



**2015**

# **Annexes to the Annual Activity Report**

**European  
Research Council  
Executive Agency**

**Figures related to the financial statements are based  
on provisional accounts, as final accounts are to be  
adopted by July 31<sup>st</sup>, 2016.**



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## **ANNEX 1: Statement of the Resources Director**

I declare that in accordance with the Commission's communication on clarification of the responsibilities of the key actors in the domain of internal audit and internal control in the Commission<sup>1</sup>, I have reported my advice and recommendations to the Director-General/Executive Director on the overall state of internal control in the ERC Executive Agency.

I hereby certify that the information provided in Parts 2 of the present AAR and in its annexes is, to the best of my knowledge, accurate and exhaustive.

***Brussels, 17/03/2016***

***Signed***

***Georges-Eric Te Kolsté***

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<sup>1</sup> SEC(2003)59 of 21.01.2003.

## ANNEX 2: Human and Financial resources

### Human resources by ABB activity

Human Resources by ABB activity					
Code Activity	ABB	ABB Activity	Establishment Plan posts	External Personnel	Total
[D2]08.10		Management of the Ideas Programme (FP7)	46	131	177
[D2]08.10		Excellent science – ERC – Strengthening frontier research (H2020)	62	178	240
<b>Total</b>			<b>108</b>	<b>309</b>	<b>417</b>

### Financial resources – Implementation of ERCEA’s operating (administrative) budget

Budget line	Budget line description	APPROPRIATIONS 2015 (C1)			APPROPRIATIONS carried forward (C8)	
		Available appropriations 2015	Commitments 2015	Payments 2015	Amount of appropriations carried forward from 2014	% implementation on appropriations carried forward from 2014
Title 1	Staff expenditure	29.333.700,00	29.242.616,54	28.880.659,40	346.812,56	94,83 %
Title 2	Infrastructure and operating expenditure	6.835.500,00	6.719.123,58	6.060.688,19	618.174,09	88,86 %
Title 3	Programme support expenditure	3.455.800,00	3.389.827,70	1.921.907,88	1.126.275,47	96,26 %
	<b>TOTAL</b>	<b>39.625.000,00</b>	<b>39.341.567,82</b>	<b>36.863.255,47</b>	<b>2.091.292,12</b>	<b>93,83 %</b>

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

### **Annex 3 Financial Reports - DG ERC - Financial Year 2015**

**Table 1 : Commitments**

**Table 2 : Payments**

**Table 3 : Commitments to be settled**

**Table 4 : Balance Sheet**

**Table 5 : Statement of Financial Performance**

**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 1: OUTTURN ON COMMITMENT APPROPRIATIONS IN 2015 (in Mio €)					
			Commitment appropriations authorised	Commitments made	%
			1	2	3=2/1
<b>Title 08 Research and innovation</b>					
08	08 02	Horizon 2020 - Research	1.830,86	1.792,29	97,89 %
<b>Total Title 08</b>			1.830,86	1.792,29	97,89 %
<b>Total DG ERC</b>			1.830,86	1.792,29	97,89 %

\* 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).

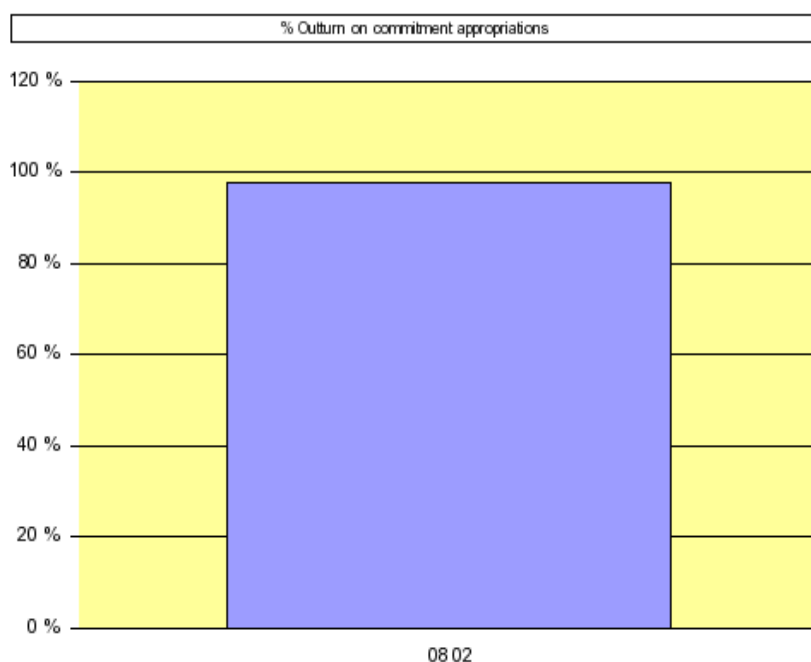
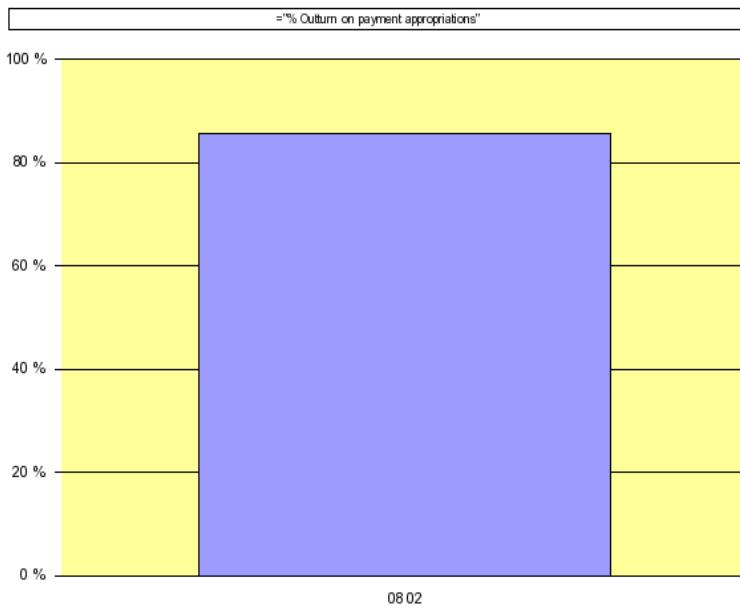


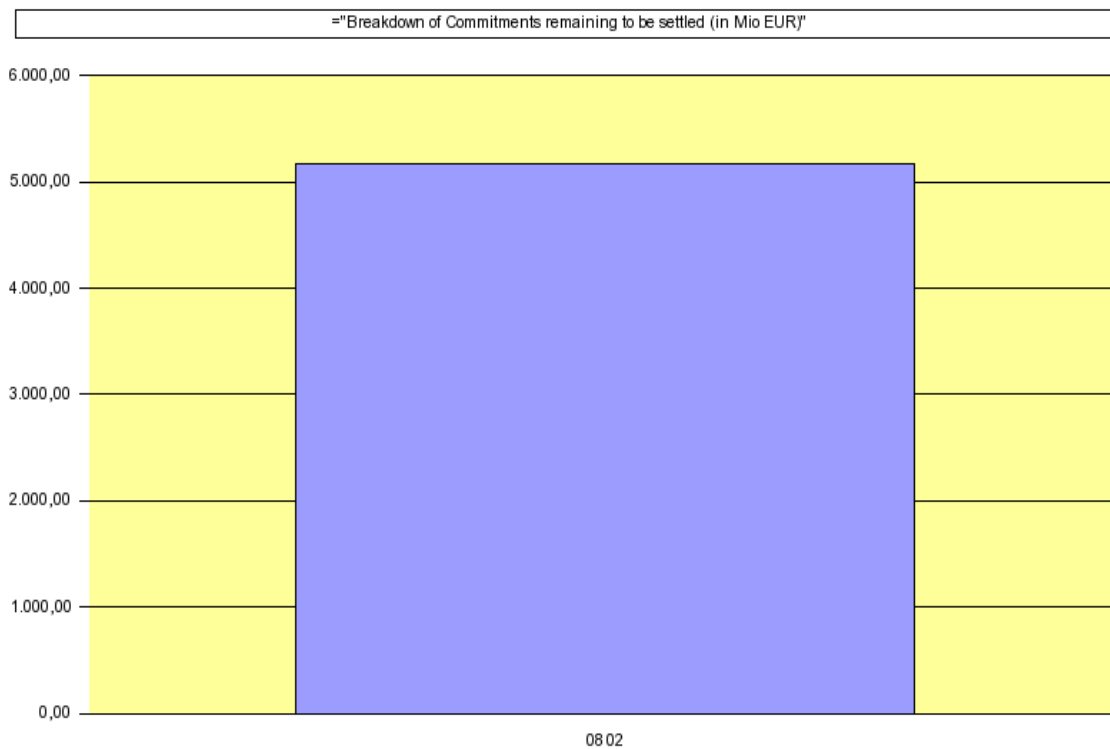
TABLE 2: OUTTURN ON PAYMENT APPROPRIATIONS IN 2015 (in Mio €)					
Chapter			Payment appropriations authorised *	Payments made	%
			1	2	3=2/1
<b>Title 08 Research and innovation</b>					
08	08 02	Horizon 2020 - Research	1.451,09	1.245,68	85,84 %
<b>Total Title 08</b>			1.451,09	1.245,68	85,84 %
<b>Total DG ERC</b>			1.451,09	1.245,68	85,84 %

