



Annual Activity Report 2023

Annexes

European Health and Digital Executive
Agency

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

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

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

2 April 2024

e-signed in ARES

Jacques Remacle

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

⁽¹⁾ C(2017)2373 of 19.04.2017.

ANNEX 2: Performance tables

1. EU4Health

General objective: Promoting our European way of life

Specific objectives:

- *Diminishing the impact of cancer in Europe (SANTE)*
- *Effective response coordination of serious cross-border health threats (SANTE)*
- *Crisis response readiness for health emergencies (HERA) ⁽²⁾*
- *Preparedness for health emergencies (HERA) ⁽³⁾*
- *More effective, accessible and resilient health systems (SANTE)*

Main outputs in 2023:

Output	Indicator	Target	Latest known result
Calls for proposals	Number of calls opened/invitations sent	10 (covering 32 topics)	13
Procurement procedures	Number of procurement procedures launched	50	33 ⁽⁴⁾
Evaluation sessions	Number of evaluation sessions finalised	12	15
	Time to inform applicants	100% of applicants informed within 6 months after the call deadline	100%
	Percentage of evaluated proposals challenged under the evaluation review procedure	Less than 3% of evaluated proposals	2,6% (8 out of 303 evaluated proposals)
	Percentage of evaluated proposals re-evaluated following review requests	Max. 0,5% of evaluated proposals	0%
	Percentage of negative opinions issued by the Advisory Committee for procurement and contracts	0%	0%
Grant agreements	Number of grant agreements signed	160	148 ⁽⁵⁾
	Time to grant	98% of grant agreements signed within 9 months after the call deadline	99.3% (1 grant outside of TTG)

⁽²⁾ This specific objective, which was not included in HaDEA's 2023 Annual Work Programme, has been added upon request from HERA. This specific objective is mentioned in HERA's 2023 management plan.

⁽³⁾ See above.

⁽⁴⁾ Most of the remaining ones, to be launched by mid-2024, concern either specific contracts under framework contracts currently published but not signed yet, or policy needs requiring a later timeline.

⁽⁵⁾ 122 from the 2022 and 26 from the 2023 work programmes.

Output	Indicator	Target	Latest known result
Contracts	Number of contracts signed	35	45 ⁽⁶⁾
Payments	Time to pay	98% of payments within the legal deadlines	EU4Health: 100% Third Health Programme: 100%
Policy feedback	Implementation rate of the feedback-to-policy plan	90%	100%

2. Horizon Europe Cluster 1: Health

General objective:

- Promoting our European way of life
- A Europe fit for the digital age

Specific objectives:

- *Research and innovation support the European health initiatives, including the Europe's Beating Cancer Plan (SANTE) and the EU Mission on Cancer (RTD)*
- *Preparedness for health emergencies (HERA) ⁽⁷⁾*
- *The revitalised European Research Area sets directions for societal, economic and ecological transitions in Europe and contributes to spreading excellence, closing research and innovation gap and working out a common global response to emerging challenges (RTD)*
- *High-quality science, knowledge and innovative solutions facilitate a digital transition in Europe, including a new European approach to Artificial intelligence (RTD)*
- *A European single market for data where data can flow for the benefit of all and where rules for access and use of data are fair, practical and clear (CNECT)*

Main outputs in 2023:

Output	Indicator	Target	Latest known result
Calls for proposals	Number of calls opened	19	16
Procurement procedures	Number of procurement procedures launched	TBC	1
Evaluation sessions	Number of evaluation sessions finalised	2	2
	Time to inform participants	100% of applicants informed within 4 months after the call deadline	100%

⁽⁶⁾ New additional topics were launched to absorb the under-spending from the 2022 work programme. Moreover, two open procedures had multiple contractors succeeding, leading to more framework contracts and specific contracts being signed.

⁽⁷⁾ This specific objective, which was not included in HaDEA's 2023 Annual Work Programme, has been added upon request from HERA. This specific objective is mentioned in HERA's 2023 management plan.

Output	Indicator	Target	Latest known result
	Percentage of evaluated proposals challenged under the evaluation review procedure	Less than 3% of evaluated proposals	2.7%
	Percentage of evaluated proposals re-evaluated following review requests	Max. 0,5% of evaluated proposals	0%
Grant agreements	Number of grant agreements signed	200	206
	Time to grant	98% of grant agreements signed within 8 months after the call deadline	100%
Payments	Time to pay	Horizon Europe and Horizon 2020: 98% of payments made within legal deadlines	Horizon Europe: 100% Horizon 2020 (SC1): 100%
Policy feedback	Implementation rate of the feedback-to-policy plan	90%	90%

3. Horizon Europe Cluster 4: Digital

General objective: A Europe fit for the digital age

Specific objectives:

- *Europe's strategic autonomy ensured in critical technology areas (CNECT)*
- *Artificial Intelligence that is human-centric, ethical, sustainable and that respects EU values (CNECT)*
- *A fair, competitive and resource-efficient digital economy (CNECT)*
- *A European single market for data where data can flow for the benefit of all and where rules for access and use of data are fair, practical and clear (CNECT)*
- *A modern, open and pluralistic society in the digital age where online disinformation is countered, and diverse cultural content is available to all Europeans (CNECT)*

Main outputs in 2023:

Output	Indicator	Target	Latest known result
Calls for proposals	Number of calls opened	3	5
Evaluation sessions	Number of evaluation sessions finalised	2	2
	Time to inform participants	100% of applicants informed within 5 months after the call deadline	100%

Output	Indicator	Target	Latest known result
	Percentage of evaluated proposals challenged under the evaluation review procedure	Less than 3% of evaluated proposals	Less than 3%
	Percentage of evaluated proposals re-evaluated following review requests	Max. 0,5% of evaluated proposals	0%
Grant agreements	Number of grant agreements signed	32	31 ⁽⁸⁾
	Time to grant	98% of grant agreements signed within 8 months after the call deadline	98%
Payments	Time to pay	98% of payments within the legal deadlines	Horizon Europe Cluster 4: 100% Horizon 2020 (SC5, LEIT): 100%
Policy feedback	Implementation rate of the feedback-to-policy plan	90%	100% ⁽⁹⁾

4. Horizon Europe Cluster 4: Industry

General objective:

- A Europe fit for the digital age
- A European Green Deal

Specific objectives:

- *European enterprises make the digital and green transition (GROW)*
- *Increase the share of material recovered and fed back into the economy (GROW)*Parent department: RTD, GROW

Main outputs in 2023:

Output	Indicator	Target	Latest known result
Calls for proposals	Number of calls opened	4	4 (2024 calls)
Evaluation sessions	Number of evaluation sessions finalised	4	5
	Time to inform participants	100% of applicants informed within 5 months after the call deadline	100% of applicants informed within 5 months after the call deadline

⁽⁸⁾ Additional projects from the 2023 calls' reserve list are currently under grant agreement preparation.

⁽⁹⁾ By the end of 2023, seven out of the nine items in the 2023 F2P plan had been delivered to DG CONNECT. In agreement with the parent DG, the remaining two items of the plan were postponed to 2024 as they were subject to further definition and specification from the requesting policy units in DG CONNECT.

Output	Indicator	Target	Latest known result
	Percentage of evaluated proposals challenged under the evaluation review procedure	Less than 3% of evaluated proposals	Less than 3% of evaluated proposals (4 out of 470 eligible proposals)
	Percentage of evaluated proposals re-evaluated following review requests	Max. 0,5% of evaluated proposals	0%
Grant agreements	Number of grant agreements signed	88 HORIZON-CL4-2023-TWIN-TRANSITION-01 (single-stage): 36 HORIZON-CL4-2023-RESILIENCE-01(single-stage): 38 HORIZON-CL4-2023-DIGITAL-EMERGING-01: 4 HORIZON-CL4-2023-HUMAN-01: 10	93 (calls 2023) 6 (calls 2022) HORIZON-CL4-2023-TWIN-TRANSITION-01 (single-stage): 37 HORIZON-CL4-2023-RESILIENCE-01(single-stage): 35 HORIZON-CL4-2023-DIGITAL-EMERGING-01: 4 HORIZON-CL4-2023-HUMAN-01: 17 HORIZON-CL4-2022-RESILIENCE-01: 4 HORIZON-CL4-2022-TWIN-TRANSITION-01: 1 HORIZON-CL4-2022-SWEDEN-CONF-IND-IBA: 1
	Time to grant	98% of grant agreements signed within 8 months after the call deadline	100%
Payments	Time to pay	98% of payments within the legal deadlines	Horizon Europe Cluster 4: 100% Horizon 2020 (SC5, LEIT): 100%

Output	Indicator	Target	Latest known result
Policy feedback	Implementation rate of the feedback-to-policy plan	90%	97% ⁽¹⁰⁾
	Meetings between parent DGs and HaDEA	At least four meetings per year; feedback-to-policy plans to be regularly monitored during the day	19 meetings ⁽¹¹⁾

5. Horizon Europe Cluster 4: Space

General objective:

- A Europe fit for the digital age
- Promoting our European way of life

Specific objectives:

- *Modern and well-functioning EU space-enabled services to support the Union's priorities*
- *Security actors have access to EU autonomous tools, space-enabled services, and technologies needed to build resilience to security threats, safety hazards and crisis situations (DEFIS)*

Parent department: RTD, DEFIS

Main outputs in 2023:

Output	Indicator	Target	Latest known result
Calls for proposals	Number of calls opened	1 Identified Beneficiary Action: 2	2
Evaluation sessions	Number of evaluation sessions finalised	2	3 ⁽¹²⁾
	Time to inform participants	100% of applicants informed within 5 months after the call deadline	100%

⁽¹⁰⁾ Out of the 40 activities planned, 29 had been finalised by the end of the year. Seven were either discontinued or dropped out for no longer being requested by the parent DGs. Three of the activities were redefined and performed. Finally, one activity was postponed to 2024 in agreement with the relevant parent DG. In total, 32 of the 33 activities planned for 2023 were performed, i.e., 97%.

⁽¹¹⁾ 19 meetings have taken place in the framework of feedback to policy activities: four quarterly meetings between HaDEA B3 and RTD E3; Two meetings between HaDEA B3 and GROW I1, one feedback-to-policy workshop, organised between HaDEA-B3 and RTD-E; 12 feedback-to-policy meetings on the three portfolios of Process industries, Manufacturing and Safe and Sustainable by Design.

⁽¹²⁾ As anticipated in the Agency's work programme, an additional evaluation session was organised for the Space partnership IBA.

Output	Indicator	Target	Latest known result
	Percentage of evaluated proposals challenged under the evaluation review procedure	Less than 3% of evaluated proposals	3.5% ⁽¹³⁾
	Percentage of evaluated proposals re-evaluated following review requests	Max. 0,5% of evaluated proposals	0%
Grant agreements	Number of grant agreements signed	51 (46 from the 2023 call and 5 from the SST IBA)	38 (33 ⁽¹⁴⁾ from the 2023 call and 5 from the SST IBA)
	Time to grant	98% of grant agreements signed within 8 months after the call deadline	91% ⁽¹⁵⁾ (value only for the 2023 call grant agreements, not the IBAs)
Payments	Time to pay	98% of payments within the legal deadlines	Horizon Europe Cluster 4: 100% Horizon 2020 (SC5, LEIT): 100%
Policy feedback	Implementation rate of the feedback-to-policy plan	90%	97% ⁽¹⁶⁾

6. Single Market Programme: Food

General objective: A European Green Deal

Specific objectives:

- Ensuring food and feed safety (SANTE)
- Ensuring sustainable food systems – the Farm to Fork strategy (SANTE)

Main outputs in 2023:

Output	Indicator	Target	Latest known result
Calls for proposals	Number of calls opened/invitation sent	8	7
Calls for tender	Number of calls opened	5	5
Evaluation sessions	Number of evaluation sessions finalised	15	12

⁽¹³⁾ Five out of 141 proposals.

⁽¹⁴⁾ Following the evaluation, only 35 proposals were selected. Two grant agreements are still under preparation and will be signed in early 2024.

⁽¹⁵⁾ One agreement was signed with a slight delay, and the signature of two projects with unresolved OCAs will take place in 2024.

⁽¹⁶⁾ Out of the 32 actions planned for 2023, 29 were completed, one was still in progress at the end of the year, two were no longer requested by DG DEFIS, and one major additional ad-hoc action had been completed.

Output	Indicator	Target	Latest known result
	Time to inform applicants	100% of applicants informed within 6 months after the call deadline	100%
	Percentage of evaluated proposals challenged under the evaluation review procedure	Less than 3% of evaluated proposals	0%
	Percentage of evaluated proposals re-evaluated following review requests	Max. 0,5% of evaluated proposals	0%
	Percentage of negative opinions issued by the Advisory Committee for procurement and contracts	0%	0%
Grant agreements	Number of grant agreements signed	200	126 ⁽¹⁷⁾
	Time to grant	98% of grant agreements signed within 9 months after the call deadline	100%
Contracts	Number of contracts signed	5	7
Payments	Time to pay	98% of payments within the legal deadlines	SMP Food: 100% Food & feed: 100%
Policy feedback	Implementation rate of the feedback-to-policy plan	90%	100%

⁽¹⁷⁾ The Agency will sign around 50 grants for EU Reference Laboratories and Centres and 20 grants on food waste at the beginning of 2024.

7. Digital Europe Programme

General objective: A Europe fit for the digital age

Specific objectives:

- A fair, competitive and resource-efficient digital economy (CONNECT)
- A European single market for data where data can flow for the benefit of all and where rules for access and use of data are fair, practical and clear (CONNECT)
- A cyber resilient Europe, promoting digital identities for all Europeans, while protecting their e-privacy (CONNECT)
- A modern, open and pluralistic society in the digital age where online disinformation is countered and diverse cultural content is available to all Europeans (CONNECT)

Main outputs in 2023:

Output	Indicator	Target	Latest known result
Calls for proposals	Number of calls opened	2 sets of calls (5 calls in total)	2 sets of calls
Evaluation sessions	Number of evaluation sessions finalised	2022 work programme: 1 2023 work programme: 1	2022 work programme: 1 2023 work programme: 1
	Time to inform participants	100% of applicants informed within 6 months after the call deadline	100% of applicants informed within 6 months after the call deadline
	Percentage of evaluated proposals challenged under the evaluation review procedure	Less than 3% of evaluated proposals	0
	Percentage of evaluated proposals re-evaluated following review requests	Max. 0,5% of evaluated proposals	0
Grant agreements	Number of grant agreements signed	12	12 (5 from reserve lists, 1 was terminated)
	Time to grant	98% of grant agreements signed within 9 months after the call deadline	100%
Payments	Time to pay	98% of payments within the legal deadlines	DIGITAL: 100% CEF-Telecom (DSI): 100%
Policy feedback	Implementation rate of the feedback-to-policy plan	90%	100%

8. Connecting Europe Facility – Digital

General objective: A Europe fit for the digital age

Specific objectives:

- *Europe's strategic autonomy is ensured in critical technology areas (CONNECT)*
- *A fair, competitive and resource-efficient digital economy (CONNECT)*
- *A modern, open and pluralistic society in the digital age where online disinformation is countered and diverse cultural content is available to all Europeans (CONNECT)*

Main outputs in 2022:

CEF Digital

Output	Indicator	Target	Latest known result
Calls for proposals	Number of calls opened	4	3 ⁽¹⁸⁾
Procurement procedures	Number of procurement procedures launched	1	0 ⁽¹⁹⁾
Evaluation sessions	Number of evaluation sessions finalised	6 (2022 calls)	5
	Time to inform applicants	100% of applicants informed within 6 months after the call deadline	0% ⁽²⁰⁾
	Percentage of evaluated proposals challenged under the evaluation review procedure	Less than 15% of evaluated	1%
	Percentage of evaluated proposals re-evaluated following review requests	Max. 5% of evaluated proposals	0%
Grant agreements	Number of grant agreements signed	65	37 ⁽²¹⁾
	Time to grant	98% of grant agreements signed within 9 months after the call deadline	100%
Contracts	Number of contracts signed	1 (tbc)	0 ⁽²²⁾
Payments	Time to pay	98% of payments within the legal deadlines	100%

⁽¹⁸⁾ The planned call for the European quantum communication infrastructure has been postponed to 2024.

⁽¹⁹⁾ The procurement procedure planned was put on hold.

⁽²⁰⁾ The decision of the selection committee was taken at the end of September 2023, following an internal evaluation by DG CONNECT started in June. The call results were published with a delay of 13 days beyond the deadline to inform participants set by the Financial Regulation.

⁽²¹⁾ Less proposals were funded due to higher grant amounts requested per proposal. In addition, the European quantum communication infrastructure call was postponed to 2024.

⁽²²⁾ The envisaged procurement contract would have been for a study on the potential use of lump sums in CEF-Digital. It did not materialise due to the lack of resources available.

Output	Indicator	Target	Latest known result
Policy feedback	Implementation rate of the feedback-to-policy plan	90%	100%

WiFi4EU

Output	Indicator	Target	Latest known result
Active networks	Number of public WiFi networks broadcasting WiFi4EU	8 900	9 169
	Number of hotspots (Access Points)	90 700	93 369
Users	Number of connections per day (in average)	125 000	184 286
Payments	Time to pay	98% of payments made within 60 days	100%
Policy feedback	Implementation rate of the feedback-to-policy plan	90%	100%

9. Client satisfaction

Satisfaction rate of participants to events organised by HaDEA in 2023

Event date	Programme	Event title	Participants satisfaction rate
10 January	EU4Health	Hands-on workshop on Direct Grants to Member States' authorities 3rd wave (under 2022 work programme)	86%
17 January	EU4Health	Info-session - republication call on vaccination (under 2022 WP)	94%
1 February	EU4Health	Info session on technical and financial aspects	93%
15 February	EU4Health	Info session on Joint Actions (2nd & 3rd wave) and other DGA 2023	90%
23 February	EU4Health	Hands-on workshop on JA 1st wave under the 2023 work programme	75%
29 March	EU4Health	Hands-on workshop on European Reference Networks (ERNs) 29 March 2023	59%
2 May	EU4Health	Hands-on workshop on 2nd wave Joint Action	83%
30 June	EU4Health	Info session open call	90%
4 October	EU4Health	Info session on technical and financial aspects	97%
5 September	EU4Health	Hands-on workshop ERN	71%
10 October	EU4Health	HaDEA mental health showcase 2023	94%
11-12 October	EU4Health	Hands-on workshop 3rd wave of Joint Actions	91%
16 November	EU4Health	Hands-on workshop direct grants to Member States	82%
12 December	EU4Health	Info session on Operating Grants 2024	90%
26 October	CEF-Digital	Virtual Information day – 2023 CEF Digital calls	87%
2 June	DIGITAL	Info day on call 4: Advanced Digital Skills	90%
2 June	DIGITAL	Info day on call 4: Deploy and Cloud Data	80% ⁽²³⁾
24 October	DIGITAL	Info day on call 5: Cloud Data	86%
12 December	DIGITAL	Info day on call 5: Advanced Digital Skills	95%
	HADEA		86%

Satisfaction surveys are undertaken by HaDEA to gather lessons learned and improve, as is clearly reflected in the survey results. Thus, with regards to the events on European Reference Networks, the satisfaction rate rose from 59% in March to 71% in September. The Joint actions hands-on workshops scored 75% in February, 83% in May and 91% in October.

⁽²³⁾ A new format was applied for this specific info day whereby participants had to register for the event and then a satisfaction survey was sent via email following the event. However, this led to a very low response rate (7 replies out of 87 registered participants) despite reminders sent to the participants. For all upcoming Info Days, client satisfaction will be captured during the event via Slido.

ANNEX 3: Draft annual accounts and financial reports ⁽²⁴⁾

A. Operational budget

Table 1 – Commitments

TABLE 1: OUTTURN ON COMMITMENT APPROPRIATIONS IN 2023 (in Mio €) for DG HADEA					
			Commitment appropriations authorised*	Commitments made	%
			1	2	3=2/1
Title 01 Research and Innovation					
01	01 02	Horizon Europe	1.340,48	1.312,29	97,90 %
Total Title 01			1.340,48	1.312,29	97,90 %
Title 02 European Strategic Investments					
02	02 03	Connecting Europe Facility (CEF)	286,20	285,03	99,59 %
	02 04	Digital Europe programme	102,34	102,34	100,00 %
Total Title 02			388,54	387,37	99,70 %
Title 03 Single Market					
03	03 02	Single Market Programme	94,14	93,93	99,78 %
	03 20	Pilot projects, preparatory actions, prerogatives and other actions	0,00	0,00	0,00 %
Total Title 03			94,14	93,93	99,78 %
Title 06 Recovery and Resilience					
06	06 06	EU4Health Programme	556,85	556,61	99,96 %
Total Title 06			556,85	556,61	99,96 %
Total Excluding NGEU			2.380,01	2.350,21	98,75 %
Title 01 Research and Innovation					
01	01 02	Horizon Europe	763,94	763,94	100,00 %
Total Title 01			763,94	763,94	100,00 %
Total NGEU Only			763,94	763,94	100,00 %
Total DG HADEA			3.143,95	3.114,14	99,05 %

* 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).

⁽²⁴⁾ Data as of 8 March 2024.

