



# **Annual Activity Report 2024**

**annexes**

European Research Council

Executive Agency

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## **ANNEX 1: 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 <sup>(1)</sup>, I have reported my advice and recommendations on the overall state of internal control in the Executive Agency to the Executive Director.

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, 31/03/2025,

*Signed in ARES*

Pascal CID – RMIC

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<sup>(1)</sup> C(2017)2373 of 19.04.2017.  
ERCEA\_aar\_2024\_annexes

## ANNEX 2: Performance tables

ERC's Specific Objectives and Result Indicators.

In order to measure the implementation of specific programmes entrusted to the ERCEA, the following results indicators stemming from the legal basis are measured:

| H2020 & HE                      | Excellent science – European Research Council (ERC)   |                      |
|---------------------------------|---|----------------------|
| Indicator                       | Share of publications from ERC-funded projects which are among the top 1% highly cited per field of science |                      |
| Target for H2020 <sup>(2)</sup> | Current value for H2020 <sup>(3)</sup>  | Current value for HE |
| 1.8%                            | 6%  | 7.6%                 |

Delivering on Commission's priorities: main outputs for 2024

**General objectives: All headline ambitions**  
**Specific objective: DG Research and Innovation specific objectives related to the implementation of Horizon Europe FP**  
**From DG RTD 2020-2024 Strategic Plan**

### Main outputs in 2024:

| Output                | Indicator   | Target AWP 2024   | Result 31/12/2024 |
|-----------------------|---|---|-------------------|
| Launch of calls       | Number of calls for proposals successfully launched according to agreed deadlines | 1 (2024 call and a number of 2025 calls to be determined according to the ERC WP 2025)                  | 100%              |
| Evaluation of calls   | Number of calls evaluated in 2024   | 6 (AdG-2023 step 2, StG-2024 step 1&2, CoG-2024 step 1, AdG-2024 step 1, SyG-2024 step 2, PoC2-024-DL1) | 100%              |
| Grants signed in 2024 | % of proposals selected under 2023 calls granted in 2024                          | 100%  | 100%              |

### External Communication actions

| Output                                   | Indicator                                    | Target AWP 2024 | Result 31/12/2024      |
|--|--|-----------------|------------------------|
| Promote ERC activities and grant schemes | Number of visits to website                  | > 1 million     | 970 000                |
|  | Number of media mentions                     | > 12 000        | 19 100                 |
|  | Number of new social media followers         | > 40 000        | 85 099                 |
|  | Number of participants / views of ERC events | > 10 000        | 119 869 <sup>(4)</sup> |
| Share ERC research results               | Number of ERC stories                        | >200            | 151                    |

In 2024, the Internal Communication team strengthened its efforts to connect ERCEA staff to ERCEA's mission, management and core business of the ERCEA. 2024 saw a significant increase in

<sup>(2)</sup> New indicator specific to the ERC for Horizon 2020.

<sup>(3)</sup> Since the last ERC projects for Horizon 2020 were signed in 2021, values will not be stabilised before at least 2030.

<sup>(4)</sup> The figure includes the sum of the recording views of all the sessions of the Nobel Prize event (notably 93 590).

the reach of the ERC's communication including media mentions (with record mentions for Starting and Synergy Grants call results), video views and social media engagement.

## 2.1 Implementation of the ERCEA 2024 AWP

### 2.1.1 Scientific and Grant Management

The evaluation of all 2024 calls except AdG is completed. The deadlines for StG and SyG calls were slightly postponed, giving more time to apply to Israeli applicants affected by the Middle East conflict that started in October 2023. Additional funding received by the association of the UK to Horizon Europe in 2024 enabled the ERCEA to fund a significant number of additional applicants to its 2024 calls.

| Call identifier     | Opening date | Closing date                            | Target:<br>Indicative<br>n° of<br>outputs | Results 31/12/24                      |
|---------------------|--------------|---|---|---------------------------------------|
| <b>ERC-2023-AdG</b> | 08/12/2022   | 23/05/2023                              | 246                                       | 233 (+ 60) (funded from reserve list) |
| <b>ERC-2024-StG</b> | 11/07/2023   | 24/10/2023<br>(postponed to 7/11/2023)  | 387                                       | 379 (+ 115)                           |
| <b>ERC-2024-CoG</b> | 12/09/2023   | 12/12/2023                              | 291                                       | 282 (+ 46)                            |
| <b>ERC-2024-AdG</b> | 29/05/2023   | 29/08/2024                              | 285                                       | evaluation on-going                   |
| <b>ERC-2024-SyG</b> | 12/07/2023   | 08/11/2023<br>(postponed to 15/11/2023) | 39  | 40 (+ 17)                             |
| <b>ERC-2024-PoC</b> | 16/11/2023   | 1) 14/03/2024,<br>2) 17/09/2024         | 200                                       | 1) 100<br>2) 134                      |

| Objectives  | Indicators  | 2024 targets   | Latest known results (31/12/2024)  |
|---|---|--|--|
| <b>Time to grant:</b><br>To minimise the duration of the granting process aiming at ensuring a prompt implementation of the grant agreements through a simple and transparent grant preparation process | Time to sign grant agreements from the date of informing successful applicants (average values) | 2023-StG: 120 days<br>2023-CoG: 120 days<br>2023-AdG: 120 days<br>2023-SyG: 140 days<br>2023-PoC: 120 days<br>2024 PoC: 120 days   | 2023-StG: 111.9 days<br>2023-CoG: 106.7 days<br>2023-AdG: 95.3 days<br>2023-SyG: 147 days<br>2023-PoC 1: 76.5 days<br>2023-PoC 2: 75.4 days<br>2023 PoC 3: 79.9 days<br>2024-PoC-1: 67.8 days        |
|   | Time to grant measured (average) from call deadline to signature of grants                      | 2023-StG: 424 days<br>2023-CoG: 429 days<br>2023-AdG: 452 days<br>2023-SyG: 511 days<br>2023-PoC 1: 226 days<br>2023-PoC 2: 218 days<br>2023-PoC 3: 217 days<br>2024 PoC: 225 days | 2023-StG: 378.9 days<br>2023-CoG: 385.7 days<br>2023-AdG: 402.3 days<br>2023-SyG: 485.0 days<br>2023-PoC 1: 163.5 days<br>2023-PoC 2: 160.4 days<br>2023 PoC 3: 168.9 days<br>2024-PoC-1: 173.8 days |

|  |  |      |  |
|--|--|------|--|
| <u>Evaluations:</u><br>Feedback to all applicants on the evaluation result is timely, unbiased and transparent | Overall percentage of redress cases received | 1.3% | 2023 calls: 1.38%<br><br>2024 calls 1% (AdG and PoC 2024 still on-going) |
|--|--|------|--|

## 2.1.2 Financial Management – Operational Budget

| Objectives   | Indicators  | 2024 targets  | Latest known results (31/12/2024)   |
|--|---|---|---|
| Minimise financial and legal transaction time for ERC beneficiaries  | Time to pay (% according to milestones & budget table specified in the Description of Work and processing payments <i>ie</i> economic target days)                              | <ul style="list-style-type: none"> <li>- Pre-financing payments HE: 95% within 30 days</li> <li>- Interim payments H2020/HE: 95% within 90 days</li> <li>- Final payments H2020/HE: 95% within 90 days</li> </ul> | <ul style="list-style-type: none"> <li>- Pre-financing payments HE: 99.3% within 30 days</li> <li>- Interim payments H2020: 100% within 90 days</li> <li>- Interim payments HE: 100% within 90 days</li> <li>- Final payments H2020: 100% within 90 days</li> <li>- Final payments HE: 100% within 90 days</li> </ul> |
| <u>Expert management:</u><br>To fully execute the yearly experts' operational budget by executing efficient payment process                              | Time to pay experts   | Time to pay H2020 experts: 100% within 30 days<br><br>Time to pay HE experts: 100% within 30 days   | H2020/HE experts: 99.43% within 30 days   |
| To maximise execution of the operational commitment credits delegated to ERCEA by the European Commission  | <ul style="list-style-type: none"> <li>- % execution of L1 commitment</li> <li>- % execution of L2/L1 commitment (C8)</li> <li>- % execution of payment credits (C1)</li> </ul> | 100%<br><br>100%<br><br>100%  | 100%<br><br>100%<br><br>100%  |
| To ensure full yearly execution of payments credits (operational budget) through careful planning and monitoring   | % of experts payments budget execution (C1)   | H2020/HE: 100%  | 100% of execution - 100% experts payments to total voted budget (C1-E0)   |
| Effective and reliable internal control system giving the necessary guarantees concerning the legality and the regularity of the underlying transactions | Estimated risk at closure   | <2% of relevant expenditure   | 0.95%   |

## 2.2 Implementation of ERCEA calls in 2024 <sup>(5)</sup>

| Calls implemented in 2024 | Call deadlines |   | Indicative budget (EUR Mio) | Number of proposals |                                       |                                   |              | Grants signed |         | Preparation failed | Of which pre-financing paid EUR Mio |
|---------------------------|----------------|---|-----------------------------|---------------------|---------------------------------------|-----------------------------------|--------------|---------------|---------|--------------------|-------------------------------------|
|                           | Opening dates  | Closing dates                                   |                             | Submitted proposals | Ineligible (% of submitted proposals) | Main list – invited (not reserve) | Success rate | Number        | EUR Mio |                    |                                     |
|                           |                |   |                             | (a)                 | (b)                                   | (c)                               | (c)/(a)      |               |         |                    |                                     |
| ERC-2023-StG              | 12/07/2022     | 25/10/2022                                      | 628                         | 2 696               | 1.0%                                  | 400                               | 14.8%        | 87            | 137,9   | 5                  | 88.1                                |
| ERC-2023-CoG              | 28/09/2022     | 02/02/2023                                      | 595                         | 2 130               | 1.3%                                  | 292                               | 13.7%        | 243           | 491,6   | 45                 | 300.8                               |
| ERC-2023-AdG              | 08/12/2022     | 23/05/2023                                      | 597                         | 1 829               | 1.9%                                  | 233                               | 12.7%        | 255           | 647.4   | 50                 | 346.1                               |
| ERC-2023-SyG              | 13/07/2022     | 08/11/2022                                      | 300                         | 395                 | 1.3%                                  | 28                                | 7.1%         | 25            | 265.4   | 0                  | 121                                 |
| ERC-2023-PoC              | 20/10/2022     | 1/ 24/01/2023<br>2/ 20/04/2023<br>3/ 14/09/2023 | 30                          | 612                 | 6.5%                                  | 234                               | 38.2%        | 124           | 18.6    | 6                  | 14.5                                |
| ERC-2024-StG              | 11/07/2023     | 24/10/2023<br>(postponed to 7/11/2023)          | 601                         | 3 474               | 0.6%                                  | 379                               | 10.9%        | 426           | 673.2   | 3                  | 267.8                               |
| ERC-2024-CoG              | 12/09/2023     | 12/12/2023                                      | 584                         | 2 313               | 1.1%                                  | 282                               | 12.3%        | 12            | 23.7    | 1                  | 6.5                                 |
| ERC-2024-AdG              | 29/05/2023     | 29/08/2024                                      | 703                         | 2 534               | 0                                     | 0                                 | 0            | 0             | 0       | 0                  | 0                                   |
| ERC-2024-SyG              | 12/07/2023     | 08/11/2023<br>(postponed to 15/11/2023)         | 400                         | 548                 | 0.9%                                  | 40                                | 7.4%         | 6             | 55.5    | 0                  | 0                                   |
| ERC-2024-PoC              | 16/11/2023     | 1) 14/03/2024,<br>2) 17/09/2024                 | 30                          | 728                 | 1.5%                                  | 234                               | 33.6%        | 100           | 15      | 0                  | 11.4                                |

<sup>(5)</sup> Results in light grey were already reported in the 2023 AAR, while those in light orange refer to 2024.

## 2.3 Implementation of ERCEA operating budget

The administrative budget for 2024 was initially adopted on 15 December 2023 for a total amount of EUR 64.3 million and was subsequently amended twice and modified twice <sup>(6)</sup> by the ERCEA Steering Committee and the Executive Director's decisions on budget line reallocations.

On 17 July 2024, in the framework of the Global Transfer Exercise, a budget amendment was adopted by the Steering Committee through a written procedure. It resulted from the first budget revision exercise made to meet ERCEA's most urgent needs and to declare the income received till then. This income originated from the Service Level Agreements in place between the ERCEA and eleven other entities for the ERCEA local tools Speedwell and Bluebell. It also originated from part of the income generated from the return of the Municipality tax, unduly paid to the building owner between 2019 and 2021. A court decision, issued in March 2023, ordered the annulment of the tax for 2019. Following this court decision, the Municipality decided to apply the ruling for the subsequent years 2020 and 2021.

The second amendment aimed to register the rest of the income received by the Municipality Tax returns and miscellaneous income (bank interests) and adjusting the salary expenditure in view of the indexation rate (increased by 1.9%). Hence, the administrative budget amounted to EUR 66.8 million. The budget structure remained consistent with the ones from previous years, with the staff expenditure representing 85.6% (against 84.9% in 2023) whereas the budget costs for the building, ICT and other operating expenditure represented 12% (against 12.7% in 2023) and the programme management expenditure representing 2.22% (against 2.25% in 2023). Hence, the ERCEA stayed within its benchmark of six budget transfers per year and reached a budget execution of 99.93% in commitment credits.

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<sup>(6)</sup> 1<sup>st</sup> amendment on 17/07/2024 to reinforce the credits for ICT expenses, IT consultants, building and interim expenses; 2<sup>nd</sup> amendment on 23/09/24 to reinforce the credits for salary expenses; 1st transfer on 14/10/2024 within same chapter to increase the recruitment expenses, and a second and last transfer on the 02/12/2024 to optimise the budget consumption further to the completion of the budget exercise 2024.

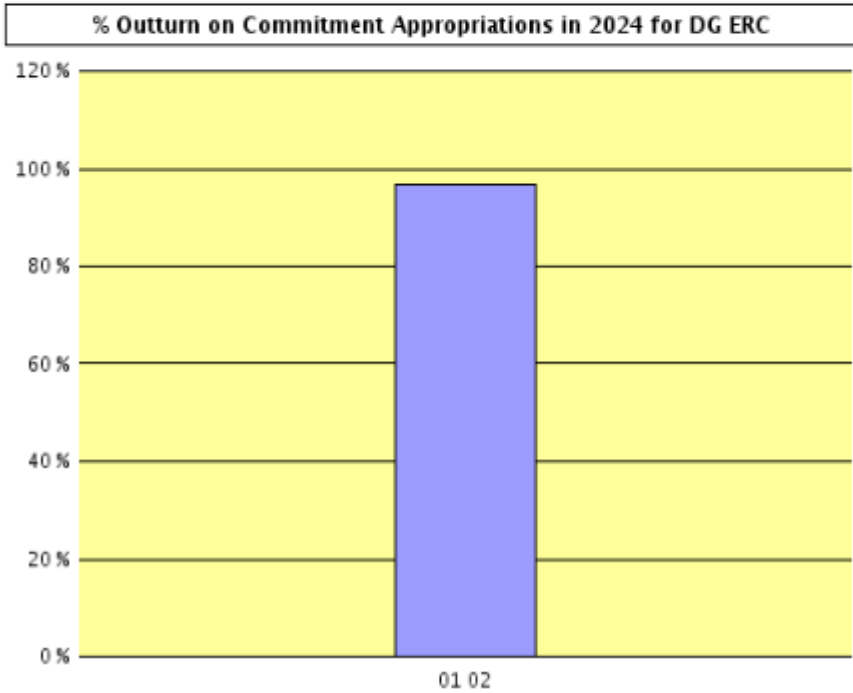


## ANNEX 3: Draft annual accounts and financial reports

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| Annex 3 Financial Reports - DG ERC - Financial Year 2024 |
|  |
| Table 1 : Commitments                                    |
| Table 2 : Payments                                       |
| Table 3 : Commitments to be settled                      |
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| Table 5 Bis: Off Balance Sheet                           |
| Table 6 : Average Payment Times                          |
| Table 7 : Income   |
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| Table 10 : Waivers of Recovery Orders                    |
| Table 11 : Negotiated Procedures                         |
| Table 12 : Summary of Procedures                         |
| Table 13 : Building Contracts                            |
| Table 14 : Contracts declared Secret                     |
| Table 15 : FPA duration exceeds 4 years                  |
| Table 16 : Commitments co-delegation type 3 in 2024      |

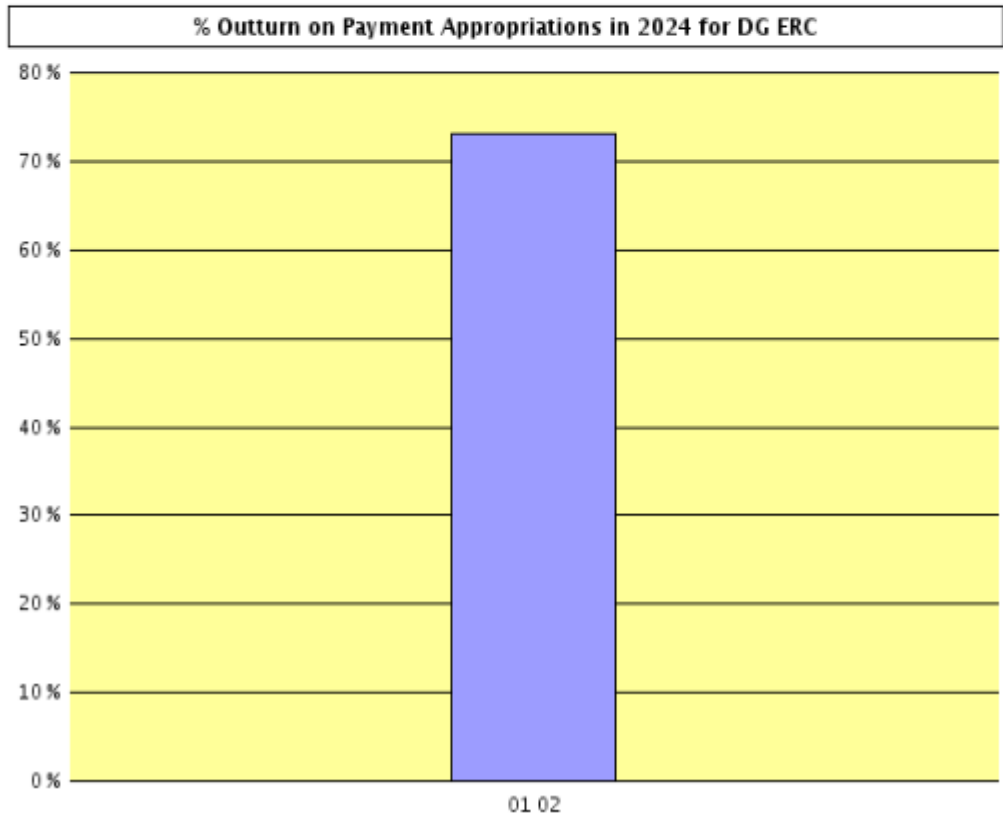
| TABLE 1: OUTTURN ON COMMITMENT APPROPRIATIONS IN 2024 (in Mio €) for DG ERC |       |                |                                       |                  |         |
|---|-------|----------------|---------------------------------------|------------------|---------|
|   |       |                | Commitment appropriations authorised* | Commitments made | %       |
|   |       |                | 1                                     | 2                | 3=2/1   |
| Title 01 Research and Innovation  |       |                |                                       |                  |         |
| 01  | 01 02 | Horizon Europe | 2,902.25                              | 2,807.96         | 96.75 % |
| Total Title 01  |       |                | 2,902.25                              | 2,807.96         | 96.75 % |
| Total Excluding NGEU  |       |                | 2,902.25                              | 2,807.96         | 96.75 % |
| Total DG ERC  |       |                | 2,902.25                              | 2,807.96         | 96.75 % |

