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**REPORT FROM THE COMMISSION TO THE COUNCIL AND THE EUROPEAN
PARLIAMENT**

Member States' replies to the Court of Auditors' 2013 Annual Report

{COM(2015) 89 final}

Article 162(5) of the Financial Regulation¹ states that as soon as the European Court of Auditors (the Court) has transmitted its annual report, the Commission shall inform the Member States concerned immediately of the details of that report which relate to management of the funds for which they are responsible. Member States should reply within sixty days and the Commission then transmits a summary of the replies to the Court, the European Parliament and the Council before 28 February of the following year.

Following publication of the Court's annual report for the budgetary year 2013, the Commission duly informed Member States of details of the report. This information was presented in the form of a letter and three annexes to be completed by each Member State, as well as the accompanying guidelines on the preparation and presentation of replies to the questionnaires. Annex I was a questionnaire on the paragraphs referring to the individual Member States; annex II was a questionnaire on audit findings which refer to each Member State and annex III was a questionnaire on topical findings related to shared management for DAS 2013.

This Staff Working Document (SWD), which comprises the Member States' replies to Annex I and Annex III, accompanies the report from the Commission "Member States' replies to the European Court of auditors' 2013 annual report"².

¹ Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002. OJ L 298, 26.10.2012, p. 1.

² The replies to Annex II are not included in the SWD as they concern individual SPFs sent to Member States.

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ANNEX III

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CROATIA

CYPRUS

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DENMARK

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FINLAND

FRANCE

GERMANY

GREECE

HUNGARY

IRELAND

ITALY

LATVIA

LITHUANIA

LUXEMBOURG

MALTA

NETHERLANDS

POLAND

PORTUGAL

ROMANIA

SLOVAKIA

SLOVENIA

SPAIN

SWEDEN

UK

ANNEX I. Paragraphs in the 2013 Annual Report and for each of the 2013 findings made by the Court referring to each particular country

Paragraph	Observation in the 2013 Annual Report	Member State reply
CHAPTER 1 – The Statement of Assurance and supporting information		
Graph1.1	2013 total general government expenditure of the European Union MS and EU spending in 2013	<p>Austria: action taken: YES, action completed: ? The statement of expenditure for Austria pursuant to the expenditure of the European Commission is to be registered. No additional remarks.</p> <p>Czech republic: action taken: , action completed: , Completion date: Irrelevant – there is no error involved.</p> <p>Denmark: action taken:, action completed: , Completion date: It is believed that this diagram indicates the actual circumstances, and it would therefore not be relevant to comment on whether or not measures have been implemented.</p> <p>France: mesure prise: OUI, action achevée: OUI</p> <p>Hungary: action taken: NO, action completed: , Completion date: The finding refers to facts that do not call for action.</p> <p>Latvia: action taken:, action completed: , Completion date: Although the data in the graph are not indicated in exact figures, after comparing the 2013 general government expenditure (in EUR million) of other Member States as reflected in the graph in accordance with the Eurostat data, we would like to note that Latvia’s section in the graph is reflected correctly.</p>

CHAPTER 2 – Revenue

2.2	Specific characteristics of revenue	<p>Austria: action taken: NO, action completed: ? ; The statement regarding the reduced rate of call of VAT is correct. No additional remarks.</p> <p>Germany: action taken: NO, action completed: , Completion date: See Annex III, Part B</p>
2.4		<p>Germany: action taken: NO, action completed: , Completion date: See Annex III, Part B</p>
Table 2.2	Member State's specific GNI/GNP reservations as at 31.12.2013	<p>Austria: action taken: NO, action completed: ? ; The statement in Table 2.2 is correct. 2009 is the earliest year for which Austria can provide information on the specific outstanding reservation for public medical institutions (see comments under 2.8.).</p> <p>Bulgaria: action taken: YES, action completed: YES, Completion date: 22/09/2014 National Statistical Institute (NSI): On the basis of Eurostat methodology and verification missions and their findings with follow-up recommendations and reservations on the data to be developed and implemented by September 2014, the NSI developed and implemented the official reservations on the data. The reservations and recommendations from the findings which were implemented refer to: Additional adjustments for illegal activities: drugs and prostitution; FISIM; PIM method; Review of the stratification method for calculating imputed rent in the part concerning the calculation of intermediate consumption for repairs by owners; Property income to and from the Rest of the World; Coverage of originals, literature and entertainment works, music works and originals; Implementation of the valuation methodology for own-produced software; Implementation of the valuation methodology for own-produced software for government, NPIs and financial undertakings; Valuation of natural forest growth; In-kind revenue in urban transport, Bulgarian National Railways (BDZ), etc.</p> <p>Under Article 2(2) of Council Regulation (EC, Euratom) No 1287/2003 of 15 July 2003 on the harmonisation of gross national income at market prices, before 22 September each year, Member States must provide the Commission (Eurostat), in the context of national accounting procedures, with figures for GNI and its components, and a report on the quality of GNI data. The questionnaire sent in September 2014 contains information concerning GNI figures for the period 2002–2013. In addition to the most recent data available, the questionnaire contains information about data submitted by Member States in the previous year. The GNI questionnaire is accompanied by the corresponding GNI quality report, as an integral part of it, where Member</p>

States are required to provide information about any changes in the sources and methods used to compile national accounts data, changes in estimate revision policies, and an explanation. In the Questionnaire and GNI Quality Report forwarded in September 2014, the NSI submitted information about all reservations and recommendations issued.

A Commission mission is scheduled for January 2015 to validate and accept all reservations and recommendations issued.

Czech republic: action taken: YES, action completed: YES, Completion date:

Reservation 1 (housing services) was resolved as part of the extraordinary revision of national accounts as at 30 September 2014. The implementation of new data (from the population and housing census) and clarification of calculation methods were sent to Eurostat in the quality report (GNI Quality Report). We have yet to receive a response from the European Commission.

Reservation 2 (gratuities) was resolved as part of the extraordinary revision of national accounts as at 30 September 2011. The European Commission lifted this reservation in spring this year.

Denmark: action taken: YES, action completed: NO, Completion date:12/12/2014

It should be noted that the year in column 5 should be 31.12.2013 and not 21.12.2010.

Estonia: action taken: YES, action completed: NO, Completion date

Finland: action taken: YES, action completed: NO, Completion date:

According to the reservation relating to Finland, the estimate of output from renovations within construction activity needs to be based on more recent benchmark data (from 2002 to 2010). The sets adjusted in this way are to be published and sent to Eurostat. In addition, Statistics Finland has been working on making improvements to the statistical base to be used for calculating renovation work when producing the accounts for future years too. Finland and the Commission are working together on lifting the reservation.

Germany: action taken: YES, action completed: YES, Completion date:22/09/2014

Greece: action taken: YES, action completed: NO, Completion date:

In collaboration with Eurostat.

Throughout 2014, ELSTAT has implemented a comprehensive work and action plan in order to eliminate reservations. During that plan, ELSTAT worked hard to resolve issues pertinent to the reservations, and submitted the information and documentation requested by Eurostat in September 2014. Moreover, ELSTAT has been cooperating with Eurostat on addressing the reservations. In 2014, Eurostat visited ELSTAT twice (in July and November) and supervised the work of

ELSTAT to eliminate reservations. Furthermore, Eurostat is going through the process of examining the evidence and the submitted documentation and ELSTAT is awaiting the conclusion of the examination and the elimination of reservations. Observation 2: Throughout 2014, ELSTAT has implemented a comprehensive work and action plan in order to eliminate reservations. During the implementation of this plan, ELSTAT submitted the data and documentation requested by Eurostat. Moreover, ELSTAT has been cooperating with Eurostat on addressing the reservations. In 2014, Eurostat visited ELSTAT twice (in July and November) and supervised the work of ELSTAT to eliminate reservations. Eurostat is going through the process of examining the evidence and the submitted documentation and ELSTAT is awaiting the conclusion of the examination and the elimination of reservations.

Hungary: action taken: YES, action completed: NO, Completion date:

On 22 September 2014, the Hungarian Central Statistical Office forwarded its report including its actions; the document is currently being assessed by Eurostat.

France: mesure prise: OUI, action achevée: OUI, Date d'achèvement: 22/09/2014

Les données RNB notifiées en septembre 2014 tiennent compte des réserves spécifiques en suspens au 31/12/2013 (estimations modifiées en conséquence lorsque cela était pertinent). Ces révisions seront discutées lors d'une visite de la Commission (Eurostat) en mars 2015.

Ireland: action taken: YES, action completed: YES, Completion date: 08/08/2013

Ireland has no outstanding reservations

Italy: action taken: YES, action completed: NO, Completion date:

The specific reservations were acted upon by 22 September 2014, the date the GNI questionnaire was sent to Eurostat. We cannot consider the measure to be completed since Eurostat has not yet lifted the reservation. Any revocation will be effected with a formal act after the specific documentation sent by ISTAT along with the GNI questionnaire has been checked (Quality report and Documentation on selected GNI reservations for Italy).

Latvia: action taken: , action completed: , Completion date:

Latvia's Gross National Income (GNI) survey questionnaire of 2014 includes the results of the work on the GNI special reservations (impact on the GNI's amount). The GNI quality report provides a short explanation about the work on the reservations; however, detailed methodology explanations still need to be prepared for the Eurostat and an opinion needs to be obtained stating that the given reservation may be closed. Therefore, it is difficult to predict when each of the reservations may be fully withdrawn.

Lithuania: action taken: YES, action completed: NO, Completion date:

Reservation 1 was lifted on 23 April 2014; as for reservation 2, all information has been supplied to the European

Commission, and its evaluation is pending.

Luxembourg: action taken: YES, action completed: NO, Completion date: en attente d'une réponse positive de la part de la Commission
en 2012, le STATEC a transmis à Eurostat un rapport traitant les deux réserves spécifiques pour le Luxembourg qui sont liées au même sujet. La Commission a dans sa lettre Ares(2013)2830371 du 5 août 2013 informé le STATEC de la levée de la première réserve. Suite à une demande officielle du Statec de prise de position sur la deuxième réserve à la Commission, celle-ci a dans une lettre de M. François Lequiller en date du 20 janvier 2014 (ESTAT/FLJW/hh D(2014) 84465) demandé des clarifications supplémentaires sur la deuxième partie du sujet qui concerne le travail pour compte propre dans la construction de logements par les ménages. Le STATEC a envoyé un rapport supplémentaire à Eurostat en septembre 2014 (attaché au rapport de qualité de la notification 4ème ressource RNB). Actuellement le STATEC est en attente d'une réponse de la part de la Commission et s'apprête à voir levée la réserve en question.

Malta: action taken: YES, action completed: NO, Completion date: february 2015
Six reservations were closed on 22/09/2014. The next inspection will take place in February 2015, at which time the seventh reservation will be closed.22/09/2014

Poland: action taken: YES, action completed: YES, Completion date:22/09/2014
Descriptions with corrected data were submitted in the GNI quality report in September 2014. Corrected data on GDP and GNI related to an EU contribution according to ESA 95 were submitted in the GNI Questionnaire 2014.

Romania: action taken: YES, action completed: NO, Completion date:
Not applicable (INS, UCRBUE)

Slovakia: action taken: YES, action completed: YES, Completion date: 22/09/2014
The Statistical Office of the Slovak Republic sent Eurostat an explanation of the reservations on 15 July 2014, and again – as part of the completed GNI questionnaire and GNI Quality Report – on 19 September 2014. Eurostat is currently authenticating the explanation.

Slovenia: action taken: YES, action completed: YES, Completion date:19/09/2014
Reply of the Statistical Office of the Republic of Slovenia: Work relating to corrections of Gross National Income (GNI) data in respect of reservations was completed and the results sent to Eurostat on 19 September 2014 in the context of the regular GNI questionnaire.

Spain: action taken: YES, action completed: YES, Completion date: 22/09/2014

		<p>Spain sent the Commission (Eurostat) the changes in GNI estimates required as a consequence of specific notified reservations on 22 September 2014 (followed by an updated version on 8 October 2014), accompanied by the corresponding methodological report. The Commission has not yet issued a report on the outcome of its assessment of the changes introduced in GNI estimates.</p> <p>Sweden: action taken:, action completed: , Completion date: Sweden is taking no action on this comment.</p> <p>UK: action taken: YES, action completed: NO, Completion date: ONS: At the end of 2012, the UK had ten outstanding reservations, two of which were lifted in July 2013 (and a further two in August 2014). A further reservation was placed in September 2013. The UK continues to cooperate and engage with the Commission to address the outstanding reservations.</p>
Box 2.1		<p>Poland: action taken: NO, action completed: NO, Completion date:</p> <p>Extreme understating of the customs value of sensitive goods (e.g. fabrics, textiles, footwear) from Asian countries could be prevented by introducing reference prices (fair prices) of the above mentioned goods in all EU countries. While OLAF and some EU countries are taking action in this regard, the Commission could consider intensifying and promoting such solutions in all EU countries. A reference price is an indicator based on which a risk analysis can be performed before the goods are released for free circulation in order to check if additional actions are required in the case concerned.</p> <p>Verification and control activities carried out after the goods have been released for free circulation as part of international cooperation under Council Regulation (EC) No 515/97 (to which the Commission refers in the reply on p. 62 of the ECA report) are usually insufficient to recover import duties from entities operating for a short period of time, set up basically for fraudulent purposes .</p> <p>Notwithstanding the above, it should be noted that Poland cannot be held responsible for the irregularity described in Box 2.1. The irregularity was caused by the fact that fabrics of extremely low value were released for free circulation in the Netherlands. The fact that the goods were transported from Germany to the Netherlands and then sent as an intra-Community supply to their final destination in Poland should not form the basis for an assessment of the functioning of Polish administration.</p>
Box 2.2	Exchange of information relating to discrepancies detected at an importer in one Member State which also	<p>Belgium: action taken: YES, action completed: YES, Completion date:</p> <p>Belgian National Bank: The 3 specific reservations were dealt with in connection with the one-off revision of the national accounts in 2014 (published on 30/09/2014). An explanation of the impact on GNI (from 2002 onwards) of the revised method for the items subject to the reservation was given to Eurostat in the GNI questionnaire of 22 September 2014. Further bilateral talks on this matter will follow in February 2015 following the GNI visit.</p>

	concerned other MS	<p>France: mesure prise: NON, action achevée: NON, Date d'achèvement: Malgré les recherches engagées par les services administratifs des douanes françaises, il n'a pas été possible d'identifier, d'une part, si le dossier est bien passé par le BCRE (bureau de la communication et des relations extérieures de la DNRED : direction nationale du renseignement et des enquêtes douanières) sur la base de la coopération administrative R 515/97 et d'autre part, les suites données à cette saisine allemande sur une fausse déclaration d'espèce. Les informations minimales requises pour retrouver le cas cité par la CCE sont les suivantes : le nom de la société, les marchandises concernées (nature des produits) et la date de la saisine (février 2013 via quelle administration ?). Il est à noter que les autorités françaises s'étonnent que la première mention de ce cas, sans relation avec un rapport de mission de contrôle sur les ressources propres traditionnelles effectuée en France, soit effectuée à l'occasion de la publication et diffusion du rapport de la CCE sans qu'il ne leur ait par ailleurs jamais été autrement communiqué.</p> <p>Germany: action taken: NO, action completed: , Completion date: See Annex III, Part B</p> <p>Netherlands: action taken: YES, action completed: NO, Completion date: Part a) of comment 6 contains general findings. Part b) focuses more specifically on checks on importers, and the Netherlands is mentioned by name in the example in part b) ii) Box 2.1. The following background information can be supplied in relation to the first segment of text in Box 2.1: Those requests for payment issued in connection with the Chinese textiles declared for import with an extremely low value that were not contested were immediately followed by recovery measures. In the first instance, the requests for payment addressed to companies based in other Member States were usually issued via the Customs Information Centre (DIC). In a number of cases it was also decided to send the requests. It was already apparent at this stage that a large number of companies no longer existed, had been deleted from the registers, had gone bankrupt, were no longer based at the known address, etc. Despite this, in all such cases where the debtors were based abroad, a request for mutual assistance in recovering the debt was sent to the foreign authorities. However, the information received from abroad often showed that the companies no longer existed and that there were no possibilities for recovery there. Obviously, recovery therefore proved impossible. Another attempt was then made at national level to obtain information about the companies or directors involved. The amounts over EUR 50 000 that have been entered in the B account will ultimately be submitted to the Commission in a report pursuant to Article 17(2) of Regulation 1150/2000. A start has now been made on this. In the second segment of text in Box 2.1 the Court of Auditors simply stated a hypothesis. The DAS-2013 inspection</p>
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		<p>carried out at Dutch Customs produced no evidence to support this hypothesis.</p> <p>Part b) iv) on the implementation rate still mentions the Netherlands in connection with what the Court of Auditors regards as an excessively low implementation rate for the 2012 inspection plans. In its reply to the Court of Auditors on 12 May 2014 (ref. DLK-2014/011), the Netherlands responded to this finding and indicated that we did not agree with the definition used by the Court. In its letter of 09-12-2014, DG Budget indicated in relation to this section that it accepted the Netherlands' explanation and considered PF-1318 closed. DG Budget did, however, urge the Dutch authorities to increase its efforts to implement the inspection programmes on time, and it will continue to monitor this in future inspections.</p> <p>Romania: action taken: YES, action completed: NO, Completion date: As far as the necessity to exchange information with other Member States relating to imports/importers is concerned, in order to ensure that nothing is omitted from the process of selecting for subsequent customs control, for situations where this has not been carried out, Romania will take into consideration the recommendations of the ECA.</p> <p>UK: action taken: YES, action completed: NO, Completion date: HMRC: Enquiries into this issue are ongoing.</p>
<p>Table 2.3</p>	<p>TOR open points as at 31.12.2013</p>	<p>Austria: action taken: YES, action completed: YES; Outstanding points were dealt with using the following measures: Letter of 18 March 2014, Bmf-010313/0340-IV/6/2014 [from Federal Ministry of Finance], Letter of 13 May 2014, Bmf-010313/0482-IV/6/2014 [from Federal Ministry of Finance], in the context of own resources, checks undertaken from 17 to 21 November 2014</p> <p>Bulgaria: action taken: YES, action completed: YES, Completion date: 22/09/2014 Customs Agency (AM): The replies are provided based on the Commission findings in the following audit reports from TOR audits conducted in Bulgaria: 26-12-1; 26-13-1; 26-14-1. Appropriate action has been taken as a result of the findings in the said reports and described in opinions submitted to the Commission as follows: Re Report 26-12-1 – Ref. No of the Customs Agency: 54/167/16.12.2013. Re Report 26-13-1 – Ref. No of the Customs Agency: 0401/308/25.11.2013 and 0404/308/13/29.05.2014. Re Report 26-14-1 – Ref. No of the Customs Agency: 91/2/19.11.2014.</p> <p>Czech republic: action taken: YES, action completed: NO, Completion date: 30.11.2014 General Directorate of Customs Response to Report 13-25-1 (Findings 3.1; 3.2)</p> <p>Denmark: action taken: YES, action completed: NO, Completion date: 12/12/2014 As at 31 December 2013, 19 open points are recorded in six control reports regarding the following customs</p>

		<p>circumstances. (The Court of Auditors states that three points were received in 2013; the correct number is five.) Control Report 01.01.2009 concerning controls relating to own resources relating to shipping and TIR</p> <p>The two open points are awaiting both a decision on two cases by the Court of Justice of the European Union and the full utilisation of the risk module relating to NCTS implemented on 1 January 2015.</p> <p>Control Report 01.01.2010 on Control strategy</p> <p>There is one open point still outstanding in connection with this. The Commission has asked the Danish authorities to reach a decision in connection with the recommendations and implement the changes relating to the way in which the physical and document controls are conducted.</p> <p>Control Report 01.01.2011 concerning controls for own resources relating to the Local Clearance Procedures (Imports).</p> <p>Three points left open as at 31 December 2013 in this Control Report, one of which was closed in 2014. The two points relate to inadequate information in the announcements in connection with local clearance procedures and weaknesses in the risk management, also in connection with local clearance procedures.</p> <p>Control Report 02.01.2011 concerning controls for own resources relating to customs drawback, remission and the non-charging of customs</p> <p>Four points were left open as at 31 December 2013 in this Control Report, of which two were subsequently closed in 2014. The two remaining points relate to:</p> <ul style="list-style-type: none"> • Determination of the population of customs drawbacks and customs remissions and effects on financial reporting; • Non-compliance with the regulatory procedure for remissions and drawbacks. <p>Control Report 01.01.2012 concerning controls for own resources relating to Anti-dumping measures</p> <p>The four points of the Control Report remain open. The Commission has requested the introduction of new IT procedures in connection with the recording of entries covered by the registration schemes. Additionally, the Commission has asked for clarification of the legal interpretation in connection with bookkeeping, information concerning the use of risk information in the risk analysis and confirmation of the introduction of internal control standards.</p> <p>Control Report 01.01.2013 concerning controls for own resources – Examination of the reliability of the A- and B accounts for 2012.</p> <p>The report was issued on 20 February 2014.</p> <p>This report contains five points, relating to:</p> <ul style="list-style-type: none"> • Lack of assessment of responsibility for amounts written off;
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- Errors in connection with updating of the B-accounts;
- TOR settlements that have taken place too late;
- Authority errors that have led to exemption;
- Various problems in the case of reimbursement.

Five points remain outstanding as at 4 December 2014, regarding which the Danish Tax and Customs Administration (SKAT) is awaiting a response from the Commission.

Denmark is involved in an ongoing dialogue with the Commission regarding the implementation of solutions for the remaining outstanding open points for all the Control Reports.

Estonia: action taken: YES, action completed: NO, Completion date

Finland: action taken:, action completed: , Completion date:

The Commission and Finland will continue to work together on resolving the outstanding points.

France: mesure prise: OUI, action achevée: NON, Date d'achèvement:

Comme indiqué par la Commission au point n° 2.19 du rapport de la CCE, certains points complexes peuvent nécessiter un traitement de long terme et ne peuvent donc être clos rapidement. Les autorités françaises tiennent à signaler qu'à la date du 9 décembre 2014, un grand nombre de points anciens sont en instance auprès des services de la Commission (réponses FR transmises dans le courant de l'année 2014). Par ailleurs d'autres points sont désormais clos, tandis que certains autres sont sur le point de l'être, dont les plus anciens (réponse aux derniers points de 2003 en cours, envoi aux services de la Commission avant la fin de l'année 2014).

Germany: action taken: YES, action completed: NO, Completion date:

Germany and the EU Commission have worked intensively in the past year to resolve open points. Thanks to this intensive work, almost half of the open points were able to be concluded. This work is being done continuously.

Greece: action taken:, action completed: , Completion date:

There is correspondence between the Greek authorities and the services of the European Commission as regards the monitoring of points still open from the audit reports of the European Commission.

Ireland: action taken: YES, action completed: NO, Completion date: No exact date for completion of all open points available.

Ireland is actively working with Commission services to address TOR points opened with this Administration. It is expected that a number of these points will have been closed by the end of 2014. Into 2015, we envisage that further progress will be achieved in closing more of them.

Italy: action taken: YES, action completed: NO, Completion date:

While we agree with the points made by the Commission, it should be noted that measures have been adopted in relation to each observation, most of which have already been completed.

Latvia: action taken: YES, action completed: YES, Completion date: 21/11/2014

Lithuania: action taken: YES, action completed: NO, Completion date:

The observation (paragraph 3.1) given in the European Commission's Report No 12-20-1 of 25 January 2013 on the traditional own resources verification conducted in Lithuania on 22-26 October 2012 has been taken into account (European Commission's Letter No BUDG/B/3KV D(2014) of 5 November 2014).

Other observations being handled:

- paragraphs 3.2 and 3.3 of the European Commission's Report No 12-20-1 of 25 January 2013 (European Commission's Letter No BUDG/B/3/KV D(2014) of 5 November 2014);
- paragraphs 3.1 and 3.2 of the European Commission's Report No 11-20-1 of 9 January 2012 (European Commission's Letter No BUDG/B/03/KV (2014) of 2 October 2014).

Luxembourg: action taken: YES, action completed: NO, Completion date: en attente d'une réponse positive de la part de la Commission

une réponse au dernier point restant du rapport 13-8-1 de 2013 a été envoyée le 10.12.2014 à la Commission par voie officielle. Les quatre autres points sont clos entretemps.

Malta: action taken: YES, action completed: NO, Completion date:

Any other comments: The points identified during the TOR audit in 2011 have all been closed.

Two points (3.1 and 3.3) from the TOR audit in 2013 remain open. The necessary action on the electronic system is expected to be completed in 2016. However, there is as yet no fixed completion date.

Netherlands: action taken: PARTLY, action completed: PARTLY, Completion date:

The areas of discussion still pending on 31-12-2013 have been/will be finalised in bilateral talks between the European Commission and the Netherlands.

Poland: action taken: YES, action completed: NO, Completion date:

After a control carried out between 12 and 16 November 2012 for the purposes of the statement of assurance for the financial year 2012 (DAS 2012) concerning traditional own resources, the ECA made 8 preliminary findings, which were presented in the letter from the ECA to the Supreme Audit Office (Najwyższa Izba Kontroli) of 6 February 2013 (case No PF-5410). These preliminary findings as well as the replies of the Polish authorities and a letter from the ECA containing an analysis of letters from the Polish authorities were submitted to the DG BUDG, which, by letter of 3 November 2014 No BUDG/B/3/KV/D(2014), informed that the Commission services regarded four preliminary finding sheets (No 2101, 2104, 2105 and 2107) as closed. The remaining four preliminary finding sheets (No 2102, 2103, 2106 and 2108) are still open. A three-month deadline was set for the Polish authorities to provide replies. Efforts are being made to provide replies to the Commission.

Portugal: action taken: YES, action completed: YES, Completion date:

It should be noted that with regard to the results of the national questionnaire requested by the Commission on the amounts recorded in B Accounts more than five years ago which are suitable for sending to the Commission, in accordance with Article 17(3) of Regulation No 1150/2000, a number of situations have been identified and those exceeding €50 000 have been communicated to the Commission via WOMIS.

Romania: action taken: YES, action completed: NO, Completion date:

We hereby confirm the 13 points for which further action was required on 31 December 2013. By the date of completion of the questionnaire the following had already been closed:

- two points relating to Report 11-27-1 according to letter COM 3744341/11.11.2014;
- two points relating to Report 12-27-1 according to letter COM 1058765/4.04.2014.

Slovakia: action taken: YES, action completed: NO, Completion date: 2015

In connection with Commission Report 13-23-1 on an own resources inspection held in Slovakia from 16 to 20 September 2013, and further to the Slovak authorities' observations in response to the report, delivered to the Commission's services on 6 March 2014, point 3.1 ('Delays in initiating recovery procedures and in declaring sums irrecoverable') remains open.

Specifically, paragraphs b), c) and d) of point 3.1 remain open.

Paragraph b)

Delegated representatives called on the Slovak authorities to change national legislation so that it complied with Articles 7 and

The Financial Directorate of the Slovak Republic prepared a draft to amend this legislation, which will be forwarded to the Ministry of Finance in 2014.

Paragraph c)
Delegated representatives invited the Slovak authorities to conduct a national investigation into the open B account cases to identify those amounts which should be declared irrecoverable.

49 cases were identified, of which:

- 12 were paid
- 8 were declared irrecoverable
- enforcement procedure is pending in 29 cases, which are likely to be declared irrecoverable

Paragraph d)
The Slovak authorities were requested, upon completing the investigation referred to in paragraph c), to conduct another national investigation into B-account amounts declared or deemed to be irrecoverable, in relation to which recovery had started late because of appeals. Delegated representatives called on the Slovak authorities to consider making the relevant amounts available if, in their opinion, the late initiation of recovery proceedings had had implications for the recoverability thereof.

Six cases were identified in relation to this point. The following circumstances came to light after a re examination on 3 November 2014:

- In one case, the claim was paid on 20 February 2014.
- In one case, the company was declared bankrupt and the claim was registered with the bankruptcy trustee. There is reason to believe that this claim will be settled after the bankruptcy proceedings have been concluded. The amount in question is EUR 17.49.
- In one case, an appeal is pending.
- Three cases were declared irrecoverable.

The open cases are being addressed and are expected to be closed in 2015.

Slovenia: action taken: YES, action completed: YES, Completion date: 10/7/2013
Reply of the Ministry of Finance: Slovenia has no open questions in relation to traditional own resources.

Spain: action taken:, action completed: , Completion date:
The European Commission (DG Budget) monitors open points arising during checks on traditional own resources in conjunction with the Member State involved.

Sweden: action taken:, action completed: , Completion date:
Sweden is taking no action on this comment.

		<p>UK: action taken: YES, action completed: NO, Completion date: Action ongoing</p> <p>HMRC: Action is ongoing as the issues result from findings in EU inspection reports that have been discussed and/or resolved in exchanges of letters. Of the 24 open points at 31/12/2013, 6 have since been closed and confirmation of closure is awaited for 3 more. No new points have been issued in 2014 as there was only one EU inspection in late October 2014 and the associated report will not be issued until early 2015.</p>
<p>Table 2.4</p>	<p>VAT reservations as at 31.12 2013</p>	<p>Austria: action taken: YES, action completed: NO;</p> <p>From an Austrian point of view, the five reservations on 31 December 2013 can be confirmed. Based on the audit of December 2013, the current state of affairs at the end of 2014 cannot be clearly ascertained. The period of time following a VAT own resources check is characterised by an intensive bilateral exchange and the most recently valid figure for the sustainable reservations will only be set in the compiled routine inspection report which is expected to be complete at the start of 2015.</p> <p>Belgium: action taken: YES, action completed: NO, Completion date:</p> <p>Federal Department of Finance: Following the Commission's inspection visit from 17 to 21 March 2014, the outstanding reservations and proposed solutions were examined. In the inspection report resulting from this visit it was confirmed that the reservations relating to the liberal professions and the pro rata for financial institutions (used to calculate the WAR) have been lifted.</p> <p>The outstanding reservations concern the compensation relating to the calculation of the basis for the compensation for the restriction on deduction introduced by Article 45(2) of the VAT Code and the reservation relating to catering services on ships, trains and aircraft during the part of a transport of passengers effected in the Community.</p> <p>A proposal was submitted to the Commission for the compensation for the restriction on the right of deduction. However, some sets of figures still have to be produced.</p> <p>As regards the reservation relating to catering services on ships, trains and aircraft during the part of a transport of passengers effected in the Community, the issue of the application of the European and national rules was thoroughly re-examined in Belgium. The results of this analysis were sent to the Commission services with a request for the existing reservation regarding this matter to be reconsidered.</p> <p>Bulgaria: action taken: YES, action completed: NO, Completion date:</p> <p>National Revenue Agency (NAP): New estimates have been submitted or are being calculated taking into account the recommendations of the Commission auditors on six of the reservations. In addition, legislative amendments are being prepared in connection with EU VAT regulations in following up on the remaining reservation. With the upcoming audit</p>

mission of the Commission scheduled for February 2015, we hope to see most of the reservations withdrawn.

Cyprus: action taken:, action completed: , Completion date:

There were no reservations pending at 31 December 2013. Therefore no action was taken to lift reservations. Please note that the four reservations previously pending were lifted after an inspection concerning the VAT own resources bases for the years 2008-2010, carried out in 2012 by a team of auditors from the European Commission's Budget DG. The letter from the Commission to the Permanent Representative of Cyprus to the EU on the final version of the summary document, ref. 3627179, dated 3 December 2013, is relevant here as it refers to the results of the EC inspection.

Czech republic: action taken: YES, action completed: YES, Completion date: 2013

Denmark: action taken: YES, action completed: NO, Completion date:12/12/2014

Five reservations are recorded relating to Danish VAT compensation as at 31 December 2013.

1. One reservation relates to the correction for public radio and TV. The negative compensation is based on the annual report from the Danish Broadcasting Corporation (DR) and VAT information supplied by SKAT. The Commission has requested an explanation for the difference in input/output ratio between DR (31 %) and TV2 (73 %) in 2010, and an explanation for the fall in the input/output percentage for DR between 2009 (50 %) and 2010 (31 %).
2. One reservation relates to the operation of long-distance coaches in Denmark. A number of foreign long-distance coaches operating in Denmark do not have sales offices in Denmark and are therefore not included in Danish transport statistics.
- 3) One reservation relates to a disagreement concerning VAT exemption for charitable organisations. The Commission is of the opinion that VAT exemptions in Denmark are too broad. No Treaty infringement case has yet been initiated.
- 4) One reservation relates to the exemption for the repair and maintenance of aircraft, which was ruled as being unlawful in connection with the Cimber Air judgement in connection with domestic flights (EU judgement C-382). The corrections were addressed in connection with the control visit in 2012; however, there remains one question that has not been clarified regarding determination of the repair and maintenance of aircraft undertaken by aviation schools and clubs, which was not resolved in connection with the control visit in 2012.
- 5) One reservation relates to the exemption for restaurant services provided onboard transport services (ferries operating international trips between EU countries). There has been an element of doubt concerning the interpretation of the applicable VAT rules in this area. Furthermore, there is uncertainty as regards how such calculations should be performed.

All VAT reservations determined as at 31 December 2013 have been addressed in connection with the Commission's control visit to Denmark in September 2014. It is considered that the Commission and Denmark have made considerable progress in relation to a common understanding of how these VAT reservations should be addressed. The results of this work in connection with the control visit will be presented in the final Control Report. It is anticipated that this Report will be submitted by the Commission in April/May 2015.

Estonia: action taken: YES, action completed: NO, Completion date

Finland: action taken: YES, action completed: YES, Completion date: 9/12/2014

According to the final version of the summary of the audit report dated 20 December 2013, in the end there were six reservations outstanding at that time (seven before the audit; 5 made, 6 lifted).

France: mesure prise: OUI, action achevée: NON, Date d'achèvement:

Le rapport d'inspection des relevés 2011 et 2012, transmis le 17 décembre 2013, a fait état de la levée de cinq réserves (calcul du TMP, fourniture d'eau, infractions relatives aux bateaux, à l'électricité, aux soins à domicile) et du maintien de deux autres réserves (infractions relative aux chevaux de courses et au transport de biens entre la France continentale et la Corse). Une nouvelle réserve sur l'offre composite avait ensuite été émise.

Germany: action taken: YES, action completed: NO, Completion date:

The work withdrawing the various reservations is ongoing.

Greece: action taken: , action completed: , Completion date:

Please note that there are 5 (five) reservations (not 6 (six) as referred to in the above table), because 4 (four) reservations have been eliminated. This is also noted in the Commission's consolidated report in accordance with Article 6 of Regulation No 1026/1999 as regards the results and observations arising from the Commission's audit in Greece (4-8 February 2013) of the statements on the VAT resources base for the years 2009, 2010 and 2011.

Hungary: action taken: YES, action completed: YES, Completion date: 14/11/2013

At the 14 November 2013 meeting of ACOR VAT, the Commission presented the audit documentation on its audit visit in Hungary between 26 and 30 March 2012 in connection with the report on the VAT base, which was adopted at the meeting. Since on the basis of the Hungarian Observation, each of the four earlier reservations were lifted in the audit report, as at 31 December 2013, the Commission had 0 reservations concerning the reports on the Hungarian VAT base.

Ireland: action taken: , action completed: , Completion date:

We have been working closely with the European Commission, the Central Statistics Office and colleagues in other sections of the Revenue Commissioners of Ireland. Our aim is to respond to the Commission regarding outstanding reservations in the new year and we are hopeful that these reservations will then be lifted.

Italy: action taken: NO, action completed: , Completion date:

With respect to VAT-based own resources, the measures adopted by the Italian authorities take the form of a series of documents and spreadsheets containing proposals for the lifting of any reservations outstanding.

Following the inspection carried out by the European Commission from 23 to 27 April 2012, 4 new reservations were placed, making a total of 12 reservations (8 before the inspection) at the end of 2012.

Taking into account the observations made by the Italian authorities (sent by email on 8 January 2013), in the final summary reporting the results of the inspection (Ref. Ares (2013)3778489 of 20/12/2013) the Commission lifted 6 reservations and entered 2 new ones making a balance of 8 reservations at the end of 2013.

From 6 to 10 October 2014 the new inspection visit for years 2011-2013 took place, after which the problems concerning the lifting of the outstanding reservations were addressed. As for the outstanding reservation from 1999 relating to revenue and VAT refunds, an audit opened at the Commission's request by the Italian Court of Auditors is currently under way to verify the accounting entries to which the reservations apply, as a preparatory measure to resolving said reservation.

The results of the audit by the Italian Court of Auditors will be sent to the Commission as soon as they are available.

Latvia: action taken: , action completed: , Completion date:

On the basis of the European Commission's information request in the framework of the EU PILOT case No 6103/14/TAXU on exemption from the value added tax (VAT) of residential building management services, the Ministry of Finance has informed the European Commission that it will, by 31 December 2017, table amendments to the Law on Value Added Tax by excluding Subparagraph b of Article 52(1)(25) from the Law, which stipulates that VAT is not applicable to the residential building management services corresponding to the payments included in the management contract. Latvia compensates for the above contradiction between the legal provisions of the EU legislative act and Latvia's national legislative act by calculating a compensation for the VAT resources base in relation to the residential building maintenance and management services to which VAT does not apply.

Lithuania: action taken: YES, action completed: YES, Completion date:03/12/2013

Lifting of the reservations was officially confirmed on 3 December 2013 in the European Commission's final summary document on the 2008, 2009 and 2010 VAT base, which underlies own resources.

Luxembourg: action taken: YES- *en ce qui concerne 3 des réserves*
 action completed YES *en ce qui concerne 1 réserve* NO *en ce qui concerne 2 des réserves*
 Completion date: 1er trimestre 2015

Malta: action taken: YES, action completed: YES, Completion date: February 2014
 Malta's four outstanding reservations at the end of 2013 were lifted following the control visit to Malta between 3 and 7 February 2014. Accordingly, Malta currently has no outstanding VAT reservations.

Poland: action taken: YES, action completed: NO, Completion date:
 Due to the fact that the reservations concerned can be placed by Member States or the Commission with regard to the calculation method or data used to calculate the basis for the EU VAT-based own resource and that problems identified in the reservations are solved and the reservations are subsequently lifted on an ongoing basis as a result of close cooperation between Member States' administration authorities and the Commission, Poland considers that Table 2.4 should contain the following information for Poland:

Member State	Reservations outstanding at 31.12.2012	Reservations placed in 2013	Reservations lifted in 2013	Reservations outstanding at 31.12.2013	Earliest year to which reservations apply
Poland	9	1*	6	4	2004

*In addition, the Polish authorities placed a new reservation concerning an excessively broad scope of VAT exemption for postal services.

The Central Statistical Office (Główny Urząd Statystyczny) is involved in one reservation. In 2013, the method and data were verified in a report submitted to the European Union in order to lift the reservation. They are pending approval by the European Union.

Romania: action taken: YES, action completed: NO, Completion date:
 According to the COM Report drawn up as a result of the inspection conducted in March 2013 (ref. Ares 2891188/16.08.2013), the number of outstanding reservations is only 6, two of which are new reservations, while the other 4 remained from the previous inspection. This situation was valid also on 31 December 2013, and considering that the draft Conclusion of the COM was sent on 10 April 2014, the figures in the column entitled "Reservations outstanding at 31.12.2012" should be changed ("6" instead of "8"). Later, according to the draft Conclusion of the COM, only one reservation out of the 6 remained, as 5 of them were resolved

Slovakia: action taken: YES, action completed: NO, Completion date:

The European Commission had no reservations against Slovakia as at 1 January 2013 (nor had any been raised during 2013).

Slovenia: action taken: YES, action completed: YES, Completion date: 12/03/2010

Reply of the Ministry of Finance: Since the inspection in 2010, Slovenia has had no reservations in the field of VAT.

Spain: action taken: YES, action completed:., Completion date: 30/07/2014

In Table 2.4 of Annex I, the European Court of Auditors set out two reservations relating to VAT in Spain that were in place at 31 December 2013. Both are derived from two separate infringement procedures open against Spanish legislation due to infringement of Community law with regard to:

a) the special VAT scheme for travel agents. Reservation established by the European Commission in 2003.

Following a judgement by the European Court of Justice dated 26 September 2013, the Spanish authorities have already included the necessary adjustment in the 2013 VAT base and will include the adjustments for 2003-2012 once the Commission accepts the calculations that have already been submitted. An amendment is planned in the Spanish VAT Act from 1 January 2015, as provided in the EU Court of Justice judgement of 26 September 2013.

b) VAT exemption for services provided by public notaries on certain financial transactions. Reservation established by the European Commission in 2008. Spain included the calculation of compensation for the years affected by the reservation in a document containing observations sent to the Commission on 8 July 2013 in response to the Commission's audit report. This compensation has also been included in the 2013 VAT base calculation. This means that once the Commission checks and approves this calculation and legal certainty is obtained, the reservation may be lifted. It is envisaged that the Spanish VAT Act will abolish this exemption from 1 January 2015.

Sweden: action taken:., action completed: , Completion date:

Sweden is taking no action on this comment.

UK: action taken: YES, action completed: NO, Completion date:

HMRC: Action is ongoing. Of the 5 outstanding UK reservations at 31/12/2013, we are awaiting imminent formal notification from the Commission that one can be lifted and expect the other 4 to be lifted during the next Commission control visit in September 2015.

