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

Member States' replies to the Court of Auditors' 2016 Annual Report

{COM(2018) 117 final}

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1. INTRODUCTION

The present Staff Working Document (SWD) accompanies the Report from the Commission on the Member States' replies to the European Court of Auditors (the ECA)' 2016 Annual report¹.

The Treaty of the Functioning of the European Union (TFEU) requires that "the Commission shall implement the budget in cooperation with the Member States, in accordance with the provisions of the regulations made pursuant to Article 322, on its own responsibility and within the limits of the appropriations, having regard to the principles of sound financial management. Member States shall cooperate with the Commission to ensure that the appropriations are used in accordance with the principles of sound financial management"².

The TFEU also requires that the Court of Auditors shall carry out the audit of the European Union's finances. The ECA shall provide the European Parliament and the Council with a statement of assurance as to the reliability of the accounts and the legality and regularity of the underlying transactions, which is a central part of the ECA's annual report³. The ECA supplements this statement with specific assessments of each major area of EU activity.

In accordance with Article 162(5) of the Financial Regulation⁴, the Commission shall inform the Member States concerned of the details of the ECA's Annual report, which relate to the management of funds for which they are responsible. 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 inspired by topical findings related to DAS 2016.

2. KEY FEATURES OF THE EUROPEAN COURT OF AUDITORS' ANNUAL REPORT FOR THE 2016 FINANCIAL YEAR

The ECA issued a clean opinion on the reliability of the EU accounts⁵, as it has done since 2007. Revenue was free from material error. For expenditure, ECA found an estimated level of error for 2016 payments of 3,1 %, which is lower than in 2015 (3,8 %), see Table 1.

¹ COM(2018)117 of 28.2.2018.

² Article 317 of the TFEU.

³ Articles 285 to 287 of the TFEU.

⁴ Article 162(5) of 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 (*Financial Regulation*): "As soon as the Court of Auditors has transmitted the annual report, the Commission shall immediately inform the Member States concerned of the details of that report which relate to management of the funds for which they are responsible under the applicable rules. Following receipt of such information, the Member States shall reply to the Commission within 60 days. The Commission shall transmit a summary of that information to the Court of Auditors, the European Parliament and the Council by 28 February."

⁵ Paragraph 1.6 of the ECA's annual report for the 2016 financial year.

Table 1 – Estimated levels of error in the ECA's 2016 Annual report

MFF heading	Transactions subject to audit (billion EUR)	Estimated level of error 2016 (%)	Estimated level of error 2015 (%)
1a. Competitiveness	15,2	4,1	4,4
1b. Cohesion	35,7	4,8	5,2
2. Natural resources	57,9	2,5	2,9
3. Security and citizenship	2,4	-	-
4. Global Europe	8,3	2,1	2,8
5. Administration	9,4	0,2	0,6
Other	0,4	-	-
Total	129,3	3,1	3,8
Revenue	144,7	0	0

Administrative expenditure had the lowest estimated level of error (0,2 %) while expenditure for almost all remaining headings was affected by material error (above 2 %). For each of those headings, the estimated levels of error represented a decrease as compared to 2015⁶. The ECA stated that "in expenditure, we continue to find a material level of error, but it is not pervasive,"⁷ Mr Klaus-Heiner Lehne, the President of the ECA, said accordingly that "this year's qualified opinion reflects an important improvement in EU finances."⁸

'Cohesion' was the biggest contributor to the overall error rate, followed by 'Natural Resources', 'Competitiveness' and 'Global Europe'. This distribution is in line with the ECA's findings for the 2015 financial year.⁹ The ECA mentioned that the errors for 'Competitiveness' essentially reflect different categories of ineligible cost, in particular personnel costs, other direct costs, and indirect costs.¹⁰ Ineligible costs in expenditure declarations and ineligible projects account for 70 % of the error under 'Cohesion'.¹¹ Regarding 'Natural Resources', the European Agriculture Guarantee Fund (EAGF) accounts for more than three quarters of expenditure and is free from material error (1,7 %), while in rural development there continues to be a high level of error (4,9 %), particularly for reimbursement expenditure.¹² Missing essential supporting documentation and overstated Commission interim clearings account for two thirds of the error for 'Global Europe'.¹³ The ECA highlighted that, overall, "eligibility errors in cost reimbursement schemes continue to

⁶ Box 1.2 of the ECA's annual report for the 2016 financial year.

⁷ Paragraph 1.8.(b) of the ECA's annual report for the 2016 financial year.

⁸ Press Release European Court of Auditors, "EU accounts true and fair and share of irregular spending further reduced in 2016, say EU auditors," Luxembourg (28 September 2017).

⁹ Box 1.5 and Paragraph 1.12 of the ECA's annual report for the 2016 financial year.

¹⁰ Paragraph 1.13 of the ECA's annual report for the 2016 financial year.

¹¹ Paragraph 1.14 of the ECA's annual report for the 2016 financial year.

¹² Paragraph 1.15 of the ECA's annual report for the 2016 financial year.

¹³ Paragraph 1.16 of the ECA's annual report for the 2016 financial year.

be the main contributor to the estimated level of error", including ineligible costs included in cost claims and ineligible projects, activities and beneficiaries.¹⁴

The ECA found that its estimated level of error in various areas of expenditure shows a much stronger correlation with the basis for payment (i.e. reimbursement or entitlement) than it does with the management mode. Thus, the ECA continues to find that reimbursement spending is affected by much higher levels of errors than spending on an entitlement basis (the level of error for reimbursement is 4,8 % while 1,3% for entitlement).¹⁵

The ECA acknowledged that, this year for the first time, all Commission DGs estimated a level of error in 'relevant expenditure'. As regards legality and regularity indicators, it stressed furthermore that the figures disclosed in the Annual Activity Reports (AARs) for amounts at risk at payment are, in most cases, broadly in line with its own estimates of the level of error. Also, the ECA continues to take account of corrective measures applied by the Member States and the Commission where these are made prior to its examination. These measures taken by the Commission and Member State authorities were, in view of the ECA, "instrumental in reducing the overall estimated level of error."¹⁶ The ECA also indicated that management and control systems in place at the level of Member States and the Commission produced sufficient information to further prevent or detect and correct many errors. "This means there is no need for additional controls, but the existing controls must be enforced properly."¹⁷

The ECA stressed that even though "the European Commission's reporting on compliance with the rules is in line with their own results in most cases", it should "focus more on performance and simplify its measurement tools in line with international good practice."¹⁸

Concerning legality and regularity of 2016 payments, the ECA issued a qualified positive opinion for the first time since it began to provide an annual statement of assurance in 1994. As the ECA elaborated¹⁹: "This reflects important improvements in spending. And, if these prove to be sustainable in the future, this opinion might mark a milestone in the development of EU spending at a crucial time."

3. KEY FEATURES OF THE MEMBER STATES' REPLIES

The Commission informed the Member States concerned of the details of the ECA's Annual report for the financial year of 2016. This information was presented in the form of a letter and three annexes to be completed by each Member State, as well as accompanying guidelines on the preparation and presentation of replies to the questionnaires. The documents were transmitted to Member States electronically only for the first time this year.

¹⁴ Paragraph 1.19 of the ECA's annual report for the 2016 financial year.

¹⁵ Paragraph 1.20 of the ECA's annual report for the 2016 financial year.

¹⁶ Presentation of the ECA's 2016 annual report for the Council of the European Union (Economic and Financial Affairs), "Speech by Klaus-Heiner Lehne, President of the European Court of Auditors," Brussels (7 November 2017).

¹⁷ Press Release European Court of Auditors, "EU accounts true and fair and share of irregular spending further reduced in 2016, say EU auditors," Luxembourg (28 September 2017).

¹⁸ Press Release European Court of Auditors, "EU accounts true and fair and share of irregular spending further reduced in 2016, say EU auditors," Luxembourg (28 September 2017).

¹⁹ Presentation of the ECA's 2016 annual report for the Council of the European Union (Economic and Financial Affairs), "Speech by Klaus-Heiner Lehne, President of the European Court of Auditors," Brussels (7 November 2017).

Annex I of the letter to the Member States was a questionnaire on the paragraphs referring to the individual Member State. The information on which paragraph refers to which country was provided by the ECA. Although the ECA highlighted paragraphs related to all policy areas, the Member States' replies focused mostly on the ECA's paragraphs concerning the policy areas of Revenues, Common Agricultural Policy, and Economic, social and territorial cohesion. The replies of the Member States were generally extensive and are enclosed in Annex I of the present SWD.

Annex II of the letter to the Member States was a questionnaire on audit findings, which refer to each Member State. These findings were mostly related to the major EU spending areas of agriculture and cohesion policy. They were previously provided by the ECA to the Member States in the form of Statements of Preliminary Findings (SPFs). The Member States were not invited to reply to these findings and therefore Annex II is not enclosed in the present SWD.

Annex III of the letter to Member States was a questionnaire focusing on three main themes:

(1) compliance with rules and regulations, with a particular focus on error types and their relative importance in the major EU shared management spending areas (common agricultural policy and economic, social and territorial cohesion policy), and to what extent Member States have taken preventive measures to avoid such errors in the future;

(2) the performance of the EU budget, highlighting to what extent Member States assess information on the quality of performance data at national level in relation to the major EU shared management spending areas (common agricultural policy and economic, social and territorial cohesion policy);

(3) Member States' follow-up of recommendations formulated by the ECA in its Special Reports.

The template of the questionnaire is provided in Annex II of the present SWD. The Member States' replies to part A of the questionnaire are available in Annex III and those concerning part B of the questionnaire are in Annex IV of the present SWD.

4. CONCLUSION

The Commission is committed to continue closely working with the Member States towards lower levels of error, improved financial management and value added of the EU budget.

ANNEX I – Member States' replies to observations in the 2016 Annual report made by the European Court of Auditors referring to each particular country

CHAPTER 2 – Budgetary and financial management

<u>Paragraphs</u>	<u>Observations in the ECA's 2016 Annual Report</u>	<u>Member States' replies</u>
Box 2.5	EFSI funding per MS	<p>Austria: <i>Action taken: NO; Action completed: ; Completion date:</i> EFSI programme is still ongoing.</p> <p>Belgium: <i>Action taken: ; Action completed: ; Completion date:</i></p> <p>Bulgaria: <i>Action taken: ; Action completed: ; Completion date:</i></p> <p>Croatia: <i>Action taken: YES; Action completed: NO; Completion date:</i></p> <p>At its session of 24 September 2015, the Croatian Government adopted a Decision on the allocation of duties related to cooperation with the European Investment Bank and the European Investment Fund on implementation of the Investment Plan for Europe. In accordance with the above Decision, the Croatian Bank for Reconstruction and Development (HBOR) has been entrusted with the following duties:</p> <ul style="list-style-type: none"> - cooperation on implementation of the Investment Plan for Europe at investment platform level, in individual projects and through direct contacts with EIB Group members; - functioning as the national access point for potential clients and stakeholders; - creating new financial products to meet the needs of the Croatian economy; - identifying economically and technically sustainable projects across the key sectors, particularly in innovative, environmentally aware and societal areas, which will be put forward for financing from the European Fund for Strategic Investments (EFISI); - attracting private investment in combination with public resources; - participating in the EFISI-based financing of infrastructure and SME projects through various programmes for encouraging economic growth; - establishing the Croatian Investment Project Portal comprising current and future investment projects in Croatia, in accordance with Regulation (EU) 2015/1017 of the European Parliament and of the Council of 25 June 2015 on the

European Fund for Strategic Investments, the European Investment Advisory Hub and the European Investment Project Portal and amending Regulations (EU) No 1291/2013 and (EU) No 1316/2013 — the European Fund for Strategic Investments;

- functioning as a national contact point for cooperating with the European Investment Advisory Hub; and
- establishing bilateral cooperation with other European national development banks with a view to implementing the Investment Plan for Europe, and carrying out any other tasks required for or related to implementation of the Regulation, the Investment Plan for Europe and all other existing and subsequent EU acts governing this matter.

In implementing the Investment Plan for Europe, HBOR cooperates with the relevant state administration bodies, agencies and other legal entities with public powers through national coordinators for the Investment Plan for Europe.

The ministry responsible for regional development and EU funds coordinates the work of the relevant state administration bodies, agencies and other legal persons through national coordinators for the Investment Plan for Europe, fosters cooperation between all these parties and HBOR, and reports, together with HBOR and the national coordinators, to the Croatian Government on activities undertaken and progress made.

At its session of 28 September 2016, the Croatian Government adopted the First Report on Implementation of the Investment Plan for Europe in Croatia in the period 25.9.2015-31.7.2016.

Croatia benefits from the ENFI SME agreement; the following two projects put forward by HBOR under the SME Window were approved in 2016:

- Risk distribution in mid-cap companies and other priorities (worth €50 million) and
- Portfolio guarantee under Horizon 2020. InnovFin SME Guarantee Facility for small and mid-cap companies and SMEs, worth €20 million.

Under the EFSI Infrastructure and Innovation Window, a total of 14 potential investment projects (energy (5), tourism (3), transport (2), digital infrastructure (2), production industry (1), health (1)), all of which could be implemented over the next three years, were identified between the start of the Investment Plan for Europe and the end of 2016. The estimated value of the investments that these EFSI-backed projects could stimulate is in excess of €5 billion.

Four Croatian projects, with a total of €1.5 billion of estimated investment, were published on the European Investment Project Portal by the end of 2016.

Activities related to the EFSI are ongoing.

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

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

Not applicable; there are no specific findings.

Denmark: *Action taken:* ; *Action completed:* ; *Completion date:*

In our view, the figure merely depicts a factual situation, and any comments on whether action has been taken are therefore considered to be irrelevant.

Estonia: *Action taken:*; *Action completed:*; *Completion date:*

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

No comments.

France: *Action taken:* YES; *Action completed:* NO; *Completion date:* *implementation under way*

France welcomes the deployment of EFSI throughout Europe and the success of this flagship programme in France. Its success proves that the EFSI meets a demand that traditional markets are not generally able to satisfy. The operations financed are in line with our expectations as regards this key instrument for investment in Europe. Thanks to the EFSI, the EIB expanded its action on new counterparts, with smaller amounts and sometimes substantially higher risk levels (at both aggregate and individual levels), using new financing instruments. Some of these projects were reproduced in the rest of Europe and they are in line with national and European priorities (energy transition, innovation, efficient use of resources thanks to the financial instruments, etc.).

The measures taken included putting in place an interministerial focal point responsible for the EFSI at the French Commissariat-General for Investment (Laurent Ménard), which informed project leaders, directed them and where necessary exercised a facilitative role in bringing the most complex projects to a conclusion, in cooperation with the local and Luxembourg teams of the EIB. Another measure worth highlighting was the ad hoc support provided by the technical ministers for certain pan-European programmes, such as the Green Shipping instrument.

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

For information purposes only; no answer required.

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

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

Factual finding, no action required.

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

No action required.

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

Latvia: *Action taken: YES; Action completed: NO; Completion date:*

Latvia is adopting several lines of approach for the receipt of financing from the European Fund for Strategic Investments (EFSI). Firstly, the Financial Institution for Latvian Development (ALTUM), in its role as the national contact point, provides consultations on attracting investment to large projects; secondly, ALTUM is mobilising EFSI resources to support small and medium-sized enterprises (SMEs) in Latvia; thirdly, ALTUM is encouraging economic growth in Latvia by organising information events aimed at actively promoting EFSI financing opportunities for business people and the public.

On 13 October 2016 an agreement was signed with the European Investment Fund (EIF) on mobilising InnovFin programme financing for the ALTUM guarantee financial instrument.

At the same time, an application has been submitted to the EIF and a COSME application has been approved for mobilising EFSI funds for ALTUM loans for business start-ups for up to five years.

As the Latvian national contact point for European Investments, ALTUM provides consultations for project promoters and business people on preparing and submitting projects to the EIB in the framework of the EFSI. ALTUM has so far provided consultations on around 30 projects in the infrastructure, education, science, development and innovation, renewable energy and energy efficiency sectors. Project promoters received consultations in areas such as infrastructure, information technology and manufacturing development.

With a view to informing the public and potential project implementers about the opportunities that exist in Latvia for using EFSI financing, ALTUM, in cooperation with the European Commission Representation in Latvia, regularly organises public events promoting the acquisition of available financing.

Lithuania: *Action taken: NO; Action completed: ; Completion date:*

The information provided is descriptive in nature and does not require any action to be taken.

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

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

N/A

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

Not applicable.

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

The observation includes no specific criticisms of Poland.

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

		<p>Romania: <i>Action taken: ; Action completed: ; Completion date:</i> No reply needed. We have taken note.</p> <p>Slovakia: <i>Action taken: ; Action completed: ; Completion date:</i> In our opinion, the text/graph conveys the state of play.</p> <p>Slovenia: <i>Action taken: ; Action completed: ; Completion date:</i> Reply of the Ministry of Infrastructure (MZI): DARS (Družba za avtoceste v Republiki Sloveniji - the Motorway Company of the Republic of Slovenia) entered talks with the EIB in November 2016 and prepared the documentation required to obtain loans and guarantees under EFSI. On this basis, in July 2017 the EIB granted a loan of EUR 51 million for the first major Slovenian infrastructure project with EFSI guarantees, which will finance the deployment of an electronic tolling system for heavy vehicles on Slovenian motorways. The value of the investment is EUR 102 million. The project company 2TDK d.o.o. is holding talks with the EIB for an EFSI-backed loan for the second track of the Divača-Koper railway. The project company applied on this basis for a grant from the European Commission's Connecting Europe Facility in July 2017.</p> <p>Spain: <i>Action taken: YES; Action completed: ; Completion date:</i> We agree with the Commission that it is too early to prejudge the capacity of the Member States concerned to absorb the funds foreseen for them.</p> <p>In Spain's case, there was a significant reduction in public spending due to the major economic crisis that affected the country in 2014 and 2015 (years at the beginning of the new period). In addition, a caretaker government was in place throughout 2016, and new requirements came into effect during the new period, leading to management difficulties, all of which caused delays in implementing programmes in Spain. However, this does not mean that Spain has little capacity to absorb funds; once the crisis and the issues with the management system have been overcome, and in cooperation with the EU, Spain will be able to implement the allocated funds on time.</p> <p>Sweden: <i>Action taken: NO; Action completed: ; Completion date:</i> Sweden has not taken any action based on the observation.</p> <p>United Kingdom: <i>Action taken: NO; Action completed: ; Completion date:</i> No issue to respond to.</p>
Box 2.6	Outstanding commitments of ESI Funds at 31 December 2016 as a percentage of 2016 general	<p>Austria: <i>Action taken: NO; Action completed: ; Completion date:</i> The Eurostat figures are noted.</p>

government expenditure by MS	<p>Belgium: <i>Action taken:</i> ; <i>Action completed:</i> ; <i>Completion date:</i></p> <p>Bulgaria: <i>Action taken:</i> ; <i>Action completed:</i> ; <i>Completion date:</i></p> <p>Croatia: <i>Action taken:</i> YES; <i>Action completed:</i> NO; <i>Completion date:</i></p> <p>At its session of 8 June 2016, the Croatian Government adopted the Priority National Action Plan for a more efficient use of European structural and investment (ESI) funds in 2016–2018, which lays down a renewed strategy for benefitting from ESI funds in accordance with the 2016 National Reform Programme. The Action Plan comprises 20 action points planned over short-term (6-12 months), mid-term (1-3 years) and long-term (3+ years) periods. Once implemented, the Action Plan is expected to increase the take-up of ESI funds in the 2014-2020 period by streamlining the conclusion of contracts, payments and certification.</p> <p>The Priority National Action Plan for a more efficient use of ESI funds in the 2016-2018 period has three objectives:</p> <ol style="list-style-type: none"> 1. reducing the administrative burden; 2. providing for reliable management of resources; 3. ensuring a sufficient number of well-conceived projects. <p>The Plan also comprises the following 20 action points aimed at stepping up the efficient use of ESI funds:</p> <ol style="list-style-type: none"> 1. Simplifying and standardising procedures 2. Reducing the complexity of the management and control system 3. Facilitating employment in posts dealing with EU funds 4. Introducing help teams that provide assistance in drawing up and implementing projects 5. Identifying performance criteria (indicators) for specific objectives 6. Optimising sources of financing 7. Improving the model of ex-ante control of public procurement projects financed by EU funds 8. Strengthening cooperation between applicants/beneficiaries and bodies providing support 9. Systematic training programmes aimed at boosting administrative capacity at national and regional levels. 10. Improving employee retention policy in relation to staff working on EU funding 11. Introducing support teams with a view to ensuring compliance with general terms and conditions and identifying cases where administrative acts linked to EU projects should be issued as a matter of priority
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		<p>12. Activation of financial instruments</p> <p>13. Securing additional sources for financing projects, particularly those involving key infrastructure and sectors with fast productivity growth (energy, transport, IT)</p> <p>14. Establishing a common methodology for evaluating the socio-economic impact of investment projects financed by EU funds</p> <p>15. Introducing e-applications and e-reporting for projects</p> <p>16. Introducing an information system for strategic management of EU funds</p> <p>17. Strengthening cooperation between the central and local levels on EU projects</p> <p>18. Systematic programme promotion</p> <p>19. Setting up a system for strategic planning and development management</p> <p>20. Systematic planning with regard to EU funded projects.</p> <p>Examples of activities undertaken with a view to simplifying procedures:</p> <ul style="list-style-type: none"> - abolishing the requirement for project partners to deposit own funds as a guarantee prior to signing a contract; - reducing the number of steps in the project evaluation and grant award procedure with a view to reducing the time between the application and the signing of a contract from 160 to 100 days; - simplifying the option of financing individual activities (reducing the volume of documentation needed to justify the expenses); - new public procurement procedures for entities not subject to the Public Procurement Act, i.e. new procedure for publicising public procurement, adapted to the value of the public contract, with a view to simplifying the overall procedure; - introducing general guidelines for applicants to reduce the number of cases where incomplete or unclear calls for project proposals are published; - introducing vouchers for fast access (within 15 days) to support amounts of up to €10 000. <p>Examples of activities undertaken with a view to ensuring good management of the funds and a sufficient number of well-conceived projects:</p> <ul style="list-style-type: none"> - amendments to the Budget Execution Act to giving the MA the power to decide on the re-allocation of up to 15% of the amount available through national co-financing;
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		<ul style="list-style-type: none"> - establishing, within the CFCA, a unit for ex-ante control of public procurement for ESIF projects; - establishing a network for managing irregularities, which facilitates the exchange of information on handling and reporting irregularities in practice; - creating financial instruments for SMEs; - appointing regional coordinators to facilitate and step up the preparation of projects at local level; - ensuring a uniform handling of complaints and irregularities; - stepping up training and media campaigns. <p>All bodies involved in the management and implementation of ESI funds in Croatia must comply with the abovementioned Action Plan.</p> <p>Activities are ongoing as planned.</p> <p>Cyprus: <i>Action taken: YES; Action completed: NO; Completion date: 31/12/2017</i></p> <p>(a) MFF 2007-2013: Preparation of documents for closure of FP 2007-2013 and achievement of 100 % take-up.</p> <p>(b) MFF 2014-2020: The Managing Authority has carried out all the necessary steps at technical and political level to speed up the procedures for implementation and inclusion of projects in the Operational Programmes, with a view to fully meeting the annual take-up targets of the ESI Funds.</p> <p>Czech Republic: <i>Action taken: ; Action completed: ; Completion date:</i></p> <p>Not applicable; there are no specific findings.</p> <p>Denmark: <i>Action taken: YES; Action completed: YES; Completion date: 31/12/2017</i></p> <p>For the ERDF and the ESF, three payment claims were sent to the Commission in 2017.</p> <p>Estonia: <i>Action taken: ; Action completed: ; Completion date:</i></p> <p>Finland: <i>Action taken: ; Action completed: ; Completion date:</i></p> <p>No comments.</p> <p>France: <i>Action taken: YES; Action completed: NO; Completion date:</i></p> <p>According to the table above, the proportion of EFSI commitments remaining to be spent is minimal, being less than 1-2%. It most probably corresponds to the balances of transactions carried out at a cost slightly lower than that estimated, and pre-financing balances which will be spent at a later stage.</p>
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	<p>The low percentage of unspent commitments shows there was no particular difficulty as regards fund absorption.</p> <p>Germany: <i>Action taken: ; Action completed: ; Completion date:</i> For information purposes only; no answer required.</p> <p>Greece: <i>Action taken: ; Action completed: ; Completion date:</i></p> <p>Hungary: <i>Action taken: NO; Action completed: ; Completion date:</i> Factual finding, no action required.</p> <p>Ireland: <i>Action taken: NO; Action completed: ; Completion date:</i> Ireland's ESIF allocation is a small percentage of its government expenditure; however, Ireland is making every effort to ensure timely drawdown of funds.</p> <p>Italy: <i>Action taken: ; Action completed: ; Completion date:</i></p> <p>Latvia: <i>Action taken: YES; Action completed: YES (for the 2007-2013 programming period) / NO (for the 2007-2013 programming period) ; Completion date: 30.03.2017 (for the 2007-2013 programming period)</i> Closure documents covering the 2007–2013 programming period were submitted to the European Commission on 30 March 2017, including a closure declaration by virtue of which Latvia receives 2007–2013 programming period financing in full. With regard to commitments made under the 2014–2020 programming period, Latvia is actively continuing to mobilise the financing allocated to it, by submitting payment applications to the European Commission. By 30.09.2017 Latvia had submitted payment applications to the European Commission amounting to 9 % of total EU fund allocations for the 2014 2020 programming period, or 358 million euros.</p> <p>Lithuania: <i>Action taken: NO; Action completed: ; Completion date:</i> Unused commitments of European Structural and Investment (ESI) Funds represented a significant proportion of general public-sector expenditure at the end of 2016, as ESI funds allocated to Lithuania comprise a relatively large proportion of all public-sector expenditure. Nevertheless, according to interim payment claims, an amount exceeding the eligible costs provided for in the 2007-2013 operational programmes under the European Union's structural funds (European Regional Development Fund, Cohesion Fund and European Social Fund) was declared to the Commission. European Union structural fund commitments for 2014-2020 had not been used up by the end of 2016 for the following reasons: 1. Protracted drawing up, harmonisation and approval of national strategic documents. After commencement of the 2014-2020 programming period, there was a delay in approving the main national strategic documents. Implementation of the operational programme could not begin without these documents. Furthermore, structural reforms and reorganisations had been initiated in various sectors (higher education, social protection and employment, public</p>
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		<p>administration, healthcare, IT infrastructure) and fundamental changes made to existing policies, all of which constituted an essential precondition for the effective investment of EU funds.</p> <p>2. Increased attention paid to the quality of investments. More attention is being paid to the quality and effectiveness of investments during the 2014-2020 programming period, so it is taking longer to choose the most effective options to meet the targets of the operational programmes and implement specific projects. For infrastructure projects, requirements that investment projects provide arguments in support of the most effective project implementation option were introduced; these necessitated longer project preparation times.</p> <p>3. Delayed implementation of project activities. Delays in the implementation of project activities result mainly from public procurement procedures, which may last longer than planned (e.g. because of claims brought by suppliers participating in the tenders as a result of procedural infringements, etc.).</p> <p>Luxembourg: <i>Action taken; ; Action completed; ; Completion date:</i></p> <p>Malta: <i>Action taken; ; Action completed; ; Completion date:</i></p> <p>N/A</p> <p>Netherlands: <i>Action taken; ; Action completed; ; Completion date:</i></p> <p>Not applicable.</p> <p>Poland: <i>Action taken; ; Action completed; ; Completion date:</i></p> <p>The observation includes no specific criticisms of Poland.</p> <p>Portugal: <i>Action taken; ; Action completed; ; Completion date:</i></p> <p>Romania: <i>Action taken: NO; Action completed; ; Completion date:</i></p> <p>The Managing Authorities have not planned any commitments to be taken into account by the European Commission in 2016 or any amounts to be requested from the Commission in that year.</p> <p>Slovakia: <i>Action taken; ; Action completed; ; Completion date:</i></p> <p>Ministry of Finance Certifying Authority:</p> <p>2007-2013 programming period:</p> <p>Measures drawing on EU resources in the 2007-2013 programming period were taken in collaboration with the Task Force set up by the Commission in 2014. The results were periodically monitored at joint meetings between Slovakia and the Commission. In 2015 the last meeting was held at the end of December. In line with Government Decree No 56/2014, managing authorities at risk were obliged to submit action plans to speed up spending and the implementation</p>
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		<p>of operational programmes every two months. The end of eligibility for the 2007-2013 programming period marked the end of the Task Force and the obligation to submit such action plans.</p> <p>2014-2020 programming period:</p> <p>For the 2014-2020 programming period, the Task Force set up for the 2007-2013 programming period was replaced by a Joint Working Programme set up by the Commission. Programmes at risk are also discussed at the quarterly monitoring meetings between the Commission and representatives of the national authorities. At national level the spending of EU funds is monitored by means of the binding programme plan in order to identify any delays in spending or achieving programmes' objectives, analyse the reasons for problems in implementing programmes and taking appropriate measures to reduce to a minimum the risk that a programme's objectives will not be achieved.</p> <p>Slovenia: <i>Action taken:</i> ; <i>Action completed:</i> ; <i>Completion date:</i></p> <p>MZI reply: The reason for the delay in 2016 in awarding works the field of transport (railway infrastructure) was that drawing up the technical documentation and obtaining environmental protection consents took much longer than anticipated, as did harmonising the major-project technical solutions with the JASPERS technical assistance facility. This meant that no implementing works were awarded in 2016, with only motorway-related works going ahead. As a result, the Beneficiary made it a priority to adapt the technical documentation to the recommendations from JASPERS and to actively coordinate unresolved environmental issues with environmental authorities in Slovenia.</p> <p>Spain: <i>Action taken:</i> ; <i>Action completed:</i> ; <i>Completion date:</i></p> <p>ERDF: In Spain's case, outstanding commitments for ESI funds as of 31 December 2016 represent only 5 % of general government expenditure in 2016, which is significantly lower than countries such as Lithuania, Bulgaria, Latvia and Romania, where this percentage stands at over 20 %.</p> <p>ESF: In Spain's case, outstanding commitments for EIF funds represent less than 5 % of general government expenditure in 2016. In any case, and as regards the ESF, we agree with the Commission that it is too soon in the 2014-2020 MFF to prejudge the capacity of the Member States to absorb the funds foreseen for them.</p> <p>Sweden: <i>Action taken:</i> NO; <i>Action completed:</i> ; <i>Completion date:</i></p> <p>Sweden has not taken any action based on the observation.</p> <p>United Kingdom: <i>Action taken:</i> NO; <i>Action completed:</i> ; <i>Completion date:</i></p> <p>No action necessary. ESIF Funds <1% of general spending so potential problem identified by ECA does not apply.</p>
Box 2.7	EU funds as a proportion of MS' Gross Fixed Capital Formation	<p>Bulgaria: <i>Action taken:</i> ; <i>Action completed:</i> ; <i>Completion date:</i></p> <p>Croatia: <i>Action taken:</i> ; <i>Action completed:</i> ; <i>Completion date:</i></p>

		<p>Cyprus: <i>Action taken: ; Action completed: ; Completion date:</i></p> <p>Czech Republic: <i>Action taken: ; Action completed: ; Completion date:</i></p> <p>Not applicable; there are no specific findings.</p> <p>Estonia: <i>Action taken: ; Action completed: ; Completion date:</i></p> <p>Greece: <i>Action taken: ; Action completed: ; Completion date:</i></p> <p>Hungary: <i>Action taken: NO; Action completed: ; Completion date:</i></p> <p>Factual finding, no action required.</p> <p>Latvia: <i>Action taken: YES; Action completed: NO; Completion date:</i></p> <p>A large part of investments in Latvia comes from EU funds, however, from a dynamic perspective, the proportion of funding is not increasing – it is in fact decreasing, and this was most markedly the case in 2016. The proportion of national investments is on the increase in the medium term, thereby gradually reducing the significance of EU funding in gross fixed capital formation. It is estimated that over the period 2017–2020, gross fixed capital formation expenditure in Latvia will grow by an average of between 12 and 13 % annually, while EU fund expenditure is expected to increase more rapidly only in 2017–2018. From 2019 EU fund expenditure will increase at a lower rate than total gross fixed capital formation expenditure, and as a result the proportion of EU funds will move more into line with the average EU level.</p> <p>Lithuania: <i>Action taken: NO; Action completed: ; Completion date:</i></p> <p>The information provided is descriptive in nature and does not require any action to be taken.</p> <p>Malta: <i>Action taken: ; Action completed: ; Completion date:</i></p> <p>N/A</p> <p>Poland: <i>Action taken: ; Action completed: ; Completion date:</i></p> <p>The observation includes no specific criticisms of Poland.</p> <p>Portugal: <i>Action taken: ; Action completed: ; Completion date:</i></p> <p>Romania: <i>Action taken: ; Action completed: ; Completion date:</i></p> <p>No reply needed. We have taken note.</p> <p>Slovakia: <i>Action taken: ; Action completed: ; Completion date:</i></p> <p>In our opinion, the text/graph conveys the state of play.</p>
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Box 2.8	Entities and instruments involved in financing and implementation of EU policies	<p>Greece: <i>Action taken: ; Action completed: ; Completion date:</i></p>

CHAPTER 3 – Getting results from the EU budget

<u>Paragraphs</u>	<u>Observations in the ECA's 2016 Annual Report</u>	<u>Member States' replies</u>
<p>Paragraph 3.13.(iii) - footnote 15</p>	<p>(15) Governments: Australia, Canada, France, the Netherlands, the UK and the USA.</p>	<p>France: <i>Action taken: YES; Action completed: YES; Completion date: /</i> N/A Netherlands: <i>Action taken: ; Action completed: ; Completion date:</i> Not applicable. United Kingdom: <i>Action taken: NO; Action completed: ; Completion date:</i> ECA has reviewed UK performance information. No further action necessary.</p>
<p>Paragraph 3.16</p>	<p>In France, the state budget is subdivided into 'missions'. Each of the 31 missions in the budget comprises several programmes (118 in 2017). Each programme has a strategy, objectives and quantified performance indicators, and the most important indicators are also identified as mission indicators. The use of identical indicators ensures coherence between missions and programmes. The indicators cover both programme performance and the performance of government departments.</p>	<p>France: <i>Action taken: YES; Action completed: YES; Completion date: //</i> The 'mission indicators' are the most representative indicators, more so than the 'most important' indicators.</p>
<p>Box 3.4</p>	<p>2016 OECD Performance budgeting survey results</p>	<p>Austria: <i>Action taken: NO; Action completed: ; Completion date:</i> OECD data are noted.</p>

		<p>Belgium: <i>Action taken:</i> ; <i>Action completed:</i> ; <i>Completion date:</i></p> <p>Czech Republic: <i>Action taken:</i> ; <i>Action completed:</i> ; <i>Completion date:</i></p> <p>Not applicable; there are no specific findings.</p> <p>Denmark: <i>Action taken:</i> ; <i>Action completed:</i> ; <i>Completion date:</i></p> <p>In our view, the figure depicts a factual situation, and any comments on whether action has been taken are therefore considered to be irrelevant.</p> <p>Estonia: <i>Action taken:</i> ; <i>Action completed:</i> ; <i>Completion date:</i></p> <p>Finland: <i>Action taken:</i> ; <i>Action completed:</i> ; <i>Completion date:</i></p> <p>No comments.</p> <p>France: <i>Action taken:</i> YES; <i>Action completed:</i> YES; <i>Completion date:</i> /</p> <p>N/A</p> <p>Germany: <i>Action taken:</i> ; <i>Action completed:</i> ; <i>Completion date:</i></p> <p>For information purposes only; no answer required.</p> <p>Greece: <i>Action taken:</i> NO; <i>Action completed:</i> YES; <i>Completion date:</i></p> <p>National Coordination Authority</p> <p>Under the European Structural and Investment Funds, the performance of the Programmes of the 2014-2020 NSRF are monitored and assessed using common indicators of the individual Fund-specific Regulations and other special indicators that are created where necessary (e.g. where there is no suitable common indicator). Of particular importance for the assessment of the performance of the Programmes are the indicators that have been incorporated in the Programmes' Performance Framework, which is linked to the allocation of the performance reserve. These indicators constitute a subset of the indicators of each Programme. During the preparation and formulation of the Programmes, the National Coordination Authority, which is responsible for coordinating the preparation of the Programmes and submitting them to the European Commission, instructed that use should be made primarily of the common indicators of the Regulations for both the monitoring and the evaluation of the performance of the Programmes and for the formulation of the Performance Framework of each Programme. In this way, a limited amount of comparable data is used by those responsible for taking decisions with regard to the performance and effectiveness of the use of the available resources, in particular in relation to the achievement of the goals of the Performance Framework and the allocation of the performance reserve. It should be noted, however, that sound financial management imposes the use of other means/tools for taking financial decisions when implementing the Programmes of the 2014-2020 NSRF.</p>
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Hungary: *Action taken: NO; Action completed: ; Completion date:*

Factual finding, no action required.

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

No action required.

Italy: *Action taken: YES; Action completed: YES; Completion date:*

The MA has a monitoring system to track the progress of the OP, covering the physical, financial and procedural progress of operations carried out by either the MA or the intermediate bodies. This allows the financial and physical indicators to be measured and their values to be compared with the OP's objective targets. It is therefore possible to measure performance and provide an indication of the success of the operations and to identify points that need improvement. The MA also has a forecasting model (retroplanning) which is useful for estimating, for the MA and for each intermediate body, the spending capacity for individual priorities needed to obtain the performance reserve on 31 December 2018.

Latvia: *Action taken: YES; Action completed: NO; Completion date:*

Latvia uses a system of performance indicators in the fields of both political (strategic institutional) planning and national budgetary management. Substantial changes have been made since 2016, integrating performance management and sectoral objectives into budgetary planning and implementation. The main systemic changes aimed at achieving results-based budgetary formation are the following:

- 1) The legal and practical introduction of annual expenditure reviews from 2016; The basic objective of the expenditure review system is to enhance the accountability of sectoral ministries in achieving political and operational results that correspond to their expenditure, and to endeavour to achieve the best results possible with the lowest possible level of investment (public expenditure). One of the tasks of the Finance Ministry is to draw up proposals regarding decisions to be adopted by the Government to deal with discrepancies in results achieved or where the achievement of results (objectives) is no longer relevant, in order to eliminate Latvia's shortcomings relating to the absence of consequences, as shown in box 3.4.
- 2) The performance and budget interconnection platform is based on the transfer of a large number of budgetary programmes (used in Latvia mainly as financial management tools) to political fields (sectors/ lines of action), drawing on the a 2015 transnational analytical assessment of public sector achievements in 36 countries carried out by the Netherlands. The platform has been named 'Political and resource management maps'. It enables the meaningful and substantive matching of political objectives, political indicators, operational indicators and quality indicators with budgetary expenditure and other investment indicators. At the same time, by using this format sectoral ministries have significantly improved the quality of their result indicators, there are practically no formal indicators and all information stems from political or institutional strategic planning documents.

		<p>3) Completely new interactive public information tools have been introduced: an interactive budget (inspired by the interactive budgets used in the USA and Ireland) (http://www.fm.gov.lv/valstsbudzets/) and an interactive tool for reading explanations of sectoral budgets (http://www.fm.gov.lv/lv/sadalas/valsts_budzets/interaktivais_budzets/valsts_budzeta_vizuualizacija/). The objective of the interactive budget is to demonstrate to any interested party the main areas of expenditure and the corresponding political results that will be achieved. The objective of the tool for reading budget explanations is to enhance public access to a broad range of analytical information to accompany the Law on the budget and to explain its contents. The newly designed Political and resource management maps form the structural basis for both of these interactive tools. Using eye-catching but simple infographics, including through social media and outdoor advertising (see these visual examples: http://www.fm.gov.lv/aktualitates/infografikas/).</p> <p>4) From 2017 the procedure for assessing and approving priority budgetary measures has been renewed, with much greater emphasis being placed on linking planned new expenditure measures with political results, specific achievable goals and tasks defined in Government declarations, and also assessing the impact of new measures on the economy and the significance of structural reforms.</p> <p>Luxembourg: <i>Action taken: ; Action completed: ; Completion date:</i></p> <p>Netherlands: <i>Action taken: ; Action completed: ; Completion date:</i></p> <p>Not applicable.</p> <p>Poland: <i>Action taken: ; Action completed: ; Completion date:</i></p> <p>The observation includes no specific criticisms of Poland.</p> <p>Portugal: <i>Action taken: ; Action completed: ; Completion date:</i></p> <p>Slovakia: <i>Action taken: ; Action completed: ; Completion date:</i></p> <p>In our opinion, the text/graph conveys the state of play.</p> <p>Slovenia: <i>Action taken: YES; Action completed: NO; Completion date:</i></p> <p>MZI Reply: Slovenia seeks primarily to enhance rational budget use by using tools such as programme budgeting and statements of expenditure, which has led to some progress, though not all objectives have yet been achieved (such as content development or use in decision-making).</p> <p>Spain: <i>Action taken: YES; Action completed: ; Completion date:</i></p> <p>As regards the assessment of project performance, the Court notes in its report that it found projects without result indicators in 11 of the 14 Member States from which it sampled transactions; this occurred very frequently in Bulgaria, Spain and Italy for ERDF and Cohesion Fund projects, and in Ireland and Spain for ESF projects. According to the</p>
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		<p>Court, in those countries, more than half of the completed projects examined had no result indicators or the indicators were not consistent with the Operational Programme.</p> <p>Spain considers that, by their very nature, result indicators cannot be linked to a project. However, they can be used to give a more general indication, for example by measuring the impact of a given policy or government initiative, beyond the scope of the project itself. For 2014-2020, targets have been set at Specific Objective level for the result indicators, and a number of projects and initiatives are assessed in this way. If the outcome of a given project is to be assessed, productivity indicators should be used. It is this difference in criterion that caused the Court to find errors in 11 of the 14 countries sampled.</p> <p>Sweden: <i>Action taken: NO; Action completed: ; Completion date:</i></p> <p>Sweden has not taken any action based on the observation.</p> <p>United Kingdom: <i>Action taken: NO; Action completed: ; Completion date:</i></p> <p>No action necessary.</p>
<p>Paragraph 3.22.(i)</p>	<p>In August 2001 the French Parliament passed legislation (21) establishing new rules for preparing and implementing the state budget. Between 2014 and 2017, this involved the Ministry of Economy and Finance reducing the number of objectives and indicators by 20 % and 24 % respectively.</p>	<p>France: <i>Action taken: YES; Action completed: YES; Completion date: //</i></p> <p>The Ministry of Economy and Finance has indeed undertaken a reduction in the number of objectives.</p>
<p>Paragraph 3.22.(ii)</p>	<p>In 2012 and 2013, the Netherlands introduced an 'accountable budgeting' reform which set stricter conditions for the government's use of policy information (performance indicators and texts explaining policy objectives). The number of performance indicators in budget documents was halved.</p>	<p>Netherlands: <i>Action taken: ; Action completed: ; Completion date:</i></p> <p>Not applicable.</p>

<p>Box 3.5</p>	<p>The EU has more objectives and indicators (per billion euro) than France or the Netherlands</p>	<p>France: <i>Action taken: YES; Action completed: YES; Completion date: // S.O.</i></p> <p>Netherlands: <i>Action taken: ; Action completed: ; Completion date: Not applicable.</i></p>
<p>Paragraph 3.28</p>	<p>In the Netherlands, the measurement and reporting of indicators is subject to audit. Annual ministerial reports contain a mandatory feedback section on the reliability of performance information.</p>	<p>Netherlands: <i>Action taken: ; Action completed: ; Completion date: Not applicable.</i></p>
<p>Paragraph 3.33</p>	<p>Good practices in Australia, in France and at the World Bank are illustrated below.</p>	<p>France: <i>Action taken: YES; Action completed: YES; Completion date: The visual aids show the action taken in a more accessible way.</i></p>
<p>Box 3.8</p>	<p>France: State General Budget results report uses pictures rather than text</p>	<p>France: <i>Action taken: YES; Action completed: YES; Completion date: The visual aids show the action taken in a more accessible way.</i></p>
<p>Paragraph 3.43.(iii)</p>	<p>In the UK, the Accountability report which is part of the Annual Report and Accounts presented by departments includes a statement of the accounting officer's responsibilities. The relevant paragraph of this statement reads as follows: 'I also confirm that this annual report as a whole is fair, balanced and understandable, and I take personal responsibility for the</p>	<p>United Kingdom: <i>Action taken: NO; Action completed: ; Completion date: No action necessary. UK quoted as good practice in accountability statements.</i></p>

	<p>annual report and accounts and the judgments required for determining that it is fair, balanced and understandable’.</p>	
<p>Paragraph 3.46</p>	<p>In the Netherlands, the Ministry of Finance has a single website that carries all official Dutch budget documents with information on the planning and achievement of results, lessons from evaluations and major policy changes. Documents are sorted by type and year (and other relevant sub-categories) to help navigation. Brief descriptions give an overview of the purpose and content of the various document types.</p>	<p>Netherlands: <i>Action taken:</i> ; <i>Action completed:</i> ; <i>Completion date:</i> Not applicable.</p>
<p>Paragraph 3.48</p>	<p>The UK Government tracks the performance of government services through a ‘performance platform’ (https://www.gov.uk/performance). The platform is part of the central government website, which also includes a database of government publications. The database has a user-friendly search interface and several useful filters (publication type, policy area, department, official document status, world location, and publication date).</p>	<p>United Kingdom: <i>Action taken:</i> NO; <i>Action completed:</i> ; <i>Completion date:</i> UK quoted for good practice in tracking government services performance.</p>

<p>Box 3.16</p>	<p>Common problems identified in reports on the environment, energy and climate change</p>	<p>Bulgaria: <i>Action taken:</i> ; <i>Action completed:</i> ; <i>Completion date:</i> Lithuania: <i>Action taken:</i> NO; <i>Action completed:</i> ; <i>Completion date:</i> The information provided is descriptive in nature and does not require any action to be taken. Slovakia: <i>Action taken:</i> NO; <i>Action completed:</i> NO; <i>Completion date:</i> Ministry of the Economy: The Ministry of the Economy is the central state authority for the energy sector, including nuclear fuel management and the storage of radioactive waste and energy efficiency. As coordinator (at Member State level) for the Bohunice programme, the Ministry's remit extends to aid for decommissioning the V1 NPP under Council Regulation (Euratom) No 1368/2013. Under the Bohunice programme, about EUR 30 million in aid has been earmarked for decommissioning NPP V1 in the 2014-2020 programming period. The rules governing aid are laid down in Commission Implementing Decision C(2014) 5449 final of 7 August 2014. In follow-up to the ECA's recommendations (report 22/2016), talks have begun on updating all programmes' (SK, LT and BG) rules on managing and monitoring the progress of decommissioning. If necessary, measures will be incorporated in the internal rules for the Bohunice programme. Preparations are under way for updating the timetable for decommissioning the V1 NPP.</p>
<p>Paragraph 3.57.(ii)</p>	<p>Timeliness (SR 22/2016): nearly all key infrastructure projects in the three audited Member States had experienced delays. The longest delays were in Lithuania, where the decommissioning end-date had been postponed by nine years to 2038; (SR 31/2016): we found that ambitious work was underway to reach the target to spend at least 20 % of the EU budget for 2014-2020 on climate-related action, but there is a serious risk that this target will not be met. Overall, the Commission estimates that 18,9 % would be spent on climate action, thereby falling short of</p>	<p>Lithuania: <i>Action taken:</i> YES; <i>Action completed:</i> NO; <i>Completion date:</i> Ignalina Nuclear Power Plant is being decommissioned in accordance with the final decommissioning plan for Ignalina Nuclear Power Plant approved by decision of the Minister for Energy ('the Plan'). The Plan must be reviewed every five years. Currently in force is the Plan updated by Order No 1-230 of the Minister for Energy of 25 August 2014. Among other things, the date for completing the decommissioning of Ignalina Nuclear Power Plant has been revised from 2029 to 2038. The following factors exerted the greatest influence on the decision to change the date:</p> <ol style="list-style-type: none"> 1. Delay (of 31 months) in the construction of an interim spent fuel storage facility ('project B1'), caused by a dispute (partly relating to the nuclear safety of the project) which arose between VĮ Ignalinos atominės elektrinės (the sponsor) and the consortium between NUKEM Technologies GmbH and GNS (the contractor) with regard to the contract for the implementation of project B1 signed on 13 January 2005. <p>In 2013, VĮ Ignalinos atominės elektrinė and the contractor resolved the substantive technical issues and agreed on an approach for the further implementation of project B1. Construction under project B1 was completed in 2015, and in 2017 VĮ Ignalinos atominė elektrinė obtained a licence to operate the interim spent fuel storage facility.</p> <ol style="list-style-type: none"> 2. Delay in dismantling the reactor installations of the first and second generating units (63 months). This delay was influenced by the delay in construction of the interim spent nuclear fuel storage facility and a worldwide lack of experience in dismantling reactor installations. For these reasons, the sequencing of the tasks to be performed to dismantle the reactor installations and the time needed to plan and carry out the dismantling work were assessed

	<p>the 20 % objective.</p>	<p>incorrectly.</p> <p>3. Demolition and site remediation works on the second generating unit (14 months) which were not previously included in the Plan. It should be noted that more than 12 projects of various sizes were not included in the calculations for the previous version of the Plan.</p> <p>The management bodies of VI Ignalinos atominės elektrinė, which is responsible for decommissioning Ignalina Nuclear Power Plant, have taken the following measures to improve (streamline) the management of the company and the planning and monitoring of the projects it carries out:</p> <ol style="list-style-type: none"> 1) On 1 March 2013, changes to the undertaking's upper management took effect (a new Director-General, Head of the Decommissioning Department, Head of the Finance Department and Head of the Prevention Division were appointed). 2) In 2015 the earned value management method for checking project implementation began to be applied. 3) In 2015 a project management office was established and further developed within the company. Units of the company involved in performing planning and control functions were structurally separated from implementation units. 4) On 1 March 2015 a new performance-based salary system began operating. The new salary system enables an employee's basic salary to be linked to the employee's skills and the performance of his or her tasks; gives the administration of the company the possibility of promoting highly performing employees; enables the undertaking to manage its payroll more effectively and control future cost increases, i.e. ensure stability of the salary fund and the fairness and openness of the internal remuneration system; enables the undertaking to attract the most suitable specialists, be competitive on the labour market, and manage the company's human resources more effectively. 5) A procedure for assessing employee performance in the company was approved, with the aim of assessing work performed by the company's employees against assessment criteria, providing employees with feedback on the work they do, identifying employees' training and professional development needs, and discussing the atmosphere, administrative processes and working conditions in the structural unit and other issues associated with the duties of the employee or the organisation of work within the team. In 2016 the criteria and indicators for assessing employee performance were reviewed and the performance assessment procedure was improved by linking employees' individual indicators for assessing the achievement of tasks/objectives with the objectives and targets of the company/structural unit and with a functional competences model. 6) In 2016 two independent members were appointed to the company's management and a permanent Audit and Risk Committee was established, subordinate to the management and accountable to it. The main functions of this Committee are to make the management of the company more effective by drawing up and submitting independent recommendations to company management in the areas of risk management, control and external and internal audit. 7) In 2017 a balanced system of indicators has been devised and is being introduced in the undertaking.
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<p>COM reply to paragraph 3.57.(ii)</p>		<p>8) By the end of 2017, the undertaking will have had to introduce a risk management system.</p> <p>9) Other measures are being taken as well.</p>
<p>Timeliness (SR 22/2016): The Commission noted that the decommissioning programmes are at different level of advancement and maturity in the three Member States. The Bohunice (SK) and Kozloduy (BG) programmes are the most advanced and scheduled for completion in 2025 and 2030 respectively. The latter programme was shortened by 5 years when it was revised in 2011. In Ignalina (LT), the decommissioning of the Chernobyl-type reactors is a first-of-a-kind process which actually entails the greatest challenges. Delays were incurred in the past multi-annual financial framework. Controls and management structures have subsequently been reinforced to mitigate the issues encountered. Notwithstanding the progress already achieved, the Commission recognised the need for continuous improvement in the decommissioning programmes.</p>	<p>Bulgaria: <i>Action taken: YES; Action completed: NO; Completion date: 31.12.2030</i></p> <p>Ministry of Energy Steps have been taken both at institutional level and with the contractors on the ground to implement the scheduled projects and actions.</p> <p>Significant progress has been made on key projects linked to the decommissioning and the management of radioactive waste (RAW), as well as dismantling operations in the turbine hall.</p> <p>We would specifically highlight the progress made on three major projects: plasma melting facility for treating solid RAW with a high-volume reduction factor, construction of a compaction and decontamination shop and construction of a national radioactive waste repository. The first two projects will be completed and commissioned in the first half of 2018. Construction on the national radioactive waste repository started in August 2017 and is scheduled for completion in 2021. The decommissioning plan has been revised.</p> <p>Lithuania: <i>Action taken: YES; Action completed: NO; Completion date:</i></p> <p>Slovakia: <i>Action taken: NO; Action completed: NO; Completion date:</i></p> <p>Ministry of the Economy:</p> <p>The Ministry of the Economy is the central state authority for the energy sector, including nuclear fuel management and the storage of radioactive waste and energy efficiency. As programme coordinator (at Member State level), its remit extends to aid for decommissioning the Bohunice V1 NPP under Council Regulation (Euramis) No 1368/2013. Under the Bohunice programme, about EUR 30 million in aid has been earmarked for decommissioning NPP V1 in the 2014-2020 programming period. The rules governing aid are laid down in Commission Implementing Decision C(2014) 5449 final of 7 August 2014. In follow-up to the ECA's recommendations (report 22/2016), talks have begun on updating all programmes' (SK, LT and BG) rules on managing and monitoring the progress of decommissioning. If necessary, measures will be incorporated in the internal rules for the Bohunice programme. Preparations are under way for updating the timetable for decommissioning the V1 NPP.</p>	<p>Bulgaria: <i>Action taken: YES; Action completed: NO; Completion date: 31.12.2030</i></p> <p>Ministry of Energy Steps have been taken both at institutional level and with the contractors on the ground to implement the scheduled projects and actions.</p> <p>Significant progress has been made on key projects linked to the decommissioning and the management of radioactive waste (RAW), as well as dismantling operations in the turbine hall.</p> <p>We would specifically highlight the progress made on three major projects: plasma melting facility for treating solid RAW with a high-volume reduction factor, construction of a compaction and decontamination shop and construction of a national radioactive waste repository. The first two projects will be completed and commissioned in the first half of 2018. Construction on the national radioactive waste repository started in August 2017 and is scheduled for completion in 2021. The decommissioning plan has been revised.</p> <p>Lithuania: <i>Action taken: YES; Action completed: NO; Completion date:</i></p> <p>Slovakia: <i>Action taken: NO; Action completed: NO; Completion date:</i></p> <p>Ministry of the Economy:</p> <p>The Ministry of the Economy is the central state authority for the energy sector, including nuclear fuel management and the storage of radioactive waste and energy efficiency. As programme coordinator (at Member State level), its remit extends to aid for decommissioning the Bohunice V1 NPP under Council Regulation (Euramis) No 1368/2013. Under the Bohunice programme, about EUR 30 million in aid has been earmarked for decommissioning NPP V1 in the 2014-2020 programming period. The rules governing aid are laid down in Commission Implementing Decision C(2014) 5449 final of 7 August 2014. In follow-up to the ECA's recommendations (report 22/2016), talks have begun on updating all programmes' (SK, LT and BG) rules on managing and monitoring the progress of decommissioning. If necessary, measures will be incorporated in the internal rules for the Bohunice programme. Preparations are under way for updating the timetable for decommissioning the V1 NPP.</p>

<u>Paragraphs</u>	<u>Observations in the ECA's 2016 Annual Report</u>	<u>Member States' replies</u>
<p>Paragraph 4.4 – footnote 3</p>	<p>The Member States' contributions were recalculated taking into account the following: — A reduced VAT call rate of 0,15 % applies to Germany, the Netherlands, and Sweden, while the call rate for the other Member States remains 0,3 %.</p>	<p>Germany: <i>Action taken: ; Action completed: ; Completion date:</i> For information purposes only; no answer required.</p> <p>Netherlands: <i>Action taken: ; Action completed: ; Completion date:</i></p> <p>Sweden: <i>Action taken: NO; Action completed: ; Completion date:</i> Sweden has not taken any action based on the observation.</p>
<p>Paragraph 4.4 – footnote 3</p>	<p>The Member States' contributions were recalculated taking into account the following: — Lump-sum reductions in GNI-based payments were given to Austria, Denmark, the Netherlands and Sweden.</p>	<p>Austria: <i>Action taken: NO; Action completed: ; Completion date:</i> Reduction of the GNI contribution is confirmed.</p> <p>Denmark: <i>Action taken: YES; Action completed: YES; Completion date: 31/12/2016</i> The amendments entailed by the entry into force of the new system of EU own resources were incorporated into the budgeting for Denmark's contribution to the EU in 2016.</p> <p>Netherlands: <i>Action taken: ; Action completed: ; Completion date:</i> Not applicable.</p> <p>Sweden: <i>Action taken: NO; Action completed: ; Completion date:</i> Sweden has not taken any action based on the observation.</p>
<p>Box 4.3</p>	<p>Impact of the new own-resources decision on individual Member States' contributions in 2014 and 2015</p>	<p>Austria: <i>Action taken: NO; Action completed: ; Completion date:</i> Information from the EU's consolidated annual accounts. No remarks.</p> <p>Belgium: <i>Action taken: ; Action completed: ; Completion date:</i></p> <p>Bulgaria: <i>Action taken: ; Action completed: ; Completion date:</i></p>

<p>Croatia: <i>Action taken: YES; Action completed: YES; Completion date: 23.12.2016, 2.1.2017</i></p> <p>Further to the entry into force of Council Decision 2014/335/EU, Euratom on own resources, Croatia has fulfilled its obligations and made the payments to the EU budget on 23 December 2016 and 2 January 2017.</p> <p>Cyprus: <i>Action taken: ; Action completed: ; Completion date:</i></p> <p>Czech Republic: <i>Action taken: ; Action completed: ; Completion date:</i></p> <p>Not applicable; there are no specific findings.</p> <p>Denmark: <i>Action taken: YES; Action completed: YES; Completion date: 31/12/2016</i></p> <p>The amendments entailed by the entry into force of the new system of EU own resources were incorporated into the budgeting for Denmark's contribution to the EU in 2016.</p> <p>Estonia: <i>Action taken: ; Action completed: ; Completion date:</i></p> <p>Finland: <i>Action taken: ; Action completed: ; Completion date:</i></p> <p>No comments.</p> <p>France: <i>Action taken: YES; Action completed: YES; Completion date: //</i></p> <p>France had to pay an additional EUR 1.1 billion in 2016 under the new decision on the system of own resources on Member State contributions in 2014 and 2015.</p> <p>Germany: <i>Action taken: ; Action completed: ; Completion date:</i></p> <p>For information purposes only; no answer required.</p> <p>Greece: <i>Action taken: ; Action completed: ; Completion date:</i></p> <p>Hungary: <i>Action taken: YES; Action completed: YES; Completion date: Ongoing</i></p> <p>Hungary is paying its contribution to the EU budget in line with the new own resources decision.</p> <p>Ireland: <i>Action taken: YES; Action completed: YES; Completion date: 30/12/2016</i></p> <p>Ireland made the ORD associated payment (for 2014 and 2015) in December 2016.</p> <p>Italy: <i>Action taken: ; Action completed: ; Completion date:</i></p> <p>Latvia: <i>Action taken: YES; Action completed: YES; Completion date: 30.12.2016</i></p> <p>The new Council Decision of 26 May 2014 on the system of own resources of the European Union affected Latvia's payments in 2014 by EUR 2 420 460 and in 2015 by EUR 4 320 280 – a total of EUR 6 740 740. This retroactive figure,</p>	
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representing the difference between the amounts Latvia would have paid under the 2014 Decision and the amounts it actually paid on the basis of Council Decision of 7 June 2007 on the system of the European Communities' own resources, was transferred to the EU budget on 30 December 2016 as an advance payment.

Lithuania: *Action taken: YES; Action completed: YES; Completion date: 30/12/2016*

Contributions to the EU budget were paid on time.

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

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

N/A

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

Not applicable.

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

The observation includes no specific criticisms of Poland.

Portugal: *Action taken: ; Action completed: ; Completion date: 7.10.2015*

The new Own Resources Decision (Decision 2014/335/EU, Euratom) entered into force on 1 October 2016, with retroactive effect from 1 January 2014, once its ratification by the 28 Member States was complete. In Portugal Decision 2014/335/EU was approved by Resolution No 132/2015 of the Assembly of the Republic of 19 June 2015, ratified by Presidential Decree No 119/2015 of 7 October 2015. For Portugal the retroactive effect of the entry into force of the new Decision amounted to EUR 77 069 484 in the years 2014 and 2015.

Romania: *Action taken: YES; Action completed: YES; Completion date: 03/01/2017*

Following the entry into force of Decision 335/2014 on the system of own resources of the European Union, the general impact of the retroactive application for 2014 and 2015 was an increase in Romania's contribution to the EU budget. The amount relating to this increase was made available to the Commission on 3 January 2017.

Slovakia: *Action taken: ; Action completed: ; Completion date:*

In our opinion, the text/graph conveys the state of play.

Slovenia: *Action taken: YES; Action completed: YES; Completion date: 29 December 2016*

Reply of the Ministry of Finance (MF): On 29 December 2016, Slovenia made a one-off payment as a result of the retroactive effect of the entry into force of the new Decision on the system of own resources of the European Union.

		<p>Spain: <i>Action taken: YES; Action completed: YES; Completion date:</i> Reduction in the percentage of Traditional Own Resources (TOR) retained by the Member States to cover collection costs. This percentage now stands at 20 %.</p> <p>Sweden: <i>Action taken: NO; Action completed: ; Completion date:</i> Sweden has not taken any action based on the observation.</p> <p>United Kingdom: <i>Action taken: NO; Action completed: ; Completion date:</i> No action necessary. UK included in table of impact on MS contributions of 'own resources' decision.</p>
<p>Paragraph 4.6.(d)</p>	<p>Applying the audit approach and methods set out in Annex 1.1, in 2016 we examined the following for revenue: the systems for TOR accounting, including postclearance audits, in three selected Member States (Belgium, Bulgaria and Sweden).</p>	<p>Belgium: <i>Action taken: ; Action completed: ; Completion date:</i></p> <p>Bulgaria: <i>Action taken: YES; Action completed: NO; Completion date:</i> Customs Agency The Bulgarian customs authorities accept the ECA's preliminary findings from the audit in respect of the DAS 2016.</p> <p>Sweden: <i>Action taken: NO; Action completed: ; Completion date:</i> Sweden has not taken any action based on the observation.</p>
<p>Paragraph 4.11</p>	<p>We compared forecast with provisional GNI data for all Member States. The differences were not generally significant. However, Ireland's reported GNI increased very significantly in 2015. This was a result of multinational companies relocating R&D assets to the country (see Box 4.4).</p>	<p>Ireland: <i>Action taken: YES; Action completed: ; Completion date:</i> The national accounts results published on 14 July 2017 included preliminary estimates for key recommendations made by the Economic Statistics Review Group (ESRG), convened by the Central Statistics Office (CSO) last autumn and which reported in December 2016. These were an indicator of the overall size or level of the economy (modified Gross National Income or 'GNI*') and a modified total domestic demand indicator that focuses on activity within the Irish economy. Both are designed to exclude significant globalisation effects that disproportionately affect the Irish economic results.</p> <p>In the annual results, the transition from a GDP level of €275.6 billion in 2016 to a modified GNI (or GNI*) level of €189.2 billion is shown. The time series is available from 1995 onwards.</p> <p>GNI* is defined as GNI less the effects of the profits of re-domiciled companies and the depreciation of intellectual property products and aircraft leasing companies. It is designed as a supplementary indicator of the level of the Irish economy for use in ratio analysis as an alternative to GDP. For instance, in 2016, the government debt to GDP ratio stood at 73%, while the result for the equivalent debt to GNI* ratio was 106%.</p> <p>Quarterly national accounts (QNA) releases now also include a modified Total Domestic Demand indicator. This time</p>

		<p>series, available from 1997, helps to give users an insight into underlying domestic demand.</p> <p>Modified Total Domestic Demand is defined as Total Domestic Demand less the effects of the trade in aircraft by aircraft leasing companies and the imports of intellectual property.</p> <p>It is designed to be more closely related to employment growth as it focuses on the physical capital used to produce domestic output.</p> <p>The CSO plan to continue delivery of the remaining recommendations over the second half of 2017 and into 2018 and progress on this work will be reviewed by the group.</p>
<p>Box 4.4</p>	<p>Relocations of R&D assets: the impact on Ireland's national accounts</p>	<p>Ireland: <i>Action taken: YES; Action completed: ; Completion date:</i></p> <p>The national accounts results published on 14 July 2017 included preliminary estimates for key recommendations made by the Economic Statistics Review Group (ESRG), convened by the Central Statistics Office (CSO) last autumn and which reported in December 2016. These were an indicator of the overall size or level of the economy (modified Gross National Income or 'GNI*') and a modified total domestic demand indicator that focuses on activity within the Irish economy. Both are designed to exclude significant globalisation effects that disproportionately affect the Irish economic results.</p> <p>In the annual results, the transition from a GDP level of €275.6 billion in 2016 to a modified GNI (or GNI*) level of €189.2 billion is shown. The time series is available from 1995 onwards.</p> <p>GNI* is defined as GNI less the effects of the profits of re-domiciled companies and the depreciation of intellectual property products and aircraft leasing companies. It is designed as a supplementary indicator of the level of the Irish economy for use in ratio analysis as an alternative to GDP. For instance, in 2016, the government debt to GDP ratio stood at 73%, while the result for the equivalent debt to GNI* ratio was 106%.</p> <p>Quarterly national accounts (QNA) releases now also include a modified Total Domestic Demand indicator. This time series, available from 1997, helps to give users an insight into underlying domestic demand.</p> <p>Modified Total Domestic Demand is defined as Total Domestic Demand less the effects of the trade in aircraft by aircraft leasing companies and the imports of intellectual property.</p> <p>It is designed to be more closely related to employment growth as it focuses on the physical capital used to produce domestic output.</p> <p>The CSO plan to continue delivery of the remaining recommendations over the second half of 2017 and into 2018 and progress on this work will be reviewed by the group.</p>
<p>Paragraph</p>	<p>The Commission reacted promptly to the increase in GNI</p>	<p>Ireland: <i>Action taken: YES; Action completed: ; Completion date:</i></p>

<p>4.12</p>	<p>data submitted by Ireland, and verified the reasonableness of the methodology used for compiling Ireland's national accounts. The Commission also asked Member States to complete a questionnaire on R&D and other issues relating to multinational activities. The Member States' replies indicated that they had insufficient information in this regard. As a result, the Commission had only limited information about how these issues had been dealt with in the compilation of GNI.</p>	<p>The national accounts results published on 14 July 2017 included preliminary estimates for key recommendations made by the Economic Statistics Review Group (ESRG), convened by the Central Statistics Office (CSO) last autumn and which reported in December 2016. These were an indicator of the overall size or level of the economy (modified Gross National Income or 'GNI*') and a modified total domestic demand indicator that focuses on activity within the Irish economy. Both are designed to exclude significant globalisation effects that disproportionately affect the Irish economic results.</p> <p>In the annual results, the transition from a GDP level of €275.6 billion in 2016 to a modified GNI (or GNI*) level of €189.2 billion is shown. The time series is available from 1995 onwards.</p> <p>GNI* is defined as GNI less the effects of the profits of re-domiciled companies and the depreciation of intellectual property products and aircraft leasing companies. It is designed as a supplementary indicator of the level of the Irish economy for use in ratio analysis as an alternative to GDP. For instance, in 2016, the government debt to GDP ratio stood at 73%, while the result for the equivalent debt to GNI* ratio was 106%.</p> <p>Quarterly national accounts (QNA) releases now also include a modified Total Domestic Demand indicator. This time series, available from 1997, helps to give users an insight into underlying domestic demand.</p> <p>Modified Total Domestic Demand is defined as Total Domestic Demand less the effects of the trade in aircraft by aircraft leasing companies and the imports of intellectual property.</p> <p>It is designed to be more closely related to employment growth as it is focuses on the physical capital used to produce domestic output.</p> <p>The CSO plan to continue delivery of the remaining recommendations over the second half of 2017 and into 2018 and progress on this work will be reviewed by the group.</p>
<p>Paragraph 4.15</p>	<p>We examined the collection of TOR in Belgium, Bulgaria and Sweden. We focused our analysis on: the compilation of the A accounts; the procedures for collecting the amounts registered in the B accounts; and post-clearance audits (see paragraph 4.6). We did not identify any significant problems in the compilation of the A accounts, but we noted recurrent shortcomings in the</p>	<p>Belgium: <i>Action taken:</i> ; <i>Action completed:</i> ; <i>Completion date:</i> Reply from SPF Finances [the Federal Public Finance Service]: In 2014 Belgium introduced an automated system (debt database) for recording debts in the B account. This system provides for much more efficient monitoring of the debts registered. The system still needs to be complemented by an automated system for ongoing investigations in respect of traditional own resources. This is currently under development. The remarks on the B account concern mainly very old files. Furthermore, when assessing these files, the Commission adopts a stricter approach than the one taken at the moment of registration.</p> <p>Bulgaria: <i>Action taken:</i> YES; <i>Action completed:</i> NO; <i>Completion date:</i> Customs Agency The Bulgarian customs authorities accept the ECA's preliminary findings from the audit in respect of the DAS 2016, specifically as regards the risk of error inherent in the manual compilation of the data from the integrated customs information system (BIMIS) for the B accounts. As part of the project to re-configure the national system for</p>

	management of the B accounts.	<p>making declarations, one component of which is the module for managing customs debt and traditional own resources, consideration is being given to automating the process, in order to reduce manual operations and the risk of human error to a minimum.</p> <p>Sweden: <i>Action taken: YES; Action completed: YES; Completion date:</i></p> <p>The ECA's observations are correct, and the amounts have been made available to the Commission (reporting periods 201609 and 201701)</p>
<p>Paragraph 4.17</p>	<p>As in previous years, we found weaknesses in how Member States identify and select importers to undergo postclearance audits, and in how these audits are carried out. Sweden and Bulgaria had set out their framework of post-clearance controls in accordance with the Commission's customs audit guide. However, in Belgium post-clearance controls were selected based on the characteristics of individual transactions, not on the risk profiles of companies; and we observed that post-clearance audits were not generally carried out.</p>	<p>Belgium: <i>Action taken: ; Action completed: ; Completion date:</i></p> <p>Reply from SPF Finances [the Federal Public Finance Service]: In the 2017 NOP (as in the 2016 NDP) indicators are provided for carrying out ABC controls and follow-up audits, which are determined in accordance with the risk level of the operators concerned in the medium-sized operator category. (ABC and follow-up audits: indicators R.1.7.6.1, R.1.7.6.2, R.1.7.6.3 and R.1.7.6.4).</p> <p>ABC controls are also carried out on the basis of local risk analyses (indicators R.1.7.8.1 and R.1.7.8.2).</p> <p>Ex post checks are also carried out based on the risk level established for the consignment and the operator (CAP indicators: R.1.6.6.1, R.1.6.6.2, R.1.6.6.3 and R.1.6.6.4)</p> <p>Bulgaria: <i>Action taken: YES; Action completed: YES; Completion date:</i></p> <p>Customs Agency In preparing, carrying out and reporting on the checks that form part of post-clearance control, the Bulgarian customs authorities apply the Methodological guide for customs checks in the framework of post-clearance control approved by the Director of the Customs Agency, which is in line with the Commission's customs audit guide.</p> <p>Sweden: <i>Action taken: NO; Action completed: ; Completion date:</i></p> <p>Sweden has not taken any action based on the observation.</p>
<p>Paragraph 4.18 – footnote 17</p>	<p>In July 2016 the Commission noted that six Member States either did not carry out any post-clearance audits or did not provide any information about these audits. These Member States accounted for about 20 % of all customs duties collected in the EU. Belgium, Estonia, Italy.</p>	<p>Belgium: <i>Action taken: ; Action completed: ; Completion date:</i></p> <p>Reply from SPF Finances [the Federal Public Finance Service]: In the 2017 NOP (as in the 2016 NDP) indicators are provided for carrying out ABC controls and follow-up audits, which are determined in accordance with the risk level of the operators concerned in the medium-sized operator category. (ABC and follow-up audits: indicators R.1.7.6.1, R.1.7.6.2, R.1.7.6.3 and R.1.7.6.4).</p> <p>ABC controls are also carried out on the basis of local risk analyses (indicators R.1.7.8.1 and R.1.7.8.2).</p> <p>Ex post checks are also carried out based on the risk level established for the consignment and the operator (CAP</p>

Portugal, Romania and Slovenia.

indicators: R.1.6.6.1, R.1.6.6.2, R.1.6.6.3 and R.1.6.6.4)

Estonia: *Action taken:* ; *Action completed:* ; *Completion date:*

Italy: *Action taken:* YES; *Action completed:* YES; *Completion date:* 8/08/2017

On 27 April 2017 the Customs Agency provided all the customs offices with clarification on the scope of application and the methodologies for post-clearance audits (PCA). Operational instructions for PCA were added on 18 August 2017.