*legislative authority, appropriations carried over from the previous exercise, budget amendments as well as miscellaneous commitment appropriations for the period (e.g. internal and external assigned revenue).*



| TABLE 2: OUTTURN ON PAYMENT APPROPRIATIONS in 2024 (in Mio €) for DG ERC |       |                |                                     |               |         |
|--|-------|----------------|-------------------------------------|---------------|---------|
|  |       |                | Payment appropriations authorised * | Payments made | %       |
|  |       |                | 1                                   | 2             | 3=2/1   |
| Title 01 Research and Innovation   |       |                |                                     |               |         |
| 01   | 01 02 | Horizon Europe | 3,211.66                            | 2,347.76      | 73.10 % |
| Total Title 01   |       |                | 3,211.66                            | 2,347.76      | 73.10%  |
| Total Excluding NGEU   |       |                | 3,211.66                            | 2,347.76      | 73.10%  |
| Total DG ERC   |       |                | 3,211.66                            | 2,347.76      | 73.10 % |

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



| TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2024 (in Mio €) for DG ERC |       |                |                           |          |          |                 |   |  |  |
|--|-------|----------------|---------------------------|----------|----------|-----------------|---|--|--|
| Chapter  |       |                | Commitments to be settled |          |          |                 | Commitments to be settled from financial years previous to 2023 | Total of commitments to be settled at end of financial year 2024 | Total of commitments to be settled at end of financial year 2023 |
|  |       |                | Commitments               | Payments | RAL      | % to be settled |   |  |  |
|  |       |                | 1                         | 2        | 3=1-2    | 4=1-2/1         | 5   | 6=3+5  | 7  |
| 01   | 01 02 | Horizon Europe | 2,807.96                  | 294.69   | 2,513.27 | 89.51%          | 3,705.91  | 6,219.18   | 5,900.75   |
| Total Title 01   |       |                | 2,807.96                  | 294.69   | 2,513.27 | 89.51%          | 3,705.91  | 6,219.18   | 5,900.75   |
| Total Excluding NGEU   |       |                | 2,807.96                  | 294.69   | 2,513.27 | 89.51%          | 3,705.91  | 6,219.18   | 5,900.75   |
| Total for DG ERC   |       |                | 2,807.96                  | 294.69   | 2,513.27 | 89.51 %         | 3,705.91  | 6,219.18   | 5,900.75   |

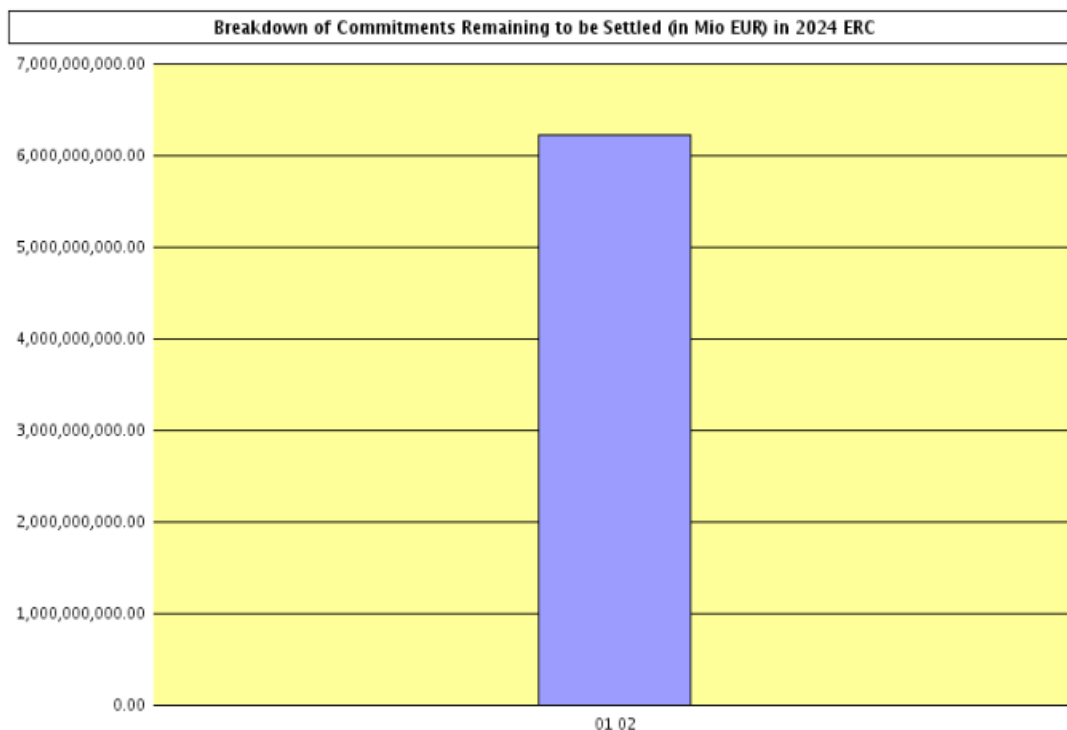


TABLE 4 : BALANCE SHEET for DG ERC

| BALANCE SHEET                                  | 2024                    | 2023                    |
|--|-------------------------|-------------------------|
| A.I. NON CURRENT ASSETS                        | 1.400.818.527,93        | 1.383.883.112,82        |
| A.I.5. Non-Current Pre-Financing               | 1.400.818.527,93        | 1.383.883.112,82        |
| A.II. CURRENT ASSETS                           | 1.694.512.789,00        | 1.486.521.001,53        |
| A.II.2. Current Pre-Financing                  | 1.692.824.349,42        | 1.484.396.532,59        |
| A.II.3. Curr Exch Receiv & Non-Ex Recoverables | 1.688.439,58            | 2.124.468,94            |
| <b>ASSETS</b>                                  | <b>3.095.331.316,93</b> | <b>2.870.404.114,35</b> |
| P.II. CURRENT LIABILITIES                      | -159.070.664,68         | -170.466.536,50         |
| P.II.2. Current Provisions                     | 0,00                    |                         |
| P.II.4. Current Payables                       | -50.020.750,35          | -67.144.795,14          |
| P.II.5. Current Accrued Charges & Defrd Income | -109.049.914,33         | -103.321.741,36         |
| <b>LIABILITIES</b>                             | <b>-159.070.664,68</b>  | <b>-170.466.536,50</b>  |
|  |                         |                         |
| <b>NET ASSETS (ASSETS less LIABILITIES)</b>    | <b>2.936.260.652,25</b> | <b>2.699.937.577,85</b> |
|  |                         |                         |
| Non-allocated central (surplus)/deficit*       | -20.321.039.710,05      | -18.159.777.375,49      |
|  |                         |                         |
| P.III.2. Accumulated Surplus/Deficit           | 17.384.779.057,80       | 15459839798             |
|  |                         |                         |
| <b>TOTAL DG ERC</b>                            | <b>0,00</b>             | <b>0,00</b>             |

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

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

**TABLE 5 : STATEMENT OF FINANCIAL PERFORMANCE for DG ERC**

| STATEMENT OF FINANCIAL PERFORMANCE          | 2024                    | 2023                    |
|---|-------------------------|-------------------------|
| II.1 REVENUES                               | -1.759.026,19           | -2.524.482,02           |
| II.1.1. NON-EXCHANGE REVENUES               | -1.759.026,19           | -2.524.482,02           |
| II.1.1.6. RECOVERY OF EXPENSES              | -1.759.026,19           | -2.523.985,43           |
| II.1.1.8. OTHER NON-EXCHANGE REVENUES       |                         | -496,59                 |
| II.2. EXPENSES                              | 2.102.962.999,46        | 1.927.463.742,18        |
| II.2. EXPENSES                              | 2.102.962.999,46        | 1.927.463.742,18        |
| II.2.11.OTHER EXPENSES                      | 802.000,23              | 763.612,74              |
| II.2.2. EXP IMLEM BY COMMISS&EX.AGENC. (DM) | 2.102.160.160,86        | 1.926.700.129,44        |
| II.2.8. FINANCE COSTS                       | 838,37                  |                         |
| <b>STATEMENT OF FINANCIAL PERFORMANCE</b>   | <b>2.101.203.973,27</b> | <b>1.924.939.260,16</b> |

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

**TABLE 5bis : OFF BALANCE SHEET for DG ERC**

| OFF BALANCE                                | 2024              | 2023              |
|--|-------------------|-------------------|
| OB.2. Contingent Liabilities               | -0.01             | -213,700.09       |
| OB.2.7. CL Legal cases OTHER               | -0.01             | -213,700.09       |
| OB.3. Other Significant Disclosures        | -6,050,833,885.90 | -5,731,776,383.91 |
| OB.3.2. Comm against app. not yet consumed | -6,050,833,885.90 | -5,731,776,383.91 |
| OB.4. Balancing Accounts                   | 6,050,833,885.91  | 5,731,990,084.00  |
| OB.4. Balancing Accounts                   | 6,050,833,885.91  | 5,731,990,084.00  |
| <b>OFF BALANCE</b>                         | <b>0.00</b>       | <b>0.00</b>       |

| Legal Times                 |                       |                                   |            |                              |                      |            |                              |                      |            |
|-----------------------------|-----------------------|-----------------------------------|------------|------------------------------|----------------------|------------|------------------------------|----------------------|------------|
| Maximum Payment Time (Days) | Total Nbr of Payments | Nbr of Payments within Time Limit | Percentage | Average Payment Times (Days) | Nbr of Late Payments | Percentage | Average Payment Times (Days) | Late Payments Amount | Percentage |
| 30                          | 7.154                 | 7.108                             | 99,36 %    | 9,14                         | 46                   | 0,64 %     | 49,57                        | 6.661.961,64         | 1, %       |
| 90                          | 2.812                 | 2.812                             | 100,00 %   | 31,55                        |                      |            |                              | 0,00                 | 0, %       |
| Total Number of Payments    | 9.966                 | 9.920                             | 99,54 %    |                              | 46                   | 0,46 %     |                              | 6661961,64           | 0, %       |
| Average Net Payment Time    | 15,65111379           |                                   |            | 15,49                        |                      |            | 49,57                        |                      |            |
| Average Gross Payment Time  | 27,40246839           |                                   |            | 27,293044                    |                      |            | 51                           |                      |            |

| Suspensions                             |                                 |                              |                   |                          |                              |                   |                   |
|---|---------------------------------|------------------------------|-------------------|--------------------------|------------------------------|-------------------|-------------------|
| Average Report Approval Suspension Days | Average Payment Suspension Days | Number of Suspended Payments | % of Total Number | Total Number of Payments | Amount of Suspended Payments | % of Total Amount | Total Paid Amount |
| 0                                       | 64                              | 1.827                        | 18,33 %           | 9.966                    | 520.637.442,61               | 26,62 %           | 1.955.895.766,37  |

| Late Interest paid in 2024 |            |  |              |
|----------------------------|------------|--|--------------|
| DG                         | GL Account | Description                                | Amount (Eur) |
| ERCEA                      | 65010100   | Interest on late payment of charges New FR | 838,37       |
|                            |            |  | 838,37       |

NB: Table 6 only contains payments relevant for the time statistics. Please consult its exact scope in the AAR Annex3 BO User Guide ( [https://myintracomm.ec.europa.eu/budgweb/EN/abac/dwh/Pages/its-030-10-20\\_documentation.aspx](https://myintracomm.ec.europa.eu/budgweb/EN/abac/dwh/Pages/its-030-10-20_documentation.aspx) ).

| TABLE 7 : SITUATION ON REVENUE AND INCOME in 2024 for DG ERC |  |                               |                 |               |                                |                 |               |                     |
|--|--|-------------------------------|-----------------|---------------|--------------------------------|-----------------|---------------|---------------------|
| Chapter  |  | Revenue and income recognized |                 |               | Revenue and income cashed from |                 |               | Outstanding balance |
|  |  | Current year RO               | Carried over RO | Total         | Current Year RO                | Carried over RO | Total         |                     |
|  |  | 1                             | 2               | 3=1+2         | 4                              | 5               | 6=4+5         |                     |
| 60   | Single market, innovation and digital                    | 20,147,481.19                 | 1,170,840.52    | 21,318,321.71 | 19,606,200.79                  | 1,128,988.93    | 20,735,189.72 | 583,131.99          |
| 67   | Completion for outstanding recovery orders prior to 2021 | -1,592.31                     | 1,592.31        | 0.00          | 0.00                           | 0.00            | 0.00          | 0.00                |
| Total DG ERC   |  | 20,145,888.88                 | 1,172,432.83    | 21,318,321.71 | 19,606,200.79                  | 1,128,988.93    | 20,735,189.72 | 583,131.99          |

TABLE 8 : FINANCIAL IMPACT OF EX-ANTE AND EX-POST CONTROLS in 2024for DG ERC

| EX-ANTE CONTROLS BY TRANSACTION  | Irregularity | Total ex-ante amounts |
|----------------------------------|--------------|-----------------------|
| NON ELIGIBLE IN COST CLAIMS      | 4,237,752.07 | 4,237,752.07          |
| CREDIT NOTES                     |              |                       |
| RECOVERY ORDERS ON PRE-FINANCING |              |                       |
| Sub-Total                        | 4,237,752.07 | 4,237,752.07          |

| EX-POST CONTROLS BY TRANSACTION             | Irregularity | Total ex-post amounts |
|---|--------------|-----------------------|
| RECOVERY ORDERS OTHER THAN ON PRE-FINANCING | 765,707.13   | 765,707.13            |
| INCOME LINES IN INVOICES                    | 844,178.13   | 844,178.13            |
| Sub-Total                                   | 1,609,885.26 | 1,609,885.26          |

|                                 |              |              |
|---------------------------------|--------------|--------------|
| GRAND TOTAL (EX-ANTE + EX-POST) | 5,847,637.33 | 5,847,637.33 |
|---------------------------------|--------------|--------------|

TABLE 9: AGEING BALANCE OF RECOVERY ORDERS AT 31/12/2024 for DG ERC

|      | Number at 01/01/2024 | Number at 31/12/2024 | Evolution | Open Amount (Eur) at 01/01/2024 | Open Amount (Eur) at 31/12/2024 | Evolution |
|------|----------------------|----------------------|-----------|---------------------------------|---------------------------------|-----------|
| 2016 | 1                    |                      | -100.00 % | 1,592.31                        |                                 | -100.00 % |
| 2023 | 10                   | 1                    | -90.00 %  | 1,170,840.52                    | 41,851.59                       | -96.43 %  |
| 2024 |                      | 9                    |           |                                 | 541,280.40                      |           |
|      | 11                   | 10                   | -9.09 %   | 1,172,432.83                    | 583,131.99                      | -50.26 %  |

TABLE 10 :Recovery Order Waivers &gt;= 60 000 € in 2024 for DG ERC

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

|              |  |
|--------------|--|
| Total DG ERC |  |
|--------------|--|

|                      |  |
|----------------------|--|
| Number of RO waivers |  |
|----------------------|--|

There are 1 waivers below 60 000 € for a total amount of -1,592.31



**TABLE 11 : Negotiated Procedures in 2024 for DG ERC**

The procedures are presented in the Annual Management and Performance Report of 2024

**TABLE 12 : Summary of Procedures in 2024 for DG ERC**

The procedures are presented in the Annual Management and Performance Report of 2024.

