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European Commission

Annual Activity Report 2025

annexes

EUROPEAN INNOVATION COUNCIL AND SMEs EXECUTIVE AGENCY (EISMEA)

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ANNEX 1: Statement of the Directors 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.

Date 31 March, 2026

[e-signed]

Maarit Viljanen

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

Date 31 March, 2026

[e-signed]

Momchil Sabev

([1]) C(2017)2373 of 19.04.2017.

ANNEX 2: Performance tables

EIC Pathfinder performance table

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

Parent departments: *DG RTD, DG CNECT*

Related to spending programme: Horizon Europe

Main outputs in 2025:

Output	Indicator	Target	Latest known result
Calls for proposals	Number of calls published	2	2
Evaluation sessions	Number of evaluation sessions implemented	2 Evaluations: EIC Pathfinder Open and Challenges 2025	3 Pathfinder Evaluations: EIC Pathfinder Challenges 2024 EIC Pathfinder Open 2025 and EIC Pathfinder Challenges 2025 + Widera Hop-on Facility
	Time to inform applicants	100% within legal time limit (5 months)	100%
	% of evaluated proposals challenged under the evaluation review procedure	Less than 2%	2.0% EIC Pathfinder Challenges 2024 7/415 = 1.68%, EIC Pathfinder Open 2025 44/2087= 2.1%, Overall 2% The reason for the high % is nearly 90% more applications than in the previous year.
	% of evaluated proposals re-evaluated following review requests	0-2 proposals	EIC Pathfinder Challenges 2024 1 proposal re-evaluated
Grant agreements	Number of grant agreements signed	~92	66 Reasons for fewer grants signed are as below for TTG results.

Output	Indicator	Target	Latest known result
	Time to grant	100% within legal time limit (8 months, indicative)	65,1% of grant agreements (43 out of 66) signed within the legal time limit. Average TTG in days: 256 Reasons for delays included: staff shortages, prioritisation of payment and evaluation tasks, lengthy award decision processes, IT issues relating to eGrants, changes in consortia and delays in their responses.
Final reports of concluded Grant Agreements and Contracts	Number of final reports assessed	50 (from legacy projects)	106
Payments	Time to pay	100% within legal time limit (90 days)	99.17%

EIC Transition performance table

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

Parent departments: *DG RTD, DG CNECT*

Related to spending programme: Horizon Europe

Main outputs in 2025:

Output	Indicator	Target	Latest known result
Calls for proposals	Number of calls published	1	1
Calls for tender	Number of calls published	1	1
Evaluation sessions	Number of evaluation sessions implemented	1 EIC Transition	1
	Time to inform applicants	100% within legal time limit (5 months)	100%

Output	Indicator	Target	Latest known result
	% of evaluated proposals challenged under the evaluation review procedure	Less than 3%	2% 9 cases out 413 proposals submitted:
	% of evaluated proposals re-evaluated following review requests	Less than 2%	0%
Grant agreements	Number of grant agreements signed	~38	40
	Time to grant	100% within legal time limit (6 months indicative)	35% of grant agreements (14 out of 40) signed within the legal time limit. Average TTG in days: 196. 1 Grant was above 2.5 mln therefore not subject to 6 months TTG. Reasons for delays included: staff shortages, prioritisation of payment and evaluation tasks, changes in consortia and delays in their responses
Contracts	Number of contracts signed	1	1
Final reports of concluded Grant Agreements and Contracts	Number of final reports assessed	40 project monitoring reports	47 final reports assessed
Payments	Time to pay	100% within the legal time limit (90 days)	98.45% (1 payment late because of IT issue in SUMMA)

EIC Accelerator performance table

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

Parent department: *DG RTD, DG CNECT*

Related to spending programme: Horizon Europe

Main outputs in 2025:

Output	Indicator	Target	Latest known result
Calls for proposals	Number of calls published	1 continuous call (short proposal) 1 call with 6 topics (1 open + 5 challenges) with 2 cut-off dates for the challenges and 2 cut-off dates for the Open topic (full proposal)	1 continuous call (short proposal) 1 call with 6 topics (1 open + 5 challenges) with 2 cut-off dates for the challenges and 2 cut-off dates for the Open topic (full proposal)
Evaluation sessions	Number of evaluation sessions implemented	1 continuous session for continuous call (short proposa1) 2 sessions (2 cut-off dates for Open and 2 cut-off dates for Challenges mentioned above - full proposals with interviews)	1 continuous session for continuous call (short proposa1) 2 sessions (2 cut-off dates for Open and 2 cut-off dates for Challenges mentioned above - full proposals with interviews).

Output	Indicator	Target	Latest known result
	Time to inform applicants	100% within the time limits: 2 months for short proposal from first Tuesday of the month to outcome 2.5 months for full proposal from cut-off date to outcome of remote evaluation. 4 months max from cut-off to final decision of interview	100% of the proposals within the target. Average 1.5 months for short proposals from first Tuesday of the month to outcome 100% of proposals within the target. Average 2.2 months for full proposal from cut-off date to outcome of remote evaluation 35% of proposals within the target. Average 4.2 months from cut-off to final decision of interview. (Closure over the Christmas break meant that 65% of proposals were informed 9 days after the deadline).
	% of evaluated proposals challenged under the evaluation review procedure (for short proposals)	< 7%	**1%** for short proposal **2%** for full proposal
	% of evaluated proposals re-evaluated following review requests (for short proposals)	< 0.5%	**0%** for short proposal **<0.5%** full proposals
Grant agreements	Number of grant agreements signed	114	107

Output	Indicator	Target	Latest known result
	Time to grant	100% within 7 months [2], indicative (for proposals not subject to economic security)	76,6 % of grant agreements (82 out of 107) signed within the legal time limit. Average TTG in days 246 days. Delays mainly due to late adoption of award decisions.
Final reports of concluded Grant Agreements, Contracts	Number of final reports assessed	5 SME Instrument and FTI; 3 EIC Pilot 255 EIC Accelerator	1 SME Instrument and FTI; 3 EIC Pilot 243 EIC Accelerator
Tech DD reports	Number of Tech DD reports managed (contracted, coordinated and approved)	100 for EIC Accelerator	162 Tech DD reports
Payments	Time to pay	100% within the legal time 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.	SMEINST 100% on time EIC-Pilot 100% on time HE EIC 99.3% on time FTI 82% on time

(2) Provided that the EC award decisions are adopted within 8 weeks after submission by EISMEA.

EIC additional calls performance table

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

Parent department: *DG RTD*

Related to spending programme: Horizon Europe

Main outputs in 2025:

Output	Indicator	Target	Latest known result
Calls for proposals	Number of calls published	STEP - 1 continuous call Pre-accelerator – 1 stage call with 1 cut-off date Women Tech EU – 1 call	All Calls published, as well as additional call (Ukraine Tech - added to the EIC WP in July 2025).
Evaluation sessions	Number of evaluation sessions implemented	STEP – 1 continuous session for continuous call and 4 interview sessions (at least) Pre-accelerator: 1 cut-off – full proposal) Women TechEU: 1	STEP – 1 continuous session for continuous call and 3 interview sessions Pre-accelerator: 1 cut-off Evaluation ongoing
	Time to inform applicants	STEP - 8-9 weeks from the time of the batching (4 per year) Pre-accelerator – 9 weeks Women TechEU: 100% within the legal time limit (5 months)	STEP: 7 weeks N/A (TTI in 2026). N/A (TTI in 2026) In addition, Ukraine Tech call: evaluation ongoing (TTI in 2026)
	% of evaluated proposals challenged under the evaluation review procedure (for short proposals)	N/A	N/A

Output	Indicator	Target	Latest known result
	% of evaluated proposals re-evaluated following review requests (for short proposals)	N/A	N/A
Grant agreements (or Award decisions for STEP)	Number of grant agreements (or SAD) signed	STEP: 15-20 Award decisions. Pre-Accelerator – 45 Women TechEU: 1 UA Tech call - 60([3])	STEP: 6 Award decisions. ([4]) (evaluation ongoing. evaluation ongoing. Ukraine Tech call – evaluation ongoing:
	Time to grant (Time to Award decision for STEP)	STEP: 100% within 5 months ([5]), indicative (to be counted after the closure of each batch) Pre-Accelerator: 100% within 5 months, indicative Women TechEU: 100% within the legal time limit (8 months, indicative)	STEP: No TTG results can be applied (signature and payment managed outside EISMEA). N/A (TTG in 2026) N/A (TTG in 2026) Ukraine Tech: N/A (TTG in 2026)
Final reports of concluded Grant Agreements, Contracts	Number of final reports assessed	STEP: N/A Pre-Accelerator: 0 Women TechEU: 1	Pre-Accelerator: N/A Ukrainian tech: N/A

([3]) This call was introduced later in 2025 in an amendment to the EIC Work Programme, therefore target was set after publication of EISMEA's AWP 2025.

([4]) EISMEA is only responsible for managing the evaluation process. Award decisions are managed outside EISMEA and therefore not under EISMEA's supervision. Given that the STEP awards vary between EUR 10 and 30 million it is difficult to estimate with accuracy how many companies will be awarded.

([5]) Provided that the EC award decisions are adopted within 8 weeks after submission by EISMEA.

Output	Indicator	Target	Latest known result
Tech DD reports	Number of Tech DD reports managed (contracted, coordinated and approved)	STEP: 15-20, indicative	STEP: 9 Tech DD reports
Payments	Time to pay	Pre-Accelerator: 100% within the legal time limit (90 days) Women TechEU: 100% within the legal time limit (90 days)	N/A, TTP in 2026 N/A, TTP in 2026 Ukrainian tech: N/A, TTP in 2026

EIC Prizes performance table

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

Parent department: *DG RTD*

Related to spending programme(s): Horizon Europe

Main outputs in 2025:

Output	Indicator	Target	Latest known result
Calls for applications	Number of calls for applications published	2	2
Evaluation sessions	Number of evaluation sessions implemented	2	2
	Time to inform applicants	100% within the legal time limit (5 months)	N/A This indicator does not apply to Prizes as applicants are informed after the award ceremony has taken place. As ceremonies are linked to political events, they do not follow a strict timeline.

Output	Indicator	Target	Latest known result
	% of evaluated proposals challenged under the evaluation review procedure	< 2.5%	0%
	% of evaluated proposals re-evaluated following review requests	< 0.5%	0%
Prizes awarded	Number of individual prizes awarded	12	15 (European Union Social Innovation Competition awarded in 2025 instead of 2024)
Payments	Time to pay	100% within the legal time limit (90 days)	100%
External communication actions			
Outreach and promotion	Number of information and promotion events organised	~ 7	5
2 Online info sessions	Number of participants	50	ICapital 83 Women Innovators 187
Award Ceremonies	Average number of participants or views per event	~200	1500 (in person EIC Summit ceremonies) 200 (in person iCapital ceremony) + 400 views – iCapital ceremony webstreaming.

EIC Community and BAS performance table

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

Parent department: *DG RTD, DG CNECT*

Related to spending programme: Horizon Europe

Main outputs in 2025:

Output	Indicator	Target	Latest known result
Calls for proposals	Number of calls published (CSA)	0	0

Output	Indicator	Target	Latest known result
Calls for tender	Number of calls published	5	5 (one delayed from 2024 and two procedures were merged in one)
Grant agreements	Number of grant agreements signed	0	0
	Time to grant	N/A	N/A
Contracts	Number of contracts signed	6 ([6])	2 (3 procedures delayed due to problems with e-contracting, will be signed beginning 2026). Two procedures were merged, resulting in one contract to be signed.
Final reports of concluded Grant Agreements and Contracts	Number of final reports assessed	0 ([7])	0
Coaching cases	Number of coaching cases	800	438 ([8])
	Satisfaction from coaching service	90%	96%
EIC Community	Number of members	15000	17944
BAS events	Number of BAS events	50	52
	Participating EIC beneficiaries	500	1000
	Average Deals for matching events	1-2	1,5

([6]) 5 calls for tenders will be launched in 2025 issued from these calls are expected to be signed in 2025, along with one contract from a procedure launched in 2024.

([7]) Two contracts will end in November and December 2025 therefore final reports will be submitted / assessed in early 2026.

([8]) The value of coaching needs to be presented and explained to companies. in 2025 less companies requested coaching. As of EIC WP 2026 coaching will be mandatory for EIC beneficiaries which should increase the uptake

EIC Communication performance table

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

Parent department: *DG RTD, DG CNECT*

Related to spending programme: Horizon Europe

Main outputs in 2025: External communication actions

Output	Indicator	Target	Latest known result
EIC Summit 2025	Number of participants (physical + online)	1000	1473 unique attendees
EIC local info days	Number of Info Days Average number of participants per Info Day	10 80	7 (3 postponed to 2026). ([9]) 100
Presence at the important deep-tech/start-ups events (Hello Tomorrow, Sifted, Slush, Web Summit, etc.)	Number of events	15	20
Digital communication (EIC website and EIC social media accounts)	EIC website – Page views	+10% 1.700.000	+13.5% 1.930.000
	EIC X (ex-Twitter) – Number of followers EIC LinkedIn – Number of followers	+10%	+1.23% (slower growth, general trend of followers leaving X for other platforms) +88.9% (from March 2025)

([9]) Reasons for postponement included organising an event in Cyprus to coincide with Cypriot EU presidency (2026). Note that two call-related info days were also organised (for Pre-Accelerator and Ukraine calls) that were not originally foreseen.

European Innovation Ecosystems performance table

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); 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 Plans

Parent department: *DG RTD*

Related to spending programme: Horizon Europe

Main outputs in 2025:

Output	Indicator	Target	Latest known result
Calls for proposals	Number of calls published	3 *	5 (in line with the final work programmes)
Calls for tender	Number of calls published	2*	0 ([10]) (in line with the final work programme)
Evaluation sessions	Number of evaluation sessions implemented	6 (= 6 topics) *	3 finalised 3 ongoing (in line with the timing foreseen in the final work programmes
	Time to inform applicants	100% within the legal time limit (5 months)	For the finalised evaluations 100%
	% of evaluated proposals challenged under the evaluation review procedure	<5%	For the finalised evaluations, 0
	% of evaluated proposals re-evaluated following review requests	<3%	For the finalised evaluation, 0
Grant agreements	Number of grant agreements signed	15 *	8 from main list, 2 from reserve list (in line with the budget available in the final work programmes)

([10]) Publication of call for tender Establishing a European Assistance for Innovation Procurement Network postponed to 2026 due to late completion of tender specifications by DG RTD.

Output	Indicator	Target	Latest known result
	Time to grant	100% within legal time limit (8 months), indicative.	100% 100% of grant agreements (8 out of 8) signed within the legal time limit. Two additional projects stemmed from reserve lists. Average TTG in days (240).
Contracts	Number of contracts signed	2*	1 (renewal signed, new procedure delayed due to late completion of tender specifications by DG RTD)
Final reports of concluded Grant Agreements and Contracts	Number of final reports assessed	46	56 grants 2 contracts
Payments	Time to pay	100% (grants) within legal time limit 90 days	100%
External communication actions			
3 Online Info days	Number of participants	300	Total 1241 (413 on average per event)
3 social media campaigns (LinkedIn)	Engagement	1 M impressions 6000 clicks	Total 1.2M impressions, 8000 clicks

*Target figures were subject to change pending adoption of the 2025 Work Programme.

SMP Consumer Protection Pillar performance table

Specific objective: *Consumers are empowered and better protected (DG JUST)*

From 2020-2024 Strategic Plans

Parent department: *DG JUST*

Related to spending programme: Single Market Programme

Main outputs in 2025:

Output	Indicator	Target	Latest known result
Calls for proposals incl. invitations to submit proposals	Number of calls published incl. invitations sent	3	3
Calls for tender incl. RfS	Number of calls published incl. RfS	8-12 (incl. 3-5 legacy) ([11])	12 (incl. 5 legacy and 1 contract renewal)
Evaluation sessions	Number of evaluation sessions implemented	3 (calls for proposals)	4 (including 1 evaluation session for the legacy SMP-CONS-2024-EDU)
	Time to inform applicants	100 % within the legal time limit (6 months)	45% [12]
	% of evaluated proposals challenged under the evaluation review procedure	Less than 8%	1.35 %
	% of evaluated proposals re-evaluated following review requests	Less than 8%	0%
Grant agreements	Number of grant agreements signed	30-50 (incl. 30-35 legacy)	53 from main list and 1 from reserve list. Includes 33 legacy.

