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#### COVER NOTE

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From: Secretary-General of the European Commission,  
signed by Mr Jordi AYET PUIGARNAU, Director

date of receipt: 29 February 2016

To: Mr Jeppe TRANHOLM-MIKKELSEN, Secretary-General of the Council of  
the European Union

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No. Cion doc.: SWD(2016) 48 final

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Subject: Commission staff working document accompanying the document "Report  
from the Commission to the European Court of Auditors, the Council and  
the European Parliament: Member States' replies to the Court of Auditors'  
2014 Annual Report"

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Delegations will find attached document SWD(2016) 48 final.

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Encl.: SWD(2016) 48 final



Brussels, 26.2.2016  
SWD(2016) 48 final

**COMMISSION STAFF WORKING DOCUMENT**  
*Accompanying the document*

**REPORT FROM THE COMMISSION TO THE EUROPEAN COURT OF  
AUDITORS, THE COUNCIL AND THE EUROPEAN PARLIAMENT**

**Member States' replies to the Court of Auditors' 2014 Annual Report**

{COM(2016) 112 final}

Article 162(5) of the Financial Regulation<sup>1</sup> 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 29 February of the following year.

Following publication of the Court's annual report for the budgetary year 2014, 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 2014.

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' 2014 annual report"<sup>2</sup>.

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<sup>1</sup> 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.

<sup>2</sup> 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 I

### Paragraphs in the 2014 Annual Report and for each of the 2014 findings made by the Court referring to each particular country

#### CHAPTER 1 – The statement of assurance and supporting information

Paragraph	Observation in the 2014 Annual Report	Member State reply
<b>1.8.</b>	Issues affecting the accounts	<p><b>Germany:</b> action taken: ; action completed: ; Completion date:</p> <p>The judgments delivered by the ECJ on 24 June 2015 regarding Berlin and Thuringia and annulling Commission decisions on extrapolated and flat-rate financial corrections totalling €4m. in the 1994-1999 period are now available. Payments have not yet been made by the Commission. Other actions are pending before the EGC in the same matter, having been adjourned until the ECJ took its decision on Berlin and Thuringia.</p> <p><b>Spain:</b> action taken: ; action completed: ; Completion date:</p> <p>The reference to Spain in the footnote concerns the annulment of three Commission decisions imposing financial corrections on three OPs for the period 1994-1999. This reduction in assistance will have to be reimbursed by the Commission to the Member State. We understand that no measures need be taken by Spain to respond to the observations of the ECA.</p>
<b>Box 1.2.</b>	Example of improvement in management and control systems — Greece: Cleaning up the LPIS	<p><b>Greece:</b> action taken: ; action completed: ; Completion date:</p>
<b>Box 1.3.</b>	Example of corrections resulting from conformity clearance procedures	<p><b>France:</b> action taken: NO ; action completed: NO ; Completion date:</p> <p>Concernant le constat de la Cour sur le non recouvrement des montants auprès des agriculteurs, les autorités françaises souhaitent apporter les précisions suivantes. Les constats de la Commission qui ont donné lieu à</p>

		<p>correction, sont des constats qui portent sur des « défaillances » affectant les procédures de mise en œuvre de la réglementation européenne par les autorités françaises. Par ailleurs, comme le précise la Cour elle-même, certaines corrections font l'objet d'un recours devant le TUE, les autorités françaises étant en désaccord avec les services de la Commission sur l'interprétation de la réglementation européenne.</p>
<p><b>Box 1.4.</b></p>	<p>Example of corrections resulting in extra-spending: Romania ESF</p>	<p><b>Romania:</b> action taken: YES ; action completed: NO ; Completion date: For the Sectoral Operational Programme Human Resources Development since 2012 Romania has applied a 25 % correction to all expenditure on salaries, and submitted to the EC. In 2015 the corrective measures undertaken at the level of the Member State were individual corrections. With a 7.5 % flat rate correction laid down in the Memorandum approved at the meeting of Government of 28 July 2015 to correct the expenditure related to the calls for projects launched after 2012.</p>
<p><b>Annex 1.5.</b></p>	<p>Frequency of detected errors in audit sampling</p>	<p><b>Austria:</b> action taken: YES ; action completed: NO ; Completion date: <b>Belgium:</b> action taken: NO ; action completed: ; Completion date: La Wallonie prend acte du rapport final de la Cour. Elle constate que les erreurs quantifiées sont in fine marginales. Elle regrette toutefois que certains de ses arguments n'aient pas été pris en considération par la Cour sans réelle motivation pour les autres constatations. <b>Bulgaria:</b> action taken: ; action completed: ; Completion date: Ministry of Labour and Social Policy (MLSP): As part of the Operational Programme “Human Resource Development”, no weaknesses and errors have been identified for the 2007–2013 audit period. <b>Croatia:</b> action taken: ; action completed: ; Completion date: <b>Cyprus:</b> action taken: ; action completed: ; Completion date: <b>Czech Republic:</b> action taken: YES ; action completed: ; Completion date: Irrelevant – there is no error involved. <b>Denmark:</b> action taken: ; action completed: ; Completion date: The Annex presents an overview of errors identified in the Member States and does not show clearly what</p>

action has been taken.

**Estonia:** action taken: YES; action completed: YES ; Completion date: 2015

**Finland:** action taken: YES ; action completed: NO ; Completion date: 21.12.2015

Some of the recoveries have been carried out; the most recent due date was 21 December 2015.

**Germany:** action taken: ; action completed: ; Completion date:

Noted. More details under the relevant points in Annexes I and II.

**Greece:** action taken: YES ; action completed: ; Completion date:

**Hungary:** action taken: NO ; action completed: ; Completion date:

Factual finding, we have no comment to make.

**Ireland:** action taken: YES ; action completed: NO ; Completion date:

With regard to heading 2, this issue is being addressed via the Action Plan on EAFRD and therefore is a work in progress. With regard to heading 1, no errors were found in Ireland's audit sampling, this is primarily due to the fact that Ireland's funding programmes are primarily channelled through government departments and/or state bodies and as such are subject to full national controls and audits.

**Italy:** action taken: ; action completed: ; Completion date:

**Latvia:** action taken: YES ; action completed: YES ; Completion date: 19 February 2015

With regard to the error identified in connection with MFF heading No 2 'Natural Resources' (Chapter 7 – Natural resources, PF 6625), on 19 February 2015 the Paying Agency corrected the declaration for the period 16 October 2014 to 31 December 2014.

With regard to the error identified in connection with the ERDF (chapter 6 – Economic, social and territorial cohesion, PF 6643), the Member State is not required to undertake additional measures because the recommendation resulting from the audit was addressed to the European Commission.

**Lithuania:** action taken: ; action completed: ; Completion date:

	<p><b>Luxembourg:</b> action taken: ; action completed: ; Completion date:</p> <p><b>Malta:</b> action taken: YES ; action completed: NO ; Completion date:</p> <p>At present, in the two cases under this observation where reference is made to Malta, the Planning and Priorities Coordination Division (PPCD) is still at the stage of receiving a formal letter from the European Commission. Consequently, the date of completion is not yet known.</p> <p><b>Netherlands:</b> action taken: YES ; action completed: ; Completion date:</p> <p>The Netherlands considers it useful that the Court of Auditors should include this table in the annual report so as to provide greater transparency regarding the underlying data on which the Court bases the statement of assurance. The Netherlands would also welcome a multiannual survey. However, the limitations of the table should be made clearer in the table itself, which should point out these are not error rates per Member State.</p> <p><b>Poland:</b> action taken: YES ; action completed: ; Completion date:</p> <p>note does not contain detailed allegations against Poland</p> <p><b>Portugal:</b> action taken: YES ; action completed: NO; Completion date:</p> <p>The situations identified are currently being corrected.</p> <p><b>Romania:</b> action taken: YES ; action completed: NO ; Completion date:</p> <p>MEF: For the purposes of reducing the rate of error for SOPHRD projects at the level of the managing authority, a number of measures were implemented as from 2014, as follows:</p> <ul style="list-style-type: none"> <li>-Extending Action Web information system through the development of new modules, in order to detail the types of costs and the uploading of documents related to the application for reimbursement in the computer application;</li> <li>-Developing and implementing a system of alerts for the identification, investigation and treatment of errors in the computer system;</li> <li>-Revising the Operation Selection Procedure;</li> <li>-Reviewing the Methodology for the assessment of financing applications;</li> </ul>



		<p>-Internal Instruction No 105 applicable to the IB governing the request for clarification at the time evaluation of projects;</p> <p>-Instruction No 104 on the regulation of matters relating to the contracting process and amending SOPHRD financing contracts;</p> <p>-Developing the methodology for checking the specific experience and for assessing the related financial impact;</p> <p>-The new version of the General Conditions in the Applicant's Guide for 2015, which contain provisions referring to the possibility to request clarification in the financing application assessment phase;</p> <p>-The revision of the Financial Management Procedure, in particular the specific subsections, with a view to developing a verification instrument for the existence of overlapping duties/responsibilities for items budgeted in the project, where the reference documents developed by each expert in the project were the activity reports;</p> <p>-Instruction No 103 on the regulation of matters relating to the monitoring process for the implementation of SOPHRD financing contracts.</p> <p><b>Slovakia:</b> action taken: YES ; action completed: YES ; Completion date: Ministry of Transport, Construction and Regional Development – Audit PF 6091 DAS 2013 was conducted on the Operational Programme Transport in March 2014. Once action had been taken by the managing authority, the audit was closed further to a DG REGIO letter of 7 October 2015, reference number Ares(2015) 4136726 (see the email attachment). All of this audit's findings were closed by DG REGIO without any ineligible expenditure being identified. The Operational Programme Transport's MA already provided information on Audit PF 6091 DAS 2013 in December 2014 in relation to the European Court of Auditors' 2013 Annual Report.</p> <p>Ministry of Agriculture and Rural Development – the Ministry notes that action was taken and completed in response to the type of infringement. The way in which the action was taken is described below (Annex II).</p> <p><b>Slovenia:</b> action taken: YES ; action completed: ; Completion date: Ministry of Agriculture, Forestry and Food (MKGP), European Agricultural Fund for Rural Development</p>
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(EAFRD): Slovenia regularly monitors the error rate for rural development measures (EAFRD) in the framework of the annual reports on the implementation of the rural development programme, the reports on the control statistics and the report of the paying agency to the managing authority on errors detected for the previous calendar year. For intervention in the area of the error rate, a special task force to reduce the error rate was appointed by order of the Minister for the implementation of the rural development programme for the period 2007-2013, which includes representatives of the Ministry of Agriculture, Forestry and Food (MKGP), the Agency of the Republic of Slovenia for Agricultural Markets and Rural Development (AAMRD) and the Chamber of Agriculture and Forestry of Slovenia (CAFS). The functioning of the special groups continues in the period 2014-2020. Slovenia periodically (at least once a year) reports to the European Commission (DG AGRI) on the activities of the managing authority and the paying agency with regard to activities carried out within the context of the implementation of the action plan to reduce the error rate. In addition, the error rate is discussed with the European Commission in the annual review meeting.

**Spain:** action taken: ; action completed: ; Completion date:

**Sweden:** action taken: ; action completed: ; Completion date:

This comment does not require Sweden to take action.

**United Kingdom:** action taken: YES ; action completed: NO ; Completion date:

This table reports the number of errors detected in the audit sampling for 2014. As the ECA states, the examples provided in the annual report are for illustrative purposes and demonstrate the most typical errors found, and do not form a basis for conclusions to be drawn on the Member States, beneficiary states and/or regions concerned.

In relation to the serious errors identified in natural resources spending, the necessary recovery action or sanction has either been completed or is underway in order to safeguard EU funds. In relation to the serious error in ERDF, the ERDF Managing Authority has responded to the preliminary findings of the Court and has contested the Court's interim findings, providing further information. The European Court Of Auditors has not yet issued its definitive position in respect of this potential error, which is expected in February 2016.

## CHAPTER 2 – Budgetary and financial management

Paragraph	Observation in the 2014 Annual Report	Member State reply
2.17.	Backlogs in the absorption of multiannual European Structural and Investment (ESI) funds are significant	<p><b>Croatia:</b> action taken: YES ; action completed: NO ; Completion date: 31 December 2016</p> <p>The managing authorities prepare detailed quarterly reports on the status of implementation, which are submitted to the European Commission (DG Regio), and include all the information required under the Action Plan to accelerate implementation of operational programmes financed by the ERDF and CF in the period 2007-2013 (status of physical and financial implementation, review of user support measures, implementation of on-the-spot checks, the commercial status of contracts for individual projects, the status of administrative capacity, etc.). Thereafter, at meetings or video conferences (between the managing authorities, the certifying authority and the DG Regio Unit for Croatia) the information is discussed in the context of taking all necessary measures to ensure proper utilisation of the OPs. Reporting began in the first quarter of 2015 and will run until the end of the financial perspective i.e. until the end of 2016.</p> <p>The managing authority prepares quarterly financial reports on the status of implementation, which are submitted to the European Commission (DG EMPL), and which include all required information related to the implementation of the operational programme financed by the ESF in the period 2007-2013.</p>
2.18.	Backlogs in the absorption of multiannual European Structural and Investment (ESI) funds	<p><b>Czech Republic:</b> action taken: YES ; action completed: ; Completion date:</p> <p>Several actions have been taken, some of which remain ongoing, while others have come to an end (e.g. the submission of a request for project phasing between the programming periods 2007-2013 and 2014-2020, programme revisions, the launch of new calls, project implementation extensions, more extensive communication with grantees, enhanced risk management).</p> <p><b>Italy:</b> action taken: ; action completed: ; Completion date:</p> <p><b>Poland:</b> action taken: YES ; action completed: ; Completion date:</p>

Note does not contain allegations against Poland

**Romania:** action taken: YES ; action completed: NO ; Completion date:

MDRAP: The managing authority for the regional operational programme has taken the following measures to increase the degree of absorption:

- the introduction of a mechanism for the settlement of payment claims instead of reimbursement;
- ensuring the monthly funds necessary for the payments to the beneficiaries of payments of privatisation;
- approval of additional contracting from axes level to programme level;
- supporting financial corrections from the State budget for beneficiaries whose public procurement contracts were approved by UCVAP and ANRMAP.

MEF: Measures taken in order to increase the absorption of EU funds:

- Ensuring the funds necessary for the payments to beneficiaries, given the gap between expenditure statement/claim to the EC and the receipts;
- Identification and promotion of retrospective projects, i.e. projects initially financed from national sources or other sources (including IFIs), which are to be settled from EU funds, by their approval under Environment Sectoral Operational Programme 2007-2013 and Transport Operational Programme 2007-2013 in order to fully attract the European funds available.
- Reducing the deadline from 45 working days to 20 working days to notify the beneficiary of the payment for the expenditure authorised in the refund application or, in the case of direct payments, to notify the beneficiary of authorising the expenditure in the refund application.
- Establishing a mechanism for direct settlement of the applications for payment to local beneficiaries failing to settle invoices for goods/services/works received, accepted for payment, in order to ensure the financial flow to enable timely implementation of projects.
- Extension of the applicability of the settlement mechanism for the payment claim to all categories of beneficiaries of projects financed from European grants, including private beneficiaries, failing to settle

		<p>invoices for goods/services/works received and accepted for payment;</p> <ul style="list-style-type: none"> <li>-Training measures and increasing the administrative capacity of beneficiaries in accessing European funds;</li> <li>-Setting the percentage of additional contracting at operational programme level and not only at priority axis level</li> <li>-Instructions/orders with impact on the implementation of projects financed from European funds.</li> </ul> <p>The measures taken by the competent authorities have led to a structural improvement of the management of the European funds, leading to an increased rate of absorption and to a more efficient use of the funds.</p> <p><b>Spain:</b> action taken: ; action completed: ; Completion date:  With regard to the ESF, the situation has improved significantly in 2015 and therefore there is considered to be no real risk of loss of funds. According to the quarterly implementation report submitted by the managing authority (third quarter of 2015):</p> <ul style="list-style-type: none"> <li>-Interim payment requests processed: 81.30 %.</li> <li>-Total expenditure actually paid: 94.97 %.</li> <li>-Total execution (approved, committed or paid expenditure): 105.38 %.</li> </ul> <p>Furthermore, like the Commission, the Member State is actively working on the adoption of the new programmes for the period 2014-2020. Throughout 2015, most of the ESIF programmes for the new period are being approved. This is a considerable improvement on the situation in 2014, when there was a clear delay in this aspect.</p>
<p><b>Graph 2.4.</b></p>	<p>Absorption in % and totals of 2007-2013 MFF ESI funds</p>	<p><b>Austria:</b> action taken: YES ; action completed: NO ; Completion date:</p> <p><b>Belgium:</b> action taken: ; action completed: ; Completion date:</p> <p><b>Bulgaria:</b> action taken: ; action completed: ; Completion date:</p> <p><b>Croatia:</b> action taken: YES ; action completed: NO ; Completion date:  The managing authority prepares quarterly financial reports on the status of implementation, which are submitted to the European Commission (DG EMPL), and which include all required information related to the</p>

implementation of the operational programme financed by the ESF in the period 2007-2013.

**Cyprus:** action taken: ; action completed: ; Completion date:

**Czech Republic:** action taken: YES ; action completed: ; Completion date:

Several actions have been taken, some of which remain ongoing, while others have come to an end (e.g. project phasing between the programming periods 2007-2013 and 2014-2020, programme revisions, the launch of new calls, project implementation extensions, more extensive communication with grantees, enhanced risk management).

**Denmark:** action taken: YES ; action completed: ; Completion date:

Requests for payment from the Regional Development Fund and Social Fund that exceed the 95 % limit, see Article 79 of Council Regulation (EC) No 1083/2006 for the 2007-2013 programming period, have been submitted to the Commission. With regard to the utilisation rate for EAFRD and EFF, the weighted total for the two funds is expected to be 97 % by the end of the year.

**Estonia:** action taken: YES ; action completed: YES ; Completion date:

**Finland:** action taken: ; action completed: ; Completion date:

**France:** action taken: YES ; action completed: NO ; Completion date: Clôture des programmes 2007-2013

Pour les programmes opérationnels - PO FEDER 2007-2013, les données de la Commission européenne et de la Cour des comptes européenne, au 31/12/2014, sont inférieures à celles enregistrées par la France à la même période. La France effectue en effet son suivi sur la base du montant des dépenses certifiées par l'autorité de certification, tandis que les données de la Commission européenne sont issues des derniers appels de fonds et sont, par conséquent, moins élevées. Au 01/01/2015 (état financier le plus proche de la date du 31/12/2014), pour l'objectif « compétitivité régionale et emploi », le taux de certification s'élevait à 83,45 % de la maquette financière UE et 83,18 % du coût total de la maquette financière. Pour l'objectif « convergence », il s'élevait à 69,61 % de la maquette financière UE et 68,36 % du coût total de la maquette.

Par ailleurs, afin d'anticiper la période de clôture, toutes les autorités de gestion des PO FEDER 2007-2013 ont mis en œuvre, dès la fin 2014 et tout au long de l'année 2015, des plans d'action destinés à s'assurer que l'intégralité des fonds européens mis à la disposition des régions sera utilisée.

Pour le PO FSE CRE, au 31.12.2014, le pourcentage des crédits FSE déclaré dans un appel de fonds à la Commission européenne s'élevait à 74,5% du programme, le taux de certification des crédits FSE à cette date est de 77,4%. Pour le FSE des PO Convergence, le taux de déclaration des crédits FSE s'élevait à cette date à 78,6% et le taux de certification à 79,35%.

**Germany:** action taken: ; action completed: ; Completion date:  
Noted

**Greece:** action taken: NO ; action completed: ; Completion date:  
Part of the actions has been completed.

**Hungary:** action taken: NO ; action completed: ; Completion date:  
Factual finding, we have no comment to make.

**Ireland:** action taken: YES ; action completed: NO ; Completion date:

Ireland's absorption level is currently 90% (the current EU28 average is 87.9%), and is on track to make final drawdown and enter the closure process. The scatter chart beside is misleading as it gives the commitments and payments in billions of euros – Ireland has a comparatively small ESIF commitment, so appears negligible on the graph.

**Italy:** action taken: ; action completed: ; Completion date:

**Latvia:** action taken: YES ; action completed: YES ; Completion date: 5 December 2014

To prevent the risk of losing EU fund financing in 2014 the projects concerned were transferred from the operational programme Infrastructure and Services to the operational programme Entrepreneurship and Innovations. These measures were coordinated and on 5 December 2014 they were endorsed by the European Commission (Commission letter Ares(2014)4079662 of 5 December 2014). Latvia is above average among the EU-28 in terms of attaining financial targets. Since the project transfer in 2014 there are no longer any indications that EU fund financing will not be used in full.

**Lithuania:** action taken: YES ; action completed: NO ; Completion date:

The report of the European Court of Auditors ('the Court') depicts Lithuania as a Member State making best use of the funds of the European Union ('the EU') structural and investment funds for 2007-2013.

In implementing the operational programmes for the 2007-2013 financing period (the Operational Programme for Economic Growth approved by Commission Decision No C(2007)3740 of 30 July 2007 as last amended by Commission Decision No C(2014)3643 of 2 June 2014, the Operational Programme for the Promotion of Cohesion approved by Commission Decision No C(2007)3738 of 30 June 2007 as last amended by Commission Decision No C(2014)3476 of 26 May 2014, the Operational Programme for the Development of Human Resources approved by Commission Decision

	<p>No C(2007)4475 of 24 September 2007 as last amended by Commission Decision No C(2013)6262 of 26 September 2013 and the Operational Programme for Technical Assistance approved by Commission Decision No C(2007)6717 of 18 December 2007 as last amended by Commission Decision No C(2013)6269 of 1 October 2013), Lithuania has used about EUR 6.6 billion (98% of the EU funds allocated). The remaining share to be used by 31 December 2015 is about 2% of the EU funds allocated.</p> <p>The high absorption rate of EU structural funds in Lithuania is a result of continuous monitoring of the use of funds, responsible planning of funds in line with the country's needs and monitoring of high-risk projects co-financed by the EU funds ('projects').</p> <p><b>Luxembourg:</b> action taken: ; action completed: ; Completion date: En ligne avec la planification</p> <p><b>Malta:</b> action taken: YES ; action completed: NO ; Completion date: 31/03/2017 The procedures provided for — such as auditing, certification, closure work, etc., — are currently ongoing in relation to payments that have already been made and eventually those that are expected to be processed by the end of December 2015.</p> <p><b>Netherlands:</b> action taken: YES ; action completed: ; Completion date: No remarks concerning the Netherlands</p> <p><b>Poland:</b> action taken: ; action completed: ; Completion date: Note does not contain allegations against Poland</p> <p><b>Portugal:</b> action taken: ; action completed: ; Completion date: The observation is in line with facts and does not require comment.</p> <p><b>Romania:</b> action taken: YES ; action completed: NO ; Completion date: MEF-MA SOP HRD: intends to stop the NEETs phenomenon in Europe, and DG HCP examines the use of retroactive financial assistance in order to maximise the performance of SOPHRD 2007-2013 (PA 2 and PA 5) in this priority segment on the European agenda for 2020.</p> <p><b>Slovakia:</b> action taken: YES ; action completed: NO ; Completion date: Action to draw on EU resources is taken in collaboration with a Commission working party established in 2014. The</p>
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		<p>results of the action are periodically monitored at joint meetings between Slovakia and the Commission.</p> <p><b>Slovenia:</b> action taken: YES ; action completed: ; Completion date:</p> <p><b>Spain:</b> action taken: YES ; action completed: YES ; Completion date: 12 October 2015 EFF and FIFG: Reprogramming of the financial plan, approved by Commission Decision of 12 October 2015.</p> <p><b>Sweden:</b> action taken: ; action completed: ; Completion date: This comment does not require Sweden to take action.</p> <p><b>United Kingdom:</b> action taken: YES ; action completed: ; Completion date: This graph shows absorption rates for EU countries.</p>
<p><b>Graph 2.5.</b></p>	<p>Outstanding commitments of ESI funds</p>	<p><b>Austria:</b> action taken: YES ; action completed: NO ; Completion date:</p> <p><b>Belgium:</b> action taken: ; action completed: ; Completion date:</p> <p><b>Bulgaria:</b> action taken: ; action completed: ; Completion date:</p> <p><b>Croatia:</b> action taken: ; action completed: ; Completion date:</p> <p><b>Cyprus:</b> action taken: YES ; action completed: ; Completion date: The managing authority (DG EPCD) is currently preparing a management and control system for the integrated information system, and also preparing to assign responsibilities to competent bodies to enable the inclusion of projects and the certification of expenditure within the framework of the programmes co-financed by the funds: ERDF, CF, EMFF and ESF by the deadline for undertaking the commitments for 2014 laid down in the relevant regulations (31 December 2017).</p> <p><b>Czech Republic:</b> action taken: YES ; action completed: ; Completion date: Several actions have been taken, some of which remain ongoing, while others have come to an end (e.g. project phasing between the programming periods 2007-2013 and 2014-2020, programme revisions, the launch of new calls, project implementation extensions, more extensive communication with grantees, enhanced risk management).</p>

**Denmark:** action taken: YES ; action completed: ; Completion date:

Requests for payment from the Regional Development Fund and Social Fund that exceed the 95 % limit, see Article 79 of Council Regulation (EC) No 1083/2006 for the 2007–2013 programming period, have been submitted to the Commission. With regard to the utilisation rate for EAFRD and EFF, the weighted total for the two funds is expected to be 97 % by the end of the year.

**Estonia:** action taken: YES ; action completed: YES ; Completion date:

**Finland:** action taken: ; action completed: ; Completion date:

**France:** action taken: YES; action completed: NO ; Completion date: Clôture des programmes 2007-2013  
Le montant des engagements restant à liquider au titre du FEDER, au 31 décembre 2014, est satisfaisant.

**Germany:** action taken: ; action completed: ; Completion date:

As matters stand, it seems likely that there will be almost no unutilised amounts from the ERDF in the 2007-2013 programming period. Payments still to be called will be requested by means of payment claims to be made in the years 2015 and 2016 and with the final claim for payment.

**Greece:** action taken: ; action completed: ; Completion date:

**Hungary:** action taken: NO ; action completed: ; Completion date:  
Factual finding, we have no comment to make.

**Ireland:** action taken: NO ; action completed: NO ; Completion date:

ESIF support as a whole makes a small portion of Ireland's government expenditure, so the outstanding commitments make up a very small proportion of government expenditure. In terms of drawing down our outstanding commitments, Ireland does not foresee any issues impacting closure of our ERDF and ESF programmes for 2007-2013.

**Italy:** action taken: ; action completed: ; Completion date:

**Latvia:** action taken: YES ; action completed: YES ; Completion date: 5 December 2014

See explanation provided under observation 1

**Lithuania:** action taken: ; action completed: ; Completion date:

**Luxembourg:** action taken: ; action completed: ; Completion date:  
En ligne avec la planification

**Malta:** action taken: YES ; action completed: NO ; Completion date: 31/12/2015  
The outstanding commitments have been progressively decreasing, meaning that that the percentage thereof relative to general Government expenditure has been steadily falling.

**Netherlands:** action taken: YES ; action completed: ; Completion date:  
A useful table, but the Court should define the denominator 'total government expenditure' — does it include or exclude pensions, does it follow the definitions used in the EMU legislation? These things are not currently clear.

**Poland:** action taken: ; action completed: ; Completion date:  
Note does not contain allegations against Poland

**Portugal:** action taken: ; action completed: ; Completion date:  
The observation is in line with facts and does not require comment.

**Romania:** action taken: YES ; action completed: NO ; Completion date:

MEF: Measures taken in order to increase the absorption of EU funds related to financial year 2007-2013:

- Ensuring the funds necessary to the management authorities for the payments to beneficiaries, given the gap between expenditure statement/claim to the EC and the receipts;
- Identification and promotion of retrospective projects, i.e. projects initially financed from national sources or other sources (including IFIs), which are to be settled from EU funds, by their approval under Environment Sectoral Operational Programme 2007-2013 and Transport Operational Programme 2007-2013 in order to fully attract the European funds available.
- Reducing the deadline from 45 working days to 20 working days to notify the beneficiary of the payment for the expenditure authorised in the refund application or, in the case of direct payments, to notify the beneficiary of authorising the expenditure in the refund application.
- Establishing a mechanism for direct settlement of the applications for payment to local beneficiaries failing to settle invoices for goods/services/works received, accepted for payment, in order to ensure the financial flow to enable timely implementation of projects.

-Extension of the applicability of the settlement mechanism for the payment claim to all categories of beneficiaries of projects financed from European grants, including private beneficiaries, failing to settle invoices for goods/services/works received and accepted for payment;

-Training measures and increasing the administrative capacity of beneficiaries in accessing European funds;

- Setting the percentage of additional contracting at operational programme level and not only at priority axis level

- Instructions/orders with impact on the implementation of projects financed from European funds.

With regard to the cohesion policy for the period 2014-2020, all operational programmes are currently adopted by the European Commission and the managing authorities have started their implementation (preparation of applicant's guides/launching calls for projects).

**Slovakia:** action taken: YES ; action completed: NO ; Completion date:

Action to draw on EU resources is taken in collaboration with a Commission working party established in 2014. The results of the action are periodically monitored at joint meetings between Slovakia and the Commission.

**Slovenia:** action taken: YES ; action completed: ; Completion date:

**Spain:** action taken: YES ; action completed: YES ; Completion date: 12 October 2015  
EFF and FIFG: Reprogramming of the financial plan, approved by Commission Decision of 12 October 2015.

**Sweden:** action taken: ; action completed: ; Completion date:

This comment does not require Sweden to take action.

**United Kingdom:** action taken: YES ; action completed: ; Completion date:

This graph shows the level of outstanding EU commitments as a percentage of domestic government spending.

## CHAPTER 3 – Getting results from the EU budget

Paragraph	Observation in the 2014 Annual Report	Member State reply
<b>3.27.</b>	Monitoring and reporting on Europe 2020	<p><b>Luxembourg:</b> action taken: ; action completed: ; Completion date:</p>
<b>3.38.</b>	How Europe 2020 objectives are reflected in MS partnership agreements and programmes	<p><b>France:</b> action taken: YES ; action completed: YES ; Completion date:</p> <p><b>Germany:</b> action taken: NO ; action completed: ; Completion date: For information only; no reply required.</p> <p><b>Latvia:</b> action taken: YES ; action completed: YES ; Completion date: 11 November 2014 The operational programme Growth and Employment was developed and coordinated with the European Commission. The Commission approved the programme on 11 November 2014.</p> <p><b>Poland:</b> action taken: YES ; action completed: NO ; Completion date: Poland took steps to ensure the coordination of all 5 EU Funds (ESI Funds) in the programming phase. In accordance with the integrated approach principle, the Partnership Agreement sets out an investment strategy based on three EU policies: cohesion policy, the common agricultural policy (CAP) and the common fisheries policy (CFP). All programmes funded under these policies must be compatible with the Partnership Agreement, as emphasised in national law (Article 14h of the Principles of Development Policy Act of 6 December 2006, as amended). The Minister for Regional Development coordinates the preparation of programmes for the purpose of implementing the Partnership Agreement (Article 14g of the Act). Areas of strategic coordination identified by the Partnership Agreement include monitoring the cohesion of actions whereby the various policies covered by the Agreement are implemented. The Minister for Regional Development and the Minister for Rural Development and Fisheries cooperate within the Partnership Agreement Committee, which was set up by national law (Article 14l of the Act) as the President and Vice-President of the Committee respectively.</p>

		<p>However, Poland sees the need for further harmonisation of the rules governing the implementation of cohesion policy, CAP and CFP funds, because the specific nature of measures under individual funds makes it much more difficult to take complementary and integrated actions.</p> <p><b>Portugal:</b> action taken: ; action completed: ; Completion date: The observation is in line with facts and does not require comment.</p>
3.46.	Defined operational objectives in partnership agreements	<p><b>Germany:</b> action taken: ; action completed: ; Completion date: The responsible authorities point out that the requested information is already held by the Commission, as is evident from the response to point 3.60.</p>
3.48.	Defined operational objectives in partnership agreements	<p><b>Latvia:</b> action taken: YES ; action completed: YES ; Completion date: 11 November 2014 We would point out that achieving the principle targets is dependent on a number of factors which are influenced both by Cohesion Policy financing and national policies. Bearing in mind the results-orientated approach and the description of the notion of intervention logic which the European Commission has incorporated in its monitoring and evaluation guidelines, the specific support targets in the operational programme are formulated so as to provide a more accurate representation of the substance of the intervention and the desired changes. For example, one of Latvia's national objectives as set out in the partnership agreement is investment in R&amp;D at a rate of 1.5 % GDP. Attaining this objective involves a number of elements which are defined at operational programme level and also in the partnership agreement as specific issues requiring action, and a certain amount of financing is earmarked to address these issues (e.g. for attracting human resources to science, private sector involvement in R&amp;D, etc.). Therefore, in certain cases a situation may arise where individual specific support objectives appear to have an induced impact on the overall national objective, but they are in fact a key component of the broader policy framework.</p> <p><b>Portugal:</b> action taken: ; action completed: ; Completion date: The national authorities do not agree with the observation.</p> <p>Portugal 2020 programming reflects a step-by-step definition from the macro-objectives set out in the National Reform Programme for Portugal which defines the country's targets so as to meet the aims of the EU 2020 strategy.</p>

		<p>As an example, it should be noted that the relation between result indicators for the Human Capital Operational Programme (HCOP) and the indicator ‘education and training dropout rate’ in the Europa 2020 strategy is as follows: The education and training dropout rate indicator, as can be seen in EE2020, is a Eurostat indicator. Information for calculating the indicator is collected by national statistical bodies through the European Labour Force Survey. The indicator refers to persons aged between 18 and 24 who, not having completed secondary education (ISCED 3), were not attending a school or training course in the four weeks prior to the survey. This indicator allows the effectiveness of the educational system to be measured with regard to the medium-term production of qualifications. However, it cannot be used as an indicator for immediate results for educational policy measures for the education and training of young people within the scope of Portugal 2020. This is because the target public for these measures and for the Eurostat indicator do not coincide time wise. The education and training measures for young people in Portugal 2020, more specifically the alternatives provided by the education system (vocational and professional training) are aimed at young people up to 18 years old (minimum age at which young people may leave the educational system). However, the target public for the Eurostat indicator are young people between 18 and 24 years of age. This means that the indicator calculated for 2014 reflects the results of the system between 2008 and 2014 (period which covers that age group in the educational system). Therefore, only in 2020 will the indicator fully reflect the investment effort in the 2014-2020 programming period.</p>
<p><b>3.59.</b></p>	<p>Weak focus on results in particular in the partnership agreements</p>	<p><b>France:</b> action taken: NO ; action completed: YES ; Completion date: Le choix a été fait en France de ne pas identifier d’indicateurs de résultat dans l’accord de Partenariat mais de définir des tendances des résultats escomptés conformément à l’article 15 du règlement cadre. Ce choix a été effectué en accord avec les services de la Commission européenne. Dès lors les changements escomptés sont le fruit d’une négociation pour chaque programme entre la Commission et chaque autorité de gestion qui a établi ses résultats escomptés par action ainsi que les valeurs intermédiaires dans son programme qui a été négocié après l’adoption de l’accord de partenariat.</p> <p><b>Germany:</b> action taken: ; action completed: ; Completion date: The responsible authorities point out that the requested information is already held by the Commission, as is evident from the response to point 3.60.</p>

		<p><b>Latvia:</b> action taken: YES ; action completed: YES ; Completion date: 11 November 2014</p> <p>The Guidelines on the Content of the Partnership Agreement (<a href="http://ec.europa.eu/regional_policy/sources/docgener/informat/2014/pa_guidelines.pdf">http://ec.europa.eu/regional_policy/sources/docgener/informat/2014/pa_guidelines.pdf</a>) did not state that only quantified specific targets should be indicated.</p> <p>When the Partnership Agreement was being drafted, details had not yet been worked out of how financing would be distributed among specific support objectives, as laid down in the operational programme. It was therefore not possible in all cases to specify quantified targets in the Partnership agreement. We would point out that in the operational programmes, concrete target indicators with planned target values have been indicated for all specific support objectives, and in many cases Latvia has increased these values to take account of the proposals and objections set out in the ex ante evaluation and by the European Commission. For example, during the coordination process the volume of financing for thematic target 1 was significantly increased.</p> <p>With regard to targets for which quantified amounts are given in the Partnership Agreement, these have been determined in accordance with Europe 2020 strategy targets which were previously agreed with the competent EU institutions. It is unclear what criteria the Court of Auditors has used in finding that quantified targets are weak.</p>
<b>3.60.</b>	Weak focus on results in particular in the partnership agreements	<p><b>Germany:</b> action taken: ; action completed: ; Completion date:</p> <p>The responsible authorities point out that the requested information is already held by the Commission, as is evident from the response to point 3.60.</p>
<b>Box 3.6</b>	Examples of indicators, milestones and targets used in the performance framework	<p><b>France:</b> action taken: YES ; action completed: YES ; Completion date:</p> <p>Ces indicateurs figurent dans la rubrique cadre de performance du programme opérationnel FSE ALSACE. Pour l'indicateur financier celui mentionné par la Cour correspond à l'axe 3 du PO et l'indicateur de réalisation à l'axe 1 du même PO. En effet, les résultats escomptés sont inscrits dans les programmes qui correspondent à un cadre territorial qui est différent selon les régions françaises.</p> <p><b>Germany:</b> action taken: NO ; action completed: ; Completion date:</p> <p>For information only; Saxony-Anhalt is merely cited as an example and is not being criticised; no further reply</p>



required.

**Latvia:** action taken: YES ; action completed: YES ; Completion date: 11 November 2014

When compiling the operational programme performance framework, Latvia adhered strictly to the Commission's guidance on drafting the performance framework:

[http://ec.europa.eu/regional\\_policy/sources/docgener/evaluation/pdf/guidance\\_performance\\_framework.pdf](http://ec.europa.eu/regional_policy/sources/docgener/evaluation/pdf/guidance_performance_framework.pdf).

We would point out that the unit of measurement for financial indicators (or investment indicators as they are referred to in the commentary) is certified expenditure in euros, and it is therefore logical that these figures are essentially equal. It is also logical that the value of financial indicator targets for 2023 coincides 100 % with the amounts granted to a given fund under a specific priority axis, since Latvia, in common with other Member States, plans to make full use of the Cohesion Policy financing it is granted.

## CHAPTER 4 – Revenue

Paragraph	Observation in the 2014 Annual Report	Member State reply
4.4.	Audit scope and approach for the TOR accounting systems	<p><b>Austria:</b> action taken: NO ; action completed: ; Completion date:</p> <p><b>Spain:</b> action taken: ; action completed: ; Completion date: No observations</p> <p><b>United Kingdom:</b> action taken: n/a ; action completed: n/a ; Completion date: n/a n/a – this section describes the ECA audit scope and approach.</p>
4.8.	Reservations addressed	<p><b>Bulgaria:</b> action taken: YES ; action completed: YES ; Completion date: 22 September 2015</p> <p>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 2015, the NSI developed and implemented the official reservations in 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; VAT fraud; Implementation of the valuation methodology for own-produced software; Implementation of the valuation methodology for own-produced software for government, NPIs and financial undertakings; In-kind revenue in urban transport, Bulgarian National Railways (BDZ). 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, by 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 2015 contains information concerning GNI figures for the period 2002–2014. In addition to the most recent data available,</p>

		<p>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 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 sent in September 2015, the NSI submitted information about all reservations and recommendations issued.</p> <p>At the last GNI Committee meeting held 21-22 October 2015, a review of the reservations issued for inclusion in the GDP/GNI figures was carried out for each Member State. A timetable was also presented for carrying out additional verification missions in the countries identified as being most at risk of failing to meet their commitments – Latvia, Poland and Greece. Supplementary questions were sent to Bulgaria about the reservation for the PIM method. At present, the NSI is waiting for an official reply from Eurostat regarding the inclusion of all the reservations made in the figures.</p> <p>Ministry of Labour and Social Policy (MLSP): Not applicable to the Operational Programme ‘Human Resource Development’ 2007-2013. No errors were identified during the audit.</p> <p><b>Romania:</b> action taken: YES ; action completed: NO ; Completion date: NSI- The NSI has sent the calculations to the Commission on GNI reservations for the years 2007 to 2013.</p> <p><b>United Kingdom:</b> action taken: n/a ; action completed: n/a ; Completion date: n/a</p>
<p><b>4.11.</b></p>	<p>Revisions of methods and sources during 2014 had large impacts on GNI figures</p>	<p><b>Cyprus:</b> action taken: YES ; action completed: YES ; Completion date: 1 September 2015 Cyprus paid the increase of its contributions due to the above in three instalments. The last instalment was paid in September 2015.</p> <p><b>Netherlands:</b> action taken: YES ; action completed: ; Completion date: It is not clear to the Netherlands why we are mentioned here and Malta and the UK are not.</p>
<p><b>4.13.</b></p>	<p>Revisions of methods and sources during 2014 had large</p>	<p><b>France:</b> action taken: YES ; action completed: YES ; Completion date: Mai 2015 Le 12 novembre 2014, compte tenu des corrections TVA et RNB au titre des exercices 1995-2013 particulièrement élevées dues par certains États membres, la Commission a présenté une proposition de modification du règlement</p>

	impacts on GNI figures	<p>n°1150/2000 [COM(2014) 704] permettant aux États membres, sous certaines conditions, de différer la mise à disposition des montants des soldes TVA et RNB jusqu'au premier jour ouvrable du mois de septembre 2015. Afin que soit prise en compte la possible adoption de cette proposition, la Commission invitait les États membres souhaitant différer leur paiements à communiquer, avant le premier jour ouvrable de décembre 2014, à la Commission un échéancier contraignant en vue de la mise à disposition des montants en question.</p> <p>Par courrier en date du 27 novembre 2014, la France a notifié sa décision de différer la mise à disposition des montants des soldes TVA et RNB au titre des exercices 1995-2013 selon l'échéancier suivant qui a été mis en œuvre :</p> <ul style="list-style-type: none"> <li>- premier versement pour la moitié de la somme due le lundi 23 février 2015 ;</li> <li>- second versement pour la moitié de la somme due le mardi 26 mai 2015.</li> </ul> <p><b>Italy:</b> action taken: ; action completed: ; Completion date:</p> <p><b>Malta:</b> action taken: YES ; action completed: YES ; Completion date: 01/09/15</p> <p><b>Slovenia:</b> action taken: YES ; action completed: YES ; Completion date: 02. 02. 2015</p> <p>Ministry of Finance, Budget Directorate: Slovenia paid the amount due under the adjustment of the Member States' national contributions on the basis of VAT resources and additional resources, amounting to EUR 8,063,933.32, on the first working day of February 2015, i.e. 02.02.2015.</p> <p><b>United Kingdom:</b> action taken: n/a ; action completed: n/a ; Completion date: n/a</p>
4.17.	General reservations	<p><b>Greece:</b> action taken: YES ; action completed: NO ; Completion date: In cooperation with Eurostat. ELSTAT sent data for the years 2008 and 2009 to Eurostat in August 2014.</p> <p>It should be noted that the data for 2008 and 2009 and the supporting documentation sent in August 2014 are based on research results and not on preliminary estimates, since the final research evidence was available and the required quality checks had been performed.</p> <p>In November 2014, a Eurostat mission visited ELSTAT and thoroughly checked the evidence for 2008 and 2009 thoroughly, as well as the documentation forwarded. It is expected to provide a technical opinion on the lifting of a general reservation for the years 2008 and 2009.</p> <p>In addition, the data and documentation for the years 2002-2009 were sent in September 2015, according to the</p>

<p><b>4.19.</b></p>	<p>Problems relating to post-clearance audits</p>	<p>requirements of the programme for the transmission of the GNI Questionnaire 2015.</p> <p>The assessment of Eurostat is ongoing, following the visit of December 2015. ELSTAT is continuing its work, in accordance with Eurostat's instructions, in order to address the concerns on the GNI/GDP.</p>
		<p><b>Austria:</b> action taken: YES ; action completed: NO ; Completion date: An appropriate reply to the Commission is being prepared.</p> <p><b>Spain:</b> action taken: ; action completed: ; Completion date: The Spanish system is based on the presence of research units at central level. These identify undertakings that may be verified by the regional services, which bear ultimate responsibility for the selection and may in turn select other taxpayers.</p> <p>It is justifiable to give the regional services the final say on the matter because they are responsible for allocating the workload of the Office as a whole between its different units and services. They also have a more direct and immediate knowledge of the subjective and objective risk profile affecting operators in their area. This never implies that higher risk enterprises might be left unchecked. Because they are a central service, the Customs and Excise Department investigation units are the official interlocutor with EU bodies and have the power to carry out actions to obtain information by serving formal notices on any person or entity throughout Spain. Because they also monitor control activities in the various regional departments, they are the national authority in possession of most information and they initially select the highest-risk undertakings. Having established this principle, the problem that the ECA seems to be raising over the fact that the system may mean that high-risk undertakings are left unchecked due to lack of resources in the Office to which they are attached whereas other lower-risk undertakings are checked because the competent Office has sufficient resources to do this, would only arise if the selection of undertakings ultimately carried out by the central services were to be left unchecked due to lack of resources in the regional services responsible for carrying out the checks. However, the actual situation reveals that the vast majority of cases notified by the central to the regional services are ultimately subject to verification. This means that although the risk identified by the ECA of higher-risk undertakings being left unchecked cannot be ruled out completely, practical experience shows that this risk is not present, or at least does not have a significant impact on the efficiency of the control system.</p>

		<p>By way of illustration, in 2013, the year on which the ECA has focused its audit work, all the undertakings that were the subject of notifications from central services to regional services affecting the European Union's financial interests were ultimately checked.</p>
<p><b>4.22.</b></p>	<p>Problems relating to the management of the B accounts</p>	<p><b>Spain:</b> action taken: ; action completed: ; Completion date:</p> <p>The debts in the B account that have not been challenged are considered for the purpose of calculating the percentage referred to. We understand that this criterion is not entirely accurate, but given the special circumstances arising in the management of the B accounts, seeking to use statistical data from earlier years would also give rise to a figure that does not correspond to the actual situation. We completely rule out examination on a case-by-case basis due to the high workload this would entail for the Spanish administration.</p> <p><b>United Kingdom:</b> action taken: YES ; action completed: NO ; Completion date:</p> <p>The UK accept that the current procedure for preparing the B Account statements is complex and its manual nature has led to occasional mistakes. However, lessons have been learnt and the methodology and guidance improved and streamlined as a result.</p> <p>The CHIEF system is to be replaced and the strategy is to integrate post clearance functionality into the new service, providing an end-to-end audit trail within the one system. The new service is expected to be delivered in 2017. Once the full system is operational there will no longer be a requirement for the B Account to include so many complex and manual processes.</p>
<p><b>4.23.</b></p>	<p>Open points management</p>	<p><b>Germany:</b> action taken: YES ; action completed: NO ; Completion date: Scheduled for 2016</p> <p><b>Greece:</b> action taken: ; action completed: ; Completion date:</p> <p><b>Portugal:</b> action taken: YES ; action completed: NO ; Completion date:</p> <p>The national authorities are making every effort to correct all the errors detected in the audits.</p>
<p><b>Table 4.1.</b></p>	<p>VAT/GNI balances for 2014</p>	<p><b>Austria:</b> action taken: NO ; action completed: ; Completion date:</p> <p><b>Belgium:</b> action taken: YES ; action completed: NO ; Completion date:</p> <p>Il semble que le pourcentage figurant dans le calcul est susceptible d'être augmenté.</p>

Au vu des derniers chiffres du budget UE pour 2015 (derniers soldes reçus) on peut calculer ce qui suit:

	TVA	PNB	PNB + TVA
Budget EU 2015	511.842.600	2.677.114.263	3.188.956.863(b)
soldes	72.870.422	147.715.886	220.586.308(a)
			6,92%(c)=a/b

Concernant la TVA, nous devons effectuer des paiements supplémentaires car notre compensation pour les voitures a été ajustée à la baisse (c'était une compensation négative pour l'UE). La réserve sur cette compensation a été annulée (quid pro quo). A propos du PIB, nous ne pouvons nous prononcer (le PIB a été ajusté à la hausse à plusieurs reprises).

La Belgique n'a pas demandé de report l'année dernière.

Pour le tableau 4.1, nous ne pouvons que confirmer les montants qui y figurent.

En ce qui concerne les soldes TVA/RNB 1995 à 2013, le montant versé à la COM s'élève précisément à 118.877.015,38 €

Le montant inscrit au budget pour le RNB était de 3.136.980.000,00 €

La Cour se penche principalement sur les chiffres indiqués par la Commission dans son propre budget par rapport aux soldes communiqués fin Novembre.

Pour 2014, la COM semble avoir utilisé leur 7e budget rectificatif de cette année.

Ces chiffres ne semblent pas tenir compte du rabais britannique.

Pour ce qui est des douanes belges

YEAR	REPORT NO	COUNT RY	OPEN POINTS	Points closed between 2/10/14 and 20/3/15	Measures taken
2009	09.0.2	BE	3.1		
2010	10.0.2	BE	3.4		





	2014	14.0.1	BE	3.1 3.2 3.3 3.4 3.5 3.6 3.7	<p>Point 3.1.: New procedure developed by the Tariff Service within the licensing framework.</p> <p>Instruction/gentlemen's agreement also already adapted.</p> <p>Point 3.6. A: Departments were again made aware of the instruction.</p> <p>Point 3.6.B: Completed</p> <p>Point 3.6.C: Cases entered in OWNRES and fraud forms compiled.</p>	
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**Bulgaria:** action taken: ; action completed: ; Completion date:

**Croatia:** action taken: YES ; action completed: YES ; Completion date:

**Cyprus:** action taken: ; action completed: ; Completion date:

**Czech Republic:** action taken: ; action completed: ; Completion date: Irrelevant – there is no error involved.

**Denmark:** action taken: ; action completed: ; Completion date: This table appears to present factual circumstances and it is therefore not relevant to comment on whether action has been taken or not.

**Estonia:** action taken: YES ; action completed: YES ; Completion date: 2015

**Finland:** action taken: YES ; action completed: YES ; Completion date: 7 December 2015  
The amount of the adjustment (- EUR 34 million) is correct. The total budget (EUR 1 669 million) is also

correct as concerns GNP and VAT payments, excluding the adjustments made in December 2015 (- EUR 34 million), and the 'opt-out' (+ EUR 1 million).

**France:** action taken: YES ; action completed: YES ; Completion date: budget final 2014  
Le solde TVA et RNB de 562 M€ au 31 décembre 2014 indiqué consiste en un solde pour les années 1995-2013 de 70,4 M€ pour la ressource TVA et de 491,9 M€ pour la ressource RNB, en faveur de la Commission européenne. Il correspond à ce qui était indiqué dans la note d'information aux États membres du Budget Rectificatif n°6 pour les soldes de l'exercice 2014.

