

# **2018**

# **Annual Activity Report**

## **Annexes**

**Consumers, Health,  
Agriculture and Food  
Executive Agency -  
Chafea**

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

### **▪ For the Head of Unit 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 to the Executive Director on the overall state of internal control in the Executive Agency.***

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

***... March 2019***

.....

***(signature)***

***Jacques Remacle***

### **▪ For the Executive Director taking responsibility for the completeness and reliability of management reporting on results and on achievement of objectives:**

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

***... March 2019***

.....

***(signature)***

***Véronique Wasbauer***

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

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

### Human Resource Management indicators

|   |  |                         |      |
|---|--|-------------------------|------|
| <b>Objective (mandatory):</b> The Agency deploys effectively its resources in support of the delivery of the Commission's priorities and core business, has a competent and engaged workforce, which is driven by an effective and gender-balanced management and which can deploy its full potential within supportive and healthy working conditions. |  |                         | 2018 |
| <b>Indicator 1: Percentage of female representation in middle management positions</b><br><br><b>Source of data:</b> Chafea HR statistics, 12/2018  |  |                         |      |
| Baseline (2017)   | Target   | Results CHAFEA 2018     |      |
| 66%   | A target of 40 % is set up for Commission services for 2019  | 75 %                    |      |
| <b>Indicator 2 Percentage of staff who feel that Chafea cares about their well-being</b><br><br><b>Source of data:</b> Commission staff survey (SoS)  |  |                         |      |
| Baseline SoS 2016   | Target 2018  | Results CHAFEA SoS 2018 |      |
| 33 %  | (i) raise percentage (ii) be at average or above the average 52 % identified in EU Commission services | 53 %                    |      |
| <b>Indicator 3: Staff engagement index</b><br><br><b>Source of data:</b> Commission Staff Survey (SoS)  |  |                         |      |
| Baseline SoS 2016   | Target 2018  | Results CHAFEA SoS 2018 |      |
| 55 %  | (i) raise percentage (ii) be at average or above the average 69 % identified in EU Commission services | 63 %                    |      |

## Communication and Information Management

**Objective: Information and knowledge in Chafea is shared and reusable by other Chafea Units. Important documents are registered, filed and retrievable**□

**Indicator 1 Percentage of registered documents that are not filed (ratio)**

**Source of data:** *Hermes-Ares-Nomcom (HAN) statistics*

| Baseline<br>(2014)   | Target<br>(2018)  | Latest known results<br>(2018) |
|----------------------|-------------------|--------------------------------|
| 4.88 %<br>(303/6207) | Lower than 2.55 % | 0.85 % (previously<br>2.55 %)  |

**Indicator 2 Percentage of non-filed documents registered by other services and sent to Chafea**

**Source of data:** *Ares reports*

| Baseline<br>(2014) | Target<br>(2018) | Latest known results<br>(2018) |
|--------------------|------------------|--------------------------------|
| -                  | 10%              | 11,60%<br>(Previously 12,42%)  |

**Indicator 3 Number of HAN files readable/accessible by all units in the DG**

**Source of data:** *HAN statistics*

| Baseline<br>(2014)    | Target<br>(2018) | Latest known results<br>(2018)  |
|-----------------------|------------------|---|
| 98.70 %<br>(990/1003) | N/A              | (Chafea adopted a policy of open access for the staff: all files – except the files with restricted handling or sensitive files such as e.g. HR related files – are readable by all Chafea staff) |

| <b>Indicator 4 Number of HAN files shared with other DGs</b><br><b>Source of data:</b> <i>HAN statistics</i> |                  |   |
|--|------------------|---|
| Baseline<br>(2014)   | Target<br>(2018) | Latest known results<br>(2018)  |
| 82.05 %  | N/A              | in Ares Chafea, as autonomous entity, is managed separately from the Commission. Access to documents from and for the stakeholder DGs is managed by the related recipients. The policy has to be reviewed taking into account the Commission's objective of sharing documents |

KPI 1 is the percentage of registered documents that are not filed. The percentage of non-filed documents lowered significantly. An effort was made in order to reduce also the unfilled documents created on the previous years: the total unfilled documents are 1,60% of the total number of documents created in Chafea, compared to the over 2% of the previous year.

KPI 2 is the percentage of documents registered by other services and sent to Chafea. This is an important indicator for monitoring the efficient management of documents, because documents sent by other services to Chafea will no longer accessible by Chafea services in case of departure of the Chafea staff who received them, unless they are filed in the Chafea Filing Plan. The percentage of documents received by other services in 2018 but not filed decreased to 11,60%. The total number of unfilled documents is also lowering (17,14% compared to the over 25% in 2017).

\* KPI 3 and 4 reflect the specificity of Chafea, which Ares handles as an external Institution in. All Chafea Ares documents are shared within the Agency (except the sensitive documents); the areas common with other DGs (e.g. RTD and DIGIT for H2020 tools) are shared with them. These parameters, created by the Commission with the purpose of sharing information among DGs, cannot have the same purpose for Chafea, who is considered external to the Commission regarding Ares documents; as specified above, Chafea documents are shared to all Chafea staff and services.

| <b>Annual communication spending</b> (based on estimated commitments): |                                       |                    |   |
|--|---------------------------------------|--------------------|---|
| Baseline (Year 2017):  | Target (Year 2018):                   | Total amount spent | Total of FTEs working on external communication |
| 320 972,70   | 275 847,80<br>(administrative budget) | 100 % committed    | 3 FTEs  |

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

## Annex 3 Financial Reports - PHEA - Financial Year 2018

### Administrative Budget

**Table 1 : Commitments**

**Table 2 : Payments**

**Table 3 : Commitments to be settled**

**Table 4 : Balance Sheet**

**Table 5 : Statement of Financial Performance**

**Table 5 Bis : Off Balance Sheet**

**Table 6 : Average Payment Times**

**Table 7 : Income**

**Table 8 : Recovery of undue Payments**

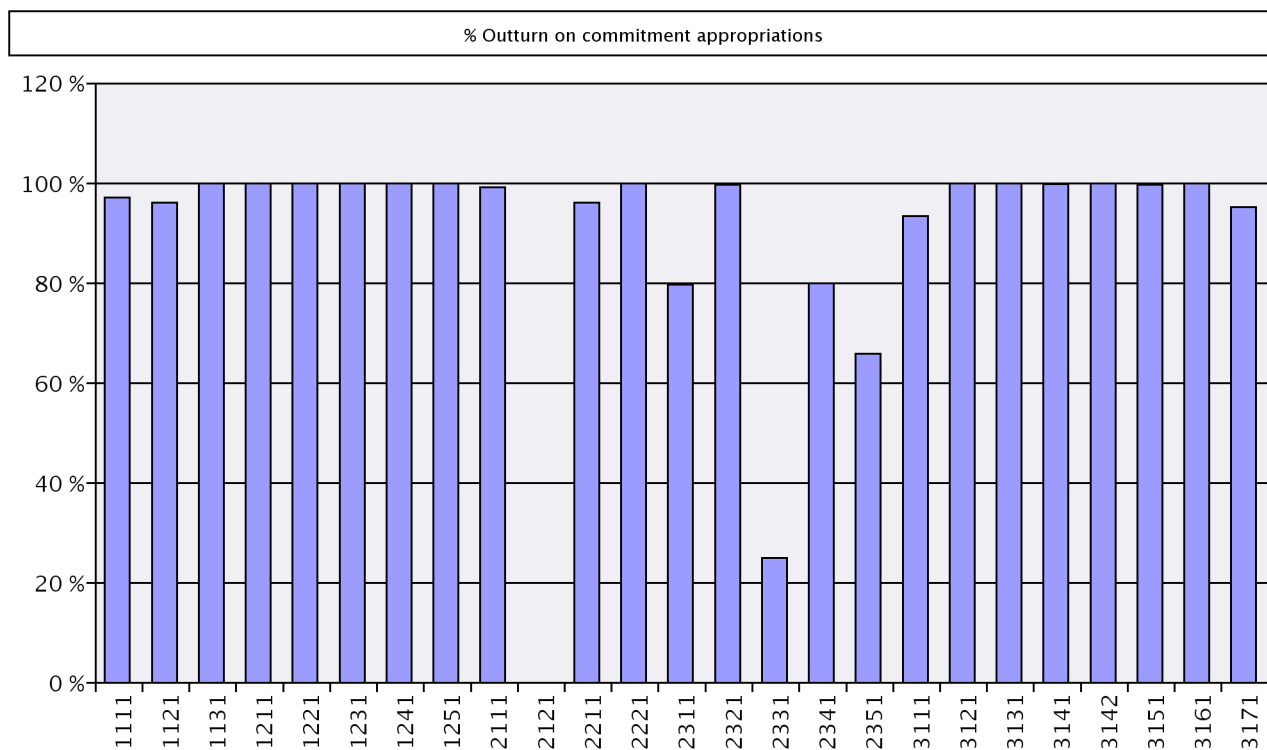
**Table 9 : Ageing Balance of Recovery Orders**

**Table 10 : Waivers of Recovery Orders**

### Additional comments

| TABLE 1: OUTTURN ON COMMITMENT APPROPRIATIONS IN 2018 (in Mio €) |  |  |                  |                |
|--|--|--|------------------|----------------|
| Chapter  |  | Commitment appropriations authorised * | Commitments made | %              |
|  |  | 1                                      | 2                | 3=2/1          |
| Title 1 Staff expenditure  |  |  |                  |                |
| 1111   | Temporary agents (ex 1100+1120+1121)               | 2.20                                   | 2.14             | 97.17 %        |
| 1121   | Contract agents (ex 1110)                          | 3.35                                   | 3.21             | 96.08 %        |
| 1131   | Interim agents and blue book trainees (ex 1400+140 | 0.34                                   | 0.34             | 100.00 %       |
| 1211   | Recruitment entering and leaving the service trans | 0.02                                   | 0.02             | 100.00 %       |
| 1221   | General specific & language training courses (ex 1 | 0.12                                   | 0.12             | 100.00 %       |
| 1231   | Administrative and Medical Service - PMO and DG HR | 0.17                                   | 0.17             | 100.00 %       |
| 1241   | Social service and other interventions (ex 1301)   | 0.11                                   | 0.11             | 100.00 %       |
| 1251   | Internal meetings events and reception (ex 2331)   | 0.00                                   | 0.00             | 100.00 %       |
| <b>Total Title 1</b>   |  | <b>6.31</b>                            | <b>6.12</b>      | <b>96.93%</b>  |
| Title 2 Infrastructure and operating expenditure                 |  |  |                  |                |
| 2111   | Rent of building and associated costs (ex 2000)    | 1.00                                   | 1.00             | 99.22 %        |
| 2121   | Fitting out (ex 2010)                              | 0.00                                   | 0.00             | #DIV/0         |
| 2211   | Hardware software and linked expenditure (ex 2100) | 0.15                                   | 0.14             | 96.18 %        |
| 2221   | ICT - DG DIGIT (ex 2110)                           | 0.09                                   | 0.09             | 100.00 %       |
| 2311   | Furniture and associated expenditure (ex 2210)     | 0.03                                   | 0.02             | 79.72 %        |
| 2321   | Office supplies library stocks (books newspapers t | 0.01                                   | 0.01             | 99.77 %        |
| 2331   | Current administrative services (financial legal a | 0.01                                   | 0.00             | 25.00 %        |
| 2341   | Postal charges (ex 2400)                           | 0.01                                   | 0.01             | 80.00 %        |
| 2351   | Other operating services (ex 2500)                 | 0.14                                   | 0.09             | 65.88 %        |
| <b>Total Title 2</b>   |  | <b>1.44</b>                            | <b>1.36</b>      | <b>94.91%</b>  |
| Title 3 Programme support expenditure                            |  |  |                  |                |
| 3111   | Meetings and information days (ex 3100)            | 0.29                                   | 0.28             | 93.39 %        |
| 3121   | Expenditure related to evaluation and review (ex 3 | 0.09                                   | 0.09             | 100.00 %       |
| 3131   | Missions and related expenses (ex 3120)            | 0.20                                   | 0.20             | 100.00 %       |
| 3141   | Data collection IT services to support programme m | 0.39                                   | 0.39             | 99.85 %        |
| 3142   | Programme management specific IT systems - DG DIGI | 0.68                                   | 0.68             | 100.00 %       |
| 3151   | Communication editing publications website and con | 0.22                                   | 0.22             | 99.69 %        |
| 3161   | Ex-post auditing (partly ex 3310)                  | 0.12                                   | 0.12             | 100.00 %       |
| 3171   | Studies consultancy translation and other programm | 0.82                                   | 0.78             | 95.22 %        |
| <b>Total Title 3</b>   |  | <b>2.82</b>                            | <b>2.76</b>      | <b>97.88%</b>  |
|  |  |  |                  |                |
| <b>TOTAL PHEA</b>  |  | <b>10.57</b>                           | <b>10.24</b>     | <b>96.91 %</b> |

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



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

| Chapter                          |  | Payment appropriations authorised * | Payments made | %             |
|----------------------------------|--|-------------------------------------|---------------|---------------|
|                                  |  | 1                                   | 2             | 3=2/1         |
| <b>Title 1 Staff expenditure</b> |  |                                     |               |               |
| 1111                             | Temporary agents (ex 1100+1120+1121)               | 2.20                                | 2.14          | 97.17 %       |
| 1121                             | Contract agents (ex 1110)                          | 3.35                                | 3.21          | 96.08 %       |
| 1131                             | Interim agents and blue book trainees (ex 1400+140 | 0.38                                | 0.32          | 84.87 %       |
| 1211                             | Recruitment entering and leaving the service trans | 0.03                                | 0.01          | 41.17 %       |
| 1221                             | General specific & language training courses (ex 1 | 0.15                                | 0.04          | 25.52 %       |
| 1231                             | Administrative and Medical Service - PMO and DG HR | 0.18                                | 0.12          | 69.28 %       |
| 1241                             | Social service and other interventions (ex 1301)   | 0.17                                | 0.10          | 61.16 %       |
| 1251                             | Internal meetings events and reception (ex 2331)   | 0.00                                | 0.00          | 52.30 %       |
| <b>Total 1</b>                   |  | <b>6.47</b>                         | <b>5.96</b>   | <b>92.19%</b> |

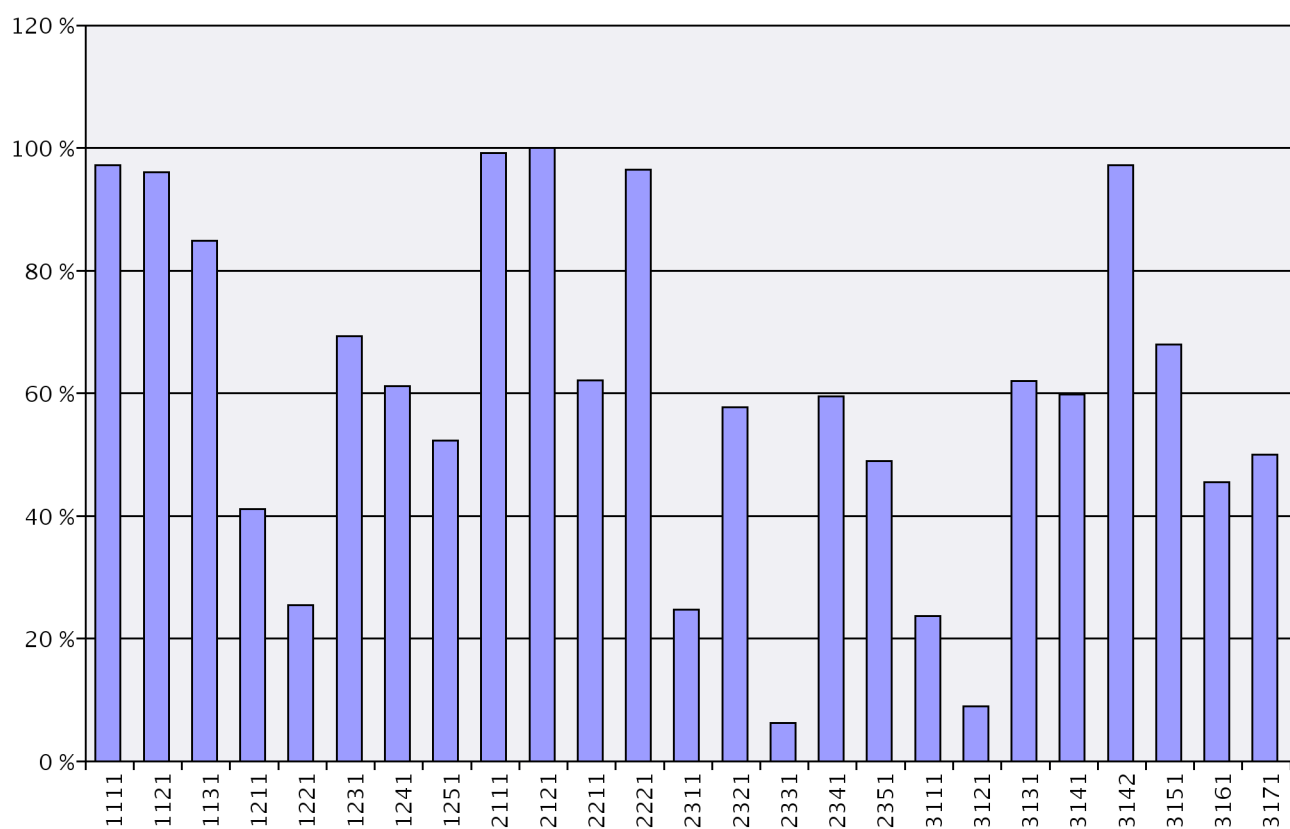
|   |  |             |             |               |
|---|--|-------------|-------------|---------------|
| <b>Title 2 Infrastructure and operating expenditure</b> |  |             |             |               |
| 2111  | Rent of building and associated costs (ex 2000)    | 1.00        | 1.00        | 99.22 %       |
| 2121  | Fitting out (ex 2010)                              | 0.04        | 0.04        | 100.00 %      |
| 2211  | Hardware software and linked expenditure (ex 2100) | 0.20        | 0.12        | 62.08 %       |
| 2221  | ICT - DG DIGIT (ex 2110)                           | 0.09        | 0.09        | 96.44 %       |
| 2311  | Furniture and associated expenditure (ex 2210)     | 0.04        | 0.01        | 24.75 %       |
| 2321  | Office supplies library stocks (books newspapers t | 0.03        | 0.01        | 57.69 %       |
| 2331  | Current administrative services (financial legal a | 0.01        | 0.00        | 6.23 %        |
| 2341  | Postal charges (ex 2400)                           | 0.01        | 0.01        | 59.49 %       |
| 2351  | Other operating services (ex 2500)                 | 0.20        | 0.10        | 48.94 %       |
| <b>Total 2</b>  |  | <b>1.62</b> | <b>1.38</b> | <b>85.12%</b> |

|  |  |             |             |               |
|--|--|-------------|-------------|---------------|
| <b>Title 3 Programme support expenditure</b> |  |             |             |               |
| 3111   | Meetings and information days (ex 3100)            | 0.40        | 0.09        | 23.72 %       |
| 3121   | Expenditure related to evaluation and review (ex 3 | 0.11        | 0.01        | 8.97 %        |
| 3131   | Missions and related expenses (ex 3120)            | 0.27        | 0.17        | 62.00 %       |
| 3141   | Data collection IT services to support programme m | 0.65        | 0.39        | 59.84 %       |
| 3142   | Programme management specific IT systems - DG DIGI | 0.69        | 0.67        | 97.23 %       |
| 3151   | Communication editing publications website and con | 0.54        | 0.37        | 67.95 %       |
| 3161   | Ex-post auditing (partly ex 3310)                  | 0.22        | 0.10        | 45.56 %       |
| 3171   | Studies consultancy translation and other programm | 1.56        | 0.78        | 50.03 %       |
| <b>Total 3</b>                               |  | <b>4.43</b> | <b>2.58</b> | <b>58.13%</b> |

|                   |              |             |                |
|-------------------|--------------|-------------|----------------|
| <b>TOTAL PHEA</b> | <b>12.52</b> | <b>9.91</b> | <b>79.21 %</b> |
|-------------------|--------------|-------------|----------------|

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

= "% Outturn on payment appropriations"



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

Annex 3 Financial Reports - Administrative Budget %PHEA%  
Report printed on 26/03/2019

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

| Chapter                          |   | 2018 Commitments to be settled |               |             |                 |
|----------------------------------|---|--------------------------------|---------------|-------------|-----------------|
|                                  |   | Commitments 2018               | Payments 2018 | RAL 2018    | % to be settled |
|                                  |   | 1                              | 2             | 3=1-2       | 4=1-2//1        |
| <b>Title 1 Staff expenditure</b> |   |                                |               |             |                 |
| 1111                             | Temporary agents (ex 1100+1120+1121)                | 2.14                           | -2.14         | 0.00        | 0.00 %          |
| 1121                             | Contract agents (ex 1110)                           | 3.21                           | -3.21         | 0.00        | 0.00 %          |
| 1131                             | Interim agents and blue book trainees (ex 1400+140) | 0.34                           | -0.29         | 0.05        | 14.97 %         |
| 1211                             | Recruitment entering and leaving the service trans  | 0.02                           | -0.01         | 0.01        | 32.94 %         |
| 1221                             | General specific & language training courses (ex 1  | 0.12                           | -0.02         | 0.10        | 79.70 %         |
| 1231                             | Administrative and Medical Service - PMO and DG HR  | 0.17                           | -0.12         | 0.05        | 31.93 %         |
| 1241                             | Social service and other interventions (ex 1301)    | 0.11                           | -0.10         | 0.01        | 12.78 %         |
| 1251                             | Internal meetings events and reception (ex 2331)    | 0.00                           | 0.00          | 0.00        | 44.93 %         |
| <b>Total 1</b>                   |   | <b>6.12</b>                    | <b>-5.89</b>  | <b>0.22</b> | <b>3.67%</b>    |

|   |  |             |              |             |               |
|---|--|-------------|--------------|-------------|---------------|
| <b>Title 2 Infrastructure and operating expenditure</b> |  |             |              |             |               |
| 2111  | Rent of building and associated costs (ex 2000)    | 1.00        | -1.00        | 0.00        | 0.00 %        |
| 2121  | Fitting out (ex 2010)                              | 0.00        | 0.00         | 0.00        | #DIV/0        |
| 2211  | Hardware software and linked expenditure (ex 2100) | 0.14        | -0.07        | 0.07        | 47.00 %       |
| 2221  | ICT - DG DIGIT (ex 2110)                           | 0.09        | -0.09        | 0.00        | 0.41 %        |
| 2311  | Furniture and associated expenditure (ex 2210)     | 0.02        | 0.00         | 0.02        | 100.00 %      |
| 2321  | Office supplies library stocks (books newspapers t | 0.01        | 0.00         | 0.01        | 72.79 %       |
| 2331  | Current administrative services (financial legal a | 0.00        | 0.00         | 0.00        | 86.57 %       |
| 2341  | Postal charges (ex 2400)                           | 0.01        | -0.01        | 0.00        | 11.17 %       |
| 2351  | Other operating services (ex 2500)                 | 0.09        | -0.04        | 0.05        | 54.77 %       |
| <b>Total 2</b>  |  | <b>1.36</b> | <b>-1.21</b> | <b>0.15</b> | <b>11.05%</b> |

|  |  |      |       |      |         |
|--|--|------|-------|------|---------|
| <b>Title 3 Programme support expenditure</b> |  |      |       |      |         |
| 3111   | Meetings and information days (ex 3100)            | 0.28 | -0.06 | 0.22 | 79.95 % |
| 3121   | Expenditure related to evaluation and review (ex 3 | 0.09 | -0.01 | 0.08 | 89.04 % |
| 3131   | Missions and related expenses (ex 3120)            | 0.20 | -0.15 | 0.06 | 27.44 % |
| 3141   | Data collection IT services to support programme m | 0.39 | -0.14 | 0.26 | 65.40 % |
| 3142   | Programme management specific IT systems - DG DIGI | 0.68 | -0.67 | 0.01 | 1.56 %  |

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

Annex 3 Financial Reports - Administrative Budget %PHEA%  
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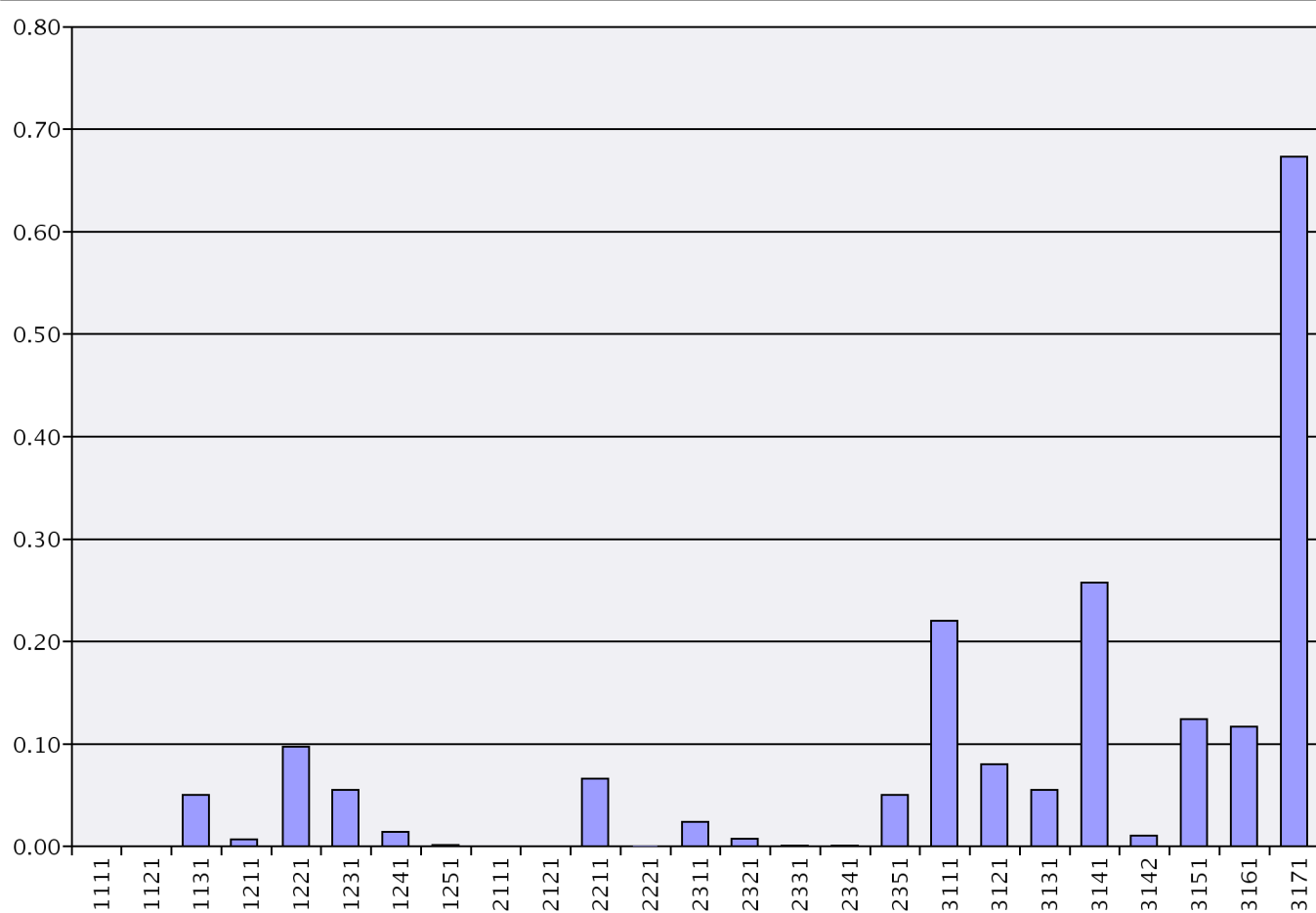
**TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2018 (in Mio €)**

| Chapter        |  | 2018 Commitments to be settled |                  |             |                    |
|----------------|--|--------------------------------|------------------|-------------|--------------------|
|                |  | Commitments<br>2018            | Payments<br>2018 | RAL 2018    | % to be<br>settled |
|                |  | 1                              | 2                | 3=1-2       | 4=1-2//1           |
| 3151           | Communication editing publications website and con | 0.22                           | -0.10            | 0.12        | 56.63 %            |
| 3161           | Ex-post auditing (partly ex 3310)                  | 0.12                           | 0.00             | 0.12        | 100.00 %           |
| 3171           | Studies consultancy translation and other programm | 0.78                           | -0.11            | 0.67        | 86.37 %            |
| <b>Total 3</b> |  | <b>2.76</b>                    | <b>-1.22</b>     | <b>1.54</b> | <b>55.77%</b>      |
| <b>TOTAL</b>   |  | <b>10.24</b>                   | <b>-8.33</b>     | <b>1.91</b> | <b>18.69 %</b>     |

