



**2016**

# **Annexes to the Annual Activity Report**

**European  
Research Council  
Executive Agency**

**Figures related to the financial statements are based on  
provisional accounts, as final accounts are to be adopted by  
July 31<sup>st</sup>, 2017.**



# ANNEXES

## ANNEX 1: Statement of the Resources Director

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

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

Brussels, 30/03/2017

Signed  
Georges-Eric te Kolsté

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<sup>1</sup> Communication to the Commission: Clarification of the responsibilities of the key actors in the domain of internal audit and internal control in the Commission; SEC(2003)59 of 21.01.2003.

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

### 1. Better regulation

ERCEA does not manage regulatory acquis.

### 2. Information management aspects

ERCEA's Annual Work Programme 2016 does not show any indicator related to Information management.

### 3. External communication activities

Objective	Performance indicators	2016 targets	Result 2016
To raise visibility and awareness of the European and worldwide scientific community and policy makers on ERC and its funding opportunities, key developments and project results	Number of ERC website visitors	530.000	561.615
	ERC Press coverage (number of articles/ interviews mentioning ERC published and print circulation)	6.500 media items mentioning the ERC 78 million copies	10.521  136 million

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

### **Annex 3 Financial Reports - DG ERC - Financial Year 2016**

**Table 1 : Commitments**

**Table 2 : Payments**

**Table 3 : Commitments to be settled**

**Table 4 : Balance Sheet**

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**Table 6 : Average Payment Times**

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

**Table 10 : Waivers of Recovery Orders**

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

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

**Table 13 : Building Contracts**

**Table 14 : Contracts declared Secret**

TABLE 1: OUTTURN ON COMMITMENT APPROPRIATIONS IN 2016 (in Mio €)					
Chapter			Commitment appropriations authorised	Commitments made	%
			1	2	3=2/1
<b>Title 08 Research and innovation</b>					
08	08 02	Horizon 2020 - Research	1.788,16	1.767,46	98,84 %
<b>Total Title 08</b>			1.788,16	1.767,46	98,84 %
<b>Total DG ERC</b>			1.788,16	1.767,46	98,84 %

\* 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).

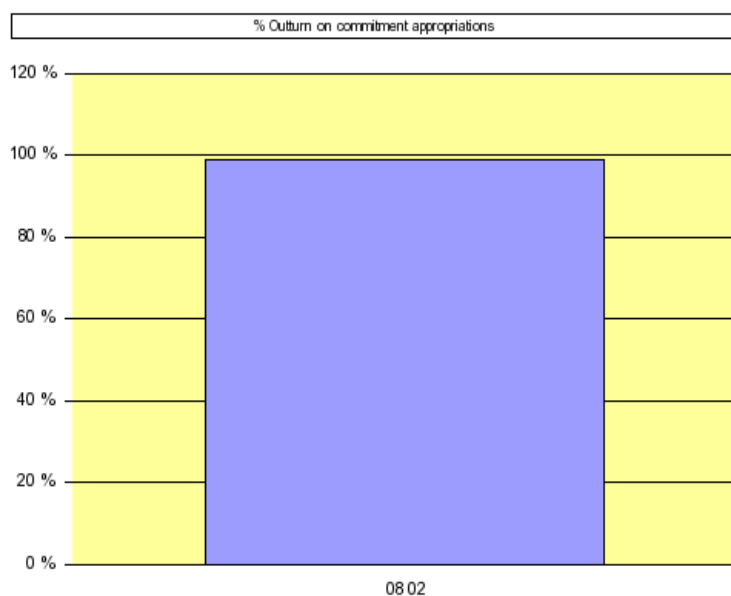
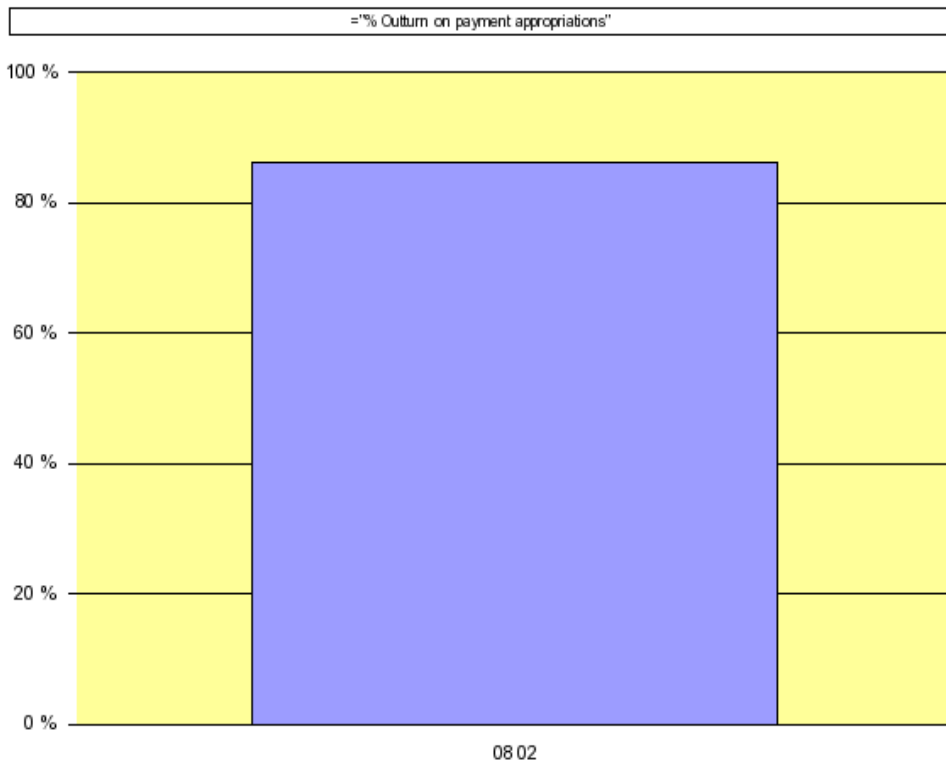


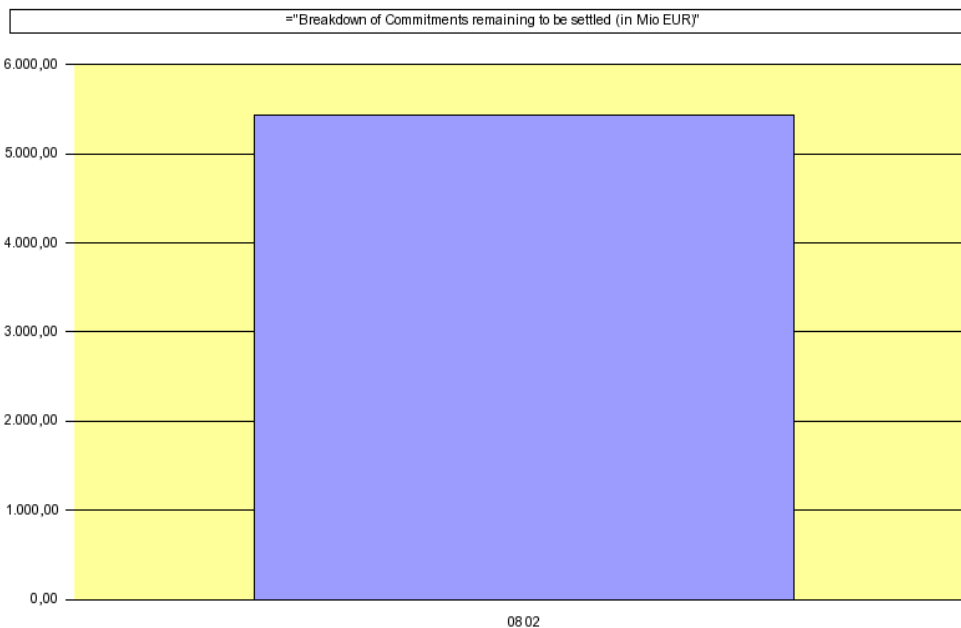
TABLE 2: OUTTURN ON PAYMENT APPROPRIATIONS IN 2016 (in Mio €)					
Chapter			Payment appropriations authorised *	Payments made	%
			1	2	3=2/1
<b>Title 08 Research and innovation</b>					
08	08 02	Horizon 2020 - Research	1.687,99	1.457,68	86,36 %
<b>Total Title 08</b>			1.687,99	1.457,68	86,36 %
<b>Total DG ERC</b>			1.687,99	1.457,68	86,36 %

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



**TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2016 (in Mio €)**

Chapter			2016 Commitments to be settled				Commitments to be settled from financial years previous to 2016	Total of commitments to be settled at end of financial year 2016 (incl. corrections)	Total of commitments to be settled at end of financial year 2015 (incl. corrections)
			Commitments 2016	Payments 2016	RAL 2016	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
<b>Title 08 : Research and innovation</b>									
08	08 02	Horizon 2020 - Research	1.767,46	31,79	1.735,67	98,20 %	3.706,57	5.442,24	5.178,82
<b>Total Title 08</b>			1.767,46	31,79	1.735,67	98,20 %	3.706,57	5.442,24	5.178,82
<b>Total DG ERC</b>			1.767,46	31,79	1.735,67	98,20 %	3.706,57	5.442,24	5.178,82



**TABLE 4 : BALANCE SHEET EU/EXECAGY/ERCEA**

<b>BALANCE SHEET</b>	<b>2016</b>	<b>2015</b>
<b>A.I. NON CURRENT ASSETS</b>	217.690.924,48	86.990.187,97
A.I.5. Non-Current Pre-Financing	217.690.924,48	86.990.187,97
<b>A.II. CURRENT ASSETS</b>	726.824.803,63	764.891.582,43
A.II.2. Current Pre-Financing	724.349.683,51	764.587.383,57
A.II.3. Curr Exch Receiv & Non-Ex Recoverables	2.475.120,12	304.198,86
<b>ASSETS</b>	<b>944.515.728,11</b>	<b>851.881.770,40</b>
<b>P.II. CURRENT LIABILITIES</b>	<b>-183.256.642,73</b>	<b>-175.834.143,52</b>
P.II.2. Current Provisions	-256.120,02	
P.II.4. Current Payables	-66.824.505,05	-74.829.250,50
P.II.5. Current Accrued Charges & Defrd Income	-116.176.017,66	-101.004.893,02
<b>LIABILITIES</b>	<b>-183.256.642,73</b>	<b>-175.834.143,52</b>
<b>NET ASSETS (ASSETS less LIABILITIES)</b>	<b>761.259.085,38</b>	<b>676.047.626,88</b>
P.III.2. Accumulated Surplus / Deficit	3.791.733.360,16	2.437.841.296,55
Non-allocated central (surplus)/deficit*	-4.552.992.445,54	-3.113.888.923,43
<b>TOTAL</b>	<b>0,00</b>	<b>0,00</b>

