



European  
Commission

# Annual Activity Report 2023

## annexes

EUROPEAN CLIMATE, INFRASTRUCTURE  
AND ENVIRONMENT EXECUTIVE AGENCY

## Contents

ANNEX 1:	Statement of the Director(s) in charge of Risk Management and Internal Control.....	3
ANNEX 2:	Performance tables.....	4
ANNEX 3:	Draft annual accounts and financial reports .....	28
ANNEX 4:	Financial scorecard.....	62
ANNEX 5:	Materiality criteria.....	65
ANNEX 6:	Relevant Control System(s) for budget implementation (RCSs).....	76
ANNEX 7:	Specific annexes related to "financial management".....	91
ANNEX 8:	Specific annexes related to "assessment of the effectiveness of the internal control systems".....	111
ANNEX 9:	Specific annexes related to "Control results" and "Assurance: Reservations" .....	118
ANNEX 10:	Reporting – Human resources, digital transformation and information management and sound environmental management.....	121
ANNEX 11:	Implementation through national or international public-sector bodies and bodies governed by private law with a public sector mission – not applicable .....	126
ANNEX 12:	EAMR of the Union Delegations – not applicable .....	127
ANNEX 13:	Decentralised agencies and/or EU Trust Funds – not applicable.....	128
ANNEX 14:	Reporting on the Recovery and Resilience Facility – not applicable .....	129

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

I declare that in accordance with the Commission's communication on the internal control framework <sup>(1)</sup>, I have reported my advice and recommendations on the overall state of internal control in CINEA 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.

Brussels, 22 March 2024

Joachim Ball

Acting Head of Department in charge of risk management and internal control

(e-signed)

I hereby certify <sup>(2)</sup> 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.

Brussels, 27 March 2024

Paloma Aba Garrote

Director of CINEA

(e-signed)

---

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

<sup>(2)</sup> On the basis of the AOSD reports submitted by the Heads of Departments in CINEA.

## ANNEX 2: Performance tables

### Performance Table 1 – Connecting Europe Facility

**General objectives:** 1. European Green Deal, 2. A Europe fit for the digital age, 3. An economy that works for people

**Specific objective:** 1. A sustainable transport area that reduces transport impact on the environment, provides healthier and cleaner alternatives to mobility and increases the uptake of sustainable and alternative transport fuels for land, waterborne and air (*DG MOVE*)

**Specific objective:** 2. A smart and innovative transport sector that makes the most of digitalisation and automation, supported by adequate funding (*DG MOVE*)

**Specific objective:** 3.1. A fully integrated and connected Trans-European Transport network with appropriate funding for a robust and modern European transport infrastructure with fully restored connectivity (*DG MOVE*)

**Specific objective:** 1. Energy is clean, affordable and secure (*DG ENER*)

From 2020-2024 Strategic Plans

#### Main outputs in 2023: CEF Transport

Output	Indicator	Target	Latest known result
Evaluation of project proposals – estimated number: 700	Time to inform	100% applicants informed on time	Received proposals: 472 (eligible 397) 100% applicants informed on time
Preparation and signature of Grant Agreements – estimated number: 240	Time to grant	>98% of Grant Agreements signed on time	Grant agreements signed: 216 99.1% of grants signed on time
Pre-financing payments – estimated number: 240	Time to pay	100% of pre-financing requests paid within the time to pay limit	Pre-financing payments: 193 100% of pre-financing requests paid within time to pay
Review of reports and processing of payments Total number of payments (including further pre-financing, interim and final payments) – estimated number: 330	Time to pay	>98% of payment requests (excluding the above pre-financing payment requests) paid within time to pay limit	Payments (further pre-financing, interim and final payments): 376 100% of payment requests paid within time to pay

<p>Feedback to policy:</p> <ul style="list-style-type: none"> <li>- CEF legacy ASR annual report (by July 2023)</li> </ul> <p>Contribution to:</p> <ul style="list-style-type: none"> <li>- Amendment of the CEF transport multiannual work programme 2021-2027;</li> <li>- Evaluation of CEF1;</li> <li>- Biennial report CEF2;</li> <li>- Mid-term evaluation CEF2.</li> </ul>	Quality input provided on time	Throughout 2023	<ul style="list-style-type: none"> <li>- The 2023 ASR note was sent to DG MOVE on 28/06/2023.</li> <li>- Inputs for the preparatory work for the ex post evaluation of CEF1, the biennial CEF2 progress report and the CEF2 mid-term evaluation provided throughout the year as requested by the DG.</li> </ul>
Info days organised by CINEA to ensure promotion of the programme and/or funding opportunities	Satisfaction rate of participants at info days	>90%	100%
Other events hosted by CINEA, contribution to events organised by EC services, and representation of CINEA at other external events	Number of events hosted by CINEA, contribution to events organised by EC services, and representation of CINEA at other external events	Estimated number: up to 8	8 events (e.g. Airspace World, ITS European Congress, Ecomondo, EU Hydrogen Week, Urban Mobility Days)
<b>Main outputs in 2023: CEF Energy</b>			
<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known result</b>
Evaluation of project proposals – estimated number: 55	Time to inform	100% applicants informed on time	Received proposals: 25 (eligible 16) 100% of applicants informed on time
Preparation and signature of Grant Agreements – estimated number: 15	Time to grant	>98% of Grant Agreements signed on time	Grant agreements signed: 11 90.9% of grants signed on time (target not reached due to reasons outside the Agency's remit)
Pre-financing payments – estimated number: 15	Time to pay	100% of pre-financing requests paid within the time to pay limit	Pre-financing payments: 10 100% of pre-financing requests paid within time to pay

Review of reports and processing of payments Total number of payments (including further pre-financing, interim and final payments) – estimated number: 25	Time to pay	>98% of payment requests (excluding the above pre-financing payment requests) paid within time to pay limit	Payments (further pre-financing, interim and final payments): 36 100% of payment requests paid within time to pay
Feedback to policy: <ul style="list-style-type: none"> <li>- CEF legacy ASR annual report (by July 2023)</li> </ul> Contribution to: <ul style="list-style-type: none"> <li>- Infrastructure Forum (depending on the timeline of the conference, expected end Q2);</li> <li>- Amendment of the CEF energy multiannual work programme 2021-2027;</li> <li>- Ex post evaluation of CEF1;</li> <li>- Biennial report CEF2;</li> <li>- Mid-term evaluation CEF2.</li> </ul>	Quality and timely input provided	Throughout 2023	<ul style="list-style-type: none"> <li>- The 2023 ASR note was sent to DG ENER on 19/06/2023.</li> <li>- Inputs provided throughout the year as requested by the DG (e.g., support in the monitoring of projects of the PCIs and cross-border renewable energy projects lists and input for the programme's evaluation).</li> </ul>
Info days organised by CINEA to ensure promotion of the programme and/or funding opportunities	Satisfaction rate of participants at info days	>90%	Feedback from participants was insufficient to give a representative satisfaction rate
Other events hosted by CINEA, contribution to events organised by EC services, and representation of CINEA at other external events	Number of events hosted by CINEA, contribution to events organised by EC services, and representation of CINEA at other external events	Estimated number: up to 8	9 events (e.g. Smart Grids Summit, PCI Days, Covenant of Mayors Investment Forum, Energy Infrastructure Forum).

## Performance Table 2 – Horizon Europe Cluster 5 and EU Missions

**General objectives:** 1. European Green Deal, 2. A Europe fit for the digital age

**Specific objective:** 1.1. High-quality science, knowledge and innovative solutions support climate policies and help to preserve biodiversity, ecosystem and natural resources (*DG RTD*)

**Specific objective:** 1.2. Mainstreaming of the public and private research and innovation investments for climate actions strengthens the European Green Deal's impact (*DG RTD*)

**Specific objective:** 1.3. Co-creation of Horizon Europe and its missions and partnerships increases awareness of the key role of research and innovation for achieving climate neutrality (*DG RTD*)

**Specific objective:** 1.3. Climate-related spending mainstreamed in the EU budget and in private funds to finance the green and just transition and invest in particular in low carbon and other climate innovations (*DG CLIMA*)

**Specific objective:** 3. Research is mobilised and innovation fostered (*DG ENER*)

**Specific objective:** 2. A smart and innovative transport sector that makes the most of digitalisation and automation, supported by adequate funding (*DG MOVE*)

From 2020-2024 Strategic Plans

### Main outputs in 2023: Climate

Output	Indicator	Target	Latest known result
Evaluation of project proposals – estimated number: 110	Time to inform	100% applicants informed on time	Received proposals: 107 (eligible 99) 100% applicants informed on time
Preparation and signature of Grant Agreements – estimated number: 29	Time to grant	>98% of the Grant agreements signed on time	Grant agreements signed: 30 100% of grants signed on time
Pre-financings payments – estimated number: 29	Time to pay	100% of pre-financing requests paid within the time to pay limit	Pre-financing payments: 28 100% of pre-financing requests paid within time to pay
Procurement contracts	Number of procurement contracts signed	Estimated number 1:	See section on Missions
Review of reports and processing of payments Total number of payments (including further pre-financing, interim and final payments) – estimated number: 42	Time to pay	>98% of payment requests (excluding the above pre-financing payment requests) paid within time to pay limit	Payments (further pre-financing, interim and final payments): 37 100% of payment requests paid within time to pay

<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known result</b>
<p>Feedback to policy (while a dedicated F2P plan is currently developed, examples could include):</p> <ol style="list-style-type: none"> <li>1) Policy and knowledge sharing events in the field of climate action</li> <li>2) Contribution to organization of ECCA (European Climate Change Adaptation) policy conference on adaptation</li> <li>3) Contribution to reports/policy events/policy initiatives, such as COP 28 of the UNFCCC and others by identifying relevant projects</li> </ol>	Quality and timely output provided	<ol style="list-style-type: none"> <li>1) Up to 3 events</li> <li>2) Q2 2023</li> <li>3) Throughout 2023</li> </ol>	<p>1) Feedback to policy event for Climate Science projects; Climate science event on policy relevant findings of interest to climate mitigation, adaptation, and research programming; Horizon and LIFE projects workshop on nature-based solutions.</p> <p>2) Contribution to organization of ECCA, including support for selecting and contacting relevant projects by Q2</p> <p>3) Identified projects to participate in COP28 sessions. Inputs from relevant projects in the frame of the R&amp;I contribution to the EU 2040 climate target and contribution to CORDIS synergy info pack on Clean energy transition to REPower the EU.</p>
Participation and promotion of info days to ensure promotion of the programme and/or funding opportunities	Satisfaction rate of participants at info days	>90%	Feedback from participants was insufficient to give a representative satisfaction rate
Other events hosted by CINEA, contribution to events organised by EC services, and representation of CINEA at other external events	Number of events hosted by CINEA, contribution to events organised by EC services, and representation of CINEA at other external events	Estimated number: up to 5	3 events (e.g., IF/HE Synergies Workshop, EUSEW, Biodiversity Climate Science for Policy)



## Main outputs in 2023: Energy

Output	Indicator	Target	Latest known result
Evaluation of project proposals – estimated number: 1040	Time to inform	100% applicants informed on time	Received proposals: 1077 (eligible 1001) 100% applicants informed on time
Preparation and signature of Grant Agreements – estimated number: 137	Time to grant	>98% of Grant Agreements signed on time	Grant agreements signed: 148 94.6% of grants signed on time (target not reached due to reasons outside the Agency's remit)
Pre-financing payments – estimated number: 141	Time to pay	100% of pre-financing requests paid within the time to pay limit	Pre-financing payments: 155 100% of pre-financing requests paid within time to pay
Procurement contracts	Number of procurement contracts signed	Estimated number: 4	4 contracts
Review of reports and processing of payments Total number of payments (including further pre-financing, interim and final payments) – estimated number: 300	Time to pay	>98% of payment requests (excluding the above pre-financing payment requests) paid within time to pay limit	Payments (further pre-financing, interim and final payments): 195 100% of payment requests paid within time to pay
Feedback to policy (while a dedicated F2P plan is currently developed, examples could include):  1) CORDIS Results Packs	1) Produced pack	1) At least two packs produced: Digitalisation (update of 2022) and Deep renovation of buildings	1) Two packs were produced on digitalisation (update of 2022) and heat pumps. CORDIS Pack on deep renovation of buildings to be published in 2024

2) Cluster events	2) Convened meetings	2) At least 7 (for example, CSA bioenergy, Africa clustering meeting, Ocean energy, Geothermal, Carbon Capture Utilisation and Storage (CCUS) & Alternative Fuels, New European Bauhaus Lighthouse Demonstrators, European energy data space projects, Social Sciences & Humanities...)	2) 13 cluster meetings were organised in 2023: Coal regions; Smart grids and storage (BRIDGE); Smart Cities & Communities / Positive Clean Energy Districts; New European Bauhaus (NEB) Lighthouse Demonstrator Clustering meeting #2 and #3; Hydropower; CSP; CCUS / Alternative fuels; Built4People; Biofuels; African projects; Wind; Energy data space projects
3) Dissemination and exploitation of results	3) Number of projects benefitting from D&E support services (e.g. New Exploitation Booster, Innovation Radar)	3) Up to 15	3) 20 projects have benefitted from D&E support services (e.g. New Exploitation Booster, Innovation Radar)
4) Other (project data and portfolio assessment for legislative initiatives, input to work programmes, flash notes from strategic initiatives, etc.)	4) Number of policy feedback contributions	4) Throughout 2023	4) Input to several policy initiatives, at request of the DGs (e.g., Strategic Vision on CCUS, Heat Pumps Action Plan, Biomethane Industrial Partnership, among others)
Participation and promotion of info days to ensure promotion of the programme and/or funding opportunities	Satisfaction rate of participants at info days	>90%	Feedback from participants was insufficient to give a representative satisfaction rate

Other events hosted by CINEA, contribution to events organised by EC services, and representation of CINEA at other external events	Number of events hosted by CINEA, contribution to events organised by EC services, and representation of CINEA at other external events	Estimated number: 7-10	8 events (e.g., ENLIT Europe, Smart Readiness Indicator and Smart Buildings Innovation Community, EUSEW, Hannover Messe, Covenant of Mayors Investment Forum)
<b>Main outputs in 2023: Mobility</b>			
<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known result</b>
Evaluation of project proposals – estimated number: 600	Time to inform	100% applicants informed on time	Received proposals: 294 (eligible 281) 100% applicants informed on time
Preparation and signature of Grant Agreements – estimated number: 51	Time to grant	>98% of Grant Agreements signed on time	Grant agreements signed: 73 100% of grants signed on time
Pre-financing payments – estimated number: 51	Time to pay	100% of pre-financing requests paid within the time to pay limit	Pre-financing payments: 92 100% of pre-financing requests paid within time to pay
Procurement contracts	Number of procurement contracts signed	Estimated number: –	NA
Review of reports and processing of payments Total number of payments (including further pre-financing, interim and final payments) – estimated number: 204	Time to pay	>98% of payment requests (excluding the above pre-financing payment requests) paid within time to pay limit	Payments (further pre-financing, interim and final payments): 116 100% of payment requests paid within time to pay

<p>Feedback to policy (while a dedicated F2P plan is currently developed, examples could include):</p> <ol style="list-style-type: none"> <li>1) Road/Automotive Transport Research relevant results</li> <li>2) MOVE F2P session on Aviation (Safety, pre-normative research, ICAO links, ...)</li> <li>3) Hybrid-electric roadmaps for aviation and synergies with batteries and other transport modes developments &amp; policies</li> </ol>	<p>Quality and timely output provided</p>	<p>Throughout 2023</p>	<ol style="list-style-type: none"> <li>1) Input to EC moderators for the RTR Conference; preparation of European Conference on Connected and Automated Driving (EUCAD) and Urban Mobility Days; CORDIS results packs on electric vehicles and inclusive mobility, brochures on smart and green logistics and connected and automated mobility; contribution to working group on Strategic Research and Innovation Agenda (SRIA) for BATT4EU.</li> <li>2) Overview of CINEA's aviation project portfolio presented to DG in March.</li> <li>3) Contributions to Joint Investigation and Maturation of Technologies for Hybrid Electric Propulsion (IMOTHEP)/ Clean Aviation Joint Undertaking (CAJU) workshop on Hybrid Electric Propulsion; workshop on Icing, and Waterborne days, showcasing project results.</li> </ol>
<p>Participation and promotion of info days to ensure promotion of the programme and/or funding opportunities</p>	<p>Satisfaction rate of participants at info days</p>	<p>&gt;90%</p>	<p>Feedback from participants was insufficient to give a representative satisfaction rate.</p>

Other events hosted by CINEA, contribution to events organised by EC services, and representation of CINEA at other external events	Number of events hosted by CINEA, contribution to events organised by EC services, and representation of CINEA at other external events	Estimated number: up to 6	11 events (e.g., Road Transport Research Results Conference, EUCAD, Paris Airshow, EU Waterborne Days, Urban Mobility Days, Sustainable Urban Mobility workshop at EU Week of Regions and Cities, EU Presidency Aviation Conference)
---	---	---------------------------	--

**Outputs in 2023: EU Missions 'Adaptation to climate change', 'Restore our oceans and waters' and 'Climate-neutral and smart cities'.**

<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known result</b>
Evaluation of project proposals – estimated number: 140	Time to inform	100% applicants informed on time	Received proposals: 268 (eligible 231)  100% applicants informed on time
Preparation and signature of Grant Agreements – estimated number: 40	Time to grant	>98% of Grant Agreements signed on time	Grant agreements signed: 51 100% of grants signed on time
Pre-financing payments – estimated number: 81	Time to pay	100% of pre-financing requests paid within the time to pay limit	Pre-financing payments: 52 100% of pre-financing requests paid within time to pay
Procurement contracts	Number of procurement contracts signed	Estimated number: 2	4 contracts
Review of reports and processing of payments Total number of payments (including further pre-financing, interim and final payments) – estimated number: 0	Time to pay	>98% of payment requests (excluding the above pre-financing payment requests) paid within time to pay limit	Payments (further pre-financing, interim and final payments): 0

<p>Feedback to policy (while a dedicated F2P plan is currently developed, examples could include):</p> <ol style="list-style-type: none"> <li>1) Clustering event for the Cities mission Innovation Actions (IA)</li> <li>2) Workshop involving the Cities mission platform, Cities mission IA projects and their Living Labs (tbc, remote)</li> <li>3) Feedback on governance structures in Missions and Member States.</li> </ol>	<p>Quality and timely output provided</p>	<ol style="list-style-type: none"> <li>1) Q4</li> <li>2) Q4</li> <li>3) Throughout 2023</li> </ol>	<ol style="list-style-type: none"> <li>1) Organisation of Cities mission projects clusters and of three thematic cluster meetings by Q4.</li> <li>2) Support to the exhibition of the Cities Mission conference and contribution to the Cities Mission Info Pack brochure for the European Weeks of Regions and Cities by Q4.</li> <li>3) Regular contributions to the meetings organised by the Mission Secretariat and Mission's Owners Group; participation to the 'EC OECD Workshop on Mission Implementation' and to the meeting on Mission Ocean projects with Financial Support to Third Parties for Associated Regions; presentation of the project portfolio from the 2022 Mission Ocean call.</li> </ol>
<p>Participation and promotion of info days to ensure promotion of the programme and/or funding opportunities</p>	<p>Satisfaction rate of participants at info days</p>	<p>&gt;90%</p>	<p>NA – info days not organised by CINEA</p>

<p>Other events hosted by CINEA, contribution to events organised by EC services, and representation of CINEA at other external events</p>	<p>Number of events hosted by CINEA, contribution to events organised by EC services, and representation of CINEA at other external events</p>	<p>Estimated number: t.b.c.</p>	<p>More than 25 events (e.g., Lighthouse events for Mission Ocean (Mediterranean, Baltic-North Sea and Danube) , 1st Blue Parks Community Workshop, cluster meetings on climate neutral and smart cities public transport, urban planning, urban public space design, Cities Mission annual conference, Meeting of the Horizon Europe PC – sub-group ‘Climate, Energy and Mobility’, Climate Adaptation Mission Owners Group Meeting, Water Knowledge Europe, European Maritime Days, Digital Twin Ocean Forum, European Blue economy conference, Waterborne days, MIP4Adapt)</p>
--	--	---------------------------------	---

## Performance Table 3 – Innovation Fund

**General objectives:** 1. European Green Deal

**Specific objective:** 3 Climate-related spending mainstreamed in the EU budget and in private funds to finance the green and just transition and invest in particular in low carbon and other climate innovations (*DG CLIMA*)

**Specific objective:** 3. Research is mobilised and innovation fostered (*DG ENER*)

From 2020-2024 Strategic Plans

### Main outputs in 2023:

Output	Indicator	Target	Latest known result
Evaluation of project proposals – estimated number: 450	Time to inform	100% applicants informed on time	Received proposals: 310 (eligible 243)  100% applicants informed on time
Preparation and signature of Grant Agreements – estimated number: 55	Time to grant	>98% of Grant Agreements signed on time	Grant agreements signed: 54 100% of grants signed on time
Pre-financing payments – estimated number: 0	Time to pay	100% of pre-financing requests paid within the time to pay limit	Pre-financing payments: 0
Review of reports and processing of payments Total number of payments (including further pre-financing, interim and final payments) – estimated number: 38	Time to pay	>98% of payment requests (excluding the above pre-financing payment requests) paid within time to pay limit	Payments (further pre-financing, interim and final payments): 20 100% of payment requests paid within time to pay



<p>Feedback to policy Examples include:</p> <ol style="list-style-type: none"> <li>1) Feedback to DG CLIMA on project portfolio implementation through quarterly reports</li> <li>2) Knowledge Sharing events, annual KS report and eventual design of the KS IT tool</li> </ol>	<p>Quality and timely output provided</p>	<ol style="list-style-type: none"> <li>1) 4 quarterly reports to DG CLIMA on the project portfolio implementation</li> <li>2) 3 Knowledge sharing events throughout 2023, 1 Annual KS report, KS IT tool designed throughout 2023.</li> </ol>	<ol style="list-style-type: none"> <li>1) Four quarterly reports to DG CLIMA on the project portfolio implementation and four internal CINEA-CLIMA meetings on thematic areas (CCS, hydrogen, RES and energy storage).</li> <li>2) Three knowledge sharing (KS) events on CCS, hydrogen, and energy storage; agreed list of content on the Annual KS report; KS IT tool ideation process with formation of the user group and pre-screening of the KS indicators.</li> </ol>
<p>Info days organised by CINEA to ensure promotion of the programme and/or funding opportunities</p>	<p>Satisfaction rate of participants at info days</p>	<p>&gt;90%</p>	<p>84%</p>
<p>Other events hosted by CINEA, contribution to events organised by EC services and representation of CINEA at other external events</p>	<p>Number of events hosted by CINEA, contribution to events organised by EC services, and representation of CINEA at other external events</p>	<p>Estimated number: up to 8</p>	<p>9 events (e.g., Clean Tech Conference, IF/HE Synergies workshop, EMD, EUSEW, Ecomondo).</p>

## Performance Table 4 – Programme for the Environment and Climate Action <sup>(3)</sup>

**General objectives:** 1. European Green Deal

**Specific objective:** 3 Climate-related spending mainstreamed in the EU budget and in private funds to finance the green and just transition and invest in particular in low carbon and other climate innovations (*DG CLIMA*)

**Specific objective:** 1. Energy is clean, affordable and secure; 3: Research is mobilised and innovation fostered (*DG ENER*)

**Specific objective:** 1. Circular Economy: The EU economy is more circular and uses natural resources and products more sustainably, 2. Biodiversity: Biodiversity and natural ecosystems in the EU are put on the path to recovery by stepping up the protection and restoration of nature, 3. Zero pollution: Citizens and natural ecosystems are better protected from environmental pressures and risks to health as a result of Europe's zero-pollution ambition and measures for a toxic-free environment (*DG ENV*)

From 2020-2024 Strategic Plans

### Main outputs in 2023: LIFE CET <sup>(4)</sup>

Output	Indicator	Target	Latest known result
Evaluation of project proposals – estimated number: 180	Time to inform	100% applicants informed on time	Received proposals: 302 (eligible 180) 100-% applicants informed on time
Preparation and signature of Grant Agreements – estimated number: 57	Time to grant	>98% of Grant Agreements signed on time	Grant agreements signed: 75 100-% of grants signed on time
Pre-financing payments – estimated number: 62	Time to pay	100% of pre-financing requests paid within the time to pay limit	Pre-financing payments: 76 100% of pre-financing requests paid within time to pay
Procurement contracts	Number of procurement contracts signed	Estimated number: 1	0 contracts
Review of reports and processing of payments Total number of payments (including further pre-financing, interim and final payments) – estimated number: 128	Time to pay	>98% of payment requests (excluding the above pre-financing payment requests) paid within time to pay limit	Payments (further pre-financing, interim and final payments): 90 100% of payment requests paid within time to pay

<sup>(3)</sup> The H2020 Energy CET legacy is included into this section as the continuation of this thematic will be done through the LIFE programme.

<sup>(4)</sup> Including H2020 CET Legacy.