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

Details are given below of Portugal's control activities as contained in the annual report provided for in Article 17(5) of Regulation (EC, Euratom) No 1150/2000 of 22 May 2000 for 2015 and 2016, which include the customs import declarations subject to post-clearance checks (number of items):

2015 - CONTROL ACTIVITIES

Control activities	Number
Total customs import declarations accepted under the normal procedure (number of SAD accepted)	285 378
Total customs import declarations accepted under the normal procedure (number of items)	456 093
Total customs import declarations accepted under the simplified procedure (number of items)	741 471
Total customs import declarations subject to post-clearance checks (number of items)	28 228
Total number of staff in customs departments at national level	901.1
Total number of staff assigned to post-clearance checks at national level	136.41

2016 - CONTROL ACTIVITIES

Control activities	Number
Total customs import declarations accepted under the normal procedure (number of SAD accepted)	308 454
Total customs import declarations accepted under the normal procedure (number of items)	458 507
Total customs import declarations accepted under the simplified procedure (number of items)	12 859

		<table border="1"> <tr> <td data-bbox="137 450 209 1536">Number of customs import declarations subject to post-clearance checks (number of items)</td> <td data-bbox="209 450 260 1536">28 346</td> </tr> <tr> <td data-bbox="260 450 320 1536">Total number of staff in customs departments at national level</td> <td data-bbox="320 450 371 1536">860.1</td> </tr> <tr> <td data-bbox="371 450 422 1536">Total number of staff assigned to post-clearance checks at national level</td> <td data-bbox="422 450 474 1536">128.46</td> </tr> </table> <p>Romania: <i>Action taken: YES; Action completed: NO; Completion date: N/A</i></p> <p>In accordance with the definitions accepted at the European Commission, Romania carries out transaction-based ex-post checks in order to recover circumvented customs duties. The results of these checks are periodically reported to the Commission, as requested, as ‘other ex-post checks’.</p> <p>Concerning the amendment of the customs declarations on the basis of the audit of the system of the economic operator, this method of re-verifying customs declarations has never been applied in Romania, and at present the necessary legislation for implementing and carrying out these checks does not exist.</p> <p>However, in order to improve the quality and efficiency of the re-verifications of customs declarations submitted and accepted by the Romanian customs authorities, after monthly meetings to analyse the activities at national level, in the second half of 2016 training sessions were given in accordance with the schedules in the Annex. The training areas included the following: b. Development of ex-post check competences in accordance with the guide to customs audits drawn up by TAXUD in 2014 and the Commission’s Working Document of 4 July 2016.</p> <p>Moreover, after the publication in Brussels, on 11 March 2016, of the document TAXUD/B2/047/2011 – Rev.6, on GUIDANCE for the authorisation of AUTHORISED ECONOMIC OPERATORS (approved by CCC-GEN (subsection on AEO) on 11 March 2016), Order No 1486/2016 of 29 April 2016 was drawn up and implemented approving the Technical rules for granting authorised economic operator status. These rules regulate the pre-audit of applicants for AEO authorisations, which consists of verifying the system of the economic operators. If there are irregularities in the application of the customs legislation in the sample checked, the specific issues are verified in a subsequent transaction-based customs check.</p> <p>We would point out that the specific national customs legislation is currently being updated. Should it be deemed necessary, this aspect will be analysed with a view to taking the necessary measures to apply best practices at EU level in subsequent customs checks.</p> <p>Slovenia: <i>Action taken: YES; Action completed: NO; Completion date: /</i></p> <p>MF reply: Slovenia considers in this respect that it involves an error of European Commission, which submitted incorrect information to the EDF regarding post-clearance audits. Slovenia submitted the required reports to the Commission both as part of the 2015 Annual Report, which was submitted to the European Commission on 9 March 2016, as well as subsequently after a notice from the Commission at the meeting of the Advisory Committee on Own Resources (ACOR).</p>	Number of customs import declarations subject to post-clearance checks (number of items)	28 346	Total number of staff in customs departments at national level	860.1	Total number of staff assigned to post-clearance checks at national level	128.46
Number of customs import declarations subject to post-clearance checks (number of items)	28 346							
Total number of staff in customs departments at national level	860.1							
Total number of staff assigned to post-clearance checks at national level	128.46							

<p>Paragraph 4.20</p>	<p>The information provided in the 2016 annual activity reports published by DG Budget and Eurostat corroborates our observations and conclusions. We note that DG Budget had made a reservation on TOR not collected by the United Kingdom. This was the result of an OLAF investigation into the valuation of imports of textiles and footwear from China; OLAF issued its final report and recommendations in March 2017. The amount of TOR concerned by the reservation is yet to be confirmed using information to be supplied by the United Kingdom.</p>	<p>In its letter of 14 October 2016, Slovenia officially submitted the additional information regarding the number of staff in the customs authorities carrying out post-clearance audits. Slovenia also informed the Commission and the EDF of the error in the report at the Budget Committee meeting of 6 October 2017.</p>
<p>The information provided in the 2016 annual activity reports published by DG Budget and Eurostat corroborates our observations and conclusions. We note that DG Budget had made a reservation on TOR not collected by the United Kingdom. This was the result of an OLAF investigation into the valuation of imports of textiles and footwear from China; OLAF issued its final report and recommendations in March 2017. The amount of TOR concerned by the reservation is yet to be confirmed using information to be supplied by the United Kingdom.</p>	<p>United Kingdom: <i>Action taken: NO; Action completed: ; Completion date:</i></p> <p>The UK does not accept OLAF's estimate of the evaded duty and is engaging with the Commission and OLAF on this issue. The relevant UK authorities are taking all necessary steps to respond to the threat of fraud.</p>	
<p>Annex 4.2</p>	<p>Numbers of outstanding GNI reservations, VAT reservations and for TOR open points by MS at 31.12.2016</p>	<p>Austria: <i>Action taken: YES; Action completed: NO; Completion date:</i></p> <p>Regarding VAT reservations:</p> <p>As at 31.12.2016 there were 10 VAT reservations (8 issued by the Commission, 2 by AT).</p> <p>A brief overview of these 10 reservations is given below. Some of the reservations have been lifted in the interim (see column 'status as of October 2017'). As of 1 October 2017 there were only four reservations issued by the Commission left.</p>

Heading & Subject	Issued by	Period covered	Status as of October 2017	Description
R.1 Receipts (<i>SI2.34083 & SI2.34084</i>)	COM	for 2013 - 2014	Lifted	Revise the adjustment for unspecified tax payments and remove the adjustment for creditors
SE Small firms (<i>SI2.34085 & SI2.34086</i>)	COM	2014	Maintained	Field covered by next control visit
XB.9 Buildings (<i>SI2.34087 & SI2.34088</i>)	COM	for 2013 - 2014	Maintained	New method developed – field covered by next control visit
XB.10 Passenger transport (<i>SI2.34089 & SI2.34090</i>)	COM	2014	Lifted	Revision using latest available data
OC.1 Other compensation (<i>SI2.24058 & SI2.29497</i>)	COM	for 2004 - 2014	Lifted	Sport and cultural services (Infringement No 2007/2453)
	AT	for 2004 - 2014		
OC.2 Other compensation	AT	for 2006 - 2010	Lifted	Postal services (Infringement No 2010/2055)
	COM	for 2010 - 2014	Maintained	Travel agents (Infringement No 2012/2124)

		<p>SI2.32337)</p>					
		<p>Legal aspects (SI2.34001 & SI2.34002)</p>	<p>COM</p>	<p>for 2012 - 2014</p>	<p>Maintained</p>	<p>High-sea vessels (EU-pilot 2016/8323)</p>	
		<p>Legal aspects (SI2.34003 & SI2.34004)</p>	<p>COM</p>	<p>for 2012 - 2014</p>	<p>Lifted</p>	<p>Home-made distillates (EU-pilot 2016/8461)</p>	
<p>Re open TOR issues:</p> <p>The various measures taken are set out in the letters to the European Commission (Ref. BMF-010313/0149-IV/6/2017 and BMF-010313/0658-III/10/2017).</p> <p>Belgium: <i>Action taken: YES; Action completed: NO; Completion date:</i></p> <p>Reply from the Paying Agency for Wallonia: Four reservations remain; the reservation in respect of flat-rate farmers has been lifted.</p> <p>Reservation 1: Correction for flat-rate farmers</p> <p>This reservation was lifted by the inspection report of 6 February 2017.</p> <p>Reservation 2: Exemption of consumption on board means of transport</p> <p>The underlying legal problem dates back to 2009 and was discussed with the Member States several times in a wider context (e.g. at the Fiscalis Workshop in Ankara in 2015), although the Commission has never clearly set out and adopted its final position. The Belgian tax administration will therefore urge the European Commission to provide definitive legal clarification of its position so that the file, which has been subject to a reservation in respect of own resources for years now, can finally be closed.</p> <p>In the meantime, for the purpose of calculating any potential compensation, previous forward studies have shown that the problem is confined to just one firm which operates under various legal personalities (Belgian and others). The firm in question has been contacted to obtain the information required to calculate any compensation due. The information requested has not yet been provided.</p> <p>Reservation 3: Exemption of company administrator activities (Infringement No 2014/4123)</p> <p>The European Commission's criticisms initially concerned the arrangements applicable to both natural and legal persons. Meanwhile, the arrangements applicable to legal persons have been adapted to meet the Commission's requirements. For</p>							

		<p>natural persons, however, there was a difference of opinion between the Belgian government and the European Commission. Nevertheless, the two parties recently managed to reach a compromise, so that the infringement procedure is likely to be closed in the near future.</p> <p>Since there is no information in the VAT databases, a search will be carried out in the direct contributions data. It is unlikely that the information on company directors will be found in the actual tax returns, but it might well be available in the forms that have to be used to complete the tax returns. The question of how and to what extent this information is kept up to date in the Federal Ministry of Finance's databases remains uncertain.</p> <p>Reservation 4: VAT group (Cost-sharing associations) (EU-Pilot No 6781/14)</p> <p>We will look into the extent to which it is possible to identify these associations and their turnover. These associations have no longer been recorded as such in the Federal Ministry of Finance's databases since 2002. Following a legislative amendment, however, they will be required to register with the Tax Administration from 2016.</p> <p>Reply from SPF Finances [the Federal Public Finance Service]: As far as traditional own resources recorded in the B account are concerned, further to a new internal investigation, the objection to the payment of traditional own resources has been lifted and the financial liability accepted. A considerable number of these cases relate to files that are more than 10, and sometimes even more than 20, years old. This re assessment is based primarily on the information now available to the Commission on the collection of traditional own resources.</p> <p>Bulgaria: <i>Action taken: YES; Action completed: NO; Completion date:</i></p> <p>Customs Agency The table in Annex 4.2 shows four TOR open points as at 31.12.2016. The Bulgarian customs authorities would point out that there were only two open points as at 31.12.2016: points 3.1 and 3.3 (a) and (b) from Report No 14-26-1. The Bulgarian customs authorities submitted their comments on these points by letter to the Finance Ministry No 32-134410 dated 16 May 2016.</p> <p>The two closed points are points 3.1 and 3.2 from Report No 15-26-1, as per the Commission's letter BUDG/B/03/TE(2016) 4057984 dated 2 August 2016.</p> <p>National Revenue Agency The Bulgarian authorities — National Revenue Agency, NSI and Finance Ministry — continue to take action to reduce the number of VAT reservations. As a result, on each inspection visit the Bulgarian authorities, in cooperation with the Commission representatives, enrich the sources of data used and improve the methodology and its description in the national VAT-base report for the purposes of the EU's own resources.</p> <p>NSI Bulgaria submits to the Commission (Eurostat) on a regular basis (by 22 September each year), in the context of the national accounting procedures, figures for aggregate GNI and its components, and a report on the quality of the data in accordance with 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. Each year during the GNI Committee meeting in the autumn, Member States confirm the data submitted in September and the report on quality containing basic information on the data provided, any</p>
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changes in the sources and methods for compiling the data in the national accounts, and any changes in the data revision policy.

In January of this year a mission was carried out in respect of the Report submitted in 2016 on the sources and methods for compiling data for GDP and GNI and the accompanying tables. After this mission, questions were sent to Bulgaria, and this bilateral process is still ongoing. A second EC mission is scheduled for December.

At present Bulgaria has no reservations in respect of its GNI data.

Croatia: *Action taken: YES; Action completed: YES; Completion date: June 2016*

The Croatian Bureau of Statistics has performed additional calculations and corrected the calculations and procedures that were subject to reservations at the time of the control mission.

Two corrections have been necessary, since the data concerned two years (2013 and 2014) and since all the matters subject to reservation needed to be addressed.

The corrections comprised additional calculations, as requested, and correction of the weighted VAT rate.

The following was carried out:

- intermediate consumption of the missing industries in Sector 11;
- own-account investment in Sectors 11, 12, 13 and 15;
- investment in own housing construction in Sector 14;
- restriction of the right to deduct the cost of entertainment in all Sectors;
- restriction of the right to deduct the costs of cars, fuel and maintenance;
- correction of the calculation of deliveries and purchases of small entities, and the allocation of these values to the categories household consumption and VAT-exempt activities.

The final corrections for 2013 and 2014 were submitted in June 2016. The Commission stated that it had not been possible to verify the improvements and work done on the measures, so this would be done during the next VAT control visit.

Cyprus: *Action taken: YES; Action completed: YES; Completion date: 10/10/2016*

Up to 31 December 2015 there were no reservations pending concerning VAT own resources.

From 5 to 8 April 2016 a team of auditors from the European Commission's Budget DG carried out an inspection of the VAT own resources bases for the years 2013-2014. During the inspection various points put by the European Commission inspectors were presented and explained, and the points of the VAT own resources bases statements in need

of improvement and/or further explanation were discussed.

During the above visit, the European Commission (EC) issued one reservation, concerning vessels used for navigation on the high seas. The Commission launched a case against Cyprus under the EU-Pilot procedure on an exemption from VAT for vessels carrying fare-paying passengers or used for the purposes of commercial activity. The reservation was entered in the Audit Report for 2013-2014 dated 8 August 2016 (4205933). The Cypriot Authorities (Tax Department) gave their position on the matter in their Observations sent to the Commission on 10 October 2016.

Please note that in the Draft Summary Report for 2013-2014 dated 26 October 2017 the Commission stated that it intended to remove this reservation as Cyprus has now made the necessary changes to deal with the infringement. The conclusions of the Draft Summary Report, the observations by Cyprus and the Commission's Audit Report will be presented at the meeting of the Advisory Committee on Own Resources on 7 November 2017.

Czech Republic: *Action taken: YES; Action completed: NO; Completion date:*

As regards the findings of the 2016 report the Commission was satisfied with the measures and closed all three points of the report in September 2017.

With regard to the individual points raised:

Point 3.1: The modification of the system of customs declarations (specifically, the TARIC CZ calculation) will be launched no later than 31 December 2017.

Point 3.2, sub-point A: The Czech Republic will consider the Commission's recommendation only if warranted by specific circumstances when deploying the Surveillance 3 application under the UCC or the modernised (updated) national import system under the UCC. The Czech authorities accept sub-point B and the staff of the specialised department of the Customs Directorate-General have taken appropriate measures.

Point 3.3: The new version of the Surveillance2 web application deployed on 24 November 2016 will allow unblocked items from customs declarations to be sent. Only blocked items referred to customs offices for verification (correction) will not be sent to DG TAXUD. As regards sending incorrect items to SURV2 with the label 'R', meaning that they are under review, the Commission accepted the reason given by the customs authorities as to why the proposed measure cannot be implemented.

Open findings in the report for the year 2014, point 3.1: The customs authorities remain convinced that no error was made in implementing the DISCOUNT priority. They do agree, however, to the further action proposed by the Commission, namely to select 15 customs declarations hit by the risk profile with a view to establishing what control activities had been performed in respect of the customs value and what decisive reasons had led the customs authorities to terminate the verification and thus dispel the reasonable doubt.

Open findings in the report for the year 2015, point 3.1: The customs authorities do not accept the Commission's conclusions and they do not believe that they made any error in their decision-making. They also carried out the

requested national survey starting from 2012 and provided the Commission with all similar cases of debt cancellation including the required accounting information for the calculation of any default interest.

Denmark: *Action taken: YES; Action completed: NO; Completion date:*

VAT reservations:

One reservation was open concerning business purchases of passenger cars, and two reservations concerning different aspects of passenger transport, one of which was entered by Denmark. Denmark sent material to the Commission concerning all three reservations, and this was discussed with the Commission during the audit visit in spring 2017. The audit cycle has not yet been completed, and the three reservations are still being dealt with.

Audit report 11-1-1: 2 points

Point 1 Information in relation to the local clearance procedure	Answered on 4 May 2016
Point 2 Risk management strategy	Answered on 4 May 2016
These points were unresolved at the time of the 2016 management declaration – 27.10.2017.	

Audit report 12-1-1: 4 points

Point 1 Management of registration procedures	Answered on 23 May 2016
Point 2 RIF risk information	Answered on 23 May 2016
Point 3 Control standards.	Answered on 7 October 2014

		<p>Point 4 Legal interpretation as regards entry in the accounts</p> <p>Answered on 7 October 2014</p>
		<p>These points were unresolved at the time of the 2016 management declaration – 27.10.2017.</p> <p>The report was completed by the European Commission on 6 September 2017.</p>
		<p>Audit report 13-1-1: 5 points</p>
		<p>Point 1 Amounts written off</p> <p>Answered on 21 March 2016</p>
		<p>Point 2 B Accounts</p> <p>Answered on 21 March 2016</p>
		<p>Point 3 Late payment</p> <p>Answered on 21 March 2016</p>
		<p>Point 4 Administrative error</p> <p>Answered on 21 March 2016</p>
		<p>Point 5 Repayment</p> <p>Answered on 21 March 2016</p>
		<p>These points were unresolved at the time of the 2016 management declaration – 27.10.2017.</p>
		<p>Audit report 14-1-1: 5 points</p>
		<p>Point 1 End-use authorisation</p> <p>Answered on 30 May 2016</p>

		<p>Point 2 Audit</p> <p>Answered on 30 May 2016</p>
		<p>Point 3 IT systems.</p> <p>Answered on 30 May 2016</p>
		<p>Point 4 Financial responsibility</p> <p>Answered on 30 May 2016</p>
		<p>Point 5 Specific goods</p> <p>Answered on 30 May 2016</p>
		<p>These points were unresolved at the time of the 2016 management declaration – 27.10.2017.</p>
		<p>Audit report 15-1-1: 3 points</p>
		<p>Point 1 Risk profiles, etc.</p> <p>Answered on 28 November 2016</p>
		<p>Point 2 MA communications</p> <p>Answered on 28 November 2016</p>
		<p>Point 3 Sweeps</p> <p>Answered on 28 November 2016</p>
		<p>These points were unresolved at the time of the 2016 management declaration – 27.10.2017.</p>
		<p>Estonia: <i>Action taken</i>; ; <i>Action completed</i>; ; <i>Completion date</i>; Finland: <i>Action taken</i>; YES; <i>Action completed</i>; NO; <i>Completion date</i>; Outstanding reservations are currently being processed.</p>

France: *Action taken: YES; Action completed: YES; Completion date: Measures are completed as and when, on the basis of exchanges between the French authorities and the Commission (DG Budget). Certain points are already closed, while others still require follow-up by both the French authorities and the Commission (where TOW are concerned).*

The number of outstanding VAT reservations for France does not seem correct. After the Commission's inspection visit of December 2015, only three reservations on the VAT own resource statement remain: a 2012-2014 reservation on the 'XB.8 public water supply' compensation relating to improvement of the method concerned, a 2008-2014 reservation relating to the 2011-2015 infringement (transport of goods between mainland France and Corsica), and a 2011-2014 reservation relating to the 2015/4135 infringement (services provided to individuals by not-for-profit associations).

As regards the number of open points concerning TOR at 31 December 2016:

- On the basis of DG Budget's letters to the French authorities in 2016, at 31 December 2016 there were 27 open points concerning TOR (against 38 at 1 January 2016). This figure is the result of the balance of closed points (15 in 2016) and new points (4, in control report No 16-5-1).

- At time of writing, the figure was down to 21 because 7 points were closed in 2017 (this calculation does not take account of partial closures which are additional to the quota of closures and show the dynamic of the exchanges between the Commission and France and the efforts of the French authorities to respond satisfactorily to the Commission's recommendations and requests) while one new point appeared with report No 17-5-1.

Moreover, as noted in 2015 and 2016 in response to the ECA's comments in its annual reports on the implementation of the 2014 and 2015 budgets, many open points concern individual cases of amounts entered in or removed from the separate B account. They are closed as and when principle amounts due and any late-payment interest are made available, at the sole request of the Commission (DG Budget).

No fewer than 6 reports were closed during 2016.

The French authorities would emphasise that they monitor open points rigorously, in line with the deadlines set in the regulations, and that certain points remain open not because of any lack of diligence on their part but rather owing to the nature of the requests and recommendations made (requests for very broad national and multiannual studies; requests for the recasting of national rules in the light of a change in regulatory bases (expiry of the Community Customs Code — CCC — with the entry into force of the new Union Customs Code — UCC), etc.).

As regards what measures have been taken: in the light of the foregoing the French authorities consider that they take the necessary measures on an ongoing basis, via the continuous monitoring of the open points; the continued reduction in the number of open points bears out this view. As regards the state of completion of the measures taken: since the measures are ongoing, there is no completion date as such; they are considered completed as and when they are implemented.

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

NB: On 31.12.2016 there were 7 (not the 8 specified here) VAT reservations for Germany.

Greece: *Action taken: YES; Action completed: NO; Completion date:*

Hellenic Statistical Authority (ELSTAT)

In cooperation with Eurostat

Any other comment: In 2016 ELSTAT took specific action to lift the two reservations relating to GNI/GDP, namely reservation No 6 concerning the use of balance of payments data for ships and maritime transport, which needs to be re-examined and the findings reassessed, where necessary (applicable to years from 2002 to 2010), and the reservation relating to FISIM (Financial Intermediation Services Indirectly Measured).

1. To address reservation No 6, ELSTAT and the Bank of Greece are working together and each body drew up an action plan, based on which joint work will be carried out by the two bodies, as well as the exchange of know-how and information. The two action plans were sent to the European Commission (Eurostat) in September 2016 (30/09). Both action plans are aimed at establishing and maintaining a common statistical register of maritime companies and ships. The register will be updated regularly on the basis of harmonised procedures to be decided jointly by ELSTAT and the Bank of Greece at technical level with a view to meeting statistical needs as reflected in their annual work programme. An important element of the action plan of both bodies is the creation of a Joint Working Group bringing together ELSTAT and the Bank of Greece at senior level, the setting-up of which is compulsory under the agreement of 27 July 2016 between the President of ELSTAT and the Governor of the Bank of Greece and a letter from the President of ELSTAT to the Governor of the Bank of Greece, which led to the settling of individual aspects of this cooperation.

2. In response to the reservation concerning FISIM, ELSTAT worked in cooperation with Eurostat throughout 2016. ELSTAT submitted the data requested by Eurostat. Eurostat is currently examining the data and communication is ongoing.

MINISTRY OF FINANCE, Directorate for Indirect Taxation, Department A - VAT

: During the audit to be carried out in Greece by officials (auditors) of the European Commission in December 2018 concerning VAT, there is a possibility that the reservations may be reduced.

Hungary: *Action taken: YES; Action completed: ; Completion date: Ongoing*

The Hungarian authorities are cooperating with the relevant Commission departments in order to resolve the reservations.

Ireland: *Action taken: YES; Action completed: YES; Completion date: 31/08/2017*

See table below:

Description	Action Taken
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		<p>Recording of “Research and training services”, “Teagasc”, “Other goods” and “Other overhead costs”</p>	<p>This item is currently awaiting review/ acceptance Details were provided on the Recording of “Research and training services”, “Teagasc”, “Other goods” and “Other overhead costs with source data and breakdown of each expenditure item provided and included for the years 2010-2015. A narrative also included in Ireland VAT-OR statement for the years 2010-2015 to reflect this change.</p>
		<p>Calculation of input figures</p>	<p>This item is currently awaiting review/ acceptance The source data for expenditure items and details of the breakdown/splits provided. Petrol/Diesel ratio for fuel consumption updated. Agriculture expenditure for marked gas oil directly linked to consumption estimates. Other overhead cost broken down into each of the differed expenditure items.</p>
		<p>Calculation of the “on farm consumption”</p>	<p>This item is currently awaiting review/ acceptance Figures were corrected and the use of year N data used for each of the years concerned (2013-2015). Personal on farm consumption of turf was removed for each of the relevant years.</p>
		<p>Taxation of local authorities’ services; expenditure on travel agents and tour operators in PCE; travel agents’ margin and IC of travel agents as non-deductible VAT; incorrect links; IC of other exempt sectors and cars; taxable entertainment services</p>	<p>This item is currently awaiting review/ acceptance The outstanding points subsequent to the controlled inspection have been submitted for review.</p>
		<p>NPISHs, postal services, theatres,</p>	<p>This item is currently awaiting review/ acceptance with the exception of <u>NPISH</u> which is expected towards <u>the end of 2017.</u></p>

		<p>heritage facilities and open farms and correct the WAR calculations in relation to these issues (for years 2013-2015)</p>	<p>WAR corrected for postal services, theatres, heritage facilities and open farms submitted for review.</p>
		<p>Treatment of the transactions concerning the insemination services for animals and the presentational improvement concerning the expenditure on cars (for the year 2015)</p>	<p>This item is currently awaiting review/ acceptance The treatment of artificial insemination services has been included in the WAR. Improvement concerning the expenditure on cars (for the year 2015) have been provided and included with the updated statements.</p>
		<p>Provision of supporting document; evidence of competitive environment; update of WAR; removal of rounding and check RSI index used in 2012 statement</p>	<p>This item is currently awaiting review/ acceptance Evidence of the competitive environment for SME provided and the application of the German method is consider as validated. The removal of rounding performed and the RSI index used in 2012 checked.</p>
		<p>Link between supporting documents provided and calculations made</p>	<p>This item is currently awaiting review/ acceptance The Link between the supporting documents and the calculations were provided for review.</p>
		<p>Correction of errors in the calculation of the compensation; update</p>	<p>This item is currently awaiting review/ acceptance The Identified errors were corrected; the outdated ratio updated and the new ratio applied. Inclusion of government transport subsidise in the form of the Public</p>

		<p>service obligation payments were included for each of the years 2013-2015.</p>
		<p>of old ratios; and possible impact of subsidies to transportation operators</p>
		<p>Provision of supporting documents; removal of all rounding and inclusion of formulas; estimation of certain shares, their justification and possible update; and removal of deduction for taxis</p>
		<p>This item is currently awaiting review/ acceptance The provision of supporting documents was provided; rounding issued and inclusion of formula were addressed. An updated templated providing the derivation was produced and submitted for review.</p>
		<p>Exemption of consumption on board ships or aircraft</p>
		<p>This item is currently awaiting review/ acceptance A calculation providing an estimate for the total value of on-board consumption was submitted for each of the years 2007-2015 and is also included future statements from 2015.</p>
		<p>Exemption of fund management services</p>
		<p>This item is currently awaiting review/ acceptance A calculation for the positive compensation estimate for the years 2010 to 2012 relating to the treatment of funds managements has been submitted.</p>
<p>NPISHs, postal services, theatres, heritage facilities and open farms and correct the WAR calculations in relation to these 2013-2015)</p>		
<p>At the time of the controlled inspection it was not possible to address the issue of NPISH as this required information which was not available</p>		
<p>For the first time, in July 2017 (NIE 2016 publication) NPISH has been separately identified in the National Accounts.</p>		

		<p>With the inception of a new survey which is aimed at collecting beneficiary data in the state, it is hoped that Ireland will be in a position to estimate an expenditure breakdown for NPISH that is suitable for inclusion in the VAT-OR.</p> <p>Regarding the TOR open points, Revenue has noted the Court of Auditors' observations in relation to the Traditional Own Resources. The items shown in Annex 4.2 refer to 'open points', and are not reservations. They are points of inspection reports which were open as of 31.12.2016 and form part of regular ongoing follow-up procedure of such reports. A number of these 'open points' have been dealt with since that date.</p> <p>Open points in relation to the 2011 EU inspection were addressed in correspondence with the Commission (DB Budget) on 01 December 2015. In relation to the 2013 open points, these were addressed in correspondence with the Commission on 20 January 2015 (points 3.2, 3.3 and 3.4). Point 3.6 was addressed in further correspondence sent to the Commission on 30 March 2015. All issues raised in the 2016 EU inspection report have been addressed.</p> <p>Italy: <i>Action taken: YES; Action completed: YES; Completion date: 4/08/2017</i></p> <p>With regard to the special audit on VAT receipts carried out in September 2015, the Italian authorities have submitted to the European Commission the documentation required to enable the two long-standing reservations to be lifted. Confirmation of this result can be found in the European Commission's summary document of 1 June 2016 (Ref. Ares(2016)2534376).</p> <p>An inspection of the 2014-2015 VAT receipts was carried out in December 2016. There were four reservations before that visit, one of them on the Italian side. During the audit, three of these reservations (all relating to Compensation XA.3 'Existing buildings and building land') were lifted. The only remaining reservation, which was later extended to 2015, concerned the application of the VAT Directive, infringement case 2008/2010.</p> <p>Following this inspection, the Italian authorities received the intermediate report (Ref. Ares(2017)2424635 of 12 May 2017) in which five reservations were indicated, including four new ones: two relating to the new data set used for Compensations XB.4 and XB.10, which may be validated during the next inspection visit and correction of a calculation error; one relating to the calculation method for 2014-2015 VAT receipts and the final one on the weighted average rate.</p> <p>Within the four weeks following the inspection, the Italian authorities submitted the information required to lift the reservation on the weighted average rate. Furthermore, in their replies to Commission observations submitted in August 2017, the Italian authorities adjusted the calculation method for these receipts, as requested by the inspectors, and submitted the relevant adjusted calculations.</p> <p>It will only be possible to assess the outstanding 2017 reservations on receipt of the final inspection report due in November 2017.</p> <p>With regard to TOR open points, as the number of pending cases went from 12 in 2015 to 18 in 2016, the Customs authority sent a formal letter to the President of the Court of Auditors (letter ref.: 73420/ru of 28 June 2017), with a copy to DG BUDG, to express its disappointment in relation to some of the observations received at the end of the financial</p>
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audit carried out by the Court in December 2016.

Latvia: *Action taken: YES; Action completed: YES; Completion date: 09.12.2016(1st VAT reservation)/ 20.09.2017(2nd VAT reservation)/ 16.06.2017(1st TOR reservation)/ 22.05.2017(2nd TOR reservation)*

GNI reservations:

According to the Commission's letter ref. Ares(2016)7142012 of 22 December 2016, there are no longer any pending specific or transversal GNI reservations relating to Latvia.

1st VAT reservation

Within the framework of EU Pilot 6103/14/TAXU a question was raised regarding the compliance of the VAT exemption for management services for dwellings with Council Directive 2006/112/EC of 28 November 2006 on the common system of value added tax.

The European Commission's infringement proceedings No 2014/2233 were resolved through amendments to the Law on VAT of 30 November 2015, under which, as of 1 July 2016, the 21 % standard rate of value added tax is applicable to dwelling management services for residents.

On 9 December 2016 information was received confirming that infringement proceedings No 2014/2233 have been terminated.

2nd VAT reservation

As a result of the European Commission's request for information in EU Pilot 8518/16/TAXU relating to VAT exemption for cooperative societies, discrepancies were identified between Article 132(1)(f) or (l) of Council Directive 2006/112/EC of 28 November 2006 on the common system of value added tax and the provisions of Article 52(1)(8) of the Law on VAT.

The discrepancies were resolved through amendments to the Law on VAT of 20 April 2017, under which, as of 1 June 2017, Article 52(1)(8) was deleted from the Law on VAT.

On 20 September 2017 information was received confirming that EU Pilot EUP(2016)8518 has been closed

1st TOR reservation

With reference to paragraph 3.1 of report No 15-19-1 from the Commission, the Latvian authorities paid the requested interest of EUR 2 124.24 on 16 June 2017. Further to the European Commission's letter BUDG/B/03/TE(2017)3971723 of 9 August 2017 regarding follow-up measures relating to the Commission's report No 15-19-1, there are no more unresolved issues and any further measures relating to this report are terminated.

2nd TOR reservation

Paragraph 3.2.1.A of the inspection report states that, should the Latvian authorities be unable to demonstrate that the debt was established within a reasonable time (see ECJ ruling C-442/08 of 1 July 2010), they might be held financially liable for the loss of TOR if they fail to recover the customs debt and it has to be declared or deemed irrecoverable. In this regard, the European Commission's letter Ares(2017)2380958 was received on 10 May 2017. The letter informs the Latvian authorities of the Commission's view that the Latvian authorities had failed to provide evidence that they had conducted all necessary measures to ensure that the relevant amount is recovered and transferred to the Commission, and invites them to transfer the sum of EUR 681 567.50. This sum was transferred on 22 May 2017 along with the regular TOR payment.

Lithuania: *Action taken: NO; Action completed: ; Completion date:*

According to the information provided, as at 31 December 2016 Lithuania has no outstanding GNI reservations, VAT reservations or TOR open points.

Luxembourg: *Action taken: YES; Action completed: YES; Completion date: 24/03/2017 (TOR Reservations), not yet determined (VAT reservations)*

TOR reservations: Report 13-8-1 was definitively closed by the Commission on 24 March 2017.

VAT reservations: We have sent DG BUDG the corrections, files and additional information relating to two reservations which it entered following the VAT own resources inspection in 2013 and seven reservations which it entered following the inspection in 2016. The summary document to be drawn up by DG BUDG, which will determine whether these reservations are lifted or maintained, has not yet been finalised at the time of writing. The tenth reservation, concerning an infringement of Community VAT legislation (case No 2011/2030), will certainly be maintained. At present no information is available regarding the financial impact of this infringement on the VAT own resources.

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

Legal action taken and the procedures are still ongoing

Netherlands: *Action taken: YES; Action completed: NO; Completion date:*

The Commission knows which parts of DG Budget's inspection reports the 46 open points relate to. For each of the open points the Netherlands has taken the necessary measures and is still in correspondence with the Commission on these matters. For 19 of the open points the Netherlands is still waiting for the follow-up reply from the Commission. In the case of the other points the onus is on the Netherlands to reply or provide further follow-up.

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

VAT

Reservations may be made by Member States or the Commission in relation to the methodology or figures used in calculations of the VAT own resources base, and work on resolving the problems at issue in reservations and

		<p>subsequently having them lifted is an ongoing process based on close cooperation between the Member States' authorities and the Commission. Accordingly, we believe that Annex 4.2 should contain the following information for Poland:</p> <p>Annex 4.2 – Numbers of outstanding GNI reservations, VAT reservations and TOR open points by Member State at 31.12.2016</p> <p>Member State VAT reservations (situation at 31.12.2016)</p> <p>Poland 5*</p> <p>* including one reservation made by the Polish authorities concerning the excessively broad scope of the VAT exemption for postal services</p> <p>TOR</p> <p>As regards the eight TOR 'open points' (situation at 31.12.2016):</p> <p>1) DG Budget inspection 08-22-1, point 3.2 Action taken – yes Action completed – yes Completion date – 19 June 2017 Other comments: sum made available</p> <p>2), 3) DG Budget inspection 14-22-1, points 3.1 and 3.2 Action taken – yes Action completed – no Other comments: clarifications sent to the Commission on 22 September 2017</p> <p>4) DG Budget inspection 15-22-1, point 3.3 Action taken – yes Action completed – no Other comments: clarifications sent to the Commission on 10 April 2017</p> <p>5)-8) DG Budget inspection 16-22-1, points 3.1-3.4 Action taken – yes</p>
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		<p>Action completed – no</p> <p>Other comments: clarifications sent to the Commission on 14 April 2017</p> <p>Portugal: <i>Action taken:</i> ; <i>Action completed:</i> ; <i>Completion date:</i></p> <p>POINTS OPEN IN THE REPORTS ON INSPECTIONS CARRIED OUT BY THE COMMISSION UNDER ARTICLE 4 OF REGULATION (EU, EURATOM) NO 608/2014:</p> <ul style="list-style-type: none"> • Report No 02-10-1 on the inspection visit carried out in Portugal from 3 to 7 June 2002 <p>Following this inspection the Commission asked the Portuguese authorities to send information to confirm that the conclusions of the two internal audit reports of the Inspectorate-General for Finance of 1999 and 2000 did not entail a financial impact on the Community budget.</p> <p>All the cases identified were sent to the Commission.</p> <p>A. Points open at 31.12.2016</p> <p>Point 3.7 of the report: Request for information on internal audit reports.</p> <p>Case 13/96 Aveiro customs office (point 3.2(c) of the 2013 report)</p> <p>This case concerns an amount of €23 198.34.</p> <p>The Commission did not agree with the Portuguese authorities that the amount in question should be corrected by the outstanding debt being time-barred; by letter No 2102912 of 20 May 2015 it requested payment of the amount in question, which was made available on 7 October 2015.</p> <p>The Commission, by letter No 2175247 of 10 May 2016, informed the Portuguese authorities that the resulting interest would be calculated in accordance with Article 12 of Regulation (EU, Euratom) No 609/2014 and this point would remain open until it was paid.</p> <p>Case 11/95 Peniche customs office (point 3.2(h) of the 2013 report, following up the 2002 report)</p> <p>The amount of €48 327.25 in this case was corrected on 17.9.1998 and the remaining €33 008.27 recorded as irrecoverable on 22.7.2004. Subsequently, on 5.5.2010, there was a further correction as the Leiria Administrative and Tax Court ruled that the outstanding debt was time-barred.</p> <p>By letter No 2175247 of 10 May 2016 the Commission requested payment of the amount in question and detailed information on the various recovery measures taken during the enforcement proceedings.</p> <p>We told the Commission that, in addition to the information requested by the Commission in that letter, the case would be followed up in the context of the report on the inspection of own resources which took place in 2013 (point 3.2), since it was one of the cases in the survey carried out by the Portuguese authorities, as requested by the Commission, to</p>
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identify all the amounts corrected since 2010 due to the impossibility of recovery as a result of time-barring. We also informed the Commission that conditional payment of the amount of €33 008.27 relating to this case was proposed to a higher authority (see reply to the Commission's letter No 2309164 of 18 May 2016 concerning report No 13-10-1).

Entry in the accounts No 900856/1995 from the former DRCCAL

The €302 772.63 in this case was corrected because the outstanding debt was time-barred.

The Portuguese authorities were asked in letter No 2102912 of 20 May 2015 to make available the amount concerned because it had been wrongly corrected.

The amount in question was made available to the Commission on 7 October 2015.

The Commission, by letter No 2175247 of 10 May 2016, informed the Portuguese authorities that the resulting interest would be calculated in accordance with Article 12 of Regulation (EU, Euratom) No 609/2014 and this point would remain open until it was paid.

B. Current status

Case 13/96 Aveiro customs office and entry in the accounts No 900856/1995 from the former-DRCCAL

The amounts relating to these cases were made available on 7 October 2015. In its letter No 3734753 of 25 July 2017 the Commission expressed its satisfaction and requested payment of late-payment interest, something that we had already proposed to our superiors.

Case 11/95 Peniche customs office

We informed the Commission that the sum of €33 008.27 in this case, referred to in report No 13-10-1, had been made available. By letter No 1631658 of 27 March 2017 concerning the follow-up to report No 13-10-1 the Portuguese authorities were told that, given the amount was already available, the late payment interest would be calculated and notified.

- Report No 08-10-1 on the inspection visit carried out in Portugal from 22 to 26 September 2008

Points open at 31.12.2016

Point 3.3: The customs debt could not be recovered because it was allowed to expire

In this case (entry in the accounts of the Setúbal customs office No 900065/1996 of €170 919.69 that was corrected on 28.5.2008) the time-limit in Portuguese law was exceeded. The Portuguese authorities were asked to make available the amount in question and to supply accounting information.

However, we considered that the non-recovery of the own resources in question was not attributable to us; in July 2013 we proposed making them available to the Commission conditionally and the amount was made available (conditionally)

in December 2013.

We replied in August 2015 to the Commission's letter No 3030637 of 17 July 2015 requesting clarification of the legal principles underlying the financial liability of the Portuguese authorities for non-recovery of own resources. We are waiting for a reply.

B. Current status

Point 3.3 remains open pending the Commission's reaction to the Portuguese authorities' reply to letter No 3030637 of 17 July 2015.

In May 2017 we asked the Commission (via our Ministry's Directorate-General for the Budget) what its position was on the clarifications requested by the Portuguese authorities.

- Report No 11-10-1 on the inspection visit carried out in Portugal from 16 to 20 May 2011

Points open at 31.12.2016

Point 3.1: Papers relating to a write-off not available

At the Marítima de Lisboa customs office a case was detected where an amount of €1 239.93 was deemed irrecoverable and removed from the B-account on 15.10.2009; the supporting documents were not available as part of the file. After examining the case, the Commission demanded payment of the amount because an optional guarantee was not asked for.

We informed the Commission that, as requested, the amount in question was made available on 10.12.2013.

The Commission requested confirmation of the date on which the €1 239.93 ought to have been deemed irrecoverable.

In March 2015, in reply to letter No 2849987 of September 2014, we confirmed the Commission's understanding of the date on which the amount should have been deemed irrecoverable. By letter No 2286310 of 17 May 2016, given that the amount in question was made available, the Commission told us that the amount of interest would be calculated and communicated in a separate letter; this point remains open until the amount is paid.

Point 3.2 - Amount in the B-account written off and not made available where the debt arose prior to discharge of an economic customs procedure, and where a security was not held.

At the Freixeiro customs office it was found that an established amount of €16 566.74 in the B-account was deemed irrecoverable on 14.9.2009 because the debt arose from the non-discharge of an inward processing suspension procedure.

The Portuguese authorities have submitted additional information, as requested by the Commission. By letter No 2286310 of 17 May 2016 the Commission requested additional information, which has already been sent. Case still open.

Point 3.3: Cases not deemed irrecoverable in breach of Article 17(2) of Regulation (EC, Euratom) No 1150/2000.

A number of cases were detected at the Freixeiro and Aveiro customs offices where the established amounts had

remained in the B-account for a period longer than five years without any administrative or legal appeal being lodged or partial payments being made; the Commission requested that these amounts be deemed irrecoverable and removed from the B-account.

Additional information on these cases was requested by letter No 2286310 of 17 May 2016. The information requested has already been sent to the Commission.

The Commission also requested a review of all cases that had remained in the B-account for longer than five years in order to check whether the non-recovery of the amounts involved was due to a lack of diligence on the part of the Portuguese authorities; we have already informed the Commission that the review of those cases is complete.

Point 3.4: Delays in sending cases to the Commission and in recovery procedures

Delays were encountered in reporting of all amounts declared/deemed irrecoverable in 2009; it was requested that the time limits be complied with, in accordance with Article 13 of Regulation (EU, Euratom) No 609/2014. By letter No 2286310 of 17 May 2016 we informed the Commission that all cases involving amounts of more than €50 000 declared/deemed irrecoverable had been notified to the Commission in accordance with the Regulation. This case is therefore now closed.

There was also a long delay in the recovery procedure in a case at the Freixeiro customs office involving €20 276.43 deemed irrecoverable in September 2009; the Commission requested further information on this case and this has already been sent. Case still open.

B. Current status

Four points remain open:

Point 3.1

Awaiting the Commission's letter with the calculation of late-payment interest.

Point 3.2

The missing information requested by the Commission has been sent.

Point 3.3

The missing information in the Freixeiro case has been sent.

As regards the assessment of all cases which had remained in the B-account for a period longer than five years and the possible liability of the Portuguese state for non-recovery of the amounts involved, the Commission asked in the above-mentioned letter for the results of the investigation to be sent. It has been sent detailed information on the cases in question.

Point 3.4

Concerning the case at the Freixeiro customs office, and in reply to the request in the Commission's last letter, we have sent the missing information to show that the non-recovery of the debt was not our fault.

- Report No 12-10-1 on the inspection visit carried out in Portugal from 21 to 25 May 2012
Points open at 31.12.2015

Point 3.2: Information sought regarding an amount written-off in the B-account.

A case was found in Alverca where entry in the accounts No 9000304/2007 of €8 578.26 was deemed irrecoverable on 14.9.2009, and it was not clear to the Commission why.

The Commission requested additional information, including the various steps taken to recover the debt up to the date when it was removed from the B account, which information has been provided.

By letter No 2102841 of May 2015 the Commission asked for the amount owed to be paid and it was made available to the Commission on 7 October 2015.

By letter No 5435317 of 19 September 2016 the Commission requested payment of €7 754.45 in late-payment interest; we sent our superiors a proposal in October 2016 that payment be made and, according to a notification from this Ministry's Directorate-General for the Budget on 28.12.2016, the amount was made available on 27 December 2016.

B. Current status

By letter No 2039195 of 20 April 2017 the Commission informed the Portuguese authorities that, since the late-payment interest had been paid, point 3.2 was closed and, as it was the only one remaining open, the report was closed in its entirety.

- Report No 13-10-1 on the inspection visit carried out in Portugal from 15 to 19 July 2013
Points open at 31.12.2016

Point 3.2: Shortcomings in the treatment of write-offs from the B account

(a) The Portuguese authorities were questioned as to whether the non-recovery of the amounts in some cases detected at the Aveiro customs office was attributable to them.

There were two cases where the Viseu Administrative and Tax Court ruled that the debts were time-barred and an appeal was made against that decision before the Central Administrative Court.

In March 2015, in reply to the Commission's letter No 3152071 of September 2014, we indicated that we were waiting for the court's decision.

		<p>Subsequently, in reply to letter No 2309164 of May 2016, we told the Commission that the judgment of the Administrative and Tax Court (North) on the appeal in the two cases in question had been notified to the Portuguese authorities in March 2015. Following this, on 1 June 2015, these two cases were notified to the Commission via WOMIS. Case still open.</p> <p>(b) Concerning two cases at the Aveiro customs office (€94 560.89 and €69 776.08) the Commission did not agree with the Portuguese authorities that the amounts in question should be corrected by the time-barring of the outstanding debts (Cases 11/96 and 12/96 in the 2002 report).</p> <p>In March 2015 the Commission was informed that instructions would be drawn up for amounts corrected by the time-barring of outstanding debts (instructions set out in Circular No 15383 of 15 July 2015), and that after the entry into force of those instructions we would propose to the higher authority that conditional payment be made of the amounts identified so as to avoid the accumulation of late-payment interest.</p> <p>(c) In another case recorded at the Aveiro customs office the amount was corrected and removed from the B-account on account of the time-barring of the debt; according to the Commission, the non-recovery of this debt was attributable to the Portuguese authorities. We informed the Commission that execution was suspended pursuant to Article 255(5) of the Tax Procedure Code by virtue of its being opposed and security provided. The outstanding amount was made available on 7 October 2015 in connection with inspection No 02-10-1.</p> <p>(d) In a case at the Aveiro customs office €34 859.99 was corrected following a court decision that the debt was time-barred, and the Portuguese authorities were requested to make available the amount in question. We informed the Commission in March 2015 that we would draw up instructions for amounts corrected by the time-barring of the outstanding debt (instructions contained in Circular No 15383 of 15 July 2015).</p> <p>Concerning these three cases, on 31 December 2016 the situation was as follows:</p> <p>In reply to the Commission's letter No 2309164 of 18 May 2016, we explained that in all the cases corrected following time-barring (between 1 January 2010 and 15 July 2015) we had sent our superiors a proposal that the total amount of the cases referred to in (b), (c) and (d) be made provisionally available to the European Union.</p> <p>(g) 19 entries were identified in the B-account which concerned the same operator and for which a total of €116 819.06 had been declared irrecoverable; the Portuguese authorities were requested to consider making available the amount in question. We were also told that these cases should have been treated as a single case for the purpose of communication to the Commission under Article 13 of Regulation (EU, Euratom) No 609/2014.</p> <p>In reply to the Commission's letter No 2309164 we sent our superiors a proposal that the amount in question, €116 819.06, be made available to the Commission on a provisional basis until the Portuguese authorities or the Commission adopt their final position on the matter.</p> <p>B. Current status</p>
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Point 3.2(a)

This point is closed, according to the Commission's letter No 1631658 of 27 March 2017.

According to that letter, the following points are still open:

Points 3.2(b), (c) and (d)

The amounts in these cases were made available conditionally. By letter No 1631658 of 27 March 2017 the Commission informed the Portuguese authorities that it would calculate and communicate the late-payment interest due and these sub-points would remain open until receipt of the corresponding payment.

In reply to that letter, we informed the Commission that, as soon as analysis of the recovery procedures relating to those cases was complete, we would report on the results.

Point 3.2(g)

Since the amount of €116 819.06 was made available conditionally, the Commission said in letter No 1631658 of 27 March 2017 that it would calculate and communicate the late-payment interest due and that this sub-point would remain open until receipt of the corresponding payment.

In reply, we informed the Commission that, if the necessary conditions were met, the relevant cases would be submitted via WOMIS.

- Report No 14-10-1 on the inspection visit carried out in Portugal from 19 to 23 May 2014

Points open at 31.12.2016

Point 3.2: Shortcomings in the treatment of write-offs from the B account

In the case of an amount of €68 270.53 at the Marítima de Lisboa customs office, which was the subject of an enforced payment procedure, the debt was deemed time-barred by the Tax Office concerned. The amount in question was then corrected in the B-account on 30.6.2011. The Commission did not agree with the Portuguese authorities that the amount concerned should be corrected because of the time-barring of the outstanding debt. We have already drawn up new instructions – Circular No 15383 of 15 July 2015 – according to which amounts must be declared irrecoverable when the debt is declared to be time-barred.

In reply to the Commission's letter No 486543 of 29 January 2016 we told it that this case fell within the scope of the review conducted in connection with report No 13-10-1.

B. Current status

Point 3.2

Since the amount in this case had already been made available in the follow-up to report 13-10-1, the Commission stated

in letter No 2585908 of 22 May 2017 that the report as a whole was now closed.

- Report No 15-10-1 on the inspection visit carried out in Portugal from 5 to 9 October 2015
Points open at 31.12.2016

Point 3.1: Delays in making available recovered amounts of TOR

The authorised agents carrying out the inspection found that the amounts of own resources resulting from the enforced recoveries carried out by the tax authorities were notified to the customs authorities with great time-lags, resulting in delays in making resources available. The Portuguese authorities were asked to set up a system that effectively eliminated delays.

In reply to the Commission's letter No 81245 of 7 January 2016, we told the Commission that, in follow-up to the audit of the European Court of Auditors concerning the statement of assurance DAS 2007, it would be informed of the results of the survey carried out among customs offices concerning the amounts of own resources recovered, the dates of recovery and their entry in the accounts for the purpose of making them available, and that efforts were being made to reduce the delays in making resources available. Case still open.

Point 3.2: Deficiencies in the system to assess the responsibility of national authorities for the non-recovery of TOR.

Two cases of enforced recovery – one at the Leixões customs office for a total of €66.30 and another at the Sines local customs office for €15 925.48 – revealed some weaknesses in communication between the customs and tax authorities.

In reply to the Commission's letter No 81245 of 7 January 2016, we sent our superiors a proposal to make available the €66.30 in the Leixões case.

As regards the situation in the Sines customs office, in the same letter we explained that the €15 925.48 had been recovered by voluntary payment on 12.11.2015 and made available in February 2016.

B. Current status

Point 3.1

This point is still open. By letter No 3910523 of 2017 the Commission again asked the Portuguese authorities to set up a system that would effectively eliminate delays and we replied that measures had been taken in the form of IT software to reduce delays in making resources available.

Point 3.2

Given that the amount in the Leixões case was a mere €66.30 that had been made available, the Commission said in its last letter that the accrued interest was negligible. Case closed.

Regarding the case detected in the Sines local customs office, the Commission in the abovementioned letter asked us to

confirm that the €15 925.4 had actually been made available, and we confirmed that the sum had been made available to the Commission in February 2016.

We are awaiting the Commission's reply to letter No 3910523.

- Report No 16-10-1 on the inspection visit carried out in Portugal from 4 to 8 April 2016
Point 3.4 – Shortcomings in the B accounts

Some remarks were made about two entries in the B-account of the Marítima de Lisboa customs office for amounts of €101 493.24 and €50 858.65, namely that there may be financial responsibility for their non-recovery.

In reply to letter No 2468575 of 27 May 2016 we indicated that in both cases the conditions for the amounts to be declared irrecoverable under Article 13 of Regulation (EU, Euratom) No 609/2014 were not met.

B. Current status

By letter No 352422 of 23 January 2017 the Commission requested additional information on these two cases, which has already been sent. We are waiting for a reply.

SUMMARY OF THE REVIEW OF THE REMAINING OPEN POINTS IN THE REPORTS DRAWN UP BY THE COMMISSION UNDER ARTICLE 4 OF REGULATION (EU, EURATOM) NO 608/2014

- New instructions on the accounting treatment of debts that are deemed time-barred have been drawn up – see Circular No 15383 of 15 July 2015. According to these instructions amounts should be declared irrecoverable when the debt is declared time-barred; the review of cases where the amounts were corrected owing to time-barring has been completed and the amounts in question made available.

- The Commission has requested additional information about a number of points, and those points are therefore still open.

- There are also a number of cases that are now being finalised, as the amounts in question have already been made available to the Commission; in some of these cases we are waiting to receive the request for payment of the interest due.

Romania: *Action taken: YES; Action completed: YES; Completion date: 31/12/2015*

The GNI reservations were resolved by INS Romania and lifted by the Commission (Eurostat).

As regards VAT own resources, according to the final conclusions of the COM Ref. Ares (2016)6425154 of 15 November 2016 only the COM — RO general joint reservation on motor vehicle compensation remains in force. UCRBUE + INS

As regards traditional own resources, 16 points in the European Commission's inspection reports drawn up during the period 2011-2016 need to be resolved, as shown in the table above. DGV + UCRBUE

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

Finance Directorate:

The open points concerning traditional own resources (TOR) at 31 December 2016 concern TOR inspections by the Commission's DG BUDG in 2013 and 2014. Just one point remained open from the 2014 inspection. It is the subject of ongoing discussions between the Finance Directorate and DG BUDG. All points from the 2013 inspection had been closed by 14 November 2016.

Slovenia: *Action taken: YES; Action completed: NO; Completion date: /*

MF reply:

-23.9.2015 received EC report on TOR inspection;

-30.11.2015 submitted reply (within legal deadline): the reply gave information / reported on measures taken in the light of the requirements of individual points of the Commission communication (set out in the attachment "Reply to EC reply to EC report 15-24-1")

-20.6.2016 material for the July 2016 ACOR meeting "Brief summary of the position of the Commission services on the findings relating to 14 traditional own resources inspections" published on the CIRCA website (03-ACOR-TOR-2016-7-agenda-03-EN-consolidated document), which indicates that the EC will close points 3.1, 3.2a, 3.2b in 3.3, with further information required for points 3.2c and 3.4.

- 6.7.2016 MF sent letter No 0600-4/2015-23 "Information related to the open points of European Commission Report No 15-24-1 on the inspection of traditional own resources", which provides the additional information required for points 3.2c and 3.4.

There has been no calls or activities from the Commission since that date.

- 14.10.2016 the MF sent the Commission documentation with additional information (e-mail "Additional information from General Financial Office...").

We consider that there are 4 points relating to TOR that are still unresolved, in the light of ACOR material for the July 2016 which had incorrect or not updated data in a table.

The measures adopted for all four points are given in the reply to the report (30.11.2015) and the measures adopted for the open points 3.2c and 3.4 relating to the ACOR meeting of 7.7.2016 are set out in the letter "Information relating to open points of the TOR inspection (6.7.2016).

Slovenia has provided the Commission with information and reported on measures relating to both points.

Spain: *Action taken: YES; Action completed: ; Completion date:*

		<p>VAT RESERVATIONS: As of 31 December 2016, the Commission's only reservation regarding VAT relates to Spain's exempting certain services sold through gift boxes for the years 2011 to 2015 (Infringement No 2015/4105). Spain does not accept this reservation for the year 2011 (Spanish position set out at the meeting of the Advisory Committee on Own Resources-VAT on 8 November 2016) as it was notified in the final Spanish-language version of the VAT inspection report for 2012-2013, dated 27 August 2015, by which point the time limit for the 2011 financial year had already expired.</p> <p>Following the publication in the Official Journal of the European Union on 1 July 2016 of Council Directive (EU) 2016/1065 of 27 June 2016 as regards the treatment of vouchers, Spain has been able to assess and correctly calculate compensation in view of the new VAT treatment of vouchers; this calculation was given to the Commission during its control visit to Spain on 12-16 June 2017. A few aspects still need to be reviewed in the calculations at the Commission's request, but it is hoped that the Commission will be able to lift this reservation in the coming months. Furthermore, Spain amended its administrative practice for these transactions in accordance with the new taxation rules set out in the Directive by means of the binding decision of the Directorate-General for Taxation of 26 October 2016.</p> <p>TRADITIONAL OWN RESOURCES RESERVATIONS: Open points resulting from checks on traditional own resources are followed up by the European Commission (DG Budget) with the Member State concerned.</p> <p>Sweden: <i>Action taken: NO; Action completed: ; Completion date:</i></p> <p>Sweden has not taken any action based on the observation.</p> <p>United Kingdom: <i>Action taken: YES; Action completed: NO; Completion date:</i></p> <p>The UK continues to cooperate and engage with the Commission to address the outstanding reservations. The European Commission is in the process of verifying and validating all Member States' methods and sources underpinning their estimates of GNI on the basis of the European System of Accounts 2010 (ESA 2010). The UK continues to cooperate proactively and engage on a regular basis with the European Commission to address the GNI Actions already agreed and have ensured this is treated with top priority. At present, the UK do not have any ESA 2010 based GNI Reservations. The UK has also made good progress with the Commission during the last two VAT OR inspections in 2015 and 2017.</p>
<p>Annex 4.3</p>	<p>Follow-up of previous recommendations for revenue: the Commission should put in place and closely monitor a detailed action plan with clear milestones to address the problems in the compilation of Greece's national accounts</p>	<p>Greece: <i>Action taken: YES; Action completed: NO; Completion date:</i></p> <p>Completion date: In cooperation with Eurostat</p> <p>Any other comment: ELSTAT cooperates with Eurostat on the implementation of measures to continuously improve the preparation of its annual and quarterly national accounts. These measures are part of the Joint Overall Statistical Greek Action Plan (JOSGAP), which was drawn up in 2010 by the Commission and the Greek authorities. Pillar B of the action plan contains a series of measures to strengthen the national accounts.</p> <p>The measures include the implementation of programmes to upgrade the annual national accounts, upgrade the regional</p>

		<p>and quarterly national accounts and improve sector accounts. To achieve this goal, a series of visits of experts have taken/are taking place to provide technical support with regard to annual and quarterly national accounts. The continuous support and training of ELSTAT staff responsible for drawing up the national accounts is also an important factor contributing to the improvement in the quality of production.</p>
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<u>Paragraphs</u>	<u>Observations in the ECA's 2016 Annual Report</u>	<u>Member States' replies</u>
<p>Paragraph 6.2 – footnote 2</p>	<p>For both the 2007-2013 and 2014-2020 programming periods, the CF is of relevance to Bulgaria, the Czech Republic, Estonia, Greece, Croatia, Cyprus, Latvia, Lithuania, Hungary, Malta, Poland, Portugal, Romania, Slovenia and Slovakia. Spain was also eligible during 2007-2013, but only for transitional support.</p>	<p>Bulgaria: <i>Action taken: NO; Action completed: ; Completion date:</i> Ministry of Labour and Social Policy OP HRD comes under the ESF and not the CF, for which disparities are noted.</p> <p>Croatia: <i>Action taken: YES; Action completed: ; Completion date:</i> 2007-2013 period Approximately €858.2 million was available to Croatia in the ESI funds. The majority of the funds were used in four operational programmes:</p> <ul style="list-style-type: none"> - Regional Competitiveness - investment from the European Regional Development Fund and the Cohesion Fund (€187.7 million); - HR Development - investment from the European Social Fund (€152.4 million); - Transport - investment from the European Regional Development Fund (€236.9 million); - Environment - investment from the Cohesion Fund (€281 million); <p>2014-2020 period Approximately €10.74 billion is available to Croatia in the ESI funds. The majority of the funds are being used in four operational programmes:</p> <ul style="list-style-type: none"> - Competitiveness and Cohesion 2014-2020 - Investment from the European Regional Development Fund and the Cohesion Fund (€6.881 billion); - Efficient HR - investment from the European Social Fund (€1.58 billion); - Rural Development Programme of Croatia - investment from the European Agricultural Fund for Rural Development (€2 billion); - Maritime and Fisheries - investment from the European Maritime and Fisheries Fund (€235 million). <p>In addition, Croatia also participates in another 13 European territorial cooperation programmes with both Member States and third countries.</p> <p>Like most other Member States, Croatia only began effectively implementing the 2014-2020 programme in 2015 by launching grant procedures aimed at SMEs and rural development, and by carrying out a handful of direct award procedures for larger projects of known, pre-selected applicants.</p>

Besides awarding grants to applicants, Croatia has also been using ESI funds through the following two implementation mechanisms since 2016:

- Financial instruments (FI) - following two ex-ante analyses, which showed a need to introduce FIs in certain areas, HAMAG-BICRO and HBOR (both of which have signed financing agreements) were put in charge of implementing six FIs for SMEs; this marked the first stage in the development of a system for implementing FIs in the area of energy efficiency;

- Integrated territorial investment for urban development projects in 7 large pre-selected cities/towns. In addition, pilot implementation of another territorial mechanism began at the end of 2016, concerning selected deprived areas affected by issues typical of post-war recovery.

Cyprus: *Action taken: YES; Action completed: NO; Completion date: 31/12/2023*

Both the funds of FP 2007-2013 and those of FP 2014-2020 are distributed according to National Strategic Planning, which records and analyses the needs and the strategic goals of Cyprus with the objective of 'achieving sustainable economic growth in the context of social cohesion'. As a result, measures implemented through the Operational Programmes co-financed by the EU Cohesion Policy Funds, including European Territorial Cooperation Programmes, help both to improve the competitiveness of the Cypriot economy and create upgraded infrastructure that will serve to narrow the gap with the other EU Member States, and also develop interregional cooperation.

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

Not applicable; there are no specific findings.

Estonia: *Action taken: ; Action completed: ; Completion date::*

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

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

Factual finding, no action required.

Latvia: *Action taken: YES; Action completed: NO; Completion date:*

Environmental and transport measures have been initiated in the framework of the EU Structural and Cohesion Fund 2014–2010 programming period operational programme 'Growth and Employment' (approved on 11 November 2014 by Commission Decision C(2014)8505, through the launch of projects covering specific support objectives under priority axis 5 'Environmental protection and efficient use of resources' and priority axis 6 'A sustainable transport system'

Lithuania: *Action taken: NO; Action completed: ; Completion date:*

The information provided is descriptive in nature and does not require any action to be taken.

		<p>Malta: <i>Action taken: ; Action completed: ; Completion date:</i> N/A</p> <p>Poland: <i>Action taken: ; Action completed: ; Completion date:</i> The observation includes no specific criticisms of Poland.</p> <p>Portugal: <i>Action taken: ; Action completed: ; Completion date:</i></p> <p>Romania: <i>Action taken: ; Action completed: ; Completion date:</i> No reply needed (MDRAPFE)</p> <p>Slovakia: <i>Action taken: ; Action completed: ; Completion date:</i> In our opinion, the text conveys the state of play.</p> <p>Slovenia: <i>Action taken: YES; Action completed: NO; Completion date:</i> Reply of the Government Office for Development and European Cohesion Policy (SVRK): Slovenia is eligible for funding from the Cohesion Fund under FP 2007-2013 and FP 2014-2020. Detailed measures for drawing down from this fund (for transport, environment and energy infrastructure) for 2007-2013 are listed in the “Operational Programme of Environmental and Transport Infrastructure Development (OP ETID), while for the current programming period there are listed in the 2014 2020 OP ETID. Measures to deploy CF funding for 2007-2013 have been completed, while measures to deploy CF funding under the current programming period are in the implementation phase.</p> <p>Spain: <i>Action taken: NO; Action completed: ; Completion date:</i> In 2007-2013, Spain received transitional support through this Fund, which explains why it did not participate in the 2014-2020 programming period.</p>
<p>Paragraph 6.5.(a) – footnote 5</p>	<p>A sample of 180 transactions, in line with paragraph 7 of Annex 1.1. The sample was designed to be representative of the full range of spending under this MFF heading. It consisted of transactions from 14 Member States, and included one European Territorial Cooperation (ETC) programme;</p>	<p>Bulgaria: <i>Action taken: NO; Action completed: ; Completion date:</i> Ministry of Labour and Social Policy OP HRD comes under the ESF, on which no observations were made.</p> <p>Czech Republic: <i>Action taken: ; Action completed: ; Completion date:</i> Not applicable; there are no specific findings.</p> <p>Germany: <i>Action taken: ; Action completed: ; Completion date:</i> For information purposes only; no answer required.</p> <p>Greece: <i>Action taken: NO; Action completed: ; Completion date:</i></p>

	<p>Bulgaria, the Czech Republic, Germany, Ireland, Greece, Spain, Italy, Hungary, Malta, Poland, Portugal, Romania, Slovakia, the United Kingdom and the Greece-Bulgaria ETC.</p>	<p>National Coordination Authority</p> <p>Observation 2 concerns essentially the description of the scope and approach of the audit and therefore it does not call for an answer relating to action taken. In 2016 an audit was indeed carried out on four (4) projects of the 2007-2013 'Greece-Bulgaria' European Territorial Cooperation (ETC) Programme.</p> <p>Hungary: <i>Action taken: NO; Action completed: ; Completion date:</i></p> <p>Factual finding, no action required.</p> <p>Ireland: <i>Action taken: NO; Action completed: ; Completion date:</i></p> <p>No action required.</p> <p>Italy: <i>Action taken: ; Action completed: ; Completion date:</i></p> <p>Malta: <i>Action taken: ; Action completed: ; Completion date:</i></p> <p>N/A</p> <p>Poland: <i>Action taken: ; Action completed: ; Completion date:</i></p> <p>The observation includes no specific criticisms of Poland.</p> <p>Portugal: <i>Action taken: ; Action completed: ; Completion date:</i></p> <p>Romania: <i>Action taken: YES; Action completed: NO; Completion date:</i></p> <p>With regard to POSDRU 2007-2013, in 2016 the European Court of Auditors carried out two audit inspections which verified the legality and regularity of the expenses declared and reimbursed from the European Social Fund on 9 March 2016 (AP 43) and 27 June 2016 (AP 44). For these two audit inspections, 8 operations financed under the operational programme were selected at random.</p> <p>To investigate the observations in the 6 audit findings in DAS 2016 (PF7861 – 2 observations and PF 7865 – 4 observations), the Managing Authority and the intermediary bodies managing the projects audited have taken steps wherever necessary to establish and recover the non-eligible expenses, pursuant to the applicable national legislation.</p> <p>The status of the 6 audit findings drawn up following verification of the 8 operations financed under POSDRU 2007-2013 is as follows:</p> <ul style="list-style-type: none"> - for 2 findings, the establishment and recovery of the non-eligible expenses has been finalised; - for 1 finding, the matters identified in the 2014-2020 programming period have been remedied; - for 1 finding, the establishment of the non-eligible expenses has been finalised and the debt is currently being
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<p>Paragraph 6.5.(b) – footnote 6</p>	<p>A sample of 12 financial instruments under shared management, in eight Member States. Bulgaria, Germany, Greece, Italy, Poland, Portugal, Slovakia and the United Kingdom.</p>	<p>recovered;</p> <p>- for 2 findings, the observations made are being investigated.</p> <p>With regard to POR 2017-2013, the European Court of Auditors has carried out two audit inspections to verify the legality and regularity of the expenses declared and reimbursed from the ERDF in the period 21-28 November 2016 (PF-7836) and 9-19 January 2017 (PF-7837), for which the preliminary audit reports have been received. During each audit inspection, 4 operations (projects) financed under the Regional Operational Programme were selected at random.</p> <p>For the findings in the 2 preliminary audit reports, the information and documents requested held by the Managing Authority and intermediary bodies managing the projects audited were sent, and information was given on the state of play of the steps taken with regard to the audit findings drawn up following verification of the 8 operations.</p> <p>With regard to AM POS CCE 2007-2013, in 2016 a single audit inspection was carried out by the European Court of Auditors (ECA), which endorsed the regularity and legality of the expenses declared by the European Commission in the declaration of expenditure of 27 April 2016 for the amount of €90 128 144.64.</p> <p>The reply to the findings and recommendations in the report was sent by letter No 911/ RP/ 8 May 2017.</p> <p>Slovakia: <i>Action taken:</i> ; <i>Action completed:</i> ; <i>Completion date:</i></p> <p>In our opinion, the text conveys the state of play.</p> <p>Spain: <i>Action taken:</i> YES; <i>Action completed:</i> YES; <i>Completion date:</i> 30/6/2017</p> <p>The Member State has cooperated with the auditors from the Court of Auditors in accordance with procedures.</p> <p>United Kingdom: <i>Action taken:</i> NO; <i>Action completed:</i> ; <i>Completion date:</i></p> <p>No action necessary. ECA examined various FI and activity reports, including UK.</p>
		<p>Bulgaria: <i>Action taken:</i> NO; <i>Action completed:</i> ; <i>Completion date:</i></p> <p>Ministry of Labour and Social Policy OP HRD comes under the ESF, on which no observations were made.</p> <p>Germany: <i>Action taken:</i> ; <i>Action completed:</i> ; <i>Completion date:</i></p> <p>For information purposes only; no answer required.</p> <p>Greece: <i>Action taken:</i> NO; <i>Action completed:</i> ; <i>Completion date:</i></p> <p>National Coordination Authority</p> <p>Observation 2 concerns essentially the description of the scope and approach of the audit and therefore it does not call for an answer relating to action taken. In 2016 an audit was indeed carried out on four (4) projects of the 2007-2013 ‘Greece-</p>

		<p>Bulgaria' European Territorial Cooperation (ETC) Programme.</p> <p>Italy: <i>Action taken:</i> ; <i>Action completed:</i> ; <i>Completion date:</i></p> <p>Poland: <i>Action taken:</i> ; <i>Action completed:</i> ; <i>Completion date:</i></p> <p>The observation includes no specific criticisms of Poland.</p> <p>Portugal: <i>Action taken:</i> ; <i>Action completed:</i> ; <i>Completion date:</i></p> <p>Slovakia: <i>Action taken:</i> ; <i>Action completed:</i> ; <i>Completion date:</i></p> <p>In our opinion, the text conveys the state of play.</p> <p>United Kingdom: <i>Action taken:</i> NO; <i>Action completed:</i> ; <i>Completion date:</i></p> <p>No action necessary. ECA examined various FI and activity reports, including UK.</p>
<p>Paragraph 6.17 – footnote 14</p>	<p>The Member States that had enacted all three directives by that date are the Czech Republic, Denmark, Germany, Greece, France, Italy, Ireland, Hungary, Cyprus, Latvia, Malta, the Netherlands, Poland, Romania, Slovakia, Sweden and the United Kingdom.</p>	<p>Cyprus: <i>Action taken:</i> ; <i>Action completed:</i> ; <i>Completion date:</i></p> <p>Czech Republic: <i>Action taken:</i> ; <i>Action completed:</i> ; <i>Completion date:</i></p> <p>Not applicable; there are no specific findings.</p> <p>Denmark: <i>Action taken:</i> YES; <i>Action completed:</i> YES; <i>Completion date:</i></p> <p>The three Directives have been implemented in Denmark and therefore no further action has been taken.</p> <p>France: <i>Action taken:</i> YES; <i>Action completed:</i> YES; <i>Completion date:</i> 2016</p> <p>The transposition of directives in France was carried out by the Commission:</p> <p>Directive 2014/23/EU was transposed in full by the publication of the following: Decree No 2014-1341 of 6 November 2014 amending Decree No 2010-406 of 26 April 2010 on public works concession contracts and laying down various provisions relating to public procurement (Décret n° 2014-1341 du 6 novembre 2014 modifiant le décret n° 2010-406 du 26 avril 2010 relatif aux contrats de concession de travaux publics et portant diverses dispositions en matière de commande publique); Order No 2016-65 of 29 January 2016 on concession contracts (Ordonnance n° 2016-65 du 29 janvier 2016 relative aux contrats de concession); Law No 2015-990 of 6 August 2015 on growth, activity and equal economic opportunities (Article 209) (Loi n° 2015-990 du 6 août 2015 pour la croissance, l'activité et l'égalité des chances économiques); Decree No 2016-86 of 1 February 2016 on concession contracts (Décret n° 2016-86 du 1er février 2016 relatif aux contrats de concession); Decree of 21 March 2016 establishing the model notice for the award of concession contracts (Arrêté du 21 mars 2016 fixant le modèle d'avis pour la passation des contrats de concession); Opinion on the procedural thresholds and the list of central public authorities under public procurement law (Avis relatif aux seuils de procédure et à la liste des autorités publiques centrales en droit de la commande publique); Opinion on the</p>

list of activities that are works under public procurement law (Avis relatif à la liste des activités qui sont des travaux en droit de la commande publique); Opinion on public procurement contracts for social services and other specific services (Avis relatif aux contrats de la commande publique ayant pour objet des services sociaux et autres services spécifiques).

