

ANNEXES

ANNEX 1: Statement of the Head of Department for Administration, Finance and Support Services

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 Commission¹, I have reported my advice and recommendations to the Director on the overall state of internal control in the Research Executive Agency.

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 exhaustive.

Brussels, 22 March 2016

Signed

Wilfried Beurms

Head of Department for
Administration, Finance and Support
Services,

Internal Control Coordinator

¹ 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: Human and financial resources

2.1 Human Resources by ABB Activity

The table below details the total staff employed within the REA as of 31 December 2015.

Table 1 – Breakdown of human resources by ABB activity

Human Resources by ABB activity				
Code ABB Activity	ABB Activity	Establishment Plan posts	External Personnel	Total
Activity 02.04	H2020 Leadership in Space actions, the actions of the Space theme of the FP7 Cooperation Programme, as well as part of H2020 Societal Challenge 7 and the actions of the Security theme of the FP7 Cooperation Programme	20.0	40.0	60.1
Activity 05.09	Part of H2020 - Societal Challenge 2	2.4	7.3	9.8
Activity 08.02	Part of H2020 Societal Challenges 2 and 6, Specific Objectives 'Spreading Excellence and Widening Participation' and 'Science with and for Society', and part of the FP7 Capacities – Research for the benefits of the SMEs	24.0	55.7	79.7
Activity 09.04	H2020 Future and Emerging Technologies (FET Open), and parts of Societal Challenges 6 and 7	8.9	24.0	32.9
Activity 15.03	H2020 Marie Skłodowska-Curie actions (MSCA) and the FP7 People Programme (MCA)	45.1	155.0	200.1
--	Support Services	15.0	100.8	115.8
--	Coordination and Administrative Support	38.6	81.1	119.7
Total		154.0	464.0	618.0

General remark: the above data rely on the snapshot of personnel actually at the REA as of 31 December 2015. These data do not necessarily constitute full-time-equivalents throughout the year.

On 31 December 2015 the REA had 618 staff in place. With the job offers sent out and accepted with a starting date in 2016 and known resignations the total figure is 623.

The target of 630² staff has not been reached by the end of 2015, which may be explained by the beginning of the year and the new selection mechanism that is lengthier than the old one.

² Financed from the "EU General Budget"

2.2 Financial resources – Implementation of the REA's operating budget

Table 2 – Overview REA's administrative budget

Budget Title	Appropriations 2015 (C1) (in € million)				Appropriations carried over from 2014 (C8) (in € million)			Total payments made in 2015 (C1+C8) (in € million)
	Total appropriations authorised	Committed	% committed	Payments made	Total appropriations authorised	Payments made	% paid	
Title 1 - Staff Expenditure	37.62	37.58	99.9%	36.97	0.47	0.42	88.9%	37.38
Title 2 - Infrastructure and Operating Expenditure	9.07	8.80	97.0%	7.47	1.24	1.12	90.3%	8.59
Title 3 - Programme Support Expenditure	7.90	7.80	98.8%	6.33	2.40	1.80	75.1%	8.12
TOTAL	54.59	54.19	99.3%	50.76	4.11	3.34	81.2%	54.10

ANNEX 3: Draft annual accounts and financial reports

AAR 2015 Version 1

Annex 3.1 Financial Reports - REA - Financial Year 2015

Operational Budget

Table 1 : Commitments

Table 2 : Payments

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Table 8 : Recovery of undue Payments

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Table 11 : Negotiated Procedures (excluding Building Contracts)

Table 12 : Summary of Procedures (excluding Building Contracts)

Table 13 : Building Contracts

Table 14 : Contracts declared Secret

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

Annex 3.1 - Financial Reports - Operational Budget REA

Additional comments

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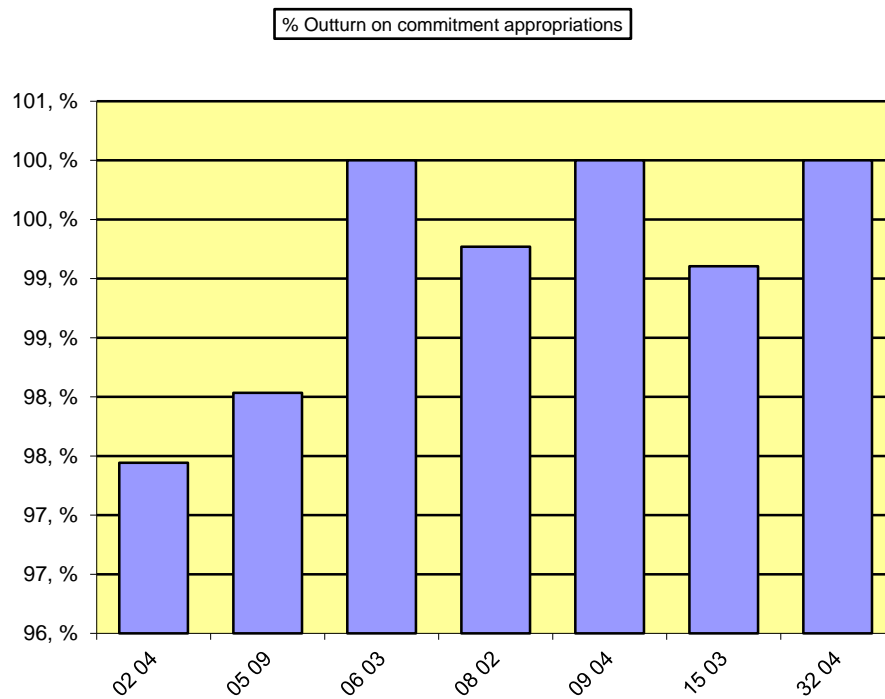
Annex 3.1 - Financial Reports - Operational Budget REA

TABLE 1: OUTTURN ON COMMITMENT APPROPRIATIONS IN 2015 (in Mio €)					
			Commitment appropriations authorised	Commitments made	%
			1	2	3=2/1
Title 02 Enterprise and industry					
02	02 04	Horizon 2020 - Research relating to enterprises	166.5033799	162.245333	97.44 %
Total Title 02			166.5033799	162.245333	97.44%
Title 05 Agriculture and rural development					
05	05 09	Horizon 2020 - Research and innovation related to agriculture	97.50608645	95.5889561	98.03 %
Total Title 05			97.50608645	95.5889561	98.03%
Title 06 Mobility and transport					
06	06 03	Horizon 2020 - Research and innovation related to transport	0.5825	0.5825	100.00 %
Total Title 06			0.5825	0.5825	100.00%
Title 08 Research and innovation					
08	08 02	Horizon 2020 - Research	265.0849627	263.147485	99.27 %
Total Title 08			265.0849627	263.147485	99.27%
Title 09 Communications networks, content and technology					
09	09 04	Horizon 2020	173.5325703	173.53257	100.00 %
Total Title 09			173.5325703	173.53257	100.00%
Title 15 Education and culture					
15	15 03	Horizon 2020	832.1523032	824.704781	99.11 %
Total Title 15			832.1523032	824.704781	99.11%
Title 32 Energy					
32	32 04	Horizon 2020 - Research and innovation related to energy	1.936	1.936	100.00 %
Total Title 32			1.936	1.936	100.00%
Total DG REA			1537.297803	1521.73763	98.99 %

* 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).

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Annex 3.1 - Financial Reports - Operational Budget REA



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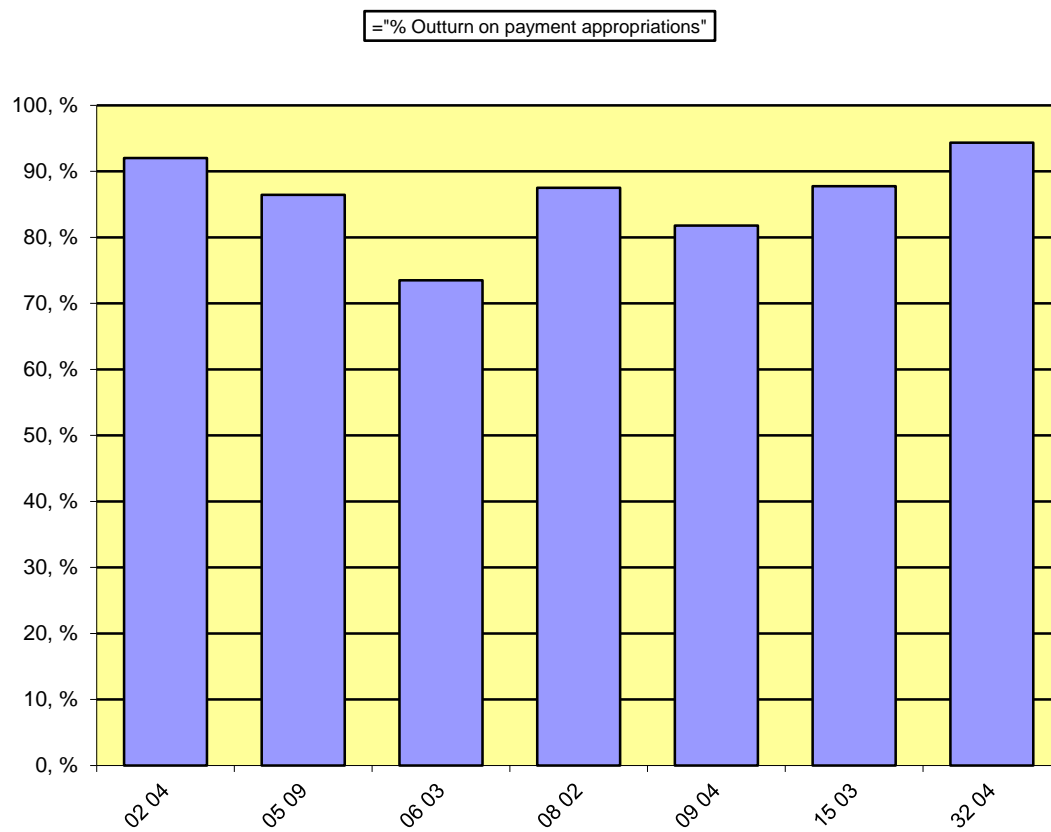
Annex 3.1 - Financial Reports - Operational Budget REA

TABLE 2: OUTTURN ON PAYMENT APPROPRIATIONS IN 2015 (in Mio €)					
Chapter			Payment appropriations authorised *	Payments made	%
			1	2	3=2/1
Title 02 Enterprise and industry					
02	02 04	Horizon 2020 - Research relating to enterprises	246.4761832	226.7744486	92.01 %
Total Title 02			246.4761832	226.7744486	92.01%
Title 05 Agriculture and rural development					
05	05 09	Horizon 2020 - Research and innovation related to agriculture	22.71302886	19.63373823	86.44 %
Total Title 05			22.71302886	19.63373823	86.44%
Title 06 Mobility and transport					
06	06 03	Horizon 2020 - Research and innovation related to transport	0.70410701	0.51753096	73.50 %
Total Title 06			0.70410701	0.51753096	73.50%
Title 08 Research and innovation					
08	08 02	Horizon 2020 - Research	291.5762174	255.1590275	87.51 %
Total Title 08			291.5762174	255.1590275	87.51%
Title 09 Communications networks, content and technology					
09	09 04	Horizon 2020	111.6505174	91.29817071	81.77 %
Total Title 09			111.6505174	91.29817071	81.77%
Title 15 Education and culture					
15	15 03	Horizon 2020	938.0614766	823.1961548	87.76 %
Total Title 15			938.0614766	823.1961548	87.76%
Title 32 Energy					
32	32 04	Horizon 2020 - Research and innovation related to energy	2.0121438	1.8982006	94.34 %
Total Title 32			2.0121438	1.8982006	94.34%
Total DG REA			1613.193674	1418.477271	87.93 %

* 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).

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Annex 3.1 - Financial Reports - Operational Budget REA



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Annex 3.1 - Financial Reports - Operational Budget REA

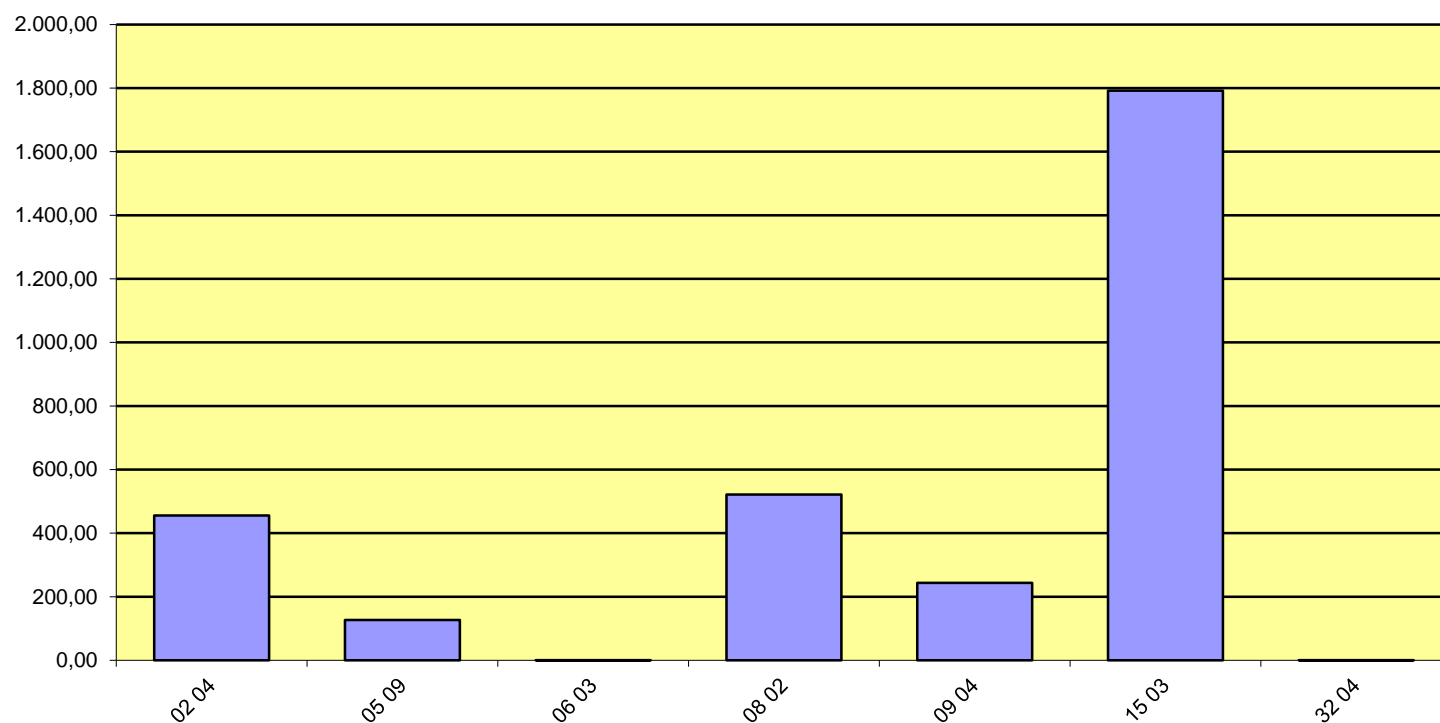
TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2015 (in Mio €)									
Chapter			2015 Commitments to be settled				Commitments to be settled from financial years previous to 2015	Total of commitments to be settled at end of financial year 2015(incl corrections)	Total of commitments to be settled at end of financial year 2014(incl. corrections)
			Commitments 2015	Payments 2015	RAL 2015	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
Title 02 : Enterprise and industry									
02	02 04	Horizon 2020 - Research relating to enterprises	162.2453333	27.56	134.689657	83.02 %	320.97	455.66	520.19
Total Title 02			162.2453333	27.56	134.689657	83.02%	320.969308	455.658965	520.18808
Title 05 : Agriculture and rural development									
05	05 09	Horizon 2020 - Research and innovation related to agriculture	95.58895611	2.15	93.43749078	97.75 %	33.46	126.89	50.94
Total Title 05			95.58895611	2.15	93.43749078	97.75%	33.45696524	126.894456	50.941452
Title 06 : Mobility and transport									
06	06 03	Horizon 2020 - Research and innovation related to transport	0.5825	0.40	0.17994255	30.89 %	0.06	0.24	0.18
Total Title 06			0.5825	0.40	0.17994255	30.89%	0.06007364	0.24001619	0.17504715
Title 08 : Research and innovation									
08	08 02	Horizon 2020 - Research	263.1474848	42.56	220.5826254	83.82 %	301.15	521.73	514.17
Total Title 08			263.1474848	42.56	220.5826254	83.82%	301.1514031	521.7340286	514.16979
Title 09 : Communications networks, content and technology									
09	09 04	Horizon 2020	173.5325703	20.04	153.4926146	88.45 %	90.32	243.81	162.22
Total Title 09			173.5325703	20.04	153.4926146	88.45%	90.31894763	243.8115622	162.219008
Title 15 : Education and culture									
15	15 03	Horizon 2020	824.7047809	208.60	616.1011185	74.71 %	1,175.93	1,792.04	1792.23
Total Title 15			824.7047809	208.60	616.1011185	74.71%	1175.934835	1792.035953	1792.23253