([11]) Work Programme leaves flexibility on the number of RfS to be launched. Legacy refers to previous work programme.

([12]) The figure reflects the exceptional circumstances of the 2024 call SMP-CONS-2024-EDU which attracted an exceptionally high number of proposals and required an extremely competitive approach to be followed. The evaluation was done in house without the use of experts, requiring a very heavy quality check. The 45% figure contrasts strongly with the TTI figure for those calls launched in 2025 (100%).

Output	Indicator	Target	Latest known result
	Time to grant	100 % within legal time limit (9 months)	75% of grant agreements (40 out of 53 on the main list) signed within the legal time limit. [13], 1 project on reserve list. Average TTG in days (250).
Contracts	Number of contracts signed	+/- 7-11 (incl. 3-5 legacy)	9 (incl. 5 legacy and 1 contract renewal)
Final reports of concluded Grant Agreements and Contracts	Number of final reports assessed	35-45	33 [14]
Payments	Time to pay	100% within the legal time limit (90 days)	98% [15]
External communication actions			
Consumer Summit	Promotion of the event via EISMEA social media	3800 impressions	N/A [16]

([13]) Exceptionally high number of proposals received in 2024, extremely competitive approach to be followed, evaluation done in house without the use of experts, requiring a very heavy quality check.
([14]) Slightly lower amount as a result of suspension of final reports for minor corrections in 2025. Only the transactions fully finalised were taken into the consideration for the count.
([15]) Three late payments due to general delays at the Commission's corporate level (SUMMA) at the beginning of the year. They concern one grant prefinancing and one final procurement payment (with 2 contractors). The percentage was calculated based on the number of payments.
([16]) No organic posts via EISMEA social media channels, thus no impressions to report. In line with the final communication campaign developed by DG JUST, EISMEA's promotion involved reposting / sharing content produced by DG JUST, on LinkedIn and X – acting as multiplier to increase the posts' visibility and reach. This approach is expected to continue also for future editions of the summit.

SMP SME Pillar performance table

Specific objective: *More European SMEs have access to cross-border business by digital means (DG GROW)*

From 2020-2024 Strategic Plans

Parent department: *DG GROW*

Related to spending programme(s): Single Market Programme

Main outputs in 2025 ([17]):

Output	Indicator	Target	Latest known result
Calls for proposals	Number of calls published	1 ([18])	0 ([19])
Calls for tender	Number of calls published	5 ([20])	5 ([21])
Evaluation sessions	Number of evaluation sessions implemented ([22])	7 for call for proposals 4 for calls for tenders	4 for call for proposals[23] 5 for calls for tenders
	Time to inform applicants	100% informed within the legal time limit (6 months)	100% informed within the legal time limit (6 months)
	% of evaluated proposals challenged under the evaluation review procedure	Less than 3% of evaluated proposals.	0
	% of evaluated proposals re-evaluated following review requests	Max. 0.5% of evaluated proposals.	0
Grant agreements	Number of grant agreements signed	129	117 from main list and 1 from reserve list[24])

([17]) This table includes also COSME legacy actions

([18]) from SME Pillar WP 2025

([19]) One Pilot action was published. The two calls from SMP-SME WP 2025 will be published in the first quarter of 2026.

([20]) 3 from WP 2024 and 3 from WP 2025

([21]) One from WP 2024 and four from WP 2025

([22]) 7 evaluations for call for proposals (6 from WP 2024 and 1 from WP 2025) and 4 evaluations for calls for tenders (2 calls for tenders from WP 2024 and 2 from WP 2025)

([23]) One call from WP 2024 was cancelled. Two calls from WP 2025 were postponed to Q1 2026 due to the late sending of the first draft of the call text from the parent DGs.

([24]) Two calls from the WP 2024 were cancelled for policy reasons in 2025. That impacted the number of grant agreements signed by the end of 2025.

Output	Indicator	Target	Latest known result
	Time to grant	100 % within legal time limit (9 months)	99% of grant agreements (116 out of 117) within legal time limit (9 months)([25]), 1 project from the reserve list Average TTG in days (242).
Contracts	Number of contracts signed	7 contracts	10 7 contracts from WP 2024 and 3 contracts from WP 2025
Final reports of concluded Grant Agreements and Contracts	Number of final reports assessed	129	103 ([26])
Payments	Time to pay	100% within the legal time limit (90 days)	98.1% ([27])
External communication actions			
Enterprise Europe Network Annual Conference	Number of participants (onsite)	800	797 participants onsite (and 175 online)
Enterprise Europe Network success stories	Number of published success stories	25	22 ([28])
SME Assembly	Number of participants (onsite)	550	533 in-person (and 453 virtual attendees).
European Cluster Conference	Number of participants (onsite)	500	0 ([29])
Erasmus for Young Entrepreneurs – EYE Network Meeting (twice per year)	Number of participants (onsite) for each event	200	Event in Bergamo: 186 participants Event in Brussels: 202 participants
Info Days		2	3

(25) Two grants signed after legal time limit due to lengthy internal signature procedures of the consortium coordinators.
(26) The assessment of 25 final reports is currently suspended. Beneficiaries need to submit a revised version of their final reports.
(27) Delays were caused by the SUMMA late onboarding at beginning of 2025
(28) The publication of three produced success stories was deferred to focus media attention on the EEN annual conference that in 2025 took place later than usual.
(29) The European Cluster Conference is organised every two years. The previous conference took place in 2024. The event was referenced in the AWP 2025 performance table in error.

SMP Internal Market and support to standardisation performance table

Specific objective: *More business opportunities are generated in the Single Market (DG GROW)*

From 2020-2024 Strategic Plans

Parent department: *DG GROW*

Related to spending programme: Single Market Programme

Main outputs in 2025:

Output	Indicator	Target	Latest known result
Calls for proposals	Number of calls published	6 (3 ESOs calls, 1 Annex III call, 1 FPA call for Annex III organisations, 1 EUTF call)	6 (3 ESOs calls, 1 Annex III call, 1 FPA call for Annex III organisations, 1 EUTF call)
Calls for tender	Number of calls published	2	2
Evaluation sessions	Number of evaluation sessions implemented	5	5
	Time to inform applicants	100% within the legal time limit (6 months).	100% within the legal time limit (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	20-30	23
	Time to grant	100 % within legal time limit (9 months)	100% of grant agreements (23 out of 23) signed within the legal time limit. Average TTG in days (158).
Contracts	Number of contracts signed	1	2

Output	Indicator	Target	Latest known result
Final reports of concluded Grant Agreements and Contracts	Number of final reports assessed	25 Standardisation: 1 on-paper legacy grants; 12 in e-Grants Market surveillance: 5 grants + 7 formally closing in 2024 but for which the final report has not been received yet (as of 21/10)	34 Standardisation: 3 on-paper legacy grants and 18 in e-grants 13 market surveillance legacy grants
Payments	Time to pay	100% within the legal time limit (90 days)	90.29% ([30])
External communication actions			
Internal Market promotional video campaign	Communication actions around the promotional video on EU market surveillance activities	5 posts via social media via boosted posts	15 (5 posts on each platform, LinkedIn, Facebook and X).

Interregional Innovation Investments (I3) Instrument performance table

Specific objective: *Innovative and smart economic transformation across the EU (DG REGIO)*

From 2020-2024 Strategic Plans

Parent department: *DG REGIO*

Related to spending programme(s): ERDF

Main outputs in 2025:

Output	Indicator	Target	Latest known result
Calls for proposals	Number of calls published	2	3
Evaluation sessions	Number of evaluation sessions implemented	2	2
	Time to inform applicants	100 % within the legal time limit (6 months)	100%

[30] Delays were caused by the SUMMA late onboarding at beginning of 2025.

Output	Indicator	Target	Latest known result
	% of evaluated proposals challenged under the evaluation review procedure	<5%	0.76%
	% of evaluated proposals re-evaluated following review requests	<5%	<1% (0% or 0.76% depending on outcome of evaluation review committee)
Grant agreements	Number of grant agreements signed	18 for calls I3-2024-INV1, I3-2024-INV2a and Cap2b 2023 (Nov'24 cut off)	16 from main list and 1 from reserve list. Committed budget fully consumed.
	Time to grant	100 % within legal time limit (9 months)	94% of grant agreements (15 out of 16) signed within the legal time limit. ([31]), 1 project funded from the reserve list. Average TTG in days (262).
Final reports of concluded Grant Agreements and Contracts	Number of final reports assessed	2	1 (the second project requested a project duration extension, thus delaying the finalisation)
Payments	Time to pay	100% within the legal time limit (90 days)	100%
External communication actions			
2 Online Info days	Number of participants	300 per event	614
I3 Instrument Annual Forum	Number of participants	150	170
2 paid social media campaigns (LinkedIn)	Engagement	300K impressions, 3000 clicks	829K impressions, 6324 clicks

([31]) For one project, the coordinator was flagged by the Early Detection and Exclusion (EDES) system, leading to a consortium composition change and delay, while safeguarding EU financial interests.

Call Planning Tables 2025

European Innovation Council **Planning calls for proposals 2025:**						
Call title	**Call identifier**		**Publication date**	**Closing date**	**State of Play 30/06/2025**	**State of Play 31/12/2025**
EIC Pathfinder Open 2025	HORIZON-EIC-2025-PATHFINDEROPEN-01		20/02/2025	21/05/2025	Evaluation on-going of **2087** proposals	Evaluation completed and GAPs are being finalised
EIC Pathfinder Challenges 2025	HORIZON-EIC-2025-PATHFINDERCHALLENGES-01	Biotech for Climate Resilient Crops and Plant-Based Biomanufacturing	25/07/2025	29/10/2025	Preparation ongoing. Potential Individual evaluators identified and inquiries for availability sent.	Evaluation is ongoing as planned
		Generative-AI based Agents to Revolutionize Medical Diagnosis and Treatment of Cancer			Preparation ongoing. Potential Individual evaluators identified and inquiries for availability sent.	Evaluation is ongoing as planned
		Towards autonomous robot collectives delivering collaborative tasks in dynamic unstructured construction environments			Preparation ongoing. Potential Individual evaluators identified and inquiries for availability sent.	Evaluation is ongoing as planned

		Waste-to-value devices – circular production of renewable fuels, chemicals and materials.			Preparation ongoing. Potential Individual evaluators identified and inquiries for availability sent.	Evaluation is ongoing as planned
EIC Transition Open 2025	HORIZON-EIC-2025-TRANSITIONOPEN-01		22/04/2025	17/09/2025	Preparation ongoing. Potential Individual evaluators identified and inquiries for availability sent.	Evaluation completed.
EIC Accelerator Open 2025	HORIZON-EIC-2025-ACCELERATOROPEN-01		30/10/2024	Cut offs full proposals: 12/03/2025 and 01/10/2025	Evaluation cut off 1 finalised June 27; open for submissions cut off 2.	Evaluation cut-off 1 finalised; evaluation cut-off 2 ongoing.
EIC Accelerator Challenges 2025	HORIZON-EIC-2025-ACCELERATORCHALLENGES-01	Acceleration of advanced materials development and upscaling along the value chain	30/10/2024	Cut offs full proposals: 12/03/2025 and 01/10/2025	Evaluation cut off 1 finalised June 27; open for submissions cut off 2.	Evaluation cut-off 1 finalised; evaluation cut-off 2 ongoing.
		Biotechnology driven low emission food production systems			Evaluation finalised for cut off 1 June 27; open for submissions cut off 2.	Evaluation cut-off 1 finalised; evaluation cut-off 2 ongoing.
		GenAI4EU: Creating European Champions in Generative AI			Evaluation finalised cut off 1 June 27; open for submissions cut off 2.	Evaluation cut-off 1 finalised; evaluation cut-off 2 ongoing.

		Innovative in-space servicing, operations, space-based robotics and technologies for resilient EU space infrastructure			Evaluation finalised cut off 1 June 27; open for submissions cut off 2.	Evaluation cut-off 1 finalised; evaluation cut-off 2 ongoing.
		Breakthrough innovations for future mobility.			Evaluation finalised cut off 1 June 27; open for submissions cut off 2.	Evaluation cut-off 1 finalised; evaluation cut-off 2 ongoing.
EIC Accelerator Step Scale-Up Call	HORIZON-EIC-2025-STEP-01		26/11/2024 (continuous)	16/12/2025	Ongoing- evaluation of batches 1 and 2 finalised. Submission open for batch 3	Evaluation of batches 1-3 finalised.

EIC Prizes **Planning calls for proposals 2025:**					
Call title	**Call identifier**	**Publication date**	**Closing date**	**State of Play 30/06/2025**	**State of Play 31/12/2025**
The European Prize for Women Innovators	HORIZON-EIC-2025-PRIZE-WIP	17/06/2025	25/09/2025	Opened on 17/06/2025	Closed on 25/09/2025 Evaluation is ongoing as planned

The European Capital of Innovation Awards (iCapital)	HORIZON-EIC-2025-PRIZE-2	20/03/2025	18/06/2025	Closed on 18/06/2025	Evaluation is finished. Prize is Awarded.

European Innovation Ecosystems **Planning calls for proposals 2025:**					
Call title	**Call identifier**	**Publication date**	**Closing date**	**State of Play 30/06/2025**	**State of Play 31/12/2025**
European Partnership on Innovative SMEs (2025.1)	HORIZON-EIE-2025-01-INNOVSMES-01	19/05/2025	19/06/2025	Published	Evaluation finished
Preparatory action for setting up joint programmes among innovation ecosystems actors	HORIZON-EIE-2025-02-CONNECT-01	14/05/2025	15/10/2025	Published	Evaluation ongoing
Implementing co-funded action plans for connected regional innovation valleys	HORIZON-EIE-2025-02-CONNECT-02	14/05/2025	15/10/2025	Published	Evaluation ongoing
European network of national competence centers for innovation procurement	HORIZON-EIE-2026-01-CONNECT-01	10/09//2025	20/01/2026	Published	Call closing as scheduled on 20 January 2026
Expanding Investment Ecosystems	HORIZON-EIE-2026-01-CONNECT-02	10/09/2025	20/01/2026	Published	Call closing as scheduled on 20 January 2026

Scaling up deep tech ecosystems	HORIZON-EIE-2026-01-CONNECT-03	10/09/2025	20/01/2026	Published	Call closing as scheduled on 20 January 2026
Planning calls for tenders 2025:					
Call title	**Call identifier**	**Publication date**	**Closing date**	**State of Play 30/06/2025**	**State of Play 31/12/2025**
European Assistance for Innovation Procurement	TBD	TBD 2025*	TBD 2025*	Input for tender specifications not yet received from RTD	Input received from RTD. Tender to be published Q1 2026
Benchmarking of national policy frameworks and investments on innovation procurement across Europe	Automatic renewal of existing contract (no new call published)	N/A	N/A	Renewal pending on approval from RTD	Renewal entered into force in December 2025

Call for proposals from other programmes (EIC / WIDERA)					
Call title	**Call identifier**	**Publication date**	**Closing date**	**State of Play 30/06/2025**	**State of Play 31/12/2025**
Implementing co-funded action plans for connected regional innovation valleys in widening countries	HORIZON-WIDERA-2025-05-ACCESS-01	14/05/2025	15/10/2025	Published	Evaluation ongoing

Women Tech.EU initiative	HORIZON-EIC-2025-WOMENTECH	01/04/2025	02/09/2025	Published Note: the name of the call has changed.	Evaluation ongoing

SMP / CONSUMER PILLAR **Planning calls for proposals 2025:**					
Call title	**Call identifier**	**Publication /opening date**	**Closing date**	**State of Play 30/06/2025**	**State of Play 31/12/2025**
BEUC operating grant	SMP-CONS-2026-EU-ORG-OG-IBA	12.03.2025	20/05/2025	Under Evaluation	Grant agreement signed on 14.11.2025.
ADR + RAD grants	SMP-CONS-2025-ADR-RAD	13.03.2025	27/08/2025	Call currently open for submission	Grant agreement preparation for 12 files ongoing
ECC-Net grants	SMP-CONS-2025-ECC-IBA	18.02.2025	14/05/2025	Under Evaluation	20 grant agreements signed and 14 grant agreements in the final stages before signature
Planning calls for tenders 2025:					

