



Annual Activity Report 2024

annexes

European Innovation Council and SMEs
Executive Agency (EISMEA)

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ANNEX 1: Statement of the Director of EISMEA and the Head of Department in charge of Risk Management and Internal Control

I declare that in accordance with the Commission's communication on the internal control framework ⁽¹⁾, I have reported my advice and recommendations on the overall state of internal control in the Executive Agency to the Director.

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

28 March 2025

[e-signed]

Marisa Atienza Morales

"I hereby certify that the information provided in section 1 of the present annual activity report and in its annexes is, to the best of my knowledge, accurate and complete."

28 March 2025

[e-signed]

Jean-David Malo

⁽¹⁾ C(2017)2373 of 19.04.2017.

ANNEX 2: Performance tables

EIC Pathfinder performance table

General objective: A Europe fit for the digital age Specific objective: Research and innovation actions and the European Innovation Council in particular support development and scaling-up of SMEs with breakthrough and disruptive technologies (DG RTD) Europe's open strategic autonomy is ensured in critical technology areas (DG CNECT) From 2020-2024 Strategic Plans			
Main outputs in 2024:			
Output	Indicator	Target	Latest known result
Calls for proposals	Number of calls published	2	3 (EIC Pathfinder Open, EIC Pathfinder Challenge and WIDERA Hop-on Facility)
Calls for tender	Number of calls published	0	0
Evaluation sessions	Number of evaluation sessions implemented	100% (by early 2025)	100%
	Time to inform applicants	100% within 5 months	100%
	% of evaluated proposals challenged under the evaluation review procedure	Less than 2%	2,8 (1 500 proposals assessed, 42 complaints received)
	% of evaluated proposals re-evaluated following review requests	0-2 proposals	1
Grant agreements	Number of grant agreements signed	~90	95
	Time to grant	96% within 8 months	73% ⁽²⁾
Contracts	Number of contracts signed	0	0
Final reports of concluded Grant Agreements and Contracts	Number of final reports assessed	50 (from legacy projects)	72
Payments	Time to pay	100% payments executed within the	99,7%

⁽²⁾ Delays were mainly due to complexity of the action, late signature by the consortium, unforeseen changes in the consortium and lack of resources in the unit.

		legal time limit	
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EIC Transition performance table

General objective: A Europe fit for the digital age Specific objective: Research and innovation actions and the European Innovation Council in particular support development and scaling-up of SMEs with breakthrough and disruptive technologies (DG RTD) Europe's open strategic autonomy is ensured in critical technology areas (DG CNECT) From 2020-2024 Strategic Plans			
Main outputs in 2024:			
Output	Indicator	Target	Latest known result
Calls for proposals	Number of calls published	1	2
Calls for tender	Number of calls published	0	0
Evaluation sessions	Number of evaluation sessions implemented	100% (by early 2025)	100%
	Time to inform applicants	100% applicants informed within 17 weeks (~4 months) from submission deadline	100%
	% of evaluated proposals challenged under the evaluation review procedure	Less than 3%	3.4% (2 nd cut off 2023: 8 cases out of 239)
	% of evaluated proposals re-evaluated following review requests	Less than 2%	0.4% (1 proposal)
Grant agreements	Number of grant agreements signed	~38	26 (only one cut-off instead of two foreseen)
	Time to grant	90% grants signed within 6 months from submission deadline	80% signed <6M but average TTG=173d for the 2 nd cutoff 2023
Contracts	Number of contracts signed	0	0
Final reports of concluded Grant Agreements and Contracts	Number of final reports assessed	12 (from legacy projects)	12
Payments	Time to pay	100% payments executed within legal time limit	100%

EIC Accelerator performance table

General objective: A Europe fit for the digital age Specific objective: Research and innovation actions and the European Innovation Council in particular support development and scaling-up of SMEs with breakthrough and disruptive technologies (DG RTD) Europe's open strategic autonomy is ensured in critical technology areas (DG CNECT)			
Main outputs in 2024:			
Output	Indicator	Target	Latest known results
Calls for proposals	Number of calls published	1 continuous call (short proposal) 1 call with 7 topics (1 open + 6 challenges) with 2 cut-off dates for the challenges and 2 cut-off dates for the Open topic (full proposal)	100%
Evaluation sessions	Number of evaluation sessions implemented	1 continuous session for continuous call (short proposal) 2 sessions (2 cut-off dates for Open and 2 cut-off dates for Challenges mentioned above - full proposals with interviews)	100%
	Time to inform applicants	30-60 days for short proposal from submission to outcome 60 days for full proposal from cut-off date to outcome of remote evaluation 4 months max from cut-off to final decision of interview	40 days average for short proposals from submission to outcome 64.5 days average for full proposals from cut-off date to outcome of remote evaluation 3.8 months from cut-off to final decision on interview
	% of evaluated proposals challenged under the evaluation review procedure (for full proposals)	< 7%	3.6%
	% of evaluated proposals re-evaluated following review requests (for full proposals)	< 0.5%	0,04%
Grant agreements	Number of grant agreements signed	140 under Horizon Europe	149

	Time to grant	6 months for ≥85% of the grant agreements	7,8 months for 85% of the grant agreements
Final reports of concluded Grant Agreements, Contracts	Number of final reports assessed	4 SME Instrument and FTI; 100 EIC Pilot 140 EIC Accelerator	62 SME Instrument and FTI; 58 EIC Pilot 73 EIC Accelerator (extension of grants)
Payments	Time to pay	> 95% within the legal limit - For EIC Accelerator Pilot and Horizon Europe projects: 60 days for periodic reporting linked to additional pre-financing requests and 90 days for final periodic reporting; - For SMEI Phase 2 and FTI projects: 90 days for interim and final periodic reporting.	99.12% within the legal limit

EIC Prizes performance table

General objective: A Europe fit for the digital age Specific objective: Research and innovation actions and the European Innovation Council in particular support development and scaling-up of SMEs with breakthrough and disruptive technologies (DG RTD) From 2020-2024 Strategic Plans			
Main outputs in 2024:			
Output	Indicator	Target	Latest known results
Calls for applications	Number of calls for applications published	4 calls (7 topics)	7 different topics were launched through 4 calls
Evaluation sessions	Number of evaluation sessions implemented	7	7
	Time to inform applicants	100% within 5 months of application deadline	N/A NB: This indicator is not relevant for Prizes as applicants are only informed after the award ceremony has taken place. As the ceremonies are linked to political events they may not necessarily take place within the 5 month-timeline. Timeline for each prize:

			<p>iCapital Prize Award ceremony took place within the 5-month of application deadline.</p> <p>Women Innovators Prize & Innovation Procurement Prize: Award ceremonies to take place after the 5-month deadline at the EIC Summit scheduled for April 2025.</p> <p>European Social Innovation Competition: The award ceremony may take place after the 5-month deadline due to the fact that the ceremony event must correspond to a social event that remains to be defined.</p> <p>Results letters for the iCapital awarded in 2024 will be sent in Q1 2025. The ERLs for the others prize will be sent in Q1-Q2 2025.</p>
	% of evaluated proposals challenged under the evaluation review procedure	< 0.5%	Information pending as the ERLs for some prizes will be sent in Q1-Q2 2025.
	% of evaluated proposals re-evaluated following review requests	< 0.5%	Information pending as the ERLs for some prizes will be sent in Q1-Q2 2025.
Prizes awarded	Number of individual prizes awarded	21	6 prizes for iCapital were awarded in November 2024. Women Innovators & Innovation Procurement Prizes to be awarded in April 2025 at the EIC Summit; European Social Innovation Competition in Q1 or Q2 2025. (Timing of awards is linked to political events. See explanations under indicator “Time to Inform Applicants” above).
Payments	Time to pay	100% payment executed within the legal time limit	Information pending as payments will be done in Q1 2025 for iCapital and Q2 for the remaining prizes.
Outreach and promotion	Number of information and promotion events organised	10	15
	Average number of participants or views per event	200	150

Call planning 2024 EIC (from 01 January to 31 December 2024)

European Innovation Council							
Planning calls for proposals 2024:							
Call title	Call identifier			Publication date	Closing date	Status 30/06/24	Status 31/12/2024
EIC Pathfinder Open 2024	HORIZON-EIC-2024-PATHFINDEROPEN-01			27-11-23	07-03-24	Evaluation ongoing.	Evaluation finalised
EIC Pathfinder Challenges 2024	HORIZON-EIC-2024-PATHFINDERCHALLENGE-01	Solar-to-X devices for the decentralized prosumption of renewable fuels, chemicals and materials as climate change mitigation pathway	HORIZON-EIC-2024-PATHFINDERCHALLENGES-01-01	27-11-23	16-10-24	Open for submissions	Evaluation ongoing
		Towards cement and concrete as a carbon sink	HORIZON-EIC-2024-PATHFINDERCHALLENGES-01-02			Open for submissions	Evaluation ongoing
		Nature inspired alternatives for food packaging and films for agriculture	HORIZON-EIC-2024-PATHFINDERCHALLENGES-01-03			Open for submissions	Evaluation ongoing
		Nanoelectronics for energy-efficient smart edge devices	HORIZON-EIC-2024-PATHFINDERCHALLENGES-01-04			Open for submissions	Evaluation ongoing
		Strengthening the sustainability and resilience of EU space infrastructure	HORIZON-EIC-2024-PATHFINDERCHALLENGES-01-05			Open for submissions	Evaluation ongoing

EIC Transition 2024	HORIZON-EIC-2023-TRANSITION-01	EIC Transition Open 2024	HORIZON-EIC-2024-TRANSITION OPEN-01	27-11-23	18-09-24	Open for submission	Evaluation ongoing
EIC Accelerator 2024	HORIZON-EIC-2024-ACCELERATOR-01	EIC Accelerator Open 2024	HORIZON-EIC-2024-ACCELERATOR OPEN-01	27-11-23	Cut-Off-1: 13-03-24	Evaluation ongoing for cut-off 1 Open for submission for cut-off 2	Finalised
		Human Centric Generative AI made in Europe	HORIZON-EIC-2024-ACCELERATOR CHALLENGES-01				Finalised
		Enabling virtual worlds and augmented interaction in high-impact applications to support the realisation of Industry 5.0	HORIZON-EIC-2024-ACCELERATOR CHALLENGES-02		Cut-Off-2: 03-10-24		Ongoing
		Enabling the smart edge and quantum technology components	HORIZON-EIC-2024-ACCELERATOR CHALLENGES-03				Ongoing
		Food from precision fermentation and algae	HORIZON-EIC-2024-ACCELERATOR CHALLENGES-04				Ongoing
		Monoclonal antibody-based therapeutics for	HORIZON-EIC-2024-ACCELERATOR				Ongoing

		new variants of emerging viruses	CHALLENGES-05				
		Renewable energy sources and their whole value chain including materials development and recycling of components	HORIZON-EIC-2024-ACCELERATOR CHALLENGES-06				Ongoing

EIC Prizes					
Planning calls for proposals 2024:					
Call title	Call identifier	Publication date	Closing date	Status 30/06/2024	Status 31/12/2024
The European Prize for Women Innovators	HORIZON-EIC-2024-PRIZES-01	May 2024	25/09/2024	Open for submission	Ongoing
The European Capital of Innovation Awards (iCapital)	HORIZON-EIC-2024-ICAPITAL-PRIZE-02	5/03/2024	18/06/2024	Evaluation ongoing	Finalised - Prize awarded
The European Innovation Procurement Awards	HORIZON-EIC-2024-EUIPA-PRIZES-03	June 2024	26/09/2024	Open for submission	Ongoing
The European Social innovation competition	HORIZON-EIC-2024-EUSIC-PRIZES-04	09/04/2024	09/06/2024	Evaluation ongoing	Ongoing

EIC Community and BAS performance table

General objective: A Europe fit for the digital age Specific objective: Research and innovation actions and the European Innovation Council in particular support development and scaling-up of SMEs with breakthrough and disruptive technologies (DG RTD) From 2020-2024 Strategic Plan			
Main outputs in 2024:			
Output	Indicator	Target	Latest known result
Calls for proposals	Number of calls published (CSA)	0	0
Calls for tender	Number of calls published	1	1
Grant agreements	Number of grant agreements signed	2	2
	Time to grant	100% signed less than 6 months from submission deadline	0% (100% signed within the official TTG of Horizon Europe – 8 months from submission date)
Contracts	Number of contracts signed	1	1
Final reports of concluded Grant Agreements and Contracts	Number of final reports assessed	1	1
Coaching cases	Number of coaching cases	1100	422 (less than expected coaching cases came from EIC applicants and Accelerator companies. This target was already lowered in AWP 2025)
	Satisfaction from coaching service	90%	90%
BAS events	Number of BAS events	40	74
	Participating EIC beneficiaries	500	1280
	Average Deals for matching events	1-2	1-2
EIC Community	Number of members	15000	16683

EIC Communication Performance Table

General objective: A Europe fit for the digital age Specific objective: Research and innovation actions and the European Innovation Council in particular support development and scaling-up of SMEs with breakthrough and disruptive technologies (DG RTD) Europe's open strategic autonomy is ensured in critical technology areas (DG CNECT) From 2020-2024 Strategic Plans			
Main outputs in 2024:			
Output	Indicator	Target	Latest known result
EIC Summit – March 2024	Number of participants (physical + online)	1000	1250
EIC local info days	Number of Info Days Number of participants	10 600	10 1000
Presence at the important deep-tech/start-ups events (Hello Tomorrow, Sifted, Slush, Web Summit, etc.)	Number of events	15	16
Digital communication (EIC website and EIC social media accounts)	EIC website – Page views	+10%	+ 25 %
	EIC X (ex-Twitter) – Number of followers EISMEA LinkedIn – Number of followers	+10%	+4% (Slower growth, general trend of followers leaving X for other platforms) +31%

European Innovation Ecosystems performance table

General objectives: A Europe fit for the digital age; an economy that works for people.
Specific objectives: Research and innovation actions and the European Innovation Council in particular support development and scaling-up of SMEs with breakthrough and disruptive technologies (DG RTD)
Research and innovation actions, increased R&I investments and the R&I component of the European Semester boost economic growth and jobs creation (DG RTD)
From 2020-2024 Strategic Plan

Main outputs in 2024:

Output	Indicator	Target	Latest known result
Calls for proposals	Number of calls published	2 (= 4 topics)	2 (= 4 topics)
Calls for tender	Number of calls published	2	2
Evaluation sessions	Number of evaluation sessions implemented	4	4
	Time to inform applicants	5 months	5 months
	% of evaluated proposals challenged under the evaluation review procedure	<5%	1.04%
	% of evaluated proposals re-evaluated following review requests	<3%	0
Grant agreements	Number of grant agreements signed	23	21
	Time to grant	95% within 8 months	75% (unforeseen changes in complex consortia during GAP)
Contracts	Number of contracts signed	1	2
Final reports of concluded Grant Agreements and Contracts	Number of final reports assessed	144	137 (6 additional projects wait observations upload to finish)
Payments	Time to pay	90 days (grants)	100%
Info days	Number of participants	300	Online EIE Info Day 1 – 29 February 2024: 550 connected participants Online EIE Info Day 2 – 11 June 2024: 512 connected participants

Call planning 2024 EIE (from 01 January to 31 December 2024)

European Innovation Ecosystems					
Planning calls for proposals 2024:					
Call title	Call identifier	Publication date	Closing date	Status 30/06/2024	Status 31/12/2024
The African Union-European Union Innovation Platform	HORIZON-EIE-2024-CONNECT-01-01	11/01/2024	25/04/2024	Evaluation ongoing	All GA signed
Startup Europe	HORIZON-EIE-2024-CONNECT-01-02	11/01/2024	25/04/2024	Evaluation ongoing	6 GA signed, 2 from reserve list ongoing
Expanding Academia-Enterprise Collaborations	HORIZON-EIE-2024-CONNECT-02-01	06/06/2024	19/09/2024	Open for submission	Evaluation ongoing
Mutual learning and support scheme for national and regional innovation programmes	HORIZON-EIE-2024-CONNECT-02-02	06/06/2024	19/09/2024	Open for submission	Evaluation ongoing
Planning calls for tender 2024:					
Call title	Call identifier	Publication date	Closing date	Status 30/06/2024	Status 31/12/2024
Regulatory compliance services	EISMEA-PN-2023-000038	April 2024	November 2024	Evaluation to start in S3 2024	Contract signed
Startup scoreboard	EISMEA-PN-2023-000039	February 2024	September 2024	Evaluation ongoing	Contract signed

SMP Consumer protection pillar performance table

General objectives: A European Green Deal, A Europe fit for the digital age			
Specific objectives: Consumers are empowered and better protected (DG JUST)			
From 2020-2024 Strategic Plan			
Main outputs in 2024:			
Output	Indicator	Target	Latest known results
Calls for proposals incl. invitations to submit proposals	Number of calls published incl. invitations sent	3-5	4
Calls for tender incl. RfS	Number of calls published incl. RfS	8-12 (incl. 5-6 legacy)	10 (incl. 8 from 2023 legacy)
Evaluation sessions	Number of evaluation sessions implemented	100%	75% (EDU evaluation is to be finalised early 2025)
	Time to inform applicants	100 % applicants informed within 6 months from submission deadline	25% (exceptionally high number of proposals, extremely competitive approach to be followed, evaluation done in house without the use of experts, requiring a very heavy quality check).
	% of evaluated proposals challenged under the evaluation review procedure	Less than 8%	3% (1 out of 30 proposals received under 2023 call/invitation)
	% of evaluated proposals re-evaluated following review requests	Less than 8%	0%
Grant agreements	Number of grant agreements signed	65-75 (incl. 35-40 legacy)	49 (incl. 48 from 2023 legacy). Remaining grants to be signed in Q1 2025.
	Time to grant	100 % grants signed within 9 months from submission deadline	95% (1 grant - ECC ES signed outside of TTG due to the organisational changes in the Ministry (beneficiary))
Contracts	Number of contracts signed	+/- 8-11 (incl. 3-6 legacy)	11 (incl. 10 legacy)

Final reports of concluded Grant Agreements and Contracts	Number of final reports assessed	45	57
Payments	Time to pay	100% payments executed within the legal time limit	100%

Call planning 2024 SMP Consumer protection pillar (from 01 January to 31 December 2024)

SMP / CONSUMER PILLAR					
Planning calls for proposals 2024:					
Call title	Call identifier	Publication /opening date	Closing date	Status 30/06/2024	Status 31/12/2024
BEUC operating grant	SMP-CONS-2025-EU-ORG-OG-IBA	26.03.2024	06.06.2024	Under evaluation	Grant agreement signed on 29.11.2024.
Grants to designated qualified ADR and RAD entities	SMP-CONS-2024-ADR-RAD	26.03.2024	06.06.2024	Under evaluation	GAPs ongoing
European consumer centres	Second instalment to last years call – no new call SMP-CONS-2024-ECC-IBA SMP-CONS-2024-ECC-IBA-2	n/a	n/a	The 2 nd instalment to the global commitment done and the last GAP ongoing	All GAs signed
Grants on debt advice	SMP-CONS-2024-DA	26.03.2024	06.06.2024	Evaluation ongoing	GAPs ongoing
Grants on consumer education, awareness	SMP-CONS-2024-EDU	26.03.2024	06.06.2024	Evaluation ongoing	Evaluation ongoing

raising and local advice to consumers					
Planning calls for tender 2024:					
Call title	Call identifier	Publication date (2024)	Closing date	Status 30/06/2024	Status 31/12/2024
Support to CPC MS capacities	RfS under FWC with reopening of competition: EISMEA/2024/SC/001 - Behavioural studies on the transparency of price reductions and of customer service as well as the labelling of commercial content	Q1-Q4	n/a	Specific contract signed on 26.06.2024	Contract ongoing
CASP Coordinated activities on market surveillance for dangerous products (CASP 2026-2027)	FWC with reopening of competition	Q3/Q4	n/a	TOR under preparation	TOR under preparation
CASP Customs	FWC with reopening of competition				TOR under preparation
CASP 2025	FWC with re-opening of competition EISMEA/2024/SC/006 - "CASP 2025 activities" - under the framework contract EISMEA/2021/OP/0016	Q2/Q3	n/a	TOR under preparation	Evaluation ongoing
Consumer Summit 2025	tbc	Q3/Q4	tbc	TOR under preparation	TOR under preparation
High-level Consumer Policy Meeting in Warsaw	Specific contract 300117526 (High-level Consumer Policy Meeting in Warsaw) implementing FWC SCIC/2023/OP/0003	Q3-Q4	tbc	TOR under preparation	Procedure for sending out of the contract for signature ongoing

SMP SME pillar performance table

General objective: A Europe fit for the digital age Specific objective: More European SMEs have access to cross-border business by digital means (DG GROW) From 2020-2024 Strategic Plan			
Main outputs in 2024 ⁽³⁾			
Output	Indicator	Target	Latest known results
Calls for proposals	Number of calls published	9 (8 from WP 2024 and 1 from WP 2023) 85% of calls for proposals in SMP SME annual work programme 2024 published by 31/12/2024.	9 (8 from WP 2024 and 1 from WP 2023)
Calls for tender	Number of calls published	6 (2 from WP 2024 and 4 from WP 2023). 50% of calls for tender in the SMP SME annual work programme 2024 published by 31/12/2024.	7 (3 from WP 2024 and 4 from WP 2023). published by 31/12/2024.
Evaluation sessions	Number of evaluation sessions implemented	9 evaluations for call for proposals (5 from WP 2024 and 4 from WP 2023) and 8 evaluations for calls for tenders (2 calls for tenders from WP 2024 and 6 from WP 2023) by 31 December 2024.	10 evaluations for call for proposals (5 from WP 2024 and 5 from WP 2023) and 8 evaluations for calls for tenders (2 call for tenders from WP 2024 and 6 from WP 2023) by 31 December 2024.
	Time to inform applicants	100% of applicants informed within 6 months (183 days) after the call deadline.	100% of applicants informed within 6 months (183 days) after the call deadline.
	% of evaluated proposals challenged under the evaluation review procedure	Less than 3% of evaluated proposals.	4.32% (13 requests out of 301 proposals)

⁽³⁾ the table includes also COSME legacy actions

	% of evaluated proposals re-evaluated following review requests	Max. 0.5% of evaluated proposals.	0%
Grant agreements	Number of grant agreements signed	26 SMP SME grant agreements (8 from WP 2024 and 18 from WP 2023) signed by 31 December 2024. 90% of grant agreement preparations (GAPs) initiated before 30/09/2024, signed by 31/12/2024.	24 SMP SME grant agreements (4 from WP 2024, 18 from WP 2023, 2 from WP 2021 EEN) signed by 31 December 2024. 100%
	Time to grant	100% of grant agreements signed within 9 months (274 days) after the call deadline	90.9% (20 out of 22)
Contracts	Number of contracts signed	6 contracts (two from WP 2024 and four from WP 2023).	7 contracts (one from WP 2024 and six from WP 2023).
Final reports of concluded Grant Agreements and Contracts	Number of final reports assessed	At least 50 final reports assessed. 100 % of the final reports submitted before 31 st October 2024 assessed.	101 final reports assessed. 100 % of the final reports submitted before 31 st October 2024 assessed.
Payments	Time to pay	100% of payments within legal deadlines	99,49%
Event (Enterprise Europe Network Annual Conference)	Number of participants (onsite)	700	800
SME Assembly	Number of participants (onsite)	400	600
European Cluster Conference	Number of participants (onsite)	400	700

Call planning 2024 SMP/ SME (from 01 January to 31 December 2024)

Planning calls for proposals 2024:					
Call title	Call identifier	Publication date	Closing date	Status 30/06/2024	Status 31/12/2024
Boosting SMEs' and stakeholders' capacities to participate in renovation projects through the Affordable Housing Initiative European Partnership	SMP-COSME-2023-HOUS	07/02/24	09/04/24	Grant agreement preparation	Signed on 30 September 2024
EU-Japan Centre for industrial cooperation	SMP-COSME-2024-EUJAPAN-IBA	21/02/24	21/03/24	Grant agreement preparation	Signed on 19 July
EU-Ukraine Cluster Partnership Programme	SMP-COSME-2024-CLUSTERUA	19/03/24	04/06/24	Call under evaluation	Grant agreement preparation.. <i>Projects started on 1st February 2025.</i>
Erasmus for Young Entrepreneurs - junior call	SMP-COSME-2024-EYEJR	10/04/24	27/06/24	Call under evaluation	Grant agreement preparation. Projects started on 1 st February 2025.
Enterprise Europe Network	SMP-COSME-2024-EEN	25/04/24	19/09/24 04/02/2025	Call published	Under implementation Evaluation of first cut-off finished. GAP ongoing.