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



**TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2015 (in Mio €)**

Chapter			2015 Commitments to be settled				Commitments to be settled from financial years previous to 2015	Total of commitments to be settled at end of financial year 2015 (incl corrections)	Total of commitments to be settled at end of financial year 2014 (incl. corrections)
			Commitments 2015	Payments 2015	RAL 2015	% to be settled			
			1	2	3=12	4=12/1	5	6=3+6	7
<b>Title 08 : Research and innovation</b>									
08	08 02	Horizon 2020 - Research	1.792,29	17,94	1.774,35	99,00 %	3.404,46	5.178,82	4.633,03
<b>Total Title 08</b>			1.792,29	17,94	1.774,35	99,00 %	3.404,46	5.178,82	4.633,03
<b>Total DG ERC</b>			1.792,29	17,94	1.774,35	99,00 %	3.404,46	5.178,82	4.633,03



**TABLE 4 : BALANCE SHEET**

<b>BALANCE SHEET</b>	<b>2015</b>	<b>2014</b>
A.I. NON CURRENT ASSETS	86.990.187,97	308.492,13
A.I.6. Non-Current Pre-Financing	86.990.187,97	308.492,13
A.I.7. OLD LT Pre-Financing		0,00
A.II. CURRENT ASSETS	764.891.582,43	937.175.275,63
A.II.2. Current Pre-Financing	764.587.383,57	937.104.316,91
A.II.4. Exchange Receivables	276.823,50	70.958,72
A.II.5. Non-Exchange Receivables	27.375,36	0,00
<b>ASSETS</b>	<b>851.881.770,40</b>	<b>937.483.767,76</b>
P.III. CURRENT LIABILITIES	-175.834.143,52	-145.776.123,75
P.III.4. Accounts Payable	-74.829.250,50	-77.279.963,42
P.III.5. Accrued charges and deferred income	-101.004.893,02	-68.496.160,33
<b>LIABILITIES</b>	<b>-175.834.143,52</b>	<b>-145.776.123,75</b>
<b>NET ASSETS (ASSETS less LIABILITIES)</b>	<b>676.047.626,88</b>	<b>791.707.644,01</b>
P.I.2. Accumulated Surplus / Deficit	2.437.841.296,55	1.033.146.109,23
Non-allocated central (surplus)/deficit*	-3.113.888.923,43	-1.824.853.753,24
<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**

STATEMENT OF FINANCIAL PERFORMANCE	2015	2014
II.1 REVENUES	-822.400,42	-719.640,50
II.1.1. NON-EXCHANGE REVENUES	-843.636,15	-279.781,43
II.1.1.5. RECOVERY OF EXPENSES	-755.549,96	-275.787,04
II.1.1.6. OTHER NON-EXCHANGE REVENUES	-88.086,19	-3.994,39
II.1.2. EXCHANGE REVENUES	21.235,73	-439.859,07
II.1.2.1. FINANCIAL INCOME	21.235,73	-439.859,07
II.1.2.2. OTHER EXCHANGE REVENUE	0,00	
II.2. EXPENSES	1.354.714.464,03	1.405.414.827,82
II.2. EXPENSES	1.354.714.464,03	1.405.414.827,82
II.2.1. EXP IMPLM BY MEMBER STATES (SHARED)	0,00	
II.2.2. EXP IMPLM BY COMMISS&EX.AGENC. (DM)	1.354.714.211,13	1.405.411.592,11
II.2.8. FINANCE COSTS	252,90	3.235,71
<b>STATEMENT OF FINANCIAL PERFORMANCE</b>	<b>1.353.892.063,61</b>	<b>1.404.695.187,32</b>

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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 2015 - DG ERC**

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	7.663	6.586	85,95 %	13,32	1.077	14,05 %	54,32
60	2	2	100,00 %	32,50			
90	2.473	2.459	99,43 %	30,07	14	0,57 %	124,57
<b>Total Number of Payments</b>	<b>10.138</b>	<b>9.047</b>	<b>89,24 %</b>		<b>1.091</b>	<b>10,76 %</b>	
<b>Average Payment Time</b>	<b>21,89</b>			<b>17,87</b>			<b>55,22</b>
Target Times							
Target Payment Time (Days)	Total Number of Payments	Nbr of Payments within Target Time	Percentage	Average Payment Times (Days)	Nbr of Late Payments	Percentage	Average Payment Times (Days)
20	1.021	1.012	99,12 %	6,57	9	0,88 %	44,22
<b>Total Number of Payments</b>	<b>1.021</b>	<b>1.012</b>	<b>99,12 %</b>		<b>9</b>	<b>0,88 %</b>	
<b>Average Payment Time</b>	<b>6,90</b>			<b>6,57</b>			<b>44,22</b>

Suspensions							
Average Report Approval Suspension	Average Payment Suspension Days	Number of Suspended Payments	% of Total Number	Total Number of Payments	Amount of Suspended Payments	% of Total Amount	Total Paid Amount
0	49	2.607	25,72 %	10.138	683.568.202,77	58,82 %	1.162.134.985,28

Late Interest paid in 2015			
DG	GL Account	Description	Amount (Eur)
ERCEA	65010000	Interest expense on late payment of charges	280,07
ERCEA	65010100	Interest on late payment of charges New FR	- 27,17
			<b>252,90</b>

TABLE 7 : SITUATION ON REVENUE AND INCOME IN 2015								
Chapter		Revenue and income recognized			Revenue and income cashed from			Outstanding balance
		Current year RO	Carried over RO	Total	Current Year RO	Carried over RO	Total	
		1	2	3=1+2	4	5	6=4+5	
52	REVENUE FROM INVESTMENTS OR LOANS GRANTED, BANK AND OTHER INTEREST	76.452,24	0,00	76.452,24	76.171,42	0,00	76.171,42	280,82
66	OTHER CONTRIBUTIONS AND REFUNDS	7.091.170,67	70.475,51	7.161.646,18	6.813.185,81	70.475,51	6.883.661,32	277.984,86
90	MISCELLANEOUS REVENUE	88.086,19	483,21	88.569,40	62.153,01	483,21	62.636,22	25.933,18
<b>Total DG ERC</b>		<b>7.255.709,10</b>	<b>70.958,72</b>	<b>7.326.667,82</b>	<b>6.951.510,24</b>	<b>70.958,72</b>	<b>7.022.468,96</b>	<b>304.198,86</b>

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

INCOME BUDGET RECOVERY ORDERS ISSUED IN 2015  Year of Origin (commitment)	Error		Irregularity		Total undue payments recovered		Total transactions in recovery context (incl. non-qualified)		% Qualified/Total RC	
	Nbr	RO Amount	Nbr	RO Amount	Nbr	RO Amount	Nbr	RO Amount	Nbr	RO Amount
	2008	1	2.986,00	9	320.517,78	10	323.503,78	22	861.356,90	52,94%
2009			9	57.860,33	9	57.860,33	25	722.014,93	36,00%	8,01%
2010			3	26.402,91	3	26.402,91	17	1.419.857,68	17,65%	1,86%
2011			9	127.260,31	9	127.260,31	18	1.362.650,94	52,94%	9,37%
2012			6	97.549,55	6	97.549,55	15	1.218.075,96	42,86%	8,01%
2013			2	13.408,03	2	13.408,03	10	1.102.677,71	20,00%	1,22%
2014							3	388.870,98		
No Link			1	1.975,94	1	1.975,94	2	27.909,12	50,00%	7,08%
Sub-Total	1	2.986,00	39	644.974,85	40	647.960,85	112	7.103.414,22	35,71%	9,12%

EXPENSES BUDGET	Error		Irregularity		OLAF Notified		Total undue payments recovered		Total transactions in recovery context (incl. non-qualified)		% Qualified/Total RC	
	Nbr	Amount	Nbr	Amount	Nbr	Amount	Nbr	Amount	Nbr	Amount	Nbr	Amount
	INCOME LINES IN INVOICES			9	221.047,76			9	221.047,76	9	221.047,76	100,00%
NON ELIGIBLE IN COST CLAIMS	6	130.818,64	346	3.506.504,15			352	3.637.322,79	627	12.615.055,70	56,16%	28,98%
CREDIT NOTES									2	76.680,00		
Sub-Total	6	130.818,64	355	3.727.551,91			361	3.858.370,55	638	12.912.783,46	56,58%	29,88%
GRAND TOTAL	7	133.804,64	394	4.372.526,76			401	4.506.331,40	750	20.016.197,68	53,47%	22,51%

**TABLE 9: AGEING BALANCE OF RECOVERY ORDERS AT 31/12/2015 FOR ERC**

	Number at 01/01/2015	Number at 31/12/2015	Evolution	Open Amount (Eur) at 01/01/2015	Open Amount (Eur) at 31/12/2015	Evolution
2014	3		-100,00 %	70.958,72		-100,00 %
2015		5			304.198,86	
	3	5	66,67 %	70.958,72	304.198,86	328,70 %

**TABLE 10 : RECOVERY ORDER WAIVERS IN 2015 >= EUR 100.000**

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

Total DG	
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Number of RO waivers	
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No data to be reported

**TABLE 11 : CENSUS OF NEGOTIATED PROCEDURES - DG ERC - 2015**

Negotiated Procedure Legal base	Number of Procedures	Amount (€)
<b>Total</b>		

No data to be reported

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

Internal Procedures > €60,000		
Procedure Type	Count	Amount (€)
<b>TOTAL</b>		

No data to be reported

**TABLE 13 : BUILDING CONTRACTS**

<b>Total number of contracts :</b>	
<b>Total amount :</b>	

Legal base	Contract Number	Contractor Name	Description	Amount (€)

