



2019

Annual Activity Report

Annexes

**Directorate-General
for Mobility and
Transport**



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ANNEX 1: Statement of the Directors in charge of Risk Management and Internal Control

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

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

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

Date

Anne MONTAGNON [Acting Director]

[e-signed]

For the Director taking responsibility for the completeness and reliability of management reporting on results and on the achievement of objectives:

"I hereby certify that the information provided in Section 1 of the present Annual Activity Report and in its annexes is, to the best of my knowledge, accurate and complete."

Date

Maja BAKRAN MARCICH [Acting Director]

[e-signed]

¹ C(2017)2373 of 19.04.2017.

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

This annex is the annex of section 2.2 "Other organisational management dimensions".

Human Resources

Objective (mandatory): The DG deploys effectively its resources in support of the delivery of the Commission's priorities and core business, has a competent and engaged workforce, which is driven by an effective and gender-balanced management and which can deploy its full potential within supportive and healthy working conditions.			
Indicator 1 (mandatory): Percentage of female representation in middle management			
Source of data: HR Analytics Platform (QlikView)			
31.8% specific target (now obsolete) for female middle management on 01/01/2017	Target: 40% overall target for female senior and middle management and new quota of three 1st time female middle management appointments by 1 November 2019		Latest known results: 37.5%
	Decision of July 2017 of new quantitative targets and 1st time appointments of female middle managers (previous specific target of 45% for female middle management in DG MOVE was suspended) - 3 first female appointments by November 2019		DG MOVE has reached 45% female middle managers by 2019. Out of the quota of three female middle management 1st appointments, as of June 2018 DG MOVE had already recruited two female Heads of Unit as first time middle management appointments. The pending third recruitment in order to reach the target set for November 2019 has not been fulfilled yet.
Main outputs in 2019:			
Description	Indicator	Target	Latest known results
Implementation of local and corporate talent management strategy	Gradual implementation of (staff survey) Action Plan that DG MOVE developed in 2017. The new 2018 Staff Survey could also provide useful indication of actions to be further pursued.	Progress measured annually (beginning of 2019)	In the management seminar of February 2019 DG MOVE's managers reported on the steps pursued by each Directorate and overall by DG MOVE in the implementation of the (2016 staff survey) Action Plan and confirmed managers' commitment to carefully analyse the results of the 2018 Staff Survey and further improve. Also at DG MOVE HR BC's level, a continuous contact with managers on issues related to the Action Plan (e.g. team-events) and organisation of specific actions (e.g. well-being lunchtime conferences) have contributed to the progress on the implementation of DG MOVE's strategic document. By June 2019, based on the 2018 Staff Survey results, DG MOVE identified the areas where there was room for further improvement and developed a new Action Plan that is gradually being implemented.

Identify potential & develop professional skills	Continuing implementing the Action Plan and in-house coaching initiative with accredited internal coach to offer targeted staff the opportunity to develop their skills and reach their professional goals.	By December 2019	DG MOVE launched a local coaching initiative in March 2018. Moreover, DG MOVE supported the internal coach to enhance her skills by following new trainings.
Attract specialised profiles and competences	Strengthen collaboration with AMC's career development team. Planning AD competition (either in coordination with other DGs or with DG HR) to address MOVE's needs of transport specialised profiles.	Along 2019-2020	Frequent meetings and contacts with AMC2 career development team took place in 2019, in the quest of finding the best profiles for various vacancies in DG MOVE. This also included DG MOVE's participation in the pilot and then in the full roll-out of the corporate Headhunting platform. DG MOVE has also readily participated (in 2018 and 2019 exercises) in the FTDP exercises: in the framework of which 5 female ADs (including one from INEA) were offered the framework to develop their managerial skills. As regards the organisation of a specialised AD competition, in September 2019 (as in the previous years) DG MOVE submitted to DG HR an overview of the job needs and intention to organise a specialised competition, and remained available to collaborate with DG GROW and other DGs on a joint competition for similar work profiles.
Application of good practices in the recruitment process: gender-neutral vacancy notices, female members in panels; relevant statistics to senior management.	Percentage of panels including female members	100%	Target delivered.
	Statistics on female representation provided to the DG; Identifying possibilities and talented female ADs to increase female 1st time appointments on middle management posts.	Quarterly and when Heads of Unit positions become vacant	Statistics on female representation were provided in the management seminar of February 2019, in October 2019 in the context of the preparations for the arrival of the new Commission, as well as on 1 December 2019 when a Head of Unit left the DG and a Cabinet seconded Head of Unit was reintegrated in DG MOVE. DG MOVE ensured full support for the FTDP exercises (2018 and early 2019) and for the identification of female candidates and mentors from within DG MOVE but also from Executive Agency INEA, giving them the opportunity to hone their strengths and managerial skills. DG MOVE also appointed one female Deputy Head of Unit in the reporting period.

Objective: The DG deploys effectively its resources in support of the delivery of the Commission's priorities and core business, has a competent and engaged workforce, which is driven by an effective and gender-balanced management and which can deploy its full potential within supportive and healthy working conditions.

Indicator 2 (mandatory): Percentage of staff who feel that the Commission cares about their well-being

Source of data: Commission staff satisfaction survey

Baseline year 2016	Target by 2020	53% (2018 staff survey)
	Remain above Commission average (35% in 2016) and constantly progress	Latest known results: 2018 staff survey. Under Strategic Plan Indicator 2 , DG MOVE's positive perception on well-being increased from 34% (Commission average 35%), reported in the 2016 Staff Survey, to 53% (Commission average 52%) registered in the 2018 Staff Survey.

Main outputs in 2019:

Description	Indicator	Target	Latest known results
Extended offer of health & well-being local actions and volunteering activities.	Continuing to implement actions suggested in the local Staff Survey on health and well-being actions. Intranet being continuously updated with new volunteering offers.	By December 2019	The local survey was launched on 8 December 2018. After the analysis of the results in 2019, new actions have been implemented in DG MOVE, while others are still being planned
Sessions on raising awareness on well-being at work and/or on specific well-being topics.	Lunchtime conferences	At least 5 by December 2019	2 Lunchtime conferences/Internal trainings were organised (on Prevention of depression and on Visual Facilitation).
	Organisation of trainings for managers: "HR pills" (e.g. prevention of psychosocial risks in the workplace)	1 session by December 2019	2 sessions of HR pills were organised for all staff, including managers (on Emotional intelligence and on How to cultivate a positive mind-set).

Objective: The DG deploys effectively its resources in support of the delivery of the Commission's priorities and core business, has a competent and engaged workforce, which is driven by an effective and gender-balanced management and which can deploy its full potential within supportive and healthy working conditions

Indicator 3 (mandatory): Staff engagement index

Source of data: Commission staff satisfaction survey

Baseline year: 2016	Target by 2020	75% (2018 Staff Survey)
	Remain above Commission average (64% in 2016) and constantly progress.	Latest known results: 2018 staff survey
		Under Strategic Plan Indicator 3 , DG MOVE's staff engagement increased from

			70% (Commission average 64%) in 2016 to 75% (Commission average 70%) registered in the 2018 Staff Survey, ranking thus among the top scoring DGs.
Main outputs in 2019			
Description	Indicator	Target	Latest known results
Measuring progress on the implementation of engagement actions.	Following indicative guidelines provided in the Action Plan (team events, two-way communication, etc.).	Progress measured annually (beginning of 2019)	As part of DG MOVE's (2016 staff survey) Action Plan, actions and progress on engagement actions were presented in the management seminar in February 2019. Some important events of 2018 and 2019 (new MFF, Brexit and impact on transport, adoption of 4th mobility package, TEN-T days, etc.) put staff together and brought managers forward explaining the mission, objectives and successes of DG MOVE. At the same time, a good number (7) of team-events took place in 2019. Staff could attend relevant job-related external trainings (8) as well as specific courses organised in-house (e.g. How to chair effective meetings; How to evaluate directives & regulations). DG MOVE continued to organise its annual Away Day (June 2019), with an impressive participation of more than 350 colleagues and symbolical awards offered to staff for their various achievements during the year. The 2018 Staff Survey occasioned also awareness raising of DG MOVE's engagement actions and planning of further measures.
New-comers	Continue the bi-annual new-comers welcoming and consolidate new-comers' package by adding other actions dedicated to new-comers.	By December 2019	In 2019 DG MOVE continued to organise the new-comers welcoming (bi-annually), successfully continuing the concept developed in 2018. To this end, DG MOVE organised two welcoming sessions (March and October 2019) where the new-comers over the previous 6 months and the new Blue Book trainees (altogether more than 100 new-comers) were invited to get to know each other and to brainstorm on European transport achievements and challenges. The conclusions were presented to the Director-General of DG MOVE and provided the basis of an interactive discussion between the DG and the new-comers.
Lunchtime conference on Ethics	Number of events – planning joint session DG MOVE & DG ENER to be delivered by DG HR Ethics & IDOC	By July 2019	The Lunchtime, delivered by DG HR's Ethics and IDOC Units, took place on 26 March in our premises as a joint session for DG MOVE and DG ENER.
Annual DG Away Day	Timely organisation of the event	Q2	The Away Day took place in June 2019, with a very large participation (more than 350 staff), highly appreciated.

Action plan as follow-up of staff opinion survey 2018	Approval of action plan by Director-General	By end of Q2 2019	By June 2019, based on the 2018 Staff Survey results, DG MOVE identified the areas where there was room for further improvement, developed a new Action Plan which was supported by the Director-General and submitted it to DG HR.
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Better regulation

Note: For **Better Regulation**, the data for the indicators is collected by the DG².

The overarching objective is to make progress in applying Better Regulation which would reflect in increased percentage of positive opinions on first submission of Impact Assessments to the Regulatory Scrutiny Board by 2020 and in increased coverage of MOVE acquis for which the ex-post evaluations and Fitness Checks will be done.

Objective (mandatory): Prepare new policy initiatives and manage the EU's acquis in line with better regulation practices to ensure that EU policy objectives are achieved effectively and efficiently

Indicator 1 (mandatory - monitored by the DGs concerned): Percentage of Impact assessments submitted by DG MOVE to the Regulatory Scrutiny Board that received a favourable opinion on first submission

Explanation: The opinion of the RSB will take into account the better regulation practices followed for new policy initiatives. Gradual improvement of the percentage of positive opinions on first submission is an indicator of progress made by the DG in applying better regulation practices.

Source of data: MOVE.A3 monitoring

Baseline 2015	Interim Milestone 2016	Target 2020	Latest known results (2019)
50%	Positive trend compared to baseline	75%	Not applicable in 2019 since no impact assessment was submitted by DG MOVE to RSB in 2019

Indicator 2 (mandatory - monitored by the DGs concerned): Percentage of the DG's regulatory acquis covered by ex-post evaluations and Fitness Checks not older than five years. As evaluations help to identify any burdens, implementation problems, and the extent to which objectives have been achieved, the availability of performance feedback is a prerequisite to introduce corrective measures allowing the acquis to stay fit for purpose

Explanation: Better Regulation principles foresee that regulatory acquis is evaluated at regular intervals.

² More guidance available: <https://myintracomm-collab.ec.europa.eu/networks/ECMngtPlan/ARCHIVES/Forms/AllItems.aspx?RootFolder=%2Fnetworks%2FECMngtPlan%2FARCHIVES%2FPLANNING%202016%2F2%5FFAQ&FolderCTID=0x012000DBC312C1CA95244831D1E92291AE456&View=%7B6039DD0C%2D9E2D%2D477A%2D8815%2D60B77FCE5DF2%7D>

Relevance of Indicator 2: The application of better regulation practices would progressively lead to the stock of legislative acquis covered by regular evaluations to increase.			
Baseline 2015	Interim Milestone 2016	Target 2020	Latest known results (2019)
<p>Percentage of the DG's regulatory acquis covered by ex-post evaluations and Fitness Checks not older than 5 years: 20%</p> <p>(In this figure all completed (Final report approved) evaluations of the secondary legislation (i.e. regulations and directives were taken into account).</p>	Positive trend compared to baseline	Positive trend compared to interim milestone	<p>49%</p> <p>The total number of regulatory acquis is 101; in the period 2015-2019, 36 evaluations were completed and 17 are ongoing.</p>

Information Management Aspects

In 2019, a number of actions have been undertaken in line with the European Commission corporate strategy on Information Management strategy:

- The priority has been given to information security awareness, to align with the reviewed security notices³ and the implementation of the new security model in ARES. SRD⁴ provided several training sessions on "Security in ARES" with the participation of 45 staff members in DG MOVE.
- Information security aspects are being taken into account in the review of the files accessibility policy in DG MOVE in order to ensure the required balance between the need-to-share and the need-to-protect principles on information management. After the endorsement of the policy, DG MOVE will implement it in 2020, granting access to other DGs for eligible files created as from 1 January 2019 (Indicator 3). In terms of files accessibility within the DG, DG MOVE fully accomplishes the target of the Strategic Plan 2016-2020 (Indicator 2)
- The "Elimination of incoming paper policy", according to which eligible incoming paper mail is destroyed after 6 months, has continued to reduce paper storage by the disposal of 593 scanned incoming paper documents. In addition, Adonis chrono paper files that remained in local archives were taken over by the CAD for digitalisation and subsequent elimination.

³ C(2019)19033 and C(2019)19043.

⁴ Shared Resources Directorate.

- In 2019 DG MOVE has maintained the positively assessed level of efficiency for electronic workflows of 2018 (e-signatory use levels were maintained and paper signatories in parallel slightly decreased). Further awareness actions on paperless have been postponed to 2020 due to the new information security awareness priority.
- To ensure an adequate level of security and quality of files, the CAD reinforced the review of files during the annual closure exercise. In addition, all local archives were inventoried and cleaned-up.

Objective (mandatory): Information and knowledge in your DG is shared and reusable by other DGs. Important documents are registered, filed and retrievable			
Indicator 1 (mandatory – data to be provided by DIGIT): Percentage of registered documents that are not filed⁵ (ratio)			
Source of data: Hermes-Ares-Nomcom (HAN)⁶ statistics			
Baseline 2015	Target	Latest known results 2019	
8.32%	Target 2020 <1%	1.70 %	
Indicator 2 (mandatory– data to be provided by DIGIT): Percentage of HAN files readable/accessible by all units in the DG			
Source of data: HAN statistics			
Baseline 2015	Target	Latest known results 2019	
96.74%	To be maintained above 95%	98%	
Indicator 3 (mandatory – data to be provided by DIGIT): Percentage of HAN files shared with other DGs			
Source of data: HAN statistics			
Baseline 2015	Target	Latest known results 2019	
0.11%	25% files registered as from 2016	0%	
Main outputs in 2019:			
Description	Indicator	Target	Latest known results 2019
Documents are retrievable in ARES and properly filed - staff has easier access to information	Percentage of registered documents that are not filed	Below 2%	1.70 %
Increased efficiency of electronic workflows, reduced paper storage and improved physical security of information.	a) Physical security actions: <ul style="list-style-type: none"> • Inventory of local archives • Annual closure of files b) Paperless actions:	Q4 2019	Local archives in DM28 have been inventoried and cleaned-up ⁷ Annual closure of files carried out by CAD 462 financial closed files have been transferred to the DG Intermediate Archives

⁵ Each registered document must be filed in at least one official file of the *Chef de file*, as required by the [e-Domec policy rules](#) (and by ICS 11 requirements). The indicator is to be measured via reporting tools available in Ares.

⁶ Suite of tools designed to implement the [e-Domec policy rules](#)

⁷ Ares(2019)3145623

	<ul style="list-style-type: none"> • % of e-signatory • Extension of the scope of the "Elimination of incoming paper mail policy" • Guidelines for E-Signatory use 	<p>At least same level as 2018</p> <p>Q2 2019</p>	<p>Positive level of last year maintained:</p> <ul style="list-style-type: none"> - Same use of e-signatory (89%) - Same use of SIGN&LOCK (19%) - Decrease of -0.60% paper signatory in parallel (3%) <p>Extension of the scope tested. Will be implemented in 2020 Awareness on paperless actions postponed to 2020 due to the change of priority given to security in ARES.</p>
Consolidation of the E-Domec correspondents network	Number of workshops/meetings with the correspondents network	At least two specific workshops to be carried out in 2019	Four in-house training sessions "Security in ARES" for e-Domec correspondants with 45 participants in DG MOVE

External communication activities

Note: for **Communication**⁸, the data for the mandatory indicator is available on the Eurobarometer website [here](#). The data for the optional indicators is collected by each DG.

If not already explained in section 2.2, a mandatory reporting narrative on the impact⁹ of key communication actions undertaken by the DG has to be provided in this annex (in addition to the tables).

Objective (mandatory): Citizens perceive that the EU is working to improve their lives and engage with the EU. They feel that their concerns are taken into consideration in European decision-making, and they know about their rights in the EU.

Indicator 1: Percentage of EU citizens having a positive image of the EU

Definition: the Eurobarometer measures the state of public opinion in the EU Member States. This global indicator is influenced by many factors, including the work of other EU institutions and national governments, as well as political and economic factors, not just the Commission's communication actions. It is relevant as a proxy for the overall perception of EU citizens. Positive visibility for the EU is the desirable corporate outcome of Commission communication, even if the contribution by individual DGs may be minimal.

Source of data: Standard Eurobarometer [*monitored by DG COMM [here](#)*].

Baseline 2014	Target 2020	Latest known results 2019
Total 'Positive': 39% Neutral: 37 % Total 'Negative': 22%	Positive image of the EU ≥ 50%	45% had a positive image of the EU in 2019, up 10% since 2014.

Main outputs in 2019:

Output	Indicator	Target	Latest known results
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⁸ The Communication on Synergies and Efficiencies (SEC(2016)170) of 04.04.2016 stipulates that DG COMM together with DG HR shall carry out an inventory of existing resources (to be submitted via the CCSC to the Corporate Management Board), data collected via this Annex (Annex 2 of AAR) will be aggregated to this end.

⁹ More guidance on evaluations and setting up of KPIs in the domain of communication can be found here.

			2019
Direct reach of communication actions via Twitter	Number of followers and monthly impressions	39 000 followers on Twitter (increase of 5% compared to 2018) and 500K impressions (monthly)	41 770 followers (increase of 11% compared to 2018). Monthly impressions are on average 422K.
Direct reach of communication actions via external newsletter	Number of issues and recipients/readers	12 issues and 6 000 recipients (maintaining the level of 2018)	12 issues and 8 439 recipients.
Communication of annual road safety statistics	Number of press clippings	50 (maintaining the level of 2018)	48 press clippings identified.
European Mobility Week public awareness campaign	Number of cities participating and number of press clippings	2 500, and 600 press clippings (maintain level of previous editions).	Participation by 3 135 towns and cities (new record). Some 9 773 individual press clippings were identified, far exceeding the target.
A 'digital' passenger rights campaign	Number of downloads of passenger rights app, and Eurobarometer on awareness of passenger rights.	250 000 (increase of 5% compared to 2018) downloads and the general increase of the awareness of passenger rights compared to the previous Eurobarometer	There were around 12 000 new downloads in 2019, bringing the total up to 291 441. This is a 4.2% increase. General awareness of passenger rights increased by 1% between 2014 and 2019, to 32%.

Objective: Timely and efficient distribution of information (news, events linked to Commission priorities) to stakeholders, Member States and citizens while engaging in dialogue.

Indicator: Number of DG MOVE twitter account followers.

Source of data: Twitter

Baseline: November 2015	Target: December 2016	Latest known results 2019
22 000 followers	25 000 followers	41 770

Over the course of 2019, DG MOVE spent a total EUR 783,514 on communication activities, including the special Eurobarometer on mobility and transport. In addition to this, a sum of EUR 1,443,716 was used to fund campaigns on the European Mobility week (EUR 443,740), the second digital communication passenger rights awareness campaign (EUR 149,976) and the European Road Safety Charter campaign (EUR 400,000). An additional EUR 69,657 was spent on updating the content of the road safety website and the 'Going Abroad' mobile application.

Annual communication spending (based on estimated commitments):

Baseline 2018 (year n-1)	Estimated commitments (2019) / Target	Total amount spent	Total of FTEs working on external communication
EUR 515 000 + an additional sum of EUR 1 434 540 for Communication campaigns	EUR 555 000 + an additional sum of one million EUR for Communication campaigns	EUR 783 514, plus an additional EUR 1 403 706 for communication campaigns.	5

ANNEX 3: Draft annual accounts and financial reports

AAR 2019 Version 1

Annex 3 Financial Reports - DG MOVE - Financial Year 2019

Table 1 : Commitments

Table 2 : Payments

Table 3 : Commitments to be settled

Table 4 : Balance Sheet

Table 5 : Statement of Financial Performance

Table 5 Bis: Off Balance Sheet

Table 6 : Average Payment Times

Table 7 : Income

Table 8 : Recovery of undue Payments

Table 9 : Ageing Balance of Recovery Orders

Table 10 : Waivers of Recovery Orders

Table 11 : Negotiated Procedures

Table 12 : Summary of Procedures

Table 13 : Building Contracts

Table 14 : Contracts declared Secret

Table 15 : FPA duration exceeds 4 years

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

Refresh date : 18/03/2020

Additional comments

The accounting situation presented in the Balance Sheet and Statement of Financial Performance does not include the accruals and deferrals calculated centrally by the services of the Accounting Officer.

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

Refresh date : 18/03/2020

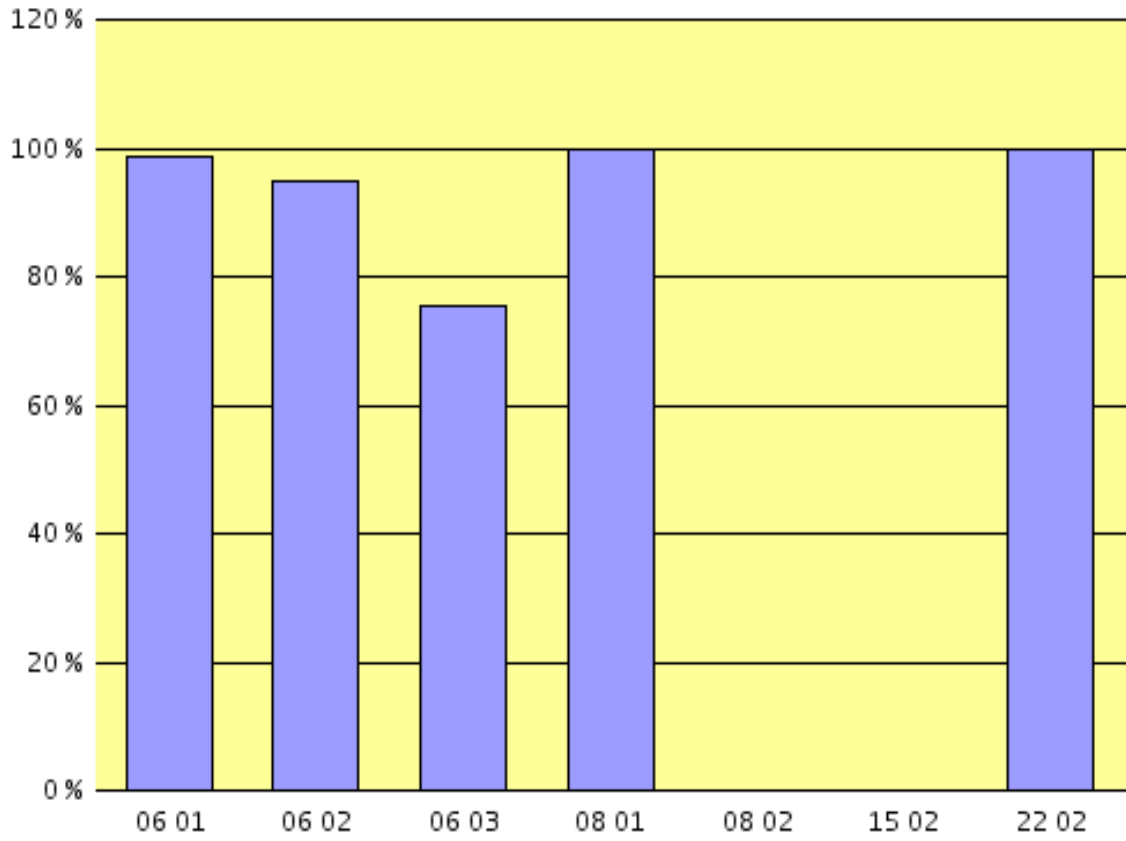
TABLE 1: OUTTURN ON COMMITMENT APPROPRIATIONS IN 2019 (in Mio €) for DG MOVE					
			Commitment appropriations authorised	Commitments made	%
			1	2	3=2/1
Title 06 Mobility and transport					
06	06 01	Administrative expenditure of the 'Mobility and transport' policy area	23.25	22.92	98.57 %
	06 02	European transport policy	199.56	189.68	95.05 %
	06 03	Horizon 2020 - Research and innovation related to transport	260.55	196.78	75.52 %
Total Title 06			483.36	409.38	84.69 %
Title 08 Research and innovation					
08	08 01	Administrative expenditure of the 'Research and innovation' policy area	7.48	7.48	100.00 %
	08 02	Horizon 2020 - Research	0.00	0.00	0.00 %
Total Title 08			7.48	7.48	100.00 %
Title 15 Education and culture					
15	15 02	Erasmus+ programme		0	
Total Title 15				0	
Title 22 Neighbourhood and enlargement negotiations					
22	22 02	Enlargement process and strategy	2.4	2.4	100.00 %
Total Title 22			2.4	2.4	100.00 %
Total DG MOVE			493.24	419.25	85.00 %

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

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

Refresh date : 18/03/2020

% Outturn on Commitment Appropriations in 2019 for DG MOVE

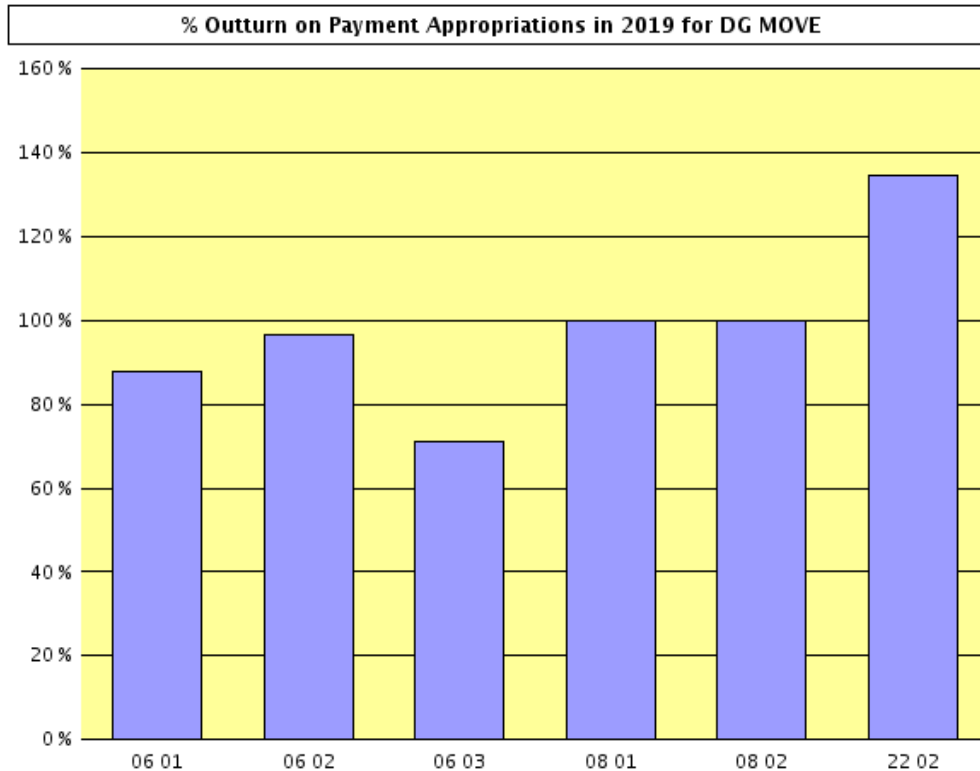


Note : The figures are those related to the provisional accounts and not yet audited by the Court of Auditors

Refresh date : 18/03/2020

TABLE 2: OUTTURN ON PAYMENT APPROPRIATIONS in 2019 (in Mio €) for DG MOVE					
			Payment appropriations authorised *	Payments made	%
			1	2	3=2/1
Title 06 Mobility and transport					
06	06 01	Administrative expenditure of the 'Mobility and transport' policy area	25.50	22.40	87.81 %
	06 02	European transport policy	312.58	301.68	96.51 %
	06 03	Horizon 2020 - Research and innovation related to transport	257.08	182.46	70.97 %
Total Title 06			595.17	506.54	85.11%
Title 08 Research and innovation					
08	08 01	Administrative expenditure of the 'Research and innovation' policy area	7.48	7.48	100.00 %
	08 02	Horizon 2020 - Research	0.93	0.93	100.00 %
Total Title 08			8.40	8.40	100.00%
Title 22 Neighbourhood and enlargement negotiations					
22	22 02	Enlargement process and strategy	0.22	0.30	134.66 %
Total Title 22			0.22	0.30	134.66%
Total DG MOVE			603.79	515.24	85.33 %

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



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

Refresh date : 18/03/2020

TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2019 (in Mio €) for DG MOVE									
Chapter			Commitments to be settled				Commitments to be settled from financial years previous to 2018	Total of commitments to be settled at end of financial year 2019	Total of commitments to be settled at end of financial year 2018
			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
06	06 01	Administrative expenditure of the 'Mobility and transport' policy area	22.92	21.65	1.27	5.54%	0.00	1.27	0.91
	06 02	European transport policy	189.68	121.14	68.55	36.14%	118.87	187.42	302.36
	06 03	Horizon 2020 - Research and innovation related to transport	196.78	7.96	188.82	95.96%	51.81	240.63	226.99
Total Title 06			409.38	150.74	258.64	63.18%	170.69	429.32	530.27

TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2019 (in Mio €) for DG MOVE									
Chapter			Commitments to be settled				Commitments to be settled from financial years previous to 2018	Total of commitments to be settled at end of financial year 2019	Total of commitments to be settled at end of financial year 2018
			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
08	08 01	Administrative expenditure of the 'Research and innovation' policy area	7.48	7.48	0.00	0.00%	0.00	0.00	0.00
	08 02	Horizon 2020 - Research	0.00	0.00	0.00	0.00%	2.25	2.25	4.15
Total Title 08			7.48	7.48	0.00	0.00%	2.25	2.25	4.15

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

Refresh date : 18/03/2020

TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2019 (in Mio €) for DG MOVE									
Chapter			Commitments to be settled				Commitments to be settled from financial years previous to 2018	Total of commitments to be settled at end of financial year 2019	Total of commitments to be settled at end of financial year 2018
			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
15	15 02	Erasmus+ programme	0.00		0.00	0.00%	0.50	0.50	0.50
Total Title 15			0.00		0.00	0.00%	0.50	0.50	0.50

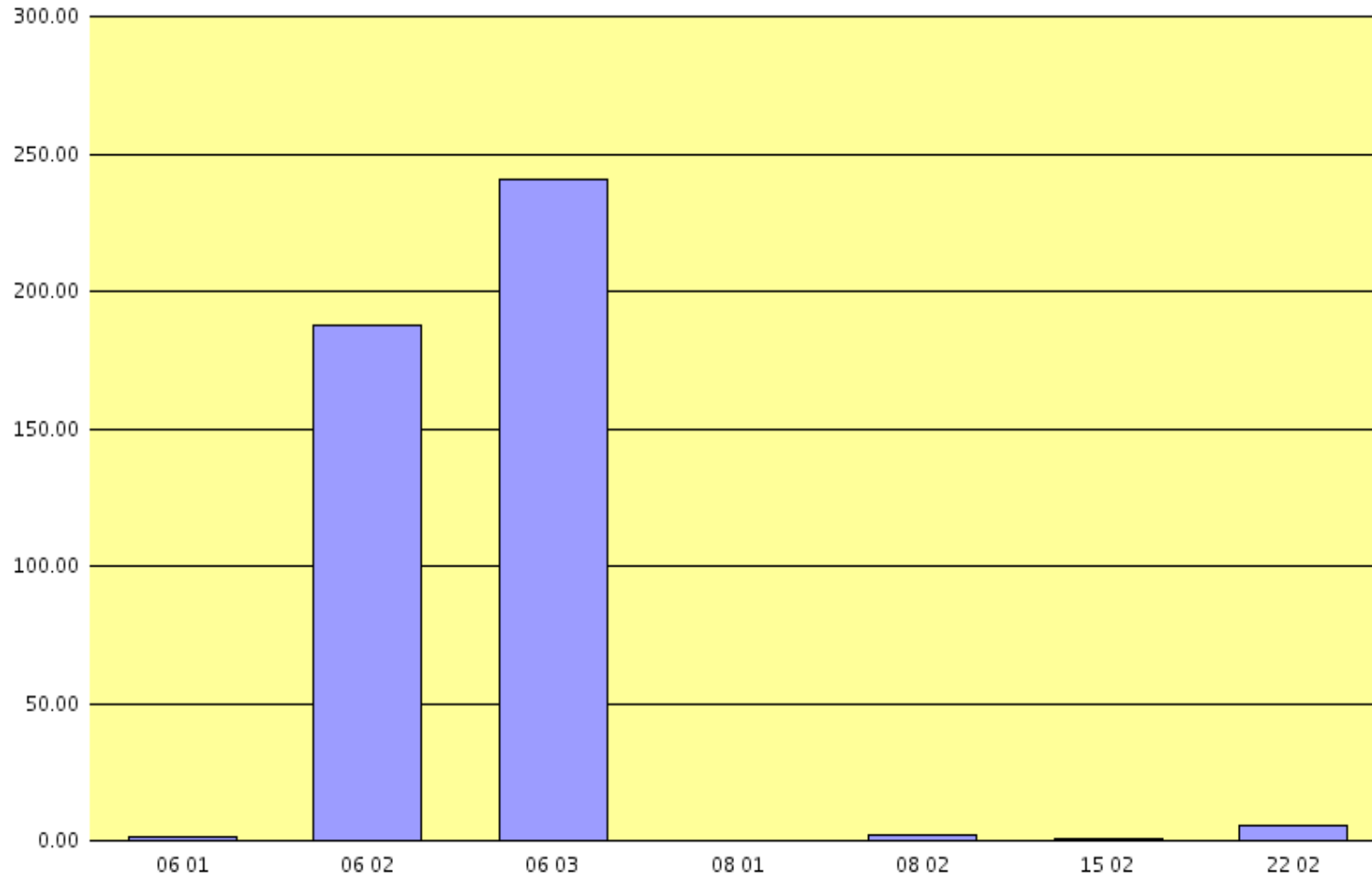
TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2019 (in Mio €) for DG MOVE									
Chapter			Commitments to be settled				Commitments to be settled from financial years previous to 2018	Total of commitments to be settled at end of financial year 2019	Total of commitments to be settled at end of financial year 2018
			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
22	22 02	Enlargement process and strategy	2.40	0.00	2.40	99.92%	3.18	5.58	3.58
Total Title 22			2.40	0.00	2.40	99.92%	3.18	5.58	3.58

Total for DG MOVE			419.25	158.22	261.04	0.62	176.62	437.65	538.49
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Note : The figures are those related to the provisional accounts and not yet audited by the Court of Auditors

Refresh date : 18/03/2020

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



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

Refresh date : 18/03/2020

TABLE 4 : BALANCE SHEET for DG MOVE

BALANCE SHEET	2019	2018
A.I. NON CURRENT ASSETS	461,415,895.10	401,174,705.67
A.I.1. Intangible Assets	0.00	0.00
A.I.3. Invstmnts Accntd For Using Equity Meth	0.00	0.00
A.I.4. Non-Current Financial Assets	461,415,895.10	401,174,705.67
A.I.5. Non-Current Pre-Financing		0.00
A.II. CURRENT ASSETS	167,485,577.26	144,879,189.28
A.II.1. Current Financial Assets	119,255,068.74	31,379,877.72
A.II.2. Current Pre-Financing	39,706,554.39	65,449,690.44
A.II.3. Curr Exch Receiv & Non-Ex Recoverables	8,352,123.98	7,764,178.90
A.II.6. Cash and Cash Equivalentents	171,830.15	40,285,442.22
ASSETS	628,901,472.36	546,053,894.95
P.III. NET ASSETS/LIABILITIES	-2,883,524.76	-854,383.38
P.III.1. Reserves	-2,883,524.76	-854,383.38
P.II. CURRENT LIABILITIES	-3,888,932.86	16,351,496.48
P.II.4. Current Payables	-3,888,932.86	-1,708,674.82
P.II.5. Current Accrued Charges & Defrd Income	0.00	18,060,171.30
LIABILITIES	-6,772,457.62	15,497,113.10
NET ASSETS (ASSETS less LIABILITIES)	622,129,014.74	561,551,008.05
P.III.2. Accumulated Surplus/Deficit	1,857,891,289.23	1,563,195,992.50
Non-allocated central (surplus)/deficit*	-2,480,020,303.97	-2,124,747,000.55
TOTAL DG MOVE	0.00	0.00

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

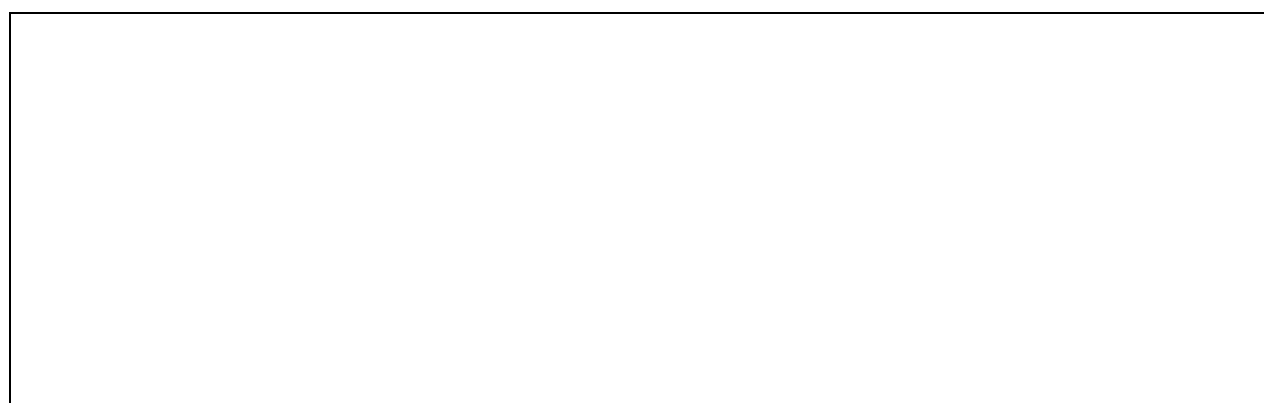
Additionally, the figures included in tables 4 and 5 are provisional since they are, at this date, still subject to audit by the Court of Auditors. It is thus possible that amounts included in these tables may have to be adjusted following this audit.

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

Refresh date : 18/03/2020

TABLE 5 : STATEMENT OF FINANCIAL PERFORMANCE for DG MOVE

STATEMENT OF FINANCIAL PERFORMANCE	2019	2018
II.1 REVENUES	213,783.28	-8,337,338.84
II.1.1. NON-EXCHANGE REVENUES	-814,306.36	-142,909.17
II.1.1.5. RECOVERY OF EXPENSES	-808,508.26	-137,167.11
II.1.1.6. OTHER NON-EXCHANGE REVENUES	-5,798.10	-5,742.06
II.1.2. EXCHANGE REVENUES	1,028,089.64	-8,194,429.67
II.1.2.1. FINANCIAL INCOME		-3,422,777.00
II.1.2.2. OTHER EXCHANGE REVENUE	1,028,089.64	-4,771,652.67
II.2. EXPENSES	257,968,004.80	303,032,635.57
II.2. EXPENSES	257,968,004.80	303,032,635.57
II.2.10. OTHER EXPENSES	4,717,072.83	33,738,790.59
II.2.2. EXP IMPLM BY COMMISS&EX.AGENC. (DM)	76,127,138.69	-30,100,859.71
II.2.3. EXP IMPL BY OTH EU AGENC&BODIES (IM)	177,123,793.28	299,228,412.69
II.2.6. STAFF AND PENSION COSTS	0.00	
II.2.8. FINANCE COSTS		166,292.00
STATEMENT OF FINANCIAL PERFORMANCE	258,181,788.08	294,695,296.73



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

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

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

Refresh date : 18/03/2020

TABLE 5bis : OFF BALANCE SHEET for DG MOVE

OFF BALANCE	2019	2018
OB.1. Contingent Assets	9,245,487.79	3,509,134.44
GR for pre-financing	9,245,487.79	3,509,134.44
OB.2. Contingent Liabilities	-566,363,311.21	-461,600,810.74
OB.2.1. Guarantees given for EU FI	-566,363,311.21	-461,600,810.74
OB.3. Other Significant Disclosures		0.00
OB.3.2. Comm against app. not yet consumed		0.00
OB.4. Balancing Accounts	557,117,823.42	458,091,676.30
OB.4. Balancing Accounts	557,117,823.42	458,091,676.30
OFF BALANCE	0.00	0.00

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

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

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

Refresh date : 18/03/2020

TABLE 6: AVERAGE PAYMENT TIMES in 2019 for MOVE

Legal Times							
Maximum Payment Time (Days)	Total Number of Payments	Nbr of Payments within Time Limit	Percentage	Average Payment Times (Days)	Nbr of Late Payments	Percentage	Average Payment Times (Days)
30	652	645	98.93 %	15.84	7	1.07 %	38
60	133	133	100.00 %	33.60			
90	32	29	90.63 %	42.86	3	9.38 %	94

Total Number of Payments	817	807	98.78 %		10	1.22 %	
Average Net Payment Time	20.17			19.74			54.8
Average Gross Payment Time	24.69			24.01			79.5

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	27	138	16.89 %	817	31,557,530.33	6.14 %	514,211,298.19

DG	GL Account	Description	Amount (Eur)

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

Refresh date : 18/03/2020

TABLE 7 : SITUATION ON REVENUE AND INCOME in 2019 for DG MOVE

Chapter		Revenue and income recognized			Revenue and income cashed from			Outstanding balance
		Current year RO	Carried over RO	Total	Current Year RO	Carried over RO	Total	
		1	2	3=1+2	4	5	6=4+5	
57	OTHER CONTRIBUTIONS AND REFUNDS IN CONNECTION WITH THE ADMINISTRATIVE OPERATION OF THE INSTITUTION	40,000.00	0.00	40,000.00	40,000.00	0.00	40,000.00	0.00
59	OTHER REVENUE ARISING FROM ADMINISTRATIVE MANAGEMENT	348,406.72	0.00	348,406.72	348,406.72	0.00	348,406.72	0.00
64	CONTRIBUTIONS FROM FINANCIAL INSTRUMENTS	7,397,284.77	18,060,171.30	25,457,456.07	7,397,284.77	18,060,171.30	25,457,456.07	0.00
66	OTHER CONTRIBUTIONS AND REFUNDS	7,331,437.13	1,333,533.82	8,664,970.95	6,642,286.76	123,332.76	6,765,619.52	1,899,351.43
90	MISCELLANEOUS REVENUE	5,798.10	109,751.75	115,549.85	0.00	0.00	0.00	115,549.85
Total DG MOVE		15,122,926.72	19,503,456.87	34,626,383.59	14,427,978.25	18,183,504.06	32,611,482.31	2,014,901.28

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

Refresh date : 18/03/2020

**TABLE 8 : RECOVERY OF PAYMENTS in 2019 for DG MOVE
(Number of Recovery Contexts and corresponding Transaction Amount)**

INCOME BUDGET RECOVERY ORDERS ISSUED IN 2019	Irregularity		Total undue payments recovered		Total transactions in recovery context (incl. non-qualified)		% Qualified/Total RC	
	Year of Origin (commitment)	Nbr	RO Amount	Nbr	RO Amount	Nbr	RO Amount	Nbr
2011	1	22,637.02	1	22,637.02	1	22,637.02	100.00%	100.00%
2012	1	57,981.00	1	57,981.00	2	63,779.10	50.00%	90.91%
2013					1	160,011.84		
2015	6	434,778.43	6	434,778.43	8	556,991.75	75.00%	78.06%
2016	1	196,390.94	1	196,390.94	9	272,590.97	11.11%	72.05%
2017					3	34,988.14		
2018					10	6,614,343.13		
Sub-Total	9	711,787.39	9	711,787.39	34	7,725,341.95	26.47%	9.21%

EXPENSES BUDGET	Irregularity		OLAF Notified		Total undue payments recovered		Total transactions in recovery context (incl. non-qualified)		% Qualified/Total RC	
	Nbr	Amount	Nbr	Amount	Nbr	Amount	Nbr	Amount	Nbr	Amount
INCOME LINES IN INVOICES	3	96,420.87			3	96,420.87	4	96,720.87	75.00%	99.69%
NON ELIGIBLE IN COST CLAIMS	12	2,831,665.19			12	2,831,665.19	15	2,852,405.05	80.00%	99.27%
CREDIT NOTES	35	916,692.35			35	916,692.35	41	961,325.71	85.37%	95.36%
Sub-Total	50	3,844,778.41			50	3,844,778.41	60	3,910,451.63	83.33%	98.32%
GRAND TOTAL	59	4,556,565.80			59	4,556,565.80	94	11,635,793.58	62.77%	39.16%

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

Refresh date : 18/03/2020

TABLE 9: AGEING BALANCE OF RECOVERY ORDERS AT 31/12/2019 for DG MOVE

	Number at 01/01/2019	Number at 31/12/2019	Evolution	Open Amount (Eur) at 01/01/2019	Open Amount (Eur) at 31/12/2019	Evolution
2011	4	4	0.00 %	81,637.58	81,637.58	0.00 %
2016	4	4	0.00 %	387,333.09	387,333.09	0.00 %
2017	5	5	0.00 %	765,091.79	765,091.79	0.00 %
2018	7	2	-71.43 %	18,269,394.41	85,890.35	-99.53 %
2019		9			694,948.47	
	20	24	20.00 %	19,503,456.87	2,014,901.28	-89.67 %

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

Refresh date : 18/03/2020

TABLE 10 :Recovery Order Waivers >= 60 000 € in 2019 for DG MOVE

	Waiver Central Key	Linked RO Central Key	RO Accepted Amount (Eur)	LE Account Group	Commission Decision	Comments
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Total DG MOVE	
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Number of RO waivers	
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Note : The figures are those related to the provisional accounts and not yet audited by the Court of Auditors

Refresh date : 18/03/2020

TABLE 11 :Negociated Procedures in 2019 for DG MOVE

Internal Procedures > € 60,000

Negotiated Procedure Legal base	Number of Procedures	Amount (€)
Annex 1 - 11.1 (b) - Artistic/technical reasons or exclusive rights or technical monopoly/captive market	1	250,000.00
Total	1	250,000.00

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

Refresh date : 18/03/2020

TABLE 12 : Summary of Procedures in 2019 for DG MOVE

Internal Procedures > € 60,000

Procedure Legal base	Number of Procedures	Amount (€)
Negotiated procedure without prior publication (Annex 1 - 11.1)	1	250,000.00
Open Procedure (Art. 127.2 RAP)	1	569,050.00
Open procedure (FR 164 (1)(a))	15	12,456,088.40
Restricted procedure based on a call for expressions of interest - Preselection of candidates (Annex 1 - 13.3 (a))	3	216,000.00
Total	20	13,491,138.40

Additional Comments:

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

Refresh date : 18/03/2020

TABLE 13 : BUILDING CONTRACTS in 2019 for DG MOVE

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

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

Refresh date : 18/03/2020

TABLE 14 : CONTRACTS DECLARED SECRET in 2019 for DG MOVE

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

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

Refresh date : 18/03/2020

TABLE 15 : FPA duration exceeds 4 years - DG MOVE

None of our FPA (if any) exceeds 4 years

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

Refresh date : 18/03/2020

ANNEX 4: Materiality criteria

A. Research framework programmes

1. 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.

Assessment of the effectiveness of controls

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

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

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

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

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

where:

ResER%	residual error rate, expressed as a percentage.
RepER%	representative error rate, or error rate detected in the common representative sample, expressed as a percentage. The RepER% is composed of complementary portions reflecting the proportion of negative systematic and non-systematic errors detected. This rate is the same for all implementing entities, without prejudice to possibly individual detected error rates.
RepERSys%	portion of the RepER% representing negative systematic 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%
P	total requested EC contribution (€) in the auditable population (i.e. all paid financial statements).
A	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 FP7/Horizon 2020. This may include the results of other ex-post audits, ex-ante controls, risk assessments, audit reports from external or internal auditors, etc. All this information may be used in assessing the overall impact of a weakness and considering whether to make a reservation or not.

If the 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.

In case a calculation of the residual error rate based on a representative sample is not possible for a FP for reasons not involving control deficiencies,¹⁰ the consequences are to be assessed quantitatively by making a best estimate of the likely exposure for the reporting year based on all available information. The relative impact on the Declaration of Assurance would be then considered by analysing the available information on qualitative grounds and considering evidence from other sources and areas. This should be clearly explained in the AAR.

Multiannual approach

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

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

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

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

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

¹⁰ 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.

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

Adequacy of the audit scope

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

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

2. Specific aspects

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

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

Seventh Framework programme

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

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

Horizon 2020 Framework Programme

The Commission's proposal for the Regulation establishing H2020 framework programme¹¹ 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

¹¹ 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.

considered.

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

Further, it explains also that

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

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

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

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

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

Other directly managed expenditure

The assessment of the effectiveness of the different programmes' control system is based on ex-ante and, when available, on ex-post audits' results. The effectiveness is expressed in terms of detected and residual error rate, calculated from the best available estimates.

The type of controls deployed is aligned with the risk profile of the expenditure component. Service contracts, reimbursement of experts and administrative expenditure are considered as low risk regarding legality and regularity. Moreover, the individual amounts are relatively limited. Therefore, there might be no available ex-post audit results available as the costs of such controls would exceed the potential benefits. However, this expenditure remains subject to extensive ex-ante controls.

For other operational programmes, the audit coverage is determined in function of the risk associated with the expenditure. Given the limited size of these programmes, a representative sample may not always be available. In case a calculation of the residual error rate based on a representative sample is not possible, 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, including the detected error rate. The relative impact on the Declaration of Assurance would be then considered by analysing the available information on qualitative grounds and considering evidence from other sources and areas.

3. De minimis threshold for financial reservation

As from 2019¹², a 'de minimis' threshold for financial reservations is introduced. Quantified AAR reservations related to residual error rates above the 2% materiality threshold, are deemed not substantial for segments representing less than 5% of a DG's total payments and with a financial impact below EUR 5 million. In such cases, quantified reservations are no longer needed.

¹² Agreement of the Corporate Management Board of 30/4/2019.

ANNEX 5: Relevant Control Systems for budget implementation (RCSs)

RCS 1) Grants under direct management (H2020 and FP7 legacy and CEF-PSA)

Stage 1 – Ex-ante (A & B only for H2020)

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

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

Main risks	Mitigating controls	Coverage, frequency and depth	Cost-effectiveness indicators (three E's)
<p>The annual work programme and the subsequent calls for proposals do not adequately reflect the policy objectives and priorities; are incoherent and/or the essential eligibility, selection and award criteria are not adequate to ensure the evaluation of the proposals.</p> <p>The annual work programmes are not consistent with the policy framework.</p> <p>The annual work programme for Horizon 2020 implementation is not consistent within the Research family and with the 7 years' framework.</p>	<p>1) Hierarchical validation within the authorising department 2) Inter-service consultation, including all relevant services 3) Adoption by the Commission 4) Explicit allocation of responsibility 5) Harmonised procedures, guidance and IT tools, provided by the Common Support Centre of DG RTD 6) Centralised budget planning and the monitoring of the Horizon 2020's budget implementation by DG RTD</p>	<p>Coverage / Frequency: 100% annually</p> <p>Depth: All work programmes are thoroughly reviewed at all levels, including for operational and legal aspects.</p> <p>Depth All the underlying implementation tools are defined et developed at family level.</p>	<p>Effectiveness % of budget 'over-subscription' from proposals received</p>

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

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

Main risks	Mitigating controls	Coverage, frequency and depth	Cost-effectiveness indicators (three E's)
The evaluation, ranking and selection of proposals is not carried out in accordance with the established procedures, the policy objectives, priorities and/or the essential eligibility, or with the selection and award criteria defined in the annual work programme and subsequent calls for proposals.	1) Selection and appointment of expert evaluators 2) Assessment by independent experts 3) Comprehensive IT systems supporting the evaluation and monitoring of the process 4) Validation by the AOSD of ranked list of proposals and, if applicable: - Opinion of advisory bodies; - comitology; - inter-service consultation; - adoption by the Commission; - publication 5) Redress procedure	Coverage / Frequency: - 100% vetting (including selecting) of experts for technical expertise and independence (e.g. conflicts of interests, nationality bias, ex-employer bias, collusion) - 100% of proposals evaluated - 100% of contested decisions are analysed by redress committee.	Effectiveness: - % of number of (successful) redress challenges / total number of proposals received. - number of litigation cases Efficiency: - Average time to publication of selection results - % of Time-To-Inform on time

C – Contracting (new grant agreements - CEF-PSA and H2020; amendments – all programs)

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

Main risks	Mitigating controls	Coverage, frequency and depth	Cost-effectiveness indicators (three E's)
The description of the action in the grant agreement includes tasks which do not contribute to the achievement of the programme objectives and/or that the budget foreseen overestimates the costs necessary to carry out the action. The beneficiary lacks operational and/or financial capacity to carry out the actions. Procedures do not comply with regulatory framework. A potentially fraudulent proposal/beneficiary was not	1) Project Officers implement evaluators' recommendations in discussion with selected applicants ¹³ 2) Hierarchical validation of proposed adjustments 3) Validation of beneficiaries before the signature of GA, including systematic checks on operational and legal aspects 4) ad hoc anti-fraud checks for riskier beneficiaries 5) Signature of the grant agreement by the AO H2020 6) Establishment and operation of the Participant Guarantee Fund	Coverage / Frequency: - 100% of the selected proposals and beneficiaries - 100% of draft grant agreements. Depth may be differentiated; determined after considering the type or nature of the beneficiary (e.g. SMEs, joint ventures) and/or of the modalities (e.g. substantial subcontracting) and/or the total value of the grant.	Efficiency: Average time to grant % of Time-to-grant on time

¹³ Given the constraints on the time to grant set out in the Horizon 2020 legislation, negotiation with applicants is kept to a minimum, as far as possible the positively evaluated projects are accepted without modification.

Main risks	Mitigating controls	Coverage, frequency and depth	Cost-effectiveness indicators (three E's)
detected in the evaluation phase.			

D – Monitoring the implementation and Financial Management

Main control objectives: ensuring that the operational and policy objectives are met; ensuring that the related financial operations comply with regulatory and contractual provisions; prevention of fraud; ensuring appropriate accounting of the operations.

Main risks	Mitigating controls	Coverage, frequency and depth	Cost-effectiveness indicators (three E's)
<p>The actions foreseen are not, totally or partially, carried out in accordance with the technical description and requirements foreseen in the grant agreement.</p> <p>The amounts paid exceed what is due in accordance with the applicable contractual and regulatory provisions.</p> <p>The cost claims are irregular or fraudulent.</p> <p>H2020 Lack of harmonised approach within the family with the consequence of unequal treatment of the beneficiaries</p>	<p>1) Kick-off meetings and launch events involving the beneficiaries in order to avoid project management and reporting errors</p> <p>2) Effective external communication / guidance to beneficiaries</p> <p>3) Anti-fraud awareness raising & training for project officers</p> <p>4) Operational and financial checks in accordance with the financial circuits</p> <p>5) Operation authorisation by the AO</p> <p>6) For riskier operations:</p> <ul style="list-style-type: none"> - Enhanced ex-ante controls - Selection and appointment of expert for scientific reviews of intermediate and/or final reporting - On-site verification visits <p>7) If needed, application of</p> <ul style="list-style-type: none"> - Suspension/interruption of payments - Penalties or liquidated damages - Referring grant/beneficiary to OLAF <p>For H2020:</p> <p>8) Enhanced Research family approach including anti-fraud cooperation; common legal and audit service; comprehensive and common IT systems</p> <p>9) Audit certificates required for any beneficiary claiming more than EUR 375000 (FP7)/EUR 325 000 (Horizon 2020).</p>	<p>Coverage / Frequency:</p> <ul style="list-style-type: none"> - 100% of the payments (op. & fin. checks) in normal financial circuits - Riskier operations subject to more in-depth controls. <p>Depth: depending on risk criteria. However, as a deliberate policy to reduce administrative burden, and to ensure a good balance between trust and control, the level of control at this stage is reduced to a minimum</p> <ul style="list-style-type: none"> - Risk criteria: red flags, suspicions raised by POs, audit results, EDES, individual or 'population' risk assessment 	<p>Effectiveness:</p> <p>% and value of reductions made to EU contribution paid out through the ex-ante desk checks / total value of EU contribution claimed</p> <p>Efficiency:</p> <p>Average number & value of running projects managed 'per' staff FTE</p> <p>Time-to-pay: % of payments made on time</p> <p>Time-to pay: Average nb. days</p> <p>Cost of control from contracting and monitoring the execution up to payment included/ amount paid (%)</p>

Stage 2 – Ex-post

E - Reviews, audits and monitoring

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

Main risks	Mitigating controls	Coverage, frequency and depth	Cost-effectiveness indicators (three E's)
<p>The ex-ante controls (as such) do not prevent, detect and correct erroneous payments or attempted fraud to an extent going beyond a tolerable rate of error.</p> <p>Lack of consistency in the ex-post audit strategy</p> <p>Lack of efficiency for absence of coordination: multiple audits on the same beneficiary/same programme that leads to high administrative burden on beneficiaries, diminish interest in later calls, reputational risk</p>	<p>FP7 & H2020</p> <p>1) As of 01/01/2014, common ex-post control strategy for the entire Research family is implemented by a central service (CSC, DG RTD), including:</p> <ul style="list-style-type: none"> - audits of a representative sample of operations - centralised measurement of the level of error in the population after ex-ante controls have been performed; - Additional audit sample to address specific risks; - When relevant, joint audits with the Court of Auditors. - In case of systemic errors detected: extrapolation of corrections to all non-audited participations of the audited beneficiary <p>CEF</p> <p>2) Multi-annual ex-post audit planning in line with programme lifecycle and based on risk analysis</p> <p>3) In case of fraud suspicion, referring the beneficiary or grant to OLAF.</p>	<p>Coverage / Frequency:</p> <ul style="list-style-type: none"> - projects selected as part of the Common Representative Sample (CRS) - Risk-based selection of projects, determined in accordance with the selected risk criteria, aimed to maximise deterrent effect and prevention of fraud or serious error. <p>Depth: common audit ex-post methodology</p>	<p>Effectiveness:</p> <p>Audit coverage: number of audits finalised & value coverage</p> <p>Representative / detected error rate.</p> <p>Residual error rate</p>

F - Implementing results from ex-post audits/controls

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

Main risks	Mitigating controls	Coverage, frequency and depth	Cost-effectiveness indicators (three E's)
<p>The errors, irregularities and cases of fraud detected are not addressed or not addressed in a timely and effective manner.</p>	<p>1) Systematic registration of audit / control results to be implemented and actual implementation.</p> <p>2) Validation of recovery in accordance with financial circuits.</p>	<p>Coverage: 100% of final audit results with a financial impact</p>	<p>Effectiveness:</p> <p>% of adjustments recovered /offset</p> <p>Number/value/% of audit results pending implementation</p>

Main risks	Mitigating controls	Coverage, frequency and depth	Cost-effectiveness indicators (three E's)
	3) Authorisation of recovery by AO. 4) Regular follow up of reported fraud cases with OLAF 5) Monitoring of recoveries / AO approval for waiving recoveries	Depth: All audit results are examined in-depth in making the final recoveries For H2020 and FP7: Systemic errors are extrapolated to all the non-audited participations of audited beneficiaries	Number/value/% of audit results implemented Funding adjustments Efficiency: - total (average) annual cost of implementing audit audits compared with benefits

RCS 2) Grants under direct management (SESAR Deployment Manager)

Stage 1 – Ex-ante controls

A - Preparation, adoption and signature of Framework Partnership agreement

Not applicable – the framework partnership agreement already in place covers the period 2015-2020

B – Specific Grant Agreement (contracting)

Main control objectives: Ensuring that the specific grant agreement meets the policy objectives; Compliance; Prevention of fraud

Main risks	Mitigating controls	Coverage, frequency and depth	Cost-effectiveness indicators (three E's)
The description of the actions / tasks in the specific grant agreement includes tasks that do not contribute to the objectives of the SES. The planned budget overestimates the costs necessary to carry out the action(s). The beneficiary lacks operational and/or financial capacity to carry out the actions. Procedures do not comply with regulatory framework.	The tasks, actions and the responsibilities of the SDM are agreed in the framework partnership agreement, which in turn is based on the SES policy objectives defined by DG MOVE. The grant agreement is approved through a hierarchical validation process. Grant agreement is signed by AO The financial and operational viability of the beneficiary assessed before the signature of the framework partnership agreement.	Coverage: all specific grant agreement signed under the framework partnership agreement	Effectiveness: contribution to the achievement of SES policy objectives and the SESAR deployment targets Economy: costs of staff involved in the process

C – Monitoring the execution and Financial Management

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

Main risks	Mitigating controls	Coverage, frequency and depth	Cost-effectiveness indicators (three E's)
<p>The planned actions foreseen are not, totally or partially, carried out in accordance with the technical description and requirements foreseen in the grant agreement.</p> <p>The amounts paid exceed that due in accordance with the applicable contractual and regulatory provisions.</p>	<p>Operational and financial checks in accordance with the financial circuits. Operation authorisation by the AO Reinforced monitoring through the operational Directorate in charge of SES If needed: suspension / interruption of payments; penalties, liquidated damages Referring fraud suspicions to OLAF</p>	<p>Coverage: all payments subject to standard operational and financial verification Depth depends on risk criteria.</p>	<p>Effectiveness: - Nr. of control failures - Nr. of projects with cost claim errors - Budget amount of errors / cost items rejected Efficiency : Time to pay</p> <p>Economy : total EC cost / funds managed Economy: cost of staff involved</p>

Stage 2 – Ex-post

E - Reviews, audits and monitoring

Main control objectives: Detect and correct errors after the implementation ex-ante controls; identifying possible systemic weaknesses in the ex-ante controls, or weaknesses in the rules; fraud detection.