Call title	Call identifier	Publication date	Closing date	State of Play 30/06/2025	State of Play 31/12/2025
Capacity building, awareness raising and educations actions					
Capacity building of consumer organizations to empower consumer protection professionals	EISMEA/2025/OP/0025	04.08.2025	22.09.2025	Terms of Reference (TOR) under review. by Procurement cell.	Evaluation is in the final stages
Consumer Law Ready training for SMEs: renewal	EISMEA/2023/OP/0001	N/A (renewal)	N/A	The renewal was approved and signed on 29.04.2025.	Implementation ongoing
Behavioural study testing the commitments and change of practices requested from traders by the Consumer Protection Cooperation Network	FWCSTUDY-39145 under FWC EC-JUST/2024/OP/0001	03.10.2025	03.11.2025	DG JUST is preparing TORs	Evaluation is ongoing
CPC MEETINGS 2025/26 (WAVE 5)	SC COM0021/EISMEA/2025/017	(RfS under cascade FWC)	N/A	The contract was signed on 27.03.2025	Implementation ongoing
Study to support the update of the Impact Assessment on the review of the CPC Regulation to strengthen	FWCSTUDY-44012 under FWC EC-JUST/2024/OP/0001	22.12.2025	26.01.2026	DG JUST is preparing TORs	Framework contractors are preparing the offers; submission deadline is 26.01.2026

enforcement of consumer protection					
CPC Meetings	TBC	TBC	TBC	DG JUST is preparing TORs	DG JUST is preparing TORs
E-enforcement academy	Renewal of the ongoing direct contract EISMEA/2023/OP/0016	n/a	n/a	Renewal in preparation	Renewal in preparation
Events and external communication actions					
CPN Meeting in Brussels	FWC/PCS/Lot 1 - FWC/PCS/Lot1-25/046	(RfS under cascade FWC)	N/A	DG JUST is preparing TORs	The contract was signed on 25.09.2025.
Consumer Summit 2026	TBC	(RfS under cascade FWC)	N/A	DG JUST is preparing TORs	DG JUST is preparing TORs.
Informal ministerial in Ireland	TBC	N/A (RfS under cascade FWC)	N/A	DG JUST is preparing TORs	DG JUST is preparing TORs.
European Product Safety Awards	RTD-OP-2023-0032-017-EISMEA-SP	N/A	N/A	RfS under a cascade FWC sent out on 24.06.2025.	The contract was signed on 31.07.2025.

SMP / SME PILLAR Planning calls for proposals 2025:					
Call title	**Call identifier**	**Publication date**	**Closing date**	**State of Play 30/06/2025**	**State of Play 31/12/2025**
Enterprise Europe Network	SMP-COSME-2024-EEN	25/04/24	19/09/24 04/02/25	Grant agreements signed.	Grant agreements signed. Projects under implementation.
Joint Cluster Initiatives (EUROCLUSTERS) for Europe's recovery	SMP-COSME-2024-CLUSTER	15/10/24	05/02/25	GAP ongoing.	Grant agreements signed. Projects under implementation.
EU-SME Centre in China	SMP-COSME-2024-SMECC	24/10/24	15/01/25	Under implementation	Grant agreement signed. Project under implementation.
Agrifood and retail SMEs: renewable energy communities	SMP-COSME-2024-REC	28/11/2024	20/02/2025	GAPs ongoing.	Grant agreements signed. Projects under implementation.
Boosting Competitiveness and Innovation Capacity of SMEs through creative	GRO/SME/24/13707 TBC	23/01/2025	03/04/25	Call is cancelled at the request of DG GROW	Call cancelled.

partnerships and the use of new technologies - WORTH partnership project (WORTH III)				(change in policy priorities).	
Supporting sustainable competitiveness of tourism SME	GRO/SME/25/14406	Q2 2025	Q2 2025 or Q3 2025	Call under preparation. Publication moved to 02/10/2025 with deadline 09/12/2025.	Call under preparation. Publication moved to 24/02/2026 due to late submission of the draft call text by the parent DG.
Planning calls for tenders 2025:					
Call title	**Call identifier**	**Publication date**	**Closing date**	**State of Play 30/06/2025**	**State of Play 31/12/2025**
Observatory for companies/SMEs ('one stop shop' on due diligence)	GRO/SME/24/14006	06/12/2024	29/01/25	Call evaluated. Contracting phase is ongoing.	Contract signed. Project under implementation.
Digital Public Buyers Platform	GRO/SME/24/14529	Q1 2025	Q2 2025	Call under preparation. Publication expected in July 2025.	Contract signed. Project under implementation.

Late Payment Directive / upcoming Late Payment regulation	GRO/SME/25/14213	Q3 2025 or Q4 2025	Q4 2025 or Q1 2026	Call under preparation	Call under preparation. Publication expected in Q1 2026.
ESTEAM Festivals: Enhancing Digital and Entrepreneurial Competences in Girls and Women	GRO/SME/25/14215	15/3/25	12/06/2025	Call under preparation. It will be included in the revised work programme. Adoption expected in July/August	Call under preparation. Publication expected in Q1 2026.
Monitoring the performance of EU industry and industrial ecosystems	GRO/SME/25/14386	March 2025	April/May 2025	Call cancelled at the request of DG GROW (change of policy priorities)	Call cancelled.
European Cluster Collaboration Platform	GRO/SME/25/14379	15/04/25	12/06/25	Call under preparation. Call publication expected at the beginning of July.	Call under evaluation.
Transition Pathways Stakeholders Support Platform	GRO/SME/25/14389	Q2 2025	Q2 2025 or Q3 2025	Call under preparation. Publication will take place in Q3.	Call under evaluation.

SMP /INTERNAL MARKET STANDARDISATION Planning calls for proposals 2025:					
Call title	**Call identifier**	**Publication date**	**Closing date**	**State of Play 30/06/2025**	**State of Play 31/12/2025**
Support to Standardisation activities performed by CEN, CENELEC and ETSI	Call SMP-STAND-2024-ESOS-03-IBA	24/10/2024	16/01/2025	Call evaluation is completed. GAPs ongoing.	Grants signed. Projects under implementation.
Support to Standardisation activities performed by CEN, CENELEC and ETSI	Call SMP-STAND-2025-ESOS-01-IBA	27/03/2025	12/06/2025	Call is under evaluation.	Grants signed. Projects under implementation.
Support to Standardisation activities performed by CEN, CENELEC and ETSI	Call SMP-STAND-2025-ESOS-02-IBA	10/07/2025	16/10/2025	Call is under preparation. Invitation letters to apply foreseen for 10/07	Evaluation completed. Two grants in GAP.
Support to Standardisation activities performed by CEN, CENELEC and ETSI	Call SMP-STAND-2025-ESOS-03-IBA	23/10/2025	15/01/2026	Call is under preparation. Invitation letters to apply foreseen for 23/10	Call open. Deadline 11/02/2026
Representation of SMEs, social and societal interests in European standardisation - Call for proposals	Call EISMEA-SMP-STA-FPA-ANNEX III-2025	04/02/2025	28/03/2025	Framework Partnership Agreements signed.	Framework Partnership Agreements signed.

to conclude a Framework Partnership Agreement					
Support to organisations representing small and medium-sized enterprises (SMEs) and societal stakeholders in standardisation activities	Call SMP-STAND-2025-A3-AG-OG-IBA	08/07/2025	04/09/2025	Call is under preparation. Invitation letters to apply foreseen for 08/07.	Grants signed. Projects under implementation.
Selection of European testing facilities	Call SMP-SURV-2025-EUTF-01-IBA	14/05/2025	19/06/2025	Call under evaluation.	Grant signed. Project under implementation.
Planning calls for tenders 2025:					
Call title	**Call identifier**	**Publication date**	**Closing date**	**State of Play 30/06/2025**	**State of Play 31/12/2025**
Joint Actions on market surveillance (JACOP) 2026	CASP-JACOP-35318	April 2025	September 2025	Call is under preparation. Publication is expected at the end of June.	Contract signed. Project under implementation.
Study on appliances with embedded software (TBC)	EISMEA-PN-2025-000015	19/05/2025	07/07/2025	Call is published. Closing date is 07/07.	Contract signed. Project under implementation.
Support to joint enforcement actions- Testing of lifeboats	EISMEA-PN-2025-000034	September 2025	November 2025	Call is under preparation.	Call on hold. Waiting from a decision from the parent DG on whether to cancel this call.

Interregional Innovation Investments (I3) Instrument Planning calls for proposals 2025:					
Call title	**Call identifier**	**Publication date**	**Closing date**	**State of Play 30/06/2025**	**State of Play 31/12/2025**
Interregional Innovation investments Instrument Strand 1	I3-2025-INV1	22/05/2025	20/11/2025	Published	Under evaluation
Interregional Innovation investments Instrument Strand 2a	I3-2025-INV2a	22/05/2025	20/11/2025	Published	Under evaluation
Interregional Innovation investments Instrument Cap2b	I3-2026-Cap2b	23/10/2025	19/03/2026	Call document writing ongoing (opening on 23/10/2025)	Open for submissions

Preparatory/Pilot Action (PPPA) delegated by the EP to DG GROW and then to EISMEA

Call title	Call identifier	Publication date	Closing date	State of Play 30/06/2025	State of Play 31/12/2025
Upskilling and reskilling the Tourism Ecosystem -Tourism Knowledge hub and Tourism Data Space" (TRAN/5580) (call for proposals)	**GRO-PPPA-2026-TOURISM-CAPACITY-BUILDING**	09/12/2025	04/03/2026	Publication forecast for Q4	Open for submissions

Client Satisfaction

ANNEX 3: Draft annual accounts and financial reports

Starting this year, the draft annual accounts and financial reports will be made available through an online, publicly available, frozen version of the SUMMA dashboard.

Information in the dashboard is based on the latest available data. EISMEA has raised queries on some of the figures, stemming from the impact of the transition to SUMMA.

The 31/12/2024 ABAC Balances by Financial Statement Grouping cannot be compared to 1/1/2025 Balances. This is a technical consequence of the transition to SUMMA.

ANNEX 4: Financial scorecard

The transition in 2025 to the Commission's new accounting system, SUMMA, has required the adjustment to a new system and has impacted budget implementation tasks, processes and financial management activities, particularly during the first part of the year. In some cases, this has resulted in lower performance for some standard financial indicators such as timely payments.

The data is available here.

ANNEX 5: Materiality criteria

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

Introduction

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

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

The **quantitative assessment** aims at estimating any financial impact ("amount at risk") resulting from the errors detected. DG RTD 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 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 and other type of expenditure such as procurement, prizes, experts and other 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 that the research framework programmes' implementing bodies ([32]) are sharing a common ex-post audit approach, and an important part of EISMEA's yearly expenditure is related 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 controls 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 EU budget, detected by ex-post controls, measured with respect to the amounts accepted after ex-ante controls.

([32]) Directorates General, Executive Agencies and Joint Undertakings (also called Article 187 bodies) implementing grants of the Research Framework Programmes.

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 ([33])—which is calculated as follows:

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

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 Framework Programme (FP) as a whole. Nevertheless, the Director-General (or Director for the Executive Agencies) must also take into account other information when considering if the overall residual error rate is a sufficient basis on which to draw a conclusion on assurance (or make a reservation) for specific segment(s) of Horizon 2020/Horizon Europe. This information may include the results of other ex-post controls, ex-ante controls, risk assessments, audit reports from external or internal auditors, among others.

([33]) The HORIZON population is stratified in two: one stratum composed of financial statements for actual costs reimbursements (including unit costs and specific unit costs) and a second stratum composed only of financial statements of lump sums specific grants (ex post controls based on technical reviews). As indicated in the formula, the calculation of the residual error rate for the Programme will be derived from both strata.

All this information may be used in assessing the overall impact of a weakness and considering whether to make a reservation or not.

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, though not necessarily exclusively, based on the level of error identified in ex-post financial audits and ex-post technical reviews 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([34]) states that:

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

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

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

An analysis of errors identified during audits of the Seventh Framework Programme (FP7) suggests that around 25-35 % of them would be avoided by the simplification measures

([34])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.

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([35]), 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.

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 ([36]) 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 ([37]). 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

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

([36]) 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.

([37]) 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.

expenditure as well as to contribute to the improvement of the financial control systems for operational expenditure.

The Agency finalised the implementation of the Ex-post audit strategy for the legacy programmes ([38]) . By end 2025, all audit reports are closed and a few audit results are under implementation.

The Agency started the implementation of the Ex post audit strategy for the new programmes under MFF 2021-2027 ([39]). 17 reports on SMP contracted in 2024 were closed and 14 new audits on SMP were contracted.

On the I3 Instrument, due to lack of auditable population, there are no audits yet.

DE MINIMIS THRESHOLD FOR FINANCIAL RESERVATION

Since 2019 ([40])**,** 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 million. In such cases, quantified reservations are no longer needed. Cases where the 'de minimis' threshold applies this year are reported in annex 9.

(38) Ares(2022)6312291 from 13 September 2022
(39) Ares(2024)4986365 from 10 July 2024
([40]) Agreement of the Corporate Management Board of 30/4/2019.

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

EISMEA revised its Control Strategy following the changes to the management of the EIC Fund's investment component (the supervision and control of the EIC Fund operations was entrusted to the European Investment Bank, in line with the applicable provisions in the Financial Regulation for indirect management). As part of the revision, the Agency adjusted its Relevant Control Systems (RCSs) for grant management and for procurement, prizes and experts accordingly. For each RCS, an indicative list of control objectives, inherent risks and mitigating control measures is detailed hereunder.

Relevant Control System for budget implementation – grant management

An indicative list of control objectives, inherent risks and mitigating control measures for grant management is detailed hereunder. However, it should be noted that the following inherent risks and mitigating controls are not applicable to all programmes or to all actions of a same programme in all circumstances.

For each stage of the grant management procedure, EISMEA 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.

1.1. 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** **(effectiveness, efficiency, economy) and benefits**
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	Hierarchical validation within the authorising department. Inter-service consultation, including all relevant services.	Coverage/Frequency: 100% Depth: All work programmes are thoroughly reviewed at all levels, including for	**Effectiveness**: The work programmes are adopted by the Commission. Success rates in terms of "over-subscription": total value of proposals

the evaluation of the proposals. The programmes implementation (procedures, monitoring arrangements, communication with beneficiaries, budget planning, etc) has serious shortcomings.	Adoption by the Commission and publication. Explicit allocation of responsibility. 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. 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. 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. Early planning and coordination between the concerned services.	operational and legal aspects and all underlying implementation tools are defined and developed according to common rules. 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.	retained for funding compared to total value of eligible proposals received. **Qualitative Benefits**: A well-designed Work Programme and widely published calls appeal to a larger number of good quality projects, out of which the very best can be chosen.

1.2. 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

			(effectiveness, efficiency, economy) and benefits
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. There is a conflict of interest regarding the expert evaluators. Incomplete usage of eGrants corporate IT tool for some actions slows down the finalisation of the award and of related payment procedures and increases the risk of clerical errors. 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)	Selection and appointment of external independent expert evaluators Formalized evaluation process in place based on detailed guidance and procedures (eGrants Vademecum, GoFund, EISMEA Manual of Procedures) Conflict of interest checks. Assessment by independent experts. Appropriate briefing of experts, including on the evaluation of cost estimations in lump sum proposals. For lump sums, detailed cost estimations must be submitted and are assessed by experts, including experts with budgetary and project management expertise, against objective benchmarks (e.g. personnel cost dashboard). Comprehensive IT system supporting the evaluation of proposals (including plagiarism checks) and allowing better monitoring of the process. Involvement of external Independent Observers in the evaluation process. Validation by the RAO of ranked list of proposals. Redress procedure.	Coverage: 100% vetting (including selection) of experts for technical expertise and independence (e.g. conflicts of interests, nationality bias, ex-employer bias, collusion). 100% of proposals are evaluated. 100% of proposals ranked. 100% of contested decisions are analysed by redress committee.	**Effectiveness**: % of evaluation sessions implemented **Efficiency**: % of Time-To-Inform. % of number of evaluated proposals challenged under the evaluation review procedure % of evaluated proposals re-evaluated following review requests (for full proposals) **Qualitative benefits**: Total amount saved by preventing funding of ineligible proposals through evaluation and selection processes **Qualitative benefits**: Expert evaluators bring independence, knowledge and a range of opinions. Selection controls ensure that the most merited projects are funded. Conflict of interest is checked systematically.