**No data to be reported**

**TABLE 14 : CONTRACTS DECLARED SECRET**

<b>Total Number of Contracts :</b>	
<b>Total amount :</b>	

Legal base	Contract Number	Contractor Name	Type of contract	Description	Amount (€)

**No data to be reported**

**Annex 3 Financial Reports - ERCEA - Financial Year 2015**

**Administrative Budget**

**Table 1 : Commitments**

**Table 2 : Payments**

**Table 3 : Commitments to be settled**

**Table 4 : Balance Sheet**

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TABLE 1: OUTTURN ON COMMITMENT APPROPRIATIONS IN 2015 (in Mio €)				
Chapter		Commitment appropriations authorised *	Commitments made	%
		1	2	3=2/1
<b>Title 1 Staff expenditure</b>				
1111	Temporary agents	12,42	12,41	99,96 %
1112	Contract Agents	13,60	13,60	99,99 %
1121	Seconded National Experts	0,69	0,69	99,99 %
1122	Interimaires & stagiaires	0,93	0,90	96,16 %
1211	Recruitment, entering and leaving the service, tra	0,06	0,06	99,88 %
1221	Restaurant, Canteens	0,12	0,12	100,00 %
1231	Medical service	0,08	0,06	77,26 %
1241	Training	0,40	0,39	95,92 %
1251	Mobility and Public transportation	0,08	0,08	95,24 %
1261	Social service and other interventions	0,58	0,58	99,81 %
1271	External services (PMO)	0,34	0,34	100,00 %
1281	Internal meetings, events and reception	0,02	0,01	58,67 %
<b>Total Title 1</b>		<b>29,33</b>	<b>29,24</b>	<b>99,69%</b>
<b>Title 2 Infrastructure and operating expenditure</b>				
2111	Rental of building and associated costs	4,46	4,36	97,80 %
2121	Fitting out	0,00		
2211	Hardware, software and linked expenses	0,77	0,76	98,82 %
2221	ICT services	1,44	1,44	99,98 %
2311	Furniture, Material and Technical installations	0,11	0,10	98,51 %
2321	Works of handling and removal of services	0,00	0,00	66,54 %
2331	Paper mill, office supplies	0,02	0,02	90,01 %
2341	Correspondence stamping and carriage costs	0,04	0,04	92,68 %
2351	Acquisition of information	0,00	0,00	7,91 %
2361	Other current expenses (financial, legal, assuranc	0,00	0,00	84,50 %
<b>Total Title 2</b>		<b>6,84</b>	<b>6,72</b>	<b>98,30%</b>
<b>Title 3 Programme support expenditure</b>				
3111	Experts, studies, representation and external meet	0,31	0,27	88,95 %
3121	Missions and related costs	0,42	0,40	94,63 %
3131	Audit expenses	0,87	0,87	100,00 %
3141	Expenses of Information, Publications and Communic	0,54	0,53	97,68 %
3151	Expenses of translation	0,02	0,01	66,75 %
3171	Operational related IT costs	1,30	1,30	99,92 %
<b>Total Title 3</b>		<b>3,46</b>	<b>3,38</b>	<b>97,80%</b>
<b>TOTAL ERC</b>		<b>39,63</b>	<b>39,34</b>	<b>99,28 %</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).

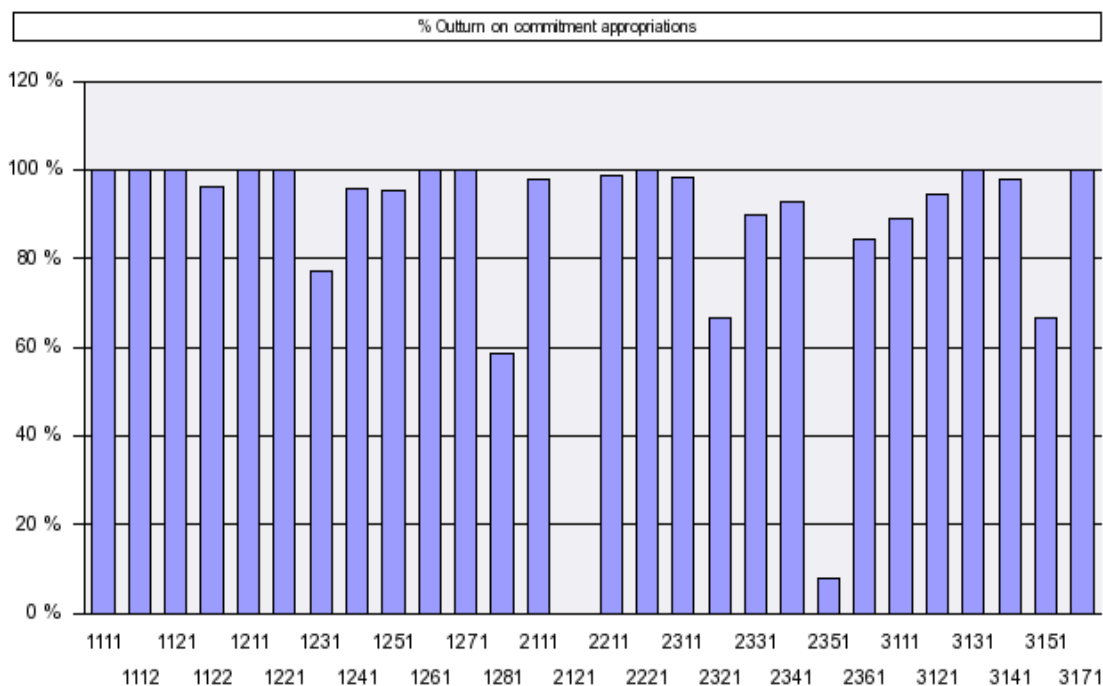
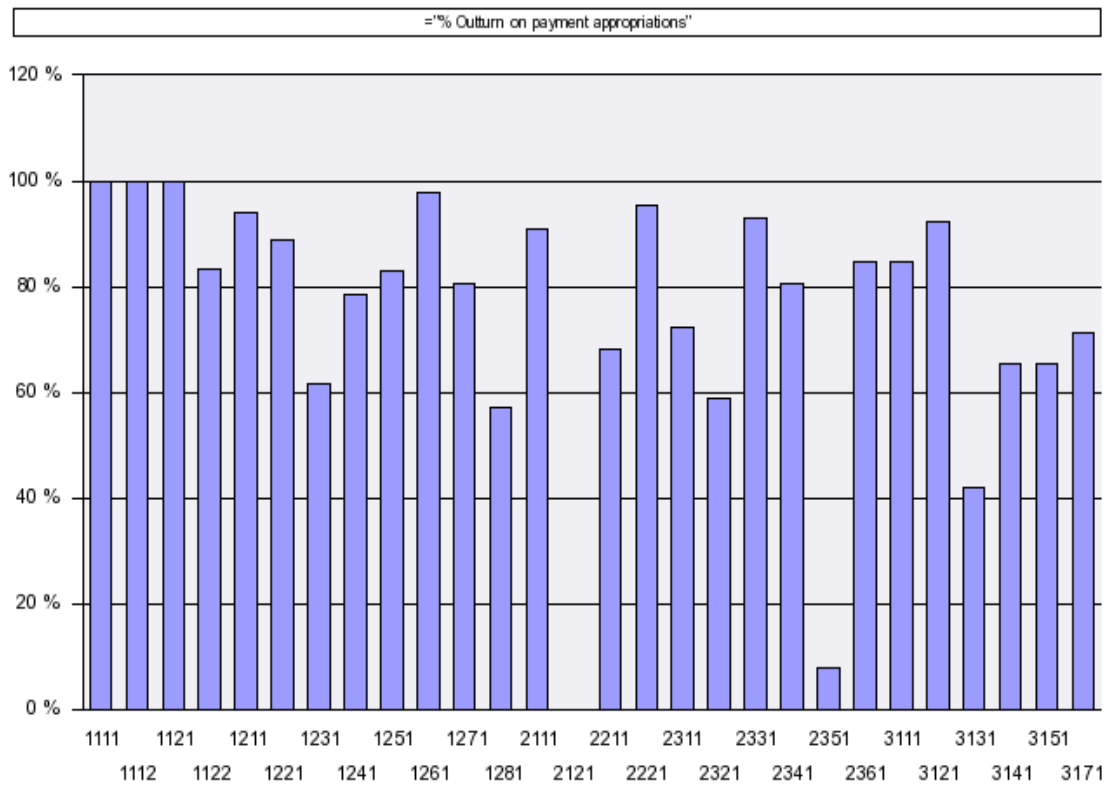