**Germany:** action taken: ; action completed: ; Completion date:  
For information only; no reply required.

**Greece:** action taken: ; action completed: ; Completion date:

**Hungary:** action taken: YES ; action completed: YES ; Completion date: 01.12.2014  
We made available the full amount of correction to the VAT and GNI balance, we also made the VAT and GNI-based payment.

**Ireland:** action taken: YES ; action completed: YES ; Completion date: 01/12/2014  
Ireland has paid its VAT & GNI balance.

**Italy:** action taken: YES ; action completed: YES ; Completion date: 22/09/2014  
ISTAT completed the action linked to the GNI reservations (ESA 95) in September 2014, when the new ESA 2010 regulation was adopted. However, as of 31 December 2014 the nine reservations for Italy had not been lifted.

**Latvia:** action taken: NO ; action completed: NO ; Completion date:  
In 2014 only one ECA audit was carried out in Latvia relating to the EU fund 2007–2013 planning period – operational programme 3 Infrastructure and Services. The audit drew just one conclusion, namely that the Major Project application (pursuant to Article 39 of Regulation (EC) No 1083/2006) was not approved within a three-month period. This observation was not addressed to the Latvian authorities, but to the European Commission.

**Lithuania:** action taken: ; action completed: ; Completion date:

**Luxembourg:** action taken: ; action completed: ; Completion date:

**Malta:** action taken: YES ; action completed: YES ; Completion date: 01/09/15  
See point 4.13

**Netherlands:** action taken: YES ; action completed: ; Completion date:

**Poland:** action taken: ; action completed: ; Completion date:  
note does not contain allegations against Poland

**Portugal:** action taken: ; action completed: ; Completion date:  
The observation is in line with facts and does not require comment.

**Romania:** action taken: ; action completed: ; Completion date:  
UCRBUE-MFP- These amounts correspond to those adopted in amending budget No 7/2014. UCRBUE

**Slovakia:** action taken: YES ; action completed: YES ; Completion date: 01/12/2014  
Included in the Call for Funds, December 2014.

**Slovenia:** action taken: YES ; action completed: YES ; Completion date: 02. 02. 2015  
Ministry of Finance, Budget Directorate: Slovenia paid the amount due under the adjustment of the Member States' national contributions on the basis of VAT resources and additional resources, amounting to EUR 8,063,933.32, on the first working day of February 2015, i.e. 02.02.2015.

**Spain:** action taken: ; action completed: ; Completion date:  
No observations

**Sweden:** action taken: ; action completed: ; Completion date:  
This comment does not require Sweden to take action.

		<p><b>United Kingdom:</b> action taken: n/a ; action completed: n/a ; Completion date: n/a</p>																	
<p><b>Table 4.2.</b></p>	<p>Member states GNI/GNP reservations</p>	<p><b>Austria:</b> Re TOR- action taken: YES ; action completed: NO ; Completion date: Re GNI- action taken: YES ; action completed: NO ; Completion date: Re VAT- action taken: NO ; action completed: NO ; Completion date:</p> <p>At the end of 2015, there were four reservations regarding VAT resources for Austria. Two from Austria (infringement proceedings 2007/2453 and 2010/2055) and two from the Commission (infringement proceedings 2007/2453 and 2012/2124). These are outlined briefly in the table on the next page, which also gives the years concerned.</p> <table border="1" data-bbox="571 385 1050 1527"> <thead> <tr> <th data-bbox="571 1245 735 1527" rowspan="2">Sonstige Ausgleichsbeträge – Anwendung der MwSt-Richtlinie, Vertragsverletzungsverfahren Nr. 2007/2453</th> <th data-bbox="571 1133 735 1245">KOM</th> <th data-bbox="571 987 735 1133" rowspan="2">2004 – 2012</th> <th data-bbox="571 562 735 987" rowspan="2">Inkorrekte Anwendung von Steuerbefreiungen gemäß Artikel 132 der MwSt-Richtlinie – Vertragsverletzungsverfahren Nr. 2007/2453</th> <th data-bbox="571 385 735 562">Aufrechterhalten</th> </tr> <tr> <th data-bbox="735 1133 895 1245">AT</th> <th data-bbox="735 385 895 562">Zur Kenntnis genommen</th> </tr> </thead> <tbody> <tr> <td data-bbox="735 1245 895 1527">Sonstige Ausgleichsbeträge – Anwendung der MwSt-Richtlinie, Vertragsverletzungsverfahren Nr. 2010/2055</td> <td data-bbox="735 1133 895 1245">AT</td> <td data-bbox="735 987 895 1133">2006 – 2010</td> <td data-bbox="735 562 895 987">Steuerbefreiung der Post – Vertragsverletzungsverfahren Nr. 2010/2055</td> <td data-bbox="735 385 895 562">Zur Kenntnis genommen</td> </tr> <tr> <td data-bbox="895 1245 1050 1527">Sonstige Ausgleichsbeträge – Anwendung der MwSt-Richtlinie, Vertragsverletzungsverfahren Nr. 2012/2124</td> <td data-bbox="895 1133 1050 1245">KOM</td> <td data-bbox="895 987 1050 1133">2010 – 2012</td> <td data-bbox="895 562 1050 987">Nichtanwendung der Regelung für Reisebüros – Vertragsverletzungsverfahren Nr. 2012/2124</td> <td data-bbox="895 385 1050 562">Aufrechterhalten</td> </tr> </tbody> </table> <p>Source of the table: European Commission's VAT control report, ref. Ares(2015) 5247667 - 20/11/2015, letter from the European Commission of 20 November 2015.</p> <p><b>Belgium:</b> action taken: YES ; action completed: NO ; Completion date: 1. Une réserve a été placée pour calculer le taux moyen pondéré de la TVA concernant le traitement des données relatives à la vente de terrains avec nouvelles constructions. Cette réserve a été levée au cours de l'année 2015.</p>	Sonstige Ausgleichsbeträge – Anwendung der MwSt-Richtlinie, Vertragsverletzungsverfahren Nr. 2007/2453	KOM	2004 – 2012	Inkorrekte Anwendung von Steuerbefreiungen gemäß Artikel 132 der MwSt-Richtlinie – Vertragsverletzungsverfahren Nr. 2007/2453	Aufrechterhalten	AT	Zur Kenntnis genommen	Sonstige Ausgleichsbeträge – Anwendung der MwSt-Richtlinie, Vertragsverletzungsverfahren Nr. 2010/2055	AT	2006 – 2010	Steuerbefreiung der Post – Vertragsverletzungsverfahren Nr. 2010/2055	Zur Kenntnis genommen	Sonstige Ausgleichsbeträge – Anwendung der MwSt-Richtlinie, Vertragsverletzungsverfahren Nr. 2012/2124	KOM	2010 – 2012	Nichtanwendung der Regelung für Reisebüros – Vertragsverletzungsverfahren Nr. 2012/2124	Aufrechterhalten
Sonstige Ausgleichsbeträge – Anwendung der MwSt-Richtlinie, Vertragsverletzungsverfahren Nr. 2007/2453	KOM	2004 – 2012		Inkorrekte Anwendung von Steuerbefreiungen gemäß Artikel 132 der MwSt-Richtlinie – Vertragsverletzungsverfahren Nr. 2007/2453			Aufrechterhalten												
	AT		Zur Kenntnis genommen																
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2. En lien avec ces terrains vendus avec une nouvelle construction, il reste une réserve relative aux années 2011 et 2012. L'incertitude sur les chiffres provenant de différentes administrations devrait être clarifiée.

3. La réserve sur le calcul de la compensation sur le plafond de la déduction fixé par l'article 45 § 2 du Code de la taxe sur la valeur ajoutée a été abolie en 2015.

4. La réserve pour l'exonération des services postaux universels est relative à la compensation qui doit être calculée pour la période 2010-2011. Les services de la Commission européenne considèrent qu'il s'agit d'une question d'ordre méthodologique. La réserve est maintenue tant que la méthode ne sera pas clarifiée.

5. Concernant la réserve en matière de services de restauration à bord des navires, trains et avions au cours d'un transport intracommunautaire de passagers: tant qu'il n'y a pas de sécurité juridique, la réserve sera maintenue.

**Bulgaria:** action taken: YES ; action completed: YES ; Completion date: 22 September 2015

Customs Agency (AM): Of the Commission's 13 questions relating to TOR (as of 31 December 2014), eight have been closed following the opinions submitted by the Bulgarian customs authorities, as follows:

- With regard to letter No BUDG/B/03/MF/D(2015)303939 of the Commission, dated 26 January 2015, concerning item 3.2 of Commission Report No 09-26-1 on the verification of TOR;
- With regard to letter No BUDG/B/03/BF/D(2015)3555346 of the Commission, dated 28 August 2015, concerning items 3.4 and 3.7 of Commission Report No 12-26-1 on the verification of TOR;
- With regard to letter No BUDG/B/03/MF/D(2015)348977 of the Commission, dated 29 January 2015, concerning items 3.1, 3.3 and 3.4 of Commission Report No 13-26-1 on the verification of TOR;
- With regard to letter No BUDG/B/03/BF/D(2015)3874263 of the Commission, dated, 18 September 2015, concerning item 3.2 of Commission Report No 13-26-1 on the verification of TOR;
- With regard to letter No BUDG/B/3/MF/FGO(2015)4167795 of the Commission, dated 8 October 2015, concerning item 3.2 of Commission Report No 14-26-1 on the verification of TOR.

With regard to the open questions:

The Bulgarian authorities have submitted opinions on items 3.1, 3.5 and 3.6 in Report No 12-26-1 in a letter to the Ministry of Finance (MF) No 32-221040, dated 27 October 2015;

The Bulgarian authorities have taken action to issue an opinion on paragraphs 3.1 and 3.3 from Report No 14-26-1 on the verification of TOR by the deadline of 27 November 2015.

National Revenue Agency (NAP): The Bulgarian agencies represented by NAP, NSI and MF have taken action to reduce the number of VAT-related reservations. As a result of this, during the inspection conducted in early 2015 by representatives of the Commission, two VAT-related reservations remained or five reservations were withdrawn. The Bulgarian authorities are endeavouring to remove all reservations related to the VAT base.

NSI: See comment on Note 1

**Croatia:** action taken: YES ; action completed: YES ; Completion date: 02/04/2015

**Cyprus:** action taken: NO ; action completed: ; Completion date:

No reservation was pending at 31 December 2014. Therefore, no action was taken to lift reservations. In the period between 24-27 June 2014, a team of auditors from the DG Budget and Eurostat (ESTAT) of the European Commission carried out an audit of the VAT own resources bases for the years 2011-2012. Upon completion of the audit, no reservation was raised.

Please note that the four pending reservations were lifted after the completion of an audit of the VAT own resources bases for the years 2008-2010 that was carried out in 2012 by a team of auditors from the European Commission.

action taken: YES ; action completed: NO ; Completion date:

Regarding the 6 'open points' of Cyprus' traditional own resources, it should be noted that four of them have been completed, and the remaining two are in progress.

action taken: YES ; action completed: YES ; Completion date: 22/09/2015

As regards the GNI/GDP own resource, Cyprus has taken all the expected measures, which were forwarded to the European Commission to lift all reservations, and official approval is expected.

**Czech Republic:** Open TOR-related points- action taken: YES ; action completed: NO ; Completion date: Report 13-25-1 was concluded as a whole by the Commission's letter of 27 January 2015 (reference number 312414 BUDG/B/3/TE (2015));

The response of the General Directorate of Customs to Report 14-25-1 (findings 3.1; 3.2) was sent on 15 April 2015. The Commission has yet to respond.

GNI reservations- action taken: YES ; action completed: YES ; Completion date: 30 September 2014 and 30 September 2015 (estimated)

All reservations were addressed as part of the extraordinary revision of 2014 national accounts (associated with the transition to ESA 2010). The results of the way this was handled, together with annotations, were sent to Eurostat in September 2014 (see the GNI Questionnaire 2014 and Quality Report 2014).

Eurostat probed the handling of a specific reservation (housing) during a review mission in May 2015. Its observations were incorporated into the solution. The results of the solution were delivered to Eurostat in September 2015 (see the GNI Questionnaire 2015 and Quality Report 2015).

The Czech Statistical Office has yet to receive any official information as to whether Eurostat accepts the solutions proposed.

**Denmark:** VAT reservations - action taken: YES ; action completed: NO ; Completion date:

GNI reservations- All GNI reservations have been lifted or are currently being processed by the Commission.  
VAT reservations- As of 31 December 2014 four reservations had been entered regarding Danish VAT compensation.

1. Three of these reservations concern passenger transport. The three reservations concern a) long-distance coach transport by foreign companies in Denmark, b) the inclusion or non-inclusion of state subsidies in the calculation of the VAT base, c) the separation of input and output (in connection with b)).

a) Agreement has subsequently been reached between the Commission and the Danish authorities on a compensation calculation that includes long-distance coach transport by foreign companies in Denmark in the calculated VAT base.

b) and c) A solution remains to be found.

2. The fourth reservation concerns a compensation calculation for the restriction on businesses' entitlement to make deductions for car use. The Danish authorities are in dialogue with the Commission on a new compensation calculation that involves using the central motor register (DMR), which entered into force in mid-2012.

Traditional own resources- As of 31 December 2014 there were 21 outstanding points registered in 7 audit reports concerning traditional own resources.

Audit report 2009-1-1 on inspection of own resources concerning transit procedures and TIR

There were two outstanding points as of 31 December 2014 that were awaiting, respectively, a judgment in two cases at the CJEU, and the full operation of the complete risk module in NCTS, implemented from 1 January 2015. The latter point has since been closed.

Audit report 2010-1-1 on inspection of own resources concerning control strategy

As of 31 December 2014 there was still one point open. However, that point was later closed and the audit report was finalised.

Audit report 2011-1-1 on inspection of own resources concerning the local clearance procedure (import)

Two points in this audit report remained open as of 31 December 2014. The two points concern insufficient information in the notifications for the local clearance procedure and weaknesses in risk management in connection with the local clearance procedure.

Audit report 2011-1-2 on inspection of own resources concerning repayments or remission and non-recovery of duties

Two points in this audit report remained open as of 31 December 2014. The two outstanding points concern:

- identifying the population of remissions and repayments and the impact on accounting reporting
- failure to respect the statutory procedure for remissions and payments

Audit report 2012-1-1 on inspection of own resources concerning anti-dumping measures  
The four points in this audit report were still open as of 31 December 2015 [sic]. The Commission has requested the introduction of new IT procedures for the registration of data covered by the registration regulations. In addition, the Commission has requested clarification of legal interpretation regarding entry into the accounts, information on the use of risk data in the risk analysis and confirmation of the introduction of internal control standards. Of these four points, two were closed in 2015.

Audit report 2013-1-1 on inspection of own resources – investigation of the reliability of the 2012 A and B accounts. This report contains five points concerning:

- no assessment of responsibility for amounts written-off
- errors in updating the B account
- TOR amounts made available belatedly
- administrative error leading to remission
- various issues with cases of repayment

The five points remain outstanding.

Audit report 2014-1-1 on inspection of own resources – end-use procedure  
The report was issued on 30 January 2015.

This audit report contains five points that are still outstanding and that concern:

- failures in end-use authorisations
- lack of control of customs clearance and lack of customs supervision
- goods potentially cleared for end use without authorisation due to IT system flaws
- cases of financial liability linked to end use
- issues with end use for particular goods

Denmark is in ongoing dialogue with the Commission on the implementation of solutions for the points that remain outstanding in all the audit reports.

**Estonia:** action taken: YES ; action completed: YES ; Completion date: 2015

**Finland:** action taken: YES ; action completed: NO ; Completion date:  
GNI/GNP reservations: At the end of 2014, five reservations were outstanding (the table erroneously reports that there were six). Statistics Finland took steps to lift them in 2014. One reservation was lifted in 2015 and Eurostat is preparing proposals to lift the remaining four.

The VAT reservations have been inspected; no comments to report.

Concerning the six outstanding points in the area of traditional own resources, the Commission and the Member State will continue to work together to lift these outstanding points. In regard to the open points, the



Member State has already implemented corrective measures to resolve the points referred to in the observation.

**France:** action taken: YES ; action completed: NO ; Completion date: au gré des échanges entre la France et la Commission suivant la procédure normale.

Sept réserves (deux spécifiques à la France, cinq transversales) portaient sur le RNB français au 31/12/2014. Des actions ont été entreprises au cours de l'année écoulée.

S'agissant des réserves TVA, les réserves sur les relevés TVA au 31 décembre 2014 portent sur deux sujets: les manifestations sportives (cette réserve n'aura plus lieu d'être à partir du 1er janvier 2015, car le droit français a été mis en conformité) et les transports de biens entre la France métropolitaine et la Corse (une réserve par la France et une par la Commission). Une réserve a par ailleurs été déposée en juin 2015 à la suite de l'ouverture par la Commission européenne d'une procédure d'infraction (EU Pilot 6581/14) pour l'exonération de TVA des services d'aide à la personne fournis par les associations sans but lucratif.

S'agissant des points ouverts sur les RPT, un grand nombre de points ouverts concerne des dossiers individuels relatifs à des montants inscrits en ou retirés de la comptabilité séparée – B. Ils sont clos au gré des mises à disposition des montants principaux éventuellement dus et des intérêts de retard exigibles, le cas échéant, à la demande exclusive des services de la Commission (DG Budget).

Pour les autres points ouverts, de portée plus générale, ils suivent le processus normal d'échange de position entre les autorités françaises et les services de la Commission. La plupart de ces points ouverts devraient être clos rapidement (premier semestre 2016) car faisant l'objet d'observations récurrentes de la part des agents mandatés en cours de clôture. À titre d'exemple, près de la moitié des points ouverts du rapport d'inspection n° 14-5-2 sont à mettre en relation avec des points ouverts de rapports antérieurs. Or, les points n° 3.1, n° 3.3 et n° 3.4 de ce rapport devraient être clos une fois le CCRP-RPT du 9 décembre 2015 passé. En relation avec des points ouverts inscrits aux rapports n° 09-5-2, n° 10-5-1, n° 10-5-2, n° 12-5-1, n° 13-5-1 et n° 14-5-1, ces derniers devraient être clos en cascade, ce qui aura également pour conséquence de clore intégralement certains de ces rapports plus anciens.

**Germany:** action taken: YES ; action completed: NO ; Completion date:

**Greece:** action taken: YES ; action completed: NO ; Completion date: In cooperation with Eurostat

Throughout 2015, ELSTAT has implemented a comprehensive work and action plan in order to address the concerns on the GNI/GDP.

Throughout this programme, ELSTAT has worked intensively to solve the issues related to the reservations and submitted the information and documents requested by Eurostat in 2015. In addition, ELSTAT cooperates with Eurostat in addressing these reservations and Eurostat visited ELSTAT on two occasions in 2015 (in June

and December) to carry out a detailed evaluation of ELSTAT's work with the aim of removing the reservations.

In particular, during the December visit (15-17 December 2015) a direct verification of the data submitted was carried out by Eurostat. Eurostat is in the process of examining the information and documentation submitted.

**Hungary:** action taken: YES ; action completed: NO ; Completion date: in progress  
Five of the GNI reservations were lifted on the basis of the letter dated 17 June 2015, the drafting and sending of the official notification on lifting the other seven is underway. In respect of the only VAT-based reservation, we are holding consultations with the Commission to settle the issue.

**Ireland:** action taken: YES ; action completed: NO ; Completion date:

Regarding GNI reservations, the 4 reservations are transversal i.e. applicable to all member states. The state of play is as follows:

Country	Transversal GNI Reservation (from Eurostat GNI Committee meeting October 2015)	Years of application	Reservation lifted	State of play
Ireland	I. The treatment of cross-border property income	2002-2010		I - Technical opinion on lifting is being prepared.
	II. The calculation and allocation of financial intermediation services indirectly measured (FISIM)	2010 onwards	18/09/2013	II - Not yet addressed.
	III. The treatment of entities with little or no physical presence	2002-2010	06/02/2014	
	IV. The treatment of car scrap schemes	2002-2010	06/02/2014	
	V. The treatment of cooperative dwellings	2002-2010		
	VI. The inclusion of illegal activities in national accounts	2009-2010	06/02/2014	VI and VIII - Technical opinions on lifting of reservations are being prepared by Eurostat.
	VII. The recording of the vehicle registration tax	2009-2010		
	VIII. The calculation of IC for actual and imputed rentals in the estimation of the production of housing services	2009-2010		

As at 18 November 2015, CSO awaits formal receipt of Eurostat's technical opinions on the three reservations listed above. On reservation II (FISIM), Eurostat has given a deadline of September 2016 for the implementation of the required methodology in the national accounts. CSO is preparing a revised FISIM calculation methodology for transmission to Eurostat, before the end of 2015, for its consideration. Once this is approved by Eurostat, CSO will implement the changes in its next annual national accounts results time series, scheduled for June 2016.

Regarding the VAT reservations, we continue to work closely with the European Commission, the Central Statistics Office and colleagues in other sections of the Revenue Commissioners of Ireland. We have responded to the Commission regarding the outstanding reservations and we expect several of the reservations to be lifted in the new year.

Regarding the TOR reservations Revenue has noted with interest the Court of Auditors observations in relation to Traditional Own Resources. Table 4.2 reveals that as at 31/12/14, there were 13 'open points' related to inspections carried out by DG BUDGET in Ireland. A number of these 'open points' have been dealt with since that date. The updated position is as follows;

- There are currently 8 'open points' remaining associated with inspections in 2011 and 2013
- 2011 inspection – A follow up report was received from DG BUDGET in Sept 2015. Three 'open points' remain. Our response to this follow up will be dispatched to DGBUDGET before the end of 2014. Two of the remaining open points relate to the charging of late payment interest. They will be closed once this interest has been paid. We are currently awaiting information from DGBUDGET on the exact amount involved. These amounts will be paid after the amounts requested are verified. It is also hoped that the third 'open point' will also be closed once Ireland have provided clarification to DG BUDGET on the matter.
- 2013 inspection – There were five 'open points' associated with this inspection. Ireland provided a response to DG BUDGET on these in early 2015. To date (mid Nov 2015) we have not yet received any further follow up from DG BUDGET on the matter. Accordingly, they must remain open until such follow up is received.

**Italy:** action taken: ; action completed: ; Completion date:

With regard to VAT own resources, the action taken by the Italian authorities took the form of a series of documents and calculation sheets containing the proposals for lifting the remaining reservations.

A new inspection visit concerning 2011-13 was carried out from 6 to 10 October 2014, following which the issues underlying the lifting of the remaining reservations were addressed. There were eleven reservations in place at the time of the inspection visit, eight on the part of the Commission and three on the part of the Italian authorities. Italy's initial

replies and the supporting documentation were provided within one month of the end of the Commission's inspection, with the result that the number of open reservations was reduced from eight to seven on the Commission's part, and to one on Italy's part (preliminary Commission report, Ares (2015) 707589 of 19 February 2015).

For 2015, we note that in the final Commission report on the results of the inspection for 2014 (Ares (2015) 4455177 of 21 October 2015), the Commission lifted three further reservations, leaving a total of six reservations outstanding, comprising four from the Commission and two from the Italian authorities. The results of the inspection for 2011-13 were presented to ACOR in Brussels on 12 November 2015.

With regard to the outstanding 1999 reservation concerning VAT receipts and refunds, the special audit requested by the Commission took place on 24 and 25 September 2015 with the participation of the national Court of Auditors, to check the accounting items subject to the reservation; work on this will be completed by the next ACOR meeting in 2016.

#### TOR open points-

action taken: YES ; action completed: YES ; Completion date: 20/03/2015

Concerning Commission report No 12/7/1, regarding matters within the remit of the Ministry of Economic Affairs and Finance, General National Accounts Department, we would like to point out the following:

- 1) with regard to point 3.1, 'Date of recovery within the meaning of the own-resources legislation', the electronic communication of data between Equitalia and the Ministry relating to enforced recoveries from the B account has been updated;
- 2) with regard to point 3.4, 'Inconsistencies between the statements of the A and B accounts', on the basis of the monthly payment for March 2015 (January 2015 assessments), the statement for the A account has been amended and an annex to this account has been produced, as requested by DG BUDG B3.

Response from the Customs and Monopolies Agency on the other open TOR points

action taken: YES ; action completed: NO ; Completion date:

**Latvia:** action taken: YES ; action completed: YES ; Completion date: 21 November 2014

With regard to unresolved issues concerning traditional own resources, we confirm that all the issues identified during checks in Latvia on traditional own resources have been resolved.

action taken: YES ; action completed: NO ; Completion date:

With regard to the GNI/GNP reservations, during 2015 concerted efforts continued (including three Eurostat information visits) aimed at eliminating all remaining GNI reservations as soon as possible. The 2015 GNI questionnaire included the results of work on specific GNI reservations and cross-cutting issues (impact on the

	<p>volume of GNI), and the quality report also provided a brief description of the work done on GNI reservations. Detailed information has been sent to Eurostat, but a methodological description relating to one reservation is still to be completed (the volume of GNI is not subject to an audit). With regard to the 15 remaining reservations, the Central Statistical Board has conducted all necessary audits of GNI figures and has submitted all the necessary documentation with a view to these reservations being lifted. Further progress is dependent on how quickly Eurostat can prepare all the necessary documentation in order to officially lift these reservations.</p> <p>action taken: YES ; action completed: NO ; Completion date:</p> <p>With regard to the VAT reservations, the question was raised within the framework of the EU Pilot procedure 6103/14/TAXU as to whether the value added tax exemption for accommodation management services complies with the provisions of Council Directive 2006/112/EC of 28 November 2006 on the common system of value added tax (the VAT Directive). The Commission's services sent their first request for information to the competent Latvian authorities on 11 February 2014, to which the Latvian authorities replied on 22 April 2014. Following receipt of this response, on 8 July 2014 the Commission's services sent a further request for information, to which the Latvian authorities replied on 6 August 2014. On 26 November 2014 the Latvian authorities received the Commission's letter of formal notice in infringement proceedings 2014/2233.</p> <p>The letter setting out Latvia's position in response to the Commission's letter of formal notice in these infringement proceedings stated that, with a view to resolving the infringement identified by the Commission and correctly applying the provisions of the VAT Directive, Latvia will amend the Value Added Tax Law by deleting Article 52(1)(25)(b), which provides for VAT exemption for accommodation management services.</p> <p>We would inform you that on 30 November 2015 the Saeima adopted the Law amending the Value Added Tax Law, which stipulates that from 1 July 2016 Article 52(1)(25)(b) is deleted from the Value Added Tax Law. At the same time Article 52(1)(8)(b) of the Law on VAT, laying down VAT exemption for accommodation maintenance and management services provided by cooperative societies for owners of dwellings to their members, is also deleted. Therefore, as of 1 July 2016 accommodation management services will be subject to VAT.</p> <p><b>Lithuania:</b> action taken: YES ; action completed: NO ; Completion date:  There is a technical conclusion by Eurostat on all the four GNP reservations that they need to be repealed (document on the state of GNP reservations drawn up at the 31st meeting of the GNP Committee (21-22 October 2015) (Doc. 309)) (actions ongoing).  On 1-5 December 2014 the European Commission carried out a control inspection to check own-resources reports based on value added tax ('VAT') for 2011-2013. On 16 November 2015 the final consolidated</p>
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document by the European Commission's Directorate General for Budget submitted after Lithuania put forward its comments on the control of VAT-based own-resources confirmed that Lithuania still did not have any VAT reservations (actions completed).

Action was taken in respect of open comments concerning traditional own resources ('TOR') listed in the Court's report and they are being handled (actions ongoing):

-Paragraphs 3.1 and 3.2 of the European Commission's Report No 11-20-1 of 9 January 2012 on TOR checks carried out in Lithuania on 3 October 2011 (Letter No BUDG/B/03/KV (2014) of 2 October 2014 from the European Commission).

-Paragraphs 3.2 and 3.3 of the European Commission's Report No 12-20-1 of 25 January 2013 on the TOR check carried out in Lithuania on 22-26 October 2012 (Letter No BUDG/B/3/KV D92014) of 5 November 2014 from the European Commission).

-Paragraph 3.1 of the European Commission's Report No 14-20-1 of 5 September 2014 on the TOR check carried out in Lithuania on 16 20 June 2014.

**Luxembourg:** action taken: YES (pour 1 réserve TVA) ; action completed: NO (réserve TVA, commission informée); Completion date: 2016 (réserve TVA)

action taken: YES (RPT) ; action completed: NO (RPT) ; Completion date: en attente d'une réponse de la Commission (RPT)

Concernant les RPT : Une prise de position au dernier point restant du rapport 13-8-1 de 2013 a été envoyée le 10.12.2014 à la Commission.

**Malta:** action taken: YES ; action completed: YES ; Completion date: 01/09/15

The Statistics Office worked on 11 GNI/GNP reservations during 2015. The last reservation will be discussed with Eurostat during 2016.

**Netherlands:** action taken: YES ; action completed: ; Completion date:

**Poland:** action taken: YES ; action completed: NO ; Completion date: for GNI: 31.12.2015 for TOR: 14.07.2015

GNI- With regard to GNI, the Commission reserved its position on eleven issues specific to Poland and eight cross-sector issues. Reservation (4) was lifted on 23 April 2014 and Reservation (9) was lifted on 6 August

2014.

The Central Statistical Office has made the necessary amendments to the 2015 GNI Questionnaire to launch the procedure for lifting reservations on GNI. Eurostat is currently pursuing checks on GNI. It is planning to prepare technical opinions on the reservations by 31 December 2015.

VAT- The Commission accepted the revised VAT calculations and updated its database by the amounts of compensation. Accordingly, the final reservation in respect of the Central Statistical Office for 2004-10 was lifted.

In addition, in view of the fact that the reservations referred to in Table 4.2 of Chapter 4 may be raised by Member States or the Commission in connection with the method or data used to calculate the EU VAT own resources base, and that work to address the relevant issues and lift the reservations is an ongoing process involving close cooperation between the Member States and the Commission, in our opinion, Table 4.2 should indicate that of the VAT reservations as at 31.12.2014 concerning Poland, one had been flagged up by the Polish authorities and concerned the excessively wide-ranging VAT exemption for postal services.

TOR- After the checks carried out on 12-16 November 2012 concerning the Statement of Assurance for the 2012 financial year (DAS 2012) for Traditional Own Resources, the Court of Auditors produced eight preliminary findings (in 17 points) which were set out in its letter to the Supreme Audit Office dated 6 February 2013 (ref. PF-5410). Those preliminary findings, the Polish authorities' reply and the letter from the Court of Auditors were forwarded to the Commission, which, by letter dated 4 September 2015 ref. 3651543, indicated that with regard to the reply of the Polish authorities (the definitive reply to the Commission on this subject had been set out in letter DC2.9021.13.2015.PXM of 14 July 2015) it regarded preliminary findings sheet PF 5410/12 as closed.

**Portugal:** action taken: ; action completed: ; Completion date:

With respect to the information in table 4.2. – TOR outstanding points at 31 December 2014, it could be inferred with regard to the conclusions and recommendations made by the ECA, and accepted in the broader meaning for all Member States, that the systems are generally effective for TOR. Some processes are being duly monitored and others are awaiting analysis, in accordance with the corrections made at the request of the Commission, the competent entity for the inspections.

From a more detailed analysis of the outstanding points as set out in Commission reports in accordance with

Article 18 of Regulation (EC, Euratom) No 1150/2000, the following should be noted:

a. At 31.12.2014 there were 14 outstanding points and not 15, bearing in mind that the outstanding point in Commission Report No 10-10-1 (control visit to Portugal from 12 to 16 July 2010) where national authorities had been required to pay late payment interest in accordance with Article 11 of Regulation No 1150/2000, this was paid to the European Commission on 22.12.2014, and as such, this point was closed at 31.12.2014;

b. With respect to the accounting treatment to be carried out in the case of outstanding debt being declared time-barred, the Tax Authority drew up new instructions – Official Circular No 15383 of 15 July 2015 – which stated that the sums should be declared irrecoverable when debt is declared time-barred;

c. With respect to the questionnaire that the Commission requested from national authorities to determine whether the irrecoverable nature of these sums is attributable to the national authorities or not for all sums subject to rectification due to time-barring, we would like to note that this questionnaire is almost complete. After completion, the following actions will be undertaken (1) reintegration of the sums into accounts (B), (2) conditional payment of the own resources involved and (3) analysis of the national authorities' investigation into the recovery of the sums in question with a view to concluding whether the Portuguese state should be considered responsible for non-collection;

d. There are also a number of other points where the Commission requested additional information;

e. There are other points which are now at the conclusion stage, as the sums in question have already been paid to the Commission.

**Romania:** action taken: YES ; action completed: NO ; Completion date:  
 In 2015, two GNI reservations were lifted. NSI  
 RO points out that in 2015, two GNI reservations were lifted.

As regards the VAT resource, the two reservations existing on 31 December 2014 (one placed by RO and one by COM) concerned the same issue (the motor vehicle compensation). UCRBUE

The number of points in the inspection reports drawn up by the European Commission during the period 2011-2014 which require settlement is 13, as pointed out in the above-mentioned document.

CUSTOMS

**Slovakia:** VAT reservations as at 31 December 2014- action taken: YES ; action completed: YES ;



Completion date: 19/11/2015

Reservation withdrawn (indicated in the European Commission's document BUDG B4/GR/Ares(2015)5205649 of 19 November 2015 – Summary Report pursuant to Article 6 of Regulation No 1026/1999 on results and observations arising from the Commission's inspection of statements of VAT-based resources in Slovakia for 2010, 2011 and 2012).

TOR reservations as at 31 December 2014- action taken: YES ; action completed: NO ; Completion date:

TOR open points as at 31 December 2014 concern TOR inspections by the Commission (DG BUDGET) carried out in 2013 and 2014. The Financial Directorate and DG BUDGET are engaged in correspondence on all points in a bid to close those that are open. As far as the open point from the 2013 inspection is concerned, we await DG BUDGET's reaction, or, more specifically, notification of the closure of this point. As for the two open points stemming from the 2014 inspection, several part-open points have been closed, but communications between the Financial Directorate and DG BUDGET remain ongoing (this is detailed in document ACOR-TOR/2015-12/agenda-04-en – Brief summary of the Commission services' positions on findings relating to 14 traditional own resources inspections).

GNI/GNP reservations as at 31 December 2014- action taken: YES ; action completed: NO ; Completion date:

A Commission letter of 3 June 2015 removed the Statistical Office's Specific Reservation 1, which we take to mean that the reservation has been resolved. The following reservations have been provisionally approved on the basis of Eurostat information (email documentation): Specific Reservation 2 (18 September 2015), I (19 August 2015 – notification of a proposal to remove the transversal reservation), II (on 28 October 2015, we were notified by letter that the transversal reservation had been closed), VIII (18 September 2015), V (18 June 2015 – notification of a proposal to remove the reservation following the approval of Reservation VIII) and VI (25 June 2015). The open points await official approval and confirmation from the Commission. Building on the conclusions by the GNI working party (21-22 October 2015), Eurostat is planning to close most of the reservations by the end of 2015.

**Slovenia:** action taken: YES ; action completed: YES ; Completion date: 21.09. 2015

**STATISTICAL OFFICE OF THE REPUBLIC OF SLOVENIA:** In 2015, Eurostat was provided with additional explanations in connection with the reservations regarding the data on gross national income (GNI). Work on the revisions to the data relating to the reservations has been completed and the results sent to Eurostat on 21.9.2015 in the context of the regular submission of the GNI Questionnaire.

**Spain:** action taken: YES ; action completed: NO ; Completion date:

Two VAT reservations were outstanding at 31 December 2014 in the case of Spain. These were the same as for 31 December 2013, in the absence of any inspection by the Commission during 2014:

1.- Processing of the special VAT scheme for travel agents. Reservation covering years 2003-2011. Following European Court of Justice judgment of 26 September 2013, Spain submitted comprehensive calculations for 2003-2013 and in line with this judgment, together with the 2013 VAT base, in July 2014. The Commission has not expressed any opinion on the calculations submitted in 2014, nor has it entered them into its 2014 financial database, except in the case of 2013. Neither did it re-evaluate this reservation in 2014. During the control visit of March 2015, the Commission came to an agreement with Spain over a methodological improvement in the calculations submitted by Spain to bring them more into line with the Court's ruling and has withdrawn this reservation. Since January 2015 the special VAT scheme for travel agents has been brought into line with the VAT Directive, in accordance with the Court of Justice judgment.

2.- VAT exemption for services provided by public notaries with regard to certain financial transactions. Reservation covering years 2008-2011. Spain included a calculation of a compensation for the years covered by the reservation in a report on its findings sent to the Commission on 8 July 2013, in reply to the Commission's control report of 2012; this compensation was also included in the calculation of the 2013 VAT base. The Commission entered these amounts into its financial database but upheld the reservation to allow verification of the supporting documents. During 2014, the Commission has not expressed an opinion on these calculations or reassessed this reservation. During the control visit of March 2015, the Commission came to an agreement with Spain over a methodological improvement in some of the calculation elements and has withdrawn this reservation. Spanish VAT Law abolished this exemption in January 2015.

**Sweden:** action taken: ; action completed: ; Completion date:  
This comment does not require Sweden to take action.

**United Kingdom:** action taken: YES ; action completed: NO ; Completion date:  
The UK had 12 GNI reservations at the end of 2014. The Commission notified us that they had lifted 11 of these during the course of 2015. The UK continues to cooperate and engage with the Commission to address the outstanding reservation.

Regarding the UK VAT reservations, in each case the UK has been working closely with the Commission to resolve the issues identified. Actions taken include the provision of additional information to enable lifting of the reservation and the evaluation of underlying assumptions and data sources. Regarding the TOR Open Points, the UK accept that a number of points remain outstanding from previous inspections. The UK are committed to resolving them and remain in regular correspondence with the Commission via the usual channels.

## CHAPTER 5 – ‘Competitiveness for growth and jobs’

Paragraph	Observation in the 2014 Annual Report	Member State reply
<b>Box 5.3.</b>	Examples of errors in costs reimbursed for projects in other programmes under ‘Competitiveness for growth and jobs’	<p><b>Greece:</b> action taken: ; action completed: ; Completion date: This does not involve projects co-financed by Structural Funds and we do not have the data.</p> <p><b>Italy:</b> action taken: ; action completed: ; Completion date:</p> <p><b>Sweden:</b> action taken: ; action completed: ; Completion date: The observation concerns direct management by the Commission. Sweden has not received any further information about the substance of the audit and cannot comment on it.</p> <p><b>United Kingdom:</b> action taken: YES ; action completed: YES ; Completion date: The UK is one of four countries the ECA has used as a case study to illustrate the issues with EU projects that involve cost reimbursements. The ECA has not identified the project referred to here</p>

## CHAPTER 6 – Employment and social affairs

Paragraph	Observation in the 2014 Annual Report	Member State reply
<b>6.5.</b>	Regional and urban policy area	<p><b>Greece:</b> action taken: ; action completed: ; Completion date:</p> <p><b>Poland:</b> action taken: ; action completed: ; Completion date: note does not contain allegations against Poland</p> <p><b>Romania:</b> action taken: ; action completed: ; Completion date: MEF – N/A</p> <p><b>Slovakia:</b> action taken: ; action completed: ; Completion date: In our opinion, the text conveys the state of play.</p> <p><b>Spain:</b> action taken: No ; action completed: ; Completion date: No observations</p>
<b>6.6.</b>	The CF finances investments in infrastructure in the fields of environment and transport	<p><b>Bulgaria:</b> action taken: ; action completed: ; Completion date:</p> <p><b>Croatia:</b> action taken: YES ; action completed: YES ; Completion date: 29/09/2015</p> <p>The operational programme "Competitiveness and Cohesion" within the Objective "Investment in Growth and Employment", is financed by the ERDF and CF. CF funds for the programme amount to EUR 2.5 billion. The selected CF investment priorities are: 6i - investing in the waste sector to meet the requirements of the Union's environmental acquis and to address the needs identified by the Member States for investment that goes beyond those requirements; 6ii - investing in the water sector to meet the requirements of the Union's environmental acquis and to address the needs identified by the Member States for investment that goes beyond those requirements; 6iii - protecting and restoring biodiversity and soil and promoting ecosystem services, including through Natura 2000, and green infrastructure; 7i - supporting a multimodal Single</p>

European Transport Area by investing in the TEN-T; 7ii - developing and improving environmentally-friendly (including low-noise) and lowcarbon transport systems, including inland waterways and maritime transport, ports, multimodal links and airport infrastructure, in order to promote sustainable regional and local mobility; 7iii - developing and rehabilitating comprehensive, high quality and interoperable railway systems, and promoting noise reduction measures. The Act establishing an Institutional Framework for Implementation of European Structural Funds and Investment Funds in Croatia during the financial period 2014-2020 Narodne Novine (NN; Official Gazette of the Republic of Croatia) No 92/14 sets down the institutional framework for the management and implementation of European structural funds and investment funds in Croatia during the financial period 2014-2020 and names the institutions that carry on the remit of the Coordinating Body for managing ESI funds and the Independent Audit Body, as well as their functions and responsibilities. Furthermore, pursuant to the said law a decree was adopted on the bodies in the systems of management and control of the use of the European Social Fund, the European Regional Development Fund and the Cohesion Fund in connection with the goal of 'Investment for Growth and Jobs' (NN Nos 107/14, 23/15 and 129/2015). The said decree lays down the institutions that act as the bodies in the Systems of management and control of the use of the European social Fund, the European Regional Development Fund and the Cohesion Fund, providing details of their functions, tasks and responsibilities, or in other words, the said decree stipulates the authorities responsible for the foregoing investment priorities. Furthermore, on 29 September 2015 the Monitoring Committee approved the selection criteria for the selection of operations for certain specific objectives within these priority investments that are the basis for the preparation and publication of calls for grant applications.

**Cyprus:** action taken: NO ; action completed: ; Completion date:

Resources were provided from the Cohesion Fund in the framework of the Operational Programme Competitiveness and Sustainable Development 2014-2020.

**Czech Republic:** action taken: ; action completed: ; Completion date:

Irrelevant – there is no error involved.

**Estonia:** action taken: YES ; action completed: YES ; Completion date:

**Hungary:** action taken: NO ; action completed: ; Completion date:

		<p>Factual finding, no action required.</p> <p><b>Latvia:</b> action taken: YES ; action completed: YES ; Completion date: 11 November 2014</p> <p>Under the approved Latvian operational programme Growth and Employment, financing is provided to the areas referred to in both paragraphs 6.5 and 6.6.</p> <p><b>Lithuania:</b> action taken: ; action completed: ; Completion date:</p> <p><b>Malta:</b> action taken: ; action completed: ; Completion date:</p> <p>This is a state of affairs that does not warrant taking any action.</p> <p><b>Portugal:</b> action taken: ; action completed: ; Completion date:</p> <p>The observation is in line with facts and does not require comment.</p> <p><b>Slovenia:</b> action taken: YES ; action completed: ; Completion date:</p> <p>Slovenia is only mentioned as one of the Member States in which the Cohesion Fund finances investments in infrastructure in the areas of the environment and transport.</p> <p><b>Estonia:</b> action taken: YES ; action completed: YES ; Completion date:</p>
<p><b>6.7.</b></p>	<p>Regional and urban policy area; Other spending</p>	<p><b>Austria:</b> action taken: No ; action completed: ; Completion date:</p> <p><b>Belgium:</b> action taken: ; action completed: ; Completion date:</p> <p><b>Bulgaria:</b> action taken: ; action completed: ; Completion date:</p> <p><b>Czech Republic:</b> action taken: ; action completed: ; Completion date:</p> <p>Irrelevant – there is no error involved.</p> <p><b>Finland:</b> action taken: YES ; action completed: NO ; Completion date: 21.12.2015</p> <p>Some of the recoveries have been carried out; the most recent due date was 21 December 2015.</p> <p><b>France:</b> action taken: ; action completed: ; Completion date:</p>
<p><b>6.21.</b></p>	<p>Audit scope and approach involving an examination of transactions for regional and urban policy area and for employment and social affairs policy area</p>	<p><b>Austria:</b> action taken: No ; action completed: ; Completion date:</p> <p><b>Belgium:</b> action taken: ; action completed: ; Completion date:</p> <p><b>Bulgaria:</b> action taken: ; action completed: ; Completion date:</p> <p><b>Czech Republic:</b> action taken: ; action completed: ; Completion date:</p> <p>Irrelevant – there is no error involved.</p> <p><b>Finland:</b> action taken: YES ; action completed: NO ; Completion date: 21.12.2015</p> <p>Some of the recoveries have been carried out; the most recent due date was 21 December 2015.</p> <p><b>France:</b> action taken: ; action completed: ; Completion date:</p>

Cf. réponses infra et dans l'annexe 2

**Germany:** action taken: ; action completed: ; Completion date:

For information only; no reply required.

**Greece:** action taken: ; action completed: ; Completion date:

**Hungary:** action taken: NO ; action completed: ; Completion date:

Factual finding, no action required.

**Italy:** action taken: ; action completed: ; Completion date:

**Latvia:** action taken: ; action completed: ; Completion date:

No comment, as this is a factual finding relating to the scope and approach of the audit.

**Lithuania:** action taken: YES ; action completed: NO ; Completion date:

Detailed information is given when listing specific audit findings in Annex II.

**Malta:** action taken: ; action completed: ; Completion date:

This section presents states of affairs but not results. There is therefore no scope for taking action.

**Netherlands:** action taken: ; action completed: ; Completion date:

Not applicable

**Poland:** action taken: ; action completed: ; Completion date:

note does not contain allegations against Poland

**Portugal:** action taken: ; action completed: ; Completion date:

The observation is in line with facts and does not require comment.

**Romania:** action taken: ; action completed: ; Completion date:

MEF – N/A

		<p><b>Slovakia:</b> action taken: YES ; action completed: ; Completion date: In our opinion, the text conveys the state of play.</p> <p><b>Spain:</b> action taken: ; action completed: ; Completion date: No observations</p> <p><b>Sweden:</b> action taken: ; action completed: ; Completion date: This comment does not require Sweden to take action.</p> <p><b>United Kingdom:</b> action taken: ; action completed: ; Completion date: N/a – no action required.</p>
<p><b>6.35.</b></p>	<p>Non-compliance with public procurement rules</p>	<p><b>Czech Republic:</b> action taken: YES ; action completed: NO ; Completion date: Operational Programme Research and Development for Innovation-</p> <p>The action was taken prior to the ECA audit, not on the basis of its findings.</p> <p>This is an ongoing action that is being implemented continuously.</p> <p>It is expected to come to an end together with the winding-up of the Operational Programme Research and Development for Innovation.</p> <p>As far as the Operational Programme Research and Development for Innovation is concerned, the ECA audit found a single public procurement shortcoming, which was identified in the award of a single public contract and had no bearing on the selection of the contractor. Now that time has passed, this shortcoming cannot be corrected. In their provisional findings, the auditors themselves make the following observation on this shortcoming: ‘As the finding has no impact on the outcome of procurement, this observation has no direct financial impact and is classified among other compliance issues’.</p> <p>Generally speaking, we view public procurement errors as a critical risk to the Operational Programme Research and Development for Innovation, and we are paying appropriate attention to this matter. A public procurement review system has been introduced, encompassing checks on public contracts prior to notification, 100 % checks on public contracts before they are paid, checks on public contracts during on-the-spot checks,</p>



and the periodic external and internal training of inspectors focusing on the decision-making practices of the courts and other inspection bodies. Checks are conducted by lawyers specialising in public procurement. Grantees regularly receive the information they need online, during training held on the Operational Programme Research and Development for Innovation, in individual consultations, and in the form of methodological assistance. As for the effectiveness of the review system we have introduced, we quote from the Audit Conclusion issued by the Supreme Audit Office as part of its Audit 14/22 – Financial resources intended for higher education teaching infrastructure:

‘The Ministry of Education, Youth and Sports has also conducted thorough inspections of documentation on the procurement procedure held by aid beneficiaries. The rules established for the selection of suppliers included a detailed description of the procedure and requirements relating, among other things, to the preparation and performance of public contracts, including checks, documentation on contracts, procedures in specific cases, small-scale contracting, etc. In certain cases, the rules were more stringent than the provisions laid down in the Public Procurement Act. The Ministry proceeded in accordance with the operating manual, which described in great detail the method for – and course of – checks on public contracts, the entities carrying out the checks, their links, deadlines, sampling, working procedures, and procedures for handling the shortcomings identified. The shortcomings identified in the preparation, award and performance of public contracts were also part of the project risk analysis.

The outcome of the Supreme Audit Office’s audit also confirmed that the Ministry’s review system for Priority Axis 4 was sufficiently effective. Among seven aid beneficiaries, in the field of procurement the Office identified only formal errors or errors with no impact on the course of the selection procedure.’

#### Operational Programme Education for Competitiveness-

In relation to audited projects under the Operational Programme Education for Competitiveness, the ECA audit identified no findings constituting an error in the award of public contracts.