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

Annex 3 Financial Reports - Administrative Budget %PHEA%  
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= "Breakdown of Commitments remaining to be settled (in Mio EUR)"



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

Annex 3 Financial Reports - Administrative Budget %PHEA%  
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**TABLE 4 : BALANCE SHEET PHEA**

| <b>BALANCE SHEET</b>                          | <b>2018</b>          | <b>2017</b>          |
|---|----------------------|----------------------|
| <b>A.I. NON CURRENT ASSETS</b>                | <b>59,235</b>        | <b>55,399</b>        |
| A.I.1. Intangible Assets                      | 705                  | 1,310                |
| A.I.2. Property, Plant and Equipment          | 58,530               | 54,089               |
| <b>A.II. CURRENT ASSETS</b>                   | <b>2,812,610.81</b>  | <b>2,912,100.41</b>  |
| A.II.3. Curr Exch Receiv &Non-Ex Recoverables | 21,412.16            | 28,545.59            |
| A.II.6. Cash and Cash Equivalents             | 2,791,198.65         | 2,883,554.82         |
| <b>ASSETS</b>                                 | <b>2,871,845.81</b>  | <b>2,967,499.41</b>  |
| <b>P.II. CURRENT LIABILITIES</b>              | <b>-1,598,174.54</b> | <b>-1,602,987.21</b> |
| P.II.4. Current Payables                      | -809,889.37          | -928,039.38          |
| P.II.5. Current Accrued Charges &Defrd Income | -788,285.17          | -674,947.83          |
| <b>LIABILITIES</b>                            | <b>-1,598,174.54</b> | <b>-1,602,987.21</b> |
| <b>NET ASSETS (ASSETS less LIABILITIES)</b>   | <b>1,273,671.27</b>  | <b>1,364,512.2</b>   |
| P.III.2. Accumulated Surplus/Deficit          | -1,364,512.65        | -634,249.87          |
| Non-allocated central (surplus)/deficit*      | 90,841.38            | -730,262.33          |
| <b>TOTAL</b>                                  | <b>0</b>             | <b>0</b>             |

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

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

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

| <b>STATEMENT OF FINANCIAL PERFORMANCE</b> | <b>2018</b>         | <b>2017</b>          |
|---|---------------------|----------------------|
| <b>II.1 REVENUES</b>                      | <b>-9,877,286.6</b> | <b>-8,825,367.99</b> |
| II.1.1. NON-EXCHANGE REVENUES             | -9,877,286.6        | -8,825,310.28        |
| II.1.1.6. OTHER NON-EXCHANGE REVENUES     | -9,877,286.60       | -8,825,310.28        |
| II.1.2. EXCHANGE REVENUES                 |                     | -57.71               |
| II.1.2.2. OTHER EXCHANGE REVENUE          |                     | -57.71               |
| <b>II.2. EXPENSES</b>                     | <b>9,968,127.98</b> | <b>8,095,105.66</b>  |
| II.2. EXPENSES                            | 9,968,127.98        | 8,095,105.66         |
| II.2.10. OTHER EXPENSES                   | 4,478,217.58        | 3,317,041.65         |
| II.2.6. STAFF AND PENSION COSTS           | 5,489,231.99        | 4,777,288.44         |
| II.2.8. FINANCE COSTS                     | 678.41              | 775.57               |
| <b>STATEMENT OF FINANCIAL PERFORMANCE</b> | <b>90,841.38</b>    | <b>-730,262.33</b>   |

**Explanatory Notes (facultative):**

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

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

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

| OFF BALANCE                                | 2018          | 2017          |
|--|---------------|---------------|
| OB.3.2. Comm against app. not yet consumed | -1,187,867    | -1,949,020.42 |
| OB.3.2. Comm against app. not yet consumed | -1,187,867    | -1,949,020.42 |
| OB.3.2. Comm against app. not yet consumed | -1,187,867.00 | -1,949,020.42 |
| OB.4. Balancing Accounts                   | 1,187,867     | 1,949,020.42  |
| OB.4. Balancing Accounts                   | 1,187,867     | 1,949,020.42  |
| OB.4. Balancing Accounts                   | 1,187,867.00  | 1,949,020.42  |
| <b>OFF BALANCE</b>                         | <b>0</b>      | <b>0</b>      |

*Explanatory Notes (facultative):*

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

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

**TABLE 6: AVERAGE PAYMENT TIMES FOR 2018 - PHEA**
**Legal Times**

| Maximum Payment Time (Days) | Total Number of Payments | Nbr of Payments within Time Limit | Percentage | Average Payment Times (Days) | Nbr of Late Payments | Percentage | Average Payment Times (Days) |
|-----------------------------|--------------------------|-----------------------------------|------------|------------------------------|----------------------|------------|------------------------------|
| 30                          | 773                      | 752                               | 97.28 %    | 12.4                         | 21                   | 2.72 %     | 45.67                        |
| 60                          | 2                        | 2                                 | 100.00 %   | 24                           |                      |            |                              |
| 90                          | 1                        | 1                                 | 100.00 %   | 16                           |                      |            |                              |

|                                   |              |            |                |              |           |               |              |
|-----------------------------------|--------------|------------|----------------|--------------|-----------|---------------|--------------|
| <b>Total Number of Payments</b>   | <b>776</b>   | <b>755</b> | <b>97.29 %</b> |              | <b>21</b> | <b>2.71 %</b> |              |
| <b>Average Net Payment Time</b>   | <b>13.34</b> |            |                | <b>12.44</b> |           |               | <b>45.67</b> |
| <b>Average Gross Payment Time</b> | <b>14.87</b> |            |                | <b>13.86</b> |           |               | <b>51.38</b> |

**Suspensions**

| Average Report Approval Suspension Days | Average Payment Suspension Days | Number of Suspended Payments | % of Total Number | Total Number of Payments | Amount of Suspended Payments | % of Total Amount | Total Paid Amount |
|---|---------------------------------|------------------------------|-------------------|--------------------------|------------------------------|-------------------|-------------------|
| 0                                       | 50                              | 24                           | 3.09 %            | 776                      | 430,369.79                   | 6.76 %            | 6,370,399.44      |

**Late Interest paid in 2018**

| Agency | GL Account | Description                                 | Amount (Eur)  |
|--------|------------|---|---------------|
| PHEA   | 65010000   | Interest expense on late payment of charges | 678.41        |
|        |            |   | <b>678.41</b> |

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

Annex 3 Financial Reports - Administrative Budget %PHEA%  
Report printed on 26/03/2019

| TABLE 7 : SITUATION ON REVENUE AND INCOME IN 2018 |  |                |                               |                           |                     |
|---|--|----------------|-------------------------------|---------------------------|---------------------|
| Title   | Description  | Year of Origin | Revenue and Income recognized | Revenue and Income cashed | Outstanding Balance |
| 1000  | European Community Contribution                    | 2018           | 10,422,900.00                 | 10,422,900.00             | 0.00                |
| 2000  | Particip.of EFTA Countr.in Exec. Agency Activities | 2018           | 143,246.00                    | 143,246.00                | 0.00                |
| 9000  | Miscellaneous revenue                              | 2017           | 1,744.00                      | 1,160.00                  | 584.00              |
| <b>TOTAL PHEA</b>                                 |  |                | <b>10,567,890</b>             | <b>10,567,306.00</b>      | <b>584.00</b>       |

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

| INCOME BUDGET<br>RECOVERY<br>ORDERS ISSUED<br>IN 2018<br><br>Year of Origin<br>(commitment) | Total undue payments<br>recovered |           | Total transactions in<br>recovery context<br>(incl. non-qualified) |           | % Qualified/Total RC |           |
|---|-----------------------------------|-----------|--|-----------|----------------------|-----------|
|   | Nbr                               | RO Amount | Nbr  | RO Amount | Nbr                  | RO Amount |
|   |                                   |           |  |           |                      |           |
| <b>Sub-Total</b>  |                                   |           |  |           |                      |           |

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

|                    |  |  |  |  |  |  |  |  |  |  |  |  |
|--------------------|--|--|--|--|--|--|--|--|--|--|--|--|
| <b>GRAND TOTAL</b> |  |  |  |  |  |  |  |  |  |  |  |  |
|--------------------|--|--|--|--|--|--|--|--|--|--|--|--|

Note : The figures are those related to the provisional accounts and not yet audited by the Court of Auditors. The provisional closure will be based on the recovery context situation at 31/01/2018.

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

| <b>Year of Origin</b> | <b>Number at 01/01/2018</b> | <b>Number at 31/12/2018</b> | <b>Evolution</b> | <b>Open Amount (Eur) at 01/01/2018</b> | <b>Open Amount (Eur) at 31/12/2018</b> | <b>Evolution</b> |
|-----------------------|-----------------------------|-----------------------------|------------------|--|--|------------------|
| 2011                  | 1                           | 1                           | 0.00 %           | 11.85                                  | 11.85                                  | 0.00 %           |
| 2016                  | 1                           | 1                           | 0.00 %           | 62.85                                  | 62.85                                  | 0.00 %           |
| 2017                  | 11                          | 2                           | -81.82 %         | 5,929.95                               | 584.00                                 | -90.15 %         |
| 2018                  |                             | 3                           |                  |  | 1,485.91                               |                  |
| Totals                | 13                          | 7                           | -46.15 %         | 6,004.65                               | 2,144.61                               | -64.28 %         |

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

|  | <b>Waiver<br/>Central Key</b> | <b>Linked RO<br/>Central Key</b> | <b>RO Accepted<br/>amount (Eur)</b> | <b>LE Account Group</b> | <b>Commission<br/>Decision</b> | <b>Comments</b> |
|--|-------------------------------|----------------------------------|-------------------------------------|-------------------------|--------------------------------|-----------------|
|  |                               |                                  |                                     |                         |                                |                 |

|                   |  |
|-------------------|--|
| <b>Total PHEA</b> |  |
|-------------------|--|

|                             |  |
|-----------------------------|--|
| <b>Number of RO waivers</b> |  |
|-----------------------------|--|

There are no waivers below 60 000 €

*Justifications:*

## Annex 3 Financial Reports - DG PHEA - Financial Year 2018

**Table 1 : Commitments**

**Table 2 : Payments**

**Table 3 : Commitments to be settled**

**Table 4 : Balance Sheet**

**Table 5 : Statement of Financial Performance**

**Table 5 Bis: Off Balance Sheet**

**Table 6 : Average Payment Times**

**Table 7 : Income**

**Table 8 : Recovery of undue Payments**

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

**Table 10 : Waivers of Recovery Orders**

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

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

**Table 13 : Building Contracts**

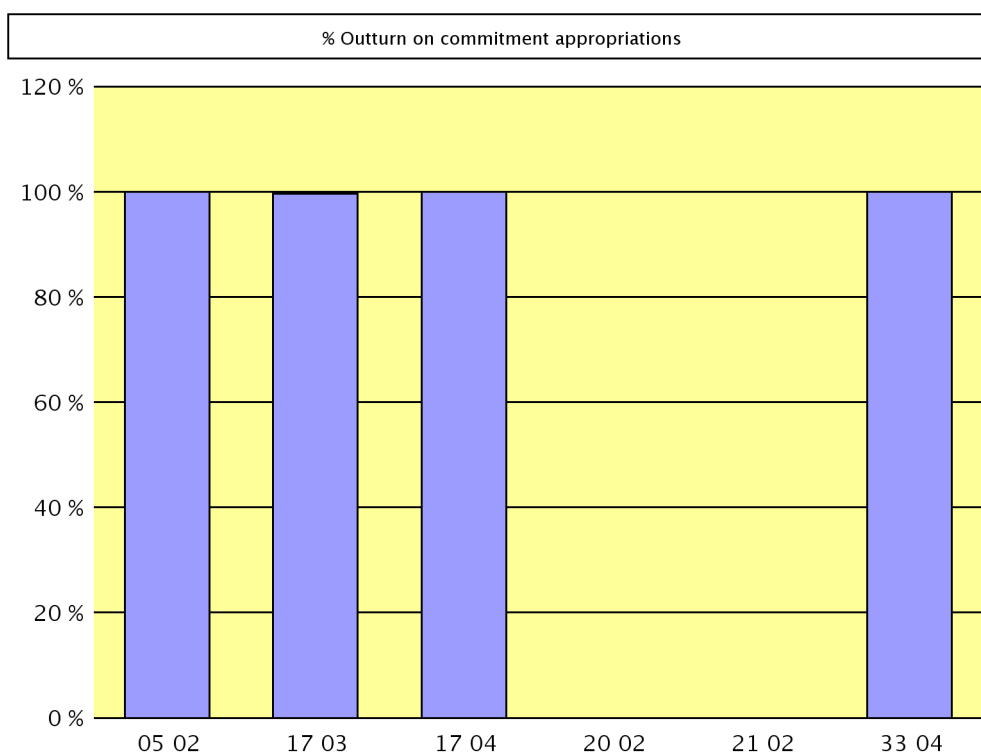
**Table 14 : Contracts declared Secret**

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

## Additional comments

| TABLE 1: OUTTURN ON COMMITMENT APPROPRIATIONS IN 2018 (in Mio €) |       |  |                                      |                  |          |
|--|-------|--|--------------------------------------|------------------|----------|
|  |       |  | Commitment appropriations authorised | Commitments made | %        |
|  |       |  | 1                                    | 2                | 3=2/1    |
| <b>Title 05 Agriculture and rural development</b>                |       |  |                                      |                  |          |
| 05   | 05 02 | Improving the competitiveness of the agricultural sector through interventions in agricultural markets | 88.6                                 | 88.6             | 100.00 % |
| <b>Total Title 05</b>  |       |  | 88.6                                 | 88.6             | 100.00%  |
| <b>Title 17 Health and food safety</b>                           |       |  |                                      |                  |          |
| 17   | 17 03 | Public health  | 46.76                                | 46.59            | 99.63 %  |
|  | 17 04 | Food and feed safety, animal health, animal welfare and plant health                                   | 17.5                                 | 17.5             | 100.00 % |
| <b>Total Title 17</b>  |       |  | 64.26                                | 64.09            | 99.73%   |
| <b>Title 33 Justice and consumers</b>                            |       |  |                                      |                  |          |
| 33   | 33 04 | Consumer programme   | 18.7                                 | 18.7             | 100.00 % |
| <b>Total Title 33</b>  |       |  | 18.7                                 | 18.7             | 100.00%  |
| <b>Total DG PHEA</b>   |       |  | 171.56                               | 171.39           | 99.90 %  |

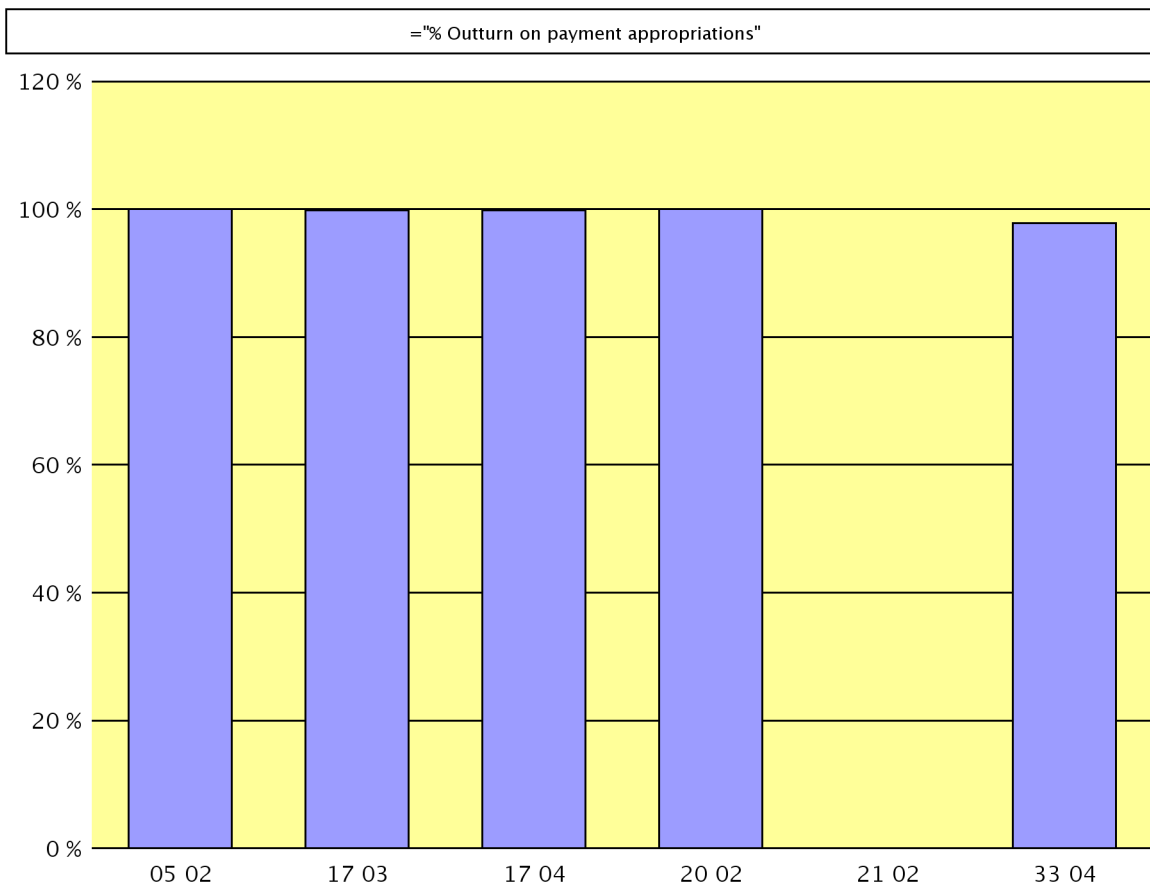
\* Commitment appropriations authorised include, in addition to the budget voted by the legislative authority, appropriations carried over from the previous exercise, budget amendments as well as miscellaneous commitment appropriations for the period (e.g. internal and external assigned revenue).



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

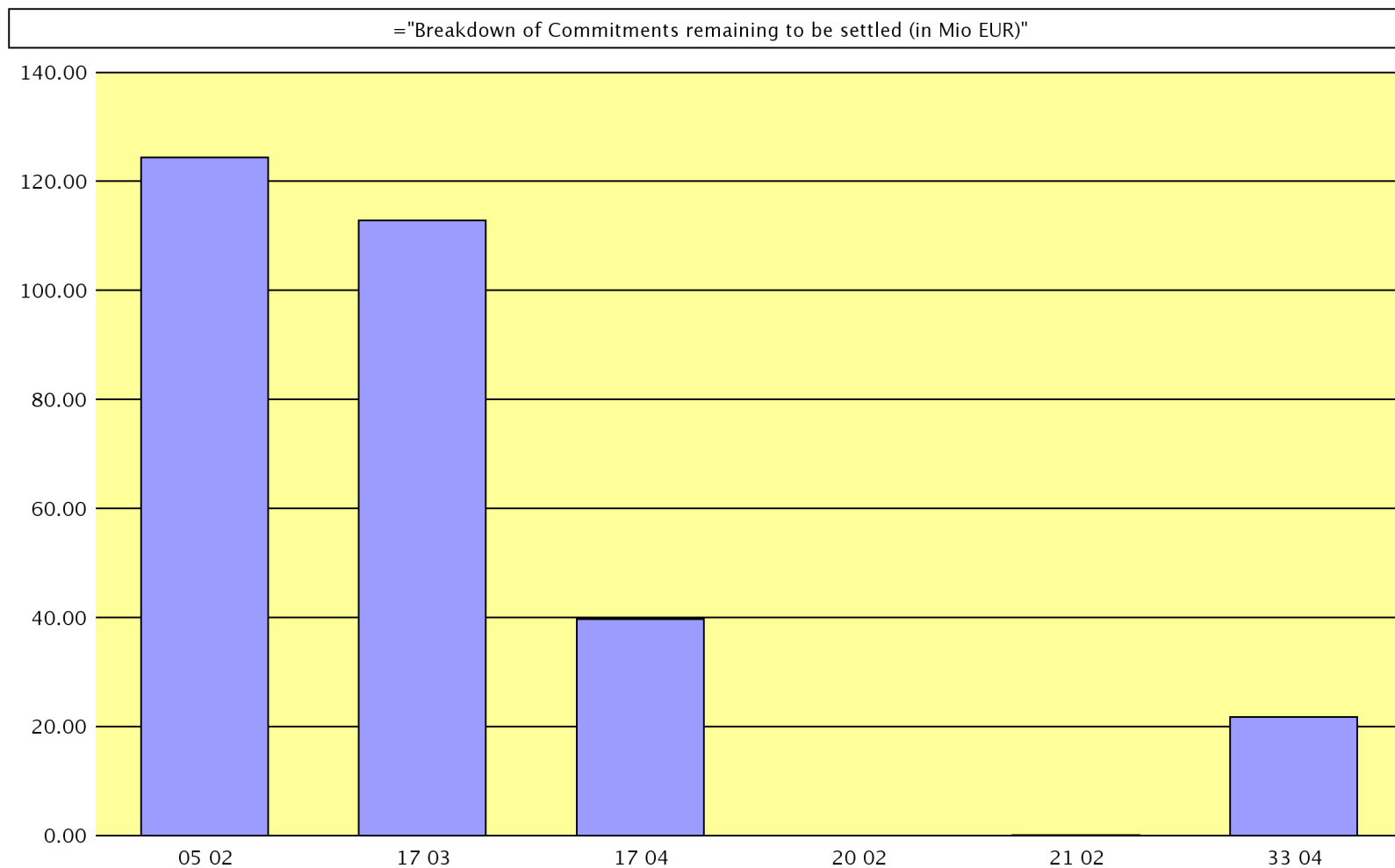
| Chapter   |       |  | Payment appropriations authorised * | Payments made | %        |
|---|-------|--|-------------------------------------|---------------|----------|
|   |       |  | 1                                   | 2             | 3=2/1    |
| <b>Title 05 Agriculture and rural development</b> |       |  |                                     |               |          |
| 05  | 05 02 | Improving the competitiveness of the agricultural sector through interventions in agricultural markets | 24.7                                | 24.7          | 100.00 % |
| <b>Total Title 05</b>                             |       |  | 24.7                                | 24.7          | 100.00%  |
| <b>Title 17 Health and food safety</b>            |       |  |                                     |               |          |
| 17  | 17 03 | Public health  | 46.16                               | 46.07         | 99.81 %  |
|   | 17 04 | Food and feed safety, animal health, animal welfare and plant health                                   | 9.54                                | 9.52          | 99.81 %  |
| <b>Total Title 17</b>                             |       |  | 55.7                                | 55.59         | 99.81%   |
| <b>Title 20 Trade</b>                             |       |  |                                     |               |          |
| 20  | 20 02 | Trade policy   | 0                                   | 0             | 100.00 % |
| <b>Total Title 20</b>                             |       |  | 0                                   | 0             | 100.00%  |
| <b>Title 33 Justice and consumers</b>             |       |  |                                     |               |          |
| 33  | 33 04 | Consumer programme   | 19.1                                | 18.69         | 97.85 %  |
| <b>Total Title 33</b>                             |       |  | 19.1                                | 18.69         | 97.85%   |
| <b>Total DG PHEA</b>                              |       |  | 99.5                                | 98.98         | 99.48 %  |

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



| TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2018 (in Mio €) |                      |  |                                |               |          |                 |                                  |   |   |
|---|----------------------|--|--------------------------------|---------------|----------|-----------------|----------------------------------|---|---|
| Chapter   |                      |  | 2018 Commitments to be settled |               |          |                 | Commitments to be settled from   | Total of commitments to be settled at end | Total of commitments to be settled at end |
|   |                      |  | Commitments 2018               | Payments 2018 | RAL 2018 | % to be settled | financial years previous to 2018 | of financial year 2018                    | of financial year 2017                    |
|   |                      |  | 1                              | 2             | 3=1-2    | 4=1-2/1         | 5                                | 6=3+5                                     | 7   |
| <b>Title 05 : Agriculture and rural development</b>                       |                      |  |                                |               |          |                 |                                  |   |   |
| 05  | 05 02                | Improving the competitiveness of the agricultural sector through interventions in agricultural markets | 88.6                           | 13.13         | 75.47    | 85.19 %         | 48.88                            | 124.36                                    | 60.68                                     |
| <b>Total Title 05</b>   |                      |  | 88.6                           | 13.13         | 75.47    | 85.19%          | 48.88                            | 124.36                                    | 60.68                                     |
| <b>Title 17 : Health and food safety</b>                                  |                      |  |                                |               |          |                 |                                  |   |   |
| 17  | 17 03                | Public health  | 46.59                          | 7.92          | 38.67    | 82.99 %         | 74.11                            | 112.78                                    | 117.10                                    |
|   | 17 04                | Food and feed safety, animal health, animal welfare and plant health                                   | 17.5                           | 0.59          | 16.91    | 96.64 %         | 22.76                            | 39.67                                     | 33.20                                     |
| <b>Total Title 17</b>   |                      |  | 64.09                          | 8.51          | 55.58    | 86.72%          | 96.87                            | 152.45                                    | 150.29                                    |
| <b>Title 20 : Trade</b>   |                      |  |                                |               |          |                 |                                  |   |   |
| 20  | 20 02                | Trade policy   | 0                              | 0.00          | 0        | 0.00 %          | 0.00                             | 0.00                                      | 0.02                                      |
| <b>Total Title 20</b>   |                      |  | 0                              | 0.00          | 0        | 0.00%           | 0                                | 0   | 0.02                                      |
| <b>Title 21 : International cooperation and development</b>               |                      |  |                                |               |          |                 |                                  |   |   |
| 21  | 21 02                | Development Cooperation Instrument (DCI)   | 0                              | 0.00          | 0        | 0.00 %          | 0.01                             | 0.01                                      | 0.11                                      |
| <b>Total Title 21</b>   |                      |  | 0                              | 0.00          | 0        | 0.00%           | 0.01                             | 0.01                                      | 0.11                                      |
| <b>Title 33 : Justice and consumers</b>                                   |                      |  |                                |               |          |                 |                                  |   |   |
| 33  | 33 04                | Consumer programme   | 18.7                           | 5.93          | 12.77    | 68.29 %         | 8.92                             | 21.69                                     | 22.17                                     |
| <b>Total Title 33</b>   |                      |  | 18.7                           | 5.93          | 12.77    | 68.29%          | 8.92                             | 21.69                                     | 22.17                                     |
|   | <b>Total DG PHEA</b> |  | 171.39                         | 27.57         | 143.82   | 83.92 %         | 154.69                           | 298.51                                    | 233.28                                    |

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



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

TABLE 4 : BALANCE SHEET PHEA

| BALANCE SHEET                                  | 2018                 | 2017                 |
|--|----------------------|----------------------|
| A.II. CURRENT ASSETS                           | 94,351,408.21        | 79,709,148.13        |
| A.II.2. Current Pre-Financing                  | 93,834,331.11        | 79,223,040.22        |
| A.II.3. Curr Exch Receiv & Non-Ex Recoverables | 517,077.10           | 486,107.91           |
| <b>ASSETS</b>                                  | <b>94,351,408.21</b> | <b>79,709,148.13</b> |
| P.II. CURRENT LIABILITIES                      | -212,504.07          | -74,707.8            |
| P.II.4. Current Payables                       | -212,504.07          | -74,707.80           |
| P.II.5. Current Accrued Charges & Defrd Income | 0.00                 | 0.00                 |
| <b>LIABILITIES</b>                             | <b>-212,504.07</b>   | <b>-74,707.8</b>     |
|  |                      |                      |
| <b>NET ASSETS (ASSETS less LIABILITIES)</b>    | <b>94,138,904.14</b> | <b>79,634,440.33</b> |
|  |                      |                      |
| P.III.2. Accumulated Surplus/Deficit           | 256,509,199.41       | 161,338,839.96       |
|  |                      |                      |
| Non-allocated central (surplus)/deficit*       | -350,648,103.55      | -240,973,280.29      |
|  |                      |                      |
| <b>TOTAL</b>                                   | <b>0.00</b>          | <b>0.00</b>          |