Agrifood and Retail SMEs – renewable energy communities	SMP-COSME-2024-REC	24/10/24	15/01/2025	Call under preparation	Published on 29 November 2024
Stepping up organisational and entrepreneurial capacity of SMEs in social economy	SMP-COSME-2024-SEE	01/10/24	10/12/24	Call under preparation	Call under evaluation
Partnerships for circular value chains between mainstream businesses and SMEs in social economy	SMP-COSME-2024-SEECVC	N/A	N/A	Call cancelled	Call cancelled (included in SMP-COSME-2024-SEE as topic 2)
Joint Cluster Initiatives (EUROCLUSTERS) for Europe's recovery	SMP-COSME-2024-CLUSTER	19/09/24 <i>Changed to 15/10/25</i>	05/12/24 <i>Changed to 5/2/25</i>	Call under preparation	Published on 15 October 2024, with deadline on 5th February 2025. Evaluation planned until May 2025.
EU SME Centre in China Phase V	SME-COSME-2024-SMECC	24/10/2024	15/01/2025	Call under preparation	Published on 24 October 2024
Boosting Competitiveness and Innovation Capacity of SMEs through creative partnerships and the use of new technologies - WORTH partnership project	GRO/SME/24/13707	Q4/2024	Q1/2025	Call in the revised WP 2024	Call under preparation
Planning procurements 2024:					
Call title	Call identifier	Publication date	Closing date	Status 30/06/2024	Status 31/12/2024
Sustainable procurement hubs	GRO/SME/23/13472	29/04/2024	20/08/2024	Call published	Service contract signed on 19

					December 2024
Stakeholder collaboration platform for the textiles ecosystem	GRO/SME/23/13187	13/03/2024	15/05/2024	Call under evaluation	Signed on 28 October 2024
European Construction Sector Observatory (ECSO)	GRO/SME/23/13982	23/04/2024	29/08/2024	Call published	Signed on 17 December 2024
Boosting Competitiveness and Innovation Capacity of SMEs through creative partnerships and the use of new technologies - WORTH partnership project	GRO/SME/24/13707	Q4/2024	Q1/2025	Call cancelled. To be launched as call for proposals	
Erasmus for Young Entrepreneurs Support Office	GRO/SME/24/13886	Q3/2024	Q4/2024	Call under preparation	Signed on 20 December 2024 (implementation start: 1/05/2025)
SOLVIT - training programme in legal areas of particular relevance for SMEs	GRO/SME/24/13794	Q3/2024	Q4/2024	Call under preparation	Terms of reference agreed with DG GROW. Contract preparation ongoing.
Observatory for companies/SMEs ('one stop shop' on due diligence)	GRO/SME/24/14006	Q2/2024	Q3/2024	Call under preparation	Published on 6 December 2024

Transition Pathways Stakeholders Support Platform	GRO/SME/24/14104	Q3/2024	Q4/2024	Invitation sent to FWCs	Signed on 22 August 2024
Digital Public Buyers Platform	GRO/SME/24/14529	Q1 2025	Q2 2025	Call in the revised WP 2024	Dealing with IT component Checking if action can be implemented via FWC instead of CfT

SMP Internal Market and support to standardisation performance table

General objective: A Europe fit for the digital age Specific objective: More business opportunities are generated in the Single Market (DG GROW) From 2020-2024 Strategic Plan			
Main outputs in 2024:			
Output	Indicator	Target	Latest known results
Calls for proposals	Number of calls published	5 (3 ESOs calls, 1 Annex III call, 1 EUTF call)	5
Calls for tender	Number of calls published	1	1
Evaluation sessions	Number of evaluation sessions implemented	100%	6 100%
	Time to inform applicants	100% informed within 6 months from submission deadline	100% within 6 months
	% of evaluated proposals challenged under the evaluation review procedure	Less than 8%	0
	% of evaluated proposals re-evaluated following review requests	Less than 8%	0
Grant agreements	Number of grant agreements signed	35-45	37
	Time to grant	100% signed within 9 months from submission	100%
Contracts	Number of contracts signed	1	1
Final reports of concluded Grant Agreements and Contracts	Number of final reports assessed	26 Standardisation: 3 on-paper legacy grants; 12 in e-Grants Market surveillance: 11 grants	17 (3 projects extended, 6 submissions delayed by project coordinator)
Payments	Time to pay	100% executed within the legal deadline	100%

Call planning 2024 SMP/ Internal market / Standardisation (from 01 January to 31 December 2024)

Planning calls for proposals 2024:					
Call title	Call identifier	Publication date	Closing date	Status 30/06/2024	Status 31/12/2024
Support to Standardisation activities performed by CEN, CENELEC and ETSI	Call SMP-STAND-2024-ESOS-01-IBA	21/03/2024	06/06/2024	Call under evaluation	Grants signed
Support to Standardisation activities performed by CEN, CENELEC and ETSI	Call SMP-STAND-2024-ESOS-02-IBA	11/07/2024	17/10/2024	Call under preparation	Grant signed
Support to Standardisation activities performed by CEN, CENELEC and ETSI	Call SMP-STAND-2024-ESOS-03-IBA	24/10/2024	09/01/2025	Call under preparation	Offers being submitted
Support to organisations representing small and medium-sized enterprises (SMEs) and societal stakeholders in standardisation activities	SMP-STAND-2024-A3-AG-OG-IBA	07/03/2024	16/05/2024	Call under evaluation	Grants signed
Selection of European testing facilities	SMP-SURV-2024-EUTF-02-AG-IBA	11/06/2024	22/08/2024	Call published	Grant signed
Planning procurements 2024					
Joint Actions on the Compliance of Products (JACOP 2025)		02/05/2024	21/06/2024	Call under evaluation	Contract signed

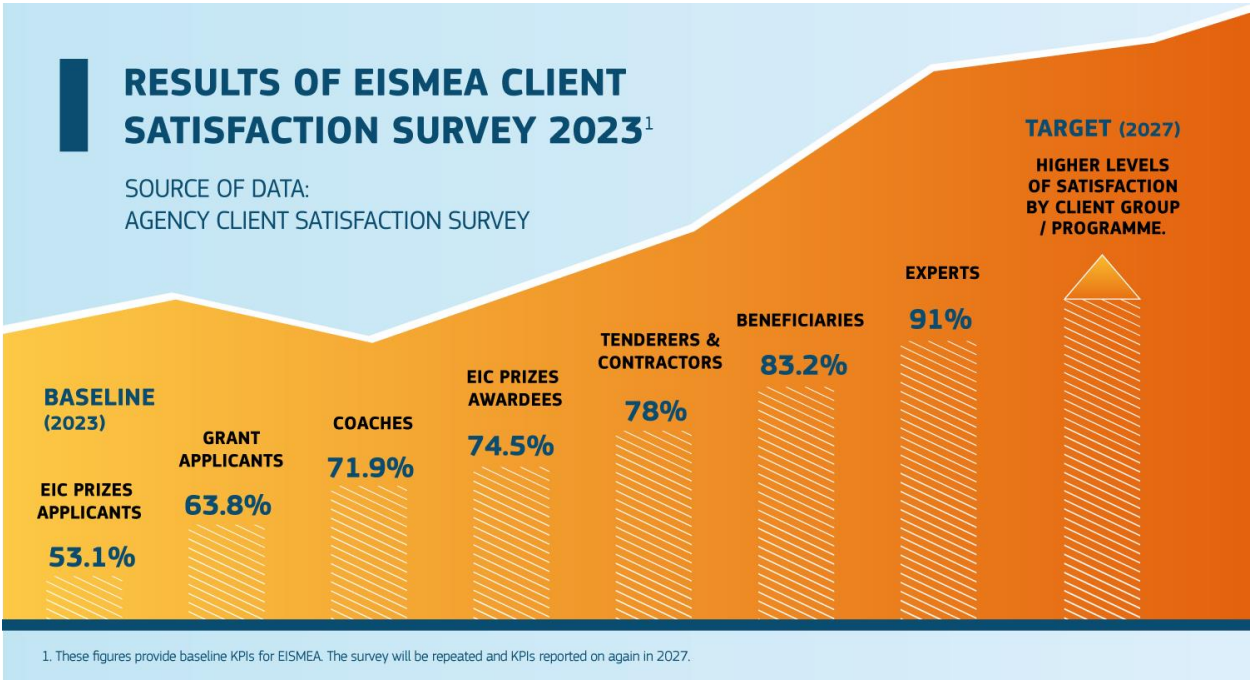
Interregional Innovation Investments performance table

General objective: A Europe fit for the digital age Specific objective: Innovative and smart economic transformation across the EU (DG REGIO) From 2020-2024 Strategic Plan			
Main outputs in 2024:			
Output	Indicator	Target	Latest known results
Calls for proposals	Number of calls published	3	3
Evaluation sessions	Number of evaluation sessions implemented	3 (moving from one two steps evaluation to one step evaluation for Strands 1/2a)	3 (started as planned and now ongoing)
	Time to inform applicants	100 % applicants informed within 6 months from submission deadline	100%
	% of evaluated proposals challenged under the evaluation review procedure	<5%	3.6%
	% of evaluated proposals re-evaluated following review requests	<3%	1.3%
Grant agreements	Number of grant agreements signed	20 for calls I3-2023-INV1, I3-2023-INV2a and Cap2b 2023	19 (due to budget availability)
	Time to grant	85 % within 9 months	100%
Final reports of concluded Grant Agreements and Contracts	Number of final reports assessed	0	0
Payments	Time to pay	100% payments executed within the legal time limit	100%
Info days	Number of participants	1000 for two info days (Strands 1/2a 2024 and Cap2b 2024)	Online Info Day on Strands 1 & 2a (13 June 2024). Total number of connected participants: 295. The online info day on the Cap2b 2024 was not organised.

**Call planning 2024 Interregional Innovation Investments (I3) Instrument
(from 01 January to 31 December 2024)**

Planning calls for proposals 2024:					
Call title	Call identifier	Publication date	Closing date	Status 30/06/2024	Status 31/12/2024
Interregional Innovation investments Instrument Strand 1	I3-2024-INV1	02/05/2024	02/10/2024	Opened for applications on 06/06/2024 (info day 13/06/2024)	Under evaluation
Interregional Innovation investments Instrument Strand 2a	I3-2024-INV2a	02/05/2024	02/10/2024	Opened for applications on 06/06/2024 (info day 13/06/2024)	Under evaluation

Client satisfaction



ANNEX 3: Draft annual accounts and financial reports

AAR 2024 Version 1

Annex 3 Financial Reports - IEEA Operating Budget - Financial Year 2024
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Table 1 : Commitments

Table 2 : Payments

Table 3 : Commitments to be settled
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Table 4 : Balance Sheet

Table 5 : Statement of Financial Performance

Table 5 Bis: Off Balance Sheet

Table 6 : Average Payment Times
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Table 7 : Income

Table 8 : Recovery of undue Payments

Table 9 : Ageing Balance of Recovery Orders
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Table 10 : Waivers of Recovery Orders

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TABLE 1: OUTTURN ON COMMITMENT APPROPRIATIONS IN 2024 (in Mio €) for IEEA					
			Commitment appropriations authorised	Commitments made	%
			1	2	3=2/1
Title 1 Staff expenditure					
1	1 1	Remunerations allowances and charges	37.27	37.20	99.80 %
	1 2	Professional development & social expenditure	2.31	2.28	98.53 %
Total Title 1			39.58	39.47	99.73 %
Title 2 Infrastructure and operating expenditure					
2	2 1	Building expenditure	3.21	3.21	100.00 %
	2 2	ICT expenditure	2.67	2.66	99.64 %
	2 3	Movable property and Current Operating expenditure	0.34	0.24	70.51 %
Total Title 2			6.23	6.11	98.23 %
Title 3 Programme support expenditure					
3	3 1	Programme management expenditure	2.21	2.20	99.62 %
Total Title 3			2.21	2.20	99.62 %
Total IEEA			48.02	47.79	99.53 %

* 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

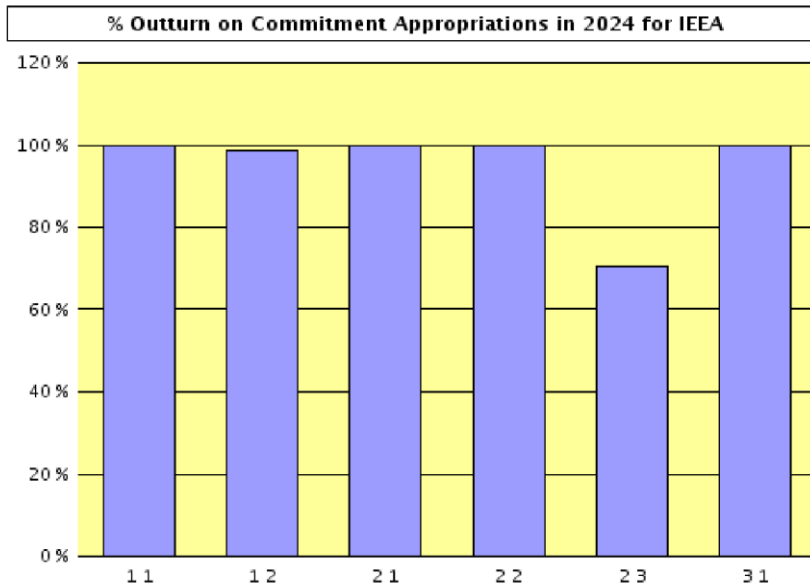


TABLE 2: OUTTURN ON PAYMENT APPROPRIATIONS IN 2024 (in Mio €) for IEEA					
			Payment appropriations authorised *	Payments made	%
			1	2	3=2/1
Title 1 Staff expenditure					
1	1 1	Remunerations allowances and charges	37.70	37.25	98.81 %
	1 2	Professional development & social expenditure	2.77	2.05	73.98 %
Total Title 1			40.47	39.30	97.12%
Title 2 Infrastructure and operating expenditure					
2	2 1	Building expenditure	3.80	3.62	95.33 %
	2 2	ICT expenditure	3.39	2.63	77.68 %
	2 3	Movable property and Current Operating expenditure	0.46	0.28	60.24 %
Total Title 2			7.64	6.53	85.39%
Title 3 Programme support expenditure					
3	3 1	Programme management expenditure	4.08	2.38	58.36 %
Total Title 3			4.08	2.38	58.36%
Total IEEA			52.18	48.20	92.37 %

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

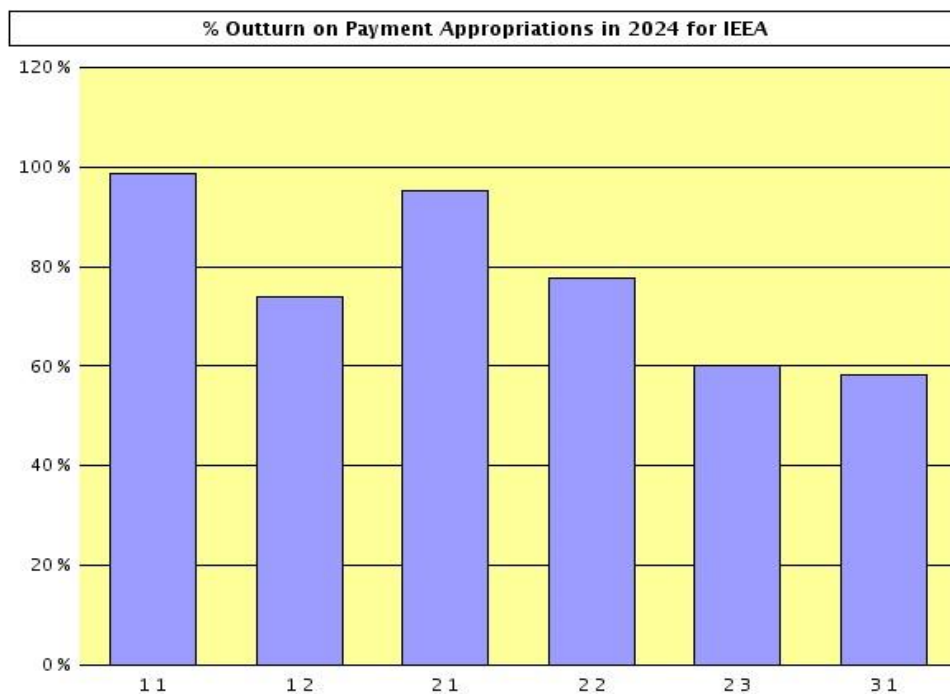


TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2024 (in Mio €) for IEEA									
			Commitments to be settled				Commitments to be settled from financial years previous to 2023	Total of commitments to be settled at end of financial year 2024	Total of commitments to be settled at end of financial year 2023
			Commitments	Payments	RAL	% to be settled			
Chapter			1	2	3=1-2	4=1-2/1	5	6=3+5	7
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
1	1 1	Remunerations allowances and charges	37.20	36.83	0.37	0.99%	0.00	0.37	0.43
	1 2	Professional development & social expenditure	2.28	1.88	0.39	17.22%	0.00	0.39	0.46
Total Title 1			39.47	38.71	0.76	1.92%	0.00	0.76	0.89

TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2024 (in Mio €) for IEEA									
Chapter			Commitments to be settled				Commitments to be settled from financial years previous to 2023	Total of commitments to be settled at end of financial year 2024	Total of commitments to be settled at end of financial year 2023
			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
2	2 1	Building expenditure	3.21	3.08	0.14	4.20%	0.00	0.14	0.58
	2 2	ICT expenditure	2.66	1.93	0.73	27.27%	0.00	0.73	0.72
	2 3	Movable property and Current Operating expenditure	0.24	0.19	0.05	19.82%	0.00	0.05	0.12
	Total Title 2		6.11	5.21	0.91	14.85%	0.00	0.91	1.42

TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2024 (in Mio €) for IEEA									
			Commitments to be settled				Commitments to be settled from financial years previous to 2023	Total of commitments to be settled at end of financial year 2024	Total of commitments to be settled at end of financial year 2023
			Commitments	Payments	RAL	% to be settled			
Chapter			1	2	3=1-2	4=1-2/1	5	6=3+5	7
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
3	3 1	Programme management expenditure	2.20	0.86	1.35	61.14%	0.00	1.35	1.86
Total Title 3			2.20	0.86	1.35	61.14%	0.00	1.35	1.86

Total :	47.79	44.78	3.01	6.31 %	0.00	3.01	4.17
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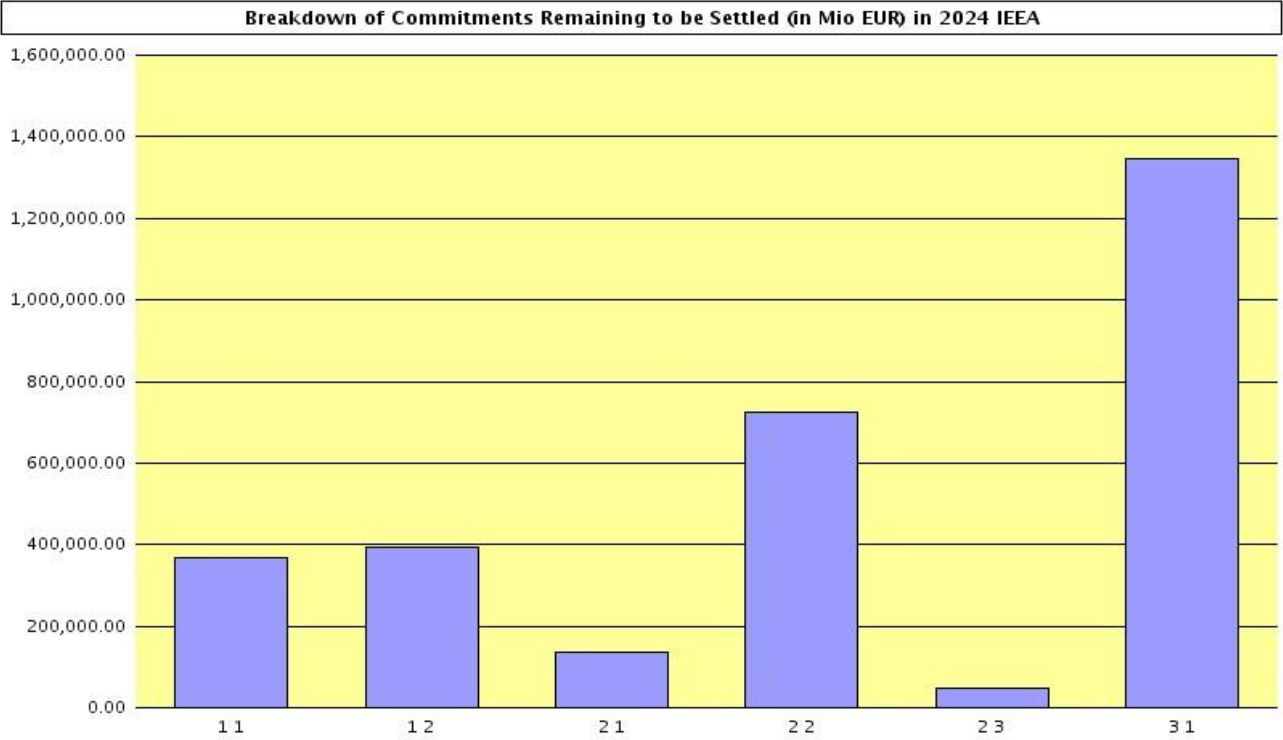


TABLE 4 : BALANCE SHEET for IEEA

BALANCE SHEET	2024	2023
A.I. NON CURRENT ASSETS	198,851	235,139
A.I.1. Intangible Assets	0	0
A.I.2. Property, Plant and Equipment	147,371	183,659
A.I.5. Non-Current Pre-Financing	51,480	51,480
A.II. CURRENT ASSETS	5,841,221	7,053,368
A.II.2. Current Pre-Financing	0	0
A.II.3. Curr Exch Receiv & Non-Ex Recoverables	543,027	1,502,459
A.II.6. Cash and Cash Equivalents	5,298,195	5,550,909
ASSETS	6,040,072	7,288,507
P.I. NON CURRENT LIABILITIES	-10,200	-157,000
P.I.2. Non-Current Provisions	-10,200	-157,000
P.II. CURRENT LIABILITIES	-4,306,960	-4,256,554
P.II.2. Current Provisions	-15,833	-106,828
P.II.4. Current Payables	-2,335,413	-1,513,690
P.II.5. Current Accrued Charges & Defrd Income	-1,955,713	-2,636,037
LIABILITIES	-4,317,160	-4,413,554
NET ASSETS (ASSETS less LIABILITIES)	1,722,913	2,874,953
P.III.2. Accumulated Surplus/Deficit	-2,874,953	-1,465,962
Non-allocated central (surplus)/deficit*	1,152,040	-1,408,991
TOTAL	0	0

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

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

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TABLE 5 : STATEMENT OF FINANCIAL PERFORMANCE for IEEA

STATEMENT OF FINANCIAL PERFORMANCE	2024	2023
II.1 REVENUES	-46,075,158	-48,193,135
II.1.1. NON-EXCHANGE REVENUES	-45,734,699	-46,564,591
II.1.1.8. OTHER NON-EXCHANGE REVENUES	-45,734,699	-46,564,591
II.1.2. EXCHANGE REVENUES	-340,459	-1,628,544
II.1.2.1. FINANCIAL INCOME	-116,069	-58,739
II.1.2.2. OTHER EXCHANGE REVENUE	-224,390	-1,569,805
II.2. EXPENSES	47,227,198	46,784,143
II.2. EXPENSES	47,227,198	46,784,143
II.2.11. OTHER EXPENSES	11,159,306	11,819,879
II.2.6. STAFF AND PENSION COSTS	36,067,129	34,961,294
II.2.8. FINANCE COSTS	763	2,971
STATEMENT OF FINANCIAL PERFORMANCE	1,152,040	-1,408,991

