

Annual Activity Report 2025

annexes

DIRECTORATE-GENERAL FOR BUDGET

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ANNEX 1: STATEMENT OF THE DIRECTOR IN CHARGE OF RISK MANAGEMENT AND INTERNAL CONTROL

1.1. Statement of the Chief Risk Officer for the Union's financial operations ⁽¹⁾

I declare that in line with the Decision (EU, Euratom) 2025/369 which defines the role, responsibilities and tasks of the Chief Risk Officer (CRO) for the Union's financial operations, I have reported on my activity directly to the Commissioner for Budget, Anti-Fraud and Public Administration. I declare to have also reported to the Director-General for Budget to the extent such reporting is foreseen by the Decision (EU, Euratom) 2025/369 and the High-Level Risk and Compliance Policy.

I hereby certify that the information regarding operations described in the preceding paragraph, as provided in the present Annual Activity Report and in its annexes, is to the best of my knowledge, and insofar as all the pertinent information required and foreseen under Decision (EU, Euratom) 2025/369 was provided, accurate and complete.

Brussels, 30 March 2026

e-signed

Iliyana Tsanova
Chief Risk Officer

1.2. Statement of the Director in charge of Risk Management and Internal Control

I declare that in accordance with the Commission's communication on the internal control framework ⁽²⁾, I have reported my advice and recommendations on the overall state of internal control in DG BUDG to the Director-General.

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

Brussels, 30 March 2026

e-signed

Marco Abate
Director in charge of Risk Management and Internal Control

⁽¹⁾ As of 2026, the CRO will no longer co-sign DG BUDG Annex 1. A new approach to report in the AARs will be implemented to reflect the expansion of the CRO's mandate to oversee the financial risks arising from the Union's financial operations.

⁽²⁾ C(2017)2373 of 19.04.2017.

ANNEX 2: PERFORMANCE TABLES

General objective: 2. A NEW ERA FOR EUROPEAN DEFENCE AND SECURITY

Specific Objective 2.1: Cooperate with other DGs to help step up European defence spending, including through new initiatives aimed at making existing instruments more flexible.

Result indicator 2.1.1 Support the lead services in the interinstitutional negotiations and ensure appropriate follow-up once the Commission proposals have been agreed

Explanation: The indicator measures the support provided for this objective

Source of data: DG BUDG

This result indicator is selected as a KPI

Baseline (2024)	Interim milestone (2027)	Target (2029)	Last known results (31/12/2025)
Proposals of the lead services under preparation	BUDG's support to other DEFIS proposal (AGILE) planned for 2026. Encourage using expanded options for defence spending.	100% of legislative procedures of other DGs, are supported by DG BUDG (2 procedures foreseen).	DG BUDG supported DEFIS in the preparation and negotiations of the Commission legislative proposal incentivising defence-related investments in the EU budget. Regulation (EU) 2025/2653 was adopted on 22/12/2025 broadly in line with the Commission proposal.

Main outputs in 2025:

Output	Indicator	Target	Last known results
Cooperation with other DGs	Ensure appropriate follow-up once the proposals have been agreed.	Support implementation	The defence mini-omnibus proposal was adopted on 19.12.2025. Stakeholders were informed on the date of the entry into force (23.12.26) to promote the incentives in the framework of the Cohesion Policy mid-term review (expiring December 2025). BUDG led the preparation of a guidance published on 23.12.2025 on STEP support to defence technologies.
Cooperation with other DGs to implement the SAFE loans	Ensure appropriate follow-up once the proposals have been agreed e.g. prepare templates.	Readiness for implementation on BUDG side when Member States submit plans and loan requests.	Support provided as requested by DG DEFIS.

General objective: 5: PROTECTING OUR DEMOCRACY, UPHOLDING OUR VALUES

Specific Objective 5.1: Secure that the amounts allocated from the EU budget are invested for the intended purpose, and ensure strict compliance with the financial rules in order to minimise errors, prevent fraud, enhance transparency, and pave the way to the discharge.

Result indicator 5.1.1 Keep the Financial Regulation up to date, taking into account the outcome of the negotiations and agreement on the new Multiannual Financial Framework (MFF)

Explanation: Financial rules must be updated

Source of data: DG BUDG

This result indicator is selected as a KPI

Baseline (2024)	Interim milestone (2026)	Target (2029)	Last known results (31/12/2025)
Financial Regulation as in force.	Adoption of a proposal to revise the Financial Regulation as needed (2026).	Entry into force of the revised Financial Regulation after adoption in 2028.	Assessment of the need for a revision of the Financial Regulation, in relation with the package of legislative proposals for the post 2027 MFF.

Result indicator 5.1.2. Facilitate compliance with financial regulation through simple and more coherent rules and simplification tools

Explanation: More coherent and simple rules, including simplified cost options, will minimize errors while at the same time reducing the administrative burden for beneficiaries

Source of data: DG BUDG

Baseline (2024)	Interim milestone (2027)	Target (2029)	Last known results (31/12/2025)
Currently, 20 programmes / DGs use simplification tools in order to simplify the implementation of programmes	Increased use of simplification tools	Simpler and more coherent rules under the next MFF	The MFF package of proposals was adopted on 16 July 2025. Negotiations ongoing, with good progress made both in the European Parliament and the Council.

Result indicator 5.1.3. European Parliament granting discharge to the Commission

Explanation: When granting discharge to the Commission, the European Parliament confirms that the Commission has implemented the EU budget in line with the principles of sound financial management.

Source of data: European Parliament

Baseline (2024)	Interim milestone (2027)	Target (2029)	Last known results (31/12/2025)
European Parliament granted discharge to the Commission for the financial year 2022 with no postponement	Target to be achieved every year	European Parliament to grant discharge to the Commission with no postponement	In 2025, the Commission was granted the discharge for the 2023 budget by the European Parliament vote on 7 May 2025.

Result indicator 5.1.4. Confirmation by the European Court of Auditors of the effectiveness of the Commission's own resource management and control system

Explanation: The indicator measures the effectiveness of the measures put in place by the Commission in terms of control of the own resources system

Source of data: Annual report of the ECA

Baseline (2024)	Interim milestone (2027)	Target (2029)	Last known results (31/12/2025)
Positive DAS opinion on revenue by ECA	Target to be achieved each year	Positive DAS opinion on revenue by ECA	Positive DAS opinion on revenue issued by ECA.

Main outputs in 2025:

Output	Indicator	Target	Last known results
Increased use of simplified forms of funding.	BUDG agreement to proposed authorising decisions.	Prompt reply by BUDG throughout 2025 depending on demand of DGs.	Agreement given by BUDG to adopt 18 new or updated authorising decisions in 2025.
Continuous development and roll out of eGrants, eProcurement, the Pillar Assessment Automated Workflow (PAAW) with support from contractors.	Support to policy DGs for the onboarding to corporate IT tools in line with their policy objectives. Finalisation and rollout of the eProcurement contract management solution. Further improvement of the new IT tool for the automation of the pillar assessment process (PAAW). Development and update of guidance and corporate templates used by the system.	Throughout 2025.	PAAW: 2025, ongoing maintenance, technical updates, which aimed at improving performance of the tool, as well as enhancements to optimise user experience, increasing the platform's overall usability. Continuous support to Lead DGs was provided for the encoding of data in the tool. Support provided to services for all requests to onboard.
Effective management of the EU's own resources.	Timely and correct revenue budgeting and calling of own resources from MS. Follow-up of all own resources due (recovery or contradictory procedure); correct recording of all transactions of the MS in respect of own resources.	100% 100%	100% of OR calls were done on time. 100% of OR transactions were checked and correctly recorded.
Advising internal and external stakeholders on legal issues relevant for own resources matters	Satisfaction by stakeholders with adequateness and timeliness of output delivered.	High satisfaction achieved.	Positive feedback received regarding VAT training delivered, as well as from helpdesk questions. Average satisfaction rate for the SFC Helpdesk: 83%, with the marks 4.83/5 for the quality of replies and 4.33/5 for the timeliness.
Managing any questions with respect to the Protocol on the Privileges and Immunities of the EU.	Satisfaction by stakeholders with adequateness and timeliness of output delivered	High satisfaction achieved.	92% satisfaction rate.

Result indicator 5.1.4. Confirmation by the European Court of Auditors of the effectiveness of the Commission's own resource management and control system

Explanation: The indicator measures the effectiveness of the measures put in place by the Commission in terms of control of the own resources system

Source of data: Annual report of the ECA

Baseline (2024)	Interim milestone (2027)	Target (2029)	Last known results (31/12/2025)
Positive DAS opinion on revenue by ECA	Target to be achieved each year	Positive DAS opinion on revenue by ECA	Positive DAS opinion on revenue issued by ECA.

Main outputs in 2025:

Provision of corporate grants and procurement guidance.	Publication and updating of Guidance documents. Development and updating of procurement and guidance documents and corporate templates in view of modifications introduced by the Revision of the Financial Regulation. Enhancement of guidance on contract management and on sustainable and innovation procurement (ex. possible development of contractual clauses for the procurement of AI following the adoption of the AI act).	Throughout 2025.	The VadeMecum on Public procurement was updated, including on sustainable and innovation procurement. Among updates on internal circulars, circular on the foreign subsidies' regulation was developed. The internal Guidelines on the procurement of AI systems and AI-based services in which DG BUDG contributed have been published. The procurement corporate templates have been updated to reflect modifications introduced by the 2024 Financial Regulation. For grants, all corporate documents published on the Funding and Tenders Portal and GoFund have been promptly updated as required.
Continuous support to Commission DGs on association of third countries to any Union programme and on the implementation of association agreements.	BUDG agreement on the proposed association agreements. Support for the implementation of association agreements (ex. Ukraine, New Zealand, Canada, Japan, UK, Switzerland, etc).	Active support / lead role in certain negotiations (eg UK, Switzerland, Canada) Prompt reply by BUDG throughout 2025 depending on the interest expressed by third countries to be associated and on the demand of DGs. Prompt replies/guidance to specific consultations throughout 2025.	Agreement with Canada on participation in SAFE (financial provisions, sound financial management provisions); Agreement with Switzerland (financial provisions, sound financial management provisions), and agreement with UK on Erasmus+ (co-lead).

General objective: 5: PROTECTING OUR DEMOCRACY, UPHOLDING OUR VALUES

Specific Objective 5.2: Strengthen the protection of the EU budget from financial risks including through tools like the Early Detection and Exclusion System (EDES) and from rule of law deficiencies affecting or risking to affect the EU budget through the Conditionality Regulation, and through transparency, knowledge sharing, and accountability achieved by regular dialogue between all concerned stakeholders.

Result indicator 5.2.1. Protection of the EU budget from breaches of the principles of the rule of law

Explanation: DG BUDG is in the lead for the enforcement of the general regime of conditionality. To do so, it proposes measures where breaches of the principles of the rule of law affect or seriously risk affecting the sound financial management of the EU budget or the financial interests of the EU in a sufficiently direct way.

Source of data: DG BUDG

This result indicator is selected as a KPI

Baseline (2024)	Interim milestone (2027)	Target (2029)	Last known results (31/12/2025)
Publication of the 5th Annual Rule of Law Report (July 2024).	Application of the Conditionality Regulation where its conditions are met.	If relevant, update of the guidelines on the application of the Conditionality Regulation.	Constant monitoring of the situation in Member States, including by assessing issues identified in the Commission Rule of Law Report. Publication of 6th Rule of Law Report in July 2025.

Result indicator 5.2.2. Building a closer link between the Rule of Law Report recommendations and EU financial support.

Explanation: The political guidelines for the 2025-2029 Commission commit to build a closer link between the recommendations in the Rule of Law Report and financial support. Relevant rules should be adopted.

Source of data: DG BUDG

Baseline (2024)	Interim milestone (2025)	Target (2029)	Last known results (31/12/2025)
Current legal and policy framework.	Commission's proposal for new MFF.	Closer link established and applied consistently.	The Commission adopted the MFF proposal on 16 July 2025.

Main outputs in 2025:

Output	Indicator	Target	Last known results
Effective management of the discharge process.	EP grants the 2023 discharge. Adoption of the follow-up report to the 2024 discharge.	May 2025. By 30 June 2025.	EP granted the discharge for 2023 by a vote in the plenary on 7 May 2025. Follow up report to the discharge was adopted on 27 June 2025.

<p>Maintain constructive relations with the ECA and the CONT Committee.</p>	<p>Ensure high-quality and timely Commission replies to numerous ECA reports. Streamline processes with the ECA</p>	<p>Throughout the year</p>	<p>All replies to the ECA special reports were delivered in time for their publication together with the ECA special reports and annual report. Commission/ECA workshop was organized in March 2025 to provide space for dialogue outside audit procedures. Both institutions agreed that divergencies in methodologies are justified by respective mandates but objective is the same- protection of financial interest of EU budget. Some areas of convergence were established (for example: alignment on quantification of public procurement errors in Cohesion).</p>
<p>For Arachne+: Ongoing finalization of phase 2 of the Arachne+ project following the agreement on the compulsory feeding of the corporate data-mining and risk-scoring tool in the 2024 revised FR .</p>	<p>Mapping of COM databases and their compatibility with Arachne+ to establish a baseline for technical interconnection of chosen databases with the tool. Consolidation of data in order to safeguard proper IT functionalities. Identification of data protection issues through the finalisation of the data protection questionnaire and related data protection documentation for the tool. Continuous improvements of the risk indicators. Improvements to governance of the Arachne+ project based on the recommendations of the Internal Audit Service's (IAS) audit on Arachne+, as also committed to in the subsequently prepared Action Plan. Overall preparation of the release of the corporate tool at the level of the current Arachne's functionalities.</p>	<p>Throughout the year.</p>	<p>Phase 2 of the project was ongoing in 2025. Data protection issues were identified and data protection documentation was drafted. Action Plan to mitigate risks and improve governance was prepared as a follow up of the IAS audit, further reinforcing governance, prioritisation and follow-up arrangements, and ensuring that the development of Arachne+, including its interoperability dimension, is subject to systematic oversight, measurable progress and accountability. Progress was made in the preparation of the service activation and the upcoming move towards Phase 3 of the project: Commission databases were mapped, data consolidated, risk indicators being improved, and the tool was being prepared for its release.</p>

Review of the EU anti-fraud architecture (AFA) (co-led with SG).	Adoption of the White Paper on AFA.	Q2 2025	Adoption of the White Paper on AFA review on 16 July 2025. Follow-up activities after the adoption of the white paper, including consultation with stakeholders in Q4 2025.
Alignment of the EDES Panel's rules of procedure to the provisions of the Financial Regulation amended in 2024.	Adoption of the new rules of procedure of the Panel.	By the end of 2025.	Adoption of the Commission Decision (EU) 2025/2024 on 9 October 2025.
Update of the High-Level Risk Compliance Policy (HLRCP) by the Chief Risk Officer.	Incorporate latest developments and alignment with Commission Decision (EU, EURATOM) 2025/369.	By the end of 2025.	Update of the HLRCP postponed to Q3/Q4 2026.

General Objective 5: PROTECTING OUR DEMOCRACY, UPHOLDING OUR VALUES

Specific Objective 5.3: Promote strong enforcement culture to protect the EU Budget including the revenue side.

Result indicator 5.3.1 Modern and efficient management and control framework for own resources
– Timely and accurate collection of own resource contributions and related payments from Member States, thanks to a close monitoring of the implementation of the own resources regulations and the full implementation of the inspection programmes

Explanation: The indicator tracks the rate of collection of revenues stemming from own resources and degree of implementation of the inspection programmes

Source of data: Monthly information on making available of own resources, inputs to the annual VAT and GNI balances exercise, and follow-up and reporting on implementation of inspections.

This result indicator is selected as a KPI

Baseline (2024)	Interim milestone (2025)	Target (2029)	Last known results (31/12/2025)
100% collection of own resources and full implementation of inspection programme in 2024 (21 TOR and 13 VAT inspections)	100% collection of own resources and full implementation of inspection programmes	100% collection of own resources and full implementation of inspection programmes	Forecasted amounts of own resources were collected. All planned for 2025 TOR and VAT inspections were carried out.

Result indicator 5.3.2. Development and implementation of a strengthened enforcement strategy for traditional own resources

Explanation: The indicator tracks DG BUDG's actions to further improve the collection of customs duties by Member States

Source of data: TOR inspection reports and risk analysis tools and results, developments in the customs policy, analysis produced at EU level and results obtained

Baseline (2024)	Interim milestone (2025)	Target (2029)	Last known results (31/12/2025)
Risk analysis process based on regular knowledge sharing and internal stocktaking annual meeting taking into account other DGs' input.	Use of an evaluation grid to structure and document the risk analysis process.	Structured and documented risk analysis ensuring that the focus of the inspection work is on high-risk areas	The result of the risk analysis process and the steps taken, including input from other DG's and Member States, are reflected and documented in the annual TOR inspection programme. The selected main inspection topic focusses on a high-risk area (financial).
Silo analysis of the risks related to TOR, by MS and at Commission level.	Joint Analysis of Customs and trade data at EU level on risky products and trade patterns, feeding the control, inspection and investigation work at EU and MS level.	Fully-fledged risk analysis capacity at EU level allowing coordinated control approach between EU and MS and effective mitigation of the risks for TOR.	The agreed customs reform and specifically the EU customs data hub and the establishment of the EU Customs authority went beyond the initial intention to develop the joint analysis of customs and trade data and a fully-fledged risk analysis capacity ⁽³⁾ .

⁽³⁾ While only formalized in early 2026, it was imminent at 31/12/2025 and is a major leap forward in building EU and MS capacity in effective mitigation of the risks to TOR. This result indicator will be modified in the AAR 2026 to reflect the significantly improved customs framework.

Silo approach to customs policy development	Gradual integration of TOR-related issues in customs policy development, especially regarding customs reform, risk management and controls.	Coordinated and cooperative approach of customs policy development	TOR related issues have been a focal point in the negotiations and conclusion of the customs reform. DG Budget has been very closely involved in the customs reform negotiations between the Commission, Council, and the EP. Furthermore, TOR related issues have been driving the customs policy development in several areas like undervaluation (updated guidelines) and customs guarantees.
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Result indicator 5.3.3. Successful implementation of the control system for new and reformed own resources

Explanation: The indicator measures the successful transition to a control system adequate for new and reformed own resources

Source of data: Annual progress reports

Baseline (2024)	Interim milestone (2025)	Target (2029)	Last known results (31/12/2025)
Internal reflection at service level ongoing. The base line for the new own resources is the control systems for the existing four own resources.	Adoption of the relevant legislation and implementing measures	Implementation of the new control system	Drafting of corresponding Making Available Regulation (MAR) and Implementing Measures for the System of Own Resources (IMSOR) ongoing. Publication expected in 2026.

