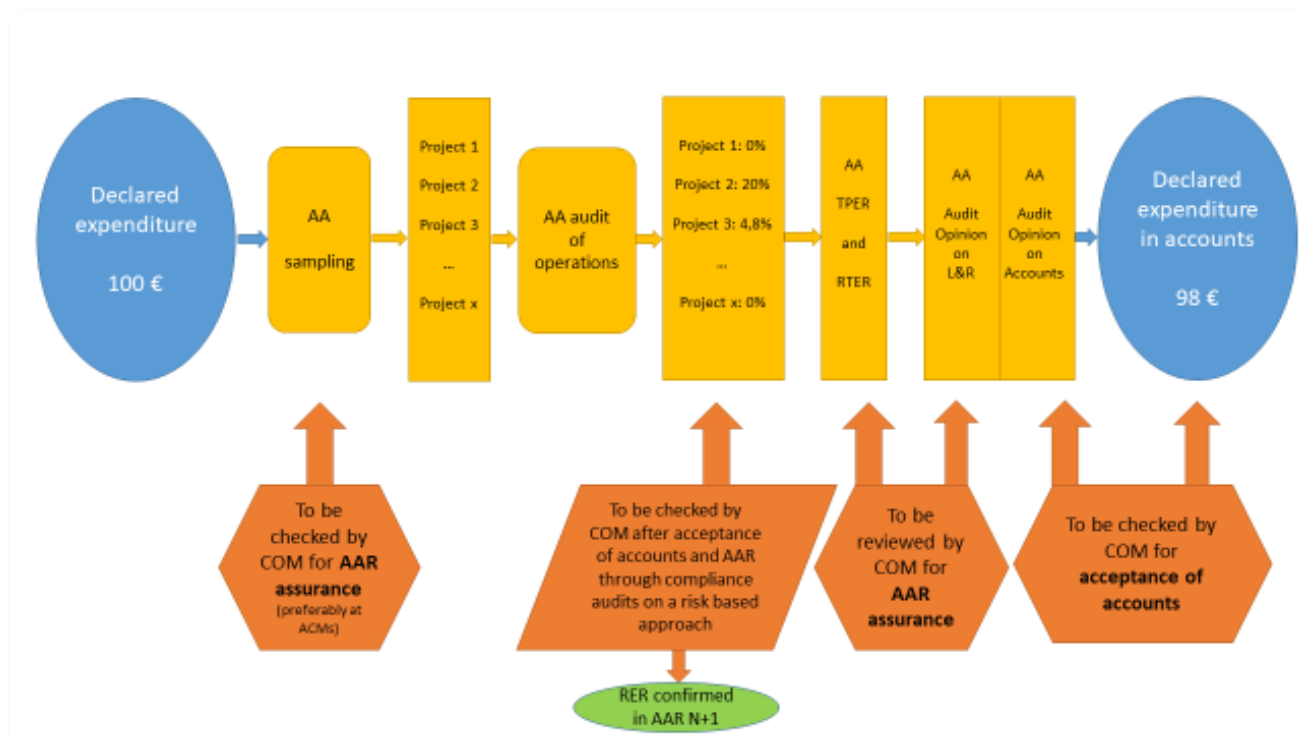
The Certifying Authority collates all interim claims in the accounts and excludes the irregular amounts (and those under ongoing assessment) detected in relation to expenditure included in interim payment claims. It takes account of findings of the audit authority and satisfies itself that necessary financial corrections including flat rates corrections have been made. It provides in the accounts explanations for the difference between the sum of interim payment claims 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 audit authority finalises the system audits and audit 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 annual audit opinion and calculates a total error rate and total residual error rate in the accounts, taking into account the financial corrections implemented by 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.

The acceptance of accounts is a separate process from the assessment of legality and regularity, as foreseen in the Regulation (EC) 1304/2013. However, the national authorities should ensure that the block of expenditure certified 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.



**Graph 3: Annual assurance package and audits of operations**



2. At Commission level, the way in which DG EMPL defines its assurance for the management and control systems for each programme is a process based on internal control and audit procedures carried out by audit, financial and operational units.

a) 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);
- EMPL's desk and on-the-spot review of the work of audit authorities;
- EMPL's on-the-spot system audits including at the level of operations where necessary;
- Relevant audit information received from other ESIF directorates general (REGIO, MARE and possibly AGRI);
- Audits from the European Court of Auditors;
- OLAF final case reports.

b) 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.

The Single Audit Strategy for the funds managed by DGs REGIO, EMPL and MARE for the 2014-2020 programming period aims at focusing the Commission's audit activity on the review and re-performance of the work of the audit authorities. 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 Strategy is to obtain reasonable assurance that the management and control systems of the Member States:

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

Through the **single audit approach**, each year DG EMPL can rely on audit work and opinions carried out by audit authorities for each programme, complemented by DG EMPL's risk-based audits. The assessment of all available audit sources results in an Annual Audit Opinion of the Directorate General for each programme. This forms the basis for management opinions by the Authorising Officers by Sub-Delegation.

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

1. first a **desk review for the acceptance of accounts** and preliminary consistency checks of the reported total error rates and audit opinions for the assurance declaration in the AAR,
2. followed by a **thorough risk analysis taking into account also the Annual Control Reports**, audit opinions and error rates reported (ending after finalisation of the AAR) 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.

### 3. Calculation of the risk at payment and residual total error rates

The process for the confirmation of the residual total error rates and the calculation of the risk to the relevant expenditure in 2020 is performed as follows:

- The Directorate General reports in this AAR its assessment of the reliability of residual total error rates reported for the **accounting year 2019-2020** (amounts certified and cleared in 2021). 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 2019-2020 accounts represents the most relevant key performance indicator of the overall residual risk for year 2021 to the underlying programmes expenditure. It is reported as **KPI 4 in the AAR** <sup>(43)</sup>.
  - ✓ Reported total and residual error rates for individual programmes are confirmed considering all available audit information, following a two-stage audit process:
    - 1) a thorough desk review of all programmes (resulting, where relevant, in an assessment letter with recommendations), completed where needed by extended desk work <sup>(44)</sup> and/or fact finding missions; 2) followed for programmes at risk, by on-the spot compliance audits (to re-perform audits reported by audit authorities to validate their results). This process may lead to a confirmation or a re-calculation of the programme's residual total error rate

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<sup>(43)</sup> After neutralising the impact of advances paid into financial instruments included (in line with Article 127 CPR) in the samples of audit authorities based on declared expenditure, as per the ECA recommendation.

<sup>(44)</sup> E.g. a desk review of samples of underlying control reports obtained from audit authorities on request, when doubts occur.

for the accounting year at stake.

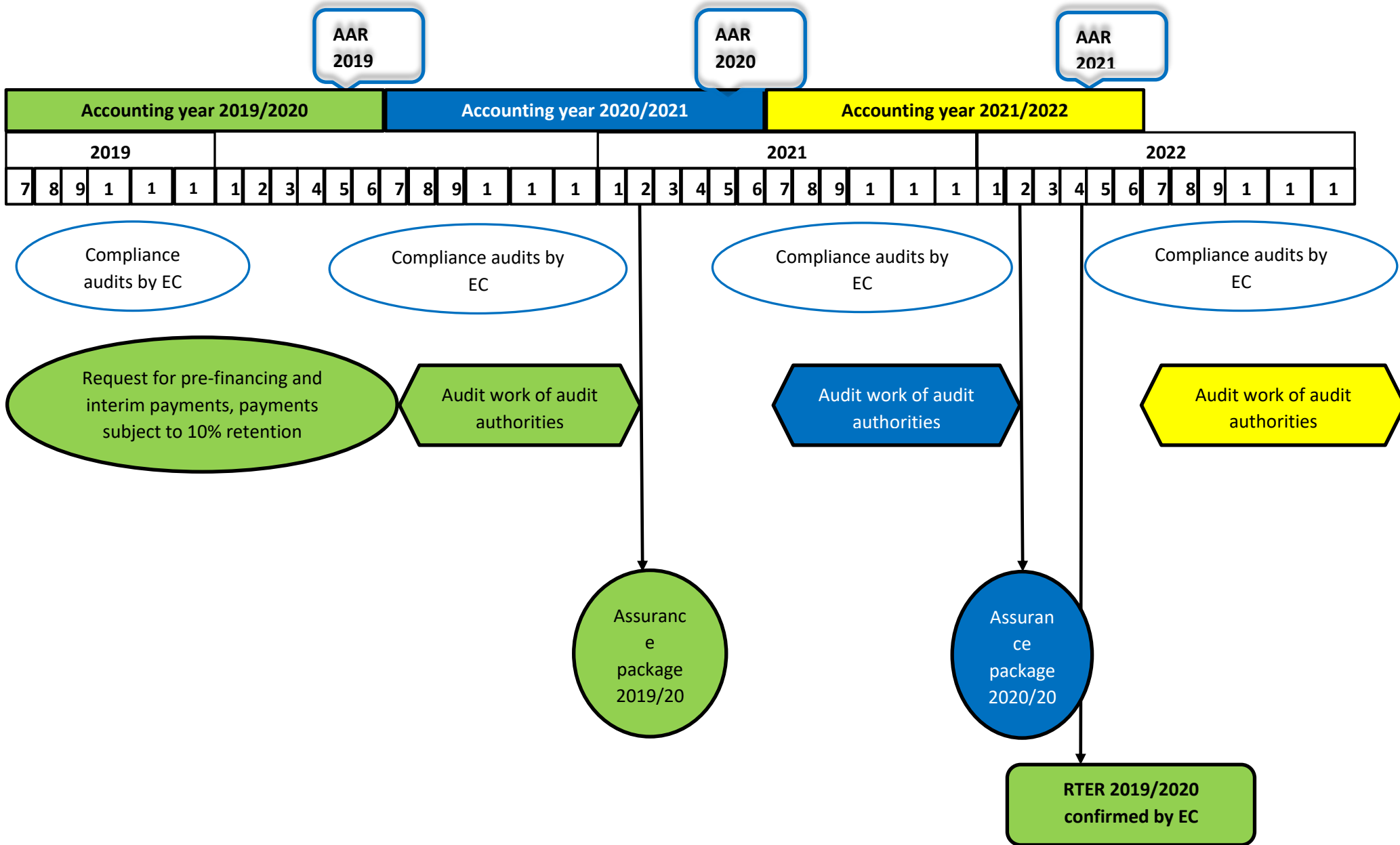
- ✓ Where contradictory procedures for compliance audits are still ongoing at the moment of the adoption of this AAR, a prudent approach is taken when re-calculating the residual total error rates, i.e. using the most conservative results at that stage of the audit process; in some cases a flat rate is used (see Annex 7B). For the concerned programmes DG 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 2019-2020 assurance packages, pending the results of the on-going contradictory procedure.
- ✓ 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 <sup>(45)</sup>.

When the Commission, through its desk review and on-the-spot compliance audits, still identifies further irregularities in the accepted accounts, it launches financial correction procedures which shall be net if the strict legal condition set in the regulation are fulfilled, i.e: irregularities demonstrating 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, under the strict conditions designed by the co-legislator under Article 145 (7) of Regulation (EC) 1303/2013 are fulfilled. However, these legal conditions are difficult to fulfil simultaneously, which explains why so far DG EMPL was not able to apply the provisions for net financial corrections. The graph below illustrates how DG EMPL assesses the certified expenditure:

**Graph 4: Assurance process covering different accounting years (July N to June N+1)**

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<sup>(45)</sup> Namely to consider additional risks that may be present in that part of the audit sample of the audit authority that was 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.



## ANNEX 7B: 2014-2020 ESF/YEI AND FEAD: AUDIT OPINION AND ERROR RATES

(\*) Error rates recalculated by the Commission on a flat-rate basis

MS	Ref	Title	functioning effectively (Y/N/NA*): Y=Cat. 1-2; N=Cat. 3-4	AAR2020 (1) MCS functioning effectively (Y/N/NA*): Y=Cat. 1-2; N=Cat. 3-4	Accounting year 2018-2019	Accounting year 2019-2020			Accounting year 2020-2021			Issued Reservation for 2021 (Y/N)	Comments
					Confirmed error rates after EC's assessment (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)				
					(2) Total Error Rate	(3) Total Error Rate	(4) Residual Total Error Rate	(5) Residual Total Error Rate removing impact of advances to financial instruments	(6) Total Error Rate reportable by EC	(7) Residual Total Error Rate reportable by EC	(8) Relevant Expenditure (€)		
AT	2014AT05FMOP001	Operational Programme 2014-2020 for the implementation of the Fund for European Aid to the most Deprived in Austria	Y	Y	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	6.144.578,78	N	
AT	2014AT05SFOP001	Operational Programme Employment Austria 2014-2020	Y	Y	0.62%	0.41%	0.38%	0.38%	1.18%	1.10%	65.668.159,91	N	
BE	2014BE05FMOP001	FEAD Operational Programme - Belgium	Y	Y	1.32%	0.01%	0.00%	0.00%	0.01%	0.01%	9.453.275,36	N	
BE	2014BE05M9OP001	ESF Operationnal Programme Wallonie-Bruxelles 2020.eu	Y	Y	1.20%	3.16%	2.00%	2.00%	0.54%	0.51%	71.333.567,25	N	
BE	2014BE05M9OP002	Operational	N	N	3.67%	10.47%	0.00%	0.00%	5.45%	4.96%		Y - Full	TER/RTER

		programme ESF 2014-2020 of the Brussels-Capital Region : "Investment for growth and jobs"									10.647.373,85		recalculated since calculations excluded one 100% error. Corrections required to bring RTER under 2%
BE	2014BE05SFOP001	European Social Fund 2014-2020 – German Speaking Community of Belgium	Y	Y	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	3.020.104,15	N	
BE	2014BE05SFOP002	Operational Programme ESF Flanders 2014-2020	Y	Y	0.54%	2.02%	2.00%	2.00%	1.28%	1.20%	77.057.703,86	N	
BG	2014BG05FMOP001	Food and/or Basic Material Assistance Operational Programme	Y	Y	0.01%	0.00%	0.00%	0.00%	0.29%	0.00%	18.161.787,53	N	
BG	2014BG05M2OP001	Operational Programme Science and Education for Smart Growth	Y	Y	0.96%	0.61%	0.00%	0.00%	0.77%	0.37%	93.040.981,25	N	
BG	2014BG05M9OP001	Human Resources Development	Y	Y	0.81%	0.26%	0.26%	0.26%	0.39%	0.35%	236.929.634,40	N	
BG	2014BG05SFOP001	Good Governance	Y	Y	0.66%	1.04%	0.74%	0.74%	1.12%	0.00%	43.716.853,02	N	
CY	2014CY05FMOP001	Food and/or Basic Material Assistance Operational Programme	Y	Y	2.07%	0.01%	0.00%	0.00%	0.00%	0.00%	199.958,47	N	
CY	2014CY05M9OP001	Employment, Human Capital and Social Cohesion	Y	Y	0.09%	0.13%	0.09%	0.09%	0.86%	0.79%	88.889.668,62	N	
CZ	2014CZ05FMOP001	OP for Food and Material Assistance	Y	Y	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	3.826.919,77	N	
CZ	2014CZ05M2OP001	OP Research, Development and Education	Y	Y	0.43%	0.23%	0.22%	0.22%	1.27%	1.27%	243.547.480,40	N	
CZ	2014CZ05M9OP001	Operational Programme Employment	Y	Y	0.04%	0.08%	0.07%	0.07%	0.12%	0.12%	507.176.536,50	N	
CZ	2014CZ16M2OP001	OP Prague – Growth Pole	Y	Y	0.18%	0.70%	0.61%	0.61%	0.00%	0.00%	13.504.651,37	N	
DE	2014DE05FSOP001	Social Inclusion of the Most Deprived Persons	N	Y	7.75%	5.72%	0.00%	0.00%	0.37%	0.28%	-	N	

		Operational Programme - FEAD Germany 2014-2020											
DE	2014DE05SFOP001	OP Schleswig-Holstein ESF 2014-2020	Y	Y	0.49%	0.62%	0.21%	0.21%	0.23%	0.03%	14.785.697,33	N	
DE	2014DE05SFOP002	Operational Programme ESF Federal Germany 2014-2020	Y	Y	0.42%	1.80%	1.79%	1.79%	0.59%	0.58%	347.032.950,90	N	
DE	2014DE05SFOP003	Operational Programme ESF Baden-Württemberg 2014-2020	Disclaimer of opinion	Y	0.54%	0.00%	0.00%	0.00%	2.29%	1.99%	12.086.458,28	N	
DE	2014DE05SFOP004	Operational Programme ESF Bayern 2014-2020	Y	Y	0.78%	0.66%	0.63%	0.66%	1.36%	1.30%	50.666.264,90	N	
DE	2014DE05SFOP005	Operational Programme ESF Berlin 2014-2020	Y	Y	2.52%	2.22%	2.00%	2.00%	3.34%	2.00%	35.284.803,95	N	
DE	2014DE05SFOP006	Operational Programme ESF Brandenburg 2014- 2020	Y	Y	0.29%	0.81%	0.54%	0.54%	1.17%	1.15%	63.309.897,83	N	
DE	2014DE05SFOP007	Operational Programme ESF Hamburg 2014-2020	Y	Y	0.00%	0.01%	0.00%	0.00%	0.01%	0.00%	8.858.471,71	N	
DE	2014DE05SFOP008	Operational Programme ESF Hessen 2014-2020	N	Y	1.78%	2.34%	1.93%	1.93%	1.07%	0.94%	26.102.956,90	N	
DE	2014DE05SFOP009	Operational Programme ESF Mecklenburg- Vorpommern 2014- 2020	Y	Y	0.10%	0.02%	0.00%	0.00%	0.11%	0.09%	78.925.752,22	N	
DE	2014DE05SFOP010	Operational Programme ESF Nordrhein-Westfalen 2014-2020	Y	Y	3.99%	1.96%	1.63%	1.63%	1.48%	0.73%	104.655.093,70	N	
DE	2014DE05SFOP011	Operational Programme ESF Saarland 2014-2020	Disclaimer of opinion	Y	0.43%	0.00%	0.00%	0.00%	2.00% (*)	2.00% (*)	-	N	
DE	2014DE05SFOP012	Operational Programme ESF Sachsen 2014-2020	N	Y	4.99%	0.53%	0.52%	1.64%	1.36%	1.34%	88.436.023,73	N	
DE	2014DE05SFOP013	Operational Programme ESF	Y	Y	0.02%	0.29%	0.28%	0.28%	2.51%	2.00%	8.462.098,05	N	

		Sachsen-Anhalt 2014-2020											
DE	2014DE05SFOP014	Operational Programme ESF Thüringen 2014-2020	N	N	6.94%	4.98%	2.00%	2.00%	7.64%	2.00%	58.614.554,76	Y - Partial	Corrective measures needed to overcome deficiencies in MCS (leading to TER above materiality)
DE	2014DE05SFOP015	Operational Programme ESF Rheinland-Pfalz 2014-2020	Y	Y	0.55%	0.81%	0.49%	0.49%	0.27%	0.24%	16.994.262,22	N	
DE	2014DE05SFOP016	Operational Programme ESF Bremen 2014-2020	Y	Y	1.94%	0.94%	0.13%	0.13%	0.68%	0.04%	23.789.579,79	N	
DE	2014DE16M20P001	OP Niedersachsen ERDF/ESF 2014-2020	Y	Y	0.32%	1.62%	1.16%	1.25%	0.40%	0.39%	65.883.451,60	N	
DE	2020DE05SFOP017	OP Mecklenburg-Western Pomerania REACT-EU 2021-2022	NA	Disclaimer of opinion	-	-	-	-	-	-	-	N	
DK	2014DK05SFOP001	Social Inclusion of the Most Deprived Persons Operational Programme	Y	Y	2.00%	0.80%	0.00%	0.00%	0.00%	0.00%	952.972,34	N	
DK	2014DK05SFOP001	Educational and Entrepreneurial Growth	Y	Y	2.06%	2.00%	2.00%	2.00%	0.34%	0.32%	48.538.377,83	N	
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%	0.00%	1.443.265,84	N	
EE	2014EE16M30P001	Operational Programme for Cohesion Policy Funding 2014-2020	Y	Y	0.94%	0.75%	0.67%	0.95%	1.43%	1.37%	97.783.628,61	N	
ES	2014ES05FMOP001	OP FEAD 2014 Spain	Y	Y	0,00%	0.00%	0.00%	0.00%	0.00%	0.00%	83.071.576,11	N	
ES	2014ES05M90P001	OP ESF 2014 YOUTH EMPLOYMENT	Y	Y	1.97%	10.00%	10.00%	10.00%	5.26%	1.35%	456.774.029,80	Y - Partial	Deficiencies identified by AA in 3 regional intermediate bodies (Madrid, CastillaLaMancha and Andalucia) and by ECA in national IB SEPE
ES	2014ES05SFOP001	OP ESF 2014 C.A. LA	Y	Y	0.93%	2.76%	0.13%	0.13%	2.18%	1.96%		N	



		RIOJA									8.127.029,72		
ES	2014ES05SFOP002	OP ESF 2014 EMPLOYMENT, TRAINING AND EDUCATION	Y	Y	0.10%	0.07%	0.04%	0.04%	0.47%	0.47%	715.180.777,10	N	
ES	2014ES05SFOP003	OP ESF 2014 REGION DE MURCIA	Y	Y	0.09%	0.43%	0.00%	0.00%	1.72%	0.74%	31.305.992,38	N	
ES	2014ES05SFOP004	OP ESF 2014 PRINCIPADO DE ASTURIAS	Y	Y	0.42%	0.32%	0.00%	0.00%	0.00%	0.00%	16.473.968,55	N	
ES	2014ES05SFOP005	OP ESF 2014 ILLES BALEARS	Y	Y	1.20%	8.98%	0.00%	0.00%	1.15%	0.62%	27.126.156,04	N	
ES	2014ES05SFOP006	PO FSE 2014 C.A. CASTILLA Y LEON	Y	Y	4.06%	0.38%	0.00%	0.00%	0.47%	0.11%	39.991.347,83	N	
ES	2014ES05SFOP007	PO FSE 2014 C.A. CATALUÑA	Y	Y	55.08%	2.75%	2.00%	2.00%	0.92%	0.80%	180.603.941,60	N	
ES	2014ES05SFOP008	OP ESF 2014 CIUDAD A. DE CEUTA	Y	Y	0.00%	2.00%	2.00%	2.00%	2.00% (*)	2.00% (*)	3.288.422,67	N	
ES	2014ES05SFOP009	OP ESF 2014 C.A. GALICIA	Y	Y	2.10%	3.80%	1.50%	1.50%	2.64%	1.85%	67.911.370,65	N	
ES	2014ES05SFOP010	OP ESF 2014 C. FORAL DE NAVARRA	Y	Y	0.01%	0.00%	0.00%	0.00%	0.14%	0.00%	10.440.895,33	N	
ES	2014ES05SFOP011	OP ESF 2014 C.A. PAIS VASCO	Y	Y	1.09%	1.56%	1.47%	1.47%	0.36%	0.32%	25.723.254,57	N	
ES	2014ES05SFOP012	OP ESF 2014 SOCIAL INCLUSION AND SOCIAL ECONOMY	Y	Y	0.10%	0.07%	0.04%	0.04%	0.47%	0.47%	238.554.749,40	N	
ES	2014ES05SFOP014	OP ESF 2014 C.A. CANARIAS	Y	Y	1.80%	0.15%	0.12%	0.12%	0.15%	0.13%	23.604.601,66	N	
ES	2014ES05SFOP015	OP ESF 2014 C.A. CASTILLA-LA MANCHA	Y	N	6.91%	3.90%	1.40%	1.40%	19.11%	0.00%	48.496.436,86	Y - Full	Corrective measures needed to overcome deficiencies in MSC (leading to TER above 10%)
ES	2014ES05SFOP016	OP ESF 2014 C.A. EXTREMADURA	Y	Y	0.37%	0.00%	0.00%	0.00%	0.00%	0.00%	24.096.612,73	N	
ES	2014ES05SFOP017	OP ESF 2014 CIUDAD A. DE MELILLA	Y	Y	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	2.699.807,82	N	
ES	2014ES05SFOP018	OP ESF 2014 C.A. ARAGON	Y	Y	0.64%	0.50%	0.02%	0.02%	0.25%	0.24%	1.109.995,47	N	
ES	2014ES05SFOP019	OP ESF 2014 C.A. CANTABRIA	Y	N	0.69%	10.00%	10.00%	10.00%	10.57%	1.81%	13.976.746,41	Y - Full	Corrective measures needed to overcome deficiencies in MSC (leading to TER above 10%)
ES	2014ES05SFOP020	OP ESF 2014	Y	Y	0.83%	0.02%	0.02%	0.02%	0.32%	0.03%		N	

		COMUNITAT VALENCIANA									61.421.135,84		
ES	2014ES05SFOP021	OP ESF 2014 C. DE MADRID	Y	Y	3.77%	4.26%	1.94%	1.94%	1.05%	0.38%	56.795.106,18	N	
ES	2014ES05SFOP022	OP ESF 2014 C.A. ANDALUCIA	Y	Y	27.08%	5.29%	1.75%	1.75%	2.59%	1.77%	413.846.755,60	N	
ES	2014ES05SFTA001	OP ESF 2014 TECHNICAL ASSISTANCE	Y	Y	0.10%	0.07%	0.04%	0.04%	0.47%	0.47%	6.103.569,09	N	
FI	2014FI05FMOP001	Food and/or Basic Material Assistance Operational Programme	Y	Y	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	2.281.946,00	N	
FI	2014FI05M20P001	Entrepreneurship and skills, Åland Structural Fund Programme 2014-2020	Y	Y	0.00%	2.00%	2.00%	2.00%	0.03%	0.00%	620.965,85	N	
FI	2014FI16M20P001	Sustainable growth and jobs 2014-2020 - Structural Funds Programme of Finland	Y	Y	1.31%	0.60%	0.59%	0.59%	0.17%	0.17%	89.840.767,95	N	
FR	2014FR05FMOP001	Operational Programme FEAD 2014-2020	N	Y	2.25%	4.53%	2.00%	2.00%	2.51%	2.00%	103.739.702,20	N	
FR	2014FR05M00P001	Operational Programme ERDF-ESF Ile-de-France et Seine 2014-2020	Y	N	0.00%	5.28%	2.00%	2.47%	5.39%	2.00%	25.325.858,97	Y – Partial	Partial reservation due to continued error rate >5% despite efforts to improve MCS (for expenditure outside Financial instruments)
FR	2014FR05M20P001	Operational Programme ERDF-ESF Guadeloupe et St Martin Etat 2014-2020	Y	Y	2.19%	0.63%	0.54%	0.54%	3.61%	2.00%	17.712.945,40	N	
FR	2014FR05M90P001	for the implementation of YEI in mainland France and outermost regions	Y	Y	517%	1.07%	0.94%	0.94%	1.23%	1.13%	53.977.778,64	N	
FR	2014FR05M90P002	Operational Programme ESF Alsace 2014-2020	Y	Y	1.33%	0.52%	0.47%	0.47%	0.65%	0.54%	13.096.488,67	N	
FR	2014FR05SFOP001	National Operational Programme ESF	Y	Y	11.68%	5.27%	2.92%	2.92%	2.24%	2.00%	489.819.382,60	N	