Main risks	Mitigating controls	Coverage, frequency and depth	Cost-effectiveness indicators (three E's)
<p>The ex-ante controls (as such) do not prevent, detect and correct erroneous payments or attempted fraud to an extent going beyond a tolerable rate of error.</p> <p>Lack of consistency in the ex-post audit strategy</p>	<ol style="list-style-type: none"> 1) Ex-post audit strategy 2) Annual ex-post audit planning in line with programme lifecycle and based on risk analysis 3) In case of fraud suspicion, referring the beneficiary or grant to OLAF. 	<p>Coverage / Frequency: - up to 90% of the budget over the lifecycle of the project - systematic coverage (100%) of all participants with eligible costs over EUR 100k</p> <p>Depth: in line with the ex-</p>	<p>Effectiveness: Audit coverage: number of audits finalised & value coverage Representative / detected error rate. Residual error rate</p> <p>Efficiency :</p>

Main risks	Mitigating controls	Coverage, frequency and depth	Cost-effectiveness indicators (three E's)
Lack of efficiency for absence of coordination: multiple audits on the same beneficiary/same programme that leads to high administrative burden on beneficiaries, diminish interest in later calls, reputational risk		post audit methodology of DG MOVE	Evolution of the adjustments made and of the corrective actions Economy : Cost of audits

F - Implementing results from ex-post audits/controls

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

Main risks	Mitigating controls	Coverage, frequency and depth	Cost-effectiveness indicators (three E's)
The errors, irregularities and cases of fraud detected are not addressed or not addressed in a timely and effective manner.	1) Systematic registration of audit / control results to be implemented and actual implementation 2) Validation of recovery in accordance with financial circuits. 3) Authorisation of recovery by AO. 4) Regular follow up of reported fraud cases with OLAF 5) Monitoring of recoveries / AO approval for waiving recoveries	Coverage: 100% of final audit results with a financial impact Depth: All audit results are examined in-depth in making the final recoveries	Effectiveness: % of adjustments recovered /offset Number/value/% of audit results pending implementation Number/value/% of audit results implemented Efficiency Funding adjustments Economy - total (average) annual cost of ex-post controls vs. total value audited or vs relevant expenditure

RCS 3) Directly managed procurement related to SES advisory bodies

This RCS covers, amongst others, the contracts with the Single European Sky advisory bodies (Eurocontrol, Network Manager and the Performance Review Body)

Stage 1 – Ex-ante controls

A - Planning

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

Main risks	Mitigating controls	How to determine coverage frequency and depth	Cost-effectiveness indicators (three E's)
<p>The needs are not well defined (operationally and economically) and the decision to procure was inappropriate to meet the operational objectives</p> <p>Discontinuation of the services provided due to contracting issues</p> <p>The required technical financial capability is not adequately planned</p>	<p>Coordinated planning exercise (preparation of Vigie fiches), incl. economic and operational justification of new procurements</p> <p>Validation by AO(S)D of justification & planning</p> <p>Documented discussions / decisions</p>	<p>100% of the forecast procurements (open procedures with prior notification and use of framework contracts) are justified and validated through the Vigie system and the CEF Work Programme.</p> <p>All key procurement procedures formally approved by the Legal Cell and in line with the Financial Regulation.</p>	<p>Effectiveness: Number of projected tenders cancelled.</p> <p>Economy: average cost per tender.</p>

B – Needs assessment & definition of needs

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

Main risks	Mitigating controls	How to determine coverage frequency and depth	Cost-effectiveness indicators (three E's)
<p>The Commission does not receive good offers or cannot select good experts for the required specific expertise.</p>	<p>AO SD supervision & approval of tender specifications / terms of reference</p>	<p>100% of specifications drafted by technical experts. All specifications for open call for tenders validated by AO SD.</p>	<p>Effectiveness</p> <ul style="list-style-type: none"> - nr of open procedures or tenders where only one or no offers were received. - nr of requests for clarification regarding the tender.

Main risks	Mitigating controls	How to determine coverage frequency and depth	Cost-effectiveness indicators (three E's)
		Depth: 100% of tenders above financial threshold (>60k)	

C – Selection of the offer & evaluation

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

Main risks	Mitigating controls	How to determine coverage frequency and depth	Cost-effectiveness indicators (three E's)
<p>The most economically advantageous offer is not being selected, due to a biased, inaccurate or 'unfair' evaluation process.</p> <p>The offer retained does not present the required technical expertise or is financially not sustainable</p>	<p>Formal evaluation process, including Opening Committee and Evaluation Committee</p> <p>Opinion by consultative committee ('CCAM')</p> <p>Declaration of absence of conflicts of interest by members of Opening and Evaluation Committee</p> <p>Documented evaluation and exclusion criteria</p>	<p>100% of offers analysed</p> <p>Depth: all documents submitted</p> <p>100% of opening/evaluation committee members sign declaration</p> <p>100% criteria checked</p>	<p>Effectiveness</p> <ul style="list-style-type: none"> - nr of valid complaints or legal cases opened - Contract signed in time to implement the action <p>Economy</p> <ul style="list-style-type: none"> - Cost of control vs amount paid

D – Receipt of services & financial transactions

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

Main risks	Mitigating controls	How to determine coverage frequency and depth	Cost-effectiveness indicators (three E's)
<p>The products/services/works delivered do not meet the technical description and requirements foreseen in the</p>	<p>Monitoring and assessment of deliverables. Regular implementation report on the fulfilment of the contracted tasks. Request of supporting documentation for claimed costs / link between deliverables and payments.</p>	<p>100% of the contracts are controlled. Follow-up of all actions by the technical officer in charge</p>	<p>Effectiveness:</p> <ul style="list-style-type: none"> - nr and amount of payment made - issues regarding legality and

Main risks	Mitigating controls	How to determine coverage frequency and depth	Cost-effectiveness indicators (three E's)
<p>contract.</p> <p>Insufficient performance or timeliness of the contractor</p> <p>Invoices received do not correspond to the services delivered or to the actual performance of the contractor</p>	<p>Financial checks in accordance with the financial circuits</p> <p>Operational authorisation by AO(S)D.</p>		<p>regularity</p> <p>Efficiency:</p> <ul style="list-style-type: none"> - Time to pay <p>Economy</p> <ul style="list-style-type: none"> - Cost of control vs amount paid

Stage 2 – Ex-post controls

E – Supervisory measures

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

Main risks	Mitigating controls	Coverage, frequency and depth	Cost-effectiveness indicators (three E's)
<p>An error or non-compliance with regulatory and contractual provisions, including technical specifications, or a fraud is not prevented, detected or corrected by ex-ante control, prior to payment</p>	<p>Desk review of procurement and financial transactions & their conformity with the FR and the Vade mecum</p> <p>Review of exceptions reported and/or lessons learned</p>	<p>Risk based</p>	<p>Effectiveness: Amounts associated with errors detected</p>

RCS 4+5+6) Indirect entrusted management

This combined RCS covers: (1) the operating (administrative) budget of the executive agency INEA¹⁴, (2) the SESAR and S2R joint undertakings (3) the operating (administrative) budget of the decentralised agencies ERA, EASA and EMSA.

Stage 1: Ex-ante controls

A – Establishment (or prolongation) of the mandate to the entrusted entity ('delegation act' or 'contribution agreement')

Main control objectives: Ensuring that the legal framework for the management of the relevant funds is fully compliant and regular (legality & regularity), delegated to an appropriate entity (best value for public money, economy, efficiency), without any conflicts of interests (anti-fraud strategy) and gives all the references necessary for a smooth running of the new entity.

Main risks	Mitigating controls	Coverage, frequency and depth	Cost-effectiveness indicators (three E's)
<p>The establishment (or prolongation) act of the mandate of the entrusted entity is affected by legal issues, which would undermine the legal basis for the management of the related EU funds (via that particular entity).</p> <p>For PPPs: the evaluation method of the in-kind contributions provided by the industry partners is not clear.</p>	<ol style="list-style-type: none"> 1) Ex-ante evaluation of the entity 2) Widespread consultation, with internal and external stakeholders 3) Hierarchical validation within the authorising department of mandate, covering modalities of cooperation, supervision and reporting. 4) Inter-service consultation, including all relevant DGs 5) Mandate adopted by the Commission. 6) Allocation of supervision responsibility within the DG 	<p>Coverage/Frequency: 100%/once and partial for amendments or extensions.</p> <p>Depth: Checklist includes a list of the requirements of the regulatory provisions to be complied</p>	<p>Effectiveness: Timely establishment of the delegation or contribution agreements</p> <p>Nr. of IAS, ECA, OLAF or discharge criticism</p> <p>Economy: Overall supervision cost per (type of) entrusted entity / total budget entrusted (%) Ratio FTEs/funds entrusted.</p>

– Assessment and supervision of the entrusted entity's financial and control framework

Main control objectives: Ensuring that the entrusted entity is fully prepared to start/continue implementing the delegated funds autonomously with respect of all 5 Internal Control Objectives (*legality and regularity, sound financial management, true and fair view reporting, safeguarding*)

¹⁴ In fact only the operating (administrative) budget of the executive agency is actually paid by DG MOVE. The operational budget is directly allocated to the Agency —in this case DG MOVE does not strictly have a financial responsibility, but does still have a responsibility to supervise the agency in terms of the achievement of results.

assets and information, anti-fraud strategy).

Main risks	Mitigating controls	Coverage, frequency and depth	Cost-effectiveness indicators (three E's)
The financial and control framework deployed by the entrusted entity is not fully mature to guarantee achieving all 5 ICOs	<ol style="list-style-type: none"> 1) DG internal or independent external ex-ante assessment before granting budget autonomy 2) Hierarchical validation within the authorising department; 3) Use of Model-or Framework- financial rules (MFF or FFF); 4) Requiring justification and prior consent for any deviating financial rules; 5) Standard business processes and IT tools; 6) Secondment and selection of key staff of entrusted entities 7) Review of audit reports (IAS, ECA). 	<p>Coverage/frequency: 100% of entrusted entities/once at the beginning and partial (problem focussed) for amendments or work arrangements.</p> <p>Depth: determined after considering the type / nature of the entrusted entity, its form and/or the value of the budget concerned.</p>	<p>Effectiveness: Nr. of IAS, ECA, OLAF or discharge criticism</p> <p>Number of recommendations to EE as result of ex-ante or later assessment</p> <p>Establishment of risk fiches for the EE(Decentralised Agencies and Jus)</p> <p>Economy: Included in the overall supervision costs</p>

C – Operations: monitoring, supervision, reporting

Main control objectives: Ensuring that the Commission is fully and timely informed of any relevant management issues encountered by the entrusted entity, in order to possibly mitigate any potential financial and/or reputational impacts (legality & regularity, achievement of objectives, sound financial management, true and fair view reporting, anti-fraud strategy).

Main risks	Mitigating controls	Coverage, frequency and depth	Cost-effectiveness indicators (three E's)
<p>The Commission is not informed of relevant management issues encountered by the entrusted entity in a timely manner.</p> <p>The Commission does not react upon and mitigate notified issues in a timely manner.</p> <p>Inconsistent application of supervision/control</p>	<p>INEA</p> <p>1) DG MOVE's Monitoring Strategy is integrated into the Memorandum of Understanding The MoA specifies the modalities and procedures of governance and control by Parent DGs, covering the implementation of both operational and operating budget, including:</p> <ul style="list-style-type: none"> • DG MOVE representation in Steering Committee; • Liaison meetings at hierarchical level; • Ad hoc meetings and regular contacts at working level; • Quarterly operational reports from the agency; 	<p>Coverage: as determined by the MoA</p> <p>Frequency: as determined in the MoA</p>	<p>Effectiveness: Nr. of critical / very important IAS and ECA recommendations issued to INEA / DG MOVE</p> <p>Regularity of meetings and reporting flows between INEA and the parent Dgs (INEA only)</p>

Main risks	Mitigating controls	Coverage, frequency and depth	Cost-effectiveness indicators (three E's)
arrangements within different EEs	<ul style="list-style-type: none"> • Regular updates on the achievements of the delegated programmes' objectives; • Budgetary control via commitment and payment appropriations process; • Formal opinion and consultation on key documents (annual work programme and the annual activity report) <p>2) Review of</p> <ul style="list-style-type: none"> • Annual Activity Report of INEA • Audit reports of the IAS and ECA 		<p>Economy</p> <p>Overall supervision cost per (type of) entrusted entity (%)</p>
As above	<p>SESAR JU</p> <p>1) DG MOVE is a member of and chairs the SESAR JU Administrative Board; participates directly (in many cases with an effective veto right, particularly when acting in concert with Eurocontrol) in all the decisions affecting the budget, accounts, staff and progress of the JU</p> <p>2) All documents related to above issues are evaluated by DG MOVE in cooperation with several other services to establish Commission's position in the Board (line-to-take)</p> <p>3) Audit issues are coordinated through the Permanent Audit Panel assembling all the auditing bodies of the SESAR JU</p> <p>4) Regular financial and technical reporting and operational meetings to discuss the progress of the technical programme</p> <p>5) DG MOVE participates in the Programme Committee chaired by the JU's Executive Director</p> <p>6) DG MOVE officials regularly participate in working groups and evaluations (calls for tender, calls for proposals and staff selection) organised by the SESAR JU</p> <p>S2R JU</p> <p>1) Monitoring through participation in the Governing Board (in which the Commission holds 50% of voting rights)</p>	<p>Coverage:</p> <p>As determined by the Statutes of the JU</p> <p>Frequency:</p> <p>As determined by the Statutes of the JU</p>	<p>Effectiveness:</p> <p>Nr. of critical / very important IAS and ECA recommendations issued to INEA / DG MOVE</p> <p>Nr. of discharge criticism issued to the JU</p> <p>Regularity of the Governing Boards meetings and of the reporting flows between the Agencies and Jus and the Commission</p> <p>Economy:</p> <p>Overall supervision cost per (type of) entrusted entity (%)</p>

Main risks	Mitigating controls	Coverage, frequency and depth	Cost-effectiveness indicators (three E's)
	2) Regular evaluations by external experts (every 3 years and at the end of the programme, under the supervision of the Commission) 3) Operational and financial reporting provisions set out in the Statutes of the S2R JU		
As above	<p>Decentralised Agencies</p> <p>1) The governance and supervision approach determined by the 'Common approach to the decentralised agencies'. Measures in place include:</p> <ul style="list-style-type: none"> - DG MOVE membership in the Management/Administrative Board; - Budgetary control via the commitment and payment appropriations; - Quarterly indicators on budgetary and administrative performance of the Agency; - Regular contacts at all levels (Director-General, Director, Head of Unit, staff); - Formal opinion and formal consultation on key documents of the Agencies (annual work programme, multi-annual staff policy plan); - External and internal audits as well as procedures against fraud; - DG MOVE involvement in audit and discharge procedures. 	<p>Coverage: all agencies / as determined by founding act</p> <p>Frequency:</p> <ul style="list-style-type: none"> - Annual Work Programme and Annual Activity Report - Quarterly operational reports - Regular contacts - at least biannual Board meetings 	<p>Effectiveness:</p> <p>Nr. of critical / very important IAS and ECA recommendations issued to INEA / DG MOVE</p> <p>Nr. of discharge criticism issued to the JU</p> <p>Economy:</p> <p>Overall supervision cost per (type of) entrusted entity (%)</p>

D – Commission contribution: payment or suspension/interruption

Main control objectives: Ensuring that the Commission adequately assesses the management situation at the entrusted entity, before either paying out the (next) contribution for the operational and/or operating budget of the entity, or deciding to suspend/interrupt the (next) contribution. **This is very closely linked to stage 3 above.**

Main risks	Mitigating controls	Coverage, frequency and depth	Cost-effectiveness indicators (three E's)
Bad cash forecast leading to the Commission paying too much compared to the EE's needs	1) Delegation Act/Administrative Agreement specifying the control, accounting, audit, publication etc. related requirements – including reporting 2) Management review of the supervision results.	<p>Coverage: 100% of the contribution payments</p> <p>Frequency: following the</p>	<p>Effectiveness : existence or not of legality and regularity issues , effective payment of the Commission contribution</p>

Main risks	Mitigating controls	Coverage, frequency and depth	Cost-effectiveness indicators (three E's)
	3) Standard procedures for the validation of all payments and recovery of non-used operating budget subsidy 4) Good internal communication to ensure that issues are known and dealt with (see stage 3)	rhythm of the payments	Economy : cost of control vs budgetary support

Stage 2 – Ex-post

E – Audit and evaluation, Discharge for Joint Undertakings and Decentralised Agencies

Main control objectives: Ensuring that assurance building information on the entrusted entity's activities is being provided through independent sources as well, which may confirm or contradict the management reporting received from the entrusted entity itself (on the 5 ICOs).

Main risks	Mitigating controls	Coverage, frequency and depth	Cost-effectiveness indicators (three E's)
The Commission has not received sufficient information from independent sources on the entrusted entity's management achievements, which prevents drawing conclusions on the assurance for the budget entrusted to the entity – which may reflect negatively on the Commission's governance reputation and quality of accountability reporting.	<p>INEA</p> <p>1) Delegation Act specifying audit rights by the Internal Audit Service of the Commission and by the European Court of Auditors</p> <p>2) DG MOVE analysis of audit reports as an element of the supervision of these bodies</p> <p>3) Interim evaluations by independent experts of achievement of policy objectives</p> <p>Joint Undertakings</p> <p>4) Statutes specifying audit rights by the IAS / ECA</p> <p>5) DG MOVE analysis of audit reports as an element of the supervision of these bodies</p> <p>6) Every three years Commission evaluation of the functioning and the results of the JU</p> <p>Decentralised Agencies</p> <p>7) Subject to audit by IAS and ECA</p> <p>8) DG MOVE analysis of audit reports as an element of the supervision of these bodies</p>	<p>Coverage:</p> <ul style="list-style-type: none"> - Audits performed on sample as needed (e.g. random/representative, value targeted, risk based) - evaluation covers all programmes entrusted <p>Frequency:</p> <ul style="list-style-type: none"> - audits – determined by audit bodies - evaluations – determined in legal base - annual ECA report on JUs <p>Depth depends on the type of entity and the level of risks assessed</p>	<p>Effectiveness: Assurance being provided (via management /audit reporting)</p> <ul style="list-style-type: none"> - residual error rate reported for programmes managed by entrusted entity - number of serious IAS and ECA findings of control failures.

RCS 7) CEF Debt Instruments

This ICT covers: Financial Instruments (FIs) entrusted to International Financial Institutions (IFIs) under indirect management (2014-2020), i.e. the Delegation Agreement (DA) signed by DG MOVE with the **European Investment Bank (EIB)** for the implementation of the Connecting Europe Facility Debt Instruments (CEF DI), including PBI and LGTT as from 2016. Stage 1 was completed as of end December 2015 and is no longer applicable – it is listed here for completeness.

Stage 1 – Ex-ante controls

A - Set-up/design of the Financial Instrument and designation of International Financial Institution

Main control objectives:

- Ensuring that the FI is adequate for meeting the policy or programme objectives (effectiveness); Compliance (legality & regularity); Prevention of fraud (anti-fraud strategy).
- Ensuring that the most promising IFI is pre-determined or selected to ensure that the FI is implemented effectively and efficiently; Sound financial management; Legality and regularity; Fraud prevention and detection.

Main risks	Mitigating controls	Coverage, frequency and depth	Cost-effectiveness indicators (three E's)
<p>The IFI does not have the experience and financial capacities as well as the administrative & control capacities to ensure effective and sound implementation of the FI.</p> <p>The selection of the IFI is not in line with FR and its RAP criteria, especially 'alignment of interests' (FR art 140.2e).</p>	<p>1) The selection of the EIB as entrusted entity was:</p> <ul style="list-style-type: none"> • In line with Art. 58.1(c)(iii) FR. • Explicitly indicated in the CEF Regulation as a potential entrusted entity. (recitals 41 and 50 and annex I, part III only) <p>2) Ex-ante assessment of the EIB in accordance with articles 61(1) and 60(2) FR ('six pillar assessment') successfully carried out prior to the signature of the FAFA by DG ECFIN.</p> <p>3) Formal signature of Financial and Administrative Framework Agreement (responsibility of DG ECFIN)</p> <p>4) Periodic evaluations (see also Stage 3) of EIB operations Mid-term evaluation of CEF.</p>	<p>Coverage/Frequency for DA: once</p> <p>Depth: In-depth control, full engagement of operational and financial unit resources.</p>	<p>Effectiveness: Where applicable, opinions by advisory or audit bodies (recommendations, actions taken).</p> <p>Economy : costs vs. net assets managed</p>
<p>The DA with the IFI is inadequate to cover operational and management risks</p>	<p>1) The main principles of the DA are based on the FAFA.</p> <p>2) Draft DA was reviewed in inter-service consultation (including all relevant DGs, horizontal and operational).</p> <p>3) Hierarchical validation (incl. at DG level) of the</p>	<p>Coverage/Frequency: 100% / once</p>	<p>Effectiveness: - Findings in audit reports - Observations in the audit certificate supporting the financial</p>

Main risks	Mitigating controls	Coverage, frequency and depth	Cost-effectiveness indicators (three E's)
	delegation agreement (DA), formal adoption by Commission decision 4) Detailed provisions in DA with regards to: <ul style="list-style-type: none"> Operational and policy objectives; Obligations and tasks of the Bank Governance provisions Operational and financial reporting obligations Control, monitoring and audit provisions		statements and management representations
The Commission's interests are not protected by the DA, including <ul style="list-style-type: none"> the RSM (Risk-Sharing Mechanism) is too generous to the IFI (risk of unbalanced risks) the fees paid to the IFI are not in line with the implementation of the FI 	1) Alignment of interest is provided through: <ul style="list-style-type: none"> Standardized risk-sharing model between EIB and Commission agreed in DA, in line with horizontal guidance from DG BUDG and ECFIN. A fee structure designed to compensate the EIB for the implementation of the financial instruments linked to the achievement of the policy objectives. 2) Each agreement between EIB and beneficiaries covers control (e.g. audit rights of the EC) and reporting obligations	Coverage/Frequency: 100 % / once Depth: In-depth control, full engagement of operational and financial unit resources.	Effectiveness: Findings in audit reports Observations in the audit certificate supporting the financial statements and management representations

B – Implementation of the FI, incl. commitments and payments

Main control objectives:

- Ensuring that the funds allocation is optimal (best value for public money; effectiveness, economy, efficiency) to meet the policy objectives (effectiveness).
- Ensuring that the remuneration paid to the IFI is adequate (cost-effectiveness).
- Compliance (legality & regularity); Prevention of fraud (anti-fraud strategy); Safeguarding of assets and information; Reliable reporting (true and fair view).

Main risks	Mitigating controls	Coverage frequency and depth	Cost-effectiveness indicators (three E's)
Final Recipients / Projects selected may not be eligible	1) Annual approval of CEF FI work programme by the CEF Coordination Committee. 2) Policy guidance, review of proposed pipeline of projects by CEF Steering Committee (chair ECFIN, with	Coverage/Frequency: 100% - all agreements signed by EIB	Effectiveness: - number of monitoring reports

	MOVE, ENER and CNECT) 3) EIB applies evaluation and selection criteria and process set out in Annex 1 of DA		
Undue or erroneous payments Undue or erroneous recoveries/re-payments	1.a) Ex-ante by Commission: all payments made to EIB are subject to the normal financial circuit of DG ENER, including independent ex-ante verification. 1.b) Ex-ante controls by EIB at 'contracting' stage – checks on eligibility, viability and relevance. 2) Due diligence: The EIB has to - set up and operate an internal control system - apply effective and proportionate anti-fraud measures - carry out ex ante and ex post controls, including on-the-spot checks on representative and/or risk-based samples of transactions, in accordance with Annex 8 of DA - require the Final Recipients to repay any amount unduly paid	Coverage/Frequency: Ex-ante verification of commitments: 100% Ex-ante verification of payments: 100% Verification of EIB transactions on sample checks	Effectiveness: - number of erroneous operations - number of findings from external auditor Efficiency : Rate of recovery / % of corrections of errors
The remuneration or the reimbursement of any exceptional costs or additional tasks are unjustifiably high	1) Fees, any incentives and any exceptional costs are defined in the FAFA and the Delegation Agreements, including an overall cap. 2) Reimbursement of cost for technical assistance and additional tasks defined in the FAFA and the delegation agreement. 3) Review of the statement of expenses together with evidence provided by the EIB.	Coverage: 100% of fees and eligible expenses are verified before payment against contractual conditions and supporting documentation required under the DA	Effectiveness: - existence of documented checks - number of findings from external auditor

Stage 2: Ex-post controls

C – Monitoring and assurance building

Main control objectives:

- Ensuring that assurance building information on the entrusted entity's activities is being provided through independent sources as well, which may confirm or contradict the management reporting received from the entrusted entity itself (Fraud prevention and detection).
- Ensuring that the (audit) results from the ex-post controls lead to assurance for the accountable AOD (5 ICOs).

Main risks	Mitigating controls	Coverage, frequency and depth	Cost-effectiveness indicators (three E's)
<p>The actions supported do not reflect the policy objectives for the CEF DI</p>	<p>1) Commission Services monitor the implementation of the FI on the basis of a documented approach. 2) The Commission has several monitoring instruments that include:</p> <ul style="list-style-type: none"> • the CEF FI Steering Committee • review of the pipeline of projects • operational reports • financial statements • risk and performance reports • pipeline reports • summary of audits and controls carried out during the reporting year <p>3) Interim and ex-post evaluations are carried by EIB and Commission services.</p>	<p>Coverage/Frequency: as per documented control approach.</p> <p>Steering Committee: at least 2x/year. Operational reports 2x/year Financial statements: monthly. Risk and performance reports: quarterly.</p>	<p>Effectiveness: on the basis of success ratios and KPIs defined for CEF policy objectives:</p> <ul style="list-style-type: none"> - leverage - co-risk taking - number of FRs supported by the Financial Instrument - disbursement rate <p>Economy</p> <ul style="list-style-type: none"> - Total cost of monitoring and supervision by DG staff over value delegated - Management fees over value of budget delegated to EIB
<p>Internal control weaknesses, irregularities, errors and fraud are not detected and corrected by the entrusted entities, resulting in that the EU funds are not achieving the policy objectives and are in non-compliance with applicable regulations.</p>	<p>1) EIB maintains internal control system and applies anti-fraud measures. 2) EIB annual report is audited by independent auditor, which covers the internal control system. 3) The Commission carries out controls and monitoring by means of:</p> <ul style="list-style-type: none"> - participation in the Steering Committee; - the financial statements provided by the Bank; - representative and/or risk-based on-the-spot checks on the final recipients. 	<p>Coverage: 100% of the portfolio.</p> <p>Depth: depends on risk criteria such as past experience with the IFI, complexity or lack of experience on the area of financed actions or the management modalities.</p>	<p>Effectiveness:</p> <ol style="list-style-type: none"> 1) - Existence of EIB policies to prevent and deter fraud 2) - absence of qualification on the grounds in the auditor's opinion 3) Assurance being provided If any, analysis of 'issues' reported in management declarations: Internal control, auditing and monitoring 'issues'; interventions; issues under reinforced internal control, auditing and monitoring; critical audit findings 4) Number of cases submitted to OLAF.