TABLE 2: OUTTURN ON PAYMENT APPROPRIATIONS IN 2015 (in Mio €)				
Chapter		Payment appropriations authorised *	Payments made	%
		1	2	3=2/1
<b>Title 1 Staff expenditure</b>				
1111	Temporary agents	12,42	12,41	99,96 %
1112	Contract Agents	13,60	13,60	99,99 %
1121	Seconded National Experts	0,69	0,69	99,99 %
1122	Interimaires & stagiaires	1,02	0,85	83,38 %
1211	Recruitment, entering and leaving the service, tra	0,07	0,06	93,91 %
1221	Restaurant, Canteens	0,12	0,11	88,67 %
1231	Medical service	0,11	0,07	61,70 %
1241	Training	0,60	0,47	78,53 %
1251	Mobility and Public transportation	0,09	0,08	83,02 %
1261	Social service and other interventions	0,58	0,57	97,92 %
1271	External services (PMO)	0,36	0,29	80,38 %
1281	Internal meetings, events and reception	0,02	0,01	57,19 %
<b>Total 1</b>		<b>29,68</b>	<b>29,21</b>	<b>98,41%</b>
<b>Title 2 Infrastructure and operating expenditure</b>				
2111	Rental of building and associated costs	4,90	4,45	90,73 %
2121	Fitting out	0,00	0,00	0,00 %
2211	Hardware, software and linked expenses	0,86	0,59	67,95 %
2221	ICT services	1,49	1,42	95,45 %
2311	Furniture, Material and Technical installations	0,11	0,08	72,27 %
2321	Works of handling and removal of services	0,00	0,00	58,93 %
2331	Paper mill, office supplies	0,04	0,04	93,05 %
2341	Correspondence stamping and carriage costs	0,04	0,04	80,54 %
2351	Acquisition of information	0,00	0,00	7,91 %
2361	Other current expenses (financial, legal, assuranc	0,00	0,00	84,50 %
<b>Total 2</b>		<b>7,45</b>	<b>6,61</b>	<b>88,68%</b>

Title 3 Programme support expenditure				
3111	Experts, studies, representation and external meet	0,38	0,32	84,63 %
3121	Missions and related costs	0,44	0,41	92,15 %
3131	Audit expenses	1,21	0,51	41,77 %
3141	Expenses of Information, Publications and Communic	0,75	0,49	65,42 %
3151	Expenses of translation	0,02	0,01	65,21 %
3171	Operational related IT costs	1,78	1,27	71,27 %
<b>Total 3</b>		<b>4,58</b>	<b>3,01</b>	<b>65,60%</b>

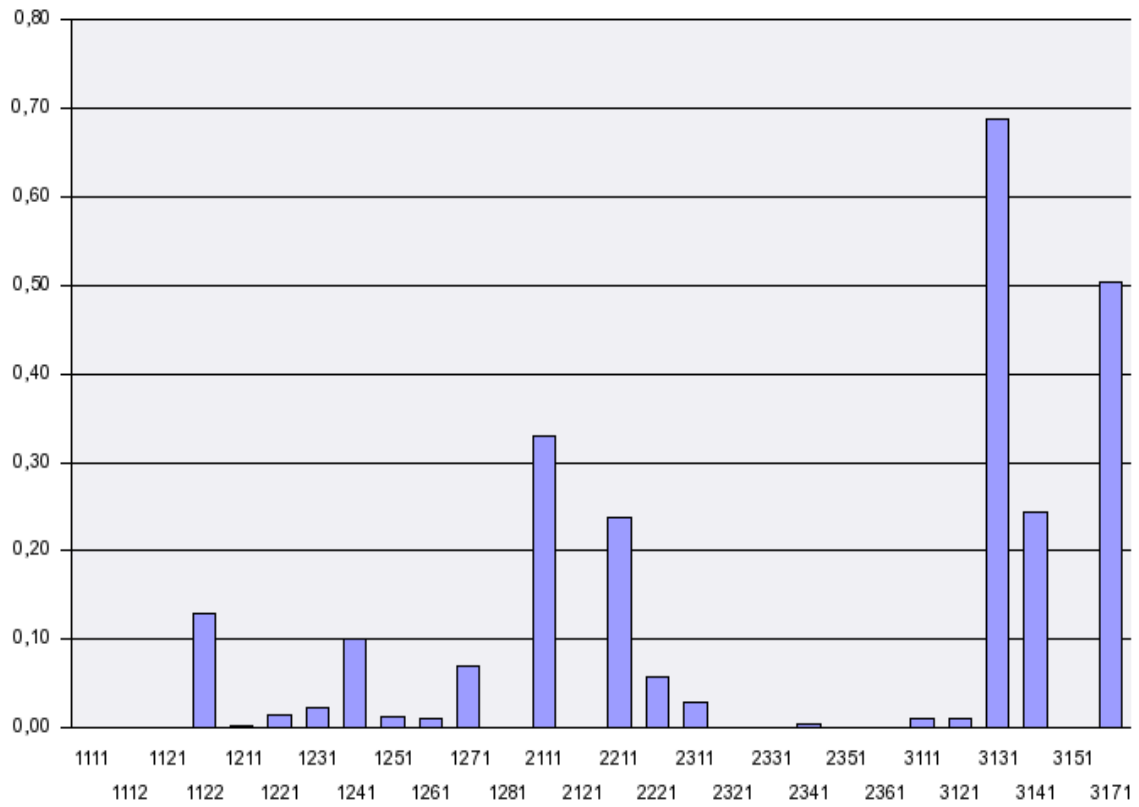
<b>TOTAL ERC</b>	<b>41,72</b>	<b>38,83</b>	<b>93,07 %</b>
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*\* Payment appropriations authorised include, in addition to the budget voted by the legislative authority, appropriations carried over from the previous exercise, budget amendments as well as miscellaneous payment appropriations for the period (e.g. internal and external assigned revenue).*



<b>TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2015 (in Mio €)</b>					
<b>Chapter</b>		<b>2015 Commitments to be settled</b>			
		<b>Commitments 2015</b>	<b>Payments 2015</b>	<b>RAL 2015</b>	<b>% to be settled</b>
		<b>1</b>	<b>2</b>	<b>3=1-2</b>	<b>4=1-2//1</b>
<b>Title 1 Staff expenditure</b>					
1111	Temporary agents	12,41	-12,41	0,00	0,00 %
1112	Contract Agents	13,60	-13,60	0,00	0,00 %
1121	Seconded National Experts	0,69	-0,69	0,00	0,00 %
1122	Interimaires & stagiaires	0,90	-0,77	0,13	14,42 %
1211	Recruitment, entering and leaving the service, tra	0,06	-0,06	0,00	4,92 %
1221	Restaurant, Canteens	0,12	-0,11	0,01	11,33 %
1231	Medical service	0,06	-0,04	0,02	36,75 %
1241	Training	0,39	-0,29	0,10	25,95 %
1251	Mobility and Public transportation	0,08	-0,07	0,01	14,67 %
1261	Social service and other interventions	0,58	-0,57	0,01	1,89 %
1271	External services (PMO)	0,34	-0,27	0,07	20,84 %
1281	Internal meetings, events and reception	0,01	-0,01	0,00	6,42 %
<b>Total 1</b>		<b>29,24</b>	<b>-28,88</b>	<b>0,36</b>	<b>1,24%</b>
<b>Title 2 Infrastructure and operating expenditure</b>					
2111	Rental of building and associated costs	4,36	-4,03	0,33	7,56 %
2211	Hardware, software and linked expenses	0,76	-0,52	0,24	31,23 %
2221	ICT services	1,44	-1,38	0,06	3,95 %
2311	Furniture, Material and Technical installations	0,10	-0,07	0,03	28,41 %
2321	Works of handling and removal of services	0,00	0,00	0,00	18,30 %
2331	Paper mill, office supplies	0,02	-0,02	0,00	0,00 %
2341	Correspondence stamping and carriage costs	0,04	-0,03	0,01	13,59 %
2351	Acquisition of information	0,00	0,00	0,00	0,00 %
2361	Other current expenses (financial, legal, assuran	0,00	0,00	0,00	0,00 %
<b>Total 2</b>		<b>6,72</b>	<b>-6,06</b>	<b>0,66</b>	<b>9,80%</b>
<b>Title 3 Programme support expenditure</b>					
3111	Experts, studies, representation and external meet	0,27	-0,26	0,01	4,07 %
3121	Missions and related costs	0,40	-0,39	0,01	2,76 %
3131	Audit expenses	0,87	-0,18	0,69	79,33 %
3141	Expenses of Information, Publications and Communic	0,53	-0,28	0,24	46,18 %
3151	Expenses of translation	0,01	-0,01	0,00	3,75 %
3171	Operational related IT costs	1,30	-0,80	0,50	38,72 %
<b>Total 3</b>		<b>3,38</b>	<b>-1,92</b>	<b>1,46</b>	<b>43,14%</b>
<b>TOTAL ERC</b>		<b>39,34</b>	<b>-36,86</b>	<b>2,48</b>	<b>6,30 %</b>

"Breakdown of Commitments remaining to be settled (in Mio EUR)"



**TABLE 4 : BALANCE SHEET ERCEA**

<b>BALANCE SHEET</b>	<b>2015</b>	<b>2014</b>
<b>A.I. NON CURRENT ASSETS</b>	<b>6.203.428,94</b>	<b>7.665.946,61</b>
A.I.1. Intangible Assets	3.171.784,94	4.150.797,57
A.I.2. Property, plant and equipment	3.031.644,00	3.515.149,04
<b>A.II. CURRENT ASSETS</b>	<b>5.223.673,76</b>	<b>4.766.612,03</b>
A.II.4. Exchange Receivables	2.242.797,60	2.101.545,98
A.II.5. Non-Exchange Receivables	112.586,58	35.471,46
A.II.7. Cash and Cash Equivalents	2.868.289,58	2.629.594,59
<b>ASSETS</b>	<b>11.427.102,70</b>	<b>12.432.558,64</b>
<b>P.III. CURRENT LIABILITIES</b>	<b>-2.524.945,33</b>	<b>-2.457.301,23</b>
P.III.2. Short-term provisions		0,00
P.III.4. Accounts Payable	-543.547,38	-558.992,23
P.III.5. Accrued charges and deferred income	-1.981.397,95	-1.898.309,00
<b>LIABILITIES</b>	<b>-2.524.945,33</b>	<b>-2.457.301,23</b>
<b>NET ASSETS (ASSETS less LIABILITIES)</b>	<b>8.902.157,37</b>	<b>9.975.257,41</b>
P.I.2. Accumulated Surplus / Deficit	-9.975.257,41	-11.256.908,47
Non-allocated central (surplus)/deficit*	1.073.100,04	1.281.651,06
<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 ERCEA**