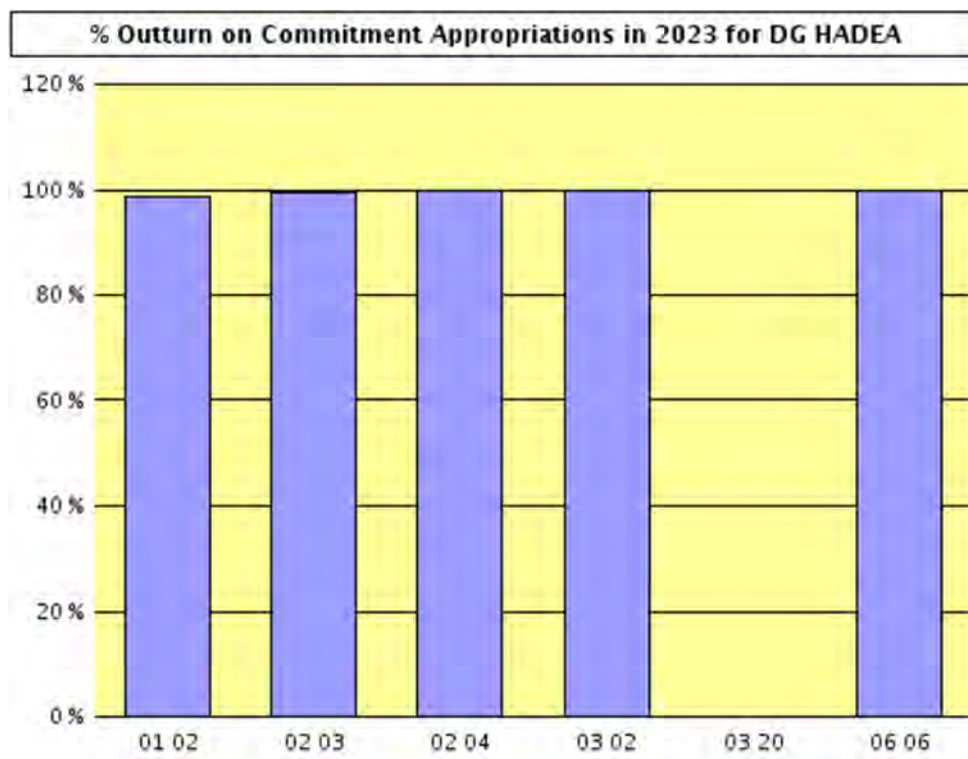


Table 2 – Payments

TABLE 2: OUTTURN ON PAYMENT APPROPRIATIONS in 2023 (in Mio €) for DG HADEA					
			Payment appropriations authorised *	Payments made	%
			1	2	3=2/1
Title 01 Research and Innovation					
01	01 02	Horizon Europe	1.524,91	1.206,02	79,09 %
Total Title 01			1.524,91	1.206,02	79,09%
Title 02 European Strategic Investments					
02	02 03	Connecting Europe Facility (CEF)	87,92	86,93	98,87 %
	02 04	Digital Europe programme	55,50	55,50	100,00 %
Total Title 02			143,43	142,44	99,31%
Title 03 Single Market					
03	03 02	Single Market Programme	136,21	136,21	100,00 %
	03 20	Pilot projects, preparatory actions, prerogatives and other actions	0,84	0,84	100,00 %
Total Title 03			137,05	137,05	100,00%
Title 06 Recovery and Resilience					
06	06 06	EU4Health Programme	346,90	346,72	99,95 %
Total Title 06			346,90	346,72	99,95%
Total Excluding NGEU			2.152,29	1.832,23	85,13%
Title 01 Research and Innovation					
01	01 02	Horizon Europe	819,42	724,83	88,46 %
Total Title 01			819,42	724,83	88,46%
Total NGEU Only			819,42	724,83	88,46%
Total DG HADEA			2.971,71	2.557,05	86,05 %

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

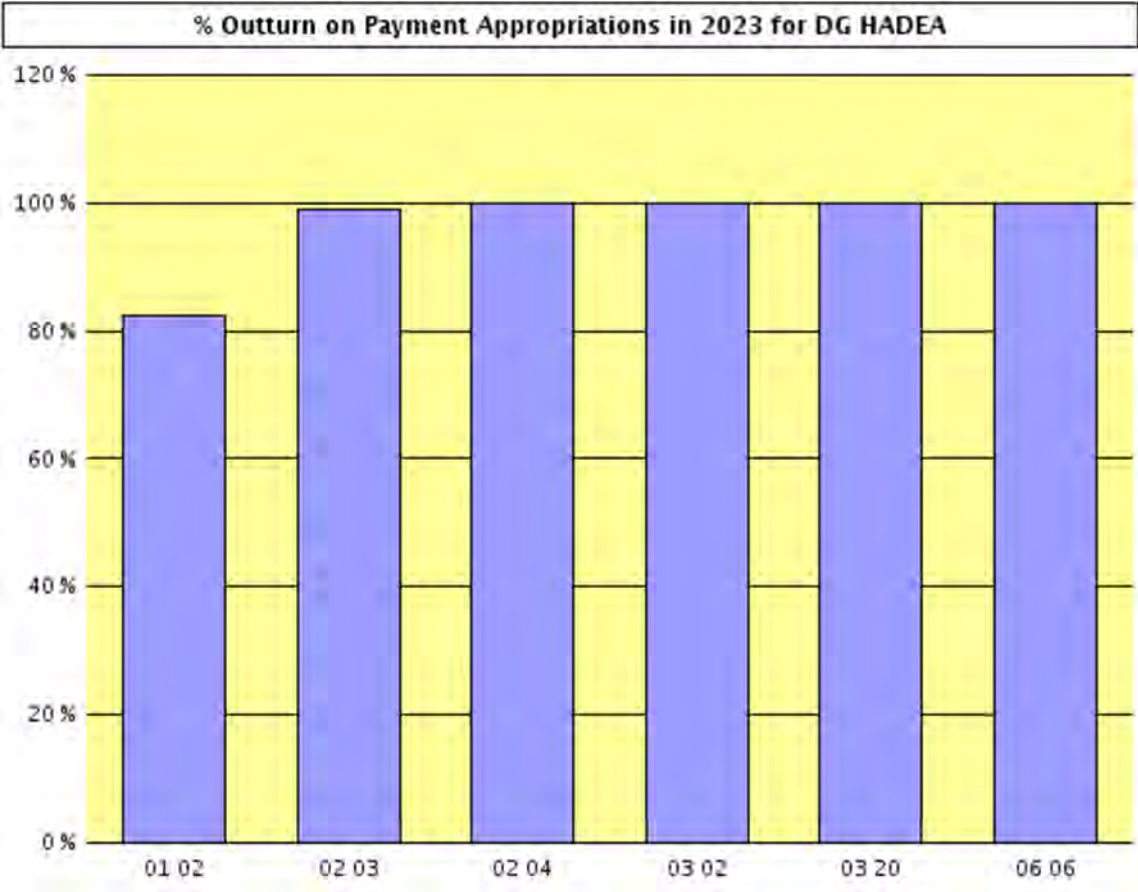


Table 3 – Commitments to be settled

TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2023 (in Mio €) for DG HADEA									
			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	1.312,29	327,72	984,57	75,03%	2.347,08	3.331,65	3.275,25
Total Title 01			1.312,29	327,72	984,57	75,03%	2.347,08	3.331,65	3.275,25
TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2023 (in Mio €) for DG HADEA									
			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)	285,03	0,17	284,87	99,94%	335,60	620,47	454,50
	02 04	Digital Europe programme	102,34	0,06	102,28	99,94%	138,56	240,84	203,90
Total Title 02			387,37	0,23	387,14	99,94%	474,16	861,31	658,40
TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2023 (in Mio €) for DG HADEA									
			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
03	03 02	Single Market Programme	93,93	3,89	90,05	95,86%	83,08	173,13	242,29
	03 20	Pilot projects, preparatory actions, prerogatives and other actions	0,00	0,00	0,00	0,00%	1,29	1,29	2,56
Total Title 03			93,93	3,89	90,05	95,86%	84,37	174,41	244,85
TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2023 (in Mio €) for DG HADEA									
			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
06	06 06	EU4Health Programme	556,61	22,13	534,48	96,02%	568,73	1.103,21	909,12
Total Title 06			556,61	22,13	534,48	96,02%	568,73	1.103,21	909,12
Total Excluding NGEU			2.350,21	353,97	1.996,24	84,94%	3.474,34	5.470,58	5.087,62
TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2023 (in Mio €) for DG HADEA									
			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	763,94	354,16	409,77	53,64%	363,52	773,29	734,18
Total Title 01			763,94	354,16	409,77	53,64%	363,52	773,29	734,18
Total NGEU Only			763,94	354,16	409,77	53,64%	363,52	773,29	734,18
Total for DG HADEA			3.114,14	708,13	2.406,01	77,26 %	3.837,86	6.243,87	5.821,80

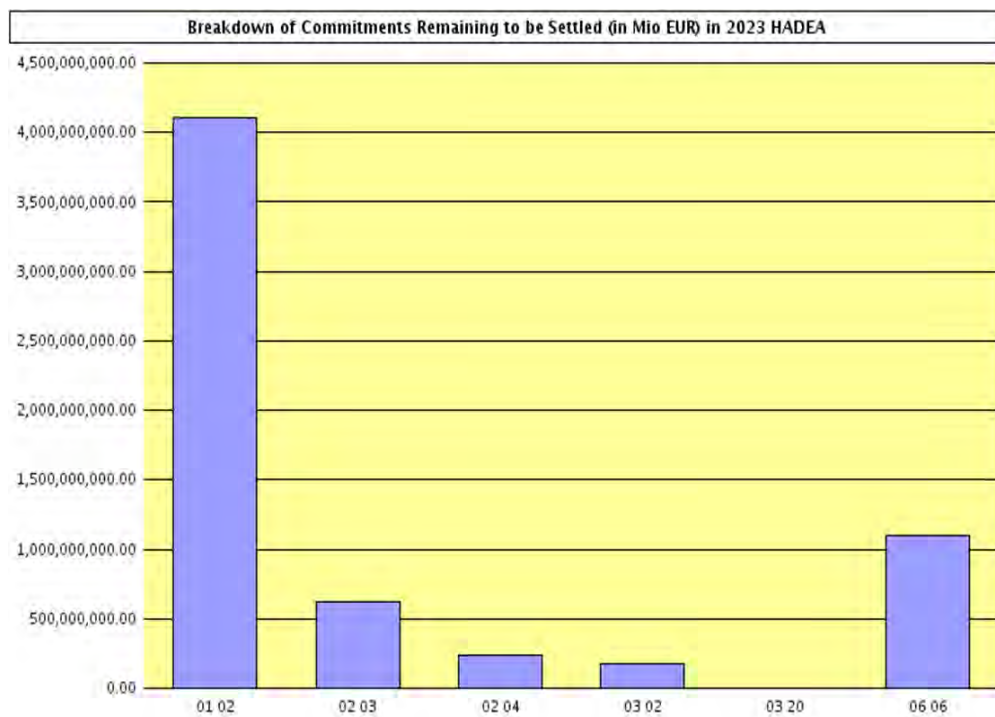


Table 4 – Balance sheet ⁽²⁵⁾

TABLE 4 : BALANCE SHEET for DG HADEA		
BALANCE SHEET	2023	2022
A.I. NON CURRENT ASSETS	816.773.420,14	899.720.049,50
A.I.1. Intangible Assets	1.128.022,00	
A.I.5. Non-Current Pre-Financing	815.645.398,14	899.720.049,50
A.II. CURRENT ASSETS	1.711.556.734,58	1.440.620.858,41
A.II.2. Current Pre-Financing	1.706.844.218,00	1.433.031.582,14
A.II.3. Curr Exch Receiv & Non-Ex Recoverables	4.712.516,58	3.480.776,27
A.II.4. Inventories	0,00	4.108.500,00
ASSETS	2.528.330.154,72	2.340.340.907,91
P.II. CURRENT LIABILITIES	-288.779.336,44	-399.836.202,57
P.II.4. Current Payables	-83.551.529,47	-110.165.144,65
P.II.5. Current Accrued Charges & Defrd Income	-205.227.806,97	-289.671.057,92
LIABILITIES	-288.779.336,44	-399.836.202,57
NET ASSETS (ASSETS less LIABILITIES)	2.239.550.818,28	1.940.504.705,34
Non-allocated central (surplus)/deficit*	-8.057.762.142,46	-5.648.071.914,21
P.III.2. Accumulated Surplus/Deficit	5.818.211.324,18	3707567209
TOTAL DG HADEA	0,00	0,00

⁽²⁵⁾ Data as of 8 March 2024.

Table 5 – Statement of financial performance ⁽²⁶⁾

TABLE 5 : STATEMENT OF FINANCIAL PERFORMANCE for DG HADEA		
STATEMENT OF FINANCIAL PERFORMANCE	2023	2022
II.1 REVENUES	-3.799.305,69	-2.560.163,33
II.1.1. NON-EXCHANGE REVENUES	-4.235.779,24	-4.546.937,35
II.1.1.6. RECOVERY OF EXPENSES	-4.235.779,24	-4.546.937,35
II.1.2. EXCHANGE REVENUES	436.473,55	1.986.774,02
II.1.2.2. OTHER EXCHANGE REVENUE	436.473,55	1.986.774,02
II.2. EXPENSES	2.251.085.274,87	2.113.204.278,64
II.2. EXPENSES	2.251.085.274,87	2.113.204.278,64
II.2.11. OTHER EXPENSES	183.796,66	61.502,25
II.2.2. EXP IMPL BY COMMISS&EX.AGENC. (DM)	2.250.478.512,41	2.113.134.139,99
II.2.4. EXP IMPL BY 3RD CNTR & INT ORG (IM)	420.509,09	
II.2.6. STAFF AND PENSION COSTS	0,00	
II.2.8. FINANCE COSTS	2.456,71	8.636,40
STATEMENT OF FINANCIAL PERFORMANCE	2.247.285.969,18	2.110.644.115,31

"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."

⁽²⁶⁾ Provisional data as of 8 March 2024.

Table 5 bis – Off-balance ⁽²⁷⁾

TABLE 5bis : OFF BALANCE SHEET for DG HADEA		
OFF BALANCE	2023	2022
OB.1. Contingent Assets	19.438.795,25	3.393.412,34
GR for performance	15.997.520,00	
GR for pre-financing	3.441.275,25	3.393.412,34
OB.3. Other Significant Disclosures	-5.955.092.145,42	-5.421.964.393,74
OB.3.2. Comm against app. not yet consumed	-5.955.092.145,42	-5.421.964.393,74
OB.4. Balancing Accounts	5.935.653.350,17	5.418.570.981,40
OB.4. Balancing Accounts	5.935.653.350,17	5.418.570.981,40
OFF BALANCE	0,00	0,00

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

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

⁽²⁷⁾ Provisional data as of 8 March 2024.

Table 6 – Payment times

Legal Times									
Maximum Payment Time (Days)	Total Nbr of Payments	Nbr of Payments within Time Limit	Percentage	Average Payment Times (Days)	Nbr of Late Payments	Percentage	Average Payment Times (Days)	Late Payments Amount	Percentage
30	2.207	2.193	99,37 %	11,39	14	0,63 %	33,93	101.119,86	0, %
60	251	251	100,00 %	29,07				0,00	0, %
90	886	884	99,77 %	62,62	2	0,23 %	350,50	1.955,15	0, %

Total Number of Payments	3.344	3.328	99,52 %		16	0,48 %		103075,01	0, %
Average Net Payment Time	26,55771531			26,33			73,50		
Average Gross Payment Time	50,50837321			50,3792067			77,375		

Suspensions							
Average Report Approval Suspension	Average Payment Suspension Days	Number of Suspended Payments	% of Total Number	Total Number of Payments	Amount of Suspended Payments	% of Total Amount	Total Paid Amount
0	83	968	28,95 %	3.344	666.266.817,49	27,38 %	2.433.614.211,65

Late Interest paid in 2023			
DG	GL Account	Description	Amount (Eur)
HADEA	65010100	Interest on late payment of charges New FR	2.456,71
			2.456,71

Table 7 – Income

TABLE 7 : SITUATION ON REVENUE AND INCOME in 2023 for DG HADEA								
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	4.121,49	4.121,49	0,00	4.121,49	4.121,49	0,00
60	Single market, innovation and digital	11.347.023,89	3.430.156,59	14.777.180,48	8.909.740,64	1.249.730,40	10.159.471,04	4.617.709,44
61	Cohesion, resilience and values	286.385,98	0,00	286.385,98	242.773,58	0,00	242.773,58	43.612,40
67	Completion for outstanding recovery orders prior to 2021	0,00	97.214,91	97.214,91	0,00	41.214,91	41.214,91	56.000,00
Total DG HADEA		11.633.409,87	3.531.492,99	15.164.902,86	9.152.514,22	1.295.066,80	10.447.581,02	4.717.321,84

Table 8 – Recovery Contexts

TABLE 8 : FINANCIAL IMPACT OF EX-ANTE AND EX-POST CONTROLS in 2023 for HADEA			
EX-ANTE CONTROLS BY TRANSACTION	Irregularity	OLAF notified	Total ex-ante amounts
NON ELIGIBLE IN COST CLAIMS	11.532.049,64	0,00	11.532.049,64
CREDIT NOTES	0,00	0,00	0,00
RECOVERY ORDERS ON PRE-FINANCING	0,00	0,00	0,00
Sub-Total	11.532.049,64	0,00	11.532.049,64

EX-POST CONTROLS BY TRANSACTION	Irregularity	OLAF notified	Total ex-post amounts
RECOVERY ORDERS OTHER THAN ON PRE-FINANCING	1.845.043,61	111.804,96	1.956.848,57
INCOME LINES IN INVOICES	351.816,24	0,00	351.816,24
Sub-Total	2.196.859,85	111.804,96	2.308.664,81
GRAND TOTAL (EX-ANTE + EX-POST)	13.728.909,49	111.804,96	13.840.714,45

Table 9 – Ageing balance of recovery orders

TABLE 9: AGEING BALANCE OF RECOVERY ORDERS AT 12/31/2023 for DG HADEA						
	Number at 1/1/2023 1	Number at 12/31/2023	Evolution	Open Amount (Eur) at 1/1/2023 1	Open Amount (Eur) at 12/31/2023	Evolution
2020	3	1	-66,67 %	101.336,40	56.000,00	-44,74 %
2021	3	3	0,00 %	217.935,76	179.976,88	-17,42 %
2022	24	7	-70,83 %	3.212.220,83	2.000.449,31	-37,72 %
2023		20			2.480.895,65	
	30	31	3,33 %	3.531.492,99	4.717.321,84	33,58 %

Table 10 – Recovery order waivers

TABLE 10 :Recovery Order Waivers >= 60 000 € in 2023 for DG HADEA					
Waiver Central Key	Linked RO Central Key	RO Accepted Amount (Eur)	LE Account Group	Commission Decision	Comments
3233230152	3242206912	-183.796,66			

Total DG HADEA	-183.796,66
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Number of RO waivers	1
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There are no waivers below 60 000 €

Table 11 – Negotiated procedures

TABLE 11 : Negotiated Procedures in 2023 for DG HADEA

Internal Procedures > € 60,000

Negotiated Procedure Legal base	Number of Procedures	Amount (€)
Annex 1 - 11.1 (a) - Follow-up of an open/restricted procedure where no (or no suitable) tenders/requests to participate have been submitted	1	225.000,00
Total	1	225.000,00

Table 12 – Summary of procedures

TABLE 12 : Summary of Procedures in 2023 for DG HADEA

Internal Procedures > € 60,000

Procedure Legal base	Number of Procedures	Amount (€)
Competitive procedure with negotiation (Annex 1 - 12.1)	1	1.407.781.760,00
Negotiated procedure without prior publication (Annex 1 - 11.1)	1	225.000,00
Open procedure (FR 164 (1)(a))	16	60.849.820,77
Total	18	1.468.856.580,77

Table 13 – Building contracts

TABLE 13 : BUILDING CONTRACTS in 2023 for DG HADEA

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

Table 14 – Secret contracts

TABLE 14 : CONTRACTS DECLARED SECRET in 2023 for DG HADEA

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

Table 15 – FPAs whose duration exceeds 4 years

None.

Table 16 – Commitments co-delegation type 3

None.

Table 17 – Time to grant

Results per programme

Data: 15/01/24, Calculations 15/01/24

Data taken into consideration:

- Calls with a time to grant deadline in 2023

- Identified Beneficiary Actions are not included in this calculation

- Data in green: call completed

- Data in orange: call not completed but for which the time-to-grant deadline was in 2023.