	Early planning and completion of the E-GRANT onboarding.		

1.3. 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 (effectiveness, efficiency, economy) and benefits**
The beneficiary lacks operational or financial capacity to carry out the actions. Procedures do not comply with regulatory framework. The evaluation stage has not detected a potentially fraudulent proposal/beneficiary. The action might not comply with Ethics requirements. Sensitive or classified information in future deliverables of a selected projects might not be handled with the adequate Security measures.	Formalized grant preparation process in place based on detailed guidance and procedures (eGrants Vademecum, GoFund, EISMEA MoP) Validation of beneficiaries (financial capacity checks according to the HE vademecum). Protective measures validated by the hierarchy for all programmes. Identify elements during the Grant Agreement Preparation stage that there is no obvious potential to generate errors over the action's lifetime. 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 ([41]) taken and/or reinforced monitoring encoded. For ERDF and SMP Standardization, projects are checked using the GAPs	Coverage: 100% of the selected proposals and beneficiaries are scrutinised. 100% of draft grant agreements are scrutinised. Depth will be differentiated following the conclusion of the risk assessment. Riskier operations subject to more in-depth controls. The depth depends on risk criteria. Controls implemented when justified by the call/proposal content.	**Effectiveness**: Number of grants signed **Efficiency**: % of Time–to-grant on time **Economy:** Cost of Controls **Quantitative benefits:** Benefits of meticulous grant agreement preparation and ex ante and other controls in place (EC funding requested in proposals minus EC funding provided in signed Grant Agreement)

([41]) As detailed in the e-grants vademecum, EU Funding Programmes 2021-2027, Version 1.4 of 01 January 2025

Late signature of Grant Agreement	operational/technical and financial checklists Systematic checks on operational and legal aspects performed before signature of the grant agreement, including in respect of possible sanctions applied. Risk assessment and risk-based checks before the grant agreement signature and reinforced monitoring flagging if necessary. Basic anti-fraud checks and ad hoc anti-fraud checks for riskier beneficiaries. Signature of the grant agreement by the RAO. Financial verification (four-eyes principles) 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. Ad hoc security checks and screenings. Security review is carried out systematically in all HE calls, starting with pre-screening, which may result in detailed security scrutiny. Training for Project Officers and Financial Officers on how to advise beneficiaries concerning Grant Agreement Preparation. Info days for applicants and beneficiaries involving guidance concerning Grant Agreement Preparation.		**Qualitative benefits:** Checking the committed budget for relevance and appropriateness helps prevent future errors, leading to a higher assurance on the achievement of the project objectives and results.

1.4. 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) and benefits**
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…). 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). The cost claims and/or deliverables are irregular or fraudulent. Lack of harmonised approach within the	Formalized grant implementation monitoring process in place based on detailed guidance and procedures (eGrants Vademecum, GoFund, EISMEA MoP) Kick-off meetings and "launch events" involving the beneficiaries in order to avoid project management and reporting errors if applicable. Specialized webinars targeting reduction of errors. Guidance on reporting for lump sum grants (notion of work package completion). 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. 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).	100% of the projects are controlled, including only value-adding checks. Riskier operations subject to more in-depth controls. 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. High risk operations identified by risk criteria. Red flags: suspicions raised by staff, audit results, EDES, individual, high dependence of EU funding by the legal entity or "population" risk assessment. Audit certificates requirements	**Effectiveness**: Number of final reports of concluded Grant Agreements and Contracts assessed % value detected errors ex ante controls Number of payments (interim and final) **Efficiency**: Time-to-pay: % payments executed within the legal time limit **Economy:** Cost of Controls **Quantitative benefit:**

research family with the consequence of unequal treatment of the beneficiaries. Ethics requirements are not fulfilled.	Anti-fraud awareness raising training for the project officers and financial officers. IT Plagiarism detection tool for deliverables. Enhanced research family approach (anti-fraud cooperation; common legal and audit service; comprehensive and common IT system for all the family). Operational and financial checks in accordance with the financial circuits. Operation authorisation by the RAO Ex ante controls in depth for riskier operations, reinforced monitoring. Selection and appointment of expert for scientific reviews of intermediate and/or final reporting. If needed: application of Suspension/interruption of payments, select project for risk-based ex post audits, Referral of grant/beneficiary to OLAF/EPPO.	specified in Grant Agreement of each programme.	Errors rejected ex ante **Qualitative Benefits:** Monitoring, processing amendments and scrutinising costs claimed by beneficiaries contribute to the legality and regularity of the transactions and therefore an overall improvement of the financial efforts carried out by the Agency.

1.5. Overall economy for ex ante control

Economy:

(The estimation is established for all delegated programmes)

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.

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.

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.

2.1. 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).

2.1.1. 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** **(effectiveness, efficiency, economy) and benefits**
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.	Ex post control strategy: the ex post audits are carried out on a multi-annual basis (programme's lifecycle). 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.	Coverage and frequency of controls are determined in the related ex post control strategies. They might be different from one programme to other. The coverage is achieved by value targeted sampling, on a given programme to draw valid management conclusions on the error rate in the population. In addition, a number of risk-based audits for addressing specific risks and/or cases of irregularities or potential fraud.	Effectiveness: Multi-annual indicators: • Residual error rate per programme • Number of audits finalised • Audit coverage = % audited part of payments made Implementation of OLAF recommendations Efficiency: Implementation rate of the Annual Work Programme in terms of closing audit targets

	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. 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. Lessons learned from the audit results are used to reinforce the control systems for example improvement of guidelines for beneficiaries. Notification to OLAF in cases of suspicions of fraud.	Depth: Detailed review and testing of supporting documents and transactions related to the cost claims submitted by the audited beneficiary.	Economy: External costs: cost of the audit firm for the outsourced ex post controls Internal staff 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) Quantitative benefit: Errors rejected ex post

2.1.2. 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) and benefits**
The ex ante controls (as such) do not prevent, detect and correct erroneous payments or attempted fraud to an extent going	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):	- Common Representative audit Sample (CRaS): MUS sample across the programme to draw valid management	**Effectiveness**: Representative and residual error rate identified. Number of audits finalised % of

beyond a tolerable rate of error. Lack of consistency between the HE and Non-HE audit strategies. Lack of efficiency for absence of coordination: multiple audits/ technical reviews in lump sums on the same beneficiary, same programme: reputational risk and high administrative burden on the beneficiaries' side.	- 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 Multi-annual basis (programme's lifecycle) and coordination with other AOs concerned. Validate audit/technical review results with beneficiary. In case of systemic error detected, extrapolation to all the ongoing projects run by the audited beneficiary (or closed within two years). - Targeted audit to be requested more frequently - In case of systemic error detected, extension of findings 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).	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.	beneficiaries & value coverage. Implementation of OLAF recommendations **Efficiency**: Percentage of implementation of CAS audit plan

2.2. 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.

2.2.1. 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 (effectiveness, efficiency, economy) and benefits

The errors, irregularities and cases of fraud detected are not addressed or not addressed in a timely manner. Non-recovery of sums due by the beneficiaries	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 Centralised service in DG BUDG (Dunning team) pursuing payment of unpaid recovery orders In case of deviations from implementation of audit findings or OLAF recommendations, the Director's approval is necessary. 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)

2.2.2. 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) and benefits**
Audit results are not implemented or not implemented in a timely manner. Recoveries are done too late.	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. Validation of recovery in accordance with financial circuits. Authorisation by RAO.	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 beneficiary (or closed	**Effectiveness**: Amounts being recovered and offset versus errors detected. **Efficiency**: Percentage of completed Audit Results Implementation (AURI) vs. total number of AURI launched since the start of a given Framework Programme Time to implement the audit results and extensions in closed projects Time to implement the audit results and extensions in on-going projects

Cases of potential fraud detected are not addressed in a timely manner or not addressed at all.	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.	within two years).	

2.3. Overall economy for ex post control

Economy

(The estimation is established for the grant process for all delegated programmes).

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 for non-horizon programmes.

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.

Relevant Control System for budget implementation –procurement, prizes and experts

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

However, it should be noted that the following inherent risks and mitigating controls are not applicable to all programmes or to all actions of a same programme in all circumstances.

For each stage of **the procurement management procedure**, EISMEA identified specific control objectives. EISMEA's Public Procurement Sector plays a key role in assisting and supporting the operational units in the choice of the correct procedure, in the preparation of the tender documents and providing an ex-ante verification on all public procurement procedures of the Agency financed from the operational budget.

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 (procurement)

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 (effectiveness, efficiency, economy) and benefits
The needs are not well defined (operationally and economically) and that the decision to procure was inappropriate to meet the Operational objectives Discontinuation of the services provided due to a late contracting (poor planning and organisation of the procurement process).	The Call for tender is based on the Annual Work Programme adopted by the Commission and elaborated in cooperation with the parent DG. Publication of intended Procurements/Work Programme. The agency's procurement sector assesses and validates all procurement requests for open procedures and negotiated procedures. In case of technical tenders, the Agency consults experts for drafting the tender specifications. Hierarchical validation within the authorising department. Explicit allocation of responsibilities, approval of the text by the Responsible Authorising Officer (RAO).	**Coverage/Frequency**: 100% **Depth:** All tenders are thoroughly reviewed at all levels, including for operational and legal aspects.	**Effectiveness:** The procurement plans are adopted by the Commission. Number of calls for tenders published **Qualitative Benefits:** 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.

A – Planning (Prizes)

Main risks It may happen (again) that…	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators (effectiveness, efficiency, economy) and benefits
Work programmes and subsequent calls for proposals do not adequately reflect the policy objectives and priorities, are incoherent or the essential eligibility,	Hierarchical validation within the authorising department. Inter-service consultation, including all relevant services.	Coverage/Frequency: 100% Depth:	**Effectiveness**: The work programmes are adopted by the Commission.

selection and award criteria are not adequate to ensure the evaluation of the submissions. The programmes implementation (procedures, monitoring arrangements, communication with beneficiaries, budget planning, etc) has serious shortcomings.	Adoption by the Commission and publication. Explicit allocation of responsibility. 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. 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. 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. Early planning and coordination between the concerned services.	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. 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.	Number of calls for applications published **Qualitative Benefits**: A well-designed Work Programme and widely published calls appeal to a larger number of submissions

B – Needs assessment & definition of needs (Procurement)

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 (effectiveness, efficiency, economy) and benefits
The best offers are not submitted due to poor definition of the Tender specifications.	In case of technical tenders, the Agency consults experts for drafting the tender specifications. All tender specifications are checked for legality and regularity by the Procurement Sector, in terms of definition of needs, description of services to be procured, deliverables, timetables for implementation, established selection and award criteria etc.	**Coverage / Frequency**: 100% **Depth:** All tenders are thoroughly reviewed at all levels, including for	**Effectiveness:** The procurement plans are adopted by the Commission **Qualitative Benefits:**

	Four-eyes principle ensured throughout the entire procurement process. Hierarchical validation within the authorising department. Explicit allocation of responsibilities, approval of the text by the RAO. Consultation with other DGs and colleagues in the Agency on special cases concerning potential overlaps with ongoing contracts, technical opinion, etc.	operational and legal aspects	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

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 (effectiveness, efficiency, economy) and benefits**
The most economically advantageous offer is not selected due to a biased, inaccurate or unfair evaluation process. There is a mismatch between the needed and delivered output. Legal and regulatory formalities are not complied with. Tenderers are not treated equally. Tenders are not evaluated professionally.	Evaluation methodology is circulated among the members of the evaluation committee prior to the start of the evaluation process. Members of the procurement sector participate in the kick-off evaluation session and present the principles, the legal requirements and the procedure for a correct evaluation. Proposals are evaluated on the basis of the selection and award criteria published in the Call for tenders. The parent DGs are involved in the evaluation procedure, as appointed members of the Evaluation Committee. Formal evaluation process: Opening committee and Evaluation committee. All committee members are formally appointed and sign a declaration of absence of	**Coverage / Frequency**: 100% **Depth:** All tenders are thoroughly reviewed by all members of the evaluation committee. Evaluation report is reviewed by Procurement Sector for consistency, legal and procedural aspects. 100% of bids are evaluated. **Coverage:** 100% of ranked list of bids. .	**Effectiveness**: Number of calls for tenders published. % of Time–To-Contract on time **Efficiency**: % of Time-To-Inform on time **Qualitative benefits**: Independent evaluation committee

	conflict of interest prior to the start of the evaluation exercise. The RAO adopts the award decision on the basis of the Evaluation Report describing the evaluation process and the justification for the evaluation committee's opinion reached by consensus. During the evaluation process, the evaluation committee checks the exclusion, eligibility, selection and award criteria. Standstill period - opportunity for unsuccessful tenderers to put forward their concerns on the decision.	100% of contested decisions are analysed by redress committee.	

C – Evaluation and award (Prizes)

Main risks **It may happen (again) that…**	**Mitigating controls**	**Coverage, frequency and depth of controls**	**Cost-Effectiveness indicators** **(effectiveness, efficiency, economy) and benefits**
The evaluation is not carried out in accordance with the established procedures, the policy objectives, priorities and/or the essential eligibility, or with the award criteria defined in the work programme and subsequent calls for applications. There is a conflict of interest regarding the expert evaluators.	Selection and appointment of external independent expert evaluators Formalized evaluation process in place based on detailed guidance and procedures (Guidelines on Prizes, GoFund, EISMEA Manual of Procedures) Informing the Programme Committee Conflict of interest checks. Assessment by independent experts. Appropriate briefing of experts Validation by the RAO Redress procedure.	Coverage: 100% vetting (including selection) of experts for technical expertise and independence (e.g. conflicts of interests, nationality bias, ex-employer bias, collusion). 100% of applications are evaluated. 100% of contested decisions are analysed by redress committee.	**Effectiveness**: Number of individual prizes awarded % of evaluation sessions implemented **Efficiency**: % of Time-To-Inform. & of Time-To-Pay % of number of evaluated proposals challenged under the evaluation review procedure % of evaluated proposals re-evaluated following review requests (for full proposals) **Qualitative benefits**:

			Total amount saved by preventing funding of ineligible proposals through evaluation and selection processes **Qualitative benefits**: Expert evaluators bring independence, knowledge and a range of opinions. Selection controls ensure that the most merited projects are funded. Conflict of interest is checked systematically.

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 (effectiveness, efficiency, economy) and benefits
The products/services/works foreseen are not, totally or partially, provided in accordance with the technical description and requirements foreseen in the contract or the amounts paid exceed those due in accordance with the applicable contractual and regulatory provisions. Business discontinues because contractor fails to deliver. Payment arrangements are poorly adapted. Contractual provisions regarding contractor's performance are insufficient (no monitoring	Check of the Early Detection and Exclusion System (EDES) for all beneficiaries. Participant validation by the Central Validation Service. Use of model contracts recommended by the Commission adapted to the programmes, including contractual measures in case of contract failures. Fraud awareness, trainings, information sessions are organized.	100% of the selected bids and contractors are scrutinised. Coverage: 100% of draft contracts.	**Effectiveness**: Number of contracts signed **Efficiency**: Time-To-Pay % of payments (in value) made on time Late interest payment and damages paid by the Agency

arrangements or liquidated damages foreseen in the contract, standard contracts not used).	Four-eyes principle is applied. In case of pre-financing payments, request of financial guarantee following a risk-based approach. Signature of the contract by the RAO.	Depth will be differentiated following the conclusion of the risk assessment. Controls implemented when justified by the Contract.	