Feedback to policy Examples include: - Support to DG ENER in implementation and development of energy policy in particular in relation to cities and urban areas.	Quality and timely output provided	Throughout 2023	Inputs provided as requested by the DG throughout the year (e.g., policy feedback to support preparation and negotiation of legislative proposal; support and organisation of number of large events such as Energy Week, Covenant of Mayors Investment Forum; presentation of relevant projects from the portfolio to the desk officers).
Info days organised by CINEA to ensure promotion of the programme and/or funding opportunities	Satisfaction rate of participants at info days	>90%	No separate evaluation done as the common LIFE session in April covered all horizontal issues and the satisfaction survey was done on the main LIFE Info Day event. Please see result below.
Other events hosted by CINEA, contribution to events organised by EC services and representation of CINEA at other external events	Number of events hosted by CINEA, contribution to events organised by EC services, and representation of CINEA at other external events	Estimated number: up to 20. N.B.: the above estimated number refers to CET, Climate and Environment strands as many events are of cross-cutting character	21 events (e.g., ENLIT, Clean Air Forum, Aquatech, Ecomondo, Congress of Entomology, EUSEW, LIFE Awards, European Maritime Day, Covenant of Mayors Investment Forum, World Sustainable Energy Days)

### Main outputs in 2023: LIFE Climate

Output	Indicator	Target	Latest known result
Evaluation of project proposals – estimated number: 180	Time to inform	100% applicants informed on time	Received proposals: 182 (eligible 175) 100% applicants informed on time
Preparation and signature of Grant Agreements – estimated number: 40	Time to grant	>98% of Grant Agreements signed on time	Grant agreements signed: 44 88% of grants signed on time (target not reached due to reasons outside the Agency's remit)
Pre-financing payments – estimated number: 41	Time to pay	100% of pre-financing requests paid within the time to pay limit	Pre-financing payments: 49 100% of pre-financing requests paid within time to pay

Procurement contracts	Number of procurement contracts signed	Estimated number: 0	1 contract
Review of reports and processing of payments Total number of payments (including further pre-financing, interim and final payments) – estimated number: 111	Time to pay	>98% of payment requests (excluding the above pre-financing payment requests) paid within time to pay limit	Payments (further pre-financing, interim and final payments): 89 100% of payment requests paid within time to pay
Feedback to policy Examples include:  -Dedicated thematic platform meetings on specific policy topic.  -Support DG CLIMA with input from projects to dedicated communication publication.  -Provision of information and data for policy development	Quality and timely output provided	Throughout 2023	Inputs provided as requested by the DG throughout the year (e.g., specific inputs towards number of communication products of the DG; sharing data and project results with desk officers; dissemination of information on specific events, workshops organised with CINEA or with LIFE projects (e.g. COP28 side events, World Soil Day event organised under Spanish Presidency); organisation of a platform meeting on peatland).
Info days organised by CINEA to ensure promotion of the programme and/or funding opportunities	Satisfaction rate of participants at info days	>90%	100%
Other events hosted by CINEA, contribution to events organised by EC services and representation of CINEA at other external events	Number of events hosted by CINEA, contribution to events organised by EC services, and representation of CINEA at other external events	Estimated number: up to 20. N.B.: the above estimated number refers to CET, Climate and Environment strands as many events are of cross-cutting character	21 events (see LIFE CET above)
<b>Main outputs in 2023: LIFE Environment</b>			
<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known result</b>

Evaluation of project proposals – estimated number: between 500 to 850 depending on the chosen mode (1stage/2stages)	Time to inform	100% applicants informed on time	Received proposals: 432 (eligible 410)100 % applicants informed on time
Preparation and signature of Grant Agreements – estimated number: 120	Time to grant	>98% of Grant Agreements signed on time	Grant agreements signed: 94 100% of grants signed on time
Pre-financing payments – estimated number: 60	Time to pay	100% of pre-financing requests paid within the time to pay limit	Pre-financing payments: 105 100% of pre-financing requests paid within time to pay
Procurement contracts	Number of procurement contracts signed	Estimated number: 1	2 contracts (including Green Assist)
Review of reports and processing of payments Total number of payments (including further pre-financing, interim and final payments) – estimated number: 275	Time to pay	>98% of payment requests (excluding the above pre-financing payment requests) paid within time to pay limit	Payments (further pre-financing, interim and final payments): 252 100% of payment requests paid within time to pay
Feedback to policy Examples include: - Policy fiches for projects within the LIFE Environment and Resource efficiency priority area	Quality and timely output provided	15 policy fiches	37 policy fiches
Info days organised by CINEA to ensure promotion of the programme and/or funding opportunities	Satisfaction rate of participants at info days	>90%	100%
Other events hosted by CINEA, contribution to events organised by EC services and representation of CINEA at other external events	Number of events hosted by CINEA, contribution to events organised by EC services, and representation of CINEA at other external events	Estimated number: up to 20. N.B.: the above estimated number refers to CET, Climate and Environment strands as many events are of cross-cutting character	21 events (see LIFE CET above)

## Performance Table 5 – European Maritime Fisheries and Aquaculture Fund

**General objectives:** 1. European Green Deal, 4. A stronger Europe in the World

**Specific objective:** 1. More sustainable and competitive fisheries and aquaculture by 2024 (*DG MARE*)

**Specific objective:** 2. A sustainable blue economy generating sustainable economic development, jobs and prosperity by 2024 (*DG MARE*)

**Specific objective:** 3. More sustainable fisheries worldwide and improved international ocean governance by 2024 (*DG MARE*)

From 2020-2024 Strategic Plans

### Main outputs in 2023:

Output	Indicator	Target	Latest known result
Evaluation of project proposals – estimated number: 105	Time to inform	100% applicants informed on time	Received proposals: 99 (eligible 92) 100% applicants informed on time
Preparation and signature of Grant Agreements – estimated number: 41	Time to grant	>98% of Grant Agreements signed on time	Grant agreements signed: 36 100% of grants signed on time
Pre-financing payments – estimated number: 41	Time to pay	100% of pre-financing requests paid within the time to pay limit	Pre-financing payments: 37 100% of pre-financing requests paid within time to pay
Procurement contracts	Number of procurement contracts signed	Estimated number: 27	18 (including specific contracts)
Review of reports and processing of payments Total number of payments (including further pre-financing, interim and final payments) – estimated number: 119	Time to pay	>98% of payment requests (excluding the above pre-financing payment requests) paid within time to pay limit	Payments (further pre-financing, interim and final payments): 93 100% of payment requests paid within time to pay

<p>Feedback to policy Examples include: European Maritime Day 2023, Blue Economy SMEs Networking Event, Algae Thematic Workshop</p>	<p>Quality and timely output provided</p>	<p>Throughout 2023</p>	<ul style="list-style-type: none"> <li>• European Maritime Day events such as ‘EMD Cities Network - EU projects accelerating the energy transition; pitching session on funding opportunities and pitching session ‘Funding opportunities for Blue SMEs, highly innovative &amp; breakthrough technologies’;</li> <li>• A series of events were organised under the EMFF service contract on synergies and clustering.</li> <li>• Contribution to portfolio analysis on exploiting offshore renewable energy potential; Participation to four workshops at ECOMONDO International fair.</li> </ul>
<p>Info days organised by CINEA to ensure promotion of the programme and/or funding opportunities</p>	<p>Satisfaction rate of participants at info days</p>	<p>&gt; 90%</p>	<p>91%</p>
<p>Other events hosted by CINEA, contribution to events organised by EC services and representation of CINEA at other external events</p>	<p>Number of events hosted by CINEA, contribution to events organised by EC services, and representation of CINEA at other external events</p>	<p>Estimated number: up to 6</p>	<p>14 events (e.g., Atlantic and Black Sea Stakeholders Conferences, Blue Economy, EU Blue Forum, EMD, Decarbonisation in Fisheries, Algae Europe 23/EU4Algae annual meeting)</p>

## Performance Table 6 – Renewable Energy Financing Mechanism

**General objectives:** 1. European Green Deal

**Specific objective:** 1. Energy is clean, affordable and secure (*DG ENER*)

From 2020-2024 Strategic Plans

### Main outputs in 2023:

Output	Indicator	Target	Latest known result
Evaluation of project proposals – estimated number: 30	Time to inform	100% applicants informed on time	Received proposals: 20 (eligible 10)100% applicants informed on time
Preparation and signature of Grant Agreements – estimated number: 7	Time to grant	>98% of Grant Agreements signed on time	Grant agreements signed: 0 (grant agreement preparation still ongoing at the end of 2023)
Pre-financing payments – estimated number: 7	Time to pay	>100% of pre-financing requests paid within the time to pay limit	Pre-financing payments: N/A
Review of reports and processing of payments Total number of payments (including further pre-financing, interim and final payments) – estimated number: not available yet, first GAs following the instrument signature in Q3/Q4	Time to pay	>98% of payment requests (excluding the above pre-financing payment requests) paid within time to pay limit	Payments (further pre-financing, interim and final payments): 0
Feedback to policy (to be agreed with DG ENER) Examples include report on data, project fiches, portfolio analysis and the state of play of the implementation of the instrument by end 2023	Quality and timely output provided	Throughout 2023	RENEWFM as a new financing opportunity was presented at several cross-programme events, e.g., at the European Maritime Days and the EU Week of Regions and Cities. CINEA reported to the parent DG on the key takeaways.
Info day organised by CINEA to ensure promotion of the programme and/or funding opportunities	Satisfaction rate of participants at info days	>90%	The RENEWFM info day was organised in April in Helsinki in cooperation with the Finnish ministry – no statistics on satisfaction rate



Other events hosted by CINEA, contribution to events organised by EC services, and representation of CINEA at other external events	Number of events hosted by CINEA, contribution to events organised by EC services, and representation of CINEA at other external events	Estimated number: up to 4	4 events (EMD, Energy Infrastructure Forum, EU Hydrogen Week, EUSEW)
---	---	---------------------------	--

## Performance Table 7 – Just Transition Mechanism – Public Sector Loan Facility

**General objectives:** 1. European Green Deal

**Specific objective:** 1.3 Just transition (*DG REGIO*)

From 2020-2024 Strategic Plans

### Main outputs in 2023:

Output	Indicator	Target	Latest known result
Evaluation of project proposals – estimated number: 30	Time to inform	100% applicants informed on time	Received proposals: 20 (eligible 8)100% applicants informed on time
Preparation and signature of Grant Agreements – estimated number: 15 <sup>(5)</sup>	Time to grant	>98% of Grant Agreements signed on time	Grant agreements signed: 1 100% of grants signed on time
Pre-financing payments – estimated number: 10 <sup>(6)</sup>	Time to pay	>100% of pre-financing requests paid within the time to pay limit	Pre-financing payments: 1 100% of pre-financing requests paid within time to pay
Review of reports and processing of payments Total number of payments (including further pre-financing, interim and final payments) – estimated number: –	Time to pay	>98% of payment requests (excluding the above pre-financing payment requests) paid within time to pay limit	Payments (further pre-financing, interim and final payments): 0
Feedback to policy (to be agreed with DG REGIO) Examples include: country factsheets, reports on the implementation of the Facility.	Quality and timely output provided	Throughout 2023	<ul style="list-style-type: none"> <li>Preliminary contributions to the PSLF interim evaluation to be launched by DG REGIO in 2024.</li> <li>Contributions to the PSLF Annual Implementation Report adopted by the Commission in December 2023.</li> </ul>

(5) Number is subject to the time taken by EIB's due diligence of the application (up to 18 months).

(6) Number is subject to the financial close of the loan by the EIB.

Info day organised by CINEA to ensure promotion of the programme and/or funding opportunities	Satisfaction rate of participants at info days	>90%	100%
Other events hosted by CINEA, contribution to events organised by EC services, and representation of CINEA at other external events	Number of events hosted by CINEA, contribution to events organised by EC services, and representation of CINEA at other external events	Estimated number: up to 10	5 events (Covenant of Mayors Investment Forum, Just Transition Conference, EU Week of Regions and Cities., EU Green Week, Ecomondo)

## **ANNEX 3: Draft annual accounts and financial reports <sup>(7)</sup>**

### **Annex 3 Financial Report Operating budget - CINEA - Financial Year 2023**

**Table 1: Commitments**

**Table 2: Payments**

**Table 3: Commitments to be settled**

**Table 4: Balance Sheet**

**Table 5: Statement of Financial Performance**

**Table 5 Bis: Off Balance Sheet**

**Table 6: Average Payment Times**

**Table 7: Income**

**Table 8: Recovery of undue Payments**

**Table 9: Ageing Balance of Recovery Orders**

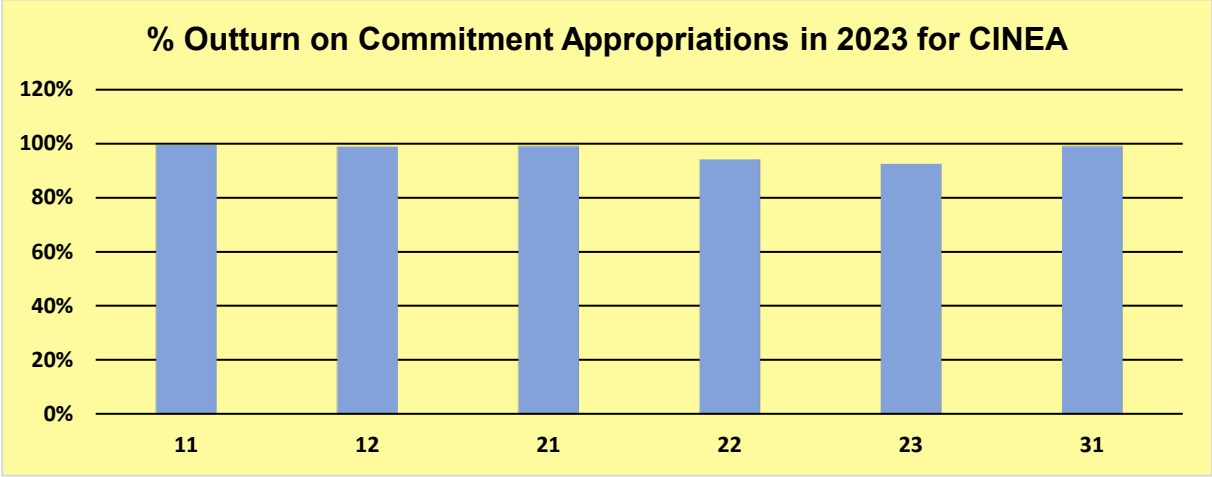
**Table 10: Waivers of Recovery Orders**

---

<sup>(7)</sup> The figures are those related to the provisional accounts and not yet audited by the Court of Auditors.

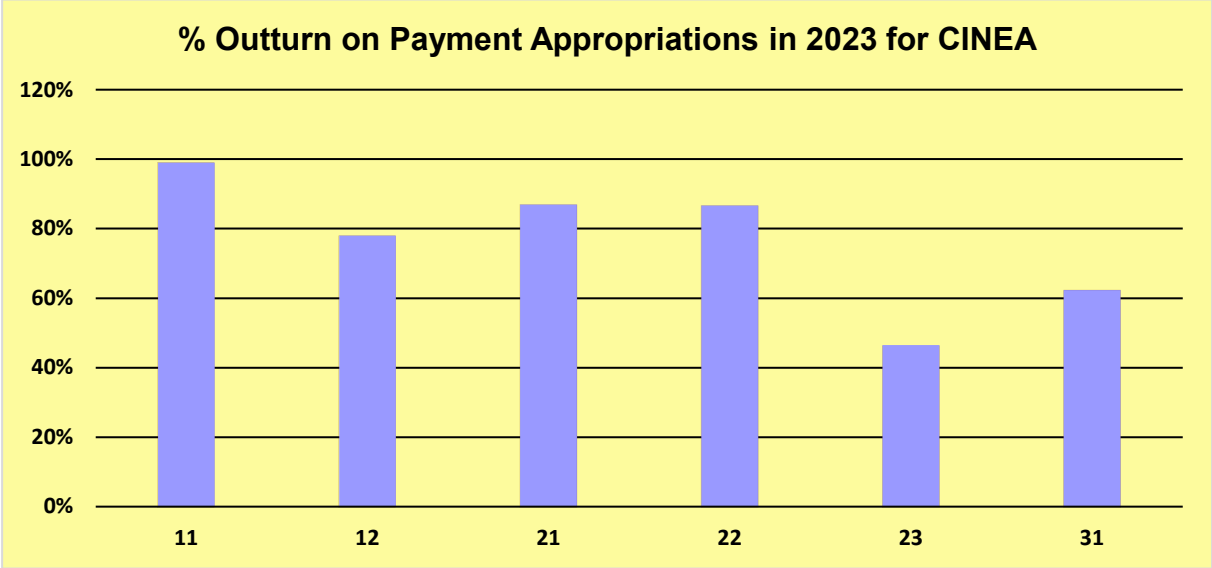
<b>TABLE 1: OUTTURN ON COMMITMENTS APPROPRIATIONS IN 2023 (in Mio €) FOR CINEA</b>					
			<b>Commitment appropriations authorised</b>	<b>Commitments made</b>	<b>%</b>
			<b>1</b>	<b>2</b>	<b>3=2/1</b>
<b>Title 1 STAFF EXPENDITURES</b>					
1	11	Remuneration allowances charges	49.57	49.35	99.57%
	12	Socio medical & training expenditure	3.17	3.13	98.82%
<b>Total Title 1</b>			<b>52.74</b>	<b>52.49</b>	<b>99.52%</b>
<b>Title 2 INFRASTRUCTURE &amp; OPERATING EXPENDITURE</b>					
2	21	Building expenditure	4.03	3.99	99.08%
	22	ICT expenditure	2.47	2.33	94.19%
	23	Movable property & current operating expenditure	0.35	0.32	92.50%
<b>Total Title 2</b>			<b>6.85</b>	<b>6.64</b>	<b>96.98%</b>
<b>Title 3 PROGRAMME SUPPORT EXPENDITURE</b>					
3	31	Programme Support Expenditure	2.76	2.74	99.09%
<b>Total Title 3</b>			<b>2.76</b>	<b>2.74</b>	<b>99.09%</b>
<b>Total CINEA</b>			<b>62.35</b>	<b>61.87</b>	<b>99.22%</b>

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



<b>TABLE 2: OUTTURN ON PAYMENTS APPROPRIATIONS IN 2023 (in Mio €) FOR CINEA</b>					
			<b>Payment appropriations authorised *</b>	<b>Payments made</b>	<b>%</b>
			<b>1</b>	<b>2</b>	<b>3=2/1</b>
<b>Title 1 STAFF EXPENDITURES</b>					
1	11	Remuneration allowances charges	49.85	49.38	99.06%
	12	Socio medical & training expenditure	4.45	3.47	77.98%
<b>Total Title 1</b>			<b>54.30</b>	<b>52.85</b>	<b>97.33%</b>
<b>Title 2 INFRASTRUCTURE &amp; OPERATING EXPENDITURE</b>					
2	21	Building expenditure	4.36	3.79	86.93%
	22	ICT expenditure	2.56	2.22	86.72%
	23	Movable property & current operating expenditure	0.43	0.20	46.51%
<b>Total Title 2</b>			<b>7.35</b>	<b>6.21</b>	<b>84.49%</b>
<b>Title 3 PROGRAMME SUPPORT EXPENDITURE</b>					
3	31	Programme Support Expenditure	4.46	2.78	62.33%
<b>Total Title 3</b>			<b>4.46</b>	<b>2.78</b>	<b>62.33%</b>
<b>Total CINEA</b>			<b>66.11</b>	<b>61.84</b>	<b>93.54%</b>

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





**TABLE 3: BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2023 (in Mio €) FOR CINEA**

Chapter			Commitments to be settled				Commitments to be settled from financial years previous to 2022	Total of commitments to be settled at end of financial year 2023
			Commitments	Payments	RAL	% to be settled		
			1	2	3=1-2	4=1-2/1		
1	11	Remuneration allowances charges	49.35	49.14	0.21	0.43%	0.00	0.21
	12	Socio medical & training expenditure	3.13	2.57	0.56	17.96%	0.00	0.56
<b>Total Title 1</b>			<b>52.49</b>	<b>51.71</b>	<b>0.78</b>	<b>1.48%</b>	<b>0.00</b>	<b>0.78</b>

**TABLE 3: BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2023 (in Mio €) FOR CINEA**

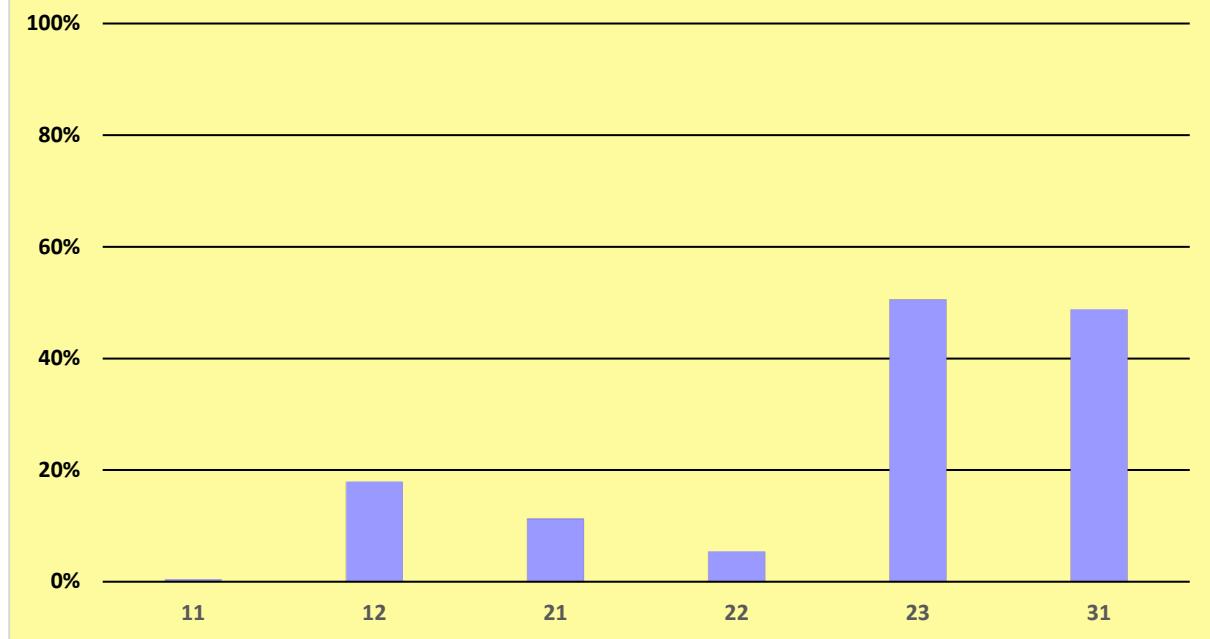
Chapter			Commitments to be settled				Commitments to be settled from financial years previous to 2022	Total of commitments to be settled at end of financial year 2023
			Commitments	Payments	RAL	% to be settled		
			1	2	3=1-2	4=1-2/1		
2	21	Building expenditure	3.99	3.54	0.45	11.34%	0.00	0.45
	22	ICT expenditure	2.33	2.20	0.13	5.44%	0.00	0.13
	23	Movable property & current operating	0.32	0.16	0.16	50.58%	0.00	0.16

	expenditure						
<b>Total Title 2</b>		<b>6.64</b>	<b>5.90</b>	<b>0.74</b>	<b>11.19%</b>	<b>0.00</b>	<b>0.74</b>

**TABLE 3: BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2023 (in Mio €) FOR CINEA**

Chapter	Commitments to be settled				Commitments to be settled from financial years previous to 2022	Total of commitments to be settled at end of financial year 2023	
	Commitments	Payments	RAL	% to be settled			
	1	2	3=1-2	4=1-2/1	5	6=3+5	
3	Programme Support Expenditure	2.74	1.40	1.34	48.81%	0.00	1.34
<b>Total Title 3</b>		<b>2.74</b>	<b>1.40</b>	<b>1.34</b>	<b>48.81%</b>	<b>0.00</b>	<b>1.34</b>
<b>Total:</b>		<b>61.87</b>	<b>59.01</b>	<b>2.86</b>	<b>4.62%</b>	<b>0.00</b>	<b>2.86</b>

### Breakdown of commitments remaining to be settled (in Mio EUR)in 2023



**TABLE 4: BALANCE SHEET FOR CINEA**

<b>BALANCE SHEET</b>	<b>2023</b>	<b>2022</b>
<b>A.I. NON CURRENT ASSETS</b>	<b>669,502.65</b>	<b>555,780.58</b>
A.I.1. Intangible Assets	324,725.24	89,711.12
A.I.2. Property, Plant and Equipment	219,777.41	341,069.46
A.I.6. Non-Cur Exch Receiv & Non-Ex Recoverab	125,000.00	125,000.00
<b>A.II. CURRENT ASSETS</b>	<b>4,607,260.28</b>	<b>7,167,837.67</b>
A.II.2. Current Pre-Financing	0.00	0.00
A.II.3. Curr Exch Receiv & Non-Ex Recoverables	129,641.17	509,258.83
A.II.6. Cash and Cash Equivalents	4,477,619.11	6,658,578.84
<b>ASSETS</b>	<b>5,276,762.93</b>	<b>7,723,618.25</b>
<b>P.II. CURRENT LIABILITIES</b>	<b>-4,332,123.75</b>	<b>-6,083,129.18</b>
P.II.2. Current Provisions	0.00	0.00
P.II.3. Current Financial Liabilities	0.00	0.00
P.II.4. Current Payables	-1,739,959.39	-3,256,689.90
P.II.5. Current Accrued Charges & Defrd Income	-2,592,164.36	-2,826,439.28
<b>LIABILITIES</b>	<b>-4,332,123.75</b>	<b>-6,083,129.18</b>
<b>NET ASSETS (ASSETS less LIABILITIES)</b>	<b>944,639.18</b>	<b>1,640,489.07</b>
P.III.2. Accumulated Surplus/Deficit	-1,640,489.07	-1,413,557.14
Non-allocated central (surplus)/deficit*	695,849.89	-226,931.93
<b>TOTAL</b>	<b>0.00</b>	<b>0.00</b>

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

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

**TABLE 5: STATEMENT OF FINANCIAL PERFORMANCE FOR CINEA**

<b>STATEMENT OF FINANCIAL PERFORMANCE</b>	<b>2023</b>	<b>2022</b>
II.1 REVENUE	-60,958,438.12	-52,879,215.67
II.1.2. NON-EXCHANGE REVENUE	-60,683,038.10	-52,850,688.71
II.1.2.2. OTHER EXCHANGE REVENUE	-275,400.02	-28,526.96
II.2. EXPENSES	61,654,288.01	52,652,283.74
II.2. EXPENSES	61,654,288.01	52,652,283.74
II.2.10. OTHER EXPENSES	13,043,575.98	8,537,122.43
II.2.6. STAFF AND PENSION COSTS	48,610,712.03	44,115,161.28
II.2.8. FINANCE COSTS	0.00	0.03
<b>STATEMENT OF FINANCIAL PERFORMANCE</b>	<b>695,849.89</b>	<b>-226,931.93</b>

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

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

**TABLE 5bis: OFF BALANCE SHEET FOR CINEA**

<b>OFF BALANCE</b>	<b>2023</b>	<b>2022</b>
OB.3. Other Significant Disclosures	-3,685,895.47	-6,455,788.34
OB.3.2. Comm against app. not yet consumed	-1,244,608.47	-1,634,236.76
OB.3.3.7. Other contractual commitments	-448.68	-1,682.58
OB.3.5. Operating lease commitments	-2,440,838.32	-4,819,869.00
OB.4. Balancing Accounts	3,685,895.47	6,455,788.34
OB.4. Balancing Accounts	3,685,895.47	6,455,788.34
<b>OFF BALANCE</b>	<b>0.00</b>	<b>0.00</b>