PROGRAMME	CALLS with a TTG deadline in the cut-off period	TOTAL NUMBER OF GAs in CALL	Call completion rate	Number of GAs signed within target	% of GAs signed within target
EU4Health	EU4H-2021-PJ4	1	100%	1	100%
	EU4H-2022-PJ	17	100%	16	94%
	EU4H-2022-PJ2	2	100%	2	100%
	EU4H-2022-PJ-3	14	100%	14	100%
	EU4H-2022-PJ-4	1	100%	1	100%
	EU4H-2022-PJ-5	3	100%	3	100%
	EU4H-2023-OG	18	100%	18	100%
TTG EU4Health		56		55	98%
HE CL4	HORIZON-CL4-2023-DATA-01	5	100%	5	100%
	HORIZON-CL4-2023-DIGITAL-EMERGING-01	20	100%	20	100%
	HORIZON-CL4-2023-HUMAN-01	20	100%	20	100%
	HORIZON-CL4-2023-RESILIENCE-01	35	100%	35	100%
	HORIZON-CL4-2023-SPACE-01	35	94%	32	91%
	HORIZON-CL4-2023-SSA-SST-ART195	5	100%	4	80%
	HORIZON-CL4-2023-TWIN-TRANSITION-01	43	100%	43	100%
TTG HE - Cluster 4		163		159	98%
HE CL1	HORIZON-HLTH-2022-DISEASE-06-two-stage (09/22)	23	100%	23	100%
	HORIZON-HLTH-2022-MPX-14	1	100%	1	100%
	HORIZON-HLTH-2022-STAYHLTH-01-two-stage (09/22)	22	100%	22	100%
	HORIZON-HLTH-2022-TOOL-12-two-stage (09/22)	9	100%	9	100%
	HORIZON-HLTH-2023-CARE-04	8	100%	8	100%
	HORIZON-HLTH-2023-CARE-08	1	100%	1	100%
	HORIZON-HLTH-2023-DISEASE-03	36	100%	36	100%
	HORIZON-HLTH-2023-ENVHLTH-02	16	100%	16	100%
	HORIZON-HLTH-2023-IND-06	7	100%	7	100%
	HORIZON-HLTH-2023-STAYHLTH-01	2	100%	2	100%
	HORIZON-HLTH-2023-TOOL-05	26	100%	26	100%
	HORIZON-MISS-2022-CANCER-01	20	100%	20	100%
	HORIZON-MISS-2023-CANCER-01	13	100%	13	100%
TTG HE - Cluster 1		184		184	100%
Connecting Europe Facility	CEF-DIG-2021-5G-CORRIDORS	15	100%	15	100%
	CEF-DIG-2021-5G-SMARTCOM	7	100%	7	100%
	CEF-DIG-2021-CLOUD	1	100%	1	100%
	CEF-DIG-2021-GATEWAYS	13	100%	13	100%
	CEF-DIG-2021-TA	1	100%	1	100%
	CEF-DIG-2022-5G-CORRIDORS	6	100%	6	100%
	CEF-DIG-2022-5G-SMARTCOM	10	100%	10	100%
	CEF-DIG-2022-CLOUD	1	100%	1	100%
	CEF-DIG-2022-GATEWAYS	18	100%	18	100%
	CEF-DIG-2022-TA	2	100%	2	100%
TTG CEF		74		74	100%
Digital Europe Programme	DIGITAL-2022-CULTURAL-02	3	100%	3	100%
	DIGITAL-2022-DEPLOY-02	12	100%	12	100%
	DIGITAL-2022-SKILLS-03	7	100%	7	100%
	DIGITAL-2022-TRAINING-02	12	100%	12	100%
TTG DEP		34		34	100%
SMP Food	SMP-FOOD-2022-FWStakeholders-AG	14	100%	14	100%
TTG SMP Food		14		14	100%
HADEA		525		520	99%

Details

PROGRAMME	CALL	CALL COMPLETION RATE				GRANT AGREEMENT SIGNED WITHIN TARGET?					COMMENT
		TOTAL NUMBER OF GAs in CALL	NUMBER OF SIGNED GAs	COMPLETION RATE	COMPLETED	CALL CLOSURE DATE	TARGET TTG IN DAYS	TARGET DATE (Call closure date + target)	Number of GAs signed within target	% of GAs signed within target	
CEF-Digital	CEF-DIG-2021-5GCorridors	15	15	100%	COMPLETED	20-04-2022	275	20-01-2023	15	100%	
CEF-Digital	CEF-DIG-2021-5GSMARTCOM	7	7	100%	COMPLETED	20-04-2022	275	20-01-2023	7	100%	
CEF-Digital	CEF-DIG-2021-CLOUD	1	1	100%	COMPLETED	20-04-2022	275	20-01-2023	1	100%	
CEF-Digital	CEF-DIG-2021-GATEWAYS	13	13	100%	COMPLETED	20-04-2022	275	20-01-2023	13	100%	
CEF-Digital	CEF-DIG-2021-TA	1	1	100%	COMPLETED	20-04-2022	275	20-01-2023	1	100%	
CEF-Digital	CEF-DIG-2022-5GCorridors	6	6	100%	COMPLETED	21-03-2023	275	21-12-2023	6	100%	
CEF-Digital	CEF-DIG-2022-5GSMARTCOM	10	10	100%	COMPLETED	21-03-2023	275	21-12-2023	10	100%	
CEF-Digital	CEF-DIG-2022-CLOUD	1	1	100%	COMPLETED	21-03-2023	275	21-12-2023	1	100%	
CEF-Digital	CEF-DIG-2022-GATEWAYS	18	18	100%	COMPLETED	21-03-2023	275	21-12-2023	18	100%	
CEF-Digital	CEF-DIG-2022-TA	2	2	100%	COMPLETED	21-03-2023	275	21-12-2023	2	100%	
Digital Europe Programme	DIGITAL-2022-CULTURAL-02	3	3	100%	COMPLETED	17-05-2022	275	16-02-2023	3	100%	
Digital Europe Programme	DIGITAL-2022-DEPLOY-02	12	12	100%	COMPLETED	17-08-2022	275	19-05-2023	12	100%	
Digital Europe Programme	DIGITAL-2022-SKILLS-03	7	7	100%	COMPLETED	24-01-2023	275	26-10-2023	7	100%	
Digital Europe Programme	DIGITAL-2022-TRAINING-02	12	12	100%	COMPLETED	17-05-2022	275	16-02-2023	12	100%	
EU4HEALTH	EU4H-2021-PJ4	1	1	100%	COMPLETED	18-08-2022	275	20-05-2023	1	100%	
EU4HEALTH	EU4H-2022-PJ	17	17	100%	COMPLETED	24-05-2022	275	23-02-2023	16	94%	
EU4HEALTH	EU4H-2022-PJ2	2	2	100%	COMPLETED	31-05-2022	275	02-03-2023	2	100%	
EU4HEALTH	EU4H-2022-PJ-3	14	14	100%	COMPLETED	28-02-2023	275	30-11-2023	14	100%	
EU4HEALTH	EU4H-2022-PJ-4	1	1	100%	COMPLETED	21-02-2023	275	23-11-2023	1	100%	
EU4HEALTH	EU4H-2022-PJ-5	3	3	100%	COMPLETED	16-03-2023	275	16-12-2023	3	100%	
EU4HEALTH	EU4H-2023-OG	18	18	100%	COMPLETED	31-01-2023	275	02-11-2023	18	100%	
HORIZON EUROPE - CL1	HORIZON-HLTH-2022-DISEASE-06-two-stage (09/22)	23	23	100%	COMPLETED	06-09-2022	245	09-05-2023	23	100%	
HORIZON EUROPE - CL1	HORIZON-HLTH-2022-MPX-14	1	1	100%	COMPLETED	19-10-2022	245	21-06-2023	1	100%	
HORIZON EUROPE - CL1	HORIZON-HLTH-2022-STAYHLTH-01-two-stage (09/22)	22	22	100%	COMPLETED	06-09-2022	245	09-05-2023	22	100%	
HORIZON EUROPE - CL1	HORIZON-HLTH-2022-TOOL-12-two-stage (09/22)	9	9	100%	COMPLETED	06-09-2022	245	09-05-2023	9	100%	
HORIZON EUROPE - CL1	HORIZON-HLTH-2023-CARE-04	8	8	100%	COMPLETED	13-04-2023	245	14-12-2023	8	100%	
HORIZON EUROPE - CL1	HORIZON-HLTH-2023-CARE-08	1	1	100%	COMPLETED	13-04-2023	245	14-12-2023	1	100%	
HORIZON EUROPE - CL1	HORIZON-HLTH-2023-DISEASE-03	36	36	100%	COMPLETED	13-04-2023	245	14-12-2023	36	100%	
HORIZON EUROPE - CL1	HORIZON-HLTH-2023-ENVHLTH-02	16	16	100%	COMPLETED	13-04-2023	245	14-12-2023	16	100%	
HORIZON EUROPE - CL1	HORIZON-HLTH-2023-IND-06	7	7	100%	COMPLETED	13-04-2023	245	14-12-2023	7	100%	
HORIZON EUROPE - CL1	HORIZON-HLTH-2023-STAYHLTH-01	2	2	100%	COMPLETED	13-04-2023	245	14-12-2023	2	100%	
HORIZON EUROPE - CL1	HORIZON-HLTH-2023-TOOL-05	26	26	100%	COMPLETED	13-04-2023	245	14-12-2023	26	100%	
HORIZON EUROPE - CL1	HORIZON-MISS-2022-CANCER-01	20	20	100%	COMPLETED	07-09-2022	245	10-05-2023	20	100%	
HORIZON EUROPE - CL1	HORIZON-MISS-2023-CANCER-01	13	13	100%	COMPLETED	12-04-2023	245	13-12-2023	13	100%	
HORIZON EUROPE - CL4	HORIZON-CL4-2023-DATA-01	5	5	100%	COMPLETED	29-03-2023	245	29-11-2023	5	100%	
HORIZON EUROPE - CL4	HORIZON-CL4-2023-DIGITAL-EMERGING-01	20	20	100%	COMPLETED	29-03-2023	245	29-11-2023	20	100%	
HORIZON EUROPE - CL4	HORIZON-CL4-2023-HUMAN-01	20	20	100%	COMPLETED	29-03-2023	245	29-11-2023	20	100%	
HORIZON EUROPE - CL4	HORIZON-CL4-2023-RESILIENCE-01	35	35	100%	COMPLETED	20-04-2023	245	21-12-2023	35	100%	
HORIZON EUROPE - CL4	HORIZON-CL4-2023-SPACE-01	35	33	94%	Ongoing	28-03-2023	245	28-11-2023	32	91%	A complicated OCA prevented us from respecting TTG. 2 signatures still ongoing.
HORIZON EUROPE - CL4	HORIZON-CL4-2023-SSA-SST-ART195	5	5	100%	COMPLETED	01-02-2023	245	04-10-2023	4	80%	The consortium required more time for the grant agreement preparation.
HORIZON EUROPE - CL4	HORIZON-CL4-2023-TWIN-TRANSITION-01	43	43	100%	COMPLETED	20-04-2023	245	21-12-2023	43	100%	
SMP Food	SMP-FOOD-2022-FWStakeholders-AG	14	14	100%	COMPLETED	20-09-2022	275	22-06-2023	14	100%	

B. Operating budget

Table 1 – Commitments

TABLE 1: OUTTURN ON COMMITMENT APPROPRIATIONS IN 2023 (in Mio €) for HADEA					
			Commitment appropriations authorised	Commitments made	%
			1	2	3=2/1
Title 1 STAFF EXPENDITURE					
1	11	Remuneration, Allowances and Charges	39,10	39,04	99,85 %
	12	Professional Development and Social Expenditures	2,05	2,03	99,08 %
Total Title 1			41,15	41,07	99,81 %
Title 2 INFRASTRUCTURE AND OPERATING EXPENDITURE					
2	21	Building Expenditures	3,85	3,79	98,52 %
	22	ICT Expenditures	2,23	2,22	99,46 %
	23	Movable property and current operating expenses	0,29	0,28	97,33 %
Total Title 2			6,37	6,30	98,79 %
Title 3 PROGRAMME SUPPORT EXPENDITURE					
3	31	Programme Management Expenditure	2,81	2,64	93,95 %
Total Title 3			2,81	2,64	93,95 %
Total HADEA			50,34	50,01	99,36 %

* 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).

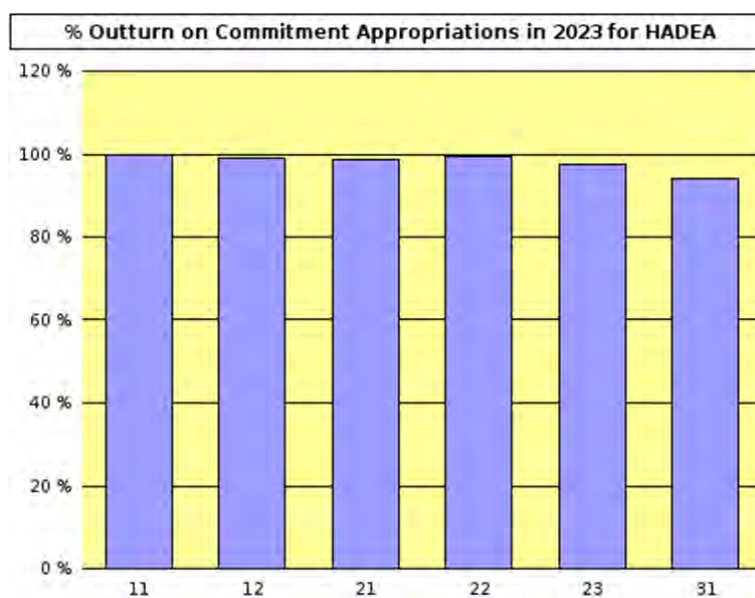


Table 2 – Payments

TABLE 2: OUTTURN ON PAYMENT APPROPRIATIONS IN 2023 (in Mio €) for HADEA					
			Payment appropriations authorised *	Payments made	%
			1	2	3=2/1
Title 1 STAFF EXPENDITURE					
1	11	Remuneration, Allowances and Charges	39,54	39,21	99,15 %
	12	Professional Development and Social Expenditures	2,56	2,11	82,48 %
Total Title 1			42,10	41,32	98,14%
Title 2 INFRASTRUCTURE AND OPERATING EXPENDITURE					
2	21	Building Expenditures	4,08	3,76	92,06 %
	22	ICT Expenditures	2,52	2,32	91,81 %
	23	Movable property and current operating expenses	0,34	0,24	71,48 %
Total Title 2			6,94	6,31	90,96%
Title 3 PROGRAMME SUPPORT EXPENDITURE					
3	31	Programme Management Expenditure	3,72	2,74	73,66 %
Total Title 3			3,72	2,74	73,66%
Total HADEA			52,76	50,37	95,47 %

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

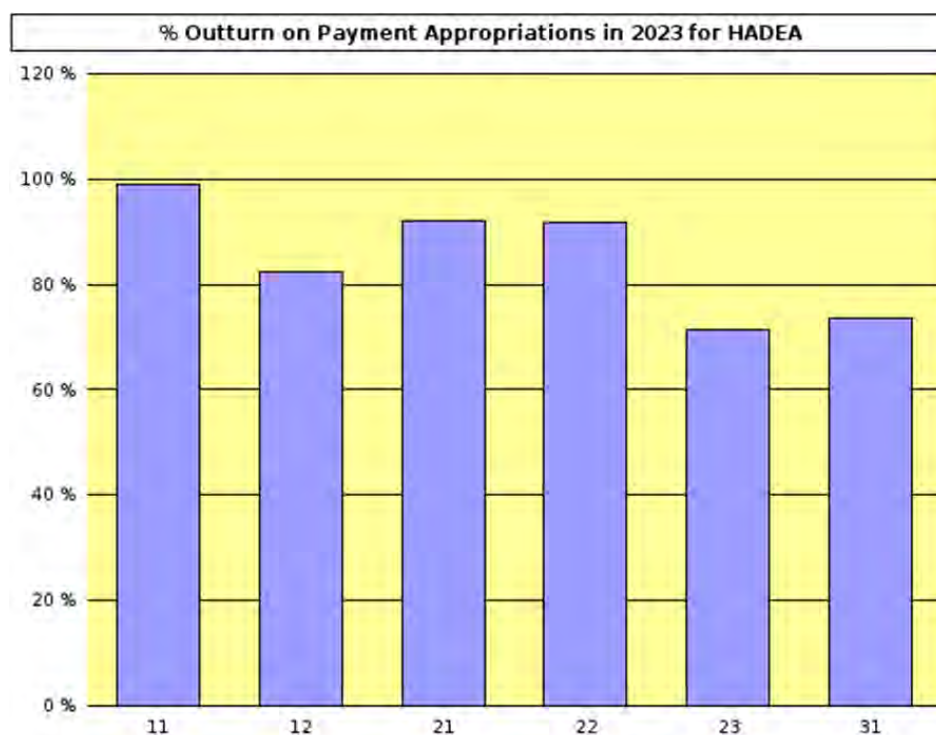


Table 3 – Commitments to be settled

TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2023 (in Mio €) for HADEA									
			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
1	11	Remuneration, Allowances and Charges	39,04	38,80	0,24	0,62%	0,00	0,24	0,44
	12	Professional Development and Social Expenditures	2,03	1,78	0,25	12,19%	0,00	0,25	0,51
Total Title 1			41,07	40,59	0,49	1,19%	0,00	0,49	0,95

TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2023 (in Mio €) for HADEA									
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 commitment 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
2	21	Building Expenditures	3,79	3,72	0,08	1,99%	0,00	0,08	0,23
	22	ICT Expenditures	2,22	2,03	0,19	8,68%	0,00	0,19	0,29
	23	Movable property and current operating expenses	0,28	0,20	0,08	27,77%	0,00	0,08	0,05
Total Title 2			6,30	5,95	0,35	5,51%	0,00	0,35	0,57

TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2023 (in Mio €) for HADEA									
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
3	31	Programme Management Expenditure	2,64	1,89	0,75	28,37%	0,00	0,75	0,90
Total Title 3			2,64	1,89	0,75	28,37%	0,00	0,75	0,90

Total :			50,01	48,43	1,58	3,17 %	0,00	1,58	2,42
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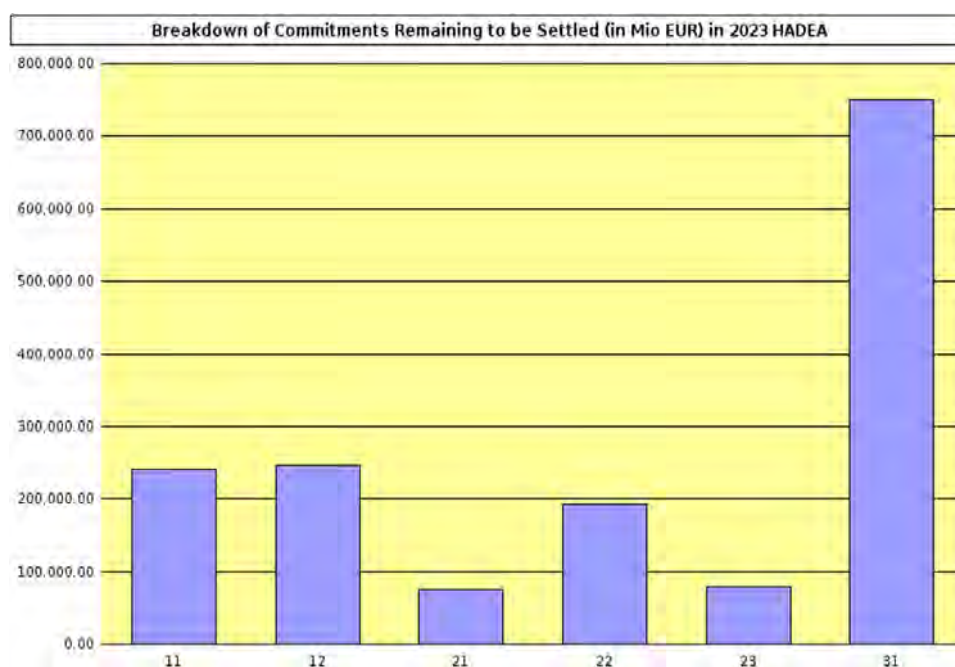


Table 4 – Balance sheet

TABLE 4 : BALANCE SHEET for HADEA		
BALANCE SHEET	2023	2022
A.I. NON CURRENT ASSETS	248.914,00	282.676,00
A.I.1. Intangible Assets	6.300,00	9.272,00
A.I.2. Property, Plant and Equipment	242.614,00	273.404,00
A.II. CURRENT ASSETS	2.552.655,23	4.117.231,23
A.II.3. Curr Exch Receiv & Non-Ex Recoverables	2.552.655,23	4.117.231,23
ASSETS	2.801.569,23	4.399.907,23
P.II. CURRENT LIABILITIES	- 1.874.203,30	- 3.947.093,78
P.II.2. Current Provisions	- 11.014,75	- 10.723,39
P.II.4. Current Payables	- 4.710,55	- 1.688.986,68
P.II.5. Current Accrued Charges & Defrd Income	- 1.858.478,00	- 2.247.383,71
LIABILITIES	- 1.874.203,30	- 3.947.093,78
NET ASSETS (ASSETS less LIABILITIES)	927.365,93	452.813,45
P.III.2. Accumulated Surplus/Deficit	- 452.813,45	- 1.231.407,94
Non-allocated central (surplus)/deficit*	- 474.552,48	778.594,49
TOTAL	0,00	0,00

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

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

Table 5 – Statement of financial performance

TABLE 5 : STATEMENT OF FINANCIAL PERFORMANCE for HADEA			
STATEMENT OF FINANCIAL PERFORMANCE	2023	2022	
II.1 REVENUES	- 49.534.156,23	- 40.579.091,90	
II.1.1. NON-EXCHANGE REVENUES	- 49.530.319,61	- 40.579.091,18	
II.1.1.8. OTHER NON-EXCHANGE REVENUES	- 49.530.319,61	- 40.579.091,18	
II.1.2. EXCHANGE REVENUES	- 3.836,62	- 0,72	
II.1.2.2. OTHER EXCHANGE REVENUE	- 3.836,62	- 0,72	
II.2. EXPENSES	49.059.603,75	41.357.686,39	
II.2. EXPENSES	49.059.603,75	41.357.686,39	
II.2.11. OTHER EXPENSES	9.963.208,69	9.219.751,98	
II.2.6. STAFF AND PENSION COSTS	39.096.098,06	32.137.934,41	
II.2.8. FINANCE COSTS	297,00		
STATEMENT OF FINANCIAL PERFORMANCE	- 474.552,48	778.594,49	

Table 5 bis – Off-balance

TABLE 5bis : OFF BALANCE SHEET for HADEA			
OFF BALANCE	2023	2022	
OB.2. Contingent Liabilities	- 46.123,02	- 55.907,68	
OB.2.6. CL Other	- 46.123,02	- 55.907,68	
OB.3. Other Significant Disclosures	- 20.481.806,60	- 22.280.622,16	
OB.3.2. Comm against app. not yet consumed	- 573.010,15	- 765.962,26	
OB.3.5. Operating lease commitments	- 19.908.796,45	- 21.514.659,90	
OB.4. Balancing Accounts	20.527.929,62	22.336.529,84	
OB.4. Balancing Accounts	20.527.929,62	22.336.529,84	
OFF BALANCE	-	-	

Table 6 – Payment times

TABLE 6: AVERAGE PAYMENT TIMES FOR 2023 for HADEA

Legal Times									
Maximum Payment Time (Days)	Total Nbr of Payments	Nbr of Payments within Time Limit	Percentage	Average Payment Times (Days)	Nbr of Late Payments	Percentage	Average Payment Times (Days)	Late Payments Amount	Percentage
30	988	986	99,80 %	14,77890467	2	0,20 %	180,5	4.648,91	0, %
45	33	32	96,97 %	19,09375	1	3,03 %	56	18,75	0, %
60	31	31	100,00 %	14,32258065				0,00	0, %

Total Number of Payments	1052	1049	99,71 %		3	0,29 %		4.667,66	0, %
Average Net Payment Time	15,25095057			14,8970448			139		
Average Gross Payment Time	15,49144487			15,13822688			139		

Suspensions							
Average Report Approval Suspension Days	Average Payment Suspension Days	Number of Suspended Payments	% of Total Number	Total Number of Payments	Amount of Suspended Payments	% of Total Amount	Total Paid Amount
0	23	11	1,05 %	1052	133.631,14	1,05 %	12.723.882,22

Late Interest paid in 2023

DG	GL Account	Description	Amount (Eur)
HaDEA	65010100	Interest on late payment of charges New FR	297,00
			297,00

Table 7 – Income

TABLE 7 : SITUATION ON REVENUE AND INCOME IN 2023 for HADEA								
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	
20		50.336.440,99	-	50.336.440,99	50.336.440,99	-	50.336.440,99	-
90		682,08	2.109,67	2.791,75	682,08	2.109,67	2.791,75	-
Total HADEA		50.337.123,07	2.109,67	50.339.232,74	50.337.123,07	2.109,67	50.339.232,74	-

Table 8 – Recovery Contexts

EX-ANTE CONTROLS BY TRANSACTION	Irregularity	OLAF notified	Total ex-ante amounts
NON ELIGIBLE IN COST CLAIMS			
CREDIT NOTES			
RECOVERY ORDERS ON PRE-FINANCING			
Sub-Total			
EX-POST CONTROLS BY TRANSACTION	Irregularity	OLAF notified	Total ex-post amounts
RECOVERY ORDERS OTHER THAN ON PRE-FINANCING			
INCOME LINES IN INVOICES			
Sub-Total			
GRAND TOTAL (EX-ANTE + EX-POST)			

Table 9 – Ageing balance of recovery orders

TABLE 9: AGEING BALANCE OF RECOVERY ORDERS AT 12/31/2023 for HADEA						
	Number at 1/1/2023 1	Number at 12/31/2023	Evolution	Open Amount (Eur) at 1/1/2023 1	Open Amount (Eur) at 12/31/2023	Evolution
2022	5		-100,00 %	57.748,90		-100,00 %
2023		1			137,62	
	5	1	-80,00 %	57.748,90	137,62	-99,76 %

Table 10 – Recovery order waivers

TABLE 10 :Recovery Order Waivers >= 60 000 € in 2023 for HADEA						
	Waiver Central Key	Linked RO Central Key	RO Accepted Amount (Eur)	LE Account Group	Commission Decision	Comments

Total DG	
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Number of RO waivers	
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There are no waivers below 60 000 €

ANNEX 4: Financial scorecard

Annex 4 summarises the annual results of the standard financial indicators measurement. Standard financial indicators are presented below, each with its objective, category, definition, and result for HaDEA and for the European Commission as a whole (for benchmarking purposes).