STATEMENT OF FINANCIAL PERFORMANCE	2015	2014
II.1 REVENUES	-39.389.215,32	-36.327.820,72
II.1.1. NON-EXCHANGE REVENUES	-39.132.336,70	-36.008.317,52
II.1.1.6. OTHER NON-EXCHANGE REVENUES	-39.132.336,70	-36.008.317,52
II.1.2. EXCHANGE REVENUES	-256.878,62	-319.503,20
II.1.2.1. FINANCIAL INCOME	-24.475,62	-95.223,91
II.1.2.2. OTHER EXCHANGE REVENUE	-232.403,00	-224.279,29
II.2. EXPENSES	40.462.315,36	37.478.435,42
II.2. EXPENSES	40.462.315,36	37.478.435,42
II.2.10. OTHER EXPENSES	13.563.522,47	13.070.889,68
II.2.6. STAFF AND PENSION COSTS	26.898.750,64	24.538.436,33
II.2.8. FINANCE COSTS	42,25	145,77
<b>STATEMENT OF FINANCIAL PERFORMANCE</b>	<b>1.073.100,04</b>	<b>1.281.651,06</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 6: AVERAGE PAYMENT TIMES FOR 2015 - DG ERC**

**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	2.006	1.991	99,25 %	10,41	15	0,75 %	36,47
60	1	1	100,00 %	28,00			

<b>Total Number of Payments</b>	<b>2.007</b>	<b>1.992</b>	<b>99,25 %</b>		<b>15</b>	<b>0,75 %</b>	
<b>Average Payment Time</b>	<b>10,62</b>			<b>10,42</b>			<b>36,47</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	12	86	4,29 %	2.007	755.344,49	5,58 %	13.547.012,38

**Late Interest paid in 2015**

Agency	GL Account	Description	Amount (Eur)
			0,00

**TABLE 7 : SITUATION ON REVENUE AND INCOME IN 2015**

Title	Description	Year of Origin	Revenue and Income recognized	Revenue and Income cashed	Outstanding Balance
200	Subsidy from the Commission	2015	39.600.000,00	39.600.000,00	0,00
910	Recuperation of expenses	2012	66,02	66,02	0,00
910	Recuperation of expenses	2015	53.593,16	53.532,66	60,50
920	Miscellaneous revenues	2015	29.315,60	29.315,60	0,00
<b>TOTAL ERC</b>			<b>39.682.974,78</b>	<b>39.682.914,28</b>	<b>60,50</b>

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

INCOME BUDGET RECOVERY ORDERS ISSUED IN 2015 Year of Origin (commitment)	Total undue payments recovered		Total transactions in recovery context (incl. non-qualified)		% Qualified/Total RC	
	Nbr	RO Amount	Nbr	RO Amount	Nbr	RO Amount
	2014			1	51.081,00	
2015			2	141,58		
No Link			38	39.631.752,20		
Sub-Total			41	39.682.974,78		

EXPENSES BUDGET	Error		Irregularity		OLAF Notified		Total undue payments recovered		Total transactions in recovery context (incl. non-qualified)		% Qualified/Total RC	
	Nbr	Amount	Nbr	Amount	Nbr	Amount	Nbr	Amount	Nbr	Amount	Nbr	Amount
INCOME LINES IN INVOICES									3	3.062,63		
NON ELIGIBLE IN COST CLAIMS												
CREDIT NOTES												
Sub-Total									3	3.062,63		

<b>GRAND TOTAL</b>									44	39.686.037,41		
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**TABLE 9: AGEING BALANCE OF RECOVERY ORDERS AT 31/12/2015 FOR ERCEA**

Year of Origin	Number at 01/01/2015	Number at 31/12/2015	Evolution	Open Amount (Eur) at 01/01/2015	Open Amount (Eur) at 31/12/2015	Evolution
2012	1		-100,00 %	66,02		-100,00 %
2013			0,00 %	0,00		0,00 %
2014	2	0	-100,00 %	1.049,62	0,00	-100,00 %
2015		2			264,65	
Totals	3	2	-33,33 %	1.115,64	264,65	-76,28 %

TABLE 10 : RECOVERY ORDER WAIVERS IN 2015 >= EUR 100.000						
	Waiver Central Key	Linked RO Central Key	RO Accepted amount (Eur)	LE Account Group	Commission Decision	Comments
1,						

Total ERCEA	
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Number of RO waivers	
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No data to be reported

TABLE 11 : CENSUS OF NEGOTIATED PROCEDURES - ERCEA - 2015
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Negotiated Procedure Legal base	Number of Procedures	Amount (€)
<b>Total</b>		

No data to be reported

TABLE 12 : SUMMARY OF PROCEDURES OF ERCEA EXCLUDING BUILDING CONTRACTS
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Internal Procedures > €60,000		
Procedure Type	Count	Amount (€)
<b>TOTAL</b>		

No data to be reported

**TABLE 13 : BUILDING CONTRACTS**

Total number of contracts :	
Total amount :	

Legal base	Contract Number	Contractor Name	Description	Amount (€)

**No data to be reported**

**TABLE 14 : CONTRACTS DECLARED SECRET**

Total Number of Contracts :	
Total amount :	

Legal base	Contract Number	Contractor Name	Type of contract	Description	Amount (€)

**No data to be reported**

## ANNEX 4: Materiality criteria

The Standing Instructions for the preparation of Annual Activity Reports stipulate that the quantitative materiality threshold **must not exceed 2% of the authorised payments of the reporting year of the ABB expenditure**. However, the Guidance on AARs also allows a multi-annual approach, especially for budget areas (e.g. programmes) for which a multi-annual control system is more effective. In such cases, the calculation of errors, corrections and materiality of the residual amount at risk should be done on a "cumulative basis" on the basis of the totals over the entire programme lifecycle.

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

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

The general control objective for the Research services, following the standard quantitative materiality threshold proposed in the Standing Instructions, is to ensure for each FP (and the Coal and Steel Research Fund for DG RTD), that **the residual error rate, i.e. the level of errors which remain undetected and uncorrected, does not exceed 2% by the end of each FP's management cycle**. The question of being on track towards this objective is to be (re)assessed annually, in view of the results of the implementation of the ex-post audit strategy and taking into account both the frequency and importance of the errors found as well as a cost-benefit analysis of the effort needed to detect and correct them.

Notwithstanding the multiannual span of their control strategy, the Director-Generals of the Research DGs (and the Directors of ERCEA, REA, and, for Horizon 2020, EASME and INEA) are required to sign a statement of assurance for each financial reporting year. In order to determine whether to qualify this statement of assurance with a reservation, the effectiveness of the control systems in place needs to be assessed not only for the year of reference but also with a multiannual perspective, to determine whether it is possible to reasonably conclude that the control objectives will be met in the future as foreseen. In view of the crucial role of ex-post audits defined in the common FP7 and future Horizon 2020 audit strategy, this assessment needs to check in particular whether the scope and results of the ex-post audits carried out until the end of the reporting period are sufficient and adequate to meet the multiannual control strategy goals.

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

### Effectiveness of controls

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

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

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

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

$$\text{ResER}\% = \frac{(\text{RepER}\% * (P - A)) - (\text{RepERSys}\% * E)}{P}$$

where:

**ResER%** residual error rate, expressed as a percentage.

**RepER%** representative error rate, or error rate detected in the common representative sample, expressed as a percentage. For FP 7 this rate is the same for all Research services.

**RepERSys%** portion of the RepER% representing (negative) systematic errors, expressed as a percentage. The RepER% is composed of two complementary portions reflecting the proportion of negative systematic and non-systematic errors detected.

**P** total aggregated amount in euros of EC share of funding in the auditable population. In FP7, the population is that of all received cost statements, and the euros amounts those that reflect the EC share included in the costs claimed in each cost statement.

**A** total EC share of all audited amounts, expressed in euro. This will be collected from audit results.

**E** total non-audited amounts of all audited beneficiaries. In FP7, this consists of the total EC share, expressed in euro, excluding those beneficiaries for which an extrapolation is ongoing).

If the residual error rate is not (yet) below 2% at the end of a reporting year within the FP's management lifecycle, a reservation must be considered.

The Common Representative Audit Sample (CRAS) is the starting point for the calculation of the residual error rate. It is representative of the expenditure of each FP as a whole. Nevertheless, the Director-General (or Director for the Executive Agencies) must also take into account other information when considering if the overall residual error rate is a sufficient basis on which to draw a conclusion on assurance (or make a reservation) for specific segment(s) of FP7/Horizon 2020. This may include the results of other ex-post audits, ex-ante controls, risk assessments, audit reports from external or internal auditors, etc. All this information may be used in assessing the overall impact of a weakness and considering whether to make a reservation or not.

If the CRAS results are not used as the basis for calculating the residual error rate

this must be clearly disclosed in the AAR, along with details of why and how the final judgement was made<sup>2</sup>.

In case a calculation of the residual error rate based on a representative sample is not possible for a FP for reasons not involving control deficiencies<sup>3</sup>, the consequences are to be assessed quantitatively by making a best estimate of the likely exposure for the reporting year based on all available information. The relative impact on the Declaration of Assurance would be then considered by analysing the available information on qualitative grounds and considering evidence from other sources and areas. This should be clearly explained in the AAR.