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 (effectiveness, efficiency, economy) and benefits
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.	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. Monitoring visits or meetings to check technical progress and deliverables. Fraud awareness, trainings and information sessions are organised. Detailed checking of reports and deliverables against the contract requirements to detect deviations timely and redirect the project on track. Application of suspension/interruption/deduction of payments in cases of bad faith or gross negligence, respecting the principle of proportionality.	**100%** of the contracts are controlled. **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. High risk operations identified by risk criteria. Red flags: suspicions raised by staff, audit results, EDES, individual or "population" risk assessment.	**Effectiveness:** Number of suspension/interruption of payments Benefits: Amounts detected associated with fraud & error Number of fraud awareness trainings **Qualitative Benefits:** Fulfilment of Agency's KPIs and implementation of Union policies.

	Submitting cases to OLAF in case of suspicion of irregularities/fraud; flagging in Early Detection and Exclusion System (EDES). Ex post publication. Ex post controls on missions Whistleblowing procedures in place.		

Overall economy for procurement controls

Economy

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
Estimation of cost of shared/pooled control activities carried out by the European Research Executive Agency's Central Validation Service (e.g. legal validation sector and financial validation sector) – reported in the REA AAR

ANNEX 7: Specific annexes related to "financial management"

Fraud: prevention, detection and correction

EISMEA contributed to the implementation of the revised Commission anti-fraud strategy Action Plan ([42]) by participating in working groups on the: development of corporate data mining and risk scoring tool (action 2), strengthening digital control over service providers and experts to prevent double funding (action 10), and the follow-up of Commission's anti-fraud training enhancement (action 40) regarding a customisable anti-fraud training and "train-the-trainer" initiative.

EISMEA also contributed to the implementation of the Research and Innovation Family common anti-fraud strategy Action Plan, notably to action 1.1. (contributing to the template survey on fraud awareness and perception for staff members of the Research and Innovation Family), and action 1.5 (in the working group developing specific guidelines for beneficiaries on grants for financial support to third parties (cascading grants)).

Other results achieved during the year thanks to the anti-fraud measures in place can be summarised as follows:

- Enhanced skills for effective prevention and detection of potential fraud cases through anti-fraud trainings, which led to the increase in number and quality of notes transmitted to OLAF.
- Improved responsiveness of the Agency to potential cases of fraud and clarity of process following the adoption of a dedicated manual of procedures chapter consolidating anti-fraud matters.

([42]) COM(2023)405-11 July 2023.

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 Commission anti-fraud strategy ([43]) aimed at the prevention, detection and correction ([44]) of fraud		
Indicator 1: Implementation of the actions included in the agency's anti-fraud strategy over the strategy's lifecycle. **Source of data:** EISMEA's annual activity report, EISMEA's anti-fraud strategy, OLAF reporting		
Baseline 2022 (year preceding the strategy's adoption)	**Target** 2026 (last year of the strategy's lifecycle)	**Latest known results** (situation on 31/12/2025)
0% of action points implemented	100% of due actions implemented on time	82%

Main outputs in 2025:			
Description	**Indicator**	**Target**	**Latest known results** (situation on 31/12/2025)
Anti-fraud awareness training sessions	Number of training sessions organised within the year	twice per year - as per EISMEA's anti-fraud strategy	Two training sessions on fraud risk awareness were organised in Q2 and Q4.
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	6 months after the issuance of OLAF report + upon request by OLAF, in the context of the yearly monitoring exercise	Reporting on the implementation of recommendations has been done in a timely manner: 6 months after the issuance of an OLAF report, upon request, in the context of the yearly exercise.

([43]) Communication from the Commission 'Commission Anti-Fraud Strategy: enhanced action to protect the EU budget', COM(2019) 176 of 29 April 2019 – 'the CAFS Communication'; Communication from the Commission "Commission Anti-Fraud Strategy Action plan – revision 2023" COM(2023) 405 of 11 July 2023 – "the Communication on the 2023 revision" – and the accompanying revised action plan, SWD(2023) 245– "the revised Action Plan".

([44]) Correction of fraud is an umbrella term, which refers in particular to the recovery of amounts unduly spent and to administrative sanctions.

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 multiannual 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.

Non Horizon Europe and non H2020 programmes

EISMEA is in charge of the audits on the legacy programmes COSME, Consumer and Standardisation and of SMP and I3 part of MFF 2021-2027. EISMEA finalised the implementation of the Ex-Post Strategy covering the period 2016-2024.

The results are presented in the table below.

Multi-annual key indicators (ex-post controls 2014-2025)	COSME MFF 2014-2020	CP MFF 2014-2020	SMP MFF 2021-2027
Number of ex-post controls including value based and risk based audits	135	24	17
Ineligible costs = detected error amount in value based audits	1.282.729	320.478	101.967
Cost accepted and paid ex-ante tested in value based audit	52.102.529	6.386.010	13.851.734
Detected error rate	**2,46%**	**5,02%**	**0,74%**
Errors corrected (AURI's completed before 31.12.2025) in value based audits	1.267.214	195.028	70.517
Errors not corrected in value based audits	15.515	125.450	31.450
Uncorrected error rate	0,03%	1,96%	0,23%
% audited including value and risk based audits	13,05%	17,44%	6,68%
% not audited	86,95%	82,56%	93,32%
Cumulative residual error rate = (% audited * uncorrected error rate) + (% non audited * detected error rate)	**2,14%**	**4,49%**	**0,70%**

Table: Multi-annual Cumulative Residual Error rate COSME; Consumer and SMP

COSME 2014-2020

The last audit report on COSME programme was closed. Three audits remain to be implemented, which will have little impact on the residual error rate.

EISMEA closed 135 audit reports at programme level on a cumulative basis. The cumulative residual error rate of the programme at the end of 2025 is 2,14% compared with 2.18% at the end of 2024.

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

EISMEA finalised all audit reports on the Consumer programme by end of 2024. In 2025, the implementation of audit results led to a decrease of the cumulative residual error rate from 4.87% at the end of 2024 to 4.49%. There were no more payments for the Consumer Programme in the relevant expenditure of the year.

The programme meets the cumulative criteria to fall below the “de minimis rule”, therefore EISMEA does not make a quantified reservation.

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%.

SMP 2021-2027

EISMEA started the implementation of the Ex-post audit Strategy for SMP and I3.

The first 17 audits carried out on SMP have been finalised leading to a detected error rate of 0.74%. As the audits were closed in the second half of the year, some the audit results are under implementation. The cumulative residual error rate of the programme is 0.70%, below the materiality threshold.

The main source of errors are the personnel costs, as beneficiaries did not take full advantage of the simplifications introduced. Many of them continued calculating personnel cost based on actual productive time which is some cases is above the threshold set of 215 days. Further some beneficiaries did not comply with the principles on procurement when selecting external suppliers.

EISMEA contracted additional 14 audits on SMP, with fieldwork carried out for 13 by year end and 5 preliminary audit reports received from the external audit firm. One was approved for contradictory.

I3 2021-2027

On I3, due to lack of auditable population, the first audit sample is planned for 2026.

Horizon 2020 and Horizon Europe

a) Audit coverage

By the end of 2025, the Common Audit Service (CAS) in DG Research and Innovation audited 5 644 H2020([45]) and 140 Horizon Europe([46]) participations **of the Research and Innovation Family**, covering, respectively, 64.55% and 8.90% of total expenditure to date.

The percentage of H2020 expenditure covered by the audits (64.55%) refers to the value of the participations of the audited beneficiaries. It includes both fully audited participations (3.95%), 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 (60.60%). For Horizon Europe, the total coverage is 8.90%, of which 0.70% is 'direct' coverage and 8.20% is 'indirect' coverage.

b) Audit target for 2025

The CAS managed to finalise audits on 394 H2020 participations corresponding to 103.4% of the 2025 target. Moreover, 150 Horizon participations were audited, corresponding to 100.7% of the 2025 target.

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

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

The highest priority has been set on communication, both external and internal. Dedicated webinars and trainings addressed to beneficiaries have been organized all along the year for Horizon Europe. Besides, In the context of the Client centricity project (CCP), the error-rate reduction campaign launched in 2024 continued, with three additional rounds of personalised notifications sent to the most error-prone beneficiaries approaching their reporting deadlines. These notifications were revised to maximise their impact and included practical tips on how to avoid the most common errors. Moreover, the Horizon Europe Learning Framework -launched in early 2024 - continued and the internal trainings enforced in EU Learn were followed by 2126 colleagues in 2025. The aim of the learning framework is to empower users to make optimal use of IT tools and contribute to improving and streamlining controls.

Regarding the increased use of simplified cost options, the Commission has implemented the European Court of Auditors' recommendations on lump sum grants published in its 2022 annual report, in line with the expected target dates. In particular, the Commission has put in place an ex-post control strategy for lump sum grants, developing a methodology for ex-post technical

([45]) The Horizon 2020 audit campaign started in 2016. At this stage, six Common Representative Samples with a total of 948 expected results have been selected. By the end of 2025, cost claims amounting to EUR 61.3 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.

([46]) The Horizon Europe audit campaign started in 2024. At this stage, one Common Representative Sample with a total of 207 expected results have been selected. By the end of 2025, cost claims amounting to EUR 9.1 billion have been submitted by the beneficiaries to the services. In addition to the Common Representative Samples, Risk-based Samples have also been selected.

reviews that goes beyond the previous project monitoring and checks the accuracy of projects against evidence in the technical supporting documents.

In 2025, 32 of the 33 ex-post technical reviews launched at the level of the R&I family were completed. More specifically,

- The three reviews under **Horizon 2020** were completed without findings.
- 29 of 30 reviews under **Horizon Europe** were completed, out of which:
    - 28 without findings,
    - one with findings, and
    - one pending for finalisation in January 2026.

Out of the reviews launched under Horizon Europe, four were carried out by EISMEA. Furthermore, three additional reviews were agreed with the relevant Executive Agencies to be launched in early 2026.

The preliminary results suggest, as expected, that lump sums result in fewer errors. Since only relatively few lump sum projects have been subject to an ex-post technical review so far, these results are not statistically significant yet and will need to be corroborated by further reviews as part of the multi-annual ex post control strategy.

At this stage, the overall error rate for Horizon Europe remains nearly entirely determined by the estimated error rate on cost-reimbursement grants. With the share of lump sum grants and payments gradually increasing, the lower error rate on lump sum grants is expected to lead to a lower overall error rate in the future.

The Commission has also made further updates to the expert briefing, internal training, and internal guidance for call coordinators and project officers regarding terminology, acceptance of work packages, and documenting the budget assessment, as well as updating the guidance on how to describe activities in work packages in the Horizon Europe standard proposal templates. All relevant support and guidance on lump sums are available online in one place for internal and external users, respectively. This includes all internal and external events of the information campaign, including the three webinars for external participants on how lump sum grants function, three internal training sessions for PO's on how to manage lump sum grants and proposals, and two training session for call coordinators of lump sum topics all held in 2025. Tools and guidance are continuously improved following the feedback received, for example the detailed budget table and FAQs.

In line with the action plan, DG RTD is proceeding with the roll-out of lump sums in Horizon Europe. Lump sums accounted for more than 35% of the overall call budget for the 'main' work programme for 2025 and reached the goal of at least 50% of the call budget in the 'main' work programme 2026-2027, adopted in December 2025.

The Horizon Europe mid-term evaluation, adopted on 30 April 2025, complemented existing assessments of lump sum funding with further data and analysis (e.g. to quantify the administrative savings). In addition, it confirmed that lump sum grants help avoid financial errors while safeguarding the EU's financial interest and help shift the focus during the implementation stage from financial controls to the project's content, and that controls have been effective and lead to some reductions at evaluation and payment stage, which is reassuring with regard to safeguarding public finances.

The uptake of the personnel unit cost scheme, launched in May 2024 as an additional simplified cost option, remained limited in 2025 (5 beneficiaries opted for it so far). Nevertheless, unit costs offer simplification potential. Therefore, the CIC is continuing to reflect on possibilities for further improvement to increase the attractiveness of the measure for beneficiaries under the next Horizon Europe programme, while keeping any improved methodology as lean and simple as possible.

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

As a participant in the Arachne+ working group, DG RTD is actively contributing to the business development of the system. Starting from the next MFF, the provision of data will be mandatory for all EU services for Arachne+. RTD users and data will be onboarded in Phase 4 of the project, scheduled to begin in mid-2026 (provisionally). Further details on this integration will be discussed and finalized as the project timeline approaches.

Finally, DG RTD developed a technical solution to identify entities linked to high-risk suppliers, using Orbis data and information theory algorithm. DG RTD also deployed an initial version of a tool designed to identify entities worldwide that are owned by Russian entities.

Effectiveness of controls

Control benefits

Stage 1

The agency estimates the benefits of the Stage 1 – programming, evaluation and selection of proposals at EUR 144,485,359. Evaluations are ongoing in some calls and eligibility of all applicants has therefore not yet been assessed.

STAGE 1	Horizon Europe	H2020	COSME	Consumers	Standardisation	SMP	ERDF	TOTAL
	2021-2027	2014-2020	2014-2020	2014-2020	2014-2020	2021-2027	2021-2027	
Indicative calls budget	€ 1,083,500,000	€ -	€ -	€ -	€ -	€ 118,673,567	€ 56,800,000	€ 1,258,973,567
Total requested funding in proposals	€ 15,350,623,678	€ -	€ -	€ -	€ -	€ 144,391,855,808	€ 614,057,870	€ 160,356,537,355
Requested funding ineligible proposals (=Benefit)	€ 226,486,713	€ -	€ -	€ -	€ -	€ 144,172,313,041	€ 86,559,493	€ 144,485,359,247

Table 1: Control benefit – Stage 1

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. The agency estimates the benefits of the Stage 2 – contracting at EUR 6,237,609.

STAGE 2	Horizon Europe	H2020	COSME	Consumers	Standardisation	SMP	ERDF	TOTAL
	2021-2027	2014-2020	2014-2020	2014-2020	2014-2020	2021-2027	2021-2027	
EC funding requested in proposals	€ 589,764,033	€ -	€ -	€ -	€ -	€ 274,978,416	€ 80,205,918	€ 944,948,368
EC funding provided in signed GA	€ 590,457,659	€ -	€ -	€ -	€ -	€ 268,113,010	€ 80,140,090	€ 938,710,759
Difference EC funding	-€ 693,626	€ -	€ -	€ -	€ -	€ 6,865,407	€ 65,828	€ 6,237,609
Reduction rate	0.00%	0.00%	0.00%	0.00%	0.00%	2.50%	0.08%	0.66%

Table 2: Control benefit – Stage 2

Stage 3

The ex-ante controls aim to identify and prevent irregularities, allowing for immediate correction and avoid time-consuming recovery actions. The agency estimates the benefits of the Stage 3 – monitoring and implementation at EUR 10,914,145,.

STAGE 3	Horizon Europe	H2020	COSME	Consumers	Standardisation	SMP	ERDF	TOTAL
	2021-2027	2014-2020	2014-2020	2014-2020	2014-2020	2021-2027	2021-2027	
Payments made	717,463,404.42 €	52,984,762.46 €	929,200.32 €	- €	2,415,466.69 €	152,733,877.23 €	56,997,486.54 €	€983,524,198
Value accepted costs	707,828,870.67 €	52,124,218.02 €	928,558.19 €	- €	2,415,466.69 €	152,315,452.97 €	56,997,486.54 €	€972,610,053
value rejected costs	9,634,533.75 €	860,544.44 €	642.13 €	- €	- €	418,424.26 €	- €	€10,914,145
% detected errors ex-ante controls	1.34%	1.62%	0.07%	0.00%	0.00%	0.27%	0.00%	1.11%

Table 3: Control benefit – Stage 3

The benefits of ex-ante control stages 1, 2 and 3 are quantified by the reduction equal to EUR 144,502,511,000.

Stage 4 – Non-Horizon Programmes

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 115.594 for COSME and SMP.

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.

Programme	Audit reports contracted earlier, still open at 01/01/2025	Audit reports launched in 2025	Final audit reports issued by 31/12/2025	Status of the on-going audits as of 31/12/2025			
				Fieldwork planned	Prepare the draft report	Draft report under review	Report under contradictory
COSME MFF 2014-2020	1	0	1	0	0	0	0
SMP MFF 2021-2027	17	14	17	1	8	4	1
TOTAL	18	14	18	1	8	4	1

Table XX: Overview of audits

Horizon 2020 and Horizon Europe

As regards Horizon 2020, the audits are performed by the Common Audit Service. Please refer to DG RTD AAR for more details. The CAS managed to finalise audits on 394 H2020 participations corresponding to 103.4% of the 2025 target. Moreover, 150 HORIZON participations where audited, corresponding to 100.7% of the 2025 target.