For each indicator, its value (in %) for HaDEA 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

A. Operational budget

HaDEA has provided commentary for each indicator's result in the dedicated comment section below the indicators scores for the reader to understand the relevant service context.

The detailed definitions of the indicators are available on the internal DG BUDG site (BudgPedia) and managed by unit BUDG.C5 Financial Reporting.

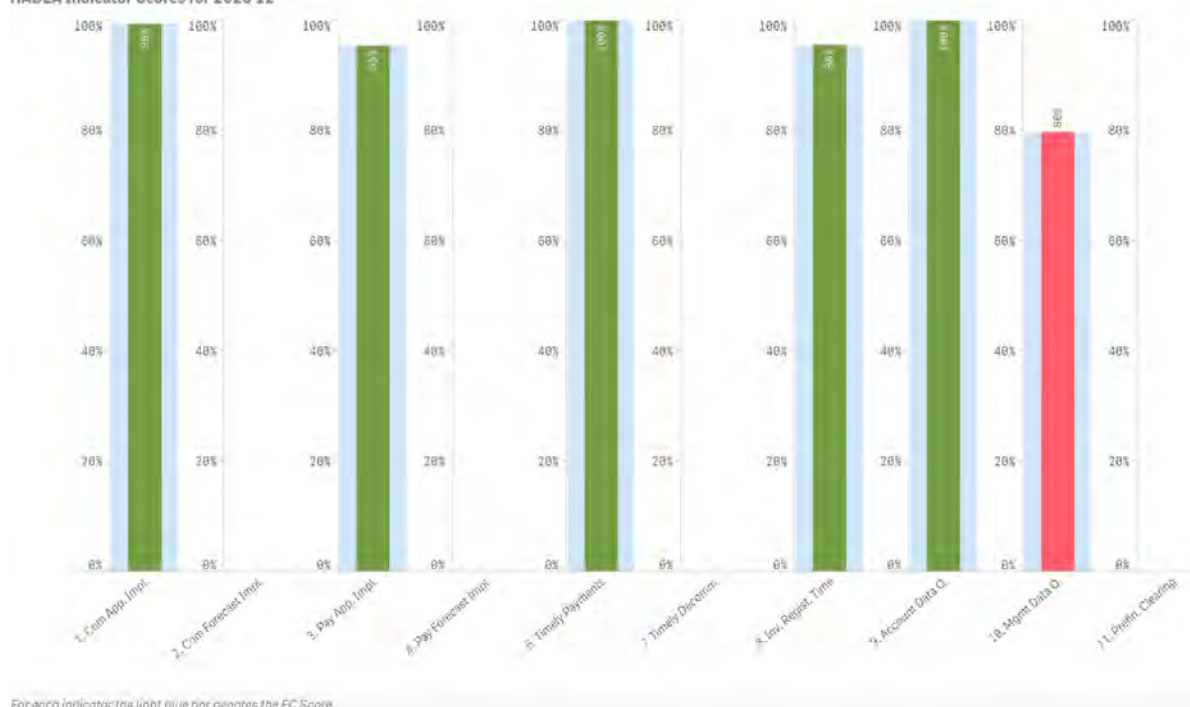
Indicator	Objective	Comment	HADEA Score	EC Score
1. Commitment Appropriations Implementation	Ensure efficient use of commitment appropriations expiring at the end of Financial Year	HaDEA implemented all its commitment appropriations expiring at the end of the financial year, i.e., approximately EUR 2.33 billion. While not covered by this indicator, HaDEA individualized all expiring NGEU commitment appropriations as well (EUR 763.94 million implemented in 2023), reaching the full consumption of NGEU credits allocated to HaDEA for the period 2021-2023.	100%	99%
2. Commitment Forecast Implementation	Ensure the cumulative alignment of the commitment implementation with the commitment forecast in a financial year	HaDEA achieved a 98% score for this indicator (effectively receiving and absorbing additional credits compared to forecast – 102%), following a strong commitment forecast and collaborative efforts with the parent DGs to implement the allocation of commitment appropriations delegated to HaDEA in line with the yearly budgetary estimates.	98%	100%
3. Payment Appropriations Implementation	Ensure efficient use of payment appropriations expiring at the end of Financial Year	HaDEA successfully implemented all its payment appropriations expiring at the end of the year (or EUR 1.76 billion), also making use of transfer opportunities to balance needs and surpluses over the budget lines under its responsibility. Taking into account NGEU and other fund sources, HaDEA paid almost EUR 2.56 billion for the year.	100%	99%
4. Payment Forecast Implementation	Ensure the cumulative alignment of the payment implementation with the payment forecast in a financial year	HaDEA achieved a 99% score for this indicator, by closely monitoring payment execution in accordance with a robust payment forecast during the final quarter of the year (effectively receiving and absorbing additional credits compared to forecast – 101%). As a result, the final implementation score is closely aligned with the initial forecast.	99%	98%
5. Global Commitment Absorption ⁽²⁸⁾	Ensure efficient use of already earmarked commitment appropriations (at L1 level)	In 2023, HaDEA individualized formally 98% (EUR 3.57 billion out of 3.64 billion) of the appropriations committed globally in 2022 for actions and programmes under its responsibility. HaDEA also worked with parent DGs to ensure reassignment of partly decommitted appropriations, in order to ensure use of the L1 commitments for	98%	98%

⁽²⁸⁾ 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.

		the benefit of the whole programme. In addition, HaDEA sought to maximize, to the extent possible, leftovers that can be reused after decommitments (external assigned revenue). Therefore, the effective absorption expiring credits was up to 99.4%.		
6. Timely Payments	Ensure efficient processing of payments within the legal deadlines	HaDEA paid on time 100% of its operational appropriations aggregating EUR 2.56 billion, demonstrating effective monitoring of payment deadlines, demonstrating excellent performance in this key metric.	100%	99%
7. Timely Decummitments	Ensure efficient decommitment of outstanding RAL at the end of commitment life cycle	HaDEA maintains a strong score since 2022 (99%), noticeably above the average of the Commission. This was the result of continuing focus on this indicator, part of overall attention to accounting and transaction quality.	99%	90%
8. Invoice Registration Time	Monitor the accounting risk stemming from late registration of invoices in the central accounting system ABAC	In 2023, HaDEA improved significantly this indicator achieving a 95% score compared to 77% in 2022 (for the reasons explained in the 2022 AAR). HaDEA expects the headline indicator to improve further in 2024 with the continuing increase of eGrants use and normal focus on manual invoice registration.	95%	96%
9. Accounting Data Quality	Ensure the good data quality of ABAC transactions with the focus on fields having a primary impact on the accounts	HaDEA maintains a 100% score in accounting data quality, achieved through good practices in initial encoding but also established regular and end-of-year accounting quality exercises.	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	HaDEA maintains a 100% score in management data quality, achieved through good practices in initial encoding but also through regular and end-of-year transaction quality exercises.	100%	96%
11. Timely Invoice PF clearing	Ensure efficient clearing by invoices of prefinancing payments within the invoice payment time limit	HaDEA maintains a 100% score in SUMMA preparedness, achieved through good practices in initial encoding but also through regular and end-of-year transaction quality exercises.	100%	100%

B. Operating budget

HADEA Indicator Scores for 2023 12



Indicator	Objective	Comment	HADEA Score	EC Score
1. Commitment Appropriations Implementation	Ensure efficient use of commitment appropriations expiring at the end of Financial Year		99%	99%
2. Commitment Forecast Implementation	Ensure the cumulative alignment of the commitment implementation with the commitment forecast in a financial year	The indicator is not applicable for DG HADEA in 2023 due to the lack of underlying transactions recorded by DG HADEA in 2023.	-	-
3. Payment Appropriations Implementation	Ensure efficient use of payment appropriations expiring at the end of Financial Year		95%	95%
4. Payment Forecast Implementation	Ensure the cumulative alignment of the payment implementation with the payment forecast in a financial year	The indicator is not applicable for DG HADEA in 2023 due to the lack of underlying transactions recorded by DG HADEA in 2023.	-	-
5. Global Commitment Absorption ⁽²⁹⁾	Ensure efficient use of already earmarked commitment	The indicator is not applicable for DG HADEA in 2023 due to the lack of	-	-

⁽²⁹⁾ 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

	appropriations (at L1 level)	underlying transactions recorded by DG HADEA in 2023.		
6. Timely Payments	Ensure efficient processing of payments within the legal deadlines		100%	100%
7. Timely Decommittments	Ensure efficient decommitment of outstanding RAL at the end of commitment life cycle	The indicator is not applicable for DG HADEA in 2023 due to the lack of underlying transactions recorded by DG HADEA in 2023.	-	-
8. Invoice Registration Time	Monitor the accounting risk stemming from late registration of invoices in the central accounting system ABAC		96%	96%
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	HaDEA performed regular and end-of-the-year transactions quality checks exercises. At the end of the year, 16 contracts having no open amount left in the budgetary commitment and for which the "Task End Date" was equals 31/12/2023 remained open. Given that the end date of the legal obligations was the end of the financial year, these contracts could not have been closed earlier. All open transactions are regularly monitored and the indicator during the financial year is in average above the 95%.	80%	80%
11. Timely Invoice PF clearing	Ensure efficient clearing by invoices of prefinancing payments within the invoice payment time limit	The indicator is not applicable for DG HADEA in 2023 due to the lack of underlying transactions recorded by DG HADEA in 2023.		100%

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.

ANNEX 5: Materiality criteria

HaDEA's expenditure is composed of (in order of importance): directly managed grants (94% in 2023), procurement and experts' fees.

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

The Agency's **quantitative** materiality threshold is set at a residual error rate of 2%, in application of the Commission's standard practice, per programme and at the closure of the programmes. The quantitative assessment aims at estimating any financial impact (*amount at risk*) resulting from the errors detected. The materiality level is defined for each distinct programme with coherent risk characteristics for the amount at risk over the programming period.

The criteria for deciding on whether there is material error in the expenditure of the Agency, and 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 HaDEA programmes, on a multi-annual basis. The question of being on track towards this objective is to be (re)assessed annually, in view of the results of the implementation of the ex-post audit strategy and taking into account qualitative aspects, including both the frequency and importance of the errors found as well as a cost-benefit analysis of the effort needed to detect and correct them and the reputational risk associated.

In **qualitative** terms, the following factors are considered: nature and scope of any significant weaknesses, duration, the existence of compensatory measures such as mitigating controls, and existence of effective corrective actions to correct any significant weaknesses (action plans and financial corrections). This may refer to significant control system weaknesses or critical issues reported by the Authorising Officers by Sub-Delegation or management itself (for example through ex-post audits or through the assessment of the effectiveness of internal control systems), the European Court of Auditors (ECA), the Internal Audit Service (IAS), DG BUDG or OLAF. 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. Events or weaknesses which have a significant reputational impact on HaDEA, or indirectly on the Commission, will be reported irrespective of the amount of damage to haDEA administrative and operational budget and will be considered for issuing a reservation on a reputational basis.

Also, the duration and any mitigating controls or corrective actions are taken into consideration.

The analysis and conclusions are presented concisely in the body of the Annual Activity Report.

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

Each programme is treated as a separate population. The estimated residual error risk is estimated yearly per programme by the residual error rate.

HaDEA implements and is responsible for the performance of ex-post controls on the following legacy programmes (programmes from the 2014-2020 multi-annual financial framework): CEF Telecom, the Third Health Programme and the Food and Feed Programme. In addition, HaDEA is in charge of the ex-post controls for the following programmes implemented within the 2021-2027 programming period: the EU4Health Programme, the Single Market Programme Food (SMP), the Connecting Europe Facility-Digital (CEF) and the Digital Europe Programme ⁽³⁰⁾ ⁽³¹⁾.

The audit functions for Horizon 2020 and Horizon Europe are under the responsibility of the Common Audit Service (CAS) of the Common Implementation Centre (CIC).

As the new programmes did not reach yet the corresponding level of maturity, no audit results are currently available for these. The first audit campaigns are expected to be released in 2024.

1. Research Framework Programmes – Common aspects

For Horizon 2020 and Horizon Europe, ex-post controls are under the responsibility of the Common Audit Service (CAS). The CAS undertakes all Horizon 2020 / Horizon Europe audits, for all Horizon 2020 / Horizon Europe stakeholders, including HaDEA, ensuring a harmonised approach and the minimalization of the audit burden on beneficiaries. The Common Audit Strategy for Horizon 2020 was adopted on 22 February 2016. The Common Audit Strategy for Horizon Europe was endorsed in 2023.

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

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

⁽³⁰⁾ Annex I of Commission Decision C(2021)948 final – 12/02/2021 reads: *“as regards ex-post controls, for the whole Digital Europe programme: support the design by the authorising officers by delegation of the ex-post audit strategy; contribute to the design of the annual audit plan and the indicative audit programme; execute the ex-post audits and implement in a timely manner the annual audit plan; provide the authorising officers by delegation with the necessary ex-post control results in accordance with the endorsed ex-post audit strategy and the annual audit plan; participate in stakeholder communication campaigns”*.

⁽³¹⁾ Digital Europe Programme, is covered by a dedicated audit strategy, designed by DG CONNECT and HaDEA.

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

- Errors detected 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:

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

where:

ResER%	residual error rate, expressed as a percentage.
RepER%	representative error rate, or error rate detected in the common representative sample, expressed as a percentage. The RepER% is composed of complementary portions reflecting the proportion of negative systematic and non-systematic 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 systematic errors, (expressed as a percentage). The RepERsys% is the same for all entities and it is calculated from the same set of results as the RepER%
P	total requested EC contribution (€) in the auditable population (i.e., all paid financial statements).
A	total requested EC contribution (€) as approved by financial officers of all audited financial statements. This will be collected from audit results.
E	total non-audited requested EC contribution (€) of all audited beneficiaries.

The Common Representative Sample (CRS) is the starting point for the calculation of the residual error rate. It is representative of the expenditure of each framework programme (FP) as a whole. Nevertheless, the Director of HaDEA must also take into account other information when considering whether 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 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 annual activity report, 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 is not possible for a Framework programme for reasons not involving control deficiencies ⁽³²⁾, 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 annual activity report.

A. Multiannual approach

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

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

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

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

⁽³²⁾ 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.

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 multiannual basis.

B. 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 of HaDEA 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 case, they would be expected to qualify their annual statement of assurance with a reservation.

C. 2020 Revised methodology for the calculation of the error rate for Horizon 2020

Observations from the European Court of Auditors

The European Court of Auditors observed in its 2018 and 2019 Annual Reports that the error rate of Horizon 2020 was understated because *“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. To quantify any potential understatement mentioned by the Court, the Commission applied a new methodology for all audits closed as from 1 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.

2. 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 regarding the declaration of assurance.

A. Horizon 2020

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 Horizon 2020 framework programme ⁽³³⁾, which 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

⁽³³⁾ 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.

multiannual programmes, once the financial impact of all audits, correction and recovery measures have been taken into account.

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

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

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

B. Horizon Europe

For Horizon Europe ⁽³⁴⁾, the general control objective, following the standard quantitative materiality threshold proposed in the standing instructions for Annual Activity Reports, is to ensure that the cumulative representative error rate and the cumulative residual error rate, i.e., the level of errors which remain undetected and uncorrected, does not exceed 2% on an annual basis. An AAR reservation will be issued in the Annual Activity Report if the cumulative residual error rate is above the 2% materiality threshold.

3. Programmes other than the Research Framework Programmes

A. Legacy programmes (2014-2020)

Methodology applicable to ex-post audits performed by HaDEA

In view of the multiannual nature of the programmes managed, HaDEA developed a multiannual Ex-Post Control strategy for legacy programmes (programming period 2014-2020) ⁽³⁵⁾

⁽³⁴⁾ Regulation (EU) 2021/695 of the European Parliament and of the Council of 28 April 2021 establishing Horizon Europe

⁽³⁵⁾ Ares(2021)4528794-13/07/2021.

The HaDEA Ex-Post Control strategy for the legacy programmes is based on the following principles, intended to find an optimal balance between being (i) maximum-corrective, (ii) reasonably cost-effective and (iii) sufficient coverage to draw an assurance conclusion.

Sampling approach

Value-based selection

Taking into account the limited ex-post control resources, the ex-post control strategy aims to detect and correct the most significant errors (amount in absolute terms). In that respect, HaDEA focuses on value-based audits (aiming at cleaning the largest amounts and thus maximising assurance). This type of approach is considered more control effective, resulting in higher returns on investment and having a dissuasive effect, as well as being cost-effective. To the best of our knowledge, there are no indications (at ex-post level) for inherently higher error rates (error in %) in the larger participations, thus the value-based audits are considered to be a non-biased 'proxy' – i.e., random enough to be able to draw conclusions from them. Auditing a statistically representative sample would not be considered cost-effective, given that then rather small participations would also be sampled.

Although the Agency recognises that the above approach is not statistically representative, in line with DG BUDG guidance it is considered as the second-best alternative.

Risk-based audits

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

Error rate calculation

Detected error rates

The Detected Error Rate is equal to: [the EC-share of] the costs claimed as initially accepted, after the ex-ante controls (on the basis of which the audited payment was made), minus, [the EC-share of] the costs claimed as finally accepted, after the ex-post control (audit).

The “value-targeted” audits deliver the Detected Error Rate on a multiannual basis ⁽³⁶⁾. The total of all individual errors calculated, covering all audits done on a given programme and leading to recoveries ⁽³⁷⁾, gives the total detected error amount and related error rate as a percentage.

The European Court of Auditors observed in its 2018 Annual Report and its review of the Commission’s ex-post audits that for Horizon 2020 the Commission’s methodology for calculating the error rate leads to an understatement of the error rate the extent of which cannot be quantified. As a result of further related guidance received by the central services, HaDEA

⁽³⁶⁾ On an annual basis for Food and Feed Programme due to the design of the programme and in line with approach applied by DG SANTE.

⁽³⁷⁾ In some cases, a detected error at cost level has no impact on the EU contribution paid due to costs declared being over and above the maximum EU contribution.

has ensured its methodology for the calculation of the error rate is in line to the Court's observations. Previously, the detected error rate was calculated by considering the full value of an audited financial statement in the denominator. From 2019 onwards, the detected error rate calculation is based on the sum of the costs actually audited as the denominator.

Residual error rate

Residual error rates are calculated on a multiannual basis to reflect the multiannual nature of the programmes and projects. The results of ex-post controls carried out by the Agency from "value-based" audits are calculated over the programme lifetime to provide the multiannual detected error rate.

HaDEA deducts any corrections made by implementing the audit results from the total amount of errors detected. The residual error rate of each programme audited is the residual error rate applied to the audited part and the detected error rate presumed affect the non-audited part ⁽³⁸⁾.

Due to its multiannual nature, the effectiveness of the HaDEA ex-post control strategy can only be measured and assessed at the final stages of the programme's lifecycle and once it has been fully implemented. Notwithstanding the multiannuality of the ex-post control strategy, the Director of HaDEA is required to sign a yearly statement of assurance. 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.

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 in the unaudited population per programme.

B. Current programmes (programming period 2021-2027)

On 20 December 2023 HaDEA adopted Ex-post Audit Strategy applicable to the 2021-2027 programmes ⁽³⁹⁾. The strategy defines the audit approach, the audit principles and sets indicative targets in terms of number of financial audits of grants in relation to programmes EU4Health, Connecting Europe Facility Digital and Single Market Programme Food.

In addition, HaDEA will implement the audit strategy for the grant part of the whole Digital Europe Programme, serving all Granting Authorities of the programme ⁽⁴⁰⁾. The audit strategy for Digital Europe Programme is being drafted in collaboration with DG CONNECT. Both audit strategies are built on the same main principles, as detailed below.