### **Adequacy of the audit scope**

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

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

### **Materiality is assessed for each Framework Programme**

In 2015, the Research services managed financial operations under the seventh and Horizon 2020 framework programmes, and the Coal and Steel Research Fund. Each is managed under different sets of regulatory and contractual provisions. Therefore, the assessment of the performance of the internal controls has to take into account these differences.

However, it has to be noted that for Horizon 2020, very few payment against cost claim has been made and no audit has yet been carried out, thus no error rate has been calculated.

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<sup>2</sup> As applied by ERCEA; Please refer to section 2.1, p.36 to 40, of ERCEA AAR 2015.

<sup>3</sup> Such as, for instance, when the number of results from a statistically-representative sample collected at a given point in time is not sufficient to calculate a reliable error rate.

## ANNEX 5: Internal Control Template(s) for budget implementation (ICTs)

### 5.1 ERCEA operational budget

The ICT relates to the implementation by the ERCEA of the operational budget, which is implemented according to Article 58 of the revised FR of 2012, in line with the "direct management" mode.

#### Stage 1: Programming, evaluation and selection of proposals

##### A. Preparation, adoption and publication of Calls of proposals aligned to the ERC / "Ideas" Work Programme.

**Main control objectives:** Ensure that the ERCEA calls for proposals are effectively launched and concluded according "H2020"/ERC Work Programme objectives' effectiveness, in compliance with rules and regulations.

Main risks It may happen (again) that...	Mitigating controls	How to determine coverage, and depth	How to estimate the costs and benefits of controls	Control indicators
WP and subsequent calls for proposals are inadequate to ensure the evaluation of proposals	Hierarchy of legal texts (legal basis, decisions, rules...)  Scientific Council (ScC) support and Call Coordination	All calls	Cost: FTEs involved  Benefit: total WP budget	Effectiveness: % of planned Calls successfully concluded  Efficiency: FTEs standard costs / operational budget

## B. Evaluation, ranking and selection of proposals

**Main control objectives:** Ensure that only proposals meeting the "H2020" Work Programme objectives' are selected for funding, while complying with rules and regulation and preventing / deterring fraud.

Main risks It may happen (again) that...	Mitigating controls	How to determine coverage, frequency and depth	How to estimate the costs and benefits of controls	Control indicators
<p>Eligible proposals are excluded from the evaluation or ineligible proposals are proposed for funding</p>	<p>Automatic IT-based eligibility checks</p> <p>Eligibility checks and decision for clear cut cases by scientific officers and call coordinators</p> <p>In depth double-check of special cases at Step 2 by call coordinators</p> <p>Eligibility decision for pending cases (not clear cut) by Eligibility Committee</p>	<p>100% applicants and all aspects of eligibility criteria</p>	<p>Cost: FTEs involved</p> <p>Benefit: % ineligible proposal x average awarded grant</p>	<p>Effectiveness:</p> <p>% of ineligible proposals over total proposals submitted per call</p> <p>% of redress cases concerning eligibility issues</p> <p>Efficiency: FTEs standard costs / operational budget</p>
<p>The evaluation, ranking and selection of proposals is not carried out in accordance with the established procedures</p>	<p>ScC selection and appointment of panel members</p> <p>Panel coordination by scientific officers making sure procedures are</p>	<p>100% of panel members and experts</p> <p>100% of proposals</p> <p>100% of complaints received are analysed by the Redress</p>	<p>Cost: FTEs involved + expert budget</p> <p>Benefit: Compliant, fair and reliable evaluation based on sole criterion of excellence</p>	<p>Effectiveness:</p> <p>Number of experts participated/invited</p> <p>% of expert payment execution</p> <p>Number of experts (remote</p>

Main risks It may happen (again) that...	Mitigating controls	How to determine coverage, frequency and depth	How to estimate the costs and benefits of controls	Control indicators
	<p>followed (panel checklists and standard deliverables)</p> <p>Assignment of proposals to panel members by panel chairs</p> <p>Conflict of interest procedure</p> <p>Selection of experts (remote referees) by panel chairs</p> <p>Assessment of proposals by panel members and experts (remote referees)</p> <p>ScC President's approval and ERCEA Director's final adoption of ranking lists.</p> <p>Redress procedure</p>	<p>Committee.</p> <p>100% exclusion from evaluation of experts having a conflict of interest</p>		<p>referees) reviews per proposals</p> <p>Time to appoint experts</p> <p>Time to pay experts</p> <p>% of successful redress cases</p> <p>Expert budget / number of evaluated proposals</p> <p>Efficiency: FTEs standard costs + expert budget / operational budget</p>

**Stage 2: Title: Contracting**

**Main control objectives:** To translate selected proposals into legally and regular binding H2020 grant agreement while minimising the granting process and maximise the budget execution.

Main risks It may happen (again) that...	Mitigating controls	How to determine coverage, frequency and depth	How to estimate the costs and benefits of controls	Control indicators
<p>Grant agreement's beneficiary (Host Institution) lacks operational and/or financial capacity to implement the grant agreement.</p> <p>Grant agreement's budget does not comply with the Description of Work.</p> <p>Procedures designed to ensure compliance with the regulatory framework are not effectively performed.</p>	<p>Legal and financial validation of beneficiaries</p> <p>EWS screening</p> <p>Check of draft grant agreement's budget breakdown versus Description of Work.</p> <p>Use of checklists.</p> <p>Verification of the draft grant agreement files by verifying agents.</p> <p>Grant agreements are signed by the AOD.</p> <p>Monitoring of the "time to grant".</p>	<p>100% of beneficiaries are scrutinised.</p> <p>100% of grant agreements.</p>	<p>Costs of controls: FTE involved</p> <p>Benefits of controls embedded in ERCEA grant preparation and signature process are not quantifiable, as the latter does not entail any negotiation on the EU contribution to the contrary of other Research family entities. However, it is undeniable that these controls are necessary to ensure the process complies with rules and regulations and that researchers are provided on time with a sound legal framework to conduct their research projects.</p>	<p><b>Effectiveness:</b></p> <p>% of exclusion from the granting process following financial viability checks.</p> <p>% of individual commitments / global commitment execution (L2/L1)</p> <p><b>Efficiency:</b></p> <p>Research family indicator: Average "time to grant"</p>

### Stage 3: Title Grant implementation

**Main control objectives:** To ensure the financial and legal transaction time is minimised for ERC beneficiaries and underlying transactions are legal and regular.

Main risks It may happen (again) that...	Mitigating controls	How to determine coverage, frequency and depth	How to estimate the costs and benefits of controls	Control indicators
<p>The grant agreement is not or partially carried out in compliance with the Description of Work and/or amounts claimed by beneficiaries are not complying with the contractual and regulatory framework.</p>	<p>Financial Officers perform check-list-based financial controls based on the Periodic Financial Management Report, which provides an explanation of financial resources claimed versus the Description of Work, in particular its budgetary annex.</p> <p>Certificate on the Financial Statements delivered by an independent qualified auditor.</p> <p>EWS screening</p> <p>Final payments are subject to the approval of the Scientific reports.</p>	<p>100% of transactions</p> <p>100% of transactions with cumulative costs claims exceeding € 350.000.</p> <p>100% of transactions</p> <p>100% of transactions</p>	<p>Cost/benefit:</p> <p>Average project management cost/running grant agreement</p> <p>Average number &amp; value of running grant agreement managed/staff FTE.</p> <p>Detected error rate ex-ante desk checks</p>	<p><b>Effectiveness:</b></p> <p>% of payment credit execution.</p> <p>% of ineligible costs identified by Financial Officers</p> <p>% of total number of financial transactions and accepted costs covered by Certificate on Financial Statements (CFS).</p> <p>Research Family indicator:</p> <p>% and values of errors detected through ex-ante desk checks / total value of cost claims.</p> <p>% of final payments suspended due to results of Scientific reports</p> <p><b>Efficiency:</b></p> <p>Time to pay (pre-financing / interim and final payments)</p> <p>Research Family indicator: Average time to pay (% on time)</p>

#### Stage 4: Ex-post controls

**Main control objectives:** Measuring the effectiveness of ex-ante controls by performing on-the spot ex-post controls aiming at detecting errors, irregularities or fraud in cost statements related to FP7 grants.

Main risks It may happen (again) that...	Mitigating controls	How to determine coverage, frequency and depth	How to estimate the costs and benefits of controls	Control indicators
<p>Ex-ante controls fail to prevent, detect and correct erroneous, irregular or fraudulent payments.</p>	<p>Common and multi-annual FP7 ex-post control strategy - representative sample of transactions (CRaS)</p> <p>ERCEA specific ex-post control strategy (2007-2013) - representative sample (MUS) and risk-based audits.</p>	<p>Representative sample allows drawing conclusions on the effectiveness of ex-ante controls.</p> <p>The FP7 audit strategy sets the audit method for the Research Family.</p>	<p><b>Cost:</b></p> <p>Total &amp; average ex-post audit cost in - house (FTE*standard staff cost) and outsourced (audit fees paid).</p> <p><b>Non-monetary benefits:</b> To be aligned with text provided by RTD mid-January</p>	<p><b><u>Effectiveness:</u></b></p> <p>ERCEA specific error rate (global activity)</p> <p>ERCEA residual error rate (drawn from ERCEA MUS sample)</p> <p>FP7 - CRaS error rate (representative sample)</p> <p>FP7 - CRaS residual error rate</p> <p><b><u>Efficiency:</u></b></p> <p>Number of audits performed (+% of beneficiaries &amp; value coverage?)</p>

## 5.2 ERCEA Operating budget

### Stage 1: Administrative budget

**Main control objectives:** To ensure compliance with financial and accounting rules as well as regularity, effectiveness, efficiency and cost benefit of financial transactions processed and monitor the quality of budget planning and of payment workflows.

