



Annual Activity Report 2021

Annexes

European Climate, Infrastructure and
Environment Executive Agency (CINEA)

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

For the Director in charge of risk management and internal control:

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

I hereby certify that the information provided in Section 2 of the present Annual Activity Report and in its annexes is, to the best of my knowledge, accurate and complete.

31 March 2022

Paloma Aba Garrote

(e-signed)

For the Director taking responsibility for the completeness and reliability of management reporting on results and on the achievement of objectives:

I hereby certify ⁽²⁾ that the information provided in Section 1 of the present Annual Activity Report and in its annexes is, to the best of my knowledge, accurate and complete.

31 March 2022

Dirk Beckers

(e-signed)

⁽¹⁾ C(2017)2373 of 19.04.2017.

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

ANNEX 2: Performance tables

Performance Table 1 – CEF Transport, including legacy

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

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

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

From 2020-2024 Strategic Plans

Parent DG: DG MOVE

Related to spending programme: CEF Transport

Main outputs in 2021:

Source of data: CINEA internal

Output	Indicator	Target	Results
			All targets have been reached except from a minor deviation on Time to inform
Evaluation of project proposals – estimated number: 130	Time to inform	100% of the beneficiaries informed on time	Proposals evaluated: 139 99.24% (CEF-T-2019-MAP-BF-AF-4 has one late information due to an IT issue at submission stage)
Timely reimbursement of external experts	Time to pay	>98% within the TTP	100% of payments within time to pay
Preparation and signature of grant agreements – estimated number: 60	Time to grant	>98% of the grant agreements signed on time	Grant agreements signed: 107 100% of the grant agreements signed on time
- pre-financing payments – estimated number: 60 [legacy]	Time to pay	100% within the time to pay (pre-financing requests)	Pre-financing payments: 109 100% within time to pay
Reports review, including Action Status Reports (ASRs), and execution of payments - estimated number:	Time to pay	>98% within the time to pay (all other payments)	ASRs submitted: 547 Further pre-financing payments: 190 Interim payments: 199

Output	Indicator	Target	Results
- ASRs: 525 [legacy] - further pre-financings: 200 [legacy] - interim payment requests: 180 [legacy] - final payment requests: 80 [legacy]			Final payments: 83 98.9 % within time to pay (5 late payments)
Feedback to policy: - Note on ASRs submitted to DG MOVE	Quality input provided on time	By July 2021	ASR note sent to DG move on 29/07/2021
- Input, on request by MOVE, to the revision process of the TEN-T Guidelines Regulation 1315/2013	Quality input provided on time	Throughout 2021	Input provided throughout 2021
- Support to EU Coordinators and horizontal priorities (e.g. SESAR, Intelligence Transport Systems-ITS)	Quality input provided on time	Throughout 2021	Input provided throughout 2021
- QlikSense Dashboard with programme data and GIS tool with indicators	First modules released and training to DG MOVE users provided	End of 2021	Two major releases provided to DG MOVE with trainings organised in June and December 2021.
Important communication outputs (list non-exhaustive) • 2020 CEF MAP Call Info Day • Info Day on first 2021 call • ERTMS (European Rail Traffic Management System) Virtual Workshop • A workshop on 'CEF success stories' • A workshop addressed to CEF beneficiaries, focused on the transition to CEF2 • A workshop dedicated to CEF contribution to rail	Convened events	Throughout 2021	Throughout 2021 CINEA organised two Info Days and two rail-specific events. It also provided support for the promotion at eight other external events including the Connecting Europe Express train with the exhibition coach and related events.
	Satisfaction rate of participants at info days	>90% satisfaction rate	89% satisfaction rate

Output	Indicator	Target	Results
• CEF brochure on ITS for ITS World Congress • CEF brochure on Alternative fuels to show contribution to EU Green Deal • Publication on CEF supporting private investment for the completion of TEN-T	Quality publications produced and disseminated	Up to 4, including updates	The brochure on ITS was produced, while the other products will be re-considered for a later stage.

Performance Table 2 – CEF Energy, including CEF Energy legacy

Specific objective: 1. Energy is clean, affordable and secure.

From 2020-2024 Strategic Plans

Parent DG: DG ENER

Related to spending programme: CEF Energy

Main outputs in 2021:

Source of data: CINEA internal

Output	Indicator	Target	Results
			All targets have been reached.
Evaluation of project proposals – estimated number up to 100	Time to inform	100% of the beneficiaries informed on time	Not applicable as there were no CEF Energy calls with the evaluation procedure being completed in 2021
Timely reimbursement of external experts	Time to pay	>98% within the time to pay	100% of payments within time to pay
Preparation and signature of grant agreements – estimated number: up to 5, subject to the call launch deadline [new]	Time to grant	>98% of the Grant agreements signed on time	Grant agreements signed: 7 (CEF legacy) 100% signed on time
- execution of pre-financings: 7 [legacy]	Time to pay	100% within the time to pay (pre-financing requests)	Pre-financing payments: 11 100 % within time to pay
Reports review, including Action Status Reports (ASRs), and execution of payments - estimated number: - ASRs: 40 [legacy] - further pre-financings: 10 [legacy] - interim payments: 8 [legacy] - final payments: 20 [legacy]	Time to pay	>98% within the time to pay (all other payments)	98.2% within time to pay (one late payment) ASRs submitted: 38 Further pre-financing payments: 16 Interim payments: 20 Final payments: 19
Feedback to policy: - Note on ASR to DG ENER	Quality input provided on time	By July 2021	The ASR note was submitted to DG ENER on time.
- Further update of the Transparency Platform	Quality input provided on time	Throughout 2021	Continuous update of the Transparency Platform with 4 th Projects of Common Interest (PCI) list; in December, the Transparency Platform was updated with the PCIs of

Output	Indicator	Target	Results
			the new list (5 th PCI list)
- Provision of updated information on the status of the PCIs and the CEF Energy funded actions	Quality input provided on time	Throughout 2021	Ad-hoc feedback organised for several actions throughout 2021
Important communication outputs (list non-exhaustive) • PCI Energy Days • Info days for at least 2 calls	Convened events	Throughout 2021	Throughout 2021 CINEA provided support for the promotion of six external events, including an EUSEW targeted event on CEF cross-border RES and RENEWFM PCI Energy Days were not organised in 2021 by DG ENER.
	Satisfaction rate of participants at info days	>90% satisfaction rate	Three Info Days organised 84% satisfaction rate
Publications • CEF ENERGY cross border RES leaflet • CEF Energy supported actions brochure update	Quality publications produced and disseminated	Up to 3, including updates	The planned leaflet and brochure were produced in 2021.

Performance Table 3 – Renewable Energy Financing Mechanism (RENEWFM)

Specific objective: 1. Energy is clean, affordable and secure.

From 2020-2024 Strategic Plans

Parent DG: DG ENER

Related to spending programme: RENEWFM

Main outputs in 2021:

Source of data: CINEA internal

Output	Indicator	Target	Results
Preparation of the call for proposals	Quality input provided on time	For launching the call as per the confirmed schedule	No RENEWFM call was ultimately launched due to lack of binding commitments from Member States.
Evaluation of project proposals – estimated number:30	Time to inform	100% of the beneficiaries informed on time	
- Important communication outputs - Info day/stakeholder eventSupport for ENER half-day high-level conference (Q2 2021), possibly including sub-thematic workshops - Support for various conferences and working groups of the Energy Union Committee.	Convened events	Throughout 2021	Support for the promotion of five external events including a dedicated session during EUSEW 2021.
	Satisfaction rate of participants at info days	>90% satisfaction rate	No Info Days were organised in 2021, as no call was launched.
Leaflet tbc	Quality publications produced and disseminated	Up to 1 - TBC	Promotion through Internet, newsletters and events was provided, while no high level events/publications were organised due to postponement of the call.

Performance Table 4 – JTM- PSLF

Specific objective: 1.3 Just transition.

From 2020-2024 Strategic Plans

Parent DG: DG REGIO

Related to spending programme: JTM

Main outputs in 2021:

Source of data: CINEA internal

Output	Indicator	Target	Results
Prepare call and grant agreement templates	Quality input provided on time	End of 2021 for launching the call at the end of the year	The call was postponed to 2022. Preparation of call and grant agreement templates is well advanced.
Important communication outputs (subject to the timing of the first call) • Info day for first call • Call flyer	Convened events Satisfaction rate of participants at info days	Date depending on the call launch >90% satisfaction rate	Support provided for the promotion of four external events. No Info Days were organised, as no call was launched. An introductory flyer was produced in 2021.

Performance Table 5 – Horizon Europe Climate, including H2020 legacy

Specific objective DG R&I: 1.1. High-quality science, knowledge and innovative solutions support climate policies and help to preserve biodiversity, ecosystem and natural resources.

Specific objective DG R&I: 1.2. Mainstreaming of the public and private research and innovation investments for climate actions strengthens the European Green Deal's impact.

Specific objective DG R&I: 1.3. Co-creation of Horizon Europe and its missions and partnerships increases awareness of the key role of research and innovation for achieving climate neutrality.

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

From 2020-2024 Strategic Plans

Parent DG: DG R&I and DG CLIMA

Related to spending programmes: Horizon Europe Climate and H2020 Climate

Main outputs in 2021:

Source of data: CINEA internal

Output	Indicator	Target	Results
			All targets have been reached except for Time to grant due to delays caused by the transition to the new Agency
Evaluation of project proposals – estimated number: 120	Time to inform	100% of the beneficiaries informed on time	Proposals evaluated: 136 100% of beneficiaries informed on time
Preparation and signature of grant agreements – estimated number: 29	Time to grant	>98% of the Grant agreements signed on time	Grant agreements signed: 25 44% signed on time 14 grants (H2020-LC-CLA-2020-2 call) were signed late due technical and procedural complications linked to the transition of the grants under preparation from the ex-EASME.
- pre-financings estimated number: 29	Time to pay	100% within the time to pay	Pre-financing payments: 25 100% within time to pay
Reports review and execution of payments -estimated number: - interim payments requests: 20 [legacy] - final payments requests: 12 [legacy]	Time to pay	>98% within the time to pay (all other payments)	Interim payments: 20 Final payments concluded: 16 100% time to pay

Output	Indicator	Target	Results
Feedback to policy: - CORDIS Results Pack on Climate Adaptation	Produced pack	1 pack	One CORDIS results pack produced (i.e. Climate neutrality: pathways for achieving the European Green Deal)
- Cluster events	Convened events	2 events	Two cluster events organised
Important communication outputs (list non-exhaustive) - Support for Research and Innovation Days & Arctic Circle Assembly - Horizon Europe cluster 5 Info Day	Convened events	Throughout 2021	One dedicated session organised at UNFCCC COP26 (on the transformation of energy system featuring H2020 projects); Throughout 2021 CINEA provided support for the promotion of seven external events and participated in the Climate, Energy & Mobility at the Horizon Europe Info Days (Cluster 5) which was organised centrally by DG R&I.
	Satisfaction rate of participants	>90% satisfaction rate	N/A (organised by DG R&I)
Publications A climate action publication	Quality publications produced and disseminated	Up to 1	CINEA contributed to one RTD publication based on H2020 Climate action projects ('Climate action in the post-Covid world')

Performance Table 6 – Horizon Europe Energy, including H2020 legacy ⁽³⁾

Specific objective DG R&I: 1.1: High-quality science, knowledge and innovative solutions support climate policies and help to preserve biodiversity, ecosystem and natural resources.

Specific objective DG R&I: 1.2: Mainstreaming of the public and private research and innovation investments for climate actions strengthens the European Green Deal's impact.

Specific objective DG R&I: 1.3. Co-creation of Horizon Europe and its missions and partnerships increases awareness of the key role of research and innovation for achieving climate neutrality.

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

From 2020-2024 Strategic Plans

Parent DG: DG R&I and DG ENER

Related to spending programmes: Horizon Europe Energy and H2020 Energy

Main outputs in 2021:

Source of data: CINEA internal

Output	Indicator	Target	Results
			All targets have been reached.
Evaluation of project proposals – estimated number: 855 (742 HE and 113 Green deal call)	Time to inform	100% of the beneficiaries informed on time	Evaluated proposals: 855 100% of beneficiaries informed on time
Preparation and signature of grant agreements – estimated number: 37 [legacy] - pre-financing number: 38 [legacy]	Time to grant	>98% of the grant agreements signed on time 100% within the time to pay	Grant agreements signed: 44 100% signed on time Pre-financing payments concluded: 49 100% within time to pay
Reports review and execution of payment for projects, estimated number: - interim payment requests: 166 [legacy] - final payments requests: 103 [legacy]	Time to pay	>98% within the time to pay	Interim payments: 133 Final payments: 56 100% within time to pay
Feedback to policy: - CORDIS Results Packs (a.o. geothermal, solar power, ocean energy, digitalization)	Produced pack	At least 6 packs produced/updated until the end of 2021	Five CORDIS packs on smart grids & storage, solar power, ocean energy, social sciences & humanities, construction skills for energy efficiency

⁽³⁾ H2020 Energy CET legacy is included in Performance Table 9.

Output	Indicator	Target	Results
- Cluster events	Convened meetings	Up to 10 meetings	Five meetings were convened
- Dissemination and exploitation of results	Number of projects benefitting from D&E support services (e.g. New Exploitation Booster, Innovation Radar)	At least 8	Throughout 2021 approx. 20 projects applied for the New Exploitation Booster, two projects benefited from the Innovation Radar
- Other (project data for legislative initiatives, input to work programmes, flashnotes from strategic initiatives etc)	Number of policy feedback contributions	At least 20	Over 20 feedback to policy contributions were provided throughout 2021.
Important communication outputs (list non-exhaustive) • Participation and support for various events (European Geosciences Union, EUPVSEC, Enlit Europe and others) • Support to ENER's event on digitalization of the energy system • European Biomass Conference + Exhibition, Marseille	Convened events	Up to 10, including promotional events and info days)	Throughout 2021 CINEA provided support for the promotion of 11 external events and participated in the Climate, Energy & Mobility at the Horizon Europe Info Days (Cluster 5) in June 2021 which was organised centrally by DG R&I
	Satisfaction rate of participants in info days	>90% satisfaction rated	N/A (organised by DG R&I)
Newsletters – electronic - 11 per year to Horizon Europe Energy community	Quality Newsletters produced and disseminated to Horizon Europe Energy community	11 Newsletters	One CINEA publication and 11 newsletter Editions were produced throughout 2021

Performance Table 7 – Horizon Europe Mobility, including H2020 legacy

Specific objective DG R&I: 1.1: High-quality science, knowledge and innovative solutions support climate policies and help to preserve biodiversity, ecosystem and natural resources.

Specific objective DG R&I: 1.2: Mainstreaming of the public and private research and innovation investments for climate actions strengthens the European Green Deal's impact.

Specific objective DG R&I: 1.3. Co-creation of Horizon Europe and its missions and partnerships increases awareness of the key role of research and innovation for achieving climate neutrality.

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

From 2020-2024 Strategic Plans

Parent DG: DG R&I and DG MOVE

Related to spending programmes: Horizon Europe Mobility and H2020 Transport

Main outputs in 2021:

Source of data: CINEA internal

Output	Indicator	Target	Results
			All targets have been reached.
Evaluation of project proposals – estimated number: 630 (580 HE and 50 Green deal call)	Time to inform	100% of the beneficiaries informed on time	Proposal evaluated: 175 100% of beneficiaries informed on time
Preparation and signature of grant agreements – estimated number: 21 [legacy]+ TBC for HE	Time to grant	>98% of the Grant agreements signed on time	Grant agreements signed (legacy): 21 100 % signed on time
pre-financing number: 45 [legacy]	Time to pay	100% within the time to pay	Pre-financing payments concluded: 40 100% within time to pay
Reports review and execution of payment for projects, estimated number: – interim payments requests: 82 [legacy] – final payments requests: 76 [legacy]	Time to pay	>98% within the time to pay	Interim payments: 72 Final payments: 53 100% within time to pay
Feedback to policy: – Cluster events	Convened meetings	Up to 5 events	Four cluster events organised including on EU Sustainable and Smart Mobility Strategy, Batteries, Aviation noise, Automation acceptance.

Output	Indicator	Target	Results
Important events & Publications (list non-exhaustive) • Participation and support for various events (Paris Air Show, EUCAD, CIVITAS Forum)	Convened events	Up to 10, including info days	Throughout 2021 CINEA provided support for the promotion of seven external events including Hamburg World ITS Congress, EU Week of Regions and Cities (while Paris Air Show along with the planned aviation project synopsis was cancelled). CINEA participated in the Climate, Energy & Mobility at the Horizon Europe Info Days (Cluster 5) in June 2021 which was organised centrally by DG R&I
	Satisfaction rate of participants at info days	>90% satisfaction rate	N/A (organised by DG R&I)
Publications • H2020 waterborne transport projects brochure - a synopsis of all relevant H2020 projects • Synopsis of H2020-funded aviation projects Publications on aircraft noise emissions reduction and hybrid propulsion • Urban Air Mobility and drones publication • Update of Automated Road Transport (ART) brochure and Green Vehicles brochure + batteries	Quality publications produced and disseminated	Up to 7 publications	CINEA produces two publications (ART, Green vehicles) while the remaining planned publications were carried over to 2022.

Performance Table 8 – Innovation Fund

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

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

From 2020-2024 Strategic Plans

Parent DG: DG CLIMA and DG ENER

Related to spending programme: Innovation Fund

Main outputs in 2021:

Source of data: CINEA internal

Output	Indicator	Target	Results
			All targets have been reached.
Evaluation of project proposals – estimated number: 520	Time to inform	100% of the beneficiaries informed on time	Proposals evaluated: 605 100% of beneficiaries informed on time
Timely reimbursement of external experts:	Time to pay	>98% within the time to pay	98.8 % within time to pay
Preparation and signature of grant agreements – estimated number: 40	Time to grant	>98% of the grant agreements signed on time	Grant agreements signed: 30 100% signed on time
Feedback to policy: -Note on lessons learnt from the evaluations, including based on feedback from applicants	Quality input provided on time	By July 2021	CINEA produced two lessons learned documents.
	Satisfaction rate of applicants and evaluators in surveys	>80% satisfaction rate	1600 unique visitors in total 85% (Large scale call applicants)-88% (Small scale call applicants) from the Helpdesk support. For both calls, expert evaluation satisfaction 80% (from briefing) and 92% (from consensus meeting and the management of the evaluation).
Important communication outputs (list non-exhaustive) - Info day - Large-scale projects call - Info day - Small-scale projects call	Convened events	Up to 5 including info days and conferences	CINEA organised two Info Days

Output	Indicator	Target	Results
Innovative Clean Tech Financing Conference	Satisfaction rate of participants in info days	>90% satisfaction rate	82% satisfaction rate of participants
- Publication on 2020 call results, (submission statistics and winning projects) - At least 6 webinars around specific elements of call	Quality publications produced and disseminated	Up to 1	Throughout 2021 CINEA provided support for the promotion of 13 external events including a Clean Tech Financing Conference. Contribution for three press releases of call results was provided, along with lessons learned from the closed calls, while 30 project fiches were produced. Two lessons learned webinars and one signature event were also organised.

Performance Table 9 – Programme for the Environment and Climate Action (LIFE), including LIFE legacy and H2020 Energy CET

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

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

Specific objective DG ENV: 1. Circular Economy: The EU economy is more circular and uses natural resources and products more sustainably Circular economy.

Specific objective DG ENV: 2. Biodiversity: Biodiversity and natural ecosystems in the EU are put on the path to recovery by stepping up the protection and restoration of nature.

Specific objective DG ENV: 3. Zero pollution: Citizens and natural ecosystems are better protected from environmental pressures and risks to health as a result of Europe's zero-pollution ambition and measures for a toxic-free environment

From 2020-2024 Strategic Plans

Parent DG: DG CLIMA, DG ENER and DG ENV

Related to spending programme: LIFE

Main outputs in 2021:

Source of data: CINEA internal

Output	Indicator	Target	Results
		More	Most targets have been reached with small deviations in Time to grant and experts' Time to pay.
Evaluation of project proposals – estimated number:1,830	Time to inform	100% of the beneficiaries informed on time	Proposals evaluated:2,215 100% of beneficiaries informed on time
- reimbursement of external experts	Time to pay	>98% within the time to pay	90.9% within time to pay (1 late payment)
Preparation and signature of grant agreements – estimated number:240	Time to grant	>98% of the Grant agreements signed on time	Grant agreements (GAs) signed: 238 ⁴ 97% signed on time (6 GAs were signed late)
- pre-financing number: 220	Time to pay	100% within the time to pay	Pre-financing payments: 240 99.58 % within time to pay 3 late payments

(⁴) Excluding GAs from reserve lists

Output	Indicator	Target	Results
Reports review and execution of payment for projects, estimated number: - further pre-financings: 150 - interim payments requests: 57 - final payments requests: 212	Time to pay	>98% within the TTP	Further pre-financing payments: 149 Interim payments: 71 Final payments: 181 99,5% within time to pay 2 late payments
Feedback to policy: - Policy fiches for projects within the LIFE Environment and Resource efficiency priority area	Produced fiches	~ 60 fiches with policy feedback	23 fiches were produced in 2021 (as 2021 was the first year of this initiative, the target was set without historical data/benchmark)
- LIFE Thematic/IP Platform Meetings/Contractor meetings		4 thematic platform meetings with fact sheets (e-publication) /1 IP platform meeting/3 contractor meetings	Throughout 2021 CINEA organised six thematic platform meetings (e.g. Platform meeting on Climate Pact, Platform Meeting on CONNECTIVITY BUILD UP Skills platform meeting, LIFE in the New European Bauhaus) One IP platform meeting was organised, while three contractor meetings took place
Others meetings	Convened events	Up to 3 Natura 2000 Biogeographical Process seminars & Up to 7 Interlife meetings + 1/yr meeting with HE/H2020 projects, partnerships and missions related to biodiversity	Throughout 2021 two Natura 2000 Biogeographical seminars took place (i.e. Marine, introductory biodiversity seminar for the new process as well as two Interlife meetings)
- Dissemination and exploitation of results	Number of projects benefitting from D&E support services (e.g. New Exploitation Booster, Innovation Radar, Results Packs)	At least 3	Targets achieved in 2021 including CORDIS Results pack on Skills, over 50 Life projects in the Innovation Radar and the project HAPPEN using different services of the Exploitation Booster.
-Other (project data for legislative initiatives, input to work programmes, documents extracting best practice from projects in a given policy field/aspect, different notes, including on strategic	Number of policy feedback contributions	At least 14	Throughout 2021 CINEA provided much more than 14 feedback to policy contributions (e.g. to EU Adaptation Strategy; feedback to DG CLIMA on Land Use, Land Change and

Output	Indicator	Target	Results
initiatives etc.)			Forestry -LULUCF, regular contribution to DG ENER's Renovation Wave initiative and European Energy Poverty Observatory, to DG ENER and DG REGIO on Home Renovation Services, to the Bauhaus Task force, contribution to Inter-Service meetings on revision of energy efficiency directive and management of strategic tenders)
Important communication outputs (list non-exhaustive) • EU Sustainable Energy Week Covenant of Mayors Investment Forum - Energy Efficiency Finance Market Place, Sustainable Energy Investment Forums • Participation and support for various events (ICLEI World Congress and others)	Convened events	Up to 10 including info days and conferences	Throughout 2021 CINEA provided support for the promotion 25 external events (e.g. Covenant of Mayors Investment Forum - Energy Efficiency Finance Market Place, Bauhaus Conference, Energy Efficiency First Conference)
• Info days • LIFE Awards 2021 High-level event, LIFE Awards Ceremony	Satisfaction rate of participants in info days	>90% satisfaction rate	Instead of an Info Day CINEA organised pre-registered info sessions and a live Q&A session. N/A as feedback was not collected.
• Electronic LIFE CET newsletters - 11 per year to LIFE CET community • Factsheet on connectivity, energy efficiency, behavioral changes, green transport	Quality publications produced and disseminated	Up to 5 publications	Six publications and six infographics were produced throughout 2021 while 27 publications (including the LIFE and CET newsletters) were also delivered.