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

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

**TABLE 5 : STATEMENT OF FINANCIAL PERFORMANCE EU/EXECAGY/ERCEA**

<b>STATEMENT OF FINANCIAL PERFORMANCE</b>	<b>2016</b>	<b>2015</b>
II.1 REVENUES	-3.743.120,33	-822.400,42
II.1.1. NON-EXCHANGE REVENUES	-3.795.886,07	-843.636,15
II.1.1.5. RECOVERY OF EXPENSES	-3.708.032,43	-755.549,96
II.1.1.6. OTHER NON-EXCHANGE REVENUES	-87.853,64	-88.086,19
II.1.2. EXCHANGE REVENUES	52.765,74	21.235,73
II.1.2.1. FINANCIAL INCOME	52.765,74	21.235,73
II.1.2.2. OTHER EXCHANGE REVENUE		0,00
II.2. EXPENSES	1.369.588.407,89	1.354.714.464,03
II.2. EXPENSES	1.369.588.407,89	1.354.714.464,03
II.2.10. OTHER EXPENSES	256.120,02	
II.2.1. EXP IMPLM BY MEMBER STATES (SHARED)		0,00
II.2.2. EXP IMPLM BY COMMISS&EX.AGENC. (DM)	1.369.327.622,52	1.354.714.211,13
II.2.8. FINANCE COSTS	4.665,35	252,90
<b>STATEMENT OF FINANCIAL PERFORMANCE</b>	<b>1.365.845.287,56</b>	<b>1.353.892.063,61</b>

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**TABLE 5bis : OFF BALANCE SHEET EU/EXECAGY/ERCEA**

<b>OFF BALANCE</b>	<b>2016</b>	<b>2015</b>
OB.1. Contingent Assets	598.425,28	0,00
GR for performance		0,00
GR for pre-financing	598.425,28	
OB.3. Other Significant Disclosures	-5.259.253.276,98	-5.002.981.811,76
OB.3.2. Comm against app. not yet consumed	-5.259.253.276,98	-5.002.981.811,76
OB.4. Balancing Accounts	5.258.654.851,70	5.002.981.811,76
OB.4. Balancing Accounts	5.258.654.851,70	5.002.981.811,76
<b>OFF BALANCE</b>	<b>0,00</b>	<b>0,00</b>

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

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



**TABLE 6: AVERAGE PAYMENT TIMES FOR 2016 - DG ERC**

Legal Times							
Maximum Payment Time (Days)	Total Number of Payments	Nbr of Payments within Time Limit	Percentage	Average Payment Times (Days)	Nbr of Late Payments	Percentage	Average Payment Times (Days)
30	6844	6763	98,82 %	11,98	81	1,18 %	56,01
90	2563	2531	98,75 %	32,42	32	1,25 %	120,63

Total Number of Payments	9407	9294	98,80 %		113	1,20 %	
Average Net Payment Time	18,23			17,55			74,31
Average Gross Payment Time	30,30			29,64			85,17

Target Times							
Target Payment Time (Days)	Total Number of Payments	Nbr of Payments within Target Time	Percentage	Average Payment Times (Days)	Nbr of Late Payments	Percentage	Average Payment Times (Days)
20	1163	1065	91,57 %	6,68	98	8,43 %	31,53

Total Number of Payments	1163	1065	91,57 %		98	8,43 %	
Average Net Payment Time	8,77			6,68			31,53
Average Gross Payment Time	8,77			6,68			31,53

Suspensions							
Average Report Approval Suspension	Average Payment Suspension Days	Number of Suspended Payments	% of Total Number	Total Number of Payments	Amount of Suspended Payments	% of Total Amount	Total Paid Amount
0	45	2504	26,62 %	9407	665.455.171,11	48,99 %	1.358.438.114,69

Late Interest paid in 2016			
DG	GL Account	Description	Amount (Eur)
ERCEA	65010100	Interest on late payment of charges New FR	896,31
			<b>896,31</b>

TABLE 7 : SITUATION ON REVENUE AND INCOME IN 2016								
Chapter		Revenue and income recognized			Revenue and income cashed from			Outstanding balance
		Current year RO	Carried over RO	Total	Current Year RO	Carried over RO	Total	
		1	2	3=1+2	4	5	6=4+5	
52	REVENUE FROM INVESTMENTS OR LOANS GRANTED, BANK AND OTHER INTEREST	6.399,17	280,82	6.679,99	6.399,17	280,82	6.679,99	0,00
66	OTHER CONTRIBUTIONS AND REFUNDS	5.995.628,55	277.984,86	6.273.613,41	5.989.191,19	277.984,86	6.267.176,05	6.437,36
90	MISCELLANEOUS REVENUE	99.534,93	25.933,18	125.468,11	99.534,93	25.933,18	125.468,11	0,00
<b>Total DG ERC</b>		<b>6.101.562,65</b>	<b>304.198,86</b>	<b>6.405.761,51</b>	<b>6.095.125,29</b>	<b>304.198,86</b>	<b>6.399.324,15</b>	<b>6.437,36</b>

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

INCOME BUDGET RECOVERY ORDERS ISSUED IN 2016  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
2008	8	779.936,45	8	779.936,45	11	911.651,25	72,73%	85,55%
2009	3	84.352,33	3	84.352,33	4	116.203,63	75,00%	72,59%
2010	6	133.307,29	6	133.307,29	27	1.149.059,49	22,22%	11,60%
2011	6	112.493,18	6	112.493,18	15	416.100,08	40,00%	27,04%
2012	2	32.086,73	2	32.086,73	10	1.378.794,46	20,00%	2,33%
2013					6	1.151.482,01		
2014					6	545.754,28		
2015					5	235.058,16		
No Link	1	3.618,51	1	3.618,51	9	91.472,15	11,11%	3,96%
Sub-Total	26	1.145.794,49	26	1.145.794,49	93	5.995.575,51	27,96%	19,11%

EXPENSES BUDGET	Error		Irregularity		OLAF Notified		Total undue payments recovered		Total transactions in recovery context (incl. non-qualified)		% Qualified/Total RC	
	Nbr	Amount	Nbr	Amount	Nbr	Amount	Nbr	Amount	Nbr	Amount	Nbr	Amount
INCOME LINES IN INVOICES			8	236.049,70			8	236.049,70	8	236.049,70	100,00%	100,00%
NON ELIGIBLE IN COST CLAIMS	14	315.226,13	400	6.120.457,35			414	6.435.683,48	786	23.250.284,65	52,67%	27,68%
CREDIT NOTES												
Sub-Total	14	315.226,13	408	6.356.507,05			422	6.671.733,18	794	23.486.334,35	53,15%	28,41%

<b>GRAND TOTAL</b>	14	315.226,13	434	7.502.301,54			448	7.817.527,67	887	29.481.909,86	50,51%	23,00%
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**TABLE 9: AGEING BALANCE OF RECOVERY ORDERS AT 31/12/2016 FOR ERC**

	Number at 1/01/2016	Number at 31/12/2016	Evolution	Open Amount (Eur) at 1/01/2016	Open Amount (Eur) at 31/12/2016	Evolution
2015	5		-100,00 %	304.198,86		-100,00 %
2016		1			6.437,36	
	5	1	-80,00 %	304.198,86	6.437,36	-97,88 %

**TABLE 10 : RECOVERY ORDER WAIVERS IN 2016 >= EUR 100.000**

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

<b>Total DG</b>	
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<b>Number of RO waivers</b>	
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No data to be reported

**TABLE 11 : CENSUS OF NEGOTIATED PROCEDURES - DG ERC - 2016**

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

No data to be reported

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

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

No data to be reported

**TABLE 13 : BUILDING CONTRACTS**

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

Legal base	Contract Number	Contractor Name	Description	Amount (€)

No data to be reported

**TABLE 14 : CONTRACTS DECLARED SECRET**

Total Number of Contracts :  Total amount :		
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Legal base	Contract Number	Contractor Name	Type of contract	Description	Amount (€)

