



Annual Activity Report 2020

Annexes

DIRECTORATE-GENERAL FOR FINANCIAL
STABILITY, FINANCIAL SERVICES AND THE
CAPITAL MARKETS UNION

Contents

ANNEX 1: Statement of the Director(s) in charge of Risk Management and Internal Control 3

ANNEX 2: Performance tables 4

ANNEX 3: Draft annual accounts and financial reports50

ANNEX 4 : Financial Scorecard.....72

ANNEX 5: Materiality criteria.....79

ANNEX 6: Relevant Control System(s) for budget implementation (RCSs)80

ANNEX 7: Specific annexes related to "Financial Management"94

ANNEX 8: Specific annexes related to "Assessment of the effectiveness of the internal control systems"109

ANNEX 9: Reporting – Human resources, digital transformation and information management and sound environmental management.....110

ANNEX 10: Implementation through national or international public-sector bodies and bodies governed by private law with a public sector mission (if applicable).....116

ANNEX 11: EAMR of the Union Delegations (if applicable)117

ANNEX 12: Decentralised agencies.....118

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

For the Director in charge of risk management and internal control:

I declare that in accordance with the Commission's communication on the internal control framework¹, I have reported my advice and recommendations on the overall state of internal control in the DG to the Director-General.

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

Brussels, 26/03/2021

[Signed]

Henning ARP

For the Director taking responsibility for the completeness and reliability of management reporting on results and on the 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.


Brussels, 26/03/2021

[Signed]

John BERRIGAN

¹ C(2017)2373 of 19.04.2017.

ANNEX 2: Performance tables

The following performance tables illustrate how in practice DG FISMA contributed to deliver on the Commission's priorities. Under each specific objective and within each category the items that are part of the 2020 Commission Work Programme are listed in the first place and marked with the distinctive icon .

General objective 1: An economy that works for people			
Impact indicator: Composite indicators of financial integration			
Source of the data: European Central Bank ²			
Baseline (2014-2019 average)	Interim Milestone³ (2022)	Target (2024)	Latest known results (08/2020 and 2020 Q2, respectively)
Price-based indicator: 0.5 Quantity-based indicator: 0.3	Increase Increase	Increase Increase	0.62 0.33
Impact indicator: Composite indicator of systemic stress			
Source of the data: European Central Bank ⁴			
Baseline (1999-2019 average)	Interim Milestone (2022)	Target (2024)	Latest known results (2020 - 22/01/2021 average)
0.2	Below 0.2	Below 0.2	0.17
Specific objective 1.1: EU financial markets are more integrated and liquid, opening new opportunities for cross-border investments and funding for citizens and businesses			Related to spending programme(s) No
Result indicator: Intra-EU home bias indicator for cross-border portfolio investment			

² Euro area data, https://www.ecb.europa.eu/stats/financial_markets_and_interest_rates/financial_integration/html/index.en.html

³ In case of short- or medium-term objectives (all targets are set to be achieved in less than 3 years) the milestones column should be deleted from the table.

⁴ Euro area data,

https://sdw.ecb.europa.eu/browseExplanation.do?node=SEARCHRESULTS&q=CISS.D.U2.ZOZ.4F.EC.SS_CI.IDX

for debt and equity			
Source of data: JRC and DG FISMA calculations based on FinFlows database, Eurostat /IMF			
Baseline (2018)	Interim Milestone (2022)	Target (2024)	Latest known results (2019)
78.1% intra 27-EU home bias for cross-border portfolio investment	Decrease	Decrease	76.5
Result indicator: Share of foreign branches and subsidiaries' assets in the total banking assets			
Source of data: ECB SDW Structural Financial Indicators, ECB SDW Consolidated Banking Data, DG FISMA calculations			
Baseline (2018)	Interim Milestone (2022)	Target (2024)	Latest known results (2019)
19.9% share of foreign branches and subsidiaries ⁵ assets in the total banking assets in the EU-27 (as of 2018)	Increase	Increase	20%
Result indicator: Share of market funding in non-financial corporations' (NFCs) outstanding debt			
Source of data: ECB and DG FISMA calculations			
Baseline (2019 Q4)	Interim Milestone (2022)	Target (2024)	Latest known results (2020 Q2)
20.2%	Increase	Increase	19.3%
Result indicator: Number of initial public offerings (IPOs)			
Source of data: Dealogic and Bloomberg DG FISMA calculations			
Baseline (2019)	Interim Milestone (2022)	Target (2024)	Latest known results (2020)
69 IPOs ⁶ in the EU-27	Increase	Increase	126
Result indicator: Number of cross-border passported prospectuses, total number of approved prospectuses and number of approved EU Growth prospectuses⁷			

⁵ Total assets of branches and subsidiaries of credit institutions from other EU Member States (excluding the reference area).

⁶ Issuance by corporations domiciled in the EU on EU exchanges, all sectors included.

Source of data: ESMA annual report on EEA prospectus activity and upcoming ESMA report on prospectuses (Art. 47 of Prospectus Regulation)



Baseline (2018)	Interim Milestone (2022)	Target (2024)	Latest known results (2019)
<p>In 2018 the number of prospectuses passported out of each EEA MSs is 817 (EU28). Prospectuses passported in EEA MSs is 2386 (EU28). In 2018 the total number of approved prospectuses was 2953 (EU27)</p>	<p>Increase</p>	<p>Increase</p>	<p>In 2019 the number of prospectuses passported out of each EEA MSs is 810 (EU28). Prospectuses passported in EEA MSs is 2538 (EU28). In 2019 the total number of approved prospectuses was 2744 (EU27)</p> <p>The number of prospectus approvals across the EEA decreased by slightly more than 8% from 2018 to 2019. This negative change can be observed as part of a continuous declining trend in prospectus</p>

⁷ Data will become available only during the mandate on the number of approved EU Growth prospectuses.


			approvals since 2008. In terms of passporting activity, eight countries accounted for most of the prospectuses passported to other EEA countries in 2019. The overall passporting out of prospectuses slightly decreased since 2018.
Result indicator: Proportion of proposed legislative revisions that include burden reduction measures Source of data: DG FISMA			
Baseline (2018)	Interim Milestone (2022)	Target (2024)	Latest known results (2020)
N/A	Positive trend	Positive trend	4 out of 4 primary legislation initiatives in 2020 ⁸

Main outputs in 2020:			
New policy initiatives			
Output description	Indicator	Target	Latest known results (situation on 31/12/2020)

⁸ This indicator refers only to primary legislation initiatives adopted during the year. It is worth noticing that the bulk of DG FISMA's legal acts are delegated and implementing acts. DG FISMA always considers burden-reduction when preparing legislative and other initiatives.

PLAN/2020/7022  Capital Markets Union new Action Plan: A Capital Markets Union for people and businesses	Adoption of the CMU Action Plan by the Commission	Q3 2020	COM(2020)590 adopted on 24/09/2020
Targeted changes in financial markets legislation that will facilitate funding of the recovery after the economic hit from the COVID-19 pandemic. These proposals comprise three main pillars and will touch upon the Prospectus Regulation, MiFID and the securitisation framework (consisting of the Securitisation Regulation and CRR).	Adoption by the Commission	Q3 2020	COM(2020)280 SWD(2020)120 COM(2020)281 COM(2020)282 COM(2020)283 COM(2020)284 C(2020)4380 adopted as urgent on 24/07/2020 Political agreement in December 2020
Initiatives linked to regulatory simplification and burden reduction			
Output description	Indicator	Target	Latest known results (situation on 31/12/2020)
PLAN/2020/7130  The Benchmarks review Aims to facilitate an orderly transition away from certain critical benchmarks and to propose an adequate treatment of currency spot rates.	Adoption of a legislative proposal	Q3 2020	COM(2020)337 adopted on 24/07/2020 Political agreement in December 2020
PLAN/2018/3361 Commission Implementing Decision on ECAI mapping under Solvency II - Implementing Technical Standards amending Implementing	Adoption by the Commission	Q2 2020	C(2020)3500 adopted on 04/06/2020

<p>Regulation (EU) 2016/1800</p> <p>ESAs continuously monitor the mapping for ECAs having already provided a mapping. The monitoring strategy agreed in July 2017 established that the existing mappings would be reviewed in a sequential manner. As a consequence, Implementing Regulation (EU) 2016/1800 should be amended.</p>			
<p>PLAN/2020/8246</p> <p>Commission Regulation on amendments to IFRS 4 Insurance Contracts</p> <p>This amendment will extend the option for insurers to defer the application IFRS 9 Financial Instruments until when IFRS 17 Insurance Contracts would become mandatory (subject to endorsement).</p>	<p>Adoption by the Commission</p>	<p>Q4 2020</p>	<p>C(2020)8803 adopted on 15/12/2020</p>
<p>Evaluations and fitness checks</p>			
<p>Output description</p>	<p>Indicator</p>	<p>Target</p>	<p>Latest known results (situation on 31/12/2020)</p>
<p>PLAN/2020/8722 (replacing PLAN/2020/8371)</p> <p>Review of the Regulation on settlement and central securities depositories (CSDR) (Reg.</p>	<p>Adoption by the Commission</p>	<p>Q4 2020</p>	<p>New target: Q2 2021</p> <p>CWP 2021 item. Delay in the adoption of the CSDR Review report to take into account stakeholder input</p>

909/2014)			received in Q3/Q4 2020 and Q1 2021 (targeted consultation).
Public consultations			
Output description	Indicator	Target	Latest known results (situation on 31/12/2020)
PLAN/2020/6892  Public consultation on Investment protection and facilitation	Publication by Commission	May 2020	Launched on 26/05/2020 for a duration of 15 weeks Ended on 08/09/2020
PLAN/2020/8722 (replacing PLAN/2020/8371) Targeted consultation on Regulation on settlement and central securities depositories (CSDR) (Reg. 909/2014)	Publication by the Commission	Q3 2020	Targeted consultation (not a Better Regulation consultation) Launched on 08/12/2020 Ended on 02/02/2021
PLAN/2019/6271 Public consultation on AIFMD review (Directive 2011/61/EU)	Publication by the Commission	Q4 2020	Launched on 12/10/2020 for a duration of 14 weeks Ended on 29/01/2021
PLAN/2020/8416 Public consultation on ELTIF Regulation review (Commission Regulation (EU) 2015/760)	Publication by the Commission	Q4 2020	Launched on 19/10/2020 for a duration of 12 weeks Ended on 19/01/2021
Enforcement actions			
Output description	Indicator	Target	Latest known results (situation on 31/12/2020)
Action to ensure timely transposition of Directives into national legal frameworks, which is important to	Closing or referring to the Court of Justice at least 65% of 109 non-communication cases which were	Throughout the year	Out of the 109 non-communication cases opened at the beginning of 2020, 67 cases were

<p>achieve the policy objectives with an arching aim of more integrated financial markets. In case of late or incomplete transposition, the Commission launches non-communication infringement procedures to urge adoption of the necessary measures. After verifying the notified national measures, the Commission either closes the infringement procedures, when transposition is complete, or refer the Member State concerned to the Court of Justice, if the transposition is still lacking or partial.</p>	<p>open at the beginning of 2020.</p>		<p>closed and no-one was referred to the Court (61%).</p>
<p>Supporting Member States in the transposition process to facilitate timely and correct transposition, by organising a transposition workshop, where the following Directive will be presented and explained to the Member States: 2019/1160/EU on Cross border distribution of investment funds.</p>	<p>At least one transposition workshop.</p>	<p>Throughout the year</p>	<p>The first transposition workshop took place on 5 November 2019. No further transposition workshops were organised as Member States did not request additional clarifications of the Directive.</p>
<p>Providing timely replies to the questions requiring interpretation of the financial</p>	<p>70% of the questions needing interpretation will be dealt with within 6 months.</p>	<p>Throughout the year</p>	<p>The question and answers process proved to be longer than planned, given</p>

services legislation to ensure uniform reading of legal obligations set out in the financial services legislation across the EU and supervisory convergence.			that it required setting up a new adoption process and validating the answers. The adoption process for the first batch of questions will be finalised in Q1 2021. The new procedure will deliver more timely answers in 2021.
Other important outputs			
Output description	Indicator	Target	Latest known results (situation on 31/12/2020)
PLAN/2019/6263 AIFMD report - Report from the Commission to the European Parliament and the Council evaluating the application and the scope of Directive 2011/61/EU on Alternative Investment Fund Managers	Publication by the Commission	Q2 2020	COM(2020) 232 adopted on 10/06/2020
PLAN/2016/191-193-194-195-196-197-198-199 Implementing Acts of equivalence under EMIR (Reg. 648/2012, Art. 13) on transaction requirements	Adoption by the Commission	Q3 2020	Postponed to Q2 2021 Delay in the adoption to take into account stakeholders' feedback received.
2015/FISMA/135 2016/FISMA/090-092-093-095 2016/FISMA/091-094 Implementing Acts of equivalence under EMIR (Reg. 648/2012,	Adoption by the Commission	Q3 2020	2015/FISMA/135: C(2021)379 adopted on 27/01/2021 The technical assessment of the regulatory and




Art. 25(6))			supervisory framework applicable to central counterparties in the relevant third country concerned was finalised end November 2020 and the procedure to adopt the equivalence decision was launched in December 2020. 2016/FISMA/090-093-095: Postponed 2016/FISMA/091-094: Abandoned
PLAN/2019/5907 Delegated Act under the Prospectus Regulation on the documents containing minimum information describing a takeover by way of exchange offer, a merger or a division	Adoption by the Commission	Q4 2020	C(2020)8822 adopted on 16/12/2020
PLAN/2020/6311 Delegated Regulation specifying technical aspects such as fee cost cap, key information documents (KIDs) and benefit projections under Regulation (EU) 2019/1238 on a pan-European Personal Pension Product (PEPP)	Adoption by the Commission	Q4 2020	C(2020)9073 adopted on 18/12/2020
PLAN/2020/6312 Implementing technical standards specifying the format of supervisory reporting and the details of	Adoption by the Commission	Q4 2020	C(2021)1421 adopted on 04/03/2021 Delay due to new translation requirement into

cooperation and exchange of information for the purpose of the Regulation (EU) 2019/1238 on a pan-European Personal Pension Product (PEPP)			Gaelic.
PLAN/2020/6313 Delegated Regulation specifying the content of supervisory reporting and the criteria and factors to determine when there is a significant PEPP saver protection concern under Regulation (EU) 2019/1238 on a pan-European Personal Pension Product (PEPP)	Adoption by the Commission	Q4 2020	C(2021)1134 adopted on 24/02/2021 Delay due to new translation requirement into Gaelic. Document split into 2 draft Regulations to better reflect multiple legal basis.

Specific objective 1.2: Financial stability is preserved and improved by efficient supervision and crisis management mechanisms, by means to absorb shocks and diversify risks, and a comprehensive approach is in place to fight money laundering and the financing of terrorist activities			Related to spending programme(s) No
Result indicator: Banks' total capital ratio			
Source of data: ECB SDW (Consolidated Banking Data, CBD2)			
Baseline (Q3 2019)	Interim Milestone (2022)	Target (2024)	Latest known results (2020 Q3)
18.04% in 2019 Q3 between 15.4% and 25.9% for banks supervised by the ECB	Banks remain sufficiently capitalised	Banks remain sufficiently capitalised	19.05%
Result indicator: Banks' build-up of minimum required own funds and eligible liabilities (MREL)			
Source of data: EBA and SRB MREL dashboard			

Baseline (2018)	Interim Milestone (2022)	Target (2024)	Latest known results (2019)
EUR 178 billion	Increase	Increase	EUR 2 420 billion
Result indicator: Solvency Capital Requirement (SCR) ratio Source of data: EIOPA insurance statistics			
Baseline (Q3 2019)	Interim Milestone (2022)	Target (2024)	Latest known results (2020 Q2)
202% median SCR ratio (between 129% and 279%)	Insurance companies remain sufficiently capitalised	Insurance companies remain sufficiently capitalised	200%
Result indicator: Number of on-site and off-site Anti-Money Laundering supervisory actions, number of breaches identified on the basis of supervisory actions, and number of sanctions/administrative measures applied by supervisory authorities Source of data: EBA and national supervisory authorities			
Baseline (2018/2019)	Interim Milestone (2022)	Target (2024)	Latest known results (2019/2020)
<p>Baseline on supervisory actions (2018): 15175 off-site inspections, 4897 on-site inspections</p> <p>Baseline on identified breaches (2018): 2467</p> <p>Baseline on sanctions/administrative measures (2019; no 2018 data available): 19</p>	Increase in the number of supervisory actions and sanctions, when necessary	Increase in the number of supervisory actions and sanctions, when necessary	<p>Supervisory actions (2019): 22200 off-site inspections, 4466 on-site inspections.</p> <p>Identified breaches (2019): 3646.</p> <p>Sanctions/administrative measures (2020): 65.</p>
Result indicator: Proportion of proposed legislative revisions that include burden			

reduction measures			
Source of data: DG FISMA			
Baseline (2018)	Interim Milestone (2022)	Target (2024)	Latest known results (2020)
N/A	Positive trend	Positive trend	1 out of 1 primary legislation initiative in 2020

Main outputs in 2020:			
New policy initiatives			
Output description	Indicator	Target	Latest known results (situation on 31/12/2020)
PLAN/2019/6252  Communication from the Commission on an Action Plan for a comprehensive Union policy on preventing money laundering and terrorist financing	Adoption by the Commission	Q1 2020	C(2020)2800 adopted on 07/05/2020
PLAN/2019/5320  PLAN/2019/5321  Review of the Capital Requirements legislation	Adoption of by the Commission	Q4 2020	New target: Q3 2021 The postponement follows the decision by the Basel Committee to postpone the implementation date of the final elements of the Basel III reform by 1 year. Public consultation closed.
PLAN/2020/6371 Regulatory Technical Standards (RTS) on the Standardised Approach for Counterparty Credit Risk (SA-CCR)	Adoption by the Commission	Q2 2020	C(2021)1225 adopted on 01/03/2021 Long discussion with EBA about changes


			made to the text following the ISC.
<p>PLAN/2018/3348</p> <p>Implementing Technical Standards (ITS) amending ITS on Benchmarking</p> <p>Amendment to the ITS in order to introduce the benchmarking portfolios and reporting templates for the 2019 benchmarking exercise.</p>	Adoption by the Commission	Q2 2020	<p>New target: Q2 2021</p> <p>Long discussion with EBA about changes made to the text following the ISC.</p>
<p>RTS for prudent valuation under Article 105(14) of Regulation (EU) No 575/2013</p>	Adoption by the Commission	Q2 2020	<p>C(2020)3428 adopted as urgent on 28/05/2020</p>
<p>Proposal for a Regulation amending Regulations (EU) No 575/2013 and (EU) 2019/876 as regards certain adjustments in response to the COVID-19 pandemic</p> <p>The legislative initiative proposes limited changes to the Capital Requirements Regulation to ensure that the prudential regulatory framework interacts smoothly with the various measures that address the COVID-19 pandemic. It is part of the COVID-19 recovery strategy and represents an immediate response to ensure that credit institutions have the</p>	Adoption by the Commission	Q2 2020	<p>COM(2020)310 adopted as urgent on 28/05/2020</p>

conditions to effectively channel funds to businesses and households and to absorb the economic shock caused by the COVID-19 pandemic.			
Interpretative Communication on the application of the accounting and prudential frameworks to facilitate EU bank lending Supporting businesses and households amid COVID-19.	Adoption by the Commission	Q2 2020	COM(2020)169 adopted as urgent on 28/05/2020
PLAN/2020/7360 Delegated Regulation amending the list of high risk third countries for the purpose of anti-money laundering and countering terrorist financing	Adoption by the Commission	Q4 2020	Cancelled due to COVID-19 related delays
PLAN/2019/5454 Delegated Regulation on comparable compliance for systemically important third-country central counterparties	Adoption by the Commission	Q3 2020	C(2020)4895 adopted on 14/07/2020 JO L 305, 21/09/2020, p. 13-26
PLAN/2019/5455 Delegated Regulation on fees for third-country central counterparties	Adoption by the Commission	Q3 2020	C(2020)4891 adopted on 14/07/2020 JO L 305, 21/09/2020, p. 1-6
PLAN/2019/5456 Delegated Regulation specifying the tiering criteria for third-country central counterparties	Adoption by the Commission	Q3 2020	C(2020)4892 adopted on 14/07/2020 JO L 305, 21/09/2020, p. 7-12
PLAN/2018/2691	Adoption by the Commission	Q4 2020	C(2020)6281