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Annex 3.1 - Financial Reports - Operational Budget REA

Title 32 : Energy									
32	32 04	Horizon 2020 - Research and innovation related to energy	1.936	1.81	0.12707864	6.56 %	0.02	0.15	0.11
Total Title 32			1.936	1.81	0.12707864	6.56%	0.02074522	0.14782386	0.11002446
Total DG REA			1521.737625	303.13	1218.610528	80.08 %	1921.912278	3140.522805	3040.03593

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



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Annex 3.1 - Financial Reports - Operational Budget REA

TABLE 4 : BALANCE SHEET

BALANCE SHEET	2015	2014
A.I. NON CURRENT ASSETS	282074151.3	208615064.2
A.I.6. Non-Current Pre-Financing	282,074,151.30	208,615,064.20
A.I.7. OLD LT Pre-Financing		0.00
A.II. CURRENT ASSETS	836429261.1	837019438.8
A.II.2. Current Pre-Financing	826,549,727.16	832,251,280.67
A.II.4. Exchange Receivables	7,530,435.79	2,535,692.28
A.II.5. Non-Exchange Receivables	2,349,098.19	2,232,465.89
ASSETS	1118503412	1045634503
P.III. CURRENT LIABILITIES	-149864057.9	-133946984
P.III.4. Accounts Payable	-72,932,574.01	-59,943,162.57
P.III.5. Accrued charges and deferred income	-76,931,483.90	-74,003,821.39
LIABILITIES	-149864057.9	-133946984
NET ASSETS (ASSETS less LIABILITIES)	968639354.5	911,687,519.08

P.I.2. Accumulated Surplus / Deficit	2406007228	1066310508
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Non-allocated central (surplus)/deficit*	-3374646582	-1977998027
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TOTAL	0.00	0.00
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It should be noted that the balance sheet and statement of financial performance presented in Annex 3 to this Annual Activity Report, represent only the assets, liabilities, expenses and revenues that are under the control of this Directorate General. Significant amounts such as own resource revenues and cash held in Commission bank accounts are not included in this Directorate General's accounts since they are managed centrally by DG Budget, on whose balance sheet and statement of financial performance they appear. Furthermore, since the accumulated result of the Commission is not split amongst the various Directorates-General, it can be seen that the balance sheet presented here is not in equilibrium.

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

TABLE 5 : STATEMENT OF FINANCIAL PERFORMANCE

STATEMENT OF FINANCIAL PERFORMANCE	2015	2014
II.1 REVENUES	-266933.4	-1285908.72
II.1.1. NON-EXCHANGE REVENUES	-2494583.74	-2000752.39
II.1.1.5. RECOVERY OF EXPENSES	-2,306,399.64	-1,683,747.79
II.1.1.6. OTHER NON-EXCHANGE REVENUES	-188,184.10	-317,004.60
II.1.2. EXCHANGE REVENUES	2227650.34	714843.67
II.1.2.1. FINANCIAL INCOME	1,154,058.13	-108,321.34
II.1.2.2. OTHER EXCHANGE REVENUE	1,073,592.21	823,165.01
II.2. EXPENSES	1339545225	1340982629
II.2. EXPENSES	1339545225	1340982629
II.2.10. OTHER EXPENSES	13,185.32	
II.2.2. EXP IMPL BY COMMISS&EX.AGENC. (DM)	1,339,563,716.79	1,340,914,445.73
II.2.8. FINANCE COSTS	-31,677.61	68,183.00
STATEMENT OF FINANCIAL PERFORMANCE	1,339,278,291.10	1,339,696,720.01

Explanatory Notes (facultative):

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Annex 3.1 - Financial Reports - Operational Budget REA

TABLE 6: AVERAGE PAYMENT TIMES FOR 2015 - DG REA

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	20601	19848	96.34 %	13.60162233	753	3.66 %	39.0252324
45	2	2	100.00 %	37.5			
90	2879	2718	94.41 %	57.87674761	161	5.59 %	125.1801242

Total Number of Payments	23482	22568	96.11 %		914	3.89 %	
Average Payment Time	20.30870454			18.93605991			54.20131291

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	1789	1665	93.07 %	8.168768769	124	6.93 %	29.01612903
30	2				2	100.00 %	37.5
60	1	1	100.00 %	21			
75	1733	1195	68.96 %	51.87698745	538	31.04 %	90.37918216

Total Number of Payments	3525	2861	81.16 %		664	18.84 %	
Average Payment Time	36.2870922			26.42957008			78.76054217

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	40	3454	14.71 %	23482	388,918,746.73	29.38 %	1,323,901,615.08

Late Interest paid in 2015			
DG	GL Account	Description	Amount (Eur)
REA	65010000	Interest expense on late payment of charges	-50 113.11
REA	65010100	Interest on late payment of charges New FR	18 435.50
			-31 677.61

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Annex 3.1 - Financial Reports - Operational Budget REA

TABLE 7 : SITUATION ON REVENUE AND INCOME IN 2015

Chapter		Revenue and income recognized			Revenue and income cashed from			Outstanding
		Current year RO	Carried over RO	Total	Current Year RO	Carried over RO	Total	balance
		1	2	3=1+2	4	5	6=4+5	7=3-6
52	REVENUE FROM INVESTMENTS OR LOANS GRANTED, BANK AND OTHER INTEREST	303785	35472.73	339257.73	302794.97	35269.35	338064.32	1193.41
60	CONTRIBUTIONS TO UNION PROGRAMMES	4560.58	0	4560.58	4560.58	0	4560.58	0
66	OTHER CONTRIBUTIONS AND REFUNDS	28214759.16	2825397.62	31040156.78	19256003.81	2392028.58	21648032.39	9392124.39
90	MISCELLANEOUS REVENUE	175332.39	136432.74	311765.13	97354.66	83684.51	181039.17	130725.96
Total DG REA		28698437.13	2997303.09	31695740.22	19660714.02	2510982.44	22171696.46	9524043.76

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Annex 3.1 - Financial Reports- Operational Budget REA

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

INCOME BUDGET RECOVERY ORDERS ISSUED IN 2015 Year of Origin (commitment)	Error		Irregularity		Total undue payments recovered		Total transactions in recovery context(incl. non- qualified)		% Qualified/Total RC	
	Nbr	RO Amount	Nbr	RO Amount	Nbr	RO Amount	Nbr	RO Amount	Nbr	RO Amount
2007	4	14553.04	1	1674.9	5	16,227.94	5	16,227.94	100.00%	100.00%
2008	11	191345.72	11	119115.26	22	310,460.98	37	1,470,370.29	59.46%	21.11%
2009	7	119650.69	7	929048.74	14	1,048,699.43	60	2,820,328.36	23.33%	37.18%
2010	2	11631.58	16	107611.45	18	119,243.03	137	5,693,082.25	13.14%	2.09%
2011	4	65550.47	11	638501.65	15	704,052.12	95	3,394,540.70	15.79%	20.74%
2012			5	849286.91	5	849,286.91	70	9,397,580.12	7.14%	9.04%
2013							83	4,518,090.37		
2014	4	25666.6			4	25,666.60	46	1,182,273.93	8.70%	2.17%
2015							6	4,050.00		
No Link							4	9,164.26		
Sub-Total	32	428398.1	51	2645238.91	83	3,073,637.01	543	28,505,708.22	15.29%	10.78%

EXPENSES BUDGET	Error		Irregularity		OLAF Notified		Total undue payments recovered		Total transactions in recovery context(incl. non-qualified)		% Qualified/Total RC	
	Nbr	Amount	Nbr	Amount	Nbr	Amount	Nbr	Amount	Nbr	Amount	Nbr	Amount
INCOME LINES IN INVOICES												
NON ELIGIBLE IN COST CLAIMS	3	24276.3	628	18471183.42			631	18495459.72	862	33,782,306.35	73.20%	54.75%
CREDIT NOTES									2	12,677.38		
Sub-Total	3	24276.3	628	18471183.42			631	18495459.72	864	33794983.73	73.03%	54.73%
GRAND TOTAL	35	452674.4	679	21116422.33			714	21569096.73	1407	62300691.95	50.75%	29.69%

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Annex 3.1 - Financial Reports - Operational Budget REA

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

	Number at 01/01/2015	Number at 31/12/2015	Evolution	Open Amount (Eur) at 01/01/2015	Open Amount (Eur) at 31/12/2015	Evolution
2013	3	2	-33.33 %	21,596.13	3,209.78	-85.14 %
2014	34	5	-85.29 %	2,975,706.96	483,110.87	-83.76 %
2015		53			9,037,723.11	
	37	60	62.16 %	2,997,303.09	9,524,043.76	217.75 %

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Annex 3.1 - Financial Reports - Operational Budget REA

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

Total DG	
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Number of RO waivers	
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TABLE 11 : CENSUS OF NEGOTIATED PROCEDURES - DG REA - 2015

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

No data to be reported

TABLE 12 : SUMMARY OF PROCEDURES OF DG REA EXCLUDING BUILDING CONTRACTS

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Additional comments

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No data to be reported

TABLE 13 : BUILDING CONTRACTS

Total number of contracts :	
Total amount :	

Legal base	Contract Number	Contractor Name	Description	Amount (€)

No data to be reported

TABLE 14 : CONTRACTS DECLARED SECRET

Total Number of Contracts :

Total amount :

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

No data to be reported

Annex 3.2 Financial Reports - REA - Financial Year 2015**Administrative Budget****Table 1 : Commitments****Table 2 : Payments****Table 3 : Commitments to be settled****Table 4 : Balance Sheet****Table 5 : Statement of Financial Performance****Table 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**

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Annex 3.2 - Financial Reports - Administrative Budget REA

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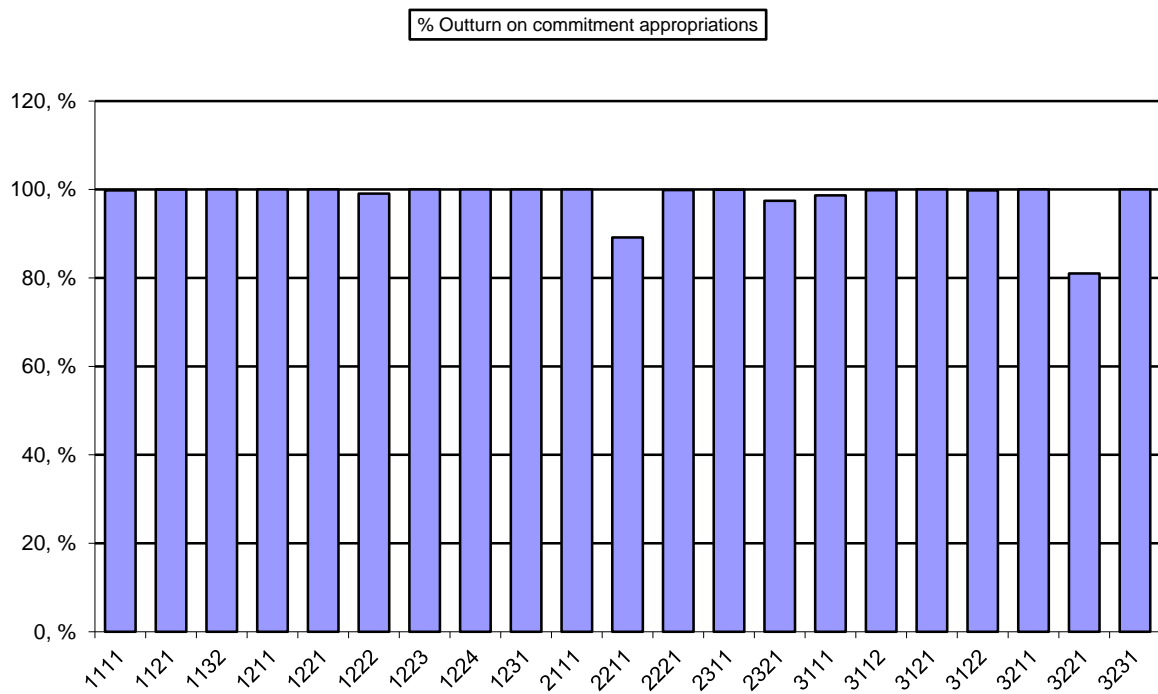
Annex 3.2 - Financial Reports - Administrative Budget REA

TABLE 1: OUTTURN ON COMMITMENT APPROPRIATIONS IN 2015 (in Mio €)				
Chapter		Commitment appropriations authorised *	Commitments made	%
		1	2	3=2/1
Title 1 STAFF EXPENDITURE				
1111	TEMPORARY AGENTS - REMUNERATION, ALLOW. AND CHARGE	14.63	14.60	99.80 %
1121	CONTRACT AGENTS - REMUNERATION, ALLOW. AND CHARGES	19.27	19.27	99.97 %
1132	INTERIM SUPPORTIVE AGENTS AND TRAINEES	1.33	1.33	100.00 %
1211	SPECIFIC STAFF-RELATED CHARGES AND RECRUIT. EXP.	1.60	1.60	100.00 %
1221	TRAINING COURSES FOR PROF. AND PERS. DEV. OF STAFF	0.53	0.53	100.00 %
1222	MISSIONS FOR PROF. AND PERS. DEV. OF STAFF	0.01	0.01	99.07 %
1223	MEDICAL SERVICE	0.13	0.13	100.00 %
1224	MOBILITY AND OTHER SOCIAL EXPENSES	0.11	0.11	100.00 %
1231	REPRESENTATION EXP. EVENTS AND INTERNAL MEETINGS	0.02	0.02	100.00 %
Total Title 1		37.62	37.58	99.91%
Title 2 INFRASTRUCTURE AND OPERATING EXPENDITURE				
2111	RENT / USUFRUCT INSTALMENTS AND BUILDING CHARGES	5.99	5.99	100.00 %
2211	ICT ENVIRONMENT (INFRA, SYSTEMS AND SERVICES)	2.44	2.18	89.15 %
2221	DATA PROCESSING AND APPLICATION DEVELOPMENT	0.30	0.30	99.88 %
2311	FURNITURE, MATERIALS AND TECHNICAL INSTALLATIONS	0.10	0.10	99.93 %
2321	OFFICE SUPPLIES AND OTHER CURRENT OPERATING EXPEND	0.24	0.23	97.43 %
Total Title 2		9.07	8.80	97.01%
Title 3 PROGRAMME SUPPORT EXPENDITURE				
3111	COMMUN., INFO., PUB., LINGUIST. TRAINING P.M. REL.	0.26	0.26	98.68 %
3112	ICT INFRA., ENVIR. AND SYST. P.M. RELATED	0.33	0.33	99.84 %
3121	EXTERNAL AUDITS	0.76	0.76	100.00 %
3122	MISSIONS AND OTHER P.M. REL. EXP.	0.52	0.52	99.79 %
3211	CSS - BUILDING EXP.	5.36	5.36	100.00 %
3221	CSS - ICT, LOG, INF. COMMUN. AND CURR. OPER. EXP.	0.48	0.39	81.00 %
3231	MEETINGS OF EXPERTS AND ASSOCIATED COSTS	0.19	0.19	100.00 %
Total Title 3		7.90	7.80	98.78%
TOTAL REA		54.59	54.18844051	99.26 %

* 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).