**TABLE 13 : BUILDING CONTRACTS in 2024 for DG ERC**

| Legal Base | Procedure subject | Contract Number | Contractor Name | Contract Subject | Contracted Amount (€) |
|------------|-------------------|-----------------|-----------------|------------------|-----------------------|
|            |                   |                 |                 |                  |                       |
|            |                   |                 |                 |                  |                       |

**TABLE 14 : CONTRACTS DECLARED SECRET in 2024 for DG ERC**

| Legal Base | LC Date | Contract Number | Contract Subject | Contracted Amount (€) |
|------------|---------|-----------------|------------------|-----------------------|
|            |         |                 |                  |                       |
|            |         |                 |                  |                       |

**TABLE 15 : FPA duration exceeds 4 years - DG ERC**

**TABLE 16 : Commitments co-delegation type 3 in 2024 for DG ERC**

|  |
|--|
| <b>Annex 3 Financial Reports - ERC - Financial Year 2024</b> |
|--|

|                              |
|------------------------------|
| <b>Table 1 : Commitments</b> |
|------------------------------|

|                           |
|---------------------------|
| <b>Table 2 : Payments</b> |
|---------------------------|

|  |
|--|
| <b>Table 3 : Commitments to be settled</b> |
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|                                |
|--------------------------------|
| <b>Table 4 : Balance Sheet</b> |
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|   |
|---|
| <b>Table 5 : Statement of Financial Performance</b> |
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|                                       |
|---------------------------------------|
| <b>Table 5 Bis: Off Balance Sheet</b> |
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| <b>Table 6 : Average Payment Times</b> |
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|                         |
|-------------------------|
| <b>Table 7 : Income</b> |
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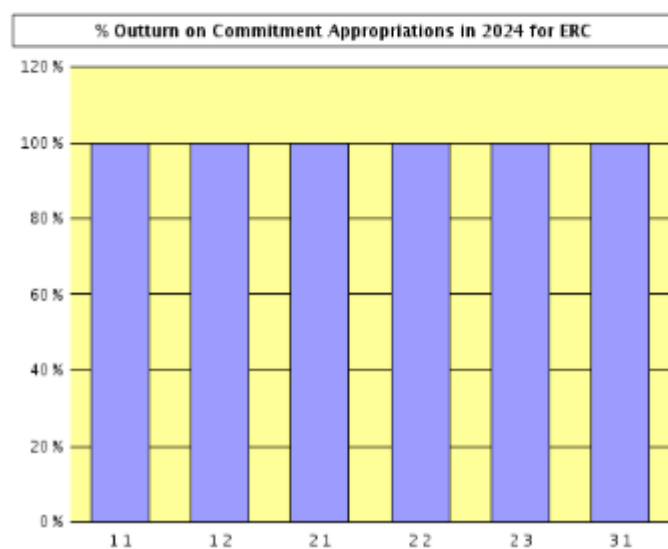
|   |
|---|
| <b>Table 8 : Recovery of undue Payments</b> |
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| <b>Table 9 : Ageing Balance of Recovery Orders</b> |
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|--|
| <b>Table 10 : Waivers of Recovery Orders</b> |
|--|

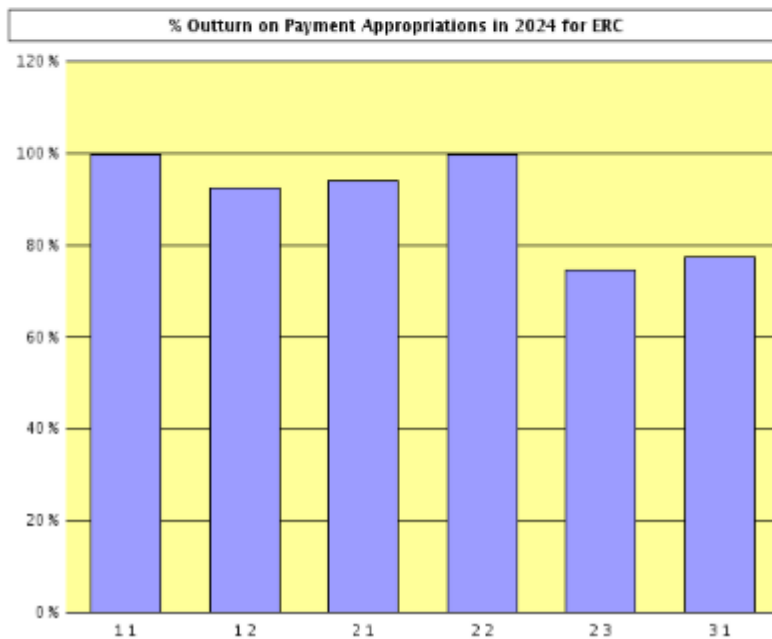
| TABLE 1: OUTTURN ON COMMITMENT APPROPRIATIONS IN 2024 (in Mio €) for ERC |     |  |                                      |                  |          |
|--|-----|--|--------------------------------------|------------------|----------|
|  |     |  | Commitment appropriations authorised | Commitments made | %        |
|  |     |  | 1                                    | 2                | 3=2/1    |
| Title 1 Staff expenditure  |     |  |                                      |                  |          |
| 1  | 1 1 | Remunerations, Allowances and Charges              | 54.95                                | 54.93            | 99.96 %  |
|  | 1 2 | Professional Development and Social expenditure    | 2.32                                 | 2.31             | 99.65 %  |
| Total Title 1  |     |  | 57.27                                | 57.24            | 99.95 %  |
| Title 2 Infrastructure and operating expenditure                         |     |  |                                      |                  |          |
| 2  | 2 1 | Building expenditure                               | 4.97                                 | 4.96             | 99.78 %  |
|  | 2 2 | ICT  | 2.85                                 | 2.85             | 100.00 % |
|  | 2 3 | Movable property and Current Operating expenditure | 0.26                                 | 0.26             | 99.68 %  |
| Total Title 2  |     |  | 8.08                                 | 8.07             | 99.85 %  |
| Title 3 Programme support expenditure                                    |     |  |                                      |                  |          |
| 3  | 3 1 | Programme Management expenditure                   | 1.49                                 | 1.49             | 99.63 %  |
| Total Title 3  |     |  | 1.49                                 | 1.49             | 99.63 %  |
| Total ERC  |     |  | 66.85                                | 66.80            | 99.93 %  |

legislative authority, appropriations carried over from the previous exercise, budget amendments as well as miscellaneous commitment appropriations for the period (e.g. internal and external assigned revenue).



| TABLE 2: OUTTURN ON PAYMENT APPROPRIATIONS IN 2024 (in Mio €) for ERC |     |  |                                     |               |         |
|---|-----|--|-------------------------------------|---------------|---------|
|   |     |  | Payment appropriations authorised * | Payments made | %       |
|   |     |  | 1                                   | 2             | 3=2/1   |
| Title 1 Staff expenditure   |     |  |                                     |               |         |
| 1   | 1 1 | Remunerations, Allowances and Charges              | 55.13                               | 54.94         | 99.66 % |
|   | 1 2 | Professional Development and Social expenditure    | 2.81                                | 2.59          | 92.28 % |
| Total Title 1   |     |  | 57.93                               | 57.53         | 99.31%  |
| Title 2 Infrastructure and operating expenditure                      |     |  |                                     |               |         |
| 2   | 2 1 | Building expenditure                               | 5.65                                | 5.31          | 94.06 % |
|   | 2 2 | ICT  | 2.97                                | 2.95          | 99.56 % |
|   | 2 3 | Movable property and Current Operating expenditure | 0.33                                | 0.25          | 74.57 % |
| Total Title 2   |     |  | 8.94                                | 8.51          | 95.17%  |
| Title 3 Programme support expenditure                                 |     |  |                                     |               |         |
| 3   | 3 1 | Programme Management expenditure                   | 2.01                                | 1.55          | 77.30 % |
| Total Title 3   |     |  | 2.01                                | 1.55          | 77.30%  |
| Total ERC   |     |  | 68.88                               | 67.59         | 98.13 % |

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



| TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2024 (in Mio €) for ERC |     |   |                           |          |       |                 |   |  |  |
|---|-----|---|---------------------------|----------|-------|-----------------|---|--|--|
| Chapter   |     |   | Commitments to be settled |          |       |                 | Commitments to be settled from financial years previous to 2023 | Total of commitments to be settled at end of financial year 2024 | Total of commitments to be settled at end of financial year 2023 |
|   |     |   | Commitments               | Payments | RAL   | % to be settled |   |  |  |
|   |     |   | 1                         | 2        | 3=1-2 | 4=1-2/1         | 5   | 6=3+5  | 7  |
| 1   | 1 1 | Remunerations Allowances and Charges            | 54.93                     | 54.77    | 0.16  | 0.28%           | 0.00  | 0.16   | 0.17   |
|   | 1 2 | Professional Development and Social expenditure | 2.31                      | 2.14     | 0.17  | 7.49%           | 0.00  | 0.17   | 0.49   |
| Total Title 1   |     |   | 57.24                     | 56.91    | 0.33  | 0.58%           | 0.00  | 0.33   | 0.66   |

| TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2024 (in Mio €) for ERC |     |  |                           |          |       |                 |   |  |  |
|---|-----|--|---------------------------|----------|-------|-----------------|---|--|--|
| Chapter   |     |  | Commitments to be settled |          |       |                 | Commitments to be settled from financial years previous to 2023 | Total of commitments to be settled at end of financial year 2024 | Total of commitments to be settled at end of financial year 2023 |
|   |     |  | Commitments               | Payments | RAL   | % to be settled |   |  |  |
|   |     |  | 1                         | 2        | 3=1-2 | 4=1-2/1         | 5   | 6=3+5  | 7  |
| 2   | 2 1 | Building expenditure                               | 4.96                      | 4.77     | 0.19  | 3.89%           | 0.00  | 0.19   | 0.68   |
|   | 2 2 | ICT  | 2.85                      | 2.84     | 0.01  | 0.28%           | 0.00  | 0.01   | 0.12   |
|   | 2 3 | Movable property and Current Operating expenditure | 0.26                      | 0.19     | 0.08  | 29.56%          | 0.00  | 0.08   | 0.07   |
| Total Title 2   |     |  | 8.07                      | 7.79     | 0.28  | 3.45%           | 0.00  | 0.28   | 0.86   |

| TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2024 (in Mio €) for ERC |     |                                  |                           |          |       |                 |   |  |  |
|---|-----|----------------------------------|---------------------------|----------|-------|-----------------|---|--|--|
| Chapter   |     |                                  | Commitments to be settled |          |       |                 | Commitments to be settled from financial years previous to 2023 | Total of commitments to be settled at end of financial year 2024 | Total of commitments to be settled at end of financial year 2023 |
|   |     |                                  | Commitments               | Payments | RAL   | % to be settled |   |  |  |
|   |     |                                  | 1                         | 2        | 3=1-2 | 4=1-2/1         | 5   | 6=3+5  | 7  |
| 3   | 3 1 | Programme Management expenditure | 1.49                      | 1.07     | 0.42  | 27.97%          | 0.00  | 0.42   | 0.52   |
| Total Title 3   |     |                                  | 1.49                      | 1.07     | 0.42  | 27.97%          | 0.00  | 0.42   | 0.52   |

|         |  |  |       |       |      |        |      |      |      |
|---------|--|--|-------|-------|------|--------|------|------|------|
| Total : |  |  | 66.80 | 65.78 | 1.02 | 1.53 % | 0.00 | 1.02 | 2.03 |
|---------|--|--|-------|-------|------|--------|------|------|------|

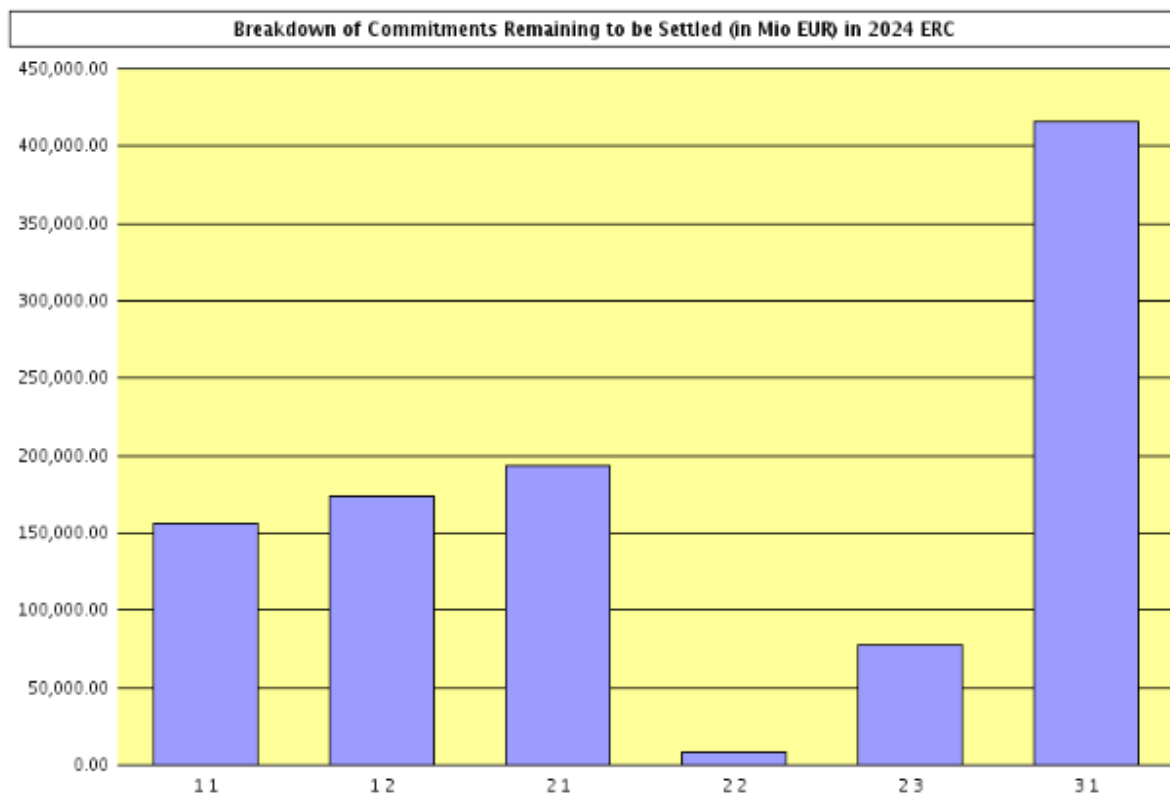


TABLE 4 : BALANCE SHEET for ERC

| BALANCE SHEET                                  | 2024                 | 2023                 |
|--|----------------------|----------------------|
| A.I. NON CURRENT ASSETS                        | 594.038,00           | 752.733,70           |
| A.I.1. Intangible Assets                       | 57.999,00            | 92.450,00            |
| A.I.2. Property, Plant and Equipment           | 536.039,00           | 660.283,70           |
| A.II. CURRENT ASSETS                           | 3.359.090,21         | 6.092.442,06         |
| A.II.2. Current Pre-Financing                  | 0,00                 | 0,00                 |
| A.II.3. Curr Exch Receiv & Non-Ex Recoverables | 2.078.259,80         | 2.995.523,59         |
| A.II.6. Cash and Cash Equivalents              | 1.280.830,41         | 3.096.918,47         |
| <b>ASSETS</b>                                  | <b>3.953.128,21</b>  | <b>6.845.175,76</b>  |
| P.II. CURRENT LIABILITIES                      | -2.615.208,42        | -3.976.262,97        |
| P.II.2. Current Provisions                     | -17.000,00           |                      |
| P.II.4. Current Payables                       | -308.191,83          | -1.248.642,03        |
| P.II.5. Current Accrued Charges & Defrd Income | -2.290.016,59        | -2.727.620,94        |
| <b>LIABILITIES</b>                             | <b>-2.615.208,42</b> | <b>-3.976.262,97</b> |
|  |                      |                      |
| <b>NET ASSETS (ASSETS less LIABILITIES)</b>    | <b>1.337.919,79</b>  | <b>2.868.912,79</b>  |
|  |                      |                      |
| P.III.2. Accumulated Surplus/Deficit           | -2.868.912,79        | -3.151.715,44        |
|  |                      |                      |
| Non-allocated central (surplus)/deficit*       | 1.530.993,00         | 282.802,65           |
|  |                      |                      |
| <b>TOTAL</b>                                   | <b>0,00</b>          | <b>0,00</b>          |

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

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

**TABLE 5 : STATEMENT OF FINANCIAL PERFORMANCE for ERC**

| <b>STATEMENT OF FINANCIAL PERFORMANCE</b> | <b>2024</b>         | <b>2023</b>       |
|---|---------------------|-------------------|
| II.1 REVENUES                             | -65.820.984,55      | -61969528,36      |
| II.1.1. NON-EXCHANGE REVENUES             | -65.392.988,45      | -60.679.516,07    |
| II.1.1.8. OTHER NON-EXCHANGE REVENUES     | -65.392.988,45      | -60.679.516,07    |
| II.1.2. EXCHANGE REVENUES                 | -427.996,10         | -1.290.012,29     |
| II.1.2.1. FINANCIAL INCOME                | -236.708,18         | -56.280,38        |
| II.1.2.2. OTHER EXCHANGE REVENUE          | -191.287,92         | -1.233.731,91     |
| II.2. EXPENSES                            | 67.351.977,55       | 62252331,01       |
| II.2. EXPENSES                            | 67.351.977,55       | 62.252.331,01     |
| II.2.11. OTHER EXPENSES                   | 13.045.735,67       | 12.757.212,14     |
| II.2.6. STAFF AND PENSION COSTS           | 54.306.239,50       | 49.494.581,99     |
| II.2.8. FINANCE COSTS                     | 2,38                | 536,88            |
| <b>STATEMENT OF FINANCIAL PERFORMANCE</b> | <b>1.530.993,00</b> | <b>282.802,65</b> |

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

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



TABLE 5bis : OFF BALANCE SHEET for ERC

| OFF BALANCE                                | 2024          | 2023           |
|--|---------------|----------------|
| OB.1. Contingent Assets                    | 0,00          | 0,00           |
| OB.1.3. CA Other                           | 0,00          | 0,00           |
| OB.2. Contingent Liabilities               | 0,00          | -25.000,00     |
| OB.2.7. CL Legal cases OTHER               | 0,00          | -25.000,00     |
| OB.3. Other Significant Disclosures        | -9.124.615,90 | -11.974.851,70 |
| OB.3.2. Comm against app. not yet consumed | -214.834,00   | -500.630,90    |
| OB.3.5. Operating lease commitments        | -8.909.781,90 | -11.474.220,80 |
| OB.4. Balancing Accounts                   | 9.124.615,90  | 11.999.851,70  |
| OB.4. Balancing Accounts                   | 9.124.615,90  | 11.999.851,70  |
| <b>OFF BALANCE</b>                         | <b>0,00</b>   | <b>0,00</b>    |

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

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

TABLE 6: AVERAGE PAYMENT TIMES FOR 2024 for ERC

| Legal Times                 |                       |                                   |            |                              |                      |            |                              |                      |            |
|-----------------------------|-----------------------|-----------------------------------|------------|------------------------------|----------------------|------------|------------------------------|----------------------|------------|
| Maximum Payment Time (Days) | Total Nbr of Payments | Nbr of Payments within Time Limit | Percentage | Average Payment Times (Days) | Nbr of Late Payments | Percentage | Average Payment Times (Days) | Late Payments Amount | Percentage |
| 13                          | 16                    | 16                                | 100.00 %   | 4.875                        |                      |            |                              | 0.00                 | 0. %       |
| 15                          | 16                    | 16                                | 100.00 %   | 3.5                          |                      |            |                              | 0.00                 | 0. %       |
| 17                          | 15                    | 15                                | 100.00 %   | 2                            |                      |            |                              | 0.00                 | 0. %       |
| 18                          | 16                    | 16                                | 100.00 %   | 3                            |                      |            |                              | 0.00                 | 0. %       |
| 19                          | 1                     | 1                                 | 100.00 %   | 6                            |                      |            |                              | 0.00                 | 0. %       |
| 20                          | 47                    | 47                                | 100.00 %   | 4                            |                      |            |                              | 0.00                 | 0. %       |
| 23                          | 16                    | 16                                | 100.00 %   | 8.5                          |                      |            |                              | 0.00                 | 0. %       |
| 30                          | 793                   | 780                               | 98.36 %    | 11.79487179                  | 13                   | 1.64 %     | 34.53846154                  | 43,951.66            | 1. %       |
| 32                          | 2                     | 2                                 | 100.00 %   | 5                            |                      |            |                              | 0.00                 | 0. %       |
| 38                          | 1                     | 1                                 | 100.00 %   | 6                            |                      |            |                              | 0.00                 | 0. %       |
| 42                          | 2                     | 2                                 | 100.00 %   | 13                           |                      |            |                              | 0.00                 | 0. %       |
| 45                          | 27                    | 26                                | 96.30 %    | 16.61538462                  | 1                    | 3.70 %     | 54                           | 495.88               | 0. %       |
| 46                          | 1                     | 1                                 | 100.00 %   | 20                           |                      |            |                              | 0.00                 | 0. %       |
| 60                          | 2                     | 2                                 | 100.00 %   | 13.5                         |                      |            |                              | 0.00                 | 0. %       |
| Total Number of Payments    | 955                   | 941                               | 98.53 %    |                              | 14                   | 1.47 %     |                              | 44,447.54            | 0. %       |
| Average Net Payment Time    | 11.27329843           |                                   |            | 10.90648247                  |                      |            | 35.92857143                  |                      |            |
| Average Gross Payment Time  | 11.95497382           |                                   |            | 11.59829968                  |                      |            | 35.92857143                  |                      |            |

| Suspensions                             |                                 |                              |                   |                          |                              |                   |                   |
|---|---------------------------------|------------------------------|-------------------|--------------------------|------------------------------|-------------------|-------------------|
| Average Report Approval Suspension Days | Average Payment Suspension Days | Number of Suspended Payments | % of Total Number | Total Number of Payments | Amount of Suspended Payments | % of Total Amount | Total Paid Amount |
| 0                                       | 22                              | 29                           | 3.04 %            | 955                      | 2,590,551.09                 | 16.75 %           | 15,470,305.75     |

| Late Interest paid in 2024 |            |   |              |
|----------------------------|------------|---|--------------|
| DG                         | GL Account | Description                                 | Amount (Eur) |
| ERC                        | 65010000   | Interest expense on late payment of charges | 2.38         |
|                            |            |   | 2.38         |