Directive 2014/24/EU and Directive 2014/25/EU were transposed in full by the publication of the following: Order No 2015-899 of 23 July 2015 on public procurement (Ordonnance n° 2015-899 du 23 juillet 2015 relative aux marchés publics); Law No 2014-1545 of 20 December 2014 on the simplification of business practices and laying down various provisions simplifying and clarifying the law and administrative procedures (Article 42) (Loi n° 2014-1545 du 20 décembre 2014 relative à la simplification de la vie des entreprises et portant diverses dispositions de simplification et de clarification du droit et des procédures administratives); Decree No 2016-360 of 25 March 2016 on public procurement (Décret n° 2016-360 du 25 mars 2016 relatif aux marchés publics); Decree No 2016-361 of 25 March 2016 on public procurement in the field of defence or security (Décret n° 2016-361 du 25 mars 2016 relatif aux marchés publics de défense ou de sécurité); Decree of 29 March 2016 setting out the list of information and documents which can be requested from candidates for public contracts (Arrêté du 29 mars 2016 fixant la liste des renseignements et des documents pouvant être demandés aux candidats aux marchés publics); Opinion on the list of international provisions on environmental, social and labour law on the basis of which a bid can be rejected as abnormally low in public procurement (Avis relatif à la liste des dispositions internationales en matière de droit environnemental, social et du travail permettant de rejeter une offre comme anormalement basse en matière de marchés publics); Opinion on the nature and content of technical specifications in public procurement (Avis relatif à la nature et au contenu des spécifications techniques dans les marchés publics); Opinion on the procedural thresholds and the list of central public authorities under public procurement law (Avis relatif aux seuils de procédure et à la liste des autorités publiques centrales en droit de la commande publique); Opinion on the list of activities that are works under public procurement law (Avis relatif à la liste des activités qui sont des travaux en droit de la commande publique); Opinion on public procurement contracts for social services and other specific services (Avis relatif aux contrats de la commande publique ayant pour objet des services sociaux et autres services spécifiques).

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

For information purposes only; no answer required.

Greece: *Action taken:* ; *Action completed:* YES; *Completion date:* 08/08/2016

National Coordination Authority

Law 4412/2016 (GG I 147) on public contracts (award and execution of public works contracts, public supply contracts and public service contracts) and Law 4413/2016 (GG I 148) on concessions (award and execution of concessions), which transpose into Greek law three EU directives on the award of public contracts (2014/24/EU, 2014/25/EU and 2014/23/EU), have been adopted and in force since 8 August 2016.

Hungary: *Action taken:* YES; *Action completed:* YES; *Completion date:* 01/11/2015

	<p>One of the most important measures and significant outcomes in the public procurement field in 2015 was the adoption of the new Public Procurement Act CXLIII of 2015 and its entry into force on 1 November 2015. Hungary was the first EU Member State to transpose all three new Public Procurement Directives, by adopting the new Public Procurement Act and its implementing decrees, following extensive public consultation.</p> <p>Ireland: <i>Action taken: NO; Action completed: ; Completion date:</i> Ireland has undertaken the necessary requirements, therefore no action required.</p> <p>Italy: <i>Action taken: ; Action completed: ; Completion date:</i></p> <p>Latvia: <i>Action taken: YES; Action completed: YES; Completion date: 01.05.2017.</i> Amendments have been made to the following laws with the aim of transposing the most important provisions of European Parliament and Council directives into the Latvian legal framework: the Law on procurement for public service providers (adopted 12.05.2016, entered into force: 20.05.2016,) and the Law on public procurement (adopted: 12.05.2016, entered into force: 20.05.2016).</p> <p>In order to fully transpose the three directives in the field of public procurement adopted by the Council and the Parliament in 2014, Latvia adopted a new Law on public procurement (adopted 15.12.2016, entered into force: 01.03.2017) and a new Law on procurement for public service providers (adopted 02.02.2017, entered into force: 01.04.2017.), and amended the Law on public and private partnerships (adopted 20.04.2017, entered into force: 01.05.2017)</p> <p>Malta: <i>Action taken: ; Action completed: ; Completion date:</i> N/A</p> <p>Netherlands: <i>Action taken: ; Action completed: ; Completion date:</i> Not applicable.</p> <p>Poland: <i>Action taken: ; Action completed: ; Completion date:</i> The observation includes no specific criticisms of Poland.</p> <p>Romania: <i>Action taken: ; Action completed: ; Completion date:</i> MDRAPFE: No reply needed - Romania transposed the European directives on public procurement in May 2016 through:</p> <ol style="list-style-type: none"> 1) Law 98/2016 on public procurement, transposing Directive 2014/24/EU; 2) Law 99/2016 on sector-specific procurement, transposing Directive 2014/25/EU;
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		<p>3) Law 100/2016 on works and services concessions, transposing Directive 2014/23/EU;</p> <p>4) Law No 101/2016 on remedies and means of redress in relation to the award of public procurement contracts, sector-specific procurement contracts and concession contracts for works and services, and on the organisation and functioning of the National Complaint Resolution Council, transposing Directive 89/665/EEC and Directive 92/13/EEC.</p> <p>Slovakia: <i>Action taken:</i> ; <i>Action completed:</i> ; <i>Completion date:</i> In our opinion, the text conveys the state of play.</p> <p>Sweden: <i>Action taken:</i> NO; <i>Action completed:</i> ; <i>Completion date:</i> Sweden has not taken any action based on the observation.</p> <p>United Kingdom: <i>Action taken:</i> NO; <i>Action completed:</i> ; <i>Completion date:</i> No action necessary. UK reported among MSs which transposed directives in good time.</p>
<p>Paragraph 6.24</p>	<p>Box 6.4 presents the disbursement rates as at 31 December 2015 for financial instruments in Cohesion. The rates in four Member States (Spain, Italy, the Netherlands, and Slovakia) were significantly below the EU average of 75 %.</p>	<p>Italy: <i>Action taken:</i> ; <i>Action completed:</i> ; <i>Completion date:</i> Netherlands: <i>Action taken:</i> ; <i>Action completed:</i> ; <i>Completion date:</i> Not applicable.</p> <p>Slovakia: <i>Action taken:</i> YES; <i>Action completed:</i> YES; <i>Completion date:</i> Years 2016, 2017 Ministry of Finance, Ministry of Education, Science, Research and Sport: As implementation of the financial engineering instruments (FEI) could not begin on time in Slovakia and payments under the instruments in the subsequent period were markedly below the EU average (running at 75 %), the following measures have been taken to speed up spending under the FEI:</p> <ul style="list-style-type: none"> - optimisation of parameters and conditions for the FLPG/PRSL financial instruments, - change of manager for the holding fund, - pro-active communication by the new manager of the holding fund with financial intermediaries, - increased promotion of products by the financial intermediaries, - regular monthly monitoring of spending, - extension of the period of eligibility for implementation of the FEI at supranational and national level, - reallocation of funds between financial instruments according to forecast absorption by financial intermediaries, - allocation of funding to a programme aimed at enhancing absorption of the remaining funding, relating to the

integration of the OP Competitiveness and Economic Growth with the JESSICA initiative,

- pro-active management by the Managing Authority for the Regional Operational Programme (ROP)/Operational Programme Bratislava Region (OP BK) and the State Fund for Housing Development (SFRB) as lender since the signing of a financing agreement on 22 April 2013,

- setting-up of an effective and simple implementation system for JESSICA, the ROP and the OP BK on the basis of the State Fund for Housing Development's experience (allocation for operational programmes transferred directly to a separate block of finance at the State Fund for Housing Development as lender).

These measures speeded up FEI spending from the OP Competitiveness and Economic Growth in 2015 and 2016. Under the OP Competitiveness and Economic Growth, 13.23 % of the programme's allocation was spent in the form of reimbursable aid, which also accounts for 91 % of the allocation initially earmarked for FEI. As the FEI were implemented on a pilot basis in Slovakia during the 2007-2013 programming period, their use so far is considered a success, and experience from implementing the FEI will be used when designing the system for implementing the financial instruments in the 2014-2020 programming period.

These measures speeded up FEI spending from the OP Research and Development, OP BK and ROP in 2015 and 2016. By the end of the eligibility period on 31 October 2016, spending of the funds initially allocated stood at 79.29 % for the FEI, 91.20 % for the OP BK and 100 % for the ROP. In the view of the managing bodies for the OP Research and Development, OP BK and the ROP, the funding provided via the financial instruments has been vital and effective. This is borne out by the annexes to 15 reports on these operational programmes, which clearly assess the results achieved through the financial instruments, jobs created, investments made, etc.

Payments from the financial instruments in Slovakia totalled 91 % at 31 March 2017, as stated in the report on progress made in financing and implementing the financial instruments for the programming period 2007-2013 programming period published by the Commission on 20 September 2017.

In July 2016 the ECA published Special Report No 19/2016, entitled 'Implementing the EU budget through financial instruments – lessons to be learnt from the 2007-2013 programme period'. The auditors examined whether, in the EU Member States, financial instruments in the fields of social, transport, and energy policy represented an effective means of implementing the EU budget in the 2007-2013 programming period. The report identified no findings concerning OP Competitiveness and Economic Growth, OP Research and Development, OP BK or the ROP that would have warranted corrective measures. The report's recommendations will be used in the 2014-2020 programming period.

Spain: *Action taken: YES; Action completed: ; Completion date:*

ERDF: A plan was drawn up focusing on the instruments with the lowest levels of implementation; this included an assessment of the main problems hindering their entry into the market and proposals to improve absorption of the funds by focusing on new areas and dissemination and management methods allowed under the Regulations. Particular attention was paid to the instruments under the Technology Fund Operational Programme, which had a lower

		<p>implementation rate. Absorption improved significantly for instruments under the Fund, one of which achieved an absorption rate of 85 %, while the other two achieved a rate of around 70 %, which is a significant improvement given the effect of the financial crisis on businesses, particularly in certain geographical areas of the Member State.</p> <p>The overall disbursement rate for the financial instruments has risen from 37 % (as shown on the map in the report) to 68 %.</p> <p>Furthermore, and generally speaking, the requirements in place for financial instruments have been similar to those for aid. This has caused problems in terms of absorption of the funds, since potential beneficiaries have preferred to use private funding sources.</p> <p>ESF: In Spain's case, as regards the ESF, the financial instruments are due to be used in two operational programmes under the 2014-2020 MFF. In 2015, 2016 and 2017, managers and technical staff from the managing and certifying authorities attended a number of events organised by the European Commission to undergo further training in relation to these instruments.</p>
<p>Box 6.4</p>	<p>Disbursement of financial instruments in Cohesion at 31 December 2015</p>	<p>Austria: <i>Action taken: YES; Action completed: YES; Completion date:</i> The final balances for both financial instruments were settled in Austria at programme closure on 31.3.2017. The managing authorities made optimal use of the financial instruments wherever possible.</p> <p>Belgium: <i>Action taken: ; Action completed: ; Completion date:</i></p> <p>Bulgaria: <i>Action taken: NO; Action completed: ; Completion date:</i> Ministry of Labour and Social Policy OP HRD 2007-2013 achieved a 100 % disbursement rate.</p> <p>Croatia: <i>Action taken: YES; Action completed: YES; Completion date: 31.12.2016</i></p> <p>No financial instruments have been created under the Competitiveness and Cohesion operational programme. As part of thematic objective No 3, i.e. priority axis 3 (business competitiveness), specific objective 3a1 (improved access to financing for SMEs) the programme's MA decided in June 2016 to allocate €150 million for the following financial instruments: ESIF Capped portfolio guarantee, ESIF Individual guarantee, with or without an interest rate subsidy, ESIF micro loans, ESIF small loans. In September 2017, an additional €110 million were allocated for the Loans and Growth ESIF financial instrument under the same priority axis. To sum up, six financial instruments were launched in 2016 and by the of that year a total of €37 million (25% of the allocation) were paid for five of them.</p> <p>Cyprus: <i>Action taken: YES; Action completed: YES; Completion date: 31/12/2015</i></p> <p>The only financial instrument used in FP 2007-2013 was the JEREMIE Trust. The Managing Authority carried out all the necessary steps to speed up the procedures, and achieved disbursement to final recipients of 99.5 % at 31 December 2015, while for the Trust itself the take-up was 100 %.</p>

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

Not applicable; there are no specific findings.

Denmark: *Action taken: YES; Action completed: YES; Completion date: 31/12/2017*

The financial instruments under the ERDF and the ESF for the programming period 2007-2013 have been closed and paid.

Estonia: *Action taken: ; Action completed: ; Completion date:*

Finland: *Action taken: YES; Action completed: YES; Completion date: 31/03/2017*

The measures established for the 2007-2013 programming period have been completed and the closure documents sent to the Commission by 31 March 2017.

France: *Action taken: YES; Action completed: YES; Completion date: //*

Disbursements to final beneficiaries continued until the end of the eligibility period (31 December 2015). The information communicated by the managing authorities to the Commission on closure (30 March 2017) is the responsibility of the management authorities, not the national authorities. Each managing authority can take measures for the repayment of unspent appropriations.

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

For information purposes only; no answer required.

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

Fiscal Control Committee (EDEL)

EDEL agrees with ECA's view: 'No action was taken because, as stated in the text of the Annual Report of the Court of Auditors for 2016, "the Slovak OP and the ETC OP for Greece-Bulgaria were the only two programmes in which project and OP output and result objectives were interlinked". Therefore, the 'not' indicated in footnote 48 above is clearly an error and should be deleted'.

National Coordination Authority

Greece set up a system for the continuous and detailed monitoring of progress made in implementing the 2007-2013 funding instruments. On the basis of this system and the predictive models applied, resources committed for use by the funding instruments were able to be released and absorbed in a timely fashion by other ROP projects. As a result, a rate of use close to 100 % was achieved for the funding instruments of the 2007-2013 FP.

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

Factual finding, no action required.

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

It should be noted that Ireland examined the potential for using FIs in the current ERDF programmes (including a feasibility study conducted by the EIB) and found that there was no scope for using FIs at present. While it has not been possible to use Financial Instruments (FIs) in Ireland's Cohesion Policy Programmes to date, Ireland recognises the potential for use of such instruments alongside more traditional grant funding. Ireland is examining possibilities to introduce FIs in the current round, within EAFRD and EMFF, and will continue to look at this for the post 2020 period.

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

Latvia: *Action taken: YES; Action completed: YES; Completion date: 30.03.2017*

According to the closure documents for the 2007–2013 programming period, submitted on 30.03.2017, 100 % of financing has been obtained for financial instrument activities.

Lithuania: *Action taken: NO; Action completed: ; Completion date:*

By 31 December 2015, all EU and co-financing funds for financial instruments (JEREMIE and JESSICA holding funds) had been used for management fees, payments to final beneficiaries and payments into project accounts (in the case of the JESSICA holding fund, EU and co-financing funds transferred to the project accounts were paid out to final beneficiaries by 31 October 2016).

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

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

N/A

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

Not applicable.

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

The observation includes no specific criticisms of Poland.

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

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

From quarter IV 2016, payments were made by AMPOC to the fund of funds and for the financial instruments (EC reimbursement not requested).

The payments as of 31 December 2016 amounted to €52.15 million ERDF and €9.8 million BS, representing 3.91% of

the total allocation, i.e. 9.38% of the value of the contracts concluded.

With regard to AM POI IMM, the initiative for SMEs, payments have been requested and made to the EIF for the amount of €93.09 million.

Slovakia: *Action taken: YES; Action completed: YES; Completion date: Years 2016, 2017*

Ministry of Finance:

See answer to observation 4 with regard to financial instruments.

Slovenia: *Action taken: YES; Action completed: NO; Completion date:*

SVRK Reply: Slovenia has allocated all funds envisaged for financial instruments in the 2007-2013 period.

Spain: *Action taken: YES; Action completed: ; Completion date:*

ERDF: A plan was drawn up focusing on the instruments with the lowest levels of implementation; this included an assessment of the main problems hindering their entry into the market and proposals to improve absorption of the funds by focusing on new areas and dissemination and management methods allowed under the Regulations. Particular attention was paid to the instruments under the Technology Fund Operational Programme, which had a lower implementation rate. Absorption improved significantly for instruments under the Fund, one of which achieved an absorption rate of 85 %, while the other two achieved a rate of around 70 %, which is a significant improvement given the effect of the financial crisis on businesses, particularly in certain geographical areas of the Member State.

The overall disbursement rate for the financial instruments has risen from 37 % (as shown on the map in the report) to 68 %.

Furthermore, and generally speaking, the requirements in place for financial instruments have been similar to those for aid. This has caused problems in terms of absorption of the funds, since potential beneficiaries have preferred to use private funding sources.

ESF: In Spain's case, as regards the ESF, the financial instruments are due to be used in two operational programmes under the 2014-2020 MFF. In 2015, 2016 and 2017, managers and technical staff from the managing and certifying authorities attended a number of events organised by the European Commission to undergo further training in relation to these instruments.

Sweden: *Action taken: NO; Action completed: ; Completion date:*

Sweden has not taken any action based on the observation.

United Kingdom: *Action taken: NO; Action completed: ; Completion date:*

No action necessary. UK is above EU average and the Commission points out that these rates will rise with final year

<p>Paragraph 6.28 – footnote 26</p>	<p>Except for Croatia, which has until 31 March 2018.</p>	<p>figures.</p> <p>Croatia: <i>Action taken:</i>; <i>Action completed:</i>; <i>Completion date:</i></p> <p>In mid-2016, the MA of the Regional Competitiveness 2007-2013 operational programme established a working group for the closure of the abovementioned programme. On 22 September 2016 the working group, composed of representatives from the MA, all IBs and the CA, adopted an action plan for the closure of the programme, setting out the activities leading up to the closure, and their deadlines. The activities set out in the action plan are being implemented as planned, except for the last request for interim payment addressed to the European Commission, which, according to the action plan, was due on 30 April 2017 (or 30 June at the latest) and which has caused the delay in finalising the Final Report on the implementation of the operational programme. The delay is due to the (audit) findings of the European Commission, the AA, the CA and the MA concerning the projects carried out under the Regional Competitiveness 2007-2013 operational programme, according to which an irregularity has been identified on a specific population of contracts. As a consequence, the IB 2 has set out to analyse all the contracts in order to identify a suitable financial correction that would allow for the last interim payment request to be submitted to the European Commission.</p> <p>The MA has drawn up a draft final report on the implementation of the operational programme (which will be updated following the final interim payment request), which has been consolidated with the IBs. After the draft has been finalised with the CA and the AA (ongoing), it will be submitted to the Commission for unofficial consultation. It is expected that the supervisory board will approve the final implementation report by the end of 2017.</p>
<p>Paragraph 6.48 – footnote 47</p>	<p>For the four remaining cases (2 %), the authorities did not have a performance system defining and measuring outputs and results at project level. In these four cases we could not assess project performance. These four projects were in Ireland.</p>	<p>Ireland: <i>Action taken:</i> NO; <i>Action completed:</i> ; <i>Completion date:</i></p> <p>IE response of 31/03/2017 confirmed that the Human Capital Investment Operational Programme (HCIOP) version of 02/03/2012 stipulated that Performance Framework indicators were to be reported at Priority, and not Project, level.</p>
<p>Paragraph 6.50</p>	<p>We found projects without result indicators in 11 of the 14 Member States from which we sampled transactions. However, they were most common in Bulgaria, Spain and Italy for the ERDF/CF, and in Ireland and Spain for the ESF. In these</p>	<p>Bulgaria: <i>Action taken:</i> NO; <i>Action completed:</i> ; <i>Completion date:</i></p> <p>Ministry of Labour and Social Policy The ECA's report does not identify OP HRD projects without result indicators.</p> <p>Ireland: <i>Action taken:</i> NO; <i>Action completed:</i> ; <i>Completion date:</i></p> <p>IE response of 31/03/2017 confirmed that the Human Capital Investment Operational Programme (HCIOP) version of 02/03/2012 stipulated that Performance Framework indicators were to be reported at Priority, and not Project, level.</p>

	countries, more than half of the completed projects we examined had no result indicators, or the indicators were not consistent with the OP.	<p>Italy: <i>Action taken:</i> ; <i>Action completed:</i> ; <i>Completion date:</i></p> <p>Spain: <i>Action taken:</i> YES; <i>Action completed:</i> ; <i>Completion date:</i></p> <p>ERDF: The European Court of Auditors' observations on the indicators have been analysed and forwarded to the Assessment and Planning Units in order for them to evaluate the level of adaptation necessary for the new 2014-2020 programming period in light of the observations made. Some of the recommendations have already been taken into account in the current framework (i.e. suitable indicators for research activities, infrastructure, etc.) and improvements have been made in this area.</p> <p>Meanwhile, the data on the results indicators for the 2007-2013 OPs have been analysed and completed as part of the closure work, and these have been included in the Final Implementation Reports.</p> <p>ESF: In the new 2014-2020 MFF, and in line with a results-based approach, all operations must contribute to the achievement of a specific objective, as determined by the value achieved by the indicators. Each operation selected must comply with the indicators set out in Annex I to Regulation (EU) 1304/2013; this means that it will be possible to measure the achievement of the expected values and the progress made following the completion of each operation.</p>
<p>Paragraph 6.50 – footnote 48</p>	<p>The Slovakian OP and the ETC OP for Greece/Bulgaria were the only two programmes in which project and OP output and result objectives were mutually consistent.</p>	<p>Bulgaria: <i>Action taken:</i> ; <i>Action completed:</i> ; <i>Completion date:</i></p> <p>Greece: <i>Action taken:</i> NO; <i>Action completed:</i> ; <i>Completion date:</i></p> <p>National Coordination Authority</p> <p>No action was taken because, as stated in the text of the Annual Report of the Court of Auditors for 2016, "the Slovak OP and the ETC OP for Greece Bulgaria were the only two programmes in which project and OP output and result objectives were interlinked". Therefore, the 'not' indicated in footnote 48 above is clearly an error and should be deleted.</p> <p>Slovakia: <i>Action taken:</i> ; <i>Action completed:</i> ; <i>Completion date:</i></p> <p>In our opinion, the text conveys the state of play.</p>
<p>Paragraph 6.53</p>	<p>Another 45 projects (50 %) partially achieved their output and result objectives. Of these, seven were ultimately phased over the two programming periods (2007-2013 and 2014-2020). These projects were in three OPs in three Member States (Hungary, Poland and</p>	<p>Hungary: <i>Action taken:</i> YES; <i>Action completed:</i> ; <i>Completion date:</i></p> <p>The institutional framework for aid takes the necessary measures whenever the objectives are not achieved or there is a risk that will happen. The following procedural options are available for the 2014-2020 period:</p> <p>Proportional reduction of aid, amendment of the grant agreement</p> <p>Section 88(1) of Government Decree No 272/2014 of 5 November 2014 on the system for using aid from certain European Union funds during the 2014-2020 programming period allows beneficiaries to reduce an indicator target only if there is a proportional reduction of aid. If an indicator is less than 75% of the target set for the project under the grant agreement, Section 88(2) of the Government Decree requires the aid to be reduced and the beneficiary to repay (except in</p>

Romania).

the case of force majeure) the proportional amount of aid according to the formula laid down in the Decree. In that case, the grant agreement – or in the case of financial instruments the agreement concluded with the final beneficiary – will be amended.

Termination of aid relationship

Sections 90 and 91 of the Government Decree set the conditions for terminating the aid relationship or imposing other sanctions. The managing authority may, for example, withdraw from the grant agreement or initiate termination of the agreement if the supported activity fails to be implemented, encounters persistent obstacles, or suffers lengthy delays compared with the schedule laid down in the grant agreement.

The Decree specifies those projects selected in the territorial selection procedure where, in the event of withdrawal from the project's grant agreement putting the objectives and indicator commitments of another project at risk, the managing authority may also withdraw from the at-risk project's grant agreement.

The managing authority may suspend taking a decision and concluding the grant agreement on the beneficiary's further claims until a decision has been taken on the termination of the grant agreement.

Project supervisor

For projects facing administrative or managerial problems – especially those that are particularly important in economic or absorption terms – where there is a risk of a lengthy delay in implementation or of the project encountering persistent obstacles or even failure, the managing authority may designate a project supervisor at the same time as initiating an amendment of the grant agreement, in order to prevent withdrawal from the agreement. (Section 91(1)(a))

Restricting access to funds

To ensure successful implementation of the project, the managing authority may restrict the beneficiary's access to further aid funds managed by it, by suspending the entry into force of the decision on the aid claim or of the new grant agreement and grant document until the problems reported have been resolved. (Section 91(3))

Change in technical content

The Decree allows for the indicators and the other requirements laid down in the grant agreement to be changed. Any change to the indicators and other targets laid down in the grant agreement or to the start of implementation of the project, the deadline for implementation, or to the timeframes for milestones or their content qualifies as a change in project content. (Section 64(2))

Indicators and other targets may not be changed in the case of grants combined with financial instruments, however. (Section 64(4))

Where the indicator or other contractual commitment forms part of the technical content, the Decree details the procedure

		<p>to be followed in the event of a reduction in the target set under the grant agreement. (Section 65(4)(c))</p> <p>On-the-spot checks</p> <p>On-the-spot checks cover fulfilment of the indicators undertaken under the project and the milestones set at project level. (Section 146(1)(k))</p> <p>Monthly reporting</p> <p>The central monitoring unit monitors fulfilment of the performance indicators on a monthly basis by cooperating with the managing authorities, and compares progress at absorption and indicator level so as to be able to intervene there and then and to take decisions in order to achieve EU objectives.</p> <p>General and specific measures</p> <p>The legal framework to the above is provided by the 'Monitoring Decree'. Section 3(2) of Government Decree No 60/2014 of 6 March 2014 on the monitoring and recording of funded developments requires the Government to monitor fulfilment of performance indicators and absorption objectives. The Government takes or initiates general and specific measures aimed at achieving the necessary progress and fulfilling the objectives.</p> <p>Corrective measures</p> <p>Section 5(1)(e) of the Monitoring Decree requires the minister responsible for the use of EU funds to continuously monitor the progress achieved by programmes implemented using development funds granted under the Partnership Agreement, to check that their objectives have been fulfilled, with particular regard to their performance indicators and absorption objectives, and to initiate corrective measures where necessary.</p> <p>Providing the Government and managing authorities with information</p> <p>The managing authorities' monitoring officer monitors progress in fulfilling the financial and physical indicators of the performance framework and keeps a close eye on the application of common indicators. The officer informs the head of the relevant managing authorities and the Government in the event of failure to fulfil priority-level payment and indicator targets. (Section 25(2)(d) and (g))</p> <p>Poland: <i>Action taken:</i> ; <i>Action completed:</i> ; <i>Completion date:</i></p> <p>The observation includes no specific criticisms of Poland.</p> <p>Romania: <i>Action taken:</i> YES; <i>Action completed:</i> NO; <i>Completion date:</i></p> <p>AM POIM</p> <p>The decision on the phasing of projects financed under the Sectoral Operational Programme for the Environment and the Sectoral Operational Programme for Transport was taken on the basis of Articles 39-41 of Council Regulation (EC)</p>
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Annex 6.2	Overview of the results of	Austria: <i>Action taken: NO; Action completed: ; Completion date:</i>

<p>transaction testing for each MS</p>	<p>As indicated, no transactions were examined.</p> <p>Belgium: <i>Action taken: ; Action completed: ; Completion date:</i></p> <p>Bulgaria: <i>Action taken: ; Action completed: ; Completion date:</i></p> <p>Ministry of Labour and Social Policy The ECA's 2016 annual report makes one finding in respect of OP HRD 2007-2013, which has no financial impact and does not contribute to the error in transaction value.</p> <p>Croatia: <i>Action taken: NO; Action completed: ; Completion date:</i></p> <p>No transaction concerning economic, social and territorial cohesion in Croatia in 2016 has been examined. Therefore, no measures needed to be undertaken. However, as part of the Common National Rules No 3 for the Competitiveness and Cohesion 2014-2020 operational programme, which apply as of 9 June 2017, additional checks by the MA have been introduced (to complement the MA's existing system level checks, i.e. administrative and on-the spot checks of IBs) before a payment request is submitted to the European Commission. The aim of system-level checks is to inspect the correctness and legality of expenditure to be reported to the European Commission. As an extra feature, the CA checks any expenditure to be reported to the European Commission, before the deadline for submitting the declaration of expenditure. These checks comprise cost verification, reimbursements and irregularities. In a given financial year, the CA also conducts inspections in one of the following areas: financial instruments, where they have not been checked at priority level, selection of operations and State aid.</p> <p>Cyprus: <i>Action taken: ; Action completed: ; Completion date:</i></p> <p>Czech Republic: <i>Action taken: ; Action completed: ; Completion date:</i></p> <p>Not applicable; there are no specific findings.</p> <p>Denmark: <i>Action taken: NO; Action completed: NO; Completion date:</i></p> <p>Denmark was not covered by the above transaction testing, as no random samples were taken.</p> <p>Estonia: <i>Action taken: ; Action completed: ; Completion date:</i></p> <p>Finland: <i>Action taken: ; Action completed: ; Completion date:</i></p> <p>No comments.</p> <p>France: <i>Action taken: NO; Action completed: NO; Completion date: /</i></p> <p>N/A</p> <p>No operation was tested for France in 2016.</p> <p>Germany: <i>Action taken: ; Action completed: ; Completion date:</i></p>
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		<p>For information purposes only; no answer required.</p> <p>Greece: <i>Action taken: ; Action completed: ; Completion date:</i></p> <p>Hungary: <i>Action taken: NO; Action completed: ; Completion date:</i></p> <p>The three quantifiable errors involving Hungary in the figure above relate to audits that have not been closed yet. As we are still waiting for the Court of Auditors' closing letter and the Commission's follow-up letter, no action has been ordered.</p> <p>Ireland: <i>Action taken: YES; Action completed: YES; Completion date: 31/03/2017</i></p> <p>As a prudent measure, the Irish authorities removed the expenditure held to be ineligible (€606.73) from the final HCIOIP claim.</p> <p>Italy: <i>Action taken: ; Action completed: ; Completion date:</i></p> <p>Latvia: <i>Action taken: ; Action completed: ; Completion date:</i></p> <p>Lithuania: <i>Action taken: NO; Action completed: ; Completion date:</i></p> <p>According to the information provided, no transactions were audited by the ECA in Lithuania in 2016.</p> <p>Luxembourg: <i>Action taken: ; Action completed: ; Completion date:</i></p> <p>Malta: <i>Action taken: ; Action completed: ; Completion date:</i></p> <p>N/A</p> <p>Netherlands: <i>Action taken: ; Action completed: ; Completion date:</i></p> <p>Not applicable.</p> <p>Poland: <i>Action taken: ; Action completed: ; Completion date:</i></p> <p>The observation includes no specific criticisms of Poland.</p> <p>Portugal: <i>Action taken: ; Action completed: ; Completion date:</i></p> <p>Romania: <i>Action taken: YES; Action completed: NO; Completion date:</i></p> <p>Improvement and clarification of the guide for applicants, the legal framework for eligibility and public procurement, working procedures and the legal framework on irregularities.</p> <p>Slovakia: <i>Action taken: ; Action completed: ; Completion date:</i></p> <p>In our opinion, the text/graph conveys the state of play.</p>
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<p>Annex 6.3 – example 1</p>	<p>The beneficiary for an ERDF-funded research project in Spain infringed several EU and national eligibility rules: direct costs were incorrectly included in the calculation of indirect costs, and recoverable VAT and an erroneous salary amount were wrongly declared for co-financing. Moreover, some expenditure was not substantiated by supporting documents. We found similar cases (quantified up to or above 20 %) in three other ERDF projects in Spain.</p>	<p>Spain: <i>Action taken: YES; Action completed: NO; Completion date:</i></p> <p>The declared expenditure covered by the audit was already subject to a previous flat-rate correction, which affected not only the expenditure of the beneficiary referred to in the Court's report, but also all the expenditure of the intermediate body. The correction was made as a result of shortcomings in the system of checks detected by the national authorities (auditing authority) and by the European Commission. We therefore consider that the expenditure audited by the Court had already been corrected by the national authorities when the check was carried out, as it was covered by the flat-rate correction referred to above.</p> <p>In any case, the European Commission is responsible for following up the recommendations in the Commission's report. Therefore, despite our view that the expenditure had already been corrected at the time of the Court's visit, it is not possible to confirm that the matter is closed until we receive its opinion.</p>
<p>Annex 6.3 –</p>	<p>In Poland, a local authority</p>	<p>Poland: <i>Action taken: YES; Action completed: NO; Completion date: (trwa procedura kontradyktoryjna)</i></p>

<p>Example 2</p>	<p>receiving CF funding for a tram project declared VAT as eligible expenditure. However, the VAT paid on new infrastructure which the public will be charged to use is in fact recoverable and thus ineligible for co-financing.</p>	<p>With regard to the findings of ECA audit DAS 2016 PF-7858, the beneficiary – the Municipality of Gdańsk – applied to the Director of the National Revenue Information Service (KIS) for an individual interpretation of the Municipality’s right to reduce the VAT due by the amount of input VAT associated with the expenditure incurred on work to build and redevelop supporting infrastructure for the construction of tram infrastructure. In its interpretation, the KIS stated that the position of the applicant as set out in the application was correct. This position was sent to the Commission on 4 September 2017.</p> <p>The audit authority examined project POIS.07.03.00-00-030/13, to which the ECA’s finding relates, but did not find any grounds to draw up a finding in the area described by the ECA in mission PF 7858. Poland is awaiting the Commission’s final position on this ECA finding.</p>
<p>Annex 6.3 – example 3</p>	<p>A Bulgarian beneficiary received ERDF funding to purchase the equipment which it used for educational purposes. When calculating the amount of eligible expenditure, the beneficiary did not take account of revenue generated by services provided to the general public at these facilities. It also declared some amounts of recoverable VAT.</p>	<p>Bulgaria: <i>Action taken:</i> ; <i>Action completed:</i> ; <i>Completion date:</i></p> <p>Ministry of Regional Development and Public Works Action has been taken on finding 16.R.SON.2203-02 and the ineligible expenditure has been offset by the Managing Authority for the Greece-Bulgaria ETC programme.</p> <p>Ministry of Regional Development and Public Works Action still needs to be taken on finding 16.R.SON.2203-03 given that the final report confirming the findings on ineligible expenditure was received by the Managing Authority for the Greece-Bulgaria ETC programme in October 2017.</p>
<p>Annex 6.3 – example 4</p>	<p>As a result of our audit for 2014, the Commission imposed a 25 % financial correction on a CF project in Malta. However, instead of first certifying all eligible expenditure and then applying the correction, the Member State authorities certified expenditure up to 75 % of the project’s initial budget. As a consequence, the non-certified part of the project expenditure, relating to costs not concerned</p>	<p>Malta: <i>Action taken:</i> YES; <i>Action completed:</i> NO; <i>Completion date:</i></p> <p>The procedure adopted by Malta was agreed upon and accepted by the European Commission. Contrary to what is stated in the observation above, all expenditure incurred under the project is subject to audit - even that expenditure which is not eligible. Ineligible expenditure is subject to audit because this forms part of the same contract which includes both the eligible and the illegible expenditure. At this stage, the final decision has not, as yet, been taken by the European Court of Auditors (ECA); in other words the Management Authority is waiting for the final position of the ECA. In the meantime, however, the Managing Authority insists that the procedure adopted is regular and in accordance with the rules.</p>

<p>Annex 6.3 – example 5</p>	<p>by the financial correction, will, in principle, not be subject to audit.</p>	
	<p>The beneficiary for an ESF project in Ireland to deliver training for unemployed job-seekers was unable to provide evidence in support of the hours charged for participants' work placements, as required by the national eligibility rules. In connection with the same project, the Member State authorities paid out the performance-related share of a contractor's fee for a training course even though the work-placement result was below the agreed target. We found examples of errors of ineligible expenditure (quantified up to 20 %) in the Czech Republic, Spain, Hungary and Romania as well as the Greece-Bulgaria ETC OP.</p>	<p>Bulgaria: <i>Action taken:</i> ; <i>Action completed:</i> ; <i>Completion date:</i></p> <p>Czech Republic: <i>Action taken:</i> YES; <i>Action completed:</i> YES; <i>Completion date:</i> 09/08/2017</p> <p>National Coordination Body:</p> <p>In the Methodological guidelines for the eligibility of expenditure and the reporting of such expenditure in the 2014-2020 programming period, conditions were laid down under which expenditure on personnel costs was eligible and the types of documents acceptable for evidencing eligibility. According to the Methodological guidelines, regarding the performance of administrative checks by the managing authorities for the 2014-2020 programming period, rules have been laid down for the implementation of administrative and on-the-spot checks.</p> <p>Ministry of Labour and Social Affairs</p> <p>Apart from cases directly referred to in the general regulation and the ESF Regulation, the rules on eligibility of expenditure are laid down at national level. The OPE uses indirect costs or unit costs in almost all calls in order to reduce the administrative burden involved with the declaration of expenditure. Experience with the OP HRE was brought to bear when adjusting indirect costs for the OPE (transfer of all administrative positions to NN and increasing the use of lump-sums). The use of unit costs is encouraged; units for child groups were pilot tested in the OP HRE. However, besides eligibility rules, rules in other areas have an impact on eligibility of expenditure (in particular public procurement etc.) Failure to comply with the legal and procedural requirements normally follows from the excessive amount of law to be applied and the complexity thereof. Another issue is the combination of (incompatible) rules at EU and national level.</p> <p>Greece: <i>Action taken:</i> YES; <i>Action completed:</i> YES; <i>Completion date:</i> 31/12/2017</p> <p>Fiscal Control Committee (EDEL)</p> <p>The ECA carried out an audit of the legality and regularity of the payments in the area of Cohesion (ERDF) for the ETC OP 2007CBI63PO059 'GREECE BULGARIA 2007-2013', with reference PF – 7829 (date of audit 15-22 July 2016). The audit sample included four random sampling operations in the following projects: ENERGEIA – MIS 900104, ACCESSNET- MIS 900064, DRAINAGE - MIS 900121 and AGROLESS – MIS 900117. The audit identified ineligible expenditure in projects MIS 900064 and MIS 900121 of EUR 19 450.51 and EUR 142 786.33 respectively. Regarding the ineligible expenditure of the MIS900064 project amounting to EUR 19 450.51: the Special Management Service of the OP 'GREECE-BULGARIA 2007-2013' informed the Certifying Authority, by means of letter ref. 301770/YA6390/30.12.2016, that it had registered correction sheet No 9313/6 on 23 September 2016. The correction sheet was submitted to the European Commission together with the request for payment of 31 October 2016, which</p>

resulted in a reduction in the eligible expenditure of the OP at issue.

Regarding the ineligible expenditure of the MIS 900121 project amounting to EUR 142 786.33: during the procedure for objections and before the issuing of ECA's final report, the Certifying Authority, by means of letter ref. 96887/AII5121/11.09.2017 addressed to the Special Management Service, agreed with the deduction of the above amount from the final expenditure declared under this OP. In a letter with reference 301721/MA3338/12.09.2017, the Special Management Service then informed the Commission (DG Regional Policy) of the above action.

In a letter to the President of the Greek Court of Auditors, the ECA stated that the audit was deemed to be closed.

In the ETC Programme 'Greece-Bulgaria', the finding identified involved expenditure for VAT that was considered non-recoverable, amounting to 0.10 % of total expenditure for the OP. The Certifying Authority has initiated a procedure to recover the amount from the partner established in Bulgaria. Please note, however, that Example 5 above concerns 'traineeship hours that were not registered and undue payments to the contractor', in other words findings that are not related to the ETC Programme 'Greece-Bulgaria'.

For the error detected in the ETC OP Greece - Bulgaria in audit ref. PF-7826, the European Commission requested that the amount be deducted when calculating the final clearance. By deducting the ineligible amount from the expenditure of the final statement of the OP, the unduly paid amount is returned to the EU budget. The final report was received on 10 October 2017 and the Certifying Authority has initiated the procedures to recover the amount from the partner.

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

The Court of Auditors' audit in Hungary did not find any instance of 'Work-placement hours not documented and unjustified payment of the performance-related share of a contractor's fee' listed in example 5. We therefore consider the reference to Hungary in the second paragraph under example 5 as a finding that bears no relation to that example. Since the Member State has not yet received the Court of Auditors' closing letter or the Commission's financial follow-up letter on the above cases, there is no need for the managing authorities to take any further action at this point.

Ireland: *Action taken: YES; Action completed: YES; Completion date: 31/03/2017*

While the Irish authorities consider the expenditure (€606.73) to be valid, with the hours charged being certified by the training instructor in line with the eligibility rules and the performance-related share of the contractor's fee being paid in line with approved national procedures, the expenditure was removed from the final HCIOIP claim as a prudent measure despite the Irish authorities.

Romania: *Action taken: YES; Action completed: NO; Completion date: 2018*

In order to avoid the above situation, in Romania, for the 2014-2020 programming period for the 'Human Capital' Operational Programme the unit standard costs mechanism will be used in the field of vocational training.

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

<p>Annex 6.3 – example 6</p>	<p>The beneficiary for an ERDF project in Spain did not comply with the requirement in the call for proposals to retain the cofinanced equipment in the region for the agreed period. This made the equipment ineligible for co-financing.</p>	<p>We have nothing further to add to the Commission’s observations.</p> <p>Spain: <i>Action taken: NO; Action completed: ; Completion date:</i></p> <p>The European Commission is responsible for following up the recommendations in the Commission’s report. Until we receive its opinion, no relevant action can be taken.</p> <p>In any case, the co-financed equipment that was invested in was a portable measuring device designed to be used off the company’s premises wherever business was taking place. As a result, the only way to keep the equipment (in the region) would be to carry out the production activity (processing the data gathered using the measuring device) at the company’s headquarters located in the relevant region. If there is found to be any non-compliance with the national rules governing the funding, the consequences and impact on the co-financed expenditure will need to be determined in accordance with those rules.</p>
<p>Annex 6.3 – example 7</p>	<p>The call for proposals for an ERDF project in the Czech Republic specified that only SMEs were eligible. When verifying compliance with this requirement, the managing authority based its decision on the beneficiary’s declaration and the information from its monitoring system. This was insufficient to ensure the proper status of the beneficiary. It resulted in funding going to a beneficiary that was not an SME.</p>	<p>Czech Republic: <i>Action taken: YES; Action completed: YES; Completion date: 9/07/2014</i></p> <p>In the context of applications for aid in the 2014-2020 programming period, the applicants themselves must provide information on the size of the enterprise, turnover and number of employees for State aid to be assessed. Public registers such as the business register are used for the checks.</p>
<p>Annex 6.3 – example 8</p>	<p>Priority Axis 3 of an ESF OP in Spain, which aims at increasing human capital, has three specific objectives. The relevant objective for a project examined within this OP was the development of human potential in the field of research and</p>	<p>Spain: <i>Action taken: NO; Action completed: ; Completion date:</i></p> <p>Both at the time the statements were made in the ECA’s draft report, and when defending the case at the tripartite meeting of the ECA, the Commission and the Member State, the Spanish authorities and the Commission maintained and demonstrated, by putting forward arguments and sufficient data, that the training of health-service professionals through the ‘EIR’ (Resident Interns in Specialisation) postgraduate programme was eligible for funding under Priority Axis 3 ‘Increase and improvement of human capital’, as it contributes to the achievement of its objectives.</p>

	<p>innovation. The Member State authorities retroactively declared for co-financing the salaries paid to medical professionals during specialised residential internships in 2014. While these internships had some ties to research activities, their main objective was to prepare specialised medical staff for the Spanish health system. It is therefore disproportionate to consider the whole project as primarily a research activity. Moreover, this training scheme is anyway compulsory for medical specialists under Spanish law. Part of the project was consequently ineligible and should not have been declared for co-financing. We found a similar case in another ESF project in Spain.</p>	
<p>Annex 6.3 – example 9</p>	<p>The beneficiary for an ERDF project in the United Kingdom to erect a footbridge used a framework contract to award the works. The procedure chosen by the beneficiary for the secondary competition did not allow for identification of the most economically advantageous offer. In addition, the beneficiary incorrectly applied discount rates during negotiation</p>	<p>United Kingdom: <i>Action taken: NO; Action completed: ; Completion date:</i></p> <p>We do not have enough information about the project. Can the ECA be more specific about where the ERDF project was? If it can confirm that it was an England project and the location, we will investigate and provide details of what further action was taken by the relevant ERDF Delivery Team.</p>

	<p>with the contractor and awarded additional works directly to the same contractor. The procedure therefore infringed the principles of equal treatment and non-discrimination and departed from the procedure described in the framework agreement. As a result, the contract was unlawful and the related expenditure was ineligible for EU funding.</p>	
<p>Annex 6.3 – example 10</p>	<p>The beneficiary for a CF project in Hungary (extension of a sewage treatment plant) substantially modified the contract after signature without relaunching the procedure. Amendments of this sort are in breach of public procurement rules.</p>	<p>Hungary: <i>Action taken: NO; Action completed: NO; Completion date:</i></p> <p>The managing authority submitted its observations on the draft report to the Court of Auditors, disputing the audit body's claim. A trilateral meeting between the European Commission, Court of Auditors and Hungary was held in Luxembourg on 9 June 2017. As agreed at the meeting, Hungary submitted an additional Member State reply to the Court of Auditors on 15 June 2017, to which no reply has been received from the Court of Auditors. For that reason, and in the absence of the Court of Auditors' closing letter or the Commission's follow-up letter, there is no need for the managing authority to take any further action at this stage.</p>
<p>Annex 6.3 – example 11</p>	<p>Only one of three companies invited to tender for an ESF language-training project in Hungary had a suitable profile to deliver the training. The effect of inviting two unsuitable candidates to participate was that the contract was awarded directly without due justification.</p>	<p>Hungary: <i>Action taken: NO; Action completed: NO; Completion date:</i></p> <p>The managing authority submitted its observations on the draft report to the Court of Auditors, disputing the audit body's claim. As the Court of Auditors' closing letter and the Commission's follow-up letter have not been received yet, no action has been ordered.</p>

<u>Paragraphs</u>	<u>Observations in the ECA's 2016 Annual Report</u>	<u>Member States' replies</u>
<p>Paragraph 7.7.(a) – footnote 12</p>	<p>The EAGF sample consisted of transactions from 21 Member States. Belgium (Wallonia and Flanders), Bulgaria, the Czech Republic, Denmark, Germany (Bavaria, Hamburg-Jonas, Mecklenburg-Vorpommern, North Rhine-Westphalia, Saxony-Anhalt, Schleswig Holstein), Ireland, Greece, Spain (the Basque Country, Andalusia, the Region of Murcia, the Valencian Community, Aragon, Castilla-La Mancha, Extremadura and Castile and León), France, Italy (AGEA, Calabria, Lombardy, Tuscany and Veneto), Latvia, Lithuania, Hungary, the Netherlands, Poland, Portugal, Romania, Slovakia, Finland, Sweden and the United Kingdom (England, Northern Ireland and Scotland). The sample also included one transaction under direct management.</p>	<p>Belgium: <i>Action taken: NO; Action completed: NO; Completion date:</i> Reply from the Paying Agency for Wallonia (BE03): None.</p> <p>Reply from the Paying Agency for Wallonia (BE03): The audit did not indicate any corrective action required on the part of Belgium (Wallonia). However, the Paying Agency for Wallonia continually strives to improve its management systems and procedures.</p> <p>Bulgaria: <i>Action taken: ; Action completed: ; Completion date:</i></p> <p>Czech Republic: <i>Action taken: ; Action completed: ; Completion date:</i> Not applicable; there are no specific findings.</p> <p>Denmark: <i>Action taken: NO; Action completed: NO; Completion date:</i> The Danish AgriFish Agency (DAFA) is currently drawing up a response to the audit observation.</p> <p>Finland: <i>Action taken: YES; Action completed: YES; Completion date: 27/10/2017</i></p> <p>The area errors found during inspections were small and have been corrected.</p> <p>France: <i>Action taken: YES; Action completed: YES; Completion date: /</i></p> <p>No special remarks</p> <p>Germany: <i>Action taken: ; Action completed: ; Completion date:</i> For information purposes only; no answer required.</p> <p>Greece: <i>Action taken: ; Action completed: ; Completion date:</i></p> <p>Hungary: <i>Action taken: NO; Action completed: ; Completion date:</i> Factual finding, no action required.</p> <p>Ireland: <i>Action taken: NO; Action completed: ; Completion date:</i> No action required.</p>

	<p>Italy: <i>Action taken:</i> ; <i>Action completed:</i> ; <i>Completion date:</i></p> <p>Latvia: <i>Action taken:</i> YES; <i>Action completed:</i> YES; <i>Completion date:</i> 01.04.2016</p> <p>An electronic application system was introduced at the paying agency (the Rural Support Service) in April 2016 which prevents the applicant from indicating an area of land that exceeds that of the block. The system displays a warning if the areas entered by an applicant overlap geospatially.</p> <p>Lithuania: <i>Action taken:</i> YES; <i>Action completed:</i> YES; <i>Completion date:</i> 5/09/2016</p> <p>The internal procedure for assessing the classification of cars was amended, and the changed assessment process was publicised.</p> <p>Netherlands: <i>Action taken:</i> ; <i>Action completed:</i> ; <i>Completion date:</i></p> <p>Not applicable.</p> <p>Poland: <i>Action taken:</i> ; <i>Action completed:</i> ; <i>Completion date:</i></p> <p>The observation includes no specific criticisms of Poland.</p> <p>Portugal: <i>Action taken:</i> YES; <i>Action completed:</i> YES; <i>Completion date:</i></p> <p>Measures have been taken to improve administrative checks on applications for support under Article 24(2)(d) of Regulation 65/2011 (now subparagraph (e)) and Article 48(2) of Regulation 809/2014), namely</p> <ul style="list-style-type: none"> • a requirement to present three (3) comparative price offers for the assessment of the reasonableness of the costs, • increased number of references in the supporting tables for administrative checks. <p>Romania: <i>Action taken:</i> YES; <i>Action completed:</i> NO; <i>Completion date:</i></p> <p>The file was re-examined.</p> <p>Slovakia: <i>Action taken:</i> ; <i>Action completed:</i> ; <i>Completion date:</i></p> <p>In our opinion, the text/graph conveys the state of play.</p> <p>Spain: <i>Action taken:</i> NO; <i>Action completed:</i> NO; <i>Completion date:</i></p> <p>Aragon payment agency: Given that the ECA has not yet reached a firm decision, repayment of the excess aid referred to in Annex II (1.68 %) has not been requested. The aid in question relates to the budget line for the promotion of wine in third countries (the beneficiary is Grupo Publicitario de Cariñena AIE). Arguments were submitted on 25 April 2017, pending a final decision (see enclosed document).</p> <p>Sweden: <i>Action taken:</i> NO; <i>Action completed:</i> ; <i>Completion date:</i></p>
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<p>Paragraph 7.7.(a) – footnote 13</p>	<p>The sample for the second specific assessment consisted of 153 transactions for rural development and 10 other transactions (in areas covering the environment, climate action and fisheries) from 20 Member States. Bulgaria, the Czech Republic, Denmark, Germany (Lower Saxony-Bremen, Saxony and Saxony-Anhalt), Estonia, Ireland, Greece, Spain (Andalusia, Castilla-La Mancha and Extremadura), France (Midi-Pyrénées and Rhône-Alpes), Croatia, Italy (Basilicata), Lithuania, Hungary, Austria, Poland, Portugal (Azores and mainland), Romania, Slovakia, Finland and the United Kingdom (England and Scotland). The sample included seven transactions under direct management, of which two concerned EU funds spent on fisheries partnership agreements outside the European Union.</p>	<p>Sweden has not taken any action based on the observation.</p> <p>United Kingdom: <i>Action taken: NO; Action completed: ; Completion date: No action necessary.</i></p> <p>Austria: <i>Action taken: YES; Action completed: NO; Completion date: The procedure is still ongoing.</i></p> <p>Bulgaria: <i>Action taken: ; Action completed: ; Completion date: Croatia:</i> <i>Action taken: ; Action completed: ; Completion date: Czech Republic:</i> <i>Action taken: ; Action completed: ; Completion date: Denmark:</i> <i>Action taken: NO; Action completed: NO; Completion date: The Danish AgriFish Agency (DAFA) is currently drawing up a response to the audit observation.</i></p> <p>Estonia: <i>Action taken: ; Action completed: ; Completion date: Finland:</i> <i>Action taken: YES; Action completed: YES; Completion date: 27/10/2017</i></p> <p>The area errors found during inspections were small and have been corrected.</p> <p>France: <i>Action taken: YES; Action completed: YES; Completion date: / No special remarks</i></p> <p>Germany: <i>Action taken: ; Action completed: ; Completion date: For information purposes only; no answer required.</i></p> <p>Greece: <i>Action taken: ; Action completed: ; Completion date: Hungary:</i> <i>Action taken: NO; Action completed: ; Completion date: Factual finding, no action required.</i></p> <p>Ireland: <i>Action taken: NO; Action completed: ; Completion date: No action required.</i></p> <p>Italy: <i>Action taken: ; Action completed: ; Completion date: Lithuania:</i> <i>Action taken: YES; Action completed: YES; Completion date: 5/09/2016</i></p> <p>The internal procedure for assessing the classification of cars was amended, and the changed assessment process was</p>
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		<p>publicised.</p> <p>Poland: <i>Action taken:</i> ; <i>Action completed:</i> ; <i>Completion date:</i></p> <p>The observation includes no specific criticisms of Poland.</p> <p>Portugal: <i>Action taken:</i> YES; <i>Action completed:</i> YES; <i>Completion date:</i></p> <p>Measures have been taken to improve administrative checks on applications for support under Article 24(2)(d) of Regulation 65/2011 (now subparagraph (e)) and Article 48(2) of Regulation 809/2014), namely</p> <ul style="list-style-type: none"> • a requirement to present three (3) comparative price offers for the assessment of the reasonableness of the costs, • increased number of references in the supporting tables for administrative checks. <p>Romania: <i>Action taken:</i> YES; <i>Action completed:</i> NO; <i>Completion date:</i></p> <p>The file was re-examined.</p> <p>Slovakia: <i>Action taken:</i> ; <i>Action completed:</i> ; <i>Completion date:</i></p> <p>In our opinion, the text/graph conveys the state of play.</p> <p>Spain: <i>Action taken:</i> NO; <i>Action completed:</i> NO; <i>Completion date:</i></p> <p>Aragon payment agency: Given that the ECA has not yet reached a firm decision, repayment of the excess aid referred to in Annex II (1.68 %) has not been requested. The aid in question relates to the budget line for the promotion of wine in third countries (the beneficiary is Grupo Publicitario de Cariñena AIE). Arguments were submitted on 25 April 2017, pending a final decision (see enclosed document).</p> <p>United Kingdom: <i>Action taken:</i> NO; <i>Action completed:</i> ; <i>Completion date:</i></p> <p>No action necessary.</p>
<p>Image 2 – footnote 23</p>	<p>Several Member States have opted to admit, as eligible pastureland, land on which non-herbaceous vegetation suitable for grazing is predominant (e. g. grazable heathland). Germany, Greece, Spain, France, Croatia, Italy, Portugal, Sweden and the United Kingdom.</p>	<p>Croatia: <i>Action taken:</i> ; <i>Action completed:</i> ; <i>Completion date:</i></p> <p>France: <i>Action taken:</i> YES; <i>Action completed:</i> YES; <i>Completion date:</i> /</p> <p>No special remarks N/A</p> <p>Germany: <i>Action taken:</i> ; <i>Action completed:</i> ; <i>Completion date:</i></p> <p>All the required information and the opinion are already available to the Commission and the ECA.</p> <p>Greece: <i>Action taken:</i> NO; <i>Action completed:</i> ; <i>Completion date:</i></p> <p>OPEKEPE (Greek Paying Agency)</p>

		<p>The finding has been withdrawn by the ECA since, in the light of the evidence provided by the Greek authorities, it appears that ortho-images from 2015 were used for the eligibility of the beneficiary's pasture (ECA letter ref. CH1090047EL01-17PP/09.02.2017).</p> <p>Italy: <i>Action taken: YES; Action completed: YES; Completion date:</i></p> <p>Decree No 1420 of the Ministry of Agricultural, Food and Forestry Policy of 26 February 2015.</p> <p>Portugal: <i>Action taken: NO; Action completed: ; Completion date:</i></p> <p>This observation concerns a field visit carried out pursuant to case CP 8094-EAGF. A parcel was selected and the ECA auditors merely asked for measurement of some subparcels of the reference parcel. Note that the inspection did not find any failure to comply with greening obligations.</p> <p>Spain: <i>Action taken: YES; Action completed: YES; Completion date:</i></p> <p>Under the 'permanent pasture' heading of the agricultural parcel identification system (SIGPAC), an attribute has been added relating to permanent pasture areas that are part of established local practices.</p> <p>Sweden: <i>Action taken: NO; Action completed: ; Completion date:</i></p> <p>Sweden has not taken any action based on the observation.</p> <p>United Kingdom: <i>Action taken: NO; Action completed: ; Completion date:</i></p> <p>No action necessary, Letter of Findings on Audit DAS2016 – PF8412 does not confirm any error on this observation.</p>
<p>Box 7.5</p>	<p>In the Czech Republic and Poland the LPIS database contained no information on historical land uses. In such situations, authorities cannot perform automated crosschecks to verify whether arable land used to grow grasses has become permanent grassland. This creates a risk that the authorities may not detect declared EFAs which are in fact on permanent grassland (i.e. not arable land). We also found weaknesses in the classification of permanent grassland or the</p>	<p>Czech Republic: <i>Action taken: NO; Action completed: ; Completion date:</i></p> <p>The LPIS contains information on the history of parts of land parcels.</p> <p>Before 2015, in cases where grassland was registered on parts of parcels, it was registered as G culture (grassland), which under the Farming Act could not be ploughed. Any infringement constituted a GAEC infringement.</p> <p>Temporary grassland (less than five years) could not be registered as arable land.</p> <p>As of 1 January 2015 parts of land parcels were automatically re-classified as T culture: parts on which grassland was registered for more than 5 years became permanent grassland in accordance with Regulation (EU) No 1307/2013.</p> <p>In respect of parts registered as T for less than 5 years, the culture was changed to G (grassland), which falls under the category of arable land.</p> <p>The LPIS carries out an assessment of the duration of the G period of the parts of land parcels in its IT system. The T duration before 2015 also counts as part of the period. The technical solution includes highlighting in the details of the</p>

	<p>related cross-checks in Germany (Bavaria, Mecklenburg-Vorpommern, North Rhine-Westphalia, Saxony-Anhalt, Schleswig Holstein), France, Italy (Lombardy), Portugal and the United Kingdom (England).</p>	<p>land parts that the conversion period to T is approaching, as well as work lists and dispatching for supervision. In the fifth year at the latest the land is changed to T as part of the amendment process in accordance with the Agriculture Act. The issue was again addressed in the context of Commission audit mission AA/2017/010/CZ.</p> <p>France: <i>Action taken: YES; Action completed: YES; Completion date: 2/09/2016</i></p> <p>Against the background of the 2015 reform and the finalisation of the action plan, the French authorities completely overhauled their LPIS. The exercise involved the photo-interpretation (with rapid visits) of the whole of the national territory with a view to identifying and excluding all non-agricultural areas.</p> <p>The pro rata concept was introduced for the purpose of assessing the eligibility rate of parcels with low productivity and gave rise to rapid field visits in cases of doubt regarding the pro rata.</p> <p>This was the case in particular for wooded parcels or where there was a discrepancy between the conclusions of the photo-interpretation and the farmer's declaration.</p> <p>Germany: <i>Action taken: ; Action completed: ; Completion date:</i></p> <p>One conformity procedure is still ongoing.</p> <p>Italy: <i>Action taken: YES; Action completed: ; Completion date:</i></p> <p>Provision of a monitoring system for the following purposes:</p> <ul style="list-style-type: none"> - to check the state of the permanent grassland after the beneficiary was authorised to convert the grassland into arable land on the basis of declarations submitted in the single application; - to establish whether the arable land was turned into permanent grassland if the land was used, for five or more years, to grow herbaceous forage, even if such land was tilled and cultivated with a variety of different herbaceous forage <p>Poland: <i>Action taken: NO; Action completed: NO; Completion date:</i></p> <p>It should first be stated that crop groups were defined in Article 49 of Commission Regulation (EC) No 769/2004 (replaced by Regulation (EC) No 75/2009) in such a way that the following, inter alia, are deemed to be individual crop groups:</p> <ul style="list-style-type: none"> <input type="checkbox"/> areas for which a different rate of aid is applicable; <input type="checkbox"/> set-aside areas declared under aid schemes established in Title IV of Regulation (EC) No 1782/2003 and, where applicable, set-aside areas for which a different rate of aid is applicable; <input type="checkbox"/> areas for the purposes of the Single Area Payment Scheme in accordance with Article 143b of Regulation (EC) No 1782/2003.
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Accordingly, until 2014, agricultural parcels in Poland were declared as crop groups without the specific crops being indicated. Therefore, in their payment claims farmers were not obliged to indicate the cultivation of grass and other herbaceous forage as a separate agricultural parcel. These crops were declared as a crop group for which the single area payment and the complementary area payment were due.

Since 2015, in accordance with the applicable legal framework, namely Article 67(4)(a) of Regulation (EU) No 1306/2013 of the European Parliament and of the Council read in conjunction with Article 17 of Commission Implementing Regulation (EU) No 809/2014, it has been required to make a separate declaration of the use of a given area within a crop group. In accordance with Article 4(1)(h) and (i) of Regulation (EU) No 1307/2013, permanent grassland means land that has not been included in crop rotation for five years or more. In order to verify the greening conditions, all farmers in Poland applying for direct payments are obliged to indicate in their payment claims the location and area of arable land. In addition, farmers with grass or other herbaceous plants are obliged to declare this crop as a separate agricultural parcel and delineate it on the orthophoto map.

In accordance with Article 72(3) of Regulation (EU) No 1306/2013, the paying agency sends farmers who submitted a claim for direct payments in the preceding year an individualised application form. Annexed to the individualised application form is not only the graphic material but also two information sheets entitled 'Information on parcels declared for payment' and 'Information on the existence of ecological focus areas (EFAs) on parcels declared for payment'.

The information on parcels declared for payment includes in particular: the maximum eligible area, ecological focus areas recorded in the LPIS, the area of permanent grassland, and the area of designated permanent grassland of high natural value.

For the purposes of designating the area of permanent grassland, parcels declared as grass on arable land in 2015 underwent an orthophoto map analysis taking account of earlier land uses, farmers' declarations and all the findings of on-the-spot checks. In other words, account was taken of all possible evidence.

Accordingly, with regard to the ECA's criticism that 'In the Czech Republic and Poland the LPIS database contained no information on historical land uses. In such situations, authorities cannot perform automated cross-checks to verify whether arable land used to grow grasses has become permanent grassland', it should be noted that until 2014 there was no obligation for the LPIS to include a permanent grassland layer. This obligation was introduced only with effect from 2015 and the Agency for Restructuring and Modernisation of Agriculture (ARiMR) fulfilled it by building that layer using all possible evidence. The correctness of this approach was confirmed by the European Commission during the June 2017 mission concerning monitoring and support for implementation of the direct payment scheme and exchange of views on the Integrated Management and Control System after 2020.