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

Annex 3.2 - Financial Reports - Administrative Budget REA



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

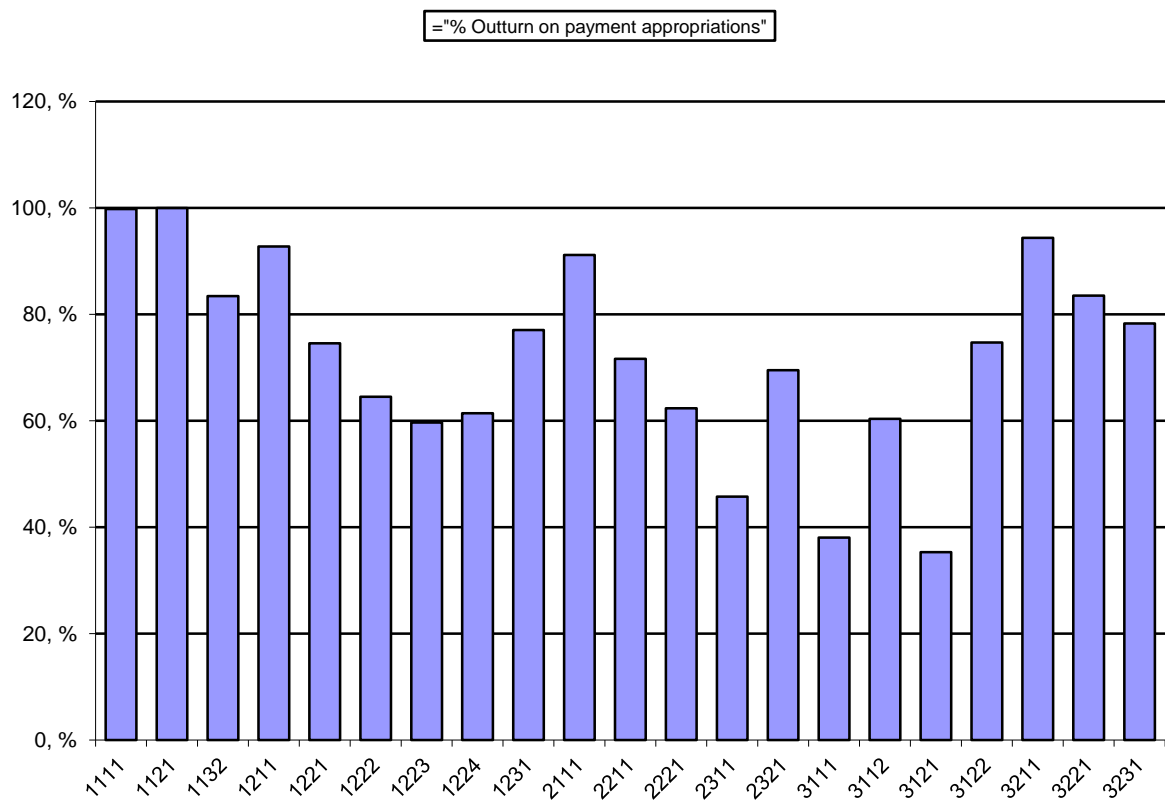
Annex 3.2 - Financial Reports - Administrative Budget REA

TABLE 2: OUTTURN ON PAYMENT APPROPRIATIONS IN 2015 (in Mio €)				
Chapter		Payment appropriations authorised *	Payments made	%
		1	2	3=2/1
Title 1 STAFF EXPENDITURE				
1111	TEMPORARY AGENTS - REMUNERATION, ALLOW. AND CHARGE	14.63	14.60	99.80 %
1121	CONTRACT AGENTS - REMUNERATION, ALLOW. AND CHARGES	19.27	19.27	99.97 %
1132	INTERIM SUPPORTIVE AGENTS AND TRAINEES	1.56	1.30	83.43 %
1211	SPECIFIC STAFF-RELATED CHARGES AND RECRUIT. EXP.	1.64	1.52	92.77 %
1221	TRAINING COURSES FOR PROF. AND PERS. DEV. OF STAFF	0.68	0.50	74.56 %
1222	MISSIONS FOR PROF. AND PERS. DEV. OF STAFF	0.01	0.01	64.52 %
1223	MEDICAL SERVICE	0.17	0.10	59.67 %
1224	MOBILITY AND OTHER SOCIAL EXPENSES	0.11	0.07	61.42 %
1231	REPRESENTATION EXP. EVENTS AND INTERNAL MEETINGS	0.02	0.01	77.06 %
Total 1		38.09	37.38	98.15%
Title 2 INFRASTRUCTURE AND OPERATING EXPENDITURE				
2111	RENT / USUFRUCT INSTALMENTS AND BUILDING CHARGES	6.64	6.05	91.17 %
2211	ICT ENVIRONMENT (INFRA, SYSTEMS AND SERVICES)	2.73	1.96	71.64 %
2221	DATA PROCESSING AND APPLICATION DEVELOPMENT	0.54	0.33	62.35 %
2311	FURNITURE, MATERIALS AND TECHNICAL INSTALLATIONS	0.14	0.06	45.75 %
2321	OFFICE SUPPLIES AND OTHER CURRENT OPERATING EXPEND	0.27	0.19	69.52 %
Total 2		10.32	8.59	83.31%
Title 3 PROGRAMME SUPPORT EXPENDITURE				
3111	COMMUN., INFO., PUB., LINGUIST. TRAINING P.M. REL.	0.31	0.12	38.04 %
3112	ICT INFRA., ENVIR. AND SYST. P.M. RELATED	0.47	0.28	60.37 %
3121	EXTERNAL AUDITS	1.65	0.58	35.33 %
3122	MISSIONS AND OTHER P.M. REL. EXP.	0.64	0.47	74.71 %
3211	CSS - BUILDING EXP.	5.88	5.55	94.39 %
3221	CSS - ICT, LOG, INF. COMMUN. AND CURR. OPER. EXP.	1.11	0.92	83.53 %
3231	MEETINGS OF EXPERTS AND ASSOCIATED COSTS	0.24	0.19	78.31 %
Total 3		10.30	8.12	78.91%
TOTAL REA		58.70	54.10	92.17 %

* 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).

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

Annex 3.2 - Financial Reports - Administrative Budget REA



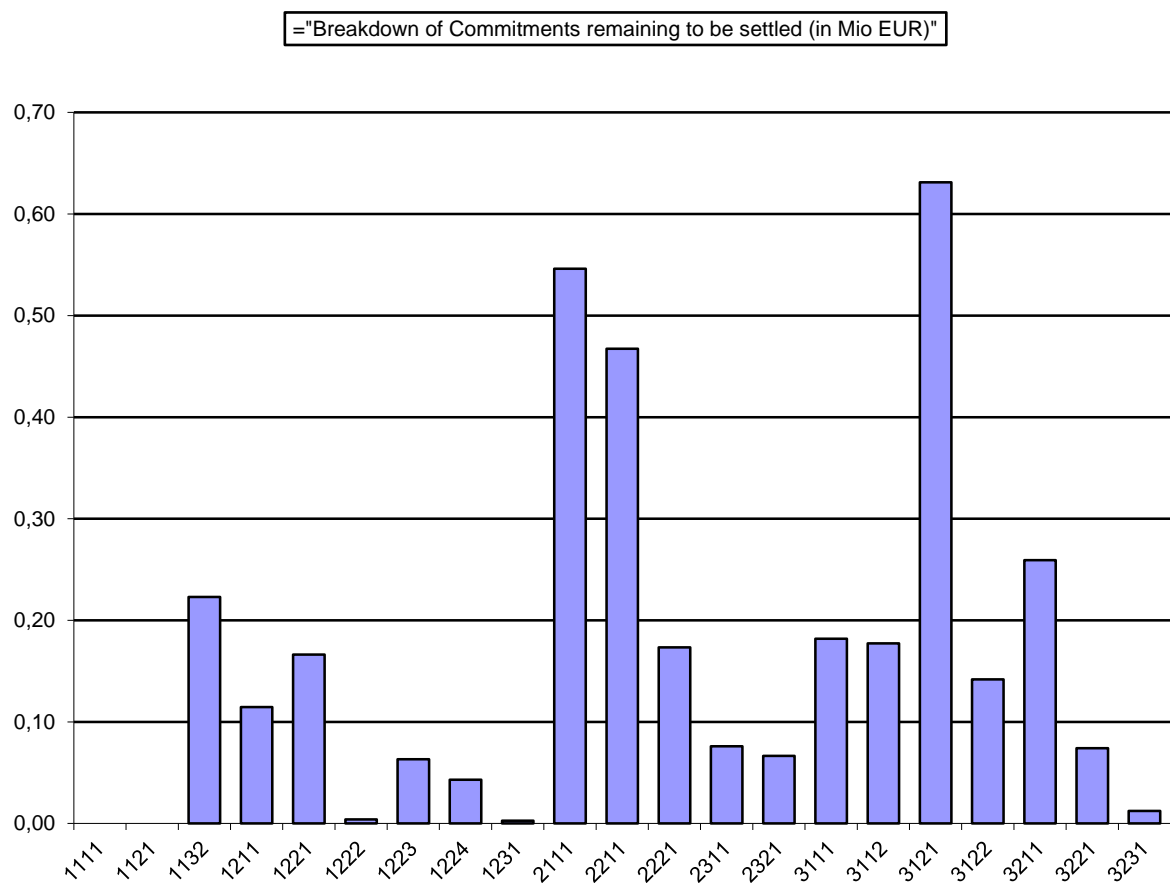
Note: the figures are those related to the provisional accounts and not yet audited by the Court of Auditors

Annex 3.2 - Financial Reports - Administrative Budget REA

TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2015 (in Mio €)					
Chapter		2015 Commitments to be settled			
		Commitments 2015	Payments 2015	RAL 2015	% to be settled
		1	2	3=1-2	4=1-2//1
Title 1 STAFF EXPENDITURE					
1111	TEMPORARY AGENTS - REMUNERATION, ALLOW. AND CHARGE	14.60	-14.60	0.00	0.00 %
1121	CONTRACT AGENTS - REMUNERATION, ALLOW. AND CHARGES	19.27	-19.27	0.00	0.00 %
1132	INTERIM SUPPORTIVE AGENTS AND TRAINEES	1.33	-1.11	0.22	16.78 %
1211	SPECIFIC STAFF-RELATED CHARGES AND RECRUIT. EXP.	1.60	-1.49	0.11	7.16 %
1221	TRAINING COURSES FOR PROF. AND PERS. DEV. OF STAFF	0.53	-0.36	0.17	31.62 %
1222	MISSIONS FOR PROF. AND PERS. DEV. OF STAFF	0.01	-0.01	0.00	37.29 %
1223	MEDICAL SERVICE	0.13	-0.06	0.06	50.56 %
1224	MOBILITY AND OTHER SOCIAL EXPENSES	0.11	-0.07	0.04	39.15 %
1231	REPRESENTATION EXP. EVENTS AND INTERNAL MEETINGS	0.02	-0.01	0.00	15.67 %
Total 1		37.58	-36.97	0.62	1.64%
Title 2 INFRASTRUCTURE AND OPERATING EXPENDITURE					
2111	RENT / USUFRUCT INSTALMENTS AND BUILDING CHARGES	5.99	-5.44	0.55	9.12 %
2211	ICT ENVIRONMENT (INFRA, SYSTEMS AND SERVICES)	2.18	-1.71	0.47	21.48 %
2221	DATA PROCESSING AND APPLICATION DEVELOPMENT	0.30	-0.13	0.17	58.05 %
2311	FURNITURE, MATERIALS AND TECHNICAL INSTALLATIONS	0.10	-0.03	0.08	74.62 %
2321	OFFICE SUPPLIES AND OTHER CURRENT OPERATING EXPEND	0.23	-0.17	0.07	28.43 %
Total 2		8.80	-7.47	1.33	15.10%
Title 3 PROGRAMME SUPPORT EXPENDITURE					
3111	COMMUN., INFO., PUB., LINGUIST. TRAINING P.M. REL.	0.26	-0.08	0.18	69.94 %
3112	ICT INFRA, ENVIR. AND SYST. P.M. RELATED	0.33	-0.15	0.18	53.80 %
3121	EXTERNAL AUDITS	0.76	-0.13	0.63	83.28 %
3122	MISSIONS AND OTHER P.M. REL. EXP.	0.52	-0.38	0.14	27.30 %
3211	CSS - BUILDING EXP.	5.36	-5.10	0.26	4.84 %
3221	CSS - ICT, LOG, INF. COMMUN. AND CURR. OPER. EXP.	0.39	-0.31	0.07	19.07 %
3231	MEETINGS OF EXPERTS AND ASSOCIATED COSTS	0.19	-0.18	0.01	6.49 %
Total 3		7.80	-6.33	1.48	18.94%
TOTAL REA		54.18844051	-50.76	3.4241266	6.32 %

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

Annex 3.2 - Financial Reports - Administrative Budget REA



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

Annex 3.2 - Financial Reports - Administrative Budget REA

TABLE 4 : BALANCE SHEET REA

BALANCE SHEET	2015	2014
A.I. NON CURRENT ASSETS	4024098	5519895
A.I.1. Intangible Assets	1099849	2240770
A.I.2. Property, plant and equipment	2924249	3279125
A.II. CURRENT ASSETS	10998356.75	10986725.12
A.II.4. Exchange Receivables	6460762.01	6292107.32
A.II.5. Non-Exchange Receivables	716.92	921.83
A.II.7. Cash and Cash Equivalents	4536877.82	4693695.97
ASSETS	15022454.75	16506620.12
P.III. CURRENT LIABILITIES	-3670085.42	-3314719.33
P.III.2. Short-term provisions		0
P.III.4. Accounts Payable	-1356835.08	-738542.29
P.III.5. Accrued charges and deferred income	-2313250.34	-2576177.04
LIABILITIES	-3670085.42	-3314719.33

NET ASSETS (ASSETS less LIABILITIES)	11352369.33	13191900.79
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P.I.2. Accumulated Surplus / Deficit	-13191900.79	-9646610.8
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Non-allocated central (surplus)/deficit*	1,839,531.46	-3,545,289.99
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TOTAL	0	0
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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 REA

STATEMENT OF FINANCIAL PERFORMANCE	2015	2014
II.1 REVENUES	-53413130.07	-51323074.45
II.1.1. NON-EXCHANGE REVENUES	-53237548.7	-51056859.7
II.1.1.6. OTHER NON-EXCHANGE REVENUES	-53,237,548.70	-51056859.7
II.1.2. EXCHANGE REVENUES	-175581.37	-266214.75
II.1.2.1. FINANCIAL INCOME	-45,245.15	-158357.11
II.1.2.2. OTHER EXCHANGE REVENUE	-130,336.22	-107857.64
II.2. EXPENSES	55252661.53	47777784.46
II.2. EXPENSES	55252661.53	47777784.46
II.2.10. OTHER EXPENSES	20,561,514.58	16695525.4
II.2.6. STAFF AND PENSION COSTS	34,691,101.86	31082259.06
II.2.8. FINANCE COSTS	45.09	
STATEMENT OF FINANCIAL PERFORMANCE	1839531.46	-3545289.99

Explanatory Notes (facultative):

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

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

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

Annex 3.2 - Financial Reports - Administrative Budget REA

TABLE 6 : AVERAGE PAYMENT TIMES for 2015 - REA

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	1441	1423	98.75 %	14.39704849	18	1.25 %	55.94444444
45	32	31	96.88 %	25.5483871	1	3.13 %	46
60	6	6	100.00 %	28.33333333			

Total Number of Payments	1479	1460	98.72 %		19	1.28 %	
Average Payment Time	15.21433401			14.69109589			55.42105263

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)
30	42	29	69.05 %	17.89655172	13	30.95 %	34.76923077

Total Number of Payments	42	29	69.05 %		13	30.95 %	
Average Payment Time	23.11904762			17.89655172			34.76923077