NB: Table 6 only contains payments relevant for the time statistics. Please consult its exact scope in the AAR Annex3 BO User Guide ([https://myintracomm.ec.europa.eu/budgweb/EN/abac/dwh/Pages/its-030-10-20\\_documentation.aspx](https://myintracomm.ec.europa.eu/budgweb/EN/abac/dwh/Pages/its-030-10-20_documentation.aspx)).

| TABLE 7 : SITUATION ON REVENUE AND INCOME IN 2024 for ERC |                             |                               |                 |               |                                |                 |               |                     |
|---|-----------------------------|-------------------------------|-----------------|---------------|--------------------------------|-----------------|---------------|---------------------|
| Chapter   |                             | Revenue and income recognized |                 |               | Revenue and income cashed from |                 |               | Outstanding balance |
|   |                             | Current year RO               | Carried over RO | Total         | Current Year RO                | Carried over RO | Total         |                     |
|   |                             | 1                             | 2               | 3=1+2         | 4                              | 5               | 6=4+5         |                     |
| 2 0   | Subsidy from the Commission | 65,696,525.36                 | 0.00            | 65,696,525.36 | 65,696,525.36                  | 0.00            | 65,696,525.36 | 0.00                |
| 9 1   | Recuperation of expenses    | 806,206.27                    | 0.00            | 806,206.27    | 806,206.27                     | 0.00            | 806,206.27    | 0.00                |
| 9 2   | Miscellaneous revenues      | 382,733.87                    | 0.00            | 382,733.87    | 382,733.87                     | 0.00            | 382,733.87    | 0.00                |
| Total ERC   |                             | 66885465.5                    | 0               | 66885465.5    | 66885465.5                     | 0               | 66885465.5    | 0                   |

TABLE 8 : FINANCIAL IMPACT OF EX-ANTE AND EX-POST CONTROLS in for ERC

| EX-ANTE CONTROLS BY TRANSACTION  |  | Total ex-ante controls |
|----------------------------------|--|------------------------|
| NON ELIGIBLE IN COST CLAIMS      |  |                        |
| CREDIT NOTES                     |  |                        |
| RECOVERY ORDERS ON PRE-FINANCING |  |                        |
| Sub-Total                        |  |                        |

| EX-POST CONTROLS BY TRANSACTION             |  | Total ex-post controls |
|---|--|------------------------|
| RECOVERY ORDERS OTHER THAN ON PRE-FINANCING |  |                        |
| INCOME LINES IN INVOICES                    |  |                        |
| Sub-Total                                   |  |                        |

|                                 |  |  |
|---------------------------------|--|--|
| GRAND TOTAL (EX-ANTE + EX-POST) |  |  |
|---------------------------------|--|--|

TABLE 9: AGEING BALANCE OF RECOVERY ORDERS AT 31/12/2024 for ERC

|      | Number at<br>01/01/2024 | Number at<br>31/12/2024 | Evolution | Open Amount (Eur)<br>at 01/01/2024 | Open Amount (Eur)<br>at 31/12/2024 | Evolution |
|------|-------------------------|-------------------------|-----------|------------------------------------|------------------------------------|-----------|
| 2022 | 1                       | 1                       | 0.00 %    | 0.09                               | 0.09                               | 0.00 %    |
|      | 1                       | 1                       | 0.00 %    | 0.09                               | 0.09                               | 0.00 %    |

TABLE 10 :Recovery Order Waivers &gt;= 60 000 € in 2024 for ERC

|  | Waiver Central<br>Key | Linked RO<br>Central Key | RO Accepted<br>Amount (Eur) | LE Account Group | Commission<br>Decision | Comments |
|--|-----------------------|--------------------------|-----------------------------|------------------|------------------------|----------|
|--|-----------------------|--------------------------|-----------------------------|------------------|------------------------|----------|

|          |  |
|----------|--|
| Total DG |  |
|----------|--|

|                      |  |
|----------------------|--|
| Number of RO waivers |  |
|----------------------|--|

There are no waivers below 60 000 €

## ANNEX 4: Financial scorecard

### 1. Operational Budget

The Annex 4 of each Commission service summarises the annual result of the standard financial indicators measurement. Annexed to the Annual Activity Report 2024, 11 standard financial indicators are presented below, each with its objective and result for the Commission service and for the EC as a whole (for benchmarking purposes)<sup>1</sup>:

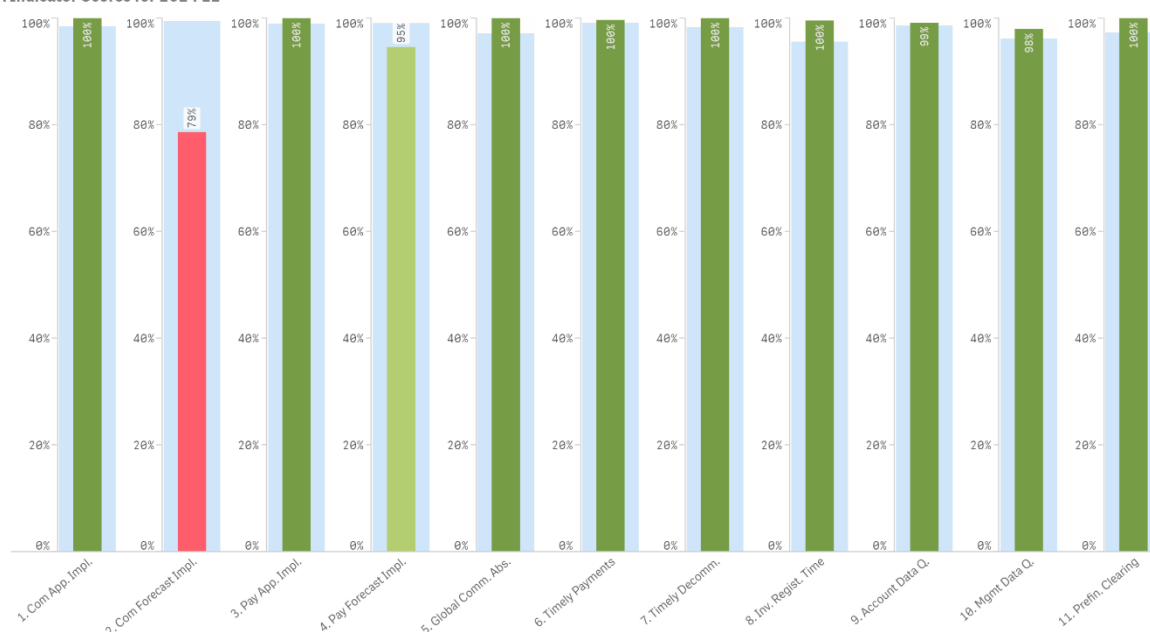
- Commitment Appropriations (CA) Implementation - CA Forecast Implementation - Payment Appropriations (PA) Implementation - PA Forecast Implementation - Global Commitment Absorption - Timely Payments - Timely Decommits - Invoice Registration Time - Accounting Data Quality - Management Data Quality - Timely Invoice PF Clearing

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

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

The Commission services are invited to provide commentary for each indicator's result in the dedicated comment section below the indicators scores as this can help the reader to understand the Commission's service context. In cases when the indicator's value achieves 80% or less of the target, the comment becomes mandatory.

ERCEA Indicator Scores for 2024 12



<sup>1</sup> For each indicator the light blue bar denotes the EC Score.

| Indicator                                   | Objective   | Comment (7)  | ERCEA Score | EC Score |
|---|---|--|-------------|----------|
| 1. Commitment Appropriations Implementation | Ensure efficient use of commitment appropriations expiring at the end of Financial Year                           |  | 100%        | 99%      |
| 2. Commitment Forecast Implementation       | Ensure the cumulative alignment of the commitment implementation with the commitment forecast in a financial year | Forecasting made without third country contributions in the BUDG's Budget Implementation Forecast (BIF) tool. When adding third country contribution, the budget in commitments implemented versus the one forecasted would be 121%. | 79%         | 99%      |
| 3. Payment Appropriations Implementation    | Ensure efficient use of payment appropriations expiring at the end of Financial Year                              |  | 100%        | 99%      |
| 4. Payment Forecast Implementation          | Ensure the cumulative alignment of the payment implementation with the payment forecast in a financial year       | Forecasting made without third country contributions in the BUDG's Budget Implementation Forecast (BIF) tool. When adding third country contribution, the budget in payments implemented versus the one forecasted would be 105%.    | 95%         | 99%      |
| 5. Global Commitment Absorption (8)         | Ensure efficient use of already earmarked commitment appropriations (at L1 level)                                 |  | 100%        | 97%      |
| 6. Timely Payments                          | Ensure efficient processing of payments within the legal deadlines  |  | 100%        | 99%      |
| 7. Timely Decommittments                    | Ensure efficient decommitment of outstanding RAL at the end of commitment life cycle                              |  | 100%        | 98%      |
| 8. Invoice Registration Time                | Monitor the accounting risk stemming from late registration of invoices in the central accounting system ABAC     |  | 100%        | 96%      |

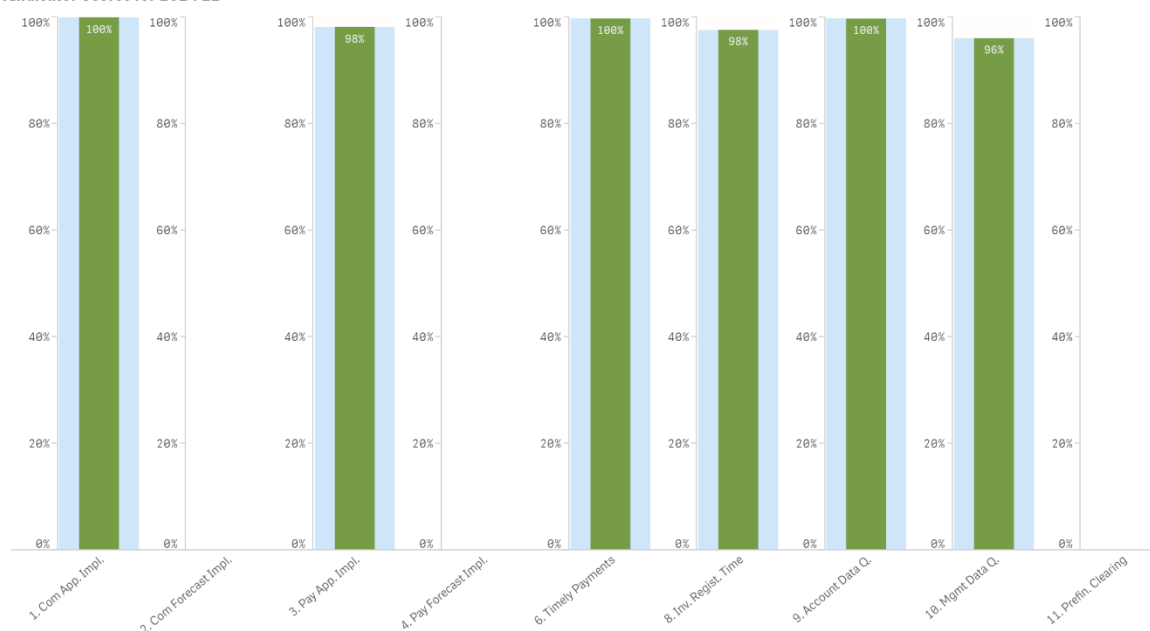
(7) An explanation behind the indicator result can be provided, e.g. the comment about the achievement itself, reference to the whole Commission performance (better or worse), reasons behind this achievement. The comment is mandatory for the 'Timely payments' indicator. For the rest of the indicators the comment is mandatory only if the score is equal or below the target of 80%.

(8) Due to technical limitation: 1. the indicator does not take into account the Com L1 Consumption between the FDC ILC date, and the FA FDI allowed as an exception in the external actions for Com L1 of type GF, i.e. with Financing Agreement, under the FR2018 Article 114.2. 2. it is technically not possible to exclude the decommitment of RAL (C8) which is subsequently re-committed for a new purpose. As a result, the actual Indicator score may be slightly higher than the one reported for DGs using the GF commitments.

|                                |  |  |      |      |
|--------------------------------|--|--|------|------|
| 9. Accounting Data Quality     | Ensure the good data quality of ABAC transactions with the focus on fields having a primary impact on the accounts             |  | 99%  | 99%  |
| 10. Management Data Quality    | Ensure the good data quality of ABAC transactions with the focus on fields having a primary impact on the management decisions |  | 98%  | 96%  |
| 11. Timely Invoice PF clearing | Ensure efficient clearing by invoices of prefinancing payments within the invoice payment time limit                           |  | 100% | 100% |

## 2. Administrative Budget

ERCEA Indicator Scores for 2024 12



For each indicator the light blue bar denotes the EC Score.

| Indicator                                   | Objective   | Comment <sup>(9)</sup> | ERCEA Score | EC Score |
|---|---|------------------------|-------------|----------|
| 1. Commitment Appropriations Implementation | Ensure efficient use of commitment appropriations expiring at the end of Financial Year |                        | 100%        | 100%     |

<sup>(9)</sup> An explanation behind the indicator result can be provided, e.g. the comment about the achievement itself, reference to the whole Commission performance (better or worse), reasons behind this achievement. The comment is mandatory for the 'Timely payments' indicator. For the rest of the indicators the comment is mandatory only if the score is equal or below the target of 80%.

|   |  |   |      |      |
|---|--|---|------|------|
| 2. Commitment Forecast Implementation           | Ensure the cumulative alignment of the commitment implementation with the commitment forecast in a financial year              | The indicator is not applicable for the ERCEA in 2024 due to the lack of underlying transactions recorded by the ERCEA in 2024. | -    | -    |
| 3. Payment Appropriations Implementation        | Ensure efficient use of payment appropriations expiring at the end of Financial Year   |   | 98%  | 98%  |
| 4. Payment Forecast Implementation              | Ensure the cumulative alignment of the payment implementation with the payment forecast in a financial year                    | The indicator is not applicable for the ERCEA in 2024 due to the lack of underlying transactions recorded by the ERCEA in 2024. | -    | -    |
| 5. Global Commitment Absorption <sup>(10)</sup> | Ensure efficient use of already earmarked commitment appropriations (at L1 level)  | The indicator is not applicable for the ERCEA in 2024 due to the lack of underlying transactions recorded by the ERCEA in 2024. | -    | -    |
| 6. Timely Payments                              | Ensure efficient processing of payments within the legal deadlines   |   | 100% | 100% |
| 7. Timely Decommitments                         | Ensure efficient decommitment of outstanding RAL at the end of commitment life cycle   | The indicator is not applicable for the ERCEA in 2024 due to the lack of underlying transactions recorded by the ERCEA in 2024. | -    | -    |
| 8. Invoice Registration Time                    | Monitor the accounting risk stemming from late registration of invoices in the central accounting system ABAC                  |   | 98%  | 98%  |
| 9. Accounting Data Quality                      | Ensure the good data quality of ABAC transactions with the focus on fields having a primary impact on the accounts             |   | 100% | 100% |
| 10. Management Data Quality                     | Ensure the good data quality of ABAC transactions with the focus on fields having a primary impact on the management decisions |   | 96%  | 96%  |
| 11. Timely Invoice PF clearing                  | Ensure efficient clearing by invoices of prefinancing payments within the invoice payment time limit                           | The indicator is not applicable for the ERCEA in 2024 due to the lack of underlying transactions recorded by the ERCEA in 2024. | -    | 100% |

<sup>(10)</sup> Due to technical limitation: 1. the indicator does not take into account the Com L1 Consumption between the FDC ILC date, and the FA FDI allowed as an exception in the external actions for Com L1 of type GF, i.e. with Financing Agreement, under the FR2018 Article 114.2. 2. it is technically not possible to exclude the decommitment of RAL (C8) which is subsequently re-committed for a new purpose. As a result, the actual Indicator score may be slightly higher than the one reported for DGs using the GF commitments.

## ANNEX 5: Materiality criteria

This Annex provides a detailed explanation on how the Authorising Officer by Delegation defined the materiality threshold as a basis for determining whether significant weaknesses should be subject to a formal reservation to his/her declaration.

### Introduction

Deciding on whether a weakness is significant is a **matter of judgement** by the Authorising Officer by Delegation, who remains responsible for the declaration of assurance, including any reservations to it. In doing so, he/she should **identify the overall impact of a weakness** and **judge whether it is material** enough so that the non-disclosure of the weakness is likely to have an influence on the decisions or conclusions of the users of the declaration. The benchmark for this judgement is the materiality criteria which the AOD sets when designing the internal control system under his/her responsibility. For DG R&I, the materiality of residual weaknesses identified (i.e. after mitigating and corrective measures) is assessed based on qualitative and/or quantitative criteria, in line with the instructions for the preparation of the Annual Activity Report.

The **qualitative assessment** includes an analysis of the causes and the types of error (including whether they are repetitive) to conclude on the nature, context and/or scope of the weaknesses identified. This may refer to significant control system weaknesses or critical issues reported by the Directors, the Authorising Officers by Sub-Delegation, the European Court of Auditors (ECA), the Internal Audit Service (IAS), DG BUDG or OLAF. Also, the duration and any mitigating controls or corrective actions are taken into consideration.

The **quantitative assessment** aims at estimating any financial impact ("amount at risk") resulting from the errors detected. DG R&I has set the materiality level for each distinct research framework programme with coherent risk characteristics for the amount at risk over the programming period. This analysis and the conclusions are presented concisely in the body of the Annual Activity report.