#### Operational Programme Prague – Competitiveness-

		<p>The managing authority of the Operational Programme Prague – Competitiveness does not agree with the finding and has filed an objection to it.</p> <p><b>Hungary:</b> action taken: NO ; action completed: ; Completion date: Factual finding, no action required.</p> <p><b>Portugal:</b> action taken: YES ; action completed: YES ; Completion date: As noted in the ECA Annual Report, at the time of the audits, national authorities had already identified the cases of non-compliance and had already imposed the necessary financial corrections.</p> <p><b>Slovakia:</b> action taken: YES ; action completed: YES ; Completion date: The Ministry of Education, Science, Research and Sport, by way of a letter of 19 March 2015, reference number 2015-4218/14077:2-35AA, sent the Supreme Audit Office observations on, among other things, Provisional Finding 2517-41 concerning overly specific selection criteria in public procurement procedure; a 25 % correction had been applied to the procurement of Project 26110130083281, entitled ‘Modernisation of the education process at the beneficiary’s primary schools, Slovak Centre of Scientific and Technical Information’, before the audit was conducted. This public procurement was the subject of the 2012 Government Audit A 450 K2855. As this finding had already been remedied by the application of a 25 % correction to all contract-related costs, the ECA’s audit team stated that the finding had no financial implications. The finding was identified in the report: Audit of the legality and regularity of payments under cohesion policy, task: 14ESDDAS, Operational Programme 2007SK05UPO001 Education.</p>
<p><b>6.36.</b></p>	<p>Ineligible expenditure</p>	<p><b>Romania:</b> action taken: YES ; action completed: NO ; Completion date: 6.36 and 6.37 — MEF- In the course of 2015 DG HCP has taken the following measures to optimise the management checks:</p> <p>-The revision of the Financial Management Procedure, in particular the specific subsections, with a view to developing a verification instrument for the existence of overlapping duties/responsibilities for items budgeted in the project, where the reference documents developed by each expert in the project were the</p>

		<p>activity reports;</p> <p>-Instruction No 103 on the regulation of matters relating to the monitoring process for implementing SOPHRD financing contracts.</p> <p>-Development of the Verification methodology for multiple projects</p>
<p><b>6.39.</b></p>	<p>Infringements of state aid rules</p>	<p><b>Belgium:</b> action taken: YES ; action completed: NO ; Completion date:</p> <p>L' Autorité d'audit a établi des listes de vérification pour les aides d'Etat, adaptées à chaque programme opérationnel.</p> <p>Parmi les 554 projets audités entre 2010 et 2014, seuls 16 étaient soumis aux règles en matière d'aides d'Etat. Aucun d'entre eux n'a été affecté par une erreur concernant les aides d'Etat.</p> <p>Au travers de l'audit de système transversal réalisé en 2010 (codifié FEDER07), l'Autorité d'audit a pu obtenir une assurance raisonnable quant au respect de la réglementation « Aides d'Etat » en Région wallonne et au sein des organismes intermédiaires ainsi que sur le caractère adéquat des vérifications opérées par ces entités. Le système mise en œuvre par l'Autorité de gestion des programmes peut être considéré comme procurant une assurance suffisante de sa capacité à respecter les règles communautaires édictées et les procédures définies dans le descriptif de gestion et de contrôle du programme. Le fonctionnement est considéré comme bon, seules des améliorations mineures sont nécessaires.</p> <p>En 2015, l'Autorité d'audit a effectué un audit de système portant sur les exigences clés n° 1,4,5 et 7 de l'Autorité de Gestion pour ce qui concerne la Direction générale opérationnelle de l'Economie, de l'Emploi et de la Recherche (DGO6), et plus particulièrement pour les projets relevant de la mesure 2.2 (valorisation du potentiel des centres de recherche) (FEDER17). La CAIF renvoie au plan d'action et à son suivi de décembre 2015 pour obtenir tout élément d'information permettant d'obtenir l'assurance que la réglementation relative aux aides d'Etats est respectée par les entités sous audit. Enfin, l'Autorité d'audit a participé par ailleurs au questionnaire de la Cour des comptes européennes pour ce qui concerne la performance en matière d'aides d'Etat en 2015.</p> <p><b>Czech Republic:</b> action taken: YES ; action completed: ; Completion date:</p>

-From the point of view of the general ex ante conditionality applicable to Public Aid for ESI funds, action has been taken in the form of an Action Plan to comply with general ex ante conditionality 5 – Public aid for the effective application of EU legislation relating to public aid in the field of ESI funds. A public aid working party has also been established, which meets and works on an ongoing basis. Its members are managing authorities, and its meetings discuss and subsequently eliminate any risks.

-MA-related aid in the Czech Republic is centrally recorded by the following bodies: the Ministry of Agriculture (aid in the realms of agriculture, fisheries and forestry) and the Office for the Protection of Competition (other types of aid). These coordinating bodies are responsible for holding negotiations with the Commission in contentious public aid cases.

**Germany:** action taken: YES ; action completed: ; Completion date:

See the replies in Annex II regarding the audits in question.

**Malta:** action taken: YES ; action completed: NO ; Completion date:

At present, in the case referred to with regard to Malta, the Planning and Priorities Coordination Division (PPCD) is still at the stage of receiving a formal letter from the European Commission. Consequently, the date of completion is not yet known. Malta will provide full explanations to the European Commission as soon as it receives the abovementioned formal letter from the Commission.

**Poland:** action taken: NO ; action completed: NO ; Completion date:

MA I & E OP (CF/ERDF) disputes the Court of Auditors' findings on the audited I & E OP projects (alleged non-compliance with the state aid rules). Detailed explanations are set out in MA I & E OP's position on individual DAS 2014 audits (see replies in Annex II).

**Romania:** action taken: YES ; action completed: NO ; Completion date:

MEF- Based on the comments/recommendations in the ECA Report, MASOPIEC (DG FP) will recover the amounts declared ineligible under Government Emergency Order No 66/2011.

**Spain:** action taken: ; action completed: ; Completion date:

One of the projects audited by the Court under DAS 2014 was 'Investments for manufacturing the new vehicle



EU. The European Commission approved the operational programme on 5 September 2013, thus setting in motion the action taken to establish a system for the use of financial instruments in the Republic of Croatia. Preparations for the use of financial instruments in the period 2014–2020 began in 2014 and implementation is expected to commence in 2016.

**Ireland:** action taken: YES ; action completed: YES ; Completion date: 30/06/2014  
 We appreciate the increasing emphasis on Financial Instruments for delivering EU funding across EU funding lines and we are engaged in examining opportunities across all relevant sectors.  
 As part of our preparations for the 2014-2020 programming period, Ireland worked with the EIB to identify programmes suitable for financial instruments. Potentially co-financing an energy efficiency fund under TO4 was investigated by National Authorities and the Department of Communications, Energy and Natural Resources. However, it was found to be unsuitable due to timing differences between fund creation and programme adoption, and the selection of a fund manager.  
 The EIB also carried out an investigation into utilising financial instruments in the area of social housing retrofits and concluded that grants were the most appropriate delivery mechanism. Further assessments were carried out by ERDF Managing Authorities for each Investment Priority, concluding there was no scope within the proposed programmes at this time, but this will be kept under review.

The decision was taken in February 2015 not to introduce financial instruments in the ESF HCIOP, but they may be implemented at a later date.  
 For the EMFF, Ireland has examined the usage of Financial Instruments as part of the preparation of our Operational Programme. No decision to use Financial Instruments has been taken at this time, but an ex-ante assessment in 2016 will explore this option further as required under the Common Provisions Regulation.

**Luxembourg:** action taken: ; action completed: ; Completion date:  
 Le montant de l'enveloppe financière attribuée au FEDER ne permet pas de recourir à des instruments financiers en raison du faible effet que cela entraînerait eu égard notamment aux charges administratives que l'utilisation de ce type d'instruments entraîne.

**Bulgaria:** action taken: ; action completed: ; Completion date:  
 Operational Programme 'Regional Development' (OPRD): At present, as part of the JESSICA initiative in Bulgaria, the

Slow implementation of

6.49.

	financial instruments	<p>two Urban Development Funds investing in urban development projects have made significant progress. The Regional Urban Development Fund AD and Sustainable Urban Development of Sofia Fund EAD have signed financing agreements for a total of BGN 190 million, comprising: BGN 54.2 million from the Operational Programme 'Regional Development' 2007-2013, 77.9 million in co-financing secured by the Urban Development Funds and BGN 57.8 million in project sponsor equity. As of 27 November 2015, Regional Urban Development Fund AD has approved financing from the Imputed Loan amounting to BGN 37.2 million or 108.4% of the Imputed Loan, including agreements which have been signed for project financing of BGN 29.5 million or 86% of the Imputed Loan and financing which has been paid, amounting to BGN 21.3 million or 62% of the Imputed Loan for JESSICA. At present, the Sustainable Urban Development of Sofia Fund EAD has agreed financing from the Imputed Loan of BGN 24.7 million or 104.5% of the Imputed Loan and has paid BGN 19.2 million or 81% of the Imputed Loan for JESSICA.</p> <p>Taking into consideration the significant progress achieved in terms of fulfilment and in keeping with the possibilities provided by the Commission's Guidelines on Closure for the 2007–2013 period, the Managing Authority (MA) of the OPRD and EIB took measures to extend the periods for investing the finances for both Funds as follows:</p> <ul style="list-style-type: none"> <li>-an extension of the period for investing finances for JESSICA from the Sustainable Urban Development of Sofia Fund EAD until 30 June 2016;</li> <li>-an extension of the period for investing finances for JESSICA from the Regional Urban Development Fund AD until 31 October 2016.</li> </ul> <p>In relation to the above, both Urban Development Funds, based on the significant progress made, announced an interest in reinvesting the funds returned from investments in urban development projects under the JESSICA initiative. With this in mind, measures were taken to sign Agreements on amending the current Operational Agreements with the European Investment Bank in its capacity as a Holding Fund.</p> <p>In view of what has been stated so far, the MA of the OPRD considers that the progress made in implementing the financial instrument JESSICA during the period following the end of 2013 is significant, as the figures presented above prove that Bulgaria is successfully implementing the JESSICA pilot initiative for financing urban development projects and has successfully made up on the delay accumulated at the start of the period for investing finances.</p> <p>MLSP: Financial instruments have not been used for the OP 'Human Resource Development' for the 2007–2013 period.</p> <p><b>Greece:</b> action taken: ; action completed: ; Completion date:</p>
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**Romania:** action taken: YES ; action completed: YES ; Completion date:

MEF – DGAPE-

•The implementation of the financial instruments in all the MS was affected, until 2012, by inaccuracies in the initial regulatory framework and by an initial lack of flexibility in the financing of working capital to maintain current operations, which was essential for companies during the financial crisis.

•Concerning the measures recommended by the COM to ensure improved implementation of the financial instruments, Romania

(a)has improved monitoring by increasing the number of monitoring and auditing visits and requested the financial intermediaries to estimate the monthly results and the progress in achieving the intermediate targets set out in the contract;

(b)has reallocated resources among intermediaries (banks), with the approval of the Investment Committee, based on performance;

(c)has reallocated resources under the SOP IEC 2007-2013 to supplement the JEREMIE budget by EUR 50 million for the implementation of the interest rate subsidy instrument with risk sharing and carried out a new selection process for financial intermediaries.

•In December 2014, absorption under the JEREMIE instrument had reached 65 %, and in May 2015 it had reached 90 % (estimate). The estimated absorption includes: amounts set aside for payments under the loan guarantees contracted, amounts paid to SMEs for loans co-financed with risk sharing, amounts paid to SMEs in the form of venture capital investment and management costs at the level of the intermediaries and of the Holding Fund (EIF). Given the extension of the deadline for implementing the financial instruments until 2016, under the amended guidelines on the closure of the programmes issued by the EC in April 2015, Romania has supplemented the JEREMIE resources by EUR 75 million, actually paid out to the EIF (JEREMIE holding fund) in two instalments, namely in June and October 2015. In total, through the final budget of JEREMIE initiative amounting to EUR 225 million, the estimated multiplying effect (expressed in total funding for SMEs) will be more than 2.5 times.

**Slovakia:** action taken: YES ; action completed: NO ; Completion date:

Slovak institutions have done all they can to improve take-up in the implementation of financial instruments in Slovakia. Apart from periodic and rigorous monitoring of the performance of financial instruments, action has



		<p>been taken to improve the flexibility of conditions for financial intermediaries (e.g. the provision of overdrafts, increased credit amounts, the cancellation of the guarantee fee, revolving, the financing of working capital, etc.). Meetings have been held with financial intermediaries to identify the main hindrances in the implementation of financial instruments. These main hindrances were found to be stagnating corporate credit on the market, associated with the international financial and economic crisis, as well as technical barriers stemming from EU regulations (the preclusion of refinancing, cost reimbursement, the agricultural sector and the Bratislava region, the administrative burden of reporting on State aid or de minimis aid at final beneficiaries, etc.). The relatively high leverage effect of the guarantee instrument dampened the instrument's success, with additional research into market demand revealing that there was more interest in a risk-sharing instrument with less of a leverage effect. Echoing this, financial intermediaries and the risk-sharing instrument with a lower leverage effect to be launched by the end of 2015. The eligibility of expenditure in relation to credit instruments requires the disbursement of the credit in its entirety to the financial beneficiary; however, the final beneficiary did not take up the resources quickly enough (as investments were being reined in at a time when the market situation was precarious). Although refinancing and cost reimbursement have been officially precluded, from Slovakia's perspective there is no legal basis for such curbs.</p> <p><b>Spain:</b> action taken: ; action completed: ; Completion date: We agree with the Commission's response with regard to this finding.</p> <p><b>Greece:</b> action taken: ; action completed: ; Completion date:</p> <p><b>Spain:</b> action taken: ; action completed: ; Completion date: We agree with the Commission's response with regard to this finding.</p> <p><b>Belgium:</b> action taken: YES ; action completed: ; Completion date:</p> <p><b>Finland:</b> action taken: YES ; action completed: NO ; Completion date: 11.12.2015</p> <p><b>Germany:</b> action taken: YES ; action completed: NO ; Completion date: Item (a): Remedial measures were taken to guarantee compliance with procurement provisions and were described to the Commission in a letter of 19 November 2015. Consultation is taking place on the amount of</p>
<b>6.50.</b>	Disbursement rate is too low	
<b>Box 6.1.</b>	Examples of serious violations of the rules on public procurement	

the requisite financial correction.

Item (b): Errors are being thoroughly analysed by the relevant managing authorities and, depending on the type of error, enhanced checks by intermediate bodies, adaptation of checklists, training courses or similar actions are being undertaken. In the case of the ERDF, moreover, there are regular exchanges regarding the commonest sources of error and on remedial action at the meetings of the ERDF managing authority with the Federal Ministry for Economic Affairs and Energy, often along with Commission auditors from DG Regio.

**Hungary:** action taken: NO ; action completed: ; Completion date:

The European Court of Auditors ('Audit relating to the statement of assurance on the 2014 financial year (DAS-2014) – Final audit findings on the payments to the 2007HU161PO007 operational programme – Transport – CF – reference number ARPF-6716', line section Kisújszállás (excl.)) – Püspökladány (incl.)) found that there was an infringement relating to a public procurement procedure and considered that financial correction was necessary. However, in this respect Hungary stands by its position presented in its letter of reply on the same subject, dated 9 June 2015, in relation to the ECA DAS 2014 'Preliminary observations PF-6716'. Our legal position is that the Contracting authority of the Member State has clearly acted in accordance with EU and national law in what the European Court of Auditors deems an infringement; the bidders were excluded in a lawful manner; therefore, there is no room for finding any irregularity or financial corrective measures in the case concerned. For that reason, we have not implemented any financial correction, and we dispute the finding.

**Italy:** action taken: ; action completed: ; Completion date:

**Malta:** action taken: YES ; action completed: NO ; Completion date:

At present, in the case referred to with regard to Malta, the Planning and Priorities Coordination Division (PPCD) is still at the stage of receiving a formal letter from the European Commission. Consequently, the date of completion is not yet known. It should be noted that Malta does not agree with the conclusion of the European Court of Auditors that Malta used the direct award procedure; in fact, Malta opted for the open procedure and subsequently for the negotiated procedure.

		<p><b>Sweden:</b> action taken: ; action completed: ; Completion date: The Court of Auditors has not yet issued a final report following the trilogue in June 2015. Like the Commission, Sweden and the responsible authorities are therefore awaiting the report before commenting or taking action on the audit.</p> <p><b>United Kingdom:</b> action taken: YES ; action completed: YES ; Completion date: The UK project referenced here is not identified by the ECA so it is not possible to comment on the nature of the public procurement errors. However, ECA acknowledged, in a recent Special Report on Public Procurement issues, the good practices introduced by the UK since errors identified in previous years. UK authorities are working to continue the improvement in public procurement procedures in structural funds programmes for the 2014-20 period.</p>
<p><b>Box 6.2.</b></p>	<p>Examples of alleged non-eligible costs</p>	<p><b>Austria:</b> action taken: YES ; action completed: NO ; Completion date: Regarding e): The project concerned is not included in the expenditure declaration for the time being. The final decision on how the case will ultimately be handled has yet to be made.</p> <p><b>Czech Republic:</b> action taken: ; action completed: ; Completion date: The finding (error) covered by the enquiry is unidentifiable (the observation has been described in very broad terms).</p> <p><b>Finland:</b> action taken: YES ; action completed: NO ; Completion date: 21.12.2015 Recovery decisions taken on 12 November 2015 and 16 November 2015.</p> <p><b>Germany:</b> action taken: YES ; action completed: ; Completion date: See the replies in Annex II regarding the audits in question.</p> <p><b>Netherlands:</b> action taken: YES ; action completed: YES ; Completion date: 15 March 2015 The project is the Aviation Industry Fund (Sectorfonds luchtvaart) project 2010ESFN133. The case relates to one invoice for the hire of administrative services, where a section of the services provided related not to the action D project examined by the Court but instead to the action J project. The extrapolation file now includes a question expressly asking how far the costs relate to the project (column M in the extrapolation file).</p>

**Poland:** action taken: YES ; action completed: NO ; Completion date:

Activities of the Managing Authority of the Human Capital Operational Programme (MA HC OP, supported by the European Social Fund):

1) as regards sub-point (c), we assume that the case described involving costs unrelated to the project concerned report PF 6758, findings 2518-22, in which operating costs incurred for another project (reimbursement of occupational therapy workshops for disabled persons) were shown as an own contribution to the project. With regard to those findings, in our reply to the report we asked for the error (PLN 20 001.56, extrapolated error: PLN 23 432.03) to be classified as a project selection error by the second-level intermediate body (IB II). Errors of this type had been identified by previous EC audits and had given rise to the imposition of corrections on some contracts concluded by the second-level intermediate body. The sample covered by the Commission's corrections also included the project examined by the Court of Auditors in which the above-mentioned findings were made. In its final position on the report, the Court of Auditors indicated that the error rate had been reduced to 7.84%. In view of the Commission's previous position on the consumption of this error by these corrections, we are waiting to be informed whether further action is needed on these findings or whether they can be regarded as closed. The Commission has not indicated its position on this matter to date.

2) as regards sub-point (d) - in accordance with summary findings 2514-51 of Court of Auditors report No PF-6638, the amount deemed ineligible on the grounds of irregularities in connection with the implementation of counselling and training (including the lack of appropriate training/counselling qualifications) was estimated at PLN 25 990. This amount was recovered from the beneficiary (13.08.2015). MA HC OP is waiting to be informed by the Commission whether further action is needed on these findings or whether they can be regarded as closed. Once this information has been received further action can be taken.

Activities of the Managing Authority of the Innovative Economy Operational Programme (MA IE OP, supported by the European Regional Development Fund):

The findings of the Court of Auditors report No PF-6442 related to project IE OP.01.01.02-00-069/09 (Uniwersytet Jagiellonski). The Court of Auditors found that the project payroll costs were ineligible - pay had been increased above the maximum basic salary rates, a rise which was unjustified by market conditions.

By letter dated 26 August 2015 MA IE OP forwarded the final version of the Court of Auditors' report No PF-6442 to the appropriate Intermediate Body (which was responsible for supervising implementation of the project). MA IE OP will take further action in accordance with the Commission's position on the matter.

		<p>Position of the Managing Authority of the Infrastructure and Environment Operational Programme (MA I &amp; E OP, supported by the Cohesion Fund/ERDF):</p> <p>MA I &amp; E OP disputes the Court of Auditors' findings on the I &amp; E OP audited projects (alleged non-compliance with public procurement procedures/contract award procedures). Detailed explanations are set out in MA I &amp; E OP's position on individual DAS 2014 audits.</p> <p>Further action under the Śląskie Regional Operational Programme (MA Śląskie ROP, supported by the ERDF):</p> <p>On 1 October 2014 the Managing Authority implemented an additional comprehensive ex-post check procedure for public procurement contracts submitted by beneficiaries for refunds. In addition to audit activities, MA Śląskie ROP places particular emphasis on organising training and practical workshops for beneficiaries and MA staff on the application of the Public Procurement Act.</p> <p><b>Portugal:</b> action taken: YES ; action completed: NO ; Completion date: See replies in Annex II of this questionnaire.</p>
<p><b>Box 6.3.</b></p>	<p>Example of a project infringing state aid rules</p>	<p><b>Romania:</b> action taken: YES ; action completed: YES ; Completion date: 30 June 2015</p> <p>MEF – SOPIEC-</p> <p>Based on the assessments in ECA Report for 2014 on the Operational Programme for Increase of Economic Competitiveness, revealing that the applicants have omitted to declare all partner or linked companies, which could lead to losing the status of SME (under Law No 346/2004), MA SOP IEC issued Instruction No 4254 of 26 February 2015, accompanied by a list to review the eligibility of all contracts with SME beneficiaries, co-financed under SOP IEC - Priority Axis 1, both in the sustainability period, or under implementation.</p> <p>Instruction No 4254 of 26 February 2015 was sent to all RDAs (IB SOP IEC), specifying the clear deadlines for completion and including an additional request to check with the National Trade Register Office all firms/natural or legal persons listed in the Confirmation of Company Details as shareholders of the beneficiary company.</p> <p>The MA SOP IEC, together with the local intermediate bodies, has re-checked, during the period from April to June 2015, 2 200 beneficiaries in order to establish their classification as SME. The information from the National Trade Register Office, the platform of the Competition Council and the ARACHNE system was used under the re-check as underlying tool.</p>

<b>Box 6.4.</b>	Example of an ineligible project	<p><b>Greece:</b> action taken: YES ; action completed: YES ; Completion date: 09/09/2015 Removal of actions as State aid from the operational programme (Government Gazette, Series II, No 1948/2015)</p>
<b>Box 6.5.</b>	Example of Member States not reimbursing beneficiaries in time and unjustified payment of advances to Member States	<p><b>France:</b> action taken: YES ; action completed: YES ; Completion date: Sur la programmation 2007-2013, le délai de paiement d'un bénéficiaire s'explique par les modalités de la mise à disposition des crédits en France d'un programme national à gestion déconcentrée. En effet, cette mise à disposition s'effectue en 2 temps :</p> <p>1- Au niveau national, l'autorité de gestion en titre – Délégation générale à l'emploi et à la formation professionnelle - DGEFP, produit l'état de répartition régional des crédits à chaque paiement communautaire. Ces crédits sont ensuite versés par le service du contrôle budgétaire et comptable ministériel du ministère des Finances et des comptes publics ( point unique d'entrée des crédits communautaires pour la France) selon les procédures prévues par la circulaire interministérielle CD-0877 du 14 mai 2007 sur le compte ouvert auprès de chaque direction régionale des entreprises, de la concurrence, de la consommation, du travail et de l'emploi - DIRECCTE (autorité de gestion déléguée) ;</p> <p>2- Au niveau régional – la Direction régionale des finances publiques (DRFiP), autorité de certification du programme, procède au paiement des sommes dues aux bénéficiaires ou aux organismes intermédiaires - OI sur demande de la DIRECCTE. Pour le paiement des bénéficiaires conventionnés par un organisme intermédiaire, celui-ci assure le paiement des bénéficiaires selon ses modalités propres. Le délai de versement incriminé correspond au cas d'un organisme intermédiaire se situant également en position de bénéficiaire des crédits FSE. Le respect d'un paiement dans les plus brefs délais (article 80 du règlement 1803-2006) incombe à chaque délégataire de gestion (DIRECCTE ou OI) pour ses bénéficiaires. Par ailleurs, la réglementation relative à la programmation 2007-2013 n'impose pas de délai de référence pour le paiement des bénéficiaires.</p> <p><b>Greece:</b> action taken: YES ; action completed: YES ; Completion date: 09/09/2015 Removal of actions as State aid from the operational programme (Government Gazette, Series II, No 1948/2015)</p> <p><b>Italy:</b> action taken: ; action completed: ; Completion date:</p>

		<p><b>Netherlands:</b> action taken: YES ; action completed: NO ; Completion date: Not applicable</p> <p>-This concerns the following projects:</p> <ul style="list-style-type: none"> <li>o2010ESFN133 Aviation Industry Fund (Sectorfonds luchtvaart, action D)</li> <li>o2011ESFN269 VVT (action D)</li> <li>o2011ESFN322 TNT (action D)</li> <li>o2011ESFN376 KPN (action D)</li> <li>o2011ESFN566 KLPD (action D)</li> <li>o2011ESFT645 DJI (action D)</li> </ul> <p>For ESF 2014-2020 the 90-day time-limit will be applied.</p>
<b>Box 6.7.</b>	Example of projects without added value	<p><b>Greece:</b> action taken: ; action completed: ; Completion date:</p> <p>The information is not sufficient for determining the project to which reference is made.</p>
<b>Box 6.8.</b>	Example of indicators not in line with OP	<p><b>Italy:</b> action taken: ; action completed: ; Completion date:</p>
<b>Box 6.9.</b>	Example of projects with a performance based funding system	<p><b>Romania:</b> action taken: YES ; action completed: YES ; Completion date:</p> <p>MEF - SOPIEC 6.9 and 6.10 – MEF – SOPHRD</p> <p>MA SOPIEC-</p> <p>MA SOPIEC issued Instruction No 19954 of 20 November 2014 applicable to all beneficiaries — productive companies - all through the sustainability period. The checks carried out for the Final Progress Report and for the final application for reimbursement shall include verification of the degree of achievement of the indicators.</p> <p>MA SOPHRD-</p> <p>Following the EC recommendations, MA SOPHRD reduced the maximum reimbursement ceilings for the salaries of the experts employed in the projects financed under the SOPHRD, so that the current ceilings (Applicant’s Guide General Conditions 2015) should be aligned to the market prices in Romania, where the salaries applied at the MEF are used as reference.</p> <p>The ceilings included in the Guide refer to the gross salaries (the net salaries and the contributions of the employee). These maximum ceilings were also taken up in the Applicant’s Guide General Conditions related to the calls under the OPHC.</p>

<b>Box 6.10.</b>	Example of national eligibility rules going against the principle of sound financial management	<b>Italy:</b> action taken: ; action completed: ; Completion date:
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## CHAPTER 7 – ‘Natural resources’

Paragraph	Observation in the 2014 Annual Report	Member State reply
7.5.	Single Area Payment Scheme	<p><b>Bulgaria:</b> action taken: ; action completed: ; Completion date:</p> <p><b>Cyprus:</b> action taken: YES ; action completed: YES ; Completion date: 31 December 2014 The relevant chapter of the report does not include any special mention of Cyprus.</p> <p><b>Czech Republic:</b> action taken: ; action completed: ; Completion date: Irrelevant – there is no error involved.</p> <p><b>Estonia:</b> action taken: YES ; action completed: YES ; Completion date:</p> <p><b>Hungary:</b> action taken: NO ; action completed: ; Completion date: Factual finding, no action required.</p> <p><b>Latvia:</b> action taken: ; action completed: ; Completion date: No comment, as this is a factual finding. Latvia applied SAPS, which provides for an annual single area payment for each declared eligible hectare of agricultural land. Latvia also applied four other direct aid schemes (specific aid for beef cattle; specific aid for milk; specific aid for improving the quality of starch potatoes; specific aid for improving the quality of fodder plant seed and seed potatoes).</p> <p><b>Lithuania:</b> action taken: ; action completed: ; Completion date:</p> <p><b>Poland:</b> action taken: ; action completed: ; Completion date: note does not contain allegations against Poland</p>

		<p><b>Romania:</b> action taken: YES ; action completed: YES ; Completion date: 30 June 2015 PIAA</p> <p><b>Slovakia:</b> action taken: NO ; action completed: ; Completion date: Slovakia has steadfastly met this requirement.</p>
<p><b>7.14.</b></p>	<p>Audit scope and approach involving an examination of transactions for EAGF and for 'Rural development, environment, climate action and fisheries'</p>	<p><b>Austria:</b> action taken: NO ; action completed: ; Completion date:</p> <p><b>Belgium:</b> action taken: YES ; action completed: YES ; Completion date: 01/01/2015</p> <p><b>Bulgaria:</b> action taken: ; action completed: ; Completion date:</p> <p><b>Croatia:</b> action taken: ; action completed: ; Completion date:</p> <p><b>Czech Republic:</b> action taken: ; action completed: ; Completion date: Irrelevant – there is no error involved.</p> <p><b>Denmark:</b> action taken: ; action completed: ; Completion date: Footnote 4 is a reference to the fact that Denmark was covered by the audit concerned (the Commission's conformity audit), and we have no comments to make on this.</p> <p><b>Estonia:</b> action taken: YES ; action completed: YES ; Completion date:</p> <p><b>Finland:</b> action taken: ; action completed: ; Completion date:</p> <p><b>France:</b> action taken: YES ; action completed: YES ; Completion date: Cf. réponses au chapitre 1-observation 2, infra et à l'annexe II.</p>

**Germany:** action taken: NO ; action completed: ; Completion date: For information only; no reply required.

**Greece:** action taken: ; action completed: ; Completion date:

**Hungary:** action taken: NO ; action completed: ; Completion date: Factual finding, no action required.

**Ireland:** action taken: YES ; action completed: ; Completion date:

**Italy:** action taken: ; action completed: ; Completion date:

**Latvia:** action taken: YES ; action completed: YES ; Completion date: 19 February 2015  
With regard to the error identified in connection with MFF heading No 2 'Natural Resources' (Chapter 7 – Natural resources, PF 6625), the Paying Agency has corrected the declaration for the period 16 October 2014 to 31 December 2014.

**Lithuania:** action taken: ; action completed: ; Completion date:

**Netherlands:** action taken: ; action completed: ; Completion date: Not applicable

**Poland:** action taken: ; action completed: ; Completion date: note does not contain allegations against Poland

**Portugal:** action taken: ; action completed: ; Completion date: The observation is in line with facts and does not require comment.

**Romania:** action taken: YES ; action completed: YES ; Completion date: 30 June 2015  
The comment refers to ECA audit carried out in Romania (R1057765RO01-15BB-PF-6954-DAS14) on the

corrective action taken as a result of the comments made in the audit preliminary finding reports PF-4209 (DAS 2010) and PF-4804 (DAS 2011). The reply of the Romanian authorities — updated at this stage — are set out below in Annex 2. PIAA

**Slovakia:** action taken: ; action completed: ; Completion date:  
In our opinion, the text conveys the state of play.

**Spain:** action taken: ; action completed: ; Completion date:  
With regard to the comment on permanent pasture area, in 2015 Spain allocated a new revised Eligibility Coefficient, three-factor CAP-2015, in the pasture areas included in the LPIS-GIS to ensure that basic payment entitlements are allocated properly in 2015. The CAP-2015 coefficient is a mass automatic three-factor eligibility coefficient subject to strict subsequent quality control. It incorporates a third factor (vegetation penetrability) which covers eligibility constraints arising from the density of impenetrable tree or bush areas that limit accessibility or penetrability by livestock, discounting them from the eligible area. With regard to the soil factor, which quantifies the presence of unproductive elements without vegetation such as rocks or bare soil, identification of such unproductive elements has been improved by creating Land Cover (LC) complete with Rapid Eye satellite imagery (5 pixels x 5 m) which is higher resolution than the previous 20x 20 m imagery (Deimos satellite) used for CAP-2013. The slope factor has been kept as it was already included in CAP-2013. LIDAR (Laser Imaging Detection and Ranging) aerial images were 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.

The implementation of CAP-2015 forms part of the 'Specific Action Plan concerning the eligibility of pasture areas' (Article 41 of Regulation 1306/2014), which is currently in its final stages of application and consists of 11 specific actions to reduce eligibility and seven accompanying measures for LPIS-GIS update. Action No 1 is the consolidation of the new CAP 2015 coefficient in LPIS-GIS, No 3 is strict quality control thereof, No 2 allocates zero admissibility to parcels of permanent pasture with CAP < 20 % and Action No 4 involves the application of a CAP = 0 to pasture parcels not declared in the last five years (some 10 million hectares of grassland will be affected by this additional action to CAP 2015).

By application of CAP-2015 (excluding the results of the quality control thereof) for the 2015 year, we have reduced the eligible area under pasture by more than 4 million hectares by adding the 2.8 million ha reduced in 2013 by applying CAP-2013.

With regard to the comment on a specific case of ineligibility on arable land (motocross trail), we note that the Castile-La Mancha AC informed the Court that the motocross trail declaration was identified in February 2014 when updating LPIS-GIS with the latest available 2012 orthoimages, as outlined by the Commission in its reply. The Commission also indicates that the payment had been made in December 2013 because the Castile-La Mancha authorities had not yet received the LPIS-GIS update. In any event, in November 2014 proceedings were initiated for retroactive recovery of all payments granted in the years concerned. This Member State believes that this area should not have been included as an area with an error in the Court's report since, as explained above, it was detected by the Castile-La Mancha paying agency in the process of updating the orthoimages and was subject to the corresponding backdated recoveries and penalties.

Any farmer can build a circuit or any other construction on his or her arable parcels and, unless it is subject to an on-the-spot check, the possibility of this irregularity being identified arises when the orthoimage is updated (this process is repeated every three years). In all cases where the orthoimage detects a case such as the one described in Spain, backdated penalties are applied for the four previous years. There is therefore no risk for the Fund.

This Member State considers that the Court believed that the letter informing the parcel holder about the detection of a declaration of an area ineligible as arable land had post-dated their visit, meaning that the correction was not in line with the procedure established in Spain. The AC of Castile-La Mancha provided screen-shots showing that the notification was made in accordance with that procedure, and not as a consequence of the Court's visit to the paying agency. Ultimately, this case demonstrates that the control systems in Spain operate properly and ensure the correct recovery of undue payments, due to the measures launched under the LPIS-GIS Action Plan in 2010 (including reducing the time between flights from five to three years and implementation of a strict procedure for backdated recovery).

**Sweden:** action taken: ; action completed: ; Completion date:  
This comment does not require Sweden to take action.

		<p><b>United Kingdom:</b> action taken: YES ; action completed: YES ; Completion date: n/a This reference confirms that the UK was one of the Member States visited for the EAGF and EAFRD audits in 2014.</p>
<p><b>Box 7.1.</b></p>	<p>Examples of payments for overstated eligible land</p>	<p><b>Czech Republic:</b> action taken: YES ; action completed: NO ; Completion date: The Czech authorities assessed all irregularities in cases where the area was overestimated, and appropriate action was taken.</p> <p><b>Denmark:</b> action taken: YES ; action completed: YES ; Completion date: Our procedure is to carry out a full survey of all applicants for whom the Court of Auditors has identified over-declaration. It may be the case that the applicant has not over-declared the total area, since the size of some areas may have been over-declared and others under-declared. This may mean that there has not been an overpayment of aid, even though the Court of Auditors has identified over-declaration on some of the parcels selected. In another actual case, excess aid paid out owing to over-declaration was recovered.</p> <p><b>Finland:</b> action taken: YES ; action completed: YES ; Completion date: 19.9.2014 As is clear from the letter from the Court of Auditors, no errors were detected on the other three inspected holdings, which is also an important observation. Therefore, the 6.97 percent DAS error rate concerns just one holding. If, for example, concerning the error in surface area, the total area measured during the inspection week (72.89 ha) is taken into account, the overstated area (0.40 ha) is 0.55% of the total (without taking into account the financial discipline mechanism). On the other hand, the share of the incorrect payments established by the Court of Auditors (EUR 156.05) in proportion to the total for the sampled holdings, i.e. EUR 12 060.91 (EUR 2264.93 for sample 14P1073, EUR 2000.00 for sample 14P1074, EUR 2235.34 for sample 14P1075 and EUR 5560.64 for sample 14P1076) is 1.29%. If the farm payments paid to the sampled holdings are taken into account in their entirety (totalling EUR 67 351.86), incorrect payments represent 0.23 percent of the total. Finnish farmers find the constant changes in surface area difficult to understand. Among other things, differences in the update requirements of the land parcel identification system (LPIS) for on-the-spot checks (up to a maximum of 0.01 ha of ineligible areas) and for the updating of LPIS (clear and more than 2%) repeatedly cause changes in surface area even though neither the parcel nor its borders have changed. In accordance with the Court of Auditors' recommendation 1, in point 7.77, this situation has been corrected</p>

and the surface area on the basis of which the payment was based has been corrected in line with the calculations made by the Court of Auditors.

**France:** action taken: YES ; action completed: NO ; Completion date:

S'agissant du point concernant les cas de surdéclaration des terres éligibles, les réponses des autorités françaises sont fournies à l'annexe II pour chaque transaction.

S'agissant du point relatif aux pâturages permanents, les autorités françaises font part des commentaires suivants :

Dans le cadre du plan d'action Feaga mis en place depuis 2013, les actions suivantes ont été notamment prises afin de remettre à jour les parcelles inéligibles :

- une remise à jour du RPG ,
- prise de l' arrêté en date du 15 avril 2014 relatif à l'admissibilité de certaines surfaces et modifiant l'arrêté du 13 juillet 2010 relatif aux règles de bonnes conditions agricoles et environnementales (BCAE)
- mise à disposition à l'organisme payeur (ASP) de la liste des codes cultures 2014 qui peuvent être utilisés par les agriculteurs pour déclarer les surfaces correspondant à des objets de la couche « végétation » de la BD-Top

**Germany:** action taken: YES ; action completed: ; Completion date:

See the replies in Annex II regarding the audits in question.

**Greece:** action taken: ; action completed: ; Completion date:

**Italy:** action taken: ; action completed: ; Completion date:

The enclosed replies (see Annex II) to the European Court of Auditors contain counter-arguments concerning the findings on the action of the paying agencies.

**Poland:** action taken: YES ; action completed: YES ; Completion date: 28/08/2015

Audits are performed by the Court of Auditors in the year after the application is submitted. Automatic administrative checks on payment applications are carried out for all farmers on the basis of the information in

		<p>the reference database. The LPIS reference database is updated on the basis of the results of on-the-spot checks but, above all, new orthophoto maps which, according to the JRC guidelines (IPSC/G03/P/SKA/ska (2004) (2575P) should be updated at least every 5 years. Orthophoto maps are updated every 3 years in Poland.</p> <p>In the light of the above, audits by the Court of Auditors may assess applications with reference to circumstances which differ from those obtaining in the year in which they were examined. Any irregularities detected in the course of ECA audits will be taken into account when processing applications from the ECA audit year and, in justified cases, an investigation covering the previous years is conducted, which could result in recovery proceedings being instituted for overpayments.</p> <p><b>Slovakia:</b> action taken: YES ; action completed: YES ; Completion date: 30/11/2015</p> <p>The Ministry of Agriculture and Rural Development notes that on-the-spot checks were carried out at the applicants concerned and that, where infringements were found, the payments were adjusted by the relevant reduction/withdrawal or by exclusion for purposes of cross-compliance or eligibility conditions.</p> <p><b>Spain:</b> action taken: YES ; action completed: YES ; Completion date: 23 July 2015</p> <p><b>CASTILE-LA MANCHA:</b> The undue payment for the motocross track was detected by the Castile-La Mancha paying agency as a result of a LPIS-GIS improvement measure, namely measure 9-10 (retroactivity) which makes it possible to detect undue payments due to LPIS-GIS change of use after comparing the beginning and end of year caches. This circuit appeared as unproductive in the LPIS-GIS before the ECA, which allowed us to identify the undue payment. Furthermore, ineligible areas were detected by applying the pasture eligibility coefficient to a permanent pasture parcel. As a result of these findings, on 23 July 2015 a reimbursement request decision amounting to EUR -13 772.74 was sent.</p> <p><b>United Kingdom:</b> action taken: YES ; action completed: YES ; Completion date: Where over-declared land is established the UK takes the necessary recovery action.</p> <p><b>Belgium:</b> action taken: YES ; action completed: YES ; Completion date: 01/01/2015</p> <p><b>Denmark:</b> action taken: YES ; action completed: NO ; Completion date: An enquiry has been sent to the Commission regarding the interpretation of the EU rules on cross-compliance</p>
<b>Box 7.2.</b>	Examples of cross-compliance errors	



checks.

**Estonia:** action taken: YES ; action completed: YES ; Completion date: 2015

**France:** action taken: YES ; action completed: YES ; Completion date:

Les autorités françaises considèrent comme la Commission que le respect des règles en matière de conditionnalité ne constitue pas un critère d'éligibilité et que les réductions appliquées en conséquence ne devraient pas être prises en compte pour le calcul des taux d'erreur. Par ailleurs, concernant le non-respect de l'ERMG 7 ("identification et enregistrement des bovins") les autorités françaises précisent que la méthode adoptée par la Cour dans ses audits (contrôle du respect des délais de notification sur l'ensemble de la période du 1er janvier au 31 décembre) n'est pas reproductible lors du contrôle sur place par l'organisme payeur (qui effectue le contrôle pour la période du 1er janvier à la date du contrôle).

**Germany:** action taken: NO ; action completed: ; Completion date:

The responsible authorities point out that the Commission already possesses the requested information, but the replies of the audited authority are reiterated below:

The analysis of the findings and the consequences derived from them regarding the error are incorrect, in the view of the paying agency for Bavaria.

In its informative note 2011/5, the European Commission had intimated that Article 70(4) of Regulation (EC) No 1122/2009 was not applicable to any feedback from the cattle database, since infringements had to be determined by means of on-the-spot inspections in order to assess the farmer's compliance with the relevant legal requirement as a whole and not only on the basis of information issued from the database. This must apply all the more if the bovine database does not provide any automatic feedback.

In particular, it should be noted that sanctioning on the sole basis of a database query is not possible in cross-compliance cases, since it has to be established for each infringement whether the farmer was at fault. As a rule, this can only be ascertained by means of an on-the-spot inspection. The same applies, for example, to false information entered in the database.

It is pointed out, moreover, that the evaluation of the Livestock Identification and Registration System (HIT) database by the paying agency as requested by the ECA constitutes a form of administrative control. The legal

position underlying the ECA's objection is contrary to Article 49 of Regulation (EC) No 1122/2009, under which Member States "may decide to carry out administrative controls" and may determine their extent. In accordance with a legally valid definition of the scope of Article 49 of Regulation (EC) No 1122/2009, such administrative checks are not conducted in the Lander audited by the ECA in cross-compliance cases.

In addition, in the view of the Bavarian paying agency, while an on-the-spot inspection conducted in 2014 may establish that particular infringements of the legislative act on bovine identification were already being committed in 2013, it is not possible to assess these 2013 infringements retrospectively.

The reported cattle are entered in the stock register in the HIT database that is available to auditors as a basis for their audits. Only an on-the-spot inspection, however, which verifies information such as the number of cattle actually held and compares this with the figure in the official stock return, can establish the size of the discrepancy and hence the gravity of the non-compliance. Moreover, an assessment of infringements must take account of all factors that lead to an increase or decrease in the applicable funding reductions. These factors are likewise ascertainable by sole means of an on-the-spot inspection.

Furthermore, the Commission also considers that there are no grounds for including cross-compliance infringements in the calculation of the error rate for statements of assurance. In this context, we venture to cite the following to the Commission:

"Most of the cross-compliance requirements, i.e. the SMRs, are to be respected by all EU citizens, irrespectively of being a farmer benefiting from EU support under the CAP. The respect of cross-compliance does not constitute an eligibility criterion and, therefore, the controls of these requirements do not pertain to the legality and regularity of the underlying transactions. Farmers not respecting the requirements are entitled to receive their payments, but are sanctioned on the basis of the severity, extent, permanence and repetition of the non-compliance found as well as negligence or intent of the farmer concerned. This is also shown by the fact that payments can be made before the cross-compliance controls have been completed and that penalties are not applied on the payments made in respect of the calendar year when the farmer failed to comply with the requirements, but rather on the payments made in respect of the calendar year of the findings by the national authorities.

For all these reasons, the Commission does not itself take violation of cross-compliance obligations into account in the calculation of the level of error for its own statement of assurance" (cf. Official Journal of the European Union 2012/C 344/1 EN, points 4.16 to 4.18).

**Hungary:** action taken: YES ; action completed: YES ; Completion date: 01.01.2015

Since the error identified has already been corrected and is only of marginal significance to animal health/food safety, Hungary has applied the early warning method, or 1 % sanctioning, since the 2015 audit year in respect of the non-compliance concerned, taking account of the rate of timely and late reporting as well as the average number of days in delay.

**Italy:** action taken: ; action completed: ; Completion date:

The enclosed replies (see Annex II) to the European Court of Auditors contain counter-arguments concerning the findings on the action of the paying agencies.

**Netherlands:** action taken: NO ; action completed: NO ; Completion date: Not applicable

In response to the letter setting out the findings of DAS2014 EAGF, the Netherlands stated that it did not share the Court of Auditors' view. The Dutch authorities use the data from the cattle identification and registration (I&R) system in the risk analysis that they carry out with a view to random testing for compliance with management requirement 7. The reason the data is not used directly is that the apparent infringements identified can not be attributed automatically to the farmer concerned.

**Poland:** action taken: NO ; action completed: NO ; Completion date:

According to Commission notice 2011/5, irregularities must be detected by an on-the-spot inspection conducted in order to assess overall compliance by the farmer with the legal requirement, and not merely on the basis of signals from the database.

In terms of the requirement to submit animal notifications on time, two irregularities are possible: lack of notification or late notification. In the light of the above, information on errors generated by the system for the identification and registration of animals does not constitute evidence of an irregularity because, according to Commission notice 2011/5, irregularities must be detected by an on-the-spot inspection conducted in order to assess overall compliance by the farmer with the legal requirement, and not merely on the basis of signals from the database. In addition, in order to properly assess compliance with the requirement to submit animal notifications on time, an on-the-spot inspection must be conducted in which checks are carried out on cases

		<p>where notifications were submitted late and cases where notifications were not submitted at all. Where an on-the-spot inspection reveals irregularities which occurred in the calendar year in which the inspection was carried out, these irregularities are assessed by the inspection body, on the basis of which a reduction may be granted if appropriate.</p> <p><b>Slovakia:</b> action taken: NO ; action completed: ; Completion date:  The Ministry of Agriculture and Rural Development notes that Audit PF-6629 established the following: As regards non-compliance with PH 8 (Late reporting of movements in the register of ovine and caprine animals), the Slovak authorities told auditors from the Court of Auditors that the recipient of the animals was liable for non-compliance with obligations to report changes within seven days and that the beneficiary had no bearing on this. Under national legislation and applicable guidelines, it is only the recipient of the animals who notifies – and is held solely liable for reporting – their movements within seven days. The evidence took the form of acknowledgement of a document submitted during the inspection (postal charges as evidence). The inspected beneficiary had complied with this obligation and had demonstrably proved that notification had been sent within seven days. In this respect, the beneficiary was not found to have infringed cross-compliance conditions. The auditors from the Court of Auditors accepted this explanation by the Slovak authorities and removed this finding.</p> <p><b>Spain:</b> action taken: ; action completed: ; Completion date:</p> <p><b>United Kingdom:</b> action taken: YES ; action completed: YES ; Completion date:  The finding was accepted and the appropriate sanction applied.</p>
<p><b>7.23.</b></p>	<p>Errors in the administrative processing of aid applications by the national authorities and two cases where the beneficiary or the</p>	<p><b>France:</b> action taken: YES ; action completed: YES ; Completion date: décembre 2015  Concernant le dépassement du plafond de droits à paiement unique, les autorités françaises ont procédé au recalcul des valeurs des droits dans le cadre du plan d'action FEAGA. Ce changement sera effectif à partir de l'exercice financier 2015 (campagne d'aides 2014) à la suite d'un arrêté fixant le coefficient appliqué à la valeur des droits adopté en avril 2014.  S'agissant du cas visé au point 7.3, les autorités françaises ont contesté le constat de fausse déclaration et</p>

	expenditure were not eligible for EU aid	<p>d'inéligibilité de la dépense concernée. Elles ont reconnues, au cas particulier du dossier audité, qu'il aurait été préférable, suite aux interrogations suscitées à réception du devis initial, de tracer sur celui-ci les réponses apportées par le fournisseur (poste de dépenses figurant sur le devis mais non prises en compte dans le montant total de celui-ci puisque faisant l'objet d'une remise commerciale), plutôt que de réceptionner un second devis identique en montant mais sur lequel la mention relative à l'enlèvement de l'ancien matériel avait disparu. Elles ont par ailleurs souligné que les autorités communautaires ne peuvent ignorer la réalité des pratiques économiques qui peuvent conduire les fournisseurs à accorder des remises commerciales.</p> <p>Les mesures prises au niveau national ont consisté à exiger des demandeurs que les prestations ou la fourniture de matériels réalisés à titre gratuit soient clairement identifiés comme telles sur les devis par l'apposition de la mention « réalisée(s) à titre gracieux » ou « offerte(s) » sur les travaux ou fournitures concernées....)</p>				
<p><b>Box 7.3.</b></p>	<p>Example of a payment for ineligible expenditure</p>	<p><b>Poland:</b> action taken: ; action completed: ; Completion date:</p> <p>An analysis of the entry in 'Box 7.3 - Example of a payment for ineligible expenditure' and the entries in Annex II does not clearly indicate to which findings in Annex II the following sentence refers: A case where aid was paid to an ineligible beneficiary was found in Poland. Furthermore, this sentence does not reflect the box heading, which concerns ineligible expenditure, not an ineligible beneficiary.</p> <p>There are no findings in Annex II which clearly indicate that funds were paid to an ineligible beneficiary.</p> <p>There are findings in Annex II which concern ineligible expenditure, namely:</p> <table border="1" data-bbox="863 434 1080 1529"> <tr> <td data-bbox="863 1279 1080 1529">Chapter 7 - Natural resources PF 6748</td> <td data-bbox="863 678 1080 1279">14.P.NR2. 1524-02</td> <td data-bbox="863 533 1080 678"><b>Ineligible costs.</b> Non-compliance with private procurement procedures. Weaknesses in administrative checks.</td> <td data-bbox="863 434 1080 533">1,036,65 6.75 0.03</td> </tr> </table> <p>These findings relate to Measure 123 of the RDP and refer to ECA findings under the heading: Ineligible costs. Non-compliance with private procurement procedures. Weaknesses in administrative checks.</p>	Chapter 7 - Natural resources PF 6748	14.P.NR2. 1524-02	<b>Ineligible costs.</b> Non-compliance with private procurement procedures. Weaknesses in administrative checks.	1,036,65 6.75 0.03
Chapter 7 - Natural resources PF 6748	14.P.NR2. 1524-02	<b>Ineligible costs.</b> Non-compliance with private procurement procedures. Weaknesses in administrative checks.	1,036,65 6.75 0.03			
<p><b>Box 7.5.</b></p>	<p>Example of non-compliance with agri-environment commitments</p>	<p><b>Germany:</b> action taken: NO ; action completed: ; Completion date:</p> <p>The responsible authorities point out that the Commission already possesses the requested information.</p> <p><b>Italy:</b> action taken: ; action completed: ; Completion date:</p>				

		<p>The enclosed replies (see Annex II) to the European Court of Auditors contain counter-arguments concerning the findings on the action of the paying agencies.</p>
<p><b>Box 7.6.</b></p>	<p>Example of non-respect of public procurement rules</p>	<p><b>United Kingdom:</b> action taken: YES ; action completed: YES ; Completion date: The finding was accepted and the appropriate sanction applied.</p> <p><b>Bulgaria:</b> action taken: YES ; action completed: YES ; Completion date: 12 September 2014</p> <p>Ministry of Agriculture and Food (MZH): Amendments have been made to the operating procedures, relating to an ex ante and ex post check on the public procurement procedures carried out by the beneficiaries of the Rural Development Programme (RDP). After completing analyses related to the identified errors, the State Fund for Agriculture (DFZ) drew up guidelines for the beneficiaries, with the aim of improving the process of carrying out public procurement procedures when selecting contractors to carry out activities under the RDP. A subsequent procedure has been devised for assessing the criteria under the Public Procurement Act (ZOP) prior to payment. At the moment, an entirely new Public Procurement Act is being drafted, which will reduce significantly the rate of errors when carrying out tender procedures.</p> <p>Audit Office: A report has been published on the website of the Bulgarian National Audit Office entitled ‘Analysis of the errors in applying European and national public procurement regulations under Structural Funds programmes’, adopted by the Contact Committee of the Heads of Supreme Audit Institutions of the European Union and the ECA at a meeting held in Riga, Latvia on 19 June 2015. The report contains a summary of the main reasons resulting in non-compliance with the public procurement procedure regulations for projects co-financed mainly by the European Social Fund and the European Fund for Regional Development and, in rare instances, by the Cohesion Fund (<a href="https://www.bulnao.government.bg/bg/articles/kontakten-komitet-na-voi-ot-es-i-esp-81">https://www.bulnao.government.bg/bg/articles/kontakten-komitet-na-voi-ot-es-i-esp-81</a>).</p> <p><b>France:</b> action taken: YES ; action completed: YES ; Completion date: Les autorités françaises, dans le cadre de leur plan d'action Feader, ont prévu des dispositions relatives au contrôle des marchés publics dans une note du 18 octobre 2012 relative aux contrôles des mesures du développement rural pour les actions immatérielles. Il est prévu que les marchés au-delà d'un seuil de 20 000 euros sont présentés par l'instructeur du dossier Feader au contrôle de légalité effectué par les services préfectoraux, qui comprend notamment des vérifications concernant la sélection des offres. Un traçage du</p>

contrôle est prévu. Voir annexe III, questions 3.5 et 3.6.