Main risks It may happen (again) that...	Mitigating controls	How to determine coverage, frequency and depth	How to estimate the costs and benefits of controls	Control indicators
Credibility of the draft budget (= request for EC contribution in N+1) is questioned by the Budget authority against the ERCEA ability to reach a high level of execution	Monitoring of the quality of the budget planning	100% of operating budget	Cost: FTE  Benefit: respect of commitment towards the budgetary authority to limit administrative costs	<u>Effectiveness:</u>  % Commitment rate  % Payment rate
Late payments give a negative image of the Agency (reputational risk) and may lead to the payment of late interests	Monitoring of the quality of payment workflows	100% of operating budget	Cost: FTE  Benefit: Respect of the payment target imposed by budgetary authority	<u>Effectiveness:</u>  % of late payments  <u>Efficiency:</u>  Time to pay
A high rate of errors in the transactions on the administrative budget lead to remarks in the final report of the court of auditors	Compliance & regularity checks of financial transactions	100% of transactions	Cost: FTE  Benefit: optimisation of budget execution in line with financial and accounting rules.	<u>Effectiveness:</u>  % Residual number of accounting errors/total number of transactions (<2%)  % Residual accounting errors (<2% of total balance sheet or economic outturn account)

## Stage 2: Procurement

**Main control objectives:** To ensure the legality & regularity of procurement operations.

Main risks It may happen (again) that...	Mitigating controls	How to determine coverage, frequency and depth	How to estimate the costs and benefits of controls	Control indicators
<p>A lack of competition amongst tenderers may lead to restriction of market</p>	<p>Regular follow-up and update of the contract register</p>	<p>100% checked</p>	<p>Costs: estimation of cost of staff involved</p> <p>Benefits: widest competition (increase the choice of potential suppliers)</p>	<p>Effectiveness: Reduced n° of splitting of a purchase</p>
<p>Tender documentation (invitation to tender, tender specifications and its annexes, draft contract) is not well drafted, potentially leading to:</p> <ul style="list-style-type: none"> <li>- inconsistency and irregularity amongst the documents</li> <li>- the fact that offers are not submitted</li> </ul>	<p>Ex-ante visa (twice) in all public procurement files:</p> <p>1. During the preparatory phase:</p> <ul style="list-style-type: none"> <li>- procedures above € 15.000 "procurement check-list"</li> </ul> <p>2. Before the signature of the contract (after the award decision):</p> <ul style="list-style-type: none"> <li>- procedures above € 15.000 - "procurement check-list"</li> <li>- procedures below € 15.000 -</li> </ul>	<p>100% checked</p>	<p>Costs: estimation of cost of staff involved</p> <p>Benefits:</p> <ul style="list-style-type: none"> <li>- limited number of tender cancellations</li> <li>- needed services/goods are provided</li> <li>- compliance with rules</li> <li>- limited number of complaints / litigations filed</li> </ul>	<p>Effectiveness:</p> <ul style="list-style-type: none"> <li>- n° of errors detected</li> <li>- n° of requests issued for clarification regarding the tender</li> <li>- n° of complaints or litigation cases filed</li> </ul>

Main risks It may happen (again) that...	Mitigating controls	How to determine coverage, frequency and depth	How to estimate the costs and benefits of controls	Control indicators
The tender documents used by operational units are not in line with the rules/models	"commitment request checklist"			
	<p>Training and bilateral coaching provided to operational units</p> <p>Regular update of the "tender document" templates and supporting documents (e.g. "step by step", guidelines)</p>	100% checked		
Due conflict of interest during the award process, contract awarded may be contested	<p>Members of the evaluation committee sign a declaration of absence of conflict of interest and of confidentiality</p> <p>Tenderers sign declaration of honour on exclusion criteria and on absence of conflict of interest</p>	100% checked	<p><b>Benefits:</b></p> <ul style="list-style-type: none"> <li>- awarded contract are awarded and services/goods delivered (needs satisfied)</li> <li>- limit number of litigations &amp; complaints</li> <li>- fair competition</li> </ul>	<p><b>Effectiveness:</b></p> <ul style="list-style-type: none"> <li>- reduced n° of errors detected</li> <li>- n° of complaints or litigation cases filed</li> </ul>

## **ANNEX 6: Implementation through national or international public-sector bodies and bodies governed by private law with a public sector mission**

Not applicable.

## **ANNEX 7: EAMR of the Union Delegations**

Not applicable.

## **ANNEX 8: Decentralised agencies**

Not applicable.

## **ANNEX 9: Evaluations and other studies finalised or cancelled in 2015**

Not applicable.

## ANNEX 10: Specific annexes related to "Management and Internal Control"

### Stage 4: Ex post controls

#### Audit plan execution

Detailed data on the ERCEA completion of the annual and cumulative plans are shown in the table below (indicating both numbers of audits and of financial statements audited):

<b>Number of audits ( &amp; Financial Statements)</b>	<b>2015</b>		<b>2009 – 2015</b>	
	<b>AUDITS</b>	<b>FINANCIAL STATEMENTS</b>	<b>AUDITS</b>	<b>FINANCIAL STATEMENTS</b>
-				
<b>Audits planned – as per AWP &amp; audit strategy</b>	60	N/A	355	N/A
<b>Audits planned – as per gap recovery plan</b>	84	N/A	N/A	N/A
<b>Audits ongoing beginning of the period</b> –	53 <sup>4</sup>	146	0	0
<b>Audits launched</b>	85	429	390	1156
<b>Audits closed</b>	84	300	336	881
<b>Audits ongoing – end of the period</b>	54	275	54	275
<b>Total amount audited - €</b>	€ 117.852.134,76		€ 321.005.834,76	
<b>Audit coverage - %</b>	8,14%			

<sup>4</sup> Including 25 audits launched in 2014 on the account of the 2015 ex post control campaign.

**Progress in achieving the multi-annual targets initially set in the FP7 Research Family common audit strategy**

<b>Audit targets 2009 – 2015</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
<b>ERCEA - planned number of audits - /per year according to the AWP</b>	5	40	70	60	60	60	60
<b>ERCEA – planned number of audits according to internal gap recovery plan</b>	n/a	n/a	n/a	n/a	n/a	n/a	84
<b>cumulative planned audits- according to AWP</b>	5	45	115	175	235	295	355
<b>ERCEA - launched audits / per year</b>	3	38	70	58	68	68	85
<b>cumulative launched audits</b>	3	41	111	169	237	305	390
<b>ERCEA - closed audits / per year</b>	0	9	40	71	72	60	84
<b>Cumulative closed audits</b>	0	9	49	120	192	252	336
<b>% -Closed vs planned (cumulative )</b>	-	<b>-80%</b>	<b>-57%</b>	<b>-31%</b>	<b>-18%</b>	<b>-15%</b>	<b>-6%</b>

## Audit Activity and Sampling

The table below gives an overview of the audit activity performed by the ERCEA by the end of 2015 detailed by type of audits (given that a single audit can cover more samples or activity strands, the overview is expressed in number of financial statements):

<b>Number of Cost Statements audited</b>	<b>2015</b>					
	<b>CRaS1 &amp; 2</b>	<b>MUS1 (ex-250) &amp; MUS 2 samples</b>		<b>Risk Based (Risk Analysis + Request, TOP 100, technical, other)</b>	<b>Joint with CoA</b>	<b>Total 2015</b>
<b>Ongoing – beginning of the period</b>	2	9	0	132	3	<b>146</b>
<b>Launched</b>	0	25	40	364	0	<b>429</b>
<b>Closed</b>	1	24	20	252	3	<b>300</b>
<b>Ongoing – end of the period</b>	1	10	20	244	0	<b>275</b>
<b>2009-2015</b>						
<b>Ongoing – beginning of the period</b>	0	0	0	0	0	<b>0</b>
<b>Launched</b>	0	139	40	992	35	<b>1155</b>
<b>Closed</b>	1	129	20	695	35	<b>880</b>
<b>Ongoing – end of the period</b>	1	10	20	244	0	<b>275</b>

## Control effectiveness as regards legality and regularity

### Research Family CRaS results

<b>Research Family harmonised indicators</b>	<b>31/12/2015</b>	<b>31/12/2014</b>
<b>Detected error rate from a representative sample (CRaS1 &amp; 2)<sup>5</sup></b>	4.47%	2.76%
<b>Residual error rate (CRaS)<sup>6</sup> – ( including 25 ERC Financial statements)</b>	2.88%	1.85%
<b>Value of corrections 'made', by implementing and extending audit results, by recoveries (ABAC) or offsetting (local PM system)</b>		€ 1.978.698,94
<b>Value of recoveries as per the "Comm. on the Protection of EU financial interests"</b>		€ 11.525.010,39

## ANNEX 11: Specific annexes related to "Assessment of the effectiveness of the internal control systems"

Not applicable.

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<sup>5</sup> The FP7 Common Representative audit sample Error Rate (CRaS Error rate) is the sum of all negative detected error rates of closed representative audited financial statements in the 2 Common samples drawn from the whole FP7 population amongst the Research family (324 items in total, only 25 from ERC), divided by the number of closed representative audited financial statements and stratified according to their respective weight.