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

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

**TABLE 6: AVERAGE PAYMENT TIMES FOR CINEA – FINANCIAL YEAR 2023**

<b>Legal Times</b>								
<b>Maximum Payment Time (Days)</b>	<b>Total Nb Payments</b>	<b>Nb Payments within Time Limit</b>	<b>%</b>	<b>Average Payment Times (Days)</b>	<b>Nb Late Payments</b>	<b>%</b>	<b>Pay Delay Amount</b>	<b>% (excl. mass payments)</b>
Pay Time <= 30	510	493	96.67%	15.18	17	3.33%	247,489.86	2.38%
Pay Time <= 45	62	59	95.16%	18.10	3	4.84%	917,256.46	10.67%
Pay Time <= 60	5	5	100.00%	13.20	0	0.00%	0.00	0.00%
<b>Total Number of Payments</b>	<b>577</b>	<b>557</b>	<b>96.53%</b>	<b>15.47</b>	<b>20</b>	<b>3.47%</b>	<b>1,164,746.32</b>	<b>6.08%</b>

<b>Suspensions</b>							
<b>Average Report Approval Suspension Days</b>	<b>Average Payment Suspension Days</b>	<b>Number of Suspended Payments</b>	<b>% of Total Number</b>	<b>Total Number of Payments</b>	<b>Amount of Suspended Payments</b>	<b>% of Total Amount</b>	<b>Total Paid Amount (Excl. mass payments)</b>
0	30.13	8	1.39%	577	76,630.16	0.40%	19,162,947.31

**TABLE 7: SITUATION ON REVENUE AND INCOME IN 2023 FOR CINEA**

Chapter		Revenue and income recognized			Revenue and income cashed from			Carried over RO
		Current year RO	Carried over RO	Total	Current year RO	Carried over RO	Total	
		1	2	3=1+2	4	5	6=4+5	
20	EU Budget Contribution to the Executive Agency	62,345,000.00	0.00	62,345,000.00	62,345,000.00	0.00	62,345,000.00	0.00
90	Miscellaneous revenue	248,524.25	0.00	248,524.25	248,524.25	0.00	248,524.25	0.00
<b>Total</b>		<b>62,593,524.25</b>	<b>0.00</b>	<b>62,593,524.25</b>	<b>62,593,524.25</b>	<b>0.00</b>	<b>62,593,524.25</b>	<b>0.00</b>



**TABLE 8 : FINANCIAL IMPACT OF EX-ANTE AND EX-POST CONTROLS IN 2023 FOR CINEA**

<b>EX-ANTE CONTROLS BY TRANSACTION</b>	<b>Irregularity</b>	<b>OLAF notified</b>	<b>Total ex-ante controls</b>
NON ELIGIBLE IN COST CLAIMS	0.00	0.00	<b>0.00</b>
CREDIT NOTES	0.00	0.00	<b>0.00</b>
RECOVERY ORDERS ON PRE-FINANCING	0.00	0.00	<b>0.00</b>
<b>Sub-Total</b>			

<b>EX-POST CONTROLS BY TRANSACTION</b>	<b>Irregularity</b>	<b>OLAF notified</b>	<b>Total ex-post controls</b>
RECOVERY ORDERS OTHER THAN ON PRE-FINANCING	0.00	0.00	<b>0.00</b>
INCOME LINES IN INVOICES	0.00	0.00	<b>0.00</b>
<b>Sub-Total</b>			
<b>GRAND TOTAL (EX-ANTE + EX-POST)</b>	<b>0</b>	<b>0</b>	<b>0</b>

**TABLE 9: AGEING BALANCE OF RECOVERY ORDERS AT END 2023**

RO Year Of Origin	N° ROs at 1/1/2023	N° ROs at 31/12/2023	Evolution	Open Amount 1/1/2023	Open Amount 31/12/2023	Evolution
2023	1	0	-100%	247,825.45	0	-100%
	1	0		247825.45	0	

**TABLE 10: RECOVERY ORDER WAIVERS >= 60 000 € IN 2023 FOR CINEA**

	Waiver Central Key	Linked RO Central Key	RO Accepted Amount (Eur)	LE Account Group	Commission Decision	Comments
--	--------------------	-----------------------	--------------------------	------------------	---------------------	----------

<b>Total DG</b>	<b>0.00</b>
-----------------	-------------

<b>Number of RO waivers</b>	<b>0</b>
-----------------------------	----------

There are no waivers below 60 000 €

**Annex 3 Financial Report Operational budget - CINEA -  
Financial Year 2023**

**Table 1: Commitments**

**Table 2: Payments**

**Table 3: Commitments to be settled**

**Table 4: Balance Sheet**

**Table 5: Statement of Financial Performance**

**Table 5 Bis: Off Balance Sheet**

**Table 6: Average Payment Times**

**Table 7: Income**

**Table 8: Recovery of undue Payments**

**Table 9: Ageing Balance of Recovery Orders**

**Table 10: Waivers of Recovery Orders**

**Table 11: Negotiated Procedures**

**Table 12: Summary of Procedures**

**Table 13: Building Contracts**

**Table 14: Contracts declared Secret**

**Table 15: FPA duration exceeds 4 years**

**Table 16: Commitments co-delegation type 3 in 2023**

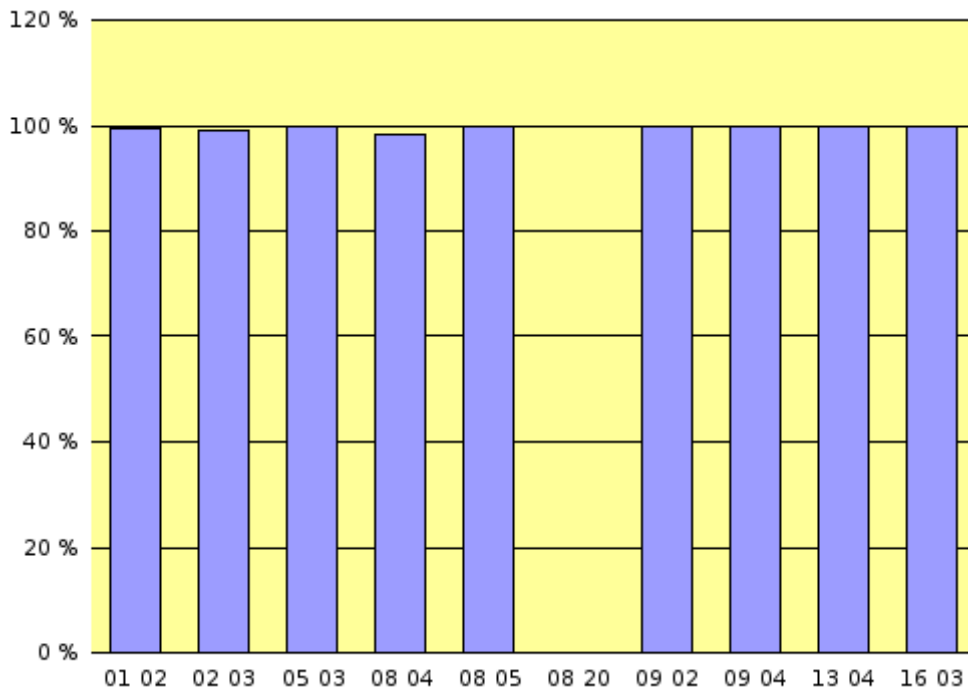
<b>TABLE 1: OUTTURN ON COMMITMENT APPROPRIATIONS IN 2023 (in Mio €) FOR CINEA</b>					
			<b>Commitment appropriations authorised*</b>	<b>Commitments made</b>	<b>%</b>
			1	2	3=2/1
<b>Title 01 Research and Innovation</b>					
01	01 02	Horizon Europe	1,320.15	1,313.20	99.47 %
<b>Total Title 01</b>			<b>1,320.15</b>	<b>1,313.20</b>	<b>99.47 %</b>
<b>Title 02 European Strategic Investments</b>					
02	02 03	Connecting Europe Facility (CEF)	2,708.10	2,683.66	99.10 %
<b>Total Title 02</b>			<b>2,708.10</b>	<b>2,683.66</b>	<b>99.10 %</b>
<b>Title 05 Regional Development and Cohesion</b>					
05	05 03	Cohesion Fund (CF)	1,533.67	1,531.40	99.85 %
<b>Total Title 05</b>			<b>1,533.67</b>	<b>1,531.40</b>	<b>99.85 %</b>
<b>Title 08 Agriculture and Maritime Policy</b>					
08	08 04	European Maritime, Fisheries and Aquaculture Fund (EMFAF)	37.62	36.92	98.15 %
	08 05	Sustainable Fisheries Partnership Agreements (SFPAs) and Regional Fisheries Management Organisations (RFMOs)	5.73	5.73	100.00 %
	08 20	Pilot projects, preparatory actions, prerogatives and other actions	0.00	0.00	0.00 %
<b>Total Title 08</b>			<b>43.35</b>	<b>42.65</b>	<b>98.40 %</b>
<b>Title 09 Environment and Climate Action</b>					
09	09 02	Programme for the Environment and Climate Action (LIFE)	633.95	633.81	99.98 %
	09 04	Public sector loan facility under the Just Transition Mechanism (JTM)	50.00	50.00	100.00 %
<b>Total Title 09</b>			<b>683.95</b>	<b>683.81</b>	<b>99.98 %</b>
<b>Title 13 Defence</b>					
13	13 04	Military mobility	293.52	293.52	100.00 %
<b>Total Title 13</b>			<b>293.52</b>	<b>293.52</b>	<b>100.00 %</b>
<b>Title 16 Expenditure outside the annual ceilings set out in the Multiannual Financial Framework</b>					
16	16 03	Support innovation in low-carbon technologies and processes under the Emission Trading System (ETS)	3,610.53	3,610.52	100.00 %
<b>Total Title 16</b>			<b>3,610.53</b>	<b>3,610.52</b>	<b>100.00 %</b>
<b>Total Excluding NGEU</b>			<b>10,193.28</b>	<b>10,158.77</b>	<b>99.66 %</b>

<b>Title 01 Research and Innovation</b>					
01	01 02	Horizon Europe	453.66	453.66	100.00 %
<b>Total Title 01</b>			<b>453.66</b>	<b>453.66</b>	<b>100.00 %</b>
<b>Total NGEU Only</b>			<b>453.66</b>	<b>453.66</b>	<b>100.00 %</b>

<b>Total CINEA</b>	<b>10,646.94</b>	<b>10,612.43</b>	<b>99.68 %</b>
--------------------	------------------	------------------	----------------

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

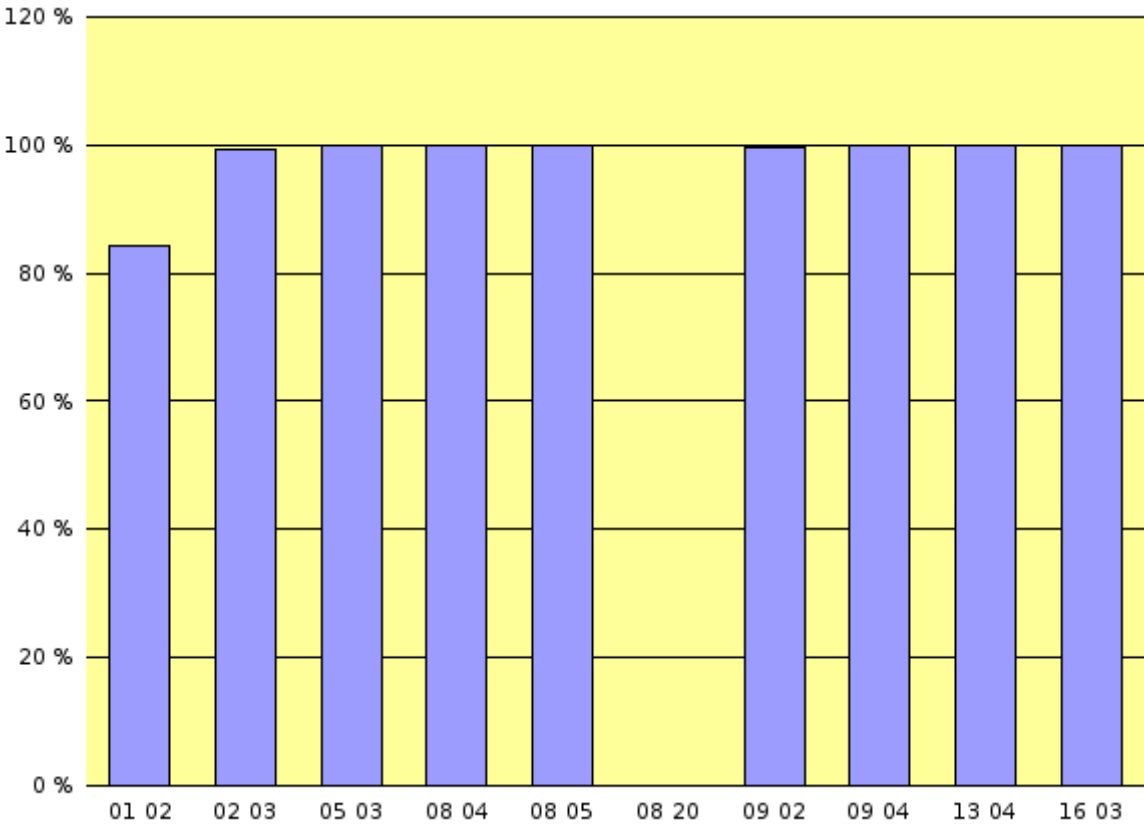
**% Outturn on Commitment Appropriations in 2023 for CINEA**



<b>TABLE 2: OUTTURN ON PAYMENT APPROPRIATIONS IN 2023 (in Mio €) FOR CINEA</b>					
			<b>Payment appropriations authorised *</b>	<b>Payments made</b>	<b>%</b>
			<b>1</b>	<b>2</b>	<b>3=2/1</b>
<b>Title 01 Research and Innovation</b>					
01	01 02	Horizon Europe	1,316.02	1,016.38	77.23 %
<b>Total Title 01</b>			<b>1,316.02</b>	<b>1,016.38</b>	<b>77.23%</b>
<b>Title 02 European Strategic Investments</b>					
02	02 03	Connecting Europe Facility (CEF)	2,998.92	2,982.65	99.46 %
<b>Total Title 02</b>			<b>2,998.92</b>	<b>2,982.65</b>	<b>99.46%</b>
<b>Title 05 Regional Development and Cohesion</b>					
05	05 03	Cohesion Fund (CF)	2,057.12	2,055.91	99.94 %
<b>Total Title 05</b>			<b>2,057.12</b>	<b>2,055.91</b>	<b>99.94%</b>
<b>Title 08 Agriculture and Maritime Policy</b>					
08	08 04	European Maritime, Fisheries and Aquaculture Fund (EMFAF)	40.68	40.60	99.80 %
	08 05	Sustainable Fisheries Partnership Agreements (SFPAs) and Regional Fisheries Management Organisations (RFMOs)	5.73	5.73	100.00 %
	08 20	Pilot projects, preparatory actions, prerogatives and other actions	0.00	0.00	0.00 %
<b>Total Title 08</b>			<b>46.41</b>	<b>46.33</b>	<b>99.82%</b>
<b>Title 09 Environment and Climate Action</b>					
09	09 02	Programme for the Environment and Climate Action (LIFE)	424.24	422.95	99.70 %
	09 04	Public sector loan facility under the Just Transition Mechanism (JTM)	10.17	10.17	100.00 %
<b>Total Title 09</b>			<b>434.41</b>	<b>433.12</b>	<b>99.70%</b>
<b>Title 13 Defence</b>					
13	13 04	Military mobility	261.13	261.12	100.00 %
<b>Total Title 13</b>			<b>261.13</b>	<b>261.12</b>	<b>100.00%</b>
<b>Title 16 Expenditure outside the annual ceilings set out in the Multiannual Financial Framework</b>					
16	16 03	Support innovation in low-carbon technologies and processes under the Emission Trading System (ETS)	118.09	118.09	100.00 %
<b>Total Title 16</b>			<b>118.09</b>	<b>118.09</b>	<b>100.00%</b>
<b>Total Excluding NGEU</b>			<b>7,232.10</b>	<b>6,913.59</b>	<b>95.60%</b>
<b>Title 01 Research and Innovation</b>					
01	01 02	Horizon Europe	575.73	575.30	99.92 %
<b>Total Title 01</b>			<b>575.73</b>	<b>575.30</b>	<b>99.92%</b>
<b>Total NGEU Only</b>			<b>575.73</b>	<b>575.30</b>	<b>99.92%</b>
<b>Total CINEA</b>			<b>7,807.83</b>	<b>7,488.89</b>	<b>95.92 %</b>

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

**% Outturn on Payment Appropriations in 2023 for CINEA**



**TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2023 (in Mio €) FOR CINEA**

			Commitments to be settled				Commitments to be settled from financial years previous to 2022	Total of commitments to be settled at end of financial year 2023	Total of commitments to be settled at end of financial year 2022
Chapter			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
01	01 02	Horizon Europe	1,313.20	115.12	1,198.09	91.23%	2,184.66	3,382.74	3,135.94
<b>Total Title 01</b>			<b>1,313.20</b>	<b>115.12</b>	<b>1,198.09</b>	<b>91.23%</b>	<b>2,184.66</b>	<b>3,382.74</b>	<b>3,135.94</b>

**TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2023 (in Mio €) FOR CINEA**

			Commitments to be settled				Commitments to be settled from financial years previous to 2022	Total of commitments to be settled at end of financial year 2023	Total of commitments to be settled at end of financial year 2022
Chapter			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
02	02 03	Connecting Europe Facility (CEF)	2,683.66	0.93	2,682.72	99.97%	7,593.43	10,276.15	10,739.89
<b>Total Title 02</b>			<b>2,683.66</b>	<b>0.93</b>	<b>2,682.72</b>	<b>99.97%</b>	<b>7,593.43</b>	<b>10,276.15</b>	<b>10,739.89</b>

**TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2023 (in Mio €) FOR CINEA**

			Commitments to be settled				Commitments to be settled from financial years previous to 2022	Total of commitments to be settled at end of financial year 2023	Total of commitments to be settled at end of financial year 2022
Chapter			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
05	05 03	Cohesion Fund (CF)	1,531.40	0.00	1,531.40	100.00%	4,540.39	6,071.79	6,641.97



<b>Total Title 05</b>			<b>1,531.40</b>	<b>0.00</b>	<b>1,531.40</b>	<b>100.00%</b>	<b>4,540.39</b>	<b>6,071.79</b>	<b>6,641.97</b>
<b>TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2023 (in Mio €) FOR CINEA</b>									
			<b>Commitments to be settled</b>				<b>Commitments to be settled from financial years previous to 2022</b>	<b>Total of commitments to be settled at end of financial year 2023</b>	<b>Total of commitments to be settled at end of financial year 2022</b>
<b>Chapter</b>			<b>Commitments</b>	<b>Payments</b>	<b>RAL</b>	<b>% to be settled</b>			
			<b>1</b>	<b>2</b>	<b>3=1-2</b>	<b>4=1-2/1</b>	<b>5</b>	<b>6=3+5</b>	<b>7</b>
08	08 04	European Maritime, Fisheries and Aquaculture Fund (EMFAF) Sustainable Fisheries Partnership Agreements (SFPAs) and Regional Fisheries Management Organisations (RFMOs)	36.92	1.98	34.94	94.64%	61.93	96.87	104.51
	08 05	Pilot projects, preparatory actions, prerogatives and other actions	5.73	5.73	0.00	0.00%	0.00	0.00	0.00
	08 20		0.00	0.00	0.00	0.00%	1.49	1.49	1.49
<b>Total Title 08</b>			<b>42.65</b>	<b>7.71</b>	<b>34.94</b>	<b>81.92%</b>	<b>63.42</b>	<b>98.36</b>	<b>106.00</b>
<b>TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2023 (in Mio €) FOR CINEA</b>									
			<b>Commitments to be settled</b>				<b>Commitments to be settled from financial years previous to 2022</b>	<b>Total of commitments to be settled at end of financial year 2023</b>	<b>Total of commitments to be settled at end of financial year 2022</b>
<b>Chapter</b>			<b>Commitments</b>	<b>Payments</b>	<b>RAL</b>	<b>% to be settled</b>			
			<b>1</b>	<b>2</b>	<b>3=1-2</b>	<b>4=1-2/1</b>	<b>5</b>	<b>6=3+5</b>	<b>7</b>

09	09 02	Programme for the Environment and Climate Action (LIFE) Public sector loan facility under the Just Transition Mechanism (JTM)	633.81	12.87	620.95	97.97%	1,697.16	2,318.11	2,139.38
	09 04		50.00	10.17	39.83	79.66%	0.00	39.83	0.00
<b>Total Title 09</b>			<b>683.81</b>	<b>23.03</b>	<b>660.78</b>	<b>96.63%</b>	<b>1,697.16</b>	<b>2,357.94</b>	<b>2,139.38</b>

**TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2023 (in Mio €) FOR CINEA**

			Commitments to be settled				Commitments to be settled from financial years previous to 2022	Total of commitments to be settled at end of financial year 2023	Total of commitments to be settled at end of financial year 2022
Chapter			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
13	13 04	Military mobility	293.52	38.73	254.79	86.81%	120.36	375.15	342.75
<b>Total Title 13</b>			<b>293.52</b>	<b>38.73</b>	<b>254.79</b>	<b>86.81%</b>	<b>120.36</b>	<b>375.15</b>	<b>342.75</b>

**TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2023 (in Mio €) FOR CINEA**

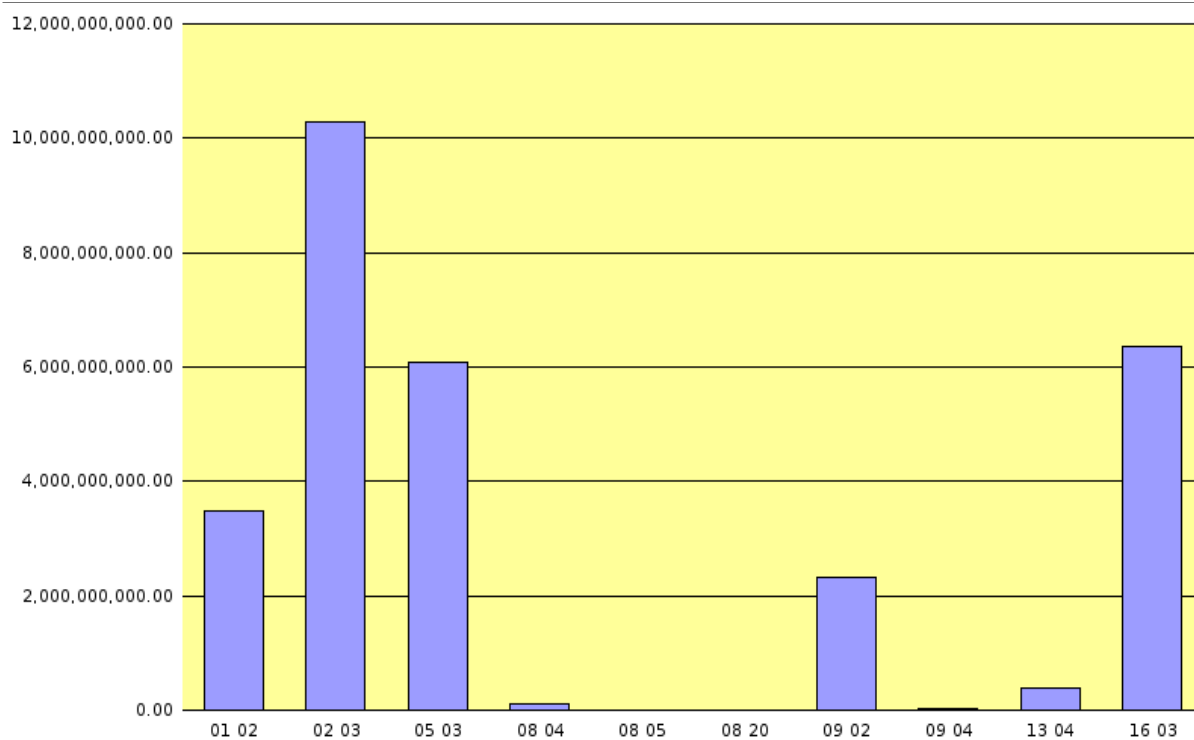
			Commitments to be settled				Commitments to be settled from financial years previous to 2022	Total of commitments to be settled at end of financial year 2023	Total of commitments to be settled at end of financial year 2022
Chapter			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
16	16 03	Support innovation in low-carbon technologies and processes under the Emission Trading	3,610.52	30.76	3,579.76	99.15%	2,776.44	6,356.20	2,944.49

		System (ETS)							
<b>Total Title 16</b>			<b>3,610.52</b>	<b>30.76</b>	<b>3,579.76</b>	<b>99.15%</b>	<b>2,776.44</b>	<b>6,356.20</b>	<b>2,944.49</b>
<b>Total Excluding NGEU</b>			<b>10,158.77</b>	<b>216.28</b>	<b>9,942.49</b>	<b>97.87%</b>	<b>18,975.85</b>	<b>28,918.34</b>	<b>26,050.42</b>

**TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2023 (in Mio €) FOR CINEA**

Chapter			Commitments to be settled				Commitments to be settled from financial years previous to 2022	Total of commitments to be settled at end of financial year 2023	Total of commitments to be settled at end of financial year 2022
			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
01	01 02	Horizon Europe	453.66	364.12	89.54	19.74%	3.29	92.83	214.47
<b>Total Title 01</b>			<b>453.66</b>	<b>364.12</b>	<b>89.54</b>	<b>19.74%</b>	<b>3.29</b>	<b>92.83</b>	<b>214.47</b>
<b>Total NGEU Only</b>			<b>453.66</b>	<b>364.12</b>	<b>89.54</b>	<b>19.74%</b>	<b>3.29</b>	<b>92.83</b>	<b>214.47</b>
<b>Total for CINEA</b>			<b>10,612.43</b>	<b>580.40</b>	<b>10,032.03</b>	<b>94.53 %</b>	<b>18,979.15</b>	<b>29,011.18</b>	<b>26,264.89</b>