Delegated Act on fees for securitisation repositories Delegated Act specifying the fees to be charged by ESMA to securitisation repositories.	Commission		adopted on 18/09/2020
PLAN/2017/2175 RTS specifying in greater detail the risk retention requirement in securitisation Regulatory Technical Standard following the entry into application of the Securitisation Regulation.	Adoption by the Commission	Q4 2020	New target: Q1 2022 The mandate for this Regulatory Technical Standard has been updated in the context of the Capital Markets Recovery Package and the associated amendment to the Securitisation Regulation. Therefore, the EBA is mandated to revise the RTS within six months after entry into application of the amendment to the Regulation.
PLAN/2018/2700 RTS specifying the mechanism for cooperation and exchange of information between competent authorities and the European Supervisory Authorities Regulatory Technical Standard following the entry into application of the Securitisation Regulation.	Adoption by the Commission	Q4 2020	New target: Q2 2021 Delay due to discussion with ESMA of legal issues related to the draft text.
PLAN/2020/7356 Delegated Regulation amending the list of high risk third countries	Adoption by the Commission	Q3 2020	Cancelled due to COVID-19 related delay

for the purpose of anti-money laundering and countering terrorist financing			
<p>PLAN/2020/7927</p> <p>Commission Regulation on amendments to IFRS 16 Leases</p> <p>The IFRS 16 amendment provides a practical, expedient option for COVID-19-related lease payment relief, for example due to private or public payment moratoria. This significantly reduces the operational burden for lessees.</p>	Adoption by the Commission	Q3 2020	C(2020)6829 adopted on 09/10/2020
<p>PLAN/2020/7358</p> <p>Delegated Regulation amending the list of high risk third countries for the purpose of anti-money laundering and countering terrorist financing</p>	Adoption by the Commission	Q4 2020	C(2020)8386 adopted on 07/12/2020 (published in the OJ on 8/1/2021 as Commission Delegated Regulation 2021/37)
<p>PLAN/2020/8281</p> <p>Communication from the Commission to the European Parliament, the European Council, the Council and the European Central Bank on a comprehensive EU strategy to tackle non-performing loans in the aftermath of the COVID-19 pandemic</p>	Adoption by the Commission	Q4 2020	COM(2020)822 adopted on 16/12/2020
<p>PLAN/2020/8247</p> <p>Commission Regulation on amendments related to IBOR phase 2</p>	Adoption by the Commission	Q4 2020	C(2021)16 adopted on 13/01/2021

These amendments to various IFRS and IAS standards will prevent unwarranted discontinuation of hedge accounting relationships due to the replacement of benchmark interest rates.			
<p>PLAN/2020/8850 PLAN/2020/8852</p> <p>RTS and ITS on Article 55 BRRD</p> <p>The Technical standards will determine various practical elements for the application of the contractual clause for bail-in recognition under Article 55 of the Bank Recovery and Resolution Directive (BRRD). These include the categories of criteria that may support waving the obligation to insert such clause as well as the procedure to notify such criteria to the NRA.</p>	Adoption by the Commission	Q4 2020	New target: Q2 2021 Slight delay during technical work by the EBA (submission in December 2020).
Evaluations and fitness checks			
Output description	Indicator	Target	Latest known results (situation on 31/12/2020)
<p>PLAN/2017/2047</p> <p>Report on the functioning of the benchmarking of internal models</p> <p>The report will evaluate the functioning of the</p>	Adoption by the Commission	Q4 2020	New target: Q4 2021 The report was de-prioritised because of the need to focus resources on dealing with the COVID-19 crisis.

benchmarking process under Article 78 of the CRD.			
Public consultations			
Output description	Indicator	Target	Latest known results (situation on 31/12/2020)
PLAN/2019/6252  Public consultation on Anti-Money Laundering Action Plan	Publication by the Commission	Q2 2020	Launched on 07/05/2020 for a duration of 16 weeks. Ended on 26/08/2020.
Enforcement actions			
Output description	Indicator	Target	Latest known results (situation on 31/12/2020)
Supporting Member States in the transposition process to facilitate timely and correct transposition, by organising transposition workshops, where several Directives will be presented and explained to the Member States ⁹ .	At least one transposition workshop per each directive	Throughout the year	The following transposition workshops took place: <ul style="list-style-type: none"> • CRD V: 17/02/2020 and 22/06/2020 • BRRD II: 13/02/2020 and 01/07/2020 • Prudential supervision of investment firms Directive: 29/09/2020 and 24/11/2020 • Covered Bond Directive: 30/09/2020 and 26/01/2021
External communication actions			
Output description	Indicator	Target	Latest known results (situation on 31/12/2020)

⁹ 2019/878/EU on Capital Requirement (CRD V); 2019/879/EU on Bank Resolution and recovery (BRRD II); 2019/2034/EU on Prudential supervision of investment firms; 2019/2162/EU on Covered bonds and supervision.

<p>European Financial Stability and Integration Review (EFSIR)</p> <p>This annual publication reports on developments in the financial system, including financial stability and integration.</p>	<p>Publication of the report</p>	<p>Q2 2020</p>	<p>SWD(2020) 40 final published on 03/03/2020</p>
<p>Other important outputs</p>			
<p>Output description</p>	<p>Indicator</p>	<p>Target</p>	<p>Latest known results (situation on 31/12/2020)</p>
<p>2016/FISMA/111</p> <p>RTS on the Internal Ratings Based assessment methodology</p> <p>The RTS will specify the assessment methodology that competent authorities must follow in assessing the compliance of an institution with the requirements to use the Internal Ratings Based (IRB) Approach for credit risk.</p>	<p>Adoption by the Commission</p>	<p>Q2 2020</p>	<p>New target: Q2 2021</p> <p>A very technical file, required a lot of discussion and was subject to an amending procedure, which lengthened the adoption timeline.</p>
<p>PLAN/2017/1688</p> <p>RTS amending the RTS on determining the proxy spread and on limited smaller portfolios for CVA risk</p> <p>Amendment to the existing RTS to reflect some changes to the advanced approach for the calculation of the own fund requirement for CVA risks, as</p>	<p>Adoption by the Commission</p>	<p>Q4 2020</p>	<p>New target: Q2 2021</p> <p>The adoption of other technical standards was given priority.</p>

recommended in the EBA report published in 2015.			
<p>PLAN/2017/1714</p> <p>RTS under Article 8 CRD IV in respect of the information to be provided in the process of authorisation of credit institutions, the requirements applicable to shareholders and members with qualifying holdings and obstacles which prevent the effective exercise of supervisory powers</p> <p>The RTS specifies in detail the exact type and format of the information to be provided together with the application for authorisation, the requirements applicable to shareholders and members, and the obstacles which may prevent effective supervision.</p>	Adoption by the Commission	Q2 2020	<p>New target: Q2 2021</p> <p>Delay due to long discussion with the EBA and to legal issues related to the draft text .</p>
<p>PLAN/2017/2060</p> <p>RTS on the nature, severity and duration of economic downturn</p> <p>Banks using the Advanced IRB approach must use estimates for LGD and conversion factors that are appropriate for an economic downturn. These RTS specify the nature, severity and</p>	Adoption by the Commission	Q2 2020	<p>C(2021)1250 adopted on 01/03/2021</p> <p>Very technical file, required additional discussions and was subject to an amending procedure, which lengthened the adoption timeline.</p>

duration of an economic downturn in this context.			
<p>PLAN/2017/2061</p> <p>RTS on the calculation of K_{IRB} in accordance with the top-down approach and the use of proxy data (new Article 255(9) of the CRR)</p> <p>The RTS will specify in more details how investor banks can calculate KIRB and use the SEC-IRBA for the calculation of the capital requirements for securitisation exposures when they do not have access to the data (LGD/PD) at the level of individual loans.</p>	Adoption by the Commission	Q2 2020	<p>New target: Q2 2021</p> <p>Awaiting feedback as part of the ISC.</p>
<p>PLAN/2017/1713</p> <p>ITS under Article 8 CRD IV on standard forms, templates and procedures for provision of information in the process of authorisation of credit institutions</p> <p>The ITS contains the templates for submission of information specified in the RTS which is required in the application for the authorisation. It also specifies the procedure for the assessment of the completeness of the submitted</p>	Adoption by the Commission	Q2 2020	<p>New target: Q2 2021</p> <p>The adoption of this file is linked to the adoption of file PLAN/2017/1714 (see above).</p>

application.			
<p>PLAN/2016/515</p> <p>RTS on the specification of the assessment methodology for market risk internal models and the assessment of significant share</p> <p>The RTS will specify the assessment methodology that competent authorities must follow in assessing the compliance of an institution with the requirements to use the Internal Model Approach (IMA) for the own fund requirements for market risk and specify what means a significant share of positions covered by the IMA to grant IMA approval for a given risk category.</p>	Adoption by the Commission	Q2 2020	<p>New target: Q2 2021</p> <p>Very complex and technical file, required additional discussions.</p>
<p>PLAN/2020/7874</p> <p>ITS supervisory reporting requirements for market risk</p>	Adoption by the Commission	Q2 2020	<p>C(2021)1600 adopted on 15/03/2021</p> <p>These ITS are linked to the DA adopted in 2019 whose publication was delayed to Q1 2021 as well, in order to align the date of entry into force of the reporting requirements with the policy decision following the COVID-</p>

			19 pandemic.
<p>PLAN/2020/7926 Directive (EU) 2019/2162 of the European Parliament and of the Council of 27 November 2019 on the issue of covered bonds and covered bond public supervision introduced a dedicated liquidity buffer requirement for covered bonds which may result in an overlap with the Liquidity Coverage Requirements as set out in Delegated Regulation (EU) 2015/61.</p> <p>In order to address this overlap and to ensure that a dedicated liquidity buffer is required for covered bonds, the Commission intends to amend the LCR DR in order to cater for the specific situation of covered bonds.</p>	Adoption by the Commission	Q2 2020	<p>New target: Q2 2021</p> <p>Adoption timeline impacted by the COVID-19 crisis.</p>
<p>PLAN/2020/6723 Report on the identification and submission to anti-money laundering obligations of trusts and similar arrangements</p>	Adoption by the Commission	Q2 2020	COM(2020)560 adopted on 16/09/2020
<p>PLAN/2019/6252 Revised methodology for identifying high-risk third countries under Directive (EU)</p>	SWD issued	Q2 2020	C(2020)2800 adopted on 07/05/2020

2015/849			
PLAN/2020/7991 Commission report on the activities of the IFRS Foundation, EFRAG and the PIOB	Adoption by the Commission	Q2/Q3 2020	COM(2020)807 adopted on 14/12/2020 The beneficiaries delivered their annual reports later due to Covid-19.
Post-Programme Surveillance for, Portugal, Ireland, Spain, Cyprus, Enhanced Surveillance for Greece (Based on Commission Implementing Decision C(2018)4495 of 11 July 2018) contribution about financial sector to Review Reports.	Adoption by the Commission of the Review Reports	Twice per year More frequent for Greece	Publication: IE (14/02 and 18/11), PT (08/04 and 18/11), (CY, ES (20/05 and 18/11) Publication: EL (26/02, 20/05, 23/09, 18/11)
Contribution to EU Semester, including Macroeconomic Imbalances Procedure (based on art 121 of the Treaty)	Adoption by the Commission and the Council of Country-Specific Recommendations	H1 2020 for 2020 cycle and H2 2020 for 2021 cycle	Adoption of 2020 CSRs by Council on 20/07/2020. Because of Covid-19, the European Semester cycle was adapted and DG FISMA contributed to the preparation of the recovery and resilience plan to be submitted by Member States by April 2021.
Exercise the Commission's function as Resolution Authority ¹⁰	- Attending and preparing Executive and Plenary SRB Board Meetings and preparatory bodies;	Throughout the year	Ongoing 10 SRB Executive Session meetings 16 SRB Plenary Session meetings

¹⁰ As stipulated by the SRMR, the Commission is the ultimate resolution authority for the Banking Union. DG FISMA is the Commission service entrusted with the resolution function; as such it has, among others, to follow work at the SRB, represent the Commission as resolution authority at EU and international fora (EBA, ECB and FSB), ensure coordination with other Commission services, prepare the endorsement of resolution schemes, reply to stakeholder requests and, together with the Legal Service, manage the Commission's involvement in judicial proceedings.

	<ul style="list-style-type: none"> - Monitoring banks in difficulty; - Endorsing resolution schemes - Intervention in judicial and non-judicial proceedings; - Participating in Resolution colleges. 		<p>A number of Extended Executive Session SRB meetings on a bimonthly basis on average.</p> <p>All the meetings of the SRB Committees.</p> <p>Provided observations on several pending cases before the General Court and the Court of Justice, concerning appeals of resolution decisions, appeals of SA decisions, ECB decisions, SRB decisions on contributions to the Single Resolution Fund, preliminary rulings on the interpretation of the BRRD, SRMR, DGSD and access to documents regulation.</p> <p>Participation in court hearings.</p> <p>FISMA followed bank crisis cases in different Member States.</p>
Enhanced preparedness for resolution cases ¹¹	<p>Preparation of and/or participation in:</p> <ul style="list-style-type: none"> - Trilateral resolution exercise; - SRB dry runs; 	Throughout the year	<p>Ongoing</p> <p>FISMA contributed to the organisation of, and participated in, a large cross-border</p>

¹¹ In the context of EU and international banking groups, resolution will involve multiple authorities (EU and BU) and/or jurisdictions (EU, BU and third countries). Multilateral resolution is highly complex and therefore it is important that the different actors understand the complexities and impediments, and find methods to overcome them. This has to be done through enhanced preparation at bilateral or multilateral level.

	<ul style="list-style-type: none"> - Follow-up to Nordic-Baltic dry run; - FSB CBCM and Resolution Steering groups; - EBA resolution committees and groups. 		<p>crisis simulation exercise involving multiple jurisdictions, as well as the finalisation of the reporting on the Nordic Baltic crisis simulation exercise to the Nordic Baltic Stability Group and the related follow-up work on crisis communication channels. FISMA also established and tested the capacity to use the new SRB ICT tool to manage crises.</p>
<p>Adoption of delegated acts/guidelines:</p> <ol style="list-style-type: none"> 1. Guidelines on the appropriate subsets of sectoral exposures of systemic risk buffer according to Article 133 (5)(f) of CRDV 2. RTS on the assessment of appropriate risk weights under the standard method (article 124, CRRII) and appropriate minimum LGD values under the IRB approach (Article 164, CRRII) 3. RTS on the identification methodology for global systemically important institutions (G-SIIs), CRDV 4. ITS on Pillar 3 disclosure of indicators for G-SIIs, CRDV 	<p>Adoption of Commission delegated acts/monitoring issuing of guidelines</p>	<p>Throughout the year</p> <ol style="list-style-type: none"> 1. Finalised by EBA in October 2020 2. H1 2021 3. Draft RTS submitted by EBA in November 2020, written COM procedure to close on 9 Feb 2021 4. By Q1 2021 5. Finalised by EBA in November 2020 	<p>Work ongoing. Timeline for delivery of some of these L2 acts and reporting requirements extended due to Covid-19 related developments.</p>

5. Guidelines on the specification, reporting and disclosure of indicators of global systemic importance, CRDV			
Reports following legal requirements in CRR: <ul style="list-style-type: none"> • a report to EP and Council on cyclical capital requirements Article 502 CRR and • a report to the EP and Council on market developments potentially requiring the use of Article 459 CRR. 	Reports issued	By end 2021	Delivery date subject to discussions with ECB/EBA/ESRB, given that their contribution has been put on hold due to Covid—19 related developments.

Specific objective 1.3 : <i>The confidence and protection of consumers and investors on European financial markets, as well as market integrity, are enhanced</i>			Related to spending programme(s) No
Result indicator: Share of household assets invested in financial instruments			
Source of data: Eurostat (Financial balance sheets nasa_10_f_bs)			
Baseline (2018)	Interim Milestone (2022)	Target (2024)	Latest known results (2020 Q3)
45.6%	Increase	Increase	46.7%
Result indicator: Equity UCITS fund costs for retail investors			
Source of data: ESMA, Refinitiv Lipper			
Baseline (2009-2018)	Interim Milestone (2022)	Target (2024)	Latest known results (2020)
1.89%	Decrease	Decrease	Broadly stable
Result indicator: Number of infringements with sanctions under the Market Abuse Regulation			

Source of data: ESMA			
Baseline (2018)	Interim Milestone (2022)	Target (2024)	Latest known results (2019)
470 infringements with sanctions	Increase in the number of infringements with sanctions when market abuse is detected	Increase in the number of infringements with sanctions when market abuse is detected	279
Result indicator: Proportion of proposed legislative revisions that include burden reduction measures			
Source of data: DG FISMA			
Baseline (2018)	Interim Milestone (2022)	Target (2024)	Latest known results (2020)
N/A	Positive trend	Positive trend	N/A (no primary legislation initiative presented in 2020)

Main outputs in 2020:			
New policy initiatives			
Output description	Indicator	Target	Latest known results (situation on 31/12/2020)
PLAN/2019/5607 Second Commission Report on the monitoring of the EU market for statutory audits of PIEs pursuant to Article 27 of the 2014 Audit Regulation	Adoption by the Commission	Q3 2020	COM(2021)29 adopted on 28/01/2021 Due to the need to incorporate the feedback of the Market Monitoring sub-group/plenary members of the Committee of European Auditing Oversight Bodies (CEAOB).