Result indicator 5.3.4. VAT fraud addressed in the context of own resources

Explanation: To enhance fiscal solidarity in the Single Market, VAT fraud is included in calculation of own resource based. Measured by amount of revenue recovered.

Source of data: Annual progress reports

Baseline (2024)	Interim milestone (2025)	Target (2029)	Last known results (31/12/2025)
Internal reflection at service level.	Assess the impact of fraud on VAT-based own resource revenue.	Develop a comprehensive understanding of the impact of fraud on the VAT-based own resource and options to correct its possible negative impact.	VAT fraud affects the collection of tax revenue for Member States. However, there is no direct impact on the VAT-based own resource and the EU budget, as the VAT-base relevant for the calculation of that own resource is defined by the VAT collected by Member States. The Commission (DG Budget) will continue to ensure that VAT collected following fraud investigations is correctly allocated to the VAT base.

Result indicator 5.3.5. Systematic-driven adoption of administrative sanctions against unreliable persons and entities claiming EU funds

Explanation: To ensure that unreliable persons or entities are effectively sanctioned across all budget areas

Source of data: DG BUDG

Baseline (2024)	Interim milestone (2025)	Target (2029)	Last known results (31/12/2025)
Ongoing awareness exercises on the sanctions mechanism across Commission, other institutions, agencies and Member States	Prepare agreed 2028 extension of EDES to shared management	Ensure that all Commission services, other institutions and agencies protect the budget by initiating administrative sanctions in all the cases that is required; support MS to ensuring readiness for applying EDES as set out in the Financial Regulation	Usability of EDES database was improved by enhancing search functionalities and accessibility of the system. A new web-service has been developed and is tested to ensure interoperability between EDES and national systems to facilitate real-time checks of exclusion situations. In November 2025, EC fraud risk related tools were presented to some MS authorities, which included EDES.

Main outputs in 2025:

Output	Indicator	Target	Last known results
Control of the VAT-based own resource	Number of effective inspections in close cooperation with Member States, ESTAT and TAXUD	Carry out 100% of VAT-based own resources inspections planned (12 for 2025).	12/12 inspections carried out as planned (100% implementation)
Control of Traditional Own Resources	TOR inspections carried out.	Carry out 100% of TOR inspections planned (20 for 2025).	20/20 inspections carried out (100% implementation)
Desk audits in Member states.	Desk audits carried out.	Ongoing desk audits finalised and new desk audits started in case of need.	No new desk audits were initiated. Ongoing desk audits were followed up.
Assessment of TOR write-off reports (in coordination with TAXUD, OLAF and LS).	Number of cases assessed/re-assessed and reviewed and their financial impact (TOR + late payment interest).	Increase the number of cases self-assessed by Member States in 2025 and their ancillary voluntarily making available to the EU budget.	All 78 cases were assessed on timely basis.
Launching infringement procedures against Member States in breach of own resources rules.	Adoption by the College of the relevant documents: Letter of formal notice, Reasoned Opinion, Referral to Court.	Throughout the year.	No Infringement procedure launched in 2025.

General Objective 7: DELIVERING TOGETHER AND PREPARING OUR UNION FOR THE FUTURE

Specific Objective 7.1: Design, negotiate and manage EU budget expenditure and revenues that delivers efficiently on Union priorities and provides added values through the financing of EU public good.

Result indicator 7.1.1 Proposal for post-2027 MFF, conclusion of negotiations and implementation

Explanation: Stability and predictability of the available resources for implementation of programmes for post-2027 period in line with EU priorities

Source of data: MFF Regulation, Interinstitutional Agreement,

This result indicator is selected as a KPI

Baseline (2024)	Interim milestone (2025)	Target (2029)	Last known results 31/12/2025)
Preparation of the MFF proposal	By the end of 2026: agreement in the European Council in line with the ambitions of the European Leaders. 2027: formal adoption of the MFF 2028-2034, including sectoral legal bases.	MFF 2028-2034 implementation.	Commission adopted the MFF proposal on 16 July 2025.

Result indicator 7.1.2. Economic analysis of the impact and outcome of EU public spending – financing EU public goods

Explanation: Improve the design and management of future and existing programmes with a particular focus on EU added value.

Source of data: EU budget policy briefs, analytical notes

Baseline (2024)	Interim milestone (2025)	Target (2029)	Last known results (31/12/2025)
Enhanced economic and budgetary analyses (EU budget policy briefs, EU budget talks, outreach to specialized economic stakeholders)	Continued enhanced economic and budgetary analyses At least 2 policy briefs and 2 budget talks per year	Continued enhanced economic and budgetary analyses At least 2 policy briefs and 2 budget talks per year	Due to the high workload related to the preparation of the MFF proposal and the start of negotiations, the publication of the Policy Briefs has been postponed to 2026.

Result indicator 7.1.3. New own resources package post-2027 MFF, legislative proposals (ORD, MAR, IMSOR)

Explanation: –BUDG undertakes to develop new own resources for post-2027 MFF. Measures on the basis of legislative proposals to be adopted by the Commission

Source of data: European Commission, Council of the European Union, European Parliament

Baseline (2024)	Interim milestone (2025)	Target (2029)	Last known results (31/12/2025)
Preparation of proposal for new ORD. MAR and IMSOR under preparation.	Proposal for new ORD adopted together with the MFF legislative package. in July 2025.	Conclude negotiations on ORD package (ORD, MAR, IMSOR) in 2026. New ORD package to enter into force in 2028.	ORD proposal published in July 2025, negotiations on-going. MAR/IMSOR in preparation.

Result indicator 7.1.4. Facilitate the adoption and implementation of annual budget within the deadlines set in the Treaty respecting the political priorities and taking account of programme's performance.

Explanation: Establish a budget in close collaboration with other services, facilitate the timely adoption and ensure full implementation. Assist both the DGs and horizontal units in the area of performance.

Source of data: Agenda Planning

Baseline (2024)	Interim milestone (2025)	Target (2029)	Last known results (31/12/2025)
Annual Budget 2025 adopted in November 2024	Target to be achieved each year	Adoption of annual budget in December N-1 at the latest	Statement of estimates for 2026 adopted on 4 June 2025, 2026 draft budget on 9 July 2025, 2026 budget on 26 November 2025.
Technical adjustments of the MFF in line with Articles 4, 5 and 6 of the MFF Regulation 21-27	Target to be achieved each year	Before the budget proposal in year n-1	Technical adjustment for 2026 COM(2025)800 adopted on 4 June 2025.
Timely support to the Council and European Parliament on budget negotiations	Target to be achieved each year	Amending letters and all input documents provided before the start of the conciliation period.	Amending Letter 1/2026 adopted in October 2025, input documents provided on time for agreement in conciliation in November.
2024 Execution rate: Commitments and payments after carryovers: (99,4 % and 99,9 %, respectively)	Target to be achieved each year	100%	Execution rates at end-2025 remained at the same high level (99,4% and 99,9%).
New structure of the budget aligned with the post 2027 MFF prepared for the launch of 2028 budget procedure	Targets to be achieved by end 2027	Full translation of the MFF governance, significant simplification of the budget structure (reduced number of budget lines) and alignment of IT tools in the annual budget	Preparatory work ongoing.
Assessment of the programme performance and preparation of the programme performance statements in the context of the preparation of the budget, and the discharge procedure.	Target to be achieved each year	In time for the draft budget proposal in year n-1, and the annual management and performance report.	EU budget performance reporting (including programme performance statements) was prepared in time for the draft budget 2026 and 2025 annual management and performance report (discharge procedure).

Main outputs in 2025:			
Output	Indicator	Target	Last known results
Preparation of the next MFF. Post-2027 Multiannual Financial Framework proposals (legislative, Article 312 TFEU) Own Resources package (Own Resources Decision, MAR, IMSOR)		Q3 2025 Q3/Q4 2025	Commission adopted the MFF proposal on 16 July 2025. Second package of sectoral proposal adopted 2 September 2025. ORD proposal published in July 2025, negotiations on-going. MAR/IMSOR in preparation.
Establish an annual budget for 2026 according to needs within legal deadlines respecting the political priorities.	Statement of Estimates adopted in June; Draft Budget by mid-July.	2026 budget adopted at the latest in the December 2025 plenary.	Statement of Estimates 2026 adopted on 4 June, DB 2026 adopted on 9 July, 2026 budget adopted on 26 November 2025.
Annual budget implementation making use of transfers and carryovers.	All budgetary authority transfers and Draft Amending Budgets adopted by the EP and the Council.	Throughout the year.	All transfer proposals and 3 Draft Amending Budgets were adopted by the EP and the Council in 2025.
Regular monitoring of annual budget execution to ensure full implementation, including by providing guidance to the DGs.	Information notes on budget implementation. Working document on implementation and assigned revenue produced on time. Regular information to the EP and the Council in the framework of interinstitutional meetings on payments. Full implementation of the 2025 budget.	Throughout the year.	2 interinstitutional meetings on payments (July, October) and a point on the budget implementation at the Spring Triologue, with 2 Information notes and the working document V. Implementation 93% for commitment and 86% for payment appropriations. Most unused appropriations were eligible for a carryover to 2026. After carryover, the amounts lapsing for commitment appropriations represent 0,07% of the overall budget and 0,009% for payment appropriations.
Technical adjustments of the MFF in line with Art. 4, 5 and 6 of the MFF Regulation	Timely adoption for the annual budget procedure.	June 2025.	Technical adjustment of the MFF for 2026 adopted together with Statement of Estimates 2026 on 4 June 2025.
Enhance agility of the budget by strategic planning and foresight.	Long term forecast report of revenue and expenditure produced.	July 2025.	Adopted on 16 July 2025, in line with objective.
ACOR forecast - Calculation of Own Resources bases.	Member States approval in the ACOR meeting: revised TOR, bases for VAT, non-recycled PPW and GNI own resources bases for 2025; forecasts of TOR, and bases for VAT, non-recycled PPW and GNI own resources bases for 2026.	May 2025.	Adopted on 26 May 2025.
Calculation of UK payments.	Calculation of the relevant amounts to be paid by the UK – ‘the UK invoice’ as specified in Article 148 of the Withdrawal Agreement.	April 2025 and September 2025.	2025 UK April invoice was sent to the UK on 14 March 2025 UK September invoice was sent to the UK on 15 September 2025.

Follow-up on the financial and legal issues of the implementation of the EU-UK Trade and Cooperation Agreement and the Withdrawal Agreement.	Preparation of the reports based on the relevant Articles of the Part V of the Withdrawal Agreement. Continuous support to policy DGs on implementation of the TCA (Union programmes).	March 2025. Throughout the year.	Withdrawal Agreement Reports on Articles 140, 142-144 and 147 were sent to the UK on 31 March 2025. Support was provided to 100% requests from DGs.
Call for the windfall profits according to Council Regulation (EU) 2024/1469 and the Commission implementing Regulation (EU) 2024/1673.	Timely call for funds to enable the making available of the appropriations to support Ukraine.	April and August 2025.	The 2 calls for funds for the financial contribution were successfully sent on 7 April 2025 and 5 August 2025.

General Objective 7: DELIVERING TOGETHER AND PREPARING OUR UNION FOR THE FUTURE

Specific Objective 7.2: *Develop policy-relevant knowledge, performance and financial intelligence in order to optimise the use of resources, influence policy design and ensure efficient and effective implementation of the spending programmes.*

Result indicator 7.2.1 Develop a performance culture in the Commission, which puts a strong focus on budgetary performance in the annual reporting and integrated performance concepts in the annual and multiannual budget cycles with a view to deliver a budgetary policy based on evidence.

Explanation: In order to strengthen the performance of EU spending, the Commission must adapt its procedures, notably the Commission's annual reporting.

Source of data: DG BUDG

This result indicator is selected as a KPI

Baseline (2024)	Interim milestone (2025)	Target (2029)	Last known results (31/12/2025)
Performance information presented in Annual Management and Performance Report (AMPR), programme statements and Programmes' Performance Overview accompanying the draft budget.	Continued improvement of budget performance reporting;	Presentation in 2029 of the first 'annual management and performance report' under the MFF 2028-2034	Presentation of performance information embedded in the annual draft budget, AMPR and discharge procedure. Adoption of the Performance Regulation proposal for the MFF 2028-2034, establishing the performance framework to monitor expenditure and performance of all the EU budget programmes.

Result indicator 7.2.2. Develop a shared understanding of budgetary performance with the main stakeholders, in particular the European Parliament, the Council and the European Court of Auditors

Explanation: During the budgetary cycles, the Commission does not act alone but always in conjunction with key stakeholders. Therefore, it is important that key concepts of budgetary performance and its meaning are shared across the different institutions so that a fruitful discussion on the basis of these concepts can emerge.

Source of data: DG BUDG

Baseline (2024)	Interim milestone (2025)	Target (2029)	Last known results (31/12/2025)
Performance information presented in the AMPR, as well as in the programme performance statements.	Proactively working with the Court of Auditors (ECA), the European Parliament (EP) and the Council to ensure that the Commission's performance reporting	Stakeholders acknowledge the Commission's efforts to strengthen the focus on performance of EU budget spending, and share a common understanding of the key concepts across all levels of reporting.	Performance reporting relating to the 2024 financial year was presented in the relevant committees of the EP and Council. Engagement with the ECA on performance reporting took place in the context of the ECA's Annual Report on the 2024 financial year.

	corresponds to their needs.		
Main outputs in 2025:			
Implementation dialogues and reality checks			
Output	Indicator	Target	Last known results
Support the Commissioner in the organization of implementation dialogues with businesses and other relevant stakeholders, as part of the Commission's simplification efforts	Number of implementation dialogues	Support the Commissioner in achieving the objective of holding at least 2 per year	With the support of DG BUDG, Commissioner Serafin organised the "Tour d'Europe" (Implementation Dialogue n°1). Meeting stakeholders and gathering insights on the 2028-2034 MFF proposal, with a central theme of the urgent need to simplify funding procedures, ease administrative burden and improve transparency. Stakeholders highlighted the importance of reducing overlapping regulations and improving legal consistency. For the second Implementation Dialogue, Commissioner Serafin met stakeholders on the topic "Review of the Anti-Fraud Architecture" organised with support of OLAF.
Support the Commissioner in the organization of reality checks with businesses and other relevant stakeholders, as part of the Commission's simplification efforts	Number of reality checks	Support the Commissioner in achieving the objective to hold 2 per year	2 reality checks done in 2025.
Other major outputs			
Output	Indicator	Target	Last known results
Publication of reinforced performance analysis, with focus on EU added value.	Timely publication of programme performance statements.	June 2025.	Programme performance statements published as planned.
Tracking of climate, biodiversity and gender expenditure.	Fourth iteration of gender equality tracking pilot methodology. Third application of digital expenditure stock take. First disaggregation of climate expenditure into mitigation and adaptation.	June 2025.	The programme performance statements included the EU budget contribution to climate, biodiversity, gender equality and digital transition. For the first time, climate contribution was split to mitigation and adaptation, as required by the Interinstitutional Agreement.
Enhanced economic and budgetary analyses.	Enhanced modelling capabilities to assess the socio-economic impact of the EU budget.	3 EU budget policy briefs in Q2, Q3, Q4 2025.	Due to the need to prioritise the preparation and start of negotiation of the 2028-2034 MFF in 2025, work on policy briefs for 2025 was put on hold.
Enhanced revenue policy analysis.	Analysis of developments of own resources and other revenue.	Throughout the year.	Throughout 2025, contributions for the Working Party on Own Resources.
Coordination of internal procedures (legislative coordination, comitology, briefings, access to documents, citizens questions, ombudsman, corporate management board).	Quality in the running of procedures and respect of deadlines in the submission of quality documents.	Smooth running of procedures; timely submission of quality documents.	Procedures were coordinated respecting legal deadlines, and ensuring quality of outgoing documents.
Inter-institutional coordination (GRI, EXCO, EP	Quality in the running of procedures and respect of	Smooth running of procedures; timely	Procedures were coordinated respecting legal deadlines, and ensuring quality of

questions and resolutions, parliaments' opinions, committees, Coreper II coordination /briefings).	deadlines in the submission of quality documents.	submission of quality documents.	outgoing documents.
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General Objective 7: DELIVERING TOGETHER AND PREPARING OUR UNION FOR THE FUTURE

Specific Objective 7.3: Enhance agility of the budget by strategic planning and foresight, harmonized asset management as well as efficient use of financial instruments, budgetary guarantees and the budgetary headroom.

Result indicator 7.3.1 Implementation of the post 2020 MFF publishing regular long-term forecasts of future inflows and outflows

Explanation: Best use of MFF resources and flexibility instruments to respond to current and new priorities, adequate level of appropriations throughout the MFF period. Ensuring the respect of the ceilings throughout the MFF period and preventing the build-up of backlog and bottlenecks.

Source of data: Technical adjustments of the MFF, monthly and yearly reports on budget execution, yearly annual accounts, yearly long-term forecasts of future inflows and outflows.

This result indicator is selected as a KPI

Baseline (2024)	Interim milestone (2025)	Target (2029)	Last known results (31/12/2025)
Long-term forecast of future inflows and outflows of the EU budget 2025-2029 (adopted on 28 June 2024)	Publication of long-term forecast of future inflows and outflows of the EU budget 2026-2034 in 2025.	Publishing the post 2027 MFF long-term forecasts of future inflows and outflows.	Long-term forecast of future inflows and outflows of the EU budget 2026-2034 was adopted on 16 July 2025, in line with objective.

Result indicator 7.3.2. Prudent management of budgetary headroom

Explanation: For the possibility for the EU budget to react to unforeseen circumstances in an adequate manner, it is important to manage the EU budget carefully and ensure sufficient budgetary headroom in order to maintain the confidence of markets in the EU budget. As a proxy for measuring whether the headroom is managed sufficiently prudent, the credit rating of the EU budget can be used.

Source of data: Moody's / S&P / Fitch/DBRS*/Scope* (*non-solicited ratings)

Baseline (2024)	Interim milestone (2025)	Target (2029)	Last known results (31/12/2025)
Management of budgetary headroom that ensures a prudent buffer against unfavourable developments and a high credit rating	Monitor the sustainability of the EU capacity to cover borrowing liabilities by applying – independently of the borrowing management – a dedicated EU-adapted assessment methodology. Ensure at any time, the headroom is sufficient to cover all contingent liabilities falling due in the same year in full respect of the Own Resources Decision in force.	Maintain high ratings, account being taken of evolving circumstances throughout the year Appropriate headroom balance	EU budget headroom monitored throughout the year and assessment published in line with legal requirements (Art. 256 report) on 11/12/2025.