### Breakdown of Commitments Remaining to be Settled (in Mio EUR) in 2023 CINEA



**TABLE 4: BALANCE SHEET FOR CINEA**

<b>BALANCE SHEET</b>	<b>2023</b>	<b>2022</b>
<b>A.I. NON CURRENT ASSETS</b>	<b>1,080,994,076.06</b>	<b>1,039,266,853.99</b>
A.I.5. Non-Current Pre-Financing	1,080,994,076.06	1,039,266,853.99
<b>A.II. CURRENT ASSETS</b>	<b>3,023,625,563.64</b>	<b>2,255,020,312.27</b>
A.II.2. Current Pre-Financing	2,919,317,842.05	2,201,561,342.88
A.II.3. Curr Exch Receiv & Non-Ex Recoverables	104,307,721.59	53,458,969.39
<b>ASSETS</b>	<b>4,104,619,639.70</b>	<b>3,294,287,166.26</b>
<b>P.III. NET ASSETS/LIABILITIES</b>	<b>0.00</b>	<b>0.00</b>
P.III.1. Reserves	0.00	0.00
<b>P.II. CURRENT LIABILITIES</b>	<b>-5,913,946,180.56</b>	<b>-5,923,219,922.42</b>
P.II.4. Current Payables	-438,602,337.68	-454,074,922.50
P.II.5. Current Accrued Charges & Defrd Income	-5,475,343,842.88	-5,469,144,999.92
<b>LIABILITIES</b>	<b>-5,913,946,180.56</b>	<b>-5,923,219,922.42</b>
<b>NET ASSETS (ASSETS less LIABILITIES)</b>	<b>-1,809,326,540.86</b>	<b>-2,628,932,756.16</b>
Non-allocated central (surplus)/deficit*	-30,982,407,436.21	-23,254,100,689.22
P.III.2. Accumulated Surplus/Deficit	32,791,733,977.07	25883033445
<b>TOTAL CINEA</b>	<b>0.00</b>	<b>0.00</b>

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

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

**TABLE 5: STATEMENT OF FINANCIAL PERFORMANCE FOR CINEA**

<b>STATEMENT OF FINANCIAL PERFORMANCE</b>	<b>2023</b>	<b>2022</b>
II.1 REVENUES	-76,530,355.61	-35,681,181.58
II.1.1. NON-EXCHANGE REVENUES	-76,980,892.62	-35,732,817.41
II.1.1.6. RECOVERY OF EXPENSES	-76,980,892.62	-35,732,817.41
II.1.2. EXCHANGE REVENUES	450,537.01	51,635.83
II.1.2.2. OTHER EXCHANGE REVENUE	450,537.01	51,635.83
II.2. EXPENSES	6,705,011,297.38	6,944,381,713.27
II.2. EXPENSES	6,705,011,297.38	6,944,381,713.27
II.2.11. OTHER EXPENSES	1,337,740.82	2,695,057.08
II.2.2. EXP IMPLM BY COMMISS&EX.AGENC. (DM)	6,703,672,339.60	6,941,686,118.52
II.2.8. FINANCE COSTS	1,216.96	537.67
<b>STATEMENT OF FINANCIAL PERFORMANCE</b>	<b>6,628,480,941.77</b>	<b>6,908,700,531.69</b>

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

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

**TABLE 5bis: OFF BALANCE SHEET for CINEA**

<b>OFF BALANCE</b>	<b>2023</b>	<b>2022</b>
OB.1. Contingent Assets	175.857.752,37	148.127.099,90
GR for pre-financing	175.857.752,37	148.127.099,90
OB.3. Other Significant Disclosures	-28.667.413.879,41	-22.152.851.650,76
OB.3.2. Comm against app. not yet consumed	-23.097.231.780,48	-20.341.671.336,17
OB.3.3.6.TEN-T	-5.570.182.098,93	-1.811.180.314,59
OB.4. Balancing Accounts	28.491.556.127,04	22.004.724.550,86
OB.4. Balancing Accounts	28.491.556.127,04	22.004.724.550,86
<b>OFF BALANCE</b>	<b>0,00</b>	<b>0,00</b>

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

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

**TABLE 6: AVERAGE PAYMENT TIMES FOR CINEA**

<b>Legal Times</b>									
<b>Maximum Payment Time (Days)</b>	<b>Total Nbr of Payments</b>	<b>Nbr of Payments within Time Limit</b>	<b>Percentage</b>	<b>Average Payment Times (Days)</b>	<b>Nbr of Late Payments</b>	<b>Percentage</b>	<b>Average Payment Times (Days)</b>	<b>Late Payments Amount</b>	<b>Percentage</b>
30	1,866	1,842	98.71 %	9.06	24	1.29 %	39.92	188,283.89	0. %
60	370	370	100.00 %	27.57				0.00	0. %
90	946	946	100.00 %	64.19				0.00	0. %

<b>Total Number of Payments</b>	<b>3,182</b>	<b>3,158</b>	<b>99.25 %</b>		<b>24</b>	<b>0.75 %</b>		<b>188283.89</b>	<b>0. %</b>
<b>Average Net Payment Time</b>	<b>27.83438089</b>			<b>27.74</b>			<b>39.92</b>		
<b>Average Gross Payment Time</b>	<b>42.10119422</b>			<b>41.986384</b>			<b>57.20833333</b>		

<b>Suspensions</b>							
<b>Average Report Approval Suspension Days</b>	<b>Average Payment Suspension Days</b>	<b>Number of Suspended Payments</b>	<b>% of Total Number</b>	<b>Total Number of Payments</b>	<b>Amount of Suspended Payments</b>	<b>% of Total Amount</b>	<b>Total Paid Amount</b>
0	48	941	29.57 %	3,182	2,162,930,652.83	29.30 %	7,383,193,286.37

<b>Late Interest paid in 2023</b>			
<b>DG</b>	<b>GL Account</b>	<b>Description</b>	<b>Amount (Eur)</b>
CINEA	65010000	Interest expense on late payment of charges	0.00
CINEA	65010100	Interest on late payment of charges New FR	1,216.96
			<b>1,216.96</b>



**TABLE 7: SITUATION ON REVENUE AND INCOME IN 2023 FOR CINEA**

Chapter		Revenue and income recognized			Revenue and income cashed from			Outstanding balance
		Current year RO	Carried over RO	Total	Current Year RO	Carried over RO	Total	
		1	2	3=1+2	4	5	6=4+5	
33	Other administrative revenue	0.00	0.00	0.00	0.00	0.00	0.00	0.00
60	Single market, innovation and digital	41,334,185.13	3,609,544.71	44,943,729.84	33,177,825.60	1,613,792.59	34,791,618.19	10,152,111.65
61	Cohesion, resilience and values	1,584,322.41	689,735.47	2,274,057.88	1,576,508.06	689,735.47	2,266,243.53	7,814.35
62	Natural resources and environment	3,507,761.30	828,706.95	4,336,468.25	2,525,257.92	143,765.42	2,669,023.34	1,667,444.91
67	Completion for outstanding recovery orders prior to 2021	-480,837.26	30,151,566.93	29,670,729.67	-480,837.26	2,108,221.38	1,627,384.12	28,043,345.55
<b>Total CINEA</b>		<b>45,945,431.58</b>	<b>35,279,554.06</b>	<b>81,224,985.64</b>	<b>36,798,754.32</b>	<b>4,555,514.86</b>	<b>41,354,269.18</b>	<b>39,870,716.46</b>

**TABLE 8: FINANCIAL IMPACT OF EX-ANTE AND EX-POST CONTROLS IN 2023 FOR CINEA**

<b>EX-ANTE CONTROLS BY TRANSACTION</b>	<b>Irregularity</b>	<b>OLAF notified</b>	<b>Total ex-ante amounts</b>
NON ELIGIBLE IN COST CLAIMS	65.230.272,12	152.003,93	<b>65.382.276,05</b>
CREDIT NOTES	3.274,80	0,00	<b>3.274,80</b>
RECOVERY ORDERS ON PRE-FINANCING	5.432.500,00	0,00	<b>5.432.500,00</b>
<b>Sub-Total</b>	<b>70.666.046,92</b>	<b>152.003,93</b>	<b>70.818.050,85</b>

<b>EX-POST CONTROLS BY TRANSACTION</b>	<b>Irregularity</b>	<b>OLAF notified</b>	<b>Total ex-post amounts</b>
RECOVERY ORDERS OTHER THAN ON PRE-FINANCING	6.547.654,48	104.731,84	<b>6.652.386,32</b>
INCOME LINES IN INVOICES	8.768.459,56	0,00	<b>8.768.459,56</b>
<b>Sub-Total</b>	<b>15.316.114,04</b>	<b>104.731,84</b>	<b>15.420.845,88</b>
<b>GRAND TOTAL (EX-ANTE + EX-POST)</b>	<b>85.982.160,96</b>	<b>256.735,77</b>	<b>86.238.896,73</b>

**TABLE 9: AGEING BALANCE OF RECOVERY ORDERS AT 31/12/2023 FOR CINEA**

	Number at 01/01/2023	Number at 31/12/2023	Evolution	Open Amount (Eur) at 01/01/2023	Open Amount (Eur) at 31/12/2023	Evolution
2014	2		-100.00 %	47,303.74		-100.00 %
2015	3	3	0.00 %	650,167.71	650,167.71	0.00 %
2017	2	2	0.00 %	576,970.38	576,970.38	0.00 %
2018	4	4	0.00 %	2,098,640.07	1,748,640.07	-16.68 %
2019	4	2	-50.00 %	6,199,791.63	5,791,807.55	-6.58 %
2020	13	11	-15.38 %	20,578,693.40	19,275,759.84	-6.33 %
2021	7	7	0.00 %	2,037,068.88	2,037,068.88	0.00 %
2022	14	2	-85.71 %	3,090,918.25	643,624.77	-79.18 %
2023		28			9,146,677.26	
	<b>49</b>	<b>59</b>	<b>20.41 %</b>	<b>35,279,554.06</b>	<b>39,870,716.46</b>	<b>13.01 %</b>

**TABLE 10 :RECOVERY ORDER WAIVERS >= 60 000 € IN 2023 FOR CINEA**

Waiver Central Key	Linked RO Central Key	RO Accepted Amount (Eur)	LE Account Group	Commission Decision	Comments
3233230037	3242004705	-133,263.12	International Organisations	Ares(2023)2201937 -27/03/2023	The waiver was proposed pursuant to Article 101(2)(b) of the financial regulation in view of the dissolution of the debtor
3233230125	3242203338	-138,004.07	Private Companies	Ares(2023)8304542 - 05/12/2023	The waiver is justified by the liquidation of the legal entity Centro de Investigaciones Submarinas S.L. and the updated liquidation report submitted to CINEA on the 24/08/2023, explaining that it is almost impossible that CINEA's claim is honoured even partially.
3233230170	3241911250	-306,270.40	Private Companies	Brussels, 7.7.2023 C(2023) 4488 final	Renunciation RO local key SI2.566335: in view of the insolvency of the debtor the amount receivable could not be recovered and was therefore waived

<b>Total CINEA</b>	<b>-577,537.59</b>
--------------------	--------------------

<b>Number of RO waivers</b>	<b>3</b>
-----------------------------	----------

There are 5 waivers below 60 000 € for a total amount of -43,274.95

*Justifications:*

*3233230037 - The waiver was proposed pursuant to Article 101(2)(b) of the financial regulation in view of the dissolution of the debtor*

*3233230125 - The waiver is justified by the liquidation of the legal entity Centro de Investigaciones Submarinas S.L. and the updated liquidation report submitted to CINEA on the 24/08/2023, explaining that it is almost impossible that CINEA's claim is honoured even partially*

*3233230170 - In view of the insolvency of the debtor, the amount receivable could not be recovered and was therefore waived*

**TABLE 11: NEGOTIATED PROCEDURES IN 2023 FOR CINEA**

Negotiated Procedure Legal base	Number of Procedures	Amount (€)
<b>Total</b>		

**TABLE 12: SUMMARY OF PROCEDURES IN 2023 FOR CINEA**

**Internal Procedures > € 60,000**

Procedure Legal base	Number of Procedures	Amount (€)
Open procedure (FR 164 (1)(a))	16	92,010,572.64
<b>Total</b>	<b>16</b>	<b>92,010,572.64</b>

**TABLE 13: BUILDING CONTRACTS IN 2023 FOR CINEA**

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

**TABLE 14: CONTRACTS DECLARED SECRET IN 2023 FOR CINEA**

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

**TABLE 15 : FPA DURATION EXCEEDS 4 YEARS - CINEA**

One case concerning the Framework Partnership Agreement (FPA) for the Climate-Neutral and Smart Cities Mission Platform Scaling Netzerocities for which the duration of five years is clearly indicated in the Work Programme.

**TABLE 16 : COMMITMENTS CO-DELEGATION TYPE 3 IN 2023 FOR CINEA**

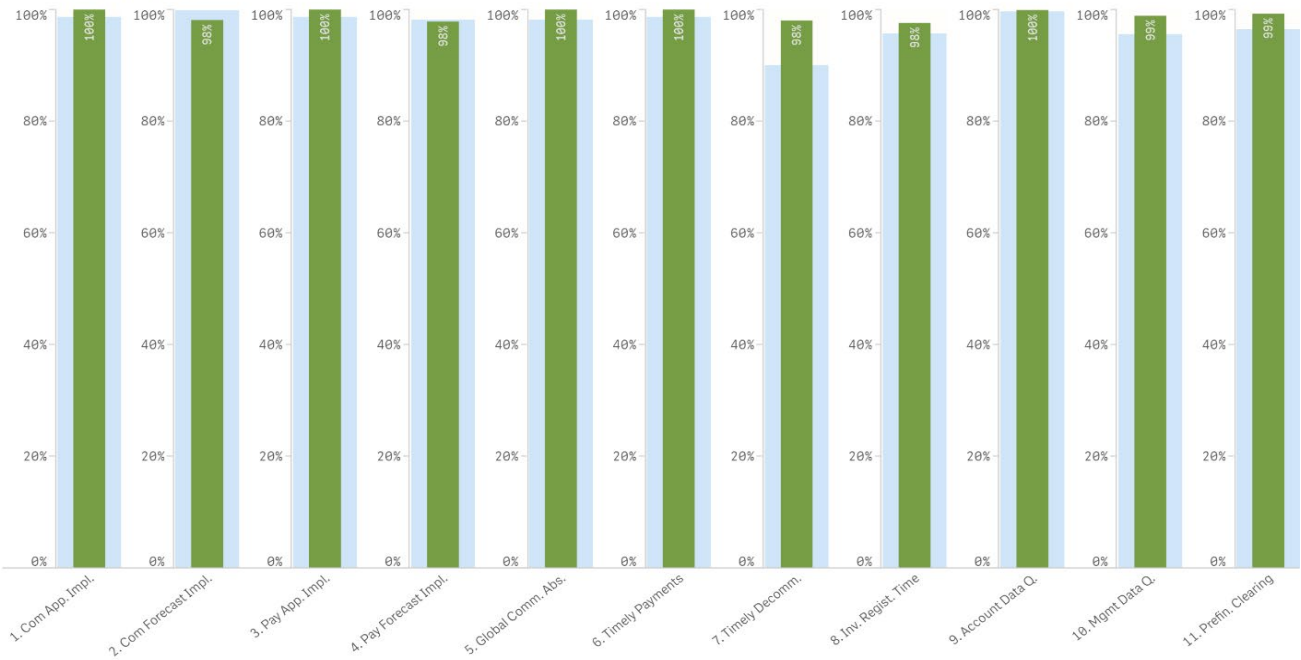
# ANNEX 4: Financial scorecard

The Annex 4 of each Commission service summarises the annual result of the standard financial indicators measurement. Annexed to the Annual Activity Report 2023, 10 standard financial indicators are presented below, each with its objective and result for the Commission service and for the EC as a whole (for benchmarking purposes):

For each indicator, its value (in %) for the Commission service is compared to the common target (in %). The difference between the indicator’s value and the target is colour coded as follows:

- 100 – >95% of the target: dark green
- 95 – >90% of the target: light green
- 90 – >85% of the target: yellow
- 85 – >80% of the target: light red
- 80 – 0% of the target: dark red

INEA Indicator Scores for 2023 12



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

Indicator	Objective	Comment	CINEA Score	EC Score
1. Commitment Appropriations Implementation	Ensure efficient use of commitment appropriations expiring at the end of Financial Year		100%	99%
2. Commitment Forecast Implementation	Ensure the cumulative alignment of the commitment implementation with the commitment forecast in a financial year		98%	100%
3. Payment Appropriations Implementation	Ensure efficient use of payment appropriations expiring at the end of Financial Year		100%	99%
4. Payment Forecast Implementation	Ensure the cumulative alignment of the payment implementation with the payment forecast in a financial year		98%	98%
5. Global Commitment Absorption <sup>8</sup>	Ensure efficient use of already earmarked commitment appropriations (at L1 level)		100%	98%
6. Timely Payments	Ensure efficient processing of payments within the legal deadlines	CINEA managed to pay on time 100% of its operational appropriations, which is higher than the EC average, demonstrating effective deadline monitoring and processing of payments.	100%	99%
7. Timely Decommitments	Ensure efficient decommitment of outstanding RAL at the end of commitment life cycle		100%	90%
8. Invoice Registration Time	Monitor the accounting risk stemming from late registration of invoices in the central accounting system ABAC		98%	96%

<sup>8</sup> Due to technical limitation: 1. the indicator does not take into account the Com L1 Consumption between the FDC ILC date and the FA FDI allowed as an exception in the external actions for Com L1 of type GF, i.e. with Financing Agreement, under the FR2018 Article 114.2. 2. it is technically not possible to exclude the decommitment of RAL (C8) which is subsequently re-committed for a new purpose. As a result, the actual Indicator score may be slightly higher than the one reported for DGs using the GF commitments.

9. Accounting Data Quality	Ensure the good data quality of ABAC transactions with the focus on fields having a primary impact on the accounts		100%	100%
10. Management Data Quality	Ensure the good data quality of ABAC transactions with the focus on fields having a primary impact on the management decisions		99%	96%
11. Timely Invoice PF clearing	Ensure efficient clearing by invoices of prefinancing payments within the invoice payment time limit		99%	100%



## 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 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, 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 her responsibility. For CINEA, 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. CINEA has set the materiality level for each distinct 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.

### Qualitative criteria for defining significant weaknesses

For all methods of implementation under its operational budget, the different parameters relevant in CINEA 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 CINEA, or indirectly on the Commission, will be reported irrespective of the amount of damage to CINEA 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 below).

## **Quantitative criteria for defining reservations**

As the implementation cycle for the programmes for the period 2021-2027 was in their early phase in 2023, with small number of interim or final payments subject to ex post control, this annex concentrates on the materiality criteria and audit methodology for the legacy programmes, as explained below. To be noted that the Innovation Fund is not subject to ex post controls (lump sums).

For CEF, LIFE and EMFF 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.

In view of the multi-annual nature of these programmes, CINEA has developed multi-annual ex post audit strategies with the residual error rates calculated on a multi-annual basis.

The criteria for deciding on whether there is material error in the expenditure of the Agency, and so on whether to make a reservation in the AAR, will be principally, though not

exclusively, based on the level of residual error identified in ex post audits of CEF, LIFE and EMFF financial statements on a multi-annual basis.

Finally, as from 2019 <sup>(9)</sup>, a 'de minimis' threshold for financial reservations has been introduced. Quantified AAR reservations related to residual error rates above the 2% materiality threshold are deemed not substantial for segments representing less than 5% of a DG/Agency's total payments and with a financial impact below EUR 5 million. In such cases, quantified reservations are no longer needed.

### **CEF Audit Methodology**

The ex post controls (audits) are carried out on the declared costs to the Agency and consist of verifying the legality and regularity of the underlying transactions and consequently the final eligible EU contribution.

The approach for the CINEA ex post audit strategy is to treat the CEF sectors Transport and Energy as a separate population.

The audit sampling is non-representative as the sample size would exceed the available auditing capacity. Instead, the CINEA ex post control strategy aims to audit specific financial coverage targets for each CEF sector (% coverage of processed interim and final financial statements).

The targeted financial coverage, whilst not statistically representative, provides sufficient coverage of projects in financial and geographical terms and also in the blend of beneficiaries in order for CINEA to draw conclusions from the results obtained. The selection of audits is made with a mixture non-representative interval sampling and judgmental risk based sampling in order to reach a 15% target of financial coverage of the authorised interim and final payments of N-1 at CEF sector level.

### **Non representative Interval sample (first layer)**

The non-representative Interval sample, as the first sample layer, delivers the detected error rate (DER). The DER, expressed as a percentage, is the ratio of the total amount unduly paid to the total EU contribution paid and audited.

For CEF, the DER is based solely on the audits selected using interval sampling and calculated by dividing the sum of all adjustments of the EU contribution for the financial statement audited, by the total value of EU contribution audited (i.e. the amount of contribution sampled during audits).

---

<sup>(9)</sup> Agreement of the Corporate Management Board of 30/04/2019.

## **Judgemental selection (second layer)**

Judgemental risk based sampling considers several factors relevant for the overall population for each CEF sector in order to provide additional elements of assurance. Its aim is to target the portions of the budget where corrections to the errors detected can be most effective.

Identifying areas with specific inherent or identified risks implies targeting areas for which error rates are expected to be higher than the DER from the non-representative interval sample. For this reason, audit results of judgemental samples are not used to calculate the detected error rate.

## **EMFF Audit Methodology**

The sampling approach and audit methodology applied by CINEA for EMFF are the same as for CEF described in detail above.

## **LIFE Audit Methodology**

The ex post controls (audits) are carried out on the declared costs to the Agency on interim and final financial statements. They consist of verifying the legality and regularity of the underlying transactions.

## **Non-representative Value based sample (first layer)**

The audit sampling is non-representative as the sample size would exceed the available auditing capacity. The CINEA strategy aims to audit specific financial coverage targets for LIFE (15% coverage of processed interim and final financial statements).

The CINEA value based sample method ranks and selects the highest approved EU contribution per year on annual basis at coordinator level. In 2022 and 2023 the target was for 19 and 18 value based audits respectively. Historically, LIFE audits have covered the entire consortium, at the premises of the coordinator. However, in 2021, due to the large size of some consortia, CINEA decided that only part of the consortium may be audited.

This maintains the value based nature of the sample, while maximising the cost / benefit of the audit.

The two cumulative criteria applied by CINEA for the selection of the beneficiaries to be audited per selected transaction are: audits of a maximum of five beneficiaries selected per consortium with an accepted individual EU contribution exceeding € 80, 000.

The targeted financial coverage, whilst not statistically representative, provides sufficient coverage of projects in financial and geographical terms and also in the blend of beneficiaries in order for CINEA to draw conclusions from the results obtained. The selection of audits is made with a mixture of non-representative value based and judgmental risk based sampling in order to reach a 15% target of financial coverage of the authorised interim and final payments of N-1.

## **Judgemental selection (second layer)**

In addition to the value based audits sampled, as described above, risk-based audits are performed. These audits address specific concerns, risks or issues, detected and highlighted by operational services. Due to their specific nature, error rates of these risk-based audits are not included in the detected error rate calculation.

## **Approach to calculation/determination of error rates/ financial corrections (CEF, EMFF and LIFE)**

### **Detected Error**

In the performance of an audit, the sampling approach (targeted minimum financial coverage of 50%) is to ascertain the risk of material error in the financial statement of the beneficiary. If errors are detected, they are corrected.

The risk of the error being present in the non-audited declared costs is also considered. This requires an analysis of the nature of the error detected. If the error is considered potentially more widespread, the sample is extended in order to rule out the risk of further errors. The systematic nature of the error is also communicated to the CINEA AOSDs for follow up as regards non-audited projects, managed by CINEA, with the same beneficiary.

The detected error (in EUR) is calculated in terms of the impact on the audited accepted EU contribution. In some cases, a detected error at cost level has no impact on the EU contribution due to costs declared being over and above the maximum EU contribution.

When errors affecting the EU contribution are identified, the ineligible amounts are notified to the AOSDs for implementation of any required financial recovery or offsetting (against a following interim or final payment).

### **Residual Error**

Residual error rates are calculated on a multi-annual basis to reflect the multi-annual nature of the CEF, LIFE and EMFF programmes and projects. The results of ex post controls carried out by the Agency from interval sampling/ value based audits (Layer 1) are calculated over the programme's lifetime to provide the multi-annual detected error rate. The detected error rate is extrapolated to the non-audited EU contribution paid to beneficiaries. The calculation also takes into account the 'cleaning' effect of the ex post controls by integrating the financial impact of the follow-up of all ex post controls performed – which correct the majority of detected errors. This provides the residual error.

Due to its multi-annual nature, the effectiveness of the ex post control strategy for all programmes managed by CINEA can only be measured and assessed at the final stages in the lifecycle of each sector and once it has been fully implemented. Notwithstanding the multiannual span of the ex post control strategy, the Director of CINEA is required to sign a declaration of assurance for each financial year. In order to determine whether or not to qualify this declaration 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.

Although not derived by statistical parameters which can be extrapolated to the unaudited payment population with statistical confidence, the detected and residual error rates obtained from the ex post audits are a key building block in the assurance building process and provide the best available indicator of the level of error at sector level for CEF and at programme level for LIFE and EMFF in the unaudited population.

## Horizon 2020

For H2020, ex-post controls are under the responsibility of the Common Audit Service (CAS). The CAS undertakes all (representative and complementary) Horizon 2020 audits, for all Horizon 2020 stakeholders, including CINEA, ensuring a harmonised approach and also that audit burden on beneficiaries is minimised.

### Assessment of the effectiveness of controls

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

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

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

Errors detected and corrected as a result of the implementation of audit conclusions.

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

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

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

where:

**ResER%** residual error rate, expressed as a percentage.

**RepER%** representative error rate, or error rate detected in the common representative sample, expressed as a percentage. The RepER% is composed of complementary portions reflecting the proportion of negative systemic and non-systemic errors detected. This rate is the same for all implementing entities, without prejudice to possibly individual detected error rates.

- RepERsys%** portion of the RepER% representing negative systemic errors, (expressed as a percentage). The RepERsys% is the same for all entities and it is calculated from the same set of results as the RepER%
- P** total requested EC contribution (€) in the auditable population (i.e. all paid financial statements).
- A** total requested EC contribution (€) as approved by financial officers of all audited financial statements. This will be collected from audit results.
- E** total non-audited requested EC contribution (€) of all audited beneficiaries.

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

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

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

### Multiannual approach

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

---

<sup>(10)</sup> Such as, for instance, when the number of results from a statistically representative sample collected at a given point in time is not sufficient to calculate a reliable error rate.

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 audits of cost claims on a multi-annual basis.

### Adequacy of the audit scope

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

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

### 2020 REVISED Methodology for the calculation of the error rate for Horizon 2020

#### European Court of Auditors observations



The European Court of Auditors observed in its 2018 and 2019 Annual Reports that the error rate of Horizon 2020 was understated due to the fact that the “ex-post audits aim for maximum coverage of the accepted costs, but rarely cover all the costs. The error rate is calculated as a share of all the accepted costs, instead of the amount actually audited. This means that the denominator in the error calculation is higher, so the error rate is understated. In case the errors found are of a systemic nature, the error is extrapolated which partially compensates for the above-mentioned understatement. However, since extrapolation is not performed for non-systemic errors, the overall error rate is nevertheless understated. The understatement of the error rate cannot be quantified. It is, then, impossible to determine whether the impact of this understatement is significant”.