PLAN/2021/10716 (replacing PLAN/2020/7760) Amendments to PRIIPs RTS Commission Delegated Regulation (EU) 2017/653 on key information documents for packaged retail and insurance-based investment products (PRIIPs)	Adoption by the Commission	Q4 2020	New target: Q2 2021 EBA and ESMA endorsed draft RTS in July 2020 and EIOPA in February 2021.
PLAN/2020/7834 Amendments to disclosure to investors' provisions of UCITS Directive Directive 2009/65/EC on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS)	Adoption by the Commission	Q4 2020	New target: Q2 2021 Timing linked to initiative PLAN/2021/10716 (see above)
PLAN/2020/6556 2020 Amendment to the ESEF Regulation (taxonomy update) - Commission Delegated Regulation amending Delegated Regulation (EU) 2019/815 as regards the single electronic reporting format	Adoption by the Commission	Q4 2020	C(2020)7523 adopted on 06/11/2020
Evaluations and fitness checks			
Output description	Indicator	Target	Latest known results (situation on 31/12/2020)
PLAN/2017/1854 Fitness check of public financial and non-	SWD issued	Q3 2020	New target: Q2 2021 This SWD will be

financial reporting	corporate			adopted and published as an accompanying document to the Report on the review clauses (PLAN/2017/1364).
PLAN/2020/8624	Report on the review of the Mortgage Credit Directive (2014/17/EU) in compliance with Articles 44 and 45 of the Directive and possible follow up work on a legislative proposal. The report should include an assessment of the main provisions of the Directive notably on creditworthiness assessment, pre-contractual information and forbearance measures and evaluate if the Directive is fit for purpose for the challenges posed by the digitalisation of the economy and sustainable finance objectives.	Adoption by the Commission	Q4 2020	New target: Q2 2021 New timing due to delay in the delivery of a supporting study.
Enforcement actions				
Output description	Indicator	Target	Latest known results (situation on 31/12/2020)	
Timely assessment of complaints reporting possible breaches of EU law, which allows the Commission to react to the identified shortcomings and it contributes to ensuring that citizens and businesses can enjoy	70% Closure or sending of a letter of formal notice within 12 months from a receipt of a complaint.	Throughout the year	97 complaints were open at the beginning of 2020. 23 complaints were dealt with within 12 months. Another 29 complaints were handled within a longer period of time. Therefore, out of 97	

their rights stemming from EU law.			complaints, in 2020, 52 complaints in total were handled. Many outstanding complaints are politically sensitive.
Other important outputs			
Output description	Indicator	Target	Latest known results (situation on 31/12/2020)
PLAN/2020/7915 Commission Interpretative Communication on EU provisions impacted by the entry into force of the ESEF Regulation	Adoption by the Commission	Q3 2020	C(2020)7535 adopted on 06/11/2020
PLAN/2017/1364 Report in response to review clauses in the Accounting and Transparency Directives	Adoption by the Commission	Q3 2020	New target: Q2 2021 After the collapse of the Wirecard group in 2020, further analysis and lessons had to be taken into account .
Safeguarding consumers' interests in financial services: <ul style="list-style-type: none"> •To provide financial support to two EU-wide non-industry organisations, which enable civil society to have a stronger say in EU policy making on financial services. •To manage the network of alternative dispute resolution bodies in the area of financial services, FINNET, to facilitate the resolution of cross-border complaints about financial services and 	<ul style="list-style-type: none"> • 5 meetings of the Financial Services User Group (FSUG); • Plenary meeting of FIN-NET, • Successful implementation of the annual work programmes of the two grant beneficiaries. 	Throughout the year	Ongoing The FSUG met 5 times (6 and 7 February, 25 March, 4 June, 17 September and 19 November, all virtual except for the first one). There was a FIN-NET plenary meeting (20/10, virtual).

<p>to obtain information on consumer issues in the Member States.</p> <ul style="list-style-type: none"> • To ensure that consumer interests are fully taken into account in financial services policymaking and that any consumer issues are closely monitored to identify needs for adapting or developing the regulatory framework. 			
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Specific objective 1.4: More private capital is made available for sustainable investments			Related to spending programme(s) No
Result indicator: Green bonds issuance in the EU, total and as percent of total bond issuance			
Source of data: Bloomberg			
Baseline (2019)	Interim Milestone (2022)	Target (2024)	Latest known results (2020)
EUR 113.5 billion face value issued in 2019 (up from EUR 54.9 billion in 2018), 2.3% of total bond issuance ¹²	Increase	Increase	2.65%
Result indicator: Provisional indicator – subject to data becoming available later in mandate¹³: EU ecolabel for retail financial products (number or total assets of funds with new ecolabel)			
Source of data: Data will become available later on, sources to be clarified			

¹² Different options exist for presenting green bonds as a share of bonds issued in the EU. The figure above considers also government and supranational bonds.



¹³ For these indicators, data are not yet available as the policies are not yet in place. We reserve the right to revise these indicators later.

Baseline (2020)	Interim Milestone (2022)	Target (2024)	Latest known results (2020)
No data currently available	Increase	Increase	Not yet available
<p>Result indicator: Provisional indicator – subject to data becoming available later in mandate¹⁴: Climate benchmarks: measured as assets under management referenced against the respective benchmarks</p> <p>Source of data: Data will become available later on, sources to be clarified</p>			
Baseline (2020)	Interim Milestone (2022)	Target (2024)	Latest known results (2020)
No data currently available	Increase	Increase	Not yet available
<p>Result indicator: Provisional indicator – subject to data becoming available later in mandate¹⁵:</p> <p>EU Taxonomy: measured as:</p> <ul style="list-style-type: none"> a) the evolution of the size of taxonomy-aligned economic activities; b) financial flows to taxonomy-aligned activities. <p>Source of data: Data will become available later on, sources to be clarified</p>			
Baseline (2020)	Interim Milestone (2022)	Target (2024)	Latest known results (2020)
No data currently available	Increase	Increase	Not yet available
<p>Result indicator: Proportion of proposed legislative revisions that include burden reduction measures</p> <p>Source of data: DG FISMA</p>			
Baseline (2018)	Interim Milestone (2022)	Target (2024)	Latest known results (2020)
N/A	Positive trend	Positive trend	N/A (no primary

¹⁴ For these indicators, data are not yet available as the policies are not yet in place. We reserve the right to revise these indicators later.


¹⁵ For these indicators, data are not yet available as the policies are not yet in place. We reserve the right to revise these indicators later.

			legislation initiative presented in 2020)
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Main outputs in 2020:			
New policy initiatives			
Output description	Indicator	Target	Latest known results (situation on 31/12/2020)
PLAN/2020/7022  Action Plan on the Capital Markets Union	Adoption by the Commission	Q4 2020	COM(2020)590 adopted on 24/09/2020
PLAN/2020/6361  Renewed Sustainable Finance Strategy Building on the 2018 Action Plan on financing sustainable growth, the renewed sustainable finance strategy will provide a roadmap with new actions to increase private investment in sustainable projects and activities to support the different actions set out in the European Green Deal and to manage and integrate climate and environmental risks into our financial system. The initiative will also provide additional enabling frameworks for the European Green Deal Investment Plan.	Adoption by the Commission	Q4 2020	New target: Q2 2021 Due to the COVID 19 situation and in order to properly analyse and process all responses received in the public consultation and all comments that Member States provided both in written and orally at meetings of the Member States Expert Group on Sustainable Finance, the Commission decided to postpone the adoption of the Strategy.
PLAN/2019/5516 Delegated Regulation on Sustainable benchmarks –	Adoption by the Commission	Q2 2020	C(2020)4757 adopted on 17/07/2020

Minimum standards and disclosures relating to EU Climate Transition and EU Paris-aligned Benchmarks (linked to commitments regarding carbon emission of the Paris Climate Agreement)			
PLAN/2019/5517 Delegated Regulation on Sustainable benchmarks – Environmental, social or governance (ESG) factors disclosure requirements in the benchmark statement (linked to commitments regarding carbon emission of the Paris Climate Agreement)	Adoption by the Commission	Q2 2020	C(2020)4744 adopted on 17/07/2020
PLAN/2019/5518 Delegated Regulation on Sustainable benchmarks Explanation on how the key elements of the methodology reflect environmental, social or governance (ESG) factors (linked to commitments regarding carbon emission of the Paris Climate Agreement).	Adoption by the Commission	Q2 2020	C(2020)4748 adopted on 17/07/2020
Initiatives linked to regulatory simplification and burden reduction			
Output description	Indicator	Target	Latest known results (situation on 31/12/2020)
PLAN/2020/6950 Delegated Act under the Taxonomy Regulation on climate	Adoption by the Commission	Q4 2020	New target: Q2 2021 The Commission received more than

<p>change mitigation and climate change adaptation</p> <p>The objective of this Delegated act is to establish technical screening criteria for determining under which conditions a specific economic activity is considered to contribute substantially to climate change mitigation and climate change adaptation. At the same time, this activity does not cause significant harm to any of the other environmental objective as set by the Regulation.</p>			<p>46000 replies to the public consultation. The Commission postponed the adoption in order to properly analyse and process all responses received in the public consultation and all comments that Member States provided both in written and orally at meetings of the Member States Expert Group on Sustainable Finance. This timing would also allow to consider properly the advice on the transitional aspects by the Platform as per the recent request by the Commission, due in mid-March.</p>
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Public consultations			
Output description	Indicator	Target	Latest known results (situation on 31/12/2020)
<p>PLAN/2020/6361 </p> <p>Consultation on the renewed sustainable finance strategy</p> <p>The aim of this public consultation is to collect the views and opinions of interested parties in order to inform the Commissions renewed strategy on sustainable finance.</p>	<p>Publication by the Commission</p>	<p>Q2/Q3 2020</p>	<p>Launched on 08/04/2020 for a duration of 14 weeks.</p> <p>Ended on 15/07/2020.</p> <p>The summary of the consultation should be published on the Commission website shortly.</p>

PLAN/2020/7030 Targeted consultation on EU green bonds standards (EU GBS)	Publication by the Commission	Q4 2020	The targeted consultation closed in October 2020. A feedback statement was prepared that will be published together with a legislative proposal on the EU GBS and an Impact Assessment in Q2 2021 (current schedule). Due to the COVID-19 situation it was decided to leave the consultation open for responses for an additional 4 weeks.
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Other important outputs


Output description	Indicator	Target	Latest known results (situation on 31/12/2020)
FISMA/2020/001/C External study on testing draft EU Ecolabel criteria	Completion of external study	June 2020	Conducted as planned
PLAN/2018/3367 Amendments to Commission Delegated Regulation 2013/231/EU with regard to the integration of sustainability risks and sustainability factors	Adoption by the Commission	Q3 2020	New target: Q2 2021 ISC closed in December 2020, text awaits political validation.
PLAN/2018/3366 Amendments to Commission Directive 2010/43/EU with regard to the integration of sustainability risks and sustainability factors	Adoption by the Commission	Q3 2020	New target: Q2 2021 ISC closed in December 2020, text awaits political validation.
PLAN/2019/5421	Adoption by the	Q3/Q4 2020	The Platform was

<p>Establishment of an expert group on sustainable finance</p> <p>The Taxonomy Regulation lays down an establishment of the Commission Expert Group (Platform on Sustainable Finance). The Platform will, among others tasks, advise the Commission on the development of the technical screening criteria.</p>	<p>Commission</p>		<p>formally set up in October 2020.</p>
<p>International Platform on Sustainable Finance (IPSF) public activity report</p> <p>The IPSF was set up in October 2019 to help international cooperation and coordination in efforts to scale up the mobilisation of private capital towards environmentally sustainable investments. To this end, it acts as a forum to exchange information and promote best practices on sustainable finance internationally, to compare regulatory initiatives and experiences, and to promote regulatory alignment where appropriate.</p>	<p>Publication of the report by the IPSF¹⁶</p>	<p>Q4 2020</p>	<p>The report was published on 16 October 2020.</p>







¹⁶ DG FISMA provides overall coordination, secretariat of the Platform, and shall make the report available on its website.


Specific objective 1.5 : Opportunities from digital technology are widely employed to implement a safe, competitive and inclusive			Related to spending programme(s) No
Result indicator: Number of payment transactions involving non-MFIs (non-monetary financial institutions)			
Source of data: ECB Statistical Data Warehouse, http://sdw.ecb.europa.eu/reports.do?node=1000001386			
Baseline (Average for 2014-2018)	Interim Milestone (2022)	Target (2024)	Latest known results (2019)
The total number of payments: 139.9 billion in 2018	Increase	Increase	152 billion
The total number per capita: 272.6 in 2018 (EU)	Increase	Increase	296.1 per capita
Result indicator: Contribution of cyber risk, data security, IT failures and outsourcing to increasing operational risk at EU banks			
Source of data: EBA Risk Assessment Banks' Questionnaire https://eba.europa.eu/risk-analysis-and-data/risk-dashboard ; Data Annex to the EBA Risk Assessment Report https://eba.europa.eu/risk-analysis-and-data/risk-assessment-reports			
Baseline (2019)	Interim Milestone (Biannual EBA surveys* *In case of sharp volatility, a moving average across several EBA surveys may be used)	Target (2024)	Latest known results (2020)
89% for cyber risk/data security 31% for IT failures 23% for outsourcing	Decrease	Decrease	83% for cyber risk/data security 31% for IT failures 26% for outsourcing
Result indicator: IT systems spending allocated by EU banks to digital innovation/new technologies			
Source of data: EBA Risk Assessment Banks' Questionnaire https://eba.europa.eu/risk-analysis-and-data/risk-dashboard ; EBA Risk Assessment Report https://eba.europa.eu/risk-analysis-and-data/risk-assessment-reports			

Baseline (2018)	Interim Milestone (Biannual EBA surveys* *This indicator was hitherto included in every second EBA survey. Should this pattern be confirmed, annual data will be used instead of biannual)	Target (2024)	Latest known results (2020)
17.5% of total IT investment (some EUR 24.7bn)	Increase	Increase	Increase ¹⁷
Result indicator: Proportion of proposed legislative revisions that include burden reduction measures			
Source of data: DG FISMA			
Baseline (2018)	Interim Milestone (2022)	Target (2024)	Latest known results (2020)
N/A	Positive trend	Positive trend	0 out of 2 primary legislation initiatives presented in 2020

Main outputs in 2020:			
New policy initiatives			
Output description	Indicator	Target	Latest known results (situation on 31/12/2020)
PLAN/2019/6279  Communication on a Retail Payments Strategy for the EU The Retail Payments strategy set out a strategic vision to ensure that consumers	Adoption by the Commission	Q3 2020	COM(2020)592 adopted on 24/09/2020


¹⁷ 18% of the responding banks planned a spending increase on digital innovation/new technologies of more than 10%, 42% planned a slight increase of up to 10%, 35% planned no change in their budget, whilst 5% planned a slight decrease of 10% or less. So, overall, the data suggests that we should be reaching our objective going forward.

and companies fully reap the benefits of pan-European fast, secure, convenient, accessible and affordable payment services offered by a broad range of players, including fintechs, while reducing the dependency from non-European payment solutions.			
PLAN/2019/6125  Proposal on Crypto Assets (including Impact Assessment)	Adoption by the Commission	Q3 2020	COM(2020)593 adopted on 24/09/2020
PLAN/2019/6126  Proposal on Regulation on Digital Operational Resilience for Financial Services (including Impact Assessment)	Adoption by the Commission	Q3 2020	COM(2020)595 adopted on 24/09/2020
PLAN/2020/6554  and PLAN/2019/6279  Action Plan on FinTech including a Strategy on an Integrated EU Payments Market (Digital Finance Strategy)	Adoption by the Commission	Q3 2020	COM(2020)591 and COM(2020)592 adopted on 24/09/2020
Public consultations			
Output description	Indicator	Target	Latest known results (situation on 31/12/2020)
PLAN/2019/6125  Public Consultation on Crypto Assets	Publication by the Commission	April 2020	Launched on 19/12/2019 for a duration of 12 weeks Ended on 19/03/2020
PLAN/2019/6126  Public Consultation on	Publication by the Commission	April 2020	Launched on 19/12/2019 for a

a Digital Operational Resilience for Financial Services			duration for 12 weeks Ended on 19/03/2020.
PLAN/2020/6554  Public Consultation on a Digital Finance Strategy	Publication by the Commission	June 2020	Launched on 03/04/2020 for a duration of 12 weeks. Ended on 26/06/2020.

Specific objective 1.6 : <i>The EU financial system's sovereignty and competitiveness in a challenging international environment are strengthened</i>			Related to spending programme(s) No
Result indicator: % of international debt securities in EUR			
Source of data: ECB IROE reports, data in annex			
Baseline (Q4 2018)	Interim Milestone (2022)	Target (2024)	Latest known results (2019)
22.8%	Increase	Increase	22.1%
Result indicator: The use of euro in international transactions			
Source of data: ECB IROE reports, data in annex			
Baseline (2018)	Interim Milestone (2022)	Target (2024)	Latest known results (2019)
51.3%	Increase	Increase	51.3%
Result indicator: % of adopted decisions having undergone equivalence monitoring			
Source of data: European Commission, DG FISMA			
Baseline (2019)	Interim Milestone (2022)	Target (2024)	Latest known results (2020)
3.5%	6%	10%	4%
Result indicator: % of Member States complying with reporting obligations under EU restrictive measures			
Source of data: DG FISMA			

Baseline (2020)	Interim Milestone (2022)	Target (2024)	Latest known results (2020)
N/A	Increase 60-80% reporting obligations complied with	90+% reporting obligations complied with	32 %
Result indicator: Proportion of proposed legislative revisions that include burden reduction measures			
Source of data: DG FISMA			
Baseline (2018)	Interim Milestone (2022)	Target (2024)	Latest known results (2020)
N/A	Positive trend	Positive trend	N/A (no primary legislation initiative presented in 2020)

Main outputs in 2020:			
New policy initiatives			
Output description	Indicator	Target	Latest known results (situation on 31/12/2020)
PLAN/2020/9266  Communication on the European economic and financial system: fostering openness, strength and resilience [PLAN/2020/6700]	Adoption by the Commission	Q4 2020	COM(2021)32 adopted on 19/01/2021
Enforcement actions			
Output description	Indicator	Target	Latest known results (situation on 31/12/2020)
Ensure timely and complete reporting of information required by sanctions Regulations	100% reporting on national authorities, assets frozen and penalties	Throughout the year	Ongoing; topic to be discussed during one of the first meetings of the Expert Group on EU

			restrictive measures and extra-territorial application of measures of third countries. Expert group linked with the Communication on resilience; setting up due in 2021.
Issuing guidance on the application of sanctions in the context of COVID-19	Guidance on most pressing sanctions regimes published within 6 months of COVID-19	Guidance: March-September 2020	Guidance: regarding Syria made public in May 2020 (C(2020)3179). Guidance regarding Iran and Venezuela made public in October 2020 (C(2020)6344). Guidance regarding Nicaragua made public in November 2020 (C(2020)7983).
Commission Opinions on the interpretation of specific provisions	75% of the Commission Opinions adopted within 2.5 months of the request.	Opinions: throughout the year	Commission Opinions: Opinion regarding Article 2 of Council Regulation (EU) No 269/2014 made public in June 2020 (C(2020)4117). Commission Guidance Note on the implementation of certain provisions of Council Regulation (EU) 2020/1998 (C(2020)9432).
Other important outputs			
Output description	Indicator	Target	Latest known results (situation on 31/12/2020)
PLAN/2020/8885	Adoption by the	Q3/Q4 2020	New target: Q2

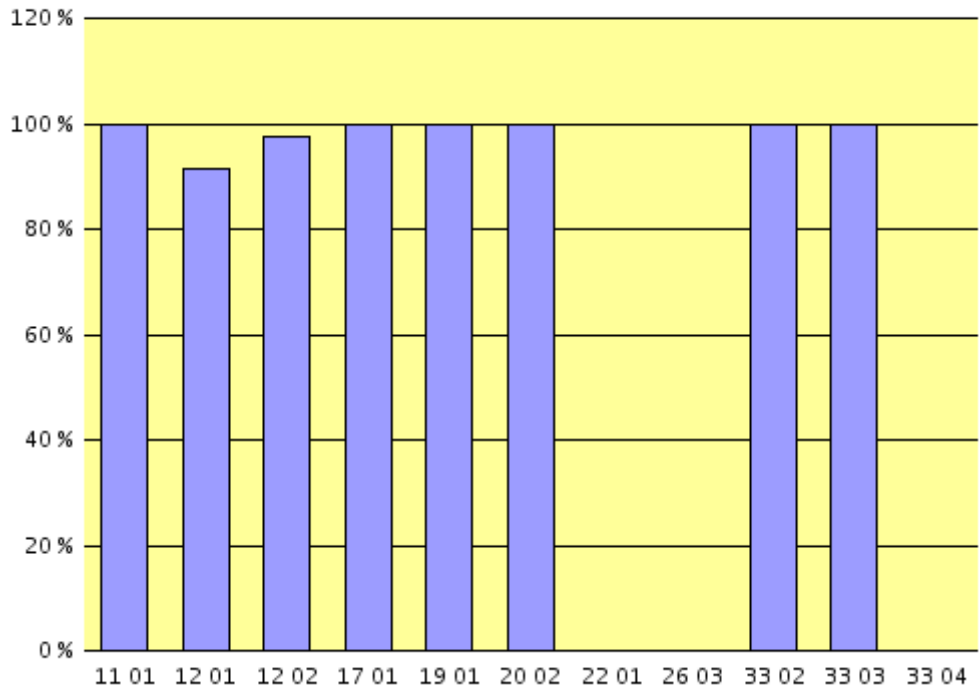
<p>Establishment of an expert group on EU Restrictive Measures and Extra-territoriality. The Expert Group will gather representatives of Member States and allow for a better exchange and cross-fertilisation of best practices in the enforcement of EU restrictive measures. The Group will also discuss possible EU measures targeted at countering the extra-territorial application of third country sanctions in the EU.</p>	<p>Commission</p>		<p>2021 Expert group following the Communication on the European economic and financial system: fostering openness, strength and resilience; setting up due in 2021. .</p>
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ANNEX 3: Draft annual accounts and financial reports