Please note that since 2015 the paying agency in Poland has been automatically carrying out cross-checks in order to verify whether arable land used to grow grass has become permanent grassland. Where it is found that grass or other herbaceous plants have been grown on a given area of land for five years or more, that land will be classified as permanent grassland, with the farmer being informed of this in the 'Information on parcels declared for payment'

		<p>information sheet sent with the individualised application form.</p> <p>Accordingly, automatic checks to verify whether agricultural land cultivated with grass had become permanent grassland were carried out for all parcels declared as single payment scheme permanent grassland or grass on arable land declared under agri-environment programmes.</p> <p>‘This creates a risk that the authorities may not detect declared EFAs which are in fact on permanent grassland (i.e. not on arable land).’</p> <p>In order to verify whether the greening conditions were met, Poland used all possible information held by it to determine the three categories of land (arable land, permanent grassland and permanent crops) and also to ascertain whether a declared ecological focus area was on or adjacent to arable land, as outlined above.</p> <p>The automatic cross-checks also verify whether an ecological focus area declared and delineated by a farmer is adjacent to or on arable land.</p> <p>In other words, the Agency carried out all possible checks and provided farmers with all information in this connection on the basis of the legal provisions in force.</p> <p>Portugal: Action taken: NO; Action completed: ; Completion date:</p> <p>Audit CP 8094 noted the failure to reclassify some parcels as permanent pasture in accordance with Commission Delegated Regulation (EU) No 639/2014. According to the auditors, this might contribute to a financial risk arising from greening requirements. This issue is not related to any of the beneficiaries that were audited.</p> <p>Accordingly, the Portuguese authorities reiterate the information already communicated in letter ref. 003960/2017 GPE-ARCC, which we think we should reproduce here:</p> <p>The Portuguese authorities entirely disagree with the position taken by the ECA concerning the retroactive effect of the five-year rule for the conversion of land into grassland/permanent pasture (PP), given that 2015 should be the year ‘zero’ for the beginning of the five-year period.</p> <p>This approach is based on the change in crops considered for classification of forage areas and therefore of areas considered to be PP.</p> <p>As stated in point 3.1 of DG AGRI’s guidance document (ref. Ares(2015)2999036 of 16 July) on the implementation by Member States of permanent grassland provisions in the context of the payment for agricultural practices beneficial for the climate and the environment (Greening), areas under pure cereal crops, or a mixture thereof, or pure leguminous crops, or a mixture thereof can no longer be classified as forage areas, contrary to the guidelines in the previous Community framework (prior to 2014).</p> <p>Clearly our authorities have no way of knowing whether in previous years the areas declared as forage areas were in fact</p>
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		<p>forage areas in line with the new approach or, for example, under pure cereal crops.</p> <p>To sum up, despite the concept of PP (and forage area) not really having changed in the new, post-2014 guidelines, there is a marked difference when it comes to the crops that may be considered as forage areas and therefore the basis for the classification of PP.</p> <p>On the question of the financial risk linked to compliance with Greening requirements, in particular that resulting from the (non-)conversion into PP after five years of ‘arable land lying fallow’, note that there is provision for non-application of the reclassification where such land is classified as an Ecological Focus Area (EFA), as set out in point 3.5 of the guidance document referred to above.</p> <p>Other arable lands which may be classified as EFAs, including those with nitrogen-fixing crops, may not be considered as forage areas as well (because they have ‘pure’ leguminous crops or a mixture thereof), in accordance with point 3.1 of the abovementioned guidance document. They cannot therefore be considered as forage areas and would never be reconverted into PP after five years.</p> <p>United Kingdom: <i>Action taken: YES; Action completed: ; Completion date: N/A</i></p> <p>This observation is being addressed within ongoing system developments.</p>
<p>Box 7.7</p>	<p>In the United Kingdom (England) we audited a project to build a new roof for a livestock-gathering area. The payment was based on a standard unit cost for roofs of 62 GBP per square metre, with a maximum available grant per farm of 10 000 GBP.</p> <p>The standard unit cost for the roof came from a publication which is one of the most widely used independent sources of agricultural business information in the United Kingdom. The prices in the publication are updated every year.</p>	<p>United Kingdom: <i>Action taken: NO; Action completed: ; Completion date:</i></p> <p>No action necessary, Letter of Findings on Audit DAS2016 – PF8080 confirms no error found on this observation.</p>

<p>Annex 7.2</p>	<p>Overview of the results of transaction testing for each MS for rural development, the environment, climate action and fisheries</p>	<p>Austria: <i>Action taken: YES; Action completed: NO; Completion date:</i> The procedure is still ongoing.</p> <p>Belgium: <i>Action taken: NO; Action completed: NO; Completion date:</i> Reply from the Paying Agency for Wallonia (BE03): N/A</p> <p>Reply from the Paying Agency for Wallonia (BE03): No operations were checked in 2016.</p> <p>Bulgaria: <i>Action taken: ; Action completed: ; Completion date:</i> Ministry of Agriculture and Food + SFA In the overview of the results of transaction testing for Bulgaria for rural development (EAFRD) and fisheries (EMFF) there are no transactions affected by errors.</p> <p>Croatia: <i>Action taken: ; Action completed: ; Completion date:</i></p> <p>Cyprus: <i>Action taken: ; Action completed: ; Completion date:</i></p> <p>Czech Republic: <i>Action taken: YES; Action completed: NO; Completion date:</i> On the basis of the findings of the ECA audit enquiries, physical, on-the-spot checks were carried out of the applicants concerned. Following those checks an adjustment was made for the period and applicants would be served with proceedings for the return of funding paid in respect of ineligible land.</p> <p>Denmark: <i>Action taken: NO; Action completed: NO; Completion date:</i> The Danish AgriFish Agency (DAFA) is currently drawing up a response to the audit observation.</p> <p>Estonia: <i>Action taken: ; Action completed: ; Completion date:</i></p> <p>Finland: <i>Action taken: YES; Action completed: YES; Completion date:</i></p> <p>France: <i>Action taken: YES; Action completed: YES; Completion date: /</i> No special remarks N/A</p> <p>Germany: <i>Action taken: ; Action completed: ; Completion date:</i> For information purposes only; no answer required.</p> <p>Greece: <i>Action taken: ; Action completed: ; Completion date:</i></p> <p>Hungary: <i>Action taken: NO; Action completed: ; Completion date:</i> Factual finding, no action required.</p>
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	<p>Ireland: <i>Action taken: NO; Action completed: ; Completion date:</i> No action required.</p> <p>Italy: <i>Action taken: YES; Action completed: YES; Completion date:</i> The MA has procedures and instruments for preventing, detecting and correcting any operational errors and irregularities (implementation model, checklist and audit trails, guidelines on the eligibility of expenditure, guidelines on irregularities and fraud, SiGeCo (management control system), manual of monitoring procedures for the intermediate bodies).</p> <p>Latvia: <i>Action taken: ; Action completed: ; Completion date:</i></p> <p>Lithuania: <i>Action taken: YES; Action completed: YES; Completion date: 5/09/2016</i> The internal procedure for assessing the classification of cars was amended, and the changed assessment process was publicised.</p> <p>Luxembourg: <i>Action taken: ; Action completed: ; Completion date:</i></p> <p>Malta: <i>Action taken: ; Action completed: ; Completion date:</i> N/A</p> <p>Netherlands: <i>Action taken: ; Action completed: ; Completion date:</i> Not applicable.</p> <p>Poland: <i>Action taken: ; Action completed: ; Completion date:</i> The observation does not include specific criticisms of Poland.</p> <p>Portugal: <i>Action taken: YES; Action completed: YES; Completion date:</i> The Portuguese authorities consider that there is no DAS 2016 error in the findings 16.P.AG1.1062, 16.P.AG1.1063, 16.P.AG2.1506-01 and 16.P.AG2.1506-02. With regard to the finding 16.P.AG1.1065 concerning beneficiary NIFAP 763924, recovery proceedings ref. 4626/2017 were initiated for the amount of €109.59, which has already been recovered and declared to the Commission in May 2017.</p> <p>Romania: <i>Action taken: YES; Action completed: YES; Completion date: periodic updating</i> At the recommendation of DG AGRI, AFIR (the Rural Investment Financing Agency) drew up an action plan to reduce the error rate. The Plan contains the main shortcomings identified by the external auditors in the audit inspections as regards compliance with EU provisions. In this regard, the Agency provides information on the state of play concerning implementation of the recommendations, the deadlines for implementation and the indicators taken into account to follow</p>
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		<p>up this stage. The Plan is periodically discussed and updated with representatives of DG AGRI at bilateral meetings. The last transmission to the EC of the Action Plan to reduce the error rate was in September 2017.</p> <p>Slovakia: <i>Action taken: YES; Action completed: NO; Completion date: 31 December 2017</i></p> <p>Ministry of Agriculture and Rural Development:</p> <p>See answer to observation 3 of this chapter for further details.</p> <p>Slovenia: <i>Action taken: ; Action completed: ; Completion date:</i></p> <p>Spain: <i>Action taken: ; Action completed: ; Completion date:</i></p> <p>We have nothing further to add to the Commission's observations.</p> <p>Sweden: <i>Action taken: NO; Action completed: ; Completion date:</i></p> <p>Sweden has not taken any action based on the observation.</p> <p>United Kingdom: <i>Action taken: NO; Action completed: ; Completion date:</i></p> <p>No action necessary.</p>
<p>Annex 7.3 – example 1</p>	<p>In Lithuania we examined a payment made to a cooperative for investment support in the processing and marketing of agricultural produce. Under EU and national rules, such support is available only to micro, small and medium-sized enterprises, as determined by the number of employees, annual turnover and annual balance sheet total. Related enterprises, such as mother or daughter companies, have to be included in the calculation. We found that the cooperative concerned belonged to a large multinational company, and so did not qualify as a micro, small or medium-</p>	<p>Lithuania: <i>Action taken: NO; Action completed: ; Completion date:</i></p> <p>We partially disagree with the remark, because the undertaking with which the European Court of Auditors (ECA) could link the beneficiary had not been established at the time of assessment of the application (2012) (according to the national centre of registers, the undertaking was established on 30 December 2013). An assessment of the size of the undertaking will be carried out in 2018 in accordance with national law. However, in the light of the ECA's finding, consideration is being given to tightening control and surveillance procedures to prevent the unauthorised use of aid.</p>

	sized enterprise. The beneficiary was not eligible for support, leading to a 100 % error.	
Annex 7.3 – example 2	We examined a payment made to an agricultural company in Hungary for the purchase of machinery. We found conclusive evidence that the beneficiary had links with the company that supplied the machinery. Under national law this renders the whole payment ineligible, leading to a 100 % error.	<p>Hungary: <i>Action taken: YES; Action completed: NO; Completion date:</i> Since the eligibility and payment application were approved following an order under an earlier second-instance decision, the powers of the first-instance authority had to be clarified on the basis of legal consultation. As a result, the aid amount paid is being recovered, which also invalidates eligibility.</p> <p>Due to the lengthy legal consultation the action has not been completed yet. The final decisions agreed upon are available, however, and will be sent out in early November. The action will be completed after that (in November).</p>
Annex 7.3 – examples 4 and 5	We examined two sets of works paid for by the regional government of Andalusia in Spain: one for the reconstruction of a rural road and the other for a rural house with an adjacent farm building. In both cases, we found that the works had been directly awarded to a company at inflated prices. We reported errors of 33 % and 41 % of the costs examined respectively.	<p>Spain: <i>Action taken: YES; Action completed: ; Completion date:</i> Andalusia opposed the errors. However, Action Plans have been drawn up containing corrective and preventive actions relating to public procurement (on Monday an addendum will be sent from the Andalusian paying agency on this point).</p> <p>The Andalusian paying agency does not agree with the ECA’s observations and we would refer you to their response (below).</p> <p>In its assessment, the ECA did not take into account all the real costs, both direct and indirect, associated with the carrying out of the selected work as part of the overall project, costs which had to be borne by the special body. These costs show that the deviation for the rural road was 0.5 % and that the expenditure borne by the special body for the rural house was slightly more than the amount declared to the EAFRD.</p> <p>As a result, there was no over-declaration to the EAFRD for either of these projects.</p> <p>Notwithstanding the above, and to remove any doubt, in September 2016 the Andalusian paying agency approved an instruction on in-house awards or contracts with special bodies to ensure that work awarded to third parties is charged at the real cost and that the direct/indirect costs associated with the work are clearly identified.</p>
Annex 7.3 – example 6	We examined a payment made to an agricultural company in Estonia for the purchase of machinery. The project application was filed together	<p>Austria: <i>Action taken: YES; Action completed: NO; Completion date:</i> The procedure is still ongoing.</p> <p>Denmark: <i>Action taken: NO; Action completed: NO; Completion date:</i></p>

	<p>with another company. According to the national rules, joint applications qualify for higher aid amounts, but are only permitted if neither applicant has, directly or indirectly, a dominant influence over the other. However, we found that this condition was not met, leading to a 32 % error. We found errors due to ineligible beneficiaries/expenditure (quantified up to 20 %) in Denmark, Germany, Greece, Portugal (mainland), Italy (Basilicata), Austria and Poland.</p>	<p>The Danish AgriFish Agency (DAFA) is currently drawing up a response to the audit observation.</p> <p>Estonia: <i>Action taken:</i> ; <i>Action completed:</i> ; <i>Completion date:</i></p> <p>Germany: <i>Action taken:</i> YES; <i>Action completed:</i> YES; <i>Completion date:</i> Paying agencies in Germany are implementing appropriate action plans where applicable.</p> <p>Greece: <i>Action taken:</i> ; <i>Action completed:</i> ; <i>Completion date:</i> OPEKEPE (Greek Paying Agency)</p> <p>The error is isolated and does not reflect a systemic weakness. (ECA letter ref. CH1086667EL01-16PP/08.12.2016). The correct ineligible amount is EUR 7 038.81 (108 040 x 6.52 %)</p> <p>Italy: <i>Action taken:</i> NO; <i>Action completed:</i> NO; <i>Completion date:</i> The Italian authorities consider that the conditions have not been met for the Court of Auditors to declare the expenditure in question ineligible, as the effective date was established by specific implementing provisions at regional level, issued in line with either Article 71(1) of Regulation (EC) 1698/2005 or with the ‘Guidelines on the eligibility of rural development expenditure’ adopted by the Ministry of Agricultural, Food and Forestry Policy.</p> <p>With respect to any further questioning of the eligibility of the expenditure, please note that the same expenditure was considered eligible on the grounds that it was strictly linked to the proposed investment which, although it followed an existing format, had content and options relating to a new investment which, although linked to the previous one, concerned different types of expenditure.</p> <p>Poland: <i>Action taken:</i> YES; <i>Action completed:</i> NO; <i>Completion date:</i> The procedures drawn up and adopted for application included detailed control mechanisms ensuring the correct assessment of projects. The errors found in the cases described should be considered incidental (one-off) errors resulting from incorrect classification of ineligible costs by beneficiaries. In both cases action has been taken to recover the monies. One of the beneficiaries has returned the monies, whilst for the second beneficiary the case is still ongoing.</p> <p>Portugal: <i>Action taken:</i> YES; <i>Action completed:</i> YES; <i>Completion date:</i> Measures have been taken to improve administrative checks on applications for support under Article 24(2)(d) of Regulation 65/2011 (now subparagraph (e)) and Article 48(2) of Regulation 809/2014), namely</p> <ul style="list-style-type: none"> • the requirement to present three (3) comparative price offers for the assessment of the reasonableness of the costs, • increased number of reference values in the supporting tables for administrative checks.
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<p>Annex 7.3 – example 7</p>	<p>In Portugal we examined a payment made to a farmer under the rural development measure ‘agri-environment-climate’ for the conservation of the Azores’ traditional orchards. One national prerequisite for receiving the payment was an orchard with at least one variety which is traditional in the Azores and which, if grown with other trees, should constitute at least 80 % of the tree population. We visited the two parcels claimed, and found that they did not contain enough eligible trees. The parcels did not comply with the eligibility rule, leading to a 100 % error.</p>	<p>Portugal: <i>Action taken: YES; Action completed: YES; Completion date:</i> Under measure M10 of PRORURAL + and Operation 2015000080024 the beneficiary NIFAP 7342301 was selected for an on-the-spot check. On the basis of the findings, it received a full penalty (100 %) for an area deviation; recovery proceedings ref. 3426/2017 for the amount of EUR 1 666.00 were then initiated.</p>
<p>Annex 7.3 – example 8</p>	<p>In Croatia we visited a farm which had received a ‘mountain areas’ compensation payment. We inspected a sample of three parcels, which the beneficiary had claimed as pastureland. On one of the parcels we found no sign of any agricultural activity, e.g. grazing. The parcel was therefore ineligible for compensation. There were ineligible areas on the two other parcels, due to the presence of thick forestation. We note that the paying agency had identified similar problems and has</p>	<p>Croatia: <i>Action taken: YES; Action completed: YES; Completion date: 8.5.2017</i></p> <p>The Paying Agency conducted quick on-the-spot checks of an agricultural holding (on 7 June 2016 and 3 November 2016) and updated the areas in the LPIŠ (ARKOD) accordingly. As a result, a recalculation was done in respect of the beneficiary concerned, who was issued the following recovery decisions:</p> <ul style="list-style-type: none"> - Decision on the recovery of payment for mountainous areas in 2015 of HRK 359 886.61 issued on 8 February 2017, received by the beneficiary on 21 February 2017. - On the basis of the quick on-the-spot checks the beneficiary was subsequently also issued decisions concerning measures that had not been subject to an audit: - Decision on the recovery of basic payment in 2015 of HRK 165 365.06 issued on 29 March 2017, received by the beneficiary on 4 April 2017; - Decision on the recovery of green payment in 2015 of HRK 189 990.37 issued on 27 April 2017, received by the beneficiary on 8 May 2015. - According to the Agency, the court should have considered the fact that at the time of the audit visit the holding

	<p>subsequently initiated recovery. On the basis of our sample, we estimated a 91 % error. We found errors due to overstated or ineligible area (quantified up to 20 %) in the Czech Republic, Germany (Saxony), Spain (Extremadura), France (Rhône-Alpes), Croatia, Portugal (Azores and mainland), Slovakia, Finland and the United Kingdom (England).</p>	<p>was subject to a quick on-the-spot check, which meant that the abovementioned activities were going to be carried out, and that the holding had not been selected in the sample of the European Court of Auditors. The Agency believes that cases such as the one described above are subject to EU law, and that its actions complied with the latter. The Agency maintains that it took appropriate corrective measures in accordance with applicable procedures and EU law. The Agency cannot agree with the findings of the European Court of Auditors that the error in question could have been detected by the national authorities without an on-the-spot check.</p> <p>- Moreover, with a view to stepping up and improving its action in such cases, the Agency has been looking at the use of drones for quick on-the-spot checks (as a pilot project), which will further reduce the time needed for these checks and improve their accuracy. The Agency agrees with some of the findings of the European Court of Auditors, namely that further steps should be taken with regard to informing the beneficiary. To this end, the Agency now informs beneficiaries during a quick on-the-spot check of any irregularities it encounters. The Agency takes the view that it has taken all the measures provided for by EU law, i.e. that administrative action in the above case ceased at the moment the beneficiary received the last decision on the recovery of payment on 8 May 2017 (given as the completion date) or that administrative action would cease once all funds had been recovered from the beneficiary (which to date they have not).</p> <p>Czech Republic: <i>Action taken: YES; Action completed: NO; Completion date:</i></p> <p>On the basis of the findings of the ECA audit enquiries, physical, on-the-spot checks were carried out of the applicants concerned. Following those checks an adjustment was made for the period and applicants would be served with proceedings for the return of funding paid in respect of ineligible land.</p> <p>Finland: <i>Action taken: YES; Action completed: YES; Completion date: 27/10/2017</i></p> <p>The area errors found during inspections were small and have been corrected.</p> <p>France: <i>Action taken: YES; Action completed: YES; Completion date: /</i></p> <p>No special remarks N/A</p> <p>Germany: <i>Action taken: YES; Action completed:; Completion date:</i></p> <p>The LPIS is being constantly adjusted and improved.</p> <p>Portugal: <i>Action taken: YES; Action completed: YES; Completion date:</i></p> <p>Under measure M13 of PRORURAL + and Operation 2015062880011 the beneficiary NIFAP 2017265 was selected for an on-the-spot check that established an area deviation of less than 20 %.</p> <p>For investments in agricultural holdings, payment applications are subject to correction in the LPIS of the areas in receipt of support.</p> <p>Note also, as explained in the Portuguese authorities' reply to comments made by the ECA auditors, that we have</p>
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		<p>initiated a number of actions with a view to preventive measures:</p> <p>“On 18 August 2016 guidance was issued by the PRORURAL+ Managing Authority and sent to all staff responsible for handling investment projects in order to avoid any issues similar to those signalled by the ECA auditors arising in future.</p> <p>With the implementation of this measure, beneficiaries in similar situations will be notified by the Administration of the need to correct their parcels. Note that nothing that was detected in the on-the-spot check by the ECA could be found by an administrative control.”</p> <p>Slovakia: <i>Action taken: YES; Action completed: NO; Completion date: 31 December 2017</i></p> <p>Ministry of Agriculture and Rural Development:</p> <p>The Agricultural Paying Agency drew up notices of suspected irregularities concerning the applicants and sent them to the relevant departments on 24 January 2017. On-the-spot checks will be completed by 31 December 2017.</p> <p>Spain: <i>Action taken: YES; Action completed: YES; Completion date:</i></p> <p>One-off error. The SIGPAC has been updated with the detected error.</p> <p>United Kingdom: <i>Action taken: YES; Action completed: YES; Completion date: 31/12/2016</i></p> <p>Inspection findings of overdeclaration of two options reviewed and the overpayment calculated. Found to be de-minimus value, so no recovery was required.</p>
<p>Annex 7.3 – example 9</p>	<p>In Poland we examined a payment made to a public body for the reconstruction of an embankment to protect agricultural land against river flooding. Construction works represented 97 % of the audited costs. We reviewed the public procurement procedure used to select the company which carried out the construction works, and found that the lowest offer had been excluded without valid reason. Therefore, the costs concerned were not eligible, leading to a 97 % error.</p>	<p>Poland: <i>Action taken: NO; Action completed: NO; Completion date:</i></p> <p>Zdaniem Agencji Restrukturyzacji i Modernizacji Rolnictwa (ARiMR) ustalenie ETO nie potwierdza nieprzestrzegania przepisów zamówień publicznych.</p> <p>In ARiMR’s view it is not possible to agree with the ECA auditors’ claim that, in accordance with Article 197(1) of the Public Procurement Act, a ruling of the National Appeal Body (KIO) has the same legal effect as a court judgment only once a court has declared it to be enforceable [...].</p> <p>Article 197(1) of the Public Procurement Act regulates the enforceability of KIO rulings. In accordance with that provision, once a court has declared a KIO ruling to be enforceable it has the same legal effect as a common court judgment. At the same time, that provision make reference to Article 781 of the Code of Civil Procedure, which also applies to court judgments. Meanwhile, in accordance with Article 197(3) of the Public Procurement Act, a court is to declare a ruling - in this case a KIO ruling - to be enforceable only when it is suitable for enforcement proceedings.</p> <p>This rule thus applies to situations in which, if a ruling is suitable for enforcement but a party to the appeal proceedings is convinced that the other party will not enforce it, the party can apply for it to be declared enforceable and demand that it be enforced by means of enforcement proceedings, i.e. effectively force the enforcement of the ruling irrespective of the</p>

wishes of the obliged party. This is also the meaning that should be read into Article 197(1) of the Public Procurement Act when it lays down that, after a KIO ruling has been declared enforceable by a court, it has the same legal effect as a court judgment.

Understanding that provision to mean that a KIO ruling without a declaration of enforceability is without legal effect leads to erroneous conclusions. Indeed, a declaration of enforceability is possible only in respect of rulings that are suitable for enforcement proceedings. The question of whether a given document constitutes an enforceable instrument is decided not only by the criteria mentioned in Article 777 of the Code of Civil Procedure, but also by substantive criteria concerning the content of the legal document in question. These criteria are as follows: a precise indication of the creditor and the debtor, an exact indication of the obligation (i.e. how the debtor should behave for enforcement to be effected) and for the enforceable instrument to have comprehensible content allowing it to be enforced. As a rule, KIO rulings dismissing contractors' appeals (just like common court judgments dismissing actions) are not suitable for enforcement proceedings in respect of substantive decisions, meaning that a declaration of enforceability cannot be added to them. The annual reports on the functioning of the public procurement system in Poland published by the President of the Public Procurement Office ('the President') show that the proportion of such decisions has for years remained stable at more than half the KIO's substantive rulings. If the conclusions drawn in the audit were deemed well founded, this would mean that a huge proportion of the KIO's rulings have no legal effect. The scale of the negative consequences for the entire public procurement system in Poland that would result from deeming these conclusions well founded thus appears self-evident.

The position set out above is confirmed by the legal opinion of the President published in the Informator Urzędu Zamówień Publicznych (Public Procurement Office Gazette), issue No 9 of September 2012 (www.uzp.gov.pl), which stated that: 'In addition, the Public Procurement Act lays down a specific procedure under which it is permissible to demand the enforcement of a judgment in cases where a contracting authority fails to take the actions indicated in the operative part thereof. The issue of the enforceability of National Appeal Body (KIO) rulings is governed by Article 197(1) of the Public Procurement Act'.

In accordance with Article 363(1) of the Code of Civil Procedure, a court judgment becomes final if it is not subject to appeal or any other remedy. In addition, Article 365(1) of the Code of Civil Procedure lays down that a final judgment is binding not only on the parties and the issuing court, but also on other courts and other state bodies and public administration bodies, and, if provided for by the law, also on other persons.

Although the Public Procurement Act does not include a stand-alone provision concerning how KIO rulings become final, the legislator has used the concept of 'finality' in respect of KIO's rulings (Article 195(3) of the Public Procurement Act). Section 36 of the Prime Ministerial Regulation of 22 March 2010 on proceedings to hear appeals lays down that the President of the KIO (and, until 10 January 2017, also the vice-president of the KIO or an authorised member of the KIO) may declare a ruling final either *ex officio* or at the request of a party to or participant in appeal proceedings. An annotation stating that a ruling is final is made on the original of the ruling, specifying the date on which it became final and featuring the signature of the person declaring it final. Copies also receive an annotation stating that

		<p>the ruling is final, giving the date on which it became final and the signature of the person making the annotation.</p> <p>The Public Procurement Act is an element of civil law, as demonstrated by the reference in it to the fact that the Civil Code of 23 April 1964 applies to the actions taken by contracting authorities and contractors during contract award procedures and to public contracts, unless the Act specifies otherwise. In this context the Act constitutes a <i>lex specialis vis-à-vis</i> the general provisions of the Civil Code. The Act also refers to the Code of Civil Procedure of 17 November 1964 in relation to appeal proceedings, with the provisions on the arbitration courts to apply in unresolved cases. Proceedings held following an appeal against a KIO ruling are civil-law proceedings and are subject, <i>mutatis mutandis</i>, to the provisions of the Code of Civil Procedure on appeals.</p> <p>It would thus be legitimate for the question of KIO rulings becoming final to be subject, by analogy, to the rules set out in Articles 363(1) and 365(1) of the Code of Civil Procedure. This would mean that a KIO ruling becomes final if it is not subject to appeal before a regional court and that it is binding not only upon the parties and the KIO but also upon other courts and other state bodies and public administration bodies, and, if provided for by the law, also upon other persons</p> <p>Also worth noting here is that the KIO is a court or tribunal within the meaning of Article 267 of the Treaty on the Functioning of the European Union (OJ C 326 of 2012, p. 1). The fact that the KIO has this status was confirmed by the European Court of Justice in its judgment of 13 December 2012 in case C 465/11 (Forposta SA and ABC Direct Contact), where it held that the KIO constitutes a court or tribunal, within the meaning of 267 TFEU, in the exercise of its jurisdiction in relation to the provisions mentioned, as was the case in the main proceedings.</p> <p>In accordance with the above positions, it should thus be recognised that if a KIO ruling has not been appealed against to a regional court or if the deadline for appeal has passed, then it has become final and is binding not only upon the parties and the KIO but also upon other courts and other state bodies and public administration bodies, and, if provided for by the law, also upon other persons. It therefore cannot be overturned, in particular as a result of an audit carried out by any particular body.</p> <p>Also worthy of comment is the ECA's claim that the President, in two positions expressed in other cases, and the KIO in several other cases, acknowledged as legitimate a position different from that adopted by the KIO in its ruling of 19 November 2013 (ref. KIO 2566/13).</p> <p>A position expressed by the President in a reply to a question from a member of parliament has absolutely no binding effect on contractors, contracting authorities or, above all, the KIO. It can merely provide a certain indication of, for example, the position which the President will take in a possible <i>ad hoc</i> check or in the event of a decision on whether to appeal against a KIO ruling.</p> <p>In accordance with Article 198b of the Public Procurement Act, the President may appeal against KIO judgments. The President did not do so in the current case. In ARIMR's opinion, this implies that the President did not deem it legitimate to challenge this specific substantive decision by the KIO, but rather deemed it correct.</p>
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What is more, the arguments set out in the findings of the ECA audit suggest a belief that the President's position on a given legal issue is of greater value than the position adopted in a specific case by the KIO. We cannot share this view. It is sufficient here to mention Article 167 of the Public Procurement Act, which lays down that, following an ad hoc check carried out by the President, a contracting authority has the right to submit reasoned reservations to the President within seven days of delivery of the results of the check. The President is to examine the reservations within 15 days of receiving them. If the President does not accept the reservations they are referred to the KIO for its opinion. The KIO's opinion is binding upon the President. That rule in itself clearly demonstrates the weakness of any argument claiming that the position of the President is favoured, as a rule, over the position of the KIO.

In addition, the findings of the audit appear to overlook elements of the President's position that point rather clearly to the fact that the President also allows for the possibility of a given factual situation being legitimately assessed in a manner that differs from the assessment made elsewhere, including in a specific document from the President, if the situation includes elements justifying this divergence. In the reply dated 11 March 2013 to a question from a member of parliament, the President stated that, in the event of flat-rate remuneration, 'as a rule there is no justification for contractors to submit cost estimates' and, later, that 'if a contracting authority opts for flat-rate remuneration, there are generally no grounds for rejecting, on the basis of Article 89(1)(2) of the Public Procurement Act, a bid from a contractor that did not annex a cost estimate thereto. In ARiMR's view, the underlined expressions in the President's position unambiguously show that this is not a categorical position that rules out any exceptions depending on the factual situation in specific proceedings.

An examination of the grounds for the ruling of 19 November 2013 (ref. KIO 2566/13) can only lead to the conclusion that the KIO – contrary to what the audit findings suggest – is not at variance with the position expressed by the President. In those grounds, the KIO expressed in a clear and logical manner the reasons for which the remuneration in this specific case was not flat-rate but rather a combination of flat-rate and estimate-based. Contrary to the audit findings, according to which the KIO decision is not based on facts, the grounds for the KIO's ruling in fact indicated elements of the tender specifications and the bid, and thus of the factual situation established during the proceedings, that were the basis for the ruling. What is more, the argument set out in the audit findings as regards the factual situation consists of a single sentence: The tender documentation and contract [...] specified that the remuneration was of a flat rate nature, and the actual payment after the work was also made on a flat-rate basis. Two conclusions can be drawn from this sentence: firstly, the audit findings overlooked some elements of the factual situation that were crucial for the decision, and secondly account was taken of how the payment was actually made after the work, although for obvious reasons this factor could not have been part of the factual situation either on the date when the bids were assessed and chosen or on the date when the KIO adjudicated on the case. If the grounds to the KIO's ruling had included defects such as the audit findings as regards establishing the factual situation, these would have provided a basis for challenging that judgment on account of infringement of procedural rules on establishing the factual situation.

In ARiMR's opinion, it also appears unfounded to refer in the audit findings to the decisions of the KIO in other cases without establishing whether the factual situations were identical to that in the audited proceedings.

		<p>In addition, in the ECA audit findings – despite the categorical statement that KIO rulings have no legal relevance unless a court has declared them to be enforceable – there is no information whatsoever as to whether a check was carried out on compliance with this requirement, set by the audit authority itself, by those KIO rulings to which the audit findings refer, and which those findings deem well-founded and, for unexplained reasons, binding.</p> <p>In the Annual Report, in its own reply concerning the error in respect of non-compliance with public procurement rules (Example 9 – Public body unduly excluded lowest offer for execution of works) outlined in Annex 7.3 – Overview of errors with an impact of at least 20% for rural development, the environment, climate action and fisheries, the European Commission itself stressed that the Paying Agency had acted in accordance with the decision of the National Appeal Body (KIO).</p>
<p>Annex 7.4</p>	<p>Follow-up of previous recommendations: Commission actively monitors the application of remedial actions with regard to the deficiencies in the control system applicable to EU aid for producer groups in Poland</p>	<p>Poland: <i>Action taken: YES; Action completed: NO; Completion date:</i></p> <p>Poland is in the process of implementing the tasks under the corrective action plan.</p>

<u>Paragraphs</u>	<u>Observations in the ECA's 2016 Annual Report</u>	<u>Member States' replies</u>
<p>Paragraph 8.6.(a) – footnote 5</p>	<p>The sample consisted of five transactions under shared management with Member States, seven under direct management by the Commission, and three involving the clearing of advances to agencies; Germany, Spain, France, Italy and Lithuania.</p>	<p>France: <i>Action taken: YES; Action completed: YES; Completion date: // pas d'observations</i></p> <p>Germany: <i>Action taken: ; Action completed: ; Completion date: For information purposes only; no answer required.</i></p> <p>Italy: <i>Action taken: ; Action completed: ; Completion date:</i></p> <p>Lithuania: <i>Action taken: NO; Action completed: ; Completion date: From 20 to 21 January 2016, the European Court of Auditors carried out an audit of the performance of Lithuania's Annual Programme for 2012 in respect of the External Borders Fund (one of the funds under the General Programme SOLID), under which visa fees lost were declared (expenditure declaration SOL.20150054, for the amount of EUR 21 918 009.49). In the conclusion of its report, the ECA stated that it had no specific remarks to make.</i></p> <p>Spain: <i>Action taken: ; Action completed: ; Completion date: We have nothing further to add to the Commission's observations.</i></p>
<p>Paragraph 8.8 – footnote 6</p>	<p>We tested the same systems in visits to four Member States. For AMIF in Spain and Austria and the ISF in Germany and France.</p>	<p>Austria: <i>Action taken: YES; Action completed: YES; Completion date: 19.06.2015</i></p> <p>Regarding the observations of the European Court of Auditors, it should be noted that the European Parliament was involved in the negotiations on AMIF for the first time. This was not the case with the previous Fund. The negotiations were often protracted, slowing the AMIF launch phase for a whole year, with knock-on effects for the implementation of measures in the individual Member States. Despite that, Austria was still one of the top-ranking Member States in terms of the implementation and payment of the AMIF funds and also has one of the best execution rates. A call was launched on 27 February 2015 and numerous projects were launched on the basis of that call from 1 July 2015.</p> <p>France: <i>Action taken: YES; Action completed: YES; Completion date: // No comments</i></p> <p>Germany: <i>Action taken: YES; Action completed: YES; Completion date: 30.6.2007</i></p>

		<p>ISF-Borders:</p> <p>Multi-annual financial programming (for the whole financial period), agreed in consultation with the project coordinators, has been in place since the beginning of the programming period. This is to ensure that the funds allocated are spent within the programming period.</p> <p>Background to 2014/2015:</p> <ul style="list-style-type: none"> - overlap of programming periods with the preceding fund (External Borders Fund) - exhaustion of EBF funding in 2014 and 2015 and therefore no allocated expenditure for the ISF in this period. <p>The first invitation to submit proposals for projects was published on 14 October 2014. It was not possible to publish an invitation at the beginning of the programming period because the Commission did not approve the National Programme as the basis for project funding until 26 March 2015; the first invitation to submit project proposals was subject to approval of the national programme. Projects submitted in response to this first invitation were eligible if they began in the period 1 January 2014 to 30 June 2015.</p> <p>AMIF:</p> <p>In 2014 only six projects funded as a result of the 2014 invitation started up, a further 64 began in the first quarter of 2015 and 51 more in the second quarter of 2015.</p> <p>Of the funds available under the 2014 invitation, totalling EUR €23 059 306.74 per annum, EUR €6 194 807.79 was disbursed in connection with the 2015 payment request in the National Programme (projects and technical assistance). This is 26.86% of the annual amount. The 2016 payment request already accounted for EUR 32 170 676.04 of expenditure (projects and technical assistance).</p> <p>Since, with the first invitation for project year 2014 (published on 14 October 2014) the funds for the projects from programming year 2014 (1 January 2014) onwards had already been authorised and earmarked, it is assumed that the delay in the programme planning will have no impact on the successful implementation of the AMIF programme in Germany.</p> <p>ISF-Security</p> <p>No measures were taken for ISF-Security. In this respect we refer to the Commission's reply.</p> <p>Spain: <i>Action taken:</i> ; <i>Action completed:</i> ; <i>Completion date:</i></p> <p>We have nothing further to add to the Commission's observations.</p>
<p>Box 8.2</p>	<p>Implementation of AMIF and ISF up to the 2015 financial year</p>	<p>Austria: <i>Action taken:</i> YES; <i>Action completed:</i> YES; <i>Completion date:</i> 19.06.2015</p> <p>Regarding the delays, reference is made to the response to Annex I - Chapter 8, Point 8.8 (AMIF). As shown in the</p>

	was relatively slow	<p>diagram, AT is one of the top three Member States in terms of execution rate.</p> <p>Belgium: <i>Action taken:</i> ; <i>Action completed:</i> ; <i>Completion date:</i></p> <p>Bulgaria: <i>Action taken:</i> ; <i>Action completed:</i> ; <i>Completion date:</i></p> <p>Ministry of Interior For the financial year 2015, EUR 763 300 was disbursed under the AMIF, or 12% at programme level, and for the ISF the corresponding amount was € 8 842 600, or 8.7% at programme level.</p> <p>Estonia: <i>Action taken:</i> ; <i>Action completed:</i> ; <i>Completion date:</i></p> <p>Finland: <i>Action taken:</i> YES; <i>Action completed:</i> NO; <i>Completion date:</i></p> <p>The implementation of AMIF and ISF was slow until 2015 due to a delay in approving national programmes. Finland's AMIF programme was launched at the end of 2015 while the implementation of the ISF programme did not begin until 2016 (the national programmes were approved only at the end of 2015). Finland's implementation report for the 2016 financial year submitted to the Commission shows that 48.9% of the national programme for AMIF and 14.4% of the national programme for ISF have been implemented. In November 2016 the level of commitment for the ISF programme was 62% and for the AMIF programme 54%, which means that the national implementation of both funds is progressing well.</p> <p>France: <i>Action taken:</i> YES; <i>Action completed:</i> YES; <i>Completion date:</i> //</p> <p>Delay in the launch of the programme due to late entry of the relevant legal bases.</p> <p>Germany: <i>Action taken:</i> YES; <i>Action completed:</i> YES; <i>Completion date:</i> 30.6.2007</p> <p>ISF-Borders:</p> <p>Multi-annual financial programming (for the whole financial period), agreed in consultation with the project coordinators, has been in place since the beginning of the programming period. This is to ensure that the funds allocated are spent within the programming period.</p> <p>Background to 2014/2015:</p> <ul style="list-style-type: none"> - overlap of programming periods with the preceding fund (External Borders Fund) - exhaustion of EBF funding in 2014 and 2015 and therefore no allocated expenditure for the ISF in this period. <p>The first invitation to submit proposals for projects was published on 14 October 2014. It was not possible to publish an invitation at the beginning of the programming period because the Commission did not approve the National Programme as the basis for project funding until 26 March 2015; the first invitation to submit project proposals was subject to approval of the national programme. Projects submitted in response to this first invitation were eligible if they began in the period 1 January 2014 to 30 June 2015.</p>
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		<p>AMIF:</p> <p>In 2014 only six projects funded as a result of the 2014 invitation started up, a further 64 began in the first quarter of 2015 and 51 more in the second quarter of 2015.</p> <p>Of the funds available under the 2014 invitation, totalling EUR €23 059 306.74 per annum, EUR €6 194 807.79 was disbursed in connection with the 2015 payment request in the National Programme (projects and technical assistance). This is 26.86% of the annual amount. The 2016 payment request already accounted for EUR 32 170 676.04 of expenditure (projects and technical assistance).</p> <p>Since, with the first invitation for project year 2014 (published on 14 October 2014) the funds for the projects from programming year 2014 (1 January 2014) onwards had already been authorised and earmarked, it is assumed that the delay in the programme planning will have no impact on the successful implementation of the AMIF programme in Germany.</p> <p>ISF-Security</p> <p>No measures were taken for ISF-Security. In this respect we refer to the Commission's reply.</p> <p>Ireland: <i>Action taken: NO; Action completed: ; Completion date:</i></p> <p>The Asylum, Migration and Integration Fund (AMIF) 2014 to 2020 (but with the eligibility period ending on 31 December 2022) has four specific objectives relating to asylum (including resettlement), integration, return, and solidarity. A call for applications under the Fund was published on 22 September, 2016. This call focused on the asylum and integration areas and aimed to make €4.5 million available over the period 2017 to 2020. Twenty projects have been selected to receive funding. A further call will be launched in 2018.</p> <p>Italy: <i>Action taken: ; Action completed: ; Completion date:</i></p> <p>Lithuania: <i>Action taken: NO; Action completed: ; Completion date:</i></p> <p>Lithuania is in second place out of 29 Member States with regard to the absorption of funds from the Internal Security Fund (ISF) and the Asylum, Migration and Integration Fund (AMIF).</p> <p>Luxembourg: <i>Action taken: ; Action completed: ; Completion date:</i></p> <p>Netherlands: <i>Action taken: ; Action completed: ; Completion date:</i></p> <p>Not applicable.</p> <p>Spain: <i>Action taken: ; Action completed: ; Completion date:</i></p> <p>Germany: <i>Action taken: YES; Action completed: YES; Completion date: 21.4.17</i></p>
Box 8.3.(1)	There was a high number of draft AMIF/ISF Programmes	

	<p>(e.g. the German ISF programme had 10 versions and the UK's AMIF programme had nine) prepared by Member States and reviewed by the Commission prior to their approval.</p>	<p>ISF-Borders:</p> <p>On 1 March 2017, in connection with the accounting report to the EU Commission, it was confirmed that the designation criteria remained in place unaltered. This confirmation is based partly on the audit of the management and control system carried out in 2016 (see system audit report of 21 April 2017).</p> <p>Since the National Programme was approved by the Commission on 19 March 2015, and the associated management and control system of the Competent Authority, divided into two subsections, was thereby recognised, the Audit Authority can see no infringement of Article 25(1)(a) of Regulation (EU) No 514/2014 in the purely technical division of the subsections of the Competent Authority.</p> <p>When the ECA carried out its audit in September 2016, only one project was advanced enough to be auditable. It was subjected to a full audit as part of walk-through procedure (see audit report of 20 March 2017). Several more projects are now advanced enough and so have also been audited.</p> <p>AMIF:</p> <p>Confirmation of compliance with the designation criteria is based primarily on the activities described in the AMIF Competent Authority's management and control system, which had not yet been fully put into practice at the time of the audit. For this reason, the Competent Authority could provide only a few proofs on compliance with the designation criteria, meaning that when the audit opinion was being prepared, only the potential effectiveness of the management and control system was certified by the Audit Authority. This situation has changed in the 2017 budget year, since the Competent Authority now largely performs the tasks listed in the management and control system.</p> <p>Because of the delayed approval of the National Programme and the resulting different times of commencement, the projects' implementation was not advanced enough to allow the Audit Authority to carry out its control tasks. Only when projects are well underway and the Competent Authority has performed certain previous activities can the Audit Authority perform its control tasks. This is expected to be the case in the 2018 budget year.</p> <p>ISF-Security</p> <p>Re 8.3 point 1: The MS took no measures; also, in the opinion of the MS, drawing up the National Programme was a time-consuming process involving complex consultation.</p> <p>United Kingdom: <i>Action taken: NO; Action completed: ; Completion date:</i></p> <p>As per the Commission reply, this was an iterative process.</p>
<p>Box 8.3.(4)</p>	<p>In Austria and Spain, on-the-spot checks carried out by the responsible authorities were not sufficiently documented, and in</p>	<p>Austria: <i>Action taken: YES; Action completed: YES; Completion date: 4.9.2017</i></p> <p>In response to the European Court of Auditors' remark, attention is drawn to the fact that documentation relating to on-the-spot checks was available at all times. This was brought to the Court's attention. The Court's recommendation actually had more to do with better information to the project promoters on the results of the on-the-spot checks. This</p>

	Spain, the samples for inspection were not drawn from the full population.	<p>recommendation was gratefully accepted by the responsible authority in Austria and has already been implemented in line with the principle of continuous optimisation of the management and control system.</p> <p>Spain: Action taken: YES; Action completed: ; Completion date: 1/9/2017</p> <p><input type="checkbox"/> As regards the on-the-spot checks, the models and checklists to be used for administrative and on-the-spot checks have been updated and annexed to the Responsible Authority's management documents.</p>
Box 8.3.(5)	Spain and France do not have a dedicated IT tool for the management and control of funds.	<p>France: Action taken: YES; Action completed: YES; Completion date:</p> <p>The Commission is reminded that PRESAGE, the system set up under the previous programming period (2007-2013), has only a temporary function for the management of certain funds (OP).</p> <p>*SYNERGIE is an application developed for the management of European structural and investment funds for the 2014-2020 period; it is used by a large number of programmes for Community funds in shared management for that period. Additional developments are planned for certain specific characteristics of AMIF and EFSI, but the aim is not to introduce a 'specific IT tool'.</p> <p>*SYNERGIE is used for AMIF management. It is operational and staff of the Office for the shared management of European funds (BGMFE) at the Ministry of the Interior (DGEF — Directorate-General for Foreign Nationals in France) and the delegated authority have been trained in the different Synergie modules (with the exception of staff in charge of the 4C on the certification function). They have user manuals.</p> <p>* The competent authority is aware of the need to catch up as regards data entry in the application. To help staff assigned to this task, an auxiliary was employed between September 2016 and February 2017. A new auxiliary has been recruited and has been working on this since July 2017. The delegated authority used a reservist in the National Police for 60 days to help the DCI team catch up on file entry (investigation/programming/contracting) An auxiliary post will be requested to help the audit unit catch up on file entries.</p> <p>*Further, a new post 'IS officer/AMIF-ISF checks' (chargé de mission SI/contrôles FAMI-FSI) has been created at the BGMFE and was published in September 2017 to follow up on the recommendations of the control bodies. The job description states that the chargé de mission will, inter alia:</p> <ul style="list-style-type: none"> - assist in dealing with the Synergie data backlog in cooperation with all office sections, ensuring data security; - provide technical assistance to Synergie users in the office in their data entry work; - help Synergie users by compiling answers to questions asked by users and requesting the services and payment agency to do any necessary work to ensure smooth use of the IS; - process data from Synergie via the 'Aggregator' module on the basis of the Office's needs and coordinate Aggregator output with the steering tables;

		<p>- be the Synergie contact person for the ASP and take part in the coordination meetings of the national contact people. So as not to add to the projects to be entered in Synergie, since September 2017 staff in charge of investigation, programming and contracting have been working directly in the application, as have the staff in charge of administrative checks.</p> <p>Future on-the-spot checks (operational and financial) will also be entered in the tool as and when required as soon as the application modules are operational (once the administrative checks are in the tool).</p> <p>At 18 October 2017, of the 412 AMIF projects submitted, 281 were in Synergie, comprising 171 at the programming/contracting stage, 72 at the submission stage, 33 at the investigation stage and 5 abandoned files. At the same date, 10 out of around 100 administrative checks of AMIF projects had been entered in Synergie.</p> <p>On the ISF, 104 files out of 116 submitted were entered, comprising 65 at the programming/contracting stage, 9 at the submission stage, 29 at the investigation stage, and 1 abandoned file. Further, one administrative check out of 21 has been entered in Synergie for the ISF Police (none for the ISF Borders/Visa)</p> <p>To improve communication between the competent authority and the authority responsible for developing the application (the Service and Payment Agency - ASP), a meeting between the two parties has been held every fortnight since February 2017 (Programme Committee).</p> <p>The Audit Authority (CICC) — system audit finalised in July 2017 and follow-up note being sent to the Responsible Authority — made strong representations to the RA on the need for a fully operational information system to be in place by June 2018.</p> <p>Tripartite meetings also involving the audit authority were held in July, September and October 2017 to clarify the particular needs of the AMIF and ISF, in particular for drawing up the annual accounts.</p> <p>Spain: <i>Action taken: YES; Action completed: ; Completion date: 1/9/2017</i></p> <p><input type="checkbox"/> The dedicated IT application for the management of the Fund is also currently operational.</p>
<p>Box 8.3.(6)</p>	<p>Weaknesses in audit activities performed by audit authorities:</p> <p>In Germany and Austria there was insufficient evidence that the responsible authority complied with the designation criteria.</p> <p>In France the sampling</p>	<p>Austria: <i>Action taken: YES; Action completed: NO; Completion date: NOT completed</i></p> <p>Since the Audit Authority's report was completed in conjunction with checks on compliance with the designation criteria and a subsequent adjustment of the audit documentation of the Audit Authority is not warranted, in subsequent systems checks closer attention is being, and will be, paid to the documentation relating to audit activities and the results thereof. In addition, compliance with the designation criteria is continuously assessed during systems checks, and the results of these actions are provided in an annual report to the designating authority. A quality assessment of the key audit documentation ensures that there is sufficient evidence of compliance with the designation criteria.</p> <p>The responsible authority considers that the designation process was carried out in accordance with the provisions of the</p>

<p>methodology did not take into account the differences between AMIF and ISF in terms of inherent risks.</p> <p>In Germany there was limited testing of administrative controls.</p>	<p>AMIF Regulation. In purely general terms the question arises as to whether such a procedure should, in future, be a compulsory element of the management of the Fund.</p> <p>France: <i>Action taken: YES; Action completed: YES; Completion date:</i></p> <p>As regards the sampling methodology, the comment in the report reflects a remark the Commission made in September 2016 during the ISF audit, to the effect that taking one sample for the AMIF/ISF without differentiating between the two funds was inappropriate, given that the audit opinions are issued by fund when the financial statements are issued in February. As shown in this audit, the AA (CICC) took the Commission's recommendation on board and conducts 2 sampling operations, one for the AMIF and one for the ISF, as indicated also in comment 4 of item 6.</p> <p>Germany: <i>Action taken: YES; Action completed: YES; Completion date: 21.4.17</i></p> <p>ISF-Borders:</p> <p>On 1 March 2017, in connection with the accounting report to the EU Commission, it was confirmed that the designation criteria remained in place unaltered. This confirmation is based partly on the audit of the management and control system carried out in 2016 (see system audit report of 21 April 2017).</p> <p>Since the National Programme was approved by the Commission on 19 March 2015, and the associated management and control system of the Competent Authority, divided into two subsections, was thereby recognised, the Audit Authority can see no infringement of Article 25(1)(a) of Regulation (EU) No 514/2014 in the purely technical division of the subsections of the Competent Authority.</p> <p>When the ECA carried out its audit in September 2016, only one project was advanced enough to be auditable. It was subjected to a full audit as part of walk-through procedure (see audit report of 20 March 2017). Several more projects are now advanced enough and so have also been audited.</p> <p>AMIF:</p> <p>Confirmation of compliance with the designation criteria is based primarily on the activities described in the AMIF Competent Authority's management and control system, which had not yet been fully put into practice at the time of the audit. For this reason, the Competent Authority could provide only a few proofs on compliance with the designation criteria, meaning that when the audit opinion was being prepared, only the potential effectiveness of the management and control system was certified by the Audit Authority. This situation has changed in the 2017 budget year, since the Competent Authority now largely performs the tasks listed in the management and control system.</p> <p>Because of the delayed approval of the National Programme and the resulting different times of commencement, the projects' implementation was not advanced enough to allow the Audit Authority to carry out its control tasks. Only when projects are well underway and the Competent Authority has performed certain previous activities can the Audit Authority perform its control tasks. This is expected to be the case in the 2018 budget year.</p>
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		<p>ISF-Security</p> <p>Re 8.3 point 1: The MS took no measures; also, in the opinion of the MS, drawing up the National Programme was a time-consuming process involving complex consultation.</p>
<p>Box 8.4</p>	<p>We examined a payment by the Commission (DG Migration and Home Affairs) to Greece of emergency assistance to transport non-EU migrants from Greek islands to the Greek mainland between August and November 2015, at the peak of the refugee crisis. The Greek authorities paid 8 million euro to charter vessels to be used to transport, accommodate and provide snacks to migrants. Under an agreement signed with the Greek authorities in November 2015, the Commission contributed a grant of 6 million euro to this action. The selected shipping companies transported over 150 000 migrants, providing them with accommodation and snacks, and charged adult migrants 60 euro per ticket (children were charged up to 30 euro) for their passage, earning up to 9 million euro. The vessels carried no passengers on their trips from the mainland to collect migrants from the islands. The Commission was informed that the migrants were</p>	<p>Greece: Action taken: ; Action completed: ; Completion date:</p>

charged by the shipping companies. However, when assessing the proposed action in October 2015, and evaluating the performance of the action before paying the balance of the grant in March 2016, the Commission did not refer to the potential income from migrants. The contract documentation between the Greek authorities and the shipping companies referred to charging migrants but did not estimate these revenues. There is therefore a lack of transparency of the split of funding between public sources and the revenue from migrants, for this emergency action. The average market price in high season for a return ticket in economy class for the routes concerned was up to 90 euro. The income from migrants, of up to 60 euro per ticket, contributed to the revenues and consequently, to any profits of the shipping companies. EU legislation does not allow beneficiaries of EU grants to obtain profits from the implementation of a project, and indeed the Greek authorities, as grant beneficiary, did not make a profit. The Greek authorities' contracts with the shipping

companies covered the use of vessels for periods of up to 20 days, at a cost of between 30 000 and 40 000 euro per day per ship, for a total of 228 shipping days. There were days on which ships were inactive in port, but the companies were paid as agreed in the contract. Three ships were inactive in port for 3, 4 and 5 days respectively, for which the shipping companies were paid 415 500 euro.

<u>Paragraphs</u>	<u>Observations in the ECA's 2016 Annual Report</u>	<u>Member States' replies</u>
Paragraph 10.11	The key changes in the number of posts in the establishment plan are set out in Box 10.3. In addition to the 5 % reduction in the number of posts and the posts added as a result of Croatia's accession, the following changes explain most of the net decrease of 230 posts under 'Other additions and reductions'.	Croatia: <i>Action taken: ; Action completed: ; Completion date:</i>
Paragraph 10.11	The institutions created 53 posts in connection with the phasing-out of the derogation for translation into the Irish language.	Ireland: <i>Action taken: NO; Action completed: ; Completion date:</i> No action required.

ANNEX II – Template used for the Member States Questionnaire

European Court of Auditors' 2016 Annual Report

Member State QUESTIONNAIRE

Date: _____

Reply from *(please indicate the name of the authority responsible for providing the requested information)*:

Name of the Authority: _____

Contact Person: _____

Telephone: _____

Email address: _____

The questionnaire consists of two parts:

- Part A:** General questions concerning the main chapters of the report covering major spending policy areas of the EU budget (i.e. competitiveness for growth and jobs; economic, social and territorial cohesion; natural resources).
- Part B:** General comments by the Member State concerning the 2016 Annual report or general issues relating to the discharge procedure.

PART A

Please reply to the general questions below

QUESTION 1 – COMPLIANCE WITH RULES AND REGULATIONS

The 2016 Annual report of the European Court of Auditors (ECA) identifies the **main error types** (based on the ECA's audits) in relation to **the major EU shared management spending areas (common agricultural policy and economic, social and territorial cohesion policy)** as listed below. The ECA goes on to report concrete findings in relation to the above mentioned main risks (*Chapters 6 and 7*). The objective of the questions below are to assess if you agree with the ECA's conclusion concerning the **error types and their relative importance** in these spending areas, and to what extent you have taken preventive measures to avoid such errors in the future.

1.1. Economic, social and territorial cohesion

The most typical error types in diminishing order of importance are:

- Ineligible costs included in the expenditure declarations
- Serious failure to respect public procurement rules
- Ineligible project/activities or beneficiaries

Question 1.1.1 – Do you agree that these are the most common error types? Yes No

If you do not agree, then please describe other major error types: _____

Question 1.1.2 – Do you agree with the relative importance of these error types? Yes No

If you do not agree, then please indicate your perception of the order of importance of the most common error types: _____

Question 1.1.3 – Please describe actions you have taken to prevent such errors: _____

1.2. Rural development, the environment, climate action and fisheries

PART A

Please reply to the general questions below

The most typical error types in diminishing order of importance are:

1. Ineligible beneficiary, activity, project or expenditure
2. Overstated or ineligible area
3. Non-compliance with public procurement rules
4. Administrative error

Question 1.2.1 – Do you agree that these are the most common error types?

Yes

No

If you do not agree, then please describe other major error types: _____

Question 1.2.2 – Do you agree with the relative importance of these error types?

Yes

No

If you do not agree, then please indicate your perception of the order of importance of the most common error types: _____

Question 1.2.3 – Please describe actions you have taken to prevent such errors: _____

1.3. EAGF

The most typical error types in diminishing order of importance are:

1. Overstated or ineligible area
2. Ineligible beneficiary, activity, project or expenditure
3. Administrative error

PART A

Please reply to the general questions below

Question 1.3.1 – Do you agree that these are the most common error types? Yes No

If you do not agree, then please describe other major error types: _____

Question 1.3.2 – Do you agree with the relative importance of these error types? Yes No

If you do not agree, then please indicate your perception of the order of importance of the most common error types: _____

Question 1.3.3 – Please describe actions you have taken to prevent such errors _____

QUESTION 2 - PERFORMANCE OF THE EU BUDGET

In its 2016 Annual report (*Chapter 3*) the ECA has stressed the importance of the quality of information provided on performance. The Commission intends to provide information on the source and quality of data where available. Given that a significant amount of performance data is provided by Member States, the Commission wishes to establish to what extent Member States assess information on the quality of performance data at national level in relation to **the major EU shared management spending areas (common agricultural policy and economic, social and territorial cohesion policy)**.

Question 2.1 – Please describe the main sources of data for the performance indicators you provide to the Commission in the areas of:

- the common agricultural policy: _____

- the economic, social and territorial cohesion policy: _____

Question 2.2 – Please describe how you ensure that the data for the performance indicators you provide to the Commission are of sufficient quality in the areas of:

- the common agricultural policy: _____

- the economic, social and territorial cohesion policy: _____

PART A

Please reply to the general questions below

QUESTION 3 - FOLLOW-UP OF RECOMMENDATIONS FORMULATED BY THE ECA IN ITS SPECIAL REPORTS

In paragraphs 3.64 to 3.66 of the 2016 Annual report, the ECA analyses how the Commission has followed up recommendations made in a selection of earlier ECA special reports. The report also contains the ECA's appraisal of the progress of implementation of individual recommendations addressed to the Commission which are outstanding from previous years (Annexes 6.3 and 7.3). In paragraph 3.67, the ECA explains that they were unable to verify recommendations which were addressed solely to Member States.

The ECA can address recommendations to specific Member State(s) or Member States in general. As an example to the latter, in Recommendation 2a) of Special Report No 2/2017 "*The Commission's negotiation of 2014-2020 Partnership Agreements and programmes in Cohesion*", the ECA recommended that "*Member States should provide to the Commission the financial information necessary for the Commission to effectively monitor the compliance with the thematic concentration requirements (including the derogations set out in the ERDF regulation)*".

Question 3.1 - Do you follow up recommendations addressed by the ECA specifically to your country?

- Yes – if "Yes" please describe how you follow up
 No – if "No" please give reasons why you do not follow up

Reply: _____

Question 3.2 - Do you follow up recommendations addressed by the ECA to Member States in general?

- Yes – if "Yes" please describe how you follow up
 No – if "No" please give reasons why you do not follow up

Reply: _____

<u>Austria</u>														
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<p>Question 2.1</p> <p>Please describe the main sources of data for the performance indicators you provide to the Commission in the areas of:</p>	<p>- the common agricultural policy:</p> <p>Article 110 of Regulation (EU) No 1306/2014 established a common monitoring and evaluation framework for the CAP which was lent further weight by Regulation (EU) No 834/2014. 2nd column: common performance indicators are used, as laid down in Implementing Regulation (EU) No 808/2014.</p> <p>- the economic, social and territorial cohesion policy:</p> <p>Evaluations from the respective monitoring systems.</p>												
<p>Question 2.2</p>	<p>- the common agricultural policy:</p>												

<p>Please describe how you ensure that the data for the performance indicators you provide to the Commission are of sufficient quality in the areas of:</p>	<p>For the monitoring and evaluation of the CAP, the European Commission uses, as far as possible, the information already made available to it. To this end, part of the data is compiled on the basis of information provided. The reliability of this information is verified by the administrative authorities. Other data is collected directly from the administrative authorities on the basis of valid evaluations.</p> <p>- the economic, social and territorial cohesion policy: Compilation of performance data in accordance with the relevant European Commission rules and regulations.</p>						
<p>Question 3</p> <p>Follow-up of recommendations formulated by the ECA in its Special Reports</p>	<table border="1"> <tr> <td data-bbox="550 772 646 1019"></td> <td data-bbox="550 1019 646 1265" style="text-align: center;"><u>YES</u></td> <td data-bbox="550 1265 646 1512" style="text-align: center;"><u>NO</u></td> </tr> <tr> <td data-bbox="630 705 710 1019">Question 3.1 – Do you follow up recommendations addressed by the ECA specifically to your country?</td> <td data-bbox="630 1019 710 1265" style="text-align: center;"><input checked="" type="checkbox"/></td> <td data-bbox="630 1265 710 1512" style="text-align: center;"><input type="checkbox"/></td> </tr> </table> <p><i>Reply:</i> ERDF: implementation of follow-up in conjunction with the European Commission; Agriculture: recovery in respect of financial sampling errors; improvement of administrative procedures and checks; improvement of systems to determine land area (particularly pro rata areas).</p>		<u>YES</u>	<u>NO</u>	Question 3.1 – Do you follow up recommendations addressed by the ECA specifically to your country?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
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Question 1.1
Economic, social and territorial cohesion

The most typical error types in diminishing order of importance are:

- Ineligible costs included in the expenditure declarations
- Serious failure to respect public procurement rules
- Ineligible project/activities or beneficiaries

Question 1.1.1 – Do you agree that these are the most common error types?

If you do not agree, then please describe other major error types:

Reply from the Walloon Region: Few irregularities were found during controls carried out by the Audit Authority or the European Institutions following the measures taken, including in-depth documentary checks on the majority of projects and ex ante checks on public procurement.

	<u>YES</u>	<u>NO</u>
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Question 1.1.2 – Do you agree with the relative importance of these error types?

If you do not agree, then please indicate your perception of the order of importance of the most common error types:

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	<u>YES</u>	<u>NO</u>
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Question 1.1.3 – Please describe actions you have taken to prevent such errors:

<p>Question 1.2 <i>Rural development, the environment, climate action and fisheries</i></p> <p>The most typical error types in diminishing order of importance are:</p> <ol style="list-style-type: none"> 1. Ineligible beneficiary, activity, project or expenditure 2. Overstated or ineligible area 3. Non-compliance with public procurement rules 4. Administrative error 	<table border="1"> <tr> <td data-bbox="204 696 277 1753"></td> <td data-bbox="204 450 277 696" style="text-align: center;"><u>YES</u></td> <td data-bbox="204 241 277 450" style="text-align: center;"><u>NO</u></td> </tr> <tr> <td data-bbox="277 696 351 1753">Question 1.2.1 – Do you agree that these are the most common error types?</td> <td data-bbox="277 450 351 696" style="text-align: center;"><input checked="" type="checkbox"/></td> <td data-bbox="277 241 351 450" style="text-align: center;"><input type="checkbox"/></td> </tr> </table> <p><i>If you do not agree, then please describe other major error types:</i></p> <table border="1"> <tr> <td data-bbox="466 696 539 1753"></td> <td data-bbox="466 450 539 696" style="text-align: center;"><u>YES</u></td> <td data-bbox="466 241 539 450" style="text-align: center;"><u>NO</u></td> </tr> <tr> <td data-bbox="539 696 612 1753">Question 1.2.2 – Do you agree with the relative importance of these error types?</td> <td data-bbox="539 450 612 696" style="text-align: center;"><input type="checkbox"/></td> <td data-bbox="539 241 612 450" style="text-align: center;"><input checked="" type="checkbox"/></td> </tr> </table> <p><i>If you do not agree, then please indicate your perception of the order of importance of the most common error types:</i> Reply from ELFPO Vlaanderen (EAFRD Flanders): 4 – 2 -1 – 3</p> <table border="1"> <tr> <td data-bbox="762 241 836 1753">Question 1.2.3 – Please describe actions you have taken to prevent such errors:</td> </tr> </table>		<u>YES</u>	<u>NO</u>	Question 1.2.1 – Do you agree that these are the most common error types?	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<u>YES</u>	<u>NO</u>	Question 1.2.2 – Do you agree with the relative importance of these error types?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Question 1.2.3 – Please describe actions you have taken to prevent such errors:
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<p>Question 2.1</p> <p>Please describe the main sources of data for the performance indicators you provide to the Commission in</p>	<p>- the common agricultural policy:</p> <p>Reply from Flanders: From IT applications that are used to manage the files (the management and control system)</p> <p>- the economic, social and territorial cohesion policy:</p> <p>Reply from the Walloon Region: Beneficiaries of the European Structural and Investment Funds for the ERDF Operational</p>						

<p><i>the areas of:</i></p> <p>Question 2.2</p> <p><i>Please describe how you ensure that the data for the performance indicators you provide to the Commission are of sufficient quality in the areas of:</i></p>	<p>Programme, Wallonie-2020.EU</p> <p>- <i>the common agricultural policy:</i></p> <p>Reply from Flanders: The data is obtained directly from the management and control system</p> <p>- <i>the economic, social and territorial cohesion policy:</i></p> <p>Reply from the Walloon Region: The indicators are verified by the operational departments responsible for the projects.</p>												
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Question 1.1

Economic, social and territorial cohesion

The most typical error types in diminishing order of importance are:

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- Serious failure to respect public procurement rules
- Ineligible project/activities or beneficiaries

Question 1.1.1 – Do you agree that these are the most common error types?

If you do not agree, then please describe other major error types:

Regarding the Ministry of Regional Development and Public Works (MRRB), the answer is yes, although under the Operational Programme Human Resources Development (OPHRD) deficiencies have solely been identified in the award of public procurement contracts by beneficiaries.

	<u>YES</u>	<u>NO</u>
	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Question 1.1.2 – Do you agree with the relative importance of these error types?

If you do not agree, then please indicate your perception of the order of importance of the most common error types:

1. Serious failures to respect public procurement rules
2. Ineligible costs included in cost claims
3. Ineligible project/activities or beneficiaries

	<u>YES</u>	<u>NO</u>
	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Question 1.1.3 – Please describe actions you have taken to prevent such errors:

The Ministry of Labour and Social Policy (MTSP) has developed rules of procedure and put in place internal control systems set out in the Manual of the Managing Authority (MA) on the implementation and management of OPHRD 2014-2020. Training events for beneficiaries are additionally conducted upon the launch of new grant schemes in order to raise their awareness of the requirements for the lawful selection of contractors. In the framework of these training events beneficiaries can ask questions, raise specific issues and seek advice on the avoidance of problems frequently encountered in the context of contractor selection procedures. In addition, the MA develops and publishes manuals for each grant scheme setting out guidelines for project implementation to be followed by

the beneficiaries.

In 2016, the Audit of European Union Funds Executive Agency (OSES), in line with the adopted Audit Strategy, focused its work on audits of operations and systems audits to limit and prevent irregularities and errors in the management of operations implemented under the European Structural and Investment Funds (ESIF).

The EU Funds Audit Manual for the programming period 2014-2020 has been updated. The manual sets out a detailed description of the rules, policies and procedures to be applied to ensure a high standard of work of the Audit Authority. The Manual has been developed on the basis of applicable Regulations, the European Commission guidelines for the programming period 2014-2020, the requirements laid down in national law and the professional standards and good practices relevant to the work of the Audit Authority. The updated manual reflects the methodological knowledge and practical experience gained by the Audit Authority during the programming period 2007-2013.

The Audit Authority follows an approach based on that applied by the European Commission. It publishes an annual report, which sets out an analysis of the irregularities in the area of public procurement, a summary of the infringements encountered by the Audit Authority and guidance on their avoidance. These documents serve as the basis for taking appropriate corrective action by beneficiaries in conducting calls for the award of public procurement contracts, respectively by the Certifying Authorities in the performance of their functions to ensure that only expenditure that satisfies the requirements for legality and eligibility is verified and certified.

With a view to enhancing its preventive role, the Audit Authority has additionally stepped up its efforts in two areas — conducting training events to share its experience with regard to the common types of deficiencies and errors identified and to raise awareness of the audit methodology used among all stakeholders of the system for the management and control of EU funds. In connection with this, in 2016 the Audit Authority conducted 12 training events for 444 representatives of the MA and the beneficiaries with a view to sharing good practices, ensuring better implementation of the rules for the award of public procurement contracts and exchanging experience on identified errors in the application of public procurement legislation.

All checklists used by the Audit Authority to perform audits of operations and systems audits are publicly available on its website. The checklists used to perform checks on public procurement procedures have been developed by the Audit Authority. They have been shared with all parties concerned in the management and control of EU funds and are used by the Managing Authorities and Certifying Authorities during the course of performing their functions relating to expenditure incurred under public procurement contracts. This ensures that the checks conducted to verify the legality of public procurement expenditure are based on a uniform approach.

Ministry of Economy (MI) With a view to preventing this and other types of errors, during the course of project implementation the MA assists beneficiaries, including through the established practice of conducting training events at the time of concluding grant agreements. During the training events the project implementation process is explained step by step and specific questions, including issues relating to the avoidance of frequently encountered problems, are discussed. The MA additionally publishes a Manual on the

implementation of co-financed projects to help beneficiaries avoid errors and lower the rate of ineligible expenditure. The MA also conducts ex-ante controls prior to publishing calls for proposals and the stage of contractor selection with the aim of minimising the infringements of contractor selection rules. The practices mentioned above have been carried over to the new programming period 2014-2020.

The MA has thus minimised the risk of inclusion of ineligible expenditure in the certification reports submitted to the Certifying Authority, respectively the applications for payment submitted to the European Commission.

The Directorate-General for Strategic Planning and Regional Development Programmes (GDSPPRR) of the MRRB, in the capacity as designated Managing Authority of Operational Programme Regional Development (OPRD) 2007-2013 and Operational Programme Regions in Growth (OPRG) 2014-2020, takes a number of measures to prevent the errors described within the remit of its competence as defined in EU and national law, as follows:

The MA of OP Regions in Growth 2014-2020 has introduced controls for the exclusion of expenditure from interim certification reports submitted to the Certifying Authority, when such expenditure is subject to ongoing checks conducted to verify its legality and regularity and a conclusion is still pending. Checks are conducted to verify the eligibility of verified expenditure included in each application for payment included in interim certification reports. Further checks are conducted to ascertain any recently reported irregularities in order to modify the respective amounts of ineligible expenditure following the closure of reported irregularities and performing a check to ascertain any unlawfully paid amounts. All identified ineligible expenditure is excluded from certification reports. The approach followed by the MA of the OPRG ensures that certification reports contain solely expenditure that has been legally incurred. The Certifying Authority also excludes such expenditure from both current applications for payment submitted to the European Commission and from certified expenditure included in the annual financial statements.

In addition, the GDSPPRR:

- participates in consultations and procedures for the submission of proposals and recommendations in the context of the adoption of new laws and bylaws within its area of competence;
- makes efforts to strengthen and improve its administrative capacity through training events conducted on a regular basis in areas, such as recently adopted legislation within its remit of competence relating to the protection of the financial interests of the EU, the prevention and fight against fraud and irregularities, etc.;
- participates in the Council on the coordination of the fight against infringements with implications for the financial interests of the EU and performs the tasks within its remit of competence relating to the implementation of the Action Plan to the National Strategy for the prevention and the fight against irregularities and fraud with implications for the financial interests of the EU for the period 2014-2020 within the framework of the Council;
- cooperates with other institutions in the performance of tasks within its remit of competence;
- administers reported irregularities and, where infringements that conform to the definition of an irregularity are ascertained, determines the financial corrections to be applied to beneficiaries under the OPRG;

- conducts information campaigns and training events for beneficiaries on a regular basis in areas relating to the award of public procurement contracts;

- maintains web pages to enable the reporting of irregularities and fraud with implications for the financial interests of the EU;

- keeps registers of reported irregularities and fraud within the Directorate;

- conducts information campaigns to raise public awareness of the mechanisms for reporting irregularities; - clarifies and raises awareness of the terms 'irregularity' and 'suspected irregularity';

- uses the MMIS 2020 electronic system and the ARACHNE system for the prevention of irregularities.

The MA of OPRG has introduced and uses the fraud risk assessment tool annexed to the Guidance to Member States on the procedure for the designation of bodies responsible for programmes financed by the EU (EGESIF_14-00-21-00 of 16 June 2014). The application of the tool and the controls put in place at system level aim to identify specific situations that may arise during the course of implementation of operations that trigger certain fraud alerts and to anticipate and take appropriate and proportionate measures to improve the management and control system put in place in the context of the anti-fraud policy pursued by the MA of OPRG. In connection with the audit findings of the Audit Authority and the Certifying Authority, the Procedures manual for the management and implementation of Operational Programme Regions in Growth 2014-2020 has been updated by including additional controls to achieve compliance with the rules, policies and procedures applied in order to ensure that the work of the Managing Authority conforms to a high quality standard.

In order to preclude the verification of ineligible expenditure monitoring is performed to ensure the efficient and effective disbursement of funds under concluded grant agreements.

On-the-spot checks are also performed on 100 % of the original invoices and receipts and to verify the progress achieved in the physical implementation of works. On-the-spot checks are planned on an annual basis, with unannounced checks being performed as necessary, for example at the time of receipt of requests for payment, in order to verify the absence of double financing, etc. During the course of checks conducted to ascertain the physical progress of works, compliance between the quantities and works agreed, those detailed in the dedicated reports and works acceptance certificates, and the actual volume of works performed is verified by making measurements under individual lots.

The beneficiaries are required to make appropriate organisational arrangements for record-keeping to ensure that all requisite documents are available during conducted checks, that is to ensure that there is an adequate audit trail. In addition, during the course of checks and verifications performed on reported expenditure under engineering works contracts, detailed checks to ascertain ineligible activities are performed on the basis of dedicated checklists and approved procedures. Any detected ineligible works are subsequently excluded from verification.

The Territorial Cooperation Management (UTC) Directorate of the MRRB

- conducts sample-based checks on the work performed by external controllers responsible for conducting first-level controls;

- organises annual meetings with the beneficiaries and controllers to present and discuss the most frequently encountered types of errors in conducting calls for the award of public procurement contracts;
- the beneficiaries are required to sign statements acknowledging their familiarity with the concepts of 'irregularity' and 'fraud' before the signing of grant agreements under the programmes that we manage in the capacity of Managing Authority and, respectively, agreements concluded with regard to national co-financing under the programmes that we manage in the capacity of National Authority.

MTITS

- The following action has been taken to address the three types of errors: streamlining the management and control systems of the Managing Authority and the Procedures manual, including by expanding existing checklists with new types of checks. Some changes have been introduced on the basis of findings from European Commission missions and audits performed by the ECA, the Audit Authority, the Certifying Authority and the Internal Audit Unit. Other actions have been taken on an initiative of the Managing Authority.
- Identified deficiencies in the award of public procurement contracts and errors in the work of the Managing Authority are addressed by organising meetings and training events for experts from the Managing Authority and beneficiaries.
- In addition, the ineligible activities identified under individual projects are modified at the earliest possible stage of submission of project proposal for financing.
- The Managing Authority also conducts meetings with the beneficiaries on a regular basis to discuss problems and deficiencies that may arise.

National Fund (NF)

Programming period 2007-2013:

1. In 2016, for the purpose of expenditure certification, the CA performed a number of controls, including full documentary checks on the information received from the MA about operational programmes in connection with verified expenditure submitted for certification in the same year, along with on-the-spot checks on the MA, IB and beneficiaries. In many cases, the CA delayed the certification of specific items of expenditure incurred to the European Commission until adequate corrective action was taken by the MA and/or financial corrections were applied, as appropriate. In cases where the CA was unable to obtain sufficient assurance in respect of the eligibility of incurred expenditure, the respective item was excluded from the declaration of expenditure submitted to the European Commission to lower the risk of declaring ineligible expenditure.
2. In 2016, the Certifying Authority continued to actively facilitate and support the work of the bodies responsible for the successful completion of the 2007-2013 programming period. To ensure better coordination of the activities and responsibilities relating to the winding up of the operational programmes co-financed by the Structural Funds and the Cohesion Fund for the programming period 2007-2013, the CA organised working meetings with representatives of the

MA, the Audit Authority and the Central Coordination Unit (CCU). In addition to the Guidelines on the winding up of operational programmes published by the Minister for Finance, methodological support was provided on an ongoing basis to the MA, IB and the beneficiaries. In connection with the start of preparations to wind up operational programmes for cross-border cooperation along the external borders of the EU Bulgaria participates in, which are financed by the Instrument for Pre-accession Assistance during the programming period 2007-2013, the CA developed Guidelines of the Minister of Finance on the winding-up of bilateral programmes for cross-border cooperation along the external border of the European Union, implemented between the Republic of Bulgaria and the Former Yugoslav Republic of Macedonia, the Republic of Serbia and the Republic of Turkey during the programming period 2007-2013.

