

2015

Annual Activity Report

Annexes

Executive Agency for Small and Medium-sized Enterprises (EASME)

ANNEXES

ANNEX 1:

Statement of the Head of Department for Finance and Administration

I declare that in accordance with the Commission's communication on clarification of the responsibilities of the key actors in the domain of internal audit and internal control in the Commission[1]*, I have reported my advice and recommendations to the Director on the overall state of internal control in the Executive Agency for Small and Medium-sized Enterprises.*

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

Brussels, 14 March 2016

/signed/

Gianluca Pecchi

[1] SEC(2003)59 of 21.01.2003.

ANNEX 2: Human and Financial resources

The following table gives an overview of the performance indicators for achieving the objectives for the HR services, as it was specified in the 2015 Work Programme.

Objective: effective HR services to promote a high-performing, balanced and stimulating working environment for all staff in the Agency		
Indicator	Target 2015	Current situation (as achieved)
Percentage of posts filled by the end of 2015 (source of data: EASME.C2)	95% of posts authorised for the year to be in place by the end of the year	The target was achieved: by end of 2015 the agency had 95% of posts filled – 373
Percentage of Newcomers satisfied with their integration in the Agency (Source of data: survey, EASME.C2)	At least 80% are 'satisfied' or 'very satisfied'	the newcomers satisfaction with the integration was at 93% ("satisfied' and "very satisfied")
Percentage of staff satisfied with their job (Source of data: Agency's annual staff satisfaction survey, EASME.C2)	At least 85% are 'satisfied' or 'very satisfied'	84% level of engagement[2]

Table 1: human resources management

The Agency continued growing in 2015 and counted 373 staff on 31.12.2015. This amounts to 95% of 394 staff foreseen by the establishment plan for 2015 and represents a growth of 32% reached within 12 months compared to 283 by the end of 2014.

In total in 2015 EASME recruited 4 Seconded Officials, 25 temporary agents and 103 contract agents, 115 of them were new comers[3] and 17 were already working in EASME before. Two Heads of Units posts and 2 Heads of Sector posts were filled this year jointly with the respective parent DGs (GROW, RTD and ENV/CLIMA).

[2] Staff Satisfaction has been replaced by Staff Engagement (similar as to the Commission) for the following reasons:
A Job Holder (JH) can be satisfied with a job without being engaged in the job. An engaged employee is an employee who is deeply involved and invested in their work. Staff satisfaction is the minimum that needs to be met in order for a JH to be fully engaged.

[3] 17 EASME staff were recruited either through internal mobility or as the result of participation in the selection procedure for a specific post. As they were already working in EASME they are not considered as absolute newcomers.

In 2015, the HR Team launched 54 selection procedures for all types of posts and level of responsibilities. More than 3000 CVs were screened and over 850 interviews were conducted.
Staff turnover is considered not excessive: 25 colleagues left the Agency during the last year which is 7,62%. Almost all of staff left the Agency to join another EU-institution.

The table below provides an overview of the staffing evolution in 2014-2015.

Number of staff on 31st December 2015	2014 actual	2015 plan	2015 actual
Seconded officials	26	31	28
Temporary Agents	35	66	59
Contract Agents	222	297	286
Total	**283**	**394**	**373**

Table 2: number of staff

Smooth integration of the new staff was one of the priorities of the Agency. A detailed integration programme was put in place by the HR team. Consequently, the newcomer is contacted by the Agency already before his/her actual arrival and equipped with a detailed overview of what (s)he can expect in the first days, weeks and months. The programme also includes regular info-sessions for new staff on the activities of the Agency, meetings with HR and management, the "buddy" system, regular follow-up and monitoring of the integration process before and after arrival. As a result, 93% of the newcomers were satisfied with their integration.

The EASME adopted a new screening methodology developed in cooperation with the lead of DG RTD to help to allocate staff to programmes. The following table 18 provides a snapshot of the actual number of staff/FTE in place at the end of 2015.

PROGRAMMES[4]		OPERATIONAL	HORIZONTAL	TOTAL
COSME		72	14.8	86.8
H2020	Innovation in SME's	11.8	42.1	240.2
	SME Instrument	68.6		
	Fast track to innovation	7.8		
	Energy – Secure, clean and efficient energy	25.7		
	Energy – CIP IEE II Legacy	25.7		
	LEIT (SILC II)	0.6		
	Eco new	13.3		
	Climate Action	22.2		
	Raw Materials	6.9		
	CIP Eco-Innovation Legacy	15.5		
LIFE		16.7	3.4	20.1
EMFF		21.1	4.8	25.9
TOTAL		**307.9**	**65.1**	**373**

Table 3: actual number of FTE per activity and per programme

[4] According to the *Chapeau Communication* the CIP legacy programmes (CIP IEE II and Eco Innovation) counted under H2020, as their successors are part of the H2020 programme.

Management of information and communication technologies (ICT), Logistics and Document management

ICT

2015 was a year of consolidation for the IT activities in the Agency. The IT governance of the Agency was endorsed by its management and the IT Management Board meetings took place regularly to ensure an adequate governance of IT resources and activities.

In December the Agency opened the option for staff members to use a corporate laptop instead of a desktop, to improve work efficiency, increase mobility and as part of the business continuity plan.

A number of small IT projects have been developed internally, in particular: a new collaborative web application "e-PAD" used by the COSME unit for the management of actions and the automation of reports; and new reports for financial teams. The team also initiated a new IT project with the SME Instrument unit, in order to take over "Case Tracker" and develop new modules in 2016.

During 2015, a number of challenges and issues had to be resolved for Information Systems, most notably for the H2020 IT Tools and for the LIFE IT tools.

Regarding the IT rationalisation, the Agency requested the Common Support Service of DG RTD and DG DIGIT to initiate the gap analysis to allow the LIFE programme to use entirely or partially the H2020 IT tools.

For the EEN IT Tools, 2015 has been challenging due to difficulties with the project of re-developing the public and intranet websites. The first phase was only released in December, with a completely new web site (both functionally and technically) and the second phase will be implemented in 2016. Overall, though, the systems have been very stable and maintenance properly ensured, with no major issue reported by the end-users.

The specific objectives set for the IT team at the beginning of the year were implemented with following results:

<table>
<tr><td colspan="2">Specific Objective: Effective and high-quality Information and Communication Technology (ICT) infrastructures, tools and services are defined and maintained, so that the Agency's staff is adequately supported in their operations</td></tr>
<tr><td colspan="2">Indicator: User satisfaction IT tools and service (source of data: survey, EASME.C2.3)</td></tr>
<tr><td>Target (2015)
60%</td><td>Current situation (as achieved)
Given the good stability of EEN IT Tools in 2014 and 2015 IT and business teams considered that it was not a priority to run a new survey in 2015.</td></tr>
<tr><td colspan="2">Indicator: Availability servers at EASME (source of data: EASME C2.3)</td></tr>
<tr><td>Target (2015)
97% availability[5]</td><td>Current situation (as achieved)
98%</td></tr>
<tr><td colspan="2">Specific objective: The Enterprise Europe Network (EEN) IT platform "Merlin" is available, maintained and developed to offer a satisfactory service to all users (EEN partners, SMEs, Agency and general public) and with appropriate support. The platform is adapted to the new</td></tr>
</table>

[5] To cover the potential need for a maintenance interruption.

Network (2015-2020) and evolves with the needs of the Network in an effective way.	
Indicator: Availability Merlin production servers (source of data: EASME C2.3, DG GROW R3)	
Target (2015) 98% availability Releases deployed in less than 2 hours Less than 10 patches No unplanned outages Recover any unplanned outage within 2 hours	**Current situation (as achieved)** 98% All except one that took ½ day 16 patches 3 unplanned outages All resolved in less than 2 hours
Indicator: Time to implement requests for changes, fixes and improvements of the Merlin platform (source of data: EASME C2.3)	
Target (2015) Accepted requests are scheduled within one month 30% of accepted requests are implemented in less than 3 months	**Current situation (as achieved)** First point achieved after May, after requests process was reviewed. 59% of the accepted requests were implemented in less than 3 months (83% for bugs and 43% for changes and improvements)
Indicator: Time to handle requests for support from users (source of data: survey, EASME.C.2.3)	
Target (2015) 75% of support requests are resolved within 15 days	**Current situation (as achieved)** 85% of support requests were resolved within 15 days

Table 4: IT implementation

Logistics

In 2015 the logistics team provided a smooth service to the whole Agency in spite of a big staff increase and building constraints. An incident management system was introduced in July to follow-up requests for logistics, document management and missions.

Specific objective: effective office environment with sufficient space available for newcomers and good working conditions meeting the recommendations of OIB

Detailed objectives for 2015:

- A long-term solution (from 2016 onwards) for EASME office space is defined before end of Q3 2015, and appropriate plans are made to transition before end 2015;
- The building capacity is sufficient to cover the staff increase of the recruitment plan
  - The capacity in current floors (3rd, 10th, 11th and 12th) has been increased before end Q1 2015 (mainly for 10th and 11th)
  - OIB provides additional space
- Furniture and equipment arrive in advance and all needs are met. In particular furniture is adapted to shared offices / open space;
- Staff receives efficient service via the contact EASME-Logistics;
- Processes and procedures for IT & Logistics are documented, together with the general knowledge base of IT & Logistics team

Indicator: Availability of sufficient space (source of data: C2.3 and C.2.1)	
Target (2015) All staff in standard OIB conditions	**Current situation (as achieved)** All staff in standard OIB conditions, except on 3rd floor where some teams intentionally stretched the rules to make the best use of space.
Indicator: Sufficient furniture (source of data: C2.3)	
Target (2015) 100%	**Current situation (as achieved)** 90% Still a few elements were missing (desks, pedestals in particular), waiting for new OIB contracts. Orders could be made only at the end of 2015.
Indicator: Time to respond to queries to EASME Logistics (source of data: C2.3)	
Target (2015) 80% of queries are answered in less than 3 days	**Current situation (as achieved)** 80,4% of queries answered in less than 3 days (stats from 927 logistics requests recorded in the tool in place since July). 60% queries were replied within 24hrs.

Table 5: Logistics

Document management and missions

In 2015 a state-of-play concerning archiving of paper documents started and resulted in several actions with operational and financial units.