**Germany:** action taken: YES ; action completed: YES ; Completion date:

The Commission already possesses the action plan of the EAFRD paying agency for Saxony-Anhalt, reflecting the situation as of October 2015.

**Greece:** action taken: ; action completed: ; Completion date:

**Italy:** action taken: ; action completed: ; Completion date:

The enclosed replies (see Annex II) to the European Court of Auditors contain counter-arguments concerning the findings on the action of the paying agencies.

**Netherlands:** action taken: YES ; action completed: NO ; Completion date: Ongoing

For further information see the Dutch action plan for the error rate in rural development, letter ref. RVO/2015/842, 27 October 2015.

**Poland:** action taken: YES ; action completed: YES ; Completion date: April 2014

The case was re-examined by the Implementing Authority (provincial government). The position was submitted by way of an explanatory memorandum to the preliminary report. We maintain this position on the grounds that no errors occurred which affected the outcome of proceedings.

As part of training for implementing authorities, information is provided on errors made by beneficiaries in public procurement procedures. In the 2014-20 programming period a schedule ('taryfikator') was introduced whereby penalties for beneficiaries could be modulated according to the type of infringement of the public procurement rules involved, and not only for infringements which affected the outcome of proceedings.

**Romania:** action taken: YES ; action completed: ; Completion date:

AFIR- See AFIR Reply No 31690 of 17 September 2014 (attached) concerning the comments made by the ECA auditors following the audit mission for the Statement of Assurance

		<p>for financial year 2014 (DAS 2014) – PF6314: audit of the expenditure related to EAFRD, mission conducted between 12 and 16 May 2014 and AFIR Reply No 14283 of 17 April 2015 (attached) concerning the comments made by the ECA auditors following the audit mission for the Statement of Assurance for financial year 2014 (DAS 2014) – PF6754: audit of the expenditure related to EAFRD, mission carried out from 17 to 21 November 2014.</p> <p>Other comments: MEF - DCSSM - BCMAP</p> <p>The national public procurement strategy for the period 2015-2020 includes actions to ensure the regularity and quality of the public procurement process. One of the measures aimed at achieving this objective is the development and strengthening of internal control at the contracting authorities by: adapting the internal control standards in the procurement area, issuing guidelines/guidance on the internal control system, improving the efficiency of preventive financial control related to public procurement, providing training programmes for staff carrying out financial control in public procurement.</p> <p>The internal control process will include at least the following stages: procurement preparation, drafting of the award documentation, conduct of the award procedure, and contract implementation. It will be organised in such a way as to enable external control focused on substantive issues. The development of this type of internal control would significantly reduce, from an early stage, the risk of irregularities and errors and would ensure the achievement of the contracting authorities' objective of getting the best value for money.</p> <p>The internal control system will also include a policy document on conflicts of interest.</p> <p><b>Spain:</b> action taken: YES ; action completed: NO ; Completion date: 1 April 2016</p> <p>The adopted measure will end with the correct allocation of the definitive basic payment entitlements in April 2016 based on the new estimate of eligible area.</p>
<p><b>7.37.</b></p>	<p>Member States' systems related to regularity of EAGF transactions</p>	<p><b>Croatia:</b> action taken: YES ; action completed: YES ; Completion date: 01/03/2015</p> <p>All of the Court's findings are accepted, and action has been taken to address the shortcomings detailed in Annex II.</p>
<p><b>Box 7.7.</b></p>	<p>Member States in which</p>	<p><b>Bulgaria:</b> action taken: YES ; action completed: YES ; Completion date: 2011</p>



	remedial action concerning LPIS weaknesses was satisfactory	<p>MZH (Ministry of Agriculture and Food): The implementation of the action plan for the period 2009 to 2011 led to improvements in the LPIS. The State Fund for Agriculture's 'Technical Inspectorate' submits figures to the MZH to update the LPIS annually after the end of the on-the-spot check campaign.</p> <p><b>Portugal:</b> action taken: ; action completed: ; Completion date: The observation is in line with facts and does not require comment. However, it should be noted that the findings confirm Portugal's efforts in the implementation of corrective measures.</p> <p><b>Romania:</b> action taken: YES ; action completed: YES ; Completion date: PIAA, through the measures taken to update the LPIS on the basis of new imagery, to update following the on-the-spot check, to update based on the notifications made by the farmers, ensures permanently that the reference areas are eligible for payment. Moreover, ECA itself, in its letter of 30 July 2015 (R1057765RO01-15BB-PF-6954-DAS14) stated that 'having regard to all the findings mentioned above, the auditors consider that the updating of the LPIS has significantly improved the reliability of the data recorded in this system'.</p>
<b>Box 7.8.</b>	Member States where LPIS weaknesses persist	<p><b>Greece:</b> action taken: ; action completed: ; Completion date:</p> <p><b>Italy:</b> action taken: ; action completed: ; Completion date: The enclosed replies (see Annex II) to the European Court of Auditors contain counter-arguments concerning the findings on the action of the paying agencies.</p> <p><b>Spain:</b> With regard to the information contained in the Commission's reply (box 7.8), this Member State would like to make the following clarification about the next paragraph in the box, which states: 'The follow-up audits carried out by the Commission on the implementation of the action plans have identified similar deficiencies. The Commission is of the view that while considerable remedial work has been carried out, some deficiencies persist with regard to the eligibility for permanent pasture in Greece and Spain. The Commission would, however, like to point out that the remedial actions carried out in 2014 and 2015 have proved satisfactory for both countries, resulting in ineligible areas being excluded from both LPIS: in Greece, the area</p>

registered as permanent pasture decreased from 3.6 million ha to 1.5 million ha, while in Spain eligible land decreased from 18.4 million ha to 15.6 million ha.' The figures indicated of 18.4 to 15.6 million hectares (2.8 million) concern the implementation of two-factor CAP-2013 (slope and soil) together with the CAPs of Autonomous Communities that already had coefficients for the 2013 claim year. Exactly 2 810 336 ha were deducted, which were not eligible in claim year 2013. The reference made by the Commission to the claim years 2014 and 2015 is not correct. For Spain this should read 'applied until the 2013 claim year'. In the 2014 campaign some Autonomous Communities such as Andalusia and Extremadura implemented additional measures that further reduced the eligible area indicated. However, it is in the current year 2015 when Spain has developed a three-factor CAP-2015 (slope, soil and penetrability to vegetation) as an essential part of the action plan for pasture (Article 41 of Regulation 1306/2014) implemented at the request of the European Commission during 2015 in order to ensure that the eligibility of areas of pasture with bushes and trees is reduced according to European legislation, and to thereby ensure the proper allocation of basic payment entitlements in the 2015 claim year. CAP 2015 is an improved automatic eligibility coefficient which increases the accuracy of soil cover by deducting a larger number of unproductive areas and includes an additional factor for penetrability of vegetation which limits the eligibility of areas with a high density of trees or shrubs. The action plan as a whole contains 11 specific actions to reduce eligibility and seven accompanying measures for LPIS-GIS update. Action No 1 is the consolidation of the new coefficient in LPIS-GIS, No 3 is strict quality control thereof, No 2 allocates zero admissibility to parcels of permanent pasture with CAP 2015 < 20 % and Action No 4 involves the application of a CAP = 0 to pasture parcels not declared in the last five years (some 10 million hectares of grassland will be affected by this additional action to CAP 2015). Note. A presentation of the Action Plan 2015 can be provided to the Court if it so wishes, with the explanation of the remaining actions and support measures. With reference only to pasture land declared (as explained, many of the areas not declared were charged with a CAP=0), the reduction in pasture eligibility by application of CAP-2015 (without including quality control) has given the following results:

	No of records declared	Total (ha)	Elig. Area (ha)	%
PA	675 091	3 531 308.46	2 148 876.35	60.85 %
PR	4 190 576	5 479 019.41	3 061 472.75	55.88 %
PS	2 210 492	1 951 272.94	1 713 861.96	87.83 %

		<p>7 076 159      10 961 600.81      6 924 211.06      63.17 %</p> <p>To sum up, in the 2015 claim year, the area eligible for pasture was reduced by more than 4 million hectares, added to the 2.8 million reported by the Commission in the 2013 claim year.</p> <p><b>EXTREMADURA-</b> action taken: YES ; action completed: YES ; Completion date: 10 November 2015</p> <p>In Extremadura, work started in 2013 on incorporating an improved CAP to calculate the impenetrability of pastures in 2014. This CAP used Landsat images from several dates and the assessment was made by pasture type. Ineligible features (rocks) located by SIOSE [Spanish land cover and use information system] were deducted. This CAP was in place in the declaration and payment of pastures in claim year 2014 and achieved significant progress in terms of pasture eligibility due to penetrability. Its replacement in 2015 by the Spanish Agricultural Guarantee Fund [FEGA] CAP based on LIDAR technology and additional checks on pasture, such as the assessment of new areas declared, and other measures proposed by the FEAGA increase the dependability of findings on eligibility. The AC of Extremadura finalised the validation of the CAP 2015 in their territory with the statistical method proposed by FEAGA, the results of which have been sent to the Ministry for assessment by the Commission. Evaluation of this study validates the CAP in Extremadura for all strata surveyed, with a small correction in wooded pasture with a CAP of less than 50 %, where the CAP for this stratum is reduced by 16 %.</p> <p><b>CASTILE-LA MANCHA-</b> action taken: YES ; action completed: NO ; Completion date:</p> <p>As indicated by the ECA, the LPIS-GIS (SIGPAC) launched CAP 2015 in Spain and thus also in the Autonomous Community of Castile La Mancha which has remedied the deficiencies noted in previous years. Implementation of the CAP in Castile-La Mancha is subject to an action plan comprising a stage of implementation (already completed), validation (already completed) and maintenance (ongoing).</p> <p><b>Bulgaria:</b> action taken: ; action completed: ; Completion date:</p> <p><b>Greece:</b> action taken: ; action completed: ; Completion date:</p>
<b>Table 7.1.</b>	Financial corrections by the Commission for system	

	weaknesses in LPIS	<p><b>Italy:</b> action taken: ; action completed: ; Completion date:</p> <p><b>Portugal:</b> action taken: ; action completed: ; Completion date: The observation is in line with facts and does not require comment.</p> <p><b>Romania:</b> action taken: YES ; action completed: YES ; Completion date: PIAA, through the measures taken to update the LPIS on the basis of new imagery, to update following the on-the-spot check, to update based on the notifications made by the farmers, ensures permanently that the reference areas are eligible for payment. Moreover, ECA itself, in its letter of 30 July 2015, (R1057765RO01-15BB-PF-6954-DAS14), pointed out that 'having regard to all the above findings, the auditors consider that the update of the LPIS system has significantly improved the reliability of the data recorded in this system'.</p> <p><b>Spain:</b> action taken: ; action completed: ; Completion date:</p>
<b>7.42.</b>	Follow-up given to our findings by the Commission	<p><b>Italy:</b> action taken: ; action completed: ; Completion date: The enclosed replies (see Annex II) to the European Court of Auditors contain counter-arguments concerning the findings on the action of the paying agencies.</p> <p><b>Spain:</b> action taken: ; action completed: ; Completion date: We agree with the Commission's response with regard to this finding.</p> <p><b>Greece:</b> action taken: ; action completed: ; Completion date:</p>
<b>7.43.</b>	Reducing EAGF payments for Greece	<p><b>Bulgaria:</b> action taken: ; action completed: ; Completion date:</p> <p><b>Greece:</b> action taken: ; action completed: ; Completion date:</p>
<b>7.46.</b>	Assessment of the reinforcement of assurance exercise	<p><b>Bulgaria:</b> action taken: ; action completed: ; Completion date:</p> <p><b>Greece:</b> action taken: ; action completed: ; Completion date:</p>

		<p><b>Italy:</b> action taken: ; action completed: ; Completion date: The enclosed replies (see Annex II) to the European Court of Auditors contain counter-arguments concerning the findings on the action of the paying agencies.</p> <p><b>Luxembourg:</b> action taken: ; action completed: ; Completion date:</p> <p><b>Romania:</b> action taken: YES ; action completed: YES ; Completion date: PIAA In the ECA report for financial year 2011, the reply of the Commission points out that: ‘3.39. The Commission would like to point out that the certification body did not certify the statistics in any of the cases.’ This was therefore clarified and verified by the EC in the previous years.</p> <p><b>United Kingdom:</b> action taken: YES ; action completed: YES ; Completion date: This reference confirms that the UK was one of the member States visited for the reinforcement of assurance procedure in 2014.</p> <p><b>Greece:</b> action taken: ; action completed: ; Completion date:</p>
<b>7.48.</b>	Assessment of the reinforcement of assurance exercise	
<b>7.50.</b>	Assessment of the reinforcement of assurance exercise	<p><b>Luxembourg:</b> action taken: ; action completed: ; Completion date:</p>
<b>7.52.</b>	Assessment of the reinforcement of assurance exercise	<p><b>Ireland:</b> action taken: YES ; action completed: ; Completion date:</p> <p><b>Italy:</b> action taken: ; action completed: ; Completion date: The enclosed replies (see Annex II) to the European Court of Auditors contain counter-arguments concerning the findings on the action of the paying agencies.</p> <p><b>Romania:</b> action taken: YES ; action completed: YES ; Completion date: Based on the findings and recommendations received from the external auditors, and also at the request of the</p>

		<p>European Commission, PIAA has drawn up the action plan for reducing the error rate for rural development measures whose implementation has been delegated by AFIR. This Plan included the main causes which led to deficiencies in the functioning of the system, as well as the remedial measures and the related deadlines. At that point, all the measures were implemented — for the programming period 2007-2013.</p> <p><b>Sweden:</b> action taken: ; action completed: ; Completion date: This comment does not require Sweden to take action.</p>
<p><b>Box 7.9.</b></p>	<p>Examples showing that Member States' action plans are not yet fully effective</p>	<p><b>Ireland:</b> action taken: YES ; action completed: NO ; Completion date: Ongoing A new Action Plan was submitted mid-2015 and is being implemented.</p> <p><b>Romania:</b> action taken: YES ; action completed: NO ; Completion date: AFIR Following receipt from the Certification Body of the state of implementation of the recommendations updated in October 2015, the Agency has updated and forwarded to the Competent Authority the action plan for the implementation of the recommendations and for correction of the deficiencies found by the CB auditors. Please note that this Plan is regularly updated and sent to the Competent Authority. See the document 'Action Plan for recommendation implementation'.</p>
<p><b>7.57.</b></p>	<p>Member States' systems related to regularity of transactions under the European Fisheries Fund (EFF)</p>	<p><b>Italy:</b> action taken: ; action completed: ; Completion date: We note the content of Comment No 11. In view of paragraph 7.58 of the 2014 Annual Report:</p> <p>"7.58. Although we consider the methodology used in the operations and systems audits to be effective, we have found shortcomings in the management and documentation of audit activities and in the verification of eligibility conditions. The audit authority did not carry out the audit activities as planned. No formal procedures were established for quality control, the audit documentation was inadequate, and the sampling method did not comply with the Commission's guidelines. Although these shortcomings were identified by the Commission in the course of its previous audits, at the time of our audit they had still not been completely eliminated by the audit authority.</p>

In some cases, the audit authority did not carry out the on-the-spot checks required and did not perform adequate checks on the eligibility conditions for vessels that had received financing for permanently ceasing their activities." ; we would like to point out the following:

The Italian authorities have not completed their own audit activities as planned. Following the EU departments' findings in 2012 (reported in the ACR 2011), the AA interrupted the checks that were under way and carried out the audit activities again on a new sample of the expenditure certified in 2010. This had inevitable repercussions on the timing of the preparatory work prior to sending the Annual Control Reports for the following years, including for 2013, which was the subject of checks by the European Court of Auditors.

Lack of written procedures for the 'quality review'.

The documentation for the audits carried out is inconsistent.

Sampling methodology.

The AA asked the Inspectorate-General for Financial Relations with the EU (IGRUE) for the quality-review checklists already adopted for the activities reported in the ACR 2015 for systems audits. This made it possible to respond to the European Court of Auditors' finding concerning the documentary shortcomings for the systems audits.

The sampling method used to extract the sample from the certified expenses for 2012 made provision for the use of the Community share alone, because the EU share alone represented 51 % of the total certified. In the ACR 2013 provision had already been made for the private share to be used to extract the sample in subsequent years. This methodology was therefore adopted for the sample taken from the 2013 certified expenses.

No on-the-spot checks carried out in the operations audit.

With regard to on-the-spot checks, the European Court of Auditors commented on five of the thirty projects selected. Of these five projects, four had the photographic documentation attached to the file, and for the other, the invoices were certified by the Italian shipping register (RINA).

However, in view of the comment made, in 2014 the inspectors were informed that on-the-spot checks do not have to be carried out only where there is an irregularity entailing recovery of the entire contribution.

Inadequate checks on the actual fishing activities of fishing boats that have permanently ceased fishing activities.

		<p>In letter ref. Ares(2015)2684786 of 26 June 2015, the Commission asked the AA to conduct checks on the actual fishing activities on a representative sample using VMS data and ships' logs. The results were sent in letter ref. CCSPU.2015.904 of 16 November 2015.</p>
<p><b>7.69.</b></p>	<p>Significant number of individual systems for EAFRD</p>	<p><b>Germany:</b> action taken: NO ; action completed: ; Completion date: For information only; no reply required.</p> <p><b>Italy:</b> action taken: ; action completed: ; Completion date:</p> <p><b>Spain:</b> action taken: ; action completed: ; Completion date: We agree with the Commission's response with regard to this finding.</p> <p><b>Bulgaria:</b> action taken: NO ; action completed: ; Completion date: MZH: The Bulgarian authorities would like to point out that the requirements of Article 43 of Regulation (EC) No 1974/2006 are correctly implemented in the 2007-2013 RDP. They are part of the compulsory content of any Rural Development Programme, as specified in paragraph 5.2 of Annex II to Regulation (EC) No 1974/2006: '...Evidence that for investment measures support is targeted on clearly defined objectives reflecting identified territorial needs and structural disadvantages...'. Investment support for measure 123 is targeted at the entire food and forestry sector, with the eligible types of enterprises and eligible activities being defined accordingly in Regulations (EC) No 1698/2005 and (EC) No 1974/2006 respectively.</p> <p><b>Poland:</b> action taken: YES ; action completed: YES ; Completion date: 12.12.2014 (the European Commission implementing decision approving the rural development programme for Poland for the aid objectives enshrined in the European Agricultural Fund for Rural Development 2014PL06RDNP001 dated 12 December 2014)</p> <p>In the 2014-20 RDP under priority 6 - 'Promoting social inclusion, poverty reduction and economic development in rural areas', specific objective 6A 'Facilitating diversification, creation and development of small enterprises and job creation', provision was made for the 'Farm and business development' measure, submeasure 'Business start-up aid for non-agricultural activities in rural areas'.</p> <p>The 'Business start-up aid for non-agricultural activities in rural areas' submeasure implements the aforementioned specific objective 6A. This submeasure will support non-agricultural activities undertaken by farmers, farmers' spouses, other members of the household and beneficiaries of payments to small farms so</p>
<p><b>Box 7.10.</b></p>	<p>Examples of good and bad practices in targeting and selection</p>	<p><b>Bulgaria:</b> action taken: NO ; action completed: ; Completion date: MZH: The Bulgarian authorities would like to point out that the requirements of Article 43 of Regulation (EC) No 1974/2006 are correctly implemented in the 2007-2013 RDP. They are part of the compulsory content of any Rural Development Programme, as specified in paragraph 5.2 of Annex II to Regulation (EC) No 1974/2006: '...Evidence that for investment measures support is targeted on clearly defined objectives reflecting identified territorial needs and structural disadvantages...'. Investment support for measure 123 is targeted at the entire food and forestry sector, with the eligible types of enterprises and eligible activities being defined accordingly in Regulations (EC) No 1698/2005 and (EC) No 1974/2006 respectively.</p> <p><b>Poland:</b> action taken: YES ; action completed: YES ; Completion date: 12.12.2014 (the European Commission implementing decision approving the rural development programme for Poland for the aid objectives enshrined in the European Agricultural Fund for Rural Development 2014PL06RDNP001 dated 12 December 2014)</p> <p>In the 2014-20 RDP under priority 6 - 'Promoting social inclusion, poverty reduction and economic development in rural areas', specific objective 6A 'Facilitating diversification, creation and development of small enterprises and job creation', provision was made for the 'Farm and business development' measure, submeasure 'Business start-up aid for non-agricultural activities in rural areas'.</p> <p>The 'Business start-up aid for non-agricultural activities in rural areas' submeasure implements the aforementioned specific objective 6A. This submeasure will support non-agricultural activities undertaken by farmers, farmers' spouses, other members of the household and beneficiaries of payments to small farms so</p>
<p><b>7.85.</b></p>	<p>Measure 'Increasing the added value to basic agricultural and forestry production'.</p>	<p><b>Bulgaria:</b> action taken: NO ; action completed: ; Completion date: MZH: The Bulgarian authorities would like to point out that the requirements of Article 43 of Regulation (EC) No 1974/2006 are correctly implemented in the 2007-2013 RDP. They are part of the compulsory content of any Rural Development Programme, as specified in paragraph 5.2 of Annex II to Regulation (EC) No 1974/2006: '...Evidence that for investment measures support is targeted on clearly defined objectives reflecting identified territorial needs and structural disadvantages...'. Investment support for measure 123 is targeted at the entire food and forestry sector, with the eligible types of enterprises and eligible activities being defined accordingly in Regulations (EC) No 1698/2005 and (EC) No 1974/2006 respectively.</p> <p><b>Poland:</b> action taken: YES ; action completed: YES ; Completion date: 12.12.2014 (the European Commission implementing decision approving the rural development programme for Poland for the aid objectives enshrined in the European Agricultural Fund for Rural Development 2014PL06RDNP001 dated 12 December 2014)</p> <p>In the 2014-20 RDP under priority 6 - 'Promoting social inclusion, poverty reduction and economic development in rural areas', specific objective 6A 'Facilitating diversification, creation and development of small enterprises and job creation', provision was made for the 'Farm and business development' measure, submeasure 'Business start-up aid for non-agricultural activities in rural areas'.</p> <p>The 'Business start-up aid for non-agricultural activities in rural areas' submeasure implements the aforementioned specific objective 6A. This submeasure will support non-agricultural activities undertaken by farmers, farmers' spouses, other members of the household and beneficiaries of payments to small farms so</p>



that they can generate income from sources other than agriculture.

Under the RDP, preference will be given to projects involving job creation (annual average full-time equivalent) (not applicable to the self-employed) and projects carried out by persons resident in the districts with the highest unemployment in the province.

Under the aforementioned objective 6A, the indicator identified in the RDP (Chapter 11) is: Jobs created in supported projects in which the indicator target was estimated at 16 550 (jobs).

In addition, under specific objective 6B Promoting local development in rural areas, provision was made for LEADER actions. As part of LEADER, enterprise development projects in the broad sense of the term will be implemented and activities designed to provide e.g. persons planning to start a business in addition to farming activities and persons leaving farming with the necessary knowledge or skills and qualifications will be supported. The objective will be to get disadvantaged groups and the unemployed into work, cooperation between local action groups (LAGs) and businesses to identify possible employment opportunities for people from the Local Development Strategy area (LDS), networking between bodies working with disadvantaged groups and the unemployed, such as: welfare centres, job centres and agricultural advisory centres.

Under the aforementioned objective 6B, the indicator identified in the RDP (Chapter 11) is: Jobs created in LEADER supported projects in which the indicator target was estimated at 5 943 (jobs).

The Regulation of the Minister for Agriculture and Rural Development of 24 September 2015 setting out the detailed conditions and arrangements for granting financial aid under the 'Support for implementation of operations under the community-led local development strategy' measure in the 2014-20 RDP (Journal of Laws, item 1570) indicates that aid is granted to projects involving start-ups which involve:

1) the creation of at least one job (annual average full-time equivalent), this being justified by the scope of the project, and the person for whom this job is created will be employed on the basis of an employment contract or collective employment contract;

2) the job referred to in point 1 will be preserved for at least 2 years after the final payment date.

Aid for projects involving the development of business activities will be granted if the project complies with the following conditions:

1) the creation of at least one job (annual average full-time equivalent), this being justified by the scope of the project, and the person for whom this job is created will be employed on the basis of an employment contract or collective employment contract;

		<p>2) the job referred to in point 1 will be preserved for at least 3 years after the final payment date.</p> <p>The Regulation of the Minister for Agriculture and Rural Development setting out the detailed conditions and procedures for granting financial aid under the 'Business start-up aid for non-agricultural activities in rural areas' sub-measure assumes that the order in which aid is awarded is determined by the total number of points awarded on the basis of the selection criteria, including: 'If, including self-employment, the business plan provides for the creation of:</p> <ol style="list-style-type: none"> <li>1) at least 2 and fewer than 3 jobs (annual average full-time equivalent) - 3 points shall be awarded;</li> <li>2) 3 or more jobs (annual average full-time equivalent) - 4 points shall be awarded'.</li> </ol>
<p><b>7.87.</b></p>	<p>Measure 'Support for the creation and development of micro-enterprises'</p>	<p><b>Poland:</b> action taken: YES ; action completed: YES ; Completion date: 12.12.2014 (the European Commission implementing decision approving the rural development programme for Poland for the aid objectives enshrined in the European Agricultural Fund for Rural Development 2014PL06RDNP001 dated 12 December 2014)</p> <p>Cf. clarifications on remark 7. In the 2014-20 RDP under priority 6 - 'Promoting social inclusion, poverty reduction and economic development in rural areas', specific objective 6A 'Facilitating diversification, creation and development of small enterprises and job creation', provision was made for the 'Farm and business development' measure, submeasure 'Business start-up aid for non-agricultural activities in rural areas'.</p> <p>The 'Business start-up aid for non-agricultural activities in rural areas' submeasure implements the aforementioned specific objective 6A. This submeasure will support non-agricultural activities undertaken by farmers, farmers' spouses, other members of the household and beneficiaries of payments to small farms so that they can generate income from sources other than agriculture.</p> <p>Under the RDP, preference will be given to projects involving job creation (annual average full-time equivalent) (not applicable to the self-employed) and projects carried out by persons resident in the districts with the highest unemployment in the province.</p> <p>Under the aforementioned objective 6A, the indicator identified in the RDP (Chapter 11) is: Jobs created in supported projects in which the indicator target was estimated at 16 550 (jobs).</p> <p>In addition, under specific objective 6B Promoting local development in rural areas, provision was made for LEADER actions. As part of LEADER, enterprise development projects in the broad sense of the term will be implemented and activities designed to provide e.g. persons planning to start a business in addition to farming</p>

		<p>activities and persons leaving farming with the necessary knowledge or skills and qualifications will be supported. The objective will be to get disadvantaged groups and the unemployed into work, cooperation between local action groups (LAGs) and businesses to identify possible employment opportunities for people from the Local Development Strategy area (LDS), networking between bodies working with disadvantaged groups and the unemployed, such as: welfare centres, job centres and agricultural advisory centres. Under the aforementioned objective 6 B, the indicator identified in the RDP (Chapter 11) is: Jobs created in LEADER supported projects in which the indicator target was estimated at 5 943 (jobs).</p> <p>The Regulation of the Minister for Agriculture and Rural Development of 24 September 2015 setting out the detailed conditions and arrangements for granting financial aid under the ‘Support for implementation of operations under the community-led local development strategy’ measure in the 2014-20 RDP (Journal of Laws, item 1570) indicates that aid is granted to projects involving start-ups which involve:</p> <ol style="list-style-type: none"> <li>1) the creation of at least one job (annual average full-time equivalent), this being justified by the scope of the project, and the person for whom this job is created will be employed on the basis of an employment contract or collective employment contract;</li> <li>2) the job referred to in point 1 will be preserved for at least 2 years after the final payment date.</li> </ol> <p>Aid for projects involving the development of business activities will be granted if the project complies with the following conditions:</p> <ol style="list-style-type: none"> <li>1) the creation of at least one job (annual average full-time equivalent), this being justified by the scope of the project, and the person for whom this job is created will be employed on the basis of an employment contract or collective employment contract;</li> <li>2) the job referred to in point 1 will be preserved for at least 3 years after the final payment date.</li> </ol> <p>The Regulation of the Minister for Agriculture and Rural Development setting out the detailed conditions and procedures for granting financial aid under the ‘Business start-up aid for non-agricultural activities in rural areas’ sub-measure assumes that the order in which aid is awarded is determined by the total number of points awarded on the basis of the selection criteria, including: ‘If, taking self-employment on board, the business plan provides for the creation of:</p> <ol style="list-style-type: none"> <li>1) at least 2 and fewer than 3 jobs (annual average full-time equivalent) - 3 points shall be awarded;</li> <li>2) 3 or more jobs (annual average full-time equivalent) - 4 points shall be awarded’.</li> </ol> <p><b>Netherlands:</b> action taken: NO ; action completed: NO ; Completion date: Not applicable</p>
<b>Box 7.11.</b>	Examples of lack of evidence	

	that costs were reasonable	<p>The Netherlands does not share the Court of Auditors' view, as already explained in the response to the findings (letter ref. DGAN-ELVV/15052450, sent 19 May 2015).</p> <p><b>Portugal:</b> action taken: ; action completed: ; Completion date:</p> <p>In the Forestry Operations Monitoring Committee (CAOF) table, there are different types of forestry intervention which may be used to 'control vegetation'. In this operation three types of intervention were considered: total spontaneous vegetation control (1) and spontaneous vegetation control in lines or locally (2) and cleaning of woods (3).</p> <p>Such forest intervention has different human and material resource allocation requirements to deal with the characteristics of the vegetation and terrain. The CAOF tables set out the different types of operations and associated unit costs, which were taken into account in the analysis of the reasonableness of the costs by the technical analyst.</p> <p>For the type of forest 'vegetation control' operation in question, working conditions in the area to be cleaned were evaluated by the technical analyst, for each site, comparing these conditions with relief and other information in military maps and orthophotomaps provided by the promoter in the application. After performing verification calculations, the technical analyst accepted the values proposed by the promoter.</p>
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## ANNEX III A

### Part A. Please reply to the general questions below

#### 1) Performance

The 2014 Annual Report of the European Court of Auditors (ECA), Chapter 3 "Getting Results from the EU Budget" analyses performance from the perspective of the Europe2020 Strategy and examines the performance features introduced with the new MIFF 2014-2020.

#### Question addressed to all Member States:

1.1 Is your Member State already using/planning to use the "Common Indicators" introduced for the following five EU funds (please tick the appropriate boxes):

EAFRD  Yes  No If No, please explain why not

EMIFF  Yes  No If No, please explain why not

ESF  Yes  No If No, please explain why not

ERDF  Yes  No If No, please explain why not

CF  Yes  No If No, please explain why not

1.2 What **additional or complementary performance indicators** is your Member State using/planning to use to provide information about the results obtained from programs organized using these funds?

1.3 Do you anticipate that your Member State will be able to provide meaningful data which will be available for use in the MFF mid-term review scheduled for 2017?

Yes - if Yes describe them

No - if No give reasons why not

## 2) Financial Instruments

This year the ECA noted that the reporting on financial instruments by Member States remains in some cases incomplete or inaccurate.

### A. Question addressed to ITALY & MALTA only:

2.1 What action has your Member State taken/plans to take to improve the quality of your reporting? If so, Does it take into account the guidance note on reporting and financial instruments the Commission presented to Member States in May 2015?

Yes - if Yes describe them

No - if No give reasons why not

### B. Question addressed to all other Member States:

2.2 Has your Member State taken measures to improve the quality of this reporting, in particular on the basis of the Guidance Note on reporting on financial instruments (Ref: EGESIF-150015-06/05/2015) presented by the Commission to the Member States in May 2015?

Yes - if Yes describe them

No - if No give reasons why not

### 3) Rural Development

**A. Question addressed to Lithuania, Hungary, Czech Republic and United Kingdom:** The ECA found eligibility errors resulting from possible artificially created conditions to obtain aid contrary to the objectives of an investment measure (cf. ECA Annual Report 2014 -box 7.4)

3.1 What were the flaws or deficiencies in you internal control system, which in your opinion, permitted the irregularities specified to happen?

3.2 What remedial measures have been taken or planned?

**B. Questions addressed to United Kingdom, Germany and Italy:** The ECA found non-compliance with agri-environmental commitments (cf. ECA's Annual Report 2014 -box 7.5),

3.3 What were the flaws or deficiencies in you internal control system, which in your opinion, permitted the irregularities specified to happen?

3.4 What remedial measures have been taken or planned?

**C. Questions addressed to Poland, Bulgaria, Germany, Greece, Spain, France, Italy, the Netherlands and Romania:** The ECA found non-respect of procurement rules (cf. ECA's Annual Report 2014 -box 7.6)

3.5 What were the flaws or deficiencies in you internal control system, which in your opinion, permitted the irregularities specified to happen?

3.6 What remedial measures have been taken or planned?

**D. Questions addressed to Ireland, Italy, Portugal, Romania and Sweden:** The ECA found non-respect of procurement rules (cf. ECA's Annual Report 2014 – para 7.53)

3.7 What were the flaws or deficiencies in your internal control system, which in your opinion, permitted the irregularities specified to happen?

3.8 What remedial measures have been taken or planned?

#### **4) Public Procurement**

The ECA has changed its methodology for assessing and quantifying non-compliance with the rules on public procurement. The focus is still on serious infringements, where EU institutions as well as national authorities in the Member States do not comply with fundamental principles of sound and transparent public procurement procedures. The ECA considers *inter alia* the following infringements as serious and therefore to be sanctioned by a 100% error:

- Absence of tendering procedure without justification;
- Artificial split of works/services/supplies in several tenders;
- Use of inappropriate type of tendering procedure;
- Non-compliance with the publication and/or transparency requirements;
- Unlawful/discriminatory technical specifications;
- Lack of documentation of the public procurement procedure.

#### **Question addressed to all Member States:**

4.1 Apart from the measures for assessing and quantifying non-compliance already required under EU law do you have experience with other (nationally prescribed) measures?



## 5) Regional Policy, Employment and Social Affairs

As in previous years, for regional policy, employment and social affairs ( **Chapter 6-paragraph 6.44** ), the ECA 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 ( **see also recommendation 2** ).

### Question addressed to all Member States:

5.1 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 describe their effectiveness  
 No. If No, please explain why

## 6) State Aid

In **Chapter 6** (for regional policy employment and social affairs) the ECA noted that infringements of State Aid rules were another significant source of error.

### Question addressed to all Member States:

6.1 Does the mandate of the Audit Authority(ies) in your Member State include checks on compliance with state aid rules?

- Yes -  
 No – if No, briefly explain why.

6.2 Has your Member State identified any systemic issues or deficiencies related to state aid rules in the remit of the ESI funds

Yes - if Yes describe the issues/deficiencies

No –

6.3 Does your Member State plan to take/ or has it already taken any preventive measures in this context?

Yes - if Yes, describe the measures

No - if No give reasons why not

#### **7) Common Provisions Regulation and ESF regulation**

In **Chapter 6** the Court recommends that the Member States should make better use of the possibilities set out in the Common Provisions Regulation and ESF regulation for the 2014-2020 period concerning simplified cost options (**recommendation 3**).

#### **Question addressed to all Member States:**

7.1 In the context of ERDF/CF programmes, which actions/plans have been put in place to use simplified cost options more widely in the 2014-2020 period?

## Member States replies to questions in Annex III

<b>AUSTRIA</b>	
<b>Q 1.1.</b>	<p>EAFRD: Yes</p> <p>EMFF: Yes</p> <p>ESF: Yes</p> <p>ERDF: Yes</p> <p>CF: 0</p>
<b>Q 1.2.</b>	<p>The performance indicators have been established for each OP. Additional or complementary indicators specific to the programme may also be established. Further additional indicators for the ERDF and ESF in the context of the impact-based approach of the federal budget. In that respect, setting objectives for the effective coordination and settlement of funds (ERDF and ESF), e.g. completion of the ERDF Reform Agenda by 2015 as a milestone. Programme indicators for the EMFF.</p> <p>As well as the 'common indicators', the following additional indicators will be used in Austria as part of the ESF 2014-2020 programme:</p> <p>IP 8i: 'Participants who are in employment, including self-employment, upon completion'; 'Women'</p> <p>IP 8iv: 'Companies that received advice leading to an agreed outcome'; 'SMEs that received advice'; 'All companies that received advice'; 'Women'; 'Projects for poorly educated women'; 'Women that received support, whose employment situation has improved six months after completion of the measures'; 'Women that received support'</p> <p>IP 8vi: 'Companies that received advice leading to an agreed programme/plan of measures'; 'All companies that received advice'; 'SMEs that received advice'; 'Employed persons (45+)'; 'Micro-enterprises that received support, as well as SMEs, and that are carrying out follow-up Active Ageing activities 12 months after the measures have been completed'; 'Projects'</p> <p>IP 9i: 'Properly completed participation of non-employed persons who are not in education or training'; 'Projects that have fully</p>

	<p>completed the development cycle'; 'Projects'; 'Employed persons'; 'Non-employed persons not in education or training with a maximum of ISCED 1-2'</p> <p>IP 10i: 'Young persons participating in measures to prevent early school leaving and who are in education or training immediately upon completion of these measures (Federal Ministry for Education and Women's Affairs (BMBWF)); 'Young persons whose education or training objectives have been set or raised higher, who are ready for vocational training or have completed education and/or who are receiving follow-up assistance in entering the labour market'; 'Under-25s participating in BMBWF measures'; 'Under-25s participating in BMASK (Federal Ministry of Labour, Social Affairs and Consumer Protection) measures'; 'Young persons whose mother tongue is not German';</p> <p>IP 10iii: 'Persons participating in basic education where a certificate is awarded upon completion'; 'Projects aimed at further developing basic education opportunities'; 'Persons participating in basic education'; 'Persons participating in basic education with ISCED 1-2'; 'Participants who will gain/have gained a qualification upon completion'; 'Projects'; 'ISCED 1 and 2'</p> <p>Technical assistance: 'ESF homepage'; 'ESF newspapers'; 'Evaluations/studies'; 'Events'</p> <p>Performance framework: 'Allocated expenditure which is recorded in the accounting system of the Certifying Authority and certified by them'; 'Companies that received advice'; 'Non-employed persons not in education or training'; 'Participants'; 'Unemployed and non-employed'.</p>
<p><b>Q 1.3.</b></p>	<p>Yes;</p> <p>In principle yes, but with the restriction that the programmes' performance frameworks have scheduled a performance review in 2019, and intermediate objectives (milestones) will only be set in 2018. Performance indicators will be recorded at individual project level during monitoring.</p> <p>EMFF: The indicators are recorded in the central database in accordance with Austria's Operational Programme – 2014-2020 European Maritime and Fisheries Fund.</p> <p>Data may be provided regarding the indicators set out in the Austrian ESF Programme (status of programme implementation).</p>

<p><b>Q 2.2.</b></p>	<p>Yes; Only a single financial instrument is envisaged in the Austrian 'Investing in Growth and Jobs' (IWB) programme. The Managing Authority will report in accordance with the Guidance Note.</p> <p>No; No financial instruments will be implemented in Austria with regard to the EAFRD. The quality of the annual report on the EAFRD programme was considered very good by the Commission. Not envisaged for the EMFF. Financial instruments are not envisaged in Austria for the ESF.</p>
<p><b>Q 4.1.</b></p>	<p>No; Outside the field of EU co-funded projects, no results are known.</p> <p>With regard to the Austrian EAFRD programme, public procurement is not widespread. Essentially, it is limited to technical assistance. In such cases, great emphasis is placed on complying with the rules on procurement. No additional experience was gained in the EAFRD programme.</p>
<p><b>Q 5.1.</b></p>	<p>Yes; Increasing the number of supervisory audits by the Managing Authority (MA) on intermediate bodies. Increasing the number of audits by the Certifying Authority (CA) before certification of expenditure. This is effective in that more projects are being checked by the MA/CA. Corrections are now also carried out before certification at the European Commission, or projects are not included in payment applications.</p> <p>Employment OP (OP Beschäftigung): To ensure that the controls are as effective as possible, the intermediate bodies carrying out the assessments are constantly monitored by an external service provider of the Managing Authority. In this way, any errors discovered, e.g. in settlement processes, can be eliminated at an early stage.</p> <p>Phasing out OP: The Managing Authority in Burgenland has been in charge of the Burgenland ERDF and ESF programmes since 1995. Over this period, the Managing Authority together with the bodies responsible for awarding subsidies have developed a system based on the regular exchange of information for the purpose of monitoring the implementation of the programme. Meetings are held five times a year, chaired by the Managing Authority with the participation of the bodies responsible for awarding subsidies. Agenda for meetings: Status of project implementation and financial implementation (fund commitments), presentation of approved projects, passing on of information regarding project accounts, discussion of errors identified with regard to eligible costs and expenditure. This system of exchanging information on the running of the programme has fully proved its worth. This, along with keeping the administrative organisation as simple as possible, has allowed the Managing Authority to</p>

	avoid having to introduce specially-tailored measures for effective inspections.
<b>Q 6.1.</b>	Yes
<b>Q 6.2.</b>	No
<b>Q 6.3.</b>	With regard to the ERDF, the aid schemes implemented will also be audited as part of the initial system audits. In order to deal with questions on State aid, the ESF Managing Authority has prepared some basic information, as well as a check-list, and made it available to the implementing bodies.
<b>Q 7.1.</b>	With regard to the ERDF: simplified calculation of personnel costs, flat-rate overhead charges.
<b>BELGIUM</b>	
<b>Q 1.1.</b>	EAFRD: Yes EMFF: Yes ESF: Yes ERDF: Yes CF: 0
<b>Q 1.2.</b>	Pour le FEDER mainstream en Wallonie, en ce qui concerne le cadre de performance, la plupart des indicateurs sont des indicateurs communs. Il y a 3 indicateurs repris dans le cadre de performance qui sont des indicateurs de réalisation spécifiques : « Section/atelier actualisés », « Projets intégrés visant la mobilité durable », « Villes/quartiers bénéficiant de plans de revitalisation soutenus » EAFRD-VL (VL = Vlaanderen (Flanders)): For priority 3, an alternative indicator is used to replace the common indicators 'Number of holdings participating in risk management schemes (3B)' and 'Number of agricultural holdings supported under quality schemes, local markets, ... (3A)'. The alternative indicator is 'Number of actions supported for investment (3A)'

	<p>The same indicator 'Number of actions supported for investment' is also adopted for priority 5 (focus area 5d) in addition to the common indicators for Priority 5.</p> <p>ESF-VL: Indicators as set out in the 14-20 operational programme (OP)</p>
<p><b>Q 1.3.</b></p>	<p>Yes;</p> <p>Pour le FEDER mainstream en Wallonie, même s'ils ne sont obligatoires que pour 2018 et 2023, les indicateurs font l'objet d'une quantification annuelle pour les programmes opérationnels FEDER mainstream.</p> <p>La plupart des indicateurs de résultat sont collectés auprès de l'Institut wallon de l'évaluation, de la prospective et de la statistique sur une base annuelle. Il y a néanmoins quelques exceptions (exemple : Intensité de R&amp;D de l'ensemble de l'économie) pour lesquels la fréquence de rapportage est tous les 2 ans. En ce qui concerne les indicateurs de réalisation (qu'ils soient communs ou spécifiques), ils sont quantifiés de façon annuelle auprès des porteurs de projets.</p> <p>No;</p> <p>It will still not be possible to answer most evaluation questions in the comprehensive annual report 2017. The evaluation questions to be answered in 2017 gauge the impact of the measures on the basis of 'closed projects' (i.e. projects/contracts which were fully disbursed). In view of the late launch of the Flemish Rural Development Programme (PDPO III (2015, some measures in 2016) and the fact that many projects run for several years, not many projects will have been disbursed by 2017. There will be some output data (number of projects or commitments, aid,...), but not much. 2017 is therefore too early in terms of measuring or calculating the impact (as requested in the 2017 evaluation questions).</p>
<p><b>Q 2.2.</b></p>	<p>No;</p> <p>La Wallonie n'a pas eu de retour négatif sur les documents fournis.</p> <p>Currently, EAFRD-VL has not deployed any financial instruments.</p> <p>ESF-VL: Not applicable in the ESF</p> <p>ERDF-VL: No comments received regarding the quality of reporting + no financial instruments relating to ERDF-VL</p>

<p><b>Q 4.1.</b></p>	<p>Pour la Belgique, il y a ici lieu de faire référence à la procédure de contrôle administratif et budgétaire, qui a, entre autres, pour but de vérifier la légalité et la régularité des propositions liées aux marchés publics.</p> <p>ESF-VL: No, we follow the Commission's guidelines of 19 December 2013, 'Guidelines for determining financial corrections to be made to expenditure financed by the Union under shared management, for non-compliance with the rules on public procurement'.</p> <p>ERDF-VL: No, we follow the Commission's guidelines of 19 December 2013, 'Guidelines for determining financial corrections to be made to expenditure financed by the Union under shared management, for non-compliance with the rules on public procurement'.</p>
<p><b>Q 5.1.</b></p>	<p>Yes;</p> <p>Pour la période de programmation 2007-2013 (2015), pour les programmes opérationnels FEDER mainstream de la Wallonie, les taux d'erreur constatés par l'Autorité d'audit sont les suivants :</p> <p>Ceci est le résultat des procédures mises en place, comme :</p> <ul style="list-style-type: none"> <li>- Rappel des différents contrôles aux bénéficiaires ;</li> <li>- Règles d'éligibilité simples ;</li> <li>- Utilisation des coûts forfaitaires ;</li> <li>- Vade mecum explicitant les procédures à suivre ;</li> <li>- Exhaustivité du contrôle de premier niveau ;</li> <li>- Séparation claire des fonctions entre les trois autorités (gestion, certification, audit) ;</li> <li>- Bonne sensibilisation du personnel de l'Autorité de gestion quant à la réglementation spécifique des Fonds structurels et quant à la matière des irrégularités (y compris les cas de fraudes) via la diffusion d'informations ;</li> <li>- Participation des administrations fonctionnelles au groupe de travail OLAF : évolution de la réglementation applicable, en ce</li> </ul>



compris la jurisprudence, des cas concrets d'irrégularités ou de fraudes (cf. point suivant);

- Participation à des séminaires sur la fraude ;
- Utilisation du système « ARACHNE », dès qu'il sera opérationnel, comme outil des opérations susceptibles d'être exposées à des risques de fraude, de conflits d'intérêts ou à des irrégularités;
- Attention plus stricte pour les domaines où les risques d'irrégularités/fraude sont plus élevés :
- Marchés publics : contrôle a priori des procédures, justification des modifications pour un marché en cours.
- Aides d'Etat : point de contact « Aides d'Etat » au sein de la DGO6 Economie, Emploi et Recherche, séances d'information pour le personnel concerné, étude sur la conformité des mesures avec la réglementation européenne et intégration dans le processus décisionnel.

Les faiblesses identifiées dans le rapport annuel de contrôle 2014 FSE invitant à des actions de la part de l'Autorité d'audit, de l'Autorité de gestion et du Centre de coordination et de gestion des fonds européennes pour l'enseignement de promotion sociale (CCG-EPS), une réunion a eu lieu entre les différentes Autorités à ce sujet le 2 février 2015. Un plan d'action, visant à identifier et à estimer l'erreur relevée au sein des différents établissements de l'Enseignement de promotion sociale, a été demandé au CCG par l'Autorité d'audit en date du 10 février 2015.

Par ailleurs l'Autorité de gestion a également été sollicitée à rédiger un plan d'action face aux différentes faiblesses identifiées dans l'avis annuel et le rapport annuel de contrôle 2014. Celle-ci y a répondu en date du 12 février 2015. La CAIF renvoie à ces documents pour le détail.

Suite à la transmission par l'Autorité de gestion FEDER d'une note d'orientation relative aux modifications en cours d'exécution d'un marché public, aux bénéficiaires et aux administrations fonctionnelles, un audit des modifications apportées au système de gestion et de contrôle en termes de vérification de l'exécution des marchés publics sera réalisé par l'Autorité d'audit pour la fin de l'année 2015. Les conclusions de ces travaux figureront dans le rapport annuel de contrôle FEDER qui sera transmis pour le 31 décembre 2015 à la Commission.