		Employment and Social Inclusion 2014-2020											
FR	2014FR05SFOP003	Operational Programme ESF Guyane Etat 2014-2020	Y	Y	3.31%	0.74%	0.62%	0.62%	0.91%	0.66%	14.912.736,91	N	
FR	2014FR05SFOP004	Operational Programme ESF Martinique Etat 2014-2020	Y	Y	4.37%	0.04%	0.03%	0.03%	1.59%	1.38%	29.214.291,85	N	
FR	2014FR05SFOP005	Operational Programme ESF Réunion Etat 2014-2020	Y	N	4.22%	3.48%	2.03%	2.03%	10.37%	2.00%	61.975.811,78	Y - Full	Corrective measures needed to overcome deficiencies in MSC (leading to TER above 10%)
FR	2014FR16M00P001	Regional programme Aquitaine 2014-2020	Y	N	7.29%	3.95%	2.00%	2.08%	5.99%	2.00%	9.967.030,55	N	
FR	2014FR16M00P002	Regional programme Auvergne 2014-2020	Y	Y	18.21%	3.80%	1.59%	1.59%	2.46%	2.00%	5.173.725,52	N	
FR	2014FR16M00P003	Regional programme Centre 2014-2020	Y	Y	2.69%	1.25%	1.19%	1.19%	1.84%	1.31%	6.040.411,35	N	
FR	2014FR16M00P004	Regional programme Champagne-Ardenne 2014-2020	Y	Y	1.33%	0.52%	0.47%	0.47%	0.65%	0.54%	5.675.838,24	N	
FR	2014FR16M00P005	Regional programme Haute-Normandie 2014-2020	Y	Y	5.99%	0.14%	0.07%	0.07%	2.82%	1.31%	12.207.831,87	N	
FR	2014FR16M00P006	Regional programme Languedoc-Roussillon 2014-2020	Y	Y	5.71%	2.56%	1.90%	2.07%	3.62%	2.00%	13.597.095,13	N	
FR	2014FR16M00P007	Regional programme Midi-Pyrénées et Garonne 2014-2020	Y	Y	5.71%	2.56%	1.90%	2.07%	3.62%	2.00%	10.588.105,29	N	
FR	2014FR16M00P008	Regional programme Picardie 2014-2020	Y	Y	0.94%	2.46%	2.00%	2.12%	1.28%	0.97%	6.542.882,17	N	
FR	2014FR16M00P009	Regional programme Guadeloupe Conseil Régional 2014-2020	N	Y	2.22%	10.28%	2.00%	2.00%	0.14%	0.12%	1.340.673,36	N	
FR	2014FR16M00P011	Regional programme Martinique Conseil Régional 2014-2020	Y	N	1.09%	0.72%	0.54%	0.54%	64.59%	64.59%	4.605.925,31	Y - Full	audit work not finished by legal deadlines. Provisional reportable TER/RTER above 10%.
FR	2014FR16M00P012	Regional programme	Y	Y	0.96%	2.46%	2.00%	2.12%	1.28%	0.97%		N	

		Nord-Pas de Calais 2014-2020									23.443.549,77		
FR	2014FR16M00P013	Regional programme Provence Alpes Côte d'Azur 2014-2020	Y	Y	7.03%	14.54%	14.39%	15.49%	2.91%	2.00%	22.046.879,01	N	
FR	2014FR16M00P014	Regional programme Bourgogne 2014-2020	Y	Y	6.60%	2.67%	2.06%	2.09%	0.98%	0.88%	6.631.239,67	N	
FR	2014FR16M00P015	Regional programme Lorraine et Vosges 2014-2020	Y	Y	1.33%	0.52%	0.47%	0.47%	0.65%	0.54%	3.448.869,72	N	
FR	2014FR16M20P001	Regional programme Basse-Normandie 2014-2020	Y	Y	6.24%	1.34%	1.32%	1.45%	3.48%	2.00%	15.441.717,40	N	
FR	2014FR16M20P003	Regional programme Bretagne 2014-2020	Y	Y	3.65%	1.29%	0.77%	0.77%	1.05%	0.91%	10.307.836,78	N	
FR	2014FR16M20P004	Regional programme Corse 2014-2020	Y	N	2.57%	4.24%	2.00%	2.00%	15.26%	2.00%	-	Y - Full	Corrective measures needed to overcome deficiencies in MSC (leading to TER above 10%)
FR	2014FR16M20P005	Regional programme Franche-Comté et Jura 2014-2020	Y	Y	6.60%	2.67%	2.06%	2.09%	0.98%	0.88%	5.978.916,87	N	
FR	2014FR16M20P006	Regional programme Limousin 2014-2020	Y	N	7.29%	3.95%	2.00%	2.31%	5.99%	2.00%	3.153.103,08	N	
FR	2014FR16M20P008	Regional programme Pays de la Loire 2014-2020	Y	Y	4.35%	1.79%	1.61%	1.61%	1.18%	0.72%	23.908.416,07	N	
FR	2014FR16M20P009	Regional programme Poitou Charentes 2014-2020	Y	N	7.29%	3.95%	2.00%	2.09%	5.99%	2.00%	11.733.054,58	N	
FR	2014FR16M20P010	Regional programme Rhône Alpes 2014-2020	Y	Y	18.21%	3.80%	1.59%	1.99%	2.46%	2.00%	19.248.983,81	N	
FR	2014FR16M20P011	Regional programme Guyane Conseil Régional 2014-2020	N	Y	0.58%	9.34%	2.00%	2.00%	0.71%	0.64%	2.528.515,29	N	
FR	2014FR16M20P012	Regional programme Mayotte 2014-2020	N	N	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	-	Y - Full non-financial	No expenditure declared for the reporting period. Overall deficiencies in the MCS still unresolved.
FR	2014FR16M2TA001	National technical assistance programme 2014-2020	Y	Y	0.25%	0.00%	0.00%	0.00%	0.00%	0.00%	6.828.271,32	N	

GR	2014GR05FMOP001	Food and Basic Material Assistance Operational Programme	Y	Y	4.76%	3.23%	2.00%	2.00%	3.79%	2.00%	50.427.191,94	N	
GR	2014GR05M20P001	Reform of the Public Sector	Y	Y	3.75%	8.39%	6.61%	2.56%	2.00% (*)	2.00% (*)	68.950.180,19	N	
GR	2014GR05M90P001	Human Resources Development, Education and Lifelong Learning	Y	Y	3.75%	8.39%	6.61%	2.56%	2.00% (*)	2.00% (*)	254.429.473,20	N	
GR	2014GR16M20P001	COMPETITIVENESS, ENTREPRENEURSHIP AND INNOVATION OP	Y	Y	3.75%	8.39%	6.61%	2.56%	2.00% (*)	2.00% (*)	73.079.274,74	N	
GR	2014GR16M20P002	CENTRAL MACEDONIA OP	Y	Y	3.75%	8.39%	6.61%	2.56%	2.00% (*)	2.00% (*)	44.595.449,52	N	
GR	2014GR16M20P003	THESSALY OP	Y	Y	3.75%	8.39%	6.61%	2.56%	2.00% (*)	2.00% (*)	13.260.790,65	N	
GR	2014GR16M20P004	EPIRUS OP	Y	Y	3.75%	8.39%	6.61%	2.56%	2.00% (*)	2.00% (*)	10.680.379,87	N	
GR	2014GR16M20P005	WESTERN GREECE OP	Y	Y	3.75%	8.39%	6.61%	2.56%	2.00% (*)	2.00% (*)	15.064.475,45	N	
GR	2014GR16M20P006	WESTERN MACEDONIA OP	Y	Y	3.75%	8.39%	6.61%	2.56%	2.00% (*)	2.00% (*)	7.087.439,32	N	
GR	2014GR16M20P007	CONTINENTAL GREECE OP	Y	Y	3.75%	8.39%	6.61%	2.56%	2.00% (*)	2.00% (*)	7.547.913,60	N	
GR	2014GR16M20P008	PELOPONNESUS OP	Y	Y	3.75%	8.39%	6.61%	2.56%	2.00% (*)	2.00% (*)	13.181.452,54	N	
GR	2014GR16M20P009	IONIAN ISLANDS OP	Y	Y	3.75%	8.39%	6.61%	2.56%	2.00% (*)	2.00% (*)	6.924.792,05	N	
GR	2014GR16M20P010	NORTH AEGEAN OP	Y	Y	3.75%	8.39%	6.61%	2.56%	2.00% (*)	2.00% (*)	6.062.466,59	N	
GR	2014GR16M20P011	CRETE OP	Y	Y	3.75%	8.39%	6.61%	2.56%	2.00% (*)	2.00% (*)	17.518.909,48	N	
GR	2014GR16M20P012	ATTICA OP	Y	Y	3.75%	8.39%	6.61%	2.56%	2.00% (*)	2.00% (*)	58.525.873,61	N	
GR	2014GR16M20P013	SOUTH AEGEAN OP	Y	Y	3.75%	8.39%	6.61%	2.56%	2.00% (*)	2.00% (*)	4.627.919,21	N	
GR	2014GR16M20P014	EASTERN MACEDONIA-THRACE OP	Y	Y	3.75%	8.39%	6.61%	2.56%	2.00% (*)	2.00% (*)	19.163.701,24	N	
GR	2014GR16M3TA001	Technical Assistance Programme	Y	Y	3.75%	8.39%	6.61%	2.56%	2.00% (*)	2.00% (*)	9.954.328,42	N	
HR	2014HR05FMOP001	Operational Programme for Food and/or Basic Material	Y	Y	4.70%	0.15%	0.13%	0.13%	0.00%	0.00%	-	N	

		Assistance											
HR	2014HR05M90P001	ESF Operational Programme Efficient Human Resource	N	N	3.36%	3.84%	1.99%	1.99%	2.00%	2.00%	4.067.409,47	Y - Partial	TER/RTER recalculated by EC based on deficiencies in MCS particularly at IB ACR level and measures
HU	2014HU05FMOP001	Food and/or Basic Material Assistance Operational Programme	Y	Y	5.04%	2.22%	1.29%	1.29%	2.96%	1.99%	18.746.199,61	N	
HU	2014HU05M20P001	Human Resources Development	Y	Y	5.04%	2.22%	1.29%	1.29%	2.96%	1.99%	446.651.731,40	N	
HU	2014HU05M30P001	Public Administration and Civil Service Development OP	Y	Y	6.42%	3.42%	1.17%	1.17%	1.32%	0.32%	60.987.554,51	N	
HU	2014HU16M00P001	Economic Development and Innovation OP	Y	Y	3.95%	3.50%	1.99%	2.80%	1.71%	1.66%	210.511.678,10	Y - Reputational	
HU	2014HU16M20P001	Territorial and settlement development OP	Y	Y	13.19%	2.36%	1.99%	2.16%	0.83%	0.72%	53.528.978,62	<u>N</u>	
HU	2014HU16M20P002	Competitive Central-Hungary OP	Y	Y	13.19%	2.36%	1.99%	2.16%	0.83%	0.72%	67.475.410,95	<u>N</u>	
IE	2014IE05FMOP001	Food and/or basic material assistance operational programme	Y	Y	0.00%	0.05%	0.05%	0.05%	0.00%	0.00%	4.312.375,71	<u>N</u>	
IE	2014IE05M90P001	ESF Operational Programme 2014-2020	Y	Y	1.97%	1.46%	0.96%	0.96%	1.85%	1.70%	225.982.452,30	<u>N</u>	
IT	2014IT05FMOP001	Operational Programme I - FEAD 2014-2020	N	N	0.66%	0.00%	0.00%	0.00%	0.20%	0.00%	71.426.450,68	<u>N</u>	
IT	2014IT05M20P001	National Operational Programme on Education	Y	Y	0.82%	1.15%	1.15%	1.15%	1.12%	1.07%	129.904.161,80	<u>N</u>	
IT	2014IT05M20P002	National Operational Programme on Governance, networks, special projects and technical assistance	N	Y	5.00%	2.33%	2.32%	2.32%	0.96%	0.96%	15.235.712,03	<u>N</u>	
IT	2014IT05M90P001	National Operational	N	N	7.25%	3.20%	2.00%	2.00%	2.42%	1.85%		<u>N</u>	

		Programme on Youth Employment									135.078.430,10		
IT	2014IT05SFOP001	National Operational Programme on Social Inclusion	N	N	0.00%	6.44%	3.27%	3.27%	1.72%	1.71%	247.332.290,50	N	
IT	2014IT05SFOP002	National Operational Programme on Systems for Active Employment Policies	N	N	0.48%	1.25%	0.00%	0.00%	0.22%	0.22%	107.396.245,10	N	
IT	2014IT05SFOP003	POR Emilia Romagna ESF	Y	Y	0.65%	0.10%	0.09%	0.09%	0.28%	0.27%	83.953.606,22	N	
IT	2014IT05SFOP004	POR Friuli Venezia Giulia ESF	N	Y	0.00%	2.50%	2.12%	2.12%	0.03%	0.03%	17.252.389,76	N	
IT	2014IT05SFOP005	POR Lazio ESF	N	N	1.02%	10.00%	5.00%	5.00%	10.00% (*)	10.00% (*)	279.335.510,00	Y - Full	TER/RTER estimated on a flat-rate basis due to exclusion of risky operations from the population, which limits the conclusions that can be drawn from the audit sample and the reliability of the error rates reported by the AA.
IT	2014IT05SFOP006	POR Liguria ESF	N	Y	0.08%	2.53%	2.53%	2.53%	0.13%	0.13%	23.046.055,33	N	
IT	2014IT05SFOP007	POR Lombardia ESF	N	N	5.00%	0.21%	0.21%	0.21%	13.95%	1.17%	208.036.202,20	N	
IT	2014IT05SFOP008	POR Marche ESF	Y	Y	0.61%	1.02%	0.91%	0.91%	0.06%	0.00%	43.091.113,34	N	
IT	2014IT05SFOP009	POR Abruzzo ESF	Y	Y	0.15%	0.63%	0.58%	0.58%	1.54%	0.04%	35.439.929,86	N	
IT	2014IT05SFOP010	POR Umbria ESF	Y	Y	0.46%	1.69%	1.57%	1.57%	1.23%	1.21%	26.626.081,73	N	
IT	2014IT05SFOP011	POR Valle d'Aosta ESF	Y	Y	3.12%	0.47%	0.46%	0.46%	0.83%	0.73%	1.860.888,03	N	
IT	2014IT05SFOP012	POR Veneto ESF	Y	Y	0.95%	0.00%	0.00%	0.00%	0.50%	0.48%	116.462.805,10	N	
IT	2014IT05SFOP013	POR Piemonte ESF	N	Y	0.01%	0.00%	0.00%	0.00%	0.00%	0.00%	115.987.590,00	N	
IT	2014IT05SFOP014	POR Sicilia ESF	Y	Y	1.93%	4.12%	0.77%	0.77%	1.03%	0.68%	264.367.017,90	N	
IT	2014IT05SFOP015	POR Toscana ESF	Y	Y	0.43%	0.90%	0.90%	0.90%	0.93%	0.93%	88.497.672,15	N	
IT	2014IT05SFOP016	POR Basilicata ESF	Y	N	0.08%	25.00%	25.00%	25.00%	25.00%	25.00%		Y - Full	TER/RTER

									(*)	(*)	32.896.686,09		provisionally recalculated on a flat rate basis (25%), following deficiencies in MCS detected by EC audit.
IT	2014IT05SFOP017	ROP PA Bolzano ESF	N	Y	12.38%	0.68%	0.65%	0.65%	0.20%	0.19%	36.082.910,74	N	
IT	2014IT05SFOP018	ROP PA Trento ESF	Y	Y	1.44%	0.02%	0.02%	0.02%	0.05%	0.05%	21.176.029,26	N	
IT	2014IT05SFOP020	ROP Campania ESF	Y	Y	0.65%	2.00%	2.00%	2.00%	2.00% (*)	2.00% (*)	187.758.982,10	N	
IT	2014IT05SFOP021	POR Sardegna ESF	Y	Y	0.93%	2.30%	1.91%	1.96%	5.00% (*)	5.00% (*)	34.520.736,02	N	
IT	2014IT16M2OP001	ROP Molise ERDF ESF	Y	Y	0.21%	0.30%	0.30%	0.30%	25.00% (*)	25.00% (*)	8.350.111,03	N	
IT	2014IT16M2OP002	ROP Puglia ERDF ESF	Y	Y	27.43%	4.17%	0.35%	0.36%	3.44%	0.86%	367.223.315,50	N	
IT	2014IT16M2OP003	National Operational Programme on Legality	Y	Y	0.15%	1.29%	1.29%	1.29%	0.62%	0.47%	150.367.188,80	N	
IT	2014IT16M2OP004	National Operational Programme on Metropolitan Cities	N	Y	2.66%	8.80%	5.69%	5.69%	3.93%	3.86%	33.629.754,04	Y - Full	Error rates recalculated by EC due to subcontracting issues not included in the TER and incorrect treatment of one error detected by the AA
IT	2014IT16M2OP005	National Operational Programme on Research and Innovation	Y	Y	0.52%	0.15%	0.15%	0.24%	1.10%	1.08%	40.291.111,47	N	
IT	2014IT16M2OP006	ROP Calabria ERDF ESF	Y	Y	7.56%	7.40%	2.01%	2.09%	3.76%	2.18%	102.193.117,40	N	
LT	2014LT05FMOP001	Food and/or Basic Material Assistance Operational Programme	Y	Y	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	8.139.278,22	N	
LT	2014LT16MAOP001	Operational Programme for EU Structural Funds Investments for 2014-2020	Y	Y	3.60%	1.90%	1.87%	1.94%	2.33%	2.00%	151.710.380,90	N	



LU	2014LU05FMOP001	Food and/or Basic Material Assistance Operational Programme	Y	Y	0.00%	0,00%	0,00%	0,00%	0	0	677.933,02	N	
LU	2014LU05SFOP001	Operational Programme ESF 2014-2020	Y	Y	0.00%	0,00%	0,00%	0,00%	0	0	70.413.031,11	N	
LV	2014LV05FMOP001	Food and Basic Material Assistance Operational Programme	Y	Y	0.02%	0.00%	0.00%	0.00%	0.03%	0.00%	8.652.370,50	N	
LV	2014LV16MAOP001	Growth and Employment	Y	Y	0.38%	3.61%	3.60%	3.60%	2.33%	1.87%	109.558.385,90	N	
MT	2014MT05FMOP001	Food and/or Basic Material Assistance Operational Programme	Y	Y	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	373.161,57	N	
MT	2014MT05SFOP001	Investing in human capital to create more opportunities and promote the wellbeing of society	Y	Y	4.20%	0.08%	0.08%	0.08%	0.02%	0.02%	49.337.042,33	N	
NL	2014NL05FSOP001	Social Inclusion of the Most Deprived Persons Operational Programme	Y	Y	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	75.538,12	N	
NL	2014NL05SFOP001	Operational Programme ESF 2014-2020	Y	Y	0.79%	0.73%	0.72%	0.72%	0.96%	0.94%	80.717.142,70	N	
PL	2014PL05FMOP001	Operational Programme Food Aid 2014-2020	Y	Y	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	34.137.236,01	N	
PL	2014PL05M9OP001	OP Knowledge Education Growth	Y	Y	0.97%	3.04%	2.86%	2.91%	1.82%	1.80%	978.502.953,80	N	
PL	2014PL16M2OP001	ROP 1 Regional for Dolnośląskie Voivodeship 2014-2020	N	Y	0.35%	0.40%	0.40%	0.40%	1.00%	0.96%	111.747.712,10	N	
PL	2014PL16M2OP002	ROP 2 Regional for Kujawsko-Pomorskie Voivodeship 2014-2020	N	Y	3.89%	2.31%	1.98%	2.33%	0.65%	0.61%	108.404.814,70	N	
PL	2014PL16M2OP003	ROP 3 Regional Operational Programme for Lubelskie Voivodeship	Y	Y	0.67%	0.16%	0.07%	0.07%	1.13%	0.97%	135.454.327,10	N	

		2014-2020												
PL	2014PL16M2OP004	ROP 4 Regional Operational Programme for Lubuskie Voivodeship 2014-2020	Y	Y	0.25%	0.39%	0.37%	0.40%	1.11%	1.09%	38.429.010,65	N		
PL	2014PL16M2OP005	ROP 5 Regional Operational Programme for Łódzkie Voivodeship 2014-2020	Y	Y	0.32%	1.71%	1.65%	1.78%	0.70%	0.62%	98.464.733,83	N		
PL	2014PL16M2OP006	ROP 6 Regional Operational Programme for Małopolskie Voivodeship 2014-2020	Y	Y	0.81%	0.59%	0.35%	0.36%	1.52%	1.45%	137.345.057,20	N		
PL	2014PL16M2OP007	ROP 7 Regional Operational Programme for Mazowieckie Voivodeship 2014-2020	Y	N	2.00%	0.34%	0.05%	0.05%	6.42%	6.40%	89.459.408,29	Y - Partial	Limied to deficiencies in measures to avoid conflict of interests identi-fied by EC audit	
PL	2014PL16M2OP008	ROP 8 Regional Operational Programme for Opolskie Voivodeship	Y	Y	2.55%	0.97%	0.67%	0.67%	0.97%	0.90%	68.253.171,27	Y - Partial	Limited to deficiencies linked to financial instruments detected by EC audit	
PL	2014PL16M2OP009	ROP 9 Regional Operational Programme for Podkarpackie Voivodeship	Y	Y	0.46%	0.37%	0.08%	0.26%	0.41%	0.35%	56.683.202,34	N		
PL	2014PL16M2OP010	ROP 10 Regional Operational Programme for Podlaskie Voivodeship	Y	Y	0.95%	0.93%	0.86%	0.89%	2.44%	1.95%	43.423.232,70	N		
PL	2014PL16M2OP011	ROP 11 Regional Operational Programme for Pomorskie Voivodeship	Y	Y	2.07%	0.86%	0.74%	0.77%	4.21%	1.66%	60.222.947,09	N		
PL	2014PL16M2OP012	ROP 12 Regional	N	Y	1.29%	2.78%	2.00%	2.05%	2.15%	2.00%		N		

		Operational Programme for Śląskie Voivodeship									146.992.868,40		
PL	2014PL16M2OP013	ROP 13 Regional Operational Programme for Świętokrzyskie Voivodeship	Y	N	0.78%	0.13%	0.12%	0.20%	3.66%	2.00%	70.164.893,50	Y - Partial	Limited deficiencies in measures to avoid conflict of interests identified by EC audit
PL	2014PL16M2OP014	ROP 14 Regional Operational Programme for Warmińsko-Mazurskie Voivodeship	N	Y	0.72%	3.63%	2.00%	2.29%	0.31%	0.27%	75.172.130,49	N	
PL	2014PL16M2OP015	ROP 15 Regional for Wielkopolskie Voivodeship	N	N	6.71%	5.00%	5.00%	5.00%	5.00% (*)	5.00% (*)	102.181.334,40	Y - Full	TER/RTER estimated on a flat rate basis of 5% due to disagreement with MA and AA on impact of one error
PL	2014PL16M2OP016	ROP 16 Regional Operational Programme for Zachodniopomorskie Voivodeship	Y	Y	0.52%	1.32%	1.23%	1.42%	0.09%	0.07%	80.349.564,73	N	
PT	2014PT05FMOP001	Operational programme to assist the most deprived people	Y	Y	0.94%	0.78%	0.59%	0.59%	0.09%	0.09%	25.939.997,06	N	
PT	2014PT05M9OP001	OP Social Inclusion and Employment	Y	Y	1.90%	5.00%	2.50%	2.50%	1.19% (*)	2.00% (*)	308.695.354,50	N	
PT	2014PT05SFOP001	OP Human Capital	Y	Y	1.90%	5.00%	2.50%	2.50%	1.19% (*)	2.00% (*)	402.905.393,80	N	
PT	2014PT16M2OP001	Regional OP Norte	Y	Y	1.90%	10.00%	5.00%	2.50%	3.53% (*)	2.00% (*)	201.227.606,10	N	
PT	2014PT16M2OP002	Regional OP Centro	Y	Y	1.90%	10.00%	5.00%	2.50%	3.53% (*)	2.00% (*)	127.412.052,10	N	
PT	2014PT16M2OP003	Regional OP Alentejo	Y	Y	1.90%	10.00%	5.00%	2.50%	3.53% (*)	2.00% (*)	45.490.854,91	N	
PT	2014PT16M2OP004	Regional OP Azores (Autonomous Region)	Y	Y	1.90%	10.00%	5.00%	2.50%	3.53% (*)	2.00% (*)	49.032.779,50	N	
PT	2014PT16M2OP005	Regional OP Lisboa	Y	Y	1.90%	10.00%	5.00%	2.50%	3.53% (*)	2.00% (*)	35.185.149,36	N	
PT	2014PT16M2OP006	Regional OP Madeira (Autonomous Region)	Y	Y	1.90%	10.00%	5.00%	2.50%	3.53% (*)	2.00% (*)	13.144.070,60	N	
PT	2014PT16M2OP007	Regional OP Algarve	Y	Y	1.90%	10.00%	5.00%	2.50%	3.53% (*)	2.00% (*)		N	

											17.934.523,63		
PT	2014PT16M30P001	Competitiveness and Internationalisation OP	Y	Y	1.90%	10.00%	5.00%	2.50%	3.53% (*)	2.00% (*)	59.966.104,54	N	
RO	2014RO05FMOP001	Operational Programme Aid for the Most Deprived	N	Y	0.00%	4.13%	0.00%	0.00%	1.77%	1.75%	137.558.875,40	N	
RO	2014RO05M90P001	Operational Programme Human Capital	Y	Y	2.37%	1.88%	1.70%	1.70%	3.72%	3.52%	454.792.701,90	Y - Full	Reported RTER above 2% showing need for additional corrections not implemented
RO	2014RO05SFOP001	Operational Programme Administrative Capacity	Y	Y	9.74%	0.47%	0.19%	0.19%	0.54%	0.12%	80.707.709,07	N	
SE	2014SE05FSOP001	Social Inclusion of the Most Deprived Persons Operational Programme	Y	Y	3.35%	0.13%	0.11%	0.11%	0.00%	0.00%	1.364.839,90	N	
SE	2014SE05M90P001	National Operational Programme ESF for investments in growth and employment 2014 - 2020	Y	Y	1.89%	0.22%	0.16%	0.16%	0.06%	0.05%	89.936.097,10	N	
SE	2014SE16M20P001	Community-led local development programme with support from ERDF and ESF 2014-2020	N	Y	0.00%	2.41%	0.00%	0.00%	0.34%	0.28%	1.719.238,68	N	
SI	2014SI05FMOP001	Food and/or Basic Material Assistance Operational Programme	Y	N	0.00%	25.00%	25.00%	25.00%	21.46%	21.46%	1.372.105,50	Y - Full	TER/RTER above materiality; TER recalculated by EC to include 25% financial correction required on a public procurement
SI	2014SI16MAOP001	Operational Programme for the Implementation of the EU Cohesion Policy in the period 2014 - 2020	N	Y	1.46%	4.29%	2.00%	4.07%	1.00%	0.98%	119.597.305,30	N	
SK	2014SK05FMOP001	Operational Programme of Food and Basic Material Assistance	Y	Y	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	10.258.773,83	N	

SK	2014SK05M00P001	Operational Programme Human Resources	N	N	3.00%	2.54%	2.05%	2.05%	5.45%	2.00%	524.313.217,90	N	
SK	2014SK05SFOP001	Operational Programme Effective Public Administration	Y	Y	0.05%	0.12%	0.11%	0.11%	0.16%	0.15%	94.812.493,79	N	
UK	2014UK05M90P001	ESF England	Y	Y	2,36%	3.29%	2.00%	2.00%	0.67%	0.59%	551.947.382,50	N	
UK	2014UK05M90P002	ESF Scotland (incl. YEI)	N	N	29,62%	3.23%	1.99%	1.99%	4.06%	1.99%	-	Y – Full non-financial	On-going suspension decision; no expenditure declared
UK	2014UK05SFOP001	United Kingdom - ESF West Wales and the Valleys	Y	Y	0,67%	0.03%	0.03%	0.03%	0.28%	0.28%	170.209.618,30	N	
UK	2014UK05SFOP002	United Kingdom - ESF East Wales	Y	Y	0,67%	0.03%	0.03%	0.03%	0.28%	0.28%	24.931.490,63	N	
UK	2014UK05SFOP004	ESF Northern Ireland	Y	Y	0,27%	0.00%	0.00%	0.00%	0.30%	0.27%	2.627.826,67	N	
UK	2014UK05SFOP005	ESF Gibraltar	N	Y	0,00%	0.00%	0.00%	0.00%	0.00%	0.00%	74.662,66	N	