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

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

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

| <b>STATEMENT OF FINANCIAL PERFORMANCE</b> | <b>2018</b>          | <b>2017</b>          |
|---|----------------------|----------------------|
| <b>II.1 REVENUES</b>                      | <b>97,427</b>        | <b>-57,585.6</b>     |
| II.1.1. NON-EXCHANGE REVENUES             | -9,285.92            | -49,864.5            |
| II.1.1.5. RECOVERY OF EXPENSES            | -9,285.92            | -49,864.50           |
| II.1.2. EXCHANGE REVENUES                 | 106,712.92           | -7,721.1             |
| II.1.2.1. FINANCIAL INCOME                | -11,336.54           | -7,721.10            |
| II.1.2.2. OTHER EXCHANGE REVENUE          | 118,049.46           |                      |
| <b>II.2. EXPENSES</b>                     | <b>84,191,044.89</b> | <b>95,227,945.05</b> |
| II.2. EXPENSES                            | 84,191,044.89        | 95,227,945.05        |
| II.2.10. OTHER EXPENSES                   | 16,844.34            | 6,812.58             |
| II.2.2. EXP IMPLM BY COMMISS&EX.AGENC     | 84,173,893.59        | 95,215,949.99        |
| II.2.8. FINANCE COSTS                     | 306.96               | 5,182.48             |
| <b>STATEMENT OF FINANCIAL PERFORMANCE</b> | <b>84,288,471.89</b> | <b>95,170,359.45</b> |

*Explanatory Notes (facultative):*

*Please enter the text directly (no copy/paste of formatted text which would then disappear when saving the document in pdf), use \\\"ctrl+enter\\\" to go to the next line and \\\"enter\\\" to validate your typing.*

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

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

TABLE 5bis : OFF BALANCE SHEET PHEA

| OFF BALANCE              | 2018          | 2017        |
|--------------------------|---------------|-------------|
| OB.1. Contingent Assets  | 4,914,058.14  | 518,058.14  |
| GR for pre-financing     | 4,914,058.14  | 518,058.14  |
| OB.4. Balancing Accounts | -4,914,058.14 | -518,058.14 |
| OB.4. Balancing Accounts | -4,914,058.14 | -518,058.14 |
| <b>OFF BALANCE</b>       | <b>0.00</b>   | <b>0.00</b> |

*Explanatory Notes (facultative):*

*Please enter the text directly (no copy/paste of formatted text which would then disappear when saving the document in pdf), use \\\"ctrl+enter\\\" to go to the next line and \\\"enter\\\" to validate your typing.*

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

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

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

| <b>Legal Times</b>                 |                                 |  |                   |                                     |                             |                   |                                     |
|------------------------------------|---------------------------------|--|-------------------|-------------------------------------|-----------------------------|-------------------|-------------------------------------|
| <b>Maximum Payment Time (Days)</b> | <b>Total Number of Payments</b> | <b>Nbr of Payments within Time Limit</b> | <b>Percentage</b> | <b>Average Payment Times (Days)</b> | <b>Nbr of Late Payments</b> | <b>Percentage</b> | <b>Average Payment Times (Days)</b> |
| 30                                 | 284                             | 271                                      | 95.42 %           | 11.55                               | 13                          | 4.58 %            | 37.77                               |
| 45                                 | 16                              | 15                                       | 93.75 %           | 25.33                               | 1                           | 6.25 %            | 53                                  |
| 60                                 | 164                             | 159                                      | 96.95 %           | 33.77                               | 5                           | 3.05 %            | 63                                  |
| 90                                 | 86                              | 86                                       | 100.00 %          | 66.73                               |                             |                   |                                     |

|                                   |              |            |                |              |           |               |              |
|-----------------------------------|--------------|------------|----------------|--------------|-----------|---------------|--------------|
| <b>Total Number of Payments</b>   | <b>550</b>   | <b>531</b> | <b>96.55 %</b> |              | <b>19</b> | <b>3.45 %</b> |              |
| <b>Average Net Payment Time</b>   | <b>28.14</b> |            |                | <b>27.53</b> |           |               | <b>45.21</b> |
| <b>Average Gross Payment Time</b> | <b>43.46</b> |            |                | <b>43.06</b> |           |               | <b>54.84</b> |

| <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 of Suspended Payments</b> | <b>% of Total Amount</b> | <b>Total Paid Amount</b> |
| 9  | 58                                     | 145                                 | 26.36 %                  | 550                             | 30,047,411.75                       | 35.94 %                  | 83,597,361.99            |

| <b>Late Interest paid in 2018</b> |                   |  |                     |
|-----------------------------------|-------------------|--|---------------------|
| <b>DG</b>                         | <b>GL Account</b> | <b>Description</b>                         | <b>Amount (Eur)</b> |
| PHEA                              | 65010100          | Interest on late payment of charges New FR | 306.96              |
|                                   |                   |  | <b>306.96</b>       |

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

Annex 3 Financial Reports - DG PHEA  
Report printed on 26/03/2019

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

| Chapter              |                                 | Revenue and income recognized |                   |                   | Revenue and income cashed from |                  |                   | Outstanding<br>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             |                        |
| 66                   | OTHER CONTRIBUTIONS AND REFUNDS | 208,889.38                    | 486,107.91        | 694,997.29        | 140,895.82                     | 37,024.37        | 177,920.19        | 517,077.1              |
| <b>Total DG PHEA</b> |                                 | <b>208,889.38</b>             | <b>486,107.91</b> | <b>694,997.29</b> | <b>140,895.82</b>              | <b>37,024.37</b> | <b>177,920.19</b> | <b>517,077.1</b>       |

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

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

| INCOME BUDGET<br>RECOVERY<br>ORDERS ISSUED<br>IN 2018<br><br>Year of Origin<br>(commitment) | Irregularity |           | Total undue payments<br>recovered |           | Total transactions in<br>recovery context<br>(incl. non-qualified) |            | % Qualified/Total RC |           |
|---|--------------|-----------|-----------------------------------|-----------|--|------------|----------------------|-----------|
|   | Nbr          | RO Amount | Nbr                               | RO Amount | Nbr  | RO Amount  | Nbr                  | RO Amount |
| 2010  | 1            | 0         | 1                                 | 0         | 2  | 46,966.35  | 50.00%               | 0.00%     |
| 2011  | 2            | 7,312.97  | 2                                 | 7,312.97  | 2  | 7,312.97   | 100.00%              | 100.00%   |
| 2013  | 1            | 1,972.95  | 1                                 | 1,972.95  | 3  | 63,888.93  | 33.33%               | 3.09%     |
| 2017  |              |           |                                   |           | 3  | 101,897.2  |                      |           |
| Sub-Total   | 4            | 9,285.92  | 4                                 | 9,285.92  | 10   | 220,065.45 | 40.00%               | 4.22%     |

| EXPENSES BUDGET                | Error |        | Irregularity |            | OLAF Notified |        | Total undue payments<br>recovered |            | Total transactions in<br>recovery context<br>(incl. non-qualified) |              | % Qualified/Total RC |        |
|--------------------------------|-------|--------|--------------|------------|---------------|--------|-----------------------------------|------------|--|--------------|----------------------|--------|
|                                | Nbr   | Amount | Nbr          | Amount     | Nbr           | Amount | Nbr                               | Amount     | Nbr  | Amount       | Nbr                  | Amount |
| INCOME LINES IN<br>INVOICES    |       |        |              |            |               |        |                                   |            |  |              |                      |        |
| NON ELIGIBLE IN<br>COST CLAIMS |       |        | 21           | 144,431.1  |               |        | 21                                | 144,431.1  | 58   | 2,548,127.98 | 36.21%               | 5.67%  |
| CREDIT NOTES                   |       |        | 1            | 30.76      |               |        | 1                                 | 30.76      | 27   | 5,086,004.85 | 3.70%                | 0.00%  |
| Sub-Total                      |       |        | 22           | 144,461.86 |               |        | 22                                | 144,461.86 | 85   | 7,634,132.83 | 25.88%               | 1.89%  |
| GRAND TOTAL                    |       |        | 26           | 153,747.78 |               |        | 26                                | 153,747.78 | 95   | 7,854,198.28 | 27.37%               | 1.96%  |

Note : The figures are those related to the provisional accounts and not yet audited by the Court of Auditors. The provisional closure will be based on the recovery context situation at 31/01/2017.

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

|      | Number at<br>01/01/2018 | Number at<br>31/12/2018 | Evolution | Open Amount<br>(Eur) at<br>01/01/2018 | Open Amount<br>(Eur) at<br>31/12/2018 | Evolution |
|------|-------------------------|-------------------------|-----------|---------------------------------------|---------------------------------------|-----------|
| 2011 | 1                       |                         | -100.00 % | 16,844.34                             |                                       | -100.00 % |
| 2016 | 4                       | 4                       | 0.00 %    | 468,232.14                            | 449,083.54                            | -4.09 %   |
| 2017 | 2                       |                         | -100.00 % | 1,031.43                              |                                       | -100.00 % |
| 2018 |                         | 3                       |           |                                       | 67,993.56                             |           |
|      | 7                       | 7                       | 0.00 %    | 486,107.91                            | 517,077.10                            | 6.37 %    |

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

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

|               |  |
|---------------|--|
| Total DG PHEA |  |
|---------------|--|

|                      |  |
|----------------------|--|
| Number of RO waivers |  |
|----------------------|--|

There is one waiver below 60 000 € for an amount of -16,844.34

*None of your Recovery Order Waivers (if any) reaches EUR 60.000*

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

**Internal Procedures > € 60,000**

| <b>Negotiated Procedure Legal base</b>   | <b>Number of Procedures</b> | <b>Amount (€)</b> |
|--|-----------------------------|-------------------|
| Annex 1 - 11.1 (b) - Artistic/technical reasons or exclusive rights (technical monopoly, captive market) | 1                           | 76,900.00         |
| <b>Total</b>   | <b>1</b>                    | <b>76,900.00</b>  |

**TABLE 12 : SUMMARY OF PROCEDURES OF DG PHEA EXCLUDING BUILDING CONTRACTS**

### Internal Procedures > € 60,000

| Procedure Legal base  | Number of Procedures | Amount (€)           |
|---|----------------------|----------------------|
| Negotiated Procedure with at least five candidates below Directive thresholds (Art. 136a RAP) | 2                    | 227,882.00           |
| Negotiated procedure without prior publication (Annex 1 - 11.1)                               | 1                    | 76,900.00            |
| Negotiated Procedure without publication of a contract notice Art. 126 IR                     | 1                    | 71,460.00            |
| Open Procedure (Art. 104(1) (a) FR)   | 15                   | 50,394,125.00        |
| Open Procedure (Art. 127.2 RAP)   | 8                    | 17,624,460.00        |
| <b>Total</b>  | <b>27</b>            | <b>68,394,827.00</b> |

### Additional Comments:

**TABLE 13 : BUILDING CONTRACTS**

| Legal base | Contract Number | Contractor Name | Description | Amount (€) |
|------------|-----------------|-----------------|-------------|------------|
|            |                 |                 |             |            |
|            |                 |                 |             |            |

**TABLE 14 : CONTRACTS DECLARED SECRET**

| LC Responsible Organi | LC Contract/Grant Type | LC Date | Legal base | Contract Number | Contractor Name | Description | Amount (€) |
|-----------------------|------------------------|---------|------------|-----------------|-----------------|-------------|------------|
|                       |                        |         |            |                 |                 |             |            |
|                       |                        |         |            |                 |                 |             |            |

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

*None of your FPA (if any) exceeds 4 years*

## **ANNEX 4:      Materiality criteria**

Chafea assesses the overall impact of a weakness for defining significant weaknesses using quantitative criteria such as:

a) Significant and/or repetitive occurrence of errors

The weakness points to significant and repetitive errors affecting the legality and regularity of the executed operations; the errors in the underlying transactions may be detected at any stage of the control/supervision procedures. In such cases, the Agency will consider both the qualitative and quantitative aspects of the detected error(s); in relation to the quality aspect, the nature, scope duration but also any existing mitigating corrective actions will be taken into account; in relation to the quantity aspect, the Agency will seek to estimate the financial impact of the detected error (exposure or amount at risk).

b) The potential total financial impact (residual error rate) (value of errors in the transactions) exceeds 2 % of the total budget paid per ABB activity during the reporting period.

The potential total financial impact is calculated by applying the average rate of adjustments to the advantage of the Agency resulting from all audits finalised for the programme so far to the amount of un-audited payments for the programme in the year of the annual declaration.

However, the defined materiality thresholds will only be applied if the number of grants audited is sufficiently representative for the overall amount of grants managed by the Agency. This is to say, that the sample of audited contracts should cover at least 5 % of the total number of open contracts at the end of the preceding year to the annual declaration.

Qualitative criteria upon which the Agency assesses the overall impact of a weakness:

a) Significant internal control system weakness

The controls may detect (major) system weaknesses that indicate deficiencies at the stage of the design of the internal control system, affecting its effectiveness. This type of weakness may be detected at any stage of the procedure (assessment of the effectiveness of the Internal Control System, the management's risk assessment, following self-assessments performed by the Agency, ex-post audits, or audits performed by the Court of Auditors. These systemic weaknesses are assessed both on their qualitative and quantitative aspects. As far as the quality aspect is concerned, the nature, scope duration but also any existing mitigating corrective actions will be taken into account; the financial impact of the control system weaknesses will consider the portion of the budget managed by the Agency that is considered at risk.

b) Insufficient audit coverage and/or inadequate information from Internal Control Systems

This problematic situation is considered to occur in case the Agency is not in place to identify control weaknesses due to the fact that not enough controls/audits were performed (low level of control data). In addition, the Agency is not in position of compensatory evidence from other sources (Court of Auditors, Internal Audit Service).

c) Critical Issues reported by the European Court of Auditors, the Internal Audit Service, the Agency's Internal Audit Capability or OLAF.

The criticality is considered not only in relation to the qualification of the Auditors; findings (critical recommendations) but also in relation to the level of significance that

other findings may have on the assurance; in that respect, recommendations that were classified as 'very important' are also taken into account, especially if the implementations of actions that mitigate the identified risks are overdue.

The existence of non-mitigated critical recommendations will justify a reservation only if: a) the underlying weakness falls into the area covered by the declaration of assurance of the Agency's Director, b) the Agency's Director accepts that the current Internal Control System does not address the identified weakness appropriately and c) considers that the materiality threshold (reputational, financial) is exceeded.

#### d) Assessment of reputational events

A significant reputational event that occurred during the year may lead to a reservation if the impact of the event has an impact on the elements constituting the declaration of assurance. This may be considered even for cases that the financial impact of the event is below the 'materiality thresholds'. It is clarified that only the reputational 'events' may be considered not the risks that, by definition, represent threats that have not been materialized. The impact of the reputational event is measured as the impact on the Agency's reputation that it characterized as a loss of confidence by its stakeholders. The Agency's stakeholders include the following: the Council, the Parliament, the Court of Auditors, its parent DG and the rest of Commission's services, the participants of the programs managed by it, its staff (actual and potential), media as well as the general public. Reputational events that may relate with the Agency's operation may refer to failure to prove regulatory compliance, insufficient management capacity, and inadequate control system, risk management, failure to meet the stakeholders' expectations, communication failures, and situations of alleged (internal) fraud.

## **EX POST CONTROLS – AUDIT METHODOLOGY AND COVERAGE**

Since several years, final payments executed under the Health Programme and the Consumers Programme were audited ex-post. The first grants under Promotion of Agricultural Products started in 2016 and therefore, no final payment was executed in 2018. Based on a risk assessment, it was decided to perform in 2018 ex-post audits on interim payments from the grants funded under the Promotion of Agriculture Products. In this AAR, we include the 2017 final reports and one 2016 final report which were completed in 2018. The 2018 contract for ex-post audit was signed in September 2018. For this reason, only some preliminary reports are available at the time of preparation of this AAR. All final audits reports will be available in Q2 2019.

### **SAMPLING**

#### **2017**

For the 2017 audits on final payment, the sample frame was limited to payments executed through the period 2014-2016.

The population from which the sampling in 2017 was drawn does not include:

- Grants for which the invoice payment date was before the year 2013 were excluded from the above mentioned sampling following Art. 20.2 of the grant agreements where it is stated that "The beneficiaries shall keep at the Executive Agency's disposal all original documents, especially accounting and tax records, or, in exceptional and duly justified cases, certified copies of original documents relating to the agreement, stored on any appropriate medium that ensures their integrity in accordance with the applicable national legislation, for a period of five years from the date of payment of the balance specified in Article 1.5";

- Direct Grant Agreements with International Organisations. In case there is a reasoned request by Chafea's Operational Units for on-the-spot verification, the action will be included in the risk sampling (21 transactions);
- Grants for which the cost claim was submitted to Chafea but the payment has not been executed by 31/01/2017 (34 transactions); In case that Chafea's Operational Units indicates reasoned request for audit before the completion of final payment, an ex-ante on-the-spot control may be performed, following AOS approval;
- For Consumers programme: grants audited before, grants of the values close to audit costs (about EUR 7 000), e.g. grants on exchange of officials (Consumers Programme).

Within the total population two groups (strata) were identified, basing on the gathered knowledge and resulting assumptions: the 'group of the low-risk' and a 'higher-risk group'. From the low-risk group the transactions for audit were sampled at random.

#### Audits under the Health Programme

From 144 final payments for 2014-2017, 12 final payments were randomly selected (8 % of the strata) in the following break-down:

- Programmes 2008-2013 – 9 transactions
- Programmes 2014-2020 – 3 transactions

The random selection was based on the excel function "randbetween".

The risk-based sample of 2 transactions (~30 % of the strata) was drawn from 7 risk-bearing final payments. The risk-based sampling was made by the ex-post control team based on professional judgment following such criteria as (a) proposal by the programme team and financial cell, (b) percentage of the EU Funding (between 50 %-95 %) of the claimed amount, (c) Recurrence of the grant: Chafea is giving yearly funding to some type of grants (i.e. operating grants).

The total value of EU grants randomly sampled under Health Programme amounted to EUR 1.85 million. Risk-based sample was relevant only for the Health programme and amounted to EUR 0.8 million.

#### Audits under the Consumers Programme

Out of the 30 low-risk transactions, 10 never-before-audited transactions were selected as sample frame. In particular:

- 4 transactions randomly selected from 10 (13 % of the strata), 2 from programmes 2008-2013 and 2 from programmes 2014-2020

No risk based sample frame was identified in 2017

### **2018**

For the 2018 audits on final payment, the sample frame was limited to payments executed through the period 2015-2017.

The population from which the sampling in 2018 was drawn does not include:

- Grants for which the invoice payment date was before 2014 were excluded from the above mentioned sampling following Art. 20.2 of the grant agreements where it is stated that "The beneficiaries shall keep at the Executive Agency's disposal all

original documents, especially accounting and tax records, or, in exceptional and duly justified cases, certified copies of original documents relating to the agreement, stored on any appropriate medium that ensures their integrity in accordance with the applicable national legislation, for a period of five years from the date of payment of the balance specified in Article 1.5";

- Direct Grant Agreements with International Organisations. In case there is a reasoned request by Chafea's Operational Units for on-the-spot verification, the action will be included in the risk sampling (22 transactions);
- Grants for which the cost claim was submitted to Chafea but the payment has not been executed by 31/01/2018 (0 transactions); In case that Chafea's Operational Units indicates reasoned request for audit before the completion of final payment, an ex-ante on-the-spot control may be performed, following AOs approval;
- For Consumers programme: grants audited before, grants of the values close to audit costs (about EUR 7 000), e.g. grants on exchange of officials (Consumers Programme).
- Interim payments under the programme 2014-2020 of the Health Programme: Data ware house (DWH-BO reports) recognises the interim payments as final payment. As a result, there are 28 transactions that were not included in the random sampling because these concern interim payments and not final payments.

Within the total population two groups (strata) were identified, basing on the gathered knowledge and resulting assumptions: the 'group of the low-risk' and a 'higher-risk group'. From the low-risk group the transactions for audit were sampled at random.

#### Audits under Health Programme

From 111 final payments for 2015-2017, 16 final payments were randomly selected (14,4 % of the strata), in the following breakdown:

- Programmes 2008-2013 – 12 transactions
- Programmes 2014-2020 – 4 transactions

The random selection was based on the excel function "randbetween".

The risk-based sample of 2 transactions (~33 % of the strata) was drawn from 6 risk-bearing final payments. The risk-based sampling was made by the ex-post control team based on professional judgment following such criteria as (a) proposal by the programme team and financial cell, (b) percentage of the EU Funding (between 50 %-95 %) of the claimed amount, (c) Recurrence of the grant: Chafea is giving yearly funding to some type of grants (i.e. operating grants).

The total value of EU grants randomly sampled under Health Programme amounted to EUR 4.29 million. Risk-based sample was relevant only for the Health programme and amounted to EUR 0.86 million.

#### Audits under the Consumers Programme

Out of the 30 low-risk transactions, 7 never-before-audited transactions were selected as sample frame:

- 2 transactions randomly selected from 7 (6,7 % of the strata),

- Programmes 2014-2020 – 4 transactions

No risk based sample frame was identified in 2018

#### Audits under the Promotion of Agricultural products

2 transactions on a risk based sample were selected based on risk factors presented by the operational unit.

#### **Moving multiannual average error rates per programme**

There are 13 Health Programme audit reports (7 from the 2007-2013 programme and 4 from the 2014-2020 Programme); two (2) 2014-2020 Consumers Programme audit reports that are added to the results below in this AAR.

| <b>Programme</b>       | <b>sampling</b> | <b>audit (pre-) finalised</b> | <b>Detected Error</b> |
|------------------------|-----------------|-------------------------------|-----------------------|
| HEALTH PROGRAMME       |                 |                               |                       |
| 2014-2020              | Random          | 4                             | 1.26 %                |
|                        | Risk            | 0                             | 0 %                   |
| 2008-2013              | Random          | 61                            | 1.93 % <sup>2</sup>   |
|                        | Risk            | 50                            | 4.87 %                |
| CONSUMERS PROGRAMME    |                 |                               |                       |
| 2014-2020              | Random          | 4                             | 0,66 %                |
|                        | Risk            | 1                             | 0 %                   |
| 2008-2013              | Random          | 33                            | 0.76 %                |
|                        | Risk            | 12                            | 0.89 %                |
| No final payments made | Random          | n/a                           | n/a                   |
|                        | Risk            | n/a                           | n/a                   |

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<sup>2</sup> Two reports of 2017 are still not closed and under further investigations. These will be reported in 2019 AAR.

## Characteristics of cumulative samples per programme

### Programme Generation 2008 – 2013

The size of the audits conducted over 2010-2018 became sufficiently large to enable obtaining statistically representative results of audits for both audited programmes (Consumers and Health). The detected error rate obtained is considered the best possible indication for calculating the residual error rate of the programmes knowing that over the years the statistical accuracy of the estimated average should continuously increase.

|   | Public Health Programme | Consumers Programme | Total       |
|---|-------------------------|---------------------|-------------|
| Total value of EC Contribution for grants of which final payments were made 2008-2018 | 310 760 587             | 64 219 924          | 374 980 511 |
| Amount ex-post audited in 2008-2018   | 24 005 691              | 6 472 307           | 30 625 262  |
| % of the sampled value  | 7,7 %                   | 10 %                | 8.1 %       |

#### Calculation of residual error rate

The error rate was calculated on the basis of 2016-17 final audit reports and 2018 audit reports that were at pre-final stage. The moving average error rate through 2008-2018 (see below) is applied:

#### Health programme

| Risk profile<br>(% of population)  | Population audited<br>(% of population)         | Detected<br>Error Rate | Residual Error Rate (= actual or assumed)   |
|--|---|------------------------|---|
| Higher Risk ~5 %   | 2 % of this segment<br>=> 0,1 % of population   | 4.87 %                 | - Audited part (0.1 %): 0 %<br>(=errors detected are corrected)<br><br>- Non-audited part (4.9 %): 4.87 %               |
| Lower Risk 95 %  | 8.1 % of this segment<br>=> 7.7 % of population | 1.93 %                 | - Audited part (7.7 %): 0 %<br>(=errors detected are corrected)<br><br>- Non-audited part (87.3 %): 1.93 % <sup>3</sup> |
| <b>Overall residual error rate =</b><br>$(0.001 \times 0 \%) + (0.049 \times 4.87 \%) + (0.077 \times 0 \%) + (0.873 \times 1.93 \%) = \mathbf{1.92 \%}$ |   |                        |   |

<sup>3</sup> Includes one 2018 preliminary report.

## Consumers programme

| Risk profile<br>(% of population)  | Population audited<br>(% of population) | Detected<br>Error Rate | Residual Error Rate<br>(= actual or assumed)  |
|--|---|------------------------|---|
| Higher Risk ~0 %   | 0 %                                     | 0 %                    | - Audited part (0 %): 0 %<br>(=errors detected)<br><br>- Non-audited part (0%)  |
| Lower Risk ~100%   | 0 %                                     | 0.82 %                 | - Audited part (0 %): 0 %<br>(=errors detected are corrected)<br><br>- Non-audited part (100 %):<br>0.82 % <sup>4</sup> |
| <u>Overall</u> residual error rate =<br><br>$1.00 \times 0.82 \% = \mathbf{0.82 \%}$ |   |                        |   |

## Programme generation 2014 – 2020

|   | Public Health<br>Programme | Consumers<br>Programme | Agri<br>Promotion | Total      |
|---|----------------------------|------------------------|-------------------|------------|
| Total value of EC Contribution for grants of which final payments were made 2014-2018 | 16 460 105                 | 8 765 595              | 0                 | 25 225 700 |
| Amount ex-post audited in 2014-2018   | 877 750                    | 2 329 512              | n/a               | 3 207 262  |
| % of the sampled value  | 5.3 %                      | 26.6 %                 | n/a               | 12.7 %     |

## Preliminary error rates<sup>5</sup>

Considering the small size of the sample no extrapolation was done and the calculated error rate is applied for to the total population.

## Health Programme

| EC total<br>contribution | Final EC<br>Contribution | Recovery amount<br>after audit | Error rate |
|--------------------------|--------------------------|--------------------------------|------------|
| 79 110                   | 79 110                   | 0                              | 0 %        |

<sup>4</sup> Conservative calculation based on combined error rate as per audits 2018 on this programme generation.

<sup>5</sup> Reporting based on available finalised and pre-finalised audits. Final calculations will be presented in AAR 2019

|            |            |           |                                       |
|------------|------------|-----------|---------------------------------------|
| 200 748,62 | 200 748,62 | 7 625,73  | 3.80 %                                |
| 149 573,58 | 149 573,58 | 3 468,04  | 2.32 %                                |
| 448 316,93 | 448 316,93 | 0         | 0 % (preliminary detected error rate) |
| TOTAL      | 877 749,13 | 11 093,77 | 1.26 %                                |

#### Consumer Programme

| EC total contribution  | Final EC Contribution | Recovery amount after audit | Error rate                               |
|------------------------|-----------------------|-----------------------------|--|
| 1 400 000 <sup>6</sup> | 1 400 000             | 0                           | 0 %                                      |
| 97 411,47              | 97 411,47             | 0                           | 0 %                                      |
| 286 262,77             | 286 262,77            | 2 261,34                    | 0,79 %                                   |
| 281 074                | 281 074               | 0                           | 0 % (preliminary detected error rate)    |
| 264 763,87             | 264 763,87            | 3 866,30                    | 1.46 % (preliminary detected error rate) |
| TOTAL                  | 2 329 512,11          | 6.127,64                    | 0,26 %                                   |

Promotion of Agricultural Products: no final payments made in 2018.

### **Conclusion**

According to the best estimate, the error rate at Chafea level remains under the materiality threshold of 2 % for all programmes.

### **COSTS-EFFECTIVENESS OF CONTROLS**

#### **Calculation of costs of controls**

**GRANTS** – The calculation is based on the annex 3 of the Guidance Note on the estimation, assessment and reporting on the cost-effectiveness of controls from December 2018. To facilitate the calculation, the staff cost for stage 1 and 2 were merged.

