



# Annual Activity Report 2021

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DG BUDGET

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## **ANNEX 1: Statement of the Director in charge of Risk Management and Internal Control**

*I declare that in accordance with the Commission's communication on the internal control framework<sup>1</sup>, I have reported my advice and recommendations on the overall state of internal control in DG BUDG to the Director-General.*

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

*Brussels, 31 March 2022*

*e-signed*

*Reinder van der Zee*

*Director in charge of Risk Management and Internal Control*

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<sup>1</sup> C(2017)2373 of 19.04.2017.

## ANNEX 2: PERFORMANCE TABLES

### PART 1. Delivering on the Commission's priorities: main outputs for the year

#### General objective: 3. AN ECONOMY THAT WORKS FOR PEOPLE

*Specific objective: 3.1. Design, negotiate and manage EU budget expenditure and revenue that delivers efficiently on Union priorities and provides added value through the financing of EU public goods*

#### Main outputs in 2021:

##### New policy initiatives

Output	Indicator	Target	Latest known results (2021)
Commission communication and legislative proposals on the next generation of EU own resources for the EU budget to contribute to the repayment of <b>NGEU</b> and to the financing the <b>Social Climate Fund</b>	Adoption of the proposal of new own resources based on CBAM, ETS and residual profits and an amendment of the 2021-2027 MFF Regulation to allow for additional expenditure to repay NGEU borrowing and the Social Climate Fund.	June 2021	The package of Commission proposals for amending the respective legal acts was adopted on 22.12.2021.
Commission communication on NGEU funding strategy based on close links to RRF and other NGEU funded programmes  Commission Decisions on Borrowing arrangements to implement diversified funding strategy	Definition of an appropriate diversified funding strategy for NGEU, taking into account the need to serve requests for funds/payments timely while ensuring that corresponding bond issuances remain successful during the implementation of the programme.	31 April 2021 and 31 December 2021	Communication to Council and EP on funding approach published on 14 April 2021.  Annual Borrowing Decision and first Funding Plan published on 1 June. Annual Borrowing Decision for 2022 and Funding Plan for H1 2022 published on 14 December 2021.
"Green bonds framework" with a view to reaching the target of 30% of NGEU being raised via green bonds	Green bond framework published in Europa.eu as Staff Working Document in June (along with 2nd party opinion).	June 2021	Green Bond Framework published on 7 <sup>th</sup> September. First NGEU Green Bond issuance executed on 12 October 2021

##### Other important outputs

Output	Indicator	Target	Latest known results (2021)
Own Resources (OR) legislative package [VAT simplification & plastic-based OR] including implementing legislation [IMSOR, MAR & amended VAT-OR Regulation 1553/89]	Adoption of the package as soon as possible  Decreasing administrative burden for EU and Member States	In 2021  Decreased length of inspections	Implementing regulation adopted, entered into force with the OR Decision on 1 June 2021.  In addition to OR legislative package and following a request by the Council at the EU Summit in July 2020, proposal for amending the Making available regulation 609/2014 was adopted on 25 June 2021 to further strengthen the system of making available OR, to ensure regular and timely payments to the EU budget.
Operationalisation of the RRF: assessment of Recovery and Resilience (RR) national plans,	Assessment of the 'payments, control and audit' section of the RR	In 2021.	Assessment of texts on controls and audit of the 26 RR submitted national plans;

Financing agreement, payment schedule, milestones, and targets/ payments	plans completed on time  Adoption of the financing agreement template before end of April		reviews of draft staff working documents and Council implementing decisions, operational arrangements and first payment requests.  Financing agreement presented to Member States in June.  Contribution to ECFIN's control strategy of the RRF and guidance on avoiding double funding.
Establish an annual budget for 2022 according to needs within legal deadlines respecting the political priorities	Statement of estimates (SoE) adopted in June; draft budget by mid-July.	2022 budget adopted by the December 2021 plenary	SoE adopted on 8 June (SEC(2021)250), draft budget adopted on 9 July (COM(2021) 300). Budget 2022 finally adopted and signed by EP President on 24 November 2021.
Annual budget implementation making use of transfers and carryovers	All budgetary authority transfers and Draft Amending budgets (DABs) adopted by the EP and the Council	End 2021	30 budgetary authority transfers proposed and adopted in 2021. 6 DABs proposed and all adopted (as proposed) by 24/11/2021.
Regular monitoring of annual budget execution to ensure full implementation	Active Monitoring and Forecast of Budget Implementation (AMFBI) + working document on implementation and assigned revenue produced on time.	3 x year (March, June-July, October)	AMFBI report prepared in February. Working document V on budget implementation for the DB prepared in June replaced the summer AMFBI note; autumn AMFBI note prepared in October. All documents presented in the dedicated interinstitutional meeting on payments.
Technical adjustments of the MFF (technical update of 2022 including specific features agreed for the MFF 2021-2027)	Timely adoption for the annual budget procedure	June 2021	Annual technical adjustment for the 2022 adopted on 7 June 2021 (COM(2021)365).
Enhance agility of the budget by strategic planning and foresight through annual long-term (5 years) forecast of revenue and expenditure (It includes the update of scenarios of annual revenue projection and payment needs for all MFF + NGEU payments/planned borrowing).	Report produced before end of June	June 2021	Long-term forecast of future inflows and outflows of the EU Budget adopted on 30 June 2021 (COM(2021)343). Exceptionally covers 7 years (2021-2027) in accordance with the IIA. Includes NGEU payments/planned borrowing.
ACOR forecast - Calculation of Own Resources bases	Approval in the ACOR meeting: revised 2021 TOR and forecast of 2022 TOR, plastics-based contribution, VAT and GNI basis for 2021 and 2022; changes related to the new OR Decision.	June 2021	The forecast of the OR bases for 2021 and 2022 was agreed with the Member States in the ACOR meeting on 26 May 2021.  The forecast based on the new ORD, entered into force on 1/06/2021.
-Revised calculation of Own Resources bases for non-recycled packaging waste (PPW)	Approval of revised plastics-based contribution for 2021 and forecast for 2022, following the entry into force of ORD 2020	September 2021 (originally not foreseen)	The forecast of the updated plastics OR bases for 2021 and 2022 was agreed with the MS in the ACOR written procedure from 03/09/2021.

	(01/06/2021) and related Making Available Regulation (MAR2)		Forecast is based on the new Own Resources Decision (ORD 2020) entered into force on 1 June 2021.
Calculation of the UK rebate	The updates of 2017-2019 UK correction	April 2021	Based on Articles 136&148 of the Withdrawal Agreement, the amount of the updates of 2017-2019 UK correction was included in the April invoice to the UK.

### General objective: 3. AN ECONOMY THAT WORKS FOR PEOPLE

*Specific objective: 3.2. Develop policy-relevant knowledge, performance, and financial intelligence in order to optimize the use of resources, influence policy design and ensure efficient and effective implementation of the spending programmes*

#### Main outputs in 2021:

##### New policy initiatives

Output	Indicator	Target	Latest known results (2021)
Communication on the performance framework 2021-2027	Timely adoption of the Communication	June 2021	Adoption on 8 June.

##### Enforcement actions

Output	Indicator	Target	Latest known results (2021)
Developing country knowledge	Country information for all MS available, with priority given to information related to RRF.	30 April 2021	Developed in a pilot format (for two pilot countries) in 2020/2021 and put on hold. If continued, it will be linked to BUDGpedia.
Enhanced partnership with Member States	Better Spending Network set up to share best practices and identify weaknesses on issues related to public spending.	June 2021	The first high-level conference was cancelled due to pandemic. The launch of the Better Spending Network is put on hold.

##### Other important outputs

Output	Indicator	Target	Latest known results (2021)
Publication of reinforced performance analysis, with focus on EU added value	Timely publication of programme statements (annexed to DB2022)  Timely publication of programme performance overview (annexed to AMPR2020).	June 2021 (together with Draft Budget 2022)	Publication on 8 June.  Publication on 8 June.
Focused tracking for the different strands of mainstreaming (climate, digital, gender, SDGs) under the next MFF + COVID tracking	Updated methodologies presented in Draft Budget 2022	June 2021 (together with Draft Budget 2022)	Reporting on mainstreaming (climate, biodiversity, gender, SDGs) was improved in the performance package adopted on 8 June. Methodology for tracking EU expenditure in the area of

			climate is planned to be published in Q1/2022, the one for gender equality will be used in the context of DB2023 (Q2/2022).
Enhanced economic and budgetary analyses	Improved and expanded modelling capabilities on the revenue and expenditure side of the budget for the assessment of allocative expenditures, redistributive and growth stabilisation effects of the EU budget and NGEU, in a short, medium and long-term perspective.	In 2021 Move from the negotiation model for the MFF 2021-2027 to fully fledged implementation and forecasting model including economic variables.	On 29.10.2021 BUDG published the first EU budget policy brief on evolving nature of the EU budget, starting a series of analytical papers. Internal analysis on Strategic autonomy and the EU budget was produced and internal workshop open to other DGs took place in June 2021. The technical migration to a new business intelligence tool for processing long-term MFF-relevant data was initiated in Q4, 2021.
Reinforced DG BUDG role as the centre of competence for financial reporting of the European Commission and its different agencies.	Implementation of an EC corporate planning and forecasting tool. Implementation of 12 new corporate financial indicators in the financial scorecard.	Implementation by end of 2021. Implementation by end of 2021.	The forecasting tool went live in April 2021. 11 indicators are implemented by November 2021.

### General objective: 3. AN ECONOMY THAT WORKS FOR PEOPLE

*Specific objective: 3.3. Enhance agility of the budget by strategic planning and foresight, harmonized asset management as well as efficient use of financial instruments, budgetary guarantees and the budgetary headroom*

#### Main outputs in 2021:

#### New policy initiatives

Output	Indicator	Target	Latest known results (2021)
Monitoring and reporting on financial instruments and budgetary guarantees	Publication of the reports foreseen by Articles 41(4) and 41(5) of the Financial Regulation on financial instruments and budgetary guarantees respectively	First Article 41(5) report June 2021 (together with Draft Budget 2022)	Reports on financial instruments, budgetary guarantees, contingent liabilities and the Common Provisioning Fund (Art. 41(4) and 41(5) FR) were published on 8 June. Working document X: Financial Instruments and working document XI: Budgetary guarantees published with adoption of SoE 2022 on 8/06/2021.
Sustainability of Contingent Liabilities	First Report on sustainability of Contingent Liabilities (Art. 250 of the Financial Regulation) encompassing	September 2021	Report published on 5/11/2021. BUDG developed a methodology for assessing the budgetary risks

	budgetary guarantees, borrowing and lending activities.		stemming from contingent liabilities, specifically adapted to the EU budget. It provides the analytical basis for the related reporting.
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### Other important outputs

Output	Indicator	Target	Latest known results (2021)
Operationalisation of borrowing and lending activities under Next Generation EU.	Timely executions of funding operations and of requested payment Robust governance model Short-term funding liquidity management solutions. Forecasting process for disbursements Accounting flows and budgetary reporting Codified relations with bank counterparties: Reinforced communication channels with investor base.	31 December 2021 - ongoing	Effective execution of five NGEU syndications (including one NGEU Green Bond), two bond auctions and seven Bill auctions, with a daily average cost of funding for the period June to December 2021 of 0.14%.  All NGEU disbursements done within six working days after signing the Financing and Loan Agreements.  Established: -liquidity, forecasting, disbursement management processes and tools, -Primary Dealers network, -regular communication with investor base.
Deeper communication channels with MS Debt Management Offices and peer issuers	Enhanced relationships with Member State DMOs and Peer Institutions (bilateral or group meetings and calls, written exchanges)	31 December 2021 - ongoing	Several meetings took place with the EFC/ESDM in addition to bilateral exchanges with DMOs. First quarterly update on NGEU outstanding claims and liabilities discussed at COMBUD/ESDM.
EU bond issuance for SURE	Timely establishment of an appropriate issuance plan for the SURE borrowing operations in 2021  Execution of remaining transactions	Plan in place in January 2021  Issuance plan completed by July 2021.	SURE issuance established and executed in line with requirements.  Last required issuance executed on 18 May 2021
Support the Steering Committee on Contingent Liabilities in implementing a corporate risk management and reporting framework	Completion of the corporate risk management framework and ensuring its consistent application to internal and external guarantees  Standardise financial and non-financial provisions of guarantee agreements	Risk management framework in place by March 2021 (as SWD): presentation to implementing partners.  Credit Risk model operational: summer 2021.	The corporate risk management and reporting framework for contingent liabilities is now well established with regular meetings of the Steering Committee on Contingent Liabilities.  Good progress has been made on the unified credit risk model. Other DGs, involved in the process are testing it.



<p>Sound governance of CPF assets by BUDG</p>	<p>Effective governance of the asset and financial risk management</p> <p>Progressive alignment of CPF portfolio on CPF benchmark</p> <p>Design of the shorter-term Tactical Asset Allocation (TAA)</p> <p>Update Effective Provisioning Rate and publish first annual report on CPF</p>	<p>In 2021</p> <p>2021(dependent also on market conditions)</p> <p>TAA in place by January 2021</p> <p>First report on CPF: Q2/2022</p>	<p>Governance of asset and financial risk management adopted on 25/02/2021 (100%)<sup>2</sup>.</p> <p>CPF portfolio, composed of four compartments: EFSI, InvestEU, GFEA, EFSD, was aligned to CPF benchmark.</p> <p>The short-term TAA was adopted within deadlines and in line with the asset management governance.</p> <p>The Effective Provisioning Rate was kept at 100% for the 2021 and 2022 budget.</p>
<p>Implementation of an ESG investing policy within the CPF portfolio management framework, promoting Commission's sustainable finance initiative</p>	<p>CPF's bond investments complying with the ESG investing policy as expressed in the CPF Asset Management Guidelines.</p>	<p>Implementation beginning in 2021</p>	<p>The CPF is managed according to the ESG investing policy as expressed in the CPF Asset Management Guidelines.</p>
<p>Prudent management of budgetary headroom</p>	<p>Ensure that at any point of time, the headroom is sufficient to cover all contingent liabilities falling due in the same year with regards to the Own Resources Decision in force.</p>	<p>Maintain high ratings, account being taken of evolving circumstances</p>	<p>Maturity planning for NGEU debt operations done, including the establishment of an annual ceiling for maturing debt.</p> <p>Enhanced reporting on headroom in long-term forecast report on future inflows and outflows of EU budget; regular meetings with rating agencies.</p>

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<sup>2</sup> This governance is based on best practice (confirmed by independent evaluations) in treasury asset management, following the benchmarking with peer institutions and consultation with the World Bank.

**General objective: 5: PROMOTING OUR EUROPEAN WAY OF LIFE**

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

**Main outputs in 2021:**

**Other important outputs**

<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known results (2021)</b>
Effective management of the Commission's own resources	Follow-up of all OR due (recovery or contradictory procedure); correct recording of all transactions of the MS in respect of own resources	100%	100%  All open infringement cases have been effectively followed up.
Advising internal and external stakeholders on legal issues relevant for OR matters and managing any questions with respect to the Protocol on the Privileges and Immunities of the EU	Satisfaction by stakeholders with adequateness and timeliness of output delivered	High satisfaction achieved	All requests for legal advice have been replied to on time.
Effective management of the discharge process	EP grants the 2019 discharge	Adoption in April 2021  Throughout 2021, timely and quality Commission replies to ECA audits and discharge requests	EP granted the 2019 discharge in 2021 by a very large majority.  Replies to around 30 ECA special reports, ECA annual report, annual report on performance, around 100 Council discharge requests, 200 EP requests; report on the follow-up to the 2019 discharge adopted as part of the IFAR.
	Maintain constructive relations with the ECA and the CONT Committee	Throughout 2021	Cooperation with the ECA and CONT Committee maintained throughout the audit and discharge processes, paving the way to the 2019 discharge.
	Contributing to the ECA future multiannual strategy (statement of assurance, performance)	On a continuous basis until the adoption of the ECA 2021-2025 strategy	The ECA multiannual strategy was adopted in early 2021. BUDG since then coordinated among others the Commission's inputs to the Court's various work streams on NGEU and the Recovery and Resilience Facility.
High quality and readable reporting, with a positive impact on discharge discussion	Adoption of the 2020 Annual Management and Performance Report  Adoption of the Annual Activity Reports	Adoption in June 2021  Review in view of adoption by DGs by 31/3/2021 (30/4/2021 for shared management)	Adoption 8 June 2021  The main messages have been gathered in a high-level succinct main body (10 pages), with all details in annexes, thus enhancing readability and accessibility.  A set of "performance webpages" has been launched, with easily accessible performance information for all EU spending programmes.

## General objective: 5: PROMOTING OUR EUROPEAN WAY OF LIFE

**Specific objective: 5.2** Strengthen the protection of the EU budget from financial risks including to the generalized deficiencies as regards the rule of law in the Member States by greater transparency, knowledge sharing and accountability achieved by regular dialogue between all concerned stakeholders

### Main outputs in 2021:

#### Enforcement actions

Output	Indicator	Target	Latest known results (2021)
Development of Domain Leadership	Publication of Guidance Note on avoidance and management of Conflicts of Interest and awareness raising campaign in different fora	Publication in the first quarter 2021	Publication on 9 April 2021.  Advice and support to DGs as regards the enforcement of Article 61 FR (continuous actions throughout the year).
	Representing BUDG in JUST-led country teams for the preparation of the annual RoL report	Yearly cycle (continuous action).	More than 27 meetings are organised per year, with last series of meetings in Q4/2021.
	Representing BUDG in RECOVER/ECFIN country teams for the assessment and implementation of National Recovery and Resilience Plans	Yearly cycle (continuous action).	More than 27 meetings are organised per year, with last series of meetings in Q4/2021.
Improving quality and interoperability of information on beneficiaries of EU funds	Implementing new provisions in CAP, CPR, RRF, BAR and EGF to enhance quality and interoperability of data collected by Member States.	With the adoption of the CPR, CAP, RRF proposals	CPR (Regulation 2021/1060), RRF (Regulation 2021/241), EGF (Regulation 2021/691), BAR (Regulation 2021/1755) and CAP (Regulation 2021/2116) contain provisions that enhance Member States' data quality and interoperability.
	Expanded FTS database with indirect management projects	July 2021	FTS data on revamped website as of June, include indirect management beneficiaries as of 09/2021.
Leading the enforcement and implementation of the new conditionality Regulation for the protection of the EU budget	Publication of Guidelines to facilitate the implementation, including methodology for carrying out the Commission assessment	End of 2021 / beginning of 2022	Consultation of Parliament and Member States concluded in August 2021. ISC on the draft guidelines to follow the Court of Justice's judgment on the actions for annulment of the Regulation, expected on 16 February 2022.

## Other important outputs

Output	Indicator	Target	Latest known results (2021)
Risk management related to the NGEU borrowing and lending activities	Implementation of dedicated governance, risk management policies and procedures for B&L operations.	31 December 2021.  Development of the policies/procedures - 30/5/2021 (i.e. for the start of the implementation of NGEU).	A Chief Risk Officer/Deputy Director-General to oversee the implementation of the NGEU borrowing and lending operations, was appointed on 1 September 2021. The CRO developed the High Level Risk and Compliance Policy for NGEU operations, which was approved by the Member of the College, responsible for Budget in December 2021. Risk and Compliance Committee for NGEU was set up by the CRO and the first meeting took place in Q4.  Manuals and procedures for NGEU transactions: set up.

## General objective: 5: PROMOTING OUR EUROPEAN WAY OF LIFE

*Specific objective: 5.3. Promote strong enforcement culture to protect the EU budget, including the revenue side*

### Main outputs in 2021:

## Other important outputs

Output	Indicator	Target	Latest known results (2021)
Continue cooperation with Member States (in coordination with ESTAT and TAXUD) on remote inspection framework.	Degree of completion of agreed programme of inspections.  All Member States included in the inspection programme undergo inspections due in 2021 (on-the-spot or remotely).	100%  100%	100% for VAT and 92% for TOR  2 inspections were postponed by the MS (again) to April 2022 due to: BE- COVID; UK-unavailability of the UK authorities on proposed dates.
Inspections on simplified VAT and plastics-based OR	Establishment of new control framework for simplified VAT-based OR and plastics-based OR, including involving relevant expert group/committee and control guidelines.	New framework established by December 2021	Revised internal VAT-based OR guide based on amended Regulation 1553/89 was presented to Member States at the 77 <sup>th</sup> ACOR/VAT in 11/2021.  Memorandum of understanding between BUDG, ESTAT and ENV on the implementation of plastics-based OR was signed in 11/2021.
Customs enforcement strategy  Cooperation with TAXUD and OLAF for the protection of EU financial interests.	Rollout of the strategy for EU27 and UK in 2021  Establishment of the Joint Analytics Capability (JAC)	First semester 2021  JAC to be operational within 2021	Notification letters were sent to all MS on 7 May 2021.  Memorandum of Understanding for the establishment of the JAC was signed by BUDG, TAXUD and OLAF in 11/2021. Analytical work started in five projects (TAXUD on lead).
Assessment of TOR write-off reports (in coordination with	Timeliness and quality of assessment of Member States' write-off reports and	All irregular TOR write-off amounts are made available	All first assessments of TOR write-off reports have been made on time. In 2021, 103 reports were assessed (65) or re-assessed

TAXUD, OLAF and LS)	related financial impact	to the EU budget	(38) with a volume of EUR 54.8 m. In 65 of the 103 cases (volume of 22.5 m), Member States are considered liable. In general, payment is made, in few instances under reservation. Making available is being followed up.
Brexit reporting	<p>Delivery of the various reports required during 2021.</p> <p>This includes reports on amounts owed to/from UK in respect of share of liabilities under financial instruments/budgetary guarantees.</p> <p>This also includes the annual UK contributions to the EU budget – UK invoices.</p>	<p>First deadlines Reports - 31/03/2021</p> <p>UK invoices – 16/04/2021 and 16/09/2021</p>	<p>Legal advice provided as necessary; modalities on treating adjustments and corrections were being agreed with the UK.</p> <p>Reports issued: Communication on the UK share (Art. 139 of the WA) (25/03/2021); Report on the outstanding commitments (Art. 140 of the WA) (30/03/2021); UK payments in 2021, April invoice (Art. 148 of the WA) (16/04/2021); UK payments in 2021, September invoice (Art. 148 of the WA) (16/09/2021); Report under Art. 147 (legal cases) (25/03/2021); Report on articles 143/144 WA.</p> <p>-Working with PMO, HR &amp;ESTAT on Art 142: first pension amounts finalised 30/06/2021, included in September invoice.</p>
Budgetary aspects in the relations with the third countries (new)	Establish the common framework for the third countries participation in the EU programmes	In 2021	Horizontal guidance, association agreement templates and targeted support provided to the negotiations of association agreements for participation in Union programmes under the 2021-2027 MFF.
Modern and efficient management of Member States' own resources payments – TOR	<p>Timely and accurate collection of OR contributions and related payments</p> <p>Opinion of the Court of Auditors</p>	<p>100%</p> <p>Positive opinion</p>	<p>100% as of June 2021</p> <p>All open infringement cases have been effectively followed up.</p> <p>23 out of 25 TOR inspections planned for 2021 have been carried out.</p> <p>ECA's Annual report: revenue is free from material error and the revenue-related systems are generally effective. As regards the key internal TOR control systems in MSs, a recommendation is addressed to the Netherlands to strengthen the reliability of its TOR accounts and related statements by end 2022.</p>
Launching infringement procedures against MS in breach of own resources rules	Adoption by the College of the relevant documents: Letter of formal notice, Reasoned Opinion, Referral to Court.	To be achieved each year	All cases presented to College have been adopted.