In response to this observation, in 2020 the Commission re-defined its methodology for calculating the Horizon 2020 error rate. In order to quantify any potential understatement mentioned by the Court, the Commission applied a new methodology for all audits closed as from 01 January 2020. The main change in the methodology is that the denominator used in the error calculation is the sum of costs actually audited and not the sum of all accepted costs.

In this respect, an additional 0.38 % (calculated on 1 937 H2020 audit participations by difference with the previous methodology) has been used to top up the cumulative detected error rate for 2022. From January 2023, the Representative Error Rate is calculated by dividing the adjustment of the initial sample by the sampled amounts.

#### IAS limited review on the 2020 error rate calculation for Horizon 2020

The IAS has carried out a limited review on the methodology for calculation of the error rates of Horizon 2020 in the year 2020. The findings of this limited review confirmed that there is no weakness in the calculation of the detected error rate and that the impact of these findings on the accuracy of the calculation of the residual error rate is minor. The three recommendations issued were closed by IAS with the Note on audit conclusions in January 2024.

#### 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 <sup>(11)</sup> 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.*

*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 <sup>(12)</sup>, 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

---

<sup>(11)</sup> 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.

<sup>(12)</sup> Regulation (EU) 2021/695 of the European Parliament and of the Council of 28 April 2021 establishing Horizon Europe

the Annual Activity Report if the cumulative residual error rate is above the 2% materiality threshold. <sup>(13)</sup>.

---

<sup>(13)</sup> No representative error rate for Horizon Europe will be available in 2023 as the ex-post audit campaign for the programme is planned to be launched by the end of 2023, at the earliest.

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

### Grants direct management (applicable to all programmes managed by the Agency)

#### Stage 1: Programming, evaluation and selection of proposals

**Main internal control objective:** Ensuring that projects meeting the policy objectives are among the proposals submitted (compliance; prevention of fraud)

**Specific internal control objective A:** Contributing to the (annual) work programmes under the programmes delegated to the Agency, including the preparation, adoption and publication of calls for proposals

Main risks	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators (three E's)
<p>There is a risk that:</p> <ul style="list-style-type: none"> <li>• Work programmes and the subsequent calls for proposals do not adequately reflect the policy objectives/ priorities;</li> <li>• Topics/ activities are incoherent;</li> <li>• Essential eligibility, selection and award criteria are not adequate to ensure effective, efficient and economic evaluations of the proposals.</li> </ul>	<p>The mitigating controls for these risks are mostly the ownership of the parent DGs. This said, in line with CINEA's mandate:</p> <ul style="list-style-type: none"> <li>• CINEA provides its contribution to the content of the work programmes, which are adopted by the Commission (as per the MoUs and agreed working arrangements) in line with the policy objectives and priorities.</li> <li>• While doing so, the Agency builds on its knowhow from managing the projects, to benefit the coherency of the topics.</li> <li>• The Agency prepares, adopts and publishes the calls, while ensuring that the work programmes are translated into eligibility, selection and award criteria that are adequate to ensure effective, efficient and economic evaluations of the proposals.</li> </ul> <p>Controls are implemented in collaboration with the</p>	<p><u>Coverage/Frequency:</u> 100% of work programmes 100% of calls</p> <p><u>Depth:</u> Work Programme contributions and call preparation, adoption and publication are thoroughly reviewed at all levels, including for operational, and legal aspects; all underlying implementation tools are defined and developed according to common rules. Under Horizon, all business processes follow a governance system under the due supervision of instances like the Steering Board, the Executive Committee, the Directors Groups and key user groups.</p>	<p><u>Effectiveness:</u> The work programmes are adopted by the Commission.</p> <p>Success rates in terms of "over-subscription": number of proposals retained for funding compared to number of eligible proposals received.</p> <p>Benefits (requested funding from proposals rejected by experts) outweigh the estimated costs of stage 1.</p> <p>Qualitative benefits: optimised procedures, common approach on multiple issues (audits, fraud, legal aspects, reporting...); better reporting on the whole programme – better</p>

	<p>relevant services, and foresee appropriate hierarchical validation (including consultation of parent DG).</p> <p>Under Horizon Europe, the work programmes proposed by the Directors' Groups according to the Commission decision C(2021)4472 are co-created with the work of the various entities and with the processes established in this decision.</p> <p>In particular, the Common Implementation Centre (CIC) in DG Research and Innovation provides all DGs involved in the implementation of Horizon 2020 and Horizon Europe research with harmonised procedures, guidance and IT tools.</p> <p>The Common Policy Centre (CPC) in DG Research and Innovation under Horizon Europe centralises the budget planning and the monitoring of the Horizon Europe and Horizon 2020's budget implementation.</p> <p>The CIC/CPC governance structure ensures that programme implementation experience gathered feeds back to the programme design.</p>		<p>management of the programme <sup>(14)</sup>.</p> <p><u>Efficiency:</u> Estimation of cost of staff involved in the preparation and validation of the contribution to the Work Programme and preparation, adoption and publication of Calls for Proposals / Value of Contracted Grants (%).</p> <p><u>Economy:</u> A good work programme and well-publicised calls should generate a large number of good quality proposals, from which only the best ones, meeting the policy objectives, are selected. This results in a real competition for funds.</p>
--	--	--	--

---

<sup>(14)</sup> The mutualisation of the support services represents a quantitative benefit which is certain but not accurately quantifiable in the context of reorganisations, new programme's setting up, general HR offsetting through the Commission

## Specific internal control objective B: Contributing to evaluation and award procedures

Main risks	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators (three E's)
<p>There is a risk that the evaluation and selection of proposals:</p> <ul style="list-style-type: none"> <li>Do not comply with the established procedures or time limits;</li> <li>Fail to consider the essential admissibility and eligibility requirements;</li> <li>Are not in line with the exclusion and selection criteria defined in the corresponding work programme(s);</li> <li>Do not respond to the policy objectives/ priorities as per the award criteria;</li> <li>Are affected by conflict of interest regarding the expert evaluators;</li> <li>Results in a complaint requesting an evaluation review.</li> </ul>	<p>Detailed guidance and procedures are in place to address this objective (eGrants vademecum, LIFE wiki and CINEA's Manual of Procedures) and are adhered to at all times. This includes thorough admissibility and eligibility checks on proposals as well as checks on exclusion criteria based on guidelines developed internally.</p> <p>With regards to award criteria, CINEA selects and appoints qualified independent expert evaluators, in consultation with the parent DGs. For such, the Agency has developed:</p> <ul style="list-style-type: none"> <li>Guidance on selection of experts;</li> <li>Pool approval workflow for experts;</li> <li>Contracting workflow for experts;</li> <li>Guidelines for the reimbursement of external experts;</li> <li>Conflict of Interest management procedures.</li> </ul> <p>Besides, CINEA also ensures appropriate briefing of experts, including on the evaluation of cost estimations in lump sum proposals.</p> <p>Additionally, CINEA makes use of independent external observer(s). For such, the Agency has developed: guidelines for independent observers.</p> <p>Finally, a comprehensive IT system supporting the evaluation of proposals and allowing better</p>	<p><u>Coverage/Frequency:</u></p> <p>100% of experts for technical expertise and independence</p> <p>100% of calls including proposals evaluated</p> <p>100% of ranked list of proposals (if applicable)</p> <p>100% of contested decisions are analysed by redress committee (if applicable)</p> <p><u>Depth:</u></p> <ul style="list-style-type: none"> <li>Checks on proposals are documented and validated at adequate level.</li> <li>Technical expertise and independence is checked at different levels and different stages (e.g. Col, nationality bias, ex-employer bias).</li> <li>Continuous supervision of evaluation process and the work of experts, notably with the input of the independent observer.</li> </ul>	<p><u>Effectiveness:</u></p> <p>Number of proposals evaluated</p> <p>Average time to inform. % of Time-To-Inform on time</p> <p>Benefits (requested funding from proposals rejected by experts) outweigh the estimated costs of stage 1.</p> <p><u>When applicable, expert evaluators bring independence, state of the art knowledge in the field and a range of different opinions. This will have an impact on the whole project cycle: better planned, better implemented projects</u></p> <p><u>Efficiency:</u></p> <p>Estimation of cost of all staff and other expenses (external experts, observers and logistics) involved in the evaluation and selection of proposals process / Value of Contracted Grants (%).</p> <p>If applicable: % of number of (successful) redress challenges upheld / total number of proposals evaluated</p>

	<p>monitoring of the process is in place.</p> <p>Generally, fraud risk and legal checks are incorporated into the procedures or on ad hoc basis in case of doubt.</p> <p>If applicable, validation by the AOSD of ranked list of proposals. In addition: opinion of advisory bodies; comitology; inter-service consultation and adoption by the Commission; publication.</p> <p>If applicable, redress procedure is triggered.</p>		<p><u>Economy:</u></p> <p>The evaluation of proposals is objective and performed based on high independent technical expertise. Transparency, independence and objectivity of the evaluation process attested by independent observer(s). Policy objectives of the relevant programmes can be achieved in the most economical way by selecting the best proposals, resulting in a real competition for funds.</p>
--	--	--	---

## Stage 2: Grant agreement preparation (GAP)

**Main internal control objectives:** Ensuring that the actions and fund allocation is optimal (best value for public money; effectiveness; economy, efficiency; compliance; prevention of fraud)

Main risks	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators (three E's)
<p>There is a risk that:</p> <ul style="list-style-type: none"> <li>The budget foreseen in the proposal overestimates the costs necessary to carry out the action;</li> <li>The beneficiary lacks operational and/or financial capacity to carry out the actions;</li> <li>A potential fraudulent proposal/ beneficiary has not</li> </ul>	<p>When applicable, the grant agreement preparation takes into consideration the recommendations/ observations of budgetary nature made by the evaluation panel.</p> <p>Systematic checks on operational and legal aspects are performed before signature of the Grant Agreement</p> <p>Furthermore, procedures and detailed guidance are in place to address this objective (eGrants vademecum, LIFE wiki and CINEA's Manual of</p>	<p><u>Coverage/ Frequency:</u></p> <p>100% of selected proposals</p> <p>100% of draft grant agreements</p> <p><u>Depth:</u></p> <p>May be differentiated and determined after considering the programme, the type or nature of the beneficiary (e.g. SME, Joint-ventures) and/or of the modality (e.g. substantial subcontracting or procurement-</p>	<p><u>Effectiveness:</u></p> <p>Number of grants signed</p> <p>Average time to grant (FR 128.2); % of time to grant on time</p> <p><u>Efficiency:</u> Estimated cost of staff involved in stage 2 / value of</p>

<p>been duly detected prior to the selection;</p> <ul style="list-style-type: none"> <li>• Procedures do not comply with regulatory framework;</li> <li>• Grant Agreement is signed with a delay.</li> </ul> <p>Where applicable, the project implementation might not comply with Ethics requirements.</p> <p>Where applicable,</p>	<p>Procedures) and are adhered to at all times. This includes:</p> <ul style="list-style-type: none"> <li>• Procedures and guidelines for the validation of beneficiaries (operational and financial capacity) including ad hoc checks for high risk beneficiaries;</li> <li>• Check of the Early Detection and Exclusion System (EDES) for all beneficiaries;</li> <li>• The use of corporate model grant agreement;</li> <li>• Guides for the preparation of grant agreement, including checklists and templates;</li> <li>• Guidelines for the management of financial guarantees;</li> <li>• Risk assessment and risk based checks before the grant agreement signature and reinforced monitoring flagging if necessary;</li> <li>• If applicable, ad hoc anti-fraud checks for riskier beneficiaries;</li> <li>• Double funding and plagiarism checks;</li> <li>• Monitoring and reporting of the time to grant indicator.</li> </ul> <p>The signature of the GA is done by the AOSD.</p> <p>An ethics review is carried out systematically in all Horizon calls, starting with an ethics pre-screening, which results in detailed screening or assessment if necessary.</p> <p>When applicable, ad hoc security checks and screenings Security review is carried out systematically in all Horizon calls, starting with pre-</p>	<p>and/or the total value of the grant).</p> <p>Controls implemented when justified by the call/ proposal content.</p>	<p>contracted grants (%)</p> <p><u>Economy:</u> This stage should lead to a higher assurance on the achievement of the projects and contribution to policy objectives. Economy can also be quantified by justified reduction of EU contribution during GA preparation.</p>
--	--	--	--



sensitive/classified information in future deliverables of a selected projects might not be handled with the adequate security measures	screening, which may result in detailed security scrutiny.		
---	--	--	--

### Stage 3: Monitoring the execution

**Main control objectives:** Ensuring that the operational results (deliverables) from the selected projects are of good value and meet the objectives and conditions (effectiveness & efficiency); ensuring that underlying transactions 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	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators (three E's)
<p>There is a risk that:</p> <ul style="list-style-type: none"> <li>The cost claims and or deliverables are irregular or fraudulent;</li> <li>Evidence of achievements is insufficient;</li> <li>The amounts paid exceed what is due in accordance with the applicable contractual and regulatory provisions.;</li> <li>Activities performed deviate from the technical description and requirements foreseen in the grant agreement;</li> <li>Underperformance and lost opportunities as corrective actions are detected late;</li> </ul>	<p>Procedures, detailed guidance as well as templates and checklists are in place to address this objective (Gofund, LIFE wiki and CINEA's Manual of Procedures) and are adhered to at all times. This includes, among other elements:</p> <ul style="list-style-type: none"> <li>Quick Guides for kick-off meetings, missions and final meeting (communication with beneficiaries as a preventive/ control measure);</li> <li>Guidance on amendment of grant agreements (including checklists and templates);</li> <li>Ex-ante control strategies and guidelines;</li> <li>If needed: application of suspension/interruption of payments, referring grant/beneficiary to OLAF/EPPO</li> <li>Guidance and templates for suspension &amp; termination of grant agreements;</li> <li>Guidance on reduction of the grant amount for</li> </ul>	<p><u>Coverage:</u></p> <p>100% of the projects are controlled through value-adding checks. Riskier operations are subject to more in-depth controls.</p> <p><u>Depth:</u></p> <p>Will depend on risk criteria.</p> <p>However, as a deliberate policy to reduce administrative burden, and to ensure a good balance between trust and control, the level of control at this stage should have an efficiency focus.</p> <p>Priority is given to high risk operations</p>	<p><u>Effectiveness:</u></p> <p>Number of payments (additional pre-financing/ interim/ final)</p> <p>Time-to-pay</p> <p>% payments made on time</p> <p>Value of detected ineligible EU funding / submitted EU funding (%)</p> <p><u>Efficiency:</u></p> <p>Cost of all staff and non-staff expenses (e.g. external monitors) related to the monitoring of the execution of projects/</p>

<ul style="list-style-type: none"> <li>• There is a lack of harmonised approach with the consequence of unequal treatment of the beneficiaries;</li> <li>• Ethics requirements are not fulfilled, if applicable;</li> <li>• Late payments are due.</li> </ul>	<p>poor, partial or late implementation - technical degree of completion – budget transfers;</p> <ul style="list-style-type: none"> <li>• Guidance on the treatment of appeals;</li> <li>• Double funding and plagiarism checks;</li> <li>• Project monitoring visits (on-site or remote) including the support provided through the LIFE programme support framework contract;</li> <li>• Anti-fraud awareness raising training;</li> <li>• Enhanced Research family approach (anti-fraud cooperation; common legal and audit service; comprehensive and common IT system for all the family);</li> <li>• Selection and appointment of experts for scientific reviews of intermediate and/or final reporting if applicable.</li> </ul> <p>In addition to the above elements, communication and information actions are part of the preventive controls. This includes both internal targeted actions as well as actions towards the beneficiaries (kick-off meetings, launch events, trainings/ presentations/ workshops and awareness on different phases of the project). Furthermore, project progress is monitored through regular contacts with the beneficiaries.</p> <p>Operational and financial checks in accordance with the financial circuits.</p> <p>Operation authorisation by the AOSD.</p> <p>For riskier operations, reinforced monitoring.</p> <p>If applicable, monitoring of ethics obligations; in</p>	<p>identified by risk criteria (suspicions raised by staff, audit results, EDES, individual or ‘population’ risk assessment and procedure on audit certificates by beneficiaries linked to amounts claimed).</p> <p>Audit certificates required in accordance with the specific programmes’ rules, except for lump sum grants (e.g. for H2020: any beneficiary/ affiliated entity claiming more than: EUR 325 000; for HE, the ceiling is EUR 430 000, except lump-sum grants).</p>	<p>amount paid (%).</p> <p><u>Economy:</u></p> <p>Successful implementation of the actions, producing benefits for the community</p>
---	--	---	--

	<p>case of doubt, initiate checks, reviews, or audits as planned in the grant agreement.</p> <p>Monitoring and reporting of the time to pay indicator</p>		
--	---	--	--

## Stage 4: Ex-Post controls/Audits

### A. Audits

**Main control objectives:** Measuring the effectiveness of ex-ante controls by ex-post controls and addressing systematic issues if and when they arise (effectiveness; economy, efficiency); detection and correction of errors or fraud remaining undetected during ex-ante controls (compliance; prevention of fraud)

Main risks	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators (three E's)
<p>There is a risk that:</p> <ul style="list-style-type: none"> <li>• Erroneous payment declarations are accepted;</li> <li>• Attempted fraud to an extent going beyond a tolerable rate of error is not prevented and/ or detected;</li> <li>• There is a lack of consistency in the audit strategy within the Research family;</li> <li>• There is a lack of efficiency for absence of coordination: multiple audits on the same beneficiary, same programme: reputational risk and high administrative burden on the beneficiaries' side.</li> </ul>	<p>CINEA's ex post controls consist of documented audit strategies, which have been discussed and validated at high level. The strategies are then transposed into Ex-post Audit Work Programmes.</p> <p>Procedures and detailed guidance are in place to address this objective and are adhered to at all times. This includes internal guidelines for sampling the ex-post controls.</p> <p>In addition, CINEA's external audit team is not involved in the operational or financial circuits. This is expected to increase the degree of independence and reliability of the ex-post</p>	<p><u>Coverage, frequency and depth</u> are determined according to the ex-post control strategies for the programmes delegated to CINEA. These strategies also set indicators and targets.</p> <p>For the Research programme, the Common Implementation Centre is mainly responsible for ex-post controls:</p> <ul style="list-style-type: none"> <li>• Common Representative audit Sample (CRaS): MUS sample across the programme to draw valid management conclusions on the error rate in the population.</li> <li>• Research and Innovation risk-based</li> </ul>	<p><u>Effectiveness:</u></p> <p>Multi-annual residual error rates per programme (or sector when applicable).</p> <p>Number of audits finalised % of beneficiaries &amp; value coverage.</p> <p><u>Efficiency:</u></p> <p>Progress Against Annual Audit Plan; Multi-annual Audit coverage.</p> <p>Percentage of implementation of</p>

<ul style="list-style-type: none"> <li>Internal control weaknesses or errors are not detected and such no action is taken to improve such controls</li> </ul>	<p>controls.</p> <p>For the Research programme (H2020 and HE), ex-post controls are implemented by the Common Audit Service (CAS), part of the Common Implementation Centre, DG Research and Innovation:</p> <ul style="list-style-type: none"> <li>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;</li> <li>Calculates the representative error rate for the R&amp;I programme;</li> <li>Additional sample to address specific risks;</li> <li>When relevant, joint audits with the Court of Auditors;</li> <li>Multi-annual basis (programme's lifecycle) and coordination with other AOs concerned;</li> <li>Validate audit results with beneficiary;</li> <li>In case of systemic error detected, extrapolation to all the ongoing projects run by the audited beneficiary (or closed within two years).</li> </ul> <p>If ex-post controls detect any weaknesses in internal controls, such findings may be exploited to improve the controls concerned, for example through updates of the guidance in the Manual of Procedures and the checklists.</p>	<p>sample, determined in accordance with the selected risk criteria aimed to maximise deterrent effect and prevention of fraud or serious error.</p>	<p>CAS audit plan</p> <p><u>Economy:</u></p> <p>Improvement in rules and guidance from feedback from audits. Deterrent effect. Learning effect for beneficiaries. Improvement of ex-ante controls or risk approach in ex-ante controls by feeding back findings from audit.</p> <p>Estimation of cost of staff involved in the coordination and execution of the ex post audit strategies.</p> <p>Costs of the appointment of audit firms and missions <sup>(15)</sup>.</p>
---	---	--	---

<sup>(15)</sup> For the R&I family, the estimation is established for the grant process which includes Horizon 2020 , Horizon Europe and Euratom.

## B. Implementing results from ex-post audits/controls

**Main control objectives:** Ensuring that the (audit) results from the ex-post controls lead to effective recoveries (effectiveness; economy, efficiency; compliance; prevention of fraud); ensuring appropriate accounting of the recoveries made (reliability of reporting)

Main risks	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators (three E's)
<p>There is a risk that:</p> <ul style="list-style-type: none"> <li>Financial recommendations stemming from the ex-post audits are not implemented;</li> <li>Errors, irregularities and cases of potential fraud are not addressed or not addressed in a timely manner.</li> </ul>	<p>Procedures and detailed guidance are in place to address this objective and are adhered to at all times. This includes:</p> <ul style="list-style-type: none"> <li>The procedure for the implementation of ex-post audit findings;</li> <li>The audit follow-up sheet;</li> <li>Validation of recovery in accordance with the financial circuits;</li> <li>Authorisation by AOSD;</li> <li>Coordination at the level of the Research family: FAIR committee;</li> <li>If needed: reinforced monitoring implemented on ongoing projects.</li> </ul> <p>Furthermore, the Agency proceeds to the systematic registration of audit/ control results to be implemented and tracks its actual implementation in the relevant audit databases/ ex-post monitoring tools.</p> <p>Finally, if circumstances justify so, the Agency will notify suspicious cases to OLAF/ EPPO and ensure regular follow up of detected fraud.</p>	<p><u>Coverage:</u></p> <p>100% of final audit results with a financial impact.</p> <p><u>Depth:</u></p> <p>All audit results are examined in-depth making the final recoveries.</p> <p>For the research programme, systemic errors are extended to all the ongoing non-audited projects of the same beneficiary (or closed within two years).</p>	<p><u>Effectiveness:</u></p> <p>Multi-annual residual error per programme. Amounts being recovered and offset.</p> <p><u>Efficiency:</u></p> <p>Progress Against Annual Audit Plan; Multi-annual Audit coverage;</p> <p>-Number/value/% of audit results pending implementation,</p> <p>-Number/value/% of audit results implemented</p> <p><u>Economy:</u></p> <p>Estimation of cost of staff involved in the implementation of audits.</p>

## Procurement (applicable to all programmes managed by the Agency, with the exception of CEF and Innovation Fund)

### Stage 1: Planning; Needs assessment & definition of needs; Selection of the offer & evaluation

**Main internal control objective:** Ensuring that procurement procedures are regular and legal and that only goods, services or works meeting the policy objectives are among the tenders submitted and selected in respect of the relevant procedures (best value for public money; effectiveness; economy, efficiency; compliance; prevention of fraud).

**Specific internal control objective A and B (Planning/ Needs assessment & definition of needs):** Contributing to the objectives of the relevant programmes delegated to the Agency, including the preparation and publication of public procurement procedures (effectiveness; economy, efficiency).

Main risks	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators (three E's)
<p>There is a risk that:</p> <ul style="list-style-type: none"> <li>• Procurement procedures are poorly planned;</li> <li>• Procurement needs are not well defined (operationally and economically) and that the decision to procure is inappropriate to meet the policy objectives;</li> <li>• Contract with a similar scope exists;</li> <li>• Inappropriate choice of procedure or wrong calculation of the contract's value;</li> <li>• Inadequate tenders due to badly defined criteria and technical specifications;</li> <li>• Distorted competition by</li> </ul>	<p>The mitigating controls for these risks are mostly but not exclusively:</p> <ul style="list-style-type: none"> <li>• Annual planning of procurement needs using PPMT, approved by CINEA management and where necessary consulting parent DGs;</li> <li>• Regular reporting and continuous monitoring;</li> <li>• Dissemination of best practices and information via the CINEA Procurement Network;</li> <li>• Internal training on procurement;</li> <li>• Extensive discussions and revisions regarding needs and procedures with an experienced horizontal Procurement team;</li> <li>• Use of DG BUDG's Vademecum on Public Procurement;</li> <li>• CINEA's Manual of Procedures covers the full cycle of calls for tenders from the needs to the signature of the award and contract;</li> </ul>	<p><u>Coverage/Frequency:</u> 100% of the forecasted procurements</p> <p><u>Depth:</u> The whole documentation of calls for tenders is thoroughly assessed at all levels, including operational and legal aspects.</p>	<p><u>Effectiveness:</u> Number of contracts discontinued due to lack of use; Number of 'open' procedures where only one or no offers were received; Number of valid complaints or litigation cases filed.</p> <p><u>Efficiency:</u> Estimated average cost of a tendering procedure</p> <p><u>Economy:</u> Robust and well-publicised tendering procedures should result in sufficient</p>

<p>biased definition of certain selection/ award criteria;</p> <ul style="list-style-type: none"> <li>• Non-compliance with legal and regulatory requirements;</li> <li>• Delayed or lengthy preparation of call for tenders;</li> <li>• Issues with the goods/ services/ works provided due to problems with contracting (including with planning and organisation of the procurement process);</li> <li>• Conflict of interest.</li> </ul>	<ul style="list-style-type: none"> <li>• Formalised working arrangements between the operational/ financial/ procurement services (allocation of checks reflected in CINEA's Manual of Procedures);</li> <li>• Formalised process of implementing procurement procedures: use of PPMT, eSubmission, and corporate templates;</li> <li>• For "high risk" procurements (above Directive threshold, middle value procedures and use of framework contracts with reopening of competition), procedural guidance and ex-ante verification by CINEA Procurement Team at every step of the procedure, from preparation of tender documents until contract signature;</li> </ul> <p>Controls are implemented in collaboration with the relevant services and foresee appropriate hierarchical validation (including consultation of parent DG).</p> <p>Declaration of absence of conflict of interests is signed by the persons involved in tender opening.</p>		<p>number of quality tenders submitted.</p>
--	---	--	---

**Specific internal control objective C (Selection of the offer & evaluation):** Contributing to the selection, evaluation and award stages, including the checks on the exclusion and selection criteria, as well as the assessment against the award criteria (best value for public money; effectiveness; economy, efficiency; compliance; prevention of fraud).