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 residual

⁽³⁸⁾ We consider that the part of payments remaining un-audited and un-corrected is affected by errors of the same magnitude of the detected error rate.

⁽³⁹⁾ Ares(2023)8756731

⁽⁴⁰⁾ In accordance with Annex I of the Delegation act to HaDEA, Commission Decision C(2021)948 final – 12/02/2021.

error rate, i.e., the level of errors which remain undetected and uncorrected, does not exceed 2% per programme.

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

The approach for the HaDEA ex post audit strategy is to treat each programme as a separate population.

The population of each programme is determined by the costs declared and paid to the beneficiaries or affiliated entities through financial statements which are the basis for the calculation of the EU contribution. As payments were processed at the second half of 2023 for some of new programmes (EU4Health and Single Market Programme), HaDEA will launched its first audit campaign on these programmes in early 2024, based on the audit principles described below. The audits on the other programmes, CEF Digital and Digital Europe Programme will be released once the auditable population reaches the corresponding level of maturity.

The harmonised System for Grant Management (SyGMA) is the data source for the audit population and audit selection ⁽⁴¹⁾.

The use of lump sums in some of the programmes (Veterinary Programme as separate strand of Single Market Programme) will shift the controls from financial audits to the performance of the action, by further developing the methodology for technical ex-ante and ex-post reviews or similar checks. However, the Audit Strategy does not address the technical or performance checks. Discussions on the treatment of the lumps sums from the audit side are currently discussed on the corporate level.

Sampling approach

The Ex-post Audit Strategy foresees **two layers of sampling** for 2021-2027 programmes:

- Interval sampling,
- Risk based sampling.

Sampling interval selection

The interval sampling, while not statistically representative, is intended to be cost-efficient and to provide sufficient coverage in financial terms and in terms of mix of beneficiaries to draw relevant conclusions from the results obtained, in order to conclude on the legality and regularity of the expenditure of the programme.

Risk-based audits

Interval sampling will be complemented by the risk-based sampling.

These audits tackle specific inherent or identified risks implying that errors rates are expected to be higher than the Detected Error Rate (DER) from the non-representative interval sample.

⁽⁴¹⁾ With the exception of SMP Food grants for the period 2021-2022, which were managed outside eGrants. For these grants, the data will be extracted for ABAC.

Therefore, their error rates will not be included in the error rate calculation stemming from the interval sampling audits.

Error rate calculation

Detected error rates

The interval sample delivers the Detected Error Rate (DER) per programme. The same calculation method will be used for all HaDEA 2021-2027 programmes.

Calculation of the detected error rate ⁽⁴²⁾:

$$\text{DER (\%)} = \frac{\text{Amount of detected errors (EC share of)}}{\text{Sampled amount (EC share of)}}$$

The amount of detected errors corresponds to the amount of ineligible expenditure that results in a financial adjustment. It is equal to: [the EC-share of] the costs claimed as initially accepted, after the ex-ante controls (on the basis of which the audited payment was made), minus, [the EC-share of] the costs claimed as finally accepted, after the ex-post control (audit).

The sampled amount must be used as a denominator to calculate the detected error rate. ⁽⁴³⁾

In the performance of an audit, the sampling applied is to ascertain the risk of a material error in the financial statement of a beneficiary. For cost efficiency reasons, it might be lower than the cost accepted by the Agency.

Residual error rate

Given that usually only a sample of the programme's payments made is subject to ex-post audits, not all payments can be 'cleaned' from their errors. In reality, larger part of payments remains un-audited and thus un-corrected; hence probably still affected by errors of the magnitude of the detected error rate.

The estimated **Residual Error per programme** is calculated as follows:

⁽⁴²⁾ AAR standing instructions, additional guidance on the calculation of error rates, the financial exposure as amount at risk, the materiality for a potential reservation and the impact on the AOD's declaration (2020 version), available on BUDGWeb.

⁽⁴³⁾ The European Court of Auditors in its 2018 Annual Report and its review of the Commission's ex-post audits observed that for Horizon 2020 the Commission's methodology for calculating the Error Rate leads to an understatement of the Error Rate the extent of which cannot be quantified. As a result of further related guidance received by the central services for the AAR 2019, the predecessor's entities have adapted their methodology for the calculation of the Error Rate in line with the Court's observations. Previously, the detected Error Rate was calculated by considering the full value of an audited financial statement in the denominator. Therefore, the Detected Error Rate calculation is based on the sampled EU contribution as the denominator for a more conservative approach.

Residual Error = Uncorrected Errors + (Total EU Contribution – Total Sampled Contribution) * DER

The Residual Error is then divided by Total EU Contribution to give the **Residual Error Rate (RER)** expressed as a percentage as follows:

$$\text{RER (\%)} = \frac{\text{Residual Error (EC share of)}}{\text{Total EU Contribution}}$$

The RER represents the estimated error rate that remains in the population after audit corrections are implemented.

Multi-annual Residual Error Rate

Residual Error Rates are calculated on a multi-annual basis to reflect the multi-annual nature of the HaDEA programmes and projects. The results of ex-post controls carried out by the Agency from audits selected by Interval sampling are calculated over the programme lifetime to provide the Multi-annual Detected Error Rate. The detected error rate is extrapolated to the non-audited EU contribution (including the non-sampled Contribution from audited transactions).

Although not derived by statistical parameters that can be extrapolated to the unaudited payment population with statistical confidence, the detected error rate and the residual error rate 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 in the unaudited respective population of the programmes under the scope of this Audit Strategy.

4. De minimis rule for financial reservations

Since 2019⁽⁴⁴⁾, a ‘de minimis’ threshold for financial reservations has been introduced. Quantified annual activity report reservations related to residual error rates above the 2% materiality threshold are deemed not substantial for segments representing less than 5% of a DG’s total payments and with a financial impact below EUR 5 million. In such cases, quantified reservations are no longer needed. The ‘de minimis’ threshold applies this year as last year to FP7 grants and is reported in annex 9.

⁽⁴⁴⁾ Agreement of the Corporate Management Board of 30/4/2019.

ANNEX 6: Relevant Control Systems for budget implementation (RCSs)

1. Grants

Grants direct management (applicable to all programmes managed by the Agency, including legacy programmes 2014-2020 and current programmes 2021-2027)

The Agency uses one relevant control system per ongoing programme for the management of grants under the legacy programmes and new programmes.

The relevant control system for new programmes managed by the Agency is based on the principles and best practices implemented by the Agency, described in the HaDEA Control Strategy adopted in 2023.

The relevant control system for Horizon Europe is similar to that of Horizon 2020. The main improvements for Horizon Europe are the co-creation of the work programme by the Groups of Directors' and further simplification such as the single daily rate for personnel costs and the rollout of lump sum funding.

The control strategy for Horizon Europe grant management was adopted in 2023.

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

Stage 1.A: Programming, evaluation, ranking and selection of proposals

Main control objectives: ensuring that the Agency collaborates with the parent DGs to prepare calls for proposals that contribute the most towards the achievement of the policy or programme objectives (effectiveness); compliance (legality & regularity); prevention of fraud (anti-fraud strategy) and other horizontal priorities (ethics, gender balance, security aspects).

Specific control objective: contribution to the (annual) work programmes, including the preparation, adoption and publication of calls for proposals.

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators (three E's)
There is a risk that: Work programmes and the subsequent calls for proposals do not adequately reflect the policy objectives and priorities; Topics/activities are incoherent;	The mitigating controls for these risks are mostly the ownership of the parent DGs. This said, in accordance with agency's annual work programmes: HaDEA provides its contribution to the	Coverage/Frequency: 100% of work programmes 100% of calls Depth: Work programme contributions and call preparation, adoption and publication are thoroughly	Effectiveness The work programme is adopted by the Commission. Success ratios in terms of "over-subscription": number of grant proposals retained for funding compared to number of eligible proposals received.

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators (three E's)
Essential eligibility, selection and award criteria are not adequate to ensure effective, efficient and economic evaluations of the proposals	content of the work programmes (as per the MoUs and agreed working arrangements) in line with the policy objectives and priorities. While doing so, the Agency builds on the know-how acquired from managing the projects, to the benefit of the topics' coherence. 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 Controls are implemented in collaboration with the relevant services and foresee appropriate hierarchical validation (including consultation of parent DG).	reviewed at all levels, including for operational and legal aspects.	Efficiency Estimation of the 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 (%). Qualitative benefits Good work programmes 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.

Stage 1.B Evaluation: Ranking and selection of proposals

Main control objectives: ensuring that the Agency selects the calls for proposals that contribute the most towards the achievement of the policy or programme objectives (effectiveness); compliance (legality and regularity); prevention of fraud (anti-fraud strategy). And other horizontal priorities (ethics, gender balance, security aspects).

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators (three E's)
The evaluation, ranking and selection of proposals is not carried out in accordance with the established procedures, the policy objectives, priorities and/or the eligibility criteria, or with the selection and award criteria defined in the annual work programme and subsequent calls for proposals. Experts have a conflict of interest regarding the proposals they are called to evaluate.	Assessment by independent experts. Selection and appointment of expert evaluators. Conflict of interest checks. Comprehensive IT system supporting this stage and allowing better monitoring of the process. Validation by the AOSD of ranked list of proposals. In addition, if applicable: opinion of Programme Committees; inter-service consultation and adoption by the Commission; publication of publishable summaries of funded projects. Systematic checks on operational and legal aspects performed before signature of the grant agreement Redress/review procedure allowing an applicant, who considers that a procedural act by an Authorising Officer adversely affects its rights, to challenge the act Generally, fraud risk and legal checks are incorporated into the procedures or on ad-hoc basis in case of doubt.	Coverage/Frequency: 100% of experts are checked for technical expertise and independence (e.g., conflicts of interests, nationality bias, ex-employer bias, collusion). 100% of proposals are evaluated. 100% of proposals ranked. Supervision of evaluation process and the work of evaluators. 100% of contested decisions are analysed by a redress/review committee.	Effectiveness: Number of proposals/ evaluated. Success rate: amounts of retained proposals /amounts of submitted proposals. Efficiency: % of time-to-inform on time. Estimation of the 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 or (%). Qualitative benefits: The evaluation of proposals is objective and performed based on high independent technical expertise. Transparency, independence and objectivity of the evaluation process is 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.

Stage 2: Preparation of grants

Main control objectives: ensuring that the most promising projects for meeting the policy objectives are contracted; sound financial management (optimal allocation of the budget available); compliance; prevention of fraud.

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators (three E's)
The beneficiary lacks operational and/or financial capacity to carry out the actions. Procedures do not comply with the regulatory framework. The evaluation stage has not detected a potentially fraudulent proposal/beneficiary. The project implementation might not comply with ethics requirements. Sensitive/classified information in future deliverables of a selected project might not be handled with the adequate security measures	Formalized grant preparation process in place based on detailed guidance and procedures (eGrants Vademecum, GoFund, HaDEA's MoP). Validation of beneficiaries and financial capacity checks for selected coordinators/beneficiaries. Systematic checks on operational and legal aspects performed before signature of the grant agreement. Risk assessment and risk-based checks before the grant agreement signature and reinforced monitoring flagging where necessary. Ad-hoc anti-fraud checks for beneficiaries with a higher risk profile. An ethics review is carried out systematically in all Horizon Europe calls, starting with an ethics pre-screening, which results in detailed screening or assessment if necessary. Ad-hoc security checks and screenings security review is carried out systematically in all Horizon Europe calls, starting with pre-screening, which may result in detailed security scrutiny. Financial Coverage against financial losses is provided by the Participant Guarantee Fund.	100% of the selected proposals/ and beneficiaries are scrutinised. Coverage: 100% of draft grant agreements Depth may be differentiated; determined after considering the type or nature of the beneficiary (e.g., SMEs, joint ventures) and/or the modalities and/or the total value of the grant. Given the constraints on the time to grant set out in the legislation, "negotiation" of projects is kept to a minimum, as far as possible the positively evaluated projects are accepted without modification.	Effectiveness: Number of grants signed Efficiency: Average time to grant % of Time to grant on time Estimated cost of staff involved in stage 2 /value of contracted grants (%) Economy/ Qualitative benefits: 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 grant agreement preparation.

Stage 3: Monitoring the execution: operational, financial and reporting aspects

Main control objectives: ensuring that the operational results (deliverables) from the projects are of good quality and meet the objectives and conditions of the grant agreement/contracts; ensuring that the related financial operations comply with regulatory and contractual provisions; prevention of fraud; ensuring appropriate accounting of the operations.

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators (three E's)
The actions foreseen are not, totally or partially, carried out in accordance with the technical description and requirements foreseen in the grant agreement (e.g. deliverables, open access to results and publications...) The amounts paid exceed what is due in accordance with the applicable contractual and regulatory provisions. The cost claims or deliverables are irregular or fraudulent. Ethics requirements are not fulfilled.	Formalised grant implementation monitoring process in place based on detailed guidance and procedures (eGrants Vademecum, GoFund, HaDEA's Manual of Procedures) Kick-off meetings and "launch events" involving the beneficiaries/contractors in order to avoid project management and reporting errors. Guidance on reporting for lump sum grants (notion of work package completion) is provided; There is effective external communication about guidance to the beneficiaries (including webinars and other communication channels). Anti-fraud awareness raising training for the project Officers. Enhanced R&I family approach (anti-fraud cooperation; common legal and audit service; comprehensive and common IT system for all of the R&I family). Operational and financial checks in accordance with the financial circuits. For riskier operations, reinforced monitoring. Selection and appointment of experts for scientific reviews of intermediate and/or final reporting. Application of suspension/interruption of payments. Referring grant/beneficiary to OLAF/EPPO.	100% of the projects are controlled, including only value-adding checks. Riskier operations are subject to more in-depth controls. The depth depends on risk criteria. However, in order to reduce administrative burden for beneficiaries, and to ensure a good balance between trust and control, the level of control at this stage is reduced. High-risk operations identified by risk criteria. Red flags: suspicions raised by staff, audit results, EDES, individual or "population" risk assessment. Audit certificates required for any beneficiary claiming more than EUR 430 000 (for Horizon Europe), EUR 325 000 (for other programmes), except lump sums grants.	Effectiveness: Number of payments (interim and final) Detected error rates Efficiency: Time-to-pay: % of payments made on time. Time-to pay: Average number days net/gross + suspension days. Cost of all staff and non-staff expenses (e.g., external monitors) related to the monitoring of the execution of projects/contracts / amount paid (%). Economy/ Quantitative benefits: Successful implementation of the actions, including building assurance on the achievement of the project and policy objectives. Benefits due to operational review of projects and consequent corrective actions imposed on projects.

Stage 4: Ex-Post controls

Audits

Main control objectives: measuring the level of error in the population after ex-ante controls have been undertaken; detect and correct any error or fraud remaining undetected after the implementation ex-ante controls; identifying possible systemic weaknesses in the ex-ante controls, or weaknesses in the rules.

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators (three E's)
Erroneous payment declarations have been accepted at ex-ante level. Attempted fraud has not been prevented and/ or detected.	HaDEA's ex-post controls are object of a multiannual audit strategy. The strategy is implemented with Annual Audit Plans. Carry out audits on a sample of operations to measure the level of error in the population after ex-ante controls have been performed. Validate audit results with the beneficiary The audits are carried out independently by external contractors (i.e., absence of conflict of interest). In addition, HADEA's external audit team is not involved in the ex-ante operational or financial circuits. This is expected to increase the degree of independence and reliability of the ex-post controls. For Horizon, ex-post controls are performed by the Common Implementation Centre, in accordance with the Horizon ex-post audit strategy.	Coverage and frequency are determined according to a multiannual HADEA ex-post control strategy. Detailed review and testing of supporting documents and transactions related to the cost claims submitted by the audited beneficiary.	Effectiveness: multiannual residual error rates per programme. Efficiency: multiannual audit coverage, number of audits closed. Economy: cost per ex-post audit.

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators (three E's)
Horizon Europe The ex-ante controls (as such) do not prevent, detect and correct erroneous payments or attempted fraud to an extent going beyond a tolerable rate of error. Lack of consistency in the audit strategy within the family. 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.	Common Ex-post control strategy for the entire Research and Innovation family, implemented by a central service ((Common Audit Service (CAS) part of the Common Implementation Centre, DG Research and Innovation): - 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. – Calculates the representative error rate for the R&I programme – Additional sample to address specific risks – When relevant, joint audits with the Court of Auditors Multi-annual basis (programme's lifecycle) and coordination with other AOs concerned - Validate audit results with beneficiary In case of systemic error detected, extrapolation to all the ongoing projects run by the audited beneficiary (or closed within two years).	- Common Representative audit Sample (CraS): MUS sample across the programme to draw valid management conclusions on the error rate in the population. - Research and Innovation risk-based sample, determined in accordance with the selected risk criteria aimed to maximise deterrent effect and prevention of fraud or serious error.	Effectiveness: Representative and residual error rate identified. Number of audits finalised % of beneficiaries & value coverage. Efficiency: Percentage of implementation of CAS audit plan (to be brought as closely as possible to 100%)

Implementing results from ex-post audits/controls

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

Main risks It may happen (again) that	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators (three E's)
The financial recommendations stemming from the ex-post audit are not implemented Errors, irregularities and causes of fraud are detected too late to take remedial measures.	Procedures and guidance are in place to address this objective. The Agency proceeds to the systematic registration of audit/control results to be implemented and tracks its actual implementation. Validation of recovery in accordance with financial circuits. Authorisation by AOSD. If circumstances justify so, the Agency will notify suspicious cases to OLAF and ensure regular follow up of detected fraud. Reinforced monitoring implemented on ongoing projects. For Horizon 2020 and Horizon Europe: Coordination at the level of the R&I family: FAIR committee.	Coverage: 100% of final audit results with a financial impact. Depth: all audit results which lead to a recovery are examined in-depth in making the final recoveries. Systemic errors are taken into account when assessing new grant payments of the same beneficiary. For Horizon: Systemic errors are extended to all the ongoing non-audited projects of the same beneficiary (or closed within two years).	Effectiveness: Amounts being recovered and offset. Efficiency: Number/value/% of audit results pending implementation, Number/value/% of audit results implemented. Economy: For Horizon 2020 and Horizon Europe: Estimation of cost of staff involved in the coordination and execution of the ex-post audit strategies and in the implementation of audits. Costs of the appointment of audit firms and missions. Details of the estimated cost of controls related to shared/pooled control activities hosted by DG R&I (Common Implementation Centre including Common Audit Service) for the Research and Innovation family are reported in the Annual activity reports of DG R&I.

5. Procurement

Applicable to all procurement activities managed by the Agency, representing 6% of the expenditure at the level of the Agency in 2023.

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

Stage 1 – Planning

Main control objectives: ensuring that the Agency selects the proposals/tenders that contribute the most towards the achievement of the policy or programme objectives (effectiveness); compliance (legality & regularity); prevention of fraud (anti-fraud strategy).

Specific control objective: contribution to the (annual) work programmes, including the preparation, adoption and publication of calls for tenders.

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators (three E's)
There is a risk that: Work programmes and the subsequent calls for tenders do not adequately reflect the policy objectives, priorities; Topics/ activities are incoherent; Essential eligibility, selection and award criteria are not adequate to ensure effective, efficient and economic evaluations of the tenders	The mitigating controls for these risks are mostly the ownership of the parent DGs. This said, in accordance with agency's Annual Work Programmes: HaDEA provides its contribution to the content of the work programmes (as per the MoUs and agreed working arrangements) in line with the policy objectives and priorities. While doing so, the Agency builds on its knowhow from managing the projects, to benefit the coherency of the topics. The Agency prepares, adopts and publishes the tenders, 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 tenders Controls are implemented in collaboration with the relevant services, and foresee appropriate hierarchical validation (including consultation of parent DG).	Coverage/Frequency: 100% of work programmes 100% of calls Depth: Work Programme contributions and call for tender preparation, adoption and publication are thoroughly reviewed at all levels, including for operational and legal aspects. For each tender, the check list requires to check if the procurement need can be met by using exiting or planned contracts or studies or using an inter-institutional procurement procedure.	Effectiveness: The work programme is adopted by the Commission. Number of tenders procedures launched and contracts awarded Economy: 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.

Stage 2 – Evaluation, award of contracts

Main control objectives:

- timely provision of quality services/goods that meet HaDEA's needs or operational objectives as defined in WP while ensuring the "best value for money" (effectiveness, efficiency and economy);
- compliance with relevant legislation and procurement rules/principles (legality and regularity);
- fraud prevention and detection.

Main risks	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators
Poor planning of procurement procedures; Procurement needs are not well defined; Operational objectives defined in WP not met; Contract with a similar scope exists; Inappropriate choice of procedure or wrong calculation of the contract's value; Inadequate tenders due to badly defined selection/award criteria, weightings and technical specifications; Giving an advantage to certain tenderers (distorting competition) by defining biased selection/award criteria; Non-compliance with legal and regulatory formalities, e.g. publication, transparency, time limits, opening of tenders, equal treatment in terms of access to additional information,	The Call for tender is based on the Annual Work Programme adopted by the Commission and elaborated in cooperation with the parent DG. Formalised working arrangements between the operational/financial/procurement services (allocation of checks); Formalised process of implementing procurement procedures: use of PPMT, eSubmission, and corporate templates; Procedures, guidance, templates and checklists in place (MoP or BUDGpedia); AOSD supervision and approval of specifications; Use of Vademecum on Public Procurement, evaluation methodology, evaluation templates and checklists in eMoP; Offers are evaluated for the exclusion, selection and award criteria published in the call for tenders; Exclusion criteria documented; Signature of Declaration of absence of conflict of interests by persons involved in tender opening and evaluation. The ACPC issues an opinion to the RAO; The award decision is taken by the HoD; Ex-post publication (possible reaction from tenderer / potential tenderer such as whistle blowing); Publication of intended Procurements/Work Programme.	Coverage/ Frequency: 100% Depth: All tenders are thoroughly reviewed at all levels, including for operational and legal aspects.	Effectiveness: Number of 'valid' complaints or litigation filed. Qualitative Benefits: A good procurement plan and well publicised calls for tender should generate a large number of good quality bids, from which the best can be chosen. There will therefore be a real competition.

evaluation, authorised signatures, standstill period etc.; Conflict of interest; Delayed and lengthy evaluation process; Unequal treatment of tenderers, for example via biased selection criteria or partial evaluations Unprofessional evaluations of tenders due to lack of necessary skills, experience or suitable evaluation methodologies Discontinuation of the services provided due to a late contracting (poor planning and organisation of the procurement process).	In case of technical tenders, the Agency consults experts for drafting the tender specifications. Explicit allocation of responsibilities, approval of the text by the Responsible Authorising Officer (RAO).		
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Stage 3 – Monitoring the Execution: monitoring of the operational and reporting aspects related to the contract

Main control objectives:

- ensure adequate contracting arrangements for monitoring the contractor's performance and results (effectiveness & efficiency);
- ensure that the operational results (reports and other deliverables) meet the objectives and conditions agreed in the tender and in the contract (effectiveness & efficiency);
- ensure compliance with the legal and regulatory requirements (e.g., time limits, authorised signatures) (legality & regularity);
- prevent fraud (anti-fraud).