2.10		<p>Greece:action taken: YES, action completed: NO, Completion date:</p> <p>In September 2013, ELSTAT failed to forward data for the years 2008 and 2009, because the necessary data quality controls provided for in the European Statistics Code of Practice had not been performed. ELSTAT worked intensively to perform these controls, it completed the task, and, in August 2014, forwarded Eurostat the data for 2008 and 2009. Please note that the data for 2008 and 2009 and the relevant documentation sent in August 2014 are based on research results and not preliminary assessments, since the final research information was available and the required quality controls had been performed. In November 2014, a Eurostat mission visited ELSTAT and checked the evidence for 2008 and 2009 thoroughly, as well as the documentation forwarded. The Eurostat conclusion/evaluation and the elimination of the reservation are anticipated</p>
EC reply to 2.10		<p>Greece:action taken: YES, action completed: NO, Completion date:</p> <p>ELSTAT cooperates with Eurostat on the implementation of actions to continuously improve drawing up the annual and quarterly national accounts. These actions are included in the Joint Overall Statistical Greek Action Plan (JOSGAP) drawn up in 2010 by the Commission and the Greek authorities. Pillar B of the Action Plan includes a number of actions for strengthening National Accounts. The implementation of these actions is included in the ELSTAT annual and three year work plan.</p> <p>The actions include the implementation of upgrading programmes for annual national accounts, the upgrading of regional and quarterly national accounts and the improvement of sectoral accounts. To achieve this goal, experts have made numerous visits to provide technical support on issues related to annual and quarterly national accounts. Another important factor that contributes to the improvement of production quality is the constant support and training of the ELSTAT human resources responsible for drawing up the national accounts.</p>
2.11		<p>Greece:action taken: YES, action completed: NO, Completion date:</p> <p>ELSTAT took the initiative not to forward GNI/GNP data for the years 2008 and 2009 to the Commission (Eurostat) in September 2013, because of problems in the quality assessment referred to in point 2.10. Subsequently, according to its timetable, ELSTAT implemented the required controls, prepared the results, and continues to act continuously to improve annual and quarterly national accounts, as well as the implementation of European regulations. These actions for improvement are detailed in the ELSTAT annual and three-year improvement plans.</p> <p>In September 2014, as a result of this work and as part of the implementation of the new European system of national and regional accounts ESA 2010 (Regulation (EU) No 549/2013), ELSTAT forwarded Eurostat, in accordance with ESA 2010, a long chronological series on the GNP and its components, without discontinuities, for the period 1995-2013, as well as seasonally adjusted quarterly data on GNP and its components (Q1 1995-Q3 2014), in accordance with ESA 2010.</p>
2.17		<p>Netherlands: Footnote 28 refers in this context to errors in the treatment of amounts written off in relation to the A and B accounts for the period 1/2005 – 4/2012. In a letter of 20 August 2012 the Dutch authorities informed the Commission</p>

		<p>of an omission in the own resources made available for this period, involving a net sum of €12 277 698.14 (after deduction of 25% collection costs).</p> <p>This error was the result of a release by the Customs Collection System (DOI) in 2005 which led to changes in the procedure for processing irrecoverable claims that had been entered in the B account. From that date onwards the processing was incorrect. The procedure was changed in May 2012, with the result that this error no longer occurs. In its letter of 09-12-2014, DG Budget indicated in relation to this section that it considered the matter closed.</p> <p>Action taken: Yes Action completed: Yes Completion date: May 2012 Other comments: see explanation above.</p> <p>The Dutch authorities are currently making a large number of changes to IT systems such as the debtors' ledger and the underlying accounts. The aim is to eliminate manual interventions in the systems, or at least limit them to an absolute minimum. However, this is a highly complicated process, so it is not possible to make all the changes immediately and simultaneously.</p> <p>Action taken: Yes Action completed: Partly Completion date: not yet known Other comments: see explanation above.</p> <p>In its letter of 09-12-2014, DG Budget indicated in relation to this section that on the basis of these preliminary findings it considered the matter closed. The follow-up will be included in investigation 14-9-2 in December 2014.</p>
2.18		<p>Greece:action taken: YES, action completed: NO, Completion date:31/12/2014 The Greek authorities have drawn up an action plan to address the described shortcoming (see document No. D19D5002992EX2014/3-2-2014 of the Directorate of Customs Procedures).</p>
EC reply to 2.18		<p>Greece:action taken: YES, action completed: NO, Completion date:31/12/2014 The Greek authorities have drawn up an action plan to address the described shortcoming (see document No. D19D5002992EX2014/3-2-2014 of the Directorate of Customs Procedures).</p>
2.29 recommendation 2		<p>Greece:action taken: YES, action completed: NO, Completion date: ELSTAT is trying to address the shortcomings and improve the processes and infrastructure for the production of national accounts through an action plan of technical assistance aiming to strengthen national accounts. ELSTAT is cooperating with Eurostat on the implementation of these actions, which fall under JOSGAP and are also reflected in ELSAT's annual and medium-term plans. A significant factor for the effective implementation of these actions is the strengthening of the Directorate of National Accounts.</p>

2.4		<p>Romania: action taken: NO, action completed: NO, Completion date: Point 2.4(b), where Romania is mentioned, includes only a listing of the systems that were verified during the audit.</p>
2.8		<p>Austria: action taken: YES, action completed: NO</p> <p>The declarations in Point 2.8 are not entirely accurate. It is more likely that what is meant is the GNI reservation relating to the country's own public medical institutions. However, this was not proven, in connection with a dialogue visit in the context of the procedure, to be an excessive deficit, rather it was the result of a discussion process in conjunction with the additional information on "Public Companies", i.e. those entities which are not classified in the 'State' sector but are nevertheless in a state's sphere of influence, which was first available from the end of December 2012. This detailed information made it clear that the "market producer" status can no longer be deemed sustainable for some companies. Since it was not possible, in the short space of time available, to re-classify these companies, on 20 September 2013 the European Commission declared a specific reservation with regard to Austria. Statistik Austria delivered comprehensive additional information to the European Commission along with the GNI notification in September 2014. We therefore hope that the reservation will soon be lifted.</p> <p>Romania: action taken: YES, action completed: NO, Completion date: Not applicable (INS, UCRBUE)</p>

CHAPTER 3 – Agriculture: market and direct support

3.3		<p>Czech republic: action taken: , action completed: , Completion date: Irrelevant – there is no error involved.</p> <p>Hungary: action taken: NO, action completed: , Completion date: The finding refers to facts that do not call for action.</p> <p>Slovakia: action taken: NO, action completed: YES, Completion date: Issues in determining the reduction coefficient are common to the SAPS and SPS. Applicable legislation (Commission Regulation No 1122/2009) prevents net national ceilings from being exceeded. Slovakia has consistently met this requirement.</p> <p>Romania: action taken: YES, action completed: YES, Completion date: 15/10/2013</p>
3.6	Audit scope and approach	<p>Czech republic: action taken: , action completed: , Completion date: Irrelevant – there is no error involved.</p> <p>Denmark: action taken: YES, action completed:, Completion date:12/12/2014 Measures have been implemented with respect to the errors highlighted by the Court of Auditors for Agriculture: Market and direct support.</p> <p>Finland: action taken:, action completed: , Completion date: Detailed replies in Annex 2</p> <p>France: mesure prise: OUI, action achevée: NON, Date d’achèvement: L’ASP sous la supervision du Ministère met en œuvre les éléments du Plan d’action Feaga pour les éléments qui le concernent et qui répondent aux constats de l’audit système fait au titre de l’année 2013.</p> <p>Hungary: action taken: NO, action completed: , Completion date: The finding refers to facts that do not call for action.</p> <p>Ireland: action taken: NO, action completed: NO, Completion date:</p>

		<p>No action required in relation to this point. This is just the scope of the Audit and a listing of the MS who were subject to same.</p> <p>Italy: action taken: YES, action completed: , Completion date: Our replies to the European Court of Auditors regarding the results for the activities of the Paying Agencies are set out in the attached notes (see Annex II below).</p> <p>Poland:action taken: YES, action completed: NO, Completion date: The remedial action plan, which was submitted by the Polish authorities to the Commission on 14 November 2014, was followed (as far as the mechanism for awarding financial aid to groups of fruit and vegetable producers granted preliminary recognition is concerned).</p> <p>Romania: action taken: YES, action completed: YES, Completion date: 15/10/2013</p> <p>Slovakia: action taken: YES, action completed: YES, Completion date On-the-spot checks were conducted at the applicants concerned in 2013. Payments were revised by means of cross-compliance reductions in those cases where rules had been infringed. The infringements identified were settled financially with the Commission in the financial statements in January 2014.</p> <p>UK: action taken: , action completed: , Completion date: This is a reference confirming the ECA carried out an audit in the UK</p>
Box 3.1	Example of payments for overstated eligible land	<p>Austria: action taken: YES, action completed: NO; Completion date: It is hoped that ongoing improvements and new regulations from 2015 will lead to a sustainable method of eliminating weaknesses.</p> <p>France: mesure prise: OUI, action achevée: NON, Date d'achèvement: dans le cadre de son plan d'action, les autorités françaises ont entrepris des travaux de traitement des éléments de végétation non admissibles pour la campagne 2014. Ces travaux se poursuivront dans le cadre de la campagne 2015 pour prendre en compte les nouveaux critères d'admissibilité des surfaces mis en place par la nouvelle PAC.</p> <p>Germany: action taken:, action completed: , Completion date: See reply for this purpose in Annex II</p> <p>Ireland: action taken: YES, action completed: , Completion date: It should be noted that before and during this audit the Irish Authorities were acutely aware of its land eligibility and other LPIS issues (covered later) with ongoing discussions with the Commission Audit Services following their Clearance audit in April 2012. The Irish Authorities acknowledged the findings of the ECA auditors on this</p>

matter and advised that they were acquiring new ortho-photography (Bing) which would have sufficient resolution clarity to allow the identification and exclusion of ineligible features. Subsequent to the audit and a bilateral with the Commission Audit Services in July 2013 the Irish Authorities undertook a complete review of the 900,000 parcels on the LPIS database. Notwithstanding this work, the Commission Audit Service has proposed a correction of €181 million. The Irish Authorities have strongly refuted this finding and the matter will be the subject of conciliation hearings in December 2014. In advance of said hearings the Irish Authorities are maintaining ongoing communications with the Commission Audit Services in relation to the proposed disallowance.

Italy: action taken: YES, action completed: , Completion date:

Our replies to the European Court of Auditors regarding the results for the activities of the Paying Agencies are set out in the attached notes (see Annex II below).

Poland: action taken: YES, action completed: YES, Completion date: 28/04/2014

The identified error is not a systemic error (cf. the findings related to transaction 13P1147 PF5911). LPIS data were modified on the basis of data from an on-the-spot check carried out during an ECA mission.

Romania: action taken: YES, action completed: YES, Completion date:

By means of the measures taken regarding the update of LPIS based on new images, and the update following the on-the-spot checks, and the update based on the notifications of the farmers, APIA will ensure that the areas of reference are eligible for payment.

Spain: action taken: YES, action completed: NO, Completion date: 31/12/2015

The plan entitled 'Measures for Improving LPIS Update' started in 2011, includes 14 measures that have been validated by the European Commission as a whole, with the exception of Measure No 14. The purpose of this measure is to establish an automatic Eligibility Coefficient for pastureland in accordance with the Commission's interpretation of Article 34 of Regulation (EC) No 1122/2009. Spain included this coefficient, known as CAP-2013, in the LPIS in 2013 and applied it in farmers' single applications from this claim year.

The Commission nevertheless considered that CAP-2013 has not sufficiently reduced the maximum eligible area for the types 'grazed woodland' and 'grazed shrubland' under the relevant regulatory provisions. In this regard, Spain began the work of implementing and validating the new revised Eligibility Coefficient (CAP-2015), which will be incorporated in the LPIS prior to the allocation of basic payment entitlements (BPEs) at the end of 2015. The new automatic CAP-2015 methodology uses LIDAR (Laser Imaging Detection and Ranging) aerial images. These are obtained using state-of-the-art laser techniques based on differential reflection by vegetation layers of different heights, making it possible to quantify penetrability or accessibility to vegetation by livestock.

The initial methodology for implementing the new CAP-2015 has already been submitted to the Commission

		<p>services and the final version will be submitted before 31 December 2014. Quality control will be performed throughout 2015 in order to validate the new CAP-2015 with a view to applying it before 31 December 2015.</p> <p>Sweden: action taken:, action completed: , Completion date: Sweden is taking no action on this comment.</p> <p>UK: action taken: YES, action completed: YES, Completion date:see comment bellow UKCB: The reference to the UK and other Member States relates to problems identified by the Commission in 2006/07. The section also states that the situation has been remedied in most Member States, which includes the UK.</p>
Box 3.3	Example of cross-compliance errors	<p>Czech republic: action taken: , action completed: , Completion date: The assessment of the notification requirement was changed starting with applications received in 2014. Late reports sent in the year an application is submitted are assessed, during an on-the-spot check, as an infringement in terms of their Scope, Severity, Repeatability and Permanence.</p> <p>Denmark: action taken: YES, action completed: YES, Completion date:15/09/2014</p> <p>France: mesure prise: NON, action achevée: NON, Date d'achèvement: Il a été constaté par la Cour que l'organisme payeur n'utilise pas les informations portées à sa connaissance via la base de données « animaux » et donc de ne pas sanctionner les retards de notification, ce qui constitue une violation de l'article 70 paragraphe 4, règlement (CE) n°1122/2009 de la commission et peut donner lieu à des paiements indus aux agriculteurs. Or, la vérification du respect des délais de notifications est effectuée lors des contrôles sur place selon la procédure décrite dans le guide des contrôles à partir des données figurant en BDNI. Ainsi, le délai de notifications est vérifié sur tous les mouvements de l'exploitation effectués depuis le 1er janvier au jour du contrôle. Ce contrôle peut relever une anomalie qui peut être remise en conformité le cas échéant ou donner lieu à l'application d'une pénalité au titre de la conditionnalité. Par conséquent, l'affirmation « La cour a constaté que l'organisme payeur n'utilise pas les informations portées à sa connaissance via la base de données « animaux » ce qui constitue une violation de l'article 70 paragraphe 4, règlement (CE) n°1122/2009 de la</p>

commission et peut donner lieu à des paiements indus aux agriculteurs » est contestée.

Germany: action taken:, action completed: , Completion date:

See reply for this purpose in Annex II

Hungary: action taken: YES, action completed: NO, Completion date:01/01/2015

On the basis of the observations and suggestions put forth during audits by the European Court of Auditors and the European Commission, Hungary has started a review of the current evaluation arrangements with regard to the non-compliance in question (delayed reporting to the database); further rating categories are being introduced.

Ireland: action taken: YES, action completed: YES, Completion date:

Action listed on individual case in ANNEX II

Poland: action taken: NO, action completed: YES , Completion date:

Pursuant to Article 31a(1) of the Act of 26 January 2007 on payments under direct support systems (Journal of Laws (Dziennik Ustaw) 2012, item 1164, as amended) in conjunction with Article 31a of the Act of 7 March 2007 on the support for the development of rural areas using resources of the European Agricultural Fund for Rural Development (official codification, Journal of Laws 2013, item 173), a district veterinary officer competent for the place of residence or registered office of the farmer, as a control authority as referred to in Article 48(1) of Commission Regulation (EC) No 1122/2009, is competent to carry out administrative controls and on-the-spot checks of compliance with the requirements specified in Annex II to Council Regulation (EC) No 73/2009.

Pursuant to paragraph 1(1)(1) in conjunction with paragraph 2(1) of the Regulation of the Minister for Agriculture and Rural Development of 14 March 2011 on requirements to be controlled by competent district veterinary officers and on types of such control (Journal of Laws No 57, item 295), compliance with cross compliance requirements for identification and registration of animals and, therefore, compliance with the requirement to respect the deadline for notifying animal-related events can only be checked during on the spot checks.

In accordance with Information Note 2011/5 of 31 March 2011 (Ref. No (2011)48675), information on errors generated by the Animal Identification and Registration System does not constitute a determined non compliance within the meaning of Article 70(4) of Regulation (EC) No 1122/2009 as non-compliances must be determined during an on-the-spot check of compliance by the farmer with a legal requirement as a whole, not only on the basis of signals from the database.

Article 23 of Council Regulation (EC) No 73/2009 provides that payments awarded to farmers must be reduced or

		<p>excluded if cross-compliance requirements are infringed at any time in the calendar year concerned.</p> <p>Thus, if during an on-the-spot check it is found that cross-compliance requirements were not complied with in the calendar year concerned, the non-compliances are taken into account when determining the due payment and form the basis for determining a reduction for cross-compliance in the year concerned.</p> <p>Romania: action taken: YES, action completed: NO, Completion date: 30/01/2015 The recommendation is in the process of implementation. APIA is waiting for the control report from the specialised control body in order to import it into the IACS and use for the calculation of sanctions.</p> <p>Slovakia: action taken: YES, action completed: YES, Completion date: 1/2014 On-the-spot checks were conducted at the applicants concerned in 2013. Payments were revised by means of cross-compliance reductions in those cases where rules had been infringed. The infringements identified were settled financially with the Commission in the financial statements in January 2014.</p>
3.10	Regularity of transactions	<p>Austria: action taken: YES, action completed: YES, Completion date: 15 October 2013 In order to improve LPIS administration, additional on-site inspections were carried out in 2012 and a new quality control system was introduced to strengthen the internal inspection system. This control system came into effect at the end of 2012 - furthermore, ongoing measures have also been allowed for.</p> <p>Italy: action taken: YES, action completed: , Completion date: As part of the DAS for 2014, the European Court of Auditors is conducting a further audit (mission from 21 to 25 July and from 6 to 10 October 2014) at the paying agency in Lombardy Region. This regards the follow-up to the audit focusing on the reliability of the management and control procedures in respect of the Single Payment Scheme (SPS) and the Integrated Administration and Control System (IACS) in Italy – OPR Lombardy, conducted under DAS 2011 (PF-4604).</p> <p>Spain: action taken: YES, action completed: NO, Completion date: CASTILE-LA MANCHA: From 2013, in Castile-La Mancha, permanent pastureland that cannot be fully exploited due to the presence of non-productive elements such as rocky areas, ponds and other non-vegetated areas such as steep slopes has been allocated a coefficient in the Land Parcel Information System (LPIS) that reflects the eligibility percentage (CAP - pasture eligibility coefficient) at LPIS reference parcel level. Within this reference parcel the maximum area</p>

eligible for direct aid schemes is therefore the reference parcel area multiplied by this coefficient. From 2015, with the aim of guaranteeing the proper allocation of basic payment entitlements under the new Basic Payment scheme, this pasture eligibility coefficient has nevertheless been improved by introducing a new factor that considers vegetation quality in terms of the penetrability of pastureland. The 2015 CAP will be subject to numerous actions, including quality control. Because pastureland is subject to constant changes, this application will never be considered permanent and will be subject to new studies and on-the-spot checks.

EXTREMADURA:

From 2013, in Extremadura, permanent pastureland that cannot be fully exploited due to the presence of non-productive elements such as rocky areas, ponds and other non-vegetated areas such as steep slopes has been allocated a coefficient in the Land Parcel Information System (LPIS) that reflects the eligibility percentage (CAP - pasture eligibility coefficient) at LPIS reference parcel level. Within this reference parcel the maximum area eligible for direct aid schemes is therefore the reference parcel area multiplied by this coefficient.

In 2014, Extremadura improved application of the CAP [pasture eligibility coefficient] by discounting the 2013 elements and also excluding as ineligible impenetrable areas of dense shrubbery identified by spectral image classification through remote sensing.

From 2015, with the aim of guaranteeing the proper allocation of basic payment entitlements under the new Basic Payment scheme, this pasture eligibility coefficient has nevertheless been improved by introducing a LIDAR-based methodology that considers the penetrability of pastureland. This methodology is the same as that applied at national level.

The 2015 CAP will be subject to numerous actions, including quality control. Because pastureland is subject to constant changes, this application will never be considered permanent and will be subject to new studies and on-the-spot checks.

GALICIA

At the beginning of 2013, a permanent pasture eligibility coefficient (CAP) was included in the LPIS related to the presence of non-productive areas and steep slopes. Furthermore, from this year, farmers in the Autonomous Community of Galicia had to declare another coefficient depending on the level of vegetation use. During 2015, the existing coefficients will also be complemented by a new automatic CAP factor obtained using LIDAR information, which will estimate the eligibility of vegetation based on its height and penetrability.

UK: action taken: YES, action completed: NO, Completion date:

		UKCB: The UK Authorities are aware of the specific concerns raised in the 2012 Annual Report in respect of the accuracy of the LPIS. These matters are being addressed and proactive action has been taken to update the LPIS using a variety of sources, including customer notifications, on the ground inspection findings, ortho-imagery and Ordnance Survey mapping data.
3.15	Regularity of transactions	France: mesure prise: OUI, action achevée: OUI, Date d'achèvement: Les autorités françaises ont redéfini le calcul des valeurs des droits à paiement en respectant les termes de l'article 40. Les paiements au titre de la campagne 2014 ont effectués sur la base des valeurs des droits recalculés.
Box 3.1	Examples of payments for overstated eligible land	Portugal: action taken: YES, action completed: YES, Completion date:01/2013 PT implemented an Action Plan to review the Land Parcel Identification System (LPIS), so as to revise the respective land use and correct the parcel limits.
Box 3.2		Italy: action taken: YES, action completed: , Completion date: Our replies to the European Court of Auditors regarding the results for the activities of the Paying Agencies are set out in the attached notes (see Annex II below).
Box 3.3		Italy: action taken: YES, action completed: , Completion date: Our replies to the European Court of Auditors regarding the results for the activities of the Paying Agencies are set out in the attached notes (see Annex II below).
Box 3.4	Examples of inaccuracies in LPIS databases	France: mesure prise: OUI, action achevée: NON, Date d'achèvement: Dans le cadre de son plan d'action, les autorités françaises ont entrepris des travaux de traitement des éléments de végétation non admissibles pour la campagne 2014. Ces travaux se poursuivront dans le cadre de la campagne 2015 pour prendre en compte les nouveaux critères d'admissibilité des surfaces mis en place par la nouvelle PAC. Ireland: action taken: YES, action completed: YES, Completion date: Subsequent to the audit and a bilateral with the Commission Audit Services in July 2013 the Irish Authorities undertook a complete review of the 900,000 parcels on the LPIS database. Notwithstanding this work, the Commission Audit Service has proposed a correction of €181 million. The Irish Authorities have strongly refuted this finding and the matter will be the subject of conciliation hearings in December 2014. In advance of said hearings the Irish Authorities are maintaining ongoing communications with the Commission Audit Services in relation to the proposed disallowance.
Box 3.5	Exemples of deficiencies in	France: mesure prise: OUI, action achevée: OUI, Date d'achèvement:

	administrative control procedures	<p>Les autorités françaises ont redéfini le calcul des valeurs des droits à paiement en respectant les termes de l'article 40. Les paiements au titre de la campagne 2014 ont effectués sur la base des valeurs des droits recalculés.</p> <p>Italy: action taken: YES, action completed: , Completion date: Our replies to the European Court of Auditors regarding the results for the activities of the Paying Agencies are set out in the attached notes (see Annex II below).</p>
3.22	Examination of selected control systems	<p>France: mesure prise: NON, action achevée: NON, Date d'achèvement: Les autorités françaises n'ont pas d'observations particulières et retiennent que la Cour juge le système de contrôle sur place comme satisfaisant.</p> <p>Germany: action taken:, action completed: , Completion date: See reply for this purpose in Annex II</p> <p>Ireland: action taken: YES, action completed: YES, Completion date: Action listed on individual case in ANNEX II</p>
3.24	Examination of selected control systems	<p>Ireland: action taken: YES, action completed: YES, Completion date: The figures quoted in this report cannot be reconciled with known statistics available and would appear to be too high. Notwithstanding this Ireland has fully reviewed and revised its Debt Management system in light of these findings.</p>
3.25		<p>Italy: action taken: YES, action completed: , Completion date: Our replies to the European Court of Auditors regarding the results for the activities of the Paying Agencies are set out in the attached notes (see Annex II below).</p>
3.32		<p>Italy: action taken: , action completed: , Completion date: The Italian authorities have taken the points raised by the European Court of Auditors into account, as follows:</p> <ul style="list-style-type: none"> • The MUS confidence level has increased from 85 % to 95 %; • The absolute independence of the commission, composed of senior officials from government departments with specific experience in cartography, remote sensing and administrative controls, has been confirmed; • Even considering the administrative errors found by the officials of the European Court of Auditors, the final rate of error remains well below the 2 % limit: <ul style="list-style-type: none"> – rate of error calculated by the commission: 0.49 %;

		<p>– rate of error recalculated taking into account the errors found by the EU Court of Auditors: 0.79 %.</p> <p>In conclusion, the statistical error rate is below 2 % (0.79 %) and as such, according to the IACS rules and the European Commission guidelines, complies with the provisions of Art. 31(a) of Regulation (EC) No. 1122/2009. Lastly, it should be noted that the European Commission, in the conclusions of audit no. CEB/2012/197/IT notified through note no. Ares(2014)4128041 of 28/11/2014, considered that the recommendations had been correctly applied.</p>
3.37		<p>Poland: action taken: YES, action completed: NO, Completion date: 31/05/2015</p> <p>The remedial action plan, which was submitted by the Polish authorities to the Commission on 14 November 2014, was followed (as far as the mechanism for awarding financial aid to groups of fruit and vegetable producers granted preliminary recognition is concerned)</p>
3.38		<p>Poland: action taken: YES, action completed: NO, Completion date: 31/05/2015</p> <p>The plan was developed and submitted to the Commission on 14 November 2014 and will be implemented until the end of May 2015. Procedures used when verifying if groups of fruit and vegetable producers have been correctly granted preliminary recognition and awarded financial aid are to be made more specific. As part of the implementation of the above-mentioned plan, on-the-spot checks of such entities and on-the-spot checks to verify if such entities have implemented the recognition plan, in particular in the context of EU aid awarded, are also to be intensified and made more specific. Furthermore, as part of the implementation of recommendations concerning the remedial action plan, Poland will repeat checks to verify if specific groups of entities have been correctly granted preliminary recognition. Depending on the findings of these checks, further actions will be taken to enhance supervision of public spending, with a special focus on EU funds.</p>
EC reply to 3.38		<p>Poland: action taken: YES, action completed: NO, Completion date: 31/05/2015</p> <p>The remedial action plan, which was submitted by the Polish authorities to the Commission on 14 November 2014, was followed (as far as the mechanism for awarding financial aid to groups of fruit and vegetable producers granted preliminary recognition is concerned).</p>
3.43		<p>Spain: action taken: YES, action completed: YES, Completion date: 31/10/2014</p> <p>The Asturias Paying Agency considered it advisable to issue a reservation because when the Statement of Assurance for 2013 was issued, it became aware of possible irregularities committed by beneficiaries following aid payment, which had been identified by the Certification Body. Because the Certification Body considered them serious enough to be referred to the Attorney General of Asturias, and the affected amount could not be quantified at the time of issuing the Statement of Assurance, the Director of the Paying Agency decided that the matter was sufficiently important to issue a reservation even though there were no serious weaknesses in the control systems. At the same time, an action plan was drawn up that included preventive measures, reinforcement</p>

		<p>of controls and a review of all files that could have been affected by the irregularity.</p> <p>The current situation is as follows:</p> <ul style="list-style-type: none"> <input type="checkbox"/> The Attorney General issued an Order dated 18 February 2014 concluding that no fraud had been committed and that examination of the administrative files should continue in order to determine whether or not irregularities were present. <input type="checkbox"/> The Paying Agency finished reviewing all the affected files on 30 October 2014. At the date on which this response was issued, the Certification Body is reviewing the work done. It is therefore expected that the error will have been calculated before the end of the year. <input type="checkbox"/> All the preventive and control reinforcement measures included in the action plan have been implemented.
Annex 3.1	Result of transaction testing for agriculture	<p>France: mesure prise: OUI, action achevée: NON, Date d'achèvement:</p> <p>À la suite de l'augmentation du taux d'erreurs constaté par la Cour des comptes européenne (CCE) sur les aides directes du FEAGA (fonds européen agricole de garantie) et aux différents audits de la Commission européenne, les autorités françaises se sont engagées à mettre en œuvre un plan d'action, dit « plan d'action FEAGA », validé par les services de la Commission en novembre 2013. Celui-ci comporte trois volets principaux : - la révision des modalités de calcul des droits à paiement unique (DPU) ;</p> <ul style="list-style-type: none"> - la révision de la grille de sanctions relatives à la conditionnalité ; - la mise en conformité du registre parcellaire graphique (RPG), support de déclaration des parcelles mis à la disposition des agriculteurs. <p>La mise en œuvre des deux premiers volets a été achevée dans son ensemble début 2014 . Le dernier volet (mise en conformité du RPG) est en cours de finalisation et sera effectif pour la campagne 2015</p>
Annex 3.2		<p>Germany: action taken:, action completed: , Completion date:</p> <p>See reply for this purpose in Annex II</p> <p>Ireland: action taken: YES, action completed: YES, Completion date:</p> <p>This is the overall scoring matrix. The action listed for the other observations also refers.</p>
Box 3.4	Examples of inaccuracies in LPIS databases	<p>Ireland: action taken: YES, action completed: NO, Completion date: final determination of correction still outstanding pending outcome of Conciliation Hearing</p> <p>Subsequent to the audit and a bilateral with the Commission Audit Services in July 2013 the Irish Authorities undertook a complete review of the 900,000 parcels on the LPIS database. Notwithstanding this work, the Commission Audit Service has proposed a correction of €181 million. The Irish Authorities have strongly refuted this finding and the matter will be the subject of conciliation hearings in December 2014. In advance of said hearings the Irish Authorities are maintaining ongoing communications with the Commission Audit Services in relation to the proposed disallowance.</p>

Recommen dation 3		France: mesure prise: OUI, action achevée: NON, Date d'achèvement: Les autorités françaises renvoient à la mise en œuvre du Plan d'action FEAGA susmentionné.
EC reply to 3.45		Spain: action taken: YES, action completed: NO, Completion date:31/12/2015 Spain will allocate a new revised eligibility coefficient, CAP-2015, for pastureland covered by the LPIS in order to guarantee that basic payment entitlements are correctly allocated during 2015. This coefficient is made up of two factors that quantify the presence of non-productive elements without vegetation and the slope of the land, which were already included in the CAP implemented in 2013. These are now joined by a third factor that assesses vegetation with regard to its accessibility or penetrability by livestock. LIDAR (Laser Imaging Detection and Ranging) aerial images are used to estimate the penetrability factor. These are obtained using state-of-the-art laser techniques based on differential reflection by vegetation layers of different heights, making it possible to quantify penetrability or accessibility to vegetation by livestock. Implementation of CAP-2015 forms part of the 'Specific Action Plan regarding the eligibility of pastureland', which has already been submitted to the Commission services. The final version of the plan will be submitted before 31 December 2014. Quality control will be performed throughout 2015 in order to validate the new CAP-2015 with a view to ensuring it is fully operational by 31 December 2015.
Annex 3.2		Poland: action taken: YES, action completed: NO, Completion date: 31/05/2015

CHAPTER 4 – Rural development, environment, fisheries and health

4.5	Audit scope and approach	<p>Austria: action taken: YES, action completed: NO, Completion date:</p> <p>Czech republic: action taken: , action completed: , Completion date: Irrelevant – there is no error involved.</p> <p>Denmark: action taken: YES, action completed: , Completion date: 12/12/2014 Measures have been implemented with respect to the errors highlighted by the Court of Auditors for Rural development, environment, fisheries and health.</p> <p>Finland: action taken: , action completed: , Completion date: Detailed replies in Annex 2</p> <p>France: mesure prise: OUI, action achevée: NON, Date d’achèvement: Afin de réduire le taux d’erreur dans le domaine du Feader, les autorités françaises ont mis en œuvre un Plan d’action qui fait l’objet d’un suivi par les services de la Commission. Les mesures correctives proposées par les autorités françaises sont quasiment toutes mises en œuvre et sont de nature à faire diminuer le taux d’erreur pour les années de paiement restant sur la programmation 2007-2013.</p> <p>Germany: action taken: , action completed: , Completion date: See reply for this purpose in Annex II</p> <p>Hungary: action taken: NO, action completed: , Completion date: The finding refers to facts that do not call for action.</p> <p>Italy: action taken: YES, action completed: , Completion date: Our replies to the European Court of Auditors regarding the results for the activities of the Paying Agencies are set out in</p>

		<p>the attached notes (see Annex II below).</p> <p>Romania: action taken: YES, action completed: YES, Completion date: 15/10/2013 APIA permanently takes into consideration the updates in the national legislation and the applicable work procedures for the cross-compliance system. Furthermore, in cases of weaknesses reported by the internal or external auditors, APIA takes all necessary measures to overcome them, by cooperating closely with all national regulatory, control and/or supervisory authorities. A relevant example here is the National Sanitary Veterinary and Food Safety Authority (Autoritatea Națională Sanitar-Veterinară și pentru Siguranța Animalelor (ANSVSA) with whom APIA has concluded cooperation agreements.</p> <p>Slovenia: action taken: , action completed: , Completion date: Reply of the Ministry of Agriculture, Forestry and Food (MKGP): The MKGP has no comments regarding the methodological approach of the ECA in the selection of audited transactions.£</p> <p>Spain: action taken: YES, action completed: YES, Completion date: VALENCIA: Action taken: Yes, Action completed: Yes, Completion date: 01/01/2014 The procedure manuals and control plans have been reviewed.</p> <p>CASTILE-LEON: Action taken: Yes; Action completed: Yes, Completion date: 15/10/2014 In letter ARES/482661, relating to visit XC/2013/005, the Commission acknowledged that the Paying Agency had adopted corrective measures and had resolved all the incidents detected since 2013, except for incidents No 8 (animal identification and registration), No 11 (application of penalties due to repeated infringements) and No 12 (application of penalties due to intentionality) that were corrected during 2014.</p>
Box 4.1	Example of eligibility error: non-compliance with agri-environment commitments	<p>Hungary: action taken: YES, action completed: YES, Completion date: 14/05/2009 Sanctions are set out in Annex 23 of the applicable Decree No 61/2009 of 14 May 2009 of the Minister for Agriculture and Rural Development. Compliance with the regulation is monitored through on-the-spot checks by the Agricultural and Rural Development Agency (ARDA). On the first occasion, the portion of the aid for the area concerned during the year in question is withdrawn by the ARDA, whereas on the second occasion, the area concerned is excluded for the entire duration of the aid scheme and the aid amount already paid must be refunded with interest.</p> <p>Italy: action taken: YES, action completed: , Completion date: Our replies to the European Court of Auditors regarding the results for the activities of the Paying Agencies are set out in</p>

		<p>the attached notes (see Annex II below).</p> <p>Netherlands: action taken: YES, action completed: YES, Completion date: The Dutch authorities would point out that the findings relate to management year 2014 and will also be included in that year's evaluation.</p> <p>Poland: action taken: YES, action completed: YES, Completion date: : 20/03/2014 Cf. the replies concerning 13.P.NR2.1521-04 and 13.P.NR2.1516-04.</p> <p>Romania: action taken: YES, action completed: YES, Completion date: 30/05/2014 APIA notified the competent control authorities in order to conduct a check. Following the check that was carried out, both the farmer and the biogas production company have been penalised.</p>
EC reply to Box 4.1		<p>Hungary: action taken: NO, action completed: , Completion date: Please see our comment in the previous section. As conformity clearance procedures are still in progress, the relevant consultations are being carried out between the Hungarian authorities and the Commission.</p> <p>Finland: action taken:., action completed: , Completion date: Detailed replies in Annex 2</p> <p>Netherlands: action taken: YES, action completed: YES, Completion date:01/01/2014 The Dutch authorities received a proposal for a financial correction following a compliance audit of agri-environmental support (in March 2012). The mediation body is due to hold a hearing on 15 January 2015.</p> <p>Poland: action taken: YES, action completed: YES, Completion date: 20/03/2014 Cf. the replies concerning 13.P.NR2.1524-04 and 13.P.NR2.1516-04.</p> <p>Romania: action taken: YES, action completed: YES, Completion date:30/10/2014 APIA notified the competent control authorities in order to conduct a check. Following the check that was carried out, the farmer has been penalised, and the recovery of the undue payments has been carried out.</p>
Box 4.2	Example of eligibility error: ineligible beneficiary	<p>Austria: action taken: YES, action completed: NO, Completion date: Routine notification and training of those involved necessary</p> <p>Bulgaria: action taken: YES, action completed: YES, Completion date:04/04/2014</p>

State Fund Agriculture (DFZ): The Bulgarian authorities took action to ensure improved and more detailed documenting of checks performed to determine the type of enterprise under Measure 312. As of April 2014, the checklists include a special checklist entitled 'CL: Enterprise Size' which will document the performed check in detail.

Denmark: action taken: , action completed: , Completion date: 12/12/2014

The Court withdrew the criticisms raised regarding ineligible beneficiaries in a letter dated 17 July 2014.

France: mesure prise: OUI, action achevée: NON, Date d'achèvement:

cf. réponse ci-dessus à l'observation n°2

Germany: action taken: , action completed: , Completion date:

See reply for this purpose in Annex II

Italy: action taken: YES, action completed: , Completion date:

Our replies to the European Court of Auditors regarding the results for the activities of the Paying Agencies are set out in the attached notes (see Annex II below).

Latvia: action taken: YES, action completed: YES, Completion date: 07/02/2014

Latvia is not mentioned in the correct context. In its findings, the European Court of Auditors has not found any ineligible payment beneficiary, but has found insufficient management checks with insufficient records of controls and check results.

However, the Paying Authority has revised and supplemented the management procedures by envisaging stricter requirements for the documenting of checks.

Netherlands: action taken: NO, action completed: , Completion date:

The Dutch authorities do not agree with this part of the Court of Auditors' findings. The Dutch authorities informed the Court of Auditors that the LNV-regeling subsidiëring landinrichting (Land use subsidy scheme) was repealed in 2007 and the central government's land use powers were transferred to the Provinces in that year. The Dutch authorities maintain that the Land Use Act does apply to this project on 31 December 2006, the date on which it was repealed.

Portugal: action taken: , action completed: , Completion date:

Other observations: The national authorities laid down suitable procedures to check compliance with this beneficiary eligibility condition:

- Definition of the requirement in the implementation regulation (Article 5 of Implementing Order (Portaria) No 289-A/2008)

- Requirement to describe the size of the company when completing the application, with a clear indication that the information is for purposes of calculating size in accordance with Article 5 of Commission Recommendation

		<p>2003/361/EC. To this end, information is requested on ‘shareholders in promoter’s capital’ and ‘main holdings of promoter in the capital of other entities’.</p> <p>- Requirement to complete a document when the company is not an SME – ‘declaration on type of semi-large company’ where the beneficiary is required to provide a full description of its size, in accordance with the requirements set out in Commission recommendation 2003/361/EC.</p> <p>ECA auditors were able to confirm during the audit that the abovementioned verification procedures were complied with.</p> <p>Romania: action taken: YES, action completed: YES, Completion date: 25/02/2013 Observation No 5 – Reply of AFIR: Modification of AFIR procedures as of 25 February 2013 with the view to strengthening the controls concerning the verification of the SME status of the companies. The verification of whether the eligibility requirements were observed is carried out through the check of the applicant and of the shareholders/associates thereof via the online service called RECOM of the National Trade Registry Office, according to the User manual for using RECOM online available on the website of the National Trade Registry Office.</p> <p>Spain: action taken:, action completed: , Completion date: In response to the section on Andalusia, which refers to the Court's findings that the eligibility criteria in measure 227 (direct actions) are not compliant because forestry investments are not eligible due to not being located on forest land, the managing body argued inter-alia, that the Breeding Centre, which is located in a publicly-owned parcel belonging to the Andalusia Regional Government, listed in the Rural Land Assets Registry of the Municipality of Seville (Cadastral reference: 41900A008000340000IM), performs numerous functions related to nature conservation, restoration of rural areas, reforestation, conservation of endangered species, conservation of plant germplasm banks, etc; and that RDP-A does not exclude investments outside forest areas in the strict sense, this measure can be used for investments in 'other environmental objectives' involving heterogeneous actions that are well defined in the measure as rural biodiversity or public environmental aims. (RDP A Page 379 V.8)</p>
EC reply to Box 4.2		<p>Portugal: action taken: YES , action completed: , Completion date: As a complement to the comments above, the beneficiary was considered ineligible and as such, sums unduly paid were the subject of a fund recovery process, which has already reached final judgement and is at the payment stage.</p>
Box 4.3	Example of eligibility error: non-respect of procurement rules	<p>Bulgaria: action taken: YES, action completed: YES, Completion date:12/09/2014 DFZ: In 2014 the State Fund Agriculture Paying Agency (DFZ PA) modified its approach to evaluating public procurement, taking into consideration the remarks made by the Commission auditors. Currently, the procedure for carrying out ex ante checks and ex post control in tender procedures has been updated in line with the amended national legislation.</p> <p>In addition, meetings have been initiated with representatives of the Bulgarian National Audit Office, the Public Procurement Agency (AOP), the Public Financial Inspection Agency (ADFI), and the Audit of EU Funds Executive</p>

Agency (IA OSES). The purpose of the meetings was to arrive at a common position on the implementation of the Public Procurement Act (ZOP) in the implementation of projects financed with EU funds, and to discuss the DFZ guidance for contracting authorities which are RDP beneficiaries. As a result of those meetings, the procedure for carrying out ex ante checks and ex post control in tender procedures will be further improved and elaborated, and the deadline for completing the update is set at 30 December 2014.

Any other comment: Ministry of Agriculture and Food (MZH): 1. Amendments to national legislation: amendments to Regulation No 24 of 29 July 2008 on the terms and procedure for extending grants under Measure 'Renewal and development of settlements' under the Rural Development Programme for the period 2007–2013 (paragraphs 8–11 of the Transitional and Final Provisions of Regulation No 24 of 29 July 2008) and Regulation No 25 of 29 July 2008 on the terms and procedure for extending grants under Measure 'Basic services for the population and the economy in rural areas' under the Rural Development Programme for the period 2007–2013 (paragraphs 8–17 of the Transitional and Final Provisions of Regulation No 25 of 29 July 2008), whereby:

- A deadline was established within which grant recipients which are contracting authorities under the ZOP are required to publish a decision to launch a public procurement procedure for the selection of a contractor. This action enabled the timely conduct of award procedures under the Public Procurement Act (ZOP) and expedited the project implementation process at the final stage of the programme.

- A requirement was introduced for the recipients of financial support to comply with the instructions issued by the Paying Agency during ex ante checks of award procedures under the ZOP, the purpose being to ensure successful contract performance and reduce the percentage of financial corrections.

2. The DFZ prepared Instructions for drawing up descriptive documents in support of lists of planned public procurement awards for projects funded by the State Fund Agriculture under RDP 2007–2013, coordinated by the AOP, the ADFI, and the National Audit Office (SP). A common position was reached concerning the implementation of the ZOP in ex ante and ex post control.

Finland: action taken:, action completed: , Completion date:

Detailed replies in Annex 2

France: mesure prise: OUI, action achevée: NON, Date d'achèvement:

Les autorités françaises dans le cadre de leur plan d'action Feader ont mis en place une note du 18 octobre 2012 relative aux contrôles administratifs et contrôles sur place pour les dossiers des mesures du règlement de développement hors SIGC, pour les actions « immatérielles » (dont marchés publics) afin de préciser les contrôles qui doivent être effectués. Les points de contrôles sont détaillés en fonction : - du stade d'avancement du dossier (au moment de l'instruction de la demande d'aide, au moment de la demande de paiement et au moment du contrôle sur place avant paiement final) , - du type de bénéficiaires (s'il est soumis au code des marchés publics ou s'il est soumis à l'ordonnance 2005-649 du 6 juin 2005),

- des différents seuils des marchés publics. Ainsi la note précise notamment que les marchés au-delà d'un seuil de 20 000 euros sont présentés au contrôle de légalité qui comprend notamment des vérifications concernant la sélection des offres. Ce contrôle est effectué par les préfetures de département (bureau du contrôle de légalité) . Le service instructeur du Feader doit s'assurer que le marché public a bien été adressé, pour vérification, au contrôle de légalité. Le contrôle effectué, il est prévu une fiche de traçage des contrôles sur les marchés publics effectués par les services instructeurs. Cette fiche de traçage doit être remplie et intégrée dans chaque dossier. En complément, un traçage du respect des marchés publics est prévu dans OSIRIS par le biais du point de contrôle « respect du code des marchés publics' présents dans l'outil.

Germany: action taken:, action completed: , Completion date:

See reply for this purpose in Annex II

Netherlands:action taken: YES, action completed: NO, Completion date:

The Netherlands does not consider that the specific example cited by the Court of Auditors applies to it. It is true that the procurement policy is an area where procedures are being tightened up.

Poland: action taken: NO, action completed: NO, Completion date:

In accordance with the report of the bilateral meeting of 24 September 2013, the Polish authorities undertook to provide evidence confirming that appropriate verification of reasonableness of costs had been ensured at the stage of awarding aid under the measure Village renewal and development and Basic services for the economy and rural population. The required clarifications were provided to the Commission in the letter of 14 October 2013 (Ref. No Ffp.4344-386/13/4055). In the letter of 9 July 2014 (Ref. No Ares2286406), the Commission concluded that, after taking into account the additional information provided by the Polish authorities following the bilateral meeting, financial correction applied only to Measure 511 Technical assistance.

Romania:action taken: YES, action completed: NO, Completion date:

The manuals of procedure of AFIR are in line with the national legislation and have been duly adapted according to any subsequent amendments in the national legislation.