ANNEX 6: Implementation through national or international public-sector bodies and bodies governed by private law with a public sector mission

Single European Sky air traffic management research Joint Undertaking (SESAR JU)

	Requirement	Information
1	Programme concerned	H2020 Programme, CEF
2	Annual budgetary amount entrusted	In 2019, DG MOVE committed EUR 112 618 000 from the H2020 budget in favour of the SESAR JU. The payments to the SJU were EUR 113.733.525.
3.	Duration of the delegation	Following Council regulation 721/2014 of 16 June 2014, extending SESAR JU until 2024, the Commission signed a new General Agreement (C(2014)9835 of 17/12/2014) with SESAR JU on 19 December 2014, prolonging the activities until 31 December 2024. The other 3 delegations have shorter durations (maximum 36 months from signature, thus closing before the end of 2020).
4	Justification of recourse to indirect centralised management	The aim of the SJU is to rationalise, centralise and coordinate all air traffic management related R&D in the Union, with the full involvement of the relevant stakeholders. The SJU is an EU body in the form of a PPP. The tasks entrusted to the JU could not have been carried out by the Commission because of the technical complexity of the programme and the number of projects.
5	Justification of the selection of the bodies (identity, selection criteria, possible indication in the legal basis etc.)	The SJU was not selected but established by the Council on the basis of Article 187 of the Treaty (Reg. (EC) 219/2007). There are two founding members: the Union, represented by the Commission, and the Eurocontrol Organisation, represented by its Agency. All other members of the SJU are selected through open competitive calls based on the criteria established in the SJU Statutes.
6.	Synthetic description of the implementing tasks entrusted	The SJU is entrusted with the task to carry out and monitor all the relevant air traffic management research, development and validation activities in accordance with the European ATM Master Plan. The SJU is also in charge of the maintenance of the Master Plan. For this purpose, the SJU manages the FP7, TEN-T (2007-2016), H2020 (2014-2024), CEF (2014-2020) and funds allocated from the European Parliament through two Pilot Projects (2016-2019), in accordance with specific delegation agreements, its financial rules and under the supervision of its Administrative Board.

Shift2Rail Joint Undertaking (S2R JU)

	Requirement	Information
1	Programme concerned	H2020 Framework programme
2	Annual budgetary amount entrusted	In 2019, the Commission committed EUR 78 million (incl. EFTA contributions) to cover both the administrative and operational budget of the Joint Undertaking. EUR 1.66 million were paid in 2019 to cover the administrative expenditures.
3.	Duration of the delegation	31.12.2024
4	Justification of recourse to indirect centralised management	<p>The S2R JU was established as a public-private partnership, in accordance with Article 187 of the Treaty on the Functioning of the European Union (TFEU), and with the Horizon 2020 Regulation, to provide a platform for coordination of research activities with a view to driving innovation in the rail sector in the years to come.</p> <p>The Horizon 2020 Regulation emphasises the achievement of a greater impact on research and innovation by combining H2020 and private-sector funds in public-private partnerships in key areas where research and innovation can contribute to the Union's wider competitiveness goals, leverage private investment, and help tackle societal challenges.</p>
5	Justification of the selection of the bodies (identity, selection criteria, possible indication in the legal basis etc.)	<p>The S2R JU was set up by Council Regulation (EU) No 642/2014 of 16 June 2014 (S2R Regulation). The founding members of the S2R JU were listed in the S2R Regulation. They are the European Union plus eight major players from the rail industry having made a commitment of at least EUR 30 million to the S2R JU. Additional associated members were selected following an open call that was launched on 6 October 2014. The minimum conditions and key selection criteria for associated membership are laid down in the S2R Regulation. The results of the selection procedures have been confirmed by Commission Decision C(2015) 8674 final. In addition, the participation of the wider research community will be ensured by the JU via open calls reserved for non-members for a value of at least 30% of the EU contribution in the programme.</p>
6.	Synthetic description of the implementing tasks entrusted	<p>The S2R JU will manage the entire budget for rail research under Horizon 2020. The S2R JU is entrusted with the task of developing and ensuring the effective and efficient implementation of a strategic Master Plan, identifying the key R&I priorities to contribute to the achievement of the Single European Railway Area, to a faster and less costly transition to a more attractive, user-friendly, competitive, efficient and sustainable European rail system, and to the development of a strong and globally competitive European rail industry.</p> <p>The main bodies of the S2R JU are the Governing Board, in charge of strategic decision-making, and the Executive Director, responsible for day-to-day management. The European Commission and the industrial JU members have equal voting rights in the Governing Board.</p>

ANNEX 7: EAMR of the Union Delegations

Not applicable

ANNEX 8: Decentralised agencies

Name	Acronym	Policy concerned	Subsidy paid in 2019 by DG MOVE
European Aviation Safety Agency	EASA	Mobility and Transport – Aviation	EUR 38.551.730,17
European Maritime Safety Agency	EMSA	Mobility and Transport – Maritime	EUR 79.265.390,57
European Railway Agency	ERA	Mobility and Transport – Rail	EUR 27.669.346,70

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

	ID [1. Study project]	Title [2. Title of the study]	Type [5. Study Reason]	Scope (2) [4. Study Overview]	Reason (1) [3. Study internal ID]	Associated DGs [6. Associated Services]	Costs (EUR) (3) [7. Study Cost]	Comments (4) [8. Note]	Reference (5) [9. Title of the Deliverable]
I. Evaluations									
a. Completed in 2019									
	7140	Evaluation of the Intelligent Transport Systems (ITS) Directive 2010/40/EU	Evaluation	Evaluation of the Directive's working programme and guidelines for reporting, delegated acts adopted under the Directive, and functioning of ITS Committee and ITS Advisory Group.	L	Directorate-General for Climate Action, Directorate-General for Communications Networks, Content and Technology, Directorate-General for the Environment, Directorate-General for Internal Market, Industry, Entrepreneurship and SMEs,	194275.0	Global commitment done in Dec 2016 - 2016/237/SI2_748333. Contract signed on 19/07/2017	1. SWD(2019)368 SWD(2019)369 2. https://op.europa.eu/en/publication-detail/-/publication/615197d8c-e99e-11e9-9c4e-01aa75ed71a1
	7155	Evaluation ex-post of the Airport Charges Directive (Directive 2009/12/EC)	Evaluation	To evaluate Directive 2009/12/EC on airport charges as announced in the 2015 Aviation Strategy indicative action plan	O	Directorate-General for Competition, Directorate-General for Internal Market, Industry, Entrepreneurship and SMEs, Directorate-General for Regional and Urban Policy, Secretariat-General, Legal Service,	243300.0	Evaluation incl in the Aviation Strategy Communication (COM(2015) 598 final)	2. https://op.europa.eu/en/publication-detail/-/publication/8e6db69a-e601-11e7-9749-01aa75ed71a1
	7156	Evaluation ex-post of Regulation (EC) 1008/2008 on common rules for the operation of air services	Evaluation	To evaluate Regulation N°1008/2008 on common rules for the operation of air services as announced in the 2015 Aviation Strategy indicative action plan	O	Directorate-General for Competition, Directorate-General for Economic and Financial Affairs, Directorate-General for Employment, Social Affairs and Inclusion, Directorate-General for Internal Market, Industry, Entrepreneurship and SMEs,	221600.0	Evaluation incl in the Aviation Strategy Communication (COM(2015) 598 final)	1. SWD(2019) 295 final, SWD(2019) 296 final published 09/07/2019 2. Study to be published soon
	7158	Ex post evaluation of Regulation (EC) 996/2010 on the investigation and prevention of accidents and incidents in civil aviation	Evaluation	To evaluate Regulation (EU) No 996/2010 on the investigation and prevention of accidents and incidents as announced in the 2015 Aviation Strategy indicative action plan	O	Directorate-General for Communications Networks, Content and Technology, Directorate-General for Competition, Directorate-General for Internal Market, Industry, Entrepreneurship and SMEs, Joint Research Centre, Directorate-General for	119950.0	Evaluation incl in the Aviation Strategy Communication (COM(2015) 598 final)	1. SWD(2019) 177 final, SWD(2019) 178 final 2. https://op.europa.eu/en/publication-detail/-/publication/bef42728-af7b-11e8-99ee-01aa75ed71a1
	7159	Ex post evaluation of Regulation (EC) No 2111/2005 on the establishment of a Community list of air carriers subject to an operating ban within the Community	Evaluation	To evaluate Reg. (EC) No 2111/2005 on air safety list as announced in the 2015 Aviation Strategy indicative action plan	O	Directorate-General for International Cooperation and Development, European External Action Service, Directorate-General for Internal Market, Industry, Entrepreneurship and SMEs, Directorate-General for Neighbourhood and Enlargement	120000.0	(*) Evaluation incl in the Aviation Strategy Communication (COM(2015) 598 final)	1. SWD(2019) 179 final, SWD(2019) 180 final 2. https://op.europa.eu/en/publication-detail/-/publication/68d9a42d-707c-11e9-9f05-01aa75ed71a1
b. Cancelled in 2019									
	7257	Study on the implementation effects of Directives 2014/45/EU and Directive 2014/47/EU	Evaluation	Directive 2014/45/EU and Directive 2014/47/EU	L/CWP		150000.0	Directives are still ongoing. Too early to make a meaningful assessment.	
II. Other studies									
a. Completed in 2019									
	7727	Sustainable Transport Infrastructure Charging, Infrastructure Investment and Internalisation of Transport Externalities	General study	Comprehensive study on internalisation of external costs	O		925660.0	new roadmap for gradually internalising external costs in the sector. The ultimate goal has been to move towards full internalisation in all transport modes by 2020. Horizon 2020 Work Programme 2016-2017	https://ec.europa.eu/transport/themes/sustainable/studies/sustainable_en
	7312	International activities, including One Stop Security actions (2018)	General study	Study on transport industry's approaches to combat insider threat	O		150000.0	implementation of EU AVSEC rules and principles in the international sphere.	Material classified as LIMITED, not for publication.
	7286	Remaining Challenges for EU-wide integrated ticketing and payment systems	General study	Analysis on the remaining challenges to facilitate integrated ticketing in Europe	CWP		160000.0		rt/files/studies/2019-remaining-challenges-for-eu-wide-integrated-ticketing-and-payment-systems-final-report.pdf
	7325	Guidance for cycling projects in the EU	General study	Development of guidelines for cycling project promoters.	O		135000.0	approved; Draft Final Report awaited	https://ec.europa.eu/transport/themes/urban/cycling/guidance-cycling-projects-eu_en
	7289	Identifying and Measuring the Benefits of employing more women in the Transport sector	General study	Study to measure the benefits brought about by female employment in transport. It will be based on case studies. A business case and an economic toolkit will be developed.	O	Directorate-General for Employment, Social Affairs and Inclusion, Directorate-General for Justice and Consumers	322725.0	One document is still missing for the financial cell to pay.	/publication/6f833428-54f9-11e9-a8ed-01aa75ed71a1

9122	Special Eurobarometer on passenger awareness in all modes of transport	General study	New Eurobarometer survey on passenger rights following those of 2009 and 2014.	O		645142.6	Updating findings from previous eurobarometers on pax awareness and satisfaction with pax rights in all modes.	[To be published soon]
7283	Best practices guidance on carriage of PRM travellers	General study	Study to identify best practice measures by different actors (transport operators in all modes, NEBs etc.) to better enable persons with disabilities or reduced mobility to use transport, in line with EU passenger rights legislation in all modes of transport.	O		111600.0	The study aims at collecting and showcasing measures for PRM carriage in all modes of transport (including multi-modal transport). It should also encourage operators to get inspiration from good examples and to go beyond the mere obligations under	https://op.europa.eu/fr/publication-detail/-/publication/bb3b7e92-df40-11e9-9c4e-01aa75ed71a1/language-en/format-PDF/source-111390727
10865	Exploratory study on passenger rights in the multimodal context	General study	the multimodal context, to identify the legal gaps and examine possible solutions to fill them.	O		220075.0		n-detail/-/publication/f176da6f-d9ca-11e9-9c4e-01aa75ed71a1
7332	Pilot project on safe and secure truck parking	General study	Preparation of a new Legal Basis - Article 54.2(a) FR	O		850000.0	Study funded by the European Parliament (Item 06.02 77 19)	rt/files/2019-study-on-safe-and-secure-parking-places-for-trucks.pdf
7298	eCall and new test methods in the periodical roadworthiness tests of vehicles and their trailers	General study	Directive 2014/45/EU	L		49000.0		n-detail/-/publication/c6524bd7-2b54-11e9-8d04-01aa75ed71a1
7299	Study on the inclusion of light trailers and two- or three-wheel vehicles in the scope of the periodic roadworthiness tests	General study	Directive 2014/45/EU	O		49000.0	The study will look in to the possible inclusion of light trailers and two- and three wheelers into the roadworthiness testing. The results of the study will feed into the report to the EP and to	https://publications.europa.eu/en/publication-detail/-/publication/366a32b6-34c2-11e9-8d04-01aa75ed71a1
9107	Green taxonomy - financing for rail	General study	Sectoral input (railways) to the DG FISMA Sustainable Finance Technical Expert Group (TEG) on green taxonomy	O		150000.0		/publication/7a0f8873-9898-11e9-b2f2-01aa75ed71a1
7355	framework for the re-use of data within the European Maritime Single Window environment	General study	Revised Reporting Formality Directive (Q1 2018)	L		60000.0		[will soon be published]
7146	Motorways of the Sea – ex-post study on the development of the concept from 2001 and possible ways forward	General study	COM(2001) 370 final, Decision No 884/2004/EC, COM(2007)32, COM(2007)606, SEC(2007)1367, Regulation 1315/2013, Regulation 1316/2013, Regulation 1692/2006	O	Directorate-General for the Environment, Directorate-General for Internal Market, Industry, Entrepreneurship and SMEs, Directorate-General for Maritime Affairs and Fisheries, Directorate-General for Regional and Urban Policy, Directorate-General for Research and Innovation, Secretariat-General,	198465.0	To provide an overview on the concept and the implementation of the Motorways of Sea in the EU from its inception in 2001, Completion of TEN-T Network. Study for assessing	https://op.europa.eu/en/publication-detail/-/publication/06ed0162-3f62-11e7-a08e-01aa75ed71a1
7766	Assessment and review of specific EU safety requirements for ro-ro passenger ships	General study	This study will provide the technical groundwork for assessing the need for coexistence of Directive 2003/25/EC and SOLAS 2009.	O		330000.0	REFIT fitness check of passenger ship safety legislation (CWP 2015)	n-detail/-/publication/24bb2d4e-5b62-11e9-9c52-01aa75ed71a1
7305	ports and inland waterways and of related policy measures, including industrial policy measures	General study	This programme support action provides input the implementation of the 2013 Port Policy, NAI/DES II and the TEN-T Regulation	O	Directorate-General for the Environment, Directorate-General for Internal Market, Industry, Entrepreneurship and SMEs, Directorate-General for Maritime Affairs and	1400200.0	Programme Support Actions of Connecting Europe Facility	[To be published soon]
9115	Study to perform further work on ILUC modelling in the context of aviation biofuels	General study	To support ICAO work on biofuels in the context of CORSIA	O		89650.0		[To be published soon]
7359	Study in the context of the implementation of SES performance and charging schemes	General study	The study aims at setting the Union-wide performance targets for the third reference period of the SES performance scheme	CWP		199600.0	performance targets for the third reference period of SES performance scheme	[To be published]
7368	Studies in the context of the implementation of SES performance and charging schemes	General study	The studies aim at monitoring the implementation of the SES performance and charging schemes specifically in relation to investment programmes	L		140850.0	allocation of costs between en-route and terminal air navigation services	https://op.europa.eu/en/publication-detail/-/publication/b055b2fb-9bab-11e9-9d01-01aa75ed71a1
7360	Single European Sky (SES) Airspace architecture - pilot project	General study	new airspace architecture of the en-route European airspace	O		800000.0	Pilot project funded by the European Parliament	https://www.sesarju.eu/node/3253

ANNEX 10: Specific annexes related to "Financial Management"

This annex covers the control results in view of reporting and assessing the elements, which will support the assurance and provides details on AAR Sections 2.1.1 – 2.1.4. Therefore, the structure of this Annex follows the structure and numbering of the main AAR Section 2.1 for consistency reasons.

2.1.1 Control results

2.1.1.1 Control effectiveness

A) Legality and regularity of the transactions

The present section distinguishes, on one side, the controls exerted over the main programmes directly managed by DG MOVE, on the other the controls exerted over the budget entrusted to other entities.

i) Direct management

This section provides details on the control effectiveness for some of the expenditures made under direct management (the research programmes FP7 and H2020, contracts with SES Advisory Bodies and SESAR Deployment Manager) as well as for the cross sub-delegations given to other Commission's services.

The Seventh Framework Programme (FP7) and Horizon 2020 Programme (H2020)

The general control objective for the Seventh Research Framework Programme (FP7) is to ensure that the residual error rate, i.e. the level of errors which remain undetected and uncorrected, does not exceed 2% by the end of the management cycle. Indeed, because of its multi-annual nature, the effectiveness of the control strategy can only be fully measured and assessed in the final stages of the Programme, once the ex-post control strategy has been fully implemented and systematic errors have been detected and corrected.

The question of being on track towards these control objectives is to be (re)assessed annually, in view of the results of the implementation of the ex-post audit strategies and taking into account both the frequency and importance of the errors found as well as a cost-benefit analysis of the effort needed to detect and correct them. The objective of transport research under FP7 is to develop safer, greener and smarter pan-European transport systems that will benefit all citizens, respect the environment, and increase the competitiveness of European industries in the global market.

There were no payments related to FP7 grants in 2019. In addition, the financial impact (the estimated amount at risk at closure) is only EUR 0.29 million. As a result, DG MOVE lifted the last year's reservations on FP7¹⁵. Considering the above, the FP7 Programme

¹⁵ As from 2019, a 'de minimis' threshold for financial reservations is introduced. Quantified AAR reservations related to residual error rates above the 2% materiality threshold, are deemed not substantial for segments representing less than 5% of a DG's total payments and with a financial impact below EUR 5 million. In such cases, quantified reservations are no longer needed.

will not be covered in detail in this AAR.

Concerning H2020, payments under direct management for H2020 were made in 2019 for a total of EUR 2.9 million (i.e. 0.56% of the total payments), therefore this programme is not covered in detail in the AAR. Moreover, the remaining projects of this type were transferred to INEA in 2018.

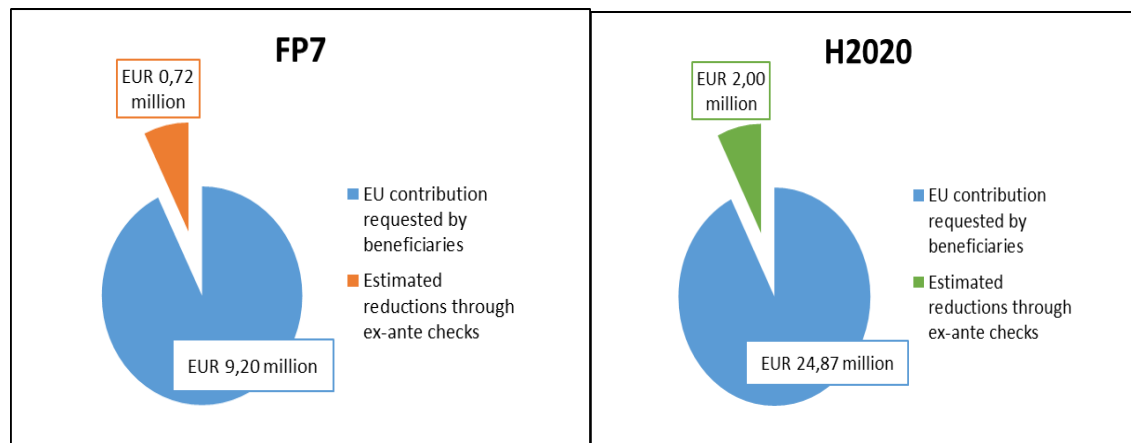
- **Ex-ante monitoring and checks**

This stage concerns the management of the project and the grant agreement and comprises the technical monitoring and also ex-ante checks of participants' cost claims. The purpose of these ex-ante checks is to ensure that the transactions authorised are in compliance with the applicable rules.

Every cost claim over EUR 375 000 is accompanied by a certificate on the financial statement (CFS), issued by a qualified auditor or a Certified Public Official.

Control effectiveness:

The charts below outlines the reductions made to the EU contribution claimed by grant beneficiaries for FP7 and H2020. Ex-ante checks prevented the payment of around EUR 0.72 million, representing about 7.8% of the requested EU contribution for FP 7. As for H2020, the ex-ante checks prevented the payment of around EUR 2 million representing 8% of the requested EU contribution for H2020. The main errors detected in cost claims concerned inconsistencies between the information supplied by grant beneficiaries and that included in the audit certificate when submitted (amount of costs, methods of calculation, periods, etc.), audit certificates incomplete, missing or not provided by a qualified auditor, arithmetical errors, costs incurred outside the eligibility period or not covered by the legal basis.



Ex-post controls and recoveries of amounts found to have been paid in excess of the amount due

↪ **Common ex-post audit strategy of the Research Directorates General**

Since 2007, DG RTD has adopted a common audit strategy intended to ensure the legality and regularity of expenditure on a multi-annual basis including detecting and correcting systematic errors. The audits examine only interim and final claims by beneficiaries. Transactions relating to pre-financing are not included in the population subject to audit.

Since 2012, a Common Representative audit Sample (CRS) has been introduced across the research family to reduce the audit burden on beneficiaries by reducing the number of repeat audits whilst continuing to provide a representative view of the implementation of the Research Framework Programmes (FP). The CRS provides an estimate, via a representative sample of cost claims across the Research Family, the overall level of error in the Research FP, across all services involved in their management. All these grants follow the same homogeneous overall control system set out in this report.

The CRS is complemented by risk-based audits, selected according to one or more risk criteria, aiming at detecting and correcting as many errors as possible, for instance by targeting the larger beneficiaries and identifying possibly fraudulent operators. These audits are also referred to as 'corrective' audits.

Since 2014, the Common Implementation Centre (CIC) in DG RTD has undertaken all audits for the DGs that fund research grants (amongst which DG MOVE).

The Research and Innovation Framework Programmes (FP) main indicators on legality and regularity¹⁶ are:

- **Representative detected error rate**, based on errors detected by ex-post audits on a Common Representative Sample (CRS) of cost claims across the Research and Innovation Family.
- **Cumulative residual error rate**, is the extrapolated level of error after corrective measures have been implemented by the Commission services following the audits, accumulated on a multi-annual basis.

Due to its multi-annual nature, the effectiveness of the control strategy of the Research and Innovation Directorates-General can only be fully measured and assessed in the final stages of the FP, once the ex-post control strategy has been fully implemented and systematic errors have been detected and corrected.

As stated in Annex 4 to this report, the general objective of the control system designed for the Seventh Framework Programme (FP7) is to ensure that the cumulative residual error rate does not exceed 2% by the end of the Framework Programme's management cycle. For Horizon 2020, the objective is to obtain a cumulative residual error rate within a range of between 2-5 % aiming to be as close as possible to 2%, without necessarily expecting it to be lower than 2%.

Progress against these objectives is assessed annually based on the results of the implementation of the ex-post audit strategy and taking into account the frequency and importance of the detected errors along with cost-benefit considerations regarding the effort and resources needed to detect and correct the errors.

↩ **Results of FP7 ex-post audits**

The last CRS for FP7 was launched in 2016. The audit work for FP7 was almost completed in 2018 with two out of the three remaining audits finalised in 2019.

The error rates based on the FP7 audit work at 31 December 2019 are:

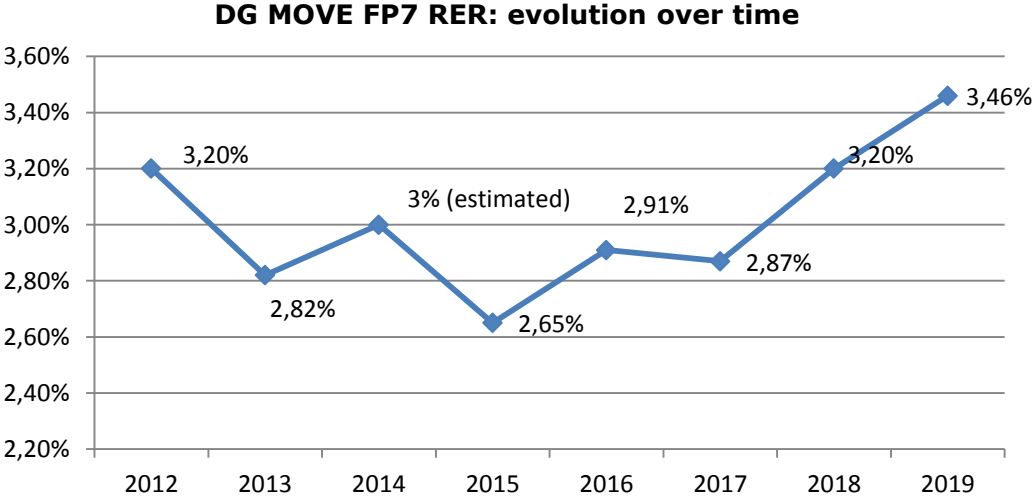
- **Common¹⁷ representative detected error rate:** 5.45% based on 480 cost statements (out of a total of 481) for which the audit is completed.
- **Cumulative residual error rate:** 3.46 % for DG MOVE.

¹⁶ These indicators are described in point 1 of annex 4

¹⁷ i.e. for the Research family.

The audit strategy for FP7 is now considered to be fully implemented. The representative detected error rate for FP7, calculated on a multi-annual basis, is a little over 5%. Since only one CRS item remains open, it can be assumed that the final Residual Error Rate will be around 3.5%.

These results are in line with the conclusions presented in the AAR 2018. The target cumulative residual error rate of 2% has not been attained. Nevertheless, the lessons learned from FP7 audits contributed significantly to the development of the improved Horizon 2020 control framework.



Results of the Horizon 2020 ex-post audits

Following a review of a sample of ex-post audits and referring to the Commission’s methodology for the calculation of the H2020 error rate, the European Court of Auditors observed that “... *ex-post audits aim for maximum coverage of the accepted costs, but rarely cover all the costs. The error rate is calculated as a share of all the accepted costs, instead of the amount actually audited. This means that the denominator in the error calculation is higher, so the error rate is understated. In case the errors found are of a systemic nature, the error is extrapolated which partially compensates for the above-mentioned understatement. However, since extrapolation is not performed for non-systemic errors, the overall error rate is nevertheless understated. The understatement of the error rate cannot be quantified. It is, then, impossible to determine whether the impact of this understatement is significant.*” As a result, the Court introduced recommendation 5.3 to address this observation, which was accepted by the Commission.

In response, the Commission is re-defining its methodology for calculating the H2020 error rate in line with the Court’s observations. For the year 2019, the Commission does not have all the data necessary to calculate the error rate according to the revised methodology. However, in order to quantify the understatement mentioned by the Court in its report, it recalculated the error rate based on the sample of 40 audits finalised in 2018 and 2019 selected by the Court for its own DAS work. The methodology applied is that in the cases of non-systemic errors, the denominator used in the error calculation is the sum of costs actually audited and not the sum of all accepted costs. The application of the revised methodology on the 40 samples resulted in an error rate higher, on average, by 0.34% in comparison to the error rate calculated by applying the methodology used in the past. This additional error rate of 0.34% has been used to top up the detected error rate for 2019 calculated according to the methodology used in the

past. This results in the following error rates for Horizon 2020¹⁸ on 31 December 2019:

- Representative detected error rate: 2.78%¹⁹, expected to rise to 3.30% taking into account the results of draft audit reports.
- Cumulative residual error rate for the R&I Family of DGs: 2.15 % (2.22 % for DG MOVE), expected to rise to around 2.31 % (2.35% for DG MOVE) when taking into account the results of the draft audit reports.

The above-presented error rates should be treated with caution not only because of the above-mentioned top-up. Since not all results of the three Common Representative Samples are yet available, the error rate is not fully representative of the expenditure being controlled. Moreover, the nature of expenditure in the first years of the programme may not be totally representative of the expenditure across the whole period.

Since H2020 is a multi-annual programme, the error rates, and especially the residual error rate, should be considered within a time perspective. Specifically, the cleansing effect of audits will tend to increase the difference between the representative detected error rate and the cumulative residual error rate, with the latter finishing at a lower value.

As was the case last year, there is evidence that the simplifications introduced in H2020, along with the ever-increasing experience acquired by the major beneficiaries, affect positively the number and level of errors. However, beneficiaries still make errors, sometimes because they lack a thorough understanding of the rules, sometimes because they do not respect them.