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<sup>6</sup> Audited in 2016

| Costs of controls (€)  | Costs of staff (€) <sup>7</sup>  | External Inputs (EUR)  | Total costs (EUR)    |
|--|--|--|----------------------|
| <b>Stage 1</b><br>Programming, Evaluation and Selection of proposals up to the award                   | TA (AO): 0,35 FTE * €167.900 = <b>€58.765</b><br><br>TA (OVA, HoU) : 0,86 FTE * €167.900= <b>€144.394</b><br><br>TA (coord): 1.6 FTE * €167.900 <b>€268.640</b><br><br>TA (Fin.): 1.46 FTE * €167.900= <b>€245.134</b>   | External Expert costs<br><br><b>€122.796,31</b> (PHP) +<br><b>€415.949,14</b> (AGRI) =<br><br><b>€538.745,45</b> | <b>€3.169.778,45</b> |
| <b>Stage 2</b><br>Contracting and Monitoring phase of grant agreements up to final payment execution   | TA (Legal, reporting, IC, Accounting): 0.65 FTE * €167.900= <b>€109.135</b><br><br>CA FGIV (PO, Legal, IT): 13.95 FTE*€97.500= <b>€1.360.125</b><br><br>CA FGIII (FO): 4.55 FTE * €67.400= <b>€306.670</b><br><br>CA FGII (Project assistant) 2.05 FTE*€67.400= <b>€138.170</b><br><br><b>Cost of staff for Stage1 &amp; 2:</b><br><br><b>€2.631.033</b> (25,47 FTE) |  |                      |
| <b>Stage 3</b><br>Ex post control and follow up  | CA FG III (ex-post control officer) 1FTE/year *€67.400= <b>€67.400</b>   | External Contract Ex-Audit<br><b>€117.177,50</b>   | <b>€184.577,50</b>   |
| Total Costs  | <b>€3.354.355,95</b>   |  |                      |
| Ratio costs of controls versus related amount managed (commitment + payment appropriations for grants) | $€3.354.355,95 / (€126.761.585,20^8 + €75.229.021,45^9) = \mathbf{1.66\%}.$  |  |                      |

<sup>7</sup> "Additional Guidance on Internal Control Strategies"  
<https://myintracomm.ec.testa.eu/budgweb/EN/rep/aar/Pages/instructions.aspx>

<sup>8</sup> Grant commitment appropriation

<sup>9</sup> Grant payment appropriation

### *Evolution of costs of control*

| Costs of controls, EUR |           |           |            |
|------------------------|-----------|-----------|------------|
| 2015                   | 2016      | 2017      | 2018       |
| 2.145.440              | 3.044.197 | 2.179.100 | €3.354.356 |

### *Evolution of the ratio costs of controls/overall funds managed*

| 2014   | 2015 | 2016 | 2017 | 2018  |
|--------|------|------|------|-------|
| grants |      |      |      |       |
| 5,3%   | 4,6% | 3,8% | 2,6% | 1.66% |

To calculate the cost of control on grants in 2018, we took into account all the staff costs and other costs related to the preparation of the calls, for the evaluation of proposals, for the preparation and signature of the grant agreements (commitment appropriations), for the monitoring of the grants, for the payments and recoveries (payment appropriations), for ex-post and reporting. These processes were carried out by 26,47 FTEs in Chafea for a total amount of €3.354.356. This represents 1,66% of the 2018 Commitment/Payment appropriations for grants.

The evolution of the ratio costs of controls/overall funds managed decreased in 2018. However, the data from 2018 cannot be compared to previous year taking as the methodology in 2018 was different.

However, In 2016-2017, Chafea made a significant effort in adapting the financial circuits and in revising the control strategy. Consequently, the cost of controls for grants decreased from 5.3% in 2014 to 2.6-2.85% in 2017/2018. The control strategy for grants is considered to be cost-effective overall.

**PROCUREMENT** – The calculation is based on the annex 3 of the Guidance Note on the estimation, assessment and reporting on the cost-effectiveness of controls from December 2018. To facilitate the calculation, the staff cost for stage 1, 2 and 3 were merged.

| Costs of controls  | Staff Costs  | Other (external) Inputs |
|--|--|-------------------------|
| <b>Stage 1.</b> Planning and definition of needs             | TA (AO): 0,35 FTE * €167.900 =<br><b>€58.765</b>           | N/A                     |
| <b>Stage 2.</b> Evaluation of the offers submitted and award | TA (OVA, HoU) : 0,94 FTE *<br>€167.900=<br><b>€157.826</b> |                         |

|  |  |  |
|--|--|--|
| <b>Stage 3.</b> Supervisory measures during contract implementation.   | TA (coor): 1.6 FTE * €167.900=<br><b>€268.640</b><br><br>TA (Fin.): 1.34 FTE * €167.900=<br><b>€224.986</b><br><br>TA (Legal, reporting, IC, Accounting): 1.15 FTE *167.900=<br><b>€193.085</b><br><br>CA FGIV (PO, Legal, IT): 14,45 FTE*€97.500=<br><b>€1.408.875</b><br><br>CA FGIII (FO): 2.45 FTE * €67.400=<br><b>€165.130</b><br><br>CA FGII (Project assistant) 3,45 FTE*€67.400=<br><b>€232.530</b><br><br><b>Cost of staff for Stage1,2 &amp;3:</b><br><b>€2.709.837</b> (25,73 FTE) |  |
| Total  | <b>€2.709.837</b>  |  |
| Ratio costs of controls versus related amount managed (commitment + payment appropriations for procurements) | €2.709.837 m/(€44.327.750,00 + €23.927.723,09)=<br>3,95 %  |  |

#### *Evolution of costs of controls*

| Costs of controls, EUR |           |           |           |
|------------------------|-----------|-----------|-----------|
| 2015                   | 2016      | 2017      | 2018      |
| 1.743.090              | 1.592.856 | 1.159.839 | 2.709.837 |

To calculate the cost of control on procurements in 2018, we took into account all the staff costs and other costs related to the preparation of the calls, for the evaluation of offers, for the preparation and signature of the contracts (commitment appropriations), for the monitoring of the contracts, for the payments and recoveries (payment appropriations). These processes were carried out by 25,73 FTEs in Chafea for a total amount of €2.709.837. This represents 3.95% of the 2018 Commitment/Payment appropriations for procurements.

Main cost-drivers are firstly, the highly regulated public procurement procedures requiring in-depth knowledge and experience of staff to ensure compliance and good quality of each process; secondly, open calls for tender for new tasks and actions in technically complex environments entailing a relatively high workload for drafting tender

specifications; thirdly, the high number of relatively small-value contracts increasing the work load indicator "cost over budget spent"

*Evolution of the ratio costs of controls/overall funds managed*

| 2014        | 2015 | 2016 | 2017 | 2018  |
|-------------|------|------|------|-------|
| procurement |      |      |      |       |
| 7,4%        | 4,5% | 3%   | 1,4% | 3.95% |

Evolution of the Total costs of controls

| Costs of controls, EUR |           |           |           |
|------------------------|-----------|-----------|-----------|
| 2015                   | 2016      | 2017      | 2018      |
| 3.888.530              | 4.637.053 | 3.338.939 | 6.064.193 |

*Evolution of the Total ratio costs of controls/overall funds managed*

| 2014  | 2015 | 2016             | 2017 | 2018  |
|-------|------|------------------|------|-------|
| Total |      |                  |      |       |
| 6,2%  | 4,5% | 4% <sup>10</sup> | 4 %  | 2,24% |

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<sup>10</sup> 3% including commitments

## Quantifiable control benefits - grants

| Stages  |  | Prevented <sup>11</sup> (or<br>dissuasive)<br>EUR  | Detected EUR   | Corrected EUR      |
|---------|--|--|--|--------------------|
| Stage 1 | Evaluation and Selection<br>of Proposals                                     | Equals "value of non-eligible proposals " adjusted by the success probability coefficient of 25%<br>AGRI:<br>€1.325.713<br>PHP: 0 <sup>12</sup><br>CONS n/a<br>TOTAL:<br><b>€1.325.713</b> |  |                    |
| Stage 2 | Contracting  |  | Equals to difference<br>"requested by successful<br>applicants" – "signed"<br><br>AGRI: €171.950,69<br>PHP: €1.169.817,92<br>CONS: €313.091,80<br>TOTAL:<br><b>€1.654.860,41</b> |                    |
| Stage 3 | Monitoring of grant<br>agreements<br>implementation (up to<br>final payment) |  | Equals to difference<br>"invoiced – paid"<br>AGRI: €9.299,90<br>PHP: €1.698.097,22<br>CONS: €159.995,36<br>TOTAL:<br><b>€1.867.392,48</b>  |                    |
| Stage 4 | Ex-post control<br>implementation and<br>follow up                           |  |  | <b>€153.747,78</b> |
|         | <b>Total quantifiable<br/>benefits grants:</b>                               | <b>€5.001.714</b>  |  |                    |

<sup>11</sup> Benefits under 'prevented' take into account benefits deriving from the controlling activities up to the moment of the grant agreement signature; equals "total budget requested in all submitted proposals – total budget awarded", difference 'requested – granted exceptional utility, etc.

<sup>12</sup> For the health programme, one proposal was judged as non-admissible because of its subject not relevant to the call therefore its chance for success after evaluation was counted as zero.

## Quantifiable control benefits - procurement

|         | Benefits from controls   | Prevented (or dissuasive) (EUR)  | Detected (EUR) | Corrected (EUR) |
|---------|--|--|----------------|-----------------|
| Stage 1 | Planning and definition of needs   | <p>Allocated for procurement</p> <p>PHP: €5.532.588,35 (carry over 2017) + €2.841.506,83</p> <p>+</p> <p>BTSF: €14.257.271,93 (carry over 2017) + €17.500.000</p> <p>+</p> <p>CONS: €4.204.550,3 (carry over 2017) + €9.801.025,20</p> <p>+</p> <p>AGRI: €3.301.764,03 (carry over 2017) + €17.672.702,73</p> <p><b>= €75.111.409,37</b></p> |                |                 |
| Stage 2 | Procurement preparation and organisation, evaluation of the offers submitted and award | <p>Contracted: (FD2017 + FD2018)</p> <p>PHP: €5.346.099,66 + €1.339.958,85</p> <p>+</p> <p>BTSF: €13.248.183,82 + €3.130.433,44</p> <p>+</p> <p>AGRI: €3.021.387,36 + €12.269.784,72</p> <p>+</p> <p>CONS: €3.856.920,36 + €2.114.981,79</p>   |                |                 |

|         |  |  |             |  |
|---------|--|--|-------------|--|
|         |  | =.<br><b>€44.327.750</b> <sup>13</sup><br><br>Difference Allocated – Contracted' =<br>€75.111.409,37-<br>€44.327.750=<br><b>€30.783.659,37</b><br><br><b>Carry over 2019:</b><br><br><b>€28.793.969,13</b><br><br>Difference after removing carry-over 2019:<br><br>€30.783.659,37-<br>€28.793.969,13=<br><b>€1.989.690,24</b> |             |  |
| Stage 3 | Supervisory measures during contract implementation. <sup>14</sup> |  | €133.673,72 |  |
|         | <b>Total quantifiable control benefits procurement:</b>            | <b>€2.123.363,96</b>   |             |  |

The ratio concerning cost-effectiveness of controls in 2018 decreases for grants, mainly because there was less proposals declared ineligible in 2018. The ratio also decreased substantially for procurements. To draw conclusion about the cost-effectiveness of controls in 2018, one has to take into account that a considerable part of the work aims at preventing possible errors in the course of procedures (in particular for procurement) and results in decrease of errors that could be detected during these controls. Therefore the non-quantified benefits of control exceed substantially those that could be quantified

<sup>13</sup> This amount equals to the individual (L2) commitment appropriations for 2018 in procurement. This amount is considered as a benefit (though not quantifiable) deriving from the performed controls.

<sup>14</sup> Difference contracted - paid

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

### Grant Direct Management

#### Stage 1: Programming. Preparation, adoption and publication of the Annual Work Program (AWP) and Calls for Proposals

**Main control objectives:** Ensure that the Agency selects proposals that contribute the most towards the achievement of the Programs' general and specific objectives; ensure that call for proposals procedure is organised and conducted in compliance with the applicable rules; ensure that control system does not allow fraud to occur.

| Main risks<br>It may happen that...   | Mitigating controls   | Coverage, frequency<br>and depth of controls  | Cost-<br>Effectiveness<br>indicators (three<br>E's)   |
|---|---|---|---|
| <p>a. The annual work programme (serving as the financing decision) and the subsequent calls for proposals do not adequately reflect policy objectives, priorities; the eligibility, selection and award criteria are not adequate/ poorly defined, and cannot ensure a proper evaluation.</p> <p>b. Explicit and specific objectives (SMART) of foreseen action/programme, management mode(s), the maximum EU financial contribution, the types of beneficiary, fraud prevention measure are not clearly established. This can be due to the lack of review by policy area experts, legal officers, finance officers, communication specialists</p> <p>c. The objectives of the Annual Work Program (AWP) do</p> | <p>a. The annual work programme that serves as financing decision is adopted by the European Commission following an inter service consultation; the Agency, in line with its remit, provides technical input and helps the Commission to define clear criteria that will contribute to the clarity of the call text and allow for the smooth evaluation of the proposals, in line with the provisions of the FR.</p> <p>b. The preparation and the adoption of the basic act are not included as the risks linked to this are quite limited. Chafea is an Executive Agency implementing the programmes of the mother DGs. The specific issue of Chafea is AWP pre-defines the type of grants. This may have an effect on</p> | <p>Coverage/Frequency: 100% - all calls for proposals launched by the Agency are checked for compliance with the financing decision and the applicable regulatory procedures.</p> | <p><i>Effectiveness:</i></p> <p>a. budget amount of the work programmes concerned;</p> <p>b. number of complaints received by applicants due to non-clarity of the call text;</p> <p>c. number of proposals received over number expected and/or in relation to the previous year (s).</p> <p><i>Efficiency:</i></p> <p>a. average cost per call and/or selected proposal;</p> <p>b. % of costs (FTEs) over annual amounts disbursed in grants;</p> <p>c. time to publication of selection results.</p> |

| Main risks<br>It may happen that...   | Mitigating controls  | Coverage, frequency<br>and depth of controls | Cost-<br>Effectiveness<br>indicators (three<br>E's)  |
|---|--|--|--|
| <p>not correspond to political EU goals. This could have an impact on non-achievement of EU objectives</p> <p>d. A lack of efficiency in identifying on time the overlapping between several AWP directed at the same kind of beneficiary can conduct to a risk of double funding (waste of resources)</p> <p>e. A too rigid basic act which can leads to a reduce of flexibility in the choice of assistance for the actions being funded</p> <p>f. A lack of internal resources in the DG to launch and properly monitor the grant programme lead to of waste of time and resources and non-achievement of the EU objectives</p> <p>g. Significant delays (e.g. comitology procedure) result of a lack planning and organization for the adoption of the AWP, for programme management and monitoring arrangement.</p> <p>h. The absence of proper budget preparation can have an impact on non-achievement of EU objectives, waste of time and resources, adverse reputation</p> <p>i. Delays occur in</p> | <p>the implementation of the action (i.e. Consumer Programme: Joint Market Surveillance Action on GPSD Products is a JA but should have been an OG )</p> <p>c. As above</p> <p>d. As above</p> <p>e. As above</p> <p>f. As above</p> <p>g. As above</p> <p>h. As above</p> <p>i. The Agency liaises with the responsible Commission departments from the outset of the programme's preparation and is in a position to launch calls for proposals at the day of the adoption of the AWP (serving as financing decision) if needed.</p> <p>j. As above</p> <p>k. Risks linked to this phase is quite limited as Chafea is an Executive Agency, only implementing the programmes of the mother DGs</p> <p>l. Efficient grant planning to ensure that calls for proposals are published within the period indicated in the annual work programme.</p> <p>m. .SEP &amp; SYGMA IT tools used by the Agency for proposal submission and grant management provide the Agency with information on the EU grants that</p> |  | <p><i>Economy:</i><br/>Costs: FTE of staff involved in the procedure (full cost approach).</p> |

| Main risks<br>It may happen that...  | Mitigating controls  | Coverage, frequency<br>and depth of controls | Cost-<br>Effectiveness<br>indicators (three<br>E's) |
|--|--|--|---|
| <p>adopting the AWP serving as the financing decision/annual work programme is published later than 31.3. of year N.</p> <p>j. Lack of precision in identifying the beneficiaries can generate non-achievement of EU objectives, waste or bad distribution of resources, need for an amendment to the basic act, litigation, adverse reputation</p> <p>k. Grant programmes may not be properly evaluated ex-ante to take into account the risks linked with the proposals and lessons learned from similar experiences in the past</p> <p>l. Late publication of the calls for proposals may result in short deadlines for the submission of applications; this, in its turn, may not allow for proposals of a satisfactory level of quality to be submitted. As a result, the attainment of the program's objectives may not be optimal or even jeopardised.</p> <p>m. accumulation and duplication of grants is not prevented appropriately</p> <p>n. Call for proposals does not reach the target group:<br/>Potential impact: non-achievement of</p> | <p>the applicant benefits from; the latter is also explicitly requested to declare other applications submitted at the stage of the application procedure (last 3 years)</p> <p>n. Where appropriate and feasible: Launching of communication campaigns to promote funding opportunities</p> <p>o. Refuse bilateral meetings and orient parties toward DG AGRI who does not have a conflict of interest with potential applicants as it is not involved in the evaluation process. If bilateral meetings do take place, draft minutes and ensure presence of at list 2 staff members. A note was prepared in this respect which instructs the unit not to accept bilateral meetings and to privilege contacts during info days.</p> <p>p. Align the organisation of its helpdesk with the recommendations of DG BUDG's <i>vademecum</i> on grants, i.e. (i) questions are submitted by potential applicants to a functional mailbox advertised</p> |  |   |

| Main risks<br>It may happen that...   | Mitigating controls  | Coverage, frequency<br>and depth of controls | Cost-<br>Effectiveness<br>indicators (three<br>E's) |
|---|--|--|---|
| <p>EU objectives, delays as the call for proposals has to be re-published.</p> <p>o. Lobbying by potential applicants outside the call publication period: many potential applicants contact the AGRI promotion unit and ask for bilateral meetings, which could cause real or perceived unequal treatment.</p> <p>p. Potential non-compliance with the general principles of transparency and equal treatment (e.g. help-desk of the AGRI Promotion unit).</p> | <p>in the text of the call and (ii) both questions and answers are then published on a website accessible to all potential applicants. (iii) Deadline for Q&amp;A to be included in the call text.</p> |  |   |

## Stage 2: Evaluation, Ranking and selection (award of proposals)

**Main control objectives:** Ensure that the most promising projects for meeting the policy objectives are among the proposals selected (effectiveness); the evaluation and award procedure conform with the applicable rules (legality and regularity); the control system in place does not allow for fraud to occur (especially conflict of interest).

| Main risks<br>It may happen that...   | Mitigating controls  | Coverage,<br>frequency and<br>depth of controls  | Cost-Effectiveness<br>indicators (three E's)   |
|---|--|--|--|
| <ul style="list-style-type: none"> <li>a. High volume of grant proposals which need translation might cause delays in the evaluation procedure;</li> <li>b. If potential applicants are not sufficiently made aware of the importance and practical implications of the eligibility requirements relating to the nature of the procedure to select an implementing body, this may create a risk that a higher number of cases of non-compliance will be detected only at grant agreement preparation stage, thereby creating delays in the start of the implementation of selected programmes;</li> <li>c. The evaluation, ranking and selection of proposals are not carried out in accordance with the established procedures, the policy objective and/ or the announced eligibility, selection and award criteria;</li> </ul> | <ul style="list-style-type: none"> <li>a. Risk typical mainly for promotion of AGRI products. Use experience from previous year(s) to timely estimate translation timing and budget;</li> <li>b. Reinforcing communication to potential applicants on the importance of a competitive procedure to select implementing bodies and correct the text of the formal declaration made by the applicants to reflect the text of the call unambiguously;</li> <li>c. The evaluation is conducted on the basis of detailed rules that are stipulated in the guide for applicants (publicly available via the applicants' Horizon 2020 portal); the evaluators appointed by the AOD, apart from their technical experience, are appointed on the basis of knowledge regarding rules applicable to grants;</li> <li>d. Guidance material for experts on evaluation with a clear explanation on what the eligibility, selection, and award criteria are and their distinct purposes. Reference to eligibility and selection criteria should be removed from the instructions on</li> </ul> | <p>100% of the proposals submitted are evaluated on the basis of the eligibility, selection and award criteria;</p> <p>100% of the proposals are examined by experts to review their technical merit;</p> <p>100% of the EU staff, external experts that are involved in the evaluation sign declaration of non- conflict of interest; random checks are performed (on the basis of risk analysis) to verify the accurateness of the declarations.</p> | <p><i>Effectiveness:</i></p> <ul style="list-style-type: none"> <li>a. % of proposals that successfully challenged the evaluation results/ award decision;</li> <li>b. % of experts excluded as being in a conflict of interest situation;</li> <li>c. number of litigation procedure (s) initiated;</li> <li>d. number of Supervisory control failures (led to exception report);</li> </ul> <p><i>Efficiency:</i></p> <ul style="list-style-type: none"> <li>a. Time to inform applicants on evaluation/award results.</li> <li>b. % of proposals where TTI was within the legal limits.</li> <li>c. Nr of days exceeding legal limits, by unit (programme/call /proposal/case)</li> </ul> <p><i>Economy:</i></p> <p>Costs: total FTE costs of staff involved in the evaluation and selection of proposals; cost of appointment of</p> |

| Main risks<br>It may happen that...  | Mitigating controls  | Coverage,<br>frequency and<br>depth of controls | Cost-Effectiveness<br>indicators (three E's)  |
|--|--|---|---|
| <p>d. Risk of confusion between selection and award criteria: If the guidance provided to the experts is not sufficiently clear on the distinction between eligibility, selection, and award criteria, there is a risk for the quality of evaluation;</p> <p>e. Unauthorised persons gain access to the electronic exchange system for grant evaluation and management; confidentiality, integrity and personal data protection of the information included in the system is not adequately protected;</p> <p>f. Members of the opening and/or evaluation committee do not have the technical expertise to properly assess the submitted applications and/or are in situations of conflict of interest;</p> <p>g. External experts that participate in the technical assessment of the proposals (but not as members of the evaluation committee) are in situations of conflict of interest (selection process biased)<sup>15</sup>;</p> | <p>assessment of the award criteria;</p> <p>e. The Agency uses the same grant management system as for Horizon 2020 programmes; the latter is designed to authorise access only to applicants (receiving/using authentication data) and authorised EU staff via the corporate (ECAS) Commission authentication system; integrity of the documents is preserved since audit trail exists for each change whose effectuation is allowed by the system (person/time);</p> <p>f. The members of the evaluation committee are officials of the DG whose programme is managed by the Agency (DG SANTE) and DGs with objectives that relate to those of DG SANTE (e.g. DG RTD). Naturally, these officials are in the best position to understand if the actions included in the proposals received by the Agency are appropriate to meet the policy objectives concerned. All members of the evaluation committee sign a declaration of non- conflict of interest;</p> <p>g. The Agency selects its experts from an AMI list (Call of Expression of Interest); the</p> |   | <p>experts.</p> <p>Benefits: for proposals qualified as non-eligible and rejected the total value of requested EU contribution.</p> |

<sup>15</sup> Outside experts assist the evaluation committee by decision of the Authorising Officer in relation to the Public Health

| Main risks<br>It may happen that...  | Mitigating controls   | Coverage,<br>frequency and<br>depth of controls | Cost-Effectiveness<br>indicators (three E's) |
|--|---|---|--|
| <ul style="list-style-type: none"> <li>h. Incomplete checks on absence of conflict of interest in case of self-employed or retired experts, there is a risk to the principles of transparency and equal treatment;</li> <li>i. The preannounced selection and award criteria are not adequately and consistently applied during the evaluation of proposals;</li> <li>j. Unauthorised persons may have access to systems and confidential documents (content of the proposals);</li> <li>k. Eligible and effective projects are not selected;</li> <li>l. The applicants do not have sufficient sources of funding to maintain their activity throughout the period during which the action is carried out;</li> <li>m. The applicants do not have the professional competences and qualifications required to complete the proposed action or work programme;</li> <li>n. The action is not clearly defined in the grant application;</li> <li>o. The grant application does not contain all information and</li> </ul> | <p>experts CVs are checked for any professional/personal instances that might be considered conflicting; the experts are requested to sign a declaration of non-conflict of interest before their appointment; both the names of the selected experts and those of their employers' are checked against the applicants that submitted a proposal in response of the Agency's call for proposals; in case it is found that an expert was employed by an applicant, this expert was excluded from the assessment of all proposals submitted in response to the specific call topic (this is relevant for the calls for projects that are divided in seven different thematic categories (topics));</p> <p>h. Duly address all identified situations of potential conflict of interest and extend the checks on potential conflicts, to the extent possible, to other contractual relations with applicants, such as consulting services provided by self-employed external evaluators. A provision will be included in next year's model contract for experts for self-employed experts to declare the names of</p> |   |  |

| Main risks<br>It may happen that...  | Mitigating controls   | Coverage,<br>frequency and<br>depth of controls | Cost-Effectiveness<br>indicators (three E's) |
|--|---|---|--|
| <p>supporting documents required for the evaluation;</p> <p>p. A grant is awarded for an action that has been already started without the beneficiary demonstrating a special need for this or a grant has been awarded retroactively for an action already completed;</p> <p>q. Weaknesses in the design of the checks on double funding may result in ineligible expenditure not being detected.</p> | <p>companies for whom they worked, but also for all other experts. Legal cell already requested REA to amend the model of expert's contract. In the meanwhile expert declare their self-employment by e-mail;</p> <p>i. The technical content of each proposal is evaluated by three external experts; their assessment is reflected in a consensus report that 'merges' their technical assessment. The consensus report is constructed on the basis of the announced award criteria- the evaluation committee applies the same criteria for the overall assessment of all the submitted proposals;</p> <p>j. All proposals are both received and managed electronically within the SEP, SYGMA platforms; access (internally) is granted to authorised staff members via the Corporate Commission authentication system. External people (applicants) are granted access via authentication logs provided by the system.; only staff responsible with the administrative management of the proposals, the experts (for the proposals attributed to them) and the evaluators have access to the proposal and the supporting documentation;</p> <p>k. The eligibility of the applicants is a</p> |   |  |

| Main risks<br>It may happen that... | Mitigating controls  | Coverage,<br>frequency and<br>depth of controls | Cost-Effectiveness<br>indicators (three E's) |
|-------------------------------------|--|---|--|
|                                     | <p>straightforward criterion to be verified; the effectiveness of the proposals highly depends on the proper specification on the action as well as organisation and planning issues; the application form that needs to be filled in by the applicants, requests the applicant to elaborate how those issues will be confronted;</p> <p>Clarifications may be requested by the AO on the basis of art. 204(3) of the RAP, provided that such information does not substantially change the proposal;</p> <p>l. each applicant is assessed for financial viability according to specified parameters so as to ensure that applicants will be operational during the period of the action implementation (assessment is made by Research Executive Agency but the decision regarding the viability lays with the Agency's AO);</p> <p>m. Selection criteria assess professional competence of the applicant organisation/ individuals that will deal with the action on the basis of supporting documents; random checks are made regarding the accuracy of the information provided in the proposals;</p> <p>n. The basic elements of the action as well as deliverables are part of</p> |   |  |

| Main risks<br>It may happen that... | Mitigating controls   | Coverage,<br>frequency and<br>depth of controls | Cost-Effectiveness<br>indicators (three E's) |
|-------------------------------------|---|---|--|
|                                     | <p>the elements of the application form that need to be filled in; the adaptation phase ensures that all information pertinent for the implementation of the actions is included in the description;</p> <p>o. In line with the principle of proportionality the AO may request the applicants to clarify supporting documents (art 204 RAP) or request for missing documents with due observance of the principle of equal treatment. If documents that are indispensable for the assessment of the applications are missing the system does not allow the submission of the proposal; the same goes in case necessary documents requested from the successful applicants (adjustment phase). The system alerts the manager of a project in case of missing documents and sends automatically generated alerts;</p> <p>p. Retroactivity of grants is not, in principle, allowed. In exceptional cases the AO may decide to do so and this will be stipulated in the grant agreement; the absolute necessity of this deviation is assessed before the AO authorises the retroactivity. The evaluation committee performs checks regarding the</p> |   |  |

| Main risks<br>It may happen that... | Mitigating controls  | Coverage,<br>frequency and<br>depth of controls | Cost-Effectiveness<br>indicators (three E's) |
|-------------------------------------|--|---|--|
|                                     | <p>'deliverables' announced with the application form;</p> <p>q. For the checks on double funding, e.g. CHAFEA AGRI Unit checks whether potential beneficiaries appear in ABAC. This list is also sent to DG AGRI, which then checks whether these potential beneficiaries are in the CATS database and sends the information back to CHAFEA. As a result, a list of beneficiaries flagged as a potential risk for receiving double funding is established. The unit develops a procedure with the parent DG where the latter, via its audit unit, checks if other grants are awarded from the CAP budget to the same beneficiaries. During the ex post stage, check of potential double funding will be performed by the competent authorities – in case of simple programmes the MS or DG AGRI audit unit, in case of multi programmes - Chafea's ex-post team. Developing, where applicable, complementary checks at the implementation stage for those beneficiaries flagged with a higher risk of double funding. Where such checks are applicable/feasible, CHAFEA should coordinate with DG AGRI (to benefit from</p> |   |  |

| <b>Main risks<br/>It may happen that...</b> | <b>Mitigating controls</b>  | <b>Coverage,<br/>frequency and<br/>depth of controls</b> | <b>Cost-Effectiveness<br/>indicators (three E's)</b> |
|---|---|--|--|
|   | its broader overview on the CAP) and to ensure consistent treatment for dealing with multi and simple programmes. |  |  |