Specific objective: Effective document management to ensure that the proper life cycle of documents is respected according to the guidelines given by the General Secretariat. A special attention is paid to the electronic registration, filing and retrieving capacity of documents	
Indicator: Percentage of unfiled documents (source of data: ARES / C.2.3)	
Target (2015) 8%	**Current situation (as achieved)** 5% (overall year result)

Table 6: Document management

As concerns business missions, the Agency introduced a new simplified set of approval workflows as of January and switched to paperless procedures as of September 2015.

Communication

In 2015, communication priorities focused on promoting the new programmes managed by EASME and on integrating new staff through a dedicated internal communication strategy.

In the field of external communication, the Agency continued to develop stakeholder communities for the various programmes through a series of communication actions.
The Agency carried on focusing on digital communication. The website received close to 740,000 visits. Social media remained a major channel, in particular Twitter. The 4 accounts: *H2020EE, EU_ecoinno, H2020SME* and *EUenergyweek* - have now almost 30,000 followers in total. The Agency also sent digital newsletters to over 30,000 subscribers and organised 3 live chats during which around 700 questions from the public have been answered.

Three info days for H2020 Energy and Environment & Resources were attended by almost 2,000 participants on site and several hundred online, learning more about upcoming calls for proposals. These events were successful and had a high satisfaction rate.

The Agency actively contributed to the communication effort of its parent DGs by providing statistics, participating in the drafting of news, answering questions from the EC Representations, sharing project stories and providing support during various events.

The EASME Steering Committee tasked the Agency to prepare a document summarising experiences and practices in providing feedback to policy makers in parent DGs. The Agency drafted a guidebook with specific examples and methodologies and outlining proposals for policy feedback in the future.

EASME organised the 10th edition of the EU Sustainable Energy Week (EUSEW), including a three-day conference in Brussels with almost 2,700 participants, an awards competition with 373 projects submitted, 27 nominees and 3 winners; and almost 700 Energy Days in participating countries.

Indicators	Target 2015	Current situation (as achieved)
Visits to website (nr of clicks)	*500,000*	*739,185*
Followers on Twitter (nr of people)	*25,000*	*29,411*
EUSEW Energy Days (nr of days)	*1,000*	*693*
Distribution info graphics (nr of exemplars)	*20,000*	*22,867*

Table 7: communication

In the field of internal communication, the communication strategy and the action plan to develop staff engagement were updated. The look and feel of the intranet was aligned with the Agency's visual concept. 9 issues of *The Brief*, EASME internal newsletter, were published. A network of communication correspondents was set up at unit level.

ANNEX 3: Draft annual accounts and financial reports

Annex 3 Financial Reports - IEEA - Financial Year 2015

Administrative Budget

Table 1 : Commitments

Table 2 : Payments

Table 3 : Commitments to be settled

Table 4 : Balance Sheet

Table 5 : Statement of Financial Performance

Table 6 : Average Payment Times

Table 7 : Income

Table 8 : Recovery of undue Payments

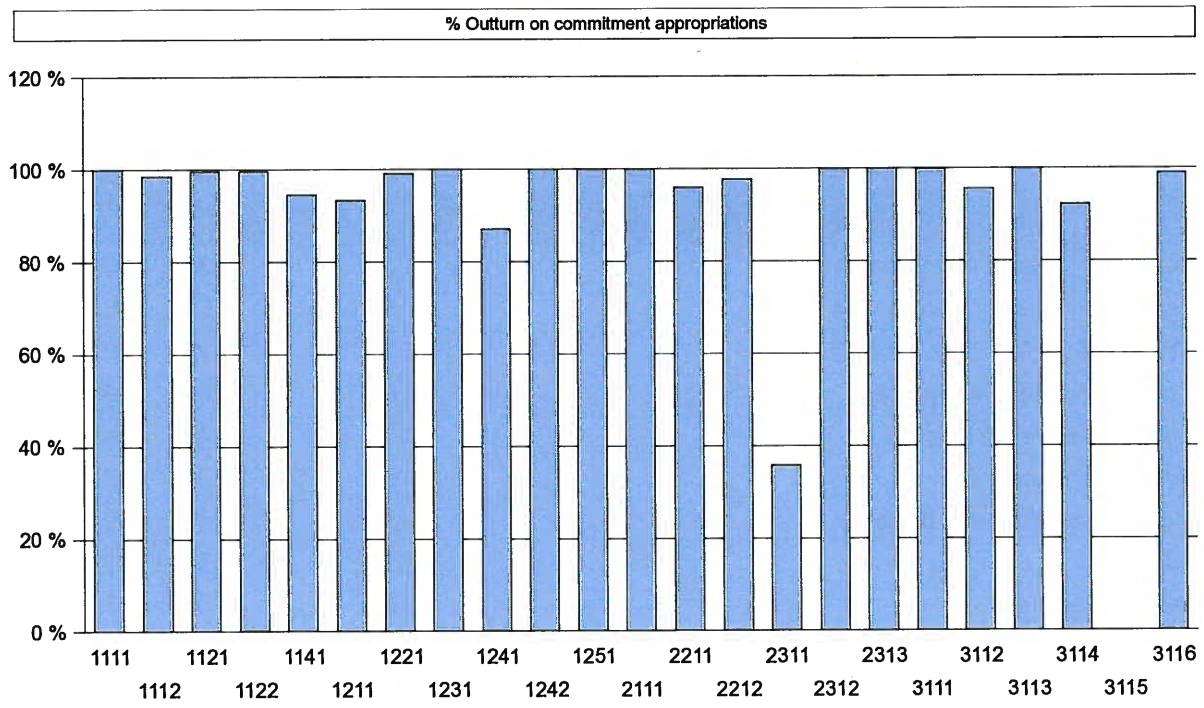
Table 9 : Ageing Balance of Recovery Orders

Table 10 : Waivers of Recovery Orders

Additional comments

TABLE 1: OUTTURN ON COMMITMENT APPROPRIATIONS IN 2015 (in Mio €)				
Chapter		Commitment appropriations authorised *	Commitments made	%
		1	2	3=2/1
Title 1 Staff expenditure				
1111	Temporary Agents - Remunerations	6.31	6.31	100.00 %
1112	Temporary Agents - Allowances	1.57	1.55	98.53 %
1121	Contract Agents - Remunerations	10.30	10.25	99.58 %
1122	Contract Agents - Allowances	3.01	3.00	99.57 %
1141	Support services & trainees	0.50	0.47	94.50 %
1211	Recruitment expenses	0.05	0.04	93.41 %
1221	Individual entitlements of staff	0.30	0.30	99.05 %
1231	Training	0.38	0.38	100.00 %
1241	Medical Services	0.07	0.06	87.08 %
1242	Mobility & social expenses for the Staff	0.50	0.50	100.00 %
1251	Representation expenses, Events and internal meeti	0.03	0.03	100.00 %
Total Title 1		**23.02**	**22.90**	**99.48%**
Title 2 Infrastructure and operating expenditure				
2111	Rental of building and associated expenses	5.26	5.26	100.00 %
2211	ICT Purchases, Hard - and Softwares & Maintenances	0.31	0.29	96.07 %
2212	ICT Services	1.30	1.27	97.80 %
2311	Furniture, Technical Installations and associated	0.21	0.08	35.87 %
2312	Office supplies, documentation & correspondence	0.04	0.04	100.00 %
2313	Charges, Insurances & other operating expenses	0.05	0.05	100.00 %
Total Title 2		**7.16**	**6.98**	**97.56%**
Title 3 Programme support expenditure				
3111	Experts and external meetings	4.80	4.80	99.96 %
3112	Missions: Programme management	0.34	0.33	95.61 %
3113	External Audits	0.71	0.71	100.00 %
3114	Communication, Information and Linguistic services	0.31	0.29	92.29 %
3115	Seminars & specific training	0.00	0.00	#DIV/0
3116	Programme related IT expenses	0.05	0.05	98.90 %
Total Title 3		**6.22**	**6.17**	**99.33%**
TOTAL IEEA		**36.39**	**36.05**	**99.07 %**

** 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).*

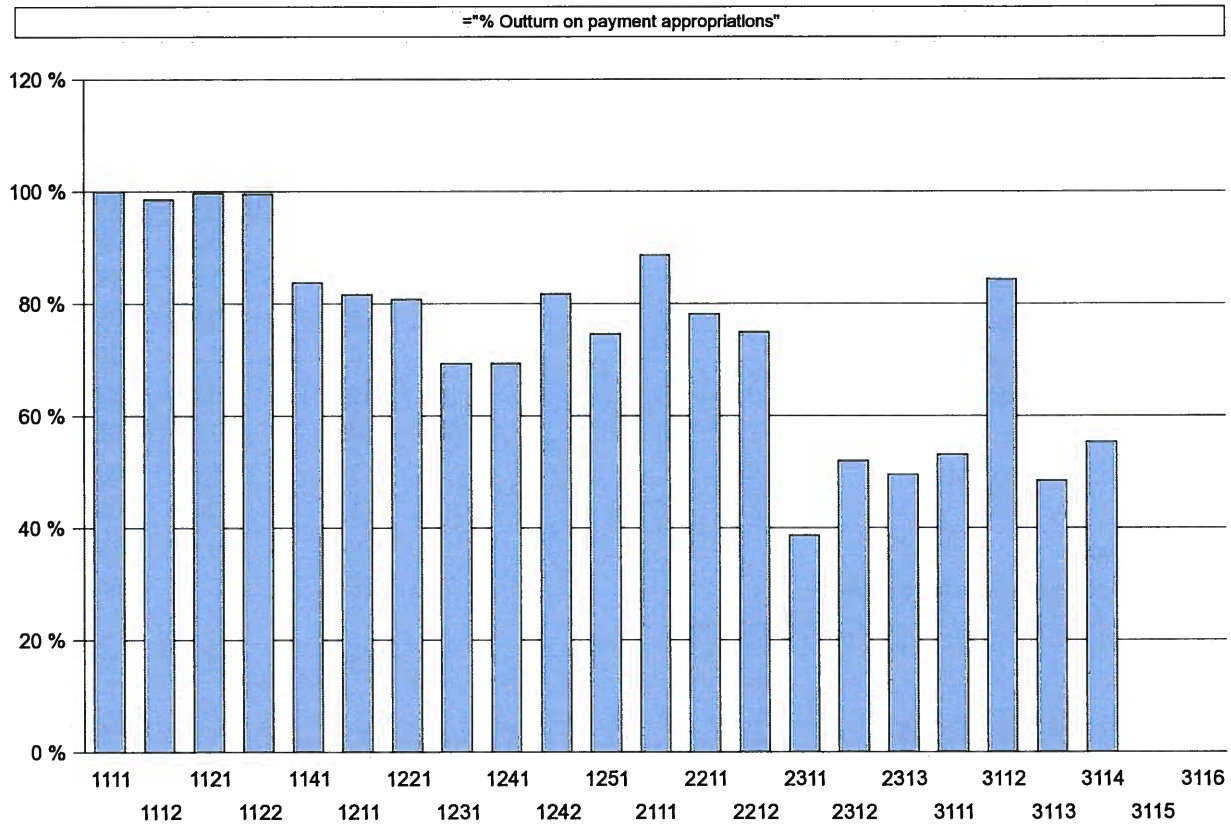


Note : The figures are those related to the provisional accounts and not yet audited by the Court of Auditors