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

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

TABLE 5bis : OFF BALANCE SHEET for IEEA

OFF BALANCE	2024	2023
OB.1. Contingent Assets	7,500.00	0.00
GR for performance	0.00	0.00
GR for pre-financing	0.00	0.00
OB.1.3. CA Other	7,500.00	
OB.2. Contingent Liabilities	-28,500.00	-78,500.00
OB.2.6. CL Other	0.00	-9,500.00
OB.2.7. CL Legal cases OTHER	-28,500.00	-69,000.00
OB.3. Other Significant Disclosures	-2,925,239.16	-2,162,000.83
OB.3.2. Comm against app. not yet consumed	-2,925,239.16	-2,162,000.83 0.00
OB.3.5. Operating lease commitments		
OB.4. Balancing Accounts	2,946,239.16	2,240,500.83
OB.4. Balancing Accounts	2,946,239.16	2,240,500.83
OFF BALANCE	0.00	0.00

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

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

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

TABLE 6: AVERAGE PAYMENT TIMES FOR 2024 for IEEA

Legal Times									
Maximum Payment Time (Days)	Total Nbr of Payments	Nbr of Payments within Time Limit	Percentage	Average Payment Times (Days)	Nbr of Late Payments	Percentage	Average Payment Times (Days)	Late Payments Amount	Percentage
3	2				2	100.00 %	27	105,802.28	100. %
30	945	938	99.26 %	11.93	7	0.74 %	37.71	26,219.81	1. %
45	26	24	92.31 %	19.50	2	7.69 %	51	11,637.60	0. %
60	26	26	100.00 %	19.85				0.00	0. %

Total Number of Payments	999	988	98.90 %		11	1.10 %		143,659.69	1. %
Average Net Payment Time	12.60			12.32			38.18		
Average Gross Payment Time	12.96			12.67			38.91		

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	19	19	1.90 %	999	690,251.56	5.54 %	12,450,972.47

Late Interest paid in 2024			
DG	GL Account	Description	Amount (Eur)
IEEA	65010000	Interest expense on late payment of charges	763.20
			763.20

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

TABLE 7 : SITUATION ON REVENUE AND INCOME IN 2024 for IEEA								
Chapter		Revenue and income recognized			Revenue and income cashed from			Outstanding balance
		Current year RO	Carried over RO	Total	Current Year RO	Carried over RO	Total	
		1	2	3=1+2	4	5	6=4+5	
2 0	Subsidy		0.00			0.00		0.00
		48,017,170.00		48,017,170.00	48,017,170.00		48,017,170.00	
9 0	Other income	1,432,708.49	14,850.00	1,447,558.49	1,307,752.01	14,850.00	1,322,602.01	124,956.48
Total IEEA		49,449,878.49	14,850.00	49,464,728.49	49,324,922.01	14,850.00	49,339,772.01	124,956.48

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

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

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

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

GRAND TOTAL (EX-ANTE + EX-POST)		
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TABLE 9: AGEING BALANCE OF RECOVERY ORDERS AT 31/12/2024 for IEEA

	Number at 01/01/2024	Number at 31/12/2024	Evolution	Open Amount (Eur) at 01/01/2024	Open Amount (Eur) at 31/12/2024	Evolution
2023	1		-100.00 %	14,850.00		-100.00 %
2024		1			124,956.48	
	1	1	0.00 %	14,850.00	124,956.48	741.46 %

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

TABLE 10 :Recovery Order Waivers >= 60 000 € in 2024 for IEEA

	Waiver Central Key	Linked RO Central Key	RO Accepted Amount (Eur)	LE Account Group	Commission Decision	Comments
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Total DG	
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Number of RO waivers	
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There are no waivers below 60 000 €

Annex 3 Financial Reports - DG IEEA Operational Budget - Financial Year 2024**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 2024

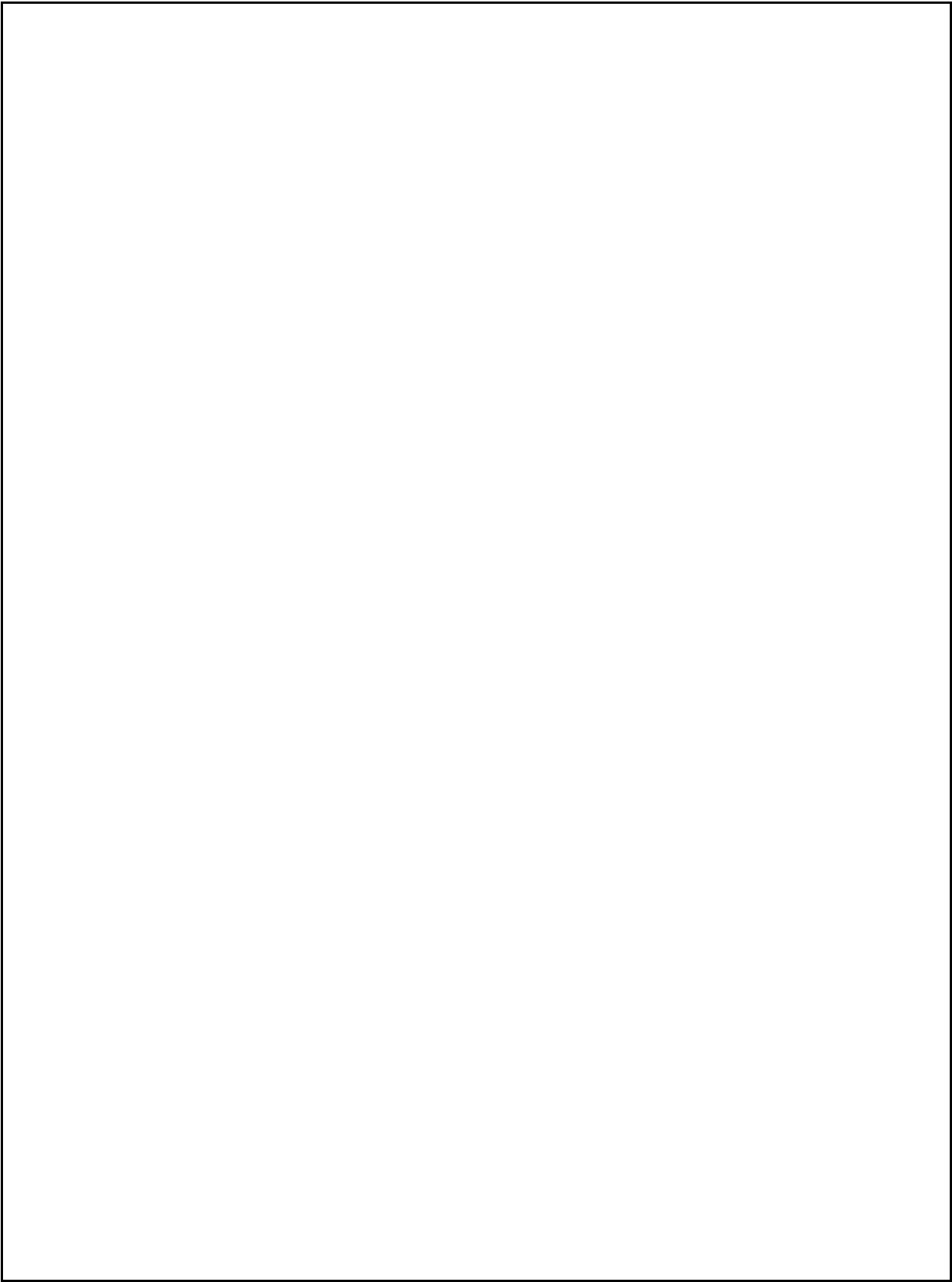


TABLE 1: OUTTURN ON COMMITMENT APPROPRIATIONS IN 2024 (in Mio €) for DG IEEA					
			Commitment appropriations authorised*	Commitments made	%
			1	2	3=2/1
Title 01 Research and Innovation					
01	01 02	Horizon Europe	843.54	836.95	99.22 %
	01 20	Pilot projects, preparatory actions, prerogatives and other actions	0.00	0.00	0.00 %
Total Title 01			843.54	836.95	99.22 %
Title 03 Single Market					
03	03 02	Single Market Programme	161.14	160.71	99.74 %
	03 20	Pilot projects, preparatory actions, prerogatives and other actions	4.00	4.00	100.00 %
Total Title 03			165.14	164.71	99.74 %
Title 05 Regional Development and Cohesion					
05	05 02	European Regional Development Fund (ERDF)	90.37	90.37	100.00 %
Total Title 05			90.37	90.37	100.00 %
Total Excluding NGEU			1,099.04	1,092.03	99.36 %
Title 01 Research and Innovation					
01	01 02	Horizon Europe	1.86	0.00	0.00 %
Total Title 01			1.86	0.00	0.00 %
Total NGEU Only			1.86	0.00	0.00 %
Total DG IEEA			1,100.90	1,092.03	99.19 %

* 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.

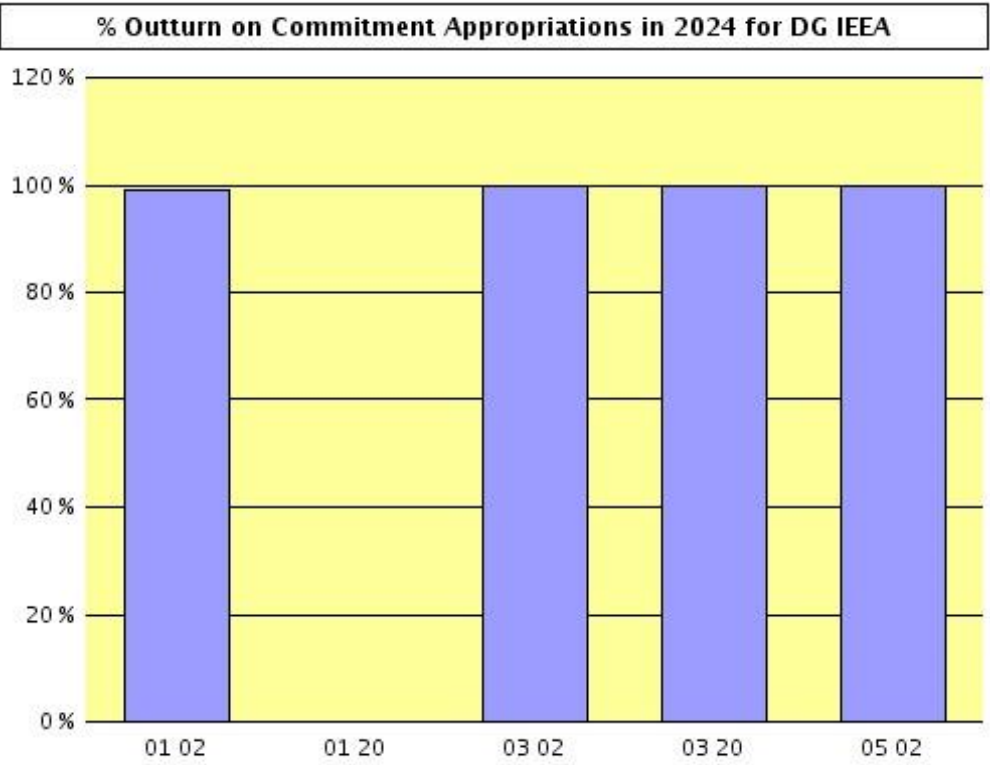


TABLE 2: OUTTURN ON PAYMENT APPROPRIATIONS in 2024 (in Mio €) for DG IEEA					
			Payment appropriations authorised *	Payments made	%
			1	2	3=2/1
Title 01 Research and Innovation					
01	01 02	Horizon Europe	918.81	762.67	83.01 %
	01 20	Pilot projects, preparatory actions, prerogatives and other actions	0.37	0.37	100.00 %
Total Title 01			919.18	763.04	83.01%
Title 03 Single Market					
03	03 02	Single Market Programme	129.55	129.00	99.57 %
	03 20	Pilot projects, preparatory actions, prerogatives and other actions	0.00	0.00	0.00 %
Total Title 03			129.55	129.00	99.57%
Title 05 Regional Development and Cohesion					
05	05 02	European Regional Development Fund (ERDF)	52.76	52.76	100.00 %
Total Title 05			52.76	52.76	100.00%
Total Excluding NGEU			1,101.49	944.79	85.77%

Title 01 Research and Innovation					
01	01 02	Horizon Europe	200.11	162.85	81.38 %
Total Title 01			200.11	162.85	81.38%
Total NGEU Only			200.11	162.85	81.38%

Total DG IEEA			1,301.59	1,107.64	85.10 %
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* Payment appropriations authorised include, in addition to the budget voted by the legislative authority, appropriations carried over from the previous exercise, budget amendments as well as miscellaneous payment appropriations for the period (e.g. internal and external assigned revenue).

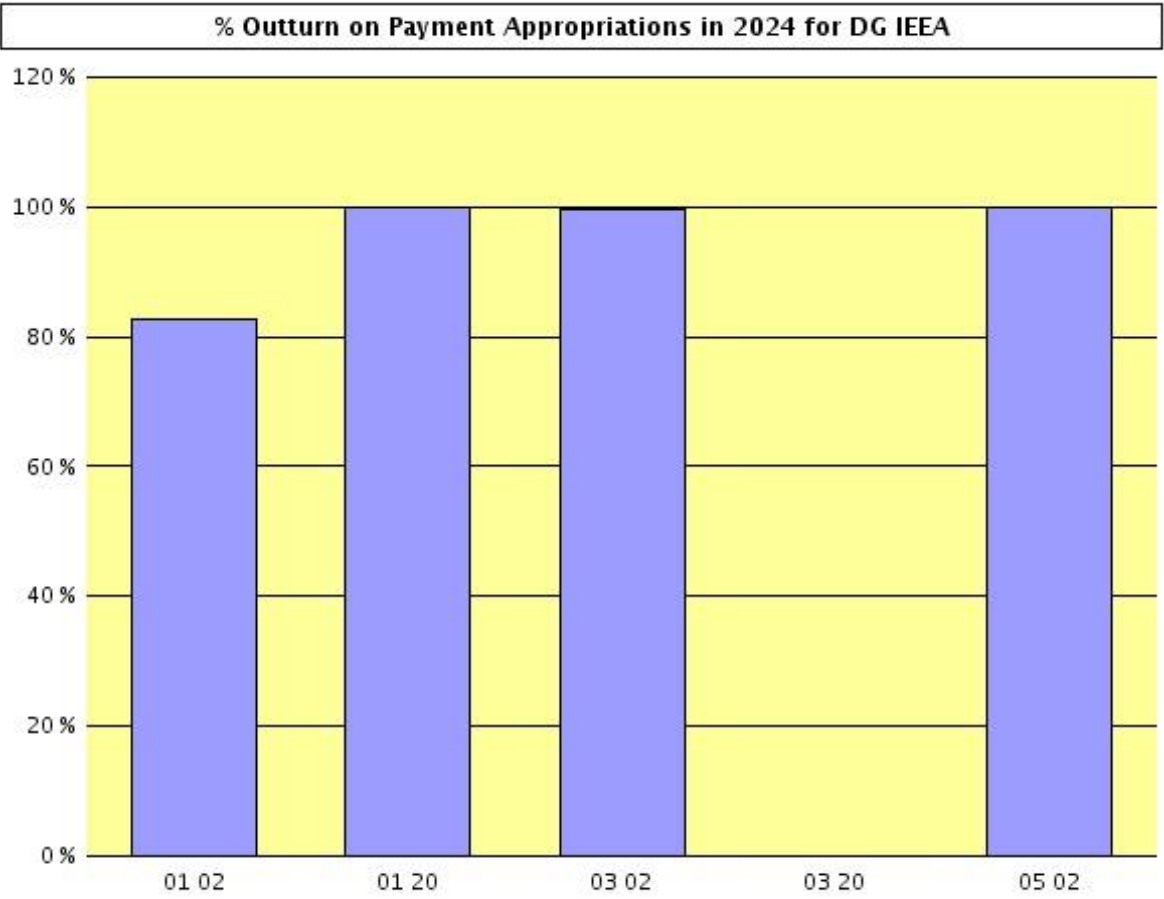


TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2024 (in Mio €) for DG IEEA									
			Commitments to be settled				Commitments to be settled from financial years previous to 2023	Total of commitments to be settled at end of financial year 2024	Total of commitments to be settled at end of financial year 2023
Chapter			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
01	01 02	Horizon Europe							
	01 20	Pilot projects, preparatory actions, prerogatives and other actions	836.95 0.00	132.62 0.00	704.34 0.00	84.15% 0.00%	856.73 2.22	1,561.07 2.22	2,591.11 2.59
Total Title 01			836.95	132.62	704.34	84.15%	858.95	1,563.29	2,593.70
TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2024 (in Mio €) for DG IEEA									
			Commitments to be settled				Commitments to be settled from financial years previous to 2023	Total of commitments to be settled at end of financial year 2024	Total of commitments to be settled at end of financial year 2023
Chapter			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
03	03 02	Single Market Programme							
	03 20	Pilot projects, preparatory actions, prerogatives and other actions	160.71 4.00	23.95 0.00	136.77 4.00	85.10% 100.00%	209.35 5.47	346.12 9.47	317.66 5.47
Total Title 03			164.71	23.95	140.77	85.46%	214.82	355.59	323.13
TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2024 (in Mio €) for DG IEEA									
			Commitments to be settled				Commitments to be settled from financial years previous to 2023	Total of commitments to be settled at end of financial year 2024	Total of commitments to be settled at end of financial year 2023
Chapter			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
05	05 02	European Regional Development Fund (ERDF)	90.37	0.00	90.36	100.00%	71.14	161.50	123.93
Total Title 05			90.37	0.00	90.36	100.00%	71.14	161.50	123.93
Total Excluding NGEU			1,092.03	156.57	935.46	85.66%	1,144.92	2,080.38	3,040.76

TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2024 (in Mio €) for DG IEEA									
Chapter			Commitments to be settled				Commitments to be settled from financial years previous to 2023	Total of commitments to be settled at end of financial year 2024	Total of commitments to be settled at end of financial year 2023
			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
01	01 02	Horizon Europe	0.00	0.00	0.00	0.00%	91.43	91.43	630.70
Total Title 01			0.00	0.00	0.00	0.00%	91.43	91.43	630.70
Total NGEU Only			0.00	0.00	0.00	0.00%	91.43	91.43	630.70

Total for DG IEEA			1,092.03	156.57	935.46	85.66 %	1,236.35	2,171.81	3,671.46
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Note : The figures are those related to the provisional accounts and not yet audited by the Court of Auditors

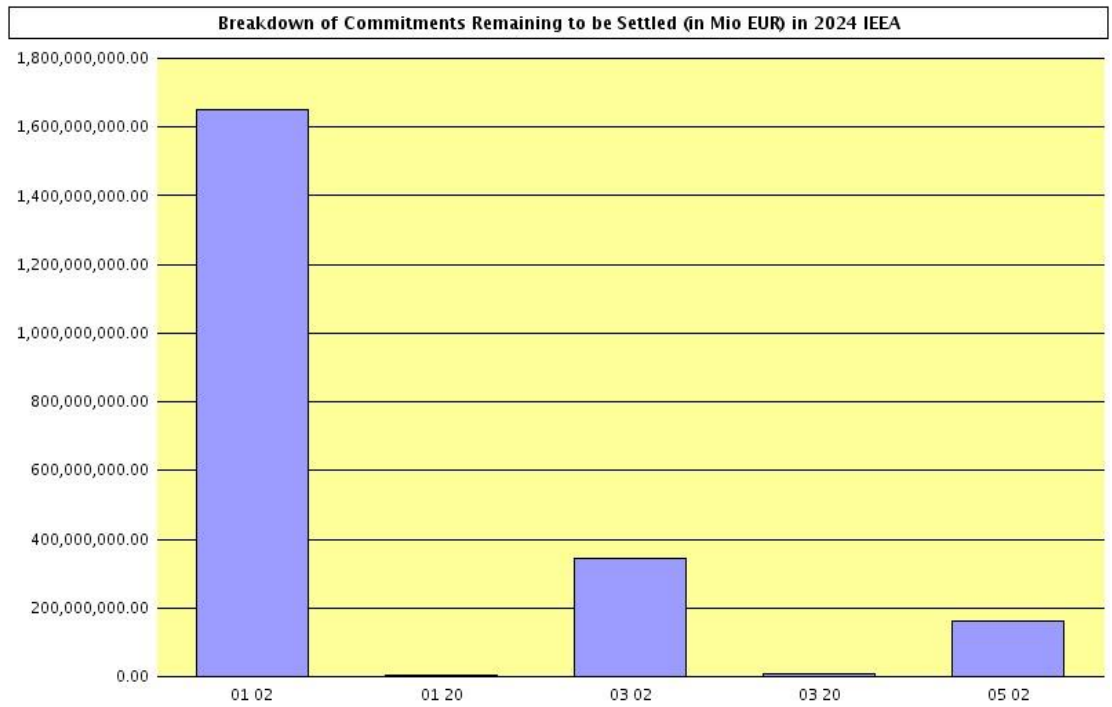


TABLE 4 : BALANCE SHEET for DG IEEA

BALANCE SHEET	2024	2023
A.I. NON CURRENT ASSETS	165,416,637	818,634,289
A.I.1. Intangible Assets	1,194,519	1,493,149
A.I.4. Non-Current Financial Assets	0	608,597,812
A.I.5. Non-Current Pre-Financing	164,222,118	208,543,328
A.II. CURRENT ASSETS	666,546,855	1,355,504,754
A.II.1. Current Financial Assets	0	123,854,371
A.II.2. Current Pre-Financing	640,003,619	684,609,458
A.II.3. Curr Exch Receiv & Non-Ex Recoverables	26,543,235	35,495,735
A.II.6. Cash and Cash Equivalents	0	511,545,190
ASSETS	831,963,491	2,174,139,043
P.I. NON CURRENT LIABILITIES	-2,370,000	-8,000,000
P.I.2. Non-Current Provisions	-2,370,000	-8,000,000
P.II. CURRENT LIABILITIES	-123,338,852	-114,482,275
P.II.2. Current Provisions	0	0
P.II.4. Current Payables	-18,499,314	-34,432,137
P.II.5. Current Accrued Charges & Defrd Income	-104,839,538	-80,050,138
LIABILITIES	-125,708,852	-122,482,275
NET ASSETS (ASSETS less LIABILITIES)	706,254,640	2,051,656,768
P.III.2. Accumulated Surplus/Deficit	8,337,098,894	7,194,009,013
Non-allocated central (surplus)/deficit*	-9,043,353,533	-9,245,665,781
TOTAL DG IEEA	0	0

Variances in A.I.4 and A.II.1. relate to EIC Fund that has been transferred to DG RTD in 2024.

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

Furthermore, since the accumulated result of the Commission is not split amongst the various Directorates General, it can be seen that the balance sheet presented here is not in equilibrium.

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

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

TABLE 5 : STATEMENT OF FINANCIAL PERFORMANCE for DG IEAA

STATEMENT OF FINANCIAL PERFORMANCE	2024	2023
II.1 REVENUES	-7,894,847	-2,598,834
II.1.1. NON-EXCHANGE REVENUES	-8,787,360	445,165
II.1.1.6. RECOVERY OF EXPENSES	-3,157,360	445,165
II.1.1.8. OTHER NON-EXCHANGE REVENUES	-5,630,000	
II.1.2. EXCHANGE REVENUES	892,513	-3,043,998
II.1.2.1. FINANCIAL INCOME		-3,428,377
II.1.2.2. OTHER EXCHANGE REVENUE	892,513	384,379
II.2. EXPENSES	1,200,501,880	1,145,688,714
II.2. EXPENSES	1,200,501,880	1,145,688,714
II.2.11. OTHER EXPENSES	7,416,275	40,101,057
II.2.2. EXP IMPLM BY COMMISS&EX.AGENC. (DM)	1,193,079,442	1,081,112,265
II.2.8. FINANCE COSTS	6,163	24,475,392
STATEMENT OF FINANCIAL PERFORMANCE	1,192,607,033	1,143,089,881

Variances in II.1.2.1., II.2.11. and II.2.8. relate to EIC Fund that has been transferred to DG RTD in 2024.