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	23	67.	4.53 %	1,479.	1,134,739.90	4.90 %	23,164,104.48

Late Interest paid in 2015			
Agency	GL Account	Description	Amount (Eur)
REA	65010000	Interest expense on late payment of charges	45.09
			45.09

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

Annex 3.2 - Financial Reports - Administrative Budget REA

TABLE 7 : SITUATION ON REVENUE AND INCOME IN 2015					
Title	Description	Year of Origin	Revenue and Income recognized	Revenue and Income cashed	Outstanding Balance
2000	EU'S BUDGET CONTRIBUTION TO THE REA	2015	54,456,061.80	54,456,061.80	0.00
9000	MISCELLANEOUS REVENUE	2014	1,000.00	1,000.00	0.00
9000	MISCELLANEOUS REVENUE	2015	209,287.69	179,268.03	30,019.66
TOTAL REA			54666349.49	54,636,329.83	30,019.66

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

Annex 3.2 - Financial Reports - Administrative Budget REA

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

INCOME BUDGET RECOVERY ORDERS ISSUED IN 2015 Year of Origin (commitment)	Error		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
2014	1.	24.5	1.	24.50	7	46,878.77	0.142857143	0.00052262
2015					5	30,186.28		
No Link					5	76,158.15		
Sub-Total	1.	24.5	1.	24.50	17	153,223.20	0.058823529	0.0001599

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									2	641.01		
NON ELIGIBLE IN COST CLAIMS												
CREDIT NOTES												
Sub-Total									2	641.01		

GRAND TOTAL	1	24.5					1	24.5	19	153864.21	5.26%	
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Note: the figures are those related to the provisional accounts and not yet audited by the Court of Auditors

Annex 3.2 - Financial Reports - Administrative Budget REA

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

Year of Origin	Number at 01/01/2015	Number at 31/12/2015	Evolution	Open Amount (Eur) at 01/01/2015	Open Amount (Eur) at 31/12/2015	Evolution
2014	1		-100.00 %	1,000.00		-100.00 %
2015		3			53,159.07	
Totals	1	3	200.00 %	1,000.00	53,159.07	5215.91 %

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

Annex 3.2 - Financial Reports - Administrative Budget REA

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

Total REA	
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Number of RO waivers	
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Justifications:

ANNEX 4: Materiality criteria

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

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

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

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

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

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

Effectiveness of controls

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

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

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

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

$$Re sER\% = \frac{(Re pER\% * (P - A)) - (Re pERsys\% * E)}{P}$$

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 euro of EC share of funding in the auditable population. In FP7, the population is that of all received cost statements, and the euro amounts those that reflect the EC share included in the costs claimed in each cost statement.
A	total EC share of all audited amounts, expressed in euro. This will be collected from audit results.
E	total non-audited amounts of all audited beneficiaries. In FP7, this consists of the total EC share, expressed in euro, excluding those beneficiaries for which an extrapolation is ongoing).

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

The Common Representative Audit Sample (CRAS) is the starting point for the calculation of the residual error rate. It is representative of the expenditure of each FP as a whole. Nevertheless, the Director of the Agency 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,³ 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.

The Space and Security themes of the Cooperation Programme managed by the REA are implemented according to the general FP7 funding rules. As a result, the REA considers the CRAS representative error rate as a good basis for calculating the residual error rate for Space and Security research actions managed by the REA.

The Research for the Benefit of SMEs actions of the Capacities Specific Programme and the Marie Curie actions of the People Specific Programme have a different risk profile compared to mainstream FP7 projects.

As a consequence, the representative CRAS error rate cannot be the only element in estimating the risk exposure in terms of legality and regularity errors in the underlying transactions.

The CRAS error rate is used for the Space and Security schemes while, for the Marie Curie and the SME actions, detected error rates are used to support an overall judgement. The detected error rates take into account:

- (1) the audits that were part of the CRAS and were financed from the REA managed programmes,*
- (2) the REA's randomly selected audits launched previously under FP7,*
- (3) audits performed on the strand of top beneficiaries⁴*

Although the size and composition of the sample do not ensure statistical precision, this error rate gives an indication as to the risk exposure in the two populations and represents an important element in the assurance building. The inclusion of top beneficiaries in the calculation does not introduce any significant bias which would render this indicator less relevant and this can be justified as follows.

*The **People** Specific Programme is characterised by a high level of participation from universities, both in high-value network grants and in mono-beneficiary fellowships. Funding modalities have remained largely identical compared to FP6, which implies that most beneficiaries have gained a sufficient understanding of the funding rules, independently from their participation frequency. As a result, a differentiation between error rates for incidental and repeat beneficiaries is no longer expected.*

³ 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.

⁴ Audits of top beneficiaries (TOP) are audits targeting the beneficiaries participating for significant amounts of EU funding. According to the common FP7 audit strategy 2009-2016, by focusing on 'big spenders' a significant part of the total budget can be cleaned from systematic errors in the cost claims of these top beneficiaries and, after taking account of recoveries and corrections, the residual rate of error for FP7 may further reduce.

However, since the beginning of 2014, the TOP beneficiaries under People, Space and Security actions have not been addressed anymore. Audits on SME grants have, on the contrary, been intensified as a result of the higher risk profile of this action.

*The **SME actions** have many non-repeat beneficiaries and the share of the total budget covered by beneficiaries who have been audited for at least one FP7 project is consequently low. For the SME actions, the audits targeting the top beneficiaries include mostly audits that have been selected as an add-on to a random selection⁵. As such, by excluding audits selected on the basis of a risk identification while including audits under the strand of 'top beneficiaries', there is no significant bias to be expected in the detected error rate.*

The detected error rates are based on 118 and 340 cost statements, for the SME actions and the People Specific Programme (regarding the Marie Curie actions) respectively.

*The methodology for calculating the detected error rates has been reviewed according to preliminary comments made by the Internal Audit Service in the context of the "**Limited Review of the Calculation and the Underlying Methodology of the Residual Error Rate for the 2015 Reporting Year**". The main change is the switch from a simple to a weighted average (on the basis of the amount of the funds considered ineligible) for the error rates. The impact on the calculation of the error rate is significant in this case as, compared to a simple average of the percentages of detected error for each cost claim, it increases the weight of errors in larger (in absolute term) transactions while decreasing the weight of smaller errors in transactions. As a consequence, the detected error rate for the FP7 People Programme, which was already low in 2014 (1.27%), decreases further to reach **0.93%** and the detected error rate for the FP7 SME actions, which was rather high in 2014 (5.24%), increases to **6.54%**.*

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

Materiality is assessed for each Framework Programme

In 2015, the REA managed financial operations under the seventh and Horizon 2020 framework programmes. Both programmes are managed under different sets of regulatory and contractual provisions. Therefore, the assessment of the performance of the internal controls has to take into account these differences.

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

⁵ While one cost-claim is selected, an outsourced ex-post assignment can cover up to three participations, each with up to three cost claims, as part of one assignment for which a flat rate fee is due.

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

Grants direct management – FP7 and H2020

Stage 1: Programming, evaluation and selection of proposals

A - Preparation, adoption and publication of the Annual Work Programme and Calls for proposals⁶

Main control objectives: Ensuring that the most promising projects for meeting the policy objectives are among the proposals submitted; Compliance; Prevention of fraud

Main risks It may happen (again) that...	Mitigating controls	How to determine coverage, frequency and depth	How to estimate the costs and benefits of controls	Control indicators
<p>The annual work programme and the subsequent calls for proposals do not adequately reflect the policy objectives, priorities, are incoherent and/or the essential eligibility, selection and award criteria are not adequate to ensure the evaluation of the proposals.</p> <p>The annual work programmes are not consistent within the Research family and with the 7 years' framework</p> <p>The programme H2020 implementation (procedures, monitoring arrangements, communication with beneficiaries, budget planning, etc.) is not consistent</p>	<p>Hierarchical validation within the authorising department Inter-service consultation, including all relevant services Adoption by the Commission Explicit allocation of responsibility.</p> <p>The Common Support Centre in RTD provides all the members of the Family with harmonised procedures, guidance and IT tools. DG RTD centralises the budget planning and the monitoring</p>	<p>Coverage / Frequency: 100%</p> <p>Depth: All work programmes are thoroughly reviewed at all levels, including for operational and legal aspects.</p> <p>Coverage/ Frequency: 100%</p> <p>Depth All the underlying implementation tools are defined et developed at family level.</p>	<p>Costs: estimation of cost of staff involved in the preparation and validation of the annual work programme and calls.</p> <p>Benefits: Only qualitative benefits. A good Work Programme and well publicised calls should generate a large number of good quality projects, from which the most excellent can be chosen. There will therefore be real competition for funds.</p> <p>Costs: costs of the staff</p>	<p>% of "over-subscription" proposals received/selected</p>

⁶ The agency notes that this stage of grant management cycle remains largely under the control of the Commission. The agency is taking up duties by publishing calls from the moment the Commission established the relevant work programmes. The common indicator of the Research family is therefore only partly relevant for assessing the REA's own performance.

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
within the Research family and with the 7 years' framework	of the H2020's budget implementation		involved in Family coordination activities Benefits: Qualitative benefits: Optimised procedures, common approach on multiple issues (audits, fraud, legal aspects, reporting...); better reporting on the whole programme – better management of the programme. ⁷	

B - Selecting and awarding: Evaluation, ranking and selection of proposals

Main control objectives: Ensuring that the most promising projects for meeting the policy objectives are among the proposals selected; Compliance; Prevention of 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
The evaluation, ranking and selection of proposals is not carried out in accordance with the established procedures, the policy objectives, priorities and/or the essential eligibility, or with the selection and award criteria defined in the annual work programme and subsequent calls for proposals.	Selection and appointment of expert evaluators Assessment by independent experts Comprehensive IT system supporting the stage and allowing better monitoring of the process	100% vetting (including selecting) of experts for technical expertise and independence (e.g. conflicts of interests, nationality bias, ex-employer bias, collusion) 100% of proposals are evaluated.	Costs: estimation of cost of staff involved in the evaluation and selection of proposals. Cost of the appointment of experts and of the logistics of the evaluation. Benefits:	% of number of (successful) redress challenges / total number of proposals received Average time to publication of selection results (FR 128.2 and/or Horizon 2020 limits) % of Time-To-Inform on time

⁷ The mutualisation of the support services represents a quantitative benefit which is certain but not accurately quantifiable in the context of reorganisations, new programme's setting up, and general HR offsetting through the Commission.

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>Validation by the AOSD of ranked list of proposals. In addition, if applicable: Opinion of advisory bodies; comitology; inter-service consultation and adoption by the Commission; publication</p> <p>Systematic checks on operational and legal aspects performed before signature of the GA</p> <p>Redress procedure</p>	<p>Coverage: 100% of ranked list of proposals. Supervision of work of evaluators. 100% of contested decisions are analysed by redress committee</p>	<p>Qualitative benefits Expert evaluators from outside the Commission bring independence, state of the art knowledge in the field and a range of different opinions. This will have an impact on the whole project cycle : better planned, better implemented projects</p>	<p>cost of evaluating + selecting grants / value of grants contracted</p> <p>% of budget "over-subscription" from proposals received</p>

Stage 2: Contracting

Main control objectives: : Ensuring that the most promising projects for meeting the policy objectives are among the proposals contracted; SFM (optimal allocation of the budget available); Compliance; Prevention of fraud

Main risks It may happen (again) that...	Mitigating controls	How to determine coverage, frequency and depth	How to estimate the costs and benefits of controls	Control indicators
<p>The description of the action in the grant agreement includes tasks which do not contribute to the achievement of the programme objectives and/or that the budget foreseen overestimates the costs necessary to carry out the action.</p> <p>The beneficiary lacks operational and/or financial capacity to carry out the actions.</p> <p>Procedures do not comply with regulatory framework.</p> <p>The evaluation stage hasn't detected a potentially fraudulent proposal/beneficiary.</p>	<p>Project Officers implement evaluators' recommendations. Hierarchical validation of proposed adjustments. Validation of beneficiaries (operational and financial viability). Systematic checks on operational and legal aspects performed before signature of the GA</p> <p>Ad hoc anti-fraud checks for riskier beneficiaries</p> <p>Signature of the grant agreement by the AO.</p> <p>Financial verification where necessary</p> <p>Participant Guarantee Fund.</p>	<p>100% of the selected proposals and beneficiaries are scrutinised.</p> <p>Coverage: 100% of draft grant agreements.</p> <p>Depth may be differentiated; determined after considering the type or nature of the beneficiary (e.g. SMEs, joint-ventures) and/or of the modalities (e.g. substantial subcontracting) and/or the total value of the grant.</p> <p>Note that, given the constraints on the time to grant set out in the H2020 legislation, "negotiation" of projects is kept to a minimum, as far as possible the positively evaluated projects are accepted without modification.</p>	<p>Costs: estimation of cost of staff involved in the contracting process.</p> <p>Benefits: Qualitative benefits: The whole committed budget checked for quality (prevention of later errors). This stage should lead to a higher assurance on the achievement of the projects – and policy objectives.</p>	<p>Average Time to Sign (FR 128.2)</p> <p>% of Time-to-Sign on time</p> <p>Average time to grant (FR 128.2)</p> <p>% of Time-to-grant on time</p> <p>% cost over annual amount contracted</p>

Stage 3: Monitoring the implementation

Main control objectives: ensuring that the operational results (deliverables) from the projects are of good value and meet the objectives and conditions; ensuring that the related financial operations comply with regulatory and contractual provisions; prevention of fraud; ensuring appropriate accounting of the operations

Main risks It may happen (again) that...	Mitigating controls	How to determine coverage, frequency and depth	How to estimate the costs and benefits of controls	Control indicators
<p>The actions foreseen are not, totally or partially, carried out in accordance with the technical description and requirements foreseen in the grant agreement.</p> <p>The amounts paid exceed what is due in accordance with the applicable contractual and regulatory provisions.</p> <p>The cost claims are irregular or fraudulent.</p> <p>Lack of harmonised approach within the family with the consequence of unequal treatment of the beneficiaries</p>	<p>Kick-off meetings and "launch events" involving the beneficiaries in order to avoid project management and reporting errors</p> <p>Effective external communication about guidance to the beneficiaries</p> <p>Anti-fraud awareness raising training for the project officers</p> <p>Enhanced family approach (anti-fraud cooperation; common legal and audit service; comprehensive and common IT system for all the family)</p> <p>Operational and financial checks in accordance with the financial circuits. Operation authorisation by the AO For riskier operations, more in-depth ex-ante controls</p>	<p>100% of the projects are controlled, including only value-adding checks. Riskier operations subject to more in-depth controls.</p> <p>The depth depends on risk criteria. However, as a deliberate policy to reduce administrative burden, and to ensure a good balance between trust and control, the level of control at this stage is reduced to a minimum</p> <p>High risk operations identified by risk criteria. Red flags: suspicions raised by staff, audit results, new Early Detection and Exclusion System (EDES), individual or "population" risk assessment Audit certificates required for any beneficiary claiming more than €375,000 (FP7)/€325,000 (H2020).</p>	<p>Costs: estimation of cost of staff involved in the actual management of running projects.</p> <p>Benefits: budget value of the costs claimed by the beneficiary, but rejected by staff Reductions in error rates identified by audit certificates.</p> <p>Benefits due to operational review of projects and consequent corrective actions imposed on projects</p>	<p>Average number & value of running projects managed 'per' staff FTE</p> <p>Time-to-pay: % of payments made on time</p> <p>Time-to pay: Average no. days net/gross + suspension days</p> <p>Cost of control from contracting and monitoring the execution up to payment included/ amount paid (%)</p> <p>Average project management cost (staff FTE * standard staff cost) per running* project</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>Selection and appointment of expert for scientific reviews of intermediate and/or final reporting</p> <p>If needed: application of Suspension/interruption of payments, Penalties or liquidated damages. Referring grant/beneficiary to OLAF</p>			

Stage 4: Ex-post controls

A - Reviews, audits and monitoring

Main control objectives: Measuring the level of error in the population after ex-ante controls have been undertaken; detect and correct any error or fraud remaining undetected after the implementation ex-ante controls; identifying possible systemic weaknesses in the ex-ante controls, or weaknesses in the rules