AAA/Aaa/AA respectively by Fitch/Moody's/S&P's AAA/AAA respectively by DBRS/ Scope (non-solicited)	Target to be achieved every year	Maintain high ratings, account being taken of evolving circumstances	Top-tier credit ratings were reaffirmed during the regular review cycle conducted by credit rating agencies. AAA rating was confirmed by Fitch, Moody's, DBRS, Scope, and KBRA (a newly assigned, non-solicited rating). Standard & Poor's maintains an AA+ rating with a stable outlook.
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Main outputs in 2025:

Output	Indicator	Target	Last known results
NextGenerationEU green bonds.	Fourth allocation report. Third impact report.	Both reports by December 2025.	Reports published in December 2025.
Sound Governance of CPF (Common Provisioning Fund) assets.	Effective governance of the asset and financial risk management in DG BUDG.	Governance is in place. Regular review at Asset Management Board every 2-3 months. Frequent reporting to top management, including on risk and performance.	Governance of CPF performed as intended. Committees and reporting took place in line with the governance.
Asset Management.	Implementation of financial investments according to established asset management guidelines. Performance comparable with relevant financial market benchmarks.	Ensure 100% compliance with guidelines. Deliver performance in line with relevant benchmarks (long run).	Throughout the year, asset management guidelines were respected for the different portfolios. Performance of portfolios was in line with performance of respective benchmarks.
Prudent management of budgetary headroom.	Monitor the sustainability of the EU fiscal capacity to cover borrowing liabilities by applying - independently of the borrowing management - a dedicated EU-adapted assessment methodology. Ensure that at any point of time, the headroom is sufficient to cover all contingent liabilities falling due in the same year in full respect of the Own Resources Decision in force. Ensure coordination of relations and interactions with credit rating agencies and provide analytical support to underpin the EU credit rating.	Maintain high ratings, account being taken of evolving circumstances throughout the year. Positive headroom every year.	Estimates of the headroom updated for the long-term payments forecast 2025 and to support the funding plan. Assessment of contingent liabilities backed by the headroom and its sustainability were performed in the report under Art. 256 of the Financial Regulation of 11 December 2025.
Borrowing, debt management and lending activities for the EU. Chief Risk Officer's outputs	Implementation of robust governance procedures across borrowing and lending operations. Active liquidity management. Support of EU bonds' secondary market liquidity. Accounting of flows and budgetary reporting. Codified relations with bank counterparties.	By Q4 2025. Risk and Compliance Committee meetings. Annual CRO report to the College. CRO risk reports.	3 meetings of the Risk and Compliance Committee were held in 2025 under the new legal framework, Decision (EU, Euratom) 2025/369. 12 Monthly CRO risk reports were prepared. Annual CRO report for 2025 will be submitted in Q2 2026.

	Reinforced communication channels with investor base. Comprehensive reporting to Parliament and Council.		
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General objective 8: A MODERN, HIGH-PERFORMANCE AND SUSTAINABLE EUROPEAN COMMISSION

Specific Objective 8.1: Act as center of excellence and trustful partner for Commission services, other institutions, Member States and beneficiaries regarding

- financial governance, single (simplified) rulebook, transparency, smart reporting and derived intelligence, single audit approach, compliance and accountability
- sound and efficient management of accounts, treasury, financial risks and corporate financial IT systems
- stronger central oversight and management of debt, asset, and contingent liabilities
- performance optimisation through developing, implementing, monitoring and evaluating policies in an evidence-based, transparent and collaborative way with stakeholders and experts
- robust internal control that helps the Commission to achieve its objectives and sustain operational and financial performance.

Related to spending programme(s): All

Result indicator 8.1.1 Annual accounts adopted on time by the Commission and by relevant other authorities

Explanation: The indicator measures the achievement of a key regulatory requirement, the preparation of annual accounts

Source of data: Published accounts

This result indicator is selected as a KPI

Baseline (2024)	Interim milestone (2027)	Target (2029)	Last known results (31/12/2025)
Annual accounts adopted on time (25 June 2024).	Adoption by 30 June.	Adoption by 30 June.	Adopted on 25 June 2025, in line with objective.

Result indicator 8.1.2. Positive DAS on annual accounts from ECA

Explanation: The indicator measures a key element of success for the Commission, a clean annual discharge

Source of data: ECA

Baseline (2024)	Interim milestone (2027)	Target (2029)	Last known results (31/12/2025)
DAS positive	Target to be achieved each year	DAS positive	DAS positive

Result indicator 8.1.3. Efficient and effective treasury management, through speedy execution of payments with minimal negative interest paid

Explanation: The central treasury of the Commission processes some 2.5 million payments annually, on a continuous basis

Source of data: Daily banking status, SAP

Baseline (2024)	Interim milestone (2027)	Target (2029)	Last known results (31/12/2025)
Effective management achieved	More efficient payment processes to remote countries	Processes as efficient as possible	Negotiations ongoing with our banking partners to enhance the efficiency of cross-border

			payments in remote countries.
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Result indicator 8.1.4. Corporate Datawarehouse with financial and operational information

Explanation: The 'need to share' will become the norm for sharing data, information and knowledge. It should lead to an EC corporate Datawarehouse containing financial and operational information

Source of data: ABAC/SUMMA – OPSYS – SFC – SYGMA

Baseline (2024)	Interim milestone (2027)	Target (2029)	Last known results (31/12/2025)
Obtain links to existing corporate data warehouses	Identify important fields from operational data warehouses	Virtualise data to obtain a single corporate data warehouse	DG BUDG obtained access to: -e-grants data-warehouse (co-beneficiary shares needed for the Financial Transparency System), -data from e-procurement and e-grants to complete climate and FTS data requirements for public subjects.

Result indicator 8.1.5. Domain leader in financial reporting with a significantly increased reporting capacity, including performance data and SDGs

Explanation: With the transition to Summa, an improved reporting capacity is being developed, which should also deal in future with the UN sustainable development goals

Source of data: ABAC/SUMMA

Baseline (2024)	Interim milestone (2027)	Target (2029)	Last known results (31/12/2025)
Financial flash reports expanded	Development of a corporate financial performance scorecard	Domain leader in financial reporting with a significantly increased reporting capacity	The financial flash report has been successfully migrated to SUMMA.

Result indicator 8.1.6. Degree of implementation of the new corporate financial platform (SUMMA)

Explanation: The successful modernisation of the Commission corporate financial system is very much linked to the timely implementation of the project

Source of data: DG BUDG

Baseline (2025)	Interim milestone (2027)	Target (2029)	Last known results (31/12/2025)
SUMMA is fully operational for the Commission; Appropriate support measures facilitate the transition for the users; Continuous improvement process is in place. Set up of an innovation roadmap for 2026-2029.	SUMMA rolled out to all entities using the Commission's Financial System. Achievement of efficiency gains by leveraging the new platform/technology Start of the phase out of the ABAC legacy system.	Activation of all the innovations, including efficient use of AI in financial processes, according to the roadmap.	SUMMA went live for the Commission and 5 executive agencies in January 2025. It was further deployed to another 23 EU entities, including the EEAS, in January 2026.

Result indicator 8.1.7. The internal control framework is effectively implemented across the Commission

Explanation: The Commission departments conclude that their internal control systems are functioning effectively overall and that actions are taken to address identified weaknesses.

Source of data: Annual Management and Performance Report (AMPR)

Baseline (2024)	Interim milestone (2027)	Target (2029)	Last known results (31/12/2025)
Commission departments assess their internal control systems as effective	Target to be achieved each year	Commission departments assess their internal control systems as effective	98% of the Commission departments assessed their systems fully effective in 2024.

Result indicator 8.1.8. Continuing to develop more efficient corporate workflows for grants, procurement, financial instruments and budgetary guarantees and the Commission departments onboard IT Corporate systems for the next MFF

Explanation: Developing more efficient corporate workflows for grants, procurement, financial instruments and budgetary guarantees and the Commission departments onboard IT Corporate systems for the next MFF

Source of data: ITCB reporting

Baseline (2027)	Interim milestone (2028)	Target (2029)	Last known results (31/12/2025)
All MGAs for programmes under the 2020-2027 MFF are implemented in eGrants.	Prepare for onboarding of news programmes as requested and in line with corporate priorities Corporate Model contracts (procurement) are at the disposal of the DGs.	Support provided to programmes that have expressed an interest to onboard, in line with corporate priorities.	Main eGrants onboarding work completed in 2024/2025. Standard support work ongoing MGAs for new MFF: Preparatory work for onboarding of about 40 new programmes started. Main eProcurement (eContracting) onboarding work completed.

Result indicator 8.1.9. As domain leader, DG BUDG establishes an information system (CENTRICS) for the management and monitoring of the Commission's Internal Control Framework.

Explanation: The Commission departments report on their control systems in their Annual Activity Report. The objective is to have a corporate tool to ensure uniform reporting on the internal control elements.

Source of data: CENTRICS application

Baseline (2024)	Interim milestone (2027)	Target (2029)	Last known results (31/12/2025)
All registers are properly functioning and used by all the EC services	Migrate the system from a registration-based platform to a more advanced analytics-driven application, enabling enhanced data analysis, and decision-making capabilities	Enable the evaluation of the functioning of the internal control system.	In 2025, several features were further enhanced in CENTRICS: communication module, dashboard, workflows, references, linking registers, technical optimisation, updates in all modules.

Main outputs in 2025:

Output	Indicator	Target	Last known results
CENTRICS: Further enhancement of the tool and workshops with users to improve its use and allow for more analysis.	Simplified use and reporting improved.	All registers are properly functioning and used by all the EC services by the end of 2025.	All registers are functioning and are used by the EC services.
High quality and readable reporting, with a positive impact on discharge discussion	Adoption of the 2024 Annual Management and Performance Report (AMPR) Adoption of the 2024 Annual Activity Reports	Adoption in June 2025. Review of all 46 AARs by 31/3/2025 (25/4/2025 for 5 shared management AARs)	AMPR 2024 was published on 17 June 2025. 45 AARs reviewed by 31/3: 5 shared management DGs by 25/4. ECFIN: beginning of May.

Other major outputs

Output	Indicator	Target	Last known results
Efficient treasury management.	Full execution of budget payments to ensure credibility and achievement of all policy objectives. Implementation of SWIFT ISO20022 standard.	All authorised payments executed without delay. All payments and bank transfers executed via central and commercial banks are using the new ISO20022 XML format (end 2024).	In 2025, the treasury executed payments of the Commission, EEAS, EDF, the EU Trust Funds and 42 other agencies and bodies. 3.1 million payments were made to 187 countries and in 117 currencies. Payments were executed without delay, with very few exceptions in the first months of 2025 due to technical adjustments in SUMMA. All payments and bank transfers executed by the treasury via central and commercial banks are using the new ISO20022 XML format since November 2025.
Deliver EU, Commission, EDF and other accounts, as well as providing prompt, high quality guidance and support to all EU entities on accounting matters.	Annual accounts adopted on time by the Commission and by relevant other authorities and positive DAS on annual accounts from ECA.	30 June 2025.	Annual accounts adopted on 25 June 2025. Clean opinion received from the ECA. 95% of Accounting Quality Framework documentation received and analyzed. 3 assurance engagement reviews – no material weaknesses identified.
Timely recovery of amounts receivable.	Proportion of ROs fully 'cashed' on time.	> 95 %	90% (due to delays in the development of essential SUMMA functionalities for automatic reconciliation)
Reduction of doubtful & bad debts.	Amount of overdue ROs.	< EUR 500 million (aim is to reduce this amount following the measures of the enhanced strategy for the management of the debtors).	EUR 482 million (2292 cases)
More systematic recovery by offsetting against next payments.	Number of offsetting opportunities not taken up ('exceptions').	< 5 'exceptional' cases per month.	< 5 'exceptional' cases per month.
Increased management attention in authorising departments.	Number of pending AOD replies to the AccO's requests for taking stance.	< 100	95 cases
Monitoring the authorising departments' compliance with the recovery performance standards. Recovery orders KPIs.	Regular reporting to the DGs and Corporate Management Board, with possible escalation levels. Formalisation of the recovery orders related key performance indicators and selection of 1 or 2 indicators to be integrated in the scorecard.	2 times per year.	Dashboards published in 2025. Communications on dashboard availability in the data and reporting HUB on 15/09/2025 and 27/10/2025.

Efficiency gains, inter alia through combined waiver decisions.	Number of combined waiver decisions taken.	2 per year.	Two combined waiver decisions adopted in 2025: C(2025)3018 of 19/05/2025 and C(2025)8405 of 8/12/2025.
Business continuity (availability and reliability) of the BUDG corporate IT systems (ABAC, SUMMA, BadgeBud, EDES) and all BUDG local applications including the borrowing and lending activities.	Availability and reliability of the IT systems. Aligning the IT systems with legal obligations and business requirements.	Continuous availability (monitored during 2025). All.	SUMMA was live since 1st January 2025 and continuously operational for the whole year with an availability rate over 99.63 %. Other systems' availability was also ensured (e.g., ABAC's average above 99.85 %)
Ensure the budgetary financial year transition.	Timely opening in SUMMA of the budget year (appropriations + RAL).	Interruption of payment operations not to exceed 7 days. Complete carry-forward expenditure by 14 January.	SUMMA had been opened from 1st January 2025 on the anticipated budget. Data from ABAC was loaded in line with the agreed cutover plan and as agreed by the SUMMA governance.
Annual data on the EU spending and revenue allocated to the Member States (for year 2024).	The publication of the interactive chart with supporting data file on the Europa website.	June/July 2025.	Published in September 2025. 8 176 page views

ANNEX 3: DRAFT ANNUAL ACCOUNTS AND FINANCIAL REPORTS

The Draft Annual Accounts and Financial Reports are available at the link below:

https://dashboard.tech.ec.europa.eu/qs_digit_dashboard_mt/public/extensions/BUDG_Annex3/BUDG_Annex3.html

ANNEX 4: FINANCIAL SCORECARD

The Financial Scorecard is available at the link below:

https://dashboard.tech.ec.europa.eu/g5_digit_dashboard_mt/public/extensions/BUDG_Annex4/BUDG_Annex4.html

ANNEX 5: MATERIALITY CRITERIA

The criteria for making a reservation vary dependent on BUDG's activity:

- Materiality criteria related to the **budget executed by BUDG** directly (expenditure). The main control indicators for direct management are based on results of ex ante controls, exception reporting, work done by the IAS and feedback from the annual internal control assessment. Reservations would be made if the residual risk of error on legality and regularity of the underlying transactions is higher than **2%**.
- As regards revenue financial operations relating to the collection and making available of **own resources**, BUDG analyses the systems set up by Member States and assesses whether they provide reliable assurance as regards the accuracy of the information provided and the legality and regularity of these operations. In case BUDG determines that it cannot rely on some of these systems for assurance purposes, it would qualify its annual Declaration of Assurance in case the amount of revenue concerned has the potential to exceed **1%** of the total relevant resource-segment (i.e., TOR, or VAT/GNI/plastics-based own resources).
- In addition to the management of its own appropriations, BUDG also does **off-budget management** - horizontal financial activities such as treasury, asset management, borrowing and lending operations, guarantees such as those related to competition fines and VAT reimbursement. While the target error rate is 0%, materiality for reservation purposes has been set at **1%** for these activities. As these transactions are not directly linked to expenses, reservations would be made if fraud or improper safeguarding of assets has been observed during the processing of the related transactions in BUDG.
- Materiality criteria related to **systemic responsibilities for BUDG**. BUDG has the responsibility at Commission level for: securing of resources needed to implement the European Union's policies; management of the budgetary regulatory framework; implementation of the budget in compliance with the rules; provision of the treasury and accounting services to the institutions; provision of a corporate financial reporting; contributing to sound financial management in Commission departments; management of the Trust Funds on behalf of other Commission departments. Beyond its own operational responsibilities, it is a horizontal department operating as a service provider and thus also bears responsibility for the development and quality of the relevant processes. BUDG would consider issuing a reputational reservation (see below) if the review of the relevant processes, including those related to the Accounting Officer's responsibilities, identifies important weaknesses in the implementation of the underlying systems and tools or, in case of major changes, if the evidence on the outcome of the change was not yet available.
- Materiality criteria related to **reputational issues**. In line with the Commission's instructions, a combined or separate reputational reservation will be made for events that could cause serious damage (in terms of 'duration' + 'scope' of political/press/citizen attention) to the Commission's image due, for example, to financial fraud inside BUDG or serious breaches on provisions of the Treaty, linked to BUDG's activities.

Since 2019 ⁽⁴⁾, a 'de minimis' threshold for financial reservations has been introduced. Quantified AAR reservations related to residual error rates above the 2% materiality threshold, are deemed not substantial for segments representing less than 5% of a DG's total payments and with a financial impact below EUR 5 million. In such cases, quantified reservations are no longer needed.

⁽⁴⁾ Agreement of the Corporate Management Board of 30/4/2019.

ANNEX 6: RELEVANT CONTROL SYSTEM(S) FOR BUDGET IMPLEMENTATION (RCS)

RCS1: Revenue: TOR, VAT, GNI and plastics

A –MS statements and collection of resources

Main control objectives: Timely and accurate collection of Own Resources from Member States

Main risks	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators (three E's)
<p>Member States do not provide the corresponding underlying data</p> <p>Member States (MS) not paying amounts of Own Resources due or not paying them promptly.</p> <p>(This risk is common to all own resources. BUDG monitors receipt of timely and full making available of resources)</p>	<p>Calculation of the amounts requested in the monthly call for funds (VAT, GNI, plastics and GNI lump sum corrections)</p> <p>Control of the TOR statements and introduction of information in the unit's database</p> <p>Control of receipt of VAT annual statements and entry of the data to the relevant data base</p>	Exhaustive control (100 %)	<p>Costs: estimation of cost of staff involved</p> <p>Effectiveness: % of own resources requested in the monthly call for funds and TOR amounts reported in the A statements made available timely</p> <p>Number of accounting documents generated for actual/potential corrective payments by Member States of principal amount or interest amount.</p> <p>Number of open infringement files and their annual variation.</p>
	<p>Follow-up of related payments by using information received from the treasury: control of the correct amount and the respect of the due date.</p> <p>Delays in paying own resources give rise to payment of interest by the MS concerned.</p>	100 % of MS own resources payments	Number of Commission infringement decisions taken (Art. 258 TFEU)
	<p>Immediate reminders for the outstanding payments are sent, supported with contacts at high level.</p> <p>Infringement procedures are launched when necessary.</p>	100 % of standing amounts are followed-up	Efficiency: Timely and comprehensive collection of Own Resources, considered free from material error (n.q)
	<p>Communication of elements that are considered relevant for units in charge of control of own resources (enrolment due to a specific demand resulting from a control report) in line with the internal rules.</p>	100 % of relevant elements identified	Economy
	<p>Contacts with MS aimed at preventing the risk materialising and to anticipate information on a possible delay on payments.</p> <p>Pre- and post-event reminders (VAT)</p>	<p>In case there is information that Member States might delay payments.</p> <p>100 % of MS</p>	Proportion of overall cost of controls over total value of contributions duly collected and on time

B – Verification of TOR collected and VAT OR base calculation by MS/ Calculation of GNI and plastic based OR contributions ([2])

Main control objectives: Obtain assurance on:

- The key procedures and systems in each MS ensuring correct and timely collection and making available of TOR.
- The data on which VAT, GNI and Plastic based OR contributions are calculated has been correctly compiled by Member States (including scrutiny of the adequacy of relevant systems and procedures).