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

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

TABLE 5bis : OFF BALANCE SHEET for DG IEEA

OFF BALANCE	2024	2023
OB.1. Contingent Assets	2,092,405	2,716,585
OB.1.1. GR for pre-financing	2,092,405	2,716,585
OB.2. Contingent Liabilities	0	-318,213
OB.2.7. CL Legal cases OTHER	0	-318,213
OB.3. Other Significant Disclosures	-2,045,664,709	-3,705,780,347
OB.3.2. Comm against app. not yet consumed	-2,045,664,709	-3,705,780,347
OB.4. Balancing Accounts	2,043,572,304	3,703,381,975
OB.4. Balancing Accounts	2,043,572,304	3,703,381,975
OFF BALANCE	0	0

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

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

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

TABLE 6: AVERAGE PAYMENT TIMES for DG IEAA

Legal Times									
Maximum Payment Time (Days)	Total Nbr of Payments	Nbr of Payments within Time Limit	Percentage	Average Payment Times (Days)	Nbr of Late Payments	Percentage	Average Payment Times (Days)	Late Payments Amount	Percentage
28	5	5	100.00 %	16.40				0.00	0. %
30	4,041	3,679	91.04 %	12.69	362	8.96 %	36.87	845,125.69	0. %
46	1	1	100.00 %	29.00				0.00	0. %
60	381	372	97.64 %	35.70	9	2.36 %	124.56	2,975,978.81	1. %
90	904	898	99.34 %	63.56	6	0.66 %	95.33	1,396,853.95	1. %

Total Number of Payments	5,332	4,955	92.93 %		377	7.07 %		5,217,958.45	1. %
Average Net Payment Time	24.79			23.64			39.90		
Average Gross Payment Time	32.57			31.87			41.77		

Suspensions							
Average Report Approval Suspension	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	46	896	16.80 %	5,332	298,237,354.32	29.23 %	1,020,160,289.88

Late Interest paid in 2024			
DG	GL Account	Description	Amount (Eur)
EACI (EISMEA)	65010100	Interest on late payment of charges New FR	6,163.15
			6,163.15

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

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

TABLE 7 : SITUATION ON REVENUE AND INCOME in 2024 for DG IEEA								
Chapter		Revenue and income recognized			Revenue and income cashed from			Outstanding balance
		Current year RO	Carried over RO	Total	Current Year RO	Carried over RO	Total	
		1	2	3=1+2	4	5	6=4+5	
33	Other administrative revenue	279,195.50	0.00	279,195.50	18,074.30	0.00	18,074.30	261,121.20
60	Single market, innovation and digital	21,784,523.03	17,020,787.17	38,805,310.20	10,120,959.96	5,810,303.79	15,931,263.75	22,874,046.45
67	Completion for outstanding recovery orders prior to 2021	0.00	4,825,145.68	4,825,145.68	0.00	2,949,973.23	2,949,973.23	1,875,172.45
Total DG IEEA		22,063,718.53	21,845,932.85	43,909,651.38	10,139,034.26	8,760,277.02	18,899,311.28	25,010,340.10

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

EX-ANTE CONTROLS BY TRANSACTION	Irregularity	OLAF notified	Total ex-ante amounts
NON ELIGIBLE IN COST CLAIMS	8,038,584.02	0.00	8,038,584.02
CREDIT NOTES	141,374.71	0.00	141,374.71
RECOVERY ORDERS ON PRE-FINANCING	0.00	0.00	0.00
Sub-Total	8,179,958.73	0.00	8,179,958.73

EX-POST CONTROLS BY TRANSACTION	Irregularity	OLAF notified	Total ex-post amounts
RECOVERY ORDERS OTHER THAN ON PRE-FINANCING	2,127,402.97	570,260.77	2,697,663.74
INCOME LINES IN INVOICES	260,676.08	0.00	260,676.08
Sub-Total	2,388,079.05	570,260.77	2,958,339.82
GRAND TOTAL (EX-ANTE + EX-POST)	10,568,037.78	570,260.77	11,138,298.55

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

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

	Number at 01/01/2024	Number at 31/12/2024	Evolution	Open Amount (Eur) at 01/01/2024	Open Amount (Eur) at 31/12/2024	Evolution
2017	1		-100.00 %	1,527,222.52		-100.00 %
2018	2		-100.00 %	122,120.37		-100.00 %
2019	2	1	-50.00 %	496,943.44	474,857.57	-4.44 %
2020	13	8	-38.46 %	2,571,652.80	1,293,108.33	-49.72 %
2021	10	8	-20.00 %	3,570,194.23	3,377,633.69	-5.39 %
2022	10	8	-20.00 %	4,278,709.95	3,927,682.63	-8.20 %
2023	22	4	-81.82 %	9,279,089.54	4,012,373.61	-56.76 %
2024		23			11,924,684.27	
	60	52	-13.33 %	21,845,932.85	25,010,340.10	14.49 %

TABLE 10 :Recovery Order Waivers >= 60 000 € in 2024 for DG IEEA					
Waiver Central Key	Linked RO Central Key	RO Accepted Amount (Eur)	LE Account Group	Commission Decision	Comments
3233240015	3242108914	-81,972.98	Private Companies		
3233240134	3242011193	-156,204.86	Private Companies		
3233240135	3241710414	-1,527,222.52	Private Companies		
3233240155	3241816264	-103,980.78	Private Companies		
3233240162	3242003873	-694,229.84	Private Companies		

Total DG IEEA	-2,563,610.98
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Number of RO waivers	5
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There are 1 waivers below 60 000 € for a total amount of -1

Justifications:

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

TABLE 11 : Negotiated Procedures in 2024 for DG IEEA

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

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

TABLE 12 : Summary of Procedures in 2024 for DG IEEA
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· The procedures are presented in the Annual Management and Performance Report of 2024

T BLE 13 : BUILDING CONTRACTS in 2024 for DG IEEA

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

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

TABLE 14 : CONTRACTS DECLARED SECRET in 2024 for DG IEEA

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

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

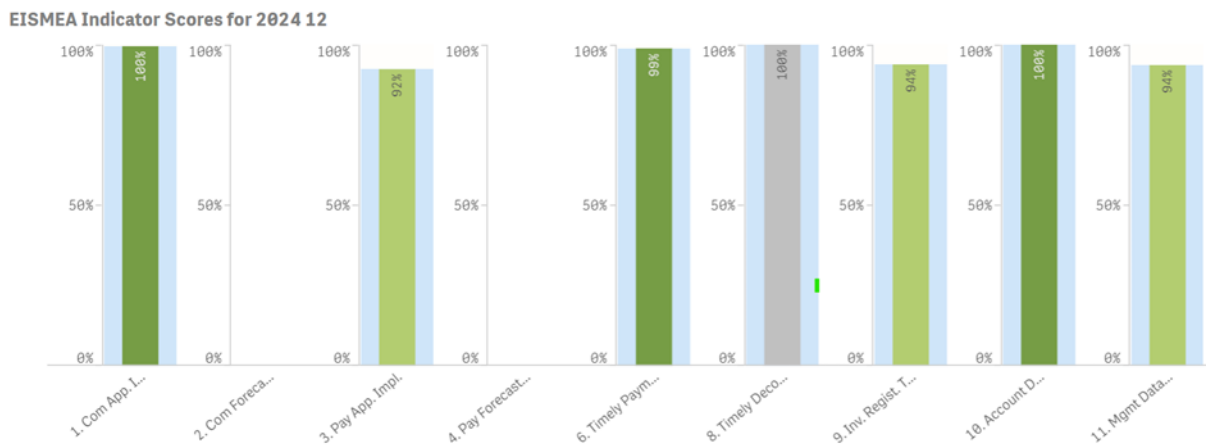
Note : The figures are those related to the provisional accounts and not yet audited by the Court of Auditors

TABLE 15 : FPA duration exceeds 4 years - DG IEEA

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

ANNEX 4: Financial scorecard

Operating (administrative) budget

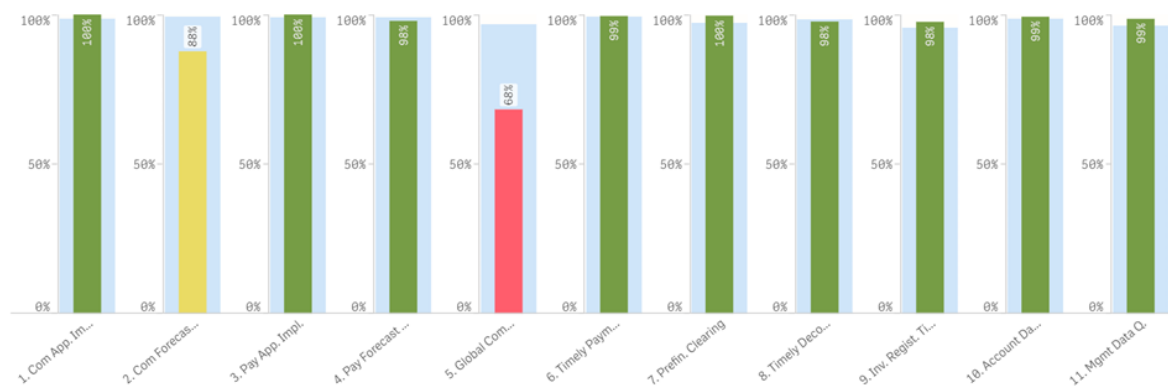


Indicator	Objective	Comment	IEEA Score	EC Score
1. Commitment Appropriations Implementation	Ensure the efficient use of commitment appropriations expiring at the end of financial year	47.790.611 EUR of administrative budget commitment appropriations were used out of a total available of 48.017.170 EUR, thus meeting the key performance indicator.	100%	100%
2. Commitment Forecast Implementation	Ensure the cumulative alignment of the commitment implementation with the commitment forecast in a financial year	The indicator is not applicable for EISMEA in 2024 due to the lack of underlying transactions recorded by EISMEA in 2024.	N/A	N/A
3. Payment Appropriations Implementation	Ensure the efficient use of payment appropriations expiring at the end of financial year	48.203.058 EUR of administrative budget commitment appropriations were used out of a total available of 52.183.136 EUR, thus meeting the key performance indicator.	92%	92%
4. Payment Forecast Implementation	Ensure the cumulative alignment of the payment implementation with the payment forecast in a financial year	The indicator is not applicable for EISMEA in 2024 due to the lack of underlying transactions recorded by EISMEA in 2024.	N/A	N/A
5. Global Commitment Absorption	Ensure efficient use of already earmarked commitment appropriations (at L1 level)	The indicator is not applicable for EISMEA in 2024 due to the lack of underlying transactions recorded by EISMEA in 2024.	N/A	N/A
6. Timely Payments	Ensure efficient processing of payments within the legal deadlines	Timely payments have met the key performance indicator, with 12.307.313 EUR of payments on time out of a total amount of payments of 12.450.972 EUR.	99%	99%
7. Timely Decommitments	Ensure efficient decommitment of outstanding RAL at the end of commitment life cycle	The indicator is not applicable for EISMEA in 2024 due to the lack of underlying transactions recorded by EISMEA in 2024.	N/A	N/A
8. Invoice Registration Time	Monitor the accounting risk stemming from late registration of invoices in the central accounting system ABAC (timely first Invoice Step 1 registration)	Invoice Registration time has met the key performance indicator with 275 invoice registrations taking place on time out of a total of 293 invoices.	94%	94%

Indicator	Objective	Comment	IEEA Score	EC Score
9. Accounting Data Quality	Ensure the good data quality of ABAC transactions with the focus on fields having a primary impact on the accounts	Accounting data quality has met the key performance indicator, with 273 successful (passing) accounting tests out of a total performed of 273.	100%	100%
10. Management Data Quality	Ensure the good data quality of ABAC transactions with the focus on fields having a primary impact on the management decisions	Management data quality has met the key performance indicator with 397 successful (passing) management tests out of a total performed of 424.	94%	94%
11. Timely Invoice PF clearing	Ensure efficient clearing of a pre-financing invoice	The indicator is not applicable for EISMEA in 2024 due to the lack of underlying transactions recorded by EISMEA in 2024.	N/A	N/A

Operational Budget

EISMEA Indicator Scores for 2024 12



Indicator	Objective	Comment	IEEA Score	EC Score
1. Commitment Appropriations Implementation	Ensure the efficient use of commitment appropriations expiring at the end of financial year	All commitments appropriations consumed out of a total available of 975.923.532 EUR, thus exceeding the key performance indicator.	100%	99%
2. Commitment Forecast Implementation	Ensure the cumulative alignment of the commitment implementation with the commitment forecast in a financial year	Cumulative alignment of the commitment implementation (1.092.031.677 EUR) with the commitment forecast (972.361.000 EUR) is in the yellow range, 11% below the key performance indicator.	88%	99%
3. Payment Appropriations Implementation	Ensure the efficient use of payment appropriations expiring at the end of financial year	All payment appropriations consumed out of a total available of 905.763.216 EUR, thus exceeding the key performance indicator by 1%.	100%	99%
4. Payment Forecast Implementation	Ensure the cumulative alignment of the payment implementation with the payment forecast in a financial year	Cumulative alignment of the payment implementation (1.107.639.503 EUR) with the payment forecast (1.131.876.533 EUR) is in the dark green range, but 1% below the key performance indicator.	98%	99%
5. Global Commitment Absorption	Ensure efficient use of already earmarked commitment appropriations (at L1 level)	1.124.719.099 EUR of Level 1 commitment appropriations consumed out of a total available of 1.647.727.121 EUR, thus placing this indicator in the dark red range, 29% below the key performance indicator. The lower percentage reflects the transfer of a file from EISMEA to DG RTD in 2024. This factor is not reflected in the result. When this is taken into consideration, the consumption level is 96.4%. Remedial measures are therefore not needed in this case	68%	97%
6. Timely Payments	Ensure efficient processing of payments within the legal deadlines	Timely payments have met the key performance indicator, with 1.014.942.331 EUR of payments on time out of a total amount of payments of 1.020.160.290 EUR.	99%	99%
7. Timely invoice clearing PF	Ensure efficient clearing of a pre-financing invoice	800 out of 803 invoices with pre-financing were cleared in time, thus exceeding the key performance indicator by 3%.	100%	97%

Indicator	Objective	Comment	IEEA Score	EC Score
8. Timely Decommitments	Ensure efficient decommitment of outstanding RAL at the end of commitment life cycle	Timely decommitments have met the key performance indicator, with 83 out of 85 decommitments taking place on time.	98%	98%
9. Invoice Registration Time	Monitor the accounting risk stemming from late registration of invoices in the central accounting system ABAC (timely first Invoice Step 1 registration)	Invoice Registration time has exceeded the key performance indicator by 2%, with 1.241 invoice registrations taking place on time out of a total of 1.272 invoices.	98%	96%
10. Accounting Data Quality	Ensure the good data quality of ABAC transactions with the focus on fields having a primary impact on the accounts	Accounting data quality has met the key performance indicator, with 23.209 successful (passing) accounting tests out of a total performed of 23.380.	99%	99%
11. Management Data Quality	Ensure the good data quality of ABAC transactions with the focus on fields having a primary impact on the management decisions	Management data quality has exceeded the key performance indicator by 3%, with 30.089 successful (passing) management tests out of a total performed of 30.527.	99%	96%

ANNEX 5: Materiality criteria

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

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

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

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

Chapter A – Qualitative criteria for defining significant weaknesses

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

- **Significant control system weaknesses**

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

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

Any critical recommendations made by the European Court of Auditors, the IAS, DG BUDG or OLAF, which have not been effectively addressed should be assessed in terms of their

significance. Here, the term "critical recommendation" is used in a wider sense; it includes those recommendations labelled by the auditor as "critical" as well as those not labelled at all which is assessed as having a critical impact on the assurance. The impact on assurance of recommendations labelled "very important" for which there is a significant delay in the implementation of the Action Plan will also be taken into account.

- **Significant reputational events**

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

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

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

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

Chapter B – Quantitative criteria for defining reservations

EISMEA's expenditure is composed of directly managed grants, procurement, experts, prizes and other direct spending mostly of an administrative nature. The error rate affecting payments is estimated yearly and per management system, following a methodology that takes into account the risk associated to the type of expenditure.

Considering the fact that around 95% of EISMEA's yearly expenditure is related to directly managed grants, the following section focusses on this specific management system.

Research framework programmes – common aspects

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

Assessment of the effectiveness of controls

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

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

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

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

$$Re sER\% = \frac{(Re pER\% * (P - A)) - (Re pERsys\% * E)}{P}$$

where:

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

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

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

Should a calculation of the residual error rate based on a representative sample not be possible for a FP for reasons not involving control deficiencies ⁽⁴⁾, the consequences are to be assessed quantitatively by making a best estimate of the likely exposure for the reporting year based on all available information. The relative impact on the Declaration of Assurance would then be considered by analysing the available information on qualitative grounds and considering evidence from other sources and areas. This should be clearly explained in the AAR.

Multiannual approach

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

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

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

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

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

The criteria for making a decision on whether there is material error in the expenditure of the DG or service, and thus, on whether to make a reservation in the AAR, will therefore be principally,

4 Such as, for instance, when the number of results from a statistically representative sample collected at a given point in time is not sufficient to calculate a reliable error rate.

though not necessarily exclusively, based on the level of error identified in ex-post audits of cost claims on a multi-annual basis.

Adequacy of the audit scope

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

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

Research Framework programmes – specific aspects

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

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

Horizon 2020 Framework Programme

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

This is based on the provision of the Commission's proposal for the Regulation establishing the Horizon 2020 Framework Programme ⁽⁵⁾ states that:

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

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

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

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

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

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

Horizon Europe Framework Programme

For Horizon Europe Framework Programme ⁽⁶⁾ ⁽⁷⁾, the general control objective, following the standard quantitative materiality threshold proposed in the standing instructions for Annual Activity Reports, is to ensure that the cumulative representative error rate and the cumulative residual error rate, i.e. the level of errors which remain undetected and uncorrected, does not exceed 2% on an annual basis. An AAR reservation will be issued in the Annual Activity Report if the cumulative residual error rate is above the 2% materiality threshold.

Non-H2020 & non-HE programmes

For non-H2020 and non-HE programmes, the Agency's **quantitative materiality threshold** is set at a residual error rate of 2%, in application of the Commission's standard practice. In qualitative terms, the following factors are considered: nature and scope of any significant weaknesses, duration, compensatory measures such as mitigating controls and existence of corrective actions to correct any significant weaknesses.

⁶ Regulation (EU) 2021/695 of the European Parliament and of the Council of 28 April 2021 establishing Horizon Europe

⁷ This general control objective described for Horizon Europe is also applicable to FP7 framework programme legacy.

The ex-post controls (audits) carried out by EISMEA are made on costs accepted after ex-ante controls on interim and final financial statements submitted to the Agency. They consist of verifying the legality and regularity of the underlying transactions. The residual error risk is estimated per programme by the residual error rate: it is obtained from an examination of value-based audits ⁽⁸⁾ and calculated on a cumulative multi-annual basis, including all audit reports closed by the end of the reporting year. The detected error rate is extrapolated to the non-audited part of the payment population. For the audited population, EISMEA deducts any corrections made by implementing the audit results from the total amount of errors detected.

The residual error rate of each programme audited by EISMEA is the residual error rate applied to the audited part and the error rate presumed to be affecting the non-audited part ⁽⁹⁾ In view of the **multi-annual nature of its programmes**, the Agency has built a multiannual ex-post audit strategy based on a multi-annual control strategy, whereby the detected and residual error rates are also multi-annual. The objectives of the Agency's ex-post audit strategy are to provide assurance to management on sound financial management and on the legality and regularity of operational expenditure as well as to contribute to the improvement of the financial control systems for operational expenditure.

In 2024, the Agency continued implementing the Ex-post audit strategy for the legacy programmes⁽¹⁰⁾. By end 2024, only one audit report remained open and few audit results are under implementation.

The methodology for calculating the error rates and the results of this calculation are explained in Annex 7.

In 2024, the Agency designed the Ex-post audit strategy⁽¹¹⁾ for the SMP and I3 programmes, parts of MFF 2021-2027, delegated to the Agency and where the ex-post audits are under the responsibility of the internal team. The Agency started the implementation of the new Strategy before end 2024 by launching 17 audits on the SMP programme. On I3, there are no interim/final payments yet.

DE MINIMIS THRESHOLD FOR FINANCIAL RESERVATION

Since 2019 ⁽¹²⁾, a 'de minimis' threshold for financial reservations has been introduced. Quantified annual activity report reservations related to residual error rates above the 2% materiality threshold are deemed not substantial for segments representing less than 5% of a Department's total payments and with a financial impact below EUR 5

8) While this sampling is not deemed to be fully statistically representative, value-based audits are considered – in line with the guidelines of DG BUDG – to be a non-biased 'proxy', i.e. they are a random enough sample from which one is able to draw conclusions. Note that a sampling based on a purely random approach would bring a risk of insufficient coverage, thus affecting significantly the proper disclosure of the residual error rate for the un-audited population and the corrective capacity.

9) We consider that the part of payments remaining un-audited and un-corrected is affected by errors of the same magnitude of the representative detected error rate.

10) Ares(2022)6312291 from 13 September 2022

11) Reference ARES(2024)4986365- 10/07/2024

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

million. In such cases, quantified reservations are no longer needed. Cases where the 'de minimis' threshold applies this year are reported in annex 9.

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

EISMEA revised its Control Strategy in 2023. In that framework, the Agency revised the Relevant Control Systems (RCSs) for the **grant management, procurement (including prizes and experts)** and the **Investment Component of the EIC Fund**. For each of these, an indicative list of control objectives, inherent risks and mitigating control measures is detailed hereunder.

Note on EIC Fund:

The EIC Fund finances projects both through grant and investment. The grant component is fully managed by EISMEA. The following RCS apply to the grant management component.

Although included in the EISMEA Control Strategy 2023, the RCS for the investment fund part was not implemented in 2024. As of 1 January 2024, following the 3rd Commission Decision on the completion of the restructuring of the European Innovation Council (EIC) Fund (C(2023)8183, 4.12.2023) and as described in the Communication to the Commission accompanying that Decision, the supervision and control of the EIC Fund operations has been entrusted to the EIB, in line with the applicable provisions in the Financial Regulation for indirect management. In the new setting, EISMEA's role in monitoring and supervision is limited to the grant component of the EIC Accelerator and the fulfilment of its tasks for the coordination between the grant component and the equity investments by the EICF, as well as assisting DG RTD in fulfilling its role in supervision and monitoring.

The EISMEA Control Strategy will be updated to accurately reflect the most recent revisions in 2025.

RCS for budget implementation – grant management

An indicative list of control objectives, inherent risks and mitigating control measures for grant management is detailed hereunder.

For each stage of the grant management procedure, we identified specific control objectives.

1. Ex ante controls

Effectiveness and efficiency are detailed per stages A to D.

Economy is calculated overall for the ex-ante controls and detailed at the end of Section 1.

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

Main internal control objectives: Ensuring that the Commission selects the proposals that contribute the most towards the achievement of the policy or programme objectives (effectiveness); Compliance (legality & regularity); Prevention of fraud (anti-fraud strategy) with due consideration of other horizontal priorities (ethics, gender balance, security aspects).