## General objective: 7: A MODERN, HIGH PERFORMING, SUSTAINABLE COMMISSION

**Specific objective: 7.1.** Act as a centre of excellence and trusted partner for Commission services, other institutions, agencies and bodies, Member States and beneficiaries regarding:

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

### Main outputs in 2021:

#### Other important outputs

Output	Indicator	Target	Latest known results (2021)
Revision of the Financial Regulation	Legislative proposal for punctual revision of the Financial Regulation to bring it in line with the result of the MFF 2021-2027 negotiations.	Commission proposal 2 <sup>nd</sup> quarter 2021	Road map published; public consultation finalised in October 2021. Commission proposal in 2 <sup>nd</sup> quarter 2022.
Executive Agencies delegation package	Adoption of single establishment act and delegation instruments and then revision of the executive agencies guidelines.	Commission decision 1 <sup>st</sup> quarter 2021	Decision adopted 12 February 2021.
Model Financial Regulation for Joint Undertakings	Revision of the Model Financial Regulation in the light of the adoption of the Single Basic Act for Joint Undertakings	4 <sup>th</sup> quarter 2021	Ongoing assessment of the need for the MFR revision. The assessment is also subject to the adoption of the Single Basic Act for Joint Undertakings, postponed to 1 <sup>st</sup> quarter 2022.
Deliver EU, Commission, EDF and other accounts on time and to a high quality, as well as providing prompt, high quality guidance & support to all EU entities on accounting matters	Annual accounts adopted on time by the Commission and by relevant other authorities & positive DAS on annual accounts from ECA.	30 June 2021	Accounts delivered on schedule – clean opinion received for all.
Provide authorising departments with constantly updated information on the financial situation of debtors, riskier beneficiaries and contractors	Weekly report on financial situation of debtors and riskier jurisdictions.	30 September 2021	Since March 2021, BUDG monitors the financial situation of debtors and provides AOs with the available information on the Dun&Bradstreet to assess risks when paying to or contracting with these legal entities.
Monitor that AODs establish receivable amounts timely	Set up monthly monitoring establishment of amounts receivable from OLAF	30 March 2021	Guidelines to the DGs on the continuous provision of information have been prepared and presented to CMB. They are expected to be completed in the autumn so that the monthly monitoring is implemented from

			January.
Commission corporate risk-based policy for the management of recoveries; recovery performance yardstick	Monitoring on the timely processing of Recovery Orders throughout the Commission Annual clearing Commission decision	31 December 2021	Commission decision prepared for the interservice consultation in the end of the year, with foreseen adoption in Q1/2022.
Based on lessons learnt from its own assessment and from the European Court of Auditors, engage in structured dialogues with some DGs to define appropriate solutions (simplification of rules, more efficient ex-ante/ex-post controls, improving performance aspects)	Steering the structured dialogues by organising working groups with the relevant DGs	1 <sup>st</sup> half of 2021	Meetings organised end of 2020 and 1st semester 2021 with RTD leading to an action plan to be followed-up in July and REGIO to improve reporting in the AARs.
	Ensuring that concerned DGs establish appropriate action plans	1 <sup>st</sup> half of 2021	Workshop organised together with DG RTD and the ECA on simplified cost options in March 2021.
Coordination and modernisation of financial management across the Commission Promote simplification, coherence and sound financial management within the existing legal framework Professionalization of financial community Participation in the corporate internal communication campaign on the modernisation of our ways of working	Providing coordination and guidance on the application of financial rules to ensure appropriate control and efficiency in the implementation of the EU budget (via the Inter DG-networks, learning activities, SFC helpdesk, Financial Regulation's Annotations, BudgWeb/ BUDGpedia, communication campaigns and issuance of guidance for budget implementation).	Promotion of sound financial management via the Réseau des Unités Financières (RUF), via BUDGpedia pages and replies to SFC helpdesk questions throughout the year.	-750 questions per year, replied in 5 working days on average; - financial training (64 remote sessions, satisfaction rate: 88%; 1681 participants + 3 eLearning sessions, satisfaction rate: 84%, 751 participants), -new portal for BUDG and finance community (BUDGpedia).  -Support to the on-boarding to eGrants (33 out of 39 EU funding programmes expected to use it in the 2021-2027 MFF period) and legal design of eProcurement. -Corporate guidance, models and training provided for grants, procurement, indirect management. -55 pillar assessment reviews for partners validated.
Promote and nurture a strong internal control culture	Facilitate sharing of good practice across the Commission.	At least 3 Network meetings during 2021	4 ICCNet meetings took place in 2021.
	Provide guidance and feedback on the implementation of the ICF.	Continuous action	2 workshops were organised in June.
Modernisation of the internal control monitoring and reporting tools (CENTRICS).	Development of the reporting tool based on INTPA's EAMR.	Development of the tool (by INTPA) by 31/12/2021.	Credits not obtained before summer, no further software development possible, work on concepts continued, development by INTPA could resume in Q1/2022.
Contribute to corporate oversight for effective risk management	Information of the College of the critical risks identified for 2021 and the mitigating measures (to be) taken. Sound assessment and management of critical risks, with a continued	31/01/2021	Done by note of 5/02/2021.
		31/12/2021 (assessment of critical risks for 2022)	Completed – info note to the College to be discussed at CMB in Feb. 2022.

	attention to COVID-specific risks.		
Implementation of the new Corporate Finance Platform SUMMA to maintain a modern and high quality Information System	Complete the Solution Build for the Pilot	End of Q2/2021	Solution Build for the Pilot was done as required for rolling it out at end of 2021 as planned.
	Rollout of SUMMA to the Pilot Agencies	End of 2021	SUMMA was opened for anticipated budget transactions in 11/2021 and fully used by pilot agencies as of 01/2022.
	Solution Design phase for the EC-specific variants is started and progresses to allow its completion in early 2022	Progress to allow completion by end of Q1/2022	Solution design for Commission specific needs will resume in early 2022, with the objective to complete it in Q2/2022.
	The integration of SUMMA with the other corporate systems, especially eProcurement, is defined and agreed between SUMMA and GPSB	End of Q1/2021	High level architecture for the SUMMA/eProcurement integration was done in Q1/2021 and agreed by SUMMA/GPSB governance in Q2/2021. High level architecture for SUMMA/eGrants was done in Q2. Common vision between GPSB and SUMMA was set up. First level of integration of SUMMA and eProcurement was part of the pilot agencies go-live at the end 2021.
Business continuity (availability, reliability & security) of the BUDG corporate IT systems (ABAC, BadgeBud, EDES) and all BUDG local applications including the borrowing and lending activities	ABAC and BadgeBud set up to accommodate:	1.1.2021	The ABAC set-up to accommodate the new MFF nomenclature and structure, new instruments (NGEU, CPF, EPF) and the new Executive Agencies delegation package was performed timely before end Q2.
	<ul style="list-style-type: none"> <li>- new MFF nomenclature, NGEU and CPF</li> <li>- EPF and</li> <li>- the new Executive Agencies delegation package.</li> </ul> <p>Availability and reliability of the IT systems (ABAC) % alignment of the IT systems with legal obligations and business requirements.</p>	<p>As of the go-live date foreseen in legal base.</p> <p>As from 1.4.2021</p> <p>Continuous monitoring during 2021</p>	<p>In addition, ABAC has been deployed to CEDEFOP, ELA, EPPO and HaDEA before the end of Q2.</p> <p>ABAC 99.17 % available.</p> <p>90%</p>
Ensure the budgetary financial year transition	Timely opening in ABAC of the budget year (appropriations + RAL)	<p>Interruption of payment operations not to exceed 7 days.</p> <p>Complete carry-forward expenditure by 14 January</p>	<p>Closed from 06/01 (evening) to 12/01 (morning).</p> <p>Completed on 12/01.</p>
Validation of local systems	Provide reasonable assurance that local systems transmit accurate, complete and timely information to draft the annual accounts and produce reliable reporting, both for management and regulatory compliance purposes	<p>Completion of the validation engagements in accordance with the risks identified.</p> <p>Supervisory checks on all DGs and EU bodies under the responsibility of the Accounting officer throughout the year.</p>	<p>In line with the Work Programme, 26 validation reports were issued, covering 12 DGs, 7 Traditional Agencies and 7 Joint Undertakings.</p> <p>In 2021, all 14 EU Bodies for which the Accounting Officer of the Commission acts as Accounting Officer of those</p>



	Annual Report on Validation of Local Systems for ensuring financial data quality	Assessment of accounting risks throughout the year  Annual report, in the first quarter of the next year (N+1)	Entities were evaluated.  The calculation of the accounting risk score is a continuous exercise. All DGs are evaluated for the accounting quality.  The annual report on the validation of local systems is being drafted.
Full execution of budget payments to ensure credibility and achievement of all policy objectives	All authorised payments executed without delay  Centralisation of local payment in EU Delegations	31/12/2021  Q4 2021	Implementation of the budget monitored carefully.  -the contracts with the banking partners for provision of services signed; - testing for 20 countries covering 9 currencies completed; - successful payments executed to 17 countries in 6 currencies.

## Strategic communication outputs

### General objective: 3. An economy that works for people

#### Main outputs in 2021:

#### External communication actions

Output	Indicator	Target	Latest known results (2021)
Revamped EU budget website on Europa	Web analytics: a. Number of visits b. Number of visitors identified by browsers c. Number of page views	a. 300 000 b. 250 000 c. 600 000	a. 550 000 visits b. [not available in the web analytics tool] c. 1.1 m pageviews
Annual Budget Conference 2021 - The EU budget and NGEU: fireworks or big bang?	Re-launching the annual conference on the EU budget	Q4 2021	The conference took place on 8 Nov. 2021, brought together policy-makers, research organisations, capital market participants and citizens (660 participants)
Production and publication of the AMPR	Number of readers of the publication or online readers [EDICS, OP orders, REPS]	1300 on line	AMPR published on 8 June - 750 on line readers.
Production and publication of the IFAR package including the brochure	Number of readers of the publication or online readers [EDICS, OP orders, REPS]	2900 on line	IFAR package published on the end of July – 1700 on line readers.
Coordination of communication activities	Smooth running of communication activities; timely submission of quality documents	Continues	All communication material produced and delivered on time.
<i>Production and publication of EU budget at the glance</i> Publication replaced by “The EU’s 2021-2027 long-term budget &	a. Number of readers of the publication or online readers [EDICS, OP orders, REPS] b. Percentage of publications	a. 68000 b. 24 languages	62 000 visits 68 000 views and almost 25000 downloads, one of the most readed EC publications 4,17% - his publication in

NextGenerationEU: facts and figures”.	produced in more than one linguistic version ( $\geq 20\%$ )		2021 was only available in English
Production and publication of the myth busting material	a. Number of readers of the publication or online readers [EDICS, OP orders, REPS] b. Percentage of publications produced in more than one linguistic version ( $\geq 20\%$ )	a. 3 500 b. 24 languages	Myth busting material will be reviewed in the first half of 2022 together with the new Europa web section on the EU budget added value.
Communication material on the budgetary decisions (e.g. Draft budget, Discharge, IFAR, DABs) such as press releases, memos, LLT, Q&A.	Number of online views of media releases [web analytics]	300 on line	Annual EU budget: 6 461 pageviews.
Communication campaign around revamped MFF proposal and NGEU (Press material; Technical briefings; Factsheets; Articles; outreach)	Number of online views of media releases [web analytics]	3 000	- 36 press releases in 2021 (18 NGEU, 6 SURE, 4 NOR, 6 Annual budget, 2 others. - Annual Budget Conference. - EU as a borrower: 61446 visits for 145 405 pageviews - News and press material: 838 pageviews.
EU budget Twitter account	a. Number of impressions b. Number of followers / fans / subscribers c. Number of posts	a. 100 000 per month b. 20 000 c. 5 per week	Around 35 500 impressions per month Around 21 600 followers 9 tweets/ re-tweets per week
Speeches for the Commissioner	Drafts: quality and timeliness	Deadlines respected	All deadlines were respected
Director General' Twitter account	a. Number of impressions b. Number of followers / fans / subscribers c. Number of posts [social media metrics]	a. 150 000 per month b. 3 000 c. 5 per week	a. 130 000 per month b. 4 300 c. 4-5 per week
Revamped manual of procedures	All BUDG procedures updated and published on BUDGnet Nb of trainings delivered	1st Q of 2021 10	All procedures updated and published on BUDGpedia. 10 trainings delivered.
Coordination of inter-institutional activities (GRI, EXCO, EP questions, national parliaments opinions, consultative committees)	Quality in the running of procedures and respect of deadlines in the submission of quality documents	Smooth running of procedures; timely submission of quality documents	According to plan and standard deadlines.
Coordination of internal procedures (legislative coordination, comitology, briefings, access to documents, citizens questions, ombudsman, corporate management board)	Quality in the running of procedures and respect of deadlines in the submission of quality documents	Smooth running of procedures; timely submission of quality documents	According to plan and standard deadlines.

## General objective: 5. Promoting our European way of life

### Main outputs in 2021:

#### External communication actions

Output(s)	Indicator(s)	Target(s)	Latest known results (2021)
Coordination of communication activities on the rule of law and conflict of interest.	No incidents	0	No incidents registered so far.
Promotion of the Financial Transparency System	Number of visitors on the FTS web page	5 000	63 000 pageviews (number of visitors not available)
Presentations delivered via Visitor Centre	Number of presentations	20	40 presentations delivered.

## General objective: 7. A modern, high performing, sustainable Commission

### Main outputs in 2021:

#### Internal communication

Output(s)	Indicator(s)	Target(s)	Latest known results (2021)
Communication activities as domain leader on financial management	Number of RUF meetings Number of RUF newsletters	At least 10 10	10 RUF meetings in 2021. 7 newsletters issued in 2021 (with news on BUDGpedia).
Promotion of SUMMA and SEDIA (E-grants, E-procurement)	Articles on BudgWeb	3 per year	5 articles in newsletters, on BudgWeb and BUDGpedia, 7 RUF meetings with SUMMA or SEDIA topics (E-grants, E-procurement)
Promotion of BUDG related initiatives	Number of articles on Intracomm in 2021	At least 5	Around 11 BUDG-related articles on IntraComm
BUDGTimes Newsletters	Regular weekly publication Openings per issue (as of 5/2021) Unique clicks per issue Unsubscribe rate Spam complaint rate	> 90% > 428 (85% of all staff) > 377 (75% of all staff) < 5% of all staff < 5% of all staff	90%. Around 1200. Around 350. Less than 5%. Less than 5%.
BUDGnet own content and web site administration	BUDGnet publications about management, staff, project teams and internal networks	At least two per week	All the content mentioned is covered several times per week (approx. 3 times).
Lunchtime presentations and learning seminars	Organisation of BUDG lunchtime conferences and learning activities	At least 8 lunchtime conferences	14 BUDG lunchtime conferences (11 were organised in the scope of BUDG summer school)
"Welcome sessions" for staff	Number of sessions	At least 8	5 Welcome sessions
Internal communication network (Spokes4BUDG)	Number of meetings Number of articles submitted by Spokes4BUDG"	4 2 per month	5 meetings 2 per month.

## **ANNEX 3: Annual accounts and financial reports**

### **Annex 3 Financial Reports - DG BUDG - Financial Year 2021**

**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**

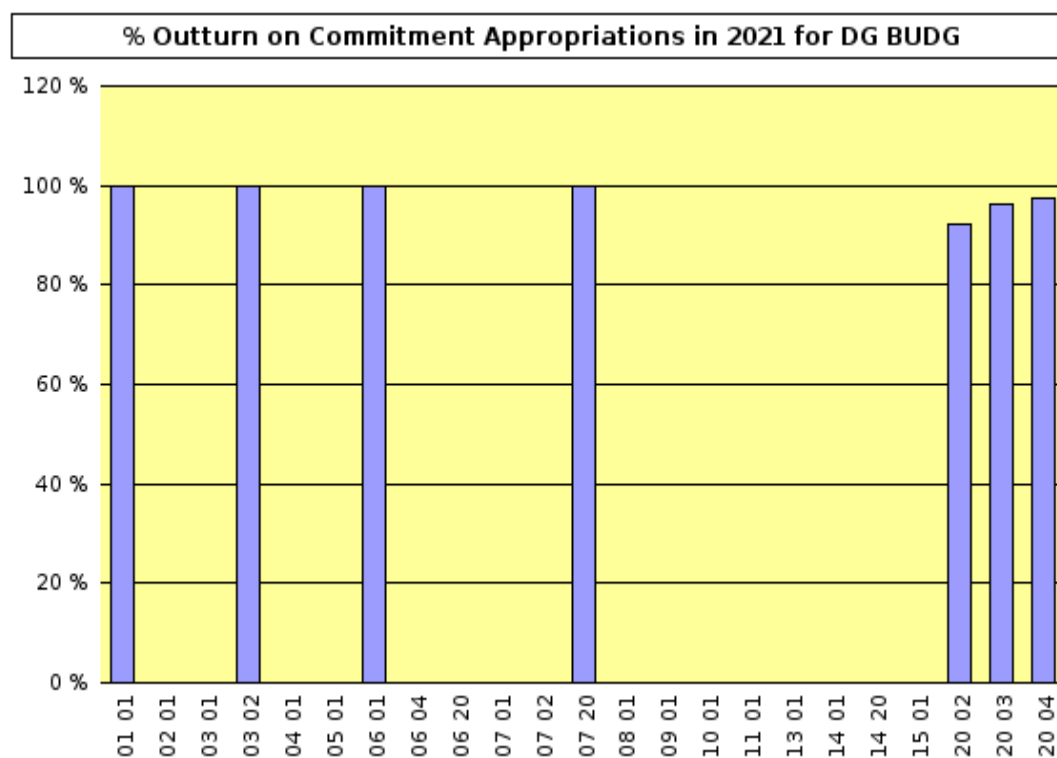
**Table 16 : Commitments co-delegation type 3 in 2021 for DG**

**Table 17: NGEU loans and disbursements**

<b>TABLE 1: OUTTURN ON COMMITMENT APPROPRIATIONS IN 2021 (in Mio €) for DG</b>					
			Commitment appropriations authorised	Commitments made	%
			1	2	3=2/1
<b>Title 01 Research and Innovation</b>					
01	01 01	Support administrative expenditure of the "Research and Innovation" Cluster	0.02	0.02	100.00 %
<b>Total Title 01</b>			<b>0.02</b>	<b>0.02</b>	<b>100.00 %</b>
<b>Title 02 European Strategic Investments</b>					
02	02 01	Support administrative expenditure of the "European Strategic Investments" cluster	0.00	0.00	0.00 %
<b>Total Title 02</b>			<b>0.00</b>	<b>0.00</b>	<b>0.00 %</b>
<b>Title 03 Single Market</b>					
03	03 01	Support administrative expenditure of the "Single Market" cluster	0.00	0.00	0.00 %
	03 02	Single Market Programme	0.03	0.03	100.00 %
<b>Total Title 03</b>			<b>0.03</b>	<b>0.03</b>	<b>100.00 %</b>
<b>Title 04 Space</b>					
04	04 01	Support administrative expenditure of the "Space" cluster	0.00	0.00	0.00 %
<b>Total Title 04</b>			<b>0.00</b>	<b>0.00</b>	<b>0.00 %</b>
<b>Title 05 Regional Development and Cohesion</b>					
05	05 01	Support administrative expenditure of the "Regional Development and Cohesion" cluster	0.00	0.00	0.00 %
<b>Total Title 05</b>			<b>0.00</b>	<b>0.00</b>	<b>0.00 %</b>
<b>Title 06 Recovery and Resilience</b>					
06	06 01	Support administrative expenditure of the "Recovery and Resilience" cluster	5.00	5.00	100.00 %
	06 04	European Union Recovery Instrument (EURI)	0.00	0.00	0.00 %
	06 20	Pilot projects, preparatory actions, prerogatives and other actions	0.01	0.00	0.00 %
<b>Total Title 06</b>			<b>5.01</b>	<b>5.00</b>	<b>99.75 %</b>
<b>Title 07 Investing in People, Social Cohesion and Values</b>					
07	07 01	Support administrative expenditure of the "Investing in People, Social Cohesion and Values" cluster	0.00	0.00	0.00 %
	07 02	European Social Fund Plus (ESF+)	0.00	0.00	0.00 %
	07 20	Pilot projects, preparatory actions, prerogatives and other actions	0.17	0.17	100.00 %
<b>Total Title 07</b>			<b>0.17</b>	<b>0.17</b>	<b>100.00 %</b>
<b>Title 08 Agriculture and Maritime Policy</b>					
08	08 01	Support administrative expenditure of the "Agriculture and Maritime Policy" cluster	0.00	0.00	0.00 %
<b>Total Title 08</b>			<b>0.00</b>	<b>0.00</b>	<b>0.00 %</b>
<b>Title 09 Environment and Climate Action</b>					
09	09 01	Support administrative expenditure of the "Environment and Climate Action" Cluster	0.00	0.00	0.00 %
<b>Total Title 09</b>			<b>0.00</b>	<b>0.00</b>	<b>0.00 %</b>
<b>Title 10 Migration</b>					
10	10 01	Support administrative expenditure of the "Migration" Cluster	0.00	0.00	0.00 %
<b>Total Title 10</b>			<b>0.00</b>	<b>0.00</b>	<b>0.00 %</b>

<b>Title 11 Border Management</b>					
11	11 01	Support administrative expenditure of the `Border Management; cluster	0.00	0.00	0.00 %
<b>Total Title 11</b>			<b>0.00</b>	<b>0.00</b>	<b>0.00 %</b>
<b>Title 13 Defence</b>					
13	13 01	Support administrative expenditure of the "Security and Defence" cluster	0.00	0.00	0.00 %
<b>Total Title 13</b>			<b>0.00</b>	<b>0.00</b>	<b>0.00 %</b>
<b>Title 14 External Action</b>					
14	14 01	Support administrative expenditure of the `External Action; cluster	0.00	0.00	0.00 %
	14 20	Pilot projects, preparatory actions, prerogatives and other actions	0.02	0.00	0.00 %
<b>Total Title 14</b>			<b>0.02</b>	<b>0.00</b>	<b>0.00 %</b>
<b>Title 15 Pre-accession Assistance</b>					
15	15 01	Support administrative expenditure of the "Pre-accession Assistance" cluster	0.00	0.00	0.00 %
<b>Total Title 15</b>			<b>0.00</b>	<b>0.00</b>	<b>0.00 %</b>
<b>Title 20 Administrative expenditure of the European Commission</b>					
20	20 02	Other staff and expenditure relating to persons	3.77	3.48	92.33 %
	20 03	Administrative Operating expenditure	1.44	1.39	96.13 %
	20 04	Information and communication technology related expenditure	25.04	24.35	97.27 %
<b>Total Title 20</b>			<b>30.25</b>	<b>29.22</b>	<b>96.60 %</b>
<b>Total DG BUDG</b>			<b>35.50</b>	<b>34.44</b>	<b>97.01 %</b>

\* 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).