Il y a en outre lieu de mentionner les efforts que le SPP IS a engagés depuis le mois de juillet dernier pour améliorer le contrôle du FSE : des mesures correctrices ont en effet été entreprises au niveau de la programmation fédérale FSE pour améliorer les contrôles de gestion et l'efficacité des contrôles de gestion et plus particulièrement sur les projets de l'axe 2 pour lesquels des

	<p>déficiences avaient été constatées .</p> <p>Une nouvelle méthodologie de contrôle ( avec une nouvelle check list et visite systématique sur place ) a été élaborée .</p> <p>Les projets de l'axe 2 ont été recontrôlés à 100 % à l'aide cette nouvelle méthodologie de contrôle .</p> <p>Ces différentes mesures nous ont permis d'améliorer la qualité des contrôles au niveau de l'autorité de gestion et la piste d'audit .</p> <p>La description précise de ces améliorations des mesures de contrôles sera communiquée à la CCE</p> <p>ESF-VL: Using pro-active coaching activities for the final beneficiaries.</p> <p>ERDF-VL: Enhanced front-line control through the introduction of more detailed control by two pairs of eyes.</p>
<b>Q 6.1.</b>	<p>Yes;</p> <p>Les Autorités d'audit sont censées examiner l'ensemble des dimensions qui déterminent la légalité et la régularité des dépenses pour lesquelles un cofinancement européen est sollicité.</p> <p>Cela étant, la question ne se pose pas tant dans le cadre du FSE que dans le cadre du FEDER. Elle peut se poser également dans le cadre du Fonds pour les frontières extérieures (EBF) mais il semble que cela sort du périmètre du questionnaire.</p>
<b>Q 6.2.</b>	<p>No</p>
<b>Q 6.3.</b>	<p>Yes;</p> <p>Tout projet cofinancé par le FEDER mainstream en Wallonie fait systématiquement l'objet d'un examen ex ante sur le respect de cette législation.</p> <p>En ce qui concerne le FEDER, une expertise portant sur la problématique de la compatibilité des actions cofinancées dans le cadre de la nouvelle programmation par rapport aux aides d'Etats a été confiée par le Département de Coordination des Fonds Structurels (DCFS) au cabinet GIDE, spécialisé en la matière.</p> <p>Par ailleurs, le gouvernement Wallon vient de marquer son accord concernant la constitution d'un point de contact unique « aides d'états » au sein de la DGO6 dans le département de la Compétitivité et de l'Innovation.</p>

	<p>On 25 September 2015, the Flemish Government adopted a Decision on support to schemes in the context of the European Regional Development Fund and the European Social Fund. This decision ensures that the managing authority may only approve applications within the maximum thresholds of EU State aid rules. This decision was notified to the European Commission and is registered under reference numbers SA. 43190 (ERDF/Interreg) and SA. 43191 (ESF). The managing authority may decide either that there is no State aid or that the State aid may be compatible with the provisions of the General Block Exemption Regulation (Commission Regulation No 651/2014 of 17 June 2014 declaring certain categories of aid under Articles 107 and 108 of the Treaty compatible with the internal market, EU Official Journal of 26 June 2014, L 187/1). A justification is also possible on the basis of the de minimis Regulation or the SGEI rules.</p> <p>ESF-VL: Assessment of State aid, guidelines from the calls to promoters, State aid the training for managing authority staff, and structural agreements in the context of the flow of information from the Commission via the competent authorities to final-beneficiary level.</p> <p>ERDF-VL: under implementation during the 2014-2020 programming period; thorough and documented assessment of State aid, practical guidelines for project promoters, State aid training for managing authority staff.</p>
<b>Q 7.1.</b>	Utilisation généralisée des barèmes standards de coûts horaires pour les dépenses de personnel et application d'un taux forfaitaire de 15% pour les coûts indirects.

<b>BULGARIA</b>	
<b>Q 1.1.</b>	EAFRD: 0 EMFF: 0 ESF: Yes ERDF: 0 CF: 0

<b>Q 1.2.</b>	The Managing Authority of the Operational Programme 'Human Resource Development' will report progress based on the specific indicators stipulated in the OP 'Human Resource Development'.
<b>Q 1.3.</b>	<p>Yes;</p> <p>MLSP: Information about fulfilling general and specific indicators will be presented for the schemes which started in 2015.</p>
<b>Q 2.2.</b>	<p>Yes;</p> <p>OPRD: The Managing Authority of the Operational Programme 'Regional Development' 2007-2013 (OPRD Managing Authority) receives detailed information on a regular basis about the execution of the JESSICA financial instrument by the European Investment Bank in its capacity as a JESSICA Holding Fund for Bulgaria, on the basis of an annual progress report and a final expenditure report for the relevant year, as well as a half-yearly progress report. As part of the reports just mentioned, the OPRD Managing Authority receives qualitative and quantitative information for the execution carried out by the JESSICA Holding Fund and the Urban Development Funds, necessary to meet the obligation of the OPRD Managing Authority to submit a report on the execution of the financial instrument to the European Commission and 'National Fund' agency in the Bulgarian Ministry of Finances. In addition, the OPRD Managing Authority receives information on a monthly basis from the European Investment Bank regarding the size of the absorption rates for the Holding Fund and Urban Development Funds, as well as the amount for the payments made to urban development projects financed by resources from the Operational Programme 'Regional Development' 2007–2013. Last but not least, the OPRD Managing Authority holds monthly progress meetings with the Urban Development Funds during which additional information is provided about the progress of urban development projects.</p> <p>As of 2013, the OPRD Managing Authority has adopted an annual reporting approach on the execution of the financial instruments using the SFC system, based on the model of the Guidance Notes. Furthermore, the OPRD Managing Authority has submitted to the Certifying Authority two intermediate reports for certification, which contain information about verifiable amounts when implementing financial engineering instruments.</p> <p>In regard of the above, although the Guidance Notes on reporting for financial instruments EGESIF-150015-06/05/2015 relate to the 2014–2020 programming period, a section entitled 'Financial Engineering' has been included as part of the Manual of procedures of the OPRD Managing Authority for the period 2007–2013, providing a detailed description of the reporting procedures, in full compliance with the applicable national and European legislation in the area of financial instrument reporting.</p>

### Q 3.5.

MZH: Frequent changes to the statutory regulations in the area of public procurement, The beneficiaries do not have employees who are qualified in the area of public procurement relating to EU programme expenditure.

Audit of EU Funds Executive Agency (IA OSES): Firstly, we note that the conclusions in the report from the European Court of Auditors, which form the basis for this question, have been made as a result of checks carried out on beneficiaries for projects being implemented using resources from the European Agricultural Fund for Rural Development (EAFRD). The Audit of EU Funds Executive Agency does not perform the functions of an audit authority for the Rural Development Programme. The shortcomings highlighted by us in 2014 in terms of applying the public procurement regulations relate to the systems for managing and controlling the resources from the European Regional Development Fund, the European Social Fund, the European Fisheries Fund and the Cohesion Fund, i.e. for the eight operational programmes and three cross-border cooperation programmes.

During our audit commitments in 2014, a total of 464 public procurement procedures were verified, where 218 of them were found to be non-compliant with the applicable legislation and financial corrections proposed. These incidences of non-compliance have not been noted by the Managing Authorities during verification of the expenditure and the errors have not been corrected by the certified expenditure. After completing the checks, we analysed the reasons for the shortcomings permitted by the Managing Authorities during verification of the public procurement expenditure certified in 2013, and we established the following:

- one of the reasons for the shortcomings we identified in the work of the Managing Authorities is that the expenditure audited by us has been verified prior to the coming into force of the new Commission Guidelines for determining financial corrections to be made to expenditure financed by the Union under shared management, for non-compliance with the rules on public procurement, adopted with Commission Decision of 19 December 2013. In keeping with the Commission's requirements, the Audit Authority applies the above-mentioned guidelines to the audits for the operations involving the expenditure certified in 2013, of which the Managing and Certifying Authorities have been informed by means of a letter dated 24 January 2014. The checklists used by the Managing Authorities during the verification process, while including checks at every stage of the public procurement process, do not correspond to the new types of irregularities described in the new Commission Guidelines and their financial impact, as they had not been applicable in 2012/2013 when this expenditure was verified. The Commission Guidelines adopted in December 2013 have been incorporated into national legislation with Council of Ministers Decree 162 of 17 June 2014, which came into force on 24 June 2014.
- an important reason for allowing the shortcomings when verifying the expenditure for the public procurement procedures is the lack of expertise of the employees involved in carrying out the checks and applying a uniform approach to verifying the public procurement procedures by all the authorities in the system for managing and controlling EU resources.

### Q 3.6.

IA OSES: As a result of the discrepancies identified in applying the public procurement procedure regulations, we have drawn up recommendations for updating the Managing Authorities' Manuals of procedures and the checklists used by them in line with Commission guidelines and the approach used by the Audit Authority for verifying the public procurement procedures. The implementation of these recommendations is in the process of being examined as part of the system audits being carried out in 2015, which have not been completed at the present juncture.

In connection with suspending the payments for the OP 'Environment' and the OP 'Regional Development' due to the numerous deviations from the public procurement procedure regulations, at the request of the Directorate-General for Regional and Urban Policy in 2014, we carried out four special system audits. As a result of these recommendations, the Managing Authority for the OP 'Regional Development' verified for a second time the certified expenditure of public procurement contracts for Axis 1 and 3 of the programme, from the start of the programming period until 30 June 2014. All errors with a financial impact, identified during the repeat audits as having a total value of BGN 88 794 154.69, have been posted in the accounts by the Managing Authority and reflected accordingly in the Certifying Authority's accounting system.

While implementing these recommendations, the Managing Authority for OP 'Environment' also verified for a second time the certified expenditure for 239 public procurement contracts for which expenditure was certified for the 2010–2013 period. The Managing Authority advised that the financial impact of the individual and flat-rate financial corrections for the 239 contracts from the population used to carry out a repeat verification of the expenditure certified for 2013 came to a total of BGN 41 964 832.99 (BGN 25 947 931.62 for individual financial corrections and BGN 16 016 901.37 for a flat-rate financial correction).

In 2014 auditors presented the practice used by the Audit Authority for verifying the public procurement of seven specialised training courses, which were attended by a total of 200 employees from the Managing Authorities and the beneficiaries of the operational programmes. Our practice of presenting an audit approach when verifying public procurement procedures will also continue in 2015. So far, auditors from the Audit Authority have delivered training on three specialised courses which were attended by 44 people - beneficiaries and employees of the Certifying and Managing Authorities.

The Audit Authority conducts an analysis every year of the non-compliances identified with the procedures which have been verified for selecting a contractor. The analysis contains information about the irregularities identified, grouped according to the stages in the public procurement procedure, in particular: irregularities relating to preparing and initiating public procurement procedures, irregularities relating to the evaluation of the bids received, and irregularities relating to the execution of public

	<p>procurement contracts. The analysis is submitted to all the Managing Authorities for the operational programmes and to key beneficiaries. Furthermore, it is published on the agency's website.</p> <p>With the aim of restricting the errors with a financial impact in the area of public procurement, the current checklists used by the Audit Authority for verifying public procurement procedures have been submitted to other national control agencies. The checklists for verifying the public procurement procedures, drawn up by the Audit Authority, have been presented, along with letter No 05.15.207/08.04.2015 from the Deputy Prime Minister in charge of EU funds and Economic Policy, to all the Managing Authorities for implementation. The aim of using these checklists is to make the checks more in-depth and standardise the methodology used by all the Managing Authorities to verify the procurement procedures.</p> <p>Reply from the RDP Managing Authority: For the Rural Development Programme – Drafting of guidelines for RDP beneficiaries for implementing the Public Procurement Act (ZOP); Informing potential beneficiaries about the Guidelines; Devising standardised procurement criteria for forms and types of investment activities for implementing the procedures under ZOP, which is to be added to the Guidelines.</p> <p>Reply from DFZ-PA:</p> <p>Guidelines have been drawn up to help beneficiaries when planning and carrying out public procurement procedures, with the aim of preventing errors. The ex post procedure for evaluating the criteria under ZOP prior to payment was adopted on 12 September 2014 .</p>
<b>Q 4.1.</b>	No response
<b>Q 5.1.</b>	<p>Yes;</p> <p>MLSP: Following the audit carried out in 2010 on the systems for the OP 'Human Resource Development' by the Commission and the subsequent notes and recommendation sent forward, the checklists used for verifying management and on-the-spot visits were reviewed. The Managing Authority reviewed the lists for the on-the-spot checks, including checks carried out by the MA/IB on the extent to which the targets were achieved and the relation between planned activities and results for a particular activity; verification of the supporting documents available, certifying compliance with the horizontal principles; the details itemised for the tender procedures carried out by the beneficiaries; compliance with the requirement for double-entry accounting of the operations in the online system by the beneficiary, where verified and non-verified expenditure is shown.</p> <p>In 2013 the MA introduced a consolidated manual for managing and implementing the Operational Programme 'Human Resource</p>

Development' 2007–2013, with the separate manuals for the intermediate levels ceasing to be used. Simplified expenditure was introduced for the OP 'Human Resources Development' for implementing a uniform expenditure standard for activities defined by the state as having a 'social security' function, in order to report the expenditure for schemes involved in granting financial support: 'LIFE IN THE COMMUNITY' and 'LET'S NOT ABANDON ANY CHILD' – Component 2, with which the effectiveness of the checks carried out was improved and the main focus was the implementation of the activities. In this regard, the following has been achieved:

- Easier communication with the beneficiary and a simplified control mechanism;
- Increase in the time spent monitoring the activities, and not the expenditure, i.e. focusing on the quality of the services provided;
- Streamlining the work involved in checking an intermediate/final report and human resources;
- Achieving the best possible targets set and results, as well as quality of the services provided.

NF: The requirements of Article 61 of Council Regulation (EC) No 1083/2006 and of Article 20 of Commission Regulation (EC) No 1828/2006 were complied with when the expenditure for the operational programmes was certified by the Certifying Authority (CA) in 2014. The CA carried out checks and analysed all the information collected and available with the aim of confirming the regularity and eligibility of the expenditure disbursed when carrying out projects, in accordance with national and European statutory regulations. As a result of the checks carried out, the CA noted shortcomings mainly in the implementation of control procedures by the Managing Authorities and/or Intermediate levels in the area of public procurement/selecting a contractor, sound management of accounts receivable and compliance with the principles of good financial management. The following measures have been taken in order to improve the control environment:

- Based on a risk assessment and the considerable number of shortcomings identified during the on-the-spot checks of the procedures for selecting a contractor, in the latest version of the CA's Manual of procedures (updated in June 2014), checks of this kind were made the object of a separate procedure. In a number of cases, the CA delays certification of specific expenditure for projects until appropriate corrective action has been taken by the MA and/or a financial correction has been made where applicable.
- With the aim of establishing the presence of a recurring and horizontal aspect to shortcomings identified during the on-the-spot checks carried out by the CA, a 'Database for shortcomings identified during on-the-spot checks' is maintained for procedures used to select a contractor and for regular on-the-spot checks prior to certification. In the case of the MA failing to take appropriate action and if an identical shortcoming is identified during a subsequent check and with other projects, the CA advises the MA of a temporary suspension of the certification of expenditure for the relevant operation/priority axis/operational programme until appropriate corrective action has been taken by the MA and a financial correction has been made where applicable. For example, in 2014 certification was suspended for three schemes of financial support under Operational Programme 'Development of the Competitiveness of the Bulgarian Economy 2007–2013', due to deficiencies and shortcomings identified when applying the procedures for selecting project proposals, which made it necessary for the MA to take corrective action.
- In connection with the Practical guide for managers, devised by an expert group of Member States, coordinated by the European Anti-Fraud Office (OLAF), the CA drew up a sample Declaration of absence of conflicts of interest, in keeping with Article 57 of



	<p>Regulation (EC) No 966/2012. The declaration was submitted to the MAs with the request for it to be implemented by all employees participating in the preparation, implementation and management of the relevant operational programme, as well as by the members of the units/teams involved in managing projects financed by EU funds. Furthermore, taking into account the need to boost the measures for tackling fraud, corruption and conflicts of interest, the CA included 'red flags' in the checklists for on-the-spot checks, indicating the occurrence of fraud. If any or all of these circumstances are established, the CA is to advise the MAs and the Directorate 'Coordination of the fight against infringements affecting the financial interests of the EU (AFCOS)' within the Bulgarian Ministry of Interior. The CA also requires the MAs to take appropriate measures to include 'red flags' in the checklists of their manuals of procedures.</p> <ul style="list-style-type: none"> <li>- The CA provides support with the methodology to MAs and IBs for both the 2007–2013 and 2014–2020 periods, arranges working meetings and training courses for all the parties involved in managing EU funds (MAs, IBs, health agencies, central coordination units, AFCOS and specific beneficiaries).</li> </ul>
<p><b>Q 6.1.</b></p>	<p>Yes;</p> <p>IA OSES: During the operations audit in 2015, the check on compliance with the state aid scheme was carried out using an independent, itemised checklist, unlike in previous years, when the questions about state aid were part of the general checklist.</p>
<p><b>Q 6.2.</b></p>	<p>Yes;</p> <p>IA OSES: During the operations audit in 2014, the Audit Authority identified the following for the Operational Programme 'Development of the Competitiveness of the Bulgarian Economy 2007–2013':</p> <p>The project files for 15 projects in our sample of large enterprise beneficiaries do not contain internal documents with a plausible analysis confirming the presence of the criteria supporting an incentive effect in keeping with Article 8(3) of Regulation (EC) No 800/2008 (General block exemption Regulation). The programme's Managing Authority is responsible for identifying the presence of the criteria supporting an incentive effect in keeping with the requirements of Regulation (EC) No 800/2008 and with Commission notice Comp/H4/CS/dg-D* 2011/097439 and ought to have requested that beneficiaries present an internal document with this kind of content.</p> <p>During the audit, we requested the latter documents from the above-mentioned 15 enterprises in our sample. As a result of the check carried out, we established that the data from the project proposals and the additional data supplied from documents provide a reliable analysis in keeping with the requirements of Regulation (EC) No 800/2008 and Comp/H4/CS/dg-D*2011/097439.</p>

	<p>We advised the Managing Authority to review the files of all the remaining large enterprises receiving support and to take measures to ensure that they contain internal documents with a plausible analysis confirming the presence of the criteria supporting an incentive effect in keeping with Article 8(3) of Regulation (EC) No 800/2008. In the case that the Managing Authority fails to collect the information specified above and provide confirmation for the relevant large enterprise, appropriate corrective action should be taken.</p> <p>In 2014, during an audit of the management systems set up under the initiative 'Joint European Resources for Micro to Medium Enterprises' (JEREMIE), when verifying projects financed by the instrument 'Loan Portfolio Guarantee Fund', we established that the end recipient of the aid had not been informed as to the amount of the State aid provided to them. This fact fails to comply with the requirements of Article 3 of Regulation (EC) No 1998/2006 and item 15.5 ('State aid') in the General terms and conditions of the agreement between the financial intermediary and JEREMIE Bulgaria EAD (created specially to implement the JEREMIE holding fund initiative).</p> <p>The Audit Authority has advised the financial intermediaries in any future JEREMIE contracts to fulfil their obligation duly pursuant to Article 3 of Regulation (EC) No 1998/2006 and to inform the end recipients as to the real amount of the State aid received.</p> <p>The Audit Authority has advised the holding fund JEREMIE Bulgaria EAD to carry out and monitor the implementation of the recommendation by the financial intermediaries.</p>
<b>Q 6.3.</b>	MLSP: Not applicable to the OP 'Human Resource Development' because no errors have been noted.
<b>Q 7.1.</b>	MLSP: Not applicable to the OP 'Human Resource Development'.
<b>CROATIA</b>	
<b>Q 1.1.</b>	EAFRD: Yes EMFF: Yes

	<p>ESF: Yes</p> <p>ERDF: Yes</p> <p>CF: Yes</p>
<b>Q 1.2.</b>	<p>With the common indicators used by the operational programmes for all five funds, operational programmes contain specific indicators of performance, direct outputs and context that will also measure and submit information on the realisation of all operational programmes financed by ESI funds.</p>
<b>Q 1.3.</b>	<p>Yes;</p> <p>Data on the total contracted, paid and certified funds, information on all direct performance indicators (common and specific) of all completed projects of all award procedures until 2017. No significant changes in the value of performance indicators are expected due to the fact that their values change significantly only in the later stages of implementation. In addition, the results of evaluations can be used, which should contribute to improved and possible simplification of management and control systems.</p>
<b>Q 2.2.</b>	<p>Yes;</p> <p>Given that the Republic of Croatia will use the financial instruments for the first time in the period 2014-2020, the procedural framework is fully compliant with the applicable provisions of the EU Regulations as well as with all applicable guidelines of the Commission governing the monitoring and reporting of financial instruments.</p>
<b>Q 4.1.</b>	<p>IT tools and systems are available to ensure access to information on opportunities for public contracts or concessions. As of 1 January 2012, publication of tender notices and tender documents is mandatory. As of 1 January 2014, State office for Central Public Procurement has to allow e-submission, while a deadline for all clients to use e-submission is 1 July 2016. Free of charge unique platform for tenders (Electronic Public Procurement Classifieds) is available at the Official Gazette for economic operators. Indicators and tools are used to track performance of PP: based on data on contract award notices from EPPC, statistical report is prepared for the previous year. The report includes data on number of contracts, final financial values, type of procedures, subject-matter of procurement, etc. State Commission submits their yearly report to the Croatian Parliament.</p> <p>Contracting authorities have an obligation to publish their public procurement plans (subject matter of procurement the estimated value of which is equal to or higher than HRK 20.000) and contract registers on their websites and send links to the Ministry of</p>

Economy which publishes them on Public Procurement Portal – [www.javnabava.hr](http://www.javnabava.hr). Contracting authority/entity in open procedure (cca 89% of all conducted procedures on a yearly basis) must publish tender documents electronically in EPPC.

PP Act prescribes that in open and restricted procedure, the contracting authority shall open the tenders in a public bid opening. In other procedures, save negotiated procedures without prior publication, the final tenders shall be open in a public opening of tenders. In the procedure for the award of public service contracts referred to in Annex II B, the contracting authority shall not have the obligation to publicly open tenders. The public opening of tenders may be witnessed by authorised representatives of the tenderers and other persons.

After the receipt of the award or the cancellation decision and until the expiry of the deadline for an appeal, the contracting authority must, upon a tenderer's request, provide access to any tender, including subsequently submitted documents, as well as clarifications and supplements, with the exception of information the tenderers designated as confidential.

In all public procurement procedures conducted by the State Office for Central Public Procurement (central purchasing office) from 1 January 2014, submission of tenders is available to economic operators electronically via EPPC.

Also, information and opinions (as answers to the questions posed by the economic entities and contractors) are publicly available on the Ministry of Economy website, while decisions are also available on the website of the State Commission.

Remedies in PP are regulated by Section IV of the PP Act (Articles 138-176 of PP Act). Appellate body is State Commission for Supervision over Public Procurement Procedure. Appeals on tender documents and award decisions stop the PP procedure done by the contracting authority/entity till the State Commission ruling.

According to the Act on the State Commission for Supervision over Public Procurement Procedure, the State Commission is obliged to publish on its web sites ([www.dkom.hr](http://www.dkom.hr)) the information about the most common reasons for lodging the appeals and the most common irregularities established in the appeal procedures.

The most common reasons for lodging the appeal:

- non-conformity of the tender documentation in relation to the Public Procurement Act;
- selection of an invalid offer;
- unfounded exclusion of the appellant offer from the review procedure of examination and evaluation;

- challenge the basis for a decision on annulment;

- omissions (irregularities) related to the opening of bids.

An administrative dispute against a decision of the State Commission may be initiated before a competent administrative court. These procedures are urgent (Article 173 and 174 of PP Act). Any person who has suffered damage due to violations of PP Act shall have the possibility of claiming damages before the competent court under the general indemnification regulations.

Also, the Ministry of the Economy controls the implementation of PP Act (ex post control, not stopping the PP procedure). Any legal or natural person (even anonymously) or state body can initiate the procedure. If irregularities are found, the Ministry of the Economy can open a misdemeanour procedure before the competent misdemeanour court. The fines are from HRK 50,000.00 to HRK 1,000,000.00 for a contracting authority/entity and from HRK 10,000.00 to HRK 100,000.00. for their responsible person. The misdemeanour procedure is initiated if a contracting authority/entity for example:

- procures supplies, works or services without a public procurement procedure laid down in the PP Act, save in cases permitted by the Act,

- awards a public procurement contract contrary to the provision of Article 13 of the PP Act (conflict of interest),

- subdivides the value of works or certain quantity of supplies and/or services with the intention of preventing its coming within the scope of the PP Act or the rules applicable according

- to the estimated value of procurement,

- in the preparation and implementation of the public procurement procedure at least one authorised representative of the contracting authority/entity does not hold a valid certificate in the field of public procurement,

- they use the negotiated public procurement procedure without prior publication contrary to the provisions of Articles 26, 27, 28 or 117 of the PP Act,

- they award a public procurement contract or conclude a framework agreement with the tenderer who must have been excluded from the public procurement procedure or whose tender they were obligated to reject based on the results of the examination and evaluation of tenders,

- they fail to send for publication the contract award notice or the notice on the results of the design contest (Article 60 and Article

125),

- they conclude a public procurement contract or a framework agreement which is not in line with the conditions stipulated in the tender documents and the chosen tender (Article
- 105 paragraph 1),
- they act contrary to or do not comply with a decision issued by the State Commission for the Supervision of Public Procurement Procedure.

According to the PP Act every contracting authority/entity is obliged to control the implementation of their public contracts. Also, State Audit Office as an independent body, performs audits of government revenues and expenditures, financial statements and financial transactions of government sector units and local units, legal entities financed from the budget, legal entities founded by the Republic of Croatia or local units, companies and other legal entities, in which the Republic of Croatia i.e. local units hold majority stakes. The office also has jurisdiction to audit the European Union funds and other international organizations or institutions for funding public needs. The audit includes examination of documents and statements, internal control and internal audit systems, accounting and financial procedures, and other records in order to establish whether the financial statements show a true financial standing and results of financial activities in accordance with the accepted accounting principles and standards.

Education system including licensing of persons involved in PP procedures is in place. Public procurement training in the Republic of Croatia was established in 2009 with Regulation on the forms, methods and requirements for training in the PP (OG 43/09). Pursuant to the Regulations on training in the field of public procurement (OG 6/12), training programmes in this field may be carried out by companies authorized by the Ministry of Economy and by the Ministry of Public Administration as a central government body responsible for civil service affairs. The list of the authorized companies is maintained by the Ministry of Economy and is published on this portal <http://www.javnanabava.hr/>. The register is regularly updated in line with new authorizations issued. Basically, training in the field of public procurement is carried out by economic operators (companies) who are registered holders of a public procurement training program. The list of providers is available online: <http://www.javnanabava.hr/default.aspx?id=3724>. Training is provided by trainers in the field of public procurement. The list of providers is available online: <http://www.javnanabava.hr/default.aspx?id=3723>.

Basic training program is 50 school hours long. After that a person must pass an exam. Exams are organized by the Ministry of Economy after which the certificate is issued to persons who have successfully passed the exam. The first certificates were issued in 2009. A register of issued certificates in the field of PP is available online: <http://www.javnanabava.hr/default.aspx?id=3762>. From 2012, the PP certificates are valid for 3 years. To renew the certificate, a person must obtain further education in amount of

	32 school hours in that period of 3 years. The list of providers is available online: <a href="http://www.javnanabava.hr/default.aspx?id=3763">http://www.javnanabava.hr/default.aspx?id=3763</a> . In Croatia there are cca 4300 certified persons and 190 trainers in the field of public procurement.
<b>Q 5.1.</b>	Yes;  Joint national rules for the 2007-2013 have been improved on the basis of experience in implementing the audit recommendations. With regard to implementation continuing to the end of 2016, a realistic assessment of the effectiveness is expected in 2016. In parallel, joint national rules for the period 2014-2020 including the guidelines and recommendations of the European Commission have been prepared.
<b>Q 6.1.</b>	Yes
<b>Q 6.2.</b>	No
<b>Q 6.3.</b>	No;  The Ministry of Finance is responsible for the implementation of state aid policy and for providing an opinion on compliance of proposals / programme aid, this specifically means without the opinion of the MoF it is not possible to allocate state aid exempted from notification to the European Commission. In addition, the Ministry of Finance also participates in strengthening the awareness of EU rules on state aid of so called ex ante conditionality. Thus ensuring the compliance of the programme with the state aid rules.
<b>Q 7.1.</b>	Managing Authority of the operational programme "Competitiveness and Cohesion" has prepared Instructions on the application of simplified funding opportunities (SFO), which easily explains what simplified funding opportunities are available and the way in which they can be applied to the relevant specific objectives of the programme. The instructions do not exclude any possibility of SFO, but it rather, given the breadth of the programme (9 of 11 thematic objectives), explains how to draft the necessary documentation for each SFO and how the Managing Authority will review and approve the chosen methodology and SFO.  In 2016 the use of SFOs is expected as part of the award procedures that are planned for the next period. This particularly applies to the categories of SFOs that do not require additional methodologies and the application of which comes directly from the EU Regulation. In later stages, due to the fact that the vast majority of SFOs require historical data series, it is expected that the authorities, on the basis of experience and data collected in the first years of implementation, will begin to use other SFOs. Since the authorities in management and control, as well as the audit authority, have limited experience in the implementation and

	auditing of SFOs, further work will be done to boost capacity.
<b>CYPRUS</b>	
<b>Q 1.1.1.</b>	<p>EAFRD: Yes</p> <p>EMFF: Yes</p> <p>ESF: Yes</p> <p>ERDF: Yes</p> <p>CF: Yes</p>
<b>Q 1.2.</b>	<p>Operational Programme Competitiveness and Sustainable Development (ERDF &amp; CF):</p> <p>Regarding the performance framework, both common and other output indicators have been used, one financial indicator concerning ‘certified public expenditure’ and one ‘key implementation phase’ indicator concerning the ‘number of included projects’. The performance framework output indicators which are not common are the following:</p> <ul style="list-style-type: none"> <li>• Public bodies/Services granted aid for the development of digital e-governance applications</li> <li>• Number of breakwaters constructed for the protection of coastal areas</li> <li>• Additional recovery capacity for biodegradable materials</li> <li>• Extension of the quay of the port infrastructure</li> <li>• Length of the bicycle path network under construction</li> <li>• Open areas created or restored to improve urban mobility</li> </ul>



	<p>• Number of infrastructure of historical or cultural interest subject to improvements</p> <p>Operational Programme Sea (EMFF):</p> <p>No additional or complementary performance indicators other than those determined by the EMFF Regulation will be used for the programme.</p>
<b>Q 1.3.</b>	<p>Yes;</p> <p>The collection and storage of data is related to the operation of the integrated information system, the preparation of the management and control system and, consequently, the timely commencement of the implementation of the individual interventions included in the framework of the operational programmes. Given the above and the fact that the indicators will be correlated with projects planned to be included directly, the progress of the indicators will be monitored through the integrated information system.</p>
<b>Q 2.2.</b>	<p>Yes;</p> <p>Planning capacity improvement seminars for the stakeholders, purchasing services from independent experts to assist/support, monitoring and evaluation, improving the existing software for data collection</p> <p>The new template was given to the EIF, which acts as a fund manager for the financial instruments implemented in Cyprus to correctly complete the information included in the annual report and the final report on the implementation of the programmes.</p>
<b>Q 4.1.</b>	<p>At a national level, the same EU guidelines are implemented in cases of non-compliance with the rules on public procurement.</p>
<b>Q 5.1.</b>	<p>Yes;</p> <p>Following a statistical analysis of the errors and irregularities identified in the verifications, weaknesses were identified in the technical verifications during the implementation of the contracts, mainly in construction contracts executed by local authorities and software development contracts executed by public universities. The contracting authorities are therefore referred to the Central Committee for Variations and Claims for examination of the amendment requests for such contracts, provision of guidance</p>

	and opinion, as well as for mediation with the contractors involved for the resolution of disputes.
<b>Q 6.1.</b>	Yes
<b>Q 6.2.</b>	No
<b>Q 6.3.</b>	Yes; Scheme management bodies, which demonstrated significant weaknesses in managing aid schemes for the FP 2007-2013 and were either removed as management bodies for the new FP 2014-2020 or are currently under close monitoring and assessment to address the weaknesses and ensure correct staffing, training and organisation prior to the approval of the aid schemes of the FP 2014-2020.
<b>Q 7.1.</b>	A methodology is currently being developed regarding the use of simplified cost options for the research and innovation projects to be implemented during the FP 2014-2020 from the Research Promotion Foundation and the Ministry of Energy, Commerce, Industry and Tourism.
<b>CZECH REPUBLIC</b>	
<b>Q 1.1.</b>	EAFRD: Yes EMFF: Yes ESF: Yes ERDF: Yes CF: Yes
<b>Q 1.2.</b>	National Coordinating Body:

<p><b>Q 1.3.</b></p>	<p>The Czech Republic has drawn up a National Indicator Code List, containing a complete list of indicators used by operational programmes. This list contains both common and specific indicators (created at national level). Specific indicators are used to monitor the pursuit of specific national objectives beyond the scope of the common indicators defined by the Commission.</p> <p><b>EAFRD (Ministry of Agriculture):</b></p> <p>In the programming document, the description of each operation sets out its objectives and the attendant indicators. In those cases where an objective was found not to have a direct link to a common indicator under EU legislation, specific indicators were added (e.g. the share of undertakings where there was an increase in gross value added, the number of innovative projects, the number of projects ensuring animal welfare, the share of undertakings where performance was enhanced, the number of agricultural holdings newly processing their own products, the overall area of blanket measures implemented – for re-parcelling, broken down into environmental/water/erosion control measures, etc.). Another category of operation where specific indicators are added is Forest Infrastructure; here, in view of the creation of the specific priority area 2C, the target (result) indicator of improvements in the structure of forest roads and other output indicators (the overall length of forest roads, the number of entities supported) were also added.</p> <p><b>EMFF:</b></p> <p>In relation to the EMFF, specific indicators for objectives under the Operational Programme Fisheries 2014-2020 have been set in the Czech Republic. Examples of indicators include maintenance of the aquaculture production volume and, for technical assistance, the extent to which programme resources are taken up.</p> <p><b>Yes;</b></p> <p><b>National Coordinating Body:</b></p> <p><b>Yes, the Czech Republic will be in a position to provide reliable data on the basis of the system established in the Czech Republic for reporting on stocktaking, progress and developments.</b></p> <p><b>Stocktaking, progress and developments are reported at the level of the Partnership Agreement programmes. This takes the form of various reports.</b></p> <p><b>1) Partnership agreement level (national requirement)</b></p>
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#### Partnership Agreement annual report

Annual reports on the Agreement are drawn up every year, from 2016 until 2005 inclusive, and cover the preceding calendar year. The annual report on the Agreement as at 31 December of year n is drawn up at the beginning of the year following (n+1) the year for which the report is made, and is submitted to the Czech Government by 30 April of year n+1. The annual report on the Agreement is submitted to the Czech Government by this deadline to that there is time to implement the measures approved by the Czech Government.

The structure and content of the report on the Agreement are established and arranged purely with a view to managing the implementation of the Partnership Agreement and programmes. The first part of the annual report on the Agreement provides key fundamental information as a basis for the Czech Government's decisions. The second part comprises a summary overview of the state of implementation of the Partnership Agreement and programmes. The emphasis is on the aptness, conciseness and comprehensibility of the data and information disclosed.

The annual report on the Agreement will address, in particular, compliance with ex-ante conditionalities, coordination with programmes co-financed by ESI funds and other EU and national programmes, the level of administrative capacity, the utilisation of the Partnership Agreement and programmes, major projects, financial instruments and integrated tools.

#### Partnership Agreement progress report (Commission requirement)

During the 2014-2020 programming period, two progress reports on the Agreement are to be drawn up (in accordance with Article 52 of the General Regulation):

1. The progress report on the implementation of the Partnership Agreement as at 31 December 2016 is to be submitted to the Commission by 31 August 2017;
2. The progress report on the implementation of the Partnership Agreement as at 31 December 2018 is to be submitted to the Commission by 31 August 2019.

The structure and content of the progress report on the Agreement to be submitted in 2017 are based on Commission Implementing Regulation (EU) 2015/207 of 20 January 2015.

Evaluation reports (evaluations), Verification of the Change in Development Needs (Partnership Agreement relevance), the Evaluation of Compliance with Partnership Agreement Objectives and, to some degree, certain other evaluations included in the

Partnership Agreement evaluation plan will also be used in the production of the progress report on the Partnership Agreement.

## 2) Programme level

Annual/final reports on programme implementation – these are more detailed in structure than reports on the Partnership Agreement.

## 3) Monitoring of the uptake situation, progress and developments at the level of the Partnership Agreement and programmes

Monitoring of the uptake situation, progress and developments at the level of the Partnership Agreement and programmes, carried out via the MS2014+ monitoring system, will be used in the production of the Annual Report on the Partnership Agreement, the Progress Report on the Partnership Agreement, and the Annual/Final Report on Programme Implementation.

Characteristics relating to the monitoring of the uptake situation, progress and developments at the level of the Partnership Agreement and programmes:

The situation, progress and developments in the uptake of financial resources from the ESI funds are monitored continuously, periodically (monthly) and ad hoc.

The current (monthly) and cumulative levels of uptake (from the start of the programming period to the end of the current month) are monitored.

Both absolute values and percentages are used (e.g. in relation to the overall allocation, the relevant levels of uptake, financial targets, uptake check limits and limits on programme uptake, and monthly increases).

Levels of uptake are monitored for all sources of financing and for both currencies.

The time series in the development of uptake, by month, is recorded for the individual levels of financial resources, at individual programme and strategic levels, and at the level of the Partnership Agreement.

Attention is also paid to calls, the progress status thereof, and developments in relation to the call allocation, as well as to costly operations (e.g. major projects) and operations involving a specific mode of implementation and administration (e.g. financial instruments, integrated strategies). With the EAFRD, old liabilities are also taken into account. The situation, progress and developments in operations, or groups of operations, identified as risky by an analysis of risks and the implementation of the financial and material programme objectives are also monitored.

	<p>The main data source is MS2014+; with the EAFRD and EMFF, the State Agricultural Intervention Fund's information system also comes into play. The result is output reports generated ad hoc and automatically at the end of the given month.</p> <p>The situation, progress and developments in the uptake of ESI funds are monitored by managing authorities, the Ministry of Regional Development (the national coordinating body) and the Ministry of Finance (the payment and certifying authority).</p> <p>EAFRD (Ministry of Agriculture):</p> <p>The Czech Republic will provide data for the actions it has implemented to the extent of the common indicator system established by Regulation (EU) No 1305/2013 of the European Parliament and of the Council on support for rural development (especially financial data about overall public expenditure), and specific indicators that, we have concluded, it would be appropriate to track during the programming period.</p> <p>No;</p> <p>EMFF (Ministry of Agriculture):</p> <p>The initial intake of applications for aid under the Operational Programme Fisheries 2014-2020 took place from 21 October to 18 November 2015. Grant award decisions shall be issued within seven months of the end of aid application intake, i.e. by 18 June 2016. Beneficiaries have 12 or 24 months in which to implement the project and submit a payment application, i.e. until 18 June 2017 or 18 June 2018. Only a limited number of projects will be completed and reimbursed in 2016. Although the figures for these projects will be reliable, in view of the limited number of simple projects reimbursed in the second half of 2016 such data will have little informative value in the review of the multiannual financial framework slated for 2017.</p>
<p><b>Q 2.2.</b></p>	<p>No;</p> <p>the Czech Republic has not taken any special measures to improve the quality of reports on financial instruments, aside from acquainting the relevant managing authorities with the latest version of the report template presented at the EGESIF. All reports will pass through the Ministry of Regional Development (the national coordinating body), as the coordinator, for consultation in order to ensure the consistency of reporting standards.</p>
<p><b>Q 3.1.</b></p>	<p>Operational Programme Research and Development for Innovation:</p> <p>In our view, only one of the findings above is correct. The internal control system of the Managing Authority of the Operational Programme Research and Development for Innovation is not at fault here. We do not have the authority to comment on the</p>

	<p>functionality of the grantee's internal control system.</p> <p>Operational Programme Education for Competitiveness:</p> <p>In relation to audited projects under the Operational Programme Education for Competitiveness, the ECA audit identified no findings deriving from potential conditions artificially created for the acquisition of aid.</p> <p>Ministry of Agriculture:</p> <p>The Czech Republic disagreed with the ECA's conclusion that the audited project had failed to meet the selection criteria and that there had been a serious shortcoming in the performance of administrative on-the-spot checks. The selection criteria were laid down in the Rules for Applicants and were approved by the Rural Development Programme Monitoring Committee. The State Agricultural Intervention Fund, as the paying agency, ran checks on conditions in accordance with the applicable Rules for Applicants, which were met by the applicant concerned. The presumption that the specific applicant had purportedly acted with ulterior motives is an entirely subjective opinion that is difficult to prove, and cannot form the basis for general conclusions that there has been a serious shortcoming in the performance of administrative on-the-spot checks.</p> <p>Audit authority:</p> <p>Echoing the Commission's position, we believe that, for purposes of legal certainty (predictability in the behaviour of grantors), the award of a grant cannot be withheld solely on the basis of a suspicion. We also maintain that, at the stage when project applications are being evaluated, it is difficult to identify conditions artificially created to acquire aid. Nevertheless, the Czech Republic is mindful of risks associated with the artificial creation of conditions to acquire aid and, among other things, analyses opportunities to adopt rules/methodology to reveal the ownership structure of companies in this context.</p> <p>In our opinion, during project implementation it is essential to monitor all indications (red flags) of this type of fraud, and to report such indications to the relevant national and EU anti-fraud authorities.</p>
<p><b>Q 3.2.</b></p>	<p>Operational Programme Research and Development for Innovation:</p> <p>The individual shortcoming identified in the award of one public contract – which had no bearing on the selection of the contractor – can no longer be remedied. Generally speaking, we view public procurement errors as a critical risk to the Operational Programme Research and Development for Innovation, and we are paying appropriate attention to this matter. A public procurement control system has been established. Checks are conducted by specialised lawyers. Grantees are provided with the information they need and with methodological assistance.</p> <p>National Coordinating Body:</p> <p>In the preparation of the 2014-2020 programming period, great importance has been attached to strengthening strategic planning, enhancing the efficiency of the management system, and achieving objectives and results.</p> <p>The Ministry of Regional Development, as the body responsible for the preparation of the Partnership Agreement and the</p>

configuration of the system for the management and coordination of European Structural and Investment Funds in the Czech Republic, has capitalised on experience gained from previous programming periods to establish a basic set of rules on aid uptake as a condition for the efficient and functioning system of implementation. These rules, anchored in the concept of a single methodological environment, are uniform and binding on all implementation entities. The creation of a uniform framework of rules via binding methodological guidelines will result in the desirable harmonisation of rules for aid beneficiaries under the various support programmes. Standardised rules based on uniform approaches and principles, which are set in advance, publicly available and supported by a uniform interpretation, will be conducive to improved knowledge of conditions tied to the aid granted, as well as the improved predictability and readability of this environment, and will reduce the intensity of aid administration among applicants.

The concept of a uniform methodological environment defines the fundamental objectives that the Ministry of Regional Development aspires to fulfil. With an aptly configured methodological environment, the Ministry of Regional Development will contribute to:

- – greater efficiency and more economical handling of financial resources;
- – greater transparency of the processes and rules behind the granting of aid; and
- – a reduced administrative burden on entities within the implementation structure, especially aid applicants and beneficiaries.

Ministry of Agriculture:

The condition of a 50 % share of a young farmer in a legal person applied only in the 2007-2013 programming period. In the new 2014-2020 programming period, young farmers must now hold a 100 % share in a legal person. There is no need to take any further corrective action.

**Q 4.1.**

Ministry of Regional Development:

Yes. Especially preventive measures to reduce the error rate and increase the efficiency of public procurement. These preventive measures are part of the action plan on General Ex Ante Conditionality 4 – Public contracts, in accordance with Article 19 of Regulation (EU) No 1303/2013 of the European Parliament and of the Council.

Operational Programme Research and Development for Innovation

(A) ECA procedures



	<p>In the list of constituent elements identified by the ECA, we recommend adding a constituent element – the defining of categorically inadequate qualifications for the participation of contractors in procurement proceedings.</p> <p>In the case of the constituent elements:</p> <ul style="list-style-type: none"> <li>• the defining of categorically inadequate qualifications for the participation of contractors in procurement proceedings;</li> <li>• the artificial split of works/services/supplies into several tenders;</li> <li>• non-compliance with publication and/or transparency requirements;</li> <li>• unlawful/discriminatory technical specifications;</li> </ul> <p>we recommend not proceeding mandatorily to a 100 % sanction, but setting a sanction derived from the seriousness of the error relative to the overall scope of the public contract. For example, if extensive instrumentation is to be supplied, including a laptop with a marginal price in the public contract, and the brand of the processor in the laptop is specified, a sanction amounting to the full value of the public contract for instrumentation would be out of all proportion.</p> <p>(B) other types of measures</p> <p>As far as expenditure from EU funds is concerned, we recommend that Member States also revise the sphere of low-value contracts that fall short of limits prompting the application of legislation of general application to their award. In particular, transparency, equal access and non-discrimination in the award of such low-value public contracts should be reflected in the material requirements.</p> <p>Operational Programme Education for Competitiveness: No.</p>
<p><b>Q 5.1.</b></p>	<p>Yes;</p> <p>Certifying authority:</p> <p>Yes. In 2015, the Czech Republic's certifying authority for operational programmes from the 2007-2013 programming period co-financed by Structural Funds, the Cohesion Fund and the European Fisheries Fund enhanced its procedures and expanded them to include a review of selected expenditure and underlying documents (on the basis of sampling).</p>

The certifying authority modified its procedures for regular on-the-spot checks at individual managing authorities and intermediate bodies so that each on-the-spot check by the certifying authority mandatorily includes an examination of a random sample of beneficiaries' payment applications already checked and approved by the managing authority or intermediate body. This measure further strengthens the review of the quality of checks carried out by a managing authority beyond the scope of the administrative examination of management checks conducted as part of each certification of expenditure.

#### National Coordinating Body:

Harnessing experience from previous programming periods, the Ministry of Regional Development (the national coordinating body) has long engaged in activities geared towards simplification. In the 2014-2020 programming period, there is a particular emphasis on scaling down the administrative burden faced by applicants and beneficiaries of resources from ESI funds. One of the conduits of this activity is the concept of a uniform methodological environment, intended to achieve – by standardising the procedures and rules that it produces – efficiency and economy in the handling of financial resources from EU funds, the transparency of processes and the lucidity of rules on the granting of aid, all with a low level of administration for entities within the implementation structure, especially applicants and beneficiaries of aid. Measures to scale down the administrative burden placed on beneficiaries are largely based on the computerisation of processes and procedures. Support instruments, in the form of information systems, will be employed for this purpose. The emphasis will be on full, functioning, simple and reliable electronic communications. In the configuration of processes in the Czech Republic, there are plans for full computerisation (electronic signatures, data boxes) and, in this respect, for the use of a monitoring system in administrative processes throughout the project (and programme) cycle. Interlinking the available registers will substantially reduce the administrative burden faced by beneficiaries/managing authorities.

In 2012, the 'Action Plan to Improve the Management and Control System under the Structural Funds and Cohesion Fund in the Czech Republic' was adopted, and it continues to be applied to this day. This plan includes measures focusing primarily on the performance of audit work, management checks and the handling of irregularities. Numerous measures have been adopted in pursuit of improvements to the management and control system. The following are examples:

- The 'Methodological Guideline for the Performance of Checks under the Responsibility of Managing Authorities in the Implementation of the European Structural and Investment Funds for the 2014-2020 Period', coordinated by the Ministry of Finance, has been prepared. It contains ground rules on the configuration of a managing authority's management and control system, and on the performance of checks carried out by a managing authority at an intermediate body and beneficiary in the 2014-2020 programming period. In order to safeguard the financial interests of the EU and the Czech Republic, the methodological guideline also pays attention to the prevention and identification of irregularities.

• Amendments to Act No 218/2000 on budgetary rules and Act No 250/2000 on the budgetary rules of territorial budgets.

• The Act on the integrated framework of the internal management and control system in public administration and amending certain related laws (the Internal Management and Control Act).

• Inspections by various different inspection bodies (Czech and European) used to take place without any central coordination. The Czech Republic has created an Inspection Planning Information System in order to centralise the coordination of inspection bodies.

• The preparation of uniform checklists linked to new public procurement directives.

Operational Programme Research and Development for Innovation:

Yes, measures had been taken before the ECA audit.

1. The checklists used to carry out administrative checks and on-the-spot checks of projects under the Operational Programme Research and Development for Innovation that are co-financed by the ERDF have been updated. In one of its audits, the Supreme Audit Office evaluated the effectiveness of the system for checks on public contracts, established by the MA of the Operational Programme Research and Development for Innovation, in a positive light. Checklists are used in such checks.

2. There is a great emphasis on the professional qualifications of lawyers checking the procedures followed by grantees in the course of public procurement. The quality of such checks and the ability to formulate inspection findings correctly are confirmed by the fact that, when complaints are lodged with the Office for the Protection of Competition seeking the initiation of administrative proceedings *ex officio*, if the complaint is based on the findings of checks carried out by such lawyers (employees of the MA of the Operational Programme Research and Development for Innovation), administrative proceedings are frequently initiated, and the proportion of unsuccessful complaints has contracted.

3. The system for the production of plans of on-the-spot checks has been improved. Underlying planning documentation draws on the knowledge of various units at two different departments. Compared to the previous situation, this provides a better guarantee that on-the-spot checks will genuinely focus on problematic projects.

MA of the Operational Programme Prague – Competitiveness

Checklists (for checks on monitoring reports, payment applications and tendering procedure/tender documentation) have been revised continuously (not just prior to certification), especially in connection with the provisions of amendments to the Public Procurement Act, budgetary rules and other laws, or on the basis of modifications to the methodologies of the Ministry of Regional

Development (the national coordinating body), e.g. the Binding Procedures for the Award of Contracts Co-financed by EU Resources beyond the Scope of the Public Procurement Act.

Modifications, provisions and updates of working procedures (checklists) have also been carried out in response to the conclusions and recommendations of the Control, Auditing and Irregularities Working Party and in connection with action plans (especially in and after 2012).

In addition, the MA of the Operational Programme Prague – Competitiveness, on the basis of its own findings or after receiving notification of a suspected irregularity (from the delegated audit body, audit authority, payment and certifying authority or other inspection entities, or from 'external' sources), has examined the content of the Project Guide (for transparency, comprehensibility, specificity, comprehensiveness, etc.) and Working Procedures (to determine whether the check questions are sufficient and specific, whether it is possible to identify a given type of error in checks on monitoring reports, payment applications and tendering procedure/tender documentation), i.e. prior to reimbursement.

Furthermore, in meetings of the Unit of the Operational Programme Prague – Competitiveness and consultations on irregularities, information has been communicated between financial managers concerning findings (types of errors) in such a way that they have been avoided. Aid applicants/aid beneficiaries have been alerted to and acquainted with errors associated with non-compliance with rules and conditions under the Operational Programme Prague – Competitiveness at seminars and by way of updates that have been emailed to them.

The MA of the Operational Programme Prague – Competitiveness has carried out preventive measures on an ongoing basis and, for every type of finding (error) identified, it has taken corrective action.

Operational Programme Education for Competitiveness:

The checklists used to carry out administrative checks and on-the-spot checks of projects under the Operational Programme Education for Competitiveness have been updated.