Main risks It may happen (again) that...	Mitigating controls	How to determine coverage, frequency and depth	How to estimate the costs and benefits of controls	Control indicators
<p>The ex-ante controls (as such) do not prevent, detect and correct erroneous payments or attempted fraud to an extent going beyond a tolerable rate of error.</p> <p>Lack of consistency in the audit strategy within the family.</p> <p>Lack of efficiency for absence of coordination: multiple audits on the same beneficiary, same programme: reputational risk and high administrative burden on the beneficiaries' side.</p>	<p>Common Ex-post control strategy for the entire Research family (H2020), implemented by a central service (Common Support Centre, DG RTD):</p> <ul style="list-style-type: none"> - At intervals carry out audits of a representative sample of operations to measure the level of error in the population after ex-ante controls have been performed - Additional sample to address specific risks - when relevant, joint audits with the Court of Auditors <p>Multi-annual basis (programme's lifecycle) and coordination with other AOs concerned</p> <p>Validate audit results with beneficiary</p> <p>In case of systemic error detected, extrapolation to all the projects run by the audited beneficiary</p> <p>If needed: referring the beneficiary or</p>	<ul style="list-style-type: none"> - Common Representative audit Sample (CRAS): MUS sample across the programme to draw valid management conclusions on the error rate in the population. - RTD risk-based sample, determined in accordance with the selected risk criteria, aimed to maximise deterrent effect and prevention of fraud or serious error 	<p>Costs: estimation of cost of staff involved in the coordination and execution of the audit strategy .Cost of the appointment of audit firms for the outsourced audits.</p> <p>Benefits: budget value of the errors detected by the auditors.</p> <p>Non quantifiable benefits: Deterrent effect. Learning effect for beneficiaries. Improvement of ex-ante controls or risk approach in ex-ante controls by feeding back findings from audit. Improvement in rules and guidance from feedback from audit.</p>	<p>Representative error rate.</p> <p>Residual error rate in comparison to the materiality threshold.</p> <p>Amount of errors and corrections concerned.</p> <p>Number of audits finalised (+ % of beneficiaries & value coverage)</p> <p>Cost of control ex post audits/ value of grants audited</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
	grant to OLAF			

B - Implementing results from ex-post audits/controls

Main control objectives: Ensuring that the (audit) results from the ex-post controls lead to effective recoveries; Ensuring appropriate accounting of the recoveries made

Main risks It may happen (again) that...	Mitigating controls	How to determine coverage, frequency and depth	How to estimate the costs and benefits of controls	Control indicators
The errors, irregularities and cases of fraud detected are not addressed or not addressed in a timely manner	<p>Systematic registration of audit / control results to be implemented and actual implementation.</p> <p>Validation of recovery in accordance with financial circuits.</p> <p>Authorisation by AO</p> <p>Notification to OLAF and regular follow up of detected fraud.</p>	<p>Coverage: 100% of final audit results <i>with a financial impact</i>.</p> <p>Depth: All audit results are examined in-depth in making the final recoveries. Systemic errors are extrapolated to all the non-audited projects of the same beneficiary</p>	<p>Costs: estimation of cost of staff involved in the implementation of the audit results.</p> <p>Benefits: budget value of the errors, detected by ex-post controls, which have actually been corrected (offset or recovered).</p> <p>Loss: budget value of such ROs which are 'waived' or have to be cancelled.</p>	<p>Amounts being recovered and offset</p> <p>Number/value/% of audit results pending implementation</p> <p>Number/value/% of audit results implemented.</p>

ANNEX 10: Specific annexes related to "Management of Resources"

As a complement to the information provided in the core of the report, detailed tables are presented below to provide a finer overview of the implementation of the control framework in place at the REA for the management of the operational budget (**Section 2.1.2.2**). The following will give a highlight on the control systems currently in place at stage 4/4, which relates to the ex-post controls and recoveries, to the implementation of the audit strategies and plans, to the estimated Error Rates, to the implementation of FP7 audit results – including extrapolations and to the liquidated damages.

In addition, to support the conclusions as regards assurance (**Section 2.4**), a detailed overview of the payments processed by the Agency will be provided for 2015 and the previous years per programme (H2020 and FP7) and distributed per activity.

Finally, a follow-up on the 2 reservations 2014 has been included, giving the state of play of the implementation of the action plans related to the reservation on the Space and Security schemes, and the reservation on the SME scheme, for which part of it can be lifted this year.

- Implementation of the control framework for the management of the operational budget

Implementation of the audit strategies and plans ⁸

Table 1: Indicator – Number of ex-post audit for the period 2009-2015

No. of audits		No. of audits planned	Audits launched*	of which	
				in draft	finalised
2015					
joint audits with the ECA		0	1	0	0
risk-based		65	62	26	7
of which	SME actions	35	36	13	6
	Space & Security	15	17	10	0
	People Programme	10	9	3	1
	Other	5	0	0	0
SME desk audits		25	26	0	26
random sample		0	0	0	0
Total		90	89	26	33
2009-2015					
joint audits with the ECA		2	11	0	10
risk-based**		296	288	59	188
random sample***		252	266	6	260
Grand Total		550	565	65	458

* Based on the announcement letters sent to the auditees.

** In 2014: including 50 desk audits on the SME action planned; finally 49 audits launched.

*** Random sample includes 18 transactions selected as part of the CRAS 2012 and 30 as part of the CRAS 2014. The remaining transactions belong to the group of beneficiaries in receipt of significant amounts of EU funding.

⁸ To make sure to avoid counting audits twice or three times across actions, the REA fractions the number of audits across the action as follows. The calculation at the REA splits the same audit since it can be conducted on several cost claims presented under different programmes. Therefore, if one audit is conducted on different programmes, only a share (based on the number of cost claims) will be considered for each programme (for example, if one audit has been conducted in two different programmes for 2 cost claims each, the audit will be considered only 0.5 for each programme)."

Table 2: Indicator – Number of projects by programme/theme/action covered by ex-post audits for the period 2009-2015

Distribution of launched audits 2009-2015	Number of projects	of which	
		in draft	finalised
People Programme (DG EAC)			
joint audits with the ECA	4	0	4
risk-based	78	17	50
random sample	311	6	305
Total	393	23	359
SME actions (DG RTD)			
joint audits with the ECA	2	0	1
risk-based*	231	58	134
random sample	84	0	84
Total	317	58	219
Space & Security Research (DG ENTR, now DG GROW and DG HOME)			
joint audits with the ECA	5	0	5
risk-based	126	30	70
random sample	178	9	169
Total	309	39	244
REA Total			
joint audits with the ECA	11	0	10
risk-based	435	105	254
random sample	573	15	558
Grand Total	1019	120	822

* In 2014: including 49 projects from the 49 desk audits on the SME actions. In 2015: including 26 projects from the 26 desk audits on the SME action.

To make sure to avoid counting audits two or three times across actions, the REA fractions the number of audits across the action as follows. The calculation at the REA splits the same audit since it can be conducted on several cost claims presented under different actions/programmes. Therefore, if one audit is conducted on different actions/programmes, only a share (based on the number of cost claims) will be considered for each programme (for example, if one audit has been conducted in two different programmes for 2 cost claims each, the audit will be considered only 0.5 for each action/programme)."

Table 3: Indicator – direct and indirect coverage provided by the ex-post audits performed⁹

Programme/theme/action	Direct coverage - % of total population*	Indirect coverage - % of total population**	% of total population
People Programme	3.0%	69.4%	72.4%
SME actions	1.6%	5.6%	7.3%
Space & Security Research	6.1%	45.9%	52.0%
REA Total	3.4%	50.1%	53.5%

* Period requested contribution (%) audited by the REA.

**Non-audited share of participants audited by the REA and other Commission services (excl. ongoing extrapolations).

⁹ These percentages are estimations based on the period requested contributions by beneficiaries

Estimated Error Rates

Operational budget

Table 4: Indicator – Legality and regularity of financial spending by programme – Overview of error rates for the period 2009-2015 by 31 December 2015 (based on final audit reports¹)

Cooperation - Space and Security				Capacities - Research for the benefit of SMEs				People				TOTALS			
	no. of audits	no. of cost claims	error rate ³⁾		no. of audits	no. of cost claims	error rate ³⁾		no. of audits	no. of cost claims	error rate ³⁾		no. of audits	no. of cost claims	error rate ³⁾
Joint-ECA audits	5	5	3.20%	Joint-ECA audits	1	1	0.82%	Joint-ECA audits	4	4	1.12%	Joint-ECA audits	10	10	2.43%
Risk-based	43	109	5.61%	Risk-based	38	89	30.86%	Risk-based	32	61	16.52%	Risk-based	113	259	14.74%
based on a random selection ²⁾				based on a random selection ²⁾				based on a random selection ²⁾				based on a random selection ²⁾			
Detected error rate	81	315	3.34%	Detected error rate	56	118	6.54%	Detected error rate	124	340	0.93%	Detected error rate	260	773	2.31%
Residual error rate			2.25%	Residual error rate			6.30%	Residual error rate			0.76%	Residual error rate			1.71%

1) only with LoC sent

2) REA MUS, CRaS and TOP

3) based on funding level and legality and regularity

Security		
based on the Common Representative audit Sample (CRaS) - finalised audit reports*		
Representative error rate	298	CRaS 1+2: 4,47%
Residual error rate		3,12%

Table 4.bis: Overview of the year of origin of the costs statements audited for the period 2007--2015 by 31 December 2015

	People Programme	Capacities - SME actions
DETECTED		
2007	1	0
2008	5	0
2009	20	34
2010	191	45
2011	78	22
2012	34	8
2013	11	9
Total Detected :	340	118

Implementation of FP7 audit results – including extrapolations

Table 5: Indicator - Adjustments for REA audits and extrapolation cases fully implemented in 2015 and over the period 2009-2015– by implementation mode

Implemented during the year 2015	Offsetting from payments (no. of cases)	Recovery orders made (no. of cases)	Reversed clearing method (no. of cases)	Implemented in the period 2009-2015	Offsetting from payments (no. of cases)	Recovery orders made (no. of cases)	Reversed clearing method (no. of cases)
audit closing year				audit closing year			
2009-2011	0	0	0	2009-2011	43	14	1
2012	0	1	0	2012	76	15	4
2013	5	3	0	2013	86	48	6
2014	37	31	0	2014	72	56	5
2015	36	49	2	2015	36	49	2
Total	78	84	2	Total	313	182	18
	164				513		

Liquidated damages

Table 6: Indicator – Implementation of liquidated damages for the period 2009-2015

Implementation of liquidated damages on 31 December 2015			
Audit closing year	Cases implemented (Recovery Order) 2009-2015	Total amounts recovered 2009-2015 (€)	Estimated no. of cases undergoing assessment as of 31 December 2015
2009-2011	18	77.535	0
2012	17	80.349	2
2013	32	225.228	5
2014	26	157.338	25
2015	10	54.512	27
Total as of 31 December 2015	103	594.962	59
Total as of 31 December 2014	74	432.651	78
Change compared to the previous year	29	162.311	-19

- Conclusions as regards assurance

Table 7: Indicator – REA's payments in 2015 and 2014-2015 per H2020 activity (in € million)

€ million	2014			2015			2014-2015		
	Paid	Clearing of pre-financing	Total expenditure	Paid	Clearing of pre-financing	Total expenditure	Paid	Clearing of pre-financing	Total expenditure
H2020-EXS-FETOPEN	0.00	0.00	0.00	41.14	0.00	41.14	41.14	0.00	41.14
Prefinancing			0.00	41.14		41.14	41.14	0.00	41.14
Cost claims			0.00	0.00		0.00	0.00	0.00	0.00
H2020-EXS-MSCA	105.58	0.00	105.58	550.90	0.00	550.90	656.48	0.00	656.48
Prefinancing	105.58		105.58	547.92	-1.25	546.67	653.50	-1.25	652.25
Cost claims			0.00	2.98	1.25	4.23	2.98	1.25	4.23
H2020-INL-SPACE	25.73	0.00	25.73	47.12	0.00	47.12	72.84	0.00	72.84
Prefinancing	25.69		25.69	47.12		47.12	72.81	0.00	72.81
Cost claims	0.03		0.03	0.00		0.00	0.03	0.00	0.03
H2020-SOC-SC2	0.80	0.00	0.80	86.40	0.00	86.40	87.20	0.00	87.20
Prefinancing	0.80		0.80	86.10		86.10	86.90	0.00	86.90
Cost claims			0.00	0.30		0.30	0.30	0.00	0.30
H2020-SOC-SC6	0.00	0.00	0.00	43.09	0.00	43.09	43.09	0.00	43.09
Prefinancing			0.00	43.09		43.09	43.09	0.00	43.09
Cost claims			0.00	0.00		0.00	0.00	0.00	0.00
H2020-SOC-SC7	0.00	0.00	0.00	72.88	0.00	72.88	72.88	0.00	72.88
Prefinancing			0.00	72.87		72.87	72.87	0.00	72.87
Cost claims			0.00	0.00		0.00	0.00	0.00	0.00
H2020-SPO-SEWP	0.00	0.00	0.00	45.13	0.00	45.13	45.13	0.00	45.13
Prefinancing			0.00	45.13		45.13	45.13	0.00	45.13
Cost claims			0.00	0.00		0.00	0.00	0.00	0.00
H2020-SPO-SEWP	0.00	0.00	0.00	17.38	0.00	17.38	17.38	0.00	17.38
Prefinancing			0.00	17.38		17.38	17.38	0.00	17.38
Cost claims			0.00	0.00		0.00	0.00	0.00	0.00
H2020 total	132.11	0.00	132.11	904.03	0.00	904.03	1,036.14	0.00	1,036.14
Prefinancing			-	-	-	0.00	0.00	0.00	0.00
Cost claims	36.63		36.63	52.55	-	52.55	89.17	0.00	89.17
H2020 experts	36.63	0.00	36.63	52.55	-	52.55	89.17	0.00	89.17
Prefinancing	132.08	0.00	132.08	900.75	-1.25	899.50	1,032.82	-1.25	1,031.57
Cost claims	0.03	0.00	0.03	3.28	1.25	4.53	3.32	1.25	4.57
Grand total H2020	168.74	0.00	168.74	956.57	0.00	956.57	1,125.31	0.00	1,125.31

Table 8: Indicator – REA's payments in 2015 and 2007-2015 per FP7 activity (in € million)

€ million	2014			2015			2007-2015		
	Paid	Clearing of pre-financing	Total expenditure	Paid	Clearing of pre-financing	Total expenditure	Paid	Clearing of pre-financing	Total expenditure
FP7 People	566.98	0	566.98	258.97	0	258.97	4,004.89	0	4,004.89
Prefinancing	338.36	-472.36	-134	33.63	-433.35	-399.72	3,145.52	-1,528.66	1,616.85
Cost claims	228.62	472.36	700.98	225.34	433.35	658.69	859.37	1,528.66	2,388.03
FP7 SMEs	136.22	0	136.22	76.91	0	76.91	1,229.10	0	1,229.10
Prefinancing	47.9	-124.94	-77.04	0	-121.3	-121.3	883.94	-572.46	311.48
Cost claims	88.32	124.94	213.26	76.91	121.3	198.21	345.16	572.46	917.63
FP7 Space	46.92	0	46.92	53.49	0	53.49	606.04	0	606.04
Prefinancing	8.68	-54.53	-45.85	0	-78.51	-78.51	357.17	-255.65	101.52
Cost claims	38.24	54.53	92.77	53.49	78.51	132	248.87	255.65	504.51
FP7 Security	177.14	0	177.14	72.53	0	72.53	729.76	0	729.76
Prefinancing	127.08	-52.29	74.79	0	-87.56	-87.56	478.37	-229.85	248.52
Cost claims	50.06	52.29	102.35	72.53	87.56	160.09	251.39	229.85	481.24
FP7 Expert montitors	0.88	0	0.88	0.01	0	0.01	63.19	0	63.19
Prefinancing	-	-	-	-	0	-	-	-	-
Cost claims	0.88	-	0.88	0.01	0	0.01	63.19	-	63.19
FP7 TOTAL	928.14	0	928.14	461.9	0	461.9	6,632.99	0	6,632.99
Prefinancing	522.02	-704.12	-182.1	33.63	-720.72	-687.09	4,864.99	-2,586.62	2,278.37
Cost claims	405.24	704.12	1,109.36	428.26	720.72	1,148.98	1,704.79	2,586.62	4,291.41
Expert payments	0.88	0	0.88	0.01	0	0.01	63.19	0	63.19