### **Stage 3: Contracting phase: transformation of the awarded proposals to grant agreements**

**Main control objectives:** ensure that grants are signed within the deadlines so that selected actions are promptly initiated (effectiveness, efficiency), ensure that grant agreements are in line with the provisions of the relevant call for proposals and the applicable rules (FR)

| <b>Main risks<br/>It may happen that...</b>  | <b>Mitigating controls</b>  | <b>Coverage, frequency<br/>and depth of controls</b>  | <b>Cost-Effectiveness<br/>indicators (three<br/>E's)</b>  |
|--|---|---|---|
| a. The description of the tasks included in the grant agreement include tasks that are not in line with the award decision and do not contribute to the attainment of the program's objectives;<br>b. Budget foreseen overestimates the costs that are necessary to carry out the action;<br>c. Grants are not signed within the prescribed deadlines; this may cause delays regarding the action implementation;<br>d. Beneficiary lacks the operational and financial capacity to carry out the agreed | a. The adaptation phase that follows the award decision may only result to minor changes that were proposed by the evaluation committee (par. 5 of art. 204 RAP)- the Project officers who are in charge of the adaptation use the evaluation's recommendations as guiding principles; thus it is unlikely that an action receiving a grant is in non-conformity with the programme's objectives;<br>b. Budget is 'adapted' to the final version of the action's work programme; detailed budget including personnel, subcontracting and other direct costs per applicant/beneficiary is calculated before the signature of the | 100% of the awarded grant agreements are 'adapted' on the basis of the recommendation of the evaluation committee;<br><br>100% of the grants under signature are monitored for meeting the target commitment/signature deadlines;<br><br>100% grants signed are filtered for the necessity of a financial guarantee | <i>Effectiveness:</i><br><br>Degree of budget consumption: % of the awarded grant agreements that led to the signature of a grant agreement (and evaluation committee proposals accepted).<br><br><i>Efficiency:</i><br>a. Time to Grant.<br>b. % of grant agreements committed and signed within the target and regulatory provided deadline.<br>c. Nr of days exceeding legal limits, by unit (programme/call /proposal/case) |

| Main risks<br>It may happen that...   | Mitigating controls   | Coverage, frequency<br>and depth of controls | Cost-Effectiveness<br>indicators (three<br>E's)   |
|---|---|--|---|
| <p>action;</p> <p>e. Action is not clearly defined in the grant agreement;</p> <p>f. Financial risks connected with pre-financing but grant agreement does not require the beneficiary to lodge a guarantee in advance.</p> | <p>grant agreement; this calculation uses as basis the work packages that constitute the core of the co- financed action/work programme;</p> <p>c. In line with the Key Performance Indicators announced in the Agency's work programme, the Agency has put in place monitoring system that allows for continuous supervision regarding the internal target deadlines set for the commitment execution. The e- submission and grant management system (SEP/SYGMA) produce statistics related to all efficiency indicators (time to inform applicants / time to grant); the same goes for payment deadlines;</p> <p>d. The operational and financial capacity of the applicant has been assessed at the time of the evaluation of the proposals; reinforced monitoring in case of high- risk beneficiaries is performed; the grant agreement that is signed with a beneficiary includes a clause enabling the Agency to terminate the contract in case of substantial change to the beneficiary's legal, financial or technical situation;</p> <p>e. A technical annex is part of the grant agreement; the annex</p> |  | <p><i>Economy:</i></p> <p>Costs: FTEs cost of staff involved in the contracting procedure.</p> <p>Benefits: For proposals awarded, the total value of the difference between requested EU contribution and EU contribution specified in the signed grant agreement.</p> |

| <b>Main risks<br/>It may happen that...</b> | <b>Mitigating controls</b>  | <b>Coverage, frequency<br/>and depth of controls</b> | <b>Cost-Effectiveness<br/>indicators (three<br/>E's)</b> |
|---|---|--|--|
|   | <p>describes all important implementation aspects of action with due account of the comments provided by the evaluation committee; the technical annex is verified by the responsible staff member regarding its conformity with the comments of the evaluation committee; thus, it is ensured that the co-financed action is properly defined;</p> <p>f. Before the signature of the grant agreement on the basis of a risk assessment, the Agency may include a clause regarding the necessity to lodge a guarantee as a prerequisite for the pre-financing instalment.</p> |  |  |

#### Stage 4: Monitoring of execution of the grant agreements; monitoring of the operational, financial and reporting aspects related to grant management

**Main control objectives:** ensure that the operational results (deliverables) from the projects are of a good value and meet the objectives and conditions stipulated in the grant agreement (effectiveness& efficiency); ensure that the related financial operations comply with the regulatory and contractual provisions (legality and regularity); controls prevent fraud to occur; appropriate accounting of the operations is ensured (reliability of reporting, safeguarding of assets and information)

| Main risks<br>It may happen that...  | Mitigating controls  | Coverage,<br>frequency and<br>depth of controls   | Cost-Effectiveness<br>indicators (three<br>E's)   |
|--|--|---|---|
| <ul style="list-style-type: none"> <li>a. Actions foreseen in the grant agreements are not totally (or partially) carried out in accordance with the technical description and requirements foreseen;</li> <li>b. Non-eligible costs are reimbursed or the Agency reimburses eligible costs in excess of the overall grant ceiling;</li> <li>c. The beneficiary unduly obtains financial profit as a result from systemic errors, irregularities, fraud or breach of obligations;</li> <li>d. The agreed action is not carried out properly or is not carried out timely;</li> <li>e. Changes to contracts are not properly documented or authorised;</li> <li>f. Applicable requirements for dissemination of results are not respected;</li> <li>g. Data entry in electronic grant management/ ABAC is inaccurate, EWS is neglected.</li> <li>h. Supporting documents are lost,</li> </ul> | <ul style="list-style-type: none"> <li>a. Project officers in charge of the project closely monitor implementation and alert beneficiaries/ Agency's management in case of delays;</li> <li>b. The types of eligible costs are identified in the grant agreement; they are further specified in the final budget that makes part of the grant agreement; the request of payments are scrutinised by the project officers and financial officers that act as operational initiators; OVA and ex-ante verifying officer make part of the control chain;</li> <li>c. The requests for payments are backed up with supporting documents that are provided for in the guidelines for interim/final payments (certificates, audit reports, etc.). On the spot checks may be considered in case of risky projects. Project officers (OIA), financial officers (FIA) OVA, FVA make part of the control chain before payment is authorised;</li> <li>d. The evolution of all projects is monitored by the project officer in charge; non optimal evolution of co-financed actions results in enhanced monitoring and</li> </ul> | <p>100% of the projects co-financed are controlled both in respect to their technical implementation and the corresponding spending before payment is authorised (in accordance with predefined financial circuits). On the spot checks may be organised for projects that are considered riskier; depth defined according to situation. Imposition of contractual penalties is envisaged on the basis of the grant agreement provisions.</p> | <p><i>Effectiveness:</i></p> <ul style="list-style-type: none"> <li>a. Total value of errors detected during ex-ante controls (over authorised payments).</li> <li>b. number and amount of penalties imposed.</li> </ul> <p><i>Efficiency:</i></p> <ul style="list-style-type: none"> <li>a. Time to pay;</li> <li>b. % of late payments (exceeding legal TTP limits)</li> <li>c. Average Nr of days exceeding legal limits, per payment</li> </ul> <p><i>Economy:</i></p> <p>Costs: FTE costs of staff involved in the management of running grant agreements.</p> <p>Benefits:</p> <ul style="list-style-type: none"> <li>a. value of the costs claimed by the beneficiaries but rejected by the OIA/OVA/FVA.</li> <li>b. Value of penalties /</li> </ul> |

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| <p>lack of audit trail;</p> <p>i. Action requires the purchase of goods, works or services, and the beneficiary did not ensure best value for money, or failed to comply with the applicable national law on public procurement (in case beneficiary is a 'contracting authority'), or fails to comply with additional conditions specified in the grant agreements for high value purchases (if applicable);</p> <p>j. Subcontracting to linked entities is allowed under Agri promotion MGA provided that there is no profit for the linked entity. If this aspect is not checked during analysis of payment requests, there is a risk that the rule as defined in the calls and in the MGA is not observed;</p> <p>k. Agri promotion MGA provides for strict rules on mentioning of origin and brands in communication material. This is translated from the legal base. If the project officers do not check the deliverables carefully, there is a risk that the rules as defined in the legal base are not respected.</p> | <p>enforcement of relevant grant agreement provisions (e.g. payment suspension, reductions, recovery, damages).</p> <p>e. All pertinent changes regarding the action implementation are implemented via formal amendment or exchange of letters, as appropriate; beneficiaries are reminded by the Agency on their contractual obligation to promptly report changes that are envisaged during kick of meeting of the action. amendments are processed through the electronic grant management system;</p> <p>f. The Agency has set up a dissemination policy regarding the results of the actions that have received EU co-funding; A project data basis is available on the Agency's website where projects and results can be consulted- furthermore, the Agency informs its parent DG on the project's deliverables via a special note;</p> <p>g. ABAC users are trained and follow ABAC user's guidelines- in depth training has been provided to the Agency's staff responsible for the evaluation of applications and management of the ensuing grant agreements (SEP/SIGMA).information regarding the new system's functionalities were provided by the Agency to external parties in the context of special 'information days';</p> <p>h. All documents from proposal submission until final payment of a co-financed action are stored in the e- grant</p> |  | <p>liquidated damages.</p> |
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|  | <p>management system and an audit trail for each action/person performing it is provided via the system;</p> <p>i. Rules that the beneficiary needs to comply with in relation to the purchase of goods, works or services make part of the provisions of the grants agreement; if these rules are not respected the Agency may consider the expenditure incurred as ineligible;</p> <p>j. Guide for payments to cover the checks on subcontracting to linked entities. Same type of financial reports and supporting documents to be required from such subcontractors as from beneficiaries in order to be able to check if the non-profit rule is observed;</p> <p>k. Guide on approval of deliverables to include a checklist used by project officers.</p> |  |  |
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## Stage 5: Ex-post controls

**Main control objectives:** measuring effectiveness of ex-ante controls by the results of the ex-post controls; detect and correct errors or fraudulent actions; (legality and regularity- anti-fraud) assess systemic deficiencies of the ex- ante control system based on the results of the ex-post controls (sound financial management); ensure that the audit results from the ex-post controls lead to effective recoveries (legality & regularity, anti-fraud strategy); ensure appropriate accounting of the recoveries made (reliability of reporting)

| Main risks<br>It may happen that...  | Mitigating controls  | Coverage, frequency<br>and depth of controls  | Cost-Effectiveness<br>indicators (three E's)   |
|--|--|---|--|
| <ul style="list-style-type: none"> <li>a. The ex-ante controls as such may not be able to prevent, detect and correct all erroneous payments or attempted fraud;</li> <li>b. Inadequate audit methodology due to lack of in-house expertise of auditors and inadequate audit procedures results in errors, irregularities or fraud not being detected;</li> <li>c. The ex post controls focus on the detection of external errors (made by the beneficiaries) and do not consider any internal errors made by the staff or embedded systematically in the own organisation;</li> <li>d. Errors, irregularities and cases of fraud detected are not addressed or not addressed timely;</li> <li>e. Lessons learnt from the audit results are not exploited so as to reinforce the general internal control system;</li> <li>f. Unwarranted</li> </ul> | <ul style="list-style-type: none"> <li>a. The ex-post control strategy aims at detecting possible errors which were not detected at the stage of the ex-ante control chain and draws assessment on the effectiveness of ex-ante controls;</li> <li>b. The ex-post control function is outsourced; the audit firms performing the audits are chosen through a competitive procurement procedure either from DG BUDG Framework Contracts or by Chafea Framework Contracts signed with (multiple) contractors. The audit firms are chosen, amongst other criteria, on the basis of their expertise in the domain; the auditors perform ex-post control covering standardised items described in an audit programme;</li> <li>c. The nature of the errors detected, allow the agency to assess if it was in a position to have detected the error at the time of the ex-ante control procedure; financial</li> </ul> | <p>Ex-post controls aim at verifying the eligibility and the accuracy of cost items as well as the compliance of cost statements established by the beneficiaries with legal provisions of the grant agreements. The ex-post control strategy consists of annual planning of the number of on-the-spot audits the definition of a sample of transactions (calculation of residual error rate) and selection of transactions that are considered risky;</p> <p>The ex-post controls strategy has a twofold approach:</p> <ul style="list-style-type: none"> <li>i. random sampling of transactions which aims at building over several years a representative sample of the entire population of transactions per programme managed; the aim is to, enable the Agency to draw statistically valid conclusions</li> </ul> | <p><i>Effectiveness:</i><br/>residual error rate &lt; 2%<br/>Using stratified sample (higher-risk group and low-risk group the authorising officer benefits from increased assurance on the error rate over the total population.</p> <p><i>Efficiency:</i><br/>% of costs for audits over the amount disbursed in grants for the year;<br/>Success ratio of recovery orders launched;<br/>Number of audit recommendations whose implementation is pending.</p> <p><i>Economy:</i><br/>Costs: FTE costs of staff involved in the controls plus the price of the external services.<br/>Benefits: value of errors detected by the auditors for the year, which will result in recoveries;</p> |

| Main risks<br>It may happen that...  | Mitigating controls  | Coverage, frequency<br>and depth of controls  | Cost-Effectiveness<br>indicators (three E's) |
|--|--|---|--|
| assurance is being provided in the AAR (incorrectly estimated error rates,). | <p>and operational initiators/verifiers that performed the given ex ante controls are informed on the concrete cases; if errors point to structural deficiencies, the Agency addresses the situation at management level;</p> <p>d. The ex-post controls are carried out within a predetermined timeframe; the contradictory procedure is organised according to predefined procedure and deadlines; once the findings of the auditors' report are approved, follow up is ensured by the Agency's ex-post control team (initiation of recovery procedure);</p> <p>e. Results of the ex-post controls are discussed at management level so as to ensure that follow-up of (structural) deficiencies is ensured at appropriate level. An annual ex-post control report depicts the main results of the audits' findings and is used as reference for the lessons learnt;</p> <p>f. The ex-post control methodology is based on the relevant EC guidelines issued by DG BUDG. Thus, the risk that results of non-reliability of the</p> | <p>regarding the whole (homogeneous) population;</p> <p>ii. risk-based sampling targeted to the transactions identified by the responsible operational and financial initiators, as bearing a higher level of risk (e.g. shortcomings during implementation, discrepancies between estimated/actual costs).</p> |  |

| <b>Main risks<br/>It may happen that...</b> | <b>Mitigating controls</b>                 | <b>Coverage, frequency<br/>and depth of controls</b> | <b>Cost-Effectiveness<br/>indicators (three E's)</b>  |
|---|--|--|---|
|   | ex-post control results is considered low. |  |   |
|   |  |  | <b>Economy overall GRANTS</b><br><br>a. Cost-effectiveness in % of costs of FTEs involved in controls vs the total funds managed (evolution over time);<br>b. Cost/benefit ratio regarding controls on payments, (evolution over time). |

## Procurement Direct Management

### Stage 1: Planning and definition of needs

**Main control objectives:** Ensure that the Agency organises the procurement procedures in an effective, efficient and economic manner; the procedures organised comply with the applicable legal and procedural provisions.

| <b>Main risks<br/>It may happen that...</b>  | <b>Mitigating controls</b>   | <b>Coverage,<br/>frequency and<br/>depth of controls</b>   | <b>Cost-Effectiveness<br/>indicators (three<br/>E's)</b>   |
|--|--|--|--|
| a. The needs are not well defined (operationally and economically) and the decision to procure was inappropriate to meet the operational objectives; Delays in confirmation by parent DG to implement the procurement procedures;<br>b. The best offer/s are not submitted due to the poor definition of the tender specifications (TS);<br>c. Calls for tender are launched with an insufficient deadline | a. The agenda of procurement procedures to be launched during the year is part of the annual work programme; the Agency, in cooperation with the parent DG, drafts detailed tender specifications (TS) including eligibility, selection and award criteria; separate note with justification regarding the (a) max price and (b) procurement procedure is submitted to the AO before the launch is approved;<br>b. The TS prepared are | 100% of the procurements based operational expenditure are part of the annual work programme that is implemented by the Agency;<br>100% of the envisaged procurements include a justification on the announced maximum price before they are authorised;<br>100% of procurements above the Directive threshold | <i>Effectiveness:</i><br>Number of implemented procedures;<br>Number of procedures discontinued due to lack of use (poor planning);<br>N° of 'open' procurement procedures where only one or no offers were received;<br>N° of requests for clarification regarding the tender.<br><br><i>Efficiency:</i><br>Duration of a |

| Main risks<br>It may happen that...   | Mitigating controls   | Coverage,<br>frequency and<br>depth of controls  | Cost-Effectiveness<br>indicators (three<br>E's)                                 |
|---|---|--|---|
| <p>for tender submission (e.g. because of non-consideration of complexity of requested services, call launched very late in the year, etc.;</p> <p>d. Uncertainties regarding the authorising service or the internal "owner" of the procurement initiative could lead to dual or vague ownership;</p> <p>e. The procurement needs have not been clearly defined (i.e. What is to be purchased exactly? Why? When? How?);</p> <p>f. the trigger of the procurement initiative could have an inappropriate internal or external influence;</p> <p>g. Have the stakeholders reviewed the proposed procurement need (informally or via an ISC), e.g.: final users, subject matter, experts; maintenance team, security experts; operational management, etc.;</p> <p>h. for IT procurement, there is a risk that the material to be procured is not compatible with other IT and/or support systems in the EC. for this purpose, appropriate consultations of IT monitoring committees have to</p> | <p>checked by the legal team of the Agency to verify clarity, consistency and relevance of the selection and award criteria; the AO approves the final text of the TS;</p> <p>c. The calls for tenders launched by Chafea comply with the minimum deadlines for tender submission provided by the legislation; the Agency provides for longer deadlines whenever feasible, especially if the starting date for the task execution allows for it. If needed and appropriate, initially foreseen deadlines are extended;</p> <p>d. The annual work programme (AWP) defines who will launch the procedure. The contract notice, TS and model contract duly indicates who will be the contracting authority in charge of the contract. All documents are published on Chafea's website and contract notice is available on TED;</p> <p>e. The AWP only mentions in a very general way the aim of the procurement procedures (e.g. Topic). However the TS must provide a very clear description of the services to be purchased. At operational level; we apply the four eyes principle for checking</p> | <p>are checked by the legal department for compliance with public procurement rules.</p> | <p>procedure.</p> <p><i>Economy:</i><br/>Costs: FTE costs of staff involved</p> |

| Main risks<br>It may happen that...  | Mitigating controls   | Coverage,<br>frequency and<br>depth of controls | Cost-Effectiveness<br>indicators (three<br>E's) |
|--|---|---|---|
| <p>take place;</p> <p>i. The required services /supplies/ work could be provided via an already existing procurement contract;</p> <p>j. Other Institutions / Agencies / DGs or Directorates may be interested in procuring the same type of services / supplies / work which could lead to an inter- institutional procurement procedure;</p> <p>k. The negotiated procedure could be not sufficiently justified (article 134 or 135 RAP);</p> <p>l. the management would not demonstrate that the decision to launch the procurement is justified and will contribute to the achievement of the DG's objectives;</p> <p>m. Management could demonstrate that it would not be more advantageous to use in-house resources;</p> <p>n. The procurement decisions and supporting justifications could not be adequately documented</p> <p>o. There is no legal basis for the procurement;</p> <p>p. There is no money on the relevant budget line;</p> <p>q. No valid financing decision for the procurement exists;</p> <p>r. No procurement project plan has</p> | <p>the quality of the TS prepared by the Agency. In addition to this, further checks are carried out at level of legal, financial, ex- ante, etc.;</p> <p>f. TS are drafted in a way that the principle of transparency, competition and equal treatment are respected. This element is also verified during the quality check process;</p> <p>g. Chafea never involved stakeholders or external actors in the preparation of the procurements documents;</p> <p>h. Generally material through FWC with DG DIGIT and needs assessed in Chafea;</p> <p>i. Before launching a new procedure, we checks whether a valid (accessible) FWC covering the field of interest is available;</p> <p>j. We carry out an inter-institutional procurement procedure if a) the contract is of interest of two or more institutions (services; b) there is a possibility of realising efficiency gains;</p> <p>k. We duly implement the provision of the FR and thus we justify the cases according to the rules;</p> <p>l. Risk linked to this phase is quite limited as Chafea is implementing the programmes of parent DGs and the type of procedures are</p> |   |   |

| Main risks<br>It may happen that...   | Mitigating controls   | Coverage,<br>frequency and<br>depth of controls | Cost-Effectiveness<br>indicators (three<br>E's) |
|---|---|---|---|
| <p>been established;</p> <p>s. The plan doesn't clearly indicate the estimated timing and deadlines for time-consuming process steps, e.g. the establishment of the TS, the evaluation of the tenders (i.e. in case of complex procurement projects) and translation";</p> <p>t. The plan does not clearly indicate the legal time constraints (e.g. the time limit between dispatch of the contract notice and the deadline for submission of the tender or contracting deadlines;</p> <p>u. The deadlines are not realistic;</p> <p>v. It may happen that Timing issues could exist and has to solved Timing related issues and management has to solve it by setting up a monitoring process;</p> <p>w. The Agency may have not taken into account the "lessons learned" from previous procurement reviewed (e.g. questions received from tenderers, process weaknesses and case law if available);</p> <p>x. Planning calendar unavailable and cross-link it with grants and other activities could lead to bottlenecks;</p> <p>y. Setting of clear</p> | <p>described there;</p> <p>m. As above;</p> <p>n. All the necessary notes, supporting documents and other relevant pieces of information are duly inserted in the procurement file.</p> <p>o. the AWP + Financial Regulation;</p> <p>p. Limited risk as amounts and procedures are defined in the FD and global commitments are done for each action/instrument and Budget line;</p> <p>q. Risk linked to this phase is quite limited as Chafea is implementing the programmes of parent DGs</p> <p>r. An indicative planning is done by the Unit and implemented following financing decision publication (general document not specific to action);</p> <p>s. See above. May be variable as depending on parent DG input / approval of specifications;</p> <p>t. See above;</p> <p>u. See above;</p> <p>v. Project officers are in direct contact with all services involved for monitoring the implementation of the procedure. Regular updates sent to HoU;</p> <p>w. This task is done by the ACPC level &amp; programme coordinator. The annual ACPC report lists the main weakness related to procurement identified</p> |   |   |

| Main risks<br>It may happen that...   | Mitigating controls  | Coverage,<br>frequency and<br>depth of controls | Cost-Effectiveness<br>indicators (three<br>E's) |
|---|--|---|---|
| <p>priorities to teams: potential conflicting priorities between administration and operational units might delay processes;</p> <p>z. Human factor &amp; competencies, lack of knowledge of the basic rules;</p> <p>aa. Transition to e-procurement could entail delays;</p> <p>bb. Misuse of contingency;</p> <p>cc. Involvement of interim staff in procurement procedures: confidential statement signature &amp; European Code of good administrative behaviour;</p> <p>dd. No tenders received or very low response to the call: carry out a complete analysis on the reasons behind (e.g. publication done during holidays, framework contractors overloaded with the performance of other contracts, etc.).</p> | <p>during the year and propose remedy actions;</p> <p>x. Coordination meetings regarding planning of tenders, summary tables by units including needs by support services. On-going publication of macro planning tables, covering the procurement indicative planning;</p> <p>y. Coordination meetings regarding planning of tenders, summary tables by units including needs by support services. Publication of macro planning tables, covering the procurement indicative planning + coordination meetings;</p> <p>z. Trainings, mentoring;</p> <p>aa. Pilot DG's have experienced first cycle of e-tendering;</p> <p>bb. Rules and approval method for the use of contingency in the contract and tender specifications;</p> <p>cc. 4 eye principle;</p> <p>dd. Better planning of publications and preparation of TS according to market</p> |   |   |

## Stage 2: Launch of procedure. Evaluation of the offers submitted and award

**Main control objectives:** Ensure an effective and efficient evaluation having due regard of the applicable regulatory provisions (legality& regularity); ensure that fraudulent behaviour pertaining to the submission of tenders is detected and corrective action is assumed (exclusion of candidates from participation).

| Main risks<br>It may happen that...   | Mitigating controls   | Coverage,<br>frequency and<br>depth of controls  | Cost-<br>Effectiveness<br>indicators (three<br>E's)   |
|---|---|--|---|
| <p><b>Step 1: Call for Tenders</b></p> <p>a. Management may not take the necessary measure to identify risk related to limited competition/collusion among tenderers (e.g. monopolistic situation) and risks related to conflict of interests</p> <p>b. The "Declaration of absence of conflict of interest and of confidentiality"" is not signed before the opening of the tender by all persons preparing the call for tenders or all persons involved in the evaluation (including external experts if any). This is not mandatory but considered "best practice"</p> <p>c. Certain tenderers may be illegitimately favoured through "tailored" technical specifications, selection and award criteria or by the contract amount or type of procurement procedure;</p> <p>d. Technical specifications (TS) have not been adequately and unambiguously defined and if necessary, it is</p> | <p><b>Step 1: Call for Tenders</b></p> <p>a. As from 2017, the concentration ratio and Herfindhal index will provide the level of competitiveness;</p> <p>b. All members of the evaluation committee must sign a non-conflict of interest declaration;</p> <p>c. The tender specifications (TS) are drafted in a way that the principle of transparency, competition and equal treatment are respected. This is an element that is also verified during the quality check process;</p> <p>d. The annual work programme (AWP) only mentions in a very general way the aim of the procurement procedures (e.g. Topic). However the TS must provide a very clear description of the services to be purchased. At operational level, we apply the four eyes principle for checking the quality of the tender specifications prepared by the Agency. In addition to this, further checks are carried out at level of legal, financial, ex-ante, etc.; in some occasions (mainly in case of FWC) a case study is requested in the tender specifications and evaluated under award criteria;</p> <p>e. The persons involved in the preparation of the call for tender are sufficiently</p> | <p>100% of procurement procedures with a maximum value above the Directive threshold are scrutinised by the ACPC committee for conformity with the applicable provisions.</p> <p>100% of the documentation submitted with the offers is checked by the Evaluation Committee (exclusion, selection, award criteria).</p> <p>Further cross checks are performed and/or clarifications required in case of non-substantiated references included in the tender.</p> | <p><i>Effectiveness:</i><br/>Number of procedures challenged during the standstill period. Number of 'valid' complaints or litigation cases filed.</p> <p><i>Efficiency:</i><br/>duration of evaluation and award phase</p> <p><i>Economy:</i><br/>Costs: FTE costs of staff involved in controls.</p> <p>Benefits: total difference between the budgetary allocations for procurement in AWP and the value contracted.</p> |

| Main risks<br>It may happen that...  | Mitigating controls  | Coverage,<br>frequency and<br>depth of controls | Cost-<br>Effectiveness<br>indicators (three<br>E's) |
|--|--|---|---|
| <p>suggested to have advice from technical experts;</p> <p>e. The persons involved in the preparation of the call for tender are not sufficiently experienced and qualified</p> <p>f. The time foreseen for establishing the selection and award criteria is insufficient."</p> <p>g. Absence of unambiguous and relevant selection and award criteria and these criteria are not clearly distinguished in the tender specifications;</p> <p>h. There is a risk that the selection criteria don't reduce the risk of accepting tenderers lacking financial viability and technical or professional capacity;</p> <p>i. There is a risk to ask a pre-financing guarantee based on the risk assessment carried out internally (pre-financing guarantees are forbidden for the contracts below € 60,000);</p> <p>j. The liquidated damages clause to prevent the risk of delays and poor performance are not adapted in the standard contract;</p> <p>k. Monitoring tasks have not been assigned to appropriate staff;</p> <p>l. The contract would</p> | <p>experienced and qualified</p> <p>f. The different evaluation phases are clearly split.</p> <p>g. In most of the procedures launched, the selection and exclusion criteria assessment is completed based on the assessment of the declaration of honour. Only once this is checked the evaluation committee assess the technical offer based on the award criteria. Evidence is requested from the successfully evaluated tenderer.</p> <p>h. Important risk. Even though selection and award criteria are split, capacity of the tenderer is often treated as award criteria.</p> <p>i. <i>No risk if the tender does not fulfil the selection criteria the offer is rejected</i></p> <p>j. Liquidated damages' clauses are standard in the general conditions of the contract and not often of use for some specific projects. The special conditions can provide for specificities. But then there is no general practice at Agency level. The risk to put too much burden on the contractor by introducing additional liquidated damages or to foresee inadequate liquidated damages;</p> <p>k. several actors are involved in the validation process (HoU operational, ACPC, coordinator, legal, ex-ante, FO, etc.);</p> <p>l. Usually the standard service contracts are templates from DG BUDG &amp; Tender specifications from parent DGs. In some</p> |   |   |