In conclusion, the R&I Family of DGs considers that the 2019 cumulative residual error rate for H2020 will fall within the target range established in the Financial Statement²⁰, and therefore a reservation is not necessary for the Horizon 2020 expenditure

Regarding the future, the Commission will adapt its methodology for the calculation of H2020 error rate in line to the Court's observations starting with the audits finalised as from January 2020 on.

Implementation of audit results

Concerning the FP7 Programme, in total over the period 2010-2019, the results of the FP7 audits relate to 204 participations, out of which three are not yet implemented - one will be implemented in 2020 and the other two concern a dissolved company in Greece. From the remaining 201 participations for which the results have been implemented, 97 are in favour of the EC (48.3%), 69 in favour of the beneficiary (34.3%) and 35 resulting in 'zero' adjustments (17.4%).

¹⁸ The H2020 audit campaign started in 2016. At this stage, three Common Representative Samples with a total of 467 expected results have been selected. By the end of 2019, cost claims amounting to EUR 16.2 billion have been submitted by the beneficiaries to the services. The audit coverage for Horizon 2020 is presented in annex 10. In addition to the Common Representative Samples, Common Risk Samples and Additional Samples have also been selected. The total of all samples represents 3245 participations. The audits of 2115 participations were finalised by 31/12/2019 (out of which 962 in 2019). This sampling accommodates special needs of certain stakeholders with regard to audit coverage and selection method. In addition, top-ups, which are participations of selected beneficiaries and which are added to the selected participations, are included in the total participations selected.

¹⁹ Based on the 298 representative results out of the 467 expected in the three CRS.

²⁰ The legislative financial statement accompanying the Commission's proposal for the Horizon 2020 regulation states: "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 projects. The ultimate aim for the residual level of error at the closure of the programmes after the financial impact of all audits, corrections and recovery measures will have been taken into account is to achieve a level as close as possible to 2%."

By the end of 2019, the adjustments concern 100 participations, corresponding to EUR 3.74 million in favour of the Commission. Out of the 100 participations with an audit adjustment in favour of the EC, 97 of these, representing 99% of the adjustments have already been implemented for EUR 3.38 million and two were in the contradictory procedure with the beneficiary and one will be implemented in 2020 (as indicated above). About 64% of the number of adjustments implemented were recovered through offsetting from subsequent payments corresponding to an amount of EUR 1.2 million. The remaining adjustments were implemented through recovery orders for EUR 2.1 million.

For H2020 in total, over the period 2014-2019, the results of the H2020 audits relate to eight participations with funding adjustments of EUR 25 361:

- One is still in the contradictory procedure with the beneficiary (most likely in favour of the Commission for EUR 1 190);
- Seven with implemented results:
 - one in favour of the Commission (EUR 970);
 - two in favour of the beneficiaries (EUR 27 521);
 - four resulting in 'zero' adjustments.

↳ **Implementation of extrapolated audit results**

The extrapolation process allows correcting systemic errors of a beneficiary detected by an audit in all his ongoing participations. These corrections stem from audits made by DG MOVE or other DGs in the research family where systematic errors were found.

By the end of 2019, 121 such participations were found and the beneficiaries were asked to rectify the errors in DG MOVE projects and submit revised cost statements. At the end of 2019 there are 15 participations that remain to be implemented²¹.

The Commission closely monitors the implementation of extrapolation cases. It has to be noted that it is not unexpected to have open cases at this stage, as there might be 18 months before new declarations are received from beneficiaries.

↳ **Liquidated damages**

Liquidated damages are due where a beneficiary has overstated expenses and has in consequence received unjustified EU contribution. Liquidated damages will only be applied where the unjustified contribution exceeds 2% of the total contribution claimed and accepted for the given period(s) ('de minimis' rule corresponding to the materiality level of the Court of Auditors).

By the end of 2019 DG MOVE identified liquidated damages for 64 cases under FP7:

- Debit notes were already issued for 52 cases for a total amount of EUR 474 714;
- For two cases the identified liquidated damages will probably be cancelled as it concerns a dissolved company;
- For one case liquidated damages will be claimed in 2020 as soon as the audit results will be implemented;
- In nine other cases, the amounts due were below the threshold of EUR 200, so they did not have to be recovered.

²¹ Cases to be implemented are those for which the Commission has written to the beneficiaries requesting them to submit revised cost statements to correct the systematic issues detected.

The SESAR Deployment Manager

The SESAR project is part of an innovation cycle that brings innovative air traffic management (ATM) concepts from their definition, through their development and validation to their deployment into the operational environment. In this cycle, the essential SESAR solutions developed and validated by the SESAR Joint Undertaking are then deployed as 'common projects' through the SESAR deployment framework.

The SESAR Deployment Manager (SDM)²², a body that pursues the synchronised and timely deployment of common projects, assists the Commission, mainly translating common projects into a detailed deployment programme and ensuring its implementation and monitoring.

The SESAR Deployment Alliance consortium (SDA), which comprises 19 partners, including major European air navigation service providers, airlines and airports, was selected to fulfil these tasks²³.

A framework partnership agreement was signed between the Commission and SDA in December 2014.

SDA also acts as a coordinator of implementation projects funded under the CEF programme. The Commission supports financially the work of SDA as deployment manager through specific grant agreements as Programme Support Actions under the 2014-2020 CEF multi-annual work programme. Each specific agreement defines the detailed work programme, cost estimation, deliverables and reporting requirements for the period covered by the agreement. DG MOVE supervises and monitors the work of SDA through reporting mechanisms, periodic management meetings with the SDA management team, bilateral meetings with its managing director and through on-the-spot visits to projects coordinated by SDA. Financial checks are carried out in accordance with the established financial circuits.

In 2019, payments made to the SDA amounted to EUR 8.3 million.

In 2017, DG MOVE had observed eligibility issues resulting from the difficulties in setting up the consortium and from its complex structure. As a mitigation measure, subsequent payments made to major²⁴ partners against the SDM specific grant agreements were systematically audited in 2018-2019. Corrections in 2019 amounted to EUR 0.74 million, mainly resulting from errors in the interpretation of eligibility rules applicable to subcontractors. The audits finalised to date resulted in cumulated adjustments of EUR 1.69 million. In total EUR 1.32 million were recovered or being recovered at this stage. Nine of the audit results are still under implementation, corresponding to EUR 0.49 million²⁵ of additional audit corrections.

On 31 December 2019, the audits finalised or to be finalised in the first quarter of 2020 cover 90% of the expenditure related to the first three specific grant agreements. This approach will be maintained in the coming years. On a longer perspective, the coverage of major partners should approach 100%.

The amount at risk at closure was estimated by extrapolating the errors observed in the audits carried out to the current expenditure and taking into account the level of recovery. It represents EUR 0.18 million or 0.3% of the total of DG MOVE's relevant expenditure for the year.

²² Commission Implementing Regulation (EU) N°409/2013.

²³ Article 9 of Regulation (EU) 409/2013.

²⁴ The consortium includes some minority partners for which cost claimed are too limited to justify a specific audit.

²⁵ These audits include both adjustments in favour of the beneficiary and in favour of the Commission. The amounts mentioned correspond to the balance of these adjustments.

A close monitoring of SDA's activities and cooperation with its management team have led to the implementation of the necessary remedies and to a simplification of SDA's setup. The definition of the financial aspects of SDA's work and the reporting requirements were improved. A preventive audit of SDA's systems and processes was carried out in Q1 2019 with a view to further strengthen these corrective measures.

The assurance drawn in this respect stems from the implementation reports received from SDA and from the comprehensive ex-post coverage. The amount of corrections is significant in respect of payments made but limited in scope as it concerns a single grant agreement. All significant cost statements will be audited to ensure a level of correction as comprehensive as possible. The implementation of the adjustments limits the effective residual exposure as regards EU funds and this translates into a limited contribution to DG MOVE's overall amount at risk at closure. Corrective actions were undertaken at beneficiary level to solve the underlying issues. The structure is now simpler and thus less exposed to future errors²⁶. The costs declared under this framework partnership agreement are closely monitored through an extensive audit coverage. This allows DG MOVE to consider that there should not be any significant undetected errors and to build the necessary degree of assurance as regards the legality and regularity of the payments made to the SDM.

Single European Sky (SES) Advisory Bodies

The SES initiative establishes a regulatory framework that includes common binding rules on Air Traffic Management (ATM) safety, on ATM services, on airspace management and on interoperability. That framework includes a technological pillar, 'SESAR project' (Single European Sky ATM Research) that is managed through the eponymous Joint Undertaking. The 2009 revision of the regulations introduced a performance scheme, a revised charging scheme and the requirements for functional airspace blocks. It also created support bodies to the SES: the Network Manager²⁷ (NM) that performs the design of the European Route Network and the coordination of air traffic resources and the Performance Review Body (PRB)²⁸ that assists the Commission in the implementation of the SES performance and charging schemes.

Eurocontrol was appointed as the Network Manager for the SES until the end of 2019 and was re-appointed for the period 1 January 2020 - 31 December 2029²⁹. It addresses performance issues strategically, operationally and technically. Its overarching mission is to contribute to the delivery of the ATM's performance in the pan-European network in the areas of safety, capacity, environment/flight efficiency and cost-effectiveness. The European ATM network includes all the European Union's and Eurocontrol's 41 Member States, as well as other states that have concluded bilateral agreements with the NM.

The PRB is an expert group of the Commission and made-up of nine members, including a chair. It is supported by a support team. Eurocontrol and EASA collect performance data that is in a pre-analysed form used by the PRB. Following the call launched in March 2019³⁰, the Commission appointed three new members of the PRB³¹ of the SES as of 1 September 2019 and six PRB members undertook a second mandate. The current mandate of the PRB runs from 2019 until 2021. The PRB assists the Commission and national supervisory authorities in the implementation of the performance scheme for air navigation services. The PRB cooperates with the European Aviation Safety Agency in the performance of its tasks when they relate to safety.

²⁶ It should be noted however that the audits performed in 2018 and to be performed in 2019 still partly costs related to the years 2016-2017, that were made under the previous structure.

²⁷ Commission Regulation (EU) No 677/2011

²⁸ Commission Implementing Regulation (EU) No 390/2013

²⁹ Commission Implementing Decision (EU) 2019/709.

³⁰ https://ec.europa.eu/transport/sites/transport/files/call_for_applications_prb_2019_15032019.pdf

³¹ The previous mandate of the PRB ended in May 2019.

In 2019, payments made in this respect totalled EUR 8.3 million.

The control activities performed with respect to the PRB in 2019 included the following:

- Bi-monthly Coordination Group meeting;
- Steering Group meeting three times a year;
- Financial checks in accordance with the established financial circuits;
- Ensuring that operational results from this project are of good value and meet the objectives and that the related financial operations comply with regulatory and contractual provisions;
- Operational authorisation by AOSD.

In addition, performance monitoring results undergo a validation with the Member States.

These support actions are implemented through service contracts and are considered as low risk regarding legality and regularity. Moreover, the individual amounts are relatively limited. No ex-post audits are performed as the costs of such controls would exceed the potential benefits.

Assurance is drawn in this respect from the performance of the ex-ante controls, from the absence of issues at this level, from a positive assessment of the performance of the support bodies and from the effective delivery of the services and their compliance with the regulatory framework and with the contractual provisions.

Cross sub-delegations

As in previous years, DG MOVE has cross sub-delegated some activities to different services within the Commission, in order to arrange the provision of certain operations more efficiently. Being a Commission service itself, the AOD of the cross sub-delegated service is bound to implement the appropriations subject to the same rules, responsibilities and accountability arrangements as DG MOVE.

In 2019, there have been no payments related to cross sub-delegations from DG MOVE to other DGs.

Since the cross sub-delegation from DG MOVE to DG ECFIN signed on 3 July 2017 for the implementation of budget lines 06 02 51 and 06 03 03 01 was turned into a co-delegation in 2019, DG ECFIN reports on the use of appropriation in its own 2019 AAR.

In 2019, DG MOVE did not identify any events, issues or problems in relation to cross sub-delegations that could have a material impact on assurance. Besides, the cross sub-delegation agreement requires the AOD of the concerned DGs to report on the use of these appropriations. In their reports, the AODs did not communicate any events, control results or issues, which could have a material impact on assurance.

ii) Indirect Management and Direct Management through other services

This section reports and assesses the elements that support the assurance on the achievement of the internal control objectives as regards the results of the DG's supervisory controls on the budget implementation tasks carried out by other Commission DGs and entrusted entities distinct from the Commission, i.e.:

- Co-delegations;
- The INEA Executive Agency;

- The European Investment Bank (for financial instruments);
- Joint Undertakings (SESAR JU and S2R JU);
- Decentralised Agencies (EASA, EMSA, ERA).

For all these cases, DG MOVE's supervision arrangements are based on the principle of controlling 'with' the relevant entity. For details, please refer to Annex 5, section on indirect management.

Co-delegations

The Commission may delegate powers concerning a given budget line to one or more authorising officers by delegation, i.e. various AODs are responsible for the same item of expenditure, but each one for a specific type of transaction. For DG MOVE, this is the case with PMO, HR and OP and since January 2019 with ECFIN. Being Commission services themselves, these DGs are required to implement the appropriations subject to the same rules, responsibilities and accountability arrangements as DG MOVE. In 2019, there were not payments made through co-delegations.

INEA

The Innovation and Networks Executive Agency (INEA) has four parent DGs (DG ENER, DG CNECT, DG RTD and DG MOVE, which is the leading DG).

The Commission has delegated to INEA the task of executing the operational budget and performing tasks linked to the implementation of its delegated Union programmes in the field of transport, energy and telecommunications infrastructure – CEF (Connecting Europe Facility programme), and in the field of transport and energy research and innovation - H2020. The Agency implements, in the framework of CEF, the SESAR related trans-European air traffic management (ATM) network projects. In addition, the Agency is also managing the legacies of the TEN-T and Marco Polo programmes.

In 2019, DG MOVE contributed EUR 21.19 million to the Agency's running costs. INEA has duly justified the use of the subsidy and any unused appropriations will be recovered by the parent DGs.

Supervision arrangements

The Commission Decision establishing INEA and the Commission Decision delegating powers to INEA and appointing the members of the Steering Committee set out the governance and supervision arrangements. These are complemented by a specific Memorandum of Understanding signed between the Parent DGs and INEA that contains reporting and supervision provisions and consists of a two-layer document:

- A top layer aiming to harmonise the modalities and procedures of the interaction between the parent DGs and INEA and that includes amongst other:
 - the membership to the Steering Committee, chaired by the Director General of DG MOVE and meeting at least four times a year to ensure that the work of the Agency is in line with the its Annual Work Programme;
 - the preparation of the Agency's annual budget;
 - the definition of objectives and priorities in the Annual Work Programme of INEA (approved by the Commission);
 - the requirement for INEA to report regularly on the performance of tasks (using the main Key Performance Indicators from INEA's Annual Work Programme), through;
 - Interim reporting (usually the first six months of the year);

- The Annual Activity Reports;
 - the establishment of security related procedures and processes, including Business Continuity Planning.
- A middle layer, with specific provisions for the implementation of H2020 (updated on 15 February 2016) and CEF (dating from 1 October 2014).

Within this context, meetings and exchanges of information between the parent DGs with INEA on Horizon 2020 and CEF as well as coordination meetings between INEA and the relevant units in DG MOVE on H2020 and CEF take place regularly. DG MOVE also attends the Management meetings of INEA and vice-versa. The regular meetings and contacts between DG MOVE and INEA, as well as the regular provision of implementation information by the Agency allow for a close supervision of the Agency.

In 2019, regular meetings between parent Directorates General, including DG MOVE, and INEA on management, control and audit further expanded this middle layer. These meetings ensure a timely exchange of information on the assurance and supervision matters, and reinforce the coordination on common issues.

Additional sources of assurance

According to the draft Annual Activity Report of the Agency, all the KPIs have met their target and, in particular, the residual error rates are below 2% for the TEN-T and Marco Polo programmes managed by INEA. For the Horizon 2020 Transport programme, the residual error rate is calculated at 2.34%³². Consequently, the Agency Director, in his capacity as AOD, has signed the declaration of assurance without reservations.

The audits of the Internal Audit Service and of the European Court of Auditors provide additional elements of assurance.

- The Internal Audit Service (IAS):
 - An audit on "Grants management phase 2: project management and payments for H2020 in INEA" was launched in January 2018. INEA has implemented the action plan for the sole IAS recommendation (increased measures/guidelines to prevent fraud, in particular plagiarism). The IAS closed the recommendation in January 2020.
 - An audit on "Grant Management phase 2: project management and payments CEF in INEA" for which INEA has fully implemented the action plan for the sole recommendation and the IAS has closed the recommendation in 2019.
 - INEA has fully implemented the action plan stemming from the audit on "HR Management Strategy in INEA" and the IAS closed the corresponding recommendation in January 2020.

As to the state of play of outstanding open audit recommendations, INEA has currently no outstanding pending issues.

- The Court of Auditors (ECA):
 - In its yearly audit, ECA found the 2018 annual accounts presented fairly, in all material respects, the financial position of the Agency, the results of its operations, its cash flows, and the changes in net assets.
 - The Court issued one observation related to e-tendering and e-submission, to which the Agency provided a reply and justification confirming that the issue is addressed through the use of e-invoicing for certain procedures

³² For Horizon 2020, the error rate is established within the range of 2%-5%.

whereas the use of e-tendering and e-submission does not concern the Agency.

The Court issued a Special Report on the performance of the Agency. The Court found that INEA had delivered the intended benefits through the standardisation of procedures and the reduction of costs, but that some administrative constraints remained. They found the operation of the CEF programme well organised, but that some issues should be addressed at programme level. The five recommendations are:

- (1) to improve the potential for synergies between the CEF and H2020 programmes, and between CEF sectors;
- (2) to strengthen the framework for INEA's management of the delegated programmes;
- (3) to ensure greater harmonisation and transparency of project selection procedures;
- (4) to set better conditions for timely implementation of the CEF;
- (5) to redesign the performance framework to better monitor project results.

INEA has currently no outstanding pending audit recommendations.

Conclusion

The regular supervision of INEA did not identify any particular events, issues or problems that could have a material impact on assurance or that would need to be included in this report. Overall DG MOVE considers that its supervision of INEA is effective and appropriate.

EIB for CEF Debt instruments

DG MOVE uses innovative financial instruments for leveraging³³ EU investment and attracting new sources of funding for TEN-T infrastructure projects. The European Investment Bank (EIB) was entrusted with the implementing tasks concerning the financial instruments (debt) under the Connecting Europe Facility Regulation (EU) 1316/2013.

In 2015 the Delegation Agreement (DA)³⁴ for the Connecting Europe Facility Debt Instrument (CEF DI) was signed by the Commission and the EIB. This new agreement defined that as of January 2016 the projects in the portfolios of LGTT³⁵ and PBI³⁶ pilot phase are merged with the CEF DI.

In October 2018, the CEF DI Steering Committee had approved a pipeline of five transactions for a CEF contribution of EUR 24.2 million – one signed in 2018 and four, subject to eligibility check, in 2019. These four operations, related to the financing of LNG propelled tankers did not materialise following EIB's revised policy to discontinue support for the financing of tankers, independently of their propulsion type. In November 2019, the CEF DI Steering Committee noted the market and policy implementation constraints on the programme and agreed on the potential use of the already paid CEF

³³ The EC contribution contributes to cover present or future first losses on a portfolio of operations. The amount of the contribution is invested in an asset portfolio and serves as a collateral for the loans supporting the investments.

³⁴ According to the latest DA for CEF DI, the EIB shall be responsible for managing the financial instruments in accordance with the Legal Basis, the Financial and Administrative Framework Agreement (FAFA) and the DA, in particular supporting projects aligned with the TEN-T policy eligible under the CEF regulation.

³⁵ The Loan Guarantee for TEN-T projects (LGTT) was a financial instrument set up jointly by the Commission and the EIB to facilitate a greater private sector participation in the financing of TEN-T projects. This instrument was managed by the EIB by making annual drawdown requests.

³⁶ The Project Bond Initiative (PBI) was a joint initiative by the Commission and the EIB to stimulate capital market, including institutional investors, financing for large-scale infrastructure projects in transport (TEN-T), energy (TEN-E) and information and communication technology. The EIB has acted as appraisal agency for credit and issuing the debt enhancement facility to projects eligible under the Union guidelines.

contribution for an inland waterway project planned for 2020. Against this background and in view of keeping on supporting the decarbonisation of the maritime sector, the future orientation of the programme is to be discussed with the EIB in early 2020.

Regarding the component of the GSGP programme supported by EFSI, one operation was signed in 2019 for the retrofitting of 42 vessels for emission reductions and/or ballast water management systems.

Governance and supervision arrangements

The governance and supervision requirements are defined in the DA for the CEF DI, which establishes the working arrangements with the EIB as well as the requirements in terms of financial and technical reporting.

Two bi-annual joint Steering Committee meetings between the CEF DGs (DG MOVE, DG ENER, DG CNECT and DG ECFIN) and the EIB took place in 2019 where the pipeline of projects and the objectives in terms of policy prioritisation and use of NER300 funds were defined. Regular contacts take place with the EIB on the state of advancement of specific projects, which includes the policy check of the new operations proposed by the EIB.

As part of the supervision and monitoring activities, DG MOVE is involved in regular contacts at working level, coordination meetings and additional exchange of information on the pipeline and the implementation of projects and management of assets entrusted to the EIB.

An amendment to the CEF DI was adopted in June 2019, which aims at limiting the overlap with EFSI, introducing thematic financing to better cater for market needs and ensuring an adequate risk-commensurate return. In addition, NER300 Programme unspent funds from the first call for proposals amounting up to EUR 436 million was channelled in 2019 via the CEF DI financial instrument.

The CEF DI has been included in an independent audit coordinated by DG BUDG amongst other financial instruments delegated to the EIB. The main recommendations to DG MOVE concerned the accounting of the revenue sharing between the EIB and the Commission, and the use of reflows (revenues generated by the instrument) and were reflected in the amendment of the Delegation Agreement signed in 2019.

The portfolio of the CEF DI includes 19 active projects with a total value of investments of EUR 14.3 billion, out of which seven operations were signed in 2019, all under the amended Delegation Agreement. Another seven operations are already in the pipeline representing total investments of EUR 0.6 billion, including projects dealing with road to rail terminals and zero-emission inland waterway transport. As part of new products under the CEF DI, the Future Mobility financial product was deployed in 2019 to support high-risk deployment of alternative fuels infrastructure, rolling out of innovative technologies and smart mobility services.

Managing risk exposure

The facility's treasury portfolio is exposed to credit, liquidity and market risks. The mandate of the EIB includes the management of these risks. Asset management guidelines define the eligibility criteria, the maximum maturity, the interest rate risk and credit risk exposure rules. A quarterly reporting on performance provides the necessary information to the Commission.

The Asset portfolio generated a positive economic result. DG MOVE's share in this economic result, as reported by the unaudited financial statements, amounted to EUR 6.06 million.

Economic result of the CEF Debt Instrument

DG MOVE share of results in portfolio	2019 (in EUR thousand)
Remuneration received for guarantee given	5485
Fair value change of financial asset	543
Other operational and financial revenue	-28
Fees paid to EIB	-3421
Net portfolio income	3568
Realised losses	-88
Economic result	6059

Source: Unaudited financial statements. Amounts rounded to the closest thousand

DG MOVE's share in the net assets of the funds at year-end was EUR 582.91 million.

The underlying debt portfolio is, by nature, exposed to creditor risk that is covered by the FLP mechanism. The losses realised on sale of bonds and redemption of investments amounted to EUR 0.088 million in 2019. These losses are not significant compared to the financial and operational revenue received from the instrument.

The EIB deploys specific fraud prevention and detection processes and reports directly to OLAF. In 2019, the EIB's Inspectorate General reported no fraud case related to CEF operations.

Assurance received

The EIB provided its financial statements and management declaration on 14 February 2020. The declaration covers the EU funds engaged in the current financial instruments and the unaudited statements for 2019. The EIB gave reasonable assurance that:

- the information set out in the Financial Statements was in accordance with the accounting principles and is complete and accurate;
- the funds contributed by or on behalf of the Commission had been used for the intended purposes;
- the EIB had applied a professional degree of care and diligence to the management of the Financial Instruments;
- the control systems and procedures put in place provided reasonable assurance as to the legality and regularity of the related financial operations.

The statutory audit performed on the financial statements concluded that these were prepared in all material aspects in accordance with the applicable rules.

As a result of the regular reporting provided by the EIB, the management declaration and financial statements and the regular contacts with the EIB, DG ECFIN and DG BUDG, DG MOVE has an appropriate overview of the state of implementation of TEN-T projects supported by the financial instruments.

Conclusion

DG MOVE's supervision of the financial instruments did not identify any particular issues that would need to be included in this report. Consequently, DG MOVE considers that their supervision is effective and appropriate.

Joint Undertakings (JU)³⁷: SESAR JU and S2R JU

DG MOVE is responsible for the SESAR Joint Undertaking, a public-private partnership developing operational and technical improvements for the modernisation of the European and global air traffic management system. The current mandate of the SESAR JU was extended for the period up to 31 December 2024.

DG MOVE is also responsible for the Shift2Rail Joint Undertaking (S2R JU), established under Horizon 2020, whose objective is to provide a platform for pooling together and better coordinating research and innovation efforts in the rail sector. The overall duration of the delegation is foreseen until 31 December 2024. DG MOVE plays a key role in the monitoring of the JUs and relies on the JUs to achieve their policy objectives. DG MOVE is a member of the Administrative Board (SESAR JU)/Governing Board (S2R JU).

Arrangements are in place to ensure that all key proposals to these Boards are properly assessed and the Commission position agreed. Each JU is required to produce an Annual Activity Report and the JU Director signs a declaration of assurance in line with the one used in the Commission. In addition, regular reporting and extensive informal and formal contacts are also part of the interaction. The JUs are also required to inform the Commission without delay of any significant developments in the area of risk management, internal control and audit.

On 4 December 2017, DG MOVE adopted a strategy on the DG's relations with decentralised agencies and JU's which encompasses governance, core businesses as well as management and financial issues. The overarching objective is to ensure that the necessary processes are put in place. It aims at helping to clarify roles and responsibilities, coordinate internally (risks, responsible actors, business continuity and avoid duplication of work), EU added value, aligning JUs with key EU political priorities as well.

The supervision strategy is implemented through a regular follow-up of the Joint Undertaking's businesses, management and financial issues. Risk profile is established for each entity. These elements have been regularly updated in 2019 and closely followed by Senior Management with regard to the higher level risks.

- ***The Single European Sky Air traffic management Research Joint Undertaking (SESAR JU)***

In 2019, the Single Programming Document of the SESAR JU for the 2019-2021 period was adopted by the Commission. It provides multi-annual (2019 to 2021) and annual (2019) programming components and forms the multi-annual and annual work programmes of the SESAR JU.

In addition, the Commission and the SESAR JU have concluded two delegation agreements related to work on the evolution of the EU airspace architecture. The first delegation corresponds to the delivery of a final report describing such new architecture. The second delegation covers the definition of a detailed transition plan to implement the proposed architecture. In March 2019, the SESAR JU delivered the final report³⁸ of the study that leverages modern technologies to decouple the service provision from the local infrastructure. The report introduced the new concept of "Air Traffic Management data service provider", which supports the progressive delivery of capacity on demand in the European airspace. Based on this report, the SESAR JU delivered a transition plan³⁹ describing more precisely how to implement the proposed changes with the support of the Network Manager. This transition plan proposes two main measures aiming to achieve quick wins via an operational excellence programme and realise planned

³⁷ Ex-Article 185 initiatives – Article 71 of the Financial Regulation.

³⁸ https://www.sesarju.eu/sites/default/files/2019-05/AAS_FINAL_0.pdf

³⁹ https://www.sesarju.eu/sites/default/files/documents/reports/AAS_transition_plan.pdf

implementation related to mature SESAR Solutions supporting the implementation of cross-border free-route, air-ground and ground-ground connectivity.

In 2019, DG MOVE paid EUR 113.73 million to the SESAR JU.

Supervision

The governance and supervision requirements are defined in the SESAR JU Founding Regulation⁴⁰ and in the General Agreement, which establishes detailed requirements in terms of financial and technical reporting and working arrangements.

The Commission, represented by DG MOVE, supervises the SESAR JU through its participation in the Administrative Board, the main governance body, and through specific arrangements. The Commission is a member of and chairs the SESAR JU Administrative Board. It therefore participates directly (in many cases with an effective veto right) in all the decisions affecting the budget, accounts, staff and progress of the JU. Relevant documents are evaluated by DG MOVE's unit in charge of the Single European Sky, in cooperation with several other Commission services, in order to establish the Commission's position in the Board.

Furthermore, DG MOVE and the SESAR JU meet regularly to discuss the progress of the technical programme. A representative of DG MOVE also participates in the Programme Committee chaired by the JU's Executive Director. Staff from the unit in charge of the Single European Sky regularly participates in working groups and evaluations (calls for tender, calls for proposals and staff selection) organised by the JU.

During spring 2018, DG MOVE identified a potential risk related to the high turnover and vacancies in the administrative department of the SESAR JU (mainly legal and financial), which has been addressed in 2019 with the recruitment of new staff, including a new Chief Financial Officer.

Being an EU body, the SESAR JU is audited by the IAS and by the ECA. Moreover, audit issues are further coordinated through the Permanent Audit Panel assembling all the auditing bodies of the SESAR JU, to which DG MOVE participates.

The SESAR JU is subject to a standard ECA audit to ensure the adequacy of its control arrangements. ECA found the 2018 annual accounts present fairly, in all material respects, the financial position of the JU, the results of its operations, its cash flows, and the changes in net assets.