**No data to be reported**

**Annex 3 Financial Reports - ERCEA - Financial Year 2016**

**Administrative Budget**

**Table 1 : Commitments**

**Table 2 : Payments**

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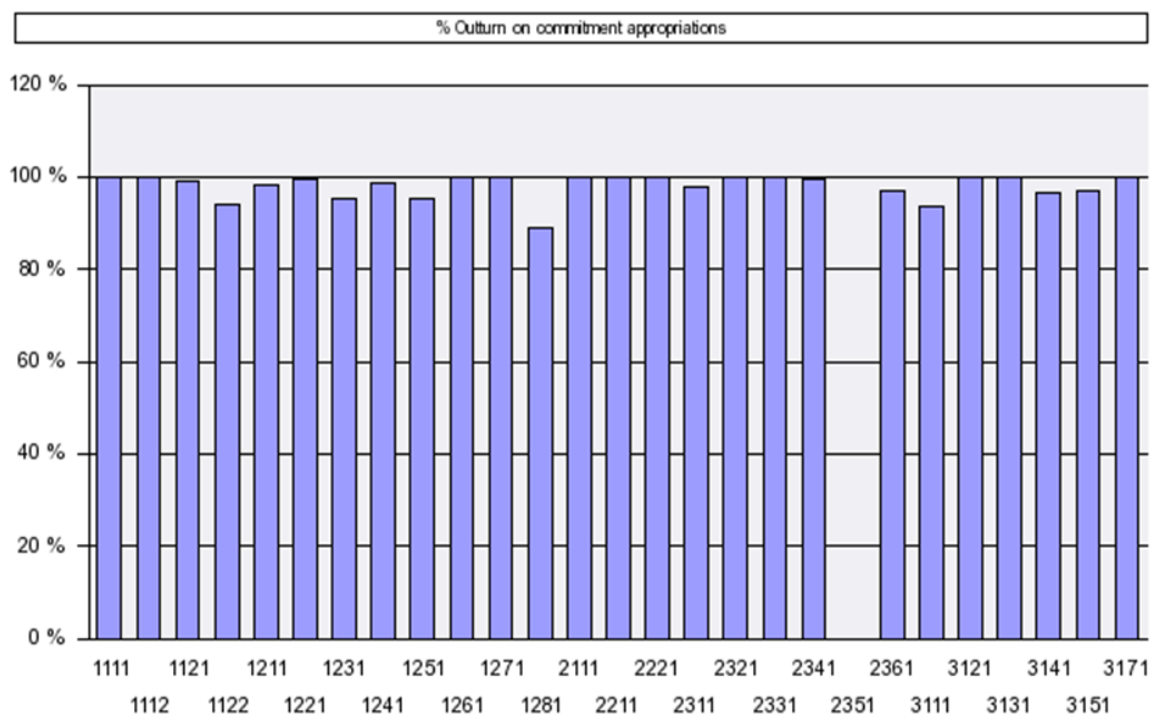
**Table 12 : Summary of Procedures (excluding Building Contracts)**

**Table 13 : Building Contracts**

**Table 14 : Contracts declared Secret**

TABLE 1: OUTTURN ON COMMITMENT APPROPRIATIONS IN 2016 (in Mio €)				
Chapter		Commitment appropriations authorised *	Commitments made	%
		1	2	3=2/1
<b>Title 1 Staff expenditure</b>				
1111	Temporary agents	13,47	13,46	99,92 %
1112	Contract Agents	16,04	16,04	99,98 %
1121	Seconded National Experts	0,65	0,64	98,99 %
1122	Interimaires & stagiaires	0,80	0,75	93,98 %
1211	Recruitment entering and leaving the service tra	0,08	0,08	98,19 %
1221	Restaurant Canteens	0,13	0,13	99,64 %
1231	Medical service	0,09	0,08	95,32 %
1241	Training	0,46	0,46	98,84 %
1251	Mobility and Public transportation	0,08	0,08	95,17 %
1261	Social service and other interventions	0,59	0,59	99,98 %
1271	External services (PMO)	0,32	0,32	100,00 %
1281	Internal meetings events and reception	0,02	0,01	89,06 %
<b>Total Title 1</b>		<b>32,72</b>	<b>32,64</b>	<b>99,74%</b>
<b>Title 2 Infrastructure and operating expenditure</b>				
2111	Rental of building and associated costs	4,53	4,53	100,00 %
2211	Hardware software and linked expenses	0,88	0,88	99,83 %
2221	ICT services	1,38	1,38	99,93 %
2311	Furniture Material and Technical installations	0,11	0,11	97,89 %
2321	Works of handling and removal of services	0,00	0,00	100,00 %
2331	Paper mill office supplies	0,02	0,02	100,00 %
2341	Correspondence stamping and carriage costs	0,04	0,04	99,76 %
2351	Acquisition of information	0,00		
2361	Other current expenses (financial legal assuranc	0,02	0,02	96,90 %
<b>Total Title 2</b>		<b>6,99</b>	<b>6,98</b>	<b>99,92%</b>
<b>Title 3 Programme support expenditure</b>				
3111	Experts studies representation and external meet	0,36	0,34	93,61 %
3121	Missions and related costs	0,42	0,42	99,99 %
3131	Audit expenses	0,63	0,62	99,87 %
3141	Expenses of Information Publications and Communic	0,48	0,46	96,54 %
3151	Expenses of translation	0,05	0,04	96,90 %
3171	Operational related IT costs	1,36	1,36	99,98 %
<b>Total Title 3</b>		<b>3,29</b>	<b>3,25</b>	<b>98,72%</b>
<b>TOTAL ERC</b>		<b>43,00</b>	<b>42,87</b>	<b>99,69 %</b>

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



**TABLE 2: OUTTURN ON PAYMENT APPROPRIATIONS IN 2016 (in Mio €)**

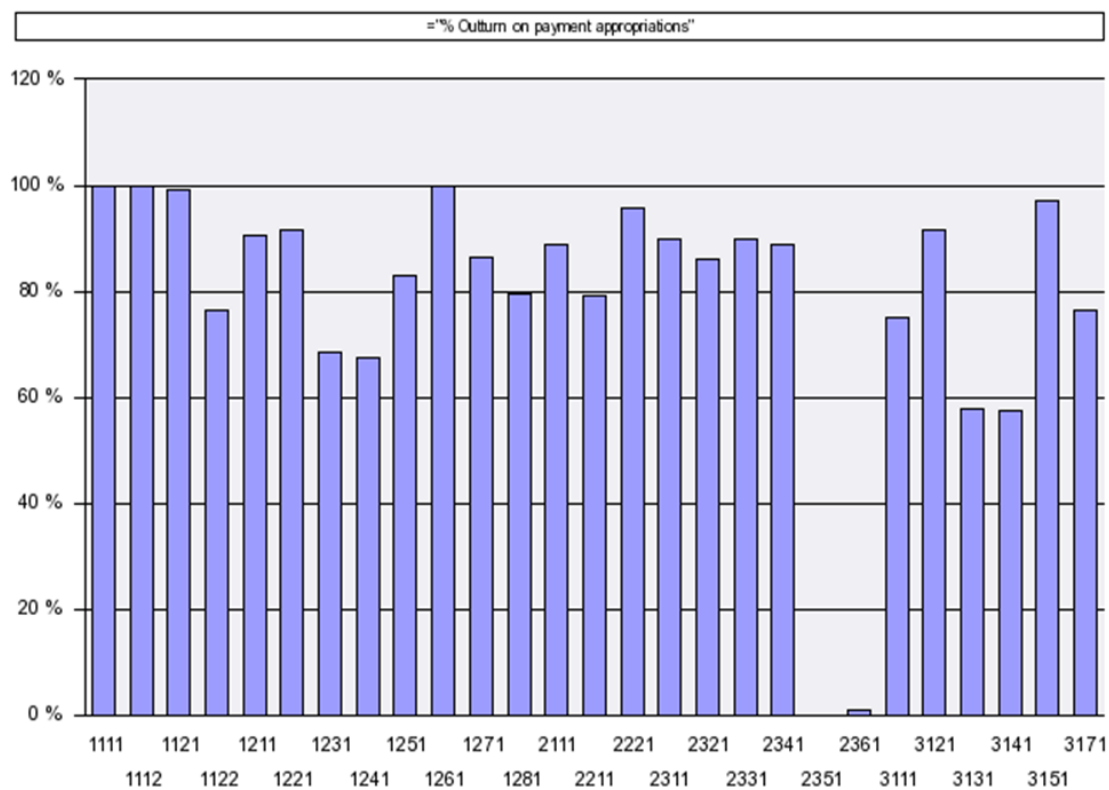
Chapter		Payment appropriations authorised *	Payments made	%
		1	2	3=2/1
<b>Title 1 Staff expenditure</b>				
1111	Temporary agents	13,47	13,46	99,92 %
1112	Contract Agents	16,04	16,04	99,98 %
1121	Seconded National Experts	0,65	0,64	98,99 %
1122	Interimaires & stagiaires	0,93	0,71	76,53 %
1211	Recruitment entering and leaving the service tra	0,09	0,08	90,50 %
1221	Restaurant Canteens	0,14	0,13	91,71 %
1231	Medical service	0,11	0,07	68,36 %
1241	Training	0,56	0,38	67,54 %
1251	Mobility and Public transportation	0,09	0,08	82,88 %
1261	Social service and other interventions	0,60	0,60	99,98 %
1271	External services (PMO)	0,39	0,34	86,24 %
1281	Internal meetings events and reception	0,02	0,01	79,63 %
<b>Total 1</b>		<b>33,08</b>	<b>32,54</b>	<b>98,35%</b>
<b>Title 2 Infrastructure and operating expenditure</b>				
2111	Rental of building and associated costs	4,86	4,31	88,72 %
2211	Hardware software and linked expenses	1,12	0,89	79,08 %
2221	ICT services	1,44	1,38	95,80 %
2311	Furniture Material and Technical installations	0,14	0,13	89,95 %
2321	Works of handling and removal of services	0,00	0,00	86,12 %
2331	Paper mill office supplies	0,02	0,02	90,00 %
2341	Correspondence stamping and carriage costs	0,05	0,04	88,70 %
2351	Acquisition of information	0,00	0,00	0,00 %
2361	Other current expenses (financial legal assuranc	0,02	0,00	1,06 %
<b>Total 2</b>		<b>7,65</b>	<b>6,77</b>	<b>88,48%</b>

Title 3 Programme support expenditure				
3111	Experts studies representation and external meet	0,37	0,28	74,88 %
3121	Missions and related costs	0,43	0,39	91,59 %
3131	Audit expenses	1,31	0,76	57,72 %
3141	Expenses of Information Publications and Communic	0,72	0,41	57,42 %
3151	Expenses of translation	0,05	0,05	96,93 %
3171	Operational related IT costs	1,87	1,43	76,52 %
<b>Total 3</b>		<b>4,75</b>	<b>3,32</b>	<b>69,86%</b>