Spain: action taken:, action completed: , Completion date:

Regarding the finding of non-compliance with public procurement rules (measure 125) the corrective measure adopted was: initiation of proceedings for reinstatement. As a preventive measure, other files involving a tender procedure with statement of urgency were reviewed. As a corrective/preventive measure, the contents of Instruction No 1/2011, approved by DG Agricultural Structures (DGEA) establishing testing requirements in the procurement process for aid

		lines 125 and 126 of RDP-Andalusia, were partly amended. In the specific case of 'Local Authority' beneficiaries, it was made a requirement for all documentation accrediting the tendering procedure to be sent to Central Services (CSs) for checking, irrespective of whether the public administration was the civic primary municipality or a higher level of authority.
4.3		Spain: action taken:, action completed: , Completion date: These nine action plans were drawn up in response to the Commission's request that we should 'reinforce preventive measures, when necessary'. When the Autonomous Communities were notified of this request by the Commission, only nine of them considered it necessary to draw up a plan based on their respective error rates. The plans did not effectively influence the investment measures since the error rate in these measures was very low.
Box 4.4		Finland: action taken:, action completed: , Completion date: Detailed replies in Annex 2 Poland: action taken: YES, action completed: NO, Completion date: Work is underway to amend regulations by imposing on ARiMR the obligation to notify beneficiaries of structural pensions that they are required to apply for pension.
Box 4.5		Latvia: action taken: YES, action completed: YES, Completion date:01/12/2014 The Latvian authorities disagree with the finding of the European Court of Auditors as they are of the opinion that the procurement procedure was carried out in accordance with Directive 2004/18/EC and the Public Procurement Law. A procurement concerning the establishment and maintenance of an information technology system is not a standard situation and the selected procurement method, i.e. negotiated procedure with prior contract notice, is, in its essence, an open procedure which is evidenced by the fact that the Regulations were received by 19 potential candidates, including international companies. Nevertheless, the Paying Authority has revised the management procedure by envisaging significant changes to the control methodology of public procurement checks. Malta: action taken: YES, action completed: NO, Completion date: 28/02/2015
Annex 4.2 table 1		Germany: action taken:, action completed: , Completion date: See reply for this purpose in Annex II Latvia: action taken: YES, action completed: YES, Completion date:01/12/2014 The essence of the findings by the European Court of Auditors is not such as to deem the entire system to be inefficient.

The Latvian authorities disagree with the conclusions drawn by the European Court of Auditors that the general assessment of the control system is that it is inefficient. Nevertheless, the Latvian authorities have drawn up an action plan that improves the management system and sets stricter requirements for performance and the documentation of checks. The measures envisaged in the plan were finalised on 01/12/2014.

Malta: action taken: YES, action completed: NO, Completion date: 28/02/2015

Poland: action taken: YES, action completed: NO, Completion date:

Romania: action taken:, action completed: , Completion date:

Observation No 1 – Reply of AFIR: The Manual of procedures concerning the acquisitions made by the private beneficiaries of the National Rural Development Programme (PNDR) was improved in several stages, by introducing a series of checkpoints:

- The Declaration of compliance with rules concerning the avoidance of conflicts of interest, the declaration of conformity and declarations of all bidders stating that no conflict of interest is present is required for all participating companies,
- On-the-spot checks will be carried out by rechecking the entire procurement documentation (in original) according to the specific checklists for each procedure for the projects of the private beneficiaries of the PNDR at the premises of the beneficiaries, based on a sample determined by the DPP, following the issuance of the Statements of notice by two experts from SA-CRPDRP/SA-APDRP, others than those who carried out the initial checks on the documentation.
- As far as the check of the artificial conditions is concerned, Contracts with a value over 15,000 EURO excluding VAT shall be awarded through the process of selection of bids under the condition of publishing in a national or local newspaper of a notice of call for tender, and the reception by the private beneficiary of at least 3 – technically and financially compliant – bids. The values of the compliant bids shall fall within that of the initial bid from the indicative budget.
- The certificates from the National Trade Registry Office or the equivalent thereof for external suppliers shall be presented both by the bidding companies and by subcontractors and all legal entity shareholders (companies), as well as the ultimate owners thereof (natural persons), with the exception of shareholders’ groups in the case of joint-stock companies, banks, investment funds and producers.
- Contracts with a value > 15,000 EURO excluding VAT shall be awarded through the process of selection of bids under the condition of publishing on the website www.apdrp.ro of an invitation to tender and a call for tender, and the reception by the private beneficiary of at least 3 – technically and financially compliant – bids.
- The following text is introduced in the Methodology to be applied for the verification of procurement procedure

files:

“The responsibility of checking the reasonableness of the price of the goods from the successful bid belongs to the verification experts. The latter have the obligation to check the reasonableness of the price of the goods of the successful bid mainly by comparing the prices to one or more of the following sources:

- either to the prices of goods of the same type available on the Internet;
- to the prices of goods of the same type obtained after requesting at least one quote from a company other than those participating in the tender;
- or to the prices of goods of the same type obtained through other similar PNDR projects. In the event of using this method, the verification experts shall ensure that the prices used as reference are real and at the level of the market.

In the event that the difference between the prices of the successful bid is more than 10 % higher than the prices obtained by the above described methods, the procurement procedure file is rejected.”

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- In February 2013, the Payment authorisation manual was supplemented with provisions concerning the verification of eligibility and selection criteria, as well as concerning the development of artificial conditions for awarding the grant, following the recommendations of the Commission.

Slovenia: action taken: NO, action completed: NO, Completion date:

Reply of the Ministry of Agriculture, Forestry and Food (MKGP): Slovenia already gave a reply to the ECA's statement in December 2012, but we now add a further clarification:

The finding of the ECA was the result of a one-off event. The information system of the Agency for Agricultural Markets and Rural Development is designed to record all identifications of infringements.

Between 2009 and 2013 Slovenia carried out a 100 % administrative control of verification of the timeliness of notification of events for bovine animals. For 2010, pursuant to Article 6(3) of the Decree on statutory management requirements and good agricultural and environmental conditions in farming (UL RS 7/2010), the appropriate reduction was implemented for identified cases of non-compliance (infringements). However, for statutory management requirement No 7 in the application of cross-compliance reductions it was also necessary in 2010 to take into account the provision of Article 35(11) of the Decree on the implementation of agricultural policy measures for 2010 (UL RS 17/2010, hereinafter: the IACS Decree), which prescribes preliminary arrangements owing to the introduction of a new scoring system. This means that for animals for which an application for the special premium for bulls and oxen or the additional payment for the extensive rearing of female bovine animals was not submitted for 2009, an identified non-compliance because of untimely notification of events to the Central Register of Bovine Animals (CRB) which is identified in 2010 for the period from 1 October 2009 to 5 March 2010 is assessed with a scale of infringement of zero points.

Spain: action taken: YES, action completed: YES, Completion date:01/01/2014

The procedure manuals and control plans have been reviewed.

<p>Annex 4.2 table 2</p>		<p>Czech republic: action taken: YES, action completed:, Completion date: In response to the audit observations, the Czech Republic has taken measures related to the timely registration and identification of animals (SMR 6, 7, 8), which have applied since 2014. From the perspective of the system of cross-compliance checks for SMR 6 to SMR 8, although an observation was made on assessments of compliance with the notification requirement, this system, taken as a whole, cannot be considered inefficient.</p> <p>Malta: action taken: YES, action completed: YES, Completion date:15/01/2014</p> <p>Poland:action taken: YES, action completed: NO, Completion date:</p> <p>Spain: action taken: YES, action completed: YES, Completion date:15/10/2014 In letter ARES/482661, relating to visit XC/2013/005, the Commission acknowledged that the Paying Agency had adopted corrective measures and had resolved all the incidents detected since 2013, except for incidents No 8 (animal identification and registration), No 11 (application of penalties due to repeated infringements) and No 12 (application of penalties due to intentionality) that were corrected during 2014.</p>
<p>4.30</p>		<p>Romania: action taken: YES, action completed: YES, Completion date: On 25 February 2014, Romania sent the third follow-up of the Action plan in which further 5 preventive and corrective actions were added, 4 of which have already been implemented and 1 is underway.</p>
<p>4.33</p>		<p>Poland: action taken:, action completed: , Completion date: Details are provided in Annex 2 Preliminary findings 6178 and 6276 (p. 48–56).</p>

CHAPTER 5 – Regional policy, transport and energy

5.19	Audit scope and approach	<p>Austria: action taken: NO, action completed: , Completion date: Exhaustive list of member states in which random inspections were carried out. No additional remarks.</p> <p>Belgium: action taken: , action completed: , Completion date: FEDER Wallonie : A priori, la Wallonie n’est pas concernée par ce point pour le FEDER.</p> <p>Czech republic: action taken: , action completed: , Completion date: Irrelevant – there is no error involved.</p> <p>Estonia: action taken: YES, action completed: NO, Completion date</p> <p>France: mesure prise: OUI, action achevée: OUI, Date d’achèvement: Il est ici question d'une référence à la France pour expliciter les EM concernés par les opérations menées par la Cour. Les autorités françaises ne contestent pas l'état des lieux dressé par la Cour.</p> <p>Germany: action taken:, action completed: , Completion date: See reply for this purpose in Annex II</p> <p>Hungary: action taken: NO, action completed: , Completion date: The finding refers to facts that do not call for action.</p> <p>Lithuania: action taken: YES, action completed: NO, Completion date: Detailed information is supplied in Annex II citing specific audit findings.</p> <p>Slovenia: action taken:, action completed:, Completion date: Reply of the Government Office for Development and Cohesion Policy (SVRK), Managing Authority (MA): The SVRK has no comments regarding the methodological approach of the ECA in the selection of audited transactions.</p> <p>Sweden: action taken:, action completed: , Completion date: Sweden is taking no action on this comment.</p>
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<p>Box 5.1</p>	<p>Czech republic: action taken: YES, action completed: YES, Completion date: 23/4/2014 Binding guideline laying down more specific instructions for the Public Procurement Act, issued as at 1 April 2012, updated on 23 April 2014 (see annex)</p> <p>Germany: action taken:, action completed: , Completion date: See reply for this purpose in Annex II chapter 5</p> <p>Spain: action taken:, action completed: , Completion date: We believe that these are not additional works but an amendment that complies with the conditions laid down in Article 202 of Law 30/2007 on Public Procurement. It does not affect the essential conditions of tendering and contract award and does not involve a cost increase over and above the cost in the initial contract. b) The calculation was repeated, removing the illegal criteria used. As a result, it was found that this irregularity had no effect on the competition (31 offers were submitted) but it did affect the selection of the financially most advantageous offer. Once the illegal criterion had been removed, the offer found to be the best following evaluation was more expensive than the previous winning offer. This meant that it was not necessary to apply a financial correction of 100 % but a correction of up to 5 %. c) In the case of the amendment, it should be emphasised that this contract was not subject to guidelines and it was considered to have complied with the provisions of national legislation on the eligibility of payments arising out of amendments to public procurement because it did not have any impact on price and did not involve any change in the essential tendering conditions.</p> <p>Sweden: action taken:, action completed: , Completion date: As noted, Sweden is taking no action on this</p>
<p>Box 5.2</p>	<p>Hungary: action taken: NO, action completed: , Completion date: On Section 5.2(b): As for the case referred to above, consultations with the services of the European Commission are still in progress on the basis of the observations of the Hungarian authorities and therefore no decision on a correction has been taken</p> <p>Poland:action taken: YES, action completed: NO, Completion date: Preliminary findings of a control for the purposes of the statement of assurance for the financial year 2013 (DAS2013) (ERDF, 2007PL161PO006, Regional Operational Programme for the Kujawsko-Pomorskie Province for the period 2007–2013, Ref. No PF-5767, transaction 13.P.ETE 2215-05, project Villa Orłowo – conversion of a historic manor house and park for tourism, and conference and training purposes, RPKP 06.02 00-04-036/11) showed that the project should not have been selected for funding because there was no solid evidence that its objectives could realistically be achieved.</p>

		<p>The foundation did not provide detailed information on actions to be taken in 2014 and in subsequent years. Furthermore, the figures provided in the feasibility study and in the application for funding are not realistic given the geographical location of the building and lack of experience in organising conferences or training. The control also showed that the project concerned covered costs unrelated to its implementation as described in the application. As a result, the durability of operation is at risk. Thus, the choice of the project is unjustified.</p> <p>The Managing Authority took a position on the above-mentioned finding in letter FU-II-Z.1710.6.1.2013 of 23 April 2014 (enclosed herewith). It explained, inter alia, that the agreement for funding for the project enabled the Managing Authority of the Regional Operational Programme for the Kujawsko-Pomorskie Province to terminate the agreement if the Beneficiary had not achieved the objective of the project (result indicator) set out in the application for funding. If the agreement is terminated, the Beneficiary will be required to return the funding received together with interest at the rate specified for tax arrears calculated from the date on which the funding was provided.</p> <p>However, it should be stressed that:</p> <ul style="list-style-type: none"> <input type="checkbox"/> The project concerned was selected for funding in accordance with criteria applicable to the operational programme and the relevant competition, adopted by the Monitoring Committee. <input type="checkbox"/> The Managing Authority ensured that appropriate provisions on the beneficiary's obligations, inter alia, expenditure eligibility obligations as well as obligations to ensure a durability period and to achieve result indicators planned when applying for funding, were included in the agreement for funding for the project. The Managing Authority also specified sanctions to be imposed in the event of failure to achieve the result indicators. <input type="checkbox"/> In the nearest future, an on-the-spot check will be carried out to verify if expenditure under the project has been incurred in compliance with the rules set out in the agreement for funding. If any irregularities are found, the Managing Authority will take measures to correct the eligible expenditure. <p>The Managing Authority requested that the above error be removed.</p>
Box 5.3	Examples of ineligible costs declared	<p>France: mesure prise: NON, action achevée: NON, Date d'achèvement: Ce cas d'espèce semble correspondre au projet référencé PF5983 de l'annexe II. Il s'agit d'un projet en gestion directe entre la Commission et la société INELFE basée en France. Les autorités françaises ne sont pas bénéficiaires finales au titre de la RTE-Energie en tant qu'Etat membre. La France n'est donc pas compétente pour fournir des éléments de réponse à la Cour bien que le bénéficiaire soit français.</p>
Box 5.4		<p>Hungary: action taken: NO, action completed: , Completion date: Since the Final Position Letter of the Commission has not been received to date, we are unable to report on any actions ordered or the progress of such actions.</p> <p>Poland: action taken: NO, action completed: , Completion date:</p>

		<p>The Managing Authority of the Operational Programme Innovative Economy did not take action in connection with the failure to demonstrate incentive effect in project No POIG.04.05.02-00-093/09 ‘Creation of the Amway Business Centre’ and project No POIG.04.05.01-00-003/09 ‘Increasing the competitiveness of Swedspan Polska Sp. z o.o. through investments in the production of innovative ultra-thin HDF boards’ identified by the ECA.</p> <p>In the reply to the ECA’s Report, the Commission concluded that incentive effect had been demonstrated in the above-mentioned projects. The Commission’s clarifications were included in the ECA’s Final Report.</p> <p><u>The Managing Authority of the Operational Programme Innovative Economy is awaiting the final position of the Commission on the ECA’s findings. Further actions will depend on that position.</u></p> <p>Slovenia: action taken: YES, action completed: NO, Completion date: 31.12.2015</p> <p>Reply of the Government Office for Development and Cohesion Policy (SVRK), Managing Authority (MA):</p> <ul style="list-style-type: none"> - activities are taking place and corrective measures are being defined and prepared in accordance with the follow-up letter from the European Commission. - the supervisory institutions (the control units of the Managing Authority and Intermediate Body and also the audit authority) have inspected all development centres, some of them twice; <p>Reply of the Ministry of Economic Development and Technology (MGRT), Intermediate Body (IB)</p> <ul style="list-style-type: none"> - the national authorities are studying all legal bases of the public call on the basis of which a bonus was granted to a beneficiary or there was a possible exceeding of the permitted level of co-financing - measures will follow in accordance with findings
Box 5.5		<p>Bulgaria: action taken: YES, action completed: YES, Completion date:</p> <p>Italy: action taken: YES, action completed: , Completion date:</p> <p>To enable the data on the state of implementation of the financial engineering instruments activated under operating programmes 2007/2013 to be collected and recorded in accordance with Art. 44 of Regulation (EC) No. 1083/2006, the Ministry of Economy and Finance – State General Accounting Department (DRGS) – Inspectorate General for Financial Relations with the European Union (IGRUE) has drawn up a monitoring table. IGRUE’s note ref. no. 109346 of 26 October 2011 asked the Managing Authority to compile and send the table to IGRUE every six months, on 30 June and 31 December, with an update of the situation.</p> <p>On the basis of that monitoring exercise, in 2012 the average disbursement rate in Italy was 43.92 %. At the end of 2013 the rate was 64.28 %, a significant increase on the previous year. Lastly, it should be noted that the creation of new FEIs or the extension of existing ones also affects the average disbursement rate, given that Member States had the opportunity to provide additional contributions to FEIs through the Operating Programmes until 31 December 2013. Therefore, if we consider all of the instruments activated in 2012, the average disbursement rate is higher than both the EU-27 average and the rate found taking only two FEIs into consideration.</p>

Lithuania: action taken: YES, action completed: NO, Completion date:

Detailed information is supplied in Annex II citing specific audit findings. In 2012 joint holding funds received the same amount as in 2013, i.e. EUR 240 931 417. The amount allocated to JEREMIE holding fund in 2012 was EUR 169 974 513.44, to INVEGA fund – EUR 70 956 904.54. As of 2013, the debt instruments of JEREMIE holding fund were transferred to INVEGA fund, which was why in 2013 the amount allocated to JEREMIE holding fund was EUR 41 974 513.44 and to INVEGA fund – EUR 198 956 904.54. With a view to accelerating the absorption of funds, the following amendments to the measures were introduced in 2014:

- the eligibility period for Measure “Business Angels Fund I” was extended until 31 December 2015;
- the maximum investment in one undertaking for Measure “Business Angels Fund I” was increased to EUR 600 000;
- further investment of earned income returned to the fund was allowed for Measure “Business Angels Fund I”;
- for Measure “Venture capital funds” the eligibility period was extended until August 2015 for *LitCapital Fund I* and until April 2015 for *Lithuania SME fund*.

Information on the funds paid out to final beneficiaries at the end of October 2014:

Fund	Amount of EU structural funds allocated, EUR	Amount of EU structural funds paid out to final beneficiaries, EUR	Payout rate, %
JEREMIE HOLDING FUND	41 974 513		
<i>Management fee payable at the end of 2015* paid to the fund manager</i>		7 461 510	97
Venture capital funds: <i>LitCapital I, Lithuania SME</i>	31 499 325	14 748 218	47
<i>Management fee paid to the manager, EUR*</i>		3 210 632	57
Business Angels Fund I	8 000 000	4 999 507	63
<i>Management fee paid to the manager, EUR*</i>		1 159 352	77
Practica Capital Fund	17 000 000	8 542 690	51
<i>Management fee paid to the</i>		910 112	56

		<p>manager, EUR*</p> <p>* - <i>Management costs treated as expenditure eligible to be declared</i></p> <p>Slovakia: action taken: YES, action completed: NO, Completion date: This text reflects the actual situation in the implementation of financial engineering instruments (JEREMIE) in Slovakia as at 31 December 2013. The Slovak Government, working through the Ministry of Finance, has long sought solutions and measures in collaboration with the Commission and the EIB Group. However, these depend on the European Investment Fund (EIF), which is involved in the governance structure as the manager of the JEREMIE holding fund. Therefore, this issue is being addressed at the highest political level. According to the latest data at our disposal as at 31 October 2014, the situation in Slovakia remains well below average (less than 10 %, compared to the 37 % EU average as at 31 December 2013 noted in the report). In Slovakia, three managing authorities are involved in JEREMIE implementation: the Ministry of Economy, the Ministry of Education, Science, Research and Sport, and the Ministry of Transport, Construction and Regional Development.</p>
<p>Box 5.6</p>	<p>Examples for weakness in the Commission's validation of error rates reported by audit authorities</p>	<p>Germany: action taken:, action completed: , Completion date: See reply for this purpose in Annex II chapter 5</p> <p>Netherlands: action taken:, action completed: , Completion date: See below, under Comment 2.</p> <p>Spain: action taken:, action completed: , Completion date: We do not agree with the Court's opinion for the following reasons:</p> <p>a) The annual audit report issued by the audit authority provided a detailed explanation of the way this operation was handled and the reasons justifying the handling, which still stands despite the statements made by the Court.</p> <p>b) If we were to accept the Court's approach, the error rate measured in the operation of the management and control systems would depend on the time when the controls were performed and would also lead to changes in the Annual Audit Report issued by the Audit Authority and even in the Report issued by the Court of Auditors. We understand that the important thing is to determine the proper operation of the management and control systems and mechanisms have been built in to identify any issues that arise over time and adopt the necessary corrective measures, which was what happened in this particular case.</p>

		<p>UK: action taken: YES, action completed: YES, Completion date: WEFO: Error rates were revised accordingly. Statistical sampling has now been adopted in line with sampling guidance.</p>
EC reply to box 5.6		<p>Netherlands: action taken: YES, action completed: YES, Completion date:2014 We accept that we used a statistical method for the 2012 project audits that was not included in the Commission's sampling guide. However, we do not agree with the Court of Auditors that (partly as a result of this) the error rates were calculated incorrectly. For the three OPs that were grouped together more than enough items were selected to enable a reliable verdict to be delivered on the three OPs collectively. The same applies to the separate OP. The error rates are therefore correct and were taken over entirely correctly by the Commission. In fact this was preceded by a detailed assessment by the Commission's statistical advisor, which concluded that both samples were large enough to allow reliable conclusions to be drawn. Any suggestion that the Article 73 status might have been awarded unjustifiably is thus incorrect. In 2014 we adapted our sampling method in close consultation with the Commission. The new method was also used for the 2013 project audits. Given the composition of the OP population, we will continue to use a non-statistical method that is fully consistent with the description in the sampling guide for selecting, implementing and evaluating the sample. This means that we will carry out four separate samples which are all sufficient to allow a reliable conclusion to be drawn about the error rate of each separate OP.</p>
Table 5.1		<p>Belgium: action taken: , action completed: , Completion date: FEDER Wallonie : La Cour n'a pas répondu à la demande de la Représentation Permanente pour l'identification précise du cas concerné. A priori, la Wallonie n'est pas concernée par ce point pour le FEDER</p>
EC reply to 5.36		<p>Bulgaria: action taken:, action completed: , Completion date: NF: It should be noted that the following factors accounted for the low average disbursement rates in 2012 and 2013 for FEIs in urban development in Bulgaria for the 2007–2013 programming period:</p> <ul style="list-style-type: none"> <input type="checkbox"/> The Operational Financing Agreements for the two JESSICA funds were launched very late, in late 2011 and mid-2012, and the pilot nature of the activities financed by means of FEIs required considerable time to develop the relevant internal operational rules for the urban development funds and the rules for selection and approval of eligible projects; <input type="checkbox"/> Another key factor for the effective action on project selection and funding under JESSICA was the time which the relevant Commission services took to examine the documents provided by Bulgaria in connection with the state aid notification for JESSICA: pre-notification form lodged on 25 January 2012 and Commission decision issued on 19 December 2012. <p>For that reason, and in order to ensure full absorption, Bulgaria took action to intensify the disbursement process for urban development funds made available in connection with FEIs in urban development, namely:</p> <ul style="list-style-type: none"> <input type="checkbox"/> The Financing Agreement between the EIB and Bulgaria concerning the management of the JESSICA Holding Fund was extended to 31 December 2015. The agreement to extend the validity of the Agreement for the establishment

of the JESSICA Holding Fund was signed on 1 July 2014.

□ In the course of negotiations, it was agreed to include clauses ensuring the use of the performance-based management principle, which is a major tool to improve efficiency in the operation of UDF.

OPRD – In order to address the audit finding, steps were taken to negotiate additional clauses with the EIB as part of the Agreement amending the 2010 Financing Agreement. The negotiations were finalised and the Agreement amending the Financing Agreement between the EIB and the Bulgarian Government was signed on 1 July 2014. The agreement includes clauses concerning the development of a detailed exit policy and terms and conditions for winding up the Fund, and an extension of the term of validity of the Financing Agreement to 31 December 2015.

In particular, the newly agreed clauses set a ceiling for the cost of services provided by EIB at an average of 1.6 % per annum of the funding available under OPRD 2007–2013 which has been placed under the management of the Holding Fund. Thus management costs until 31 December 2015 will be 0.1 % less than the management fee due for the original three-year period for which the fee was set at up to 1.7 % as an annual average. In addition, the agreed detailed exit policy and terms for winding up the Holding Fund envisage the reinvestment of divestitures in new interventions for sustainable urban development.

According to the new clauses, if the urban development funds succeed in disbursing 80 % of the OPRD funds by 31 December 2014, all money paid back is to be reinvested again by the same fund.

If, by 31 December 2014, UDFs have not disbursed 80 % of the OPRD funding, then in early 2015, the EIB, on the basis of the progress figures to the end of 2014 and following consultations with the Investment Board, and if the EIB is reasonably convinced that the UDF concerned is expected to disburse the full amount of the financing by the end of the eligibility period, may allow the UDF operations to continue and reinvest the funds recovered.

If, by 31 December 2014, UDFs have not disbursed 80 % of the OPRD funding allocated to them and the EIB does not have any assurance that the UDF concerned will disburse the full amount of the financing allocated to it by the end of the eligibility period, then the EIB, acting in accordance with the terms of the respective Operational Agreement and following consultations with the Investment Board, may terminate the Operational Agreement with such UDF and any balances available in the respective UDF accounts are to be transferred back to the OPRD Managing Authority in order to be invested by the OPRD Managing Authority in accordance with the OPRD goals.

This list should not be deemed to be exhaustive. Additional options, as well as any combination or modification of the above, may be considered in consultation with the Investment Board of the JESSICA Holding Fund and the OPRD Managing Authority.

Within the term of validity of the Financing Agreement, any funds repaid to the JESSICA Holding Fund from its investments, loan repayments, or any balances remaining after payment of all guarantees, and any interest amounts generated on the cash balance held with the JESSICA Holding Fund, may be reused by the JESSICA Holding Fund for the benefit of urban projects.

If the Financing Agreement is terminated, any JESSICA funds, and any assets resulting from operations, will be managed in line with the exit policy and the winding-up terms as agreed in the 2014 Agreement amending the Financing Agreement.

The Agreement was approved by Decision No 485/10.07.2014 of the Bulgarian Council of Ministers and was ratified by

an act passed by the Bulgarian Parliament on 25 July 2014 which was published in the State Gazette No 66 of 8 August 2014. The agreement came into force on 8 August 2014, the date of publication of the Act on the ratification of the Agreement. The Agreement amending the Financing Agreement was published in SG No 73 of 2 September 2014. The information on the audit finding being addressed was forwarded to the President of the National Audit Office in letter No 99-00-6-6056/25.08.2014 requesting that the European Court of Auditors be duly notified. Notification letters about the adoption of a detailed exit policy and winding-up rules were sent to the Audit Authority and to the Certifying Authority.

In addition, steps were taken to amend the operational agreements with the two Urban Development Funds under which the two Funds are subject to a sanction, i.e. ‘an administrative charge’, resulting in a decrease in the funds available for investing which represent the Imputed Loan, which also affects the reduction of the fund management fee, for their failure to achieve the target set for the first interim investment period, 50 % by 31 December 2013. One of the Funds, the Sustainable Urban Development of Sofia Fund EAD (Fond za ustochivo gradsko razvitie na Sofia EAD, FUGRS EAD), signed the proposed amendment to the agreement on 1 August 2014. At its meeting on 7 November 2014, the Investment Board of the JESSICA Holding Fund decided to ensure the drafting and signing of new amendments to the Operational Agreements, to introduce a clause enabling the reinvestment of a certain amount received under urban development projects, in accordance with the contracting levels, which additionally encourages the UDFs to increase their performance levels.

Last but not least, at that meeting, the Investment Board of the JESSICA Holding Fund mandated the EIB, upon presentation of the quarterly reports of FUGRS EAD and of the Regional Urban Development Fund AD (Regionalen fond za gradsko razvitie AD, RFGR AD) for Q4 of 2014, to submit to the Investment Board, by 28 February 2015, detailed information about the total amount of financing contracted and paid out by 31 December 2014 by each of the two Funds. Based on that information and on estimates for future contracting and disbursement of financing by the two UDFs under their available project portfolio, the EIB will, following consultations with the Managing Authority, propose to the Investment Board a decision concerning the request by the two Urban Development Funds to postpone the sanction for failing to meet the disbursement target of 80 % of the JESSICA financing by the end of 2014.

It should be recalled that the Urban Development Funds under the JESSICA scheme in Bulgaria offer one of the highest levels of additional co-financing for JESSICA funding in the EU, by mobilising additional financing matching the JESSICA financing as follows: Regional Urban Development Fund AD at a match ratio of 2:1, and Sustainable Urban Development of Sofia Fund EAD at a match ratio of 1:1. Taking this into consideration, the OPRD MA took additional action by agreeing, as recommended by EIB, that the two Urban Development Funds could invest as a priority the funds under the Operational Programme in order to attain higher disbursement rates in urban development project by the end of 2015.

The OPRD MA strictly monitors progress in the activities of UDFs by holding monthly meetings with the UDFs to monitor developments and take action as needed to address any issues or risks identified.

As a result, there has been considerable progress in the rate of investing the funds. Currently, the two Funds have signed financing agreements for 18 urban development projects for a total of BGN 138.86 million: BGN 36.78 million under OPRD, BGN 57.6 million in co-financing secured by the Funds, and BGN 44.48 million in project sponsor equity. In

		<p>particular, for Sustainable Urban Development of Sofia Fund EAD the rate of contracted financing is 62 % of the total Imputed Loan amount, and for Regional Urban Development Fund AD the rate of contracted financing is 58.34 % of the total Imputed Loan amount.</p> <p>In addition, the Investment Boards of the two Urban Development Funds approved 16 additional projects for a total of BGN 84.6 million: BGN 27.1 million under OPRD, BGN 35.6 million in co-financing secured by the Funds, and BGN 21.9 million in project sponsor equity. The said additional projects will be signed soon.</p> <p>With the approved urban development projects and the signed project financing agreements, Sustainable Urban Development of Sofia Fund EAD will reach a contracting rate of 141.36 % of the Imputed Loan amount, and Regional Urban Development Fund AD will reach a contracting rate of 78.88 % of the Imputed Loan amount.</p> <p>The total amount disbursed under OPRD by the two UDFs is BGN 12.4 million, or 20 % of the OPRD financing.</p> <p>In addition to the projects mentioned above, the investment portfolios of the two Funds include over 19 project ideas which the Funds are currently evaluating for eligibility.</p> <p>Last but not least, as an additional measure aimed at 100 % investment of the OPRD JESSICA funds, the Investment Board of the JESSICA Holding Fund decided to extend the deadline for investing the funds from the two Urban Development Funds from 30 June 2015 to 31 December 2015.</p> <p>Italy: action taken: YES, action completed: , Completion date:</p> <p>Including for the purpose of adopting appropriate measures to address the problems in the use of FEIs, a “Financial Engineering” sub-group has been operating in Italy since 17 June 2013 as part of the Horizontal Questions and Rules Group. The sub-group is composed of members of the Working Group on data-monitoring for financial engineering operations for the 2007/2013 programming period. For the 2014/2020 programming period, the Department for Development and Economic Cohesion at the Ministry for Territorial Cohesion has extended the “Financial Engineering” sub-group to all of the Regions, through note no. 1364 of 12/02/2014.</p> <p>The questions submitted to the Sub-Group mainly concern the analysis of problems that emerged in the use of FEIs in programming period 2007-2013 and of strategies for the use of FEIs in the 2014/2020 programming period.</p>
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CHAPTER 6 – Employment and social affairs

6.12	Audit scope and approach	<p>Czech republic: action taken: , action completed: , Completion date: Irrelevant – there is no error involved.</p> <p>Bulgaria: action taken:, action completed: , Completion date: NF: No weaknesses in the implementation of the Operational Programme were found in the ECA audit carried out in connection with the Declaration of Assurance for 2013 (DAS 2013) for OPHRD 2007–2013.</p> <p>France: mesure prise: OUI, action achevée: OUI, Date d’achèvement: Il est ici fait référence à la France pour expliciter les EM concernés par les opérations menées par la Cour. Les autorités françaises ne contestent pas l'état des lieux dressé par la Cour (voir encadré pour plus de précisions)</p> <p>Germany: action taken: NO, action completed: , Completion date: See Annex III, Part B</p> <p>Hungary: action taken: NO, action completed: , Completion date: The finding refers to facts that do not call for action.</p> <p>UK: action taken: YES, action completed: YES, Completion date: This is a reference confirming the ECA carried out an audit in the UK</p>
Box 6.1		<p>Czech republic: action taken:, action completed:, Completion date: We have yet to receive the final audit report, which we expect to be delivered in December 2014 (see the response to the audit findings in chapter 6, Annex II)</p> <p>Germany: action taken:, action completed: , Completion date: Please refer to the comments in Annex II to chapter 6.</p> <p>Poland:action taken: YES, action completed: NO, Completion date: The Managing Authority of the Operational Programme Human Capital received the initial version of the ECA’s audit report PF-5809 on 11 February 2014 and replied on 25 March 2014. The Managing Authority of the Operational Programme Human Capital is awaiting the final position of the ECA. Further actions in connection with the projects to</p>

which the findings apply will depend on that position. As in the case of audit report PF-5993, the Polish authorities received the initial version of the document through the Supreme Audit Office on 10 June 2014 and replied on 13 June 2014.

The Managing Authority of the Operational Programme Human Capital is awaiting the final position of the ECA. Only in the case of project 13.P.EDS.2515-01 the cost identified as an irregularity relating to personnel costs was recovered (20 January 2014). The Managing Authority of the Operational Programme Human Capital mentioned this in the reply to the ECA's initial report.

Spain: action taken: YES, action completed: NO, Completion date:

With regard to observations a, b and c): the Intermediate Body had already prepared instructions on the charging of costs (Instructions of 28 January 2011 and Instructions of 11 October 2012). It nevertheless found that the managers had applied the instructions incorrectly because they confused the concepts of 'charging' and 'charging criteria', and this generally led to the charging of costs, e.g. management costs, without previous criteria (contribution keys). One of the measures adopted by the Intermediate Body was to draw up new Instructions for the 2014/2020 programming period. The Intermediate Body in turn adopted the following measures:

- a) training seminar for ESF managing bodies, held on 7 October 2014.
- b) special training seminar addressed to entities of the type in which the issue was identified. This seminar was held on 27 November 2014.

The seminars and the Instructions explained the application of previous charging criteria or 'contribution keys' by the beneficiary with regard to direct/indirect costs.

With regard to observation d): The observation refers to an error affecting allowances for returning to work following maternity leave. This error arose in only one case out of the six analysed by the European Union Court of Auditors, representing an error percentage of 0.81 % of the total audited expenditure.

The Intermediate Body submitted an action plan to correct the shortcomings identified in its systems to the European Commission in conjunction with the Managing Authority and is applying the plan.

This action plan was submitted on 22 September 2014. The main points of the action plan may be summarised as follows:

- 1) Actions for the future within the system as a whole.
IT developments in the Social Security General Treasury (TGSS) and the Spanish Tax Agency (AEAT) to allow verification of compliance with obligations by beneficiaries. This information will be held in the TGSS database and will remain valid for six months.
- 2) Actions to guarantee that previously certified expenditure, including in this case expenditure affected by the break in payments of 11 February 2014, complies with the requirements necessary for the provision of evidence to the ESF
The Intermediate Body will determine which of all the certified expenditure has been subject to verification in accordance with information submitted by the TGSS since certified expenditure where it is possible to accredit the presence of a check by the TGSS is considered to have been properly certified.

		<p>Secondly, in order to analyse expenditure where the result of the above analysis contains no evidence of compliance with the obligation to be up-to-date with tax obligations, a representative sample of companies will be selected and compliance with tax obligations by the said companies during the subsidy period will be analysed using a random statistical sampling system.</p> <p>Individual irregular payments identified will be rectified and a correction will also be applied amounting to the percentage of irregular expenditure identified as a result of the analysis.</p> <p>3) Actions to ensure that expenditure certified in the future complies with the requirements necessary for the submission of evidence to the ESF even if it is not yet affected by the improvements set out in point 1.</p> <p>For the certification of subsidy payment expenditure incurred between 30 June 2008 and 3 September 2014 that is not subject to the mechanism described under point 1, the intermediate body will carry out an analysis prior to the certification of expenditure in the same way as described under point 2.</p> <p>Individual errors detected will be removed from expenditure to be certified before evidence is submitted. Similarly, the resulting error percentage will reduce the amount for which evidence must be provided to the ESF. In this case too, a single correction percentage will be applied to the entire population.</p> <p>This financial correction may be applied retroactively for up to six months.</p>
Box 6.2		<p>Hungary: action taken: NO, action completed: , Completion date:</p> <p>On Section 6.2(b): As for the case referred to above, consultations with the services of the European Commission are still in progress on the basis of the observations of the Hungarian authorities and therefore no decision on a correction has been taken.</p>
Box 6.3	Examples of failures to observe procedural requirements	<p>France: mesure prise: OUI, action achevée: OUI, Date d’achèvement:</p> <p>a) <u>Retards affectant les paiements en faveur des bénéficiaires</u> :</p> <p>Les crédits FSE destinés aux DIRECCTE ont été acheminés rapidement par le CBCM Finances à réception de l’état de répartition adressé par la DGEFP à chaque paiement communautaire (état de répartition prévu par la circulaire interministérielle CD-0877 du 14 mai 2007).</p> <p>Dans le cadre de l’appel de fonds n°14, la Commission européenne a transféré le montant relatif à la demande de paiement intermédiaire à l’Etat français le 7 mai 2013, et les crédits ont été mis à disposition de toutes les autorités de gestion déléguées le 23 mai 2013.</p> <p>Il s’est donc écoulé 16 jours entre la réception des fonds par l’Etat français et son acheminement vers les autorités de gestion déléguées régionales.</p> <p>Concernant le délai de paiement aux organismes intermédiaires (Conseils régionaux des régions Aquitaine et Midi Pyrénées), le retard était dû dans le premier cas au refus de l’organisme intermédiaire de fournir à l’autorité de certification les certificats de dépenses signés par le comptable public, ainsi que le prévoit la convention de subvention globale. Ce refus a contraint la DIRECCTE à mettre en place une procédure de contrôle, ce qui a occasionné le retard de</p>

		<p>paiement imputable à l'organisme intermédiaire, par ailleurs lui-même bénéficiaire dans le cadre de l'opération audité.</p> <p>Dans le deuxième cas, la réalisation conjointe d'un audit de la Commission européenne, et l'extension du plan de reprise des PLIEs demandée par la CICC ont conduit la DIRECCTE à différer le versement des crédits FSE et à les subordonner à la validation des opérations de reprise. A ce titre, les demandes de paiements de l'OI, lui-même bénéficiaire dans le cadre de l'opération audité, pouvaient être jugées non recevables en l'attente et de nature à suspendre le délai de paiement.</p> <p>Les Conseils régionaux étant organismes intermédiaires, il leur appartenait d'assurer le préfinancement des crédits FSE à leurs bénéficiaires y compris quand ils se situent eux-mêmes en situation de bénéficiaire de l'aide comme dans le cas des deux opérations auditées.</p> <p style="text-align: center;"><u>b) Envoi tardif ou absence d'envoi de l'avis d'attribution du marché</u></p> <p>Le Conseil régional d'Ile de France a bien envoyé l'avis d'attribution de marché à l'OPOCE, qui a refusé la publication au motif que l'avis n'était pas conforme au formulaire prévu dans l'annexe III RÈGLEMENT (CE) n°1564/2005 de la Commission du 7 septembre 2005 établissant les formulaires standard pour la publication d'avis dans le cadre des procédures de passation de marchés publics conformément aux directives 2004/17/CE et 2004/18/CE du Parlement européen et du Conseil.</p> <p>De fait, ce formulaire n'a pas permis au Conseil régional d'Ile de France de saisir un marché alloti avec plusieurs attributaires par lot. La présentation d'un avis modifié aurait impliqué un changement dans la forme même du marché.</p> <p>La Région a repris l'envoi pour publication des avis d'attribution des marchés en septembre 2011 pour le programme régional compétence de 2011/2012.</p>
6.12		<p>Latvia: action taken: YES, action completed: YES, Completion date:07/2013</p> <p>The official dates of implementation of the contract with DG EMPL are not known.</p>
6.21		<p>Czech republic: action taken: , action completed: , Completion date:</p> <p>Irrelevant – there is no error involved.</p> <p>Poland: action taken: YES, action completed: YES, Completion date: 06/02/2012</p> <p>Action taken: Yes <input checked="" type="checkbox"/></p> <p>Action completed Yes <input checked="" type="checkbox"/></p> <p>Completion date: 06/02/2012</p> <p>Any other comment: The Polish authorities identified the failure to comply with the principle of competitiveness confirmed by the ECA during the control of project POKL.02.01.01-00-325/09 'New Fields of Development' carried out</p>

on 29 July 2011. As a result, a financial correction of 10 % of the eligible expenditure under the above-mentioned contracts was determined and imposed, in accordance with the *'Guidelines for determining financial corrections to be made to expenditure co-financed by the ESF for non-compliance with the principle of competitiveness'*. A correction of PLN 79 800.00 was imposed on 6 February 2012 by reducing the settlement of the final application for payment. The Polish authorities informed the ECA accordingly in the reply to the initial version of report PF-5809 on 25 March 2014.

Action taken: Yes No

Action completed Yes No

Completion date:

In the case of project No POIG.04.05.01-00-003/09 'Increasing the competitiveness of Swedspan Polska Sp. z o.o. through investments in the production of innovative ultra-thin HDF boards', the ECA found that the contractor for the construction of a production hall had not been selected in a transparent manner. At the same time, the ECA confirmed that the infringement concerned had been found during a control carried out by the Implementing Authority three years before the ECA's control. As a result of the control by the Implementing Authority, a financial correction of 25 % of the value of the contract was imposed. The ECA confirmed that the correction imposed was consistent with COCOF 07/0037/03/EN.

In the case of project No POIG.04.05.01-00-008/10 'Construction of a ceramic roof tile manufacturing plant based on an innovative drying technology', the ECA found that the contractor for the construction of a tunnel kiln had not been selected in a transparent manner due to the fact that the selection criteria had been too general and the method for awarding points for the criteria had not been described in detail. Furthermore, the ECA alleged that tenderers had not been notified that their tenders had been rejected. In the reply to the ECA's report, the Managing Authority of the Operational Programme Innovative Economy explained in detail that the beneficiary performed the contract in compliance with the principle of competitiveness and the agreement, and that the Public Procurement Law did not apply. Thus, the beneficiary was not required to describe the methods for awarding points for the criteria in detail or to inform tenderers that their tenders had been rejected. In its position on the findings of the ECA's report, the Commission agreed with the Managing Authority of the Operational Programme Innovative Economy that the principle of competitiveness had not been infringed.

Although the chapter did not apply to projects implemented under the Operational Programme Infrastructure and Environment, we would like to inform you that another limited compliance-related error was found during ECA's audit PF-5720: information about extending the deadline for tender submission had not been published in the Official Journal of the European Union. The ECA confirmed, however, that the Polish authorities had found the above-mentioned irregularity during an ex-ante control (UZP/DKUE/KU/140/2010) in 2010 relating to a procedure for the award of a public contract. The Implementing Authority (Centre for EU Transport Projects, Centrum Unijnych Projektów Transportowych, CUPT) imposed a financial correction of 5 % of the eligible expenditure under the project.

The irregularity was fully cleared.