Main risks	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators
Poor contract performance; Unjustified or erroneous payments	Use of model contracts recommended by the Commission, adapted to the programmes; Application of the four-eyes principle; Explicit allocation of responsibilities	100% of the contracts are controlled. The depth depends on risk criteria.	Effectiveness: Number of suspension/interruption of payments Efficiency: Late

Poorly adapted payment/other type of arrangements; Insufficient contractual provisions regarding contractor's performance (no monitoring arrangements or liquidated damages foreseen in the contract, no use of standard contracts).	Operational and financial ex-ante checks in accordance with the financial circuits and using templates/checklists published in e; authorisation by AOSD; Regular contacts with service providers to ensure implementation in compliance with contractual provisions; Application of suspension, interruption and deduction of payments on a case-by-case basis where there exists bad faith or gross negligence, while respecting the principle of proportionality; Referring justified cases to OLAF, Flagging the legal entity in EDES; Recovery of paid amounts.	For high risk operations, reinforced monitoring on deliverables timing.	interest payment and damages paid Qualitative Benefits: Procurements are executed and produce benefits for the Agency.
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Stage 4 – Supervisory measures

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

Main risks	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators
An error or lack of compliance with regulatory and contractual provisions, including technical specifications or fraud is not prevented, detected or corrected by ex-ante control, prior to payment.	Operational and financial ex-ante desk checks by the Agency's staff in accordance with the financial circuits, Manual of Procedures, and internal guidelines; Four-eyes principle is applied. Monitoring visits or meetings to check technical progress and deliverables. Fraud awareness, trainings and information sessions are organized. Detailed checking of reports and deliverables against the contract requirements to detect deviations timely and redirect the project on track. Application of suspension, interruption and deduction of payments in cases of bad faith or gross negligence, respecting the principle of proportionality. Submitting cases to OLAF in case of suspicion of irregularities/fraud; flagging in Early Detection and Exclusion System (EDES).	100% of the contracts are controlled. The depth depends on risk criteria. High risk operations identified by risk criteria. Red flags: suspicions raised by staff, audit results, EDES, individual or "population" risk assessment.	Effectiveness: Number of suspension/interruption/rejection of payments Efficiency: Number of cases referred to OLAF. Number of fraud awareness trainings Qualitative Benefits: Amounts detected associated with fraud & error

	Ex-post publication.		
	Whistleblowing procedures in place.		

ANNEX 7: Specific annexes related to "financial management"

1. Control benefits

HaDEA portfolio encompasses both grants and procurement, with the expenditure categorised into directly managed grants (representing 94% of payments in 2023), procurement, and expert services. Consequently, the analysis of control efficiency indicators is focused primarily on grants.

A. Grants

Stage 1: Programming, evaluation and selection of proposals

The benefits of the Stage 1 – programming, evaluation and selection of proposals are difficult to identify in quantitative or monetary terms. Nevertheless, the Agency has estimated the benefits to more than EUR 77,7 million.

Benefits Stage 1 (m EUR)	EU4Health	SMP Food	Horizon Cluster 1	CEF-2	DIGITAL	HE Cluster 4 – Digital	HE Cluster 4 –	HE Cluster 4 – Space	Total
% success rate: number of selected (funded) vs. eligible proposals	57%	84%	9%	76%	66%	18%	24%	39%	23%
Requested funding ineligible proposals	3.69	0.00	35.41	56.41	36.71	3.04	20.19	0.00	155.44
Benefit (requested funding ineligible proposals * success rate)	2.10	0.00	3.04	42.98	24.18	0.55	4.85	0.00	77.70

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

Control effectiveness ratios - proposals (m EUR)	EU4Health	SMP Food	Horizon Cluster 1	CEF-2	DIGITAL	HE Cluster 4 – Digital	HE Cluster 4 – Industry	HE Cluster 4 – Space	Total
Number of submitted proposals	242	150	1633	69	98	250	488	148	3,078
Number of inadmissible proposals	35	0	33	4	9	5	8	1	95
Number of ineligible proposals	6	0	27	2	7	1	10	0	53
Number of withdrawn/duplicate proposals	1	3	2	0	0	0	0	0	6
Number of eligible proposals	200	147	1573	63	82	244	470	147	2 926

Number of proposals selected for funding – “main” list	114	124	113	42	39	30	111	41	614
Number of proposals selected for funding – “reserve” list	0	0	22	6	15	14	2	17	76
Number of total proposals selected for funding	114	124	135	48	54	44	113	58	690
% success rate: number of selected (funded) vs. eligible proposals	57%	84%	9%	76%	66%	18%	24%	39%	24%

Control effectiveness ratios - evaluation review requests	EU4Health	SMP Food	Horizon Cluster 1	CEF-2	DIGITAL	HE Cluster 4 - Digital	HE Cluster 4 - Industry	HE Cluster 4 - Space	Total
Number of proposals evaluated	200	124	1,573	63	82	244	470	147	2,903
Number of evaluation review requests received	8	-	25	1	-	5	4	5	48
Number of evaluation review requests leading to a re-evaluation	-	-	-	-	-	-	-	-	-
% of evaluation review requests vs proposals evaluated	4.00%	0.00%	1.59%	1.59%	0.00%	2.05%	0.85%	3.40%	1.65%
% of review requests leading to re-evaluation vs proposals evaluated	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Stage 2: grant preparation/contracting

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

Financial impact of the adjustment process	EU4Health	SMP Food	Horizon Cluster 1	CEF-2	DIGITAL	HE Cluster 4 - Digital	HE Cluster 4 - Industry	HE Cluster 4 - Space	Total
Number of GA signed	148	125	206	37	12	31	93	38	690
EC funding requested in proposals (in m EUR)	462.44	107.72	1,993.74	458.91	62.75	165.64	571.84	175.72	3,998.77
EC funding granted through signed GA (in m EUR)	476.73	67.98	899.06	251.80	62.75	160.78	543.64	171.81	2,634.55
Difference EC funding requested/granted	14.29	-39.74	-1,094.68	-207.11	-	-4.86	-28.20	-3.91	-1,364.22
Reduction rate	-3.09%	36.89%	54.91%	45.13%	0.00%	2.94%	4.93%	2.23%	34.12%

During the grant preparation phase, a total of EUR 1 364.22 million (out of which EUR 1 094.68 related to Horizon Cluster 1) was reduced from the requested funding. This can be considered as a quantifiable benefit of the contracting phase in 2023.

Stage 3: monitoring the execution

Detected errors ex-ante controls	EU4Health	3rd Health Programme	SMP Food	Food & Feed	Horizon Cluster 1	H2020 (SC1)	CEF-2	DIGITAL	CEF-Telecom (DSI)	HE Cluster 4 - Digital, Industry and Space	H2020 - SC5, LEIT	Total
Value of cost claims controlled ex-ante	332.67	14.34	126.14	14.16	627.54	289.16	64.06	56.43	21.53	785.18	231.16	2562.36
Value rejected costs	0.07	0.23	4.09	-	0.00	2.43	-	-	1.32	-	3.76	11.89
%age detected error during ex-ante controls	0.02%	1.58%	3.24%	0.00%	0.00%	0.84%	0.00%	0.00%	6.14%	0.00%	1.62%	0.46%

The ex-ante controls aim to identify and prevent irregularities, allowing for immediate correction and avoid time-consuming recovery actions. As can be concluded from the table, the ex-ante controls result in a considerable amount of detected errors and rejected costs in the cost claims submitted by the beneficiaries for a total value of **more than EUR 11,89 million** for legacy programmes managed by the Agency. This can be considered as a quantifiable benefit of the monitoring phase in 2023.

Stage 4: Ex-post controls/audits

The qualitative benefits of this stage are as follows:

- An audit has a preventive and deterrent effect in the fight against fraud, corruption, conflict of interests and double funding;
- An audit has learning effect for beneficiaries, helping to reduce errors in the current and future cost declarations;
- It enhances the beneficiaries' awareness for correctly reporting eligible costs by demonstrating that their probability to be audited is not negligible;
- It also contributes to the improvement of ex-ante controls and clarification of rules and guidance by providing results and findings from ex-post audits to the actors responsible for the stages 1 to 3.

In addition, the HaDEA ex-post team provides feedback on audit findings to the Agency management and responsible staff, which aims to improve the internal controls and reduce of future error rates.

The quantitative benefits of Stage 4 correspond to the detected errors during the ex-post controls. In 2023, the detected errors for the programmes audited amounted to EUR 2.45 million (i.e., EUR 1.54 million for CEF Telecom, EUR 0.1 million for the Third Health Programme, EUR 0.15 million for the Food and Feed programme and EUR 0.66 million for Horizon 2020).

The Agency carries out ex-post audits to contribute to the assessment of the legality and regularity of transactions. The ex-post audits are performed by the Agency on the costs declared to the Agency except for Horizon 2020 and Horizon Europe. For Horizon 2020 and Horizon Europe, the Common Audit Service is responsible for ex-post controls for the whole Research and Innovation family.

1) Ex-post controls performed by the Agency

The programmes managed by Agency are implemented under the direct management scheme, which entails direct financial contributions through co-financed contracts signed with beneficiaries / partners. To have reasonable assurance that the payments authorised are legal, regular and compliant with the applicable contractual provisions, the Agency carries out ex-post controls. The ex-post controls complement the ex-ante controls embedded in Agency's programme management processes.

a) Legacy programmes

The Agency's ex-post control strategy, applicable to the 2014-2020 legacy programmes managed by the Agency – CEF Telecom, Food and Feed and the Third Health Programme, was adopted after these programmes were transferred under the responsibility of the Agency, i.e., on 13 July 2021. This strategy contributes on a multiannual basis to the assurance on the legality and regularity of payments by detecting and correcting errors made by beneficiaries.

Results of the ex-post controls

Details on the multiannual residual error rates for CEF Telecom, Third Health programme and Food and Feed legacy programme by the end of 2023 are:

Multiannual Residual Error Rate	CEF Telecom	Third Health	Food and Feed
Total number of closed participations	99	49	9
1. Audited EU Contribution value-based sample (EUR)	37 134 790	11 507 692.37	12 682 157
2. Audited EU Contribution risk-based sample (EUR) ⁽⁴⁵⁾	3 712 037	1 395 194	1 730 570

⁽⁴⁵⁾ More information about the risk-based selection is provided in Annex 5.

3. Total audited EU Contribution (EUR) = (1) + (2)	40 846 827	12 902 885.99	14 412 727
4. Detected error value-based sample (EUR)	1 047 377	214 421	151 125
5. Detected error risk-based sample (EUR)	1 796 739	14 870	
6. Detected error rate = (4)/(1)	2.82%	1.86%	1.19%
7. Total errors corrected for value-based sample (recovery orders, or offsetting) (EUR)	938,300	99,294	151,096
8. Errors not corrected for value-based sample (EUR)	110,405	115,127	28
9. Total EU Contribution (EUR)	291 906 128	180 544 833	137 066 218
10. Audit coverage = (3)/(9)	13.99%	7.15%	10.52%
11. Calculated residual error (EUR) = (8) + [(9)-(3)]*(6)	7 191 311	3 238 776	1 461 606
12. Calculated residual error rate = (11)/(9)	2.46%	1.79%	1.07%

CEF Telecom (excluding WiFi4EU ⁽⁴⁶⁾)

Audits of CEF Telecom started in 2017 at INEA, the predecessor of the Agency responsible for this segment. In 2021, following the administrative transfer of this programme to HaDEA, the segment did not fulfil the de-minimis criteria ⁽⁴⁷⁾ and the Agency issued a reservation applicable to the segment CEF-Telecom (DSI).

To prevent, detect and correct the errors earlier in the project lifecycle, HaDEA continued the efforts started by INEA and adopted and implemented further remedial actions, both at ex-ante and ex-post levels. The risks are being regularly monitored and mitigated. Mitigating measures adopted and implemented include: 1) at ex ante level: improved guidance to beneficiaries, raising awareness campaigns on frequent errors, strengthening ex-ante controls; 2) at ex post level: increased audit coverage, close monitoring of the implementation of audit findings.

These remedial actions had led in the last years to a positive trend, reflected in the continuous decrease of the error rate:

⁽⁴⁶⁾ As WiFi4EU is based on a fixed lump sums and payment are based on technical parameters, it is not covered by the Audit Strategy, as there are no 'financial statements' available for the ex-post controls.

⁽⁴⁷⁾ In 2019, a de minimis rule for financial reservations was introduced stipulating that quantified AAR reservations related to residual error rates above the 2% materiality threshold are deemed not substantial and are no longer needed for segments representing less than 5% of a DG's total payments and with a financial impact below EUR 5 million. In 2021, the financial exposure of the programme was below EUR 5 M EUR (EUR 2.38 M EUR), but its share in budget implementation represented 5.23% of the total payments of the Agency.

Error rates evolution (2018-2023)

CEF Telecom programme – DSI	2018	2019	2020	2021	2022	2023
Detected error rate	1.24%	5.37%	4.95%	4.11%	3.91%	2.82%
Residual error rate	1.10%	5.26%	4.73%	3.84%	3.28%	2.46%
Reservation	No	No	No	Yes	No	No

Given the fact that the main cost category for CEF projects is staff costs, the audit findings with the largest financial impact for audits selected by value-based sampling are related to the incorrect calculation of staff costs, either in terms of incorrect methodology for calculating hourly rates or number of productive hours, or deviations of hours claimed compared to timesheets or missing supporting documentation. However, findings were detected as well in other cost categories, related to costs not directly linked to the project, incurred outside the reporting period.

At the end of 2022, even though the residual error rate remained above the 2% materiality threshold at 3.28% at the end of 2022, the reservation was lifted, as the cumulative conditions of the de-minimis rule were met. ⁽⁴⁸⁾

In 2023, the residual error rate further decreased but remained above the 2% materiality threshold at 2.46%, based on the 99 audited participations closed up to now. As the cumulative criteria for the 'de minimis' criteria are met, there is no need to issue a reservation for CEF-Telecom (DSI) for the year 2023.

The Agency monitors closely the evolution of the multiannual residual error rate of CEF-Telecom (DSI). Nevertheless, considering the gradual phasing out of this legacy programme, the Agency will carefully assess the cost-efficiency of any additional measures before their deployment.

Third Health Programme

Audits of the Third Health programme started in 2018 at CHAFEA, the predecessor of the Agency.

Since the beginning of the programming period, on a cumulative basis, the Agency closed 49 audits.

At the end of 2023, the residual error rate is at 1.79%, contained below the materiality threshold of 2%. Given the fact that the main cost category for Third health programme is staff costs, the audit findings with the largest financial impact in audits are related to the personnel costs category. They include miscalculation of hourly rates, unreliable time records or lack of supporting documents.

⁽⁴⁸⁾ At the end of 2022, the share of the programme in budget implementation represented 0.79% of the total payments of the Agency and the financial exposure was below EUR 5 million (EUR 1.4 million).

Error rates evolution (2019 ⁽⁴⁹⁾–2023)

Third Health Programme	2019	2020	2021	2022	2023
Detected error rate	0.82%	2.15%	2.15%	1.96%	1.86%
Residual error rate	N/A	1.96%	1.96%	1.88%	1.79%
Reservation	No	No	No	No	No

Food and Feed legacy programme

Ex post audits were carried out on a sample of payments made based on Member States' cost declarations which are submitted on an annual basis.

HaDEA launched its first audit campaign on the Food and Feed programme in 2022 ⁽⁵⁰⁾, which results became available in 2023.

At the end of 2023, HaDEA finalized all six audits launched in 2022; in addition, DG SANTE finalised three audit reports which included reporting periods paid by HaDEA. These actual audit results feed the error rate results for Food and Feed at the end of the year 2023 and are reported in the table below.

In 2023, no new audits were launched in the Food and Feed Programme, as this legacy programme phased out with no new payments performed in the course of the year.

Evolution error rates (2019–2023 ⁽⁵¹⁾)

Food and feed programme	2019	2020	2021	2022 ⁽⁵²⁾	2023
Detected error rate	0.5%	0.9%	0.5%	5.2% ⁽⁵³⁾	1.19%
Residual error rate	0.4%	0.8%	0.5%	NA	1.07%
Reservation	No	No	No	No	No

⁽⁴⁹⁾ No audit results available in 2018 for this programme.

⁽⁵⁰⁾ In line with the delegation of programme management to Executive Agencies (2021–2027): transfer of legacy activities from the DG SANTE to the Health and Digital Executive Agency (HaDEA) Ares(2021)2108617-25/03/2021.

⁽⁵¹⁾ The error rates presented in the table for years 2019 – 2022 are, as best and conservative estimate, based on the average error rates of the Food and Feed Programme from DG SANTE of the last three years. This proxy was used in the respective AAR in 2021 and 2022 as no audit results launched by HaDEA were yet available, after the transfer of the programme to HaDEA.

⁽⁵²⁾ The error rates for 2022 have been updated based on the data published by DG SANTE in the final version of the Annual Activity Report 2022. DG SANTE in the AAR 2022 explained as follows:

DG SANTE detected an error rate of 5.2% in a relatively small sample of eradication programmes of 2018 and 2019. Overpayments of a total of EUR 0.4 million were detected in three cost claims mainly due to misunderstandings of the eligibility rules in one cost category [...] the errors found in the ex-post audits of payments made in previous years cannot be extended to other non-audited payments made in 2022. Thus, no residual error rate is calculated. For the calculation of the overall risk at closure, a conservative estimated error rate of 2% is applied.

⁽⁵³⁾ This increase was attributable to a single audit leading to the rejection of part of the EU contribution, rather the incidence of widespread and systematic detected errors.

b) Programming period 2021-2027

Approximately **78% of the payments performed in 2023 in the Agency related to the programming period 2021-2027**. The payments for the Horizon Europe programme represented 55% of the payments in the Agency. Pre-financings occurred in 2023 for grants represented almost 93% of all payments made for the 2021-2027 programming period. For details, please see Annex 9, table X. Risk of errors in pre-financing payments is low because these funds remain the property of the EU and errors detected in pre-financing or interim payments can still be corrected at the final payment stage.

The multi-annual HaDEA Ex-post Audit Strategy related to the 2021-2027 programmes managed by the Agency was approved on 20 December 2023.

The strategy defines the audit approach, the audit principles and sets indicative targets in terms of number of financial audits of grants in relation to programmes EU4Health, Connecting Europe Facility Digital and Single Market Programme Food.

As the new programmes did not reach yet the corresponding level of maturity, with no interim or final payments performed in 2023 for Connecting Europe Digital and a limited number of interim or final payments on EU4Health, there are no audit results available for the new programming period as the first audit campaigns are to be launched in 2024 and related first audit results are expected by the end of 2024.

As regards Single Market programme, most of the payments and clearing of pre-financing took place in the second half of 2023. HaDEA performed its first pilot audit regarding European Reference Laboratories in December 2023, however audit results are not yet available. The first audit campaign on grants based on actual costs is to be launched in the course of 2024 and preliminary results are expected by the end of 2024. Part of the Single Market Programme (strands Veterinary eradication and as of 2023, Plant Health), is implemented via lump sum grants, subject to ex-post technical reviews.

As regards Digital Europe Programme, no payments were performed during 2023. The audit strategy for Digital Europe Programme, has been developed by DG CONNECT, in close collaboration with HaDEA, which will execute the audit strategy for the whole Digital Europe Programme, serving all Granting Authorities of the programme ⁽⁵⁴⁾.

2) Horizon 2020 and Horizon Europe

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

⁽⁵⁴⁾ In accordance with Annex I of the Delegation act to HaDEA, Commission Decision C(2021)948 final – 12/02/2021.

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 ⁽⁵⁵⁾ 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% ⁽⁵⁶⁾.

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.

Results of the ex-post controls

Horizon 2020

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

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

⁽⁵⁵⁾ These indicators are described in Annex 5.

⁽⁵⁶⁾ 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.

described in Annex 5 'Materiality criteria'. Use of the methodology yielded the following error rates for Horizon 2020 ⁽⁵⁷⁾ on 31 December 2023:

- **Cumulative representative detected error rate** for the Framework Programme: **2.57%** ⁽⁵⁸⁾
- **Cumulative residual error rate** for the Framework Programme: **1.55%** (1.74% for HaDEA ⁽⁵⁹⁾).

In 2023, the cumulative residual error rate for Horizon 2020 for the grants managed directly by HaDEA is calculated at 1.74 %, 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.

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% ⁽⁶⁰⁾ detected and residual error rate will be considered for HaDEA .

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, at research and family level, the 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. HaDEA participated to enhanced trainings on reporting and payments and audit implementation

⁽⁵⁷⁾ 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).

⁽⁵⁸⁾ Based on the 581 representative results out of the 788 expected in the five Common Representative Samples.

⁽⁵⁹⁾ It should be noted that in 2021 most of Horizon 2020 grants managed by DG Research and Innovation were delegated to Executive Agencies. Hence, this figure is based only on the actions that remained with the DG.