- Reservations: REA 2014 FP7 reservations and their follow-up

Reserve	Action Plan as announced in 2015	Actions implemented in 2015	Impact and likely evolution
1- The rate of the residual errors with regard to the accuracy of cost claims impacting on granted EU funding for Space and Security themes of the Cooperation Specific Programme in the 7 th FP grants	<p>As reported in the 2014 AAR, the intrinsic risk of the Space and Security themes is similar to other themes of the Cooperation Specific Programme. In consequence the CRAS error rate is fully representative for these themes since the error rate predominantly reflects the errors encountered in the mainstream Cooperation Specific Programme projects. In consequence the action plan and the impact are the same as for the rest of the Research family.</p> <p>In consequence the REA fully endorses the Research family action plan.</p> <p>The possibilities to simplify the FP7 rules have been exhausted, although there is some evidence that the simplification measures introduced in 2011 have had a positive impact on error rate. The remaining scope to reduce errors will be addressed in particular through the following actions:</p> <ul style="list-style-type: none"> – continuing its ongoing efforts to give guidance and feedback to the participants and to the certifying auditors to prevent errors occurring; – continuing with its control and audit work in order to further reduce the FP7 residual error rate. 	<p>On top of the actions mentioned by DG RTD in their follow-up of the 2014 FP7 reservations, which are relevant for the whole Research family, it is worth to note that the REA has developed its own actions:</p> <ul style="list-style-type: none"> - The REA fully participates to the constant improvement of the ex-ante controls, especially in the light of findings from the Court of Auditors', and further develops dedicated trainings for the staff dealing with FP7 payments to better instruct them on the controls that must be performed. - In 2015 the REA has launched 89 audits, including 17 risk-based audits for Space and Security projects, for which the recoveries and extrapolations continue (where appropriate). - In addition to the improved guidance to FP7 beneficiaries and certifying auditors, also mentioned by DG RTD, the REA has participated in the guidance events and coordinators days organised by DG RTD, in order to inform them on the new framework programme H2020. Part of the presentation highlights "how to avoid errors", which is expected to have an impact on the ongoing FP7 costs claims too, as some errors are common for the two framework programmes. 	<p>The REA fully endorses the conclusion of DG RTD for the Research family and will maintain a reservation as long as there is significant FP7 expenditure. It is also the REA's opinion, based on its own experience, that the residual error rate will remain above 2% and that it would not be effective in terms of costs and image to firmly step up the audit campaigns to bring it below the 2%.</p> <p>It is expected that, as regards H2020, the residual error rate will remain in the range of 2-5%, in spite of the simplification introduced in the Programme, as indicated in the financial statements accompanying the Horizon 2020 proposal. One may anticipate a residual error rate as close as possible to the threshold of 2%, but not necessarily below the 2%.</p>

Reserve	Action Plan as announced in 2015	Actions implemented in 2015	Impact and likely evolution
<p>2- The rate of the residual errors with regard to the accuracy of cost claims impacting on granted EU funding for Research for the benefit of SMEs actions of the Capacities Specific Programme in the FP7 grants</p>	<p>As explained in the AAR 2014, the reasons for the reservation were two-fold:</p> <p>a) The intrinsic risk of the SME scheme: results obtained in the context of ex-post control targeting the SME actions specifically indicate an error rate which is above the materiality criterion and a risk exposure significantly higher than the FP7 average.</p> <p>b) The costs incurred by SMEs for outsourcing tasks to RTD performers are not always duly recorded in the accounts of the SMEs, thereby failing a contractual eligibility requirement.</p> <p>a) There are no further possibilities to simplify the FP7 rules as all grants have been awarded, although there is some evidence that the simplification measures introduced in 2011 have had a positive impact on error rate. The remaining scope to reduce errors will be addressed in particular through the following actions:</p> <ul style="list-style-type: none"> – continuing its on-going efforts to give guidance and feedback to the participants and certifying auditors to prevent errors occurring; – continuing with its control and audit work in order to further reduce the FP7 residual error rate. <p>b) As regards the non-recording of the RTD performers' invoice in the SMEs accounts, the REA is planning to undertake the following actions, in order to further address the high risk of legality/regularity errors:</p> <ul style="list-style-type: none"> – For on-going projects of the SME actions: the REA 	<p>a) As regards the first part of the reservation, in 2015: <u>36 risk-based audits</u> have been performed by the REA on SMEs. This 2015 audit campaign confirms the higher error rate for the SME scheme. The REA continues its on-going efforts to give guidance and feedback to the participants and certifying auditors to prevent errors occurring. It also continues efforts to further reduce the residual error rate through ex-ante and ex-post controls (audits).</p> <p>b) With respect to second part of the reservation, i.e. the risks linked to SMEs not duly recording declared costs for subcontracting to RTD performers, <u>26 desk audits</u> have been performed during 2015, on top of the 49 performed in 2014. The 26 audits focussed only the 2014 final payments and confirmed the outcome of the 2014 desk audit campaign, with a risk exposure of 11.9%.</p> <p>For 2015 however the reservation will be lifted as before proceeding to any final payment the REA requests SMEs to provide evidence that the RTD performers' invoices have been duly issued, registered and paid. In consequence the risk of non-compliance due to the non-registration of the RTD performer invoice is fully mitigated.</p>	<p>a) Taking into account the need to balance legality/regularity with other objectives, such as attractiveness and success of the EU research policy and the cost of controls, the REA is of the opinion that ex-post controls cannot be increased significantly. Therefore, it is not expected that the residual error rate will be below the materiality threshold.</p> <p>b) In consideration of the measures that have been effectively put in place since 01/01/2015, all the final payments 2015 are covered by exhaustive ex-ante controls. These ex-ante controls allow the REA to ensure full compliance with these formal eligibility requirements for the 540 FP7-SME projects being closed from 2015 onwards. Therefore, the REA is able to lift the part of the reservation specific to the SME programme / RTD performers in the AAR 2015.</p>

Reserve	Action Plan as announced in 2015	Actions implemented in 2015	Impact and likely evolution
	<p>will strengthen its ex-ante controls. In particular, within the framework of the final project review, the REA will request SMEs to provide evidence that the RTD performers' invoices have been issued, registered and paid. This strengthened ex-ante control will apply for all final reporting periods for which (a first version of the) deliverables are submitted as of 1 January 2015¹⁰.</p> <p>The REA considers that the proposed action plan strikes a delicate balance between the necessity for legality/regularity and the need for reducing 'red tape' and will allow the REA to drop this reservation as of the AAR 2015.</p>		

¹⁰ This may imply that some payments made early in 2015 and relating to cost claims/deliverables received in 2014 for which these strengthened controls will not yet apply, but this will account for only a limited amount of total expenditure charged to the 2015 budget for this programme. For these payments, one beneficiary selected on a sample basis will nevertheless be asked to submit additional evidence.

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

- **Follow-up of actions under the prioritised ICS for 2015**

The Agency is committed to maintaining and improving effectiveness of its internal controls. For 2015, the following standards were prioritised:

ICS 8 – Processes and procedures – in particular with respect to (i) updates for H2020 (in close collaboration with the H2020 Common Support Centre (CSC) on harmonised business processes) and (ii) reporting and management of exceptions, non-compliance events and internal control weaknesses to improve awareness amongst staff.

The REA's intranet is directly linking to the central source for H2020 information (H2020 GoFund) and staff is informed directly by the CSC about updates made. The Chairpersons of the REAs five networks (network of project officers, network of call coordinators, network of ethics correspondents, network of legal officers and network of financial officers) have stayed during 2015 in close contact with the CSC and the relevant Business Process Owners. Requests to provide comments to improve H2020 processes and procedures by the CSC were dealt with by senior management who was also involving the REAs networks to provide contributions.

For FP7 processes and procedures the REA's intranet is maintained up to date by the ICS 8 content owners in close collaboration with REA ICS. The area of responsibility is defined in the REA ICS 8 content owner list posted on the intranet. The FP7 procedures are, when needed updated and published.

The guidelines on reporting exceptions, non-compliance events and weaknesses were presented to management by the ICC in a management meeting. Additionally, meetings with the five REA networks were scheduled and a dedicated presentation was given by the sector supporting the ICC to raise awareness about the reporting of exceptions, non-compliance events and weaknesses (ICS 8.4).

ICS 9 – Management Supervision, in reaction to the discontinuation of the IAC in the REA (its role being taken over by the IAS), which justifies additional attention from management to supervise legality and regularity issues;

The ICC and Head of Sector C.01 have been appointed by the Director as contact persons for the IAS. They stayed in close contact with the IAS services throughout 2015 and established a very good working relationship. In 2015, a note with proposals to reinforce the assurance building process was prepared. The note was discussed with the ICC; the Director will decide about measures to be taken in 2016.

ICS 12 – Information and Communication, to raise awareness of the staff on the REA's external communication strategy and key messages.

Following the new REA external communication strategy, an awareness campaign for staff was planned to be organized in 2015, addressing specifically the key messages that the REA wants to pass. The action to improve effectiveness of this prioritized ICS is still ongoing.

The REA's external communication strategy was adopted by the REA management and the Steering Committee in July 2015. The REA's external communication strategy and the key messages were presented to the REAs Operational Communication Network and are scheduled to be presented to each REA unit (starting as of September 2015) and to all staff via an Internal Communication Info-Session. The dedicated REAs intranet pages were updated and more detailed information sessions for staff are planned in 2016.

ANNEX 12: Performance tables

As listed in **Section 1**. Key results and progress towards the achievement of general and specific objectives of the Agency, the REA contributed to reach the targets set in the Management Plan of its parent DGs by doing call management.

The following tables are supporting in particular the **Section 1.1.1.1** on the implementation of the H2020 actions delegated to the REA (e.g. overview of the H2020 call implementation for the 2014 and 2015 budgets) and **Section 2.1.2.1** on Efficiency (e.g. details on the performance reached for the each of the H2020 2014 and 2015 calls as regards the TTI and TTG, overview of the evaluation review cases).

- **Implementation of H2020 actions delegated to the REA**

a) Implementation of the H2020 calls financed under the 2015 commitment budget

Table 1: Indicator – Implementation of calls charged to the 2015 commitment budget

Action	Call deadline	Planned call budget (WP 2015)	Number of proposals							Of which grants signed		Of which pre-financing paid € million
			Proposals received ¹	Eligible proposals (a) ²	Proposals invited for 2nd stage (a)	Main list (c)	Reserve list	Retained for funding	Success rate (c)/(a)	Number	€ million	
H2020 – Excellent Science												
<i>Strengthening research in FET</i>												
H2020-FETOPEN-2014-2015-RIA ³												
2nd cut-off	31/03/2015	38.50	669	665		11	0	11	1.7%	10	37.04	8.17
3rd cut-off	30/09/2015	38.50	805						n/a			
H2020-FETOPEN-CSA-2015 ³												
2nd cut-off	31/03/2015	1.50	20	17		3	0	3	17.6%	3	1.51	0.53
3rd cut-off	30/09/2015	1.50	17						n/a			
TOTAL FET-OPEN		80.00	1,511	682		14	0	14	n/a	13	38.56	8.70
<i>Marie Skłodowska-Curie Actions</i>												
H2020-MSCA-ITN-2015	15/01/2015	370.00	1,566	1,563		103	46	127	6.6%	106	344.42	173.32
H2020-MSCA-IF-2015	10/09/2015	215.00	8,514	8,379								
H2020-MSCA-RISE-2015	28/04/2015	80.00	363	361		89	21	89	24.7%	89	75.62	23.19
H2020-MSCA-COFUND-2015	1/10/2015	80.00	130	118								
TOTAL MSCA		745.00	10,573	10,421		192	67	216	n/a	195	420.04	196.51
TOTAL Excellent Science		825.00	12,084	11,103	0	206	67	230	n/a	208	458.60	205.22
H2020 - Industrial Leadership												
<i>LEIT - Space</i>												
H2020-EO-2015	8/04/2015	25.00	66	66		9	8	10	13.6%	9	21.61	8.39
H2020-PROTEC-2015	8/04/2015	6.50	11	11		2	2	2	18.2%	2	6.07	2.10
H2020-COMPET-2015	8/04/2015	39.00	159	154		18	14	20	11.7%	17	29.62	13.65
H2020-Adhoc-2015-Space Space Surveillance and Tracking ⁵		5.00	1	1		1	0	1				
H2020-Adhoc-2015-Space Improving the Performance of the SST at European Level ⁵		5.00	1	1		1	0	1	n/a			
TOTAL Industrial Leadership		80.50	238	233		31	24	34	12.6% ⁶	28	57.30	24.15
H2020 – Societal Challenges												
<i>Societal Challenge 2 – Securing sufficient supplies of safe and high quality food and other bio-based products, improving food security, developing sustainable agriculture and forestry, marine and maritime and inland water research, and the bioeconomy</i>												
H2020-SFS-2015-1- topic SFS-14b	11/06/2015	0.50	10	9	n/a	1	1	1	11.1%	0		
H2020-SFS-2015-2 ⁴	11/06/2015	87.00	350	335	125	15	15	16	12.0%	0		
H2020-BG-2015-2 ⁴ - topic 2 (call jointly managed by REA, EASME and INEA; topic 2 managed by REA)	11/06/2015	10.00	17	17	8	2	1	2	25.0%	0		
H2020-ISIB-2015-1 topic ISIB-2 (call jointly managed by REA and DG RTD)	11/06/2015	10.00	37	35	n/a	6	2	6	17.1%	0		
H2020-ISIB-2015-2 ⁴	11/06/2015	15.00	95	90	38	3	6	3	7.9%	0		
TOTAL SC 2		107.00	509	486	171	27	25	28	12.6%	0	0	0
<i>Contribution to Societal Challenge 5 - Climate action, environment, resource efficiency and raw materials (action managed by EASME)</i>												
H2020-WATER-2015 - topic 4b (topic managed by REA)	21/04/2015	3.00	12	12	n/a	1	1	1	8.3%	1	2.99	1.47
H2020-WASTE-2014-2015 ⁴ – topic 7 (topic managed by REA)	8/09/2015	14.00	183	183	39	2	1	2	5.1%			
TOTAL SC 5		17.00	195	195	39	3	2	3	5.9%	1	2.99	1.47
<i>Societal Challenge 6 – Fostering inclusive, innovative and reflective European societies</i>												
H2020-EURO-6-2015	28/05/2015	11.50	58	57		3	3	3	5.3%	0		
H2020-YOUNG-SOCIETY-2015 (topics 3&4)	28/05/2015	9.45	145	140		3	3	4	2.1%	0		
H2020-REFLECTIVE-SOCIETY-2015 (topics 2 to 5)	28/05/2015	24.60	277	267		5	5	7	1.9%	0		
H2020-REFLECTIVE-6-2015	28/05/2015		137	132		3	3	4	2.3%	0		
H2020-INT-SOCIETY-2015 (topics 3 to 12)	28/05/2015	25.00	208	198		10	3	11	5.1%	0		
H2020-INSO-2015-CNECT (topic 1)	28/05/2015	9.40	58	57		3	3	4	5.3%	0		
H2020-INSO-2015-4 (topic 4)	28/05/2015	19.79	45	44		3	3	3	6.8%	0		
H2020-INSO-2015-5 (topic 5)	28/05/2015		41	40		1	2	1	2.5%	1	2.99	1.94
TOTAL SC 6		99.74	969	935		31	25	37	3.3%	1	2.99	1.94
<i>Societal Challenge 7 – Fostering secure societies⁷</i>												
H2020-DRS-2015	27/08/2015	54.41	135	133								
H2020-FCT-2015	27/08/2015	42.16	138	135								
H2020-BES-2015	27/08/2015	42.17	93	92								
H2020-DS-2015 (topics 3, 4, 5, 7)	27/08/2015	50.21	107	102								
TOTAL SC 7		188.95	473	462								
TOTAL Societal Challenges		412.69	2,146	2,078	210	61	52	68	n/a	2	5.98	3.41
H2020 Specific Objectives												
<i>H2020 – Specific Objective: Spreading excellence and widening participation – Exploiting the potential of Europe's talent pool</i>												
H2020-TWINN-2015	7/05/2015	65.27	553	546		65	17	66	11.9%	65	65.23	22.63
Grant to named beneficiary - COST ⁵		28.02	0	0		1	0					
Grant to named beneficiary - Latvian EU presidency - WIRE VI ⁶		0.25	0	0		1	0					
TOTAL SEWP		93.54	553	546		67	17	66	11.9% ⁸	65	65.23	22.63
<i>H2020 – Specific Objective: Science with and for society – Building effective cooperation between science and society</i>												
H2020-SEAC-2015	16/09/2015	8.90	207	204								
H2020-GERI-2015	16/09/2015	9.00	46	46								
H2020-ISSI-2015	16/09/2015	22.00	110	99								
H2020-GARRI-2015	16/09/2015	5.50	31	31								
TOTAL SWAFS		45.40	394	380								
TOTAL SEWP & SWAFS		138.94	947	926		67	17	66	n/a	65	65.23	22.63
GRAND TOTAL		1,457.13	15,415	14,340	210	365	160	398	n/a	303	587.11	255.41

¹ Abusive submissions are excluded from the number of 'received proposals'.