<b>TABLE 2: OUTTURN ON PAYMENT APPROPRIATIONS in 2021 (in Mio €) for DG</b>					
			<b>Payment appropriations authorised *</b>	<b>Payments made</b>	<b>%</b>
			<b>1</b>	<b>2</b>	<b>3=2/1</b>
<b>Title 01 Research and Innovation</b>					
01	01 01	Support administrative expenditure of the "Research and Innovation" Cluster	1.89	1.86	98.63 %
<b>Total Title 01</b>			<b>1.89</b>	<b>1.86</b>	<b>98.63%</b>
<b>Title 02 European Strategic Investments</b>					
02	02 01	Support administrative expenditure of the "European Strategic Investments" cluster	0.03	0.02	82.67 %
<b>Total Title 02</b>			<b>0.03</b>	<b>0.02</b>	<b>82.67%</b>
<b>Title 03 Single Market</b>					
03	03 01	Support administrative expenditure of the "Single Market" cluster	0.14	0.14	100.00 %
	03 02	Single Market Programme	0.06	0.06	99.52 %
<b>Total Title 03</b>			<b>0.19</b>	<b>0.19</b>	<b>99.86%</b>
<b>Title 04 Space</b>					
04	04 01	Support administrative expenditure of the "Space" cluster	0.02	0.02	100.00 %
<b>Total Title 04</b>			<b>0.02</b>	<b>0.02</b>	<b>100.00%</b>
<b>Title 05 Regional Development and Cohesion</b>					
05	05 01	Support administrative expenditure of the "Regional Development and Cohesion" cluster	0.06	0.06	100.00 %
<b>Total Title 05</b>			<b>0.06</b>	<b>0.06</b>	<b>100.00%</b>
<b>Title 06 Recovery and Resilience</b>					
06	06 01	Support administrative expenditure of the "Recovery and Resilience" cluster	5.00	3.32	66.38 %
	06 04	European Union Recovery Instrument (EURI)	0.00	0.00	0.00 %
	06 20	Pilot projects, preparatory actions, prerogatives and other actions	0.75	0.72	95.58 %
<b>Total Title 06</b>			<b>5.75</b>	<b>4.04</b>	<b>70.21%</b>
<b>Title 07 Investing in People, Social Cohesion and Values</b>					
07	07 01	Support administrative expenditure of the "Investing in People, Social Cohesion and Values" cluster	0.40	0.40	99.53 %
	07 02	European Social Fund PLUS (ESF+)	0.00	0.00	0.00 %
	07 20	Pilot projects, preparatory actions, prerogatives and other actions	0.27	0.27	100.00 %
<b>Total Title 07</b>			<b>0.67</b>	<b>0.67</b>	<b>99.72%</b>
<b>Title 08 Agriculture and Maritime Policy</b>					
08	08 01	Support administrative expenditure of the "Agriculture and Maritime Policy" cluster	0.10	0.10	100.00 %
<b>Total Title 08</b>			<b>0.10</b>	<b>0.10</b>	<b>100.00%</b>
<b>Title 09 Environment and Climate Action</b>					
09	09 01	Support administrative expenditure of the "Environment and Climate Action" Cluster	0.01	0.01	100.00 %
<b>Total Title 09</b>			<b>0.01</b>	<b>0.01</b>	<b>100.00%</b>
<b>Title 10 Migration</b>					
10	10 01	Support administrative expenditure of the "Migration" Cluster	0.02	0.02	100.00 %
<b>Total Title 10</b>			<b>0.02</b>	<b>0.02</b>	<b>100.00%</b>

Title 11 Border Management					
11	11 01	Support administrative expenditure of the "Border Management" cluster	0.00	0.00	100.00 %
<b>Total Title 11</b>			<b>0.00</b>	<b>0.00</b>	<b>100.00%</b>
Title 13 Defence					
13	13 01	Support administrative expenditure of the "Security and Defence" cluster	0.00	0.00	100.00 %
<b>Total Title 13</b>			<b>0.00</b>	<b>0.00</b>	<b>100.00%</b>
Title 14 External Action					
14	14 01	Support administrative expenditure of the "External Action" cluster	0.27	0.27	99.73 %
	14 20	Pilot projects, preparatory actions, prerogatives and other actions	0.03	0.01	32.96 %
<b>Total Title 14</b>			<b>0.30</b>	<b>0.28</b>	<b>92.80%</b>
Title 15 Pre-accession Assistance					
15	15 01	Support administrative expenditure of the "Pre-accession Assistance" cluster	0.03	0.03	100.00 %
<b>Total Title 15</b>			<b>0.03</b>	<b>0.03</b>	<b>100.00%</b>
Title 20 Administrative expenditure of the European Commission					
20	20 02	Other staff and expenditure relating to persons	6.41	4.10	64.01 %
	20 03	Administrative Operating expenditure	1.59	1.08	67.98 %
	20 04	Information and communication technology related expenditure	29.25	14.50	49.58 %
<b>Total Title 20</b>			<b>37.25</b>	<b>19.69</b>	<b>52.84%</b>
<b>Total DG BUDG</b>			<b>46.33</b>	<b>27.00</b>	<b>58.27 %</b>

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

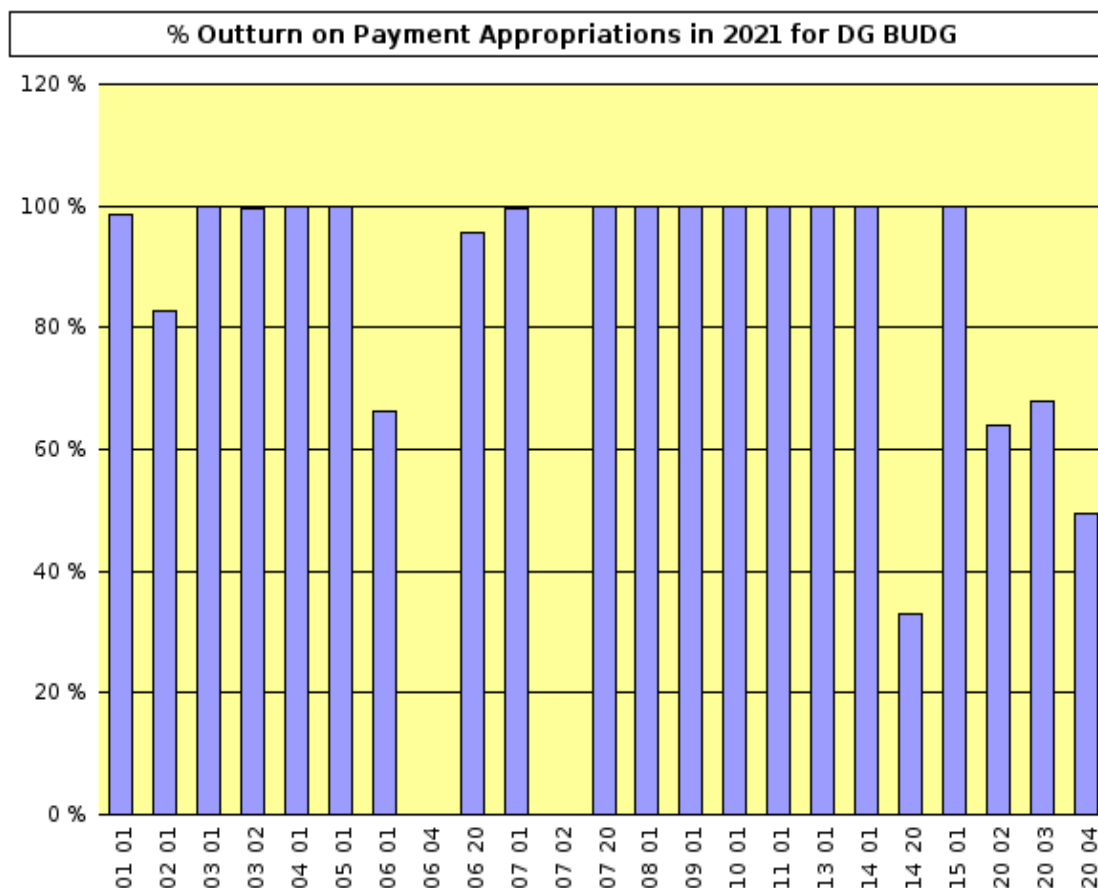




TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2020 (in Mio €) for DG									
			Commitments to be settled				Commitments to be settled from financial years previous to 2020	Total of commitments to be settled at end of financial year 2021	Total of commitments to be settled at end of financial year 2020
Chapter			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
01	01 01	Support administrative expenditure of the Research and Innovation Cluster	0.02	0.02	0.00	0.00%	0.00	0.00	1.87
<b>Total Title 01</b>			<b>0.02</b>	<b>0.02</b>	<b>0.00</b>	<b>0.00%</b>	<b>0.00</b>	<b>0.00</b>	<b>1.87</b>
TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2020 (in Mio €) for DG									
			Commitments to be settled				Commitments to be settled from financial years previous to 2020	Total of commitments to be settled at end of financial year 2021	Total of commitments to be settled at end of financial year 2020
Chapter			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
02	02 01	Support administrative expenditure of the European Strategic Investments cluster	0.00	0.00	0.00	0.00%	0.00	0.00	0.03
<b>Total Title 02</b>			<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00%</b>	<b>0.00</b>	<b>0.00</b>	<b>0.03</b>
TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2020 (in Mio €) for DG									
			Commitments to be settled				Commitments to be settled from financial years previous to 2020	Total of commitments to be settled at end of financial year 2021	Total of commitments to be settled at end of financial year 2020
Chapter			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
03	03 01	Support administrative expenditure of the Single Market cluster	0.00	0.00	0.00	0.00%	0.00	0.00	0.14
	03 02	Single Market Programme	0.03	0.03	0.00	0.98%	0.00	0.00	0.03
<b>Total Title 03</b>			<b>0.03</b>	<b>0.03</b>	<b>0.00</b>	<b>0.98%</b>	<b>0.00</b>	<b>0.00</b>	<b>0.17</b>
TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2020 (in Mio €) for DG									
			Commitments to be settled				Commitments to be settled from financial years previous to 2020	Total of commitments to be settled at end of financial year 2021	Total of commitments to be settled at end of financial year 2020
Chapter			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
04	04 01	Support administrative expenditure of the Space cluster	0.00	0.00	0.00	0.00%	0.00	0.00	0.02
<b>Total Title 04</b>			<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00%</b>	<b>0.00</b>	<b>0.00</b>	<b>0.02</b>
TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2020 (in Mio €) for DG									
			Commitments to be settled				Commitments to be settled from financial years previous to 2020	Total of commitments to be settled at end of financial year 2021	Total of commitments to be settled at end of financial year 2020
Chapter			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
05	05 01	Support administrative expenditure of the Regional Development and Cohesion cluster	0.00	0.00	0.00	0.00%	0.00	0.00	0.06
<b>Total Title 05</b>			<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00%</b>	<b>0.00</b>	<b>0.00</b>	<b>0.06</b>

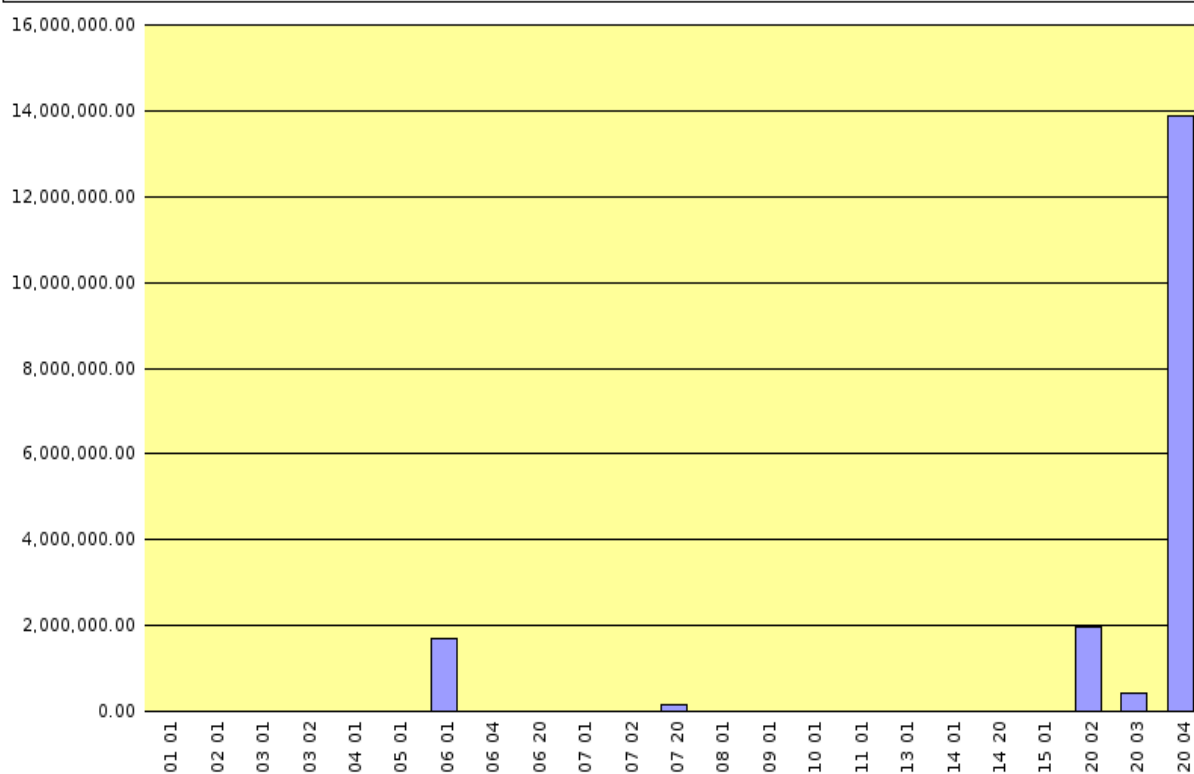
TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2020 (in Mio €) for DG									
			Commitments to be settled				Commitments to be settled from financial years previous to 2020	Total of commitments to be settled at end of financial year 2021	Total of commitments to be settled at end of financial year 2020
Chapter			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
06	06 01	Support administrative expenditure of the Recovery and Resilience cluster.	5.00	3.32	1.68	33.62%	0.00	1.68	0.00
	06 04	European Union Recovery Instrument (EURI).	0.00		0.00	0.00%	0.00	0.00	0.00
	06 20	Pilot projects, preparatory actions, prerogatives and other actions.	0.00	0.00	0.00	0.00%	0.00	0.00	0.93
<b>Total Title 06</b>			<b>5.00</b>	<b>3.32</b>	<b>1.68</b>	<b>33.62%</b>	<b>0.00</b>	<b>1.68</b>	<b>0.93</b>
TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2020 (in Mio €) for DG									
			Commitments to be settled				Commitments to be settled from financial years previous to 2020	Total of commitments to be settled at end of financial year 2021	Total of commitments to be settled at end of financial year 2020
Chapter			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
07	07 01	Support administrative expenditure of the "Investing in People, Social Cohesion and Values" cluster	0.00	0.00	0.00	0.00%	0.00	0.00	0.40
	07 02	European Social Fund PLus (ESF+)	0.00		0.00	0.00%	0.00	0.00	0.00
	07 20	Pilot projects, preparatory actions, prerogatives and other actions	0.17	0.02	0.15	88.41%	0.00	0.15	0.28
<b>Total Title 07</b>			<b>0.17</b>	<b>0.02</b>	<b>0.15</b>	<b>88.41%</b>	<b>0.00</b>	<b>0.15</b>	<b>0.68</b>
TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2020 (in Mio €) for DG									
			Commitments to be settled				Commitments to be settled from financial years previous to 2020	Total of commitments to be settled at end of financial year 2021	Total of commitments to be settled at end of financial year 2020
Chapter			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
08	08 01	Support administrative expenditure of the "Agriculture and Maritime Policy" cluster	0.00	0.00	0.00	0.00%	0.00	0.00	0.10
<b>Total Title 08</b>			<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00%</b>	<b>0.00</b>	<b>0.00</b>	<b>0.10</b>
TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2020 (in Mio €) for DG									
			Commitments to be settled				Commitments to be settled from financial years previous to 2020	Total of commitments to be settled at end of financial year 2021	Total of commitments to be settled at end of financial year 2020
Chapter			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
09	09 01	Support administrative expenditure of the Environment and Climate Action Cluster	0.00	0.00	0.00	0.00%	0.00	0.00	0.01
<b>Total Title 09</b>			<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00%</b>	<b>0.00</b>	<b>0.00</b>	<b>0.01</b>

TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2020 (in Mio €) for DG									
			Commitments to be settled				Commitments to be settled from financial years previous to 2020	Total of commitments to be settled at end of financial year 2021	Total of commitments to be settled at end of financial year 2020
Chapter			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
10	10 01	Support administrative expenditure of the "Migration" Cluster	0.00	0.00	0.00	0.00%	0.00	0.00	0.02
<b>Total Title 10</b>			<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00%</b>	<b>0.00</b>	<b>0.00</b>	<b>0.02</b>
TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2020 (in Mio €) for DG									
			Commitments to be settled				Commitments to be settled from financial years previous to 2020	Total of commitments to be settled at end of financial year 2021	Total of commitments to be settled at end of financial year 2020
Chapter			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
11	11 01	Support administrative expenditure of the Border Management cluster	0.00	0.00	0.00	0.00%	0.00	0.00	0.00
<b>Total Title 11</b>			<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00%</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2020 (in Mio €) for DG									
			Commitments to be settled				Commitments to be settled from financial years previous to 2020	Total of commitments to be settled at end of financial year 2021	Total of commitments to be settled at end of financial year 2020
Chapter			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
13	13 01	Support administrative expenditure of the "Security and Defence" cluster	0.00	0.00	0.00	0.00%	0.00	0.00	0.00
<b>Total Title 13</b>			<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00%</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2020 (in Mio €) for DG									
			Commitments to be settled				Commitments to be settled from financial years previous to 2020	Total of commitments to be settled at end of financial year 2021	Total of commitments to be settled at end of financial year 2020
Chapter			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
14	14 01	Support administrative expenditure of the "External Action" cluster	0.00	0.00	0.00	0.00%	0.00	0.00	0.27
	14 20	Pilot projects, preparatory actions, prerogatives and other actions	0.00	0.00	0.00	0.00%	0.00	0.00	0.01
<b>Total Title 14</b>			<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00%</b>	<b>0.00</b>	<b>0.00</b>	<b>0.28</b>
TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2020 (in Mio €) for DG									
			Commitments to be settled				Commitments to be settled from financial years previous to 2020	Total of commitments to be settled at end of financial year 2021	Total of commitments to be settled at end of financial year 2020
Chapter			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
15	15 01	Support administrative expenditure of the "Pre-accession Assistance" cluster	0.00	0.00	0.00	0.00%	0.00	0.00	0.03
<b>Total Title 15</b>			<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00%</b>	<b>0.00</b>	<b>0.00</b>	<b>0.03</b>

**TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2020 (in Mio €) for DG**

Chapter			Commitments to be settled				Commitments to be settled from financial years previous to 2020	Total of commitments to be settled at end of financial year 2021	Total of commitments to be settled at end of financial year 2020
			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
20	20 02	Other staff and expenditure relating to persons	3.48	1.53	1.95	56.07%	0.00	1.95	2.64
	20 03	Administrative Operating expenditure	1.39	0.96	0.43	31.11%	0.00	0.43	0.15
	20 04	Information and communication technology related expenditure	24.35	10.47	13.89	57.03%	0.00	13.89	4.22
<b>Total Title 20</b>			<b>29.22</b>	<b>12.95</b>	<b>16.27</b>	<b>55.68%</b>	<b>0.00</b>	<b>16.27</b>	<b>7.00</b>
<b>Total for DG</b>			<b>34.44177949</b>	<b>16.34</b>	<b>18.10</b>	<b>52.57 %</b>	<b>0.00</b>	<b>18.11</b>	<b>11.19</b>

**Breakdown of Commitments Remaining to be Settled (in Mio EUR) in 2021**



**TABLE 4 : BALANCE SHEET for DG BUDG**

<b>BALANCE SHEET</b>	<b>2021</b>	<b>2020</b>
<b>A.I. NON CURRENT ASSETS</b>	<b>137644730419.08</b>	<b>143790291501.36</b>
A.I.1. Intangible Assets	20221673.71	0.00
A.I.2. Property, Plant and Equipment	0.33	0.33
A.I.4. Non-Current Financial Assets	153433264371.31	99273734404.00
A.I.6. Non-Cur Exch Receiv & Non-Ex Recoverab	-15795555626.27	44516557097.03
<b>A.II. CURRENT ASSETS</b>	<b>45018871445.07</b>	<b>43175406321.59</b>
A.II.1. Current Financial Assets	5906967965.14	15512758309.05
A.II.2. Current Pre-Financing	-10172245.12	0.00
A.II.3. Curr Exch Receiv & Non-Ex Recoverables	15437163533.49	13513250775.64
A.II.6. Cash and Cash Equivalents	23684912191.56	14149397236.90
<b>ASSETS</b>	<b>182663601864.15</b>	<b>186965697822.95</b>
<b>P.I. NON CURRENT LIABILITIES</b>	<b>-294275809325.30</b>	<b>-198387400872.97</b>
P.I.1. Non-Current Pension & other Empl Benef	-151684809815.44	-115408067832.12
P.I.2. Non-Current Provisions	0.00	-82892622.75
P.I.3. Non-Current Financial Liabilities	-142591073001.86	-82896440418.10
P.I.4. Non-Cur Accrued Chrgs & Defrd Income	73492.00	0.00
<b>P.III. NET ASSETS/LIABILITIES</b>	<b>-1060041135.34</b>	<b>-4591115295.62</b>
P.III.1. Reserves	-1060041135.34	-4591115295.62
<b>P.II. CURRENT LIABILITIES</b>	<b>-20134769040.68</b>	<b>-29754496546.30</b>
P.II.2. Current Provisions	0.00	-29880034.41
P.II.3. Current Financial Liabilities	-3297385351.29	-10507332925.94
P.II.4. Current Payables	-16158269413.21	-18465365351.48
P.II.5. Current Accrued Charges & Defrd Income	-679114276.18	-751918234.47
<b>LIABILITIES</b>	<b>-315470619501.32</b>	<b>-232733012714.89</b>
<b>NET ASSETS (ASSETS less LIABILITIES)</b>	<b>-132807017637.17</b>	<b>-45767314891.94</b>
P.III.2. Accumulated Surplus/Deficit	-976133955560.23	-805824339223.54
Non-allocated central (surplus)/deficit*	1108940973197.4	851591654115.48
<b>TOTAL DG</b>	<b>0.00</b>	<b>0.00</b>

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

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

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.