Within the framework of audits of operations carried out by the Ministry of Finance (audit authority) since 2013, there has been a steady rise in the number of audited projects where no findings with a financial impact have been made (2013: 34.25 %; 2014: 50.00 %; 2015: 51.28 %). Likewise, since 2013, there has been a drop in the number of findings made in audits of operations. In 2013, there were 3.45 findings per project audited; in 2015, there were 1.49 findings per project audited.

Department 47 – Preparation of new legislation – Act on the Management and Control of Public Finances:

The proposed legislation targets the simplification, unification and development of current legislation on the system for the management and control of public finances, the cutting of red tape, and the coordination of the various systems of national and foreign public resources, based on the 'single audit' principle. The bill also defines the responsibility of specific bodies and persons for the introduction, maintenance and refinement of control mechanisms. Specifically, this is reflected in the following areas:

1. The application of 3E principles – attainment of the optimal use of public expenditure while complying with applicable legislation.
2. Single audit – restrictions on duplicate checks and the administrative burden on the inspected entity and the inspecting entity, thereby eliminating inconsistency between the decisions of the grantor and the bodies of financial administration.

The bill also incorporates the following recommendations by the ECA and the Supreme Audit Office:

- improve control systems;
  - focus checks on verifying benefits and necessity, and on compliance with the principles of economy, efficiency and effectiveness;
  - do not concentrate solely on formal errors, which baselessly reduce applicants' grants;
  - establish better-quality monitoring systems with a stress on delivering results.
3. Handling of fundamental problems stemming from the practical application of the Financial Control Act
- the transposition of Directive 2011/85/EU;
  - the transfer of responsibility for proceedings on fund deductions in response to breaches of budgetary discipline to the grantors;
  - the flexible establishment of roles in the process of economic management checks;
  - the reinforcement and expansion of the role played by internal auditing;
  - internal auditing at subordinate organisations by their founder;

	<ul style="list-style-type: none"> <li>• the establishment of Audit Committees;</li> <li>• risk management.</li> <li>i) Direct benefits</li> </ul> <p>In connection with the adoption of the Bill, the decision was taken to exclude bodies of financial administration (bodies of financial administration will primarily focus on the auditing and management of tax revenues) and to transfer responsibility for proceedings on fund deductions in response to breaches of budgetary discipline to the grantors.</p> <ul style="list-style-type: none"> <li>ii) Indirect benefits</li> <li>iii) The inconsistency of decisions by grantors and bodies of financial administration results in costs to the central government budget or the budgets of local government units (because the European Union refuses to release funds for reimbursement). If the bill is adopted and this inconsistency is eliminated, there will arguably be savings for the central government budget and the budgets of local government units.</li> </ul> <p>Other benefits: In practice, the innovation of the part of the system for the management and control of public finances relating to the organisation of auditing is expected to pave the way for the easier application of the 'single audit' principle, to make legislation clearer and more transparent, and to speed up and streamline the whole process of control.</p>
<b>Q 6.1.</b>	Yes
<b>Q 6.2.</b>	No
<b>Q 6.3.</b>	<p>Yes;</p> <p>Training on public aid – a public contract to select an accredited company that will deliver training under the Training System for the 2014-2020 Programming Period is at the preparatory stage. Pending the selection of a supplier in tendering procedure, ad hoc training, including events on general ex ante conditionalities, the procedure for which has been submitted to section management at the Ministry of Regional Development (the national coordinating body), will be held. There is a project encompassing a Training System for the 2014-2020 Programming Period, under which it will be possible to hold the aforementioned ad hoc training and subsequently select a supplier in tendering procedure. According to OPTA information, this project should be approved shortly.</p>

	<p>- In early 2016, there are plans to hold another seminar on public aid, focusing in part on services of general economic interest.</p> <p>- A working party has been established at the Ministry of Regional Development (the national coordinating body) to cover arrangements for the application of rules on public aid. This working party remains active. The public aid working party, whose members are representatives of the Office for the Protection of Competition, will continue to respond to problems associated with the implementation of rules on public aid. At present, it is focusing in particular on compliance with the information obligation related to the introduction of the 'Central Information System' from 1 July 2016.</p>
<p><b>Q 7.1.</b></p>	<p>In the 2014-2020 programming period, in keeping with the preferences of the European Commission, the Czech Republic will make broad use of simplified reporting methods for the ESI funds. In relation to programmes that will be making use of simplified reporting methods in the new programming period, these methods will concentrate on the configuration of flat-rate financing ('indirect costs') and a standard scale of unit costs ('unit costs'). The application of this method for simplification in the reporting of project expenditure responds in particular to the positive experience gained in the previous 2007-2013 programming period.</p> <p>Programmes under which simplified reporting methods have been/will be used:</p> <p>Operational Programme Employment, managed by the Ministry of Labour and Social Affairs</p> <ul style="list-style-type: none"> <li>- unit costs (ESF)</li> <li>- rate for indirect costs (ESF)</li> </ul> <p>Operational Programme Research, Development and Education, managed by the Ministry of Education, Youth and Sports</p> <ul style="list-style-type: none"> <li>- unit costs (ESF)</li> <li>- rate for indirect costs (in ESF projects, and potentially also under the ERDF)</li> </ul> <p>Operational Programme Prague – Growth Pole of the Czech Republic, managed by Prague City Hall</p> <ul style="list-style-type: none"> <li>- unit costs (ESF)</li> <li>- rate for indirect costs (ESF)</li> </ul> <p>All simplified reporting methods are described in the Methodological Guideline for the Eligibility of Expenditure and the</p>

	<p>Reporting Thereof in the 2014-2020 Programming Period, published by the Ministry of Regional Development (the national coordinating body). The Ministry of Regional Development (the national coordinating body) also cooperates with managing authorities on the configuration and harmonisation of simplified reporting methods among the various managing authorities.</p> <p>Proposals for further simplification:</p> <p>The application of simplified reporting methods to public contracts</p> <p>A problem currently facing all managing authorities is that the situation regarding the use of simplified reporting methods in projects entailing selection procedure remains unclear. Nor has this situation been improved by the Commission's vague reply, during a public procurement seminar on 29 October 2015, to a question as to whether simplified reporting methods could also be applied to the performance of public contracts. The Commission's current position is that there are certain indications where all actual expenditure within the scope of a public contract needs to be checked. This means that all accounting documents must be recorded in detail and maintained in the project, and consequently project administration simplification peters out for beneficiaries. In this respect, the Commission needs to be scrupulous in stipulating that simplified reporting methods can also be applied to public contracts.</p> <p>Shortening of the duration of the Commission's approval procedures</p> <p>As explained above, in the wake of informal dialogue, where the proposal of unit costs was informally approved by the Commission, it will still take another four months for the corresponding delegating act to be published. As this is a major problem for managing authorities, it is essential for the Commission to shorten the duration of approval procedures.</p>
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<b>DENMARK</b>	
<b>Q 1.1.</b>	<p>EAFRD: Yes</p> <p>EMFF: Yes</p> <p>ESF: Yes</p> <p>ERDF: Yes</p>



	CF: 0; Not applicable
<p><b>Q 1.2.</b></p>	<p>EAFRD (impact indicators drawn up for participating companies): Number of new innovative companies, Number of new growth companies, Annual fall in participating companies' energy and material consumption</p> <p>ESF (result indicators for participating individuals/companies): Number of surviving participant companies, Number of participants who become self-employed, Number of jobs created in participating companies, Number of participants in employment, incl. self employed, Number of participants who receive formal training</p> <p>EAFRD: The following impact and output indicators have been submitted in relation to the forthcoming programme amendment and are to be approved by the European Commission in that connection. They are therefore subject to the Commission's approval.</p> <p>EMFF, Result indicators:</p> <p>EU priority 1, Specific objective 1: 1. Information about and to encourage the reduction of unwanted catches and landing obligations, measured in number of analyses and pilot projects,</p> <p>Specific objective 2: 2. Extent of good ecological condition achieved, measured in km of watercourses restored to good ecological condition; 3. More knowledge of fishing's impact on and interaction with the marine ecosystem, measured in number of analyses and pilot projects</p> <p>EU priority 2, Specific objective 2: Change in the amount of organic aquaculture production, measured in tons</p> <p>EU priority 5, Specific objective 1: Change in the amount of ASC-certified aquaculture production, measured in tons</p> <p>Specific objective 2: Employment maintained, measured in FTE</p>
<p><b>Q 1.3.</b></p>	<p>Yes;</p> <p>The Danish Business Authority systematically collects data on output and results/impact from all EAFRD and ESF projects, measured using common indicators and programme-specific indicators. External evaluations are carried out for all relatively large projects (those that receive DKK 2 million or more in EU aid). However, there are expected to be relatively few completed projects to measure and evaluate in 2017.</p>

	EAFRD and EMFF: Denmark expects to be able to provide relevant data in accordance with the requirements of the Regulation.
<b>Q 2.2.</b>	No;  The Authority has the data required to answer the compulsory questions in EGESIF-15-0015. The Commission has not requested further information nor otherwise indicated that Denmark's answers were unsatisfactory.
<b>Q 4.1.</b>	No. Denmark follows the Commission's guidelines for financial corrections.
<b>Q 5.1.</b>	Yes;  The Danish Business Authority, which is the managing authority for EAFRD and ESF, has provided training on procurement law to its own employees and those of the notified bodies (growth forums). The managing authority has also reinforced its internal expertise by further training some staff to become specialists in procurement law. Moreover, it is explicitly stated in the aid eligibility rules and the contracts with beneficiaries that the procurement rules must be followed. The changes have been implemented from the start of the 2014–2020 period and no procurement errors have been identified as yet in the refund claims from beneficiaries that have been examined. It is therefore not possible at present to judge whether these preventive measures stop all procurement errors. All refund claims are checked by the managing authority to ensure they comply with the procurement rules before payment is made.
<b>Q 6.1.</b>	Yes
<b>Q 6.2.</b>	No
<b>Q 6.3.</b>	No;  No systemic issues have been identified.
<b>Q 7.1.</b>	The Danish Business Authority has used a number of the simplified cost options in its aid eligibility rules: continuation of the flat rate that was introduced in 2011, continued use of a national standard cost option for participant support/hourly pay, and use of the

	<p>special flat rate in ESF Article 14 for projects that do not receive State aid. Furthermore, the managing authority has made use of the possibility of employing flat rates from other EU programmes, since Horizon 2020 rates can be used for innovation projects. The Danish Business Authority has thus made use of all the relevant opportunities in the regulations, with the exception of lump sums, for which there was not considered to be sufficient data at present.</p>
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<b>ESTONIA</b>	
<b>Q 1.1.</b>	<p>EAFRD: Yes EMFF: Yes ESF: Yes ERDF: Yes CF: Yes</p>
<b>Q 1.2.</b>	<p>The ones agreed in the Operational Programmes.</p>
<b>Q 1.3.</b>	<p>Yes</p>
<b>Q 2.2.</b>	<p>Yes</p>
<b>Q 4.1.</b>	<p>No</p>
<b>Q 5.1.</b>	<p>Yes; In Estonia the 1st level control is quite detailed, especially in the area of public procurement. In essence each procurement is verified against all of the provisions of the Procurement Act. This allows us to track down the majority of procurement irregularities during management verifications and thus exclude them from certified expenditure. Consequently the error rate has</p>

	been quite low in recent years.
<b>Q 6.1.</b>	Yes
<b>Q 6.2.</b>	Yes; A few years ago the incentive effect was not respected in several cases, but the problem has now been solved.
<b>Q 6.3.</b>	Yes; Additional re-verifications in the area of incentive effect, a few years ago.
<b>Q 7.1.</b>	Will be implemented, where possible.

<b>FINLAND</b>	
<b>Q 1.1.</b>	EAFRD: Yes EMFF: Yes ESF: Yes ERDF: Yes CF: No; Not in use.
<b>Q 1.2.</b>	Additional performance indicators can be found in Annex 2 to Finland's programming document on the structural fund programme, 'Sustainable Growth and Work 2014-2020'.
<b>Q 1.3.</b>	Yes; As concerns the EAFRD, we can indicate how all measures in the programme have been launched. As regards the measures

	<p>launched in the years 2014 and 2015, we can describe the anticipated impacts and whether the objectives for those measures can be achieved in the 2014-2020 programming period. For technical reasons, the implementation of several measures was delayed. Regarding these, only commitment data will be available.</p> <p>Information regarding the effectiveness of Structural Fund programme measures.</p>
<b>Q 2.2.</b>	<p>No;</p> <p>Financial instruments are not in place in the EMFF. Reporting concerning the Structural Fund data for the programming period 2014-2020 is currently under way.</p>
<b>Q 4.1.</b>	<p>No</p>
<b>Q 5.1.</b>	<p>No;</p> <p>Reply of the Ministry of Agriculture and Forestry: As concerns the new programming period, administrative checks have not yet begun.</p> <p>Reply of the Ministry of Employment and the Economy: Administrative checks are carried out on all payments before expenditures are certified and declared to the Commission. The error rate has remained at a low level in available measures.</p>
<b>Q 6.1.</b>	<p>Yes</p>
<b>Q 6.2.</b>	<p>No</p>
<b>Q 6.3.</b>	<p>Yes;</p> <p>State aid rules will be taken into account at each stage of the verification process.</p>
<b>Q 7.1.</b>	<p>The use of simplified cost options (SCOs) could be applied as a general rule for the financing of projects. The actual cost model will be used only in exceptional cases, for example in the case of technical assistance projects, public procurement projects and</p>

	investment projects that do not have salary costs.
<b>FRANCE</b>	
<b>Q 1.1.</b>	<p>FEADER: Oui</p> <p>FEAMP: Oui</p> <p>FSE: Oui</p> <p>FEDER: Oui</p> <p>FC: Non; Ne s'applique pas</p>
<b>Q 1.2.</b>	<p>Pour ce qui concerne les indicateurs de réalisation :</p> <p>Chaque autorité de gestion a la responsabilité de son programme. Dans ce contexte, lorsque des indicateurs de réalisation spécifiques étaient nécessaires pour le cadre de performance, ces indicateurs ont été intégrés dans le programme par l'autorité de gestion elle-même. Ces indicateurs sont dès lors contractualisés, dans le cadre du plan d'évaluation, avec la Commission européenne et feront l'objet des examens de la performance de 2019 et de 2025.</p> <p>Il n'est pas prévu de mettre en place des indicateurs de performance supplémentaires ou complémentaires des programmes (au sens indicateurs des cadres de performance) au niveau national.</p> <p>Pour ce qui concerne les indicateurs de résultat :</p> <p>La décision a été prise au niveau national de ne pas intégrer d'indicateurs de résultat dans les cadres de performance des programmes.</p>
<b>Q 1.3.</b>	<p>Cette possibilité dépend de la date à laquelle le réexamen à mi-parcours du cadre financier pluri annuel aura lieu : En effet, les autorités de gestion fourniront leur rapport annuel de mise en œuvre (RAMO) complet en juin 2017. L'EM doit fournir un rapport d'avancement en août 2017. Il sera possible de se servir de ces informations si le calendrier le permet. Les données selon le modèle décrit dans le Règlement d'exécution (UE) n ° 1011/2014 de la Commission du 22 septembre 2014 pourront également être</p>

	communiquées.
<b>Q 2.2.</b>	<p>Oui;</p> <p>Un groupe de travail dédié aux instruments financiers et réunissant les autorités de gestion et les autorités nationales compétentes a été officiellement mis en place le 12 novembre 2015. Sa feuille de route mentionne la nécessité de suivre l'état d'avancement de la mise en place des instruments à l'échelle nationale. Il a été également appelé la responsabilité des autorités de gestion de faire suivre l'information sur les instruments financiers pour faciliter la consolidation des données.</p> <p>Un tableau de bord national va ainsi être produit, sur la base des éléments contenus dans la communication du groupe de l'EGESIF.</p> <p>Pour mémoire à ce stade, aucun instrument n'a été créé et le suivi a été réalisé sur la base du contenu prévisionnel des Programmes opérationnels.</p>
<b>Q 3.5.</b>	<p>Les instructions et procédures nationales ont été finalisées entre 2012-2013 (cf note du 12 octobre 2012 sur le contrôle du respect des marchés publics notamment, note du 18 décembre 2012 relative aux contrôles administratifs (visite sur place, fiabilité du demandeur ...), note du 20 mars 2013 apportant des précisions sur le caractère raisonnable des coûts, note du 02 octobre 2013 relative aux contrôles administratifs et contrôles sur place pour les dépenses de rémunération, note du 6 novembre 2013 relative au renforcement du contrôle interne au sein des services instructeurs etc.) L'appropriation de ces différentes notes et instructions a du ensuite être mise en œuvre dans les procédures de contrôles des services instructeurs. Plusieurs réunions d'information ont été mises en place pour aider les services instructeurs dans l'appropriation de ces différentes notes.</p> <p>L'origine de ces irrégularités vient, pour une part non négligeable, du niveau de complexité lié directement aux procédures de passation de marchés publics. En effet, il existe un volume important d'actes législatifs tant au niveau européen qu'au niveau national qui peut conduire à une relative méconnaissance de ceux-ci et qui nécessite une expertise et une maîtrise dans la mise en place des procédures de marchés publics.</p>
<b>Q 3.6.</b>	<p>L'ordonnance du 23 juillet 2015 relative aux marchés publics transpose, en droit français, les deux directives européennes 2014/24/UE et 2014/25/UE du 26 février 2014 afin de rassembler, au sein d'un corpus juridique unique, les règles communes applicables aux contrats qualifiés de «marchés publics». L'ordonnance entrera en vigueur lorsque les décrets d'application seront publiés et au plus tard le 18 avril 2016. Le principal objectif de cette ordonnance est de rassembler, au niveau législatif et en un seul texte, les règles applicables aux contrats considérés comme des « marchés publics » au sens des directives européennes.</p> <p>Par ailleurs, le programme national d'assistance technique 2014-2020 prévoit de financer des formations destinées aux autorités de gestion, de certification et d'audit des programmes sur différentes thématiques dont les marchés publics. Dans ce cadre, un groupe</p>

de travail au niveau national a été mis en place afin d'organiser la mise en œuvre de ces formations notamment dans les domaines suivants :

- les règles applicables en matière de marché publics
- les principales irrégularités constatées et les corrections financières à appliquer
- exercices pratiques de contrôle de marchés publics

Les autorités françaises souhaitent signaler l'effort d'information et de diffusion fait au profit des autorités de gestion en matière de marchés publics. D'une part, le guide établi par la Commission a été diffusé largement auprès des autorités de gestion. D'autre part, un site internet dédié à la commande publique piloté par la direction des affaires juridiques du ministère des finances a été mis en place. Ce site actualise tous les éléments concernant les marchés publics ainsi que toutes les informations nécessaires et répondant aux adjudicateurs. Il fait également référence au guide d'orientation à destination des praticiens « comment éviter les erreurs les plus fréquentes commises dans le cadre de projets financés par les Fonds structurels et d'investissement européens » en date de novembre 2015. Enfin, la plateforme du CGET permet aux praticiens de se rencontrer et de soulever des problèmes communs voire d'élaborer des maquettes et listes de contrôles pour l'application des règles en matière de marchés publics.

Depuis 2014, dans le contexte de régionalisation du Feader, afin de poursuivre la démarche de sécurisation des dépenses, de nouvelles instances de gouvernance de la mise en œuvre opérationnelle du Feader ont été instituées et poursuivent les travaux engagés précédemment.

Ainsi, trois Comités opérationnels (COMOP) ont été créés associant l'État, les régions, autorités de gestion et l'organisme payeur afin d'aborder les questions de mise en œuvre de la programmation Feader dans ses aspects opérationnels et techniques :

- Le COMOP hors SIGC : ce comité opérationnel est notamment chargé de suivre l'évolution de l'instrumentation des aides hors SIGC ainsi que des procédures (manuels, formulaires, modes opératoires, conventions de paiement...);
- Le COMOP SIGC qui est chargé notamment de suivre l'évolution de l'instrumentation et de la mise en œuvre opérationnelle des mesures SIGC du Feader ; - Le COMOP audits et contrôles qui est chargé notamment de mutualiser des recommandations des corps de contrôle et d'audits, entre les autorités de gestion, de développer et mutualiser les pratiques sur le contrôle interne, d'élaborer des consignes relatives aux modalités d'application des points de contrôles administratifs et le cas échéant d'aborder certains aspects en lien avec la campagne de contrôles sur place.



<b>Q 4.1.</b>	La CICC a émis le 3 mars 2014 une recommandation aux autorités de gestion et de contrôle visant à actualiser la liste de contrôle Marchés publics conformément à la décision de la Commission européenne du 19/12/2013 – C(2013) 9527
<b>Q 5.1.</b>	<p>Oui;</p> <p>Dès 2013, les autorités nationales ont mis en place un groupe de travail interfonds portant sur la réglementation, la gestion et le contrôle des fonds européens structurels et d'investissement. Composé d'autorités de gestion 07-13 et 14-20, des ministères coordinateurs, et des corps de contrôle, ce groupe de travail se réunit régulièrement, et vise à sécuriser la gestion des fonds européens en France.</p> <p>Plusieurs documents de travail ont été produits ou sont en cours de finalisation dans le cadre de ce groupe. A titre d'illustration, peuvent être cités : des trames communes des documents de gestion (demande de subvention, rapport d'instruction, acte attributif de l'aide, demande de paiement...), un guide relatif au suivi, à la gestion et au contrôle des FESI, des fiches métier pour assister les services instructeurs et les autorités de gestion, les textes encadrant l'éligibilité des dépenses... L'ensemble de ces travaux visent à apporter des outils d'aide à la mise en œuvre et à la sécurisation des fonds en France. Ils pourront être utilement complétés en fonction de nouveaux besoins identifiés, ou de l'évolution de la réglementation. En associant le plus en amont possible les corps de contrôle (autorité de certification et d'audit), l'objectif est d'établir un cadre commun d'exigences et de vigilances pour la programmation à venir.</p> <p>Par ailleurs, des études peuvent être conduites (mise en place des coûts simplifiés...) et des formations peuvent être dispensées, en fonction des besoins exprimés par les autorités de gestion (ex : formation sur les aides d'Etat, sur les marchés publics...).</p>
<b>Q 6.1.</b>	Oui
<b>Q 6.2.</b>	<p>Oui;</p> <p>la CICC, autorité d'audit n'a pas détecté d'irrégularité de nature systémique. Deux cas de non-respect de régimes d'aides d'Etat ont été constatés : l'une, dans le domaine de l'environnement (erreur dans le calcul de l'assiette de l'aide) et l'autre, pour une aide accordée dans le cadre d'un contrat de crédit-bail pour l'acquisition de machines (non répercussion de l'aide perçue vers le bailleur.</p>
<b>Q 6.3.</b>	<p>Oui;</p> <p>Le 26 mars 2015, le ministre de l'intérieur a adressé une lettre aux secrétaires généraux aux affaires régionales (SGAR) et au</p>

	<p>Commissariat général à l'égalité des territoires (CGET) rappelant notamment les dispositions de la circulaire du 6 mai 2011 concernant le renforcement des procédures de gestion et de contrôle des programmes opérationnels FEDER 2007-2013, dont l'annexe A concernait spécifiquement la question des aides d'Etat</p> <p>S'agissant de la programmation 2014-2020, le CGET s'est engagé dans l'accord de partenariat à :</p> <ul style="list-style-type: none"> <li>- Elaborer une circulaire relative à la nouvelle réglementation des aides d'Etat pour la période 2014-2020. Cette nouvelle circulaire est en cours de rédaction, elle rappellera la définition de la notion d'aide, présentera les nouveaux textes européens et les principales règles de compatibilité des aides d'Etat et expliquera les différentes règles procédurales liées à la réglementation des aides d'Etat.</li> <li>- Mettre en œuvre un plan national de formation à destination des autorités de gestion, de contrôle et de certification. Les formations ont débuté et 100 personnes ont déjà été formées. Ces personnes seront en mesure de réaliser ensuite des formations en interne grâce à une diffusion gratuite et accessible à tous d'un kit pédagogique comprenant les supports de formation, une FAQ, un glossaire et des cas pratiques.</li> <li>- Créer un réseau d'experts régionaux sur la réglementation des aides d'Etat. Ce groupe s'est réuni pour la première fois en juillet 2014, il regroupe des représentants des ministères, des conseils régionaux, des associations de collectivités territoriales et des préfetures de région. Ce groupe de travail permet de mettre en œuvre la réglementation 2014-2020 au niveau national (élaboration de régimes d'aides) et d'organiser des échanges de bonnes pratiques (production de notes d'interprétation et de guides méthodologiques).</li> <li>- Créer un site unique dédié aux aides d'Etat sur le site Europe en France afin de satisfaire aux nouvelles obligations de transparence imposées par la Commission européenne</li> </ul>
<p><b>Q 7.1.</b></p>	<p>Afin d'aider les autorités de gestion dans la mise en place des options de coûts simplifiés, le Commissariat général à l'égalité des territoires –(CGET) a lancé une étude visant principalement à offrir une prestation d'appui méthodologique aux autorités de gestion volontaires afin de construire des méthodologies de coûts simplifiés (barème standard de coûts unitaires, montant forfaitaire dans la limite de 100 000 euros de contributions publiques) utilisables dans le cadre de la nouvelle programmation 2014-2020. Cette opération permettra effectivement aux autorités de gestion des programmes d'utiliser concrètement la procédure des coûts simplifiés dans le cadre de projets cofinancés par les fonds européens structurels et d'investissement afin d'alléger la charge administrative des bénéficiaires.</p> <p>Toutefois, les autorités françaises regrettent l'absence de confirmation par la Commission européenne de la possibilité d'utiliser les coûts simplifiés avec la réglementation des aides d'Etat. En effet, les options de coûts simplifiés ont pour objectif de simplifier</p>

	<p>l'utilisation des fonds européens, or les règles d'aides d'Etat sont largement appliquées lors de l'octroi de fonds européens. Ce refus aurait des conséquences négatives sur les possibilités d'utilisation des options de coûts simplifiés.</p> <p>Pour le programme national FSE « Emploi et inclusion en métropole » et le programme national IEJ au titre desquels la Délégation générale à l'emploi et à la formation professionnelle (DGEFP) est autorité de gestion, celle-ci recourt massivement aux taux forfaitaires qui ne nécessitent aucune justification préalable (soit qu'ils aient été prévus par les règlements, soit qu'il s'agisse de réutiliser des taux justifiés sur la programmation précédente). Ainsi, 3 taux forfaitaires sont disponibles dans l'outil de gestion électronique « Ma démarche FSE ».</p> <p>En outre, après plus d'un an d'échanges avec la Commission européenne, la DGEFP a défini un barème standard de coût unitaire pour un dispositif porté par l'Etat et cofinancé par le FSE « la Garantie Jeunes » et validé par l'UE au titre de la procédure d'acte délégué (art. 14§1 du règlement (UE) n°1304/2013).</p>
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<b>GERMANY</b>	
<b>Q 1.1.</b>	<p>ELER: Yes</p> <p>EMFF: Yes</p> <p>ESF: Yes</p> <p>EFRE: Yes</p> <p>KF: Yes</p>
<b>Q 1.2.</b>	<p>EAFRD: The 2014-2020 rural development plan for Saxony-Anhalt contains three alternative indicators, namely P2 – number of projects, P3 – number of beneficiaries (public institutions) and P5 – total agriculture and forestry area administered under the promotion scheme for carbon capture and storage, expressed in hectares (E5). To measure the specific effects of sub-measures within a federal state, suitable indicators are used where necessary in the reporting framework.</p> <p>ERDF: Since the Länder are responsible for the ERDF in Germany, additional and complementary performance indicators are defined for each Operational Programme (e.g. private R&amp;D expenditure as a percentage of GDP, the exports-to-GDP ratio, gross value added per employed person or the number of funded universities and research establishments). The allocation of the performance reserve, and hence the description of the performance framework, is also effected at the level of the Operational</p>

	<p>Programmes. There is no national performance reserve in Germany and therefore no national performance framework.</p> <p>Federal ESF Operational Programme: Seven additional programme-specific output indicators and 28 additional programme-specific result indicators were established for the 2014-2020 ESF programming period.</p>
<p><b>Q 1.3.</b></p>	<p>Yes;</p> <p>EAFRD: By the mid-term review of the MFF for 2014-2020, it is estimated that sufficient information will be available on any persistently high error rates for individual rural development plans. The content of the information required for analysis by the Commission will be tailored to the Commission's specific stipulations.</p> <p>Federal ESF OP: Material and financial data for performance analysis of the federal OP are available from the implementation reports.</p> <p>No;</p> <p>ERDF: It is not yet possible to provide a direct answer to this question. As things stand, the designation of the authorities and of the management and control systems should be completed in 2016. In view of the recasting of the systems and the complexity of the rules (Regulation, delegated and implementing legislative acts, guidelines, etc.) there are likely to be considerable delays in calls for funds compared with the previous period. In most of the Länder, the majority of projects were not launched until 2015. Although projects can be prefunded from national funds or advances, most of the multi-annual investment projects will not have produced any tangible results yet.</p>
<p><b>Q 2.2.</b></p>	<p>Yes;</p> <p>ERDF: The reports on the individual Operational Programmes for the 2007-2013 period are based on the template for Financial Engineering Instruments implemented without a holding fund; where financial instruments co-financed from the ERDF are issued, the reports will be forwarded to the Commission with the annual implementation reports. At the Commission's request, details on financial instruments in the 2014 annual reports for some Länder, such as Mecklenburg-Western Pomerania, were supplemented with information on the number of loan agreements concluded with beneficiaries. For the new programming period, reports will be based on the Guidance Note on reporting on financial instruments. To this end, the IT and monitoring systems for financial instruments will be adapted to meet the new requirements, and the quality of data will be reviewed and, where necessary, improved.</p> <p>Federal ESF OP: In the annual implementation report, reporting on the programme content is now likewise based on the prescribed template (see ERDF reply above). Reporting for the 2014-2020 period will be in accordance with Implementing Regulation</p>

	821/2014. In the future the relevant data fields for reporting will be recorded electronically and form the basis of the reports.
	No;
	EAFRD: There is no need to report on financial instruments, as no financial instruments have been programmed.
<b>Q 3.3.</b>	No response
<b>Q 3.4.</b>	The responsible authorities point out that the Commission already possesses the requested information on these questions.
<b>Q 3.5.</b>	This was an extremely complex individual case in one specific building project.
<b>Q 3.6.</b>	The responsible authorities point out that the Commission already possesses the requested information.
<b>Q 4.1.</b>	No
<b>Q 5.1.</b>	Yes; ERDF: Among the main measures for the avoidance of errors relating to procurement are more systematic on-the-spot inspections and dedicated training courses for intermediate bodies, revision of checklists for on-the-spot inspections, increases in manning levels, etc. Examples include adapting instructions for funding management and spelling them out in greater detail for intermediate bodies, continuing to develop and supplementing checklists for inspection procedures and increasing the effectiveness of on-the-spot inspections. In some Länder the methods for selecting projects to undergo on-the-spot inspections have been altered, so that the focus is now on projects with the potential for procurement-related errors and on large-scale projects, in which procurements exceeding the threshold may be required. In many Länder, compliance with public procurement rules is verified before funds are paid out to the relevant beneficiary. In some cases, new computerised procedures have been developed which require beneficiaries to transmit the relevant core information on the completed procurements before funds are paid out.
	No;
	Federal ESF OP: The federal ESF managing authority possesses what are essentially proven and effective management and control systems.

	<p>This is borne out by the annual control reports submitted by the ESF audit authority under Article 62(1)(d)(i) of Regulation (EC) No 1083/2006 in respect of the federal European Social Fund programmes during the 2007-2013 programming period. Where necessary, specific improvements are made on a regular basis to make checks more effective.</p>
<b>Q 6.1.</b>	Yes
<b>Q 6.2.</b>	No
<b>Q 6.3.</b>	<p>Yes;</p> <p>ERDF: Compliance with the rules on state aid is comprehensively audited. When funding guidelines and principles are drawn up, the question whether a funding activity involves state aid is examined by the appropriate responsible Land authority. Where state aid is involved, the funding basis is structured in such a way that the rules on state aid (the de minimis rule, General Block Exemption Regulation, SGEIs, etc.) are observed. If the funding is not provided on the basis of an aid scheme, a case-by-case audit is conducted, and a declaration or notification is made if necessary. During the application process, compliance with the legal conditions governing state aid, such as SME status and de minimis funding rates, is checked. In the framework of management verifications (checks on drawdowns, on-the-spot inspections, etc.), compliance with funding conditions and state-aid rules is also reviewed. In most Länder there is a central office where all funding arrangements are checked against the rules governing state aid. This office cooperates closely with the State Aid Control Policy Division of the Federal Ministry for Economic Affairs and Energy at the national level and communicates all aid-related information, such as changes in EU provisions on state aid and new ECJ judgments, to the agencies entrusted with the implementation of ERDF operations. New funding guidelines are being drawn up by the competent specialised divisions in consultation with this office.</p> <p>For the 2014-2020 programming period, the checklists for on-the-spot inspections were adapted – and, in some cases, supplemented – to allow for verification of compliance with the rules on state aid.</p> <p>In addition, there are pre-existing close and structured contacts between the audit authorities of the Länder, the national coordinating authority – the Federal Ministry of Finance – and the Commission and also among the federal coordination offices through which experience is shared and information exchanged. Moreover, the subject of state aid is addressed by supraregional and interdepartmental working groups, the aims being the early identification of areas in which state aid is an issue or is liable to pose problems, clarification and documentation of matters concerning the compatibility of support measures and structural funds with EU aid legislation and ensuring that a description of the necessary procedural steps is incorporated into the creation of the management and control system. Importance also attaches to continuous exchanges with the Commission on current developments in this field, such as new Commission checklists on state aid.</p> <p>Federal ESF OP: No errors or deficiencies have been identified in the federal ESF framework as regards compliance with state-aid</p>

	<p>rules. The federal ESF managing authority is responsible for effective, economical and proper administration and implementation of the federal ESF Operational Programme. Its responsibility includes ensuring that the rules on state aid are being observed. The federal ESF managing authority, which is the division responsible for aid matters in the Federal Ministry of Labour and Social Affairs, regularly takes part in meetings of the joint federal-Länder working group organised by the lead ministry, the Federal Ministry for Economic Affairs and Energy, to discuss current issues regarding aid legislation, thereby helping to ensure proper nationwide application of EU aid legislation to national and EU funding measures.</p> <p>In the framework of the federal ESF programme, government ministries and implementing agencies obtain additional information from a guide to the relevant categories of non-compliance with aid rules. In addition, the IT software for the 2014-2020 ESF programming period will contain mandatory fields for the purpose of recording relevant information, such as that relating to compliance with EU state-aid rules.</p>
<p><b>Q 7.1.</b></p>	<p>ERDF: In the 2014-2020 period, wider use will be made of simplified cost options in many German ERDF programmes in those Länder where appropriate funding guidelines have been or are being adopted on the basis of Articles 67 and 68 of Regulation (EU) No 1303/2013. These lay down the conditions for the use of simplified cost options and regulate their practical exercise. The ERDF managing authorities of the Länder, together with the authorities responsible for the application of general budgetary law, examine how the simplified cost options are being applied in the ERDF OPs and how their use can be facilitated. It should be noted, however, that the measures supported by the ERDF are largely investment-related and that there is considerably less scope for the use of simplified cost options in connection with such measures than in the case of the largely labour-intensive ESF measures. For this reason, flat rates and other simplified cost options will be considerably less practicable in the ERDF context in cases such as support activities in which staff costs and indirect costs are being funded. In those cases where beneficiaries can demonstrate a higher percentage of overheads, project costs will continue to be cleared on the basis of evidence of expenditure.</p> <p>Federal ESF OP: Use is being made of the simplification options for which the EU Regulations provide. In the project-funding programmes of the Federal Ministry of Labour and Social Affairs,</p> <p>which account for six of the Ministry's eight programmes, flat rates are used for cost calculation. The same applies to the ESF programmes of the Federal Ministry of Family Affairs, Senior Citizens, Women and Youth and the Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety. The use of flat rates in these programmes means that only staff costs and, where appropriate, professional fees, are calculated on the basis of proof of payment. All other material costs, such as rents, additional property expenses, telephone charges, postage, administrative overheads and travel expenses, are defrayed by means of a flat percentage rate applied to the staff costs. The promoter is thus freed from the administrative burden of providing evidence of all material and administrative overheads. Moreover, a workshop has been held for the purpose of briefing the federal ministries involved in the implementation of the ESF in the programming period from 2014 to 2020 on the enhanced rules regarding flat rates.</p>

<b>GREECE</b>	
<b>Q 1.1.</b>	<p>EAFRD: Yes</p> <p>EMFF: Yes</p> <p>ESF: Yes</p> <p>ERDF: Yes</p> <p>CF: Yes</p>
<b>Q 1.2.</b>	<p>In addition to the common indicators (common indicators) of this question, the operational programmes for the period 2014-2020 (co-financed by the ESF/ERDF/Cohesion fund/EAFRD) also use additional programme-specific result indicators, as required by Regulation (EU) No 1303/2013. These indicators are included in each approved programme document, as included in the EU database SFC 2014.</p>
<b>Q 1.3.</b>	<p>Information on the achievement of the national targets of the 'Europe 2020' strategy will be available in the ESS Progress Report in 2017 (and in 2019). However, since the implementation of OPs will not have delivered before the report is submitted in 2017, no material data are expected to be available for the mid-term review of the MFF. In 2019, as in the final report on the implementation of the OPs and the FTA, we will have material information on the contribution of the Programmes to the implementation of the Union strategy for smart, sustainable and inclusive growth.</p>
<b>Q 2.2.</b>	No response
<b>Q 3.5.</b>	No response
<b>Q 3.6.</b>	No response
<b>Q 4.1.</b>	No



<b>Q 5.1.</b>	<p>Yes;</p> <p>The approved management and control system for the period 2007-2013 provides for the administrative verification of expenditure before their declaration to the EU and the on-the-spot management verifications after the declaration of related expenditure to the EU. This practice was followed in order to allow for the compliance of the management and control system with the relevant Commission guidance and the implementation of a reliable and objective sampling method for the selection of operations/projects for on-the-spot verification by the managing bodies. It is further noted that as regards the legality of the notice for/award of/amendment to public procurement, the Greek system provides for ex ante control (prior to the declaration of expenditure by the beneficiary) by the managing bodies. Given the multi-annual character of the OPs, this practice did not restrict the possibility of ex-post corrections to expenditure declared to the EU by the managing bodies themselves and/or the Audit Authority; however, it is also true that it leaves room for declaring expenditure to the EU which may contain errors that should be corrected retrospectively.</p> <p>The management and control system for the OPs of the 2014-2020 NSRF resumes the prior check of the legality of public procurement but places particular emphasis on the administrative verifications carried out by the MAs of the OPs, before the declaration of expenditure to the EU. On-the-spot verifications are carried out again after the administrative check by the managing bodies, even after the declaration of expenditure to the EU, but the implementation of their programming is completed before the submission of the annual accounts. It should be noted, however, that the first-level management verifications are unquestionably the most effective tool for prevention and early treatment of errors, but it should be borne in mind that the managing bodies are faced with a very significant volume of requirements to be met simultaneously, some of which are also conflicting (objectives of the OP, absorption, detection of possible fraud, regularity and legality of expenditure, etc.) and this is in itself a risk factor for the simultaneous coverage of those requirements. In this context, the provision of guidance from the EU to provide practical answers, as well as the transfer of good practices between MS through the EU are the elements of success in managerial work.</p>
<b>Q 6.1.</b>	No response
<b>Q 6.2.</b>	No response

<b>Q 6.3.</b>	No response
<b>Q 7.1.</b>	<p>Provision was made for the use of all the possibilities provided by the new regulatory framework in national eligibility rules. The eligibility rules have also incorporated the possibility of using simplified cost options (flat rate for indirect costs) adopted by the EU in the period 2007-2013. As concerns in particular the compensation for indirect costs, the national eligibility rules provide that they are eligible only when calculated as a lump sum amount.</p> <p>For the further use of simplified cost options in the ERDF/CF, there is a provision for specific updating/training of all operators on the use of simplified cost options and the conditions for their implementation and the support in the ex ante calculation, in order to allow their use in future calls for measures with a large number of separate categories of expenditure and a low level of programme estimates.</p>

<b>HUNGARY</b>	
<b>Q 1.1.</b>	<p>EAFRD: Yes</p> <p>EMFF: Yes</p> <p>ESF: Yes</p> <p>ERDF: Yes</p> <p>CF: Yes</p>
<b>Q 1.2.</b>	The performance indicators set out in the individual operational programmes.
<b>Q 1.3.</b>	Yes
<b>Q 2.2.</b>	No;

	<p>We made the necessary corrections on the basis of the guidance notes with similar content in previous years; no further measures were required; the domestic report for 2015 complies with the relevant EU requirements. In previous years we participated in the quality improvement programme launched by the European Commission in this field, in which the competent staff in the Commission provided preliminary comments (before official submission) on the draft report, enabling the necessary corrections to be made before submission.</p>
<p><b>Q 3.1.</b></p>	<p>In audit mission No 2014/HU/REGIO/C2/1364/1, the European Commission found that the Member State had carried out on-the-spot checks only at financial intermediary, not at final recipient, level. These checks were not suitable for a complete evaluation of the eligibility of the underlying expenditure. At the same time, the Commission ordered the managing authority / holding fund to amend its procedures or agreements with financial intermediaries to ensure that on-the-spot checks would be carried out at final recipient level. That would provide adequate coverage for audits, ensuring that only eligible expenditure would be reported to the Commission.</p>
<p><b>Q 3.2.</b></p>	<p>The monitoring regulations of the Fund manager have been amended/supplemented with detailed rules on the on-the-spot check of final recipients.  In order to facilitate the uniform and correct interpretation of the rules on the prohibition of project splitting or multiple aid, on 21 October 2013 and 13 January 2015 the Managing Authority drew the attention of financial intermediaries to the key importance of filtering such projects.  Beyond all that, the examination of compliance with the above rules is also a priority inspection criterion of on-the-spot checks at final recipient level.</p>
<p><b>Q 4.1.</b></p>	<p>We have no experience of any measures other than those for assessing and quantifying non-compliance with public procurement rules already required under EU law; however, several nationally prescribed measures apply to the serious infringements listed, e.g.</p> <ul style="list-style-type: none"> <li>- pursuant to Section 137(1) of Act CXLII of 2015 on public procurement, the contract is void if</li> <li>a) it was concluded by illegally omitting the public procurement procedure;</li> <li>b) as a result of a public procurement procedure without prior publication, the contract was concluded while the conditions for applying a procedure without prior publication were not in place,</li> </ul> <p>and, when detecting such an infringement, the Public Procurement Board of Appeal launches a suit in order to declare nullity and apply legal consequences,</p> <ul style="list-style-type: none"> <li>- in the case of the infringements listed by the Court of Auditors as well as other infringements, any economic operator concerned</li> </ul>

	<p>may request, and the persons or organisations listed in Section 152(1) of Act CXLII of 2015 may initiate, the remedial procedure by the Public Procurement Board of Appeal. As a result of the remedial procedure, the Board of Appeal may also impose a fine pursuant to Section 165 of Act CXLII of 2015 in addition to the above (in serious cases the fine is mandatory or its maximum amount is higher than the average);</p> <p>Pursuant to Government Decree No 272/2014 of 5 November 2014 on the use of support from certain European Union funds in the 2014–2020 programming period, no support amount may be paid if the result of the audit of the public procurement procedure is ‘non-eligible’; furthermore, the appropriate financial correction may also be applied as a result of conducting the irregularity procedure.</p>
<b>Q 5.1.</b>	<p>Yes;</p> <p>The findings of first and second level checks are incorporated in the audit system, for example: more complex follow-up of irregularities, with retrospective processing from the beginning of the period; OP specific checking of invoices out of turn (e.g. income-generating projects, invoices affected by flat-rate correction).</p>
<b>Q 6.1.</b>	Yes
<b>Q 6.2.</b>	No
<b>Q 6.3.</b>	<p>Yes;</p> <p>In the case of calls for proposals and priority projects, the State Aid Monitoring Office operating within the Prime Minister’s Office performs preliminary examination of compliance with State aid rules or, in the framework of first-level checks, it is checked by the intermediate bodies / managing authorities on the basis of the statements by tenderers.</p>
<b>Q 7.1.</b>	<p>As coordination body, the Prime Minister’s Office has drawn up a methodological guidance for clearing on a lump sum and standard scale of unit cost basis in the 2014–2020 period. The guidance has been agreed with the managing authorities and the audit authority. In the 2014–2020 calls for proposals, managing authorities pay special attention to using the simplified clearance guidelines where possible.</p>

<b>IRELAND</b>	
<b>Q 1.1.</b>	<p>EAFRD: Yes</p> <p>EMFF: Yes</p> <p>ESF: Yes</p> <p>ERDF: Yes</p> <p>CF: 0</p>
<b>Q 1.2.</b>	<p>ESF: As detailed in the 2014-2020 OP (2014IE05M9OP001)</p> <p>ERDF: As detailed in the two ERDF 2014-2020 OPs (2014IE16RFOP001 and 2014IE16RFOP001)</p> <p>EMFF: OP not officially adopted, details of additional indicators subject to change.</p>
<b>Q 1.3.</b>	<p>Yes;</p> <p>ESF - As detailed in the 2014-2020 OP (2014IE05M9OP001)</p> <p>EMFF – The current draft OP includes context indicators taken from the EMFF Regulation, as the EMFF OP is not yet adopted, these indicators cannot yet be enumerated.</p> <p>ERDF – The Operational Programmes will be reporting programme-specific output and result indicators annually, and these will be available for MFF mid-term review.</p>
<b>Q 2.2.</b>	<p>No;</p> <p>Financial Instruments are not being used in Ireland’s ESIF programmes at this time and as such the guideline quoted is not directly relevant to Ireland’s reporting system.</p>

<b>Q 3.7.</b>	Public Procurement for LEADER projects is evaluated and approved by the Local Action Groups, under delegated contract from DECLG. In most cases the project promoter relies on engineers/architects or other such agencies to handle the procurement process. On some occasions the promoter, having already been advised on the correct method of dealing with procurement issues, entered into post-tender negotiations with suppliers. These breaches, therefore, were outside the control of the Department from an administration perspective, giving rise to the irregularities.
<b>Q 3.8.</b>	Under the 2014-2020 programme, the initial project evaluation and approval process will contain more specific and comprehensive reviews of all aspects of public procurement requirements. This early stage intervention is designed to minimise the risk of future irregularities involving procurement issues.
<b>Q 4.1.</b>	<p>The ERDF Audit Authority review all operations audit samples for compliance with public procurement national and EU rules. Any financial corrections required are based on compliance with the Procurement Directives and Treaty Principles and the types of irregularities and scales of correction are set out in the Commission Decision document C(2013)9527.</p> <p>Since the issue of this document, the scales of correction also apply to contracts that fall outside the scope of the directives and these are the only ones applied by the ERDF Audit Authority.</p> <p>Other National Public Procurement Guidelines are issued in the form of;</p> <ul style="list-style-type: none"> <li>• National Public Procurement Guidelines for Supplies &amp; Services (2009)</li> <li>• Capital Works Management Framework (for all public works &amp; consultancy contracts)</li> <li>• Circulars from DPER Initiatives to assist SMEs in Public Procurement</li> <li>• Central contracts put in place for National Procurement Service</li> <li>• Procurement of Legal Services</li> <li>• Arrangements for ICT expenditure</li> </ul> <p>However the rates of financial correction used for breach of national public procurement rules are those used in Commission Decision C(2013)9527.</p> <p>Further, in relation to the question of oversights in the awarding of Government contracts, public procurement practices are subject</p>

	to audit and scrutiny under the Comptroller and Auditor General (Amendment) Act 1993, and the Local Government Reform Act 2014, and Accounting Officers are accountable for expenditure incurred. Individual contracting authorities are responsible for establishing arrangements for ensuring the proper conduct of their affairs, including conformance to standards of good governance and accountability with regard to procurement.
<b>Q 5.1.</b>	Yes; Ireland applies a 2% error rate threshold prior to the certification of its ESF and ERDF claim.
<b>Q 6.1.</b>	Yes
<b>Q 6.2.</b>	No
<b>Q 6.3.</b>	No
<b>Q 7.1.</b>	On ERDF, it is intended to use simplified flat rate financing for indirect and staff costs in accordance with Art. 68 of the Common Provisions Regulation.
<b>ITALY</b>	
<b>Q 1.1.</b>	No response
<b>Q 1.2.</b>	No response
<b>Q 1.3.</b>	No response
<b>Q 2.1.</b>	Yes; Within the framework of the Annual Implementation Report 2014, detailed information on the financial engineering instruments has been provided (Managing Authority reply - ROP Campania ESF 2007-2013). The Managing Authority has accepted the Commission's document and will give it due consideration in the next report (reply from the Audit Authority for the Umbria region).