Performance Table 10 – European Maritime Fisheries and Aquaculture Fund (EMFAF) and European Maritime and Fisheries Fund (EMFF)

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

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

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

Specific objective DG ENV: 3. More sustainable fisheries worldwide and improved international ocean governance by 2024.

From 2020-2024 Strategic Plans

Parent DG: DG CLIMA and DG MARE

Related to spending programmes: EMFAF and EMFF

Main outputs in 2021:

Source of data: CINEA internal

Output	Indicator	Target	Results
			All targets have been reached.
Evaluation of project proposals: – estimated number:120 [legacy] +7 - reimbursement of external experts	Time to inform Time to pay	100% of the beneficiaries informed on time >98% within the time to pay	Proposals evaluated: 153 100% of beneficiaries informed on time 100% within time to pay
Preparation and signature of grant agreements – estimated number:12 [legacy] +7	Time to grant	>98% of the Grant agreements signed on time	Grant agreements signed: 14 100% signed on time
-pre-financing number: 12 [legacy]	Time to pay	100% within the time to pay	Pre-financing payments: 13 100 % within time to pay
Reports review and execution of payment for projects, estimated number: - interim payment requests: 34 (grants) and 21 (contracts) - final payment requests – estimated number: 18 (grants) and 37 (contracts).	Time to pay	>98% within the TTP	Interim payments (grants): 37 Final payments (grants): 14 51 payments on contracts 100% within time to pay
Feedback to policy: - produced project factsheets - studies published - DG MARE's events where CINEA will contribute with information from projects/contracts' results	Policy feedback contributions	Up to 10 factsheets Up to 10 studies Up to 2 events	Throughout the year CINEA exceeded the targets set as it delivered 29 factsheets 15 studies 6 events

Important communication outputs (list non-exhaustive)	Convened events	Up to 5 including info days and conferences	CINEA provided support for the promotion at eight important events including sessions at EU Maritime Days, Ecomondo and EUSEW, which was co-organised with DG ENER.
• Participation and support for various events (European Maritime Day, ECOMONDO and others)			
• Info days • Workshop on marine litter projects	Satisfaction rate of participants in info days	>90% satisfaction rate	No Info Days were organised in 2021, while the planned workshop on marine litter was organised in addition to a workshop on offshore renewable energy.
• Call and project visuals for web and social media	Quality visuals produced and disseminated	Throughout 2021	Visuals produced as needed throughout the year.

ANNEX 3: Draft annual accounts and financial reports ⁽⁵⁾

Annex 3 Financial Reports - CINEA - Financial Year 2021

Table 1 : Commitments

Table 2 : Payments

Table 3 : Commitments to be settled

Table 4 : Balance Sheet

Table 5 : Statement of Financial Performance

Table 5 Bis: Off Balance Sheet

Table 6 : Average Payment Times

Table 7 : Income

Table 8 : Recovery of undue Payments

Table 9 : Ageing Balance of Recovery Orders

Table 10 : Waivers of Recovery Orders

⁽⁵⁾ The figures are those related to the provisional accounts and not yet audited by the Court of Auditors

Additional comments

TABLE 1: OUTTURN ON COMMITMENT APPROPRIATIONS IN 2021 (in Mio €) for CINEA					
			Commitment appropriations authorised	Commitments made	%
			1	2	3=2/1
Title 1 STAFF EXPENDITURES					
1	1 1	Remuneration allowances charges	34.73	34.60	99.63 %
	1 2	Socio medical & training expenditure	2.47	2.16	87.27 %
Total Title 1			37.20	36.76	98.80 %

Title 2 INFRASTRUCTURE & OPERATING EXPENDITURE					
2	2 1	Building expenditure	3.09	3.05	98.73 %
	2 2	ICT expenditure	2.09	1.47	70.24 %
	2 3	Movable property & current operating expenditure	0.59	0.47	78.70 %
Total Title 2			5.77	4.98	86.35 %

Title 3 PROGRAMME SUPPORT EXPENDITURE					
3	3 1	Programme Support Expenditure	2.33	2.01	86.44 %
Total Title 3			2.33	2.01	86.44 %

Total CINEA			45.30	43.75	96.58 %
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* Commitment appropriations authorised include, in addition to the budget voted by the legislative authority, appropriations carried over from the previous exercise, budget amendments as well as miscellaneous commitment appropriations for the period (e.g. internal and external assigned revenue).

% Outturn on Commitment Appropriations in 2021 for CINEA

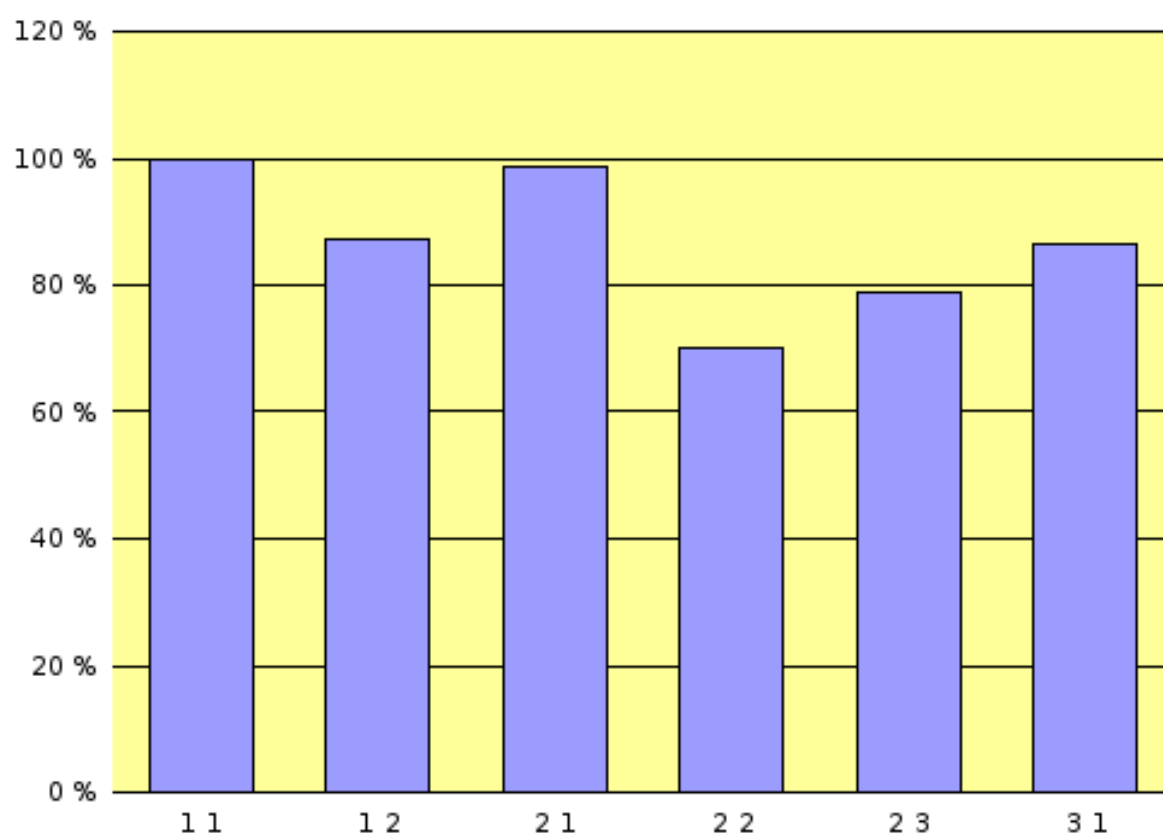


TABLE 2: OUTTURN ON PAYMENT APPROPRIATIONS IN 2021 (in Mio €) for CINEA					
			Payment appropriations authorised *	Payments made	%
			1	2	3=2/1
Title 1 STAFF EXPENDITURES					
1	1 1	Remuneration allowances charges	34.80	34.41	98.88 %
	1 2	Socio medical & training expenditure	2.82	1.83	64.91 %
Total Title 1			37.62	36.24	96.34%
Title 2 INFRASTRUCTURE & OPERATING EXPENDITURE					
2	2 1	Building expenditure	3.41	2.79	81.85 %
	2 2	ICT expenditure	2.33	1.51	64.61 %
	2 3	Movable property & current operating expenditure	0.67	0.32	47.47 %
Total Title 2			6.42	4.62	71.96%
Title 3 PROGRAMME SUPPORT EXPENDITURE					
3	3 1	Programme Support Expenditure	2.73	1.24	45.52 %
Total Title 3			2.73	1.24	45.52%
Total CINEA			46.76	42.10	90.03 %

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

% Outturn on Payment Appropriations in 2021 for CINEA

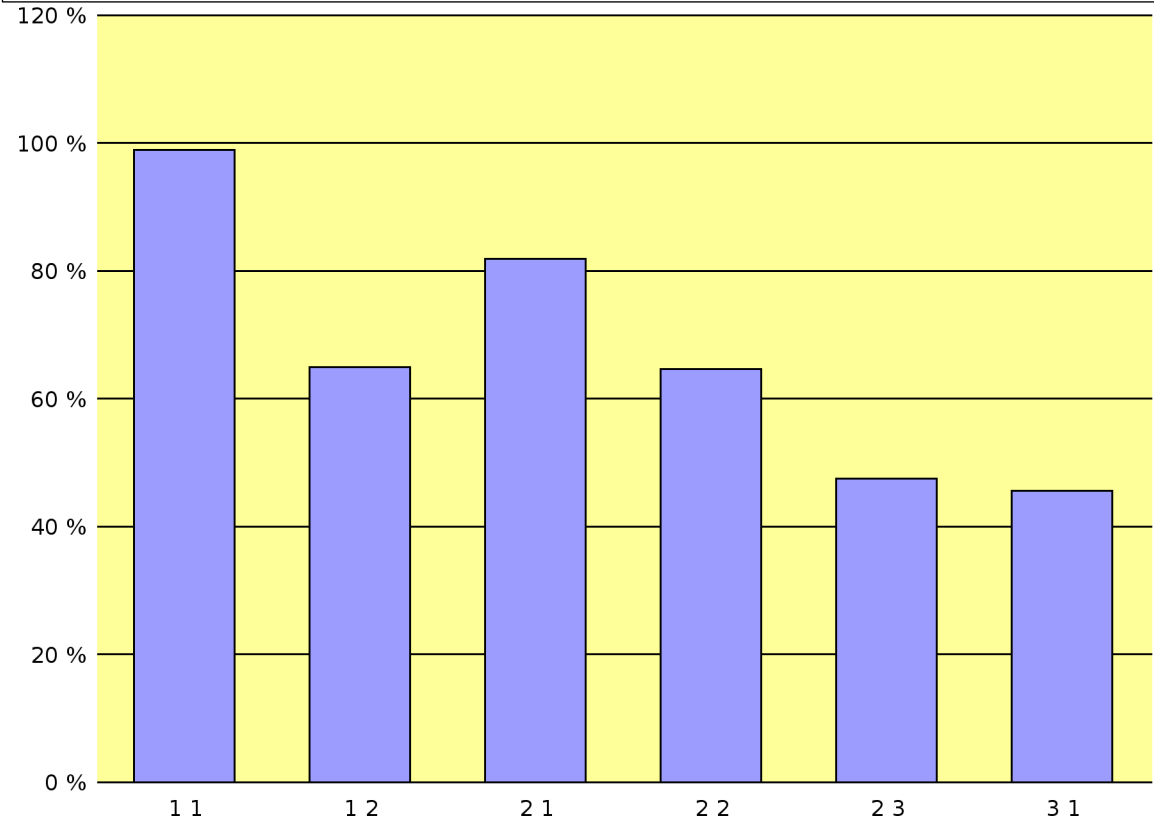


TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2020 (in Mio €) for CINEA									
			Commitments to be settled				Commitments to be settled from financial years previous to 2020	Total of commitments to be settled at end of financial year 2021	Total of commitments to be settled at end of financial year 2020
Chapter			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
1	1 1	Remuneration allowances charges	34.60	34.36	0.24	0.70%	0.00	0.24	0.07
	1 2	Socio medical & training expenditure	2.16	1.67	0.49	22.83%	0.00	0.49	0.34
Total Title 1			36.76	36.02	0.73	2.00%	0.00	0.73	0.41

TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2020 (in Mio €) for CINEA									
			Commitments to be settled				Commitments to be settled from financial years previous to 2020	Total of commitments to be settled at end of financial year 2021	Total of commitments to be settled at end of financial year 2020
Chapter			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
2	2 1	Building expenditure	3.05	2.65	0.40	13.12%	0.00	0.40	0.32
	2 2	ICT expenditure	1.47	1.27	0.20	13.53%	0.00	0.20	0.24
	2 3	Movable property & current operating expenditure	0.47	0.25	0.21	45.91%	0.00	0.21	0.08
Total Title 2			4.98	4.17	0.81	16.31%	0.00	0.81	0.65

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

			Commitments to be settled				Commitments to be settled from financial years previous to 2020	Total of commitments to be settled at end of financial year 2021	Total of commitments to be settled at end of financial year 2020
Chapter			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
3	3 1	Programme Support Expenditure	2.01	0.87	1.14	56.73%	0.00	1.14	0.40
Total Title 3			2.01	0.87	1.14	56.73%	0.00	1.14	0.40

Total :			43.75	41.06	2.69	6.14 %	0.00	2.69	1.46
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Breakdown of Commitments Remaining to be Settled (in Mio EUR) in 2021 CINEA

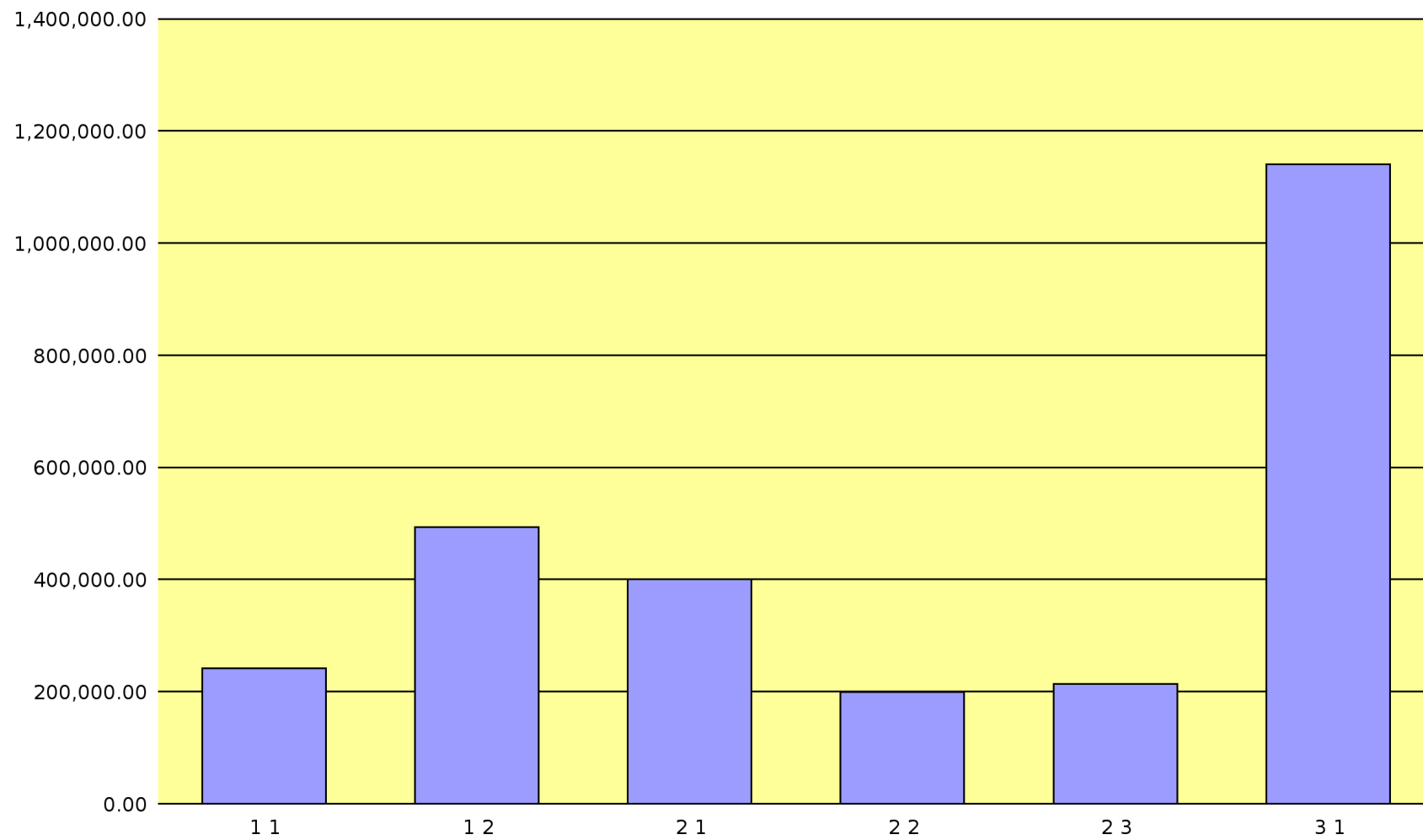


TABLE 4 : BALANCE SHEET for CINEA

BALANCE SHEET	2021	2020
A.I. NON CURRENT ASSETS	320,702.00	279,594.00
A.I.1. Intangible Assets	61,911.00	18,181.00
A.I.2. Property, Plant and Equipment	133,791.00	136,413.00
A.I.6. Non-Cur Exch Receiv & Non-Ex Recoverab	125,000.00	125,000.00
A.II. CURRENT ASSETS	5,204,423.93	1,978,836.39
A.II.2. Current Pre-Financing	356,500.00	0.00
A.II.3. Curr Exch Receiv & Non-Ex Recoverables	166,010.85	117,497.57
A.II.6. Cash and Cash Equivalents	4,681,913.08	1,861,338.82
ASSETS	5,525,125.93	2,258,430.39
P.II. CURRENT LIABILITIES	-4,111,568.79	-1,613,908.90
P.II.2. Current Provisions	0.00	-7,500.00
P.II.3. Current Financial Liabilities	0.00	0.00
P.II.4. Current Payables	-2,011,017.53	-405,963.93
P.II.5. Current Accrued Charges & Defrd Income	-2,100,551.26	-1,200,444.97
LIABILITIES	-4,111,568.79	-1,613,908.9
NET ASSETS (ASSETS less LIABILITIES)	1,413,557.14	644,521.49

P.III.2. Accumulated Surplus/Deficit	-644,521.49	-713,782.52
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Non-allocated central (surplus)/deficit*	-769,035.65	69,261.03
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TOTAL	0.00	0.00
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It should be noted that the balance sheet and statement of financial performance presented in Annex 3 to this Annual Activity Report, represent only the assets, liabilities, expenses and revenues that are under the control of this Directorate General. Significant amounts such as own resource revenues and cash held in Commission bank accounts are not included in this Directorate General's accounts since they are managed centrally by DG Budget, on whose balance sheet and statement of financial performance they appear. Furthermore, since the accumulated result of the Commission is not split amongst the various Directorates General, it can be seen that the balance sheet presented here is not in equilibrium.