Implementation of audit results

Implementation of audit results excluding targeted audits (ex-post controls 2014- 2025)	COSME	CP	SMP
% of value-audits results implemented over detected errors	98,79%	60,86%	69,16%
detected error amount	1.282.729 €	320.478 €	101.967 €
errors corrected (before 31.12.2025)	1.267.214 €	195.028 €	70.517 €

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 2025, on a cumulative basis from the beginning of the programme, 98,79% of the detected errors in value-based audits is recovered. For the Consumer Programme, by the end of

2025, on a cumulative basis 60,86% of the detected errors in value-based audits is implemented. Implementation is still ongoing for one audit report.

For SMP, being at the beginning of audit lifecycle, most audits are carried out on interim payments. In these cases, the audit is implemented quickly as the adjustments are injected automatically in the next reporting period. This explains the high implementation rate (69.16%), despite the audits were closed in the second half of the year.

The following tables illustrate the implementation of the audit results and extensions for Horizon Europe and 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	353	91,69%	32	8,31%	385
Extensions	213	83,53%	42	16,47%	255
Total	566	88,44%	74	11,56%	640
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	**50**	**55,56%**	**40**	**44,44%**	**90**
negative adjustments with recovery	3	11,54%	23	88,46%	26
negative adjustments without recovery	5	35,71%	9	64,29%	14
positive or zero adjustments	42	84,00%	8	16,00%	50
On-going projects	**64**	**98,46%**	**1**	**1,54%**	**65**
negative adjustments	19	95,00%	1	5,00%	20
positive or zero adjustments	45	100,00%	0	0,00%	45
Total	**114**	**73,55%**	**41**	**26,45%**	**155**

A. 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;
- 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.

1. 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 2025:

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)

No cases in EISMEA.

2) cases of "confirmation of instructions" (FR art 92.3)

No cases in EISMEA

3) cases of financing not linked to costs (FR art 125.3)

To note that there is a Responsible Authorising Officer (RAO) decision ([47]) allowing the possibility to use financing not linked to costs for funding Women TechEU actions (with EU

([47]) https://ec.europa.eu/info/funding-tenders/opportunities/docs/2021-2027/horizon/guidance/ls-decision_he-womentecheu_en.pdf

grants provided directly by EISMEA until 2023), yet the implementation setup of these actions has led to select a consortium to implement it indirectly ([48]), 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)

No cases in EISMEA.

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

According to the Horizon 2020 and Horizon Europe Rules for Participation ([49]), indirect eligible costs of Horizon 2020 and Horizon Europe grants are 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. It is the basic act that derogates from the Financial Regulation. This applies to all Horizon 2020 and Horizon Europe grants in the department. Article 35(1) of Regulation 2021/695 establishing Horizon Europe – the Framework Programme for Research and Innovation, laying down its rules for participation and dissemination states 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 sum which include indirect costs.

All projects financed under the Enterprise Europe Network calls (SMP-COSME-EEN-2021 and SMP-COSME-EEN-2024) have a flat rate of 25% for indirect cost, as specified in the SMP regulation and the work programmes / call documents deriving thereof.

6) Cases of Derogations from the principle of non-retroactivity pursuant to Article 196 of the financial regulation.

69 grant agreement(s) entered into force in 2025 **derogated from the principle of non-retroactivity pursuant to Article 196 of the Financial Regulation.** 46 of those grant agreements was under Horizon and 23 cases belongs to the SMP.

7) cases of financial support to third parties >EUR 60 000 (FR art 207)

- For HORIZON-EIE-2021-SCALEUP-01-03: WomenTechEU, see page 36 of EIE WP 2021-2022.

- For HORIZON-EIE-2022-SCALEUP-02-02: WomenTechEU, see page 45 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.

([48]) More information about the implementation of Women TechEU actions can be found here

([49]) 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.

- 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)

No cases in EISMEA.

2. 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)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
Segment of expenditure (as in Table X) / Relevant Control System (RCS) / Other as defined in Annex 6 of the AAR*	EC total costs	related payments Made	Ratio (%)** *(a)/(b)*	EC total costs	total value verified and/or audited	Ratio (%) *(d)/(e)*	EC total estimated cost of controls *(a)+(d)*	Ratio (%)** *(g)/(b)*
RCS 1 - Horizon Europe - Grants (2021-2027)	14,191,402.28 €	707,828,870.67 €	2.00%	- €	- €	0.00%	14,191,402.28 €	2.00%
RCS 1 - Horizon 2020 - Grants (2014-2020)	1,045,048.85 €	52,124,218.02 €	2.00%	- €	- €	0.00%	1,045,048.85 €	2.00%
RCS 1 - COSME Grants (2014-2020)	41,662.04 €	928,558.19 €	4.49%	- €	- €	0.00%	41,662.04 €	4.49%
RCS 1 - Consumer Grants (2014-2020)	- €	- €	0.00%	- €	- €	0.00%	- €	0.00%
RCS 1 - Standardisation Grants (2014-2020)	108,375.85 €	2,415,466.69 €	4.49%	- €	- €	0.00%	108,375.85 €	4.49%
RCS 1 - SMP Grants (2021-2027)	7,149,186.97 €	152,315,452.97 €	4.69%	- €	- €	0.00%	7,149,186.97 €	4.69%
RCS 1 - ERDF Grants (2021-2027)	1,138,686.92 €	56,997,486.54 €	2.00%	- €	- €	0.00%	1,138,686.92 €	2.00%
RCS 2 - Procurement (including prizes and experts) All programmes	849,250.28 €	60,084,016.28 €	1.41%	- €	- €	0.00%	849,250.28 €	1.41%
Overheads (not attributable to a single programme)	5,592,534.52 €		0.00%	576,657.00 €	14,859,708.00 €	3.88%	6,169,191.52 €	0.00%
OVERALL total estimated cost of control at EC level for expenditure	**30,116,147.72 €**	**1,032,694,069.36 €**	**2.92%**	**576,657.00 €**	**14,859,708.00 €**	**3.88%**	**30,692,804.72 €**	**2.97%**

Both ex ante control and ex-post control ratios remain relatively stable. Compared to 2024, ex-ante controls ratio slightly decreased (from 2.98% to 2.92%) Ex-post controls ratio decreased from 4.05% to 3.88% due to higher total verified amount.

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.

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

DG IAS AUDITS

IAS audit	Status and results
Procurement in EISMEA	The objective of this audit was to assess if the governance, risk management and internal control framework set-up by EISMEA for its procurement activities are adequately designed, efficient and effective and provide reasonable assurance that the key internal control objectives are achieved. The final report was received on 09/12/2025 and it included one very important recommendation to EISMEA which relates to the reinforcement of the checks on (potential) conflict of interest aspects. More specifically, as part of the procurement procedure, to request information from parent DGs on external experts involved in preparation and to update supporting guidance for the evaluation committee. The guidance should remind the committee to check for potential conflicts of interest among tenderers and external experts or ad hoc expert groups. An Action Plan was agreed with DG IAS and will be duly implemented in 2026.
Horizon Europe - EIC grant agreements preparation and award procedures in EISMEA and DG RTD	The objective of the audit was to assess whether EISMEA and DG RTD designed and implemented adequate, effective and efficient internal control processes for the grant agreements preparation and award procedures under the European Innovation Council programme, ensuring compliance with the applicable rules. The final report was received on 22/12/2025 and it included one critical recommendation addressed to EISMEA and DG RTD and four very important ones. The recommendations target five key areas for improvement: the design and implementation of the EIC GAP Phase controls (Very Important), the revision of i) the Time-to-Grant indicator reporting (Very Important), ii) the Award Decision process (Very Important) and iii) the Amending Award Decision process (Critical), and the reinforcement of the budget monitoring and the formal transmission of the award decisions to the European Investment Bank (Very Important). The recommendation on the revision of the Award Decision process, resulted in the reservation in Annex 9, affecting the Declaration of assurance of the Director. A Joint EISMEA and DG RTD Action Plan has been agreed with DG IAS and will be duly implemented in 2026. EISMEA and DG RTD are committed to implementing corrective actions to mitigate any findings and related risks in the shortest period of time.

ECA AUDITS ON THE ADMINISTRATIVE (OPERATING) BUDGET

The audit on the reliability of EISMEA's 2024 accounts confirmed the reliability and legality of EISMEA's financial operations. However, the Court also highlighted control weakness regarding a direct contract to reassess the eligibility of costs claimed. EISMEA has taken corrective actions to address these shortcomings. These points do not call the Court's positive opinion into question and were properly addressed in EISMEA's replies and actions. The implementation of the corrective measures will be assessed by the Court in the audit on the reliability of EISMEA's 2025 accounts in 2026.

ECA AUDITS ON THE OPERATIONAL BUDGET

The ECA sampled six transactions for EISMEA in the context of the Declaration of Assurance (DAS) 2024 with the following results:

- for five 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.

As regards the DAS 2025, the ECA sampled eight transactions with following results:

- for three audits the error rate was 0.00%.
- five audits are ongoing.

Please see below the detailed list of ECA audits performed on the operational budget in the context of the DAS2024 and DAS2025.

Results EISMEA DAS 2024 (6 transactions sampled)						
Project reference	**Transaction number**	**Parent DG**	**Error rate**	**Results**	**Responsible Unit**	**Corrective action implemented?**
964998 - DECODE-AG - H2020 /=RP2	3110	CNECT	1,98 %	Clearing letter 74257 12/07/2024 The Agency agreed with ECA's finding. The closure letter is 04/09/2024.	E01/C01.1	AURI-964998-CCIA000145-899964255-1
768977 - CHIST-ERA III - H2020-/=RP2=FP	3115	CNECT	0,00 %	Clearing letter -74262 03/02/2025. No findings	E01/C01.1	
190119214 - PERSEUS MAP - HE Accelerator grant /=RP1 and RP2 (flat rate)	3205	RTD	0,00 %	Clearing letter 74273 12/07/2024. No findings	E03/C01.1	
967968 - SepTec - H2020 (RP 2)	3125	RTD	0,00 %	Clearing letter 74289 07/11/2024. No findings	E03.2/C01.1	
SERVICE CONTRACT RTD/2020/OP/006 - EIC BUSINESS ACCELERATION	3250	RTD	0,00 %	Clearing letter 74382 03/04/2025. No findings	E-BAS/C.01.3	
101074047-ALLIANCE (SMP-COSME-2021)	3318	GROW	0,00 %	Clearing letter 74536 08/05/2025. No findings.	I02.3/C01.2	

Results EISMEA DAS 2025 (8 transactions sampled)						
Project reference	**Transaction number**	**Parent DG**	**Error rate**	**Results**	**Responsible Unit**	**Corrective action implemented?**
190138422 LED-foil-display (HE)	3201	RTD			E3/C1.1	
EISMEA/2022/OP/0022- SPIN4EIC - DELLOITTE - IP2	3203	RTD	0,00 %	CL 74976; - 10/11/2025	C.01.3	n.a.
101047131 NEUROSENSE	3210	RTD	0,00 %	CL 75030; - 20/10/2025	E1/C1.1	n.a.
190180588 ASEC	3257	RTD	0,00 %	CL 75034; - 05/12/2025	E3/C1.1	n.a.
190143920 SEQURE QR CODE	3258	RTD			E3/C1.1	
101017915 DIGIPREDICT	3147	CNECT			E1/C1.1	
101095912 COBIOE (lump sum)	3271	RTD			I1/C1.2	
101052568 EEN FLANDERS	3327	GROW			I2/C1.2	

ECA SPECIAL REPORTS

During the year, the ECA undertook one performance audit involving EISMEA:

- Effectiveness of Horizon 2020 in fostering European industrial leadership (ongoing)

As of the date of signature of this report, the special report has not been concluded. Any recommendations addressed to EISMEA that might arise from this audit will be addressed accordingly in 2026.

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.

BUSINESS CONTINUITY

EISMEA conducted a Business Impact Analysis and revised its Business Continuity Plan and its annexes in 2025. The purpose of this revision was to update the already existing BC plan in light of changes within the Agency's environment and in line with the Secretariat-General's business

continuity methodology. The revised version ensures that EISMEA's Business Continuity Plan remains robust, clear, and effective, supporting Staff in case of a major business disruption.

EISMEA keeps the list of priority staff as well as the Continuity Management Team in the corporate IT tool up to date to ensure Business Continuity in emergency situations. In line with the BCP, EISMEA continuously monitors that all the Priority functions and their backups are logged into the relevant corporate NOAH IT tool. Moreover, the Agency monitors any missing contact details through automatic "sanity checks" emails from the corporate IT tool. In case of discrepancies, the responsible team follows up with the relevant staff.

To ensure business continuity in crisis situations, EISMEA set up a fully operational network of duty officers. In 2025, all EISMEA Duty Officers were reminded of their responsibility with 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. The duty officers follow a rotation scheduling system, exchanging the phone on a monthly basis. Information is kept up to date in the corporate IT system.

In addition, EISMEA participated in the corporate Desk officer test exercise conducted on 16 December 2025 to check the desk officer system. The Desk officers received the NOAH message on their mobile phone and email and responded within the time limit.

EISMEA staff was reminded of the use of the business continuity cascade in the Business Continuity Plan. The purpose was to raise awareness of the importance of having an up-to-date telephone list across the Agency in case of business disruption.

INTERNAL CONTROL AWARENESS-RAISING ACTIVITIES

The Manual of Procedures that was initially published in 2022 – a single repository and reference point for all EISMEA's working processes and procedures - was further maintained and updated in 2025. This 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 are widely communicated to management and staff on a regular basis.

As a part of the Agency's awareness raising and communication activities, the Internal Control Team continued 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 first kick-off meeting of the year was conducted on 28.03.2025 and on 06.11.2025. A third meeting, held in the form of an explanatory video, was published and shared with the IC Network members on 19.12.2025. Further meetings will be held during 2026.

As part of the awareness campaigns, the IC Team continued poster campaigns with best practices and mistakes to avoid when dealing with IT tools and expert management. More posters about different topics will be created in 2026.

Furthermore, the IC Team continued to use the Agency Intranet to share relevant information, upcoming workshops and important trainings with all staff.

INTERNAL CONTROL MONITORING CRITERIA

In 2025, EISMEA had 36 Internal Control Monitoring Criteria (ICMC). 12 of the indicators were measured through the Agency's Internal Control Survey, which assesses the functioning of the internal control system. In total, 31 indicators reached the target set for 2025. To address these shortfalls, the agency agreed on a series of actions to implement in 2026. These Actions form part of the Action Plan 2026.

EXCEPTIONS, NON-COMPLIANCE EVENTS AND INTERNAL WEAKNESSES

EISMEA updated its procedure on reporting of exceptions and non-compliance events, clarifying the process and simplifying the workflow. The procedure was published on the Intranet, as well as a step-by-step guide on how to report ENC events, and a video presentation was made available to all Staff.

EISMEA registered nine non-compliance events and three exception requests in 2025. Each reported deviation includes mitigating actions defined by the reporting sector/unit for follow-up. Following individual assessments, none of these are deemed to have a significant impact on the overall management assurance. All cases have been reported in the corporate tool CENTRICS. For each semester of 2025, EISMEA prepared an overview analysis of the reported deviations during the timeframe to made sure that all the action plans were properly followed up.

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 IT Tools and experts' management). To tackle repetitive causes of non-compliance events, a training on expenditure lifecycle remained obligatory for newcomers.

RISK ASSESSMENT

EISMEA executed two risk assessment exercises to identify and evaluate risks at various organisational levels. In April, EISMEA launched the mid-year review of the 2025 Agency's Risk Register. Eight risks were identified at agency level, each having a defined mitigating action plan. No critical risks were identified. In September, the agency then launched the 2026 Risk Register exercise. All eight risks were identified at agency level, each with an updated mitigating action plan. No critical risks were identified. All agency risks have been encoded in the corporate IT tool used for risk monitoring. EISMEA adapted its internal procedures on risk assessment to reflect the changes in the process concluding that the relevant Risk Registers for all department are kept up to date and the Agency Risk Register is finalised.