Annex 3 Financial Reports - DG FISMA - Financial Year 2020
Table 1 : Commitments
Table 2 : Payments
Table 3 : Commitments to be settled
Table 4 : Balance Sheet
Table 5 : Statement of Financial Performance
Table 5 Bis: Off Balance Sheet
Table 6 : Average Payment Times
Table 7 : Income
Table 8 : Recovery of undue Payments
Table 9 : Ageing Balance of Recovery Orders
Table 10 : Waivers of Recovery Orders
Table 11 : Negotiated Procedures
Table 12 : Summary of Procedures
Table 13 : Building Contracts
Table 14 : Contracts declared Secret
Table 15 : FPA duration exceeds 4 years

TABLE 1: OUTTURN ON COMMITMENT APPROPRIATIONS IN 2020 (in Mio €) for DG FISMA					
			Commitment appropriations authorised	Commitments made	%
			1	2	3=2/1
Title 11 Maritime affairs and fisheries					
11	11 01	Administrative expenditure of the 'Maritime affairs and fisheries' policy area	0,0903	0,0902932	99,99 %
Total Title 11			0,0903	0,0902932	99,99 %
Title 12 Financial stability, financial services and capital markets union					
12	12 01	Administrative expenditure of the 'Financial stability, financial services and capital markets union' policy area	1,76244451	1,60892982	91,29 %
	12 02	Financial services and capital markets	60,80855673	59,41508955	97,71 %
Total Title 12			62,57100124	61,02401937	97,53 %
Title 17 Health and food safety					
17	17 01	Administrative expenditure of the 'Health and food safety' policy area	0,135	0,135	100,00 %
Total Title 17			0,135	0,135	100,00 %
Title 19 Foreign policy instruments					
19	19 01	Administrative expenditure of the 'Foreign policy instruments' policy area	0,4	0,3999615	99,99 %
Total Title 19			0,4	0,3999615	99,99 %
Title 20 Trade					
20	20 02	Trade policy	0,05	0,05	100,00 %
Total Title 20			0,05	0,05	100,00 %
Title 22 Neighbourhood and enlargement negotiations					
22	22 01	Administrative expenditure of the 'Neighbourhood and enlargement negotiations' policy area	0,00	0,00	0,00 %
Total Title 22			0,00	0,00	0,00 %
Title 26 Commission's administration					
26	26 03	Services to public administrations, businesses and citizens	0,00	0,00	0,00 %
Total Title 26			0,00	0,00	0,00 %
Title 33 Justice and consumers					
33	33 02	Rights, equality and citizenship	0,32	0,32	100,00 %
	33 03	Justice	0,75	0,75	100,00 %
	33 04	Consumer programme	0,00	0,00	0,00 %
Total Title 33			1,07	1,07	100,00 %
Total DG FISMA			64,32	62,77	97,59 %

% Outturn on Commitment Appropriations in 2020 for DG FISMA



* 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 2020 (in Mio €) for DG FISMA					
			Payment appropriations authorised *	Payments made	%
			1	2	3=2/1
Title 11 Maritime affairs and fisheries					
11	11 01	Administrative expenditure of the 'Maritime affairs and fisheries' policy area	0,15	0,06	40,71 %
Total Title 11			0,15	0,06	40,71%
Title 12 Financial stability, financial services and capital markets union					
12	12 01	Administrative expenditure of the 'Financial stability, financial services and capital markets union' policy area	2,70	1,10	40,81 %
	12 02	Financial services and capital markets	61,68	60,35	97,84 %
Total Title 12			64,38	61,45	95,45%
Title 17 Health and food safety					
17	17 01	Administrative expenditure of the 'Health and food safety' policy area	0,25	0,19	77,98 %
Total Title 17			0,25	0,19	77,98%
Title 19 Foreign policy instruments					
19	19 01	Administrative expenditure of the 'Foreign policy instruments' policy area	0,40	0,07	18,12 %
Total Title 19			0,40	0,07	18,12%
Title 20 Trade					
20	20 02	Trade policy	0,05	0,05	100,00 %
Total Title 20			0,05	0,05	100,00%
Title 22 Neighbourhood and enlargement negotiations					
22	22 01	Administrative expenditure of the 'Neighbourhood and enlargement negotiations' policy area	0,00		
Total Title 22			0,00		
Title 26 Commission's administration					
26	26 03	Services to public administrations, businesses and citizens	0,00	0,34	0,00 %
Total Title 26			0,00	0,34	0,00%
Title 33 Justice and consumers					
33	33 02	Rights, equality and citizenship	0,72	0,72	100,00 %
	33 03	Justice	0,00	0,00	0,00 %
	33 04	Consumer programme	0,13	0,13	100,00 %
Total Title 33			0,85	0,85	100,00%
Total DG FISMA			66,08	63,02	95,37 %

* 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 in 2020 for DG FISMA

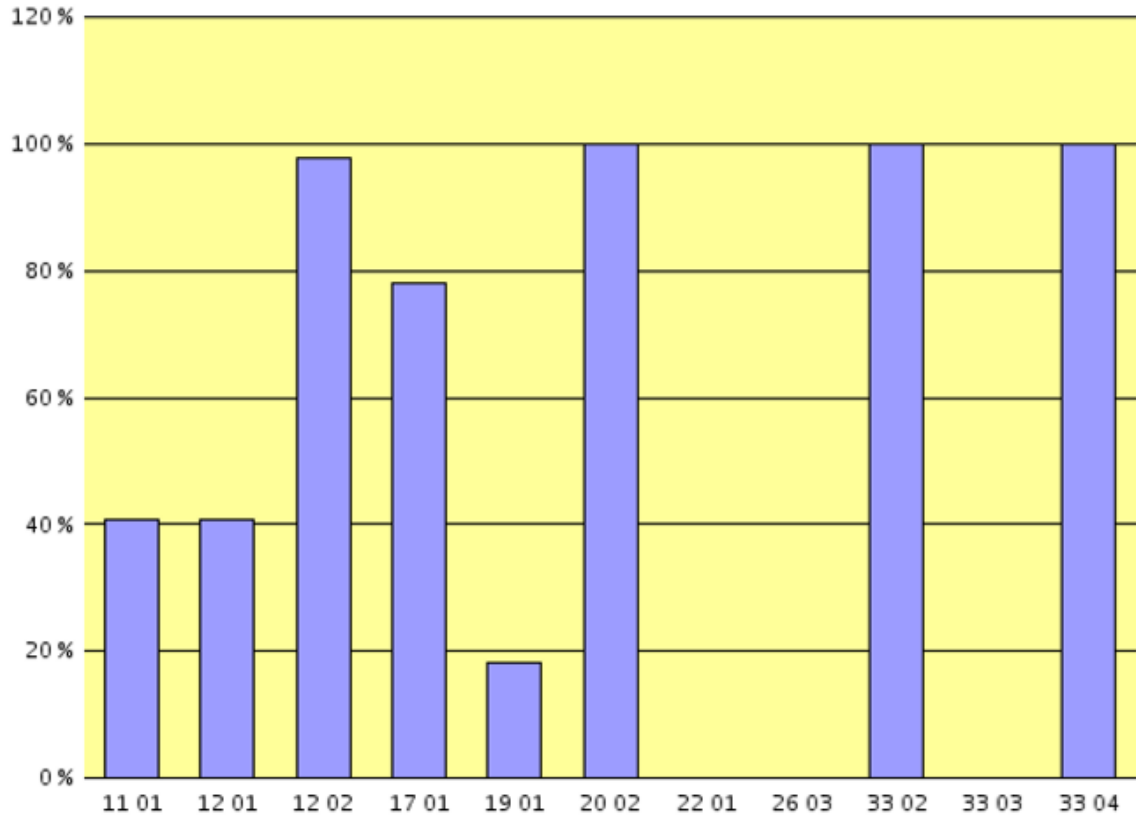


TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2020 (in Mio I) for DG FISMA									
Chapter			Commitments to be settled				Commitments to be settled from financial years previous to 2019	Total of commitments to be settled at end of financial year 2020	Total of commitments to be settled at end of financial year 2019
			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
11	1101	Administrative expenditure of the 'Maritime affairs and fisheries' policy area	0,09	0,00	0,09	100,00%	0,00	0,09	0,06
Total Title 11			0,09	0,00	0,09	100,00%	0,00	0,09	0,06

TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2020 (in Mio I) for DG FISMA									
Chapter			Commitments to be settled				Commitments to be settled from financial years previous to 2019	Total of commitments to be settled at end of financial year 2020	Total of commitments to be settled at end of financial year 2019
			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
12	1201	Administrative expenditure of the 'Financial stability, financial services and capital markets union' policy area	1,61	0,18	1,43	88,90%	0,00	1,43	0,94
	1202	Financial services and capital markets	59,42	51,68	7,73	13,01%	1,64	9,37	10,94
Total Title 12			61,02	51,86	9,16	15,01%	1,64	10,80	11,88

TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2020 (in Mio I) for DG FISMA									
Chapter			Commitments to be settled				Commitments to be settled from financial years previous to 2019	Total of commitments to be settled at end of financial year 2020	Total of commitments to be settled at end of financial year 2019
			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
17	1701	Administrative expenditure of the 'Health and food safety' policy area	0,14	0,08	0,05	40,41%	0,00	0,05	0,11
Total Title 17			0,14	0,08	0,05	40,41%	0,00	0,05	0,11

TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2020 (in Mio I) for DG FISMA									
Chapter			Commitments to be settled				Commitments to be settled from financial years previous to 2019	Total of commitments to be settled at end of financial year 2020	Total of commitments to be settled at end of financial year 2019
			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
19	1901	Administrative expenditure of the 'Foreign policy instruments' policy area	0,40	0,07	0,33	81,88%	0,00	0,33	0,00
Total Title 19			0,40	0,07	0,33	81,88%	0,00	0,33	0,00

TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2020 (in Mio I) for DG FISMA									
Chapter			Commitments to be settled				Commitments to be settled from financial years previous to 2019	Total of commitments to be settled at end of financial year 2020	Total of commitments to be settled at end of financial year 2019
			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
20	20 02	Trade policy	0,05	0,00	0,05	100,00%	0,00	0,05	0,05
Total Title 20			0,05	0,00	0,05	100,00%	0,00	0,05	0,05

TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2020 (in Mio I) for DG FISMA									
Chapter			Commitments to be settled				Commitments to be settled from financial years previous to 2019	Total of commitments to be settled at end of financial year 2020	Total of commitments to be settled at end of financial year 2019
			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
22	22 01	Administrative expenditure of the 'Neighbourhood and enlargement negotiations' policy area	0,00		0,00	0,00%	0,00	0,00	0,00
Total Title 22			0,00		0,00	0,00%	0,00	0,00	0,00

TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2020 (in Mio I) for DG FISMA									
Chapter			Commitments to be settled				Commitments to be settled from financial years previous to 2019	Total of commitments to be settled at end of financial year 2020	Total of commitments to be settled at end of financial year 2019
			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
26	26 03	Services to public administrations, businesses and citizens	0,00	0,00	0,00	0,00%	1,43	1,43	1,77
Total Title 26			0,00	0,00	0,00	0,00%	1,43	1,43	1,77

TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2020 (in Mio €) for DG FISMA									
Chapter			Commitments to be settled				Commitments to be settled from financial years previous to 2019	Total of commitments to be settled at end of financial year 2020	Total of commitments to be settled at end of financial year 2019
			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
33	33 02	Rights, equality and citizenship	0,32	0,14	0,18	55,73%	0,44	0,61	1,01
	33 03	Justice	0,75		0,75	100,00%	1,00	1,75	1,00
	33 04	Consumer programme	0,00	0,00	0,00	0,00%	0,10	0,10	0,23
Total Title 33			1,07	0,14	0,93	86,76%	1,53	2,46	2,23
Total for DG FISMA			62,77	52,16	10,61	16,91 %	4,6	15,21	16,11

Breakdown of Commitments Remaining to be Settled (in Mio EUR) at 31/12/2019 for DG FISMA

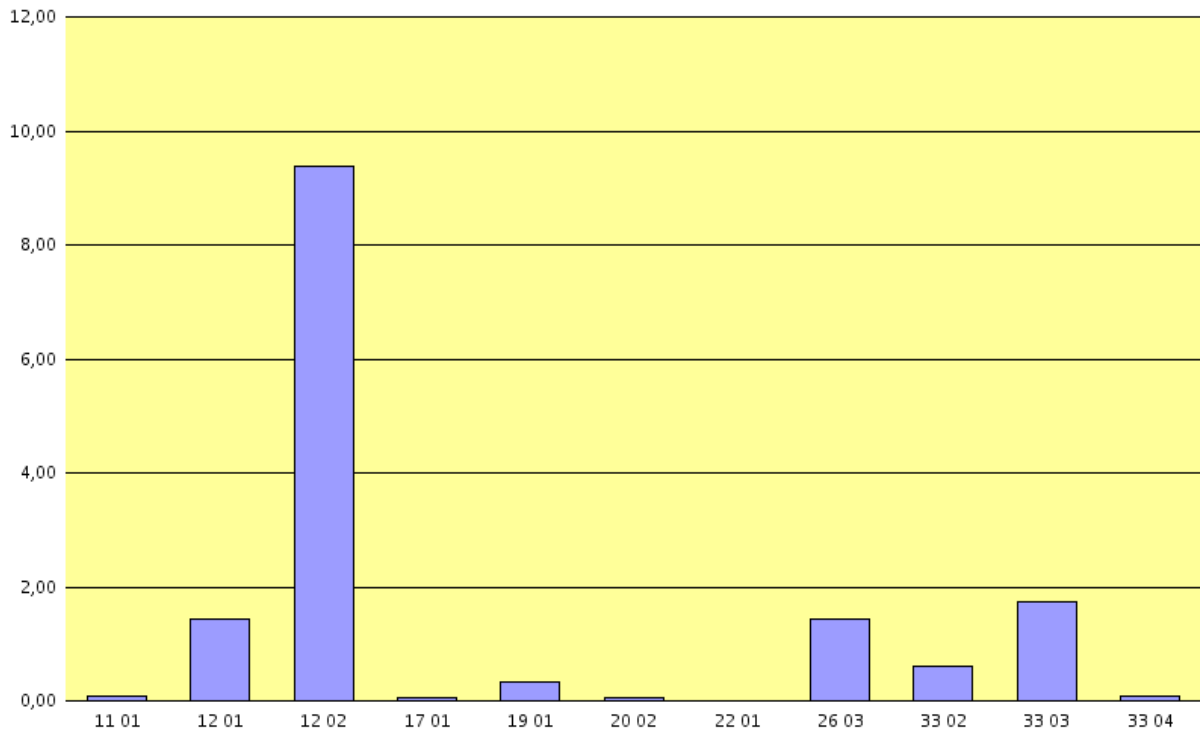


TABLE 4 : BALANCE SHEET for DG FISMA

BALANCE SHEET	2020	2019
A.I. NON CURRENT ASSETS	0	0
A.I.2. Property, Plant and Equipment	0,00	0,00
A.II. CURRENT ASSETS	13.327.775,79	7.130.295,81
A.II.2. Current Pre-Financing	8.321.488,52	7.124.008,54
A.II.3. Curr Exch Receiv & Non-Ex Recoverables	5.006.287,27	6.287,27
ASSETS	13.327.775,79	7.130.295,81
P.II. CURRENT LIABILITIES	3.295,45	-124.704,64
P.II.4. Current Payables	3.295,45	-124.704,64
LIABILITIES	3.295,45	-124.704,64
NET ASSETS (ASSETS less LIABILITIES)	13.331.071,24	7.005.591,17
P.III.2. Accumulated Surplus/Deficit	332.047.904,20	282.932.565,64
Non-allocated central (surplus)/deficit*	-345.378.975,44	-289.938.156,81
TOTAL DG FISMA	0,00	0,00

The controls applied at the level of grants, procurement and contributions to the ESAs described in this report and in Annex 6 also cover the management of 'Current assets – Current Pre-financings'.

It should be noted that the balance sheet and statement of financial performance presented in Annex 3 to this Annual Activity Report, represent only the assets, liabilities, expenses and revenues that are under the control of this Directorate General. Significant amounts such as own resource revenues and cash held in Commission bank accounts are not included in this Directorate General's accounts since they are managed centrally by DG Budget, on whose balance sheet and statement of financial performance they appear. Furthermore, since the accumulated result of the Commission is not split amongst the various Directorates General, it can be seen that the balance sheet presented here is not in equilibrium. Additionally, the figures included in tables 4 and 5 are provisional since they are, at this date, still subject to audit by the Court of Auditors. It is thus possible that amounts included in these tables may have to be adjusted following this audit.

TABLE 5 : STATEMENT OF FINANCIAL PERFORMANCE for DG FISMA

STATEMENT OF FINANCIAL PERFORMANCE	2020	2019
II.1 REVENUES	-4.724.658,81	-5.234.711,78
II.1.1. NON-EXCHANGE REVENUES	-5.081.738,77	-5.683.500
II.1.1.4. FINES	-5.000.000,00	-5.683.500,00
II.1.1.5. RECOVERY OF EXPENSES	-81.738,77	
II.1.2. EXCHANGE REVENUES	357.079,96	448.788,22
II.1.2.2. OTHER EXCHANGE REVENUE	357.079,96	448.788,22
II.2. EXPENSES	60.208.104,85	54.350.050,34
II.2. EXPENSES	60.208.104,85	54.350.050,34
II.2.10. OTHER EXPENSES	2.425.730,04	2.316.161,08
II.2.2. EXP IMPL BY COMMISS&EX.AGENC	15.119.060,15	10.927.451,04
II.2.3. EXP IMPL BY OTH EU AGENC&BODIES	42.663.314,66	41.106.438,22
STATEMENT OF FINANCIAL PERFORMANCE	55.483.446,04	49.115.338,56

The controls applied at the level of grants, procurement and contributions to the ESAs described in this report also cover the 'revenue' operations made in these areas. Following two judgments of the European Court of Justice imposing lump sums and penalty payments on two Member States not having fully transposed the 4th Anti-money Laundering Directive, DG FISMA launched two recovery orders. These recovery orders (indicated as 'fines' in table 7 of Annex 3 and also reflected in table 9) were prepared in agreement with the Legal Service and in line with Chapter 2 of the Commission Decision C(2018) 511 of 3.8.2018 on the recovery of lump sums and penalty payments imposed by the Court of Justice of the European Union under Articles 260 and 279 of the Treaty on the Functioning of the European Union¹⁸.