<b>KPI 4 confirmed for accounting year 2019-2020</b>	<b>1,70%</b>
<b>Amount at risk at closure (where all RTERs 2019-2020 &gt;2 % are brought down to 2%)</b>	<b>1,37%</b>

## ANNEX 7C: 2014-2020 ESF/YEI AND FEAD: LIST OF PROGRAMMES WITH DEFICIENCIES IN THE FUNCTIONING OF THE MANAGEMENT AND CONTROL SYSTEM (MCS)

	Programme CCI	Programme Title		Authority concerned	Reservation Y/N	Expenditure concerned in 2020-2021 accounts (million EUR)	% of total expenditure in 2020-2021 accounts
1	2014BE05M90P002	Operational programme ESF 2014-2020 of the Brussels-Capital Region : "Investment for growth and jobs"	KR 16 and KR 18	Audit Authority	Y - Full	20	0,09%
2	2014DE05SFOP014	Operational Programme ESF Thüringen 2014-2020	KR 4, KR 7	Intermediate body of the Managing Authority	Partial	70	0,30%
3	2014ES05SFOP015	OP ESF 2014 C.A. CASTILLA-LA MANCHA	KR 4 (due to high error rate reported, 19,11%)	Managing Authority	Y - Full	76	0,33%
4	2014ES05SFOP019	OP ESF 2014 C.A. CANTABRIA	KR 4 (due to high error rate reported, 10,59%). KR 18 unreliable audit opinion, KR 6 unreliable performance data	Managing Authority, Audit Authority	Y - Full	17	0,07%
5	2014FR05M00P001	Operational Programme ERDF-ESF ile-de-France et Seine 2014-2020	KR 4 (due to errors related to operations not related to financial instruments)	Managing Authority	Partial	44	0,19%
6	2014FR05SFOP005	Operational Programme ESF Réunion Etat 2014-2020	KR 4 (due to high error rate reported, 10,37%)	Managing Authority	Y - Full	84	0,36%
7	2014FR16M00P011	Martinique Conseil Régional	KR 18 (due to unfinished audit of operations)	Audit Authority	Y - Full	6	0,03%
8	2014FR16M20P012	Regional programme Mayotte 2014-2020	KR 16, KR 18, KR 4	Managing Authority , Audit Authority	Y - Full non-financial	0	0,00%
9	2014FR16M00P001	Regional programme Aquitaine 2014-2020	KR4, total error rate > 5%	Managing authority	No	32	0,14%
10	2014FR16M20P006	Regional programme Limousin 2014-2020	KR4 - TER >5%	Managing authority	No	4	0,02%
11	2014FR16M20P009	Regional programme Poitou Charentes 2014-2020	KR4 - TER >5%	Managing authority	No	13	0,05%
12	2014FR16M20P004	Regional programme Corse 2014-2020	KR4, total error rate > 10%	Managing authority	Yes, full	0	0,00%
13	2014HR05M90P001	ESF Operational Programme Efficient Human Resources 2014-2020	KR2 and KR4	Managing authority, Intermediate body	Y (Partial)	167	0,72%

14	2014IT05M90P001	National Operational Programme on Youth Employment	KR4	Managing authority	N	276	1,19%
15	2014IT05SF0P001	National Operational Programme on Social Inclusion	KR4	Managing authority	N	283	1,22%
16	2014IT05SF0P002	National Operational Programme on Systems for Active Employment Policies	KR4	Managing authority	N	347	1,50%
17	2014IT05SF0P005	POR Lazio ESF	KR4, KR16 (following EC audit)	Managing authority, Audit Authority	Y - Full	279	1,20%
18	2014IT05SF0P007	POR Lombardia ESF	KR4	Managing authority	N	228	0,98%
19	2014IT05SF0P016	POR Basilicata ESF	KR4, KR16 (following EC audit)	Managing authority, Audit Authority	Y - Full	42	0,18%
20	2014IT05FM0P001	Operational Programme I - FEAD 2014-2020	KR 1, KR 2, KR 4, KR 5, KR 7, KR 9, KR 11, KR 12, KR 14, KR 15	Managing Authority, Certifying Authority, Audit Authority	N	141	0,61%
21	2014PL16M20P015	ROP 15 Regional Operational Programme for Wielkopolskie Voivodeship	KR 4, KR 16	Managing Authority, Audit Authority	Y - Full	102	0,44%
22	2014SI05FM0P001	Food and/or Basic Material Assistance Operational Programme	KR4 (public procurement), KR16	Managing authority, Audit Authority	Y - Full	3	0,01%
23	2014SK05M00P001	Operational Programme Human Resources	KR 2 and KR4 and TER >5%	Managing authority/Intermediate body	N	726	3,13%
24	2014UK05M90P002	ESF Scotland (incl. YEI)	KR4	Managing authority	Y - Full Non-Financial	59	0,25%
<b>Total</b>						<b>3021</b>	<b>13,02%</b>

## ANNEX 7D: 2014-2020 ESF/YEI AND FEAD: AUDIT AUTHORITIES WITH WEAKNESSES AND REQUESTED IMPROVEMENTS

	MS	Audit authority (AA) or control body concerned	Identified deficiencies	Reservation Y/N	Share of total ESF/YEI/FEAD expenditure audited by AA/control body
1	BE	AA Bruxelles-Capitale	Sampling methodology wrongly applied (unjustified exclusion of operations from the sample)	Y - Full	0,08%
2	DE	AA Sachsen	Insufficient audit trail to verify legality and regularity, insufficient scope of the audit work of the audit authority, insufficient detection of problems that appear to be of systemic nature	N	0,92%
3	ES	AA Ciudad de Melilla	Inadequate audits of accounts	N	0,01%
4		AA Cantabria	Inadequate audit opinion	Y - Full	0,03%
5	FR	Regional control body Martinique	Audit work not finalised by legal deadlines, TER 64.6%	Y - Full	0,27%
6		Regional control body Mayotte	Non detection of errors leading to serious underestimation of reported error rates and audit opinions in previous accounting year; lack of resources and administrative capacity not yet resolved	Y - Full non-financial	0,09%
7	IT	AA Lazio	Incorrect sampling methodology with serious impact on reliability of reported TER (28 operations missing from population, 11.6 mio). TER/RTER thereby estimated by EC at flat rate (10%), pending contradictory procedure.	Yes - Full	0,63%
8		AA Basilicata	Deficiencies detected in the work of the audit authority following a Commission audit: lack of detection of irregularities in public procurement; ineligibility of expenditure.	Yes - full	0,20%
9		Ministero del Lavoro e delle Politiche Sociali Segretariato Generale	Audit authority not sufficiently staffed	No	6,67%
10	PL	Regional control body for Opolskie	Deficiencies detected in the work of the audit authority following a Commission audit on financial instruments part of the programme.	Yes - Partial Non-Financial	0,37%
11		Regional control body for Wielkopolskie	Deficiencies detected in the work of the audit authority following a Commission audit: disagreement on the quantification of one ESF error with material impact.	Yes - Full	0,96%
12	SI	AA Slovenia	Deficiencies detected in the work of the audit authority following a Commission audit (pre-ACR): insufficient detection of irregularities for public procurement.	Yes - Full	1,05%
				<b>Total</b>	<b>8,46%</b>



## **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;
- In case of systemic deficiencies identified, re-calculating the residual error rates and monitoring how the authorities/management and control systems evolve over time;

- 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.
- 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.
- 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.
- 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) by providing assistance and support to the programme authorities to prepare 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 (46) CARRIED OUT BY DG EMPL IN 2021**

In line with its Single Audit Strategy, the Joint Audit Directorate for Cohesion of DG EMPL and DG Regional and Urban Policy (DAC) updates annually its risk assessment covering the programmes (47) of the two DGs and defines the on-the-spot audit plan. For 2021, the **audit plan focused mainly on the review of the work of audit authorities to assess the reliability of reported results**. This included compliance audits and fact-finding missions in relation to the annual control reports (ACR) under assessment, entailing a certain level of re-performance of the audit work carried out by audit authorities (on a sample basis, desk and on the spot). Such re-performance and clarification work was mainly risk-based but also covered lower risk audit authorities and programmes. Thematic system audits also allow to obtain direct assurance for specific systems, implementation bodies or areas.

The DAC carried out **37 audits for ESF/YEI and FEAD in 16 Member States (48) and in the UK**. Out of these, audit to review the work of audit authorities covered: (i) **17 compliance audits** in 10 Member States (49) that covered 18 assurance packages (28 programmes) and 19.1% of the EUR 14.5 billion of ESF, YEI and FEAD expenditure certified in the annual accounts 2019/2020, submitted in February/March 2021; and (ii) **4 post-2021 ACR fact finding missions** (including desk reviews of reports in 1 case) in 4 Member States (50) with a view to clarifying audit information reported in the concerned 21 ACRs submitted in 2021. Altogether, the DAC therefore reviewed the audit work performed by audit authorities for 38 (51) assurance packages submitted in 2021 (52).

DAC re-performed on average 20% of the number of audits of operations carried out by the audit authorities for these 2021 assurance packages. As a result of the **21 risk-based compliance audits and fact-findings**, the DAC identified further irregularities to the ones detected by the audit authorities in 13 assurance packages (53) leading to a re-

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(46) Due to the Covid-19 restrictions part of the audits in 2021 were carried out remotely.

(47) To determine which audit authorities and programmes will be subject to compliance audits; the risk assessment is based on a set of risk criteria which are weighted to obtain a risk scoring for each audit authority and programme.

(48) Cyprus, Germany (3), Denmark, Greece, Spain (3), France (8), Croatia, Italy (3), Lithuania, Latvia, Malta, Poland (4), Portugal, Romania, Sweden and Slovenia

(49) Cyprus, Denmark (ongoing), France (5), Germany (2), Italy (2), Poland, Portugal (ongoing), Romania, Spain (2) Sweden (ongoing).

(50) Germany, Croatia, Latvia and Poland (covering several OPs for Poland).

(51) One assurance package was covered in a compliance audit and in a post-2021 ACR fact finding mission.

(52) In addition, in the end of 2020, DAC carried out a preventive review of preliminary audit results to be reported in 2021 ACRs covering the accounting year 2019-2020 with five pre-ACR fact finding missions covering four Member States (Spain, France, Italy (2) and Slovakia) and seven assurance packages.

(53) In one case (Latvia) the re-calculated residual risk was estimated based on additional error detected by the DAC through a desk review/re-performance of the audit authority's reports. All other cases stem from additional errors found by DAC auditors in compliance audits.

calculated residual risk at this stage of the contradictory procedures <sup>(54)</sup>. In six cases (France (four), Italy and Poland) the DAC recalculated the residual total error rate (RTER) to be above 2%.

The DAC also carried out the following audits:

**- Thematic audits:**

- Four thematic audits for four programmes in three countries, one in Greece, one in Lithuania and two in Poland to cover specific risk areas including selection of operations (Greece), management verifications (Greece and Lithuania), public procurement (Lithuania), simplified cost options (Poland) and CRII+ expenditure (Greece and Lithuania).
- Two thematic audits to cover the measures taken by specific programmes or

**Thematic audit on measures to prevent conflicts of interests in Poland**

For Świętokrzyskie, the audit covered in particular the allegations made in press articles related to two calls organised as a response to difficulties in SMEs caused by the COVID-19 pandemic, under CRII, where employees of the managing authority and their family members applied for and obtained grants.

For Mazowieckie, the Commission auditors selected a sample of operations with an increased risk of a conflict of interest, including operations in the area of combat against the COVID-19 pandemic and involving public procurement.

The main finding from the audit relates to the lack of sufficient and adequate preventive measures to avoid conflict of interests.

The managing authorities have been requested to review their current systems in order to ensure that their procedures for all aspects of conflicts of interests and for all persons involved in decision-making processes related to EU budget implementation are adequately covered in line with the Article 61 of the Financial Regulation. These procedures should prevent, detect, properly mitigate and address the risk of conflicts of interests.

Member States to avoid conflicts of interests <sup>(55)</sup>, one in Poland (carried out) and one in Malta (launched), with serious deficiencies detected in Poland to mitigate the risks of conflict of interest.

**- Two audits in the UK** to verify whether the concerned programme authorities had implemented adequate preventive and corrective measures in follow-up to an interruption of payments (Gibraltar) and a suspension decision (Scotland). For Scotland, the auditors confirmed that the

programme authorities are not yet ready with the implementation of the action plan.

**- Six audits on the reliability of performance data indicators** (postponed from 2020 due to the COVID-19 situation): one in Spain, two in France, one in Greece, one in Italy and one in the United Kingdom, to complement the 2017-2019 enquiry.

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<sup>(54)</sup> DAC requested audit authorities to verify, in 11 risk-based compliance audits (78% of the compliance audits carried out), whether the same irregularities detected during the audit were also present in the audits of operations not audited by the DAC auditors. Pending such verifications, the risk has been reflected at flat rate in the maximum risk reported in KPI 4.

<sup>(55)</sup> Article 61 of the Financial Regulation.

## **ANNEX 7G: PREVENTIVE AND CORRECTIVE MEASURES (2014-2020 PROGRAMMES)**

***Payments are interrupted when serious deficiencies / irregularities are found that are not covered by the 10% payment retention.***

DG EMPL follows a balanced approach regarding 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 <sup>(56)</sup>. 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 (3 cases in 2021). 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 (7 cases in 2021).

In 2021, payments were interrupted for three programmes. The total interrupted payments amounted to almost EUR 76 million.

***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 for 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. Overall in 2021, 11 programmes received a letter requesting the implementation of corrective measures. The effective implementation of the required remedial actions by the programme authorities allowed the Commission services during the same period to close such warnings from the preceding year(s) for four programmes. 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. There were no such cases in 2021.

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<sup>(56)</sup> 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 adopted by DG EMPL in 2021. A procedure launched in one case (DE FEAD) to anticipate the six-month deadline for the interruption of payment was terminated as the required corrective measures were taken on time. For one programme in Hungary, for which payment deadlines had been formally suspended in 2020, the Commission was able, after adoption of the necessary corrective measures by the programme authorities, to lift the payment suspension decision in 2021.

Ex ante conditionalities for the 2014-2020 period were fulfilled in all cases for ESF/YEI and FEAD and thus no such suspension decision needed to be adopted.

No suspension decision needed to be adopted by DG EMPL with respect to the reliability of the monitoring system or of the data on common or specific indicators and as a result of its audit work and national audit results received from the audit authorities.

The table below shows 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 2021 and early 2022.

	Warning letter of corrective measures (risk >5% but < 10%)	Warning of possible interruption of payment (risk >10% but no pending payment claim)	Interruption of payment (risk >10% and pending payment claim)	Pre-suspension letters	Suspension decisions
<b>2021</b>	11	7	3	1	0
<b>During 1<sup>st</sup> quarter 2022</b>	0	0	2	0	0
<b>Lifting of previous years' cases</b>	4	6	0	N/A	1

Details on individual cases are presented below.

## Number of decisions taken in 2021 by DG EMPL to initiate corrective measures

	Warning of corrective measures	Number of Decisions in 2021 – 2014-2020 programmes			
		Warning of possible interruption letters	Interruptions of payment	Pre-suspension letters	Suspension decisions
BE	0	1			
CZ	0	4			
DE	2		1	1	
ES	1				
FR	0	1	1		
HR	0	1			
IT	5		1		
LT	0				
SE	1				
SK	1				
UK	1				
<b>Total</b>	<b>11</b>	<b>7</b>	<b>3</b>	<b>1</b>	<b>0</b>

## Number of decisions taken in the first quarter of 2022 by DG EMPL to initiate corrective measures

	Warning letters of corrective measures	Warning letters	Interruptions of payment	Pre-suspension letters	Suspension decisions
FR			1		
HR			1		
<b>Total</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>0</b>

## Pre-suspension letters issued in 2021

MS	Region/ Operational programme	CCI Nr	DATE	AMOUNT	DATE LIFTING	of Main weaknesses identified
DE	FEAD	2014DE05FSOP001	22/12/2021			Serious deficiency linked to KR4 (management verifications) in particular wrongly reimbursed staff-costs. Deficiencies linked to KR 17 and KR 18 (audit authority)

## Pre- suspension letters issued in the first quarter of 2022

None

## Programmes interrupted in 2021

	MS	Region/ Operational programme	CCI Nr	Date	Amount (EUR)	Date Lifting	of Main weaknesses identified
1	DE	FEAD	2014DE05FSOP001	03/06/2021	13.804.525,75		Deficiencies in KR 4, 17 and 18: 1. The Audit Authority reported an error rate of 11,11% as result of systemic errors related to staff costs due to inadequate time sheets / no link to the project for staff. Furthermore, the allocation of the staff costs of the Intermediary Body Bundesverwaltungsamt was inadequate. 2. The Audit Authority did not provide an adequate reconciliation between the total expenditure and the total population from which the random sample should be drawn. 3. The Audit Authority has applied incorrectly Art. 58(1) of Regulation (EU) No 223/2014. Therefore, the sample selection of the audits of operations is not reliable and there is a risk that the total error rate (TER) is understated.
2	FR	Guadeloupe Conseil Régional	2014FR16M0OP009	04/06/2021	150.563,04	16/08/2021	Deficiencies in KR 4: Adequate management verifications identified during audits of operations by the AA (Total error rate above 10%).
3	IT	Calabria	2014IT16M2OP006	31/08/2021	61.670.878,38	1/02/2022	Deficiencies in KR 16 - adequate audits of operations

## Interruptions decided in the first quarter of 2022

	MS	Region/ Operational programme	CCI Nr	DATE	AMOUNT	DATE LIFTING	of Main weaknesses identified
1	FR	Mayotte	2014FR16M2OP012	18/02/2022	No ESF support requested, only ERDF		Deficiencies in: – KR 4: Adequate management verifications, – KR 16: Adequate audits of operations, – KR 18: Adequate procedures for providing a reliable audit opinion and for preparing the annual control
2	HR	Efficient HR	2014HR05M9OP001	25/02/2022	213.089.432,64		Deficiencies in KR 2 (Appropriate selection of operations) and KR 4 (Adequate management verifications), in particular in relation to a measure concerning war veterans and IB ACR.



## Warning letters of possible interruption sent in 2021

	MS	Region/ Operational programme	CCI Nr	DATE	DATE LIFTING	OF	Main weaknesses identified
1	BE	Bruxelles-Capitale	2014BE05M9OP002	22/6/2021	13/12/2021		Deficiencies in KR 4 - Adequate management verifications.
2-5	CZ	<i>all Czech ESF and ERDF OPs</i>		23/8/2021			Deficiency linked to the verification of conflict of interests
6	FR	Mayotte	2014FR16M2OP012	5/3/2021			Deficiencies in: - KR 4: Adequate management verifications, - KR 16: Adequate audits of operations, - KR 18: Adequate procedures for providing a reliable audit opinion and for preparing the annual control report.
7	HR	FEAD	2014HR05FMOP001	16/2/2021	27/01/2022		Deficiencies in KR 2 (Appropriate selection of operations) and KR 4 (Adequate management verifications) due to: - Contracting of ineligible activities (donations) - Applicability of rules on procurement related to costs in contracts with the Red Cross - Addendums to the contracts - Extension of contract was contracted after implementation period of the contract - Declared ineligible cost related to donations - Tolerances of absences in school meals (ineligible amounts): the determination of the error rate related to absence

## Warning letters of possible interruption sent in the first quarter of 2022

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 declaring expenditure found to be irregular in interim payment claims submitted to the Commission. For this purpose appropriate management verifications need to be carried out before validating expenditure submitted by beneficiaries. Management verifications however continue even after declaring expenditure to the Commission during the accounting year (for ex. on the spot visits to operations) and up to the preparation of the programme 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.

Moreover the programme audit authorities audit a statistical sample of operations declared during the accounting year to the Commission. Irregularities thus found are withdrawn from the accounts at the latest by programme authorities.

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 claims of subsequent accounting years.

### **Financial corrections reported by the programme authorities in the annual accounts**

**For safeguarding the EU budget, Member States implement financial corrections** that result from management verifications, audits and investigations which take place throughout the accounting year. These financial corrections are implemented in interim payment claims (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 for ESF/YEI and for FEAD (**financial corrections<sup>(57)</sup> and temporary deductions**) reported by the Member States **in the 2020-2021 programme accounts** (column C), and the amounts of financial corrections reported in the accounts as stemming from the irregularities detected during audits of operations by audit authorities (column D). Amounts are in total expenditure declared (i.e. including public –

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<sup>(57)</sup> Withdrawn from interim payment claims or deducted from accounts.

European and national- and private contributions).

<b>ESF/YEI (accounting year 2020-2021)</b>				
(EUR)	<b>Withdrawals and recoveries from interim claims</b>	<b>Deductions from accounts</b>	<b>Total included in the accounts</b>	<b>Out of which implemented financial corrections resulting from audits of operations (by audit authorities)</b>
	<b>A</b>	<b>B</b>	<b>C (A+B)</b>	<b>D</b>
AT	1,893	3,471,353	3,473,246	115,621
BE	2,402,365	1,554,397	3,956,762	252,167
BG	193,182	753,826	947,008	534,945
CY	24,248	20,091	44,339	20,091
CZ	2,039,574	6,443,121	8,482,695	20,419
DE	3,850,837	18,703,284	22,554,122	5,978,900
DK	0	93,176	93,176	0.00
EE	179,116	973,606	1,152,722	3,414
ES	4,523,596	67,394,409	71,918,005	47,544,942
FI	99,870	374,952	474,822	6,861
FR	801,336	20,883,005	21,684,341	15,449,703
GR	8,949,939	13,725,610	22,675,549	2,533,661
HR	28,708	3,999,664	4,028,372	219,738
HU	16,328,051	124,941,653	141,269,704	10,440,032
IE	830,836	871,975	1,702,811	576,588.43
IT	6,687,646	79,991,953	86,679,599	11,582,946
LT	1,215,989	168,568,294	169,784,283	717,893
LU	0	0	0	0
LV	99,471	2,586,479	2,685,950	2,015
MT	125,412	4,991	130,404	104.65
NL	0	30,976	30,976	30,976
PL	3,770,830	114,044,415	117,815,245	1,421,823
PT	1,854,541	8,087,669	9,942,210	1,687,276
RO	1,646,483	16,818,249	18,464,732	2,237,445
SE	1,180,016	3,043,297	4,223,313	16,351
SI	378,525	1,759,600	2,138,125	47,033
SK	1,100,330	65,676,533	66,776,863	1,885,789
UK	9,339,097	37,022,715	46,361,811	3,132,427
<b>TOTAL</b>	<b>67,651,890</b>	<b>761,839,293</b>	<b>829,491,184</b>	<b>106,459,161</b>

\*amounts refer to total expenditure declared (including public –European and national- and private contribution)

<b>FEAD (accounting year 2020-2021)</b>				
(EUR)	<b>Total withdrawals and recoveries</b>	<b>Total deductions from accounts</b>	<b>Total</b>	<b>Out of which amounts corrected as results of audits</b>
	<b>A</b>	<b>B</b>	<b>(A+B)</b>	
AT	0	0	0	0
BE	1,016	139,520	140,537	139,520
BG	0	35,490	35,490	35,490
CY	9,065	0	9,065	0
CZ	0	0	0	0
DE	152,802	185,813	338,615	14,182
DK	0	1	1	0
EE	0	0	0	0
ES	0	0	0	0
FI	0	0	0	0
FR	0	406,626	406,626	406,626
GR	35,014	980,897	1,015,911	0
HR	0	0	0	0
HU	0	2,480,722	2,480,722	0
IE	272	0	272	272
IT	0	3,138,143	3,138,143	0
LT	0	0	0	0
LU	0	0	0	0
LV	81	12,699	12,780	12,699
MT	0	176	176	0
NL	0	0	0	0
PL	38,599	320,149	358,748	7,030
PT	5,543	105,139	110,682	5,179
RO	72	725,527	725,599	9,515
SE	0	0	0	0
SI	0	0	0	0
SK	0	0	0	0
UK			0	0
<b>TOTAL</b>	<b>242,465</b>	<b>8,530,902</b>	<b>8,773,367</b>	<b>630,514</b>

\*amounts refer to total expenditure declared (including public –European and national- and private contribution)

For the accounting year 2020-2021, the **total ESF/YEI expenditure certified in the accounts is EUR 22.6 billion and for FEAD EUR 0.6 billion**. The programme authorities directly withdrew EUR 762 million from the programme accounts before submitting them to the Commission for ESF/YEI and EUR 8.5 million for FEAD. Added to the EUR 68 million of corrections already included in payment claims during the year for ESF/YEI (EUR 0.2 million FEAD), this makes **a total of EUR 829 million of ESF/YEI expenditure and EUR 8.8 million of FEAD expenditure that were deducted during the accounting year. These deductions protect the EU budget** as they result from

**(a) audits of operations by audit authorities** (EUR 106 million of implemented, definitive financial corrections for ESF/YEI and EUR 0.6 million for FEAD);

**(b) continued management verifications** after the end of the accounting year and until submission for the accounts;

**(c) financial corrections implemented at the request of the Commission** as a follow-up to its own audits, ECA audits or OLAF investigations; (approx. EUR 235 million of definitive deductions out of which EUR 233.6 million ESF/YEI and EUR 1.5 million FEAD for categories (b) and (c) taken together);

**(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 approx. 59% and 76% of these withdrawn amounts for ESF/YEI and FEAD respectively) <sup>(58)</sup>.

Such implemented financial corrections and temporary withdrawals under further confirmation of the legality and regularity of the concerned expenditure, are therefore a powerful tool to protect the EU budget since they are deducted from the annual accounts, year after year. Since the beginning of the programming period 2014-2020, Member States deducted **cumulatively EUR 3.7 billion of definitive corrections and temporary withdrawals in the accounts for ESF/YEI and EUR 85 million for FEAD, including EUR 719 million and EUR 13 million respectively of definitive financial corrections implemented as a result of the audit authorities' work.**

<b>ESF/YEI (cumulatively up to the 2020-2021 accounting year)</b>				
(EUR)	<b>Total withdrawals and recoveries</b>	<b>Total deductions from accounts</b>	<b>Total</b>	<b>Out of which amounts corrected as results of audits</b>
	<b>A</b>	<b>B</b>	<b>(A+B)</b>	
AT	17,897	7,643,059	7,660,956	355,470
BE	7,714,415	42,121,492	49,835,907	4,126,323
BG	932,158	3,230,438	4,162,597	1,596,904
CY	382,220	556,698	938,918	108,097
CZ	4,803,967	57,841,551	62,645,518	235,999
DE	12,779,924	119,184,765	131,964,689	29,952,998
DK	0	10,950,241	10,950,241	0
EE	845,268	9,024,597	9,869,865	1,406,775
ES	4,547,053	371,248,060	375,795,113	187,967,017
FI	207,637	12,719,767	12,927,404	250,846
FR	3,283,563	204,251,015	207,534,579	129,569,175
GR	41,028,361	113,822,476	154,850,837	39,061,295
HR	466,076	10,968,842	11,434,918	6,971,961
HU	62,523,464	611,116,473	673,639,938	33,629,422
IE	830,836	4,244,655	5,075,491	1,492,789
IT	23,928,666	464,096,706	488,025,371	31,414,935
LT	3,464,514	208,854,261	212,318,775	7,160,055
LU	0	0	0	0
LV	119,345	14,823,813	14,943,159	15,273
MT	158,246	1,065,358	1,223,603	6,168

<sup>(58)</sup> 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.