Main risks	Mitigating controls	How to determine coverage frequency and depth	Cost-Effectiveness indicators (three E's)
<p>Irregularities/errors in MS systems and/or statements might remain undetected, and funds not duly collected. (TOR)</p> <p>Economical operators are not providing complete and correct customs declarations reducing the amount of import duties payable and, consequently the TOR available to the EU budget</p>	<p>On-the-spot TOR inspections in Member States according to an annual programme, covering risk-based customs areas and Member States' TOR accounting (A and B accounts).</p> <p>Inspections are specially focused on Member States control systems and risk assessment for the performance of these controls.</p>	<p>Risk-based annual inspection programme</p>	<p>Costs: estimation of cost of staff involved and travel and subsistence budget for on-the-spot controls.</p> <p>Effectiveness: Timely assessment of MS' write-off reports for irrecoverable amounts of TOR and of individual cases of financial responsibility.</p> <p>Reasonable assurance can be given on the compliance of total value of TOR collected with relevant regulation (q.).</p> <p>Continuous improvement of MS internal control systems for TOR collection for instance by providing common audit tools. (n.q.)</p> <p>Amounts of TOR collected and recovered from MS derived from irregularities detected by controls (q.)</p> <p>Efficiency: Complete and timely implementation and reporting of TOR inspections in accordance with the annual programme</p> <p>Economy: Proportion of cost of controls over total value of TOR collected and/ or over the total amount of errors detected and recovered from MS.</p>
	<p>A database is maintained with reported cases of irregularities and fraud (it serves as an input to risk-based analysis of inspection programmes)</p>		
	<p>Assessment of Member States' write-off reports</p>	<p>100 % of cases detected</p>	
	<p>Follow-up of individual cases of financial responsibility and the ECA's findings following its audits carried out in the Member States</p>		
<p>Member States may not have compiled their annual VAT statements in compliance with the legal requirements leading to incorrect VAT</p>	<p>Annual programme of on-the-spot inspections (in conjunction with ESTAT for some areas) ensuring that every annual VAT statement furnished by</p>	<p>Annual programmes of inspections covering 100 % of statements for all Member</p>	<p>Costs: estimation of cost of staff involved and travel and subsistence budget for on-the-spot controls.</p> <p>Effectiveness: Obtain reasonable assurance that total value of VAT OR</p>

<p>OR contributions being collected.</p> <p>Time-barring may be activated before statements are subject to verification</p>	<p>every Member State is subject to checks on its accuracy and completeness.</p> <p>Annual programmes assembled on basis of risk of statements going out of time.</p>	<p>States over a 2-to-3-year cycle</p>	<p>collected has been calculated on compliant VAT OR bases (q.).</p> <p>Provide reassurance to Member States that all are measured against the legal standard (n.q)</p> <p>Deter non-compliant behaviour and motivate Member States to fulfil obligations (n.q)</p>
<p>Incorrect amounts of VAT own resources being obtained because Member States fail to enact EU VAT legislation correctly</p>	<p>Scrutiny of infringement action taken by TAXUD to identify and follow-up all cases with the potential to affect the VAT base.</p>	<p>100 % of infringements are analysed and followed up if considered relevant to VAT OR.</p>	<p>Fulfilment of Commission legal obligation under Regulation 1553/89 (n.q)</p> <p>Ensure compliance of MS regulations on VAT with EU Regulation. (n.q)</p> <p>Number of statements not subject to verification prior to becoming time-barred</p> <p>Efficiency: Complete and on time implementation of agreed programme of inspections throughout the cycle.</p> <p>Economy: Proportion of overall cost of controls over total value of VAT resources collected compliant with regulations.</p>
<p>Incorrect GNI contributions are calculated because of poor data from Member States</p> <p>Incorrect GNI contributions are calculated because ESTAT provides BUDG with incorrect GNI OR data</p> <p>(GNI resource is the balancing resource and therefore there is no question of a shortfall in receipts but merely in the question of properly allocating their distribution across the MS)</p>	<p>Member State provision of GNI data is subject to a peer-review system in the GNI expert group supplemented by ESTAT verification programme ensuring that data furnished by Member States is comparable, reliable and exhaustive.</p> <p>MOU between ESTAT and BUDG covering respective, roles, parameters for setting reservations and flows of information.</p> <p>Information received from GNI expert group and from ESTAT – reconciliation possible.</p>	<p>Number of GNI expert group organised (twice a year)</p>	<p>Costs: Estimation of cost of staff involved and travel and subsistence budget for on-the-spot controls.</p> <p>Effectiveness and Efficiency: See indicators reported by ESTAT in the ICT on the verification of GNI data.</p> <p>Correct and compliant distribution of Member States share of GNI is calculated</p> <p>Economy: Compliant distribution of GNI achieved with a reasonable cost.</p>
<p>Incorrect plastic-based contributions are calculated because of poor data from Member States</p> <p>Incorrect plastic-based contributions are calculated because ESTAT provides BUDG</p>	<p>Member State provision of plastic and packaging waste data is subject to a peer-review system in the expert group on statistics on plastic packaging waste supplemented by ESTAT verification programme ensuring that data furnished by Member</p>	<p>Number of expert group meetings on statistics on plastic packaging waste organised (two per year)</p>	<p>Costs: Estimation of cost of staff involved and travel and subsistence budget for participating to the expert group meeting.</p> <p>Effectiveness and Efficiency:</p> <p>Annual opinion and number of reservations set and lifted.</p> <p>Correct and compliant distribution of Member States share of plastic OR is calculated</p>

with incorrect Plastic OR data	States is comparable, reliable and exhaustive. MOU between ESTAT, ENV and BUDG covering respective roles, parameters for setting reservations and flows of information. Reconciliation of data received from ESTAT to the data from the annual opinion of the expert group on statistics on plastic packaging waste.		Economy: Compliant distribution of Plastic OR achieved with a reasonable cost.
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C – Follow-up of verification results

Main control objectives: Ensure that results from inspections are implemented (Funds recovered, corrections made, infringements initiated).

Main risks	Mitigating controls	How to determine coverage frequency and depth	Cost-Effectiveness indicators (three E's)
Anomalies identified might not be explained or resolved.	Following up financial consequences of TOR control activity: on the spot inspections, assessment of Member States Write-Off reports and of individual cases of financial responsibility.	100 % of irregularities detected, MS write-off reports and individual cases of financial responsibility	<p>Costs: estimation of costs of staff involved</p> <p>Effectiveness: Financial irregularities detected are corrected / recovered (q.)</p> <p>Deficiencies (administrative, legal and financial) detected in Member States local systems and procedures are corrected (n,q)</p> <p>Efficiency: % of financial irregularities followed up via recovery orders created and paid (TOR)</p> <p>Number of VAT reservations in place for more than 5 years.</p> <p>Economy: Proportion of overall cost of controls over total TOR/ VAT resources collected compliant with regulations and/ or over TOR irregularities recovered</p>
	Submit TOR and VAT inspection reports to ACOR for scrutiny and discussion in Committee	100 % of TOR and VAT inspection reports presented at ACOR	<p>Costs: estimation of cost of staff involved</p> <p>Effectiveness: Provide transparency of the control activity and assurance to Member States of equal measurement</p>

			<p>against agreed standards and equal treatment when performing controls.</p> <p>Areas for improvement detected are shared with all Member States (n.q.)</p> <p>Efficiency: 100 % of VAT and TOR reports presented at first available ACOR meeting.</p>
	<p>Follow up of apparent VAT anomalies and identified infringements via notification of reservations and monitoring progress until the reservation can be lifted and any necessary corrective action taken (follow-up database)</p>	<p>100 % of reservations are followed up</p>	<p>Costs: estimation of cost of staff involved.</p> <p>Amounts to be verified don't become time-barred (n.q)</p>
	<p>Initiate infringement procedures against non-compliant Member States</p>	<p>100 % of applicable cases</p>	<p>Costs: estimation of cost of staff involved.</p> <p>Effectiveness: Ensure compliance with Own Resources EU regulation (n.q)</p> <p>Provide legal clarity on the application and interpretation of the legal framework for Traditional Own resources (case law) (n.q)</p>
	<p>Follow-up of TOR findings made by the ECA during its audits in Member States</p>	<p>100 % of findings followed up</p>	<p>Costs: estimation of cost of staff involved.</p> <p>Effectiveness: Ensure implementation of corrective/remedial action to resolve detected shortcomings and the recovery of amounts related to the errors detected (n.q)</p>
<p>GNI irregularities/potential irregularities detected are not properly followed-up because no reservation is set</p> <p>Plastic OR potential data inaccuracies detected are not properly followed-up because no reservation is set.</p>	<p>Guidelines agreed by ESTAT and BUDG on the correct use of GNI reservations (annex of MOU between the two DG').</p> <p>Guidelines agreed by ESTAT and BUDG on the correct use of Plastic reservations (described in the MOU between the DGs).</p>	<p>100 % of reservations requested by ESTAT are properly and timely notified to MS</p> <p>100 % of reservations requested by ESTAT are properly and timely notified to MS</p>	<p>Effectiveness: GNI/plastic data used for own resources calculation is correct and necessary corrective action is not time-barred.</p> <p>Percentage of communications from ESTAT regarding setting, lifting or varying GNI processed within 4 working weeks</p> <p>Efficiency: Compliant and timely management of GNI/plastic reservations</p> <p>Economy: estimation of cost of staff involved (reasonable cost).</p>

2- UK correction calculation

Main control objectives: Ensure that calculations on UK correction are correctly made.

Main risks	Mitigating controls	How to determine coverage frequency and depth*	Cost-Effectiveness indicators (three E's)
UK correction is incorrectly calculated	<p>Calculation of the correction is conducted separately by two different officials of the unit in charge.</p> <p>One of the main inputs for the calculation (allocated expenditure information) is checked and reconciled with accounting information.</p> <p>Parallel calculation is made by two additional officials from a different unit in the DG.</p>	Yearly calculation	<p>Costs: estimation of cost of staff involved. Effectiveness: % error rate detected after calculation. Efficiency: Calculation is made correctly and on time.</p> <p>Economy: Proportion of overall cost of controls over total amount of amounts correctly calculated and paid. Amounts paid to the Member State concerned are accurate and ulterior corrections are avoided. (q)</p>

Revenue: Verification of GNI data ⁽⁵⁾

Stage 1: GNI Verification - multiannual

Main control objectives: Ensure GNI data are consistent with ESA

Main risks	Mitigating controls	How to determine coverage, frequency and depth	Cost-Effectiveness indicators (three E's)
<p>GNI inventories of MS are not submitted on time in sufficient quality</p> <p>Reservations on GNI data are incorrectly set or not set at all</p> <p>Member States do not perform the work required to address action points and reservations</p>	<p>Detailed GNI inventory guidelines and GNI Inventory Assessment Questionnaire</p> <p>Detailed checks of inventories, cross-country analyses, carrying out of information visits including direct verification exercises.</p> <p>Peer review through participation of GNI Expert Group (GNIG) experts in GNI visits and communication of mission reports to the GNIG.</p> <p>Detailed checks of applied methodology in MS's reports and other available information.</p>	<p>GNI inventories of all MS, depth of controls based on risk assessment</p> <p>Sources and methods for estimation of GNI for all MS, depth of controls based on risk assessment</p> <p>Coverage: all MS</p>	<p>Effectiveness: Number of inventories available by the agreed deadline, number of requests to MS to submit revised inventories.</p> <p>Effectiveness: Number of action points and reservations placed</p> <p>Effectiveness: Regular GNIG documents (twice a year) on the state of play of action points and reservations.</p>

⁽⁵⁾ In order to present the whole control activity performed on GNI OR data at Commission level, and purely for information purposes, the relevant control system of controls performed by ESTAT has been included.

Stage 2: GNI verification annual

Main control objectives: Annual opinion of the GNIG that GNI data are fit for purpose

Main risks	Mitigating controls	How to determine coverage, frequency and depth	Cost-Effectiveness indicators (three E's)
<p>GNI data and/or reports on quality are not submitted on time.</p> <p>GNI data or reports on quality are not of sufficient quality.</p> <p>Opinion of GNI Expert Group is negative</p>	<p>Annual procedure to collect questionnaires and reports on quality.</p> <p>Quality checks done according to checklist (e.g., for completeness, plausibility, against published data)</p> <p>Checks by GNI team for possible deficiencies that might lead to a negative opinion</p>	<p>Receipt of annual GNI questionnaire and report on quality for all MS by the regulatory deadline</p> <p>GNI questionnaire and report on quality for MS with need to resubmission</p> <p>Advance contact with MS leading to submission of revised GNI data or report on quality with deficiencies corrected</p>	<p>Effectiveness: Number of MS sending data and report on quality by the regulatory deadline with no need to resubmit</p> <p>Effectiveness: Number of requests for MS to resubmit data or report on quality</p> <p>Effectiveness: Positive opinion of GNI Expert Group issued</p>

Revenue: Verification of Plastic OR data⁶

Stage 1: Plastic Own Resource Verification - multiannual

Main control objectives: Ensure that non-recycled plastic packaging waste amounts are calculated with sound data sources and methods

Main risks	Mitigating controls	How to determine coverage, frequency and depth	Cost-Effectiveness indicators (three E's)
Plastic own resource inventories of MS are not submitted on time in sufficient quality.	Plastic own resource inventory template, guidelines and plastic own resource inventory assessment questionnaire	Plastic own resource inventories of 9 MS/year (10 in 2025), depth of controls the same for all MSs in the first multiannual cycle	Effectiveness: Number of inventories available by the agreed deadline, number of requests to MS to submit revised inventories.
Reservations on plastic packaging waste data are incorrectly set or not set at all	Detailed checks of inventories, cross-checks with other data, cross-checks with other countries, carrying out of inspection visits. Peer review through participation of SPPW Expert Group experts in Plastic own resource visits and communication of mission reports to the SPPW Expert Group.	9 MSs are inspected each year (10 inspections took place in 2025). Depth of controls is the same for all MSs in the first multiannual cycle. The level of detail of reservations is modulated by the quality of the inventories and evidence shown by the inspected MSs.	Effectiveness: Number of action points and reservations placed
Member States do not perform the work required to address reservations	Inclusion of milestones in reservations. Checks for changes in the applied methodology in MS's submitted yearly data and quality reports. Regular SPPW documents on the state of play of reservations	Coverage: MSs with reservations	Effectiveness: Regular SPPW documents on the state of play of reservations

(6) In order to present the whole control activity performed on Plastic OR data at Commission level, and purely for information purposes, the relevant control system of controls performed by ESTAT has been included.

Stage 2: Annual plastic verification

Main control objectives: Annual opinion of the SPPW expert group that Plastic Packaging Waste data are fit for purpose

Main risks	Mitigating controls	How to determine coverage, frequency and depth	Cost-Effectiveness indicators (three E's)
Plastic own resource statements are not submitted on time.	Annual procedure to collect questionnaires and reports on quality. Reminders and follow-up Possible application of interest in cases of non-submission.	Receipt of annual statements for all MS by the regulatory deadline	Effectiveness: Number of MS sending data and report on quality by the regulatory deadline with no need to resubmit
Plastic own resource statements show differences with PPWD reported	Cross-checks done automatically with immediate follow-up with the MS.	Annual statements not presenting differences with PPWD or with plausible explanations where the difference does not persist over time.	Effectiveness: Number of requests for MS to correct discrepancies between plastic own resource statements and PPWD reported.
PPWD data or reports on quality are not of sufficient quality.	Quality checks done according to checklist (e.g., for completeness, plausibility, against published data)	PPWD questionnaire and report on quality for MS with need to resubmission.	Effectiveness: Number of requests for MS to resubmit PPWD data or report on quality because of plastic packaging
Opinion of SPPW Expert Group is negative	Checks by waste statistics team for possible deficiencies that might lead to a negative opinion	Advance contact with MS leading to submission of revised PPWD data or quality reports and/or plastic own resource statements with deficiencies corrected.	Effectiveness: Positive opinion of SPPW Expert Group issued

RCS2. Procurement and Administrative Expenditure

Stage 1 – Procurement

A - Planning

Main control objectives: Effectiveness, efficiency and economy. Compliance (legality and regularity).

Main risks	Mitigating controls	How to determine coverage frequency and depth	Cost-Effectiveness indicators (three E's)
<p>The needs are not sufficiently defined and or/budgeted (operationally and economically) and that the decision to procure was inappropriate to meet the operational objectives.</p> <p>Discontinuation of the services provided due to a late contracting (poor planning and organisation of the procurement process)</p>	<p>Establishment of an annual detailed procurement plan during the year n-1 validated by the hierarchy</p> <p>Continuous training and raising awareness sessions addressed to project officers and/or other uses of DG BUDG FWCs</p> <p>Monitoring on contracts end date and follow-up actions by Procurement sector.</p>	<p>100 % of all the forecast procurements are justified in a note addressed to the AO (D)</p> <p>The plan is made once per year with a continuous monitoring and mid-term review</p> <p>100 % of the forecast procurements</p>	<p>Costs: estimation of cost of staff involved</p> <p>Effectiveness: Number of projected tenders cancelled.</p> <p>Number of contracts discontinued due to lack of use (poor planning).</p> <p>Compliance with Internal procurement procedures and regulations and avoid missed opportunity of getting the wished services via internal resources or a framework contract already in place (n.q)</p> <p>Estimated value of contracts published in procurement process which will be spent (as a maximum) on correctly identified needs. (q.)</p> <p>Needs understood by the tenderer maximise the probability of getting the right deliverable (n.q)</p> <p>Efficiency: Timely definition of needs.</p> <p>Economy: Proportion of overall cost of controls over total estimated (maximum) value of contracts.</p>

B - Needs assessment & definition of needs

Main control objectives: Effectiveness, efficiency and economy. Compliance (legality and regularity).