| Main risks<br>It may happen that...  | Mitigating controls  | Coverage,<br>frequency and<br>depth of controls | Cost-<br>Effectiveness<br>indicators (three<br>E's) |
|--|--|---|---|
| <p>not contain relevant and realistic performance standards and doesn't specify how performance will be monitored and measured and instruments and tools for the performance monitoring are not used;</p> <p>m. Period between "call for tenders" and the "deadline for the submission of tenders" doesn't allow sufficient time to submit a meaningful and complete tender;</p> <p>n. Risk that the draft contract has not been carefully verified as to whether it is consistent with the tender specifications (payment schedule, guarantees if necessary, duration, liquidated damages, intellectual property rights);</p> <p>o. Lack of fully consistent between all three tender documents (tender specifications, draft contract, invitation to tender);</p> <p>p. Risk that before launching procurement, the legal base/financing decisions are no longer valid;</p> <p>q. Risk that clarifications requested by tenderers have not been handled in a</p> | <p>Units of Chafea, the TS are done by Chafea staff. Standard service contracts do not provide for specific cases. This point needs further analysis, to see if it is to be introduced in the TS or to include a special condition under the model contract. For BTSF it is included in the payment provisions;</p> <p>m. We respect the legal deadlines;</p> <p>n. Different quality checks mechanisms are in places: four eyes principle, ex-ante control and verification by the legal on specific aspects (IPR/liquidated damages, any special conditions);</p> <p>o. Different quality checks mechanisms are in places: four eyes principle, ex-ante control and verification by the legal on specific aspects (IPR/liquidated damages, any special conditions);</p> <p>p. In the launch file - PO note contains reference to the legal base;</p> <p>q. Specific requests clarifications sent to all FW Contractors at the same time. For open procedures, the publication of replies is done on e-tendering;</p> <p>r. Occasionally. We take a decision on the number of days to be extended on a case to case basis (e. g depending on the delay for the provision of translation);</p> <p>s. Unit's cupboard. This might need to be centralised (and locked);</p> <p>t. Coordination meetings regarding planning of tenders, summary tables by units including needs</p> |   |   |

| Main risks<br>It may happen that...  | Mitigating controls   | Coverage,<br>frequency and<br>depth of controls | Cost-<br>Effectiveness<br>indicators (three<br>E's) |
|--|---|---|---|
| <p>complete, impartial and transparent fashion (same clarifications sent to all the tenderers at the same time i.e. through a call for tenders web page);</p> <p>r. Delays can occur which could conduct to extend deadlines;</p> <p>s. Lack of equal treatment of all the tenderers and existence of collusion between them (e.g. in case of no site visits);</p> <p>t. Planning calendar unavailable and cross-link it with grants and other activities could lead to bottlenecks;</p> <p>u. Setting of clear priorities to teams: potential conflicting priorities between administration and operational units might delay processes;</p> <p>v. Human factor &amp; competencies, lack of knowledge of the basic rules;</p> <p>w. Transition to E-procurement could entail delays;</p> <p>x. Voluminous offers leading to higher risk in divulging confidential information;</p> <p>y. Misuse of contingency;</p> | <p>by support services. Under preparation the publication of macro planning tables, covering the procurement indicative planning of all operational units;</p> <p>u. Coordination meetings regarding planning of tenders, summary tables by units including needs by support services. Under preparation the publication of macro planning tables, covering the procurement indicative planning of all operational units + coordination meetings;</p> <p>v. Trainings, mentoring;</p> <p>w. Pilot DG's have experienced first cycle of e-tendering;</p> <p>x. Risks are linked to voluminous tenders - Revised checklist / procedure - administrative part of the offer can be omitted from contract instead ref to Ares n° should be added- results in reduced volume of the contract;</p> <p>y. Rules and approval method for the use of contingency in the contract and tender specifications.</p> |   |   |

| Main risks<br>It may happen that...   | Mitigating controls   | Coverage,<br>frequency and<br>depth of controls | Cost-<br>Effectiveness<br>indicators (three<br>E's) |
|---|---|---|---|
| <p><b>Step 2: Evaluation of tenders</b></p> <ul style="list-style-type: none"> <li>a. The most economically advantageous offer not being selected, due to a biased or inaccurate evaluation process;</li> <li>b. members of the opening /evaluation committee are in situations of conflict of interest;</li> <li>c. Misrepresentations related to misappropriation of facts presented by the tenderers with their applications are not detected;</li> <li>d. Contracts are awarded to entities not having the necessary legal, technical, professional or financial capacities;</li> <li>e. Comments in the evaluation report on the technical quality of a tender do not adequately reflect the score for quality award criteria;</li> <li>f. There is a risk that the members of the opening committee will not be nominated before the deadline of the tender;</li> <li>g. There is a risk that tenders are not stored in a secure place.</li> <li>h. Modifications could have been made to the tender after the Commission received it;</li> <li>i. The risk is that the members of the</li> </ul> | <p><b>Step 2: Evaluation of tenders</b></p> <ul style="list-style-type: none"> <li>a. The evaluation procedure is organised according to predefined rules, announced in the call for tender documentation. The substantial evaluation of tenders is conducted by an appointed evaluation committee. In addition, compliance with all legal and procedural requirements is verified by an independent Advisory Committee for Procurement and Contracts (ACPC), which acts as an observer to the tender evaluation. The evaluation committee issues a recommendation in the form of a signed evaluation report to the AO to award or not the contract. For contracts above the Directive thresholds, a standstill period applies that allows the interested parties to express any comments relating to the soundness of the procedure;</li> <li>b. The members of the opening and the evaluation committee are appointed by the AO; all of them are required to sign a declaration of non-conflict of interest in relation to the evaluated procedure;</li> <li>c. Supporting documentation is requested together with the offer (CVs, activity reports, references, information on exclusion criteria); the Agency performs random checks concerning the accurateness of the information provided with</li> </ul> |   |   |

| Main risks<br>It may happen that...  | Mitigating controls   | Coverage,<br>frequency and<br>depth of controls | Cost-<br>Effectiveness<br>indicators (three<br>E's) |
|--|---|---|---|
| <p>evaluation committee haven't been formally nominated (compulsory for the contracts over €60,000);</p> <p>j. All the evaluators have not the necessary skills, experiences and qualifications. this could lead to a lack of fully understanding of the technical specifications, exclusions, selection and award criteria if they don't receive sufficient and relevant information about the tender procedure;</p> <p>k. Risk of lack of time by each evaluator to prepare for and carry out the evaluation;</p> <p>l. Risk that no declaration of absence of conflict of interest is signed before the opening of the tender;</p> <p>m. All tenderers would be in any exclusion situation and would not have access to the market;</p> <p>n. Risk that the tenderers have not the necessary financial capacity by checking external databases;</p> <p>o. Lack of organisation in the evaluation and risk that all practical aspects have not been considered;</p> <p>p. Risk that the evaluation does not include all selection and award criteria;</p> <p>q. Non-respect of equal</p> | <p>the administrative part of the tender and requires additional information in case this is considered necessary;</p> <p>d. Each call for tender includes selection criteria requiring the minimum legal, technical, professional and financial qualifications that tenderers must have; those criteria are set in proportionality with the requested service. Supporting documentation is requested together with the offer (CVs, activity reports, references, information on exclusion criteria);</p> <p>e. Evaluation committees receive clear guidelines for the drafting of evaluation reports. The comments of the evaluation report are drafted in a collaborative effort and represent the consensus opinion of the evaluation committee;</p> <p>f. Official appointment from the Authorising officer;</p> <p>g. Unit's cupboard. However this might need to be centralised (and locked);</p> <p>h. No risk. Offers are signed, dated &amp; recorded by opening committee;</p> <p>i. Official appointment from the Authorising officer;</p> <p>j. No risk. Evaluators are highly qualified;</p> <p>k. sufficient time has been scheduled for each evaluator to prepare for and carry out the evaluation</p> <p>l. Template included within the official appointment from the Authorising officer;</p> <p>m. This is verified during the evaluation process.</p> |   |   |

| Main risks<br>It may happen that...   | Mitigating controls   | Coverage,<br>frequency and<br>depth of controls | Cost-<br>Effectiveness<br>indicators (three<br>E's) |
|---|---|---|---|
| <p>treatment of all tenders on the basis of the evaluation report because it is not based on a consensus of all members of the evaluation committee and is not drafted in a fully coherent way;</p> <p>r. Planning calendar unavailable and cross-link it with grants and other activities could lead to bottlenecks;</p> <p>s. Setting of clear priorities to teams: potential conflicting priorities between administration and operational units might delay processes;</p> <p>t. Human factor &amp; competencies, lack of knowledge of the basic rules;</p> <p>u. Transition to E-procurement could entail delays;</p> <p>v. Misuse of contingency.</p> | <p>Tenderers should submit an original declaration of non-exclusion. In addition to this, before the signature of the contract supporting documents are requested and verified. As an agency we can accept tenders coming from a limited number of countries-we are not covered by the GPA (WTO agreement on government procurement;</p> <p>n. Last closed annual accounts are requested as evidence;</p> <p>o. We have a guide for evaluation, published on Chafea intranet;</p> <p>p. Before starting the evaluation meeting all evaluators are briefed about the evaluation process, including evaluation criteria. No risk</p> <p>q. Conclusions are reached through consensus. There is no voting in procurement.</p> <p>r. Coordination meetings regarding planning of tenders, summary tables by units including needs by support services. Under preparation the publication of macro planning tables, covering the procurement indicative planning of all operational units</p> <p>s. Coordination meetings regarding planning of tenders, summary tables by units including needs by support services. Under preparation the publication of macro planning tables, covering the procurement indicative planning of all operational units + coordination meetings;</p> <p>t. Trainings, mentoring;</p> <p>u. Pilot DG's have</p> |   |   |

| Main risks<br>It may happen that...  | Mitigating controls  | Coverage,<br>frequency and<br>depth of controls | Cost-<br>Effectiveness<br>indicators (three<br>E's) |
|--|--|---|---|
| <p><b>Step 3: Award of contract</b></p> <ul style="list-style-type: none"> <li>a. Lack of necessary documentary evidence provided by the successful tenderer for exclusion criteria;</li> <li>b. Risk that the latest model of the contract available on BudgWeb is not used and risk of modification of the general conditions;</li> <li>c. The agency has to define a procedure for cases when diverging opinions occur;</li> <li>d. All successful and unsuccessful tenderers have not been simultaneously informed about the award decision by arguing the grounds on which the decision was taken;</li> <li>e. Planning calendar unavailable and cross-link it with grants and other activities could lead to bottlenecks;</li> <li>f. Setting of clear priorities to teams: potential conflicting priorities between administration and operational units might delay processes;</li> <li>g. Human factor &amp;</li> </ul> | <p>experienced first cycle of E-tendering;</p> <ul style="list-style-type: none"> <li>v. Rules and approval method for the use of contingency in the contract and tender specifications.</li> </ul> <p><b>Step 3: Award of contract</b></p> <ul style="list-style-type: none"> <li>a. The letter informing about the positive results of the evaluation requests the submission of the necessary documents to verify that the tenderer is not in a exclusion situation. These documents are verified prior to the signature of the contract;</li> <li>b. We always use Budgweb models as a basis for adapting them to Chafea. Only special conditions are modified;</li> <li>c. This rarely happens. But there is a limited risk. The procedure for such a case does not exist in Chafea;</li> <li>d. No risk. All letters are sent simultaneously (via email and post);</li> <li>e. Coordination meetings regarding planning of tenders, summary tables by units including needs by support services. Under preparation the publication of a macro planning tables, covering the procurement indicative planning of all operational units;</li> <li>f. Coordination meetings regarding planning of tenders, summary tables by units including needs by support services. Under preparation the publication of a macro planning</li> </ul> |   |   |

| Main risks<br>It may happen that...  | Mitigating controls  | Coverage,<br>frequency and<br>depth of controls | Cost-<br>Effectiveness<br>indicators (three<br>E's) |
|--|--|---|---|
| <p>competencies, lack of knowledge of the basic rules;</p> <p>h. Transition to E-procurement could entail delays;</p> <p>i. Misuse of contingency.</p> <p><b>Step 4: Budgetary commitment</b></p> <p>a. Commitment file needs to be complete in order to insure delays are short (Award decision is sometimes circulating in parallel, Annex of A.W.P referring to service, specify location of final offer in common drive to prepare draft contract);</p> <p>b. Lack of accuracy during the input in the ABAC system (e.g. the legal entities and bank account of the successful tenderers, address, bank account, currency used, sub delegation, etc.); procurement procedure)</p> <p>c. Planning calendar unavailable and cross-link it with grants and other activities could lead to bottlenecks;</p> <p>d. Setting of clear priorities to teams: potential conflicting priorities between</p> | <p>tables, covering the procurement indicative planning of all operational units + coordination meetings;</p> <p>g. Trainings, mentoring</p> <p>h. Pilot DG's have experienced first cycle of E-tendering;</p> <p>i. Rules and approval method for the use of contingency in the contract and tender specifications.</p> <p><b>Step 4: Budgetary commitment</b></p> <p>a. Standardised procedure for preparing commitment files: Use of checklists, separators on intranet help reminding which documents are needed. Simplified (combined )WF to reduce time and looping) award/commitment/sending out contract;</p> <p>b. No risk except for FWC. Creation or search in ABAC done early in the procedure but for FWC the creation is only done at the level of the first specific contracts. Risk of delays -mitigation measure to check at the level of the FWC award;</p> <p>c. Coordination meetings regarding planning of tenders, summary tables by units including needs by support services. Under preparation the publication of a macro planning tables, covering the procurement indicative planning of all operational units;</p> <p>d. Coordination meetings regarding planning of tenders, summary tables</p> |   |   |

| Main risks<br>It may happen that...  | Mitigating controls   | Coverage,<br>frequency and<br>depth of controls | Cost-<br>Effectiveness<br>indicators (three<br>E's) |
|--|---|---|---|
| <p>administration and operational units might delay processes;</p> <p>e. Human factor &amp; competencies, lack of knowledge of the basic rules;</p> <p>f. Transition to E-procurement could entail delays;</p> <p>g. Lack of commitment information to insure use of the right budgetary lines;</p> <p>h. Misuse of contingency.</p> <p><b>Step 5: Legal commitment</b></p> <p>a. Risk of incoherence between the contract match and the draft contract and tender specifications (e.g. the contract contains all required technical specifications, quality and performance standards, deliverables, deadlines, etc.);</p> <p>b. Lack of accuracy by forgetting contract number, contractor's information (person authorized to sign, bank account, etc.), annexes, etc.;</p> <p>c. the wording of the contract cannot be changed by the contractor;</p> <p>d. Risk that the contract is not signed by authorised persons (contractor and</p> | <p>by units including needs by support services. Under preparation the publication of a macro planning tables, covering the procurement indicative planning of all operational units + coordination meetings;</p> <p>e. Trainings, mentoring;</p> <p>f. Pilot DG's have experienced first cycle of E-tendering</p> <p>g. Mandatory fields in Note to AO, include respective page of AWP and objective;</p> <p>h. Rules and approval method for the use of contingency in the contract and tender specifications.</p> <p><b>Step 5: Legal commitment</b></p> <p>a. The final version of the contract must be the same as the one published on the website (only info such as name of the tenderer, administrative info is added). Annexes to the contract are the tender specifications, FAQs and tender. Risks are linked to voluminous tenders - Revised checklist / procedure - administrative part of the offer can be omitted from contract instead ref to Ares n° should be added- results in reduced volume of the contract;</p> <p>b. Normally yes, but there is a risk of mistake as it is done manually. Mitigation: 4 eyes principle and ex-ante control;</p> <p>c. Low risk. Original contract initialled by Project officer;</p> <p>d. Authorising officer or delegation act;</p> |   |   |

| Main risks<br>It may happen that...  | Mitigating controls  | Coverage,<br>frequency and<br>depth of controls | Cost-<br>Effectiveness<br>indicators (three<br>E's) |
|--|--|---|---|
| <p>Commission);</p> <p>e. The final contract is not appropriately registered in ""ABAC Contract"" and doesn't match with the contract hardcopy files;</p> <p>f. Risk that the hardcopy files are not safely stored and protected against unauthorized access</p> <p>g. Risk that the guarantor is not solvent, suitable and trustworthy?</p> <p>h. The complete ten-day standstill period starting on the day following the electronic notification of the award to all tenderers has not elapsed before signing the contract;</p> <p>i. If applicable, lack of publication of the contract award notice;</p> <p>j. Risk that the original contract is not safely stored in order to protect it against theft, unauthorised access, fire and destruction;</p> <p>k. Lack of properly archiving in the procurement file</p> <p>l. Planning calendar unavailable and cross-link it with grants and other activities could lead to bottlenecks;</p> <p>m. Setting of clear priorities to teams: potential conflicting priorities between administration and operational units might delay</p> | <p>e. No risk; Within the tasks in Ares &amp; checklists/procedures;</p> <p>f. Unit's cupboard. However this might need to be centralised (and locked). Once completion of process, files are locked in Chafea archive;</p> <p>g. No risk; validation of entity in ABAC and financial capacity assessed when required;</p> <p>h. There is a certain risk to allow signature before the standstill period elapsed. Mitigation: monitoring of deadlines; keep the file with the responsible unit the standstill period elapses and then give it for signature to the AO, Checklist includes description of standstill process monitoring and in the relevant ARES workflow tasks;</p> <p>i. There is a risk of delay due to workload of operational staff;</p> <p>j. Low risk; original scanned in Ares and uploaded in Chafea's Intranet; Original stored in archive room</p> <p>k. No risk; within the tasks in Ares. Physical stored in Chafea archives;</p> <p>l. Coordination meetings regarding planning of tenders, summary tables by units including needs by support services. Under preparation the publication of a macro planning tables, covering the procurement indicative planning of all operational units;</p> <p>m. Coordination meetings regarding planning of tenders, summary tables by units including needs by support services. Under</p> |   |   |

| <b>Main risks<br/>It may happen that...</b>   | <b>Mitigating controls</b>   | <b>Coverage,<br/>frequency and<br/>depth of controls</b> | <b>Cost-<br/>Effectiveness<br/>indicators (three<br/>E's)</b> |
|---|--|--|---|
| processes;<br>n. Human factor & competencies, lack of knowledge of the basic rules;<br>o. Transition to E-procurement could entail delays;<br>p. Misuse of contingency. | preparation the publication of a macro planning tables, covering the procurement indicative planning of all operational units + coordination meetings;<br>n. Trainings, mentoring;<br>o. Pilot DG's have experienced first cycle of e-tendering;<br>p. Rules and approval method for the use of contingency in the contract and tender specifications. |  |   |

### Stage 3: Supervisory measures during contract implementation

**Main control objectives:** Ensure that contract execution follows the provisions of the signed contracts (legality and regularity); ensure that payments are executed in compliance with the applicable rules; any weakness in the procedure or attempt [of?] document misrepresentation is detected and corrected (legality and regularity& fraud prevention)

| <b>Main risks<br/>It may happen that...</b>  | <b>Mitigating controls</b>   | <b>Coverage,<br/>frequency and<br/>depth of controls</b>  | <b>Cost effectiveness<br/>indicators (three E's)</b>   |
|--|--|---|--|
| <b>Step 1: Monitoring</b>  | <b>Step 1 : Monitoring</b>   |   | <i>Effectiveness:</i>  |
| a. Lack of necessary skills, experience and qualifications of the persons performing the monitoring of the supply services;<br>b. Risk that the monitoring is not based on contractual terms and conditions (deadlines, quality requirements, contractually agreed monitoring tools, etc.);<br>c. If applicable, risk that any subsequent contract amendments have not been duly justified, authorised, registered and documented;<br>d. There is a risk of misinterpretation of the contract by the operational staff particularly in relation to | a. <i>Risk related to long absences of staff (illness, accident), heavy workload of back up - simplification of procedures and paperless files could help;</i><br>b. The monitoring is based on contractual terms and conditions (deadlines, quality requirements, contractually agreed monitoring tools, etc.);<br>c. All amendments are duly discussed, justified, registered and documented;<br>d. The reporting requirements are | 100% of the deliverables and payments linked to services contracts are verified before the payment authorisation. | % of errors prevented (amount of errors/irregularities averted over total payments)<br><br>Number of control failures;<br><br>Number/amount of liquidated damages.<br><br><i>Efficiency:</i><br><br>Average cost per open project. % cost over annual amount disbursed;<br><br>Time-to-payment;<br><br>Late interest payment and damages paid by |

| Main risks<br>It may happen that...  | Mitigating controls  | Coverage,<br>frequency and<br>depth of controls | Cost effectiveness<br>indicators (three E's)   |
|--|--|---|--|
| <p>reduced payments and penalties. There is a risk of legal proceedings by the contractor if the imposed penalties are not accepted;</p> <p>e. There is a risk that internal progress reports are not established on a regular basis (especially for long lasting procurement projects);</p> <p>f. there is a risk that the performance and progress made on a regular basis are not monitored;</p> <p>g. Planning calendar unavailable and cross-link it with grants and other activities could lead to bottlenecks;</p> <p>h. Setting of clear priorities to teams: potential conflicting priorities between administration and operational units might delay processes;</p> <p>i. Human factor &amp; competencies, lack of knowledge of the basic rules</p> <p>j. Transition to e-procurement could entail delays;</p> <p>k. Misuse of contingency;</p> <p>l. Errors, irregularities or fraud are not prevented, detected or corrected by ex- ante control prior to payment;</p> <p>m. Delays in the execution of task.</p> | <p>described in the TS, which are bound as part of the contract; Reports are linked to payments and meetings with Chafea linked to implementation of the SC. In case of poor performance reduced payments and penalties have been applied (PHP);</p> <p>e. Following the tender specifications requirements. BTSF extensions with no budget approved yet;</p> <p>f. But again, this is defined in the tender specifications;</p> <p>g. Coordination meetings regarding planning of tenders, summary tables by units including needs by support services. Under preparation the publication of macro planning tables, covering the procurement indicative planning of all operational units;</p> <p>h. Coordination meetings regarding planning of tenders, summary tables by units including needs by support services. Under preparation the publication of macro planning tables, covering the procurement indicative planning</p> |   | <p>the Agency.</p> <p><i>Economy:</i></p> <p>Costs: FTE costs of staff involved+ cost for the contracts for the year.</p> <p>Benefits: amount of overpayments prevented by the controls; amounts detected and associated with fraud and error/ systematic weaknesses corrected</p> |

| Main risks<br>It may happen that...  | Mitigating controls   | Coverage,<br>frequency and<br>depth of controls | Cost effectiveness<br>indicators (three E's) |
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| <p><b>Step 2 : Approval of deliverables or supplies</b></p> <p>a. Lack of checks to know if supplies/ documents received are appropriately registered, safeguarded and correspond to relevant contractual terms and conditions (e.g. quantity, timing, criteria for measuring quality, etc.);</p> <p>b. There is a risk that the services/ supplies/ work provided have not been</p> | <p>of all operational units + coordination meetings</p> <p>i. Trainings, mentoring</p> <p>j. Pilot DG's have experienced first cycle of E-tendering</p> <p>k. Rules and approval method for the use of contingency in the contract and tender specifications</p> <p>l. Importance is attributed to the assessment of the deliverables so that the contractor is only paid the full price if what is agreed was fully executed.</p> <p>m. Timetables including due dates for deliverables are defined in the Tender Specifications. If parent DGs are involved in approval of deliverables, they are made aware of any time sensitive input requirements.</p> <p><b>Step 2: Approval of deliverables or supplies</b></p> <p>a. No risk for registration. For safeguarding if Ares registration is insufficient, Units cupboard. However this might need to be centralised (and locked). Electronic versions are also requested. Timing</p> |   |  |

| Main risks<br>It may happen that...   | Mitigating controls  | Coverage,<br>frequency and<br>depth of controls | Cost effectiveness<br>indicators (three E's) |
|---|--|---|--|
| <p>approved by the authorised person;</p> <p>c. Risk that the invoice has not been timely registered in ABAC-Invoice and in accordance with the Commission's Accounting Officer's instructions;</p> <p>d. Risk that the invoice is not legally correct as per contractual provisions and with VAT;</p> <p>e. Invoices received from the contractor don't reconcile with the contract (e.g. contractor, bank account, deliverables, etc.);</p> <p>f. Risk that all required supporting documents have not been provided for approval (e.g. the technical report);</p> <p>g. risk that the invoice is approved and paid twice or lost invoices;</p> <p>h. Lack of match the contract hardcopy files with information in ABAC;</p> <p>i. Planning calendar unavailable and cross-link it with grants and other activities could lead to bottlenecks;</p> <p>j. Setting of clear priorities to teams: potential conflicting priorities between administration and operational units might delay processes;</p> <p>k. Human factor &amp; competencies, lack of knowledge of the basic rules;</p> <p>l. Transition to E-procurement could entail delays;</p> <p>m. Misuse of contingency.</p> | <p>for delivery is sometimes not respected - liquidated damages not often applied;</p> <p>b. clear procedures and financial workflows;</p> <p>c. clear procedures and financial workflows;</p> <p>d. No risk - 4 eye principle;</p> <p>e. No risk - 4 eye principle;</p> <p>f. No risk - 4 eye principle;</p> <p>g. No risk - 4 eye principle;</p> <p>h. No risk; within the tasks in Ares;</p> <p>i. Coordination meetings regarding planning of tenders, summary tables by units including needs by support services. Under preparation the publication of macro planning tables, covering the procurement indicative planning of all operational units;</p> <p>j. Coordination meetings regarding planning of tenders, summary tables by units including needs by support services. Under preparation the publication of macro planning tables, covering the procurement indicative planning of all operational units + coordination meetings;</p> <p>k. Trainings,</p> |   |  |

| Main risks<br>It may happen that...  | Mitigating controls  | Coverage,<br>frequency and<br>depth of controls | Cost effectiveness<br>indicators (three E's) |
|--|--|---|--|
| <p><b>Step 3: Interim Payment</b></p> <p>a. Lack of checks to ensure that the services/supplies/work delivered, the technical reports and invoices are duly approved;</p> <p>b. Risk of delays in each payment on the basis of the legal and contractual requirements;</p> <p>c. Risk that ABAC has not been updated with complete and accurate information;</p> <p>d. Lack of match the contract hardcopy files with information in ABAC;</p> <p>e. Risk that payment time limits have not been respected;</p> <p>f. Planning calendar unavailable and cross-link it with grants and other activities could lead to bottlenecks;</p> <p>g. Setting of clear priorities to teams: potential conflicting priorities between administration and operational units might delay processes;</p> <p>h. Human factor &amp; competencies, lack of knowledge of the basic</p> | <p>mentoring;</p> <p>l. Pilot DG's have experienced first cycle of E-tendering;</p> <p>m. Rules and approval method for the use of contingency in the contract and tender specifications.</p> <p><b>Step 3 : Interim Payment</b></p> <p>a. No risk; 4 eye principle;</p> <p>b. We try to respect the legal deadlines, although in some occasions delays occur. Monitoring table is in place;</p> <p>c. No risk; 4 eye principle;</p> <p>d. No risk; 4 eye principle;</p> <p>e. Target time monitoring table in place;</p> <p>f. Coordination meetings regarding planning of tenders, summary tables by units including needs by support services. Under preparation the publication of macro planning tables, covering the procurement indicative planning of all operational units;</p> <p>g. Coordination meetings regarding planning of tenders, summary tables by units including needs by support services. Under preparation</p> |   |  |

| Main risks<br>It may happen that...  | Mitigating controls  | Coverage,<br>frequency and<br>depth of controls | Cost effectiveness<br>indicators (three E's) |
|--|--|---|--|
| <p>rules;<br/>i. Transition to E-procurement could entail delays;<br/>j. Misuse of contingency.</p>  | <p>the publication of macro planning tables, covering the procurement indicative planning of all operational units + coordination meetings;<br/>h. Trainings, mentoring;<br/>i. Pilot DG's have experienced first cycle of E-tendering;<br/>j. Rules and approval method for the use of contingency in the contract and tender specifications.</p>   |   |  |
| <p><b>Step 4: Final Payment</b></p> <p>a. Risk that deliverables have not been provided according to the contract which lead to a final payment too high;<br/>b. Planning calendar unavailable and cross-link it with grants and other activities could lead to bottlenecks;<br/>c. Setting of clear priorities to teams: potential conflicting priorities between administration and operational units might delay processes;<br/>d. Human factor &amp; competencies, lack of knowledge of the basic rules;<br/>e. Transition to E-procurement could entail delays<br/>f. Misuse of contingency;<br/>g. The contractually foreseen services are not or only partially</p> | <p><b>Step 4 : Final Payment</b></p> <p>a. We apply penalties in rare occasions where the operational unit identifies poor execution and lack of delivery; a reflection must be done in order to find a right formulation for applying reduction of payment;<br/>b. Coordination meetings regarding planning of tenders, summary tables by units including needs by support services. Under preparation the publication of macro planning tables, covering the procurement indicative planning of all operational units;</p> |   |  |