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators
<p>Work programmes and subsequent calls for proposals do not adequately reflect the policy objectives and priorities, are incoherent or the essential eligibility, selection and award criteria are not adequate to ensure the evaluation of the proposals.</p> <p>The programmes implementation (procedures, monitoring arrangements, communication with beneficiaries, budget planning, etc) has serious shortcomings.</p> <p>The lack of flexibility to apply action specificities in the call types and planning prevents HE and I3 programmes from applying a two-stage submission system</p>	<p>Hierarchical validation within the authorising department.</p> <p>Inter-service consultation, including all relevant services.</p> <p>Adoption by the Commission and publication.</p> <p>Explicit allocation of responsibility.</p> <p>Under Horizon Europe, the work programmes proposed by the Directors' Groups according to the Commission decision C(2021)4472 are co-created with the work of the various entities and with the processes established in this decision.</p> <p>In particular, the Common Implementation Centre (CIC) in DG Research and Innovation provides all DGs involved in the implementation of Horizon 2020 and Horizon Europe research with harmonised procedures, guidance and IT tools.</p> <p>The Common Policy Centre (CPC) in DG Research and Innovation under Horizon Europe centralises the budget planning and the monitoring of the Horizon Europe and Horizon 2020's budget implementation. The CIC/CPC governance structure ensures that programme implementation experience gathered feeds back to the programme design.</p> <p>Early planning and coordination between the concerned services.</p>	<p>Coverage/Frequency: 100%</p> <p>Depth:</p> <p>All work programmes are thoroughly reviewed at all levels, including for operational and legal aspects and all underlying implementation tools are defined and developed according to common rules.</p> <p>Under Horizon Europe, all business processes follow a governance system under the due supervision of entities such as the Steering Board, the Executive Committee, the Directors Groups and key user groups.</p>	<p>Effectiveness:</p> <p>The work programmes are adopted by the Commission.</p> <p>Success rates in terms of "over-subscription": number of proposals retained for funding compared to number of eligible proposals received.</p> <p>Qualitative Benefits:</p> <p>A good Work Programme and well publicised calls should generate a large number of good quality projects, from which the best can be chosen. There will therefore be real competition for funds.</p> <p>Optimised procedures, common approach on multiple issues (audits, fraud, legal aspects, reporting...); better reporting on the whole programme – better management of the programme.</p>

B - Selection and award: Evaluation, ranking and selection of proposals

Main control objectives: Ensuring that the most promising projects for meeting the policy objectives are among the proposals selected; Compliance; Prevention of fraud and other horizontal priorities (ethics, gender balance, security aspects).

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators
<p>The evaluation, ranking and selection of proposals is not carried out in accordance with the established procedures, the policy objectives, priorities and/or the essential eligibility, or with the selection and award criteria defined in the work programme and subsequent calls for proposals.</p> <p>There is a conflict of interest regarding the expert evaluators.</p> <p>Incomplete usage of E-GRANT tool for the EIC Prizes cycle for some strands of the SMP programme (Preparatory Actions, Pilot Projects and Standartisation) slows down the finalisation of the award and of related payment procedures.</p> <p>Due to the inconsistent application of support services (evaluation) in the Agency, there is a risk of not using economies of scale of skills and knowledge when dealing with evaluation processes for non-HE (I.e. ERDF) programmes but also certain Horizon actions (e.g. EIE)</p>	<p>Selection and appointment of external independent expert evaluators</p> <p>Formalized evaluation process in place based on detailed guidance and procedures (eGrants Vademecum, GoFund, EISMEA MoP)</p> <p>Conflict of interest checks.</p> <p>Assessment by independent experts.</p> <p>Appropriate briefing of experts, including on the evaluation of cost estimations in lump sum proposals.</p> <p>Comprehensive IT system supporting the evaluation of proposals and allowing better monitoring of the process. Involvement of external observers in the evaluation process.</p> <p>Validation by the RAO of ranked list of proposals.</p> <p>Redress procedure.</p> <p>Early planning and completion of the E-GRANT onboarding.</p>	<p>Coverage:</p> <p>100% vetting (including selection) of experts for technical expertise and independence (e.g. conflicts of interests, nationality bias, ex-employer bias, collusion).</p> <p>100% of proposals are evaluated.</p> <p>100% of proposals ranked.</p> <p>100% of contested decisions are analysed by redress committee.</p>	<p>Effectiveness:</p> <p>Number of proposals evaluated.</p> <p>Efficiency:</p> <p>% of Time-To-Inform.</p> <p>% of number of (successful) redress challenges upheld / total number of proposals evaluated.</p> <p>Qualitative benefits:</p> <p>When Expert evaluators from outside the Commission are used, it brings independence, state of the art knowledge in the field and a range of different opinions. This will have an impact on the whole project cycle: better planned, better implemented projects.</p>

C – Contracting: Transformation of selected proposals into legally binding grant agreements

Main control objectives: Ensuring that the most promising projects for meeting the policy objectives are among the proposals contracted; Sound Financial Management (optimal allocation of the budget available); Compliance; Prevention of fraud and other horizontal priorities (ethics, gender balance, security aspects).

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators
<p>The beneficiary lacks operational or financial capacity to carry out the actions.</p> <p>Procedures do not comply with regulatory framework.</p> <p>The evaluation stage has not detected a potentially fraudulent proposal/beneficiary.</p> <p>The action might not comply with Ethics requirements.</p> <p>Sensitive or classified information in future deliverables of a selected projects might not be handled with the adequate Security measures.</p> <p>Late signature of Grant Agreement</p>	<p>Formalized grant preparation process in place based on detailed guidance and procedures (eGrants Vademecum, GoFund, EISMEA MoP)</p> <p>Validation of beneficiaries (financial capacity checks according to the HE vademecum). Protective measures validated by the hierarchy for all programmes (except for Accelerator that is covered by the WP, I.e. no FCA is conducted)</p> <p>Identify elements during the Grant Agreement Preparation stage that there is no obvious potential to generate errors over the action's lifetime.</p> <p>Assessment checklist for the SMP projects that needs to be filled in during GAP. The result of the checklist will determine whether the project is low, medium or high risk and the control strategy will be defined accordingly. For EIC programme GAP checklists are in place. Proposals are assessed individually, and protective measures ⁽¹³⁾ taken and/or reinforced monitoring encoded. For ERDF and SMP strand (Standartisation) the projects are checked using the GAPs operational/technical and financial checklists</p> <p>Systematic checks on operational and legal aspects performed before signature of the grant agreement,</p>	<p>Coverage:</p> <p>100% of the selected proposals and beneficiaries are scrutinised.</p> <p>100% of draft grant agreements are scrutinised.</p> <p>Depth will be differentiated following the conclusion of the risk assessment. Riskier operations subject to more in-depth controls.</p> <p>The depth depends on risk criteria.</p> <p>Controls implemented when justified by the call/proposal content.</p>	<p>Effectiveness: Number of grants signed (in time?).</p> <p>Efficiency:</p> <p>% of Time-to-grant on time</p> <p>Average Time-to-grant</p>

⁽¹³⁾ As detailed in the vademecum:

<https://myintracomm-collab.ec.europa.eu/projects/H2020drafting/Business%20Documents%20Grants/GENERAL%20CLEAN%20FOLDER/VM%20%E2%80%93%20Grants%20Vademecum.pdf>

	<p>including in respect of possible sanctions applied.</p> <p>Risk assessment and risk-based checks before the grant agreement signature and reinforced monitoring flagging if necessary.</p> <p>Basic anti-fraud checks and ad hoc anti-fraud checks for riskier beneficiaries.</p> <p>Signature of the grant agreement by the RAO.</p> <p>Financial verification (four-eyes principles)</p> <p>An ethics review is carried out systematically in all HE calls, starting with an ethics pre-screening, which results in detailed screening or assessment if necessary.</p> <p>Ad hoc security checks and screenings.</p> <p>Security review is carried out systematically in all HE calls, starting with pre-screening, which may result in detailed security scrutiny.</p> <p>Training for Project Officers and Financial Officers on how to advise beneficiaries concerning Grant Agreement Preparation.</p> <p>Info days for applicants and beneficiaries involving guidance concerning Grant Agreement Preparation.</p>		
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D - Monitoring the implementation: This stage covers monitoring of operational, financial and reporting aspects related to projects and grant agreements

Main control objectives: ensuring that the operational results (deliverables) from the projects are of good value and meet the objectives and conditions.

(effectiveness & efficiency); ensuring that the related financial operations comply with regulatory and contractual provisions (legality & regularity); prevention of fraud (anti-fraud strategy); ensuring

appropriate accounting of the operations (reliability of reporting, safeguarding of assets and information).

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators (effectiveness, efficiency, economy)
<p>The actions foreseen are not, totally or partially, carried out in accordance with the technical description and requirements foreseen in the grant agreement (for examples deliverables, open access to results and publications...).</p> <p>The amounts paid exceed what is due in accordance with the applicable contractual and regulatory provisions (Material errors not detected during the lifetime of the action).</p> <p>The cost claims and/or deliverables are irregular or fraudulent.</p> <p>Lack of harmonised approach within the research family with the consequence of unequal treatment of the beneficiaries.</p> <p>Ethics requirements are not fulfilled.</p>	<p>Formalized grant implementation monitoring process in place based on detailed guidance and procedures (eGrants Vademecum, GoFund, EISMEA MoP)</p> <p>Kick-off meetings and "launch events" involving the beneficiaries in order to avoid project management and reporting errors if applicable.</p> <p>Specialized webinars targeting reduction of errors.</p> <p>Guidance on reporting for lump sum grants (notion of work package completion).</p> <p>Specialized aid with web-based tools to inform most error-prone beneficiaries (i.e SMEs who participate for the first time) about cost calculation practices.</p> <p>Effective external communication about guidance to the beneficiaries (e.g. Funding and Tender portal, info days for the calls, coordinators' days on grant preparation and grant management).</p> <p>Anti-fraud awareness raising training for the project officers and financial officers.</p> <p>IT Plagiarism detection tool for deliverables.</p> <p>Enhanced research family approach (anti-fraud cooperation; common legal and audit service; comprehensive and common IT system for all the family).</p>	<p>100% of the projects are controlled, including only value-adding checks.</p> <p>Riskier operations subject to more in-depth controls.</p> <p>However, as a deliberate policy to reduce administrative burden, and to ensure a good balance between trust and control, the level of control at this stage is reduced to a minimum.</p> <p>High risk operations identified by risk criteria.</p> <p>Red flags: suspicions raised by staff, audit results, EDES, individual, high dependence of EU funding by the legal entity or "population" risk assessment.</p> <p>Audit certificates requirements specified in GA of each programme.</p>	<p>Effectiveness:</p> <p>Number of payments (interim and final).</p> <p>Efficiency:</p> <p>Time-to-pay: % of payments (in value) made on time.</p> <p>Time-to pay: Average number days net/gross + suspension days.</p> <p>Qualitative Benefits:</p> <p>Projects are executed and produce benefits for the community.</p>

	<p>Operational and financial checks in accordance with the financial circuits.</p> <p>Operation authorisation by the RAO</p> <p>Ex ante controls in depth for riskier operations, reinforced monitoring.</p> <p>Selection and appointment of expert for scientific reviews of intermediate and/or final reporting.</p> <p>If needed: application of Suspension/interruption of payments, select project for risk-based ex post audits, Referral of grant/beneficiary to OLAF/EPPO.</p>		
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Overall economy for ex ante control

(The estimation is established for the grant process, which includes both Horizon 2020 and Horizon Europe).

a. Estimation of cost of staff involved in the ex-ante checks:

- Programme management and monitoring.
- Financial management.
- Budget and accounting.
- General Coordination incl. Strategic Programming and Planning, internal control, assurance and quality management.
- Anti-fraud.
- Development and support of IT systems linked to managing funding programmes.

b. Estimation of other costs linked to ex ante checks:

- Cost of experts.
- Costs of IT external contracts of CIC.

2. Ex post controls

Effectiveness, efficiency, and qualitative benefits are detailed per stages A to B.

Economy is calculated overall for the ex post controls and detailed at the end of Section 2.

A - Reviews, audits and monitoring

Main control objectives: detection and correction of errors or fraud remaining undetected during ex ante controls (legality & regularity; anti-fraud strategy); measuring the effectiveness of ex ante

controls by ex post controls addressing systemic weaknesses, based on the analysis of the findings (sound financial management).

Non-Horizon 2020 & Non-Horizon Europe programmes

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators
<p>The ex-ante controls fail to prevent, detect and correct erroneous payments or attempted fraud; errors (ineligible costs reimbursed due to the complexity of the rules) remain undetected and uncorrected before the end of the control cycle; "irregularities" (intentional over-claims, fictitious subcontracting/outputs) are not detected and corrected beyond a tolerable rate of error.</p>	<p>Ex post control strategy: the ex post audits are carried out on a multi-annual basis (programme's lifecycle).</p> <p>The ex post control strategy involves value targeted sampling, aiming at cleaning the largest amount and thus maximising assurance and the cost-effectiveness of controls based on selection criteria such as high amounts granted, high number of projects etc. In addition, a number of risk-based audits (targeted audits) to address specific risks.</p> <p>The audits are carried out independently by an external contractor (i.e. absence of conflict of interest) and in conformity with detailed procedures and guidelines.</p> <p>The Agency's ex post control function is responsible for the selection of the beneficiaries and projects to be audited, the quality review of the audit reports drafted by the external contractor and the follow up of the implementation of audit results. The function is independent from the ex ante control organisation.</p> <p>Lessons learned from the audit results are used to reinforce the control systems for example improvement of guidelines for beneficiaries.</p> <p>Notification to OLAF in cases of suspicions of fraud.</p>	<p>Coverage and frequency of controls are determined in the related ex post control strategies. They might be different from one programme to other.</p> <p>The coverage is achieved by value targeted sampling, on a given programme to draw valid management conclusions on the error rate in the population.</p> <p>In addition, a number of risk-based audits for addressing specific risks and/or cases of irregularities or potential fraud.</p> <p>Depth:</p> <p>Detailed review and testing of supporting documents and transactions related to the cost claims submitted by the audited beneficiary.</p>	<p>Effectiveness: Multi-annual indicators:</p> <ul style="list-style-type: none"> • Residual error rate per programme • Number of audits finalised • Audit coverage = % audited part of payments made <p>Number of cases referred to OLAF</p> <p>Efficiency: Implementation rate of the Annual Work Programme in terms of closing audit targets</p> <p>Economy: External costs: cost of the audit firm for the outsourced ex post controls</p> <p>Internal costs: estimation of internal staff costs involved in the coordination and execution of the audit costs are measured for stage 4 strategy, considering two levels of Full Time Equivalents for staff working directly in ex post team and staff of operational units dedicated to review of audit reports (this is calculated over the number of audit reports closed during the reporting year).</p>

Horizon 2020 & Horizon Europe programmes

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators
<p>The ex ante controls (as such) do not prevent, detect and correct erroneous payments or attempted fraud to an extent going beyond a tolerable rate of error.</p> <p>Lack of consistency in the Non-HE audit strategies within the different EAs and in general within the research family.</p> <p>Lack of efficiency for absence of coordination: multiple audits on the same beneficiary, same programme: reputational risk and high administrative burden on the beneficiaries' side.</p>	<p>Common Ex post control strategy for the entire Research and Innovation family (Horizon 2020 and Horizon Europe), implemented by a central service ((Common Audit Service (CAS) part of the Common Implementation Centre, DG Research and Innovation):</p> <ul style="list-style-type: none"> - At intervals carry out audits of a representative sample of operations to measure the level of error in the population after ex ante controls have been performed. - Calculate the representative error rate for the RTD programme. - Additional sample to address specific risks. - When relevant, joint audits with the Court of Auditors <p>Multi-annual basis (programme's lifecycle) and coordination with other AOs concerned.</p> <p>Validate audit results with beneficiary.</p> <p>In case of systemic error detected, extrapolation to all the ongoing projects run by the audited beneficiary (or closed within two years).</p> <ul style="list-style-type: none"> - Targeted audit to be requested more frequently - In case of systemic error detected, extrapolation to all the ongoing projects run by the audited beneficiary (or closed within five years or three for grants of not more than EUR 60 000). 	<ul style="list-style-type: none"> - Common Representative audit Sample (CRaS): MUS sample across the programme to draw valid management conclusions on the error rate in the population. - Research and Innovation risk-based sample, determined in accordance with the selected risk criteria aimed to maximise deterrent effect and prevention of fraud or serious error. 	<p>Effectiveness:</p> <p>Representative and residual error rate identified.</p> <p>Number of audits finalised % of beneficiaries & value coverage.</p> <p>Number of cases referred to OLAF</p> <p>Efficiency:</p> <p>Percentage of implementation of CAS audit plan.</p>

B - Implementing results from ex post audits/controls

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

Non-Horizon 2020 & Non-Horizon Europe programmes

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators (three E's)
The errors, irregularities and cases of fraud detected are not addressed or not addressed in a timely manner.	Monitoring the implementation of the audit findings The operational units have to confirm the implementation of the corrective actions (recovery, payment) by completing the audit-follow-up sheets Financial operational validation of recoveries is carried out in accordance with the financial circuits Authorisation by the RAO In case RAO decides not to implement audit finding, this could happen only after consultation with EPC team and informing the Head of Dep. accordingly. Regular follow-up of OLAF's recommendations.	Coverage: 100% of final audit results with a financial impact. Depth: All audit results which lead to a recovery are examined in-depth. Systemic errors are taken into account when assessing new grant payments of the same beneficiary.	Effectiveness: Multi-annual indicators: Residual Error Rate: {(errors detected – errors implemented)/ audited amount.} Efficiency: Recovery status (%): Recoveries/detected error (multi-annual cumulative basis)

Horizon 2020 & Horizon Europe programmes

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators (effectiveness, efficiency, economy)
Audit results are not implemented or not implemented in a timely manner. Recoveries are done too late. Cases of potential fraud detected are not addressed in a timely manner or not addressed at all.	Systematic registration of audit/control results to be implemented and actual implementation. Guidance on monitoring and reporting on implementation of ex post audit results. Monitoring of implementation of audit results.	Coverage: 100% of final audit results with a financial impact. Depth: All audit results are examined in-depth in making the final recoveries. Systemic errors are extended to all the ongoing non-audited projects of the same	Effectiveness: Amounts being recovered and offset versus errors detected. Efficiency: Percentage of completed AURIs ⁽¹⁴⁾ vs. total number of AURIs launched since the start of a given Framework Programme

⁽¹⁴⁾ Audit Result Implementation workflow

	Validation of recovery in accordance with financial circuits. Authorisation by RAO. Coordination at the level of the RTD family: FAIR committee. If needed: -Notification to OLAF and regular follow up of detected potential fraud. - Activation of reinforced monitoring for high risk projects/beneficiaries.	beneficiary (or closed within two years).	Time to implement the audit results and extensions in closed projects Time to implement the audit results and extensions in on-going projects
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Overall economy for ex post control

Economy:

(The estimation is established for the grant process which includes both Horizon 2020 and Horizon Europe).

Estimation of cost of staff involved in the coordination and execution of the ex post audit strategies and in the implementation of audits.

Costs of the appointment of audit firms and missions.

Details of the estimated cost of controls related to shared/pooled control activities hosted by DG RTD (Common Implementation Centre including Common Audit Service) for the Research and Innovation family are reported in the Annual activity reports of DG RTD.

RCS for budget implementation – procurement

An indicative list of control objectives, inherent risks and mitigating control measures for procurement is detailed hereunder.

Effectiveness and efficiency are detailed per stages A to E. Economy is calculated overall for the ex-ante controls and detailed at the end of this Section.

A – Planning

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

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators
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<p>The needs are not well defined</p> <p>(operationally and economically) and that the decision to procure was inappropriate to meet the</p> <p>Operational objectives</p> <p>Discontinuation of the services</p> <p>provided due to a late contracting (poor planning and organisation of the procurement process).</p>	<p>The Call for tender is based on the Annual Work Programme adopted by the Commission and elaborated in cooperation with the parent DG.</p> <p>Publication of intended Procurements/Work Programme.</p> <p>In case of technical tenders, the Agency consults experts for drafting the tender specifications.</p> <p>Hierarchical validation within the authorising department.</p> <p>Explicit allocation of responsibilities, approval of the text by the Responsible Authorising Officer (RAO).</p>	<p>Coverage/Frequency: 100%</p> <p>Depth:</p> <p>All tenders are thoroughly reviewed at all levels, including for operational and legal aspects.</p>	<p>Effectiveness:</p> <p>The procurement plans are adopted by the Commission.</p> <p>Qualitative Benefits:</p> <p>A good procurement plan and well publicised calls for tender should generate a large number of good quality bids, from which the best can be chosen. There will therefore be real competition.</p>
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B – Needs assessment & definition of needs

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

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators
<p>The best offers are not submitted due to poor definition of the Tender specifications.</p>	<p>In case of technical tenders, the Agency consult experts for drafting the tender specifications.</p> <p>Hierarchical validation within the authorising department.</p> <p>Explicit allocation of responsibilities, approval of the text by the RAO.</p> <p>Consultation with other DGs and colleagues in the Agency on special cases concerning potential overlaps with ongoing contracts, technical opinion, etc.</p>	<p>Coverage / Frequency: 100%</p> <p>Depth:</p> <p>All tenders are thoroughly reviewed at all levels, including for operational and legal aspects</p>	<p>Effectiveness:</p> <p>The procurement plans are adopted by the Commission.</p> <p>Qualitative Benefits:</p> <p>A good procurement plan and well publicised calls for tender should generate a large number of good quality bids, from which the best can be chosen. There will therefore be real competition.</p>

C – Evaluation and award

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

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators
<p>The most economically advantageous offer is not selected due to a biased, inaccurate or unfair evaluation process.</p> <p>There is a mismatch between the needed and delivered output.</p> <p>Legal and regulatory formalities are not complied with.</p> <p>Tenderers are not treated equally.</p> <p>Tenders are not evaluated professionally.</p>	<p>Explicit allocation of responsibilities, approval of the text by the RAO.</p> <p>Proposals are selected according to the selection and award criteria published in the Call for tenders.</p> <p>The parent DGs are involved in the evaluation procedure, either in the selection directly or by providing feedback to special cases and as members of the Evaluation Committee.</p> <p>Formal evaluation process: Opening committee and</p> <p>Evaluation committee. All committee members are formally appointed and sign a declaration of absence of conflict of interest prior to the start of the evaluation exercise.</p> <p>Hierarchical validation by the RAO of selected offer.</p> <p>During the selection procedure, the Agency checks the exclusion, eligibility, selection and award criteria.</p> <p>Standstill period, opportunity for unsuccessful tenderers to put forward their concerns on the decision.</p>	<p>Coverage / Frequency: 100%</p> <p>Depth: All tenders are thoroughly reviewed at all levels, including for operational and legal aspects.</p> <p>100% of bids are evaluated.</p> <p>Coverage: 100% of ranked list of bids.</p> <p>Supervision of work of evaluators.</p> <p>100% of contested decisions are analysed by redress committee.</p>	<p>Effectiveness: Number of bids evaluated.</p> <p>% of Time-To-Contract on time</p> <p>Average Time-To-Contract</p> <p>Efficiency: % of Time-To-Inform</p> <p>on time.</p> <p>% of number of (successful) redress challenges upheld/total number of bids evaluated.</p> <p>Qualitative benefits: Independent evaluation committee.</p>

D – Contract management & Financial transactions

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

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators
The products/services/works foreseen are not, totally or partially, provided in accordance with the technical description and requirements	Check of the Early Detection and Exclusion System (EDES) for all beneficiaries.	100% of the selected bids and contractors are scrutinised.	<p>Effectiveness: Number of contracts signed.</p> <p>Efficiency:</p>

<p>foreseen in the contract or the amounts paid exceed those due in accordance with the applicable contractual and regulatory provisions.</p> <p>Business discontinues because contractor fails to deliver.</p> <p>Payment arrangements are poorly adapted.</p> <p>Contractual provisions regarding contractor's performance are insufficient (no monitoring arrangements or liquidated damages foreseen in the contract, standard contracts not used).</p>	<p>Use of model contracts recommended by the Commission adapted to the programmes.</p> <p>Fraud awareness, trainings, information sessions are organized.</p> <p>Four-eyes principle is applied.</p> <p>In case of pre-financing payments, request of financial guarantee following a risk-based approach.</p> <p>Signature of the contract by the RAOS.</p> <p>For riskier operations, ex ante in-depth verification, reinforced monitoring on timing of deliverables.</p>	<p>Coverage: 100% of draft contracts.</p> <p>Depth will be differentiated following the conclusion of the risk assessment.</p> <p>Controls implemented when justified by the call for tender content.</p>	<p>Time-To-Pay % of payments (in value) made on time.</p> <p>Time-To-Pay: Average number days net/gross + suspension days.</p> <p>Late interest payment and damages paid by the Agency</p>
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E – Supervisory measures

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

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators
<p>An error or lack of compliance with regulatory and contractual provisions, including technical specifications or fraud is not prevented, detected or corrected by ex-ante control, prior to payment.</p>	<p>Operational and financial ex ante desk checks by the Agency's staff in accordance with the financial circuits, Manual of Procedures, and internal guidelines; Four-eyes principle is applied.</p> <p>Monitoring visits or meetings to check technical progress and deliverables.</p> <p>Fraud awareness, trainings and information sessions are organized.</p> <p>Detailed checking of reports and deliverables against the contract requirements to detect deviations timely and redirect the project on track.</p> <p>Application of suspension/interruption/deduction of payments in cases of bad faith or gross negligence, respecting the principle of proportionality.</p> <p>Submitting cases to OLAF in case of suspicion of irregularities/fraud;</p>	<p>100% of the contracts are controlled.</p> <p>The depth depends on risk criteria. However, as a deliberate policy to reduce administrative burden, and to ensure a good balance between trust and control, the level of control at this stage is reduced to a minimum.</p> <p>High risk operations identified by risk criteria.</p> <p>Red flags: suspicions raised by staff, audit results, EDES, individual or "population" risk assessment.</p>	<p>Effectiveness:</p> <p>Number of suspension/interruption of payments</p> <p>Efficiency:</p> <p>Number of cases referred to OLAF</p> <p>Number of fraud awareness trainings</p> <p>Qualitative Benefits:</p> <p>Procurements are executed and produce benefits for the Agency.</p>

	flagging in Early Detection and Exclusion System (EDES).		
	Ex post publication.		
	Whistleblowing procedures in place.		