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

TABLE 5 : STATEMENT OF FINANCIAL PERFORMANCE for CINEA

STATEMENT OF FINANCIAL PERFORMANCE	2021	2020
II.1 REVENUES	-43,321,294.56	-30,592,993.15
II.1.2. EXCHANGE REVENUES	-43,321,294.56	-30,592,993.15
II.1.2.1. FINANCIAL INCOME		-126.58
II.1.2.2. OTHER EXCHANGE REVENUE	-43,321,294.56	-30,592,866.57
II.2. EXPENSES	42,552,258.91	30,662,254.18
II.2. EXPENSES	42,552,258.91	30,662,254.18
II.2.10. OTHER EXPENSES	7,995,703.70	6,267,622.73
II.2.6. STAFF AND PENSION COSTS	34,556,555.17	24,394,629.50
II.2.8. FINANCE COSTS	0.04	1.95
STATEMENT OF FINANCIAL PERFORMANCE	-769,035.65	69,261.03

Explanatory Notes (facultative):

TABLE 5bis : OFF BALANCE SHEET for CINEA

OFF BALANCE	2021	2020
OB.3. Other Significant Disclosures	-7,739,770.76	-8,157,102.87
OB.3.2. Comm against app. not yet consume	-1,195,081.86	-752,619.21
OB.3.3.7. Other contractual commitments	-9,596.66	-18,539.90
OB.3.5. Operating lease commitments	-6,535,092.24	-7,385,943.76
OB.4. Balancing Accounts	7,739,770.76	8,157,102.87
OB.4. Balancing Accounts	7,739,770.76	8,157,102.87
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.

TABLE 6: AVERAGE PAYMENT TIMES FOR 2021 for CINEA

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	319	317	99.37 %	12.20820189	2	0.63 %	32.5	11,971.51	0. %
60	1	1	100.00 %	29				0.00	0. %
90	2	2	100.00 %	26.5				0.00	0. %

Total Number of Payments	322	320	99.38 %		2	0.62 %		11,971.51	0. %
Average Net Payment Time	12.47515528			12.35			32.5		
Average Gross Payment Time	14.34782609			14.234375			32.5		

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	29	21	6.52 %	322	204,954.37	2.57 %	7,967,327.68

TABLE 7 : SITUATION ON REVENUE AND INCOME IN 2021 for CINEA

Chapter		Revenue and income recognized			Revenue and income cashed from			Outstanding balance
		Current year RO	Carried over RO	Total	Current Year RO	Carried over RO	Total	
		1	2	3=1+2	4	5	6=4+5	7=3-6
2 0	EU Budget Contribution to the Executive Agency	45,300,000.29	294.90	45,300,295.19	45,300,000.29	294.90	45,300,295.19	0.00
9 0	Miscellaneous revenue	50,981.61	4,200.96	55,182.57	50,981.61	4,200.96	55,182.57	0.00
Total CINEA		45,350,981.9	4,495.86	45,355,477.76	45,350,981.9	4,495.86	45,355,477.76	0

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

Year of Origin (commitment)	Total undue payments recovered		Total transactions in recovery context (incl. non-qualified)		% Qualified/Total RC	
	Nbr	RO Amount	Nbr	RO Amount	Nbr	RO Amount
No Link			2	290,454.29		
Sub-Total			2	290,454.29		

EXPENSES BUDGET	Irregularity		OLAF Notified		Total undue payments recovered		Total transactions in recovery context (incl. non-qualified)		% Qualified/Total RC	
	Nbr	Amount	Nbr	Amount	Nbr	Amount	Nbr	Amount	Nbr	Amount
INCOME LINES IN INVOICES							1	50,057.98		
NON ELIGIBLE IN COST CLAIMS										
CREDIT NOTES							1	418,178.93		
Sub-Total							2	468,236.91		

GRAND TOTAL							4	758,691.2		
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TABLE 9: AGEING BALANCE OF RECOVERY ORDERS AT 31/12/2021 for CINEA

	Number at 01/01/2021	Number at 31/12/2021	Evolution	Open Amount (Eur) at 01/01/2021	Open Amount (Eur) at 31/12/2021	Evolution
2020	2		-100.00 %	4,495.86		-100.00 %
	2		-100.00 %	4,495.86		-100.00 %

TABLE 10 :Recovery Order Waivers >= 60 000 € in 2021 for CINEA

	Waiver Central Key	Linked RO Central Key	RO Accepte d Amount (Eur)	LE Account Group	Commission Decision	Comments
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Total DG	-790,192.44
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Number of RO waivers	3
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There are 3 waivers below 60 000 € for a total amount of -76,230.4

Annex 3 Financial Reports – CINEA – Financial Year 2021

Table 1 : Commitments

Table 2 : Payments

Table 3 : Commitments to be settled

Table 4 : Balance Sheet

Table 5 : Statement of Financial Performance

Table 5 Bis: Off Balance Sheet

Table 6 : Average Payment Times

Table 7 : Income

Table 8 : Recovery of undue Payments

Table 9 : Ageing Balance of Recovery Orders

Table 10 : Waivers of Recovery Orders

Table 11 : Negotiated Procedures

Table 12 : Summary of Procedures

Table 13 : Building Contracts

Table 14 : Contracts declared Secret

Table 15 : FPA duration exceeds 4 years

Additional comments

Regarding the table 2

Annex 3 of the Operational Budget managed by the Executive Agency presents the information regarding the payments authorised during the Year 2021 in the Executive Agency as well as the outstanding committed amount (aka RAL – Reste À Liquider) used to make these payments. However, it also includes payments authorised during the first quarter 2021 by another authorising officer than the Executive Agency itself (i.e. a European Commission's Directorate-General or another Executive Agency) and their subsequent RAL that both have been transferred to the current Executive Agency as part of the reorganisation of the 1st of April 2021 and the entry into force of the new mandates of the Executive Agencies. Similarly, some of the payments implementation and their subsequent RAL of the current Executive Agency may appear in another Executive Agency. For accounting and transparency reasons, it is not possible to subtract or add manually these payments implemented and their subsequent RAL from the total amount paid by the Executive Agency or by another entity, as this would generate a discrepancy with the consolidated version.

Regarding the table 6

Annex 3 of the Operational Budget managed by the Executive Agency presents the information regarding the time-to-pay (TTP) payments authorised during the Year 2021 by the Executive Agency itself. The payments transferred out of the Agency as from the date of the transfers of files (ToFs) remain in the current Agency's time-to-pay statistics while the payments made by another entity and transferred to the Agency are not included in the current Executive Agency's TTP since they stay with the original Agency that authorised the payments.

TABLE 1: OUTTURN ON COMMITMENT APPROPRIATIONS IN 2021 (in Mio €) for CINEA

	Commitment appropriations authorised	Commitments made	%

			1	2	3=2/1
Title 01 Research and Innovation					
01	01 02	Horizon Europe	1,452.48	1,451.37	99.92 %
Total Title 01			1,452.48	1,451.37	99.92 %
Title 02 European Strategic Investments					
02	02 03	Connecting Europe Facility (CEF)	2,555.54	2,554.47	99.96 %
Total Title 02			2,555.54	2,554.47	99.96 %
Title 05 Regional Development and Cohesion					
05	05 03	Cohesion Fund (CF)	1,439.90	1,427.72	99.15 %
Total Title 05			1,439.90	1,427.72	99.15 %
Title 08 Agriculture and Maritime Policy					
08	08 04	European Maritime and Fisheries Fund(EMFF)	38.03	38.01	99.95 %
Total Title 08			38.03	38.01	99.95 %
Title 09 Environment and Climate Action					
09	09 02	Programme for the Environment and ClimateAction (LIFE)	648.99	648.97	100.00 %
Total Title 09			648.99	648.97	100.00 %
Title 13 Defence					
13	13 04	Military mobility	225.40	225.40	100.00 %
Total Title 13			225.40	225.40	100.00 %
Title 16 Expenditure outside the annual ceilings set out in the Multiannual Financial Framework					
16	16 03	Support innovation in low-carbon technologies and processes under theEmission Trading System (ETS)	114.56	114.56	100.00 %
Total Title 16			114.56	114.56	100.00 %
Total Excluding NGEU			6,474.90	6,460.50	99.78 %

Total CINEA	6,915.57	6,901.16	99.79 %
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** Commitment appropriations authorised include, in addition to the budget voted by the legislative authority, appropriations carried over from the previous exercise, budget amendments as well as miscellaneous commitment appropriations for the period (e.g. internal and external assigned revenue).*

% Outturn on Commitment Appropriations in 2021 for CINEA

% Outturn on Commitment Appropriations in 2021 for DG INEA

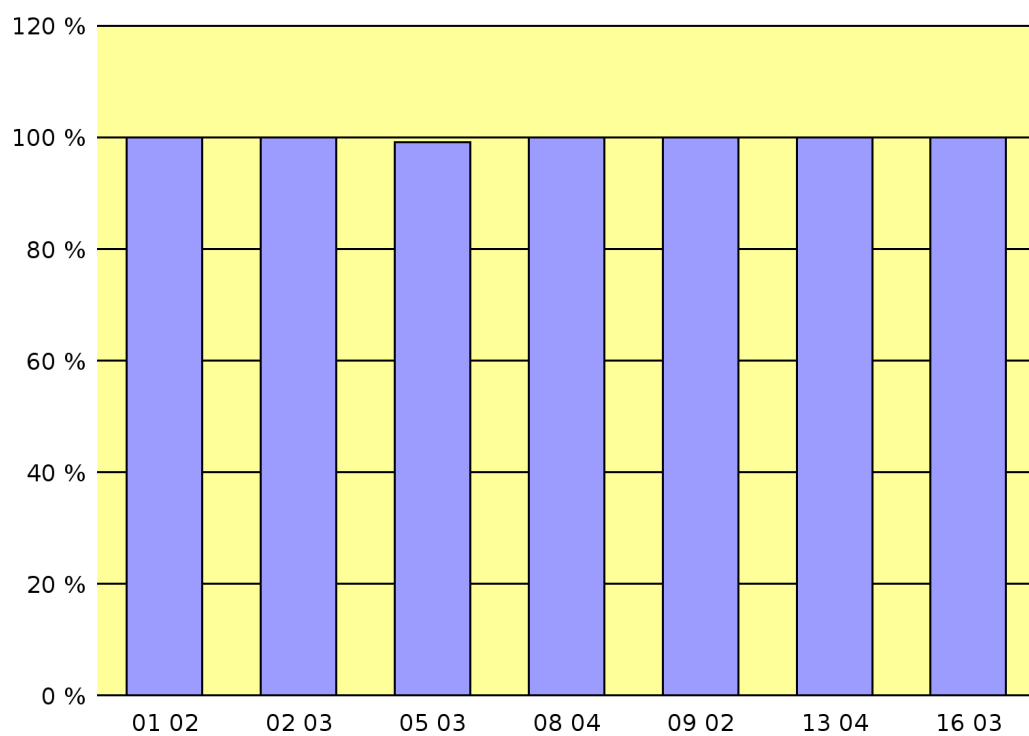


TABLE 2: OUTTURN ON PAYMENT APPROPRIATIONS in 2021 (in Mio €) for CINEA					
			Payment appropriations authorised *	Payments made	%
			1	2	3=2/1
Title 01 Research and Innovation					
01	01 02	Horizon Europe	1,287.12	934.20	72.58 %
Total Title 01			1,287.12	934.20	72.58%
Title 02 European Strategic Investments					
02	02 03	Connecting Europe Facility (CEF)	1,867.64	1,863.74	99.79 %
Total Title 02			1,867.64	1,863.74	99.79%
Title 05 Regional Development and Cohesion					
05	05 03	Cohesion Fund (CF)	1,021.88	1,018.65	99.68 %
Total Title 05			1,021.88	1,018.65	99.68%
Title 08 Agriculture and Maritime Policy					
08	08 04	European Maritime and Fisheries Fund (EMFF)	34.71	34.70	99.98 %
Total Title 08			34.71	34.70	99.98%
Title 09 Environment and Climate Action					
09	09 02	Programme for the Environment and Climate Action (LIFE)	339.58	339.41	99.95 %
Total Title 09			339.58	339.41	99.95%
Title 13 Defence					
13	13 04	Military mobility	0.00	0.00	0.00 %
Total Title 13			0.00	0.00	0.00%
Title 16 Expenditure outside the annual ceilings set out in the Multiannual Financial Framework					
16	16 03	Support innovation in low-carbon technologies and processes under the Emission Trading System (ETS)	5.03	5.03	100.00 %
Total Title 16			5.03	5.03	100.00%
Total Excluding NGEU			4,555.94	4,195.72	92.09%

Title 01 Research and Innovation					
01	01 02	Horizon Europe	0.00	0.00	0.00 %
Total Title 01			0.00	0.00	0.00%
Total NGEU Only			0.00	0.00	0.00%

Total CINEA	4,555.94	4,195.72	92.09 %
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* Payment appropriations authorised include, in addition to the budget voted by the legislative authority, appropriations carried over from the previous exercise, budget amendments as well as miscellaneous payment appropriations for the period (e.g. internal and external assigned revenue).

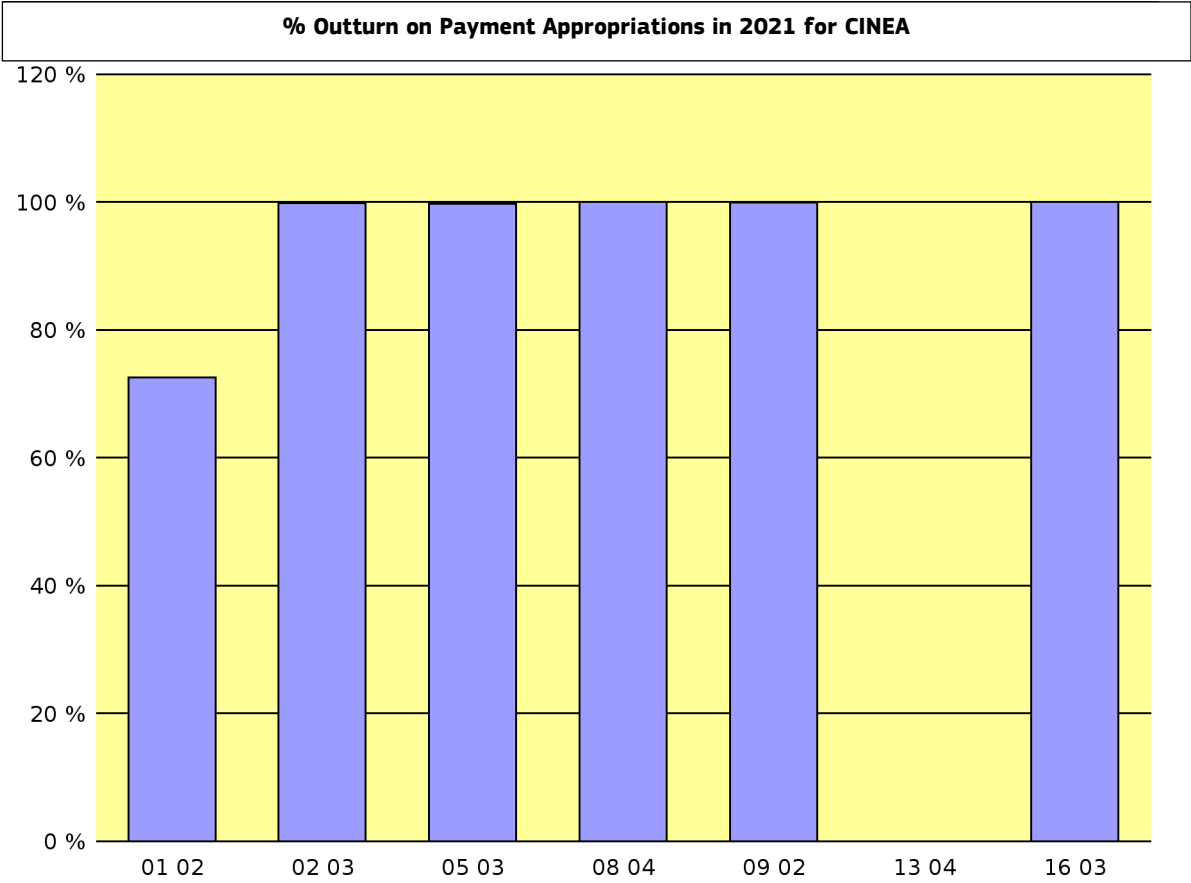


TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2021 (in Mio €) for CINEA									
			Commitments to be settled				Commitments to be settled from financial years previous to 2020	Total of commitments to be settled at end of financial year 2021	Total of commitments to be settled at end of financial year 2020
Chapter			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
01	01 02	Horizon Europe	1,451.37	29.84	1,421.53	97.94%	1,381.01	2,802.54	2,248.39
Total Title 01			1,451.37	29.84	1,421.53	97.94%	1,381.01	2,802.54	2,248.39
TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2021 (in Mio €) for CINEA									
			Commitments to be settled				Commitments to be settled from financial years previous to 2020	Total of commitments to be settled at end of financial year 2021	Total of commitments to be settled at end of financial year 2020
Chapter			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
02	02 03	Connecting Europe Facility (CEF)	2,554.47	0.25	2,554.22	99.99%	8,412.47	10,966.69	10,334.28
Total Title 02			2,554.47	0.25	2,554.22	99.99%	8,412.47	10,966.69	10,334.28
TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2021 (in Mio €) for CINEA									
			Commitments to be settled				Commitments to be settled from financial years previous to 2020	Total of commitments to be settled at end of financial year 2021	Total of commitments to be settled at end of financial year 2020
Chapter			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
05	05 03	Cohesion Fund (CF)	1,427.72	0.01	1,427.71	100.00%	5,588.75	7,016.46	6,627.82
Total Title 05			1,427.72	0.01	1,427.71	100.00%	5,588.75	7,016.46	6,627.82

TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2021 (in Mio €) for CINEA

			Commitments to be settled				Commitments to be settled from financial years previous to 2020	Total of commitments to be settled at end of financial year 2021	Total of commitments to be settled at end of financial year 2020
Chapter			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
16	16 03	Support innovation in low-carbon technologies and processes under the Emission Trading System (ETS)	114.56	2.63	111.94	97.71%	0.00	111.94	2.40
Total Title 16			114.56	2.63	111.94	97.71%	0.00	111.94	2.40
Total Excluding NGEU			6,460.50	37.57	6,422.92	99.42%	16,765.79	23,188.72	20,996.02

TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2021 (in Mio €) for CINEA

			Commitments to be settled				Commitments to be settled from financial years previous to 2020	Total of commitments to be settled at end of financial year 2021	Total of commitments to be settled at end of financial year 2020
Chapter			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
01	01 02	Horizon Europe	440.66		440.66	100.00%	0.00	440.66	0.00
Total Title 01			440.66		440.66	100.00%	0.00	440.66	0.00
Total NGEU Only			440.66		440.66	100.00%	0.00	440.66	0.00

Total for CINEA			6,901.16	37.57	6,863.59	99.46 %	16,765.79	23,629.38	20,996.02
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Breakdown of Commitments Remaining to be Settled (in Mio EUR) in 2021 CINEA

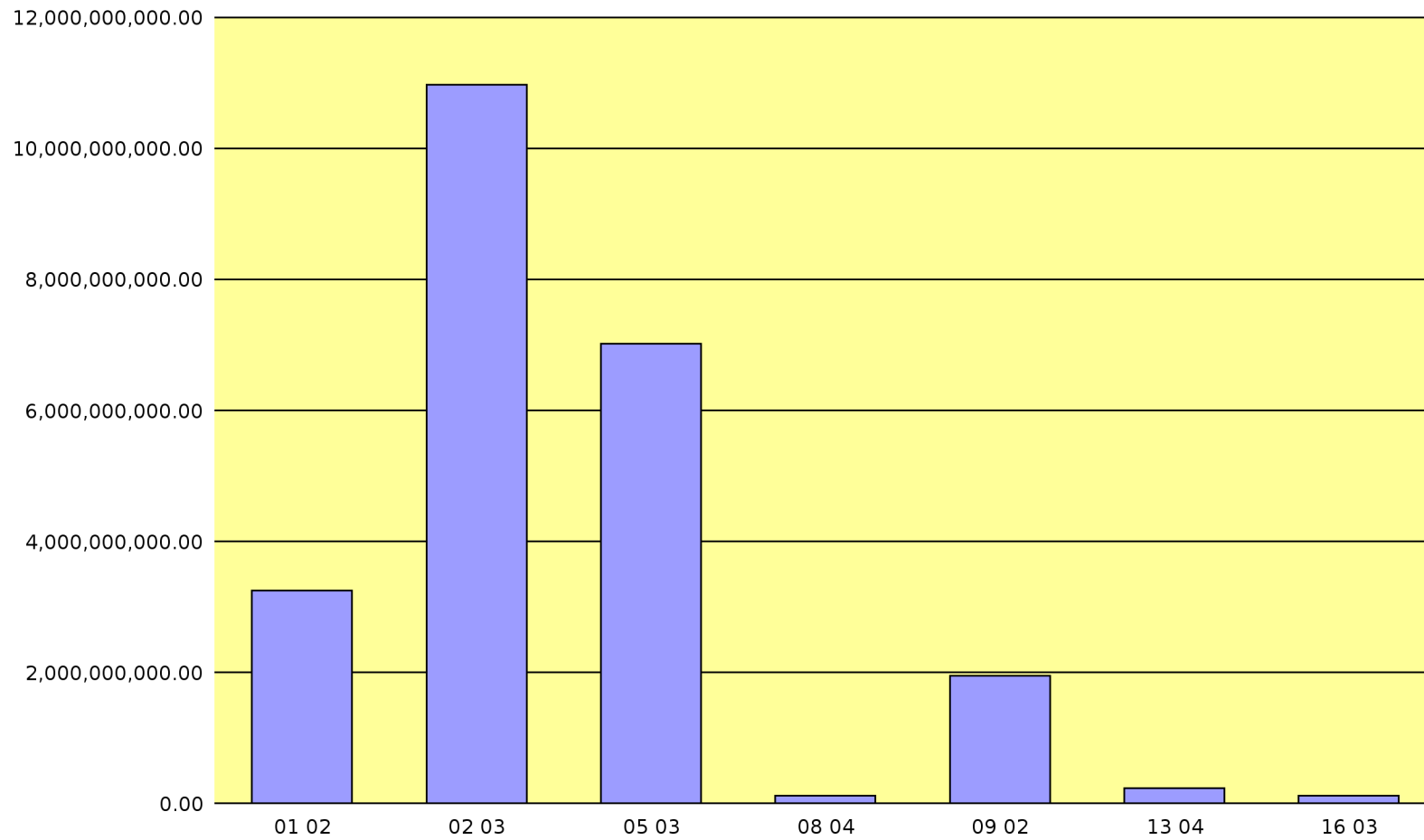


TABLE 4 : BALANCE SHEET for CINEA

BALANCE SHEET	2021	2020
A.I. NON CURRENT ASSETS	693,518,384.88	568,379,373.55
A.I.5. Non-Current Pre-Financing	693,518,384.88	568,379,373.55
A.II. CURRENT ASSETS	1,446,952,459.16	1,283,898,807.82
A.II.2. Current Pre-Financing	1,412,329,631.95	1,245,248,102.94
A.II.3. Curr Exch Receiv &Non-Ex Recoverables	34,622,827.21	38,650,704.88
ASSETS	2,140,470,844.04	1,852,278,181.37
P.III. NET ASSETS/LIABILITIES	0.00	0.00
P.III.1. Reserves	0.00	0.00
P.II. CURRENT LIABILITIES	-4,620,770,420.41	-4,347,246,816.08
P.II.4. Current Payables	-222,214,992.83	-597,636,778.89
P.II.5. Current Accrued Charges &Defrd Income	-4,398,555,427.58	-3,749,610,037.19
LIABILITIES	-4,620,770,420.41	-4,347,246,816.08
NET ASSETS (ASSETS less LIABILITIES)	-2,480,299,576.37	-2,494,968,634.71

P.III.2. Accumulated Surplus/Deficit	20,432,462,352.46	15951748901
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Non-allocated central (surplus)/deficit*	-17,952,162,776.09	-13456780266
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TOTAL CINEA	0.00	0.00
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It should be noted that the balance sheet and statement of financial performance presented in Annex 3 to this Annual Activity Report, represent only the assets, liabilities, expenses and revenues that are under the control of this Directorate General. Significant amounts such as own resource revenues and cash held in Commission bank accounts are not included in this Directorate General's accounts since they are managed centrally by DG Budget, on whose balance sheet and statement of financial performance they appear. Furthermore, since the accumulated result of the Commission is not split amongst the various Directorates General, it can be seen that the balance sheet presented here is not in equilibrium.