<b>TOTAL ERC</b>	<b>45,48</b>	<b>42,62</b>	<b>93,71 %</b>
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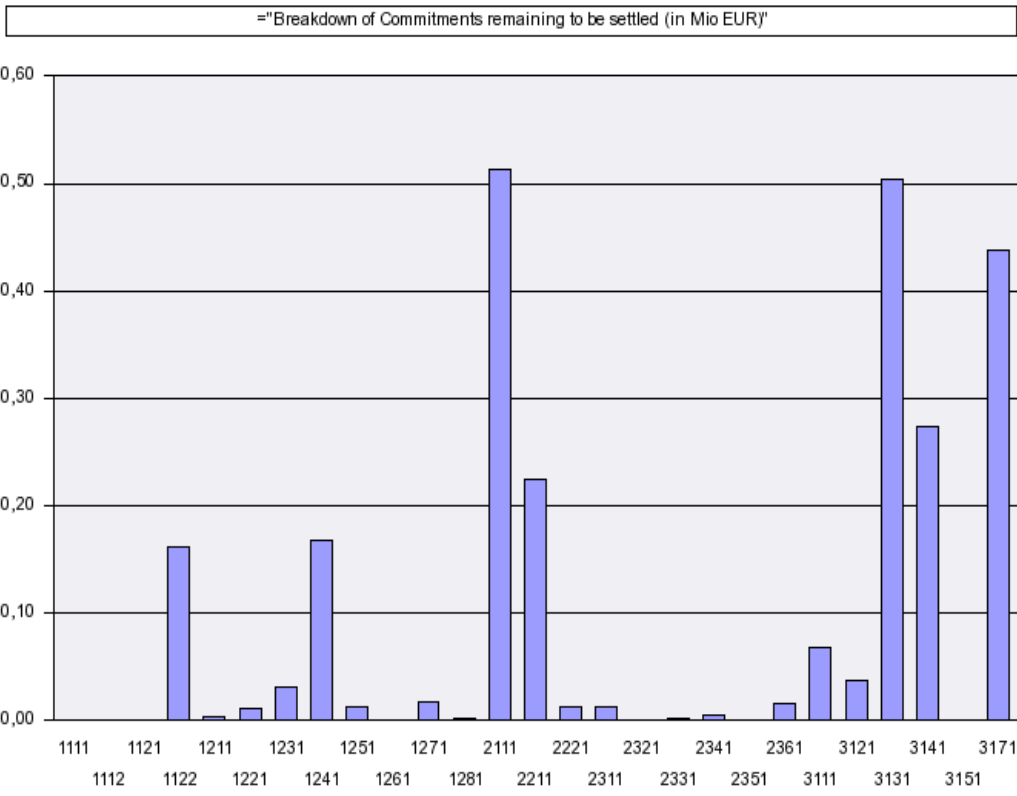
*\* Payment appropriations authorised include, in addition to the budget voted by the legislative authority, appropriations carried over from the previous exercise, budget amendments as well as miscellaneous payment appropriations for the period (e.g. internal and external assigned revenue).*





**TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2016 (in Mio €)**

Chapter		2016 Commitments to be settled			
		Commitments 2016	Payments 2016	RAL 2016	% to be settled
		1	2	3=1-2	4=1-2//1
<b>Title 1 Staff expenditure</b>					
1111	Temporary agents	13,46	-13,46	0,00	0,00 %
1112	Contract Agents	16,04	-16,04	0,00	0,00 %
1121	Seconded National Experts	0,64	-0,64	0,00	0,00 %
1122	Interimaires & stagiaires	0,75	-0,59	0,16	21,63 %
1211	Recruitment entering and leaving the service tra	0,08	-0,08	0,00	4,56 %
1221	Restaurant Canteens	0,13	-0,12	0,01	8,86 %
1231	Medical service	0,08	-0,05	0,03	37,22 %
1241	Training	0,46	-0,29	0,17	36,75 %
1251	Mobility and Public transportation	0,08	-0,07	0,01	15,00 %
1261	Social service and other interventions	0,59	-0,59	0,00	0,00 %
1271	External services (PMO)	0,32	-0,30	0,02	5,49 %
1281	Internal meetings events and reception	0,01	-0,01	0,00	11,39 %
<b>Total 1</b>		<b>32,64</b>	<b>-32,23</b>	<b>0,41</b>	<b>1,24%</b>
<b>Title 2 Infrastructure and operating expenditure</b>					
2111	Rental of building and associated costs	4,53	-4,02	0,51	11,33 %
2211	Hardware software and linked expenses	0,88	-0,66	0,22	25,45 %
2221	ICT services	1,38	-1,37	0,01	0,89 %
2311	Furniture Material and Technical installations	0,11	-0,10	0,01	10,86 %
2321	Works of handling and removal of services	0,00	0,00	0,00	13,40 %
2331	Paper mill office supplies	0,02	-0,02	0,00	10,00 %
2341	Correspondence stamping and carriage costs	0,04	-0,04	0,01	12,49 %
2361	Other current expenses (financial legal assuran	0,02	0,00	0,02	98,91 %
<b>Total 2</b>		<b>6,98</b>	<b>-6,20</b>	<b>0,78</b>	<b>11,24%</b>
<b>Title 3 Programme support expenditure</b>					
3111	Experts studies representation and external meet	0,34	-0,27	0,07	20,28 %
3121	Missions and related costs	0,42	-0,38	0,04	8,62 %
3131	Audit expenses	0,62	-0,12	0,50	80,60 %
3141	Expenses of Information Publications and Communic	0,46	-0,19	0,27	59,15 %
3151	Expenses of translation	0,04	-0,04	0,00	0,00 %
3171	Operational related IT costs	1,36	-0,92	0,44	32,16 %
<b>Total 3</b>		<b>3,25</b>	<b>-1,93</b>	<b>1,32</b>	<b>40,59%</b>
<b>TOTAL</b>		<b>42,87</b>	<b>-40,36</b>	<b>2,51</b>	<b>5,85 %</b>



**TABLE 4 : BALANCE SHEET ERCEA**

<b>BALANCE SHEET</b>	<b>2016</b>	<b>2015</b>
<b>A.I. NON CURRENT ASSETS</b>	4.591.936,59	6.203.428,94
A.I.1. Intangible Assets	2.076.156,59	3.171.784,94
A.I.2. Property, Plant and Equipment	2.515.780,00	3.031.644,00
<b>A.II. CURRENT ASSETS</b>	20.001.205,15	5.223.673,76
A.II.3. Curr Exch Receiv & Non-Ex Recoverables	2.321.542,07	2.355.384,18
A.II.6. Cash and Cash Equivalents	17.679.663,08	2.868.289,58
<b>ASSETS</b>	<b>24.593.141,74</b>	<b>11.427.102,70</b>
<b>P.II. CURRENT LIABILITIES</b>	<b>-17.537.744,02</b>	<b>-2.524.945,33</b>
P.II.2. Current Provisions	-55.000,00	
P.II.4. Current Payables	-15.238.734,85	-543.547,38
P.II.5. Current Accrued Charges & Defrd Income	-2.244.009,17	-1.981.397,95
<b>LIABILITIES</b>	<b>-17.537.744,02</b>	<b>-2.524.945,33</b>
<b>NET ASSETS (ASSETS less LIABILITIES)</b>	<b>7.055.397,72</b>	<b>8.902.157,37</b>
P.III.2. Accumulated Surplus / Deficit	-8.902.157,37	-9.975.257,41
Non-allocated central (surplus)/deficit*	1.846.759,65	1.073.100,04
<b>TOTAL</b>	<b>0,00</b>	<b>0,00</b>

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

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

<b>STATEMENT OF FINANCIAL PERFORMANCE</b>	<b>2016</b>	<b>2015</b>
II.1 REVENUES	-42.701.292,51	-39.389.215,32
II.1.1. NON-EXCHANGE REVENUES	-42.492.597,32	-39.132.336,70
II.1.1.6. OTHER NON-EXCHANGE REVENUES	-42.492.597,32	-39.132.336,70
II.1.2. EXCHANGE REVENUES	-208.695,19	-256.878,62
II.1.2.1. FINANCIAL INCOME	-11.395,21	-24.475,62
II.1.2.2. OTHER EXCHANGE REVENUE	-197.299,98	-232.403,00
II.2. EXPENSES	44.548.052,16	40.462.315,36
II.2. EXPENSES	44.548.052,16	40.462.315,36
II.2.10. OTHER EXPENSES	14.113.656,77	13.563.522,47
II.2.6. STAFF AND PENSION COSTS	30.434.395,39	26.898.750,64
II.2.8. FINANCE COSTS		42,25
<b>STATEMENT OF FINANCIAL PERFORMANCE</b>	<b>1.846.759,65</b>	<b>1.073.100,04</b>

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

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

	<b>2016</b>	<b>2015</b>
RAL-Comm against appropriations not yet consumed	912.848,98	1.045.591,11
Operating lease commitments	19.048.874,36	21.996.256,39

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

**TABLE 6: AVERAGE PAYMENT TIMES FOR 2016 - ERCEA**

**Legal Times**

Maximum Payment Time (Days)	Total Number of Payments	Nbr of Payments within Time Limit	Percentage	Average Payment Times (Days)	Nbr of Late Payments	Percentage	Average Payment Times (Days)
30	2032	2025	99,66 %	9,60	7	0,34 %	50,43

Total Number of Payments	2032	2025	99,66 %		7	0,34 %	
Average Net Payment Time	9,74			9,60			50,43
Average Gross Payment Time	10,01			9,86			54

**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	13	42,	2,07 %	2.032,	616.793,53	3,30 %	18.695.270,88

**Late Interest paid in 2016**

Agency	GL Account	Description	Amount (Eur)

**TABLE 7 : SITUATION ON REVENUE AND INCOME IN 2016**

Title	Description	Year of Origin	Revenue and Income recognized	Revenue and Income cashed	Outstanding Balance
200	Subsidy from the Commission	2016	42.986.000,00	42.986.000,00	0,00
910	Recuperation of expenses	2015	60,50	60,50	0,00
910	Recuperation of expenses	2016	183.607,99	181.181,03	2.426,96
920	Miscellaneous revenues	2016	20.162,69	20.162,69	0,00
<b>TOTAL ERC</b>			<b>43.189.831,18</b>	<b>43.187.404,22</b>	<b>2.426,96</b>