### ESF/YEI (cumulatively up to the 2020-2021 accounting year)

(EUR)	Total withdrawals and recoveries	Total deductions from accounts	Total	Out of which amounts corrected as results of audits
NL	0	38,808	38,808	35,536
PL	68,024,723	311,172,136	379,196,859	12,043,047
PT	5,085,846	50,021,015	55,106,861	17,337,045
RO	2,884,964	38,477,265	41,362,229	14,620,151
SE	3,402,726	36,787,545	40,190,271	937,111
SI	1,911,264	26,927,415	28,838,680	123,402
SK	3,052,095	232,856,070	235,908,165	157,709,545
UK	22,970,024	465,088,725	488,058,748	40,515,709
<b>TOTAL</b>	<b>275,365,254</b>	<b>3,429,133,245</b>	<b>3,704,498,499</b>	<b>718,643,048</b>

\*amounts refer to total expenditure declared (including public –European and national- and private contribution)

### FEAD (cumulatively up to the 2020-2021 accounting year)

(EUR)	Total withdrawals and recoveries	Total deductions from accounts	Total	Out of which amounts corrected as results of audits
	<b>A</b>	<b>B</b>	<b>(A+B)</b>	
AT	0	0	0	0
BE	113,606	510,137	623,743	233,203
BG	25,601	81,343	106,944	79,472
CY	9,065	39	9,104	39
CZ	0	0	0	0
DE	729,752	3,632,670	4,362,423	1,228,998
DK	0	96,389	96,389	92,821
EE	129,551	222,686	352,237	352,237
ES	257,027	463,008	720,036	720,036
FI	0	0	0	0
FR	0	15,383,606	15,383,606	4,276,278
GR	35,014	3,468,664	3,503,678	889,545
HR	0	1,560,721	1,560,721	251,287
HU	2,184,326	4,010,939	6,195,265	864,330
IE	272	0	272	544
IT	0	43,125,591	43,125,591	376,537
LT	42,802	0	42,802	0
LU	0	0	0	0
LV	937	15,411	16,348	12,914
MT	697	2,096	2,793	0
NL	13,267	66,290	79,557	13,267
PL	771,781	372,033	1,143,814	706,420
PT	5,668	324,623	330,291	70,618
RO	72	6,992,473	6,992,545	3,200,373
SE	9,826	92,250	102,076	10,329
SI	0	65,335	65,335	65,335
SK	0	0	0	0
UK			0	0
<b>TOTAL</b>	<b>4,329,266</b>	<b>80,486,303</b>	<b>84,815,569</b>	<b>13,444,582</b>

\*amounts refer to total expenditure declared (including public –European and national- and private 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, the following **financial corrections were requested by DG EMPL in 2021 through its audit activity and were accepted by Member States**:

- (i) from DG EMPL audits: **EUR 23.8 million**
- (ii) from the Commission's follow-up to ECA audits: **EUR 5.2 million**
- (iii) from the Commission's follow-up to OLAF investigations: **EUR 1.2 million**.
- (iv) Additional corrections required to ensure a risk at closure below 2% for all programmes: **EUR 40.5 million** cumulatively for the programming period (see details below).

This represents **EMPL's corrective capacity as a result of the EU audit work** (which is included in the total deductions from the accounts, column C in the above table for 2020-2021 accounts). DG EMPL is currently collecting the required data to be able, in future annual activity reports, to report this information on a multiannual basis, per Member State since the beginning of the programming period.

**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

**For a German ESF programme in Hessen**, the RTER was recalculated from below to above 2% after a compliance audit carried out by the Commission in 2019. The programme took corrective measures to improve the management and control systems, reassessed from category 3 to category 2 in 2021, and implemented both individual and extrapolated corrections in order to reduce the RTER below 2%. As a result of the additional corrective actions requested from the Commission to the programme authorities, DG EMPL has assurance that the residual level of error for the concerned accounting year is now below 2%, and that the system improved to avoid further material irregularities in the future.

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 therefore functioning** (although taking some time due to the requirements to apply strict

contradictory procedures), as indicated in previous AARs <sup>(59)</sup>.

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 <sup>(60)</sup>	Risk at closure at this stage of the planned contradictory procedures
A	B	C	D	E	F	G	H	I
2018	2016-2017	11 (4 MS)	4 (3 FR, 1 LT)	6 (DE, 2 FR, 2 IT, 1 LT)	1 (1 IT)	1,53%	EUR 18.1 million <sup>(61)</sup>	0,76% (estim. 0,89%)
2019	2017-2018	18 (7 MS)	3 (2 FR, 1 PL)	9 (1 BE, 2 DE, 1 FR, 3 IT, 1 LT, 1 PL)	6 (3 IT, 1 PL, 2 UK)	1,67%	EUR 16.1 million	1,25% (estim. 1,25%)
2020	2018-2019	37 (12 MS + UK)	4 (2 FR, 1 IT, 1 MT)	23 (1 BE, 1 CY, 18 GR, 1 HR, 1 HU, 1 PL)	10 (1 DE, 3 ES, 3 IT, 1 PL, 1 SK, 1 UK)	1,43%	EUR 6.3 million	1,41% (estim. 1,25%)
2021	2019-2020	48 (9 MS)	-	N/A	48 <sup>(62)</sup>	1,70%	-	(estim. 1,4%)

Table 1: Follow-up of programmes with RTER above 2% and updated risk at closure

## Financial correction 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 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 2021, 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 Common Provisions Regulation are subject to strict cumulative 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

<sup>(59)</sup> The table refers only to these those programmes which were reported with a RTER above 2% in previous AARs and which are taken into account 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.

<sup>(60)</sup> Amounts in EU contribution.

<sup>(61)</sup> The amount of financial correction related to one Italian programme is still under assessment

<sup>(62)</sup> 2 ES, 5 FR, 17 GR (covered under one single ACR), 8 IT, 1 LV, 3 PL, 10 PT (covered under one single ACR), 1 SI, 1 SK



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 2021, the Commission's assessment being that the conditions to impose such net financial corrections were not met. End of 2021, one financial correction procedures was on-going.

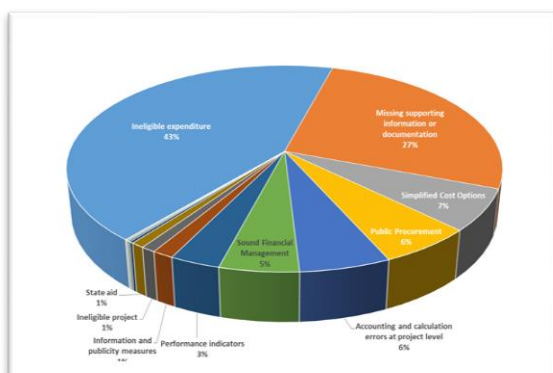
**ANNEX 7I: 2014-2020 ESF / YEI / FEAD: Typologies of irregularities reported by Member States with the 2019-2020 assurance packages and by DG EMPL auditors**

**1) Typologies of irregularities reported by Member States in their 2021 annual control reports related to the 2019-2020 assurance packages**

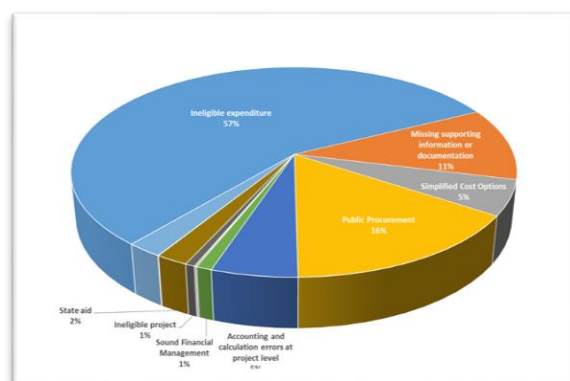
Category	Frequency		Amount of the irregularities (in total costs in million EUR)
	number of cases	percentage of cases	
Ineligible expenditure	1,170	43.1%	15.6
Missing supporting information or documentation	722	26.6%	3.1
Simplified Cost Options	177	6.5%	1.5
Public Procurement	164	6.0%	4.3
Accounting and calculation errors at project level	157	5.8%	1.5
Sound Financial Management	137	5.0%	0.3
Performance indicators	87	3.2%	0.0
Information and publicity measures	37	1.4%	0.0
Ineligible project	25	0.9%	0.2
State aid	23	0.8%	0.6
Revenue Generating projects	7	0.3%	0.0
Data protection	4	0.1%	0.0
Equal Opportunities / Non discrimination	4	0.1%	0.6
Financial instruments	3	0.1%	0.0
<b>Total:</b>	<b>2,717</b>		<b>27.6</b>

*Audit authorities' results (% of total)*

**Frequency of cases**



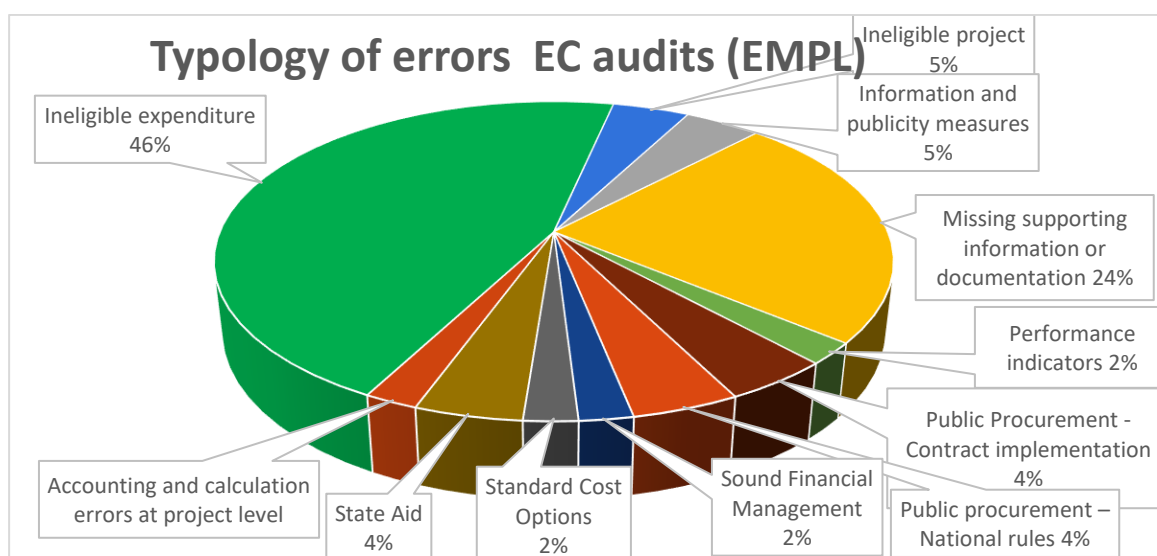
**Amounts**



## 2) Typologies of irregularities reported in DG EMPL audits in 2021 (related mostly but not exclusively to the 2019-2020 assurance packages)

The different types of DAC audits carried out in 2021 for ESF/YEI and FEAD programmes led to the identification of **77 system** and **46 project findings** in relation to the **110 operations audited**, mostly at the level of managing or audit authorities, to avoid duplication of audits and control burden to beneficiaries, or on the spot at the level of beneficiaries. In line with the joint typology of errors shared with audit authorities, the vast majority of the DAC project findings, pending ongoing contradictory procedures, relate to **ineligible expenditure (46%, of which a third concerns expenditure related to eligibility of participants)** and **missing supporting information or documentation (24%, of which two thirds concern lack of audit trail and one third missing supporting documentation)**. These findings are consistent with the recurrent main risk areas for the ESF/YEI and FEAD implementation. Other findings are reported below.

**Chart 1: Other findings**



In terms of percentage of cases, the results obtained by the audit authorities and DAC auditors show similar results, where ineligible expenditure and missing supporting information or documentation are the most frequent errors found.

Typology	number of cases	percentage of cases
Accounting and calculation errors at project level	1	2,17%
Ineligible expenditure	21	45,65%
Ineligible project	2	4,35%
Information and publicity measures	2	4,35%
Missing supporting information or documentation	11	23,91%
Performance indicators	1	2,17%
Public Procurement - Contract implementation	2	4,35%
Public procurement – National rules	2	4,35%
Sound Financial Management	1	2,17%
Standard Cost Options	1	2,17%
State Aid	2	4,35%
<b>Total:</b>	<b>46</b>	<b>100,00%</b>

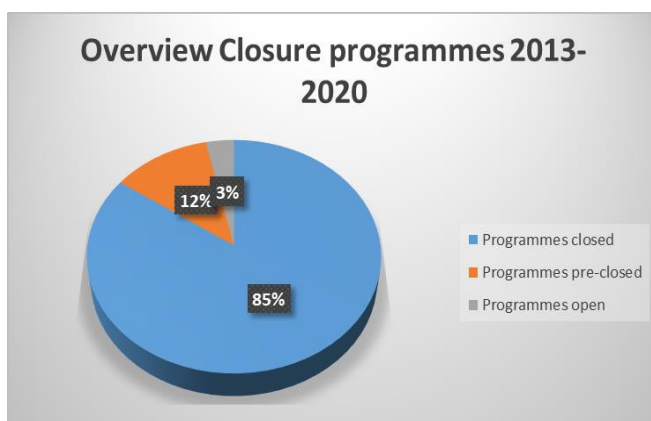
## ANNEX 7J: 2007-2013 ESF PROGRAMMES: ASSURANCE AT CLOSURE

### 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.

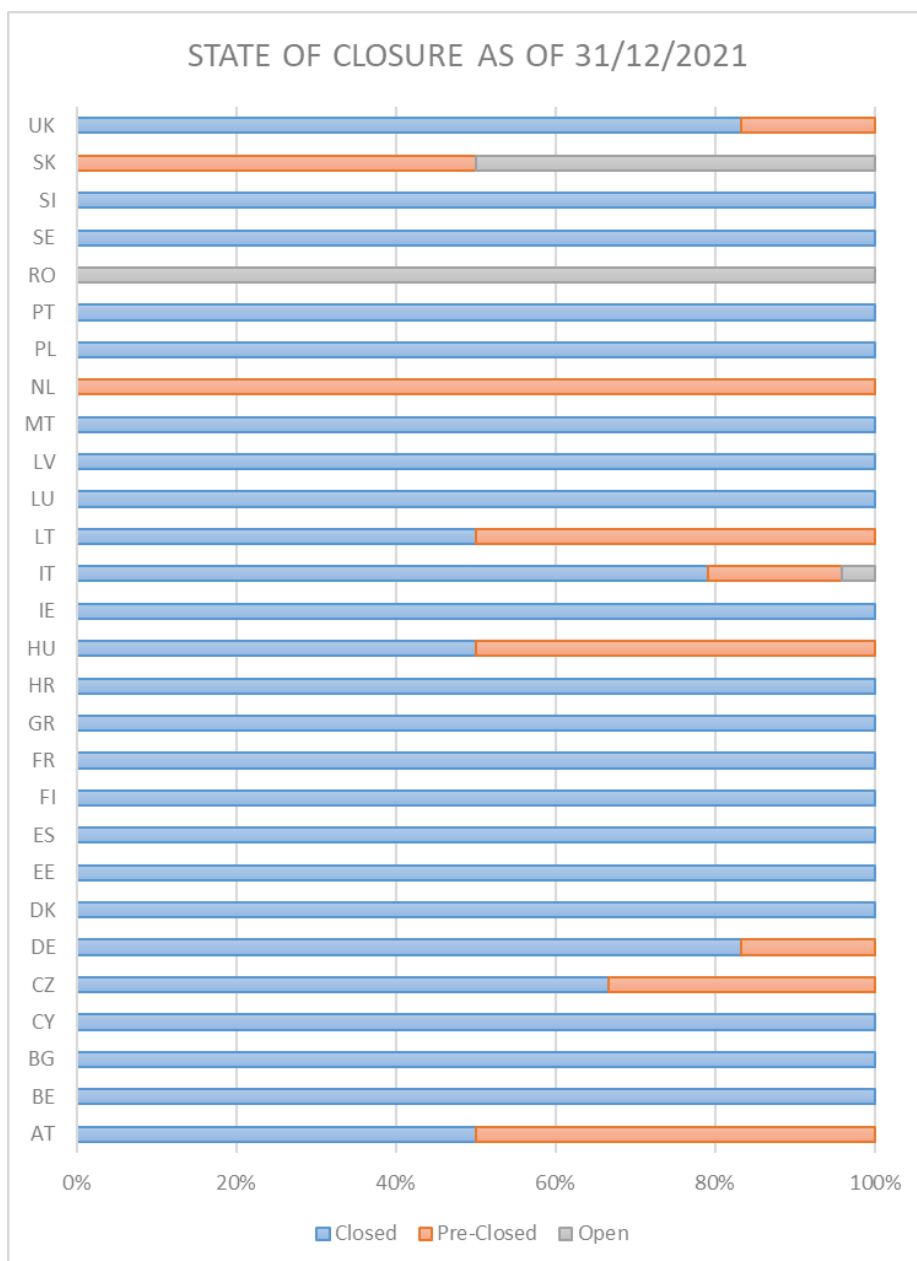
If there are no pending issues identified in the programme or all pending issues have been resolved, the final balance can be determined and paid. Consequently, a **closure letter** can be sent accepting the closure documents. However, if there are pending issues (such as on-going OLAF/national investigations, 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.



By end December 2021, 114 programmes were fully closed (100 or 85%) or pre-closed (14 or 12%) so far, representing **97% of the total 118 programmes**. Only four programmes (**3%**) remain fully open due to pending issues, as shown in the pie chart.

For the 14 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.



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
<b>TOTAL</b>	<b>338</b>

The 2007-2013 ESF programme error rates are presented below:

MS	MS Name	Ref	Title	Reservation AAR 2021	Closure status at end 2021	Relevant expenditure 2021 (in mln Eur)	Residual error rate validated by EMPL	Rate of risk on payment
AT	Austria	2007AT051PO001	Burgenland		Closed		1,52%	
AT	Austria	2007AT052PO001	Beschäftigung		Pre-closed	15,32	1,20%	1,20%
BE	Belgium	2007BE051PO001	Convergence' Hainaut		Closed		0,75%	
BE	Belgium	2007BE052PO001	Deutschsprachige Gemeinschaft Belgiens		Closed		0,02%	
BE	Belgium	2007BE052PO002	Troïka Wallonie ( hors Hainaut ) Bruxelles (COCOF) - FSE		Closed		0,00%	
BE	Belgium	2007BE052PO003	Etat fédéral		Closed		0,00%	
BE	Belgium	2007BE052PO004	Bruxelles-Capitale : Emploi et cohésion sociale		Closed		1,29%	
BE	Belgium	2007BE052PO005	Vlaanderen		Closed		0,00%	
BG	Bulgaria	2007BG051PO001	Human Resources Development		Closed		0,26%	
BG	Bulgaria	2007BG051PO002	Administrative Capacity		Closed		0,00%	
CY	Cyprus	2007CY052PO001	Employment, Human Capital and Social Cohesion		Closed		1,91%	
CZ	Czech Republic	2007CZ052PO001	Praha Adaptabilita		Closed		0,05%	
CZ	Czech Republic	2007CZ05UPO001	Lidské zdroje a zaměstnanost		Closed		0,22%	
CZ	Czech Republic	2007CZ05UPO002	Vzdělávání pro konkurenceschopnost		Pre-closed		0,46%	
DE	Germany	2007DE051PO001	Brandenburg		Pre-closed		0,55%	
DE	Germany	2007DE051PO002	Mecklenburg-Vorpommern		Closed		0,00%	
DE	Germany	2007DE051PO003	Niedersachsen - Region Lüneburg		Closed		0,00%	

MS	MS Name	Ref	Title	Reservation AAR 2021	Closure status at end 2021	Relevant expenditure 2021 (in mln Eur)	Residual error rate validated by EMPL	Rate of risk on payment
DE	Germany	2007DE051PO004	Sachsen		Pre-closed		0,00%	
DE	Germany	2007DE051PO005	Sachsen-Anhalt		Pre-closed		1,40%	
DE	Germany	2007DE051PO006	Thüringen		Closed		0,00%	
DE	Germany	2007DE052PO001	Baden-Württemberg		Closed		0,34%	
DE	Germany	2007DE052PO002	Bayern		Closed		1,13%	
DE	Germany	2007DE052PO003	Berlin		Closed		0,00%	
DE	Germany	2007DE052PO004	Bremen		Closed		0,00%	
DE	Germany	2007DE052PO005	Hamburg		Closed		0,34%	
DE	Germany	2007DE052PO006	Hessen		Closed		0,26%	
DE	Germany	2007DE052PO007	Niedersachsen (ohne Region Lüneburg)		Closed		0,00%	
DE	Germany	2007DE052PO008	Nordrhein-Westfalen		Closed		0,00%	
DE	Germany	2007DE052PO009	Rheinland-Pfalz		Closed		0,16%	
DE	Germany	2007DE052PO010	Saarland		Closed		0,22%	
DE	Germany	2007DE052PO011	Schleswig-Holstein		Closed		0,05%	
DE	Germany	2007DE05UPO001	Bund		Closed		0,86%	
DK	Denmark	2007DK052PO001	Flere og bedre job		Closed		0,53%	
EE	Estonia	2007EE051PO001	Human Resource Development		Closed		0,64%	
ES	Spain	2007ES051PO002	CASTILLA LA MANCHA		Closed		1,08%	
ES	Spain	2007ES051PO003	EXTREMADURA		Closed		0,00%	
ES	Spain	2007ES051PO004	GALICIA		Closed		0,70%	
ES	Spain	2007ES051PO005	ANDALUCIA		Closed		0,00%	
ES	Spain	2007ES051PO006	ASTURIAS		Closed		0,00%	
ES	Spain	2007ES051PO007	CEUTA		Closed		0,00%	
ES	Spain	2007ES051PO008	MELILLA		Closed		0,00%	

MS	MS Name	Ref	Title	Reservation AAR 2021	Closure status at end 2021	Relevant expenditure 2021 (in mln Eur)	Residual error rate validated by EMPL	Rate of risk on payment
ES	Spain	2007ES051PO009	MURCIA		Closed		0,00%	
ES	Spain	2007ES052PO001	CANARIAS		Closed		0,13%	
ES	Spain	2007ES052PO002	CASTILLA Y LEON		Closed		0,00%	
ES	Spain	2007ES052PO003	COMUNIDAD VALENCIANA		Closed		0,00%	
ES	Spain	2007ES052PO004	ARAGON		Closed		1,02%	
ES	Spain	2007ES052PO005	BALEARES		Closed		0,63%	
ES	Spain	2007ES052PO006	CANTABRIA		Closed		0,00%	
ES	Spain	2007ES052PO007	CATALUÑA		Closed		0,22%	
ES	Spain	2007ES052PO008	MADRID		Closed		0,78%	
ES	Spain	2007ES052PO009	NAVARRA		Closed		0,00%	
ES	Spain	2007ES052PO010	PAIS VASCO		Closed		0,00%	
ES	Spain	2007ES052PO011	LA RIOJA		Closed		0,00%	
ES	Spain	2007ES05UPO001	ADAPTABILIDAD Y EMPLEO		Closed		0,14%	
ES	Spain	2007ES05UPO002	LUCHA CONTRA LA DISCRIMINACION		Closed		1,49%	
ES	Spain	2007ES05UPO003	ASISTENCIA TÉCNICA		Closed		1,49%	
FI	Finland	2007FI052PO001	Manner-Suomen		Closed		0,25%	
FI	Finland	2007FI052PO002	Åland		Closed		0,46%	
FR	France	2007FR051PO001	Martinique		Closed		1,27%	
FR	France	2007FR051PO002	Guadeloupe		Closed		1,27%	
FR	France	2007FR051PO003	Guyane		Closed		1,27%	
FR	France	2007FR051PO004	Reunion		Closed		1,27%	
FR	France	2007FR052PO001	Programme opérationnel national FSE		Closed		1,27%	
GR	Greece	2007GR051RV001			Closed		0,51%	



MS	MS Name	Ref	Title	Reservation AAR 2021	Closure status at end 2021	Relevant expenditure 2021 (in mln Eur)	Residual error rate validated by EMPL	Rate of risk on payment
GR	Greece	2007GR05UPO001	Développ. Ress.humaines		Closed		0,51%	
GR	Greece	2007GR05UPO002	Education, formation		Closed		0,51%	
GR	Greece	2007GR05UPO003	Développement administration		Closed		0,51%	
HR	Croatia	2007HR051PO001	Human Resources Development		Closed		1,75%	
HU	Hungary	2007HU05UPO001	Revitalisation sociale		Pre-closed		1,04%	
HU	Hungary	2007HU05UPO002	Reforme de l'Etat		Closed		0,98%	
IE	Ireland	2007IE052PO001	Human Capital Investment		Closed		0,00%	
IT	Italy	2007IT051PO001	Campania		Closed	27,26	0,28%	0,28%
IT	Italy	2007IT051PO002	Calabria	Full non- financial	Open		2,00%	
IT	Italy	2007IT051PO003	Sicilia		Pre-closed		0,49%	
IT	Italy	2007IT051PO004	Basilicata		Closed		0,44%	
IT	Italy	2007IT051PO005	Puglia		Pre-closed		1,34%	
IT	Italy	2007IT051PO006	Pon Governance e AT		Closed		0,23%	
IT	Italy	2007IT051PO007	Pon Istruzione		Closed		0,71%	
IT	Italy	2007IT052PO001	Abruzzo		Pre-closed		0,00%	
IT	Italy	2007IT052PO002	Emilia Romagna		Closed		0,62%	
IT	Italy	2007IT052PO003	Friuli Venezia Giulia		Closed		0,00%	
IT	Italy	2007IT052PO004	Lazio		Pre-closed	17,77	1,79%	1,79%
IT	Italy	2007IT052PO005	Liguria		Closed		1,03%	
IT	Italy	2007IT052PO006	Lombardia		Closed		0,90%	
IT	Italy	2007IT052PO007	Marche		Closed		0,00%	
IT	Italy	2007IT052PO008	Molise		Closed		0,45%	
IT	Italy	2007IT052PO009	Bolzano		Closed		0,00%	

MS	MS Name	Ref	Title	Reservation AAR 2021	Closure status at end 2021	Relevant expenditure 2021 (in mln Eur)	Residual error rate validated by EMPL	Rate of risk on payment
IT	Italy	2007IT052PO010	Trento		Closed		0,00%	
IT	Italy	2007IT052PO011	Piemonte		Closed		0,09%	
IT	Italy	2007IT052PO012	Toscana		Closed		0,69%	
IT	Italy	2007IT052PO013	Umbria		Closed		0,70%	
IT	Italy	2007IT052PO014	Valle d'Aosta		Closed		0,00%	
IT	Italy	2007IT052PO015	Veneto		Closed		0,37%	
IT	Italy	2007IT052PO016	Sardegna		Closed	14,59	0,19%	0,19%
IT	Italy	2007IT052PO017	Azioni di sistema		Closed		0,00%	
LT	Lithuania	2007LT051PO001	Development of Human Resources		Closed		0,62%	
LT	Lithuania	2007LT051PO002	Technical Assistance		Pre-closed		0,27%	
LU	Luxemburg	2007LU052PO001	Programme opérationnel FSE		Closed		0,37%	
LV	Latvia	2007LV051PO001	Human Resources and Employment		Closed		0,03%	
MT	Malta	2007MT051PO001	Operational Prgramme II - Empowering people for more jobs and a better quality of life		Closed		0,21%	
NL	The Netherlands	2007NL052PO001	Operationeel Programma ESF 2007-2013		Pre-closed		1,25%	
PL	Poland	2007PL051PO001	Program Operacyjny Kapitał Ludzki		Closed		0,17%	
PT	Portugal	2007PT051PO001	Açores		Closed		0,65%	
PT	Portugal	2007PT052PO001	Madeira		Closed		0,65%	
PT	Portugal	2007PT05UPO001	Potencial Humano		Closed		0,65%	
PT	Portugal	2007PT05UPO002	Assistência Técnica		Closed		0,65%	

MS	MS Name	Ref	Title	Reservation AAR 2021	Closure status at end 2021	Relevant expenditure 2021 (in mln Eur)	Residual error rate validated by EMPL	Rate of risk on payment
RO	Romania	2007RO051PO001	Human Resources Development	Full non- financial	Open		2,00%	
RO	Romania	2007RO051PO002	Administrative Capacity Development		Open		0,00%	
SE	Sweden	2007SE052PO001	Nationellt		Closed		0,50%	
SI	Slovenia	2007SI051PO001	Operativni program razvoja človeških virov za obdobje 2007-2013		Closed		0,33%	
SK	Slovakia	2007SK05UPO001	OP Education		Open		1,25%	
SK	Slovakia	2007SK05UPO002	OP Employment and Social Inclusion		Pre-closed	0,07	0,92%	0,92%
UK	United Kingdom	2007UK051PO001	Highlands and Islands of Scotland		Closed		0,36%	
UK	United Kingdom	2007UK051PO002	West Wales and the Valleys		Closed		0,05%	
UK	United Kingdom	2007UK052PO001	East Wales		Closed		0,05%	
UK	United Kingdom	2007UK052PO002	Lowlands and Uplands of Scotland		Pre-closed		1,42%	
UK	United Kingdom	2007UK052PO003	Northern Ireland		Closed		0,34%	
UK	United Kingdom	2007UK05UPO001	England and Gibraltar		Closed		0,32%	

## 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) <sup>(63)</sup> of Regulation (EC) No 1083/2006.

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

Indicator	2021 (EUR million)	Cumulative since 2007 (EUR million)
Financial corrections as a result of the Commission supervisory role (Decided/Confirmed) <sup>(64)</sup>	4.9	1 644.7
Financial corrections as a result of the Commission supervisory role (implemented)	4.9	1 573.2
Rate of implementation of financial corrections 2007-2013		95.7%

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 2021 (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 2021	Cumulative end of 2021	Cumulative end of 2021	Cumulative end of 2021
Austria	1.5	3.4		4.9
Belgium	12.4	10.7	13.7	36.8
Bulgaria			5.9	5.9
Croatia				
Cyprus			1.9	1.9
Czech			69.9	69.9

<sup>(63)</sup> The Communications on the protection of the EU Budget is integrated in the Annual Management and Performance report (AMPR).