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

TABLE 5 : STATEMENT OF FINANCIAL PERFORMANCE for CINEA

STATEMENT OF FINANCIAL PERFORMANCE	2021	2020
II.1 REVENUES	-10,349,343.97	-7656267.37
II.1.1. NON-EXCHANGE REVENUES	-10,557,164.33	-8204154.37
II.1.1.6. RECOVERY OF EXPENSES	-10,557,164.33	-8,204,154.37
II.1.2. EXCHANGE REVENUES	207,820.36	547887
II.1.2.2. OTHER EXCHANGE REVENUE	207,820.36	547,887.00
II.2. EXPENSES	5,460,920,436.89	4488369719
II.2. EXPENSES	5,460,920,436.89	4488369719
II.2.10. OTHER EXPENSES	1,006,510.49	400,866.09
II.2.2. EXP IMPLM BY COMMISS&EX.AGENC. (DM)	5,459,912,380.99	4,487,961,171.19
II.2.8. FINANCE COSTS	1,545.41	7,681.45
STATEMENT OF FINANCIAL PERFORMANCE	5,450,571,092.92	4,480,713,451.36

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

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

TABLE 5bis : OFF BALANCE SHEET for CINEA

OFF BALANCE	2021	2020
OB.1. Contingent Assets	72,816,369.84	66493509.42
GR for pre-financing	72,816,369.84	66,493,509.42
OB.3. Other Significant Disclosures	-14,566,928,414.58	-18706670323
OB.3.2. Comm against app. not yet consumed	-14,566,928,414.58	-14,566,928,414.58
OB.3.3.6.TEN-T	0.00	-4,139,741,908.27
OB.4. Balancing Accounts	14,494,112,044.74	18640176813
OB.4. Balancing Accounts	14,494,112,044.74	18,640,176,813.43
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.

TABLE 6: AVERAGE PAYMENT TIMES in 2021 for CINEA

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	1359	1328	97.72 %	14.519578	31	2.28 %	41.35483871	998062.2	0. %
60	447	445	99.55 %	35.764045	2	0.45 %	62.5	1251460.4	0. %
90	939	931	99.15 %	61.393126	8	0.85 %	95.5	118393032.7	6. %

Total Number of Payments	2745	2704	98.51 %		41	1.49 %		120642555.3	3. %
Average Net Payment Time	34.43533698			34.154586			52.95121951		
Average Gross Payment Time	49.93114754			49.682322			66.34146341		

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	44	969	35.30 %	2745	2,177,965,159.40	52.59 %	4,141,525,165.83

Late Interest paid in 2021			
DG	GL Account	Description	Amount (Eur)
CINEA	65010000	Interest expense on late payment of charges	0.00
CINEA	65010100	Interest on late payment of charges New FR	1 545.41
			1 545.41

**TABLE 7 : SITUATION ON REVENUE AND INCOME in 2021
for CINEA**

Chapter		Revenue and income recognized			Revenue and income cashed from			Outstanding balance
		Current year RO	Carried over RO	Total	Current Year RO	Carried over RO	Total	
		1	2	3=1+2	4	5	6=4+5	
60	Single market, innovation and digital	18,946,423.09	0.00	18,946,423.09	16,143,963.03	0.00	16,143,963.03	2,802,460.06
61	Cohesion, resilience and values	7,518,402.07	0.00	7,518,402.07	7,518,402.07	0.00	7,518,402.07	0.00
62	Natural resources and environment	1,349,174.76	0.00	1,349,174.76	360,109.37	0.00	360,109.37	989,065.39
67	Completion for outstanding recovery orders prior to 2021	-312,231.94	44,326,070.93	44,013,838.99	-202,631.94	11,745,784.98	11,543,153.04	32,470,685.95
Total CINEA		27,501,767.98	44,326,070.93	71,827,838.91	23,819,842.53	11,745,784.98	35,565,627.51	36,262,211.4

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

INCOME BUDGET RECOVERY ORDERS ISSUED IN 2021	Irregularity		OLAF notified		Total undue payments recovered		Total transactions in recovery context (incl. non-qualified)		% Qualified/Total RC	
Year of Origin (commitment)	Nbr	RO Amount	Nbr	RO Amount	Nbr	RO Amount	Nbr	RO Amount	Nbr	RO Amount
2014	6	15622.11			6	15622.11	6	15622.11	100.00%	100.00%
2015	22	998459.18			22	998459.18	31	3226909.26	70.97%	30.94%
2016	15	840946.54			15	840946.54	31	11193557.72	48.39%	7.51%
2017	8	354947.2	1	159128.83	9	514076.03	19	2487738.09	47.37%	20.66%
2018	10	1929364.68			10	1929364.68	22	8159611.14	45.45%	23.65%
2019	11	1658964.77	1	137155.67	12	1796120.44	18	2659930.85	66.67%	67.53%
2020	2	6203.12	1	73368.75	3	79571.87	10	1101728.24	30.00%	7.22%
2021							1	138328.18		
Sub-Total	74	5804507.6	3	369653.25	77	6174160.85	138	28983425.59	55.80%	21.30%

EXPENSES BUDGET	Irregularity		OLAF Notified		Total undue payments recovered		Total transactions in recovery context (incl. non-qualified)		% Qualified/Total RC	
	Nbr	Amount	Nbr	Amount	Nbr	Amount	Nbr	Amount	Nbr	Amount
INCOME LINES IN INVOICES	55	5937324.58			55	5937324.58	55	5,937,324.58	100.00%	100.00%
NON ELIGIBLE IN COST CLAIMS	371	70844158.67			371	70844158.67	609	593,092,725.54	60.92%	11.94%
CREDIT NOTES	2	1008.06			2	1008.06	2	1,008.06	100.00%	100.00%
Sub-Total	428	76782491.31			428	76782491.31	666	599031058.2	64.26%	12.82%
GRAND TOTAL	502	82586998.91	3	369653.25	505	82956652.16	804	628014483.8	62.81%	13.21%

TABLE 9: AGEING BALANCE OF RECOVERY ORDERS AT 31/12/2021 for CINEA

	Number at 01/01/2021	Number at 31/12/2021	Evolution	Open Amount (Eur) at 01/01/2021	Open Amount (Eur) at 31/12/2021	Evolution
2013	2		-100.00 %	73,238.97		-100.00 %
2014	3	3	0.00 %	112,866.24	112,841.17	-0.02 %
2015	6	5	-16.67 %	1,261,830.85	825,950.57	-34.54 %
2016	1	1	0.00 %	45,713.70	45,713.70	0.00 %
2017	4	3	-25.00 %	926,901.48	607,384.24	-34.47 %
2018	9	7	-22.22 %	3,081,770.34	2,976,288.20	-3.42 %
2019	6	5	-16.67 %	6,759,025.90	6,461,614.67	-4.40 %
2020	30	14	-53.33 %	32,093,013.33	21,550,493.40	-32.85 %
2021		35			3,791,525.45	
	61	73	19.67 %	44,354,360.81	36,371,811.40	-18.00 %

TABLE 10 :Recovery Order Waivers >= 60 000 € in 2021 for CINEA

	Waiver Central Key	Linked RO Central Key	RO Accepted Amount (Eur)	LE Account Group	Commission Decision	Comments
0	3233210090	3241713136	-317,542.24	Private Companies		
1	3233210159	3241511166	-407,590.40	Private Companies		
2	3233210191	3241313830	-65,059.80	Private Companies		

Total CINEA	-790,192.44
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Number of RO waivers	3
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There are 3 waivers below 60 000 € for a total amount of -76,230.4

Justifications:

Waiver 1 for SSLC : Waiver of outstanding debt (after cashing of dividend) due to following closure of the debtor's bankruptcy proceedings.

Waiver 2 for CIARM : Waiver of outstanding debt (after attempt to recover amounts through associated beneficiaries) due to following closure of the debtor's bankruptcy proceedings.

Waiver 3 for Briter-Water : Waiver of debt after dissolution of the company and after closure of criminal investigation.

TABLE 11 : Negotiated Procedures in 2021 for CINEA

Negotiated Procedure Legal base	Number of Procedures	Amount (€)
Total		

TABLE 12 : Summary of Procedures in 2021 for CINEA

Internal Procedures > € 60,000

Procedure Legal base	Number of Procedures	Amount (€)
Negotiated procedure middle value contract (Annex 1 - 14.2)	2	188,250.00
Negotiated procedure without prior publication (Annex 1 - 11.1)	1	372,000.00
Open procedure (FR 164 (1)(a))	8	22,309,590.00
Total	11	22,869,840.00

Additional Comments:

TABLE 13 : BUILDING CONTRACTS in 2021 for CINEA

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

TABLE 14 : CONTRACTS DECLARED SECRET in 2021 for CINEA

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

TABLE 15 : FPA duration exceeds 4 years - CINEA

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

ANNEX 4: Financial Scorecard

The Annex 4 of each Commission service summarises the annual result of the standard financial indicators measurement. Annexed to the Annual Activity Report 2021, 10 standard financial indicators are presented below, each with its objective and result for the Commission service and for the EC as a whole (for benchmarking purposes)⁶:

- Commitment Appropriations (CA) Implementation
- CA Forecast Implementation
- Payment Appropriations (PA) Implementation
- PA Forecast Implementation
- Global Commitment Absorption
- Timely Payments
- Timely Decommitments
- Invoice Registration Time
- Accounting Data Quality
- Management Data Quality

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

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

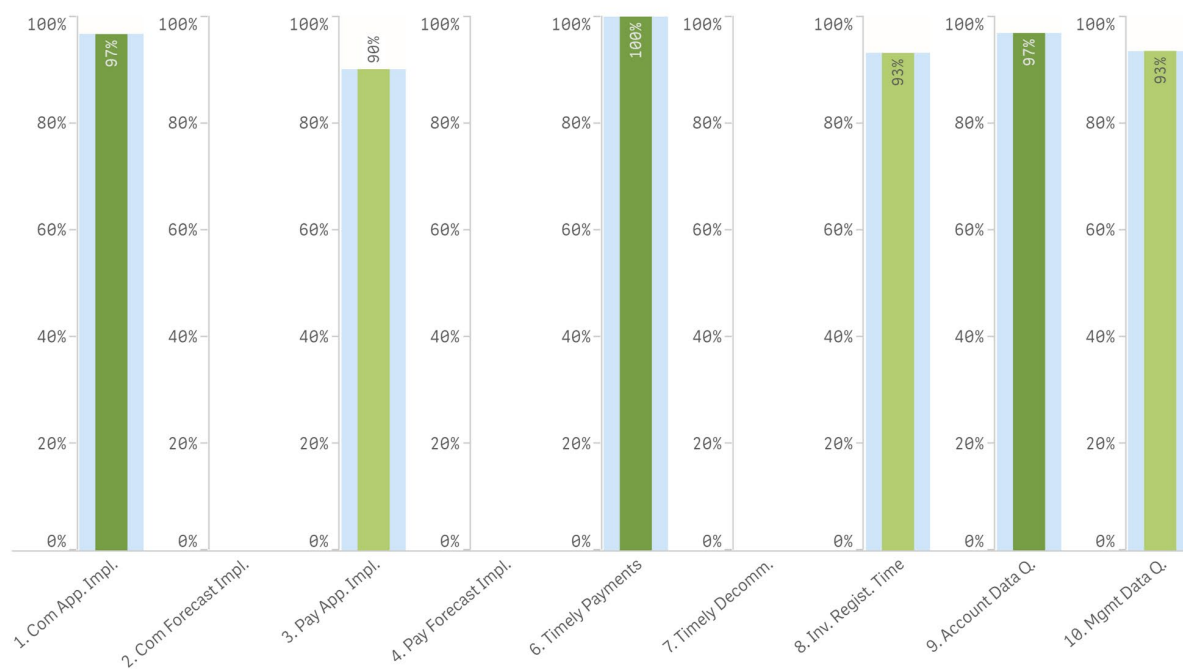
The Commission services are invited to provide commentary for each indicator's result in the dedicated comment section below the indicators scores as this can help the reader to understand the Commission's service context. In cases when the indicator's value achieves 80% or less of the target, the comment becomes mandatory.

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

⁽⁶⁾ If the EC service did not perform any transaction in the area measured by the indicator or the information is not available in the central financial system, the indicator is not calculated (i.e. displayed as “-”) in this Annex.

Administrative Budget

CINEA Indicator Scores 2021



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

Indicator	Objective	Comment ⁷	CINEA Score	EC Score
1. Commitment Appropriations Implementation	Ensure efficient use of commitment appropriations expiring at the end of Financial Year		97%	97%
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 CINEA in YEAR due to the lack of underlying transactions recorded by DG INEA in 2021.		
3. Payment Appropriations Implementation	Ensure efficient use of payment appropriations expiring at the end of Financial Year		90%	90%
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 CINEA in YEAR due to the lack of underlying transactions recorded by CINEA in 2021.		
5. Global Commitment Absorption ⁸	Ensure efficient use of already earmarked commitment appropriations (at L1 level)	The indicator is not applicable for CINEA in YEAR due to the lack of underlying transactions recorded by CINEA in 2021.		
6. Timely Payments	Ensure efficient processing of payments within the legal deadlines	CINEA has reached 100% of payments on time in line with the EC average	100%	100%
7. Timely Decommittments	Ensure efficient decommitment of outstanding RAL at the end of commitment life cycle	The indicator is not applicable for CINEA in YEAR due to the lack of underlying transactions recorded by CINEA in 2021.		
8. Invoice Registration Time	Monitor the accounting risk stemming from late registration of invoices in the central accounting system ABAC		93%	93%

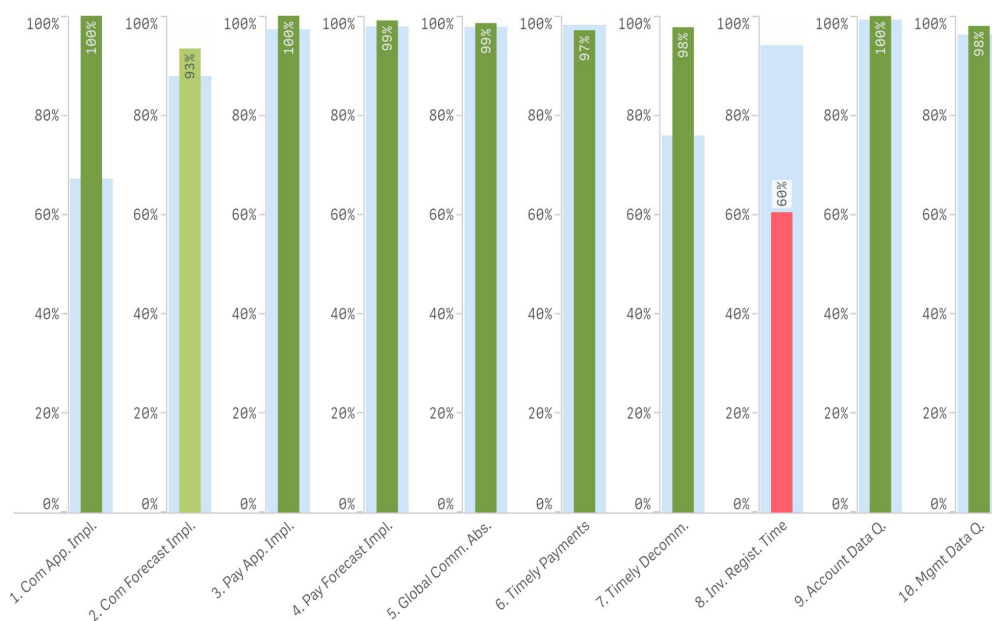
(⁷) An explanation behind the indicator result can be provided, e.g. the comment about the achievement itself, reference to the whole Commission performance (better or worse), reasons behind this achievement. The comment is mandatory for the 'Timely payments' indicator. For the rest of indicators the comment is mandatory only if the score is equal or below the target of 80%]

(⁸) Due to technical limitation, the indicator does not take into account the Com L1 Consumption between the FDC ILC date and the FA FDI allowed as an exception in the external actions for Com L1 of type GF, i.e. with Financing Agreement, under the FR2018 Article 114.2. As a result, the actual Indicator score may be slightly higher than the one reported for DGs using the GF commitments.

9. Accounting Data Quality	Ensure the good data quality of ABAC transactions with the focus on fields having a primary impact on the accounts		97%	97%
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		93%	93%

Operational Budget

CINEA Indicator Scores 2021



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

Indicator	Objective	Comment ⁹	CINEA Score	EC Score
1. Commitment Appropriations Implementation	Ensure efficient use of commitment appropriations expiring at the end of Financial Year		100%	67%
2. Commitment Forecast Implementation	Ensure the cumulative alignment of the commitment implementation with the commitment forecast in a financial year		93%	88%
3. Payment Appropriations Implementation	Ensure efficient use of payment appropriations expiring at the end of Financial Year		100%	97%
4. Payment Forecast Implementation	Ensure the cumulative alignment of the payment implementation with the payment forecast in a financial year		99%	98%
5. Global Commitment Absorption ¹⁰	Ensure efficient use of already earmarked commitment appropriations (at L1 level)		99%	98%
6. Timely Payments	Ensure efficient processing of payments within the legal deadlines	The score at 97% results from the payment outside the time limit of two cost claims totalling 110 million (the ratio compares the total payment made outside the time limit to the total paid during the year). The main reason for the delay is the lack of payment appropriations in 2020, not enabling the Agency to execute them on time. The payments were processed in early January 2021. It should be	97%	98%

⁽⁹⁾ An explanation behind the indicator result can be provided, e.g. the comment about the achievement itself, reference to the whole Commission performance (better or worse), reasons behind this achievement. The comment is mandatory for the 'Timely payments' indicator. For the rest of indicators the comment is mandatory only if the score is equal or below the target of 80%.

⁽¹⁰⁾ Due to technical limitation, the indicator does not take into account the Com L1 Consumption between the FDC ILC date and the FA FDI allowed as an exception in the external actions for Com L1 of type GF, i.e. with Financing Agreement, under the FR2018 Article 114.2. As a result, the actual Indicator score may be slightly higher than the one reported for DGs using the GF commitments.

		noted that the payments did not generate late interests (payment to public bodies).		
7. Timely Decommitments	Ensure efficient decommitment of outstanding RAL at the end of commitment life cycle		98%	76%
8. Invoice Registration Time	Monitor the accounting risk stemming from late registration of invoices in the central accounting system ABAC	The main reason for the score at 60% relates to the late registration of 660 CEF ICT WiFi4EU which were encoded in February. The registration of the CEF ICT WiFi4EU invoices is an automated process between a Portal and the financial software. Due to a change in the parameters following the entering into force of the new MFF, the system had to be suspended for updating these parameters, including a test period. As a consequence, the invoices submitted during this timeframe have been recorded outside the maximum of 7 days.	60%	94%
9. Accounting Data Quality	Ensure the good data quality of ABAC transactions with the focus on fields having a primary impact on the accounts		100%	99%
10. Management Data Quality	Ensure the good data quality of ABAC transactions with the focus on fields having a primary impact on the management decisions		98%	96%

Annex 5: Materiality criteria

In 2021, CINEA was responsible for the implementation of CEF, H2020 and the Innovation Fund ⁽¹¹⁾, and became responsible for the LIFE and EMFF Programmes ⁽¹²⁾ as of 1st April 2021. The materiality criteria and audit methodology are explained below for each programme respectively.

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

In view of the multi-annual nature of CEF, LIFE and EMFF, CINEA has developed a multi-annual ex-post audit strategy ⁽¹³⁾ for CEF and maintained the multi-annual ex-post audit strategy of EASME ⁽¹⁴⁾ for LIFE and EMFF, as part of its overall control strategy, with the residual error rates calculated on a multi-annual basis.

The criteria for making a decision on whether there is material error in the expenditure of the Agency, and so on whether to make a reservation in the AAR, will be principally, though not exclusively, based on the level of residual error identified in ex-post audits of CEF, LIFE and EMFF financial statements on a multi-annual basis.