### Chapter A – Qualitative criteria for defining significant weaknesses

For all methods of implementation under its operational budget, the different parameters relevant in DG R&I for determining significant weaknesses are the following ones:

- **Significant control system weaknesses**

Control system weaknesses (whether this is in a system operated by the Commission or by a third party) may be identified by management itself (for example through ex-post audits or through the assessment of the effectiveness of internal control systems), by internal or external auditors or by third party control instances. They may relate to the design or operational effectiveness of a control or of an entire system.



- **Critical issues outlined by the European Court of Auditors, the Internal Audit Service, DG BUDG and OLAF.**

Any critical recommendations made by the European Court of Auditors, the IAS, DG BUDG or OLAF, which have not been effectively addressed should be assessed in terms of their significance. Here, the term "critical recommendation" is used in a wider sense; it includes those recommendations labelled by the auditor as "critical" as well as those not labelled at all which is assessed as having a critical impact on the assurance. The impact on assurance of recommendations labelled "very important" for which there is a significant delay in the implementation of the Action Plan will also be taken into account.

- **Significant reputational events**

Events or weaknesses which have a significant reputational impact on DG R&I, or indirectly on the Commission, will be reported irrespective of the amount of damage to DG R&I administrative and operational budget and will be considered for issuing a reservation on a reputational basis.

When assessing the significance of any weaknesses, the following factors are considered:

- the nature and scope of the weakness;
- the duration of the weakness;
- the existence of compensatory measures (mitigating controls which reduce the impact of the weakness)
- the existence of effective corrective actions to correct the weaknesses (Action Plans and financial corrections) which have had a measurable impact.

When significant weaknesses are identified, a quantification of the amount at risk should be carried out when possible (See Chapter B).

## **Chapter B – Quantitative criteria for defining reservations**

DG Research and Innovation's expenditure is composed of indirectly managed grants, directly managed grants, financial instruments, contribution to administrative expenditure of executive agencies and other direct spending mostly of an administrative nature. The error rate affecting payments is estimated yearly and per management system, following a methodology that takes into account the risk associated to the type of expenditure.

Considering the fact that the research framework programmes' implementing bodies <sup>(11)</sup> are sharing a common ex-post audit approach, and an important part of DG RTD yearly expenditure is related to indirectly or directly managed research grants, the following section focusses on this specific management system.

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<sup>(11)</sup> Directorates general, executive agencies and joint undertakings (also called Article 187 bodies) implementing grants of the Research Framework Programmes.

## RESEARCH FRAMEWORK PROGRAMMES – COMMON ASPECTS

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

### Assessment of the effectiveness of controls

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

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

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

This results in a residual error rate —used for H2020 and Horizon Europe—which is calculated as follows:

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

where:

|                  |   |
|------------------|---|
| <b>ResER%</b>    | residual error rate, expressed as a percentage.   |
| <b>RepER%</b>    | representative error rate, or error rate detected in the common representative sample, expressed as a percentage. The RepER% is composed of complementary portions reflecting the proportion of negative systemic and non-systemic errors detected. This rate is the same for all implementing entities, without prejudice to possibly individual detected error rates. |
| <b>RepERSys%</b> | portion of the RepER% representing negative systemic errors, (expressed as a percentage). The RepERSys% is the same for all entities and it is calculated from the same set of results as the RepER%  |
| <b>P</b>         | total requested EC contribution (€) in the auditable population (i.e. all paid financial statements).   |
| <b>A</b>         | total requested EC contribution (€) as approved by financial officers of all audited financial statements. This will be collected from audit results.   |

**E** total non-audited requested EC contribution (€) of all audited beneficiaries.

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

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

Should a calculation of the residual error rate based on a representative sample not be possible for a FP for reasons not involving control deficiencies <sup>(12)</sup>, the consequences are to be assessed quantitatively by making a best estimate of the likely exposure for the reporting year based on all available information. The relative impact on the Declaration of Assurance would then be considered by analysing the available information on qualitative grounds and considering evidence from other sources and areas. This should be clearly explained in the AAR.

### Multiannual approach

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

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

In addition, basing materiality solely on ABB expenditure for one year may not provide the most appropriate basis for judgements, as ABB expenditure often includes significant levels of pre-financing expenditure (e.g., during the initial years of a new generation of programmes), as well as reimbursements (interim and final payments) based on cost claims

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<sup>(12)</sup> Such as, for instance, when the number of results from a statistically representative sample collected at a given point in time is not sufficient to calculate a reliable error rate.

that 'clear' those pre-financings. Pre-financing expenditure is very low risk, being paid automatically after the signature of the contract.

Notwithstanding the multiannual span of their control strategy, the Directors-General (and the Directors of the executive agencies and joint undertakings) implementing Research and Innovation Framework Programmes are required to sign a statement of assurance for each financial reporting year. In order to determine whether to qualify this statement of assurance with a reservation, the effectiveness of the control systems in place needs to be assessed not only for the year of reference but also with a multiannual perspective, to determine whether it is possible to reasonably conclude that the control objectives will be met in the future as foreseen.

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

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

#### Adequacy of the audit scope

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

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

#### RESEARCH FRAMEWORK PROGRAMMES – SPECIFIC ASPECTS

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

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

## Horizon 2020 Framework Programme

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

This is based on the provision of the Commission's proposal for the Regulation establishing the Horizon 2020 Framework Programme<sup>(13)</sup> states that:

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

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

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

*An analysis of errors identified during audits of the Seventh Framework Programme (FP7) suggests that around 25-35 % of them would be avoided by the simplification measures proposed. The error rate can then be expected to fall by 1.5 %, i.e. from close to 5 % to around 3.5 %, a figure that is referred to in the Commission Communication striking the right balance between the administrative costs of control and the risk of error.*

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

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<sup>(13)</sup> COM(2011) 809/3 Proposal for a Regulation of the European Parliament and of the Council establishing Horizon 2020 – the Framework programme for Research and Innovation (2014-2020), see point 2.2, pp 98-102.

## Horizon Europe Framework Programme

For Horizon Europe Framework Programme <sup>(14)</sup>, the general control objective <sup>(15)</sup>, following the standard quantitative materiality threshold proposed in the standing instructions for Annual Activity Reports, is to ensure that the cumulative representative error rate and the cumulative residual error rate, i.e. the level of errors which remain undetected and uncorrected, does not exceed 2% on an annual basis. An AAR reservation will be issued in the Annual Activity Report if the cumulative residual error rate is above the 2% materiality threshold.

### DE MINIMIS THRESHOLD FOR FINANCIAL RESERVATION

Since 2019<sup>(16)</sup>, a 'de minimis' threshold for financial reservations has been introduced. Quantified annual activity report 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.

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<sup>(14)</sup> Regulation (EU) 2021/695 of the European Parliament and of the Council of 28 April 2021 establishing Horizon Europe

<sup>(15)</sup> This general control objective described for Horizon Europe is also applicable to FP7 framework programme legacy.

<sup>(16)</sup> Agreement of the Corporate Management Board of 30/4/2019.

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

### 6.1 ERCEA Operational budget

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

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

| Main risks<br>It may happen (again) that...  | Mitigating controls   | How to determine coverage, frequency and depth | Cost-Effectiveness indicators<br>(effectiveness, efficiency, economy)  |
|--|---|--|--|
| WP and subsequent calls for proposals are inadequate to ensure the evaluation of proposals | Hierarchy of legal texts (legal basis, decisions, rules...)<br><br>Scientific Council (ScC) support and Call Coordination | All calls                                      | <b>Effectiveness:</b><br><br>% of planned Calls successfully concluded<br><br>% success rate per call<br><br><b>Qualitative Benefits:</b><br><br>A good Work Programme and well publicised calls should generate a large number of good quality projects, from which the most excellent can be chosen. There will therefore be real competition for funds. Optimised procedures, common approach on multiple issues (audits, fraud, legal aspects, reporting...); better reporting on the whole programme – better management of the programme |

#### B. Evaluation, ranking and selection of proposals

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

| Main risks<br>It may happen (again) that...  | Mitigating controls                   | How to determine coverage, frequency and depth          | Cost-Effectiveness indicators<br>(effectiveness, efficiency, economy) |
|--|---------------------------------------|---|---|
| Eligible proposals are excluded from the evaluation or ineligible proposals are proposed for funding | Automatic IT-based eligibility checks | 100% applicants and all aspects of eligibility criteria | <b>Effectiveness:</b><br><br>Number of proposals evaluated            |

| Main risks<br>It may happen (again) that...   | Mitigating controls  | How to determine<br>coverage, frequency<br>and depth   | Cost-Effectiveness<br>indicators<br><br>(effectiveness, efficiency, economy)  |
|---|--|--|---|
|   | <p>Eligibility checks and decision for clear cut cases by scientific officers and call coordinators</p> <p>In depth double-check of special cases at Step 2 by call coordinators</p> <p>Eligibility decision for pending cases (not clear cut) by Eligibility Committee</p>  |  | <p>% of ineligible proposals over total proposals submitted per call</p> <p>% of redress cases concerning eligibility issues</p>  |
| The evaluation, ranking and selection of proposals is not carried out in accordance with the established procedures | <p>ScC selection and appointment of panel members</p> <p>Panel coordination by scientific officers making sure procedures are followed (panel checklists and standard deliverables)</p> <p>Assignment of proposals to panel members by panel chairs</p> <p>Conflict of interest procedure</p> <p>Selection of experts (remote referees) by panel chairs</p> <p>Assessment of proposals by panel members and experts (remote referees)</p> <p>ScC President's approval and ERCEA Director's final adoption of ranking lists.</p> <p>Redress procedure</p> | <p>100% of panel members and experts</p> <p>100% of proposals</p> <p>100% of complaints received are analysed by the Redress Committee.</p> <p>100% exclusion from evaluation of experts having a conflict of interest</p> | <p><b>Effectiveness:</b></p> <p>Number of experts participated/invited</p> <p>% of expert payment execution</p> <p>Number of experts (remote referees) reviews per proposals</p> <p>Time to appoint experts</p> <p>Time to pay experts</p> <p>% of successful redress cases</p> <p>Expert budget / number of evaluated proposals</p> <p><b>Efficiency:</b></p> <p>Time to Inform all/successful applicants (average number of days) on the outcome of the evaluation of their application from the final date for submission of completed proposals</p> <p>Posts standard costs + expert budget / operational budget</p> <p><b>Qualitative benefits:</b></p> <p>Compliant, fair and reliable evaluation based on sole criterion of excellence</p> |

|   |   |   |   |
|---|---|---|---|
| The evaluation, ranking and selection of proposals is not carried out in accordance with the established procedures | <p>ScC selection and appointment of panel members</p> <p>Panel coordination by scientific officers making</p> | <p>100% of panel members and experts</p> <p>100% of proposals</p> | <p><b>Effectiveness:</b></p> <p>Number of experts participated/invited</p> <p>% of expert payment execution</p> |
|---|---|---|---|



|  |   |  |   |
|--|---|--|---|
|  | <p>sure procedures are followed (panel checklists and standard deliverables)</p> <p>Assignment of proposals to panel members by panel chairs</p> <p>Conflict of interest procedure</p> <p>Selection of experts (remote referees) by panel chairs</p> <p>Assessment of proposals by panel members and experts (remote referees)</p> <p>ScC President's approval and ERCEA Director's final adoption of ranking lists.</p> <p>Redress procedure</p> | <p>100% of complaints received are analysed by the Redress Committee.</p> <p>100% exclusion from evaluation of experts having a conflict of interest</p> | <p>Number of experts (remote referees) reviews per proposals</p> <p>Time to appoint experts</p> <p>Time to pay experts</p> <p>% of successful redress cases</p> <p>Expert budget / number of evaluated proposals</p> <p><b>Efficiency:</b></p> <p>Time to Inform all/successful applicants (average number of days) on the outcome of the evaluation of their application from the final date for submission of completed proposals</p> <p>Posts standard costs + expert budget / operational budget</p> <p><b>Qualitative benefits:</b></p> <p>Compliant, fair and reliable evaluation based on sole criterion of excellence</p> |
|--|---|--|---|

## C- Contracting

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

| Main risks<br>It may happen (again) that...  | Mitigating controls   | How to determine coverage, frequency and depth                                 | Cost-Effectiveness indicators<br>(effectiveness, efficiency, economy)  |
|--|---|--|--|
| <p>Grant agreement's beneficiary (Host Institution) lacks operational and/or financial capacity to implement the grant agreement.</p> <p>Grant agreement's budget does not comply with the Description of Work.</p> <p>Procedures designed to ensure compliance with the regulatory framework are not effectively performed.</p> | <p>Legal and financial validation of beneficiaries</p> <p>EDES screening</p> <p>Check of draft grant agreement's budget breakdown versus Description of Work.</p> <p>Use of checklists.</p> <p>Verification of the draft grant agreement files by verifying agents.</p> | <p>100% of beneficiaries are scrutinised.</p> <p>100% of grant agreements.</p> | <p><b>Effectiveness:</b></p> <p>% of individual commitments / global commitment execution (L2/L1)</p> <p><b>Efficiency:</b></p> <p>Time to sign grant agreements from the date of informing successful applicants (average values)</p> <p>Time to grant measured (average) from call deadline to signature of grants <sup>(17)</sup></p> <p>Research family indicator: Average "time to grant"</p> |

<sup>(17)</sup> Exception for projects put on a reserve list for which the time elapsed between the information letter and the invitation letter must be deducted.

| Main risks<br>It may happen (again) that... | Mitigating controls  | How to determine<br>coverage, frequency<br>and depth | Cost-Effectiveness<br>indicators<br>(effectiveness, efficiency, economy)  |
|---|--|--|---|
|   | <p>Grant agreements are signed by the AOD.</p> <p>Monitoring of the "time to grant".</p> |  | <p>Time to ethics clearance</p> <p><b>Qualitative benefits:</b></p> <p>Benefits of controls embedded in ERCEA grant preparation and signature process are not quantifiable, as the latter does not entail any negotiation on the EU. However, it is undeniable that these controls are necessary to ensure the process complies with rules and regulations and that researchers are provided on time with a sound legal framework to conduct their research projects.</p> |

## D – Monitoring

**Main internal control objectives:** To ensure the financial and legal transaction time is minimised for ERC beneficiaries and the Horizon 2020 / Horizon Europe underlying transactions are legal and regular.

| Main risks<br>It may happen (again) that...   | Mitigating controls   | How to determine<br>coverage, frequency<br>and depth  | Cost-Effectiveness indicators<br>(effectiveness, efficiency, economy)   |
|---|---|---|---|
| The grant agreement is not or partially carried out in compliance with the Description of Work and/or amounts claimed by beneficiaries are not complying with the contractual and regulatory framework. | <p>Financial Officers perform check-list-based financial controls based on the Periodic Financial Management Report, which provides an explanation of financial resources claimed versus the Description of Work, in particular its budgetary annex.</p> <p>Certificate on the Financial Statements delivered by an independent qualified auditor.</p> <p>EDES screening</p> <p>Final payments are subject to the approval of the Scientific reports.</p> <p>Anti-fraud awareness raising training for project officers</p> | <p>100% of transactions</p> <p>100% of transactions with cumulative costs claims exceeding € 325.000 for H2020/HE</p> <p>100% of transactions</p> <p>100% of transactions</p> | <p><b>Effectiveness:</b></p> <p>% of payment credit execution.</p> <p>% of ineligible costs identified by Financial Officers</p> <p>% of total number of financial transactions and accepted costs covered by Certificate on Financial Statements (CFS).</p> <p>Research Family indicator:</p> <p>% and values of errors detected through ex-ante desk checks / total value of cost claims.</p> <p>% of final payments suspended due to results of Scientific reports</p> <p>% of ERCEA staff participation in ethics and integrity trainings</p> <p><b>Efficiency:</b></p> <p>Time to pay (pre-financing / interim and final payments)</p> <p>Research Family indicator: Average time to pay (% on time)</p> <p><b>Qualitative benefits:</b></p> <p>Average project management cost/running grant agreement</p> <p>Average number &amp; value of running grant agreement managed/staff.</p> <p>Detected error rate ex-ante desk checks</p> |

### Overall economy and quantitative benefit for ex-ante control

|  |  |  |   |
|--|--|--|---|
|  |  |  | <p><b>Economy:</b></p> <p>a. Estimation of cost of staff involved in the ex-ante checks</p> |
|--|--|--|---|

|  |  |  |   |
|--|--|--|---|
|  |  |  | <p>Programme management and monitoring</p> <p>Financial management</p> <p>Budget and accounting</p> <p>General Coordination incl. Strategic Programming and Planning, internal control, assurance and quality management</p> <p>Anti-fraud</p> <p>Development and support of IT systems linked to managing funding programmes</p> <p>b. Estimation of other costs linked to ex-post checks</p> <p>Cost of experts</p> <p><b>Qualitative Benefits:</b></p> <p>Total amount committed for grants signed</p> <p>Total amount paid against cost claims including clearings on prefinancing.</p> |
|--|--|--|---|

## E - Ex-post controls

**Main internal control objectives:** Measuring the effectiveness of ex-ante controls by performing on-the spot ex-post controls aiming at detecting errors, irregularities or fraud in cost statements related to Horizon 2020 grants.

| Main risks<br>It may happen (again) that...   | Mitigating controls   | How to determine coverage, frequency and depth   | Cost-Effectiveness indicators<br>(effectiveness, efficiency, economy)   |
|---|---|--|---|
| Ex-ante controls fail to prevent, detect and correct erroneous, irregular or fraudulent payments. | <p>Common and multi-annual H2020 ex-post control strategy - representative sample of transactions (CRaS)</p> <p>Updated Anti-fraud Strategy of the ERCEA elaborated on the basis of the methodology provided by OLAF</p> <p>Referring grant/beneficiary to OLAF</p> | <p>Representative sample allows drawing conclusions on the effectiveness of ex-ante controls.</p> <p>The H2020 audit strategy sets the audit method for the Research Family.</p> | <p><b>Effectiveness:</b></p> <p>ERCEA specific error rate (global activity)</p> <p>ERCEA residual error rate (drawn from ERCEA MUS sample)</p> <p>H2020 - CRaS error rate (representative sample)</p> <p>H2020 - CRaS residual error rate</p> <p>Number of open fraud / irregularity cases included in the Fraud/Irregularity Register</p> <p>Amount of recoveries</p> <p><b>Efficiency:</b></p> <p>Number of audits performed (+% of beneficiaries &amp; value coverage)</p> |

| Main risks<br>It may happen (again) that... | Mitigating controls | How to determine coverage, frequency and depth | Cost-Effectiveness indicators<br>(effectiveness, efficiency, economy)   |
|---|---------------------|--|---|
|   |                     |  | <b>Qualitative benefits:</b><br><br>Non-monetary benefits:<br><br>Deterrent effect.<br><br>Learning effect for beneficiaries.<br><br>Improvement of ex-ante-controls or risk approach in ex-ante controls by feeding back audit findings.<br><br>Improvement in rules and guidance from audit feedback. |