| Main risks<br>It may happen that...   | Mitigating controls   | Coverage,<br>frequency and<br>depth of controls | Cost effectiveness<br>indicators (three E's) |
|---|---|---|--|
| <p>provided; the amount paid exceeds the contractually foreseen maximum amount.</p> | <ul style="list-style-type: none"> <li>c. Coordination meetings regarding planning of tenders, summary tables by units including needs by support services. Under preparation the publication of macro planning tables, covering the procurement indicative planning of all operational units + coordination meetings;</li> <li>d. Trainings, mentoring;</li> <li>e. Pilot DG's have experienced first cycle of E-tendering;</li> <li>f. Rules and approval method for the use of contingency in the contract and tender specifications;</li> <li>g. The execution of each contract is monitored from the technical point of view; deliverables clearly defined in the contract are due within predefined deadlines; in case of late delivery or delivery of poor results the agency imposes contractual penalties provided for in the contract (e.g. proportionate reduction of the agreed price, liquidated damages) and may also terminate a contract; all deliverables are</li> </ul> |   |  |

| Main risks<br>It may happen that...   | Mitigating controls  | Coverage,<br>frequency and<br>depth of controls | Cost effectiveness<br>indicators (three E's) |
|---|--|---|--|
| <p><b>Step 5: De-commitment</b></p> <ul style="list-style-type: none"> <li>a. Risk that unused balances of the budgetary commitment are not de-committed before the end of the financial year;</li> <li>b. Planning calendar unavailable and cross-link it with grants and other activities could lead to bottlenecks;</li> <li>c. Setting of clear priorities to teams: potential conflicting priorities between administration and operational units might delay processes;</li> <li>d. Human factor &amp; competencies, lack of knowledge of the basic rules;</li> <li>e. Transition to E-procurement could entail delays;</li> <li>f. Misuse of contingency.</li> </ul> | <p>assessed for their conformity with the tender specifications before a payment is authorised (payments are linked with the execution of deliverables).</p> <p><b>Step 5 : De-commitment</b></p> <ul style="list-style-type: none"> <li>a. Internal rules on intranet for de-commitments not always followed and occur after internal deadlines resulting to open/sleeping commitments;</li> <li>b. Coordination meetings regarding planning of tenders, summary tables by units including needs by support services. Under preparation the publication of macro planning tables, covering the procurement indicative planning of all operational units;</li> <li>c. Coordination meetings regarding planning of tenders, summary tables by units including needs by support services. Under preparation the publication of a macro planning tables, covering the procurement indicative planning of all operational units +</li> </ul> |   |  |

| Main risks<br>It may happen that...  | Mitigating controls  | Coverage,<br>frequency and<br>depth of controls | Cost effectiveness<br>indicators (three E's) |
|--|--|---|--|
| <p><b>Step 6: Feedback</b></p> <ul style="list-style-type: none"> <li>a. Risk that the services/ supplies/work provided by the contractor have not been used in an optimal way;</li> <li>b. Revised FR &amp; RAP(2012) in force and further revisions with on-going FWC under old FR, management of different regulation may lead to confusion and risk of errors (e.g. encoding in ABAC );</li> <li>c. Planning calendar unavailable and cross-link it with grants and other activities could lead to bottlenecks;</li> <li>d. Setting of clear priorities to teams: potential conflicting priorities between administration and operational units might delay processes;</li> <li>e. Human factor &amp; competencies, lack of knowledge of the basic rules;</li> <li>f. Transition to e-procurement could entail delays;</li> <li>g. Misuse of contingency.</li> </ul> | <ul style="list-style-type: none"> <li>coordination meetings;</li> <li>d. Trainings, mentoring;</li> <li>e. Pilot DG's have experienced first cycle of e-tendering;</li> <li>f. Rules and approval method for the use of contingency in the contract and tender specifications.</li> </ul> <p><b>Step 6: Feedback</b></p> <ul style="list-style-type: none"> <li>a. Our main counterpart is the Commission, all reports/ deliverables are duly shared with them;</li> <li>b. Revisions of EU financial rules are duly examined and implemented (Trainings, DG BUDG guides, mentoring);</li> <li>c. Coordination meetings regarding planning of tenders, summary tables by units including needs by support services. Under preparation the publication of macro planning tables, covering the procurement indicative planning of all operational units;</li> <li>d. Coordination meetings regarding planning of tenders, summary tables by units including needs by support services.</li> </ul> |   |  |

| Main risks<br>It may happen that... | Mitigating controls   | Coverage,<br>frequency and<br>depth of controls | Cost effectiveness<br>indicators (three E's)  |
|-------------------------------------|---|---|---|
|                                     | <p>Under preparation the publication of macro planning tables, covering the procurement indicative planning of all operational units + coordination meetings;</p> <p>e. Trainings, mentoring;</p> <p>f. Pilot DG's have experienced first cycle of E-tendering;</p> <p>g. Rules and approval method for the use of contingency in the contract and tender specifications.</p> |   |   |
|                                     |   |   | <p><b>Economy overall PROCUREMENT</b></p> <p>a. Cost-effectiveness in % of costs of FTEs involved in controls vs the total funds managed (evolution over time);</p> <p>b. Cost/benefit ratio regarding controls on payments, (evolution over time).</p> |

## **ANNEX 6:      not applicable**

## **ANNEX 7:      not applicable**

## **ANNEX 8:      not applicable**

## **ANNEX 9: Evaluations and other studies finalised or cancelled during the year – not applicable**

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

Table Y Overview of the estimated cost of controls:

| Grants                             |   |                  |   |   |   |
|------------------------------------|---|------------------|---|---|---|
| Ex ante controls                   |   | Ex post controls |   | Total estimated cost of controls in EUR | Ratio in percentage (Total cost of controls out of amounts managed) |
| Total in EUR                       | Ratio in percentage (Total ex ante controls in EUR out of amounts managed in EUR) | Total in EUR     | Ratio in percentage (Total ex post controls in EUR out of total value verified and/or audited in EUR) |   |   |
| 3.169.778                          | 1.57%   | 184.578          | 0,98%   | 3.354.356                               | 1.66%   |
| Procurement                        |   |                  |   |   |   |
| Ex ante controls                   |   | Ex post controls |   | Total estimated cost of controls in EUR | Ratio in percentage (Total cost of controls out of amounts managed) |
| Total in EUR                       | Ratio in percentage (Total ex ante controls in EUR out of amounts managed in EUR) | Total in EUR     | Ratio in percentage (Total ex post controls in EUR out of total value verified and/or audited in EUR) |   |   |
| 2.709.837                          | 3.95%   | n/a              | n/a   | 2.709.837                               | 3.95%   |
| Overall estimated cost of controls |   |                  |   |   |   |
| Ex ante controls                   |   | Ex post controls |   | Total estimated cost of controls in EUR | Ratio in percentage (total cost of controls over funds managed)     |
| Total in EUR                       | Ratio in percentage (Total ex ante controls in EUR out of amounts managed in EUR) | Total in EUR     | Ratio in percentage (Total ex post controls in EUR out of total value verified and/or audited in EUR) |   |   |
| 5.879.615                          | 2.17%   | 184.578          | 0,98%   | 6.064.193                               | 2.24%   |

**ANNEX 11: Specific annexes related to  
"Assessment of the effectiveness of the internal control  
systems" – not applicable**

## ANNEX 12: Performance tables

### OPERATIONAL EXECUTION OF PUBLIC HEALTH PROGRAMME

**Relevant general objective(s) of the parent DG(s):**

**A new boost for jobs, growth and investment in the EU**

**DG SANTE Specific objective:**

Related to spending programme(s) 3<sup>rd</sup> Health Programme

**1.1. Effective preparedness, prevention, reaction and eradication of human, animal and plant diseases**

**Specific objective 2: Protect citizens for serious cross border health threats**

**2.2. Capacity-building against health threats in Member States**

**Main outputs in 2018:**

| EXPENDITURE-RELATED OUTPUTS   |  |  | INPUTS: Operational expenditure |                   | Latest known results/Achieved/N on achieved  |
|---|--|--|---------------------------------|-------------------|--|
| Description   | Milestone (quarter/semester)   | Number of outputs  | Budget line                     | EUR million       |  |
| Co-financing of actions undertaken by entities eligible under the 3 <sup>rd</sup> Health programme; (Joint actions to be performed by MS) | (a). Launch of the call for proposals/ invitation letters within 2 months from the publication of the annual work programme<br>(b). Time To Grant (TTG) target: 9 months | Signature of grant agreements with the beneficiaries awarded co financing (1 joint action)                       | B2018-17.030100                 | Approx. EUR 7.9 M | Nominations submitted 13 April 2018. Preparatory meeting held 15 May 2018. Proposal submitted 27 September and evaluated 11 October. Evaluation outcome approved by the Evaluation Committee 07 November. Revised proposal under Grant Agreement preparation/ signature expected Q1 2019, starting date 01/04/2019 |
| Signature of service contracts for analysis/data collection and training activities   | 80% of open calls and 50% of requests for specific services launched by June of year N   | Launch of 100% of the procurement procedures within one month from the finalisation of the tender specifications | B2018-17.030100                 | Approx. EUR 1.2 M | Workshops to support the implementation of Decision 1082/2013/EU on serious cross border health threats were cancelled (not launched)  |

|  |  |
|--|--|
| <b>DG SANTE Specific objective:</b>                                | Related to spending programme(s) 3 <sup>rd</sup> Health Programme  |
| <b>1.3. Cost effective health promotion and disease prevention</b> | <b>Specific objective 2: Promote health, prevent diseases and foster supportive environments for healthy lifestyle through cost-effective disease prevention and health promotion</b><br><br><b>1.1. Addressing risk factors such as tobacco use and passive smoking, harmful use of alcohol, unhealthy dietary habits and physical inactivity</b> |

#### Main outputs in 2018:

| EXPENDITURE-RELATED OUTPUTS   |   |   | INPUTS: Operational expenditure |                 | Latest known results/Achieved/N on achieved  |
|---|---|---|---------------------------------|-----------------|--|
| Description   | Milestone (quarter/semester)  | Number of outputs   | Budget line                     | EUR million     |  |
| Signature of service contracts for analysis/data collection and training activities | 80 % of open calls and 50% of requests for specific services launched by June of year N | Launch of 100% of the procurement procedures within one month from the finalisation of the tender specifications (1 service contract) | B2018-17.030100                 | Approx. EUR 1 M | An open call on alcohol prevention is under evaluation, expected to be signed in Q1 2019 |

**1.4. Preventing and improving the response to chronic diseases including cancer, age-related diseases and neurodegenerative diseases**

#### Main outputs in 2018:

| EXPENDITURE-RELATED OUTPUTS  |  |   | INPUTS: Operational expenditure |                    | Latest known results/Achieved/N on achieved   |
|--|--|---|---------------------------------|--------------------|---|
| Description  | Milestone (quarter/semester)   | Number of outputs   | Budget line                     | EUR million        |   |
| Co-financing of actions undertaken by entities eligible under the 3 <sup>rd</sup> Health programme; (projects & direct grant agreements with International Organisations | (a) Launch of the call for proposals/ invitation letters within 2 months from the publication of the annual work programme (b). Time To Grant (TTG) target: 9 months | Signature of grant agreements with the beneficiaries awarded co financing (5-6 projects and one direct grant agreement) | B2018-17.030100                 | Approx. EUR 7.95 M | Three calls for proposals were published in Jan, Jun and Dec 2018 (PJ grants). Two grants (Call 1) are signed; 2 grants (Call 2) are under grant agreement preparation. The last call (Call 3) closes in March 2019. The direct grant agreement with the OECD will be signed in Q1 2019 |

## 1.5. Implementation of Union legislation in the field of tobacco products

### Main outputs in 2018

| EXPENDITURE-RELATED OUTPUTS  |   |  | INPUTS: Operational expenditure |                    | Latest known results/Achieved/Non achieved   |
|--|---|--|---------------------------------|--------------------|--|
| Description  | Milestone (quarter/semester)  | Number of outputs  | Budget line                     | EUR million        |  |
| Co-financing of actions undertaken by entities eligible under the 3 <sup>rd</sup> Health programme; (direct grant agreements with international organisations) | (a). Launch of the call for proposals/ invitation letters within 2 months from the publication of the annual work programme | Signature of grant agreements with the beneficiaries awarded co-financing<br><br>(1 direct grant to the WHO – Secretariat of the Framework Convention on Tobacco Control – FCTC) | B2018-17.030100                 | Approx. EUR 0.72 M | Letter of invitation to WHO FCTC secretariat was delayed to 2019 after the <a href="#">WHO FCTC COP8</a> and ensuing discussions on increase of the action scope and budget. Final decisions taken January 2019. Grant to be signed Q1-Q2 2019 |
| Signature of service contracts for analysis/data collection and training activities  | 80 % of open calls and 50% of requests for specific services launched by June of year N                                     | Launch of 100% of the procurement procedures within one month from the finalisation of the tender specifications (6 service contracts)   | B2018-17.030100                 | Approx. EUR 1.3 M  | Five requests for service on tobacco flavours have been signed.<br>An open call on the tracking and tracing of tobacco products was launched in December 2018 and will be signed in Q2 2019  |

|   |   |
|---|---|
| <b>DG SANTE Specific objective 1.4.</b>                                 | Related to spending programme(s) 3 <sup>rd</sup> Health Programme                               |
| <b>Effective, accessible and resilient healthcare systems in the EU</b> | <b>Specific objective 3: Contribute to innovative, efficient and sustainable health systems</b> |
|   | <b>3.2. Promote the voluntary uptake of health innovation and e-Health</b>                      |

**Main outputs in 2018:**

| <b>EXPENDITURE-RELATED OUTPUTS</b>   |  |   | <b>INPUTS: Operational expenditure</b> |                    | <b>Latest known results/Achieved/N on achieved</b>  |
|--|--|---|--|--------------------|---|
| <b>Description</b>   | <b>Milestone (quarter/semester)</b>  | <b>Number of outputs</b>  | <b>Budget line</b>                     | <b>million EUR</b> |   |
| Co-financing of actions undertaken by entities eligible under the 3 <sup>rd</sup> Health programme; (direct grant agreements with international organisations) | (a). Launch of the call for proposals or invitation letters within 2 months from the publication of the annual work programme<br>(b). Time To Grant (TTG) target: 9 months | Signature of grant agreements with the beneficiaries awarded co financing (1 direct grant with the OECD)                              | B2018-17.030100                        | Approx. EUR 0.75 M | The direct grant agreement with the OECD will be signed in Q1 2019.<br>(The same grant refers also to SO 1 and thematic priority 1.4.<br>– Preventing and improving the response to chronic diseases)<br><br>[Digital strategy & selection and implementation of best practices to promote health and prevent and manage non-communicable diseases] |
| Signature of service contracts for analysis/data collection and training activities  | 80% of open calls and 50% of requests for specific services launched by June of year N   | Launch of 100% of the procurement procedures within one month from the finalisation of the tender specifications (1 service contract) | B2018-17.030100                        | EUR 0              | One procedure was foreseen under this objective; it was cancelled   |

### 3.4. Setting up a mechanism for pooling expertise at Union level

#### Main outputs in 2018:

| EXPENDITURE-RELATED OUTPUTS  |  |   | INPUTS: Operational expenditure |                   | Latest known results/Achieved/Non achieved      |
|--|--|---|---------------------------------|-------------------|---|
| Description  | Milestone (quarter/semester)   | Number of outputs   | Budget line                     | million EUR       |   |
| Co-financing of actions undertaken by entities eligible under the 3 <sup>rd</sup> Health programme; (projects) | (a). Launch of the call for proposals/ invitation letters within 2 months from the publication of the annual work programme<br>(b). Time To Grant (TTG) target: 9 months | Signature of grant agreements with the beneficiaries awarded co financing (1 project) | B2018-17.030100                 | Approx. EUR 0.3 M | The grant is to be signed in early January 2019 |

### 3.6. Implementation of EU legislation on medical devices, medicinal products and cross-border healthcare

#### Main outputs in 2018:

|   |  |   |                 |                 |  |
|---|--|---|-----------------|-----------------|--|
| Signature of service contracts for analysis/data collection and training activities | 80% of open calls and 50% of requests for specific services launched by June of year N | Launch of 100% of the procurement procedures within one month from the finalisation of the tender specifications (1 service contract) | B2018-17.030100 | Approx. EUR 0.5 | One procedure was foreseen under this objective; the service contract was signed |
|---|--|---|-----------------|-----------------|--|

### 3.7. Health information and knowledge system

#### Main outputs in 2018:

| EXPENDITURE-RELATED OUTPUTS  |  |   | INPUTS: Operational expenditure |                    | Latest known results/ Achieved/ Non achieved   |
|--|--|---|---------------------------------|--------------------|--|
| Description  | Milestone (quarter/ semester)  | Number of outputs   | Budget line                     | million EUR        |  |
| Co-financing of actions undertaken by entities eligible under the 3 <sup>rd</sup> Health programme; (direct grant agreements with international organisations) | (a). Launch of the call for proposals/ invitation letters within 2 months from the publication of the annual work programme<br>(b). Time To Grant (TTG) target: 9 months | Signature of grant agreements with the beneficiaries awarded co financing (2 direct grants) | B2018-17.030100                 | Approx. EUR 0.95 M | Two procedures were foreseen under this objective: the annual membership fee to the European Observatory on Health Policies and Systems was paid; The direct grant agreement with the OECD on patient reported measures was signed |

**Relevant general objective(s) of the parent DG(s):**

**A deeper and fairer internal market**

**DG SANTE Specific objective**

Related to spending programme(s) 3<sup>rd</sup> Health Programme

**1.5. Increased access to medical expertise and information for specific conditions**

**Specific objective 4: Facilitate access to better and safer healthcare for union citizens**

**4.1. European reference networks for patients. Patient safety and quality of healthcare**

**Main outputs in 2018:**

| <b>EXPENDITURE-RELATED OUTPUTS</b>   |  |  | <b>INPUTS: Operational expenditure</b> |                    | <b>Latest known results/ Achieved/ Non achieved</b>  |
|--|--|--|--|--------------------|--|
| <b>Description</b>   | <b>Milestone (quarter/ semester)</b>   | <b>Number of outputs</b>   | <b>Budget line</b>                     | <b>million EUR</b> |  |
| Co-financing of actions undertaken by entities eligible under the 3 <sup>rd</sup> Health programme (projects with identified beneficiaries)                  | (a). Launch of the call for proposals/ invitation letters within 2 months from the publication of the annual work programme<br>(b). Time To Grant (TTG) target: 9 months | Signature of grant agreements with the beneficiaries awarded co financing (23 grants/ one per 23 European Reference Networks – ERNs) | B2018-17.030100                        | Approx. EUR 13.8 M | The call was published in Jun 2018 – 18 proposals were submitted in Sept 2018 (the remaining 5 were delayed by change in the EN coordinator).<br><br>Currently 18/23 grants are under grant agreement preparation. The remaining 5 are to be submitted in Feb 2019. Expected signature in Q1-Q2 2019 |
| Co-financing of actions undertaken by entities eligible under the 3 <sup>rd</sup> Health programme (direct grant to 24 <sup>th</sup> ERN/ de facto monopoly) | (a). Launch of the call for proposals/ invitation letters within 2 months from the publication of the annual work programme<br>(b). Time To Grant (TTG) target: 9 months | Signature of grant agreements with the beneficiaries awarded co financing (1 direct grant)   | B2018-17.030100                        | Approx. EUR 0.6 M  | The grant was signed   |

|   |  |   |                 |                    |                         |
|---|--|---|-----------------|--------------------|-------------------------|
| Signature of service contracts for analysis/data collection and training activities | 80% of open calls and 50% of requests for specific services launched by June of year N | Launch of 100% of the procurement procedures within one month from the finalisation of the tender specifications (1 service contract) | B2018-17.030100 | Approx. EUR 0.27 M | The contract was signed |
|---|--|---|-----------------|--------------------|-------------------------|

#### 4.2. Rare Diseases

#### Main outputs in 2018:

| EXPENDITURE-RELATED OUTPUTS   |  |  | INPUTS: Operational expenditure |                    | Latest known results/ Achieved/ Non achieved  |
|---|--|--|---------------------------------|--------------------|---|
| Description   | Milestone (quarter/ semester)  | Number of outputs  | Budget line                     | million EUR        |   |
| Co-financing of actions undertaken by entities eligible under the 3 <sup>rd</sup> Health programme (projects and direct grant to identified beneficiary/ de facto monopoly) | (a). Launch of the call for proposals/ invitation letters within 2 months from the publication of the annual work programme<br>(b). Time To Grant (TTG) target: 9 months | Signature of grant agreements with the beneficiaries awarded co financing (1 project and 1 direct grant) | B2018-17.030100                 | Approx. EUR 3.39 M | Both the project and direct grant were signed |

#### 4.4. Measures to prevent antimicrobial resistance and control healthcare associated infections

##### Main outputs in 2018:

| EXPENDITURE-RELATED OUTPUTS  |  |  | INPUTS: Operational expenditure |                   | Latest known results/ Achieved/ Non achieved |
|--|--|--|---------------------------------|-------------------|--|
| Description  | Milestone (quarter/ semester)  | Number of outputs  | Budget line                     | million EUR       |  |
| Co-financing of actions undertaken by entities eligible under the 3 <sup>rd</sup> Health programme (direct grant with international organisations) | (a). Launch of the call for proposals/ invitation letters within 2 months from the publication of the annual work programme<br>(b). Time To Grant (TTG) target: 9 months | Signature of grant agreements with the beneficiaries awarded co financing (1 direct grant with the OECD) | B2018-17.030100                 | Approx. EUR 0.6 M | The direct grant was signed                  |

#### 4.5. Union legislation in the fields of tissues and cells, blood and organs

##### Main outputs in 2018:

| EXPENDITURE-RELATED OUTPUTS  |  |  | INPUTS: Operational expenditure |             | Latest known results/ Achieved/ Non achieved |
|--|--|--|---------------------------------|-------------|--|
| Description  | Milestone (quarter/ semester)  | Number of outputs  | Budget line                     | million EUR |  |
| Co-financing of actions undertaken by entities eligible under the 3 <sup>rd</sup> Health programme (direct grant with international organisations) | (a). Launch of the call for proposals/ invitation letters within 2 months from the publication of the annual work programme<br>(b). Time To Grant (TTG) target: 9 months | Signature of grant agreements with the beneficiaries awarded co financing (1 direct grant with the Council of Europe – EDQM) | B2018-17.030100                 | EUR 1.5 M   | The direct grant was signed                  |

|                           |   |
|---------------------------|---|
| <b>Horizontal actions</b> | Related to spending programme(s) 3 <sup>rd</sup> Health Programme |
| <b>All objectives</b>     |   |

**Main outputs in 2018:**

| <b>EXPENDITURE-RELATED OUTPUTS</b>  |  |  | <b>INPUTS: Operational expenditure</b> |                    | <b>Latest known results/ Achieved/ Non achieved</b>                              |
|---|--|--|--|--------------------|--|
| <b>Description</b>  | <b>Milestone (quarter/ semester)</b>   | <b>Number of outputs</b>   | <b>Budget line</b>                     | <b>million EUR</b> |  |
| Co-financing of actions undertaken by entities eligible under the 3 <sup>rd</sup> Health programme<br><br>(operating grants - grants to identified beneficiaries based on framework partnership agreements) | (a). Launch of the call for proposals/ invitation letters within 2 months from the publication of the annual work programme<br><br>(b). Time To Grant (TTG) target: 9 months | Signature of grant agreements with the beneficiaries awarded co financing<br><br>(16 specific grant agreements – SGAs) | B2018-17.030100                        | Approx. EUR 5.9 M  | 11 out of 16 SGAs were signed; the remaining ones will be signed in January 2019 |
| Co-funding of actions through mechanisms: Direct grant agreements/ Presidency conference grants – de jure monopoly  | (a). Launch of the call for proposals/ invitation letters within 2 months from the publication of the annual work programme<br>(b). Time To Grant (TTG) target: 9 months     | Signature of grant agreements with the beneficiaries awarded co financing<br><br>(2 direct grants)                     | B2017-17.030100                        | Approx. EUR 0.2 M  | One presidency grant signed, 2 <sup>nd</sup> under grant agreement preparation   |

| <b>KEY ACTIONS</b>                 | <b>Number/%</b>                                     | <b>Deadline</b> | <b>As at 31/12/2018</b>  |
|------------------------------------|---|-----------------|--|
| Promotion of the project/programme | Participation to 119 approx.. 10 national info days | n/a             | Chafea contributed to 6 Information day events (according to demand) |

|  |  |  |   |
|--|--|--|---|
| Publication of call for proposals/tenders  | <ul style="list-style-type: none"> <li>▪ Projects</li> <li>▪ Operating grants (FPA &amp; SGA)</li> <li>▪ Direct grant agreements with International Organisations</li> <li>▪ Direct grant agreements for JA</li> <li>▪ Other direct grant agreements (de facto monopoly)</li> <li>▪ SGA for ERNs</li> <li>▪ Presidency Conferences</li> <li>▪ 15-20 calls for tenders</li> </ul> | <p><u>Grants</u></p> <p>1<sup>st</sup> semester: Calls for proposals for projects, operating grants; invitation for direct grants OECD, ORPHANET and ERN eUROGEN and ERN SGAs.</p> <p>2<sup>nd</sup> semester: invitation to Council of Europe and January 2019 for WHO.</p> <p><u>Tenders:</u></p> <p>Requests for service were launched in 1<sup>st</sup> semester; Open calls were launched in 2<sup>nd</sup> semester.</p> | <p>Calls/ invitations for grants were delayed as follows:</p> <p>Content of call for best practice uptake was under discussion until end May 2018, delaying the call to June 2018.</p> <p>Content, budget and number of grants to be launched with the OECD, Council of Europe and WHO were discussed after the publication of the AWP 2018.</p> <p>Invitations were delayed to June and August 2018 (OECD/ Council of Europe), as well as January 2019 (WHO FCTC).</p> <p>Procurement procedures were launched as planned, with only one call launched late in the year (December 2018). Several priority topics planned for procurement under AWP 2018 were not implemented for policy reasons by DG SANTE.</p> |
| Establishment of contact facility/helpdesk | <p>Establishment of contact facility/helpdesk (telephone-e-mail) for calls for proposals and tenders.</p> <p>Revision of guidelines</p> <p>Webinar on joint actions</p> <p>Up-date "project" management info sheets/guides</p>   | <p>1<sup>st</sup> semester/ 2<sup>nd</sup> semester</p>  | <p>Contact facility/ helpdesk operational</p> <p>Guidelines for the calls/ invitations revised</p> <p>Webinar on JA held</p> <p>Up-dated "project" management info sheets/guides</p>  |

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| Receipt of proposals/bids                       | Approx.: between 50 and 100 proposals<br>Approx.: 1-5 offers per procurement procedure expected  | 5 months after launch (projects)<br>2 months after launch (operating grants)<br>6 months after launch (joint actions)<br>Procurement<br>Open call: 8 weeks after launch; RfS: 2-4 weeks after launch          | Grants: 56 proposals received under all financing mechanisms. All procedures closed within target dates<br><br>Procurement: Offers received within range<br>Procedures closed within target dates  |
| Evaluation of the proposals/bids                | Between 50 and 100 proposals<br>Approx: 1-5 offers per procurement procedure expected  | 3 months following the deadline for submission of proposals<br>Within 6 working weeks from the closure of the calls for tender  | Grants: evaluation done within target dates<br><br>Procurement: evaluation of offers within target dates   |
| Negotiation of the contracts                    | 100 % of awarded grants  | Grants: 100 % of grant agreements adapted and committed within less than 9 months following the deadline for submission of proposals and in any case 3 months following notification to successful applicants | All grants signed within TTG target.<br>One exception concerned Operating grants under AWP 2017, due to the complaint launched by one applicant. Following this the grant award and signature process was not cancelled but extended to include additional beneficiaries.<br>For the latter, the TTG could not be respected. |
| Decision on grants awarded/ signature of grants | 1 award decision for operating grants (FPAs)<br>For other grants, award decision is either concomitant with commitment (for grants outside the Horizon-2020 tools) or with the grant agreement signature (for grants using H-2020 tools) | Grants: 100 % of grant agreements signed within 9 months following the deadline for submission of proposals and in any case 3 months following notification to successful applicants.                         | All grants awarded within target – grants still remaining to be awarded under AWP 2018 (e.g. ERN SGAs, joint action) will also be done within TTG target   |
| Signature of procurement contracts              | 1 contract per call: 2 <sup>nd</sup> semester  | Contracts: 100 % signed within 2 months after the award decision  | Procurement: requests for service (RfS) procedures were finalized within target<br>The 3 procurement procedures still on-going (3 open calls) will also be signed within target  |
| Making of commitment/ individual commitment     | 1 commitment per grant / agreement 2 <sup>nd</sup> semester  | See above   | All commitments done within deadline   |