<sup>(64)</sup> Excluding financial corrections at source.

Member State	1994-99	2000-06	2007-13	Total
	Cumulative end of 2021	Cumulative end of 2021	Cumulative end of 2021	Cumulative end of 2021
Republic				
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	78.7	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	45.1	48.0
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
<b>TOTAL</b>	<b>570.1</b>	<b>2 383.4</b>	<b>1 644.7</b>	<b>4 598.2</b>
<b>Implemented</b>	570.1	2 383.4	1 573.2	4 526.7
<b>%</b>	100%	100%	95.7%	98.5%

**2. Commission supervisory role - Financial corrections implemented in 2021 (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 2021	Cumulative end of 2021	Cumulative end of 2021	Cumulative end of 2021
Austria	1.5	3.4		4.9
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
Romania			461.2	461.2
Slovakia		2.9	42.9	45.8
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
<b>TOTAL</b>	<b>570.1</b>	<b>2383.4</b>	<b>1573.2</b>	<b>4 526.7</b>

## ANNEX 7K: LEGALITY AND REGULARITY OF OTHER MANAGEMENT MODES

### Legality and regularity of the EGF transactions

According to Regulation (EU) No 1309/2013 of the European Parliament and Council of 17 December 2013 on establishing the EGF, the fund supports workers affected by trade-related redundancies from 1 January 2014 onwards.

In 2021, the Commission finalised seven audits selected on a risk-based approach, three initiated in 2020 and four performed in 2021. The Commission's auditors identified deficiencies relating to the functioning of the management and control system in place without financial impact. No amount was rejected.

Based on the finalised *ex post* audits in 2021, the amount audited was EUR 35.3 million with an error rate of 0%.

On a five-year basis, the average error rate is estimated at 0.05% excluding a singular isolated irregularity identified during one finalised audit in 2020, which was considered exceptional and of singular isolated nature.

Therefore, based on the assessment described above DG EMPL has reasonable assurance as regards EGF expenditure in 2021.

### Legality and regularity of the direct management transactions

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

**Table: Programming, evaluation, selection of proposals and contracting**

Indicator	2021
Grants and procurement	
Validation of actions in the annual work programme (relevance and compliance)	100%
Number litigation cases	0
<b>Grants</b>	
Validation of calls for proposals by the financial unit prior to publication	100%
Formal opinion given on calls for proposal by the financial unit before informing the beneficiaries	100%
<b>Procurement</b>	
Validation of procurement procedures by the financial unit prior to publication	90%
Formal opinion given by the financial unit before award	90%

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 2021, DG EMPL launched all its open calls and most of its direct grants for its directly managed programmes under the new multiannual financial framework with the e-grants IT system. Due to the delay in adoption of the multiannual financial framework and the related financing decisions, only one direct grant was signed in 2021 with the new system, all others being still at the evaluation stage at year-end.

Simplified cost options have been used for the presidency conferences financed from the new multiannual financial framework and for the open call for EaSI national contact points.

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, all calls for proposals are systematically verified by the financial implementation and procurement centre unit for completeness, coherence and compliance with the rules. The procedure has been slightly adapted in 2021, following the switch to the new corporate grant management IT system (e-grants).

The evaluation reports are as well 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 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 competitions procedures are also verified prior to award and commitment by the financial implementation and procurement centre unit.

In 2021, DG EMPL signed one negotiated procedure on behalf of the European Labour Authority, before it became autonomous. DG EMPL used this procedure because the topic and expected deliverables are outside the scope of the framework contracts to which the European Labour Authority has access.

**Table: Monitoring the execution**

Indicator	2021
<b>Grants</b>	
Verification of transactions by operational and financial agents	100%

Ex ante in depth check of final cost claims	43%
Error rate	0.28%
<b>Procurement</b>	
Verification of transactions by operational and financial agents	100%

DG EMPL carries out preventive and corrective controls at the various phases of implementation of projects. For example, 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. 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 at cost claim level has slightly decreased compared to last year (0.28% in 2021 compared to 0.35% in 2020).

**Table: Ex post controls - Audit work**

Indicator (*)	2021
Ex post audits finalised	14 Commission audits 10 Outsourced audits
% amount controlled by ex post audit vs. total amount	8.53%
Error rate grants	0.54%

(\*) based on audit procedures finalised between 1 February 2021 and 31 January 2022.

Approximately half of the payments made under direct management are contracted through public procurement, which by nature and in view of the ex ante control procedures are considered free of errors and therefore below the materiality threshold of 2%.

The other majority of payments concerns grant agreements. Ex post audits were carried out on the grant projects, which have been closed by the operational units of DG EMPL.

As regards these grants, for selecting the sample of transactions to be controlled on the spot, the DAC applies a risk based approach and a random selection method that complies with the criteria of samples' representativeness.

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.

In 2021, the error rate for grants amounts to 0.54%. On a five-year basis for grants, the weighted average error rate is estimated at 0.76% of payments made.

The assessment described above and the estimated overall error rate being under the materiality threshold provide reasonable assurance to DG EMPL as regards direct management.



## Legality and regularity of the IPA transactions

The Final Control Reports and closure declarations have been received at the end of 2018 for Turkey, Montenegro and North Macedonia. Their review did not lead to the identification of significant issues.

In 2021, a recovery has been processed for North Macedonia for an amount of EUR 790 980.67. The average residual risk rate is 0.75%.

## 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 two other Commission services 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 parent DG for five decentralised agencies to which has provided an annual subsidy and has not delegated budget for programme management implementation. The table below summarizes the subsidies provided in 2021:

**Table: Subsidies paid by DG EMPL to decentralised agencies**

Agency	Amount paid in 2021 (in EUR million)
CEDEFOP	18.0
ELA	14.8
ETF	21.0
EU-OSHA	15.2
EUROFOUND	21.6
<b>Total</b>	<b>90.6</b>

Although 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. The declaration of assurance of DG EMPL covers ELA until the newly established agency reached its financial autonomy (May 2021) and contains no reservation in relation to the agency for 2021.

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

### Other Commission services

An amount of EUR 42 061.66 was paid for missions from the appropriations delegated by

DG EMPL to the DG Regional and Urban Policy and the Office for the Administration and Payment of Individual Entitlements.

As authorising officers by sub-delegation, the directors-general of the two services confirmed that reasonable assurance can be given that the amount allocated to them has been used for its intended purpose and in accordance with the principle of sound financial management and the audit procedures set up for the necessary assurance regarding the legality and regularity of the underlying operations.

### **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 the Delegation Agreements signed with the Commission. In 2021, an amount of EUR 8.8 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.

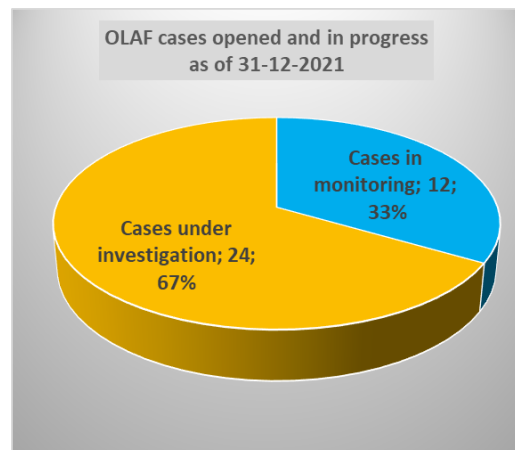
Based on the reporting made by the European Investment Fund for 2021, no particular issues were observed that would need to be addressed in this annual activity report.

## ANNEX 7L: FRAUD PREVENTION AND DETECTION

### Ongoing OLAF cases

As of 31/12/2021, DG EMPL was monitoring 36 ongoing OLAF cases. More in detail:

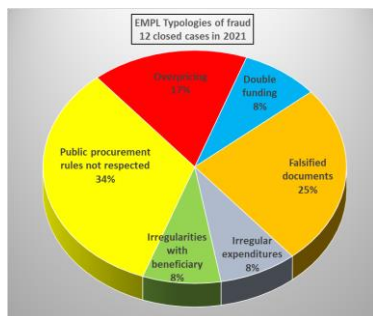
- 24 cases were under investigation: OLAF was still investigating the case before issuing the Final Case Report;
- 12 cases were in their "monitoring phase": OLAF issued a Final Case Report and DG EMPL was working on the related follow-up.



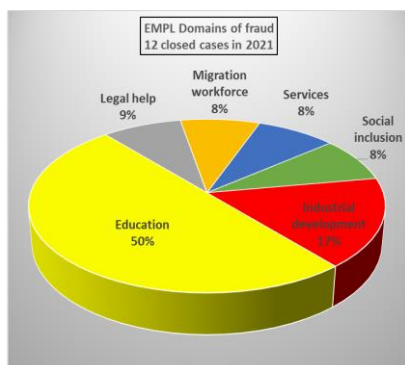
### Closed follow up paths for OLAF cases

During 2021, DG EMPL closed 4 OLAF cases with financial follow up. The Final Case Reports of such cases were recommending recoveries totalling EUR 4,86 million. In accordance with the regulatory basis and to the applicable Guidelines for determining financial corrections, DG EMPL recovered an amount: of EUR 4.84 million. This corresponds to a recovery rate of 99,6%. It is significantly higher than the target (75%).

The review of the 12 DG EMPL follow up paths closed, including the eight cases without financial recommendations in 2021, indicates that the most significant typologies of detected fraud were "Public Procurement rules not respected" (four cases) and "Falsified documents" (three cases).



Regarding the domains concerned, the field "Education" is relevant in 50% of the DG EMPL follow up path cases closed in 2021 (6 cases out of a total of 12 cases closed).



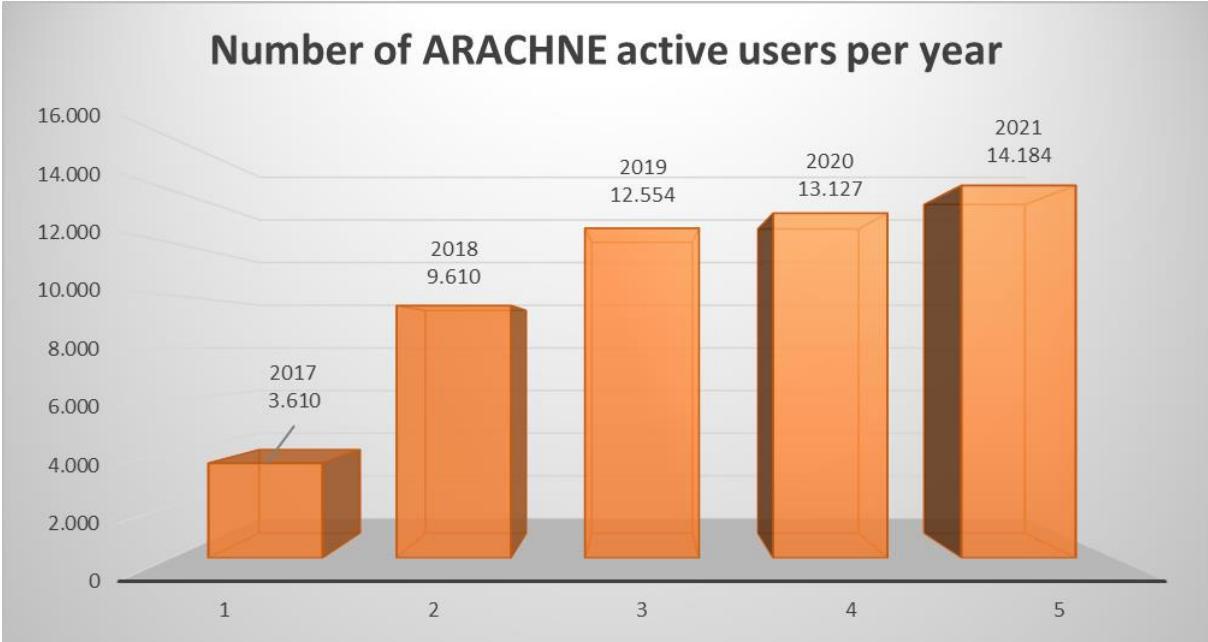
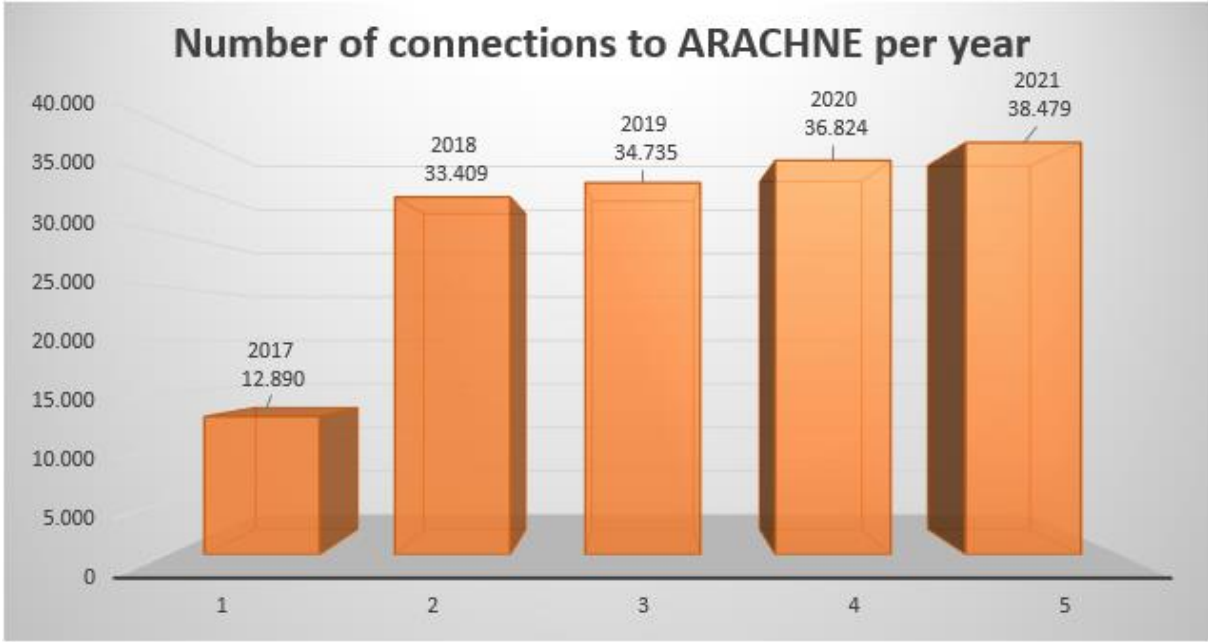
List of the 4 OLAF cases closed by DG EMPL in 2021, with financial follow up:

OLAF Nr	DG EMPL STATUS	Programming Period	Fund	MS	Programme	Financial Recommendation from OLAF (Final Case Report)	Amount recovered	Type of financial correction	Reason for not following OLAF Financial Recommendation	Date of closure of the case
OC/2018/0723	Closed with financial follow-up	2007-2013	ESF	EE	OP Environmental Education 2007EE051P0001	17.085	0	No correction	Legal base not strong enough to implement the recommendation	06-09-21
OC/2017/0699	Closed with financial follow-up	2007-2013	ESF	HU	2007HU05UP0001 2014HU05M2OP001	2.622.772	2.622.772	Withdrawal by MS	N/A	21-09-21
OC/2019/0234	Closed with financial follow-up	2014-2020	ESF	HU	Human Resources Development OP 2014HU05M2OP001	1.188.892	1.188.892	Withdrawal by MS	N/A	18-11-21
OF/2014/0479	Closed with financial follow-up	2000-2006	ESF	FR	Antilles Guyane OP 2000FR161D0003	1.030.935	1.030.935	Financial correction	N/A	21-04-21

# 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.

The last years show that the number of connections as well as the number of active users is gradually increasing. The trend was confirmed in 2021.



At the end of 2021 there were about 6 400 named users in Arachne and about 3 500 of these users got connected and performed queries at least once during the year.

## ANNEX 7M: EUROPEAN COURT OF AUDITORS

### ECA Annual report for 2020

The main sources of errors in the ECA annual report for 2020 relate to ineligible projects and costs, infringements of internal market rules (in particular non-compliance with State aid rules) and the absence of essential supporting documents contributed most to the ECA's estimated level of error. In particular the ECA found ineligible expenditure in 13 of the transactions they examined and these cases accounted for 57% of the number of quantifiable errors they found. The main causes of ineligible expenditure were project participants or cost items that did not meet the eligibility rules (including difficulties to reconstitute the audit trail for closed 2007-2013 UK programmes, under the COVID specific situation).

The ECA issued three recommendations in chapter 5 dedicated to 'Economic, social and territorial Cohesion' of its 2020 Annual Report. The Commission accepted all of them and is carrying out the necessary follow-up.

#### **1 – Balanced standard scales of unit costs for reimbursing payments made by Member States**

*Closely monitor Member States using its standard scales of unit costs, to ensure that the scheme does not result in excessive imbalances in favour of Member States. The Commission should ask Member States to adjust excessive rates and correct imbalances to avoid any gains at programme closure.*

The Commission has accepted this recommendation and highlights that this case was originally identified by a Commission audit. The SCO scheme foresees an adjustment method in case of discrepancy and the problem has in the meantime been solved.

#### **2 – Keeping track of the risk of fraud in audit authorities' audits of operations**

*Encourage audit authorities explicitly to introduce specific questions in their checklists on fraud risks and document the steps taken to address any such risks discovered in the course of an audit.*

The Commission has accepted this recommendation and has requested the audit authorities in the Technical Group Meeting of December 2021 to complete their checklists for audit operations and better document the steps taken to address any fraud risks discovered.

#### **3 – Follow-up of amounts under an ongoing assessment**

*Ask Member States to make available sufficient information available in the annual summary on conclusions and follow-up of operations for which they have withdrawn amounts under an ongoing assessment from the accounts. This would enhance transparency about the way programme authorities monitor these amounts.*

The Commission has accepted this recommendation, although it has no legal basis to impose such additional reporting obligation on programme authorities. Furthermore, the Commission has requested the audit authorities in the Technical Group Meeting of

December 2021 to pay particular attention during their audits of accounts and reporting in their ACR (population reconciliation for audit sampling).

The ECA also issued a recommendation in its chapter 2 on Budgetary and financial management regarding the reporting on EU funds for COVID-19-related purposes, which has been partially accepted by the Commission. From 2021, the Commission will focus on the recovery from the COVID-19 pandemic and fulfil its reporting obligations, in particular, for Next Generation EU. The Commission does not intend to prepare further reporting on the immediate response beyond the already existing reports of the various instruments.

### **Follow-up of previous recommendations**

DG EMPL systematically follows up the recommendations issued by the Court in its Annual Reports and accepted by the Commission. In its 2020 Annual report, the Court assessed that the recommendations issued in 2017, 2018 and 2019 with an expired expected implementation date have been implemented, either fully or in most/some respects, except one recommendation on the VAT eligibility in cohesion policy issued in 2017. The Commission considers however that it has addressed the Court's concern on this issue through an alternative proposal on VAT eligibility for post-2020.

The following table gives an overview of the status of implementation of the recommendations for which DG EMPL is responsible, as registered by the Commission in the RAD database.

Annual Report	Number of recommendations issued	DONE/CLOSED	OPEN
2015	5*	5	0
2016	7	7	0
2017	6	6	0
2018	3	3	0
2019	2	2	0

\* The 2015 recommendation asking to submit a legislative proposal to amend Regulation (EC) No 1083/2006 with respect to the extension of the eligibility period for financial instruments under shared management was rejected by the Commission.

### **ECA report on the performance of the EU budget – Status at the end of 2020**

The ECA examines every year the results achieved by EU spending programmes financed from the EU budget, based on performance information from the Commission and other sources, including its own recent audit and review work. On 15 November 2021, the ECA published its annual report on the performance of the EU budget – Status at the end of 2020. In Chapter 3 of this annual report on "Economic, social and territorial Cohesion", the ECA examined this year the performance of ESF, representing 25.9% of all 2014-2020 cohesion policy payments made by end 2020. The ECA's aim was to establish how much relevant performance information was available and, based on that information, to assess how well EU spending programmes had performed.

The ECA concluded that, overall, the ESF is in line with and contributing to the Europe 2020 strategy for generating smart, sustainable and inclusive growth in the EU. The performance information reported by Member States and the Commission shows that a considerable number of EU citizens have benefited from ESF funding to improve their skills, employability and career prospects. However, due to data limitations and also the fact that

many operations were still ongoing at the time of the audit, the ECA was not yet in a position to draw an overall conclusion on the actual performance of ESF spending during the 2014-2020 period. More particularly the ECA made the following conclusions:

1. For the 2014-2020 period, the Commission has set up a comprehensive and innovative performance framework for the European Structural and Investment funds, which include the ESF.
2. The framework comprises milestones and targets for each priority axis of ERDF, CF and ESF OPs.
3. While this system has considerably increased the availability of performance information, the focus remains on financial inputs and outputs rather than results.
4. Member States have set targets for almost all programme-specific indicators and some selected common indicators.
5. The ECA concluded that 12 of the 13 ESF and YEI common indicators reported in the Commission's programme statement for the 2022 draft budget were on track to achieve their targets.
6. During the 2014-2020 period, employment rates in the EU increased, but are still falling short of the Europe 2020 target.
7. Participation in ESF-funded activities was highest among individuals who are either active or unemployed but closer to the labour market. It was difficult to reach those who were disconnected from the labour market, such as young NEETs.
8. By the end of 2019, although the number of people at risk of poverty or social exclusion in the EU had decreased overall, only around half of the Member States had met their 2020 targets.
9. Progress towards the Europe 2020 headline targets on education and training is on track overall, but likewise varies between Member States.
10. Overall, the ESF is in line with and contributing to the Europe 2020 strategy for generating smart, sustainable and inclusive growth in the EU. The performance information reported by Member States and the Commission shows that a considerable number of EU citizens have benefited from ESF funding to improve their skills, employability and career prospects. However, due to data limitations and also the fact that many operations were still ongoing at the time of our audit, the ECA was not yet in a position to draw an overall conclusion on the actual performance of ESF spending during the 2014-2020 period.

The Commission underlined in its replies that:

1. The Commission considers that outputs provide a good indication whether an ESF investment is on track to achieve its objectives and deliver expected results. Results take longer to materialise and therefore most Member States did not include them in the 2014-2020 performance framework. The mid-term review for the 2021-2027 programmes will be different from the performance review in the previous period, and will entail a qualitative, multi-dimensional assessment based on a wide range of factors, which will determine programme performance at end 2024.
2. As targets set by Member States in ESF programmes were mostly based on specific indicators, the Commission could not rely on these to estimate EU aggregate targets. Instead, it selected a number of common indicators for which there was historical data from the previous programming period.
3. The Commission also stated from the outset that these targets would need to be adjusted in the course of implementation, notably because of methodological changes



from the previous period to the current one (e.g. the exclusion of indirect participants). The Commission did not in this case and does not adjust its targets to make them easier to achieve.

4. Almost 75% of the total number of participants supported by the ESF were either unemployed, long-term unemployed or inactive. It shows that the ESF is an effective tool for supporting people who are further away from the labour market.
5. The Commission takes the fight against poverty extremely seriously. Since the start of the mandate, it has adopted several policy measures and funding opportunities to fight against (child) poverty.

## Special reports and Opinions published by the ECA in 2021

In 2021, the ECA published five Special Reports in the field of employment and social affairs:

### (1) Gender equality in the EU budget

The ECA assessed whether gender mainstreaming had been applied in the EU budget from 2014 onwards. Their conclusion is that there is not yet any effective framework to support gender mainstreaming, and that the EU's budget cycle has not adequately taken gender equality into account.

Although the new 2020-2025 Gender Equality Strategy stepped up the Commission's commitment to gender mainstreaming, fundamental prerequisites and specific actions are still missing. In the NGEU instrument, there is a commitment to take gender equality into account under the Recovery and Resilience Facility, the largest part of the instrument. National recovery and resilience plans will be required to explain how proposed measures are expected to contribute to gender equality.

The ECA recommended that the Commission should:

- strengthen the institutional framework for supporting gender mainstreaming;
- carry out gender analyses of needs and impacts and update its better regulation guidelines;
- systematically collect, analyse and report on existing sex-disaggregated data for the EU funding programmes;
- use gender-related objectives and indicators to monitor progress;
- develop a system for tracking funds allocated and used to support gender equality and report annually on the results achieved in terms of gender equality; and
- assess and report whether Member States' recovery and resilience plans address gender equality

The Commission accepted partially all of them. In particular, the Commission was not in the position to commit on internal distribution of responsibilities. As concern evaluations and analysis the Commission will use sex-disaggregated data under direct management and shared management in line with the Better Regulation guidance and the relevant programmes regulations. As concerns future legislative proposals the Commission at the moment of the adoption of the report was not in the position to give commitments. On

reporting, this will be limited to the available data at any given moment in time and will cover all EU funding programmes only progressively. On the Recovery and Resilience Facility, the Commission recalled that the implementation on the national plans is the responsibility of the Member States. The report was published on 26 May 2021.

## (2) Financial instruments in Cohesion policy at closure of the 2007–2013 period

The report was published on 29 April 2021. Financial instruments were a relatively new but important method of cohesion policy financing in the 2007-2013 programming period. Over 1 000 financial instruments under shared management (FISM) were used across 25 Member States, with operational programme contributions exceeding EUR 16 billion, including EUR 11 billion in EU funding through the European Regional Development Fund and the European Social Fund. The ECA's previous audits concerning these instruments revealed a number of errors and weaknesses during implementation. The Commission stated that these shortcomings would be addressed at closure.

The audit objective of this special report was to analyse whether the Member States and the Commission had taken the necessary steps to properly verify and assess FISM expenditure at closure of the 2007-2013 operational programmes. As financial instruments have an even greater role and increased reach in cohesion policy for the 2014-2020 programming period, the ECA's conclusions on 2007-2013 FISM expenditure at closure would be relevant for the upcoming 2014-2020 closure process.