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.

¹⁸ Considering the exceptional nature of these recoveries and the process governing them, DG FISMA does not report separately on the controls applied to the management of these 'fines'.

TABLE 5bis : OFF BALANCE SHEET for DG FISMA

OFF BALANCE	2020	2019
OB.1. Contingent Assets	0	0
GR for pre-financing	0,00	0,00
OB.4. Balancing Accounts	0	0
OB.4. Balancing Accounts	0,00	0,00
OFF BALANCE	0,00	0,00

TABLE 6: AVERAGE PAYMENT TIMES in 2020 for FISMA

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)	Late Payments Amount	Percentage
30	208	205	98,56 %	14,2	3	1,44 %	33,67	5.485.506,61	10 %
31	1	1	100,00 %	26				0	0 %
45	1	1	100,00 %	16				0	0 %
59	1	1	100,00 %	12				0	0 %
60	56	56	100,00 %	25,54				0	0 %
62	1	1	100,00 %	13				0	0 %
84	1	1	100,00 %	10				0	0 %
90	2	2	100,00 %	25,5				0	0 %

Total Number of Payments	271	268	98,89 %		3	1,11 %		5.485.506,61	9 %
Average Net Payment Time	16,87			16,68			33,67		
Average Gross Payment Time	20,35			20,21			33,67		

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	53	18	6,64 %	271	4.935.424,62	7,81 %	63.202.392,42

DG	GL Account	Description	Amount (Eur)

TABLE 7 : SITUATION ON REVENUE AND INCOME in 2020 for DG FISMA								
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	
57	OTHER CONTRIBUTIONS AND REFUNDS IN CONNECTION WITH THE ADMINISTRATIVE OPERATION OF THE INSTITUTION	81.738,77	0,00	81.738,77	81.738,77	0,00	81.738,77	0,00
66	OTHER CONTRIBUTIONS AND REFUNDS	1.311.727,54	0,00	1.311.727,54	1.311.727,54	0,00	1.311.727,54	0,00
71	FINES AND PENALTIES	5.000.000,00	0,00	5.000.000,00	0,00	0,00	0,00	5.000.000,00
Total DG FISMA		6393466,31	0	6393466,31	1393466,31	0	1393466,31	5000000

**TABLE 8 : RECOVERY OF PAYMENTS in 2020 for DG FISMA
(Number of Recovery Contexts and corresponding Transaction Amount)**

INCOME BUDGET RECOVERY ORDERS ISSUED IN 2020 Year of Origin (commitment)	Irregularity		Total undue payments recovered		Total transactions in recovery context (incl. non-qualified)		% Qualified/Total RC	
	Nbr	RO Amount	Nbr	RO Amount	Nbr	RO Amount	Nbr	RO Amount
	2013	1	2.515,48	1	2.515,48	1	2.515,48	100,00%
2014	1	19.115,46	1	19.115,46	1	19.115,46	100,00%	100,00%
2015	1	23.947,98	1	23.947,98	1	23.947,98	100,00%	100,00%
2016	1	15.486,46	1	15.486,46	1	15.486,46	100,00%	100,00%
2017	1	20.673,39	1	20.673,39	1	20.673,39	100,00%	100,00%
2019					2	1.221.727,54		
Sub-Total	5	81.738,77	5	81.738,77	7	1.303.466,31	71,43%	6,27%

EXPENSES BUDGET	Irregularity		OLAF Notified		Total undue payments recovered		Total transactions in recovery context (incl. non-qualified)		% Qualified/Total RC	
	Nbr	Amount	Nbr	Amount	Nbr	Amount	Nbr	Amount	Nbr	Amount
INCOME LINES IN INVOICES										
NON ELIGIBLE IN COST CLAIMS	3	22.423,7			3	22.423,7	3	22.423,70	100,00%	100,00%
CREDIT NOTES	1	54			1	54	6	124.345,53	16,67%	0,04%
Sub-Total	4	22.477,7			4	22.477,7	9	146.769,23	44,44%	15,31%
GRAND TOTAL	9	104.216,47			9	104.216,47	16	1.450.235,54	56,25%	7,19%

TABLE 9: AGEING BALANCE OF RECOVERY ORDERS AT 31/12/2020 for DG FISMA

	Number at 1/01/2020	Number at 31/12/2020	Evolution	Open Amount (Eur) at 1/01/2020	Open Amount (Eur) at 31/12/2020	Evolution
2020		2			5.000.000,00	
		2			5.000.000,00	

TABLE 10 :Recovery Order Waivers >= 60 000 € in 2020 for DG FISMA

	Waiver Central Key	Linked RO Central Key	RO Accepted Amount (Eur)	LE Account Group	Commission Decision	Comments
Total DG FISMA						
Number of RO waivers						

TABLE 11 :Negociated Procedures in 2020 for DG FISMA

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

TABLE 12 : Summary of Procedures in 2020 for DG FISMA**Internal Procedures > € 60,000**

Procedure Legal base	Number of Procedures	Amount (€)
Open procedure (FR 164 (1)(a))	7	3.641.286,00
Total	7	3.641.286,00

TABLE 13 : BUILDING CONTRACTS in 2020 for DG FISMA

Legal Base	Procedure subject	LC/FW?	Contract/FW Number	Contractor Name	Contract/FW Subject	Amount (€)

TABLE 14 : CONTRACTS DECLARED SECRET in 2020 for DG FISMA

Legal Base	Procedure subject	LC/FW?	LC Contract/Grant type or FW type	LC Date	Contract/FW Number	Contractor Name	Contract/FW Subject	Amount (€)

TABLE 15 : FPA duration exceeds 4 years - DG

Not applicable

TABLE 16 : Commitments co-delegation type 3 in 2020 for DG FISMA

Not applicable

ANNEX 4 : Financial Scorecard

The Annex 4 of each Commission service summarises the annual result of the standard financial indicators measurement. Annexed to the Annual Activity Report 2020, 6 standard financial indicators are presented below, each with its objective, category, definition, and result for the Commission service and for the EC as a whole (for benchmarking purposes):

- Commitment Appropriations (CA) Implementation
- CA Forecast Implementation
- Payment Appropriations (PA) Implementation
- PA Forecast Implementation
- Global Commitment Absorption
- Timely Payments

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

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

Indicator	CA Implementation
Category	Efficiency Controls / Budget
Objective	Ensure efficient use of commitment appropriations
Result	<p>DG FISMA achieved 100% compared to the EC result of 99%</p> <p>0% 20% 40% 60% 80% 100%</p> <p>EC (99%) 100%</p>
Comment	N/A
Definition	<p>Formula: Value A / Value B</p> <ul style="list-style-type: none"> - Value A: Committed L1 Accepted Amount + Direct Committed L2 Accepted Amount (Eur) - Value B: Credit Accepted Com Amount (Eur) <p>Scope: Commitments on all relevant Fund Sources, except for:</p> <ul style="list-style-type: none"> - Internal assigned revenue in first year (C4) - Internal assigned revenue from lettings and sale of buildings and lands (CL) - Repaid advances (structural funds) (C6) - External assigned revenue except for EFTA (FCA ,FRT, PO, RO, TCA, TFS, TFC)

Indicator	PA Implementation
Category	Efficiency Controls / Budget
Objective	Ensure efficient use of payment appropriations
Result	<p>DG FISMA achieved 100% compared to the EC result of 99%</p> <p>PA Implementation higher than 100% is a result of DG FISMA consuming commitment appropriations of a different DG under a co-delegation, which were not transferred to DG FISMA.</p>
Comment	N/A
Definition	<p>Formula: Value A / Value B</p> <ul style="list-style-type: none"> - Value A: Payment Accepted Amount (Eur) - Value B: Credit Accepted Pay Amount (Eur) <p>Scope:</p> <p>Payments on all relevant Fund Sources, except for:</p> <ul style="list-style-type: none"> - Internal assigned revenue in first year (C4) - Internal assigned revenue from lettings and sale of buildings and lands (CL) - Repaid advances (structural funds) (C6) - External assigned revenue except for EFTA (FCA ,FRT, PO, RO, TCA, TF5, TFC) - Payments stemming from C1, C5, E0 outstanding commitments on the non-staff budget positions that will be carried-forward as C8 to the next financial year

Indicator	CA Forecast Implementation
Category	Efficiency Controls / Budget
Objective	Ensure the cumulative alignment of the commitment implementation with the commitment forecast in a financial year
Result	<p>DG FISMA achieved 100% compared to the EC result of 98%</p> <p>0% 20% 40% 60% 80% 100%</p> <p>EC (98%) 100%</p>
Comment	N/A
Definition	<p>Formula: Value A / Value B**,**</p> <ul style="list-style-type: none"> - Value A: Committed L1 Accepted Amount + Direct Committed L2 Accepted Amount (Eur) - Value B: Commitment Forecast Amount (Eur) <p style="margin-left: 40px;">**if Value A / Value B between 100 and 200% then the result indicator will be equal to 1 - (ABS(Value B - Value A) / Value B)</p> <p style="margin-left: 40px;">**if Value A / Value B > 200 % then the result indicator will be equal to 0%</p> <p>Scope:</p> <ul style="list-style-type: none"> - Commitments on all relevant Fund Sources - Commitment Forecast Amount (Eur) from the most up to date forecast version (Initial Mar-Aug, Revised Sep-Dec)

Indicator	PA Forecast Implementation
Category	Efficiency Controls / Budget
Objective	Ensure the cumulative alignment of the payment implementation with the payment forecast in a financial year
Result	<p>DG FISMA achieved 100% compared to the EC result of 99%</p> <p>0% 20% 40% 60% 80% 100%</p> <p>EC (99%) 100%</p>
Comment	N/A
Definition	<p>Formula: Value A / Value B**,**</p> <ul style="list-style-type: none"> - Value A: Payment Accepted Amount (Eur) - Value B: Payment Forecast Amount (Eur) <p>*if Value A / Value B between 100 and 200% then the result indicator will be equal to 1 - (ABS(Value B - Value A) / Value B)</p> <p>**if Value A / Value B > 200 % then the result indicator will be equal to 0%</p> <p>Scope:</p> <ul style="list-style-type: none"> - Payments on all relevant Fund Sources - Payment Forecast Amount (Eur) from the most up to date forecast version (Initial Mar-Aug, Revised Sep-Dec)

Indicator	Global Commitment Absorption
Category	Efficiency Controls / Absorption
Objective	Ensure efficient use of already earmarked commitment appropriations (at L1 level)
Result	<p>DG FISMA achieved 85% compared to the EC result of 98%</p> <p>0% 20% 40% 60% 80% 100%</p> <p>85% EC (98%)</p>
Comment	<p>Only 85% of earmarked commitments at L1 level could be used by DG FISMA because:</p> <ul style="list-style-type: none"> - Due to the COVID-19 pandemic a planned project would have not provided value for money as partner organisations would not have been able to participate. - The final value of a contract awarded was below the amount initially foreseen when tendering the contract, which resulted in a saving for the Union budget.
Definition	<p>Formula:</p> <ul style="list-style-type: none"> - Value A: Com L1 Consumption amount (Eur) - Value B: Com L1 Initial amount (Eur) + Com L1 Complementary Amount (Eur) + (Com L1 Decommitment Amount (Eur) on all Fund Sources except for C8 and C9) <p>Scope:</p> <ul style="list-style-type: none"> - Com L1 with FDC ILC date from 01/01 to 31/12 of the current year - No movements to the Com L1 Consumption amount (Eur) after the FDC ILC date is taken into account (Generally decommitments of L2 which decrease the Com L1 consumption) <p>Remark: Due to technical limitation, the indicator does not take into account the Com L1 Consumption between the FDC ILC date and the FA FDI allowed as an exception in the external actions for Com L1 of type GF, i.e. with Financing Agreement, under the FR2018 Article 114.2. As a result, the actual Indicator score may be slightly higher than the one reported for DGs using the GF commitments.</p>

Indicator	<u>Timely Payments</u>
Category	Efficiency Controls / Timeliness
Objective	Ensure efficient processing of payments within the legal deadlines
Result	<p>DG FISMA achieved 91% compared to the EC result of 99%</p>
Comment	<p>DG FISMA made 99% of its payments on time consolidating the efficient work of previous years. The average time to make a payment in DG FISMA was 20.3 days which remains in line with 2019 (17.9), 2018 (16.9), 2017 (16.2), 2016 (16.5) and 2015 (17.1 days).</p> <p>The slight increase is due to only 3 late payments without which the average time-to-pay would decrease to 16.7 days. Since 2 out of these 3 payments were also of a much higher amount compared to the average amount of DG FISMA payments, DG FISMA could only pay on time 91% of the total amount of payments made. These payments were executed late because of unforeseen delays in the bank transfer. The delay does not therefore reflect a weakness in DG FISMA's processes.</p>
Definition	<p>Formula: Value A / Value B</p> <ul style="list-style-type: none"> - Value A: Payment Accepted Amount (Eur) in time <ul style="list-style-type: none"> o In Time: Payment Bank Value Date < = Payment legal deadline - Value B: Payment Accepted Amount (Eur) <p>Scope:</p> <ul style="list-style-type: none"> - Payments made in the current year - Payments valid for payment statistics (DWH Flag "Payment Time Status OK?" = "Y")

ANNEX 5: Materiality criteria

The materiality criteria is the benchmark against which DG FISMA identifies in qualitative and quantitative terms the overall impact of a weakness and judges whether it is significant enough to have an impact on the assurance. Even if the amount at risk is under the materiality threshold, a reservation may still be made on qualitative grounds. Non-quantifiable weaknesses are also considered such as deficiencies in the internal control system, critical issues reported by the European Court of Auditors, the Internal Audit Service or OLAF and events affecting the reputation of the DG or the Commission.

Qualitative assessment of materiality

To assess the significance of a weakness, DG FISMA considers the following factors in qualitative terms:

- the nature of the weakness;
- the duration of the weakness and whether it is systematic;
- the existence of compensatory measures (mitigating controls which reduce the impact of the weakness);
- the reputational impact of the weakness;
- the existence of effective actions to correct the weaknesses (action plans and financial corrections) which have had a measurable impact.

Quantitative assessment of materiality

As regards legality and regularity, the weakness is considered material if the estimated error rate (referring to authorised financial operations that do not comply with the applicable contractual or regulatory provisions) exceeds the materiality threshold of **2%** of total annual expenditure.

Indicators

Quantitative and qualitative indicators are calculated based on the errors detected *ex-ante* or *ex-post* as well as by any other relevant source of information such as the exception or non-compliance events recorded during the year. These indicators are reported in Annex 6 and Annex 7.

Since 2019¹⁹, a 'de minimis' threshold for financial reservations has been introduced. Quantified AAR reservations related to residual error rates above the 2% materiality threshold, are deemed not substantial for segments representing less than 5% of a DG's total payments and with a financial impact below EUR 5 million. In such cases, quantified reservations are no longer needed

¹⁹ Agreement of the Corporate Management Board of 30/4/2019.

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

The list of controls described in this Annex is not exhaustive and it is focused on the main controls carried out by DG FISMA under the relevant control systems identified in direct management (grants and procurement) and indirect management. Additional controls are in place to cover other processes linked to horizontal controls such as budgetary planning, internal control, accounting, antifraud and protection of sensitive information when linked to budget implementation.

DIRECT MANAGEMENT - Grants

Stage 1 — Programming and assessing grant applications

A — Preparation, adoption and publication of the work programmes

Main control objectives: Ensuring that the work programmes reflect the objectives of the programme as set in the legal base, that it contributes to the policy needs of the DG and that it is timely adopted.

Main risks It may happen (again) that ...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators
<p>The work programmes do not adequately reflect the objectives of the programme as set in the legal base and/or the evolving policy needs of the DG.</p> <p>If the work programme is adopted late there might be a risk of disrupting beneficiaries funding which may in turn hinder the adequate implementation of their actions and activities. The late adoption of the work programme may delay the signature of operating grants beyond the deadlines established in the financial regulation and may lead to</p>	<p>Consultation of operational units ahead of the preparation of the work programme at SMP level.</p> <p>Hierarchical validation of by the AOSD and the operational units.</p> <p>Soliciting the involvement of the hierarchy of the financial unit in the governance bodies of the Single Market Programme in order to ensure timely escalation of issues/concerns on the content or timing of the work programme, including in relation to budgetary/financial issues.</p> <p>Preliminary discussions with the designated beneficiaries ahead of</p>	<p>Coverage: 100% of work programmes.</p> <p>Depth: Strong controls on the operational/financial content of the work programme.</p> <p>Frequency: Annual</p>	<p>Effectiveness: Number of negative opinions or substantial comments received via the inter-service consultation</p> <p>Efficiency Adoption of the work programme before 31st March of year N</p> <p>Economy: Costs of controls of stage 1 and stage 2 over value of grants</p>

Main risks It may happen (again) that ...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators
complaints and potential reputational damage.	the preparation of the work programme as from the start of year N-1. Inter-service consultation including all relevant services also beyond the SMP family if needed.		

B — Assessment of the grant applications received

Main control objectives: Ensuring that the applications received comply with the objectives of the programme, are legal and regular.