Main risks	Mitigating controls	How to determine coverage frequency and depth	Cost-Effectiveness indicators (three E's)
Quality tenders are not submitted due to the poor definition of the tender specifications	Procurement Sector leads/coordinates the drafting of the tender specifications and ensuing procedure. Project Officer (technical know-how) in charge of technical specifications. AOSD supervision and approval of specifications	The control covers every procedure in all its stages/aspects	Costs: estimation of cost of staff involved Effectiveness: N° of 'open' or procedures where only one or no offers were received. N° of complementary questions regarding the tender. Economy: Proportion of cost of controls over total estimated (maximum) value of contracts Estimated average cost of controls per procurement procedure. The quality of specifications approved is optimal to receive offers with prices and conditions according to internal expectations and market prices (n.q).
	Consultation of legal experts of the DG and the Legal Service	Risk based, taking as criteria the level of sensitivity and complexity of the procurement process	

C – Selection of the offer & evaluation

Main control objectives: Effectiveness, efficiency and economy. Compliance (legality and regularity). Fraud prevention and detection.

Main risks	Mitigating controls	How to determine coverage frequency and depth	Cost-Effectiveness indicators (three E's)
The most economically advantageous tender not being selected, due to a biased, inaccurate or 'unfair' evaluation process	Formal evaluation process: Opening committee and Evaluation committee	100 % of the tenders analysed.	Costs: estimation of costs of staff involved Effectiveness: Numbers of 'valid' complaints or litigation cases filed. Value of contracts as a maximum) will be granted to the best tender (value free of error) (q.) Efficiency: Timely selection of tenders Economy: Proportion of overall cost of controls over total estimated (maximum) value of contracts.
	Every single procurement is actively coordinated and monitored by the Procurement Sector which expressly recalls of rules (procedures and ethics) and ensure full compliance with Financial Regulation principles.	100 % of procurement procedures	
	Opening and Evaluation Committees' members sign a declaration of absence of conflict of interests	100 % of the members of the opening committee and the evaluation committee	
	Exclusion criteria documented	100 % checked	
	Final verification /desk review on compliance with procurement procedures Authorisation by AO/AOD/AOSD	100 % of selected tenders by committee	

	Publication of the tenderer finally selected Standstill period (opportunity for unsuccessful tenderers to put forward their concerns on the decision)	100 % of procurement procedures	Estimated average cost of controls per procurement procedure. Compliance with FR and internal rules designed to guarantee that the best value for money offer is selected (n.q)
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Stage 2 – Financial transactions (EX- ANTE control)

Main control objectives: Ensuring that the implementation of the contract is in compliance with the signed contract

Main risks	Mitigating controls	How to determine coverage frequency and depth	Cost-Effectiveness indicators (three E's)
The products /services /works foreseen are not, totally or partially, provided in accordance with the tendering specifications /technical requirements foreseen in the contract and/or the amounts paid exceed that due in accordance with the applicable contractual and regulatory provisions. Business discontinues because contractor fails to deliver	Procurement Sector ensures proper communication and support regarding contract management. Operational and financial checks in accordance with the financial circuits. Validation by AOSD	100 % of financial transactions controlled (commitments, signature of contracts and payments)	Costs: estimation of cost of staff involved. Effectiveness: % error rate prevented (number of errors/irregularities averted over total payments) Number of irregularities, errors and overpayments prevented by the controls (q). Total amount of correct payments made during the year. Deterrence effect of controls (n.q) Efficiency: % of payments made on time Average time for payment Economy: Proportion of overall cost of controls over total amount of payments made Average control cost per financial transaction (commitments, signature of contracts and payments)
	Management of sensitive functions	Review of sensitive posts every five years or in case structure changes happen.	

Stage 3 – Supervisory measures (EX-POST controls; N/A)

This segment also includes administrative expenses for salaries and missions, which are reported by the service responsible for the commitment, although the payments are executed by another service, notably the PMO and DG HR ⁽⁷⁾. The executing service implements the necessary technical-level controls and submits a declaration to DG BUDG on the compliance of these payments with the principle of sound financial management, and their legality and regularity. These expenses are considered to present a low level of risk and are therefore subject to a flat rate of 0.5%, as corroborated by the control results of the executing services. More information on the implemented controls can be found in the DG HR/PMO annual activity reports.

(7) Type III co-delegation for which these expenses were reported by the service executing the payments until 2024.

RCS3. European Union Recovery Instrument (EURI): costs of funding, liquidity management costs and administrative costs under NextGenerationEU,

and RCS4. Ukraine MFA+ interest rate subsidy ⁽⁸⁾

Stage 1: Forecasting

Main control objectives: Effectiveness, efficiency and economy. Ensuring that budgetary availabilities are sustainable with the amount due in the period, taking into consideration stress test scenarios.

Main risks	Mitigating controls	How to determine coverage frequency and depth	Cost-Effectiveness indicators (three E's)
<p>Unsustainability of EU budget appropriations with consideration to amounts legally due in the period</p> <p>Error in forecasting</p> <p>Insufficient or inadequate stress testing</p> <p>Unavailability of revenue stream (interests on Russian frozen assets, contributions called from Member States for MFA+ or budgetary availabilities)</p>	<p>Include a buffer based on stress testing scenario</p> <p>Ability to redeploy budgetary availabilities in case of need using flexibility or special instruments</p>	<p>Forecast of annual costs and redemption schedule are communicated quarterly internally and with stakeholders on an ad hoc basis (EP, Council)</p>	<p>Costs: estimation of cost of staff involved</p> <p>Effectiveness: number of errors detected and corrected</p> <p>Compliance with procedures and regulations (n.q)</p>

Stage 2: Financial transactions (EX- ANTE control)

Main control objectives: Ensuring that the transaction is in compliance with the manuals on cost and funding allocation under diversified funding strategy, with manual on MFA+ interest rate subsidy for 2024-2027, Ukraine Facility and ULCM ERA MFA loan.

Main risks	Mitigating controls	How to determine coverage frequency and depth	Cost-Effectiveness indicators (three E's)
<p>Incorrect transaction encoding for cost of funding Liquidity Management Costs (LIQM) and NGEU Administrative costs to the EU budget</p>	<p>4-eyes principle (verification done by a different unit than initiation)</p> <p>Dedicated checklist</p>	<p>DG BUDG implements a four-eyes approval process for commitments, payments, and recovery orders. Moreover, detailed step-by-step checklists have been created to ensure data accuracy.</p>	<p>Costs: estimation of cost of staff involved</p> <p>Effectiveness: number of errors detected and corrected.</p> <p>Compliance with procedures and regulations (n.q)</p>

⁽⁸⁾ Risks and controls related to the MFA+ subsidy are of the same nature as EURI risks and controls.

RCS5. Financial Asset management operations

Stage 1: Selection of counterparties and investment instruments for the Treasury and Asset Management

Main control objectives: Ensuring that the legal framework for the management of the relevant funds complied and sound financial management and principals are coherent (Legality and Regularity/ Sound financial management).

Main risks	Mitigating controls	How to determine coverage frequency and depth	Cost-Effectiveness indicators (three E's)
<p>Risk of decision-making latitude in the initiation of the asset management transactions. By their nature, i.e. need for quick decisions by the portfolio managers, these operations are initiated and authorised in a tight timeframe and, for reasons of timing, they cannot be subject to independent centralised ex-ante verifications as in the case of the budgetary transactions.</p> <p>The activity is also highly dependent on a sophisticated software platform (Bloomberg and SAP).</p>	<p>There are comprehensive rules concerning the type of investments that can be made and the limits of financial risk (e.g. credit risk) that can be assumed in the portfolios under management.</p> <p>The strategical decisions are supervised by the Asset Management Board (AMB) chaired by the Director of the responsible Directorate. The role of the AMB is to make strategical proposals to the senior management following discussion and input received from the Investment Committee and Risk Committee. The Investment Committee is in charge with the Tactical Asset Allocation (TAA) and the Risk Committee is in charge with the Strategical Asset Allocation.</p> <p>There is a transparent method for selecting and renewing the list of possible counterparties for deposit placements and bond issuers.</p> <p>Operations are carried out in line with best execution, good banking practice, in particular there is segregation of duties, four-eye principle, daily cash account reconciliation, monthly securities account reconciliation, avoidance of conflicts of interest by rules implemented by the Compliance Committee, etc.</p> <p>Exceptions from the procedures are documented, followed and signed off at senior level (usually Director). Detailed manuals of procedure are regularly updated.</p>	<p>The AMB is regularly informed and provides feedback on the design and implementation of the investment strategy. It also approves proposals of strategical nature before submission to the senior management.</p> <p>A dedicated financial risk management function is placed in a unit independent from the portfolio management unit. It monitors compliance with internal rules (e.g. manuals of procedures, respect of credit limits with counterparties, limits concerning the credit quality of securities purchased, etc.). Risk Management produces a monthly risk and performance report to the AMB.</p>	<p>Effectiveness: Control results: Number of incidents. Number of material audit findings. Benefits: Absence of material errors Efficiency: N/A Economy: Estimation of cost of staff FTE involved in the controls</p>

Stage 2 - Protection: recording, follow-up and accounting of the Commission's rights in terms of Asset Management operations

Main control objectives: Ensuring that the Commission registers and protects its revenue entitlements, assets ownership and liabilities correctly, reports transparently and protects its information security. (Safeguarding of assets and information / Reliability of financial reporting).

Main risks	Mitigating controls	How to determine coverage frequency and depth	Cost-Effectiveness indicators (three E's)
<p>The implementation of the legal bases or equivalent rules and legal documents entails weaknesses, which lead to the Commission's legal rights in terms of revenue entitlements, assets ownerships, liabilities or information security not being duly protected and/or registered and/or reliably reported.</p>	<p>A dedicated risk management team reports on financial risks and ensures compliance with the principles and limits as defined in the individual asset management guidelines and the Risk Management policy and Manual.</p> <p>The asset management is supported by accountants, back office and specialised lawyers EU Accounting rules are properly followed. Updates to the EU Accounting rules and accounting instructions are timely communicated by BUDG. Changes are analysed and information is shared among officials concerned.</p> <p>Segregation of duties and four eyes principle are systematically applied. Formalised supervision and review procedures are in place for all accounting activities. Documentation of legal rights of COM reflected in Loan Facility Agreements.</p>	<p>Risk Management maintains and monitors counterparty limits and provides regular risk and performance reporting</p>	<p>Effectiveness: Control results: - Number of control failures. - Number of internal and external auditors findings - Number of exceptions (bank reconciliation incidents) Benefits: The value of errors prevented or detected within the portfolio management activities. Efficiency: N/A Economy: Estimation of cost of staff FTE and missions involved. Cost of the contracted (legal, IT, advisory) services.</p>

Stage 3: Sound financial management and assurance building on the process and systems of DG BUDG in terms of Asset Management operations

Main control objectives: Verification that processes are working as designed / Feedback on adequacy of the system, reliability of financial reporting; anti-fraud strategy)

Main risks	Mitigating controls	How to determine coverage frequency and depth	Cost-Effectiveness indicators (three E's)
<p>Processes might be weak or not working as designed. The system might provide poor adequacy. Undue or erroneous financial operations</p>	<p>Supervision by responsible Heads of Unit and senior management. Oversight by the AMB. Financial risk management verification includes ex ante and ex post transactional controls. Annual financial audits are performed by external audit firm on the financial statements of ECSC, BUFI, H2020, EFSI GF and EFSI GF. Audit and consultancy work is performed by the Commission's Internal Audit Service, the European Court of Auditors. Past recommendations made by these bodies have been followed up systematically.</p>	<p>According to the annual work plans of the IAS and the ECA. Annual ECA audits Reports are made to the Asset Management Board (meetings every two months). Past recommendations made by ECA and IAS have been followed up systematically. Annual external audits on ECSC, BUFI, H2020, EFSI GF, EFSI GF</p>	<p>Effectiveness: Control results: Ex-ante and ex-post control of compliance limit breaches; Number of recommendations from the audit bodies, followed up systematically. Benefits: The benefits of controls are not quantifiable other than through the low number of incidents and the existing full compliance with internal rules and procedures. Given that the off-budget activities are by nature not following the budgetary ex-ante validation circuit, it is important to have the existing internal control environment in place. The absence of material errors. Efficiency: N/A Economy: Estimation of cost of staff FTE and other costs (audit fees, evaluation costs) involved. Cost of the contracted audit services.</p>

RCS6. Borrowing and Lending operations for the programmes funded under the diversified funding strategy

Stage 1a: Borrowing operations under the diversified funding strategy

Main control objectives: Ensuring that the money raised under **the diversified funding strategy** is based on a proper legal framework and is sufficient to fulfil liquidity needs and payment obligations in line with a sound financial management (Legality and Regularity / Sound financial management).

Main risks	Mitigating controls	How to determine coverage frequency and depth	Cost-Effectiveness indicators (three E's)
<p>Risk that the Commission cannot fulfil due to: its disbursement obligations in connection -with non-repayable financial support and loans to the Member States or under other NGEU spending programmes; or -its interest and repayment obligations on outstanding debt due to:</p> <ul style="list-style-type: none"> -insufficient liquidity planning or -insufficient funding planning or - inability to raise sufficient money in the markets. 	<p>The projected disbursement needs are collected in an NGEU forecasting tool on a short and long-term basis, which feed to a report indicating the disbursement needs. Based on that report and the prevailing liquidity situation, the Director-General of DG BUDG takes a decision on the amounts to be borrowed on the market.</p> <p>The amounts to be borrowed in the markets are determined by: 1) the annual borrowing decision adopted by the college, setting out the annual borrowing ceilings, 2) the annual financing decision adopted by the college, setting out the maximum Union contribution for the implementation of the programme, 3) the funding plan decision adopted by the Director General BUDG, setting out a target funding volume and the issuance calendar, 4) borrowing schedules endorsed by the Director General BUDG, which further frame the transactions planning.</p> <p>The borrowing operations are implemented through a diversified funding strategy which comprises the tools and flexibility to address any possible liquidity shortfall quickly and in sufficient amounts. For this, 1) transparent relations with the banks (i.e., Primary Dealer Network), to facilitate the efficient execution of auctions and syndicated transactions, support liquidity in the secondary markets, and ensure the placement of EU debt with the widest possible investor base, 2) a set of funding instruments with maturities starting from a few days up to 30 years and 3) different funding operations including syndications, auctions and money market transactions have been implemented.</p> <p>To further reduce the risk of a liquidity shortfall a secure and purpose-specific prudential cash holding for payments (liquidity buffer) is maintained.</p>	<p>The disbursements needs are collected on a weekly basis feeding into the monthly reports of disbursements needs.</p> <p>The borrowing activities in the markets are based on:</p> <ul style="list-style-type: none"> -the annual borrowing decision -the annual financing decision -the biannually funding plan decision and -monthly borrowing schedules. <p>Syndications and auctions are operated on a regularly basis, complemented by the conclusion of money market transactions in the case of need.</p> <p>Update process for each manual on a at least yearly basis.</p>	<p>Effectiveness: Control results: Number of incidents. Number of material audit findings. Benefits: Absence of material errors Efficiency: N/A Economy: Estimation of cost of staff FTE involved in the controls.</p>

<p>Financial and Non-Financial Risks of Financial Operations</p>	<p>Detailed manuals of procedure in place are regularly updated. The function of a Chief Risk Officer ('CRO') ensures that the systems and processes are designed to protect of the financial interests of the Union and the sound financial management of the operations. The CRO's High Level Risk and Compliance Policy was approved by the College member responsible for the Budget on 31/11/2021, and last revised in 2024. It includes: dedicated governance arrangements for borrowing and lending (three lines of defence), risk appetite for identified risks and the risk management framework. The HLRCP was further supplemented by topical risk and compliance policies (e.g., Operational Risk Management Policy, Market and funding liquidity risk Policy). A Risk and Compliance Committee supports the CRO in her role.</p>	<p>Opinion on the draft funding plan and its subsequent amendments. Opinion on the draft funding allocation plan and its subsequent amendments Opinion on the liquidity management strategy for liquidity management operations. Opinion(s) on the Monthly Borrowing Schedule as required. Monthly and Quarterly reports.</p>	<p>Effectiveness: Control results: Number of breaches or non-compliance with the risk management framework. Benefits: Absence of material breaches or events of non-compliance Efficiency: N/A Economy: Estimation of cost of staff FTE involved in the controls.</p>
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Stage 1b: Disbursements and payment management under the diversified funding strategy

Main control objectives: Ensuring that the money raised under **the diversified funding strategy** is disbursed to the beneficiary Member States or third countries without undue delay and that the costs of the borrowing operations are calculated and allocated to the appropriate beneficiaries. Ensuring that the legal framework for the disbursement of the relevant funds and the cost allocation are fully compliant and regular (legality & regularity), delegated to an appropriate entity (best value for public money, economy, efficiency), without any conflicts of interests (anti-fraud strategy).