The ECA found that the Member States and the Commission had largely taken the necessary steps to verify the eligibility of FISM expenditure at closure. The Commission and the national audit authorities had carried out checks, and these had yielded results. Despite this, however, the ECA still identified errors with a financial impact in three of the seven instruments they audited during their legality and regularity audits at closure.

The Commission had taken the necessary steps to approve final expenditure, with one noteworthy exception. It accepted as eligible a FISM that disbursed more than 80 % of funds to large corporations (some publicly listed), instead of disbursing primarily to small and medium-sized enterprises as per the applicable legislation. Most of the shortcomings the ECA identified, such as limitations on the audit authorities' mandate, have been addressed for 2014-2020. For the remaining weaknesses, the Commission has updated its financial instrument audit methodology and developed guidance on audit documentation practices in cooperation with audit authority representatives.

Based on its conclusions, the ECA recommended that the Commission took the following actions for 2014-2020 financial instruments under shared management:

- o Provide guidance targeting risk areas identified in Commission and ECA audits;
- o Complete the necessary guidance on the role and responsibilities of audit authorities when assessing the eligibility of financial instrument expenditure at closure.

In its replies to the observations of the ECA, the Commission stated that financial instruments play a significant role in delivering the cohesion policy objectives. In 2007-

2013 this delivery tool was implemented in nearly all Member States. Many important lessons were learnt during the implementation and the closure of the programmes with financial instruments. To facilitate a greater uptake of financial instruments, in 2014-2020 the legislative framework was significantly improved by providing clear provisions and a greater legal certainty for the Member States. Both the Member States and the Commission take the necessary steps to achieve assurance that the expenditure are verified and are legal and regular throughout the programme implementation and at closure. Reporting requirements also improved by covering a more extensive scope of data and actions taken to help the Member States to submit more accurate and reliable data. The Commission continued to work on the audit methodology taking into account the experience from the audits carried on the financial instruments in the 2014-2020 programmes. The importance of verification by the audit authorities at closure is also emphasised in the 14-20 guidance on closure. As a result, the Commission expects that the legislative framework as well as the audit methodology and guidelines for closure constitute an adequate basis for ensuring the necessary assurance to close the 2014-2020 programmes.

The Commission has accepted both recommendations and has updated the audit methodology for FISMs strengthening the aspects on closure. This has been shared with both audit and managing authorities.

### (3) ESF support to combat long-term unemployment

The ECA published the report on 8 December 2021. The ECA examined whether the 2014-2020 ESF funding, through its “access to employment” investment priority, was effective at combating long-term unemployment.

In particular, the auditors examined the extent to which ESF spending was aimed at helping the long-term unemployed (LTU) (re)enter the labour market; whether Member States applied an individualised approach when implementing “access to employment” measures and whether the Commission had taken the necessary action to obtain relevant and sufficient data to determine the impact of ESF funding on long-term unemployment.

- First, the auditors concluded that the ESF legislation did not specifically target the long-term unemployed, even in the most affected Member States.
- Secondly, they found that most 2014-2020 ESF “access to employment” support was not based on an individualised approach.
- Thirdly, they observed that some of the ESF measures entailed a risk of “creaming” effect, i.e. when labour market actions are not specifically focused, they entail the risk of prioritising individuals with a higher likelihood of employment to the detriment of those who are furthest from the labour market.
- Lastly, the ECA concluded that the ESF monitoring system lacks data for assessing the effectiveness of measures addressing long-term unemployment and for identifying how much EU funding has been allocated to such measures.

The ECA issued three recommendations, which were all accepted by the Commission.

- Target ESF “access to employment” support at the long-term unemployed where LTU is high

- Link ESF “access to employment” support to an individualised approach for the long-term unemployed
- Evaluate the results achieved by ESF support for “access to employment” in terms of LTU

The Commission will insist that, in the programming period 2021-2027, the Member States will target specifically long-term unemployed and their needs through the ESF+ where the rate of long-term unemployment at national or regional level is high. To this end, when negotiating the programmes, the Commission will recall the need for a better targeting of long-term unemployed in Member States and regions where long-term unemployment is still high.

The Commission will continue to provide support and guidance to Member States on how they can ensure an individualised approach in their activation measures for the long-term unemployed. Moreover, the link between the ESF+ support to further enhance access to employment of the long-term unemployed through an individualised approach will be ensured through the fulfilment of the relevant enabling condition.

In its evaluation of the ESF 2014-2020, the Commission will identify good practices in supporting people in long-term unemployment. We will also share, where possible, “responsive actions ” between the Commission and Member States.

#### (4) Performance-based financing of Cohesion policy

The ECA published the report on 21 October 2021. Delivering results is key in order to achieve the EU’s policy objectives and thus also to strengthen the Union’s economic, social and territorial cohesion. Making Cohesion policy more performance-based is a shared objective of the European Parliament, the Council and the Commission. The 2014-2020 common provisions regulation provided for an explicit ‘performance framework’ for Member States’ operational programmes, including milestones and targets to attain with European Structural and Investment Fund investments. Moreover, three instruments gave Member States financial incentives to achieve results and optimise their use of funding:

- The requirement to fulfil specific prerequisites (‘ex-ante conditionalities’) to create an investment-friendly environment from the start of the programmes. These were also aimed at ensuring that the necessary conditions for the effective and efficient use of European Structural and Investment Funds were in place for Member State expenditure to be reimbursed from the EU budget;
- A mandatory performance reserve of around EUR 20 billion (or 6 % of Cohesion spending), which could be released for successful priority axes, or had to be re-allocated to other priority axes of the same programme or to other programmes in the same Member State; and
- Performance-based funding models which linked EU financial support directly to pre-defined outputs or results.

The ECA audit assessed the use of these instruments in 2014-2020. In particular, they examined whether:

- these instruments were well designed to incentivise performance and shift the focus to achieving results;
- the Commission and Member States used them effectively; and
- their use made a difference in the way Cohesion funding was allocated and disbursed.

All three instruments had the potential to incentivise performance and to shift focus to achieving results. Moreover, the instruments are complementary being applicable at different stages and to different aspects of programme implementation, but they all link Cohesion funding to performance and results.

The Commission and Member States have been only partially successful in using the three instruments to make the financing of Cohesion policy more performance-based. The ECA's assessment is more positive for ex-ante conditionalities than for the performance reserve, and least positive for performance-based funding models (except simplified cost options, which already existed before 2014).

Member States fulfilled most but not all ex-ante conditionalities before programmes started. Action plans on outstanding ex-ante conditionalities were agreed and largely completed, but in some cases only late in the period. The assessment of ex-ante conditionalities by the Commission was designed as a one-off exercise rather than monitoring their fulfilment throughout the period. 'Enabling conditions' (their successor for the 2021-2027 period) require fulfilment throughout the period.

In 2019, the Commission released 82 % of the EUR 20 billion performance reserve for the 2014-2020 period. The amounts released were based mainly on Member States' achievement of their spending and output targets, as hardly any result indicators were used for allocating the performance reserve. Overall, the allocation of the performance reserve had only a limited impact on programme budgets. The use of a mandatory performance reserve has been discontinued for 2021-2027 and replaced by a mid-term review.

Member States showed very limited interest in using the two new performance based funding models, i.e. 'joint action plans' and 'financing not linked to costs'. The Commission was more successful in promoting the use of the more traditional simplified cost options, though not all these are performance-based. 'Financing not linked to costs' will become the dominant EU funding model in the coming years, mainly due to its mandatory use under the Resilience and Recovery Facility. However, the ECA considers that there is a need to further clarify the applicable rules on its use in Cohesion policy so that Member States are more likely to use this innovative funding model.

Overall, the ECA's audit confirmed that the introduction of the performance framework in the 2014-2020 period has contributed to a cultural change in the financial management of Cohesion policy. However, the ECA's audit also showed that performance-based financing is not yet a reality in Cohesion policy. In particular, while the three new instruments led to new approaches to implementation, they did not make a noticeable difference to the way EU funding was allocated and disbursed.

The ECA addressed the following four recommendations to the Commission:

- Make the best use of enabling conditions in the 2021-2027 period;
- Prepare the ground early for an effective mid-term review for the 2021-2027 period;
- Clarify the rules underlying the 'financing not linked to costs' funding model;
- Clarify the approach for providing assurance on EU funding through the 'financing not linked to costs' model.

All four recommendations were accepted by the Commission.

#### (5) Regularity of spending in EU Cohesion policy

The ECA published the report on 23 November 2021. 'Cohesion' represents one of the largest parts of the EU budget, where the ECA considers the risk of irregular expenditure to be high. A relevant and reliable estimated level of error in Cohesion is a key element for the Commission's disclosure and monitoring whether expenditure in this policy area complied with the legal provisions, as presented in the annual activity reports of the relevant Directorates-General, and in the Commission's annual management and performance report, as a key performance indicator for the estimated level of error in expenditure of the underlying programmes.

The ECA had previously highlighted in annual reports that the weaknesses that they found in the work of audit authorities limits the reliance that can be placed on that work. The main objective of this audit was therefore to assess whether the Commission's audit processes compensate for this limitation and enable it to disclose a relevant and reliable estimate of the level of error in Cohesion spending in the annual activity reports and the annual management and performance report.

For this purpose, the ECA examined the Commission's processes and procedures for the acceptance of the accounts and for its assessment of the regularity of the expenditure underlying the annual accounts, which provides the basis for the validation and confirmation of the annual residual error rates reported by the audit authorities. The ECA also examined the way the Commission prepares and presents regularity information in the annual activity reports and the annual management and performance report.

The ECA overall concluded that the key performance indicators, presented the Directorates-General as their best estimate of the level of error, are not final and represent a minimum level of error at Directorate-General level and consequently in the annual management and performance report. This overall conclusion was based on a number of findings:

- In line with the regulatory framework, the Commission accepts the annual accounts of Member States without taking into account the regularity of the related expenditure. Consequently, the 10 % payment retention, introduced with the intention of safeguarding the EU budget, is released, even in situations where Member States' audit authorities had confirmed a residual error above the materiality threshold of 2 % and where the Commission's regularity checks had yet to be completed.
- The Commission in its desk reviews, checks the consistency of the regularity information included in the assurance packages. However, desk reviews are not designed to detect additional ineligible expenditure, which limits their added value. These desk reviews

contribute to the Commission's risk-based approach for selecting audit authorities for its compliance audits. However, the Commission did not always select the audit authorities with the highest risk score and did not sufficiently document the justification for selecting these audit authorities.

- Compliance audits, where the Commission reviews the eligibility of operations, represent the most important element for its assessment of the audit authority's work and related results. While the Commission found a number of undetected errors in the compliance audits that the ECA reviewed, it often revised its final audit results in a follow-up phase with the Member States. The ECA also noted the high frequency of undetected errors found by the Commission in the cases that they reviewed. Together with its often limited sample of operations, this indicates that further types of errors are likely to be present in the rest of the audit authority's sample not reviewed by the Commission. This means that the residual total error rate is a minimum rate at programme level.

- The Commission reports the results of its work in the annual activity reports as a key performance indicator. While this indicator represents the Commission's best estimate of the level of error, the ECA considers that the key performance indicators published by the Directorates-Generals represent a minimum. This is because of the limited coverage of both operational programs and operations through compliance audits, the inherent limitations of the Commission's desk reviews and other issues related to its audit work. The ECA also considers that the published key performance indicators are not final, so they are therefore provisional.

In its replies, the Commission stressed the reasons why it considers that the levels of error reported in its Annual Activity Reports present a fair and prudent view of the risks for each programme, based on a combination of thorough desk review and on the spot audit work and allowing to provide a nuanced, differentiated assessment by programme and by authority. It however referred to the need to balance the efficient use of its resources and the mitigation of risks due to certain inherent limitations to its work, as: (a) it cannot expand its sample of transactions, and (b) audits are risk based and it is not possible to extrapolate results to non audited programmes. Due to the fact that half or more of ECA sample each year presents no or very limited additional errors, desk reviews are fully justified for the low risk programmes.

The Commission replies underlined that the levels of error reported in the Annual Activity Reports fully reflect that the audit and corrective capacity of Cohesion policy programmes remains multi-annual. Indeed Commission audits continue after accounts are accepted and the Annual Activity Reports are signed and additional financial corrections may be requested. As a result, the overall actual level of error for each accounting year can only be known once all audit procedures are finalised and corrections for the concerned programmes applied. The Commission updates this risk at closure every year, which is confirmed to be well below 2%.

Finally the Commission confirmed that it continues to work with audit authorities to improve their detection capacity, in particular where specific deficiencies are identified.

With a view to improving the reporting of regularity information in Cohesion for the new programming period, the ECA recommended that the Commission should:

- propose a legislative revision to ensure that the legal framework adequately protects the payment retention before it is released (recommendation not accepted by the Commission);
- improve its audit work, audit documentation and review process and (recommendation partially accepted by the Commission);
- strengthen the main elements of the regularity information provided in the annual activity reports (recommendation partially accepted by the Commission).

The ECA also recommended that Central Services receive instructions on the production of the annual management and performance report from its owner, the College of Commissioners (recommendation partially accepted by the Commission).

### **Follow-up to previous ECA Special Reports:**

The Court conducted in 2021 a follow-up of two Special Reports published in 2018 and involving directly or indirectly EMPL:

- SR 17/2018 on Commission's and Member States' actions in the last years of the 2007-2013 programmes tackled low absorption but had insufficient focus on results
- SR 21/2018 on Selection and monitoring for ERDF and ESF projects in the 2014-2020 period are still mainly outputs-oriented

The Commission considers that all recommendations issued in those special reports and accepted have been implemented, except for the ones which have an implementation date not yet reached. The Court's assessment on the implementation of these recommendations will be reported in its next Annual Report on Performance.

### **ECA special reports on-going in 2021**

The following ECA special reports and review-based documents were in the pipeline at the end of 2021 for which DG EMPL is involved:

- LEADER/CLLD
- Management of external consultancy services
- Blacklisting economic operators
- Climate mainstreaming
- ESI-funds and the RRF
- Coal regions in transition
- Right of free movement in context of COVID-19 crisis
- Reliable statistics
- Circular economy
- Food supply chain during COVID-19
- Equality for people with disability
- Digitalisation of schools
- Conflict of interest in shared management
- CRI, CRII+ and REACT-EU measure.

### **Impact of the ECA findings on DG EMPL's assurance**

DG EMPL notes that the ECA's conclusions and recommendations in its 2020 annual and



special reports support the achievement of the internal control objectives. DG EMPL will continue to (i) focus its audits and actions on the most risky programmes/Member States and implement corrective measures when needed through a strict policy of interruptions and suspensions of payments up to closure, and (ii) apply strict procedures at closure to exclude any remaining material risk of irregular expenditure.

The newly created Joint Audit Directorate for Cohesion is further strengthening the audit trail for establishing the audit plan, including clear links to results of risk assessment as well as to other relevant criteria. The Directorate is further strengthening the review process of the audit work carried out to ensure that checklists and other audit documentation are sufficiently detailed to allow a review, including by an external auditor. DG EMPL's annual activity report describes previous deficiencies found in the reported error rates and management and control systems, and the actions applied to improve the situation. DG EMPL will also continue to clearly disclose in annex 5 of the annual activity reports the materiality criteria for establishing reservations, taking into account the latest information provided in the assurance packages, including the reportable error rates.

## **ANNEX 7N: GLOSSARY OF TERMS**

**Accounting year:** a period of 1 July year N till 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.

**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:** 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.

**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.

**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 <sup>(65)</sup>.

**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

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<sup>(65)</sup> 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.

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).

**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 system (MCS):** 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. 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).

**Operational programmes (OP):** The funds are implemented through operational 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. OPs are agreed between Member States and the EC and adopted by the EC.

**Recoveries:** The Member State withdraws the irregular expenditure from the programme only when the beneficiary corrects the irregular amount vis-à-vis the OP authorities. Till this is the case, the irregular expenditure remains in the EU budget. One of the ways to implement a financial correction.

**Reportable RTER:** 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 finalisation the annual activity report (end April). In view of its confirmation in the following annual activity report, the reportable RTER can be further adjusted as a result of audits on the spot 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 2021 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 (2019-2020 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 a significant deficiency exists in the functioning of the management and control system of the Member State or uncorrected irregular expenditure have been certified in a statement of expenditure or a serious breach by the Member State of its management and control

obligations occurred.

**Warning of interruption letter:** With this type of administrative letter Member States are 'warned' that the payment deadline of any future payment claim will be interrupted (i.e. interruption procedure Article 83(1)(a) or (b) CPR) if actions to correct deficiencies in MCS or/and irregularities are not implemented.

**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'

**Table X: estimated risk at payment and at closure**

DG EMPL	payments made (2021,MEUR)	minus new prefinancing [plus retentions made] (in 2021,MEUR)	plus cleared prefinancing [minus retentions released and deductions of expenditure made by MS] (in 2021,MEUR)	'relevant expenditure' (for 2021,MEUR)	Detected error rate or equivalent estimates	estimated risk at payment (2021,MEUR)	Adjusted Average Recoveries and Corrections (adjusted ARC, %)	estimated future corrections [and deductions] (for 2021,MEUR)	estimated risk at Closure (2021,MEUR)
-1	-2	-3	-4	-5	-6	-7	-8	-9	-10
2021-2027 ESF+	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
2014-2020 ESF/YEI	18 797,86	-1 847,79	123,34	17 073,42	1,73% - 2,47%	295,19 - 421,47	0,35% - 1,09%	59,64 - 185,91	235,56 - 235,56
2014-2020 FEAD	531,27	1,34	- 8,28	524,32	0,62% - 0,72%	3,23 - 3,79	0,15% - 0,25%	0,76 - 1,32	2,46 - 2,46
2007-2013 ESF	75,00	0,00	39,42	114,42	0,61% - 0,61%	0,70 - 0,70	0,00% - 0,00%	0,00 - 0,00	0,70 - 0,70
2000-2006 ESF	0,02	0,00	0,00	0,02	0,00% - 0,00%	0,00 - 0,00	0,00% - 0,00%	0,00 - 0,00	0,00 - 0,00
EGF	24,03	- 24,03	5,79	5,79	0,00% - 0,00%	0,00 - 0,00	0,00% - 0,00%	0,00 - 0,00	0,00 - 0,00
IPA	0,00	0,00	0,07	0,07	0,75% - 0,75%	0,00 - 0,00	0,00% - 0,00%	0,00 - 0,00	0,00 - 0,00
Centralised Agencies	189,91	- 58,87	72,81	203,85	0,54% - 0,54%	1,10 - 1,10	0,00% - 0,00%	0,00 - 0,00	1,10 - 1,10
	90,57	- 89,70	72,90	73,77	0,00% - 0,00%	0,00 - 0,00	0,00% - 0,00%	0,00 - 0,00	0,00 - 0,00
<b>DG total</b>	<b>19 708,67</b>	<b>-2 019,06</b>	<b>306,06</b>	<b>17 995,66</b>		<b>300,22 - 427,05</b>	<b>0,34% - 1,04%</b>	<b>60,40 - 187,24</b>	<b>239,82 - 239,82</b>
					<b>Overall risk at payment in %</b>	<b>1,67% - 2,37%</b>		<b>Overall risk at closure in %</b>	<b>1,33% - 1,33%</b>
						(7) / (5)			(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 DG 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 DGs. For Cross-SubDelegations (Internal Rules Article 12), the reporting remains with the Delegating DGs.

(3) New pre-financing actually paid 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 DGs, 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), the 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 Financial Year. This is a separate and 'hybrid' concept, intentionally combining elements from the budgetary accounting and from the general ledger accounting.

(6) In this column, the DG discloses the detected error rates or equivalent estimates.

For low-risk types of expenditure, where there are indications that the equivalent error rate might be close to 'zero' (e.g. *administrative expenditure, operating contributions to agencies*), the rate which should be used is 0.5% as a conservative estimate, unless the DG has a more precise estimate based on evidence.

(8) The estimated future corrections are estimated using the most conservative calculation of the corrections to be implemented by programme authorities to bring the risk at closure to 2% for all programmes individually.

(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.



## Reservations

### Reservation fiche 2014-2020 programming period

<b>DG</b>	Directorate-General Employment, Social Affairs and Inclusion
<b>Title of the reservation, including its scope</b>	Management and control systems for <b>21 ESF/YEI operational programmes</b> in Belgium, Germany, Spain, France, Croatia, Italy, Poland, Hungary, Romania and United Kingdom (if applicable), <b>and 1 FEAD operational programme</b> in Slovenia for the programming period 2014-2020.
<b>Domain</b>	Shared management of ESF/YEI and FEAD
<b>Programme (or other relevant segment) in which the reservation is made and total (annual) amount of this programme</b>	04.02 ESF/YEI (2014-2020) 04.06 FEAD (2014-2020) Payments made in 2021 to programmes in reservations: EUR 2 262 809 516.47.
<b>Reason for the reservation</b>	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%,
<b>Materiality criterion/criteria</b>	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%.
<b>Quantification of the financial impact (amount at risk)</b>	Total quantification of the reservation (amount at risk): EUR 79 650 633.11 (3.9% of the authorised operations (payments) <sup>(66)</sup> in the budget line(s) affected by the reservation concerned). The total amount of future corrections is estimated at EUR 60.28 (up to 186.75) million <sup>(67)</sup> .
<b>Impact on the assurance</b>	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 accepting the next expenditure statement.
<b>Responsibility for the weakness</b>	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.
<b>Responsibility for the corrective action</b>	At Commission level - warning letters / interruption of payment deadlines / launch of suspension and financial correction procedures, - audit work both desk, 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 • implementation of remedial actions, including when necessary financial corrections, in order to remedy the deficiencies.

<sup>(66)</sup> See also the exceptional cases mentioned in the 'Guidelines for determining materiality as regards legality and regularity' which would allow for alternative criteria.

<sup>(67)</sup> 2014-2020 ESF/YEI and FEAD.

- audit by the audit authority of the effective implementation of remedial measures applied by managing authorities in management and control systems and of the basis for the application of financial corrections when required. Targeted risk based audits to verify the functioning of systems and the legality and regularity of expenditure declared.

## Reservation fiche 2007-2013 programming period

<b>DG</b>	Directorate-General Employment, Social Affairs and Inclusion
<b>Title of the reservation, including its scope</b>	Management and control systems for 2 ESF operational programmes in Italy and Romania for the programming period 2007-2013.
<b>Domain</b>	Shared management of ESF
<b>Programme (or other relevant segment) in which the reservation is made and total (annual) amount of this programme</b>	04.02 ESF (2007-2013) Payments made in 2021 to programmes in reservations: EUR 0 million
<b>Reason for the reservation</b>	Deficiency in the functioning of the management and control systems set up in relation to the requirements of Regulation 1083/2006.
<b>Materiality criterion/criteria</b>	Significant deficiencies at the level of the key elements of the management and control systems.
<b>Quantification of the financial impact (amount at risk)</b>	EUR 0.0 million The final payment for the closure of the programmes concerned will take place only when all the issues are solved and the relevant financial corrections agreed.
<b>Impact on the assurance</b>	The weakness affects the legality and regularity of the payments concerned and the management and control systems in place. The Commission will make the final payment once the Member States' authorities will have agreed all necessary additional financial corrections.
<b>Responsibility for the weakness</b>	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.
<b>Responsibility for the corrective action</b>	For each programme included in the reservation, the Commission has requested Member States to perform additional audit work and/or apply additional financial corrections.

## Operational programmes under reservation and targeted actions 2014-2020 programming period

N°	Country code	CCI	Title	Type of Reservation	Reasons for Reservation	Financial impact (M€) in 2021 <sup>(68)</sup>	Structural weakness (Y/N)	Actions to be taken
1	BE	2014BE05M90P002	Operational programme ESF 2014-2020 of the Brussels-Capital Region : "Investment for growth and jobs"	Full	RTER above materiality level as recalculated by EC	528.109,74	N	<p>Improve the management and control system. Carry out appropriate financial corrections. Confirm the implementation of corrective actions.</p>
2	DE	2014DE05SFOP014	Operational Programme ESF Thüringen 2014-2020	Partial	Part of the management and control system is not functioning properly: issues detected by the audit authority on KR 4 (management verifications) and KR 7 (anti-fraud measures)	-	Y	
3	ES	2014ES05M90P001	OP ESF 2014 YOUTH EMPLOYMENT	Partial	Part of the management and control system for 3 Regional IBs and the national IB (SEPE)) is not functioning, as detected respectively by the AA and by ECA	45.677.402,98	Y	
4	ES	2014ES05SFOP015	OP ESF 2014 C.A. CASTILLA-LA MANCHA	Full	TER above 10% reported by AA	678.950,12	Y	
5	ES	2014ES05SFOP019	OP ESF 2014 C.A. CANTABRIA	Full	TER above 10% reported by AA	1.397.674,64	Y	
6	FR	2014FR05M00P001	Operational Programme ERDF-ESF ile-de-France et Seine 2014-2020	Partial	TER without financial instruments is above 10% which shows that system on-going improvements are not yet sufficient to provide assurance on expenditure declared outside	58.907,95	Y	

<sup>(68)</sup> Partial financial reservations are calculated with the following rates applied to the error rate and relevant expenditure: 2014FR05M00P001 @11,63% (TER without financial instruments); 2014HR05M90P001 @25% (conservative approach); 2014PL16M20P007 @25% (conservative approach); 2014PL16M20P013 @25% (conservative approach).