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

<b>STATEMENT OF FINANCIAL PERFORMANCE</b>	<b>2021</b>	<b>2020</b>
II.1 REVENUES	-164984113494.54	-211236907009.54
II.1.1. NON-EXCHANGE REVENUES	-163035625170.37	-208090367773.49
II.1.1.1. GNI RESOURCES	-115954991424.50	-125393211066.68
II.1.1.2. OWN RESOURCES	-19917739566.34	-19559029382.33
II.1.1.3. VAT	-18339709309.48	-17858310004.68
II.1.1.4. NEW OWN RESOURCES	-5830502655.44	
II.1.1.7. UK WITHDRAWAL AGREEMENT	-4724118166.35	-47456498743.00
II.1.1.8. OTHER NON-EXCHANGE REVENUES	1731435951.74	2176681423.20
II.1.2. EXCHANGE REVENUES	-1948488324.17	-3146539236.05
II.1.2.1. FINANCIAL INCOME	-1938820192.96	-3094475300.27
II.1.2.2. OTHER EXCHANGE REVENUE	-9668131.21	-52063935.78
II.2. EXPENSES	6791180203.23	7088834489.52
II.2. EXPENSES	6791180203.23	7088834489.52
II.2.10. OTHER EXPENSES	47329469.72	161232574.89
II.2.1. EXP IMPL BY MEMBER STATES (SHARED)	0.00	0.00
II.2.2. EXP IMPL BY COMMISS&EX.AGENC. (DM)	-116670994.79	-33861468.13
II.2.3. EXP IMPL BY OTH EU AGENC&BODIES (IM)	2630403.63	5926050.05
II.2.4. EXP IMPL BY 3RD CNTR & INT ORG (IM)	-175828	-15036143.12
II.2.5. EXP IMPL BY OTHER ENTITIES (IM)	0.00	-6094252.23
II.2.6. STAFF AND PENSION COSTS	5075107128.34	4987728848.27
II.2.8. FINANCE COSTS	1782960024.33	1988938879.79
<b>STATEMENT OF FINANCIAL PERFORMANCE</b>	<b>-158192933291.31</b>	<b>-204148072520.02</b>

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

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

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.

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

<b>OFF BALANCE</b>	<b>2021</b>	<b>2020</b>
OB.1. Contingent Assets	36422751402.32	36288854312.63
GR for Financial Instruments	25349976306.36	25278893632.87
GR for fines pending	11066951609.82	11003816341.78
GR for other	2430939.36	2179408.18
GR for performance	1408895.90	1408895.90
GR for pre-financing	1983650.88	2556033.90
OB.2. Contingent Liabilities	-2111195706.46	-23034431151.37
OB.2.2. Budgetary Guarantees given	0.00	-20049691762.79
OB.2.4. CL Fines	-2111195705.46	-2984739387.58
OB.2.6. CL Other	0.00	0.00
OB.2.7. CL Legal cases OTHER	-1.00	-1.00
OB.3. Other Significant Disclosures	-7398717083.85	-85542062189.27
OB.3.1. Undrawn commitments	-5255655575.00	-47798282675.00
OB.3.2. Comm against app. not yet consumed	-2143061508.85	-2371596664.70
OB.3.3.8.Budgetary Guarantees Ceiling	0.00	-35372182849.57
OB.4. Balancing Accounts	-26912838612.01	72287639028.01
OB.4. Balancing Accounts	-26912838612.01	72287639028.01
<b>OFF BALANCE</b>	<b>0.00</b>	<b>0.00</b>

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

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

**TABLE 6: AVERAGE PAYMENT TIMES in 2021 for DG BUDG**

Legal Times								
Maximum Payment Time (Days)	Total Number of Payments	Nbr of Payments within Time Limit	%	Average Payment Times (Days)	Nbr of Late Payments	%	Average Payment Times (Days)	Late Payments Amount
30	904	843	93 %	17.2	61	7 %	41.9	2367452.66
60	1	1	100 %	14.0				0

Total Number of Payments	905	844	93.26%		61	6.74 %		2367452.66
Average Net Payment Time	18.9			17.2			41.9	
Average Gross Payment Time	20.0			18.5			42.1	

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	26	40	4.42 %	905	1,383,528.02	5.12 %	27,043,634.91

Late Interest paid in 2021			
DG	GL Account	Description	Amount (Eur)
BUDG	65010100	Interest on late payment of charges New FR	3 001.43
			3 001.43



TABLE 7 : SITUATION ON REVENUE AND INCOME in 2021 for DG BUDG								
Chapter	Revenue and income recognized			Revenue and income cashed from			Outstanding	
	Current year RO	Carried over RO	Total	Current Year RO	Carried over RO	Total	Balance	
	1	2	3=1+2	4	5	6=4+5	7=3-6	
11	Levies and other duties provided for under the common organisation of the markets in sugar	883291.57	0.00	883291.57	883297.22	0.00	883297.22	-5.65
12	Customs duties and other duties	19033205367.18	2240921164.66	21274126531.84	19028486721.48	8315889.48	19036802610.96	2237323920.88
13	Own resources based on value added tax	17933927671.26	0.00	17933927671.26	17933927671.26	0.00	17933927671.26	0.00
14	Own resources based on gross national income	115819165637.76	0.00	115819165637.76	115819165637.76	0.00	115819165637.76	0.00
16	Gross reduction in the annual GNI-based contribution granted to certain Member States	10862016.96	0.00	10862016.96	10862016.96	0.00	10862016.96	0.00
17	Plastic packaging waste	5830502655.44	0.00	5830502655.44	5830502655.44	0.00	5830502655.44	0.00
20	Surplus from previous financial year	1768617610.09	0.00	1768617610.09	1768617610.09	0.00	1768617610.09	0.00
21	VAT and GNI Balances adjustment	3819098.92	6522690.00	10341788.92	3819098.92	0.00	3819098.92	6522690.00
22	Adjustment for the non-participation of certain member states in specific policies	-395214.09	0.00	-395214.09	-395214.09	0.00	-395214.09	0.00
30	Revenue from staff	105361188.96	13054954.77	118416143.73	89768314.39	13054954.77	102823269.16	15592874.57
33	Other administrative revenue	6530182.71	0.00	6530182.71	6510182.71	0.00	6510182.71	20000.00
40	Revenue from investments and accounts	-227234.94	0.00	-227234.94	-227234.94	0.00	-227234.94	0.00
41	Default interest	45911241.91	184459969.45	1890511211.36	15127970.18	52122988.77	67250958.95	1823260252.41
42	Fines and penalties	11692514.76	0.00	11692514.76	11692514.76	0.00	11692514.76	0.00
50	European Union guarantee for borrowing-and-lending operations in Member States	55500814751.62	0.00	55500814751.62	55500814751.62	0.00	55500814751.62	0.00
66	Other contributions and refunds	12363556419.93	0.00	12363556419.93	7259514003.62	0.00	7259514003.62	5104042416.31
67	Completion for outstanding recovery orders prior to 2021	166235303.25	0.00	166235303.25	166235303.25	0.00	166235303.25	0.00
<b>Total DG BUDG</b>		<b>228600462503.29</b>	<b>4105098778.88</b>	<b>232705561282.17</b>	<b>223445305300.63</b>	<b>73493833.02</b>	<b>223518799133.65</b>	<b>9186762148.52</b>

**TABLE 8 : RECOVERY OF PAYMENTS in 2021 for DG BUDG  
(Number of Recovery Contexts and corresponding Transaction Amount)**

Year of Origin (commitment)	Total undue payments recovered		Total transactions in recovery context (incl. non-qualified)		% Qualified/Total RC	
	Nbr	RO Amount	Nbr	RO Amount	Nbr	RO Amount
<b>No Link</b>			207	67579675994.29		
<b>Sub-Total</b>			<b>207</b>	<b>67579675994.29</b>		

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										
NON ELIGIBLE IN COST CLAIMS										
CREDIT NOTES							31	939,435.34		
<b>Sub-Total</b>							<b>31</b>	<b>939435.34</b>		

<b>GRAND TOTAL</b>							<b>238</b>	<b>67580615429.63</b>		
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**TABLE 9: AGEING BALANCE OF RECOVERY ORDERS AT 31/12/2021 for DG BUDG**

	Number at 01/01/2021	Number at 31/12/2021	Evolution	Open Amount (Eur) at 01/01/2021	Open Amount (Eur) at 31/12/2021	Evolution
2004	1	1	0.00 %	1,525.87	1,525.87	0.00 %
2013	2	1	-50.00 %	686,558.06	12,425.06	-98.19 %
2014	3	1	-66.67 %	938,250.30	288,045.03	-69.30 %
2015	13	10	-23.08 %	4,475,341.33	1,243,759.01	-72.21 %
2016	6	6	0.00 %	28,037,492.90	28,037,492.90	0.00 %
2017	16	11	-31.25 %	7,004,509.78	6,377,608.93	-8.95 %
2018	12	8	-33.33 %	2,888,838.68	1,817,197.21	-37.10 %
2019	80	60	-25.00 %	3,453,204,516.54	3,427,061,620.96	-0.76 %
2020	105	47	-55.24 %	616,022,993.11	570,217,457.38	-7.44 %
2021		72			5,155,277,104.29	
	<b>238</b>	<b>217</b>	<b>-8.82 %</b>	<b>4,113,260,026.57</b>	<b>9,190,334,236.64</b>	<b>123.43 %</b>

**TABLE 10 :Recovery Order Waivers >= 60 000 € in 2021 for DG BUDG**

	Waiver Central Key	Linked RO Central Key	RO Accepted Amount (Eur)	LE Account Group	Commission Decision
<b>Number of RO waivers &gt;= 60 000 €</b>			<b>0</b>		

**TABLE 11 : Negotiated Procedures in 2021 for DG BUDG****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	4	16,846,500.00
<b>Total</b>	<b>4</b>	<b>16,846,500.00</b>

**TABLE 12 : Summary of Procedures in 2021 for DG BUDG****Internal Procedures > € 60,000**

Procedure Legal base	Number of Procedures	Amount (€)
Negotiated procedure without prior publication (Annex 1 - 11.1)	6	37,654,521.92
<b>Total</b>	<b>6</b>	<b>37,654,521.92</b>

**TABLE 13 : BUILDING CONTRACTS in 2021 for DG BUDG**

Legal Base	Procedure subject	Contract Number	Contractor Name	Contract Subject	Contracted Amount (€)
					0

**TABLE 14 : CONTRACTS DECLARED SECRET in 2021 for DG BUDG**

Legal Base	LC Date	Contract Number	Contract Subject	Contracted Amount (€)
				0

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

None.

**TABLE 16 : Commitments co-delegation type 3 in 2021 for DG**

None.

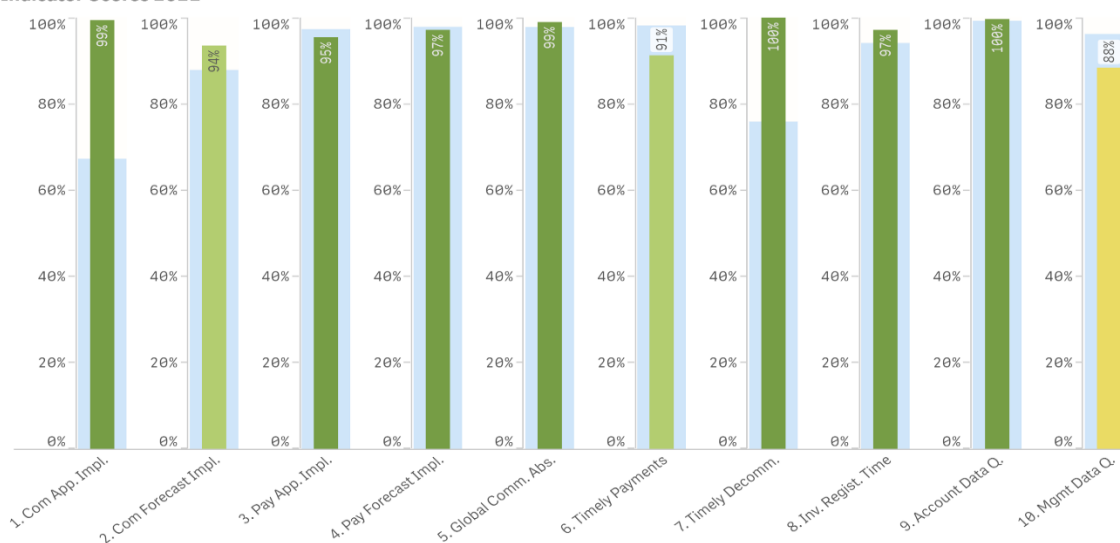
**TABLE 17: NGEU loans and disbursements**

Country	Budget Position	Available Credits	Contracted Loans (ECFIN)	Disbursements (BUDG)	Balance
Cyprus	06.020100.13	200320000.00	200320000.00	26041600.00	174278400.00
Greece	06.020100.08	12727538920.00	12727538920.00	1654580060.00	11072958860.00
Italy	06.020100.12	122601810400.00	122601810400.00	15938235352.00	106663575048.00
Poland	06.020100.21	12112000000.00			
Portugal	06.020100.22	2699000000.00	2699000000.00	350870000.00	2348130000.00
Romania	06.020100.23	14969033800.00	14942153000.00		14942153000.00
Slovenia	06.020100.24	705370000.00	705370000.00		705370000.00
RRF Reserve	06.020100	219840162150.59			
		<b>385855235270.59</b>	<b>153876192320.00</b>	<b>17969727012.00</b>	<b>135906465308.00</b>

## ANNEX 4: FINANCIAL SCORECARD

The chart below presents the annual objective and result for BUDG and for the EC as a whole for each standard financial indicator, its value (in %) for BUDG is compared to the common target (in %).

**BUDG Indicator Scores 2021**



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

Indicator	Objective	BUDG Score	EC Score
1. CA Implementation	Ensure efficient use of commitment appropriations expiring at the end of Financial Year	99%	67%
2. CA Forecast Implementation	Ensure the cumulative alignment of the commitment implementation with the commitment forecast in a financial year	94%	88%
3. PA Implementation	Ensure efficient use of payment appropriations expiring at the end of Financial Year	95%	97%
4. PA Forecast Implementation	Ensure the cumulative alignment of the payment implementation with the payment forecast in a financial year	97%	98%
5. Global Commitment Absorption <sup>3</sup>	Ensure efficient use of already earmarked commitment appropriations (at L1 level)	99%	98%
6. Timely Payments <sup>4</sup>	Ensure efficient processing of payments within the legal deadlines	91%	98%
7. Timely Decommits	Ensure efficient decommitment of outstanding RAL at the end of commitment life cycle	100%	76%
8. Invoice Registration Time	Monitor the accounting risk stemming from late registration of invoices in the central accounting system ABAC	97%	94%
9. Accounting Data Quality	Ensure the good data quality of ABAC transactions with the focus on fields having a primary impact on the accounts	100%	99%
10. Management Data Quality	Ensure the good data quality of ABAC transactions with the focus on fields having a primary impact on the management decisions	88%	96%

<sup>3</sup> Due to technical limitation, the indicator does not take into account the Com L1 Consumption between the FDC ILC date and the FA FDI allowed as exception in the external actions for Com L1 of type GF, i.e. with Financing Agreement, under FR2018 Art. 114.2. As a result, the actual score may be slightly higher than the one reported for DGs using the GF commitments.

<sup>4</sup> DG BUDG's result is good overall. BUDG monitors this indicator on a monthly basis. The target of 95% from the 2021 Management Plan has not been achieved due to one major inflow of invoices during holidays.

## ANNEX 5: MATERIALITY CRITERIA

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

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

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

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<sup>5</sup> Agreement of the Corporate Management Board of 30/4/2019.

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

### TOR, VAT, GNI and plastics

#### A –MS statements and collection of resources

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

Main risks (it may happen (again) that..)	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators (three E's)
Member States do not provide the corresponding underlying data	Calculation of the amounts requested in the monthly call for funds (VAT, GNI, plastics and corrections) Control of the TOR statements and introduction of information in the unit's database Control of receipt of VAT annual statements and entry of the data to the relevant data base	Exhaustive control (100 %)	<b>Costs:</b> estimation of cost of staff involved <b>Effectiveness:</b> % of national contributions and TOR amounts reported in the A statements made available timely
Member States (MS) not paying amounts of Own Resources due or not paying them promptly.	Follow-up of related payments by using information received from the treasury: control of the correct amount and the respect of the due date. Delays in paying own resources give rise to payment of interest by the MS concerned.	100 % of MS contributions	Number of accounting documents generated for actual/potential corrective payments by Member States of principal or interest <sup>6</sup> Number of open infringement files and their annual variation.
<i>(This risk is common to all three resources. BUDG monitors receipt of timely and full making available of resources)</i>	Immediate reminders for the outstanding payments are sent, supported with contacts at high level. Infringement procedures are launched when necessary.	100 % of standing amounts are followed- up	Number of Commission infringement decisions taken (Art. 258 TFEU) <b>Efficiency:</b> Timely and comprehensive collection of Own Resources, considered free from material error (n.q)
	Communication of elements that are considered relevant for units in charge of control of own resources (enrolment due to a specific demand resulting from a control report) in line with the internal rules.	100 % of relevant elements identified	<b>Economy</b> Low Proportion of overall cost of controls over total value of contributions dully collected and on time
	Contacts with MS aimed at preventing the risk materialising and to anticipate information on a possible delay on payments. Pre and post-event reminders (VAT)	In case there is information that Member States might delay payments. 100 % of MS	

<sup>6</sup> Number generated by all control activities covering TOR.

**B – Verification of TOR collected and VAT OR base calculation by MS/ Calculation of GNI contributions (7)**

**Main control objectives:** Obtain assurance on:

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

Main risks	Mitigating controls	How to determine coverage frequency and depth	Cost-Effectiveness indicators (three E's)
<p>Irregularities/errors in MS systems and/or statements might remain undetected and funds not duly collected. (TOR)</p> <p>Economical operators are not providing complete and correct customs declarations reducing the amount of import duties payable and, consequently the TOR available to the EU budget</p>	<p>On-the-spot TOR inspections in Member States according to an annual programme, covering risk based selected customs areas and Member States' TOR accounting (A and B accounts).</p> <p>Inspections are specially focused on Member States control systems and risk assessment for the performance of these controls.</p> <p>A database is maintained with reported cases of irregularities and fraud (it serves as an input to risk-based analysis of inspection programmes)</p> <p>Assessment of Member States' write-off reports</p> <p>Follow-up of individual cases of financial responsibility and the ECA's findings following its audits carried out in the Member States</p>	<p>Risk based annual inspection programme</p> <p>100 % of Write- Off reports communicated via the WOMIS IT application</p> <p>100 % of cases detected</p>	<p><b>Costs:</b> estimation of cost of staff involved and travel and subsistence budget for on the spot controls.</p> <p><b>Effectiveness:</b> Timely assessment of MS' write-off reports for irrecoverable amounts of TOR and of individual cases of financial responsibility.</p> <p>Reasonable assurance can be given on the compliance of total value of TOR collected with relevant regulation (q.)</p> <p>Continuous improvement of MS internal control systems for TOR collection for instance by providing common audit tools. (n.q.)</p> <p>Amounts of TOR corrected and recovered from MS derived from irregularities detected by controls (q.)</p> <p><b>Efficiency:</b> Complete and timely implementation and reporting of TOR inspections in accordance with the annual programme</p> <p><b>Economy:</b> Proportion of cost of controls over total value of TOR collected and/ or over the total amount of errors detected and recovered from MS.</p>
<p>Member States may not have compiled their annual VAT statements in compliance with the legal requirements leading to incorrect VAT OR contributions being collected.</p> <p>Time-bar may be activated before statements are subject to verification</p>	<p>Annual programme of on-the-spot inspections (in conjunction with ESTAT for some areas) ensuring that every annual VAT statement furnished by every Member State is subject to checks on its accuracy and completeness.</p> <p>Annual programmes assembled on basis of risk of statements going out of time.</p>	<p>Annual programmes of inspections covering 100 % of statements for all Member States over a 2 to 3 year cycle</p>	<p><b>Costs:</b> estimation of cost of staff involved and travel and subsistence budget for on the spot controls.</p> <p><b>Effectiveness:</b> Obtain reasonable assurance that total value of VAT OR collected has been calculated on compliant VAT OR bases (q.).</p> <p>Provide reassurance to Member States that all are measured against the legal standard (n.q)</p> <p>Deter non-compliant behaviour and motivate Member States to</p>

<sup>7</sup> Verification of the underlying data for GNI OR is managed by ESTAT with BUDG managing and undertaking only those aspects directly applicable to budget accounting. BUDG draws assurance of the correctness of the underlying data by attending GNI Experts Group and Sub Groups meetings so as to be informed about the content and results of the verification programme operated by ESTAT. In order to present the whole control activity performed on GNI data at Commission level, and purely for information purposes, the [Internal Control Template of controls performed by ESTAT has been included](#).