### **Overall economy for ex-post control**

|  |  |  |   |
|--|--|--|---|
|  |  |  | <b>Economy:</b><br><br>Estimation of cost of staff involved in the coordination and execution of the ex-post audit strategy and in the implementation of audits.<br>Costs of the appointment of audit firms and missions. |
|--|--|--|---|

## **6.2 ERCEA Operating budget**

### **A - Administrative budget**

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

| Main risks<br>It may happen (again) that...   | Mitigating controls                              | How to determine coverage, frequency and depth | Cost-Effectiveness indicators<br>(effectiveness, efficiency, economy)   |
|---|--|--|---|
| Credibility of the draft budget (= request for EC contribution in N+1) is questioned by the Budget authority against the ERCEA ability to reach a high level of execution | Monitoring of the quality of the budget planning | 100% of operating budget                       | <b>Effectiveness:</b><br><br>% Budget execution commitments<br><br>% Budget execution payments (C1) & (C1+C8)<br><br><b>Qualitative benefits:</b> |

| Main risks<br>It may happen (again) that...   | Mitigating controls                                      | How to determine<br>coverage, frequency<br>and depth | Cost-Effectiveness indicators<br>(effectiveness, efficiency, economy)  |
|---|--|--|--|
|   |  |  | respect of commitment towards the budgetary authority to limit administrative costs  |
| Late payments give a negative image of the Agency (reputational risk) and may lead to the payment of late interests                 | Monitoring of the quality of payment workflows           | 100% of operating budget                             | <b>Effectiveness:</b><br><br>% and number of late payments<br><br><b>Efficiency:</b><br><br>Time to pay<br><br><b>Qualitative benefits:</b><br><br>Respect of the payment target imposed by budgetary authority  |
| A high rate of errors in the transactions on the administrative budget lead to remarks in the final report of the court of auditors | Compliance & regularity checks of financial transactions | 100% of transactions                                 | <b>Effectiveness:</b><br><br>% Residual number of accounting errors/total number of transactions (<2%)<br><br>% Residual accounting errors (<2%) of total balance sheet or economic outturn account<br><br>Number of findings related to sound financial management and/or legality and regularity of budget's underlying transactions in the final report of the CoA<br><br>Number of critical findings related to the true and fair view of the financial position for the administrative budget in the final report of the CoA<br><br><b>Qualitative benefits:</b><br><br>Optimisation of budget execution in line with financial and accounting rules. |

## B – Procurement

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

| Main risks<br>It may happen (again)<br>that...  | Mitigating controls  | How to determine<br>coverage, frequency<br>and depth | Cost-Effectiveness indicators<br>(effectiveness, efficiency, economy)  |
|---|--|--|--|
| A lack of competition amongst tenderers may lead to restriction of market   | Regular follow-up and update of the contract register  | 100% checked   | Effectiveness: Reduced n° of splitting of a purchase<br><br><b>Qualitative benefits:</b><br><br>Widest competition (increase the choice of potential suppliers)  |
| <p>Procurement documents (invitation to tender, tender specifications and its annexes, draft contract) is not well drafted, potentially leading to:</p> <ul style="list-style-type: none"> <li>- inconsistency and irregularity amongst the documents</li> <li>- the fact that offers are not submitted</li> </ul> <p>The procurement documents used by operational units are not in line with the rules/models</p> | <p>Ex-ante visa (twice) in all public procurement files:</p> <p>1. During the preparatory phase:</p> <ul style="list-style-type: none"> <li>- procedures above € 15.000 "procurement check-list"</li> </ul> <p>2. Before the signature of the contract (after the award decision):</p> <ul style="list-style-type: none"> <li>- procedures above € 15.0000 - "procurement check-list"</li> <li>- procedures below € 15.000 - "commitment request checklist"</li> </ul> | 100% checked   | <p><b>Effectiveness:</b></p> <ul style="list-style-type: none"> <li>- n° of errors detected</li> <li>- n° of requests issued for clarification regarding the call for tender</li> <li>- n° of complaints or litigation cases filed</li> </ul> <p><b>Qualitative benefits:</b></p> <ul style="list-style-type: none"> <li>- limited number of procedure cancellations</li> <li>- needed services/goods are provided</li> <li>- compliance with rules</li> </ul> |
|   | <p>Training and bilateral coaching provided to operational units</p> <p>Regular update of the "procurement document" templates and supporting documents (e.g. "step by step", guidelines)</p> <p>In-house trainings on procurement</p> <p>Updated guidelines on public procurement<br/>Ares(2020)1329864</p>   | 100% checked   | <ul style="list-style-type: none"> <li>- limited number of complaints / litigations filed</li> </ul>   |
| Due conflict of interest during the award process, contract awarded may be contested  | Members of the evaluation committee sign a declaration of absence of conflict of interests and of confidentiality  | 100% checked   | <p><b>Effectiveness:</b></p> <ul style="list-style-type: none"> <li>- n° of complaints or litigation cases filed</li> </ul> <p><b>Qualitative benefits:</b></p>  |

| Main risks<br>It may happen (again)<br>that... | Mitigating controls | How to determine<br>coverage, frequency<br>and depth | Cost-Effectiveness indicators<br>(effectiveness, efficiency, economy)   |
|--|---------------------|--|---|
|  |                     |  | <ul style="list-style-type: none"> <li>- awarded contract are awarded and services/goods delivered (needs satisfied)</li> <li>- limit number of litigations &amp; complaints</li> <li>- fair competition</li> </ul> |



## ANNEX 7: Specific annexes related to "financial management"

### 1. Financial management:

#### Other legality and regularity indicators

- **Evaluation**

During the reporting period, the Commission received seven requests (four in 2023) for legal review in accordance with Article 22 of Regulation 58/2003 ('Article 22 requests') concerning ERCEA's decisions, out of which five complaints were considered unfounded and closed and two are still pending at year end. The ERCEA provided timely contributions to the parent DG in all cases which mainly concerned the questioning of the reviewers' or the panel's scientific judgement.

- **Grant preparation and signature**

| ERCEA 2023 AWP                                       | 2024 Target | 31/12/2024 | 31/12/2023 |
|--|-------------|------------|------------|
| % execution of L2/L1 commitment (C8) <sup>(18)</sup> | 100%        | 100%       | 99.94%     |

Source of data: ABAC

- **Grant implementation**

| ERCEA control indicators - 2024              |                    |     |                  |               |   |        |
|--|--------------------|-----|------------------|---------------|---|--------|
| Rejection of interim and final payment costs | Number of Invoices |     | Amount (EUR)     |               | % of ineligible costs on total declared costs |        |
|  | H2020              | HE  | H2020            | HE            | H2020   | HE     |
| Total declared cost                          | 2 713              | 225 | 1 414 883 752.70 | 48 431 768.13 | 0.248%  | 0.004% |
| Of which Ineligible costs declared           | 232                | 1   | 3 510 475.74     | 1 905.49      |   |        |

Source of data: Compass Reports: "Ex-ante controls: Payment suspensions and rejections" – ABAC Workflow

The above table presents the ex-ante control results, reflecting the percentage of declared costs considered as ineligible.

<sup>(18)</sup> The indicator for the percentage execution L2/L1 is dependent on the timing of the evaluation process.

| <u>Number of audits ( &amp; Financial Statements)</u> | 2024      |                      | 2009 – 2024 |                      |
|---|-----------|----------------------|-------------|----------------------|
|   | AUDITS    | FINANCIAL STATEMENTS | AUDITS      | FINANCIAL STATEMENTS |
| Audits planned – as per AWP & audit strategy          | <5        | N/A                  | 550         | N/A                  |
| Audits ongoing – beginning of the period              | 1         | 3                    | 0           | 0                    |
| Audits launched                                       | 0         | 0                    | 570         | 1 786                |
| Audits closed   | 1         | 3                    | 567         | 1 780                |
| Audits ongoing – end of the period                    | 0         | 0                    | 3           | 9                    |
| Total amount audited - €                              | 1 115 335 |                      | 682 175 887 |                      |
| Audit coverage - %                                    | 8.93%     |                      |             |                      |

## 2. Additional indicators on ex-post audits

### a) Audit coverage

By the end of 2024, the Common Audit Service (CAS) in DG Research and Innovation audited 5 247 H2020 participations <sup>(19)</sup> of the Research and Innovation Family, covering 63.12% of total H2020 expenditure to date.

The percentage of H2020 expenditure covered by the audits (63.12%) refers to the value of the participations of the audited beneficiaries. It includes both fully audited participations (3.86%), also referred to as the 'direct' coverage, and the non-audited participations, also referred to as the 'indirect' coverage, which after the full treatment of audit results, are clean from systemic errors (59.26%).

<sup>(19)</sup> The Horizon 2020 audit campaign started in 2016. At this stage, six Common Representative Samples with a total of 944 expected results have been selected. By the end of 2024, cost claims amounting to EUR 56.7 billion have been submitted by the beneficiaries to the services. In addition to the Common Representative Samples, Common Risk Samples and Additional Samples have also been selected. The audits of 5 247 participations were finalised by 31/12/2024 (of which 540 in 2024 representing 101.9% of the target 2024).

**DG Research and Innovation:** In April 2021 the management of a large number of actions, formerly under the responsibility of DG Research and Innovation, were delegated to the executive agencies of the Research and Innovation Family. As a result, the number of audited actions directly managed by DG Research and Innovation has decreased significantly, which does not allow a complete analysis of the coverage.

The coverage for the Horizon Europe programme cannot be calculated since there are no audits completed by the end of 2024. This is due to the fact that all of them were initiated in the second half of 2024.

b) Audit target for 2024

The CAS managed to finalise audits on 540 participations corresponding to 101.9% of the 2024 target for Horizon 2020. As mentioned above, no audits have been completed for the HORIZON programme.

### **3. Progress made on action plans to both reduce the error rate on Horizon 2020 and prevent a high error rate in Horizon Europe**

Following an IAS Limited review on the implementation of the Action Plans for the reduction of the Horizon 2020 error rate and for simplifications to reduce the Horizon Europe error rate and based on the original action plans agreed with central services, DG RTD prepared in 2022 a reprioritized Action Plan to both reduce the error rate on Horizon 2020 and prevent a high error rate in Horizon Europe.

The highest priority has been set on communication, both external and internal. Dedicated webinars and trainings addressed to beneficiaries have been organized all along the year for Horizon Europe. Besides, In the context of the Client centricity project (CCP), an error-rate reduction campaign has been launched and the most error-prone beneficiaries approaching their reporting deadlines received personalised notifications, with tips on how to avoid the most common errors. The Horizon Europe Learning Framework was implemented in early 2024 and a series of internal trainings were enforced in EU Learn. The aim of the learning framework is to empower users to make optimal use of IT tools and contribute to improving and streamlining controls.

Regarding the increased use of simplified cost options, the Commission has implemented the European Court of Auditors' recommendations on lump sum grants published in its 2022 annual report, in line with the expected target dates. In particular, the Commission has put in place an ex-post control strategy for lump sum grants, developing a methodology for ex-post technical reviews that goes beyond the previous project monitoring and checks the accuracy of projects against evidence in the technical supporting documents.

The Commission has also made further updates to the expert briefing, internal training, and internal guidance for call coordinators and project officers regarding terminology, acceptance of work packages, and documenting the budget assessment, as well as updating the guidance on how to describe activities in work packages in the Horizon Europe standard proposal templates. All relevant support and guidance on lump sums are now available online in one

place for internal and external users, respectively. This includes all internal and external events of the information campaign. Tools and guidance are continuously improved following the feedback received, for example the detailed budget table and FAQs.

In line with the action plan, DG RTD is proceeding with the roll-out of lump sums in Horizon Europe, with lump sums accounting for up to 27% of the total 2024 call budget. For 2025, we expect a further increase up to 40%, pending approval of the draft 'main' work programme 2025. The goal set by the HE Steering Board for lump sums is to reach at least 50% of the call budget by 2027, and the commitment to lump sums has been reconfirmed by Commissioner Zaharieva.

The Commission also published a new assessment of lump sum funding in September 2024, which covered the entire lifecycle of lump sum grants, including final payments. Its results will feed into the Horizon Europe mid-term evaluation, complemented by further data and analysis.

As an additional simplified cost option, the personnel unit cost scheme was launched on 1 May 2024. Despite a multi-channel communication campaign (including two dedicated webinars with over 15.000 views combined), the uptake of the new cost method remained limited in 2024. Therefore, the CIC is cooperating closely with Commission central services to increase the attractiveness of the measure. A large survey among nearly 14.000 beneficiaries was launched to collect the necessary evidence to design and justify these changes.

Finally, DG RTD is now part of a broader corporate initiative called Corporate Arachne, led by DG BUDG. This project aims to create a unified IT system for data analysis and risk assessment, which will integrate data from various internal systems and sources, including external databases like ORBIS and World Compliance. Corporate Arachne will utilize advanced data analytics and Artificial intelligence/Machine Learning to develop predictive algorithms for risk forecasting, such as identifying the likelihood of a company going bankrupt within 18 months or committing double financing.

As a participant in the Corporate Arachne working group, DG RTD is actively contributing to the technical development of the system, ensuring the successful integration of artificial intelligence. Starting in 2027, the use of Corporate Arachne will be mandatory for all European Commission services. RTD users and data will be onboarded in Phase 4 of the project, scheduled to begin in mid-2026. Further details on this integration will be discussed and finalized as the project timeline approaches.

## **4. Efficiency of controls (additional indicators)**

### Implementation of H2020 Audit Results

Since the beginning of the H2020 audit campaign and until the end of 2024, implementation was launched for 1 498 audited participations and participations subject to extension of audit results. Thereof, implementation was completed for 1 419 participations i.e., 94.7% of the total (for details see table A). Targeted time for implementation is 6

months for 100% of the audit results, except for closed projects with negative adjustments resulting in a recovery order, where the target is to implement at least 50% of the audit results within 6 months <sup>(20)</sup>.

In 2024, the ERCEA has implemented 17 out of 22 negative adjustments with recovery orders within 6 months, what exceeds the 50% target for 6 audit results. In other scenarios, where the implementation target is 100% within 6 months, the ERCEA has implemented 191 audit results within 6 months and 43 audit results have exceeded the 6 months target (for details see table B). Since beginning of the H2020 programme implementation until the end of 2024, the ERCEA has completed implementation of EUR 6 734 760.60 of negative adjustments out of total EUR 8 831 978.95, thus EUR 2 097 218.35 of negative adjustments was pending implementation at the end of the year (for details see table C).

**Table A – H2020 AURIs from beginning of the FP to 31 December 2024**

|              | Audit results processed | % Audit results processed | Audit results pending | % Audit results pending | Total        |
|--------------|-------------------------|---------------------------|-----------------------|-------------------------|--------------|
| CAS audits   | 920                     | 95.9%                     | 39                    | 4.1%                    | 959          |
| ECA audits   | 90                      | 96.8%                     | 3                     | 3.2%                    | 93           |
| Extensions   | 409                     | 91.7%                     | 37                    | 8.3%                    | 446          |
| <b>Total</b> | <b>1 419</b>            | <b>94.7%</b>              | <b>79</b>             | <b>5.3%</b>             | <b>1 498</b> |

Data: all ERCEA H2020 AURIs.

**Table B – Annual Time to Implement - AURIs closed in 2024**

|                                     | 0-6 months | % total (0-6 months) | above 6 months | % above 6 months | Total      |
|-------------------------------------|------------|----------------------|----------------|------------------|------------|
| <b>Closed Projects</b>              | <b>120</b> | <b>90.2%</b>         | <b>13</b>      | <b>9.8%</b>      | <b>133</b> |
| Negative adjustments with recovery* | 17         | 77.3%                | 5              | 22.7%            | 22         |
| Negative adjustments without        | 10         | 66.7%                | 5              | 33.3%            | 15         |
| Positive or zero Adjustment         | 93         | 96.9%                | 3              | 3.1%             | 96         |
| <b>On-going Projects</b>            | <b>88</b>  | <b>71.5%</b>         | <b>35</b>      | <b>28.5%</b>     | <b>123</b> |
| Negative adjustments**              | 13         | 30.2%                | 30             | 69.8%            | 43         |
| Positive or zero Adjustment         | 75         | 93.8%                | 5              | 6.2%             | 80         |
| <b>Total</b>                        | <b>208</b> | <b>81.2%</b>         | <b>48</b>      | <b>18.8%</b>     | <b>256</b> |

<sup>(20)</sup> Targets as defined in the Guidance on Monitoring and reporting on implementation of Ex-post audit results in the RTD family Ares(2022)8903878.

On-going and closed projects with positive or zero adjustment and closed projects with negative adjustments not triggering a recovery order AURIs are finalized within 6 months.

\* Target for closed projects with negative adjustments triggering a recovery order: at least 50% of AURI are finalized within 6 months.

\*\* Time to implement negative adjustments in ongoing projects = between launch of AURI workflow up to completion of Authorisation step.

**Table C – Implementation of negative adjustments from beginning of the FP to 31 December 2024**

|              | Audit results processed |                           | Audit results pending implementation |                           | Total Negative Adjustments |                           |
|--------------|-------------------------|---------------------------|--------------------------------------|---------------------------|----------------------------|---------------------------|
|              | No. of AURIs            | Adjustment Amount (AUDEX) | No. of AURIs                         | Adjustment Amount (AUDEX) | No. of AURIs               | Adjustment Amount (AUDEX) |
| CAS audits   | 238                     | -4 410 096.13             | 36                                   | -1 474 520.22             | 274                        | -5 884 616.35             |
| ECA audits   | 4                       | -80 056.56                | 0                                    | 0.00                      | 4                          | -80 056.56                |
| Extensions   | 96                      | -2 244 607.91             | 24                                   | -622 698.13               | 120                        | -2 867 306.04             |
| <b>Total</b> | <b>338</b>              | <b>-6 734 760.60</b>      | <b>60</b>                            | <b>-2 097 218.35</b>      | <b>398</b>                 | <b>-8 831 978.95</b>      |

nb. Number of AURIs represent number of individual audited participations or individual participations subject to the extension of the audit results.

## A. Compulsory for all departments:

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

Assurance is provided on the basis of information on the efficiency and effectiveness of internal control systems and governance processes. The management monitors the functioning of the internal control systems on a continuous basis and carries out an objective examination with internal and external auditors. The results are explicitly documented and reported to the Executive Director. The following reports / documentation have been considered:

- Management reports on control results;
- The contribution of the Head of Department in charge of Risk Management and Internal Control (RMIC), including the results of internal control monitoring in the Agency, in particular the reports on recorded exceptions, non-compliance events and cases of 'confirmation of instructions' (Art 92.3 FR);
- The Common Audit Service (CAS) reports of the ex-post audits results for H2020;
- The limited conclusion of the Internal Auditor on the state of control;

- The observations and recommendations reported by the Internal Audit Service (IAS);
- The observations and the recommendations reported by the European Court of Auditors (ECA).