National Fund (NF)

Programming period 2014-2020:

1. On 25 July 2016, Regulation No N-3 of the Minister for Finance of 8 July 2016 laying down the rules for payment, verification and certification of expenditure, recovery and write-off of irregular expenditure and accounting, as well as the terms and rules of completion of end-of-year accounts under the operational programmes and the European territorial cooperation programmes, drawn up by the Certifying Authority pursuant to Article 7(4) of the Management of European Structural and Investment Funds Act and governing the relationships between units responsible for management and control, entered into force. The CA continued to develop and provide, on an ongoing basis and whenever necessary, additional guidance with a view to precluding identical errors and facilitating the work of the bodies concerned in the management and control of EU funds under the respective programmes.
2. The CA conducts checks to verify the legality and regularity of the expenditure verified by the MA before the submission of applications for payment to the European Commission as a preventive measure with the aim of precluding the declaration of irregular expenditure to the Commission. As an additional control, the CA performs checks to verify the standard of work of the MA, along with checks on the premises of the beneficiaries and project implementation sites. The Managing Authority reports to the CA on the progress made in the achievement of results on the basis of conducted management checks, the annual plans for on-the-spot checks, procedures manuals, etc., which are subject to mandatory review and analysis by the CA.
3. In line with Decree No 189/2016 laying down the national rules on the eligibility of expenditure incurred under programmes financed by the European Structural and Investment Funds for the programming period 2014-2020 and with a view to lowering the administrative burden on beneficiaries, simplifying the reporting process and improving the quality of the reporting documents submitted to the MA by beneficiaries a number of steps were taken to simplify the rules governing expenditure under the respective operational programmes in accordance with Article 55(1), (2) and (4) of the ESIF Assistance Management Act. We are not yet able to report any results attributable to the implementation of the new rules but will give the matter our full attention during the process of certifying expenditure and conducting controls in line with the established procedures of the CA.
4. During the 2014-2020 programming period financial assistance will be granted through a variety of financial instruments

	<p>under operational programmes Human Resources Development, Innovation and Competitiveness, Regions in Growth and Environment. On the basis of preliminary assessments and the experience gained in the use of financial engineering instruments during the programming period 2007-2013, a unit responsible for the management of the financial instruments was created by establishing a Fund of Funds pursuant to Article 38(4)(b)(a) of Regulation (EU) No 1303/2013 of the European Parliament and of the Council of 17 December 2013, responsible for the management of financial instruments during the programming period 2014-2020 and for some of the instruments used during the programming period 2007-2013.</p>														
<p>Question 1.2 Rural development, the environment, climate action and fisheries</p> <p>The most typical error types in diminishing order of importance are:</p> <ol style="list-style-type: none"> 1. Ineligible beneficiary, activity, project or expenditure 2. Overstated or ineligible area 3. Non-compliance with public procurement rules 4. Administrative error 	<table border="1" data-bbox="459 241 603 1758"> <tr> <td data-bbox="459 241 529 1758"></td> <td data-bbox="459 452 529 694" style="text-align: center;"><u>YES</u></td> <td data-bbox="459 241 529 452" style="text-align: center;"><u>NO</u></td> </tr> <tr> <td data-bbox="529 241 603 1758">Question 1.2.1 – Do you agree that these are the most common error types?</td> <td data-bbox="529 452 603 694" style="text-align: center;"><input type="checkbox"/></td> <td data-bbox="529 241 603 452" style="text-align: center;"><input type="checkbox"/></td> </tr> </table> <p data-bbox="625 985 657 1758"><i>If you do not agree, then please describe other major error types:</i></p> <table border="1" data-bbox="721 241 865 1758"> <tr> <td data-bbox="721 241 791 1758"></td> <td data-bbox="721 452 791 694" style="text-align: center;"><u>YES</u></td> <td data-bbox="721 241 791 452" style="text-align: center;"><u>NO</u></td> </tr> <tr> <td data-bbox="791 241 865 1758">Question 1.2.2 – Do you agree with the relative importance of these error types?</td> <td data-bbox="791 452 865 694" style="text-align: center;"><input type="checkbox"/></td> <td data-bbox="791 241 865 452" style="text-align: center;"><input type="checkbox"/></td> </tr> </table> <p data-bbox="887 385 919 1758"><i>If you do not agree, then please indicate your perception of the order of importance of the most common error types:</i></p> <table border="1" data-bbox="970 241 1040 1758"> <tr> <td data-bbox="970 241 1040 1758">Question 1.2.3 – Please describe actions you have taken to prevent such errors:</td> <td data-bbox="970 241 1040 1758"></td> </tr> </table> <p data-bbox="1062 183 1190 1758">MZH+DFZ The following action has been taken to address finding 23-BG-1-1-M121 set out in Letter Ref. No PF 8171: Regulation No 8 of 3 April 2008 was amended to modify the definition of ‘user’, which became effective on 18 May 2010. The amendment concerned the method of conducting the checks. No checks to ascertain the existence of related undertakings within the meaning of the Small and Medium Sized Enterprises Act were conducted on projects financed prior to that date.</p>		<u>YES</u>	<u>NO</u>	Question 1.2.1 – Do you agree that these are the most common error types?	<input type="checkbox"/>	<input type="checkbox"/>		<u>YES</u>	<u>NO</u>	Question 1.2.2 – Do you agree with the relative importance of these error types?	<input type="checkbox"/>	<input type="checkbox"/>	Question 1.2.3 – Please describe actions you have taken to prevent such errors:	
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<p>Question 2.1</p> <p>Please describe the main sources of data for the performance indicators you provide to the Commission in the areas of:</p>	<p>- the common agricultural policy:</p> <p>MZH+DFZ The Integrated Administration and Control System (IACS)</p> <p>- the economic, social and territorial cohesion policy:</p> <p>GDSPPRR of the MRRB The main sources of data are the documents entered into the MMIS 2020 in connection with payment requests and on-the-spot checks.</p> <p>Territorial Cooperation Management Directorate (UTC) of the MRRB The main sources of data are the electronic systems for the management of the individual operational programmes (MIS) and the electronic accounting system (SAP).</p>												

	<p>NF Regarding performance indicators, the Certifying Authority monitors on an ongoing basis the information provided within the framework of the Monitoring Committees of Operational Programmes and set out in the respective reports on the progress of programme implementation sent to the European Commission, conducts analyses of the reports of the Managing Authorities on progress achieved in implementation drawn up on the basis of conducted management verifications, participates in the monthly meetings with beneficiaries organised by some of the Managing Authorities to review the progress achieved in project implementation and conducts reviews of the corresponding progress reports on a regular basis. In addition, the Certifying Authority conducts analyses of the achievement of financial indicators at programme level and monitors the rate of disbursement of national funds under each operational programme with a view to precluding loss of funds under the rule for the automatic decommitment of funds.</p> <p>MI The main source of data about the performance indicators for the individual projects are the final technical reports submitted by beneficiaries. The model final technical reports contain a dedicated section in which beneficiaries must indicate the actual values of the relevant performance indicators as at project completion date. The performance indicators in question are specified in the grant agreements and correspond to those set out in the respective operational programme.</p> <p>In order to compile a summary of some of the data for the programming period 2007-2013, the MA used the computerised Management and Monitoring Information System (MMIS).</p> <p>The main source of data about the performance indicators for the programming period 2014-2020, which the Managing Authority of OP Innovation and Competitiveness uses to report the progress achieved in programme and project implementation, include:</p> <ol style="list-style-type: none"> 1. Statistical surveys conducted by the National Statistical Institute and provided to the MA at intervals that take into account the data reporting periods specified by the NSI in respect of the output indicators specified in the Operational Programme Innovation and Competitiveness (OPIC) 2014-2020; 2. SME Performance Review, European Commission instrument to assess the progress achieved in implementing the Small Business Act (SBA Fact Sheets); 3. Management, Monitoring and Information System for ESIF (MMIS 2020) — provides aggregated information to beneficiaries about performance indicators.
<p>Question 2.2 Please describe how you ensure that the data for the performance indicators you provide to the Commission are</p>	<p>- the common agricultural policy:</p> <p>MZH+DFZ The developed IACS module conforms with the requirements laid down in COMMISSION DELEGATED REGULATION (EU) No 907/2014 of 11 March 2014 supplementing Regulation (EU) No 1306/2013 of the European Parliament and of the Council with regard to paying agencies and other bodies, financial management, clearance of accounts, securities and use of euro.</p> <p>- the economic, social and territorial cohesion policy:</p>

of sufficient quality in the areas of:

MTSP The information set out in the reporting forms submitted by beneficiaries is checked and verified by the MA to prevent the inclusion of ineligible expenditure incurred in relation to certain parties or activities in the declaration of expenditure. The Managing Authority conducts documentary checks on all requests for payment (advance, interim and final) submitted by the beneficiaries. The checks are conducted in compliance with EU and national law, and in particular the requirements laid down in Chapter 5 of the Management of the ESIF Assistance Act (ZUSESEIF) and the Procedures manual of the MA. The scope of the check covers the entire package of reporting documents, including ESF micro-data. The checks are conducted by two experts (technical and financial) and finalised by completing a dedicated checklist. The checklist contains a special text box, which must be ticked to verify the entry of micro-data in table format in line with Article 125(2) of Regulation (EU) No 1303/2013. The checklists are scanned and uploaded into the relevant section of the MMIS 2020.

The MA conducts on-the-spot checks in accordance with the requirements laid down in the Manual. On-the-spot checks may be planned and unannounced. The responsible experts who conducted the check must complete a dedicated checklist. Where omissions or deficiencies are ascertained, the experts issue recommendations for corrective action to be taken by the respective beneficiary. On the basis of these recommendations the MA experts follow-up on their implementation during subsequent checks or at the time of submission of payment requests. The checklist is entered into the relevant section of the MMIS 2020.

MI The quality of performance indicators is ensured through the implementation of a dedicated procedure set out in the Manual of the MA as an element of the verification process. In parallel to the entry of information about the performance indicators achieved in the MMIS, the MA keeps and updates on a regular basis a single performance indicator database (in Excel) at grant agreement / calls / priority axis / operational programme level, which contains information about performance indicators under Operational Programme Development of the Competitiveness of the Bulgarian Economy (OPDCBE). The performance indicator database is used to monitor the progress made in progress implementation vis-a-vis the indicators set in advance throughout the period of project implementation. It is also an appropriate tool used to draw up various reports and summaries, including the Annual/Final report on OPDCBE implementation. In order to ensure data accuracy and completeness, the entry and update of performance indicators values in the database is handled by experts determined by an express order issued by the Head of the Managing Authority. As an element of the process of verification of each final report and before making a final payment, a dedicated check is performed to verify that the respective final report contains information about the performance indicators set in advance and achieved. The check is conducted by two experts and the data is entered into a dedicated model form and communicated to the designated officials specified in the above-mentioned order of the Head of the MA. The officials in question enter the information in the database used to draw up summary reports and reference documents (per call, axis, indicator, year, gender, type of enterprise, etc.). These procedures were carried over to the new programming period, taking on board the lessons learned during the programming period 2007 2013.

In order to ensure that performance indicators reported in respect of the OPIC 2014-2020 are truthful, verifiable and comparable, the

indicator values reported by beneficiaries are verified by two experts from the MA responsible for conducting the relevant checks on the project reports submitted by beneficiaries. The checks are conducted at the time of verification of each final report and before making a final payment, allowing for final performance indicator values to be summarised and properly taken into account. In view of the completion of all project activities, performance indicator values may not be subsequently changed or modified. The latter ensures the availability of the information provided by the beneficiaries and the aggregation of the actual values of the performance indicators achieved.

In parallel to the entry of information about the performance indicators achieved in the MMIS 2020, the MA keeps and updates on a regular basis a single performance indicator database (in Excel) at grant agreement / call / priority axis / operational programme level.

The parallel processes of verifying performance indicator data entered into the MMIS 2020 and into the dedicated database reduces to a minimum the risk of inaccuracies that may raise doubts as to the full and truthful reporting of indicator values. This is so because verification can take place at more than one level, minimising the risk of entry of inaccurate data. Thus, the risk of the performance indicator data available to the MA being untruthful and/or not being up-to-date as at the date on which it is needed is reduced to a minimum. This also helps to overcome obstacles that may arise in subsequent stages of the overall process of management and control of the OPC, notably reporting and evaluation.

GDSPRR of the MRRB has drawn up guidance on the types of documents justifying expenditure required for each activity to be implemented under the projects. With regard to reimbursable expenditure claimed by the beneficiaries, the MA of the OPRG is currently conducting administrative (documentary) and on-the-spot checks. In some cases the information provided by beneficiaries is insufficient. Therefore, to obtain full assurance that the verified expenditure is eligible, the MA of the OPRG may need to request additional information and documents. In certain cases it may be necessary to perform on-the-spot checks, including 100 % documentary and physical checks on the progress achieved in contract implementation. The entire process of verification is documented in the MMIS 2020. In the context of the above, the MA of OPRG has introduced administrative controls and on-the-spot checks to ensure that the reported activities were carried out efficiently in terms of both quality and quantity of the works performed. The annual report on programme implementation takes into account the values of the programme indicators achieved, reported under individual projects and verified by the MA of the OPRG.

A public procurement call for conducting an interim assessment of the OPRG has been launched and one of the tasks as per the terms of reference is reporting on progress in achieving performance indicators.

The work of the Directorate Management of Cross-border Cooperation of the MRRB designated MA of Cross-border Cooperation Programmes, is based on Manuals for each programme, setting out strict rules for financial management and control. The financial management and control system must be accredited by the Audit Authority. The information submitted by project partners is

<p>uploaded to the MIS and checked by the Joint Secretariats to the MA by means of conducting on-the-spot checks.</p> <p>NF In accordance with Regulation (EU) No 1303/2013 of the European Parliament and of the Council of 17 December 2013, a 2019 review of programme implementation in each Member State must be conducted against the implementation framework set out in the respective programme. In connection with this, during the first half of 2017 the Certifying Authority conducted quality checks on the Managing Authorities of the Operational programmes for the period 2014-2020, which included checks on the rules and procedures put in place and the time frames in which the MA must ascertain the achievement of the performance indicators under the operational programmes. As a result, findings and recommendations have been given to ensure better risk assessment and management and better reporting during the interim stages of programme implementation.</p>	<table border="1"> <tr> <td data-bbox="555 168 699 2058"> <p>Question 3</p> <p><i>Follow-up of recommendations formulated by the ECA in its Special Reports</i></p> </td> <td data-bbox="699 168 1366 2058"> <table border="1"> <tr> <td data-bbox="699 168 798 2058"> <p>Question 3.1 – Do you follow up recommendations addressed by the ECA specifically to your country?</p> <p><i>Reply:</i> MI The ECA audit report on assignment 16CH2SOA with reference number PF – 7844 (Statement of Assurance, SOA) for 2016 in respect of Operational Programme No 2007BG16IPO003 Development of the Competitiveness of the Bulgarian Economy 2007-2013 contains only preliminary findings. To date, no final conclusions have been received from the European Court of Auditors in this regard. For this reason, the MA has focused its work on obtaining and providing additional information and data to draw the final conclusions.</p> <p>With regard to financial instruments: The ECA’s final report on the audit performed on financial instruments for the purpose of the Statement of assurance for 2016 (DAS 2016) under Operational Programme Development and Competitiveness of the Bulgarian Economy takes into account the information provided by the MA following the receipt of the preliminary findings and all findings have been closed.</p> <p>MZH+ DFZ The cited ECA reports are inapplicable to CAP</p> </td> <td data-bbox="798 168 925 2058"> <p>YES</p> <p><input checked="" type="checkbox"/></p> </td> <td data-bbox="925 168 1053 2058"> <p>NO</p> <p><input type="checkbox"/></p> </td> </tr> <tr> <td data-bbox="1053 168 1197 2058"> <p>Question 3.2 – Do you follow up recommendations addressed by the ECA to Member States in general?</p> </td> <td data-bbox="1197 168 1276 2058"> <p>YES</p> <p><input checked="" type="checkbox"/></p> </td> <td data-bbox="1276 168 1366 2058"> <p>NO</p> <p><input type="checkbox"/></p> </td> </tr> </table> </td> </tr> </table>	<p>Question 3</p> <p><i>Follow-up of recommendations formulated by the ECA in its Special Reports</i></p>	<table border="1"> <tr> <td data-bbox="699 168 798 2058"> <p>Question 3.1 – Do you follow up recommendations addressed by the ECA specifically to your country?</p> <p><i>Reply:</i> MI The ECA audit report on assignment 16CH2SOA with reference number PF – 7844 (Statement of Assurance, SOA) for 2016 in respect of Operational Programme No 2007BG16IPO003 Development of the Competitiveness of the Bulgarian Economy 2007-2013 contains only preliminary findings. 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For this reason, the MA has focused its work on obtaining and providing additional information and data to draw the final conclusions.</p> <p>With regard to financial instruments: The ECA’s final report on the audit performed on financial instruments for the purpose of the Statement of assurance for 2016 (DAS 2016) under Operational Programme Development and Competitiveness of the Bulgarian Economy takes into account the information provided by the MA following the receipt of the preliminary findings and all findings have been closed.</p> <p>MZH+ DFZ The cited ECA reports are inapplicable to CAP</p>	<p>YES</p> <p><input checked="" type="checkbox"/></p>	<p>NO</p> <p><input type="checkbox"/></p>	<p>Question 3.2 – Do you follow up recommendations addressed by the ECA to Member States in general?</p>	<p>YES</p> <p><input checked="" type="checkbox"/></p>	<p>NO</p> <p><input type="checkbox"/></p>
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<p>Question 3.2 – Do you follow up recommendations addressed by the ECA to Member States in general?</p>	<p>YES</p> <p><input checked="" type="checkbox"/></p>	<p>NO</p> <p><input type="checkbox"/></p>							

Reply: MI With regard to Recommendation 2a set out in EVCA Special Report No 2/2017, it should be noted that the necessary financial information is provided via the annual reports on the implementation of the respective operational programmes, which the Member States draw up and submit for approval to the European Commission. In addition, it should be noted that compliance with the requirements for the allocation of funds to thematic objectives at national level is also monitored in the framework of implementation of the Partnership Agreement concluded with Bulgaria and that the relevant information and data is set out in the two reports on progress achieved in the implementation of the Agreement to be drawn up and submitted to the European Commission during the programming period 2014-2020.

Question 1.1**Economic, social and territorial cohesion**

The most typical error types in diminishing order of importance are:

- Ineligible costs included in the expenditure declarations
- Serious failure to respect public procurement rules
- Ineligible project/activities or beneficiaries

	<u>YES</u>	<u>NO</u>
Question 1.1.1 – Do you agree that these are the most common error types?	<input checked="" type="checkbox"/>	<input type="checkbox"/>

If you do not agree, then please describe other major error types:

	<u>YES</u>	<u>NO</u>
Question 1.1.2 – Do you agree with the relative importance of these error types?	<input checked="" type="checkbox"/>	<input type="checkbox"/>

If you do not agree, then please indicate your perception of the order of importance of the most common error types:

Question 1.1.3 – Please describe actions you have taken to prevent such errors:

As part of the Common National Rules (CNR) No 3 for the Competitiveness and Cohesion 2014-2020 operational programme (CCOP), which apply as of 9 June 2017, additional checks by the MA have been introduced (to complement the MA's existing system level checks, i.e. administrative and on-the spot checks of IBs) before a payment request is submitted to the European Commission. The aim of system-level checks is to inspect the correctness and legality of expenditure to be reported to the European Commission. Furthermore, in accordance with CNR No 3, the CA conducts administrative and on-the-spot checks for each declaration of expenditure. As part of an administrative check the declaration of expenditure and any background documents are checked for completeness and compliance with formal requirements, i.e. whether all the data has been presented correctly and taken into account. In addition, the CAFA is required to carry out ex-ante controls of public procurement procedures launched under the 'Competitiveness and Cohesion' and 'Efficient HR' operational programmes. The MA under the CCOP has also laid down criteria to be taken into account by the CAFA when conducting checks. Instructions regarding these criteria were issued on 31 March 2017 and the criteria were integrated in the new version of the CNR. In order to further reduce the number of irregularities in public procurement, the MA set up a Network of public procurement coordinators and a Network for managing irregularities, which comprises all the relevant bodies of the management and control system. Meetings are held once every three months. At the meetings, the bodies of the management and control system take note of all the legislative changes and updated procedures relevant to ESI funds. With a view to preventing irregularities committed by beneficiaries the MA is drawing up an overview of the most

Question 1.2

Rural development, the environment, climate action and fisheries

The most typical error types in diminishing order of importance are:

1. Ineligible beneficiary, activity, project or expenditure
2. Overstated or ineligible area
3. Non-compliance with public procurement rules
4. Administrative error

	<u>YES</u>	<u>NO</u>
Question 1.2.1 – Do you agree that these are the most common error types?	<input checked="" type="checkbox"/>	<input type="checkbox"/>

If you do not agree, then please describe other major error types:

	<u>YES</u>	<u>NO</u>
Question 1.2.2 – Do you agree with the relative important of these error types?	<input checked="" type="checkbox"/>	<input type="checkbox"/>

If you do not agree, then please indicate your perception of the order of importance of the most common error types:

Question 1.2.3 – Please describe actions you have taken to prevent such errors:

There are workshops at which beneficiaries can learn about eligibility requirements for support and their obligations. We are currently developing application forms with drop-down menus to minimise error occurrence in declaring expenditure/investment amounts. We have developed an online Q&A system, which is legally binding and subject to the six-eyes principle in order to ensure the consistency of replies. with regard to administrative errors, improvements have been made to the coordination and monitoring of the work of regional offices, training has been stepped up and the samples of applications screened by the central office are larger.

<p>Question 1.3 EAGF</p> <p>The most typical error types in diminishing order of importance are:</p> <ol style="list-style-type: none"> 1. Overstated or ineligible area 2. Ineligible beneficiary, activity, project or expenditure 3. Administrative error 	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 80%;"></th> <th style="width: 10%; text-align: center;"><u>YES</u></th> <th style="width: 10%; text-align: center;"><u>NO</u></th> </tr> </thead> <tbody> <tr> <td>Question 1.3.1 – Do you agree that these are the most common error types?</td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> </tbody> </table> <p><i>If you do not agree, then please describe other major error types:</i></p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tbody> <tr> <td style="width: 80%;"></td> <td style="width: 10%; text-align: center;"><u>YES</u></td> <td style="width: 10%; text-align: center;"><u>NO</u></td> </tr> <tr> <td>Question 1.3.2 – Do you agree with the relative importance of these error types?</td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> </tbody> </table> <p><i>If you do not agree, then please indicate your perception of the order of importance of the most common error types:</i></p> <div style="border: 1px solid black; height: 40px; margin-top: 10px;"></div> <p>Question 1.3.3 – Please describe actions you have taken to prevent such errors:</p> <p>Information campaigns are being organised at which beneficiaries can learn about eligibility requirements for support and their obligations.</p>		<u>YES</u>	<u>NO</u>	Question 1.3.1 – Do you agree that these are the most common error types?	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<u>YES</u>	<u>NO</u>	Question 1.3.2 – Do you agree with the relative importance of these error types?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	<u>YES</u>	<u>NO</u>											
Question 1.3.1 – Do you agree that these are the most common error types?	<input checked="" type="checkbox"/>	<input type="checkbox"/>											
	<u>YES</u>	<u>NO</u>											
Question 1.3.2 – Do you agree with the relative importance of these error types?	<input checked="" type="checkbox"/>	<input type="checkbox"/>											
<p>Question 2.1</p> <p>Please describe the main sources of data for the performance indicators you provide to the Commission in the areas of:</p>	<p>- the common agricultural policy:</p> <p>- the economic, social and territorial cohesion policy:</p> <p>The main sources of data for the Competitiveness and Cohesion OP are the Integrated information management system for EFI funds (ESIF MIS) and the online register of contracts concluded under the CCOP. Data are also sourced from quarterly implementation reports drawn up by IBs of the 1a level; these reports are simultaneously used as control mechanisms for checking that data have been entered correctly in the two abovementioned data sources.</p>												
<p>Question 2.2</p> <p>Please describe how</p>	<p>- the common agricultural policy:</p>												

you ensure that the data for the performance indicators you provide to the Commission are of sufficient quality in the areas of:

- the economic, social and territorial cohesion policy:

When the CCOP was launched, the MA produced an annual financial plan that lay down the critical levels for resources that must be certified in order to avoid automatic decommitment, as well as target levels set somewhat higher than the critical ones. With a view to avoiding automatic decommitment, level-1 IBs draw up annual implementation forecasts laying down targets in terms of setting, paying and approving costs at operation level and in terms of the level of attainment of physical indicators in a three-year period. The MA uses the implementation forecasts to draw up an annual schedule of commitments laying down (for each level-1 IB) targets in terms of setting, paying and approving quarterly costs and in terms of the level of attainment of physical indicators in a year; implementation of the schedule is monitored quarterly, while IBs have to provide justification for any departures from the schedule. At the same time, quarterly reporting serves as a mechanism for monitoring the correctness of the financial and physical indicators listed in the ESIF MIS and the online register of contracts,

After significant departures from the schedule were identified in 2017 (Q1 and Q2) reports on the implementation of the annual schedule of commitments, the schedule was updated in mid-2017. On the basis of the updated values, two forecasts were produced: one for attaining the goals under the ERDF and CF in year n+3 and another for achieving performance targets. After the annual schedule of commitments was updated, it became clear that the n+3 goal under the CF might not be attained. As a result, the MA set up a working group at officials' level tasked with monitoring the attainment of that goal. The working group also monitors the cost approval and proposes solutions for stepping up project implementation and cost approval/ Since the performance targets are also at risk of being missed, the MA informed level-1 IBs of these risks, asking the IBs to lay down measures for accelerating the preparation and implementation of projects in order to facilitate the achievement of these targets.

The MA has also updated forms for indicators by adding instructions on the correct and uniform interpretation and recording of indicators. The MA regularly oversees the application of the instructions and checks that indicators have been entered correctly in ESIF MIS and the register of contracts, particularly when drawing up quarterly reports.

Question 3

Follow-up of recommendations formulated by the ECA in its Special Reports

	<u>YES</u>	<u>NO</u>
Question 3.1 – Do you follow up recommendations addressed by the ECA specifically to your country?	<input type="checkbox"/>	<input type="checkbox"/>

Reply: We have received no report from the ECA on the 'Regional Competitiveness 2007-2013' and 'Competitiveness and Cohesion 2014-2020' OPs and therefore cannot follow up on the recommendations.

	<table border="1"> <tr> <td data-bbox="188 172 260 450"></td> <td data-bbox="188 450 260 689" style="text-align: center;"><u>YES</u></td> <td data-bbox="188 689 260 2063"></td> </tr> <tr> <td data-bbox="260 172 363 450"> <p>Question 3.2 – Do you follow up recommendations addressed by the ECA to Member States in general?</p> </td> <td data-bbox="260 450 363 689" style="text-align: center;"><input checked="" type="checkbox"/></td> <td data-bbox="260 689 363 2063" style="text-align: center;"><input type="checkbox"/></td> </tr> </table>		<u>YES</u>		<p>Question 3.2 – Do you follow up recommendations addressed by the ECA to Member States in general?</p>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	<u>YES</u>						
<p>Question 3.2 – Do you follow up recommendations addressed by the ECA to Member States in general?</p>	<input checked="" type="checkbox"/>	<input type="checkbox"/>					
	<p><i>Reply:</i></p> <p>In accordance with CNR No 3, one of the main measures available to the MA under the Competitiveness and Cohesion 2014-2020 OP for fighting irregularity and fraud is the regular monitoring of the website and the publication of the ECA report on irregularities, fraud and corruption against the EU budget. A summary of relevant data and documents published on the website (strategies, reports, presentations, brochures, lists of cases handled) is submitted at least twice a year.</p>						

Question 1.1

Economic, social and territorial cohesion

The most typical error types in diminishing order of importance are:

- Ineligible costs included in the expenditure declarations
- Serious failure to respect public procurement rules
- Ineligible project/activities or beneficiaries

Question 1.1.1 – Do you agree that these are the most common error types?

If you do not agree, then please describe other major error types:

	<u>YES</u>	<u>NO</u>
	<input type="checkbox"/>	<input type="checkbox"/>

Question 1.1.2 – Do you agree with the relative importance of these error types?

If you do not agree, then please indicate your perception of the order of importance of the most common error types:

Question 1.1.3 – Please describe actions you have taken to prevent such errors:

	<u>YES</u>	<u>NO</u>
	<input type="checkbox"/>	<input type="checkbox"/>

Question 1.2

Rural development, the environment, climate action and fisheries

The most typical error types in diminishing order of importance are:

Question 1.2.1 – Do you agree that these are the most common error types?

If you do not agree, then please describe other major error types:

	<u>YES</u>	<u>NO</u>
	<input checked="" type="checkbox"/>	<input type="checkbox"/>

<p>1. Ineligible beneficiary, activity, project or expenditure</p> <p>2. Overstated or ineligible area</p> <p>3. Non-compliance with public procurement rules</p> <p>4. Administrative error</p>	<p>Question 1.2.2 – Do you agree with the relative importance of these error types?</p> <p>If you do not agree, then please indicate your perception of the order of importance of the most common error types:</p> <p>Question 1.2.3 – Please describe actions you have taken to prevent such errors:</p> <p>1) Implementation and control of procedures for concluding public procurement contracts as part of our Manuals of Procedures, 2) 100 % on-the-spot controls for investment measures and in situ controls on actions implemented, 3) Evaluation Committees, standard costing lists and simplified costs. 4) Ongoing informing of applicants 5) Implementation of a geospatial application for all applications in the context of the single application for area-based subsidies from 2015 6) Cross-checks with other state records</p>	<table border="1"> <tr> <td style="text-align: center;"><u>YES</u></td> <td style="text-align: center;"><u>NO</u></td> </tr> <tr> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> </table>	<u>YES</u>	<u>NO</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>				
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<u>YES</u>	<u>NO</u>									
<input checked="" type="checkbox"/>	<input type="checkbox"/>									
<u>YES</u>	<u>NO</u>									
<input checked="" type="checkbox"/>	<input type="checkbox"/>									

<p><i>error</i></p>	<p>Question 1.3.3 – Please describe actions you have taken to prevent such errors:</p> <ol style="list-style-type: none"> 1) Application and control of Implementation Manuals and updating of those manuals if necessary, 2) 100 % on-the-spot controls for investment measures, 3) Evaluation Committees, standard costing lists and simplified costs. 4) Ongoing informing of applicants 5) Implementation of a geospatial application for all applications in the context of the single application for area-based subsidies from 2015 6) Cross-checks with other state records 7) Implementation of action plans for corrective measures 8) Training of inspectors
<p>Question 2.1</p> <p><i>Please describe the main sources of data for the performance indicators you provide to the Commission in the areas of:</i></p>	<p><i>- the common agricultural policy:</i></p> <p>The performance indicators are largely based on the Common Monitoring and Evaluation Framework of the CFP and, if necessary, additional indicators are set for each measure/action where these are identified as important for evaluating the successful implementation of measures. Data sources are existing databases, data collected on a continuous basis while actions are being implemented and other special studies carried out to collect specific indicators.</p> <p><i>- the economic, social and territorial cohesion policy:</i></p> <p>The Statistical Service of Cyprus, EUROSTAT, Intermediate Bodies, IT System for monitoring implementation of the Operational Programmes</p>
<p>Question 2.2</p> <p><i>Please describe how you ensure that the data for the performance indicators you provide to the Commission are</i></p>	<p><i>- the common agricultural policy:</i></p> <p>Continuous efforts are made to improve the system for collecting the performance indicators through specific studies and evaluations, and ongoing further training in monitoring for the departments involved. The contribution of the European Evaluation Helpdesk for Rural Development is particularly important and helpful. Measures to assure the quality of the performance indicators are largely financed from the Technical Assistance of the Rural Development Programme.</p>

<p><i>of sufficient quality in the areas of:</i></p>	<p><i>- the economic, social and territorial cohesion policy: the data sources used are reliable. For the result indicators of the Programmes, the data used come almost entirely from the Statistical Service of Cyprus and EUROSTAT. For the output indicators, on-the-spot audits and verifications are carried out by the Intermediate Bodies (which are government bodies).</i></p>	
<p>Question 3</p>		
<p><i>Follow-up of recommendations formulated by the ECA in its Special Reports</i></p>	<p><u>YES</u></p>	<p><u>NO</u></p>
<p>Question 3.1 – Do you follow up recommendations addressed by the ECA specifically to your country?</p>	<p><input checked="" type="checkbox"/></p>	<p><input type="checkbox"/></p>
<p><i>Reply: The recommendations of all the auditors are followed up and duly implemented.</i></p>		
	<p><u>YES</u></p>	<p><u>NO</u></p>
<p>Question 3.2 – Do you follow up recommendations addressed by the ECA to Member States in general?</p>	<p><input checked="" type="checkbox"/></p>	<p><input type="checkbox"/></p>
<p><i>Reply: The recommendations of all the auditors are followed up and duly implemented.</i></p>		

Question 1.1**Economic, social and territorial cohesion**

The most typical error types in diminishing order of importance are:

- Ineligible costs included in the expenditure declarations
- Serious failure to respect public procurement rules
- Ineligible project/activities or beneficiaries

Question 1.1.1 – Do you agree that these are the most common error types?

If you do not agree, then please describe other major error types:

Audit Authority (AA):

We agree with the conclusion that the most common error types are serious failure to comply with public procurement rules and ineligible expenditure being included in the statements of expenditure. Analysis of the errors identified in audits of operations in the Czech Republic reveal that the most common errors are infringements of public procurement rules and other ineligible expenditure (unsubstantiated expenditure, expenditure unrelated to the project and expenditure not meeting Rule 3E). The implementation of activities not included in the project application (and in the project budget) is also a common error that gives rise to ineligible expenditure. It is rare, on the other hand, to find ineligible projects or beneficiaries or the inclusion of ineligible activities in the project (in the wrong field or priority axis).

Question 1.1.2 – Do you agree with the relative importance of these error types?

If you do not agree, then please indicate your perception of the order of importance of the most common error types:

AA:

As regards the above answer we would rank public procurement errors in first place in a table of relative seriousness. In the 2007-2013 programming period, this error accounted for around 60 % of the total number of errors in terms of frequency and more than 70 % in terms of financial volume. In second place we would put ineligible expenditure included in the statement of expenditure and thirdly infringements/non-compliance with national or European legislation (e.g. accounting, publicity, archiving).

Question 1.1.3 – Please describe actions you have taken to prevent such errors:

	<p>National Coordination Authority:</p> <p>Regular training courses are held on public procurement, including for applicants/beneficiaries and managing authorities. A database of audit findings has been prepared, which currently contains the most significant judgments in the decision-making process in this field. Regarding the assessment and selection of operations a set of key criteria has been laid down that must always form part of this process. The MA also contacts applicants with a view to discussing suitable criteria; specific training for applicants is also held. To reduce the amount of ineligible expenditure, checklists in selected areas have been drawn up.</p>															
<p>Question 1.2 Rural development, the environment, climate action and fisheries</p> <p>The most typical error types in diminishing order of importance are:</p> <ol style="list-style-type: none"> 1. Ineligible beneficiary, activity, project or expenditure 2. Overstated or ineligible area 3. Non-compliance with public procurement rules 4. Administrative error 	<table border="1" data-bbox="459 241 603 1753"> <tr> <td data-bbox="459 241 528 1753"></td> <td data-bbox="459 454 528 696" style="text-align: center;"><u>YES</u></td> <td data-bbox="459 241 528 454" style="text-align: center;"><u>NO</u></td> </tr> <tr> <td data-bbox="528 241 603 1753">Question 1.2.1 – Do you agree that these are the most common error types?</td> <td data-bbox="528 454 603 696" style="text-align: center;"><input checked="" type="checkbox"/></td> <td data-bbox="528 241 603 454" style="text-align: center;"><input type="checkbox"/></td> </tr> </table> <p><i>If you do not agree, then please describe other major error types:</i></p> <table border="1" data-bbox="719 241 863 1753"> <tr> <td data-bbox="719 241 788 1753"></td> <td data-bbox="719 454 788 696" style="text-align: center;"><u>YES</u></td> <td data-bbox="719 241 788 454" style="text-align: center;"><u>NO</u></td> </tr> <tr> <td data-bbox="788 241 863 1753">Question 1.2.2 – Do you agree with the relative importance of these error types?</td> <td data-bbox="788 454 863 696" style="text-align: center;"><input checked="" type="checkbox"/></td> <td data-bbox="788 241 863 454" style="text-align: center;"><input type="checkbox"/></td> </tr> </table> <p><i>If you do not agree, then please indicate your perception of the order of importance of the most common error types:</i></p> <table border="1" data-bbox="967 241 1038 1753"> <tr> <td data-bbox="967 241 1038 1753">Question 1.2.3 – Please describe actions you have taken to prevent such errors:</td> <td colspan="2" data-bbox="967 241 1038 1753"> <p>Providing for an administrative system (Farmers' portal, LPIS), pursuing the computerisation of the receipt of applications, pre-printing of aid applications, cross-referencing of information in different registers, provision of information (legislation, rules, methodological guidelines) in terms of specific calls, training.</p> </td> </tr> </table>		<u>YES</u>	<u>NO</u>	Question 1.2.1 – Do you agree that these are the most common error types?	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<u>YES</u>	<u>NO</u>	Question 1.2.2 – Do you agree with the relative importance of these error types?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Question 1.2.3 – Please describe actions you have taken to prevent such errors:	<p>Providing for an administrative system (Farmers' portal, LPIS), pursuing the computerisation of the receipt of applications, pre-printing of aid applications, cross-referencing of information in different registers, provision of information (legislation, rules, methodological guidelines) in terms of specific calls, training.</p>	
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Question 1.2.1 – Do you agree that these are the most common error types?	<input checked="" type="checkbox"/>	<input type="checkbox"/>														
	<u>YES</u>	<u>NO</u>														
Question 1.2.2 – Do you agree with the relative importance of these error types?	<input checked="" type="checkbox"/>	<input type="checkbox"/>														
Question 1.2.3 – Please describe actions you have taken to prevent such errors:	<p>Providing for an administrative system (Farmers' portal, LPIS), pursuing the computerisation of the receipt of applications, pre-printing of aid applications, cross-referencing of information in different registers, provision of information (legislation, rules, methodological guidelines) in terms of specific calls, training.</p>															

<p>Question 1.3 EAGF</p> <p>The most typical error types in diminishing order of importance are:</p> <ol style="list-style-type: none"> Overstated or ineligible area Ineligible beneficiary, activity, project or expenditure Administrative error 	<table border="1"> <tr> <td></td> <td style="text-align: center;"><u>YES</u></td> <td style="text-align: center;"><u>NO</u></td> </tr> <tr> <td>Question 1.3.1 – Do you agree that these are the most common error types?</td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> </table> <p>If you do not agree, then please describe other major error types:</p> <table border="1"> <tr> <td></td> <td style="text-align: center;"><u>YES</u></td> <td style="text-align: center;"><u>NO</u></td> </tr> <tr> <td>Question 1.3.2 – Do you agree with the relative importance of these error types?</td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> </table> <p>If you do not agree, then please indicate your perception of the order of importance of the most common error types:</p> <p>Question 1.3.3 – Please describe actions you have taken to prevent such errors:</p> <p>Providing for an administrative system (Farmers' portal, LPIS), pursuing the computerisation of the receipt of applications, pre-printing of aid applications, cross-referencing of information in different registers, provision of information (legislation, methodological manual), training.</p>		<u>YES</u>	<u>NO</u>	Question 1.3.1 – Do you agree that these are the most common error types?	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<u>YES</u>	<u>NO</u>	Question 1.3.2 – Do you agree with the relative importance of these error types?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	<u>YES</u>	<u>NO</u>											
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	<u>YES</u>	<u>NO</u>											
Question 1.3.2 – Do you agree with the relative importance of these error types?	<input checked="" type="checkbox"/>	<input type="checkbox"/>											
<p>Question 2.1</p> <p>Please describe the main sources of data for the performance indicators you provide to the Commission in the areas of:</p>	<p>- the common agricultural policy:</p> <p>Paying Agency Statements on financial closure, reporting of certification, annual report, documentation for annual meetings (ARM). The main source of data for these statements is the information system of the SZIF paying agency (specific modules AGIS, SAP CRM, EKIS and BW)</p> <p>- the economic, social and territorial cohesion policy:</p> <p>The MS2014+ monitoring system, as the principal tool for recording of all the aid granted under the ESI Funds in the Czech Republic, IS VIOLA, as the main instrument for certification of expenditure and outputs from evaluations carried out under the evaluation plan of the Partnership Agreement and individual programme evaluation plans.</p>												

<p>Question 2.2</p> <p>Please describe how you ensure that the data for the performance indicators you provide to the Commission are of sufficient quality in the areas of:</p>	<p>- the common agricultural policy:</p> <p>Checks of the administration system, cross checks of the paying agency, cross checks of the Ministry of Agriculture, cross checks of the SZIF and the Ministry of Agriculture, cross checks of individual statements of the same date, cross checks relating to the previous report, cross checks of reporting for the Partnership Agreement. Four-eye-principle checking at all levels.</p> <p>- the economic, social and territorial cohesion policy:</p> <p>Regular checks of quality and completeness of the data in MS2014+ are carried out.</p>												
<p>Question 3</p> <p>Follow-up of recommendations formulated by the ECA in its Special Reports</p>	<table border="1" data-bbox="563 241 737 1753"> <tr> <td data-bbox="563 696 638 1753"></td> <td data-bbox="563 452 638 696" style="text-align: center;"><u>YES</u></td> <td data-bbox="563 241 638 452" style="text-align: center;"><u>NO</u></td> </tr> <tr> <td data-bbox="638 696 737 1753">Question 3.1 – Do you follow up recommendations addressed by the ECA specifically to your country?</td> <td data-bbox="638 452 737 696" style="text-align: center;"><input checked="" type="checkbox"/></td> <td data-bbox="638 241 737 452" style="text-align: center;"><input type="checkbox"/></td> </tr> </table> <p><i>Reply:</i> For example, an obligation has been introduced for processing the CBA for projects above either CZK 5 million or CZK 100 million.</p> <table border="1" data-bbox="839 241 1013 1753"> <tr> <td data-bbox="839 696 914 1753"></td> <td data-bbox="839 452 914 696" style="text-align: center;"><u>YES</u></td> <td data-bbox="839 241 914 452" style="text-align: center;"><u>NO</u></td> </tr> <tr> <td data-bbox="914 696 1013 1753">Question 3.2 – Do you follow up recommendations addressed by the ECA to Member States in general?</td> <td data-bbox="914 452 1013 696" style="text-align: center;"><input type="checkbox"/></td> <td data-bbox="914 241 1013 452" style="text-align: center;"><input checked="" type="checkbox"/></td> </tr> </table> <p><i>Reply:</i> The Czech Republic already provides the Commission – either regularly or on an ad hoc basis – with financial information on disbursement, so that the latter can assess compliance with thematic focus. Financial or other information is then used to inform the Commission and, for the purposes of any correspondence, conditions or risks in implementing ESI Funds. The process is already in place. The Czech Republic itself monitors these data, assesses them and where necessary takes them on board in the management of the OP and the Partnership Agreement.</p>		<u>YES</u>	<u>NO</u>	Question 3.1 – Do you follow up recommendations addressed by the ECA specifically to your country?	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<u>YES</u>	<u>NO</u>	Question 3.2 – Do you follow up recommendations addressed by the ECA to Member States in general?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	<u>YES</u>	<u>NO</u>											
Question 3.1 – Do you follow up recommendations addressed by the ECA specifically to your country?	<input checked="" type="checkbox"/>	<input type="checkbox"/>											
	<u>YES</u>	<u>NO</u>											
Question 3.2 – Do you follow up recommendations addressed by the ECA to Member States in general?	<input type="checkbox"/>	<input checked="" type="checkbox"/>											

Question 1.1**Economic, social and territorial cohesion**

The most typical error types in diminishing order of importance are:

- Ineligible costs included in the expenditure declarations
- Serious failure to respect public procurement rules
- Ineligible project/activities or beneficiaries

Question 1.1.1 – Do you agree that these are the most common error types?

If you do not agree, then please describe other major error types:

	<u>YES</u>	<u>NO</u>
	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Question 1.1.2 – Do you agree with the relative importance of these error types?

If you do not agree, then please indicate your perception of the order of importance of the most common error types:

Question 1.1.3 – Please describe actions you have taken to prevent such errors:

	<u>YES</u>	<u>NO</u>
	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Question 1.2**Rural development, the environment, climate action and fisheries**

The most typical error types in diminishing order of importance are:

Question 1.2.1 – Do you agree that these are the most common error types?

If you do not agree, then please describe other major error types:

	<u>YES</u>	<u>NO</u>
	<input checked="" type="checkbox"/>	<input type="checkbox"/>

	<u>YES</u>	<u>NO</u>
	<input type="checkbox"/>	<input type="checkbox"/>

<p>1. Ineligible beneficiary, activity, project or expenditure</p>	<p><input checked="" type="checkbox"/></p>	<p>Question 1.2.2 – Do you agree with the relative importance of these error types?</p> <p><i>If you do not agree, then please indicate your perception of the order of importance of the most common error types:</i></p>	<p><input type="checkbox"/></p>	
<p>2. Overstated or ineligible area</p>	<p>Question 1.2.3 – Please describe actions you have taken to prevent such errors:</p> <p>For the EAFRD-IACS, as part of the Commission’s plans to identify and address the reasons for high error rates we have, amongst other things, simplified the aid schemes, streamlined the rules on penalties, stepped up our efforts to communicate with applicants and introduced training for farmers and agricultural advisors.</p> <p>For the EAFRD non-IACS, we are working on reducing errors. For example, guidelines and instructions for case handlers are regularly updated. As regards the internal lines, we have a steering document providing an overview of the actions to be implemented to modify or improve practices in various areas. The tool’s purpose is to follow up on the implementation of the various actions.</p>			
<p>3. Non-compliance with public procurement rules</p>				
<p>Administrative error</p>				
<p>Question 1.3</p>				
<p>EAGF</p>				
<p>The most typical error types in diminishing order of importance are:</p>				
<p>1. Overstated or ineligible area</p>	<p><input checked="" type="checkbox"/></p>	<p>YES</p>	<p>NO</p>	<p><input type="checkbox"/></p>
<p>2. Ineligible beneficiary, activity, project or expenditure</p>	<p><i>If you do not agree, then please describe other major error types:</i></p> <p>EAGF – Area: We agree that in general they are the most common types of error, but error types 2 and 3 are rare in Denmark.</p>			
<p>3. Administrative error</p>	<p><input checked="" type="checkbox"/></p>	<p>YES</p>	<p>NO</p>	<p><input checked="" type="checkbox"/></p>
<p><i>If you do not agree, then please indicate your perception of the order of importance of the most common error types:</i></p> <p>EAGF – Area: No, error types 1, 3 and 2.</p>				
<p>Question 1.3.3 – Please describe actions you have taken to prevent such errors:</p>				

	<p>EAGF – Area: Increased information provided to farmers. EAGF – Project support: Nothing to report.</p>						
<p>Question 2.1 Please describe the main sources of data for the performance indicators you provide to the Commission in the areas of:</p>	<p>- the common agricultural policy: For the EAGF-IACS the Commission is responsible for drawing up performance indicators. For the rural development programme where the common performance indicators are used, it is primarily the data underlying the processing of applications which are used for calculating the performance indicators. - the economic, social and territorial cohesion policy: Information from the participating undertakings and persons on the outcome of the projects as well as factual registry data from the Danish Statistical Office, including - where possible - comparison with control groups.</p>						
<p>Question 2.2 Please describe how you ensure that the data for the performance indicators you provide to the Commission are of sufficient quality in the areas of:</p>	<p>- the common agricultural policy: For the EAGF-IACS the Commission is responsible for drawing up performance indicators. For aid schemes under the rural development programme, the case processing and inspections are carried out in accordance with the established procedures. - the economic, social and territorial cohesion policy: The majority of the ERDF and ESF projects are evaluated by an external assessor. This provides some quality assurance as regards the reported impact. The most reliable and objective basis for data is registry data from the Danish Statistical Office which are used to monitor developments in the participating undertakings and persons in the slightly longer term, including after the expiry of the project period.</p>						
<p>Question 3 Follow-up of recommendations formulated by the ECA in its Special</p>	<table border="1"> <tr> <td data-bbox="1219 692 1289 1756"></td> <td data-bbox="1219 450 1289 692" style="text-align: center;"><u>YES</u></td> <td data-bbox="1219 241 1289 450" style="text-align: center;"><u>NO</u></td> </tr> <tr> <td data-bbox="1289 692 1356 1756">Question 3.1 – Do you follow up recommendations addressed by the ECA specifically</td> <td data-bbox="1289 450 1356 692" style="text-align: center;"><input checked="" type="checkbox"/></td> <td data-bbox="1289 241 1356 450" style="text-align: center;"><input type="checkbox"/></td> </tr> </table>		<u>YES</u>	<u>NO</u>	Question 3.1 – Do you follow up recommendations addressed by the ECA specifically	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	<u>YES</u>	<u>NO</u>					
Question 3.1 – Do you follow up recommendations addressed by the ECA specifically	<input checked="" type="checkbox"/>	<input type="checkbox"/>					

<i>Reports</i>	<i>to your country?</i>			
<p><i>Reply:</i> Re ERDF/ESF: If the recommendations relate to the ERDF and ESF, the managing authority will follow them up.</p> <p>Re EAGF/EAFRD: For reports where Denmark has been a direct part of the audited population, the special reports are always sent to the relevant kind-of-activity units, and the recommendations are put on a separate list of recommendations that are used as the basis for the paying agency's ongoing work to give specific follow-up to recommendations from audit authorities. Recommendations are not removed from the list until they have been complied with.</p>				
<table border="1"> <tr> <td data-bbox="454 168 526 739"></td> <td data-bbox="454 739 526 896" style="text-align: center;"><u>YES</u></td> <td data-bbox="454 896 526 1052" style="text-align: center;"><u>NO</u></td> </tr> </table>			<u>YES</u>	<u>NO</u>
	<u>YES</u>	<u>NO</u>		
<p>Question 3.2 – Do you follow up recommendations addressed by the ECA to Member States in general?</p>				
<p><i>Reply:</i> Re ERDF/ESF: They will be followed up if they are relevant for the implementation of the ERDF and ESF.</p> <p>Re EAGF/EAFRD: For reports on subjects that are relevant to Denmark but where it has not been a direct part of the audited population, the special reports are sent to the relevant kind-of-activity units for information.</p> <p>For reports on subjects that are not relevant to Denmark there is no follow up.</p>				

	<u>YES</u>	<u>NO</u>
<p>Question 1.1 Economic, social and territorial cohesion</p>		
<p>The most typical error types in diminishing order of importance are:</p>		
<p>➤ Ineligible costs included in the expenditure declarations</p>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<p>➤ Serious failure to respect public procurement rules</p>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<p>➤ Ineligible project/activities or beneficiaries</p>		
<p>Question 1.2 Rural development, the environment, climate action and fisheries</p>		
<p>The most typical error types in diminishing order of importance are:</p>		
<p>➤ Harmonized highly detailed controls in implementing bodies.</p>		
<p>Question 1.1.1 – Do you agree that these are the most common error types?</p>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<p>If you do not agree, then please describe other major error types:</p>		
<p>Question 1.1.2 – Do you agree with the relative importance of these error types?</p>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<p>If you do not agree, then please indicate your perception of the order of importance of the most common error types: Public procurement and state aid irregularities tend to have a higher financial impact, thus they should be considered more relevant than various irregular expenditure that currently is listed as the first option.</p>		
<p>Question 1.1.3 – Please describe actions you have taken to prevent such errors:</p>		
<p>Harmonized highly detailed controls in implementing bodies.</p>		
<p>Question 1.2.1 – Do you agree that these are the most common error types?</p>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<p>If you do not agree, then please describe other major error types:</p>		
<p>Question 1.2.2 – Do you agree with the relative importance of these error types?</p>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<p>If you do not agree, then please describe other major error types:</p>		

<p>1. Ineligible beneficiary, activity, project or expenditure</p> <p>2. Overstated or ineligible area</p> <p>3. Non-compliance with public procurement rules</p> <p>4. Administrative error</p>	<p><i>If you do not agree, then please indicate your perception of the order of importance of the most common error types:</i></p> <div style="border: 1px solid black; padding: 5px; margin-top: 10px;"> <p>Question 1.2.3 – Please describe actions you have taken to prevent such errors:</p> </div>												
<p>Question 1.3</p> <p>EAGF</p> <p><i>The most typical error types in diminishing order of importance are:</i></p> <p>1. Overstated or ineligible area</p> <p>2. Ineligible beneficiary, activity, project or expenditure</p> <p>3. Administrative error</p>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;"></td> <td style="width: 20%; text-align: center;"><u>YES</u></td> <td style="width: 30%; text-align: center;"><u>NO</u></td> </tr> <tr> <td style="border: none;">Question 1.3.1 – Do you agree that these are the most common error types?</td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> </table> <p><i>If you do not agree, then please describe other major error types:</i></p> <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <tr> <td style="width: 50%;"></td> <td style="width: 20%; text-align: center;"><u>YES</u></td> <td style="width: 30%; text-align: center;"><u>NO</u></td> </tr> <tr> <td style="border: none;">Question 1.3.2 – Do you agree with the relative importance of these error types?</td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> </table> <p><i>If you do not agree, then please indicate your perception of the order of importance of the most common error types:</i></p> <div style="border: 1px solid black; padding: 5px; margin-top: 10px;"> <p>Question 1.3.3 – Please describe actions you have taken to prevent such errors:</p> </div>		<u>YES</u>	<u>NO</u>	Question 1.3.1 – Do you agree that these are the most common error types?	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<u>YES</u>	<u>NO</u>	Question 1.3.2 – Do you agree with the relative importance of these error types?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	<u>YES</u>	<u>NO</u>											
Question 1.3.1 – Do you agree that these are the most common error types?	<input checked="" type="checkbox"/>	<input type="checkbox"/>											
	<u>YES</u>	<u>NO</u>											
Question 1.3.2 – Do you agree with the relative importance of these error types?	<input checked="" type="checkbox"/>	<input type="checkbox"/>											

<p>Question 2.1</p> <p>Please describe the main sources of data for the performance indicators you provide to the Commission in the areas of:</p>	<p>- the common agricultural policy:</p> <p>Data gathered from final beneficiaries and implementing body (paying agency)</p> <p>- the economic, social and territorial cohesion policy:</p> <p>Data gathered from final beneficiaries and implementing bodies.</p>												
<p>Question 2.2</p> <p>Please describe how you ensure that the data for the performance indicators you provide to the Commission are of sufficient quality in the areas of:</p>	<p>- the common agricultural policy:</p> <p>Paying Agency and Ministry of Rural Affairs verify the data collection procedures to ensure the data quality.</p> <p>- the economic, social and territorial cohesion policy:</p> <p>The Managing Authority reviews the process and data gathering practices to ensure that right data has been collected. Audit Authority has also carried out an system audit on the data gathering.</p>												
<p>Question 3</p> <p>Follow-up of recommendations formulated by the ECA in its Special Reports</p>	<table border="1" data-bbox="853 241 1029 1753"> <tr> <td data-bbox="853 696 927 1753"></td> <td data-bbox="853 452 927 696" style="text-align: center;"><u>YES</u></td> <td data-bbox="853 241 927 452" style="text-align: center;"><u>NO</u></td> </tr> <tr> <td data-bbox="927 696 1029 1753">Question 3.1 – Do you follow up recommendations addressed by the ECA specifically to your country?</td> <td data-bbox="927 452 1029 696" style="text-align: center;"><input checked="" type="checkbox"/></td> <td data-bbox="927 241 1029 452" style="text-align: center;"><input type="checkbox"/></td> </tr> </table> <p><i>Reply:</i> No specific recommendations, however Management and Control System is continuously improved.</p> <table border="1" data-bbox="1098 241 1273 1753"> <tr> <td data-bbox="1098 696 1171 1753"></td> <td data-bbox="1098 452 1171 696" style="text-align: center;"><u>YES</u></td> <td data-bbox="1098 241 1171 452" style="text-align: center;"><u>NO</u></td> </tr> <tr> <td data-bbox="1171 696 1273 1753">Question 3.2 – Do you follow up recommendations addressed by the ECA to Member States in general?</td> <td data-bbox="1171 452 1273 696" style="text-align: center;"><input checked="" type="checkbox"/></td> <td data-bbox="1171 241 1273 452" style="text-align: center;"><input type="checkbox"/></td> </tr> </table> <p><i>Reply:</i> ECA recommendations have been noted. Management and Control System is continuously improved.</p>		<u>YES</u>	<u>NO</u>	Question 3.1 – Do you follow up recommendations addressed by the ECA specifically to your country?	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<u>YES</u>	<u>NO</u>	Question 3.2 – Do you follow up recommendations addressed by the ECA to Member States in general?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	<u>YES</u>	<u>NO</u>											
Question 3.1 – Do you follow up recommendations addressed by the ECA specifically to your country?	<input checked="" type="checkbox"/>	<input type="checkbox"/>											
	<u>YES</u>	<u>NO</u>											
Question 3.2 – Do you follow up recommendations addressed by the ECA to Member States in general?	<input checked="" type="checkbox"/>	<input type="checkbox"/>											

Question 1.1

Economic, social and territorial cohesion

The most typical error types in diminishing order of importance are:

- Ineligible costs included in the expenditure declarations
- Serious failure to respect public procurement rules
- Ineligible project/activities or beneficiaries

Question 1.1.1 – Do you agree that these are the most common error types?

If you do not agree, then please describe other major error types:

As regards error types, we note that on the basis of the annual summary of 30 June 2016, the most common error types in eligibility checks of payment applications were: exceeding the accepted budget, the cost is not related to the implementation of the project in accordance with the decision, a wrong amount has been claimed for reimbursement, and ineligible costs have been included in the wage costs of flat-rate projects.

	<u>YES</u>	<u>NO</u>
	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Question 1.1.2 – Do you agree with the relative importance of these error types?

If you do not agree, then please indicate your perception of the order of importance of the most common error types:

In Finland's Structural Funds programme so far, the error types presented in point 1.1. have been proportionately the most significant.

	<u>YES</u>	<u>NO</u>
	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Question 1.1.3 – Please describe actions you have taken to prevent such errors:

The managing authority organises training for the intermediary bodies and discusses matters during guidance and inspection visits.

<p>Question 1.2 <i>Rural development, the environment, climate action and fisheries</i></p> <p>The most typical error types in diminishing order of importance are:</p> <ol style="list-style-type: none"> 1. Ineligible beneficiary, activity, project or expenditure 2. Overstated or ineligible area 3. Non-compliance with public procurement rules 4. Administrative error 	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 80%;"></th> <th style="width: 10%; text-align: center;"><u>YES</u></th> <th style="width: 10%; text-align: center;"><u>NO</u></th> </tr> </thead> <tbody> <tr> <td>Question 1.2.1 – Do you agree that these are the most common error types?</td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> <tr> <td colspan="3"><i>If you do not agree, then please describe other major error types:</i></td> </tr> <tr> <td>Question 1.2.2 – Do you agree with the relative importance of these error types?</td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> <tr> <td colspan="3"><i>If you do not agree, then please indicate your perception of the order of importance of the most common error types:</i></td> </tr> <tr> <td colspan="3">Question 1.2.3 – Please describe actions you have taken to prevent such errors:</td> </tr> <tr> <td colspan="3">A high-quality field parcel register, training of the staff, checklists, electronic checksums.</td> </tr> </tbody> </table>		<u>YES</u>	<u>NO</u>	Question 1.2.1 – Do you agree that these are the most common error types?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<i>If you do not agree, then please describe other major error types:</i>			Question 1.2.2 – Do you agree with the relative importance of these error types?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<i>If you do not agree, then please indicate your perception of the order of importance of the most common error types:</i>			Question 1.2.3 – Please describe actions you have taken to prevent such errors:			A high-quality field parcel register, training of the staff, checklists, electronic checksums.		
	<u>YES</u>	<u>NO</u>																				
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<p>Question 1.3 EAGF</p> <p>The most typical error types in diminishing order of importance are:</p> <ol style="list-style-type: none"> 1. Overstated or ineligible area 2. Ineligible beneficiary, activity, project or expenditure 3. Administrative error 	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th style="width: 20%; text-align: center;"><u>YES</u></th> <th style="width: 20%; text-align: center;"><u>NO</u></th> </tr> </thead> <tbody> <tr> <td>Question 1.3.1 – Do you agree that these are the most common error types?</td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> </tbody> </table> <p><i>If you do not agree, then please describe other major error types:</i></p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tbody> <tr> <td style="width: 60%;"></td> <td style="width: 20%; text-align: center;"><u>YES</u></td> <td style="width: 20%; text-align: center;"><u>NO</u></td> </tr> <tr> <td>Question 1.3.2 – Do you agree with the relative importance of these error types?</td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> </tbody> </table> <p><i>If you do not agree, then please indicate your perception of the order of importance of the most common error types:</i></p> <div style="border: 1px solid black; padding: 5px; margin-top: 10px;"> <p>Question 1.3.3 – Please describe actions you have taken to prevent such errors:</p> <p>A high-quality field parcel register, training of the staff, checklists, electronic checksums.</p> </div>		<u>YES</u>	<u>NO</u>	Question 1.3.1 – Do you agree that these are the most common error types?	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<u>YES</u>	<u>NO</u>	Question 1.3.2 – Do you agree with the relative importance of these error types?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
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<p>Question 2.1</p> <p>Please describe the main sources of data for the performance indicators you provide to the Commission in the areas of:</p>	<p><i>- the common agricultural policy:</i></p> <p>Aid applications, information systems, Natural Resources Finland.</p> <p><i>- the economic, social and territorial cohesion policy:</i></p> <p>For the ERDF, the managing authority collects data on performance indicators from the data produced by the Toimiala Online information service and Statistics Finland and then saves them in the EURA 2014 system. For the ESF, the managing authority collects data on performance indicators from the data saved by beneficiaries in the ESR Henkilö service and from the data in the final reports in EURA 2014.</p>												

<p>Question 2.2</p> <p>Please describe how you ensure that the data for the performance indicators you provide to the Commission are of sufficient quality in the areas of:</p>	<p>- the common agricultural policy:</p> <p>Various cross-checks of application data.</p> <p>- the economic, social and territorial cohesion policy:</p> <p>The performance indicator data for the ERDF are obtained from official statistical systems. For the ESF, the managing authority verifies the quality of the final reports and trains intermediary bodies so that they can guide beneficiaries as regards the data to be saved in the ESR Henkiö service and the content of the final report.</p>						
<p>Question 3</p> <p>Follow-up of recommendations formulated by the ECA in its Special Reports</p>	<table border="1" data-bbox="566 241 742 1753"> <tr> <td data-bbox="566 698 638 1753"></td> <td data-bbox="566 452 638 698" style="text-align: center;"><u>YES</u></td> <td data-bbox="566 241 638 452" style="text-align: center;"><u>NO</u></td> </tr> <tr> <td data-bbox="638 698 742 1753">Question 3.1 – Do you follow up recommendations addressed by the ECA specifically to your country?</td> <td data-bbox="638 452 742 698" style="text-align: center;"><input checked="" type="checkbox"/></td> <td data-bbox="638 241 742 452" style="text-align: center;"><input type="checkbox"/></td> </tr> </table> <p><i>Reply:</i> Systems will be developed in accordance with any recommendations concerning Finland.</p> <p>In February 2017 the Court of Auditors visited Finland to conduct a performance audit of the Structural Funds programme. The initial findings have been discussed for example at training events for intermediary bodies organised by the managing authority. The final report should be ready in spring 2018.</p>		<u>YES</u>	<u>NO</u>	Question 3.1 – Do you follow up recommendations addressed by the ECA specifically to your country?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
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Question 1.1

Economic, social and territorial cohesion

The most typical error types in diminishing order of importance are:

- Ineligible costs included in the expenditure declarations
- Serious failure to respect public procurement rules
- Ineligible project/activities or beneficiaries

	<u>YES</u>	<u>NO</u>
Question 1.1.1 – Do you agree that these are the most common error types?	<input checked="" type="checkbox"/>	<input type="checkbox"/>

If you do not agree, then please describe other major error types:

	<u>YES</u>	<u>NO</u>
Question 1.1.2 – Do you agree with the relative important of these error types?	<input checked="" type="checkbox"/>	<input type="checkbox"/>

If you do not agree, then please indicate your perception of the order of importance of the most common error types:

Question 1.1.3 – Please describe actions you have taken to prevent such errors:
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Two decrees have been published, one on the implementation of the programmes co-financed by the ESIF for the period 2014-2020 (Decree [décret] No 2016-126 of 8 February 2016) and the other laying down rules for eligibility of expenditure co-financed by the ESIF (Decree [décret] No 2016-279 of 8 March 2016), together with an order [arrêté] bearing the same date in application thereof, amended on 25 January and 12 September 2017.

Regarding public procurement, Order [ordonnance] No 2015-899 of 23 July 2015 on public procurement transposes Directives 2014/24/EU and 2014/25/EU of 26 February 2014 into French law in order to bring together in a single body of law the common rules applicable to contracts considered to be ‘public procurement’ within the meaning of the EU Directives. The Order entered into force on 1 April 2016 with the publication of Decree [décret] No 2016-360 of 25 March 2016 on public procurement. These national texts are accompanied by an Order [arrêté] of 29 March 2016 laying down the information and documents which may be requested from persons bidding for public contracts, and by a number of notices published in the OJ of 27 March 2016.

In connection with its duties as cross-fund coordination authority, the General Commission for Territorial Equality (CGET) organises exchanges of information, experience and good practices with a view to improving collective knowledge and capacity to find practical solutions to the difficulties that may be encountered in the daily management of the ESIF. Various tools are made available

	<p>under this initiative.</p> <p>For instance, there is an intranet enabling information to be gathered and shared, and working groups bringing together the parties involved in the implementation of the funds are organised on subjects relating to ESIF regulations, management and control.</p> <p>In this context, common model documents have been developed for all the parties implementing the funds, for instance the investigation report, which includes a section on beneficiary eligibility analysis, a section on operation eligibility analysis and a section on expenditure analysis (including its eligibility). The report contains a specific annex on verification of compliance with public procurement rules. Another document made available is the template on service monitoring (first-level checks on expenditure) which includes, in particular, operational and expenditure analyses.</p> <p>Moreover, a training event entitled 'public procurement and ESIF' is being prepared for all the parties implementing the ESIF (managing authorities, certifying authorities, audit authority and coordinating authorities). The event will be held in 2018. A fiche on public procurement and a fiche on eligibility are currently being discussed with the partners implementing the ESIF with a view to finalising and sharing them.</p> <p>An inventory of the audit findings has begun so that conclusions can be drawn and information shared.</p> <p>Lastly, the coordinating authorities are at the disposal of the managing authorities and certifying authorities to answer any questions on eligibility and public procurement.</p> <p>The answers to these questions are compiled in a regularly updated Frequently Asked Questions page on the Internet so that they may be accessed by all partners.</p>												
<p>Question 1.2 <i>Rural development, the environment, climate action and fisheries</i></p> <p><i>The most typical error types in diminishing order of importance are:</i></p> <p>1. Ineligible beneficiary, activity, project or expenditure</p>	<table border="1" data-bbox="890 241 1038 1753"> <tr> <td data-bbox="890 241 967 450"></td> <td data-bbox="890 450 967 692" style="text-align: center;"><u>YES</u></td> <td data-bbox="890 692 967 909" style="text-align: center;"><u>NO</u></td> </tr> <tr> <td data-bbox="967 241 1038 450">Question 1.2.1 – Do you agree that these are the most common error types?</td> <td data-bbox="967 450 1038 692" style="text-align: center;"><input checked="" type="checkbox"/></td> <td data-bbox="967 692 1038 909" style="text-align: center;"><input type="checkbox"/></td> </tr> </table> <p data-bbox="1054 981 1091 1753"><i>If you do not agree, then please describe other major error types:</i></p> <table border="1" data-bbox="1102 241 1251 1753"> <tr> <td data-bbox="1102 241 1179 450"></td> <td data-bbox="1102 450 1179 692" style="text-align: center;"><u>YES</u></td> <td data-bbox="1102 692 1179 909" style="text-align: center;"><u>NO</u></td> </tr> <tr> <td data-bbox="1179 241 1251 450">Question 1.2.2 – Do you agree with the relative importance of these error types?</td> <td data-bbox="1179 450 1251 692" style="text-align: center;"><input checked="" type="checkbox"/></td> <td data-bbox="1179 692 1251 909" style="text-align: center;"><input type="checkbox"/></td> </tr> </table> <p data-bbox="1267 383 1303 1753"><i>If you do not agree, then please indicate your perception of the order of importance of the most common error types:</i></p>		<u>YES</u>	<u>NO</u>	Question 1.2.1 – Do you agree that these are the most common error types?	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<u>YES</u>	<u>NO</u>	Question 1.2.2 – Do you agree with the relative importance of these error types?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
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<p>2. <i>Overstated or ineligible area</i></p> <p>3. <i>Non-compliance with public procurement rules</i></p> <p>4. <i>Administrative error</i></p>	<p>Question 1.2.3 – Please describe actions you have taken to prevent such errors:</p> <p>An EAFRD action plan is deployed in France and monitored by DG AGRI. Its aim is to introduce any necessary corrective action to remedy the shortcomings identified by the EU auditors. It is drawn up on the basis of an analysis, shared between the paying agency, the managing authorities, the representatives of the initiating departments and the Ministry of Agriculture, of the findings and appropriate remedial action.</p> <p>For instance, in order to reduce errors relating to the eligibility of beneficiaries, activities, projects or expenditure, in particular with regard to an earlier start to the work, national rules have been brought into line with European requirements. Under the Rural Development Regulation 3, the impact of an earlier start is limited to the part of the project with anomalies.</p> <p>As regards areas, the Land Parcel Identification System (LPIS) was completely restructured under the EAGF action plan with a view to excluding all non agricultural areas. Moreover, pro rata eligibility for low productivity areas was introduced under the CAP 2015 and resulted in a campaign of rapid visits to verify the selected tranche.</p> <p>Verification of compliance with public procurement rules has given rise to work shared between the managing authorities, the paying agency and the national authorities aimed at establishing a framework which is then broken down into regional procedures.</p> <p>Lastly, a wide range of measures have been taken to limit administrative errors, including action to improve the documentation of procedures, adjust the information system (OSIRIS) and train staff in the initiating departments.</p>												
<p>Question 1.3</p> <p>EAGF</p> <p><i>The most typical error types in diminishing order of importance are:</i></p> <p>1. <i>Overstated or ineligible area</i></p> <p>2. <i>Ineligible beneficiary, activity, project or expenditure</i></p>	<table border="1"> <tr> <td></td> <td style="text-align: center;"><u>YES</u></td> <td style="text-align: center;"><u>NO</u></td> </tr> <tr> <td>Question 1.3.1 – Do you agree that these are the most common error types?</td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> </table> <p><i>If you do not agree, then please describe other major error types:</i></p> <table border="1"> <tr> <td></td> <td style="text-align: center;"><u>YES</u></td> <td style="text-align: center;"><u>NO</u></td> </tr> <tr> <td>Question 1.3.2 – Do you agree with the relative importance of these error types?</td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> </table> <p><i>If you do not agree, then please indicate your perception of the order of importance of the most common error types:</i></p>		<u>YES</u>	<u>NO</u>	Question 1.3.1 – Do you agree that these are the most common error types?	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<u>YES</u>	<u>NO</u>	Question 1.3.2 – Do you agree with the relative importance of these error types?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
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<p>3. Administrative error</p>	<p>Question 1.3.3 – Please describe actions you have taken to prevent such errors:</p> <p>As regards areas, the Land Parcel Identification System (LPIS) was completely restructured under the EAGF action plan with a view to excluding all non agricultural areas. Moreover, pro rata eligibility for low productivity areas was introduced under the CAP 2015 and resulted in a campaign of rapid visits to verify the selected tranche.</p> <p>Checks on the eligibility of area-related aid applicants have been strengthened by the CAP 2017 campaign (addition of inspection points in administrative checks and on-the-spot checks) in relation to checks on related entities within the framework of the verification of active farmer status.</p> <p>Lastly, a wide range of measures have been taken to limit administrative errors, including action to improve the documentation of procedures, adjust the information systems (ISIS for area-related aid) and train staff in the initiating departments.</p>
<p>Question 2.1</p> <p>Please describe the main sources of data for the performance indicators you provide to the Commission in the areas of:</p>	<p>- the common agricultural policy:</p> <p>most of the data used by the French authorities and sent, where necessary, to the Commission come from management and payment tools such as ISIS and OSIRIS in relation to the first and second pillars of the CAP.</p> <p>A resources centre established in 2006 (Rural Development Observatory) is responsible for processing information for the assessments. It also serves as a reference for all data processing and output monitoring and may be used to support research projects.</p> <p>- the economic, social and territorial cohesion policy:</p> <p>The national coordinating authorities do not send information on data for the performance indicators directly to the European Commission. This is done by the managing authorities via the annual implementation report.</p>
<p>Question 2.2</p> <p>Please describe how you ensure that the data for the performance indicators you provide to the Commission are of sufficient quality in</p>	<p>- the common agricultural policy:</p> <p>Performance data are verified by administrative checks and on-the-spot checks conducted by the initiating departments. The Rural Development Observatory also consolidates data with regard to expenditure declarations and programming time lines, in close cooperation with the paying agency.</p> <p>- the economic, social and territorial cohesion policy:</p> <p>The managing authorities are responsible for the reliability of the data they convey to the European Commission in the annual implementation reports via the SFC.</p>

<p><i>the areas of:</i></p>	<p>The national coordinating authorities support the managing authorities in their work, in particular with regard to data reliability by advising the managing authorities on data reliability and security (e.g. memos, workshops, seminars).</p>					
<p>Question 3 <i>Follow-up of recommendations formulated by the ECA in its Special Reports</i></p>	<p>Question 3.1 – Do you follow up recommendations addressed by the ECA specifically to your country?</p>	<table border="1"> <tr> <td data-bbox="215 1041 351 1142" style="text-align: center;"><u>YES</u></td> <td data-bbox="215 1142 351 2060"></td> </tr> <tr> <td data-bbox="351 1041 454 1142" style="text-align: center;"><input checked="" type="checkbox"/></td> <td data-bbox="351 1142 454 2060" style="text-align: center;"><input type="checkbox"/></td> </tr> </table>	<u>YES</u>		<input checked="" type="checkbox"/>	<input type="checkbox"/>
<u>YES</u>						
<input checked="" type="checkbox"/>	<input type="checkbox"/>					
<p><i>Reply:</i> The Ministry of Agriculture follows up the recommendations addressed to France by the ECA, the European authorities and all the auditing bodies in general. To this end, the Directorate-General for the Economic and Environmental Performance of Companies (DGPE) has appointed a team responsible for monitoring the audits of the EU authorities and their follow-up, i.e. remedial measures to address the weaknesses identified. The team is called the Office of Audits and Checks (Bureau des audits et des contrôles).</p>	<p>The Office works with the managing teams to analyse the findings and prepare action plans, and then monitors the implementation of these action plans.</p>					
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	<p><i>Reply:</i> All the recommendations made by the ECA are taken into account in order to ascertain whether the weaknesses identified in the other Member States also exist in France. If so, corrective measures are implemented.</p>					

Question 1.1**Economic, social and territorial cohesion**

The most typical error types in diminishing order of importance are:

- Ineligible costs included in the expenditure declarations
- Serious failure to respect public procurement rules
- Ineligible project/activities or beneficiaries

	<u>YES</u>	<u>NO</u>
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If you do not agree, then please indicate your perception of the order of importance of the most common error types:

Question 1.1.3 – Please describe actions you have taken to prevent such errors:

ESF: Regular journals fixes with intermediate bodies, targeted guidance using guidelines and training, IT systems to record audit results, systematic assessment of audit results and early implementation of any necessary remedial measures

ERDF-funded 2014-2020 Operational Programmes are implemented exclusively by the Federal Länder. While budgetary autonomy is maintained, at the same time the EU funds are managed and controlled autonomously and independently by the individual Federal Länder. The Federal Ministry of Economic Affairs and Energy (BMWi) coordinates ERDF activities in the Federal Länder through many working groups and networks and constantly strives to ensure compliance with the law in this sphere. In particular, interpretation of legislative provisions and implementation issues are discussed at regular meetings with the ERDF managing authorities, with the participation of BMWi experts in fields such as public procurement and state aid.