<sup>6</sup> The FP7 Residual error rate, specific to each DG/EA, is calculated on the basis of the Common Representative audit Sample error rate (CRaS Error rate) and it is defined as the level of errors which remain undetected and uncorrected at the end of the FP7. Please refer to Annex 4 for formulas and explanations.

## ANNEX 12: Implementation of the ERCEA 2015 AWP

### 12.1 Scientific management of programmes

#### Scientific management of the H2020 programme

Objectives	Performance indicators	2015 targets	31.12.2015
To raise visibility and awareness of the European and worldwide scientific community and policy makers on ERC and its funding opportunities, key developments and results as to attract the best applications from excellent researchers.	Number of ERC website visitors	500 000	557 285
	ERC Press coverage (number of articles/ interviews mentioning ERC and published print circulation <sup>7</sup> )	4800 media items mentioning the ERC  75 million copies	7 946  97 939 529
<u>Call management:</u>  To provide researchers with high scientific level peer reviewed funding opportunities by implementing clear, simple and stable application procedures and guidance allowing attracting top researchers in the world to develop high risk/high gain research in Europe.	a) Number of proposals submitted per call <sup>8</sup>	StG2015 <sup>9</sup> : 4000  CoG2015: 3200  AdG2015: 3000  PoC2015: 600	StG 2015: 2918 CoG 2015: 2051 AdG 2015: 1951 PoC 2015: 339
	b) % of ineligible proposals / total proposals submitted, per call	StG, CoG, AdG calls: 1,5%  PoC: 4%	StG 2015: 1,1% CoG 2015: 1,1% AdG 2015: 0,8% PoC 2015: 3,2%

<sup>7</sup> Replaces the 2013 indicator as to introduce the circulation of published items giving a more accurate insight about the impact of communication activities linked to media.

<sup>8</sup> This indicator serves also to measure the impact of the targeted communication activities.

<sup>9</sup> These are forecasted figures of the foreseen 2014 activity (in line with an overall increase of submissions from past years).

<b>Objectives</b>	<b>Performance indicators</b>	<b>2015 targets</b>	<b>31.12.2015</b>
<p><u>Evaluations:</u></p> <p>To provide applicants with high quality and timely evaluation results and feedback after each evaluation step by implementing and monitoring a high scientific level peer reviewed process.</p>	Time to inform (average time in days) <u>all</u> applicants for informing all applicants of the outcome of the evaluation of their application from the final date for submission of completed proposals)	StG, CoG & AdG 2015: 160 days  PoC 2015: 100 days	StG 2015: 142 CoG 2015: 164 AdG 2015:-- PoC 2015-:96
	Time to inform (average time in days) <u>successful</u> applicants for informing all applicants of the outcome of the evaluation of their application from the final date for submission of completed proposals)	StG, CoG & AdG 2015: 270 days  PoC 2015: 100 days	StG 2015: 248 CoG 2015: 275 AdG 2015: - PoC 2015-1: 96
	% of re-evaluations out of overall proposals submitted and following requests for redress	All calls: 0,5 %	StG 2015: 0,03% CoG 2015: 0,05% AdG 2015: - PoC 2015: 0%
	Overall average number of remote referee reviews per proposal	StG, CoG, & AdG 2015: 2	StG 2015: 3,2 CoG 2015: 3,2 AdG 2015:
	% of remote referees participated / invited	StG, CoG, & AdG 2015: 35%	StG 2015: 33,9% CoG 2015: 32,8% AdG 2015: -
<p><u>Ethical Review:</u></p> <p>To efficiently ensure that the research funded by ERC grants is compliant with</p>	% of proposals not granted compliance with ethical rules / proposals invited to grant	0%	0%

Objectives	Performance indicators	2015 targets	31.12.2015
the provisions on ethics of the Framework Programme	Time to ethics clearance <sup>10</sup>	45 days	27 days
<p><u>Time to grant:</u></p> <p>To minimise the duration of the granting process aiming at ensuring a prompt implementation of the Grant Agreements through a simple and transparent grant preparation process</p>	Time to grant measured (average values) from call deadline to signature of grants <sup>11</sup>	<p>StG 2014, CoG 2014, AdG 2014: 390 days</p> <p>PoC 2014-2, 2015: 220 days</p>	<p>StG 2014: 395,4 (100% completion rate)</p> <p>CoG 2014: 400,4 (100% c.r.)</p> <p>AdG 2014: 312,6 (100% c.r.)</p> <p>PoC 2014-1: 271,6 (100% c.r.)</p> <p>PoC 2014-2: 218,4 (100% c.r.)</p> <p>PoC 2015-1: 230,7 (97,78% c.r.)</p> <p>PoC 2015-2: 179,2 (45,45% c.r.)</p> <p>PoC 2015-3: n.a.</p> <p>StG 2015: 315,2(23,10% c.r.)</p>

<sup>10</sup> Data relates to the pre-granting ethics review. This time span runs in parallel to the granting process.

<sup>11</sup> The indicator for the TTG from call deadline to signature of grants is dependent on the timing of the evaluation process.

## Scientific management regarding the FP7 legacy

Objectives	Performance indicators	2015 targets	31.12.2015
<p><u>Scientific follow-up:</u></p> <p>To provide PIs with timely communication on approval of mid-term and final scientific reports by implementing economic, effective and efficient scientific project follow up procedures using if necessary, risk-based technical audits.</p>	<p>% of reports which exceeded 60 days (cumulative figure since January)</p>	<p>All calls: 0%</p>	<p>StG: 3%</p> <p>AdG : 3%</p> <p>PoC: 13%</p>

## 12.2 Grant Management

### Grant/Financial management of ERCEA's operational budgets

Objective	Performance indicator	2015 Targets		31.12.2015	
		H2020	FP7	H2020	FP7
To maximise execution of the operational commitment credits delegated to ERCEA by the European Commission	% execution of L1 commitment	100%		100%	
	% execution of L2/L1 commitment (C8) <sup>12</sup>	100%		99,92%	
Expert management:	a) Time to contract <sup>13</sup>	30 days		5	
To promote experts satisfaction by ensuring a fast and easy appointment and a fair, timely and accurate payment processes.	b) time to pay	100% within 30 days		84%%	
	c) % of experts payments budget execution	100 %		100%	
To ensure full yearly execution of payments credits (operational budget) through careful planning and monitoring	% execution of payment credits	100%	100%	100%	100%
	Accounting errors % of all transactions	<2%	<2%	-	0.69%
Minimise financial and legal transaction time for ERC beneficiaries and ensure legality and regularity of underlying transactions to	a) time to invoice (% within 5 days)	95%	95%	92,03% (experts )	98,44%
	b) time to pay (% according to milestones & budget table specified in the Description of Work and	Pre-financing: 85% within 20 days	Pre-financing: 85% within 20 days	Pre-financing: 99,3% (average 6,8 days)	Pre-financing: 33,3% (Average 25 days)
		Interim payment:95%	Interim payment:95%		Interim

<sup>12</sup> The indicator for the percentage execution L2/L1 is dependent on the timing of the evaluation process.

<sup>13</sup> From sending the contract to the expert to last signature of the contract by the Authorising Officer.

Objective	Performance indicator	2015 Targets		31.12.2015	
		H2020	FP7	H2020	FP7
support ERCEA's positive Declaration of Assurance.	processing payments ie economic target days)	within 90 days	within 90 days		payment 99,9% (average 26,6 days)
		Final payment: 95% within 90 days	Final payment: 95% within 90 days		Final payment: 97,9% (average 47,1 days)
	c) time to amend (% approved or rejected within 45 days upon receipt of valid request)	100%	100%	87,9% (average 23 days)	97,3% (average 17,2 days)
<u>Time to grant:</u> To minimise the duration of the granting process aiming at ensuring a prompt implementation of the Grant Agreements through a simple and transparent grant preparation process.	Time for signing grant agreements from the date of informing successful applicants (average values main and reserve list) <sup>14</sup>	StG, AdG, 2014: days	CoG, PoC 120	StG 2014: 135,7 (100% c.r.) CoG 2014: 127,3 (100% c.r.) AdG 2014: 101,9 (100% c.r.) PoC 2014-1: 121,9 (100% c.r.) PoC 2014-2: 83,1 (100% c.r.) PoC 2015-1: 114,7 (97,78% c.r.) PoC 2015-2: 59,2 (45,45% c.r.) StG 2015: 34,6(23,10% c.r.)	

<sup>14</sup> The latest known results for FP7 are based on the time calculated from the date of invitation letter to the date of signature of the grant.

### 12.3 Amendments to Grant agreement

The number of amendments requests initiated by beneficiaries handled during the year is presented in the below table:

	<b>Outstanding amendments at 01/01/2015</b>	<b>Amendment received in 2015</b>	<b>Amendments signed in 2015</b>	<b>Amendments rejected, cancelled and terminated</b>	<b>Amendment requests outstanding at 31/12/2015</b>
<b>FP7</b>					
StG	79	453	482	12	38
CoG	6	46	47	-	5
AdG	36	314	311	7	32
PoC	4	15	16	2	1
SyG	-	5	3	-	2
<b>Total FP7</b>	<b>125</b>	<b>833</b>	<b>859</b>	<b>21</b>	<b>78</b>
<b>H2020</b>					
StG	-	26	21	-	5
CoG	-	8	7	1	0
AdG	-	1	-	-	1
PoC	-	10	5	-	5
<b>Total H2020</b>	<b>-</b>	<b>45</b>	<b>33</b>	<b>1</b>	<b>11</b>
<b>Grand total</b>	<b>125</b>	<b>878</b>	<b>892</b>	<b>22</b>	<b>89</b>