Finally, as from 2019 ⁽¹⁵⁾, a 'de minimis' threshold for financial reservations has been introduced. Quantified AAR reservations related to residual error rates above the 2% materiality threshold are deemed not substantial for segments representing less than 5% of a DG/Agency's total payments and with a financial impact below EUR 5 million. In such cases, quantified reservations are no longer needed.

CEF Audit Methodology

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

The approach for the CINEA ex-post audit strategy is to treat each CEF sector as a separate population.

⁽¹¹⁾ The Innovation Fund is not subject to ex-post controls (lump sums)

⁽¹²⁾ Commission Decision C(2021)947 of 12 February 2021 delegating powers to CINEA to take over, from the Executive Agency of Small and Medium-sized Enterprises (EASME), and implement the Programme for the Environment and Climate Action (LIFE) and the European Maritime and Fisheries Fund (EMFF) Programme, as from 1st of April 2021.

⁽¹³⁾ Ares(2021)302027 – 14/01/2021.

⁽¹⁴⁾ LIFE and EMFF EASME Ex-post Strategy Ares(2016)909609 – 22/02/2016.

⁽¹⁵⁾ Agreement of the Corporate Management Board of 30/04/2019.

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

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

Non representative Interval sample (first layer)

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

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

Judgemental selection (second layer)

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

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

LIFE and EMFF Audit Methodology

The ex-post controls (audits) are carried out on the declared costs to the Agency on interim and final financial statements. All ex-post controls finalised and reported by 31/12/2021 were sampled by former EASME. They consist of verifying the legality and regularity of the underlying transactions.

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

In addition to the value based audits sampled, as described above, "target audits" (risk-based audits) are performed to a limited extent. This selection addresses specific concerns, risks or issues, detected and highlighted by operational services. Due to their specific nature, error rates of these "risk-based" audits are not included in the detected error rate calculation (as for CEF).

The audit universe for the value based audits contains all processed financial statements per Beneficiary, from the beginning of the programming period until a predefined cut-off day of the sampling.

The basis for building up the assurance, according to EASME's ex-post control strategy, is the audit coverage representing the audited payments versus total payments made from operational budget of LIFE and EMFF programmes for grants. The audit coverage set by the latest strategy was in the range of 5-20%, with target of 10% and 12,5% for LIFE and EMFF programme respectively.

As from the transfer of both programmes to CINEA on 1st April 2021, the selection of audits and the targets of the audit coverage are harmonised with those applied by CINEA.

Approach to calculation/determination of error rates/ financial corrections

Detected Error

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

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

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

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

Residual Error

Residual error rates are calculated on a multi-annual basis to reflect the multi-annual nature of the CEF, LIFE and EMFF programmes and projects. The results of ex-post controls carried out by the Agency from Interval sampling/ value based audits (Layer 1) are calculated over the programme lifetime to provide the multi-annual detected error rate. The detected error rate is extrapolated to the non-audited EU contribution paid to beneficiaries.

The calculation also takes into account the 'cleaning' effect of the ex-post controls by integrating the financial impact of the follow-up of all ex-post controls performed – which correct the majority of detected errors. This provides the residual error.

Due to its multi-annual nature, the effectiveness of the ex-post control strategy for all programmes managed by CINEA can only be measured and assessed at the final stages in the lifecycle of each sector and once it has been fully implemented. Notwithstanding the multiannual span of the ex-post control strategy, the Director of CINEA is required to sign a declaration of assurance for each financial year. In order to determine whether or not to qualify this declaration of assurance with a reservation, the effectiveness of the control systems in place needs to be assessed not only for the year of reference but also with a multiannual perspective, to determine whether it is possible to reasonably conclude that the control objectives will be met in the future as foreseen.

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

Horizon 2020

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

DG Research and Innovation's expenditure is composed of (in order of importance), directly managed grants, indirectly managed grants and financial instruments and other direct spending mostly of an administrative nature. The error rate affecting payments is estimated yearly and per management system, following a methodology that takes into account the risk associated to the type of expenditure (in terms of probability and final financial impact).

Considering that around 75 % of the yearly expenditure is related to directly or indirectly managed research grants, and the fact that the research framework programmes' implementing bodies are sharing a common ex-post audit approach, the following section focusses on this specific management system.

Assessment of the effectiveness of controls

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

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

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

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

This results in a residual error rate, which is calculated as follows:

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

where:

ResER%	residual error rate, expressed as a percentage.
RepER%	representative error rate, or error rate detected in the common representative sample, expressed as a percentage. The RepER% is composed of complementary portions reflecting the proportion of negative 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 FP as a whole. Nevertheless, the Director-General (or Director for the Executive Agencies) must also take into account other information when considering if the overall residual error rate is a sufficient basis on which to draw a conclusion on assurance (or make a reservation) for specific segment(s) of Horizon 2020. 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 AAR, along with details of why and how the final judgement was made.

Should a calculation of the residual error rate based on a representative sample not be possible for a FP for reasons not involving control deficiencies, ⁽¹⁶⁾ the consequences are to be assessed quantitatively by making a best estimate of the likely exposure for the reporting year based on all available information. The relative impact on the Declaration of Assurance would then be considered by analysing the available information on qualitative grounds and considering evidence from other sources and areas. This should be clearly explained in the AAR.

Multiannual approach

The Commission's central services' guidance relating to the quantitative materiality threshold refers to a percentage of the authorised payments of the reporting year of the 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 systematic errors have been detected and corrected.

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

Notwithstanding the multiannual span of their control strategy, the Directors-General of the Research DGs (and the Directors of the Executive Agencies 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.

⁽¹⁶⁾ 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.

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

The criteria for making a decision on whether there is material error in the expenditure of the DG or service, and thus, on whether to make a reservation in the AAR, will therefore be principally, though not necessarily exclusively, based on the level of error identified in ex-post audits of cost claims on a multi-annual basis.

Adequacy of the audit scope

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

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

a. 2020 REVISED METHODOLOGY FOR THE CALCULATION OF THE ERROR RATE FOR HORIZON 2020

European Court of Auditors observations

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

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

In this respect, an additional 0.37 % (calculated on 1 304 H2020 audit participations by difference with the previous methodology) has been used to top up the cumulative detected error rate for 2021.

IAS limited review on the 2020 error rate calculation for H2020

The IAS has carried out a limited review on the methodology for calculation of the error rates of Horizon 2020 in 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 IAS recommended that:

1. The CIC should:
 - 1.1. Calculate the corporate H2020 residual error rate based on the actual level of implementation of audit results and extension of audit findings stemming from data encoded by the Authorising Officers;
 - 1.2 Considering that there is no data on the sampled amounts for audits closed before 2020, estimate the amount actually audited by calculating the ratio of costs actually audited to the total amount of the related accepted cost claims for all the audits closed since 1 January 2020 ('A' parameter in the formula for calculating the residual error rate) and adapt parameter 'E' accordingly;
 - 1.3 Formalise the changes in the residual error rate calculation (e.g. in a written CAS procedure).
2. The CAS should:
 - 2.1. Change the audit report template to include a line in the table of Annex 1 with the audited amounts (sampled);
 - 2.2. Include fields in AUDEX to encode the audited amounts per participation and cost category and any other IT tool used to register the ex post audits' data which feed the Microsoft Access database for the calculation of the representative detected error rate;
 - 2.3. calculate the top-up automatically in the Microsoft Access database. For Horizon Europe, the calculation will be in line with the new methodology and no top up calculation will be required.

Recommendations 1.1 to 2.1 were implemented in 2021. Recommendations 2.2 and 2.3 will be implemented in time within 2022.

b. H2020 – SPECIFIC ASPECTS

The Commission's proposal for the Regulation establishing H2020 framework programme states that:

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

Taking these elements in balance, it is proposed that the Directorates General charged with the implementation of the research and innovation budget will establish a cost-effective

internal control system that will give reasonable assurance that the risk of error over the course of the multiannual expenditure period is, on an annual basis, within a range of 2-5 %, with the ultimate aim to achieve a residual level of error as close as possible to 2 % at the closure of the multi-annual programmes, once the financial impact of all audits, correction and recovery measures have been taken into account.

Further, it explains also that:

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 %'.

In summary, 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.

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 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.

Horizon Europe Framework Programme

For Horizon Europe, 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 error rate, i.e. the level of errors which remain undetected and uncorrected, does not exceed 2%⁽¹⁷⁾.

⁽¹⁷⁾ 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 by the end of 2023, at the earliest.

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

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

Stage 1: Programming, evaluation and selection of proposals

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

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

Main risks 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/ priorities; - Topics/ activities are incoherent; - Essential eligibility, selection and award criteria are not adequate to ensure effective, efficient and economic evaluations of the proposals.	The mitigating controls for these risks are mostly the ownership of the parent DGs. This said, in line with CINEA's mandate: - CINEA provides its contribution to the content of the work programmes, which are adopted by the Commission (as per the MoUs and agreed working arrangements) in line with the policy objectives and priorities. - 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 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	Coverage/Frequency: 100% of work programmes 100% of calls Depth: Work Programme contributions and call preparation, adoption and publication are thoroughly reviewed at all levels, including for operational and legal aspects. Under Horizon, all business processes follow a governance system under the due supervision of instances like the Steering Board, the Executive Committee, the Directors Groups and key user groups.	Effectiveness: The work programmes are adopted by the Commission. Success rates in terms of "over-subscription": number of proposals retained for funding compared to number of eligible proposals received. Benefits (requested funding from proposals rejected by experts) outweigh the estimated costs of stage 1. Qualitative benefits: Optimised procedures, common approach on multiple issues (audits, fraud, legal

	the proposals. Controls are implemented in collaboration with the relevant services, and foresee appropriate hierarchical validation (including consultation of parent DG). Under Horizon, the work programmes proposed by the Directors' Groups according to the Commission decision C(2021)4472 are co-created with the work of the various instances and with the processes established in this decision. In particular, the Common Implementation Centre (CIC) in DG Research and Innovation provides all DGs involved in the implementation of Horizon 2020 with harmonised procedures, guidance and IT tools. The Common Policy Centre (CPC) centralises the budget planning and the monitoring of the Horizon budget implementation. The CIC/CPC governance structure ensures that programme implementation experience gathered feeds back to the programme design.		aspects, reporting...); better reporting on the whole programme – better management of the programme ⁽¹⁸⁾. Efficiency: Estimation of cost of staff involved in the preparation and validation of the contribution to the Work Programme and preparation, adoption and publication of Calls for Proposals / Value of Contracted Grants (%). Economy: A good work programme and well-publicised calls should generate a large number of good quality proposals, from which only the best ones, meeting the policy objectives, are selected. This results in a real competition for funds.
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⁽¹⁸⁾ The mutualisation of the support services represents a quantitative benefit which is certain but not accurately quantifiable in the context of reorganisations, new programme's setting up, general HR offsetting through the Commission

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

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators (three E's)
There is a risk that the evaluation and selection of proposals: - Do not comply with the established procedures. - Fail to consider the essential admissibility and eligibility requirements. - Are not in line with the exclusion and selection criteria defined in the corresponding work programme(s). - Do not respond to the policy objectives/ priorities as per the award criteria. - Conflict of interest regarding the expert evaluators	Detailed guidance and procedures are in place to address this objective (eGrants vademecum, LIFE wiki and CINEA's Manual of Procedures) and are adhered to at all times. This includes thorough admissibility and eligibility checks on proposals as well as checks on exclusion criteria based on guidelines developed internally. With regards award criteria, CINEA selects and appoints qualified independent expert evaluators, in consultation with the parent DGs. For such, the Agency has developed: - Guidance on selection of experts; - Pool approval workflow for experts; - Contracting workflow for experts; - Guidelines for the reimbursement of external experts; - Conflict of Interest management procedures. Additionally, CINEA makes use of independent external observer(s). For such, the Agency has developed: guidelines for independent observers. Finally, robust IT system(s) are developed and used to support the evaluations and allow suitable monitoring of the process at all stages. Generally, fraud risk and legal checks are incorporated into the procedures or on ad hoc basis in case of doubt. If applicable, validation by the AOSD of ranked list of proposals. In addition: Opinion of advisory bodies; comitology; inter-service consultation and	Coverage/Frequency: 100% of experts 100% of calls including proposals evaluated 100% of ranked list of proposals (if applicable) 100% of contested decisions are analysed by redress committee (if applicable) Depth: - Checks on proposals are documented and validated at adequate level. - Technical expertise and independence is checked at different levels and different stages (e.g. Col, nationality bias, ex-employer bias). - Continuous supervision of evaluation process and the work of evaluators, notably with the input of the independent observer.	Effectiveness: Number of proposals evaluated Average time to inform. Benefits (requested funding from proposals rejected by experts) outweigh the estimated costs of stage 1. Efficiency: Estimation of cost of all staff and other expenses (external experts, observers and logistics) involved in the evaluation and selection of proposals process / Value of Contracted Grants (%). If applicable: % of number of (successful) redress challenges upheld / total number of proposals evaluated Economy: The evaluation of proposals is objective and performed based on high independent technical expertise. Transparency, independence and objectivity of the evaluation process attested by independent observer(s). Policy objectives of the relevant programmes can be achieved in the most economical way by selecting the

	adoption by the Commission; publication If applicable, redress procedure.		best proposals, resulting in a real competition for funds.
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Stage 2: Grant agreement preparation (GAP)

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

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators (three E's)
There is a risk that: - The budget foreseen in the proposal overestimates the costs necessary to carry out the action. - The beneficiary lacks operational and/or financial capacity to carry out the actions. - A potential fraudulent proposal/ beneficiary has not been duly detected prior to the selection. - Procedures do not comply with regulatory framework.	When applicable, the grant agreement preparation takes into consideration the recommendations/ observations of budgetary nature by the evaluation panel. Furthermore, procedures and detailed guidance are in place to address this objective (eGrants vademecum, LIFE wiki and CINEA's Manual of Procedures) and are adhered to at all times. This includes: - Procedures and guidelines for the validation of beneficiaries (operational and financial capacity) including ad hoc checks for high risk beneficiaries. - Check of the Early Detection and Exclusion System (EDES) for all beneficiaries. - The use of corporate model grant agreement. - Guides for the preparation of grant agreement, including checklists and templates. - Quick guide on the examination of the CEF Grant Agreements. - Guidelines for the management of financial	Coverage/ Frequency: 100% of selected proposals 100% of draft grant agreements 100% of calls Depth: May be differentiated and determined after considering the programme, the type or nature of the beneficiary (e.g. SME, Joint-ventures) and/or of the modality (e.g. substantial subcontracting or procurement-and/or the total value of the grant). Controls implemented when justified by the call/proposal content	Effectiveness: Number of grants signed Average time to grant (FR 128.2); % of time to grant on time Efficiency: Estimated cost of staff involved in stage 2 /value of contracted grants (%) Economy: This stage should lead to a higher assurance on the achievement of the projects and contribution to policy objectives. Economy can also be quantified by justified reduction of EU contribution during GA preparation.

Where applicable, the project implementation might not comply with Ethics requirements Where applicable, sensitive/classified information in future deliverables of a selected projects might not be handled with the adequate Security measures	guarantees. • Risk assessment and risk based checks before the grant agreement signature and reinforced monitoring flagging if necessary. • If applicable, ad hoc anti-fraud checks for riskier beneficiaries • Mutual Insurance Mechanism (MIM) (ex Horizon 2020 Participants Guarantee Fund (PGF)). Finally, the signature of the GA is done by the Authorising Officer. An ethics review is carried out systematically in all Horizon calls, starting with an ethics pre-screening, which results in detailed screening or assessment if necessary When applicable, ad hoc security checks and screenings Security review is carried out systematically in all Horizon calls, starting with pre-screening, which may result in detailed security scrutiny.		
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Stage 3: Monitoring the execution

Main control objectives: Ensuring that the operational results (deliverables) from the selected projects are of good value and meet the objectives and conditions (effectiveness & efficiency); ensuring that underlying transactions comply with regulatory and contractual provisions (legality & regularity); ensuring appropriate accounting of the operations (reliability of reporting)

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: • Ineligible costs are reimbursed. • Irregularities or fraud are not detected. • Evidence of achievements is insufficient. • Paid amounts are wrong due to incorrect processing. • Underperformance and lost opportunities for corrective actions are detected late. • There is a lack of harmonised approach with the consequence of unequal treatment of the beneficiaries. • Ethics requirements are not fulfilled, if applicable.	Procedures, detailed guidance as well as templates and checklists are in place to address this objective (Gofund, LIFE wiki and CINEA's Manual of Procedures) and are adhered to at all times. This includes, among other elements: • Quick Guides for kick-off meetings, missions and final meeting (communication with beneficiaries as a preventive/ control measure). • CEF Guidelines on the processing of ASR Instalments + further pre-financing payment flowchart. • Guidelines on the eligibility of costs under CEF. • Guidance on amendment of grant agreements (including checklists and templates). • Ex-ante control Guidelines. • Quick guide to analysing procurement procedures and checklist. • Guidance and templates for suspension & Termination of Grant agreement. • Guidance on reduction of the Grant amount for poor, partial or late implementation - technical degree of completion - budget transfers. • Guidance on the treatment of appeals. • Double funding and plagiarism checks. • Project monitoring visits (on-site or remote) including the support provided through the LIFE	Coverage: 100% of the projects are controlled through value-adding checks. High-Risk operations subject to more in-depth controls. Depth: Will depend on risk criteria. However, as a deliberate policy to reduce administrative burden, and to ensure a good balance between trust and control, the level of control at this stage has an efficiency focus. Priority is given to high risk operations identified by risk criteria (suspicions raised by staff, audit results, EDES, individual or 'population' risk assessment and procedure on audit certificates by beneficiaries linked to amounts claimed).	Effectiveness: Number of payments Time-to-pay % payments made on time Value of detected ineligible EU funding / submitted EU funding (%) Efficiency: Cost of all staff and non-staff expenses (e.g. external monitors) related to the monitoring of the execution of projects / amount paid (%). Economy: 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

	programme support framework contract. • Anti-fraud awareness raising training. • For the Research programme, corporate guidance is prepared by the CIC and is available on GoFund. Internal tools, checklists and instructions have been developed to streamline processes. • Enhanced Research family approach (anti-fraud cooperation; common legal and audit service; comprehensive and common IT system for all the family). • Selection and appointment of experts for scientific reviews of intermediate and/or final reporting if applicable. In addition to the elements above, communication and information actions are part of the preventive controls. This includes both internal targeted actions as well as actions towards the beneficiaries (kick-off meetings, launch events, trainings/ presentations/ workshops and awareness on different phases of the project). Furthermore, project progress is monitored through regular contacts with the beneficiaries. Operational and financial checks in accordance with the financial circuits. Operation authorisation by the AO. For riskier operations, reinforced monitoring		on projects.
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Stage 4: Ex-Post controls/Audits

A. Audits

Main control objectives: Measuring the effectiveness of ex-ante controls by ex-post controls and addressing systematic issues if and when they arise (effectiveness; economy, efficiency; 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)
There is a risk that: - Erroneous payment declarations have been accepted. - Attempted Fraud has not been prevented and/ or detected. - There is a lack of consistency in the audit strategy within the Research family. - There is a lack of efficiency for absence of coordination: multiple audits on the same beneficiary, same programme: reputational risk and high administrative burden on the beneficiaries' side.	CINEA's ex post controls are the object of documented audit strategies, which have been discussed at length and validated at high level. The strategies are then transposed into Ex-post Audit Work Programmes. Procedures and detailed guidance are in place to address this objective and are adhered to at all times. This includes internal guidelines for Sampling the ex-post controls. In addition, CINEA's external audit team is not involved in the operational or financial circuits. This is expected increase the degree of independence and reliability of the ex-post controls. For the Research programme, ex-post controls are mainly performed by the Common Implementation Centre, in accordance with common Ex-post control strategy for the entire Research and Innovation family (Horizon 2020), 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	Coverage, frequency and depth are determined according to the-post control strategies for the programmes delegated to CINEA. These strategies also set indicators and targets. For the Research programme, the Common Implementation Centre is mainly responsible for ex-post controls. 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: Multi-annual residual error rates per programme (or sector when applicable). Number of audits finalised % of beneficiaries & value coverage Efficiency: Progress Against Annual Audit Plan; Multi-annual Audit coverage. Percentage of implementation of CAS audit plan Economy: Improvement in rules and guidance from feedback from audits. Deterrent effect. Learning effect for beneficiaries. Improvement of ex-ante controls or risk approach in ex-ante controls by feeding back findings from audit.

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

Main control objectives: Ensuring that the (audit) results from the ex-post controls lead to effective recoveries; 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)
There is a risk that: • Errors, irregularities and causes of fraud are not addressed. • Errors, irregularities and causes of fraud are detected too late to take remedial measures.	Procedures and detailed guidance are in place to address this objective and are adhered to at all times. This includes: • The procedure for the implementation of ex-post audit findings; • The Audit follow-up sheet. • Validation of recovery in accordance with the financial circuits. • Authorisation by AOSD. • Coordination at the level of the Research family: FAIR committee.	Coverage: 100% of final audit results with a financial impact. Depth: All audit results are examined in-depth making the final recoveries.	Effectiveness: Multi - annual residual error per programme. Amounts being recovered and offset. Efficiency: Progress Against Annual Audit Plan; Multi-annual Audit coverage; Progress against reports received - under the Research programme:

	• If needed: reinforced monitoring implemented on ongoing projects. Furthermore, the Agency proceeds to the systematic registration of audit/ control results to be implemented and tracks its actual implementation in the relevant audit databases/ex-post monitoring tools. Finally, if circumstances justify so, the Agency will notify suspicious cases to OLAF and ensure regular follow up of detected fraud.		-Number/value/% of audit results pending implementation, -Number/value/% of audit results implemented Economy: budget value of the errors, detected by ex-post controls, which have actually been corrected (offset or recovered).
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Procurement (applicable to all programmes managed by the Agency, with the exception of CEF and Innovation Fund)

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

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

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

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators (three E's)
There is a risk that: - Procurement needs are not well defined (operationally and economically) and that the decision to procure was inappropriate to meet the policy objectives. - Issues with the goods/services/works provided due to problems with contracting (including with planning and organisation of the procurement process).	The mitigating controls for these risks are mostly but not exclusively: - DG BUDG's Vademecum on Public Procurement. - Procedure for public procurement published on CINEA's Manual of Procedures. - Extensive discussions and revisions regarding needs and procedures with an experienced horizontal Procurement team. Controls are implemented in collaboration with the relevant services, and foresee appropriate hierarchical validation (including consultation of parent DG).	Coverage/Frequency: 100% of the forecasted procurements Depth: Contributions to the planning and the assessment needs are thoroughly reviewed at all levels, including for operational and legal aspects.	Effectiveness: Number of contracts discontinued due to lack of use; Number of 'open' or procedures where only one or no offers were received; Number of valid complaints or litigation cases filed. Efficiency: Estimated average cost of a tendering procedure Economy: Robust and well-publicised tendering procedures should result in sufficient number of quality proposals submitted.