The report made some observations (a large amount of open commitments for SESAR I (EUR 61.4 million), low implementation rate for payment appropriations (61%); high cancellation rates (35%) under Horizon 2020; weaknesses in the design of the call for proposals for CEF funds resulting in overlaps and inconsistencies among award criteria and sub-criteria.

DG MOVE monitors the situation. The issues observed with regard to the implementation rate are acknowledged and are being addressed but it is to note that the implementation rate of SESAR I reaches 89.9%. However, the fact that SESAR is not allowed to use multi-annual commitments limits the possible actions with regard to the multi-annual perspective. As regards the weaknesses in the design of the call for proposals, SESAR JU underlined that the call has been organised in full compliance with CEF requirements and any potential risk of non-homogenous interpretation of evaluation sub-criteria was fully mitigated before the start of the evaluation, i.e. experts briefings were organised.

⁴⁰ Reg. (EC)219/2007.

Conclusion

DG MOVE's involvement in the governance of the entrusted entity through the Commission participation did not identify any events, issues or problems, which could have a material impact on assurance.

- ***The Shift2Rail Joint Undertaking (S2R JU)***

The core objective of the Shift2Rail Joint Undertaking is to enable a faster and cheaper transition to a more attractive, competitive, efficient, integrated and sustainable European rail system, thereby supporting the achievement of the Single European Railway Area and the competitiveness of the rail sector as a whole.

By bringing together the coordination, programming and execution of rail-related research and innovation activities under the responsibility of a single, dedicated structure, the Joint Undertaking aims to ensure continuity and avoid fragmentation of research and innovation efforts, helping to avoid costly overlaps and duplication.

S2R JU aims at ensuring a significantly higher leverage effect of EU funds by making EU funding (of up to EUR 450 million between 2014-2020) conditional to firm financial commitments from the rail industry (of at least EUR 470 million between 2014-2020).

S2R JU achieved its operational and financial autonomy in 2016 and the subsequent delegation agreement was signed between the Commission and the JU in May 2016.

In 2019, DG MOVE paid EUR 62.73 million to the S2R JU.

Following its 2019 call for proposals for Research and Innovation activities, 17 projects worth EUR 148.6 million will be funded. S2R JU's co-funding will amount up to EUR 74.8 million. After this call for proposals, S2R JU will have cumulatively invested EUR 637.2 million in research and Innovation activities, which corresponds to more than half of its 2014-2020 budget.

Supervision

As an EU body under Article 71 of the Financial Regulation⁴¹, S2R JU functions under strict monitoring rules. The main bodies of the JU are the Governing Board, in charge of strategic decision-making, and the Executive Director, responsible for day-to-day management. Monitoring is performed through the supervision of the Governing Board (in which the Commission holds 50% of voting rights corresponding to a blocking vote).

The position of the Commission in the S2R Governing Board is jointly established with other services (including DG RTD, DG BUDG, etc.). The supervision of the S2R JU is ensured through a regular involvement of the Commission in the usual planning of the entity (budget request, calls' definition, financial planning, Annual Work Plans) and the reporting organised through the S2R Governing Board, which is chaired by the Commission. In 2014, the Commission defined a formal procedure to establish its position with the S2R Governing Board which provided for consultation with the services concerned (primarily DG MOVE, DG RTD and DG BUDG) on the proposed position. This procedure has been updated in 2018 through a clarification of the Commission's role and activities in other bodies of the S2R JU, such as the States Representatives Group, the Scientific Committee.

Moreover, any decision taken by the Governing Board (incl. on budget, staff, etc.) is subject to the consultation of an inter-service group within the Commission.

⁴¹ Official Journal of the European Union, L 193, 30 July 2018.

The coordination between DG MOVE and the JU's Executive Directors is organised on a bi-weekly basis. Moreover, quarterly coordination meetings between DG MOVE, European Railway Agency and S2R JU have been organised. Bi-annual meetings on administrative issues between DG MOVE Shared Resource Directorate and S2R JU took place in 2019. In addition, there has been a daily contact with S2R JU and the desk officers in DG MOVE in the case of specific needs (preparation of key documents, meetings, etc.). Updates on administrative issues (incl. staff and budget) and the progress on the pipeline of projects are regularly presented to the Governing Board. All S2R JU reports and decisions are scrutinised by the Parent DGs and by DG MOVE in particular as a lead-service. A set of key performance indicators has been identified and used in the JU's Annual Report.

In addition, S2R JU is subject to a standard ECA audit to ensure the adequacy of its control arrangements. ECA found the 2018 annual accounts present fairly, in all material respects, the financial position of the JU, the results of its operations, its cash flows, and the changes in net assets.

The report encourages the S2R JU to continue to strengthen the financial data in its beneficiary database and to disclose financial experts' comments in the evaluation report in order to improve the lump sum funding scheme. It also underlined that in 2018, one associated member became a wholly owned subsidiary of a founding member and maintained its associated membership status and Governing Board (GB) seat. Consequently, the founding member's representation in the GB increased with direct implications on the balanced representation in the GB. The report also observed that the interim evaluation of the JU did not provide "the best value added for the JU's decision-making process at this early stage of its activities". Lastly, the report noted a high rotation of contract agents and the use of interim staff services to cope with the situation. S2R provided reply and justification to the observations from the Court.

As regard the lump sum funding scheme, S2R JU underlined that the first experience in implementing the scheme has demonstrated encouraging results with respect to the objective of simplification. S2R JU recognised that the implementation of the lump sum pilot project is subject to improvements but recalled that all legal and financial aspects have been strictly followed-up.

With regard to the representation in the GB, S2R JU took note of the observation, which will be considered in any possible amendment to the S2R regulation.

As regard the remark on the interim evaluation of the JU, S2R JU explained that the evaluation took place early in the life of the JU but this was a requirement in compliance with the S2R Regulation and the H2020 programme.

Lastly, SR2 recalled that the high level of turnover stems from the current staff establishment plan structure, which the S2R JU is required to follow, and which does not allow the JU to offer the same contractual conditions as other institutions and EU bodies. Nevertheless, measures have been put in place to reduce high levels of turnover. The matter will require to be followed up with the Commission.

The observations made do not impair the assurance received from the JU.

Conclusion

DG MOVE's involvement in the governance of the entrusted entity through the Commission participation did not identify any events, issues or problems, which could have a material impact on assurance.

Decentralised Agencies: EASA, EMSA, ERA

DG MOVE is a parent DG for three decentralised agencies

- **EASA** - the European Aviation Safety Agency based in Cologne (DG MOVE subsidy paid in 2019: EUR 38.55 million). The main objective of EASA is to maintain a high uniform level of civil aviation safety in Europe and to ensure the proper functioning and development of civil aviation safety. This is achieved through opinions and recommendations to the Commission, certification specifications and guidance material, decisions regarding airworthiness and certifications of aviation products and the oversight of approved organisations and EU Member States. In 2019, the IAS carried out its follow-up of outstanding recommendations from past audits and concluded that all followed-up recommendations have been properly implemented.
- **EMSA** – the European Maritime Safety Agency based in Lisbon (DG MOVE subsidy paid in 2019: EUR 79.27 million). EMSA provides technical assistance and support to the European Commission and Member States to ensure maritime safety, maritime security, efficiency of maritime traffic and transport, prevention and response to pollution from ships, response to marine pollution from oil and gas installations. It has also been given operational tasks in the field of oil pollution response, vessel monitoring and in long-range identification and tracking of vessels. In addition, EMSA cooperates as well with Frontex and European Fisheries Control Agency on coast guard functions.
- **ERA** – the European Railway Agency, based in Valenciennes (DG MOVE subsidy paid in 2019: EUR 27.67 million), provides technical assistance to the Commission and Member States in the area of railway safety and interoperability. This involves the development and implementation of Technical Specifications for Interoperability and a common approach to questions concerning railway safety. The Regulation (EU) 2016/796 of the European parliament and of the Council, which entered into force as of 16 June 2016, provides ERA with new, additional tasks – issuing vehicle authorisations and safety certificates. ERA advanced its preparation to become a certifying and authorising entity for European vehicle authorisations, safety certification for railway undertakings and ERTMS⁴² trackside approvals. As of 16 June 2019, ERA acts as EU body for rail vehicle authorisation and single safety certification.

It is to note that the Agencies are fully autonomous bodies and have full responsibility regarding the management of their resources and of their assurance processes. No event is known to have occurred that would have an impact on DG MOVE.

Supervision

EASA, EMSA and ERA are European regulatory agencies with a clearly established governance set-up, documentation and procedures, which are in line with the 'Common approach to the decentralised agencies'. DG MOVE is a member of the Administrative Board (ERA, EMSA) / Management Board (EASA) and relies on the Decentralised Agencies to achieve the policy objectives entrusted to them. Arrangements are in place to ensure that all key proposals to these Boards are properly assessed by DG MOVE and the Commission position agreed through formal opinions and formal consultations. In addition, regular reporting and extensive informal and formal contacts at all levels are also part of the interaction.

In 2017, DG MOVE adopted a strategy on the DG's relations with decentralised agencies and JU's. This mechanism covers the relation between MOVE and its partner agencies joint undertakings.

As part of the supervision and monitoring activities, DG MOVE is involved in numerous contacts at working level, coordination meetings, providing opinions on

⁴² European Rail Traffic Management System.

annual/multiannual work programmes, draft budget, staff policy plan and reporting. Whenever necessary, bilateral meetings between DG MOVE and the Agencies are organised. In addition, DG MOVE is involved in the audit and discharge procedures of the three agencies.

The agencies have full responsibility for the implementation of their budget, while DG MOVE is responsible for the regular payment of the contributions established by the Budgetary Authority. The working arrangements with the agencies have been clarified by either Memoranda of Understanding or working methods of the committees which were set up by each agency with the objective to advise the Administrative /Management Boards on all issues related to drafting and implementation of the budget as well as staff-related issues within the agencies. DG MOVE is also represented in the meetings of these committees, which take place prior to the Administrative/Management Board meeting.

Performance indicators were set up for the monitoring and follow up of the implementation of the budget, the audit recommendations and administrative matters. A report (which includes information on budget implementation, vacancy rate and audit recommendations) is provided by the agencies on a quarterly basis to DG MOVE, to help detect any weaknesses. Additionally, after the closure of the financial year, DG MOVE claims any surplus paid to the Agency based on the budget outturn calculations provided to the Commission.

Finally, the Commission provides assistance to the agencies with regard to the application of the financial regulations, but also through the use of different Commission tools and services (ABAC, Medical Service, recruitment via EPSO, training, PMO).

The following individual risks identified in the framework of DG MOVE's supervision are the following:

EASA:

- High risk relative to the potential budget gap due to declining revenues from fees and charges. A new regulation on fees and charges was prepared to mitigate this risk, and it was finally adopted by the end of 2019 for its implementation from 2020 onwards.

EMSA:

- High risk concerning the Coast Guard budget under-execution. Actions taken in 2019 to reduce the risk include closer monitoring of execution and sharing of information with DG MOVE; regular reporting to the Board on execution; earlier information on needs from Member States to allow better planning of activities.
- High risk resulting from lack of tools to monitor implementation of agreements of FRONTEX and EFCA⁴³ with EMSA. EMSA has agreed with these Agencies in 2019 a new timeline of budget transfers that will help reduce the amount of carry-overs.

ERA:

- High risk on the transition to a fees and charges regime. Closer monitoring of certification activities starting in 2019 have allowed ERA to better estimate fee revenues.
- High risk linked to sufficient staff/expertise to process certification activities. Recruitment activities progressed adequately in 2019. More accurate estimates for additional posts have been produced.

⁴³ European Fisheries Control Agency.

- High risk concerning financial and human resources management processes. In 2019, a new budgetary issue was identified leading to a budget gap. ERA made considerable effort to reduce the gap but had to ask for an increase of the EU contribution. DG MOVE negotiated this request with DG BUDG and the relevant funding was made available to ERA in December 2019.

Audits by the IAS

By the end of 2019, EASA did not have critical or very important recommendations from audits by the IAS. Only very important recommendations from their own Internal Audit Capability service were still open.

Regarding EMSA, as of the end of 2019, no critical or very important recommendations from the IAS are still open or subject to the auditors review.

ERA was subject in 2017 to an IAS audit on human resources and competency management which included one critical and four very important recommendations. These were closed by the IAS in 2018 and 2019. Therefore, no critical or very important recommendations from the IAS remain open or pending for review.

Audit by the Court of Auditors

In the Declaration of Assurance 2018, ECA found the annual accounts of EASA, EMSA, and ERA legal and regular in all material aspects and that they present fairly in all material respects the financial position of the Agencies.

The Court encouraged EASA to design framework contracts, which allow fair competition and ensure value for money. The Agency explained that a single framework contract instead of a multiple framework contract (FWC) was chosen to comply with the sound financial management principle and to allow coherence in the implementation of the contract. Using a FWC would have resulted in a change of coordinator during the lifetime of the contract with negative consequences on the contract implementation in terms of coherence and timely completion of the tasks.

In addition, the Court recalled EASA that contract award decisions are based on quality and price of the offer and contracts are signed after verification of the exclusion criteria. The Agency indicated that none of the procurement principles has been violated and evidence regarding exclusion was submitted prior.

The Court also noted that budgetary commitments shall be entered before legal commitments. EASA took note of the remark and explained that the commitment was signed before the reception of the invoice but after the beginning of the service. Consequently, this was covered by an exception.

As regards EMSA and ERA, the Court recalled the need of a competitive procedure for all procurements. The agencies took note of the remark but explained that the tendering procedure in question was managed by DG DIGIT and the contract was terminated with effect in October 2019.

Overall, the Decentralised Agencies take ECA's observations into account in their continuous development of systems and procedures for controls and governance processes to achieve their objectives.

Conclusion

In conclusion, the regular supervision of the decentralised agencies did not identify particular issues that would need to be included in this report or that could have a material impact on the assurance. Overall DG MOVE considers that its supervision of the Decentralised Agencies is effective and appropriate.

B) Fraud prevention, detection and correction

The current strategy is built upon a specific risk assessment that concluded that DG MOVE was subject to moderate and low level risks in that domain. It recognised the importance of staff awareness and the growing importance of relations with decentralised bodies as well as the evolution of the cooperation framework between OLAF and the Commission, and between DG MOVE and the Research family DGs. The controls intended to ensure the legality and regularity of the transactions are complemented by an action plan that is attached to the strategy. In addition, the implementation of the strategy is monitored and reported at least twice a year to DG MOVE's management.

The indicators, related to the maintenance and update of the strategy, to its implementation and to the regularity of reporting to management, show that the strategy is an effective tool, that is proportionate to DG MOVE's risk profile. Actions planned to accompany the revision of the CAFS are postponed as this strategy is now scheduled for 2020.

Further efforts regarding staff awareness remain necessary as a continuous effort. In 2019, the initiatives focussed on targeted meetings, vulnerability assessment, and workshops with entrusted entities complemented by lunchtime conferences in Brussels and Luxembourg. The internal control newsletter regularly raised fraud prevention. An updated information package is available on a dedicated intranet page.

In the context of adoption of the Commission's revised Anti-Fraud Strategy (CAFS II), in 2019 DG MOVE organised a lunchtime conference. Two representatives from OLAF presented the novelties of the CAFS II and discussed various cases.

In 2019, an anti-fraud workshop was organised for the entrusted entities of DG MOVE, in which OLAF presented the novelties of the CAFS II, while DG MOVE presented its approach for the revision and updating of the MOVE Antifraud Strategy. .

It is to note that the 2017 Strategy remains valid until 31 December 2020 and the revision will continue in 2020 in order to allow for a better consideration of the changes introduced by the new CAFS.

In principle, the controls aimed at preventing and detecting fraud are comparable to those intended to ensure the legality and regularity of the transactions.

DG MOVE ensures notably that:

- internal rules for fraud suspicion handling and reporting are in place;
- potential fraud risks are considered within the annual risk assessment exercise for the Management Plan;
- a regular attendance to the Fraud Prevention and Detection network and to the Fraud and Irregularity Committee meetings as well as contacts with other DGs and services;
- the Local Anti-Fraud Correspondent function is operated, in line with the common action plan for the Research family;
- an appropriate level of cooperation is ensured with OLAF.

In the course of 2019, DG MOVE sent one new case to OLAF for investigation. As of 31 December 2019, there was one open case.

In addition, the tables below show the state of implementation of the anti-fraud indicators and outputs indicated in the Strategic Plan for 2016-2020 and the Management Plan 2019.

State of implementation of the Anti-fraud indicators mentioned in the Strategic Plan 2016-2020

Objective: Minimisation of the risk of fraud through application of effective anti-fraud measures, integrated in all activities of the DG, based on the DG's anti-fraud strategy (AFS) aimed at the prevention, detection and reparation of fraud.			
Indicator 1: Updated anti-fraud strategy of DG MOVE, elaborated on the basis of the methodology provided by OLAF			
Source of data: OLAF guidelines – DG AFS			
Baseline	Interim Milestone 2017	Target	Latest known results (2019)
Date of the last update: October 2015	AFS to be updated by December 2017 and December 2019	Update every two years, or if there are major changes.	Updated in November 2017. Next update expected in 2020.
Indicator 2: Regular monitoring of the implementation of the anti-fraud strategy and reporting on its result to management			
Source of data: Bi annual Report to the Commissioner			
Last update of the anti-fraud strategy: October 2015	Interim reviews twice a year, starting in the first half of 2016.	Review of the state of implementation twice a year and report of the result in the bi-annual report to the Commissioner	The state of implementation was reviewed three times in 2019 and reported as per target.

State of implementation of the Anti-fraud outputs mentioned in the Management Plan 2019

Objective 3: Minimisation of the risk of fraud through application of effective anti-fraud measures, integrated in all activities of the DG, based on the DG's anti-fraud strategy (AFS) aimed at the prevention, detection and reparation of fraud.			
Main outputs in 2019:			
Output	Indicator	Target	Latest known situation (2019)
Implementation of the anti-fraud strategy as planned for 2019	% of implementation of actions planned for 2019 in the anti-fraud strategy	100%	95%
Update antifraud strategy	Revision of the Antifraud Strategy, in accordance with OLAF guidance and based on the performance of a fraud risk assessment ⁴⁴	<31/12/2019	First steps of the update of the anti-fraud Strategy were launched. Fraud risk assessment and assessment of the 2017 strategy completed. Revised document planned for mid-2020.
Reporting to Management	Number of reports on the implementation of the anti-fraud strategy	At least twice a year	Two reports presented to the Commissioner.

⁴⁴ This update will take into account the revised CAFS to be issued by OLAF.

C) Other control objectives

i) Safeguarding of assets and information

DG MOVE is a delegated service for the Management of the CEF Debt Instrument. The management of these financial instruments was, as discussed above, delegated to the EIB. The off balance sheet postings include contingent liabilities that correspond to the guarantees given under the 'first loss piece mechanism' for the CEF financial instruments. The CEF facility receives an operational revenue to remunerate the underlying risks. These guarantees remained stable. No significant losses were reported.

ii) Reliability of reporting

DG MOVE implements a significant part of its budget through indirect management. It therefore relies on the reports and accounts provided by the relevant implementing bodies and considers that overall the reporting received was considered reliable and adequate for drawing assurance conclusions.

a) The SESAR Joint Undertaking for the implementation of the Single European Sky initiative

The statutory information received in 2019 from SESAR JU included its AAR, the annual work programme and budget for 2019 as well as the single programming document for 2019 (including the multi-annual work programme, the budget, staff allocation and annual work programme).

This information was deemed adequate for drawing assurance conclusions and was also considered reliable. Assurance in this respect is drawn from an analysis of these reports as well as from the ECA report on the 2018 accounts of SESAR JU and from the relevant IAS reports.

Besides, DG MOVE attends every meeting of SESAR Permanent Audit Panel and attaches, as chair of the SESAR Board, a particular attention to a strict follow-up of the IAS and ECA recommendations.

b) The SHIFT2RAIL Joint Undertaking for the implementation of the Horizon 2020 Research & Innovation activities in the rail sector

S2R JU became autonomous in May 2016 and started to launch its project activity in September. Until that time the JU was under the direct management control of the Commission. Nonetheless, statutory information received from the implementing body included its AAR, the annual work programme and budget for 2018 and 2019, in addition to the multi-annual work programme.

All S2R JU reports and decisions are scrutinised by the Parent DGs and by DG MOVE in particular as lead-service. Updates on administrative issues and the progress on the pipeline of projects are regularly presented to the Governing Board. Moreover, a set of key performance indicators were identified and used in the JU's Annual Activity Report.

S2R JU is subject to standard ECA audits on its operations and accounts.

In conclusion, the statutory information was considered adequate for drawing assurance conclusions and was considered reliable.

c) The European Investment Bank for the CEF DI instruments.

Statutory information received during the reporting period includes the annual reports and the financial statements for the financial year 2019. The management information

received from this body is considered as sufficient and reliable. Assurance in this respect is drawn from the declaration of assurance that accompanies these documents and from the independent audit report that covers them.

DG MOVE received the EIB annual reports, declaration of assurance and the financial statements in February 2019 for the financial year 2018 as defined in the CEF Debt Delegation Agreement. The audit report did not include any major observation.

d) INEA

Statutory information received during the reporting period includes the work plan, budget planning, regular reporting and the AAR. INEA has a close working relation with DG MOVE. The management information received from this body is considered as sufficient and reliable. Assurance in this respect is drawn from the declaration of assurance that accompanies the AAR and from audit results. The statutory and management information received is compliant with applicable guidance, reliable and allows for drawing adequate assurance conclusions.

e) Decentralised Agencies

EASA, EMSA and ERA have a clearly established governance set-up, and are fully autonomous from the Commission. DG MOVE is a member of the Administrative Board (ERA, EMSA) / Management Board (EASA). Regular reporting and extensive informal and formal contacts are in place.

The agencies have full responsibility for the implementation of their budget and are subject to a separate Discharge process, while DG MOVE is responsible for the settlement of the contributions established by the Budgetary Authority.

Assurance in this respect is drawn from the declaration of assurance that accompanies the AAR of the Agencies, from the Discharge process and from the consideration, through the participation of DG MOVE representatives to the governance bodies, of audit results. The statutory and management information received is compliant with applicable guidance, reliable and allows for drawing adequate assurance conclusions.

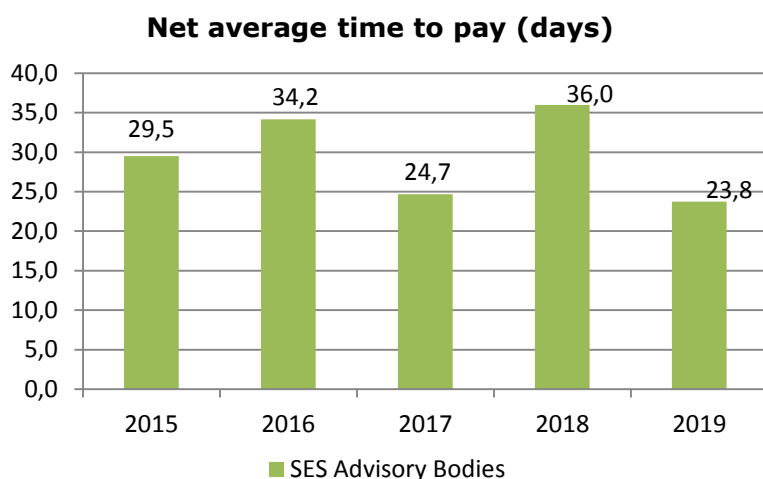
2.1.1.2 Efficiency

▪ Time-to-pay (Article 116.1 FR)

For 2019, 98.78% of the 817 payments made by DG MOVE in 2019 were made on time.

In particular, 100% of the payments to entities implementing budget under indirect management were made on time.

As regards direct management 100% of the payments to SES Advisory Bodies and the SESAR Deployment Manager were made on time, thus above the Commission's average and with a net average time-to-pay of 23.8 days for SES Advisory Bodies, which is below the respective payment time limits of 75 days.



- **Time to inform and time to grant (Article 194.2 FR)**

As regards research grants under direct management, no calls were published or grant agreements signed in 2019.

- **Cost of carrying out ex-post audits**

The CIC in DG RTD is responsible since January 2014 to carry out the ex-post audits for the Research Framework Programmes.

The cost of control indicator is established for all DGs and services involved in these programmes, as the cost are mutualised⁴⁵, comparing the cost of the audits carried out by RTD against the total amount of expenditure under the programme.

Cost of ex-post audits

Effectiveness indicator in direct grant management	Costs (EUR million)			Overall rate (total costs / total amount paid)
	Internal costs	External costs	Total	%
Ex post audits performed by the CIC for the R&I Family of DGs	8.9	2.7	11.6	0.13%

Source: DG RTD

The contracts with the SES Advisory Bodies, due to their nature, were not subject to ex-post audits by DG MOVE.

Regarding the audits performed on the SESAR Deployment Manager grant agreement, adjustments resulting from the audit reports amount to EUR 1.69 million. As of 31 December 2019, recoveries had been implemented for EUR 1.34 million. The remaining corrections, resulting from the most recent audits, are planned to be implemented in 2020. This compares favourably with the cost of performing these audits that is estimated at EUR 0.16 million for 2019.

⁴⁵ It is therefore not possible to derive a 'DG MOVE' specific cost of CIC services.

2.1.1.3 Economy

DG MOVE updated its assessment of the cost of control in 2019. The situation remains, overall, stable. The main change year on year is the use of a more precise cost of FTE's. The 2018 calculation differentiated the cost of officials and contract agents, whereas the 2019 updates uses 4 categories of staff: AD, AST, National Experts and Contract Agents.

Direct management

The cost of control associated to the reported upon directly managed expenditure takes into account the Commission level costs to manage financially the expenditure and the relevant programmes (covering the staff working time allocated to these tasks) and can be summarised as follows:

Cost of control – Direct management

Estimates based on the cost of FTEs, per relevant control system	Directly Managed grants (FP7)	Directly Managed grants (H2020)	Directly Management procurement - SES Advisory Bodies	Directly Management grant - Sesar Deployment Manager
Payments made in 2019	EUR 0	EUR 2 926 822	EUR 8 277 991	EUR 8 300 798
Cost of ex-ante controls	0.75FTE EUR 102 391	5.69 FTE EUR 776 808	2 FTE EUR 273 043	2 FTE EUR 273 043
Cost/funds ratio – Ex-ante	p.m	26.54%	3.3%	3.29%
Mutualised ex-ante controls ⁴⁶	N/A	0.37%	N/A	N/A
Cost of ex-post controls	0.2 FTE EUR 27 304	02. FTE EUR 27 304 Plus the cost mutualised through DG RTD	N/A (service contracts)	1.2 FTE EUR 163.826
Cost/funds ratio –Ex-post	p.m	N/A	N/A	1.97%
Mutualised ex-post controls	0.13%	0.13%	N/A	N/A
Total cost/funds ratio	p.m	26.94%	3.30%	5.26%

The indicator related to the FP7 research grants cannot be calculated in absence of any new payment for the year 2019. At this late stage of the programme, however, a comparison of the cost of control with the amount of payments and cleared pre-financings may give an alternative indicator in this respect. The ratios for ex-ante and ex-post cost effectiveness would then amount to 1.2% and 0.32% respectively, reflecting the clearing of pre-financing for EUR 8.48 million.

The relatively high costs reported for H2020 research grants under direct management

⁴⁶ Mainly Common services in IT systems and operations, business processes.

should be put in balance with the fact that these controls cover more than the modest amount of expenditure directly managed by MOVE in that field. They also contributed to the coverage of the H2020 transport projects managed in particular by INEA as well as the more general programme management aspect. At this stage of the programme, a comparison of the cost of control with the amount of payments and cleared pre-financings may give an alternative indicator in this respect. The ratios for ex-ante cost effectiveness would then amount to 3.4%, reflecting the relevant expenditure of EUR 22.87 million.

The cost of controls of the SDM framework partnership (grants under direct management) are proportionate to the needs. The main cost drivers in this respect are the complexity of the action, the number of partners and the need to maintain systematic ex-post controls.

Indirect management

The cost of control associated with the reported upon indirectly managed expenditure includes the costs exposed to manage the programmes and the financial flows as well as to supervise the different entities. These costs include the staff working time allocated to these tasks and the specific contracts directly related to supervisory tasks when relevant and can be summarised as follows:

Indirect management - Cost effectiveness ratio

	Indirect Management – SESAR Joint Undertaking	Indirect Management – S2R Joint Undertaking	Budgetary Support – Decentralised agencies ERA, EMSA & EASA
Payments Made in 2019	EUR 113,73 million	EUR 62.73 million	EUR 145.49 million
Cost/funds ratio for ex-ante controls (cost/payments of 2019)	0.37% (EUR 0.42 million)	0.39% (EUR 0.25 million)	0.53% (EUR 0.78 million)
Cost/funds ratio for ex-post controls (cost/payments of 2019)	0%	0%	0.02% (EUR 0.03 million)
Total cost/funds ratio	0.37%	0.39%	0.55%

The costs related to financial and supervisory controls for both the Joint undertakings and Decentralised agencies are stable and remain low, largely under 1%.

It should be noted however that the cost of control related to the European Railways Agency remains, at 1.48%, slightly higher than that of its counterparts, as the agency continue its transition towards its new role under the 4th railway package.

Cost of control at DG and at entrusted entities level

The cost of control for entrusted entities includes both the cost exposed by the Commission and the cost exposed by the entity itself for the management of the entrusted tasks. The cost at entity level is measured through the fees paid to the entities or, for the Joint Undertakings, through the calculation of the effective cost of control resources, using a methodology similar to that used for Commission services. EU bodies and Executive agencies have a full responsibility for the operation of the control systems and report separately on their activities.

The following tables summarise the cost of control respectively at DG MOVE and at

entities level.