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

INCOME BUDGET RECOVERY ORDERS ISSUED IN 2016 Year of Origin (commitment)	Error		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
2015	1	89.047,00	1	89.047,00	1	89.047,00	100,00%	100,00%
2016					1	12,25		
No Link	3	11.264,39	3	11.264,39	252	43.075.456,00	1,19%	0,03%
Sub-Total	4	100.311,39	4	100.311,39	254	43.164.515,25	1,57%	0,23%

EXPENSES BUDGET	Error		Irregularity		OLAF Notified		Total undue payments recovered		Total transactions in recovery context (incl. non-qualified)		% Qualified/Total RC	
	Nbr	Amount	Nbr	Amount	Nbr	Amount	Nbr	Amount	Nbr	Amount	Nbr	Amount
INCOME LINES IN INVOICES									4	351,00		
NON ELIGIBLE IN COST CLAIMS												
CREDIT NOTES												
Sub-Total									4	351		

GRAND TOTAL	4	100.311,39					4	100.311,39	258	43.164.866,25	1,55%	
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**TABLE 9: AGEING BALANCE OF RECOVERY ORDERS AT 31/12/2016 FOR ERCEA**

Year of Origin	Number at 01/01/2016	Number at 31/12/2016	Evolution	Open Amount (Eur) at 01/01/2016	Open Amount (Eur) at 31/12/2016	Evolution
2015	2		-100,00 %	264,65		-100,00 %
2016		3			2.934,18	
Totals	4	5	25,00 %	264,65	2.934,18	1008,70 %

**TABLE 10 : RECOVERY ORDER WAIVERS IN 2016 >= EUR 100.000**

	Waiver Central Key	Linked RO Central Key	RO Accepted amount (Eur)	LE Account Group	Commission Decision	Comments
1,						

Total ERCEA

Number of RO waivers

No data to be reported

**TABLE 11 : CENSUS OF NEGOTIATED PROCEDURES - ERCEA - 2016**

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

**No data to be reported**

**TABLE 12 : SUMMARY OF PROCEDURES OF ERCEA EXCLUDING BUILDING CONTRACTS**

Internal Procedures > € 60,000		
Procedure Type	Count	Amount (€)
Open Procedure (Art. 104(1) (a) FR)	1	800.000,00
<b>TOTAL</b>	<b>1</b>	<b>800.000,00</b>

**TABLE 13 : BUILDING CONTRACTS**

Total number of contracts :

Total amount :

Legal base	Contract Number	Contractor Name	Description	Amount (€)

**No data to be reported**

**TABLE 14 : CONTRACTS DECLARED SECRET**

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

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

**No data to be reported**



## ANNEX 4: Materiality criteria

The present document details the way DG RTD assesses the level of errors in its annual financial statements and the definition of the level of misstatement that is considered as quantitatively material.

DG RTD's expenditure is composed of, in order of importance, directly managed grants, indirectly managed grants and financial instruments and, for less than 8%, other direct spending, mostly administrative. The error rate affecting the payments is estimated yearly and per management system, following a relevant methodology that takes into account the risk associated to the type of expenditure (in terms of probability and final financial impact).

Considering that around 80% of the yearly expenditure is related to directly or indirectly managed research grants, and the fact that the research framework programmes' implementing bodies are sharing a common ex-post audit approach, the following section focusses on this specific management system.

### 1. Research framework programmes – common aspects

The assessment of the effectiveness of the different programmes' control system is based mainly, but not exclusively, on ex-post audits' results. The effectiveness is expressed in terms of detected and residual error rate, calculated on a representative sample.

#### 1.1. Assessment of the effectiveness of controls

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

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

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

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

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

where:

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

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

- RepERsys%** portion of the RepER% representing (negative) systematic errors, expressed as a percentage. The RepER% is composed of two complementary portions reflecting the proportion of negative systematic and non-systematic errors detected.
- P** total aggregated amount in euros of EC share of funding in the auditable population. In FP7, the population is that of all received cost statements, and the euros amounts those that reflect the EC share included in the costs claimed in each cost statement.
- A** total EC share of all audited amounts, expressed in euro. This will be collected from audit results.
- E** total non-audited amounts of all audited beneficiaries. In FP7, this consists of the total EC share, expressed in euro, excluding those beneficiaries for which an extrapolation is ongoing).

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

If the CRAS results are not used as the basis for calculating the residual error rate this must be clearly disclosed in the AAR, along with details of why and how the final judgement was made.

In case a calculation of the residual error rate based on a representative sample is not possible for a FP for reasons not involving control deficiencies<sup>2</sup>, the consequences are to be assessed quantitatively by making a best estimate of the likely exposure for the reporting year based on all available information. The relative impact on the Declaration of Assurance would be then considered by analysing the available information on qualitative grounds and considering evidence from other sources and areas. This should be clearly explained in the AAR.

## 1.2. Multiannual approach

The Commission's central services' guidance relating to the quantitative materiality threshold refers to a percentage of the authorised payments of the reporting year of the ABB expenditure. However, the Guidance on AARs also allows a multi-annual approach, especially for budget areas (e.g. programmes) for which a multi-annual control system is more effective. In such cases, the calculation of errors, corrections and materiality of the residual amount at risk should be done on a "cumulative basis" on the basis of the totals over the entire programme lifecycle.

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<sup>2</sup> Such as, for instance, when the number of results from a statistically-representative sample collected at a given point in time is not sufficient to calculate a reliable error rate.

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

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

Notwithstanding the multiannual span of their control strategy, the Director-Generals of the Research DGs (and the Directors of ERCEA, REA, and, for Horizon 2020, EASME and INEA) are required to sign a statement of assurance for each financial reporting year. In order to determine whether to qualify this statement of assurance with a reservation, the effectiveness of the control systems in place needs to be assessed not only for the year of reference but also with a multiannual perspective, to determine whether it is possible to reasonably conclude that the control objectives will be met in the future as foreseen.

In view of the crucial role of ex-post audits defined in the respective common audit strategies, this assessment needs to check in particular whether the scope and results of the ex-post audits carried out until the end of the reporting period are sufficient and adequate to meet the multiannual control strategy goals.

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

### **1.3. Adequacy of the audit scope**

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

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

## **2. Research Framework programmes – specific aspects**

The control system of each framework programme is designed in order to achieve the operational and financial control objectives set in their respective legislative base and legal framework. If the effectiveness of those control systems does not reach the expected level, a reservation must be issued in the annual activity report and corrective measures should be taken.

Each programme having a different control system, the following section details the considerations leading to the establishment of their respective materiality threshold and the conclusions to draw with regard to the declaration of assurance.

## **2.1. Seventh Framework programme and the Coal and Steel Research Fund**

For the Seventh Framework programme and the Coal and Steel Research Fund, the general control objective, following the standard quantitative materiality threshold proposed in the Standing Instructions for AAR, is to ensure that the residual error rate, i.e. the level of errors which remain undetected and uncorrected, does not exceed 2% by the end of the programmes' management cycle.

The question of being on track towards this objective is to be (re)assessed annually, in view of the results of the implementation of the ex-post audit strategy and taking into account both the frequency and importance of the errors found as well as a cost-benefit analysis of the effort needed to detect and correct them.

## **2.2. Horizon 2020 Framework Programme**

The Commission's proposal for the Regulation establishing H2020 framework programme<sup>3</sup> states that

*It remains the ultimate objective of the Commission to achieve a residual error rate of less than 2% of total expenditure over the lifetime of the programme, and to that end, it has introduced a number of simplification measures. However, other objectives such as the attractiveness and the success of the EU research policy, international competitiveness, scientific excellent and in particular the costs of controls need to be considered.*

*Taking these elements in balance, it is proposed that the Directorates General charged with the implementation of the research and innovation budget will establish a cost-effective internal control system that will give reasonable assurance that the risk of error over the course of the multiannual expenditure period is, on an annual basis, within a range of 2-5 %, with the ultimate aim to achieve a residual level of error as close as possible to 2 % at the closure of the multi-annual programmes, once the financial impact of all audits, correction and recovery measures have been taken into account.*

Further, it explains also that

*Horizon 2020 introduces a significant number of important simplification measures that will lower the error rate in all the categories of error. However, [...] the continuation of a funding model based on the reimbursement of actual costs is the favoured option. A systematic resort to output based funding, flat rates or lump sums appears premature at this stage [...]. Retaining a system based on the reimbursement of actual costs does however mean that errors will continue to occur.*

*An analysis of errors identified during audits of FP7 suggests that around 25-35 % of them would be avoided by the simplification measures proposed. The error rate can then be expected to fall by 1.5 %, i.e. from close to 5 % to around 3.5 %, a figure that is*

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<sup>3</sup> COM(2011) 809/3 Proposal for a Regulation of the European Parliament and of the Council establishing Horizon 2020 – the Framework programme for Research and Innovation (2014-2020), see point 2.2, pp 98-102.

*referred to in the Commission Communication striking the right balance between the administrative costs of control and the risk of error.*

*The Commission considers therefore that, for research spending under Horizon 2020, a risk of error, on an annual basis, within a range between 2-5 % is a realistic objective taking into account the costs of controls, the simplification measures proposed to reduce the complexity of rules and the related inherent risk associated to the reimbursement of costs of the research project. The ultimate aim for the residual level of error at the closure of the programmes after the financial impact of all audits, correction and recovery measures will have been taken into account is to achieve a level as close as possible to 2 %.*

In summary, the control system established for Horizon 2020 is designed to achieve a control result in a range of 2-5% detected error rate, which should be as close as possible to 2%, after corrections. Consequently, this range has been considered in the legislation as the control objective set for the framework programme.

The question of being on track towards this objective is to be (re)assessed annually, in view of the results of the implementation of the ex-post audit strategy and taking into account both the frequency and importance of the errors found as well as a cost-benefit analysis of the effort needed to detect and correct them.