² Abusive, inadmissible and withdrawn proposals are excluded from the number of 'eligible proposals'.

³ Call with multiple cut-off dates.

⁴ Submission and evaluation of proposals for this call take place in two stages. The indicated call deadline is the closing date for the second stage. The indicated success rate is the success rate of the second stage.

⁵ Grant to a named beneficiary.

⁶ This success rate does not include the grants to named beneficiaries.

⁷ The received and eligible and main listed proposals include all proposals, irrespective of the future implementation.

Table 2: Indicator – Implementation of two-stage calls for 2015

Action	Call deadline (2nd stage)						
		Eligible proposals (a) <i>(see main table)</i>	Proposals invited for 2nd stage (b)	Success rate 1st stage (b)/(a)	Main list (c) <i>(see main table)</i>	Success rate 2nd stage (c)/(b)	Overall success rate (c)/(a)
H2020 – Societal Challenges							
<i>Societal Challenge 2 – Securing sufficient supplies of safe and high quality food and other bio-based products, improving food security, developing sustainable agriculture and forestry, marine and maritime and inland water research, and the bioeconomy</i>							
H2020-SFS-2015-2	11/06/2015	335	125	37.3%	15	12.0%	4.5%
H2020-BG-02-2015 (call jointly managed by REA, EASME and INEA; topic 2 managed by REA)	11/06/2015	17	8	47.1%	2	25.0%	11.8%
H2020-ISIB-2015-2	11/06/2015	90	38	42.2%	3	7.9%	3.3%
<i>Contribution to Societal Challenge 5 - Climate action, environment, resource efficiency and raw materials (action managed by EASME)</i>							
H2020-WASTE-2014-2015 – topic 7 (call managed by EASME, topic managed by REA)	8/09/2015	183	39	21.3%	2	5.1%	1.1%

b) Implementation of the 2014 global commitments (H2020)

Table 3: Indicator – Implementation of calls charged to the 2014 commitment budget

Action	Call deadline	Planned call budget (WP 2014)	Number of proposals							Of which grants signed
			Proposals received ¹	Eligible proposals (a) ²	Proposals invited for 2nd stage (only for SC2) (a)	Main list (c)	Reserve list	Retained for funding	Success rate (c)/(a)	Number
H2020 –Excellent Science										
Strengthening research in FET										
H2020-FETOPEN-2014-2015-RIA	30/09/2014 (1st cut off) ³	77.00	643	639		24	0	24	3.8%	24
H2020-FETOPEN-2014-CSA	30/09/2014 (1st cut-off) ³	3.00	31	30		4	2	4	13.3%	2
TOTAL FETOPEN		80.00	674	669		28	2	28	4.2%	26
Marie Skłodowska-Curie Actions										
H2020-MSCA-NIGHT-2014	4/03/2014	8.00	125	123		48	5	48	39.0%	47
H2020-MSCA-IF-2014	11/09/2014	243.52	7,468	7,416		1,305	335	1,361	17.6%	1,361
H2020-MSCA-ITN-2014	9/04/2014	405.18	1,164	1,153		121	45	138	10.5%	138
H2020-MSCA-RISE-2014	24/04/2014	70.00	203	200		84	16	90	42.0%	89
H2020-MSCA-COFUND-2014	2/10/2014	80.00	103	90		23	9	26	25.6%	23
TOTAL MSCA		806.70	9,063	8,982		1,581	410	1,663	17.6%	1,658
TOTAL Excellent Science		886.70	9,737	9,651		1,609	412	1,691	16.7%	1,684
H2020 - Industrial Leadership										
LEIT - Space										
H2020-EO-2014	26/03/2014	21.50	64	63		6	4	7	9.5%	7
H2020-PROTEC-2014	26/03/2014	8.00	27	27		3	2	4	11.1%	4
H2020-COMPET-2014	26/03/2014	52.00	120	119		25	9	28	21.0%	28
H2020-Adhoc-2014-Space (WP other action 2) Space Surveillance and Tracking ⁵	11/03/2014	1.00	1	1		1	0	1	n/a	1
H2020-Adhoc-2014-Space (WP other action 5 - Atmosphere) Transition towards Copernicus ⁵	11/02/2014	5.00	1	1		1	0	1	n/a	1
H2020-Adhoc-2014-Space (WP other action 5 - Marine) Transition towards Copernicus ⁵	12/02/2014	6.00	1	1		1	0	1	n/a	1
TOTAL Industrial Leadership		93.50	214	212		37	15	42	16.3% ⁶	42
H2020 – Societal Challenges										
Societal Challenge 2 – Securing sufficient supplies of safe and high quality food and other bio-based products, improving food security, developing sustainable agriculture and forestry, marine and maritime and inland water research, and the bioeconomy										
H2020-SFS-2014-1- topic SFS-6	26/06/2014	1.00	18	17		1	0	1	5.9%	1
H2020-SFS-2014-2 ⁴	26/06/2014	136.00	397	392	153	26	0	26	17.0%	26
H2020-BG-2014-2 ⁴ (call jointly managed by REA, RTD, EASME and INEA; 4 topics managed by REA)	26/06/2014	46.00	97	92	31	8	14	8	25.8%	8
H2020-ISIB-2014-1- 5 topics (call jointly managed by REA and RTD- REA 5 topics)	26/06/2014	17.00	61	61		9	0	9	14.8%	9
H2020-ISIB-2014-2 ⁴	26/06/2014	20.00	35	32	15	4	0	4	26.7%	4
TOTAL SC2		220.00	608	594	199	48	14	48	17.3% ⁷	48
Societal Challenge 6 – Fostering inclusive, innovative and reflective European societies										
H2020-EURO-SOCIETY-2014	3/06/2014	36.00	121	121		14	15	18	11.6%	18
H2020-YOUNG-SOCIETY-2014	3/06/2014	19.54	117	110		8	8	8	7.3%	8
H2020-REFLECTIVE-7-2014	30/09/2014	14.00	94	90		4	6	4	4.4%	4
H2020-INSO-2014	29/04/2014	20.60	94	86		6	8	7	7.0%	7
TOTAL SC6		90.14	426	407		32	37	37	7.9%	37
Societal Challenge 7 – Fostering secure societies ⁸										
H2020-DRS-2014	28/08/2014	39.59	132	130		13	2	12	10.0%	12
H2020-FCT-2014	28/08/2014	50.37	146	143		12	1	11	8.4%	11
H2020-BES-2014	28/08/2014	10.79	26	25		3	2	4	12.0%	4
H2020-DS-2014-1	28/08/2014	46.38	108	106		10	14	12	9.4%	12
TOTAL SC7		147.13	412	404		38	19	39	9.4%	39
TOTAL Societal Challenges		457.27	1,446	1,405	199	118	70	124	11.7%	124
H2020 Specific Objectives										
H2020 – Specific Objective: Spreading excellence and widening participation – Exploiting the potential of Europe's talent pool										
H2020-WIDESPREAD-2014-1 (Teaming)	17/09/2014	14.22	169	167		26	14	31	15.6%	31
H2020-WIDESPREAD-2014-2 (ERA chairs)	15/10/2014	36.00	88	79		13	7	14	16.5%	14
TOTAL SEWP		50.22	257	246		39	21	45	15.9%	45
H2020 – Specific Objective: Science with and for society – Building effective cooperation between science and society										
H2020-SEAC-2014-1	2/10/2014	6.60	143	139		7	4	7	5.0%	7
H2020-GERI-2014-1	2/10/2014	9.50	47	44		4	6	5	9.1%	5
H2020-ISSI-2014-1	2/10/2014	10.30	35	33		3	3	3	9.1%	3
H2020-GARRI-2014-1	2/10/2014	8.30	28	28		4	4	5	14.3%	5
TOTAL SWAFS		34.70	253	244		18	17	20	7.4%	20
TOTAL Specific Objectives		84.92	510	490		57	38	65	11.6%	65
GRAND TOTAL		1,522.39	11,907	11,758	199	1,821	535	1,922	15.9% ⁹	1,915

- ¹ Abusive submissions are excluded from the number of 'received proposals'.
- ² Abusive, inadmissible and withdrawn proposals are excluded from the number of 'eligible proposals'.
- ³ Call with multiple cut-off dates.
- ⁴ Submission and evaluation of proposals for this call take place in two stages. The indicated call deadline is the closing date for the second stage. The indicated success rate is the success rate of the second stage.
- ⁵ Grant to a named beneficiary.
- ⁶ This success rate does not include the grants to named beneficiaries.
- ⁷ Success rate for all SC 2 calls - single stage and two stage calls combined. For the two stage calls, the success rate has been calculated on the basis of the number of proposals invited for the second stage.
- ⁸ The received, eligible and main listed proposals include all proposals, irrespective of the future implementation. The proposals retained for funding and the number of grants signed only include projects managed by the REA. The REA manages only a subset of the proposals retained for funding as all security sensitive proposals, following the security scrutiny, are managed by the parent DGs.
- ⁹ This success rate for all 2014 calls does not include grants to named beneficiaries and for two-stage calls it takes only into account the eligible proposals for the second stage ('proposals invited for the second stage').

- **Efficiency**

a) Time-to-Grant and Time-to-Inform

Table 4: Indicator – Time-to-Inform and Time-to-Grant for the 2014 calls

Time-To-Grant (TTG) – Time from call deadline until grant signature of the projects on the rank list (excluding reserve list). Maximum TTG = 245 days including a maximum of 153 days for Time-to-inform (TTI)	Call Deadline	245 days deadline	Main list (Nb. of proposals managed by the REA)	Average TTI (Nb. of days)	% signed within 8 months ¹¹	31/12/2015 % GA signed ¹²	Max. TTG (Nb. of days) ¹³	Average TTG (Nb. of days)
<u>Excellent Science</u>								
Marie Skłodowska-Curie Actions								
H2020-MSCA-NIGHT-2014	04/03/2014	04/11/2014	48	70	100%	100%	182	152
H2020-MSCA-ITN-2014	09/04/2014	04/12/2014	121	148	64%	100%	399 ¹⁴	244
H2020-MSCA-RISE-2014	24/04/2014	04/12/2014	84	133	100% ¹⁵	100%	224	212
H2020-MSCA-IF-2014	11/09/2014	14/05/2015	1305	146	100% ¹⁶	100%	288 ¹⁷	194
H2020-MSCA-COFUND-2014	02/10/2014	04/06/2015	23	151	96%	100%	266 ¹⁸	216
Strengthening research in FET								
H2020-FETOPEN-RIA-2014-2015 ¹⁹	30/09/2014 (1 st cut-off)	02/06/2015	24	152	100%	100%	243	237
H2020-FETOPEN-CSA-201519	30/09/2014 (1 st cut-off)	02/06/2015	4 ²⁰	150	100%	100%	234	
<u>Industrial Leadership</u>								
LEIT - Space								
H2020-EO-2014	26/03/2014	26/11/2014	6	148	100%	100%	236	233
H2020-PROTEC-2014	26/03/2014	26/11/2014	3	148	100%	100%	236	226

¹¹ Expressed as a percentage of the total number of projects from the main list (i.e. excluding reserve list) at month-end. This figure will be provided once the 8 months deadline is over.

¹² Indicates the number of grants signed as a percentage of the projects from the main list (i.e. excluding the reserve list) at month-end.

¹³ This figure is only given when the last grant agreement (for a project from the main list) has been signed. If the GAP is not yet finalised, it appears as n/a.

¹⁴ The max. TTG of 399 was due to the delayed signature of the last project retained from the main list (VIRION) because of eligibility concerns. The project was finally signed on 13/05/2015.

¹⁵ All retained project from the main list were signed within 8 months, apart from 1 project which withdrew.

¹⁶ Rounded (99.7%). Out of the 1305 projects main listed, 47 withdrew and 4 projects were not signed within the 245 days for reasons beyond the REA's control (e.g. an internal reorganisation from the beneficiary's side or technical problems).

¹⁷ The max. TTG of 288 days was due to delayed signature of the last of the 4 remaining proposals, following an explicit request from the beneficiaries.

¹⁸ All GAs signed on time, except the grant agreement 665860 (SoMoPro3) due to the beneficiary governance procedure, resulting in delays for signing the GA.

¹⁹ A single call with multiple cut-off dates.

²⁰ In accordance with the previous agreement the management of two CSA were subsequently transferred to DG CNECT namely: 665083-FET_TRACES and 665136-OBSERVE.

Time-To-Grant (TTG) – Time from call deadline until grant signature of the projects on the rank list (excluding reserve list). Maximum TTG = 245 days including a maximum of 153 days for Time-to-inform (TTI)	Call Deadline	245 days deadline	Main list (Nb. of proposals managed by the REA)	Average TTI (Nb. of days)	% signed within 8 months ¹¹	31/12/2015 % GA signed ¹²	Max. TTG (Nb. of days) ¹³	Average TTG (Nb. of days)
H2020-COMPET-2014	26/03/2014	26/11/2014	25	148	96%	100%	338 ²¹	239
<u>Societal Challenges</u>								
Societal Challenge 2 – Securing sufficient supplies of safe and high quality food and other bio-based products, improving food security, developing sustainable agriculture and forestry, marine and maritime and inland water research, and the bio-economy								
H2020-ISIB-2014-1	26/06/2014	26/02/2015	9	148	100%	100%	239	228
H2020-ISIB-2014-2	26/06/2014	26/02/2015	3	148	100%	100%	239	239
H2020-BG-2014-2	26/06/2014	26/02/2015	8	148	100%	100%	242	238
H2020-SFS-2014-1	26/06/2014	26/02/2015	1	148	0% ²²	100%	259	259
H2020-SFS-2014-2	26/06/2014	26/02/2015	26	148	92%	100%	295	241
Societal Challenge 6 – Fostering inclusive, innovative and reflective European societies								
H2020-INSO-2014	29/04/2014	30/12/2014	6	147	100%	100%	234	232
H2020-EURO SOCIETY-2014	03/06/2014	03/02/2015	14	153	86%	100%	339 ²³	251
H2020-YOUNG SOCIETY-2014	03/06/2014	03/02/2015	8	153	88%	100%	269	244
H2020-REFLECTIVE-7-2014	30/09/2014	02/06/2015	4	129	100%	100%	233	233
Societal Challenge 7 – Fostering secure societies								
H2020-DRS-2014	28/08/2014	30/04/2015	11 ²⁴	154 ²⁵	82%	100%	376 ²⁶	259
H2020-FCT-2014	28/08/2014	30/04/2015	11 ²⁷	154	91%	100%	288	247
H2020-BES-2014	28/08/2014	30/04/2015	2 ²⁸	154	50% ²⁹	100%	265	254
H2020-DS-2014-1	28/08/2014	30/04/2015	10	154	100%	100%	245	243

²¹ The max. TTG of 338 days was due to the delayed signature of the project DEMOCRITOS: the Russian partner needed additional time to get the authorisation to participate in this project. The project was finally signed on 27/02/2015.