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

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators (three E's)
There is a risk that: The most appropriate offer (in accordance with the award criteria) is not selected, due to a biased, inaccurate or 'unfair' evaluation process.	Detailed guidance and procedures are in place or being developed to address this objective (notably CINEA's Manual of Procedures) and are adhered to at all times. This includes: - Main steps, actors and IT tools. - Allocation of checks between the actors (under development). - Internal guidelines and checklists (under development). - Detailed and systematic briefing meetings between evaluation committees and the horizontal Procurement team. Generally, fraud risk and legal checks are incorporated into the procedures or on ad hoc basis in case of doubt.	Coverage/Frequency: 100% of the forecasted procurements Depth: - Continuous supervision at adequate level of evaluation process and selection process. - Evaluation and selection of tenders are documented and validated at adequate level.	Effectiveness: Average length of procurement procedures; Number of contracts discontinued due to lack of use; Number of 'open' or procedures where only one or no offers were received; Number of valid complaints or litigation cases filed. Efficiency: Estimated average cost of a tendering procedure Economy: Robust tendering procedures should result in sufficient number of good quality proposals submitted, from which only the best ones, meeting the policy objectives, are selected. This results in the selection of the best value for money proposals.

Stage 2: Financial transactions

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

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators (three E's)
There is a risk that: - The goods/ services/ works foreseen are not, totally or partially, provided in accordance with the technical description and requirements foreseen in the contract. - The amounts paid exceed that due in accordance with the applicable contractual and regulatory provisions. - Business discontinues because contractor fails to deliver.	Procedures, detailed guidance as well as templates and checklists are in place to address this objective (notably CINEA's Manual of Procedures) and are adhered to at all times. In addition to the elements above, regular contacts with service providers are part of the preventive controls, with a view to guaranteeing that the implementation of the contract is in compliance with the signed contract.	Coverage: 100% of the contracts are controlled based on value-adding checks. High-Risk operations subject to more in-depth controls. Depth: Will mostly depend on the amount and potential impact on the Agency's operations of late or no delivery.	Effectiveness: % payments on time Time-to-pay (broken by type of payment) Efficiency: Estimated cost of staff involved (payment included)/amount paid (%). Economy: Successful implementation of the services, including building assurance on the achievement of the contract in support of the policy objectives. Benefits due to operational review of services and consequent corrective actions imposed on contracts.

Stage 3: Supervisory Measures

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

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators (three E's)
There is a risk that: - An error or non-compliance with regulatory and contractual provisions, including technical specifications, is not detected. - Fraud is not prevented, detected or corrected by ex-ante control, prior to payment.	Procedures, detailed guidance as well as templates and checklists are in place to address this objective and are adhered to at all times. This notably refers to the Vademecum on Public Procurement, which is published on BUDGpedia. In addition, deviation reporting procedures are in place and the matter is supervised and monitored regularly by the CINEA's Internal Control Manager to foster compliance with regulatory and contractual provisions. Generally, fraud risk and legal checks are incorporated into the procedures or on ad hoc basis in case of doubt, issues.	Coverage: 100% of the procurement procedures and contracts are controlled based on value-adding checks. High-Risk operations subject to more in-depth controls. Depth: The depth of the checks implemented will depend on risk criteria. Priority is given to high risk operations identified by risk criteria, considering the amount and potential impact on the Agency's operations of late or no delivery.	Effectiveness: Estimated amounts associated with errors detected (related to fraud, irregularities and error). Number of non-compliance events. Efficiency: Estimated costs of staff (/non staff) involved/ amounts detected associated with fraud and error (%). Economy: Compliance of the tendering and financial transactions with regulatory provisions. Fraud prevention and reduced reputational damage. Revision of services and eventual corrective actions imposed on contracts.

ANNEX 7: Specific annexes related to "Financial Management"

Table 1 - Overview of CINEA's estimated cost of controls at Commission (EC) level ⁽¹⁹⁾, grants under direct management:

CINEA	Ex ante controls***			Ex post controls			Total	
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
Relevant Control System (RCS) / Other as defined in Annex 6 of the AAR*	EC total costs	related payments Made	Ratio (%)** (a)/(b)	EC total costs	total value verified and/or audited	Ratio (%) (d)/(e)	EC total estimated cost of controls (a)+(d)	Ratio (%)** (g)/(b)
CEF	13.225.573,48 €	2.881.603.549,11 €	0,46%	1.090.341,24 €	495.118.746,00 €	0,22%	14.315.914,72 €	0,50%
Horizon	10.823.666,28 €	930.595.168,67 €	1,16%	275.644,46 €	NA	0,00%	11.099.310,73 €	1,19%
IF	7.375.110,28 €	- €	0,00%	- €	NA	0,00%	7.375.110,28 €	0,00%
LIFE	18.212.016,04 €	323.002.101,09 €	5,64%	395.760,87 €	10.876.053,00 €	3,64%	18.607.776,90 €	5,76%
EMFF	1.239.357,48 €	18.725.931,34 €	6,62%	96.165,54 €	2.928.117,00 €	3,28%	1.335.523,01 €	7,13%
RENEWFM	213.511,55 €	- €	0,00%	- €	NA	0,00%	213.511,55 €	0,00%
JTM	35.033,52 €	- €	0,00%	- €	NA	0,00%	35.033,52 €	0,00%
OVERALL total estimated cost of control at EC level for expenditure	51.124.268,63 €	4.153.926.750,21 €	1,23%	1.857.912,10 €	508.922.916,00 €	0,37%	52.982.180,72 €	1,28%

⁽¹⁹⁾ The table reflects the costs of controls implemented by CINEA for these programmes. Details of the estimated cost of controls related to shared/pooled control activities carried out by REA and hosted by DG RTD (Common Implementation Centre; Common Audit Service; Common Policy Centre) for the Research and Innovation family are reported in the Annual Activity Reports of REA and RTD.

Stage 1 – Evaluation and selection of proposals

The qualitative benefits are:

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

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

Figure 1: Benefits of stage 1 – Evaluation ⁽²⁰⁾

Programme	Amount of requested funding not recommended by experts
CEF	99,398,741
Horizon	3,757,550,856
Innovation Fund	1,862,022,282
LIFE	718,495,517
EMFF	55,038,916
Total	6,492,506,311

Stage 2 – Grant Agreement Preparation (GAP)

The qualitative benefits are:

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

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

Figure 2: Benefits of stage 2 – Grant Agreement Preparation

⁽²⁰⁾ The information contained refers to calls concluded in 2021 when the applicants were officially informed. The proposals rejected by the experts refer to those proposals that did not pass the threshold following the consensus meeting and were not recommended for funding.

Programme	Number of cancelled GAPs	Funding reductions due to cancellations	Other funding reductions during Grant agreement preparation	Total funding reduction
CEF	4	11,697,848	4,689,908	16,387,756
Horizon			270,159	270,159
Innovation Fund	2	8,939,070	333,176	9,272,246
LIFE	1	5,843,925	6,067,890	11,911,815
EMFF			331,218	331,218
Total	7	26,480,843	11,692,351	38,173,194

Stage 3 – Monitoring the execution

The qualitative benefits are:

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

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

Figure 3: Benefits of stage 3 – Monitoring the execution

Programme	Number of cost claims	Submitted amount	Ineligible amount (€) (recovery context Irregularity)	Rejection Rate (%)
CEF	385	3,780,637,602	63,398,515	1.7%
H2020	467	855,009,875	2,352,244	0.3%
LIFE	180	147,185,150	4,972,640	3.4%
EMFF	52	12,330,030	600,335	4.9%
Total	1084	4,795,162,657	71,323,734	1.5%

Stage 4 – Ex Post Controls

The qualitative benefits are:

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

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

The benefits of this stage can be quantified by the amount of EU contribution detected in ex post control activities. In 2021, this amount was estimated at €1.84 million for CEF, € 0.104 million for LIFE and € 0.034 million for EMFF.

Ex-Post Control Results

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

Multi-Annual Residual Error Rate	CEF Transport	CEF Energy	LIFE	EMFF
Total number of closed audits	91	32	49	41
1. Sampled EU Contribution Interval Sample	1.176.282.066	147.650.010	18.305.424	5.513.967
2. Sampled EU Contribution Risk sample	163.660.546	36.269.404	2.356.514	260.074
3. Total Audited EU Contribution =(1)+(2)	1.339.942.612	183.919.414	20.661.938	5.774.041
4. Detected Interval sample error	7.968.490	4.375.668	131.898	54.720
5. Detected Risk sample Error	6.655.599	131.564	29.903	35.624
6. Detected error rate = (4)/(1)	0,68%	2,96%	0,72%	0,99%
7. Total errors corrected for Interval sample and Risk Based audits				
a) Errors corrected by 31/12/2021	14.619.005	4.507.232	140.502	88.097
b) Errors corrected 1/1/2022 - 31/03/2022	0	0	0	0
8. Errors not corrected	5.084	0	21.298	2.247

9. Total EU Contribution	10.029.402.220	1.227.444.118	352.558.077	48.753.840
10. Audit coverage = (3)/(9)	13,36%	14,98%	5,86%	11,84%
11. Calculated residual error = (8) + [(9)-(3)]*(6)	58.870.106	30.925.281	2.412.742	428.772
12. Calculated residual error rate = (11)/(9)	0,59%	2,52%	0,68%	0,88%

CEF Transport and Energy

The audit findings with the largest financial impact for audits selected by Interval sampling for CEF Transport and Energy have been related to the claiming of costs not yet 'incurred' for works contracts, or costs declared that are not linked to the grant agreement or non-respect of public procurement/best value for money requirements. However, the number of findings of this nature are limited due to the effectiveness of the ex ante controls. Audits continue to find recurrent errors in the 'personnel costs' category. However, as these costs tend to represent a low proportion of overall declared costs in large-scale infrastructure projects, the financial impact of these findings is not significant.

For CEF Transport, the scale and extent of detected errors in both Interval and Risk based audit selections, as shown in the multi-annual error rate calculation appear to be well contained within tolerable limits, confirming the effectiveness of the current ex ante control system. The residual error rate for CEF Transport at the end of 2021 is 0.59%

For CEF Energy, the population of auditable transactions is small. As a result, the sensitivity of the error rate calculation in case of substantial detected error is high. In 2021, one audit with a large error linked to costs of procurement where the best value for money methodology could not be verified had a significant impact on the detected error rate, increasing it to 2.96% at the end of 2021. The residual error rate taking this correction into account is above 2% (2.52%). A quantified reservation is therefore required for CEF Energy according to the materiality criteria defined in Annex 5.

LIFE

Audits of LIFE started in 2017. By the end of 2021, 49 final audit reports were issued, related to both Action and Operating grants. The residual error rate at the end of 2021 is 0,68%.

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

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

In addition, 20 new audits on LIFE programme were launched in December 2021. These audits are expected to be finalised in 2022.

EMFF

Audits of EMFF started in January 2019. By the end of 2021, 41 final audit reports were issued.

The residual error rate at the end of 2021 is 0,88%, well below the materiality threshold of 2%. These results confirm the effectiveness of the current ex ante control system of EMFF programme as such.

Given the fact that the main cost category for EMFF projects is staff costs, the audit findings with the largest financial impact for audits selected by Value based sampling have been related to the incorrect calculation of staff costs either in terms of productive hour applied for the calculation of hourly rates or claiming more hours in total than the productive hours used for the calculation of the hourly rates, resulting to claiming more costs that actually incurred.

In addition, 25 new audits on EMFF programme were launched in December 2021. These audits are expected to be finalised in 2022.

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

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

Figure 5: Cost and impact per audit per programme

Audit Plan	Recommended Financial Adjustment				Number of Closed audits				Average Impact Per Audit			
	Transport	Energy	LIFE	EMFF	Transport	Energy	LIFE	EMFF	Transport	Energy	LIFE	EMFF
2018	2.164.398	81.779	N/A	N/A	20	4	N/A	N/A	108.220	20.445	N/A	N/A
2019	8.019.474	1.782.164	N/A	N/A	23	11	N/A	N/A	348.673	162.015	N/A	N/A
2020	449.979	770.382	N/A	N/A	24	6	N/A	N/A	18.749	128.397	N/A	N/A
2021	633*	1.836.883	104.199	33.769	11	6	22	24	58	306.147	4.736	1.407
Total	10.634.484	4.471.209	104.199	33.769	78	27	22	24	475.699	617.004	4.736	1.407

*8 audits are still ongoing.

H2020

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

Since 2007, the R&I Family has adopted a common audit strategy intended to ensure the legality and regularity of expenditure on a multi-annual basis, including detection and correction of non-systematic and systematic errors.

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

The **main indicators** on legality and regularity ⁽²¹⁾ of H2020 are:

- **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.
- **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 is:

- 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 the cumulative residual error rate does not exceed 2% ⁽²²⁾.

It should be noted, however, that due to its multi-annual nature, the effectiveness of the 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 control strategy has been fully

⁽²¹⁾ These indicators are described in Annex 5.

⁽²²⁾ 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 by the end of 2023, at the earliest.

implemented, and errors, including those of a systematic nature, have been detected and corrected.

Due to the COVID-19 pandemic crisis and related travel limitations during 2021, the Common Audit Service (CAS) – in line with the instructions of the Commission – could not carry out the necessary on-the-spot missions and had to postpone some of them. To minimise the impact of COVID-19 on the implementation of the audit campaign, the CAS converted as many traditional audit assignments as possible into desk audits, in line with international best practices and auditing standards.

Despite restrictions and other objective challenges due to the COVID-19 pandemic, the foreseen audit target was achieved. The CAS managed to finalise audits on 514 participations corresponding to 104.3% of the planned most probable scenario for the 2021 target ⁽²³⁾.

The following table presents the error rates calculated for H2020 by the end of 2021.

	HORIZON 2020 AUDITS	EX-POST
REPRESENTATIVE DETECTED ERROR RATE		2,29%
CUMULATIVE RESIDUAL ERROR RATE R&I Family		1,60%
CUMULATIVE RESIDUAL ERROR RATE CINEA		1,83%

Results of the Horizon 2020 ex-post audits

In 2020, the Commission refined its methodology for calculating the Horizon 2020 error rates in line with the European Court of Auditors' observations in its 2018 and 2019 Annual Reports ⁽²⁴⁾. The methodology applied is described in Annex 5 'Materiality criteria'. As of January 2020, DG R&I applied the revised methodology on a sample of 1 304 audit conclusions. This results in the following error rates for Horizon 2020 ⁽²⁵⁾ on 31 December 2021:

⁽²³⁾ Given the COVID-19 pandemic and related restrictions, the CAS developed several scenarios for the closure of audit targets.

⁽²⁴⁾ When calculating the multi-annual error rate, the Commission took into account the results of the audit re-performed by the ECA as part of Module 2 of the DAS 2018-2019.

⁽²⁵⁾ The Horizon 2020 audit campaign started in 2016. At this stage, four Common Representative Samples with a total of 629 expected results have been selected. By the end of 2021, cost claims amounting to EUR 31.8 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 3 424 participations were finalised by 31/12/2021 (of which 514 in 2021).

- Representative detected error rate: **2.29%** ⁽²⁶⁾
Cumulative residual error rate for the Research and Innovation Family DGs: **1.60%**
(**1.83** % for CINEA).

In line with the Financial Statement ⁽²⁷⁾ accompanying the Commission's proposal for the Horizon 2020 regulation, a reservation is not necessary for the related expenditure if the cumulative residual error rate for the programme falls within the target range of 2-5%. In 2021, and despite the above-mentioned caveats, the cumulative residual error rate for Horizon 2020, calculated at 1.83% for CINEA, more than fulfils this condition and is below the materiality threshold. Despite the absence of reservation, the root causes of errors have been identified and targeted actions taken to address any identified weaknesses.

Since Horizon 2020 is a multi-annual programme, the error rates, and the residual error rate in particular, should be considered within a time perspective. Specifically, the cleaning effect of audits will tend to increase the difference between the representative detected error rate and the cumulative residual error rate, with the latter finishing at a lower value.

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.

The decrease of the error rates in year 2021 could be due, among other reasons, to the beneficiaries' increased knowledge of the eligibility rules and its inherent learning curve, as well as to the results of the communication campaigns, targeted webinars and trainings, addressed in particular to newcomers and SMEs.

Given the results of the audit campaign up until 2020, and the observations made by the European Court of Auditors in its Annual Reports, the Common Implementation Centre, in close cooperation with central Commission services, is defining actions aimed at significantly simplifying the rules, and paving the way for a significant reduction of the error rate in Horizon Europe. Actions were undertaken including further simplification, increased use of simplified forms of funding (including lump sums and unit costs), focused communication campaigns to more "error-prone" types of beneficiaries with higher than average error rates, such as SMEs and newcomers, and enhanced training to external audit firms performing audits on behalf of the Commission (the last three measures also target

⁽²⁶⁾ Based on the 418 representative results out of the 629 expected in the four Common Representative Samples.

⁽²⁷⁾ The legislative financial statement accompanying the Commission's proposal for the Horizon 2020 regulation states: "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 projects. The ultimate aim for the residual level of error at the closure of the programmes after the financial impact of all audits, corrections and recovery measures will have been taken into account is to achieve a level as close as possible to 2%."

H2020 grants and beneficiaries). Focusing on the most common errors, these events will be short and simple, reaching more participants and achieving higher impact.

In the context of further reducing the error rates, the Common Implementation Centre will revisit the existing tools for ex-ante controls. It will consult the stakeholders in order to collect their views on possible improvements in the grant management risk module.

Horizon Europe

2021 was the first year of implementation of the Horizon Europe framework programme. The adoption of its Regulation later than initially planned, delayed the starting of its implementation ⁽²⁸⁾. By the end of 2021, only a very limited number of payments was executed (only pre-financings in DG R&I).

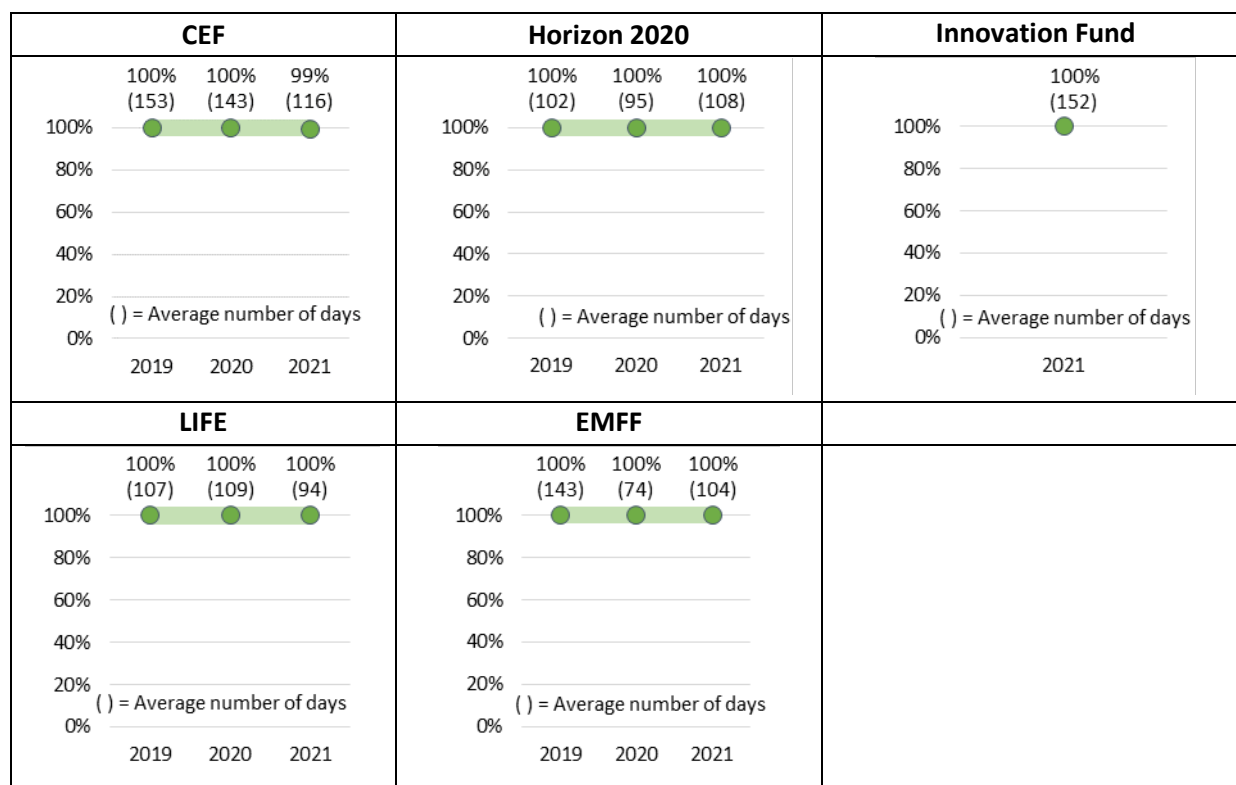
Consequently, taking into account the absence of relevant expenditure, the low-risk nature of the implemented transactions and the absence of ex-post audit results for grants, no detected error rate can be reported for Horizon Europe in 2021.