⁽⁶⁰⁾ These rates correspond to the objective set for Horizon Europe.

addressed as part of this communication plan and the Horizon Europe Ex ante controls guidance have been followed.

Since the start of Horizon Europe, HaDEA has made use of the support and guidance for lump sums provided by the Common Implementation Centre. Tools and guidance are continuously improved by the CIC following the feedback received, for example the detailed budget table and FAQs. The first significant wave of lump sum topics in Horizon Europe was launched in work programme 2023-2024. 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 HADEA will use the IT tools and guidance provided by the CIC, expected to be ready by Q2 2024.

B. Procurement

Procurement activities concern the launch of new calls for tenders, the use of framework contracts concluded by HaDEA or other institutions or low value contracts. Such activities can be funded by both the administrative and operational budget.

In 2021 already, the Agency established the Advisory Committee on Procurement and Contracts (ACPC). The mission of the ACPC is to ensure the conformity of the Agency's public procurement procedures with the relevant EU financial rules and guidelines and spread a culture of sound procurement management across the Agency. More specifically, the ACPC's scrutiny aims at assuring the effective compliance of the procurement procedures with the relevant rules while limiting the risk of potential financial loss and irregularities, which could negatively affect the Agency's reputation.

Due to the procurement activity taking place at the Agency, in particular for EU4Health programme, HaDEA has a dedicated sector composed of procurement experts. It provides legal advice and procedural guidance in relation to public procurement, in line with DG BUDG guidance. This sector works in close collaboration with the operational and financial units implementing procurement activities, ensuring compliance throughout the various stages of the procurement process, from planning to evaluation and award, then monitoring and supervisory measures.

As regards the EU4Health programme, in 2023 HaDEA launched a total of 33 procurement procedures, stemming from financing decisions, for a total indicative budget of EUR 320 million.

HaDEA signed 45 contracts in 2023, covering all the EU4Health programme priorities and objectives, for a total of 72 running actions, including the last legacy ones from the Third Health programme.

HaDEA has managed low value contracts as well open procurement procedures. Regardless of their value, the use of the Corporate eProcurement solutions (e.g. PPMT) offer various automated checks and pre-filled corporate templates, which aims to reduce manual intervention.

Considering the Agency's portfolio, HaDEA made the decision to formulate and introduce an enhanced control systems specifically tailored for procurement. The relevant control system has been developed and it is comprehensively outlined in the Agency's updated Control Strategy for the year 2023, as detailed in Annex 6.

2. Efficiency of the controls implemented

Ex-post audits carried out and closed

CEF Telecom

In line with the targets in the Annual Audit Plan 2023, HaDEA aimed in 2023 to close 14 ongoing audits launched in Annual Audit Programme 2022 and 4 stemming from the Annual Audit Programme 2021.

In addition, HaDEA launched 14 new audits in 2023, with closing target in 2024.

State of play of the audits launched and completion rate by the end of 2023:

	Audits launched	Final audit report issued by 31/12/2023	Preliminary audit report to be issued	Report under quality review	Contradictory procedure	Completion rate by 31/12/2023
Annual Audit plan 2021	19	18	0	0	1	94.74%
Annual Audit plan 2022	23	23	0	0	0	100%
Annual Audit plan 2023	14	2	3	8	1	14.29%

By the end of the year, the completion rate in relation to Annual Audit Plan 2022 is at 100%. The completion rate by the end of 2023 in relation to Annual Audit Plan 2021 is at 94.74%. The delays to finalise one audit were caused mainly due to the complexity of the audit file.

Third Health Programme

In 2023, HaDEA aimed to close the 13 audits launched in Annual Audit Programme 2022 by the year end as well two audits stemming from Annual Audit Programme 2021.

Nevertheless, the completion rate by the end of 2023 in relation to Annual Audit Plans 2021 and 2022 is at 92.31%. The delays to finalise two audits were caused mainly by the complexity of the open files.

In addition, HaDEA launched 11 new audits in the course of 2023, with closing target in 2024.

State of play of the audits launched and completion rate by the end of 2023:

	Audits launched	Final audit report issued by 31/12/2023	Preliminary audit report to be issued	Report under quality review	Contradictory procedure	Completion rate by 31/12/2023
Annual Audit plan 2021	13	12	0	0	1	92.31%
Annual Audit plan 2022	13	12	0	0	1	92.31%

Annual Audit plan 2023	11	0	4	7	0	0%
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Food and Feed legacy programme

The Agency launched six audits for the Food and Feed programme in its Annual Audit Plan 2022 with the closing target 2023. All audits were completed by the end of the year. Therefore, the completion rate for this programme is 100%.

Horizon 2020

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%).

Completion rate of Horizon 2020 ex-post audits in 2023

The overall target for 2023 was 642 audited participations. By 31 December 2023, the audits of 648 participations were closed (completion rate 100.9%).

3. Fraud prevention, detection and correction activities developed within HaDEA in 2023

Objective: The risk of fraud is minimised through the application of effective anti-fraud measures and the implementation of the Commission Anti-Fraud Strategy (CAFS) ⁽⁶¹⁾ aimed at the prevention, detection and correction ⁽⁶²⁾ of fraud		
Indicator: Implementation of the actions included in HaDEA's anti-fraud strategy over the strategy's lifecycle		
Source of data: HaDEA's annual activity report, HaDEA's anti-fraud strategy ⁶³ , OLAF reporting		
Baseline (2021)	Interim milestone (2023)	Target (by end of the strategy's 3-year lifecycle in 2024)
0% (The agency became operational in April 2021 and the Anti-Fraud strategy will be established as per the OLAF guidelines)	84% of action points (16/19) implemented in time	100% of action points due
Situation at the end of the year:	All action points from the Action plan in HaDEA's Antifraud Strategy to be completed during the year have been implemented except for the trainings activities, for which the participation rate is below the target of 100%.	

Main outputs in 2023:

⁽⁶¹⁾ Communication from the Commission "Commission Anti-Fraud Strategy: enhanced action to protect the EU budget", COM(2019) 176 of 29 April 2019 – 'the CAFS Communication' – and the accompanying action plan, SWD(2019) 170 – 'the CAFS Action Plan'.

⁽⁶²⁾ Correction of fraud is an umbrella term, which notably refers to the recovery of amounts unduly spent and to administrative sanctions.

⁽⁶³⁾ HaDEA anti-fraud strategy, covering the period 2022-2024, approved by the Interim Director on 17 December 2021 and adopted by the Steering Committee on 24 February 2022 (Ares(2022)1786345 – 10/03/2022).

Output	Indicator	Target	Latest known results
Trainings on fraud risk awareness for staff involved in grant management	Number of training sessions organised	2 sessions per year	4 training sessions on fraud risk awareness (2 more sessions organised due to increased demand). In addition, 2 training sessions on the use of the anti-plagiarism tools.
	Participation rate of the target staff in fraud awareness trainings	100% by end of 2022	88%
Participation in the Fraud Prevention and Detection network (FPDnet chaired by OLAF). Participation in the Fraud and Irregularities in Research Committee (FAIR chaired by CAS)	Effective participation in the meetings	Participate in all meetings organised during the year	HaDEA actively participated in all FPDnet and FAIR meetings organised in 2023.
Establishment and signature of the Agreement between HaDEA and the European Public Prosecutor's Office (EPPO)	Timely signature of the Agreement	30 June 2022	The signature of the Agreement was completed in July 2023.
Regular update of the fraud risk assessment	Effective performance of a fraud risk assessment exercise	Once per year	HaDEA performed the annual review of the fraud risk assessment in October-December 2023 ⁽⁶⁴⁾ . The review exercise confirms that HaDEA has adequate controls in place, adapted to its control environment and risks identified.

4. Economy = the estimated cost of controls

In 2023, HaDEA's cost of controls was calculated based on the corporate methodology for the estimation, assessment and reporting on the cost-effectiveness of controls.

⁽⁶⁴⁾ Approved on 21/12/2023 - [Ares\(2023\)8788032](#)

HaDEA costs of controls	Costs (M€)			Operational Payments 2023 (EUR millions)	Overall rate (total costs/total amount paid)
	Internal costs	External costs	Total		
Stage 1 – programming and evaluation	6.45	0.71	7.16	2,557.05	0.28%
Stage 2 – contracting	4.37	0.09	4.46	2,557.05	0.17%
Stage 3 – monitoring the execution	27.85	2.89	30.74	2,557.05	1.19%
Stage 4 – ex-post controls and recoveries	1.08	0.42	1.49	2,557.05	0.06%
TOTAL	39.74	4.11	43.83	2,557.05	1.71%

To calculate the estimated cost of controls, the following costs were considered:

Internal costs: costs of staff in control posts – The number of control posts as identified in ATLAS were multiplied by the average staff costs per staff category (as communicated by DG BUDG). These control posts were distributed between the different control stages either directly (for control posts that are associated to only one control stage) or by applying a share according to the estimated time of work spent for each of the control stages in 2023.

External costs: Programme Support costs – In addition to staff costs, the different programmes and control stages are supported by expenditure on HaDEA's administrative budget and operational budget. The following payments were included:

- Payments for outsourced ex-post audits
- Payments for Interim staff

Payments for external evaluation experts

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

6. Table Y – Overview of HaDEA’s estimated ‘costs of controls’ at Commission level

Table Y – Overview of DG’s/EA’s estimated cost of controls at Commission (EC) level:

- Overview of HaDEA's estimated cost of controls at Commission (EC) level								
EXPENDITURE	The absolute values are presented in EUR							
HaDEA	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	38.05 €	2,410.54 €	1.58%	1.47 €	66.78 €	2.20%	39.52 €	1.64%
Procurement	4.31 €	146.51 €	2.94%	- €	- €	0.00%	4.31 €	2.94%
OVERALL total estimated cost of control at EC level for expenditure	42.36 €	2,557.05 €	1.66%	1.47 €	66.78 €	2.20%	43.83 €	1.71%

7. Audits from the European Court of auditors (ECA) on the operational budget

A. Statement of assurance (DAS) 2021

In the framework of the statement of assurance (DAS) 2021, the European Court of Auditors (ECA) selected 16 transactions related to HaDEA’s portfolio. All 16 audits were closed by the end of 2022, with the following conclusions:

- In nine cases there were no findings detected;

Financial errors were detected in the remaining 7 cases ⁽⁶⁵⁾, most of them related to the personnel costs category. Except in one case, the ECA concluded that all audit findings were “not detectable” by the Commission services.

Status of implementation of DAS 2021 results:

Year SoA	Total ARCL	No findings	Implemented	Ongoing	CL ref. of ongoing files
2021	16	9	6	1	CL13004

B. Statement of assurance (DAS) 2022

In the context of the statement of assurance 2022, the ECA sampled 18 transactions ⁽⁶⁶⁾. ECA has finalised all 18 audits by the end of 2023, with the following findings.

- In 3 cases there were no findings detected;
- In 3 cases findings with no financial impact were detected;

⁽⁶⁵⁾ CL12801, CL 12806, CL 12941, CL 12959, CL13004, CL13166, CL 13195

⁽⁶⁶⁾ 17 transactions for H2020 and 1 transaction for 3rd Health Programme

Financial errors were detected in the remaining 12 cases ⁽⁶⁷⁾. For details, please see the table below.

CL Number	Error rates ⁽⁶⁸⁾	Cause of errors
CL 13560	11.23%	Ineligible personnel costs
CL 13669	6.19%	Incorrect calculation of hourly rates
CL 13671	5.09%	Ineligible personnel costs and VAT
CL 13686	21.69%	Ineligible internally invoiced goods and services
CL 13690	5.49%	Ineligible personnel and other direct costs
CL 13709	9.45% amended to 8.12%	Ineligible personnel and other direct costs, incorrect exchange rate
CL 13726	18.48%	Costs not incurred by the beneficiary and ineligible adjustments to previous period
CL 13729	10.76%	Ineligible personnel and subcontracting costs
CL 13731	5.95%	Ineligible travel costs
CL 13762	10.00%	Ineligible costs durable equipment
CL 13906	9.19%	Ineligible other direct costs
CL 13958	7.87%	Ineligible personnel costs

Status of implementation of DAS 2022 results:

Year SoA	Total ARCL	No findings	Implemented	Ongoing	CL ref. of ongoing files
2022	18	6	6	6	CL 13669, CL 13671, CL 13686, CL 13709, CL 13762, CL 13958

Regarding the increased use of simplified cost options, the European Court of Auditors has published a series of recommendations in its 2022 annual report. The Commission accepted most ECA recommendations regarding lump sum grants ⁽⁶⁹⁾ 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).

⁽⁶⁷⁾ 11 sampled transactions were related to Horizon 2020 and one transaction to the Third Health Programme (CL 13560)

⁽⁶⁸⁾ The cost items have been selected by the ECA using monetary unit sampling (MUS) to obtain a representative view of the legality and regularity of the entire audited population for MFF headings. Thus, the error percentages shown do not constitute an error rate for the audited project but contributes to the overall evaluation of EU expenditure.

⁽⁶⁹⁾ Out of the four recommendations of the ECA, the Commission fully accepted three and partially accepted the fourth.

8. Cases of derogation from the principle of non-retroactivity of grants

The Article 193 FR (new Financial Regulation Article 193.2) of the 2018 Financial Regulation requires the Agency to report on the cases of derogation from the principle of non-retroactivity of grants.

In 2023, HaDEA had **194 such cases**:

- **42 cases under EU4Health;**

- 2 cases under the call EU4H-2023-JA-IBA
These Joint Actions requested a retroactive starting date to ensure the eligibility of their kick-off events and the preparatory work linked to them.
- 1 case under the call EU4H-2022-JA-IBA: The Joint Action requested a retroactive starting date to ensure the operational readiness of the involved stakeholders. It also supported the ambition of the consortium to start delivering as soon as possible and to ensure timely input to the European Health Data Space (EHDS), in particular for the supporting actions needed for new cross border services.
- 1 case under the call EU4H-2022-JA-03: a retroactive starting date was granted to ensure that the results feed in with DG SANTE policy objectives.
- 9 cases under the call EU4H-2022-DGA-MS-IBA-1: The retroactive starting date was requested to ensure continuity of the activities and to avoid gaps with the previous grant funded by ECDC-HERA incubator.
- 6 cases under the call EU4H-2022-DGA-MS-IBA2: The requests for retroactive starting date were submitted to ensure a smooth implementation of the MyHealth@EU services.
- 1 case under the call EU4H-2022-DGA-MS-IBA3: The consortium requested a retroactive starting date to ensure a smooth and early implementation of the project.
- 3 cases under the call EU4H-2023-ERN2-IBA: The retroactive starting date of these grants was needed to ensure business continuity between the old grant, expiring on 30/09/2023 and the new one which was launched in Summer 2023.
- 1 case under the call EU4H-2022-PRES2-IBA
- 1 case under the call EU4H-2023-PRES-IBA

In these two cases, the projects needed to start well ahead of the Conferences in order to ensure a sufficient preparatory phase, i.e., identification of priorities and themes focus of the Conference, target group, project goals. Furthermore, it was necessary to ensure a suitable organisation (establishment of the working group and project budget, identification of suitable experts and high-level participants and to prepare the logistics (identification and contacting suppliers) in advance. These steps, among others, needed to be taken before the current formal start of the project.

- 17 cases under the call EU4H-2023-OG: The 17 grants below pertain to the operating grants which must be signed by 30/04 at the latest every year. The retroactivity of the grant was needed to ensure that the costs related to the functioning of the organisation could be granted from the date of submission either on 01/01/23 or 01/02/23 and until the end of the year (31/12/23):
- **26 cases under Horizon Europe Cluster 1;** For the majority of these grants, this is due to the fact that the Project Coordinators chose a “fixed” starting date during the grant agreement preparation; however, all beneficiaries were not able to sign in time the grant before that date. This resulted in a de facto retroactive starting date.
- **11 cases under Horizon Europe Cluster 4;**

1 project under the “Digital strand” of Horizon Cluster 4

- 1 project under the call HORIZON-CL4-2022-TWIN-TRANSITION-0

6 projects under the “Space strand” of Horizon Cluster 4

- 5 projects under the call HORIZON-CL4-2023-SSA-SST-ART195
- 1 project under the call HORIZON-CL4-2023-SPACE-01

The start date of these projects was about one month before the signature of the Grant Agreement. The retroactivity was deemed minimal, and the related risk was assessed as very small. There was no negative impact of these events; and rather a positive for the SST project series which could align better with their predecessor projects.

4 projects under the “Industry strand” of Horizon Cluster 4.

- 1 project funded under the call HORIZON-CL4-2022-RESILIENCE-01-11
- 1 project funded under the call HORIZON-CL4-2022-RESILIENCE-01-19
The operational priority has been to gather all reserve list projects into one single Commission Decision for efficiency reasons. There was no financial impact as the pre-financing payment is being regulated by the signature date of the Grants and not by their starting date.
- 1 project funded from the reserve list of topic HORIZON-CL4-2022-RESILIENCE-01-13: the starting date was postponed several times because HaDEA delayed the signature in order to gather all reserve list projects in one single Commission Decision for efficiency reasons. In response to the request from the consortium to provide a clear timeline for the action, they were finally granted a fixed starting date, even if the Grant Agreement was not signed yet on that date.
- 1 project funded under the call HORIZON-CL4-2022-SWEDEN-CONF-IND-IBA: the coordinator requested to start the project retroactively, to enable the organisation of a complex event.

- **110 cases under SMP Food;**
 - 26 grants under the call SMP-FOOD-2022-AMR-AG-IBA: work programme adopted after starting date of grants
 - 1 grant under the call SMP-FOOD-2022-AMRtool-AG-IBA
 - 25 grants under the call SMP-FOOD-2022-PHYTOPROGR-LS-IBA
 - 32 grants under the call SMP-FOOD-2022-VETPROGR-LS-IBA
 - 26 grants under the call SMP-FOOD-2023-AMR-AG-IBA

The retroactivity was foreseen and needed to ensure the start of these grants on 01/01/2023 and allowed to avoid the interruption of these EU compulsory yearly repetitive activities from the concerned designated beneficiaries (competent authorities of the Member States).

- **4 cases under the Digital Europe Programme;** Under the call Digital-2022-deploy-02-electronic-id, 4 Large Scale Project were selected to pilot the European Digital Identity Wallet (EUIW), one of the flagship initiatives of DG CONNECT. The implementation of the projects must follow the timeline provided by DG CONNECT. Indeed, the parent DG is in charge of releasing the Architecture Reference Framework and the reference implementation of the Wallet, necessary for the implementation of the projects. Therefore, DG CONNECT requested that all projects start the implementation on a common date to ensure a common and timely kick-off of the work. This resulted in retroactivity of the grant agreements by a few days/weeks.
- and **1 case under CEF-Digital:** 1 project funded under the call CEF-DIG-2022-GATEWAYS (GA number 101133100). The basic act, i.e., CEF Regulation 2021/1153, allows retroactivity back to the day when the act came into force. The call texts allow retroactivity back to the date of submission. The project did not start before the date of submission. As the project concerns infrastructure, retroactivity can be in the interest of the institution, due to a higher degree of maturity.

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

The Agency's Internal Control Framework, similarly to that of other Commission services, is composed of 17 Principles. The Agency's framework also includes a set of Internal Control Monitoring Criteria (ICMCs), which is revised every year to translate HaDEA's risk and control environment. HaDEA's 2023 assessment of the effectiveness of its internal control system (self-assessment) takes into account the following elements (but not exclusively): risk management activities, deviation reporting activities reported during the year, relevant audit results, the checks on the Internal Control Monitoring Criteria, results of an internal control survey for staff and managers, declarations of assurance by the Authorising Officers by Sub-delegation, results of the monitoring of the anti-fraud action plan.

The self-assessment identified areas that present a robust system of controls. The analysis also highlighted a limited number of weaknesses that have an impact on the effectiveness of the overall control systems of the Agency.

The Agency has concluded that 15 out of the 17 principles are present and functioning well. For the two remaining principles, 4 ⁽⁷⁰⁾ (component I 'Control Environment') and 12 ⁽⁷¹⁾ (component III – 'Control Activities'), some improvements are needed as minor weaknesses were noted.

The improvements and/or remedial measures implemented or envisaged are to:

- Continue the efforts to further develop monitoring approaches adapted to the specificities of each programme, especially for non-Horizon Europe programmes, following the adoption of the HaDEA control strategy in 2023.
- Ensure the continuous improvement of HaDEA procedures, notably in relation to expert and financial management. Also, the update of the intranet aims to provide the access to well-structured, easily accessible and visible procedures.
- Continue biannual reporting to the management on exceptions and non-compliance cases and reinforce their follow-up to avoid the recurrence of similar issues where relevant.
- Continue the awareness raising activities for staff as concerns ethics and conduct as well as anti-fraud training sessions.

These measures are part of dedicated action plans targeting the areas with the identified weaknesses.

⁽⁷⁰⁾ Principle 4 – The Agency demonstrates commitment to the competences.

⁽⁷¹⁾ Principle 12 – The Agency deploys control activities through corporate policies that establish what is expected and in procedures that put policies into action.

1. Risk management activities

HaDEA's risk management activities include the annual risk management exercise and a mid-term review. As for 2023, none of the identified significant risks in the HaDEA risk register have materialised. The mitigating measures were implemented in due time.

The Agency conducted its 2024 risk management exercise prior to the publication of this report. HaDEA identified six risks at significant level and none at critical level. While it falls outside the reporting period, the result of this exercise shows that some risks identified during the period are related to the implementation of the programmes delegated to the Agency as well as to the implementation of the new EU economic security strategy. The Agency identified the measures to reduce the negative effects of the risks identified to support the achievement of its objectives and will monitor the implementation of the action plan.

2. Deviation reporting activities

In 2023, 13 deviations were documented throughout the year. Out of these reported cases, four refer to non-compliance events that have triggered exceptions. In addition, two exceptions and three non-compliance events not linked between them were reported. The number remained stable compared to the previous year. The Agency handled a higher number of calls, signed more grants and contracts, and processed a higher number of financial transactions, both on the operating and operational budgets, which explains the number of cases registered.