TABLE 2: OUTTURN ON PAYMENT APPROPRIATIONS IN 2015 (in Mio €)				
Chapter		Payment appropriations authorised *	Payments made	%
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Title 1 Staff expenditure				
1111	Temporary Agents - Remunerations	6.31	6.31	100.00 %
1112	Temporary Agents - Allowances	1.57	1.55	98.53 %
1121	Contract Agents - Remunerations	10.30	10.25	99.58 %
1122	Contract Agents - Allowances	3.01	3.00	99.57 %
1141	Support services & trainees	0.53	0.44	83.74 %
1211	Recruitment expenses	0.06	0.05	81.60 %
1221	Individual entitlements of staff	0.34	0.28	80.79 %
1231	Training	0.54	0.37	69.29 %
1241	Medical Services	0.09	0.07	69.30 %
1242	Mobility & social expenses for the Staff	0.54	0.44	81.76 %
1251	Representation expenses, Events and internal meeti	0.04	0.03	74.60 %
Total 1		**23.34**	**22.79**	**97.67%**
Title 2 Infrastructure and operating expenditure				
2111	Rental of building and associated expenses	5.67	5.02	88.62 %
2211	ICT Purchases, Hard - and Softwares & Maintenances	0.41	0.32	78.11 %
2212	ICT Services	1.47	1.10	74.87 %
2311	Furniture, Technical Installations and associated	0.30	0.11	38.64 %
2312	Office supplies, documentation & correspondence	0.08	0.04	52.01 %
2313	Charges, Insurances & other operating expenses	0.06	0.03	49.58 %
Total 2		**7.99**	**6.63**	**83.04%**
Title 3 Programme support expenditure				
3111	Experts and external meetings	6.64	3.52	53.10 %
3112	Missions: Programme management	0.37	0.31	84.35 %
3113	External Audits	1.25	0.61	48.48 %
3114	Communication, Information and Linguistic services	0.52	0.29	55.37 %
3115	Seminars & specific training	0.00	0,00	0,00 %
3116	Programme related IT expenses	0.05	0,00	0,00 %
Total 3		**8.83**	**4.73**	**53.59%**
TOTAL IEEA		**40.16**	**34.16**	**85.06 %**

** 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



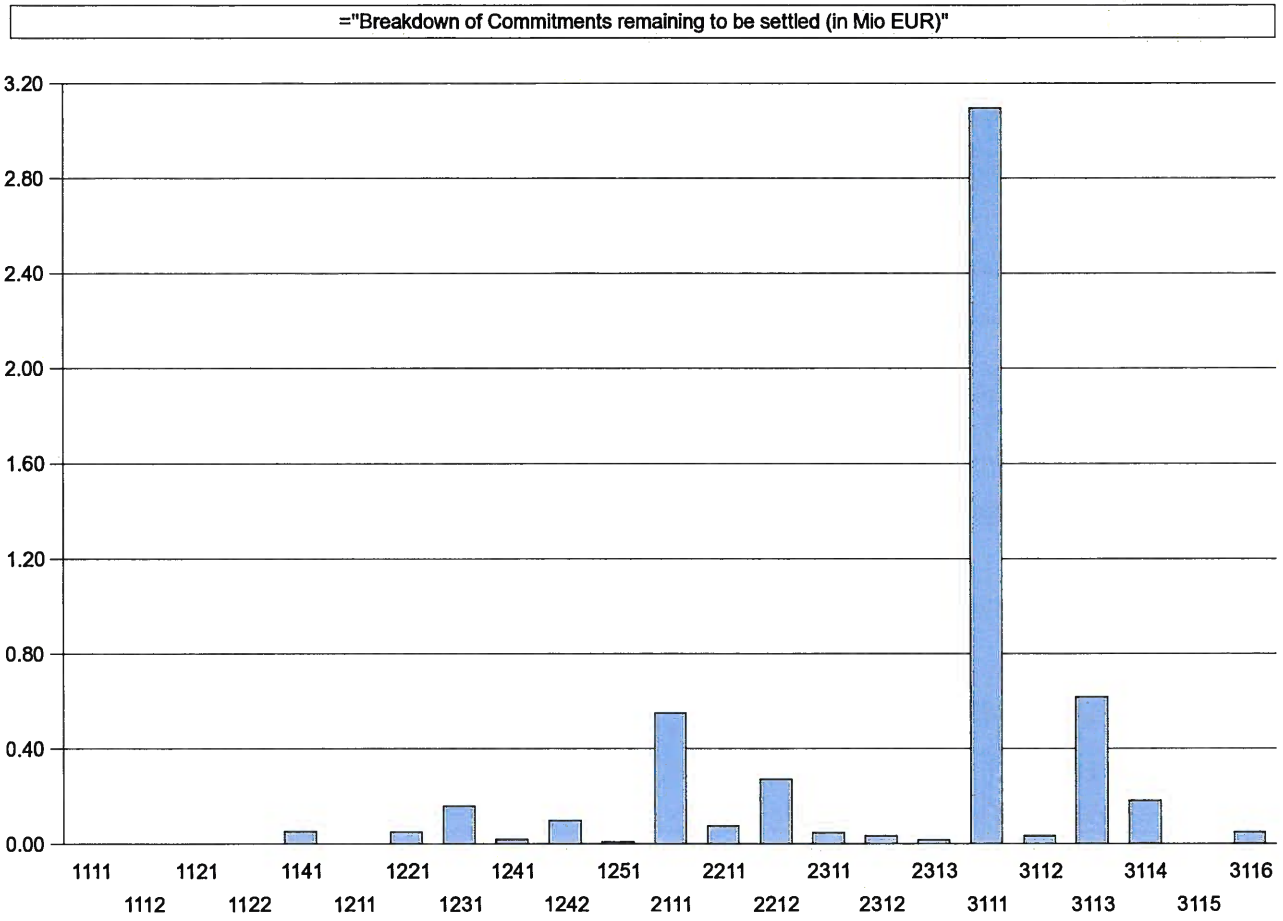
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TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2015 (in Mio €)					
Chapter		2015 Commitments to be settled			
		Commitments 2015	Payments 2015	RAL 2015	% to be settled
		1	2	3=1-2	4=1-2//1
Title 1 Staff expenditure					
1111	Temporary Agents - Remunerations	6.31	-6.31	0.00	0.00 %
1112	Temporary Agents - Allowances	1.55	-1.55	0.00	0.00 %
1121	Contract Agents - Remunerations	10.25	-10.25	0.00	0.00 %
1122	Contract Agents - Allowances	3.00	-3.00	0.00	0.00 %
1141	Support services & trainees	0.47	-0.42	0.05	11.01 %
1211	Recruitment expenses	0.04	-0.04	0.00	0.00 %
1221	Individual entitlements of staff	0.30	-0.25	0.05	16.94 %
1231	Training	0.38	-0.22	0.16	41.38 %
1241	Medical Services	0.06	-0.04	0.02	34.59 %
1242	Mobility & social expenses for the Staff	0.50	-0.40	0.10	19.82 %
1251	Representation expenses, Events and internal meeti	0.03	-0.02	0.01	24.31 %
Total 1		**22.90**	**-22.51**	**0.39**	**1.69%**
Title 2 Infrastructure and operating expenditure					
2111	Rental of building and associated expenses	5.26	-4.70	0.55	10.50 %
2211	ICT Purchases, Hard - and Softwares & Maintenances	0.29	-0.22	0.08	25.98 %
2212	ICT Services	1.27	-1.00	0.27	21.43 %
2311	Furniture, Technical Installations and associated	0.08	-0.03	0.05	62.81 %
2312	Office supplies, documentation & correspondence	0.04	0.00	0.03	91.19 %
2313	Charges, Insurances & other operating expenses	0.05	-0.03	0.02	35.43 %
Total 2		**6.98**	**-5.98**	**1.00**	**14.30%**
Title 3 Programme support expenditure					
3111	Experts and external meetings	4.80	-1.70	3.10	64.51 %
3112	Missions: Programme management	0.33	-0.29	0.03	10.64 %
3113	External Audits	0.71	-0.09	0.62	86.83 %
3114	Communication, Information and Linguistic services	0.29	-0.11	0.18	63.41 %
3115	Seminars & specific training	0.00	0.00	0.00	#DIV/0

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TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2015 (in Mio €)					
Chapter		2015 Commitments to be settled			
		Commitments 2015	Payments 2015	RAL 2015	% to be settled
		1	2	3=1-2	4=1-2//1
3116	Programme related IT expenses	0.05	0.00	0.05	100.00 %
Total 3		**6.17**	**-2.19**	**3.98**	**64.47%**
TOTAL IEEA		**36.05**	**-30.69**	**5.37**	**14.88 %**

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



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TABLE 4 : BALANCE SHEET IEEA

BALANCE SHEET	2015	2014
A.I. NON CURRENT ASSETS	1,928,715.26	2,111,977.89
A.I.1. Intangible Assets	0	0
A.I.2. Property, plant and equipment	1,928,715.26	2,111,977.89
A.II. CURRENT ASSETS	8,376,038.27	6,445,103.77
A.II.2. Current Pre-Financing	0	107,165.75
A.II.4. Exchange Receivables	2,362,543.09	100,113.49
A.II.5. Non-Exchange Receivables	0	0
A.II.7. Cash and Cash Equivalents	6,013,495.18	6,237,824.53
ASSETS	**10,304,753.53**	**8,557,081.66**
P.II. NON CURRENT LIABILITIES		0
P.II.2. Long-term provisions		0
P.III. CURRENT LIABILITIES	-3,740,999.7	-4,338,555.61
P.III.4. Accounts Payable	-706,528.53	-2,536,755.61
P.III.5. Accrued charges and deferred income	-3,034,471.17	-1,801,800
LIABILITIES	**-3,740,999.7**	**-4,338,555.61**
NET ASSETS (ASSETS less LIABILITIES)	**6,563,753.83**	**4,218,526.05**
P.I.2. Accumulated Surplus / Deficit	-4,218,526.05	-2,397,646.53
Non-allocated central (surplus)/deficit*	-2,345,227.78	-1,820,879.52
TOTAL	**0**	**0**