Main risks	Mitigating controls	How to determine coverage frequency and depth	Cost-Effectiveness indicators (three E's)
<p>Risk that the money is not disbursed to the appropriate Member State at the agreed date in the agreed amount</p> <p>Risk that the funding costs, liquidity management costs or administrative costs are not calculated and allocated in the agreed way to the appropriate recipients.</p> <p>Risk that the funding costs, liquidity management costs or administrative costs are not charged in the agreed way to the appropriate recipients.</p>	<p>To receive support a Council Implementing Decision on a Recovery and Resilience Plan (assessed by the Commission) and a Financing Agreement /Loan Agreement between the Commission and the MS State is necessary.</p> <p>For a specific disbursement two conditions need to be fulfilled:</p> <p>The confirmation that an amount must be disbursed to an EU Member state (based on the signature of a Financing Agreement, a Decision on Disbursement based on the review of the completion of milestones and targets or the signature of a Loan Agreement).</p> <p>The confirmation that a corresponding amount of cash is available in the liquidity pool and earmarked by BUDG.F for that specific disbursement (in case of non-repayable support).</p> <p>For the disbursement process a four eyes principle for the main steps is implemented, followed by the signing of all relevant documents by the authorised officials.</p> <p>The Cost of Funding rates for the funding and liquidity management costs are calculated via systems which are subject to individual control strategies to ensure accuracy and reliability.</p> <p>Processes related to the invoicing of costs are set out in dedicated manuals.</p>	<p>The disbursements needs are collected in a monthly report. Each disbursement depends on the agreed timeline between the Commission and the beneficiary Member State.</p> <p>The calculation of the Cost of Funding rates for the funding and liquidity management costs are processed on a permanent basis and checked regularly.</p> <p>The cost of funding is charged:</p> <p>to the EU budget on a quarterly basis and</p> <p>to the MS at each interest payment date.</p> <p>The liquidity management costs are charged to the EU budget and the MS annually for the previous calendar year.</p> <p>The administrative costs are charged to the MS annually for the previous calendar year.</p> <p>Update process for each manual on a at least yearly basis.</p>	<p>Effectiveness:</p> <p>Control results: Number of incidents. Number of material audit findings.</p> <p>Benefits: Absence of material errors</p> <p>Efficiency: N/A</p> <p>Economy:</p> <p>Estimation of cost of staff FTE involved in the controls.</p>

Stage 1c: Selection of counterparties and investment instruments for the Liquidity Management Operations

Main control objectives: Ensuring that the legal framework for the management of the relevant funds complied and sound financial management and principals are coherent (Legality and Regularity/ Sound financial management).

Main risks	Mitigating controls	How to determine coverage frequency and depth	Cost-Effectiveness indicators (three E's)
<p>Risk of decision-making latitude in the initiation of the liquidity management transactions. By their nature, i.e. need for quick decisions by the traders, these operations are initiated and authorised in a tight timeframe and, for reasons of timing, they cannot be subject to independent centralised ex-ante verifications as in the case of the budgetary transactions.</p> <p>The activity is also highly dependent on a sophisticated software platform (Bloomberg and SAP).</p>	<p>There are comprehensive rules concerning the type of investments that can be made and the limits of financial risk (e.g. credit risk, counterparty risk) that can be assumed listed in the operational guidelines and liquidity management strategy.</p> <p>The method for selecting and renewing the list of possible counterparties for deposit placements and bond issuers is best on pricing, assuming there is no additional credit or counterparty risk.</p> <p>Operations are carried out in line with best execution, good banking practice, in particular there is segregation of duties, four-eye principle, daily cash account reconciliation, avoidance of conflicts of interest by rules implemented by the Compliance Committee, etc.</p> <p>Exceptions from the procedures are documented, followed and signed off at senior level (usually Director). Detailed manuals of procedure are regularly updated.</p>	<p>Senior management is regularly informed and provides feedback on the design and implementation of the liquidity management strategy via funding plan and monthly borrowing decisions and reports.</p> <p>A dedicated financial risk management function is placed in a unit independent from the trading unit. It monitors compliance with internal rules (e.g. manuals of procedures, respect of credit limits with counterparties, limits concerning the credit quality of securities purchased, etc.). Risk Management produces a monthly report to senior management.</p>	<p>Effectiveness:</p> <p>Control results:</p> <p>Number of incidents.</p> <p>Number of material audit findings.</p> <p>Benefits: Absence of material errors</p> <p>Efficiency: N/A</p> <p>Economy: Estimation of cost of staff FTE involved in the controls</p>

Stage 1d - Protection: recording, follow-up and accounting of the Commission's rights in terms of borrowing and liquidity management operations

Main control objectives: Ensuring that the Commission registers and protects its borrowing operations, assets ownership and liabilities correctly, reports transparently and protects its information security. (Safeguarding of assets and information / Reliability of financial reporting).

Main risks	Mitigating controls	How to determine coverage frequency and depth	Cost-Effectiveness indicators (three E's)
<p>The implementation of the legal bases or equivalent rules and legal documents entails weaknesses, which lead to the Commission's legal rights in terms of revenue entitlements, assets ownerships, liabilities or information security not being duly protected and/or registered and/or reliably reported.</p>	<p>A dedicated risk management team reports on financial risks and ensures compliance with the principles and limits as defined in the relevant manuals and guidelines and the Market and Liquidity Risk Management policy. The borrowing and lending, and related liquidity management is supported by accountants, back office and specialised lawyers EU Accounting rules are properly followed. Updates to the EU Accounting rules and accounting instructions are timely communicated by BUDG. Changes are analysed and information is shared among officials concerned. Segregation of duties and four eyes principle are systematically applied. Formalised supervision and review procedures are in place for all accounting activities. Documentation of legal rights of COM reflected in Loan Facility Agreements.</p>	<p>Risk Management maintains and monitors counterparty limits and provides regular risk and performance reporting</p>	<p>Effectiveness: Control results: - Number of control failures. - Number of internal and external auditors' findings - Number of exceptions (bank reconciliation incidents) Benefits: The value of errors prevented or detected within the activities. Efficiency: N/A Economy: Estimation of cost of staff FTE and missions involved. Cost of the contracted (legal, IT, advisory) services.</p>

Stage 2 – Monitoring the execution

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

Main risks	Mitigating controls	How to determine coverage frequency and depth	Cost-Effectiveness indicators (three E's)
<p>The measures carried out are not, totally or partially, in accordance with the requirements and description foreseen in the NGEU programme, the different agreements between the Commission and the beneficiary Member States and/or the amounts paid exceed the amounts that are due in accordance with the applicable contractual and regulatory provisions.</p>	<p>To ensure compliance of the activities carried out with the NGEU requirements and their effective control, a multilevel reporting system was implemented. The following reporting obligations under NGEU have been established:</p> <p>1) annual report on the implementation of EURI and budgetary transparency semi-annual report on the execution of NGEU operations, 2) quarterly update on the NGEU issuances, financial assets and liabilities, 3) annual allocation reporting and annual impact reporting under the green bond framework, 4) weekly liquidity monitoring report to inform DG BUDG management about the current liquidity situation and key risk indicators.</p> <p>Additionally, the independent risk management function reports on a regular basis on material risks and on the compliance with rules and procedures (among others for the operational implementation and execution of the diversified funding strategy conformity and for the prevention of money laundering and terrorist financing).</p> <p>All members of staff involved are responsible for reporting risk events to the CRO and the Risk management function that have occurred in their operational units. The Risk management function assess the residual risks and implemented mitigants and provides advice on additional mitigants. In addition, the Risk management function monitors the implementation of mitigants.</p>	<p>Reporting obligations are carried out on an annual, semi-annual, quarterly and weekly basis to the European Parliament, the Council of the European Union, the Economic and Financial Committee the College of the European Commission the Member of the College responsible for the Budget the Director General DG BUDG.</p> <p>Operational risk events (RE) and near misses are reported to the Chief Risk Officer and the Risk management function. The CRO reports on it regularly (monthly and quarterly reports) to the Director-General DG BUDG, Accounting Officer, member of the College responsible for the Budget, depending on the material consequences of the reported risk.</p>	<p>Effectiveness: Control results: Number of incidents. Number of internal and external audit findings. Benefits: Absence of material errors</p> <p>Efficiency: N/A</p> <p>Economy: Estimation of cost of staff FTE involved in the controls</p>

Stage 3: Review, audits and monitoring

Main control objectives: Verification that processes are working as designed / Feedback on adequacy of the system, Reliability of financial reporting; anti-fraud strategy)

Main risks	Mitigating controls	How to determine coverage frequency and depth	Cost-Effectiveness indicators (three E's)
<p>Processes might be weak or not working as designed. The system might provide poor adequacy.</p>	<p>Specifications, ceilings and limitations for the borrowing and lending operations are provided on a regular basis by the College up to the Director General BUDG, taking into consideration the information provided by the regular reports described under stage 2.</p> <p>A 'three lines of defence' model for risk management was established to: (i) ensure the appropriate segregation of powers and duties; (ii) clearly define lines of authority; and (iii) ensure distinct roles and responsibilities for the management and control of risk.</p> <p>As the 1st line of defence, the Director-General of DG BUDG and the staff responsible for the operations ensure that all risks are well managed. A risk management team (Middle Office) for borrowing, lending and liquidity management operations, separate from Front Office team, ensures the 1st line of defense review and effectiveness of controls. All activities are supervised by responsible Heads of Unit and senior management. The four eyes principle is established in the main steps for liquidity and funding planning, borrowing activities including settlement, disbursements to the Member States and third countries as well as for the calculation and allocation of costs.</p> <p>1st and 2nd line regularly review and validate processes, with particular attention to appropriate and meaningful control points.</p> <p>CRO and Risk management function as the second line of defence ensure an independent oversight of the activities, including independent reporting lines and the avoidance of any other activities that present a conflict of interest with regard to their risk management responsibilities.</p> <p>As the 3rd line of defence audit and consultancy work is performed by the Commission's Internal Audit Service (IAS).</p> <p>The European Court of Auditors audits whether the Union budget is properly accounted for; whether financial operations are legal and regular; and whether Community policies are effectively, efficiently and economically carried out.</p> <p>Implementation of a "Risk and Control Self-Assessment (RCSA)" for all relevant business processes concerning NGEU to assess the risk areas of the business processes and to conduct a self-assessment in respect of measures and the adequacy of controls.</p> <p>Annual financial audits are performed by external audit firm on the financial statements of ECSC, EFSM, BoP, MFA, Euratom, BUFI, MIM, CPF, NGEU and SURE.</p>	<p>Reviews of the specifications, ceilings and limitations are carried out on an annual, semi-annual and monthly basis.</p> <p>Permanent check by the first line of defence during the execution of their processes</p> <p>Reports of the Risk management function on an at least quarterly basis</p> <p>Annual ECA audits</p> <p>Annual RCSAs.</p>	<p>Effectiveness: Control results: Number of incidents. Number of internal and external audit findings. Benefits: Absence of material errors RCSA: integrate operational risk management practices and culture into the way staff undertake their functions. Efficiency: N/A Economy: Estimation of cost of staff FTE involved in the controls.</p>

Stage 4: Sound financial management in terms of borrowing and lending operations

Main control objectives: Avoiding errors that may occur during the financial process (Sound financial management).

Main risks	Mitigating controls	How to determine coverage frequency and depth	Cost-Effectiveness indicators (three E's)
<p>Undue or erroneous financial operations or payments. Default of payment from a loan beneficiary.</p>	<p>There is a variety of legal frameworks / contractual arrangements on the borrowing (annual borrowing/financing decision, funding plan decisions, borrowing schedules) and the lending operations (CID on a RRP, Financing / MoU/ Loan Agreement, Financing Decision). Specific procedures are in place creating a clear framework of controls to be performed by the Financial Unit. The various documents to be provided as well as the controls performed by the financial and the verifying agents are detailed in these procedures. The financial complexity of the instruments used (bonds, bills, unsecured money market borrowings and loans) is moderate. In case of a default of payment from a loan beneficiary the EU budget is protected against these consequences in two ways: Article 14(3) of Council Regulation (EU, Euratom) No 609/2014 allows calls on cash from the Member States if the Union needs to meet its obligations towards investors. Furthermore, Article 9(4)-(8) of the Own Resources Decision contains additional mechanism allowing call on cash.</p>	<p>Ex-ante verification of prerequisites for each borrowing and lending operation Ex-post controls for each borrowing and lending operation.</p>	<p>Effectiveness: Control results: Number of incidents. Number of internal and external audit findings. Benefits: Absence of material errors Efficiency: N/A Economy: Estimation of cost of staff FTE involved in the controls.</p>

Annex 7: SPECIFIC ANNEXES RELATED TO FINANCIAL MANAGEMENT

A. Fraud risk management

Objective: The risk of fraud is minimised through the application of effective anti-fraud measures and the implementation of the Commission anti-fraud strategy () aimed at the prevention, detection and correction () of fraud			
Indicator 1: Implementation of the actions included in DG BUDG's anti-fraud strategy over the whole lifetime of the strategic plan (2025-2029)			
Source of data: [DG BUDG's anti-fraud strategy, OLAF reporting			
Baseline (2024)	Target (2029)	Latest known results (situation on 31/12/2025)	
Baseline in the Management Plan 2025: 95%	100% of due actions implemented each year	90%	
Main outputs in 2025:			
Description	Indicator	Target	Latest known results (31/12/2025)
Awareness raising about ethics and/or fraud matters.	Percentage of staff included in awareness-raising activities. BUDG Times articles for all BUDG Staff.	> 40% of staff. At least 4 per year.	>50% 4 articles
Revision of BUDG AFS.	Completion of the review	BUDG AFS and Action Plan reviewed in 2025.	Strategy will be adopted in 2026, due to changes in priorities. A thorough fraud risk assessment was conducted in 2025.
Organise EDES experts' platform events.	Number of sessions	At least 2	Two sessions were held on the following dates: 10 July 2025 12 November 2025.

B. Reporting

1. Reports and documentation considered for the assessment of the DG's functioning in view of the AOD's assurance:

- Reports from Authorising Officers by Sub-Delegation and the reports from Authorising Officers in other DGs managing appropriations in cross-delegations,
- Reports on control results from the European Investment Bank (indirect management), as well as the results of the DG's supervisory controls on the activities of this body,
- The contribution by the Director in charge of Risk Management and Internal Control, including the results of internal control monitoring at DG level,
- Reports on recorded exceptions and non-compliance events,
- Reports on ex-post supervision and/or audit results,
- The observations and recommendations reported by the Internal Audit Service (IAS),
- The observations and the recommendations reported by the European Court of Auditors (ECA),
- Report on the validation of local financial systems for 2025.

2. Financial Regulation: Additional reporting requirements resulting from the 2018 and 2024 revisions.

In line with the requirements of the Financial Regulation, DG BUDG reports for the year 2025:

- No cases of any in-kind donation made to the Union, for the purposes of humanitarian aid, emergency support, civil protection or crisis management aid (FR art 25.3)
- No cases of "confirmation of instructions" (FR art 92.3)
- No cases of financing not linked to costs (FR art 125.3)
- No Financial Framework Partnerships >4 years (FR art 131.4)
- No cases of flat-rates >7% for funding indirect costs (FR art 184.6)
- No derogations from the principle of non-retroactivity pursuant to Article 196 of the Financial Regulation.
- No cases of financial support to third parties >EUR 60 000 (FR art 207)
- No of non-financial donations provided in the form of services, supplies or works (FR art 244.3).

C. Description of control systems on the area of Own Resources and results

The starting point for four Own Resources collected (Traditional Own Resources, VAT-, Plastics- and GNI-based Own Resources) ⁽⁹⁾ is the provision of data by the Member States, which are subject to verification that includes for TOR and VAT on the spot inspections by the Commission. It is an inherent feature of these arrangements that there will be subsequent revisions to amounts paid after the end of any budget year.

Most own resource systems have a 4-year cut-off after which no corrections may be made due to the time-lag in reporting by Member States, the Plastic own resource has a 5-year cut-off. However, to protect the EU's financial interests the cut-off does not apply to those points notified by the Commission or the Member State concerned prior to the deadline. In these instances, corrective action may still be taken. Although the possible financial impact of these items can rarely be quantified until they are resolved, experience shows that compared with the overall amounts paid their impact is rarely material.

The control arrangements for each own resource vary. The Relevant Control System for own resources in annex 6 informs how the control system in place in the DG addresses the risks related to own resources as well as the indicators used to measure the effectiveness, efficiency and economy of these controls.

Traditional Own Resources (TOR)

Member States are autonomously responsible for i) establishing Traditional Own Resources (TOR), accounting for it, and collecting and making it available within prescribed time limits; and ii) implementing EU customs legislation and operating a framework of customs checks and controls to ensure that they collect the correct value of customs duties at the right time. Failure to comply with the rules may lead to a financial liability to the EU budget and give rise to payment of interest.

Contributions for TOR are based on Member States' actual collection of the relevant duties and levies which Member States declare via a monthly statement.

Reasonable assurance concerning the accuracy and completeness of Member State data is provided by an annual inspection programme by which BUDG checks that Member States' administrations have complied with EU law when collecting TOR. The annual inspection programme is risk-based. BUDG monitors the timely and full receipt of TOR statements and the corresponding payments and manages the recovery of the amounts related to detected errors resulting from the TOR control activity, including the financial follow-up to preliminary findings by the European Court of Auditors. Additional risks may be evaluated during ad hoc inspections or desk audits.

VAT-based own resource

Contributions for the VAT-based own resource are based on the value of supplies in a Member State that are chargeable with VAT according to EU law (the harmonised VAT base). This is expressed as the total amount of VAT collected in a given calendar year. Member States provide the Commission with an annual statement showing how they have calculated their base and its value.

As VAT-based own resource data is only available annually and in arrears, VAT own resource payments during any particular year are based on forecasts (each month the Commission requests each Member State to pay one twelfth of the budgeted forecast amounts). Adjustments are made in the year n+2 (and in future years if corrections to the data first supplied are necessary) to adapt payments to reflect the actual VAT data.

⁽⁹⁾ The inspections on the plastics-based OR started in 2023 after the Member States submitted the first annual statements.

Reasonable assurance concerning the accuracy and completeness of Member State data is provided by an annual inspection programme in which BUDG checks that Member States' administrations have complied with own resources regulations when calculating the value of their harmonised VAT base. Statement data is analysed and verified in-house and during on-the-spot checks. Member States receive and react to reports of these controls. BUDG monitors the receipt of VAT own resource base data from Member States. It also monitors proactively that amounts of own resources are paid promptly. Reservations are placed where Member States' data cannot be accepted and lifted when the concern is overcome.

GNI-based own resources

GNI OR has a particular role to play as the balancing resource. Once the amount of agreed EU expenditure that will be funded by the TOR and VAT OR is known then GNI contributions are fixed to fund the remainder within the ceiling of no more than 1.4 % of total EU GNI (and in addition 0.6% of total EU GNI for NextGenerationEU liabilities). Member States provide the Commission (Eurostat) with their GNI figures annually accompanied by a report on the quality of GNI data and supplemented for each verification cycle with a GNI inventory of the sources and methods used to produce GNI aggregates. As GNI own resources data is only available annually and in arrears the own resources payments during that year are based on the amounts entered in the budget for the year concerned (i.e. each month the Commission BUDG - requests each Member State to pay one twelfth of the budgeted forecast amounts). Adjustments are made in subsequent years by BUDG to adapt payments to reflect the GNI data. BUDG monitors proactively that GNI own resource contributions are paid promptly. Any delay in paying own resources gives rise to payment of interest by the concerned Member State.