Main risks	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators (three E's)
<p>There is a risk that:</p>	<p>To mitigate these risks, detailed guidance and procedures are in place or being further developed (notably CINEA's Manual of Procedures) and are</p>	<p><u>Coverage/Frequency:</u></p> <p>100% of the forecasted procurements</p>	<p><u>Effectiveness:</u></p> <p>Average length of procurement procedures; Number of contracts</p>

<ul style="list-style-type: none"> <li>• The evaluation procedure is delayed or lengthy;</li> <li>• The most appropriate offer (in accordance with the award criteria) is not selected, due to a biased, inaccurate or 'unfair' evaluation process;</li> <li>• Conflict of interest.</li> </ul>	<p>adhered to at all times. This includes, amongst others:</p> <ul style="list-style-type: none"> <li>• Definition of main steps, actors and IT tools;</li> <li>• Allocation of checks between the actors;</li> <li>• Internal guidelines and checklists ;</li> <li>• Detailed and systematic briefing meetings between evaluation committees and the horizontal Procurement team.</li> </ul> <p>Generally, fraud risk and legal checks are incorporated into the procedures or on ad hoc basis in case of doubt.</p> <p>Declaration of absence of conflict of interests is signed by the persons involved in the evaluation.</p>	<p><u>Depth:</u></p> <ul style="list-style-type: none"> <li>• Continuous supervision at adequate level of evaluation process and selection process.</li> <li>• Evaluation and selection of tenders are documented and validated at adequate level.</li> </ul>	<p>discontinued due to lack of use; Number of 'open' or procedures where only one or no offers were received; Number of valid complaints or litigation cases filed.</p> <p><u>Efficiency:</u> Estimated average cost of a tendering procedure</p> <p><u>Economy:</u> Robust tendering procedures should result that only the best tenders, meeting the policy objectives, are selected. This results in the selection of the best value for money offers.</p>
---	---	---	---



## Stage 2: Financial transactions

**Main internal control objective:** Contributing to management and monitoring activities to guarantee that the implementation of the contract is in compliance with its clauses (effectiveness; economy, efficiency; compliance; prevention of fraud).

Main risks	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators (three E's)
<p>There is a risk that:</p> <ul style="list-style-type: none"> <li>The goods/ services/ works foreseen are not, totally or partially, provided in accordance with the technical description and requirements foreseen in the contract;</li> <li>The amounts paid exceed that due in accordance with the applicable contractual and regulatory provisions;</li> <li>Business discontinues because contractor fails to deliver.</li> </ul>	<ul style="list-style-type: none"> <li>Procedures, detailed guidance as well as templates and checklists are in place to address this objective (notably CINEA's Manual of Procedures) and are adhered to at all times;</li> <li>Regular contacts with service providers are part of the preventive controls, with a view to guaranteeing that the implementation of the contract is in compliance with the signed contract;</li> <li>Application suspension/ interruption/ deduction of payments on a case-by-case basis, in case of bad faith or gross negligence, while respecting the principle of proportionality;</li> <li>Referring justified cases to OLAF/EPPO;</li> <li>Flagging the legal entity in EDES;</li> <li>Recovery of paid amounts.</li> </ul>	<p><u>Coverage:</u></p> <p>100% of the contracts are controlled based on value-adding checks. High-Risk operations subject to more in-depth controls.</p> <p><u>Depth:</u></p> <p>Will mostly depend on the amount and potential impact on the Agency's operations of late or no delivery.</p>	<p><u>Effectiveness:</u></p> <p>% payments on time</p> <p>Time-to-pay (broken by type of payment)</p> <p><u>Efficiency:</u></p> <p>Estimated cost of staff involved (payment included)/ amount paid (%).</p> <p><u>Economy:</u></p> <p>Successful implementation of the services, including building assurance on the achievement of the contract in support of the policy objectives. Benefits due to operational review of services and consequent corrective actions imposed on contracts.</p>

### Stage 3: Supervisory Measures

**Main internal control objective:** Ensuring that any weakness in the procedures (tender and financial transactions) is detected and corrected (compliance; prevention of fraud).

Main risks	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators (three E's)
<p>There is a risk that:</p> <ul style="list-style-type: none"> <li>An error or non-compliance with regulatory and contractual provisions, including technical specifications, is not detected;</li> <li>Fraud is not prevented, detected or corrected by ex-ante control, prior to payment.</li> </ul>	<p>Procedures, detailed guidance as well as templates and checklists are in place to address this objective and are adhered to at all times. This notably refers to the Vademecum on Public Procurement, which is published on BUDGpedia.</p> <p>In addition, deviation reporting procedures are in place and the matter is supervised and monitored regularly by the CINEA's Internal Control Manager to foster compliance with regulatory and contractual provisions.</p> <p>Generally, fraud risk and legal checks are incorporated into the procedures or on ad hoc basis in case of doubt, issues.</p> <p>Ex-post publication (possible reaction from tenderer / potential tenderer such as whistle blowing);</p>	<p><u>Coverage:</u></p> <p>100% of the procurement procedures and contracts are controlled based on value-adding checks. High-Risk operations subject to more in-depth controls.</p> <p><u>Depth:</u></p> <p>The depth of the checks implemented will depend on risk criteria. Priority is given to high risk operations identified by risk criteria, considering the amount and potential impact on the Agency's operations of late or no delivery.</p>	<p><u>Effectiveness:</u></p> <p>Estimated amounts associated with errors detected (related to fraud, irregularities and error).</p> <p>Number of non-compliance events.</p> <p><u>Efficiency:</u></p> <p>Estimated costs of staff (/non staff) involved/ amounts detected associated with fraud and error (%).</p> <p><u>Economy:</u></p> <p>Compliance of the tendering and financial transactions with regulatory provisions.</p> <p>Fraud prevention and reduced reputational damage.</p> <p>Revision of services and eventual corrective actions imposed on contracts.</p>

## ANNEX 7: Specific annexes related to "financial management"

### Overview of DG's/EA's estimated cost of controls at Commission (EC) level:

Table: Overview of CINEA's estimated cost of controls at Commission (EC) level <sup>(16)</sup>, grants under direct management

CINEA	Ex ante controls***			Ex post controls			Total	
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
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)
Grants under direct Management - CEF	14,314,276.53 €	5,298,081,707.54 €	0.27%	601,084.13 €	462,703,586.64 €	0.13%	14,915,360.67 €	0.28%
Grants under direct Management - Horizon	16,926,988.20 €	1,584,662,086.16 €	1.07%	141,755.84 €	NA	0.00%	17,068,744.04 €	1.08%
Grants under direct Management - Innovation Fund	7,943,280.20 €	114,900,493.06 €	6.91%	- €	NA	0.00%	7,943,280.20 €	6.91%
Grants under direct Management - LIFE	21,142,340.62 €	405,540,091.20 €	5.21%	563,333.74 €	32,923,646.28 €	1.71%	21,705,674.37 €	5.35%
Grants under direct Management - EMFAF	1,755,402.41 €	24,170,565.03 €	7.26%	157,512.97 €	2,878,559.99 €	5.47%	1,912,915.38 €	7.91%
Grants under direct Management - RenewFM	473,021.91 €	- €	0.00%	- €	NA	0.00%	473,021.91 €	0.00%
Grants under direct Management - PSLF-JTM	1,042,046.90 €	10,169,756.80 €	10.25%	- €	NA	0.00%	1,042,046.90 €	10.25%
<b>OVERALL total estimated cost of control at EC level for expenditure</b>	<b>63,597,356.77 €</b>	<b>7,437,524,699.79 €</b>	<b>0.86%</b>	<b>1,463,686.69 €</b>	<b>498,505,792.91 €</b>	<b>0.29%</b>	<b>65,061,043.46 €</b>	<b>0.87%</b>

<sup>(16)</sup> The table reflects the costs of controls implemented by CINEA for these programmes. 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; Common Audit Service; Common Policy Centre) for the Research and Innovation family are reported in the Annual Activity Reports of REA and RTD.

Notes to the table:

- 1) For the Innovation Fund, the current ratio of cost of controls, which compares the cost of managing the program against actual payments, is not relevant. This is because projects funded under this instrument are required to achieve financial close before receiving payments. Financial close often occurs several years after project initiation, during which the Agency incurs control costs for monitoring the projects without making any payments. Nevertheless, it is anticipated that payments under the Innovation Fund will rise gradually over time, enabling the Agency to compute a more accurate ratio of cost of controls in the future.
- 2) In the case of PSLF-JTM, the ratio of cost of controls is not meaningful as the programme is not yet operating at cruising speed and thus only one payment was made in 2023.
- 3) For the RENEWFM, a ratio is not provided because payments were not made.
- 4) Notwithstanding the above, the overall ratio includes costs of controls for all programmes.

## Stage 1 – Evaluation and selection of proposals

The qualitative benefits are:

- Maximizing impact: policy objectives of the relevant programmes can be achieved in the most efficient way by selecting the best proposals;
- Ensuring objectivity: through the use of external experts the evaluation of proposals is performed based on high technical expertise and independence of opinions;
- Transparency and independence of the evaluation process guaranteed by independent observers.

The quantitative benefits from this control stage are measured by the total of the requested funding in proposals which were not recommended by the external experts involved in the evaluation process.

Figure 1: Benefits of stage 1 – Evaluation <sup>(17)</sup>

Programme	Amount of requested funding not recommended by experts
CEF	2,745,377,303
Horizon	3,831,318,700
Innovation Fund	8,644,572,157
LIFE	1,080,693,832
EMFAF	24,634,127
RenewFM	8,300,000
JTM-PSLF	12,313,629
<b>Total</b>	<b>16,347,209,748</b>

## Stage 2 – Grant Agreement Preparation (GAP)

The qualitative benefits are:

- Enhanced assurance on the achievement of the project and policy objectives;
- Prevention of errors at the subsequent stages;
- Mitigating the risks in case of weak beneficiaries;
- Accurate forecast of payment appropriations (especially for pre-financing).

---

<sup>(17)</sup> The information contained refers to calls concluded in 2023 when the applicants were officially informed. The proposals rejected by the experts refer to those proposals that did not pass the threshold following the consensus meeting and were not recommended for funding.

As a result of the contracting process, some selected proposals were cancelled during the grant agreement preparation while for others the maximum funding was reduced. The reduced amount of funding (including cancellations) is considered the quantitative benefits of this stage.

Figure 2: Benefits of stage 2 – Grant Agreement Preparation

Programme	Number of cancelled GAPs	Funding reductions due to cancellations	Other funding reductions during Grant agreement preparation	Total funding reduction
CEF	3	34,232,500	33,252,021	67,484,521
Horizon	0	0	113,820,101	113,820,101
Innovation Fund	4	176,115,000	32,729,305	208,844,305
LIFE	3	4,586,341	7,728,986	12,315,328
EMFAF	1	235,000	69,947	304,947
RENEWFM	1	12,500,000	0	12,500,000
JTM-PSLF	1	14,250,000	0	14,250,000
<b>Total</b>	<b>13</b>	<b>241,918,841</b>	<b>187,600,360</b>	<b>429,519,201</b>

### Stage 3 – Monitoring the execution

The qualitative benefits are:

- Successful implementation of the actions, including building assurance on the achievement of the project and policy objectives;
- Increased predictability of the foreseen baseline outcomes;
- Early detection of deviations and consequent undertaking of the respective mitigating measures;
- Lessons learned from operational and financial review of projects and consequently improving the current processes and procedures for future projects.

The figure below summarises the quantitative benefits of the controls performed in this stage, notably the quantification of the ineligible amount in submitted cost claims:

Figure 3: Benefits of stage 3 – Monitoring the execution

Programme	Number of cost claims	Submitted amount	Ineligible amount (€) (recovery context Irregularity + OLAF notified)	Rejection Rate (%)
CEF	326	3,186,588,124	52,362,000	1.64%
Horizon	470	917,102,224	3,690,934	0.40%
Innovation Fund	20	114,900,493	0	0.00%
LIFE	230	313,499,391	9,144,161	2.92%
EMFAF	54	25,860,279	185,181	0.72%
<b>Total</b>	<b>1,100</b>	<b>4,557,950,511</b>	<b>65,382,276</b>	<b>1.43%</b>

Additionally, €5.4 million was recovered linked to early termination of grant agreements (for CEF).

#### Stage 4 – Ex Post Controls

The qualitative benefits are:

- Preventive and deterrent effect in the fight against fraud;
- Raising the awareness of beneficiaries to respect the financial conditions of the grant agreements;
- Contributing to the learning effect for the beneficiaries on how to comply with the rules and requirements in current and future EU grants.

In addition, by providing feedback on audit findings to the CINEA management and advice and guidance to CINEA staff on eligibility issues, the internal controls can be constantly improved to reduce future error rates.

The benefits of this stage can be quantified by the amount of EU contribution detected in ex post control activities. In 2023, the overall amount was estimated at €6.6 million (€4.2 million for CEF, €0.2 million for LIFE, €0.2 million for EMFF and €2.0 million for H2020).

## Ex-Post Control Results

Figure 4: Multi-Annual Residual Error Rates by CEF sector, LIFE and EMFF programme

Multi-Annual Residual Error Rate	CEF Transport	CEF Energy	LIFE	EMFF
Total number of closed audits	134	48	76	63
1. Sampled EU Contribution Interval Sample	1.750.634.100	238.507.123	70.369.303	11.866.921
2. Sampled EU Contribution Risk sample	326.699.097	81.535.438	2.356.514	542.460
3. Total Audited EU Contribution =(1)+(2)	2.077.333.197	320.042.562	72.725.817	12.409.381
4. Detected Interval sample error	28.427.946	4.452.417	473.444	241.309
5. Detected Risk sample Error	7.465.334	135.931	29.903	242.810
6. Detected error rate = (4)/(1)	1,62%	1,87%	0,67%	2,03%
7. Total errors corrected for Interval sample and Risk Based audits				
a) Errors corrected by 31/12/2023	35.110.037	3.210.685	469.953	102.357
b) Errors corrected 1/1/2024 - 31/03/2024	0	0	0	172.855
8. Errors not corrected	783.243	1.377.663	33.394	208.908
9. Total EU Contribution	14.364.060.352	2.081.357.137	878.192.373	96.005.949
10. Audit coverage = (3)/(9)	14,46%	15,38%	8,28%	12,93%
11. Calculated residual error = (8) + [(9)-(3)]*(6)	200.303.189	34.257.629	5.452.563	1.908.810
<b>12. Calculated residual error rate = (11)/(9)</b>	<b>1,39%</b>	<b>1,65%</b>	<b>0,62%</b>	<b>1,99%</b>

For H2020, ex post controls are under the responsibility of the Common Audit Service (CAS). At the end of 2023, the cumulative detected error rate for H2020 was 2.57% and the CINEA residual rate 1.86%. More information can be found further down this section.

### CEF Transport and Energy

The audit findings with the largest financial impact for audits selected by Interval sampling for CEF Transport and Energy have been related to the claiming of costs not yet 'incurred' for works contracts (advance payments), or costs declared that are not linked to the grant agreement or non-respect of public procurement/best value for money requirements. However, the number of findings of this nature are limited due to the effectiveness of the ex ante controls. Audits continue to find recurrent errors in the 'personnel costs' category.



As these costs represent a low proportion of overall declared costs in large-scale infrastructure projects, the financial impact of these findings is not significant.

For CEF Transport, the 2023 multi-annual residual error rate was 1.39% compared to 1.63% at the end of 2022. The decrease confirms that the increase noticed in 2022 was mainly due to one audit report with high detected error rate which was finalised in the last quarter of 2022 and for which the audit findings had not been implemented by the end of the year. The scale and extent of detected errors in both Interval and Risk based audit selections, as shown in the multi-annual error rate calculation, appear to be well contained within tolerable limits and below the target, confirming the effectiveness of the current ex ante control system.

For CEF Energy, the 2023 multi-annual residual error rate was 1.65% compared to 1.83% at the end of 2022. The scale and extent of detected errors in both Interval and Risk based audit selections appear to be well contained within tolerable limits and below the target, confirming the effectiveness of the current ex ante control system.

## **LIFE**

Since the beginning of the programming period, 76 final audit reports were issued, related to both Action and Operating grants. The residual error rate at the end of 2023 was 0.62%, which is at the same level as in 2022 (0.65%).

Given the fact that the main cost category for LIFE projects is personnel costs, the audit findings with the largest financial impact for audits selected by value based sampling have been related to the incorrect calculation of staff costs, either in terms of inclusion of ineligible costs, or deviations of hours claimed compared to timesheets or missing supporting documentation.

The multi-annual residual error rate calculation appears to be well contained under the materiality threshold of 2%. These results confirm the effectiveness of the current ex ante control system of LIFE programme as such.

## **EMFF**

Since the beginning of the programming period, 63 final audit reports were issued.

The multi-annual residual error rate at the end of 2023 was 1.99% decreased from the residual error rate at the end of 2022 (2.45%).

The total financial adjustment recommended is divided by the number of closed audits to determine the 'impact per audit' per CEF sector, LIFE and EMFF programme.

The cost per audit and the impact per audit can be used to compare the relative economy of CINEA audits per CEF sector, LIFE and EMFF programme. This in turn can help shape future decisions on the costs and benefits on controls.

Figure 5: Cost and impact per audit per programme on an annual basis

Audit Plan	Recommended Financial Adjustment				Number of Closed audits				Average Impact Per Audit			
	Transport	Energy	LIFE	EMFF	Transport	Energy	LIFE	EMFF	Transport	Energy	LIFE	EMFF
2021	323.949	1.840.618	149.097	180.615	20	8	19	26	16.197	230.077	7.847	6.947
2022	20.496.710	77.381	156.549	207.186	23	7	18	12	891.161	11.054	8.697	17.265
2023	449.165	-	54.407	5.975	11	7	2	3	40.833	-	27.204	1.992
<b>Total</b>	<b>21.269.824</b>	<b>1.917.999</b>	<b>360.053</b>	<b>393.775</b>	<b>54</b>	<b>22</b>	<b>39</b>	<b>41</b>	<b>948.192</b>	<b>241.132</b>	<b>43.748</b>	<b>26.204</b>

## H2020

For H2020, ex-post controls are under the responsibility of the Common Audit Service (CAS). The CAS undertakes all (representative and complementary) Horizon 2020 audits, for all Horizon 2020 stakeholders, including CINEA, ensuring a harmonised approach and also in ensuring that audit burden on beneficiaries is minimised. Annex 5 provides further details regarding the methodology for ex-post controls for H2020.

By the end of 2023, the Common Audit Service (CAS) in DG Research and Innovation audited 4 707 participations of the Research and Innovation Family, covering 60.6% of total H2020 expenditure to date.

The percentage of H2020 expenditure covered by the audits (60.6%) refers to the value of the participations of the audited beneficiaries. It includes both fully audited participations (3.8%), 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 (56.8%).

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 audit 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 has prepared in year 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, in particular most error prone beneficiaries, have been organized all along the year for both Horizon 2020 and Horizon Europe. Enhanced trainings on reporting and payments and audit implementation addressed to internal staff have also been organized as part of this communication plan and the Horizon Europe Ex ante controls guidance have been approved and published.

Regarding the increased use of simplified cost options, the European Court of Auditors has published a series of recommendations in its annual report. The Commission accepted most ECA recommendations regarding lump sum grants<sup>(18)</sup> and started implementing them in line with the expected target dates (e.g., updated expert briefing, internal training, and internal guidance for call coordinators regarding the use of benchmarks and documenting the budget assessment).

<sup>(18)</sup> Out of the four recommendations of the ECA, the Commission fully accepted three and partially accepted the fourth.

Since the start of Horizon Europe, DG RTD has massively improved the support and guidance for lump sums. All relevant information is available online in one place for internal and external users, respectively. This includes all internal and external events of the information campaign. Tools and guidance are continuously improved following the feedback received, for example the detailed budget table and FAQs. In line with the action plan, the first significant wave of lump sum topics in Horizon Europe was launched in work programme 2023-2024, with lump sums accounting for up to 23% of the call budget in 2024. On this basis, DG RTD is proceeding with the roll-out of lump sums in Horizon Europe in the years to come. There is agreement that ERC Advanced Grants will use lump sums from 2024, and DG RTD and EISMEA have started to explore the use of lump sums for European Innovation Council (EIC) grants. For the 2025 work programme, the Steering Board agreed that all programme parts should aim for a noticeable increase compared with the level of lump sums they had in 2024. The goal to reach 50% lump sums by 2027 was confirmed by Commissioner Ivanova, DG RTD, and by the HE Steering Board. Concerning the personnel unit costs scheme, the Commission decision was adopted early 2024 and IT tools and guidance are expected to be ready by Q2 2024. The unit costs wizard is ready and will only be launched when the IT implementation is ready and participants can request the new personnel unit cost.

Besides, a questionnaire on costs reporting on Horizon 2020 has been relaunched and the answers provided by beneficiaries have been analysed and led to the organisation of a new webinar on 'avoiding errors in other direct costs under H2020'. Also, the development of a personnel costs wizard for Horizon Europe which will help beneficiaries declaring their personnel costs is well advanced and should be finalized by April 2024.

Finally, DG RTD is participating in a longer-term corporate project led by DG BUDG on the use of artificial intelligence and data analysis to prevent errors. The incorporation of Artificial Intelligence in the corporate ARACHNE IT Tool will further improve risk scoring by using of Artificial intelligence/Machine Learning to develop algorithms that can forecast risks. The use of corporate ARACHNE will become obligatory for all Commission services from 2027 onwards. DG RTD participates actively in the working group for the formulation of the technical aspects of the corporate ARACHNE to confirm that artificial intelligence systems will be incorporated in the new tool successfully.

The R&I Family operates on a common audit strategy intended to contribute to the legality and regularity of expenditure on a multi-annual basis, including detection and correction of non-systemic and systemic errors.

For Horizon 2020, the Common Audit Service (CAS) of the Common Implementation Centre (CIC) carries out all audits, including those concerning grants managed by the Executive Agencies and the Joint Undertakings. This is a major step towards ensuring efficiency gains, a harmonised approach, legal certainty, equality of treatment of beneficiaries and the least audit burden on beneficiaries.

The Horizon Europe Audit Strategy is risk-based and draws on the achievements of lessons learnt from Horizon 2020.

The **main indicators** on legality and regularity <sup>(19)</sup> of EU Framework Programmes for Research and Innovation are:

- The **cumulative representative detected error rate**, based on errors detected by ex-post audits on a Common Representative Sample of cost claims across the R&I Family; and
- The **cumulative residual error rate**, which is the extrapolated level of error after corrective measures have been implemented by the Commission services following the audits, accumulated on a multi-annual basis.

The **targets** set for this control system are, respectively:

- For Horizon 2020, to ensure that the cumulative residual error rate remains within a range of 2-5 %, aiming to be as close as possible to 2%. Progress against Horizon 2020 targets is assessed annually based on the results of the implementation of the ex-post audit strategy and taking into account the frequency and importance of the detected errors along with cost-benefit considerations regarding the effort and resources needed to detect and correct the errors.
- For Horizon Europe, to ensure that cumulative detected and residual error rates do not exceed 2% <sup>(20)</sup>.

It should be noted, however, that due to its multi-annual nature, the effectiveness of the ex-post control strategy of the R&I Family can only be measured and assessed fully in the final stages of the EU Framework Programme, once the ex-post audit strategy has been fully implemented, and errors, including those of a systemic nature, have been detected and corrected.

The CAS managed to finalise audits on 648 participations corresponding to 100.9% of the 2023 target for H2020.

---

<sup>(19)</sup> These indicators are described in Annex 5.

<sup>(20)</sup> No representative error rate for Horizon Europe will be available in 2022 and 2023 as the ex-post audit campaign for the Programme is planned to be launched in the beginning of 2024.

The following table presents the error rates calculated for H2020 by the end of 2023.

	HORIZON 2020 EX-POST AUDITS
CUMULATIVE REPRESENTATIVE DETECTED ERROR RATE	2.57%
CUMULATIVE RESIDUAL ERROR RATE R&I Family	1.55%
CUMULATIVE RESIDUAL ERROR RATE CINEA	1.86%

### Results of the Horizon 2020 ex-post audits

The Commission methodology for calculating the Horizon 2020 error rates is in line with the European Court of Auditors' (ECA) observations in their 2018 and 2019 Annual Reports, and is described in Annex 5 'Materiality criteria'. Use of the methodology yielded the following error rates for Horizon 2020 <sup>(21)</sup> on 31 December 2023:

- **Cumulative representative detected error rate** for the Framework Programme: **2.57%** <sup>(22)</sup>
- **Cumulative residual error rate** for the Framework Programme: **1.55%** (1.86 % for CINEA).

In 2023, the cumulative residual error rate for Horizon 2020 for the grants managed directly by CINEA is calculated at 1.86%, which is below the materiality threshold.

Since R&I Framework Programmes are multi-annual, the error rates, and the residual error rate in particular, should be considered within a time perspective. Specifically, the implementation of the audit results over time will tend to lower the cumulative residual error rate thus increasing its difference with the representative detected error rate.

These error rates are calculated on the basis of the audit results available when drafting the Annual Activity Report. They should be treated with caution as they may change subject to the availability of additional data from audit results.

---

<sup>(21)</sup> The Horizon 2020 audit campaign started in 2016. At this stage, five Common Representative Samples with a total of 788 expected results have been selected. By the end of 2023, cost claims amounting to EUR 49.2 billion have been submitted by the beneficiaries to the services. The audit coverage for Horizon 2020 is presented in Annex 7. In addition to the Common Representative Samples, Common Risk Samples and Additional Samples have also been selected. The audits of 4 707 participations were finalised by 31/12/2023 (of which 648 in 2023).

<sup>(22)</sup> Based on the 581 representative results out of the 788 expected in the five Common Representative Samples.

Given the results of the audit campaign, and the observations made by the European Court of Auditors in its Annual Reports, the Common Implementation Centre of DG Research and Innovation, in close cooperation with central Commission services, defined actions aimed at significantly simplifying the rules, and paving the way for an important reduction of the error rate in Horizon Europe such as the use of a Corporate Model Grant Agreement and a Corporate Annotated Grant Agreement for all Programmes directly managed by the Commission. Other actions under implementation also targeting Horizon 2020 grants and beneficiaries, include further simplification (such as the increased use of simplified forms of funding, including lump sums and unit costs), focused communication campaigns to more “error-prone” types of beneficiaries with higher than average error rates (such as SMEs and newcomers), and enhanced training to external audit firms performing audits on behalf of the Commission. Focusing on the most common errors, these actions will be straightforward and achieve higher impact <sup>(23)</sup>.