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

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

TABLE 5 : STATEMENT OF FINANCIAL PERFORMANCE IEEA

STATEMENT OF FINANCIAL PERFORMANCE	2015	2014
II.1 REVENUES	-35,756,772.59	-22,032,332.96
II.1.2. EXCHANGE REVENUES	-35,756,772.59	-22,032,332.96
II.1.2.1. FINANCIAL INCOME	-45,888.60	-37,493.21
II.1.2.2. OTHER EXCHANGE REVENUE	-35,710,883.99	-21,994,839.75
II.2. EXPENSES	33,411,544.81	20,211,453.44
II.2. EXPENSES	33,411,544.81	20,211,453.44
II.2.10.OTHER EXPENSES	12,195,938.19	6,452,078.2
II.2.6. STAFF AND PENSION COSTS	21,214,940.38	13,758,956.49
II.2.8. FINANCE COSTS	666.24	418.75
STATEMENT OF FINANCIAL PERFORMANCE	**-2,345,227.78**	**-1,820,879.52**

Explanatory Notes (facultative):

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TABLE 6: AVERAGE PAYMENT TIMES FOR 2015 - IEEA

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	1145	1050	91.70 %	16.11	95	8.30 %	44.96
45	27	27	100.00 %	19.85			
60	4	4	100.00 %	28.5			

Total Number of Payments	**1176**	**1081**	**91.92 %**		**95**	**8.08 %**	
Average Payment Time	**18.57**			**16.25**			**44.96**

Target Times

Target Payment Time (Days)	Total Number of Payments	Nbr of Payments within Target Time	Percentage	Average Payment Times (Days)	Nbr of Late Payments	Percentage	Average Payment Times (Days)
30	116	113	97.41 %	14.9	3	2.59 %	35.33

Total Number of Payments	**116**	**113**	**97.41 %**		**3**	**2.59 %**	
Average Payment Time	**15.43**			**14.9**			**35.33**

Suspensions

Average Report Approval Suspension Days	Average Payment Suspension Days	Number of Suspended Payments	% of Total Number	Total Number of Payments	Amount of Suspended Payments	% of Total Amount	Total Paid Amount
0	22	61	5.19 %	1,176	137,688.40	0.69 %	19,894,132.80

Late Interest paid in 2015			
Agency	**GL Account**	**Description**	**Amount (Eur)**

TABLE 7 : SITUATION ON REVENUE AND INCOME IN 2015					
Title	**Description**	**Year of Origin**	**Revenue and Income recognized**	**Revenue and Income cashed**	**Outstanding Balance**
2000	Subsidy	2015	36,434,219.67	36,434,219.67	0.00
9000	Other income	2015	2,628.71	2,628.71	0.00
TOTAL IEEA			**36,436,848.38**	**36,436,848.38**	**0.00**

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

INCOME BUDGET RECOVERY ORDERS ISSUED IN 2015	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
Sub-Total						

EXPENSES BUDGET	Error		Irregularity		OLAF Notified		Total undue payments recovered		Total transactions in recovery context (incl. non-qualified)		% Qualified/Total RC	
	Nbr	Amount	Nbr	Amount	Nbr	Amount	Nbr	Amount	Nbr	Amount	Nbr	Amount
INCOME LINES IN INVOICES												
NON ELIGIBLE IN COST CLAIMS												
CREDIT NOTES									8	147,283.66		
Sub-Total									8	147,283.66		
GRAND TOTAL									**8**	**147,283.66**		

Note : The figures are those related to the provisional accounts and not yet audited by the Court of Auditors. The provisional closure will be based on the recovery context situation at 31/01/2016.

TABLE 9: AGEING BALANCE OF RECOVERY ORDERS AT 31/12/2015 FOR IEEA						
Year of Origin	**Number at 01/01/2015**	**Number at 31/12/2015**	**Evolution**	**Open Amount (Eur) at 01/01/2015**	**Open Amount (Eur) at 31/12/2015**	**Evolution**
Totals						

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

Total IEEA	

Number of RO waivers	

Justifications:

Annex 3 Financial Reports - DG IEEA - Financial Year 2015

Table 1 : Commitments

Table 2 : Payments

Table 3 : Commitments to be settled

Table 4 : Balance Sheet

Table 5 : Statement of Financial Performance

Table 6 : Average Payment Times

Table 7 : Income

Table 8 : Recovery of undue Payments

Table 9 : Ageing Balance of Recovery Orders

Table 10 : Waivers of Recovery Orders

Table 11 : Negotiated Procedures (excluding Building Contracts)

Table 12 : Summary of Procedures (excluding Building Contracts)

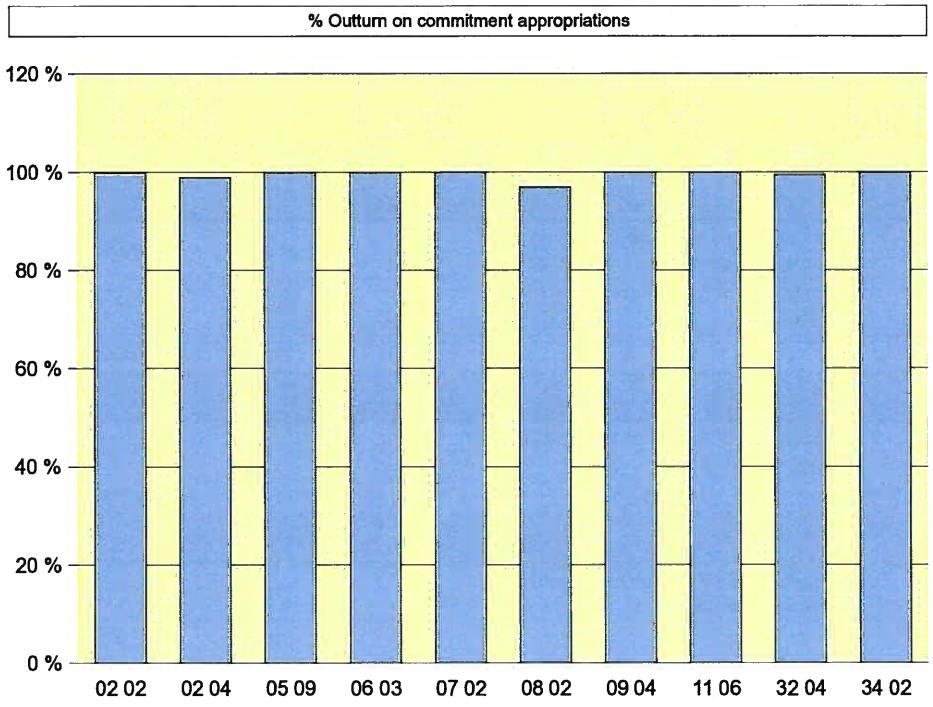
Table 13 : Building Contracts

Table 14 : Contracts declared Secret

Additional comments

TABLE 1: OUTTURN ON COMMITMENT APPROPRIATIONS IN 2015 (in Mio €)					
			Commitment appropriations authorised	Commitments made	%
			1	2	3=2/1
Title 02 Enterprise and industry					
02	02 02	Competitiveness of enterprises and small and medium-sized enterprises (Cosme)	102.19	102.02	99.83 %
	02 04	Horizon 2020 - Research relating to enterprises	134.41	133	98.95 %
Total Title 02			236.6	235.02	99.33%
Title 05 Agriculture and rural development					
05	05 09	Horizon 2020 - Research and innovation related to agriculture	11.85	11.85	100.00 %
Total Title 05			11.85	11.85	100.00%
Title 06 Mobility and transport					
06	06 03	Horizon 2020 - Research and innovation related to transport	16.08	16.08	100.00 %
Total Title 06			16.08	16.08	100.00%
Title 07 Environment					
07	07 02	Environmental policy at Union and international level	191.94	191.94	100.00 %
Total Title 07			191.94	191.94	100.00%
Title 08 Research and Innovation					
08	08 02	Horizon 2020 - Research	472.81	458.25	96.92 %
Total Title 08			472.81	458.25	96.92%
Title 09 Communications networks, content and technology					
09	09 04	Horizon 2020	71.17	71.17	100.00 %
Total Title 09			71.17	71.17	100.00%
Title 11 Maritime affairs and fisheries					
11	11 06	European Maritime and Fisheries Fund (EMFF)	40.25	40.25	100.00 %
Total Title 11			40.25	40.25	100.00%
Title 32 Energy					
32	32 04	Horizon 2020 - Research and innovation related to energy	141.19	140.44	99.47 %
Total Title 32			141.19	140.44	99.47%
Title 34 Climate action					
34	34 02	Climate action at Union and international level	59.92	59.92	100.00 %
Total Title 34			59.92	59.92	100.00%
Total DG IEEA			1,241.81	1,224.92	98.64 %