<p>Question 1.2 <i>Rural development, the environment, climate action and fisheries</i></p> <p>The most typical error types in diminishing order of importance are:</p> <ol style="list-style-type: none"> 1. Ineligible beneficiary, activity, project or expenditure 2. Overstated or ineligible area 3. Non-compliance with public procurement rules 4. Administrative error 	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;"></td> <td style="width: 25%; text-align: center;"><u>YES</u></td> <td style="width: 25%; text-align: center;"><u>NO</u></td> </tr> <tr> <td>Question 1.2.1 – Do you agree that these are the most common error types?</td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> </table> <p><i>If you do not agree, then please describe other major error types:</i></p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;"></td> <td style="width: 25%; text-align: center;"><u>YES</u></td> <td style="width: 25%; text-align: center;"><u>NO</u></td> </tr> <tr> <td>Question 1.2.2 – Do you agree with the relative importance of these error types?</td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> </table> <p><i>If you do not agree, then please indicate your perception of the order of importance of the most common error types:</i></p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="height: 50px;">Question 1.2.3 – Please describe actions you have taken to prevent such errors:</td> </tr> </table>		<u>YES</u>	<u>NO</u>	Question 1.2.1 – Do you agree that these are the most common error types?	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<u>YES</u>	<u>NO</u>	Question 1.2.2 – Do you agree with the relative importance of these error types?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Question 1.2.3 – Please describe actions you have taken to prevent such errors:
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Question 1.3.2 – Do you agree with the relative importance of these error types?	<input checked="" type="checkbox"/>	<input type="checkbox"/>											
<p>Question 2.1</p> <p>Please describe the main sources of data for the performance indicators you provide to the Commission in the areas of:</p>	<p>- the common agricultural policy: application data from the Federal Länder</p> <p>- the economic, social and territorial cohesion policy: ESF: Evaluations, material and financial control ERDF: If the term ‘performance indicators’ means all material indicators, the data on nearly all indicators (financial and other indicators and milestones) are collected under the responsibility of the competent intermediate body by the beneficiaries or by the authorising bodies in the computerised monitoring system. The scope of the data to be supplied is defined in an administrative agreement between the Managing Authority and the intermediate bodies. Supplementary documents provide a clear definition of the indicators and the data collection requirements (these include in particular MA guidelines and checklists and a manual of indicators). Data collection focuses on output indicators (data source: own funding statistics, collection via beneficiary reports), result indicators (data source/collection: taken from publications of statistics offices and institutes and other publicly accessible data sources) and</p>												

<p>financial indicators (data source: own calculation (MA/intermediate bodies)/funding statistics). Where no official statistics are available, alternative sources can be used with the Commission's agreement, such as ministries' unpublished internal data or own collection to create a database. Occasionally the computerised monitoring system ABAKUS is used.</p>	<p>- <i>the common agricultural policy:</i> Through regular coordination at Federal level of the paying agencies of the Länder.</p> <p>- <i>the economic, social and territorial cohesion policy:</i> ESF: external, independent evaluation, IT-supported checks on timely collection and aggregation of implementation statistics, IT-supported automated completion and validation checks of hard data For the ERDF, the MA conducts regular system checks, which include checks on the procedures for collecting indicators. In addition, especially to take account of reporting duties to the Commission, spot checks are carried out on the reliability and validity of the indicators. The intermediate bodies are also reminded at regular meetings of the importance of the indicators, particularly as regards the performance reserve, and are instructed to attend carefully to the quality of the data too. Furthermore, data quality in the system is guaranteed by a differentiated rights system and is regularly enhanced by the 'two pairs of eyes' principle. As well as the plausibility check when data is entered, further checks are made on the basis of the assessments and reports generated by the IT monitoring system. The checks relate both to the quality of the data available in the system and to their proper processing and evaluation. Errors detected can be identified and corrected in this way, guaranteeing satisfactory quality.</p>						
<p>Question 2.2 <i>Please describe how you ensure that the data for the performance indicators you provide to the Commission are of sufficient quality in the areas of:</i></p>	<table border="1" data-bbox="970 241 1145 1765"> <thead> <tr> <th data-bbox="970 241 1042 454"></th> <th data-bbox="970 454 1042 696"><u>YES</u></th> <th data-bbox="970 696 1042 938"><u>NO</u></th> </tr> </thead> <tbody> <tr> <td data-bbox="1042 241 1145 454">Question 3.1 – Do you follow up recommendations addressed by the ECA specifically to your country?</td> <td data-bbox="1042 454 1145 696" style="text-align: center;"><input checked="" type="checkbox"/></td> <td data-bbox="1042 696 1145 938" style="text-align: center;"><input type="checkbox"/></td> </tr> </tbody> </table> <p><i>Reply:</i> Formal follow-up is being conducted on the findings and recommendations in the Court's annual and special reports that are addressed to Germany as regards EU budget expenditure under shared management. The authorities responsible for the management and control of these funds in Germany receive such reports systematically from the competent Federal department for information and follow-up, meaning that the findings in the reports are available to all those involved in the implementation and monitoring process. The lead authorities for the management of EU funds decide what follow-up action should be taken within the framework of their federal responsibilities.</p>		<u>YES</u>	<u>NO</u>	Question 3.1 – Do you follow up recommendations addressed by the ECA specifically to your country?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	<u>YES</u>	<u>NO</u>					
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<p>Question 3 <i>Follow-up of recommendations formulated by the ECA in its Special Reports</i></p>							

Moreover, there is a regular exchange in the relevant Federation-Länder fora about the most frequent sources of error and remedial measures. This includes setting up subject-specific Federation-Länder working parties on ECA findings of a systemic, cross-border nature (e.g. working circle of ESIF Audit Authorities on public procurement and state aid). In addition, ECA information is discussed at the annual coordination meeting between Commission staff and the German authorities. As a rule these meetings are attended by ECA representatives, who back up their recommendations with presentations and question-and-answer rounds.

The national authorities concerned engage in a systematic and detailed study of the ECA's audit reports in the run-up to the annual report of which these form the basis, and adopt detailed opinions on them. Where appropriate, any necessary financial corrections are made. Findings are regularly evaluated in the Managing Authority or Paying Agency to establish whether they relate to one-off cases or are the product of a systemic failure. Suitable measures are taken accordingly. These may include, for instance, separate workshops, a correction to the audit trail/system description or training for the staff and authorities concerned.

	<u>YES</u>	<u>NO</u>
<i>Question 3.2 – Do you follow up recommendations addressed by the ECA to Member States in general?</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Reply: The procedures described under 3.1 are also followed in Germany in response to the ECA recommendations addressed to all the Member States in general.

Question 1.1**Economic, social and territorial cohesion**

The most typical error types in diminishing order of importance are:

- Ineligible costs included in the expenditure declarations
- Serious failure to respect public procurement rules
- Ineligible project/activities or beneficiaries

	<u>YES</u>	<u>NO</u>
Question 1.1.1 – Do you agree that these are the most common error types?	<input checked="" type="checkbox"/>	<input type="checkbox"/>

If you do not agree, then please describe other major error types:

	<u>YES</u>	<u>NO</u>
Question 1.1.2 – Do you agree with the relative importance of these error types?	<input checked="" type="checkbox"/>	<input type="checkbox"/>

If you do not agree, then please indicate your perception of the order of importance of the most common error types:

Question 1.1.3 – Please describe actions you have taken to prevent such errors:

The Certifying Authority takes corrective action by deducting the expenditure from the payment claims or by activating the procedure for the reimbursement, where necessary, of the Community contribution. To prevent errors:

- (a) it issues circulars on the drawing-up of payment claims to the European Commission, highlighting both the horizontal and the specific issues per fund that require particular attention so that the claims may be paid safely and the goals set attained, and
- (b) it cooperates with the other national authorities on the issuing of guidelines with a view to minimising errors.

The Audit Authority has categorised the errors for accounting period 1/07/2015-30/6/2016. The collection of information on error types is useful for the Audit Authority because it contributes to the analysis of errors and their origin, the improvement of risk analyses and audit strategies, and better targeting of the preventive measures to be proposed to the Managing Authorities.

Question 1.2**Rural development, the environment, climate action and**

	<u>YES</u>	<u>NO</u>
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<p>fisheries</p> <p>The most typical error types in diminishing order of importance are:</p> <ol style="list-style-type: none"> Ineligible beneficiary, activity, project or expenditure Overstated or ineligible area Non-compliance with public procurement rules Administrative error 	<p>Question 1.2.1 – Do you agree that these are the most common error types?</p> <p>If you do not agree, then please describe other major error types:</p> <table border="1" data-bbox="319 448 478 801"> <tr> <td></td> <td style="text-align: center;"><u>YES</u></td> <td style="text-align: center;"><u>NO</u></td> </tr> <tr> <td>Question 1.2.2 – Do you agree with the relative importance of these error types?</td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> </table> <p>If you do not agree, then please indicate your perception of the order of importance of the most common error types:</p> <p>Question 1.2.3 – Please describe actions you have taken to prevent such errors:</p> <ul style="list-style-type: none"> ➤ Development of a Database of Reference Prices for the Cost of Mechanical Equipment and Building Infrastructure in order to determine the reasonable cost of investment operations, and comparative analysis of submitted proposals during the evaluation, payment and audit of projects. ➤ The data on areas are finalised in the Single Farming Application IIS (OPSEAE) following computerised checks, cross-checks, administrative and on-the-spot checks. ➤ Cross-checks using small IT systems to avoid double funding by the responsible Intermediate Management Bodies and checks to detect artificially-created funding situations and the segmentation of public procurement projects. ➤ Setting-up of an adequate system for monitoring compliance with the long-term obligations of the beneficiaries and ex post checks to validate the correct operation of the investment for the period laid down by the Regulations. For public works, evidence of the beneficiary's ability to maintain the works should be provided. ➤ Measures to address conflict of interest (submission of a declaration of non-conflict of interest by staff conducting administrative checks and by senior staff in positions of responsibility and in auditing units). ➤ Comparative Evaluation of Public Works per Call for Proposals using strict selection criteria. ➤ Upgrading and updating of the IT Systems with a view to facilitating the cross-checking of data and the export of results when implementing actions. Moreover, improved reporting and interconnection with other information systems (IIS) contribute to the provision of more reliable statistics and to the optimisation of statistical analysis in order to more accurately identify the main factors responsible for the occurrence of errors with a view to detecting them early and taking corrective action to mitigate them. 		<u>YES</u>	<u>NO</u>	Question 1.2.2 – Do you agree with the relative importance of these error types?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<p style="text-align: center;"><input checked="" type="checkbox"/></p> <p style="text-align: center;"><input type="checkbox"/></p>
	<u>YES</u>	<u>NO</u>						
Question 1.2.2 – Do you agree with the relative importance of these error types?	<input checked="" type="checkbox"/>	<input type="checkbox"/>						

<p>Question 1.3 EAGF</p> <p>The most typical error types in diminishing order of importance are:</p> <ol style="list-style-type: none"> 1. Overstated or ineligible area 2. Ineligible beneficiary, activity, project or expenditure 3. Administrative error 	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;"></td> <td style="width: 25%; text-align: center;"><u>YES</u></td> <td style="width: 25%; text-align: center;"><u>NO</u></td> </tr> <tr> <td>Question 1.3.1 – Do you agree that these are the most common error types?</td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> </table> <p><i>If you do not agree, then please describe other major error types:</i></p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;"></td> <td style="width: 25%; text-align: center;"><u>YES</u></td> <td style="width: 25%; text-align: center;"><u>NO</u></td> </tr> <tr> <td>Question 1.3.2 – Do you agree with the relative importance of these error types?</td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> </table> <p><i>If you do not agree, then please indicate your perception of the order of importance of the most common error types:</i></p> <div style="border: 1px solid black; padding: 5px; margin-top: 10px;"> <p>Question 1.3.3 – Please describe actions you have taken to prevent such errors:</p> <p>(1) Updating of audit methodology for certain eligibility criteria and updating of the audit guidelines for auditors</p> <p>(2) Conduct of additional audits (beyond the minimum audits laid down in the regulations) on certain direct aid schemes.</p> </div>		<u>YES</u>	<u>NO</u>	Question 1.3.1 – Do you agree that these are the most common error types?	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<u>YES</u>	<u>NO</u>	Question 1.3.2 – Do you agree with the relative importance of these error types?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	<u>YES</u>	<u>NO</u>											
Question 1.3.1 – Do you agree that these are the most common error types?	<input checked="" type="checkbox"/>	<input type="checkbox"/>											
	<u>YES</u>	<u>NO</u>											
Question 1.3.2 – Do you agree with the relative importance of these error types?	<input checked="" type="checkbox"/>	<input type="checkbox"/>											
<p>Question 2.1</p> <p>Please describe the main sources of data for the performance indicators you provide to the Commission in the areas of:</p>	<p><i>- the common agricultural policy:</i></p> <p>The main sources of data for the performance indicators submitted to the Commission are the applications for support and the payment applications submitted by the beneficiaries. The data are collected in a central database (Rural Development IIS) which is used to generate the tables that are sent to the Commission as part of the annual implementation reports.</p> <p><i>- the economic, social and territorial cohesion policy:</i></p> <p>The main sources of data under the Programmes of the 2014-2020 NSRF that are co-financed by the ERDF and the Cohesion Fund are, for result indicators, ELSTAT and bodies of the Hellenic Statistical System, Eurostat, the entities of the central and regional administration, chambers and observatories, with some prices to be derived from surveys.</p> <p>For output indicators, data sources are the beneficiaries of the acts implementing the included projects with data obtained from the project studies. These data are entered in the Integrated Information System of the 2014-2020 NSRF.</p>												

<p>Performance indicator-related information submitted to the Commission comes from our information system (M.I.S.).</p>	<p><i>Question 2.2</i></p> <p><i>Please describe how you ensure that the data for the performance indicators you provide to the Commission are of sufficient quality in the areas of:</i></p> <ul style="list-style-type: none"> - <i>the common agricultural policy:</i> <p>The data on areas/animals supplied by the Single Farming Application IIS (OPSEAE) are finalised following computerised checks, cross-checks, administrative and on-the-spot checks. The other indicators (physical and financial object) are verified as part of the administrative and on-the-spot checks.</p> <ul style="list-style-type: none"> - <i>the economic, social and territorial cohesion policy:</i> <p>As part of the Programmes of the 2014-2020 NSRF, a mechanism has been developed for data quality assurance and statistical validation in the 2014-2020 Programmes. The key points of the mechanism have been described in the Single Indicator Monitoring System of the 2014-2020 NSRF, which was developed by the National Coordination Authority (https://www.espa.gr/elibrary/Eniaio_Systema_Parakolouthisis_Deiktwn_2014-2020_July2017.pdf).</p> <p>The Single Indicator Monitoring System for the 2014-2020 Programmes was drawn up with a view to providing an integrated response for meeting the requirements of the European Structural and Investment Funds regulations with regard to the indicators of the 2014-2020 Programmes. The configuration of the Single Indicator Monitoring System is applicable to all programmes co-financed by the ERDF, the Cohesion Fund, the ESF and the EMFF.</p> <p>The following measures are taken to ensure the quality of the monitoring data:</p> <ul style="list-style-type: none"> • Common approach to implementing indicator definitions and data processing procedures. • Checks of the reliability, quality and completeness of data indicators. • Electronic validation of data in the NSRF IIS. • Support for retroactive corrections. • Ensuring that there is sufficient staff in the Special Management Service/Intermediate Management Bodies for issues relating to the monitoring system. • Possibility of implementing measures pursuant to Articles 28(1) and 54(4) and (5) of Law 4314/2014. <p>The aim of the mechanism for quality assurance and statistical validation of the data is to ensure the reliability of the data and improve the quality of statistical information. The key points of the mechanism are as follows:</p> <ul style="list-style-type: none"> - The memorandum of cooperation between the National Coordination Authority and ELSTAT. - The processing and checking of the definitions and methodologies of the indicators used by administrative sources and registers in cooperation with the National Coordination Authority, the Managing Authorities and administrative data sources, with a view to data quality assurance. - The mandatory completion of the Indicator Fiche for each indicator and entry of the fiche in the NSRF IIS.
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<ul style="list-style-type: none"> - The conclusion of cooperation agreements between the National Coordination Authority and administrative data sources and registers in order to help the Managing Authorities meet the requirements of General Conditionality 7, with the undertaking to dispatch and forward data for them to be used for statistical purposes. - The planning of investigations with an appropriate selection of samples and methodology (common long-term ESF result indicators), as part of the cooperation agreement between the National Coordination Authority (the Special Service for Strategy, Planning and Evaluation (EYSSA) and the Special Service for Coordinating and Monitoring ESF Activities (EYSEKT) and ELSTAT. - The planning of investigations with an appropriate selection of samples and methodology (ERDF) following the cooperation between the Managing Authorities and the Special Service for Strategy, Planning and Evaluation (EYSSA). - The audit, review and revision of result indicator data with regard to sources, methodologies and estimates with a view to the transparency and credibility of the flow of information from the Managing Authorities in collaboration with the National Coordination Authority and the bodies responsible for providing data, in order to continuously improve data quality. - The release of data and methodologies by the coordination services for result indicators linked to strategies implemented horizontally in the Operational Programmes. <p>The checklists of the Fiscal Control Committee (EDEL) relating to operations and systems contain specific questions relating to the evaluation of data for the performance indicators submitted to the European Commission in accordance with the Guidance of common system assessment (EGESIF_14-0010_GuidanceonMCSassessment).</p>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;"></td> <td style="width: 25%; text-align: center;"><u>YES</u></td> <td style="width: 25%; text-align: center;"><u>NO</u></td> </tr> <tr> <td><i>Question 3.1 – Do you follow up recommendations addressed by the ECA specifically to your country?</i></td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> </table> <p><i>Reply:</i> (a) Deduction of ineligible amounts from the expenditure declarations and repayment of such amounts to the EU budget, (b) imposition of financial corrections and recoveries on the national budget (where necessary), (c) corrective or other measures to ensure that the recommendations are implemented, (d) cooperation with the national authorities on the issuing of horizontal guidelines.</p> <p>In Greece, the recommendations of the ECA’s audits are followed up until the entities comply with the findings of the recommendations in the ECA’s reports.</p> <p>The ECA’s recommendations for Greece are taken into account in the preparations of the Rural Development Programme, the</p>		<u>YES</u>	<u>NO</u>	<i>Question 3.1 – Do you follow up recommendations addressed by the ECA specifically to your country?</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	<u>YES</u>	<u>NO</u>					
<i>Question 3.1 – Do you follow up recommendations addressed by the ECA specifically to your country?</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>					
<p><i>Question 3</i></p> <p><i>Follow-up of recommendations formulated by the ECA in its Special Reports</i></p>							

setting-up of the Management and Control System as well as the updating of the National Action Plan to reduce the error rate in the Rural Development Programme.

	<u>YES</u>	<u>NO</u>
Question 3.2 – Do you follow up recommendations addressed by the ECA to Member States in general?	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Reply: Greece follows up the ECA's recommendations using the European Commission's guidance on the measures to comply with those recommendations.

The ECA's recommendations for the Member States are taken into account in the preparation of the Rural Development Programme, the setting-up of the Management and Control System as well as the updating of the National Action Plan to reduce the error rate in the Rural Development Programme.

Question 1.1

Economic, social and territorial cohesion

The most typical error types in diminishing order of importance are:

- Ineligible costs included in the expenditure declarations
- Serious failure to respect public procurement rules
- Ineligible project/activities or beneficiaries

Question 1.1.1 – Do you agree that these are the most common error types?

If you do not agree, then please describe other major error types:

The audit authority agrees with the error types listed. However, taking account of the random project checks under Section 110 of Government Decree No 4/2011 of 28 January 2011, it established the following main error types in 2016 in addition to the errors referred to in the table:

- Failure to provide evidence of compliance with the market price;
- Breach of the principle of sound financial management;
- Double financing.

- Ineligible project/activities or beneficiaries

Question 1.1.2 – Do you agree with the relative important of these error types?

If you do not agree, then please indicate your perception of the order of importance of the most common error types:

- Serious failure to respect public procurement rules;
- Failure to provide evidence of compliance with the market price;
- Ineligible costs included in the expenditure declarations;
- Breach of the principle of sound financial management;
- Ineligible project/activities or beneficiaries;
- Double financing.

Question 1.1.3 – Please describe actions you have taken to prevent such errors:

We take account of the errors detected and the audit findings when amending national legislation and developing the IT system. They

have also been incorporated into our training courses.

Question 1.2

Rural development, the environment, climate action and fisheries

The most typical error types in diminishing order of importance are:

1. Ineligible beneficiary, activity, project or expenditure
2. Overstated or ineligible area
3. Non-compliance with public procurement rules
4. Administrative error

	<u>YES</u>	<u>NO</u>
Question 1.2.1 – Do you agree that these are the most common error types?	<input checked="" type="checkbox"/>	<input type="checkbox"/>

If you do not agree, then please describe other major error types:

	<u>YES</u>	<u>NO</u>
Question 1.2.2 – Do you agree with the relative important of these error types?	<input type="checkbox"/>	<input checked="" type="checkbox"/>

If you do not agree, then please indicate your perception of the order of importance of the most common error types:

In the experience of the certification body, when the role was fulfilled by the Directorate-General for the Audit of EU Support, the main error types are the following, in diminishing order of importance:

1. Overstated or ineligible area
2. Ineligible beneficiary, activity, project or expenditure
3. Non-compliance with public procurement rules
4. Administrative error

Question 1.2.3 – Please describe actions you have taken to prevent such errors:

Accurate, detailed description of the conditions; preparation of detailed instructions; provision of comprehensive information.

<p>Question 1.3</p> <p>EAGF</p> <p>The most typical error types in diminishing order of importance are:</p> <ol style="list-style-type: none"> Overstated or ineligible area Ineligible beneficiary, activity, project or expenditure Administrative error 	<table border="1"> <tr> <td></td> <td style="text-align: center;"><u>YES</u></td> <td style="text-align: center;"><u>NO</u></td> </tr> <tr> <td>Question 1.3.1 – Do you agree that these are the most common error types?</td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> </table> <p><i>If you do not agree, then please describe other major error types:</i></p> <table border="1"> <tr> <td></td> <td style="text-align: center;"><u>YES</u></td> <td style="text-align: center;"><u>NO</u></td> </tr> <tr> <td>Question 1.3.2 – Do you agree with the relative importance of these error types?</td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> </tr> </table> <p><i>If you do not agree, then please indicate your perception of the order of importance of the most common error types:</i></p> <ol style="list-style-type: none"> Administrative error Overstated or ineligible area Ineligible beneficiary, activity, project or expenditure <table border="1"> <tr> <td>Question 1.3.3 – Please describe actions you have taken to prevent such errors:</td> </tr> </table> <ul style="list-style-type: none"> Administrative error <ul style="list-style-type: none"> Continuous training, comprehensive information: The continuous information given to beneficiaries and the training provided for farmers involved in submitting applications are both designed to reduce the number of administrative errors. Preparation of detailed instructions: Detailed communications and instructions are prepared for each aid measure and are made publicly available to aid claimants. Overstated or ineligible area <ul style="list-style-type: none"> Geographical information-based electronic applications, which farmers can use, alongside suitable IT support, to accurately determine the location and extent of the area claimed. This has led to a considerable improvement in the quality of applications submitted, resulting in fewer administrative checks, data reconciliation, or on-the-spot checks 		<u>YES</u>	<u>NO</u>	Question 1.3.1 – Do you agree that these are the most common error types?	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<u>YES</u>	<u>NO</u>	Question 1.3.2 – Do you agree with the relative importance of these error types?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Question 1.3.3 – Please describe actions you have taken to prevent such errors:
	<u>YES</u>	<u>NO</u>												
Question 1.3.1 – Do you agree that these are the most common error types?	<input checked="" type="checkbox"/>	<input type="checkbox"/>												
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Question 1.3.2 – Do you agree with the relative importance of these error types?	<input type="checkbox"/>	<input checked="" type="checkbox"/>												
Question 1.3.3 – Please describe actions you have taken to prevent such errors:														

	<p>having to be carried out. It can also help speed up the procedure for closing electronic applications.</p> <ul style="list-style-type: none"> ○ <u>Prior checks</u>: The application submission phase is followed by a prior check, which has greatly improved the quality of applications submitted. Checks on these higher-quality applications can then proceed more quickly. ○ <u>Electronic data reconciliation</u>: The data reconciliation process is fully electronic (the reconciliation order is not sent out by post). In practice, this greatly speeds up and shortens the reconciliation process, so that the Paying Agency has access to the information it needs to assess the application more quickly. ● Ineligible beneficiary, activity, project or expenditure <p>Accurate, detailed description of the conditions; preparation of detailed instructions; provision of comprehensive information.</p>
<p>Question 2.1</p> <p><i>Please describe the main sources of data for the performance indicators you provide to the Commission in the areas of:</i></p>	<p>- <i>the common agricultural policy</i>:</p> <p>For the EAGF the main source of data is the Integrated Administration and Control System (IACS) operated by the Paying Agency (the Hungarian State Treasury). The IACS obtains the data and documents from beneficiaries, various competent authorities, and bodies performing delegated tasks.</p> <p>For the EAFRD the main source of data is also the Integrated Administration and Control System (IACS) operated by the Paying Agency (the Hungarian State Treasury). The IACS obtains the data and documents from beneficiaries, cooperating bodies and the Managing Authority.</p> <p>- <i>the economic, social and territorial cohesion policy</i>:</p> <ul style="list-style-type: none"> - the procurement IT system (FAIR/EUPR); - information provided by beneficiaries; - State-operated data sources (including public registers), e.g. the Hungarian Central Statistical Office (KSH), the National Tax and Customs Administration (NAV), the Hungarian Energy and Public Utility Regulatory Authority (MEKH), the National Employment Service (NFSZ), the Hungarian National Bank (MFB), National Infocommunications Service Company Limited by Shares (NISZ/Ministry of the Interior), and the Higher Education Information System (FIR); - the European Union, e.g. Eurostat.
<p>Question 2.2</p> <p><i>Please describe how</i></p>	<p>- <i>the common agricultural policy</i>:</p> <p>For the EAFRD the sufficient quality of the performance indicators is ensured by publishing the methodologies, the procedure and</p>

<p><i>you ensure that the data for the performance indicators you provide to the Commission are of sufficient quality in the areas of:</i></p>	<p>the communications from the Managing Authority. Also, monitoring information is issued for each call, and the methodology for the impact indicators is drawn up with the assistance of external experts. The Intermediate Body and Managing Authority also operate a control system in line with EU requirements, which checks the authenticity of the data submitted and monitors the status of the performance indicators on that basis.</p> <p>- <i>the economic, social and territorial cohesion policy:</i></p> <p>1. Monitoring and Evaluation Working Group The Monitoring and Evaluation Working Group covers the entire institutional system and monitors the indicators, political indicators and horizontal requirements created in the monitoring and information system.</p> <p>2. Partnership Agreement Monitoring Committee The Partnership Agreement Monitoring Committee was set up in accordance with Government Decree No 272/2014 of 5 November 2014 on the system for using aid from certain European Union funds during the 2014-2020 programming period. It ensures compliance and coordination among operational programmes financed from the European Structural and Investment (ESI) Funds and monitors fulfilment of the objectives under the Partnership Agreement and compliance with horizontal principles and policies. The Monitoring Committee meets as the need arises, but at least twice per year. The organisations delegating permanent members of the Partnership Agreement Monitoring Committee include the government bodies, ministries, local government federations and national associations interested in the various development policies. The following bodies delegate permanent members acting in an advisory capacity: the European Commission (DG REGIO, DG EMPL, DG AGRI, DG MARE), the Hungarian State Treasury, the Directorate-General for the Audit of EU Support, etc.</p> <p>3. Indicator working group of the Partnership Agreement Monitoring Committee The working group was set up to examine and discuss ways to deal with problematic indicators and to make recommendations to the Monitoring Committee.</p> <p>4. Central monitoring unit (Monitoring and Evaluation Department) The central monitoring unit monitors fulfilment of the performance indicators on a monthly basis by cooperating with the managing authorities, and compares progress at absorption and indicator level so as to be able to intervene there and then and to take decisions in order to achieve EU objectives (absorption table).</p> <p>5. Regulatory background</p>
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5.1 The relevant responsibilities appear in the legislation governing the sector.

The tasks assigned to the minister responsible for using EU funds under Government Decree No 272/2014 include:

- monitoring, in cooperation with the managing authority, how the programmes are progressing, particularly with regard to fulfilment of the indicators; providing methodological support for obtaining and producing the data required to produce the indicators; examining how the indicators are progressing; and producing a regular report on the above for the Government, containing the opinion of the managing authority, so as to avoid any loss of funds;
- coordinating the tasks relating to the annual implementation report, the annual schedule of notices, and the forwarding of financial data to the European Commission; providing the managing authorities with a schedule, joint template, methodology and database;
- determining, in cooperation with the managing authority, the principles for allocating the performance reserve;
- monitoring the performance framework ensuring fulfilment of the priority milestones set for the programmes.

5.2. Creation of indicators, quality assurance and monitoring of fulfilment

The criteria for the creation of indicators, quality assurance and monitoring of fulfilment are laid down in the Government Decree.

Examples:

- Each call must contain at least one indicator listed in the programme.
- Each call must contain the common indicators that relate to the relevant call.
- Each call must contain only the number of indicators that is absolutely necessary for measuring progress.

The minister responsible for using EU funds is in charge of creating the indicators in the monitoring and information system, in cooperation with the relevant managing authority.

6. Content of the grant agreement

The mandatory elements of the grant agreement are the indicators to be fulfilled and their targets, the deadline for fulfilling them, and a clear, traceable definition of the horizontal requirements for the project. Government Decree No 272/2014 also clearly states the procedure for monitoring fulfilment of the indicator milestones. For example, if the indicator is not fulfilled, the funds are to be recovered from the promoter. Beneficiaries are allowed to reduce the indicator target only if there is a proportional reduction of aid. The aid must be reduced and the beneficiary must repay (except in the case of force majeure) the proportional amount of aid if the indicator is less than 75% of the target set for the project under the grant agreement.

<p>7. On-the-spot checks</p> <p>On-the-spot checks cover fulfilment of the indicators undertaken under the project and the milestones set at project level. The Managing Authority may require beneficiaries to submit a maintenance report for a period of five years from the date set in the grant agreement, or three years in the case of SMEs. If a maintenance obligation has been set for the project, the beneficiary will report on fulfilment of the indicators on an annual basis. If the beneficiary has a maintenance obligation and has undertaken to fulfil the indicators and to provide information during the maintenance period, then a reporting obligation will be laid down. The maintenance report will cover the indicators undertaken during the maintenance period, fulfilment of the horizontal requirements set in the agreement, any changes in revenue, and the viability of the project.</p> <p>8. IT support</p> <p>Continuous development of the modules and functions of FAIR based on feedback from institutions and the beneficiary. For example, requests for information on indicators (2018 milestones), tracking the proportion of funds from operational programmes, ESF database, etc.</p>	<table border="1"> <tr> <td data-bbox="721 168 798 2058">Question 3</td> <td data-bbox="721 2058 798 2058"></td> <td data-bbox="721 168 798 2058"></td> <td data-bbox="721 2058 798 2058"></td> </tr> <tr> <td data-bbox="798 168 898 2058"><i>Follow-up recommendations formulated by the ECA in its Special Reports</i></td> <td data-bbox="798 2058 898 2058"><i>of</i></td> <td data-bbox="798 168 898 2058"></td> <td data-bbox="798 2058 898 2058"></td> </tr> <tr> <td data-bbox="898 168 1066 2058"></td> <td data-bbox="898 2058 1066 2058"></td> <td data-bbox="898 168 1066 2058"><u>YES</u></td> <td data-bbox="898 2058 1066 2058"><u>NO</u></td> </tr> <tr> <td data-bbox="1066 168 1139 2058">Question 3.1 – Do you follow up recommendations addressed by the ECA specifically to your country?</td> <td data-bbox="1066 2058 1139 2058"></td> <td data-bbox="1066 168 1139 2058"><input checked="" type="checkbox"/></td> <td data-bbox="1066 2058 1139 2058"><input type="checkbox"/></td> </tr> <tr> <td data-bbox="1139 168 1249 2058"><i>Reply:</i> In accordance with Government Decrees No 4/2011 and No 272/2014, the Audit Department of the Prime Minister’s Office monitors implementation of the recommendations addressed to Hungary in the Court of Auditors’ annual and special reports, but only in respect of the operational programmes under its responsibility according to the decrees. The Audit Department of the Prime Minister’s Office ensures that these annual and special reports are forwarded to the relevant managing authorities.</td> <td data-bbox="1139 2058 1249 2058"></td> <td data-bbox="1139 168 1249 2058"><u>YES</u></td> <td data-bbox="1139 2058 1249 2058"><u>NO</u></td> </tr> <tr> <td data-bbox="1249 168 1297 2058">Question 3.2 – Do you follow up recommendations addressed by the ECA to Member States in general?</td> <td data-bbox="1249 2058 1297 2058"></td> <td data-bbox="1249 168 1297 2058"><input checked="" type="checkbox"/></td> <td data-bbox="1249 2058 1297 2058"><input type="checkbox"/></td> </tr> <tr> <td data-bbox="1297 168 1297 2058"><i>Reply:</i> When drawing up legislation and procedures we obviously also take account of the Court of Auditors’ recommendations.</td> <td data-bbox="1297 2058 1297 2058"></td> <td data-bbox="1297 168 1297 2058"></td> <td data-bbox="1297 2058 1297 2058"></td> </tr> </table>	Question 3				<i>Follow-up recommendations formulated by the ECA in its Special Reports</i>	<i>of</i>					<u>YES</u>	<u>NO</u>	Question 3.1 – Do you follow up recommendations addressed by the ECA specifically to your country?		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<i>Reply:</i> In accordance with Government Decrees No 4/2011 and No 272/2014, the Audit Department of the Prime Minister’s Office monitors implementation of the recommendations addressed to Hungary in the Court of Auditors’ annual and special reports, but only in respect of the operational programmes under its responsibility according to the decrees. The Audit Department of the Prime Minister’s Office ensures that these annual and special reports are forwarded to the relevant managing authorities.		<u>YES</u>	<u>NO</u>	Question 3.2 – Do you follow up recommendations addressed by the ECA to Member States in general?		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<i>Reply:</i> When drawing up legislation and procedures we obviously also take account of the Court of Auditors’ recommendations.			
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Question 1.1**Economic, social and territorial cohesion**

The most typical error types in diminishing order of importance are:

- Ineligible costs included in the expenditure declarations
- Serious failure to respect public procurement rules
- Ineligible project/activities or beneficiaries

Question 1.1.1 – Do you agree that these are the most common error types?

If you do not agree, then please describe other major error types:

ESF: Yes; ERDF: No.

For ERDF programmes in Ireland. The 3 most typical or common error types or error using the typology of errors categories are as follows;

- Ineligible Expenditure
- Public Procurement
- Missing supporting information or documentation

Question 1.1.2 – Do you agree with the relative importance of these error types?

If you do not agree, then please indicate your perception of the order of importance of the most common error types:

ESF: Yes; ERDF: No.

It is difficult to rank these in a diminishing order of importance, as the degree of importance may be viewed differently by various actors. To an ERDF AA, the most important is probably errors relating to non-compliance with Public Procurement rules as it would indicate a breakdown in the management and control systems by beneficiaries in the application of both national and Community public procurement rules. Errors relating to such breaches are generally non-quantifiable and are normally corrected by flat rate financial corrections which when projected / extrapolated to the sampling population increases the risk of a Programme breaching 2% materiality. For addressing errors in public procurement, the ERDF AA try to apply the flat rate corrections where appropriate and proactively advise beneficiaries, IBS and MAs on the areas they need to improve. Copies of national and Commission checklists on public procurement are regularly forwarded to Programme MAs.

For ineligible expenditure, the impact of breaching materiality may not be the same as public procurement. Nonetheless, where ineligible expenditure has been included in a payment application demonstrate that the control systems in place have failed to pick up

on these issues of non-compliance. Ineligibility errors are usually quantifiable and the ERDF AA in our Operations Audit Reports try provide best practice guidance to beneficiaries to try and prevent the error re-occurring.

The final most common error is that of missing documentation resulting in a breach of audit trail. These are usually quantifiable, but the most difficult to control. The ERDF AA try to control audit trail errors by issuing audit notification letters in good time and insisting on reconciled transaction listings and supporting documentation prior to audits commencing.

Question 1.1.3 – Please describe actions you have taken to prevent such errors:

Question 1.2

Rural development, the environment, climate action and fisheries

The most typical error types in diminishing order of importance are:

1. Ineligible beneficiary, activity, project or expenditure
2. Overstated or ineligible area
3. Non-compliance with public procurement rules
4. Administrative error

	<u>YES</u>	<u>NO</u>
Question 1.2.1 – Do you agree that these are the most common error types?	<input type="checkbox"/>	<input checked="" type="checkbox"/>

If you do not agree, then please describe other major error types:

Non-compliance with scheme conditions and specifications.

	<u>YES</u>	<u>NO</u>
Question 1.2.2 – Do you agree with the relative important of these error types?	<input type="checkbox"/>	<input checked="" type="checkbox"/>

If you do not agree, then please indicate your perception of the order of importance of the most common error types:

1. Non-compliance with scheme conditions and specifications
2. Ineligible beneficiary, activity, project or expenditure
3. Overstated or ineligible area
4. Administrative error
5. Non-compliance with public procurement rules

	<p>Question 1.2.3 – Please describe actions you have taken to prevent such errors:</p> <p>Use of media articles (farming press) to highlight common errors; Meeting with Agricultural Advisors and Farm Organisations to raise issues of non-compliance; Training for both advisors and farmers on agri-environment and climate actions; Use of SMS to remind participants of deadlines.</p>														
<p>Question 1.3 EAGF</p> <p><i>The most typical error types in diminishing order of importance are:</i></p> <ol style="list-style-type: none"> 1. <i>Overstated or ineligible area</i> 2. <i>Ineligible beneficiary, activity, project or expenditure</i> 3. <i>Administrative error</i> 	<table border="1" data-bbox="576 241 719 1753"> <tr> <td data-bbox="576 696 647 1753"></td> <td data-bbox="576 450 647 696" style="text-align: center;"><u>YES</u></td> <td data-bbox="576 241 647 450" style="text-align: center;"><u>NO</u></td> </tr> <tr> <td data-bbox="647 696 719 1753">Question 1.3.1 – Do you agree that these are the most common error types?</td> <td data-bbox="647 450 719 696" style="text-align: center;"><input checked="" type="checkbox"/></td> <td data-bbox="647 241 719 450" style="text-align: center;"><input type="checkbox"/></td> </tr> </table> <p><i>If you do not agree, then please describe other major error types:</i></p> <p>Please note that while overstated or ineligible area is the main error type the second most typical are dual claims of lands and overlap claims.</p> <table border="1" data-bbox="922 241 1066 1753"> <tr> <td data-bbox="922 696 994 1753"></td> <td data-bbox="922 450 994 696" style="text-align: center;"><u>YES</u></td> <td data-bbox="922 241 994 450" style="text-align: center;"><u>NO</u></td> </tr> <tr> <td data-bbox="994 696 1066 1753">Question 1.3.2 – Do you agree with the relative importance of these error types?</td> <td data-bbox="994 450 1066 696" style="text-align: center;"><input checked="" type="checkbox"/></td> <td data-bbox="994 241 1066 450" style="text-align: center;"><input type="checkbox"/></td> </tr> </table> <p><i>If you do not agree, then please indicate your perception of the order of importance of the most common error types:</i></p> <table border="1" data-bbox="1169 241 1241 1753"> <tr> <td data-bbox="1169 696 1241 1753">Question 1.3.3 – Please describe actions you have taken to prevent such errors:</td> </tr> <tr> <td data-bbox="1241 696 1372 1753">Increased administrative checks and controls built into the GSAA process ensures such errors are identified at an early point in the application process and either removed or highlighted for formal Preliminary Checks. These processes, in addition to ongoing automated monitoring of the claims system, result in reduced instance of error.</td> </tr> </table>		<u>YES</u>	<u>NO</u>	Question 1.3.1 – Do you agree that these are the most common error types?	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<u>YES</u>	<u>NO</u>	Question 1.3.2 – Do you agree with the relative importance of these error types?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Question 1.3.3 – Please describe actions you have taken to prevent such errors:	Increased administrative checks and controls built into the GSAA process ensures such errors are identified at an early point in the application process and either removed or highlighted for formal Preliminary Checks. These processes, in addition to ongoing automated monitoring of the claims system, result in reduced instance of error.
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<p>Question 2.1</p> <p>Please describe the main sources of data for the performance indicators you provide to the Commission in the areas of:</p>	<p>- the common agricultural policy:</p> <p>Independent surveys, such as the National Farm Survey, are conducted independently of the Paying Agency and Managing Authority. Coupled with this is data collected from beneficiaries across the suite of Schemes and measures.</p> <p>- the economic, social and territorial cohesion policy:</p> <p>For ERDF Irish State agencies and Ireland's Central Statistics Office are the main sources of data for the performance indicators.</p> <p>For the ESF, performance indicator data is mainly drawn from application forms completed by participants, data provided by the PES when referring participants to ESF-supported activities, interviews and surveys. A number of Intermediate Bodies are seeking to enter data-sharing arrangements with the PES to further support the collection of relevant data, particularly longer-term performance indicator data.</p>			
<p>Question 2.2</p> <p>Please describe how you ensure that the data for the performance indicators you provide to the Commission are of sufficient quality in the areas of:</p>	<p>- the common agricultural policy:</p> <p>The data collected independently of the PA and MA is subject to strict quality control requirements and utilises recognised statistical gathering methodologies. In addition, The PAY and MA have developed robust and reliable ICT systems to capture information in a consistent and accurate manner.</p> <p>- the economic, social and territorial cohesion policy:</p> <p>In relation to ERDF all Irish State Agencies and Irelands Central Statistics Office already collect data for performance budgeting in the state and as a result already comply with state rules and regulations. Furthermore, performance indicators data is subject to checks at MA level.</p> <p>For the ESF, performance indicator data collected by beneficiaries is subject to checks at both IB and MA levels prior to its inclusion in reports provided to the Commission. The Management Verification checklist utilised by the MA incorporates checks relating to the collection of data and, with the rollout of the new eCohesion system, beneficiaries will be required to certify that all reasonable steps have been taken to collect the relevant data, and to ensure its accuracy.</p>			
<p>Question 3</p> <p>Follow-up of recommendations formulated by the</p>	<table border="1" style="width: 100%; text-align: center;"> <tr> <td style="width: 50%;"></td> <td style="width: 50%;"><u>YES</u></td> <td style="width: 50%;"><u>NO</u></td> </tr> </table>		<u>YES</u>	<u>NO</u>
	<u>YES</u>	<u>NO</u>		

<p><i>ECA in its Special Reports</i></p>	<p>Question 3.1 – Do you follow up recommendations addressed by the ECA specifically to your country?</p>	<input checked="" type="checkbox"/>	<input type="checkbox"/>			
<p><i>Reply:</i> Upon receipt of the recommendations, the Department of Finance contacts all the relevant line Departments / Ministries and collates the information in preparation of an IE response.</p>						
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	<input checked="" type="checkbox"/>	<input type="checkbox"/>				
<p><i>Reply:</i> All relevant recommendations are noted and addressed. The Department of Finance contacts all the relevant line Departments / Ministries and collates the information in preparation of an IE response.</p>						

Question 1.1**Economic, social and territorial cohesion**

The most typical error types in diminishing order of importance are:

- Ineligible costs included in the expenditure declarations
- Serious failure to respect public procurement rules
- Ineligible project/activities or beneficiaries

	<u>YES</u>	<u>NO</u>
Question 1.1.1 – Do you agree that these are the most common error types?	<input checked="" type="checkbox"/>	<input type="checkbox"/>

If you do not agree, then please describe other major error types:

	<u>YES</u>	<u>NO</u>
Question 1.1.2 – Do you agree with the relative importance of these error types?	<input checked="" type="checkbox"/>	<input type="checkbox"/>

If you do not agree, then please indicate your perception of the order of importance of the most common error types:

Question 1.1.3 – Please describe actions you have taken to prevent such errors:

With regard to public procurement, the MEF (national coordinating organisation for audit authorities) organises training courses and seminars for auditors to enable them to improve recognition of and quickly pinpoint irregularities. The MEF has also organised frequent meetings on the subject of public procurement with Commission departments during coordination meetings with the Audit Authority.

<p>Question 1.2 <i>Rural development, the environment, climate action and fisheries</i></p> <p>The most typical error types in diminishing order of importance are:</p> <ol style="list-style-type: none"> 1. Ineligible beneficiary, activity, project or expenditure 2. Overstated or ineligible area 3. Non-compliance with public procurement rules 4. Administrative error 	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;"></td> <td style="text-align: center;"><u>YES</u></td> <td style="text-align: center;"><u>NO</u></td> </tr> <tr> <td>Question 1.2.1 – Do you agree that these are the most common error types?</td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> </table> <p><i>If you do not agree, then please describe other major error types:</i></p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;"></td> <td style="text-align: center;"><u>YES</u></td> <td style="text-align: center;"><u>NO</u></td> </tr> <tr> <td>Question 1.2.2 – Do you agree with the relative importance of these error types?</td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> </tr> </table> <p><i>If you do not agree, then please indicate your perception of the order of importance of the most common error types:</i></p> <p>1) Ineligible beneficiary, activity, project or expenditure 2) Non-compliance with public procurement rules 3) Administrative error Error type 2 is not relevant to EMFF OP measures</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Question 1.2.3 – Please describe actions you have taken to prevent such errors:</td> <td></td> </tr> <tr> <td colspan="2">The MA has procedures and instruments for preventing, detecting and correcting any operational errors and irregularities (implementation model, checklist and audit trails, guidelines on the eligibility of expenditure, guidelines on irregularities and fraud, SiGeCo (management control system), manual of monitoring procedures for the intermediate bodies).</td> </tr> </table>		<u>YES</u>	<u>NO</u>	Question 1.2.1 – Do you agree that these are the most common error types?	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<u>YES</u>	<u>NO</u>	Question 1.2.2 – Do you agree with the relative importance of these error types?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Question 1.2.3 – Please describe actions you have taken to prevent such errors:		The MA has procedures and instruments for preventing, detecting and correcting any operational errors and irregularities (implementation model, checklist and audit trails, guidelines on the eligibility of expenditure, guidelines on irregularities and fraud, SiGeCo (management control system), manual of monitoring procedures for the intermediate bodies).	
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<p>Question 2.1</p> <p>Please describe the main sources of data for the performance indicators you provide to the Commission in the areas of:</p>	<p>- the common agricultural policy:</p> <p>- the economic, social and territorial cohesion policy: MEF-IGRUE FINANCING SYSTEM</p>													
<p>Question 2.2</p> <p>Please describe how you ensure that the data for the</p>	<p>- the common agricultural policy:</p> <p>- the economic, social and territorial cohesion policy: CHECKS USING SFC WEB SERVICES</p>													

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Question 1.1

Economic, social and territorial cohesion

The most typical error types in diminishing order of importance are:

- Ineligible costs included in the expenditure declarations
- Serious failure to respect public procurement rules
- Ineligible project/activities or beneficiaries

	<u>YES</u>	<u>NO</u>
Question 1.1.1 – Do you agree that these are the most common error types?	<input checked="" type="checkbox"/>	<input type="checkbox"/>

If you do not agree, then please describe other major error types:

	<u>YES</u>	<u>NO</u>
Question 1.1.2 – Do you agree with the relative importance of these error types?	<input checked="" type="checkbox"/>	<input type="checkbox"/>

If you do not agree, then please indicate your perception of the order of importance of the most common error types:

Question 1.1.3 – Please describe actions you have taken to prevent such errors:
--

An effective pre-inspection mechanism has been developed by means of which any discrepancies identified are eliminated in due time, thereby significantly reduced the risk of irregular expenditure. We have made provisions to support financing beneficiaries on an institutional level – legislation and methodological materials have been drafted on the preparation of project applications, project implementation and monitoring, eligible and ineligible payments and issues relating to irregular expenditure. The websites of both the managing authority and the liaison authority provide methodological support documentation (guidelines and methodologies), and the website of the Procurement Monitoring Bureau offers an overview of the most frequently occurring errors in procurement procedures. The liaison authority regularly provides explanatory guidance to financing beneficiaries and project applicants on request, and seminars are also organised on a regular basis on the procurement framework and the most frequently occurring errors.

<p>Question 1.2 Rural development, the environment, climate action and fisheries</p>	<table border="1"> <tr> <td data-bbox="130 638 204 974"></td> <td data-bbox="130 638 204 974" style="text-align: center;"><u>YES</u></td> <td data-bbox="130 638 204 974" style="text-align: center;"><u>NO</u></td> </tr> <tr> <td data-bbox="130 638 204 974">Question 1.2.1 – Do you agree that these are the most common error types?</td> <td data-bbox="130 638 204 974" style="text-align: center;"><input checked="" type="checkbox"/></td> <td data-bbox="130 638 204 974" style="text-align: center;"><input type="checkbox"/></td> </tr> </table> <p><i>If you do not agree, then please describe other major error types:</i></p> <p>We agree that the error types listed are the most typical kind, but the second error – overstated or ineligible area – is not typical to Latvia. The activities of the Land Registry are fully up-to-date in Latvia, including with regard to mapping and area measurement capacities. The electronic application system introduced in 2016 prevents the applicant from indicating an area of land that exceeds that of the block. The system displays a warning if the areas entered by an applicant overlap geospatially.</p>		<u>YES</u>	<u>NO</u>	Question 1.2.1 – Do you agree that these are the most common error types?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	<u>YES</u>	<u>NO</u>					
Question 1.2.1 – Do you agree that these are the most common error types?	<input checked="" type="checkbox"/>	<input type="checkbox"/>					
<p>1. <i>Ineligible beneficiary, activity, project or expenditure</i></p> <p>2. <i>Overstated or ineligible area</i></p> <p>3. <i>Non-compliance with public procurement rules</i></p> <p>4. <i>Administrative error</i></p>	<table border="1"> <tr> <td data-bbox="347 638 421 974"></td> <td data-bbox="347 638 421 974" style="text-align: center;"><u>YES</u></td> <td data-bbox="347 638 421 974" style="text-align: center;"><u>NO</u></td> </tr> <tr> <td data-bbox="347 638 421 974">Question 1.2.2 – Do you agree with the relative importance of these error types?</td> <td data-bbox="347 638 421 974" style="text-align: center;"><input checked="" type="checkbox"/></td> <td data-bbox="347 638 421 974" style="text-align: center;"><input type="checkbox"/></td> </tr> </table> <p><i>If you do not agree, then please indicate your perception of the order of importance of the most common error types:</i></p> <p>1. Ineligible beneficiary, activity, project or expenditure; 2. Non-compliance with public procurement rules, the procurement procedure and its rules of application for projects financed by a contracting authority</p>		<u>YES</u>	<u>NO</u>	Question 1.2.2 – Do you agree with the relative importance of these error types?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
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	<table border="1"> <tr> <td data-bbox="766 638 944 974">Question 1.2.3 – Please describe actions you have taken to prevent such errors:</td> <td data-bbox="766 638 944 974"></td> </tr> </table> <ul style="list-style-type: none"> - conducting information and communication measures for potential support applicants, support beneficiaries and the general public (conferences, seminars, publications in the media and on social networks, etc.); - providing access to information on websites (handbooks, guidelines, information materials, etc.); - establishing an electronic application system and providing for its continued improvement, developing/putting into practice various IT tools, thereby providing for the widest possible implementation of e-governance; - improving control mechanisms for the purpose of implementing these EU funds (EAFRD and EMFF). 	Question 1.2.3 – Please describe actions you have taken to prevent such errors:					
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<p>Question 1.3 EAGF</p> <p>The most typical error types in diminishing order of importance are:</p> <ol style="list-style-type: none"> 1. Overstated or ineligible area 2. Ineligible beneficiary, activity, project or expenditure 3. Administrative error 	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;"></td> <td style="width: 25%; text-align: center;"><u>YES</u></td> <td style="width: 25%; text-align: center;"><u>NO</u></td> </tr> <tr> <td>Question 1.3.1 – Do you agree that these are the most common error types?</td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> </table> <p><i>If you do not agree, then please describe other major error types:</i></p> <p>We acknowledge the second error. The second error – overstated or ineligible area – is not typical to Latvia, because the electronic application system introduced in 2016 prevents the applicant from indicating an area of land that exceeds that of the block.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;"></td> <td style="width: 25%; text-align: center;"><u>YES</u></td> <td style="width: 25%; text-align: center;"><u>NO</u></td> </tr> <tr> <td>Question 1.3.2 – Do you agree with the relative importance of these error types?</td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> </table> <p><i>If you do not agree, then please indicate your perception of the order of importance of the most common error types:</i></p> <p>Ineligible beneficiary, activity, project or expenditure</p>		<u>YES</u>	<u>NO</u>	Question 1.3.1 – Do you agree that these are the most common error types?	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<u>YES</u>	<u>NO</u>	Question 1.3.2 – Do you agree with the relative importance of these error types?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 100%;">Question 1.3.3 – Please describe actions you have taken to prevent such errors:</td> </tr> <tr> <td> <ul style="list-style-type: none"> - introduction of a geospatial application system, with 100 % of applications being submitted electronically, minimising the potential for error; - keeping the Land register up-to-date using newly-taken orthophotos, satellite images and control results; - improving control mechanisms using remote checks; - ensuring information is available. <p><i>- the common agricultural policy:</i></p> <p>In accordance with the requirements of EU legislation, information on the implementation and progress of the Rural Development Programme (EAFRD) and support measures (EAFG) is being presented to the Commission. Information is being provided on the level of financial and result indicators, and data are obtained from the paying agency's (Rural Support Service – LAD) centralised information system. This common centralised information system also gathers data received from other bodies for the administration</p> </td> </tr> </table>	Question 1.3.3 – Please describe actions you have taken to prevent such errors:	<ul style="list-style-type: none"> - introduction of a geospatial application system, with 100 % of applications being submitted electronically, minimising the potential for error; - keeping the Land register up-to-date using newly-taken orthophotos, satellite images and control results; - improving control mechanisms using remote checks; - ensuring information is available. <p><i>- the common agricultural policy:</i></p> <p>In accordance with the requirements of EU legislation, information on the implementation and progress of the Rural Development Programme (EAFRD) and support measures (EAFG) is being presented to the Commission. Information is being provided on the level of financial and result indicators, and data are obtained from the paying agency's (Rural Support Service – LAD) centralised information system. This common centralised information system also gathers data received from other bodies for the administration</p>
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<p>Question 2.1</p> <p>Please describe the main sources of data for the performance indicators you provide</p>																

<p>to the Commission in the areas of:</p>	<p>of applications (the Nature Conservation Agency, the State Forest Service, the Agricultural Data Centre, the State Revenue Service, etc.)</p> <ul style="list-style-type: none"> - <i>the economic, social and territorial cohesion policy:</i> - All information regarding objectives and indicators required for monitoring is stored in the EU Cohesion Policy Fund management information system (KP VIS), developed in accordance with Article 125(2)(d) of Regulation (EU) No 1303/2013; - With regard to achieving the indicators laid down in the operational programme, the data sources are referred to in the approved operational programme; these are mostly project data drawn from project reports by financing beneficiaries and payment requests, along with data taken from the Central Statistical Board data, assessments, various information system data bases, etc.; - Financial circuits of project financing beneficiaries; - Actual execution of previous calendar years' budgets; - A time schedule for implementation of specific support objectives and their measures, and information on the indicative period for conclusion of contracts; - Actual execution of similar activities and/or sub-activities under the 2007–2013 EU Fund programming period budget. - State budget fund utilisation forecasts as indicated in planning documents; - Information provided by responsible authorities and the liaison authority (annual reports); - Assessments; - Other available information sources.
<p>Question 2.2 Please describe how you ensure that the data for the performance indicators you provide to the Commission are of sufficient quality in the areas of:</p>	<ul style="list-style-type: none"> - <i>the common agricultural policy:</i> <p>The paying agency has developed a common centralised information system which operates with the support of the project application administration system, the payment information system and the bookkeeping accounts system. These systems are interlinked with provision for data import. Furthermore, the operation of the electronic application system is rendered as comprehensive as possible and is being continually improved, with the necessary data on operational indicators being stored and selected from the data warehouse in which all requisite indicators are gathered to ensure an effective monitoring and assessment procedure for the programme concerned. With the aim of providing the Commission with sufficiently high quality implementation data, ex-post checks of stored and selected data are carried out at both paying agency and managing authority levels (logical check and quantitative check of data, and repeat selection, check and comparison of data).</p> <p>The reporting forms prescribed by the European Commission are frequently complex and intricate and this hinders the submission of</p>

high quality data to the Commission in due time.

- *the economic, social and territorial cohesion policy:*

As referred to above, most of the data is drawn from data bases endorsed at national level, and these data are therefore regarded as a credible source and the quality of the data is not called into question. This also applies to State budget data and the actual use of budgetary funds. Specific results achieved (indicators) in the context of projects are drawn from the KP VIS and are based accordingly on payment applications submitted by financing beneficiaries and the corresponding administrative checks carried out for the purpose of assessing results. When planning and presenting budget forecasts to the European Commission, an appropriate degree of tolerance is applied to the data to allow for examination of applications, taking into account expert methodologies, experience gained over previous EU fund programming periods, and risk factors and other tolerance-related assumptions. Latvia therefore confirms that the data provided are sufficiently credible and of appropriately high quality.

Question 3

*Follow-up
recommendations
formulated by the
ECA in its Special
Reports*

	<u>YES</u>	<u>NO</u>
Question 3.1 – Do you follow up recommendations addressed by the ECA specifically to your country?	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Reply: To ensure the effective implementation of the operational programmes (EAFRD and EMFF) and support measures (EAFG), taking into account the conclusions and recommendations made in the context of the audits, a national action plan for reducing error rates is being prepared, laying down the necessary corrective measures, a time schedule and responsibilities. Implementation of the recommendations and corrective measures set out in the action plan is subject to continual monitoring and on request the action plan will be sent to the European Commission.

	<u>YES</u>	<u>NO</u>
Question 3.2 – Do you follow up recommendations addressed by the ECA to Member States in general?	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Reply: The ECA audit conclusions and recommendations concerning all Member States are being critically assessed, discussions in this regard are being organised, and where necessary the implementation system for operational programmes and support measures is being improved. Information is being incorporated in the error rate reduction action plan as appropriate.

Question 1.1**Economic, social and territorial cohesion**

The most typical error types in diminishing order of importance are:

- Ineligible costs included in the expenditure declarations
- Serious failure to respect public procurement rules
- Ineligible project/activities or beneficiaries

	<u>YES</u>	<u>NO</u>
Question 1.1.1 – Do you agree that these are the most common error types?	<input checked="" type="checkbox"/>	<input type="checkbox"/>

If you do not agree, then please describe other major error types:

	<u>YES</u>	<u>NO</u>
Question 1.1.2 – Do you agree with the relative importance of these error types?	<input checked="" type="checkbox"/>	<input type="checkbox"/>

If you do not agree, then please indicate your perception of the order of importance of the most common error types:

Question 1.1.3 – Please describe actions you have taken to prevent such errors:

In accordance with Article 65(1) of Regulation (EU) No 1303/2013, the basic eligibility requirements are laid down in the Rules for the administration and financing of projects, as approved by Order No IK 316 of the Minister for Finance of the Republic of Lithuania of 8 October 2014.

In accordance with subparagraph 4.7.1 of the Rules on the allocation of responsibilities and duties between institutions with regard to the implementation of the 2014–2020 Operational Programme for investments from EU funds, as approved by Government Resolution No 528 of 4 June 2014, the Ministry of Finance, as the managing authority, has drawn up recommendations regarding the eligibility of project expenditure for funding from the EU structural funds (hereinafter ‘the recommendations’). The recommendations clarify how EU and Lithuanian legislation should be applied in order to ensure that eligible project expenditure is indicated and evaluated correctly in accordance with the principle of sound financial management. The Ministry and the implementing bodies carrying out the functions entrusted to them under the Rules on the allocation of responsibilities for 2014–2020 follow the recommendations when assessing project applications and taking decisions on the eligibility of expenditure. Where necessary, the recommendations are reviewed and refined.

In order to ensure proper implementation of the Operational Programme in accordance with the EU regulations and to prevent irregularities in public procurements, the system for administering the EU structural funds in the period 2014–2020 (as in the

previous financing period) involves the Public Procurement Office, which is responsible, under the Lithuanian Law on public procurement, for implementing public procurement policy and enforcing the Law on public procurement and related implementing legislation, as well as for prevention, giving advice on public procurement matters and administering the Central Public Procurement Information System.

So as to ensure that management checks are conducted properly and on time, the Ministry of Finance, as the managing authority, has adopted national legislation laying down the procedure for checking project promoters' public procurement documents and has approved a model public procurement checklist.

The certifying body of the Operational Programme for investments from EU funds evaluates the information it receives and, in accordance with paragraph 171 of the Rules on the administration of the Operational Programme for investments from EU funds for 2014-2020, takes the following into account when drawing up the accounts for the European Commission: the available information on expenditure which is potentially ineligible and/or not declarable to the European Commission, identified repayable funds, suspected and/or identified and uncorrected infringements relating to the expenditure declared to the Commission in the reporting year, the results of checks carried out by it, the managing authority and implementing bodies and the results of audits and/or checks carried out by audit bodies, the European Court of Auditors, the European Commission and other authorities. It subtracts the potentially ineligible expenditure from the amounts of project expenditure declared to the European Commission in payment applications.

Question 1.2
Rural development, the environment, climate action and fisheries

The most typical error types in diminishing order of importance are:

1. Ineligible beneficiary, activity, project or expenditure
2. Overstated or ineligible area

	<u>YES</u>	<u>NO</u>
Question 1.2.1 – Do you agree that these are the most common error types?	<input checked="" type="checkbox"/>	<input type="checkbox"/>

If you do not agree, then please describe other major error types:

	<u>YES</u>	<u>NO</u>
Question 1.2.2 – Do you agree with the relative importance of these error types?	<input checked="" type="checkbox"/>	<input type="checkbox"/>

If you do not agree, then please indicate your perception of the order of importance of the most common error types:

Question 1.2.3 – Please describe actions you have taken to prevent such errors:

<p>3. <i>Non-compliance with public procurement rules</i></p> <p>4. <i>Administrative error</i></p>	<p>The Ministry of Agriculture carried out an analysis and assessment of the possibility of reducing the error rate and an assessment of the effectiveness of the process. The plan for implementing the recommendations contained insights into and/or comments on enhancing prevention and stepping up monitoring and control of the error rate for the 2014-2020 Lithuanian rural development programme. On the basis of that plan, the National Paying Agency under the Ministry of Agriculture is to present statistical and analytical information about all infringements and errors detected to the management committee for the 2014-2020 Lithuanian rural development programming period twice every calendar year until the end of that period, and both authorities will take all the necessary action to ensure a rapid response and to step up checks so as to reduce the error rate to an acceptable level. The National Paying Agency under the Ministry of Agriculture has improved its internal procedures for assessing the reasonableness of expenditure (an internal costs catalogue has been drawn up and is revised each year). Articles are being prepared and seminars and round tables are held at which the most common errors are discussed.</p>												
<p>Question 1.3</p> <p>EAGF</p> <p><i>The most typical error types in diminishing order of importance are:</i></p> <p>1. <i>Overstated or ineligible area</i></p> <p>2. <i>Ineligible beneficiary, activity, project or expenditure</i></p> <p>3. <i>Administrative error</i></p>	<table border="1" data-bbox="576 241 722 1753"> <tr> <td></td> <td style="text-align: center;"><u>YES</u></td> <td style="text-align: center;"><u>NO</u></td> </tr> <tr> <td>Question 1.3.1 – Do you agree that these are the most common error types?</td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> </table> <p><i>If you do not agree, then please describe other major error types:</i></p> <table border="1" data-bbox="839 241 986 1753"> <tr> <td></td> <td style="text-align: center;"><u>YES</u></td> <td style="text-align: center;"><u>NO</u></td> </tr> <tr> <td>Question 1.3.2 – Do you agree with the relative importance of these error types?</td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> </table> <p><i>If you do not agree, then please indicate your perception of the order of importance of the most common error types:</i></p> <p>Question 1.3.3 – Please describe actions you have taken to prevent such errors:</p> <p>Publicity (publishing infringement maps and practical examples of the application of penalties and ongoing publication of up-to-date information), clarification of legislation (providing observations).</p>		<u>YES</u>	<u>NO</u>	Question 1.3.1 – Do you agree that these are the most common error types?	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<u>YES</u>	<u>NO</u>	Question 1.3.2 – Do you agree with the relative importance of these error types?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
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<p>Question 2.1</p>	<p>- the common agricultural policy:</p>												

<p><i>Please describe the main sources of data for the performance indicators you provide to the Commission in the areas of:</i></p>	<p>The Agricultural Aid Administration Information System (ŽŪPAIS) is used to administer EU aid beneficiaries' applications and projects and to store data relating to them and to the aid payments and accounts. On the basis of the data stored in that system, declarations of expenditure and other financial statements are drawn up and submitted to the European Commission. Declarations of expenditure are submitted to the Commission once a month for the EAGF, while declarations of expenditure and payment claims for the EAFRD are submitted to the Commission once a quarter. Those declarations set out the amounts paid out to aid beneficiaries and the amounts repaid by them.</p> <p><i>- the economic, social and territorial cohesion policy:</i></p> <p>Lithuania has set up a system of indicators, including the indicators laid down in the Operational Programme, which were selected in accordance with the Commission's methodological documents, and national indicators, which supplement the indicators laid down in the Operational Programme if they do not cover all of the measures planned in the Operational Programme. National legislation lays down a requirement for all projects to achieve at least one product or results indicator.</p> <p>All information is stored in the information system (SFMIS2014), which can be used to carry out continuous monitoring of progress towards achieving indicators at both project and Operational Programme level.</p>
<p><u>Question 2.2</u></p> <p><i>Please describe how you ensure that the data for the performance indicators you provide to the Commission are of sufficient quality in the areas of:</i></p>	<p><i>- the common agricultural policy:</i></p> <p>The administration, control, accounting and payment of EU aid is carried out in accordance with the accreditation criteria set out in Commission Implementing Regulation (EU) No 908/2014. The detailed working procedures that have been approved ensure the separation of functions and the four-eyes principle, so the reports submitted to the European Commission are accurate. The accounts for each financial year are certified by an independent audit firm, which sends an opinion to the European Commission. Aid funds are paid out in accordance with the appropriations provided for in the aid estimates and the financial envelopes provided for by the Commission.</p> <p><i>- the economic, social and territorial cohesion policy:</i></p> <p>The Lithuanian Government approved an annual plan for achieving the review indicators set out in the Operational Programme. That plan maps out the process of achieving those indicators for each year of the financing period. The intermediate body puts together quarterly plans for achieving the indicators laid down in the plan for reviewing the Operational Programme. Each quarter, the managing authority assesses the progress made towards achieving those indicators and the risks involved and sends reports to the Lithuanian Government proposing the necessary action to be taken to achieve those indicators. Each year, when the annual implementation reports are drawn up for the Commission, the progress made towards achieving all the indicators for the Operational Programme is analysed.</p> <p>In order to assess the impact of and make improvements to the measures, an evaluation plan has been put together for the entire</p>

<p>programming period, planning evaluations covering all of the Operational Programme's priorities.</p>	<table border="1"> <tr> <td data-bbox="175 168 239 2060"> <p>Question 3</p> <p><i>Follow-up of recommendations formulated by the ECA in its Special Reports</i></p> </td> <td data-bbox="239 168 422 2060"> <table border="1"> <tr> <td data-bbox="239 168 319 2060"></td> <td data-bbox="319 168 422 2060"> <p><u>YES</u></p> </td> <td data-bbox="422 168 534 2060"> <p><u>NO</u></p> </td> </tr> <tr> <td data-bbox="239 593 319 2060"> <p>Question 3.1 – Do you follow up recommendations addressed by the ECA specifically to your country?</p> </td> <td data-bbox="319 593 422 2060"> <p><input checked="" type="checkbox"/></p> </td> <td data-bbox="422 593 534 2060"> <p><input type="checkbox"/></p> </td> </tr> </table> <p><i>Reply:</i> In so far as they relate to the administration of EU investments, the ECA's recommendations are implemented.</p> </td> </tr> <tr> <td data-bbox="175 750 239 2060"></td> <td data-bbox="239 750 422 2060"> <table border="1"> <tr> <td data-bbox="239 750 319 2060"></td> <td data-bbox="319 750 422 2060"> <p><u>YES</u></p> </td> <td data-bbox="422 750 534 2060"> <p><u>NO</u></p> </td> </tr> <tr> <td data-bbox="239 1512 319 2060"> <p>Question 3.2 – Do you follow up recommendations addressed by the ECA to Member States in general?</p> </td> <td data-bbox="319 1512 422 2060"> <p><input checked="" type="checkbox"/></p> </td> <td data-bbox="422 1512 534 2060"> <p><input type="checkbox"/></p> </td> </tr> </table> <p><i>Reply:</i></p> </td> </tr> </table>	<p>Question 3</p> <p><i>Follow-up of recommendations formulated by the ECA in its Special Reports</i></p>	<table border="1"> <tr> <td data-bbox="239 168 319 2060"></td> <td data-bbox="319 168 422 2060"> <p><u>YES</u></p> </td> <td data-bbox="422 168 534 2060"> <p><u>NO</u></p> </td> </tr> <tr> <td data-bbox="239 593 319 2060"> <p>Question 3.1 – Do you follow up recommendations addressed by the ECA specifically to your country?</p> </td> <td data-bbox="319 593 422 2060"> <p><input checked="" type="checkbox"/></p> </td> <td data-bbox="422 593 534 2060"> <p><input type="checkbox"/></p> </td> </tr> </table> <p><i>Reply:</i> In so far as they relate to the administration of EU investments, the ECA's recommendations are implemented.</p>		<p><u>YES</u></p>	<p><u>NO</u></p>	<p>Question 3.1 – Do you follow up recommendations addressed by the ECA specifically to your country?</p>	<p><input checked="" type="checkbox"/></p>	<p><input type="checkbox"/></p>		<table border="1"> <tr> <td data-bbox="239 750 319 2060"></td> <td data-bbox="319 750 422 2060"> <p><u>YES</u></p> </td> <td data-bbox="422 750 534 2060"> <p><u>NO</u></p> </td> </tr> <tr> <td data-bbox="239 1512 319 2060"> <p>Question 3.2 – Do you follow up recommendations addressed by the ECA to Member States in general?</p> </td> <td data-bbox="319 1512 422 2060"> <p><input checked="" type="checkbox"/></p> </td> <td data-bbox="422 1512 534 2060"> <p><input type="checkbox"/></p> </td> </tr> </table> <p><i>Reply:</i></p>		<p><u>YES</u></p>	<p><u>NO</u></p>	<p>Question 3.2 – Do you follow up recommendations addressed by the ECA to Member States in general?</p>	<p><input checked="" type="checkbox"/></p>	<p><input type="checkbox"/></p>
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Question 1.1

Economic, social and territorial cohesion

The most typical error types in diminishing order of importance are:

- Ineligible costs included in the expenditure declarations
- Serious failure to respect public procurement rules
- Ineligible project/activities or beneficiaries

	<u>YES</u>	<u>NO</u>
Question 1.1.1 – Do you agree that these are the most common error types?	<input checked="" type="checkbox"/>	<input type="checkbox"/>

If you do not agree, then please describe other major error types:

	<u>YES</u>	<u>NO</u>
Question 1.1.2 – Do you agree with the relative importance of these error types?	<input type="checkbox"/>	<input checked="" type="checkbox"/>

If you do not agree, then please indicate your perception of the order of importance of the most common error types:

Reply for the ESF: Ineligible costs constitute the main type of error affecting the ESF.