²² H2020-SFS-2014-1 call relates to 1 grant only that was signed in April 2015.

²³ The max. TTG of 339 days was due to the delayed signature of the project SPRINT following the coordinator's request for prolongation. The project was finally signed on 08/05/2015.

²⁴ Out of the 16 projects main listed for the DRS call, 11 grants are prepared by the REA while 1 is prepared by DG RTD, 2 by DG HOME and 2 by EASME.

²⁵ The time limit for TTI has been exceeded by 1 day due to some last minute hick-ups in the IT system and related access rights management.

²⁶ The Signature of 2 GAs was delayed following an explicit request for additional time from the consortium. One (PANDEM) was signed on 12 June and the remaining one (CARISMAND) was signed on 08/09/2015.

²⁷ Out of the 12 projects main listed for the FCT call, 11 grants are prepared by the REA and one by DG HOME.

²⁸ Out of the 3 projects main listed for the BES call, 2 grants are prepared by the REA and one by DG HOME.

²⁹ Signature of the last GA was delayed following an explicit request for additional time from the consortium.

<u>Spreading excellence and widening participation</u>								
H2020-WIDESPREAD-2014-1 (Teaming)	17/09/2014	20/05/2015	26	135	88%	100%	251	233
H2020-WIDESPREAD-2014-2 (ERA chairs)	15/10/2014	17/06/2015	13	120	85%	100%	349 ³⁰	250
<u>Science with and for society</u>³¹								
H2020-SEAC-2014-1 ^{32/2} ³³	02/10/2014	04/06/2015	7	218	0%	100%	377	298
H2020-GERI-2014-1	02/10/2014	04/06/2015	4	147	0%	100%	299	267
H2020-ISSI-2014-1	02/10/2014	04/06/2015	3	148	0%	100%	309	281
H2020-GARRI-2014-1	02/10/2014	04/06/2015	4	147	0%	100%	271	261

³⁰ One proposal was under investigation for double-funding. The case was concluded in August. It was found that while a similar proposal template was used, there was no risk for double funding, so the grant agreement was signed in September.

³¹ For the Specific objective 'Science with and for society', there has been a late hand-over from DG RTD (on 28 April) and insufficient budget was made available to finance the main listed projects of the calls. This, together with delays in batches, has resulted that none of the grants could be signed by the TTG deadline of 4 June.

³² For the topic SEAC-1, DG RTD reconvened the final evaluation panel in March 2015 due to flaws detected before the finalisation of the evaluation. Due to the late availability of the results of the re-evaluation of the SEAC-1 topic, the GAPs for the 5 SEAC-1 proposals were only opened on 08/05/2015 and the time limit for TTI was thus exceeded by 65 days. Overall, the TTG deadline of 4 June for SEAC (topics 1 and 2) could not be met due to the late finalisation of the evaluation and the ethics screening, together with delays in batches and budget issues.

³³ DG RTD has prepared an amendment of the WP 2014-15, handing over the topic 2 to the REA. The Initial Rejection Decision, as well as the information letters to applicants, were signed by DG RTD. The transfer of the budget for SEAC-2 from RTD to the REA took place at the end of May.

Table 5: Indicator – Time-to-Inform and Time-to-Grant for the 2015 calls

Time-To-Grant (TTG) – Time from call deadline until grant signature of the projects on the rank list (excluding reserve list). Maximum TTG = 245 days including a maximum of 153 days for Time-to- inform (TTI)	Call Deadline	245 days deadline	Main list (Nb. of proposals managed by the REA)	Average TTI (Nb. of days)	% signed within 8 months ³⁴	31/12/201 5 % GA signed ³⁵	Max. TTG (Nb. of days) ³⁶	Average TTG (Nb. of days)
<u>Excellent Science</u>								
Marie Skłodowska-Curie Actions								
H2020-MSCA-ITN-2015	15/01/2015	17/09/2015	103 ³⁷	119	100%	100%	217	197
H2020-MSCA-RISE-2015	28/04/2015	29/12/2015	89	115	100%	100%	238	202
Strengthening research in FET								
H2020-FETOPEN-RIA-2014-2015 ³⁸	31/03/2015 (2 nd cut-off)	01/12/2015	11	132	91% ³⁹	91%	n/a	224
H2020-FETOPEN-CSA-201519	31/03/2015 (2 nd cut-off)	01/12/2015	3	132	100%	100%	236	223
<u>Industrial Leadership</u>								
LEIT - Space								
H2020-EO-2015	08/04/2015	09/12/2015	9	119	100%	100%	238	228
H2020-PROTEC-2015	08/04/2015	09/12/2015	2	119	100%	100%	233	231
H2020-COMPET-2015	08/04/2015	09/12/2015	18	119	94%	94% ⁴⁰	n/a	224
<u>Societal Challenges</u>								
Societal Challenge 2 – Securing sufficient supplies of safe and high quality food and other bio-based products, improving food security, developing sustainable agriculture and forestry, marine and maritime and inland water research, and the bio-economy								
H2020-ISIB-2015-1 – topic ISIB-2	11/06/2015	11/02/2016	6	148	n/a	n/a	n/a	
H2020-ISIB-2015-2	11/06/2015 ⁴¹	11/02/2016	3	148	n/a	n/a	n/a	
H2020-BG-2015-2 – topic 2	11/06/2015 ⁴²	11/02/2016	2	148	n/a	n/a	n/a	
H2020-SFS -2015-1- topic SFS-14b	11/06/2015	11/02/2016	1	148	n/a	n/a	n/a	

³⁴ Expressed as a percentage of the total number of projects from the main list (i.e. excluding reserve list) at month-end. This figure will be provided once the 8 months deadline is over.

³⁵ Indicates the number of grants signed as a percentage of the projects from the main list (i.e. excluding the reserve list) at month-end.

³⁶ This figure is only given when the last grant agreement (for a project from the main list) has been signed. If the GAP is not yet finalised, it appears as n/a.

³⁷ The decision was taken to terminate the GAP for the VALMINARTS proposal because of significant levels of correlation between this proposal and a running RISE project (REMINE). The rejection decision for the VALIMARTS proposal was signed on 11/09/2015.

³⁸ A single call with multiple cut-off dates.

³⁹ All except one grant were signed within 8 month TTG. One proposal (LUMINOUS-686764) was sent to ethics assessment which was still on-going with additional second round of questions sent to the consortium.

⁴⁰ 17 out of 18 main listed proposals were signed by 31/12/2015. GAP extension of one project (ERFTM) due to serious financial problems of one key partner.

⁴¹ Submission and evaluation of proposals for this call take place in two stages. The indicated date is the closing date for the second stage.

⁴² Submission and evaluation of proposals for this call take place in two stages. The indicated date is the closing date for the second stage.

Time-To-Grant (TTG) – Time from call deadline until grant signature of the projects on the rank list (excluding reserve list). Maximum TTG = 245 days including a maximum of 153 days for Time-to-inform (TTI)	Call Deadline	245 days deadline	Main list (Nb. of proposals managed by the REA)	Average TTI (Nb. of days)	% signed within 8 months³⁴	31/12/2015 % GA signed³⁵	Max. TTG (Nb. of days)³⁶	Average TTG (Nb. of days)
H2020-SFS-2015-2	11/06/2015 ⁴³	11/02/2016	15	148	n/a	n/a	n/a	
Societal Challenge 6 – Fostering inclusive, innovative and reflective European societies								
H2020-INSO-2015-CNECT (topic 1)	28/05/2015	28/01/2016	3	153	n/a	n/a	n/a	239
H2020-INSO-2015 (topic 4)	28/05/2015	28/01/2016	3	153	n/a	n/a	n/a	
H2020-INSO-2015 (topic 5)	28/05/2015	28/01/2016 ⁴⁴	1	78	100%	100%	202	223
H2020-EURO-6-2015	28/05/2015	28/01/2016	3	153	n/a	n/a	n/a	237
H2020-YOUNG-SOCIETY-2015	28/05/2015	28/01/2016	3	153	n/a	n/a	n/a	
H2020-REFLECTIVE-SOCIETY-2015	28/05/2015	28/01/2016	5	153	n/a	n/a	n/a	234
H2020-REFLECTIVE-6-2015	28/05/2015	28/01/2016	3	153	n/a	n/a	n/a	239
H2020-INT-SOCIETY-2015 (topics 3 to 12)	28/05/2015	28/01/2016	10	153	n/a	n/a	n/a	239
Contribution to Societal Challenge 5 - Climate action, environment, resource efficiency and raw materials (action managed by EASME)								
H2020-WATER-2015 - topic 4b (topic managed by REA)	21/04/2015	22/12/2015	1	99	100%	100%	233	
H2020-WASTE-2014-2015 – topic 7 (topic managed by REA)	08/09/2015	10/05/2016	2	98	n/a	n/a	n/a	
<i>Spreading excellence and widening participation</i>								
H2020-TWINN-2015	07/05/2015	07/01/2016	65	124	100%	100%	229	199

⁴³ Submission and evaluation of proposals for this call take place in two stages. The indicated date is the closing date for the second stage.

⁴⁴ The deadline for INSO-5 project is in December 2015 (as the budget for the call was committed in 2014); the grant is expected to be signed in December 2015. For the remaining 2015 grants, TTG is 27/01/2015.

c) Number of evaluation review cases upheld (H2020)

Table 6: Indicator – detailed overview of the evaluation review cases

Evaluation review for H2020 calls	WP 2014						WP 2015**					
	Eligible	No. of evaluation review cases				% upheld/ eligible	Eligible	No. of evaluation review cases				% upheld/ eligible
		filed	(partially) upheld	(partially) reevaluated	Funded after (partial) re- evaluation			filed	(partially) upheld	(Partially) reevaluated	Funded after (partial) re- evaluation	
H2020 – Excellent Science												
<i>Strengthening research in FET</i>												
H2020-FETOPEN1 -RIA*	639	9	0	0	0	0.00%	665	4	1	1	0	0.15%
H2020-FETOPEN2 - CSA*	30	0	0	0	0	0.00%	17	1	0	0	0	0.00%
Total FETOPEN	669	9	0	0	0	0.00%	682	5	1	1	0	0.15%
<i>Marie Skłodowska-Curie Actions</i>												
NIGHT	123	6	0	0	0	0.00%						
IF	7,416	122	25	11	0	0.34%	8,379	n/a	n/a	n/a	n/a	n/a
ITN	1,153	10	0	0	0	0.00%	1,563	19	2	2	0	0.13%
RISE	200	1	0	0	0	0.00%	361	2	0	0	0	0.00%
COFUND	90	2	0	0	0	0.00%	118	n/a	n/a	n/a	n/a	n/a
Total MSCA	8,982	141	25	11	0	0.28%	10,421	21	2	2	0	n/a
TOTAL Excellent Science	9,651	150	25	11	0	0.26%	11,103	26	3	3	0	n/a
H2020 - Industrial Leadership												
EO	63	1	0	0	0	0.00%	66	1	1	1	n/a	1.52%
PROTEC	27	1	0	0	0	0.00%	11	0	0	0	0	0.00%
COMPET	119	2	1	0	0	0.84%	154	2	1	1	n/a	0.65%
TOTAL Industrial Leadership	209	4	1	0	0	0.48%	231	3	2	2	0	0.87%
H2020 – Societal Challenges												
<i>Societal Challenge 2</i>												
SFS	409	2	0	0	0	0.00%	344	1	n/a	n/a	n/a	n/a
BG	92	1	0	0	0	0.00%	17	2	n/a	n/a	n/a	n/a
ISIB	93	1	0	0	0	0.00%	125	0	n/a	n/a	n/a	n/a
Total SC2	594	4	0	0	0	0.00%	486	3	n/a	n/a	n/a	n/a
<i>Societal Challenge 6</i>												
EURO	121	1	0	0	0	0.00%	57	0	n/a	n/a	n/a	n/a
YOUNG-SOCIETY	110	2	0	0	0	0.00%	140	3	n/a	n/a	n/a	n/a
REFLECTIVE	90	0	0	0	0	0.00%	399	7	n/a	n/a	n/a	n/a
H2020-INSO 2014	86	1	1	0	0	1.16%						
H2020-INSO 2015 (topic 5)							40	2	1	n/a	n/a	2.50%
H2020-INSO 2015 (topic 1 & 4)							101	4	n/a	n/a	n/a	n/a
H2020-INT							198	6	n/a	n/a	n/a	n/a
Total SC6	407	4	1	0	0	0.25%	339	22	1	n/a	n/a	n/a
<i>Societal Challenge 7</i>												
DRS	130	5	0	0	0	0.00%	133	n/a	n/a	n/a	n/a	n/a
FCT	143	0	0	0	0	0.00%	135	n/a	n/a	n/a	n/a	n/a
BES	25	0	0	0	0	0.00%	92	n/a	n/a	n/a	n/a	n/a
DS	106	5	0	0	0	0.00%	102	n/a	n/a	n/a	n/a	n/a
Total SC7	404	10	0	0	0	0.00%	462	n/a	n/a	n/a	n/a	n/a
TOTAL Societal Challenges	1,405	18	1	0	0	0.07%	1,287	25	1	n/a	n/a	n/a
<i>H2020 – Specific Objective: Spreading excellence and widening participation</i>												
WIDESPREAD-1	167	10	3	2	0	1.80%						
WIDESPREAD-2	79	3	2	0	0	2.53%						
TWINN							546	14	n/a	n/a	n/a	n/a
Total SEWP	246	13	5	2	0	2.03%	546	14	n/a	n/a	n/a	n/a
<i>H2020 – Specific Objective: Science with and for society</i>												
SEAC	139	1	0	0	0	0.00%	204	n/a	n/a	n/a	n/a	n/a
GERI	44	1	0	0	0	0.00%	46	n/a	n/a	n/a	n/a	n/a
ISSI	33	0	0	0	0	0.00%	99	n/a	n/a	n/a	n/a	n/a
GARRI	28	0	0	0	0	0.00%	31	n/a	n/a	n/a	n/a	n/a
Total SWAFS	244	2	0	0	0	0.00%	380	n/a	n/a	n/a	n/a	n/a
TOTAL Specific Objectives	490	15	5	2	0	1.02%	926	14	n/a	n/a	n/a	n/a
GRAND TOTAL	11,755	187	32	13	0	0.27%	13,547	68	6	5	0	n/a

* Call with multiple cut-off dates. Figures for 2014: first cut off; figures for 2015: second cut-off.

** N/a = the evaluation review was not yet finalised by the end of the year.

d) Time to amend grant agreements (H2020 and FP7)

Table 7: H2020 - Amendment requests handled during 2015

H2020 Activities	Outstanding (ongoing) amendments at the beginning of 2015	Amendment requests received during 2015	Amendments implemented during 2015	Amendments outstanding (ongoing) at the end of 2015
Marie Skłodowska-Curie Actions	0	106	93	13
Strengthening research in FET	0	4	4	0
LEIT - Space	0	3	3	0
Societal Challenge 2	0	14	13	1
Societal Challenge 6	0	5	5	0
Societal Challenge 7	0	12	9	3
Specific Objectives	0	2	2	0
Total REA - all H2020 activities	0	146	129	17

Table 8: FP7 - Amendment requests handled during 2015

FP7 Specific Programme	Outstanding amendment requests at the beginning of 2015	Amendment requests received during 2015	Amendment requests implemented during 2015	Amendment requests outstanding at the end of 2015
People Programme	101	593	617	77
Capacities – SME actions	52	128	157	23
Cooperation – Space	7	40	45	2
Cooperation – Security	10	49	58	1
Total REA - all FP7 activities	170	810	877	103