Overall economy for procurement controls

- Estimation of cost of staff involved in the checks before contract signature.
- Estimation of cost of staff involved in ex ante checks for payments.
- Estimation of cost of staff involved in contract implementation.

ANNEX 7: Specific annexes related to "financial management"

A. Free content:

Operational Budget 2024 – Commitment Execution per Programme (Million EUR)				
Title	Programme	Commitment Appropriations Authorised	Commitments Made	Execution (%)
01 – Research & Innovation	Horizon Europe	843.54	836.95	99.22%
	Pilot projects, prep actions, prerogatives, other actions	0	0	0
	Horizon Europe (NGEU)	1.86	0	0
Subtotal (Title 01)		845.40	836.95	99.00%
03 – Single Market	Single Market Programme	161.14	160.71	99.74%
	Pilot projects, prep actions, prerogatives, other actions	4.00	4.00	100.00%
Subtotal (Title 03)		165.14	164.71	99.74%
05 – Regional Development & Cohesion	European Regional Development Fund (ERDF)	90.37	90.37	100.00%
Subtotal (Title 05)		90.37	90.37	100.00%
Grand Total		1100.90	1092.03	99.19%

Operational Budget 2024 – Payment Execution per Programme (Million EUR)				
Title	Programme	Commitment Appropriations Authorised	Commitments Made	Execution (%)
01 – Research & Innovation	Horizon Europe	918.81	762.67	83.01%
	Pilot projects, prep actions, prerogatives, other actions	0.37	0.37	100.00%
	Horizon Europe (NGEU)	200.11	162.85	81.38%
Subtotal (Title 01)		1119.28	925.89	82.72%
03 – Single Market	Single Market Programme	129.55	129.00	99.57%
	Pilot projects, prep actions, prerogatives, other actions	0	0	0
Subtotal (Title 03)		129.55	129.00	0
05 – Regional Development & Cohesion	European Regional Development Fund	52.76	52.76	100.00%
Subtotal (Title 05)		52.76	52.76	100.00%
Grand Total		1301.59	1107.64	85.10%

Operating Budget 2024		Commitments (Million EUR)		Payments (Million EUR)	
		Appropriations authorised	Made	Appropriations authorised	Made
Title 1	C1 fund source	39.579	39.471	39.579	38.713
	C8 fund source	0.887	0.586	0.887	0.586
Title 2	C1 fund source	6.225	6.115	6.225	5.207
	C8 fund source	1.417	1.320	1.417	1.320
Title 3	C1 fund source	2.213	2.205	2.213	0.857
	C8 fund source	1.862	1.521	1.862	1.521
Total (C1 + C8)		52.183	51.218	52.183	48.204
Total (C1)		48.017	47.791	48.017	44.777
Total (C8)		4.166	3.427	4.166	3.427

Fraud: prevention, detention and correction

EISMEA contributed to the implementation of the revised Commission anti-fraud strategy Action Plan(15) by participating in working groups on: Development of corporate data mining and risk

scoring tool (action 2); Strengthening digital control against plagiarism (action 8); Strengthening digital control over service providers and experts to prevent double funding (action 10).

EISMEA also contributed to the implementation of the Research and Innovation Family Common Anti-Fraud Strategy Action Plan, notably to action 1.5 (in the working group developing specific guidelines for beneficiaries on grants for financial support to third parties (cascading grants)), and to action 2.1 (contributing to the revision of the Rules of Procedure of the Fraud and Irregularities in Research (FAIR) Committee).

Other results achieved during the year thanks to the anti-fraud measures in place include:

- Regular updates of fraud-related risks in EISMEA's risk register, ensuring that the residual part remains within an acceptable level;
- Improved knowledge of best practices in fraud prevention through participation in the Fraud Prevention and Detection Network (FPDNet) and the FAIR;
- Enhanced skills for effective prevention and detection of potential fraud cases through two anti-fraud awareness trainings, run with OLAF (150 staff participated).

Fraud risk management performance table

Objective: The risk of fraud is minimised through the application of effective anti-fraud measures and the implementation of the EISMEA Anti-Fraud Strategy aimed at the prevention, detection and correction ⁽¹⁶⁾ of fraud			
Indicator: Implementation of the actions included in the agency's anti-fraud strategy over the strategy's lifecycle			
Source of data: EISMEA Annual Activity Report, EISMEA anti-fraud strategy, OLAF reporting			
Baseline	Interim milestone	Target	Latest known result
2023 (year preceding the strategy's adoption)	2024 (December)	2026 (last year of the strategy's lifecycle)	(31/12/2024)
0% of action points implemented	50%	100% of action points implemented on time	80% of actions (16/20) ⁽¹⁷⁾ implemented.
Main outputs in 2024:			
Output	Indicator	Target	Latest known result (31/12/2024)

⁽¹⁶⁾ Correction of fraud is an umbrella term, which notably refers to the recovery of amounts unduly spent and to administrative sanctions.

⁽¹⁷⁾ The targets were reached except for: Number of OLAF recommendations implemented in due time for which the implementation rate within 6 months is below the target of 100%; Yearly participation of anti-fraud correspondents to internal/external trainings for which the implementation rate was slightly below 100%, Mandatory participation of newcomers within one year of joining the Agency to anti-fraud and ethics trainings, both for which the implementation rate was below the target of 100%.

Anti-fraud awareness training sessions	Number of training sessions organised within the year	twice per year - as per EISMEA's anti-fraud strategy	Done - Two training sessions on fraud risk awareness were organised in June and December 2024.
Reports on the state of play of the implementation of the Anti-fraud Strategy	Reporting to management on the state of play of implementation of the action plan included in the AFS	twice per year - as per EISMEA's anti-fraud strategy	The implementation of the action plan is monitored and reported to the management twice per year, through the Agency's Mid-year Report and Annual Activity Report.
Reports to OLAF on implementation of recommendations following OLAF cases	Reporting on the implementation of recommendations issued by OLAF following their investigations	On a case by case basis (max. 6 months after the issuance of OLAF report) + upon request by OLAF on the implementation (usually once per year) - as per EISMEA's anti-fraud strategy and the working practices of OLAF	Done

Effectiveness - the control results and benefits

Legality and regularity of the transactions

The programmes managed by EISMEA are implemented under the direct management scheme, which entails direct financial contributions through co-financed contracts signed with external parties. To have reasonable assurance that the payments authorised are accurate and compliant with the applicable contractual provisions, EISMEA carries out ex-ante and ex-post controls. The ex-post control strategy contributes to the legality and regularity of expenditure on a multi-annual basis by systematically detecting and correcting errors made by beneficiaries in the reporting phase. These elements complement the ex ante controls embedded in EISMEA's programme management processes.

COSME 2014-2020

The Agency's multi-annual Ex-Post Strategy covers the period 2016-2024. It was revised in 2020 to assess if the results, after three years, were in line with the assumptions made when defining the strategy and in 2022 to integrate the legacy programmes delegated to the Agency. The last revision focused on the update of the scope of the strategy and an update of the audit coverage and closing targets of the programmes managed by the Agency. Due to its multi-annual nature, the effectiveness of the strategy can only be measured and assessed fully in the final stages of the programmes managed by EISMEA, once the ex-post control strategy has been fully implemented and errors have been detected and corrected.

Following guidance from Central Services, as of the AAR 2019, EISMEA has calculated the detected error rate against the sampled costs as a denominator rather than the full value of

audited financial statements (as in AARs prior to 2019). The main impact of the change to the error rate calculation methodology leads to an increase in detected and residual error rates.

Multi-annual key indicators (ex-post controls 2014-2025)	COSME	CP
Number of ex-post controls including value based and risk based audits	134	24
Ineligible costs = detected error amount in value based audits	1.269.102	320.478
Cost accepted and paid ex-ante tested in value based audit ECA-Cost accepted and tested in value based audit	51.115.674	6.386.010
Detected error rate	2,48%	5,02%
Errors corrected (recovery orders recorded in ABAC before 31.12.2024) in value based audits	1.188.243	53.402
Errors not corrected in value based audits	80.859	267.075
Uncorrected error rate	0,16%	4,18%
% audited including value and risk based audits	12,89%	17,44%
% not audited	87,11%	82,56%
Residual error rate = (% audited * uncorrected error rate) + (% non audited * detected error rate)	2,18%	4,87%

Table: Multi-annual Residual Error rate COSME and Consumer programme 2014-2020

The COSME programme is composed of Enterprise Europe Network actions (EEN) and COSME actions, the latter representing one third of the COSME programme budget. The sampling applied by EISMEA on a multi-annual basis reflects this distribution.

Audits of the COSME programme started in 2017. In 2018, following the results of the first audit campaign on 12 audits on COSME Action grants, the residual error rate was estimated at 5,45%. Although these results gave only a preliminary indication, at the early stages of the programme, of the error rate of the COSME programme as a whole, a reservation was issued, as the materiality threshold of 2% was exceeded.

In 2019, the audit sample was broadened by including COSME Network grants and reflected more accurately the programme overall. The multiannual residual error rate at programme level decreased down to 1,59% at the end of 2019. Consequently, the reservation was lifted, as the multi-annual residual error rate was below the materiality threshold of 2%.

In 2020, the results of the third audit campaign became available leading to the multi annual residual error rate of 2,96%. As the residual error rate was above the materiality threshold of 2%, a reservation was issued.

In 2021, the results of the fourth audit campaign became available. The mitigating actions put in place in 2020 to tackle the reservation had already a slight positive impact on the multi annual

residual error rate of the programme at the end of 2021 (18), which evolved at 2,90%. However, the programme fell under the minimis rule, and the reservation issued in 2020 has been lifted.

Following the introduction of the reservation on the COSME programme, an action plan with mitigating measures was put in place already in 2020, which continued to be implemented until the end of the programme lifecycle.

In 2022, the results of the fifth audit campaign, reflecting the distribution at programme level and including both COSME Actions and COSME Network, became available. By the end of 2022, on a cumulative basis, EISMEA issued 95 final audit reports at programme level. The residual error rate of the programme at the end of 2022 evolved at 2,69%.

In 2023, the results of the sixth audit campaign became available. By the end of 2023, on a cumulative basis, EISMEA closed 115 audit reports at programme level. The residual error rate of the programme at the end of 2023 is 2,38%.

In 2024, we continued finalising the audit reports launched in 2023. By end of 2024, on a cumulative basis EISMEA closed 134 audit reports at programme level. The residual error rate of the programme at the end of 2024 is 2,18%.

There is one on-going audit on this programme and few audit results under implementation. Therefore, in 2025 we close the audit cycle for COSME.

Most of the ex-post findings relate to incorrect calculation of personnel costs and lack of supporting documents to substantiate the costs incurred.

This residual error rate above the materiality threshold is mainly due to inherent characteristics of the programme including:

- the set of eligibility rules (based on the reimbursement of actual eligible costs declared by the beneficiaries) as laid down in the basic act is not always fit for all types of beneficiaries;
- the profile of some beneficiaries of the programme such as "one-time beneficiaries" which are not used to EU funding rules, beneficiaries located in third countries with limited knowledge of EU rules, and small entities which do not have a robust financial management system in place;
- changes introduced in the MFF 2014-2020 (hourly rates were calculated based on two-year period in the past, while now they are to be calculated on financial years) were not updated in the cost reporting of beneficiaries with a lot of experience in EU funds;
- ex-ante controls within the COSME programme, similarly to Horizon 2020 ones, have been designed to strike a balance between a trust-based approach and a full-scale set of controls. This type of design of ex-ante controls did not allow the erroneous payments to be sufficiently prevented, detected and corrected.

18 Comprehensive results in terms of lower error rates are expected as from the 2022 AAR, as some of the measures described above will take time to produce a tangible impact.

Management actions taken to address these weaknesses include increased communication of eligibility rules to beneficiaries, reinforced risk-based ex- ante checks, and extension of the use of lump-sum financing. EISMEA continuously aims to reduce the error rates for the COSME programme. These mitigating measures were launched in 2020 and their impact led to reduction of the error rate (from 2,96% in 2020 to 2,38% in 2023).

The programme meets the cumulative criteria to fall below the “de minimis rule”, therefore EISMEA does not make a quantified reservation. Details about the related calculations are shown in Annex 9.

Consumer Programme 2014-2020

In 2022, the EISMEA adapted the methodology to calculate the error rates for the Consumer programme (19) in line with the methodology described in the Ex-Post Audit Strategy, used for COSME as well. By end of 2022, 14 audit reports have been finalised. The cumulative detected error rate calculated based on the errors stemming from the representative audits is 0,28%, while the residual error rate is 0,26%, compared to 0,45% in 2021.

By the end of 2023, EISMEA closed 21 audit reports. The cumulative detected error rate calculated based on the errors stemming from the representative audits became 3,61%, while the residual error rate is 3,59%.

By end of 2024, EISMEA closed 24 reports. The cumulative detected error rate increased to 5,02%, while the residual error rate is 4,87%.

The increase of the detected error rate is due to lack of sufficient and appropriate time records for staff not dedicated 100% to the project in case of three Beneficiaries audited as part of the representative sample. In addition, one of the audited Beneficiary charged cost invoiced by a related entity, without compliance with the principles of procurement.

Although the programme lifecycle is coming to an end, EISMEA communicated on how to avoid similar mistakes to other beneficiaries in the programme, during a joint event organised by DG JUST and EISMEA.

The programme meets the cumulative criteria to fall below the “de minimis rule”, therefore EISMEA does not make a quantified reservation. Details about the related calculations are shown in Annex 9.

Standardisation 2014-2020

For the Internal Market and support to Standardisation activities, the audit cycle was closed at the moment the programme was transferred to EISMEA. The cumulative residual error rate of the programme is 0,35%.

19 The Consumer programme was managed by CHAFAA until 01 of April 2021. CHAFAA included the results of the risk-based audits in the calculation of the error rates, considering it representative for the riskier strata of the payments.

SMP and I3 2021-2027

EISMEA drafted the Ex post audit strategy for the SMP and I3 parts of MFF 2021-2027 and contracted the first 17 audits. There are no audit results yet.

Horizon 2020 and Horizon Europe

a) Audit coverage

By the end of 2024, the Common Audit Service (CAS) in DG Research and Innovation audited 5 247 H2020 participations⁽²⁰⁾ **of the Research and Innovation Family**, covering 63.12% of total H2020 expenditure to date.

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

a) Audit target for 2024

The CAS managed to finalise audits on 540 participations corresponding to 101.9% of the 2024 target for H2020. As mentioned above, no audits have been completed for the HORIZON programme.

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

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

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

²⁰ The Horizon 2020 audit campaign started in 2016. At this stage, six Common Representative Samples with a total of 944 expected results have been selected. By the end of 2024, cost claims amounting to EUR 56.7 billion have been submitted by the beneficiaries to the services. In addition to the Common Representative Samples, Common Risk Samples and Additional Samples have also been selected. The audits of 5 247 participations were finalised by 31/12/2024 (of which 540 in 2024 representing 101.9% of the target 2024).

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

The Commission has also made further updates to the expert briefing, internal training, and internal guidance for call coordinators and project officers regarding terminology, acceptance of work packages, and documenting the budget assessment, as well as updating the guidance on how to describe activities in work packages in the Horizon standard proposal templates. All relevant support and guidance on lump sums is now available online in one place for internal and external users, respectively. This includes all internal and external events of the information campaign. Tools and guidance are continuously improved following the feedback received, for example the detailed budget table and FAQs.

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

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

Control benefits

Stage 1

The agency estimates the benefits of the Stage 1 – programming, evaluation and selection of proposals at more than EUR 21.354 million.

In qualitative terms, the benefit of the evaluation and selection stage is the identification of proposals that best address the objectives and priorities of the work programmes which, thanks to their high maturity, have the best chances for successful completion within the eligibility period, and which provide the highest EU added value for the completion of the respective policy targets.

Control effectiveness ratios - proposals	UNIT E.01 - EIC Pathfinder	E-02 - EIC Transition Activities and RAC	UNIT E.03 - EIC Accelerator	I-01 - EU and place-based Innovation Ecosystems		I-02 - SMP /COSME Pillar	I-03 – SMP/Internal Market and Consumers			TOTAL
Control effectiveness ratios - proposals	EIC Pathfinder	EIC Transition Open EIC Transition Challenges	EIC Accelerator (HE)	European Innovation Ecosystems (HE)	Interregional Innovation Investments Initiative (ERDF)	SMP (SME Pillar)	Support to Standardisation	Market Surveillance	Consumers	TOTAL
Submitted proposals	2281	413	2061	378	228	216	28	1	148	5754
Inadmissible proposals	2	1	5	9	4	18	0	0	3	42
Ineligible proposals	13	21	7	12	4	7	1	0	3	68
Withdrawn/duplicate proposals	5	1	4	3	0	0	0	0	0	13
Eligible proposals	2258	390	2045	355	220	191	27	1	86	5573
Proposals selected for funding - "main" list	144	40	110	20	19	114	26	1	38	512
Proposals selected for funding - "reserve" list	20	0	N/A	3	7	13	0	0	14	57
Total selected proposals for funding	164	40	110	23	26	127	26	1	52	569
% success rate : number of selected (funded) vs eligible proposals	7.3%	10.3%	5.4%	6.5%	11.8%	66.5%	96.3%	100.0%	60.5%	10.2%

Table 2: Control effectiveness ratios – proposals

Control effectiveness ratios - evaluation review requests	UNIT E.01 - EIC Pathfinder	E-02 - EIC Transition Activities	UNIT E.03 - EIC Accelerator	I-01 - EU and place-based Innovation Ecosystems		I-02 - SMP /COSME	I-03 – SMP/Internal Market and Consumers			TOTAL
Control effectiveness ratios - evaluation review requests	EIC Pathfinder	EIC Transition Open EIC Transition Challenges	EIC Accelerator (HE)	European Innovation Ecosystems (HE)	Interregional Innovation Investments Initiative (ERDF)	SMP (SME Pillar)	Support to Standardisation	Market Surveillance	Consumers	TOTAL
Proposals evaluated	2258	390	2045	355	220	191	27	1	86	5573
Evaluation review requests received	57	8	75	0	3	9	0	0	1	153
Evaluation review requests leading to a re-evaluation (target <=1)	1.00	100.00%	1	0	1	0	0	0	0	4
% of evaluation review requests vs proposals evaluated (target < 3%)	2.52%	2.05%	3.67%	0.00%	1.36%	4.71%	0.00%	0.00%	1.16%	2.7%
% of review requests leading to re-evaluation vs proposals evaluated	0.04%	0.26%	0.05%	0.00%	0.45%	0.00%	0.00%	0.00%	0.00%	0.07%

Table 3: Control effectiveness ratios – evaluation review requests

For the delegated programmes the Agency received a number of evaluation review requests ranging from 1.16% to 4.17% of the number of proposals evaluated. The highest numbers were for SMP (4.71%) and EIC Accelerator (HE) (3.67%), . These requests led to re-evaluations for EIC Accelerator (0.05%) but to none for SMP

Despite these re-evaluations, we can consider that grant award process and assurance on the effectiveness of the internal control system are present and functioning well.

Control effectiveness ratios - calls	UNIT E.01 - EIC	E-02 - EIC Transiti	UNIT E.03 - EIC	I-01 - EU and place-based Innovation		I-02 - SMP /COSM	I-03 – SMP/Internal Market and Consumers		
Control effectiveness ratios - calls	EIC Pathfinder	EIC Transition Open EIC Transition Challenges	EIC Accelerator (HE)	European Innovation Ecosystems (HE)	Interregional Innovation Investments Initiative (ERDF)	SMP (SME Pillar)	Support to Standardisation	Market Surveillance	Consumers
% number of calls successfully launched / number of calls planned in the (revised) AWP	100%	100%	100%	100%	100%	90%	80%	100%	100%
% of budget value implemented / budget allocated (for commitments from calls 2023 managed in 2024)	100.0%	78.5%	98.2%	99.8%	99.5%	98.5%	100.0%	100.0%	99.9%
% of budget value implemented / budget allocated (for commitments from calls 2024 managed in 2024)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Table 4: Control effectiveness ratios – Stage 1

The budget has been implemented close to 100% for most calls except for EIC Transition (78.5%).

Stage 2

The financial impact of the adjustment process is defined as the reduction, expressed as a percentage, of the EC contribution to the grant agreements as a result of the adjustment process itself. Detailed figures are shown below:

Financial impact of the adjustment process	UNIT E.01 - EIC	E-02 - EIC	UNIT E.03 - EIC	I-01 - EU and place-based		I-02 - SMP	I-03 – SMP/Internal Market and Consumers				TOTAL
	EIC Pathfinder	EIC Transition Open EIC Transition Challenges	EIC Accelerator (HE)	European Innovation Ecosystems (HE)	Interregional Innovation Investments Initiative (ERDF)	SMP (SME Pillar)	Support to Standardisation	Market Surveillance	Consumers (legacy)	Consumers	
Number of GA signed	95	26	149	20	19	24	36	1	26	49	445
EC funding requested in proposals	€314,890,182	€62,685,213	€265,000,000	€72,078,636	€74,922,735	€29,131,598	€27,718,371	€1,000,000	3,001,184.28	19,183,105.04	€869,611,023
EC funding provided in signed GA	€305,417,306	€62,685,213	€265,000,000	€74,801,076	€74,900,138	€28,852,428	€27,503,937	€1,000,000	3,001,184.28	18,944,715.05	€862,105,998
Difference EC funding	€9,472,875	€0	€0	-€2,722,440	€22,597	€279,170	€214,433	€0	€0	€238,390	€7,505,025
Reduction rate	3.01%	0.00%	0.00%	-3.78%	0.03%	0.96%	0.77%	0.00%	0.00%	1.24%	0.86%

Table 5: Control benefit – Stage 2

For the SMP (SME pillar), the adjustment rate is 0%. Within this process applicants are requested, when applicable, to justify and provide more information on some cost items.

In the case of the Horizon Europe programmes, given that no adjustment phase is foreseen, the difference between the recommended funding and the final awarded grant usually is very limited.