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

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

#### A. Preparation, adoption and publication of H2020 Calls of proposals aligned to the ERC Work Programme.

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

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

## B. Evaluation, ranking and selection of proposals

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

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

Main risks It may happen (again) that...	Mitigating controls	How to determine coverage, frequency and depth	How to estimate the costs and benefits of controls	Control indicators
	<p>deliverables)</p> <p>Assignment of proposals to panel members by panel chairs</p> <p>Conflict of interest procedure</p> <p>Selection of experts (remote referees) by panel chairs</p> <p>Assessment of proposals by panel members and experts (remote referees)</p> <p>ScC President's approval and ERCEA Director's final adoption of ranking lists.</p> <p>Redress procedure</p>	<p>having a conflict of interest</p>		<p>Time to pay experts</p> <p>% of successful redress cases</p> <p>Expert budget / number of evaluated proposals</p> <p>Efficiency:</p> <p>Time to Inform all/successful applicants (average number of days) on the outcome of the evaluation of their application from the final date for submission of completed proposals</p> <p>Posts standard costs + expert budget / operational budget</p>



**Stage 2: Title: Contracting**

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

Main risks It may happen (again) that...	Mitigating controls	How to determine coverage, and depth	How to estimate the costs and benefits of controls	Control indicators
<p>Grant agreement’s beneficiary (Host Institution) lacks operational and/or financial capacity to implement the grant agreement.</p> <p>Grant agreement’s budget does not comply with the Description of Work.</p> <p>Procedures designed to ensure compliance with the regulatory framework are not effectively performed.</p>	<p>Legal and financial validation of beneficiaries</p> <p>EWS screening</p> <p>Check of draft grant agreement’s budget breakdown versus Description of Work.</p> <p>Use of checklists.</p> <p>Verification of the draft grant agreement files by verifying agents.</p> <p>Grant agreements are signed by the AOD.</p> <p>Monitoring of the "time to grant".</p>	<p>100% of beneficiaries are scrutinised.</p> <p>100% of grant agreements.</p>	<p>Costs of controls: posts involved</p> <p>Benefits of controls embedded in ERCEA grant preparation and signature process are not quantifiable, as the latter does not entail any negotiation on the EU contribution to the contrary of other Research family entities. However, it is undeniable that these controls are necessary to ensure the process complies with rules and regulations and that researchers are provided on time with a sound legal framework to conduct their research projects.</p>	<p><u>Effectiveness:</u></p> <p>% of exclusion from the granting process following financial viability checks.</p> <p>% of individual commitments / global commitment execution (L2/L1)</p> <p><u>Efficiency:</u></p> <p>Time to sign grant agreements from the date of informing successful applicants (average values)</p> <p>Time to grant measured (average) from call deadline to signature of grants<sup>4</sup></p> <p>Research family indicator: Average "time to grant"</p> <p>Time to ethics clearance</p>

<sup>4</sup> Exception for projects put on a reserve list for which the time elapsed between the information letter and the invitation letter must be deducted.

### Stage 3: Title Grant implementation

**Main control objectives:** To ensure the financial and legal transaction time is minimised for ERC beneficiaries and the FP7/H2020 underlying transactions are legal and regular.

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

#### Stage 4: Ex-post controls

**Main control objectives:** Measuring the effectiveness of ex-ante controls by performing on-the spot ex-post controls aiming at detecting errors, irregularities or fraud in cost statements related to FP7/H2020 grants.

Main risks It may happen (again) that...	Mitigating controls	How to determine coverage, and depth	How to estimate the costs and benefits of controls	Control indicators
<p>Ex-ante controls fail to prevent, detect and correct erroneous, irregular or fraudulent payments.</p>	<p>Common and multi-annual FP7/H2020 ex-post control strategy - representative sample of transactions (CRaS)</p> <p>ERCEA specific ex-post control strategy (2007-2013) – representative sample (MUS) and risk-based audits.</p> <p>Updated Anti-fraud Strategy of the ERCEA elaborated on the basis of the methodology provided by OLAF</p> <p>Referring grant/beneficiary to OLAF</p>	<p>Representative sample allows drawing conclusions on the effectiveness of ex-ante controls.</p> <p>The FP7/H2020 audit strategy sets the audit method for the Research Family.</p>	<p>Cost:</p> <p>Total &amp; average ex-post audit cost in –house (post*standard staff cost) and outsourced (audit fees paid).</p> <p>Non-monetary benefits:</p> <p>Deterrent effect.</p> <p>Learning effect for beneficiaries.</p> <p>Improvement of ex-ante-controls or risk approach in ex-ante controls by feeding back audit findings.</p> <p>Improvement in rules and guidance from audit feedback.</p>	<p><u>Effectiveness:</u></p> <p>ERCEA specific error rate (global activity)</p> <p>ERCEA residual error rate (drawn from ERCEA MUS sample)</p> <p>FP7/H2020 - CRaS error rate (representative sample)</p> <p>FP7/H2020 – CRaS residual error rate</p> <p>Number of open fraud / irregularity cases included in the Fraud/Irregularity Register</p> <p>Amount of recoveries</p> <p><u>Efficiency:</u></p> <p>Number of audits performed (+% of beneficiaries &amp; value coverage)</p>

## 5.2 ERCEA Operating budget

### Stage 1: Administrative budget

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

Main risks It may happen (again) that...	Mitigating controls	How to determine coverage, frequency and depth	How to estimate the costs and benefits of controls	Control indicators
Credibility of the draft budget (= request for EC contribution in N+1) is questioned by the Budget authority against the ERCEA ability to reach a high level of execution	Monitoring of the quality of the budget planning	100% of operating budget	Cost: Posts  Benefit: respect of commitment towards the budgetary authority to limit administrative costs	<u>Effectiveness:</u>  % Budget execution commitments  % Budget execution payments (C1) & (C1+C8)
Late payments give a negative image of the Agency (reputational risk) and may lead to the payment of late interests	Monitoring of the quality of payment workflows	100% of operating budget	Cost: Posts  Benefit: Respect of the payment target imposed by budgetary authority	<u>Effectiveness:</u>  % and number of late payments  <u>Efficiency:</u>  Time to pay
A high rate of errors in the transactions on the administrative budget lead to remarks in the final report of the court of auditors	Compliance & regularity checks of financial transactions	100% of transactions	Cost: Posts  Benefit: optimisation of budget execution in line with financial and accounting rules.	<u>Effectiveness:</u>  % Residual number of accounting errors/total number of transactions (<2%)  % Residual accounting errors (<2%) of total balance sheet or economic outturn account  Number of findings related to sound financial management

Main risks It may happen (again) that...	Mitigating controls	How to determine coverage, frequency and depth	How to estimate the costs and benefits of controls	Control indicators
				<p>and/or legality and regularity of budget's underlying transactions in the final report of the CoA</p> <p>Number of critical findings related to the true and fair view of the financial position for the administrative budget in the final report of the CoA</p>

## Stage 2: Procurement

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

Main risks It may happen (again) that...	Mitigating controls	How to determine coverage, and depth	How to estimate the costs and benefits of controls	Control indicators
A lack of competition amongst tenderers may lead to restriction of market	Regular follow-up and update of the contract register	100% checked	Costs: estimation of cost of staff involved  Benefits: widest competition (increase the choice of potential suppliers)	Effectiveness: Reduced n° of splitting of a purchase
Procurement documents (invitation to tender, tender specifications and its annexes, draft contract) is not well drafted, potentially leading to:  - inconsistency and irregularity amongst the documents  - the fact that offers are not submitted	Ex-ante visa (twice) in all public procurement files:  1. During the preparatory phase: - procedures above € 15.000 "procurement check-list"  2. Before the signature of the contract (after the award decision): - procedures above € 15.0000 - "procurement check-list" - procedures below € 15.000 - "commitment request checklist"	100% checked	Costs: estimation of cost of staff involved  Benefits:  - limited number of procedure cancellations  - needed services/goods are provided  - compliance with rules  - limited number of complaints / litigations filed	Effectiveness:  - n° of errors detected  - n° of requests issued for clarification regarding the call for tender  - n° of complaints or litigation cases filed
	Training and bilateral coaching provided to operational units	100% checked		

Main risks It may happen (again) that...	Mitigating controls	How to determine coverage, and depth	How to estimate the costs and benefits of controls	Control indicators
The procurement documents used by operational units are not in line with the rules/models	<p>Regular update of the "procurement document" templates and supporting documents (e.g. "step by step", guidelines)</p> <p>In-house trainings on procurement</p> <p>Updated guidelines on public procurement (Ares (2016)3267245).</p>			
Due conflict of interest during the award process, contract awarded may be contested	Members of the evaluation committee sign a declaration of absence of conflict of interests and of confidentiality	100% checked	<p>Benefits:</p> <ul style="list-style-type: none"> <li>- awarded contract are awarded and services/goods delivered (needs satisfied)</li> <li>- limit number of litigations &amp; complaints</li> <li>- fair competition</li> </ul>	<p>Effectiveness:</p> <ul style="list-style-type: none"> <li>- n° of complaints or litigation cases filed</li> </ul>

## ANNEX 6: Implementation of the ERCEA 2016 AWP

### 6.1 Scientific and Grant Management

Objectives	Performance indicators	2016 targets	Result 31.12.2016
<u>Call management:</u> Clear and stable guidance on the application procedures provided to applicants	a) % of ineligible proposals / total proposals submitted, per call	StG, CoG, AdG 2016 calls: 1,5%  PoC 2016: 4%	StG, CoG, AdG 2016: 1%  PoC 2016: 6,2%
	b) % increase /decrease of submitted proposals from previous year by call	StG 2016: +10% CoG c2016: +10% AdG 2016: +10% PoC 2016: +10%	StG 2016: +0,5% CoG 2016: +12,3% AdG 2016: +23,1% PoC 2016: +28,9%
	c) % success rate per call <sup>5</sup>	StG 2016: 11% CoG 2016: 14% AdG 2016: 11% PoC 2016: 39%	StG 2016: 11,1% CoG 2016: 13,6% AdG 2016: on-going PoC 2016: 53,2%
<u>Evaluations:</u> Feedback to all applicants on the evaluation result is timely, unbiased and transparent	Time to inform <sup>6</sup> (average time in day) ALL applicants on the outcome of the evaluation of their application from the final date for submission of completed proposals	StG 2016: 160 CoG2 016: 150 AdG 2016: 137 PoC-1 2016: 90 PoC-2 2016: 140 PoC-3 2016: 105	StG 2016: 166 CoG 2016: 178 AdG 2016: on-going PoC-1 2016: 112 PoC-2 2016: 77 PoC-3 2016: 100
	Time to inform <sup>7</sup> (average time in day) SUCCESSFUL applicants on the outcome of the evaluation of their application from the final date for submission of completed proposals	StG 2016: 289 CoG2 016: 303 AdG 2016: 196	StG 2016: 281 CoG 2016: 296 AdG 2016: on-going
	% of re-evaluations out of overall	All calls: 0,5 %	All calls: 0,02%

<sup>5</sup> This indicator is calculated as follows: (Main)/Submitted proposals.