## **Horizon Europe**

2023 was the third year of implementation of the Horizon Europe Framework Programme. No representative error rate for Horizon Europe is available in 2023 as the ex-post audit campaign for the Programme is planned for launch in 2024, once a meaningful number of payments is available for audit. Consequently, without elements allowing an assessment of the level of errors and taking into account the simplifications introduced for Horizon Europe that aim to reduce the error rate, a 2% <sup>(24)</sup> detected and residual error rate will be considered for DG Research and Innovation.

---

<sup>(23)</sup> The CAS continues to analyse the root causes of errors that have been identified and targeted actions are taken to address any identified weaknesses. Further information on the implementation of the action plans established to reduce the error rates of Horizon 2020 and Horizon Europe can be found above in Annex 7.

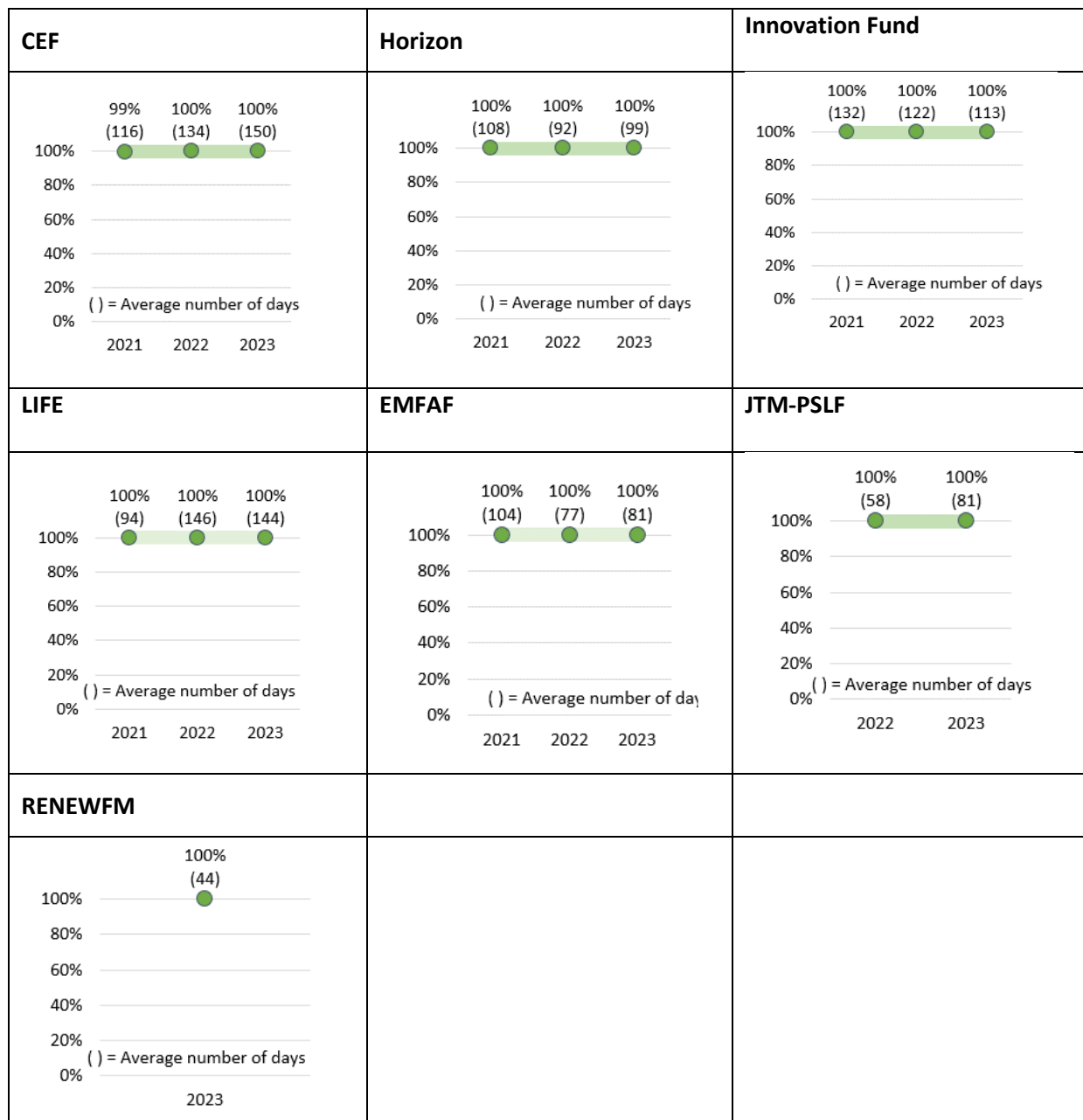
<sup>(24)</sup> These rates correspond to the objective set for Horizon Europe.

## Efficiency of the implemented controls

### Time-to-inform <sup>(25)</sup>

The time-to-inform limit of six months for all programmes with the exception of Horizon Europe (i.e. 5 months) was respected. The multi-annual evolution of the time-to-inform is presented in the following figure:

Figure 6: Development of the proposals informed on time per programme (in days)

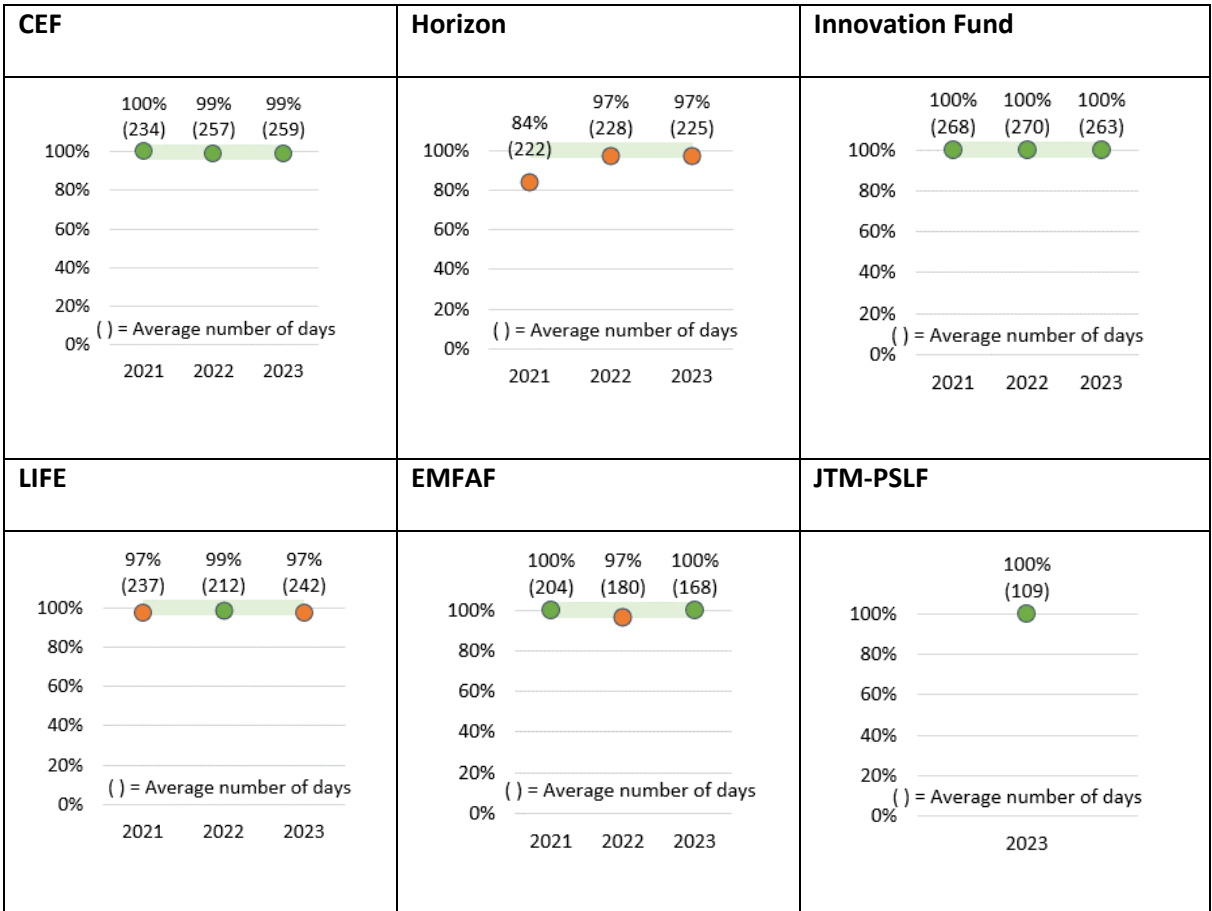


<sup>(24)</sup> Only calls for proposals which were concluded in 2023 have been taken into account.

**Time-to-grant**

The time-to-grant limit of nine months for all programmes with the exception of Horizon Europe (i.e. eight months) was respected in most cases achieving an overall result of 98%. In 2023, CINEA signed 833 GAs, all on time with the exception of 15 GAs falling outside the time limits. Most of the cases referred to Horizon, but a number of cases were also observed for LIFE and CEF. The multi-annual evolution of the time-to-grant is presented in the following figure:

Figure 7: Development of grants signed on time per programme

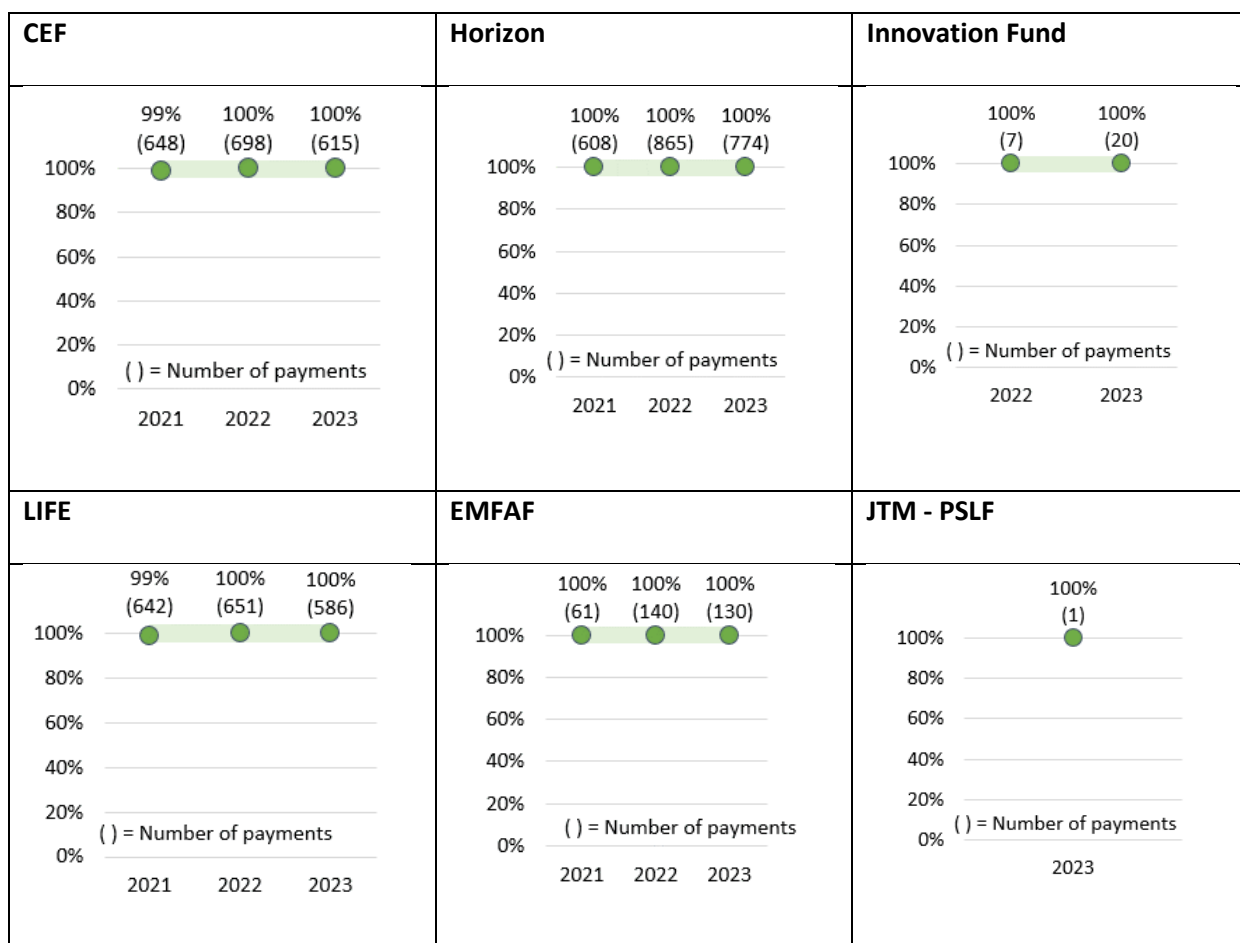




## Time-to-pay

The time-to-pay limit for the different types of payments (pre-financing, further pre-financing and interim/final payment) was respected in all instances for all programmes. The multi-annual evolution of the number of payments on time is presented in the following figure:

Figure 8: Development of number of payments made on time per programme



## Ex-post controls progress against the annual audit plan (CEF Audits<sup>26</sup>)

Target: 50% of audits planned in year N with final report issued by end of year N.

Target: 100% final reports issued by N+1.5 (end June following year).

<b>Audit Plan 2021</b>	<b>Completion Rate by End 2021</b>	<b>Completion Rate by Mid 2022</b>	<b>Completion Rate by end 2022</b>
<b>Transport</b>	55%	80%	95%*
<b>Energy</b>	75%	88%	100%
<b>Total</b>	<b>61%</b>	<b>82%</b>	<b>96%</b>

\*Fully completed by end of 2023

<b>Audit Plan 2022</b>	<b>Completion Rate by End 2022</b>	<b>Completion Rate by Mid 2023</b>	<b>Completion Rate by end 2023</b>
<b>Transport</b>	38%	79%	96%
<b>Energy</b>	100%	100%	100%
<b>Total</b>	<b>52%</b>	<b>84%</b>	<b>97%</b>

<b>Audit Plan 2023</b>	<b>Completion Rate by End 2023</b>
<b>Transport</b>	58%
<b>Energy</b>	70%
<b>Total</b>	62%

## Completion rate of Horizon 2020 ex post audits in 2023

(<sup>26</sup>) This target is from the CEF Audit Strategy and only applies for CEF. There are no specific targets for audits transferred from the former EASME to CINEA (LIFE and EMFF).

The overall target for 2023 was 642 audited participations. By 31 December 2023, the audits of 648 participations were closed, (completion rate 100%).

Overall, the CAS has managed to finalise 4 707 audits on Horizon 2020 by the end of 2023.

**Number of implemented AURI (cumulative from start of MFF & including ECA audits manually processed)**

CINEA	Audit results processed	% Audit results processed	Audit results pending	% Audit results pending	Total
Audits	344	95%	19	5%	363
Extensions	388	96%	16	4%	404
<b>Total</b>	<b>732</b>		<b>35</b>		<b>767</b>

**Time to implement closed AURI in 2023**

CINEA	0-6 months	% within 6 months (0-6 months)	Above 6 months	% above 6 months	Total number
<b>Closed projects</b>	<b>54</b>	<b>79%</b>	<b>14</b>	<b>21%</b>	<b>68</b>
Negative adjustments with recovery	10	45%	12	55%	22
Negative adjustments without recovery	8	80%	2	20%	10
Positive or zero adjustment	36	100%	0	0%	36
<b>On-going projects</b>	<b>25</b>	<b>74%</b>	<b>9</b>	<b>26%</b>	<b>34</b>
Negative adjustments	12	60%	8	40%	20
Positive or zero adjustment	13	93%	1	7%	14
<b>Total</b>	<b>79</b>	<b>77%</b>	<b>23</b>	<b>23%</b>	<b>102</b>

**Overview of anti-fraud cases received in 2023**

During 2023, CINEA received 21 cases from OLAF (of which eight were dismissed). The majority of these cases concern possible irregularities, mainly concerning declaration of personnel costs or with no further detail shared by OLAF. CINEA sent five cases to OLAF (of which 2 were dismissed and 1 was transferred to EPPO). Furthermore, CINEA has received three OLAF reports with financial recommendations, which have been duly followed up by the Agency.

## Economy of the implemented controls

In 2023, CINEA's costs of controls for grants under direct management as well as the benefits of these controls have been estimated for each of the different control stages. The results are shown in the two tables below.

Figure 9: Costs of controls for each control stage (€ million)

Costs	CEF	Horizon	IF	LIFE	EMFAF	RenewFM	JTM-PSLF	Total
Evaluation and selection	2.8	2.6	5.7	4.4	0.8	0.3	0.8	17.4
Grant Agreement Preparation	1.3	1.8	0.7	1.0	0.1	0.2	0.1	5.2
Monitoring the execution	10.2	12.5	1.6	15.7	0.9	0.0	0.1	41.0
Ex post controls	0.6	0.1	0.0	0.6	0.2	0.0	0.0	1.5
All stages included	14.9	17.1	7.9	21.7	1.9	0.5	1.0	65.1

For calculating the costs of controls, the following expenses were considered:

1. Costs of staff in control posts – The share of control posts – except ex post audit – (as identified in ATLAS and in line with the guidance provided by the General Secretariat) was calculated at overall CINEA level and then applied to each programme. Additionally, the control posts identified in ATLAS for ex post audit were added to the respective programmes where ex post audits are performed. The resulting shares were then multiplied with the total administrative expenditure on Title I and Title II of each programme. The ensuing costs were then distributed between the different control environments (procurement and grants) and stages by applying a share according to the estimated time of work spent for each of the control environment/stages in 2023.
2. Programme support expenditure – Additionally to staff expenditure, the different programmes and control environments/ stages are supported by expenditure on CINEA's administrative budget (Title III) and operational budget. The following payments are included:
  - a. Payments from CINEA's administrative budget for outsourced ex-post audits, for missions.
  - b. Payments from the operational budget related to control activities, e.g. evaluation experts and monitoring activities, including the cost of the LIFE programme support framework contract.

Figure 10: Benefits of controls for each control stage (€ million)

Benefits	CEF	Horizon	IF	LIFE	EMFAF	RENEWFM	JTM-PSLF	Total
Evaluation and selection	2,745.4	3,831.3	8,644.6	1,080.7	24.6	8.3	12.3	16,347
Grant Agreement Preparation	67.5	113.8	208.8	12.3	0.3	12.5	14.3	429.5
Monitoring the execution	57.8	3.7	0.0	9.1	0.2			70.8
Ex-post controls	4.2	2.0	0.0	0.2	0.2			6.6
All stages included	2,874.9	3,950.8	8,853.4	1,102.4	25.3	20.8	26.6	16,854

In light of the estimated costs and benefits of controls, it can be drawn that:

- The costs of the evaluation and selection of proposals (i.e. stage 1) correspond to 0.1% of the respective amount recommended for funding following the evaluation of the calls for proposals in 2023.
- The costs of grant agreement preparation (i.e. stage 2) correspond to 0.04% of the respective amount contracted in 2023.
- The costs of monitoring the execution of projects (i.e. stage 3) equals 0.6% of the operational payments for grants under direct management made in 2023.
- The audits finalised in 2023 for the CEF, LIFE and EMFF programmes covered a total amount of audited EU contribution of € 498.5 million. Hence, the cost of the ex post controls for CEF, LIFE and EMFF programmes (i.e. stage 4) equals to 0.3% of this amount.

Figure 11: Costs of controls for each control stage per programme

Efficiency indicator	CEF	Horizon	IF	LIFE	EMFAF	RENEWFM	JTM-PSLF	Total
Stage 1 - % of costs in relation to amount recommended	0.0%	0.1%	0.2%	0.7%	3.4%	0.8%	0.6%	0.1%
Stage 2 - % of costs in relation to amount contracted	0.0%	0.1%	0.0%	0.1%	0.6%	0.0%	0.6%	0.04%
Stage 3 - % of costs in relation to amount paid	0.2%	0.8%	1.4%	3.9%	3.5%	NA	1.1%	0.6%
Stage 4 - % of costs in relation to amount audited	0.1%	NA	NA	1.7%	5.5%	NA	NA	0.3%

In conclusion, the total benefits of controls outweigh the overall costs of controls together. Furthermore, when comparing the costs of controls (€65 million) with the respective operational payments made in 2023 (€ 7,438 million), the ratio is set around 0.87%, demonstrating the cost-effectiveness of the controls.

Figure 12: Costs of controls for all stages per programme

Efficiency indicator	CEF	Horizon	IF	LIFE	EMFAF	RENEWFM	JTM-PSLF	Total
All stages - % of costs in relation to amount paid	0.28%	1.08%	6.91%	5.35%	7.91%	NA	10.25%	0.87%

It noteworthy that for the Innovation Fund, the current ratio of cost of controls, which compares the cost of managing the program against actual payments, is not relevant. This is because projects funded under this instrument are required to achieve financial close before receiving payments. Financial close often occurs several years after project initiation, during which the Agency incurs control costs for monitoring the projects without making any payments. Nevertheless, it is anticipated that payments under the Innovation Fund will rise gradually over time, enabling the Agency to compute a more accurate ratio of cost of controls in the future.

In the case of PSLF-JTM, the ratio of cost of controls is not meaningful as the programme is not yet operating at cruising speed and thus only one payment was made in 2023. For the RENEWFM, a ratio is not provided because payments were not made.

Notwithstanding the above, the overall ratio includes costs of controls for all programmes.

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

### **Assessment of the effectiveness of the internal control systems**

The Agency's Internal Control Framework is composed of 17 internal control principles. It also includes a set of Internal Control Monitoring Criteria (ICMCs), which is revised every year to suit CINEA's specificities and the state of implementation of its activities.

CINEA's yearly assessment of the effectiveness of its internal control systems (self-assessment) was carried between November 2023 and February 2024, considering elements such as risk management, deviation reporting and auditing activities (from the IAS and ECA) concluded in 2023, as well as the checks on the Internal Control Monitoring Criteria. The self-assessment revealed that the majority of the analysed areas demonstrate robust system of controls. The analysis also highlighted some moderate or minor issues with manageable impact on the effectiveness of the overall control system of the Agency.

Out of the seventeen internal control principles, 15 are present and functioning well while for the remaining principles <sup>(27)</sup>, improvements are needed related to the adequacy of some internal procedures (as highlighted in the IAS audit reports for the Innovation Fund and LIFE) and the quality of some information provided on CINEA's intranet. Several remedial measures with immediate positive effect have already been implemented. Additional measures will be implemented in 2024.

Based on the results above, three out of five internal control components are present and functioning well while the remaining two (Control Activities and Information and Communication) are present and functioning, but some improvements are needed.

The Agency concluded that its control system is suited, adequately in place and functioning as intended with some improvements needed. The self-assessment did not result in the identification of major weaknesses, errors or gaps that could jeopardise the overall effectiveness of CINEA's internal control system.

### **Risk Management Activities**

CINEA's risk management activities include the annual risk management exercise and a mid-term review. The latest version of CINEA's Risk Register for 2023 at its mid-term review included four non-critical risks related to: (1) limited capacity for the management of the Horizon Europe Missions; (2) possibility that the CEF Energy residual error rate might be above 2% again in the 2023 reporting year; (3) potential operational disruptions due to the limitations of the eGrants corporate system and (4) possible delays or partial achievement of programmes objectives due to the increased inflation and supply chain issues. With a view to reducing both the likelihood and impact of the documented risks, the

---

<sup>(27)</sup> Principle 12 - *The Agency deploys control activities through corporate policies that establish what is expected and in procedures that put policies into action.* Principle 13 - *The Agency obtains or generates and uses relevant quality information to support the functioning of internal control.*

Agency identified and implemented several mitigation measures. Monitoring and reporting activities have allowed the relevant services to continuously take stock of the situation and reassess measures when needed.

Prior to the publication of this report, the Agency conducted the 2024 risk management exercise. Whereas its results fall outside of the reporting period, it can be noted that the number of overarching risks decreased compared to 2023, which is to be expected, given that the Agency is now quite advanced in terms of programme implementation. Finally, it is important to highlight that the risks retained in the AFS are since 2024 considered significant by default and therefore are also part of the Agency's overarching risk register.

### **Exception and non-compliance events**

In 2023, eleven deviations were documented. They referred mainly to contractual procedures, as well as to issues related to the implementation of calls for proposals. One non-compliance event was detected in the context of an IAS audit, related to the fact that the Innovation Fund evaluation process was essentially based on the external experts' evaluation, while this was not foreseen in the Commission Delegated Regulation, and a formal Evaluation Committee was not appointed. These practices were not in line with Article 150 of the Financial Regulation, which requires that the responsible authorising officer appoints an Evaluation Committee and provides that the Evaluation Committee may be composed of external experts, if this is provided for in the basic act. This was not the case at the time of the audit for the Innovation Fund. Following the communication of findings made by the IAS, DG CLIMA and CINEA swiftly implemented the necessary corrective measures by amending the basic act, which was finally adopted in November 2023. At the same time, the Agency appointed a formal committee for the on-going call(s).

Overall, the significance of the exceptions and non-compliances registered in 2023 was predominantly qualitative (i.e. legal considerations) but in some cases, a relatively limited financial impact could be determined. In spite of the associated residual risks of some specific cases, certain deviations bear an effect on the effectiveness of the Agency's control system. The Agency will monitor this matter closely, continue its awareness raising activities in this area, and implement the already identified mitigating measures in view of minimising the impact on the effectiveness of the Agency's control system.

### **Internal Audit Service (IAS)**

#### **IAS audits in progress during 2023**

##### *Implementation of the Innovation Fund*

This multi-DG audit (CLIMA and CINEA) was announced in June 2022, and focuses on the design and implementation of CINEA's control framework for implementing the Innovation Fund, and the supervision of the parent DG. The Final Audit Report was received in December 2023, containing four recommendations specifically for the Agency, notably three very important, related to (1) the formal establishment of an Evaluation Committee (linked to the non-compliance mentioned in the previous section); (2) the procedure for handling Conflicts of Interest for external experts and staff participating in evaluations as well as the use of non-EU experts and (3) other shortcomings of procedural nature in the



evaluation of proposals (two-stage evaluations, admissibility & eligibility checks, and checks of applicants in EU sanctions list). The action plan was finalised and accepted by the IAS on 23 February 2024. By then, some mitigating measures had already been implemented such as the formal appointment of an Evaluation Committee for the most recent calls for proposals. The remaining measures will be implemented throughout 2024, as per the respective action plan.