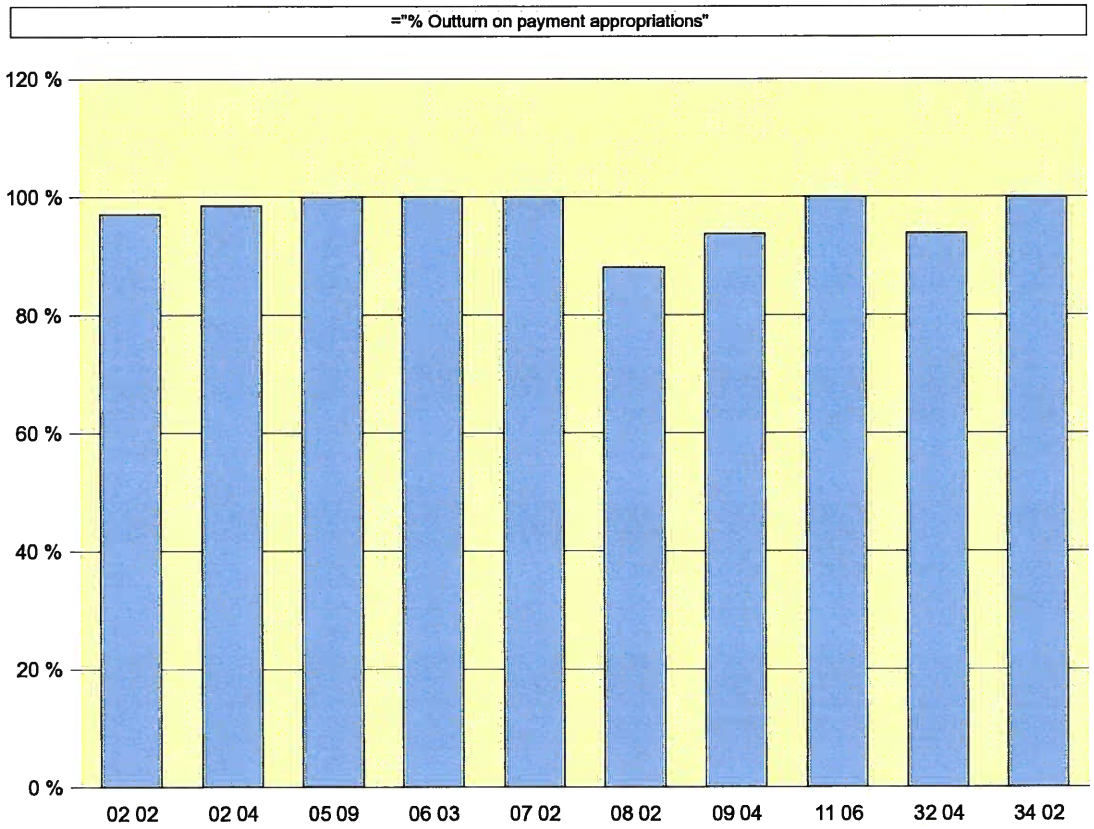
** Commitment appropriations authorised include, in addition to the budget voted by the legislative authority, appropriations carried over from the previous exercise, budget amendments as well as miscellaneous commitment appropriations for the period (e.g. internal and external assigned revenue).*



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

TABLE 2: OUTTURN ON PAYMENT APPROPRIATIONS IN 2015 (in Mio €)					
Chapter			Payment appropriations authorised *	Payments made	%
			1	2	3=2/1
Title 02 Enterprise and industry					
02	02 02	Competitiveness of enterprises and small and medium-sized enterprises (Cosme)	116.9	113.54	97.13 %
	02 04	Horizon 2020 - Research relating to enterprises	72.24	71.21	98.57 %
Total Title 02			189.14	184.75	97.68%
Title 05 Agriculture and rural development					
05	05 09	Horizon 2020 - Research and innovation related to agriculture	2.78	2.78	100.00 %
Total Title 05			2.78	2.78	100.00%
Title 06 Mobility and transport					
06	06 03	Horizon 2020 - Research and innovation related to transport	7.28	7.28	100.00 %
Total Title 06			7.28	7.28	100.00%
Title 07 Environment					
07	07 02	Environmental policy at Union and international level	55.56	55.56	100.00 %
Total Title 07			55.56	55.56	100.00%
Title 08 Research and innovation					
08	08 02	Horizon 2020 - Research	227.25	200.27	88.12 %
Total Title 08			227.25	200.27	88.12%
Title 09 Communications networks, content and technology					
09	09 04	Horizon 2020	32.03	30.03	93.76 %
Total Title 09			32.03	30.03	93.76%
Title 11 Maritime affairs and fisheries					
11	11 06	European Maritime and Fisheries Fund (EMFF)	6.11	6.11	100.00 %
Total Title 11			6.11	6.11	100.00%
Title 32 Energy					
32	32 04	Horizon 2020 - Research and innovation related to energy	124.94	117.28	93.87 %
Total Title 32			124.94	117.28	93.87%
Title 34 Climate action					
34	34 02	Climate action at Union and international level	14.16	14.16	100.00 %
Total Title 34			14.16	14.16	100.00%
	Total DG IEEA		659.27	618.23	93.78 %

** 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).*



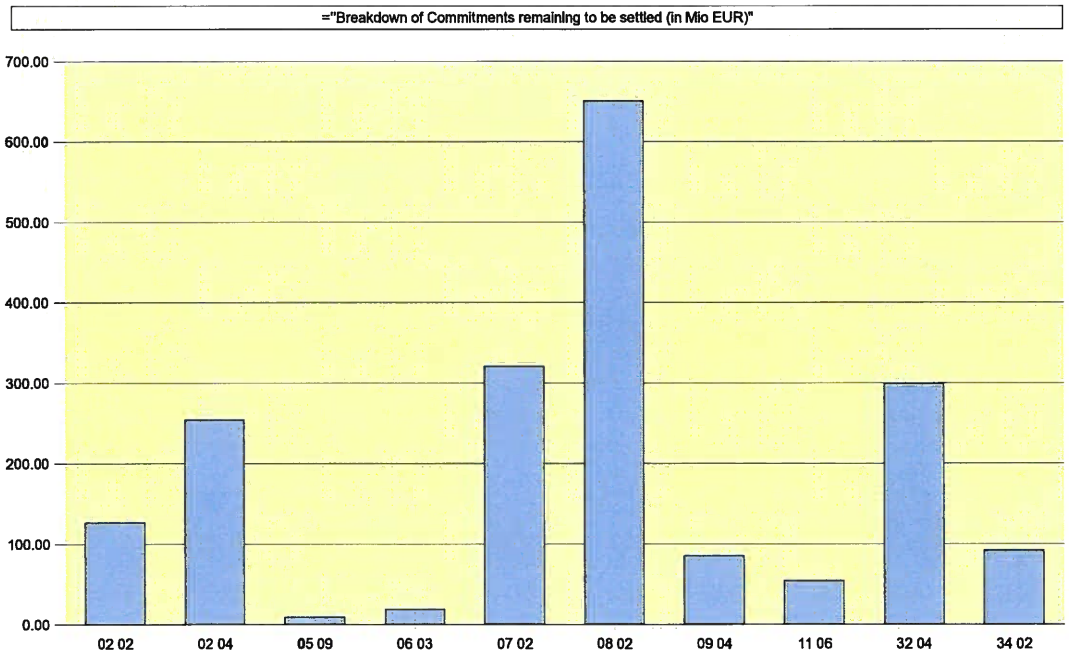
Note : The figures are those related to the provisional accounts and not yet audited by the Court of Auditors

TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2015 (in Mio €)									
Chapter			2015 Commitments to be settled				Commitments to be settled from	Total of commitments to be settled at end	Total of commitments to be settled at end
			Commitments 2015	Payments 2015	RAL 2015	% to be settled	financial years previous to 2015	of financial year 2015 (incl corrections)	of financial year 2014(incl. corrections)
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
Title 02 : Enterprise and Industry									
02	02 02	Competitiveness of enterprises and small and medium-sized enterprises (Cosme)	102.02	37.91	64.11	62.84 %	63.02	127.13	155.92
	02 04	Horizon 2020 - Research relating to enterprises	133	11.83	121.17	91.10 %	133.06	254.22	207.35
Total Title 02			235.02	49.74	185.28	78.84%	196.07	381.35	363.27
Title 05 : Agriculture and rural development									
05	05 09	Horizon 2020 - Research and innovation related to agriculture	11.85	2.78	9.07	76.51 %	0.00	9.07	0.00
Total Title 05			11.85	2.78	9.07	76.51%	0	9.07	0
Title 06 : Mobility and transport									
06	06 03	Horizon 2020 - Research and innovation related to transport	16.08	2.72	13.36	83.08 %	5.93	19.29	10.49
Total Title 06			16.08	2.72	13.36	83.08%	5.93	19.29	10.49
Title 07 : Environment									
07	07 02	Environmental policy at Union and international level	191.94	0.00	191.94	100.00 %	128.97	320.90	183.63
Total Title 07			191.94	0.00	191.94	100.00%	128.97	320.9	183.63
Title 08 : Research and Innovation									
08	08 02	Horizon 2020 - Research	458.25	40.80	417.45	91.10 %	233.88	651.33	396.90
Total Title 08			458.25	40.80	417.45	91.10%	233.88	651.33	396.9
Title 09 : Communications networks, content and technology									
09	09 04	Horizon 2020	71.17	10.26	60.91	85.58 %	24.64	85.54	44.40
Total Title 09			71.17	10.26	60.91	85.58%	24.64	85.54	44.4

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

TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2015 (in Mio €)									
Chapter			2015 Commitments to be settled				Commitments to be settled from	Total of commitments to be settled at end	Total of commitments to be settled at end
			Commitments 2015	Payments 2015	RAL 2015	% to be settled	financial years previous to 2015	of financial year 2015 (incl corrections)	of financial year 2014(incl. corrections)
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
Title 11 : Maritime affairs and fisheries									
11	11 06	European Maritime and Fisheries Fund (EMFF)	40.25	1.93	38.32	95.20 %	16.46	54.78	34.59
Total Title 11			40.25	1.93	38.32	95.20%	16.46	54.78	34.59
Title 32 : Energy									
32	32 04	Horizon 2020 - Research and innovation related to energy	140.44	16.00	124.44	88.61 %	174.97	299.41	276.24
Total Title 32			140.44	16.00	124.44	88.61%	174.97	299.41	276.24
Title 34 : Climate action									
34	34 02	Climate action at Union and international level	59.92	0.00	59.92	100.00 %	32.10	92.02	46.26
Total Title 34			59.92	0.00	59.92	100.00%	32.1	92.02	46.26
	Total DG IEEA		1,224.92	124.23	1,100.68	89.86 %	813.02	1,913.7	1,355.79

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



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

TABLE 4 : BALANCE SHEET

BALANCE SHEET	2015	2014
A.I. NON CURRENT ASSETS	16,019,354.54	2,269,639
A.I.6. Non-Current Pre-Financing	16,019,354.54	2,269,639.00
A.I.7. OLD LT Pre-Financing		0.00
A.II. CURRENT ASSETS	243,865,690.2	20,130,816.78
A.II.2. Current Pre-Financing	241,369,978.69	18,985,086.63
A.II.4. Exchange Receivables	2,420,138.16	1,036,428.04
A.II.5. Non-Exchange Receivables	75,573.35	109,302.11
ASSETS	**259,885,044.74**	**22,400,455.78**
P.III. CURRENT LIABILITIES	-100,719,548.7	-36,285,219.51
P.III.4. Accounts Payable	-15,646,186.58	45,743,246.49
P.III.5. Accrued charges and deferred incom	-85,073,362.12	-82,028,466.00
LIABILITIES	**-100,719,548.7**	**-36,285,219.51**
NET ASSETS (ASSETS less LIABILITIES)	**159,165,496.04**	**-13,884,763.73**

P.I.2. Accumulated Surplus / Deficit	293,791,144.91	165,021,648.22

Non-allocated central (surplus)/deficit*	-452,956,640.95	-151,136,884.49

TOTAL	**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.