Romania: action taken: YES, action completed: YES, Completion date:

		With reference to the preliminary findings of the ECA concerning non-compliance with public procurement rules, we would like to note that the debt established as a result of the corrections applied has been recovered.
6.23	excessive cost claimed that did not lead to errors	<p>France: mesure prise: NON, action achevée: NON, Date d'achèvement: La référence n'est pas assez précise pour que les autorités françaises puissent être en mesure de fournir des éléments de réponse.</p> <p>Poland: action taken: YES, action completed: NO, Completion date: The Polish authorities received the initial version of audit report PF-5993 (containing the above-mentioned findings) through the Supreme Audit Office on 10 June 2014 and replied on 13 June 2014. The Managing Authority of the Operational Programme Human Capital is awaiting the final position of the ECA.</p> <p>Romania: action taken: YES, action completed: NO, Completion date: As far as the observation regarding the establishment of certain wage costs being not in line with market prices is concerned, a suspected irregularity has been reported and the debt instrument is currently underway.</p>
6.25		<p>Denmark: action taken: YES, action completed: YES, Completion date:07/10/2013 As a follow-up to DG Employment's controls concerning the Danish operational programmes entitled Flere og bedre job (More and better jobs) and Innovation og viden (Innovation and knowledge), the documentation of the management authority's controls for payment requests became an integrated part of the TAS case management system in 2013 so that the documentation of the controls could be documented more clearly. Specific control points have been introduced regarding public procurement in the checklists established for the control of payment requests. Furthermore, a procedure has been developed to ensure better follow-up of control reports.</p> <p>Estonia: action taken: YES, action completed: NO, Completion date</p> <p>Slovakia: action taken: NO, action completed:, Completion date: The ECA audit of the Operational Programme Employment and Social Inclusion, once completed, reported no findings that would have financial repercussions. The deficiencies identified were not systemic and were not procurement-related (six projects were audited – four national active labour market policy projects and two demand-oriented projects). Therefore, no action needed to be taken to remedy the deficiencies.</p> <p>Spain: action taken:, action completed: , Completion date: The Intermediate Body reinforced its administrative checking system for documentation in accordance with an action</p>

		<p>plan including corrective measures approved in 2007. Under this Action Plan, the Programme Paying Agency performed the following actions:</p> <p>a) sent instructions to the Intermediate Body in order to ensure the latter's compliance with the checks established in Article 9 of Regulation 438/2001. The Intermediate Body sent these instructions to the corresponding Autonomous Communities with devolved powers.</p> <p>b) applied a lump sum financial correction to the total certified expenditure to March 2008.</p> <p>c) implemented the development and design of a plan of checks to be carried out to comply with Article 9 of Regulation (EC) No 438/2001 prior to the certification of expenditure to be submitted to the Commission before the end of 2008.</p>
6.26		<p>Germany: action taken:, action completed: , Completion date: Please refer to the comments in Annex II to chapter 6.</p> <p>Spain: action taken: YES, action completed: YES, Completion date: 30/09/2010 The Member State had already applied a financial correction of 5 % under a corrective measure action plan approved in 2007. The Intermediate Body also reinforced its administrative checking system for documentation in accordance with an action plan including corrective measures approved in 2007. Under this Action Plan, the Programme Paying Agency performed the following actions:</p> <p>d) sent instructions to the Intermediate Body in order to ensure the latter's compliance with the checks established in Article 9 of Regulation 438/2001. The Intermediate Body sent these instructions to the corresponding Autonomous Communities with devolved powers.</p> <p>e) applied a lump sum financial correction to the total certified expenditure to March 2008.</p> <p>f) implemented the development and design of a plan of checks to be carried out to comply with Article 9 of Regulation (EC) No 438/2001 prior to the certification of expenditure to be submitted to the Commission before the end of 2008.</p>
Box 6.4		<p>Romania:action taken: YES, action completed: NO, Completion date: As far as the observation regarding the establishment of certain wage costs being not in line with market prices is concerned, a suspected irregularity has been reported and the debt instrument is currently underway.</p>

CHAPTER 7 – External relations, aid and enlargement

Box7.1		Germany: action taken: NO, action completed: , Completion date: See Annex III, Part B
Box 7.2	Irregular contracting procedure	France: mesure prise: NON, action achevée: NON, Date d’achèvement: en l’absence d’éléments suffisants pour examiner cette observation (le nom de l’expert juridique concerné, la date de passation du marché, l’objet du marché), nous ne sommes pas en mesure de répondre à ces questions. Nous souhaitons, à cet égard, que la Commission fournisse davantage d’éléments sur ce point, il nous semble que cela n’incombe pas aux autorités françaises mais relève de la responsabilité de la Commission qui a contracté le marché.

CHAPTER 8 – Research and other internal policies

<p>Box 8.3</p>	<p>Spain: action taken:, action completed: , Completion date:</p> <p>Following a visit by auditors from the European Court of Auditors in October 2013, urgent measures were implemented for the replacement of helicopters for the purposes laid down in the National Programme. As a result of these measures, from 1 January 2014, we exceeded as a whole the minimal use of 75 % of total flying time for the purposes of the European External Borders Fund and this trend has continued to rise since that date, as is evident from the helicopter flight logs.</p> <p>To ensure compliance with the requirement for the use of assets, the Interior Ministry Secretary of State for Security nevertheless issued instructions for using helicopters purchased with funding from the External Borders Fund in an Instruction dated 24 September 2014. This was addressed to the Directorates General of the Police and the Guardia Civil, as helicopter users, and ordered the adoption of the necessary measures to ensure at least 75 % of the helicopters' flying time is dedicated to activities relating to border control until the end of the 10-year period laid down in the Fund eligibility rules. The instruction also ordered the Subdirector General of Infrastructure Planning and Management and Security Measures, as the responsible authority, to monitor and check compliance with this instruction.</p> <p>Under the terms of the above instructions, the responsible authority will carry out the appropriate checks and verifications on this project in the exercise of its duties, proposing any corrective measures that may be necessary if it identifies cases of non-compliance in the use of helicopters purchased with funding from the External Borders Fund.</p>
<p>EC reply to Graph 8.3</p>	<p>Spain: action taken:, action completed: , Completion date:</p> <p>Due to the reopening by the Commission of the Final Report on the 2009 Annual Programme, on 8 September 2014 the responsible authority sent the European Commission a report concerning action No 7 on the 2009 Annual Programme (Purchase of four helicopters), which included a calculation of the hours spent by these aircraft in border control work.</p> <p>The calculation was carried out from reception of the aircraft (17 December 2010) until 14 July 2014, in the case of the Directorate General of Police, and until 28 July 2014 for the Directorate General of the Guardia Civil. The calculations were based on the flight logs of the aircraft with serial numbers 876 and 888 (Directorate General of the Guardia Civil) and 846 and 851 (Directorate General of the Police).</p> <p>This report shows that although at the outset some of these aircraft (876 and 888) were mostly used for other work relating to police duties, when the data from 1 January 2014 are examined, the requirement for 75 % of the flying time to be dedicated to Fund purposes was clearly met.</p> <p>At the same time, the Commission was sent a copy of the Secretary of State for Security Instruction dated 24 November 2014, issuing specific instructions to the Directorates General of the Police and Guardia Civil that at least 75 % of the</p>

		total flying time of the helicopters should be dedicated to border control activities until 16 December 2020, the end date of the 10-year period laid down for the use of helicopters for Fund purposes in the rules on the eligibility of expenditure.
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CHAPTER 9 – Administrative and related expenditure

Response to 9.13	<p>Austria: action taken: NO, action completed: , Completion date:</p> <p>Since the temporary EAS staff members at the Federal Ministry for Europe, Integration and Foreign Affairs (Bundesministerium für Europa, Integration und Äußeres) are suspended in cases of suspension of income, there will be no transfers from this side.</p>
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CHAPTER 10 – Getting results from EU budget

10.13	<p>Poland: action taken: NO, action completed: NO, Completion date:</p> <p>Although such a finding was not included in ECA’s audit reports concerning projects implemented under the Operational Programme Infrastructure and Environment, we would like to inform you that under Article 50(1) of Council Regulation (EC) No 1083/2006 Poland decided to create a National Performance Reserve using funds available for the Convergence objective. The funds allocated for the Operational Programme Infrastructure and Environment under the national performance reserve amounted to EUR 157.3 million. This amount was allocated to fund additional investments that contribute to the achievement of the objectives of the Europe 2020 Strategy, under Priority VIII Transport safety and national transport networks, XI Culture and cultural heritage, XII Health safety and improvement of the effectiveness of the healthcare system and XIII Higher education infrastructure. As road investments supported with funds under Priority VIII are located in regions</p> <p>with poor transport accessibility, their implementation contributes to the diffusion of economic growth from central Poland and increased inclusion of previously excluded areas into the European economic system as well as to increased social and economic cohesion of the Union. New projects selected for implementation under Priority XI and XIII of the Operational Programme Infrastructure and Environment take into account the objectives set out in the Europe 2020 Strategy and its Flagship Initiatives. The extent to which the objectives of the Strategy would be achieved was verified already at the stage of formal evaluation under the criterion Strategic nature of the project. Investments supported in the health sector concerned the expansion and renovation of and provision of additional equipment for hospital emergency wards and hospitals of supra-regional importance, as well as the construction or renovation of landing pads next to hospital emergency wards. These are high-quality ready-to-be-implemented projects which were not covered by support because allocations had been exhausted. The projects are of strategic importance to the health sector and their implementation will significantly improve the quality of services provided and increase the availability of medical services to patients from across the country.</p>
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		It follows that for the Operational Programme Infrastructure and Environment the performance reserve was clearly directed at areas/sectors of key importance to the social and economic development of Poland and at maximising the efficiency of EU funds.
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ANNEX III A

Part A. Please reply to the general questions below

1) Based on its audit work, the Court has found that the selection of projects under shared management – a Member State matter – has focused firstly on the need to spend the EU money available, secondly on the need to comply with the rules and lastly – and only to a limited extent – on their expected performance (paragraph 10.10). The Court further states that EU added value is of increasing importance in terms of securing the best possible performance from limited EU funds (paragraph 10.44).

(a) How does your administration ensure that performance is a key element in the use of EU funds?

(b) What measures have been put in place to monitor the performance of programmes and projects financed by the EU Budget?

2) Question addressed to **Greece, Germany, Ireland, France, Poland and Romania** (cf. the European Court of Auditor's Annual Report 2013 – Chapter 3- box 3.1) and **Ireland, France** –(cf. Chapter 3- box 3.4):

In your Member State, the Court found systematic weaknesses in your national Land Parcel Identification System (LPIS) which stemmed either from incorrect assessment of the eligible land in LPIS databases (Examples of payments for overstated eligible land cf. box 3.1), or from incorrect recording in the LPIS databases (inaccuracies cf. box 3.4).

Can you now guarantee that your LPIS ensures a correct assessment of eligibility of land and systematically detects over-declarations:

Yes

No

Can you now ensure that your LPIS is updated properly on a regular basis:

Yes

No

The measures required for appropriate LPIS databases are still at the implementing phase.

In your opinion, which further measures need to be taken in order to solve these recurrent problems?

Reply:

When will the situation return to normal?

Reply:

3) Question addressed to **Italy, Hungary, the Netherlands, Poland and Romania** (cf. The European Court of Auditor's Annual Report 2013 -box 4.1), to **Portugal, Bulgaria, Denmark, Germany, Greece, Spain, France, Italy, Latvia, the Netherlands, Austria, Poland, Romania and Finland** (cf. The European Court of Auditor's Annual Report 2013 -box 4.2), to **France, Bulgaria, Germany, Spain, the Netherlands, Poland, Romania and Finland** (cf. The European Court of Auditor's Annual Report 2013 -box 4.3), to Poland (cf. The European Court of Auditor's Annual Report 2013 -box 4.4) and to **Latvia** (cf. The European Court of Auditor's Annual Report 2013 -box 4.5) :

In the area of Rural Development the Court found serious cases of non-respect of eligibility requirements for investment projects, rendering the expenditure ineligible triggered by non-compliance with agri-environmental commitments (cf. box 4.1), ineligible beneficiary (cf. box 4.2), non-respect of procurement rules (cf. box 4.3 and box 4.5) and ineligible support for early retirement (cf. box 4.4).

Are you in a position to state that the control system has addressed the identified recurrent deficiencies in relation to:

Agri-environmental commitments Yes No

Eligibility of beneficiaries Yes No

Procurement rules Yes No

Calculation of early retirement support Yes No

If the reply is no to any of the above, please indicate what further measures need to be taken in order to resolve these issues.

Reply:

4) In the Chapters for regional policy (**paragraph 5.32**) and employment and social affairs (**paragraph 6.24**), the Court considers that for a large part of the transactions affected by quantifiable errors, sufficient information was available for the Member State authorities to have prevented, detected and corrected the errors before certifying the expenditure to the Commission.

Has your Member State established measures to improve management verifications and to enhance the effectiveness of the checks carried out before certifying expenditure to the Commission?

Yes If yes, please provide some examples and their describe their effectiveness

No If no, please explain why

5) In **Chapters 5** – (paragraphs 37 – 51) and **6-** paragraphs (28 – 32), the Court assesses for the first time the system put in place by the Commission for obtaining assurance as to the legality and regularity of ERDF/CF and ESF expenditure from the work of national audit authorities.

Does your Member State consider that the results of the Court's assessments contribute to obtaining your own assurance of the legal and regular use of EU funds?

Yes

No - if No explain why not

6) In **Chapter 5** (Regional policy, paragraph 5.25 and Box 5.1) the Court noted that breaches of public procurement rules make up more than a third of the error rate estimated by the Court. In **Chapter 6** (Employment and Social Affairs, paragraph 6.20 and Box 6.2), the Court asserts similarly that such breaches account for 7 % of all quantifiable errors and make up approximately 7 % of the estimated error rate.

The Court has identified in recent years the following typical examples of public procurement breaches:

- ❖ Artificial division of works into several tenders
- ❖ Unjustified direct award of additional services
- ❖ Irregular award of a contract due to incorrect application of award criteria
- ❖ Restrictive time limits for the submission of bids
- ❖ non-compliance with information and publication requirements

Has your Member State identified any systemic issues related to public procurement in the remit of the ESI funds and have you taken any preventive measures in this context?

Yes - if Yes describe what measures

No - if No give reasons why not

7) The 2012 Financial Regulation (applicable for commitments made as of 1st January 2014) introduces the obligation for bodies managing EU funds to provide the Commission with a management declaration, confirming that (i) the information is properly presented, complete and accurate (ii) the expenditure has been used for its intended purpose (iii) the control systems give the necessary guarantees concerning the legality and regularity of the underlying transactions.

In the opinion of your Member State, is the introduction of a mandatory management declaration expected to have a positive impact on the prevention, detection and correction of irregularities by the Member States, thereby increasing their accountability?

Yes

No

If no, please provide details

8) The provisions of the Financial Regulation (FR) require Member States bodies entrusted with the management of EU funds to provide the Commission annually (as from 2014) with a management declaration. In addition, the FR foresees that Member States may also provide “declarations signed at the appropriate level”. An inter-institutional working group involving the Commission, Member States and European Parliament also drafted recommendations this year. These recommendations, which are expected to be adopted soon by the Commission, will be addressed to Member States who are providing or wish to provide national declarations.

In this light, does your Member State consider as useful the proposal of recommendations for the establishment and use of national declarations?

Yes

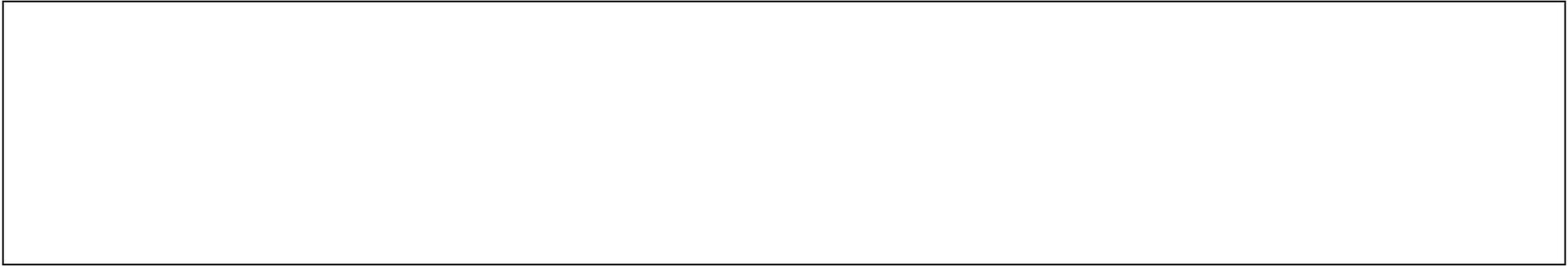
No

If it is not currently the case, will your Member State consider issuing such a declaration or a similar type of declaration which could constitute a public accountability instrument between the national Governments and the national Parliaments?

Yes

No

If no, please provide details



Member States replies to questions in Annex III

AUSTRIA	
Q1 a	<p>ESF: The decision regarding the use of EU resources is made based on the criteria set out by the responsible Monitoring Committee in Art. 56 para. 3 of (EU) Regulation 1083/2006 on selecting projects. These criteria ensure that projects can only be supported if they serve the purposes set out in the operational programmes and therefore quote their sum for achieving these aims. The performance of the operational ESF programmes is to be monitored using the indicators set out in the operational programmes.</p> <p>ERDF: The administrative authorities' primary sphere of responsibility includes ensuring that projects selected to receive ERDF support also correspond to the programme criteria with regard to their content. In the course of their supervisory review of intercalated locations, the administrative authorities carried out their own inspections to ensure that the intercalated locations are selecting and approving projects (including agreeing to the corresponding project output) in accordance with the administration and inspection system.</p> <p>Agricultural expenditure: Austria has compiled a comprehensive and detailed environmental programme in which the services desired are described.</p>
Q1 b	<p>ESF: According to Art. 67 of (EU) Regulation 1083/2006, the administrative authorities are obliged to provide the Commission with a yearly report on the carrying out of the operational programmes implemented. These reports include descriptions of the performance indicators stipulated in the programmes (input, output, results, effects) and serve both as a way of monitoring the implementation of the projects and the programmes and as a way to manage the programme (Monitoring Committee). This supervision of indicators is to be complemented by the use of accompanying programme evaluations.</p> <p>ERDF: in addition to these reports, the administrative authorities will carry out their supervisory reviews which must also focus on the value performance of the projects.</p> <p>Agricultural expenditure: For the purposes of achieving performance, special national guidelines were compiled which contain precise prerequisites for a subsidy to be awarded and which, together with the appropriate administrative and on-site checks, ensure aims are achieved.</p>

Q2	Q2 A	Q2 B	Which further measures need to be taken in order to solve these recurrent problems?	When will the situation return to normal?
Q3	<p>Agri-environmental commitments <input type="checkbox"/> Yes</p> <p>Eligibility of beneficiaries <input type="checkbox"/> Yes</p> <p>Procurement rules <input type="checkbox"/> No</p> <p>Calculation of early retirement support <input type="checkbox"/> No</p> <p>Reply:</p> <p>(1) Award of contract: Information and training for all involved parties.</p> <p>(2) The early retirement benefit measure is not offered in Austria.</p>			
Q4	<p><input checked="" type="checkbox"/> True for ERDF sector - please give some examples and described their efficacy.</p> <p>ERDF-Operational programme 'RCE': Supervisory reviews to be strengthened by administrative authorities as well as certification authorities. Intensifying the measures should ensure that errors are discovered and corrected before certification by the Commission.</p> <p><input checked="" type="checkbox"/> Not true for ESF sector - please explain why not.</p> <p>ESF Operational programme 'Employment': In the national audit authorities' last yearly inspection report (2013), an error rate of 0.64 per cent was identified for the 'Employment' operational programme. The efficacy of inspections therefore seems sufficiently optimal such that no additional measures appear necessary. To ensure the quality of the efficacy of inspections, the intercalated auditing bodies are constantly subjected to inspections by an external service provider by the administration authorities.</p> <p>ESF Operational programme 'Phasing Out': The administrative authorities in Burgenland, Austria have been involved in the ERDF and ESF Burgenland programmes since 1995. During this time, the administrative authorities, together with bodies responsible for awarding subsidies, set up a system based on a regular exchange of information for the purposes of monitoring programme implementation. Regular meetings were established which take place five times a year and are chaired by the administrative authorities in the presence of the bodies responsible for awarding subsidies. Contents of meetings: Status of project implementation and financial implementation (funds commitment), presentation of approved projects, passing on of information</p>			

	<p>regarding project accounts, discussion of errors identified with regards to costs and granting of funds that could be covered by subsidies. This system of exchanging information has proved its worth in every aspect with regard to the operation of the programme. This, combined with the fact that the administrative organisation is kept as simple as possible, has allowed the administrative authorities to do away with introducing specially-tailored measures for the efficacy of inspections.</p>
Q5	<input checked="" type="checkbox"/> YES
Q6	<p><input checked="" type="checkbox"/> YES</p> <p>ESF: In cases of findings made during SLC sample inspections, the administrative authorities will react as swiftly as possible and work together with the subsidy-awarding body on sorting this out for future projects. In addition, findings from SLC sample inspections will be discussed in general at the meetings mentioned in Question 4 between the administrative authorities and the responsible subsidy-awarding body. Through close co-operation between the administrative authorities and the subsidy-awarding body beyond the awarding period, both this problem and others associated with the awarding of public work contracts have been successfully eliminated.</p> <p>ERDF: the administrative authorities for the RCE programme will share their auditing knowledge outside of the programme and sensitise the intercalated bodies in the context of supervisory inspections.</p>
Q7	<p><input checked="" type="checkbox"/> NO</p> <p>ESF + ERDF: It is not assumed that the administrative declaration will have notable effects on avoiding or discovering irregularities without corresponding accompanying measures being introduced - e.g. additional checks.</p>
Q8 a	<input checked="" type="checkbox"/> NO
Q8 b	<p><input checked="" type="checkbox"/> NO</p> <p>Submission of such additional declarations is not seen as necessary at present.</p>

BELGIUM

<p>Q1 a</p>	<p>ESF Flanders: By organising information sessions on results orientation at the beginning of projects and following this up with coaching, interim checks and frontline checks.</p> <p>Inspection des Finances Communauté germanophone de Belgique :L'Inspection des Finances en tant qu'autorité d'audit auprès du P.O. du FSE de la Communauté germanophone pour la période 2007-2013 ne s'occupe pas de l'analyse de la performance des mesures mises en œuvre.</p> <p>FEDER Wallonie : Pour le FEDER, en Wallonie, par la mise en place d'une Task Force composée d'experts indépendants du monde universitaire et industriel, qui est chargée d'évaluer la qualité des projets déposés, par rapport à la stratégie de développement de la Région établie en étroite concertation avec la Commission. La performance des projets est également analysée par la fixation d'objectifs quantifiés « SMART », qui font l'objet d'une attention annuelle. Enfin, les critères de sélection des différents projets incluent leur contribution à la performance (résultats) des programmes.</p>			
<p>Q1 b</p>	<p>ESF Flanders: Introduction of simplified cost categories and result-oriented management.</p> <p>Inspection des Finances Communauté germanophone de Belgique :L'autorité de gestion (Ministère de la Communauté germanophone) a mis en œuvre diverses mesures relatives à l'analyse du suivi de la performance des projets cofinancés (divers indicateurs, marché de services passé pour l'évaluation de la performance des projets réalisés,...).</p> <p>FEDER Wallonie : En Wallonie, au niveau des programmes FEDER, des évaluations sont organisées régulièrement durant la période de programmation, de manière à pouvoir réorienter, le cas échéant, les mesures définies mais aussi pour établir des recommandations d'amélioration de programmation en programmation.</p> <p>Pour les projets, outre les informations données à la Question 1a) ci-dessus, il est à noter que des comités d'accompagnement sont mis en place pour accompagner la bonne réalisation de ceux-ci et confronter l'évolution au fur et à mesure des résultats, par rapport aux objectifs fixés.</p>			
<p>Q2</p>	<p>Q2 A</p>	<p>Q2 B</p>	<p>Which further measures need to be taken in order to solve these recurrent problems?</p>	<p>When will the situation return to normal?</p>

Q3	<p>Agri-environmental commitments Eligibility of beneficiaries Procurement rules Calculation of early retirement support</p>
Q4	<p><input checked="" type="checkbox"/> YES <u>ESF Flanders: Inspection des Finances Communauté germanophone de Belgique : FEDER Wallonie :</u></p> <p>ESF Flanders: 100% document check (COD) and use of on-the-spot inspections (CTP) based on a risk analysis of a qualified random sample before expenditure is declared to the Commission.</p> <p>Inspection des Finances Communauté germanophone de Belgique :Les taux d'erreur relevés pour le P. O. du FSE en Communauté germanophone sont depuis plusieurs années fort bas et avoisinent fort souvent (quand ils ne correspondent pas) le 0.</p> <p>FEDER Wallonie :Pour le FEDER, la Wallonie n'est pas concernée par la DAS 2013.</p> <p>Cependant, à partir de la période de programmation 2007-2013, il convient de noter la mise en place d'une Direction du Contrôle de Premier niveau, qui effectue un contrôle exhaustif sur pièces, des dépenses, pour les projets cofinancés par le FEDER en Wallonie. En outre, chaque administration fonctionnelle effectue un contrôle systématique des marchés publics, avant l'attribution de ceux-ci. Enfin, un système de contrôle sur place a été systématisé.</p>
Q5	<p><input checked="" type="checkbox"/> YES <u>ESF Flanders: Inspection des Finances Communauté germanophone de Belgique :</u></p>
Q6	<p><input checked="" type="checkbox"/> YES <u>FEDER Wallonie :</u> <u>FEDER Wallonie :</u> Pour le FEDER en Wallonie, les procédures de contrôle sont adaptées de manière continue en fonction des irrégularités constatées suite aux contrôles (par exemple, une note spécifique relative aux modifications en cours d'exécution a été rédigée et diffusée suite au constat d'un manque de clarté en la matière, suite à l'évolution jurisprudentielle).</p> <p><input checked="" type="checkbox"/> NO <u>ESF Flanders: Inspection des Finances Communauté germanophone de Belgique :</u></p> <p>ESF Flanders: By introducing preventive measures before project allocation and following up these measures when document checks and on-the-spot inspections are carried out.</p>

	Inspection des Finances Communauté germanophone de Belgique :Pas d'erreurs décelées à cet égard dans le cadre du P.O. de la Communauté germanophone (très peu de marchés publics sont d'ailleurs lancés et passés dans le cadre de ce P.O.)
Q7	<input checked="" type="checkbox"/> YES <u>ESF Flanders: Inspection des Finances Communauté germanophone de Belgique</u> : <input checked="" type="checkbox"/> NO <u>FEDER Wallonie</u> : FEDER Wallonie : Pour le FEDER en Wallonie, il s'agit d'un simple transfert de tâches de l'Autorité d'audit vers l'Autorité de gestion. Le fonctionnement correct du système de gestion et de contrôle et le faible taux d'erreur ne devraient pas être affectés ni positivement ni négativement.
Q8 a	<u>FEDER Wallonie</u> : Cette proposition de recommandations ne nous est pas connue en Wallonie. <input checked="" type="checkbox"/> YES Etat fédéral : BE estime qu'un encadrement de la mise en œuvre de la disposition du Règlement Financier relatif à la déclaration de gestion est absolument utile. Elle a suivi les travaux du groupe interinstitutionnel qui a brièvement été réuni pour formuler des recommandations à cet égard. BE a retrouvé dans celles-ci la volonté de faire droit à la situation particulière des États fédéraux qui sont amenés de concourir avec "d'autres autorités" à la démarche de garantir les systèmes de contrôle mis en place dans la gestion des financements européens. Elle souligne la qualité de ces travaux même s'ils n'ont pas laissé une place suffisante aux préoccupations des États connaissant précisément la situation de devoir fournir "des déclarations signées au niveau approprié". BE n'a pas encore mené en interne les consultations nécessaires pour définir une position belge quant aux résultats du groupe interinstitutionnel. BE se prononcera dès lors que la Commission entreprendra la démarche de consultations requises du Conseil pour valider ces recommandations.
Q8 b	<input checked="" type="checkbox"/>

BULGARIA

Q1 a	OPRD: The first grant schemes under OPRD 2007–2013 applied a competitive approach in the selection of municipal projects. The competitive approach is not fully consistent with the territorial approach in identifying investments and leads to a
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deconcentration of resources. As a result, projects which are strategically important for a given region may not get financing due to technical shortcomings, although the technical preparation of projects could be supported through technical assistance funds under the respective Operational Programme. Competitive selection increases the costs of project preparation, since typically only a small number of all project applications are approved for financing. That is why the OPRD MA decided to adopt the practice where the application process for grant schemes always goes through direct award procedures, where the beneficiaries of financial support are identified in advance, while the planning of support schemes is based on clearly defined national policies in the sectors of impact (education, healthcare, culture, social policy) supported by specific investments intended to address specific problems.

To improve planning, the application process in the new programming period 2014–2020 will use Integrated Urban Regeneration and Development Plans. An integrated plan for urban regeneration and development (IPGVR) is a set of projects, actions and investment intentions interlinked in time and space which are implemented in certain urban areas of impact. It integrates policies and unites various stakeholders for their joint realisation, thus contributing to the implementation of the vision and development strategy of the city and hence of specific development priorities identified in current strategic documents. In this way, municipalities as specific beneficiaries can focus their efforts on preparing projects which are certain to be financed within the programming period, and will be able to plan their development better. Under the approach adopted in OP Regions in Growth 2014–2020, a key step in project selection will be the signing by OPRG MA of formal written framework agreements with the specific beneficiary municipalities, to identify priority projects and operations. Framework agreements should define priority projects and/or project packages from the respective IPGVRs of the cities identified for financing under OPRG 2014–2020. The signing of framework agreements will provide a mechanism for identifying support from OPRD 2014-2020 for the overall implementation of IPGVRs of cities and ensure purposefulness, focus and concentration of financial resources under the respective investment priorities.

NF: The Certifying Authority (CA) views performance in the implementation of projects under the EU Structural and Cohesion Funds as a key control criterion within the remit of MA/IB in carrying out on-the-spot checks. Compliance with this requirement is given special prominence in the guidance/instructions issued to MA/IB and in findings from on-the-spot checks by the CA.

MIE: Overall, the system of OPDCBE indicators for applications (Application Guidelines), evaluation and implementation reflects in real terms the goals of the Operational Programme.

European Funds, International Programmes and Projects General Directorate with the Ministry of Labour and Social Policy (MTSP-EFMPP): Evaluation of results planned in project proposals is part of the methodology for assessing a project proposal at the application stage. The methodology was approved by the Monitoring Committee of the Operational Programme, and was subsequently expanded and modified as a result of commitments undertaken in following up on recommendations from the Commission in the framework of an audit of operations. The methodology was reviewed in a follow-up audit which examined the

	implementation of recommendations and no further remarks were issued
Q1 b	<p>OPRD: The general terms section in agreements for granting financial support include the following requirements: ‘The beneficiary shall carry out and document three inspections on the physical condition of investments and verify that they are being used for their intended purpose (in the first, third and fifth year, respectively) within the 5-year sustainability period after the expiry of the term of the Agreement. The beneficiary shall report the results of such checks to the Contracting Authority, submitting appropriate evidence of the condition of the investment (including photographic material) within 10 working days following the date of such inspection. Also for a period of 5 years from the expiry of the Agreement, the beneficiary shall not transfer its ownership of the facility built with the investment under this Agreement, nor change the use of the assets acquired as a result of implementing the project, nor enter into any agreements with third parties and/or take any other action that might lead to a considerable project modification in the meaning of Article 57(1) of Council Regulation (EC) No 1083/2006 of 11 July 2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and repealing Regulation (EC) No 1260/1999.’</p> <p>MTSP-EFMPP: Progress monitoring is embedded at the project level. Monitoring is done in the course of management supervision and at the level of the Operational Programme by the Monitoring Committee which receives aggregated data for the whole Operational Programme. The mechanism is described in the Manual of the Operational Programme which provides a description of procedures, checklists and the audit trail for each process.</p> <p>IA OSES: The Audit Authority methodology requires audits of operations to examine the performance achieved in projects financed with EU funds, and to monitor their sustainability in time and the compliance of project results with the goals originally set and approved. The updated version of the EU funds audit manual (the June 2014 version) includes a specific check to be carried out in audits of operations for projects involving training activities. The assessment covers trainer qualifications, selection of training topics, target groups and the application of the acquired skills and knowledge.</p> <p>MIE: The OPDCBE MA initiated measures to assess performance in the implementation of OP Competitiveness as part of meeting the commitments under Article 47 and Article 48 of Regulation (EC) No 1083/2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund. An interim assessment of the implementation of OPC was carried out. The evaluation process was completed in September 2011. The purpose of the interim assessment was to review progress and the performance results achieved through the implementation of grant award procedures under OPC Priority Axes 1 and 2, doing so midway through the 2007–2013 programming period. The results and findings were used as a starting point for taking concrete action to improve the quality, effectiveness, impact, sustainability and compliance of the financial support, and to modify the Operational Programme accordingly.</p>

	The OPDCBE MA issues Annual Reports on the implementation of OPDCBE, discussing performance. The reports use data from the on-site follow-up and monitoring visits which aim to track sustainability of completed projects.			
Q2	Q2 A	Q2 B	Which further measures need to be taken in order to solve these recurrent problems?	When will the situation return to normal?
Q3	Agri-environmental commitments Eligibility of beneficiaries Procurement rules Calculation of early retirement support			
Q4	<input checked="" type="checkbox"/> YES OPRD: Control measures have been improved with the adoption of new procedures and checklists for checking the conduct of public procurement procedures and the signed agreements. Employees who carry out control functions in public procurement and representatives of beneficiaries have been offered intensive public procurement training in order to prevent any non-compliance and errors. MIE: OPDCBE MA: For the purposes of each Certification Report, there are management checks on the relevant verified expenditure in order to identify any problems. See Annex, Sample Certification Report, Annex C, Report on the results of control activities, Item V, ‘Outcome of management checks’ and Item VI, ‘Analysis of the results of control activities’. Item 2 deals with recurrent omissions identified during management checks on beneficiaries. Item 3 refers to MA actions undertaken to correct any shortcomings identified in Item 2 and prevent their future occurrence. NF: To gain assurance when certifying expenditure, the Certifying Authority (CA) relies on evidence that the management and control systems of Managing Authorities			

	<p>function effectively in detecting and correcting any errors. In order to obtain assurance of the proper functioning of the MA systems and to identify in a timely fashion any areas where control needs to be strengthened and procedures need to be improved, upon receiving an Interim Certification Report from the MA, the CA analyses the results of management checks and control activities performed by the MA. The report serves as a basis for assessing the need to provide guidance/recommendations to the MA/IB to take additional remedial measures to reduce the risks and the error rate in implementing the programme, and if there are reason, to suspend the certification of programme expenditure. In addition, according to a guideline issued by the Minister of Finance, the MA presents to the CA its manual of procedures, with any subsequent amendments. The CA reviews the manual of procedures or its amendments. The main purpose of this review is to establish if there are adequate procedures for management checks to manage risk at the MA level, including follow-up on findings of national and EU audit and control bodies, and to adopt anti-fraud measures that are effective and proportional (to the level of risk), including a procedure to register, administer and report any irregularities and apply financial corrections, etc. MTSP-EFMPP: The Programme's rules of procedure (Manual of Operational Programme 'Human Resource Development') dwells in detail on the processes of programming, provision of grants (contracting), control in the implementation of agreements and the respective payments, public procurement procedures/awarding of the signed agreements; and ensuring sustainability (where appropriate). The rules have been audited for compliance as part of a compliance audit of the management and control systems. Their effectiveness is verified every year in the annual control reports of the Audit Authority, the Audit of EU Funds Executive Agency, and by audits of operations conducted by the Audit Unit of the Commission's DG Employment, Social Affairs and Inclusion.</p>
<p>Q5</p>	<p><input checked="" type="checkbox"/> YES</p>
<p>Q6</p>	<p><input checked="" type="checkbox"/> YES</p> <p>OPRD: Measures undertaken to address identified problems in public procurement primarily consist in strengthening ex ante and ex post control of procedures. Control measures have been improved by adopting new procedures and checklists in examining public procurement dossiers and the signed agreements. Remedial measures focus on in-depth analysis of all stages of the process: announcing, holding and awarding procurement contracts, identification of weaknesses, evaluation of financial impact of the identified weaknesses and non-compliance.</p> <p>Other measures to improve control systems in public procurement procedures carried out by beneficiaries of Operational Programme Regional development 2007–2013 include:</p> <ul style="list-style-type: none"> - delivery of intensive training in public procurement to employees who carry out control functions in public procurement and representatives of beneficiaries, in order to prevent any non-compliance and errors, - study of the most recent practice of the Commission for Protection of Competition, the Supreme Administrative Court and ECJ in the area of public procurement, - practical workshops for exchanging knowledge and experience, - updated guidelines, to be published on the OPRD website, concerning identified cases of non-compliance by OPRD

	<p>beneficiaries in public procurement which trigger financial corrections.</p> <p>IA OSES: Every year, the Audit Authority issues an overall analysis of frequent irregularities in public procurement identified in audits of operations in the operational programmes co-financed from EU Structural and Cohesion Funds, which it publishes on its website. With a formal covering letter, the 2013 analysis was sent to all managing and certifying authorities of the operational programmes, and to other national institutions involved in public procurement control (the National Audit Office, ADFI, and AOP). It was also forwarded to the National Association of Municipalities, in order to help disseminate it further. The Association circulated the full text of the analysis in its digital bulletin, which is e-mailed to all municipalities.</p> <p>In 2013, employees of the Audit of EU Funds Executive Agency took part in training events and workshops where they shared their audit experience with Managing Authorities, Intermediate Bodies, Certifying Bodies and beneficiaries of the Operational Programmes. Five specialised training events were held, with the participation of 150 people from the staff of Managing Authorities, Intermediate Bodies, Certifying Bodies and beneficiaries. Training topics also included the Audit Authority's approach to identified weaknesses and errors in public procurement.</p> <p>MIE: OPDCBE MA: Various types of non-compliance have been identified, none of them systemic in nature; they are not due to any problems in legislation but rather to the lack of sufficient experience among beneficiaries.</p> <p>MTSP-EFMPP: It should be noted that the ECA audit of 2013 performance under Operational Programme Human Resource Development 2007–2013 did not find any errors in public procurement. As regards identified weaknesses on the part of the Managing Authority and the adjustments imposed by us, the ECA did not issue any findings or recommendations, which confirms that systems function properly.</p> <p>All public procurement issues which have been identified have occurred in national authorities, and preventive and remedial action has been taken by enforcing ex ante, continuous and ex post control of procurement procedures. The audit trail of the process is described in the Manual of the Operational Programme.</p>
<u>Q7</u>	<input checked="" type="checkbox"/> YES
<u>Q8 a</u>	<input checked="" type="checkbox"/> YES
<u>Q8 b</u>	<input checked="" type="checkbox"/> YES

CROATIA

Q1 a

Q1 b

In order to monitor the efficacy of programs and projects financed from the EU budget, the following actions were taken by the bodies of the Management and Control System in the Republic of Croatia:

– Regular meetings of the body, in the structure of each OP, to discuss current issues as well as the results achieved in the period preceding the meeting,

- monitoring the achievement of physical and financial indicators through monthly, quarterly and annual reports,

- regular semi-annual meetings of the Supervisory Board of each OP to deliver reports including the results achieved in the previous period, to discuss problems encountered by the bodies of the System during the implementation of the relevant OP, and to propose solutions for overcoming these problems successfully,

- annual supervisory meetings with the representatives of the European Commission, to discuss the results achieved at the level of the OPs in the previous programming year and to propose solutions so as to improve the implementation and to achieve the results in the following programming year,

- preparing the plan for implementation of the current evaluation ("Evaluation Plan") which evaluates the efficacy of the program as well as each priority axis / measure, to achieve the set target values for physical and financial indicators. Reports on ongoing evaluation shall be communicated to all bodies in the structure of each OP, and recommendations for improvement of the methodology for the selection of performance indicators shall be applied to the next programming period;

- Provision of information and transparency: the Communications Action Plan has been prepared for the entire duration of the implementation of the OP and annual events are organised according to the plan to present the achieved results and successful projects. Also, a list of contracted projects is published on page www.strukturnifondovi.hr , and descriptions of successful projects are available;

- evaluation training programs, developed in the framework of technical assistance projects, are available to the employees of the

	bodies of the System, with the aim of strengthening the administrative capacity.			
Q2	Q2 A	Q2 B	Which further measures need to be taken in order to solve these recurrent problems?	When will the situation return to normal?
Q3	Agri-environmental commitments Eligibility of beneficiaries Procurement rules Calculation of early retirement support			
Q4	<input checked="" type="checkbox"/> YES <p>The Common National Rule (CNR) on project verification defines the rules and requests for verification and certification of project-related expenditure claimed by the user by means of reimbursement requests and the relevant reports. The CNR describes the tasks and responsibilities of the bodies involved in administrative checks and on-site checks, deadline-related requests, and special emphasis is placed on procurement procedure checks (which may be ex-ante and ex-post). The efficacy of ex-ante procurement procedure checks is measured by the decrease in the repetition of the most frequent errors in the public procurement procedure. The deadlines for verification of the reimbursement request, supporting documents, as well as the deadlines for submission of additional documents are specified in such a manner as to ensure the effectiveness of the checks. During the verification of the Final Report on Project Implementation, the extent to which project results and results indicators are achieved is checked against what is stated in the Final Request for Reimbursement.</p> <p>The Certifying Authority has put in place a self-verification system so as to be able to conclude with sufficient assurance that it may submit the expenditures to the EC. The Certifying Authority's checks include the administrative check of acceptability and integrity of information provided by the Managing Authority and it carries out checks in the bodies of the System for the purposes of ensuring that the Expenditure Statement includes only expenditures based on verifiable supporting documents which are in accordance with the applicable national rules and the rules of the Union and which have been incurred in connection with the operations selected for financing in accordance with the criteria applied in the programming rules, the rules of the Union and the national rules. The Certifying Authority prepares and submits to the EC the certified statement of expenditure, taking into consideration the information stated in the documents received, the information available from the MIS, the results of checks, the results of the Audit Authority as well as the results of other audits.</p>			

<p>Q5</p>	<p><input checked="" type="checkbox"/> YES</p> <p>Even though the results of the Court's assessment undoubtedly contribute to the correct use of EU funds in the Republic of Croatia, the legal and proper use of EU funds is the duty of the Republic of Croatia as a Member State. The results of the Court's assessment are taken into consideration and they contribute to the improvement of existing legislation and the prescribed procedures for the use of EU funds.</p>
<p>Q6</p>	<p><input checked="" type="checkbox"/> NO</p> <p>In the Republic of Croatia, public procurement in EU Structural and Investment Funds (ESI) has been implemented since 1 July 2013, and before that, during the 2007-2013 programming period public procurement was carried out in accordance with PRAG procedures. Since the beginning of the use of public procurement in ESI funds, numerous preventive actions have been taken to ensure high quality implementation of the public procurement procedure, and the best possible control of the procedures implemented:</p> <ul style="list-style-type: none"> - workshops were held for beneficiaries who have a duty to apply the Public Procurement Act; - the guidelines for practice of the bodies of the Management and Control System (Common National Rules, CNR) prescribe previous (ex-ante) control of beneficiaries' planned public procurement procedures by the Level 2 Intermediate Body and the issuing of written recommendations to the beneficiary for the improvement of documents in relation to the procurement procedure; - training system has been established in the area of public procurement which is coordinated by the Ministry of Economy, Public Procurement System Department; after having completed the programme of 50 classes, the participants sit an examination in the Ministry of Economy, and those who pass the examination successfully obtain a certificate in the area of public procurement which is valid for 3 years. Certificate renewal requires that further education in public procurement be completed 3 years after the passing of the examination, in a 32 classes course; - pursuant to the Public Procurement Act, the contracting authority in a public procurement procedure needs to have a minimum of one person certified in public procurement so as to ensure implementation of the public procurement procedure in accordance with the Public Procurement Act and relevant statutory instruments. - the bodies of the Management and Control System have an adequate number of employees certified in public procurement. The officers certified in public procurement oversee the public procurement procedure (Level 2 Intermediate Body) i.e. oversee the delegated function (Intermediate Body). In view of the new 2014- 2020 programming period, an increase in the number of

	<p>employees certified in public procurement is planned in line with the relevant functions of the aforementioned bodies of the system. By June 2015, the MRRFEU will develop, together with the MINGO, a plan for public procurement training based on an analysis of the needs for training in public procurement in all bodies of the Management and Control System for ESI funds with an emphasis on prevention of fraud and corruption in public procurement, new EU regulation in relation to public procurement and concessions, the demands of e-cohesion, criteria for fund allocation (best value for money, green procurement etc.) and the most frequent errors in public procurement procedure;</p> <p>- checks at project level (as well as managing irregularities) are the subject of training implemented within the technical assistance for the employees of the bodies of the Management and Control System thus strengthening the capacities of the system to recognise eventual irregularities and implement the public procurement procedure;</p> <p>- beneficiaries who are not subject to the Public Procurement Act shall abide by the CNR prescribed procurement procedures.</p> <p>Even though certain irregularities were identified in the implementation of the public procurement procedure during the control of implemented public procurement procedures that were co-financed from EU funds, so far, due to the relatively small number of irregularities identified in the Republic of Croatia, one cannot yet talk of systemic problems. The control system continuously monitors and corrects the irregularities identified, and where necessary, additional action will be taken to ensure high quality and efficient implementation of the public procurement procedure.</p>
Q7	<input checked="" type="checkbox"/> YES
Q8 a	<input checked="" type="checkbox"/> NO
Q8 b	<input checked="" type="checkbox"/> NO <p>It is our opinion that, given the established Management and Control System in the Republic of Croatia for the implementation of operational programmes, the distribution of functions and responsibilities between the bodies of the Management and Control System, the controls carried out at all levels of the System (arising from the Common National Rules, which lay down a framework for uniform action by all bodies of the System) and the role and work of the Audit Authority, it is not necessary to issue an additional declaration.</p>

CYPRUS	
Q1 – Q6	No response
Q7	<input checked="" type="checkbox"/> NO
Q8 a	<input checked="" type="checkbox"/> NO

CZECH REPUBLIC	
Q1 a	<p>A quality methodological backdrop establishing harmonised basic/horizontal rules that cut across operational programmes and are binding on all managing authorities is an essential factor. This methodological backdrop includes a National Code List of Indicators, which contains indicators for all programmes in order to track their progress. Each project must use an indicator from the relevant programme's indicator system. The individual indicators reflect activities enshrined in the programme document.</p> <p>In a new development for the 2014-2020 programming period, the description of each project, upon submission thereof, will also include specific questions that need to be answered by the applicant. These questions have been conceived so that the answers describe the theory behind the change that would be brought about by the implementation of the project and so that the projected results are identified.</p>

Q1 b	<p>The Czech Republic has drawn up a National Code List of Indicators, which is managed by the Ministry of Regional Development as the National Coordination Authority. The code list encompasses all indicators embedded in the programme documents of the operational programmes (i.e. which are binding in relation to the Commission), along with central indicators used nationally (secondary indicators). For each project, the managing authorities must track at least one indicator from the National Code List of Indicators. Projects without indicators are inadmissible, a condition which is also factored into the monitoring system. Indicators reflect the objectives of a project and, by extension, of the relevant operational programme. Operational programmes cannot apply indicators to projects which have not been defined by the National Code List of Indicators. Central indicators reflect activities laid down by the programme documents of operational programmes. If an activity is not covered by a relevant indicator, the managing authority may request the introduction of a new indicator, in which case the national coordinator assesses whether the indicator, and hence the activity supported, is relevant to the operational programme in question.</p>			
Q2	Q2 A	Q2 B	Which further measures need to be taken in order to solve these recurrent problems?	When will the situation return to normal?
Q3	<p>Agri-environmental commitments Eligibility of beneficiaries Procurement rules Calculation of early retirement support</p>			
Q4	<p><input checked="" type="checkbox"/> YES</p> <p><u>Ministry of Regional Development</u> Corrective measures to improve management checks and to enhance the effectiveness of checks carried out prior to justification of expenditure were defined in the Action Plan to Improve the Management and Control System under the Structural Funds and Cohesion Fund in the Czech Republic. Specifically, standardised checklists were adopted for management checks in accordance with Article 13 of Commission Regulation No 1828/2006, state aid, de minimis aid and public contracts. Following an evaluation of their use in practice, checklists were modified in order to maintain a minimum standard for the performance of checks in accordance with the aforesaid Article 13 while taking more account of the characteristics specific to each operational programme. Another measure introduced under the Action Plan saw the implementation of a special training plan for management checks, which was intended for the staff of managing authorities.</p>			

A Roadmap for the Smoother Implementation of the 2007-2030 Programming Period followed up on the Action Plan with a view, among other things, to achieving further improvements in the quality and efficiency of management and control systems. Specifically, this involved measures verifying the use of relevant checklists in the performance of management checks, as well as the application thereof in terms of the quality and administrative burden associated with their use. These measures also included an evaluation of training events, with proposals of appropriate national action to improve and enhance inspection activities.