### Concluded IAS audits with ongoing action plan implementation in 2023

#### *Implementation of the LIFE Programme (2021-2027)*

This multi-DG audit (CLIMA, ENV, ENER and CINEA) was announced in July 2022, and focused on the design and implementation of CINEA's control framework for implementing the LIFE programme, and the supervision of the parent DGs. The final audit report was issued in July 2023, including three recommendations specifically for the Agency, notably one very important related to the management of Conflict of Interest of experts and staff participating in evaluations. Following its reception, CINEA prepared an action plan, which was implemented by December 2023. A future IAS follow-up audit will assess if the Agency has successfully addressed the recommendations.

#### *Protection of personal data under the responsibility of the Executive Agencies and the Common Implementation Centre (RTD)*

This multi-DG audit assessed the processes in place (and their effectiveness) for the protection of personal data in all Executive Agencies as well as in the Common Implementation Centre (RTD). The final audit report was issued in July 2022, and it included four recommendations for CINEA, none very important or critical. Three recommendations were implemented and successfully closed following an IAS follow-up audit. The remaining recommendation is still in progress, with an implementation deadline in 2024.

#### *Horizon Europe Governance*

This multi-DG audit concerning DG RTD and several other Research family DGs and Executive Agencies (including CINEA), aimed to determine if the implementation of the governance arrangements for Horizon Europe is effective. In October 2023, the IAS issued the final audit report, which included several recommendations, none of which specifically for CINEA. The Agency is nevertheless associated to the action plan and hence will contribute to its implementation when necessary.

#### *Performance framework for research*

This multi-DG audit (RTD, CNECT, JRC, CLIMA, MOVE, ENER as well as REA and CINEA) with a specific focus on Horizon Europe's Cluster 5 – Climate, Energy & Mobility, assessed the implementation of the performance framework for H2020 and the design of the new performance framework for Horizon Europe. In January 2023, the IAS issued the final audit report, which included several recommendations, none of which specifically for CINEA. The Agency is nevertheless associated to the action plan and hence will contribute to its implementation when necessary.

### IAS audits closed in 2023

### *Programme Implementation phase 1 (from work programme to call evaluation and grant preparation) – CEF Energy and Transport (2021-2027)*

This multi-DG audit (ENER, MOVE and CINEA) assessed the design and implementation of CINEA's control strategy for CEF 2, in particular the processes put in place for the implementation of the delegated budget, as well as the supervision of the Agency by its parent DGs. The action plan addressing the recommendations (including one specifically for the Agency) had been implemented by CINEA in 2023. Subsequently, the IAS conducted follow-up audits that confirmed the successful implementation of the recommendations. The audit is therefore closed.

### *Implementation of audit results in Horizon 2020*

This multi-DG audit (RTD, CNECT, ERCEA, REA, EISMEA and CINEA) examined the effectiveness of the implementation of ex-post audit results, with particular attention to sensitive and/or contentious audits. Early in 2022, the IAS issued the final audit report, which included four recommendations specifically for CINEA, notably a very important one related to staff awareness to the applicable Horizon guidance for the implementation of audits results and extensions. In 2023, a follow-up audit by the IAS confirmed the successful implementation of all recommendations. The audit is therefore closed.

### *Implementation of anti-fraud actions in the research area*

This multi-DG audit (RTD, CNECT, REA, ERCEA, as well as former EASME and INEA) assessed the effectiveness of the implementation of anti-fraud actions at the level of the Research Family and of the individual implementing bodies. The action plan addressing the recommendations (including one specifically for the Agency) was implemented by CINEA since 2021. In 2023, a follow-up audit by the IAS confirmed the successful implementation of the recommendation addressed to CINEA. The audit is therefore closed.

### *Management of experts in Horizon 2020 grants*

This multi-DG audit (RTD, CNECT, REA as well as former EASME and INEA) assessed if experts appointed under H2020 effectively supported the Commission in selecting the best proposals and monitoring project implementation. The action plan addressing the recommendations (including two specifically for the Agency) was implemented by CINEA since 2021. In 2023, the IAS performed follow-up audits that determined that all recommendations were successfully addressed. The audit is therefore closed.

## European Court of Auditors (ECA)

### Compliance audits

#### *2022 Operating budget and the preparation of the annual accounts*

The audit aimed to obtain reasonable assurance that the Agency's annual accounts were free of material misstatement, and that the underlying transactions are legal and regular. The ECA considered that the accounts presented fairly, in all material respects, the financial position of the Agency, the results of its operations, its cash flows, and the changes in net assets. The ECA also concluded that transactions underlying the accounts were legal and regular in all material respects for both revenue and payments. Some recommendations were made by the Court related to the functionalities of SUMMA (a new IT tool for the management of financial transactions in the European Commission for which CINEA is a pilot entity), which will be duly implemented by the Agency in collaboration with the services responsible for the development of the tool.

#### *2022 Operational budget*

On the reliability of the 2022 operational accounts and the cut-off exercise, the auditors issued no observations.

#### *Statement of Assurance (SoA)*

In the context of the 2022 Statement of Assurance, the ECA sampled 34 transactions, which represented an increase compared to the previous exercise. By the end of 2023, the ECA had concluded all audits and issued all clearing letters. A number of them included findings of different nature and significance, most of which have been or will be the object of corrective measures. Finally, one reference to CEF was included in the 2022 Annual report of the ECA, related to a case of irregularities in procurement procedures. This relates to an award decision by the contracting authority of a CEF project, which was not considered legal by the ECA. However, as the decision was not invalidated by the respective national Courts, the Commission considers the related costs eligible, and hence disagrees with the ECA.

For the 2023 SoA, 43 transactions were sampled, which represents a significant increase in comparison with the previous exercise. Only four clearing letters were issued by the end of the reporting period, two of them with no findings. The other two, related to Horizon 2020 and CEF Transport projects, included a limited number of findings with low financial impact. Corrective measures will in any case be applied.

In relation to previous SoA exercises, there are no recommendations pending.

### **Special audits**

#### ECA Special Audits that concerned CINEA during the reporting period

##### *Road Safety*

This audit assesses the effectiveness of EU's actions to reach the EU objective of reducing road deaths to almost zero by 2050 ("Vision Zero"). At the end of the reporting period, CINEA was involved in the preparation of the formal reply to the ECA draft Special Report coordinated by DG MOVE. The Special Report is expected in 2024.

### *Military mobility*

This audit aims to determine if the action plan on Military Mobility, as a prerequisite for EU's strategic autonomy, is on track to facilitate rapid and seamless military movements within and beyond the EU. The audit was in its fieldwork stage by the end of the reporting period. The Special Report is expected in late 2024.

### *Seawater quality*

This audit assesses if the EU actions tackling sea water pollution originating from vessels are well designed and implemented. At the end of 2023, the audit was in its fieldwork phase. The Special Report is expected in 2024.

### *Gas infrastructure*

This audit assesses if EU-funded investments in infrastructure for transporting and storing gas through cohesion policy, the Connecting Europe Facility and the RRF are making an effective contribution to the EU's energy security in relation to gas supplies. The fieldwork was ongoing by the end of the reporting period. The Special Report is expected in 2024.

### *Double Funding RRF – CF/CEF*

This audit assesses if the Commission and Member States have effective systems to avoid double funding between the Recovery and Resilience Facility and the Cohesion Policy funds/ Connecting Europe Facility. At the end of 2023, the audit was in its fieldwork phase. The Special Report is expected in 2024.

### *Climate adaptation*

This audit aims to determine if the EU and Member States' framework on adaptation and funding on climate adaptation address the effects of climate change in the EU effectively. The audit was in its initial stages at the end of the reporting period and the Special Report is expected in late 2024.

### *Smart Grids and meters*

This audit assesses if the EU is contributing effectively to the deployment of smart grids and meters, which are a key enabler for reaching the EU's 2030 and 2050 climate and energy targets. The audit was in its initial stages at the end of 2023 and the Special Report is expected in late 2024.

### *Intermodal Freight Transport*

This audit, which in the Agency solely concerned CEF Transport, aimed to determine if the EU's regulatory and financial support to intermodal freight transport had been effective so far. The audit was concluded in March 2023, with the publication of [Special Report 08/2023](#), which highlighted some regulatory and infrastructure shortcomings, as well as issues in the definition of targets, but also recognised that the Commission's 2021 proposal for revising the TEN-T regulation has the potential to improve the situation. The Agency will contribute to the implementation of the action plan as appropriate.

### *Becoming the World's second biggest battery producer by 2024*

This audit aimed to determine if the Commission and Member States have been effective in developing a globally competitive and resource-efficient value chain for batteries in the EU. In CINEA, it mostly concerned Horizon 2020/ Europe. [Special Report 15/2023](#), published in June 2023, concluded that the EU has effectively promoted an EU industrial policy on batteries, but noted some shortcomings in monitoring, coordination and targeting, as well as a challenging access to raw materials. When required, the Agency will contribute to the implementation of the actions addressing the accepted recommendations.

### *Circular Economy*

This audit examined the effectiveness of EU support to circular economy, focusing in the design and production phases. In the Agency, this audit mostly concerned LIFE. The audit was concluded in July 2023, with the publication of [Special Report 17/2023](#), which recognised that since the publication of the first Commission's Circular Economy Action Plan, there has been an increase in circular-economy activities by Member States' governments. The ECA however found that the related Action Plans could have been more effective in influencing circular economy activities in the EU. When required, the Agency will contribute to the implementation of the action plan, in coordination with the concerned DGs.

### *Offshore renewable energy*

This audit analysed if the EU's integrated maritime policy and EU-funded initiatives had contributed to sustainable growth in the marine renewable energy sector. In September 2023, the ECA published [Special Report 22/2023](#), which noted that EU actions, including EU funding, have contributed to the development of offshore renewable energy, in particular offshore wind. The ECA also noted that the social and environmental sustainability of blue energy has room for improvement and that conflicts relating to maritime spatial planning need further addressing. The Agency will contribute to the implementation of the action plan, upon request of the concerned DGs.

### *Smart Cities*

This audit assessed the effectiveness of EU-financed research projects and their impact in making cities smart(er). It also assessed if the design of Horizon Europe (including EU Missions) took into account past lessons learnt. The audit was concluded in October 2023, with the publication of [Special Report 24/2023](#). While on the one hand the report recognised the Commission's efforts in the area, on the other hand the Court raised coordination issues between the Lighthouse Programme and the Horizon Europe Cities Mission, a limited citizen engagement, and difficulties faced by the cities attracting private investment. When required, the Agency will work closely with the concerned DGs in the implementation of the action plan.

### *EU Aquaculture policy*

This audit assessed if the Commission and the Member States have promoted the sustainable development of EU aquaculture effectively. [Special Report 25/2023](#), published in November 2023, concluded that the EU's strategic framework for aquaculture has improved in recent years. However, the ECA identified some areas of improvement, notably related to the absorption of EU projects and the monitoring of the sector's sustainability or the contribution of EU funding. When required, the Agency will work closely with the concerned DGs in the implementation of the actions addressing the accepted recommendations.

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

### 1) Annex related to "Control results" - Table X: Estimated risk at payment and at closure

Table: Estimated risk at payment and at closure

EA CINEA	Payments made (2023;MEUR)	minus new prefinancing (plus retentions made) (in 2023;MEUR)	plus cleared prefinancing (minus retentions released and deductions of expenditure made by MS) (in 2023;MEUR)	Relevant expenditure (for 2023;MEUR)	Detected error rate or equivalent estimates	Estimated risk at payment (2023;MEUR)	Adjusted Average Recoveries and Corrections (adjusted ARC; %)	Estimated future corrections [and deductions] (for 2023;MEUR)	Estimated risk at Closure (2023;MEUR)
-1	-2	-3	-4	-5	-6	-7	-8	-9	-10
Grants under Direct Management (Financial Framework 2014 2020 - Programmes based on actual costs) - CEF Transport (incl. CEF Synergy)	2 173.92	- 957.22	827.67	2 044.37	1.62% - 1.62%	33.20 - 33.20	0.28% - 0.28%	5.82 - 5.82	27.38 - 27.38
Grants under Direct Management (Financial Framework 2014 2020 - Programmes based on actual costs) - CEF Energy	265.68	- 593.2	158.14	364.51	1.87% - 1.87%	6.80 - 6.80	0.20% - 0.20%	0.74 - 0.74	6.06 - 6.06
Grants under Direct Management (Financial Framework 2014 2020 - Programmes based on actual costs) - Horizon 2020	329.98	0.00	564.67	894.65	2.57% - 2.57%	22.99 - 22.99	0.71% - 0.71%	6.35 - 6.35	16.64 - 16.64
Grants under Direct Management (Financial Framework 2014 2020 - Programmes based on actual costs) - LIFE	194.07	- 94.67	157.73	257.13	0.67% - 0.67%	1.73 - 1.73	0.08% - 0.08%	0.19 - 0.19	1.54 - 1.54
Grants under Direct Management (Financial Framework 2014 2020 - Programmes based on actual costs) - EMFF	13.99	0.00	837	22.36	2.03% - 2.03%	0.45 - 0.45	0.14% - 0.14%	0.03 - 0.03	0.42 - 0.42
Grants under Direct Management (Financial Framework 2021 2027 - Programmes based on actual costs) - CEF Transport	2 625.53	-2 470.61	12.91	167.83	1.00% - 2.00%	1.68 - 3.36	0.15% - 0.30%	0.25 - 0.50	1.43 - 2.85
Grants under Direct Management (Financial Framework 2021 2027 - Programmes based on actual costs) - CEF Energy	232.95	- 232.92	0.05	0.08	1.00% - 2.00%	0.00 - 0.00	0.15% - 0.30%	0.00 - 0.00	0.00 - 0.00
Grants under Direct Management (Financial Framework 2021 2027 - Programmes based on actual costs) - Horizon Europe	1 254.68	-1 250.71	0.16	4.13	2.00% - 2.00%	0.08 - 0.08	0.00% - 0.00%	0.00 - 0.00	0.08 - 0.08
Grants under Direct Management (Financial Framework 2021 2027 - Programmes based on actual costs) - LIFE	211.47	- 206.21	8.11	13.36	1.00% - 2.00%	0.13 - 0.27	0.15% - 0.30%	0.02 - 0.04	0.11 - 0.23
Grants under Direct Management (Financial Framework 2021 2027 - Programmes based on actual costs) - EMFAF	10.18	- 9.41	1.64	2.40	1.00% - 2.00%	0.02 - 0.05	0.05% - 0.10%	0.00 - 0.00	0.02 - 0.05
Grants under Direct Management (Programmes based on lump sums) - Innovation Fund	114.90	0.00	0.00	114.90	0.00% - 0.50%	0.00 - 0.57	0.00% - 0.00%	0.00 - 0.00	0.00 - 0.57
Grants under Direct Management (Programmes based on lump sums) - PSLF - JTM	10.17	- 10.17	0.00	0.00	0.00% - 0.50%	0.00 - 0.00	0.00% - 0.00%	0.00 - 0.00	0.00 - 0.00
Operational procurements - Horizon Europe / Horizon 2020	456	0.00	0.00	456	0.00% - 0.50%	0.00 - 0.02	0.00% - 0.00%	0.00 - 0.00	0.00 - 0.02
Operational procurements - LIFE	3.07	- 0.10	0.00	2.97	0.00% - 0.50%	0.00 - 0.01	0.00% - 0.00%	0.00 - 0.00	0.00 - 0.01
Operational procurements - EMFF/EMFAF	16.38	- 0.38	0.00	16.00	0.00% - 0.50%	0.00 - 0.08	0.00% - 0.00%	0.00 - 0.00	0.00 - 0.08
Other (incl. Programme Support)	27.35	- 2.69	0.65	25.31	0.00% - 0.50%	0.00 - 0.13	0.00% - 0.00%	0.00 - 0.00	0.00 - 0.13
<b>Sub-total</b>	<b>7 488.89</b>	<b>-5 294.41</b>	<b>1 740.09</b>	<b>3 934.57</b>		<b>67.10 - 69.75</b>	<b>0.34% - 0.35%</b>	<b>13.41 13.69</b>	<b>53.69 - 56.07</b>
operating budget	61.84	0.00	0.00	61.84	0.00% - 0.50%	0.00 - 0.31	0.00% - 0.00%	0.00 - 0.00	0.00 - 0.31
<b>Total EA (operational + operating)</b>	<b>7 550.73</b>	<b>-5 294.41</b>	<b>1 740.09</b>	<b>3 996.41</b>		<b>67.10 - 70.06</b>	<b>0.34% - 0.34%</b>	<b>13.41 - 13.69</b>	<b>53.69 - 56.38</b>
					<b>Overall risk at payment in %</b>	<b>1.68% - 1.75%</b>		<b>Overall risk at closure in %</b>	<b>1.34% 1.41%</b>
						(7) / (5)			(10) / (5)

## Notes to the table (number of column concerned in brackets)

- (1) Relevant Control Systems differentiated per relevant portfolio segments and at a level which is lower than the total.
- (2) Payments made or equivalent, e.g. expenditure registered in the Commission's accounting system, accepted expenditure or cleared pre-financing. In any case, this means after the preventive (ex-ante) control measures have already been implemented earlier in the cycle.
- (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).
- (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').
- (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 calculated on a multi-annual basis. For H2020, in line with the Research and Innovation family (R&I Family), CINEA used as best estimation the expected representative detected error rate, based on errors detected by ex post audits on a Common Representative Sample of cost claims across the R&I Family (2.57%). For Horizon Europe in line with the R&I Family, the Agency has used detected and residual error rate of 2.00%. For CEF Transport 2021-2027, CEF Energy 2021-2027, EMFAF and LIFE 2021-2027, the Agency applied a range of 1%-2% detected error rate as a best estimation considering the detected error rate of the CEF Transport 2014-2020, CEF Energy 2021-2020, EMFF and LIFE 2014-2020 respectively. For low-risk types of expenditure, where there are indications that the equivalent error rate might be close to 'zero' (e.g. administrative expenditure, operating subsidies to agencies), CINEA has used 0.5% following DG BUDG instructions.
- (8) The historic average of recoveries and financial corrections (ARC) received from the central services is 0.21%. However, CINEA adjusted this value for grant management expenditure. The Average Recoveries and Corrections (ARC) are determined by comparing the auditable expenditure on a multi-annual basis with the total amount to be corrected. Audit results available for the AAR 2023 are the result of audits of relevant expenditure from 2022 or earlier. The amount of relevant expenditure available to be audited at the end of 2022 is compared to the audit corrections. The percentage of audit corrections compared to the auditable expenditure is the ARC. Due to the lack of comparable data for the new MFF, for CEF Transport 2021-2027, CEF Energy 2021-2027, EMFAF and LIFE 2021-2027 CINEA has used as best estimates of the detected error rates (1%-2%) multiplied by the expected audit coverage of 15% for all the programmes except of EMFAF of 5%.

For H2020, in line with the Research and Innovation family, CINEA adjusted this value for grant management expenditure and used as best estimation the difference between the R&I Family expected cumulative representative detected error rate (2.57%), and the CINEA residual error rate (1.86%). For Horizon Europe, the estimated detected error and residual error are 2%, with 0% ARC.

For other types of expenditures (procurement, experts, and operating budget), we assumed that the ex-post future corrections would be 0%.

The average amount of the implemented corrections over the past 3 years (2021-2023) is €2.9 million (0.07% of the average amount of relevant expenditure of that period), compared to an average amount of estimated future corrections during the same period of €12.4 million (0.32% of the average amount of relevant expenditure of that period). The deviation of 0.24% between the two averages is considered marginal and can be attributed to the detected errors identified. However, their implementation has not yet been issued as the relevant audit reports have been finalised towards the end of 2023.



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

### Human resource management

<p><b>Objective:</b> The European Climate, Infrastructure and Environment Executive Agency 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.</p>		
<p><b>Indicator 1:</b> <sup>(28)</sup> Number and percentage of female representation in middle management <sup>(29)</sup>  <b>Source of data:</b> CINEA</p>		
<p><b>Baseline</b> (31/12/2022)</p>	<p><b>Target</b> 50% by 2024</p>	<p><b>Latest known results</b> (31/12/2023)</p>
<p>37% (7/19)</p>	<p>47% in 2023</p>	<p>39% (7/18) CINEA continues its effort in increasing the percentage of female representation in middle management within its remit and in close cooperation with its parent DGs.</p>
<p><b>Indicator 2:</b> CINEA staff engagement index  <b>Source of data:</b> Commission staff or pulse survey</p>		
<p><b>Baseline</b> 2021 European Commission staff survey and pulse surveys <sup>(30)</sup></p>	<p><b>Target</b> (last European Commission staff survey)</p>	<p><b>Latest known results</b> (2023 European Commission staff survey)</p>
<p>72%</p>	<p>≥72%</p>	<p>74%</p>

<sup>(28)</sup> Seconded middle managers are part of the 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.

<sup>(29)</sup> The functions of head of unit and head of department are defined as middle management functions.

<sup>(30)</sup> Pulse surveys are in use if no staff survey is launched.

**Main outputs in 2023:**

<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known results</b>
Implementation of the actions foreseen for 2023 in the new common Inter-agencies Human Resources strategy.	Timely implementation of the actions foreseen in the action plan.	31 December 2023	<ul style="list-style-type: none"><li>• Co-organisation of the Inter-EA Respect &amp; Dignity @ Work week.</li><li>• Participation/organisation of joint selection procedures and shared reserve lists as appropriate.</li><li>• Participation in the pilot staff exchange programme, pilot Junior Professional Programme and the Inter-Agency Women Talent Programme. On the latter, CINEA oversaw the promotional communication campaign for all six EAs.</li><li>• Three local mental health first aid contact persons and one Diversity and Inclusion correspondent were appointed in the Agency.</li></ul>

## Digital Transformation and information management

**Objective:** The European Climate, Infrastructure and Environment Executive Agency is using innovative, trusted digital solutions for better policy-shaping, information management and administrative processes to become a truly digitally transformed, user-focused and data-driven Agency.

**Indicator 1:** Degree of implementation of the digital strategy principles by the most important IT solutions <sup>(31)</sup>

**Source of data:** CINEA

Baseline (2020)	Interim milestone (2023)	Target (2024)	Latest known results (31/12/2023)
59%	68%	68%	57% Target was not reached because CINEA added one new system – the CB RES, for which there is not yet a security plan. Such plan will be elaborated in Q1 of 2024.

**Indicator 2:** Percentage of implementation of the corporate principles for data governance for CINEA's key data assets

**Source of data:** CINEA

Baseline (2022)	Interim milestone (2023)	Target (2024)	Latest known results (31/12/2023)
64%	70%	80%	71%

**Indicator 3:** Percentage of staff attending awareness raising activities on data protection compliance

**Source of data:** CINEA

Baseline (2022)	Interim milestone (2023)	Target (2024)	Latest known results (31/12/2023)
69%	80% of staff in post for 6 months or longer	100% of staff in post for 6 months or longer	84% of staff in post for 6 months or longer

### Main outputs in 2023:

Output	Indicator	Target	Latest known results
Delivery of data protection training	At least once per year	31 December 2023	Two trainings were organised in April and September.

<sup>(31)</sup> c\_2022\_4388\_1\_en\_act.pdf (europa.eu)

## Sound environmental management

**Objective:** The European Climate, Infrastructure and Environment Executive Agency takes account of its environmental impact in its actions and actively promotes measures to reduce the related day-to-day impact of the administration and its work and promotes climate and biodiversity mainstreaming, with the support of its respective EMAS Correspondents.

### Main outputs in 2023:

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

Output	Indicator	Target (2021 as baseline)	Latest known results (31/12/2023)
<b>Priority action to support the Greening the Commission Communication and action plan</b>			
Participation in corporate energy saving actions, by closing down EA's buildings during the Christmas and New Year's /summer holiday period, partially at summer period and on long weekends including bank holidays and/or optimisation of the temperature in EC buildings.	1 building participating in the action	-15% in total energy consumption (compared with the previous year)	-22 % in total energy consumption compared to 2022.
Being granted EMAS accreditation.	CINEA accredited EMAS	Accreditation	Technical and administrative steps finalised; formal certification anticipated in Q1 2024.

#### II. Reducing CO<sub>2</sub>, equivalent CO<sub>2</sub> and other atmospheric emissions

Output	Indicator	Target (2021 as baseline)	Latest known results (31/12/2023)
<b>Priority action to support the Greening the Commission Communication and action plan</b>			
Increase the number of missions performed by train instead of by plane.	Share of train missions vs air trip missions	15% of missions performed by train	35% of the missions' journeys performed by train.

III. Reducing and management of waste			
Output	Indicator	Target (2021 as baseline)	Latest known results (31/12/2023)
<b>Priority action to support the Greening the Commission Communication and action plan</b>			
Improve waste sorting behaviour by awareness raising actions for staff.	Report on sorting/recycling by the dedicated company	95% waste sorted in an appropriate manner	CINEA continuously sorted its waste in an appropriate manner <sup>(32)</sup> . As a result, 69% of the Agency's waste (in kg) was converted into secondary raw materials.
IV. Promoting green public procurement (GPP)			
Output	Indicator	Target (2021 as baseline)	Latest known results (31/12/2023)
<b>Priority action to support the Greening the Commission Communication and action plan</b>			
Staff awareness actions on GPP among EA's staff.	% and value (EUR) of "green" items ordered	Address all staff % and value (EUR) of "green" items ordered	Green items were ordered for EUR 4.227 and in 100% of the instances when such items were offered on the OIB catalogue.
V. Supporting biodiversity			
Output	Indicator	Target	Latest known results (31/12/2023)
Staff awareness actions on supporting biodiversity in urban sites (BXL) in collaboration with OIB.	Number of staff participating to dedicated EMAS workshop	Participate in staff awareness actions in collaboration with OIB (other sites) & EMAS	Ten staff awareness actions were organised, including workshops and campaigns in collaboration with OIB (other sites) and EMAS.

<sup>(32)</sup> Report on sorting/recycling by the dedicated company does not contain data on waste sorted in an appropriate manner. Therefore, latest known result is shown for the waste converted into raw materials.

**ANNEX 11: Implementation through national or international public-sector bodies and bodies governed by private law with a public sector mission – not applicable**

**ANNEX 12: EAMR of the Union Delegations – not applicable**

**ANNEX 13: Decentralised agencies and/or EU Trust Funds  
– not applicable**



**ANNEX 14: Reporting on the Recovery and Resilience Facility – not applicable**