Main risks It may happen (again) that ...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators
The grant applications do not comply with the objectives of the programme as set in the legal base and the annual work programme The grant applications do not contain all information and supporting documents required for its assessment.	Assessment of applications by competent staff in both the financial unit and the lead operational units [B3 and C1] in consultation with other policy units concerned	Coverage: 100% of applications are assessed Depth: Strong controls on the operational/financial content of the grant agreement and on the eligibility of costs. Frequency: Annual	Effectiveness: Number of cases of litigation Grants applications corrected since missing information/supporting documents Economy: Costs of controls of stage 1 and stage 2 over value contracted

Stage 2 — Contracting: Transformation of grants applications into legally binding grant agreements

Main control objectives: Ensuring that the allocation of funds is optimal (best value for public money; effectiveness, economy, efficiency); compliance (legality and regularity); prevention of fraud (anti-fraud strategy)

Main risks It may happen (again) that ...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators
The description of the action in the grant	Validation of beneficiaries (operational and financial	Coverage: 100% of draft	Effectiveness: Amount of EU funding

Main risks It may happen (again) that ...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators
<p>agreement includes tasks which do not contribute to the achievement of the programme's objectives and/or that the budget foreseen overestimates the costs necessary to carry out the work programme.</p> <p>The beneficiary lacks operational and/or financial capacity to carry out the work programme.</p> <p>Procedures do not comply with the financial regulation (e.g. the grant agreement does not contain all applicable provisions or is signed late).</p> <p>The grant agreement is not adapted considering the specific needs of the action or issues linked to sound financial management (eg payment modalities, conditional release of payments, etc.).</p>	<p>viability).</p> <p>Use of latest version of the standard grant agreement templates.</p> <p>Adaptation of payment schedules and reporting requirements based on sound financial management.</p> <p>Involvement of financial and operational units in the preparation of the grant agreement.</p> <p>Financial workflows set up in the manual of financial circuits of the DG.</p>	<p>grant agreements</p> <p>Depth: Strong controls on the operational/financial aspects of the grant agreement and on the eligibility of costs.</p> <p>Frequency: Annual</p>	<p>proposed by beneficiary that was rejected (not included in the grant agreement budget)</p> <p>Efficiency Signature of grants agreements before 30th April of year N</p> <p>Economy: Costs of controls of stage 1 and stage 2 over value contracted</p>

Stage 3 — Monitoring the execution (this stage covers the monitoring of the operational, financial and reporting aspects relating to the project and grant agreement)

Main control objectives: Ensuring that the operational results (deliverables) of the projects are of good value and meet the objectives and conditions (effectiveness and efficiency); ensuring that the related financial operations comply with regulatory and contractual provisions (legality and regularity); prevention of fraud (anti-fraud strategy); ensuring appropriate accounting of the operations (reliability of reporting, safeguarding of assets and information)

Main risks It may happen (again) that ...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators
<p>The work programme (activities or actions) of the beneficiary is not, totally or partially, carried out in accordance with the provisions of the grant agreement</p> <p>The amounts paid exceed those due in accordance with the applicable contractual and regulatory provisions (ineligible costs).</p> <p>Beneficiaries do not report on key performance indicators preventing the Commission to evaluate and assess the performance of the action and the programme as a whole.</p> <p>Changes to grant agreements are not properly documented or authorised.</p> <p>Payments to beneficiaries are made late.</p> <p>Beneficiaries claim the costs of activities already reimbursed by the EU in the context of other grants, studies, experts' reimbursement, etc.</p>	<p>Operational and financial checks underlying payments/recoveries and amendments are done in accordance with the Financial Regulation and financial circuits</p> <p>Regular operational and financial monitoring of the execution of the action and follow up of issues linked to the grants that the beneficiaries may have raised with the Commissioner or Director-General</p> <p>In depth checks of cost eligibility (including potential double funding) and progress made in the implementation of the action at the stage of progress reports and final payments. A check list signed by the financial agent and a note signed by the operational agent reflecting these checks should accompany all final payments.</p> <p>Financial workflows set up in the manual of financial circuits of the DG.</p> <p>If needed: application of suspension/interruption of payments to request clarifications or missing information/documents,</p> <p>If needed: rejection of ineligible costs, application of liquidated damages.</p> <p>If needed: request clarifications linked to previous years' grants if the errors detected ex-ante can be assumed as systematic and launch a recovery order</p>	<p>Coverage: 100% of operations</p> <p>Depth: Strong controls on the operational/financial aspects of the report especially on the eligibility of costs.</p> <p>Frequency: Continuous, based on individual files</p>	<p>Effectiveness: Number or % of grants with cost claim errors</p> <p>Amount of rejected costs (total ineligible costs)</p> <p>Value of cost claims items adjusted as percentage of total cost claim value</p> <p>Number of potential fraud cases</p> <p>Efficiency: Time-to-payment</p> <p>Economy: Costs of control of stage 3 over amount paid</p>

	to recuperate the amounts due If needed: report suspicious cases of fraud to OLAF		
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Stage 4 — Ex-post controls

A — Reviews, audits and monitoring

Main control objectives: Measuring the effectiveness of ex-ante controls by ex-post controls; detecting and correcting any error or fraud remaining undetected after implementation of ex-ante controls (legality and regularity; anti-fraud strategy); addressing systemic weaknesses in the ex-ante controls, based on analysis of the findings (sound financial management); ensuring appropriate accounting of recoveries to be made (reliability of reporting, safeguarding of assets and information)

Main risks It may happen (again) that ...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators
The ex-ante controls (as such) fail to prevent, detect and correct erroneous payments or attempted fraud.	Desk reviews of a representative sample of transactions to determine effectiveness of ex-ante controls and consider findings for improving them If needed: report to OLAF On-the-spot checks at the premises of grants beneficiaries on a risk basis	Coverage: Sample and frequency of ex-post checks and on-the-spot checks determined based on DG FISMA internal guidelines Depth: Based on DG FISMA internal guidelines on desk reviews and on-the-spot controls Frequency: On a risk basis	Effectiveness: Amount of errors detected Amounts of errors detected compared to amounts sampled Number of transactions with errors Number of transactions with errors compared to number of transactions sampled Economy: Costs of controls of stage 4 over amounts checked

B — Implementing results from ex-post audits/controls

Main control objectives: Ensuring that the results from the ex-post controls lead to effective recoveries (legality and regularity; anti-fraud strategy); ensuring appropriate accounting of recoveries made (reliability of reporting)

Main risks It may happen (again) that ...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators
Errors, irregularities and cases of fraud detected are not addressed (in time).	Result of the desk reviews or on-the-spot checks are documented and communicated to	Coverage: 100% of final ex-post control results with a financial impact	Effectiveness: Total amount of recovery orders still pending following the results of ex-post checks

Main risks It may happen (again) that ...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators
Lessons learned from the implementation of audit results are not exploited to reinforce the control systems.	the AOSD Financial and operational validation of recoveries in accordance with financial circuits	Implement procedures to extend the results of audits to other grabs if a beneficiary is deemed to have committed systemic or recurrent irregularities, fraud or breach of obligations. Depth: Based on the nature of the findings Frequency: Depending on on-the-spot checks	and on-the-spot checks (€)

DIRECT MANAGEMENT – Procurement

Stage 1: Procurement

A – Planning

Main control objectives: Effectiveness, efficiency and economy; compliance (legality and regularity); ensuring efficient and effective organisation of the procurement procedure in order to obtain timely and relevant deliverables, while allocating adequate resources to manage procurement procedures and complying with the established rules regulating the awarding of public contracts.

Main risks It may happen (again) that ...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators
The planification of needs is not done on time preventing the DG to procure the studies or databases needed Services are discontinued due to poor planning and organisation of procurement process. Similar services are already available	The list of studies to be procured are discussed and agreed by management under the coordination of the financial unit and are validated by senior management. . Unit E4, leading the Centre of expertise of DG FISMA is consulted on the list of studies and on the databases to which operational units want to subscribe.	Coverage: All key procurement procedures (eg studies and other services above 60.000 EUR) Depth: Planification coordinated centrally and done at unit/directorate level. Frequency: Annual planning, but also in the course of the year for updates and shifting	Effectiveness: Number of planned calls for tenders cancelled Number of contracts discontinued due to lack of use (poor planning) Economy: Cost of controls of stage 1 over value contracted.

Main risks It may happen (again) that ...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators
<p>within the Commission or other sources or the objectives can be achieved alternatively at lower/no cost.</p> <p>Existing Framework Contracts are not considered leading to the purchase of more expensive services or the use of less cost-effective procurement procedures.</p>	<p>In the request for launching a call for tender operational units must specify that needs cannot be covered by already available sources.</p>	<p>priorities</p>	

B - Definition of needs,tender specifications and invitations to tender

Main control objectives: Ensuring adequate needs analysis to demonstrate that public procurement is the most appropriate (effective, efficient and economical) way of meeting the DG’s objectives and operational needs and carried out in accordance with the established rules on awarding public contracts; compliance (legality and regularity).

Main risks It may happen (again) that ...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators
<p>Poor, unclear or vague tender specifications, including too short deadlines or too restrictive selection criteria, prevent the submission of best offer(s), unnecessarily exclude potential tenderers or require subsequent clarifications leading to potential cancellation of the tender or complaints.</p> <p>Failing to identify relevant selection and award criteria to ensure adequate capacity from contractors and satisfactory offers.</p> <p>An offer is biased due to rigged/unbalanced specifications.</p> <p>The tender specifications are</p>	<p>The financial unit, also at management level, verifies the accuracy/completeness/ clarity of all tender documents and the appropriate choice of the procedure. Including the realistic nature of the duration of the contract proposed.</p> <p>If needed, Unit E4 (leading the Centre of expertise of DG FISMA) is consulted on the tender specifications for matters linked to data and statistics.</p> <p>AOSD’s final supervision and approval of specifications</p> <p>Coaching operational agents on how to draft good tender specifications.</p>	<p>Coverage: 100 % of tender specifications are scrutinised.</p> <p>Depth: Riskbased- (depends on the complexity and/or sensitivity of file).</p> <p>Frequency: Continuous, based on individual files</p>	<p>Effectiveness: Number of procedures where only one or no offers were received</p> <p>Number of requests for clarification regarding tender specifications</p> <p>Number of procedures cancelled because of the late preparation of tender specifications</p>

<p>not prepared on time by the services to allow a timely launch of the procurement procedure leading to a delay in the provision of the services compared to the needs of the DG.</p> <p>The duration of the contract defined in the tender specifications is unrealistically too short and may lead to delays in the course of the implementation.</p> <p>Staff does not use properly the e-tools linked to procurement leading to delays in the publication of the invitations or procedural flaws in the various steps of the procurement process with a potential reputational damage and risk of complaints.</p> <p>Staff having a conflict of interest or receiving instructions from external parties is involved in the drafting of tender specifications</p> <p>Misleading or incomplete information leads to the choice of a wrong procedure (eg justifying a situation of monopoly or extreme urgency)</p> <p>Information on the tender specifications is leaked prior to publication leading to cancellation of the tender, complaints and reputational damage.</p>	<p>The use of e-tools for procurement is centralised in the financial unit where competent staff is trained to use the tool and ensure timely follow up of all steps of the procurement process in coordination with the operational units.</p> <p>Fiche on aspects linked to fraud, ethics, and protection of sensitive information (including conflicts of interests in procurement) distributed to operational and financial agents.</p>		<p>Economy: Cost of controls of stage 1 over value contracted.</p>
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C- Replies to tenderers, selection and evaluation

Main control objectives: Ensuring that the selection and evaluation process is compliant with rules (legality and regularity); free from any fraud and ethics risks (fraud prevention and detection) are effective, efficient and economic.

Main risks It may happen (again) that ...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators
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Main risks It may happen (again) that ...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators
<p>The most economically advantageous offer is not selected, due to a biased, inaccurate or 'unfair' evaluation process.</p> <p>There is a conflict of interests between evaluators and tenderers/candidates.</p> <p>There is an overdependence on a limited pool of tenderers given the low number of economic operators able to provide the DG with specialised input.</p> <p>There is corruption or collusion, bids are manipulated or submitted by phantom serviceproviders-.</p> <p>Situations of professional conflicting interests are not assessed leading to reputational damage and complaints.</p> <p>Service does not reply to questions of the tenders on time because of absence of back-ups technically competent in the field or because of poor coordination between the financial unit and the operational unit</p>	<p>Appointment of the opening and evaluation committees composed of at least three persons representing at least two organisational entities of the service.</p> <p>The award decision (including all evaluation documents) is reviewed for coherency and consistency by the central financial unit (two exante- verifications if necessary) before the AOSD's signature.</p> <p>Situations of potential professional conflicting interests are assessed and clarifications requested to tenderers when needed and within the limits allowed by the financial regulation and related guidelines.</p> <p>Training to operational agents explain their role in the selection and evaluation process. Members of opening and evaluation committees' sign declarations of absence of conflict of interests</p> <p>Standstill period – opportunity for unsuccessful tenderers to put forward concerns on the award decision.</p>	<p>Coverage: 100% of procurement procedures with selection and evaluations processes</p> <p>Depth: Strong controls</p> <p>Frequency: Continuous, based on individual files</p>	<p>Effectiveness: Number of 'valid' complaints or of litigation cases filed</p> <p>Number of fraudulent cases detected</p> <p>Number of companies excluded from participation in public procurement/awarding</p> <p>Efficiency Time-to-award</p> <p>Economy: Cost of controls of stage 1 over value contracted.</p>

Stage 2: Financial transactions

Main control objectives: Ensuring that the contract is implemented in compliance with rules and according to planning, that reports are submitted on time and are complete, that payments are timely made and that non-compliance with contractual requirements is addressed by applying corrective measures when needed.

Main risks It may happen (again) that ...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators
<p>The planned products/services/works are not, totally or partially provided in accordance with the technical description and requirements in the contract and/or the amounts paid exceed those due in accordance with the applicable contractual and regulatory provisions.</p> <p>Contract is interrupted because contractor fails to deliver results.</p> <p>The terms of the contracts are changed without the explicit approval of the AOSD (eg extension of deadlines).</p> <p>The contract is not monitored regularly- leading to delays in the submission of the deliverables.</p> <p>The exchanges of information between the contractor and the Commission are not properly recorded.</p> <p>Questions and invoices from contractors are not treated on time.</p> <p>The content of the deliverables is not sufficiently checked - leading to the payment of a price higher than</p>	<p>Close monitoring of the execution of studies by the operational units in coordination with the central finance unit.</p> <p>Obligation for the financial unit to encode the final study in the Interinstitutional study database.</p> <p>Check of plagiarism in the final report of studies using an IT tool.</p> <p>Training to operational agents explaining their role in the monitoring of contracts.</p> <p>If needed: application of liquidated damages, reduction of price or termination of the contract in case of non-compliance with the contractual requirements.</p> <p>Interim and final payments checked by financial and operational agents based on a predetermined list of checks and according to the manual of financial circuits.</p> <p>For riskier operations, a second ex-ante in-depth verification before payment</p>	<p>Coverage: 100% contracts controlled.</p> <p>Depth: Complex, sensitive, riskier operations subject to in-depth- controls. The depth depends on the amount of the transaction and also on the potential reputational impact.</p> <p>Frequency: Continuous, based on individual files</p>	<p>Effectiveness: Number/amount of liquidated damages</p> <p>Number of transactions 'refused for correction'</p> <p>Economy: Cost of controls of stage 2 per payment/recovery order made.</p> <p>Efficiency: Average time (days) to payment</p> <p>Number of late payments</p>

Main risks It may happen (again) that ...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators
actually due. The final report of studies contains existing information (plagiarism or self-plagiarism).			

Stage 3: Supervisory measures

Main control objectives: Ensuring that any weakness in the procedures (tender and financial transactions) is detected and corrected

Main risks It may happen (again) that ...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators
An error, non-compliance with regulatory and contractual provisions, including technical specifications, or fraud is not prevented, detected or corrected by ex-ante control prior to payment.	Ex-post publication (possible reaction from tenderer/potential tenderer, e.g. whistleblowing)	Coverage: 100% of contracts (contract award notices or Financial Transparency Register – FTS)	Effectiveness: Amount associated with errors detected ex-post (relating to fraud, irregularity and error) System improvements made
	Desk reviews of a representative sample of transactions to determine effectiveness of ex-ante controls and consider findings for improving them	Coverage: Random and/or judgmental sampling. Depth: Look for systemic problems in procurement procedure and financial circuits. Frequency: Once a year	Efficiency: Costs of ex-post- reviews as compared with 'benefits'

INDIRECT MANAGEMENT -

Union contribution to the European Supervisory Authorities (ESAs)

The authorising officer by delegation of DG FISMA does not entrust the ESAs with budget implementation tasks. Given the governance system of the ESAs as laid down in their founding regulations, DG FISMA's controls are limited to Strategic planning and programming, budgeting and the effective transferring of the EU contribution to the ESAs. DG FISMA is informed about antifraud, ethics and overall internal control matters in the

context of the meetings of the Management Board and Board of Supervisors in which DG FISMA's representatives participate as non-voting members.

Stage 1 — Establishment (or prolongation) of the mandate to the entrusted entity ('delegation act'/'contribution agreement'/etc.)

Main control objectives: Ensuring that the legal framework governing the ESAs and any Legislative Financial Statements entrusting new tasks to them are effective and that issues of conflicts of interest are addressed

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators
The establishment (or prolongation) of the mandate of the ESAs as well as the Legislative Financial Statements (LFS) of proposals entrusting additional tasks to them are not timely prepared or are affected by qualitative issues undermining the achievement of the objectives	Ex-ante evaluation Hierarchical validation within the authorising department Inter-service consultation, including all relevant DGs Support of the financial unit during the preparation of LFS	Coverage/Frequency: one-off depending on the revision/prolongation of mandate or LFS Depth: In depth analysis related to a package of proposals revising the mandate, governance and funding modalities of the agencies or entrusting new tasks to them	Effectiveness: Quality of the legal work (basic act, LFS and delegation act/contribution agreement/etc.): Number of initially negative CIS opinions Economy: Cost of controls of stage 1 over payments made

Stage 2 — Operations: monitoring, supervision, reporting ('representation'/'control with or around the entity')

Main control objectives: Ensuring that the Commission is informed fully and in time of any relevant management issues encountered by the entrusted entity, in order to be able to mitigate any potential financial and/or reputational impacts (legality and regularity, sound financial management, true and fair view reporting, antifraud strategy)

Main risks It may happen (again) that ...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators
Due to insufficient cooperation, supervision and reporting arrangements, the Commission is not informed (in time) of relevant management	Monitoring or supervision of entrusted entity (e.g. review of management reports, representation and intervention on the board, scrutiny of annual report, annual meetings on resources and internal	Coverage: 100% of entities are monitored/ supervised Depth: Depends on the riskiness of the identified issues, if any. Overall light level of	Effectiveness: Quality of management reports Amount of errors detected

Main risks It may happen (again) that ...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators
issues encountered by the entrusted entity and/or does not react (in time) to issues by mitigating them or entering a reservation. This may reflect negatively on the Commission's reputation and reliability of reporting.	control matters with ESAs senior management, etc.). <u>If appropriate/needed:</u> - reinforced monitoring of operational and/or financial aspects of the entity; - potential escalation of any major governance-related issues with entrusted entities; - referral to OLAF	control considering the degree of independence of the entrusted entities. Frequency: Before every board meeting and on receipt of key management reports/documents <u>In the event of</u> operational and/or financial issues, measures are reinforced.	Positive discharge Economy: Cost of controls of stage 2 over payments made

Stage 3 — Commission contribution: payment or suspension/interruption and recovery of unused contribution

Main control objectives: Ensuring that the Commission assesses fully the management situation at the entrusted entity, before either paying out the (next) contribution for its operational and/or operating budget or deciding to suspend/interrupt the (next) contribution (legality and regularity, sound financial management, antifraud strategy) and ensuring effective recovery of the unused contributions paid to the ESAs following the adoption of their audited financial statements.