TABLE 5 : STATEMENT OF FINANCIAL PERFORMANCE

STATEMENT OF FINANCIAL PERFORMANCE	2015	2014
II.1 REVENUES	-254,886.29	-447,995.68
II.1.1. NON-EXCHANGE REVENUES	-517,132.29	-677,873.95
II.1.1.5. RECOVERY OF EXPENSES	-517,132.29	-677,873.95
II.1.2. EXCHANGE REVENUES	262,246	229,878.27
II.1.2.1. FINANCIAL INCOME	-24,515.67	-14,378.42
II.1.2.2. OTHER EXCHANGE REVENUE	286,761.67	244,256.69
II.2. EXPENSES	394,614,634.17	129,217,492.37
II.2. EXPENSES	394,614,634.17	129,217,492.37
II.2.10.OTHER EXPENSES	1,815,060.43	1,797,222.05
II.2.2. EXP IMPLEM BY COMMISS&EX.AC	392,742,498.68	127,421,015.83
II.2.3. EXP IMPL BY OTH EU AGENC&BO		0.00
II.2.8. FINANCE COSTS	57,075.06	-745.51
STATEMENT OF FINANCIAL PERFORMANCE	**394,359,747.88**	**128,769,496.69**

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

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

TABLE 6: AVERAGE PAYMENT TIMES FOR 2015 - DG IEEA

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	2487	2362	94.97 %	11.73	125	5.03 %	43.42
45	145	98	67.59 %	32.7	47	32.41 %	67.17
50	2	2	100.00 %	9.5			
60	57	49	85.96 %	34.22	8	14.04 %	65.75
90	675	663	98.22 %	47.81	12	1.78 %	96.75
Total Number of Payments	**3366**	**3174**	**94.30 %**		**192**	**5.70 %**	
Average Payment Time	**22.16**			**20.26**			**53.5**

Target Times

Target Payment Time (Days)	Total Number of Payments	Nbr of Payments within Target Time	Percentage	Average Payment Times (Days)	Nbr of Late Payments	Percentage	Average Payment Times (Days)
20	1563	1469	93.99 %	7.82	94	6.01 %	38.15
30	219	106	48.40 %	18.63	113	51.60 %	50.98
75	200	127	63.50 %	54.04	73	36.50 %	84.34
Total Number of Payments	**1982**	**1702**	**85.87 %**		**280**	**14.13 %**	
Average Payment Time	**18.08**			**11.94**			**55.37**

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
5	31	542	16.10 %	3366	87,242,291.53	15.16 %	575,364,242.70

Late Interest paid in 2015

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

DG	GL Account	Description	Amount (Eur)
EACI	65010000	Interest expense on late payment of charges	26 253.61
EACI	65010100	Interest on late payment of charges New FR	30 821.45
			57 075.06

TABLE 7 : SITUATION ON REVENUE AND INCOME IN 2015

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	7=3-6
52	REVENUE FROM INVESTMENTS OR LOANS GRANTED, BANK AND OTHER INTEREST	12.87	0	12.87	12.87	0	12.87	0
66	OTHER CONTRIBUTIONS AND REFUNDS	2,848,496.62	1,145,730.15	3,994,226.77	1,020,790.25	481,225.01	1,502,015.26	2,492,211.51
Total DG IEEA		**2,848,509.49**	**1,145,730.15**	**3,994,239.64**	**1,020,803.12**	**481,225.01**	**1,502,028.13**	**2,492,211.51**

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

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

INCOME BUDGET RECOVERY ORDERS ISSUED IN 2015	Error		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	RO Amount	Nbr	RO Amount
2008	5	87,226.66	4	130,533.27	**9**	**217,759.93**	9	217,759.93	100.00%	100.00%
2009	8	271,765.1			**8**	**271,765.10**	8	271,765.10	100.00%	100.00%
2010	15	527,683.99	2	353.9	**17**	**528,037.89**	17	528,037.89	100.00%	100.00%
2011	12	629,126.31	7	55,277.1	**19**	**684,403.41**	20	697,533.35	95.00%	98.12%
2012	2	85,614.66	2	408,873.9	**4**	**494,488.56**	5	533,399.87	80.00%	92.71%
2013			1	90,168.2	**1**	**90,168.20**	3	194,941.05	33.33%	46.25%
2014	3	150,038.94	29	289,376.16	**32**	**439,415.10**	38	653,587.63	84.21%	67.23%
2015			1	17,500	**1**	**17,500.00**	1	17,500.00	100.00%	100.00%
No Link	1	14,648.51			**1**	**14,648.51**	1	14,648.51	100.00%	100.00%
Sub-Total	**46**	**1,766,104.17**	**46**	**992,082.53**	**92**	**2,758,186.70**	**102**	**3,129,173.33**	**90.20%**	**88.14%**

EXPENSES BUDGET	Error		Irregularity		OLAF Notified		Total undue payments recovered		Total transactions in recovery context (incl. non-qualified)		% Qualified/Total RC	
	Nbr	Amount	Nbr	Amount	Nbr	Amount	Nbr	Amount	Nbr	Amount	Nbr	Amount
INCOME LINES IN INVOICES									5	1,935.90		
NON ELIGIBLE IN COST CLAIMS	106	8,004,602.38	66	1,481,440.99			**172**	**9,486,043.37**	276	15,000,929.74	62.32%	63.24%
CREDIT NOTES	12	47,004.69	2	0.02			**14**	**47,004.71**	20	80,038.05	70.00%	58.73%
Sub-Total	**118**	**8,051,607.07**	**68**	**1,481,441.01**			**186**	**9,533,048.08**	**301**	**15,082,903.69**	**61.79%**	**63.20%**

GRAND TOTAL	**164**	**9,817,711.24**	**114**	**2,473,523.54**			**278**	**12,291,234.78**	**403**	**18,212,077.02**	**68.98%**	**52.36%**

Note : The figures are those related to the provisional accounts and not yet audited by the Court of Auditors. The provisional closure will be based on the recovery context situation at 31/01/2016.

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

	Number at 01/01/2015	Number at 31/12/2015	Evolution	Open Amount (Eur) at 01/01/2015	Open Amount (Eur) at 31/12/2015	Evolution
2012		2			69,734.74	
2013		5			169,250.67	
2014		8			425,519.73	
2015		23			1,827,706.37	
		38			2,492,211.51	

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

Total DG	

Number of RO waivers	

Justifications:
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TABLE 11 : CENSUS OF NEGOTIATED PROCEDURES - DG IEEA - 2015

Procurement > EUR 60,000

Negotiated Procedure Legal base	Number of Procedures	Amount (€)
Art. 127 1b)	1	252,742.92
Art. 134.1(b)	1	122,951.59
Total	**2**	**375,694.51**

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

Internal Procedures > € 60,000		
Procedure Type	**Count**	**Amount (€)**
Exceptional Negotiated Procedure without publication of a contract notice (Art. 134 RAP)	1	122,951.59
Negotiated Procedure after publication of a contract notice Art. 127 IR	1	252,742.92
Negotiated Procedure with at least three candidates (Art. 129.2 IR)	1	294,860.00
Open Procedure (Art. 127.2 RAP)	4	5,488,715.39
Payment against invoices (Art. 137.3 RAP)	1	228,878.50
TOTAL	**8**	**6,388,148.40**

Additional comments

TABLE 13 : BUILDING CONTRACTS

Total number of contracts :	
Total amount :	

Legal base	Contract Number	Contractor Name	Description	Amount (€)

No data to be reported

TABLE 14 : CONTRACTS DECLARED SECRET

Total Number of Contracts :	
Total amount :	

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

No data to be reported

ANNEX 4: Materiality criteria

The five internal control objectives are defined in the Financial Regulation (FR art. 32.2). The Authorising Officer by Delegation (AOD) should set up an appropriate control system (FR art. 66.2) and define specific management and control targets, and in particular, should use the best information available for determining which weaknesses would be subject to a formal reservation to his/her declaration (FR art. 66.9).

The Agency's AOD assesses the significance of any weakness that could lead to a formal reservation. This is done by identifying their potential impact and judging whether it could be material enough to influence the conclusion of the users of the Annual Activity Report.

The Agency's quantitative materiality threshold is set at a residual error rate of 2%[6], in application of the Commission's standard practice. In qualitative terms, the following factors are considered: nature and scope of any significant weaknesses, duration, compensatory measures such as mitigating controls, existence of corrective actions to correct any significant weaknesses.

In view of the **multi-annual nature of its programmes**, EASME has built a multiannual ex-post audit strategy based on a multi-annual control strategy, with the residual error rate being multiannual accordingly.

The **EASME Ex-Post Control strategy** is based on the following principles, intended to find an optimal balance between the purposes of being (i) maximum-corrective, (ii) reasonably cost-effective and (iii) sufficiently close to random to allow drawing an assurance conclusion:

1. EASME is managing 3 legacy programmes (Intelligent Energy Europe, Enterprises Europe Network, Eco-Innovation – MFF 2007-2013) and 4 newly delegated current ones (H2020, LIFE, COSME and EMFF – MFF 2014-2020). For each[7] delegated programme, a sample (covering a range from 5% to 20%[8] of the programme's cumulative funding) is audited, the audit results are implemented (corrections made) and a cumulative residual error rate is calculated.

2. Taking into account the limited ex-post control resources, the ex-post control strategy aims to detect and correct the most significant errors (*amount in absolute terms*). In that respect, EASME focuses on value-targeted audits (aiming at cleaning the largest amounts and thus maximising assurance). Such approach is considered more control-effective, resulting in higher returns on investment and dissuasive effect, and cost-effective. For the EASME programmes populations, based on our experience from managing the legacy programmes and to the best of our knowledge, there are no indications (at ex-post level[9]) for inherently higher error rates (*error in %*) in the larger participations, thus the

[6] According to the draft H2020 ex-post audit strategy, the H2020 error rate is expected to be in the range 2-5%.
[7] Ex-post audits for H2020 will be performed by the Common Support Centre (lead DG is RTD), through a Common Representative audit Sample (CRS).
[8] depending on the expected detected error rate and on the need for budget 'cleaning' to meet the RER control objective
[9] i.e. after having applied differentiated ex-ante controls for the largest participations. For example, according to RAP 207, the certificate on the financial statements and underlying accounts shall be compulsory for interim payments and for payments of balances in the following cases:(a) grants for an action for which the amount is

value-targeted audits are considered being a non-biased 'proxy' – i.e. random enough to enable drawing conclusions from them.