ESTAT – Verification of GNI data

The arrangements for the collection and verification of GNI own resources are governed by a Memorandum of Understanding (MOU) agreed between ESTAT and BUDG. The data provided by Member States is analysed and verified by ESTAT which also carries out GNI information visits in order to verify the quality of GNI aggregates, their components, and the compliance with ESA 2010 (observers from Member States may choose to participate in these visits). Member States receive and react to reports of these visits and oversee their treatment in the GNI Expert Group. To prevent possible time barring, reservations are placed where Member States' data do not comply with the principles of reliability, comparability and exhaustiveness. Reservations are a protective measure. A reservation should not be assumed to imply that a MS's contribution to the Union's budget has necessarily been affected. Reservations are lifted when the concern is overcome and any necessary corrective action concerning past payments is made.

The MOU with ESTAT has been upgraded in 2023 including the good practice to be observed when setting (GNI) reservations and the information to be provided to BUDG when lifting the reservations. To inform on the whole control activity performed on GNI data at Commission level, the Relevant Control System of DG ESTAT was included in Annex 6 together with the controls of DG BUDG.

Reasonable assurance on the accuracy and completeness of Member States' data is provided by the opinion of the GNI Expert Group, and the results of ESTAT's verification activities to which Member States contribute sending observers to GNI visits in other Member States. The annual opinion of the GNI Expert Group is a key element of assurance since it refers to the appropriateness of using the GNI data provided by Member States for own resources purposes, and it means the acceptance of the data by all the Member States together with the Commission.

Plastic based own resource

Contributions for the plastic-based own resource are based on non-recycled plastic packaging waste in a Member State defined in accordance with relevant EU law. This is expressed as the plastic waste generated

minus plastic recycled. Member States provide the Commission with an annual statement showing how they have calculated their base.

As plastic-based own resource data is only available annually and in arrears, plastic own resource payments during any particular year are based on forecasts (each month the Commission requests each Member State to pay one twelfth of the budgeted forecast amounts). Adjustments are made in the year $n+3$ (and in future years if corrections to the data first supplied are necessary) to adapt payments to reflect the actual plastic data.

Reasonable assurance concerning the accuracy and completeness of Member State data is provided by DG ESTAT through an annual inspection programme. Statement data is analysed and verified in-house and during on-the-spot checks performed by DG ESTAT. Member States receive and react to reports of these controls. DG BUDG monitors proactively that amounts of own resources are paid promptly. Delay in paying own resources gives rise to payment of interest by the Member State concerned. Reservations are placed by DG BUDG at the request of ESTAT where Member States' data cannot be accepted and lifted when the concern is overcome.

The arrangements for the collection and verification of plastic own resource are governed by a Memorandum of Understanding (MOU) agreed between ESTAT, ENV and BUDG. The data provided by Member States is analysed and verified by ESTAT which also carries plastic inspections to verify the quality of plastic statements. Member States receive and react to reports of these visits and oversee their treatment in the Expert Group on statistics plastic packaging waste. To prevent possible time barring, reservations are placed where aspects of the data provided are not satisfactory or where the verification of the Plastic Own Resource statement is not complete. Reservations are a protective measure. A reservation should not be assumed to imply that a MS's contribution to the Union's budget has necessarily been affected. Reservations are lifted when the concern is overcome and any necessary corrective action concerning past payments is made. To inform on the whole control activity performed on plastic data at Commission level, the Relevant Control System of ESTAT has been included in Annex 6 together with the controls of DG BUDG.

Reasonable assurance on the accuracy and completeness of Member States' data is provided by the opinion of the Expert Group on statistics on plastic packaging waste and the results of ESTAT's inspections. The annual opinion of the Expert Group is a key element of assurance since it refers to the appropriateness of using the plastic data provided by Member States for own resources purposes, and it means the acceptance of the data by all the Member States together with the Commission.

A – Member State statements and collection of resources

During 2025, all own resources requested in the monthly call for funds were made available on time whereas the customs duties amounts reported in Traditional Own Resources A-statements by Member States were made available to the EU budget two months after establishment as required by the EU legislation. Verification of the amounts declared in the A-Statements is ensured through on the spot inspections by BUDG and through regular checks on potential unusual patterns.

B – Verification of Traditional Own Resources collected and VAT-based OR calculated by Member States/ Calculation of GNI contributions

Traditional Own Resources (TOR)

For TOR, Member States are responsible for operating an appropriate administrative framework by which they collect customs duties to finance the EU budget. BUDG assesses this administrative framework by carrying out an annual inspection programme which covers various customs regimes and control methods. It also covers the procedures for accounting, recovering and making available of TOR. The programme varies from year to year based on a risk analysis. The focus of the inspections is to collect evidence of the adequacy of the key

procedures and systems in each Member State that ensure correct and timely collection of TOR and making available to the Commission. 20 inspections were scheduled and carried out in 2025 (plan completion: 100%): The control strategy for Control strategy for Tariff suspensions and Quotas, and the reliability of the normal and separate account statements were the main inspection topics. Shortcomings identified during the inspections are being closely followed up by BUDG in collaboration with other Commission services and the Member States.

BUDG continued its ongoing desk audits in several Member States with a view of closing them in 2026. Member States forward to the Commission services write-off reports stating that TOR could not be recovered for reasons not attributable to them. During 2025, a total of 70 write-off reports involving an amount of EUR 116.6 m were either assessed or reassessed by the Commission (BUDG in co-operation with the Legal Service, TAXUD and OLAF) within the legal three-month deadline for initial assessment. As a result of this evaluation, it was found that an amount of EUR 80.4 m (42.8% - 30 cases out of 70) should have been made available by Member States and the amounts were claimed or the existing claims upheld. 20 new write-off reports were forwarded to the Commission in 2025 (new cases, reassessments or requests for review) with a total value of EUR 11.6 m.

Another source of assurance is the ECA's annual report. For financial year 2025, ECA concluded that the revenue systems examined were overall effective and that the level of error in revenue was not material. In addition, no errors were found in the transactions tested.

Regarding the enforcement strategy on undervaluation, the Commission closed the infringement procedure against the UK following payment in full by the UK of principal and interest due (combined close to EUR 3 billion). The recalculation of the amounts ultimately due by Member States has been resolved for several Member States by 2025. The final quantification for the remaining Member States is ongoing in close cooperation with the national authorities concerned. This exercise is expected to be finalised for all Member States in 2026.

VAT-based Own Resource

All Member States are obliged to administer a value added tax system. The own resources legislation requires Member States to provide an annual statement detailing the calculation of their harmonised VAT base. BUDG monitors the timely receipt of these annual statements and checks their completeness and coherence with previous years, primarily by a yearly inspection programme. An indicator of good performance of BUDG controls is the timely execution of the inspection programme and the avoidance of Member States' statements becoming time barred (corrections can still be made). The objective is to guarantee that complete and accurate information is recorded in the VAT OR database that will serve for further calculations.

In 2025, 13 inspections VAT-based own resource inspections were planned and carried out. The results of inspections also show that 100% of statements have been subject to verification prior to becoming time barred. It is usual practice not to inspect all Member States each year but to do so by inspecting several financial years per inspection before time barring. A risk-based approach is used when deciding on a year's work programme.

GNI-based Own Resource

BUDG draws its assurance concerning the accuracy and completeness of GNI data for own resource purposes from the verification work undertaken by ESTAT together with Member States. The inter-relationship BUDG-ESTAT is governed by an agreed MOU, supplemented by the scrutiny of data by all Member States in the GNI Expert Group.

Where this process raises concerns and ESTAT wishes to prevent a particular year becoming time-barred, it requests DG BUDG to set or lift reservations. Concerning the verification cycle 2016-2019, the results show that the activity to notify the setting and lifting of reservations was performed without delays. Out of 160 transaction specific reservations set for that verification cycle, 141 were lifted by the end of 2024, while for

10 more reservations the letter lifting the reservation was sent by ESTAT at the end of 2024 but the reservation was lifted in 2025. One additional reservation was lifted on 7 April 2025 after the letter lifting the reservation was sent by ESTAT on 24 March 2025. Moreover, at the end of the verification cycle 2016-2019, five transversal reservations have been placed for each of 27 Member States and the United Kingdom. Out of the 140 transversal reservations placed, 136 have been lifted by the end of 2024, while two reservations were lifted in early 2025 based on letters sent by ESTAT at the end of 2024 and one reservation was lifted in December 2025 based on letter sent by ESTAT in November 2025.

Following the multi-annual verification cycle 2020-2024 the Commission placed in total 42 transaction specific reservations (out of which 5 reservations placed in 2025 based on letters sent by ESTAT in 2024 and 5 reservation placed in 2025 based on letters sent by ESTAT in 2025) and 56 transversal specific reservations, 2 for each country including UK (out of which 2 reservations placed in 2025 based on letter sent by ESTAT in 2024). During the year 2025, three transaction specific and two transversal reservations were lifted.

Although the responsibility for monitoring the Member States' GNI data and calculation methods is vested in the Commission, it requires full cooperation from the respective national authorities who control the production of the GNI data, in particular regarding the need to fully report on any major changes to sources and methods used for the compilation of national accounts.

For each of the GNI reservations lifted, the assessment for the possible application of interest for late payment have been performed by DG BUDG. From reservations lifted in year 2025 there were two cases where the necessary conditions to apply the provisions related to interest for late payment were applicable and interest was applied. Assurance is also obtained from the annual opinion of the GNI Expert Group since it represents the acceptance of GNI data by both Member States and by the Commission. Following its examination during the year, the GNI Expert Group, at its 14th meeting in November 2025 concluded that, in its opinion, the GNI data transmitted through the GNI Questionnaire 2025 is appropriate for use for own resource purposes with respect to reliability, comparability and exhaustiveness, in accordance with Article 4 of the GNI Regulation.

The ECA's annual report from 2025 on financial year 2024 concluded that the revenue underlying the accounts for the year ended 31 December 2024 is legal and regular in all material respects.

Plastic-based Own Resource

The first OR statements on the own resource on non-recycled plastic packing waste were submitted by the Member States on 31 July 2023 and the first inspections took place in the third quarter of 2023. The verification of the own resource is governed by an agreed Memorandum of Understanding between BUDG, ESTAT and ENV. Following the control and verification measures, DG BUDG, following the proposal of ESTAT, communicates to the Member States the setting and lifting of reservations. In 2025 the Commission placed 24 specific reservations and lifted one reservation.

The Commission is assisted by the expert group on statistics on plastic packaging waste, composed by representatives of the Member States. The expert group advises the Commission on the comparability, reliability and exhaustiveness of the statistics on plastic packaging waste and issues annual opinions on the appropriateness of the plastic data submitted by the Member States. In November 2025 the SPPW expert group concluded that the data is appropriate for use for own resource purposes with respect to reliability, comparability and exhaustiveness, while acknowledging that further improving the plastic packaging waste calculations and specifically of the two methods for plastic generated was a continuous process.

In 2024 the European Court of Auditors finalised a performance audit on the plastic own resource. The ECA recommended the Commission to work together with the Member States to improve data comparability and reliability and to mitigate the risk of waste sent to recyclers not subsequently being recycled. The target implementation dates are 2026 and 2027 respectively.

3. Table Y on the estimated “cost of controls” at Commission level

Overview of department ’s estimated cost of controls at Commission (EC) level:

EXPENDITURE

DG BUDG	Ex ante controls			Ex post controls			Total	
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
Relevant Control System as defined in Annex 6	EC total costs	Related payments made (EUR)	Ratio (%)** (a)/(b)	EC total costs	Total value verified and/or audited	Ratio (%) (d)/(e)	EC total estimated cost of controls (a)+(d)	Ratio (%)** (g)/(b)
Expenditure	1,819,975€	5,611,857,297€	0.03%	N/A	N/A	0.00%	1,819,975€	0.03%

Details about the estimated cost of the control activities provided by REA, are reported in the annual activity report of REA.

NON-EXPENDITURE ITEMS

DG BUDG	Ex ante controls			Ex post controls			Total	
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
Relevant Control System (RCS) as defined in Annex 6	EC total costs	related amounts	Ratio (%)** (a)/(b)	EC total costs	total value verified and/or audited	Ratio (%) (d)/(e)	EC total estimated cost of controls (a)+(d)	Ratio (%)** (g)/(b)
TOR and VAT revenue	N/A	48,759,873,480€	N/A	4,586,896€	N/A*	N/A	4,586,896€	0.01%
Financial assets and lending financed via borrowing**	3,464,798€	150,950,783,301€	0.00%	N/A	N/A	N/A	2,697,790€	0.00%

* The annual programmes of traditional own resources (TOR) target specific areas with high financial risk on the EU budget. Furthermore, Member States report irregularities and irrecoverable amounts which are checked by DG Budget. In addition, all TOR statements are verified for consistency, completeness, and accuracy and monitored for unexpected changes. VAT-based own resources inspections cover 100% of statements for all Member States during a 3-year cycle.

** These areas are complemented by supervision of the Chief Risk Officer. The related cost is included in ex ante amount although it may cover ex post checks as well since they are horizontal by nature.

Annex 8: REPORTING ON THE INTERNAL AND EXTERNAL AUDITS AND ASSESSING THE EFFECTIVENESS OF INTERNAL CONTROL SYSTEMS

8.1. Status of the IAS recommendations

The IAS issued 2 very important recommendations from the audit on the assessment of HR needs in the Commission at corporate level. They concern i) the support to the assessment of (local) HR needs by the corporate services, and ii) the quality checks of the Commission's HR needs by the corporate services. The first one was fully implemented in 2025, and the implementation of the second one has started (it is due in the second half of 2026). The process of the quality checks in 2026 has been agreed within the Commission central services (DG BUDG, SG and DG HR) and comprise regular meetings between the central services and documentation of the controls in place. The part of the quality checks linked to the overview of staff allocated per Commission Activities is still to be implemented.

Limited review of SUMMA in preparation for 'going live': in 2025, 2 very important recommendations were reported as implemented by DG BUDG, and both of them have been reviewed and closed by the IAS (on the integration of local IT systems and the IT security).

DG BUDG also fully implemented (and the IAS closed) the very important recommendation from the IAS thematic review on the Commission's risk at payment, related to the analysis and (internal) reporting of the root causes of errors in relation with ECA's findings.

Regarding the audit on the Arachne+ Project, the objective was to assess whether DG BUDG, DG EMPL/DG REGIO (DAC) and DG DIGIT had put in place appropriate governance, risk management and control processes to deliver the Arachne+ project - phase 2 effectively, achieve the strategic objectives and business expectations within the allocated time and resources, and be in compliance with the Commission's security and personal data protection framework. The final audit report was received on 27 November 2025. The IAS issued 4 recommendations rated as very important addressed to DG BUDG.

The audited DGs prepared and submitted an action plan, which was accepted by the IAS, and are currently implementing it according to the agreed target dates (Q2 2027 for the last very important recommendations addressed to DG BUDG), therefore mitigating the risks identified. Since these recommendations do not indicate any major weaknesses in DG BUDG's control system (their scope is limited to activities, which do not have a significant impact on the overall assurance), it has been assessed that they do not impact the assurance.

IAS very important recommendation	Measures to be implemented by DG BUDG
Rec. 1 – Strengthen project governance, monitoring and reporting	DG BUDG will: i) organise Arachne+ Supervisory Board (ASB) meeting at least once a year, ii) develop a written procedure for the escalation of issues, iii) conduct a review of the financing scheme to secure a budget for the project in the next cycle, iv) assess HR resources assigned to the project, v) consider delegating specific tasks to the business working group <i>and/or its subgroups</i> , vi) enhance the reporting on the progress of the project.
Rec. 4 - Review project scope, requirements and go-live criteria	DG BUDG will i) review the project scope that remains to be implemented, ii) review the Project Charter, iii) continue ensuring consultations with all relevant internal and external stakeholders, iv) review go-live criteria and assess their achievement, v) map data sources to be used.
Rec. 5 - Advance management of requirements, acceptance and success criteria	DG BUDG will i) revise methodology, setting baselines, ii) further specify the requirements to ensure they are clear, iii) ensure specific acceptance criteria and their validation process, iv) define user acceptance tests, v) ensure that all functionalities are tested through proper user acceptance criteria, vi) further elaborate the project success criteria based on SMART principles, vii) update the DPIA parts 1 and 2, IT questionnaire and the privacy statement for Arachne+ before the service activation.
Rec. 6 - Improve the IT security risk management study	As part of next update of the IT security plan, DG BUDG with support of DG DIGIT will update business impact assessment, system modelling and categorisation of primary and supporting assets in the IT security risk study and include there the primary asset valuations and the availability target.”

8.2. Status of the ECA recommendations

The table below presents the status of the ECA's recommendations open in 2025.