Indirect management – Cost of control at Commission level

Entity	Cost of control at Commission level in EUR million	Comment (amounts in EUR)
EMSA	0.12 million	Controlled amount: subsidy of 79.26 million
ERA	0.42 million	Controlled amount: subsidy of 27.67 million
EASA	0.29 million	Controlled amount: subsidy of 38.55 million
INEA	0.25 million	Controlled amount: The Mobility and Transport expenditure managed by INEA under Direct Management in 2019 amounted to EUR 2.4 billion. The administrative contribution to the Agency amounted to 28.88 million.
SESAR JU	0.42 million	Controlled amount: budget of 113.73 million
S2R JU	0.25 million	Controlled amount: budget 62.73 million.

Indirect management – Cost of control at entity level

Entity	Cost of control in EUR	Comment
SESAR JU	EUR 1.74 million	The JU is responsible for the design and deployment of its controls and for the issuance of its own annual report. The cost of controls performed increased, in line with the funds managed by the JU, at EUR 1.74 million of which EUR 1.51 million for ex-ante controls.
S2R JU	EUR 0.52 million	The JU is responsible for the design and deployment of its controls and for the issuance of its own annual report. The cost of controls performed is broadly stable at EUR 0.52 million, of which 0.49 million for ex-ante controls.
EIB	EUR 3.42 million	Aggregated amount of the fees paid for the management of the CEF debt instruments

Sources: Draft AARs for EU entities, Financial Statements for non-EU entities, Cost of Control assessments performed by the JUs.

As to the EIB, the cost effectiveness of the CEF Transport debt instruments is measured by comparing the cost of supervision at Commission level, and the fees paid to the entrusted entity against total assets under management as of 31 December of the reporting year. The increase observed in 2019 results from the additional contribution made during the exercise and from a change in the calculation mode of administrative and performance fees.

Control Cost indicator – CEF Debt Instrument

Control cost indicator – supervision of the CEF DI (EIB) (in EUR million)	2016	2017	2018	2019
Sum of all fees paid to the bank (treasury, administrative and performance fees) (*)	1.90	2.34	1.71	3.42
Cost of control by DG MOVE services	0.33	0.31	0.07	0.14
Total Supervision costs by DG MOVE	2.23	2.65	1.78	3.56
Amount delegated in the course of the year	37.50	23.60	0	104.76
Amount under management (*)	463.50	493.54	477.45	582.91
Cost effectiveness Ratio	0.48%	0.54%	0.37%	0,61%

Source: (*) Unaudited Financial Statements for the CEF Debt Instrument, EIB.

Cost of organisational controls

The assessment of the cost of controls also covered organisational controls, that correspond broadly to the non-expenditure related internal controls operated by DG MOVE.

Overview of the estimated cost of control – non-expenditure related.

	FTE	Cost equivalent
Budget and Accounting	3.1	EUR 0.42 Million
Coordination	6.35	EUR 0.87 Million
Fraud prevention	0.4	EUR 0.05 Million
ICT and Information Security	2	EUR 0.27 Million

DG MOVE devotes limited resources to Budget and Accounting, Antifraud and ICT controls. The cost of coordination controls is affected by different factors, in particular by the high number of audits performed by the European Court of Auditors in the area of transport and mobility policy. The associated cost of control remains however proportionate.

2.1.1.4 Conclusion on the cost-effectiveness of controls

The control strategy for H2020 research grants is considered cost-effective. The relatively high cost benefit ratio should be put in balance with the fact that these controls cover more than the modest amount of expenditure directly managed by DG MOVE in that field. They also contribute to the coverage of the H2020 transport projects managed in particular by INEA as well as the more general programme management aspect.

The assessment of the costs and benefits of controls of the SDM framework partnership (grants) is considered cost-effective despite relatively elevated costs. The main cost drivers in this respect are the complexity of the action, the number of partners and the need to mitigate the risks through a systematic ex-post coverage of the expenditure. The high level of control exerted on this grant contributes to the assurance that the necessary mitigation measures are put in place.

The assessment of the costs and benefits of controls of the SES advisory bodies (procurements and reimbursements of expert costs) is considered cost-effective despite relatively elevated costs.

The indicators show that the DG allocated an appropriate quantity and quality of resources to ensure a fluent and effective operation of the controls, although these activities are marginal in terms of payment expenditure.

These controls also have qualitative benefits. Ex-ante controls contribute to the achievement of the policy and operational objectives and provide an assurance that the project is running adequately. Ex-post controls have a positive deterrent effect within the programme, which will foster system improvements and a better compliance with regulatory provisions.

As regards the expenditure under indirect management, the costs of the control system remain low compared to the level of expenditure.

DG MOVE control strategy for SESAR and Shift2Rail Programmes is considered to be cost-effective. The costs are moderate in comparison to the action value. The controls

contribute to the EU added value of these initiatives. The supervisory controls show that the activities are performed effectively and efficiently.

DG MOVE control strategy for the CEF delegated instruments portfolio is considered to be cost-effective. The costs are low compared to the value under management.

The control strategy for the budgetary support to ERA, EASA, EMSA and INEA is cost-effective overall. The control strategy corresponds to the organisational setup. The controls are aligned with the policy objectives and the operational needs.

The organisational controls operated by DG MOVE are considered to be cost-effective overall. DG MOVE only devotes limited resources to Budget and Accounting, Coordination, ICT and fraud prevention. The costs are proportionate to the control needs.

Table Y - Overview of the estimated cost of controls at Commission (EC) level (in EUR):

Title of the Relevant Control System (RCS)	Ex ante controls			Ex post controls			Total**	
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
	EC total costs (in EUR)	funds managed (in EUR) ⁴⁷	Ratio (%)* (a)/(b)	EC total costs (in EUR)	total value verified and/or audited (in EUR)	Ratio (%) (d)/(e)	EC total estimated cost of controls (in EUR) (a)+(d)	Ratio (%)* (g)/(b)
RCS N°1 - Directly managed grants : FP7 and H2020	879 199 ⁴⁸	2 926 822 ⁴⁹	30%	54 609 ⁵⁰	608 555 ⁵¹	8.97%	933 808	31.9%
RCS N°2 - Directly Management grants : SESAR Deployment manager	273 043	8 300 798	3.29%	163 826	10 155 616	1.61%	436 869	5.26%
RCS 3 : Directly managed procurements related to SES advisory bodies	273 043	8 277 991	3.3%	0	N/A	N/A	273 043	3.3%
RCS 4 : grants managed indirectly through joint undertakings (SESAR and S2R)	668 956	176 464 663	0.38%	0	N/A	N/A	668 956	0.38%
RCS 5 : budgetary support to EU agencies (ERA,EMSA,EASA)	785 000	145 486 467	0.54%	27 304	Not quantifiable ⁵²	0.02%	812 304	0.56%

⁴⁷ Funds managed = payments made, revenues and/or other significant non-spending items such as e.g. assets, liabilities, etc.

⁴⁸ Corresponding to DG MOVE's own costs. The mutualised costs of ex-ante controls performed by the CIC for H2020 is estimated at 0.46% of the relevant expenditure.

⁴⁹ Given the late stage of the FP7, where the clearing of pre-financings outpaces payments made, an alternative measurement, taking into account these clearings, would return an amount of funds managed of EUR 8.48 Million. For H2020, the amounts managed would be 22.87 Million. The ratio for ex-ante and total relevant expenditure would then be equivalent to 1.2% and 3.4% respectively.

⁵⁰ Corresponding to DG MOVE's own costs. The mutualised costs of ex-post controls at CIC level is estimated at 0.13% of the relevant expenditure.

⁵¹ Audits related to the FP7 and H2020 programmes are mutualised and carried out by the CIC.

⁵² The ex-post controls are related to budgetary and governance topics. The benefits are therefore qualitative rather than quantitative

Title of the Relevant Control System (RCS)	Ex ante controls			Ex post controls			Total**	
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
	EC total costs (in EUR)	funds managed (in EUR) ⁴⁷	Ratio (%)* (a)/(b)	EC total costs (in EUR)	total value verified and/or audited (in EUR)	Ratio (%) (d)/(e)	EC total estimated cost of controls (in EUR) (a)+(d)	Ratio (%)* (g)/(b)
RCS 6 : Supervision of Executive Agencies (INEA)	245 739	28 884 000 ⁵³	0.85%	0	N/A	N/A	245 739	0.85%
RCS 7 : CEF DI Financial Instruments	143 348 ⁵⁴	104 762 500	0.14%	0	N/A	N/A	143 348	0.14%
RCS 8 : Organisational controls (Budget and accounting, coordination, antifraud and ICT)	914 695	N/A	N/A	703 087	Not quantifiable	N/A	1 617 782	N/A
OVERALL total estimated cost of control at EC level	4 183 023	475 103 241 ⁵⁵	0.88%	948 826	10 764 171	8.81%	5 131 849	1.08%

⁵³ The supervisory controls however also cover at least in part the transport and mobility operational expenditure managed by INEA : EUR 2 209.6 million

⁵⁴ To which have to be added the fees accrued to the EIB : EUR 3.42 Million in 2019

⁵⁵ As regards financial instruments, only the payments made in 2019 are taken into account for the calculation of the total.

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

This annex covers the observations, opinions and conclusions from auditors as well as the assessment of the effectiveness of the internal controls systems which will support the assurance and provides details on AAR Section 2.1.2 and 2.1.3

2.1.2 Audit observations and recommendations

2.1.2.1 Internal Audit Service (IAS)

Audit reports issued in 2019

In November 2019, the IAS issued the final report for the audit on supervision of autonomous EU entities by DG MOVE⁵⁶. The audit work did not result in any critical or very important findings and the auditors concluded that overall the strategy for supervision of autonomous entities in DG MOVE is adequately designed and effectively implemented. The auditors recognised DG MOVE's efforts in supervising these entities, carried out by the senior management and according to a supervision strategy, as well as experienced, knowledgeable and committed staff members participating in supervision activities.

Nevertheless, the IAS identified room for improvement to ensure that the supervision strategy is comprehensive and relevant, but issued an important recommendation to further improve it. DG MOVE's action plan was accepted by the IAS⁵⁷ and will be implemented in 2020.

The assessment of the internal control system took this recommendation into account.

Follow-up of recommendations resulting from previous IAS audit reports:

Audit Report on the effectiveness of the set-up and supervision of Shift2Rail Joint Undertaking

Both recommendations (one very important and one important) were implemented by the end of 2018 and closed by the IAS in July 2019.

Internal Audit Service – conclusion on the state of internal control:

The IAS concluded⁵⁸ that, for 2019, the internal control systems in place for the audited processes are effective.

2.1.2.2 European Court of Auditors (ECA)

Audit work 2019 - Statement of assurance (DAS) 2018

In the context of DAS 2018, the Court of Auditors assessed *Mobility and Transport* as part of the *Competitiveness for Growth and Jobs* chapter⁵⁹. It concluded for the whole chapter that the testing of transactions indicates that the most likely error present in

⁵⁶ Ares(2019)6818285 - 04/11/2019

⁵⁷ Ares(2020)804448

⁵⁸ Ares(2020)944857

⁵⁹ Chapter 5 of the ECA's annual report 2018 (OJ C 340, vol. 198, 08.10.2019).

the population is 2% (compared to 4.2% for DAS 2017) and that the overall audit evidence indicates that accepted expenditure is affected by a material level of error. The *Mobility and Transport* payments represent only a limited part of the total of the whole chapter, and the residual error rates of its key component CEF-Transport and of its predecessor TEN-T programme is under 1%.

The contribution of DG MOVE transactions to this total is limited – only 11 out of 130 items sampled from the mobility and transport budget lines:

- no observations for four payments;
- for two CEF Transport and two H2020 payments, quantifiable errors were detected at the level of the beneficiary;
- three transactions had non-quantifiable errors.

Audit work 2019 - Declaration of assurance (DAS) 2019

As regards to the audit work for the DAS 2019, the work of the Court of Auditors on the statement of assurance (DAS) 2019 is still ongoing. 13 transactions have been selected for review so far – 10 transaction from the CEF programme managed by INEA, one sample on the Marguerite fund managed by DG ECFIN, one annual clearing on EMSA and one transaction from the SDM programme.

Special Reports published in 2019

In its **Special Report 11/2019 on the EU's regulation for the modernisation of air traffic management**, published in June 2019, the Court considered that the EU funding of the ATM projects was largely unnecessary as these projects had a positive business case, and thus the operators could have used the related revenue flows to shoulder the costs. The Court also found shortcomings in their management, noting in particular the delays in deployment of the air traffic management solutions, the need to improve the synchronisation between the actors and to better monitor performance. The Court issued eight recommendations aiming at improving the focus and reinforcing the effectiveness of common projects, reviewing the EU financial support and the application process and improving the monitoring of the performance.

The Commission welcomed the recommendations of the Court and is addressing the shortcomings through the review of the Pilot Common Project regulation and a closer follow-up of the work of the Deployment Manager.

The EU funding of SESAR deployment was necessary to stimulate the cooperation of the wide range of military and civilian actors of the sector, representing the different components of the air transport sector: carriers, airports, air navigation and meteorology service providers, the Network Manager and manufacturers. It was also necessary to promote an alignment of efforts and investments. Indeed, funding encouraged these partnerships and investments, which are bound to continue and evolve in the future.

In its **Special Report 19/2019 on the Innovation and Networks Executive Agency**, published in November 2019, the Court of Auditors examined Summary of results from the Court's 2018 annual audit of the European Research Joint Undertakings.

The Court found that INEA had delivered the intended benefits but that some administrative constraints remained. The operation of the CEF programme was well organised, but some issues such as performance reporting should be addressed at

programme level. The Agency could achieve additional synergies by aligning and harmonising procedures across its sectors.

The Court made recommendations to:

- Improve potential synergies across the three sectors covered by INEA;
- Strengthen the legal framework to allow for a more flexible management of delegated programmes;
- Ensure greater coherence and transparency of the project selection procedures;
- Set better conditions for timely programme implementation;
- Redesign the performance framework to better monitor project results.

The Commission accepted or partially accepted all recommendations and is designing an action plan to ensure their proper implementation.

In its **Special Report 06/2020: Sustainable Urban Mobility in the EU: No substantial improvement is possible without Member States' commitment**, published in March 2020, ECA examined whether EU support had helped make mobility in urban areas more sustainable and whether cities had made progress since the European Commission's 2013 Urban Mobility Package.

ECA concluded that substantial improvements in making mobility in our cities more sustainable may need more time, but are not possible without Member States' commitment. All stakeholders at EU, national, regional and city level should work together to achieve this goal. The Court also noted that EU-funded projects were not always based on sound urban mobility strategies and were not as effective as intended. Cities are facing challenges in making effective and sustainable use of EU support for two main reasons: providing sufficient financing of their own to cover operational and maintenance costs, and developing coherent policies for parking, traffic-free zones and cycling. ECA also found that projects were often delayed and projected passenger numbers were not reached.

ECA recommended that the Commission should collect and publish more data on urban mobility from Member States, and should link access to funding to the existence of robust urban mobility plans.

Summary of results from the Court's 2018 annual audit of the European Research Joint Undertakings

In its summary providing an overview of the results of the annual audit on the European Research Joint Undertakings (JU), the Court of Auditors reported unqualified opinions on both the reliability of the accounts and the legality and regularity of transactions for the SESAR and S2R JUs, considering that the transactions underlying the annual accounts of the two JUs for the year ending 31 December 2018 are, in all material respects, legal and regular.

For SESAR JU, the Court of Auditors made some observations (a large amount of open commitments for SESAR I (EUR 61.4 million), low implementation rate for payment appropriations (61%); high cancellation rates (35%) under Horizon 2020); weaknesses in the design of the call for proposals for CEF funds resulting in overlaps and inconsistencies among award criteria and sub-criteria).

The issues observed with regard to the implementation rate are being addressed but it is to note that the implementation rate of SESAR I reaches 89.9%. However, the fact that SESAR is not allowed to use multi-annual commitments limits the possible actions with regard to the multi-annual perspective. As regards the weaknesses in the design

of the call for proposals, SESAR JU underlined that the call has been organised in full compliance with CEF requirements and any potential risk of non-homogenous interpretation of evaluation sub-criteria was fully mitigated before the start of the evaluation, i.e. experts briefings were organised. For S2R JU, the Court of Auditors encouraged to continue to strengthen the financial data in its beneficiary database and to disclose financial experts' comments in the evaluation report in order to improve the lump sum funding scheme. It also underlined that in 2018, one associated member became a wholly owned subsidiary of a founding member but maintained its associated membership status and Governing Board (GB) seat with direct implications on the balanced representation in the GB. The report also observed that the interim evaluation of the JU did not provide "the best value added for the JU's decision-making process at this early stage of its activities". Lastly, the report noted a high rotation of contract agents and the use of interim staff services to cope with the situation.

As regard the lump sum funding scheme, S2R JU underlined that the first experience in implementing the scheme has demonstrated encouraging results with respect to the objective of simplification. S2R JU recognised that the implementation of the lump sum pilot project is subject to improvements but recalled that all legal and financial aspects have been strictly followed-up.

With regard to the representation in the BG, S2R JU took note of the observation, which will be considered in any possible amendment to the S2R regulation.

As regard the remark on the interim evaluation of the JU, S2R JU explained that the evaluation took place early in the life of the JU but this was a requirement in compliance with the S2R Regulation and the H2020 programme.

Lastly, SR2 recalled that the high level of turnover stems from the current staff establishment plan structure, which the S2R JU is required to follow, and which does not allow the JU to offer the same contractual conditions as other institutions and EU bodies. Nevertheless, measures have been put in place to reduce high levels of turnover. The matter will require to be followed up with the Commission.

Follow-up of recommendations issued by the Court of Auditors and by the Discharge Authority

On 31 December 2019, DG MOVE was assigned as a lead DG for 79 recommendations stemming from special reports issued between 2015 and 2019 or from the successive discharge resolutions.

A follow-up of the state of implementation of these recommendations, performed in February 2020, showed that 22 recommendations from the Court and three from the Council could be closed, whereas four recommendations from the Court and five from the Parliament were partially implemented. No recommendation stemming from the special reports was significantly overdue. One recommendation from the European Parliament, related to the provision of information on the Green Shipping Guarantee was overdue.

The recommendations on audits carried out in 2015-2018 were implemented as explained below:

SR 1/2015 Inland Waterways Transport:

Two audit recommendations are outstanding at the end of the year, one due in 2020 and one due in 2023. There are three open requests from the Discharge authority related to this audit due in 2020.

SR 8/2016 Rail Freight:

Five audit recommendations are outstanding at the end of the year, due in or after 2020, of which two were closed in February 2020. It is to note that the Court had recommended to monitor the implementation of the 2011 Transport White Paper before end 2018. To implement this recommendation, DG MOVE calculated and disseminated modal split indicators for freight transport at national level for inland modes (inland waterways, rail and road). At the same time, DG MOVE worked on the development of modal split indicators. A first phase has been completed, with the publication of the modal split indicators at national level (disseminated in 2018). However, the second phase proved more difficult than anticipated as it needed data at regional level that will not be available before end 2020. As a result, the target date of the recommendation was revised and delayed to 2022. In addition, there are four open requests from the Discharge authority related to this audit due in or after 2020.

SR 23/2016 Maritime Freight:

Two audit recommendations are outstanding at the end of the year, due in or after 2020. Outstanding recommendations relate to the setting out of an EU-wide port development plan for core ports, and the revision of the number of core ports, that can only occur in wider context of the revision of the TEN-Ts, by end 2023. In addition, there are two open requests from the Discharge authority related to this audit due in or after 2020.

SR 13/2017 Single European traffic management system:

Two audit recommendations and two requests from the Discharge authority are outstanding at the end of the year, due in or after 2020.

SR 18/2017 Single European Sky:

Ten audit recommendations were outstanding at the end of the year, due in or after 2020, of which eight were closed in February 2020. There are three open request from the Discharge authority.

SR30/2018 Passenger Rights

Thirteen audit recommendations were outstanding at the end of the year of which two were closed in February 2020. Of the remaining 11 open recommendations, three are due in 2020 and eight recommendations are due after 2020.

2.1.3. Assessment of the effectiveness of internal control systems

In 2019, DG MOVE continued to develop and adapt its organisational structure, internal processes and systems necessary to ensure operational efficiency and alignment with the Internal Control Framework of the Commission. Our efforts are focused on doing more of the “right things” and improving speed and reliability of delivery on our political, operational and financial objectives.

2.1.3.1. Source and methodology for the internal control self-assessment

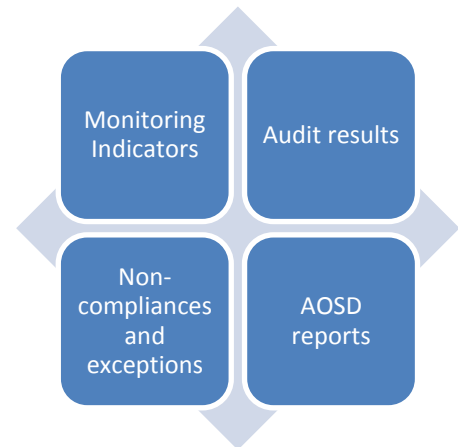
The self-assessment of internal controls focuses on verifying the presence and effective functioning of components and principles as a system and is designed to achieve three objectives:

- Demonstrate the sound functioning of the internal control system;
- Provide to the Director-General and to the Director in charge of Risk Management and Internal Control a sound basis for signing their declarations of assurance, and
- Identify any improvement areas in the internal control systems.

In addition to the elements described in Section 1 of the present report, the self-assessment was based on four main building blocks:

- The evaluation of **monitoring indicators**;
- The evaluation of **audit results** and new or outstanding recommendations
- The analysis of **non-compliances and exception cases**;
- And the analysis of **AOSD reports**.

The assessment also looked at the state of play of deficiencies identified in 2018.



2.1.3.2 Internal Control Self-assessment results for 2019

For 2019, the assessment concluded that all controls associated with the five components and 17 principles, as documented in the Internal Control Baseline, were present and functioning in DG MOVE.

None of the components or principles were affected by a critical or serious weakness. One minor deficiency was identified, directly stemming from the IAS audit on the supervision of autonomous EU entities by DG MOVE, which pointed out certain improvements in relation to the supervision strategy. The corrective actions related to the recommendation were mostly implemented by the end of 2019; the target date for one remaining action is mid-2020.

By contrast, two deficiencies from 2018 were closed: one related to the Business Continuity planning and the other concerning IT governance, especially over externalised IT systems.

The self-assessment also highlighted the potential for improvements in contractual and financial management, where awareness raising and communication actions, based on the updated Manual of Procedures, could prevent further non-compliances.

Overall, the assessment established that **the internal control system of DG MOVE provides reasonable assurance** concerning the achievement of operational objectives, the legality and regularity of the underlying transactions and that the resources have been used for their intended purpose and in accordance with the principles of sound financial management.

2.1.3.3 Risk management

DG MOVE put in place a risk assessment process to ensure an appropriate coverage of all its activities. None of the risks identified in the 2019 exercise were critical. This was reported to the Secretariat-General and the Corporate Management Board, with additional explanations⁶⁰ for two areas, both of which were retained by the Corporate Management Board as crosscutting critical risks:

- The previously identified risk of a no-deal Brexit was downgraded in DG MOVE for 2020 due to the extensive preparations in both operational and financial management units, as well as the adoption of the Withdrawal Agreement;
- The risk related to the late adoption of the MFF 2021-2027 has been identified as a significant risk (see below). In 2020, in the course of risk management, depending on the state of negotiations and the instructions received from the Secretariat-General and DG Budget, DG MOVE may need to re-assess the level of the risk.

Unit SRD.1 proposed the following risk to be included in the DG MOVE risk register for 2020 and followed through the Control Board.

Risk #1: Late adoption of the next MFF and related sectorial legislation

At Commission level, the Secretariat-General and BUDG considered that the process of adopting the next MFF would need to be concluded by mid-2020 to avoid any delays for the implementation of the sector-specific programmes. DGs managing such sector-specific programmes were invited to reflect the risk of late adoption of the MFF in their own risk registers.

As far as DG MOVE is concerned, this means monitoring the risk for late adoption of CEF2 (even if negotiations are completed at operational level), the related implementing legislation as well as the impact of a late adoption of Horizon Europe and InvestEU. In the course of 2020 and depending on the state of negotiations and the instructions received from the Secretariat-General and DG Budget, DG MOVE will re-assess the risk and any potential mitigating measures. The achievements planned for 2020, still covered by the current MFF, are not jeopardised.

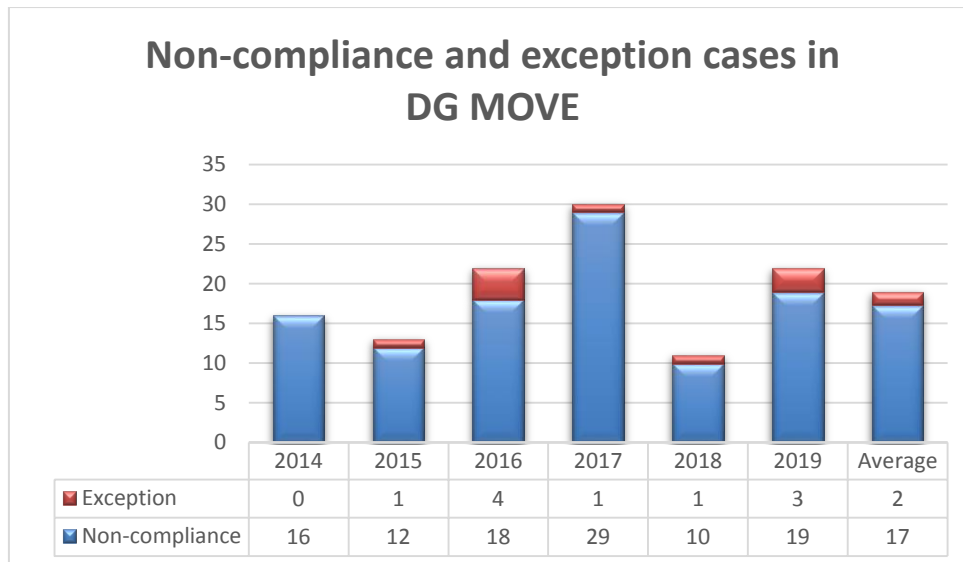
In addition, further risks were reported for the Single European Sky, the C-ITS and ERTMS deployment programmes. These risks remain within the remit of the responsible Directorates, which would monitor the evolution of the situation and report to the Control Board if necessary.

The previously identified significant risks relating to data protection and business continuity, under the responsibility of the Shared Resource Directorate, were downgraded due to the measures adopted in 2019.

2.1.3.4 Exceptions and non-compliances

The functioning of the internal control systems was closely monitored and followed up throughout the year by the systematic registration of non-compliance events and exceptions. In 2019, a total of 22 cases were reported, including 3 exceptions and 19 non-compliances. Although this remains close to the average since 2014 (22), it is an increase compared to 2018, when there were only 11 cases in total.

⁶⁰ Ares(2019)7759135



The exception requests relate to three disparate areas in financial management and do not lend themselves for drawing an overarching conclusion:

- Late adoption (at the corporate level) of the 2019 Annual Work Programme in the field of mobility and transport;
- Reimbursement of expenses for the expert group advising DG MOVE on the future of aviation policy;
- Organization of the "MOVE day" staff event.

The analysis of the 19 non-compliance cases revealed that 12 cases relate to contractual and financial procedures, followed by procurements (3 cases), experts meetings management (3 cases) and missions (1 case).

The presence of 12 non-compliances in the "contractual and financial management" category indicates the potential for improvements. The root cause(s) behind these will be addressed in 2020, notably through further awareness raising and communication actions, and through new IT tools, such as the Public Procurement Management Tool (PPMT). In addition, the updated "Manual of Procedures" will also be improved to make it more visible and use-friendly.

2.1.3.5 Conclusion on the internal control system

Based on the methodology and information sources described above, DG MOVE has assessed its internal control system during the reporting year and has concluded that it is effective and that the components and principles are present and functioning as intended with some modifications needed. A deficiency was identified based on a finding related to the supervision strategy from an IAS audit on the supervision of autonomous EU entities by DG MOVE.

No critical weaknesses were found in any of the components that could jeopardise the achievement of operational, financial or internal control objectives and prevent the Director-General from signing his declaration of assurance. The deficiency noted above and linked with Principles 10 was assessed as "minor"; considering the extent of the problem, the rating of the audit finding and the presence of compensating controls.

The self-assessment also noted opportunities for improvements. These issues were not

assessed as deficiencies and have no impact on the overall assurance.

Overall, the assessment establishes that the internal control system of DG MOVE provides reasonable assurance that the resources have been used for their intended purpose and in accordance with the principles of sound financial management; and that the control procedures put in place give the necessary guarantees concerning the achievement of operational objectives as well as the legality and regularity of the underlying transactions.

Based on the scope, methodology and result of the 2019 self-assessment, as described above, this report concludes that in 2020 there is no need to apply changes to the internal control architecture and to the financial circuits, aside from the mitigating actions and improvements identified in the present report.