REPORT ON ISSUES LINKED TO AUDIT, INTERNAL CONTROL, ANTIFRAUD ACTIVITIES

EISMEA reports on activities as part of the mid-year report and Annual Activity reports each year to parent DGs and the Steering Committee. The reports include all relevant information submitted on time and available. Mid-year report (30.06.2026) and Annual Activity report (31.03.2026).

INTERNAL CONTROL SELF-ASSESSMENT

For the Internal Control Assessment, EISMEA used the following sources:

- results of an Internal Control Survey for Staff and Managers,
- assessment of the Internal Control Monitoring Criteria
- follow up on the implementation of the actions in the 2025 Action Plan based on the Internal Control Self-Assessment
- conclusions on the Register of exceptions and non-compliance events recorded during the year,
- results of the Risk Assessment exercise and related Action Plan,
- relevant audit results,
- results of the monitoring of the anti-fraud action plan,
- declarations of assurance by Authorising Officers by sub-delegation.

Each year the Team.C-Control, as part of the overall IC Assessment exercise, conducts two internal Surveys (one for Staff and one for Management) in order to assess the functioning of the IC system.

Based on an analysis of the results of the Internal Control survey (participation rate 83% for Management, 38% for Staff), it was concluded that while the controls in place are mostly working effectively, some need improvements (overall, 73% of Management and 73% of Staff respondents answered positively).

In the Survey, a total of 12 questions were asked (indicators), and the results showed that eight indicators reached the target set for 2025 and four indicators did not. For the four indicators that did not reach target, 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) drafted a series of Actions to take in 2026.

Based on the above-mentioned sources, EISMEA concluded that the Internal Control Framework in the Agency works overall effectively but the ICP 10, 11, 12 and 13 need improvement. Based on the Internal Control survey results and other sources, the Action Plan 2026 has been put in place to improve the Internal Control Principles.

For Principle 10: A reservation has been issued by RTD regarding the rate of residual error in grant payments in the Horizon Europe Framework Programme, directly implemented by EISMEA. At the end of 2025, the residual error rate was significantly above the 2% materiality threshold foreseen for the multi-annual period. Most of the errors relate to incorrect claims for actual personnel costs, mainly due to beneficiaries' incorrect application of the Horizon Europe rules, despite the introduced simplifications. Newcomers and small and medium-sized enterprises (SMEs) are more prone to errors compared to more experienced or larger beneficiaries. Due to the relatively small number of ex-post audits and technical reviews completed by the end of 2025, the error rate calculation is highly sensitive to few extreme results. Excluding the latter cases, the Representative Error Rate would be below the materiality threshold of 2%. EISMEA has introduced the reservation in the corporate tool CENTRICS. DG RTD is responsible for the mitigating actions. EISMEA will follow the development of the reservation in the future.

For Principle 11: indicator 11.1, measured through the Internal Control survey, showed a deficiency as IT key roles and responsibilities (business owner Sector C.02.2 and LISO/LSO) are not always known in the Agency. The Agency took immediate action and updated the relevant Intranet page on IT Security Essential. Furthermore, it has already been agreed that the SharePoint site will be further improved in 2026, and a presentation to the management will be held in 2026 to clarify the points about IT key roles and responsibilities. The actions are part of

the Action Plan 2026.

For Principle 12: During the year, EISMEA was subject to two IAS Audits.

Public Procurement in EISMEA (IAS.C1-2024-EISMEA-001): The final audit report was issued on 09.12.2025. The audit led to 1 very important, and 3 important recommendations.

Horizon Europe – European Innovation Council (EIC) grant agreements preparation and award procedures in EISMEA and DG RTD: The final audit report was issued on 22.12.2025. The Audit led to 1 critical and 4 very important recommendations for EISMEA and DG RTD.

EISMEA will implement the agreed Action Plans for both audits according to the timelines.

For Principle 13: The Internal Control Survey revealed that staff does not consider that the information and working documents in the Agency are pertinent, useful and kept up to date. There are notable difficulties with the accessibility, relevance, and timeliness of information and working documents within the Agency. Although initiatives like improvements to the Manual of Procedure are appreciated, they are often slowed by heavy workloads and inefficient update workflows. Appropriate mitigating actions were identified in the Action Plan 2026.

Key Actions to take for the principles as defined in the 2026 Action Plan:

Principle 10: As DG RTD is the lead service, EISMEA will follow the mitigating measures identified at the level of the R&I Family below. Moreover, the Agency identified other mitigating actions to implement within the principle. EISMEA will conduct a Signal Cascade exercise during the year related to Business Continuity and a revised Staff selection procedure from HR will be adopted.

Principle 11: The SharePoint page on EISMEA's Intranet regarding the IT Security Policies will be further improved and elaborated and a joint intervention of the HoS IT and the LSO will be made in one of the Management Meetings in 2026 to clarify the points about IT key roles and responsibilities.

Principle 12: EISMEA will implement the Action Plans related to IAS Audits on the EIC GAP and Public Procurement. Progress will be tracked in the relevant DG IAS IT tool.

Principle 13: With the objective to keep working documents up to date the Internal Communication and Corporate Culture team in EISMEA will conduct a training session in 2026 for Unit's Intranet correspondents about the use of features on the Intranet. Involve the Director with key messages to the management about the necessity to check and update procedures and the ICCC team will check the content of the intranet for accuracy.

The main weaknesses identified under Internal Control Principles 10, 11 and 12, leading to Component III (Control Activities) being assessed as *"present and functioning but some improvements are needed"*, relate largely to the reservation stemming from the results of the ex-post controls on Horizon Europe and the reservation arising from the IAS audit on EIC Grant Agreement Preparation (GAP).

The action plan foreseen to reduce Horizon Europe representative error rate includes the following dedicated initiatives:

1. **Tour des capitales initiative**

Starting from 2026, a new action is launched with the initiative of the CIC, consisting of on-site visits to MS capitals, reaching directly to beneficiaries and presenting a variety of topics including the recent changes in the work programmes, the modalities of new simplified ways of declaring costs (specifically lump sums and personnel unit costs), and also raising awareness about several reporting obligations including how to declare personnel costs in actual cost grants and the use of the personnel cost wizard (developed for explaining the correct way to calculate personnel costs, which is the most common source of errors).

2. **Joint RIAN-RINEC meetings**

In 2026, we are launching extended meetings between the Research and Innovation Auditor's Network (RIAN) together with the Research and Innovation Ex-Ante (RINEC) practitioners group. Our aim is to have a bidirectional feeding of the experience between ex-post and ex-ante controls and raise awareness for the ex-ante practitioners community to be able to inform beneficiaries in advance on how to avoid common errors. Examples of the collaboration between auditors and ex-ante controls are: the explanations included in the personnel wizard and suggestions in the text used for the messages sent as part of the error awareness campaigns targeting specific type of beneficiaries etc.

3. **Finetuned and extended error rate campaign**

The error campaign has become standard practice driven by the CIC. We have established a regular procedure to inform beneficiaries on a quarterly basis with tailor made messages targeting their status and based on an analysis of the error-prone profile (newcomer, SME, third country). In addition, the campaign is fine-tuned and adapted regularly based on the feedback from the auditors network; a characteristic example is the newly launched campaign to alert beneficiaries of the above categories who have active projects from both H2020 and Horizon Europe projects, about the differences when calculating personnel costs in these two different framework programmes

4. **Focused sessions on Info Days and awareness raising during the R&I Days**

The CIC is participating with dedicated sessions in the Info Days and is also available with personnel during the R&I Days getting into direct contact with beneficiaries and answering all their questions concerning various aspects and phases of project implementation.

Guidance to beneficiaries and implementing bodies

Following the first campaign of ex post controls/audits and technical reviews for Horizon Europe which ended in December 2025, the CIC will prepare an in-depth analysis of the issues and errors most commonly identified, taking into account the particular context of the Horizon Europe programme which (in comparison to Horizon 2020) is by design intended to support riskier areas and types of beneficiaries. This analysis will serve as a basis for providing clarifications in the guidance to beneficiaries and stakeholders as regards the practical implementation of the programme.

As the issue of the error rate affects the entire R&I family, it is evident that it does not originate from deficiencies in the Agency's internal control system and appropriate mitigating measures should be implemented across the programme. EISMEA is confident that the

measures identified by DG RTD on behalf of the R&I family will improve the situation and remains fully supportive of all actions requiring the Agency's collaboration.

Furthermore, EISMEA identified significant strengths in the Internal Control Principles 10 and 11 (all other targets of the relevant Internal Control Monitoring Criteria have been met) and has also implemented several additional measures strengthening Component III – Control Activities, including a revised Business Continuity Plan based on a fully revamped Business Impact Analysis, a significantly updated Control Strategy and a Sensitive Functions Policy.

Regarding the reservation affecting principle 12, the final action plan as agreed with DG IAS addresses the four findings as follows:

1. Critical finding – This relates to the revision of the award decision process. EISMEA has already started implementing mitigating measures by updating its relevant procedures to include all suggested improvements by DG IAS.

2. Very Important – This finding concerns strengthening the design and implementation of controls during the GAP phase. Since the conclusion of the audit, several corrective actions have already been implemented or are ongoing.

3. Very Important – This finding partly concerns the reporting of the Time-to-Grant (TTG) indicator in the AAR, as well as the related issues. Corrective measures have already been implemented to align TTG reporting. An assessment will be performed to identify areas for improvement of planning, processes and IT tools to reduce Time-to-Grant.

4. Very Important – This finding relates to the revision of the amending award decision process.

For all findings, the deadline for implementing the mitigating actions under the Joint Action Plan is no later than the end of 2026, with the actions related to the critical recommendation planned before Q3 and latest end 2026 for the rest.

In addition, under Principle 12, EISMEA has introduced further improvements to its internal controls. In particular, the Agency has revamped its procedures for managing Exceptions and Non-Compliances, including a step-by-step guide for staff and updated templates aligned with CENTRICS reporting requirements. Moreover, the number of deviation cases has decreased from 17 in 2024 to 12 in 2025, reflecting positive progress resulting from the Agency's continuous improvement efforts.

Finaly, several corrective mechanisms have already been established practices in EISMEA, including:

- implementing audit results as recoveries following final payments,
- applying audit results as corrections to interim payments whenever possible, and
- extending audit results to non-audited participations of audited beneficiaries when systematic errors are identified.

These mechanisms contribute to mitigating weaknesses identified through the audit process.

<u>Note on overall assessment</u>

Taking all the above-mentioned elements into consideration, EISMEA considers the impact on Component III to be minor and the overall impact on the Agency's internal control system to be

of the same magnitude. The primary factor affecting the assessment are the reservations themselves. In the absence of other significant issues affecting the Agency as a whole, EISMEA, while acknowledging the seriousness of the two reservations, considers that the overall internal control system as “effective and functioning, but some improvements are needed”.

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

A. Annex related to "Control results" - Table X: Estimated risk at payment and at closure

Table X: Estimated risk at payment and at closure

EA EISMEA	Payments made (2025;MEUR)	minus new prefinancing [plus retentions made] (in 2025;MEUR)	plus cleared prefinancing [minus retentions released and deductions of expenditure made by MS] (in 2025;MEUR)	Relevant expenditure (for 2025;MEUR)	Detected error rate or equivalent estimates	Estimated risk at payment (2025;MEUR)	Adjusted Average Recoveries and Corrections (*adjusted* ARC; %)	Estimated future corrections [and deductions] (for 2025;MEUR)	Estimated risk at Closure (2025;MEUR)
-1	*-2*	*-3*	*-4*	*-5*	*-6*	*-7*	*-8*	*-9*	*-10*
RCS 1 - Horizon Europe - Grants (2021-2027)	707,83	- 483,96	545,54	769,41	4,38% - 4,38%	33,70 - 33,70	0,20% - 0,20%	1,54 - 1,54	32,16 - 32,16
RCS 1 - Horizon 2020 - Grants (2014-2020)	52,12	- 5,63	154,47	200,97	3,83% - 3,83%	7,70 - 7,70	0,93% - 0,93%	1,87 - 1,87	5,83 - 5,83
RCS 1 - COSME Grants (2014-2020)	0,93	0,00	4,06	4,99	2,46% - 2,46%	0,12 - 0,12	0,32% - 0,32%	0,02 - 0,02	0,11 - 0,11
RCS 1 - Consumer Grants (2014-2020)	0,00	0,00	0,00	0,00	0,00% - 0,00%	0,00 - 0,00	0,00% - 0,00%	0,00 - 0,00	0,00 - 0,00
RCS 1 - Standardisation Grants (2014-2020)	2,42	0,00	0,00	2,42	0,80% - 0,80%	0,02 - 0,02	0,00% - 0,00%	0,00 - 0,00	0,02 - 0,02
RCS 1 - SMP Grants (2021-2027)	152,32	- 100,05	102,15	154,41	0,74% - 0,74%	1,14 - 1,14	0,04% - 0,04%	0,06 - 0,06	1,08 - 1,08
RCS 1 - ERDF Grants (2021-2027)	57,00	- 56,10	2,45	3,35	2,00% - 2,00%	0,07 - 0,07	0,00% - 0,00%	0,00 - 0,00	0,07 - 0,07
RCS 2 - Procurement (including prizes and experts) All programmes	60,08	0,00	0,21	60,30	0,50% - 0,50%	0,30 - 0,30	0,00% - 0,00%	0,00 - 0,00	0,30 - 0,30
Sub-total	**1 032,69**	**- 645,73**	**808,88**	**1 195,84**		**43,05 - 43,05**	**0,29% - 0,29%**	**3,49 - 3,49**	**39,56 - 39,56**
operating budget	49,35	0,00	0,00	49,35	0,50% - 0,50%	0,25 - 0,25	0,00% - 0,00%	0,00 - 0,00	0,25 - 0,25
Total EA (operational + operating)	**1 082,05**	**- 645,73**	**808,88**	**1 245,19**		**43,30 - 43,30**	**0,28% - 0,28%**	**3,49 - 3,49**	**39,81 - 39,81**
					Overall risk at payment in %	**3,48% - 3,48%** *(7) / (5)*		**Overall risk at closure in %**	**3,20% 3,20%** *(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 after the preventive (ex-ante) control measures have already been implemented earlier in the cycle. 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.
Retentions: in Cohesion, the 10% retention applied during the year.
(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)*, EISMEA has used 0.5% following DG BUDG instructions.

(8) (9) (10) (11) The adjusted average recovery and corrections percentage is normally based on the 7 years historic Average of Recoveries and financial Corrections (ARC), which is usually the best available indication of the corrective measures a department applied over the past years as a result of ex post controls. However, in the case of entities implementing multi-annual research and innovation programmes where corrections are possible as adjustments to interim payments, the estimated corrective effect of ex post controls is a better indicator of the corrective capacity of the ex-post control systems implemented by the Agency. This corrective effect consists of:
1) the implementation of audit results as actual recoveries once final payments have been made.
2) the implementation of audit results as corrections to interim payments whenever possible.
3) the extension of the audit results to non-audited participations of audited beneficiaries whenever systematic errors are found by the audits."