In 2013, two audit missions took place to verify the efficient functioning of the established management and control systems. Their conclusions show that the Czech Republic successfully implemented almost all measures and that only certain areas related to the findings of individual management checks (at operational programme level) remained open.

Ministry of Finance

In previous years, the following measures have been taken to improve the management and control systems of the Structural Funds and the Cohesion Fund in the Czech Republic:

- in 2012, an Action Plan was adopted which, among other things, established time limits for the initiation of investigations into suspected irregularities;
- in 2012-2013, managing authorities and intermediate bodies standardised checklists and procedures under all relevant ERDF and ESF programmes for the performance of management checks in accordance with Article 13 of Commission Regulation (EU) No 1828/2006, encompassing state aid, de minimis aid, and checks on award procedures, reflecting both the characteristics specific to each operational programme and the Commission's requirements to safeguard any minimum standard in the checks performed. This action ensured the timely discovery of errors and provided the European Commission with assurances that on-the-spot checks are carried out in accordance with Article 13 of Regulation (EC) No 1828/2006;
- in order to safeguard the sufficient independence of delegated audit bodies and to ensure the separation of the management and control function under operational programmes in accordance with Articles 58(b) and 62(3) of Regulation (EC) No 1083/2006, the audit authority was centralised as at 1 January 2013 (the delegated audit bodies were relocated from ministries and regional councils and placed under the direct supervision of a central audit authority at the Ministry of Finance);
- as of 1 April 2014, substantial changes were made in the way irregularities were handled in relation to the EU budget in that the Payment and Certifying Authority updated the Methodology of Financial Flows and the Control of Programmes Co-financed by the Structural Funds, the Cohesion Fund and the European Fisheries Fund for the 2007–2013 programming period. These changes apply to all operational programmes. They concern, in particular, the process for handling irregularities and the certification of expenditure. More specifically, they entail the following modifications:
 - quantified findings from the final audit reports of the audit authority/the Commission/the European Court of

Auditors always constitute a confirmed irregularity upon acceptance thereof by the Czech Republic;

- based on information from the managing authority, prior to each certification the Payment and Certifying Authority adjusts the statement of expenditure by recognising financial corrections stemming from the relevant confirmation of findings from audits carried out by the audit authority/the Commission/the Court and the Payment and Certifying Authority's checks, irrespective of whether the resources have already been recovered nationally.

At the same time, the managing authority's role in the handling of irregularities was reinforced by making the competent managing authority the primary body responsible for the confirmation of irregularities, including the determination of the financial impact. Managing authorities must respect the more stringent decisions of the competent national bodies, i.e. the competent tax authorities (the Financial Administration Authority/Regional Councils/Territorial Self-governing Units), courts, and the Office for the Protection of Competition. The Ministry of Finance also called on managing authorities, in their legal acts, i.e. the provision or transfer of financial resources, to set the penalisation of beneficiaries for breaches of budgetary discipline under Act No 218/2000 on budgetary rules and Act No 250/2000 on the budgetary rules of territorial budgets proportionally relative to the severity of the breach by making a reduction in the levy where appropriate and, in relation to levies for breaches of budgetary discipline imposed for infringements associated with the regulated legal acts, to stop using the concept of waiving levies.

Ministry of Labour and Social Affairs

1.1.1. The following measures were taken under the Human Resources Operational Programme to enhance management checks and to increase the effectiveness of checks carried out prior to the certification of expenditure:

- the establishment of the absolute obligation to reduce ineligible expenditure wherever possible (including the possibility of reducing settlements), which has done away with much of the risk associated with the certification of eligible expenditure and simplified procedures for the reduction of eligible expenditure;
 - the introduction of ex-ante checks on above-the-limit award procedures so that errors can be identified before ineligible expenditure is incurred (contracts are selected for checking on the basis of a risk analysis);
 - the comprehensive revision of checklists for checks on tendering procedure (a higher level of detail, the addition of specific examples of common errors related to specific questions in order to minimise the risk of overlooking any errors); a greater emphasis is placed on checking the bids themselves (especially on the checking of the successful bid);
 - more intensive training of project and financial managers, the establishment of a system so that experience can be exchanged and uniform answers can be provided to methodology-related questions;
- analysis of cases which can typically be identified by checking a monitoring report but which, in practice, may be overlooked, resulting in a situation where they are not discovered until an on-the-spot check or audit (i.e. after the expenditure has been certified), in order to draw attention to errors which tend to be missed; this analysis is reassessed every year, and is conveyed to project and financial managers.

<p>Q5</p>	<p><input checked="" type="checkbox"/> YES</p> <p>In our opinion, the Court's results help the audit authority to obtain certain assurances in the statutory and proper use of EU funds.</p>
<p>Q6</p>	<p><input checked="" type="checkbox"/> YES</p> <p><u>Ministry of Regional Development</u></p> <p>Numerous bodies in the Czech Republic obtain detailed information about irregularities related to public contracts in the course of their activities. From the point of view of the EU Structural Funds, each managing authority carries out project checks. Public contracts are one of the elements checked. In addition, managing authorities are responsible for checking measures adopted in response to all irregularities (including public contracts) identified by other bodies, such as the Audit Authority, the European Commission, the European Court of Auditors and the Supreme Audit Office.</p> <p>Corrective action and preventive measures are taken nationally on an ongoing basis. Measures taken for purposes of prevention are intended to forestall and avert deficiencies related to the award of public contracts. Corrective actions generally take the form of financial corrections in accordance with COCOF guidelines or Commission decisions. Furthermore, the Office for the Protection of Competition, in its role as an independent supervisory body, has the authority to impose fines in those cases where it concludes that an administrative offence has been committed.</p> <p>Preventive measures include the following in particular:</p> <ul style="list-style-type: none"> - The amendment of the Czech Public Procurement Act and the preparation of a new Public Procurement Act – this is the most common way of responding to trends in the public-contract situation. The Ministry of Regional Development primarily amends the Czech Public Procurement Act further to changes made in EU legislation, the Government's policy statements and information obtained through various working groups. - The new Directives 2014/23/EU, 2014/24/EU and 2014/25/EU of the European Parliament and of the Council are currently being transposed. - Methodological support – interpretive guidelines are published on the website of the Ministry of Regional Development. This methodology includes, for example, the practical aspects of contract awards. It offers an interpretation of the Public Procurement Act for entities active in public procurement based on the case-law of the Court of Justice of the European Union, Decisions of the Office for the Protection of Competition, and numerous guides on various themes.

- Information forum – a portal operated by the Ministry of Regional Development where questions can be asked about public procurement. The most important questions and answers are published here. Because many questions are asked by suppliers, one of the goals pursued by the Ministry of Regional Development is also to provide methodological support to such suppliers. To support contracting authorities, the Ministry of Regional Development has drawn up and published a set of sample tender dossiers for all types of award procedures.
- Black list – the Ministry of Regional Development maintains and publishes a register of entities who have been banned from performing public contracts. This register contains the names of those companies which are not permitted to take part in public procurement. This is both a preventive measure and a corrective action: the register contains undertakings which have produced falsified documents to prove their eligibility. Blacklisted entities are banned from participating in award procedures for three years. The Ministry of Regional Development believes that this measure is unique in the European Union.
- Database of decisions of the Office for the Protection of Competition – Decisions of the Office for the Protection of Competition or another source of interpretation. This body publishes all of its decisions, including judgments handed down by a regional court in relation to its decisions, on its website. Decisions can be retrieved from a database. In addition, the Office for the Protection of Competition also publishes interpretive opinions and methodology on its website in order to clarify any potential problem areas of the Public Procurement Act, along with information sheets.
- Training and conferences – the Ministry of Regional Development, the Office for the Protection of Competition, the Supreme Audit Office and certain other organisations hold conferences and/or training on public procurement. These conferences and training courses are usually hugely popular and in high demand.
- Checklists – the introduction of uniform standardised basic checklists for managing authorities in the performance of management checks in accordance with Article 13 of Implementing Regulation 1828/2006, also encompassing public procurement.
- Working platforms for public procurement – public procurement is an issue frequently discussed by working platforms or expert groups. A working group has been set up to address public procurement issues within the scope of preliminary conditions for the 2014-2020 programming period. Another working group, responsible for the preparation of changes under the new Public Procurement Act and for the expert analysis of deficiencies in public procurement, is an expert group set up at the Ministry of Regional Development.

Ministry of Labour and Social Affairs

	Under the Human Resources Operational Programme, the most common errors identified in the audits of operations conducted in 2013 by the Audit Authority involved public procurement. The measures taken are described above in the response to Question 4. Checklists for checks on award procedure focus specifically on the above examples of typical errors. They include examples of specific errors and make references to past decision-making (this is considered to be an incorrect approach). A working group has been set up for checks on tendering procedure. Project managers responsible for checking tendering procedure and lawyers are members. Specific examples arising in practice are discussed here. The aim is to pool know-how and harmonise assessments. We have found these approaches highly beneficial.
<u>Q7</u>	<input checked="" type="checkbox"/> YES
<u>Q8 a</u>	<input checked="" type="checkbox"/> YES
<u>Q8 b</u>	<input checked="" type="checkbox"/> YES

DENMARK

<u>Q1 a</u>	<p><u>Landbrugsområdet</u> Reply from the Paying agency, Danish AgriFish Agency:</p> <p>The management of both area schemes and non-area schemes involves the establishment of conditions for the respective grant schemes, which ensures that the desired effect is achieved. In the case of the area schemes, these conditions have been developed in collaboration with the country's relevant research bodies, e.g. Aarhus University, Department of Food and Resource Economics and the Department of Plant and Environmental Sciences at the University of Copenhagen, etc. In the case of the non-area schemes, Århus University is involved in schemes where it is considered relevant.</p> <p>In the case of the scheme entitled Care of grass and natural areas (grants for grazing and cutting), this takes place through, for example, the establishment of requirements for the grazing or cutting that is to be carried out, and through the establishment of supplementary conditions (e.g. concerning a ban on the application of fertiliser, spraying and conversion), which ensure the effect of the measure that is implemented. In the case of the Environmental Technologies scheme under non-area schemes, Århus University is involved in connection with the determination of key figures for the effect of specific new technologies.</p> <p>In addition, clear criteria are established for the area schemes as regards who can apply and how the applications are to be</p>
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	<p>prioritised within the individual area grant schemes. From 2015, this targeting will be tightened further for the scheme Care of grass and natural areas, through the development of a so-called HNV map (High Nature Value) outside Natural 2000 areas, which will determine whether the farmer can apply. The new HNV map has been developed with the aim of ensuring that grants will be assigned to the very best areas from a nature perspective, so that the grant has the best possible effect on biodiversity.</p> <p>In the case of the non-area schemes, who can apply and under what criteria is established for each scheme. In addition, prioritisation and selection criteria are used for each scheme to ensure that the most effective projects receive grants.</p> <p><u>Reply from the delegating agency, the Danish Nature Agency:</u></p> <p>The grant method used for the forest schemes has primarily been created as a flat-rate system, with the grant amount being determined for the ‘delivery’ of a given quality of a given area. For example, for the first afforestation on agricultural land (measure 221), the grant is structured as a facility, where approximately two thirds of the grant is paid on the basis of the completed investment, while the final third of the grant is paid when the success criterion (the result) has been achieved. In this scheme, the success criterion is defined as a number of plants of a given mix of tree species of a given height, and the grant is defined as an amount/ha. The result is normally achieved four to seven years after the first part of the grant has been paid.</p> <p><u>Strukturfondsområdet: Reply from the Danish Business Authority</u></p> <p>A requirement is imposed according to which the applicant must present, at the time of submitting the application, a solid effect chain for the measure that is to be co-financed by the Structural Funds. The managing authority will check this before a commitment is issued, and the completed activities are followed up in connection with each payment.</p>
<p>Q1 b</p>	<p><u>Landbrugsområdet: Reply from the paying agency, the Danish AgriFish Agency:</u></p> <p>For both area schemes and non-area schemes, comprehensive control measures are in place concerning the payment of EU funds. These control measures cover both an administrative and a physical control. For area grant schemes, the administrative control covers both applications and requests for payment electronically using a joint form, as well as the entry of fields in a field map system (internet field map). In the case of non area schemes, the application process is becoming increasingly digitalised, and is generally based on the implementation of comprehensive control systems which ensure that the projects are carried out. In the case of non-area projects, it is assumed that the effects will be achieved through the applicants carrying out the projects. Before an applicant receives a commitment, the paying agency will verify that what the commitment is being issued for will have an effect; see the analyses of this conducted by external researchers at Århus University, for example. These analyses form the basis for the case processing of the individual applications. In the event that a particular project does not achieve an effect determined by Århus University prior to the application round, the applicant will not suffer if the applicant carries out his project as</p>

intended, i.e. purchases the technology for which he received the commitment. The effects of these projects are therefore achieved through the applicant carrying out the project.

In the case of area schemes, the most important effect parameter is the number of hectares in the commitment under the scheme. Through the development of the scheme, in connection with the approval of the rural district programmes and subsequent reporting, it is ensured that the schemes have the necessary effect per hectare. As an example, it can be noted that pesticides which have a documented beneficial effect on the environment must not be used in organic areas. With regard to the 20-year maintenance of wetland areas, a preliminary investigation project has been carried out which documents that the project will reduce the leaching of nitrate. Within the care of grass and natural areas, it has been documented that the grazing of grassland, pasture, etc. has a positive impact on biodiversity, which is strongest in the best areas from a natural perspective.

The physical control encompasses a control of the fulfilment of commitment conditions by individual farms for the area schemes. In the case of non-area schemes, a focus is also placed on ensuring that the individual projects are carried out in accordance with the original commitment.

Reply from the delegating body, the Danish Nature Agency:

Comprehensive control measures are in place for grants which include EU funds for both area-based and non area-based schemes. For both types of grant cases, a comprehensive administrative control is carried out prior to commitment. Similarly, administrative controls are carried out in connection with payments.

In connection with reporting (payment requests) for the area-based grant schemes, the administrative control covers both electronic cross checking in a joint form, and the entry of fields in a field map system (internal field map). Recently, the administrative instructions for payments of income compensation have been made stricter, so that prior to payments which are to be made in or after 2015 a visual control will be carried out using aerial photographs before all payments.

In connection with reporting (payment requests) of the investment-based grant schemes, administrative controls are carried out in connection with all reports and payments, to determine both that the request is in accordance with the commitment and that the applicable eligibility criteria, etc. are met. In addition, at least one physical inspection of all construction projects is carried out as part of the administrative control.

For the overwhelming majority of grant funds, they are defined as standard rates which are paid for a well-defined quality. Documentation to verify that the grant amounts do not overcompensate is obtained through expert statements from the Faculty of Science at the University of Copenhagen.

	<p>The effects of the current grant schemes for forests can be measured directly by the completed projects. For example, the policy objective for the afforestation scheme is for more forests to be planted. There is therefore a direct link between the grant and the effect in this case.</p> <p><u>Strukturfondsområdet: Reply from the Danish Business Authority</u></p> <p>The Danish Business Authority carries out controls to ensure that all projects present their results using the indicators from the programmes. In addition, the Authority systematically collates identification numbers for all participating persons and enterprises. These identification numbers are linked to Statistics Denmark's databases and used to monitor the actual development amongst participants and estimate the effects of the projects on, for example, employment by comparing the participants with a control group. Measurements are not normally taken for individual projects, but for groups of projects within the same measure area.</p>			
<u>Q2</u>	Q2 A	Q2 B	Which further measures need to be taken in order to solve these recurrent problems?	When will the situation return to normal?
<u>Q3</u>	The Court of Auditors withdrew the criticism raised in connection with unelible beneficiaries (see Box 4.2) in a letter of 17 July 2014.			
<u>Q4</u>	<input checked="" type="checkbox"/> YES As a follow-up to DG Employment's control of the Danish operational programmes Flere og bedre job (More and better jobs) and Innovation og viden (Information and knowledge) in 2013, the managing authority has inserted specific control points in the established checklists for controlling payment requests concerning public procurement and state aid. The checklists for on-the-spot checks have also been adjusted in order to make the follow-up of state aid clearer. In addition, documentation of the managing authority's control of payment requests has also become an integrated part of the TAS case management system, so that documentation of the controls is documented more clearly			
<u>Q5</u>	<input checked="" type="checkbox"/> YES			
<u>Q6</u>	<input checked="" type="checkbox"/> YES			

	Reply from the Danish Business Agency As a follow-up to DG Employment's control of the Danish operational programmes <i>Flere og bedre job</i> (More and better jobs) and <i>Innovation og viden</i> (Information and knowledge) in 2013, the managing authority has inserted specific control points in the established checklists for controlling payment requests concerning public procurement		
Q7	<input checked="" type="checkbox"/> YES		
Q8 a	<input checked="" type="checkbox"/> YES		
Q8 b	Denmark participated with certain other Member States in the inter-institutional working group concerning national statements. One of the conclusions was that the purpose of national statements is to ensure greater political responsibility for ensuring the correction of errors in national payments of EU funds. We in Denmark believe that this is an important concept to disseminate and <u>the recommendations</u> form a good starting point for countries which do not yet have a model for this in place. In Denmark, the political level is held accountable, as the Public Accounts Committee annually submits a report on the use of EU funds in Denmark. Through this, relevant ministers are held accountable to the Danish Parliament, as the Public Accounts Committee asks the ministers concerned to give an account of how errors and omissions will be reduced or eliminated in the future. The Danish model thus ensures accountability regarding the use of EU funds at national political level.		
	<input checked="" type="checkbox"/>		

ESTONIA				
Q1 a	The new period (2014-2020) has a special focus on the performance (indicators), starting from the OP and continuing on to the particular support-measure requirements. Also the measures for the 2007-2013 were planned with the results and impact-analysis. However, the indicators outside the monitoring report are not always followed with particular actions – typically most of the focus stays on the completion of the operations, the designated use of funds and the eligibility of the expenditure.			
Q1 b	Monitoring reports. On the detailed level also the project completion reports.			
Q2	Q2 A	Q2 B	Which further measures need to be taken in order to	When will the situation return to normal?

			solve these recurrent problems?	
Q3	Agri-environmental commitments Eligibility of beneficiaries Procurement rules Calculation of early retirement support			
Q4	<input checked="" type="checkbox"/> no response			
Q5	<input checked="" type="checkbox"/> YES			
Q6	<input checked="" type="checkbox"/> YES In Estonia the main types of public procurement findings haven been related to two types: <ul style="list-style-type: none"> - The unjustified use of negotiated procedure without publication. - The unjustified significant modifications (changes) to the procurement contracts already signed, thus changing the nature of the procurement object. The management and control system (1st level controls in Implementing Bodies) in relation to procurements have been seriously enhanced during the last years.			
Q7	<input checked="" type="checkbox"/> YES			
Q8 a	<input checked="" type="checkbox"/> NO			
Q8 b	<input checked="" type="checkbox"/> NO Those voluntary declarations only add to the bureaucracy. There is actually a straight-forward but expensive way to bring down the error rate and thus also lower the need of that kind of declarations. This basically means that the Implementing Bodies do have to control with high scrutiny each and every underling document of the final beneficiary. This is quite important as mostly some other (third) person has made the expenditure and now applies for reimbursement from the funds (meaning, that unless you control everything you would not know what has been done in reality). Why is the error rate still high – the Implementing Bodies do control the documents (invoices, contracts, procurements), but often not with the rigorous stile the Commission and ECA would			

	like. So without the change in the control attitude (and procedures) the additional declarations do not add much for the overall eligibility, also no to the accountability as the corrections are made anyhow when problems are discovered.
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FINLAND				
Q1 a	At the application stage project applications are assessed in relation to their expected benefit to the programme objectives. Many of the project applications are open, in which case the project proposals compete with each other and only the best ones end up being funded. It is not possible to achieve full assurance of final effectiveness, since the aid is largely directed at risky activities that would not receive funding from other sources. Moreover, the aid intensity in business support is so low that it is in the companies' own interest to apply for and implement only projects they expect to be effective.			
Q1 b	Most projects are given indicators which are monitored in the course of the project and after completion. In addition, evaluations are produced at programme level.			
Q2	Q2 A	Q2 B	Which further measures need to be taken in order to solve these recurrent problems?	When will the situation return to normal?
Q3	Agri-environmental commitments <input type="checkbox"/> Yes Eligibility of beneficiaries <input type="checkbox"/> Yes Procurement rules <input type="checkbox"/> Yes Calculation of early retirement support <input type="checkbox"/> Yes			
Q4	<input checked="" type="checkbox"/> YES In the ESF programme the payment checks cover 100% of the project payment applications, while the on-the-spot checks cover virtually 50% of projects. This is administratively burdensome, but the programme error rate has remained under 0.5% for a number of years now.			

Q5	<input checked="" type="checkbox"/> YES
Q6	<input checked="" type="checkbox"/> NO Emphasis has been placed on monitoring and checking compliance with the public procurement rules throughout the programme period in the course of payment verifications and on-the-spot verifications, as well as in inspections by the audit authority. Compliance with the procurement rules is monitored more closely for aid co-financed from EU funds than in national aid programmes
Q7	<input checked="" type="checkbox"/> YES
Q8 a	<input checked="" type="checkbox"/> NO
Q8 b	<input checked="" type="checkbox"/> NO Formal statements do not improve the quality of actual spending, but may give the illusion of correctness. Work should focus on cost-effective control procedures.

FRANCE

Q1 a	L'Autorité de Gestion souligne que cette notion de performance n'a de sens que si l'on peut la mesurer et que se pose une question de méthodologie de la performance. A défaut d'un système formalisé, elle a considéré que le seul outil dont elle disposait pour évaluer la performance au cours des programmations précédentes consistait en une sélection des projets et elle s'est engagée à assurer un suivi des politiques publiques et en mesurer les effets au moyen d'indicateurs communautaires pour lesquels une méthodologie reste à préciser.
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Q1 b	<p>S'agissant des programmations précédentes ce processus de mise en performance reposait essentiellement sur la consommation des crédits mais n'était pas une priorité de programmation, à moins de considérer contrairement à ce que souligne la Cour que l'utilisation du budget est en soi une façon de performance. L'objectif de performance est désormais clairement articulé pour la programmation 2014-2020, et les PDR s'inscrivent pleinement dans le cadre de performance prévu par la réglementation.</p> <p>S'agissant des FESI, une réflexion préalable a été menée lors des négociations sur le CFP 2014-2020 pour mettre en place des indicateurs communs en lien avec la notion de performance (Ex : réserve de performance). Ils sont à présent intégrés dans la nouvelle programmation, pour lesquels il est à ce stade difficile de dresser un bilan en fin de première année d'exécution. Néanmoins, lors de l'élaboration des programmes, l'établissement des indicateurs en vue de l'évaluation a constitué un des points forts de la négociation avec la Commission. S'il est parfois difficile d'apprécier la performance, celle-ci doit être un élément pour évaluer la plus-value des actions.</p>																		
Q2	Q2 A	Q2 B	<p>À quel moment la situation se normalisera-t-elle?</p> <p>Réponse : Dans le cadre du Plan d'action FEAGA, le système de mise à jour du SIPA a été revu. Les orthophotos supports de la déclarations sont dorénavant renouvelés tous les trois ans et une photo-interprétation de ceux-ci est mise en œuvre. Le plan d'action qui a été validé par la Commission va se poursuivre en 2015 afin de finaliser la photo-interprétation de tout le territoire et pour les plus petits éléments qui n'avaient pas fait l'objet d'un traitement en 2014.</p>																
Q3	<table border="0" style="width: 100%;"> <tr> <td style="width: 45%;">Engagements agroenvironnementaux</td> <td style="width: 10%;"><input type="checkbox"/> Oui</td> <td style="width: 10%;"><input type="checkbox"/> Non</td> <td style="width: 35%;">sans objet pour la France</td> </tr> <tr> <td>Éligibilité des bénéficiaires</td> <td><input type="checkbox"/> Oui</td> <td><input checked="" type="checkbox"/> Non</td> <td></td> </tr> <tr> <td>Règles en matière de marchés publics</td> <td><input type="checkbox"/> Oui</td> <td><input checked="" type="checkbox"/> Non</td> <td></td> </tr> <tr> <td>Calcul de l'aide à la retraite anticipée</td> <td><input type="checkbox"/> Oui</td> <td><input type="checkbox"/> Non</td> <td>sans objet pour la France</td> </tr> </table> <p>le Contrôle des marchés publics n'est pas suffisamment approfondi pour les marchés concernant les organismes reconnus de droit public, notamment pour la sélection des bénéficiaires dans le cadre des marchés en procédure formalisé. Une alerte sera donnée sur ce point aux autorités de gestion de la programmation 2014-2020.</p>			Engagements agroenvironnementaux	<input type="checkbox"/> Oui	<input type="checkbox"/> Non	sans objet pour la France	Éligibilité des bénéficiaires	<input type="checkbox"/> Oui	<input checked="" type="checkbox"/> Non		Règles en matière de marchés publics	<input type="checkbox"/> Oui	<input checked="" type="checkbox"/> Non		Calcul de l'aide à la retraite anticipée	<input type="checkbox"/> Oui	<input type="checkbox"/> Non	sans objet pour la France
Engagements agroenvironnementaux	<input type="checkbox"/> Oui	<input type="checkbox"/> Non	sans objet pour la France																
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Calcul de l'aide à la retraite anticipée	<input type="checkbox"/> Oui	<input type="checkbox"/> Non	sans objet pour la France																
Q4	<p>OUI</p> <p>Le renforcement des contrôles qualité gestion réalisés par les AG ou AG déléguées sur les OI a permis de prévenir des irrégularités par retrait des dépenses déclarées, plan de reprise puis contrôles d'opération sur les dépenses réintégrées.</p>																		

Q5	OUI
Q6	NON Les autorités françaises sont sensibilisées à cette erreur qui apparaît régulièrement sans être systémique. A cet effet, elles ont mis en place des mesures d'information et de formation vis à vis des personnes en charge de la programmation actuelle et de la nouvelle programmation 2014-2020, sur une matière relativement complexe.
Q7	
Q8 a	NON
Q8 b	NON Une déclaration signée au niveau approprié serait dénuée de signification dans un contexte de décentralisation de la gestion des fonds. Dans le cadre de l'article 78 de la loi du 27 janvier 2014 de modernisation de l'action publique territoriale et d'affirmation des métropoles MARTAM, l'Etat confie la responsabilité de gestion aux Régions qui s'administrent librement

GERMANY	
Q1 a	BMAS: The definition of the strategy of the Operational Programmes (including the contribution to the Europe 2020 strategy, consideration of the national reform program, the Employment Guidelines, country-specific recommendations, regulations etc.) also forms the basis for assessing the performance of the respective projects. The various funding programmes are developed and the selection procedures and criteria are defined based on this in order to ensure that the projects contribute to the corresponding priorities in achieving the specific objectives and results. Suitable selection criteria also ensure consideration of performance when selecting the project. In addition, the increased focus on results will involve particular attention being paid to performance for the 2014-2020 funding

	<p>period as the target values agreed in advance with the European Commission must be achieved by the selected projects in order to be able to use the performance reserve.</p> <p>The increased shift towards funding with flat rates also supports the desired focus on results with respect to the implementation of projects. As a result, the disbursement of funds is, for example, solely dependent on the objectives defined here. For projects that are billed according to the "real cost" principle, the substantive progress of the project is monitored and interventions are made in the event of any deviations by auditing the factual reports.</p> <p>BMVI:</p> <p>The project selection criteria adopted by the Monitoring Committee for the Operational Programme also explicitly take into account the objective and impact contributions at the project level which are imperative in order to achieve the objectives and impacts expected at the programme level. Quantified project objectives form part of the granting of ERDF funds at the project level (commitment at the national level). Their achievement is reviewed upon conclusion of the project. The granted ERDF funds shall only be fully sufficient if the granted quantified project objectives are met in full as well.</p> <p>BMWi:</p> <p>The funding objectives and selection criteria are defined. Funding guidelines and project selection criteria were drawn up. Projects are audited and selected as part of a competition or scoring procedure, and checks are otherwise made by selection panels in some cases. Checks are made as to whether the indicator target values have been met. Audit results are documented. There must be compatibility with the Operational Programme.</p>
<p>Q1 b</p>	<p>BMAS:</p> <p>The performance of individual projects is also reviewed, for example, as part of administrative checks and on-the-spot checks. A distinction is made here between sampling and event-driven audits. On-the-spot checks are carried out alongside in-depth checks of supporting documents. Monitoring of the amount granted also includes the substantive checking of the achievement of the purpose of the amount granted, and also forms part of national funding legislation.</p> <p>BMVI:</p> <p>The full payment of the granted ERDF funds is subject to proof of achievement of the project objectives laid down in the grant itself, and is reviewed upon completion of the project.</p> <p>BMWi:</p> <p>The following actions were taken: supervisory monitoring actions, partly by external service providers or IT-based, reporting on</p>

	<p>indicators, milestones were agreed, evaluation studies and implementation of on-the-spot checks (samples and event-driven), payments linked to project progress. Checks regarding proof of use are carried out.</p>		
Q2	Q2 A	Q2 B	
	<input checked="" type="checkbox"/> YES <p>Eligibility continues to be assessed in the correct manner. The over-declaration identified here is an individual case which did not have any financial impact on the overall company. In SH, the eligible land is systematically cross-checked in the LPIS on an annual basis against new image data, findings from the reference area comparison and the on-the-spot check results, and over-declarations are therefore recognised. The quality of the LPIS was also successfully demonstrated by way of the LPIS-QA in SH in 2013.</p>	<input checked="" type="checkbox"/> YES <p>Efforts have always been made to ensure that the LPIS is updated properly on a regular basis. In SH, new orthophotos are added to the LPIS based on the three-year surveying flight interval adopted by the Land Surveying Office (Landesvermessungsamt), and the LPIS is systematically updated for each reference parcel in question based on the new image data. This is done alongside the annually updated FEK images, the annual observations from the application procedure and the annual on-the-spot checks.</p>	
Q3	<p>The German authorities do not agree with all of the points stated in the ECA's findings as regards public procurement. This is subject to compliance procedures of the European Commission that are still ongoing. The audit of compliance with public procurement laws involves a complex procedure in which many steps have to be taken into account and assessed as part of the checks. To this end, ECA carried out other assessments than the German authorities in certain places and established a number of findings. The question it has now raised (elimination of weaknesses occurring in the area of provisions for public procurement yes/no) leads to a qualitative decision on the overall system in the reply, which does not, however, do justice to the underlying complexity involved.</p> <p>Regardless of this, the German authorities have, for some time, made considerable efforts to reduce potential errors in public</p>		

	procurement matters (including EAFRD action plans, the establishment of a Federal Government-State working group to develop a framework checklist for the new funding period as a minimum standard for the Federal States when auditing compliance with public procurement laws within the administrative checks).
Q4	<input checked="" type="checkbox"/> YES <p>BMWi: The existing management and control systems (MCS) were further developed as follows: Further development of guidelines, checklists, manuals, operating instructions, investigation plans and methodology. The MCS are constantly adapted and optimised. A working group was set up in some cases and employee training sessions were conducted. The following were also introduced in some cases: risk-oriented on-the-spot checks, preventive checks, full checks of supporting documents (original documents) and the reimbursement principle (Erstattungsprinzip). The audit results of all national and EU test facilities are assessed. Consideration of the audit authority results has a particular impact on payment claims as the audits typically carried out by the audit authority in the first half of the year as well as the associated reporting are awaited. As a result, not only has the processing time for payment claims been extended accordingly; these payment claims have, on the whole, only been able to be submitted to the EU Commission at a relatively late stage during the course of the year <u>However, the following must also be taken into account:</u></p> <p>BMAS: Germany essentially benefits from proven and well functioning management and control systems in terms of the ESF. As a result, the error rate for the German Federal ESF Programme was regularly below 2% in the ACR in accordance with Article 62 para. 1 (d) (i) of Council Regulation (EC) No 1083/2006 for the European Social Fund, 2007 - 2013 funding period. If necessary, optimisations for enhancing the effectiveness of checks shall be carried out in a selective manner.</p> <p>BMVI: Given that the Operational Programme is not affected by any of the findings stated, no new or additional procedures were taken. However, payment claims shall be only forwarded by the certifying authority to the EU Commission if the certifying authority has the results of the audits by the audit authority and is therefore able to integrate the audit results into its assessment as to whether the payment claim is to be forwarded to the EU Commission. The consequence of this, of course, is that the audits typically carried out by the audit authority in the first half of the year as well as the associated reporting are awaited. As a result, not only has the processing time for payment claims been extended accordingly; these payment claims have, on the whole, only been able to be submitted to the EU Commission at a relatively late stage during the course of the year.</p>
Q5	<input checked="" type="checkbox"/> <p>The legality and regularity of the use of ERDF/CF and ESF funds is of key importance and is assured by the management and</p>

	control systems in Germany. Institutional collaboration has proved its worth to date.
Q6	<input checked="" type="checkbox"/> NO BMAS: Germany has not identified any system-related problems in terms of the ESF in conjunction with public procurement. Germany has proven control procedures in place (management verifications). If necessary, optimisations shall be carried out in a selective manner. Guidelines on how to legitimately deal with procurement matters are made available, for example, for the German Federal ESF Programme. BMVI: No system-related problems in conjunction with public procurement have been identified so far for the 2007-2013 German Federal ESF Transport Programme. Nevertheless, the following actions have been taken as a precautionary measure: <ul style="list-style-type: none"> • exchange of experiences between the intermediary bodies to which expenditure audit tasks have been delegated as regards audit approaches, checklists and audit results; • intermediary bodies to which expenditure audit tasks have been delegated were encouraged by the managing authority to take targeted training measures within this field of duties, something which was also used accordingly by the intermediary bodies, and • the bodies implementing the project are given support in drawing up their accounting documentation in order to ensure the documentation is fully compatible with public procurement laws. BMWi: There are no discernible system-related problems on the whole. The various public procurement laws are known by the intermediary bodies and are observed by these bodies. The beneficiaries are also obliged, where applicable, to comply with public procurement laws in the funding procedure. The audit of compliance with procurement rules by the beneficiary forms part of the project audits and checks. Actions are being taken on an ongoing basis in order to improve the effectiveness of audits. Additional relevant guidelines are drawn up for information purposes or multi-level procurement audits are performed in some cases. There are also preventative actions in place in work instructions and pamphlets in the field of procurement. Training measures are taken and the relevant legal provisions are published. The procurement is audited, the audit results are documented and the beneficiaries are informed. Overall and/or extrapolated financial corrections of up to 100% are made where necessary.
Q7	<input checked="" type="checkbox"/> NO BMAS: In the opinion of the ESF managing authorities in Germany, an additional management declaration does not mean that future

	<p>irregularities are prevented and/or detected and corrected more frequently. Given that there is already a large number of management verifications at the present time (and at a sufficient level too), the management declaration shall not lead to other audit procedures and/or any expansion of these procedures. We do not therefore foresee any increased binding nature in this regard, but rather a confirmation of our previous approach. All in all, we anticipate that the binding nature of our statements is already justified thanks to the audit mechanisms that are included in the description of the management and control systems.</p> <p>BMVI: The added value of the new provision is not clear to the ERDF managing authority as it ultimately only makes provision for shorter periods for existing accountability requirements rather than enhancing the accountability requirements as such.</p> <p>BMWi: Given the large number of actions which should ensure that EU funds are spent in a legal and regular manner, and because of the fact the competent authorities are bound by law, there is no added value in expressing an (additional) declaration, but rather there is an additional administrative burden instead.</p>
Q8 a	<input checked="" type="checkbox"/> NO
Q8 b	<input checked="" type="checkbox"/> NO
	<p>EU funds are managed by various bodies in Germany at the federal government and state level and are subject to thorough verification in accordance with the relevant provisions. By way of contrast, an additional management declaration (question 7) or other declarations as well "at the appropriate level" (question 8) do not have any added value. Furthermore, declarations which relate to the governance of another regional authority cannot be expressed in a federal state such as Germany. Likewise, the tasks of the various parliaments are strictly separated</p>

GREECE				
Q1 a	No response			
Q2	Q2 A	Q2 B	Which further measures need to be taken in order to solve these recurrent problems?	When will the situation return to normal?