Public procurement is one of the areas covered by first-level checks.

In principle there are no ineligible projects, activities or beneficiaries. Projects are monitored closely from the outset. This covers the drawing-up of applications, the completion of activities and the objectives.

Question 1.1.3 – Please describe actions you have taken to prevent such errors:

Reply for the ESF: System of 100% ex ante checks, introduction of simplified cost options, establishment of a centralised IT platform, information meeting, closer monitoring, etc.

<p>Question 1.2 Rural development, the environment, climate action and fisheries</p>	<p>Question 1.2.1 – Do you agree that these are the most common error types?</p> <table border="1"> <tr> <td data-bbox="204 488 277 689" style="text-align: center;"><u>YES</u></td> <td data-bbox="204 689 277 891" style="text-align: center;"><u>NO</u></td> </tr> <tr> <td data-bbox="277 488 347 689" style="text-align: center;"><input checked="" type="checkbox"/></td> <td data-bbox="277 689 347 891" style="text-align: center;"><input type="checkbox"/></td> </tr> </table>	<u>YES</u>	<u>NO</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
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	<p>Question 1.2.2 – Do you agree with the relative importance of these error types?</p> <table border="1"> <tr> <td data-bbox="421 488 494 689" style="text-align: center;"><u>YES</u></td> <td data-bbox="421 689 494 891" style="text-align: center;"><u>NO</u></td> </tr> <tr> <td data-bbox="494 488 533 689" style="text-align: center;"><input checked="" type="checkbox"/></td> <td data-bbox="494 689 533 891" style="text-align: center;"><input type="checkbox"/></td> </tr> </table>	<u>YES</u>	<u>NO</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
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<input checked="" type="checkbox"/>	<input type="checkbox"/>				
	<p><i>If you do not agree, then please indicate your perception of the order of importance of the most common error types:</i></p> <p>Reply for EAGF/EAFRD: Agree, except for points 2 and 3, which do not apply to ‘investments’ and ‘start-ups for young farmers’.</p>				
	<p>Question 1.2.3 – Please describe actions you have taken to prevent such errors:</p> <p>Reply for EAGF/EAFRD: The eligible cost for investment aid must be reasonable and may not exceed the unit prices set. The unit prices procedure guarantees that the costs taken into account are reasonable.</p>				

<p>Question 1.3 EAGF</p> <p>The most typical error types in diminishing order of importance are:</p> <ol style="list-style-type: none"> Overstated or ineligible area Ineligible beneficiary, activity, project or expenditure Administrative error 	<table border="1"> <tr> <td></td> <td style="text-align: center;"><u>YES</u></td> <td style="text-align: center;"><u>NO</u></td> </tr> <tr> <td>Question 1.3.1 – Do you agree that these are the most common error types?</td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> </table> <p><i>If you do not agree, then please describe other major error types:</i></p> <table border="1"> <tr> <td></td> <td style="text-align: center;"><u>YES</u></td> <td style="text-align: center;"><u>NO</u></td> </tr> <tr> <td>Question 1.3.2 – Do you agree with the relative importance of these error types?</td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> </table> <p><i>If you do not agree, then please indicate your perception of the order of importance of the most common error types:</i></p> <table border="1"> <tr> <td>Question 1.3.3 – Please describe actions you have taken to prevent such errors:</td> </tr> </table> <p>Reply for EAGF/EAFRD: Efforts have been made at various levels:</p> <ul style="list-style-type: none"> ➤ Constant improvements to the quality of the reference data (LPIS, EFA layer, etc.) ➤ Reduction in the sources of errors through the use of on-line applications (GSAA) ➤ Better targeting of on-the-spot checks ➤ Improvements to internal procedures (e.g. examination of aid applications). <p><i>- the common agricultural policy:</i></p> <p>Reply for EAGF/EAFRD: Paying Agency, aid applications, accounting data</p> <p><i>- the economic, social and territorial cohesion policy:</i></p> <p>Reply for the ESF: data reported by the project promoters</p> <p>Reply for the ERDF: The main sources of data for the indicators are the beneficiaries, STATEC, EUROSTAT and the various</p>		<u>YES</u>	<u>NO</u>	Question 1.3.1 – Do you agree that these are the most common error types?	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<u>YES</u>	<u>NO</u>	Question 1.3.2 – Do you agree with the relative importance of these error types?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Question 1.3.3 – Please describe actions you have taken to prevent such errors:
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<p>Question 2.1</p> <p>Please describe the main sources of data for the performance indicators you provide to the Commission in the areas of:</p>	<p><i>- the common agricultural policy:</i></p> <p>Reply for EAGF/EAFRD: Paying Agency, aid applications, accounting data</p> <p><i>- the economic, social and territorial cohesion policy:</i></p> <p>Reply for the ESF: data reported by the project promoters</p> <p>Reply for the ERDF: The main sources of data for the indicators are the beneficiaries, STATEC, EUROSTAT and the various</p>													

<p>ministries responsible.</p> <p>Question 2.2 Please describe how you ensure that the data for the performance indicators you provide to the Commission are of sufficient quality in the areas of:</p>	<p>ministries responsible.</p> <p>- the common agricultural policy: Reply for EAGF/EAFRD: cross-checks, quality analyses</p> <p>- the economic, social and territorial cohesion policy: Reply for the ESF: 100% documentary and on-the-spot checks, which also serve to verify completion of the activities, including in particular training for final beneficiaries. Reply for the ERDF: As the Luxembourg ERDF OP is very small, the Managing Authority is in regular contact with all the beneficiaries and with the national statistical office (STATEC) and other ministries and government departments. There are six indicators relating to performance, which means that they are easy to manage.</p>						
<p>Question 3 Follow-up of recommendations formulated by the ECA in its Special Reports</p>	<table border="1"> <tr> <td data-bbox="699 2060 767 2206"></td> <td data-bbox="699 1809 767 2060" style="text-align: center;"><u>YES</u></td> <td data-bbox="699 1568 767 1809" style="text-align: center;"><u>NO</u></td> </tr> <tr> <td data-bbox="767 2060 869 2206">Question 3.1 – Do you follow up recommendations addressed by the ECA specifically to your country?</td> <td data-bbox="767 1809 869 2060" style="text-align: center;"><input checked="" type="checkbox"/></td> <td data-bbox="767 1568 869 1809" style="text-align: center;"><input type="checkbox"/></td> </tr> </table> <p>Reply: ERDF, EAGF/EAFRD: Yes; ESF: No. Reply for the ESF: There are currently no recommendations that are applicable to the ESF in Luxembourg. Reply for the ERDF: Annual follow-up meetings with beneficiaries. Reply for EAGF/ERDF[sic]: The recommendations by the Court of Auditors are set out in a table comprising the action plans for the various audit visits by the Court and the Commission. This table is used as a basis for follow-up. It contains the Court's recommendations, the measures identified, the managers in charge and a timetable for completion of those measures.</p>		<u>YES</u>	<u>NO</u>	Question 3.1 – Do you follow up recommendations addressed by the ECA specifically to your country?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
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	<p>Question 3.2 – Do you follow up recommendations addressed by the ECA to Member States in general?</p> <p><i>Reply:</i> ERDF/EAFRD: Yes; ERDF, ESF: No. Reply for the ESF: The recommendations do not apply as there are no identical or specific problems. Reply for the ERDF: The recommendations do not apply as there are no identical or specific problems. Reply for EAGF/ERDF[sic]: The recommendations by the Court of Auditors are set out in a table comprising the action plans for the various audit visits by the Court and the Commission. This table is used as a basis for follow-up. It contains the Court's recommendations, the measures identified, the managers in charge and a timetable for completion of those measures.</p>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Question 1.1

Economic, social and territorial cohesion

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If you do not agree, then please describe other major error types:

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Question 1.1.2 – Do you agree with the relative importance of these error types?	<input type="checkbox"/>	<input checked="" type="checkbox"/>

If you do not agree, then please indicate your perception of the order of importance of the most common error types:

In our opinion the “serious failures to respect public procurement rules” is of primary importance.

Question 1.1.3 – Please describe actions you have taken to prevent such errors:
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(a) Training which also covers beneficiaries, on what are the most common errors and how to avoid them. (b) A manual of procedures which is accessible by everyone. (c) An informative website. (d) The four eye-principle and segregation of duties and similar controls. (e) Inclusive ‘Checklists’ applied by the Management Authority officials, designed on regulations and guidelines of the European Commission.

<p>Question 1.2 Rural development, the environment, climate action and fisheries</p>	<table border="1"> <tr> <td data-bbox="130 638 204 694"></td> <td data-bbox="130 638 204 694" style="text-align: center;"><u>YES</u></td> <td data-bbox="130 638 204 694" style="text-align: center;"><u>NO</u></td> </tr> <tr> <td data-bbox="130 694 204 2060"> <p>Question 1.2.1 – Do you agree that these are the most common error types?</p> <p><i>If you do not agree, then please describe other major error types:</i></p> </td> <td data-bbox="130 694 204 2060" style="text-align: center;"><input checked="" type="checkbox"/></td> <td data-bbox="130 694 204 2060" style="text-align: center;"><input type="checkbox"/></td> </tr> </table>		<u>YES</u>	<u>NO</u>	<p>Question 1.2.1 – Do you agree that these are the most common error types?</p> <p><i>If you do not agree, then please describe other major error types:</i></p>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
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<p>Question 1.3 EAGF</p> <p>The most typical error types in diminishing order of importance are:</p> <ol style="list-style-type: none"> Overstated or ineligible area Ineligible beneficiary, activity, project or expenditure Administrative error 	<table border="1"> <thead> <tr> <th></th> <th><u>YES</u></th> <th><u>NO</u></th> </tr> </thead> <tbody> <tr> <td>Question 1.3.1 – Do you agree that these are the most common error types?</td> <td><input checked="" type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> </tbody> </table> <p><i>If you do not agree, then please describe other major error types:</i></p> <table border="1"> <tbody> <tr> <td></td> <td><u>YES</u></td> <td><u>NO</u></td> </tr> <tr> <td>Question 1.3.2 – Do you agree with the relative importance of these error types?</td> <td><input checked="" type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> </tbody> </table> <p><i>If you do not agree, then please indicate your perception of the order of importance of the most common error types:</i></p> <p>Question 1.3.3 – Please describe actions you have taken to prevent such errors:</p> <p>Improvement of controls based on experience and lessons learned from previous funding programmes; organisation of more regular informative meetings to explain the important aspects to interested parties; distribution of letters and electronic messages in order to facilitate the process of application and claims for beneficiaries and to reduce the risk of error.</p>		<u>YES</u>	<u>NO</u>	Question 1.3.1 – Do you agree that these are the most common error types?	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<u>YES</u>	<u>NO</u>	Question 1.3.2 – Do you agree with the relative importance of these error types?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
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<p>Question 2.1</p> <p>Please describe the main sources of data for the performance indicators you provide to the Commission in the areas of:</p>	<p>- the common agricultural policy:</p> <p>Robust computerised systems in which the data could be inputted. Progress Reports. The annual implementation report. Individual meetings with the beneficiaries. The National Statistics Office (NSO) and the Malta Paying Agency (ARPA).</p> <p>- the economic, social and territorial cohesion policy:</p> <p>Computerised monitoring systems which have, for instance, modules on indicators; Reports listing the progress of a project (twice a year). Report of completion of the project. National Statistics Office.</p>												

<p>Question 2.2</p> <p>Please describe how you ensure that the data for the performance indicators you provide to the Commission are of sufficient quality in the areas of:</p>	<p>- the common agricultural policy:</p> <p>Control and verification procedures. Evaluations. By exchanging data with other competent organisations.</p> <p>- the economic, social and territorial cohesion policy:</p> <p>Control and verification procedures. Evaluations. By exchanging data with other competent organisations.</p>						
<p>Question 3</p> <p>Follow-up of recommendations formulated by the ECA in its Special Reports</p>	<table border="1" data-bbox="563 241 737 1753"> <thead> <tr> <th data-bbox="563 696 638 1753"></th> <th data-bbox="563 452 638 696"><u>YES</u></th> <th data-bbox="563 241 638 452"><u>NO</u></th> </tr> </thead> <tbody> <tr> <td data-bbox="638 696 737 1753">Question 3.1 – Do you follow up recommendations addressed by the ECA specifically to your country?</td> <td data-bbox="638 452 737 696" style="text-align: center;"><input checked="" type="checkbox"/></td> <td data-bbox="638 241 737 452" style="text-align: center;"><input type="checkbox"/></td> </tr> </tbody> </table> <p><i>Reply:</i> The Parliamentary Secretariat for European Funds and Social Dialogue within the Ministry for European Affairs and Equality (MEAE) is specifically focused on EU funds. This makes it easier for the Division concerned to follow up on the ECA observations, according to the fund, until their closure.</p> <p>Officials in managerial positions of the respective Divisions ensure that the recommendations are acted upon. All this is also done in respect of other reports issued by the National Audit Office and the Department for Internal Audit and Investigations.</p> <p>The Financial Control Unit has a role in this respect as well.</p> <p>Update of the ‘checklists’ used in controls and verifications.</p> <p>The recommendations concerning the implementation of the Funds under the Common Agricultural Policy (CAP) are transmitted to the relevant departments of the Paying Agency, to be addressed accordingly. The Agency applies management procedures where findings and recommendations are analysed carefully in order to inspire the changes in the relevant processes and the relevant internal controls, including through Internal Memos to be pursued by the units and departments concerned. These are carried out as part of the review done by the internal audit service on an annual basis as well as external auditors during the certification of accounts.</p>		<u>YES</u>	<u>NO</u>	Question 3.1 – Do you follow up recommendations addressed by the ECA specifically to your country?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	<u>YES</u>	<u>NO</u>					
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	<p>Question 3.2 – Do you follow up recommendations addressed by the ECA to Member States in general?</p>		
<p><i>Reply:</i> The initiatives listed in the reply to question 3.1 also apply in relation to this question, thereby improving the relevant control systems and in particular where they involve horizontal principles for European funds, transparency in the fight against tax fraud and reduction of error rates.</p> <p>A specific official is assigned to analyse the recommendations done by the ECA to other Member States so that the division is informed of those observations to which substantial risks are linked, so that Malta does not repeat errors identified by the ECA in its observations.</p>			

Question 1.1

Economic, social and territorial cohesion

The most typical error types in diminishing order of importance are:

- Ineligible costs included in the expenditure declarations
- Serious failure to respect public procurement rules
- Ineligible project/activities or beneficiaries

Question 1.1.1 – Do you agree that these are the most common error types?

If you do not agree, then please describe other major error types:

Question 1.1.2 – Do you agree with the relative importance of these error types?

If you do not agree, then please indicate your perception of the order of importance of the most common error types:

Question 1.1.3 – Please describe actions you have taken to prevent such errors:

Question 1.2

Rural development, the environment, climate action and fisheries

The most typical error types in diminishing order of importance are:

Question 1.2.1 – Do you agree that these are the most common error types?

If you do not agree, then please describe other major error types:

Question 1.2.3 – Please describe actions you have taken to prevent such errors:

	<u>YES</u>	<u>NO</u>
Question 1.1.1 – Do you agree that these are the most common error types?	<input type="checkbox"/>	<input type="checkbox"/>
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	<u>YES</u>	<u>NO</u>
Question 1.1.2 – Do you agree with the relative importance of these error types?	<input type="checkbox"/>	<input type="checkbox"/>
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<i>If you do not agree, then please describe other major error types:</i>		
	<u>YES</u>	<u>NO</u>
Question 1.2.3 – Please describe actions you have taken to prevent such errors:		

<ol style="list-style-type: none"> 1. Ineligible beneficiary, activity, project or expenditure 2. Overstated or ineligible area 3. Non-compliance with public procurement rules 4. Administrative error 	<p>Question 1.2.2 – Do you agree with the relative importance of these error types?</p> <p style="text-align: center;">If you do not agree, then please indicate your perception of the order of importance of the most common error types:</p>	<input type="checkbox"/>	<input type="checkbox"/>
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<p>Question 1.3 EAGF</p> <p>The most typical error types in diminishing order of importance are:</p> <ol style="list-style-type: none"> 1. Overstated or ineligible area 2. Ineligible beneficiary, activity, project or expenditure 3. Administrative error 	<p>Question 1.3.1 – Do you agree that these are the most common error types?</p> <p style="text-align: center;">If you do not agree, then please describe other major error types:</p>	<input type="checkbox"/>	<input type="checkbox"/>
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Question 1.1

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Question 1.1.1 – Do you agree that these are the most common error types?

If you do not agree, then please describe other major error types:

	<u>YES</u>	<u>NO</u>
	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Question 1.1.2 – Do you agree with the relative importance of these error types?

If you do not agree, then please indicate your perception of the order of importance of the most common error types:

	<u>YES</u>	<u>NO</u>
	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Question 1.1.3 – Please describe actions you have taken to prevent such errors:

- wide-ranging information and training activities;
- simplification of procedures.

Question 1.2

Rural development, the environment, climate action and fisheries

The most typical error types in diminishing order of importance are:

Question 1.2.1 – Do you agree that these are the most common error types?

If you do not agree, then please describe other major error types:

In its annual report for 2016 the ECA described the major error types in the EAFRD. The ECA audit in Poland found:

- Ineligible beneficiaries, activities, projects or expenditure - error concerning ineligible costs (description in *Observation 4, Annex I*).

	<u>YES</u>	<u>NO</u>
	<input type="checkbox"/>	<input type="checkbox"/>

<p>1. <i>Ineligible beneficiary, activity, project or expenditure</i></p> <p>2. <i>Overstated or ineligible area</i></p> <p>3. <i>Non-compliance with public procurement rules</i></p> <p>4. <i>Administrative error</i></p>	<ul style="list-style-type: none"> • Overstated or ineligible area - errors concerning overstated or ineligible areas were found by the audit on the European Agricultural Guarantee Fund (EAGF) and described in point 1.3. • Non-compliance with public procurement rules - in connection with an error concerning non-compliance with the public procurement rules, the ARiMR acted in accordance with the decision of the national appeal body (KIO), which was also emphasised by the European Commission (<i>for a detailed description, see Observation 5, Annex I</i>). <p>In the light of the above explanations, it is not possible to determine whether these are the most frequent error types because only one such error has been established in Poland (regarding the EAFRD) and it concerned ineligible costs.</p> <p>The error found by the ECA auditors (ECA audit DAS 2016 PF-8337) concerned non-compliance with public procurement rules under Measure 125 of the 2007-13 RDP. We did not agree with the auditors' findings and presented our position on the matter, which, however, was not taken into account by the ECA (letter from the ECA dated 29 June 2017). In the case of projects where the beneficiaries are obliged to apply the public procurement rules, errors in this area appear to be the most frequent given the complexity of the issue.</p>	<table border="1"> <thead> <tr> <th></th> <th style="text-align: center;"><u>YES</u></th> <th style="text-align: center;"><u>NO</u></th> </tr> </thead> <tbody> <tr> <td>Question 1.2.2 – Do you agree with the relative importance of these error types?</td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> </tbody> </table> <p><i>If you do not agree, then please indicate your perception of the order of importance of the most common error types:</i></p> <p>Clarifications as in point 1.2.1</p> <p>Question 1.2.3 – Please describe actions you have taken to prevent such errors:</p> <p>According to the ARiMR's analysis of irregularities detected in the first half of 2017 and information on measures taken or planned to minimise or eliminate these irregularities, measures to minimise or eliminate irregularities detected in the first half of 2017 during the evaluation of public procurement procedures carried out by beneficiaries concern the following:</p> <ol style="list-style-type: none"> 1) the ARiMR carries out public procurement training for regional governments; regional government trainers pass on the knowledge to their colleagues; 2) before calls for tender are launched, regional governments provide training for beneficiaries on public procurement procedures, application documents and legislative amendments; 3) aid award agreements incorporate decisions concerning the adopted system of penalties applicable in the process of 		<u>YES</u>	<u>NO</u>	Question 1.2.2 – Do you agree with the relative importance of these error types?	<input type="checkbox"/>	<input type="checkbox"/>
	<u>YES</u>	<u>NO</u>						
Question 1.2.2 – Do you agree with the relative importance of these error types?	<input type="checkbox"/>	<input type="checkbox"/>						

	<p>evaluating public procurement procedures;</p> <p>4) written answers to all questions from regional governments and beneficiaries concerning public procurement law.</p> <p>Public procurement contracts are evaluated using the procedures for dealing with cases of non-compliance with public procurement law. The system adopted in the 2014-20 RDP involving the application of a schedule of percentage penalties (<i>'taryfikator'</i>) in cases of non-compliance ensures that the authorities responsible for evaluating contracts take the correct course of action. In addition, as part of the public procurement evaluation the beneficiary is informed of any irregularities detected and of the fact that, when the payment claim is evaluated, the aid will be reduced by an amount corresponding to those irregularities.</p> <p>In view of the fact that the main errors identified by the ECA involved ineligible costs, measures have been taken to recover the funds. The errors detected by the ECA should be regarded as incidental (one-off) resulting from the incorrect classification of ineligible costs by the beneficiaries. The procedures developed and adopted for application at the ARiMR comprise detailed control mechanisms which ensure that projects are evaluated correctly.</p>														
<p>Question 1.3 EAGF</p> <p><i>The most typical error types in diminishing order of importance are:</i></p> <ol style="list-style-type: none"> <i>Overstated or ineligible area</i> <i>Ineligible beneficiary, activity, project or expenditure</i> <i>Administrative error</i> 	<table border="1" data-bbox="638 235 790 1758"> <tr> <td></td> <td style="text-align: center;"><u>YES</u></td> <td style="text-align: center;"><u>NO</u></td> </tr> <tr> <td>Question 1.3.1 – Do you agree that these are the most common error types?</td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> </table> <p><i>If you do not agree, then please describe other major error types:</i></p> <table border="1" data-bbox="901 235 1053 1758"> <tr> <td></td> <td style="text-align: center;"><u>YES</u></td> <td style="text-align: center;"><u>NO</u></td> </tr> <tr> <td>Question 1.3.2 – Do you agree with the relative importance of these error types?</td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> </table> <p><i>If you do not agree, then please indicate your perception of the order of importance of the most common error types:</i></p> <table border="1" data-bbox="1149 235 1220 1758"> <tr> <td>Question 1.3.3 – Please describe actions you have taken to prevent such errors:</td> <td></td> </tr> </table> <p>Pursuant to Article 72(3) of Regulation (EU) No 1306/2013, farmers are provided, together with the individualised application form, with information on the maximum area eligible for the single area payment on the reference parcel. The maximum reference area established in the Land Parcel Identification System (LPIS) for the reference parcel is agricultural land complying with the criteria</p>		<u>YES</u>	<u>NO</u>	Question 1.3.1 – Do you agree that these are the most common error types?	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<u>YES</u>	<u>NO</u>	Question 1.3.2 – Do you agree with the relative importance of these error types?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Question 1.3.3 – Please describe actions you have taken to prevent such errors:	
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laid down in Article 35 of Commission Delegated Regulation (EU) No 639/2014.

In the light of the above, each year farmers are sent pre-established payment applications (based on the previous year). The pre-established forms indicate the maximum eligible area of the reference parcel and the area approved for the single area payment in the previous year, broken down into agricultural parcels. The graphical material provided to the beneficiary indicates the boundaries and unique identification of the reference parcels and the boundaries of the agricultural parcels approved in the previous year so that the beneficiary can indicate the size and location of each agricultural parcel correctly. As of 2016, it will also indicate the size, type and location of the ecological focus areas approved in the previous year.

All the data referred to above are made available to 100 % of farmers in the online form ('e-Wniosek'), enabling them to submit payment claims using the geo-spatial application form. The geo-spatial application form is designed to enable irregularities relating to overdeclaration, overshoot of the maximum reference area etc. to be detected and some errors to be eliminated, subject of course to the application being submitted via the online form.

With a view to designating areas of permanent grassland for the 2015 claim year, the ARiMR carried out an analysis of farmers' declarations in previous years. Pursuant to Article 4(1)(h) and (i) of Regulation (EU) No 1307/2013, permanent grassland means land that has not been included in crop rotation for at least five years. Farmers have been made aware of this fact; this information was provided to them together with the individualised application form. Last year the Agency carried out a detailed analysis of previous declarations, all land uses on the orthophoto maps and the results of on-the-spot checks. Automatic checks were carried out on all parcels declared as SAPS permanent grassland and grass on arable land declared in agri-environmental programmes. On that basis, areas of permanent grassland and potential grassland were designated. In the latter case, the information sheet states that the permanent grassland was declared on reference parcel for four consecutive years, which means that if permanent grassland or perennial grass is declared on that parcel in the claim year concerned, that area will become the permanent grassland layer (i.e. this will be reflected in the LPIS).

The Agency has provided farmers with all the requisite information.

Pursuant to Article 17(5) of Commission Implementing Regulation (EU) No 809/2014, the farmer must unambiguously identify and declare the area of each agricultural parcel and, where applicable, the type, size and location of the ecological focus areas. For the purpose of greening payments, farmers must also specify the way in which the declared agricultural parcel is used. To that end, they may confirm the information provided by the Agency using the pre-established form. However, where the information on the area, location or boundary of the agricultural parcel or, where applicable, the size and location of the ecological focus areas, is not correct or is incomplete, the farmer should correct or make changes to the pre-established form. On the basis of the corrections or additions made by the farmer to the pre-established form, the Agency will assess whether an update of the corresponding reference parcel is required, having regard to Article 5(3) of Commission Delegated Regulation (EU) No 640/2014. In the event of any doubts arising during checks on the area, parcels will be visualised and the area measured.

The maximum eligible area is changed only if there is a mismatch between the area declared for payments on individual reference parcels and the value of the maximum eligible area. In that case, the authority conducting proceedings is required to explain the irregularities pursuant to Article 3(2)(1) and (2) of the Payments under Direct Support Schemes Act, read in conjunction with

	<p>Articles 7 and 77(1) of the Code of Administrative Procedure.</p> <p>In addition, each year together with the individualised application form, the paying agency sends out a set of instructions which provide information on the rules governing eligibility for payments and help with filling in the payment claim.</p> <p>Information on the rules governing eligibility for payments is also available on the paying agency's website and at branch offices.</p> <p>In short, Poland provides farmers with all the possible information regarding eligible areas and ecological focus elements, whereas the farmer is responsible for submitting a correct payment claim.</p>
<p>Question 2.1</p> <p><i>Please describe the main sources of data for the performance indicators you provide to the Commission in the areas of:</i></p>	<p>- <i>the common agricultural policy:</i></p> <p>The main source of data for the performance indicators for the Managing Authority (MA) of the 2014-20 RDP in Poland, i.e. the Ministry of Agriculture and Rural Development, is the annual report on implementation of the 2014-20 RDP drawn up by the accredited Paying Agency (PA), i.e. the ARiMR. Pursuant to Article 8(2)(4) of the Regulation of the Minister for Agriculture and Rural Development of 13 August 2015 on the data needed for correct monitoring of implementation and evaluation of the 2014-20 RDP, the PA transmits the report to the MA by 20 March of the year following the year covered by the report. On the basis of the data provided in the PA's report, the MA draws up, in accordance with the structure and requirements of the 2014-20 Common System for Fund Management (SFC2014), an annual implementation report which it then transmits via SFC2014 to the European Commission by 30 June of each successive year until 2024 pursuant to Article 75(1) of Regulation (EU) No 1305/2013 of the European Parliament and of the Council of 17 December 2013 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD) and repealing Council Regulation (EC) No 1698/2005.</p> <p>- <i>the economic, social and territorial cohesion policy:</i></p> <ul style="list-style-type: none"> • SL 2014, Central Statistical Office and others; • project monitoring - project data (SL 2014); • General Directorate for Environmental Protection - as regards environmental indicators and the Infrastructure and Environment Operational Programme (IEOP); • the Central Statistical Office - data on infrastructure, the environment, access to medical services, energy efficiency, waste, museums; • Public Opinion Research Centre (cultural participation indicators), IEOP; • Eurostat - data on particulate matter; • National Headquarters of the State Fire Service - data on whether fire engines reach incidents within 15 minutes; • Polish Road Safety Observatory - accident data;

	<p>Question 2.2</p> <p><i>Please describe how you ensure that the data for the performance indicators you provide to the Commission are of sufficient quality in the areas of:</i></p> <ul style="list-style-type: none"> • Rail Transport Office - railway information; • Ministry of Energy (Herfindahl-Hirschman index) - diversification of the energy market; • Information from electricity providers - smart meters; • Energy Regulatory Office - energy indicators; • OECD - indicators concerning access to medical services (e.g. average length of stay in hospital); • Ministry of Digitisation - indicators concerning digital society collected by commissioned research; • Digital Agenda Scoreboard - data for the Digital Poland Operational Programme; • Evaluations - data for the Knowledge Education Development Operational Programme; • Polish Academy of Sciences (Institute of Geography and Spatial Organisation) - Intermodal Territorial Accessibility indicator and related data; • Studies commissioned by the Ministry of Development - data on technical assistance and promotion of European funds. <p>- <i>the common agricultural policy:</i></p> <p>The data provided to the Managing Authority (MA) by the PA are aggregated at the level of the application documents submitted by beneficiaries of 2014-20 RDP instruments, i.e. aid applications, aid contracts, decisions, payment claims, reporting on activities carried out. These data are entered to IT systems by the staff of the PA and the implementing bodies (with regard to the instruments within their remit). Clerical errors do occur but are so insignificant that they do not have much impact on the final value of the indicators. If an error is detected it is immediately corrected and transmitted to the MA.</p> <p>- <i>the economic, social and territorial cohesion policy:</i></p> <p>Use of reliable sources in the process of data collection/aggregation*</p> <p>* Obligations relating to the transmission of financial information to the Commission are performed by the Managing Authorities within the framework of reporting on the operational programme pursuant to Articles 50 and 111-112 of Regulation (EU) No 1303/2013 of the European Parliament and of the Council of 17 December 2013 ('the General Regulation').</p>
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<p>Question 3</p> <p><i>Follow-up of recommendations formulated by the ECA in its Special Reports</i></p>	<table border="1"> <tr> <td data-bbox="379 170 494 533"></td> <td data-bbox="379 286 494 533" style="text-align: center;"><u>YES</u></td> <td data-bbox="379 313 494 533" style="text-align: center;"><u>NO</u></td> </tr> <tr> <td data-bbox="494 170 638 533"> <p>Question 3.1 – Do you follow up recommendations addressed by the ECA specifically to your country?</p> </td> <td data-bbox="494 286 638 533" style="text-align: center;"><input checked="" type="checkbox"/></td> <td data-bbox="494 313 638 533" style="text-align: center;"><input type="checkbox"/></td> </tr> </table> <p><i>Reply:</i> The following action has been taken on the errors described in Annex 7.3 to the 2016 Annual Report:</p> <ul style="list-style-type: none"> • As regards errors relating to ineligible beneficiaries or ineligible costs (error quantified at up to 20 %), action has been taken to recover the funds (for a detailed description, see Observation 4, Annex I); • As regards the error relating to non-compliance with the public procurement rules (error with an impact of 20 % or more), the ARiMR acted in accordance with the decision of the national appeal body (KIO) when rejecting the lowest bid for implementing the work, which was also emphasised by the European Commission (for a detailed description, see Observation 5, Annex I). <p>In addition, the ARiMR is implementing a corrective action plan within the framework of the EAFRD incorporating measures taken by the ARiMR to address irregularities set out by the European Commission in the Annual Activity Report for 2016.</p> <p>The ARiMR also monitors on an ongoing basis the incorporation of the corrective action plan into the financial aid mechanism i for fruit and vegetable producer groups with preliminary recognition (Observation 6, Annex I).</p>		<u>YES</u>	<u>NO</u>	<p>Question 3.1 – Do you follow up recommendations addressed by the ECA specifically to your country?</p>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	<u>YES</u>	<u>NO</u>					
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	<u>YES</u>	<u>NO</u>					
<p>Question 3.2 – Do you follow up recommendations addressed by the ECA to Member States in general?</p>	<input checked="" type="checkbox"/>	<input type="checkbox"/>					

Reply: Specific examples should be provided in reply to questions 3.1 and 3.2. In our opinion, a topical example which clearly illustrates the Member State’s efforts to adapt to the ECA’s recommendations is implementation of the recommendations of ECA Special Report No 8/2016 - Rail freight transport in the EU: still not on the right track. This report formulated recommendations Nos 6 and 7 on better use of EU funds by the Commission and Member States. The position of the IEOP MA is set out below, indicating that Poland is applying the ECA’s recommendations as regards the IEOP.

The IEOP is an instrument whereby the objectives set out in the strategy, which is essentially ‘owned’ by the Ministry of Infrastructure and Construction, can be achieved. The ECA’s recommendations on that subject in the above-mentioned report fall within the remit of the Ministry of Infrastructure and Construction as they relate to transport policy and strategy. Rail freight projects which enhance access to maritime ports are also implemented within the framework of the Connecting Europe Facility (CEF).

- Recommendation 6 – Consistent approach between policy objectives and fund allocation

<p>a) When allocating the available EU funds for transport infrastructure, the Commission and the Member States should bear in mind EU transport policy objectives, thereby contributing to a more stable, competitive and efficient rail freight transport system. EU funds should be targeted on bottlenecks, missing links (e.g. rail connections to ports and in cross-border areas) and other measures which can have a significant impact on the competitiveness of rail freight transport, like the renovation of points infrastructure and last-mile facilities.</p> <p>b) Next, the Commission should monitor the portion of EU funds that is actually invested in projects solely or partially concerning rail freight.</p> <p>The amount of funding allocated to the development of the rail industry in Poland in 2014-20 (approx. €5 billion) fully reflects the EU's policy and approach to promoting and supporting low carbon transport, to reducing congestion on roads and in city centres and to combating climate change. In this way, investments which improve the competitiveness of rail freight are being supported.</p> <p>EU funds dedicated to rail transport are distributed in accordance with the Transport Development Strategy adopted by the Cabinet in January 2013. This strategy sets targets and actions which will enable a competitive, efficient and environmentally-friendly transport system to be developed in Poland. The Transport Development Strategy's implementing document is the 2014-20 IEOP. It provides, inter alia, for a greater role for rail transport in the national integrated transport system by filling gaps on mainlines in the TEN-T, including those covered by the AGTC Agreement, stretches connecting important industrial and business centres and lines connecting seaports with inland economic centres.</p> <p>The deployment of CF funds within the framework of the 2014-20 IEOP was made contingent on compliance with ex-ante conditionality requirements, i.e. making provision for a playing field which allowed for efficient implementation of programmes co-financed with EU funds. These conditions entailed the need to ensure an appropriate strategic framework for investment priorities.</p> <p>The objectives of the rail projects implemented under the 2014-20 IEOP dovetail with the objectives defined in European and national strategy documents. These include:</p> <ul style="list-style-type: none"> • improving freight and passenger transport services; • increasing capacity of railway lines; • making rail transport more accessible; • improving safety of rail traffic, passengers, freight and road traffic at level crossings. <p>The investments currently being implemented in Poland include projects which contribute to the development of a more competitive and efficient rail freight transport system on major freight corridors (e.g. C-E 65), including improved rail access to seaports. The following projects being implemented by PKP PLK S.A. are examples of this type of investment:</p> <ol style="list-style-type: none"> 1. Work on an alternative link between Bydgoszcz and the Tricity, phase 1 Gdynia Główna - Kościerzyna; 2. Work on an alternative link between Bydgoszcz and the Tricity, phase II Maksymilianowo - Kościerzyna; 	
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In the 2014-20 planning period work is continuing on the project to improve railway access to the Port of Gdańsk (bridge + twin-track line) which was started as part of the 2007-13 IEOP. Completion of the project is scheduled for the fourth quarter of 2017.

The project involves the modernisation of an 11 km stretch of line No 226 Pruszcz Gdański – Gdańsk Port Północny. It involves building new structures, networks and facilities and reconstructing existing ones.

Its main objectives are:

- to reduce the length of rail transport at the expense of a slight increase in the cost of maritime transport;
- to reduce external transport costs by shifting freight consignments from road to rail;
- to save train drivers' working time by eliminating delays;
- to make intermodal transport more attractive by reducing the costs of transporting goods.

Implementing these projects will ensure that the line has the appropriate parameters and capacity, thereby facilitating the transport of goods to and from the port, which is located on the TEN-T core network. The Gdynia - Sopot - Gdańsk - Tczew stretch currently used for freight traffic is also heavily used by passenger traffic. Even minor disruption means major delays to freight trains. Further restrictions in movements of trains serving the port could result in carriers ceasing to use rail transport to handle consignments passing through the Port of Gdynia.

A raft of investments to improve rail freight transport (in particular rail access to seaports) is also being carried out using Connecting Europe Facility (CEF) funds.

In addition, funding of approximately PLN 1 billion has been earmarked for the development of intermodal transport under the 2014-20 IEOP.

Therefore investors can expect further improvements to logistical infrastructure in Poland. Within the framework of the ongoing call for tender in Measure 3.2 of the 2014-2020 IEOP, businesses can obtain EU funding for projects involving:

- the construction or reconstruction of intermodal terminals' infrastructure, including dedicated road infrastructure, sidings or railway lines which link intermodal terminals with the road or rail network;
- the purchase or modernisation of equipment necessary for the operation of intermodal terminals, in particular cranes and other transhipment equipment and shunting locomotives;
- the purchase or modernisation of telematics and satellite systems for intermodal transport, and expenditure for the purpose of deploying them;
- the purchase or modernisation of rolling stock, including traction locomotives, and special carriages for intermodal transport (platforms).

These investments are expected to facilitate integration of the various modes of the multi-modal transport system, which will make

<p>logistical infrastructure more attractive to investors.</p> <p>They will reduce transit time and increase commercial speed, which will directly boost growth in rail freight and intermodal transport services.</p> <ul style="list-style-type: none"> • Recommendation 7 – Selection, planning and management of projects <p>a) The Member States, together with the Commission, should improve coordination of rail investments to maximise efficiency and avoid fragmentation of work on rail networks. In that context, investments in rail freight corridors should be prioritised;</p> <p>b) The Commission and the Member States should assess whether projects can contribute to the smoother operation and greater stability of the freight sector. Project applications should systematically incorporate quantitative targets for freight (e.g. targets for the quantity of transported goods, the number of freight trains, the average commercial speed of freight trains in relation to the maximum design speed, etc.).</p> <p>Re. a) According to the 2014-20 IEOP, EU funding will be targeted primarily on the following main rail corridors: E 20/C-E 20, E 30/C-E 30, C-E 59, C-E 65, E-59 and E-75. In principle, investments will cover upgrading and renovation of existing railways within the TEN-T network used for passenger and freight transport while ensuring that the measures taken are fully compliant with the technical parameters required for rail infrastructure.</p> <p>Poland is taking action to improve coordination of rail investments with a view to maximising efficiency and avoiding fragmentation of work on rail networks. To a large extent, funding is going to projects implemented in rail freight corridors.</p> <p>Re b) When assessing funding applications, the following socio-economic effects are verified as part of the economic analysis of rail projects:</p> <ul style="list-style-type: none"> • benefits in terms of time savings in freight transport; • benefits in terms of cost savings relating to pollution - the reduction in the environmental burden as a result of switching freight transport from road to rail, thereby reducing the number of vehicles on the roads; • benefits in terms of cost savings relating to climate change - as a result of work to renovate/modernise railways, freight traffic is transferred from the roads, thereby helping to reduce road haulage. Reducing road haulage results in lower CO₂ emissions, thereby limiting the costs of climate change caused by the vehicles. <p>We also refer to Special Report No 12/ 2015 ‘The EU priority of promoting a knowledge-based rural economy has been affected by poor management of knowledge-transfer and advisory measures’ in which conclusions and recommendations were addressed to the Member States and the European Commission.</p> <p>The conclusions and recommendations were reflected in the Commission’s description of measures M01 Knowledge transfer and information actions and M02 Advisory services, farm management and farm relief services in the 2014-20 RDP and in the mechanisms for implementing those measures.</p> <p>For measure M01 the scope of the knowledge transfer and information actions will be linked to individual 2014-20 RDP priorities</p>	
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These actions may include horizontal themes and themes dedicated to groups of beneficiaries. Training needs will be identified with the help of a 'bottom-up' system for collecting information in this sphere, allowing the subject area of actions to be matched more closely to the requirements of training participants and ensuring optimal targeting to the specific needs of beneficiaries. On the basis of the collected information, the Minister for Agriculture and Rural Development sets out the conditions governing the selection of beneficiaries - service providers. This includes specifying the target group for training, the subjects covered and the number of people to be trained. Under the conditions and procedure for granting aid, beneficiaries are selected in accordance with the rules of fair and transparent competition and they must have appropriate qualifications and experience in service provision. Verification of applications includes an examination of the reasonableness of costs. Provision has also been made for mechanisms for obtaining feedback on expectations and ensuring the quality of training.

For Measure 02, the scope of advisory services is very broad. A 'bottom-up' system for collecting information in this sphere, allowing the subject area of actions to be matched more closely to the requirements of final beneficiaries of advisory services and ensuring optimal targeting to their specific needs, will help to identify the advice-related needs of farmers or forest owners (the final beneficiaries of advisory services). The beneficiaries of M02 are selected on the basis of public procurement law. The assumptions underpinning specific public procurement operations for the purpose of selecting beneficiaries draw on information on the advice-related needs of final beneficiaries collected on a bottom-up basis. Effecting selections by way of public procurement is the best way of guaranteeing that beneficiaries are selected in accordance with the rules of fair and transparent competition and that the advisory bodies and the persons they employ to provide advisory services within the framework of this action (advisers) have appropriate qualifications and experience. In addition, public procurement ensures that the most economically advantageous tender, i.e. the one which represents the most advantageous balance between price and other criteria, i.e. qualitative and technical parameters, is selected. Provision has also been made for mechanisms for obtaining feedback on expectations and ensuring the quality of the advisory services taken up by final users.

Question 1.1

Economic, social and territorial cohesion

The most typical error types in diminishing order of importance are:

- Ineligible costs included in the expenditure declarations
- Serious failure to respect public procurement rules
- Ineligible project/activities or beneficiaries

	<u>YES</u>	<u>NO</u>
Question 1.1.1 – Do you agree that these are the most common error types?	<input checked="" type="checkbox"/>	<input type="checkbox"/>

If you do not agree, then please describe other major error types:

	<u>YES</u>	<u>NO</u>
Question 1.1.2 – Do you agree with the relative importance of these error types?	<input checked="" type="checkbox"/>	<input type="checkbox"/>

If you do not agree, then please indicate your perception of the order of importance of the most common error types:

Question 1.1.3 – Please describe actions you have taken to prevent such errors:
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We have established a series of verifications/checks that are carried out by the various authorities in the management and control systems (managing authority, certifying authority and audit authority), including management, administrative and on-the-spot checks and checks by the certifying and audit authorities on systems and operations, all of which contribute to verifying the eligibility of expenditure and public procurement.

In addition, there are guidelines covering these issues, including guidance for managing authorities on management checks (AD&C Rules, No 2/2015), which also cover public procurement. The managing authorities have also been given a specific checklist for verifying compliance with Portuguese and Community rules.

Note also that all the checks/audits have their own specific checklists.

<p>Question 1.2 Rural development, the environment, climate action and fisheries</p> <p><i>The most typical error types in diminishing order of importance are:</i></p> <ol style="list-style-type: none"> <i>Ineligible beneficiary, activity, project or expenditure</i> <i>Overstated or ineligible area</i> <i>Non-compliance with public procurement rules</i> <i>Administrative error</i> 	<table border="1"> <tr> <td data-bbox="347 170 667 280"></td> <td data-bbox="347 170 667 280" style="text-align: center;"><u>YES</u></td> <td data-bbox="347 170 667 280" style="text-align: center;"><u>NO</u></td> </tr> <tr> <td data-bbox="347 280 667 638"> <p>Question 1.2.1 – Do you agree that these are the most common error types?</p> <p><i>If you do not agree, then please describe other major error types:</i></p> <p>As regards rural development investment measures, we should point out the error arising from insufficient evaluation of the reasonableness of the costs. However, because of its formal nature, it is not considered a quantifiable error in the ECA's control methodology.</p> <p>The principal error occurring with rural development IACS measures is non-compliance with commitments according to control statistics.</p> </td> <td data-bbox="347 280 667 638" style="text-align: center;"><input type="checkbox"/></td> <td data-bbox="347 280 667 638" style="text-align: center;"><input checked="" type="checkbox"/></td> </tr> </table> <table border="1"> <tr> <td data-bbox="667 170 813 280"></td> <td data-bbox="667 170 813 280" style="text-align: center;"><u>YES</u></td> <td data-bbox="667 170 813 280" style="text-align: center;"><u>NO</u></td> </tr> <tr> <td data-bbox="667 280 813 638"> <p>Question 1.2.2 – Do you agree with the relative importance of these error types?</p> <p><i>If you do not agree, then please indicate your perception of the order of importance of the most common error types:</i></p> <p>Those mentioned above</p> </td> <td data-bbox="667 280 813 638" style="text-align: center;"><input type="checkbox"/></td> <td data-bbox="667 280 813 638" style="text-align: center;"><input checked="" type="checkbox"/></td> </tr> </table> <div data-bbox="965 241 1037 1758" style="border: 1px solid black; padding: 5px;"> <p>Question 1.2.3 – Please describe actions you have taken to prevent such errors:</p> <p>We have created instruments to simplify, clarify and standardise the implementation of various measures. These tools include the relevant implementing legislation, guidelines and rules of procedure for beneficiaries and technical analysis, together with clear and objective information.</p> <p>The Portuguese authorities have drawn up an action plan for IACS measures to reduce these error rates.</p> </div>		<u>YES</u>	<u>NO</u>	<p>Question 1.2.1 – Do you agree that these are the most common error types?</p> <p><i>If you do not agree, then please describe other major error types:</i></p> <p>As regards rural development investment measures, we should point out the error arising from insufficient evaluation of the reasonableness of the costs. However, because of its formal nature, it is not considered a quantifiable error in the ECA's control methodology.</p> <p>The principal error occurring with rural development IACS measures is non-compliance with commitments according to control statistics.</p>	<input type="checkbox"/>	<input checked="" type="checkbox"/>		<u>YES</u>	<u>NO</u>	<p>Question 1.2.2 – Do you agree with the relative importance of these error types?</p> <p><i>If you do not agree, then please indicate your perception of the order of importance of the most common error types:</i></p> <p>Those mentioned above</p>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
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<p>Question 1.3 EAGF</p> <p>The most typical error types in diminishing order of importance are:</p> <ol style="list-style-type: none"> Overstated or ineligible area Ineligible beneficiary, activity, project or expenditure Administrative error 	<table border="1"> <thead> <tr> <th></th> <th><u>YES</u></th> <th><u>NO</u></th> </tr> </thead> <tbody> <tr> <td>Question 1.3.1 – Do you agree that these are the most common error types?</td> <td><input checked="" type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> </tbody> </table> <p><i>If you do not agree, then please describe other major error types:</i></p> <table border="1"> <tbody> <tr> <td></td> <td><u>YES</u></td> <td><u>NO</u></td> </tr> <tr> <td>Question 1.3.2 – Do you agree with the relative importance of these error types?</td> <td><input checked="" type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> </tbody> </table> <p><i>If you do not agree, then please indicate your perception of the order of importance of the most common error types:</i></p> <p>Question 1.3.3 – Please describe actions you have taken to prevent such errors:</p> <p>Portugal systematically revises the parcel identification system (PIS) and land areas and uses on a four-yearly basis. In the specific case of areas with trees, an action plan has been drawn up to identify and exclude any ineligible areas.</p>		<u>YES</u>	<u>NO</u>	Question 1.3.1 – Do you agree that these are the most common error types?	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<u>YES</u>	<u>NO</u>	Question 1.3.2 – Do you agree with the relative importance of these error types?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
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	<u>YES</u>	<u>NO</u>											
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<p>Question 2.1</p> <p>Please describe the main sources of data for the performance indicators you provide to the Commission in the areas of:</p>	<p>- the common agricultural policy:</p> <p>- the economic, social and territorial cohesion policy:</p> <p>Once Portugal has adopted its draft budget, the European Commission has at its disposal, for each physical indicator entered in the performance frameworks of the operational programmes, a description of the indicator that includes: a description of the indicator, the data source, the frequency of updates, the reasons for selection of the indicator, the indicative financial amount of the indicator for the priority and for the investment priority, and the assumptions used to set intermediate and final targets.</p>												
<p>Question 2.2</p> <p>Please describe how you ensure that the</p>	<p>- the common agricultural policy:</p> <p>- the economic, social and territorial cohesion policy:</p>												

<p><i>data for the performance indicators you provide to the Commission are of sufficient quality in the areas of:</i></p>	<p>The data on the performance-framework indicators that are sent to the European Commission each year in the annual reports on Implementation of the operational programmes are obtained from the information systems of the managing authorities. These indicators are all output indicators derived from the physical execution of the operations approved, so most calculations are done without the need for indirect assessments.</p> <p>Furthermore, national legislation provides for the establishment of results of operations in the form of agreed targets for output and result indicators, and these concur where possible with the indicators agreed with the European Commission for the OPs. The indicators reported by the managing authority are thus based on the scrutinised results of operations.</p>						
<p>Question 3</p> <p><i>Follow-up of recommendations formulated by the ECA in its Special Reports</i></p>	<table border="1"> <thead> <tr> <th></th> <th><u>YES</u></th> <th><u>NO</u></th> </tr> </thead> <tbody> <tr> <td>Question 3.1 – Do you follow up recommendations addressed by the ECA specifically to your country?</td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> </tbody> </table> <p><i>Reply:</i> By sending the reports to the bodies responsible for implementing the recommendations and following them up.</p>		<u>YES</u>	<u>NO</u>	Question 3.1 – Do you follow up recommendations addressed by the ECA specifically to your country?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
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Question 1.1

Economic, social and territorial cohesion

The most typical error types in diminishing order of importance are:

- Ineligible costs included in the expenditure declarations
- Serious failure to respect public procurement rules
- Ineligible project/activities or beneficiaries

Question 1.1.1 – Do you agree that these are the most common error types?	<u>YES</u>	<u>NO</u>
	<input checked="" type="checkbox"/>	<input type="checkbox"/>

If you do not agree, then please describe other major error types:

Question 1.1.2 – Do you agree with the relative importance of these error types?	<u>YES</u>	<u>NO</u>
	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

If you do not agree, then please indicate your perception of the order of importance of the most common error types:

MDRAPFE, ACP: Yes; AA: No.

AA: In the case of projects with ERDF funding, the most frequent error types in order of relative importance are as follows:

1. Serious failure to respect public procurement rules
2. Ineligible costs included in the expenditure declarations

Where projects with ESF funding are concerned, the most frequent error types in order of relative importance are as follows:

1. Ineligible costs included in the expenditure declarations
2. Serious failure to respect public procurement rules

Question 1.1.3 – Please describe actions you have taken to prevent such errors:

AA: The AA has drawn up recommendations as part of the system audit for correcting shortcomings in the quality of first-level checks with a view to increasing the latter's effectiveness and improving the internal control environment and working procedures for management verifications. Implementation of the recommendations is monitored in the follow-up missions. All this contributes in the long term to increasing financial discipline among those responsible for administering financial assistance, to lastingly reducing errors in the spending of funds provided by the European Union and to improving the general performance of the national

	<p>management and control system.</p> <p>ACP: Unlike in the 2007-2013 programming period, when the ACP's on-the-spot verifications were focused on general risks, the additional verification procedure used in connection with expenditure declarations to the European Commission and applicable to the 2014-2020 programming period is based on thematic verifications. In this case, the Public Procurement and Expenditure Eligibility themes cover the two major risks identified by the ECA (ineligible costs and non-compliance with public procurement rules).</p>													
<p>Question 1.2 Rural development, the environment, climate action and fisheries</p> <p><i>The most typical error types in diminishing order of importance are:</i></p> <ol style="list-style-type: none"> <i>Ineligible beneficiary, activity, project or expenditure</i> <i>Overstated or ineligible area</i> <i>Non-compliance with public procurement rules</i> <i>Administrative error</i> 	<table border="1" data-bbox="456 241 603 1753"> <tr> <td data-bbox="456 452 528 696"></td> <td data-bbox="456 452 528 696" style="text-align: center;"><u>YES</u></td> <td data-bbox="456 452 528 696" style="text-align: center;"><u>NO</u></td> </tr> <tr> <td data-bbox="528 452 603 696">Question 1.2.1 – Do you agree that these are the most common error types?</td> <td data-bbox="528 452 603 696" style="text-align: center;"><input checked="" type="checkbox"/></td> <td data-bbox="528 452 603 696" style="text-align: center;"><input checked="" type="checkbox"/></td> </tr> </table> <p><i>If you do not agree, then please describe other major error types:</i></p> <p>AFIR, AA, ACP, AMPOPAM: Yes; APIA: No.</p> <p>APIA: Following the ECA audits carried out at APIA in connection with area-related rural development measures, no errors were identified. We therefore consider that the error in point 2 – overstated or ineligible area – has no basis.</p> <table border="1" data-bbox="852 241 999 1753"> <tr> <td data-bbox="852 452 924 696"></td> <td data-bbox="852 452 924 696" style="text-align: center;"><u>YES</u></td> <td data-bbox="852 452 924 696" style="text-align: center;"><u>NO</u></td> </tr> <tr> <td data-bbox="924 452 999 696">Question 1.2.2 – Do you agree with the relative importance of these error types?</td> <td data-bbox="924 452 999 696" style="text-align: center;"><input checked="" type="checkbox"/></td> <td data-bbox="924 452 999 696" style="text-align: center;"><input type="checkbox"/></td> </tr> </table> <p><i>If you do not agree, then please indicate your perception of the order of importance of the most common error types:</i></p> <table border="1" data-bbox="1098 241 1171 1753"> <tr> <td data-bbox="1098 241 1171 1753">Question 1.2.3 – Please describe actions you have taken to prevent such errors:</td> </tr> </table> <p>AMPOPAM:</p> <ol style="list-style-type: none"> At the stage of verifying the conformity and eligibility of a funding application, the following aspects are checked: <ul style="list-style-type: none"> the applicant comes within the category of eligible beneficiaries and is not in the process of being dissolved, liquidated, merged or reorganised. For this purpose, verification is made of 'Recom online' / Certificate with data from the Register of 		<u>YES</u>	<u>NO</u>	Question 1.2.1 – Do you agree that these are the most common error types?	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<u>YES</u>	<u>NO</u>	Question 1.2.2 – Do you agree with the relative importance of these error types?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Question 1.2.3 – Please describe actions you have taken to prevent such errors:
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Associations and Foundations and from the applicant's instruments of incorporation. In addition, the Management Authority checks the insolvency bulletin on a daily basis;

- the applicant is not entered in the debtors' ledger in connection with amounts outstanding for POP/POPAM (Operational Programme for Fisheries/ Operational Programme for Fisheries and Maritime Affairs);

- the activities proposed in the funding application are listed among the eligible activities in the Applicant's Guide for the measure in question. In the event of ineligible activities' being detected, it is requested that the budget for the project be corrected and the expenditure relating to the ineligible activities be included among the ineligible forms of expenditure.

2. At various stages of the selection of funding requests or the monitoring of the contract, the following are checked: the aquaculture licence and the recent-information extract from the land register (issued no more than 30 days before the funding request is lodged), showing that the land and the buildings where the investment is to be made are free of any encumbrances.

3. In accordance with the current legislation, the POPAM Management Authority checks the beneficiaries' procurement process only ex post and is not involved on an ex-ante basis, the ex ante check's being carried out by ANAP (the National Agency for Public Procurement). After completing its check on acquisitions, the POPAM Management Authority checks all the acquisitions made by the beneficiaries and also examines any contractual changes made. In order to be reimbursed the expenditure relating to a purchase agreement, both public and private beneficiaries are obliged to send the Management Authority the procurement file/amendments/clarifications, which are checked using the '4-eyes' system. Checks are made on whether the purchase was made in compliance with the applicable legislation and on whether the prices were reasonable.

AA: The AA has drawn up recommendations in terms of the audit system for correcting shortcomings in the quality of first-level checks with a view to increasing the latter's effectiveness and improving the internal control environment and the working procedures for, in particular, assessing and selecting projects and verifying award procedures. The recommendations are implemented in the follow-up missions. All this contributes in the long term to increasing financial discipline among those responsible for administering financial assistance, to lastingly reducing errors in the spending of funds provided by the European Union and to improving the general performance of the national management and control system.

ACP: With reference to the European Maritime and Fisheries Fund:

Unlike in the 2007-2013 programming period, when the ACP's on-the-spot verifications were focused on general risks, the additional verification procedure used in connection with expenditure declarations to the European Commission and applicable to the 2014-2020 programming period is based on thematic verifications. In this case, the 'Evaluation and Selection', 'Public Procurement' and 'Expenditure Eligibility' themes cover the two major risks identified by the ECA and applicable to the European Fund for Fisheries and Maritime Affairs (EMFF) (ineligible beneficiary, activity, project or expenditure, and non-compliance with public procurement rules).

<p>Question 1.3</p> <p>EAGF</p> <p>The most typical error types in diminishing order of importance are:</p> <ol style="list-style-type: none"> Overstated or ineligible area Ineligible beneficiary, activity, project or expenditure Administrative error 	<table border="1"> <tr> <td></td> <td style="text-align: center;"><u>YES</u></td> <td style="text-align: center;"><u>NO</u></td> </tr> <tr> <td>Question 1.3.1 – Do you agree that these are the most common error types?</td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> </table> <p><i>If you do not agree, then please describe other major error types:</i></p> <table border="1"> <tr> <td></td> <td style="text-align: center;"><u>YES</u></td> <td style="text-align: center;"><u>NO</u></td> </tr> <tr> <td>Question 1.3.2 – Do you agree with the relative importance of these error types?</td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> </table> <p><i>If you do not agree, then please indicate your perception of the order of importance of the most common error types:</i></p> <table border="1"> <tr> <td>Question 1.3.3 – Please describe actions you have taken to prevent such errors:</td> </tr> <tr> <td> <p>AA: Following the Commission’s findings presented in APIA’s annual reports on activities in Romania, an action plan was drawn up to reduce the error rates in connection with Integrated Administration and Control System (IACS) measures. The AA evaluates the measures taken by APIA and, in its annual certification report, reports to the Commission on the way in which the action plan has been implemented and on the stage reached by it.</p> <p>APIA: APIA has drawn up, and has forwarded to the European Commission, an action plan to reduce the error rate, established at above 2 %. This action plan includes measures to remedy the causes of the high level of errors, namely delays in updating the Land Parcel Identification System (LPIS) for implementing the requirements of the new agricultural policy, and mistakes in identifying and demarcating agricultural parcels declared by farmers. These measures relate to:</p> <ul style="list-style-type: none"> - updating of total area of 41 860 km2 of orthophotos with reference to images from before 2013; - digitalising of physical blocks with a farmed area of 18 697 km2 with reference to orthophotos from before 2013; - updating of total area of 56 710 km2 on orthophotomap with reference to images acquired in 2013; - digitalising of physical blocks with a farmed area of 38 585 km2 with reference to orthophotos from before 2013; - updating of total area of 59 949 km2 on orthophotomap of images acquired in 2014; </td> </tr> </table>		<u>YES</u>	<u>NO</u>	Question 1.3.1 – Do you agree that these are the most common error types?	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<u>YES</u>	<u>NO</u>	Question 1.3.2 – Do you agree with the relative importance of these error types?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Question 1.3.3 – Please describe actions you have taken to prevent such errors:	<p>AA: Following the Commission’s findings presented in APIA’s annual reports on activities in Romania, an action plan was drawn up to reduce the error rates in connection with Integrated Administration and Control System (IACS) measures. The AA evaluates the measures taken by APIA and, in its annual certification report, reports to the Commission on the way in which the action plan has been implemented and on the stage reached by it.</p> <p>APIA: APIA has drawn up, and has forwarded to the European Commission, an action plan to reduce the error rate, established at above 2 %. This action plan includes measures to remedy the causes of the high level of errors, namely delays in updating the Land Parcel Identification System (LPIS) for implementing the requirements of the new agricultural policy, and mistakes in identifying and demarcating agricultural parcels declared by farmers. These measures relate to:</p> <ul style="list-style-type: none"> - updating of total area of 41 860 km2 of orthophotos with reference to images from before 2013; - digitalising of physical blocks with a farmed area of 18 697 km2 with reference to orthophotos from before 2013; - updating of total area of 56 710 km2 on orthophotomap with reference to images acquired in 2013; - digitalising of physical blocks with a farmed area of 38 585 km2 with reference to orthophotos from before 2013; - updating of total area of 59 949 km2 on orthophotomap of images acquired in 2014;
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<ul style="list-style-type: none"> - digitalising of physical blocks with a farmed area of 35 000 km2 with reference to orthophotos from before 2014; - updating the LPIS with the satellite images used to perform the 2016 remote sensing checks, partly so that LPIS QA might rectify the lack of orthophotos (carried out for 2017); - updating the LPIS with the satellite images used to perform the 2017 remote sensing checks, partly so that LPIS QA might rectify the lack of orthophotos; - updating the LPIS with information relating to set-asides for areas over 1 000 m2 obtained following the conclusion of a protocol between APIA and MADR; - updating the reference layer by land-use category for an area of approximately 80 000 km2; - increasing the efficiency of preliminary checks by: <ul style="list-style-type: none"> - providing clarifications regarding over-declarations and overlaps generated in the geospatial application during the process of submitting single payment requests; - handling over-declaration/overlap reports by means of clarifications from farmers in the matter of carrying out the preliminary check; - removing from the declared area those areas that are outside the limits of the physical block; - making on-site visits to help farmers identify agricultural parcels; - concluding cooperation protocols between APIA county centres and county/local councils regarding the exchange of information on rental contracts for agricultural land administered by county/local councils; - predefining single payment requests with the results of on-the-spot checks; - providing all farmers with the vectorised and alphanumeric results of the traditional and remote-sensing checks; generating alert messages in the geospatial application if the parcel declared is demarcated differently to the parcel checked in the previous year; - holding information/training sessions on the use of information made available via the geospatial application. 	
<p><i>- the common agricultural policy:</i></p> <p>AFIR: The programme monitoring system</p> <p>AM PNDR: The National Rural Development Programme is monitored and evaluated in accordance with Regulation (EU) No 1303/2013 laying down common provisions on the European structural and investment funds (the Common Provisions Regulation), Regulation No 1305/2013 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD) and repealing Council Regulation (EC) No 1698/2005, and Regulation No 808/2014 laying down the procedures for implementing Regulation No 1305/2013, which establishes detailed rules for applying the common framework for monitoring and evaluating rural</p>	<p><u>Question 2.1</u></p> <p><i>Please describe the main sources of data for the performance indicators you provide to the Commission in the areas of:</i></p>

development policies.

The Management Authority and AFIR establish indicators that will be used for monitoring the National Rural Development Programme in accordance with the Common Monitoring and Evaluation System. Thus, in order to show the extent to which the programme's specific objectives and priorities have been met, financial indicators, output indicators, target indicators and indicators specific to the performance framework relating to measures under the National Rural Development Programme are collected and calculated.

The main source of data for performance indicators is constituted by the electronic information systems – SPCDR and the Integrated Administration and Control System (IACS) – used for registering, storing, managing and reporting data relevant to the programme and the implementation thereof and to be found at, respectively, the two paying agencies, AFIR and APIA.

The main sources of information for these data bases are the application forms (for funding and payment) and the contracts/commitments of beneficiaries.

The types and sources of important evaluation data are as follows:

- Monitoring data, including that for monitoring the results of the programme, is provided by the beneficiaries and institutions involved in the physical and financial implementation of the programme and is collected from sources identified in the guidance documents drawn up by the Commission in the context of the Common Monitoring and Evaluation System (CMES) (application for funding, application for payment, IACS, databases of the Paying Agency and of the supplier of training or consultancy services, etc.). Such monitoring data is collected and assembled in an APIA & AFIR database and in facilities peculiar to the management authorities and is forwarded to the central management authority.
- The disaggregated data is collected from non-beneficiaries (for the control group/counterfactual analysis) and/or from samples representative of the sector (for the sectorial analysis) through regular surveys, including the Farm Structure Survey (ASA) and the survey of the Farm Accountancy Data Network (RICA), and using country-specific research).
- The specific data is collected periodically, through the various bodies/ministries with different rural development priorities and areas of work.
- The statistical data is used for contextualised sectorial analysis and assembled in accordance with EU requirements. The statistical data taken by management authorities from the bodies authorised to provide official data is used for evaluation purposes by said authorities.

Data providers such as the INS and RICA are also involved in the Evaluation Coordination Committee, and they collaborate on an ongoing basis in the process of evaluating the National Rural Development Programme, meaning that there is an awareness of the need for data and information.

- *the economic, social and territorial cohesion policy:*

MDRAPFE: Where the ERDF, Cohesion Fund and ESF are concerned, what we understand by performance indicators are financial

<p>indicators, included in the performance framework of the operational programmes, and output and result indicators referring to specific objectives.</p> <p>The data source in relation to the financial indicators included in the performance framework is the accounting system of the certification and payment authority.</p> <p>The data source in the case of output indicators and ESF result indicators comprises project beneficiaries who report data in accordance with the conditions of the funding contracts.</p> <p>The data sources for Cohesion Fund or ERDF result indicators comprise national or European statistics (INS and EUROSTAT) and, for a limited number of cases, administrative sources from relevant ministries.</p> <p>The process of collecting and processing data is based on metadata that has been drawn up for each indicator before implementation of the programme is proceeded with. Verifying the quality of the data is part of the system of verification and control of the operational programmes.</p> <p>Example: Management Authority for the Administrative Capacity Operational Programme (AM POCA): The main source from which data relating to output performance indicators is collected comprises the funding contracts signed by AM POCA. In the case both of the two financial indicators relating to the performance framework and of all the other POCA indicators, the source from which data is collected comprises the beneficiary of the POCA funding. Data is collected in principle from intermediate progress reports and from the final report, which accompany applications for reimbursement of expenses incurred by beneficiaries while the project is being implemented. The beneficiary's obligation to provide this data is stated in the Applicant's Guide and the funding contract plus related annexes.</p>	<p>- <i>the common agricultural policy:</i></p> <p>AFIR : Reconciliation of the financial indicators with AFIR's specialist departments</p> <p>AM PNDR: To ensure the quality of the data and a uniform approach, procedures have been drawn up in both the payment agencies and the Management Authority for establishing monitoring indicators, staging posts and principles that need to be complied with for monitoring purposes and for collecting data, calculating indicators, analysing data and reporting results to the Management Authority for the National Rural Development Programme, to the Monitoring Committee and to the European Commission. Thus, in order to show the extent to which the programme's specific objectives and priorities have been met, financial indicators, output indicators, target indicators and indicators specific to the performance framework relating to measures implemented by AFIR will be collected and calculated. There will also be centrally conducted verifications of whether projects have been classified according to priorities and areas of intervention, as described in the datasheets. Moreover, financial indicators (commitments, payments made) are verified through monthly and annual reconciliations carried out in conjunction with the specialist departments.</p> <p>- <i>the economic, social and territorial cohesion policy:</i></p>
<p>Question 2.2</p> <p><i>Please describe how you ensure that the data for the performance indicators you provide to the Commission are of sufficient quality in the areas of:</i></p>	

<p>MDRAPPE: The process of collecting and processing data is based on metadata that has been drawn up for each indicator before implementation of the programme is proceeded with. Verifying the quality of the data is part of the system of verification and control of the operational programmes.</p> <ul style="list-style-type: none"> • Example: - Management Authority for the Administrative Capacity Operational Programme (AM POCA): The quality of the performance-indicator data is ensured through AM POCA's internal work procedures system, which is designed, on the one hand, to prevent insufficient or inadequate data from being received and, on the other, to enable qualitative analyses of the data to be conducted for the purpose of verifying its accuracy. • Tools made available to the beneficiaries who implement projects, such as 'The Beneficiary's Handbook' or other useful information to be found on the Management Authority's website www.poca.ro, are also used to prevent insufficient or inadequate data from being received. • Also very useful are the direct telephone line on which beneficiaries can put questions connected with the implementation of projects, and the contact details, made available to beneficiaries, of the AM POCA officer designated for monitoring the implementation of the projects contracted. • Through Axis 3 – Technical Assistance, AM POCA also periodically carries out training sessions for beneficiaries on all the implementation phases of a project – something that helps improve the quality of the data provided by beneficiaries. • Through the progress report on the implementation of the project activities, the data received is verified by project officers. The progress report that accompanies the application for reimbursement of expenditure is structured in such a way as to enable complete, high-quality data to be collected. This data is, firstly, checked on paper by the officer charged with validating expenditure in terms of its quality and its compliance with the requirements of the technical report on progress and in relation to the Annex on participants in training activities, and it is ensured that the expenditure is validated only if such expenditure helps achieve the relevant programme indicators. Secondly, the data is also checked in situ when monitoring visits are made for the purpose of helping beneficiaries implement projects. • All the data received is analysed for quality by programme monitoring officers who, on the basis of the information provided by beneficiaries in the progress reports and of information at the AM POCA unit where all the project contracts are stored, ensure that beneficiaries have correctly reported the project indicators for use in achieving the programme indicators. They are also in constant contact both with the project officers and the validating officers, the object being to address and correct situations likely to affect the quality of the data received from beneficiaries. 	<u>YES</u>	<u>NO</u>
<p>Question 3</p> <p><i>Follow-up recommendations formulated by the</i></p>	<p>Question 3.1 – Do you follow up recommendations addressed by the ECA specifically to your country?</p> <p style="text-align: center;"><input checked="" type="checkbox"/> <input type="checkbox"/></p>	

Reply: APIA's reply: Where possible, following the ECA's final reports drawn up once the audit missions have been finalised, APIA refashions beneficiary payment files in which quantifiable or non-quantifiable errors have been detected and does so with a view to correcting errors pointed out by the ECA.

AMPOPAM's reply: The Management Authority does not receive the reports from ECA audit missions directly. These are forwarded to the Management Authority by the AA, and the replies concerning the implementation of the recommendations are also forwarded to the Authority. In accordance with the procedure for monitoring the implementation of the recommendations in the audit reports, the staff of the Programming, Methodology and Monitoring Department distribute the reports received to the bodies that are responsible for the aspects referred to and responsible for centralising the latter's replies in order to forward them to the AA. If there are aspects with financial implications, the staff of the Audit Service launch the irregularities procedure for the aspects indicated in these reports and seek to recover any debts.