⁽²⁸⁾ End 2021, for the R&I family 64 calls for proposal had been fully evaluated and only 19 grant agreements had been signed (1 for CINEA).

Time-to-inform ⁽²⁹⁾

The time-to-inform limit of six months for all programmes with the exception of Horizon 2020 and Horizon Europe (i.e. 5 months) was respected in all but one case. The multi-annual evolution of the time-to-inform is presented in the following figure:

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

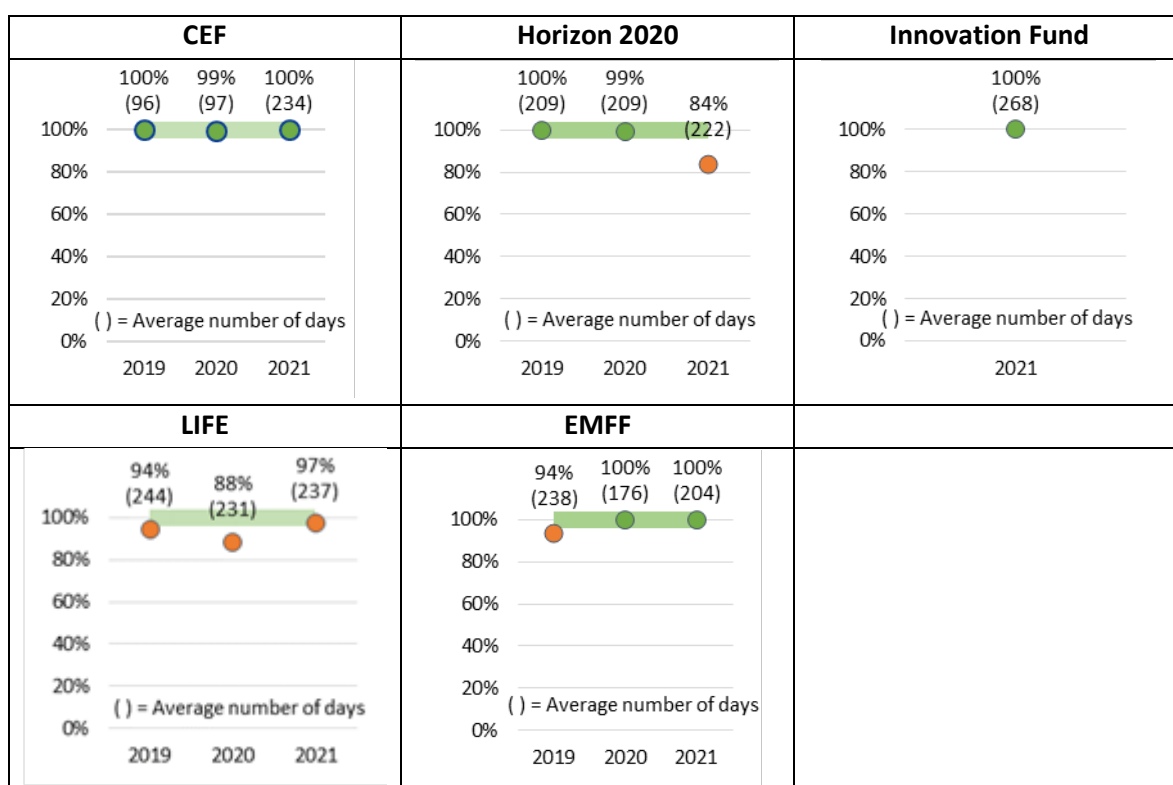


⁽²⁹⁾ Only calls for proposals which were concluded in 2021 have been taken into account.

Time-to-grant

The time-to-grant limit of nine months for all programmes with the exception of Horizon 2020 and Horizon Europe (i.e. eight months) was respected in most cases. For Horizon 2020, the time-to-grant was below the target because in a limited number of instances, grants were signed beyond the eight months due to technical issues linked to the transfer of files from former EASME to CINEA. For LIFE, the time-to-grant was slightly below the target (i.e. six grants not signed on time). The multi-annual evolution of the time-to-grant is presented in the following figure:

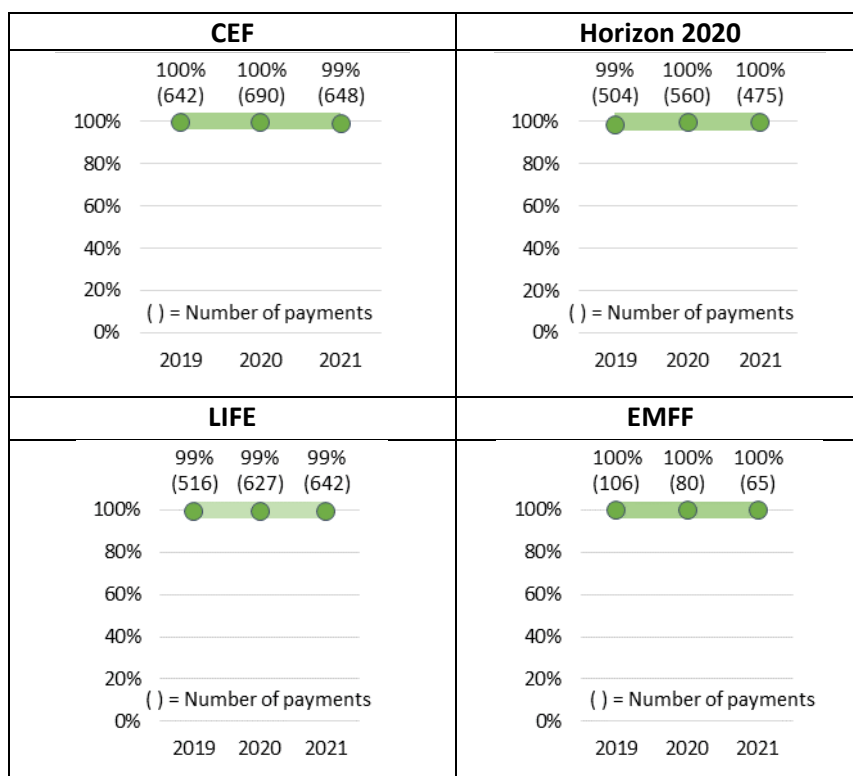
Figure 7: Development of grants signed on time per Programme



Time-to-pay

The time-to-pay target of 98% for the different types of payments (pre-financing, further pre-financing and interim/final payment) was respected in all instances for all programmes. The multi-annual evolution of the number of payments on time is presented in the following figure:

Figure 8: Development of number of payments done on time per Programme



Ex-post controls progress against the annual audit plan (CEF Audits³⁰)

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

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

Audit Plan 2019	Completion Rate by End 2019	Completion Rate by Mid 2020	Completion Rate by end 2020
Transport	61%	96%	100%
Energy	55%	91%	91%

The delay to finalise audits from the 2019 audit plan was linked to complex risk based audits in the Energy sector. At the end of 2021, all audits are closed.

Audit Plan 2020	Completion Rate by End 2020	Completion Rate by Mid 2021	Completion Rate by end 2021
Transport	50%	79%	100%
Energy	50%	100%	100%

Despite the complications of the COVID-19 pandemic, the audit plan 2020 was fully finalised by the end of 2021.

Audit Plan 2021	Completion Rate by End 2021
Transport	55%
Energy	75%

Despite the complications of COVID-19 pandemic, the target to close 50% of the planned 2021 audits was achieved by the end of 2021.

Economy of the implemented controls

⁽³⁰⁾ As no similar targets were in place for audits inherited from EASME, data for LIFE and EMFF audits are not included.

In 2021, CINEA's costs of controls for grants under direct management as well as the benefits of these controls have been estimated for each of the different control stages. The results are shown in the two tables below.

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

Costs	CEF	Horizon	IF	LIFE	EMFF	RENEWFM	JTM	Total
Evaluation and selection	3.5	2.2	6.6	4.2	0.4	0.2	0.0	17.2
Grant Agreement Preparation	2.7	1.5	0.8	0.8	0.2	0.0	0.0	5.8
Monitoring the execution	7.1	7.1	0.0	13.2	0.6	0.0	0.0	28.1
Ex-post controls	1.1	0.3	0.0	0.4	0.1	0.0	0.0	1.9
All stages included	14.3	11.1	7.4	18.6	1.3	0.2	0.0	53

For calculating the costs of controls, the following expenses were considered ⁽³¹⁾:

1. Costs of staff in control posts – The share of control posts (as identified in ATLAS and in line with the guidance provided by the General Secretariat) was calculated per programme and then multiplied with the total administrative expenditure on Title I and Title II of each programme. The ensuing costs were then distributed between the different control environments (procurement and grants) and stages either directly (for control posts that are associated to only one control environment/stage) or by applying a share according to the estimated time of work spent for each of the control environment/stages in 2021.
2. Programme support expenditure – Additionally to staff expenditure, the different programmes and control environments/stages are supported by expenditure on CINEA's administrative budget (Title III) and operational budget. The following payments are included:
 - a. Payments from CINEA's administrative budget for outsourced ex-post audits, for missions and for IT development costs attributable to control activities.
 - b. Payments from the operational budget related to control activities, e.g. evaluation experts and reimbursement of translation expenses of proposals, costs for the maintenance of legacy IT tools and QlikSense dashboards and monitoring activities, including the cost of the LIFE programme support framework contract.

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

Benefits	CEF	Horizon	IF	LIFE	EMFF	RENEWFM	JTM	Total
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⁽³¹⁾ Includes some payments authorised at the beginning of the year, linked to the CEF ICT legacy programme handed over to HaDEA.

Evaluation and selection	99.4	3757.6	1862.0	718.5	55.0			6492.5
Grant Agreement Preparation	16.4	0.3	9.3	11.9	0.3			38.2
Monitoring the execution	63.4	2.4	0.0	5.0	0.6			71.3
Ex-post controls	1.8	0.6	0.0	0.1	0.03			2.5 ⁽³²⁾
All stages included	181.0	3760.7	1871.3	735.5	56.0	0.0	0.0	6604.6

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

- The costs of the evaluation and selection of proposals (i.e. stage 1) correspond to 0.6% of the respective amount recommended for funding following the evaluation of the calls for proposals in 2021.
- The costs of grant agreement preparation (i.e. stage 2) correspond to 0.3% of the respective amount contracted in 2021.
- The costs of monitoring the execution of projects (i.e. stage 3) equals 0.7% of the operational payments for grants under direct management made in 2021.
- The audits finalised in 2021 for the CEF, LIFE and EMFF programmes covered a total amount of audited EU contribution of € 508.9 million. Hence the cost of the ex-post controls for CEF, LIFE and EMFF programmes (i.e. stage 4) equals to 0.4% of this amount.

Figure 11: Costs of controls for each control stage per programme (%)(³³)

Efficiency indicator	CEF	Horizon	IF	LIFE	EMFF	Total
Stage 1 - % of costs in relation to amount recommended	0.7%	0.2%	0.5%	1.0%	1.8%	0.6%
Stage 2 - % of costs in relation to amount contracted	0.4%	0.2%	0.7%	0.2%	0.7%	0.3%
Stage 3 - % of costs in relation to amount paid	0.2%	0.8%	N/A	4.1%	3.3%	0.7%
Stage 4 - % of costs in relation to amount audited	0.2%	N/A	N/A	3.6%	3.3%	0.4%

In conclusion, the total benefits of controls outweigh the overall costs of controls together. Furthermore, when comparing the costs of controls (€ 53 million) with the respective operational payments made in 2021 (€ 4,154 million), the ratio is set around 1.28%, demonstrating the cost-effectiveness of the controls.

Figure 12: Costs of controls for all stages per programme (%)(²⁹)

Efficiency indicator	CEF	Horizon	IF	LIFE	EMFF	Total
All stages - % of costs in relation to amount paid	0.50%	1.19%	N/A	5.76%	7.13%	1.28%

⁽³²⁾ This figure represents the detected errors in terms of EU contribution in 2021. The corrected errors resulting from ex post corrections implemented in 2021 (executed corrective capacity) amounts to €3.9 million.

⁽³³⁾ RENEWFM and JTM are not included (N/A, yet).

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

Assessment of the effectiveness of the internal control systems

The Agency's Internal Control Framework, similarly to the framework of the 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 CINEA's own specificities.

CINEA's 2021 assessment of the effectiveness of its internal control systems (self-assessment) was carried between December 2021 and February 2022, taking into account elements such as (but not exclusively) the risk management activities, deviation reporting activities, auditing activities concluded in 2021 (from the IAS ⁽³⁴⁾ and ECA) and the checks on the Internal Control Monitoring Criteria. The self-assessment identified areas that present a particularly robust system of controls. The analysis also highlighted a limited number of deficiencies that have an impact on the effectiveness of the overall control systems of the Agency.

Out of the seventeen internal control principles, the self-assessment concluded that fourteen are present and functioning well. The three remaining principles ⁽³⁵⁾ are present and functioning but some improvements are needed related to:

- human resources, notably the need to improve the indicators for the vacancy and turnover rates;
- the targets of the Agency as per the objectives of the 2021 AWP, notably the need to improve their performance;
- the coverage of CINEA's control strategy that should be extended to all programmes managed by the Agency, as well as a need to decrease the error rate for the CEF Energy sector.

A number of remedial measures have already been implemented, such as (but not exclusively):

⁽³⁴⁾ The Agency notes that after the conclusion of the 2021 self-assessment, the IAS issued its limited conclusion, with reference to a very important recommendation in the context of the audit on the 'Implementation of audit results in Horizon 2020', finalised in January 2022. Overall, CINEA believes that the issues raised by the IAS have limited impact on the overall Agency's framework of controls.

⁽³⁵⁾ Principle 4 – The Agency demonstrates a commitment to attract, develop, and retain competent individuals in alignment with objectives; Principle 7 – The Agency identifies risks to the achievement of its objectives across the organisation and analyses risks as a basis for determining how the risks should be managed.; Principle 10 - The Agency selects and develops control activities that contribute to the mitigation of risks to the achievement of objectives to acceptable levels.

- A simplification exercise of selection procedures was conducted in 2021. Several measures were identified and implemented as from the last quarter of the year.
- The Agency has updated its control strategy to extend its coverage to all legacy programmes (including those handed over from former EASME).
- A comprehensive analysis was conducted, which identified the issues at the origin of the higher than expected CEF energy error rate. Several measures were put in place to resolve the situation (including an increased audit coverage and awareness raising activities).

Others measures are, or will be part of dedicated action plans targeting the areas with identified deficiencies, including:

- CINEA will observe the impact of the measures to simplify recruitment procedures, in view of determining the need for further action.
- The Agency will reinforce its monitoring of the targets performance, to determine trends and if targeted measures are needed. Monitoring activities will also allow identifying in advance potential underperforming areas, in view of taking immediate preventive measures and ultimately improving performance.
- A further revision of the Control Strategy is planned for 2022, in view of extending its scope to also cover the programmes of the new MFF.

In terms of components, two out of five are present and functioning well. The other three ⁽³⁶⁾ are present and functioning but some improvements are needed.

Based on the above, the Agency concluded that the control system as a whole is well suited, adequately in place and functioning as intended. The self-assessment did not result in the identification of major weaknesses, errors or gaps that could jeopardise the overall effectiveness of CINEA's internal control system.

Risk Management Activities

CINEA's risk management activities include the annual risk management exercise and a mid-term review. The latest version of CINEA's Risk Register for 2021 (mid-term review) included one risk related to potential delays in the recruitment of staff. This risk, which figures in the risk register of the Agency since a COVID-19 specific risk assessment exercise, was modified to focus more on the exponential increase of staff in light of the recently extended mandate rather than strictly relating to the challenges linked to the pandemic. With a view to reducing both the likelihood and impact of this risk, the Agency identified several mitigation measures, some of which have since been implemented, while others will be gradually. Monitoring and reporting activities have allowed the relevant services to continuously take stock of the situation and reassess measures when needed.

Finally, prior to the publication of this report, the Agency conducted the 2022 risk management exercise. While its results are not relevant here because they fall outside of the reporting period, it is important to highlight that the exercise confirmed the Agency's

⁽³⁶⁾ Component 1 – Control Environment; Component 2 – Risk Assessment; Component 3 – Control Activities

capacity to effectively identify risks and select adequate mitigation measures. It also evidenced a continuous integration of controls and mitigation measures in standard procedures, which in turn decreases the likelihood and/ or impact of risks, leading to their acceptance (particularly for risks of operational nature). As a result, in the most recent years, a trend of low number of identified risks can be verified in CINEA.

Deviation reporting activities

In 2021, five deviations were documented which, while still within the target, represents an increase in absolute terms compared to 2020 (three). However, given the expanded portfolio and operations of the Agency, this increase is considered justified. The deviations referred strictly to contractual procedures, and their significance was predominantly qualitative (i.e. legal considerations with limited or no financial impact). Despite of the reduced associated residual risks of each specific case, the increased number of deviations does not currently bear an effect on the effectiveness of the Agency's control system. However, it might do so in the future and in this context, further to the mitigation measures identified for each deviation, the Agency has also established a preventive action plan, mostly focusing on awareness raising activities, aiming at eventually lowering the number of deviations.

With this said, the Agency will continue to monitor this matter closely also to determine if the recent increase of exceptions and non-compliances reported is linked to the larger portfolio of delegated programmes, which brings about a higher number of calls managed, grants signed and annual financial transactions both on the operating and operational budgets.

Internal Audit Service (IAS)

IAS audits in progress during 2021

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

This multi-DG audit launched in 2020 assesses the processes in place (and their effectiveness) for the protection of personal data in all Executive Agencies as well as in the Common Implementation Centre (RTD). At the end of the reporting period, the fieldwork was entering its final stages.

Implementation of audit results in Horizon 2020

Launched in 2020, this multi-DG audit (RTD, CNECT, ERCEA, REA, EISMEA and CINEA) examines the effectiveness of the implementation of ex-post audit results, with particular attention to sensitive and/ or contentious audits. Before the publication of this report, the IAS issued the Final Audit Report, which included four recommendations specifically for CINEA, notably a very important one related to staff awareness to the applicable H2020 Guidance for the implementation of audits results and extensions. The recommendations will be addressed by an action plan to be finalised as of the beginning of 2022, and subsequently implemented.

Performance framework for research

This multi-DG audit covering Horizon Europe, with a specific focus on Cluster 5 – Climate, Energy & Mobility, was launched in the second half of 2021 and aims at assessing the effectiveness of the implementation of the performance framework for Horizon 2020 as well as the adequacy of the design of the new performance framework for Horizon Europe. At the end of 2021, the audit was in its preliminary survey phase, with six Directorates-General (RTD, CNECT, JRC, CLIMA, MOVE, ENER) and two Executive Agencies (REA, CINEA) involved.

Programme Implementation phase 1 (from work programme to call evaluation and grant preparation) – CEF Energy and Transport

Launched in the last quarter of 2021, this multi-DG audit (ENER, MOVE and CINEA) focuses on the design and implementation of CINEA's control strategy for CEF 2. In particular, the audit will assess the processes put in place for the implementation of the delegated budget, the reliability of performance data provided by CINEA to its parent DGs, as well as the supervision of the Agency by its parent DGs. At the end of the reporting period, the audit was in its preliminary survey phase.

IAS closed audits with ongoing action plan implementation in 2021

Management of experts in Horizon 2020 grants

This multi-DG audit (RTD, CNECT, REA as well as former EASME and INEA) assessed if experts appointed under H2020 effectively supported the Commission in selecting the best proposals and monitoring project implementation. The action plan addressing the recommendations (including two specifically for the Agency) was implemented in the first half of 2021. The measures taken will be subject to a follow-up audit by IAS to determine if the recommendations have been successfully addressed.

Implementation of anti-fraud actions in the research area

This multi-DG audit (RTD, CNECT, REA, ERCEA, as well as former EASME and INEA) assessed the effectiveness of the implementation of anti-fraud actions at the level of the Research Family and of the individual implementing bodies. By the end of 2021, the action plan addressing the recommendations (including one specifically for the Agency) was fully implemented. A future IAS follow-up audit will assess if the Agency has successfully addressed the recommendation.

Effectiveness of the design and of the implementation of the ex-post control strategy for the Connecting Europe Facility in the Innovation and Networks Executive Agency

This audit assessed the effectiveness of the design and implementation by the former INEA of the CEF's ex-post control strategy, to obtain reasonable assurance on the legality and regularity of transactions. The final audit report issued three recommendations, including one very important related to the need to revise the procedure for assessing the technical justifications provided by CEF beneficiaries for the signature of amendments of procurement contracts (subject to the Public Procurement Directives). By the end of 2021, the Agency had successfully addressed all recommendations, including the very important one, as attested by the dedicated IAS follow-up audits. For doing so, the Agency introduced measures to improve the preparation of the Annual Audit Plans and developed tools (including checklists) and guidance to enhance the assessment of the legality and regularity

of the amendments by CEF beneficiaries to implementing contracts. The effect of such measures is difficult to determine from a short term perspective, but the Agency trusts in long term positive impacts.

European Court of Auditors (ECA)

Compliance audits

2020 Operating budget and the preparation of the annual accounts

The audit aimed to obtain reasonable assurance that the Agency's annual accounts were free of material misstatement, and that the underlying transactions are legal and regular. The ECA considered that the accounts presented fairly, in all material respects, the financial position of the Agency, the results of its operations, its cash flows, and the changes in net assets. The ECA also concluded that transactions underlying the accounts were legal and regular in all material respects for both revenue and payments.

2020 Operational budget

On the reliability of the 2020 operational accounts and the cut-off exercise, the auditors issued one observation related to a calculation error in an off-balance sheet account, which led to an overstatement. The posting, which did not carry an impact on the net assets of the Commission, was corrected before the finalization of the annual accounts.