	<input checked="" type="checkbox"/> YES	<input checked="" type="checkbox"/> YES		
Q3	<p>Agri-environmental commitments <input type="checkbox"/> Yes</p> <p>In accordance with JMD 1683/109963/17.9.2013, the implementing JMD 079833/25.10.2011 ‘Agri-environmental Payments’ was amended to redesign the system of penalties for the actions of M.214, and implement proportionality in the penalties, as established in Article 18 of Regulation (EU) No 65/2011, when the individual obligations of the agri-environmental actions (Article 18 of Regulation (EU) No 65/2011) are not met, and the RDP of the new programming period proposed modifications to the baseline of agri-environmental measures.</p> <p>Eligibility of beneficiaries <input type="checkbox"/> Yes</p> <p>Procurement rules <input type="checkbox"/> Yes</p> <p>As regards public procurement rules in the context of the national action plan to mitigate the error rate in RDP 2007-2013, please note that the relevant national legislation was amended. More specifically, the new Law 4281/2014 ‘Measures to support and develop the Greek economy, organisational issues of the Ministry of Finance, and other provisions’ includes inter alia the new provisions on the procurement and implementation of public contracts. Additionally, Article 59 of Law 4278/2014 also abolished the limits of design and contracting degrees which used to limit the participation of companies in tenders. The modification of the institutional framework aims to rationalise and modernise the rules of the public projects and services market in order to enhance and protect healthy entrepreneurship and healthy competition.</p> <p>Calculation of early retirement support <input type="checkbox"/> Yes</p>			
Q4	<p><input checked="" type="checkbox"/> NO</p> <p>According to the regulatory framework for the period 2007-2013 and the management and audit system approved by the EU, managing authorities verify all costs on an administrative level before they are certified by the Commission. The on site management verifications, which supplement the administrative ones, are performed subsequently, based on a sample selected from a number of uncompleted (ongoing) actions. The sample may also be supplemented with other projects which either must be checked during the implementation of their physical scope (ESF projects) or, in the management’s opinion, carry an increased risk of irregularities. Please note that under the implemented management and audit system for the period of 2007 to 2013, and as part of its responsibilities, the certification authority carries out additional administrative and on site audits before the costs are certified by the Commission.</p>			

Q5	<input checked="" type="checkbox"/> YES
Q6	<input checked="" type="checkbox"/> YES <p>According to the approved management and audit system, management authorities check all the contracts concluded for the implementation of co-financed projects before the relevant costs are verified. Moreover, in order to prevent errors, management authorities perform ex ante audits on all the stages of the implementation of public procurement over the thresholds of Community Directives, and give their opinion before the beneficiary completes each stage (tendering, contract, modification), which are a prerequisite for the allocation of funds. For contracts below the thresholds and to facilitate the administrative work, the ex ante audit is restricted to the stages of tendering and the modification of contracts the budget of which ranges between the limits of Community directives and those of an accelerated tender (EUR 60,000). Moreover, preventive measures have been taken, mainly including the following:</p> <ul style="list-style-type: none"> -modifying and codifying the relevant legislation -issuing instructions on specific issues of public procurement law (e.g. publicity) -electronic public procurement register -preparing model documents on conducting the relevant tenders for use by beneficiaries
Q7	<input checked="" type="checkbox"/> YES
Q8 a	<input checked="" type="checkbox"/>
Q8 b	<input checked="" type="checkbox"/> YES

HUNGARY

Q1 a	In tenders for EU aid, applicants make commitments which are then integrated into the respective contracts. Non-compliance with
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	<p>the commitments may involve sanctions.</p> <p>On the assessment of aid applications, the order of the clients is determined on the basis of an objective scoring system. In the case of investment aid, the financial and business plans drawn up beforehand are also taken into account to assess the viability of the submitted projects.</p>			
Q1 b	<p>Hungary operates programme monitoring, whereas an impact indicator monitoring system has been put in place for agri-environmental programmes.</p> <p>Project implementation is monitored by the managing authorities on an ongoing basis. During the 2007–2013 programming period, the system of indicators of operational programmes was standardised and reinforced from a methodological point of view by the National Development Agency. Since 2014, the Prime Minister’s Office, responsible for the coordination of EU aid, has also been responsible for operating the system of indicators and for improving its methodology. Government Decree No 60/2014 of 6 March 2014 provides for the rules of the central monitoring and recording of developments financed from aid.</p>			
Q2	Q2 A	Q2 B	Which further measures need to be taken in order to solve these recurrent problems?	When will the situation return to normal?
Q3	<p>Agri-environmental commitments <input type="checkbox"/> Yes</p> <p>Eligibility of beneficiaries <input type="checkbox"/> Yes</p> <p>Procurement rules <input type="checkbox"/> Yes</p> <p>Calculation of early retirement support <input type="checkbox"/> Yes</p>			
Q4	<p><input checked="" type="checkbox"/> YES</p> <p>The findings of the first and second-level controls are integrated into the control system.</p>			
Q5	<p><input checked="" type="checkbox"/> YES</p>			

Q6

YES

On the basis of the questions identified by the European Commission, the following actions, included in a detailed action plan drawn up in accordance with Article 2.3 of Hungary's Partnership Agreement with a view to meeting the general ex ante conditionalities related to public procurement, set out in Point 4 of Part II of Annex XI to Regulation (EU) No 1303/2013 of the European Parliament and of the Council, have been taken and will be taken in the future:

- the law on public procurement was amended earlier regarding the making available of documents and the submission of proposals;
- an online Public Procurement Database was established earlier at the Public Procurement Authority;
- additional practical guidelines will be issued on the application of the rules of public procurement;
- a detailed summary will be drawn up on the auditing of public procurement projects for the experts carrying out the audits, the beneficiaries and their public procurement advisers;
- the guidelines will be regularly updated and subjected to technical reviews;
- conferences will be organised;
- quarterly reports will be sent to the European Commission;
- templates for public procurement notices and documentations will be published;
- the freedom of contracting authorities will be substantially restricted in terms of defining suitability criteria;
- a new public procurement law will be adopted;
- the normative restrictions of suitability criteria will be included in the legislation;
- detailed rules will be introduced with regard to the obligations of the contracting authorities in connection with the preparation of public procurement projects;
- the new law will restrict the requirement of securities (e.g. bank guarantees) from bidders,

	<ul style="list-style-type: none"> – a set of conditions will be developed, on the basis of which the body carrying out the public procurement audit is required to automatically send a report/complaint to the Competition Authority; – the provisions of the new Directives concerning the amendment of contracts will be transposed using an approach that focuses on avoiding any misuse of the more flexible rules; – the auditing organisations continuously monitor the practice of public procurement, members of the institutions frequently share their experience and collaborate on updating the guidelines referred to in the action plan, while an electronic interface will be developed for the exchange of information and best practices; – an e-procurement strategy will be developed; – an operational manual of the system of institutions will be published; – conflicts of interest where the Public Procurement Arbitration Committee as the forum for appeals is involved will be reviewed in the course of the preliminary review of the selection of negotiated procedures without the prior publication of a contract notice; – the internal training system will be converted and the examination system will be improved for observers from the Public Procurement Supervision Department of the Prime Minister’s Office; – a human resource motivation strategy will be developed with regard to the staff of the Public Procurement Supervision Department of the Prime Minister’s Office, – the number of experts carrying out the auditing tasks of the Prime Minister’s Office will be increased by ongoing head-hunting and recruitment, while the administrative staff of the Public Procurement Supervision Department of the Prime Minister’s Office will also be increased; – the monitoring and information system will be upgraded.
<p>Q7</p>	<p><input checked="" type="checkbox"/> YES</p> <p>The system of management declarations has been put in place in Hungary; the declarations must be forwarded to the Minister responsible for the State budget. We agree with the system of mandatory declarations concerning EU funds, including at Union</p>

	level.
Q8 a	<input checked="" type="checkbox"/> NO
Q8 b	<input checked="" type="checkbox"/> NO
	In our opinion, management declarations should be issued at operative rather than at policy level. The accountability of the highest levels of management is ensured by Parliament and the national courts of auditors.

IRELAND	
Q1 a	<p>With respect to ERDF funds - Managing Authorities prepare Annual Implementation Reports setting out progress on implementation of each Programme and Monitoring Committees at national and programme level monitor performance on each priority axis. The design of each Operational programme for 2014-2020 was subject to a strict intervention logic including a Needs Analysis, independent ex-ante evaluation and extensive consultations with relevant stakeholders. The ex-ante evaluations included a positive assessment of this intervention logic. Ireland has an excellent track record in the management of EU funds including full drawdown of funding based on eligible expenditure, low overall ERDF error rates and minimising financial corrections.</p> <p>With respect to ESF funds - The ESF MA's Annual Implementation Reports set out progress on implementation of the ESF Programme and the ESF Programme Monitoring Committee monitors performance of the Programme. Underperformance can (and has) result in re-allocation of Funds between activities and Priorities.</p>
Q1 b	<p>With respect to ERDF funds - In 2014-2020, priorities have been limited to 11 thematic areas and milestones and targets for each priority have been set in advance and will be used to measure performance. Managing Authorities prepare Annual Implementation Reports setting out progress on implementation of each Programme. Monitoring Committees at national and programme level monitor performance on each priority in line with the established milestones and targets.</p> <p>With respect to ESF funds - Improved management and control procedures based on audit recommendations (which the ECA Annual Report accepts are less likely to be prone to error) have been introduced.</p>

Q2	Q2 A	Q2 B	Which further measures need to be taken in order to solve these recurrent problems?	When will the situation return to normal?
	Yes <input checked="" type="checkbox"/>	Yes <input checked="" type="checkbox"/>	None as there has been a full review of the LPIS database.	Review of the LPIS database is an ongoing iterative process.
Q3	Agri-environmental commitments Eligibility of beneficiaries Procurement rules Calculation of early retirement support			
Q4	YES New management and control procedures (2% threshold checking and confirmation before claim is processed/submitted) and increased use of SCOs for 2014-2020, which the ECA Annual Report accepts are less likely to be prone to error, have been introduced.			
Q5	YES			
Q6	NO No systemic issues related to public procurement were identified in relation to ERDF. Where contracts were tested in 2013 for compliance with public procurement rules, only isolated cases related to individual projects were identified. These were not regarded as systemic.			
Q7	NO Ireland considers that the arrangements in place in Ireland prior to the 2012 Financial Regulation provide sufficient assurance for the prevention, detection and correction of irregularities.			
Q8 a	NO			
Q8 b	NO Ireland considers that the current arrangements in place adequately address the regulatory requirements in this regard.			

ITALY	
Q1 –Q6	No response
Q7	<input checked="" type="checkbox"/> YES
Q8 a	<input checked="" type="checkbox"/> YES
Q8 b	<input checked="" type="checkbox"/>

LATVIA	
Q1 a	<p>In monitoring progress of the implementation of activities co-financed by EU Funds, monitoring criteria defined in the programming documents (operational programme and operational programme supplements) are used as the primary criteria.</p> <p>The planned values of indicators defined in the programming documents are included in the common information system (CIS) of the EU Funds and the Cohesion Fund, therefore reporting on project implementation (including a report on financial performance) is viewed in the context of the indicator values to be achieved.</p>
Q1 b	<p>The competent authority documents, and if necessary, explains (including in the analytical reports to the Managing Authority) non-performance of monitoring indicators, exceeded indicator values (if applicable), as well as the reasons for implementation deadline deviations that are objective or not dependant on the authorities involved in the management of the EU Funds and the funding beneficiaries (for example, funding reallocation or structural changes to the economy) and the subjective reasons thereof. For the Managing Authority to be able to make more accurate forecasts of the annual results of the EU Fund investments and to perform a more efficient and strategic analysis and evaluation of the progress made (including accordingly notifying the</p>

	<p>monitoring committee, the Cabinet of Ministers (in the framework of informative reports and the Cabinet’s protocol decisions), Saeima and the public), upon the Managing Authority’s request, the competent authorities prepare annual forecasts on the annual planned monitoring indicators to be achieved and the expected value to be achieved by the end of the programming period.</p> <p>When providing the monitoring information, the competent authority also submits analytical information on the calendar year (summary analysis with conclusions) and on the impact of the indicator status on the achievement of activities’ objectives by explaining changes to the forecasts concerning achievement of indicators, comparing data with the previous year, as well as, if necessary, specifying or including explanations on performance in the event of significant deviations (by greater than 10 %). If necessary, this information is provided on a semi-annual basis. In cases where the methodology for the calculation of monitoring indicators is changed, explanation must be provided regarding the changes and their impact. Whereas, in cases where the performance progress of the monitoring indicators is not proportional to the financial progress (including cases where it is exceeded), the competent authority must provide an explanation, proposals and/or an action plan with measures for the next reporting period in order to eliminate the indicated non performances of, and deviations from, the forecasts. For the monitoring of the 2014–2020 programming period’s indicator progress/performance, several additions have been planned, including indicator certificates for the specific objectives of investment priorities with interim values and calculation methodology which will allow for the improvement of monitoring and analysis of indicator performance</p>			
Q2	Q2 A	Q2 B	Which further measures need to be taken in order to solve these recurrent problems?	When will the situation return to normal?
Q3	<p>Agri-environmental commitments <input type="checkbox"/> Yes</p> <p>Eligibility of beneficiaries <input type="checkbox"/> Yes</p> <p>Procurement rules <input type="checkbox"/> Yes</p> <p>Calculation of early retirement support</p>			
Q4	<p><input checked="" type="checkbox"/> YES</p> <ul style="list-style-type: none"> • Before certification of expenditure at the European Commission (EC), every two months (or more frequently if necessary), the Managing Authority of the EU Funds draws up a certificate for the Certifying Authority (CA) to confirm that the Managing Authority is providing for the measures referred to in Article 60 of Council Regulation (EC) No 1083/2006, that no deficiencies have been found that would undermine the operation of the established Management and Control System of the EU Structural Funds and the Cohesion Fund and that the data included in the information system of the management of the EU Structural Funds 			

	<p>and the Cohesion Fund are complete and correct.</p> <ul style="list-style-type: none"> • The Managing Authority's certificate provides information on the deficiencies and errors found in the implementation of the EU Funds, as well as information on an action plan for the elimination of the deficiencies and on the implementation progress of measures for the elimination of the deficiencies as indicated in the action plan. • The Managing Authority's certificate is supplemented by a calculation of expenditure to be declared to the EC, indicating the expenditure to be declared in the reporting period (certified – recovered) and suspended expenditure. Until the respective deficiencies have been eliminated, the Managing Authority and the competent authorities/liaison bodies may suspend declaration of expenditure and/or payments in the framework of an operational programme, priority, measure, activity, sub-activity or project in cases where the Audit Authority, an external auditor or the Managing Authority has issued an adverse audit opinion, or where a complaint information on potential risks, etc. have been received. Moreover, the CA may adjust the expenditure to be declared to the EC due to ineligible expenditure or potential non-compliances found or indicated, or financial adjustments proposed during a check or other audits, controls or verifications. • Temporary deductions are mainly applied prior to declaration of expenditure to the EC, therefore they do not affect the expenditure declared to the EC. • In the event additional information/explanations being received regarding the eligibility of withheld expenditure and there is no doubt about the eligibility of the withheld expenditure after examination of the documentation, the expenditure will be included in the statement of expenditure to be submitted to the European Commission. For example, in the Managing Authority's certificate for the CA on expenditure to be declared for the period from 01/01/2007 to 31/10/2014 in the framework of the EU Funds, the declaration of expenditure of 18.2 million was suspended, which is 0.4 % of the total expenditure to be declared in the programming period. Currently, the Managing Authority has, for example, withheld declaration of expenditure (making of payments is permitted) in the framework of a major project with respect to which the Corruption Prevention and Combating Bureau is carrying out an investigation on alleged fraud in relation to increased project costs. Likewise, the Managing Authority has withheld declaration of expenditure for several projects implemented by a certain municipality, in the framework of which a company has forged statements from the State Revenue Service regarding the non-existence of tax debts and has won several public procurements.
<p><u>Q5</u></p>	<p><input checked="" type="checkbox"/> YES</p>
<p><u>Q6</u></p>	<p><input checked="" type="checkbox"/> YES</p>

	<p>In order to prevent procurement infringements and decrease the number of resulting non-compliances, since 2012, both the Procurement Monitoring Bureau (PMB) and intermediate bodies (competent authorities and liaison bodies) perform random procurement checks of project procurement documentation and the course of procurement procedure. In 2013, 1 590 checks were performed, which is 25 % more than in 2012. The majority, i.e. 91 %, of the procurement checks are performed by the competent authorities and the liaison bodies. The current control system ensures that the largest share of procurement infringements may be eliminated before incurring the expenditure. Moreover, for the purposes of facilitating a common understanding, information is updated on a regular basis on the PMB's website regarding the most frequent errors in the framework of the EU Funds procurements. Explanations of legislative acts are also provided.</p> <p>Findings of checks and the most frequent errors are discussed at the pre-checks working group of the PMB. In 2013, the PMB organised four meetings of the working group on conducting procurement pre-checks, solving the detected problems and updating the methodology. Thus, in 2013, along with advising the above authorities on the carrying out of pre-checks, the PMB also essentially clarified/supplemented methodology for the implementation of procurement pre checks.</p> <p>With the aim of ensuring a more efficient and transparent procurement process and promoting the centralisation of goods and services procurements at municipalities, in 2013, amendments were implemented to the Public Procurement Law, and the competent authorities and liaison bodies have provided explanations to the beneficiaries in the field of public procurements.</p>
<p>Q7</p>	<p><input checked="" type="checkbox"/> YES</p> <p>We are of the opinion that the introduction of the mandatory EU Funds management declaration, which will be drawn up by the Managing Authority of the EU Funds and which will concern the EU Funds, will have a positive effect on the prevention, identification, elimination and reduction of infringements in the Member States and thus will increase the accountability of the Member States for the report.</p>

Q8 a	<input checked="" type="checkbox"/> NO
	<p>Taking into account that the provisions of the Financial Regulation stipulate that, in the framework of the 2014–2020 programming period, the Managing Authority of the EU Funds will draw up the management declaration every year, the Managing Authority does not see the need to draw up an additional national declaration that would partially overlap with the EU Funds management declaration. Moreover, if a decision will be made at the European Union level on providing the national declaration, we are of the opinion that this decision must be binding in all Member States instead of each Member State being able to make a separate decision on the necessity of drawing up the national declaration.</p> <p>At the same time, we would like to draw your attention to the fact that the Ministry of Finance, as the Managing Authority of the EU Funds, is responsible only for the management and implementation of the following EU Funds: European Regional Development Fund (ERDF), European Social Fund (ESF) and the Cohesion Fund (CF). Therefore, the above opinion concerns only the aforementioned funds, and the Managing Authority cannot provide an opinion on other funds. Whereas the issue of drawing up the national declaration concerns not only the EU Funds, but also the EU Structural and Investment Funds, for example the European Agricultural Fund for Rural Development (EAFRD) and the European Fisheries Fund (EFF), which are managed by the Ministry of Agriculture, and the Objective 3 “European Territorial Cooperation” programme of the ERDF which is managed by the Ministry of Environmental Protection and Regional Development.</p>
Q8 b	<input checked="" type="checkbox"/> NO
LITHUANIA	
Q1 a	<p>To ensure the efficient absorption of the EU funds, operational programmes and annexes thereto stipulate the key monitoring indicators to be attained when planning and implementing the EU fund investments on various levels (operational programme priorities, objectives, measures and projects). The said programming documents (operational programmes and annexes thereto) are drawn up in close cooperation between all authorities administrating the EU funds. This process also involves social and economic partners so that programme-level objectives are the best possible match for the needs of a specific sector or a specific target group in boosting the national economy and cohesion.</p>
	<p>To ensure that the implementation of projects contributes to the attainment of programme-level monitoring indicators, certain</p>

	<p>project selection criteria are used and/or certain project financing conditions are set so that when compiling their applications, applicants plan for these indicators and thus contribute with their projects to these important outcomes on the national level. It should be noted that each project must contribute to the attainment of at least one monitoring indicator set on the programme level.</p> <p>The inclusion of monitoring indicators set on the programme level in project contracts where project promoters assume specific obligations to reach quantitative values makes it possible to ensure, forecast, monitor, analyse and evaluate the attainment of the said indicators on various levels.</p> <p>It is also important to note that should the project promoter fail to fulfil contractual obligations to reach a specific quantitative value of a monitoring indicator by the deadline set in the methodology for calculating that specific monitoring indicator, the implementing authority must examine the justification of funding allocated to the project and having detected an irregularity in accordance with the methodology approved by the managing authority apply financial corrections to project promoters getting them to repay a part of the funds paid out.</p> <p>To ensure the efficient use of the EU funds in 2014-2020, national and regional project planning is oriented towards the selection of the best alternative, i.e. the legislation sets out that intermediate bodies must include in the list of national or regional projects only those projects that are compatible with the provisions of the operational programme and strategic planning documents and are the best of all alternatives to implement the objectives laid down in the operational programme and strategic planning documents and the project objectives.</p>
<p>Q1 b</p>	<p>Project promoters report the attainment of monitoring indicators in implementing projects by submitting payment requests. This means that no funds are paid out to project promoters until they provide information about the attainment of monitoring indicators set in project contracts and until this information is verified by the implementing authority. Where in accordance with the pre-defined methodology for calculating a monitoring indicator project promoters report the attainment of monitoring indicators set in project contracts by filing reports following the completion of the project, there is a possibility to monitor the use of products generated during project implementation or the continuity of the results achieved.</p> <p>It should be noted that project promoters fill in electronic forms of payment requests and reports following the completion of the project. This means that the data supplied in the electronic forms of the said reporting documents on the attainment of monitoring indicators are automatically imported to an information technology (IT) system where the data are accumulated and updated on a daily basis. This makes it possible to conduct daily monitoring of the current situation concerning the achievement of monitoring indicators and to analyse the data collected in the IT system by generating various reports or using the system functionalities to manage risks of non-attainment of monitoring indicators.</p>

With the help of the IT system, project results aggregated on the programme level are analysed by generating annual implementation reports on operational programmes and submitting them to the European Commission on an annual basis. These reports compare the results achieved with the targets planned on the programme level, analyse non-attainment risks, examine actual or potential causes of non-attainment, etc. Information aggregated on the programme level about the results achieved in implementing projects is also used to evaluate the use of EU fund investments in specific sectors significant for the country's development.

As the managing authority, the Ministry of Finance having regard to risk analysis conclusions continuously supervises and controls the implementation of tasks delegated to intermediate bodies. Risk management measures are implemented in accordance with implementation plans of risk management measures approved by the managing authority with a view to finding out whether amendments project contracts following the reduction of values of monitoring indicators set therein and the failure by the project promoter to attain those values in implementing project activities and/or during the project continuity period lead to the application of national legal requirements to reduce the funding allocated to the project or to repay a part of the funds paid out.

It is important to note that during the new EU funds administration period of 2014-2020 more focus will be placed on ensuring the effectiveness of the use of EU investments. In accordance with the requirements of the European Commission, there is a plan for the revision of operational results of each priority under the Operational Programme for EU investments for 2014-2020. The plan sets key indicators that allow the monitoring of progress in implementing the priority. On the basis of the results in attaining the indicators set in the said plan, the European Commission will review the implementation of the operational programme twice during the period, and following the review in 2019 the operational reserve funds will be allocated to the implementation of the priorities having successfully achieved the review indicators, and where the said indicators are not achieved, payments may be suspended or financial corrections may apply at the end of the period.

To ensure the continuous monitoring of the review indicators, intermediate bodies administrating the EU funds will also provide the managing authority with quarterly forecasts of the attainment of the said indicators.

The monitoring of the attainment of the review indicators also takes place on the level of the Government of the Republic of Lithuania. Quarterly reports on the implementation of the operational programme are drawn up on a quarterly basis and submitted to the Government of the Republic of Lithuania reporting on the implementation of the operational programme and examining the results of attaining monitoring indicators.

The implementation of the Programme for the reduction of social and economic regional disparities for 2011-2013 approved by Resolution No 62 of the Government of the Republic of Lithuania of 17 January 2011 approving the Programme for the reduction of social and economic regional disparities for 2011-2013 is coordinated by the Ministry of the Interior that submits an annual report on the attainment of indicators to the Government of the Republic of Lithuania in March every year and, having regard to

	comments on the report put forward by the Government of the Republic of Lithuania, takes steps to ensure the timely implementation of the indicators of respective measures.			
Q2	Q2 A	Q2 B	Which further measures need to be taken in order to solve these recurrent problems?	When will the situation return to normal?
Q3	Agri-environmental commitments Eligibility of beneficiaries Procurement rules Calculation of early retirement support			
Q4	<input checked="" type="checkbox"/> YES As the managing authority, the Ministry of Finance, with a view to ensuring that management checks are performed properly and on time, has drawn up national legal provisions laying down a detailed procedure for the verification of payment requests and public procurement documents submitted by project promoters and for carrying out on-the-spot checks, and has approved a sample public procurement checklist and payment request checklist (Project Administration and Financing Rules approved by Resolution No 1443 of the Government of the Republic of Lithuania of 19 December 2007 approving the Project Administration and Financing Rules and Order No 1K-066 of the Minister for Finance of the Republic of Lithuania of 20 February 2008 on the implementation of the Project Administration and Financing Rules ('Order No 1K-066')). The sample public procurement checklist is used to check whether the public procurement method selected by the project promoter, the information on the public procurement, the information presented in the public procurement documents, the evaluation of the bids submitted for the public procurement procedure and other procedures relating to the public procurement are compatible with the requirements of the Law of the Republic of Lithuania on public procurement and its implementing legislation. The sample payment request checklist is used to check whether the expenditure is incurred during the eligible period, relates directly to project activities and is necessary for implementing them, whether all required statutory accounting documents have been submitted to justify the expenditure and whether it has been demonstrated that the expenditure declared as eligible is justified by supporting documents showing the supply of goods, the provision of services or the completion of works and to check the compatibility of the expenditure with the eligibility requirements laid down in legislation.			

With a view to improving management checks and enhancing their efficiency, the Project Administration and Financing Rules were amended in 2013 and 2014 to include requirements for control of public procurements by intermediate bodies (e.g. stipulating that it must be ascertained whether the public procurement procedure covers the procurement of the goods, works and services to be procured with the project funds; whether the public procurement method opted for is compatible with the requirements of the Law of the Republic of Lithuania on public procurement and its implementing legislation; whether the information provided on the public procurement is compatible with the requirements of the Law of the Republic of Lithuania on public procurement and its implementing legislation, etc.).

Amendments were also made to the sample public procurement checklist and payment request checklist approved by Order No 1K-066 and used by the implementing authority to check project promoters' public procurement documents and payment requests. The sample public procurement checklist now has new sections for indicating the number of a procurement-related irregularity identified by another intermediate body. This is a way to better ensure that the same irregularity is not subject to several corrections and to make sure, when approving a public procurement, that the public procurement has not been checked by another implementing authority and that it has not detected an irregularity in that public procurement. The sample payment request checklist now contains new questions to ensure that the financial correction relating to an irregularity is applied properly (it requires a check to be carried out on whether the amount of eligible expenditure relating to an ongoing public procurement contract has been reduced accordingly by the (percentage) share corresponding to the irregularity as indicated in the relevant decision).

Please also be advised that, in accordance with the risk analysis conclusions, the Ministry of Finance, as the managing authority, continually supervises and controls the implementation of tasks delegated to intermediate bodies. Risk management measures are implemented in accordance with implementation plans for risk management measures approved by the managing authority. These measures relate to the functions performed by intermediate bodies: review of the progress, results and quality of investigations of irregularities conducted by intermediate bodies and evaluation of on-the-spot checks on projects by intermediate bodies in the presence of representatives of the intermediate bodies, during which new legal requirements are presented to the representatives and the performance of the functions entrusted to the bodies is discussed.

Having regard to any discrepancies concerning the evaluation of state aid in implementing projects, the managing authority regularly organises state aid training for intermediate bodies for the sake of professional development of intermediate bodies in the field of state aid.

Specific areas of public intervention (energy, business, research, transport and communications and culture) have been analysed in greater detail as of 2014, grouping the participating authorities by measures they administrate. Training is particularly important to ensure optimal planning for measures of the operational programme and to eliminate any risk of unlawful state aid in implementing the measures of the financing period of 2014-2020.

	<p>The administration of the EU funds in 2014-2020 will involve the Competition Council of the Republic of Lithuania that will provide consultations to the authorities and project promoters in matters of competition policies and state aid and conduct expert evaluations of state aid projects.</p> <p>In accordance with paragraph 5.3 of the Rules for the distribution of responsibilities and functions among the authorities the development of the EU structural assistance management and control system and the supervision of its functioning (as well as the drafting of amendments to legislation regulating the Strategy for the use of the European Union structural assistance in Lithuania in 2007-2013 approved by Decision No C(2007)1808 of the European Commission of 26 April 2007 and the administration and financing of operational programmes and the submission of these amendments for approval to the Government of the Republic of Lithuania and the submission of clarifying documents and methodological guidance and other explanations as to their application) and the improvement thereof are the responsibility of the managing authority. In accordance with the provisions of paragraph 5.7.7 of the said Rules, the managing authority ensures that the certifying authority receives all required information on expenditure-related procedures and checks conducted in the course of approval.</p> <p>The certifying authority, exercising the right stipulated in paragraph 70 of the Rules for the administration and financing of operational programmes approved by Resolution No 1225 of the Government of the Republic of Lithuania of 12 November 2008 and taking into account any information available on irregularities detected and not eliminated, the results of its checks and the audit observations and recommendations given by the audit authority, the ECA and the European Commission, deducts (reduces) certain expenditure and/or does not declare it if it cannot confirm that the expenditure is eligible for declaring to the European Commission.</p>
Q5	<input checked="" type="checkbox"/> YES
Q6	<p><input checked="" type="checkbox"/> NO</p> <p>No systemic irregularities relating to public procurement when implementing projects co-financed by the EU structural funds have been detected. The steps taken to improve public procurement controls are described in the replies to Question 4.</p> <p>Moreover, as part of prevention activities concerning irregularities in the area of public procurement, the plan for the period of administering the EU structural funds of 2014-2020 includes the improvement of the Central Public Procurement Information System, which will enable intermediate bodies to control public procurement procedures conducted using the tools of the Central Public Procurement Information System. Detailed proposals concerning the customisation of the Central Public Procurement Information System to the public procurement control exercised by intermediate bodies have been submitted to the Public Procurement Office entrusted with the administration of the Central Public Procurement Information System by the Law of the Republic of Lithuania on public procurement.</p>

Q7	<input checked="" type="checkbox"/> YES <p>It should be noted that for the period of the administration of the EU funds of 2007-2013 national legislation sets out that the managing authority seeking to ensure that the certifying authority receives all required information on expenditure-related procedures and checks conducted in the course of approval provides the certifying authority with a certificate of the functioning of the EU structural assistance management and control system, the eligibility of expenditure declared in accordance with the rules laid down in EU legislation and legislation of the Republic of Lithuania and the procedures and checks conducted by the managing authority in respect of the expenditure claimed in declarations of expenditure (the form approved by Order No 1K-013 of the Minister for Finance of the Republic of Lithuania of 26 January 2009 approving the forms of the report of expenditure to be deemed declarable to the European Commission, the certificate of the functioning of the EU structural assistance management and control system, the eligibility of expenditure declared in accordance with the rules laid down in EU legislation and legislation of the Republic of Lithuania and the procedures and checks conducted by the managing authority in respect of the expenditure claimed in declarations of expenditure ('the MCS certificate')). By submitting the MCS certificate to the certifying authority the managing authority confirms that the EU structural assistance management and control system meets the requirements and that the expenditure declared to the European Commission is eligible in accordance with the eligibility requirements laid down in the legislation of the EU and of the Republic of Lithuania.</p>
Q8 a	<input checked="" type="checkbox"/> YES
Q8 b	<input checked="" type="checkbox"/>

LUXEMBOURG	
Q1 a	<p>Au niveau stratégique, les projets cofinancés doivent être en ligne avec les priorités et les objectifs du programme opérationnel et répondent à ce titre aux critères établis et approuvés par la Commission européenne.</p> <p>L'AG a établi un suivi du programme opérationnel du FSE sur base d'indicateurs clairs et objectifs. Ces indicateurs sont régulièrement mis à jour par les bénéficiaires (promoteurs des opérations) pour chaque opération. Ces indicateurs concernent le suivi financier, administratif, de réalisation et de résultat.</p> <p>Les indicateurs sont commentés dans les rapports d'exécution et analysés dans le Comité de suivi du FSE et dans les réunions</p>

	<p>annuelles avec les services de la Commission européenne.</p> <p>La fiche de candidature a été développée afin d’obtenir dès la soumission du projet une vue objective de l’apport du projet aux objectifs visés dans le programme opérationnel du FSE. Les informations transmises doivent répondre à des critères de sélection qui s’inscrivent dans les priorités et objectifs du programme opérationnel et qui ont été validés par la Commission européenne.</p> <p>La fiche de candidature est transmise avec une analyse technique, qui est basée sur des critères objectifs et raisonnables, au comité de sélection tripartite (AG, représentants des employeurs, représentants des employés) qui retient ou non la candidature.</p> <p>Les bénéficiaires mettent régulièrement à jour les informations financières, administratives et de suivi pour chaque opération moyennant une base de données pouvant traiter toutes les informations et assurant la protection des données et répondant aux critères de qualité applicables et usuels.</p>			
Q1 b	<p>Comme indiqué dans la question 1, point a, l’AG a établi un système de suivi par des indicateurs objectifs.</p> <p>Outre les informations renseignées par les bénéficiaires dans la base de données, l’AG et le bénéficiaire (promoteur du projet) ont des comités de pilotage semestriels tout au long de la durée de vie de l’opération afin de suivre au mieux l’opération sur base d’indicateurs établis lors de sa mise en place (comité de mise en place). Ces objectifs sont facilement mesurables et en lien avec les objectifs du projet et du programme opérationnel du FSE.</p> <p>Lors des comités de pilotage sont notamment discutés :</p> <ol style="list-style-type: none"> a. l’évolution générale du projet, b. les indicateurs de suivi et de résultat, c. la consommation budgétaire par poste et les indicateurs financiers, d. le suivi des recommandations émises lors du précédent comité ou rapport de contrôle. <p>Ces deux comités permettent donc de définir et de recentrer les objectifs des opérations.</p>			
Q2	Q2 A	Q2 B	Which further measures need to be taken in order to solve these recurrent problems?	When will the situation return to normal?

Q3	Agri-environmental commitments Eligibility of beneficiaries Procurement rules Calculation of early retirement support			
Q4	<input checked="" type="checkbox"/> YES Réunions de travail avec les bénéficiaires, élaboration de lignes de conduite, renforcement des contrôles L'AG du FSE effectue des contrôles à 100% sur pièce et sur place avant de transmettre une demande de paiement à la Commission européenne. Aussi ces contrôles sont aussi basés sur une liste des points à contrôler. En outre, lors du comité de mise en place des opérations (cf. question 1 de l'annexe III), l'assistance technique du FSE analyse les points techniques, notamment du budget, et propose des solutions afin de simplifier la gestion financière et de réduire le risque d'erreur au maximum. Lors des comités de pilotage (cf. question 1 de l'annexe III) un suivi des dépenses et des éventuelles recommandations émises par l'AG est assuré.			
Q5	<input checked="" type="checkbox"/> YES Toutefois l'AG du FSE tient à souligner que la proportionnalité n'est pas garantie eu égard aux montants mis à disposition du Grand-Duché de Luxembourg, du travail administratif que les contrôles à tous les niveaux impliquent et du faible risque d'erreur au niveau du Luxembourg.			
Q6	<input checked="" type="checkbox"/> NO Les problèmes sont ponctuels et résultent essentiellement d'une certaine méconnaissance de la vaste législation relative aux marchés publics, notamment pour les bénéficiaires de petite taille qui n'ont que peu d'expérience dans ce domaine.			
Q7	<input checked="" type="checkbox"/> YES			

	En principe la réponse est oui. Mais il faut se demander si la charge administrative supplémentaire, notamment au niveau des États membres, est adéquate par rapport à l'éventuelle plus-value de cette obligation.
Q8 a	<input checked="" type="checkbox"/> YES
Q8 b	<input checked="" type="checkbox"/> NO
	<p>Le règlement financier de l'UE dispose en son article 59 (5) sur la gestion partagée avec les Etats membres que ceux-ci 'peuvent fournir des déclarations signées niveau approprié et basées sur les informations visées au présent paragraphe'. L'article 317 du TFUE dispose pour sa part que 'la COM exécute le budget en coopération avec les EM' (...) et que 'les EM coopèrent avec la COM pour faire en sorte que les crédits soient utilisés conformément aux principes de la bonne gestion financière. Le règlement financier prévoit les obligations de contrôle et d'audit des EM dans l'exécution du budget ainsi que les responsabilités qui en découlent'.</p> <p>Le Luxembourg a pris une part active dans les travaux du groupe interinstitutionnel sur les déclarations nationales d'assurance tout au long du premier semestre 2014. Aux côtés de très rares Etats membres présents à ces 6 réunions de travail, le Luxembourg a fait part de ses commentaires lors de l'élaboration des recommandations et du template envisagé par la Commission. De nombreuses questions restent encore ouvertes, notamment s'agissant de l'harmonisation, de l'utilisation effective d'une telle DAS par la Commission européenne dans le cadre de son propre cycle assurantiel vis-à-vis de la Cour des comptes, ou encore du champ d'application d'une DAS signée au niveau politique. Les mesures incitatives, notamment en matière d'allègement de la charge administrative, restent encore peu tangibles pour les Etats membres.</p> <p>Par conséquent le Luxembourg serait disposé à considérer l'établissement d'une telle DAS lorsque des éléments de réponse satisfaisants pourront être apportés et qu'une masse critique d'Etats membres aura fait le choix de participer à ces réflexions.</p>

MALTA	
Q1 a	The Managing Authority notes that performance criteria are part of the selection process for co-financed projects. During the project selection process marks are awarded, on the application as submitted, to those projects that best contribute to the attainment of the results as indicated in the:

	<ul style="list-style-type: none"> • Operational Programme in question; • EU 2020 objectives; • National reform programme, including country-specific recommendations; and • National priorities <p>In the case of the projects selected, the expected results of the projects are described in the Grant Agreement (signed by the Managing Authority and the Beneficiary). The Grant Agreement clearly specifies that:</p> <ul style="list-style-type: none"> • the results, indicators and targets are binding on the Beneficiary; • the Beneficiary is responsible for providing the relevant basic data and the data necessary to measure the progress of the indicators; • the Beneficiary is called upon to provide updates on the progress made towards those targets by means of the Structural Funds Database 2007-13 (national data management system) and via the Project Progress Report (PPR), and whenever it is asked to do so by the Managing Authority. <p>The project implementation is regulated in accordance with the general principles of sound financial management.</p>
<p>Q1 b</p>	<p><u>Structural Funds Database</u></p> <p>Beneficiaries are legally bound to make regular updates to their projects' performance indicators in the Structural Funds Database. The data entered into the system are used by both the division responsible for implementation and the one responsible for monitoring and evaluation within the Managing Authority to ensure that the results for the performance of each project ultimately and cumulatively achieve the performance results identified in the Operational Programmes.</p> <p><u>Project Progress Report</u></p> <p>The Managing Authority requires Beneficiaries to report on the progress of the project twice a year by submitting the said report. This report is an essential tool in measuring the progress made over a given period, particularly as regards the requirements agreed upon in the Grant Agreement. Among other things, this report includes updated information on the physical progress of the project and on the project performance indicators. These reports paint an overall picture of the project over the six-month</p>

	<p>reporting period in question and are also used to verify the data entered in the Structural Funds Database.</p> <p><u>Physical Spot Checks</u></p> <p>The model used for physical spot checks includes references to the approved project performance indicators and is used by the Managing Authority to verify and confirm that the progress of the indicators as described by the Beneficiary is actually being made.</p> <p><u>Project Progress Meetings</u></p> <p>These meetings are held regularly and focus on implementation issues, including the attainment of performance indicators as established in the Grant Agreement. At these meetings, which take a more focussed approach, specific projects are discussed at length and recommendations are given on the implementation of the project. During these meetings, problems that might be hampering the progress of the project are raised and discussed. Apart from representatives of the Managing Authority, these meetings are also attended by representatives of bodies directly involved in the implementation of the Structural Funds</p>			
Q2	Q2 A	Q2 B	Which further measures need to be taken in order to solve these recurrent problems?	When will the situation return to normal?
Q3	<p>Agri-environmental commitments</p> <p>Eligibility of beneficiaries</p> <p>Procurement rules</p> <p>Calculation of early retirement support</p>			
Q4	<p><input checked="" type="checkbox"/> YES</p> <p>The Managing Authority regularly reviews and updates its verification model, particularly when it encounters cases where there is room for improvement in the project implementation process. This is also done to strengthen the internal control system. Furthermore, the Manual of Procedures drawn up by the Managing Authority is also updated to strengthen the procedures adopted by the different bodies involved in the implementation of the Structural Funds with a view to reducing the financial penalties imposed following the certification of expenditure. During the training exercise organised by the Managing Authority for both its own employees and employees of the different bodies involved in the implementation of the Structural Funds, reference is made to</p>			

	<p>recommendations drawn from past controls and verifications in order to avoid similar shortcomings in future. A similar training exercise takes place each year for all officials. In addition, after the Commission sent a notification letter in April 2014 — prior to the interruption of the aid scheme under the ERDF, which was being administered by a private Intermediary Body — the Managing Authority, together with the Verification Authority, reviewed the management and control system to ensure that the shortcomings identified would not recur in future.</p>
Q5	<input checked="" type="checkbox"/> YES
Q6	<p><input checked="" type="checkbox"/> NO</p> <p>Even though occasional public procurement procedure breaches have been identified, these are not considered to be systematic in nature. It must be noted that in relation to projects co-financed out of European Funds, calls for tenders valued at over €47 000 are scrutinised, published and awarded by a national centralised body that regulates public procurement. The availability of this centralised body for public procurement procedures mitigates the possibility of systematic breaches. In addition, the Managing Authority has adopted a proactive approach enabling meetings to be organised on a regular basis with the national centralised body that regulates public procurement to discuss shortcomings identified during the control procedure by the Managing Authority and during the project verification procedure. The Managing Authority also works alongside the national centralised body that regulates public procurement to organise regular training exercises on public procurement.</p>
Q7	<p><input checked="" type="checkbox"/> YES</p> <p>It should be noted that during the 2007-2013 Programme the Managing Authority had already adopted the procedure for making a declaration to the Certification Authority for each Application for Payment. This declaration, which is signed by the head of the Managing Authority after the conclusion of the procedure for the control of the application procedure includes, among other things, confirmation that: the amounts included in the Statement of Expenditure relate to projects approved by the Managing Authority or by a Commission Decision; no irregularities were found or if irregularities occurred the bodies concerned were all informed and the necessary corrective action was taken; the national and Community rules were followed and the expenditure included in the Statement of Expenditure is eligible. Because the Managing Authority is already implementing a system of declarations (at both Beneficiary and Managing Authority level) prevention of these irregularities has already been addressed at national level by those declarations.</p>
Q8 a	<input checked="" type="checkbox"/> YES
Q8 b	<input checked="" type="checkbox"/>

NETHERLANDS

Q1 a	The ERDF programmes (OPs) and the description of the Administrative Organisation (AO) specify how project applications are assessed and selected. Assessment criteria include: contribution to the OP, degree of innovation, quality of the business case and/or business plan, quality of the project and sustainability. Checklists are also drawn up jointly for this purpose.			
Q1 b	Beneficiaries report on the results in the progress reports. The MAs evaluate these and the AA evaluates this process.			
Q2	Q2 A	Q2 B	Which further measures need to be taken in order to solve these recurrent problems?	When will the situation return to normal?
Q3	Agri-environmental commitments <input type="checkbox"/> Yes Eligibility of beneficiaries <input type="checkbox"/> Yes Procurement rules <input type="checkbox"/> Yes Calculation of early retirement support <input type="checkbox"/> No			
Q4	<input checked="" type="checkbox"/> NO The district management authorities are responsible for optimal management controls. The Member State of the Netherlands plays a coordinating role here. The MAs are continually looking at ways of improving management controls, with the result that the error rate is well below 2%. They make their own cost-benefit analysis in this context.			
Q5	<input checked="" type="checkbox"/> YES			
Q6	<input checked="" type="checkbox"/> NO <i>We have received no indications from either the MA or the AA that there are systematic problems.</i>			

Q7	<input checked="" type="checkbox"/> YES
Q8 a	<input checked="" type="checkbox"/> YES
Q8 b	<input checked="" type="checkbox"/> YES <i>The Netherlands already issues a National Declaration.</i>

POLAND	
Q1 a	<p>Rural Development Programme: Weighted criteria for selecting operations were determined as part of investment measures implemented under the Rural Development Programme 2007–2013. The criteria concerned were determined at the level of regulations on the detailed terms and procedure for the award of financial aid under specific measures. The application of the selection criteria is to ensure that projects most likely to contribute to the achievement of the objectives and results set out in the Rural Development Programme are chosen for funding.</p> <p>Under the Rural Development Programme 2014–2020, projects are also to be chosen by applying the selection criteria. The rules for determining the selection criteria were set out in the Programme. These criteria will be set in consultation with the Monitoring Committee.</p> <p>Operational Programme Infrastructure and Environment: The authorities involved in the implementation of the Operational Programme Infrastructure and Environment developed a project selection system. Before being approved for EU support, every project must be assessed according to criteria adopted by the Monitoring Committee of the Programme. From among these criteria, one of the most important criteria for admitting a project for implementation is compliance of the project with the Programme. In order for any EU-funded project to receive support, it must be demonstrated that the project will contribute to the achievement of the results of the Programme. Furthermore, effectiveness criteria are to be applied under many measures. The criteria favour projects with the highest cost-efficiency and the most reasonable level of expenditure incurred. It should also be noted that, apart from output indicators, result indicators are also to be achieved by projects. Their aim is to quantify the results of actions taken.</p> <p>European Territorial Cooperation (ETC): In ETC programmes, the results and indicators to be achieved by projects are verified when examining applications for funding and subsequently monitored throughout the period of implementation of projects. Projects selected for funding ensure the best expenditure-to-results ratio and address the current social and economic needs of the border area. Also upon completion of projects it is verified if they have achieved the intended indicators. In the case of</p>

programmes it is also analysed if the expected performance level has been achieved.

Regional Operational Programme for the Opolskie Province: As part of the project selection procedure, the Managing Authority of the Regional Operational Programme for the Opolskie Province 2007–2013 assesses the application for funding under a competition procedure, verifying if project assumptions are consistent with the intended level of performance determined by the Monitoring Committee. Thus, project result indicators (direct impact on the environment), including the financial result, are the key factors determining if the application for funding is approved for implementation and EU funding or not.

Regional Operational Programme for the Pomorskie Province: The Managing Authority of the Regional Operational Programme for the Pomorskie Province ensures that performance is a key element in the use of EU funds by:

- verifying compliance of the project with strategic documents when examining the application for funding,
- analysing the expected contribution of the undertaking into the implementation of the development strategy (including the development strategy for the province),
- applying output and result indicators, which ensure that projects are correctly implemented and effective, and at the same time monitoring the extent to which the indicators have been achieved,
- monitoring compliance by beneficiaries with obligations under the programme documentation and agreements for funding when implementing projects and during their durability period.