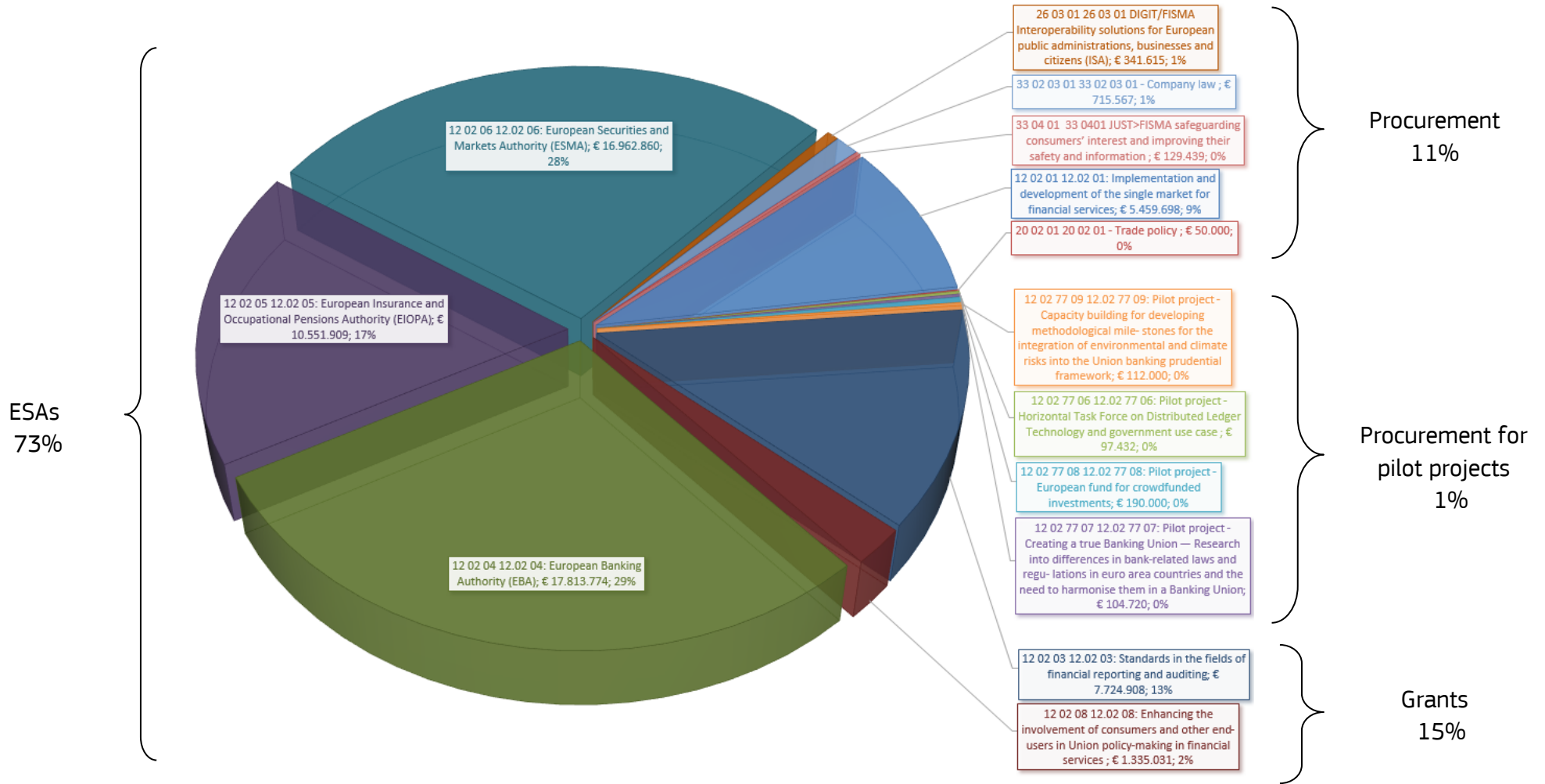
Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators
The Commission does not take into account information available at the moment of the payment indicating that there were management issues leading to financial and/or reputational damage for the Commission. The Commission pays the wrong amount of prefinancing (or clear the wrong amount of prefinancing), or	Hierarchical validation of payments/recoveries and clearance of pre-financing. Set up of a process to clear prefinancing and recover unused operating budget upon submission of the audited financial statements of the ESAs	Coverage: 100% of the contribution payments/recoveries. Frequency: annually Depth: light level of control considering the degree of independence of the entrusted entities.	Effectiveness: Amount of any unused operating budget recovered, Cases of amounts recovered not cashed by 31/12 of year N to allow a repayment to the ESAs in year N+1. Amount of the suspended/interrupted payments (if any). Economy: Cost of controls of stage 3 over payments made

Main risks <i>It may happen (again) that...</i>	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators
does not issue timely a recovery order for the budgetary surplus.			Efficiency: Time-to-payment

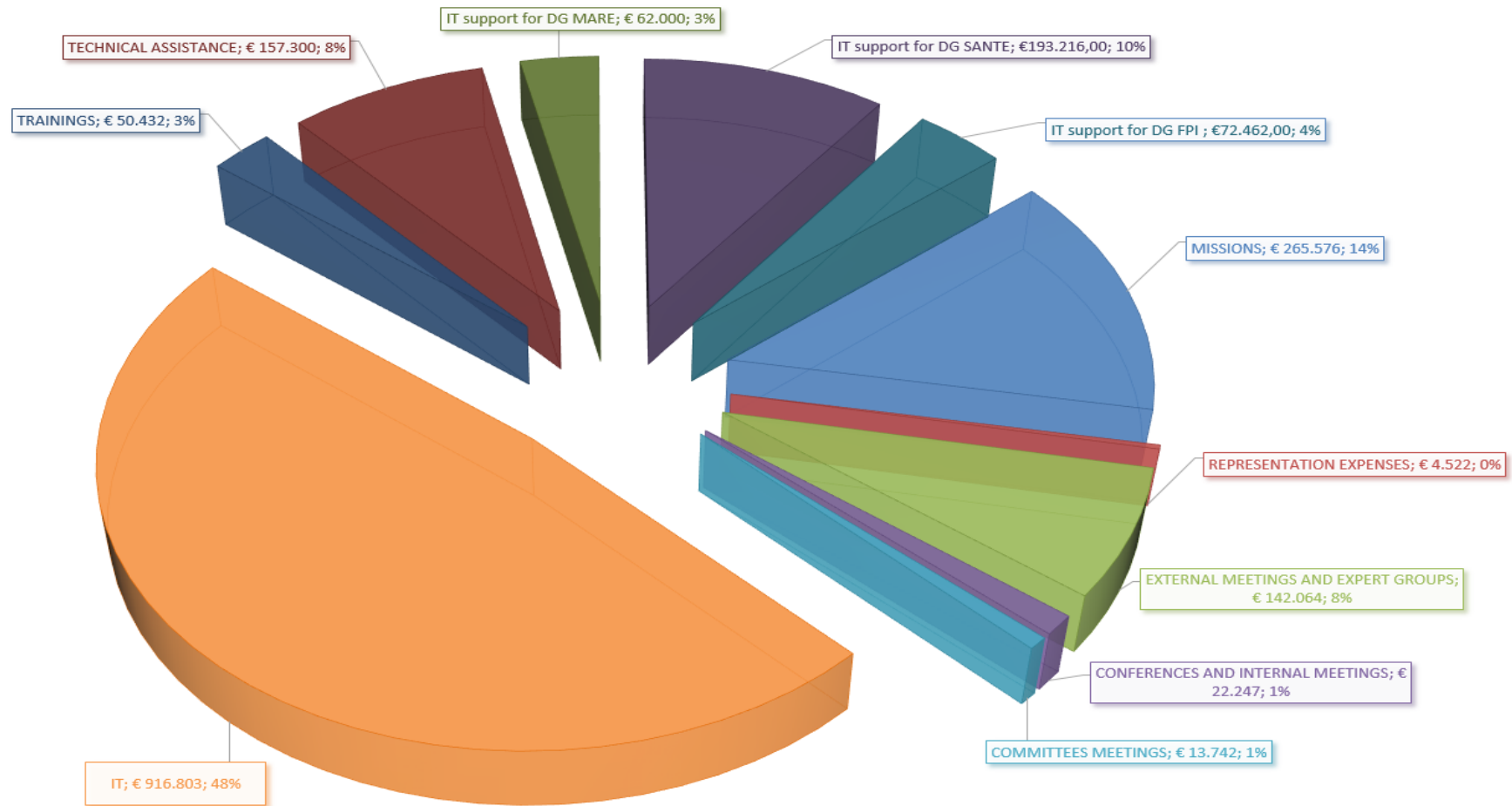
ANNEX 7: Specific annexes related to "Financial Management"

A. Coverage (linked to paragraph 2.1.1.1 of the report)

What DG FISMA spent in 2020 - Operational budget lines (97,7% of total expenditure)



What DG FISMA spent in 2020 - Administrative budget lines*



*Of which EUR 1 429 266 reported by DG FISMA (see Table 2 in Annex 3) and EUR 471 814 reported by PMO and DG HR (i.e. missions, committees meetings, external meetings and expert groups, part of training expenses).

Detailed payments coverage

Procurement

Budget line	Description	Payments made
12.0201	Studies/service contracts	€ 5 459 698
12.027706	<i>Pilot project - Horizontal Task Force on Distributed Ledger Technology (DLT)</i>	€ 97 432
12.027707	<i>Pilot project - Creating a true Banking Union — Research into differences in bank-related laws and regulations in euro area countries and the need to harmonise them in a Banking Union.</i>	€ 104 707
12.027708	<i>Pilot project – European fund for crowdfunded investments.</i>	€ 190 000
12.027709	<i>Pilot project –Capacity building for developing methodological milestones for the integration of environmental and climate risks into the Union banking prudential framework</i>	€ 112 000

Grants

Budget line	Description	Payments made
12.0203	Union programme to support specific activities in the field of financial reporting and auditing²⁰. The Union programme aims to provide financial support to three beneficiaries identified in the legal basis: the <i>International Financial Reporting Standards (IFRS) Foundation</i> , the <i>European Financial Reporting Advisory Group (EFRAG)</i> and the <i>Public Interest Oversight Board (PIOB)</i> . The programme is implemented through operating grants.	€ 7 724 908
12.0208	Union programme to support specific activities enhancing the involvement of consumers and other financial services end-users in Union Policy making in the field of financial services for the period of 2017-2020²¹. The Union programme aims to provide financial support to two beneficiaries identified in the legal base: <i>Finance Watch</i> and <i>Better Finance</i> . The programme is implemented through action	€ 1 335 031

²⁰ Regulation (EU) No 258/2014 of the European Parliament and of the Council of 3 April 2014 as amended by the Regulation (EU) 2017/827 of the European Parliament and the Council of 17 May 2017.

²¹ Regulation (EU) 2017/826 of the European Parliament and of the Council of 17 May 2017.

	grants.	
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Administrative expenditure

Description	Payments made	Made by FISMA itself	Made by PMO (not reflected in table 2 of Annex 3)	Made by DG HR (not reflected in table 2 of Annex 3)
Representation expenses	€ 4 522	X		
Conferences and internal meetings	€ 22 247	X		
Development of management and information systems	€ 916 803	X		
Training	€ 50 432	X		X
Technical assistance	€ 157 300	X		
Committee meetings	€ 13 742		X	
External meetings and expert groups	€ 142 064		X	
Missions	€ 265 576		X	

Cross-subdelegations and co-delegations

DG FISMA's controls on the cross-subdelegated credit appropriations were based on the reports of the delegated DGs having implemented the budget. Based on these reports, DG FISMA detected no events, control results or issues that could have a material impact on assurance.

Budget line	Payments made
<i>Co-delegations received</i>	
26.030100 DIGIT>FISMA	€ 341 615
33.020301 JUST>FISMA	€ 715 567
20.020100 TRADE>FISMA	€ 50 000
33.040100 JUST>FISMA	€ 129 439
17.010402 SANTE>FISMA (administrative)	€ 193 216
19.010402.11 FPI>FISMA (administrative)	€ 72 462
11.010401 MARE>FISMA (administrative)	€ 62 000
<i>Co-delegations given [not included in the Annex 3 of DG FISMA]</i>	
12.027706 FISMA>CNECT	€ 149 100
12.020100 FISMA>DIGIT	€ 42 381
12.027706 FISMA>DIGIT	€ 79 571
<i>Cross subdelegations received [not included in the Annex 3 of DG FISMA]</i>	
33.030100 JUST/FISMA	€ 184 173

B. Legality and regularity (linked to paragraph 2.1.1.3 of the report)

DIRECT MANAGEMENT – GRANTS		
Years	2019	2020
Stage 1 — Programming and assessing grant applications		
Number of negative opinions or substantial comments received via the inter-service consultation	Zero - All comments received were constructive	Zero, - All comments received were constructive
Number of cases of litigation	Zero	Zero ²²
Stage 2 - Contracting: Transformation of grants applications into legally binding grant agreements		
Amount of EU funding proposed by beneficiary that was rejected (not included in the grant agreement budget)	40 320 EUR	7 037 EUR (0,1% of total EU funding requested in awarded grants)
Stage 3 - Monitoring the execution (this stage covers the monitoring of the operational, financial and reporting aspects relating to the project and grant agreement)		
Number or % of grants with cost claim errors	4 out of 5	3 out of 5
Amount of cost items rejected (total ineligible costs)	950 541 EUR	42 408 EUR
Value of cost claims items adjusted as percentage of total cost claim value	2.7%	0.1%
Number of potential fraud cases	Zero	Zero
Stage 4 — Ex-post controls²³		
Amount of errors detected	N/A	N/A
Number of transactions with errors	N/A	N/A
Total amount of recovery orders still pending following the results of ex-post checks and on-the-spot checks	Zero	Zero
DIRECT MANAGEMENT – PROCUREMENT		
Stage 1: Procurement		

²² DG FISMA maintains constant contacts with its five beneficiaries. As in previous years, conflicting views over the eligibility of claims emerged in the course of 2020 but did not lead to litigation cases.

²³ Due to COVID-19 crisis on-the spot checks have been further postponed.

Number of projected calls for tenders cancelled	Zero	1 negotiated procedure cancelled due to the impossibility of reaching an agreement on contractual terms
Number of contracts discontinued due to lack of use (poor planning)	Zero	Zero
Number of procedures where only one or no offers were received	2	Zero
Average number of requests for clarification regarding tender specifications	8.4	17 ²⁴
Number of 'valid' complaints or of litigation cases filed	Zero	Zero ²⁵
Number of fraudulent cases detected	Zero	Zero
Number of companies excluded from participation in public procurement/awarding	Zero	Zero
Stage 2: Financial transactions		
Number/amount of liquidated damages	EUR 267 318 (3 contracts)	EUR 44 194 (2 contracts)
Number of transactions 'refused for correction'	5.7% (all transactions not only procurement) + 19% of total commitments	2% (all transactions not only procurement) + 15% of total commitments
Stage 3: Supervisory measures		
Amount associated with errors detected ex-post (relating to fraud, irregularity and error)	Zero	Zero
System improvements made	Reinforcement of studies monitoring, revision of manual of financial circuits, reinforced control on tender specifications, reinforced control on expenditure linked to events	Enforcement of new procedure to monitor studies, application of new manual of financial circuits fully based on electronic workflows, reinforcement of interinstitutional study database follow-up, new

²⁴ The indicator is higher compared to 2019 because of two procedures where the questions were higher than average.

²⁵ No complaints were submitted by the operators having participated to the call for tenders awarded by DG FISMA in 2020 even if isolated cases required clarifications with the tenderers. Following complaints from Members of the European Parliament, the European Ombudsman opened an investigation on the award of a study for reasons linked to a potential situation of conflict of interest and abnormally low price. The European Ombudsman concluded that there was no maladministration by DG FISMA services when awarding this contract and that the case raises issues which are best examined by the EU legislators (see Decision in joint inquiry 853/2020/KR of 23.11.2020 => <https://www.ombudsman.europa.eu/en/decision/en/135363>).

		training format for OIAs/OVA and regular follow up of the Legal Commitment Kernel to improve timely update of existing legal commitments.
INDIRECT MANAGEMENT		
Stage 1 — Establishment (or prolongation) of the mandate to the entrusted entity ('delegation act'/'contribution agreement'/etc.) —		
Quality of the legal work (basic act, Legislative Financial Statements and delegation act/contribution agreement/etc.): Number of initially negative CIS opinions	Legislative Financial Statements of legislative proposals requiring efforts from the ESAs were updated on the basis of ESAs budgetary needs and within budget availabilities. No negative opinions.	Legislative Financial Statements of legislative proposals requiring efforts from the ESAs were updated on the basis of ESAs budgetary needs and within budget availabilities. DG FISMA also continued to work with the ESAs on the enforcement of the new mandate adopted by the co-legislators in 2019 ²⁶ . No negative CIS opinions.
Stage 2 — Operations: monitoring, supervision, reporting ('representation'/'control with or around the entity')		
Quality of management reports	Annual reports assessed by operational and financial units	Annual reports assessed by operational and financial units
Amount of errors detected	Zero	461 066 EUR
Positive discharge	Yes	Yes
Stage 3 — Commission contribution: payment or suspension/interruption and recovery of unused contribution		
Amount of any unused operating budget recovered	EUR 692 359	EUR 1 221 728 ²⁷
Budget amount of the suspended/interrupted payments (if any).	Zero	Zero

²⁶ Regulation (EU) 2019/2175 of the European Parliament and of the Council of 18 December 2019 amending Regulation (EU) No 1093/2010 establishing a European Supervisory Authority (European Banking Authority), Regulation (EU) No 1094/2010 establishing a European Supervisory Authority (European Insurance and Occupational Pensions Authority), Regulation (EU) No 1095/2010 establishing a European Supervisory Authority (European Securities and Markets Authority), Regulation (EU) No 600/2014 on markets in financial instruments, Regulation (EU) 2016/1011 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds, and Regulation (EU) 2015/847 on information accompanying transfers of funds

²⁷ Related to the budgetary surplus of the ESAs for 2019.

C. Costs of controls – Economy (linked to paragraph 2.1.1.3 of the report)

While estimating its costs of controls DG FISMA applied the corporate Guidance on the estimation, assessment and reporting on the cost-effectiveness of controls, adopted in December 2018 by the Commission and revised in 2020. The following functions/activities are considered for assessing the costs of controls:

1. Functions/activities “performed both in the context of the spending programmes design (the ‘policy dimension’) and of their operational and financial implementation (the ‘operational dimension’).”
2. Activities representing at least 10% of the FTE/year of a jobholder.

DG FISMA is a policy DG with a limited budget implemented through fully centralised financial circuits. Therefore, the staff involved at least 10% of FTEs/year to activities related to the policy or operational dimension of spending programmes are concentrated in the central Resources’ Unit.

Overview of the estimated cost of controls at Commission (EC) level:

Title of the Relevant Control System (RCS) – as per Annex 5	Ex ante controls			Ex post controls			Total**	
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
	EC total costs (in EUR)	funds managed (in EUR)	Ratio (%) (a)/(b)	EC total costs (in EUR)	total value verified and/or audited (in EUR)	Ratio (%) (d)/(e)	EC total estimated cost of controls (in EUR) (a)+(d)	Ratio (%) (g)/(b)
DIRECT MANAGEMENT (GRANTS)	172 700	9 059 939	1.9%	0	0	0%	172 700	1.9%
DIRECT MANAGEMENT (PROCUREMENT)²⁸	802 450	9 101 551	8.8%	0	0	0%	802 450	8.8%
INDIRECT MANAGEMENT	587 180	45 328 543	1.3%	0	0	0%	587 180	1.3%
HORIZONTAL CONTROL TASKS²⁹	344 810	N/A	N/A	0	0	0%	344 810	N/A
OVERALL total estimated cost of control at EC level	1 907 140	63 490 033 ³⁰	3%	0	0	0%	1 907 140	3%

²⁸ Including costs and funds in administrative expenditure.

²⁹ Not attributable to direct management, indirect management or indirect management specifically: budget and accounting, and - if linked to the policy or operational dimension of spending programmes - the costs of evaluations, internal control, antifraud, audits, financial procedures and planning activities.

³⁰ This amount differs from the amount mentioned in Table 2 of Annex 3 because DG FISMA took as a reference the 'funds managed' for which controls are in place at the level of the DG even if the actual payment is delegated to other DGs (i.e. PMO or DH HR for missions, meetings, conferences, trainings).

Indicators on economy of costs by control stage (including previous year benchmarks)

Overall indicators					
Stage	Description	Year 2019		Year 2020	
Overall indicator	Total costs of controls / value of payments made³¹	2.9%	Direct management: 6.4%	3% ³²	Direct management: 7.3% ³³
			Indirect management: 1.4%		Indirect management: 1.3%

Grant indicators			
Stage	Description	Year 2019	Year 2020
Overall indicator	Total cost of controls of grants' processes / value of grants payments made	1.2%	1.9%
All controls from programming to contracting	Cost of assessing the applications submitted, preparation of financing decisions and contracting/ value of grants contracted	0.3%	0.3%
Monitoring and payments	Cost of control from monitoring the execution up to payment/value of grants payments made	0.9%	1.6% ³⁴
Supervisory measures	Cost of ex-post checks and on-the-spot checks/ value of grants audited	0%	0% ³⁵

³¹ Calculation of overall indicator. **Denominator:** amount of the expenditure implemented by the DG as per Annex 3 plus administrative expenditure paid by PMO and DG HR but for which controls are also taking place in DG FISMA (i.e. missions, external and expert group meetings, committee meetings, trainings). **Nominator:** sum of the costs of controls identified for each Relevant Control System identified in Annex 5 (grants, procurement, ESAs) plus the costs of horizontal controls related to budget and accounting and - if linked to the policy or operational dimension of spending programmes - the costs of evaluations, internal control, antifraud, financial procedures, audits and planning activities.