2025 ECA reports with recommendations assigned to DG BUDG for lead	All rec.(BUDG)	Still open
Audits related to financial management and internal control		
Annual Report on Performance concerning the financial year 2021	6	0
Annual reports on the implementation of the EU budget and on the activities funded by the 9th, 10th and 11th European Development Funds for the 2023 financial year	2 (both rejected)	0
Annual reports on the implementation of the EU budget and on the activities funded by the 9th, 10th and 11th European Development Funds for the 2024 financial year	4	4
Performance reports		
Special Report 03 2024 - The rule of law in the EU	9 (of which 1 rejected)	4
Special Report 05 2025 - Cohesions Action for Refugees in Europe (CARE)	1	1
Special Report 06 2023 - Conflict of interest in EU cohesion and agricultural spending	4	1
Special Report 07 2024 - The Commission's systems for recovering irregular EU expenditure	2	2
Special Report 09 2022 Climate spending in the 2014-2020 EU budget	4 (of which 1 rejected)	0
Special Report 09 2025 - Systems for ensuring compliance of RRF spending with public procurement and state aid rules	2	2
Special Report 10 2021 Gender mainstreaming in the EU budget	8	0
Special Report 10 2025 - RRF labour market reforms	2	1
Special Report 11 2022 Protecting the EU budget: Better use of blacklisting needed	15	2
Special Report 11 2025 - Transparency of EU funding granted to NGOs Despite progress, the overview is still not reliable	3	3
Special Report 13 2024 - Absorption of funds from the Recovery and Resilience Facility Progressing with delays and risks remain regarding the completion of measures and therefore the achievement of RRF objectives	2 (of which 1 rejected)	1
Special Report 13 2025 - Support from the Recovery and Resilience Facility for the digital transition in EU member states	2	0
Special Report 14 2024 - Green transition Unclear contribution from the Recovery and Resilience Facility	2	0
Special Report 16 2024 - EU revenue based on non-recycled plastic packaging waste A challenging start hindered by data that is not sufficiently comparable or reliable	4 (of which 2 rejected)	2
Special Report 18 2025 - EU budget flexibility	8	4
Special Report 22 2021 Sustainable finance: More consistent EU action needed to redirect finance towards sustainable investment	4	1
Special Report 22 2024 - Double funding from the EU budget - Control systems lack essential elements to mitigate the increased risk resulting from the RRF model of financing not linked to costs	4 (of which 2 rejected)	2
Special Report 26 2023 - The Recovery and Resilience Facility's performance monitoring framework	2	0
Grand Total	81 accepted	30

The Commission rejected the following 9 ECA's recommendations (the full replies were published in the relevant ECA's reports):

- Two recommendations from 2023 ECA Annual report, i) to charge Member States late payment interest when GNI reservations are not fully addressed by deadline (such an interest is charged when the GNI reservations are fully addressed after the deadline) and ii) to establish a harmonised treatment of public procurement irregularities for projects financed under both direct and shared management (due to the specific nature of each grant agreement, it is not possible to ensure that corrective measures will be the same in all cases).
- Reporting on tools available to address risks to the EU's financial interests and on the measures taken against breaches of the principles of the rule of law in Member States: rejected as it was additional reporting obligation to the one under the Conditionality Regulation, which should not be linked to reporting on other procedures with different main objectives. The reporting on the rule of law in the Member States is already done in the Rule of Law Report.
- Reporting on EU spending with a potentially negative impact on climate: rejected as all the basic acts impose compliance with the "do no harm" principle, and the EU Climate Law requires assessment of the consistency of any draft measure or legislative proposal with the EU's 2050 climate-neutrality objective and the EU 2030 and 2040 climate targets before adoption.
- Recovery procedures if measures are not completed under future instruments based on financing not linked to costs: rejected as the decision on if disbursements under future instruments based on financing not linked to costs should be made based on the progress towards implementation of measures (as is the case under the RRF) or the completion of measures, or the results of measures, is a policy choice to be made at the stage of programme design and in the legislative procedure.
- Two recommendations on future EU programmes or instruments based on financing not linked to costs, a) to clarify the definition of double funding and b) to no longer accept zero-cost measures where investments or direct costs are involved and for reforms not involving investments or direct costs, consider alternatives such as enabling conditions: both rejected as at this stage the Commission cannot prejudge the design of future EU programmes or instruments, nor accept a recommendation whose implementation ultimately depends on the positions of the co-legislators. In addition, current definition of double funding in Article 191 of the Financial Regulation is relevant only to grants. The Commission does not recognise any "increased risk of double funding for zero-cost measures" that would warrant specific prohibitions in the future.
- Two recommendations on the EU revenue based on non-recycled plastic packaging waste:, to identify the key risks affecting the quality of data and to establish procedure for follow-up on any non-compliance or issue affecting data quality for future own resources before their introduction: rejected due to lack of legal basis allowing the Commission to assess Member States' preparedness or data quality before the introduction of the own resource. The Commission cannot prejudge the upcoming legislative proposal, under which such procedures related to future own resources will have to be designed.

In 2025, there were 9 accepted ECA's recommendations, which related to DG BUDG's control system. Out of these 9 ECA's recommendations, 5 remained open (partially implemented), concerning i) 3 recommendations from the 2024 special report on rule of law, on assessing the human resources necessary to effectively apply the Conditionality Regulation across all Member States, on reviewing the guidelines and clarifying the issues identified during this ECA audit, and on assessing if these issues constitute breaches of the rule of law and their financial impact, ii) 2 recommendations from the 2025 special report on EU budget flexibility, related to designing the flexibility framework for the future MFF and defining key steps and roles for reallocation and reprioritisation procedures of budgetary resources to address new needs. Since these recommendations do not indicate any major weaknesses in DG BUDG's control system, it has been assessed that they do not impact the assurance.

In 2025, DG BUDG implemented 4 ECA's recommendations related to its control system: i) setting stricter deadlines for national authorities as regards management of VAT reservations, ii) assessing if non-conformity in cases of non-application of the VAT Directive is cross-cutting, iii) assessing if cross-cutting reservations could impact the EU budget, and iv) finishing developing the IT case-management system in the context of improved framework to protect the EU's financial interests.

Annex 9: SPECIFIC ANNEXES RELATED TO "CONTROL RESULTS" AND "ASSURANCE: RESERVATIONS"

A. Annex related to "Control results" - Table X: Estimated risk at payment and at closure

Table X: Estimated risk at payment and at closure

DG BUDG	Payments made (2025; MEUR)	minus new prefinancing (in 2025; MEUR)	plus cleared pre-financing (in 2025; MEUR)	Relevant expenditure (for 2025; MEUR)	Detected error rate or equivalent estimates	Estimated risk at payment (2025; MEUR)	Adjusted Average Recoveries and Corrections (adjusted ARC; %)	Estimated future corrections [and deductions] (for 2025; MEUR)	Estimated risk at Closure (2025; MEUR)
-1	-2	-3	-4	-5	-6	-7	-8	-9	-10
RCS 2: Procurement and administrative expenditure	48.31	0.00	0.00	48.31	0.50% - 0.50%	0.24 - 0.24	0.00% - 0.00%	0.00 - 0.00	0.24 - 0.24
RCS 3 : EU Recovery Instrument (EURI)	4 994.75	0.00	0.00	4 994.75	0.00% - 0.00%	0.00 - 0.00	0.00% - 0.00%	0.00 - 0.00	0.00 - 0.00
RCS 4: Ukraine MFA+ interest rate subsidy	568.79	0.00	0.00	568.79	0.00% - 0.00%	0.00 - 0.00	0.00% - 0.00%	0.00 - 0.00	0.00 - 0.00
DG total	5 611.86	0.00	0.00	5 611.86		0.24 - 0.24	0.00% - 0.00%	0.00 - 0.00	0.24 - 0.24
					Overall risk at payment in %	0.00% - 0.00% (7) / (5)		Overall risk at closure in %	0.00% - 0.00% (10) / (5)

Notes to the table X

(1) Relevant Control Systems differentiated per relevant portfolio segments and at a level which is lower than the total. RCS 2 includes administrative expenses related to salaries and missions previously reported by the PMO and DG HR. More information can be found in Annexes 6. (2) Payments made after the preventive (ex-ante) control measures have already been implemented earlier in the cycle. For Cross-SubDelegations (Internal Rules Article 12), the reporting remains with the Delegating departments. (3) and (4) DG BUDG's transactions are not concerned by pre-financing. (6) In this column, we disclose the detected error rates or equivalent estimates. For low-risk types of expenditure, where there are indications that the equivalent error rate might be close to 'zero' (e.g. administrative expenditure), the rate is 0.5% or 0%, which is an estimate, since DG BUDG does not have a precise estimate based on evidence.

(8) The average recovery and corrections percentage is mostly based on the 7 years historic Average of Recoveries and financial Corrections (ARC), which is the best available indication of the corrective measures each department applied over the past years as a result of ex post controls. In last 3 years; DG BUDG's corrections were 0%.

B. Reservations (not applicable)

Annex 10: REPORTING – HUMAN RESOURCES, DIGITAL TRANSFORMATION AND DATA MANAGEMENT, AND SOUND ENVIRONMENTAL MANAGEMENT

Human Resource management

Objective: DG BUDG employs a skilled, diverse and motivated workforce to deliver on the Commission's priorities			
Indicator 1: Percentage of female middle managers			
Source of data: SYSPER			
Baseline (2024)	Target (2029)	Latest known results (situation on 31/12/2025)	
43.3% on 01/12/2024	Attain at least 50%	42.9% on 01/1/2026	
Indicator 2: Staff engagement index			
Source of data: Commission staff survey [data to be provided by DG HR]			
Baseline (2023)	Target ⁽¹⁰⁾ (2029)	Latest known results (situation on 31/12/2025)	
76%	Maintain or increase	82%	
Main outputs in 2025:			
Description	Indicator	Target	Latest known results (situation on 31/12/2025)
Reach gender parity in middle management positions.	Number of women nominated in a management position for the first time.	1	Appointed 1 female Head of Unit.
BUDG staff engagement.	Number of staff engagement events	4 per year	3 per year
BUDG HR Strategy and Action Plan	Revision of HR action plan	By end 2025	Postponed for 2026 (to include actions based on surveys' results)
Learning and development Strategy	Promotion of the strategy and available training in the DG	1 event for all staff Weekly advertisement of training in BUDG newsletter.	Done in each newsletter.
Publication of vacant posts published on DG BUDG's intranet	Publication on BUDG intranet	On an ongoing basis.	On an ongoing basis
Sound allocation of human resources ensuring effective and efficient operation of the DG.	Occupation rate of posts in the DG.	>95%	93%

⁽¹⁰⁾ The Commission baseline score for the Staff Engagement Index is 73% (based on the 2023 staff survey results).

Digital transformation and data management (Digital Commission Dashboard (data measured at DG-level))

Objective: DG BUDG is using innovative, trusted digital solutions for better policymaking, data management and administrative processes to build a digitally transformed, user-focused and data-driven Commission			
Indicator 1: Digital Culture: % of statutory staff that has completed at least one IT training course ⁽¹¹⁾			
Source of data: Digital Commission Dashboard (data measured at DG-level)			
Baseline (2024)	Interim milestone (2027)	Target (2029)	Latest known results (31/12/2025)
41%	≥15%	50%	35%
Indicator 2: Seamless digital environment: cloud adoption – % of IT systems utilising cloud infrastructure services compared to the total number of IT systems			
Source of data: Digital Commission Dashboard (data measured at DG-level)			
Baseline (2024)	Interim milestone (2027)	Target (2029)	Latest known results (31/12/2025)
15%	≥15%	20%	18%
Indicator 3: Maturity level in implementing corporate data policies across four key areas: data management, ownership and responsibilities, data quality, and data skills (basic, developing, established, advanced, or trendsetting).			
Source of data: DG BUDG assessment			
Baseline (2024)	Interim milestone (2027)	Target (2029)	Latest known results (31/12/2025)
a) For SUMMA: Basic b) For all data sets: Basic	a. For SUMMA: Established b. For all data sets: please add Established	a. For SUMMA: Advanced b. For all data sets: please add Established	a- Developing b- Basic
Indicator 4: Compliance indicator ⁽¹²⁾: percentage of staff trained on data protection compliance combined with the percentage of public records of processing operations reviewed within the last two years.			
Source of data: DG BUDG DPC's assessment			
Baseline (2024)	Interim milestone (2027)	Target (2029)	Latest known results (31/12/2025)
Trained staff on data protection compliance combined with % of public records reviewed: 0%.	Yearly target to ensure timely review of the records of processing activities: >90% Each year to train at least 40% of BUDG staff.	100%	55%

⁽¹¹⁾ This KPI will be accompanied by an informative package that will be shared in AAR templates on a yearly basis. The package will include: (i) link to implementing guidelines – list of training courses available in EU Learn; and (ii) dedicated instructions on how to register a new training course in EU Learn (when this is organised at DG level directly by the DG), in order to record the actual number of participants and sessions.

⁽¹²⁾ The compliance indicator is calculated with a 50% weight attributed to the following two values: first, the number of public records with a publication date within the last 2 years / public records of the department. Second, the percentage of staff in the department who have attended data protection awareness-raising activities”.

Main outputs in 2025:

Digital transformation

Output	Indicator	Target	Latest known results (31/12/2025)
Digital literacy.	Organisation and promotion of training in M365, and tools using AI and data visualisations.	Tailored training for BUDG SharePoint Online Site Owners and BUDG Staff.	Regular bi-weekly Tips&Tricks sessions with average 30 persons participating. 1 training a for site owners and 1 for staff per month.
Cybersecurity awareness and training.	Percentage clicking rate for BUDG on phishing exercise emails compared to the average for the Commission.	At least 2 % lower than the Commission average for each exercise. If 4% higher than the average for an exercise, organisation of specific awareness sessions in BUDG in collaboration with DIGIT	Average rate over the 6 campaigns in 2025 (EC overall) Clicking: 18 % (21%) Reporting: 35 % (33 %)
Green, Resilient and Secure Digital Infrastructure: Continuous improvement of the department's performance as captured in the risk maturity quadrant (RMQ).	Attestation of compliance for the 55 IT priority controls for all IT systems, reported in corporate Governance Risk and Compliance module.	100%	IT Priority controls: 82 %
IT Security Strategy 2023-2024 actions that concern DG BUDG.	% of the IT security plans up to date.	100%	ITSP up-to-date: 33 % (revision 2025 still ongoing)
Evaluation of the move to cloud.	BUDG IT corporate and local systems cloud options evaluated. % of IT systems utilising cloud infrastructure services compared to the total number of IT systems.	100% ≥15%	50% (estimate) SUMMA Transition to Cloud project postponed due to lack of budget available. 18%

Data management

Output	Indicator	Target	Latest known results (31/12/2025)
Implementing corporate data policies across four key areas	Maturity level in 4 key areas data management, ownership and responsibilities, data quality, and data skills	For the new financial system (SUMMA): established. For all BUDG IT systems: developing.	Developing Basic

Data protection			
Output	Indicator	Target	Latest known results (31/12/2025)
List key actions on information management and data protection.	Baseline 0% of trained staff (each year to train at least 40% of BUDG staff in order to reach 100% in 2029) BUDG Times articles for all BUDG Staff.	>40 % of staff annually. At least 4 per year.	>50% of staff attended training on data protection. Result achieved, including a DG-wide data protection campaign.
Knowledge management			
Transition of DG BUDG collaboration and document management to the new corporate collaborative tools based on Microsoft 365 (M365) and especially to SharePoint Online (SPO).	Completion of DG transition to SPO as the main tool for document sharing and collaboration, establishment of BUDG guidelines on SPO use, organization of tailored training on SPO use at BUDG for site owners, managers and staff.	All DG BUDG units establish SPO collaborative sites by Q4/2025. BUDG initial version of specific guidelines agreed by Q2/2025. Participation in tailored training on SPO use at BUDG in 2025: at least 2 site owners per unit, at least 1 dedicated training per unit.	Completed. Done. Adoption of guidelines postponed till corporate guidelines adopted. Complete audit of SPO use done in all units, training calendar adjusted according to the needs and availability.
Ensuring active knowledge management in DG Budget and promoting knowledge management in the budget and finance domain.	Number of BUDGpedia content providers (gardeners) Number of news items published on BUDGpedia Number of visits (<i>source: site analytics</i>) Number of unique visitors (<i>source: site analytics</i>) % of users satisfied with completeness of information (<i>source: user survey 11.25</i>) % of users satisfied with quality of information (<i>source: user survey 11.25</i>)	≥80 (average) ≥50 per year ≥50 000 per month ≥8 000 per month ≥75% ≥75%	112 (average) 74 per year 278 226 per month ⁽¹³⁾ 8 051 per month 79.2% 75.7%

⁽¹³⁾ As a result of re-building BUDGpedia to a new site on SharePoint Online in March 2025, the number of visits in 2025 is significantly higher than on the old site. This is due to a different web analytics algorithm used on SharePoint Online. According to the information received from DIGIT, each user interaction (e.g. a page or document view) counts as one visit on SharePoint Online, while on the previous platform one visit meant a session of 30 minutes, irrespective of the number of page and document views during the session.

Sound environmental management

Objective: Reaching climate neutrality by 2030 and a reduced environmental footprint for the Commission.			
Indicator ⁽¹⁴⁾: % reduction in emissions from staff professional travel (t CO2eq).			
Source of data: DG/department emissions report from MIPS+			
Baseline (2019)	Target (2030)	Latest known results (situation on 31/12/2025)	
137.5 tonnes	50% of reduction (baseline 2019) ⁽¹⁵⁾ Each year, DG BUDG intends to reduce emissions by at least 10% in comparison with the previous year.	127 tonnes, which corresponds to a reduction of 15% from 2024 (approximately 149 tonnes) and approximately 8% from 2019.	
Main outputs in 2025:			
Description	Indicator	Target	Latest known results (31/12/2025)
Actions to reduce emissions from staff and experts' missions.	a. Article in BUDG Times. b. Presentation to the secretaries' network and managers.	a. 1 b. 1	a. Postponed to March 2026 b. Presentation done by FINCELL in BUDG.R1.
Energy saving actions.	a. % of DG buildings closed during the Christmas and New Year's holiday period, and 4 weeks during summer. b. Number of communication actions to all staff (>500 persons).	a. 100% (2 buildings) b. 1 BUDGTimes article	a. DG BUDG participated in both initiatives. b. 1 BUDGTimes article about the closure and 1 email sent to all staff.
Sustainable events	a. % of events organized by DG BUDG, incorporating the EC Guidelines for sustainable events. b. Number of communication actions to all staff (>500 persons).	a. 100% b. 1 BUDGTimes article.	a. Every reservation of the cafeteria for the event receives a link. b. Postponed to 2026.
Staff awareness events on: a) Reduction of GHG emissions (Velo-Walk-, Ekiden-event). b) Waste reduction.	a. Maintain the number of participating in the 3 events. b. 4 actions (art exhibition, collection of clothes, collection of electronic devices, trash info update)	a. 40 persons or more in each event. b. Throughout the year.	a. 50/49/66 participants respectively in Velomai/Walking Challenge, Ekiden events. b. 2 actions (art exhibition, trash info update)
Supporting biodiversity via collaborative vegetable garden in M015 building.	a. Communication actions. b. Number of staff involved in the action.	a. 1 b. 10	c. 1 d. Over 30

⁽¹⁴⁾ As of 2025 emissions from staff professional travel are measured through the Qlik Sense dashboard, hence the baseline has been changed to reflect the new tool.

⁽¹⁵⁾ Since 2019, DG BUDG went through several reorganisations, which involved adding a new Directorate previously part of another Commission DG. The result was a higher number of missions due to Directorates' activities. While we aim for the reduction of emissions by 50% by 2030 in comparison to 2019, we must recognise the continuous need of essential travels due to activities related to different financial operations and negotiations lead by DG BUDG.

Annex 11: IMPLEMENTATION THROUGH NON-EU ENTRUSTED ENTITIES ⁽¹⁶⁾ AND/OR THROUGH EU TRUST FUNDS (NOT APPLICABLE)

Annex 12: EAMR OF THE UNION DELEGATIONS (NOT APPLICABLE)

Annex 13: DECENTRALISED AGENCIES AND OTHER UNION BODIES (NOT APPLICABLE)

Annex 14: REPORTING ON THE RECOVERY AND RESILIENCE FACILITY (NOT APPLICABLE)

⁽¹⁶⁾ Implementing partners other than EU institutions or Union bodies.