These reports result from a systematic analysis of the available evidence. The systematic analysis of the available evidence provides sufficient guarantees about the completeness and reliability of the information reported and results in the full coverage of the budget delegated to the Executive Director of ERCEA.

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

In line with the requirements of the Financial Regulation, the ERCEA reports for the year 2024:

- 1)** 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)
- 2)** No cases of "confirmation of instructions" (FR art 92.3)
- 3)** Cases of financing not linked to costs (FR art 125.3)

In 2024 there have been no Horizon Europe grants awarded with EU contribution in the form of financing not linked to costs.

- 4)** Financial Framework Partnerships >4 years (FR art 131.4)

There are no Financial Framework with duration of more than four year that entered into force during the reporting year 2024.

- 5)** No cases of flat-rates >7% for funding indirect costs (FR art 184.6)

There were no cases of flat rates > 7% for indirect costs in 2024 <sup>(21)</sup>. According to the Horizon 2020 and Horizon Europe Rules for Participation <sup>(22)</sup>, indirect eligible costs are determined by applying a flat rate of 25% of the total direct eligible costs.

- 6)** Derogations from the principle of non-retroactivity pursuant to Article 196 of the Financial Regulation.

Five grant agreements entered into force in 2024 derogated from the principle of non-retroactivity pursuant to Article 193 of the Financial Regulation. In such cases, however, no costs were incurred prior to the date of submission of the grant application are eligible.

- 7)** Cases of financial support to third parties >EUR 60 000 (FR art 207) for H2020 and Horizon Europe

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<sup>(21)</sup> FR art 184.6

<sup>(22)</sup> Article 29 of Regulation (EU) No 1290/2013 of the European Parliament and of the Council of 11 December 2013 laying down the rules for participation and dissemination in "Horizon 2020 – the Framework Programme for Research and Innovation (2014-2020)" and Article 35 Regulation (EU) 2021/695 of the European Parliament and of the Council of 28 April 2021 establishing Horizon Europe – the Framework Programme for Research and Innovation, laying down its rules for participation and dissemination.

There is no ERCEA grant with financial support to third parties which allows grants to third parties above EUR 60 000 that entered into force in 2024.

In the ERCEA there is no cases of financial support to third parties provided by Commissions grants beneficiaries (based on average sub grants above EUR 60 000) that entered into force in 2024.

- 8)** Zero case of non-financial donations provided in the form of services, supplies or works (FR art 244.3).
- 9)** One case of negotiated procedure without prior publication of a contract notice (FR Annex 1, point 11).

**Table 2 - Overview of DG's/EA's estimated cost of controls at Commission (EC) level:**

Table – Overview of ERCEA's estimated cost of controls

- Overview of ERCEA's estimated cost of controls at Commission (EC) level

The absolute values are presented in EUR

| ERCEA  | Ex ante controls***    |                           |                        | Ex post controls    |                                     |                      | Total  |                        |
|--|------------------------|---------------------------|------------------------|---------------------|-------------------------------------|----------------------|--|------------------------|
|  | (a)                    | (b)                       | (c)                    | (d)                 | (e)                                 | (f)                  | (g)  | (h)                    |
| Relevant Control System (RCS) / Other as defined in Annex 6 of the AAR*    | EC total costs         | related payments Made     | Ratio (%)**<br>(a)/(b) | EC total costs      | total value verified and/or audited | Ratio (%)<br>(d)/(e) | EC total estimated cost of controls<br>(a)+(d) | Ratio (%)**<br>(g)/(b) |
| ERCEA operational budget   | 66.602.880,72 €        | 2.347.757.020,03 €        | 2,84%                  | 837.519,28 €        | 2.347.757.020,03 €                  | 0,04%                | 67.440.400,00 €                                | 2,87%                  |
| <b>OVERALL total estimated cost of control at EC level for expenditure</b> | <b>66.602.880,72 €</b> | <b>2.347.757.020,03 €</b> | <b>2,84%</b>           | <b>837.519,28 €</b> | <b>2.347.757.020,03 €</b>           | <b>0,04%</b>         | <b>67.440.400,00 €</b>                         | <b>2,87%</b>           |

Details of the estimated cost related to shared/pooled control activities carried out by REA and hosted by DG RTD (CIC and CAS) for the Research Family are reported in the annual activity reports of REA and DG RTD.



## ANNEX 8: Reporting on the internal and external audits and assessing the effectiveness of Internal control systems

### Audit observations and recommendations

#### Internal Audit Service

In its contribution <sup>(23)</sup> to the 2024 Annual Activity Report process, the Internal Audit Service concluded that the internal control systems in place for the audited processes are effective.

On 16 January 2025, and based on the results of the follow-up audit, the IAS informed DG RTD, REA, EISMEA and the ERCEA about the closure of the very important recommendation made on the review of the Commission's risk at payment.

On 27 January 2025, The IAS issued the audit report on the final phase of Horizon 2020 Grant Management, which included five important recommendations related to ERC scientific and financial assessment, as well as the monitoring of final payments. The ERCEA accepted all recommendations, and the related draft action plan was submitted to the auditors.

| Reported | Audit Title                                | Accepted Recommendation | State of play in 2024 | Impact on the assurance for 2024 |
|----------|--|-------------------------|-----------------------|----------------------------------|
| 2024     | review on the Commission's risk at payment | Very Important: 5       | ✓                     | ✓                                |

- ✓ Action plan implemented and closed by IAS or ECA / No impact on the assurance
- ⌚ Action plan implementation is ongoing or awaiting review from IAS or ECA
- 📅 Preparation of the action plan
- 🚩 Impact on the assurance

#### European Court of Auditors

| Reported | Audit Title                  | Accepted Recommendation | State of play in 2024 | Impact on the assurance for 2024 |
|----------|------------------------------|-------------------------|-----------------------|----------------------------------|
| 2023     | Statement of Assurance (DAS) | None                    | ✓                     | ✓                                |

For 2024, the European Court of Auditors (ECA) had considered that the voting system of the ERCEA Steering Committee was not compatible with one of the requirements of

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<sup>(23)</sup> IAS contribution to the 2024 AAR process (limited opinion) – 14/02/2025.  
ERCEA\_aar\_2024\_annexes

Regulation 58/2003 on the statute of executive agencies. The ERCEA Steering Committee was informed about it in its December meeting and agreed new rules will be drafted to ensure compatibility with the Regulation 58/2003 while taking into account of the ERC governance.

## Assessment of the effectiveness of Internal control systems

### Internal control monitoring criteria - ICMC<sup>1</sup>

| DG or EA |  |  |                |              |              |              |                              |                  |
|----------|--|--|----------------|--------------|--------------|--------------|------------------------------|------------------|
| ERCEA    |  |  |                |              |              |              |                              |                  |
| No       | Criteria/Indicators  | Source of data to obtain value for the indicator   | Baseline value | Target value | IC component | IC Principle | Latest known result 31/12/24 | S/D <sup>2</sup> |
| 1        | % of staff who followed a training on ethics and integrity.  | EU-Learn / ERCEA training statistics   | 80%            | 80%          | I            | 1            | 80%                          | S                |
| 2        | ERCEA communicates to third parties (Grant applicants, Principal Investigators, Host Institutions, Experts; tenderers, contractors) its commitment to integrity and ethical behaviour. | ERC Work programme, Model grant agreements / experts contract; model annex to tenderer specifications. | Y              | Y            | I            | 1            | Y                            |                  |
| 3        | Existing governance & working arrangements between the parent DG and the Agency allow an independent oversight of its internal control development and performance.                    | Delegation Act; Steering Committee minutes;  | Y              | Y            | I            | 2            | Y                            | S                |
| 4        | Key and relevant information on the developments and performance of internal control is provided to and discussed with the Steering Committee and RTD services.                        | minutes; RTD consultation on AWP, AAR, Bi-annual report;   | Y              | Y            | I            | 2            | Y                            |                  |
| 5        | ERCEA organisation chart and financial circuits are kept updated and are communicated to staff.  | Steering Committee decisions; ERCEA intranet   | Y              | Y            | I            | 3            | Y                            | S                |
| 6        | % staff assessing their job to be clearly linked to the Agency's mission and objectives.   | Staff opinion survey   | 91%            | 85%          | I            | 3            | 91%                          |                  |
| 7        | % of staff turnover  | ERCEA HR statistics  | 5.19%          | <8%          | I            | 4            | 3.56%                        | S                |
| 8        | Number of training days per staff  | ERCEA HR statistics  | 5.41           | 6 days       | I            | 4            | 5.88                         |                  |
| 9        | Number and percentage of first female appointments to middle management positions  | ERCEA HR statistics / DG HR  | 61%            | 44%          | I            | 4            | 59%                          |                  |
| 10       | ERCEA staff engagement index   | Staff opinion survey   | 76%            | 73%          | I            | 4            | 76%                          |                  |

| No | Criteria/Indicators  | Source of data to obtain value for the indicator                     | Baseline value | Target value | IC component | IC Principle | Latest known result 31/12/24 | S/D <sup>2</sup> |
|----|--|--|----------------|--------------|--------------|--------------|------------------------------|------------------|
| 11 | The process of staff appraisal includes a dialogue where staff members receive a meaningful and practical feedback on how to improve their performance and identify training needs.  | Sysper   | Y              | Y            | I            | 5            | Y                            | S                |
| 12 | % of staff assessing that Management identifies and addresses poor performance.  | Staff opinion survey   | 63%            | > 62%        | I            | 5            | 63%                          |                  |
| 13 | Agency's objectives are aligned with its Mission statement, cover all its activities (comprehensive) and are compliant with the SMART criteria.  | AWP  | Y              | Y            | II           | 6            | Y                            | S                |
| 14 | % of staff assessing that Management gives clear guidance on the mission, objectives and tasks of the Agency and its units.  | Staff opinion survey   | 70%            | 68%          | II           | 6            | 70%                          |                  |
| 15 | % of Management assessing that the risks identification and assessment is organised, coordinated and reviewed across the whole Agency by staff with the adequate competence and its outcome is discussed and validated by ERCEA senior management. | ERCEA risk management process<br>ICAT                                | 85%            | 90%          | II           | 7            | 93%                          | S                |
| 16 | Regular update of the ERCEA Risk Register  | ERCEA risk management process  | 2/year         | 2/year       | II           | 7            | 2/year                       |                  |
| 17 | The annual identification of fraud risks and schemes is based on fraud patterns/schemes, considers the vulnerabilities of the Agency and its outcome is reflected in ERCEA strategy /anti-fraud action plan.                                       | ERCEA risk management process  | Y              | Y            | II           | 8            | Y                            | S                |
| 18 | % staff dealing with financial operations having attended a training on fraud prevention, detection & handling potential fraud.  | EU-Learn and ERCEA training statistics;<br>ERCEA Anti-fraud Strategy | 43%            | 80%          | II           | 8            | 47%                          |                  |

| No | Criteria/Indicators   | Source of data to obtain value for the indicator  | Baseline value | Target value | IC component | IC Principle | Latest known result 31/12/24 | S/D <sup>2</sup> |
|----|---|---|----------------|--------------|--------------|--------------|------------------------------|------------------|
| 19 | Implementation of the actions included in ERCEA's anti-fraud strategy over the strategy's lifecycle   | AAR, ERCEA's anti-fraud strategy, OLAF reporting  | 100%           | 90%          | II           | 8            | 100%                         |                  |
| 20 | % of Management assessing that the Risk identification and assessment is used as a management tool (action plans are followed-up; issues are escalated to appropriate level etc...) | ERCEA risk management process ICAT  | 86%            | 80%          | II           | 9            | 94%                          | S                |
| 21 | Results of control and performance indicators are monitored as to ensure achieving related objectives.  | Minutes of Management meetings; Reporting from the Management and RMIC to the Director. | Y              | Y            | III          | 10           | Y                            | S                |
| 22 | % of timely implemented mitigating measures of significant risks.   | Minutes of Management meetings; Reporting from the Management and RMIC to the Director. | 100%           | > 75%        | III          | 10           | 100%                         |                  |
| 23 | ERCEA H2020 Estimated residual error rate   | BO report   | 1.02%          | 2-5%         | III          | 10           | 0.92%                        |                  |
| 24 | Estimated risk at closure   | BO report   | 1.00%          | < 2%         | III          | 10           | 0.95%                        |                  |
| 25 | ERCEA plans and implements its IT projects and activities via an annual Information Technology Masterplan which is approved by the IT Steering Committee.                           | IT Steering Committee minutes   | Y              | Y            | III          | 11           | Y                            | S                |
| 26 | % of completed IT Masterplan activities   | D1 report on IT statistics  | 90%            | 100%         | III          | 11           | 85%                          |                  |
| 27 | Degree of implementation of the digital strategy principles by the most important IT solutions  | Dep.D report  | 63%            | 60%          | III          | 11           | 75%                          |                  |

| No | Criteria/Indicators  | Source of data to obtain value for the indicator  | Baseline value | Target value          | IC component | IC Principle | Latest known result 31/12/24 | S/D <sup>2</sup> |
|----|--|---|----------------|-----------------------|--------------|--------------|------------------------------|------------------|
| 28 | Percentage of implementation of the corporate principle for data governance for ERCEA's key data assets  | Dep.D report  | 75%            | 80%                   | III          | 11           | 75%                          |                  |
| 29 | Number of request for authorisation and non compliance events.   | Register of exception and non compliance  | 15             | 20-25                 | III          | 12           | 13                           | S                |
| 30 | Number of IAS critical and very important recommendations related to procedures.   | IAS reports   | 0              | 0                     | III          | 12           | 0                            |                  |
| 31 | % of registered documents not filed.   | HAN statistics  | 1.1%           | 1%                    | IV           | 13           | 2.7%                         | S                |
| 32 | Percentage of HAN files readable/accessible by all units in ERCEA  | HAN statistics  | 93.3%          | 90%                   | IV           | 13           | 94.6%                        |                  |
| 33 | Percentage of staff attending awareness raising activities on data protection compliance   | ERCEA   | 16%            | 100%                  | IV           | 13           | 55%                          |                  |
| 34 | % of staff attending the yearly meeting providing information on Agency's progress in achieving its objectives, on challenges etc...   | Invitation to staff (email); Intranet   | 74%            | 85%                   | IV           | 14           | 70%                          | S                |
| 35 | ERCEA has a whistleblowing procedure in place which is communicated to and accessible by staff members.  | ERCEA intranet (handling and reporting unethical behaviour webpage)                     | Y              | Y                     | IV           | 14           | Y                            | S                |
| 36 | Press coverage of the ERC - i.e. number of articles mentioning the ERC (number of media items)   | ERCEA external communication statistics   | 22.800         | stable/positive trend | IV           | 15           | 19.100                       | S                |
| 37 | Competent and independent staff reporting to the RMIC (independent from operational staff) defines the ERCEA assurance building process and validates its outcome.                       | Statement of the RMIC (reflected in Annex 1 of the AAR)                                 | Y              | Y                     | V            | 16           | Y                            | S                |
| 38 | Management regularly monitors the performance /functioning of the internal control via the internal scorecard, outcome of the risk management exercise, exception/non-compliance reports | Minutes of Management meetings; Reporting from the Management and RMIC to the Director. | 4/year         | 4/year                | V            | 16           | 4/year                       |                  |

| No | Criteria/Indicators   | Source of data to obtain value for the indicator   | Baseline value | Target value | IC component | IC Principle | Latest known result 31/12/24 | S/D <sup>2</sup> |
|----|---|--|----------------|--------------|--------------|--------------|------------------------------|------------------|
| 39 | Internal control weaknesses are recorded, reported to and addressed by management in a timely manner.   | RMIC's reporting on the assessment of the functioning of the IC system (ongoing / year end assessment) | Y              | Y            | V            | 17           | Y                            | S                |
|    | <sup>1</sup> Set of indicators defined by the Agency to measure whether the internal control principle is present (compliance) and functioning (effectiveness). |  |                |              |              |              |                              |                  |
|    | <sup>2</sup> Strength or deficiency   |  |                |              |              |              |                              |                  |

## ANNEX 9: Specific annexes related to "Control results"

### A. Annex related to "Control results" – Table 1: Estimated risk at payment and at closure

Table 1 : Estimated risk at payment and at closure (amounts in EUR mios) – for Executive Agencies

| EA ERCEA                                  | Payments made<br>(2024;MEUR) | minus new prefinancing<br>[plus retentions made]<br>(in 2024;MEUR) | plus cleared prefinancing<br>[minus retentions released<br>and deductions of<br>expenditure made by MS] (in<br>2024;MEUR) | Relevant expenditure<br>(for 2024;MEUR) | Detected error rate<br>or<br>equivalent<br>estimates | Estimated risk at payment<br>(2024;MEUR) | Adjusted Average Recoveries<br>and Corrections<br>(adjusted ARC, %) | Estimated future<br>corrections<br>(and deductions)<br>(for 2024;MEUR) | Estimated risk at Closure<br>(2024;MEUR) |
|---|------------------------------|--|---|---|--|--|---|--|--|
| -1  | -2                           | -3   | -4  | -5                                      | -6   | -7                                       | -8  | -9   | -10                                      |
| RCS 1 - H2020 (ERC layer)                 | 800,13                       | 0,00   | 690,06  | 1 490,19                                | 1,87% - 1,87%  | 27,87 - 27,87                            | 0,95% - 0,95%   | 14,16 - 14,16  | 13,71 - 13,71                            |
| RCS 1 - HE                                | 1 547,63                     | -1 507,84  | 30,43   | 70,21                                   | 2,00% - 2,00%  | 1,40 - 1,40                              | 0,00% - 0,00%   | 0,00 - 0,00  | 1,40 - 1,40                              |
| <b>Sub-total</b>                          | <b>2 347,76</b>              | <b>-1 507,84</b>   | <b>720,49</b>   | <b>1 560,40</b>                         |  | <b>29,27 - 29,27</b>                     | <b>0,91% - 0,91%</b>  | <b>14,16 - 14,16</b>   | <b>15,11 - 15,11</b>                     |
| operating budget                          | 67,59                        | 0,00   | 0,00  | 67,59                                   | 0,54% - 0,54%  | 0,37 - 0,37                              | 0,00% - 0,00%   | 0,00 - 0,00  | 0,37 - 0,37                              |
| <b>Total EA (operational + operating)</b> | <b>2 415,35</b>              | <b>-1 507,84</b>   | <b>720,49</b>   | <b>1 628,00</b>                         |  | <b>29,64 - 29,64</b>                     | <b>0,87% - 0,87%</b>  | <b>14,16 - 14,16</b>   | <b>15,48 - 15,48</b>                     |
|   |                              |  |   |   | Overall risk at<br>payment in %                      | 1,82% - 1,82%<br>(7) / (5)               |   | Overall risk at<br>closure in %  | 0,95% - 0,95%<br>(10) / (5)              |

#### Notes to the table 1

- (1) Relevant Control Systems differentiated per relevant portfolio segments and at a level which is lower than the total.
- (2) Payments made or equivalent, e.g. expenditure registered in the Commission's accounting system, accepted expenditure or cleared pre-financing. In any case, this means after the preventive (ex-ante) control measures have already been implemented earlier in the cycle.
- (3) New pre-financing actually paid by out by the department itself during the financial year (i.e. excluding any pre-financing received as a transfer from another department). as per note 2.5.1 to the Commission annual accounts thus excluding "Other advances to Member States" which are covered on a purely payment-made basis (note 2.5.2).
- (4) Pre-financing actually cleared during the financial year (i.e. their 'delta' in the Financial Year 'actuals', not their 'cut-off' based estimated 'consumption'). (5) For the purpose of equivalence with the ECA's scope of the EC funds with potential exposure to legality & regularity errors (see the ECA's Annual Report methodological annex 1.1), our concept of "relevant expenditure" includes the payments made, subtracts the new pre-financing paid out, and adds the pre-financing actually cleared during the FY. This is a separate and 'hybrid' concept, intentionally combining elements from the budgetary accounting and from the general ledger accounting.
- (6) In order to calculate the weighted Average Error Rate (AER) for the total relevant expenditure in the reporting year, the detected error rates have been used for operational budget. For administrative expenditure, type of low-risk expenditure, the error rate resulting from ex-ante on salaries was used.
- (7) The historic average of recoveries and financial corrections (ARC) received from the central services is 0.1%. However, further to 2017 ECA/IAS recommendations, ERCEA adjusted this value to 0.95% for grant management expenditure and used as best estimation:



The difference between overall representative detected error rate 1.87% for H2020 (2% for HE) and the ERCEA residual error rate 0.92% for H2020. For the operating budget, ERCEA estimate the value of detected error at 0.54%.