Regional Operational Programme for the Mazowieckie Province: Performance-orientation in the use of EU funds is ensured through the assessment of project eligibility when selecting projects for funding, which involves examining if the presented project falls within the material scope of the measure of the operational programme and may receive funding under the Regional Operational Programme for the Mazowieckie Province. Project eligibility criteria cover, inter alia, output and result indicators.

Regional Operational Programme for the Lubuskie Province: Beneficiaries implementing projects under the Regional Operational Programme for the Lubuskie Province are to achieve, inter alia, result indicators, which show the direct results of implemented undertakings. In accordance with the agreement for funding, Beneficiaries must achieve the intended result indicators within 1 year after the project is implemented. Progress in the actual implementation of the project and the results achieved are monitored both when applications for payment are submitted and during the durability period of the project. In addition, the accuracy of the values presented by Beneficiaries is verified during controls of projects carried out by the Managing Authority of the Regional Operational Programme.

Operational Programme Innovative Economy: Implementing Authorities monitor the achievement of project indicators on the basis of reports submitted by beneficiaries at least once every six months. In addition, progress in the implementation of the project, including the achievement of the intended indicators, is examined during on-the-spot checks of projects during the implementation and the durability period.

Operational Programme Human Capital: Performance-orientation is one of the main principles underpinning ESF implementation in Poland taken into account in the Operational Programme Human Capital implementation system. The main principle enabling the use of this approach in practice is the principle of proportionality set out in the guidelines on expenditure eligibility. In the light of the guidelines, beneficiaries are required to achieve the objectives and fulfil the criteria which they specified in the application. Partial achievement of the values of indicators determined for the project or failure to fulfil the criterion based on which the beneficiary received funding may result in part or all of the expenditure incurred by the beneficiary being recognised as ineligible.

When carrying out control activities, the Managing Authority of the Programme places particular emphasis on the verification of the performance of spending of EU funds, including the efficiency and reasonableness of expenditure covered with the Programme's funds. The Managing Authority constantly supervises how the Programme's funds are spent using available tools (control system under the Programme). Control activities reveal irregularities, which most frequently concern the inconsistency of projects with the detailed description of priorities under the Programme, the Guidelines on expenditure eligibility under the Operational Programme Human Capital, or the Public Procurement Law. Whenever an irregularity is found, post-control recommendations are issued and controlled entities are required to take appropriate remedial actions in order to eliminate the irregularities and deficiencies found during the control without delay. If ineligible expenditure is identified, controlled entities are requested to return funds, and in special cases the agreement for funding is terminated.

Furthermore, in order to enhance the effectiveness of controls of the performance of projects financed with the Programme's funds an additional type of controls – controls of durability (of results, operations) – was introduced into the control system. This tool is used to verify the performance of projects implemented under the Programme. Controls of the durability of operations under the Programme concern, as a rule, forms of support targeted at employment, in which the obligation to maintain investments arises from State aid rules. The above type of controls are carried out depending on the durability date, i.e. during the implementation of the project or after it has been implemented. Controls of the durability of results are, as a rule, carried out after applications for the final payment have been approved as they are aimed at verifying if the results achieved when implementing the project have been maintained. Both planned and ad hoc controls of a selected sample of projects are carried out in order to ensure the effectiveness of controls of the durability of operations and results. Depending on their specific nature, projects may be controlled at the beneficiary's registered office or at the place of provision of services. The aim is to check performance and verify the use of the Programme's funds in detail.

Q1 b

The Rural Development Programme 2007–2013 is monitored and evaluated in accordance with the applicable EU legislation and guidelines, including the Common Monitoring and Evaluation Framework (CMEF). As part of specific measures of the Rural Development Programme 2007–2013, indicators (output and result indicators) required by the CMEF as well as additional indicators determined in the Programme are monitored. The values of indicators are measured at the level of specific projects. Subsequently, project-level data are aggregated at the national level. The achievement of indicators is presented in periodic reports – semi-annual and annual – submitted by specific implementing bodies to ARiMR, and subsequently, in the form of aggregate periodic reports, submitted by ARiMR to the Ministry of Agriculture and Rural Development. In annual reports, the Managing Authority informs the European Commission about the extent to which indicators have been achieved. In accordance with EU legislation, an ex-ante evaluation of the programme was carried out and ongoing evaluation is conducted. As part of it, a mid-term evaluation was carried out in 2010. An ex-post evaluation will be carried out in 2016. Synthetic results of the ongoing evaluation are included in annual programme reports. Furthermore, evaluation reports are made publicly available on the website of the Ministry of Agriculture and Rural Development and are presented at meetings of the Monitoring Committee.

Operational Programme Infrastructure and Environment: The system for reporting and monitoring of programmes co-financed from structural funds and the Cohesion Fund in the period 2007–2013 was horizontally determined by the Authority Coordinating the National Strategic Reference Framework. Actions taken are constantly monitored throughout the lifetime of the project. On the basis of information on the material and financial progress prepared by beneficiaries on a quarterly basis, authorities responsible for verifying beneficiaries' applications for payment monitor specific projects. Furthermore, ongoing monitoring of the implementation of major projects is carried out at the level of the Managing Authority of the Operational Programme Infrastructure and Environment. As part of the monitoring and reporting system, the Managing Authority of the Programme prepares information on the implementation of the programme on a quarterly basis and prepares analytical materials in the form of periodic (semi-annual) reports and annual reports submitted to the Commission. In addition, the Managing Authority of the Programme monitors the implementation status of the programme on a monthly basis, which includes analysing information about performance indicators (output and result indicators) achieved when implementing projects. After projects have been implemented, beneficiaries prepare reports on the results achieved, in which they gather data on the results of investments. The system for monitoring results is supported by programme evaluation activities. Evaluation research conducted makes it possible, inter alia, to better identify the results of implemented interventions, explain the related mechanisms and conduct a broadly understood assessment of the quality of both the actions taken and the outcomes.

Regional Operational Programme for the Pomorskie Province: The Managing Authority of the Regional Operational Programme for the Pomorskie Province controls projects funded under the Programme in accordance with Article 26(1)(14) of the Act on the principles of development policy making. It also takes relevant actions aimed at monitoring the performance and progress of projects, during both their implementation and the period of durability (an on-the-spot check of every project should be carried out at least once during its lifetime). It should also be stressed that the involvement of all entities which take part in the

implementation of the programme in the data collection system is a prerequisite for an efficient and effective monitoring system. Therefore, every indicator selected by the beneficiary is monitored and relevant reporting obligations were imposed on beneficiaries. The Managing Authority of the Programme carries out coordinated and planned evaluation activities in order to monitor the performance of the Programme.

Regional Operational Programme for the Opolskie Province: The monitoring of the performance (results) of implemented projects financed by the EU budget involves: verification of mandatory reports on the result indicators achieved, which are submitted by beneficiaries one year after the completion of the project, controls to verify if investments have been correctly implemented by beneficiaries and controls of the durability of projects.

Regional Operational Programme for the Mazowieckie Province: Beneficiaries that have implemented a project, which included making the final settlement, are required to prepare and submit to the 2nd Level Intermediate Body on an annual basis a report demonstrating that the Beneficiary has fulfilled the obligation to maintain durability, achieve and maintain the objective of the project, maintain the location, ensure VAT eligibility, ensure that the project generates income, and implement post-control/audit recommendations concerning a project implemented under the Regional Operational Programme for the Mazowieckie Province 2007–2013.

Regional Operational Programme for the Lubuskie Province: The Managing Authority of the Regional Operational Programme for the Lubuskie Province prepares an evaluation research plan, on the basis of which the effectiveness and efficiency of EU-funded projects and their impact on different areas of social and economic life, inter alia, are examined.

Operational Programme Innovative Economy: Implementing Authorities monitor the achievement of project indicators on the basis of reports submitted by beneficiaries at least once every six months. In addition, progress in the implementation of the project, including the achievement of the intended indicators, is examined during on-the-spot checks of projects during the implementation and the durability period.

Operational Programme Technical Assistance: The performance of projects implemented under the Operational Programme Technical Assistance 2007 2013 is monitored using an indicator system. Correctly defined indicators which are tailored to the nature of projects, proportionate to the amount of funds awarded and, at the same time, measured in a clearly defined way enable effective verification of the achievement of the intended objectives.

Operational Programme Human Capital: The rules for monitoring the results of the programme, including specific projects, are set out in the Reporting System Rules of the Operational Programme Human Capital. The document specifies programme monitoring levels (from project, through Measure and Priority to Programme), the scope of responsibility of the authorities

involved in the implementation of the programme and deadlines for preparing reports (at specific levels). The monitoring system developed is hierarchical in nature, i.e. information is aggregated from the project participant level (by the beneficiary) up to the programme level (Managing Authority). Such a structure contributes to an increase in the quality of data on effects at specific implementation levels as presentation of results at the level concerned depends on the confirmation of the accuracy of data aggregated at the lower level.

An essential element increasing the usefulness of the monitoring data is the combining (as part of reports prepared by the Managing Authority) of information on the actual progress (products, results of the Programme) with information on the use of allocations (financial data) and the results of evaluation research. By combining these three types of information, it is possible to provide adequate management information for more efficient management of the operational programme, in particular for identification of potential risks as well as the possibilities and the necessity for reallocating funds. At the same time, for the purpose of efficient management of the programme, current information on the progress in the implementation of the programme is presented at every meeting of the Monitoring Committee of the Programme, which allows for a more thorough analysis and assessment of performance.

One of the mechanisms for monitoring the performance of projects and the programme itself is also verification of compliance with the above-mentioned principle of proportionality.

In addition, control activities, inter alia, are carried out in order to monitor the funds spent under the Programme. In accordance with the control system under the Operational Programme Human Capital 2007–2013, control activities are carried out by the Managing Authority, 1st Level Intermediate Bodies and 2nd Level Intermediate Bodies. The activities are broken down into three types of controls: system controls, controls of projects and controls to verify if Annual Technical Assistance Action Plans have been correctly implemented. Using available measures (the above-mentioned types of controls), the Managing Authority of the Programme verifies if the beneficiary has complied with national legislation directly related to Community regulations on the use of structural funds' resources, i.e. public procurement rules, State aid rules and public finance rules. Furthermore, the applicable Rules for controls under the Operational Programme Human Capital enable the use of additional control tools, i.e. monitoring visits, ad hoc controls and controls of durability, which are used to monitor if EU funds have been correctly spent. At the same time, the Managing Authority of the Programme constantly monitors the results of controls carried out by other authorities conducting control activities under the Programme, including authorities to which it delegated some of its tasks.

<p>Q2</p>	<p>In the above-mentioned Member States, the Court found systematic weaknesses in the national Land Parcel Identification System (LPIS) which stemmed either from incorrect assessment of the eligible land in LPIS databases (examples of payments for overstated eligible land cf. box 3.1), or from incorrect recording in the LPIS databases (inaccuracies cf. box 3.4).</p> <p>Since 2009, Poland has been consistently and gradually reorganising the method for updating LPIS data. The main change was the introduction in the production system of on-line reference database updates by ARiMR specialists by means of a dedicated GIS IT tool. Since 2009, the Polish authorities have been gradually moving away from employing external companies to update LPIS data (<i>they were previously selected on the basis of agreements concluded under the Public Procurement Law</i>). All vector layers in the LPIS system are maintained and updated in a newly created IT system for GIS data, namely the Spatial Information System (PZSIP), which is a subsystem of the Integrated Administration and Control System (ZSZIK). The system is operated by Agency's specialists. Using the GIS IT system (PZSIP), orthophotomaps updated every three years (<i>changed introduced in 2009</i>), results of on-the-spot checks, results of administrative controls and information provided by farmers by means of graphical materials attached to applications for payment (in paper form or via the Internet), the specialists update areas eligible for payments (registration and farming area (powierzchnia ewidencyjno-gospodarcza, PEG)). The solutions implemented make it possible to update LPIS data on-line on an ongoing basis and determine eligible PEG directly in the LPIS system for the purposes of administrative controls of all types of payments. Full vector identification of declared agricultural parcels as part of PEG and direct access to all information necessary for updating areas eligible for payments (PEG) are also ensured. In addition, they make it possible to introduce into the LPIS system all geometries of reference parcels declared by farmers in the claim year concerned (if there are no such geometries).</p> <p>As regards the LPIS-related irregularity found by the Court of Auditors in 2013, it is not true that the irregularity is systemic in nature (cf. the findings related to transaction 13P1147 PF5911). In the case of beneficiary No 057290533, the Polish authorities explained that the area of 7.38 ha determined during the ECA mission was incorrectly established as the Court of Auditors' services recognised a part of a parcel flooded in 2013 as ineligible for payment in 2012. The flooding was an exceptional circumstance and the farmer reported it one month before the control visit.</p> <p>LPIS data have now been modified on the basis of the results of an on-the-spot check carried out during the ECA mission.</p>			
<p>Q2</p>	<p>Q2 A</p>	<p>Q2 B</p>	<p>Which further measures need to be taken in order to solve these recurrent problems?</p>	<p>When will the situation return to normal?</p>
	<p><input checked="" type="checkbox"/> YES</p>	<p><input checked="" type="checkbox"/> YES</p>		

<p>Q3</p>	<p>Agri-environmental commitments <input type="checkbox"/> Yes Eligibility of beneficiaries <input type="checkbox"/> Yes Procurement rules <input type="checkbox"/> Yes Calculation of early retirement support <input type="checkbox"/> Yes</p> <p>As regards the ineligibility of support for early retirement, the Polish authorities do not agree with the ECA and the Commission that the implementation of the measure ‘Structural pensions’ involved a fraud or another illegal activity detrimental to the financial interests of the Union. Therefore, Poland submitted relevant clarifications in this matter as part of the Commission’s investigation procedure RD3/2014/008/PL, as well as in the reply to the ECA’s findings as part of financial control EFRROW PF 5633 (DAS 2013). Nevertheless, the Polish authorities initiated work to amend current legislation by imposing on ARiMR the obligation to notify beneficiaries of structural pensions that they are required to apply for pension.</p> <p>As regards remedial actions taken, by letter of 15 September 2014 (Ref. No Ffp.443-79/14/3475) Poland submitted to the European Commission the National remedial and preventive action plan on error rate. The national action plan contains information on preventive and remedial actions in connection with errors made, as well as error rates to be used to monitor the results of the preventive and remedial actions taken. The aim of the national action plan on error rate is to minimise the number of errors identified during controls by, <i>inter alia</i>, the European Commission or the European Court of Auditors by introducing appropriate preventive and remedial measures and by monitoring their effectiveness. The error rates specified in the plan should be used for monitoring purposes.</p>
<p>Q4</p>	<p><input checked="" type="checkbox"/> YES</p> <p>Regional Operational Programme for the Opolskie Province: The Managing Authority of the Regional Operational Programme for the Opolskie Province 2007–2013 implemented control mechanisms (<i>inter alia</i>, verification of expenditure, monitoring visits and on-the-spot checks) in order to ensure that sufficient information is available to prevent and, if necessary, detect and correct errors before certifying expenditure to the Commission.</p> <p>Regional Operational Programme for the Pomorskie Province: Ex-ante controls of public contracts, i.e. controls in the area in which most errors occur, are a measure designed to improve controls of management systems and to enhance the effectiveness of controls carried out before certifying expenditure to the Commission. Failure to comply with recommendations issued by the controlling authority under this procedure may result in expenditure incurred under the agreement being recognised as ineligible. If there are any doubts as to the reliability of submitted documents concerning public contracts, a control of documentation may be carried out at the beneficiary’s registered office or on-the-spot. Ex-ante controls enable verification of measures taken before their implementation, which makes such controls an optimal tool.</p>

European Territorial Cooperation: Mechanisms for verifying if management and control systems in place are sufficiently effective have been implemented in ETC programmes. System audits and audits of operations are carried out by the Audit Authority, system controls are carried out at 1st Level Auditors and at Joint Technical Secretariats, and the applied methods for selecting samples of expenditure and projects for controls are reviewed once a year, *inter alia*. Furthermore, employees of programme authorities take part in numerous training activities, which improve their knowledge and competence.

Regional Operational Programme for the Mazowieckie Province: System controls and verification of expenditure are carried out as part of the implementation system of the Regional Operational Programme for the Mazowieckie Province 2007–2013. The verification of expenditure covers verification of the beneficiary’s applications for payment, document-based controls of projects (e.g. as regards public contracts) and on-the-spot checks (including horizontal cross-checks with the Rural Development Programme 2007–2013 and the Operational Programme FISH 2007–2013) as well as document-based controls upon completion of projects and expenditure cross-checks with the Regional Operational Programme for the Mazowieckie Province 2007–2013.

At the same time, in order to minimise the risk of expenditure incurred in an incorrect manner, inconsistent with the rules for implementing the Programme being certified to the Commission, the Managing Authority may, as part of the expenditure certification process, verify documentation relating to certified expenditure or expenditure prepared for certification throughout the implementation of the Programme at every stage. Expenditure may also be re-verified, *inter alia*, if there are concerns that incorrectly incurred expenditure could have been certified to the Commission. Also in cases where an employee responsible for the certification of expenditure becomes aware that the beneficiary has included in the *Application for payment* expenditure which could have been incurred in breach of the rules for implementing the Programme, the employee concerned may undertake an investigation in order to reduce the risk of such expenditure being settled and approved in the application as well as to minimise the negative consequences for the beneficiary in the event that irregularities are found at a later stage (certification, internal and external controls).

Regional Operational Programme for the Lubuskie Province: As most irregularities found by the Managing Authority of the Regional Operational Programme concern the application of public procurement rules, procedures for the award of public contracts are subject to basic verification when beneficiaries submit applications for payment. In this case, the contract notice and the Terms of Reference are verified as most infringements concern errors in the description of the subject of contract and incorrectly formulated conditions for participation in the procedure. The method makes it possible to verify if the tender procedure has been correctly conducted before the expenditure concerned is settled as part of the application for payment submitted for settlement.

Management and control systems can also be improved by carrying out ad hoc controls. The decision to carry out a control is taken if information is obtained or it is suspected that irregularities/non-compliances/errors/deficiencies occurred during the implementation of the project or the system functions incorrectly due to irregularities/non-compliances/errors/deficiencies.

Operational Programme Innovative Economy: As part of the Operational Programme Innovative Economy, expenditure is controlled at the stage of examination of the application for payment and during on-the-spot checks. In addition, before expenditure is certified, the Intermediate Body and the Managing Authority check if expenditure declared by the Implementing Authority does not contain incorrect amounts resulting from the findings of project controls (controls carried out by the Implementing Authority, the Public Procurement Office, the Treasury Control Office (Urząd Kontroli Skarbowej), the Supreme Audit Office, the European Court of Auditors and the Commission).

Managing Authority of the Operational Programme Human Capital: The Managing Authority of the Operational Programme Human Capital carries out control activities on the basis of the Rules for controls under the Operational Programme Human Capital. The aim of the activities is to verify the correctness, efficiency and lawfulness of procedures and of the management and control system of the Programme at the institution concerned. To this end, the Managing Authority of the Programme carries out system controls at all subordinate institutions to which it delegated some of its tasks. System controls cover controls of documentation and on-the-spot checks. As regards on-the-spot checks of projects, it should be stressed that at least 30 % of the most risky projects implemented in the year concerned under the Measure, selected on the basis of a risk analysis are controlled. Currently used tools guarantee high efficiency and effectiveness of the control system.

Nevertheless, in order to increase the efficiency of control activities, the Managing Authority of the Programme updates the Rules for controls under the Operational Programme Human Capital and the Guidelines on expenditure eligibility under the Operational Programme Human Capital on an ongoing basis, which includes, *inter alia*, modifying the scope of controls and model checklists. Furthermore, the Managing Authority of the Programme organises control working groups, to which it provides current information on the management and control system under the Programme. Verification of the correctness of application of procedures and of compliance with the agreement carried out at the Controlled Entity's registered office is preceded by an ongoing analysis of documentation and by preparatory activities carried out before the actual control of the management and control system.

Certifying Authority: In accordance with the scope of tasks specified in Article 61 of Regulation (EC) No 1083/2006, the Certifying Authority carries out verifications with a view to certifying that expenditure declared to the Commission is correct in addition to controls conducted by management and control system authorities of the operational programme concerned and by other authorised authorities. To that end, the Certifying Authority, in particular:

- verifies certificates and statements of expenditure provided by the Managing Authority/Intermediate Body,
- verifies enforcement instructions of authorities which provide certificates and statements of expenditure to the Certifying Authority,
- verifies descriptions of management and control systems,

	<ul style="list-style-type: none"> • analyses and takes into account in the certification process results of system controls/audits and controls/audits of projects carried out under the operational programme concerned by authorised authorities, including the European Court of Auditors, the Commission and the Audit Authority, • analyses and takes into account in the certification process information on irregularities found during the implementation of the operational programme concerned, • analyses control plans of managing authorities of specific operational programmes, • carries out its own controls. <p>The solutions adopted provide reasonable assurance that expenditure declared to the Commission is correct.</p>
<p>Q5</p>	<p><input checked="" type="checkbox"/> YES</p>
<p>Q6</p>	<p><input checked="" type="checkbox"/> YES</p> <p>It was proposed that a definition of ‘abnormally low price’ be introduced in the Public Procurement Law and that a method for determining such price and a detailed procedure for determining if the offered price is not abnormally low compared to the subject of contract be established. It was also requested that requirements binding on public entities determining the economic and financial situation of the contractor to be fulfilled in order to submit a tender be introduced with a view to ensuring that the contractor is able to implement investments under the financial conditions laid down in the agreement. The mechanism introduced should make it possible to exclude from tender procedures companies which do not have adequate financial resources and do not operate in a reasonable manner.</p> <p>Regional Operational Programme for the Mazowieckie Province: Controls of procedures for the award of public contracts under the Regional Operational Programme for the Mazowieckie Province must make it possible to assess if supplies and services have been correctly (lawfully) purchased. However, regardless of when it is carried out, a control of public contracts is not only a control to verify if conducted procedures comply with the Act (are lawful), but also an element of a control of the project. This means that when verifying documentation, the auditor checks if a public contract has been justifiably awarded and is consistent with the scope of the project.</p> <p>The minimum scope of controls of procedures for the award of a public contract carried out by the 2nd Level Intermediate Body depends primarily on checklists attached as annexes to Enforcement Instructions of the 2nd Level Intermediate Body and must include areas of particular risk specified in the findings of audits or controls by the Commission, the Audit Authority/Treasury Control Office, the Authority Coordinating the National Strategic Reference Framework, the Authority Coordinating Regional Operational Programmes, the Intermediate Body for Certification and the Supreme Audit Office, as well as correspondence with the above-mentioned institutions (in the case of ex-ante controls referred to below – to the extent that can be controlled as at the</p>

date of a control).

The 2nd Level Intermediate Body is required to update checklists on an ongoing basis so that they reflect all significant changes in Community law or national law, as well as the expectations of the above-mentioned institutions regarding areas to be controlled.

Controls of procedures for the award of a public contract under the Regional Operational Programme for the Mazowieckie Province may take the following forms:

1. before the agreement for funding is signed – ex-post controls,
2. after the agreement for funding is signed – ex-ante and ex-post controls.

External experts who ensure appropriate substantive support may also be involved in controls of procedures for the award of a public contract. The controlling entity decides if an expert can be involved in a control or not. Before initiating control activities, every expert must sign a Declaration of Impartiality.

European Territorial Cooperation: As regards ETC programmes implemented in Poland, ex-post controls of every public contract as part of which expenditure subsequently presented for refund has been incurred must be carried out. Ex-ante verification of procedures before the publication of the contract notice is also carried out. Furthermore, control services raise their qualifications during specialist training activities.

Regional Operational Programme for the Pomorskie Province: Many beneficiaries are still finding it difficult to correctly apply public procurement rules in view of the particular complexity of this area of EU legislation.

Measures taken by the Member State to eliminate these problems include ex-ante controls of tender documentation, correspondence with beneficiaries, the strengthening of beneficiaries' legal awareness through training activities, the creation of thematic websites, or publications on the results of controls carried out by the President of the Public Procurement Office.

Operational Programme Technical Assistance: As regards the above area, during the implementation of the Operational Programme Technical Assistance 2007–2013 there emerged the problem of lack of legal standards determining the procedure for incurring public expenditure below the threshold for application of the Public Procurement Law. For this reason, the rules for awarding contracts excluded from the application of the Public Procurement Law were laid down in the Guidelines on the use of technical assistance.

Q7	<input checked="" type="checkbox"/> YES
Q8 a	<input checked="" type="checkbox"/> NO
Q8 b	<input checked="" type="checkbox"/> NO

PORTUGAL	
Q1 a	
Q1 b	<p>Regulatory Law No 84-A/2007 of 10 December 2007 which sets out the general regime for ESF application provides for the existence of an information system – the FSE Integrated Information System. This is the support instrument for the management, certification, recording of financial flows, control, monitoring, assessment and physical and financial checking of operations with ESF backing.</p> <p>It was the responsibility of the European Social Fund Management Institute, IP and is now the responsibility of the Development and Cohesion Agency I.P., which replaced it, in accordance with Articles 17 and 18 of Decree-Law No 140/2013 of 18 October 2013, to provide and maintain up to date the system for sound information and debt to the ESF with regard to the entities applying for aid or supported by the ESF (facts which disbar or limit access to ESF support and which determine the good standing of entities applying for aid and, as such, the degree of risk they present, are set out in Article 17(1)(d) and 3 to 5 of Regulatory Law No 84-A/2007).</p> <p>This system uses a database which contains historical information on the good standing and debt of all entities which benefit from ESF aid, reflecting, in a coded manner, their performance in the use of such aid.</p> <p>This information, recorded on the FSE Integrated Information System in code, reflects the entity’s degree of risk. Access and control exercised over the entity (both in relation to checks conducted by the Management Authority and in audits carried out by the Audit Authority) will vary depending on the code given to the said entity, depending on the risk the entity represents due to</p>

	<p>its past performance in the use of aid.</p> <p>Before approving applications, Management Authorities are required to obtain information on applicants' good standing and possible existence of debts from the Development and Cohesion Agency I.P. This includes information on associate and partner entities in joint training applications and for applications submitted as a partnership to the ESF.</p> <p>The collation and processing of information on good standing and debt, as performance indicators for entities benefiting from ESF support (which condition access and control of EU fund use), is without doubt one of the methods adopted by Portuguese authorities to ensure that the past performance of beneficiary entities is one of the key elements in the sequencing and approval of applications and, consequently, in the use of EU funds.</p> <p>It should be noted that the reinforcement and extension of this analysis to all FEEI has now been implemented for the new programming period, as set out in Article 14 of Decree-Law No 159/2014 of 27 October 2014.</p>			
Q2	Q2 A	Q2 B	Which further measures need to be taken in order to solve these recurrent problems?	When will the situation return to normal?
Q3	<p>Agri-environmental commitments <input type="checkbox"/> Yes</p> <p>Eligibility of beneficiaries <input type="checkbox"/> Yes</p> <p>Procurement rules</p> <p>Calculation of early retirement support</p>			
Q4	<p><input checked="" type="checkbox"/> NO</p> <p>The way this question is asked is considered to be quite vague and does not specifically point to an effective or quantified error. Therefore, no guidelines or specific rules were issued to the Management Authorities.</p> <p>As such, it is considered that, on one hand, this reply is negative, while on the other hand, it is included in the NSRF National Control System. This system is reviewed and validated every year by the Audit Authority (IGF) and the European Commission. It should be noted that this system is classified as suitable, complying with the aims for which it was implemented.</p>			
Q5	<p><input checked="" type="checkbox"/> YES</p>			

Q6	<input checked="" type="checkbox"/> YES Action plans were drawn up to overcome the shortcomings detected through the delimiting and quantification of the overall error. The value established was duly removed from the amounts certified to the Commission.
Q7	<input checked="" type="checkbox"/> YES
Q8 a	<input checked="" type="checkbox"/>
Q8 b	<input checked="" type="checkbox"/>

ROMANIA

Q1 a	<p><i>Reply of AMPNDR</i> According to the provisions of the National Rural Development Programme 2007–2013, in case of the investment measures, the projects submitted during a session for submitting projects are subject to a selection process in order to only grant funding to projects which correspond to the priorities laid down in the Programme and meet as fully as possible the actual needs of the Romanian rural areas, and also fall within the financial ceiling established for the respective session. For this purpose, the information sheets of the measures were completed with selection criteria ensuring the proper implementation of the measure objectives.</p> <p>The Managing Authority together with the Monitoring Committee established a maximum number of sessions that may be organised each year for each measure, as well as the available funds to be allocated in the corresponding year.</p> <p>Furthermore, Managing Authority together with the Monitoring Committee defined the scorings depending on the evolution of the programme, and established the scorings for the selection criteria corresponding to each measure, with a view to meet the proposed objectives of the programme for rural development.</p> <p><i>Reply of APIA</i> The performance of the community fund management system is an essential element, which is permanently taken into consideration by the Romanian authorities. For this purpose, APIA developed a series of plans for monitoring and reducing the reported shortcomings, based on which the national rural development programme and the national legislation has been modified and the information systems used have been updated.</p>
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	<p>Reply of AM POSDRU: In the process of evaluation and selection of applications for funding submitted by the potential beneficiaries during the Calls for proposals announced for the key intervention areas of POSDRU, the minimum score established by AMPOSDRU for each evaluation criterion is 70 %. Thus, the aim of the evaluation and selection process is looking for project proposals where the justification of relevance, feasibility/effectiveness, sustainability and cost-benefit ratio obtains at least 70 % of the defined scoring for each separate criterion, thus ensuring a high level of quality of the projects funded by European Social Fund through POSDRU.</p> <p>Reply of AM POSCCE: Through the evaluation and selection grid, where each evaluation criterion is assigned a score depending on the economic field/new value created/level of innovation, only projects obtaining a score above 60 shall be funded. Thus, AM ensures that the best-performing projects receive funding.</p> <p>Reply of AM POAT: During the selection of projects to be funded by POAT, besides aspects related to the contribution of the project to the achievement of the general objective and the specific objectives of the programme, also financial data related to effectiveness is taken into account, such as: the justification of the need to implement the project, clearly defined activities, relation between the expected activities and results/output, correlation of indicators with project activities and results.</p>
<p>Q1 b</p>	<p>Reply of AMPNDR The monitoring and evaluation of projects funded from EAFRD for the period 2007–2013, have been carried out in line with the Common Monitoring and Evaluation Framework (CMEF). The monitoring and evaluation system of PNDR monitors the evolution in time of the implementation of the project based on the established indicators. In order to measure the progress, effectiveness and efficiency of the Programme with regards to the objectives thereof and the basic situation, achievement, result and impact indicators were established in the information sheets of the measures. The indicators were established for each level of the hierarchy of objectives based on the set of common indicators contained in the Common Monitoring and Evaluation Framework (CMEF). This set was supplemented with additional indicators specific to the Programme or to the priorities identified at national level. Moreover, the evolution of the programme is monitored by means of weekly/monthly/annual/ad-hoc reports, which provide a real-time image of the implementation of measures, allowing the responsible authorities to improve, and as appropriate, impose certain recovery measures during the course of the implementation.</p> <p>Reply of AFIR: Reaching the specific indicators from the Common Monitoring and Evaluation Framework.</p> <p>Reply of APIA As we have already noted above, APIA permanently takes into consideration the performance of the EU fund management system. In this respect, a series of plans for monitoring and reducing the reported shortcomings were developed, based on which the</p>

	<p>national rural development programme and the national legislation has been modified, but also the information systems used have been updated.</p> <p>Reply of AM POSDRU: Through the midterm and ad-hoc evaluations carried out at POSDRU level, the performance analysis of the operational programme from the perspective of the achievement of the undertaken indicators and objectives (general and specific) is carried out both at the level of each Priority Axis and Key Area of Intervention, and globally, at the level of the entire programme.</p> <p>Furthermore, within the meetings of the POSDRU Monitoring Committee are analysed the issues emerged during the implementation of the operational programme, and decisions are made concerning proposals for measures aimed at resolving these issues as well as concerning the improvement of the implementation of the programme, submitted by AMPOSDRU/members of CM POSDRU. The decisions made during the CM POSDRU meetings are being monitored and subsequently reported to CM POSDRU and EC members by means of the document entitled State of completion of decisions of CM POSDRU. Furthermore, the reports and analyses drawn up within the department responsible for the monitoring and reporting at the level of programmes within DG AMPOSDRU are real elements of support in the decision-making process.</p> <p>Reply of AM POSCCE: Programme evaluations were carried out in order to analyse the performance/level of attractiveness for each operation/call, and based on the results thereof, the Guidelines to grant applicants and the evaluation and selection grids have been improved.</p> <p>In addition, the Monitoring Committees analysed the issues concerning implementation and agreed on measures for unblocking/enhancing the progress/ performance of the programme.</p> <p>Reply of AM POAT: The monitoring of the performance of the programme is carried out through the analysis of the programme indicators and of the results obtained within the technical assistance projects in terms of the contribution to the improvement of the co-ordination, management and control capacity of IS. Thus, in the annual implementation report, although the standard format did not expressly demanded it, a chapter was inserted on the measures carried out regarding the co-ordination of the structural instruments and of the way in which POAT supported the putting into practice of some of these measures. Also, these annual implementation reports include qualitative data on the projects funded.</p> <p>Furthermore, during each biannual meeting of the Monitoring Committee, qualitative data on the projects funded are presented.</p>			
Q2	Q2 A	Q2 B	Which further measures need to be taken in order to solve these recurrent problems?	When will the situation return to normal?

	<input checked="" type="checkbox"/> YES	<input checked="" type="checkbox"/> YES	Providing the required funding for acquiring new orthoimages, as well as funding for employing additional staff, and for ensuring the wages and training thereof.	
Q3	Agri-environmental commitments <input type="checkbox"/> Yes Eligibility of beneficiaries <input type="checkbox"/> Yes Procurement rules <input type="checkbox"/> Yes Calculation of early retirement support <input type="checkbox"/> Yes			
Q4	<input checked="" type="checkbox"/> Reply of ACP: Yes - Within the Authority for Certification and Payment (ACP) there were launched measures for improving checks, by improving Operational Procedure No 2 – On the-spot checks. In events that the error rate corresponding to the deficiency found: is either higher than 5 % or is lower than 5 %, but there weren't identified at least 2 or 3 repetitive deficiencies by means of the Report on the performance of missions of verification and on the management letter, ACP proposes the temporary non-certification of percentages equal to the error rate defined for each type of error found, but which should not exceed 25 % of the value included in the cost statement possibly affected by irregularities. - Modification of the legal framework by means of introducing some regulations to be applied by ACP in the certification process. By Government Ordinance No 22/23.08.2012 amending and supplementing Emergency Government Ordinance No 66/2011, regarding the ascertaining and sanctioning of irregularities occurred in the obtainment and usage of European funds and/or national public funds afferent to these, published in the Official Journal of Romania No 621/29.08.2012, were included, inter alia, additional measures concerning the delay, interruption or suspension of the certification of costs, which shall be taken by the certification authority in order to protect the financial interests of the European Union and to apply Community rules (Articles 573–576).			

Reply of AFIR:

Yes X If your answer is positive, please provide examples and describe their efficacy.

The controls carried out by AFIR were explained in detail, with the extension and breakdown of the instruments for the verification of applicants, from the perspective of the creation of artificial conditions, according to the recommendations from the EC letter No D(2012)A 1787939/ 22.01.2013, by instructions No 216, 220-224, approved by means of Order of the Ministry of Agriculture and Rural Development (OMADR) No 29/25.02.2013.

As far as the verification of the reasonableness of prices is concerned, OMADR No 1752/05.11.2014, introduced the possibility of direct acquisitions using the Database of reference prices for specialised agricultural machinery and equipment, as a result of the approval thereof by means of OMADR No 1571/15.10.2014.

- Within Measure 123, 01/2012 session, due to the artificial conditions, a number of 41 projects were rejected, with a total public value of 55 430 887 euro.
- Within Measure 123 N578, 01/2012 session, due to the artificial conditions, a number of 2 projects were rejected, with a total public value of 1 860 744 euro.
- Within Measure 121, 01/ 2012 session, due to the artificial conditions, a number of 65 projects were rejected, with a total public value of 50 356 364 euro.

Reply of MFE – AMPOSDRU

Yes X În cazul unui răspuns afirmativ, vă rugăm să furnizați câteva exemple și să descrieți eficacitatea acestora

A series of measures were initiated at AM/OI POSDRU in order to improve the quality of the management checks, which included the following:

- The project budget is broken down to cost/unit/month of implementation level, while the observation thereof is duly monitored and serves as the basis for the certification of each cost from the application for reimbursement.
- The request for reimbursement of the costs is accompanied by stamped financial supporting documents entitled “I hereby request the reimbursement for ESF ID project in the amount of”, for the verification of double funding.

- The request for reimbursement of wage costs is accompanied by Annex Monthly timesheet, mentioning the number of hours worked and the time frame/day/month, for the verification of the observation of the ceiling of up to 12 hours/day/expert.
- The modality of introducing in the ActionWeb (AW) cost record system, which will allow the importing of data from AW to SMIS for the record of validated costs, which will further ensure that the data entered in SMIS are accurate, and thus, the time of verification of a request will be substantially reduced.

The technical and financial supporting documents for all costs for which reimbursement was requested by the beneficiaries are uploaded in the AW system by the beneficiaries, who shall enter information in chronological order concerning the following:

- natural persons and legal entities in relation with whom supporting and payment documents will be issued, as they emerge throughout the implementation of the project activities. The data provided will be detailed to the level of persons (implementation expert or management team), and respectively by the supplier/invoice issuer/receipt listing cost items, regardless whether there exists a contract or not.
- contracts validly concluded for which supporting documents will be issued.
- supporting documents based on which the incurred cost is undertaken in order for the implementation of the project activities.
- payment documents, which serve as a proof of payment.
- technical supporting documents/deliverables, which prove that the project activities have taken place.

The entire ActionWeb (AW) system is now developed around the concept of CORRELATION between the supporting document in which the cost is undertaken and the payment document, and the correlation verifies the amounts, in the sense that it is not possible to request the reimbursement of amounts that are higher than those listed in the supporting document which undertakes the cost.

This verification carried out by the AW system now ensures that the information entered by the beneficiary in the cost record is accurate.

The AW system enables the data entry at the level of the primary document, as detailed as possible, clearly identifiable both as a

document and as an amount in order to always provide a clear idea about the cost incurred by the beneficiary.

Another major advantage brought by the new AW system is that the beneficiary enters the following data in the system only once: natural persons/legal entities, contracts, supporting documents and payment documents; these data may be used in subsequent correlations within the same or a subsequent request for reimbursement, under the condition that, for supporting documents, these still contain unused amounts that can still be paid. The beneficiary sends a query to the system and searches in the database by typing the first letters.

Another significant advantage of the new AW system is that the beneficiary uploads to the AW system all technical and financial supporting documents. Also, there exists an annex to the only AMPOSDRU instruction, which presents the correlation between the cost category, supporting document, payment document and technical document which must be uploaded in AW, and the module in which it is uploaded.

This annex presents cost categories according to the existing sub-projects in SMIS.

To each cost category corresponds a sub-project.

Another major advantage of the system is that, by sending a query to the database, many other information can be obtained, which are useful in the cross-check process, such as: how many projects is a given natural person involved in, what type of acquisition is dominant for a beneficiary, how many projects is a given supplier involved in, etc.

On-the-spot checks will strengthen this system of administrative control. Each project will be subject to at least one on-the-spot check in each year of implementation of the project in order to verify the reality and accuracy of the information provided concerning the technical and financial implementation of the project. The final reimbursement request will be approved only after a visit is made at the premises of the beneficiary/partner, as appropriate.

Furthermore, the Ministry of European Funds amended Order No 1117/2010 on the eligibility of costs, with a view to improving it.

Reply of AM POAT:

AM POAT carries out both administrative verifications and on-the-spot checks in order to make sure that the products and services have been delivered, and that the beneficiaries have paid the price thereof and have duly kept all related documents, in accordance with the provisions of Council Regulation (EC) No 1083/2006 of 11 July 2006 laying down general provisions on the European

	<p>Regional Development Fund, the European Social Fund and the Cohesion Fund and repealing Regulation (EC) No 1260/1999.</p> <p>As far as public procurement procedures are concerned, AM cooperates with ANRMAP and UCVAP. As an example of good practice, UCVAP sends to the MA the reports of observers of the procurement procedures afferent to the projects funded from POAT. Furthermore, in what regards the checks, AM POAT requests from beneficiaries to send certified copies of the original supporting documents, which must bear the SMIS code of the project within which the cost requested to be reimbursed is cleared.</p>
Q5	<input checked="" type="checkbox"/> YES
Q6	<p><input checked="" type="checkbox"/> Among the objectives of the on-the-spot checks, carried out by ACP on the level of Managing Authorities (MA), is included also the objective related to the verification of the way in which MAs ensure the appropriate character of checks, including that regarding procurement processes corresponding to contracts included in the cost statements, especially concerning the aspects ascertained in the audit reports issued by the European Commission.</p> <p>Reply: MFE Yes X (Dacă da, descrieți măsurile adoptate.)</p> <p>Already in 2011, a series of aspects which negatively affect the process of awarding public procurement contracts were identified. The most frequent aspects among those identified fall within the category of irregularities dealt with at question 6, namely:</p> <p>1. Failure to comply with information and publication requirements (failure to observe the obligatory deadlines for the elaboration of proposals)</p> <p>Legislative measures</p> <p>In 2011, Order No 509/2011 of the National Authority for Regulating and Monitoring Public Procurement was published in the Official Journal of Romania, specifying at Article 2 that:</p> <p>“Article 2. — (1) The reduction of the deadlines for submitting proposals, afferent to open and restricted tender procedures, as a result of sending an invitation to tender, is possible only to the extent in which the conditions imposed by the law are observed and only if all minimum requirements for qualification and selection requested by the contracting authority for that specific procedure are met; these minimum requirements shall be featured in the future contract notice.</p> <p>(2) In the case of the awarding criterion “the most advantageous bid from an economic perspective”, in the content of the invitation</p>

to tender shall be listed in detail the factors of evaluation, insofar as they are known at the moment of publishing the respective notice.

(3) The reduction of the deadline is possible only if the qualification and selection criteria, as well as the criterion for the award of the contract contained in the body of the invitation to tender are also found in the contract notice”

Furthermore, clarifications were introduced with regards to the use of accelerated procedures (with reduced deadlines). The reduction of deadlines shall be accompanied by “justifications aimed at supporting the emergency situation (...)”. The emergencies invoked shall not be triggered by an action or a lack of action of the contracting authority.

In 2013, by means of Order No 543/2013 the Guide regarding the main identified risks in the field of public procurement and the recommendations of the European Commission which must be followed by the Managing Authorities and the intermediary institutions within the process of verifying public procurement procedures was adopted. The guide specifies in its Chapter I – Risks that the reduction of deadlines must be justified and shall not become a rule for the carrying out of public procurement procedures.

System-level measures

At horizontal level (for all procurement procedures, regardless of the source of funding), by means of Government Decision No 801/2011 amending Government Decision No 525/2007 on the organisation and functioning of the National Regulatory and Monitoring Authority for Public Procurement (ANRMAP), an ex-ante verification mechanism was introduced for all awarding documentations published in the Electronic System of Public Procurement (SEAP). By means of this mechanism, ANRMAP staff verifies, among other aspects, the reasons behind the reduction of deadlines, and rejects the validation of the documentation if it is not duly justified.

In the event that, following the publication of the documentation, clarifications/modifications are requested by economic operators, the observers of the Unit for the Coordination and Verification of Public Procurement (UCVAP) recommend to the contracting authorities listed in the verification sample to extend the deadline for submitting proposals. If contracting authorities fail to observe the recommendations, the procedure report will be signed with observations by the UCVAP staff.

By means of introducing the unitary lists for the verification of public procurement procedures funded within projects financed by structural instruments (Memorandum 5/4649/28.07.2011), the careful analysis of the observation of publication rules was included in the (ex-post) verifications of the Managing Authorities.