Main risks	Mitigating controls	How to determine coverage frequency and depth	Cost-Effectiveness indicators (three E's)
<p>Incorrect amounts of VAT own resources being obtained because Member States fail to enact EU VAT legislation correctly</p>	<p>Scrutiny of infringement action taken by TAXUD to identify and follow-up all cases with the potential to affect the VAT base.</p>	<p>100 % of infringements are analysed and followed up if considered relevant to VAT OR.</p>	<p>fulfil obligations (n.q)</p> <p>Fulfilment of Commission legal obligation under Regulation 1553/89 (n.q)</p> <p>Ensure compliance of MS regulations on VAT with EU Regulation. (n.q)</p> <p>Number of statements not subject to verification prior to becoming time-barred</p> <p><b>Efficiency:</b> Complete and on time implementation of agreed programme of inspections throughout the cycle.</p> <p><b>Economy:</b> Proportion of overall cost of controls over total value of VAT resources collected compliant with regulations.</p>
<p>Incorrect GNI contributions are calculated because of poor data from Member States</p> <p>Incorrect GNI contributions are calculated because ESTAT provides BUDG with incorrect GNI OR data (B2)</p> <p><i>(GNI resource is the balancing resource and therefore there is no question of a shortfall in receipts but merely in the question of properly allocating their distribution across the MS)</i></p>	<p>Member State provision of GNI data is subject to a peer-review system in the GNI expert group supplemented by <a href="#">ESTAT verification</a> programme ensuring that data furnished by Member States is comparable, reliable and exhaustive.</p> <p>MOU between ESTAT and BUDG covering respective, roles, parameters for setting reservations and flows of information.</p> <p>Information received from GNI expert group and via digest from ESTAT – reconciliation possible.</p>	<p>Number of GNI expert group organised (twice a year)</p>	<p><b>Costs:</b> Estimation of cost of staff involved and travel and subsistence budget for on the spot controls.</p> <p><b>Effectiveness and Efficiency:</b> See indicators reported by ESTAT in the <a href="#">ICT on the verification of GNI data</a></p> <p>Correct and compliant distribution of Member States share of GNI is calculated (n.q.)</p> <p><b>Economy:</b> Compliant distribution of GNI achieved with a reasonable cost.</p>

### C – Follow-up of verification results

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

Main risks	Mitigating controls	How to determine coverage frequency and depth	Cost-Effectiveness indicators (three E's)
Anomalies identified might not be explained or resolved.	Following up financial consequences of TOR control activity: on the spot inspections, assessment of Member States Write-Off reports and of individual cases of financial responsibility.	100 % of irregularities detected, MS write-off reports and individual cases of financial responsibility	<p><b>Costs:</b> estimation of costs of staff involved</p> <p><b>Effectiveness:</b> Financial irregularities detected are corrected/recovered (q.) Deficiencies (administrative, legal and financial) detected in Member States local systems and procedures are corrected (n.q)</p> <p><b>Efficiency:</b> % of financial irregularities followed up via recovery orders created and paid (TOR) Proportion of VAT reservations in place for more than 5 years. % of VAT and TOR reports presented at first available ACOR meeting.</p> <p><b>Economy:</b> Proportion of overall cost of controls over total TOR/ VAT resources collected compliant with regulations and/ or over TOR irregularities recovered</p>
	Submit TOR and VAT inspection reports to ACOR for scrutiny and discussion in Committee	100 % of TOR and VAT inspection reports presented at ACOR	<p><b>Costs:</b> estimation of cost of staff involved</p> <p><b>Effectiveness:</b> Provide transparency of the control activity and assurance to Member States of equal measurement against agreed standards and equal treatment when performing controls. Areas for improvement detected are shared with all Member States (n.q.)</p>
	Follow up of apparent VAT anomalies and identified infringements via notification of reservations and monitoring progress until the reservation can be lifted and any corrective action taken (follow-up database)	100 % of reservations are followed-up	<p><b>Costs:</b> estimation of cost of staff involved. Amounts to be verified don't become time-barred (n.q)</p>
	Initiate infringements procedures against non-compliant Member States	100 % of applicable cases	<p><b>Costs:</b> estimation of cost of staff involved.</p> <p><b>Effectiveness:</b> Ensure compliance with Own Resources EU regulation(n.q) Provide legal clarity on the application and interpretation of the legal framework for Traditional Own resources (case law) (n.q)</p>
	Follow-up of TOR findings made by the ECA during its audits in Member States	100 % of findings followed-up	<p><b>Costs:</b> estimation of cost of staff involved.</p> <p><b>Effectiveness:</b> Ensure implementation of corrective action on detected shortcomings and the recovery of amounts related to the errors detected (n.q)</p>
GNI irregularities/potential irregularities detected are not properly followed-up because no reservation is set	Guidelines agreed by ESTAT and BUDG on the correct use of GNI reservations (annex of MOU between the two DG').	100 % of reservations requested by ESTAT are properly and timely notified to MS	<p><b>Costs:</b> estimation of cost of staff involved.</p> <p><b>Effectiveness:</b> GNI data used for own resources calculation is correct and necessary corrective action is not time-barred. Percentage of communications from ESTAT regarding setting, lifting or varying GNI processed within 4 working weeks</p> <p><b>Efficiency:</b> Compliant and timely management of GNI reservations</p> <p><b>Economy:</b> results achieved with a reasonable cost.</p>

## 2- UK correction calculation

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

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

## Verification of GNI data – ESTAT ICT<sup>8</sup>

### Stage 1: GNI Verification - multiannual

**Main control objectives:** Ensure GNI data are consistent with ESA

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

### Stage 2: GNI verification annual

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

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

<sup>8</sup> In order to present the whole control activity performed on GNI data at Commission level, and purely for information purposes, the Relevant Control System of controls performed by ESTAT has been included.

## Procurement and Administrative Expenditure

### Stage 1 – Procurement

#### A - Planning

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

Main risks	Mitigating controls	How to determine coverage frequency and depth	Cost-Effectiveness indicators (three E's)
<p>The needs are not well defined (operationally and economically) and that the decision to procure was inappropriate to meet the operational objectives</p> <p>Discontinuation of the services provided due to a late contracting (poor planning and organisation of the procurement process)</p>	<p>Communication of intended procedures to AO(D) and units concerned.</p>	<p>100 % of the forecast procurements (open procedures with prior notification) are justified in a note addressed to the AO(D)</p>	<p><b>Costs:</b> estimation of cost of staff involved</p> <p><b>Effectiveness:</b> Number of projected tender cancelled. Number of contracts discontinued due to lack of use (poor planning).</p> <p>Compliance with Internal procurement procedures and regulations and avoid missed opportunity of getting the wished services via internal resources or a framework contract already in place (n,q)</p> <p>Estimated Value of contracts published in procurement process which will be spent (as a maximum) on correctly identified needs. (q.)</p> <p>Needs understood by the tenderer and maximise the probability of getting the right deliverable(n,q)</p> <p><b>Efficiency:</b> Timely definition of needs.</p> <p><b>Economy:</b> Proportion of overall cost of controls over total estimated (maximum) value of contracts.</p>
	<p>Validation by AO(S)D of justification (economic , operation) for launching a procurement process</p>	<p>100 % of the forecast procurements</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)
The best offer/s are not submitted due to the poor definition of the tender specifications	AOSD supervision and approval of specifications	100 % of the specifications are scrutinised.	<p><b>Costs:</b> estimation of cost of staff involved</p> <p><b>Effectiveness:</b> N° of 'open' or procedures where only one or no offers were received. N° of complementary questions regarding the tender.</p> <p><b>Economy:</b> Proportion of cost of controls over total estimated (maximum) value of contracts</p> <p>Estimated average cost of controls per procurement procedure. The quality of specifications approved is optimal to receive offers with prices and conditions according to internal expectations and market prices (n.q).</p>
	Consultation of legal experts of the DG	Risk based, taking as criteria the level of sensitivity and complexity of the procurement process	

### C – Selection of the offer & evaluation

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

Main risks	Mitigating controls	How to determine coverage frequency and depth	Cost-Effectiveness indicators (three E's)
The most economically advantageous offer not being selected, due to a biased, inaccurate or 'unfair' evaluation process	Formal evaluation process: Opening committee and Evaluation committee	100 % of the offers analysed.	<p><b>Costs:</b> estimation of costs of staff involved</p> <p><b>Effectiveness:</b> Numbers of 'valid' complaints or litigation cases filed. Value of contracts as a maximum) will be granted to the best offer (value free of error) (q.)</p> <p><b>Efficiency:</b> Timely selection of offers</p> <p><b>Economy:</b> Proportion of overall cost of controls over total estimated (maximum) value of contracts.</p> <p>Estimated average cost of controls per procurement procedure. Compliance with FR and internal rules designed to guarantee that the best value for money offer is selected (n.q)</p>
	Participation of a member of the financial cell in the Opening committee and Evaluation committee as observers and to provide technical advice if needed	100 % of procurement procedures	
	Opening and Evaluation Committees' declaration of absence of conflict of interests	100 % of the members of the opening committee and the evaluation committee	
	Exclusion criteria documented	100 % checked	
	Final verification /desk review on compliance with procurement procedures	100 % of selected tenders by committee	
	Authorisation by AO/AOD/AOSD		
Publication of the offer finally selected	100 % of procurement procedures		
Standstill period (opportunity for unsuccessful tenderers to put forward their concerns on the decision)			

## Stage 2 – Financial transactions (EX- ANTE control)

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

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

## Stage 3 – Supervisory measures (EX-POST controls)

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

Main risks	Mitigating controls	How to determine 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>Supervisory desk review of sampled transactions</p>	<p>Random sample</p>	<p><b>Costs:</b> estimation of cost of staff involved.</p> <p><b>Effectiveness:</b> Amount of payments made during the year for which there is reasonable assurance that were made free of material error (q).</p> <p>Amounts associated with errors detected (related to fraud, irregularities and error). In % over total checked.</p> <p>N° system improvements made.</p> <p>N° of exception non-compliance / exception events reported to ICC and % of these reports giving place to control weakness</p> <p><b>Efficiency:</b> Since controls are done after the payment is made, recovery may be possible</p> <p>Deterrents &amp; systematic weaknesses corrected to improve procedures and to better address related risks (n,q)</p> <p><b>Economy:</b> Proportion of overall cost of controls over total amount of payments made</p>

## Financial Asset management operations / Non-expenditure items

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

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

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



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

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

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

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

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

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

## Borrowing and Lending operations for NextGenerationEU

### Stage 1 a: Borrowing operations under NextGenerationEU

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

Main risks	Mitigating controls	How to determine coverage frequency and depth	Cost-Effectiveness indicators (three E's)
<p>Risk that the Commission cannot fulfil its disbursement obligations in connection with non-repayable financial support and loans to the Member States or under other NGEU spending programmes; or</p> <p>its interest and repayment obligations on outstanding debt due to:</p> <ul style="list-style-type: none"> <li>insufficient liquidity planning or</li> <li>insufficient funding planning or</li> <li>inability to raise sufficient money in the markets.</li> </ul>	<p>The projected disbursement needs are collected in an NGEU forecasting tool on a short-term and long-term basis which are in turn the basis for a report indicating the NGEU disbursement needs. Based on that report and the prevailing liquidity situation, the Director-General of DG BUDG takes a decision on the amounts to be borrowed on the market.</p> <p>The amounts to be borrowed in the markets are determined by:</p> <ul style="list-style-type: none"> <li>the annual borrowing decision adopted by the college, setting out the annual borrowing ceilings,</li> <li>the annual financing decision adopted by the college, setting out the maximum Union contribution for the implementation of the programme,</li> <li>the funding plan decision adopted by the Director General BUDG, setting out a target funding volume and the issuance calendar,</li> <li>borrowing schedules endorsed by the Director General BUDG, which further frame the planning of the upcoming transactions.</li> </ul> <p>The borrowing operations under NGEU are implemented through a diversified funding strategy which comprises the tools and flexibility to address any possible liquidity shortfall quickly and in sufficient amounts. For this:</p> <ul style="list-style-type: none"> <li>transparent relations with the banks (i.e., Primary Dealer Network), to facilitate the efficient execution of auctions and syndicated transactions, support liquidity in the secondary markets, and ensure the placement of EU debt with the widest possible investor base</li> <li>a set of funding instruments with maturities starting from a few days up to 30 years and</li> <li>different funding operations including syndications, auctions and money market transactions have been implemented.</li> </ul> <p>To further reduce the risk of a liquidity shortfall a secure and purpose-specific prudential cash holding for payments (liquidity buffer) is maintained.</p> <p>There are detailed manuals of procedure in place which are regularly updated.</p> <p>In addition, the function of an independent Chief Risk Officer ('CRO') was implemented to ensure that the systems and processes are designed to ensure protection of the financial interests of the Union and the sound financial management of the operations. Furthermore, the CRO prepared the High Level Risk and Compliance Policy, which was approved by the College member responsible for the Budget on 31/11/2021, and which includes: dedicated governance arrangements (three lines of defence) for borrowing and lending (three lines of defence), risk appetite for identified risks and the risk management framework. A Risk and Compliance Committee was also established to support the CRO in the conduct of his/her responsibilities.</p>	<p>The disbursements needs are collected on a weekly basis feeding into the monthly reports of disbursements needs.</p> <p>The borrowing activities in the markets are based on:</p> <ul style="list-style-type: none"> <li>the annual borrowing decision</li> <li>the annual financing decision</li> <li>the biannually funding plan decision and</li> <li>monthly borrowing schedules.</li> </ul> <p>Syndications and auctions are operated on a regularly basis, complemented by the conclusion of money market transactions in the case of need.</p> <p>Update process for each manual on a at least yearly basis.</p>	<p><b>Effectiveness:</b> Control results: Number of incidents. Number of material audit findings. Benefits: Absence of material errors</p> <p><b>Efficiency:</b> N/A</p> <p><b>Economy:</b> Estimation of cost of staff FTE involved in the controls.</p>

## Stage 1 b: Disbursements and payment management under NextGenerationEU

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

Main risks	Mitigating controls	How to determine coverage frequency and depth	Cost-Effectiveness indicators (three E's)
<ul style="list-style-type: none"> <li>• Risk that the money is not disbursed to the appropriate Member State at the agreed date in the agreed amount</li> <li>• Risk that the funding costs, liquidity management costs or administrative costs are not calculated and allocated in the agreed way to the appropriate recipients</li> <li>• Risk that the funding costs, liquidity management costs or administrative costs are not charged in the agreed way to the appropriate recipients</li> </ul>	<p>To receive support a Council Implementing Decision on a Recovery and Resilience Plan (assessed by the Commission) and a Financing Agreement /Loan Agreement between the Commission and the MS State is necessary.</p> <p>For a specific disbursement two conditions need to be fulfilled:</p> <ul style="list-style-type: none"> <li>• The confirmation that an amount has to be disbursed to a EU Member state (based on the signature of a Financing Agreement, a Decision on Disbursement based on the review of the completion of milestones and targets or the signature of a Loan Agreement).</li> <li>• The confirmation that a corresponding amount of cash is available in the liquidity pool, and earmarked by BUDG.E for that specific disbursement (in case of non-repayable support)</li> </ul> <p>For the disbursement process a four eyes principle for the main steps is implemented, followed by the signing of all relevant documents by the authorised officials.</p> <p>The Cost of Funding rates for the funding and liquidity management costs are calculated via systems which are subject to individual control strategies to ensure accuracy and reliability.</p> <p>Processes related to the invoicing of costs are set out in dedicated manuals.</p>	<p>The disbursements needs are collected in a monthly report. Each disbursement depends on the agreed timeline between the Commission and the beneficiary Member State.</p> <p>The calculation of the Cost of Funding rates for the funding and liquidity management costs are processed on a permanent basis and checked regularly.</p> <p>The cost of funding are charged</p> <ul style="list-style-type: none"> <li>• to the EU budget on a quarterly basis and</li> <li>• to the MS at each interest payment date.</li> </ul> <p>The liquidity management costs are charged to the EU budget and the MS annually for the previous calendar year.</p> <p>The administrative costs are charged to the MS annually for the previous calendar year.</p> <p>Update process for each manual on a at least yearly basis.</p>	<p><b>Effectiveness:</b> Control results: Number of incidents. Number of material audit findings. Benefits: Absence of material errors</p> <p><b>Efficiency:</b> N/A</p> <p><b>Economy:</b> Estimation of cost of staff FTE involved in the controls</p>

## Stage 2 – Monitoring the execution

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

Main risks	Mitigating controls	How to determine coverage frequency and depth	Cost-Effectiveness indicators (three E's)
<p>The measures carried out are not, totally or partially, in accordance with the requirements and description foreseen in the NGEU programme, the different agreements between the Commission and the beneficiary Member States and/or the amounts paid exceed the amounts that are due in accordance with the applicable contractual and regulatory provisions.</p>	<p>To ensure compliance of the activities carried out with the NGEU requirements and their effective control, a multilevel reporting system was implemented.</p> <p>The following reporting obligations under NGEU have been established:</p> <ul style="list-style-type: none"> <li>• annual report on the implementation of EURI and budgetary transparency</li> <li>• semi-annual report on the execution of NGEU operations</li> <li>• quarterly update on the NGEU issuances, financial assets and liabilities</li> <li>• annual allocation reporting and annual impact reporting under the green bond framework</li> <li>• weekly liquidity monitoring report to inform the management of DG BUDG about the current liquidity situation and key risk indicators</li> </ul> <p>Additionally, the independent risk management function reports on a regular basis on material risks and on the compliance with rules and procedures (among others for the operational implementation and execution of the diversified funding strategy conformity and for the prevention of money laundering and terrorist financing).</p> <p>All members of staff involved are responsible for reporting risk events to the CRO and the Risk management function that have occurred in their operational units. The Risk management function assess the residual risks and implemented mitigants and provides advice on additional mitigants. In addition, the Risk management function monitors the implementation of mitigants.</p>	<p>Reporting obligations are carried out on an annual, semi-annual, quarterly and weekly basis to</p> <ul style="list-style-type: none"> <li>• the European Parliament,</li> <li>• the Council of the European Union,</li> <li>• the Economic and Financial Committee</li> <li>• the College of the European Commission</li> <li>• the Member of the College responsible for the Budget</li> <li>• the Director General DG BUDG</li> </ul> <p>Risk events are reported to the Chief Risk Officer and the Risk management function. The CRO reports on it regularly to the Director-General DG BUDG, Accounting Officer, member of the College responsible for the Budget, depending on the material consequences of the reported risk.</p>	<p><b>Effectiveness:</b> Control results: Number of incidents. Number of internal and external audit findings. Benefits: Absence of material errors</p> <p><b>Efficiency:</b> N/A</p> <p><b>Economy:</b> Estimation of cost of staff FTE involved in the controls</p>

### Stage 3: Review, audits and monitoring

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

Main risks	Mitigating controls	How to determine coverage frequency and depth	Cost-Effectiveness indicators (three E's)
Processes might be weak or not working as designed. The system might provide poor adequacy.	<ul style="list-style-type: none"> <li>• Specifications, ceilings and limitations for the NGEU operations are provided on a regular basis by the College up to the Director General BUDG, taking into consideration the information provided by the regular reports described under stage 2</li> <li>• A 'three lines of defence' model for risk management was established to: (i) ensure the appropriate segregation of powers and duties; (ii) clearly define lines of authority; and (iii) ensure distinct roles and responsibilities for the management and control of risk.</li> <li>• As the first line of defence the Director-General of DG BUDG and the staff responsible for the NGEU operations ensure that all risks are well managed. All activities are supervised by responsible Heads of Unit and senior management. The four eyes principle is established in the main steps for liquidity and funding planning, borrowing activities including settlement, disbursements to the Member States as well as for the calculation and allocation of costs.</li> <li>• CRO and Risk management function as the second line of defence ensure an independent oversight of the activities, including independent reporting lines and the avoidance of any other activities that present a conflict of interest with regard to their risk management responsibilities</li> <li>• As the third line of defence audit and consultancy work is performed by the Commission's Internal Audit Service (IAS)</li> <li>• The European Court of Auditors audits whether the Community budget is properly accounted for; whether financial operations are legal and regular; and whether Community policies are effectively, efficiently and economically carried out.</li> <li>• Implementation of a "Risk and Control Self-Assessment (RCSA)" for all relevant business processes concerning NGEU to assess the risk areas of the business processes and to conduct a self-assessment in respect of measures and the adequacy of controls</li> <li>• Annual financial audits are performed by external audit firm on the financial statements of ECSC, EFSM, BoP, MFA, Euratom, BUFI, MIM, CPF, NGEU and SURE.</li> </ul>	<ul style="list-style-type: none"> <li>• Reviews of the specifications, ceilings and limitations are carried out on an annual, semi-annual and monthly basis</li> <li>• Permanent check by the first line of defence during the execution of their processes</li> <li>• Reports of the Risk management function on an at least quarterly basis</li> <li>• Annual ECA audits</li> <li>• Annual RCSAs.</li> </ul>	<p><b>Effectiveness:</b> Control results: Number of incidents. Number of internal and external audit findings. Benefits: Absence of material errors RCSA: integrate operational risk management practices and culture into the way staff undertake their functions</p> <p><b>Efficiency:</b> N/A</p> <p><b>Economy:</b> Estimation of cost of staff FTE involved in the controls.</p>

**Stage 4: Sound financial management in terms of NextGenerationEU operations**

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

Main risks	Mitigating controls	How to determine coverage frequency and depth	Cost-Effectiveness indicators (three E's)
<p>Undue or erroneous financial operations or payments.</p> <p>Default of payment from a loan beneficiary.</p>	<ul style="list-style-type: none"> <li>• There is a variety of legal frameworks / contractual arrangements on the borrowing (annual borrowing/financing decision, funding plan decisions, borrowing schedules) and the lending operations (CID on a RRP, Financing / Loan Agreement, Financing Decision).</li> <li>• Specific procedures are in place creating a clear framework of controls to be performed by the Financial Unit. The various documents to be provided as well as the controls performed by the financial and the verifying agents are detailed in these procedures.</li> <li>• The financial complexity of the instruments used (bonds, bills, unsecured money market borrowings and loans) is moderate.</li> <li>• In case of a default of payment from a loan beneficiary the EU budget is protected against these consequences in two ways: Article 14(3) of Council Regulation (EU, Euratom) No 609/2014 allows calls on cash from the Member States if the Union needs to meet its obligations towards investors. Furthermore, Article 9(4)-(8) of the Own Resources Decision contains additional mechanism allowing call on cash.</li> </ul>	<p>Ex-ante verification of prerequisites for each borrowing and lending operation</p> <p>Ex-post controls for each borrowing and lending operation.</p>	<p><b>Effectiveness:</b> Control results: Number of incidents. Number of internal and external audit findings. Benefits: Absence of material errors</p> <p><b>Efficiency:</b> N/A</p> <p><b>Economy:</b> Estimation of cost of staff FTE involved in the controls</p>

## ANNEX 7: Specific annexes related to "Financial Management"

### 7.1. Table Y: Overview of DG's/EA's estimated cost of controls (at the EC) level

NB. The absolute values are presented 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)	Related amounts	Ratio (%) (a)/(b)	EC total costs (in EUR)	total value verified and/or audited	Ratio (%) (d)/(e)	EC total estimated cost of controls (a)+(d)	Ratio (%) (g)/(b)
<b>TOR, VAT and GNI</b>	0	228 600 462 503	0%	3 822 905	61 513 501 874	0.01%	3 822 905	0.0002%
<b>Expenditure</b>	1 017 480	27 000 000	3.8%	15 090	12 000 000	0.1%	1 032 570	3.8%
<b>Financial assets and loans</b>	411 600	30 000 000 000	0.0014%-	411600	18 700 000 000	0.002%	823 200	0.003%
<b>Overall estimated cost of control at EC level</b>	1 429 080	259 627 462 503	0.00%	4 249 595	80 225 501 874	0.01%	5 678 675	0.00%

### 7.2. Description of control systems on the area of Own Resources and detailed results

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

Each own resource system has a 4-year cut-off after which no corrections may be made (5 years for plastic-based OR). However, to protect the EU's financial interests the cut-off does not apply to those points notified by the Commission or the Member State concerned prior to the deadline. In these instances, corrective action may still be taken. Although the possible financial impact of these items can rarely be quantified until they are resolved, experience shows that compared with the overall amounts paid their impact is rarely material.

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

<sup>9</sup> The inspections on the plastics-based OR will start in 2023 once the Member States start submitting the first annual statements.

## **Traditional Own Resources (TOR)**

Member States are autonomously responsible for (1) establishing traditional own resources (TOR), accounting for it, and collecting and making it available within prescribed time limits; and (2) implementing EU customs legislation and operating a framework of customs checks and controls to ensure that they collect the correct amount of customs duties at the right time. Failure to comply with the rules may lead to a financial liability to the EU budget.

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

Reasonable assurance concerning the accuracy and completeness of Member State data is provided by an annual inspection programme by which BUDG checks that Member States' administrations have complied with EU law when collecting TOR. The setting-up of the annual inspection programme follows risk-based approach, identifying and targeting the inspection topics with significant potential financial impact on the EU budget. BUDG monitors the timely and full receipt of TOR statements and the corresponding payments and manages the recovery of the amounts related to detected errors resulting from the TOR control activity. Any delay in paying own resources gives rise to payment of interest by the Member State concerned.