<sup>6</sup> According to Article 20.3 of the Rules for Participation and dissemination in H2020 (cf. OJ. L347 of 20/12/2013, p. 92), the ERCEA may exceed the period of 5 months from the final date for submission of complete proposals to inform all applicants of the outcome of the scientific evaluation of their application.

<sup>7</sup> According to Article 20.3 of the Rules for Participation and dissemination in H2020 (cf. OJ. L347 of 20/12/2013, p. 92), the ERCEA may exceed the period of 5 months from the final date for submission of complete proposals to inform all applicants of the outcome of the scientific evaluation of their application.



Objectives	Performance indicators	2016 targets	Result 31.12.2016
	proposals submitted and following requests for redress		
	Overall average number of remote referee reviews per proposal	StG, CoG, & AdG 2016: 2	StG, CoG & AdG 2016: 3,6
<u>Ethical Review:</u> To monitor that selected ERC proposals receive timely ethical clearance from competent authorities	Time to ethics clearance <sup>8</sup>	45 days	2015 calls: 50 days 2016 calls: 24 days
<u>Time to grant:</u> To minimise the duration of the granting process aiming at ensuring a prompt implementation of the Grant Agreements through a simple and transparent grant preparation process	Time to sign grant agreements from the date of informing successful applicants (average values)	StG, CoG, AdG: 130 days PoC: 120 days	StG 2015: 137,2 CoG 2015: 168,3 AdG 2015: 114,8 PoC-1 2015: 139 PoC-2 2015: 185,7 PoC-3 2015: 161,7 PoC-1 2016: 130,7 <sup>9</sup> PoC-2 2016: 86,4 <sup>10</sup>
	Time to grant <sup>11</sup> measured (average) from call deadline to signature of grants	StG 2015: 400 CoG 2015: 400 AdG 2015: 400 PoC 2015: 220 PoC-1 2016: 210 PoC-2 2016: 260	StG 2015: 410,1 CoG 2015: 450,3 AdG 2015: 404,8 PoC-1 2015: 245,0 PoC-2 2015: 291,7 PoC-3 2015: 267,7 PoC-1 2016: 242,7 <sup>12</sup> PoC-2 2016: 163,4 <sup>13</sup>

<sup>8</sup> Data relates to the pre-granting ethics review. This time span runs in parallel to the granting process.

<sup>9</sup> Granting is on-going.

<sup>10</sup> Granting is on-going.

<sup>11</sup> According to Article 20.3 of the Rules for Participation and dissemination in H2020 (cf. OJ. L347 of 20/12/2013, p. 92), the ERCEA may exceed the period of 8 months from the final date for submission of complete proposals to signature of grant agreements with applicants.

<sup>12</sup> Granting is on-going.

<sup>13</sup> Granting is on-going.

Objectives	Performance indicators	2016 targets	Result 31.12.2016
<u>Scientific follow-up</u> <sup>14</sup> : Timely communicate the assessment of PI's mid-term and final scientific reports	% of final reports which exceeded 60 days	All calls: 5%	All calls: 1,15%

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<sup>14</sup> In 2016, the majority of the scientific reports and follow-up will continue relating to FP7 projects. However the first final scientific reports for SyG and CoG projects are expected to be submitted in 2017 and 2019 respectively.

## 6.2 Financial Management

Objectives	Performance indicators	2016 Targets		Result 31.12.2016	
		H2020	FP7	H2020	FP7
To maximise execution of the operational commitment credits delegated to ERCEA by the European Commission	% execution of L1 commitment	100%		100%	
	% execution of L2/L1 commitment (C8)	100%		99,99%	
To ensure full yearly execution of payments credits (operational budget) through careful planning and monitoring	% execution of payment credits (C1)	100%	100%	100%	100%
Minimise financial and legal transaction time for ERC beneficiaries	a) time to pay (% according to milestones & budget table specified in the Description of Work and processing payments ie economic target days)	Pre-financing: 85% within 20 days		91,5% (average 8,8 days)	
		Interim payment: 95% within 90 days	IP: 95% within 90 days	100% (average 34,8 days)	98,9% (average 29,3 days)
		Final payment: 95% within 90 days	FP: 95% within 90 days	100% (average 55,0 days)	98% (average 43,8 days)
	b) time to invoice (% within 5 days)	95%	95%	97,3%	98,9%
	c) time to amend (% approved or rejected within 45 days upon receipt of valid request)	100%	100%	73,4% (average 36,3 days)	99,79% (average 13,2 days)
<u>Expert management:</u> To fully execute the yearly experts' operational budget by implementing efficient payment process	a) time to pay (average)	100% within 30 days		98,9% (average 13,3 days)	
	b) % of experts payments budget execution (C1)	100 %		100%	
To ensure legality and regularity of underlying transactions to support ERCEA's positive Declaration of Assurance	ERCEA specific error rate <sup>15</sup>		MUS residual error rate <2%		MUS error rate: Detected: 1,12% Residual: 0,85%

<sup>15</sup> i.e. MUS ERCEA residual error rate, computed on the basis of MUS detected error rates.

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

Not applicable.

## **ANNEX 8: Decentralised agencies**

Not applicable.

## **ANNEX 9: Evaluations and other studies finalised or cancelled during the year**

Not applicable.

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

### Stage 4: Ex post controls

#### Audit strategy

The main legality and regularity indicator resulting from the ex-post audits is the error rate. Because of its multi-annual nature, the effectiveness of the control strategy of the Research Family can be measured and assessed in the final stages of the Framework Programme, once it has been fully implemented and systematic errors have been detected and corrected. As a major development of the Common FP7 Audit Strategy, the Research family has introduced in 2012 the Common Representative Audit Sample (CRaS) and the related CRaS error rate, aiming at estimating the overall level of error on a multi-annual basis in FP7 across all the services.

The ERCEA manages the ex-post controls in line with the FP7 Common Audit Strategy and is part of the FP7 Common Representative audit Samples (CRaS 1, 2 & 3). However, to conclude on the legality and regularity of transactions, ERCEA does not rely on the common approach of the CRaS, since the risk profile of the IDEAS beneficiaries is inherently lower compared to the rest of the FP7.

The different risk profile is due to the specificities in the IDEAS programme, such as ERC grants being mono-beneficiary, beneficiaries being mostly large research institutes with well-established internal controls on financial reporting (e.g. no SMEs, few newcomers to the programme, mostly public bodies), simplifications inherent in the programme design (e.g. flat-rate overheads).

Thus, while contributing to the Research Family common audit strategy, the ERCEA has adopted an alternative assessment pattern fully aligned to annex 4 and implemented its own multi-annual ex-post controls indicators, since it has considerable additional evidence to allow for an assessment of the error rate of its own expenditure, to provide assurance to the Authorizing Officer by Delegation on the ERC specific population. Different error rates are calculated according to the methodology described in annex 4, namely the MUS Statistical Error rate (detected error rate), the MUS Residual Error rate, and the Global Activity Error Rate<sup>16</sup>, and the results are corroborated to provide a comprehensive view of the legality and regularity of underlying transactions.

Finally, it should be underlined that the Agency has disclosed in its 2013 AAR - in agreement with the parent DG - the above described alternative assessment pattern<sup>17</sup>)

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<sup>16</sup> **MUS Statistical Error Rate:** the multi-annual error rate derived from the results of audits performed on a representative sample of IDEAS beneficiaries, to be defined as "representative" error rate upon finalization of the samples and to be extrapolated to the overall population. Until completion, this indicator is defined as "detected" statistical error rate. The MUS rate has a multi-annual nature and is calculated for the IDEAS programme since before the introduction of the CRaS. Although the degree of completion does not ensure yet statistical precision, the rate gives a strong indication of the most likely error in the population and, as such, represents an important element in the assurance building.

- **Residual MUS Error Rate:** on a multi-annual basis, the extrapolated level of error remaining after corrections/recoveries undertaken by ERCEA following the audits that have been made on the MUS sample (calculation of the residual error rate shown in Annex 4).

Upon completion, this is the reference indicator for the purposes of assessing the legality and regularity of transactions, as well as the progress made through the ERCEA ex-post strategy in dealing with errors over a multiannual basis.

The detected rates derived from the statistical sample are complemented by the risk based error rate, resulting from audits conducted for corrective and budget cleaning effects.

- **Global Activity Error Rate:** the error rate derived from the results of all audits (excluding the ones performed by the Court of auditors only), whether audits on the statistical sample of beneficiaries or audits implemented for other reasons (risk based etc.).

<sup>17</sup> This alternative pattern supports its Declaration of Assurance based on the specific error rate deriving from the ERCEA statistical sample.

established before the introduction of the CRaS. Furthermore, this practice has been enshrined in the 2015 revision of "ERCEA FP7 Ex-post control approach and audit strategy for the remaining period 2015-2018", following the implementation in 2015 of an IAS recommendation resulting from the audit on ERCEA FP7 internal control systems and ex-post controls.

### **Audit activity and sampling**

The ERCEA performs audits for the following samples:

1. The statistical MUS sample, comprising:

- The MUS1 (ex MUS250) sample, consisting of 160 items selected on the basis of a statistical method from the first € 250 million submitted and accepted cost statements. A number of 149 financial statements have been audited so far, representing 93 % of the first statistical sample. It is planned to be audited until full completion in the course 2017.