For other types of expenditure (including procurement, experts, prizes and operating budget) as well as on programmes where the audit cycle was closed or did not commence yet, we assumed that the ex post future corrections would be 0%. *The average amount of the implemented corrections over the past 3 years (2023-2025) is 1,95 million euros (0,16% of the average amount of relevant expenditure of that period), compared to an average amount of estimated future corrections during the same period of 3,1 (million) euros (0,26% of the average amount of relevant expenditure of that period). The deviation of 0,10% between the two averages is considered marginal and can be attributed to the detected errors identified and not yet implemented.*

B. Reservations

1. Reservation fiches

DG	EUROPEAN INNOVATION COUNCIL AND SMEs EXECUTIVE AGENCY (EISMEA)
Title of the reservation, including its scope	Reservation concerning the rate of the residual error within grant payments in the Horizon Europe Framework Programme, implemented directly by EISMEA
Domain	Direct management – grants Horizon Europe
Programme (or other relevant segment) in which the reservation is made and total (annual) amount of this programme	RCS 1 – Horizon Europe – Grants (2021-2027) **Scope Amount (Annual payment of segment):** EUR 707 828 870.67
Reason for the reservation	At the end of 2025, the residual error rate is significantly above the 2% materiality threshold foreseen for the multi-annual period.
Materiality criterion/criteria	The materiality criterion is the residual error rate, defined as the level of errors that remain undetected and uncorrected by the end of the management cycle. The control objective is to ensure that the residual error rate in the overall population is below 2% at the conclusion of the management cycle. If the residual error rate remains above 2% at the end of a reporting year within the Framework Programme's management lifecycle, a reservation will be made.
Quantification of the financial impact (amount at risk)	Quantified The financial impact is calculated by multiplying the residual error rate (4,18%) by the relevant expenditure of HE payments related to grants processed by EISMEA in 2025 in total of EUR 769.41 M. The estimated impact is the *relevant expenditure * the residual error* rate and in 2025 is EUR 32.16 M **Relevant Expenditure of the Segment**: EUR 769 406 276.05 **Amount at Risk (in Euros)**: EUR 32 161 182.34 **Amount at Risk (in Percentage)**: 4.54% **Residual Error Rate**: 4.18%
Impact on the assurance	Legality and regularity of the affected transactions (interim payments and balance payments).

Responsibility for the weakness	Most of the errors relate to incorrect claims for actual personnel costs, mainly due to beneficiaries' incorrect application of the Horizon Europe rules, despite the introduced simplifications. Newcomers and small and medium-sized enterprises (SMEs) are more prone to errors compared to more experienced or larger beneficiaries. Due to the relatively small number of ex-post audits and technical reviews completed by the end of 2025, the error rate calculation is highly sensitive to few extreme results. Excluding the latter cases, the Representative Error Rate would be below the materiality threshold of 2%.
Responsibility for the corrective action	The action plan focuses on outreach, training, and increased use of lump sums. These actions are designed to minimise errors by enhancing participant understanding and simplifying financial reporting. This includes outreach events addressing participants directly or through the Legal and Financial National Contact Points as well as trainings for EU staff to help them support beneficiaries in the best possible way. In addition, the roll-out of lump sums in Horizon Europe will continue, reaching a 50% share in the call budget by 2027. At this level, lump sums are expected to lower the programme's error rate significantly. These actions are all ongoing and will continue throughout Horizon Europe. The services responsible for these actions are RTD.H.3 and RTD.H.1. EISMEA will implement actions identified by DG RTD as the lead DG of the Research Family.

DG	EUROPEAN INNOVATION COUNCIL AND SMEs EXECUTIVE AGENCY (EISMEA)
Title of the reservation, including its scope	EIC Award decision process Reservation on reputational grounds concerning weaknesses affecting the award decision process.
Domain	Direct and Indirect management - Grants, Blended finances and equity funding
Programme (or other relevant segment) in which the reservation is made and total (annual) amount of this programme	Accelerator – ACC Challenges – ACC Art. 48.12 The amount of DG RTD payments 2025 to EIC fund is EUR 693.285.162 (MFF 1.0.11) Relevant part (EIC Accelerator grants) is EUR 273.364.403
Reason for the reservation	As part of their audit of the EIC grant agreements preparation (GAP) and award procedures, IAS noted weaknesses rated as critical. These weaknesses point to potential financial risks which did not materialise, and to reputational risks, In the case of blended finances, time constraints are ambitious hence grant applications are treated in batches. To cope with these deadlines, the GA preparations and single award decisions are prepared in parallel by EISMEA and RTD respectively. The IAS audit found cases where the GAP checks were not yet completed when the single award decision was adopted, or grants for which the GAP was reopened after the award decision had been issued, leading to modifications of the grant content. No ineligible grants were signed in that context and, therefore, the financial risk did not materialise. Nevertheless, the incomplete disclosure of the state of completion of the GAP checks to the College, constitutes a significant reputational risk.

Materiality criterion/criteria	Critical finding by the IAS audit on the EIC grant agreements preparation and award procedures, which entails financial and reputational risks.
Quantification of the financial impact (amount at risk)	Non materialised and non-quantified
Impact on the assurance	The weaknesses identified by the IAS audit, based on the elements described above, do not affect legality and regularity and sound financial management, because the potential financial risks have not materialised. The assurance is qualified because of the reputational risks. (qualified).
Responsibility for the weakness	DG RTD and EISMEA
Responsibility for the corrective action	DG RTD and EISMEA

2. Reservations not issued or lifted in 2025 due to the application of the ‘de minimis’ threshold.

Since 2019 ([50]), 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 an Agency’s total payments and with a financial impact below EUR 5 million. For the reporting year, EISMEA has identified 1 such case:

For the COSME 2014-2020 grants segment, the multi-annual residual error rate at the end of 2025 was at 2,14%, above the materiality threshold of 2% for financial reservations. However, the cumulative conditions for the application of the ‘de minimis’ rule are met, since the share of the segment has decreased to 0,09% of the total payments of the EISMEA and, the financial impact is low, at EUR 0,11 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 being appropriately monitored and mitigated; and necessary improvements and reinforcements are being 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 2025.

([50]) Agreement of the Corporate Management Board of 30/4/2019.

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

Human Resource management

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: ([51]) **Number and percentage of female representation in middle management** ([52]) **Source of data:** DG HR		
Baseline	**Target**	**Latest known results** (31/12/2025)
(female representation in middle management 31/12/2024)	Annual target decided by the Agency's Director in cooperation with the parent DGs taking into account the situation N-1 of the Agency as well as the objective of 50 % by 2025 ([53])	
67% (8 out of 12)	50 %	58% (7 out of 12)
Indicator 2: EISMEA staff engagement index **Source of data:** Commission staff survey (data to be provided by DG HR)		
Baseline	**Target**	**Latest known results ([54])** (31/12/2025)
(last European Commission staff survey of 2023 ([55]))	(last European Commission staff survey or European Commission pulse survey N+1)	Staff survey 2025

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

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

([53]) 50% already by 2024, in line with the Gender Equality Strategy 2020-2025.

([54]) A new method of measuring staff engagement was introduced in 2025. The new Staff Engagement Index provides a more comprehensive view of staff engagement covering purpose, pride and motivation, autonomy and growth and collaboration and trust. The old Staff Engagement Index, which focused more on job content and relations with immediate colleagues and manager, will be used exclusively for comparisons with past data.

([55]) Pulse surveys are in use if no staff survey is launched.

Baseline	Target	Latest known results (31/12/2025)
58%	65%	New staff engagement index (2025) 73% Old staff engagement index (2023): +9 percentage points.

Main outputs in 2025:			
Description	**Indicator**	**Target**	**Latest known results**
Follow up of staff survey 2023. A mid-term survey will be carried out in Q1 2025 to gauge progress and make necessary adjustments.	Recovery Plan	Implementation by the end of 2025	Mid-term survey result showed good progress (72% staff engagement rate). Recovery plan implemented.
Retention policy: implementation of onboarding programme for newcomers	Onboarding programme rolled out	Retention Policy and onboarding part rolled out by June 2025	Onboarding programme successfully rolled out.
Know Your Agency sessions	Number of units / teams involved	Presentations from 10 units / teams by end 2025	10 teams (9 units and one team) presented in EISMEA's internal magazine under the theme "Know Your Agency" (September 2025).
Visits to beneficiaries (fostering a greater understanding of the impact of the Agency's work)	Number of visits Satisfaction of staff (surveyed after event)	2 visits in 2025 75% satisfaction rate	3 visits to Axiles Bionics (one visit for trainees in June and two visits for staff in September) 100 % satisfaction rate
Awareness raising on ethical rules	An updated guide is published to clarify the rules HR-Awareness raising each quarter (by email or newsletter) Ethics training for all staff	Publication of guide Quarterly awareness-raising Twice per year by December 2025	Guide published – September 2025 Quarterly awareness-raising completed (incorporating events, emails, news items. Corporate ethics training courses offered throughout the year to all staff. In 2025, 53 staff members followed 7 ethics training courses.

Digital transformation and data management

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 most important IT solution **Source of data:** EISMEA (EEN and EIC)		
Baseline (2020)	**Target** (2025)	**Latest known results** (31/12/2025)
31% EEN 40% EIC	90% EEN 95% EIC	90% 95%
Indicator 2: Percentage of implementation of the corporate principles for data governance for EISMEA's key data assets **Source of data:** EISMEA		
20%	80%	80%
Indicator 3: Percentage of staff attending awareness raising activities on data protection compliance **Source of data:** EISMEA DPO and HR		
Baseline (2018)	**Target** (2025)	**Latest known results** (31/12/2025)
40% ([56])	100% of staff in post for 6 months or longer	100% of staff attended DP compliance training since creation of EISMEA (in 2025 alone, participation rate of 77%)

Main outputs in 2025:

Description	**Indicator**	**Target**	**Latest known results**
Data protection awareness events, training sessions	Number of activities organised per year	four times per year	14 awareness events and training sessions organised in 2025.
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	DPO Report 2024 (released in 2025)

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

Description	Indicator	Target	Latest known results
Digital Culture Promote the use of collaborative tools to empower staff	Promote and foster the use of M365 tools and good practices.	One event to promote available M365 tools in 2025	Modern ways of working roadshow organised in 2025 with DG HR. Event postponed to February 2026.
Increase cybersecurity awareness of all staff with internal and external resources	Assess phishing exercise results and propose corrective measures.	Assess the results twice per year and adapt mitigation action plan.	Done. Following the first assessment of the cybersecurity posture of the agency including the results of the phishing exercise, the agency identified the need to improve Cybersecurity awareness of staff and organised as part of its mitigation action plan, the Cybersecurity Roadshow (06-11-2025) jointly with other agencies and DIGIT. The second assessment did not provide any additional insights to see if an improvement of the agency's cybersecurity posture was achieved. We expect to see this during the next assessment mid-year 2026.
Business-driven Digital Transformation *Regular meetings with business users to achieve efficient business support from the information systems.*	Requirements gathering and satisfaction feedback meeting with operational departments.	Four meetings in 2025	50 meetings in 2025 On average 3-4 meetings per month for EIC and 1 meeting per month for EEN.
Seamless Digital Environment Migrate local infrastructure to Commission virtual hosting service or Commission cloud tenants.	Percentage of information systems migrated to the Commission virtual hosting service or Commission cloud tenants	90% of EISMEA systems by the end of 2025	71% ([57])

([57]) Target was set based on GovIS data (which shows 90% migration). Calculation of this indicator is now based on iCoCo dashboard which includes decommissioned information systems (that have since been moved to the cloud).

Description	Indicator	Target	Latest known results
Green, Resilient and Secure Digital Infrastructure Status in the risk maturity quadrant (RMQ).	Evaluation of the RMQ risk and maturity.	Improved status in RMQ (reduced risk, improved maturity) in 2025 compared to 2024.	From 2024 to 2025, the RMQ status improved significantly (from Expedite to Acknowledge).

Sound environmental management

Objective: EISMEA takes account of the environmental impact of its day-to-day actions, taking measures to reduce the impact of its administration work, supported by their respective EMAS Correspondents [(58)].

Main outputs in 2025:

I. Reducing emissions from staff and expert's business travel and reducing CO_2 and other atmospheric emissions

Output	Indicator	Target	Latest known results (situation on 31/12/2025)
Reduced emissions from staff business travel ([59])	Annual decrease of budget for business travel and corresponding CO2 emissions	In year 2025, the total CO2 emissions for staff shall be at least 50% lower than the 2019 baseline.	Corporate data (based on EASME – the predecessor agency of EISMEA) shows a 51% increase in EISMEA's CO2 emissions compared to 2019 levels ([60]).

([58]) EISMEA approved its Greening Strategy on 6 December 2024.

([59]) Previous source of data was PMO/MIPs, however, as of 2025 emissions from professional travel is measured though the Qlik Sense dashboard, hence the baseline has been changed to reflect the new tool.

([60]) In 2025, EISMEA generated 215,47 tonnes of CO2 and increased by 51 % emissions from business travel compared to 2019 baseline. Without considering the emissions related to Business Accelerator Services and the European Enterprise Network generating 103 tonnes of CO2, the reduction would have been 20%. Business Accelerator Services and the European Enterprise Network generate significant emissions due to extended international partnerships, advisory services and digitalisation support, resulting in increased travel requirements.
The 2019 baseline was established for EASME, (EISMEA's predecessor agency), whose mandate incorporated different programmes to EISMEA and did not include the European Innovation Council (EIC) Business Acceleration services. While the Enterprise Europe Network (EEN) was already managed by EASME, its scope expanded significantly under EISMEA, notably with extended international partnerships resulting in increased travel requirements. As a result, the 2019 baseline structurally underestimates the travel intensity inherent to EISMEA's current operational scope and cannot serve as a fully comparable benchmark. EISMEA is actively working to reduce its travel footprint through measures including prioritisation of virtual participation where feasible, consolidation of missions, and ongoing monitoring of emissions trends. Progress against a revised, mandate-adjusted baseline will be tracked in future reporting cycles.

II. Reducing resource use in buildings and workspace (energy) **More efficient use of resources (energy)**			
Output	**Indicator**	**Target**	**Latest known results** (situation on 31/12/2025)
Participation in corporate energy saving actions through building closure	Participation of EISMEA in summer and end of year energy saving action	Participation of EISMEA in two BEST actions per year (Summer & Winter)	Participated in two BEST actions. SB34 building closed: Summer - 28/07/2025-22/08/2025, Winter – 22/12/2025 - 02/01/2026.
III. Organise sustainable events			
Output	**Indicator**	**Target**	**Latest known results** (situation on 31/12/2025)
All EISMEA events to be organised in line with EISMEA guide for organisation of sustainable events (2024). Review EISMEA's internal guide for the organisation of events, covering catering as well as other aspects such as printing and promotional items.	% of EISMEA events organised in line with EISMEA guide for organisation of sustainable events (2024). Internal guide to be updated in 2025.	100% Updated internal guide for sustainable events by end 2025. This guide to be used as benchmark from 2026.	100% organised in line with EISMEA guide for organisation of sustainable events (2024). updated
IV. Circular economy (public procurement (GPP), waste, biodiversity and sustainable food			
Output	**Indicator**	**Target**	**Latest known results** (situation on 31/12/2025)

Output	Indicator	Target	Latest known results (situation on 31/12/2025)
Green Public Procurement provisions in tender specifications: requirement to respect GPP recommendations for sustainable meetings and events. Sustainable procurement checklist ([61])	% of tender specifications with "green" provisions Publication of EISMEA sustainable procurement checklist.	100% of tender specifications include this recommendation by default. Publication of checklist on SharePoint and awareness-raising among staff.	100% Published
Rationalise the management and use of office supplies within EISMEA and foster circular economy initiatives.	-Organising a recycling / clean-up exercise	Annual recycling / clean up exercise.	Spring Cleaning organised 05/02/2025 – 16/05/2025.
V. Staff awareness			
Promotion of EMAS corporate campaigns in line with greening strategy and action plan, coordinated in collaboration with EISMEA's greening group. Promotion of internal green activities in line with greening strategy and action plan (including green mobility and commuting and providing continued support for the use of environmentally friendly transport - bicycle and public transport).	Number of awareness/ actions promoted Participation in green and active commuting initiatives by enhancing the staff participation in events: VéloMai, Green Mobility Day Alignment of EISMEA initiatives with new Commission guidelines.	At least 5 promotions of green activities in 2025 Annual progress reporting to staff on EISMEAs greening action plan At least 15 colleagues participating in each greening event. Increase number of EISMEA participants in the Vélomai. Implement new EISMEA strategy on bike allowance in 2025.	8 promotions of green activities (Waste sorting; Spring Cleaning; Inter-EA Green Week; Second hand gift fair; Velomai; 2 x Walking Challenges (Spring and Autumn), farm visit). Regular progress reports throughout the year. Numbers ranged from: Green week workshops (14), farm visit (27), Vélomai (56), Walking Challenge (91). Vélomai: increased participants from 40 in 2024 to 56 in 2025. Implemented from 01/05/2025.

([61]) For information, technical support is provided by the Interinstitutional GPP Helpdesk. See also GPP webpage on MyIntraComm for EU reference/guidelines and the Vade-mecum on Public Procurement by DG BUDG.