The amount of the implemented ex-post corrections in 2024 is EUR 1.6 million, compared to an amount of estimated future corrections of EUR 14.16 million. The estimated future corrections will be implemented in subsequent years considering delays between the detection of errors in cost claims by the ex-post audits and their corrections, especially regarding the extension of audit results. Compared to 2023, there is an increase of the estimated future corrections of 3% (EUR 13.68 million) explained by the decrease of the H2020 ERCEA residual error rate. The difference between the executed ex-post corrective capacity and the estimated future corrections is in line with expectations.

## ANNEX 10: Reporting – Human resources, digital transformation and information management and sound environmental management

### 10.1 Human resources

**Objective:** The ERCEA employs a competent and engaged workforce and contributes to gender equality at all levels of management to effectively deliver on the Agency's priorities and core business.

**Indicator 1** <sup>(24)</sup> **Number and percentage of female representation in middle management** <sup>(25)</sup>

**Source of data:** DG HR

| <b>Baseline (female representation in middle management) (31/12/2023)</b> | <b>Target</b><br>(Annual target to be decided by the Agency's Director in cooperation with the parent DG taking into account the situation N-1 of the Agency as well as the objective of 50% by 2024 <sup>(26)</sup> ) | <b>Latest results 31/12/2024</b> |
|---|--|----------------------------------|
| 59%   | 50%  | 59%                              |

**Indicator 2:** ERCEA staff engagement index

**Source of data:** Commission staff or pulse survey

| <b>Baseline:</b><br>Staff survey 2023 | <b>Target</b><br>European Commission staff survey | <b>Latest results 30/12/2024</b> |
|---------------------------------------|---|----------------------------------|
| 76%                                   | At least 75%                                      | 76%                              |

**Main outputs in 2024:**

| <b>Output</b>   | <b>Indicator</b>            | <b>Target AWP 2024</b>                  | <b>Latest results 31/12/2024</b> |
|---|-----------------------------|---|----------------------------------|
| To support ERCEA' core business by providing the required number of staff on time | Occupation rate at year end | 98%                                     | 99%                              |
| To follow up on 2023 Staff Survey Results   | Action plan                 | Action plan adopted by ERCEA Management | 100%                             |

<sup>(24)</sup> Seconded middle managers are part of the seconding DGs' staff: The responsibility for achieving the targets is at DG level. The Agency is responsible for providing with a regular overview to its parent-DGs of the gender representation in middle management within the Agency and coordinate between them.

<sup>(25)</sup> The functions of head of unit and head of department are hereby defined as middle management functions with the vacant positions being excluded from the calculation.

<sup>(26)</sup> 50% in 2024, in line with the Gender Equality Strategy 2020-2025.

| Programmes   | Staff (EU budget) |                             |            |           |                       | EFTA/EEA, Third countries contributions |           |   | Total all staff |
|--|-------------------|-----------------------------|------------|-----------|-----------------------|---|-----------|---|-----------------|
|  | TAs               | Of which seconded officials | CAs        | SNEs      | Total staff EU budget | TAs                                     | CAs       | Total EFTA/EEA, Third countries contributions |                 |
| <b>HE</b>  |                   |                             |            |           |                       |   |           |   |                 |
| Operational staff for HE                           | 103               | 11                          | 317        | 14        | <b>434</b>            | 8                                       | 35        | <b>43</b>                                     | <b>477</b>      |
| Management and administrative support staff for HE | 24                | 8                           | 43         | 0         | <b>67</b>             | 0                                       | 0         | <b>0</b>                                      | <b>67</b>       |
| <b>Total</b>                                       | <b>127</b>        | <b>19</b>                   | <b>360</b> | <b>14</b> | <b>501</b>            | <b>8</b>                                | <b>35</b> | <b>43</b>                                     | <b>544</b>      |

## 10.2 Sound financial management

**Objective:** The authorising officer by delegation has reasonable assurance that resources have been used in accordance with the principles of sound financial management and that cost-effective controls are in place which give the necessary guarantees concerning the legality and regularity of underlying transactions.

### Main outputs in 2024:

| Output   | Indicator  | Target  | Result 31/12/2024                                |
|--|--|---|--|
| Effective controls: Legal and regular transactions | Estimated risk at payment and at closure   | For H2020: remains < 2 % of relevant expenditure<br><br>For HE <sup>(27)</sup> : below 2% of relevant expenditure | Risk at payment: 1.82%<br>Risk at closure: 0.95% |
| Effective controls: Safeguarded assets             | Yearly physical inventory control of items – furniture and equipment - % of scanned items vs permanent inventory (ABAC Assets) | 95%   | 95% (2023 result, no data for 2024)              |

<sup>(27)</sup> No representative error rate for Horizon Europe will be available in 2024 as the first audit results are expected end 2024.

| Output  | Indicator   | Target  | Result 31/12/2024 |
|---|---|---|-------------------|
| Effective controls: Ensure adequate quality and consideration of specificities of ERC grants in H2020 audit results | Review of preliminary / draft audit reports (PARs) by the ERCEA | 100% of PARs submitted by the Common Audit Service reviewed by ERCEA Audit Liaison Officers | 100%              |
| Efficient controls  | Budget execution and timely payments                            | Remains 100% of payment appropriations and remains 95% of payments (in value) made on time  | 100%              |
| Economy of controls   | Overall estimated cost of controls                              | Remains less than 3 % of funds managed  | 2.8%              |

### 10.3 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 (CAFS) <sup>(28)</sup> aimed at the prevention, detection and correction <sup>(29)</sup> of fraud

**Indicator:** Implementation of the actions included in ERCEA's anti-fraud strategy over the strategy's lifecycle

**Source of data:** ERCEA's annual activity report, ERCEA's anti-fraud strategy, OLAF reporting

| Baseline                         | Target   | Result (31/12/2024)                       |
|----------------------------------|--|---|
| 2021                             | 2024   |   |
| 75% of action points implemented | Maintain 100% of action points implemented in time <sup>(30)</sup> | 100% of action points implemented on time |

#### Main outputs in 2024:

| Output  | Indicator  | Target   | Results   |
|---|--|--|---|
| Review of ERCEA's Anti-Fraud Strategy and Action Plan | Updated Anti-Fraud Strategy and/or Action Plan adopted                   | Q3 2024  | Updated in 2024                                 |
| Anti-Fraud training sessions for Agency newcomers     | - Number of annual trainings<br>- percentage of Agency newcomers trained | 2-3 trainings year<br>75% of newcomers trained | 4 trainings in 2024<br>78% of newcomers trained |

<sup>(28)</sup> Communication from the Commission "Commission Anti-Fraud Strategy Action plan – revision 2023: [COM 2023 405](#) of 11 July 2023 – 'the Communication on the 2023 revision' – and the accompanying revised action plan, [SWD 2023 245](#) 'the revised Action Plan'.

<sup>(29)</sup> Correction of fraud is an umbrella term, which notably refers to the recovery of amounts unduly spent and to administrative sanctions.

<sup>(30)</sup> As several of the actions foreseen in the Agency's Anti-Fraud action plan require continuous implementation. The Agency's Anti-Fraud Strategy and action plan will be updated in 2024, and new targets will be set for the AWP 2025.

## 10.4 Digital transformation and information management

The main objective of the Document Management Centre (DMC) is to apply records management and archives policy that is compatible with the one of the Commission at the ERCEA. To this end, the DMC assesses the risks related to document management, provides advice to services, manages access rights to official documents, trains and supports ERCEA staff in using the dedicated tools (Hermes-Ares-NomCom), shares working methods in a hybrid (paper and electronic) working environment, and contributes to the information management policy. Its current main objective is to introduce the electronic signature in the ERCEA.

During the reporting period, the ERCEA Data Protection Officer (DPO) finalised the migration of the notification into record. The updated exercise of the records approved more than three years to ensure the compliance with the EUDPR was also launched. Last but not least, the Agency has also appointed its first deputy DPO to increase the control over the implementation of the data protection framework.

Data governance principles are embedded in the design and the governance of the IT systems used in the Agency. The target was not met for 2024 because the Agency reconsidered the weight of one of the main components in the context of data governance. As a consequence, the advancement of this indicator was delayed. Nevertheless, for 2025, we will be able to advance towards the 80% target (reference to indicator 2). In addition, we are continuing to align key elements of our business intelligence work with eGrants by integrating its data into our BI solutions, such as Qlik Sense dashboards and reporting tools. We are also contributing to the eGrants initiative by providing dedicated consultancy support to our parent DG. Additionally, the onboarding of a business intelligence expert has enabled us, amongst other benefits in this area, to map the Agency's data landscape, which is being progressively used to strengthen our activities and improve this indicator.

**Objective:** The ERCEA is using innovative, trusted digital solutions for better information management and administrative processes to become a truly digitally transformed, user-focused and data-driven Agency

**Indicator 1 : Degree of implementation of the digital strategy principles by the most important IT solutions <sup>(31)</sup>**

**Source of data:** ERCEA

| <b>Baseline<br/>(2020)</b> | <b>Interim milestone<br/>(2022)</b> | <b>Target<br/>(2024)</b> | <b>Latest known result<br/>(31/12/2024)</b> |
|----------------------------|-------------------------------------|--------------------------|---|
| 45%                        | 60%                                 | 75%                      | 75%   |

<sup>(31)</sup> The [European Commission Digital Strategy](#) calls on Commission departments to digitally transform their business processes by developing new innovative digital solutions or make evolve the existing ones in line with the principles of the strategy. At the beginning of the year N+1, the Solution Owner and IT Investments Team will assess the progress made for the selected solutions. For each of the 3 solutions, a table will reflect – per principle – the progress achieved during the last year.

**Indicator 2 : Percentage of implementation of the corporate principles for data governance for ERCEA's key data assets**

**Source of data:** ERCEA

| <b>Baseline (year)</b> | <b>Interim milestone (2022)</b> | <b>Target (2024)</b> | <b>Latest known result (31/12/2024)</b> |
|------------------------|---------------------------------|----------------------|---|
| 0%                     | 50%                             | 80%                  | 75%                                     |

**Indicator 3 : Percentage of staff attending awareness raising activities on data protection compliance**

**Source of data:**

| <b>Baseline (2018)</b> | <b>Interim milestone (2022)</b>  | <b>Target (2024)</b>                         | <b>Latest known result (31/12/2024)</b> |
|------------------------|--|--|---|
| 0%                     | 100% of newcomers staff dealing with data protection matters<br>40% of total staff | 100% of staff in post for 6 months or longer | 55% of total staff <sup>(32)</sup>      |

**Main outputs in 2024:**

| <b>Output</b>  | <b>Indicator</b>   | <b>Target</b>                  | <b>Latest known result (31/12/2024)</b> |
|--|--|--------------------------------|---|
| <b>Digital Culture</b><br>Identify outputs related to digital skills training needs that are required for the digitalisation of the department, promote and monitor staff's digital skills.<br>Promote outputs related to the use of online collaborative tools, incentivise and empower staff.<br>Keep outputs related to track of and increase cybersecurity awareness training for all staff. | IT literacy-related training   | At least one training per unit | 100%                                    |
| <b>Green, Resilient and Secure Digital Infrastructure</b><br>Ensure outputs related to the continuous improvement of the department's performance as captured in the risk maturity quadrant (RMQ).   | Fulfilling declarations of compliance GRC as according to the Commission Priority Controls | 100%                           | 100%                                    |

<sup>(32)</sup> Additional trainings will be provided in 2025 in order to reach the target. The interim milestone of 40% of total staff trained was met but more efforts will be made to raise awareness on newcomers.

## 10.5 Sound environmental management

**Objective:** The ERCEA takes account of the environmental impact of its day-to-day actions, taking measures to reduce the impact of its administration work, supported by their respective EMAS Correspondents.

### Main outputs in 2024:

#### I. Reducing emissions from staff and expert's business travel and reducing CO<sub>2</sub> and other atmospheric emissions

| Output   | Indicator   | Target (2019 as baseline)   | Latest known result (31/12/2024)  |
|--|---|---|---|
| Reduced emissions from staff missions <sup>(33)</sup><br>Analysis of EA's missions' trends/patterns (based on EC Staff and experts' professional trips, optimise and gradually reduce CO <sub>2</sub> emissions (by reducing the number of participants in the same mission, promoting more sustainable travelling options, promoting virtual events as alternative) | CO <sub>2</sub> emissions from executive agency's staff missions (based on data provided by MIPS) | 50% reduction, provided that the budget does not increase <sup>(34)</sup> | 62% reduction from staff missions<br>30% reduction from experts 'professional trips |

#### II. Reducing resource use in buildings and workspace (energy) More efficient use of resources (energy)

| Output   | Indicator  | Target (2019 as baseline) | Latest known result (31/12/2024)   |
|--|--|---------------------------|--|
| Participation in corporate energy saving actions, by closing down EA's buildings during the Christmas and New Year's holidays & summer holiday period and/or optimisation of the temperature in EC buildings | Number of days the ERCEA participates in:<br>- end of year energy saving action<br>- summer energy saving action | 30 days                   | 7 days<br>(no participation in the summer closure of the building due to works in the building by the other 2 EAs) |

#### III. Organise sustainable events

| Output  | Indicator              | Target (2019 as baseline) | Latest known result (31/12/2024) |
|---|------------------------|---------------------------|----------------------------------|
| ERCEA events in hybrid mode to reduce CO <sub>2</sub> impact of travels | Number of green events | 5                         | 3                                |

<sup>(33)</sup> Data provided by PMO/MiPs.

<sup>(34)</sup> Overall reductions of CO<sub>2</sub> emissions from missions for executive agencies from 2019-2024 (%). Overall corporate target is 50 % under the Greening Communication.

#### IV. Circular economy (public procurement (GPP), waste, biodiversity and sustainable food

| Output                                     | Indicator                                | Target (2019 as baseline) | Latest known result (31/12/2024) |
|--|--|---------------------------|----------------------------------|
| Waste recycling & sustainable food actions | Number of actions<br>% of staff informed | 3<br>100%                 | 3<br>100%                        |

#### V. Staff awareness

| Output   | Indicator                             | Target (2019 as baseline)                           | Latest known result (31/12/2024) |
|--|---------------------------------------|---|----------------------------------|
| Staff awareness actions to reduce energy use in the framework of EMAS corporate campaigns and/or awareness actions about EA's total energy consumption in collaboration with OIB where appropriate.  | Number actions<br>% of staff informed | 1<br>100%   | 1<br>100%                        |
| Staff awareness actions to reduce water use (for ex. ensuring that staff use the technical services hotline to report water leaks) in the framework of EMAS corporate campaigns and/or awareness raising actions about EA's water consumption with OIB where appropriate.  | Number actions<br>% of staff informed | 1<br>100%   | 1<br>100%                        |
| Paperless working methods at EA level (such as paperless e-signatories, financial circuits, collaborative working tools) and staff awareness actions to reduce office paper use in the framework of EMAS corporate campaigns and/or raise awareness about EA's office paper use in collaboration with OIB where appropriate. | paper consumption                     | 50% reduction of paper consumption compared to 2019 | 34.5%                            |
| Staff awareness actions about waste reduction and sorting in the framework of EMAS corporate campaigns and/or staff awareness actions about EA's waste generation in collaboration with OIB where appropriate  | Number actions<br>% of staff informed | 1<br>100%   | 1<br>100%                        |



| <b>Output</b>  | <b>Indicator</b>                                 | <b>Target (2019 as baseline)</b> | <b>Latest known result (31/12/2024)</b>             |
|--|--|----------------------------------|---|
| Staff awareness actions on reducing GHG emissions (such as actions on sustainable commuting during EU mobility week and VeloMay corporate events) and/or raise staff awareness on sustainable commuting in collaboration with OIB (e.g. availability of bike parking facilities, lockers and showers, promote the reduction of parking spaces' use amongst staff). | Number actions<br>% of staff informed            | 1<br>100%                        | 1<br>100%   |
| ERCEA cycling contribution scheme (financial contribution covering part of the cost of commuting to and from work by bicycle) aiming at increasing the number of staff members choosing this means of transport and therefore contributing to reducing pollution and easing urban traffic congestion in Brussels.  | Increase % of staff participating in this scheme | 10% increase                     | 25% increase compared to 2023 (from 44 to 55 staff) |

## **ANNEX 11: Implementation through non EU entrusted entities and/or EU Trust Funds (not applicable)**

## **ANNEX 12: EAMR of the Union Delegations (not applicable)**

## **ANNEX 13: Decentralised agencies and other EU bodies (not applicable)**

## **ANNEX 14: Reporting on the Recovery and Resilience Facility not applicable)**