Stage 3

Detected errors ex-ante controls	UNIT E.01 - EIC Pathfinder		E-02 - EIC Transition Activities	UNIT E.03 - EIC Accelerator	I-01 - EU and place-based Innovation	I-02 - SMP /COSME Pillar	I-03 - SMP/Internal Market and Consumers		TOTAL
	Future and Emerging Technologies (FET) (legacy)	EIC Pathfinder	EIC Transition Open EIC Transition Challenges	EIC Accelerator Fund (HE)	European Innovation Ecosystems (HE)	SMP (SME Pillar)	Support to Standardisati on	Consumers	
value of cost claims controlled	77,715,023	2,925,601	6,666,622	123,947,904	318,943	5,090,753	1,496,914	1,705,818	219,867,579
value rejected costs	16,187,561	162,990	194,610	19,664,075	318,943	165,391	1,387	84,212	36,779,169
% detected errors ex-ante controls	20.83%	5.57%	2.92%	15.86%	100.00%	3.25%	0.09%	4.94%	16.73%

Table 6: Control benefit – Stage 3

The ex-ante controls aim to identify and prevent irregularities, allowing for immediate correction and avoid time-consuming recovery actions. As can be concluded from the table, the ex-ante controls result in a considerable amount of detected errors and rejected costs in the cost claims submitted by the beneficiaries for a total value of more than EUR 36 million for programmes managed by the Agency. This can be considered as a quantifiable benefit of the monitoring phase in 2024.

The benefits of ex-ante control stages 1, 2 and 3 are quantified by the reduction of funds awarded during the contracting procedure, equal to EUR 65.6 million.

Stage 4

The benefits of Stage 4 – ex-post controls correspond to the detected errors within the audit reports closed in the year, which amount to EUR 677.772 for COSME and Consumer programmes.

In addition, there are a number of qualitative benefits resulting from ex post controls:

- Ex-post controls have a deterrent and learning effect for beneficiaries, helping to reduce errors in future cost declarations.
- It enhances the beneficiaries' discipline for correctly reporting eligible costs by demonstrating that their probability to be audited is not negligible.
- It also contributes to the improvement of ex-ante controls and clarification of rules and guidance by feeding back results and findings from ex-post audits.

As regards Horizon 2020, the audits are performed by the Common Audit Service. Please refer to DG R&I AAR for more details.

Control Efficiency

Control efficiency stage 1 and 2

Control efficiency - Average time	EIC Pathfinder	EIC Transition Open EIC Transition Challenges	EIC Accelerator (HE)	European Innovation Ecosystems (HE)	Interregional Innovation Investments Initiative (ERDF)	SMP (COSME Pillar)	Internal Market and Support to Standardisati on	Consumers
Target TTI	153	120	120	153	183	183	183	183
Result TTI	141	120	116	154	152	95	51	129

Table 7: Control efficiency Stage 1 – average time to inform

Control efficiency - Average time	EIC Pathfinder	EIC Transition Open EIC Transition Challenges	EIC Accelerator (HE)	European Innovation Ecosystems (HE)	Interregional Innovation Investments Initiative (ERDF)	SMP (COSME Pillar)	Internal Market and Support to Standardisation	Consumers
Target TTG	245	183	182	245	274	274	274	274
Result TTG	247	172	233	254	268	228	167	118

Table 8: Control efficiency Stage 2 –average time to grant

All programmes met their TTI target except European Innovation Ecosystems (HE), which is only slightly above target (154 instead of 153 days).

All programmes met their TTG target except EIC Pathfinder, EIC Accelerator and European Innovation Ecosystems (HE). The main reasons are complexity of the actions, late signature by the consortium, unforeseen changes in the consortium and lack of resources.

Control efficiency Stage 3

Control efficiency - Average time to pay	Future and Emerging Technologies (FET)	EIC Pathfinder	EIC Transition Open EIC Transition Challenges	EIC Accelerator Fund (HE)	European Innovation Ecosystems (HE)	Interregional Innovation Investments Initiative (ERDF)	SMP (SME Pillar)	Consumers
Average time to pay : % of payments within the legal deadlines (number)	98.04%	98.55%	98.99%	83.44%	98.88%	96.20%	99.49%	100.00%
Average time to pay: % of payments within the legal deadlines (amount)	98.27%	99.99%	100.00%	99.18%	100.00%	99.98%	99.94%	100.00%

Stage 4- Ex-post audits carried out

Programme	Audit reports contracted earlier, still open at 01/01/2024	Audit reports launched in 2024	Final audit reports issued by 31/12/2024	Status of the on-going audits as of 31/12/2024			
				Fieldwork planned	Prepare the draft report	Draft report under review	Report under contradictory

Programmes part of MFF 2014-2020							
COSME	20	0	19	0	0	0	1
CP	3	0	3	0	0	0	0
Programmes part of MFF 2021-2027							
SMP	0	17	0	17	0	0	0
TOTAL	23	17	22	17	0	0	1

Table XX: Overview of audits

For **COSME**, the Agency closed 19 audits contracted in 2023 still open at the beginning of 2024. The remaining audit is under contradictory procedure and is to be finalised in 2025.

For the **Consumer Programme**, the Agency closed all three audits contracted in 2022 and 2023 still open at the beginning of 2024.

In addition, the Agency launched three batches covering in total 17 audits on the SMP programme. All audits are under planning stage.

Completion rate of Horizon 2020 ex-post audits in 2024

The CAS managed to finalise audits on 540 participations corresponding to 101.9% of the 2024 target for H2020. No audits have been completed for the HORIZON programme.

Implementation of audit results

	COSME	CP
Implementation of audit results excluding targeted audits (ex-post controls 2014- 2024)		
	€	€
% of value-audits results implemented over detected errors	93,63%	16,66%
detected error amount	1.269.102	320.478
errors corrected (before 31.12.2024)	1.188.243	53.402

There is a time lag between the start of the project, the payments, audits performed and recoveries made. Projects managed by the Agency are multiannual and involve payments at different stages.

For the legacy programmes, the audits were mainly carried out after the final payments. Corrections are then implemented timely, issuing recovery orders.

For COSME, by the end of 2024, on a cumulative basis from the beginning of the programme, 93,63% of the detected errors in value-based audits is recovered.

For the Consumer Programme, by the end of 2024, on a cumulative basis 16,66% of the detected errors in value-based audits is implemented. This is mainly due to the fact that implementation is still ongoing for four audit reports, with substantial errors, which were closed in 2023 and 2024.

The following tables illustrate the implementation of the audit results and extensions for H2020:

Number of implemented AURI (cumulative from start of MFF)

EISMEA	Audit results processed	% of audit results processed	Audit results pending	% of audit results pending	Total
Audits	274	84,31%	51	15,69%	325
Extensions	142	83,04%	29	16,96%	171
Total	416	83,87%	80	16,13%	496

Time to implement closed AURI in a financial year

EISMEA	0-6 months	% within 6 months (0-6 months)	above 6 months	% above 6 months	total
Closed projects	45	72,58%	17	27,42%	62
negative adjustments with recovery	10	50,00%	10	50,00%	20
negative adjustments without recovery	1	20,00%	4	80,00%	5
positive or zero adjustments	34	91,89%	3	8,11%	37
On-going projects	25	96,15%	1	3,85%	26
negative adjustments	18	94,74%	1	5,26%	19
positive or zero adjustments	7	100,00%	0	0,00%	7
Total	70	79,55%	18	20,45%	88

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B. Compulsory for all departments:

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

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

- AOSD reports submitted by the Heads of Sector, Deputy and Heads of Unit and Heads of Department managing budget appropriations;
- the contribution of the Head of Department in charge of Risk Management and Internal Control (RMIC), including the results of internal control monitoring at the Agency level;
- reports on recorded exceptions, non-compliance events and cases of 'confirmation of instructions' (Art 92.3 FR);
- audit reports of the ex post control function;
- the limited conclusion of the Internal Auditor on the state of internal control, and the observations and recommendations reported by the Internal Audit Service (IAS);
- observations and recommendations reported by the European Court of Auditors (ECA).

The systematic analysis of the available evidence provides sufficient guarantees as to the completeness and reliability of the information reported and results in the full coverage of the budget delegated to the Director of EISMEA.

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

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

1. Cases of any in-kind donation made to the Union, for the purposes of humanitarian aid, emergency support, civil protection or crisis management aid (FR art 25.3)
None
2. Zero cases of "confirmation of instructions" (FR art 92.3)
None
3. Cases of financing not linked to costs (FR art 125.3)
In 2024 there have been no Horizon Europe grants awarded with EU contribution in the form of financing not linked to costs⁽²¹⁾.

21 https://ec.europa.eu/info/funding-tenders/opportunities/docs/2021-2027/horizon/guidance/ls-decision_he-womentecheu_en.pdf

To note that there is a Responsible Authorising Officer (RAO) decision allowing the possibility to use financing not linked to costs for funding Women Tech EU actions (with EU grants provided directly by EISMEA until 2023), yet the implementation setup of these actions has led to select a consortium to implement it indirectly, i.e., through a Financial Support to Third Parties (FSTP) mechanism. In this regard, the maximum amount of 75,000 euro per company (FSTP recipient) is still determined according to the justifications set out in this RAO decision.

4. Financial Framework Partnerships >4 years (FR art 131.4)

None

5. Cases of flat-rates >7% for funding indirect costs (FR art 184.6)

For SMP COSME EEN actions the indirect costs are determined by applying a flat rate of 25% of the eligible direct costs (except volunteers costs, subcontracting costs, financial support to third parties and exempted specific cost categories, if any).

Article 29(1) of Regulation 1290/2013⁽²²⁾ laying down the rules for participation and dissemination in Horizon 2020 states that indirect eligible costs shall be determined by applying a flat rate of 25 % of the total direct eligible costs, excluding direct eligible costs for subcontracting and the costs of resources made available by third parties which are not used on the premises of the beneficiary, as well as financial support to third parties. Article 35(1) of Regulation (EU) 2021/695 establishing Horizon Europe establishes that indirect eligible costs shall be 25 % of the total direct eligible costs, excluding direct eligible costs for subcontracting, financial support to third parties and any unit costs or lump sums which include indirect costs.

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

66 grants agreements entered into force in 2024 **derogated from the principle of non-retroactivity** pursuant to Article 196 of the Financial Regulation. In such cases, however, no costs were incurred prior to the date of submission of the grant application are eligible.

Furthermore, the top-up amendment for the partnership INNOVSMEs signed in 2024 foresaw a retroactive effect to opening of the call date in 2023. Derogation is foreseen in the EIE Work Programme 2023-2025, p. 53.

The possibility to start a project before the signature of the grant is specifically foreseen in the eGrants Vademecum, the AOSD accepts to favour the project and to maximise impact on the condition that there are no foreseeable barriers to a later signature.

22 Article 29 of Regulation (EU) No 1290/2013 of the European Parliament and of the Council of 11 December 2013 laying down the rules for participation and dissemination in “Horizon 2020 – the Framework Programme for Research and Innovation (2014-2020)” and Article 39 Regulation (EU) 2021/65 of the European Parliament and of the Council of 28 April 2021 establishing Horizon Europe – the Framework Programme for Research and Innovation, laying down its rules for participation and dissemination.

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

-For HORIZON-EIE-2021-INNOVSMES-01-01, see page 50 of EIE WP 2021-2022

- For HORIZON-EIE-2021-SCALEUP-01-02: Scaling up deep tech ecosystems, see page 34 of EIE WP 2021-2022.

- HORIZON-EIE-2023-CONNECT-01-01: Organisation of the Women TechEU Scheme, see page 12 of EIE WP 2023-2025.

- HORIZON-EIE-2023-CONNECT-03-01: Implementing co-funded action plans for connected regional innovation valleys see page 28 of EIE WP 2023-2025.

- HORIZON-EIE-2023-INNOVSMES-01-01: European Partnership on Innovative SME, see page 53 of EIE WP 2023-2025.

This was done for a better implementation of these specific cascading grant schemes a derogation on the default FSTP threshold was needed, as outlined in the fore-mentioned Work Programmes.

8. Cases of non-financial donations provided in the form of services, supplies or works (FR art 244.3)

None

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

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

EISMEA	Ex ante controls***			Ex post controls			Total	
	(a) EC total costs	(b) related payments Made	(c) Ratio (%)** (a)/(b)	(d) EC total costs	(e) total value verified and/or audited	(f) Ratio (%) (d)/(e)	(g) EC total estimated cost of controls (a)+(d)	(h) Ratio (%)** (g)/(b)
Relevant Control System (RCS) / Other as defined in Annex 6 of the AAR*								
H2020 / Horizon Europe	14,415,410.32 €	897,256,897.78 €	1.61%	79,042.33 €	- €	0.00%	14,494,452.64 €	1.62%
Non-H2020/Horizon Europe (SMP)	8,885,074.48 €	152,764,548.18 €	5.82%	435,857.62 €	12,713,522.76 €	3.43%	9,320,932.10 €	6.10%
Other - not attributable to a single RCS (finance + overheads)	9,730,260.55 €	57,618,056.54 €	16.89%	- €	- €	0.00%	9,730,260.55 €	16.89%
OVERALL total estimated cost of control at EC level for expenditure	33,030,745.35 €	1,107,639,502.50 €	2.98%	514,899.95 €	12,713,522.76 €	4.05%	33,545,645.30 €	3.03%

Ex ante control increased compared to 2023 (from 1.96% to 2.98%) due to difference in the volume of payments due to the restructuring of the EIC Fund. The ex-post control ratio decreased from 7.98% to 4.05% due to fewer FTEs allocated to ex-post controls (3.63 FTE in 2023 vs 1.25 FTE in 2024).

Details of the estimated cost of controls related to shared/pooled control activities carried out by REA and hosted by DG RTD (Common Implementation Centre including Common Audit Service) for the Research and Innovation family are reported in the Annual activity reports of REA and RTD. In that respect, the amount of €79 042.33 in the table above does not refer to ex post controls performed by the Agency as the ex post control on H2020/HE programmes is managed by the CAS.

This amount refers to the cost of the Agency Audit Liaison Officers involved in the validation of the audit reports.

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

EISMEA IAS AUDITS OVERVIEW

IAS audit	Status and results
Thematic review of the Commission's risk at payment	<p>The objective of this audit was to assess: (1) the adequacy of the design of the corporate instructions by DG BUDG for the reporting on the risk at payment and on the risk categorisation and the effective implementation of these instructions by the sampled operational DGs/EAs; and (2) the effectiveness of the internal control processes in place in DG BUDG and at DG/EA level to ensure simple, clear and reliable reporting on the risk at payment in the Commission's AMPR (including the risk categorisation) and in the AARs of the sampled operational DGs/EAs.</p> <p>The final report was received on 19/01/2024, including 1 very important recommendation addressed to EISMEA, DG RTD, REA and ERCEA each. A Joint Action plan among EISMEA, DG RTD, REA and ERCEA as well DG BUDG has been approved and submitted to the IAS on 20/02/2024. The very important recommendation addressed to EISMEA was implemented and was closed by DG IAS in 2024.</p>
Design and early implementation of the European Innovation Council in the European Innovation Council and Small and Medium Enterprises Executive Agency (EISMEA), the Directorate General for Research and Innovation (DG RTD) and the Directorate General for Communications Networks, Content and Technology (DG CNECT)	<p>The audit started in 2021. Its objective was to assess the adequacy of the design of governance and internal control systems in place and the effective implementation of the initial stages of the EIC pillar under Horizon Europe by the European Innovation Council and SMEs Executive Agency (EISMEA), Directorate-General for Research and Innovation (DG RTD) and Directorate-General for Communication Networks, Content and Technology (DG CNECT).</p> <p>The final report was received on 31/01/2023, and included 14 recommendations (two critical, five very important and seven important). On that basis, a Joint Action Plan (EISMEA, DG RTD, DG CNECT) plan was approved and submitted to the IAS on 22/02/2023. The Joint Action Plan included 55 actions to be implemented, out of which 31 were under EISMEA responsibility.</p>

	The audit was closed by the IAS in 2024.
Protection of personal data of beneficiaries (EASME/EISMEA, EACEA, INEA)	<p>The audit started in 2020. The objective of this multi-DG audit (RTD, CNECT, ERCEA, REA, EISMEA and CINEA) audit was to examine the effectiveness of the implementation of ex-post audit results, with particular attention to sensitive and/ or contentious audits.</p> <p>The final report was received on 15/07/2022. The related Action Plan was agreed by the IAS on 09/09/2022.</p> <p>The report included six important recommendations specific to EISMEA, notably to improve the efficiency and effectiveness of the processes within the Agency.</p> <p>The following important recommendation was implemented by EISMEA and is awaiting review from the IAS:</p> <ul style="list-style-type: none"> • recommendation to publish the records of all established processing operations <p>Mitigating actions for the following important recommendation remains to be implemented:</p> <ul style="list-style-type: none"> • recommendation to adopt and publish the records including the information on joint-controllership arrangement for the Funding and Tenders Opportunity Portal.. Due to the sequence of events, before implementing the corrective action, EISMEA is dependent on the CIC to finalise and adopt the joint-controllership arrangement as per the Action Plan.
Audit report on planning, programming, governance, and coordination of the Single Market Programme (Multi DG; DG GROW, DG COMP, DG ESTAT, DG FISMA, DG JUST, DG SANTE, DG TAXUD, EISMEA and HaDEA)	<p>The audit started in 2023. The objective of this multi-DG audit was to assess the adequacy of the design and the efficiency and effectiveness of the governance and coordination processes of the Single Market Programme (SMP), including:</p> <p>i) the preparation of the financing decisions/work programmes, and ii) the budget planning, allocation, and monitoring.</p> <p>The scope of the audit covered:</p> <ul style="list-style-type: none"> • the SMP governance and coordination processes and arrangements, such as roles and responsibilities, accountability lines and decision-making processes,

	<ul style="list-style-type: none"> • the procedures and tools supporting the SMP programme management, • the working arrangements and communications between DG GROW and EISMEA and DG SANTE and HaDEA respectively including the transposition of the SMP work programmes into the executive agencies work programmes for the corresponding SMP strands. <p>The final report was received on 05.04.2024 (IAS.B.2-2023-Y COMM-001). EISMEA did not receive any recommendation. The audit was closed in June 2026.</p>
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ECA audits on the operational budget

The ECA sampled eight transactions for EISMEA in the context of the Declaration of Assurance (DAS) 2023 with the following results:

- for seven audits, the error rate was 0.00%.
- for one audit, the error rate was 9.90%. The Beneficiary charged under other direct costs budget heading, the cost of a consultant who provided CFO services. The contract is rather general and does not make any reference to the project. The auditor considers that the costs is covered by the indirect costs (25%). EISMEA disagreed with the conclusion of the ECA. The findings are under implementation.

As regards the DAS 2024, the Court of Auditors sampled six transactions with following results:

- for two audits the error rate was 0.00%.
- for one the error rate is 1,98% . The Beneficiary used estimated numbers for the hourly rates, declared time worked on the project during absences for two staff members and for one staff declared time worked on the project in excess of the productive time calculated on the basis of the employment contract. In addition, the Beneficiary used incorrect exchange rate when translating costs incurred in other currency into Euro. EISMEA agreed with the findings.
- three audits are ongoing.

Please see below the detailed list of ECA audits performed on the operational budget (in the context of DAS 2023 and DAS 2024).

Follow up DAS 2023

Transaction number	Parent DG	Error rate	Results	Responsible Unit	Corrective action
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					implemented?
3135	CNECT	0,00 %	Clearing letter CL-14358 dated 06/12/2023. No findings	E01.01/C01.1	N/A
3141	EIC fund	9,90 %	<p>Closing letter 14364 dated 17/04/2024</p> <p>The Beneficiary charged under other direct costs budget heading, the cost of a consultant who provided CFO services. The contract is rather general and does not make any reference to the project. The auditor considers that the costs is covered by the indirect costs (25%). The Beneficiary argued that part of the tasks described in the contract are project related but the Beneficiary could not provide any supporting evidences that would allow the quantification of costs directly linked to the project.</p>	E03.02/C01.1	on-going
3148	RTD	0,00 %	Clearing letter 14386 dated 12/04/2024 . No findings	E03.1/C01.1	N/A
3156	GROW	0,00 %	Clearing letter 14411 dated 18/03/2024 .No findings	I01.2/C01.2	N/A
3158	CNECT	0,00 %	Clearing letter 14439 dated 02/04/2024. No findings	E01.01/C01.1	N/A
3170	CNECT	0,00 %	Clearing letter 14471 dated 11/03/2024. No findings.	E01.01/C01.1	N/A
3145	RTD	0,00 %	Clearing letter 14522 dated 08/05/2024. No findings	E03.3/C01.1	N/A
3191	RTD	0,00 %	Clearing letter 73821 dated 10/04/2024. No findings.	E03.2/C01.1	N/A

Follow up DAS 2024

Transaction number	Parent DG	Error rate	Results	Responsible Unit	Corrective action implemented?
3110	CNECT	1,98 %	Clearing letter 74257 dated 12/07/2024 Errors under personnel costs: individual rates based on estimates instead of actual costs, time declared during absences and non compliance with the double ceiling rule. Incorrect exchange rate used for translation of cost into EURO.	E01/C01.1	on-going
3115	CNECT			E01/C01.1	
3205	RTD	0,00 %	Clearing letter 74273 dated 12/07/2024 . No findings	E03/C01.1	
3125	RTD	0,00 %	Clearing letter 74289 dated 07/11/2024. No findings	E03.2/C01.1	
3250	RTD			E-BAS/C.01.3	
3318	GROW			I02.3/C01.2	

ECA performance audits

During the year, the ECA undertook two performance audits involving EISMEA

- Special Report on Commission's interventions to coordinate and boost AI investments in the EU ⁽²³⁾. No impact on EISMEA assurance.
- Effectiveness of Horizon 2020 in fostering European industrial leadership (ongoing)

Business Continuity: In 2024, EISMEA updated its priority functions in the Commission's IT tool and continued the rotation system of its duty officers. The agency also participated in the corporate duty officer test exercise and updated its Business Continuity Plan.

Internal Control awareness-raising activities: EISMEA's Manual of Procedures – a single repository and reference point for all EISMEA's working processes and procedures – stayed up to date in 2024. The agency launched an internal network of correspondents to strengthen communication on internal control matters. An internal awareness-raising campaign focused on exception and non-compliance events.

⁽²³⁾ <https://www.eca.europa.eu/en/publications?ref=sr-2024-08>

Internal Control Assessment: In 2024 EISMEA had 46 Internal Control Monitoring Criteria (ICMC). 16 of the indicators were measured thorough the agency's Internal Control Survey, which assesses the functioning of the IC system. In total, nine indicators did not reach the target set for 2024. To address these shortfalls, the agency agreed on a series of actions to implement in 2025. These Actions form part of the Action Plan 2025.

Exceptions, non-compliance events and internal weaknesses: EISMEA registered ten non-compliances events and seven exceptions requests in 2024. Each one has mitigating actions defined by the sector/unit for follow-up. Following individual assessments, none are deemed to have a significant impact on the overall management assurance.

Risk Assessment: In 2024, EISMEA executed two risk assessment exercises. In June 2024 EISMEA launched the mid-year review of the Agency's Risk Register. Eight risks were identified at agency level, each having a defined mitigating action plan. By the end of the year, three of the risks were either mitigated or downgraded to department level. The agency launched its 2025 Risk Register exercise in October 2024. All agency risks have been encoded in the corporate tool CENTRICS used for risk monitoring. EISMEA adapted its internal procedures on risk assessment to reflect the changes in the process. Furthermore, each department in EISMEA is Business Owner of the Agency's risk registers.