## **VAT-based own resource**

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

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

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

## **GNI-based own resources**

GNI OR has a particular role to play as the balancing resource. Once the amount of agreed EU expenditure that will be funded by the TOR and VAT OR is known then GNI contributions are fixed to fund the remainder within the ceiling of no more **than 1.40 % of total EU GNI** (and in addition 0.6% of total EU GNI for NextGenerationEU liabilities). Member States provide the Commission with their GNI figures annually accompanied by a report on the quality of GNI data and supplemented for each verification cycle with a GNI inventory of the sources and methods used to produce GNI aggregates. As GNI own resources data is only available annually and in arrears the own resources payments during that year are



based on the amounts entered in the budget for the year concerned (i.e. each month the Commission - BUDG - requests each Member State to pay one twelfth of the budgeted forecast amounts). Adjustments are made in subsequent years by BUDG to adapt payments to reflect the GNI data. BUDG monitors proactively that GNI own resource contributions are paid promptly. Any delay in paying own resources gives rise to payment of interest by the Member State concerned.

### **ESTAT – Verification of GNI data**

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

The MOU with ESTAT includes an annex setting out the good practice to be observed when setting (GNI) reservations.

In order to present the whole control activity performed on GNI data at Commission level, and purely for information purposes, the Relevant Control System performed by ESTAT has been included in Annex 6 together with the controls performed by BUDG.

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

### **A – Member State statements and collection of resources**

During 2021, 100% of national contributions were made available on time. The customs duties amounts reported in Traditional Own Resources A-statements by Member States were also made available to the EU budget two months later as required by the EU legislation. Verification of the amounts declared in the A statements is ensured through on the spot inspections by BUDG. As a consequence, some adjustments are made to the initial statements and the corresponding documents are issued to adjust the due amounts. During 2021, 245 requests for accounting actions were made by the inspection units representing an adjustment of EUR 1 202 m in principal (EUR 1 073 corresponding to "enforcement strategy cases") and EUR 45 m in late payment interest. 258 accounting documents were issued in order to enter these adjustments in the EU accounts. 416 Forecasts of Revenue were issued as appropriate. At the end of the year, there were eleven open TOR infringement files. One new infringement procedure was initiated during 2021.

BUDG has set a reservation on TOR amounts collected in view of the final report of OLAF's investigation (OF/2014/1274/B1) of 1 March 2017, confirmed by the conclusions arising from BUDG controls in terms of the lack of appropriate measures in the UK to prevent the systematic undervaluation of textiles and footwear from the People's Republic of China imported into the EU. As a consequence, BUDG and OLAF, estimate the loss of Traditional Own Resources at EUR 2 679.6 million (gross) between November 2011

and 11 October 2017. In March 2022, the Court of Justice of the EU ruled in case C-213/19 Commission vs UK in favour of the Commission, but required a revision of the calculation of TOR losses. For further details, see section 2.1.5.

In its 2020 annual report published on 26 October 2021, ECA addressed a recommendation to the Netherlands to ensure that its TOR monthly and quarterly accounts and related statements are reliable by solving the current weaknesses with an implementing date end 2022. Although there is as such no confirmation that the actual TOR amounts have not been included in the accounting statements and paid to the EU budget (only that the audit trail cannot confirm that all amounts are correctly and timely paid), there are longstanding doubts on the reliability of the Dutch TOR accounting systems and thus whether the correct amounts are timely paid to the EU budget.

Despite all commitments made by the Dutch authorities to solve the issue by replacing the outdated accounting systems, during an ECA audit and Commission inspection in 2021 a lack of real progress to remedy the shortcomings was observed.

Based on these new audit and inspection results BUDG requested the Netherlands to promptly react to the accounting shortcomings within strict deadlines in view of implementing the Court's recommendation and the Commission's inspection findings.

At this point in time remedial action is ongoing. The Dutch authorities transmitted to BUDG in December 2021 an implementation plan to meet state-of-the-art accounting rules, including upgraded processes and IT systems, by end 2022. Progress will be closely monitored and BUDG will not hesitate to consider an infringement procedure as laid down in Article 258 TFEU, if need be. The Dutch authorities will be held liable for any potential TOR losses that might have occurred to the EU budget.

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

### **Traditional Own Resources (TOR)**

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

25 inspections were scheduled in 2021. 23 inspections were carried out and 2 were postponed for 2022. Hence, the TOR inspection programme 2021 was implemented at 92%.

In 2021, the A and B accounting as well as the control strategy for anti-dumping and countervailing duties were the main inspection topics. Shortcomings identified during the inspections are being closely followed up by BUDG in collaboration with the Member States.

In addition to the regular inspection work, in 2021 DG BUDG launched a desk audit on the control strategy on solar modules and key components imported from countries (China, Malaysia and Taiwan) subject to trade defence measures, following up on a recurrent shortcoming identified during targeted inspections in three Member States in 2018-2019. By letter of 1 June 2021, DG BUDG informed the remaining 21 Member States concerned about the potential TOR losses related to the wrong interpretation of the term consigned from for solar panels and cells declared as originating in Malaysia

and in Taiwan but dispatched from elsewhere. By 31 December 2021, eight Member States had made available under reservation amounts of TOR related to this particular shortcoming totalling over EUR 647 million (net).

Member States issue write-off reports stating the TOR amounts assessed by them as irrecoverable. During 2021, all of the 103 write-off reports received and involving an amount of €54.8 m were evaluated by the Commission (BUDG in co-operation with the Legal Service, TAXUD and OLAF) within the legal six-month deadline for initial assessment. As a result of this evaluation, it was found that an amount of €22.5 m (41.1%) should have been made available by Member States and the amounts were claimed or the existing claims upheld. For an amount of €24.5 m (44.6%) additional information was sought from the respective Member State or the UK to reach a final assessment result. Most of this total relates to few cases of textile undervaluation with high amounts involved. For a total of €7.8 m (14.3%), write-offs were considered justified or not involving TOR (the latter for example related to customs duties prior to accession or to destroyed cigarettes).

Another source of assurance is the ECA's annual report. In its financial year 2020, ECA concluded that the revenue systems examined were overall effective for TOR and that the level of error in revenue was not material. In addition, no errors were found in the transactions tested.

In response to previous observations by ECA, BUDG is taking action to intensify the follow-up on longstanding open TOR points and to follow-up on the TOR accounting weaknesses identified by ECA's audits in France, Spain and the Netherlands. Non-recovered amounts in the B account will continue to be closely monitored in all Member States. The ECA's findings from its special report 4/2021 "Customs controls: insufficient harmonisation hampers EU financial interests" will be addressed by strengthening EU-wide risk assessment and data mining and developing joint analytics capability. DG BUDG signed in September 2021 a Memorandum of Understanding with TAXUD and OLAF to establish the cooperation of the three services under the framework of the Joint Analytics Capability (JAC), with TAXUD in the lead. DG BUDG actively participates in the five analytical projects undertaken under the JAC. Further action has been taken to improve risks assessment for TOR inspection planning. In addition, BUDG decided to introduce in its 2022 inspection plan desk reviews on TOR accounting separate from its normal inspection programme for all 27 Member States. Risks related to e-commerce have been prioritised and corresponding on-the-spot inspections in 7 Member States are programmed for 2022. Furthermore, in May 2021, BUDG informed all Member States about preliminary quantifications of their potential TOR losses in the context of its enforcement strategy targeting undervalued textiles and footwear from China. In this regard, by the end of 2021, 21 Member States paid additional amounts of TOR under reservation representing about 70% of the total estimated EU-27 TOR losses. The final quantification of the TOR losses and potential interest demands will be made following a detailed analysis of the Court of Justice's judgment in the case against the United Kingdom, delivered on 8 March 2022, and taking into account any information provided by Member States in this regard.

### **VAT-based Own Resource**

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

A new database application (VATRes) covering various aspects of the VAT- and GNI-based own resources was implemented during 2020.

During 2021, the annual inspection programme was executed under the constraints put in place under the pandemic (of the 13 inspections in total, 100% VAT-based own resource inspections have been carried out as planned, albeit remotely). The results of inspections also show that 100% of statements have been subject to verification prior to becoming time-barred. It is usual practice not to inspect all Member States in a given year but to do so by inspecting several financial years before time barring. A risk-based approach is used when deciding on a year's work programme.

### **GNI-based Own Resource**

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

Where this process raises concerns and ESTAT wishes to prevent a particular year becoming time-barred then it requests BUDG to set or lift reservations. The indicator of performance of this control on GNI is the timeliness with which BUDG notifies Member States of changes in their reservation position.

The results show<sup>10</sup> that the activity to notify setting and lifting of reservations was performed without delays. In 2021 out of 158 transaction-specific reservations set at the end of the previous verification cycle, 38 reservations have been lifted for 16 countries. Eurostat verification work is ongoing and DG Budget received in due time Eurostat technical opinions in order to notify the outcome of Eurostat work to the Member States.

Moreover, five transversal reservations have been placed for each of 27 Member States and the United Kingdom. Out of those, transversal reservations III and IV had deadline in 2021 and Eurostat's assessment is ongoing for the transversal reservation III from 22 Member States and the United Kingdom, and for transversal reservation IV from 23 Member States and the United Kingdom. The process-specific reservations placed for the years 2016-2020 for the United Kingdom were lifted for all years in 2021.

Following the informed decision taken in April 2020 the Commission set a transversal reservation on all Member States to mitigate the risks due to the globalisation issues. In the context of business and macroeconomic statistics, globalisation refers to the on-going phenomenon whereby the predominantly national economic structures and transactions are replaced by international ones. This creates measurement challenges for statistics and in particular for the compilation of national accounts. In this context, the Commission decided to notify all Member States of an own resource GNI reservation on globalization (transversal reservation I). On the basis of the report adopted by the GNI Expert Group in November 2019 this reservation covers the period from 2018 onwards. This decision is considered proportionate to the possible inherent risks related to the comparability, reliability and exhaustiveness of Member States' GNI data, as well as the related calculation of own resources for the earlier years.

The GNI Expert Group had also specific meetings on globalisation to assist the National Statistical Institutes to mitigate the risks detected and streamline the exchange of information among the Member States Authorities to follow up the work on the reservation on globalisation. DG BUDG participated to these meetings with the observer role to be informed on the progress made on these issues.

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<sup>10</sup> As presented in the 6<sup>th</sup> GNIEG meeting held in November 2021.

As a result of Eurostat activities during the year 2021, and on the basis of Eurostat technical opinions a total amount of 38 GNI transaction specific reservations and 1 general reservation have been lifted. Although the responsibility for monitoring the Member States' GNI data and calculation methods is vested in the Commission, it should be underlined that this requires full cooperation from the respective national authorities who control the production of the GNI data, in particular with regard to the need for them to fully report on any major changes to sources and methods used for the compilation of the national accounts.

Assurance is also obtained from the annual opinion of the GNI Expert Group since it represents the acceptance of GNI data by both all Member States and by the Commission. Following its examination during the year, the GNI Expert Group, at its 6<sup>th</sup> meeting in November 2021 concluded that, in its opinion, the GNI data transmitted through the GNI Questionnaire 2021 are appropriate for use for own resource purposes with respect to reliability, comparability and exhaustiveness, in accordance with Article 4 of the GNI Regulation.

The ECA's annual report on financial year 2020 concluded that the revenue underlying the accounts for the year ended 31 December 2020 is legal and regular in all material respects.

### **C – Follow-up of verification results**

The 2021 TOR control activity led to recovery orders (ROs) both for principal and belated interest for a total amount of €1,332.6 million (€899.7 million in 2020).<sup>11</sup> Out of this amount, already 96.5% was paid in 2021 (higher than the payment rate of 82% in 2020). The average recovery rate since 2013 of ROs issued following TOR control activity is 78.57%<sup>12</sup>. The recovery rate on global TOR<sup>13</sup> is 99.76%.

The proportion of VAT reservations set by the Commission and in place for more than 5 years is 18%, which is slightly more than a year ago. A total of 20% of these reservations are related to on-going infringement cases.

The annex included since April 2013 in the MOU between ESTAT and BUDG concerning the good practice when using GNI reservations, guarantees that criteria for placing specific reservations is clear and aims to reduce significantly the number of general reservations.

### **D- UK correction calculation**

Calculation of UK correction was made on time to include it in the UK April invoice. The strengthened procedures on checking the inputs were followed.

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<sup>11</sup> However, EUR 1 059 million relate to amounts of TOR related to preliminary estimates by the Commission and by Member States under reservation, pending the outcome of the CJEU judgment in case C-213/19 against the UK. Following the Court judgment of 8 March 2022, the estimated amounts might have to be revised.

<sup>12</sup> Total amount recovered up to end 2021 out of Recovery Orders issued since 2013.

<sup>13</sup> The global TOR includes the monthly payments made by the Member States and the payments made following BUDG's TOR control activity.

## 7.3. Details on ongoing audits and recommendations

### Internal Audit Service (IAS)

In the end of 2021 there were three IAS audits with open recommendations: on recoveries of debts, on pillar assessment and on EFSI guarantee fund.

#### **Audit on management of recovery orders for competition fines and for recovery orders in the context of the Commission's corrective capacity**

The overall objective of the audit was to assess whether the Commission has put in place an effective and efficient control system for the management of the recovery orders for competition fines (including guarantees for competition fines) and for recovery orders in the context of the Commission's 'corrective capacity' both at the central and the operational level. Two very important recommendations were issued related to i) dealing with insolvencies and bankruptcies (partially implemented) and ii) the offsetting process by the Accounting Officer (implemented and closed in January 2021, details were reported in 2020 AAR).

Recommendation no 2: Dealing with insolvencies and bankruptcies due on 30 June 2021.

As recommended, BUDG instructed AODs to carry out checks on debtors and legal entities, and put in place preventive and detective risk-based controls to review regularly the financial and legal situation of economic operators with pending recovery orders and contracted the financial information in order to regularly communicate to authorising departments the contractors and beneficiaries which have overdue debts, their amount and other relevant financial information to assess the risk of insolvency. Authorising departments are able now to determine the risks when authorising commitments (e.g. to limit the amount of pre-financing) or payments (e.g. the claim would be offset against an outstanding recovery order). Considering the decentralised model for financial management of the Commission, the Corporate Management Board (CMB) is about to adopt a decision on the strategy at Commission level.

#### **Audit (multi-DG) on pillar assessment in the external action family (2020)**

The objective of the audit was to assess the adequacy of design, and the efficiency and effectiveness of the implementation of the pillar assessment process of entities to be entrusted with the implementation of Union funds in the external action domain and to assess if it enables the Commission to ensure a level of protection of the financial interests of the Union equivalent to the one that is provided when the Commission implements the budget directly. 5 very important recommendations were issued:

1. BUDG should further develop its **corporate oversight** role to ensure coordination and coherence in the pillar assessment process across the Commission.

One action addressing this recommendation is still ongoing, the revision of the Internal Rules, with the interservice consultation planned for February 2022.

All other actions are completed. BUDG issued a note to Resource Directors on its role, horizontal guidance, supervisory measures, repository, and presumption of conformity, and monitored the state of advancement of complementary assessments. The Central Repository of pillar-assessed entities has been improved and is regularly updated with input from the operational DGs. A Pillar Assessment Automated Workflow (PAAW), developed by DIGIT will ensure BUDG's consultation in the process and will allow for monitoring the implementation of the corporate instructions. An expert group in DG BUDG ensures internal coordination and coherence in the pillar assessment process. The relevant pages in BUDGpedia are up-to-date and provide a comprehensive vademecum on indirect management.

2. BUDG should develop, in cooperation with other Services and drawing from their experience, comprehensive **corporate guidance** including a process description, templates and tools for pillar assessment applicable to all Commission Services.

This recommendation is considered as closed by the IAS, since the 8 actions addressing it have been completed: publication of instruction notes, templates and guidance documents, regular training courses on indirect management and update of the Q&A section of BUDGweb.

3. BUDG should: (i) adopt a roadmap with milestones towards the establishment of the **central repository/automated workflow** tool; (ii) refine and complete the functional and technical requirements of the planned automated workflow and central repository; (iii) correct errors in the current temporary inventory; (iv) make sure that the DGs provide complete information on the supervisory measures and include it in the current inventory; (v) include in its current inventory and central repository, if relevant, missing information on the discontinued sub-delegation pillar as long as the outcome of this pillar is relied on for the signature of new agreements.

BUDG reshaped the Central Repository which is now regularly updated and established a roadmap for the development of the automated workflow, including functional specifications addressing the IAS recommendation, but also supervisory measures and substantive changes. This recommendation is considered as closed by the IAS.

4. BUDG should establish a mechanism enabling the lead services to verify compliance by the pillar assessed entities with the obligation to **report substantive changes** to their systems, rules and procedures. It should adopt a procedure and issue guidelines for assessing such changes, and specify which measures to apply if substantive changes reported by an entity undermine the positive result of the pillar assessment.

BUDG addressed this recommendation in the actions already described. Moreover, BUDG explored with DG INTPA the possibility to use the management declaration as a way to confirm if the entrusted entity has undergone substantive changes in its systems, rules and procedures. One action addressing this recommendation is still ongoing, the inclusion of a specific mechanism in the PAAW functional specifications. The revised target date is December 2023 to onboard the developments by DIGIT.

5. Budget should inform the services concerned of **the conditions for making a presumption of conformity**, liaise with them to implement supervisory measures when this is not possible, and cooperate to verify the information regarding the **assessment of the sub-delegation pillar**. It should record the scope and outcome of the assessment of this pillar in its inventory in an adequate manner.

BUDG liaised with operational services to identify the entities concerned by the presumption of conformity and to collect information on the actual scope of the assessed sub-delegation pillar. Relevant instructions were provided in several notes and guidance documents and the Central Repository was updated accordingly. The recommendation is closed by the IAS.

In summary, 88% of the measures (23 out of 26) of BUDG's action plan submitted in April 2021 were completed by 31 December 2021. Out of the remaining actions, one has been postponed to 30/06/2022 and one to 31/12/2023. The last one is to be completed, as initially proposed, by 30/06/2027.

**Audit on the management of the European Fund for Strategic Investments (EFSI) Guarantee Fund** resulted in 6 important recommendations, related to the setup of the compliance function, the process of assessment, approval and selection of counterparties, documentation and access rights. Three of these recommendations were implemented in 2021, three still open concern the compliance officer, appointed in the end of 2021, and should be implemented by March 2022.

### European Court of Auditors (and other institutions)

DG BUDG receives the recommendations from the European Court of Auditors, Council and Parliament. Most of the recommendations from the Council and Parliament are linked with the ECA's recommendations, and are follow-up together with them.

14 ECA's recommendations were implemented in 2021.

<b>Title of the ECA's report</b>
<b>Annual reports concerning the financial year 2017 (Implementation date: the adoption of multiannual financial framework 2021-2027).</b>
The Commission should streamline indicators on the performance of the EU budget and improve the alignment between high-level general objectives and specific programme and policy objectives. To this end, it should take the following steps. (a) It should establish a direct link between the specific objectives in the legal basis of each spending programme and the general objectives (important).
The Commission should streamline indicators on the performance of the EU budget and improve the alignment between high-level general objectives and specific programme and policy objectives. To this end, it should take the following steps. (b) It should review the performance indicators used for the EU budget at all levels, recording information such as the intended user of each indicator, and its intended purpose. If this information cannot be ascertained, then it should consider eliminating the indicator (important).
The Commission should streamline indicators on the performance of the EU budget and improve the alignment between high-level general objectives and specific programme and policy objectives (important).
<b>Annual report concerning the financial year 2018</b>
Ensure, as soon as the common provisioning fund is established, effective management and up-to-date monitoring of the EU budget's exposure to the related guarantees. In this context, the Commission should base its calculation of the effective provisioning rate on a prudent methodology based on recognised good practice (important).
Present annually to the budgetary authority the overall amount and the breakdown of funds transferred from the EU budget for financial instruments managed by the EIB Group. This would provide the budgetary authority with relevant information to support its work on the scrutiny of the EIB Group and its operations while also increasing the transparency of such operations (important).
The Commission should aim to receive timely performance information for all performance indicators, for instance by introducing new reporting tools on internet platforms (important).
The Commission should further improve the Programmes' Performance Overview, especially by: (a) using one method for calculating progress towards the target from the baseline. If the Commission deems this is not feasible for a specific indicator, it should explain its approach in the PPO. Implementation date: 2021 issue of the Programmes' Performance Overview (important).
The Commission should further improve the Programmes' Performance Overview, especially by: (b) explaining the rationale used to select performance indicators for each programme. Implementation date: 2021 issue of the Programmes' Performance Overview.
<b>Annual Report on Compliance concerning the financial year 2019</b>
Revise procedures by: (a) establishing a system for monitoring TOR open points based on quantitative and qualitative criteria that rank shortcomings detected in Member States in order of priority. Timeframe: by the end of 2021 (important).
Revise procedures by: (b) setting deadlines for Member States to address such shortcomings, and for follow-up actions, including the calculation of late-payment interest and the recovery of amounts to be made available to the EU budget (see paragraph 3.18). Timeframe: by the end of 2021 (important).
Present a complete picture of the exposure of the EU budget in the annual "Report on guarantees" (very important).
<b>Annual Report on Performance concerning the financial year 2019</b>
The Commission should continue to report on the performance of EU spending programmes for at least as long as substantial amounts of payments related to a given MFF period are being made, i.e. beyond the duration of the MFF period concerned. Consequently, for some time after the launch of next MFF's programmes, the Commission should report on the performance of two sets of programmes in parallel. Timeframe: starting with the programme statements for the 2022 draft budget and the 2020 AMPR (important).
In order to increase transparency, the Commission should explain in the programme statements how targets for indicators were set and where the underlying data comes from. Timeframe: starting with the programme



statements for the 2022 draft budget and the 2020 AMPR (important).
<b>SPECIAL REPORT No 35 2018 Transparency of EU funds implemented by NGOs more effort needed.</b>
Adopt a uniform approach to publishing in the FTS (very important).

The table below presents an overview of the ECA's recommendations, open at the end of 2021 (32).