N°	Country code	CCI	Title	Type of Reservation	Reasons for Reservation	Financial impact (M€) in 2021 <sup>(68)</sup>	Structural weakness (Y/N)	Actions to be taken
					financial instruments.			
7	FR	2014FR05SFOP005	Operational Programme ESF Réunion Etat 2014-2020	Full	TER above 10% reported by AA	1.258.108,98	Y	
8	FR	2014FR16M00P011	Regional programme Martinique Conseil Régional 2014-2020	Full	Audit work not finished by the legal deadlines. Provisional TER/RTER estimated above 10%	2.974.967,16	N	
9	FR	2014FR16M20P004	Regional programme Corse 2014-2020	Full	TER above 10% reported by AA	0	Y	
10	FR	2014FR16M20P012	Regional programme Mayotte 2014-2020	Full Non-financial	Overall deficiencies in the MCS, at the level of the managing and audit authorities. No expenditure declared but corrective measures not implemented yet.	0	Y	
11	HR	2014HR05M90P001	ESF Operational Programme Efficient Human Resources 2014-2020	Partial	Part of the management and control system is not functioning properly following issues detected by the audit authority and subsequently confirmed by the Commission auditors on KR 2 (selection of operations) and KR 4 (management verifications). Corrective measures have not yet been fully implemented, specifically for one call of proposals (war veterans) and one second level IB.	20.337,05	Y	
12	HU	2014HU16M00P001	Economic Development and Innovation Operational Programme	Reputational reservation	The reputational reservation is linked to ongoing investigations by national prosecutor on allegations of corruption.	0	N	
13	IT	2014IT05SFOP005	POR Lazio ESF	Full	The Commission auditors estimated the TER and RTER	27.933.551,00	N	

N°	Country code	CCI	Title	Type of Reservation	Reasons for Reservation	Financial impact (M€) in 2021 <sup>(68)</sup>	Structural weakness (Y/N)	Actions to be taken
					>2% based on a flat rate due to potential issues linked to the audit sample of the audit authority, with impact on the reliability of reported error rates. Potential systemic irregularities detected by a Commission audit, under contradictory procedure.			
14	IT	2014IT05SFOP016	POR Basilicata ESF	Full	The reportable TER/RTER are provisionally estimated at flat rate 10%, following the provisional results of the 2021 Commission compliance audit. As a result the audit authority is currently assessed in category 3.	8.224.171,52	Y	
15	IT	2014IT16M20P004	National Operational Programme on Metropolitan Cities	Full	Reported RTER recalculated by the Commission above 2% due to unjustified limitation of subcontracting and inadequate treatment of one irregularity detected by the audit authority but not included in the error rate.	1.913.533,00	N	
16	PL	2014PL16M20P007	ROP 7 Regional Operational Programme for Mazowieckie Voivodeship 2014-2020	Partial reservation	The TER and RTER were recalculated >2% taking into consideration the result of the Commission audit on conflict of interest with issues detected in 3 priorities of the programme.	1.431.350,53	Y	

N°	Country code	CCI	Title	Type of Reservation	Reasons for Reservation	Financial impact (M€) in 2021 <sup>(68)</sup>	Structural weakness (Y/N)	Actions to be taken
17	PL	2014PL16M20P008	ROP 8 Regional Operational Programme for Opolskie Voivodeship	Partial non-financial	The partial non-financial reservation is linked to issues detected following a previous Commission thematic audit on financial instruments of the programme and not yet solved. No payments were made in 2021 for these financial instruments.	0	Y	
18	PL	2014PL16M20P013	ROP 13 Regional Operational Programme for Świętokrzyskie Voivodeship	Partial reservation	The TER and RTER were recalculated >2% taking into consideration the result of the Commission audit on conflict of interest with issues detected in 2 priorities of the programme.	350.824,47	Y	
19	PL	2014PL16M20P015	ROP 15 Regional Operational Programme for Wielkopolskie Voivodeship	Full reservation	A flat rate of 5% is maintained for TER and RTER as the corrective measures set out in the waning letter have not been implemented. The audit authority is currently assessed in category 3 for this programme.	5.109.066,72	Y	
20	RO	2014RO05M90P001	Regional Operational Programme	Full Reservation	RTER above materiality level	16.008.703,11	N	
21	SI	2014SI05FMOP001	Food and/or Basic Material Assistance Operational Programme	Full	TER and RTER recalculated by the Commission auditors above 2% to include financial corrections on an irregular public procurement procedure following a pre-ACR2022 fact finding mission. The contradictory procedure is ongoing.	343.026,38	N	
22	UK	2014UK05M90P002	ESF Scotland (incl. YEI)	Full Non-financial	Ongoing suspension and category 3 system audit of public procurement.	-	Y	

## Operational programmes under reservation and targeted actions 2007-2013 programming period

N°	Country code	ef	Title	Type of Reservation	Reasons for Reservation	Financial impact (M€) in 2021	Structural weakness (Y/N)	Actions to be taken
1	IT	2007IT051P0002	Calabria	Non financial	Commission audit mission carried out in 2018. Still awaiting for the MS reply to the draft report. Amount of financial corrections to be agreed.	0	Y	Perform additional audit work and apply additional financial corrections
2	RO	2007RO051P0001	Human Resources Development	Non financial	Updated closure package submitted on 30/10/2020, under review by the Commission. Amount of financial corrections to be agreed.	0	Y	

# 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:** Commission Decision SEC(2020)146 of 1 April 2020

Baseline (2019)	Target (2022 and 2024)	Latest known value (2021)
57%, 20 out of 35	2022: 2 female appointments 2024: still to be defined	2 first female appointments in 2021 – 4 in total since target set

**Indicator 2:** DG EMPL staff engagement index

**Source of data:** Commission staff survey

Baseline (2018)	Target (2024)	Latest known results (2021)
72% (based on Commission staff survey)	At least 72%	70% <sup>(69)</sup>

<sup>(69)</sup> Given the different source of data and the COVID-19 circumstances, the latest known result is not fully comparable with the baseline and target.



### Main outputs in 2021:

Description	Indicator	Target	Latest known results (situation on 31/12/2021)
Female talent development	First female appointments to middle management positions	2 [target set by SG for 2020-2022 ( <a href="#">SEC(2020)146</a> ) – already achieved]	Finalised
Staff engagement	Staff engagement index	At least 3% above the Commission average in the next Staff Survey	Not achieved Slightly below the Commission level (70% compared to 72%), mainly due to COVID-19 circumstances
Female talent development	Number of individual coaching packages offered	At least 3 packages	Finalised

**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 (2021)
55%	80%	88%	69%

**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 (2021)

<b>Baseline</b> (2020)	<b>Milestone</b> (2022)	<b>Target</b> (2024)	<b>Latest known results</b> (2021)
25%	50%	80%	31.25%
<p><b>Indicator 3:</b> Percentage of staff attending awareness raising activities on data protection compliance</p> <p><b>Source of data:</b> HR and the data protection coordinator</p>			
20% of DG EMPL staff had attended data protection trainings at SG and inhouse	<p><b>2020:</b> 100% of senior management;</p> <p><b>2021:</b> 50% of staff; 100% of senior and middle management; 100% of newcomers;</p> <p><b>2022:</b> 70% of staff, 100% of senior and middle management; 100% of newcomers;</p> <p><b>2023:</b> 90% of staff, 100% of senior and middle management; 100% of newcomers.</p>	100%	70% of staff 95% of senior and middle management and 100% of newcomers

### Main outputs in 2021:

<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known results</b> (situation on 31/12/2021)
Continue using correct electronic workflows in Ares	% of Ares internal and outgoing documents that have an e-signatory	95%	Finalised
File all DG EMPL's registered documents	% of non-filed documents since the beginning of Ares	0.25%	Finalised

<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known results</b> (situation on 31/12/2021)
Basic DG EMPL Knowledge Management Strategy	Set up	Q4	Delayed to 2022 DG EMPL created a guidance document with current best practices at the Commission and launched a discussion at DG EMPL's Management Seminar in September, further to which a working group on information and knowledge management, internal communication and briefings was established. The group will bring forward a proposed strategy in Q2 2022.
DG EMPL staff uses calendars and collaborative sites on MyIntraComm collab	% of units using collaborative sites	80%	Finalised

<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known results</b> (situation on 31/12/2021)
Implementation of digital strategy	Degree of implementation	72%	Finalised The slight under-achievement (69%) is due to rounding as the calculations are theoretical and take into account 33 judgements presented as %.

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

**Main outputs in 2021:**

<b>Description</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known results</b> (situation on 31/12/2021)
Reduction of pollution	Fewer missions	Reduce by 40% compared to 2019	Finalised
Reduction of pollution	Less paper used	Reduce by 80%	Not achieved (lack of appropriate quantitative data)
Workshops	Organise thematic workshops on limiting the carbon footprint	3	Finalised
Information campaign	Posters made of recycled paper in the building On the intranet	Q4	Finalised
		Q4	Finalised

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

Not applicable.

## **ANNEX 12: EAMR of the Union Delegations**

Not applicable.

## ANNEX 13: Decentralised agencies

<b>Entity: five decentralised agencies</b>		
<b>Role of DG: parent</b>		
<b>Policy area concerned</b>	<b>Contribution to the operating (administrative) budget*</b>	<b>Contribution to the operational budget*</b>
Investing in People, Social Cohesion and Values – CEDEFOP	EUR 18.0 million	-
Investing in People, Social Cohesion and Values – ELA	EUR 16.4 million	-
Investing in People, Social Cohesion and Values – ETF	EUR 21.0 million	EUR 1 million (service level agreement on the international dimension of centres of vocational excellence: building a strong international cooperation dimension on vocational excellence)
Investing in People, Social Cohesion and Values – EU-OSHA	EUR 15.2 million	-
Investing in People, Social Cohesion and Values - Eurofound	EUR 21.6 million	EUR 1 million (service level agreement on the pilot project 'Role of the minimum wage in establishing the universal labour guarantee')
<b>Total</b>	<b>EUR 92.2 million</b>	<b>EUR 2 million</b>

\* The amounts include all contribution, not only the annual subsidies paid by DG EMPL (as in annex 7 – section 'Legality and regularity of the transactions in relation to the budget implementation tasks entrusted to other services and entities').

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

<p>Short <b>presentation of the agency's activities from 2021</b> that contributed to the specific objectives of DG EMPL. References: <a href="#">2021 Management Plan</a> <a href="#">2020-2024 Strategic Plan</a></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 contributed in particular 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</p>
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	<p>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> <ul style="list-style-type: none"> <li>• VET policy monitoring, drawing on the ReferNet national experts, that feeds into the European Semester country analysis;</li> <li>• In close consultation with the Commission and the European Training Foundation, Cedefop developed the template for the National Implementation Plans for the <i>VET Recommendation</i> and the <i>Osnabrück Declaration</i>, as well as the related ‘integrated monitoring framework’;</li> <li>• Continuing to produce evidence and research on various VET and adult skills related topics, such as apprenticeships, micro-credentials (launching a new study on the role of micro-credentials in facilitating learning for employment) and individual learning accounts (launching a new study on success factors for individual learning accounts implementation and updating the database on financing adult learning);</li> <li>• Contributing to the European Vocational Skills Week, including through its annual #CedefopPhotoAward and contributing to / organising events;</li> <li>• Providing skills intelligence (one of the ‘sub-themes’ of the revamped Cedefop web portal, big data analysis of online vacancies, etc.) that informs DG EMPL’s policy development, as well as national policy makers, social partners and labour market actors;</li> <li>• 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.</li> </ul>
<p>DG EMPL’s <b>participation in the governance of the agency and nr of votes.</b></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</p>



	<p>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, annual budget, etc).</p> <p>The Executive Board (EB) is composed of the Chairperson of the Management Board, the three Deputy Chairpersons (including one of 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.</p>
<p>Description of <b>ex ante monitoring, supervision and control activities</b> (control 'with' the agency):</p> <ul style="list-style-type: none"> <li>• role of the Management / Governing Board and Audit Committee;</li> <li>• nr of Board and Audit Committee meetings in 2021 and major decisions taken with DG EMPL's participation;</li> <li>• nr of bilateral senior management meetings in 2021 between the agency and their interlocutors in DG EMPL, and main points discussed / agreed;</li> <li>• nr of bilateral technical meetings in 2021 between the agency and their interlocutors in DG EMPL, and main points discussed / agreed;</li> <li>• initiatives taken by DG EMPL in 2021 to exchange good practices and ensure coherent approach between the agencies (e.g. on conflict of interest, rules on independence, anti-fraud strategy</li> </ul>	<p><b>Role of Management Board</b></p> <p>The functions of the Management Board are laid down in Article 5 of the Cedefop's Founding Regulation <sup>(70)</sup> and include: (i) providing the strategic orientations for Cedefop's activities; (ii) adopting the agency's 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.</p> <p>Cedefop does not have an Audit Committee.</p> <p><b>MB/EB meetings</b></p> <ul style="list-style-type: none"> <li>• Management Board: 1</li> <li>• Executive Board: 5</li> <li>• DG EMPL attended all MB/EB meetings</li> <li>• It should be noted that, while many issues are debated at the MB/EB meetings, most decisions are effectively taken by written procedure. There were 10 such written procedures in 2021.</li> <li>• Key decisions of the MB included: <ul style="list-style-type: none"> <li>○ Single Programming Document 2022-2024;</li> </ul> </li> </ul>

(70) REGULATION (EU) 2019/128 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 16 January 2019 establishing a European Centre for the Development of Vocational Training (Cedefop) and repealing Council Regulation (EEC) No 337/75

etc);

- assess the agency's control framework and financial rules in 2021 (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).

- Consolidated Annual Activity Report 2020 and MB assessment;
- Final Accounts 2020 and Management Board opinion; and
- Amending budget 2021.

### **Meetings at senior management level**

In September 2021, **Vice-President Schinas** and **Commissioner Schmit** visited Cedefop as part of a mission to Greece. They exchanged views with Cedefop's management and staff on mutual expectations in light of the new EU policy framework for VET and skills and qualifications, and they stressed the need for continued close cooperation between Cedefop and DG EMPL.

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. Three such meetings were held. Another three ad hoc meetings were held to discuss specific issues.

### **Technical meetings**

DG EMPL's units B.2 and B.3 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. While it is not possible to provide a reliable number of such contacts / meetings, DG EMPL estimate these to be between 50 and 100 per year.

At DG EMPL's initiative, as from 2021 (first meeting was held on 12 November), **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 B.2 and B.3 of DG EMPL.

### **Initiatives taken by DG EMPL to exchange good practices and ensure coherent approach between the agencies**

	<p>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.</p> <p><b>Assessing the agency’s control framework and financial rules</b></p> <p>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 2021. As a reminder:</p> <ul style="list-style-type: none"> <li>• 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;</li> <li>• In July 2019, the Cedefop Management Board adopted the financial regulation applicable to the Cedefop, in conformity with the Commission Delegated Regulation (EU) no 2019/715 of 18 December 2018 (the Framework Financial Regulation).</li> </ul>
<p>Description of <b>ex post controls</b> (audits, external evaluations and discharge):</p> <ul style="list-style-type: none"> <li>• ongoing and completed audits in 2021;</li> <li>• ongoing and completed external evaluations in 2021;</li> <li>• Was ECA’s declaration of assurance for the reliability of the agency’s 2020 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?</li> <li>• Was the discharge granted?</li> <li>• Does DG EMPL follow up the</li> </ul>	<p><b>Ongoing and completed audits in 2021</b></p> <ul style="list-style-type: none"> <li>• IAS audit on human resource management and ethics: report published in November 2018; all recommendations were implemented – the last one was closed by the IAS in January 2021.</li> <li>• ECA performance audit on agencies, launched in March 2019; final report published on 22 October 2020: ‘Special Report 22/2020: Future of EU agencies – Potential for more flexibility and cooperation’. While most recommendations are addressed to the Commission, some input from the agencies has been required, e.g. to complete a Secretariat-General questionnaire in view of the identification of possible failure by Member States to fulfill their legal and political commitments vis-à-vis the agencies.</li> </ul> <p><b>Ongoing and completed external evaluations</b></p>

implementation of the audit recommendations? If yes, how? If no, please explain the reasons.

#### **in 2021**

- The final report of the external ‘cross-cutting’ evaluation of the decentralised agencies under the remit of DG EMPL was published in March 2018. On 9 April 2019, the Commission staff working document on the evaluation of the EU Commission agencies working in the employment and social affairs policy field (EUROFOUND, CEDEFOP, ETF and EU-OSHA), was published (SWD(2019)159).
- Cedefop presented its action plan as a follow-up to the SWD at the Management Board meeting of 3-4 October 2019 and sent it by letter of 11 October to the Commission. Since then, DG EMPL formally agreed to consider two recommendations as implemented (by letter of 4 August 2020); since then, several other agreed actions are considered implemented and appropriate action is being undertaken to ensure implementation of the (two) remaining ones by end 2022.

#### **ECA’s declaration of assurance for the reliability of the agency’s 2020 accounts and the legality and regularity of the underlying transactions**

- ECA gave a positive assessment of the reliability of the agency’s 2020 accounts and the legality and regularity of the underlying transactions.
- Critical remarks were made on the following:
  - One procurement procedure was considered irregular and the contract was subsequently cancelled.
  - Budgetary management (calculation of contributions of Norway and Iceland): having consulted with DG Budget, Cedefop will, in the future, request its contribution as part of the ‘Agreement on the European Economic Area – Protocol 31’, which will solve the issue at hand.

Discharge for 2020 was granted in Spring 2022.

DG EMPL follows up the implementation of the recommendations of the IAS and ECA audits and of evaluations as members of the Cedefop Executive

	<p>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>Following recurring criticism by the European Parliament in its discharge reports regarding missing declarations of interests of Management Board members, the Executive Board agreed (at its meeting of 1 December) to send a letter (by the MB chairperson) to to the MB members concerned, given a last deadline and notifying that they will not be invited anymore to MB meetings if the obligation to submit a declaration of interests is not complied with – as proposed by the Commission representatives.</p>
<p>As the <b>annual subsidy</b> is transferred in tranches, please explain the conditions for releasing / transferring a tranche (fyi, the amounts transferred in 2021 and the % of budget implementation per agency will be provided by the budget team).</p>	<p>Tranches are released upon request by the agency and following an assessment of the agency's cash position.</p>
<p><b>Overall conclusion on legality and regularity of subsidy payments to the agency and benefits of controls</b> (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.</p> <p>The Court of Auditors gave a positive declaration of assurance for Cedefop for the year 2020, 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 Cedefop.</p> <p>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.</p> <p>The benefits resulting from the controls are not</p>

	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.
<b>Regulatory changes</b> , if any.	N/A.
<b>Major events not captured above</b> (staff related, etc).	In September 2021, against the Commission's position but supported by the groups in the Management Board, the Executive Director decided to extend the mandate of the Deputy Director until August 2024.

## 2. EUROPEAN LABOUR AUTHORITY (ELA)

<p>Short <b>presentation of the agency's activities from 2021</b> that contributed to the specific objectives of DG EMPL.</p> <p>References:  <a href="#">2021 Management Plan</a>  <a href="#">2020-2024 Strategic Plan</a></p>	<p>The European Labour Authority (ELA) was established as a Union body by Regulation (EU) 2019/1149 of the European Parliament and of the Council, which entered into force on 31 July 2019. 2021 has been a year of intensive growth and development for ELA coupled with successful reach of several important milestones.</p> <p>ELA also contributed to the specific objectives of DG EMPL, in particular specific objective (3.6) enhanced labour mobility.</p> <p>In 2021, ELA's resources and activities continued to grow, resulting in deliverables in all areas of its mandate.</p> <p>ELA's main <b>organisational achievements</b> include:</p> <ul style="list-style-type: none"> <li>• The Authority became financially autonomous at the end of May 2021;</li> <li>• The Headquarters Agreement with Slovakia has been finalised and signed and activities started in Bratislava;</li> <li>• By 31 December 2021, ELA had 84 staff, including middle management (5 heads of units), 27 national liaison officers and its first 14 seconded national experts. ELA met its recruitment targets;</li> <li>• Signed the Internal Mission Charter of the Internal Audit Service;</li> <li>• Adopted an Anti-fraud strategy with an action</li> </ul>
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	<p>plan for 2021-2023;</p> <ul style="list-style-type: none"> <li>• Adopted its first organisational structure and continued adopting and developing internal polices, rules, processes and procedures.</li> </ul> <p>Despite being in a build-up phase and ongoing developments (e.g. COVID-19), the Authority <b>delivered in all areas of its mandate</b>, including the following achievements:</p> <ul style="list-style-type: none"> <li>• Coordinated and supported the first 8 concerted and joint inspections with the participation of 11 Member States;</li> <li>• Took over from the Commission the responsibilities of the European Coordination Office of EURES;</li> <li>• The Undeclared Work Platform has been integrated under ELA enabling to fully exploit synergies between the Platform and Authority;</li> <li>• Implemented successfully the action plan on seasonal workers, including the campaign <i>Rights For All Seasons</i>, which had a great outreach;</li> <li>• Supported a roadside demonstration inspection taking place on 15 October 2021 in the presence of the European Commissioner for Transport Adina Valean;</li> <li>• Continued its activities aiming at improving the quality of information on labour mobility, such as posting or road transport.</li> <li>• Completed important preparatory work aiming at rolling out the Authority's mediation function as of 2022;</li> <li>• The national liaison officers continued to contribute crucially to a more efficient and quicker cooperation between Member States;</li> <li>• Its analytical work resulted in the report on the impact of teleworking during the COVID-19 pandemic on the applicable social security;</li> <li>• Organised a Road Transport Workshop on 9<sup>th</sup> December with substantive participation of relevant stakeholders, paving the way for implementation of the framework for action on road transport as of 2022;</li> <li>• The Executive Director of ELA, accompanied by the respective national liaison officers, visited all Member States to encourage them to develop and build cooperation with ELA and to make full use of the ELA's offer, as well as to learn about</li> </ul>
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	<p>the priorities, challenges and good practices of Member States;</p> <ul style="list-style-type: none"> <li>• Carried out activities focused on the cooperation with other EU bodies, including other EU agencies, aiming to create valuable synergies and eliminate duplication. ELA has concluded an Agreement with the Administrative Commission for Coordination of Social Security Systems, as well as an Agreement with SOLVIT. ELA has also commenced negotiations on the Memorandum of Understanding with Eurofound, expected to be finalised in 2022; and</li> <li>• To mark the relocation to Bratislava, ELA organised an opening ceremony and opening conference with the participation of Slovak Prime Minister, Ministers of Labour from France, Slovakia and Slovenia, Commissioner Schmit, the Chair of EMPL Committee of the European Parliament and other political and senior representatives from the Member States and social partners organisation.</li> </ul>
<p>DG EMPL's <b>participation in the governance of the agency and nr of votes.</b></p>	<p>Two members are representing the Commission with voting rights in ELA's Management Board, in line with Article 17 of the ELA Regulation <sup>(71)</sup>.</p> <p>Two members are also representing the Commission in ELA's Stakeholder Group, in line with Article 23 of ELA Regulation.</p> <p>ELA's Management Board met 3 times in 2021 (March, May and November). It was presented with 88 documents and adopted 26 decisions, including via written procedures. The main decisions of ELA's Management Board include:</p> <ul style="list-style-type: none"> <li>• Decision setting up ELA working group on undeclared work;</li> <li>• Decision on headquarters agreement;</li> <li>• Decision on Single Programming Document 2022-2024;</li> <li>• Decision on the revision of seconded national experts rules;</li> <li>• Decision on the rules of procedure on mediation;</li> <li>• Decision on ELA-SOLVIT agreement; and</li> </ul>

<sup>(71)</sup> Regulation (EU) 2019/1149 of the European Parliament and of the Council of 20 June 2019 establishing a European Labour Authority, amending Regulations (EC) No 883/2004, (EU) No 492/2011, and (EU) 2016/589 and repealing Decision (EU) 2016/344.



	<ul style="list-style-type: none"> <li>Decision on cooperation agreement between ELA and the Administrative Commission for the coordination of social security systems.</li> </ul>
<p>Description of <b>ex ante monitoring, supervision and control activities</b> (control 'with' the agency):</p> <ul style="list-style-type: none"> <li>role of the Management / Governing Board and Audit Committee;</li> <li>nr of Board and Audit Committee meetings in 2021 and major decisions taken with DG EMPL's participation;</li> <li>nr of bilateral senior management meetings in 2021 between the agency and their interlocutors in DG EMPL, and main points discussed / agreed;</li> <li>nr of bilateral technical meetings in 2021 between the agency and their interlocutors in DG EMPL, and main points discussed / agreed;</li> <li>initiatives taken by DG EMPL in 2021 to exchange good practices and ensure coherent approach between the agencies (e.g. on conflict of interest, rules on independence, anti-fraud strategy etc);</li> <li>assess the agency's control framework and financial rules in 2021 (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).</li> </ul>	<p>In December 2020, ELA's Management Board adopted its internal control framework, in line with the Commission guidance. The Management Board also adopted ELA's financial rules, which are in line with the new Framework Financial Regulation of the Commission.</p> <p>During 2021, ELA's Management Board adopted the following decisions relevant for the control activities:</p> <ul style="list-style-type: none"> <li>Decision on adoption of anti-fraud strategy;</li> <li>Decision on the financial autonomy;</li> <li>Decision on ELA guidelines on whistleblowing;</li> <li>Decision on Internal Audit Service mission charter; and</li> <li>Decision on internal rules concerning the terms and conditions for internal investigations at the European Labour Authority by OLAF.</li> </ul> <p>After ELA's financial autonomy and the arrival of ELA's middle management, the senior management meeting took place in October 2021.</p> <p>At senior and technical level, in 2021, DG EMPL and ELA had a substantial number of bilateral meetings to ensure:</p> <ul style="list-style-type: none"> <li>The coordination of policy actions and different initiatives from the areas of common interest;</li> <li>The transfer of different tasks and bodies from the Commission to the Authority;</li> <li>The managing of the financial contracts opened to the Authority by the Commission;</li> <li>The preparation of ELA's financial autonomy.</li> </ul> <p>More than 6 meetings at senior level and more than 30 meetings at technical level took place.</p>
<p>Description of <b>ex post controls</b> (audits, external evaluations and discharge):</p> <ul style="list-style-type: none"> <li>ongoing and completed audits in 2021;</li> <li>ongoing and completed external evaluations in 2021;</li> </ul>	<p>No audits have been completed during 2021. However, planning of audits to be performed by IAS and ECA started at the end of 2021. These audits are planned for early 2022.</p>

<ul style="list-style-type: none"> <li>• Was ECA's declaration of assurance for the reliability of the agency's 2020 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?</li> <li>• Was the discharge granted?</li> <li>• Does DG EMPL follow up the implementation of the audit recommendations? If yes, how? If no, please explain the reasons.</li> </ul>	
<p>As the <b>annual subsidy</b> is transferred in tranches, please explain the conditions for releasing / transferring a tranche (fyi, the amounts transferred in 2021 and the % of budget implementation per agency will be provided by the budget team).</p>	<p>Tranches are released upon request by the agency and following an assessment of the agency's cash position.</p>
<p><b>Overall conclusion on legality and regularity of subsidy payments to the agency and benefits of controls</b> (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. 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>

<b>Regulatory changes</b> , if any.	N/A
<b>Major events not captured above</b> (staff related etc).	ELA offered staff team building, support to staff integration, relocation and wellbeing; it offered also various training and participatory collaboration activities in line with ELA's values - e.g. regular meetings, buddies for newcomers, social activities, regular weekly coordination and update meetings, info sessions, staff gathering, issued anonymous surveys to collect staff input on relocation, staff matters, wellbeing, etc.