<b>Q 3.3.</b>	In the case in question, a cover crop was found which, although different from that requested, could ensure that the objectives of the measure were achieved. We consider that this cannot be a weakness or shortcoming in the control system, since the holding was not selected for on-the-spot checks, and only such checks would have made it possible to establish that a different crop was in place.
<b>Q 3.4.</b>	In view of the comments made during the audit, and in line with the procedures provided for in such cases, the sanctions laid down have been applied.
<b>Q 3.5.</b>	The case examined by the European Court of Auditors relating to the Puglia region, as comprehensively argued by the Italian authorities, was an instance of recourse to collaboration agreements between public authorities, which were already in existence and in use in the rural development programmes that were the subject of the audit. In such cases, on the basis of the Court of Justice's established case-law, a tender procedure does not have to be opened on the basis of Directive 15/2014.
<b>Q 3.6.</b>	See above.
<b>Q 3.7.</b>	See above.
<b>Q 3.8.</b>	See above.
<b>Q 4.1.</b>	No response
<b>Q 5.1.</b>	No response
<b>Q 6.1.</b>	No response
<b>Q 6.2.</b>	No response
<b>Q 6.3.</b>	No response
<b>Q 7.1.</b>	No response



<b>LATVIA</b>	
<b>Q 1.1.</b>	<p>EAFRD: Yes</p> <p>EMFF: Yes</p> <p>ESF: Yes</p> <p>ERDF: Yes</p> <p>CF: Yes</p>
<b>Q 1.2.</b>	<p>A monitoring and evaluation system has been created for evaluating the operational programmes of the European Agricultural Fund for Rural Development (EAFRD) and the European Maritime and Fisheries Fund (EMFF), whereby complementary indicators (outcome, result and context indicators) are gathered and applied in addition to the indicators included in the operational programmes. This is to achieve a more effective and higher quality assessment of the progress, performance and effectiveness of the programmes.</p> <p>However, in the Latvian operational programme Growth and Employment (an ERDF, CF and ESF multi-fund programme) programme-specific indicators are used and this enables a more precise illustration of the substance and intervention logic of each specific support objective. Both result and outcome indicators are laid down for each specific support objective. Financial indicators at the level of specific support objectives are also incorporated into the Member State's statutory legislation, which also stipulates the additional information to be gathered for assessing the impact, effectiveness and performance of intervention. This information is stored in the management information system set up for monitoring the ERDF, the CF and the ESF.</p>
<b>Q 1.3.</b>	<p>Yes;</p> <p>In common with other Member States, Latvia's mid-term targets for all ESI funds are scheduled for 31 December 2018. Taking into account the differing approaches to notifying indicators, in 2017 more significant progress in the framework of the ERDF, the ESF and the CF is anticipated in connection with ESF support measures (i.e. for outcome indicators, notification may consist of partially completed operations under the provisions of a given programme which are of significance for assessing the performance and effectiveness of the operational programme concerned). The quantity of data on the results achieved may vary among different priority axes, depending on the fund in question, the fulfilment of ex ante conditions and the development of statutory legislation at national level. It is anticipated that by 2017 fewer data may have been notified on outcome indicators with respect to priority axes which involve the construction of physical objects</p>

	<p>(ERDF/CF), while as far as financial indicators are concerned, certified expenditure is planned for all priority axes. As concerns the EAFRD and the EMFF, data on results achieved in line with the targets set out in EAFRD and EMFF operational programmes will be provided in 2017 and 2019. These data are of importance for assessing the performance and effectiveness of operational programmes. However, in view of the fact that the EAFRD and EMFF operational programmes only began to be implemented 2015, in terms of notifying outcome indicators, no significant progress is anticipated by 2017.</p>
<p><b>Q 2.2.</b></p>	<p>No; In Latvia's case, there were no guidance notes or official observations on improving the quality of data when providing annual information on financial instrument data. Data are being provided in accordance with the European Commission's specifications.</p>
<p><b>Q 4.1.</b></p>	<p>Procurements are conducted in accordance with national legislation which has been drawn up on the basis of/transposing the provisions of EU legislation. In the case of the EAFRD and the EMFF, before payments are made, checks are conducted on the eligibility of procurements, and detailed checklists are completed including questions on selecting a suitable procurement procedure, compliance with technical specifications and other check questions. As a preventative measure, in order to identify infringements in procurement procedures as early as possible and to avoid the occurrence of ineligible expenditure, ex ante checks on procurements are conducted in accordance with the provisions of Chapter VII of Cabinet Regulation No 419 of 26 June 2007 on the procedures used by the bodies involved in the management of EU Structural Funds and the Cohesion Fund to prepare programming documents and implement the funds.</p>
<p><b>Q 5.1.</b></p>	<p>Yes; During the 2007–2013 programming period the managing authority for EU funds and the institutions delegated to perform monitoring and control functions set up a series of checks on expenditure prior to their approval by the European Commission. • Ex ante checks on procurements were carried out (see the answer to question 4.1), and the methodology for these checks was regularly improved and updated to take account of current problems and trends. These checks were conducted by the Procurement Monitoring Bureau and the competent authorities/liaison bodies; • Checks were carried out in situ at project implementation sites in accordance with Cabinet Regulation No 140 of 16 February 2010 on the procedures used by the managing authority, the certifying authority, the liaison body or the competent authority to carry out on-site checks of projects financed by the EU Structural Funds and the Cohesion Fund. Cabinet Regulations have been updated and the check methodology has been improved to achieve more effective planning and performance of checks. This is done by the competent authorities, the liaison bodies and the managing authority for EU funds; • Checks on supporting documentation for expenditure have been carried out in accordance with Cabinet Regulation No 1041 of 25 November 2010 on procedures under which State Budget resources are provided for the execution of European Union Fund co-financed projects, and procedures for effecting payments and preparing expenditure declarations. Cabinet Regulations were updated along with the guidance material relating to checks on eligible expenditure. This is done by the competent authorities/liaison bodies; • The managing authority for EU funds provides for the regular monitoring of the checks conducted by competent authorities/liaison bodies, in order to verify that the authorities are conducting the work delegated to them to a suitably high standard and that no shortcomings have been</p>

	<p>identified that would have an impact on the correct functioning of the management and control system.</p> <p>In the light of experience gained during the previous planning period and the proposals put forward in various assessments and working groups, in order to optimise the management and control system for the ESF, EFDF and CF 2014–2020 programming period and to ensure that checks are effective and result-orientated, the 'one-stop shop' principle has been introduced, i.e. project selection and checks are carried out by a single body. EAFRD and EMFF project selection and checks are also the responsibility of a single body. This enables the managing authority to optimise the planning of checks on delegated functions to verify whether they have been carried out appropriately and whether expenditure being declared to the European Commission is eligible, thereby facilitating the work of the head of the ESF, ERDF and CF managing authority and the head of the EMFF managing authority in the preparation of the 2014–2020 programming period ESF fund management declarations. In the new programming period, the managing authority also has an enhanced role in relation to the ESF, the ERDF and the CF in its monitoring of the implementation of recommendations made to liaison bodies in audits and reviews, in that the managing authority conducts the final checks on the implementation of these recommendations. Therefore, in the new programming period the management and control system incorporates preconditions aimed at improving management checks and consolidating the effectiveness of these checks. For the EAFRD and the EMFF, provisions are laid down for checks during the course of project evaluation, checks during project implementation, in situ checks, in situ checks during project monitoring and also EAFRD and EMFF managing authority checks of the liaison body in order to verify that this body is carrying out the tasks delegated to it by the managing authority to a suitably high standard and that no shortcomings have been identified that would have an impact on the effective functioning of the management and control system.</p>
<b>Q 6.1.</b>	Yes
<b>Q 6.2.</b>	<p>No;</p> <p>At the development level for support programmes and individual projects (ad hoc aid) compliance with State aid rules and procedures is monitored by the Finance Ministry's Department for the monitoring of aid for commercial activity. The Latvian authorities do not therefore anticipate any systemic problems or deficiencies in the development of support programmes.</p> <p>In accordance with the provisions of national legislation, i.e. the Law on the monitoring of aid for commercial activity, each planned support programme or individual support project, and each planned amendment to an existing programme or individual support project, must be submitted by the aid provider to the Ministry of Finance before the start of its implementation for an initial assessment, except where formal or administrative amendments are being made which would not have an impact on an assessment of the commercial support measure's compatibility with the EU internal market. This also applies to support for commercial activities which under EU legislation is not subject to prior notification or the submission of summary information to the European Commission, including de minimis aid.</p>
<b>Q 6.3.</b>	<p>No;</p> <p>Measures have not been necessary as no systemic issues or deficiencies have as yet been identified in connection with State aid rules in the area of European structural and investment funds.</p>
<b>Q 7.1.</b>	<p>An 'Evaluation of the experience of using simplified costs during the 2007–2013 EU funds programming period and the options for using simplified costs during the 2014–2020 programming period' was carried out at the Finance Ministry, and on the basis of this evaluation the Ministry developed three methodologies for using simplified costs: the 'Methodology for applying flat rates for</p>

	indirect costs in the recognition of project expenditure during the 2014–2020 programming period'; the 'Methodology for applying a standard scale of unit costs during the 2014–2020 programming period'; and the 'Methodology for applying lump sum payments during the 2014–2020 programming period'. These methodologies provide an explanation of simplified cost options, thereby encouraging their use and promoting their common application by all the bodies involved in the management of European Union funds in Latvia.
<b>LITHUANIA</b>	
<b>Q 1.1.</b>	ESF: Yes ERDF: Yes CF: Yes
<b>Q 1.2.</b>	Where general funds indicators are insufficient, special indicators are used. They can be set on the level of the Operational Programme for EU Funds Investments for 2014-2020 approved by Commission Decision No C(2014) 6397 of 8 September 2014 ('the Operational Programme') or on the national level.
<b>Q 1.3.</b>	No; No essential changes that may affect the mid-term review of the MFF planned in 2017 and the amount of the MFF funds allocated to the Lithuania have been established.
<b>Q 2.2.</b>	Yes; The managing authority has informed project promoters about the European Commission's requirements for filling in statements for financial instruments. After the project promoter submits a completed statement for financial instruments, the managing authority checks whether the information provided in the statement is in line with the European Commission's guidelines on statements for financial instruments (EGESIF 150015 06/05/2015). In the case of inconsistencies the managing authority submits comments to project promoters in respect of the completion of the said statements and asks them to provide clarifications. Moreover, with a view to properly completing statements for financial instruments, the managing authority consults representatives of the European Commission.
<b>Q 3.1.</b>	There was no clear information (guidelines) from the European Commission on the assessment of artificial conditions.

<p><b>Q 3.2.</b></p>	<p>We did not agree with the observation because we have a system for assessing artificial conditions but it is not the most acceptable to external audit authorities. It is not always possible to identify artificial conditions and prove them when the project is being approved, which means that whenever certain risks are identified, the project is approved as a high-risk project and supervised for 7 years (where the usual supervision period is 5 years). Such projects are checked on an annual basis and where any new circumstances are identified, an investigation into the irregularity pertaining to artificial conditions is initiated. We have informed the European Commission that we can usually identify possible artificial conditions during the project implementation and have provided some examples of our system.</p> <p><u>A methodology for establishing artificial conditions was also drawn up and approved in accordance with Chapter 7 of Annex II (PF 6312).</u></p>
<p><b>Q 4.1.</b></p>	<p>With a view to ensuring the proper implementation of the Operational Programme in accordance with the requirements of the EU regulations and prevent irregularities in the area of public procurement, the system of administering the EU structural funds in 2014-2020 (like during the previous period) involves the Public Procurement Office which the Law of the Republic of Lithuania on public procurement deems responsible for the implementation of the public procurement policy and the enforcement of the Law of the Republic of Lithuania on public procurement and related implementing legislation, prevention and consultations on public procurement matters as well as the administering of the Central Public Procurement Information System. With a view to ensuring that management checks are conducted properly and duly, the Ministry of Finance as the management authority has adopted national legislation containing provisions setting out the procedure for checking public procurement documents for project promoters and approved a sample public procurement checklist (the sample public procurement checklist was approved by the working party administering the EU structural funds for 2014-2020 established by Order No 1K-243 of the Minister for Finance of the Republic of Lithuania of 11 July 2013 establishing a working party and by Minutes No 19 of 29 May 2015). 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 with greater efficiency. 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. The Public Procurement Office has developed and implemented the Public Procurement Risk Management Information System ('the PPRMIS') using a risk management methodology for calculating risks inherent to specific contracting authorities and their public procurement procedure throughout the public procurement cycle, thus exercising control thereof. The PPRMIS enables system users at any time to receive risk assessments and risk profiles of contracting authorities and their public procurement procedures and procurement contracts, to select highest-risk projects and contracts for assessment and to choose contracting authorities for checks. With a view to enhancing and maintaining the administrative capacity of authorities administering the EU structural funds, the managing authority collects and assesses information on its own administrative capacities and those of other authorities and the need to enhance them, develops and improves a system for building and promoting those administrative capacities on the basis of information received and organises centralised training to enhance administrative capacities. Examples of centralised training events organised by the managing authority in the area of public procurement:</p> <ul style="list-style-type: none"> <li>- 1 December 2015 – "Public procurement: award and supervision of contracts (goods and services)". That training event covered dispute settlement solutions before and after the contract is awarded, specific aspects of awarding contracts, aspects concerning amendments to contracts, etc.;</li> <li>- 6 November 2015 – "Public procurement: award and supervision of contracts (works)". That training event covered specific aspects of implementing works contracts, specific features of FIDIC contracts, pricing of works contracts, etc.;</li> </ul>

	<p>– 3 November 2015 – “Public procurement: cost-effectiveness assessment, a practical workshop”. The event covered cases where proposals were assessed on the basis of the cost-effectiveness criterion, the identification of cost-effectiveness criteria, parameters and their comparative weights, specific aspects of expert evaluations, etc.;</p> <p>– 28 April 2014 and 12 November 2014 – “Public procurement for projects financed by the EU Structural Funds and its supervision”. The event covered the scope and types of public procurement controls, ex ante and ex post controls and specific aspects thereof, assessment and use of inspection results, sampling-based controls, planning, implementation and evaluation thereof, practical examples featuring completed projects, etc.</p> <p>The managing authority informs authorities administering the EU structural funds about upcoming centralised training events by publishing information on the website of the EU Structural Funds <a href="http://www.esinvesticijos.lt">www.esinvesticijos.lt</a> and/or by e-mail to contact persons indicated by such authorities.</p>
<p><b>Q 5.1.</b></p>	<p>With a view to improving the efficiency of payment request checks and on-the-spot project checks in Lithuania, there are management controls planned to ensure the proper implementation. National legislation regulating the administering and financing of the EU structural funds sets out that on-the-spot checks must be conducted for each project at least once during the implementation period (exceptions are only possible when applying a selection methodology coordinated with the managing and the certifying authorities). The managing authority supervises functions delegated to intermediate bodies, checks on-the-spot checks performed by intermediate bodies in accordance with the risks identified and the plan of risk management measures and verifies payment requests submitted by project promoters and checked by intermediate bodies. Internal procedures of intermediate bodies regulating all functions and controls exercised by the body are continuously reviewed and improved taking into account any self-detected shortcomings, legislative amendments and observations put forward by an audit authority and received during other inspections. There are checklists to be completed during management verifications and on-the-spot verifications of individual operations, which are detailed and focusing on each aspect of eligibility and which require not only checking an action completed but also providing explanations (what has been assessed and/or checked when completing the action). Checklists contain detailed instructions to the staff with a view to ensuring a uniform understanding. Checklists, like internal procedures, are continuously reviewed and improved to detect as many inconsistencies as possible. Management verifications and on-the-spot verifications of individual operations conducted by an intermediate body (the implementing authority) are supplemented with various actions to prevent irregularities and reduce risks (e.g. training for applicants and project promoters, preliminary inspection of documents selected, counselling, etc.), thus seeking to inform project promoters as early as possible about requirements to be respected and about possible negative consequences in the event of non-compliance.</p> <p>The managing authority ensures that the certifying authority receives all required information on expenditure-related procedures and checks conducted in the course of approval. 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 approving the Rules for administering and financing operational programmes 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 Court 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>
<p><b>Q 6.1.</b></p>	<p>Yes</p>
<p><b>Q 6.2.</b></p>	<p>No</p>

<b>Q 6.3.</b>	<p>Yes;</p> <p>With a view to ensuring the implementation of competition principles and prevent violations relating to state aid, the administering of the EU structural funds in 2014-2020 involves the Competition Council of the Republic of Lithuania ('the Competition Council'). The Competition Council consults various authorities and project promoters on matters of the competition policy and state aid, conducts expert evaluations of state aid projects and organises training (e.g. on 17 December 2015 the Competition Council is to hold a conference "State aid: relevant issues and practical application"). The conference is to discuss the principles and procedures of granting state aid and other practical aspects. With a view to improving state aid control and compliance with legislation on state aid, the Ministry of Finance as the managing authority carries out checks on two levels (on the level of the implementing measure of a priority of the Operational Programme for EU funds investments for 2014-2020 (by completing a general state aid checklist (the sample checklist on state aid and de minimis aid granted or not granted is approved by the working party administering the EU structural funds for 2014-2020 established by Order No 1K-243 of the Minister for Finance of the Republic of Lithuania of 11 July 2013 establishing a working party and by Minutes No 8 of 27 June 2014) and on the project level (the checklist for project compliance with state aid rules (the form of the checklist for project compliance with state aid rules is approved by ministries together with the project financing terms and conditions on the basis of sample checklists presented by the managing authority or a sample checklist for project compliance with de minimis aid rules approved by Minutrs No 17 of the working party administering the EU structural assistance for 2014-2020 of 24 April 2015). Moreover, when supervising tasks delegated to intermediate bodies, in the risk management plan the management authority provided for a measure to check whether intermediate bodies using the general checklist for state aid established the granting or non-granting of state aid under the financing terms and conditions, and where state aid was granted, the management authority checked whether implementing authorities properly established the compliance of state aid with state aid rules on the basis of a detailed state aid checklist drawn up by an intermediate body and taking into account the quality of checks completed. As mentioned in the reply to Question 4.1, with a view to enhancing and maintaining the administrative capacity of authorities administering the EU structural funds, the managing authority collects and assesses information on its own administrative capacities and those of other authorities and the need to enhance them, develops and improves a system for building and promoting those administrative capacities on the basis of information received and organises centralised training on state aid topics to enhance administrative capacities. In 2014 and 2015 there were training events organised on state aid topics presenting the concept of state aid and its features, general principles for granting state aid, risks of unlawful state aid in the areas of education, science, social protection, employment and others as well as practical principles of granting state aid.</p> <p>The managing authority ensures that the certifying authority receives all required information on expenditure-related procedures and checks conducted in the course of approval. 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 approving the Rules for administering and financing operational programmes 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 European Court of Auditors 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>
<b>Q 7.1.</b>	<p>National legislation sets out that all intermediate bodies drawing up implementation plans for implementing measures relating to priorities under the Operational Programme for EU Funds Investments for 2014-2020 and setting project financing conditions must</p>

	consider applying a simplified procedure for paying expenditures to projects. During the financing period of 2014-2020 Lithuania established a flat-rate scheme for indirect costs of projects financed by the EU Structural Funds (project administration costs) (Order No 1K-316 of the Minister for Finance of the Republic of Lithuania of 8 October 2014 approving the Rules for project administration and financing, Annex 10). All indirect costs of projects will be financed by applying the flat rate. On 26 June 2015 the managing authority organised a conference “Possibilities for applying a simplified procedure for paying expenditures in 2014-2020” where representatives of national authorities planning and implementing measures of the Operational Programme (including those financed by the ERDF and/or the CF) were told about possibilities of applying a simplified procedure for paying expenditures and its benefits in the process of administering the EU structural funds.
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<b>LUXEMBOURG</b>	
<b>Q 1.1.</b>	<p>FEADER: Oui</p> <p>FEAMP: Ne s'applique pas</p> <p>FSE: Oui</p> <p>FEDER: Oui</p> <p>FC: Ne s'applique pas</p>
<b>Q 1.2.</b>	<p>FEDER: Il s'agit uniquement d'indicateurs communs et financiers</p> <p>FSE: Indicateurs spécifiques au niveau des projets en fonction de la nature des projets (projets de formation, d'insertion, d'insertion socio-professionnelle et de système/structure)</p> <p>FEADER: Des indicateurs supplémentaires ne sont pas encore déterminés, mais il n'est pas exclu que le Luxembourg aura recours à des indicateurs autres que ceux prévu par le CCES cadre commun d'évaluation et de suivi.</p>
<b>Q 1.3.</b>	<p>Oui;</p> <p>FEDER: Il s'agit d'indicateurs de réalisation communs fournis par chaque bénéficiaire</p>



	FSE: Les données financières et de suivi sont collectés semestriellement au niveau des opérations. Leur réalité et exactitude sont vérifiées semestriellement sur base d'un contrôle ex ante à 100% sur pièce et sur place
<b>Q 2.2.</b>	Non; FEDER: Le Luxembourg n'utilise pas les instruments financiers FSE: Vu la taille de l'enveloppe financière, le FSE au Luxembourg n'a pas recours aux instruments financiers FEADER: L'autorité de gestion du Feader ne rédige pas de tel rapport car le Feader n'a pas mis en œuvre des mesures ayant recours à des instruments financiers.
<b>Q 4.1.</b>	Non
<b>Q 5.1.</b>	Oui; FEDER: Nouvelle check-list de contrôle (mesure ex-post), Note d'orientation sur les incidences de la réglementation sur les aides d'État en matière de RDI (préventif), Réunions de sensibilisation avec le bénéficiaire (préventif), Formation du staff FSE: Des négociations et discussions bilatérales avec les porteurs de projet (bénéficiaires) ont lieu lors de l'établissement de la convention FSE: Ceci permet de clarifier les éventuelles ambiguïtés. Par la suite, l'Autorité de gestion effectue des contrôles ex-ante à 100% sur pièces et sur place de toutes les dépenses déclarées et ce sur une base semestrielle. Elle a également recours aux options de couts simplifiés, ce qui permet de mieux cibler les missions de contrôles.
<b>Q 6.1.</b>	Oui
<b>Q 6.2.</b>	Non
<b>Q 6.3.</b>	Oui; FEDER: Nouvelle check-list de contrôle (mesure ex-post), Note d'orientation sur les incidences de la réglementation sur les aides d'État en matière de RDI (préventif), Réunions de sensibilisation avec le bénéficiaire (préventif), Formation du staff. FSE: En ce qui concerne l'AG, les mesures préventives supplémentaires ne sont pas jugées nécessaires car des déficiences ou des problèmes systémiques n'ont pas été décelés en la matière (les mesures applicables actuellement sont suffisantes).

<b>Q 7.1.</b>	FEDER: Présentation de l'option aux bénéficiaires potentiels, Réunions de sensibilisation, Guide de l'utilisateur avec recommandations pour encourager les bénéficiaires à recourir à cette option.
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<b>MALTA</b>	
<b>Q 1.1.</b>	EAFRD: Yes EMFF: Yes ESF: Yes ERDF: Yes CF: Yes
<b>Q 1.2.</b>	By way of example, the focus will be on operational programmes I and II under the Cohesion Policy. Both list results-related indicators in line with the objectives of EU 2020. Those indicators will facilitate decisions as to whether the objectives have been attained or not. Examples of indicators include 'undertakings use the internet to make sales through e-commerce' and 'older workers finding jobs, in spite of their age'.
<b>Q 1.3.</b>	Yes; The measures will be closely linked and depend on the progress to be made at that stage of implementation.
<b>Q 2.1.</b>	Yes; Training for officials/Database providing solutions to the existing requirements. It should also be noted that as far as the financial instruments are concerned, all of the guidance notes issued by the Commission will be taken into account.

<b>Q 4.1.</b>	Yes. These measures include manuals and guidelines for beneficiaries, training for these beneficiaries and, where necessary, issue of circulars.
<b>Q 5.1.</b>	Yes;
<b>Q 6.1.</b>	Simplification, improvement of databases, bilateral meetings between the Management Authority and the beneficiaries in the presence of senior officials from the contracts department and the department making the payments. Yes
<b>Q 6.2.</b>	No
<b>Q 6.3.</b>	Yes;
<b>Q 7.1.</b>	The funds are all centralised under one Management Authority that coordinates with the State Aid Monitoring Board during the processing of applications for any given project. The intention is to adopt 'flat rate financing' in relation to the two funds. In addition, the 'standard scale of unit costs' will be used in relation to the European Social Fund.

<b>NETHERLANDS</b>	
<b>Q 1.1.</b>	EAFRD: 0 EMFF: 0 ESF: Yes ERDF: Yes CF: 0
<b>Q 1.2.</b>	With regard to the ESF, we would refer you to the ESF 2014-2020 operational programme, which gives these indicators, and which is the subject of an annual report.

	With regard to the ERDF, please see the following breakdown by managing authority.
<b>Q 1.3.</b>	Yes
<b>Q 2.2.</b>	No; The guidance referred to relates to the new 2014-2020 programming period. No financing instruments for that period have yet been launched in the Netherlands.
<b>Q 3.5.</b>	Checks have been carried out and improvements have been found.
<b>Q 3.6.</b>	The Netherlands has drawn up an error rate action plan for the rural development programme, in consultation with the European Commission, and has informed the Commission accordingly.
<b>Q 4.1.</b>	The Procurement Act 2012 (Aanbestedingswet 2012, 'Aw2012') entered into force in the Netherlands on 1 April 2013. It is the most recent transposal of the European directives for the classic sectors (2004/18/EC) and utilities (2004/17/EC). The requirements referred to are incorporated here. The Act also includes the rules governing public contracts to which the European requirements do not apply. These rules are spelt out in more detail in the Proportionality Guide (Gids Proportionaliteit) and the Procurement Regulation for Public Works 2012 (Aanbestedingsreglement Werken 2012, 'ARW 2012'), both of which set out legally binding guidelines. In conducting procurement operations contracting authorities must comply with the principle of proportionality. If they depart from any aspect of the Proportionality Guide they must give reasons for doing so.
<b>Q 5.1.</b>	Yes; As regards the ERDF, these measures are described extensively in the improvement plan and the adjusted work instructions in connection with the interruption of payment. Some (minor) measures have also been taken with respect to the ESF. With regard to management verifications, more structured information for verification teams (e.g. Q&As for staff). Effectiveness of verifications: use of statistical random sampling for all measures (action C was added only later). What evidence is there that this has been effective? Especially the first and second line error rate: a recent new figure from the audit authority showing about 1.0 % gross for project audits carried out in 2015 on declarations made in 2014.
<b>Q 6.1.</b>	Yes
<b>Q 6.2.</b>	No; The regulations for the EMFF and the EAFRD expressly indicate when state aid may be involved: see for example Regulation 1305/2013. Measures within the scope of Article 42 of the TFEU do not involve state aid. There is no similar provision for the ESF or the ERDF.
<b>Q 6.3.</b>	Yes; Where a section of a programme may comprise state aid, the management authority handling project applications must judge whether the application is contrary to the state aid rules. The Member States cannot correct the systemic flaw referred to in question 6.2. Regulations

	cannot be amended by the Member States. This does not change the fact that the responsible authorities have expertise in state aid.
<b>Q 7.1.</b>	The Ministerial order on Ministry of Economic Affairs European subsidies (Regeling Europese EZ-subsidies) includes a simplified cost calculation for eligible labour costs. No other system of calculation for labour costs may be used. The simplified labour cost calculation is promoted in the ERDF handbook and in the explanatory notes for recipients.

<b>POLAND</b>	
<b>Q 1.1.</b>	<p>EAFRD: Yes</p> <p>EMFF: Yes</p> <p>ESF: Yes</p> <p>ERDF: Yes</p> <p>CF: Yes</p>
<b>Q 1.2.</b>	<p>For the purpose of measuring the effects of intervention under the operational programmes co-financed by the ERDF/CF/ESF, a raft of indicators applied at project level derived from the Common List of Key Indicators prepared by the Minister for Regional Development must be used. The list comprises the common indicators at European level set in the fund regulations and the key indicators set at national level.</p> <p>The Managing Authority may also apply additional programme-specific indicators which are highly detailed with a view to monitoring the effects of the operational programme as a whole.</p> <p>For example, in the case of the ESF, the raft of measures includes about 80 indicators for monitoring regional operational programmes and 327 indicators for monitoring intervention by the national programme (Knowledge Education Development OP).</p> <p>A list of key indicators for the ERDF and CF is available at:</p>

	<p><a href="http://www.mir.gov.pl/media/2274/wytyczne_nr_13_220415_zal_1.pdf">http://www.mir.gov.pl/media/2274/wytyczne_nr_13_220415_zal_1.pdf</a></p> <p>As regards the EAFRD, Poland plans to use an additional indicator 'Number of beneficiaries of investments to prevent the destruction of agricultural production potential', with a view to reporting on the results of specific objective 3B (focus area). Information concerning that indicator was included in the 2014-20 RDP in Chapter 11 of the Indicator Plan, point 11.5. Programme-Specific Target and Output.</p> <p>It is also planned to use the additional national indicators set in Annex No 5 to the 2014-20 RDP.</p>
<p><b>Q 1.3.</b></p>	<p>Yes;</p> <p>Information on the choice of indicators, an estimation of their value and factors influencing the achievement of milestones and targets is set out in the annex to the operational programme. This Annex contains the information required by Article 4 of Implementing Regulation (EU) No 215/2014.</p> <p>Under the 2014-20 financial perspective, a reporting system common to all operational programmes has been created in Poland which comprises collection of data on individual programmes, in particular in terms of financial and physical indicators. The data collated in the central IT system designed for the requirements of the 2014-20 financial perspective form a basis for reliable and accurate reports. The Managing Authorities will monitor achievement of the performance framework targets on an ongoing basis (including within the framework of national periodic reports) and will respond to developments that could impact achievement of targets.</p> <p>For example, using the IT system resources, we will be able to present comprehensive information on the implementation of the ESF in Poland including details of the participant structure (age, education, employment status, membership of special groups, disability, etc.), indicators (see above) and progress with financial implementation of the ESF.</p> <p>It should, however, be borne in mind that it will not be possible to summarise the impact of EU funds in the 2014-20 financial perspective until sufficient progress has been made - 2017 will be too early a stage to produce summary conclusions.</p> <p>As regards the EAFRD, it should be possible to present meaningful data in the mid-term review of the multiannual financial framework planned for 2017 for a small proportion of the operations carried out under the 2014-20 RDP. The first meaningful data on the impact of operations and expenditure will be set out in the review of the performance framework for 2014-18.</p>
<p><b>Q 2.2.</b></p>	<p>Yes;</p> <p>Issues relating to financial engineering instruments are discussed at regular meetings with the Managing Authorities of operational programmes for 2007-13, including as regards monitoring and reporting within the FEI. The guidance note on reporting and financial instruments (EGESIF-150015-06/05/2015) was sent to all Managing Authorities of operational programmes for 2007-13 with a view to</p>

	implementing it.
<b>Q 3.5.</b>	<p>The findings indicated in box 7.6 were included in the audit findings of the Statement of Assurance for the 2014 financial year (DAS 2014) as regards EAFRD expenditure dated 24.03.2015 — ref. PF 6800. The case concerned non-compliance with the national public procurement rules in Measure 125. The Implementing Authority (in this case the provincial government) was responsible for carrying out checks on public procurement procedures in the 2007–13 RDP. The provincial government carries out checks on the compliance of contract award procedures with public procurement law and on evaluation procedures within the public procurement framework. The case was re-examined by the Implementing Authority. Poland presented its position on the preliminary audit findings indicating that it did not agree with the Court of Auditors' findings. In spite of this, the Court's findings were maintained in the inspection findings of 11 June 2015.</p> <p>In connection with similar irregularities detected in the implementation of the Śląskie ROP in the course of an analysis of improvements to the internal audit system, as of 1 October 2014, MA Śląskie ROP introduced an additional comprehensive ex-post control for public procurement operations submitted by beneficiaries for refunds. In addition to audit activities, MA Śląskie ROP places particular emphasis on organising ongoing training and practical workshops for beneficiaries and MA staff on the application of the Public Procurement Act. As audits carried out by the Supreme Audit Office showed, public bodies had internal public procurement rules with varying levels of detail, which could impact on whether contracts were awarded in accordance with the rules.</p> <p>Very often, these rules did not provide for an obligation to carry out advisability studies or cost/benefit analyses of outsourcing services at the planning stage. Although public procurement plans had been drawn up in approximately 50% of the audited bodies, they were not always implemented properly, and in areas below the EU thresholds there were often no public procurement plans.</p> <p>Irregularities in public procurement procedures often resulted from a failure to fully identify outsourcing needs, failure to estimate the value of the contract with due diligence (which constituted an infringement of Article 32(1) of the Public Procurement Act of 29 January 2004), unjustified division of contracts pursuant to Article 6a of the Public Procurement Act and failure to comply with internal rules.</p>
<b>Q 3.6.</b>	<p>In the 2014–20 RDP a schedule ('taryfikator') was introduced for public procurement procedures setting out the administrative penalties for infringements of the Public Procurement Act of 29 January 2004 (Journal of Laws 2013, item 907, as amended). The administrative penalties indicated in the schedule vary according to the type of irregularity/infringement of the Public Procurement Act.</p> <p>Remedial and preventive action inter alia in the public procurement field for the 2014–20 RDP has been taken/is planned.</p> <ol style="list-style-type: none"> <li>1. The Agency for Restructuring and Modernisation of Agriculture, in cooperation with the Implementing Authorities and the Managing Authority, analysed the most frequent errors in the processing of aid applications and payment claims. On the basis of that analysis, the Agency for Restructuring and Modernisation of Agriculture has developed training programmes targeted at specific groups of beneficiaries and training programmes for public and private advisory bodies covering public procurement issues in the case of measures where there is a requirement to carry out a public procurement procedure.</li> <li>2. The Agency for Restructuring and Modernisation of Agriculture, in cooperation with the Managing Authority, produced a guide for beneficiaries of RDP 2014–20 aid on how to avoid the most common errors which was published on the Agency's website in October 2015.</li> <li>3. Implementing Authorities are required to deal with the errors observed within the context of public procurement in training programmes, seminars and workshops for beneficiaries and potential beneficiaries. Moreover, since 2015, the authorities implementing NRN measures under the Plan have been obliged to provide potential beneficiaries and beneficiaries of RDP 2014–20 with systemic training on public procurement in particular.</li> <li>4. The Agency for Restructuring and Modernisation of Agriculture, in cooperation with the Implementing Authorities and the Managing</li> </ol>

<p>Authority, drew up a list of FAQ concerning the most common errors to help beneficiaries prepare applications. These FAQ were published on the websites of the Agency for Restructuring and Modernisation of Agriculture, the Ministry of Agriculture and Rural Development, the Implementing Authorities and the regional secretariats of the NRN in the first half of 2015.</p> <p>Poland is also obliged to update the corrective action plan undertaken by the Agency for Restructuring and Modernisation of Agriculture by way of follow-up to national action plans. The national action plan contains information on corrective and preventive action on errors and error rates which will be used to monitor the impact of corrective and preventive action. This will help reduce the number of errors identified in the audits conducted by the European Commission or the European Court of Auditors, through the introduction of appropriate preventive and corrective action and monitoring of the effectiveness of this action.</p> <p>The last national corrective action plan was prepared by the Agency for Restructuring and Modernisation of Agriculture in September 2015; the fourth update of the plan (follow-up) is timetable for April 2016.</p> <p>As indicated above, as of 1 October 2014, MA Śląskie ROP introduced an additional comprehensive ex-post check procedure for public procurement operations submitted by beneficiaries for refunds. In addition to audit activities, MA Śląskie ROP places particular emphasis on improving the awareness of beneficiaries and MA staff of application of the Public Procurement Act. It does this by organising training and practical workshops.</p> <p>The Supreme Audit Office has sent <i>de lege ferenda</i> proposals and systemic applications to the competent authorities concerning:</p> <ol style="list-style-type: none"> <li>1. the obligation for public finance sector bodies to draw up annual public procurement plans irrespective of the value of contracts;</li> <li>2. the eradication from the public procurement system of arrangements enabling public finance sector bodies to divide contracts and to award them without applying the rules and procedures laid down by the Public Procurement Act (e.g. Article 6a of the Act);</li> <li>3. the introduction of the rule that appeals are heard by the National Appeals Board (Krajowa Izba Odwoławcza) sitting in a panel of at least two persons;</li> <li>4. the amendment of Article 13 of the Public Procurement Act concerning prior information notices in such a way as to make publication of notices mandatory;</li> <li>5. the clarification in the Public Procurement Act of the provisions governing the appointment and work of tender committees by requiring the head of the Contracting Authority to divide tasks and responsibilities in relation to specific procedural actions between named committee members.</li> </ol>	<p><b>Q 4.1.</b></p> <p>1. In the case of projects implemented under the 2004-06 and 2007-13 financial perspectives, in the event of infringements of the national or EU public procurement rules, the institutions responsible for auditing projects and imposing financial corrections deemed the expenditure incurred by the beneficiaries wholly ineligible or imposed financial corrections on this expenditure in accordance with the following national document: Financial corrections for infringements of public procurement law connected with implementation of projects co-financed from EU funds ('taryfikator'). This document served as a manual for the Managing Authorities or the bodies to which powers had been delegated and reflected, also in terms of the amounts of corrections applicable to specific categories of irregularity, the guidelines for the financial corrections to be applied for expenditure co-financed from the Structural Funds and Cohesion Fund in the event of non-compliance with the public procurement rules (COCOF 07/0037/03-PL), which applied until 19 December 2013, and Decision C (2013) 9527 on the setting out and approval of the guidelines for determining financial corrections to be made by the Commission to expenditure financed by the Union under shared management for non-compliance with the rules on public procurement, which replaced them. With regard to cohesion policy projects financed under the 2014-20 financial perspective, it was decided to enshrine the 'taryfikator' in universally binding law, i.e. in a Regulation of the</p>
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	<p>Minister for Regional Development. Legislative work is currently under way on the draft Regulation. The amounts of corrections provided for in the document are in line with the European Commission's above-mentioned guidelines.</p> <p>2. In the event of an irregularity being detected which may result in a financial correction and, in particular, in the event of a breach of the public procurement rules, the Supreme Audit Office notifies the institution that concluded the agreement with the beneficiary, i.e. the Managing Authority or Intermediate Authority, with a view to carrying out an analysis of the irregularity to determine whether the expenditure in question is eligible for refunds from EU resources, pursuant to Article 62a of the Supreme Audit Office Act (Journal of Laws 2015, item 1096). This is because in the event of findings suggesting that recovery may be necessary as a result of failure by the beneficiary to comply with its obligations under the grant agreement, the final decision on the amount of the correction lies with the above-mentioned institutions, which are responsible for imposing financial corrections. Under Article 62a(1) of the Supreme Audit Office Act, the President of the Supreme Audit Office may notify in writing the head of the higher authority or the competent national or regional government authority of comments, evaluations and conclusions relating to the audited activities set out in the post-audit report. Under Article 62a(2), the authorities referred to in Article 62a(1) have a period of not less than two weeks within which to inform the Supreme Audit Office of their position and the action taken or the reasons for inaction.</p>
<p><b>Q 5.1.</b></p>	<p>Yes;</p> <p>The measures established by Poland to improve management and control systems largely reflect the changes introduced and implemented in this area by the European Commission. Following the introduction of a mechanism for presenting the annual accounts accompanied by a management declaration and an annual summary of final audit reports and checks, an audit planning process was incorporated into the accounting year in Poland. In addition, annual audit plans for the 2015-16 accounting year were thoroughly analysed by the Partnership Agreement Coordinating Authority to ensure that programmes made provision for mechanisms ensuring the regularity of expenditure entered in the annual accounts.</p> <p>To ensure the introduction of instruments for effective verification activities in the new financial perspective, the Cohesion Policy Programme Implementation (2014-20 Financial Perspective) Act of 11 July 2014 made provision for Managing Authorities to carry out checks on previous documents relating to public procurement procedures, environmental impact assessments and awards of state aid. Previously these powers were enshrined in lower-ranking legislation.</p> <p>Moreover, in order to combat fraud and conflicts of interests effectively, Managing Authorities were required to draw up documents concern the fraud prevention mechanisms applied in their programmes. The main lines of the documents were set out in the guidelines of the Minister for Infrastructure and Development on the arrangements for monitoring implementation of operational programmes in 2014-20.</p> <p>In comparison with the previous programming period, verification activities will now be increased; in the case of projects not involving a call for tender, it will even be possible to carry out checks on the applicant (provided for in the implementing legislation), the purpose being to ensure that the prospective beneficiary has completed preparations for project implementation.</p>
<p><b>Q 6.1.</b></p>	<p>Yes</p>
<p><b>Q 6.2.</b></p>	<p>No</p>

<b>Q 6.3.</b>	No; We have not identified any systemic issues or deficiencies on our part related to the state aid rules.
<b>Q 7.1.</b>	<p>The Guidelines on the eligibility of expenditure under the European Regional Development Fund, the European Social Fund and the Cohesion Fund for 2014-20 provide for the use of simplified methods for clearance of expenditure. Simplified methods are one of the possible ways of clearing expenditure. However, their use is optional. The final decision on this matter is taken by each Managing Authority. As the focal point of competence, the Partnership Agreement Coordinating Authority endeavours to spread good practice in the field by way of meetings and individual consultations.</p> <p>For example, the Smart Growth 2014-20 Operational Programme (ERDF) introduced the possibility of applying two simplified flat-rate clearance methods, i.e. flat-rate clearance of indirect costs (pursuant to Article 67(1)(d) of Regulation (EU) No 1303/2013) and flat-rate clearance of costs (pursuant to Article 67(1)(c) of Regulation (EU) No 1303/2013). These methods are applied to measures supporting R&amp;D projects and investments in R&amp;D infrastructure.</p> <p>Detailed rules governing the application of these methods and the methodology for the simplified clearance of indirect costs under priority axes I and IV of the Smart Growth OP are laid down in the guidelines of the Minister for Infrastructure and Development of 28 August 2015 on the eligibility of expenditure under the Smart Growth 2014-20 Operational Programme.</p> <p>The Smart Growth OP makes provision for two flat rates: up to 17% of direct eligible costs, excluding subcontracting and cross-financing costs, for R&amp;D projects and up to 8% of direct eligible costs, excluding cross-financing costs, for investments in R&amp;D infrastructure.</p> <p>Amounts covering the costs of one stage of the project or the costs of the entire project may be eligible for clearance by way of a lump sum, in which case the lump sum may not exceed the equivalent of €100 000 of the public contribution to the project. Flat-rate clearance has not been taken up in any of the calls for tender organised to date. However, the method may be implemented if the application documents for the measure make provision to that effect.</p> <p>Poland is pleased to note a minor reduction in the error rate concerning payments from the EU budget (4.4%, as compared with 4.5% in 2013).</p> <p>The fact that a stable overall error rate was maintained even though the 2014 budget was the second largest ever, with significant cumulation of cohesion policy expenditure from the 2007-13 programming period, gives cause for satisfaction.</p> <p>However, we note with concern the significant increase in the error rate under heading 1a - R&amp;D (from 4% to 5.6%) and heading 4 - External relations (from 2.1% to 2.7%), which can only partially be explained by the increase in appropriations under those</p>

	<p>headings.</p> <p>Notwithstanding a minor increase in the error rate in the cohesion policy field, the trend in regional expenditure, which accounts for 80% of appropriations under those headings, is positive (a significant reduction).</p> <p>In addition, the annual error rate calculated by the Court of Auditors should be seen in the context of the multiannual character of EU intervention (including net financial corrections and recovered amounts).</p> <p>The corrective action taken by the Member States and the Commission had a major impact. According to the Court of Auditors, if this action had not been taken on the transaction sample tested by the Court, the overall estimated error rate would be 1.1 pp. higher (1.6 pp. in 2013), which translates into an amount of €1.6 billion approx.</p> <p>We would draw particular attention to the recommendation of the Court of Auditors that the Commission take measures to reduce the backlog of outstanding commitments under cohesion policy, including faster closure of the 2007-13 programmes. In some Member States (beneficiaries of cohesion policy), total EU funding arrears account for a significant percentage of annual public expenditure.</p> <p>We agree with the Court of Auditors on the need to improve indicators and to introduce uniform, comparable benchmarks for all EU budget expenditure (all budget headings managed by both the Member States and the Commission).</p>
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<b>PORTUGAL</b>	
<b>Q 1.1.</b>	<p>EAFRD: Yes</p> <p>EMFF: Yes</p> <p>ESF: Yes</p> <p>ERDF: Yes</p> <p>CF: Yes</p>

<b>Q 1.2.</b>	<p>In addition to the use of common indicators is the fact that all operational programmes in the Cohesion Funds (ERDF, ESF and CF) have a set of result indicators defined for specific objectives as well as indicators for reaching investment priorities.</p> <p>For Operational Programmes with similar goals in the Portuguese programming period of 2014-2020, indicators to be used have been harmonised. Therefore, in addition to the list of common Community indicators is a list of harmonised national indicators.</p>
<b>Q 1.3.</b>	<p>Yes;</p> <p>The analysis of programme results is measured annually in the Annual Implementation Reports for Operational Programmes.</p> <p>At the same time, the Agency for Development and Cohesion is responsible for preparing the Annual European Fund Report. The aim of this report is to provide systematised information on the implementation of European Structural and Investment Funds (ESIFs), allocated under the Partnership Agreement established between Portugal and the European Union for the programming period 2014-2020 (Portugal 2020). Moreover, bearing in mind that termination of eligibility under the programming period 2007-2013 is at the end of 2015, information on the National Strategic Reference Framework (NSRF) will also be reported until it ends.</p>
<b>Q 2.2.</b>	<p>We consider that the specifications for the provision of information on the IEF submitted by the Commission to Member States for discussion at the EGESIF meeting held on 20 May 2015, have not in the majority of the situations identified, implications for the provision of information by Portugal. This is because they refer to the clarification of items already incorporated into information provided on every Operational Programme in Annual Implementation Reports.</p> <p>It should be further noted that at the time the working paper was submitted by the Commission, the process of drawing up annual implementation reports for Operational Programmes was in some cases at the final stages. These reports are to be submitted to the respective monitoring committees for approval at the end of May and any possible adjustments arising from the Commission's proposal would not now be possible.</p>
<b>Q 3.7.</b>	<p>Human errors resulting from poor interpretation of the regulatory framework, which is vast and complex. Nevertheless, it often becomes necessary to use professional judgement when evaluating the framing of specific situations.</p> <p>It was further stated that one of the shortcomings identified was the lack of information provided to beneficiaries on the rules of public procurement.</p> <p>When payment requests are submitted, the beneficiary is required to complete a public procurement check list. This includes the procedure implemented and the respective processing (procedure proposal, supplier consultation, specifications ...)</p> <p>During administrative checks, technical analysts are required to verify whether the beneficiary is the awarding entity in accordance with the national public procurement code and the Community directive and, should this be the case, verify that the procedure implemented is correct.</p>
<b>Q 3.8.</b>	<p>Nevertheless, support tools exist to assist in highly detailed and explanatory management checks. This has contributed to the decrease in the frequency and expression of errors. Particular attention will be paid to this area in the creation of documents supporting management checks for the 2014-2020 programming period as well as for the closure process for the 2007-2013 programming period.</p> <p>Training and awareness-raising courses for technicians working in the field of public procurement have also been undertaken. These actions</p>

	<p>must be maintained as required.</p> <p>The use of electronic procedures through the <a href="http://www.base.gov.pt">www.base.gov.pt</a> portal which Portugal has pioneered, has also significantly contributed to the strengthening of internal control and error reduction. This site provides much more information for both the awarding authority and for control and audit functions.</p> <p>Specifically through IFAP and with regard to the information deficit for beneficiaries on the rules of public procurement, corrective measures were as follows:</p> <ul style="list-style-type: none"> <li>• At the project approval stage, strengthening of the process to verify whether the beneficiary is the awarding authority in accordance with the public procurement code and, should this be the case, the beneficiary is informed that they are subject to the rules of public procurement;</li> <li>• When payment requests are formalised, technical analysts are required to verify whether the beneficiary is the awarding entity in accordance with the national public procurement code and the Community directive and, should this be the case, verify that the procedure implemented is correct.</li> <li>• Strengthening of information and disclosure to technical analysts and beneficiaries in relation to public procurement procedures that projects are required to follow.</li> </ul>
<b>Q 4.1.</b>	No. Quantification of non-compliance is provided for in the COCOF table (there is no national instrument to quantify non-compliance).
<b>Q 5.1.</b>	<p>Yes;</p> <p>Whenever serious problems are identified during audits, the national authorities immediately implement the procedures necessary to correct the situation. In certain situations, this has led to the implementation of action plans allowing the risk of material errors to be mitigated.</p> <p>In accordance with established procedures, the CA, prior to the submission of payment requests to the European Commission carries out a series of checks. Whenever doubts exist as to the legality and regularity of expenditure to be certified, the sums in question are deducted as a precautionary measure until the issues are resolved.</p> <p>It should also be noted that with regard to errors encountered during checks on operations, in the last certification of every year, the CA has deducted the value of these errors as a precautionary measure. This allows the Audit Authority in its Annual Report and Opinion to demonstrate to the Commission that the errors have been corrected as they have been removed from expenditure certification.</p>
<b>Q 6.1.</b>	Yes
<b>Q 6.2.</b>	No
<b>Q 6.3.</b>	<p>Yes;</p> <ul style="list-style-type: none"> <li>- disclosure of relevant information by the managing authorities on operational programmes;</li> <li>- awareness and training actions on matters of State aid,</li> <li>- and strengthening of internal control systems, in particular, with regard to the process to designate management and certification authorities for the 2014-2020 programming period.</li> </ul>

<b>Q 7.1.</b>	At the Agency for Development and Cohesion (AD&C), a Simplification Centre has been set up which aims to inform the MAs on relevant aspects in this area in order to promote the extensive use of simplified cost options in the different Cohesion Funds (ERDF, ESF and Cohesion Fund). The main goal of the ongoing work at the Simplification Centre consists of implementing simplified cost options in the largest possible number of projects supported by the Cohesion Fund. In liaison with the MAs/Intermediate Bodies and the National Audit Authority, preparatory work is underway to prepare proposals for simplified costs in different types of operation, particularly with regard to competitiveness and innovation, mainly supported by the ERDF.
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<b>ROMANIA</b>	
<b>Q 1.1.</b>	<p>EAFRD: Yes</p> <p>EMFF: Yes</p> <p>ESF: Yes</p> <p>ERDF: Yes</p> <p>CF: Yes</p>
<b>Q 1.2.</b>	<p>In accordance with Article 27(4), Article 96(2)(b)(i) and (iv) and point (c)(ii) and (iv) of Regulation (EU) No 1303/2013, for the operational programmes financed under the cohesion policy, programme-specific result indicators were also used, in accordance with the Annex.</p> <p>MA-NRDP: Alternative indicators for the new programming period as follows:</p> <p>P3-Promoting food chain organisation, including processing and marketing of agricultural products, animal welfare and risk management in agriculture: (1) number of holdings supported in the area of animal welfare and (2) number of operations supported</p>

	<p>under sub-measure 4.2 Support for investments in agricultural product processing/marketing,</p> <p>P4 – Restoring, preserving and enhancing ecosystems in agriculture and forestry: (3) Agricultural land under management contracts contributing to biodiversity (focus area 4A) + improving water management (focus area 4B) + improving soil management and/or preventing soil erosion + agricultural land covered by contracts of payments for areas facing natural or other specific constraints (focus area 4C),</p> <p>P5 - Promoting efficient use of resources and supporting the shift towards a low carbon and climate resilient economy in agriculture, food and forestry sectors: (4) The area (ha) concerned by investments for saving water — key implementation step and (5) number of operations supported under sub-measure 4.1 Investments in agricultural holdings,</p> <p>P6 - Promoting social inclusion, poverty reduction and economic development in rural areas. (6) Number of contracted operations to improve basic services and infrastructure in rural areas — key implementation step.</p>
<p><b>Q 1.3.</b></p>	<p>Yes;</p> <p>MA-OPF</p> <p>In accordance with the provisions in Annex V of Regulation (EC) No 1242/2014 laying down, pursuant to Regulation (EU) No 508/2014 of the European Parliament and of the Council on the European Maritime and Fisheries Fund, the rules on the presentation of relevant cumulative data on operations, data will be presented on the implementation of projects as follows:</p> <p>Code of the implementation data/Possible value and type of value for:</p> <p>Chapter I: Sustainable development of fisheries</p> <p>Chapter II: Sustainable development of aquaculture</p> <p>Chapter IV: Marketing and processing related measures</p> <p>Chapter V: Compensation for additional costs in outermost regions for fishery and aquaculture products</p> <p>Chapter VI: Accompanying measures for the Common Fisheries Policy under shared management</p> <p>Chapter VII: Technical assistance at the initiative of the Member States</p>