Statement of Assurance (SoA)

In the context of the 2020 Statement of Assurance, the ECA sampled 24 transactions, which represented a significant increase in relation the previous exercise, during which only 15 transactions had been sampled. By the end of 2021, the ECA had concluded all audits and issued all clearing letters. One case of irregularity in procurement procedures related to one CEF project figured in the 2020 Annual report of the ECA. It referred to language criteria: the Court was of the opinion that the language criteria prevented fair competition. However, the Commission argued that several foreign companies applied and a fully foreign consortia successfully passed the selection. Therefore, the Commission and CINEA disagreed with the declaration of ineligibility of the related costs.

For the 2021 SoA, 32 transactions were sampled (16 for CEF, 4 for CEF Cohesion, 1 for LIFE, 1 for EMFF and 10 for H2020) which represented another significant increase in comparison with 2020. Six clearing letters were issued by the end of the reporting period, in a COVID-19 context, which obliged the ECA to conduct mostly desk reviews instead of on-site visits. Three clearing letters had no findings. Some findings in relation to one ongoing H2020 project were reported and these are being addressed directly with the beneficiary in order to rectify the situation. For CEF, two clearing letters were issued with findings, including one related to the same case of irregularity in procurement procedures as in 2019, for which the Commission still disagrees.

In relation to recommendations issued for the previous DAS exercises, all actions related to CINEA have been considered by the Court as fully implemented or implemented in most respects, except for the one case reported above related to an irregularity in procurement procedures.

Special audits and reviews

Electric Recharging Infrastructure

This special audit assessed if the Commission effectively supports the deployment of an EU-wide publically accessible recharging infrastructure for electric vehicles. It concluded that, despite of an increase in the number of charging stations, their uneven deployment makes travel across the EU complicated. The Agency contributed to the drafting of the action plan addressing the recommendations issued to the relevant Parent DG, and is currently supporting its implementation. The observations and findings of this special audit, as well as the Court's recommendations, can be found in the [Special Report 05/2021](#), published in April 2021

Polluter Pays Principle

The objective of this special audit was to assess the governance arrangements put in place by the Commission to embed the polluter pays principle in its policies and examine how the polluter pays principle is applied in four EU environmental policy areas: industrial pollution, waste, water, and soil. The ECA highlighted certain consistency issues in the application of the principle across EU environmental policies and actions. The Agency is working in close cooperation with the audited parent DGs for the follow-up actions related to this audit. The observations and findings of this special audit, as well as the Court's recommendations, can be found in the [Special Report 12/2021](#), issued in July 2021

Large Transport Projects International Benchmarking Review

This review compared the Commission's processes to support the delivery of large transport projects through direct management, to similar processes in a number of countries selected for benchmarking. The review stressed out the uniqueness of the EU's transport strategy, in the sense that no other geographical area reviewed sets a deadline for the completion of an entire cross-border network. However, and in particular in terms of project delays, the review stressed out some room for improvement. When relevant and deemed cost-effective, the concerned Parent DGs will consider the results of this review and, with the support of the Agency, consider them while carrying out its CEF programme implementation activities. The challenges identified and ECA's suggestions are included in [Review 05/2021](#), published in November 2021

Intermodal Freight Transport

This ongoing audit was announced in the second semester of 2021, and aims to determine if the EU's regulatory and financial support to intermodal freight transport have been effective so far. The audit is in its initial stages of implementation and the publication of the Special Report is expected before the end of 2022.

Circular Economy

Announced in the first semester of 2021, this ongoing audit examines the effectiveness of EU support to circular economy, focusing in particular in the design and production phases. The publication of the Special Report is expected before the end of 2022.

Climate Mainstreaming

This ongoing audit announced in the first semester of 2021 aims to assess if the Commission reports relevant and reliable information on climate spending and on the

progress towards the 20 % climate-mainstreaming target for the period 2014-2020. The publication of the Special Report is expected in the second quarter of 2022.

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

1) Annex related to "Control results" – Table2: Estimated risk at payment and at closure

Table 2: Estimated risk at payment and at closure

EA CINEA	'payments made' (2021;MEUR)	minus new prefinancing [plus retentions made] (in 2021;MEUR)	plus cleared prefinancing [minus retentions released and deductions of expenditure made by MS] (in 2021;MEUR)	'relevant expenditure' (for 2021;MEUR)	Detected error rate or equivalent estimates	estimated risk at payment (2021;MEUR)	Adjusted Average Recoveries and Corrections (adjusted ARC, %)	estimated future corrections [and deductions] (for 2021;MEUR)	estimated risk at Closure (2021;MEUR)
-1	-2	-3	-4	-5	-6	-7	-8	-9	-10
Grants - CEF Transport, including CEF Synergy actions	2 376,36	- 989,40	1 245,09	2 632,05	0,68% - 0,68%	17,83 - 17,83	0,20% - 0,20%	5,22 - 5,22	12,62 - 12,62
Grants - CEF Energy	505,05	- 151,86	147,01	500,20	2,96% - 2,96%	14,82 - 14,82	0,67% - 0,67%	3,38 - 3,38	11,45 - 11,45
Grants - CEF Telecom (DSI)	0,00	0,00	3,72	3,72	4,11% - 4,11%	0,15 - 0,15	0,57% - 0,57%	0,02 - 0,02	0,13 - 0,13
Grants - H2020	930,47	- 610,01	482,03	802,49	2,29% - 2,29%	18,38 - 18,38	0,46% - 0,46%	3,69 - 3,69	14,69 - 14,69
Grants - Horizon Europe	0,13	- 0,13	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 - LIFE	323,00	- 270,29	74,86	127,58	0,72% - 0,72%	0,92 - 0,92	0,07% - 0,07%	0,08 - 0,08	0,84 - 0,84
Grants - EMFF	18,73	- 8,50	1,32	11,55	0,99% - 0,99%	0,11 - 0,11	0,24% - 0,24%	0,03 - 0,03	0,09 - 0,09
Procurement - H2020	3,33	0,00	0,00	3,33	0,00% - 0,50%	0,00 - 0,02	0,00% - 0,00%	0,00 - 0,00	0,00 - 0,02
Procurement - EMFF	15,75	0,00	0,00	15,75	0,00% - 0,50%	0,00 - 0,08	0,00% - 0,00%	0,00 - 0,00	0,00 - 0,08
Programme support	22,91	- 1,69	0,79	22,01	0,00% - 0,50%	0,00 - 0,11	0,00% - 0,00%	0,00 - 0,00	0,00 - 0,11
Sub-total	4 195,72	-2 031,88	1 954,84	4 118,68		52,22 - 52,42	0,30% - 0,30%	12,42 - 12,42	39,80 - 40,01
operating budget	42,10	0,00	0,00	42,10	0,00% - 0,50%	0,00 - 0,21	0,00% - 0,00%	0,00 - 0,00	0,00 - 0,21
total EA (operational + operating)	4 237,82	-2 031,88	1 954,84	4 160,78		52,22 - 52,63	0,30% - 0,30%	12,42 - 12,42	39,80 - 40,22
					Overall risk at payment in %	1,26% - 1,27% (7) / (5)		Overall risk at closure in %	0,96% - 0,97% (10) / (5)

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

(6) In this column, we disclose the detected error rates calculated on a multi-annual basis. For H2020, in line with the Research and Innovation family (R&I Family), CINEA used as best estimation the expected representative detected error rate, based on errors detected by ex-post audits on a Common Representative Sample of cost claims across the R&I Family (2.29 %). For Horizon Europe in line with the R&I Family and since CINEA does not have any relevant expenditure for grants in 2021, the Agency has used 0.00% as detected error rate. For low-risk types of expenditure, where there are indications that the equivalent error rate might be close to 'zero' (e.g. administrative expenditure, operating subsidies to agencies), CINEA has used 0,5% following DG BUDG instructions.

(8) The historic average of recoveries and financial corrections (ARC) received from the central services is 3,58%. However, CINEA adjusted this value for grant management expenditure. The Average Recoveries and Corrections (ARC) are determined by comparing the auditable expenditure on a multi-annual basis with the total amount to be corrected. Audit results available for the AAR 2021 are the result of audits of relevant expenditure from 2020 or earlier. The amount of relevant expenditure available to be audited at the end of 2020 is compared to the audit corrections. The percentage of audit corrections compared to the auditable expenditure is the ARC.

For H2020, in line with the Research and Innovation family, CINEA adjusted this value for grant management expenditure and used as best estimation the difference between the R&I Family expected Representative error rate (2,29%), and the CINEA residual error rate (1,83%).

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

2) Reservations

A. Reservation fiche (template to be adhered to)

DG	CINEA
Title of the reservation, including its scope	Connecting Europe Facility – Energy sector 2014-2020
Domain	Direct Management – Grants (CEF Energy sector)
Programme (or other relevant segment) in which the reservation is made and total (annual) amount of this programme	CEF Energy Sector Authorised Operations 2021: €505.1 million EUR of grant payments performed in 2021
Reason for the reservation	The reservation results from a Multi-Annual Residual Error Rate above 2% (i.e. 2.52%). The main source of the error rate is linked to two audits (from a total of 35 final audits) which presented atypical audit findings concerning declarations of costs that did not satisfy best value for money criteria and/or included double funding and costs outside the agreed elements to be co-financed. CINEA's already extensive ex-ante controls were not able to fully capture these issues leading to ex-post audit findings. While the error rate is sensitive to large detected errors due to the small number of beneficiaries in this programme, at present we do not have enough evidence to exclude that the non-audited population is affected by the same level of error.
Materiality criterion/criteria	Legality and regularity materiality criteria – 2.52% Residual Error Rate The Amount at risk exceeds 'de minimis' criteria.
Quantification of the financial impact (amount at risk)	The estimated impact in 2021 is €12,61 million EUR, corresponding to 2,50%³⁷ of the authorised operations (payments) of CEF Energy. The financial impact is calculated by multiplying the residual error rate (2,52%) by the relevant expenditure of CEF Energy related to grants processed by CINEA in 2021 amounting to 500,2 MEUR.
Impact on the assurance	Legality and regularity of the affected payments made against cost claims. The residual error rate of the CEF Energy sector 2014-2020 is above the materiality threshold of 2% for the legality and regularity of the financial transactions and leads to this reservation. However, this error rate must be treated with caution, the nature of expenditure audited of the CEF Energy sector may not be totally representative of the expenditure across the whole period of expenditure. We also consider the errors that have led to the increase of the error rate to be isolated and atypical. However, we

⁽³⁷⁾ CEF Energy amount at risk/total payments of CEF Energy (12,61/505,1)

	cannot rule out that similar errors are not present in the audited population. Since CEF Energy sector is managed on a multi-annual basis, the error rates, and especially the residual error rate, should be considered within a time perspective. Specifically, the cleaning effect of audits will tend to increase the difference between the cumulative detected error rate and the cumulative residual error rate, with the latter finishing at a lower value.
Responsibility for the weakness	The errors are mainly due to a number of inherent characteristics of the programme: • the set of eligibility rules (based on the reimbursement of actual eligible costs declared by the beneficiaries) are not always well understood in particular for less experienced beneficiaries; • the profile of some beneficiaries of the programme such as "one-time beneficiaries" which are not used to EU funding rules, beneficiaries with limited knowledge of EU rules, and new entities which do not have a robust financial management system in place. The design of ex ante controls does not allow the Agency's ex ante controls to capture all possible errors. The different control provisions set out by the Agency, along with the certificates on financial statements and ex post audits can mitigate these risks to a certain extent but those cannot be carried out on the totality of the cost claimed received for cost-effectiveness reasons.
Responsibility for the corrective action	In addition to the recovery of all detected Ex-Post audit findings (which reduce the multi-annual residual error rate to 2.52% from a detected error rate of 2.96%) an Action Plan has already been developed and is under implementation to mitigate the risk of further errors occurring and reduce the residual error rate to within tolerable limits (below 2%). The main actions are: • CINEA Ex-Post Audits: Increased audit coverage to cover a higher proportion of the CEF Energy Annual expenditure than currently targeted (15%). In our 2022 Annual Audit Plan, we intend to audit a minimum of 25% of the processed interim and final payments of 2021. This will allow for drawing conclusions on a wider population, including for identifying areas prone to errors. These areas can be subject to more in-depth ex ante controls and/or serve as a basis for additional guidance to inexperienced beneficiaries that could be provided for early prevention of irregularities during the implementation of actions. • Increased awareness raising within CINEA operational and financial services on the major audit findings to date in order to improve ex ante controls, and in particular to enhance earlier up-front intervention and advice to beneficiaries to help identify potential sources of errors before they materialise.

B. Operational Programmes / Paying Agencies under reservation and targeted actions

N°	Country code	Ref	Title	Type of Reservation	Reasons for Reservation	Financial impact (M€) in 2021	Structural weakness (Y/N)	Actions to be taken
1 Reservation - Quantification = EUR 12,61								
1	Not applicable	Not applicable	Connecting Europe Facility – Energy sector 2014-2020	Financial	Error rate > 2%. Due to occurrence of errors in the underlying transactions.	12,61	N	An Action Plan is already in place to reduce the residual error rate within tolerable limits (below 2%). The main actions are: - Increased audit coverage to cover a higher proportion of the CEF Energy Annual expenditure than currently targeted. This will allow for drawing conclusions on a wider population, including for identifying areas prone to errors. These areas can be subject to more in-depth ex ante controls and/or serve as a basis for additional guidance to unexperienced beneficiaries that could be provided for early prevention of irregularities during the implementation of actions. - Increased awareness raising within CINEA operational and financial services on the major audit findings to date in order to improve ex ante controls, and in particular to enhance earlier up-front intervention and advice to beneficiaries to help identify potential sources of errors before they materialise.

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

Human Resources

Objective: The European Climate, Infrastructure and Environment Executive Agency employs a competent and engaged workforce and contributes to gender equality at all levels of management to effectively deliver on the agency's priorities and core business

Indicator 1: ⁽³⁸⁾ Number and percentage of first female appointments to middle management positions ⁽³⁹⁾

Source of data: CINEA organisational chart

Baseline (30/04/2021)	Target	Latest known results (31/12/2021)
19% (3/16)	21%	26% (5/19)

Indicator 2: CINEA staff engagement index

Source of data: Commission staff surveys 2018 and 2021

Baseline (European Commission Staff Survey 2018)	Target	Latest known results (31/12/2021)
70%	70% (2021 AWP)	72% (results from the latest European Commission Staff Survey 2021) which is in line with the EC average. CINEA will aim to maintain in line or above the EC average for the next survey planned in 2024.

Main outputs in 2021:

Description	Indicator	Target	Latest known results
Multi-annual HR strategy 2021-2027	Document approved by management	June 2021	The preparation of CINEA's multi-annual HR strategy has been delayed due to the delay in the preparation of the Commission's HR Strategy. CINEA's strategy will be finalised in 2022.

⁽³⁸⁾ Seconded middle managers are part of the DGs' staff: The responsibility for achieving the targets is at DG level. The Agency is responsible for providing a regular overview to its parent DGs of the gender representation in middle management within the Agency and coordinate between them.

⁽³⁹⁾ The functions of head of unit and head of department are defined as middle management functions.

Description	Indicator	Target	Latest known results
Learning and development strategy 2021 - 2027	Document approved by management	March 2021	The L&D Strategy 2021-2027 has been developed and will be included in the multi-annual HR strategy of the Agency.

Digital transformation and information management

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

Indicator 1: Degree of implementation of the digital strategy principles by the most important IT solutions ⁽⁴⁰⁾

Source of data: CINEA

Baseline (2020)	Interim milestone (2022)	Target (2024)	Latest known results (31/12/2021)
For TENtec - 59%	65%	70%	60%
For LIFE - n/a	65%	70%	50%

⁽⁴⁰⁾ The European Commission Digital Strategy (C(2018)7118) calls on Commission services to digitally transform their business processes by developing new innovative digital solutions or make evolve the existing ones in line with the principles of the strategy. At the beginning of the year N+1, the Solution Owner and IT Investments Team will assess the progress made for the selected solutions. For each of the 3 solutions, a table will reflect – per principle - the progress achieved during the last year.

Indicator 2: Percentage ⁽⁴¹⁾ of CINEA's key data assets ⁽⁴²⁾ for which corporate principles for data governance ⁽⁴³⁾ have been implemented

Source of data: CINEA

Baseline (2020)	Interim milestone (2021)	Target (2024)	Latest known results (31/12/2021)
0%	CINEA will complete the first version of the data inventory.	The Agency will further progress in implementing corporate data governance and data policies for their key data assets.	Implemented. The Agency has started this exercise through taking part in the Local Data Correspondents meetings and has also indicated its first Key Data assets inventory in the EC data catalogue.

Indicator 3: Percentage of staff attending awareness raising training on data compliance

Source of data: CINEA

Baseline (2020)	Interim milestone (2021)	Target (2024)	Latest known results (31/12/2021)
20%	50% of staff dealing with personal data	100% of staff in post for 6 months or longer	61.7% of CINEA staff in post for 6 months or longer

⁽⁴¹⁾ As this is a new initiative, percentages will be known once CINEA establish its inventory of key data assets at the end of 2021.

⁽⁴²⁾ A key data asset is defined as any entity that comprises a source of data based on projects or administrative processes, structured or semi-structured in an information system, a database or a repository of data or corpora of text. A data asset can include multiple datasets or files somehow linked, e.g. by common codes or metadata. Commission key data assets have been documented in the data inventory Ares(2019)2586155.

⁽⁴³⁾ This indicator follows up on the progress of services in implementing corporate data governance and data policies for their key data assets included in the EC data inventory. See [Ares\(2019\)4441343](#) in the context of the [DataStrategy@EC action plan](#). In summary, this means that for each key data asset, services should assess if the following principles have been respected:

- Identify and designate the data owner and the data steward(s).
- Instruct their data stewards to share the metadata of their data assets in the Commission's data catalogue and to keep them up to date.
- Design and document processes for data collection/creation, acquisition, access, sharing, use, processing preservation, deletion, quality, protection and security. Information concerning these processes should be made available to anyone interested, as long as any confidentiality restrictions are respected.
- Make any necessary changes and updates to the IT systems used for storing, managing and disseminating these data assets to implement the aforementioned requirements and processes. A data governance hub will shortly offer a single point of access on the intranet for related guidance and information. It will be complemented by further practical guidance in the course of 2021.

Main outputs in 2021:

Description	Indicator	Target	Latest known results
First version of the CINEA data inventory	Approved CINEA Key data assets inventory	Key data assets are included in a comprehensive inventory of Commission data assets	In line with the EC Data strategy, CINEA indicated its first data asset inventory in the corporate tool, which means that all data assets are consultable in one single place, allowing for a better data sharing among EC DGs and services.
Delivery of training	Once per year	31 December 2021	Two trainings delivered in February & November 2021.

Sound environmental management

Objective: The European Climate, Infrastructure and Environment Executive Agency takes full account of its environmental impact in all its actions and actively promotes measures to reduce the related day-to-day impact of the administration and its work.

Main outputs in 2021:

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

Description	Indicator	Target	Latest known results
Participate in the end of the year energy saving action, by closing down buildings during the Christmas and New Year's holiday period.	1 building participating in the action	-1% in total energy consumption (compared with the previous year)	In 2021, CINEA has reduced its energy consumption during the end year holidays by 0.98% (compared with 2020).

II. Reducing CO₂, equivalent CO₂ and other atmospheric emissions

Description	Indicator	Target	Latest known results
Staff awareness actions on reducing GHG emissions (such as actions on sustainable commuting during EU Mobility week (September) and VeloMai corporate events (May) and/or, raise staff awareness in collaboration with OIB (on sustainable commuting: availability of bike parking facilities, lockers and showers, promote the reduction of parking spaces' use amongst staff for example)	100% of staff informed 5% increase of staff participating in VeloMai 20 additional bike parking facilities	Address all staff Increase sustainable commuters at the agency 5(%) ⁽⁴⁴⁾	Velowalk took place for the first time in April/May and 32 staff members took part. In addition, 44 participants took place in the walking challenge. Awareness among all staff was raised via internal news items, Director's messages, opening and closing coffee events and the organisation of the 1 st webinar on CINEA projects contributing to the promotion of cycling by the CINEA Cycling Group. 24 additional bike racks were installed.

⁽⁴⁴⁾ Only for Brussels: Based on the results of the staff mobility surveys conducted by OIB.

III. Reducing and management of waste

Description	Indicator	Target	Latest known results
Implement the EC Guidelines for sustainable meetings and events , e.g. reduce/eliminate single use plastics, gadgets/gifts	All Agency meetings and events	100%	There were no physical meeting or events during 2021. Guidelines were published and sessions organised by EMAS were promoted on CINEAnet. The 2nd corporate competition on sustainable events was extensively promoted; one of the winners was EUSEW, which was organised by CINEA.

IV. Promoting green public procurement (GPP)

Description	Indicator	Target	Latest known results
Staff awareness actions about GPP among EA's staff (such as "green items" among EC office supplies' catalogue in line with the EMAS corporate action on resource efficiency (and GPP) (March) and/ or staff awareness actions on GPP in collaboration with OIB where appropriate (for example, introduce an EA-specific office supplies' catalogue, including only 100% "green items (if available)	100% of staff informed	Address all staff % and value (EUR) of "green" items ordered	All staff was addressed and 100% of green items were ordered via the Commission's office supply catalogue. The event on EU GPP criteria on IT equipment was also promoted on CINEAnet

V. Supporting biodiversity

Description	Indicator	Target	Latest known results
Staff awareness actions on supporting biodiversity in urban sites (BXL) in collaboration with OIB (for example, sponsor the creation and maintenance of urban gardens, insect hotels and green roofs within EC-premises with the support of volunteers).	ongoing action	Participate in staff awareness actions in collaboration with OIB (other sites)	Several awareness actions were promoted in coordination with EMAS on the Green Team corner on CINEAnet (e.g. 'Friday tip' and other news items).

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

ANNEX 12: EAMR of the Union Delegations - not applicable

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

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