European Court of Auditors: report and number of recommendations	Important	Very Important	Total still open	Total assigned to BUDG
Annual report concerning the financial year 2018	9	1	10	18
Annual Report on Compliance concerning the financial year 2019	0	1	1	5
Annual Report on Performance concerning the financial year 2019	4	1	5	7
Special Report No 10 2021 Gender mainstreaming in the EU budget: time to turn words into action	1	3	4	4
Special Report No 12 2019 E-commerce many of the challenges of collecting VAT and customs duties remain to be resolved	2	0	2	2
Special Report No 17 2016 The EU institutions can do more to facilitate access to their public procurement	0	1	1	6
Special Report No 19 2019 INEA benefits delivered but CEF shortcomings to be addressed	1	0	1	1
Special Report No 22 2020 Future of EU agencies – Potential for more flexibility and cooperation	3	0	3	3
Special Report No 22 2021 Sust. finance: More consistent EU action needed to redirect finance towards sustainable investment	1	3	4	4
Special Report No 35 2018 Transparency of EU funds implemented by NGOs more effort needed	0	1	1	4
<b>Total</b>	<b>21</b>	<b>11</b>	<b>32</b>	<b>54</b>

The following recommendations issued by European Court of Auditors (ECA) remain open (accepted or partially implemented):

1. From the ECA's Annual report concerning the financial year 2018 (implementation of all of them will be done at the time of the programme statements for the 2023 budget, by July 2022):
  - Include in the programme statements indicators that balance between inputs, outputs, results and impacts. There is one similar recommendation from the Parliament.
  - Include in the programme statements indicators that have a clear link with the actions financed. There are 4 other related ECA's recommendations and 2 from the Parliament.
  - Include in the programme statements indicators that reflect the achievements of EU spending programmes. There are 4 other related ECA's recommendations and 2 from the Parliament.
  - Include in the programme statements indicators that cover the programme objectives. There are 4 other similar ECA's recommendations and 1 from the Parliament.
  - Propose performance frameworks for all programmes with quantitative baselines, stipulating the year for the baseline. There is also one associated recommendation from the Parliament.
  - Propose performance frameworks for all programmes with quantitative milestones. There is one related recommendation from the Parliament and other from the Council.
  - Propose performance frameworks for all programmes with quantitative targets, stipulating the year of the target. There is one related recommendation from the Parliament.
  - Propose performance frameworks for all programmes with data with the required level of quality. There is one recommendation from the Council and one from the Parliament. Feasibility and cost considerations as well as the fact that it requires a corresponding commitment of, in particular, Member States and beneficiaries to submitting high quality data on time will be taken into account for the programme statements for the 2023 budget.

- Document the targets proposed so that the budgetary authority can assess their level of ambition. There is one similar recommendation issued by the Parliament. All will indicators in spending programmes have the targets in the programme statements for the 2023 budget.
  - Reinforce the scope of the monthly and quarterly checks of TOR A and B account statements. This recommendation is partially implemented. The systematic monitoring of the A and B statements in extended data analysis and desk audits has been set up, the continuous review procedure of the A and B account statement based on the information obtained from the TOR inspections carried out in 2020 and 2021 was done. The remaining actions are to be finalised by July 2022.
2. From the ECA's Annual Report on Compliance concerning the financial year 2019:
- Ensure the availability of payment appropriations, taking into account the risk of insufficient payment appropriations and the extraordinary needs arising from the COVID-19 pandemic. There are 3 other similar recommendations, from the ECA, Parliament and Council. The implementation is foreseen in 2027.
3. From the ECA's Annual Report on Performance concerning the financial year 2019:
- Improve the reliability of the performance information presented in the programme statements and the AMPR (there is one related recommendation from the Council and other from the Parliament). The reliability and quality of the information presented in the programme statements and the AMPR is strengthened when possible. The MFF 2021-27 will allow to continue making progress in this respect. However, the Commission is not in a position to fully control or guarantee the reliability of performance information provided by others. (By July 2022).
  - Include in performance reports analysis of the efficiency and economy of programmes: there are 3 other similar ECA's recommendations and 2 from the Parliament. Information on the economy and efficiency of programmes is not available on an annual basis, but depends on the regulatory framework and is usually measured in the longer term. Reporting on efficiency and economy will be strengthened, when the information becomes available. Such information is included, for example, in the Annual Management and Performance Report for the EU budget. (By July 2022).
  - Include in performance reports more systematic analysis of the significant external factors: there are 3 other similar ECA's recommendations from previous year. A more systematic analysis of significant external factors which may affect the performance of programmes, to the extent that this is relevant and the data are available, will be included in the programme statements for the upcoming reporting cycle (by July 2022).
  - Include in performance reports if performance indicators are on track to meet targets: there are 3 similar recommendations from the ECA's previous report and one from the Council. In the programme statements for the Draft Budget 2022 the Commission intends to systematically report on whether performance indicators are on track to meet their targets (by July 2022).
  - Include in performance reports clear and balanced assessments of performance: there are 3 other similar ECA's recommendations from previous year, implementation is foreseen by July 2022. 2021 was the first year when the programme statements and PPO included a specific section on performance assessment. Based on the lessons learned, more specific instructions will be provided for the following years, so as to further improve the quality of the performance assessment section.
4. From the SPECIAL REPORT No 22 2020 Future of EU agencies – Potential for more flexibility and cooperation (3 important recommendations with implementation planned by 2024):
- Before each MFF propose to allocate resources to agencies by focusing on the priorities and the most pressing needs: there is also one similar recommendation from the Parliament, which has already been implemented (on communication aspects).
  - Timely review agencies' requests to align resources with evolving needs.
  - Monitor the implementation of the revised Commission guidelines (C(2020)2297) on the

performance information to be provided by agencies, in relation to EU policy – this important recommendation is accompanied by one similar recommendation from the Council and one from the Parliament.

5. From the SPECIAL REPORT No 22 2021 Sustainable finance: More consistent EU action needed to redirect finance towards sustainable investment:
  - Include in the proposal for a revised Financial Regulation the “do no significant harm” principle, very important recommendation. The Commission is committed to implement the “do no harm” principle in the Inter-institutional Agreement accompanying the 2021-2027 MFF, which applies to all MFF programmes. Legislative work is in progress with expected implementation by April 2022.
  - Apply the “do no significant harm” principle across the EU budget. The Commission committed in the EU Green Deal Communication to the implementation of the “do no harm” principle as an underpinning principle of its actions, in line with its Paris agreement commitments. In practice, this has been translated into the commitment in the Inter-institutional Agreement accompanying the 2021-2027 MFF to apply the “do no harm” principle when designing climate and biodiversity mainstreaming. Recommendation has been partially implemented, to be completed by July 2022, following the adoption of the EU Taxonomy delegated acts.
  - Fully integrate the EU Taxonomy criteria (when available) into the EU climate tracking methodology. The Commission has strengthened its climate tracking methodology for the 2021-2027 MFF. In particular, it has implemented a substantial enhancement, moving from the “OECD Rio markers” used in the 2014-2020 MFF to the “EU Climate coefficients” used in the 2021-2027 MFF. These EU climate coefficients, which have been enshrined in several basic acts, are aligned to the maximum extent possible with the technical screening criteria under the EU Taxonomy’s first delegated act, to be adopted by July 2022.
  - Disclose climate related EU expenditures with a 100% coefficient based on the EU taxonomy criteria. The Commission will use the EU climate methodology in order to report on progress towards the achievement of the 30% climate target. This data will be complemented by information about the amount of expenditure falling under intervention fields of the EU climate methodology that receive a 100% coefficient by virtue of meeting the technical screening criteria of the EU Taxonomy concerning climate mitigation or adaptation (by December 2022).
6. From the SPECIAL REPORT No 35 2018 Transparency of EU funds implemented by NGOs more effort needed.
  - Enable the various grants management systems to record the funding received by all beneficiaries contracted by the EU, Improve information on funds implemented by NGOs, rating very important. There are similar recommendations from the Council (2) and Parliament (2). Various grant management systems reflect the specificities of set up for the different policies, including the modalities of contracting. In certain policy areas (e.g. research), this is already done.
7. From the SPECIAL REPORT No 12 2019 E-commerce many of the challenges of collecting VAT and customs duties remain to be resolved.
  - Pending and future payment mismatches between Member States, improve enforcement of collection, important, partially implemented. Addressing payment mismatches between Member States as well as the treatment of the retained VAT is an ongoing work. Current checks concern y carry out inspections on Member States’ controls of the low value consignment reliefears 2015–2018, as they become available in the VAT-based own resource context.
  - Carry out inspections on Member States’ controls of the low value consignment relief. Problems, risks and challenges related to e-commerce were taken into account when establishing the 2021 annual TOR inspection programme. A pilot audit on e-commerce was scheduled in two Member States. One scheduled pilot audit has however to be postponed to 2022 because the concerned Member State is not yet ready with the deployment of its IT system for the declaration for import of

low value consignments. The other one is postponed to 2022 due to the Covid restrictions. In 2022, inspections on the issue of the e-commerce are planned in 7 Member States that are the major entry points for low value e-commerce goods imported into the EU. Depending on the shortcomings detected the control strategy on e-commerce might be rolled out to all other Member States in 2023. Meanwhile, Member States were recommended to enforce their control strategy on e-commerce in the 30th Annual Report on the Protection of the EU's financial interests - Fight against fraud 2018.

8. From the SPECIAL REPORT No 10 2021 Gender mainstreaming in the EU budget: time to turn words into action:
  - Steer, coordinate and monitor gender mainstreaming in the EU budget: very important recommendation, with the Commission reserving the right to redistribute responsibilities as it sees fit. The necessary arrangements have been already put in place to be able to ensure that steering, coordinating and monitoring of gender mainstreaming is effectively done. DG BUDG plays a strong coordinating role in relation to mainstreaming in the EU budget, in close cooperation with the Secretariat-General.
  - Develop a robust system for tracking funds allocated and used to support gender equality: very important recommendation. A methodology to measure the relevant expenditure at programme level in the MFF 2021-2027 will be examined and tested. It will be implemented for certain centrally managed programmes to test its feasibility, by January 2023.
  - Report annually on the results achieved in terms of gender equality: very important recommendation. Reporting will be done in line with the Interinstitutional Agreement accompanying the 2021-2027 MFF. Pilot for tracking the funds allocated to gender equality will be implemented for the year 2022. In June 2024 the draft budget and the AMPR will be adopted, presenting the results achieved in 2023 in terms of gender equality and the tracking of allocated funds.
  - Improve reporting on gender equality, important recommendation. This assessment can be made once sufficient experience with the implementation of the new methodology has been acquired.
9. From the SPECIAL REPORT No 19 2019 INEA benefits delivered but CEF shortcomings to be addressed:
  - Define a framework which would allow INEA to re-allocate staff more flexibly between and across programmes: an internal redeployment setup and a temporary redeployment solution within one calendar year are being examined. The expected implementation date is in the end of 2022.
10. From the SPECIAL REPORT No 17 2016 The EU institutions can do more to facilitate access to their public procurement:
  - EU institutions should collect and analyse data, procedure by procedure (linked to one EP similar recommendation): partially implemented. The module e-Submission is now used by all DGs and EAs. During 2021 and 2022, the Commission will extend the e-Procurement suite to support the electronic submission and evaluation for all the other types of procurement procedures. Also an advanced e-Evaluation module will be analysed in 2021 and developed in 2022-2023.

#### **7.4. Off-budget activities (with control objectives: reliability and integrity of financial information and reporting, and safeguarding of assets)**

To specifically address the risk that the **annual accounts** could be materially misstated (by fraud or other reasons), the resources under the responsibility of the Accounting Officer perform various types of controls and checks (in addition the controls performed by the authorising officer services). These include both controls throughout the year (e.g. review of the DGs accounting information ensuring ongoing accounting quality), as well as specific year-end controls (e.g. review all material year-end bookings of

the Commission Services to ensure that there are no material misstatements). The controls in place are covered by written procedures and are documented.

The validation of local systems is also an important element of assurance to the Accounting Officer of the reliability of the information entered by the various authorising departments in the financial systems. The validation team evaluates the systems set up or modified by each of the Directorates-General, Agencies and other EU bodies covered over a multiannual cycle. Additional details are provided in PART I.

The Commission's **treasury** resources are managed in accordance with the rules and principles laid down in the Council Regulation 609/2014 (amended by Council Regulation 804/2016) and in the Financial Regulation and its rules of application.

In addition to the own resources accounts (opened with the Member States Treasuries or their national central banks), other bank accounts are opened by the Commission, with central banks and commercial banks, for the purpose of executing payments and receiving receipts other than the Member State contributions to the budget.

In accordance with the Regulations referred to above, cash resources are kept in the own resources accounts and are transferred to Commission's accounts with commercial banks only when needed to cover the payments execution needs. In the end of 2021 BUDG had 23.7bn of cash, which were mainly: assigned and not executed revenues from the funds (8,6 bn), not executed payment appropriations (3bn), unspent cash belonging to agencies (2,2bn), additional TOR cashed but not budgeted (1,7bn), not executed EAGF (1,4bn), fines cashed but not budgeted (1,1bn) etc.

Treasury and payment operations are highly automated and rely on modern information systems. Specific procedures are applied to guarantee system security and to ensure segregation of duties in line with the Financial Regulation, the Commission's internal control standards, and audit principles.

A written set of guidelines and procedures regulates the management of the Commission's treasury and payment operations with the objective of limiting operational and financial risk and ensuring an adequate level of control. They cover the different areas of operation (for example: payment execution and cash management, cash-flow forecasting, business continuity, etc.), and compliance with the guidelines and procedures is checked regularly. Additionally, information is exchanged between BUDG and the Directorate-General for Economic and Financial Affairs (ECFIN) on risk management and best practices.

Specific controls apply to **fines** imposed on companies breaching EU competition rules.

Fines provisionally cashed before 2010 are kept in bank accounts with commercial banks specifically selected (according to an internal risk management policy) for the deposit of provisionally cashed fines. Financial and operational risks are identified and evaluated and compliance with internal policies and procedures is checked regularly. Fines imposed and provisionally cashed from 2010 onwards are invested in a specifically created fund, BUFI (budgetary fines) Fund, which is managed by DG ECFIN till end-2019, and has as one of its main objectives the reduction of financial risks.

Significant amounts of guarantees issued by financial institutions are provided by the fined companies as an alternative to making provisional payments. The guarantees are managed in compliance with the internal risk management policy. Financial and operational risks are identified and evaluated and compliance with internal policies and procedures is checked regularly.

Regarding the **contingent liabilities** (OB.2.4) in annex 3 - table 5bis., this amount (2bn)<sup>14</sup> concerns fines imposed by the Commission for infringement of competition rules that have been provisionally paid and where either an appeal has been lodged or where it is unknown if an appeal will be made. The contingent liability will be maintained until a decision by the Court of Justice on the case is final.

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<sup>14</sup> At the date of the report.

Other important entries in BUDG's 2021 annex 3 are other significant disclosures. First group of such disclosures, the amount of commitments against appropriations not yet consumed, is posted by DG BUDG on behalf of 27 small DGs. It represents the amounts expected to be paid in the future, which are not yet shown as liabilities in the account (payables or accruals).

The second group are undrawn commitments, corresponding to the loans for financial assistance granted under SURE and MFA programme but not yet disbursed to loan beneficiaries on 31 December 2021. The total of loans granted under SURE instrument amounted to EUR 94.3 billion and out of it EUR 4.7 billion were not yet disbursed. For MFA, out EUR 8 billion loans granted EUR 0.6 are to be still disbursed. The total undrawn commitments amounting to EUR 5.3 billion decreased significantly from the previous year (EUR 47.8 billion). The decrease is mainly due to successful implementation of SURE program. The MFA and SURE loan beneficiaries have a right to receive the undisbursed loans if they fulfill conditions from the loan agreements. Those future disbursements will be financed by issuance of long term bonds by respecting back-to-back principle, thus, loans beneficiaries will receive the financing under the same conditions the Commission will receive on the financial markets.

**SUMMA (replacing ABAC)** is the corporate financial and accounting IT tool allowing for the execution and monitoring of all budgetary and accounting operations. In addition to the controls performed by the Authorising Officer and Accounting Officer services, SUMMA includes a set of features ensuring the quality of the data and the reliability of reporting. These include continuous adaption of the tool to ensure compliance with the Financial Regulation and its rules of application, and inbuilt security functionalities and other safeguards minimising the risk of erroneous data entry. Moreover, BUDG, as a horizontal DG, issues guidance to ensure the consistency, coherence and quality of the information entered by the Authorising Officer Services.

For the **management of financial assets**, the first set of investment restrictions is defined in the Asset Management Guidelines. The Asset Management Guidelines usually define the investment universe, i.e. the types of authorized investments. Typically, the portfolio managers are allowed to invest in bonds and money market funds. The risk framework for BUDG Asset Management activities is further specified in the Financial Risk Management Policy, in the Financial Risk Management Manual and in the Financial Risk Strategy.

The Financial Risk Management policy contains the basic principles and policy guidelines relating to the management of financial risks of Asset Management activities.

The Financial Risk Management manual describes the objectives and various roles performed by the Financial Risk Management team, including the strategic asset allocation and benchmarking process. The Financial Risk Management manual also describes the different types of risks of Directorate E's Asset Management activities (market risk, credit risk, liquidity risk, operational risks) and how those different risks are mitigated through an appropriate set of control measures.

Within the limits defined in the documents mentioned above (Asset Management Guidelines, the Risk Management Policy and the Financial Risk Management Manual), the Risk Strategy sets out further details or additional constraints, considering among others the current market environment. The main section of the Risk Strategy for CPF's management is the limit structure for bonds and deposits, with maximum limits set by issuer/issue rating and by type of issuer/issue. The Risk Strategy also contains the selection criteria for Money Market Funds and for Exchange Traded Funds.

Long-term investment guidance is provided to the portfolio managers through the Strategic Asset Allocation, which sets the ground for the construction of a strategic benchmark designed to reflect the long-term risk-return profile of the European Commission. The benchmark provides a reference structure in terms of maturity distribution, asset classes, credit quality and duration, against which the performance of the assets will be assessed on a regular basis. The benchmark is usually well diversified,

allowing the optimization of the risk return profile of the portfolios. The decision process behind investing in a specific bond takes into account various constraints, current positioning against the benchmark, Investment Committee decisions, market trends, external analysis provided by banks/research firms and the application of the wide range of analytic tools provided by Bloomberg.

Transactions are mainly done and recorded on the IT platform Bloomberg AIM. Bloomberg AIM contains a compliance module. In this specific module, the Risk Management team encodes the compliance rules coming from the risk framework (e.g. the compliance rules limiting the exposure by type of issuers/issues and by type of securities). Bloomberg AIM allows the real time monitoring of the compliance rules. Portfolio managers can check before entering any transaction that the transaction will not create a limit breach. Risk Management verifies at least on a daily basis the compliance module for possible breaches of the compliance rules.

The risk of fraud is mitigated through the implementation of four-eye controls along the investment process.

Performance and Risk reporting to the stakeholders (i.e. the DG's delegating the management of the assets to BUDG and BUDG senior management) is done a monthly basis for portfolios managed directly by DG BUDG. On a quarterly basis, EC receives the Performance and Risk reporting for the portfolios managed by the European Investment Bank. On top of this, DG BUDG has monthly meetings with the European Investment Bank to monitor the evolution of externally managed portfolios.

## ANNEX 8: Specific annexes related to "Assessment of the effectiveness of the internal control systems"

The picture below presents the results of assessment of the internal control principles.

Assessment	Principle																				Component									
	I					II					III					IV					V					I	II	III	IV	V
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30
Principle is present and functioning well	X	X	X			X	X	X	X	X						X		X	X	X	X	X				X	X		X	X
Principle is present and functioning, some improvements are needed				X										X	X			X										X		
Principle is partially present/functioning, major improvements are needed											X																			
Principle is not present/functioning																														

Following the assessment of the effectiveness of internal control systems, described in section 2.1.3, DG BUDG has decided to perform the following remedial measures:

**ICP4 (Competence):** Adoption of the Human Resources strategy to attract, develop and retain highly performing staff.

**ICP10 (Control activities):** implementation of IAS and ECA audit recommendations still open; review of the process of the follow-up of the ECA's recommendations, BCP tests with critical units.

**ICP 11 (IT security):** update of the IT security plans for BUDG-owned applications

**ICP12 (Exception reporting):** revision of the exception procedure, taking into account the Dir C circumstances

**ICP13 (Document management / Data protection):** implementation of 3 DPO's recommendations on the visibility of personal data in ABAC and deletion of old legal entities in ABAC.

**ICP14 (Internal communication):** Adoption of internal communication strategy; update of the BUDG units' procedures on intranet, removal of not used collaborative websites



## ANNEX 9: Specific annexes related to "Control results" and "Assurance: Reservations"

9.1. Table X: Estimated risk at payment and at closure (amounts in m EUR; 2021)

DG BUDG	'pay-ments made'	minus new prefinancing	plus cleared prefinancing	'relevant expenditure	Detected error rate or equivalent estimate	estimated risk at payment	Adjusted Average Recoveries ( <i>adjusted</i> ARC; %)	estimated future corrections	estimated risk at closure
1	2	3	4	5	6	7	8	9	10
Expenditure	27	3.73	0.23	23.50	0.5% - 0.5%	0.12 - 0.12	0% - 0%	0 - 0	0.12 - 0.12
<b>DG total</b>	<b>27</b>	<b>3.73</b>	<b>0.23</b>	<b>23.50</b>	<b>0.5% - 0.5%</b>	<b>0.12 - 0.12</b>	<b>0% - 0%</b>	<b>0 - 0</b>	<b>0.12 - 0.12</b>
					<b>Overall risk at payment (%)</b>	<b>0.5% (7) / (5)</b>		<b>Overall risk at closure (%)</b>	<b>0.5% (10) / (5)</b>

(1) Relevant Control Systems differentiated per relevant portfolio segments.

(2) Payments made or equivalent, e.g. expenditure registered in the Commission's accounting system, accepted expenditure or cleared pre-financing. In any case, this means after the preventive (ex-ante) control measures have already been implemented earlier in the cycle. In all cases of Co-Delegations (Internal Rules Article 3), 'payments made' are reported by the Delegated DGs. For Cross-SubDelegations (Internal Rules Article 12), the reporting remains with the Delegating DGs.

(3) New pre-financing actually paid by out by the department itself during the financial year (i.e. excluding any pre-financing received as a transfer from another department). as per note 2.5.1 to the Commission annual accounts thus excluding "Other advances to Member States" which are covered on a purely payment-made basis (note 2.5.2). Pre-financing paid/cleared" are always covered by the Delegated DGs, even for Cross-SubDelegations. Retentions: in Cohesion, the 10% retention applied during the year.

In 2021, 16 pre-financings were registered under the wrong profit centre (BUDG instead of INTPA) for an amount of EUR 3,731,031.93. Although this was corrected in the final accounting and in the ABAC files, these corrections will be reflected for 2022 budget year. Hence, AAR reports contain a 2021 extraction of data. This explains the additional amount in the pre-financing origin amount for DG BUDG.

(4) Pre-financing actually cleared during the financial year (i.e. their 'delta' in the Financial Year 'actuals', not their 'cut-off' based estimated 'consumption'). Retentions: in Cohesion, the retentions released during the year by the Commission.

(5) For the purpose of equivalence with the ECA's scope of the EC funds with potential exposure to legality & regularity errors (see the ECA's Annual Report methodological Annex 1.1), our concept of "relevant expenditure" includes the payments made, subtracts the new pre-financing paid out [& adds the retentions made], and adds the pre-financing actually cleared [& subtracts the retentions released; and any deductions of *expenditure made by MS*] during the FY. This is a separate and 'hybrid' concept, intentionally combining elements from the budgetary accounting and from the general ledger accounting.

(6) In this column, we disclose the detected error rates or equivalent estimates. [*Equivalents might be e.g. the "adjusted error rates", AGRI, or the "residual total error rates", REGIO, EMPL, MARE. In other cases, e.g. DEVCO and NEAR, they are derived by a backwards calculation based on results from the residual error rate studies; i.e. by adding the estimated future corrections (if not assumed to be zero) to the risk at closure.*]

For low-risk types of expenditure, where there are indications that the equivalent error rate might be close to 'zero' (e.g. *administrative expenditure, operating contributions to agencies*), the rate which should be used is 0.5% as a conservative estimate, unless the DG has a more precise estimate based on evidence.