	<p>Chapter VIII: Fostering the implementation of the Integrated Maritime Policy</p> <p>MEF - DG APE</p> <p>General ex-ante conditionality '7. Statistical systems and result indicators' will be met by Romania by 31 December 2015. Procedures for collecting and aggregating statistical data were established in all programmes, on the basis of guidelines for the monitoring of financial and physical indicators.</p> <p>No;</p> <p>MA-NRDP</p> <p>Late approval of the programme and the short implementation period will lead to a reduced number of projects implemented/completed that could be used as basis for collecting indicators and carrying out the assessment scheduled for 2017.</p>
<p><b>Q 2.2.</b></p>	<p>Yes;</p> <p>MA-NRDP: Although guidance note EGESIF-150015-06/05/2015 concerns the reporting on financial instruments implemented under the ERDF and SF, MA NRDP aims at improving the quality of the reports on the financial instruments under the NRDP, in particular following the conclusions of the audit missions carried out for this purpose.</p> <p>In this respect, the system of indicators will be defined on the basis of SMART criteria (specific, measurable, achievable, relevant and timed objectives), and the monitoring process will use lessons learnt and examples of good practice from the previous programming periods.</p> <p>MEF - DG APE: Romania implemented JEREMIE financial instrument in 2007-2013, for which reports were drawn up by the European Investment Fund as a Fund of Funds.</p> <p>For financial period 2014-2020, the financial instruments were established on the basis of the needs identified ex-ante for various programmes, and the reports are to be made by the managing authorities concerned. The Ministry of European Funds, which will act as coordinator for the implementation of the ESIF, will provide uniform coordination of the reporting for the financial instruments, on the basis of Regulation (EU) No 821/2014.</p>
<p><b>Q 3.5.</b></p>	<p>As a result of the checks performed by the Audit Authority some situations similar to those presented in the European Court of Auditors report in box 7.6 were found. Such situations occurred due to weaknesses in the internal control system at the level of the institutions responsible for the verification of public procurement, in the sense that certain controls put into place have not been effective enough to detect all deviations from the existing legislative and procedural framework or certain procedural provisions were not sufficient and appropriate, so as to remove all the shortcomings in the procurements conducted by the fund beneficiaries. -AA</p> <p>MEF - DCSSM - BCMAP: The internal control systems in place in the area of public procurement at beneficiary level are fragmented, partly redundant and focus more on formal aspects related to process regularity, without assessing quality aspects objectively.</p> <p>Typically, the internal control at the level of fund beneficiaries concerns the legality of the budgetary aspects, without taking into account any</p>



<b>Q 3.6.</b>	<p>strategic dimension such as budget allocations and prioritisation of projects or the requirements in the tender documentation.</p> <p>MEF - DCSM - BCMAP:</p> <p>The national strategy for public procurement for the period 2015-2020 provides for actions to ensure the regularity and quality of the public procurement process. One of the measures for achieving this objective was found to be the development and the strengthening of the internal control at the contracting authorities through: adaptation of the internal control standards in the field of procurement, the issuance of guidelines/guidance on the internal control system, streamlining the preventive financial control linked to public procurement, training programmes and training for personnel exercising financial control in public procurement.</p> <p>Internal control shall include at least the following stages: preparation of procurement, the drafting of tender documents, the award procedure, implementation of the contract, being organised so as to allow an external control focused on substantive issues. The development of this type of internal control would significantly reduce, from an early stage, the risk of irregularities and errors and would ensure the achievement of the objective of the contracting authorities to get the best value for money.</p> <p>The internal control system will also include a policy document on the conflict of interest.</p> <p>AA:</p> <p>Further to finding such deficiencies, the Audit Authority recommended, depending on the seriousness of the deficiencies found, financial corrections and strengthened controls where certain deficiencies were found. In certain situations, the audited entities have developed action plans including measures involving re-verification of procurement procedures and closer monitoring of the procurement process at the level of the beneficiaries of funds.</p>
<b>Q 3.7.</b>	<p>The document checks carried out by the Certification Body on Paying Agency's assessment on the public procurements carried out by the EAFRD beneficiaries have highlighted the need to strengthen control in this area. The system deficiencies found were broadly similar to those reported in previous years. It was recommended to the Agency for the Financing of Rural Investments (AFIR) to ensure the setting up of an appropriate and unitary system for permanent monitoring of the recommendations made in relation with the improvement of the working procedures and with the advanced training of the employees of the Agency so as to reduce the cases of non-compliance related to the procurement process</p> <p>MEF - DCSM - BCMAP</p> <p>The internal control systems in place in the area of public procurement at beneficiary level are fragmented, partly redundant and focus more on formal aspects related to process regularity, without assessing quality aspects objectively.</p> <p>Typically, the internal control at the level of fund beneficiaries concerns the legality of the budgetary aspects, without taking into account any strategic dimension such as budget allocations and prioritisation of projects or the requirements in the tender documentation.</p> <p>For the reported shortcomings, AFIR ordered, in general, measures of re-verification of the projects concerned, which led in some cases to establishing ineligible expenditure and launching related recovery procedures.</p> <p>MEF - DCSM - BCMAP:</p> <p>The national strategy for public procurement for the period 2015-2020 provides for actions to ensure the regularity and quality of the public procurement process. One of the measures for achieving this objective was found to be the development and the strengthening of the internal control at the contracting authorities through: adaptation of the internal control standards in the field of procurement, the issuance of guidelines/guidance on the internal control system, streamlining the preventive financial control linked to public procurement, training programmes and training for personnel exercising financial control in public procurement.</p> <p>Internal control shall include at least the following stages: preparation of procurement, the drafting of tender documents, the award procedure,</p>
<b>Q 3.8.</b>	

	<p>implementation of the contract, being organised so as to allow an external control focused on substantive issues. The development of this type of internal control would significantly reduce, from an early stage, the risk of irregularities and errors and would ensure the achievement of the objective of the contracting authorities to get the best value for money.</p> <p>The internal control system will also include a policy document on the conflict of interest.</p>
<p><b>Q 4.1.</b></p>	<p>MEF - DCSSM - BCMAP:</p> <p>National legislation in the field of public procurement sets out, in addition to those referred to by the Court, the sanctioning of the following violations of legal provisions:</p> <ul style="list-style-type: none"> <li>• The use of other qualification and selection criteria or award criteria than those laid down by law;</li> <li>• The use of the qualification and selection criteria as tender assessment factors;</li> <li>• Changing the award criterion laid down in the documentation/notice during a tender procedure;</li> <li>• Incorrect application in the selection and/or assessment process of the criteria set out in the tender documentation;</li> <li>• The application of assessment factors that do not reflect the benefits to the contracting authority.</li> </ul> <p>In addition, the national legislation on preventing, detecting and penalising irregularities in the granting and use of European funds and/or related national public funds lays down the following deviations from the compliance with the rules on public procurement:</p> <ul style="list-style-type: none"> <li>• The procurement of unforeseen additional/supplementary works or services, leading to exceeding the percentage from the initial contract value, set as limit by the national and Community legislation on public procurement;</li> <li>• Qualification and selection criteria, and assessment factors undeclared in the tender documents or in the tender notice;</li> <li>• Insufficient or discriminatory definition of the contract object;</li> <li>• Negotiation during the award procedure.</li> </ul> <p>AA:</p> <p>Yes, Romania has national legislation regulating these matters (Government Emergency Order No 66/2011 on preventing, detecting and penalising irregularities in the granting and use of European funds and/or related national public funds), a legislative act which is harmonised with European Commission Decision No (21031) 9527 of 19 December 2013 and which ensures uniform approach with regard to the applicable financial corrections/decreases applicable to expenditure related to projects financed from European funds and/or related national public funds in case of non-compliance with the rules on public procurement. This legislation is applied to the structural and cohesion funds, by both the Managing Authorities and the Audit Authority. In projects financed from the EAFRD, AFIR has its own working procedures for the verification of the public procurement process carried out by the beneficiaries, which are in accordance with the applicable national law.</p> <p>Yes;</p>
<p><b>Q 5.1.</b></p>	<p>MA SOP Environment:</p> <p>For example, concerning the specific activity related to checking the compliance of the public procurement procedures of MA SOP Environment, changes were applied to the procedure check-lists with a view to paying increased attention to the following aspects: changes to the information in the tender notice through clarifications/errata, relevance and proportionality of the qualification and selection criteria in the procurement data sheet, compliance of the successful tenderer with the qualification and selection criteria, complaints and claims during a public procurement procedure, as well as reasons for rejecting tenderers.</p> <p>The tendering-contracting operational procedure POLC — 121 for DCVAP was supplemented with provisions for classifying contracts into risk categories. With a view to classifying a contract in one of the risk categories, risk factors designed to cover the most significant</p>

procurement related issues/sensitive points are used, such as:

- History of the contracting authority in the field - audit authority reports, financial corrections already implemented, ANRMAP reports,
- The number of participants in the procedure,
- The percentage of tenders considered unacceptable and/or non-compliant in the total tenders submitted,
- Claims recorded in the course of the procedure, etc.

In cases where, after filling in the Risk Category Data Sheet, the final score obtained is higher than 2, the contract presents a high risk and will be selected for verification, based on the additional check list of the public procurement procedure, and Annex 05a POLC 121 will be thus inserted.

It thus results that, based on the risk methodology, the projects/their beneficiaries are classified in risk categories, and the procedures for public procurement related to their contracts are checked accordingly.

In addition, in order to improve the checks at the level of MA SOP Environment, the operational procedures were updated in June 2015, by inclusion of the recommendations received further to the audit missions carried out by the national competent authorities and by the EC. Moreover, the Managing Authority for SOP Environment has also issued internal instructions and instructions to the beneficiaries of projects financed under SOP Environment, intended to clarify and improve the working method.

**MA SOPIEC:**

Further to the recommendations of the EC, MA SOP IEC implemented a series of preventive and corrective measures, such as: re-checks of the public procurement contracts awarded, re-checks of the classification as SME, re-checks on the conflict of interest.

**AFIR:**

- In-depth re-checks (according to standard sheets) of the eligibility and selection criteria and of the conditions to create artificial conditions before payment;
- Drawing up a guide on the prevention of irregularities published on AFIR website.

**MDRAP:**

In the case of the Romania-Bulgaria Cross Border Cooperation Programme 2007-2013, external expertise was used for the verification of public procurement of Bulgarian partners.

The managing authority for the Romania-Bulgaria Cross Border Cooperation Programme 2007-2013 has taken the following measures to increase absorption:

- The programme has achieved over-contracting above the available allocation (EUR 35.6 million);
- Legislation has been amended to allow any type of expenditure until 2 months after the completion of the project;
  - reporting was simplified, reports are submitted in electronic format.

At the Managing Authority for the Regional Operational Programme, the Unit for verification of public procurements and conflict of interest was established as of 1 August 2012 in accordance with Instruction No 88 of 27 July 2012. Since September 2014, the procurement officers at SVAPCI also check the procurement procedures carried out for awarding services, supply or works contracts awarded by the following types of beneficiaries:

- Chambers of Commerce (CC), business associations (AS), commercial companies or cooperatives (SC);
- Micro enterprise (MI)/religious entities (UC), non-governmental organisations (NGOs)
- Small and medium-sized enterprises (SMEs).

Checks were intended to find out:

	<p>If purchases are set out in the financing application (the nature of the expenditure and the quantities specified in the grant application); If purchases comply with the procedural and legislative provisions on the award procedures applicable to private beneficiaries (Order No 1050/2012, Order 1120/2013) or with the provisions in the annex 'Instructions on the public procurements' to the financing contract. If, following verification of a procurement procedure by SVAPCI procurement officers, a breach of the procurement law was found in accordance with Article 6 of GEO 66/2011, expenditure that does not comply with the legality, correctness and compliance conditions laid down in the national and Community legislation in force was fully or partially excluded from the refund/payment of expenditure made and declared by beneficiaries.</p>
<p><b>Q 6.1.</b></p>	<p>Yes; AA: As regards Structural and Cohesion Funds, the Audit Authority uses a check list that contains questions on State aid, which is used by the auditors during the audit missions. Where deficiencies are found, recommendations are made to remedy to these shortcomings and to recover the amounts paid without compliance with the legal rules. MEF IB/MA SOPIEC: checks the compliance of the projects with the rules in the area of State aid under the on-the-spot checks carried out</p>
<p><b>Q 6.2.</b></p>	<p>No; AA: Up to now, the deficiencies found have been isolated, not systemic.</p>
<p><b>Q 6.3.</b></p>	<p>Yes; MA-NRDP: The MARD, as administrator of State aid schemes financed from EAFRD (not as regulator in the area of State aid), considers that the implementation of the ex-ante conditionalities on State aid included in the Partnership Agreement for 2014-2020 will lead to an improvement in this area. In this regard, the introduction of the General Register of State Aid in Romania (RegAS) will ensure better monitoring and control of State aid from national funds and from structural instruments. AA: In 2014-2015, a number of 63 auditors of the Audit Authority were trained on the State aid issue (general principles, concepts, types of measures of State aid, applicable national and Community procedure, monitoring, controlling and reporting State aid). Moreover, the State Aid Register — RegAS computer application has been developed in Romania, which will be operated by the Competition Council. The computer application that will enter into operation on 1 January 2016 allows, among others, verification of the eligibility of the beneficiaries before the State aid or de minimis aid is granted. As Audit Authority, our institution is a user of the IT application mentioned above, which will be a useful tool in the detection of possible cases of infringement of the State aid rules. MEF</p>
<p><b>Q 7.1.</b></p>	<p>MEF - DG APE: Until 30 November 2015, for two ERDF programmes (ROP and OPTA), for technical assistance activities, the application of a flat</p>

	<p>rate of up to 15 % of eligible direct staff costs is envisaged in accordance with Article 68(1)(b) of Regulation (EU) No 1303/2013.</p> <p><b>MDRAP:</b></p> <p>Under Interreg Programme V-A Romania-Bulgaria, simplified costs will be used for staff costs and administrative costs (optional for infrastructure).</p> <p>Pursuant to Articles 67 and 68 of Regulation (EU) No 1303/2013, Article 14(2) to (4) of Regulation (EU) No 1304/2013 and Article 19 of Regulation (EU) No 1299/2013, under ROP 2014-2020, the Managing Authority for the Regional Operational Programme will use the simplified option of the flat-rate financing of indirect/administrative costs incurred at the Intermediate Bodies, which are financed under Priority Axis 12 — Technical Assistance, consisting of 15 % of the eligible costs (the option described in Article 68(1)(b) of Regulation (EU) No 1303/2013).</p> <p>The national rules deal with the concrete means to implement the provisions in the above-mentioned EU Regulations in Government Decision No 399/2015 on eligibility rules for expenditure incurred during operations financed from the European Regional Development Fund, the European Social Fund and the Cohesion Fund for 2014-2020.</p> <p>Thus, Article 5 of the Decision provides for the eligibility of costs in the forms referred to in Article 67(1)(b) to (d) of Regulation (EU) No 1303 under the conditions set out in Article 67(3) and (4) of the same Regulation, according to the method of calculation and the conditions laid down by joint order of the Minister for European Funds and, where appropriate, of the minister coordinating the Managing Authority, with the approval of the Minister for Public Finance, in accordance with the requirements in Article 67(5) of Regulation (EU) No 1303/2013. Pursuant to Article 67(1)(d) of Regulation (EU) No 1303/2013, the joint order will detail the list of expenses included in the direct costs, and in the direct staff costs.</p> <p>As regards the method for setting the flat rate to 15 % of the eligible staff costs in ROP 2014-2020, for the Intermediate Bodies, the method described in Article 67(5)(a)(ii) and the verifiable historical data on individual beneficiaries were taken into account.</p>
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<b>SLOVAKIA</b>	
<b>Q 1.1.</b>	<p><b>EAFRD:</b> Yes</p> <p><b>EMFF:</b> Yes</p>

	<p>ESF: Yes</p> <p>ERDF: Yes</p> <p>CF: Yes</p>
<b>Q 1.2.</b>	<p>Response by the central coordination body: indicators covering the removal of the environmental burden; indicators of SME support in research, development and innovation; indicators covering inclusive education, increased literacy and support for lifelong learning; indicators covering support for community-style social service facilities.</p>
<b>Q 1.3.</b>	<p>Yes;</p> <p>Response by the central coordination body: the ratio of sites that have undergone remediation to the total number of sites where environmental burdens have been recorded in Slovakia; the proportion of SMEs engaging in research, development and innovation; the number of participants who have taken part in activities to improve skills and literacy; the proportion of supported schools applying an inclusive education model; the number of children from marginalised Roma communities who have spent at least one year in supported nursery schools involved in activities geared towards promoting inclusive education; the ratio of children in children's homes who receive community-based care, relative to the total number of children in children's homes.</p>
<b>Q 2.2.</b>	<p>Yes;</p> <p>The Ministry of Economy of the Slovak Republic, as the Managing Authority for the Operational Programme Competitiveness and Economic Growth, in collaboration with the European Investment Fund (managing the JEREMIE holding fund in Slovakia), adapted the form used to report financial instruments implemented under the Operational Programme in the 2014 Annual Report in accordance with the European Commission's requirements.</p> <p>The Ministry of Finance is responsible for reporting on financial instruments in Slovakia. The Ministry of Education, Science, Research and Sport meets all requirements in this area to the requisite quality, in the structure and by the deadlines imposed by the Ministry of Finance. The Ministry of Education, Science, Research and Sport did not register any shortcomings or risks associated with the quality of information reported to the responsible authority during 2014. The Ministry of Agriculture and Rural Development does its utmost to ensure that reports on financial instruments are consistent with the requisite quality, structure and deadlines imposed by the Ministry of Finance.</p>
<b>Q 4.1.</b>	<p>Response by the central coordination body: As far as the determination of financial corrections or deficiencies in public procurement is concerned, the central coordination body has issued a guidance note on determining the level of the refund of any contribution granted, or any part thereof, if public procurement rules and procedures are infringed. Guidance Note 11 applies to the 2007-2013 programming period, while Guidance Note 5 applies to the new 2014-2020 programming period. Both of these documents transpose Commission Decision of 19 December 2013, C(2013) 9527 final – Commission Decision on the setting out and approval of the guidelines for determining financial corrections to be made by the Commission to expenditure financed by the Union under shared management, for non-compliance with the rules</p>

	<p>on public procurement. This guidance note sets out the different types of most common and most serious infringements of public procurement rules and procedures that have had or could have an impact on the result of procurement; it determines the percentage of the rate of financial corrections that the competent managing authorities should have applied in response to the identification of such deficiencies.</p> <p>The central coordination body has issued a guidance note to assess conflicts of interest in public procurement. The aim of this document is to lay down ground rules that must be followed by managing authorities responsible for the implementation of operational programmes when identifying and assessing conflicts of interest in public procurement, which are one of the most serious possible deficiencies capable of distorting fair competition.</p> <p>The ESIF management system for the 2014-2020 programming period, within the framework of administrative checks on public procurement, introduced the concept of a compulsory initial ex ante check for all above-the-threshold contracts and below-the-threshold contracts awarded via the electronic marketplace (from a specific estimated value of the contract upwards), i.e. checks on a selected part of the documentation on the public procurement under preparation (e.g. the draft contract notice, the draft tender documents, etc.), ahead of the announcement of the contracting procedure with a view to eliminating errors and shortcomings in the draft documentation of the public procurement, thereby reducing the risk of an infringement of public procurement rules and procedures. On the basis of cooperation agreements between managing authorities and the Office for Public Procurement, there was an increase in the number of checks covered by the Office's administrative capacities; managing authorities will also have the opportunity to seek – from the Office – personal consultations, opinions on partial problems in public procurement, and cooperation in the evaluation of the audit findings of the European Commission or the European Court of Auditors. In matters relating to the safeguarding of competition, cooperation between the managing authorities and the Antimonopoly Office was reinforced. Under a cooperation agreement, managing authorities will have the opportunity to apply to the Office in writing for a consultation or to file suspected infringements of the law on the protection of competition (in particular cartel agreements in public procurement) with the Office.</p>
<p><b>Q 5.1.</b></p>	<p>Yes;</p> <p>Response by the central coordination body: On 20 November 2014, the Slovak Government passed a resolution adopting the ESIF Management System for the 2014-2020 programming period. In public procurement checks, this encompasses the following measures to improve management verifications and to enhance the effectiveness of the checks carried out before certifying expenditure to the Commission:</p> <ul style="list-style-type: none"> <li>- the introduction of the concept of a compulsory initial ex ante check for all above-the-threshold contracts and below-the-threshold contracts awarded via the electronic marketplace (from a specific estimated value of the contract upwards), i.e. checks on a selected part of the documentation on the public procurement under preparation (e.g. the draft contract notice, the draft tender documents, documents demonstrating how the estimated value of the contract was determined, etc.), ahead of the announcement of the contracting procedure;</li> <li>- introduction of the concept of risk analysis, the outcome of which forms a basis for a decision on whether the Office for Public Procurement is to carry out a mandatory check on the public procurement concerned. This encompasses administrative checks before and after the contract with the successful tenderer has been signed.</li> <li>- closer cooperation between Managing Authority's and the Office for Public Procurement under cooperation agreements: there will be an increase in the number of public procurement procedures object to checks by the Office, the opportunity for managing authorities to seek – from the Office – personal consultations, opinions on partial problems in public procurement, and cooperation in the evaluation of the audit findings of the Commission or the Court of Auditors.</li> <li>- closer cooperation between the managing authorities and the Antimonopoly Office in matters relating to the safeguarding of competition:</li> </ul>

	<p>under a cooperation agreement, managing authorities will have the opportunity to apply to the Office in writing for a consultation or to file suspected infringements of the law on the protection of competition (in particular cartel agreements in public procurement) with the Office.</p> <ul style="list-style-type: none"> <li>- the opportunity to apply to the Office for Public Procurement for a check on an above-the-threshold contract if only one or two bids have been submitted.</li> <li>- the tightening of rules on the award of low-value contracts above EUR 5 000 in order to enhance transparency: the obligation to publish an invitation to tender on the beneficiary's website, the obligation to invite at least five selected candidates to tender.</li> <li>- the publication of the central coordination body's Guidance Note 13 (2014-2020 programming period) on the assessment of conflicts of interest in public procurement.</li> </ul> <p>Other measures to improve management verifications and to enhance the effectiveness of checks:</p> <ul style="list-style-type: none"> <li>- the publication of the central coordination body's Guidance Note 6 (2014-2020 programming period) on eligibility rules for the most common expenditure groups, to establish a coherent approach to assessing the eligibility of some of the most common expenditure groups that are to ensure the uniform application of eligibility rules under all operational programmes.</li> <li>- the publication of the central coordination body's Guidance Note 18 (2014-2020 programming period) on the verification of the cost-effectiveness of expenditure, aimed at formulating underlying considerations, recommendations and procedures for the process of assessing the principle of the cost-effectiveness of project expenditure and/or grant applications.</li> </ul>
<b>Q 6.1.</b>	Yes
<b>Q 6.2.</b>	<p>Yes;</p> <p>Response by the audit authority: Failure to meet the deadline for notifying the granting of de minimis aid by the scheme operator. Failure to designate responsibility for notifying the granting of aid by the scheme operator.</p> <p>Response by the certifying authority: Failure to assess State aid for an undertaking within the group of undertakings, taking account of their interconnection. Failure to assess State aid for a specific applicant in the grant evaluation process, but only for the invitation as a whole.</p>
<b>Q 6.3.</b>	<p>Yes;</p> <p>Response by the audit authority: The auditors' recommendation in response to the deficiencies identified in the realm of State aid was to ensure the establishment of procedure with a precise and detailed designation of the sequence of steps, from the assignment of the task to a specific internal MA/IB service (the aid scheme operator) through to the completion thereof, with an indication of the position of the MA/IB employee responsible for carrying out the task arising from the obligation to notify the Ministry of Finance of the granting of de minimis aid by the set deadlines.</p> <p>Response by the central coordination body: On 20 November 2014, the Slovak Government passed a resolution adopting the ESIF Management System for the 2014-2020 programming period. Section 3.6, regulating State aid issues, is based on Articles 106 to 109 of the Treaty on the Functioning of the EU, national legislation (Act No 231/1999 on State aid), the case-law of the European Court of Justice and the Commission's decision-making practice. This part of the management system is a State aid concept defining services of general economic interest, de minimis aid and the State aid test. A model State aid test has been drawn up by the central coordination body.</p>



## Q 7.1.

ESF: The Operational Programme Human Resources MA plans to use the following simplifications in particular in the 2014-2020 programming period:

- The application of a flat rate of indirect expenditure, as set forth in Article 68(1)(a) of Regulation (EU) No 1303/2013 of the European Parliament and of the Council, to national projects dedicated to active labour market measures under the Operational Programme Human Resources;
- The application of a standard scale of unit costs, as set forth in Articles 67 and 68 of Regulation (EU) No 1303/2013 of the European Parliament and of the Council, under the Operational Programme Human Resources within the scope of the National Project 'Care service support';
- The application of a standard scale of unit costs, as set forth in Articles 67 and 68 of Regulation (EU) No 1303/2013 of the European Parliament and of the Council, under the Operational Programme Human Resources within the scope of the National Project 'Social field work in municipalities I';
- The application of a standard scale of unit costs, as set forth in Articles 67 and 68 of Regulation (EU) No 1303/2013 of the European Parliament and of the Council, under the Operational Programme Human Resources in the 2014-2020 programming period within the scope of the National Project 'Support for the development of social work in clients' family settings in the field of social affairs and family';
- The application of a standard scale of unit costs, as set forth in Articles 67 and 68 of Regulation (EU) No 1303/2013 of the European Parliament and of the Council, under the Operational Programme Human Resources in the 2014-2020 programming period within the scope of the National Project 'Support of selected crisis intervention social services at community level';
- The application of a standard scale of unit costs, as set forth in Articles 67 and 68 of Regulation (EU) No 1303/2013 of the European Parliament and of the Council, under the Operational Programme Human Resources in the 2014-2020 programming period within the scope of the National Project 'Support for the deinstitutionalisation of foster care'.

In the 2014-2020 programming period, under the Education priority axis, the Ministry of Education, Science, Research and Sport will apply standard scales of unit costs, as set forth in Articles 67 and 68 of Regulation (EU) No 1303/2013 of the European Parliament and of the Council, in national and demand-side projects, as well as a 15 % flat rate for indirect expenditure, as set forth in Article 68(1b) of Regulation (EU) No 1303/2013. This will be applied via a delegated act in accordance with Article 14(1) of Regulation (EU) No 1304/2013 on the European Social Fund. At the Commission's request, the Ministry is planning to apply a 50 % allocation under the Education priority axis of the Operational Programme Human Resources via simplified reporting.

	<p>The Ministry is also considering the application of a flat rate of 15 % of eligible direct staff costs and has not ruled out the possibility of applying certain outputs of price maps in the form of standard scales of unit costs in the future.</p> <p>ERDF: Operational Programme Human Resources MA: The introduction of simplified cost reporting is not being considered for Priority Axis 6, which is ERDF-financed. This priority axis covers investment projects where the main budget line is construction works, the amount of which is tied to benchmarks. Other budget lines (equipment, building supervision, supporting activities) are tied, on a percentage basis, to the value of construction works or the value of the project. There are currently no plans to introduce simplified cost reporting in the form of, for example, flat-rate expenditure.</p>
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<b>SLOVENIA</b>	
<b>Q 1.1.</b>	<p>EAFRD: Yes</p> <p>EMFF: Yes</p> <p>ESF: Yes</p> <p>ERDF: Yes</p> <p>CF: Yes;</p> <p>Ministry of Economic Development and Technology (MGRT): In 2007-2013/15 the MGRT has carried out primarily the ERDF and in part also the ESF, and could therefore confirm that we are using the common indicators as set out in the OP SRDP and the OP HRD 2007-2013.</p>
<b>Q 1.2.</b>	<p>Ministry of Agriculture, Forestry and Food (MKGP):</p> <p>In the rural development programme of the Republic of Slovenia 2014-2020 (RDP), the Ministry of Agriculture, Forestry and Food selected 5 (5) of the indicators set out in the performance framework proposed by the Commission (Section 7 RDP</p>

	<p>Description of the performance framework) and the five (5) alternative or additional performance indicators.</p> <p>EC performance framework indicators: Total public expenditure for priority 2, 3, 4 and 6 and the population covered by LAG (focus area 6B), Commission additional performance indicators (2A), number of agricultural holdings with RDP support for investments in restructuring or modernisation (2A), number of operations supported in the processing, marketing and/or development of agricultural products (3A), agricultural land supported under measure M 11 (ha) (4ABC), agricultural land supported under measure M 13 (ha) (4ABC) and number of operations supported under the investment in forestry technologies and in processing, in mobilising and in marketing of forest products (6A).</p>
<p><b>Q 1.3.</b></p>	<p>Yes;</p> <p>Government Office for Development and European Cohesion Policy (SVRK): We believe that we can provide useful data, which however will primarily be based on outcome indicators, where the results will not be as fast. The performance framework is also set up this way.</p> <p>Ministry of Economic Development and Technology (MGRT): At the MGRT, with regard to the instruments that we implemented in 2007-2013, on the basis of the instructions of the managing authority we will be able to provide the statistics i.e. achievement of the indicators which we listed and monitored for the individual interventions.</p>
<p><b>Q 2.2.</b></p>	<p>Yes;</p> <p>Ministry of Agriculture, Forestry and Food (MKGP):</p> <p>Instructions for reporting on financial instruments (reference: EGESIF-150015 – 6.5.2015) have been prepared for the ERDF and the ESF Funds, but the Ministry of Agriculture, Forestry and Food, as the managing authority of the rural development programme, in the framework of which the use of financial instruments is also planned for the programming period 2014-2020, will nevertheless provide a reply to this question.</p> <p>The Ministry of Agriculture, Forestry and Food will, as the managing authority of the rural development programme of the Republic of Slovenia for the period 2014-2020, in the context of reporting on financial instruments meet all of the requirements of the regulations and the delegated and implementing regulations (including Commission Implementing Regulation (EU) No 821/2014 of 28 July 2014) with regard to the correct reporting of the implementation of the financial instruments. The managing authority is implementing financial instruments under the EAFRD for the first time in the 2014-2020 programming period, and thus we have no previous experience in this area. In light of the above we will when reporting on financial instruments in the context of the RDP 2014-2020 comply with the requirements of the regulations and delegated and implementing regulations and other instructions, guidance and guidelines issued by the European Commission or, mutatis mutandis, taking into account the instructions for reporting on financial instruments (reference: EGESIF-150015 – 6.5.2015), as well as examples of good practice and the experience of other Member States.</p> <p>Government Office for Development and European Cohesion Policy (SVRK): In its annual report on the implementation of the Operational Programme for Strengthening Regional Development Potentials for the period 2007-2013 as part of which financial instruments were</p>

	<p>implemented, for 2014 Slovenia reported on the basis of the new report template adopted in May by the EGESIF. The data in the report for the year 2014 were duly completed and corrected according to the EC comments on the report on financial instruments in past years.</p> <p>Ministry of Economic Development and Technology (MGRT): With regard to financial instruments, we do not have any data that any separate measures have been adopted for improving the quality of reporting. We established the reporting method during the planning of the PFEI. Reporting shall be done by the MGRT/ Slovenian Enterprise Fund (SEF) as holding fund manager, MA-SEF, EC-MGRT/SEF, MF-SEF, etc. In addition to the regular reporting in accordance with Financing Agreement (quarterly, annual, interim, final) the SEF will also report to the MF monthly on the balances of the funds. We also report to the MA on the implementation of financial engineering instruments in the form of extensive EL tables.</p>
<p><b>Q 4.1.</b></p>	<p>Ministry of Finance — Budget Supervision Office (BSO): NO</p> <p>Government Office for Development and European Cohesion Policy (SVRK): The Public Procurement Act provides sanctions for major infringements, which are considered an offence for which financial penalties (fines) are prescribed in relation to the gravity of the infringement. In addition, we also use the Commission guidelines in this area and the instructions of the managing authority (MA) on management verifications, which are based on or summarise the Commission guidelines.</p> <p>Ministry of Economic Development and Technology (MGRT): At the MGRT we adhere to the EU rules and legislation and the national legislation (PPA). Infringements of the legislation are treated in accordance with EU instructions (COCOF Guidelines) and the instructions of the MA.</p> <p>As regards financial engineering instruments, we did not conduct public procurement procedures except in cases where it was necessary to carry out an analysis/study (e.g. ex ante assessment of financial instruments, analysis of equity financing, etc.). In these cases we took into account both the national (PPA) as well as EU legislation. In the implementation of financial engineering instruments or allocation of resources we used a public procurement process where we took account of the Slovenian legislation (Supportive Environment for Entrepreneurship Act, cohesion regulation, etc.) and EU legislation (State Aid, Cohesion Regulations 1083/2006 and 1828/2006).</p> <p>Yes;</p>
<p><b>Q 5.1.</b></p>	<p>Government Office for Development and European Cohesion Policy (SVRK): The annual training on public procurement and building upon the managing authority's instructions on management verifications and control documents, it emerges that the error rate in the awarding of public procurement contracts has been reduced.</p> <p>Ministry of Economic Development and Technology (MGRT): In the implementation of instruments we take into account the instructions of the MA, which define procedures for implementing administrative control under Article 13 (and 125 for the period 2014-2020) and on-the-spot checks. Monitoring of the use of funds is also conducted by the MF, BSO, EC and the Slovenian Court of Audit. As regards the implementation, monitoring and control of the implementation of financial engineering instruments, the MGRT has prepared instructions on management verifications, where a particular process, risk analysis, control, etc., is prescribed. We also work with the BSO, which regularly carries out inspections both at the Slovenian Enterprise Fund and the MGRT.</p> <p>Yes;</p>
<p><b>Q 6.1.</b></p>	<p>Ministry of Economic Development and Technology (MGRT): The BSO in the context of its audit work (systemic audits, audits of operations) also reviews the State Aid rules. At the same time, the State Aid sector is important for IB-MGRT, which prepares the legal bases</p>

	(programme) for approval of State Aid schemes. Compliance with the State Aid rules is also subject to administrative controls and on-the-spot checks carried out in the framework of management verifications at the IB.
<b>Q 6.2.</b>	No;  Government Office for Development and European Cohesion Policy (SVRK): In the framework of the implementation of the cohesion policy, the BSO carried out a horizontal audit of State Aid, in which no major systemic irregularities were found. The BSO recommendations concern in particular the harmonisation of control documents and the integrity of the reporting on SA in the annual reports.
<b>Q 6.3.</b>	Yes;  Government Office for Development and European Cohesion Policy (SVRK): In connection with the BSO recommendations the checklists have been updated and the recommendation for the preparation of the annual reports was taken into account.  No;  Ministry of Economic Development and Technology (MGRT): The MGRT will not take any preventive measures, since no deficiencies were identified in relation to the rules on State Aid in 2014. We will continue to monitor compliance with the State Aid rules, taking into account all findings from previous years.
<b>Q 7.1.</b>	Government Office for Development and European Cohesion Policy (SVRK): Flat rates and standard unit costs.  Ministry of Economic Development and Technology (MGRT): The MGRT will take into account the possibility of simplified cost options on the basis of Regulation EC 1303/2013 on common provisions and the instructions of the MA. From the point of view of financial engineering instruments, this is a case of simplified monitoring of costs, since the eligible cost is paid to the holding fund (which includes funds for businesses and management fee).
<b>SPAIN</b>	
<b>Q 1.1.</b>	EAFRD: Yes  EMFF: Yes  ESF: Yes  ERDF: Yes

	CF: Yes
<b>Q 1.2.</b>	<p>Additional indicators have been designed where the indicators proposed in the regulations were not appropriate for measuring the impact of actions supported by the Funds.</p> <p>ESF: Essentially we are considering the indicators set out in Annex I and Annex II to Regulation 1304/2013. However, special indicators for the particular Operational Programme and action have been defined in the performance framework.</p> <p>EMFF: We will use the performance indicators provided for in Commission Delegated Regulation (EU) No 1014/2014</p> <p>ERDF: The common indicators (productivity or output) have been used in most cases, where this is possible based on the operations supported. It has only been necessary to define additional output indicators in certain specific cases.</p> <p>The ERDF results indicators have been defined in each programme for each specific investment priority and objective as there is no common set of core indicators. The reason for this is the Commission's requirement that the 'result indicators' should be changed, i.e. should be 'moved' when actions are implemented. This has meant that the defined indicators are much closer to the actions, but at the same time they are very different from one another and cannot be drawn from official sources but are provided by the bodies implementing the actions.</p>
<b>Q 1.3.</b>	Yes
<b>Q 2.2.</b>	No
<b>Q 3.5.</b>	Sometimes the check is not sufficiently exhaustive and shortcomings are detected, particularly relating to transparency and publicity.
<b>Q 3.6.</b>	Improvement of specific training for inspectors on public procurement and updating of control procedures.
<b>Q 4.1.</b>	<p>ESF: There are two new procedures: 1) risk analysis for each operation that will establish mitigation controls for risk and fraud alerts; 2) check-lists to accompany the file used as evidence when submitting projects or operations for cofinancing.</p> <p>ERDF and the Cohesion Fund: In Spain, a 'working document on possible criteria for application of the provisions of Article 98 of Regulation (EC) No 1083/2006 on expenditure co-financed by ERDF and the Cohesion Fund' was available for the period 2007-2013. This document will be updated for the period 2014-2020.</p>
<b>Q 5.1.</b>	<p>Yes;</p> <p>Improvements to the measures have been implemented within the action plans stemming from control reports identifying possible deficiencies</p>

	from the Commission, the IGAE or the managing authority itself. Improvements have been incorporated in procedures for selecting and validating reimbursement statements, improving checklists, reviewing procurement documents for various local entities and so on. Quality control of the procedures has also been stepped up prior to certification, depending on the risk of each operation. We also intend to categorise intermediate bodies taking into account the results of the system audits and the operation checks. This categorisation will call for greater care during verifications.
<b>Q 6.1.</b>	Yes
<b>Q 6.2.</b>	No
<b>Q 6.3.</b>	Yes; Checklists for operations, Risk assessment matrix.
<b>Q 7.1.</b>	ERDF and the Cohesion Fund: In the draft eligibility order we plan to accept the simplified cost options permitted in the general Regulation subject to any limitations required to make them consistent with national legislation and avoid incorrect application thereof.
<b>SWEDEN</b>	
<b>Q 1.1.</b>	EAFRD: Yes EMFF: Yes ESF: Yes ERDF: Yes CF: 0; Not applicable
<b>Q 1.2.</b>	ESF: A complementary performance indicator has been added to the Swedish Social Fund programme. In addition, the managing authority has developed indicators to be able to report results for the programme's target groups and the horizontal criteria. ERDF: In total, the nine programmes have some 35 output indicators, of which just over half are common EU indicators. Moreover, the programmes have some thirty performance indicators that are linked to investment priorities and specific objectives

	within the programmes. The indicators are set out in the adopted programmes.
<b>Q 1.3.</b>	Yes; The joint funds working group is currently preparing the report.
<b>Q 2.2.</b>	No; For the ERDF, we consider that the reporting follows the requirements of the regulations. We see a value in guidelines and decide our position on them with consideration for proportionality and administrative costs. However, we are concerned that guidelines have a tendency to be viewed as binding, which can result in over-regulation and increased administrative costs.
<b>Q 3.7.</b>	We intend to follow up the Swedish cases referred to by the Court of Auditors once we receive the audit report, and to propose measures as required.
<b>Q 3.8.</b>	We intend to follow up the Swedish cases referred to by the Court of Auditors once we receive the audit report, and to propose measures as required.
<b>Q 4.1.</b>	No
<b>Q 5.1.</b>	Yes; ESF: A risk assessment plan has been developed in order to identify any risks that could lead to funding being paid out incorrectly at an early stage. Such a plan is drawn up for all Social Fund projects before a decision is taken on support. The payment process is made more efficient in that focus is placed on expenditure in which any errors could have a major impact, and less effort is devoted to reviewing formalities. On-site checks will be carried out for all Social Fund projects during the current programming period, instead of using a model for statistical selection as before.
<b>Q 6.1.</b>	Yes
<b>Q 6.2.</b>	No
<b>Q 6.3.</b>	No
<b>Q 7.1.</b>	ERDF: Sweden is one of two Member States to have a simplification model for ESF laid down in an Annex. The national Ordinance that governs ERDF/ESF provides for the use of simplified cost options. In addition, the Government has given a mandate to the managing authorities for the ESI Funds to actively seek opportunities for simplification for project owners throughout the programming period.



<b>UK</b>	
<b>Q 1.1.</b>	<p>EAFRD: Yes</p> <p>EMFF: Yes</p> <p>ESF: Yes</p> <p>ERDF: Yes</p> <p>CF: 0; UK does not receive CF.</p>
<b>Q 1.2.</b>	All UK Operational Programmes had elements where the common indicators did not provide all the answers. The UK programmes have programme specific indicators and these are detailed in the approved operational programme documents. For example, in Wales the Operational Programmes contain programme specific indicators at investment priority level.
<b>Q 1.3.</b>	<p>Yes;</p> <p>UK programmes will all have meaningful data on progress against a range of indicators.</p>
<b>Q 2.2.</b>	UK Managing Authorities account of all guidance issued by the Commission. There has not been a problem with reporting on Financial Instruments.
<b>Q 3.1.</b>	(UKCB) The reference to the UK in this question appears to be an error. We are not aware of any observation made by the Court suggesting artificially created conditions in the UK.
<b>Q 3.2.</b>	(UKCB) The reference to the UK in this question appears to be an error. We are not aware of any observation made by the Court suggesting artificially created conditions in the UK.
<b>Q 3.3.</b>	(UKCB) N/a – the UK beneficiary referenced held a contract under a scheme designed in line with Cision best practice on controllability. The cause of error was categorised by the ECA as the fault of the beneficiary and not the administration.
<b>Q 3.4.</b>	In this case the non-compliance was identified via a record check and was subject to the appropriate sanction. The farmer was subject to a follow up inspection in 2015 where it was determined he had met his agri-environmental commitments.
<b>Q 4.1.</b>	The national legislation is the Public Contract Regulations 2015, which transposes the Public Procurement Directive 2014/24/EU. UK ESIF authorities utilise the Commission Guidance on Procurement Errors in dealing with breaches of the rules. For example, the Scottish Government use the checklist provided by the European Commission augmented by a specific Scottish section.

<b>Q 5.1.</b>	<p>Yes;</p> <p>The Scottish Government has carried out a series of pre-visits and put in place additional direct engagement with senior management of a number of organisations which has improved their understanding of what is required during a verification visit and has resulted in the quality of the data available being improved.</p> <p>The England ESF MA has introduced a range of improvements to their Article 13 verification programme in response to higher than acceptable error levels that resulted in the interruption of the programme. The following measures have been introduced in cooperation with the Audit Authority:</p> <ul style="list-style-type: none"> <li>• The introduction of a revised approach that ensured all verifications were completed in a limited timeframe and before the expenditure was certified to the Commission.</li> <li>• Increased the sample sizes at On –The- Spot (OTS) visits and adopted a more risk-based selection of provider visits and participant files for inspection.</li> <li>• Introduced a standard sampling approach and strengthened internal guidance and procedures across the Article 13 operational sub-teams.</li> </ul> <p>In Wales, WEFO’s Management Verification Team carries out a health check with all applicants, which includes giving pre-approval advice on public procurement. And for the claims process, every claim undergoes a verification check which includes a compliance check on procurement activity – this applies to all contracts, whether above or below the OJEU threshold. Those claims are not included in drawdown until the verification checks are complete and any identified irregular expenditure has been removed.</p>
<b>Q 6.1.</b>	Yes
<b>Q 6.2.</b>	No
<b>Q 6.3.</b>	No
<b>Q 7.1.</b>	<p>The Scottish Government is considering the use of Simplified Cost Options.</p> <p>Department for Communities and Local Government are using Simplified Cost Options in some 2014-20 ERDF funded projects in England.</p> <p>In Wales all options are made available to beneficiaries – flat-rates, unit costs and lump sums. In addition, flat-rates for reimbursing indirect costs are mandatory for all beneficiaries. We are working with beneficiaries to put in place unit costs for project staff costs (hourly rates) as well as activity-based and output-based unit costs.</p>

## **ANNEX III B**

### **Part B. Please enter any general comments you have concerning the 2014 Annual report or general issues relating to the discharge procedure.**

#### **Belgium:**

Les réponses apportées aux constatations préliminaires du chapitre 6 (Cohésion économique et sociale) contenues à l'annexe II avaient déjà été communiqués à la Cour des comptes européenne par l'Autorité de gestion dans son courrier du 4 juin 2015 (référéncé SPW/DCFS/DGP/SBM/DBX/CCE-juin2015).

ERDF-VL: Flat rate for indirect costs + introduction of standard hourly rate

ESF-VL: Ideally, in its comments about Belgium, the ECA should take account of the responsibilities of the regions and communities for the various funds. These should therefore be specifically mentioned in its report.

#### **Czech Republic**

National Coordinating Body

Response to observations 3.71-3.73, SMART objectives

The ECA criticises the general directorate for the inconsistent use of SMART objectives, without considering the usefulness of this instrument. There is no scientific proof that SMART objectives help organisations to increase their effectiveness, i.e. the reason why they exist (Wauters, 2011). Although they can increase reportability, they can also diminish effectiveness and efficiency. Instead of concentrating on fulfilling their raison d'être, organisations focus on the reportability of quantitative targets that do not lead to effectiveness. In other words, inefficiency stems from the energy that they spend on activities delivering no utility value.

By contrast, these days there are enormous numbers of scientific sources indicating the essentially perverse effects of setting quantitative targets at an organisation-wide level. We might name, at random, Radin (2006), De Bruijn (2002), Thiel, Leeuw (2002), Johansson (2015) and many others. The setting of SMART objectives works on the assumption that an objective's values depend solely on the organisation being measured

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and that all of the organisation's workers identify with the objective. Other than that, SMART objectives anticipate that the organisation is capable of reaching the objective in the first place. This ignores entirely the current knowledge on the nature of the environment in which public organisations find themselves – a landscape that is more interlinked and more holistic than ever before (Johansson, 2015). That is to say, an organisation does not achieve results alone, but must work on them with other organisations (and not just public ones!), and at the same time the handling of complex problems is not self-evident; the precise impact of the actual activities cannot be predicted in advance. Hence it is impossible to know in advance what sort of target value of quantified objectives the organisation is capable of achieving. This results in the aforementioned borderline-perverse effects, such as gaming and creaming. In a nutshell, reportability does not equate to utility. The discussion above is very sketchy and incomplete. If the observations that have been made are to carry any weight, it is necessary to grapple with the arguments set out in the literature below:

Hans de Bruijn, (2002) 'Performance measurement in the public sector: strategies to cope with the risks of performance measurement', *International Journal of Public Sector Management*, Vol. 15 Iss: 7, pp. 578-594

Thiel, S., Leeuw, F. (2002). *The Performance Paradox in the Public Sector. Public Performance & Management Review*, Vol. 25 No 3

Radin, B. (2006). *Challenging Performance Movement: Accountability, Complexity, and Democratic Values*. Georgetown University Press

Johansson, V. (2015). *When we will ever learn? NISPAcee*. Vol. 8, pp. 149-170

Wauters, B., 2013, SMART or not: are simple management recipes useful to improve performance in complex world? A critical reflection based on the experience of Flemish ESF Agency, COP RBM, available online at <http://www.coprbrm.eu/?q=node/4>

### **Denmark**

A vital aspect of satisfactory implementation of the EU budget is generating results and ensuring that these results support the overarching political objectives. It is therefore important to Denmark that focus remains on establishing the framework for a results-oriented system with greater focus on the results and impact of EU projects. We therefore take a positive view of the annual report's increased focus on this.

Denmark is pleased that, for the eighth year running, the Court of Auditors was able to give a positive opinion on the reliability of the accounts and thus considers that the EU's accounts give a fair view of revenue and expenditure and of the EU's financial position. It is also satisfying that

## Part B. Please enter any general comments you have concerning the 2014 Annual report or general issues relating to the discharge procedure.

the Court of Auditors gave a positive opinion of the legality and regularity of the transactions with regard to own resources and of the payments relating to administration.

However, Denmark is unhappy that the Court once again had to issue a negative opinion on the payments as a whole. Despite the stabilisation of the error rate in recent years, a lot of work remains to be done to achieve an audit opinion with fewer reservations.

Denmark takes the view that both the Commission and the Member States bear responsibility for ensuring satisfactory implementation of the budget and emphasises the importance of using all available instruments. We would point out that it is important that the Commission focuses its efforts on headings and Member States where error rates are considerably higher than two per cent. In this connection, it should also be borne in mind that demands for ever greater control entail heavier administrative burdens. It is therefore also a priority for the Government to focus on the reasons for the complexity and to work towards simpler rules that will lighten the administrative load for both authorities and beneficiaries.

### **Lithuania**

Within its remit, the Ministry of Finance has no comments and questions concerning the 2014 annual report of the Court.

### **Poland**

Poland is pleased to note a minor reduction in the error rate concerning payments from the EU budget (4.4%, as compared with 4.5% in 2013). The fact that a stable overall error rate was maintained even though the 2014 budget was the second largest ever, with significant cumulation of cohesion policy expenditure from the 2007-13 programming period, gives cause for satisfaction. However, we note with concern the significant increase in the error rate under heading 1a - R&D (from 4% to 5.6%) and heading 4 - External relations (from 2.1% to 2.7%), which can only partially be explained by the increase in appropriations under those headings. Notwithstanding a minor increase in the error rate in the cohesion policy field, the trend in regional expenditure, which accounts for 80% of appropriations under those headings, is positive (a significant reduction). In addition, the annual error rate calculated by the Court of Auditors should be seen in the context of the multiannual character of EU

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intervention (including net financial corrections and recovered amounts).

The corrective action taken by the Member States and the Commission had a major impact. According to the Court of Auditors, if this action had not been taken on the transaction sample tested by the Court, the overall estimated error rate would be 1.1 pp. higher (1.6 pp. in 2013), which translates into an amount of €1.6 billion approx.

We would draw particular attention to the recommendation of the Court of Auditors that the Commission take measures to reduce the backlog of outstanding commitments under cohesion policy, including faster closure of the 2007-13 programmes. In some Member States (beneficiaries of cohesion policy), total EU funding arrears account for a significant percentage of annual public expenditure.

We agree with the Court of Auditors on the need to improve indicators and to introduce uniform, comparable benchmarks for all EU budget expenditure (all budget headings managed by both the Member States and the Commission).

**Spain**

There are no additional comments to those expressed in this report.