ANNEX 12: Performance tables

General objective 1: A New Boost for Jobs, Growth and Investment		
Impact indicator: Percentage of EU GDP invested in R&D (combined public and private investment) Source of the data: Eurostat		
Baseline (2012)	Target (2020) Europe 2020 target	Latest known results (2018)
2.00% [Baseline adjusted: before: 2.01%]	3.00%	2.12% (provisional)
Impact indicator: Employment rate population aged 20-64 Source of the data: Eurostat		
Baseline (2014)	Target (2020) Europe 2020 target	Latest known results (2018)
69.2%	At least 75%	73.2%
Impact indicator: GDP growth Source of the data: Eurostat		
Baseline (2014)	Target (2020)	Latest known results (2018)
1.7% [Baseline adjusted: before: 1.8%]	Increase	2.0%
Impact indicator: Gross Fixed Capital Formation (GFCF) investments to GDP ratio Source of the data: Eurostat		
Baseline (2014)	Target (2016-2020)	Latest known results (2018)
19.2% [Baseline adjusted: before: 19.4%]	21%-22% Mean GFCF for the period 2016- 2020 having reached the range of 21%-22%	20.4%

General objective 2: A Connected Digital Single Market

Impact indicator: Aggregate score in Digital Economy and Society Index (DESI) EU-28
Explanation: DESI is a composite index that summarises relevant indicators on Europe's digital performance and tracks the evolution of EU Member States in digital competitiveness. The closer the value is to 100, the better. The DESI index is calculated as the weighted average of the five main DESI dimensions: 1 Connectivity (25%), 2 Human Capital (25%), 3 Use of Internet (15%), 4 Integration of Digital Technology (20%) and 5 Digital Public Services (15%). The DESI index is updated once a year.
Source of the data: [DESI](#)⁶¹

⁶¹ The Digital Economy and Society Index is a composite index that summarises relevant indicators on Europe's digital performance and tracks the evolution of EU Member States in digital competitiveness. The closer the value is to 100 the better. The DESI index is calculated as the weighted average of the five main DESI dimensions: (1) connectivity (25%), (2) human capital (25%), (3) use of internet (15%), (4) integration of digital technology (20%), and (5) digital public services (15%). The DESI index is updated once a year.

Baseline (DESI 2015)	Target (2020)	Latest known results (DESI-2019)
41.8 [Baseline adjusted: before: 45 acc. to new scale]	Increase	52.5

Note: DESI has been updated, the indicator list has slightly changed; in addition, move from 0-1 scale to 0-100 scale.

General objective 3: A Resilient Energy Union with a Forward-Looking Climate Change Policy

Impact indicator: Greenhouse gas emissions (index 1990=100)

Source of the data: European Environmental Agency

Baseline (2013)	Target (2020) Europe 2020 target	Latest known results (2017 prox. estimates by the EEA)
80.4% [Baseline adjusted: before: 80.2 %]	At least 20% reduction (index ≤80)	78.1%

Impact indicator: Share of renewable energy in gross final energy consumption

Source of the data: Eurostat

Baseline (2013)	Interim Milestone		Target (2020) Europe 2020 target	Latest known results (2018)
	(2013/2014)	(2015/2016)		
15.4% [Baseline adjusted: before: 15.2 %]	15.6% Baseline adjusted: before: 13.6 %]	16.9% Baseline adjusted: before: 15.9 %]	20%	18.0%

Impact indicator: Increase in energy efficiency – Primary energy consumption

Source of the data: ENER based on Eurostat data

Baseline (2013)	Target (2020) Europe 2020 target	Latest known results (2018)
1 577.40 million tonnes of oil equivalent (Mtoe) [Baseline adjusted: before: 1 571.2]	20% increase in energy efficiency (No more than 1 483 Mtoe of primary energy consumption)	1 551.92 million tonnes of oil equivalent (Mtoe)

General objective 4: A Deeper and Fairer Internal Market with a Strengthened Industrial Base

Impact indicator: Intra-EU trade in goods (% of GDP)

Source of the data: Eurostat

Baseline (2014)	Target (2020)	Latest known results (2018)
20.3% [Baseline adjusted: before: 20.4%]	Increase	21.7%

Impact indicator: Intra-EU trade in services (% of GDP)

Source of the data: Eurostat

Baseline (2014)	Target (2020)	Latest known results (2018)
6.4%	Increase	7.4%

General objective 9: A Stronger Global Actor

Impact indicator: GDP per capita (current prices-PPS) as % of EU level in countries that are candidates or potential candidates for EU accession

Source of the data: Eurostat

Baseline (2014)	Target (2020)	Latest known results (2018)
35% for Western Balkans (excluding Kosovo ⁶²) [Baseline adjusted: before: 34%] 64% for Turkey	Increase	33.6% for Western Balkans (excluding Kosovo ⁶³) 64% for Turkey

Specific objectives for DG MOVE

General objectives: 1, 2, 3, 4 and 9

Specific objective 1: "An efficient, sustainable, safe and secure Single European Transport Area: Improve regulation, ensure a high degree of implementation of EU legislation in the transport area and open and fair competition both in the EU and in relations with key partner countries." Related to spending programme(s): N/A

Result indicator: Transposition rate in transport legislation (%).

Source of data: MOVE.A4 monitoring

Baseline (year)	Target (2016-2020 - annual target)	Latest known results (2019)
94.9% (11.11.2014)	99% of Directives to be transposed in any given year (target used by the Commission for the Single Market Scoreboard)	99.84%

Result indicator: Percentage of non-communication cases open and respecting the one-year benchmark (for closure or referral to Court).

Source of data: MOVE.A4 monitoring

Baseline (year)	Target (2016-2020 - annual target)	Latest known results (2019)

⁶² This designation is without prejudice to positions on status, and is in line with UNSCR 1244/1999 and the ICJ Opinion on the Kosovo declaration of independence.

⁶³ This designation is without prejudice to positions on status, and is in line with UNSCR 1244/1999 and the ICJ Opinion on the Kosovo declaration of independence.

97.5% (11.11.2014)	100% (target set in the Commission Communication "A Europe of results – Applying Community law" (COM (2007) 502)	59% ⁶⁴	
Result indicator: Percentage of open infringement cases not open for more than 3 years Source of data: MOVE.A4 monitoring			
Baseline (year)	Target (2016-2020 - annual target)	Latest known results (2019)	
98.5% (11.11.2014)	100% (target set in line with internal Commission benchmark)	74.5% ⁶⁵	
Result indicator: Comprehensive aviation agreements with neighbouring countries and key trading partners Source of data: MOVE.E2			
Baseline (year)	Interim Milestone (2018)	Target (2020)	Latest known results (2019)
Number of agreements signed end 2015: 8 (Western Balkan countries, Morocco, Jordan, Georgia, Moldova, Israel, United States and Canada)	16	17 agreements signed in total by end 2020. (Foreseen in the Aviation Strategy adopted in December 2015)	Negotiations finished for Qatar, tangible progress with ATA ASEAN. Agreements with Ukraine, Armenia, Tunisia and Qatar blocked because of Gibraltar issue (2019)

Main outputs in 2019:			
Delivery on legislative proposals pending with the legislator			
Output description	Indicator	Target	Latest known results (situation on 31/12/2019)
Mobility package I			
Use of vehicles hired without drivers for the carriage of goods by road (2017/0113 (COD)) – "Joint Declaration" (MOVE.C1)	General Approach in the Council (EP to close first reading)	June 2019	1 st reading of EP done. No progress. General approach expected early 2020
Pursuing the occupation of road transport operator and access to the international road haulage market	Adoption by the co-legislators	May 2019	Agreement between the Parliament and Council in trilogue of 11-12 December 2019

⁶⁴ Considerable delays occurred in the assessment of national transposition measures in the road safety and rail sectors due to several legislative initiatives. Urgent subcontracting of such task should allow for a significant improvement in 2020.

⁶⁵ The deterioration of this indicator is due to delays in managing sensitive/complex "cluster" of cases in areas with important legislative activity, in particular the air and the road sectors. Improvement as to this indicator should be gradual in the short-term.

(2017/0123 (COD)) – "Joint Declaration" (MOVE.C1)			
Charging of heavy goods vehicles for the use of certain infrastructures (Eurovignette) (2017/0114 (COD)) – "Joint Declaration" (MOVE.C1)	General approach in the Council (EP closed first reading in October 2018)	December 2019	No agreement was reached in TTE of 2/12/2019. General approach planned by HR PCY for June 2020.
Charging of heavy goods vehicles for the use of certain infrastructures: vehicle taxation (2017/0115 (CNS)) – Priority file (MOVE.C1)	General approach in the Council (EP closed first reading in July 2018)	December 2019	No agreement was reached in TTE of 2/12/2019. General approach planned by HR PCY for June 2020.
Posting drivers in the road transport sector (2017/0121 (COD)) – Priority file (MOVE.C1)	Adoption by the co-legislators	May 2019	Agreement between the Parliament and Council in trilogue of 11-12 December 2019
Minimum requirements on maximum daily and weekly driving times, minimum breaks and daily and weekly rest periods; positioning by means of tachographs (2017/0122 (COD)) – Priority file (MOVE.C1)	Adoption by the co-legislators	May 2019	Agreement between the Parliament and Council in trilogue of 11-12 December 2019
Mobility package II			
Common rules for access to the international market for coach and bus services (2017/0288 (COD)) – "Joint Declaration" (MOVE.C1)	General Approach in the Council (EP to close first reading)	December 2019	1 st reading EP done No progress in the Council
Common rules for certain types of combined transport of goods between Member States (2017/0290 (COD)) – "Joint Declaration" (MOVE.D1)	Adoption by the co-legislators	May 2019	Ordinary legislative procedure suspended since March 2019 ⁶⁶ after failure to reach political agreement in trilogues. Given that the positions of the institutions are far apart, the Commission intends to withdraw the proposal and to work

⁶⁶ Ordinary legislative procedure is suspended since March 2019 after failure to reach political agreement in trilogues. The European Parliament adopted 1st reading position based on the original EP report, not reflecting compromises found during the trilogues. At the same time, the Council general approach from December 2018 provides for conditions of eligibility and support that are well below those of today's Directive, which is not acceptable in the Commission's view. Therefore, as set in the Communication on the European Green Deal, the Commission intends to withdraw the proposal and to work on a new proposal to support multimodal freight operations.

			on a new proposal to support multimodal freight operations.
Promotion of clean and energy-efficient road transport vehicles (2017/0291 (COD)) - "Joint Declaration" (MOVE.B4)	Adoption by the co-legislators	May 2019	Directive (EU) 2019/1161 of the European Parliament and the Council adopted 20 June 2019 (OJ L 188, 12/07/2019)
Mobility Package III			
European Maritime Single Window environment (2018/0139 (COD)) – Priority file (MOVE.D1)	Adoption by the co-legislators	May 2019	Adopted by the co-legislators and published in the OJ on 25.7.2019.
Electronic freight transport information (2018/0140 (COD) – Priority file (MOVE.D1)	General Approach in the Council; EP closing of first reading	June 2019	Trilogues closed with political agreement reached on 26.11.2019.
Road infrastructure safety management (2018/0129 (COD)) – other files (MOVE.C2)	Adoption by the co-legislators	May 2019	Trilogue agreement by co-legislators in February 2019, formal adoption in November 2019
Time limit for the implementation of the special rules regarding maximum length in case of cabs delivering improved aerodynamic performance, energy efficiency and safety performance (2018/0130 (COD)) – other files (MOVE.C1)	Adoption by the co-legislators	May 2019	Adopted in June 2019, including the implementing act
Additional files			
Discontinuing seasonal changes of time and repealing Directive 2000/84/EC (2018/0332 (COD)) – Priority file (MOVE.A1)	General Approach in the Council, EP closing of first reading	June 2019	The Commission proposal on discontinuing the current system of seasonal changes of time (adopted on 12 September 2018) has made limited progress. The European Parliament finalised its first reading position on 26 March 2019, overall following the Commission proposal and supporting the discontinuation of the time changes. Furthermore, on 24

			September TRAN adopted a mandate to start trilogues on the file. In the Council, discussions continued under the Romanian and Finnish Presidencies without concluding with a progress report or a general approach.
Minimum level of training of seafarers (2018/0162 (COD)) – other files (MOVE.D2)	Adoption by the co-legislators	May 2019	Adopted by the co-legislators on 20 June 2019 and published in the OJ on 12.07.2019.
Rail passengers' rights and obligations (recast) (2017/0237 (COD)) – other files (MOVE.B5)	General Approach in the Council (EP closed first reading)	June 2019	December 2019
Common rules for the operation of air services in the Community ("US wet lease") (2016/0411 (COD)) – other files (MOVE.E2)	Adoption by the co-legislators	Signature and publication in the Official Journal early 2019 (adopted by co-legislators end 2018)	Signed and published in the Official Journal (2019)
Revision of Air passengers rights regulation (2013/0072 (COD)) – other files (MOVE.B5)	Preparatory work in view of the resumption of discussions in Council	Q2 2019	Fact-finding study on air passenger rights completed. Council started deliberations in Q4
Implementation of the Single European Sky (SES2+ recast) (2013/0186 (COD)) – other files (MOVE.E3)	Preparatory work in view of the resumption of discussions in Council	Q2 2019	Preparatory work in view of the resumption of discussions in Council (2019)
Common rules for the allocation of slots at European Union airports (Recast) (2011/0391 (COD)) – other files (MOVE.E1)	Preparatory work in view of the resumption of discussion in Council	Q2 2019	Updates of the relevant studies ongoing (2019)
Common rules and standards for ship inspection and survey organisations: withdrawal of the United Kingdom from the Union (amending Regulation (EC) No 391/2009) (2018/0298 (COD)) – Brexit preparedness (MOVE.D2)	Adoption by the co-legislators	March 2019	Adopted by the co-legislators on 25 March 2019 and published in the OJ on 27.03.2019.
Proposal for a Regulation of the European Parliament and of the Council on certain aspects of aviation safety with regard to the	Adoption by the co-legislators	March 2019	Regulation adopted and published in March 2019

withdrawal of the United Kingdom of Great Britain and Northern Ireland from the Union (COM(2018) 894) (MOVE.E)			
Proposal for a Regulation of the European Parliament and of the Council on common rules ensuring basic air connectivity with regard to the withdrawal of the United Kingdom of Great Britain and Northern Ireland from the Union (COM(2018) 893) (MOVE.E)	Adoption by the co-legislators	March 2019	Regulation adopted and published in March 2019
Proposal for a Regulation of the European Parliament and of the Council on common rules ensuring basic road freight connectivity with regard to the withdrawal of the United Kingdom of Great Britain and Northern Ireland from the Union (COM(2018) 895) (MOVE.C1)	Adoption by the co-legislators	March 2019	Regulation (EU)2019/501 adopted on 25 March 2019
Proposal for a Regulation of the European Parliament and of the Council of 25 March 2019 on certain aspects of railway safety and connectivity with regard to the withdrawal of the United Kingdom from the Union (COM(2019)88) (MOVE.C3 and C4)	Adoption by the co-legislators	March 2019	Regulation (EU) 2019/503 adopted on 25 March 2019

Other important outputs			
Output description	Indicator	Target	Latest known results (situation on 31/12/2019)
Commission Delegated Regulation (EU) 2019/1745 of 13 August 2019 supplementing and amending Directive 2014/94/EU	Adoption	Q3 2019	Was adopted on 13 August 2019
Report from the Commission to the European Parliament and the Council "on the exercise of the power to adopt delegated acts conferred on the Commission pursuant to Directive	Adoption	Q4 2019	Was adopted on 19 November

2014/94/EU of the European Parliament and of the Council of 22 October 2014 on the deployment of alternative fuels infrastructure			
Update of the Commission report on Alternative Fuels	Finalisation	Q4 2019	Inter-Service Group has approved the final version and publication is planned for January 2020.
Evaluation of the Urban Mobility Package of 2013 (including guidance for cycling projects in EU cities, Guidance document on urban vehicle access regulations (UVARs) and Revised guidelines on sustainable urban mobility planning (SUMP)) (MOVE.B4)	Finalisation of evaluation and guidance documents	Q4 2019	External evaluation support study ongoing (planned finalisation: April/May 2020). The revised guidelines on sustainable urban mobility planning (SUMP) were published on ELTIS beginning of October 2019 ⁶⁷ , together with new topical guidance on 17 themes). The guidance for cycling projects in EU cities was published in June 2019 on MOVE website ⁶⁸ . The guidance document on urban vehicle access regulations (UVARs) has been prepared, followed the ISC process, was submitted for adoption in July 2019 and is pending adoption.
Ex post evaluation of the Intelligent Transport Systems Directive 2010/40/EU (PLAN/2017/944) (MOVE.B4)	Finalisation of the evaluation	2019	Publication of the SWD(2019) 368 final on 9 October 2019
Report on the Implementation of Directive 2010/40/EU of the European Parliament and of the Council of 7 July 2010 on the framework for the deployment of Intelligent	Adoption by the Commission of the report + publication of the SWD	2019	Adoption of the report (COM(2019) 464 final) by the Commission on 8 October 2019 + publication of the SWD(2019) 373 final

⁶⁷ <https://www.eltis.org/mobility-plans/guidelines-developing-and-implementing-sustainable-urban-mobility-plan-2nd-edition>

⁶⁸ https://ec.europa.eu/transport/themes/urban/cycling/guidance-cycling-projects-eu_en

Transport Systems in the field of road transport and for interfaces with other modes of transport (PLAN//2018/3061) + Commission staff working document on the analysis of the Member States progress reports of 2014 and 2017 submitted pursuant to Article 17(3) of the ITS Directive. (MOVE.B4)			on 8 October 2019
Evaluation of the River Information Services (RIS) Directive (MOVE.D3)	Adoption of Commission SWD (Decide Planning ref. PLAN/2017/1955)	Q4 2019	The support study for the evaluation has taken slightly longer than expected and is now in the finalisation phase. The publication of the study is foreseen for January 2020 and publication of the SWD for Q2 2020.
Evaluations in the area of aviation to be finalised in 2019 (MOVE.E)	Ex-post evaluation of Directive 2009/12/EC on Airport charges finalized in early 2019, followed by work on the impact assessment Ex-post evaluation of Regulation 1008/2008 on Air services finalized early 2019, followed by work on the impact assessment Follow-up action of December 2018 Commission's report "Taking stock of the EU Social Agenda for Air Transport – ensuring socially responsible connectivity"	2019	All evaluations finalised and published in 2019
International aviation agreements to be signed (MOVE.E2)	Additional comprehensive aviation agreements signed in 2019	2019 (Ukraine, Armenia, Tunisia, ASEAN, Qatar, Azerbaijan)	Ukraine, Armenia, Tunisia and Qatar blocked by Gibraltar issue, ASEAN tangible progress and Oman first contacts (2019)
Council Recommendation on safety goals and functional requirements for passenger ships below 24 metres in length 2018/0159 (NLE) (MOVE.D2)	Adoption by Council	June 2019	The Recommendation was adopted by the Council on 9 April 2019 and published in the OJ on 23.4.2019

General objectives: 1, 2, 3, 4 and 9					
Specific objective 2 : "A modern European transport infrastructure: Ensure the effective implementation of funding for the Trans-European Transport Network under the Connecting Europe Facility and under the innovative financial instruments (EFSI)"			Related to spending programme(s) : Connecting Europe Facility		
Result indicator: Total amount of Connecting Europe Facility grants, delegations, contributions signed for transport projects and programmes. (MOVE.B2)					
Source of data: Financial programming established by the Commission, Annual and Multi Annual Work Programmes for the Connecting Europe Facility and Financing Decisions.					
Baseline (2013)	Interim		Milestone	Target (2021)	Latest known results 2019
	2016		2018/2019	Target date set to 2021 as the grant agreements for the last calls can only be signed in 2021 after evaluation and selection. Target levels are defined in the CEF Transport Budget of the current MFF	
0	78% of the budget: EUR 18.9 Billion committed		N/A	100% of the budget : EUR 24 Billion committed by 2021	93% of the budget: EUR 22.3 billion allocated to grants, delegation and contributions by end of 2019.
Result indicator: Total amount of investment in EFSI transport projects (based on approved projects by the EIB Board) (MOVE.B2)					
Explanation: The indicator shows the progress of EFSI transport investment, based on the value of investment, up to the deadline of July 2019. Further reporting on signed projects will continue until July 2020, which is the deadline for signature of projects.					
Source of data: EIB reporting to the Commission.					
Baseline (2015)	Interim		Milestone	Target	Latest known results 2019
	July 2016		July 2018	July 2019. Target date set to July 2019 as that is the last date for project approval under the EFSI Regulation. The target is based on the total investment value of transport projects approved by the EFSI Investment Committee and EIB Board. The target value is based on	

			transport being 20% of the overall Infrastructure and Innovation Window under EFSI, the value of which totals EUR 240 billion (both equity and debt), therefore making a transport total of EUR 48 billion.		
0	EUR 12 Billion	EUR 36 Billion	EUR 48 Billion ⁶⁹	EUR 32.4 Billion. Transport represents around 11.9% of the overall investment from the Infrastructure and Innovation Window (IIW) of the EFSI	
<p>Result indicator: The number of removed bottlenecks and sections of increased capacity for all modes on core network corridors which have received funding from the CEF^{70*}</p> <p>Source of data: INEA</p>					
Baseline (2013)	Interim		Milestone	Target	Latest known results 2019
	2016	2018			
0	2	29		277 by the end of all ongoing Actions	To be provided with DB 2021 Programme Statement
<p>Result indicator: The number of supply points for alternative fuels for vehicles using the TEN-T core network for road transport in the EU-28 supported by CEF actions^{71*}</p> <p>Source of data: INEA</p>					
Baseline (2014)	Interim		Milestone	Target	Latest known results 2019
	2016	2018			

⁶⁹ EIB lending to EFSI transport projects is expected to have the following profile: July 2016 EUR 3.2 billion; July 2018 9.6 billion; July 2019 12.8 billion.

⁷⁰ Same indicators as per CEF Programme Statement (DB 2020) specific objective 1, indicator 3.

⁷¹ Same indicators as per CEF Programme Statement (DB 2020) specific objective 2, indicator 1.

Number of supply points set up by CEF grants (2014): 0	9	677	12,933 by the completion of all ongoing Actions out of which: CNG: 421 LNG: 236 Hydrogen: 122 Electric: 12,103 LPG: 51	379 out of which: CNG: 3 LNG: 6 Hydrogen: 0 Electric: 370 LPG: 0
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Main outputs in 2019:

Delivery on legislative proposals pending with the legislator

Output description	Indicator	Target	Latest known results (situation on 31/12/2019)
Connecting Europe Facility (2018/0228 (COD) – MFF (MOVE.B2)	Political agreement	May 2019	Political Agreement reached with adoption of common understanding text on 13 March 2019
Streamlining measures for advancing the realisation of the trans-European transport network (2018/0138 (COD)) – Priority file (MOVE.B1)	General Approach in the Council; EP closing first reading	2019	General approach adopted by Council on 2.12.2019. First reading closed by EP on 3.2.2019
Connecting Europe Facility 2014-2020: withdrawal of the United Kingdom from the Union (amending Regulation 1316/2013) (2018/0299 (COD) - Brexit preparedness (MOVE.B1)	Adoption by the co-legislators	March 2019 (For the Brexit proposal, if applicable, the process has to end by March 2019)	Adopted by co-legislators on 2.3.2019 (OJ L 851, 27.3.2019, p. 16).

Important items from work programmes/financing decisions/operational programmes⁷²

Output description	Indicator	Target	Latest known results (situation on 31/12/2019)
Amendment to the CEF Transport multiannual work programme (MOVE. B2)	Adoption of the amendment of the CEF multiannual work programme 2014-2020 to include new Programme Support Actions	Q2 2019	CEF Transport Multi-Annual Work Programme has been amended on 16 October 2019 allowing for the launch of the 2019 CEF MAP Call on the same date.
Finalising the 2018 Call for proposals dedicated	Publication of the call for proposals on 17 May		

⁷² For a complete listing of expenditure-related outputs please refer to the Programme Statements published together with the [Draft Budget for 2019](#).

to transport digitalisation, road safety and multimodality (MOVE. B)	2018 with a deadline for submission of proposals of 24 October 2018		
	Evaluation	Q1 2019	Q1 2019
	Selection decision	Q2 2019	11 April 2019
Signature of the Grant Agreements		Q4 2019	Completed before August 2019
	2019 Call for proposals dedicated to the improvement of cross-border sections, the connections to and the development of maritime ports on the TEN-T comprehensive network and the reduction of noise and vibration caused by railway transport (MOVE. B1)	Evaluation	Q2 2019
	Selection decision	Q3 2019	16 October 2019
CEF Blending Facilities in the areas of ERTMS and deployment of alternative fuels (MOVE. B)	Adoption of Work Programme	Q2 2019	12 April 2019
	Launch of the Call	Q3 2019	15 November 2019

Other important outputs			
Output description	Indicator	Target	Latest known results (situation on 31/12/2019)
TEN-T ex-post evaluation (MOVE. B1)	Evaluation report prepared by the Commission	Q3 2019	Report submitted in December 2019 by INEA
3-year evaluation of the Innovation and Networks Executive Agency required by Council Regulation (EC) 58/2003 (MOVE. B)	Finalisation of Commission Staff Working Document and Report to the INEA Steering Committee, Council, European Parliament and Court of Auditors	Q1 2019	The evaluation of INEA was carried out in parallel to the evaluation of the other 5 Executive Agencies. The SG coordinated the evaluations. The evaluation package consists of a Commission communication to Council, EP and ECA, and Staff Working Documents for each of the 6 Agencies drafted on the basis of studies by external consultants. The

			evaluation package went through inter-service consultation in September 2019 but was not adopted in 2019.
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Note to specific objective 2:

For the Connecting Europe Facility (CEF), the definition of some indicators (marked with * in the table above) was changed from the one used in the Strategic Plan 2016-2020, and consistently with the Annual Activity Report for 2018, aligned with the indicators presented in the Programme Statement to be published together with the Draft Budget for 2021

In particular, in the Strategic Plan 2016-2020 for DG MOVE, the third result indicator for specific objective 2 was defined as "Number of bottlenecks removed along the TEN-T Corridors financed by CEF". It has been changed into "The number of removed bottlenecks and sections of increased capacity for all modes on core network corridors, which have received funding from the CEF". This change reflects the more precise description provided in the Programme Statement, not only referring to bottlenecks but also to sections of increased capacity. It also clarifies the reference to all transport modes. At the same time, the fourth result indicator for specific objective 2 was changed from "Number of supply points for alternative fuels financed by CEF" into "The number of supply points for alternative fuels for vehicles using the TEN-T core network for road transport in the EU-28". This change reflects the more precise description provided in the Programme Statement with reference the transport mode and the location of the CEF Actions.

As included in the CEF Programme Statement, CEF Transport actions are mainly characterised by long implementation time as they refer to works for large and technically complex transport infrastructure projects, often entailing a risk component. In this framework, beneficiaries of CEF co-funding might experience delays during the projects' implementation. These refer mainly to public procurement issues (e.g. complaints/appeals during tender procedures) as well as legal and environmental issues (e.g. permitting, spatial planning, other authorizations and land acquisition). Moreover, technical issues related to unforeseen events (such as landslides), issues related to the political support to projects or to the securing of sufficient co-funding (national or other sources) might also occur during the implementation of CEF Actions.

These issues are not under the control of the Commission and their pre-identification at the moment of the projects' selection is usually not possible. Nevertheless, the Commission, through INEA, has adopted a number of mitigating measures, including a close monitoring of CEF Actions, allowing for an optimal use of EU-funding. In particular, the agency assess reports, performs on site visits and follows-up with CEF beneficiaries on the delays experienced, providing a thorough assessment and identifying the actions for which amendments are needed (use it or lose it principle). This practice allows re-injecting funds into new calls for proposals.

Moreover, learning from the experience of the first CEF Transport calls for proposals, the Commission has focused its attention on the careful assessment of the maturity award criterion and further guidelines for its assessment are expected to be implemented during the next programming period.

Taking into consideration that results of CEF calls are still expected in the coming years (2020 and 2021), the indicators above include moving targets, as these latter are defined by the accomplishment of the number of CEF ongoing actions (this number is evolving in accordance with calls for proposals over the years). In this context, foreseen milestones are expected results by actions still ongoing while actual results correspond to outputs achieved by closed CEF Transport actions.

In conclusion, it can be confirmed that the long term success of the CEF Transport programme cannot be currently reflected in the indicators and results reported above, as the majority of the CEF Transport actions signed as result of past calls for proposals are still ongoing and their results (outputs) will be achieved only at the end of the current programming period and beyond (up to end of 2023). Moreover, the reporting on actual results can only be completed once each individual project is closed, the final report has been received and assessed, the outputs verified and the final payment (if need be) disbursed. In particular, it is to be noted that the average period between the end date of the project and its closure is around 15 months, as project promoters have 12 months to prepare and submit the final report and the final payment request and INEA pays in principle within 90 days after having received this request.

General objectives: 1, 2 and 3				
Specific objective 3: "An innovative transport sector: Ensure the effective implementation of funding for research and innovation activities in the transport area under Horizon 2020"				
Related to spending programme : Horizon 2020				
Result indicator: Total amount of Horizon 2020 grants, delegations, contributions signed for transport projects and programmes. (MOVE.B3)				
Source of data: Financial programming established by the Commission, Horizon 2020 Work Programmes and Financing Decisions.				
Baseline (2013)	Interim (2016)	Milestone (2018)	Target (2021)	Latest known results 2019
0	42% of the budget: EUR 750 million for all calls up to WP 2014/15	69% of the budget: EUR 1,246 million for all calls up to WP 2016/17	100% of the budget: EUR 1 802 million for all calls of H2020	81% of the budget: EUR 1,464 million for all calls up to WP 2018

Important items from work programmes/financing decisions/operational programmes ⁷³			
Output description	Indicator	Target	Latest known results (situation on 31/12/2019)
Evaluation and award decisions to the transport projects selected under the Horizon 2020 Work Programme 2018-2020	Horizon 2020 grants, delegations, contributions signed for transport projects and programmes	Selection of projects in 2019 for a total amount of approximately EUR 218 million	Completion of selection of projects in 2019 (for a total amount of approximately EUR 218 million)

⁷³ For a complete listing of expenditure-related outputs please refer to the Programme Statements published together with the [Draft Budget for 2019](#).