AFIR's reply: On DG AGRI's recommendation, AFIR has drawn up an action plan for reducing the error rate. The plan covers the main shortcomings identified by the external auditors in their mission audits concerning compliance with the EU provisions and, in the light of this plan, AFIR proceeds to the stage of implementing the recommendations using the implementation deadlines and indicators envisaged for this stage. The plan is discussed and periodically updated with DG AGRI representatives in the framework of bilateral agreements. An action plan for reducing the error rate was last submitted to the European Commission in September 2017.

AA's reply: In the event of the ECA's reports being of relevance to the activities of the AA, the latter identifies the internal measures it envisages taking. In the case of the ECA/European Commission recommendations concerning the funds' management and control system and the expenditure declared for the projects financed from European funds – recommendations not relating directly to the AA's activities – the Audit Authority takes account of the findings concerned and, to the extent agreed, reports to the European Commission on the degree to which the recommendations have been implemented.

MDRAPFE's reply: The recommendations are taken into account in drawing up plans for the measures across national sector policies – measures towards which the recommendations are directed.

	<u>YES</u>	<u>NO</u>
Question 3.2 – Do you follow up recommendations addressed by the ECA to Member States in general?	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Reply: AMPOPAM's (Management Authority for the Operational Programme for Fisheries and Maritime Affairs') reply: The Management Authority does not receive the reports from ECA audit missions directly. These are forwarded to the Management Authority by the AA, and the replies concerning the implementation of the recommendations are also forwarded to the Authority. In accordance with the procedure for monitoring the implementation of the recommendations in the audit reports, the staff of the Programming, Methodology and Monitoring Department distribute the reports received to the bodies that are responsible for the

<p>aspects referred to and responsible for centralising the latter's replies in order to forward them to the AA. If there are aspects with financial implications, the staff of the Audit Service duly launch the irregularities procedure for the aspects indicated in these reports and seek to recover any debts.</p> <p>AFIR's reply: Such recommendations are implemented at programme level.</p> <p>AM PNDR's reply: If the ECA recommendations addressed to the Member States also concern the National Rural Development Programme, account is taken of these, where appropriate, when modifying the programme or, if applicable, when implementing it.</p> <p>AA's reply: The AA informs itself of the types of error presented each year in the DAS reports to the ECA and, according to the types of error, an analysis is carried out of the degree to which such error types relate to the management and control system/beneficiaries under the national operational programmes, taking account of the specific features of each individual country. If certain types of error stem from Romania, the intention is to make such error types known to the Audit Authority's auditors when the various internal training sessions/working meetings are held.</p> <p>MDRAPFE's reply: In preparing the Partnership Agreement and the Operational Programmes, account has been taken of the thematic concentration.</p>	
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Question 1.1**Economic, social and territorial cohesion**

The most typical error types in diminishing order of importance are:

- Ineligible costs included in the expenditure declarations
- Serious failure to respect public procurement rules
- Ineligible project/activities or beneficiaries

	<u>YES</u>	<u>NO</u>
Question 1.1.1 – Do you agree that these are the most common error types?	<input checked="" type="checkbox"/>	<input type="checkbox"/>

If you do not agree, then please describe other major error types:

	<u>YES</u>	<u>NO</u>
Question 1.1.2 – Do you agree with the relative importance of these error types?	<input checked="" type="checkbox"/>	<input type="checkbox"/>

If you do not agree, then please indicate your perception of the order of importance of the most common error types:

Question 1.1.3 – Please describe actions you have taken to prevent such errors:

Ministry of Transport and Construction: The management and control mechanisms for the OP Transport/OP II have been updated to prevent such errors.

Ministry of the Economy: When implementing the OP Competitiveness and Economic Growth, corrective measures were taken in the areas at issue, including alerting staff of the Managing Authority/Intermediate Body under the Managing Authority to errors, updating/developing the procedures laid down in the management documentation, retraining/training staff (especially in checking public procurement procedures and payment requests and performing on-the-spot checks).

A number of measures were taken during the 2007-2013 programming period to prevent errors in public procurement (training staff responsible for checking public procurement together with training and advice for beneficiaries, publishing and regularly updating information on the most frequent errors and shortcomings identified during checks by the Managing Authority and the Public Procurement Office on the public procurement process and the consequences of these errors, introducing the possibility for beneficiaries to submit public procurement documentation for ex ante assessment before its publication, introducing a condition whereby public procurement procedures for a project's main activities have to be declared when a grant application is submitted, development of aids for applicants in the form of a public procurement checklist and other methodological guidelines for beneficiaries), which have been followed up in the 2014-2020 programming period. The Managing Authority had already stepped up

its cooperation with the Public Procurement Office during the 2007-2013 programming period. As regards the eligibility of expenditure, the Intermediate Body performs a 100 % administrative check and an on-the-spot financial check under Act No 357/2015 on financial control and internal auditing and amending certain acts ('the Financial Control and Internal Auditing Act'), the latter with a view to obtaining the assurance that all documents presented and controlled during the administrative check are truthful, that goods, works and services have actually been supplied and that the project's outputs/results have been achieved.

Ministry of Agriculture and Rural Development: The following measures have been taken: working procedures for the performance of administrative and on-the-spot checks have been adapted, IT systems have been updated, staff have been trained, applicants' awareness of the most frequent errors has been raised (training, webpage), undue payments have been recovered.

Ministry of Labour, Social Affairs and the Family: The following measures have been taken: an emphasis on prevention (organisation of information sessions for beneficiaries), strict definition of the types of eligible expenditure, introduction of limits on expenditure, introduction of tools to simplify the declaration of expenditure (unit costs and a flat rate, which has led to a fall in the amount of ineligible expenditure), introduction of unannounced on-the-spot checks/inspections at beneficiaries' premises, performance of an initial on-the-spot check during a project's implementation phase, establishment of a coordination committee for cooperation in checking public procurement, activity of a working group for cooperation in public procurement, establishment of FAQs for public procurement and publication of the most frequent errors in the public procurement process on the Managing Authority's webpage and publication of messages warning beneficiaries to fix the estimated value of a contract, introduction of ex ante checks on projects with regard to the proper drafting of public procurement processes/procedures and the admissibility of delegating certain activities to third parties before the project is approved, introduction of an obligation for beneficiaries to draw up a schedule of public procurement under the approved programme for the purpose of verifying beneficiaries' procurement procedures in the planned public procurement process in terms of the Public Procurement Act and achieving the project's objectives, introduction of ex ante checks on above-limit contracts (beneficiaries have been informed of the obligation to submit draft public procurement notices and draft tender documents for above-limit contracts for ex ante checks and documents on the calculation of the estimated value of contracts for checks by the Managing Authority before the scheduled announcement of a public procurement procedure), introduction of an administrative check on the quality of public procurement on a random sample of six public procurement operations from the list of own records of checked public procurement operations at least once every six calendar months, introduction of repeat administrative checks on public procurement (e.g. on the basis of the results of on-the-spot checks, government audits, European Commission audits, etc.), introduction of on-the-spot checks on public procurement documentation.

Ministry of Education, Science, Research and Sport: Training seminars and courses for Ministry staff, applicants and beneficiaries, issue of guidelines and instructions.

Ministry of the Environment: As the OP Quality of Environment projects are financed by the Cohesion Fund, which is covered in the ECA's 2016 Annual Report under the heading of 'Economic, social, and territorial cohesion', the steps taken by the Ministry of the Environment are set out in that section of this questionnaire.

- As regards the eligibility of expenditure

The provider performs a 100 % administrative check and, if necessary, an on-the-spot financial check under the Financial Control

and Internal Auditing Act, performing at least one on-the-spot financial check during the implementation of a project. The latter is normally performed on completion of a project so that all aspects of the project's implementation can be checked. The purpose of an on-the-spot financial check is to obtain assurance that all documents presented and controlled during the administrative check are truthful, that goods, works and services have actually been supplied and that the project's outputs/results have been achieved.

By organising training and providing advice on project and financial management for beneficiaries the provider fulfils the objective of eliminating beneficiaries' errors in the performance of their obligations under grant agreements, thereby preventing ineligible expenditure as far upstream as possible. Training concerns, for instance, the quality of documents submitted on public procurement, payment requests, monitoring reports, etc.

- As regards public procurement

Managing authorities/intermediate bodies perform financial control of compliance with Slovak and EU rules when procuring goods, services, works and related procedures under the Financial Control Act, which covers checks on public procurement procedures for the award of contracts. Managing authorities/intermediate bodies are deepening their cooperation with the Public Procurement Office to improve the quality, reliability and effectiveness of public procurement checks.

- General remarks concerning the ineligibility of beneficiaries and activities

Under Article 125(4)(c) of the General Regulation and point 2 of Annex XIII thereto and on the strength of the experience acquired and lessons learned from the 2007-2013 programming period, a systematic approach has been adopted under the OP Quality of Environment for identifying, assessing, managing and monitoring risks that could adversely affect the implementation of the OP Quality of Environment and, ultimately, the achievement of its objectives. The OP Quality of Environment risk-management system serves as an early-warning system, which provides information on undue risks and suspicious circumstances pointing to irregularities and triggers action to reduce the identified risk to a minimum. Exchange of information/open communication is a key feature of this risk-management. Risk-management is a continuous process, which is performed for the OP Quality of Environment by the OP's own risk-management working group. A potential risk can be identified by any member of staff. Where relevant, the ARACHNE search and data-mining tool can also be used under the National Strategy for the Protection of EC Financial Interests in the SR, as amended, in order to identify projects that might be vulnerable to the risk of fraud, conflict of interests or irregularities.

Office of the Government: Retraining administrative staff and alerting them to errors, ex ante checks on public procurement, publication of most frequent errors in the public procurement process on the webpage, ex ante checks on applications and advice for beneficiaries, drafting of risk analyses for checks.

<p>Question 1.2 Rural development, the environment, climate action and fisheries</p> <p>The most typical error types in diminishing order of importance are:</p> <ol style="list-style-type: none"> Ineligible beneficiary, activity, project or expenditure Overstated or ineligible area Non-compliance with public procurement rules Administrative error 	<table border="1"> <tr> <td></td> <td style="text-align: center;"><u>YES</u></td> <td style="text-align: center;"><u>NO</u></td> </tr> <tr> <td>Question 1.2.1 – Do you agree that these are the most common error types?</td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> </table> <p><i>If you do not agree, then please describe other major error types:</i></p> <table border="1"> <tr> <td></td> <td style="text-align: center;"><u>YES</u></td> <td style="text-align: center;"><u>NO</u></td> </tr> <tr> <td>Question 1.2.2 – Do you agree with the relative importance of these error types?</td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> </table> <p><i>If you do not agree, then please indicate your perception of the order of importance of the most common error types:</i></p>		<u>YES</u>	<u>NO</u>	Question 1.2.1 – Do you agree that these are the most common error types?	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<u>YES</u>	<u>NO</u>	Question 1.2.2 – Do you agree with the relative importance of these error types?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
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Question 1.2.2 – Do you agree with the relative importance of these error types?	<input checked="" type="checkbox"/>	<input type="checkbox"/>											
	<p>Question 1.2.3 – Please describe actions you have taken to prevent such errors:</p> <p>Ministry of Agriculture and Rural Development: The following measures have been taken: working procedures for the performance of administrative and on-the-spot checks have been adapted, IT systems have been updated, staff and applicants have been trained, information has been published on aid provided, questions and answers have been published, undue payments have been recovered.</p> <p>Ministry of the Environment: These error types tend not to concern the OP Quality of Environment. In the relevant cases, there is an overlap with the issues addressed in question 1.1, so the means of preventing errors are the same as those described in the answer to question 1.1.3.</p>												

<p>Question 1.3 EAGF</p> <p>The most typical error types in diminishing order of importance are:</p> <ol style="list-style-type: none"> 1. Overstated or ineligible area 2. Ineligible beneficiary, activity, project or expenditure 3. Administrative error 	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;"></td> <td style="text-align: center;"><u>YES</u></td> <td style="text-align: center;"><u>NO</u></td> </tr> <tr> <td>Question 1.3.1 – Do you agree that these are the most common error types?</td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> </table> <p><i>If you do not agree, then please describe other major error types:</i></p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;"></td> <td style="text-align: center;"><u>YES</u></td> <td style="text-align: center;"><u>NO</u></td> </tr> <tr> <td>Question 1.3.2 – Do you agree with the relative importance of these error types?</td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> </table> <p><i>If you do not agree, then please indicate your perception of the order of importance of the most common error types:</i></p> <div style="border: 1px solid black; padding: 5px; margin-top: 10px;"> <p>Question 1.3.3 – Please describe actions you have taken to prevent such errors:</p> <p>Ministry of Agriculture and Rural Development: The following measures have been taken: adapting the LPIS register and IACS system, providing training and guidance for applicants, alerting applicants to the most frequent errors, recovering undue payments.</p> </div>		<u>YES</u>	<u>NO</u>	Question 1.3.1 – Do you agree that these are the most common error types?	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<u>YES</u>	<u>NO</u>	Question 1.3.2 – Do you agree with the relative importance of these error types?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
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<p>Question 2.1</p> <p>Please describe the main sources of data for the performance indicators you provide to the Commission in the areas of:</p>	<p>- the common agricultural policy:</p> <p>Ministry of Agriculture and Rural Development: The data necessary for monitoring project aid are collected at project level from the grant application and the monitoring reports for each project. Data on non-project aid under the RDP and direct payments are taken from the submitted applications in the IACS system. Data on the common market organisation needed for monitoring purposes are taken from applications for prior approval of measures and applications for the payment of aid after completion of a measure. Data on certain market organisation measures are also taken from reports on the effects of support and the fulfilment of the objectives specified in the application for support. Data on schools programmes and operational programmes run by the Ministry of Agriculture and Rural Development are also obtained each year from cooperating institutions (National Agricultural and Food Centre - Research Institute of Agriculture and Food Economics (NPPC-VUEPP), the Public Health Authority, Ministry of Education, Science, Research and Sport).</p> <p>- the economic, social and territorial cohesion policy:</p> <p>Ministry of Transport and Construction: Under the OP Transport/OP II , the Ministry obtains most data for the OPs' performance</p>												

<p>indicators from the ITMS/ITMS2014+ information systems and communicates with the Commission via the SFC system.</p> <p>Ministry of the Economy: As Intermediate Body for the Operational Programme Research and Innovation, the Ministry's source of data concerning the OP's indicators is the ITMS2014+ monitoring system. This system permits data to be collected and the relevant indicators for individual projects to be monitored. These data are automatically entered in the information system by monitoring.</p> <p>Ministry of Labour, Social Affairs and the Family For the years 2014-2016 data was collected manually from beneficiaries' monitoring reports because work on the data-collection function in ITMS2014+ was still under way. This functionality is now available.</p> <p>Ministry of Education, Science, Research and Sport: Under the operational programmes managed by the Ministry, data for the OPs' performance indicators are taken from the ITMS/ITMS2014+ information systems and other in-house sources.</p> <p>Ministry of the Environment: Under the OP Quality of Environment, the source of data for performance indicators (performance framework) is the ITMS2014+ monitoring system, an information system covering standardised programme and project management processes. Among other things, the system monitors, compiles and aggregates the relevant measurable indicators for projects up to programme level. Before it is approved, each project undertakes to meet a measurable indicator value (the ratio of the planned key indicator value to the amount of eligible projector expenditure is the aspect of evaluation that most affects the outcome of the project's evaluation), which is fixed by the managing authority according to the activities supported. The managing authority also fixes a tolerance for deviation from actual fulfilment of the target value for the relevant measurement indicators from the plan. Data are fed into the IT system by regular monitoring of projects and monitoring reports.</p> <p>Central Coordination Body for the 2014-2020 programming period: At project level, these are the monitoring reports and additional monitoring data that form part of the payment requests drawn up by beneficiaries. At national level, they are the ITMS2014+ IT monitoring system and the annual reports on the operational programmes' performance.</p>	<p><i>Question 2.2</i></p> <p><i>Please describe how you ensure that the data for the performance indicators you provide to the Commission are of sufficient quality in the areas of:</i></p> <p>- <i>the common agricultural policy:</i></p> <p>Ministry of Agriculture and Rural Development: Project aid: verification of the data in the grant application and monitoring reports for each project is subject to administrative checks and the key information on operations needed for monitoring and evaluation, including key information on each beneficiary and project, are recorded and stored electronically. The system for collecting, registering, checking and verifying data ensures that the data compiled are of sufficient quality. Data on non-project aid under the RDP and direct payments are taken from the submitted applications in the IACS system, which are subject to administrative checks and on-the-spot checks and are used for calculating aid. In the case of the common market organisation, data in applications are verified by an administrative check. The key information on applicants, the measures carried out and payments are recorded and stored electronically. Data are also verified by on-the-spot checks.</p> <p>- <i>the economic, social and territorial cohesion policy:</i></p> <p>Ministry of Transport and Construction: The Ministry continuously monitors the fulfilment of performance indicators and take-up</p>
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<p>of the operational programme (OP Transport/OP ID) and includes these data in the annual report on an operational programme's performance, which also includes an assessment of the performance framework. Data are taken largely from the ITMS/ITMS2014+. Data are also verified by on-the-spot checks.</p> <p>Ministry of the Economy: The quality of data provided to the Commission are verified by an administrative check. The data provided by beneficiaries in their regular monitoring reports are verified by on-the-spot financial checks to ensure their validity (e.g. employment contracts and social insurance records are checked when new jobs have been declared).</p> <p>Ministry of Labour, Social Affairs and the Family The basic implementation and monitoring rules for beneficiaries are laid down in a manual for beneficiaries, who also receive guidance from project managers at managing authorities/intermediate bodies, and data are verified during on-the-spot checks. Procedures at managing authorities/intermediate bodies are laid down in the ESIF management system for the 2014-2020 programming period and in the manual of procedures of the OP Human Resources managing authorities/intermediate bodies.</p> <p>Ministry of Education, Science, Research and Sport: The quality of data provided to the Commission are verified by an administrative check. Key information on applicants, measures taken and payments made are entered and stored electronically in the ITMS/ITMS2014+ information systems and other in-house records. Data are also verified by on-the-spot checks.</p> <p>Ministry of the Environment: Data in monitoring reports are verified by on-the-spot financial checks or by administrative checks on the documentation provided. Beneficiaries provide documentation on project monitoring at regular intervals, making it possible to monitor a project's progress and, if need be, intervene in good time (assuming the situation is reversible). Outputs/achievements are subject to quality control by verifying the values for performance indicators.</p>	<table border="1" data-bbox="917 241 1093 1758"> <tr> <td data-bbox="917 241 989 459"></td> <td data-bbox="917 459 989 694" style="text-align: center;"><u>YES</u></td> <td data-bbox="917 694 989 929" style="text-align: center;"><u>NO</u></td> </tr> <tr> <td data-bbox="989 241 1093 459">Question 3.1 – Do you follow up recommendations addressed by the ECA specifically to your country?</td> <td data-bbox="989 459 1093 694" style="text-align: center;"><input checked="" type="checkbox"/></td> <td data-bbox="989 694 1093 929" style="text-align: center;"><input type="checkbox"/></td> </tr> </table> <p><i>Reply:</i></p> <p>Ministry of Labour, Social Affairs and the Family For the purposes of the recommendations made in special reports (IZM - Nos 3/2015 and 17/2015), the Centre for Labour, Social Affairs and the Family and the Social Insurance Agency have held working meetings for the purpose of concluding an agreement on sharing data, which will also be used for monitoring the Youth Guarantee in Slovakia, enabling the situation of young people to be monitored six, 12 and 18 months after they accept an offer under the Youth Guarantee. This step will significantly reduce the high percentage of young people whose situation was unknown and make it easier to assess the sustainability of the results of individual measures taken to reduce unemployment among people under the age of 29.</p>		<u>YES</u>	<u>NO</u>	Question 3.1 – Do you follow up recommendations addressed by the ECA specifically to your country?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
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<p>Question 3</p> <p><i>Follow-up of recommendations formulated by the ECA in its Special Reports</i></p>							

An addendum to the cooperation agreement between the Centre for Labour, Social Affairs and the Family and the Social Insurance Agency was concluded in November 2016. The first output of monitoring the Youth Guarantee in Slovakia, which included data from the Social Insurance Agency, was delivered in February 2017. The delay was caused by the technically demanding nature of the process.

Office of the Government: The ECA has proposed no specific measures for the OP Technical Assistance in its specific reports.

	<u>YES</u>	<u>NO</u>
Question 3.2 – Do you follow up recommendations addressed by the ECA to Member States in general?	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Reply:

Ministry of Agriculture and Rural Development: We are monitoring the ECA's recommendations in its specific reports and taking them into account in the management and implementation system. Recommendations concerning the activities of the Paying Agency will be taken into account by adopting specific measures.

Office of the Government: We are monitoring the ECA's recommendations in its specific reports and taking them into account in the management and implementation system. The following measures will be taken on the basis of the recommendations: retraining administrative staff and alerting them to errors, ex ante checks on public procurement, publication of most frequent errors in the public procurement process on the webpage, ex ante checks on applications and advice for beneficiaries, drafting of risk analyses for checks.

Question 1.1**Economic, social and territorial cohesion**

The most typical error types in diminishing order of importance are:

- Ineligible costs included in the expenditure declarations
- Serious failure to respect public procurement rules
- Ineligible project/activities or beneficiaries

	<u>YES</u>	<u>NO</u>
Question 1.1.1 – Do you agree that these are the most common error types?	<input checked="" type="checkbox"/>	<input type="checkbox"/>

If you do not agree, then please describe other major error types:

	<u>YES</u>	<u>NO</u>
Question 1.1.2 – Do you agree with the relative importance of these error types?	<input checked="" type="checkbox"/>	<input type="checkbox"/>

If you do not agree, then please indicate your perception of the order of importance of the most common error types:

Question 1.1.3 – Please describe actions you have taken to prevent such errors:

Reply of the Ministry of Infrastructure (MZI): As IB, the MZI carries out: 100 % of administrative verification before certification of claims and on-the-spot checks; checks on how public procurement procedures are implemented before certification of the first claim, as well as checks of public procurement procedures for every annex; MZI staff take part in various forms of training within these areas.

MF-CA reply:

a) The issuing of instructions for the recovery of designated EU funds for the 2014-2020 programming period, version 02/2017, No 544-18/2017/, by the Ministry of Finance (MF). These instructions define the practices and procedures for the repayment of designated EU funds in case of identified ineligible expenditure of these funds. They apply to all stakeholders involved in the implementation of the Operational Programme for the implementation of European Cohesion Policy for the 2014-2020 programming period for the investment for growth and jobs objective. (MF SUSEU/CA)

b) The establishment of the new Certifying Authority accounting system (eCA), which is used for data controls in the submitted claims for payment from EU funds, to maintain accounting records of claims submitted to the EC, and to manage EU-fund reimbursements to the national budget. Incorporated into the application are the EC rules and requirements that are essential for

	<p>verifying expenditure and the CA controls used to detect any irregularities before payment claims and accounts are submitted to the Commission.</p> <p>Reply of the Government Office for Development and European Cohesion Policy (SVRK): Clear instructions on the implementation of checklist-based management verifications, the use of various publicly available tools for mining (e.g. Gwin), carrying out on-the-spot checks in the earliest possible stage of the operation (and repeating them for larger operations), the verification of the tasks delegated to the intermediate bodies (IB), cooperation with the IBs in the event of uncertainties or difficulties in implementing the administrative verifications</p> <p>Reply of the Ministry of Labour, Family, Social Affairs and Equal Opportunities (MDDSZ):</p> <p>Before any operations are implemented, the MDDSZ carried out a risk analysis and produced additional measures to prevent errors. In some cases it carried out unannounced visits to beneficiaries to verify the implementation of planned activities and - to prevent double funding - it checked individual beneficiaries' eligible costs under both the ESF and other sources of funding. In case of errors, the MDDSZ orders beneficiaries to return any unduly received funds.</p>															
<p>Question 1.2 <i>Rural development, the environment, climate action and fisheries</i></p> <p>The most typical error types in diminishing order of importance are:</p> <ol style="list-style-type: none"> Ineligible beneficiary, activity, project or expenditure Overstated or ineligible area Non-compliance with public 	<table border="1"> <tr> <td data-bbox="678 235 750 694"></td> <td data-bbox="678 448 750 694" style="text-align: center;"><u>YES</u></td> <td data-bbox="678 694 750 907" style="text-align: center;"><u>NO</u></td> </tr> <tr> <td data-bbox="750 235 821 694">Question 1.2.1 – Do you agree that these are the most common error types?</td> <td data-bbox="750 448 821 694" style="text-align: center;"><input type="checkbox"/></td> <td data-bbox="750 694 821 907" style="text-align: center;"><input type="checkbox"/></td> </tr> </table> <p><i>If you do not agree, then please describe other major error types:</i></p> <table border="1"> <tr> <td data-bbox="933 235 1005 694"></td> <td data-bbox="933 448 1005 694" style="text-align: center;"><u>YES</u></td> <td data-bbox="933 694 1005 907" style="text-align: center;"><u>NO</u></td> </tr> <tr> <td data-bbox="1005 235 1077 694">Question 1.2.2 – Do you agree with the relative importance of these error types?</td> <td data-bbox="1005 448 1077 694" style="text-align: center;"><input type="checkbox"/></td> <td data-bbox="1005 694 1077 907" style="text-align: center;"><input type="checkbox"/></td> </tr> </table> <p><i>If you do not agree, then please indicate your perception of the order of importance of the most common error types:</i></p> <table border="1"> <tr> <td data-bbox="1181 235 1252 694">Question 1.2.3 – Please describe actions you have taken to prevent such errors:</td> <td colspan="2" data-bbox="1181 694 1252 907"></td> </tr> </table> <p>Reply of the Ministry of Agriculture, Forestry and Food (MKGP): At the MKGP, which carries out the tasks of the Managing Authority (MA) for the 2014–2020 Rural Development Programme, a special group was appointed by the competent minister to reduce the error rate in the implementation of measures from the rural development programme as far back as 2010 and it has</p>		<u>YES</u>	<u>NO</u>	Question 1.2.1 – Do you agree that these are the most common error types?	<input type="checkbox"/>	<input type="checkbox"/>		<u>YES</u>	<u>NO</u>	Question 1.2.2 – Do you agree with the relative importance of these error types?	<input type="checkbox"/>	<input type="checkbox"/>	Question 1.2.3 – Please describe actions you have taken to prevent such errors:		
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Question 1.2.3 – Please describe actions you have taken to prevent such errors:																

<p><i>procurement rules</i></p> <p>4. <i>Administrative error</i></p>	<p>continued its work during the 2014-2020 programming period. The Group is very active and on the basis of errors identified by the MKGP (which it also reports annually as part of the mandatory statistics to the European Commission — DG AGRI) and analyses of the causes of errors, it draws up action plans and/or individual measures to reduce the incidence of errors. The error rate in the implementation of the measures of the Rural Development Programme had decreased significantly by the end of 2013. The key measures to reduce the error rate were more information provision to beneficiaries (workshops, seminars) about the most common causes of errors related to eligibility conditions and a reduction in the amount of sanctions in the case of non-compliance with other obligations. It is significant that the Group reduces the error rate through continuous and up-to-date monitoring of operating errors and what causes them.</p> <p>The latest meeting of this Group was this week. We find the error rate in 2016 (reported 15.7.2017) to be within manageable bounds, we have also taken measures to retain a manageable error percentage through enhanced information provision to beneficiaries implementing agri-environmental and climate measures, organic farming and the LEADER measure.</p> <table border="1" data-bbox="606 224 758 1747"> <tr> <td></td> <td style="text-align: center;"><u>YES</u></td> <td style="text-align: center;"><u>NO</u></td> </tr> <tr> <td>Question 1.3.1 – Do you agree that these are the most common error types?</td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> </table> <p><i>If you do not agree, then please describe other major error types:</i></p> <table border="1" data-bbox="869 224 1021 1747"> <tr> <td></td> <td style="text-align: center;"><u>YES</u></td> <td style="text-align: center;"><u>NO</u></td> </tr> <tr> <td>Question 1.3.2 – Do you agree with the relative importance of these error types?</td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> </table> <p><i>If you do not agree, then please indicate your perception of the order of importance of the most common error types:</i></p> <table border="1" data-bbox="1117 224 1189 1747"> <tr> <td>Question 1.3.3 – Please describe actions you have taken to prevent such errors:</td> </tr> </table> <p>MKGP Reply: In 2017, the MKGP Error Rate Reduction Group, set up to monitor and reduce the error rate for Rural Development Programme measures in 2017, extended its work to all CAP measures whose entitlement is area-linked. This month we addressed errors for individual direct payment schemes in 2016 and found that certain schemes required additional information to ensure that</p>		<u>YES</u>	<u>NO</u>	Question 1.3.1 – Do you agree that these are the most common error types?	<input type="checkbox"/>	<input type="checkbox"/>		<u>YES</u>	<u>NO</u>	Question 1.3.2 – Do you agree with the relative importance of these error types?	<input type="checkbox"/>	<input type="checkbox"/>	Question 1.3.3 – Please describe actions you have taken to prevent such errors:
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	<p>obligations were properly fulfilled.</p>
<p>Question 2.1</p> <p><i>Please describe the main sources of data for the performance indicators you provide to the Commission in the areas of:</i></p>	<p>- <i>the common agricultural policy:</i></p> <p>- <i>the economic, social and territorial cohesion policy:</i></p> <p>MZI reply: Data on OP ECP (Operational Programme for the implementation of European Cohesion Policy) indicators are obtained on the basis of regular half-yearly reports by beneficiaries that are sent to the MZI (as an Intermediate Body) for all directly approved OP ECP operations. On this basis, the data are aggregated and forwarded to the MA for further processing and transmission to the European Commission.</p> <p>SVRK Reply: Following approved tenders and directly approved operations, the MA currently adds the performance framework indicators to its information system (IS) when it certifies the instruments. Annual monitoring of outputs currently takes place such that that the MA obtains information from the individual intermediate bodies responsible for implementation of individual instruments. The MA has drawn up special tables, with timelines and indicator descriptions, in accordance with the Operational Programme and the Monitoring and Evaluation Plan prepared by its offices. A new special module for monitoring and reporting is being prepared, which will allow data to be monitored at least twice a year to enable intermediate bodies to enter data to the instruments effectiveness module. We expect the module to be in place in the course of 2018.</p>
<p>Question 2.2</p> <p><i>Please describe how you ensure that the data for the performance indicators you provide to the Commission are of sufficient quality in the areas of:</i></p>	<p>- <i>the common agricultural policy:</i></p> <p>- <i>the economic, social and territorial cohesion policy:</i></p> <p>MZI reply: To ensure that the information provided is true, correct and complete, the beneficiary's project manager - with the support of an engineer - daily manages and monitors the implementation of works and reports on them to the Intermediate Body (the MZI). Output indicators are checked and monitored by the intermediate body on-the-spot and on the basis of operating licences issued for operations. For programme-specific result indicators, such as reducing the time and cost of implementing operations, the beneficiary orders an analysis, which is used to calculate achievement of the indicators. The veracity and regularity of meeting the financial indicator requirements is ensured by conducting 100 % administrative checks on all intermediate body operations.</p> <p>SVRK Reply: We ensure data is correct and high quality by ensuring that intermediate bodies receive clear guidance on reporting and that when communicating with them we verify that they understand the content and method of measuring an indicator. It is vital</p>

<p>that indicators are understood in the same way in the implementation phase as in the phase of preparation and approval by the CA and that there is regular communication between the MA and intermediate body on indicator monitoring and reporting.</p>	<table border="1"> <thead> <tr> <th data-bbox="215 168 295 448"></th> <th data-bbox="215 448 295 672"><u>YES</u></th> <th data-bbox="215 672 295 2060"><u>NO</u></th> </tr> </thead> <tbody> <tr> <td data-bbox="295 168 391 2060"> <p>Question 3.1 – Do you follow up recommendations addressed by the ECA specifically to your country?</p> </td> <td data-bbox="295 448 391 672" style="text-align: center;">☒</td> <td data-bbox="295 672 391 2060" style="text-align: center;"><input type="checkbox"/></td> </tr> <tr> <td colspan="3" data-bbox="391 168 893 2060"> <p><i>Reply:</i> MKGP Reply: The MKGP very seriously examines ECA audit findings related to audits carried out in Slovenia or in other Member States relating to the contents of Chapter 2 — Natural Resources (CAP and CFP) and verifies how the recommendations are taken into account and included in procedures. We also take ECA findings and recommendations into account during the drawing up of the Rural Development Programme and the adoption of national implementing regulations for the implementation of the CAP. The MKGP has prescribed a compulsory form summarising the ECA’s essential findings on agriculture and rural development, which must be used during the coordination phase for any national provisions in this area. The form requires a clear statement of how the (new) arrangements will take ECA recommendations into account.</p> <p>SVRK Reply: In the light of the ECA’s findings from the audits carried out in Slovenia for Objective 1, the MA has updated and corrected its instructions, manuals, checklists and reported these measures to the ECA, as well as the European Commission. In cases where the findings had financial consequences, the MA implemented corrective measures — either at the system or beneficiary level — depending on the nature of the audit findings. The MA took these experiences into account when drawing up instructions for 2014-2020 financial perspective.</p> <p>MDDSZ Reply: There are no specific recommendations relating to the MDDSZ, however, we accept the general recommendations.</p> </td> </tr> <tr> <td data-bbox="893 168 973 2060"></td> <td data-bbox="893 448 973 672" style="text-align: center;"><u>YES</u></td> <td data-bbox="893 672 973 2060"><u>NO</u></td> </tr> <tr> <td data-bbox="973 168 1069 2060"> <p>Question 3.2 – Do you follow up recommendations addressed by the ECA to Member States in general?</p> </td> <td data-bbox="973 448 1069 672" style="text-align: center;">☒</td> <td data-bbox="973 672 1069 2060" style="text-align: center;"><input type="checkbox"/></td> </tr> <tr> <td colspan="3" data-bbox="1069 168 1279 2060"> <p><i>Reply:</i> SVRK Reply: In relation to taking into account the ECA recommendations for Slovenia in the preparation of the Partnership Agreement/Operational Programme during the drawing up of both documents, there was no indication (from the European Commission or from the MA or competent ministries) that there was a specific recommendation concerning Slovenia alone. 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<p><i>Reply:</i> MKGP Reply: The MKGP very seriously examines ECA audit findings related to audits carried out in Slovenia or in other Member States relating to the contents of Chapter 2 — Natural Resources (CAP and CFP) and verifies how the recommendations are taken into account and included in procedures. We also take ECA findings and recommendations into account during the drawing up of the Rural Development Programme and the adoption of national implementing regulations for the implementation of the CAP. The MKGP has prescribed a compulsory form summarising the ECA’s essential findings on agriculture and rural development, which must be used during the coordination phase for any national provisions in this area. The form requires a clear statement of how the (new) arrangements will take ECA recommendations into account.</p> <p>SVRK Reply: In the light of the ECA’s findings from the audits carried out in Slovenia for Objective 1, the MA has updated and corrected its instructions, manuals, checklists and reported these measures to the ECA, as well as the European Commission. In cases where the findings had financial consequences, the MA implemented corrective measures — either at the system or beneficiary level — depending on the nature of the audit findings. The MA took these experiences into account when drawing up instructions for 2014-2020 financial perspective.</p> <p>MDDSZ Reply: There are no specific recommendations relating to the MDDSZ, however, we accept the general recommendations.</p>																			
	<u>YES</u>	<u>NO</u>																	
<p>Question 3.2 – Do you follow up recommendations addressed by the ECA to Member States in general?</p>	☒	<input type="checkbox"/>																	
<p><i>Reply:</i> SVRK Reply: In relation to taking into account the ECA recommendations for Slovenia in the preparation of the Partnership Agreement/Operational Programme during the drawing up of both documents, there was no indication (from the European Commission or from the MA or competent ministries) that there was a specific recommendation concerning Slovenia alone. During the drawing of the two documents, we did not therefore specifically take any such recommendation into account.</p> <p>MDDSZ Reply: There are no specific recommendations relating to the MDDSZ, however, we accept the general recommendations.</p>																			
<p>Question 3 Follow-up recommendations formulated by the ECA in its Special Reports</p>																			

<p>Question 1.1 Economic, social and territorial cohesion</p> <p><i>The most typical error types in diminishing order of importance are:</i></p> <ul style="list-style-type: none"> ➤ <i>Ineligible costs included in the expenditure declarations</i> ➤ <i>Serious failure to respect public procurement rules</i> ➤ <i>Ineligible project/activities or beneficiaries</i> 	<p>Question 1.1.1 – Do you agree that these are the most common error types?</p> <p><i>If you do not agree, then please describe other major error types:</i></p> <p>ERDF: Yes; ESF: No.</p> <p>The most common types of error relating to the ESF in Spain are, in order of importance:</p> <ul style="list-style-type: none"> - Ineligible costs included in the expenditure declarations; - Ineligible projects/activities or beneficiaries; - Failure to maintain compliance with the conditions of the aid. 	<table border="1"> <tr> <td style="text-align: center;"><u>YES</u></td> <td style="text-align: center;"><u>NO</u></td> </tr> <tr> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> </tr> </table>	<u>YES</u>	<u>NO</u>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<u>YES</u>	<u>NO</u>					
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>					
	<p>Question 1.1.2 – Do you agree with the relative importance of these error types?</p> <p><i>If you do not agree, then please indicate your perception of the order of importance of the most common error types:</i></p>	<table border="1"> <tr> <td style="text-align: center;"><u>YES</u></td> <td style="text-align: center;"><u>NO</u></td> </tr> <tr> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> </table>	<u>YES</u>	<u>NO</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<u>YES</u>	<u>NO</u>					
<input checked="" type="checkbox"/>	<input type="checkbox"/>					
	<p>Question 1.1.3 – Please describe actions you have taken to prevent such errors:</p>					

ERDF.

A new eligibility order has been approved for the ERDF. Training has been stepped up in this area, in both the specific and general courses relating to the ERDF. The approval of the new Law on Public Procurement, which transposes the new Directives, should also help improve public procurement and reduce irregularities. The MA assessed the capacities of the Intermediate Bodies before allocating tasks to them, paying particular attention to staff training on checks to identify possible irregularities. In the management and control systems, efforts have been made to enhance quality checks and internal monitoring within the bodies that manage the ERDF, and a number of upstream checks have been put in place (tender documents, simplified costs).

ESF.

For the 2014-2020 MFF, having learnt lessons from the previous period, a number of actions and procedures have been put in place within the ESF management and control systems. These include:

- Entering into a contract for the provision of technical assistance to carry out quality checks on the managing authority.
 - Reducing the compliance periods for the conditions for receiving the aid.
 - Enhancing guidance for and the training of managers and staff working for the managing and certifying authorities, intermediate bodies and beneficiaries.
- A number of general and specific training days have been held focusing on risk management and fraud prevention, and simplification.
- Incorporating risk-assessment procedures into all operations, which will establish risk-mitigation checks for risk and fraud alerts, as well as checklists to be included with the supporting documents when submitting projects and/or operations for co-financing.
 - Stepping up quality-control checks for all operations, based on the level of risk, to be carried out by the managing authority before the operations are certified.
 - Categorising the intermediate bodies based on the outcome of system audits and checks on operations. Where appropriate, this categorisation will involve more wide-ranging checks.

- Drawing up and disseminating a guide to using simplified cost methods to facilitate their use by intermediate bodies. Furthermore, the managing authority has worked directly with the beneficiaries of the operations that it selected to develop simplification methods to be used in each operation. Work is also ongoing with the Commission to create simplified cost methods approved by the Commission; if appropriate, these may be approved by delegated acts.

	<u>YES</u>	<u>NO</u>
<i>Question 1.2.1 – Do you agree that these are the most common error types?</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

<p>Question 1.2 <i>Rural development, the environment, climate action and fisheries</i></p> <p>The most typical error types in diminishing order of importance are:</p> <ol style="list-style-type: none"> 1. <i>Ineligible beneficiary, activity, project or expenditure</i> 2. <i>Overstated or ineligible area</i> 3. <i>Non-compliance with public procurement rules</i> 4. <i>Administrative error</i> 	<p><i>If you do not agree, then please describe other major error types:</i></p> <table border="1" data-bbox="253 241 400 1753"> <thead> <tr> <th data-bbox="253 696 325 1753"></th> <th data-bbox="253 450 325 696"><u>YES</u></th> <th data-bbox="253 241 325 450"><u>NO</u></th> </tr> </thead> <tbody> <tr> <td data-bbox="325 696 400 1753">Question 1.2.2 – Do you agree with the relative importance of these error types?</td> <td data-bbox="325 450 400 696" style="text-align: center;"><input checked="" type="checkbox"/></td> <td data-bbox="325 241 400 450" style="text-align: center;"><input type="checkbox"/></td> </tr> </tbody> </table> <p><i>If you do not agree, then please indicate your perception of the order of importance of the most common error types:</i></p> <div data-bbox="499 241 572 1753" style="border: 1px solid black; padding: 5px;"> <p>Question 1.2.3 – Please describe actions you have taken to prevent such errors:</p> <p>Improvements to the declaration process (mandatory declaration and approvals) and dissemination efforts; Improved control procedures; Improvements to IT systems; Improvements to the Land Parcel Identification System; Improvements to national rules and guidelines.</p> </div>		<u>YES</u>	<u>NO</u>	Question 1.2.2 – Do you agree with the relative importance of these error types?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	<u>YES</u>	<u>NO</u>					
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<p>Question 1.3 EAGF</p> <p>The most typical error types in diminishing order of importance are:</p> <ol style="list-style-type: none"> 1. Overstated or ineligible area 2. Ineligible beneficiary, activity, project or expenditure 3. Administrative error 	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;"></td> <td style="width: 20%; text-align: center;"><u>YES</u></td> <td style="width: 20%; text-align: center;"><u>NO</u></td> </tr> <tr> <td>Question 1.3.1 – Do you agree that these are the most common error types?</td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> </table> <p><i>If you do not agree, then please describe other major error types:</i></p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;"></td> <td style="width: 20%; text-align: center;"><u>YES</u></td> <td style="width: 20%; text-align: center;"><u>NO</u></td> </tr> <tr> <td>Question 1.3.2 – Do you agree with the relative importance of these error types?</td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> </table> <p><i>If you do not agree, then please indicate your perception of the order of importance of the most common error types:</i></p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 100%;">Question 1.3.3 – Please describe actions you have taken to prevent such errors:</td> </tr> <tr> <td>Improvements to the declaration process (mandatory declaration and approvals) and dissemination efforts; Improved control procedures; Improvements to IT systems; Improvements to the Land Parcel Identification System; Improvements to national rules and guidelines.</td> </tr> </table>		<u>YES</u>	<u>NO</u>	Question 1.3.1 – Do you agree that these are the most common error types?	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<u>YES</u>	<u>NO</u>	Question 1.3.2 – Do you agree with the relative importance of these error types?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Question 1.3.3 – Please describe actions you have taken to prevent such errors:	Improvements to the declaration process (mandatory declaration and approvals) and dissemination efforts; Improved control procedures; Improvements to IT systems; Improvements to the Land Parcel Identification System; Improvements to national rules and guidelines.
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<p>Question 2.1</p> <p>Please describe the main sources of data for the performance indicators you provide to the Commission in the areas of:</p>	<p>- the common agricultural policy:</p> <p>Declarations from farmers, statistics from the Integrated Administration and Control System (IACS) and non-IACS statistics, payment details, data from the database of basic payment entitlements, data from the Land Parcel Identification System.</p> <p>- the economic, social and territorial cohesion policy:</p> <p>ERDF. National Institute of Statistics (INE), regional institutes of statistics, public bodies responsible for sector-related policies at national and/or regional level.</p> <p>ESF. Direct monitoring of the microdata gathered in each activity co-financed by the ESF, making reference to the situation of the participants once they have concluded or abandoned the activities. Optionally, employment registers can be used to check their employment situation.</p>														

<p>Question 2.2</p> <p>Please describe how you ensure that the data for the performance indicators you provide to the Commission are of sufficient quality in the areas of:</p>	<p>- the common agricultural policy:</p> <p>This data is checked systematically by the Certifying Body.</p> <p>- the economic, social and territorial cohesion policy:</p> <p>ERDF. Official and public data sources have been chosen.</p> <p>ESF. Before entering into co-financed actions, an analysis is carried out of the microdata taken from the individual databases recording the changing situation of the participant.</p> <p>Furthermore, official employment data taken from the Employment Service register are used, showing the participants' employment record.</p>								
<p>Question 3</p> <p>Follow-up of recommendations formulated by the ECA in its Special Reports</p>	<table border="1" data-bbox="699 241 869 1758"> <tr> <td data-bbox="699 241 767 1758"></td> <td data-bbox="699 452 767 696" style="text-align: center;"><u>YES</u></td> <td data-bbox="699 696 767 1758"></td> <td data-bbox="699 241 767 452" style="text-align: center;"><u>NO</u></td> </tr> <tr> <td data-bbox="767 241 869 1758">Question 3.1 – Do you follow up recommendations addressed by the ECA specifically to your country?</td> <td data-bbox="767 452 869 696" style="text-align: center;"><input checked="" type="checkbox"/></td> <td data-bbox="767 696 869 1758"></td> <td data-bbox="767 241 869 452" style="text-align: center;"><input type="checkbox"/></td> </tr> </table> <p><i>Reply:</i> ERDF. As regards the ERDF, Spain has created a programming structure in which the OPs' axes match the Thematic Objectives, which makes it significantly easier to check compliance with the thematic concentration requirements.</p> <p>Whenever the operational programmes are rescheduled, Spain reviews compliance with the thematic concentration at Member State level, so as to ensure that the programme continues to comply with this requirement. As part of the 2017 Technical Review, a new version of the Association Agreement is being drawn up, which will include the new ERDF allocations for each Thematic Objective, so that checks can be carried out on compliance with the concentration requirements. This detailed information has been sent to the European Commission.</p> <p>There are certain exceptions, such as the Urban Axis, which is broken down into four Thematic Objectives, two of which (TO2 and TO4) are in the concentration. However, the Urban Axis represents only a small proportion of the overall programme and it can also be broken down in order to check the concentration requirements. Furthermore, a range of reference values has also been set for each of its thematic objectives.</p> <p>ESF. During the financial and territorial planning process for the cohesion funds, the managers of the ESF and the other funds send their proposed financial data to the DG for EU Funding in the Ministry of Finance and Public Administration. This DG collects and</p>		<u>YES</u>		<u>NO</u>	Question 3.1 – Do you follow up recommendations addressed by the ECA specifically to your country?	<input checked="" type="checkbox"/>		<input type="checkbox"/>
	<u>YES</u>		<u>NO</u>						
Question 3.1 – Do you follow up recommendations addressed by the ECA specifically to your country?	<input checked="" type="checkbox"/>		<input type="checkbox"/>						

compiles all the financial information. After making the necessary adjustments to ensure compliance with the thematic concentration criteria, it then sends this data to the Commission, which confirms compliance. Once they have been approved, each Fund submits its financial tables and sends them to the Commission through SFC.

For the ESF, the application created to manage and monitor the ESF in the 2014-2020 MFF includes approvals; as a result, compliance with the thematic concentration requirements is ensured during both the planning and the monitoring phases of the operational programmes.

EAFRD and EAGF. This work is carried out by the coordinating body (FEGA). Recommendations are set out in national law (Royal Decrees) and in guidelines (coordination circulars). They are also discussed at regular meetings with the paying agencies (Coordination Groups). They are also checked with the European Commission during the various clearance of accounts procedures resulting from its audit visits.

	<u>YES</u>	<u>NO</u>
Question 3.2 – Do you follow up recommendations addressed by the ECA to Member States in general?	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Reply: ERDF. As regards the ERDF, Spain has created a programming structure in which the OPs' axes match the Thematic Objectives, which makes it significantly easier to check compliance with the thematic concentration requirements.

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ESF. During the financial and territorial planning process for the cohesion funds, the managers of the ESF and the other funds send their proposed financial data to the DG for EU Funding in the Ministry of Finance and Public Administration. This DG collects and compiles all the financial information. After making the necessary adjustments to ensure compliance with the thematic concentration criteria, it then sends this data to the Commission, which confirms compliance. Once they have been approved, each Fund submits its financial tables and sends them to the Commission through SFC.

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EAFRD and EAGF: This work is carried out by the coordinating body (FEGA). Recommendations are set out in national law (Royal Decrees) and in guidelines (coordination circulars). They are also discussed at regular meetings with the paying agencies (Coordination Groups). When the recommendation relating to a given Member State could affect the Spanish paying agencies, the issue is brought before the FEGA and discussed in the relevant Coordination Group.

Question 1.1**Economic, social and territorial cohesion**

The most typical error types in diminishing order of importance are:

- Ineligible costs included in the expenditure declarations
- Serious failure to respect public procurement rules
- Ineligible project/activities or beneficiaries

Question 1.1.1 – Do you agree that these are the most common error types?

If you do not agree, then please describe other major error types:

The types of error described are probably common in a European perspective. The Swedish ESF Council, over time, has taken action to prevent such errors occurring. Due to this improvement work, very low error rates have been detected in recent years. The error types described are regarded as common in the RDF but we have had very low error rates in recent years. We think that the low error rates are a result of our proactive work to prevent the error types described.

	<u>YES</u>	<u>NO</u>
	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Question 1.1.2 – Do you agree with the relative importance of these error types?

If you do not agree, then please indicate your perception of the order of importance of the most common error types:

	<u>YES</u>	<u>NO</u>
	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Question 1.1.3 – Please describe actions you have taken to prevent such errors:

Measures undertaken by the ESF Council to prevent errors are information and training actions and the development of guidelines, procedures and templates. To prevent errors within the RDF, a management and control system has been created which has been approved by the Swedish Financial Supervisory Authority (ESV). Smaller amounts have been itemised in the expenditure reports and they are linked to the ESV's observations. The observations are very small (error rate of 0.6%), which indicates that the management and control system works. No new measures have been undertaken in 2017. No serious instances of non-compliance with public procurement rules have been identified and there is no suspicion that such are occurring. No further action has been taken, therefore.

<p>Question 1.2 <i>Rural development, the environment, climate action and fisheries</i></p>	<table border="1"> <tr> <td data-bbox="130 638 204 694"></td> <td data-bbox="130 638 204 694" style="text-align: center;"><u>YES</u></td> <td data-bbox="130 638 204 694" style="text-align: center;"><u>NO</u></td> </tr> <tr> <td data-bbox="130 694 204 2060"> <p>Question 1.2.1 – Do you agree that these are the most common error types?</p> <p><i>If you do not agree, then please describe other major error types:</i></p> </td> <td data-bbox="130 694 204 2060" style="text-align: center;"><input checked="" type="checkbox"/></td> <td data-bbox="130 694 204 2060" style="text-align: center;"><input type="checkbox"/></td> </tr> </table>		<u>YES</u>	<u>NO</u>	<p>Question 1.2.1 – Do you agree that these are the most common error types?</p> <p><i>If you do not agree, then please describe other major error types:</i></p>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
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<p>Question 1.2.3 <i>Overstated or ineligible area</i></p>	<p>Question 1.2.3 – Please describe actions you have taken to prevent such errors:</p> <p>An effort to produce simpler rules and the review and improvement of rules, so that desk officers can guide applicants properly. Clear communication to applicants in the programmes, implementation of e-services, other electronic tools and checks, training of desk officers when procedures are updated and new rules produced, implementation of simplified cost alternatives, and will increase this if the rules admit it, benchmarking work in relation to other funds in the funds coordination work concerning the interpretation of joint rules.</p> <p>Question 1.2.3 – Please describe actions you have taken to prevent such errors:</p> <p>3. <i>Non-compliance with public procurement rules</i></p> <p>4. <i>Administrative error</i></p>						

<p>Question 1.3 EAGF</p> <p>The most typical error types in diminishing order of importance are:</p> <ol style="list-style-type: none"> 1. Overstated or ineligible area 2. Ineligible beneficiary, activity, project or expenditure 3. Administrative error 	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;"></td> <td style="width: 25%; text-align: center;"><u>YES</u></td> <td style="width: 25%; text-align: center;"><u>NO</u></td> </tr> <tr> <td>Question 1.3.1 – Do you agree that these are the most common error types?</td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> </table> <p><i>If you do not agree, then please describe other major error types:</i></p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;"></td> <td style="width: 25%; text-align: center;"><u>YES</u></td> <td style="width: 25%; text-align: center;"><u>NO</u></td> </tr> <tr> <td>Question 1.3.2 – Do you agree with the relative importance of these error types?</td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> </tr> </table> <p><i>If you do not agree, then please indicate your perception of the order of importance of the most common error types:</i></p> <p>The order is correct if we look only at how often the errors occur. The Swedish Board of Agriculture, however, finds it more problematic if aid is disbursed despite total or major lack of eligibility for the activity, project or expenditure, compared with when aid is paid despite small parts of an area not being managed entirely according to the conditions.</p>		<u>YES</u>	<u>NO</u>	Question 1.3.1 – Do you agree that these are the most common error types?	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<u>YES</u>	<u>NO</u>	Question 1.3.2 – Do you agree with the relative importance of these error types?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
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<p>Question 2.1</p> <p>Please describe the main sources of data for the performance indicators you provide to the Commission in the areas of:</p>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">Question 1.3.3 – Please describe actions you have taken to prevent such errors:</td> <td style="width: 50%;"></td> </tr> </table> <p>It should be easy to get it right. A system of electronic applications with pre-completed information and automatic checks leads to substantially fewer errors than manual processing. We put a lot of effort into using clear language in all communication, so that applicants understand what they are entitled to and need to do. We strive to make the rules as simple and clear as possible and that they will be regarded as reasonable and relevant.</p> <p><i>- the common agricultural policy:</i></p> <p>Project and business support and environmental investments</p> <p>The beneficiary answers questions in the e-service, in both the application and on final payment, which generate the performance indicators. Some indicators are registered by the desk officer in the Board of Agriculture's FLIT system. All data is then read over to the BoA's data store BLIS, where the indicators are extracted.</p> <p>Context indicators are taken from Eurostat.</p>	Question 1.3.3 – Please describe actions you have taken to prevent such errors:											
Question 1.3.3 – Please describe actions you have taken to prevent such errors:													

	<p>Environmental aid, compensatory aid, organic production, animal welfare compensation</p> <p>Beneficiaries register their applications in the e-service SAM internet. The aid forms are then managed in the databases in which information for reporting is gathered. The main databases used are Ararat and Gerd, which were developed earlier, and Jorden which is new for the current programming period. All data are then read over to BLIS, where the indicators are extracted.</p> <p>Context indicators are taken from Eurostat.</p> <p>- <i>the economic, social and territorial cohesion policy</i>:</p> <p>Social Fund: The immediate performance indicators are based on reports from the projects and the long-term ones are based on questionnaires to participants.</p> <p>Regional Fund: Statistics Sweden and the government-run Agency for Growth Policy Analysis.</p>
<p>Question 2.2</p> <p><i>Please describe how you ensure that the data for the performance indicators you provide to the Commission are of sufficient quality in the areas of:</i></p>	<p>- <i>the common agricultural policy</i>:</p> <p>BLIS is a data store which is used to bring together different data sources. The system administrator for BLIS works together with analysts to produce data for the performance indicators. Lists of cases within the reporting are produced to check the data. The lists are systematically checked against the source systems to ensure that the correct figures are included.</p> <p>- <i>the economic, social and territorial cohesion policy</i>:</p> <p>Social Fund: Performance indicators are produced in cooperation with Statistics Sweden, and their quality procedures are used. There is also a feedback procedure to project managers in which participant reports and other reports from the projects are checked against each other.</p> <p>Regional Fund: We rely on the specialist agencies, which produce the performance indicator outputs. The performance indicators selected in the programmes are those which Sweden has used earlier, and which were produced using a clear definition for the calculation of outputs.</p>

<p>Question 3 Follow-up of recommendations formulated by the ECA in its Special Reports</p>	<table border="1"> <tr> <td data-bbox="130 627 319 694"></td> <td data-bbox="130 694 319 761" style="text-align: center;"><u>YES</u></td> <td data-bbox="130 761 319 828" style="text-align: center;"><u>NO</u></td> </tr> <tr> <td data-bbox="130 694 319 2060"> <p>Question 3.1 – Do you follow up recommendations addressed by the ECA specifically to your country?</p> <p><i>Reply:</i> Usual procedures from the MA if the if Sweden is audited. Otherwise, Council conclusions are dealt with in the Council working groups. The paying authority follows up audit comments irrespective of which body carried out the audit.</p> <p>The BoA has a programme management forum which deals with recommendations from different reports when they see the effectiveness of support from the Rural programme, the maritime and fisheries programme and the regional development and social fund programme for community-led local development.</p> </td> <td data-bbox="130 694 319 2060" style="text-align: center;"> <input checked="" type="checkbox"/> </td> <td data-bbox="130 694 319 2060" style="text-align: center;"> <input type="checkbox"/> </td> </tr> </table>		<u>YES</u>	<u>NO</u>	<p>Question 3.1 – Do you follow up recommendations addressed by the ECA specifically to your country?</p> <p><i>Reply:</i> Usual procedures from the MA if the if Sweden is audited. Otherwise, Council conclusions are dealt with in the Council working groups. The paying authority follows up audit comments irrespective of which body carried out the audit.</p> <p>The BoA has a programme management forum which deals with recommendations from different reports when they see the effectiveness of support from the Rural programme, the maritime and fisheries programme and the regional development and social fund programme for community-led local development.</p>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
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Question 1.1

Economic, social and territorial cohesion

The most typical error types in diminishing order of importance are:

- Ineligible costs included in the expenditure declarations
- Serious failure to respect public procurement rules
- Ineligible project/activities or beneficiaries

Question 1.1.1 – Do you agree that these are the most common error types?

	<u>YES</u>	<u>NO</u>
	<input checked="" type="checkbox"/>	<input type="checkbox"/>

If you do not agree, then please describe other major error types:

Question 1.1.2 – Do you agree with the relative importance of these error types?

	<u>YES</u>	<u>NO</u>
	<input type="checkbox"/>	<input checked="" type="checkbox"/>

If you do not agree, then please indicate your perception of the order of importance of the most common error types:

Reflecting their different circumstances, different Managing Authorities across the UK had different views on the relative importance of these error types:

England ESF Managing Authority:

1. Ineligible costs included in the expenditure declarations,
 2. Ineligible project/activities or beneficiaries,
 3. Serious failure to respect public procurement rules
- Department of Communities and Local Government (England ERDF MA):

The highest rate of errors is in the area of procurement.

Welsh and Scottish Governments:

1. Serious failure to respect public procurement rules;
2. Ineligible costs included in the expenditure declarations;
3. Ineligible project/activities or beneficiaries

Northern Ireland Department of Finance:

1. Serious failure to respect public procurement rules;
2. Ineligible costs included in the expenditure declarations;
3. Ineligible project/activities or beneficiaries

Question 1.1.3 – Please describe actions you have taken to prevent such errors:

England ESF Managing Authority:

Training for all MA staff with all regulations and procedures for Beneficiaries covered by detailed guidance and subject to the MA's contract management and compliance regimes – majority of procurement is via the governmental CFOs who have their own national procurement regimes and standards in-built

Department of Communities and Local Government (England ERDF MA):

1. Guidance published on procurement for applicants
2. Set up a network of ERDF delivery personnel to ensure consistency in treatment of projects.

Welsh Government:

1. provision of training,
2. comprehensive guidance on WEFO's "Rules" covering these topics
3. periodic workshops discussing common issues/themes and promoting good practice.
4. appointment of an internal procurement expert to provide advice and guidance to MA staff.

Scottish government:

Changes were made when developing the 2014-2020 programmes, including fewer, larger operations; larger delivery agents with increased capacity; moves towards SCOs; pre-payment checks; risk assessment and risk based checking systems.

Northern Ireland Department of Finance:

1. Provision of Training, guidance
2. Insisting on the use of NI central Government's centre of procurement excellence for procurement exercises undertaken within certain Measures.

<p>Question 1.2 <i>Rural development, the environment, climate action and fisheries</i></p> <p>The most typical error types in diminishing order of importance are:</p> <ol style="list-style-type: none"> Ineligible beneficiary, activity, project or expenditure Overstated or ineligible area Non-compliance with public procurement rules Administrative error 	<table border="1"> <tr> <td></td> <td style="text-align: center;"><u>YES</u></td> <td style="text-align: center;"><u>NO</u></td> </tr> <tr> <td>Question 1.2.1 – Do you agree that these are the most common error types?</td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> </table> <p><i>If you do not agree, then please describe other major error types:</i></p> <table border="1"> <tr> <td></td> <td style="text-align: center;"><u>YES</u></td> <td style="text-align: center;"><u>NO</u></td> </tr> <tr> <td>Question 1.2.2 – Do you agree with the relative importance of these error types?</td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> </table> <p><i>If you do not agree, then please indicate your perception of the order of importance of the most common error types:</i></p> <table border="1"> <tr> <td>Question 1.2.3 – Please describe actions you have taken to prevent such errors:</td> </tr> </table> <p>Proactive Land Change Detection; training; ongoing communications with customers to reiterate the requirement for accuracy in declarations; application of Key and Ancillary controls; scrutiny of all applications and claims; Robust OTSC and Admin checks; Guidance and advice to applicants/beneficiaries on scheme requirements.</p>		<u>YES</u>	<u>NO</u>	Question 1.2.1 – Do you agree that these are the most common error types?	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<u>YES</u>	<u>NO</u>	Question 1.2.2 – Do you agree with the relative importance of these error types?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Question 1.2.3 – Please describe actions you have taken to prevent such errors:
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<p>Question 1.3 EAGF</p> <p>The most typical error types in diminishing order of importance are:</p> <ol style="list-style-type: none"> Overstated or ineligible area Ineligible beneficiary, activity, project or expenditure Administrative error 	<table border="1"> <tr> <td></td> <td style="text-align: center;"><u>YES</u></td> <td style="text-align: center;"><u>NO</u></td> </tr> <tr> <td>Question 1.3.1 – Do you agree that these are the most common error types?</td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> </table> <p>If you do not agree, then please describe other major error types:</p> <table border="1"> <tr> <td></td> <td style="text-align: center;"><u>YES</u></td> <td style="text-align: center;"><u>NO</u></td> </tr> <tr> <td>Question 1.3.2 – Do you agree with the relative importance of these error types?</td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> </table> <p>If you do not agree, then please indicate your perception of the order of importance of the most common error types:</p> <table border="1"> <tr> <td>Question 1.3.3 – Please describe actions you have taken to prevent such errors:</td> </tr> <tr> <td>Proactive Land Change Detection; improved guidance to customers; internal training; investment in land management controls e.g. EFA layer; continued to encourage on-line take up; verification checks of paper claims to mirror system based preliminary warnings when data is missing or incorrect; Use of LPIS; robust OTSC and administrative checks; advice and guidance to applicants on scheme rules.</td> </tr> </table>		<u>YES</u>	<u>NO</u>	Question 1.3.1 – Do you agree that these are the most common error types?	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<u>YES</u>	<u>NO</u>	Question 1.3.2 – Do you agree with the relative importance of these error types?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Question 1.3.3 – Please describe actions you have taken to prevent such errors:	Proactive Land Change Detection; improved guidance to customers; internal training; investment in land management controls e.g. EFA layer; continued to encourage on-line take up; verification checks of paper claims to mirror system based preliminary warnings when data is missing or incorrect; Use of LPIS; robust OTSC and administrative checks; advice and guidance to applicants on scheme rules.
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<p>Question 2.1</p> <p>Please describe the main sources of data for the performance indicators you provide to the Commission in the areas of:</p>	<p>- the common agricultural policy:</p> <p>Paying Agency claim management system and payment system information; information held on Paying Agency system registers (Land Parcel Identification System; Entitlement Register; Customer Register). Annual Implementation Report; Annual Control Statistics.</p> <p>- the economic, social and territorial cohesion policy:</p> <p>Management Information returns Intermediate Bodies</p>														

<p>Question 2.2</p> <p>Please describe how you ensure that the data for the performance indicators you provide to the Commission are of sufficient quality in the areas of:</p>	<p>- the common agricultural policy:</p> <p>Sample checks against claim information; checks to ensure data is consistent with other reports; checks against regulatory thresholds (to identify potential anomalies); administrative checks and QA checks undertaken on data.</p> <p>- the economic, social and territorial cohesion policy:</p> <p>review of source data/ use of ILO definitions of unemployment/economic activity and carry out independent verification exercises unless Office of national statistics are available to evidence activity</p>						
<p>Question 3</p> <p>Follow-up of recommendations formulated by the ECA in its Special Reports</p>	<table border="1" data-bbox="614 241 790 1758"> <tr> <td data-bbox="614 241 689 694"></td> <td data-bbox="614 694 689 967" style="text-align: center;"><u>YES</u></td> <td data-bbox="614 967 689 1758"></td> </tr> <tr> <td data-bbox="689 241 790 694">Question 3.1 – Do you follow up recommendations addressed by the ECA specifically to your country?</td> <td data-bbox="689 694 790 967" style="text-align: center;"><input checked="" type="checkbox"/></td> <td data-bbox="689 967 790 1758" style="text-align: center;"><input type="checkbox"/></td> </tr> </table> <p>Reply: England ESF Managing Authority : If Applicable we would ensure that all necessary actions are taken to implement ECA recommendations.</p> <p>Northern Ireland Department of Finance: If Applicable to ERDF/ESF we would ensure that all necessary actions are taken to implement ECA recommendations.</p> <p>Department of Communities and Local Government (England ERDF MA): If the recommendation applies to an ERDF project in England or a systemic issue, we take action to correct the ‘fault’ or, if we do not consider there is a fault, we will respond accordingly.</p> <p>Welsh Government: WEFO’s Certifying Authority undertake reviews to ensure all recommendations have been followed up. From 2016, WEFO’s financial Governance function has also taken on responsibility for ensuring these recommendations are adequately followed up._</p> <p>UK Co-ordinating body: The Court’s opinion is taken into account in the development and application of controls. All ECA Audit recommendations are brought to the attention of scheme managers and a management response is requested. Progress is then monitored and the Head of the Paying Agency is aware of progress and conclusion at monthly accreditation meetings. Finance Department provide the periodic expenditure information to UKCB in respect of the 2014/20 SRDP ensuring that all financial information is reported in accordance with the applicable regulations. This includes expenditure and recovery information applicable</p>		<u>YES</u>		Question 3.1 – Do you follow up recommendations addressed by the ECA specifically to your country?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
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to the reporting period. Forecast information is provided on a 6 monthly basis.

	<u>YES</u>	<u>NO</u>
<i>Question 3.2 – Do you follow up recommendations addressed by the ECA to Member States in general?</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Reply: Welsh Government: Where WEFO is aware of recommendations raised on other Member States that are relevant to WEFO's programmes, these would be considered to ensure WEFO's processes are sufficient

UK Co-ordinating Body: General recommendations are reviewed to identify if any scheme changes are required.

PART B

Please enter any general comments you have concerning the 2016 Annual report or general issues relating to the discharge procedure

Austria

Federal Ministry for Agriculture: We have repeatedly established that the ECA, in its assessment of the random sample, makes no distinction between errors of a purely formal nature and those with a financial impact. This partly explains the difference between the Commission and ECA error rates. It also means there are lesser grounds for accepting the ECA findings.

Bulgaria

MI The findings set out in ECA's Annual Report for 2016 with regard to output indicators (Chapter 6, Note 6.50) in audited operations concern OP Development of the Competitiveness of the Bulgarian Economy 2007-2013. It should also be noted that with regard to the design of the system for measuring/assessing implementation, a significant improvement has been achieved during the programming period 2014-2020 by addressing the problems identified in the 2016 Annual Report at the stage of the programming OP Innovations and Competitiveness 2014-2020 (OPIC).

The result and output indicators (set at the level of investment priorities) for OPIC 2014-2020 are in line with the legal framework for the European Structural and Investment Funds and the rationale for the interventions under the programme. The achievement of the respective investment priorities of the operational programme is measured through the result indicators, which comprise valid statistical data. These indicators assess the impact of the individual measures on the achievement of the expected results under the respective investment priority. All projects financed under the OPIC within an investment priority contribute to the achievement of the goals of the investment priority concerned through specific results measured through output indicators. Output indicators measure the direct effects or 'outputs' of programme implementation.

Denmark

Denmark is pleased that, for the tenth consecutive year, the Court 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 also welcomes the fact that the Court issued a favourable opinion on the legality and regularity of the transactions relating to own resources and of the payments in the areas of 'Natural resources - market and direct support' and 'Administration'.

However, Denmark regrets that the Court had to issue an adverse opinion on payments as a whole for four out of five categories of expenditure. It is a Danish priority to work towards an audit opinion with fewer reservations. In that light, it is a positive development that the error rate for 2016 was an improvement on the previous years and that for the first time the Court gave a qualified opinion on the overall 2016 payments instead of an adverse opinion.

Denmark takes the view that both the Commission and the Member States bear responsibility for ensuring satisfactory implementation of the budget, and therefore stresses the importance of using all available instruments for fuller implementation of the EU budget. It is important for the Commission to focus its efforts on headings (and Member States) where error rates are considerably higher than 2 %. In that connection, requirements for increased control must be proportionate to the increased administrative burden and the financial risks to the EU budget.

It is therefore also a priority for Denmark to focus on the underlying reasons for the complexity and to work towards simpler rules, which will ease administration for both authorities and beneficiaries.

Finland

As regards the CAP, the eligibility rules and the requirement to check each condition cause a heavy workload and do not reflect the actual risk. Member States should be allowed to carry out real risk-based checks in order to reduce checks and focus on high-risk cases. At present this is not possible, because Member States are punished for overly efficient risk-based checks by having additional control requirements imposed on them.

Poland

With regard to the findings set out in the ECA's 2016 Annual Report, Poland regards as a positive development that, unlike in previous years, the Court ruled that the underlying transactions for 2016 are legal and regular in all material respects;

We also welcome the continuation of the positive trend whereby the estimated error rate for payments from the EU budget has fallen again (to 3.1 % in 2016) in all areas of intervention, irrespective of the type of management involved (centralised or shared).

In particular, the error rate is falling in the area of shared management, where there are 28 different management and control systems. In view of the simplifications and changes made for the 2014-20 programming period, we expect the error rate in this area to fall again in the next few years.

We agree with the Court's conclusion that outstanding commitments (RAL) remain one of the main challenges faced by the EU budget in the coming years. We would draw your attention to the Court's conclusion that, at the end of the current MFF and during the first few years of the next financial framework, arrears may accrue which will require realistic budget appropriations to cover forecast commitments.

Poland also supports the ECA's finding that there should be a coherent approach to the question of whether special instruments should be included in MFF payment ceilings. We believe that commitments and payments for special instruments should be counted separately from MFF ceilings.

We repeat our suggestion that the involvement of EC staff in EU Delegations in checks on projects, or even implementation of parts thereof, be increased. Poland believes that greater involvement by the EC in implementing EU-funded projects - and thereby closer cooperation with beneficiaries - would lead to a reduction in the margin of error.

We also note that the Guidelines for Member States' public authorities and services prepared by the Commission contain outdated information on the role played by the Supreme Audit Office in connection with the communication of audit findings made by the Court of Auditors (ECA). This concerns the following paragraph: 'Please note that the communication of audit findings adopted by the ECA during audit missions to your country and included in the 2016 Annual Report is done through the National Supreme Audit Institutions. Therefore, if you want to obtain copies of the statements of preliminary findings issued by the ECA, please contact the National Supreme Audit Institution of your country.'

Last year the Supreme Audit Office informed the Court of Auditors that it would no longer coordinate the transmission of notifications of planned ECA audits/ECA audit findings to the national authorities and that it would no longer coordinate the national authorities' replies. A similar situation applies in most Member States.

At present, information on these audits is copied to the Supreme Audit Office (with the right to second a Supreme Audit Office auditor to take part in the ECA audit), while exchanges of correspondence on the subject of ECA audits in Poland take place directly between the Court and the auditees/bodies involved in the audits. This concerns all audits (including financial and DAS compliance audits and performance audits). As such, the Supreme Audit Office is not involved in communicating ECA audit findings.

We therefore propose that the Guidelines for Member States' public authorities and services which may be provided by the European Commission in the next few years be amended accordingly.