(7) Amount of the 2021 estimated risk at payment divided by 2021 relevant expenditure.

(8) The average recoveries and corrections: 0.3% is the historical average from last 7 years. It includes Recovery Orders not falling under the scope of DG BUDG as they are mainly of a corporate nature or corrections before the payment is made, therefore DG BUDG used here the adjusted future corrections rate of 0%.

(9) For some programmes with no set *closure* point (e.g. EAGF) and for some multiannual programmes for which corrections are still possible afterwards (e.g. EAFRD and ESIF), all corrections that remain possible are considered for this estimate.

## 9.2. Reservations

### Reservation 1

<b>DG</b>	BUDG																										
<b>Title of the reservation, including its scope</b>	<p><b>Inaccuracy of the traditional own resources (TOR) amounts transferred to the EU budget</b></p> <p>Losses of traditional own resources (TOR) due to the undervaluation of textile and shoes imported from China between November 2011 and October 2017 estimated at €2 679 637 088.86 (gross) for UK and additional unquantified potential TOR losses in other Member States and the UK continuing to occur after 2017.</p>																										
<b>Domain</b>	<p><b>Direct centralized management</b></p> <p>According to Article 8 of Council Decision of 26 May 2014 on the system of own resources of the European Union, the responsibility for collecting and making available TOR falls on Member States.</p> <p>On behalf of the Commission, to seek reasonable assurance that TOR are collected and made available to the EU budget in conformity with EU law. It does so by carrying out on-the-spot TOR inspections and documentary checks, targeted desk audits and by following up on findings from OLAF investigations and European Court of Auditors (ECA) audits, namely when the actions taken autonomously by Member States do not protect satisfactorily the EU financial interests.</p>																										
<b>Programme (or other relevant segment) in which the reservation is made and total (annual) amount of this programme</b>	<p><b>The revenue part of the budget is concerned.</b></p> <p>Directly, the scope is limited to the TOR. Chapter 12, article 1.2.0 Customs duties and other duties referred to in Article 2(1)(a) of Decision 2014/335/EU, Euratom. Indirectly, the VAT-basis in the destination Member States is also affected (e.g. the fraudsters often also abuse the customs procedure code 42<sup>15</sup>).</p> <p>Similarly, the correctness of the GNI-related resources is also affected (in particular since the TOR losses have to be compensated by GNI-based contributions to balance the budget). The amounts of TOR affected by the losses are the following:</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Traditional Own Resources €m (net)</th> </tr> </thead> <tbody> <tr><td>2011</td><td>16 777.7</td></tr> <tr><td>2012</td><td>16 453.4</td></tr> <tr><td>2013</td><td>15 365.3</td></tr> <tr><td>2014</td><td>16 429.5</td></tr> <tr><td>2015</td><td>18 730.4</td></tr> <tr><td>2016</td><td>20 094.1</td></tr> <tr><td>2017</td><td>20 459.1</td></tr> <tr><td>2018</td><td>20 231.6</td></tr> <tr><td>2019</td><td>21 364.5</td></tr> <tr><td>2020</td><td>19 866.5</td></tr> <tr><td>2021</td><td>19 037.7</td></tr> <tr><td>Total 2011-2021</td><td>204 809.8</td></tr> </tbody> </table>	Year	Traditional Own Resources €m (net)	2011	16 777.7	2012	16 453.4	2013	15 365.3	2014	16 429.5	2015	18 730.4	2016	20 094.1	2017	20 459.1	2018	20 231.6	2019	21 364.5	2020	19 866.5	2021	19 037.7	Total 2011-2021	204 809.8
Year	Traditional Own Resources €m (net)																										
2011	16 777.7																										
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2018	20 231.6																										
2019	21 364.5																										
2020	19 866.5																										
2021	19 037.7																										
Total 2011-2021	204 809.8																										

<sup>15</sup> Customs procedure 42 is a mechanism an EU importer can use in order to obtain a VAT exemption when goods imported into one Member State will be transported to another Member State. Under CP42, the VAT is due in the Member State of destination. However, goods can “disappear” on route and VAT is eventually never paid at the destination. For more information, please refer to the [Study and Reports on the VAT Gap in the EU-28 Member States, 2020 Final Report](#) and the [ECA Special Report N°13 Does the control of customs procedure 42 prevent and detect VAT evasion?](#)

<p><b>Reason for the reservation</b></p>	<p>An OLAF investigation report and several TOR inspections by BUDG on the undervaluation of textiles and footwear imported in the UK concluded that the UK had failed, even after repeated warnings and requests to that effect by the Commission services and OLAF, to apply the appropriate measures to prevent systematically undervalued imports of textiles and footwear from the People's Republic of China from entering the EU through the UK. As from October 2017, the UK gradually implemented the measures requested by the Commission and the estimated TOR losses for the UK are below the materiality threshold since 2018. As the UK refused to make available the TOR lost in this regards, the Commission referred the case to the Court of Justice of the European Union (CJEU) on 7 March 2019.</p> <p>The Court delivered its judgment on 8 March 2022, confirming the position of the Commission. While the CJEU endorsed the statistical approach developed by the Commission to quantify the TOR losses, it requested a review of the actual amount claimed.</p> <p>As the analysis of the Court judgment is ongoing, <b>the corresponding quantified reservation for the period 2011-2017 is maintained.</b></p> <p>Over 30 additional inspections in all Member States confirmed <b>that undervaluation fraud concerns every Member State</b> and continued in 2021 across the EU for amounts that cannot be quantified yet but will be estimated in the course of 2022.</p>
<p><b>Materiality criterion/criteria</b></p>	<p><b>The seriousness of the weakness:</b> the ineffective or inexistent controls to detect and stop the undervaluation fraud as identified by OLAF and by BUDG TOR inspections, and confirmed by the CJEU judgment of 8 March 2022.</p> <p><b>Regarding the quantified reservation:</b></p> <p>The period concerned by the quantified reservation on the UK is of around six years, from November 2011 to October 2017. This explains the need for a qualification of the assurance in 2017, 2018, and 2019 and the immediate actions undertaken by BUDG for the protection of the EU budget.</p> <p>As of October 2017, the UK started implementing the measures recommended by the Commission, including checking the imports of textile and shoes declared at extremely low values at clearance, and taking guarantees for the customs duties due. This led to a dramatic reduction of TOR losses (error rate below 1% for TOR related to losses in the UK).</p> <p>For that reason, <b>the materiality for the quantified reservation regarding the UK does not persist since 2018.</b> Therefore, the figures since 2018 are not included in the quantified reservation.</p> <p>Pending a detailed analysis of the CJEU judgment of 8 March 2022 in case C-213/19 against the UK, the quantified reservation for the period 2011-2017 is maintained for 2021.</p> <p><b>Regarding the unquantified reservation:</b></p> <p>The Commission services consider that after the UK gradually implemented measures, the undervaluation fraud partly moved to other Member States, affecting the collection TOR, the extent of which is pending final quantification. For this reason, an unquantified reservation is maintained for 2021. The Commission will analyse the implications for the other 27 Member States of the CJEU judgment in case C-213/19.</p> <p>Regarding the EU27 and the UK TOR losses, <b>the estimated total losses do not surpass 1% of own resources, but are potentially above 1% of TOR.</b></p>
<p><b>Quantification of the financial impact (amount at risk)</b></p>	<p>According to OLAF and BUDG, between November 2011 and October 2017, the UK should have made available an estimated amount of additional TOR of €2,679,637,088.86 (gross).</p> <p>As from October 2017, the UK gradually implemented the measures requested by the Commission and the estimated TOR losses for the UK have been dramatically reduced. The process for the recovery of the 2011-2017 TOR losses is pending the recalculation requested by the CJEU in case C-213/19 against the UK.</p>

	<p>However, while <b>the undervaluation fraud mostly affected the UK, it also concerns other Member States</b> (and continues in the UK at a much lower level compared with 2011-2017) for amounts that are in the process of being quantified.</p> <p><b>Inspections on undervaluation have now been carried out in all Member States</b> and the respective inspection reports finalised. During its inspections, the Commission checked how Member States are organised to address undervaluation, in particular concerning textiles and shoes from China. In general, BUDG considered the national control strategies for customs value to have serious shortcomings. The results of inspections are followed up according to regulations and procedures in place and, where appropriate, Member States will be held financially responsible for TOR losses incurred.</p> <p>To ensure fair and equal treatment of Member States and contribute to a level playing field in the EU, BUDG informed the 27 Member States of their respective preliminary estimates of TOR losses. <b>The quantification process is ongoing and will be reviewed in light of the CJEU judgment of 8 March 2022 in case C-213/19 against the UK but provisional calculations indicate that the TOR losses could be more than 1% of TOR, which justifies a reservation by the Authorising Officer by Delegation<sup>16</sup>.</b></p> <p>Accordingly, BUDG maintains an unquantified reservation for the TOR for the 2021 revenue, pending further analysis of the CJEU judgment in case C-213/19 and supplementary information provided by Member States.</p>
<p><b>Impact on the assurance</b></p>	<p>As a result of the fraud and the serious control and management weaknesses regarding the importation of undervalued textiles and footwear from the People's Republic of China through the UK, confirmed by the OLAF report and by BUDG inspection activities, it is estimated that €2 679 637 088.86 (gross) of TOR have not been made available to the EU budget between November 2011 and October 2017.</p> <p>Although the responsibility for collecting and making available TOR falls on Member States, the management of the system of own resources is a direct competence of the Commission.</p> <p>Even if the UK's customs controls further improved in 2018, the UK still refuses to make available the TOR lost due to its lack of effective action on the period 2011-2017 to the EU budget. Therefore, and in view of the financial impact, a reservation was considered necessary since 2017.</p> <p>Finally, the undervaluation of textile and shoes imported from China also affects other Member States, for amounts of TOR that cannot yet be quantified but is potentially above 1% of TOR. Therefore, in the context of the enforcement strategy designed to compensate for losses of TOR due to undervaluation, in May 2021 BUDG informed the 27 Member States of their respective preliminary estimates of TOR losses.</p>
<p><b>Responsibility for the weakness</b></p>	<p><b>Regarding the quantified reservation:</b></p> <p>OLAF and BUDG had repeatedly informed the UK about the extent of the fraud and requested the UK to take measures to tackle it, in particular through the implementation of value thresholds as risk profiles, physical checks of targeted consignments at clearance, and taking securities payments for additional duties likely to be due before releasing the goods for free circulation in the EU. The TOR losses reduced after October 2017 when UK started to implement the requested measures.</p> <p>In accordance with Article 8 of the Council Decision of 26 May 2014 on the system of own resources of the European Union and with Article 2(2) of Regulation No 608/2014, Member</p>

<sup>16</sup> In compliance with Article 12 of Regulation No 609/2014, interest for late payment is also due and will be calculated and requested when the relevant data are known.

	<p>States are responsible for collecting the Union's own resources and for taking all measures that are necessary to ensure that the own resources are made available to the Commission.</p> <p>Consequently, the UK is considered responsible for the TOR lost and is requested to make them available to the EU budget.</p> <p>In its judgment of 8 March 2022 in case C-213/19, the CJEU ruled that the UK is responsible for the TOR losses incurred during the entire period of the infringement.</p> <p><b>Regarding the unquantified reservation:</b></p> <p>The undervaluation fraud also concerns other Member States for amounts that are in the process of being quantified. <b>Inspections on undervaluation have now been carried out in all Member States and the respective inspection reports finalised.</b> During its inspections, the Commission checked how Member States are organised to address undervaluation, in particular concerning textiles and shoes from China. In general, BUDG considered the control strategy for customs value to have serious shortcomings.</p> <p><b>Member States' financial responsibility for losses of TOR has been explicitly addressed during these inspections and the corresponding reports.</b> The results of inspections are followed-up according to regulations and procedures in place and, where appropriate, Member States will be held financially responsible for TOR losses incurred.</p> <p>On 7 May 2021, BUDG sent advance notifications of their respective preliminary estimates of TOR losses. These preliminary quantifications will be revised in light of the CJEU judgment of 8 March 2022 in the related case C-213/19 against the UK.</p>
<p><b>Responsibility for the corrective action</b></p>	<p><b>Corrective actions to be taken by Member States:</b> Member States are responsible for collecting and making available timely and in full the TOR to the EU. They are also required to put in place effective management and risk-based control systems to that effect.</p> <p><b>Regarding the quantified reservation:</b></p> <p>The UK had to take the necessary action to overcome the failures identified and make available to the EU budget any TOR lost, including interest due for belated payment if applicable. To that effect, OLAF has sent the UK several recommendations. The UK was responsible for giving them an appropriate follow-up. As to UK's obligations towards the EU budget, it had to take action to reassure the Commission that all amounts due to the EU budget were made available without delay. Since the UK failed to take appropriate and timely action to make available all amounts due to the EU budget, <b>the Commission referred the case to the CJEU on 7 March 2019.</b></p> <p><b>Regarding the unquantified reservation:</b></p> <p>BUDG TOR inspections found that the national control strategies for customs value have serious shortcomings in other Member States as well. Their financial responsibility for these losses has been explicitly addressed during these inspections and the corresponding reports. <b>Pending the final assessment and communication of the TOR losses, the reservation concerning Member States remains unquantified. The quantification will be finalised in light of the CJEU judgment of 8 March 2022 in the related case C-213/19 against the UK.</b></p> <p><b>Follow-up action by the Commission:</b></p> <p>BUDG performed six TOR inspections in the UK in 2017, 2018 and 2019. The findings obtained confirmed that the measures taken by the UK, although limited in scope, had a positive impact on the undervaluation fraud.</p> <p>The Commission decided on 8 March 2018 to start a formal infringement procedure by sending to the UK a Letter of Formal Notice under Article 258 TFEU concerning this case. On 7 March 2019, the Commission referred the case to the CJEU. On 29 August 2019, the Commission lodged its reply to the UK's Defence of 24 June 2019 at the CJEU, maintaining</p>

its position. The Commission received the UK's rejoinder on 20 December 2019 and interventions of six Member States on behalf of the UK on 21 January 2021. The Court hearing was held on 8 December 2020. The Court delivered its judgment on 8 March 2022, holding the UK liable for the TOR losses incurred during the period of the infringement.

**Inspections on undervaluation have now been carried out in all Member States and the respective inspection reports finalised.** During its inspections, the Commission checked how Member States are organised to address undervaluation, in particular concerning textiles and shoes from China. **Member States' financial responsibility for losses of TOR has been explicitly addressed during these inspections and the corresponding reports.** The results of inspections are followed-up according to regulations and procedures in place. The quantification process is ongoing in view in particular of the CJEU judgment of 8 March 2022 in the related case C-213/19 against the UK.

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

## PART 2. Modernising the administration: main outputs for the year

### A. Human resource management

**Objective:** DG BUDGET employs a competent and engaged workforce and contributes to gender equality at all levels of management to effectively deliver on the Commission's priorities and core business

Main outputs in 2021			
Output(s)	Indicator(s)	Target(s)	Latest known results (2021)
First female appointments to middle management positions	Number of first female appointments to middle management positions	2	3
Increase BUDG staff engagement	DG BUDG staff engagement index	≥75%	74% (staff survey 2021)
Promotion of equal opportunities	% women in management positions	≥45%	45.24%

### B. Sound financial management

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

Main outputs in 2021:			
Output(s)	Indicator(s)	Target(s)	Latest known results (2021)
Effective controls: Legal and regular transactions	Risk at payment	Remains <2% of relevant expenditure.	Conservative estimate: 0.5%.
		<1% of revenue	0.7%
Efficient controls	Budget execution	Remains at 95% of commitment appropriations.	94%
	Time-to-pay	More than 95% of payments (in value) on time.	91% payments on time.
Economical controls	Overall costs of controls (%)		
	1) Administrative expenditure implementation	1) <2% of funds managed	3.8%
	2) Own Resources collection	2) <0.01% of funds managed	0.0002%
	3) Fin. assets and loans	3) <0.01% of funds managed	0.003%
Effective controls – Safeguarding and efficient management of assets	1) Implementation of financial investments according to established asset management	1) 100% compliance with guidelines	Portfolio management activities are fully compliant with the



(financial)	guidelines (regular reporting); 2) Performance compared with relevant financial market benchmarks	2) Performance in line with relevant benchmarks (long run)	guidelines. Performance of the portfolios is in line with the relevant benchmarks. Risk management framework for NGEU operations put in place, will be strongly enhanced by the High Level Risk and Compliance policy of the CRO (and related policies focused on specific identified risks (e.g., operational risk, funding and liquidity risk) in 2022.
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### C. Fraud risk management

**Objective:** The risk of fraud is minimised through the application of effective anti-fraud measures and the implementation of the Commission Anti-Fraud Strategy (CAFS)<sup>17</sup> aimed at the prevention, detection and correction<sup>18</sup> of fraud

#### Main outputs in 2021:

Output(s)	Indicator(s)	Target(s)	Last known results (2021)
Updated DG BUDGET Anti-Fraud Strategy (AFS)	Updated anti-fraud strategy, elaborated on the basis of the methodology provided by OLAF	Finalisation of the updated AFS by 30/06/2021 and provision of training on the CAFS and BUDG's AFS by end-2021.	BUDG's AFS adopted and published on BUDGpedia in December 2021. Training scheduled for beginning 2022.
Actions are implemented as described in the AFS	Degree of implementation	100%	40%

### D. Digital transformation and information management

**Objective:** DG BUDGET is using innovative, trusted digital solutions for better policy-shaping, information management and administrative processes to forge a truly digitally transformed, user-focused and data-driven Commission

#### Main outputs in 2021:

Output(s)	Indicator(s)	Target (s)	Latest known results
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<sup>17</sup> Communication from the Commission 'Commission Anti-Fraud Strategy: enhanced action to protect the EU budget', COM (2019) 196 of 29 April 2019 – 'the CAFS Communication' – and the accompanying action plan, SWD (2019) 170 – 'the CAFS Action Plan'.

<sup>18</sup> Correction of fraud is an umbrella term, which notably refers to the recovery of amounts unduly spent and to administrative sanctions.



			(2021)
Implementation of principles of data governance for BUDG Key data assets	Percentage of DG BUDGET key data assets for which corporate principles for data governance have been implemented	80%	90% Data governance structure is being built for 50 priority fields for SUMMA
Implementation of SUMMA project	Degree of implementation of the digital solutions modernisation plan <sup>19</sup>	Roll out of SUMMA for the whole Commission end 2023.	Pilot agencies rollout at end of 2021 completed.
Awareness raising amongst staff on data protection rules	Percentage of staff attending awareness raising activities on data protection compliance	>30% of staff	Target achieved. Meeting BUDG managers with DPO in 10/2021. Awareness raising in DG via BUDG Times news. Review of the records (advice to the controllers).
Ensuring active knowledge management in BUDG: implementation of the new BUDG Knowledge Management System BUDGpedia.	Degree of Implementation of the new BUDG Knowledge Management System- BUDGpedia.	High level structure adopted on web in Q1 2021. Pilot Project with structured document management on one key topic, available online in Q3 2021. High level implementation of all topics up to level 2 will be available online in Q1 2022. Integration of BudgWeb and BUDGnet in 2023.	BUDGpedia (700 pages) launched to the Commission and other institutions in Q3 2021.  Usage of BUDGpedia (Q4): <ul style="list-style-type: none"> <li>▪ 35 961 visits (899 visits per working day).</li> <li>▪ 27 265 documents opened (681 documents opened per working day).</li> </ul>
Effective implementation of e-Domec rules	% documents filed	Two meetings with Document Management Correspondents per year, 75% filed timely throughout the year, 100% by year-end.	Two meetings took place. 96% of documents sent by BUDG and 70% of documents addressed to BUDG were filed in 2021

## E. Sound environmental management

**Objective:** DG BUDGET takes full account of its environmental impact in all its actions and actively promotes measures to reduce the related day-to-day impact of the administration and its work

### Main results and outputs in 2021:

Output	Indicator	Target	Latest known results (2021)
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<sup>19</sup> The European Commission Digital Strategy (C(2018)7118) calls on Commission services to digitally transform their business processes by developing new innovative digital solutions or make evolve the existing ones in line with the principles of the strategy. At the beginning of the year N+1, the Solution Owner and IT Investments Team will assess the progress made on the basis of the proposed modernisation plan. For each of the 3 solutions, a table will reflect – per principle - the progress achieved during the last year

<p>Promote staff awareness actions :</p> <ol style="list-style-type: none"> <li>1) about optimal energy use and “switching off, when not in use”, in line with EC EMAS action plan.</li> <li>2) about sustainable commuting</li> <li>3) about biodiversity in line with EC EMAS action plan</li> </ol>	<p>% of staff informed</p> <p>N° of DG BUDG participants</p>	<p>Address all staff</p>	<p>25 articles (Green tips &amp; information) published on the weekly BUDG newsletter.</p> <p>Lunch-time conference on ‘how to buy an e-bike’.</p> <p>Online art exhibition on reusing waste materials.</p> <p>Charity art auction to recycle paintings and photos discarded during the BUDG’s move to new building.</p> <p>Photo competition on ‘biodiversity’ and related exhibition.</p>
<p>Monitor energy consumption:</p> <ol style="list-style-type: none"> <li>1) Reducing missions’ emission.</li> <li>2) Participate in the end of the year energy saving action from OIB, by closing down DG’s buildings during the Christmas and New Year’s holiday period..</li> </ol>	<p>N°. of missions</p> <p>Carbon footprint</p> <p>Type of transport used in missions and related carbon footprint</p> <p>N°. buildings participating in the action</p> <p>% of staff informed</p>	<p>Lower number of missions and missions’ emissions than in 2020</p> <p>Increase ratio of use of trains instead of flights for missions for journeys &lt; 400 km than in 2020</p> <p>M015 building remains closed at end of the year permanence</p> <p>Address all staff</p>	<p>202 missions in 2021 (vs 192 missions in 2020).</p> <p>15 340 kg of CO<sub>2</sub> emitted during missions in 2021 (vs 17 500 kg of CO<sub>2</sub> in 2020).</p> <p>Ratio of 6 /1 in benefit of the train over flights for missions for journeys &lt; 400 km in 2021 (vs 7/1 in 2020).</p> <p>M015 building remained closed at end of the year permanence in 2021.</p>
<p>Paperless working methodologies at DG.</p>	<p>N° of pages printed by DG BUDG staff</p>	<p>Less pages printed than in previous year (2 194 000 pages printed in 2019 by BUDG staff)</p>	<p>890 000 pages were printed by DG BUDG staff in 2020 (2% of the total in the EC).</p> <p>Financial circuits are already 100% electronic. E-signatories, largely applied, will be further encouraged.</p>

## **ANNEX 11: Implementation through national or international public-sector bodies and bodies governed by private law with a public sector mission**

Not applicable

## **ANNEX 12: EAMR of the Union Delegations**

Not applicable

## **ANNEX 13: Decentralised agencies and/or EU Trust Funds**

Not applicable.

## **ANNEX 14: Reporting on the Recovery and Resilience Facility**

Not applicable