3. Auditing a statistically representative or even a random sample would not be cost-effective, given that then rather small participations will also be sampled. With an expected detected error rate and thus potential correction of, say, 5% and a typical audit cost of, say, 11.500 EUR, participations audited should be in principle and if possible larger than 230.000 EUR. Furthermore, a 'stratified' approach would not be appropriate given that there appear to be no solid grounds for a clear segmentation of the programmes populations, based on distinct grant modalities, features, etc., and leading to 'distinctly' lower/higher risk profile segments (e.g. less than 2% and/or above 10%).

4. Although the Agency recognises that the above approach is not fully statistically representative, in line with the DG BUDG guidance it is considered as the second-best alternative; as a 'proxy' to a fully representative or a random sample.

5. In addition to the value-targeted audits, the Agency performs to a limited extent risk-targeted audits of beneficiaries. This selection addresses specific concerns, risks or issues, detected and highlighted either by the financial or operational teams. Due to their specific nature, error rates of these "risk-targeted" audits are not included in the average random-proxy error rate calculation.

6. Due to its multi-annual nature, the effectiveness of the ex-post control strategy can only be measured and assessed at the final stages in the lifecycle of each programme and once ex-post audit strategy has been fully implemented.

Ex-post controls on the newly delegated programmes will take place the following years in line with the advancement of the lifecycle of these projects. The sampling approach mentioned above will also apply to the newly delegated programmes of the Agency. In that respect, a specific Ex-Post Audit Strategy for the newly delegated programmes of the Agency has been drafted.

EUR 750 000 or more, when the cumulative amounts of payment requests under that form is at least EUR 325 000.

ANNEX 5: Internal Control Templates for budget implementation (ICTs)

Stage 1: Programming, evaluation and selection of proposals

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

Main control objectives: Ensuring that the Agency selects the proposals that contribute the most towards the achievement of the policy or programme objectives (effectiveness); Compliance (legality & regularity); Prevention of fraud (anti-fraud strategy)

Main risks ***It may happen that***	The calls for proposals do not adequately reflect the policy objectives, priorities, are incoherent and/or the essential eligibility, selection and award criteria are not adequate to ensure the evaluation of the proposals.
Mitigating controls	• The Call for Proposals is based on the annual Work Programme adopted by the Commission and elaborated in cooperation with the parent DGs • Hierarchical validation within the authorising department • Explicit allocation of responsibilities, approval of the call text by the AOD
How to determine coverage, frequency and depth	• Coverage / Frequency: 100% • Depth: All work programmes are thoroughly reviewed at all levels, including for operational and legal aspects and adopted by the EC.
How to estimate the costs and benefits of controls	**Costs:** Estimation of cost of staff involved in the preparation and the validation of the annual work programme and calls. AAR 2015: costs are measured for stage 1 globally (phase A + B). Globally 14% of staff costs is dedicated to stage 1 programming, evaluation and selection. **Benefits:** Only qualitative benefits. A good Work Programme and well published calls generate a large number of good quality projects, from which the most excellent can be chosen. There will therefore be real competition for funds.
Control indicators	**1 a) Effectiveness:** % of number of calls successfully concluded / number of calls planned in the AWP % of budget value implemented / budget allocated (commitments from calls)

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 (a good balance of) the proposals selected (effectiveness); Compliance (legality & regularity); Prevention of fraud (anti-fraud strategy)

Main risks ***It may happen***	• 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

that:	selection and award criteria defined in the annual work programme and subsequent calls for proposals. • Risk of poor quality of selected proposals reducing the programmes' effectiveness because: ✓ the procedure for awarding grants is quite complex with regard to compliance with the legal requirements ✓ only projects of good quality ensuring a high impact of the EU programmes should be funded while avoiding double-financing of the same subsidised action. • The applicant might not have stable and sufficient sources of funding to maintain his activity throughout the period during which the action is being carried out or the year for which the grant is awarded and to participate in its funding
Mitigating controls	• Proposals are selected according to the selection and award criteria published in the Call for Proposals; • The evaluation of proposals is supported by external experts: each proposal is evaluated by at least two experts who work independently from each other. The experts are selected from an open call for expression of interest, giving due regard to the absence of conflict of interest; • The parents DGs are involved in the evaluation procedure, either in the selection directly or by providing feedback to special cases and as member of the Evaluation Committee. All persons concerned sign a declaration of absence of conflict of interest prior to the start of the evaluation exercise; • Hierarchical validation by the AOD of ranked list of proposals; • During the selection procedure, the Agency checks the exclusion, eligibility, selection and award criteria; • Consultation with other DGs and colleagues in the Agency on special cases concerning potential overlaps with ongoing projects, technical opinion, etc; • A consultation (ISC) on the ranking list of the selected proposals is launced by AOSD via ARES to prevent double funding of the same project; • Redress / Complaint procedure -an administrative process allowing an applicant, who considers that a procedural act by an authorising officer adversely affects its rights, to challenge this act
How to determine coverage, frequency and depth	• 100% of proposals are evaluated • 100% vetting of experts for technical expertise and independence (e.g. conflicts of interests, nationality bias, ex-employer bias, collusion) • 100% of ranked list of proposals. Supervision of work of evaluators • 100% of ranked list of proposals validated by the AOD • 100% of ranked list of proposals sent for ISC with parent DGs • 100% of contested decisions are analysed and a decision is taken
How to estimate the costs and benefits of controls	**Costs:** • Estimation of cost of staff involved in the evaluation and selection of proposals. • External costs: expert expenses if available AAR 2015: costs are measured for stage 1 globally (phase A + B). Globally 14% of staff costs is dedicated to stage 1 programming,

	evaluation and selection. **Benefits:** Qualitative benefits: expert evaluators from outside the Commission bring independence, state of the art knowledge in the field and a range of different opinions. This will have an impact on the whole project cycle: better planned and better executed projects. Selection controls ensure that the projects with most merit are funded which is a very significant but mostly qualitative benefit.
Control indicators	**1a) Effectiveness:** • % number of proposals evaluated positively/number of proposal received • % value of proposals evaluated positively/value of proposals received • % of redress cases (complaints) leading to re-evaluation/total number of evaluated proposals **1b) Efficiency:** Maximum "time to grant" indicator for stage 2 The new Financial Regulation entered into application on 1 January 2013 set out new time limits for time to grant. The time to grant is split in (i) average time to publication of selection results targeted at 6 months and (ii) the average time from the publication till the signature of grant agreements targeted at 3 months (FR 128.2). For H2020 the total limit is set for 8 months. These new targets apply to the calls published after 1 January 2013.

Stage 2: Contracting: Transformation of selected proposals into legally binding grant agreements

Main control objectives: Ensuring that the actions and funds allocation is optimal (best value for public money; effectiveness, economy, efficiency); Compliance (legality & regularity); Prevention of fraud (anti-fraud strategy)

Main risks ***It may happen that***	• The description of the action in the grant agreement includes tasks which do not contribute to the achievement of the programme objectives • Budget foreseen overestimates the costs necessary to carry out the action. • Risk of poor technical implementation of the project, including the communication of the projects' results, reducing the programmes' impact • The beneficiary lacks operational and/or financial capacity to carry out the actions. • A beneficiary is awarded several grants from the budget for a single action • Projects are overfunded (e.g. breach of co-financing, non-profit, non-cumulative, or non-retroactivity principles) • Procedures do not comply with regulatory framework.
Mitigating controls	• Adjustment phase, prior to the contract signature, during which project officers and financial officers check the technical and financial annexes of the future grant agreement, taking into account the comments made during the evaluation; • Check of the EWS database; • Use of model grant agreements recommended by the

	Commission, adapted to the programmes. Model Grant agreements are approved by the relevant parent DGs; • Validation of beneficiaries (operational and financial viability checks); • Request of financial guarantee following a risk-based approach; • Signature of the grant agreement by the AOSD; • Implementation of the evaluators' recommendation; • Hierarchical validation of the proposed adjustments.
How to determine coverage, frequency and depth	• 100% of the selected proposals and beneficiaries are scrutinised • Standard model grant agreement always used • 100% of coordinators financial status evaluated; • Request of financial guarantee based on risk assessment
How to estimate the costs and benefits of controls	**Costs:** Estimation of staff costs involved in the contracting process. Globally 14% of staff costs is estimated to be spent to stage 2 contracting. **Benefits:** • Quantitative benefits: difference between the budget value of the selected proposals and that of the corresponding grant agreements • Qualitative benefits: The whole committed budget is checked for quality (prevention of later errors). This stage should lead to a higher quality of technical results.
Control indicators	**2a) Effectiveness:** • % reduction of the EC contribution to the grant agreement as a result of the adjustment process, when applicable. **2b) Efficiency:** • Maximum time to grant The targets set in the 2015 AWP are: 3 months for SME instrument phase 1l; 6 months for SME instrument phase 2; 8 months for H2020 calls and 9 months for non-H2020 calls. **2c) Cost effectiveness** Cost effectiveness • Adjustment amount/EC funding requested Calculated at the level of programmes managed by the Agency

Stage 3: Monitoring the execution. This stage covers the monitoring of the operational, financial and reporting aspects related to the project and grant agreement