³² **2.3%** if only operational expenditure considered.

³³ **5.2%** if only operational expenditure considered.

³⁴ This increase is linked to the end of the programme and the consequent reinforced controls that have taken place.

³⁵ The involvement of DG FISMA staff in ex-post checks is not substantial and below 10% OF their FTEs/year. No on-the-spot checks were carried out in 2020.

Procurement indicators			
Stage	Description	Year 2019	Year 2020
Overall indicator	Total cost of controls/ value of procurement payments made³⁶	7.9%	8.8% ³⁷
Procurement stage up to evaluation, selection, final award and contracting	Cost for planning, needs assessment and definition, selection, evaluation, award and contracting/ value of procurement contracted	4.8%	4.8% ³⁸
Financial transactions and monitoring	Related costs of cost of control for all transactions related to procurement (payments and recovery orders)/ value of procurement payments made	3.2%	3.5% ³⁹
Supervisory measures	Cost of ex-post checks /value of procurements audited	0%	0% ⁴⁰

Indirect management indicators⁴¹			
Stage	Description	Year 2019	Year 2020
Overall indicator	Overall supervision cost (%) Staff FTEs costs/annual subsidies paid to ESAs	1.4%	1.3 %

³⁶ For the calculation of the denominator DG FISMA used the amount of the expenditure implemented by the DG as per Annex 3 plus administrative expenditure paid by PMO and DG HR but for which controls are also taking place in DG FISMA (i.e. missions, external and expert group meetings, committee meetings, trainings).

³⁷ 4.5% if only operational procurement considered.

³⁸ 2.6% if only operational procurement considered.

³⁹ 1.8% if only operational procurement considered.

⁴⁰ The involvement of DG FISMA staff in ex-post checks is not substantial and below 10% of their FTEs/year. No on-the-spot checks were carried out in 2020.

⁴¹ DG FISMA does not pay any management, administrative or other remunerate fees to the European Supervisory Authorities (ESAs) and therefore does not report these costs separately.

<p>Establishment (or prolongation) of the mandate to the entrusted entity (“delegation act”/ “contribution agreement” / etc.).</p> <p>(ESAs REVIEW and related implementation)</p>	<p>Relevant staff FTEs costs/annual subsidies paid to ESAs</p>	<p>0.8%</p>	<p>0.8%⁴²</p>
<p>Operations: monitoring, supervision, reporting (‘representation’/‘control with or around the entity’)⁴³</p>	<p>Relevant staff FTEs costs/annual subsidies paid to ESAs</p>	<p>0.6%</p>	<p>0.5%</p>
<p>Commission contribution: payment or suspension/interruption and recovery of unused contribution</p>	<p>Relevant Staff FTEs costs/annual subsidies paid to ESAs</p>	<p>0%</p>	<p>0%⁴⁴</p>

⁴² See footnote above.

⁴³ This stage includes the costs of controls related to the preparation and participation to ESAs Management Board and Board of Supervisors as well as the overall controls made by DG FISMA in the context of the annual programming and budgetary process.

⁴⁴ The involvement of DG FISMA staff in ex-post checks is not substantial and below 10% OF their FTEs/year.

D. Status of antifraud outputs planned in the Management Plan 2020

(link to paragraph 2.1.1.3 of the report)

Objective: The risk of fraud is minimised through the application of effective anti-fraud measures and the implementation of the Commission Anti-Fraud Strategy (CASF)⁴⁵ aimed at the prevention, detection and correction⁴⁶ of fraud

Indicator: Implementation of the actions included in DG FISMA anti-fraud strategy over the whole strategic plan lifecycle (202

Source of data: DG FISMA annual activity report, DG FISMA anti-fraud strategy, OLAF reporting

Baseline (2018)	Target (2024)	Latest known results
0%	100% of action points implemented on time	100% of action points implemented on time (part of them finalised early 2021)

Main outputs in 2020:

Output	Indicator	Target	Latest known results
Adopt the new antifraud strategy of DG FISMA and raise awareness of staff	Adoption	Q3 2020	Q4 2020
Raise awareness of staff on antifraud good reflexes in DG FISMA trainings on financial circuits	Number of events	2	2
Reinforce reporting and follow up at senior management level	Number of reporting to senior managers	1 on DG FISMA relations with stakeholders ⁴⁷ 1 on follow up of files marked as sensitive ⁴⁸	Yes
IT tool to detect plagiarism	Use of IT tool integrated in financial processes	Q2 2020	Q2 2020

⁴⁵ Communication from the Commission 'Commission Anti-Fraud Strategy: enhanced action to protect the EU budget', COM(2019) 176 of 29 April 2019 – 'the CAFS Communication' – and the accompanying action plan, SWD(2019) 170 – 'the CAFS Action Plan'.

⁴⁶ Correction of fraud is an umbrella term, which notably refers to the recovery of amounts unduly spent and to administrative sanctions.

⁴⁷ DG FISMA's Director-General, Deputy Director-General and directors receive an assessment of DG FISMA's relations with stakeholders at least once a year. All meetings with stakeholders are transparently recorded by DG FISMA in the Event Management Tool.

⁴⁸ To ensure that sensitive files are protected DG FISMA monitors on a monthly basis the number of files marked as sensitive by each unit and reports at least once per year to the Director-General, Deputy Director-General and directors.

E. List of European Court of Auditors audits still on-going in 2020 (paragraph 2.1.2)

In addition to the audits concluded by the ECA in 2020 as described in paragraph 2.1.2 of the report, other ECA audits were initiated or ongoing in 2020:

- Performance audit of the European Anti-Money Laundering Policy;
- Performance audit on sustainable finance for climate action;
- Performance audit “Has the EU created a single market for investment funds ensuring investor protection and financial stability” (main auditee: ESMA; the audit has recently started, to be completed in 2021);
- Audit on fraud in the Common Agricultural Policy and land concentration in the EU (main auditees: DG AGRI and OLAF, DG FISMA is only marginally involved as far as free movement of capital is concerned);
- Performance audit on post-programme surveillance (main auditee: DG ECFIN, DG FISMA only marginally involved).

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

Revision of internal control indicators

In 2020 DG FISMA revised the internal control monitoring criteria for 2021 to measure the presence and well-functioning of its internal control system. The revision took into account the changes in DG FISMA strategic planning and was overseen by the Head of Unit exercising the functions of Risk Management and Internal Control Director and senior management.

IAS limited review on the implementation of the new internal control framework in DG FISMA

In 2020 the IAS assessed the effectiveness of the implementation of the new internal control framework in DG FISMA. The limited review did not lead to any recommendation but to an 'issue for consideration' (already implemented by DG FISMA since).

Annual assessment of the internal control systems

The annual assessment on the presence and functioning of the internal control framework was coordinated by the Resources' Unit of DG FISMA. It was carried out in line with corporate instructions and in direct collaboration with DG FISMA's competent services. The overall process was overseen by the Risk Management and Internal Control Director.

The results of the assessment were included in a comprehensive report addressed by the Head of Unit exercising the functions of Risk Management and Internal Control Director to senior managers and the Director-General. This report also contained a detailed description of all strengths and deficiencies identified under each principle and included recommendations when needed. The assessment also took stock of the mitigating measures taken in 2020 to address the minor deficiencies identified in 2019.

The assessment was carried out based on several complementary sources of information:

- the list of internal control monitoring indicators
- the strengths/weaknesses reported by competent services under each principle
- the exceptions and non-compliance events recorded in 2020
- the recommendations of IAS or ECAs audits
- the results of the annual risk assessment process
- the implementation of the antifraud strategy
- other relevant elements raised by staff or external actors
- the results of the latest internal staff survey on internal control key areas including procedures, staff motivation, ethics and antifraud

No critical/major deficiencies were detected but areas of improvement as identified in paragraph 2.1.3. Additional suggestions to improve various aspects of the internal control principles have been also considered in the internal control assessment.

ANNEX 9: Reporting – Human resources, digital transformation and information management and sound environmental management

Human resources

Objective: DG FISMA employs a competent and engaged workforce and contributes to gender equality at all levels of management to effectively deliver on the Commission's priorities and core business		
Indicator 1: Number and percentage of first female appointments to middle management positions		
Source of data: Commission Decision SEC(2020)146 of 1 April 2020		
Baseline (December 2019)	Target ⁴⁹ (2024)	Latest known results (December 2020)
Female representation in management: 38%, 8 out of 21	2 first female appointments to middle management positions by 2022	On target : 2 female newly appointed middle managers (1 on 01/10/2020, 1 on 01/01/2021.
Indicator 2: DG FISMA staff engagement index		
Source of data: Commission Decision SEC(2020)146 of 1 April 2020		
Baseline (2018)	Target (2024)	Latest known results
75%	75%	69% compared to Commission's average of 69% . The slight decrease is most likely due to the particular circumstances linked to the COVID-19 pandemic and a limited response rate. ⁵⁰
Main outputs in 2020:		

⁴⁹ The target will be reviewed for the period 2023-2024 by January 2023.

⁵⁰ Pulse surveys (13 and 14) in 2020/21. DG FISMA also launched an internal survey showing that staff still perceives DG FISMA as an excellent place to work. The results of the survey also showed that the efforts of DG FISMA to tackle with the COVID-19 crisis and its impact on staff have been highly appreciated.

Description	Indicator	Target	Latest known results
Increase number of female managers	Number and percentage of first female appointments to middle management positions	2 first female appointments to middle management positions by 2022	Target reached as soon as 01/01/2021 (2 first female appointments : 1 on 01/10/2020, 1 on 01/01/2021).
Maintain high staff engagement	DG FISMA staff engagement index (75% in 2018)	75%	N/A corporate survey not launched by DG HR in 2020 ⁵¹
Knowledge hours in which units present their activities to whole DG	Number of such events and participation	8 Knowledge Hours minimum 15 participants	11 Knowledge hours
Support to AST professionalization	Dedicated events	5	9 AST Breakfasts were organised during 2020 (all virtual)
Mini-coaching by Directors to interested non-management staff	Numbers of participants	minimum 20 participants	Did not take place in 2020, as added value to these mini-coachings is also to meet Directors in person (which in the COVID-19 pandemic was not possible)
Continuation and extension of programme for Deputy Heads of Unit	Number of participants	minimum 4participants	The programme did not take place in 2020 as there were not enough new deputy heads of unit in place or foreseen when the budget was

⁵¹ See footnote above.

			agreed. The programme will restart in 2021 with the new contingent of deputies (1 in 2020, already 4 in early 2021).
Action plan following 2018 staff survey	Approval of action plan by Director General	Q2 2020	As the 2019 follow-up survey to the 2018 staff survey did not identify any important weaknesses, and in light of the specific Covid19 circumstances, senior management decided to replace the action or development plan by the local HR strategy (due for adoption in Q2 2021)

Digital transformation and information management

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

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

Source of data: DG FISMA

IT solution	Baseline (2018)	Interim milestone (2022)	Target (2024)	Latest known results (December 2020)
BASIS	40%	81%	95%	64%
EMT	40%	95%	100%	68%

KOEL	40%	95%	100%	68%
Indicator 2: Percentage of DG FISMA key data assets for which corporate principles⁵² for data governance have been implemented				
Source of data: DG FISMA				
Baseline (2020)	Interim milestone (2022)	Target (2024)	Latest known results (December 2020)	
30%	50%	80%	100% (All data assets are managed according to DG FISMA's statistics and data quality framework)	
Indicator 3: Percentage of staff attending awareness raising activities on data protection compliance				
Source of data: DG FISMA				
Baseline (2018)	Interim milestone (2022)	Target (2024)	Latest known results (December 2020)	
30% of staff as an estimation ⁵³	85%	100% of staff	40%	
Main outputs in 2020:				
Description	Indicator	Target	Latest known results	
Units enabled to co-authoring	Number of Units having their own SharePoint site	90%	100%	
EU Search able to search in all DG FISMA data sources in one shot	Number data sources indexed into EU Search	80%	60%	
BASIS, EMT, KOEL, MICE ready for the Cloud	BASIS, EMT, KOEL, MICE migrated in the new technological stack	80%	50%	
Increase in ARES use by	Percentage of	less than 0,	0,28%	

⁵² **(1)** Identify and designate the data owner and the data steward(s); **(2)** Instruct their data stewards to share the metadata of their data assets in the Commission's data catalogue and to keep them up to date. **(3)** Design and document processes for data collection/creation, acquisition, access, sharing, use, processing preservation, deletion, quality, protection and security. Information concerning these processes should be made available to anyone interested, as long as any confidentiality restrictions and intellectual property rights are respected. **(4)** Make any necessary changes and updates to IT systems managed or owned by the service, which are used for storing, managing and disseminating these data assets to implement the aforementioned requirements and processes.

⁵³ The baseline being before the introduction of the new data protection rules, fewer general awareness-raising activities were organised.

all categories of staff	registered documents that are not treated/ filed (ratio) Source of data: Hermes-Ares-Nomcom (HAN) statistics	5%	
	Percentage of HAN files readable/accessible by all units in DG FISMA Source of data: HAN statistics	90%	93,1%
DG FISMA establishes a Media and events planner with progressive interconnectedness of existing systems (Media planner, meeting planner, BASIS, FISMA tracker)	Yes	Yes	Discontinued
Provide written guidance on what to do in case of a data breach	Presentation of new guidance document	Q2 2020	Q2
Increased awareness among staff on data protection issues	Percentage of staff attending awareness raising activities on data protection compliance	50% for 2020	In 2020 focus was on informing managers about the new data protection rules. Broader staff events will follow in 2021.

Sound environmental management

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

Main outputs in 2020:

Description	Indicator	Target	Latest known results
Raise staff awareness on sustainability	No of events (videos, news in MyFISMA intranet, trainings, posters)	At least 6 events	> 6 events and/or news published in MyFISMA intranet on various topics,

including DG FISMA's performance on energy, water, waste, paper and missions			including promotion of corporate EMAS trainings (total 32 posts, wherefrom 5 FISMA TV and 8 topnews)
Reinforce and support corporate EMAS campaigns within DG FISMA	News in MyFISMA intranet	At least one news per corporate campaign	Promotion of the mobility week (Velomai initiative and sustainable ways of commuting). Promotion of waste reduction campaign, focused on digital waste. Installation of sorting stations in Q3 2020. Promotion of corporate volunteering campaigns linked to biodiversity.
Establish a 'no flights' rule for short distance missions of < 500 km	Update of DG FISMA's guidance by directors	Q2 2020	Decision by directors on Q2/2020.
Clarify DG FISMA's guidelines on sustainable events taking into account corporate guidelines	Update of instructions	Q4 2020	Draft guidelines updated in Q3 2020 but adoption postponed due to (1) COVID-19 having blocked the organisation of physical events and (2) awaiting adoption of corporate guidelines and strategy on events organisation.

ANNEX 10: Implementation through national or international public-sector bodies and bodies governed by private law with a public sector mission (if applicable)

Not applicable

ANNEX 11: EAMR of the Union Delegations (if applicable)

Not applicable

ANNEX 12: Decentralised agencies

For 2020, the total budgeted Union contribution paid to the European supervisory authorities (ESAs) was € 45 328 543 including the recovery of surplus from the 2018 contribution (as assigned revenues).

Agency	Policy concerned	Paid by DG FISMA in 2020 (€) ⁵⁴
European Banking Authority (EBA)	Financial services	17 813 774
European Insurance and Occupational Pensions Authority (EIOPA)		10 551 909
European Securities and Markets Authority (ESMA)		16 962 860
Single Resolution Board (SRB)	Financial stability	Fully self-financed agency

DG FISMA controls over the ESAs' operations are conditioned by their governance structure. DG FISMA does not entrust the ESAs with programme implementation tasks. Given the governance system of the ESAs as laid down in their founding regulations DG FISMA's controls are limited to its participation as the Commission's representative to the ESAs Boards as a non-voting member⁵⁵, each year proposing the estimates in respect of the establishment plans and the amount of the balancing contribution it deems necessary for the Commission to enter in the draft budget of the Union and effectively transferring of the EU contribution to the ESAs (RCS on indirect management in Annex 5 – stage 4).

While DG FISMA is accountable for the legality and regularity of the payments of the subsidies to the agencies, the accountability for the regularity and the legality linked to the use of such expenditure resides ultimately with the agencies themselves. The extent of DG FISMA controls over agencies' operations does not therefore imply a financial review of the agencies' individual transactions and internal control framework. DG FISMA's supervision/monitoring arrangements were limited to the following:

- Unit A1 coordinated with the ESAs on horizontal operational, institutional and legal questions.
- Unit O1 provided support for budgetary procedures.

⁵⁴ The change in funding modalities proposed in the legislative package to strengthen the European System of Financial Supervision (ESFS) - (COM(2017)542final) - was ultimately not adopted by the co-legislators. A total amount of 18.5 million EUR budgeted in 2019 to ensure a smooth transition to the new financial model could therefore not be used for the purpose. Based on that, the Commission proposed an amending budget to the budgetary authority to reallocate these funds to other important policy priorities. Since the budgetary authority could not agree on the amended budget, the amounts remained unused. See paragraph 2.1.1.4 of this report.

⁵⁵ In accordance with Article 45a of the ESA's constituent acts, the Commission has a right to vote on matters referred in Article 63, which relates to the establishment of the budget.

- DG FISMA represented the Commission on the ESAs' management boards, usually through the Director or Head of Unit in charge at operational level. It had a vote on budgetary issues only.
- DG FISMA also represented the Commission on the ESAs' boards of supervisors.

Since the three ESAs were established in 2011, their operating costs have been mainly funded by the national supervisory authorities (60 %) and the EU (40 %). ESMA is also funded by fees from supervised entities (i.e. credit-rating agencies, trade repositories, trade repositories under transparency of securities financing transactions, securitisation repositories and third-countries central counterparties (CCPs) under EMIR 2.2).

In order to ensure effective collaboration with the ESAs, DG FISMA established working arrangements with the three Authorities: a working arrangement on the ESAs' proposal to issue Guidelines (2013), a working arrangement on the process of the development of Technical Standards (2015) and a working arrangement on the coordination of international matters (2016).

In March 2019 the co-legislators agreed a legislative package to strengthen the European System of Financial Supervision (ESFS) and the final text was published in the Official Journal in December 2019⁵⁶. The final text agreed improved the mandates and governance of the three ESAs and the functioning of the ESRB to ensure stronger and more integrated financial supervision across the EU. In 2020, DG FISMA continued working to clarify different aspects of the changes agreed by the co-legislators in order to ensure their correct and consistent implementation. DG FISMA continues to be ready to support the ESAs in their efforts to implement the new rules.

⁵⁶ Regulation (EU) 2019/2175 of the European Parliament and of the Council of 18 December 2019 amending Regulation (EU) No 1093/2010 establishing a European Supervisory Authority (European Banking Authority), Regulation (EU) No 1094/2010 establishing a European Supervisory Authority (European Insurance and Occupational Pensions Authority), Regulation (EU) No 1095/2010 establishing a European Supervisory Authority (European Securities and Markets Authority), Regulation (EU) No 600/2014 on markets in financial instruments, Regulation (EU) 2016/1011 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds, and Regulation (EU) 2015/847 on information accompanying transfers of funds (OJ L 334, 27.12.2019, p. 1–145).