2. Failure to observe the principle of equal treatment in evaluation (incorrect application of the award criteria)

Legislative measures

The main measures for preventing this irregularity were included in ANRMAP Order No 302/2011 regarding the approval of standard forms of the minutes of the meeting for the opening of tenders and of the procedure report. The models of the two documents ensure the traceability of the evaluation process and during a verification thereof it can be determined whether a certain economic operator was favoured or not.

And by Order No 543/2013 on the approval of the Guide regarding the main identified risks in the field of public procurement (Chapter I – Risks) it was recommended that equal treatment should be ensured during the evaluation and also the main errors encountered during the contract award procedure were listed.

System-level measures

The UCVAP observers (ex-ante verification during the analysis of the bids by the evaluation committees) have their own verification list in the stage of the evaluation of bids.

By means of the unitary lists for the verification of public procurement procedures funded within projects financed by structural instruments (Memorandum 5/4649/28.07.2011), the careful analysis of the observation of publication rules was included in the (ex-post) verifications of the Managing Authorities (it is checked whether the award criterion/format of the award report is observed and the successful bid is subject to analysis).

3. The inappropriate application of the negotiation procedure without the prior publication of a contract notice (the artificial division of works between several award procedures and unjustified direct award of additional services)

Legislative measures

By amending the primary legislation (Government Emergency Ordinance No 34/2006, as subsequently amended and supplemented), in 2011 the percentage allowed for additional works was reduced (Article 122, point (i)) below the level allowed by the relevant EU directives (from 50 % to 20 %).

In the case of works contracts, public procurement legislation included the percentage for miscellaneous and unforeseen items at the level of the estimated value (changed in December 2012).

By Order No 543/2013 it was made clear when the provisions of Article 122, point (i) (additional works/services) of Government Emergency Ordinance No 34/2006 may be applied, without the need for substantially modifying the procurement contract signed.

System-level measures

UCVAP observers participate in all negotiation procedures initiated by contracting authorities acting as beneficiaries of European Union funds, and check the reasons behind the application of these procedures. In the event the contracting authority fails to respect the opinion of the observer, UCVAP notifies the competent Managing Authority.

By means of the unitary lists for the verification of public procurement procedures funded within projects financed by structural instruments, Managing Authorities closely analyse the reasons behind the choice of award procedure.

For a better understanding of the final price of works contracts, contracting authorities shall publish in SEAP the final price of the implemented works contracts. Thus, a database will be created, which will contain the final prices that will act as guiding prices in the field.

As of 2012, the National Regulatory and Monitoring Authority for Public Procurement (ANRMAP), a public institution and a legal entity under the authority of the Government responsible for the management of the public procurement system in Romania, having as its main role the drafting, promotion and implementation of the public procurement policy, and the Unit for Coordination and Verification of Public Procurement (UCVAP), a public institution under the authority of the Ministry of Public Finances, having the role of verifying the procedural aspects related to the awarding of public procurement contracts, public works concession contracts and service concessions contracts have been involved by way of signing a protocol, in all management and control systems of Operational Programmes in Romania.

Furthermore, as far as procurement procedures organised by private beneficiaries are concerned, the Ministry of European Funds issued Order No 1120/2013, as subsequently amended and supplemented, by which the principle of transparency was simplified and compliance with it was better ensured, as well as the Instruction for the application of procedural provisions of Order 1120/2013 was included in order to provide a unitary interpretation and respond to questions frequently asked by beneficiaries.

Reply of AA

No X.

	<p>The public procurement errors identified by the Audit Authority in the cost statement for 2013 and verified based on a representative sample were analysed from a qualitative and quantitative point of view, and based on the professional reasoning, taking into consideration the audit evidence obtained, these were not considered as being of systemic nature.</p> <p>The errors identified were treated according to the provisions of the COCOF 11-0041-01 Guide on the treatment of the errors presented in the annual control reports.</p> <p>Reply of MT:</p> <p>No - The errors identified were isolated cases, and it is considered that no systemic deficiencies are present in this regard.</p>
Q7	<input checked="" type="checkbox"/> YES
Q8 a	<input checked="" type="checkbox"/> YES
Q8 b	At the management level of POAT, the management declaration introduced by the new regulations corresponding to the programming period 2014–2020 is regarded as sufficient.

SLOVAKIA	
Q1 a	<p>Bearing in mind the way rules applicable to the selection of projects have been configured nationally, an emphasis is placed on selecting the most appropriate projects based on a definition of project selection rules that are aimed at determining whether a project contributes to the operational programme's objectives. Within the scope of the established and applicable rules, it is equally important that the conditions of a call for grant applications focus on clearly defined conditions safeguarding the selection of projects that contribute best to the pursuit of the operational programme's objectives.</p> <p>The specific application of the established rules is factored into the definition of clear and objective criteria for project selection under individual operational programmes, which must take into account the specificities of these various operational programmes. In relation to the 2014–2020 programming period, this objective is secured by way the operational programmes have been</p>

configured and focus on clearly defined outcomes to be achieved through specific types of activities that will be implemented in the projects supported.

Information provided for each operational programme:

A comparison of the results of the ECA audit DAS 2011 and the ECA audit DAS 2013 shows that the Operational Programme Transport managing authority improved the functioning of the Operational Programme Transport and the way the operational programme's management and control system was configured. The fact that the ECA audit DAS 2013 identified no quantifiable errors (ineligible expenditure) in the selected sample is evidence of improvement.

The managing authority of the Operational Programme Competitiveness and Economic Growth ensures this by means of a system for determining evaluation criteria, broken down into five groups representing the five main aspects according to which a project is evaluated in the expert assessment process:

- a) the appropriateness and effectiveness of the project;
- b) the method of project implementation;
- c) the budget and cost-effectiveness of the project;
- d) the applicant's administrative, professional and technical capacity;
- e) project sustainability.

Rural Development Programme managing authority: In accordance with Regulation (EU) No 1303/2013 of the European Parliament and of the Council of 17 December 2013, a performance reserve has been established to facilitate the focus on the performance and attainment of the objectives of the Union strategy for smart, sustainable and inclusive growth under the European Agricultural Fund for Rural Development. This is assigned only to programmes and priorities which have attained their milestones. Milestones are medium-term objectives directly linked to the attainment of a specific objective of a priority. Under the 2014–2020 Rural Development Programme of the Slovak Republic, performance criteria will be included in the process of selecting projects to be financed with available EU resources in order to achieve the objectives of the individual measures and priorities.

Under the Operational Programme Employment and Social Inclusion, the focus is on maximising the effectiveness of expenditure. One example of this is social inclusion projects, where, in addition to the social aspect, an emphasis is also placed on the number of jobs created under the projects.

The funds of the General Programme Solidarity and Management of Migration Flows are specifically designed so that links between the results and the financial resources cannot be applied in practice. Migration, asylum and integration is an area guided by developments in the current situation. These trends cannot be directly affected by the activities of the responsible authority or a grantee. Nevertheless, there is a considerable emphasis on project results and over several stages:

1. preparation of annual programmes – the focus of an annual programme, as a programming document, is discussed by experts in different areas, and the objectives and outcomes are determined on the basis of experts' documents so that they are as feasible as possible;
2. calls for grant applications and the application evaluation process – expert evaluations are carried out by experts, who focus on whether the individual grant applications are capable of achieving the annual programmes' objectives through the proposed measures (and financial resources);
3. project implementation monitoring – the responsible authority of the General Programme Solidarity and Management of Migration Flows monitors progress in project implementation on an ongoing basis, and guides the beneficiary so that the project results are maximised with due regard for the opportunities available under the approved project. This systematic and individual approach can be applied only because the number of projects implemented is relatively low compared with the Structural Funds. If the attainment of project objectives and results is at risk, the beneficiary has the means to influence the situation for the successful implementation of the project.

The environment in which a project is implemented is an essential factor in achieving the stated results. The environment in which projects under the funds of the General Programme Solidarity and Management of Migration Flows are implemented is highly specific, combining the presence of multiple factors with a possible negative impact on the achievement of results and objectives. This fact should be taken into account as an essential difference between shared management funds in the fields of migration, asylum and integration and the Structural Funds.

From the perspective of the Operational Programme Environment managing authority, project selection includes the monitoring, in particular, of the pursuit of the operational programme's objectives derived directly from the requirements of EU environmental legislation (the 'environmental acquis') and from Slovakia's commitments to the EU enshrined in the Treaty of Accession to the EU (e.g. in relation to water management). That focus also helps to reduce the risk of any financial sanctions imposed by the EU on Slovakia for failure to comply with those requirements or commitments, which can also be considered a benefit in the use of EU funds from the aspect of expected performance.

Q1 b

The central coordination body intensively monitors the performance of programmes and projects co-financed by the Structural Funds and the Cohesion Fund. Basic tools include regular monitoring and reporting, the results of which serve as a basis for decision-making by relevant entities. Another important instrument in Slovakia is action plans at programme level, which are implemented for operational programmes where implementation and execution have been found wanting. Action plans drawn up by the managing authority in cooperation with the certifying authority and the central coordination body identify the problem areas of each operational programme and the measures proposed to remedy the deficiencies. Action plans are then regularly monitored and evaluated from the perspective of how specific measures are being implemented. In the monitoring of programme performance, regular informal meetings with the Commission to assess the state of implementation/performance have proved beneficial, as has the search for common solutions and measures in cooperation with the Commission when problems have been identified.

The central coordination body, within the scope of the National Strategic Reference Framework, also conducts multiple assessments of the Structural Funds and the Cohesion Fund to gauge the effectiveness and impact of implementing projects co-financed by the Structural Funds and the Cohesion Fund. The evaluation outputs are and will remain a valuable form of input in the configuration and improvement of the system for the new programming period.

Information provided for each operational programme:

Operational Programme Transport managing authority: Measures by the Operational Programme Transport managing authority to monitor the performance of programmes and projects financed by the EU budget are defined in EU and national legislation and are binding for the Operational Programme Transport. The Operational Programme Transport managing authority monitors project performance on two levels:

1. prior to the approval of a grant application (prior to project implementation) – for example, in accordance with Article 40 of Council Regulation (EC) No 1083/2006:

- monitoring of the results of feasibility studies;
- monitoring of the project implementation timetable;
- a cost-benefit analysis, including a risk assessment and the foreseeable impact on the sector concerned and on the socio-economic situation of the Member State and/or the region;
- monitoring of the financing plan;

- monitoring of the environmental impact.

2. during and after project implementation: The Operational Programme Transport managing authority intensively monitors the performance of projects and programmes co-financed by the EU budget by means of regular monitoring and reporting. For example, via:

- the Operational Programme Transport Action Plan, identifying the operational programme's problem areas and the measures proposed to remedy the deficiencies. The action plan is regularly evaluated to determine how measures are being implemented.

- The Operational Programme Transport managing authority, in collaboration with relevant partners, continuously monitors the implementation of the programme at Operational Programme Transport Monitoring Committee meetings.

- the Annual Operational Programme Transport Implementation Report for the calendar year, which is approved nationally by the operational programme's monitoring committee.

The managing authority of the Operational Programme Competitiveness and Economic Growth is responsible for monitoring programme performance as follows:

- continuous monitoring of the implementation of the operational programme by reference to the priority axes and measures and the processing of data obtained by monitoring;

- the acquisition of data for financial management and the drafting of proposals and recommendations to modify the OP Competitiveness and Economic Growth and financing plans;

- evaluations of the fulfilment of measurable indicators for the needs of assessing the Operational Programme Competitiveness and Economic Growth;

- the monitoring of project implementation and the fulfilment of the measurable indicators of completed projects;

- monitoring of the utilisation of financial resources.

The Rural Development Programme managing authority and the monitoring committee monitor the quality of programme implementation and progress towards achieving its objectives. The managing authority and the monitoring committee monitor the rural development programme by means of financial, output and target indicators. In this respect, they take into account

financial data, common and specific indicators related to the programme, including changes in result indicators and progress towards quantified target values, and the milestones defined in the performance framework. The monitoring committee assesses and approves annual implementation reports before they are sent to the Commission. It also monitors all evaluation activities and outputs associated with the evaluation plan. It may give the managing authority recommendations regarding the implementation and evaluation of the programme. The committee then monitors activities carried out in response to its recommendations. The monitoring committee examines all matters affecting programme performance, including the conclusions reached in examinations of performance.

The Operational Programme Employment and Social Inclusion includes approved counterfactual evaluations of selected active labour market policy instruments totalling EUR 120 000 (a European Union project). The impact of on-the-spot checks has strengthened within the framework of projects.

In the monitoring of projects implemented under the General Programme Solidarity and Management of Migration Flows, a systematic and continuous monitoring method is applied which entails monitoring at the site of project implementation, at the headquarters of the beneficiary and at the responsible authority in the form of monitoring meetings, where the results of individual projects are presented, experiences are shared and beneficiaries are guided in project implementation. This method has proven to be effective in practice.

The main measure in the monitoring of the performance of the Operational Programme Environment is the monitoring of progress in the implementation thereof, which is carried out at regular monthly intervals. Here, financial and physical indicators of programme implementation are monitored. The managing authority, in collaboration with relevant partners, also continuously monitors the implementation of the programme at monitoring committee meetings. Monitoring of programme implementation, including the performance thereof, is carried out in accordance with the requirements of Council Regulation (EC) No 1083/2006 by means of the Annual Operational Programme Environment Implementation Report for the calendar year, which is approved nationally by the operational programme's monitoring committee. The annual report is then submitted to the European Commission. If the Commission makes comments and suggestions related to the annual report submitted to it, the managing authority pays due attention to them and incorporates the requested information or explanations into the annual report. All annual reports on the implementation of the Operational Programme Environment submitted thus far by the Ministry of the Environment to the European Commission have been approved by the Commission.

Q2	Q2 A	Q2 B	Which further measures need to be taken in order to solve these recurrent problems?	When will the situation return to normal?

Q3	<p>Agri-environmental commitments Eligibility of beneficiaries Procurement rules Calculation of early retirement support</p>
Q4	<p><input checked="" type="checkbox"/> YES</p> <p>Based on findings identifying areas of concern regarding recurring errors and problems with the eligibility of expenditure, steps have been taken centrally to introduce control mechanisms for the ex ante assessment of specific issues. These measures have included:</p> <ul style="list-style-type: none"> - additional check questions focusing on the assessment of a specific problem area in the standard checklists used by managing authorities – the measures appear to be effective enough in terms of the clear need to verify given facts and comment on the results of verification in the checking process; - the issuance of an ad hoc interpretation of matters related to assessments of the economy of expenditure incurred in external project management, which is carried out on the basis of an employment relationship and is therefore not subject to the conditions of public procurement. - Specific problems in assessing the eligibility of individual expenditure have required more detailed guidance and treatment by various managing authorities. <p>Information provided for selected operational programmes:</p> <p>The managing authority of the Operational Programme INTERACT II 2007–2013 published the internal document ‘Guide for a first-level inspector of the Managing Authority of the Operational Programme INTERACT II’ (the most recent version of the document, number 1.5, has been in force since 1 December 2014), which describes all tasks of a first-level inspector inspecting entities in Slovakia with a view to ensuring that inspections are carried out efficiently and effectively. As part of administrative checks, it has also introduced a check on the completeness of the documentation submitted in the form of check forms, which are individually intended for the formal correctness and factual correctness of documents, and contain the findings of administrative checks.</p> <p>The Operational Programme Transport managing authority informed the Commission of the measures taken in a letter of 30 July 2013, reference number 20435/2013/B333-SOPD/45131. The Operational Programme Transport managing authority has taken</p>

	<p>measures in response to the Interruption Letter of 22 April 2013. These include the following measures to improve the system for the management and control of additional works in management documentation:</p> <ul style="list-style-type: none"> - Update of management documentation: The Operational Programme Transport managing authority, in management documentation – the Internal Procedures Manual at the Structural Funds (SF) and Cohesion Fund (CF) Management Level of the Operational Programme Transport Managing Authority (IM 7.5, in force from 21 June 2013), manuals, etc. – continuously updates and improves control mechanisms for the assessment of additional expenditure. - Training on additional expenditure throughout 2013: the Operational Programme Transport managing authority has systematically enhanced the qualifications of OPT managers to continuously maintain, improve and complement the required knowledge and skills necessary for the proper assessment of additional expenditure issues. - Since sending a letter to the Commission on 30 July 2014, the Operational Programme Transport managing authority has had comprehensive methodology for the assessment of additional expenditure at its disposal in its methodological management documentation (IM, manual for Operational Programme Transport grantees). <p>Ministry of Health: Ex ante public procurement checks – an increase in the quality of the public procurement presented: based on experience of the implementation of the Structural Funds and errors relating to public procurement, most potential errors can be identified early on, i.e. in the texts of underlying documents ahead of a call for tenders. Ex ante checks on documentation prior to a call for tenders are capable of effectively averting most errors. Ex ante checks are also a vehicle for the non-formal education of beneficiaries in the public procurement arena.</p>
<p>Q5</p>	<p><input checked="" type="checkbox"/> YES</p> <p>Assessments by the Court of Auditors can deliver relevant stimuli to revise national rules applied by individual entities providing contributions from EU funds. In relation to assessment results regarding systemic or horizontal issues, this is a direct and valuable resource for the implementation of the necessary adjustments and corrective measures at national level.</p>
<p>Q6</p>	<p><input checked="" type="checkbox"/> YES</p> <p>In connection with public procurement issues, at the system level a systemic deficiency has been identified in relation to the next section above – restrictive time limits to request tender documents.</p> <p>In response, the Member State has taken the subsequent preventive measures:</p> <ul style="list-style-type: none"> - the Office for Public Procurement has issued a methodological interpretation on the non-limitation of access to tender documents by defining a time limit in which to request them. - the central coordination body has issued guidance to all managing authorities/intermediate bodies on how to proceed when

	<p>checking the correct establishment of time limits for requesting tender documents; in relation to this finding, arrangements have been made at system level to add a direct check question to verify this fact during MA/IB public procurement checks.</p> <ul style="list-style-type: none"> - the Office for Public Procurement has limited the opportunity to shorten the time limit in which to request tender documents in the electronic contract notice form relating to the shortening of time limits for the requesting of tender documents. <p>Effective from 1 July 2013, Slovakia has adopted an amendment to Act No 25/2006 on public procurement which reflects changes in European public procurement legislation, including the establishment of an electronic contracting system, which must be used from 1 January 2015.</p> <p>Additional preventive measures related to public procurement findings concern the modification of the system for procurement checks, which has significantly increased the preventive effect of such checks. These are rules applied to the provision of rules in the 2014–2020 programming period and are aimed at the timely detection of any public procurement errors.</p>
Q7	<input checked="" type="checkbox"/> YES <p>The introduction of the concept of individual declarations by economic operators could be a means of achieving the desired effect, i.e. it could have a positive impact on the prevention of irregularities, and on the detection and correction thereof.</p>
Q8 a	<input checked="" type="checkbox"/> YES
Q8 b	<input checked="" type="checkbox"/> YES

SLOVENIA

Q1 a	<p>Reply of SVRK, MA:</p> <p>In Slovenia European cohesion policy funds are granted in accordance with the instructions of the Managing Authority, which define procedures for the certification of instruments (public calls, direct certification of projects). The instructions issued by the Managing Authority provide that the review of applications for certification of co-financing of projects shall examine, in particular, the compliance of the submitted instrument with the objectives of the operational programme and compliance with the criteria approved by the supervisory committee (so-called ex-ante verification of the suitability of instruments). In the case of public calls, the contribution of the latter to the objectives of the operational programme is checked at the public call level. In the</p>
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	<p>next phase compliance with the objectives of the operational programme is verified via the criteria and conditions defined in the public call for each individual co-financed project. In the planning of instruments, the contribution of an individual instrument to the achievement of the indicators of the operational programme is also verified during the certification phase.</p> <p>Reply of MDDSZ (IB):</p> <p>In the selection of projects and programmes, the MDDSZ assessed them from the point of view of the greatest possible inclusion of unemployed persons and achievement of the objectives of the OP HRD 2007–2013. In terms of support we focused on those programmes that contributed to the greatest possible extent to the greatest inclusion of unemployed persons. In a period of crisis, these were the only programmes that offered unemployed persons better employment opportunities and the chance to increase their skills and competitiveness in the labour market. Between 2007 and 2013 we supported the training and education of 55 600 employees, provided scholarships for 3 929 secondary school and higher education students and enabled employment for 36 057 unemployed persons, training and education for 65 282 unemployed persons and 3 741 jobs for the most vulnerable target groups. Similarly, in the selection of projects within the context of public calls, we selected those projects that guaranteed inclusion of a larger number of persons and contained solutions to guarantee the durability of activities even after the conclusion of ESF co-funding.</p>			
Q1 b	<p>Reply of SVRK, MA:</p> <p>During the phase of setting up the system for drawing on EU funds, the Managing Authority responsible for the use of EU funds drew up Instructions for planning, monitoring, reporting on and evaluating implementation of cohesion policy in the 2007–2013 programming period, where all phases of implementation of an operational programme include verification of the contribution of individual projects to the objectives of operational programmes. The Instructions provide that in the context of annual reporting, the achievement of indicators at the level of each individual area of the operational programme shall also be monitored. The information system for monitoring cohesion policy project also includes the monitoring of indicators. The Instructions also provide that the Managing Authority may request the evaluation of an individual area if significant deviation from planned objectives is noted.</p> <p>Reply of MDDSZ (IB):</p> <p>We monitor the effectiveness of programmes on the basis of regular and ad hoc reports of beneficiaries, and also via payments of beneficiaries that are tied to the persons involved.</p>			
Q2	Q2 A	Q2 B	Which further measures need to be taken in order to	When will the situation return to normal?

			solve these recurrent problems?	
Q3			Agri-environmental commitments Eligibility of beneficiaries Procurement rules Calculation of early retirement support	
Q4	<input checked="" type="checkbox"/>	YES	<p>Reply of SVRK, MA:</p> <p>In accordance with the findings of the various supervisory authorities, the Managing Authority upgraded the MA Instructions for the implementation of administrative verifications and for eligible costs, as follows: abolition of reporting by sectoral division and the reintroduction of compulsory evidence, since this enables 100 % administrative control and more precisely defined evidence of purchase of equipment. The Instructions for administrative verifications place the emphasis on the definition of a sample for the implementation of on-the-spot checks (all high-value items of expenditure and all categories of expenditure included). During on-the-spot checks the existence of equipment is verified, along with whether the equipment is new and other possible irregularities; more precise definition of the case (exception) when it does not involve 100 % implementation of administrative control, etc.</p> <p>Reply of MDDSZ, IB</p> <p>Risk analysis carried out within the MDDSZ defined possible risks and, on the basis of experience with identified errors in the implementation of an individual programme, increased the number of samples where we checked documents. We also set up additional records, checked data in various public and special records and checked possibilities of double financing. Where irregularities were identified, further payments were halted.</p> <p>Reply of MF – BSO, AA</p> <p>additional verifications in cases involving operations between connected persons</p> <p>additional verifications in cases where payments are implemented through compensations</p>	

<p>Q5</p>	<p><input checked="" type="checkbox"/> YES</p> <p>(MF – UNP / Revizijski organ), (MF-SUSEU/ Organ za potrjevanje)</p>
<p>Q6</p>	<p><input checked="" type="checkbox"/> YES</p> <p>Reply of SVRK, MA:</p> <ul style="list-style-type: none"> - Project group for dealing with questions relating to the field of public procurement appointed in November 2014. The group consists of representatives of the Public Procurement Directorate at the MF, the Certifying Authority at the MF, the Budget Supervision Office, the National Review Commission and the MA; - analysis of the public contract is in the final phase (teamwork by MF and MA). The following will be presented: the most common errors by beneficiaries in the implementation of public contract award procedures, time lags in public contracts in the context of OP ETID operations (CF/ERDF infrastructure projects), a review of the impact of changes to legislation in the field of legal protection in public procurement, etc.; - Administrative competence – additional employment and training in the public procurement field have been and will be implemented as part of technical assistance. In the context of training, five workshops organised by the MA on the subject of public procurement were held in 2014 and were attended by approximately 300 participants; similar training sessions are envisaged in future years with an emphasis on amendments to EC Directives covering public procurement. A help desk has been set up at the Public Procurement Directorate to offer advice to contracting entities both during the contract documents preparation phase and during the public contract award procedure. <p>Reply of MDDSZ:</p> <p>MDDSZ staff have participated in additional education/training organised by the Managing Authority on the subject of public contracts. Staff have established a record of public contracts at individual beneficiary level and traced the types of costs that appear in multiple partial agreements. They have also carried out additional controls of public procurement procedures in the context of activities financed from the ESF.</p> <p>Reply of MF – BSO, AA</p> <p>additional training of controllers</p>

	formation of a special expert group for public contracts
Q7	<input checked="" type="checkbox"/> YES
	MF- UNP, RO; MF-SUSEU/ Organ za potrjevanje
Q8 a	<input checked="" type="checkbox"/> NO
	MF- UNP, RO; MF-SUSEU/ Organ za potrjevanje
Q8 b	<input checked="" type="checkbox"/> NO
	<p>ply of MF – BSO, AA</p> <p>Every year the national court of auditors audits the final account of the budget, which is prepared by the Government and for which the Government is responsible. The audited final account is adopted or confirmed by the national parliament. Budget income and expenditure deriving from shared management are an integral part of the final account, and therefore in our opinion there is no need to issue special declarations specifically for this expenditure. We further consider that the preparation of such a declaration relating exclusively to the field of shared management would require additional activities if we wish it to be founded on a solid technical basis. In our opinion the usefulness of such a declaration would not justify the necessary additional activities.</p> <p>If no, please provide details.</p>

SPAIN	
Q1 a	In general, by evaluating operating programmes; monitoring results indicators and replanning actions if necessary.
	EARDF and EAGF

The Spanish Agricultural Guarantee Fund has a Monitoring Committee responsible for monitoring Action Plans arising out of the results of audit reports. An annual report is drawn up within the framework of this Committee that forms part of the documentary basis for drawing up the management statement. This Spanish Fund also holds a monthly Monitoring Committee meeting in accordance with procedure and also holds an Agricultural Fund coordination group meeting monthly with different paying agencies. These meetings monitor requests for funds and weekly payments, the alert and monitoring system, cross-compliance clearance and the accounts clearance procedure, among other things.

Regulation (EU) No 1306/2013 nevertheless establishes indicators for the evaluation and monitoring of EADRF as well as EAGF funds. The Spanish Agricultural Guarantee Fund is also helping working groups with cross-cutting matters where these topics are discussed. It should be emphasised that this is also guaranteed by national legislative transposition of the Regulations: the basic aim is to achieve positive results for the EU's investment in agricultural policy by achieving specific results supporting the income of farmers and certain productive sectors.

Legislation within the field of fruit and vegetable operating programmes is designed to ensure that European Union funds are strongly results-oriented. Firstly, a National Strategy and a Royal Decree are in place to determine eligible investments with the aim of contributing to given goals, including environmental goals. The Spanish authorities then approve the desired investments at the request of producer organisations. In order to carry out this approval, it must be established that the investments contribute to achieving objectives in a rational and technically consistent manner with expenditure that is in line with the market. Subsequently, when the producer organisations request aid for the implementation of approved investments, a check is conducted to ensure that the expenditure is effectively in line with the approved expenditure.

The fruit and vegetable producer organisation aid scenario is therefore strongly geared to the achievement of given business goals, which must be in line with those determined by the relevant EU regulations.

Because the funds are a source of finance for investments by producer organisations, this means that they still attempt to maximise the expenditure that they can submit for EU funding. This aspect is consistent with an economic approach designed to maximise benefits.

In addition to the goal-driven nature of investments, the regulations require the drawing up of results indicators for the quantification of results. It is considered that these indicators are not very worthwhile: the indicators are not very representative and often offer no relationship to the financial situation faced by the fruit and vegetable producer organisations.

With regard to rural development, we guarantee that results are an essential factor in Fund utilisation by means of the evaluation and monitoring indicators established during individual Evaluation Committee meetings for each Autonomous Community held

	<p>annually in June by the Spanish Agricultural Guarantee Fund.</p> <p>Within the framework of the Spanish winegrowing sector support programme, this is also guaranteed through quantitative criteria and indicators that are described in this national programme.</p>			
Q1 b	<p>ESF</p> <p>For the period 2014-2020, a very significant reinforcement is planned for checks on the expenditure and actions of the various ESF beneficiaries.</p> <p>EARDF and EAGF</p> <p>As mentioned previously and specifically for the fruit and vegetable sector, it should firstly be stressed that laws are in place to ensure that investments are results-oriented. For this reason, all projects are approved or rejected prior to implementation based on whether or not they contribute to given goals. Lastly, a check is carried out to ensure that the expenditure effectively implemented complies with the above requirements.</p> <p>With regard to direct aid, Spain has been applying a Plan for the improvement of the LPIS since 2010. During 2015, this will be reinforced by a specific plan for checking the eligibility of pastureland.</p> <p>Furthermore, with regard to rural development, annual Evaluation Committee meetings are held, one for each Autonomous Community, during June to provide the public with information on the implementation of Rural Development Programmes.</p> <p>Regarding the winegrowing sector, three categories of indicators have been established (implementation, results and repercussions or impact) and the measure implementation level is evaluated through these indicators.</p>			
Q2	Q2 A	Q2 B	Which further measures need to be taken in order to solve these recurrent problems?	When will the situation return to normal?
Q3	<p>Agri-environmental commitments <input type="checkbox"/> Yes</p> <p>Eligibility of beneficiaries <input type="checkbox"/> Yes</p> <p>Procurement rules <input type="checkbox"/> Yes</p> <p>Calculation of early retirement support <input type="checkbox"/> Yes</p>			

	All the weaknesses/findings identified in the Community audits have been shared with the 17 paying agencies through the Spanish Agricultural Guarantee Fund with the aim of implementing the checks effectively.
Q4	<input checked="" type="checkbox"/> YES In various operating programmes, specific action plans have been established for improving the effectiveness of the management and control systems and advance verification systems. As a result of applying these plans, the error rates indicated in the Audit Authority annual control reports have fallen considerably. Training courses have also been delivered on the advance verifications referred to in Article 13 of Regulation 1828/2006 as well as on public procurement.
Q5	<input checked="" type="checkbox"/> YES
Q6	<input checked="" type="checkbox"/> NO Although various issues have been identified with regard to public procurement, their type varies from body to body and usually affects specific contracts. The most common case is the use of quality criteria in the award of a contract that does not usually entail a change of winning contractor and does not usually affect the evaluation of bids. In the past, issues relating to the amendment of contracts were identified. Order EHA/524/2008 of 26 February was published in response to these issues. Rule 2(k)(3) of this Order requires that any amendment must be approved specifically by DG Funds before it can be considered eligible. Following amendments to the Public Procurement Law, this requirement for approval was upheld in Circular 1/2012 for contracts prior to the revised Law's entry into force. Furthermore, problems identified in public procurement are not considered to be systemic and in all cases where public procurement irregularities have been identified, the affected expenditure has been withdrawn so that the EU budget will not be affected.
Q7	<input checked="" type="checkbox"/> YES
Q8 a Q8 b	<input checked="" type="checkbox"/> YES

SWEDEN				
Q1 a	Work on developing high-quality programmes. Great emphasis has been placed on making full use of the monitoring of the results that were available from the 2007-13 period and the conclusions that could be drawn from what was implemented earlier. Major focus on formulating specific targets that can be monitored, identifying relevant indicators and ensuring a clear implementation logic.			
Q1 b	Evaluations and close monitoring of performance indicators, inter alia. Regular monitoring of project activities and management verifications including both administrative checks before payment of the support and on-the-spot checks. Establishment of a results framework for 2014-20.			
Q2	Q2 A	Q2 B	Which further measures need to be taken in order to solve these recurrent problems?	When will the situation return to normal?
Q3	Agri-environmental commitments Eligibility of beneficiaries Procurement Calculation of early retirement support			
Q4	<input checked="" type="checkbox"/> YES Those eligible for support are subject to checks before payments are made to the project owners, training of staff and development of guidelines, procedures and audit programmes.			
Q5	<input checked="" type="checkbox"/> YES			
Q6	<input checked="" type="checkbox"/> NO The competent authority does not consider that there is a systemic error, the audit supports this view.			
Q7	<input checked="" type="checkbox"/> YES			

Q8 a	<input checked="" type="checkbox"/> YES
Q8 b	<input checked="" type="checkbox"/>

UK	
Q1 a	<p>England ESF - To some extent the focus on compliance and on financial spend is understandable given the incentives in the current system for 2007-13 - irregular expenditure, financial corrections and failure to meet N+2 targets all have financial consequences, whereas failure to achieve programme targets does not.</p> <p>However, this does not mean that performance is less important. The only reason for spending this money is to make a difference to people's lives, and so we manage performance closely. In the England ESF programme, our system of co-financing means that providers of training and employment support have clear targets in their contracts and payment mechanisms usually incentivise performance - i.e. through some form of payment by results rather than just for activity.</p> <p>At programme level, the scale of the funds (€3bn spent over 9 years) means that setting realistic targets is a challenge, not least because economic changes can be unpredictable. To ensure that the targets are more meaningful in the day-to-day running of the programme over the full period, their level should be regularly reviewed and changed when necessary to reflect prevailing circumstances.</p> <p>Scotland - We support the view that the Commission's complex rules tend to force us to focus more on compliance. It's not simply the complexity of rules but the way in which they are enforced. For example, a recent EFF review identified no issues with the quality of our control checks and no errors. However, repeated observations were made regarding what we would consider to be minor admin issues. This could have resulted in a purely presentational admin issue having serious financial and/or reputational consequences. Challenging this approach required a great deal of time and resource which could have been spent on auditing the outcomes of the expenditure etc.</p> <p>A range of EU audit visits to Scotland focus on compliance rather than performance and outcomes. As such, the ECA must</p>

	<p>engage with the Commission as well as Member States to embed this focus on performance and the outcomes of EU budget expenditure.</p> <p>Finally, it would help Member States if the Commission and the ECA were to agree on the interpretation of Regulations. On more than one occasion they have disagreed and in some instances both have changed their mind on how a Regulation should be applied half way through a programme.</p>
Q1 b	<p>Department for Business, Innovation and Skills (“BIS”) and Northern Ireland - The Regulations governing the 2014-20 European Structural and Investment Funds operational programmes require the use of a results oriented performance framework to ensure the effective implementation of the Funds. This will include targets and milestones and the withholding of 6% of allocations as a performance reserve, which will be payable depending on the results of the progress in 2019.</p> <p>The methodology for each programme’s framework is set out in the Operational Programme documents and discussed with Commission as part of the approval process</p>
Q4	<p>YES-</p> <p>Northern Ireland ERDF - The use of enhanced checklists. Secondary verification by the Managing Authority on all funded projects. This has resulted in a significant reduction in the error rates reported, particularly for grant schemes which contain a high volume of low value transactions.</p> <p>Scotland - We have taken account of Commission concerns in previous years about the quality of the management verifications. The guidance was reviewed and a more risk-based approach adopted by the Managing Authority to ensure that irregular expenditure is removed from the declaration. In recent years, the Managing Authority in Scotland have and continue to strengthen controls for the verification and correction of errors prior to any expenditure declaration. Where relevant information is not available, the CA removes such expenditure from the declaration until the information is submitted.</p>
Q5	<p>YES –</p> <p>NO-</p> <p>Northern Ireland ERDF - We already have onerous national audit requirements and risk assessment procedures which would not take into account the systems in place at the level of the Commission.</p>

<p>Q6</p>	<p>Department for Communities and Local Government - In developing enhanced management verifications, procurement checks were made part of that improved procedure.</p> <p>Northern Ireland - More clarity in respect of procurement provided by the Managing Authorities. This has reduced the number of errors and we expect the move to Simplified Costs Options in the 2014-2020 period to have a similar effect.</p> <p>Scotland - We agree with the ECA's findings and have identified several cases of non-compliance with procurement regulations in Scotland which have had a significant effect on the error rate. The Audit Authority in Scotland has therefore developed an extensive checklist for use on Article 62(b) visits. Although we have been active in promoting procurement compliance, we still need to do more to inform the Managing Authority and beneficiaries of the importance of procurement compliance and the impact it can have.</p>
<p>Q7</p>	<p>YES</p> <p>Scotland – This will have a positive impact on control and accuracy of declarations. Of significance in the 2014-20 Programme Period is the Audit Authorities responsible to audit the Annual Accounts. Part of this is to ensure the accuracy of accounts and reconcile accounts with Expenditure Declarations. This will further strengthen control.</p> <p>NO-</p> <p>Department for Business, Innovation and Skills - the requirement adds a tighter timescale for audit work after each financial year because the management declaration cannot be made without evidence that all expenditure declared is compliant. This may have an impact on resources.</p> <p>Northern Ireland – we are not convinced that the additional signature will have the positive impact intended. In Northern Ireland the Managing Authority will only pass a statement to the Certifying Authority when they are satisfied that the expenditure contained therein is, as far as practically possible, free from errors. We have a robust system for management verification and have strong governance arrangements in place for the management of Intermediate Bodies. We therefore consider that the annual declaration will only formalise what is already largely in place.</p>
<p>Q8 a</p> <p>Q8 b</p>	<p>HM Treasury - The UK participated in the Inter-institutional Working Group at a technical level and supported its recommendations. We welcome that these recommendations are suitably flexible, to take into account national circumstances and processes, meaning that Member States have discretion when producing such a voluntarily document. We also welcome that these recommendations underline the importance of good reporting to improving the management of EU funds.</p> <p>HM Treasury - The Government takes the management of EU funds extremely seriously and supports efforts to improve the way</p>

	the EU budget is managed. Transparent reporting, by the Commission and Member States, on the use of EU funds has an important part to play in improving EU budgetary management.
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**Part B. Please enter any general comments you have
concerning the 2013 Annual report
or general issues relating to the discharge procedure.**

Denmark:

Denmark considers it satisfactory that the Court of Auditors has, for the seventh successive year, issued a positive statement concerning the accuracy of the accounts and therefore considers the EU's accounts to present a true and accurate picture of both income and expenditure and the EU's financial position.

However, Denmark considers it unsatisfactory that the Court of Auditors has once again issued a negative statement concerning six out of seven expenditure areas and, despite the stabilisation in the error rate during 2013, considerable work remains to be done towards an audit statement with fewer reservations.

Denmark believes that both the Commission and the Member States have a responsibility to ensure the satisfactory implementation of the budget. Denmark therefore believes that it is important to ensure that all available instruments are used in the work towards a fair implementation of the EU's budget and that particular effort is made where error rates significantly higher than 2 % are identified. In connection with this, it is noted with satisfaction that the escalated work to implement financial corrections has had a positive effect on the estimated error rate.

It is Denmark's belief that a pivotal aspect of a satisfactory implementation of the EU budget is that results are achieved. It is therefore important that a framework is created for a results-oriented system which focuses to a greater extent on the results and effects of EU projects. We in Denmark also believe it is important to create transparency concerning the EU added value that the funds create. Denmark wishes the discussions concerning the attainment of results to help strengthen the link between the result evaluations and the budget-related and legal regulation of the various policy areas.

**Part B. Please enter any general comments you have
concerning the 2013 Annual report
or general issues relating to the discharge procedure.**

France:

Les autorités françaises voudraient signaler deux points au niveau de la méthodologie du questionnaire :

- elles noteront la difficulté à traiter les questions posées en l'absence d'éléments contextuels précis ;
- le nombre important d'erreurs au sein du questionnaire le rend peu exploitable pour les services ;

Par ailleurs, les autorités françaises s'étonneront de la méthode d'échantillonnage, qui peut apparaître non représentative au regard du nombre d'opérations réduit par rapport aux existantes, notamment en matière de gestion partagée avec les Etats membres. Le taux d'erreur qui en découle, pourrait, être biaisé.

Germany:

With respect to points for which it is clear no action was required by Germany, e.g. in cases where funds are allocated directly to a non-governmental organisation based in Germany, or in cases in which Germany is highlighted as a positive example and the remark is directed instead to other Member States, the "No" box was ticked for the question regarding actions, and no further explanations were required.

Thought should be given to simplifying future questionnaires. The time required for responding to the questionnaire is not justified in view of the fact that the responses are largely known to the Commission's services as the ECA's findings are followed up by the relevant Commission DGs together with the Member States (e.g. withdrawal of reservations in the own resources area).

Latvia

Comments concerning the field of agricultural and rural development:

Prior to the visit by the European Court of Auditors, it was asked to scan and e-mail all cases selected for the check. Considering the large volume and specifics of the documents (the documents are sewn together) and the short deadline, it created an additional burden on the Paying

**Part B. Please enter any general comments you have
concerning the 2013 Annual report
or general issues relating to the discharge procedure.**

Authority.

After the initial findings of the visit by the European Court of Auditors, the Latvian authorities provided the information with explanations as requested by the Court. Considering the large volume of information, it would have been more reasonable to provide the Paying Authority the opportunity to provide verbal explanations.

Moreover, the Paying Authority is unable to participate in the negotiations between the European Commission and the European Court of Auditors in order to provide its opinion on the findings.

Portugal

On the positive side, the rate of errors in budget expenditure fell slightly (by 0.1 pp to 4.7 %), also in projects managed in a decentralised manner (by the Member States) (by 0.1 pp to 5.2 %). It should be stressed at this point that the above-mentioned results of ECA's controls were achieved in a year in which the number of controlled transactions significantly increased (by nearly EUR 8 billion, expressed as an amount).

Expenditure in the area of the cohesion policy significantly increased.

At the same time, Poland is of the opinion that the annual error rate calculated by the ECA should be viewed in the context of the multi-annual character of EU interventions.

Poland would also like to highlight the significant impact of remedial measures taken by the Member States and the Commission. According to the ECA, if the measures concerned had not been taken with regard to the sample of transactions examined by the ECA, the estimated overall error rate would have been 1.6 pp higher.

Poland believes that particular attention should be paid to the fact that the amount to be covered from the budgets for subsequent years (outstanding commitments and outstanding liabilities together) increased from EUR 313 billion at the end of 2012 to EUR 322 billion at the end of 2013.

Particularly worrying is (as also pointed out by the ECA) the growing backlog resulting from non-refunded applications, which could reach EUR 30 billion at the end of this year. Implemented and non-refunded cohesion policy projects account for the major part of this amount (approximately 90 %). As the Member States, which have to wait longer and longer for refunds, pre-finance final beneficiaries' expenditure,

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they are forced to lend more (public debt) and bear additional costs of the implementation of EU projects.

Spain:

We would like to make the following comments based on the results notified by the Court:

- Within the field of regional, transport and energy policy, there are evident breaches in public procurement laws, that account for more than one third of the error rate estimated by the Court in this policy field. In our responses to the different findings, we clarified that in most cases there was no financial impact, the use of the irregular award criteria had no financial impact, or the project was found to be eligible under the terms of Regulation 1083/2006 and the conditions specified in the OP. With regard to amended and additional contracts, the Court's findings did not arise out of a clear breach of the rules but out of their interpretation in terms of whether or not Directive 2004/18 was applicable.
- In the case of Agriculture, the error rate rose mainly due to systemic weaknesses concerned with pastureland and breaches of public procurement rules in rural development. Action plans have therefore been drawn up with the aim of reducing the error rate in this field. These will be promptly implemented and will mainly focus on measures relating to investments in rural development that the Court believes are more likely to contain errors. In the future, it will be necessary to simplify and clarify the rules and conditions laid down with the aim of facilitating first level audit work and reducing the scope for interpretation by the audit team as far as possible.
- Ineligible expenses were highlighted within the fields of Employment and Social Affairs both due to the excessive charging of general expenses, staff costs or other ineligible expenses. Spain applied measures back in 2007 when it applied a financial correction of 5 % under a corrective measure action plan. The Intermediate Body also reinforced its system for the administrative checking of documentation in 2007 in accordance with the above corrective measure action plan approved in 2007.

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