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

Main risks ***It may happen that***	• The actions foreseen are not, totally or partially, carried out in accordance with the technical description and requirements foreseen in the grant agreement; • The amounts paid exceed the amounts due or are not in

	accordance with the applicable contractual and regulatory provisions; • Risk of overpayment of project costs negatively affecting the efficiency and economy of the granted fund; • The beneficiary unduly obtains financial profit as a result from systemic or recurrent errors, irregularities, fraud or breach of obligations attributable to the beneficiary and having a material impact on a number of grants awarded to that beneficiary under similar conditions; • The agreed action or work programme is not carried out properly, in full or on time; • Operational performance of beneficiaries is inappropriate
Mitigating controls	• Guidelines and templates for applicants and beneficiaries to help prepare the budgets of the proposals and the cost-statements for financial reports; • Kick-off meetings and contractor's meetings involving the project coordinators in order to avoid project management and reporting errors; • Operational and financial ex-ante desk checks by the Agency's staff in accordance with the financial circuits, Manual of Procedures, and internal guidelines; detailed checking of final reports against the grant agreement • For riskier operations, enhanced ex-ante controls according to the Internal Control Strategy of the Agency. • Monitoring on-the-spot visits to check technical progress and deliverables; detailed checking of progress and interim reports to detect deviations timely and redirect the project on track • When needed, application of suspension/interruption/deduction of payments • Submitting cases to OLAF in case of suspicion of irregularities/fraud; flagging in EWS
How to determine coverage, frequency and depth	• 100% of the projects are controlled. • 100% review of interim, final technical and financial reports by Project Officers and Finance Officers • Riskier operations subject to in-depth and/or on-site controls. • High risk operations identified by risk criteria and red flags such as delayed interim deliverables, suspicion of plagiarism, unstable consortium, EWS, negative audit results, etc. • 100% ex-ante control performed by Finance unit and relevant sector concerned with the specific programme
How to estimate the costs and benefits of controls	**Costs:** • Estimation of staff costs involved in the actual management of running projects • Globally 65% of staff costs are estimated to be spent to stage 3 monitoring the execution. **Benefits:** • Quantitative benefits: value of errors detected during the ex-ante desk checks (costs claimed - costs accepted/paid by EASME taking into account the EU contribution). Extracted from ABAC for all programmes. • Qualitative benefits: the main non-quantifiable benefit of monitoring, processing amendments and scrutinising costs claims is to ensure the legality and regularity of the transactions (which could be seen as ensuring the near 100% regularity of the payments made).

Control indicators	**3a) Effectiveness:** • Value of detected errors • % of detected errors vs total value cost claims submitted **3b) Efficiency:** • Maximum time to pay **3c) Cost-effectiveness** • Detected errors by ex-ante controls = total value of detected errors/ total value of cost claims controlled by the ex-ante control

Stage 4 - Ex-Post controls

A - Reviews, audits and monitoring

Main control objectives: Measuring the effectiveness of ex-ante controls by ex-post controls; detect and correct any error or fraud remaining undetected after the implementation ex-ante controls (legality & regularity; anti-fraud strategy); addressing systemic weaknesses in the ex-ante controls, based on the analysis of the findings (sound financial management); Ensuring appropriate accounting of the recoveries to be made (reliability of reporting, safeguarding of assets and information)

Main risks *It may happen that*	The ex-ante controls fail to prevent, detect and correct erroneous payments or attempted fraud; errors (ineligible costs reimbursed due to the complexity of the rules) remain undetected and uncorrected before the end of the control cycle; "irregularities" (intentional over-claims, fictitious subcontracting/outputs) are not detected and corrected
Mitigating controls	• Ex-post control strategy: audits are carried out on a multi-annual basis (programme's lifecycle) to determine the level of errors not detected by ex-ante control at a given moment in time; detect and improve weaknesses in the ex-ante controls; recover the ineligible costs not detected by ex-ante control; • The ex-post control strategy involves value targeted sampling, aiming at cleaning the largest amount and thus maximising assurance and the cost-effectiveness of controls, based on selection criteria such as high amounts granted, high number of projects, geographical balance etc. In addition a number of risk-based audits to address specific risks; • Ex-post audits are carried out on a multi-annual basis (programme's lifecycle). • The on-the-spot audits are carried out independently by an external contractor (i.e. free of conflict of interest) and in conformity with detailed procedures and guidelines. The Agency's ex-post control function is responsible for the coordination of the on-the-spot controls, the review and the follow up of the ex-post audit reports and is independent from the ex-ante control organisation. • Beneficiaries who are suspected of committing irregularities of fraud are signalled to OLAF.
How to determine coverage,	**Coverage:** • Value targeted sampling, for maximising the value of any

frequency and depth	transactions and the cost-effectiveness of controls, based on selection criteria such as high amounts granted • In addition, a number of risk-based audits for addressing specific risks and/or cases of fraud. **Depth:** detailed review and testing of supporting documents and transactions related to the cost claims submitted by the beneficiary
How to estimate the costs and benefits of controls	**Costs:** • Estimation of staff costs involved in the coordination and execution of the audit strategy • External costs: cost of the audit firm for the outsourced ex-post controls • AAR 2015: internal costs are measured for stage 4 globally (phase A + B). Globally 7% of all staff costs involved in grant management controls is dedicated to stage 4 ex-post controls and recoveries **Benefits:** • Quantitative benefits: Value of the errors detected by the auditors including value of the errors of risk-targeted audits (see below under 4c). Only errors detected in the ex-post controls of the reporting year (not on a cumulative basis). • Qualitative benefits: Deterrent effect, learning effect for beneficiaries, improvement of ex-ante controls or risk approach in ex-ante controls by feeding back findings from audit, improvement in rules and guidance from feedback from audit.
Control indicators	**4a) Effectiveness:** <u>Multi-annual indicators (2008 until reporting year)</u> • Number of audits finalised • Detected error amount = EC share ineligible costs = Costs accepted ex-post minus costs accepted and paid ex-ante • Detected error rate = EC share ineligible costs / EC share costs paid • %budget value part audited, audit coverage • Residual error rate versus threshold of 2% Due to their specific nature, error rates of risk-targeted audits are not included in the average error rate calculated on the total sample. **4b) Efficiency (see phase 4B): recovery status** **4c) Cost effectiveness:** • Total average value of ex-post benefits and recoveries (annual)/total average cost of ex post costs (annual) The benefits and costs of ex-post controls and implementation shown under 4c) are related to ex-post controls carried out in the reporting year 2015. The figures can therefore not be compared with the figures under 4a) and 4b) which reflect the multi-annual and cumulative indicators. Furthermore for the benefits of the ex-post controls in 2015, the results of the risk-targeted audits are included as well as they contribute to the detection and correction of errors, in addition to the value-targeted audits.

B - Implementing results from ex-post audits/controls

Main control objectives: Ensuring that the (audit) results from the ex-post controls lead to effective recoveries (legality & regularity; anti-fraud strategy); Ensuring appropriate accounting of the recoveries made (reliability of reporting)

Main risks ***It may happen that***	The errors, irregularities and cases of fraud detected are not addressed or not addressed in a timely manner
Mitigating controls	- The operational units have to confirm the implementation of the corrective actions (recovery, payment) and actions taken to avoid similar errors in the future by completing the audit-follow up sheets; - Lessons learned from the implementation of audit results are exploited to reinforce the control systems; for example improvement of guidelines for beneficiaries following unclear instructions ; - The results of prior ex post audits revealing systemic errors are applied to the new grant payment requests of the same beneficiary; - Financial operational validation of recoveries is carried out in accordance with financial circuits; - Authorisation by the AOSD; - In case AOSD decides not to implement audit finding, approval of the AOD is needed.
How to determine coverage, frequency and depth	Coverage: 100% of final audit results *with a financial impact.* Depth: all audit results are examined in-depth in making the final recoveries. Systemic errors are extended into corrections of non-audited projects by the same beneficiary
How to estimate the costs and benefits of controls	**Costs:** • Estimation of staff costs involved in the implementation of audit results • AAR 2015: costs are measured for stage 4 globally (phase A + B). Globally 7% of all staff costs involved in grant management controls is dedicated to stage 4 ex-post controls and recoveries **Benefits:** • Correction of errors detected by ex-post controls (recoveries) in the reporting year (annual basis), including risk-targeted audits
Control indicators	**4a) Effectiveness:** Multi-annual indicators (2008 until reporting year) • Errors corrected • Errors not corrected • Uncorrected error rate **4b) Efficiency:** • Recovery status (%): recoveries / detected error amount Multi-annual cumulative basis (2008 until reporting year) **4c) Cost benefit:** see stage 4 A

ANNEXES 6-11

Non applicable:

- ANNEX 6: Implementation through national or international public-sector bodies and bodies governed by private law with a public sector mission (if applicable)
- ANNEX 7: EAMR of the Union Delegations (DG DEVCO only)
- ANNEX 8: Decentralised agencies (if applicable)
- ANNEX 9: Performance information included in evaluations
- ANNEX 10: Specific annexes related to "Management of Resources"
- ANNEX 11: Specific annexes related to "Assessment of the effectiveness of the internal control systems"

ANNEX 12: Financial Performance Tables

TIME TO GRANT - COMPLETED CALLS 2015

Programme		Number of SIGNED Grant Agreemnts	Time to Inform Result (days)	Time to Sign Result (days)	Time to Grant Result (days)	Target year 2015 (days)*	AVERAGE TTG
COSME - Network		84	127	108	235	274	235
COSME - Actions		83	136	86	222	274	216
H2020 - Innovation SME		82	125	116	241	245	241
H2020 - SME instrument	Phase 1 cut-off 2 (24/09/2014)	174	72	185	257	92	137
H2020 - SME instrument	Phase 1 cut-off 3 (17/12/2014)	259	91	110	201	92	137
H2020 - SME instrument	Phase 1 cut-off 1 (18/03/2015)	149	50	98	148	92	85
H2020 - SME instrument	Phase 2 cut-off 1 (09/10/2014)	60	75	260	335	183	203
H2020 - SME instrument	Phase 2 cut-off 1 (18/03/2015)	37	75	179	254	183	143
H2020 - Innovation SME	Innosup-4 (Cut-off 10/2014)	1	100	74	174	183	174
H2020 - Innovation SME	Innosup-5 (Cut-off 11/2014)	3	182	89	271	245	266
H2020 - Innovation SME	Innosup-5 (Cut-off 02/2015)	5	138	174	312	245	221
EMFF		18	109	96	205	274	146
H2020 - SC3: Secure, clean and efficient energy	Call 2014	45	153	91	244	245	242
H2020 - SC3: Secure, clean and efficient energy	Call 2015	5	97	85	182	245	178
H2020 - SC5: Climate action, environment, resource efficiency and raw materials	Call 2014	51	152	101	253	245	244
H2020 - SC5: Climate action, environment, resource efficiency and raw materials	Call 2015	18	99	136	235	245	232
LIFE - Operating grants 2014	(15/10/2014)	24	135	104	239	274	227
LIFE - Action grants 2014 Climate action	(24/10/2014)	26	151	247	398	274	273
LIFE - Action grants 2014 Environment	(24/10/2014)	96	193	230	423	274	310
LIFE - Capacity Building		14	39	85	124	274	124