- The MUS2 sample, in continuation of the MUS1, consisting of 150 items selected on the same method on a rolling base from the Euro 250 mil.-4,25 billion submitted and accepted cost statements. A number of 74 financial statements have been audited by the end of 2016, representing 49 % of the second statistical sample.

The final MUS results, respectively the combined MUS1&MUS2 results are expected by end 2018. Currently the detected error rate is based on the stratification of the MUS1 & MUS2 results, given the high degree of completion allowing for more reliable conclusions.

2. The risk sample, resulting from a risk analysis considering beneficiaries with a higher risk profile.

In addition to the risk sample, the overall risk based audit category includes the Top 100 beneficiaries, technical audits, audits jointly performed with the Court of Auditors and other audits on requests. A number of 1091 financial statements have been audited to date under the risk based strand, representing 85% of the total audits performed.

The table below gives an overview of the audit activity performed by the ERCEA by the end of 2016 detailed by type of audits (given that a single audit can cover more samples or activity strands, the overview is expressed in number of financial statements):

<b>Number of Cost Statements audited</b>	<b>2016</b>					
	<b>CRaS1 &amp; 2</b>	<b>MUS1 (ex-250) &amp; MUS 2 samples</b>		<b>Risk Based (Risk Analysis + Request, TOP 100, technical, other)</b>	<b>Joint with CoA</b>	<b>Total 2016</b>
<b>Ongoing – beginning of the period</b>	1	10	20		0	<b>275</b>
<b>Launched</b>	27	21	50		4	<b>356</b>
<b>Closed</b>	16	20	35		2	<b>405</b>
<b>Ongoing – end of the period</b>	12	11	35		2	<b>226</b>
<b>2009-2016</b>						
<b>Ongoing – beginning of the period</b>	0	0	0	0	0	<b>0</b>
<b>Launched</b>	39	160	109		40	<b>1512</b>
<b>Closed</b>	30	149	74		38	<b>1286</b>
<b>Ongoing – end of the period</b>	12	11	35		2	<b>226</b>

### Audit plan execution

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

<b>Number of audits ( &amp; Financial Statements)</b>	<b>2016</b>		<b>2009 – 2016</b>	
	<b>AUDITS</b>	<b>FINANCIAL STATEMENTS</b>	<b>AUDITS</b>	<b>FINANCIAL STATEMENTS</b>
<b>Audits planned – as per AWP &amp; audit strategy</b>	60	N/A	415	N/A
<b>Audits planned – as per gap recovery plan</b>	79	N/A	N/A	N/A
<b>Audits ongoing – beginning of the period</b>	54	275	0	0
<b>Audits launched</b>	88	356	478	1512
<b>Audits closed</b>	87	405	423	1286
<b>Audits ongoing – end of the period</b>	55	226	55	226
<b>Total amount audited - €</b>	€ 163.746.187,73		€ 484.021.328,76	
<b>Audit coverage - %</b>	9,55%			

## Results of ex post control audits

Indicators related to ERCEA specific ex-post control strategy (excluding not-joint Court of Auditors)				
Financial Statements audited	2016		2009-2016	
	Amount in €	Number	Amount in €	Number
Total cost accepted by Financial officers (€) on audited FS – Audited amount	163.746.187,73 €	405	484.021.328,76 €	1.286
Thereof audited as part of the CRaS (1, 2 & 3)	10.766.330,45 €	16	17.256.596,01 €	30
Thereof audited as part of the MUS 1 (ex-MUS250)	8.884.910,04 €	20	57.276.265,20 €	149
Thereof audited as part of the MUS 2	11.349.869,59 €	35	24.661.758,00 €	74
Thereof audited as part of the risk based sample (38 FS jointly audited with CoA included)	132.745.077,65 €	336	384.826.709,55 €	1.091
Total adjustments in favour of the ERCEA (€, only negative)	3.150.104,60 €	117	7.768.607,08 €	369
on the CRaS samples	52.520,15 €	3	88.995,55 €	6
On the MUS sample 1	164.891,04 €	6	935.096,37 €	48
On the MUS sample 2	181.357,98 €	11	288.145,73 €	20
On the risk based sample	2.751.335,43 €	97	6.456.369,43 €	295
Detected error rate – from MUS1 - %	1,62%	20	1,52%	149
Residual Error rate – from MUS1 - %	N/A	N/A	1,32%	N/A
<i>Other MUS related rates:</i>				
Detected error rate – from MUS2 - %	0,53%	35	0,44%	74
Detected error rate – stratified (MUS1 & MUS2) - %	N/A	N/A	1,12%	N/A
Residual Error rate – from MUS stratified- %	N/A	N/A	0,85%	N/A
<i>Other ERCEA error rates:</i>				
Risk based error rate (risk analysis, audits on request, Top100, other)- %	1,80%	336	2,34%	1.091
Global activity error rate (all activity excluding CoA Only) - %	1,72%	405	2,16%	1.286



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

<b>Audit targets 2009 – 2016</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
<b>ERCEA - planned number of audits - / per year according to the AWP</b>	5	40	70	60	60	60	60	60
<b>ERCEA – planned number of audits according to internal gap recovery plan</b>	n/a	n/a	n/a	n/a	n/a	n/a	84	86
<b>cumulative planned audits- according to AWP</b>	5	45	115	175	235	295	355	415
<b>ERCEA - launched audits / per year</b>	3	38	70	58	68	68	85	88
<b>cumulative launched audits</b>	3	41	111	169	237	305	390	478
<b>ERCEA - closed audits / per year</b>	0	9	40	71	72	60	84	87
<b>Cumulative closed audits</b>	0	9	49	120	192	252	336	423
<b>% -Closed vs planned (cumulative )</b>		<b>-80%</b>	<b>-57%</b>	<b>-31%</b>	<b>-18%</b>	<b>-15%</b>	<b>-6%</b>	<b>+2%</b>

## Control effectiveness as regards legality and regularity

### Research Family CRaS results

<b>Research Family harmonised indicators</b>	<b>31/12/2016</b>	<b>31/12/2015</b>
<b>Detected error rate from a representative sample (CRaS1,2 &amp; 3)<sup>18</sup></b>	5.03%	4.47%
<b>Residual error rate (CRaS)<sup>19</sup> – ( including 57 ERC Financial statements)</b>	2,68%	2.88%
<b>Value of corrections 'made', by implementing and extending audit results, by recoveries (ABAC) or offsetting (local PM system)</b>	4.686.689	2.610.262
<b>Value of recoveries as per the "Comm. on the Protection of EU financial interests"</b>	23.330.125	12.615.055

<sup>18</sup> The FP7 Common Representative audit sample Error Rate (CRaS Error rate) is the sum of all negative detected error rates of closed representative audited financial statements in the 2 Common samples drawn from the whole FP7 population amongst the Research family (324 items in total, only 25 from ERC), divided by the number of closed representative audited financial statements and stratified according to their respective weight.

<sup>19</sup> The FP7 Residual error rate, specific to each DG/EA, is calculated on the basis of the Common Representative audit Sample error rate (CRaS Error rate) and it is defined as the level of errors which remain undetected and uncorrected at the end of the FP7. Please refer to Annex 4 for formulas and explanations.

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

## 11.1 Fraud prevention and detection

ERCEA has developed and implemented its own anti-fraud strategy since 2011, elaborated on the basis of the methodology provided by OLAF. So far, it has been updated twice, in 2013 and in 2015.

### Objective 3: Minimisation of the risk of fraud through application of effective anti-fraud measures, integrated in all activities of the Agency, based on the ERCEA's anti-fraud strategy (AFS) aimed at the prevention, detection and reparation of fraud

#### Indicator 1: Updated anti-fraud strategy (AFS) of the ERCEA, elaborated on the basis of the methodology provided by OLAF

Source of data: ERCEA AFS

Baseline	Target	Result 2016
Date of the last update: 12/11/2015	The Strategy shall be updated in the event of important developments regarding the implementation of the Specific programmes entrusted to the ERCEA including significant evolution of a Research family common anti-fraud strategy and related tools for Horizon 2020.	No development in 2016 triggered the need to update the strategy.

#### Indicator 2 : Fraud awareness is increased for target population as identified in the ERCEA AFS

Source of data: ERCEA AFS

Baseline	Target 2016	Result 2016
	80% of ERCEA Staff participation to ethics and integrity trainings	83%
	75% of ERCEA staff participation to the survey on anti-fraud policy, ethics and integrity	42%
	75% of correct answers to the survey	70%

## ANNEX 12: Performance tables

Relevant general objective(s) of the parent DG(s): A new boost for Jobs, Growth and Investment				
Specific objective of the parent DG(s): "Excellent science – European Research Council (ERC) – Strengthening frontier research				Related to spending programme Horizon 2020 SP
Main outputs in 2016:				
EXPENDITURE-RELATED OUTPUTS		INPUTS: Operational expenditure		Latest known results/Achieved/Non achieved
Description Main Calls	Number of outputs	Budget line	EUR million	(Main list grants)
Starting Grant 2016 (StG)	335	08 02 01 01	485	325
Consolidator Grant 2016 (CoG)	335	08 02 01 01	605	314
Advanced Grant 2016 (AdG)	235	08 02 01 01	540	Evaluation is on-going
Proof of Concept 2016 (PoC)	130	08 02 01 01	20	133
<b>Other Actions<sup>20</sup></b>				
a) Experts	4	08 02 01 01	15.12	4
b) Grants to identified beneficiaries	1	08 02 01 01	0.3	1
c) Other calls for proposals	1	08 02 01 01	0.85	0
d) Public Procurements	2	08 02 01 01	0.75	2
<b>Estimated total budget<sup>21</sup></b>			<b>1 667.02</b>	

<sup>20</sup> Detailed information related to these actions can be found in the ERC Work Programme 2016 (pp. 43 *sqq*).

<sup>21</sup> The Budget figures given in this table are rounded to two decimal points.