### 3. EUROPEAN TRAINING FOUNDATION (ETF)

<p>Short <b>presentation of the agency's activities from 2021</b> that contributed to the specific objectives of DG EMPL.</p> <p>References:  <a href="#">2021 Management Plan</a>  <a href="#">2020-2024 Strategic Plan</a></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 neighbourhood countries.</p> <p>Beyond the formal governance, the ETF engages with core geographical DGs (DG NEAR, DG INTPA) and thematic DGs close to ETF core business (DG EMPL, DG EAC, DG HOME, JRC, etc) to ensure that the actions of its annual work plan contribute to the overall objectives of the Commission. In the wake of its new strategy, in 2021, the ETF has further strengthened this bilateral engagement with thematic and geographic Commission services, in particular through more regular exchanges and meetings. The ETF is the only specialised EU agency with an exclusively external mandate.</p> <p>In relation to the <b>work plan of DG EMPL</b>, the following actions stand out:</p> <ul style="list-style-type: none"> <li>• European Qualifications Framework comparison pilots with third country frameworks, two national qualifications frameworks (Ukraine and Morocco or Capo Verde) and one regional qualifications framework (the Southern African Development Community Qualifications Framework);</li> <li>• Contribution to the evaluation of the European Qualifications Framework (external dimension);</li> <li>• Support in facilitating the participation of Israel in the European Alliance for Apprenticeships;</li> </ul>
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	<ul style="list-style-type: none"> <li>• Support in the organisation/preparation of the European Alliance for Apprenticeships event in Belgrade (Nov 2021).</li> </ul> <p>Other key actions include:</p> <p><b>EU bilateral and regional policy dialogue:</b></p> <ul style="list-style-type: none"> <li>• Input to Youth Guarantee action plans in Western Balkans (request from DG NEAR / DG EMPL ongoing);</li> <li>• Contribution to the preparation of the Union for the Mediterranean Ministerial Declaration and content of the policy conference of the Ministerial;</li> <li>• Input to sub-committee meetings on employment (recurrent request);</li> <li>• Input to programming in Eastern Partnership, Southern and Eastern Mediterranean, and South Eastern Europe and Turkey (led by the European External Action Service - EEAS).</li> </ul> <p><b>Monitoring and assessment:</b></p> <ul style="list-style-type: none"> <li>• Regular monitoring of education and employment trends (country fiches) – regular input;</li> <li>• Input in the assessments of Economic Reform Programmes in all seven South Eastern Europe and Turkey countries – regular input;</li> <li>• Development and implementation of the monitoring framework of the priorities of the Union for Mediterranean Ministerial Declaration on Employment and Labour (Cascais, 2019), 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.</li> <li>• Together with Cedefop and for the candidate countries, the monitoring process for the Osnabruck Declaration and the EU Council Recommendation on VET, adopted in November 2020.</li> </ul>
<p>DG EMPL's <b>participation in the governance of the agency and nr of votes.</b></p>	<p>The ETF Governing Board (GB) is chaired by the Director-General of DG EMPL. The Board adopted 12 decisions in 2021, 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</p>

	<p>meetings in June and November, DG EMPL organised and chaired the Troika meeting to discuss the agenda of the GB meeting with the representatives of the current, former and future Presidencies, DG NEAR, DG DEVCO and the ETF.</p> <p>DG EMPL confirmed the renewal of the appointments of the three observers from the ETF partner countries and agreed for DG EAC and ELA to participate as observers to the ETF GB. In coordination with the EMPL secretariat of the European Parliament, the appointment by the European Parliament of three new non-voting experts to the ETF GB was secured in July 2021.</p> <p>Following the decision of the current ETF Director not to request an extension of his term of office, DG EMPL and the ETF prepared the launch of the recruitment procedure for the new Director.</p>
<p>Description of <b>ex ante monitoring, supervision and control activities</b> (control 'with' the agency):</p> <ul style="list-style-type: none"> <li>• role of the Management / Governing Board and Audit Committee;</li> <li>• nr of Board and Audit Committee meetings in 2021 and major decisions taken with DG EMPL's participation;</li> <li>• nr of bilateral senior management meetings in 2021 between the agency and their interlocutors in DG EMPL, and main points discussed / agreed;</li> <li>• nr of bilateral technical meetings in 2021 between the agency and their interlocutors in DG EMPL, and main points discussed / agreed;</li> <li>• initiatives taken by DG EMPL in 2021 to exchange good practices and ensure coherent approach between the agencies (e.g. on conflict of interest, rules on independence, anti-fraud strategy etc);</li> <li>• assess the agency's control framework and financial rules</li> </ul>	<p><b>Role of the Management/Governing Board and Audit Committee</b></p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• <i>The ETF does not have an Audit Committee.</i></li> <li>• Two Governing Board meetings were organised: one in June 2021 and one in November 2021. In 2021, twelve decisions were adopted, including: the adoption of the 2020 Consolidated Annual Activity Report, 2020 Annual Accounts, 2022 Annual Work Programme, 2021 Budget, the 2021-2023 CEDEFOP-ETF framework for cooperation and the appointment of the ETF accountant.</li> <li>• <i>Initiatives taken by DG EMPL in 2021 to exchange good practices and ensure coherent approach between the agencies:</i> <ul style="list-style-type: none"> <li>○ 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 Director participated as an observer on the ELA Management Board meetings;</li> <li>○ The ETF coordinated the 2021 peer review of</li> </ul> </li> </ul>

<p>in 2021 (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>risk management practices which was carried out together with the other agencies working with DG EMPL;</p> <ul style="list-style-type: none"> <li>○ <i>Assessing the control framework and financial rules in 2021.</i></li> </ul>
<p>Description of <b>ex post controls</b> (audits, external evaluations and discharge):</p> <ul style="list-style-type: none"> <li>• ongoing and completed audits in 2021;</li> <li>• ongoing and completed external evaluations in 2021;</li> <li>• Was ECA's declaration of assurance for the reliability of the agency's 2020 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?</li> <li>• Was the discharge granted?</li> <li>• Does DG EMPL follow up the implementation of the audit recommendations? If yes, how? If no, please explain the reasons.</li> </ul>	<p><b>Ex post controls - Audits, external evaluations and discharge</b></p> <p><b>Ongoing and completed audits in 2021:</b></p> <ul style="list-style-type: none"> <li>• Audit on legality and regularity of transactions: In October 2021, ECA published the annual audit report on EU agencies for the financial year 2020 with a clean unqualified audit opinion for the ETF. Only one internal control finding was issued on exceptions and the need to register all exceptions and non compliance events in the central register of exceptions, including exceptions of a non financial nature.</li> <li>• In October 2021, ECA carried out the first audit on the legality and regularity of transactions for the financial year 2021 as an on-site audit visit to the ETF. This did not result in any new audit findings.</li> <li>• A performance audit of agencies was carried out by ECA in 2019 for which the final report was published in 2020. The report is positive for the ETF, it did not lead to any specific findings for the ETF.</li> <li>• An audit on ETF 2020 accounts was carried out in Q1 2021 by Baker Tilly through the inter-institutional framework contract on audits and controls. The audit report was issued in 2021 and contains a clean unqualified audit opinion.</li> <li>• An audit on ETF 2021 accounts was outsourced through the inter-institutional framework contract on audits and controls. This will be carried out by Baker Tilly in February 2022.</li> <li>• An audit on human resources management and ethics in the ETF was completed by IAS with a final report issued in July 2019. The report is positive and provides the ETF with reasonable assurance regarding the functioning of HR and ethics processes. Six recommendations for improvement were made, five recommendations ranked as important, and one ranked as very important on recruitment and selection procedures. As a follow</li> </ul>

	<p>up, all six recommendations have been fully implemented by the ETF and formally closed by IAS in early 2021.</p> <ul style="list-style-type: none"> <li>• An audit on complementarity and cooperation mechanisms between the ETF and Commission services was launched by IAS in Q4 2021. The audit is expected to be finalised by Q2 2022.</li> </ul> <p>The ETF does not have any open recommendations issued by IAS. The ETF has not received any recommendations by the IAS ranked as critical.</p> <p><b>Ongoing and completed external evaluations in 2021:</b></p> <ul style="list-style-type: none"> <li>• 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 in line with the FFR 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.</li> <li>• In 2021, the ETF commissioned one evaluation on ETF monitoring and assessment. The evaluation is expected to be finalised in Q1 2022.</li> </ul> <p><b>ECA’s declaration of assurance</b></p> <ul style="list-style-type: none"> <li>• ECA’s declaration of assurance for the reliability of the ETF’s 2020 accounts and the legality and regularity of the underlying transactions was positive.</li> </ul> <p>Discharge for 2020 was granted in Spring 2022.</p> <p>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.</p>
<p>As the <b>annual subsidy</b> is transferred in tranches, please explain the conditions for releasing / transferring a tranche (fyi, the amounts transferred in 2021 and the % of budget implementation per agency will be provided by the budget team).</p>	<p>Tranches are released upon request by the agency and following an assessment of its cash position, and budgetary needs.</p>

<p><b>Overall conclusion on legality and regularity of subsidy payments to the agency and benefits of controls</b> (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 2020, 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 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>
<p><b>Regulatory changes</b>, if any.</p>	<p>n.a.</p>
<p><b>Major events not captured above</b> (staff related etc).</p>	<p>In 2021, ETF continued monitoring the various waves of the <b>COVID-19 pandemic</b> through its crisis management procedures that were put in place since early 2020, allowing to ensure business continuity while reviewing internal processes in response to altering situation in Italy and in ETF's partner countries. Overall, the general approach was to:</p> <ul style="list-style-type: none"> <li>• Put measures in place for staff to telework and restrict/limit access to the ETF building for the majority of 2021;</li> <li>• Ensure regular communication both internally and externally;</li> <li>• Provide means and tools to ensure support coping with change and disruptive social and working environments as well as ensure 'off the shelf' support to EU partners and beneficiaries in partner countries;</li> <li>• Focus on business continuity while at the same time quickly re-orienting priorities to free resources</li> </ul>



	<p>for COVID-19 related actions;</p> <ul style="list-style-type: none"> <li>• Adapt its work programme to address the immediate demands and offer flexible and customised support to its stakeholders;</li> <li>• Start a post-pandemic reflection with all staff to look into 'next normal' business arrangements to ensure ETF's fit for purpose and further enhanced efficiency in a post pandemic period.</li> </ul> <p>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 <b>extra budgetary projects</b> 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. ETF has a positive track record of doing this in the past. In order to ensure full respect of the Financial Regulation, the ETF has investigated various contractual modalities at the disposal of the EU to engage the agencies in such additional tasks. As part of these efforts and to make decision making easier, ETF has applied and recently obtained exemption from pillar assessment (December 2021).</p>
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#### 4. EUROPEAN AGENCY FOR SAFETY AND HEALTH AT WORK (EU-OSHA)

<p>Short <b>presentation of the agency's activities from 2021</b> that contributed to the specific objectives of DG EMPL.</p> <p>References:  <a href="#">2021 Management Plan</a>  <a href="#">2020-2024 Strategic Plan</a></p>	<p>EU-OSHA has greatly contributed to the achievement of DG EMPL policy objectives on OSH, in particular to the objective (3.3) Decent and safe working conditions for all, especially as regards the unprecedented challenges and impact raised by the COVID-19 pandemic.</p> <p>In 2021, the continuation of the global <b>COVID-19 pandemic</b> has made occupational safety and health an even more relevant topic on the EU agenda. EU-OSHA has been strongly involved in the EU response to the crisis since the very first year. Continuing during the course of 2021, EU-OSHA organised expert discussions related to exposure to biological agents at work and pandemic preparedness at work and developed two guides to facilitate return to work for workers with ongoing symptoms following COVID-19 infection.</p>
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In 2021, final results from the Occupational safety and health (OSH) overview on '**musculoskeletal disorders**' (MSDs) have been made available, focusing specifically on teleworking and the role of psychosocial risk factors and worker participation in prevention and management of MSDs. This OSH overview has established the knowledge base for the Healthy Workplaces Campaign 'Lighten the Load', which was launched in October 2020 and features an extended cycle of 24 months. The Campaign aims to improve the awareness and understanding of MSDs and its multifactorial cause. Following the completion of the fieldwork for the third edition of the enterprises' survey ESENER (European Survey of Enterprises on New and Emerging Risks) in 2019, several in-depth studies were finalised in 2021, including the overview report, shedding light on legislation and the appointment of health and safety representatives, the sectoral study on the human health and social work and the qualitative research on the management of psychosocial risks in micro and small enterprises.

In 2020, EU-OSHA initiated an activity aimed at delivering a **workers' survey to determine their exposure to cancer risks factors** and analyse the resulting data. Building on the experience of the Australian Worker Exposure Survey (AWES), this activity is intended to fill an important information gap that has been widely identified, most recently in the context of the revision of the Carcinogens and Mutagens Directive, contributing to the OSH actions of Europe's Beating Cancer Plan and supporting one of the key objectives of the EU strategic framework on OSH 2021-2027 on improving prevention of work-related diseases.

In 2021, the database and the survey questions have been adopted and prepared for the fieldwork in six Member States in early 2022.

Since 2019, EU-OSHA has fully taken over the development of an **EU-OSH information system** (comprising a dashboard, also known as 'EU-OSH barometer', and an analytical report, the 'State of OSH in the EU') to further the support provided to the Commission for its establishment. The OSH barometer has been online since May 2020 and functions as an official comprehensive source of OSH information. Its functionality was further improved in 2021 and until

December it received over 20 000 visits, with an average of almost 36 minutes per visit.

EU-OSHA's Management Board encouraged more progress on **digitalisation** and OSH being the topic of the next **Healthy Workplaces Campaign**, starting in 2023. The campaign strategy was developed and agreed. The research that is being carried out within the OSH overview on OSH and digitalisation will provide knowledge background for the campaign in terms of 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 initiated a new OSH **Overview on psychosocial risks**. The need to tackle work-related psychosocial risks has been highlighted in the key EU documents that called on EU-OSHA to identify and disseminate knowledge on preventing mental health problems at work, including the most recent EU Strategic Framework on OSH 2021-2027. The overview will provide a comprehensive picture of the current challenges related to psychosocial risks at work and an overview of new research and good practices in terms of policies and workplace interventions.

Preparations for an activity on **'OSH in the healthcare sector'** have also been initiated. With work on this topic due to start in 2022, EU-OSHA aims at providing a sound, evidence-based and comprehensive picture of the current challenges related to the healthcare sector in Europe, including the impact of the COVID-19 pandemic.

Finally, EU-OSHA has been serving as an **information-based resource and platform for debate**, facilitating the exchange of information on OSH research, policy and practice. In particular, it 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. Particularly relevant will be EU-OSHA's assistance to the Commission in its follow up on the ex post evaluation of EU legislation on OSH, by providing relevant technical, scientific and economic information necessary for the preparation of possible legislative initiatives and follow-up actions.

<p>DG EMPL's <b>participation in the governance of the agency and nr of votes.</b></p>	<p>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).</p> <p>The Executive Board (EB) is composed of the Chairperson of the Management Board, the three Deputy Chairpersons (including one of 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.</p>
<p>Description of <b>ex ante monitoring, supervision and control activities</b> (control 'with' the agency):</p> <ul style="list-style-type: none"> <li>• role of the Management / Governing Board and Audit Committee;</li> <li>• nr of Board and Audit Committee meetings in 2021 and major decisions taken with DG EMPL's participation;</li> <li>• nr of bilateral senior management meetings in 2021 between the agency and their interlocutors in DG EMPL, and main points discussed / agreed;</li> <li>• nr of bilateral technical meetings in 2021 between the agency and their interlocutors in DG EMPL, and main points discussed / agreed;</li> <li>• initiatives taken by DG EMPL in</li> </ul>	<p><b>Role of Management Board</b></p> <p>The functions of the Management Board are laid down in Article 5 of EU-OSHA's Founding Regulation <sup>(72)</sup> and include: 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 to findings and recommendations from audits and evaluations. EU-OSHA does not have an Audit Committee.</p> <p><b>MB/EB meetings in 2021</b></p> <ul style="list-style-type: none"> <li>• Management Board: 5;</li> <li>• Executive Board: 4;</li> <li>• DG EMPL attended all MB/EB meetings;</li> <li>• It should be noted that, while many issues are debated at the MB/EB meetings, some decisions are effectively taken by written procedure, mainly for the adoption of meeting minutes and similar</li> </ul>

(72) 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.

2021 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 2021 (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).

decisions. There were 8 such written procedures in 2021;

- Key decisions of the MB included:
  - Single Programming Document 2022-2024;
  - Budget and Establishment Plan 2022;
  - Consolidated Annual Activity Report for 2020 and the analysis and MB assessment;
  - Final Accounts 2020 and Management Board opinion;
  - OiRA business plan 2021;
  - Adoption of the document 'EU-OSHA's governance';
  - Strengthen coordination with ELA and EiGE at governance level;
  - Decision on better use of technological possibilities for networking activities to reduce costs and environmental impact;
  - Implementing rules on the Staff Regulations;
  - Decision in relation to the appointment procedure for the post as Executive Director.

#### **Meetings at senior management level**

Commissioner Schmit was the guest of honour in July at an EU-OSHA Symposium on the newly-published EU Strategic Framework on OSH, the first high-level international event to take place on the subject.

As part of the now well-established tradition, the Executive Director and subsequently the Interim Executive Director met virtually with the Head of Unit C2 in DG EMPL and colleagues, in advance of both plenary meetings. In November 2021, a study visit took place in Bilbao with C2 colleagues over a two-day period for in-depth discussion and scrutiny of future collaboration.

#### **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. These contacts have been much more frequent in 2020 and 2021 in the context of the COVID-19 pandemic.

While it is not possible to provide a precise number of such contacts/meetings, DG EMPL estimate these to be around 80-90 per year.

	<p><b>Initiatives taken by DG EMPL to exchange good practices and ensure coherent approach between the agencies</b></p> <p>The units in charge of the 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 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.</p> <p><b>Assessing the agency’s control framework and financial rules</b></p> <p>EU-OSHA 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:</p> <ul style="list-style-type: none"> <li>• The EU-OSHA Management Board adopted the agency’s (revised) internal control framework in January 2019, in full alignment with the Commission’s updated internal control framework;</li> <li>• In the course of 2019, the agency also adopted a set of indicators (ICF-KPIs) to monitor every year the effectiveness and efficiency of its controls;</li> <li>• In January 2021, 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.</li> </ul>
<p>Description of <b>ex post controls</b> (audits, external evaluations and discharge):</p> <ul style="list-style-type: none"> <li>• ongoing and completed audits in 2021;</li> <li>• ongoing and completed external evaluations in 2021;</li> <li>• Was ECA’s declaration of assurance for the reliability of</li> </ul>	<p><b>Ongoing and completed audits in 2021</b></p> <ul style="list-style-type: none"> <li>• <b>ECA:</b> In early 2021, ECA closed the exercise of their regular audit for the financial year 2020 with a final desk review. During 2021, ECA also started collecting data and information to support the work of financial year 2021; the desk review for this exercise will be completed in March 2022.</li> <li>• <b>IAS:</b> four recommendations (none of which critical nor very important) were issued in 2019 as part of a</li> </ul>

<p>the agency's 2020 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> <ul style="list-style-type: none"> <li>• Was the discharge granted?</li> <li>• Does DG EMPL follow up the implementation of the audit recommendations? If yes, how? If no, please explain the reasons.</li> </ul>	<p>compliance and performance audit by IAS. All were implemented and closed between 2020 and 2021. Work on the SIAP 2021-2023, presented to the EU-OSHA Management Board in January 2021, commenced towards the end of 2021.</p> <p><b>Ongoing and completed external evaluations in 2021</b></p> <ul style="list-style-type: none"> <li>• Mid-term evaluation of the activity OiRA;</li> <li>• Mid-term evaluation of the change to a three year Healthy Workplace Campaign cycle.</li> </ul> <p><b>ECA's declaration of assurance for the reliability of the agency's 2020 accounts and the legality and regularity of the underlying transactions</b></p> <ul style="list-style-type: none"> <li>• ECA gave a positive assessment of the reliability of the agency's 2020 accounts and the legality and regularity of the underlying transactions.</li> </ul> <p>Discharge for 2020 was granted in Spring 2022.</p> <p>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 <b>annual subsidy</b> is transferred in tranches, please explain the conditions for releasing / transferring a tranche (fyi, the amounts transferred in 2021 and the % of budget implementation per agency will be provided by the budget team).</p>	<p>Tranches are released upon request by the agency and following an assessment of the agency's cash position.</p>
<p><b>Overall conclusion on legality and regularity of subsidy payments to the agency and benefits of controls</b> (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.</p> <p>The Court of Auditors gave a positive declaration of assurance for EU-OSHA for the year 2020, as well as for previous years. The comments made by the Court do not call into question DG EMPL's reasonable assurance</p>

	<p>on the operating budget managed by EU-OSHA.</p> <p>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> <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 strategies and policies to prevent conflicts of interest.</p>
<p><b>Regulatory changes</b>, if any.</p>	<p>There were no regulatory changes in 2021. As a reminder, changes that occurred in 2019 included the following.</p> <ul style="list-style-type: none"> <li>• The revised Founding Regulation of EU-OSHA <sup>(73)</sup> was adopted on 16 January 2019 and entered into force on 20 February 2019;</li> <li>• Following the adoption of the new Framework Financial Regulation in December 2018, EU-OSHA adopted its revised Financial Regulation in September 2019.</li> </ul>
<p><b>Major events not captured above</b> (staff related etc).</p>	<p>EU-OSHA's Executive Director in service since 2011 ended her mandate on 15 September 2021. The recruitment of a new Executive Director has been delayed. However, the Management Board made sure that an interim Executive Director was in place as from 16 September 2021 ensuring business continuity.</p>

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(73) 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 <b>presentation of the agency’s activities from 2021</b> that contributed to the specific objectives of DG EMPL.</p> <p>References:  <a href="#">2021 Management Plan</a>  <a href="#">2020-2024 Strategic Plan</a></p>	<p>The European Foundation for the Improvement of Living and Working Conditions (Eurofound) provides EU institutions or other 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.</p> <p>In line with its mission, Eurofound contributed in particular to the following DG EMPL objectives: (3.1) support to Member States through the European Semester, (3.2) stronger social dialogue and (3.3) decent and safe working conditions for all. Eurofound supported these objectives by:</p> <ul style="list-style-type: none"> <li>• <b>Conducting and publishing research</b> that aims to inform policy action, for example in the area of new forms of employment, industrial relations, minimum wages, the involvement of national social partners in policy making and representativeness of European social partner organisations. In 2021, representativeness studies were published for following sectors: audiovisual sector, live performance sector and industrial relations landscape in Europe (covering central government administration (CGA), education, human health, local and regional government (LRG), and social services sectors). These 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.</li> <li>• <b>Providing useful analysis</b> which is relevant for policy makers; for instance, Eurofound made timely and relevant data and analysis available by conducting the ‘Living, working and COVID-19 online survey’ and Eurofound provided input for the DG EMPL flagship publication Economic and Social Developments in Europe (ESDE).</li> <li>• At the request of the Commission, Eurofound</li> </ul>
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	<p>conducted in 2021 <b>ad hoc research on essential services</b>. Ad hoc requests feed into the Commission's policies and knowledge in a specific area of work.</p>
<p>DG EMPL's <b>participation in the governance of the agency and nr of votes</b>.</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 (including one Deputy Chairperson), 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).</p> <p>The Executive Board is composed of the Chairperson of the Management Board, the three Deputy Chairpersons (including the Commission Deputy), the coordinators of the three groups (governments, employers and employees) and one representative of the Commission. Decisions of the Executive Board are taking by consensus.</p> <p>Eurofound had four Advisory Committees in 2021, namely on living conditions, working conditions, industrial relations, and employment and change. They carry out the following main functions related to Eurofound's research projects:</p> <ul style="list-style-type: none"> <li>• Giving advice on their design and implementation;</li> <li>• Monitoring progress in their implementation;</li> <li>• Evaluating their findings; and</li> <li>• Advising on the dissemination of results, as per Article 12 of Eurofound's Founding Regulation <sup>(74)</sup>.</li> </ul> <p>The Commission is represented by 2 members in each Advisory Committee.</p> <p>In 2019, Eurofound's Management Board established the Committee on Staff Matters, as a subgroup of the Management Board dealing with staff matters and exercises certain appointing authority powers not delegated to the Executive Director. It is composed of four members of the Management Board, i.e. one nominated by each of the three Groups and one by the</p>

<sup>(74)</sup> REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL establishing the European Foundation for the improvement of living and working conditions (Eurofound), and repealing Council Regulation (EEC) No 1365/75.

	<p>Commission (Commission's Deputy Chairperson – Director F) and is chaired by the latter. In 2021, Committee on Staff Matters dealt with one case.</p>
<p><b>Description of ex ante monitoring, supervision and control activities</b> (control 'with' the agency):</p> <ul style="list-style-type: none"> <li>• role of the Management / Governing Board and Audit Committee;</li> <li>• nr of Board and Audit Committee meetings in 2021 and major decisions taken with DG EMPL's participation;</li> <li>• nr of bilateral senior management meetings in 2021 between the agency and their interlocutors in DG EMPL, and main points discussed / agreed;</li> <li>• nr of bilateral technical meetings in 2021 between the agency and their interlocutors in DG EMPL, and main points discussed / agreed;</li> <li>• initiatives taken by DG EMPL in 2021 to exchange good practices and ensure coherent approach between the agencies (e.g. on conflict of interest, rules on independence, anti-fraud strategy etc);</li> <li>• assess the agency's control framework and financial rules in 2021 (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).</li> </ul>	<p><b>Role of the Management Board</b></p> <p>The functions of the Management Board are laid down in Article 5 of Eurofound's Founding Regulation and include:</p> <ul style="list-style-type: none"> <li>• Providing the strategic orientations for Eurofound's activities;</li> <li>• Adopting the agency's programming document and annual budget;</li> <li>• 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;</li> <li>• Adopting an anti-fraud strategy; and</li> <li>• Monitoring adequate follow up to findings and recommendations from audits and evaluations.</li> </ul> <p>Eurofound does not have an Audit Committee.</p> <p><b>MB/EB meetings</b></p> <ul style="list-style-type: none"> <li>• Management Board: 2;</li> <li>• Executive Board: 3 (+2 informal Executive Board meeting in the margin the MB meeting and of the Group's meeting);</li> <li>• DG EMPL attended all MB/EB meetings;</li> <li>• It should be noted that, while many issues are debated at the EB meetings, decisions are taken by the MB, often by written procedure. There were 15 such written procedures in 2021.</li> <li>• Key decisions of the MB included: <ul style="list-style-type: none"> <li>○ Adoption of the Final Programming Document 2022;</li> <li>○ Adoption of the Consolidated Annual Activity Report (CAAR) 2020;</li> <li>○ Adoption of the Final Accounts 2020; and</li> <li>○ Appointment of the Executive Director.</li> </ul> </li> </ul> <p><b>Meetings at senior management level</b></p> <p>The Director of DG EMPL's Directorate F, who is member and vice-chair of the Eurofound Management Board, and the Deputy Head of Unit of DG EMPL's unit F2, who is alternate member of the Management</p>

	<p>Board, have regular contacts on topics and files of mutual interest. 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.</p> <p><b>Meetings at technical level</b></p> <p>Colleagues of unit F.2 in DG EMPL have regular contacts on topics and files of mutual interest 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.</p> <p><b>Initiatives taken by DG EMPL to exchange good practices and ensure coherent approach between the agencies:</b></p> <p>The units in charge of the DG EMPL agencies systematically share relevant draft rules, provisions and other documents prepared by the agencies for comments, thus ensuring alignment of such rules where possible/appropriate. For example, the Eurofound Programming Document 2023 was shared widely within DG EMPL, including with the units in charge of DG EMPL agencies, for comments in order to foster synergies and avoid overlap.</p> <p><b>Assessing the agency’s control framework and financial rules</b></p> <p>Eurofound 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.</p> <p>The Internal Control Annual Work Plan 2021 was presented to and validated by the Executive Board in January 2021. The 2021 work plan includes the following three areas: actions following recommendations of audits from the Internal Audit Service (IAS), Court of Auditors and evaluations; activities to strengthen the internal control framework; and recurring activities, including reporting.</p>
Description of <b>ex post controls</b>	<b>Ongoing and completed audits in 2021</b>

<p>(audits, external evaluations and discharge):</p> <ul style="list-style-type: none"> <li>• ongoing and completed audits in 2021;</li> <li>• ongoing and completed external evaluations in 2021;</li> <li>• Was ECA's declaration of assurance for the reliability of the agency's 2020 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?</li> <li>• Was the discharge granted?</li> <li>• Does DG EMPL follow up the implementation of the audit recommendations? If yes, how? If no, please explain the reasons.</li> </ul>	<ul style="list-style-type: none"> <li>• The Internal Audit Service delivered its conclusions and recommendations on the audit on human resources management and ethics in Q2 of 2021. This was followed up with an action plan.</li> <li>• The IAS started an audit on procurement and contract management in 2021 (ongoing).</li> </ul> <p><b>Ongoing and completed external evaluations in 2021</b></p> <p>None.</p> <p>The preparatory work for the 2024 evaluation of EU agencies EUROFOUND, CEDEFOP, ETF and EU-OSHA will start in 2022.</p> <p><b>ECA's declaration of assurance for the reliability of the agency's 2020 accounts and the legality and regularity of the underlying transactions</b></p> <p>ECA gave a positive assessment of the reliability of the agency's 2020 accounts and the legality and regularity of the underlying transactions.</p> <p>Discharge for 2020 was granted in Spring 2022.</p> <p>DG EMPL follows up the implementation of the recommendations of recommendations as members of the Eurofound Executive and Management Boards. The Eurofound management reports regularly on the actions taken to implement the recommendations and their state of play.</p>
<p>As the <b>annual subsidy</b> is transferred in tranches, please explain the conditions for releasing / transferring a tranche (fyi, the amounts transferred in 2021 and the % of budget implementation per agency will be provided by the budget team).</p>	<p>Tranches are released upon request by the agency and following an assessment of the agency's cash position.</p>
<p><b>Overall conclusion on legality and regularity of subsidy payments to the agency and benefits of controls</b> (e.g. reduced risk of fraud, decreased nr of audit recommendations, increased % on key performance</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.</p> <p>The Court of Auditors gave a positive declaration of assurance for the year 2020, as well as for previous</p>

<p>indicators etc).</p>	<p>years. The comments made by the Court do not call into question DG EMPL's reasonable assurance on the operating budget managed by Eurofound.</p> <p>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> <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 strategies and policies to prevent conflicts of interest.</p>
<p><b>Regulatory changes</b>, if any.</p>	<p>There were no regulatory changes in 2021.</p>
<p><b>Major events not captured above</b> (staff related etc).</p>	<p>None.</p>