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| Execution of pre-financing payment               | +/- 40   | 100% made within the deadline provided by the FR (30 days from receipt of admissible request for payment) | 54 pre-financing payments   |
| Receipt and evaluation of progress report        | +/- 30   | 100% of reports evaluated and respective payments executed within 60 days from their receipt              | 16 interim reports reviewed   |
| Execution of interim payment                     | +/- 20   | 100 % of payments made within 60 days from the day of submission of a receivable request for payment      | 16 interim payments   |
| Conduct of meetings                              | NFP meetings in Luxembourg<br>Workshop at IFIC/ EUPHA/EU-Health Forum Gastein  | (NFP: 2 meetings during the year)<br>Participation in one workshop  | 2 NFP meetings held, in June and December;<br>Participation in workshops at IFIC/ EU-Health Forum Gastein/ EUPHA  |
| Receipt and evaluation of final report           | +/- 40   | 100 % of reports evaluated and respective payments executed within 60 days from their receipt             | 55 final report reviewed  |
| Execution of final payment                       | +/-40  | 100 % of payments made within 60 days from the day of submission of a receivable request for payment      | 55 final payments   |
| Dissemination of results of the Health Programme | 2 brochures related to public health issues (rare diseases, health security)<br>Participation to 3 public health events organised by the MS, with emphasis in events organised by new MS.<br>Development and release of a new project database | 31/12/2018  | Production of brochures and info sheets completed<br><br>Participation in several events organised by Member State;<br><br>Updated Project Data Base launched |

|  |  |  |   |
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| Continuous use and adaptation to the new IT tools  | <p>Online proposals submission, evaluation and grant agreement preparation</p> <p>Online grant agreement monitoring and management tools</p> <p>Online management of experts</p> <p>Implementation of e-TED for managing calls for tenders</p>   | 31/12/2018   | <p>Use of the IT tools further updated/ new model grant agreement (MGA) versions; online management of experts used.</p> <p>Development of internal and external guidance documents on-going</p> <p>Implementation of e-Tendering initiated (1<sup>st</sup> tender with e-Submission module launched)</p> |
| Communication with parent DG   | Monthly coordination meetings  | Continuously up to 31/12/2018  | Regular/ad hoc coordination meetings with all DG SANTE units  |
| Monitoring and Reporting   | <p>Provision of statistics following the submission of proposals with information regarding MS participation broken down by: origin of coordinator/project partners; origin applicants with regards to (non) funded proposals, type of funding mechanism and thematic priority.</p> <p>Comparative tables and numerical data with information on the percentage of new applicants/beneficiaries in comparison to previous years' results.</p> <p>Assistance provided concerning reporting on the Health Programme implementation via the defined indicators, including monitoring of the actions' outcomes</p> <p>Project assessment reports provided to SANTE via Chafea project database.</p> <p>Ad hoc support for parliamentary and other questions.</p> | Continuously up to 31/12/2018 on the basis of the modalities agreed between Chafea and parent DG | <p>Statistics on participation prepared and shared with NFPs (meeting in December)</p> <p>Reporting also to be compiled in annual report on the implementation of the Health Programme for 2016 completed by Chafea.</p>  |
| Support to the preparation of the annual work programmes to implement the 3rd Health Programme | Assisting in the selection of the best co-financing mode and legal tools; assistance in estimating the adequate budget for each topic in WP 2018   | Continuously up to 31/12/2018  | Input provided by Chafea in writing during the drafting of the 2018 AWP (2 iterations)  |

## OPERATIONAL EXECUTION OF BETTER TRAINING FOR SAFER FOOD

|  |  |   |                                       |             |  |
|--|--|---|---------------------------------------|-------------|--|
| Relevant general objective(s): A new boost for jobs, growth and investment in the EU   |  |   |                                       |             |  |
| Specific objective 2.2. Effective, efficient and reliable controls   |  |   | Related to spending programme(s) BTSF |             |  |
| Main outputs in 2018   |  |   |                                       |             |  |
| EXPENDITURE-RELATED OUTPUTS  |  |   | INPUTS: Operational expenditure       |             | Latest known results/ Achieved/ Non achieved |
| Description  | Indicator  | Number of outputs   | Budget line                           | EUR million |  |
| Launch of the calls, selection and award and signature and management of service contracts for the organization of training activities in the following areas: food and feed law, animal health and welfare and plant health | Execution rate of the number of actions delegated to the Agency included in the annual work programme (financing decision) via the launch of open call for tenders or contract extensions should be done by the end of the December of year N. | 22 contracts signed (15 open calls and 7 requests for services) and 7 open calls launched following procurement procedures provided for in the Financing Decision (2017 and 2018) within one month from the finalisation of the tender specifications |                                       |             | Achieved                                     |
| Preparing statistical data and BTSF Annual report 2017   | Number of the activities in the year - N   | Published report in EN on the CHAFEA web site   |                                       |             | Achieved                                     |
| Publishing Newsletters   | BTSF activities and actions as defined in the FD   | 2 newsletters published   |                                       |             | Achieved                                     |

|                |                                      |  |  |  |  |
|----------------|--------------------------------------|--|--|--|--|
| BTSF Academy   | Take over 10 e-learning modules      | 10 e-learning modules launched           |  |  |  |
| BTSF Info Days | Information on new Calls for Tenders | 2 BTSF Info Days organised in Luxembourg |  |  |  |

| KEY ACTIONS                                | Number / %  | Deadline  | As at 31/12/2018   |
|--|---|---|--|
| Promotion of the project/programme         | As appropriate, at least bi-monthly update CHAFAA website.  | Bi-monthly updates  | Achieved   |
| Publication of call for proposals/tenders  | 13 new calls  | One month from the finalisation of the tender specifications  | Achieved   |
| Establishment of contact facility/helpdesk | At least one Helpdesk continuously open during the deadline for submission of proposals/tenders via e-mail and phone. | At time of and during the opening of call   | Achieved   |
| Receipt of tenders                         | Between 20 to 30 offers   | Last quarter of the year  | 17 calls published in 2017/2018 with deadline in 2018, 28 offers received  |
| Evaluation of tenders                      | All received & evaluated  | Within 8 working weeks of the closure of the call for the call for tenders                              | Achieved   |
| Negotiation of the contracts               |   |   | N.A.   |
| Decision on contracts awarded              | 15 award decisions  | Contracts: 100 % awarded within one month from the finalisation of the evaluation of the tenders        | FD 2017 was adopted in July, therefore 6 calls published in 2018, FD 2018 was adopted in May all 7 calls published in 2018 |
| Signature of procurement contracts         | 15 service contracts and 7 specific contracts under FWC   | Contracts: 100 % signed within 2 months after the award decision  | Achieved   |
| Making of commitment/individual commitment | 15 service contracts and 7 specific contracts under FWC   | Extension of running contracts: 100 % signed and extended<br>Start of new contracts: around 50 % signed | Budgetary commitment in progress   |

|   |   |  |  |
|---|---|--|--|
| Execution of pre-financing payment        | For 3 contracts from 2015 for the second phase initiation | 100 % within 30 days from receipt of admissible request for payment/ or contractually provided requirement | Payment deadlines kept                                   |
| Receipt and evaluation of progress report | Approx. 30 interim reports                                | 100 % of submitted reports evaluated and respective payment executed within 60 days from their receipt     | All submitted reports evaluated. Payments deadlines kept |
| Execution of interim payment              | Approx. 30 interim payments                               | 100 % of payments within 60 days from the day of the receipt of an admissible request for payment          | Payments deadlines kept                                  |
| Conduct of meetings                       | Organisation of 2 Info days                               | Second and third fourth quarter  | Achieved   |
| Receipt and evaluation of final report    | Approx. 15 final reports                                  | 100 % of reports evaluated   | Achieved   |
| Execution of final payment                | Approx. 15 final payments                                 | 100 % made within 60 days from receipt of admissible request for payment)                                  | Achieved   |

#### OPERATIONAL EXECUTION OF PROMOTION OF THE AGRICULTURAL PRODUCTS

|  |                                   |                   |  |             |   |
|--|-----------------------------------|-------------------|--|-------------|---|
| Relevant general objective of the parent DG(s): Sustainable management of natural resources and climate action |                                   |                   |  |             |   |
| Specific objective of the parent DG, DG AGRI   |                                   |                   | Related to spending programme(s): EAGF-EAFRD |             |   |
| To meet consumer expectations  |                                   |                   |  |             |   |
| Main outputs in 2018:  |                                   |                   |  |             |   |
| EXPENDITURE-RELATED OUTPUTS  |                                   |                   | INPUTS: Operational expenditure              |             | Latest known results/Achieved/Non achieved  |
| Description  | Milestone (per quarter/se mester) | Number of outputs | Budget line                                  | EUR million |   |
| Management of grants for multi projects  | Number of interim payments        | 6                 | 05.021002                                    | 4,83        | 6 interim payments made   |
|  | Number of advance payments        | 23                |  |             | 4 advance payments for grants relative to 2017 calls<br>19 advance payments for grants relative to 2018 calls |

|   |  |    |           |                                 |  |
|---|--|----|-----------|---------------------------------|--|
| Launch of call for proposals for simple programmes  | Call for proposals published in January 2018   | 1  | n.a       | n.a                             | 58 proposals selected for award by the EC with a total budget of EUR 97 143 160  |
| Launch of call for proposals for multi programmes   | Call for proposals published in January 2018   | 1  | 05.021002 | 45.38                           | 20 grant agreements signed, commitments amount to EUR 72 978 329   |
| Launch of call for tenders                          | Call for tender for (FWC) for the organisation of events outside the EU                                    | 1  | 05.021002 | n.a.                            | 1 FWC signed<br>22 M EUR/4 years   |
| Information of potential applicants                 | Helpdesk activity organised<br><br>Info day in Brussels<br><br>Participation in info days in Member States |    | n.a       | n.a                             | Helpdesk received 199 emails with questions<br><br>Info day in Brussels took place on 31 January 2018<br><br>Chafea staff participated in 9 national info days |
| Assessment of project proposals by external experts | Number of contracted experts   | 55 | 05.021002 | Fees for 55 experts<br><br>0.41 | Consensus meetings with experts finalised in July 2018   |

|   |   |   |           |       |  |
|---|---|---|-----------|-------|--|
| Organisation of promotion events and campaigns in third countries, technical support services | Business delegation visit organised                             | 1 | 05.021002 | 12,27 | Business delegation visit to China in May<br><br>SIAL China (May) and CIIE China (November)<br><br>S. Korea in March and Iran in November<br><br>4 specific contracts for communication campaigns in China, Japan, Canada and GCC signed<br><br>Portal was regularly updated<br><br>1 webinar were delivered<br><br>Market reports for China and UAE |
|   | Participation at international trade fairs                      | 2 |           |       |  |
|   | Information seminars on EU agrifood products in third countries | 2 |           |       |  |
|   | Information and promotion campaigns in third countries          | 4 |           |       |  |
|   | Regular updating of web portal                                  |   |           |       |  |
|   | Production of webinars  | 1 |           |       |  |
|   | Production of market reports                                    | 2 |           |       |  |

| KEY ACTIONS                                | Number/%   | Deadline                | As at 31/12/2018  |
|--|--|-------------------------|---|
| Promotion of the project/programme         | 1 info day in Brussels<br>6-8 National info days | April 2018              | 100%  |
| Publication of call for proposals/tenders  | Publication of 2 calls for proposals             | January 2018            | 100%  |
| Establishment of contact facility/helpdesk | Helpdesk for grant applicants                    | January-April 2018      | 100%  |
| Receipt of proposals/bids                  | 250  | April 2018              | 182 proposals received  |
| Evaluation of the proposals/bids           | 250  | April-September 2018    | All proposals were evaluated  |
| Negotiation of the contracts               | 25-40 multi grants                               | September-December 2018 | 21 proposals in GAP   |
| Decision on grants awarded                 | 25-40 multi grants                               | November-December 2018  | 20 grants awarded<br>1 grant abandoned by applicants before signature |
| Signature of procurement contracts         | 7  | January – December 2018 | 7   |

|  |     |                         |      |
|--|-----|-------------------------|------|
| Making of commitment/individual commitment | 7   | January – December 2018 | 7    |
| Execution of pre-financing payment         | 10  | January-April 2018      | 100% |
| Receipt and evaluation of progress report  | 6   | January-June 2018       | 100% |
| Execution of interim payment               | 6   | January-June 2018       | 100% |
| Conduct of meetings                        | N/A |                         |      |
| Receipt and evaluation of final report     | 9   | January – December 2018 | 100% |
| Execution of final payment                 | 9   | January – December 2018 | 9    |
| Other                                      | N/A |                         |      |

## OPERATIONAL EXECUTION OF CONSUMER PROGRAMME

### Relevant general objective(s) of the parent DG(s): Connected Digital Single Market

#### Specific objective of the parent DG Justice and Consumers:

Increased share of businesses and consumers engaging in online trade cross-border, enhanced consumer and business confidence in buying and selling online, as well as in accessing and making use of digital content

Related to spending programme(s) : Consumer programme

Rights, Equality and Citizenship, consumer

### Main outputs in 2018:

| EXPENDITURE-RELATED OUTPUTS |           |                   | INPUTS: Operational expenditure |             | Latest known results/<br>Achieved/Non achieved |
|-----------------------------|-----------|-------------------|---------------------------------|-------------|--|
| Description                 | Indicator | Number of outputs | Budget line                     | EUR million |  |

|  |   |  |                |   |          |
|--|---|--|----------------|---|----------|
| Behavioural on the digitalisation of the marketing and distance selling of retail financial services | Request for services "Behaviour study on Advertising and Marketing Practices under the FWC Behavioural study wave 2 | 1 specific contract signed in March 2018 for the provision "Behavioural study on digitalisation of financial services" | B2017-33.04010 | Approx. 0,2 (197.214,00 EUR) – no Final Payment yet | Achieved |
|--|---|--|----------------|---|----------|

**Relevant general objective(s) of the parent DG(s): A deeper and fairer Internal Market with a strengthened industrial base**

**Specific objective of the parent DG Justice and Consumers:**

Related to spending programme(s) : Consumer programme

**Consolidated and improved consumer rights in the internal market**

**Main outputs in 2018:**

| EXPENDITURE-RELATED OUTPUTS  |  |  | INPUTS: Operational expenditure |              | Latest known results/ Achieved/Non achieved  |
|--|--|--|---------------------------------|--------------|--|
| Description  | Indicator  | Number of outputs  | Budget line                     | EUR million  |  |
| Financial contributions to the functioning of Union-level consumer organisations representing Consumer interests   | Launch of the call for a Framework partnership agreement (FPAs) for the period 2019-2021   | 1 Framework partnership agreement covering 2019,2020 and 2021 and 1 specific grant agreement | B2017-33.04010                  | 2            | Within the FPA 2019-2021, BEUC was invited to submit the proposal for the SGA 2019 The Specific Grant Agreement was awarded and signed in 2018 |
| Financing exchange of officials missions: Support to the exchange of the EU Member States and EFTA/EEA enforcement officials in the areas of Consumer Protection Cooperation (CPC) | The call for application in the areas of GPSD and CPC was launched in March 2018 with deadline for submitting applications on 30 Nov 2018<br><br>N. of exchange of CPC officials | 57 submissions   | B2017-33.04010                  | Approx. 0,03 | Achieved   |

|   |   |  |                |             |  |
|---|---|--|----------------|-------------|--|
| Workshops in connection with the modernisation of the functioning of the CPC regulation and logistics support to CPC joint activities and capacity building | A specific contract in related to the External Alert topic  | 2 specific contracts were signed   | B2017-33.04010 | Approx. 0,2 | Achieved   |
| Building and improving access to evidence base for policy-making in areas affecting consumers   | Multiple Framework Contract with reopening of competition for Consumer Market Studies under FWC market studies cover 4 years                              | Launch of the Call for procurement 15/06/2018  | B2017-33.04010 | 14          | The FWC has been signed early 2019   |
| Support trough capacity building consumer organizations   | An open call tender was launched on 15/11/2018  | 2 Consumer Champion service contracts for the Web Maintenance and Hosting services of the Platform were signed in April 2018 | B2017-33.04010 | 1,5         | The contract has been signed early 2019  |
| Enhancing the transparency of consumer markets and information surveys, including the Market Monitoring Survey  | Provision of Behavioural study on:<br>- Digitalisation of financial services;<br>- Circular Economy;<br><br>under the FWC on Behavioural studies (Wave 2) | 2 specific contracts were signed in March and November 2018  | B2017-33.04010 | 2,5         | The procedure for the 2019 surveys will be launched once DG JUST has finalised its policy strategy |

|  |   |   |                |      |   |
|--|---|---|----------------|------|---|
| Enhancing consumer education and awareness programme, including educative tools in schools and raising the awareness of the legal practitioners and academics on the consumer policy/law | Procurement for the enhancing consumer education (Consumer Classroom) including the teacher's interactive online platform on consumer education, the development of education measures and materials and promotional activities |   |                | 1,13 | Not achieved<br><br>The procedure will be launched once DG JUST has finalised its policy strategy |
|  | Procurement consumer education Consumer Classroom Rfs hosting & Maintenance & Moderation  |   | B2017-33.04010 | 0,12 | Achieved  |
|  | Enhancing consumer education Consumer Classroom Rfs Needs analysis Under FWC  |   |                | 0,35 | Achieved  |
| Contract extension (Phase II) E-enforcement Academy Capacity building and support services for CPC/GPSD enforcement authorities  | <p>The service contract for the Consumer Protection Cooperation (CPC) and Consumer Product Safety networks (CSN) and e-enforcement Academy on 13/07/2018</p> <p>The draft final report was submitted on 28/09/2018</p>          | <p>5 e-learning modules have been developed</p> <p>3 training sessions organised by Brussels</p> <p>6 online knowledge webinars</p> <p>10 coaching sessions</p> <p>5 online tutorials</p> | B2017-33.04010 | 0,75 | Achieved  |

|   |  |   |   |               |  |
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| Relevant general objective(s) of the parent DG(s): A deeper and fairer Internal Market with a strengthened industrial base  |  |   |   |               |  |
| Specific objective of the parent DG Justice and Consumers:  |  |   | Related to spending programme(s) : Consumer programme |               |  |
| Consolidated and enhanced product safety through effective market surveillance in the Union   |  |   |   |               |  |
| Main outputs in 2018:   |  |   |   |               |  |
| EXPENDITURE-RELATED OUTPUTS   |  |   | INPUTS: Operational expenditure                       |               | Latest known results/ Achieved/Non achieved  |
| Description   | Indicator  | Number of outputs   | Budget line   | EUR million   |  |
| Support for co-ordinates market surveillance enforcement activities by national authorities which aim at improving the effective application of Directive 2001/95/EC of European Parliament and the Council of 3 December 2001 on General product safety GPSD | Launch of call for the conclusion of a framework contract (FWC) in Q4 2018<br><br>Launch of procurement procedures for the award of service contracts under the FWC 2018 | 2 contracts was signed at the end of 2018 on "lighting chains" and presence of chemical toys" | B2017-33.04010  | 15<br><br>2,5 | Achieved<br>Signature of the FWC in December 2018<br><br>The specific contract to be signed early 2019 |
| Studies to evaluate the implementation of Directive 2001/95/EC of the European Parliament and the Council of 3/12/2001 on general product safety GPSD   | Launch of procurement procedures for the award of specific service contracts launched on 09/04/2018  |   | B2017-33.04010  | 0,5           | Not achieved<br><br>The contract to be signed early 2019   |

|   |  |                |                |                              |              |
|---|--|----------------|----------------|------------------------------|--------------|
| Financing exchange of officials missions :  |  |                |                |                              |              |
| Support to the exchanges of EU Members States and EFTA/EEA enforcement officials in the area of product safety (GPSD) | Number of exchange of officials missions in the area of product safety | 14 submissions | B2017-33.04010 | Approx. 0,16 (15.544,29 EUR) | Not achieved |

**Relevant general objective(s) of the parent DG(s): A deeper and fairer Internal Market with a strengthened industrial base**

**Specific objective of the parent DG Justice and Consumers:**

Related to spending programme(s) : Rights, Equality and Citizenship, Consumer

**Easier resolution of disputes and recovery of claims, including across borders, for consumers and individuals**

**Main outputs in 2018:**

| EXPENDITURE-RELATED OUTPUTS   |   |   | INPUTS: Operational expenditure |                              | Latest known results/ Achieved/Non achieved   |
|---|---|---|---------------------------------|------------------------------|---|
| Description   | Indicator   | Number of outputs   | Budget line                     | EUR million                  |   |
| Capacity building activities in support of the European Consumer Centres  | Launch of the call for the award of a specific service contracts under the FWC  | Q4 2018   | B2017-33.04010                  | Approx. 0,2 (179.160,00 EUR) | Achieved<br>1 Workshop on Case Handling management IT Tool  |
| Financial contributions for joint actions with bodies constituting the European Consumer Centre Network-ECC-Net | Invitation to submit proposals for the conclusion of SGAs launched on 19/06/2018<br><br>Time to inform (TTI)<br><br>Time to grant (TTG) | 100% of applicants informed within legal deadline<br><br>100% of grant agreements concluded within legal deadline | B2017-33.04010                  | 6,5                          | Achieved<br><br>6 M. EUR foreseen in the AWP 2018 and 500.000 EUR complementary commitment to cover SGA ES and UK |

|   |   |   |                |   |   |
|---|---|---|----------------|---|---|
| Grant for joint actions to improve cooperation among complaints handling entities which are registered ADR entities | Launch of the call for proposals for the conclusion of grant agreements<br><br>Time to inform (TTI) | 16 proposals received of which 15 eligible<br><br>100% of applicants informed within 6 month after the call of deadline | B2017-33.04010 | 1 | Not achieved<br><br>The exact amount will be committed once all proposals assessed and grants signed (early 2019) |
|---|---|---|----------------|---|---|

| KEY ACTIONS                               | Number/%  | Deadline                                | As at 31/12/2018  |
|---|---|---|---|
| Promotion of the project/programme        | 3 Info Days: ECC; CPC and ADR   | n/a                                     | Chafea contributed to 3 workshops   |
| Publication of call for proposals/tenders | <p>Grants :</p> <p>30 Invitations to submit a Specific Grant Agreement (SGAs –ECC Net)</p> <p>1 call for proposals regarding joint actions with Member States to support access to alternative dispute resolution mechanisms for consumers (ADR)</p> <p>1 call for proposals for the conclusion of Framework Partnership Agreements (FPA) 2019-2021 for the functioning of Union-Level consumer organisations</p> <p>1 invitation to submit proposal SGA for the implementation of FPA for the functioning of</p> | <p>Q2</p> <p>Q3</p> <p>Q2</p> <p>Q3</p> | <p>Grants:</p> <p>ECC-Net SGAs were sent out</p> <p>27 SGAs signed within 2018, remaining 3 to be signed early 2019</p> <p>1 call for proposal for ADR was published</p> <p>1 call for proposals for FPA for the functioning of Union-level consumer organisations was published</p> <p>1 invitation for the conclusion of SGA for the functioning of Union-level consumer organisations was sent out</p> |

|  |   |  |   |
|--|---|--|---|
|  | <p>Union-Level consumer organisations</p> <p>2 Invitations for exchange of officials for GPSD and CPC</p> <p>Call for tenders:</p> <p>Launch of 3 calls for tenders for the conclusion of a Framework contracts (FWC)</p> <p>Launch of 1 open call for tenders</p> <p>Launch of 5 negotiated procedures for low and middle-value contracts</p> <p>Launch of 8 requests for services under an existing FWC</p> <p>2 call of expressions of interest on Christmas product testing in cooperation with the US.</p> | <p>Q1</p> <p>Q2</p> <p>Q4</p> <p>Q1-Q4</p> <p>Q1-Q4</p> <p>Q3-Q4</p> | <p>2 Invitations for exchange of officials (CPC and GPSD) were sent out</p> <p>Call for tenders:</p> <p>2 calls for FWC launched: Product safety and Market studies</p> <p>1 open call for tenders for capacity building of consumer organisations published</p> <p>5 negotiated procedures: 2 calls for very low value contracts and 3 calls for middle-value contracts launched (Consumer Champion web hosting and web maintenance, Support to ECC Spain, Christmas products testing – 2 lots</p> <p>7 requests for services and 1 specific order launched (1 Behavioural study, 1 Consumer survey, 1 Product safety, 2 CPC workshops, 1 ECC workshop and 2 Consumer Classroom)</p> <p>Achieved</p> |
| Establishment of contact facility/helpdesk | <p>Establishment of contact facility/helpdesk (telephone/e-mail) for Functional mailboxes related questions and at least one helpdesk continuously open during the deadline for submission of proposals/tender</p>  | Throughout the year  | Achieved  |

|                                  |   |  |  |
|----------------------------------|---|--|--|
| Receipt of proposals/bids        | Between 40 and 63 proposals received  | Q3-Q4  | 50 proposals received (30 ECC-Net, 16 ADR, 3 FPA operating grant, 1 SGA operating grant)   |
|                                  | Between 60 and 100 ExO applications   | Q1-Q4  | 71 applications received   |
|                                  | Between 1-10 bids (open calls for tenders)  |  | 0 bids (deadline for submission on 11/01/2019)   |
|                                  | Between 9 and 20 bids (calls for FWC)   | Q2 – Q3  | 14 bids for FWC received (5 for Consumer surveys, 5 for Market studies and 4 for Product safety)   |
|                                  | Between 5 and 20 bids (Negotiated procedure for low and middle value contracts)                     | Q1-Q4  | 6 bids received (2 for Consumer Champion, 1 for Support to ECC Spain and 3 for Christmas products testing)   |
|                                  | Between 9 and 18 bids (Request for specific services)   | Q2 – Q4  | 13 bids received (6 for 2 Behavioural studies, 2 for CPC workshops, 1 for ECC workshop, 1 for Consumers surveys, 2 for Consumer Classroom and 1 for Product safety – procedure cancelled and re-launched in Dec 2018)  |
| Evaluation of the proposals/bids | All received proposals and tenders  | 100% applicants informed within 6 months after the call deadline | <p>Proposals:</p> <p>All received proposals (34) except for 16 ADR proposals which will be evaluated in January 2019</p> <p>Deadline for informing applicants achieved</p> <p>Tenders:</p> <p>All received bids evaluated except for re-launched request for services on product safety with deadline for submission on 16/01/2019</p> |
| Negotiation of the contracts     | Negotiation of all the contracts when using negotiated procedure for low and middle value contracts | N/A  | 5 very low and middle value contracts negotiated   |

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|--|--------------------------------------|--|--|
| Decision on grants awarded                 | 35-40 award decisions (grants)       | (TTG) within legal deadline  | 36 grants awarded (28 ECC SGAs, 1 FPA operating grant, 1 SGA operating grant, 6 CPC grants awarded under the 2017 Consumer Work Programme)<br><br>34 awarded grants signed in 2018 within legal deadline |
| Decisions on service contracts awarded     | 20-28 award decisions                |  | 20 award decisions: 7 Framework contracts, 8 Requests for services and 5 service contracts following negotiated procedure  |
| Signature of procurement contracts         | All the awarded contracts signed     |  | 19 contracts signed  |
| Making of commitment/individual commitment | All the awarded grants/tenders       |  | 42 commitments in total<br><br>Grants: 3 global, 27 individual and 1 provisional<br>Procurement: 2 global and 9 individual   |
| Execution of pre-financing payment         | 62 pre-financing payments:           | Within 30 days from the receipt of an admissible request for payment   | Achieved   |
| Receipt and evaluation of progress report  | 40-50 progress reports               |  | 48 interim, inception and progress reports   |
| Execution of interim payment               | 18 interim payments:                 | Within 60 days from the receipt of an admissible request for payment   | Achieved   |
| Conduct of meetings                        | 10-20 meetings                       | Throughout 2018  | Achieved<br>3 workshops/info days and 14 kick-off meetings   |
| Receipt and evaluation of final report     | 40-50 final reports                  |  | 50 (contracts: 17 Grants: 33)  |
| Execution of final payment                 | 107 final payments: 7.296.382,78 EUR | Procurement:<br>Within 60 days from the receipt of an admissible request for payment<br><br>Grants: Within 90 days from the receipt of an admissible request for payment | Achieved   |