Follow-up audit recommendations

There are no critical or very important recommendations from IAS, ECA, or other supervisory body overdue for more than six months

Main outputs in 2024			
Output	Indicator	Target	Result
Timely and qualitative analysis of annual Internal control effectiveness assessment	Review of the status of the control system	Weak and/or inefficient control systems are reviewed and measures for next year are identified	<p>For the Internal Control Assessment, EISMEA used the following sources:</p> <ul style="list-style-type: none"> i. results of an Internal Control Survey for Staff and Managers, ii. monitoring of the Internal Control Monitoring Criteria iii. follow up on the implementation of the actions in the Action Plan based on the Internal Control Self-Assessment iv. conclusions on the Register of exceptions and non-compliance events recorded during the year, v. results of the Risk Assessment exercise and related Action Plan, vi. relevant Audit results, vii. results of the monitoring of the anti-fraud action plan, viii. declarations of assurance by Authorising Officers by sub-delegation. <p>Each year the Team C-Control, as part of the overall IC Assessment exercise, conducts two</p>

			<p>internal Surveys (one for Staff and one for Management) in order to assess the functioning of the IC system. In 2024 EISMEA had 46 ICMC (Internal Control Monitoring Criteria) indicators to measure. Out of these 46, 16 indicators were measured thorough our Internal Control Survey.</p> <p>Based on an analysis of the results of the Internal Control survey (participation rate 80% for Management, 30% for Staff), it was concluded that while the controls in place are mostly working effectively, some need improvements (overall, 69% of Management and 64% of Staff respondents answered positively).</p> <p>In the Survey, a total of 16 questions were asked (indicators), and the results showed that: 7 indicators reached the target set for 2024 (green results); 4 indicators performed below target, but still scoring a higher result than in 2023 (orange results); 5 indicators did not reach the target and scored a lower result than in 2023 (red results).</p> <p>For each of the 9 indicators that did not reach target (orange and red results), the Internal Control Team, together with the relevant Business Owners of the Indicators (Sector C-HR, Sector C.02.2, Team C.02.1-1) has drafted a series of Actions to take in 2025. These Actions form part of the Action Plan 2025, which will be implemented and followed up on during the year 2025. Based on the above-mentioned sources, EISMEA concluded that the Internal Control Framework in the Agency works overall effectively but the ICP 7,9,10,12 & 14 needs improvement. Based on the Internal Control survey results and other sources, the Action Plan 2025 has been put in place to improve the Internal Control Principles 7,9,10,12 & 14.</p> <p>For Principle 7: A series of initiatives have been proposed in the Action Plan 2025 in order to improve Risk Management. The purpose is to raise awareness on the importance of continuously work on Risk management throughout the year in the different operational departments and units ensure proper follow-up on mitigation actions proposed.</p> <p>For Principle 9: As the principle is related to assessing changes the EISMEA internal communication and corporate culture team alongside Workplace and IT has proposed a series of practical actions in the Action Plan 2025 in order to improve this principle. They are currently working on an Internal Communication Strategy 2025-2028. This principle was identified as needing minor improvements also in 2023. Although significant improvements were made,</p>
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			<p>the ICMC targets that were measured by the staff survey were not reached. EISMEA continues to implement its DG HR Staff Survey Recovery Plan and will continue monitoring this principle, confident that the implementation of the Recovery Plan will succeed in reaching the targets in 2025.</p> <p>For Principle 10: The minor improvements needed is related to control activities. One negative result was based on the fact that the Agency did not reach the target for Time-to-Grant % of 95% and that appropriate controls exists to mitigate major risks as sufficient staff skills and robust policies and procedures. The HR sector has already proposed in the Action Plan further strength in order to improve this element by revising the Staff selection procedure and continue to work on the actions of the recovery plan and furthermore, the Manuals of Procedures and the Agency's Control Strategy will continue to be updated throughout the year.</p> <p>For Principle 12: The negative result of the principle is related to the low attendance rate of the mandatory training related to the expenditure lifecycle. In cooperation with HR the Agency is working on conducting a continuously new onboarding presentations in where it will be mentioned that the training is mandatory of every newcomer in the Agency. It is also part of the Action Plan 2025.</p> <p>For Principle 14: Although there exist already many actions and additional strengths related to internal communication the Agency will continue promoting teamwork amongst the departments and units in order to improve the indicator measure this aspect. The Internal Communication and Corporate Culture Team is already working on a new concept of "know your Agency" which is also part of the Action Plan 2025. Although significant improvements in the principle as a whole were made, the ICMC target that was measured by the staff survey was not reached. EISMEA continues to implement its DG HR Staff Survey Recovery Plan and will continue monitoring this principle, confident that the implementation of the Recovery Plan will succeed in reaching the targets in 2025. The weaknesses identified do not have material impact on the component IV.</p>
Report on issues linked to audit, internal control, antifraud activities are part of the	Report available (Y) is	<p>Mid-year Report (30/06/2024)</p> <p>Annual Activity Report (31/03/2025)</p>	The reports included all relevant information were submitted on time and are available.

mid-year and annual activity report to parent DGs and Steering Committee			
Business Continuity	Review of the status of Business Continuity	Business Continuity is reviewed, measures for the next year are identified	<p>EISMEA is updating the list of “priority” staff as well as the Continuity Management Team in the NOAH IT tool on a continuous basis to ensure Business Continuity in emergency situations.</p> <p>EISMEA updated its list of Priority functions in the NOAH IT corporate tool. All the changes related to the Priority functions were introduced in the Business Continuity Plan (BCP) and its annexes. To ensure business continuity in crisis situations, EISMEA set up a network of Duty Officers that is fully operational. In 2024, all EISMEA Duty Officers were reminded of their role upon receiving the business continuity phone by the desk officer and during the year, they were reminded of the correct procedure to follow in case of an emergency.</p> <p>In addition, EISMEA participated in the corporate Duty officer test exercise conducted on 9 July 2024 to check the duty officer system. Duty officers received the NOAH message on their mobile phone and email. The message included a link to a TEAMS group, with the instructions to fill out a Microsoft Forms survey by providing the name and phone number of the BC correspondent in their service.</p> <p>In line with the BCP, EISMEA continuously monitored that all the Priority functions and their backups are logged into the relevant corporate NOAH IT tool. Moreover, the Agency monitored on a weekly basis if staff contact details were encoded in the corporate tool Sysper to avoid issues in emergency cases. However, as of June 2024 a new NOAH system feature was automatised by the developers: whenever NOAH detects any discrepancies related to Sysper data, it automatically sends an attached report to the Business continuity’s functional mailbox every Tuesday. The summary of the reports is called “Sanity Check”, and it automatically counts the missing numbers in Sysper. In case mobile phone numbers are missing in Sysper, the Business Continuity Team acts accordingly.</p> <p>EISMEA’s Business Continuity Planning Team circulated an email to the Director, the Assistants, HoDs + Assistants, HoUs, HoSs and Team Leaders on 02.07.2024 regarding the Signal cascade reminder within the Business Continuity Plan (implementation of Action Plan 2024). The</p>

			<p>purpose was to raise awareness of the importance of having an up-to-date telephone list within Units, Sectors or Teams in case of business disruption. The Business Continuity Team also emphasized the recommendation of creating a Signal group with all their direct reports.</p> <p>A second reminder was given orally by the Team Leader of the IC team during the Extended management Meeting of 18.12.2024.</p> <p>Furthermore, EISMEA has been maintaining the network of Duty Officers implementing a rotation scheduling system on a monthly basis. Each month the dedicated duty officer exchanges the phone and this is encoded into AMA. The network is now fully operational. EISMEA also partially updated its Business Continuity Plan, and plans to further and fully finish it by the end of 2025, notable updating the changes in staff and factual data.</p>
Monitoring of exceptions and non-compliance events	Review of the register of the exceptions and non-compliance (ENC) events in 2023	All deviations are duly reported, subsequent action plans are followed-up on	<p>EISMEA recorded all cases of non-compliance reports and exception requests in the internal register.</p> <p>17 cases were registered throughout the year, (ten non-compliance events and seven exceptions requests). For each semester of 2024, EISMEA prepared an overview analysis of the reported deviations during the timeframe to made sure that all the action plans were properly followed up.</p> <p>The Agency raised awareness about the deviations, including the presentations at management meetings, an awareness campaign with posters spread physically in the Agency, a training on ENC reporting within the IC Network (with a focus on budgetary and legal commitments). To tackle repetitive causes of non-compliance events, a training on expenditure lifecycle was made obligatory for newcomers.</p> <p>An updated procedure on reporting of exceptions and non-compliance events, clarifying the process and simplifying the workflow has been finalized and published on the Intranet, as well as a step-by-step guide on how to report ENC events, and a video presentation available to all Staff.</p>
Risk Management	Review of the Risk Register twice per year	The relevant Risk Registers for all department are	In 2024, EISMEA executed two risk assessment exercises to identify and evaluate risks at various organisational levels. In June 2024 EISMEA

	(Annual and Mid-year)	kept u to date and the Agency Risk Register is finalized and encoded in CENTRICS	<p>launched the mid-year review of the Agency's Risk Register.</p> <p>8 Risks were identified at Agency level each having a defined mitigating action plan. By the end of the year, 3 of the risks were either mitigated or downgraded to department level. They are: "Unsuitability of the IT tools for the appropriate management of the Business Acceleration Services", "Inefficient Legal Issue Management: Ensure prompt involvement of the legal team in significant matters for timely and effective handling of various legal issues (complaints, Art. 22, court cases, redress cases, Ombudsman cases, HR matters, etc.)", "Conflict of interest of evaluators and jury members".</p> <p>The Agency launched the 2025 Risk Register exercise in October 2024. All Agency risks have been encoded in the corporate tool CENTRICS used for risk monitoring. EISMEA adapted its internal procedures on risk assessment to reflect the changes in the process. Furthermore, each department in EISMEA is Business Owner of the Agency's risk registers.</p>
Internal Control awareness raising and communication activities	Review of the internal control awareness raising and communication activities	Communication and awareness raising activities are reviewed, measures for the next year are identified	<p>A Manual of Procedures that was initially published in 2022 was further maintained and updated in 2023, notably implementing several corrective actions following the recommendations of the DG IAS audit on Design and early implementation of the EIC. This electronic manual is a single repository of all EISMEA's working processes and procedures, codified and presented in a concise and clear manner, together with models and templates. It is a vital resource to help all staff members to perform their everyday tasks with clarity, certainty and efficiency. It also serves as useful guidance for newcomers to the Agency. The manual and its contents were widely communicated to management and staff.</p> <p>As a part of the Agency's awareness raising and communication activities, the Internal Control Team relaunched the IC Network with correspondents from each Unit/Sector of the Agency with the purpose of strengthening the communication on all matters related to Internal Control. The kick-off meeting was held in December, further meetings will be held during 2025.</p> <p>As part of the Exception and Non-compliance events awareness campaign, the IC Team designed, with the help of the Internal</p>

			<p>Communication Team, posters with good practices and mistakes to avoid when dealing with budgetary and legal commitments. More posters about different topics will be created in 2025.</p> <p>Furthermore, the IC Team published several articles in the “Central News” section on the Intranet to share relevant information, upcoming workshops and trainings, and achievements of the Team with all Staff.</p>
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ANNEX 9: Specific annexes related to "Control results" and "Assurance: Reservations" Annex related to "Control results" - Table X: Estimated risk at payment and at closure

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

EA EISMEA	Payments made (2024;MEUR)	minus new prefinancing (plus retentions made) (in 2024;MEUR)	plus cleared prefinancing (minus retentions released and deductions of expenditure made by MS) (in 2024;MEUR)	Relevant expenditure (for 2024;MEUR)	Detected error rate or equivalent estimates	Estimated risk at payment (2024;MEUR)	Adjusted Average Recoveries and Corrections (adjusted ARC; %)	Estimated future corrections (and deductions) (for 2024;MEUR)	Estimated risk at Closure (2024;MEUR)
-1	-2	-3	-4	-5	-6	-7	-8	-9	-10
Horizon Europe Grants- RCS1	810.54	- 710.77	192.97	292.74	2.00% - 2.00%	5.85 - 5.85	0.00% - 0.00%	0.00 - 0.00	5.85 - 5.85
H2020 Grants- RCS1	86.71	0.00	331.92	418.64	3.55% - 3.55%	14.86 - 14.86	0.74% - 0.74%	3.10 - 3.10	11.76 - 11.76
COSME MFF 2014-2020 Grants- RCS1	7.30	0.00	25.12	32.42	2.48% - 2.48%	0.80 - 0.80	0.08% - 0.08%	0.03 - 0.03	0.78 - 0.78
Consumer MFF 2014-2020 Grants- RCS1	0.02	0.00	0.28	0.30	5.02% - 5.02%	0.02 - 0.02	0.08% - 0.08%	0.00 - 0.00	0.02 - 0.02
Standardisation MFF 2014-2020 Grants- RCS1	1.51	0.00	0.90	2.41	0.80% - 0.80%	0.02 - 0.02	0.00% - 0.00%	0.00 - 0.00	0.02 - 0.02
SMP MFF 2021-2027 Grants- RCS1	91.51	- 41.99	22.00	71.52	2.00% - 2.00%	1.43 - 1.43	0.00% - 0.00%	0.00 - 0.00	1.43 - 1.43
ERDF MFF 2021-2027 Grants- RCS1	52.43	- 52.43	0.00	0.00	2.00% - 2.00%	0.00 - 0.00	0.00% - 0.00%	0.00 - 0.00	0.00 - 0.00
Procurement (including prizes and experts) All programmes- RCS2	57.62	0.00	0.80	58.42	0.50% - 0.50%	0.29 - 0.29	0.00% - 0.00%	0.00 - 0.00	0.29 - 0.29
Sub-total	1 107.64	- 805.19	574.00	876.45		23.28 - 23.28	0.36% - 0.36%	3.12 - 3.12	20.15 - 20.15
operating budget	48.20	0.00	0.00	48.20	0.50% - 0.50%	0.24 - 0.24	0.00% - 0.00%	0.00 - 0.00	0.24 - 0.24
Total EA (operational + operating)	1 155.84	- 805.19	574.00	924.65		23.52 - 23.52	0.34% - 0.34%	3.12 - 3.12	20.39 - 20.39
					Overall risk at payment in %	2.54% - 2.54% (7) / (5)		Overall risk at closure in %	2.21% - 2.21% (10) / (5)

Notes to the table X

(1) Relevant Control Systems differentiated per relevant portfolio segments and at a level which is lower than the total.

(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 departments. For Cross-SubDelegations (Internal Rules Article 12), the reporting remains with the Delegating departments.

(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 departments, even for Cross-SubDelegations.

- (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. *For low-risk types of expenditure, where there are indications that the equivalent error rate might be close to 'zero' (e.g. administrative expenditure), the rate used is 0.5% as a conservative estimate, unless the department has a more precise estimate based on evidence.*
- (8) The adjusted average recovery and corrections percentage (ARC) received from the central services is 0,18%, However EISMEA has used as ARC for grant management expenditure, the value of 0,08% for all programmes but Horizon 2020 and Horizon Europe. The estimation of the recovery capacity is based on average of recoveries stemming from implementation of ex-post audit results during the period 2022-2024 divided by the average payments for grants for the same period. For Horizon 2020 and Horizon Europe , in line with the Research and Innovation family, EISMEA used the difference between the family representative error rate for the full sample (3,55%) and the EISMEA residual error rate (2,81%). For other type of expenditures (procurement, experts and operating budget), we assumed that the ex-post future corrections would be 0%.i

The average amount of the implemented corrections over the past 3 years (2022-2024) is 3,09 million euros (0,26% of the average amount of relevant expenditure of that period), compared to an average amount of estimated future corrections during the same period of 2,86 million euros (0,24% of the average amount of relevant expenditure of that period). The deviation of 0,02% between the two averages is considered minimal.

C. Reservations

Not applicable.

2. Reservations not issued or lifted in 2024 due to the application of the 'de minimis' threshold.

Since 2019 ⁽²⁴⁾, a 'de minimis' rule for financial reservations has been introduced. Quantified reservations related to residual error rates above the 2% materiality threshold are deemed not substantial for segments representing less than 5% of a Agency's total payments and with a financial impact below EUR 5 million. For the reporting year, EISMEA has identified 2 such cases:

- 1) For the COSME 2014-2020 grants segment, the multi-annual residual error rate at the end of 2024 was at 2.18%, above the materiality threshold of 2% for financial reservations. However, the cumulative conditions for the application of 'de minimis' rule are met, since the share of the segment has decreased to 0.63% of the total payments of the EISMEA and also, the financial impact is low, at EUR 0.71 million. In addition, the weaknesses identified are not considered significant in terms of possible reputational risks as well as in terms of monetary loss. The management has reasonable assurance that, overall, suitable controls are in place and working as intended; risks are appropriately monitored and mitigated; necessary improvements and reinforcements are implemented and all grants are finalised . Considering all the above EISMEA has decided not to issue a quantified financial reservation .
- 2) For the CONSUMER 2014-2020 grants segment, the multi-annual residual error rate at the end of 2024 was at 4.87%, above the materiality threshold of 2% for financial reservations. However, the cumulative conditions for the application of 'de minimis' rule are met, since the share of the segment represents 0.002% of the total payments of the EISMEA and also, the financial impact is low, at EUR 0.01 million. In addition, the weaknesses identified are not considered significant in terms of possible reputational risks as well as in terms of monetary loss. The management has reasonable assurance that, overall, suitable controls are in place and working as intended; risks are appropriately monitored and mitigated; necessary improvements and reinforcements are implemented, and all grants are closed. Considering all the above EISMEA has decided not to issue a quantified financial reservation.

Given the amounts involved, the application of 'de minimis' rule has marginal effect on the reservations of EISMEA for 2024.

⁽²⁴⁾ Agreement of the Corporate Management Board of 30/4/2019.

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

HR Management performance table

Objective: EISMEA employs a competent and engaged workforce and contributes to gender equality at all levels of management to effectively deliver on the agency's priorities and core business.			
Indicator 1 [mandatory]: ⁽²⁵⁾ Number and percentage of female representation in middle management ⁽²⁶⁾ Source of data: DG HR			
Baseline (female representation in middle management) 58% (7 out of 12)		Target 50 % by 2024 ⁽²⁷⁾	Latest known result (31/12/2024) 67% (8 out of 12)
Indicator 2 [mandatory]: EISMEA staff engagement index Source of data: Commission staff survey			
Baseline: 58% (2023 EU Staff Survey)		Target 65%	Latest known result 72% (EISMEA intermediary staff survey, February 2025).
Indicator 3: Occupation rate of the establishment plan Source of data: EISMEA/ Establishment Plan			
Baseline: 81% (end 2023)		Target (2024) 90%	Latest known result (31/12/2024) 88% (C1 & NGEU credits).
Main outputs in 2024:			
Output	Indicator	Target	Latest known result
BUILDING UP AND REACHING OUT			

⁽²⁵⁾ Seconded middle managers are part of the seconding DGs' staff: The responsibility for achieving the targets is at DG level. The agency is responsible for providing a regular overview to its parent DGs of the gender representation in middle management within the agency and coordinate between them.

⁽²⁶⁾ The functions of head of unit and head of department are hereby defined as middle management functions.

⁽²⁷⁾ 50% by 2024, in line with the Gender Equality Strategy 2020-2025.

Output	Indicator	Target	Latest known result
Follow up of 2023 Staff Survey	Action Plan (Recovery Plan)	Implementation by December 2024	Implementation started 64 actions in Recovery plan, out of which – 27 were planned for 2024. 24 achieved, while 3 Workload-related actions are ongoing and will be completed at the beginning of 2025 ⁽²⁸⁾ .
Retention activities	Actions to be identified based on the Staff survey and the perception of the FTEs reductions	June 2024	New onboarding and offboarding scheme launched in December 2024 Additional external recruitment procedures launched (enabling staff of a lower function group to apply, thereby improving career development perspectives). Launch of talent management programmes (inter-agency and internal) 5 additional posts obtained for 2025 financed from third country credits.
Induction Day	Number of sessions - one every 4 months.	3 completed by December 2024	Postponed to 2025 to align with the launch of the new onboarding scheme
CREATING A NEW ORGANISATIONAL CULTURE			
Re-launch of idea lab	Number of targeted campaigns Engagement of staff	2 in 2024	0 campaigns (activities were re-prioritised to focus on recovery plan communication.)
Away day	Satisfaction level of staff	70% satisfaction	76%
IMPLEMENTING A MODERN HR SERVICE			

⁽²⁸⁾ The workload assessment is done with the support of a consultant who registered delays.

Output	Indicator	Target	Latest known result
Awareness raising on ethical rules	HR-Awareness raising each quarter (by email or newsletter) Whistleblowing training session for all staff	3 reminders by December 2024 2 times/ year by December 2024	Quarterly reminder sent by HR in 2024.
PROMOTING GENDER BALANCE			
Performance management: Agency will roll out a full women talent programme (WTP)	Inter-Agency programme is available for EISMEA staff	2024 edition of WTP	The 2024 edition of the WTP was completed successfully.

Digital transformation and information and information management performance table

Objective: EISMEA is using innovative, trusted digital solutions for better information management and administrative processes to become a truly digitally transformed, user-focused and data-driven Agency			
Indicator 1: Degree of implementation of the digital strategy principles by the most important IT solutions ⁽²⁹⁾			
Source of data: EEN and EIC			
Baseline (2020)	Interim milestone (2023)	Target (2024)	Latest known result
31% EEN	80% EEN	90% EEN	90% EEN
40% EIC	80% EIC	95% EIC	95% EIC
Indicator 2: Percentage of implementation of the corporate principles for data governance for [the agency's] key data assets			
Source of data: EISMEA			
Baseline	Interim milestone (2022)	Target (2024)	Latest known result
20%	50%	80%	80%
Indicator 3: Percentage of staff attending awareness raising activities on data protection compliance			
Source of data: DPO and HR			
Baseline (2018)	Interim milestone (2023)	Target (2024)	Latest known result
40% ⁽³⁰⁾	83% of staff in post for 6 months or longer	100% of staff in post for 6 months or longer	99% of staff trained, with nearly additional 65 % of agency staff attending EISMEA DP trainings in 2024 only
Main outputs in 2024:			
Output	Indicator	Target	Latest known result
Data protection awareness events, training sessions	Number of activities organised per year	4 per year	8 trainings and awareness-raising events
Review of the agency's Data protection Action plan	Reporting to Director on the implementation of the agency's Data protection Action plan	once per year	DP Report 2023

Sound environmental management performance table

⁽²⁹⁾ The European Commission Digital Strategy (C(2018)7118) (<https://ec.europa.eu/transparency/regdoc/rep/3/2018/EN/C-2018-7118-F1-EN-MAIN-PART-1.PDF>) 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 for the selected solutions. For each of the 3 solutions, a table will reflect – per principle - the progress achieved during the last year.

⁽³⁰⁾ Estimated value at the entry into force of the Regulation (EU) 2018/1725 in December 2018.

Objective: EISMEA 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 2024:

I. More efficient use of resources (energy, water, paper)

Output	Indicator	Target	Latest known result
Paperless working methods at EA level (such as paperless working: e-signatories, financial circuits, collaborative working tools) and staff awareness actions to reduce office paper use in line with the EMAS corporate action on resource efficiency (March) and/or raise awareness about EA's office paper use in collaboration with OIB where appropriate.	Number or % of staff informed Number of actions % reduction	Address all staff 1 action Reduce paper consumption (10%) compared with previous year	No data available on paper-consumption as SB34 building is not yet EMAS certified.
Participation in the end of the year energy saving action, by closing down EA's buildings during the Christmas and New Year's holiday period. Number of buildings participating, % of DG buildings participating	Number of. new actions introduced	2 action per year	SB34 building closed during the Summer and during the Christmas holiday, extended until 5 January.

II. Reducing CO₂, equivalent CO₂ and other atmospheric emissions

Gradual increased use (and number) of VC meeting rooms in the EA, in collaboration with DG SCIC.	Number of VC meeting rooms allocated to EISMEA	23	23 meeting rooms (large and small) with VC capability.
Staff awareness on digital pollution and gradual change of behaviours avoiding heavy emails, encouraging the use of ICT platforms, avoiding unnecessary storage of data.	Number of events organised	1	Staff communication to change digital behaviour encouraging sharing files and refraining of digital enclosure of signature for internal mails. In addition, the newly adopted greening strategy was presented to staff.

III. Reducing and managing waste

Implement the EC Guidelines for sustainable meetings and events , e.g. reduce/eliminate single-use plastics, gadgets/gifts	Number of. events	100% of events following guidelines	100%
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