The Agency will implement mitigation measures for each deviation. In addition, to lower the number of deviations and prevent recurrent errors, HaDEA will further develop its awareness raising activities, update its procedures and closely follow up on the exception and non-compliance events.

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

EA HADEA	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
Operational budget:	0.00	0.00	0.00	0.00	0.00% - 0.00%	0.00 - 0.00	0.00% - 0.00%	0.00 - 0.00	0.00 - 0.00
Grants 2021-2027	0.00	0.00	0.00	0.00	0.00% - 0.00%	0.00 - 0.00	0.00% - 0.00%	0.00 - 0.00	0.00 - 0.00
Horizon Europe	1 413.57	-1 402.09	20.88	32.37	2.00% - 2.00%	0.65 - 0.65	0.00% - 0.00%	0.00 - 0.00	0.65 - 0.65
Connecting Europe Facility (CEF) - Digital	63.90	-63.78	0.07	0.20	2.00% - 2.00%	0.00 - 0.00	0.00% - 0.00%	0.00 - 0.00	0.00 - 0.00
Digital Europe Programme	53.52	-53.52	0.00	0.00	0.00% - 0.00%	0.00 - 0.00	0.00% - 0.00%	0.00 - 0.00	0.00 - 0.00
Single Market Programme - veterinary eradication	72.34	0.00	0.00	72.34	2.00% - 2.00%	1.45 - 1.45	0.00% - 0.00%	0.00 - 0.00	1.45 - 1.45
Single Market Programme - laboratory, AMR, plant health	47.25	-12.28	18.56	53.52	2.00% - 2.00%	1.07 - 1.07	0.00% - 0.00%	0.00 - 0.00	1.07 - 1.07
EU4Health Programme	211.90	-208.27	2.49	6.11	2.00% - 2.00%	0.12 - 0.12	0.00% - 0.00%	0.00 - 0.00	0.12 - 0.12
Horizon Europe_Indirect	0.67	-0.67	0.00	0.00	2.00% - 2.00%	0.00 - 0.00	0.00% - 0.00%	0.00 - 0.00	0.00 - 0.00
Grants 2014-2020	0.00	0.00	0.00	0.00	0.00% - 0.00%	0.00 - 0.00	0.00% - 0.00%	0.00 - 0.00	0.00 - 0.00
Horizon 2020	514.14	-4.19	821.78	1 331.73	2.57% - 2.57%	34.23 - 34.23	0.83% - 0.83%	11.05 - 11.05	23.17 - 23.17
Connecting Europe Facility (CEF) - Telecom - DSI	20.21	0.00	32.36	52.56	2.82% - 2.82%	1.48 - 1.48	0.80% - 0.80%	0.42 - 0.42	1.06 - 1.06
Connecting Europe Facility (CEF) - Telecom - WiFi4EU	1.74	0.00	0.00	1.74	0.50% - 0.50%	0.01 - 0.01	0.00% - 0.00%	0.00 - 0.00	0.01 - 0.01
Third Health Programme	8.28	-1.05	10.53	17.76	1.86% - 1.86%	0.33 - 0.33	0.07% - 0.07%	0.01 - 0.01	0.32 - 0.32
Food and Feed Programme	0.04	0.00	0.09	0.13	1.19% - 1.19%	0.00 - 0.00	0.12% - 0.12%	0.00 - 0.00	0.00 - 0.00
Procurements	0.00	0.00	0.00	0.00	0.00% - 0.00%	0.00 - 0.00	0.00% - 0.00%	0.00 - 0.00	0.00 - 0.00
Procurements 2021-2027	124.72	0.00	0.00	124.72	0.50% - 0.50%	0.62 - 0.62	0.00% - 0.00%	0.00 - 0.00	0.62 - 0.62
Procurements 2014-2020	21.79	0.00	0.00	21.79	0.50% - 0.50%	0.11 - 0.11	0.00% - 0.00%	0.00 - 0.00	0.11 - 0.11
Experts (evaluation & monitoring)	2.99	0.00	0.00	2.99	0.50% - 0.50%	0.01 - 0.01	0.00% - 0.00%	0.00 - 0.00	0.01 - 0.01
Sub-total	2 557.05	-1 745.84	906.76	1 717.97		40.09 - 40.09	0.67% - 0.67%	11.49 - 11.49	28.60 - 28.60
operating budget	50.37	0.00	0.00	50.37	0.50% - 0.50%	0.25 - 0.25	0.00% - 0.00%	0.00 - 0.00	0.25 - 0.25
Total EA (operational + operating)	2 607.42	-1 745.84	906.76	1 768.34		40.34 - 40.34	0.65% - 0.65%	11.49 - 11.49	28.85 - 28.85
					Overall risk at payment in %	2.28% - 2.28% (7) / (5)		Overall risk at closure in %	1.63% 1.63% (10) / (5)

Notes to the table X

- (1) Relevant Control Systems differentiated per relevant portfolio segments and at a level which is lower than the total.
- (2) Payments made or equivalent, e.g., expenditure registered in the Commission's accounting system, accepted expenditure or cleared pre-financing. In any case, this means after the preventive (ex-ante) control measures have already been implemented earlier in the cycle.
- (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
- (6) 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 during the FY. This is a separate and 'hybrid' concept, intentionally combining elements from the budgetary accounting and from the general ledger accounting.
- (7) In this column, we disclose the detected error rates or equivalent estimates. To calculate the weighted Average Error Rate (AER) for the relevant expenditure in the reporting year, the detected error rates have been used. In addition, for EU4Health programme, Single Market Programme (veterinary eradication, laboratory, plan health and AMR), and CEF Digital, as no audits are yet available on these new programmes, the detected error rates used is at 2%, in line with control objective, considering that there are no audit results available allowing for an assessment of the level of errors. For Horizon Europe, in line with the approach taken at Research family level, the detected and residual error rates used is at 2%, in line with control objective, considering that there are no audit results available on Horizon Europe allowing for an assessment of the level of errors and taking into account the simplifications introduced for Horizon Europe that aim to reduce the error rate. For low-risk types of expenditure, including simplified cost options such as lump sums' grants type 1 for CEF Telecom Wifl4Europe, where there are indications that the equivalent error rate might be close to 'zero' (e.g. administrative expenditure, operating contributions to agencies), the rate which should be used is 0.5% as a conservative estimate, following DG BUDG instructions.
- (8) The adjusted average recovery and corrections percentage was calculated as follows:

For Horizon 2020, in line with the research and Innovation family, HaDEA has adjusted this value for grant management expenditure and used as best estimation the difference between the family expected cumulative representative detected error rate for the full sample (2.57%) and the HaDEA H2020 residual error rate (1.74%). For Horizon Europe, the estimated detected and residual error rates are 2%, with 0% ARC. For the programmes Single Market Programme, CEF Digital and EU4Health, the same approach is applied.

For the legacy programmes CEF-Telecom, in line with the approach inherited by the predecessor Agency INEA, the Average Recoveries and Corrections (ARC) are determined by comparing the auditable expenditure on a multiannual basis with the total amount to be corrected (all material errors are or will be corrected). The percentage of audit corrections compared to the auditable expenditure is the ARC. For the other programmes, as best estimates and the difference between the detected and residual error rates have been used taking into account their limited share in HaDEA's portfolio and as these programmes are phasing out.

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

The average amount of the implemented corrections over the past 3 years (2021-2023) is 2.22 million euros (0.16% of the average amount of relevant expenditure of that period), compared to an average amount of estimated future corrections during the same period of 10.04 (million) euros (0.72% of the average amount of relevant expenditure of that period). The deviation of 0.56% between the two averages is mainly attributed to audit results becoming available at the end of 2023, for which implementation will take place in the coming months.

2. Reservations

Since 2019 ⁽⁷²⁾, a 'de minimis' rule for financial reservations has been introduced. Quantified reservations related to residual error rates above the 2% materiality threshold are deemed not substantial for segments representing less than 5% of an Agency's total payments and with a financial impact below EUR 5 million. For the reporting year, HaDEA has identified one such case:

For the direct management – segment CEF Telecom DSI (legacy programme 2014-2020), the multi-annual residual error rate at the end of 2023 was at 2.46%, above the materiality threshold of 2% for financial reservations. However, the cumulative conditions for the application of 'de minimis' rule are met, since:

- the share of the segment represents 0.79% of the total payments of the Agency;
- the financial impact is low, at EUR 1.29 million.

Compared to 2022, we notice that even though the share of the programme in budget implementation increased by 0.17% of the total payments of the Agency, the financial impact decreased by EUR 0.03 million.

In addition, the weaknesses identified are not considered significant in terms of possible reputational risks as well as in terms of monetary loss. The management has reasonable assurance that, overall, suitable controls are in place and working as intended; risks are being appropriately monitored and mitigated; and necessary improvements and reinforcements are being implemented. Considering all the above HaDEA has decided not to issue a quantified financial reservation.

Given the amounts involved, the application of the 'de minimis' rule has marginal effect on the reservations of HaDEA for 2023.

⁽⁷²⁾ Agreement of the Corporate Management Board of 30/4/2019.

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

1. Human resources

Objective: HaDEA employs a competent and engaged workforce and contributes to gender equality at all levels of management to effectively deliver on the agency's priorities and core business.

Indicator 1: Number and percentage of first female appointments to middle management positions

Source of data: SYSPER [HaDEA C3.1]

Baseline (female representation in management) (31/12/2022)	Target (2024)	Latest known results
6 female managers out of 13, i.e., 46%	50 %	46% - Out of 13 middle management posts foreseen in the organisation chart of HaDEA, 6 are occupied by female colleagues – 46%, and 7 by male colleagues – 54%.

Indicator 2: HaDEA staff engagement index

Source of data: Commission staff or pulse survey [data to be provided by DG HR]

Baseline (last European Commission staff survey and pulse surveys)	Target (last European Commission staff survey or pulse survey N+1)	Results
72%	To maintain or increase	73%

Main Outputs in 2023

Description	Indicator	Target	Latest known results
Occupation rate	Percentage of staff in place by 31 December 2023	97%	97%
Talent selection manual	Adoption date	30 June 2023	25 July 2023 The manual was developed and reviewed by 16 staff members from across the Agency. This extensive collaboration resulted in a short delay in adoption.

New Decision on harassment prevention and revision of the manual of procedures	Adoption date	31 December 2023	Postponed to 2024 The Commission Decision was adopted in December 2023. This delayed the adoption of the Decision in HaDEA and consequently the revision of the manual of procedures.
Appointment and training of a local Mental Health First Aid (MHFA) contact person	Staff appointed and trained	30 June 2023	2 MHFA contact persons appointed. One had been trained by the end of 2023.
Appointment of an inclusion and diversity correspondent via a call for expression of interest	Staff appointed	31 December 2023	Postponed to the first half of 2024 due to organisational changes in the People Sector.
Automatisation of HR templates (offers & contracts)	Availability of the tool	31 December 2023	Project cancelled following unsuccessful testing and based on the results of the cost-benefit analysis.

Staffing table

(Based on actual staffing as of 31 December 2023)

Operational staff (1)	Staff (EU Budget, NGEU and other fund sources (EFTA and third countries contribution))						
	TAs	Of which Seconded officials	CAs	Total in place	Total all staff	Frontloading (2)	Filling rate including frontloading
EU4HEALTH	25	6	88	113	119		95%
SMP	3	2	12	15	14		107%
HE: Cluster 1	15	7	53	68	64		106%
CEF	7	2	18	25	29		86%
DEP	5	1	33	38	40		95%
HE: Cluster 4 (3)	29	12	85	114	116	4	95%
TOTAL Operational	84	30	289	373	382	4	98%
Management and administrative support	TAs	Of which Seconded officials	CAs	Total in place	Total all staff	Frontloading	Filling rate including frontloading
TOTAL Management and support	27	5	43	70	70		100%
TOTAL STAFF	111	35	332	443	452	4	97%

(1) All operational staff (operational finance included). For financial sectors, the distribution of staff between programmes is indicative. 5 posts are under temporary redeployment between EU4Health, DIGITAL and Horizon Europe: Clusters 1 and 4 and SMP in order to efficiently respond to peaks of workload over 2023. This redeployment was proposed by the Director and reported to the Steering Committee. It is expected to be corrected in the first half of 2024.

(2) In accordance with the final report of the Working Group Horizon Europe Cluster 4 on the repartition of staff and budget, operational Units dealing with Horizon Europe Cluster 4 are reinforced with 4 posts of contract agents frontloaded from 2024. The frontloaded posts are solely dedicated to the operational units dealing with Horizon Europe Cluster 4 within department B.

Seconded Officials – Frozen posts in the Parent DGs

Parent DG	Number of posts frozen in 2022	Number of posts frozen in 2023	Number of posts filled by 31/12/2023
DG SANTE	10	10	10
DG CONNECT	8	8	7 (1)
DG DEFIS	4	4	4
DG GROW	3	3	3
DG RTD	17	16 (2)	11 (3)
Total	42	41	35

(1) In agreement with DG CONNECT and in line with the guidelines for the establishment and operation of executive agencies financed from the EU budget and other sources - one seconded official post has been filled by engaging an TA2f temporary member of staff.

(2) In agreement with DG RTD, one post TA2a was transformed into TA2f and freed. It brings the total number of frozen posts in DG RTD to 16 in 2023.

(3) In agreement with DG RTD and in line with the guidelines for the establishment and operation of executive agencies financed from the EU budget and other sources - three seconded official posts have been filled by engaging an AT2f temporary members of staff. Two posts are vacant.

Overview staff in place at the end of 2023 vs. 2023 target

Funding source	Target 2023	Staff in place 2023
SFS allocation	441	432
Frontloading (Cluster 4)	4	
EFTA and third countries contributions	11	11
Total	456	443

2. Digital transformation and information management

Objective: HaDEA is using innovative, trusted digital solutions for better information management and administrative processes to become a truly digitally transformed, user-focused and data-driven Agency

Indicator 1: Degree of implementation of the digital strategy principles by the most important IT solutions

Source of data: HaDEA C3.3

Baseline (2021)	Interim milestone (2022)	Target (2024)	Latest known results
50%	68%	90%	82%

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

Source of data: HaDEA data inventory [HaDEA C.3.3]

Baseline (2021)	Interim milestone (2023)	Target (2024)	Latest known results
0%	50%	80%	50%

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

Source of data: EU Learn, HaDEA C.2.3/C3.1

Baseline (2022)	Interim milestone (2023)	Target (2024)	Latest known results
22%	80% of staff in post for 9 months or longer	100% of staff in post for 9 months or longer	81.8% of HaDEA staff in post for 9 months or longer

Main outputs in 2023

Description	Indicator	Target	Latest known results
Migration to Welcome domain	% of staff migrated by the end of the year	95% by 31 December 2023	100%
Implementation of the corporate guidance on data quality	Number of awareness-raising actions on corporate guidance on data quality	3	3
Awareness-raising activities on data protection matters	2023 Data protection Day	1 event successfully held by 31 December 2023	1 event on "Data protection compliance in public procurement" held on 26 January 2023
	Number of data protection information sessions	4 training sessions	13 training sessions

Documentation of personal data processing activities	Number of data protection notices and records issued	At least 25	25
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Access to documents

HaDEA replied or was associated to a total of 37 requests for access to documents and handled three confirmatory requests. All requests were addressed within the legal deadlines foreseen by Regulation 1049/2001.

HaDEA also provided two internal training sessions on the Agency's procedure on how to handle request for access to documents.

3. Sound environmental management

Objective: HaDEA 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 promote 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)

Description	Indicator	Target	Latest known results
Priority action to support the Greening the Commission Communication and action plan			
Participation in corporate energy saving actions, by closing down EA's buildings during the Christmas and New Year's / summer holiday period, and/or optimisation of the temperature in EC buildings	Agency participates in: - end of year energy saving action - summer energy saving action - optimisation of comfort hours and/or comfort temperature	Yes	The Agency participated in the summer and winter action, together with other EAs sharing the building. The preparation for the move of EISMEA and REA meant only the evaluation platform was closed during the summer action.
Other recommended actions			
Staff awareness actions to reduce energy use in the framework of EMAS corporate campaigns and/or awareness actions about EA's total energy consumption in collaboration with OIB where appropriate.	Number of actions related to energy consumption	1	1 (participation in the BEST energy saving action)
	Number of actions related to water consumption	1	1 (through participation in the BEST energy saving action).

Staff awareness actions to reduce water use in the framework of EMAS corporate campaigns and/or awareness raising actions about EA's water consumption in collaboration with OIB where appropriate			HaDEA had planned a dedicated awareness raising action as part of the EAs Green Week on waste-reduction in collaboration with OIB, but due to unavailability of colleagues in charge of this topic, this has been postponed to 2024.
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II. Reducing CO2, equivalent CO2, and other atmospheric emissions

Description	Indicator	Target	Latest known results
Priority action in line with the Greening the Commission Communication and action plan			
Analysis of EA's missions trends / patterns (based on corporate EC staff's and experts' professional trips (missions), optimise and gradually reduce CO2 emissions (e.g. by reducing the number of participants in the same mission, promoting more sustainable travelling options, promoting videoconferencing/ virtual events as an alternative).	Signature of the EC DG/Service Travel Pladge	Yes	Yes
	% of reduction of HaDEA's CO2 (t) emissions from missions (Baseline: 2019)	20%	65%
Other recommended actions			
Staff awareness actions on reducing GHG emissions (such as actions on sustainable commuting during EU Mobility week and VeloWalk corporate events) and/or raise staff awareness on sustainable commuting in collaboration with OIB (e.g. availability of bike parking facilities, lockers and showers, promote the reduction of parking spaces' use amongst staff)	% of staff participating in VeloWalk	10 % of staff participating in VeloWalk	11% (7.5% of HaDEA staff participated in VeloMay and 3.5% participated in the Walking challenge)
Staff awareness on digital pollution and gradual change of behaviours avoiding heavy emails, encouraging the use of ICT platforms, avoiding unnecessary storage of data.	Number of events organised	1 event organised	1 communication campaign and 1 information session organised as part of the EAs Green Week on waste-reduction
III. Reducing and management waste			
Description	Indicator	Target	Latest known results

Staff awareness actions about waste reduction and sorting in the framework of EMAS corporate campaigns and/or staff awareness actions about the Agency's waste generation in collaboration with OIB/OIL where appropriate (for example, promote and label the waste sorting schemes in place).	Number of actions	1 action	1 Green Week on waste-reduction, organised jointly by the Executive Agencies
	Percentage of staff informed	100% of staff informed	100% of staff informed, through: intranet, e-mail to all staff, weekly newsletter and posters

4. External communications

External communications			
Main outputs in 2023			
Description	Indicator	Target	Latest known results
Promotion of funding activities	Website visits/ page views (Source of data: Web Statistics)	250 000 Baseline: 228 000	732 127
	Website visitors (Source of data: Web Statistics)	170 000 Baseline: 150 000	230 271
	Average organic impressions on X (Twitter) posts about calls (including boosted posts) (Source of data: Socialbakers)	1650 Baseline: 1628	2063
	Average organic engagement rate on calls for proposals post on X (Twitter) (including boosted posts) (Source of data: Emplifi)	0.58% Baseline: 0.57%	0.33% ⁽⁷³⁾

⁽⁷³⁾ Engagement rate displays the average number of interactions per follower per post. Engagement rate is calculated by dividing the number of interactions per day by the number of followers on that day and finally by the number of posts on that day. The final engagement rate figure is obtained by calculating the average of all the engagement rate values for all the days that are being examined. Given that HaDEA accounts cover all the different areas managed by the Agency, as the number of followers grows it is natural that the engagement rate decreases, since not all followers are interested in all the contents.

	Average organic impressions on LinkedIn posts about calls (Source of data: Emplifi)	1800 Baseline: 1779	2203
	Average organic engagement rate on posts about calls for proposals on LinkedIn (including boosted posts) (Source of data: Emplifi)	0.4% Baseline: 0.38%	0.29% ⁽⁷⁴⁾
	Average impressions of paid campaigns on calls for proposals/tenders on X (Twitter)	295 200 Baseline: 295 161	669 238
	Average impressions of paid campaigns on calls for proposals/tenders on LinkedIn	50 400 Baseline: 50 347	44 712 ⁽⁷⁵⁾
	Average link clicks on paid campaigns on calls for proposals/tenders on X (Twitter)	560 Baseline: 559	1076
	Average link clicks on paid campaigns on calls for proposals/tenders on Twitter	200 Baseline: 199	404
Engaging with beneficiaries and stakeholders	Number of followers on Twitter (Source of data: Emplifi)	7000 Baseline: 5 237	8 334
	Number of followers on LinkedIn (Source of data: Emplifi)	16 000 Baseline: 11 640	20 565

5. Internal communications

Internal communications			
Main outputs in 2023			
Communications to staff			
Description	Indicator	Target	Latest known results
Promotion of information on the intranet	Number of visits on the intranet	175 000 Baseline: 156 454	157 621

⁽⁷⁴⁾ See previous footnote.

⁽⁷⁵⁾ The Agency always optimises its campaigns' performance for click links/website visits in order to attract visitors and potential applicants to the calls, so impressions are not as high.

			As the number of staff in the Agency is becomes stable, the number of visits on the intranet also stabilises. The Agency is now reaching cruising speed.
HaDEA Discovery Tour	Number of presentations to staff	4 Baseline: 5	4
Weekly staff newsletter	Number of newsletters	38 Baseline: 38	38

Engaging with staff

Description	Indicator	Target	Latest known results
Staff surveys	Number of surveys	8 Baseline: 8	8
HaDEA Discovery Tour	Participation rate	40% Baseline: 57.9%	75%
Events	Number of events	5 Baseline: 3	7
	Participation rate at events	75% Baseline: 90%	66.15% (the lower rate was due to the fact that many of these events were in hybrid mode)

Informing staff on management decisions

Output	Indicator	Target (2022 as baseline)	Latest known results
Management meeting videos	Number of videos	35 Baseline: 37	32 (lower output due to 3 Management meetings not taking place or not being filmed)
	Number of views	2500 views Baseline: 2644	1924 (lower views due to not enough staff viewing the videos)
	Average time viewed	35% average time viewed Baseline: 70%	76%

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.