

EN

EN

EN



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 5.11.2008
SEC(2008) 2755

COMMISSION STAFF WORKING DOCUMENT

Annex to the

COMMUNICATION TO THE COMMISSION

Communication from Commissioners Hübner and Špidla to the Commission giving an interim progress report on the action plan to strengthen the Commission's supervisory role under shared management of structural actions

{SEC(2008) 2756}

	Action	Output/Indicator	Deadline	Status	Result	Reference / Comments
	1. Actions under the Structural Actions joint audit strategy for 2000-2006					
	1.1 Carry out targeted audits on high-risk management bodies (2000-06).	Execution of 55 planned audit missions (ERDF/CF 40/ESF 15)	31.12.2008	in-progress	38 audit missions carried out (ERDF/CF 28 / ESF 10)	Table 1.1 Audits high-risk management bodies
	1.2 Complete the follow-up of Member States' implementation of 27 current action plans	27 action plans (ERDF 10/ESF 17) in 16 Member States concluded with effective result	31.12.2008	in-progress	10 action plans concluded (ERDF 2 / ESF 8)	Table 1.2 Remedial action plans by MS
	1.3 (a) Bring to conclusion the 20 suspension and financial correction procedures currently underway for 2000-2006	Suspension/financial correction procedures concluded by corrections agreed by the Member State or a Commission decision within 24-month deadline	31.12.2008	in-progress	8 procedures concluded (ERDF/CF 4 / ESF4) and 6 suspension decisions taken (ERDF 3/ESF3)	Table 1.3 (a) Suspension/financial correction procedures (2000-06) - a procedure is considered complete when decisions are taken for <u>all</u> projects/programmes eg 12 projects have been closed (Either by Commission decision or acceptance by the MS) for CF Spain, but the procedure has not yet been completed for all projects
	1.3 (b) Bring to conclusion the 34 financial correction procedures from closure audits for 1994-1999	Financial correction procedures concluded by corrections agreed by the Member State or a Commission decision	31.12.2008	in-progress	7 financial correction procedures from closure audits concluded (ERDF)	Table 1.3 (b) Financial corrections -Closure audits (1994-99)
	1.4 Follow up the individual substantive error cases for DAS 2006 together with any systemic implications	Final position taken by DGs on 74 ¹ cases. Where MS has not made required correction, a financial correction procedure has been launched.	30.09.2008	in-progress	Final position taken on 47 DAS cases (ERDF/CF 22 / ESF 25)	Table 1.4 DAS 2006
		¹ Corrected from figure quoted originally in the Action Plan of 73 cases.				

2. Main ongoing actions under the Action Plan towards an Integrated Internal Control Framework						
2.1 Action 9 - construct effective tools for sharing audit and control results	Sharing of audit results under enquiry to review work of winding-up bodies	31.12.2008	in-progress	on-going action		
2.2 Action 10 - Conduct an initial estimation and analysis of the cost of controls for the ERDF	Report on analysis of data received from Member States	31.05.2008	completed	Report sent to DG BUDG to incorporate in Communication on tolerable risk due autumn, 2008.		
2.3 Action 11N - examine the reliability of national monitoring and reporting systems for recoveries and financial corrections	Verifications in 10 Member States to be selected after analysis of data to be supplied by 31.3.2008 (5 MS in first half year)	31.12.2008	in-progress	To be monitored under 6.2		
2.4 Action 14b - provide guidelines for beneficiaries and/or intermediate levels on controls and responsibilities in the control chain	Updated guidance notes on management verifications and certification function (see 5.2 below)	30.06.2008	completed	To be monitored under 5.2		
2.5 Action 15 - promote the 'Contracts of Confidence' initiative for Structural Funds (enabling Commission to place reliance on national audit work for 2000-06 period and creating basis for similar cooperation in 2007-13)	Target - Signing of contracts of confidence with 2 more Member States which demonstrate their suitability	30.09.2008	partially completed	in progress		
2.6 Action 16 - coordinate audit standards, error rate reporting, etc. for Structural Funds	Sampling guide	30.04.2008	partially completed	Presented in COCOF 23 April and finalised in COCOF 21 May.	COCOF #08/0021/01	
	Systems assessment methodology	30.04.2008		Finalised in COCOF 23 April.	COCOF #08/0019/00	

	Completion of revised structural funds audit manual	31.12.2008		in progress	
<u>3. Preventive actions for closure of 2000-2006 programmes and projects</u>					
3.1 Complete the audit enquiry on the review of the work of the winding-up bodies (2000-06)	Execution of 36 planned audit missions (ERDF/CF 30 / ESF 6)	31.12.2008	in-progress	22 audit missions carried out (ERDF/CF 22)	Table 3.1 Audits of winding-up bodies 2008
3.2 Finalise the internal procedures to ensure rigorous examination of closure documents	New procedures finalised	30.6.2008	partially completed	The internal procedures for the closure process have been finalised in DG REGIO, and serve as a basis for other DGs to complete and align their own internal procedures.	Closure manual for SF issued in July - to be adapted to each DG's internal procedures - in parallel a CF manual is being produced.
3.3 Raise awareness of Member States of the closure guidelines issued by the Commission in 2006	Seminar for managing authorities	30.6.2008	completed	A presentation on closure was made at 10 June seminar (see 5.1). A closure seminar for all authorities was held in Brussels on 15 September (700 participants); closure seminars are also coorganised by the Commission with certain Member States.	Closure seminars have already been held in HU, FR, DK, LT, IT, CY, SK, GR, BE, PL and a common one for Interreg authorities, coorganised with INTERACT.
	Agenda point for annual meetings with managing authorities	31.12.2008		25 annual meetings (ERDF/CF 11 / ESF 14)	Table 3.3 Annual meetings
<u>4. Preventive actions for the 2007-13 programming period</u>					

4.1	Review of compliance assessment reports and opinions	Desk review for approximately 250 systems, with fact-finding missions where necessary	31.12.2008	in-progress	No. of reports received: 103 / no. interrupted: 22 / no. positive assessments: 20 / no. rejected: 32; Remainder under analysis	
4.2	Review of national audit strategies	Desk review of approximately 200 audit strategies	31.12.2008	in-progress	No. of strategies received: 296 / no. interrupted: 24 / no. positive assessments: 50 / no. rejected: 89; Remainder under analysis	
4.3	Actions on simplification					
4.3 (a)	Note on partial closure under Article 88 of Regulation (EC) No 1083/2006 followed up in annual meetings with managing authorities	Guidance note and follow up meetings	31.12.2008	in-progress	Guidance note in preparation	
4.3 (b)	Note on use of flat rates for indirect costs (ESF only) followed up in annual meetings with managing authorities	Guidance note and follow up meetings	31.12.2008	partially completed	ESF only: Discussed in 4 annual meetings with MS - specific meeting held with CZ Republic - received 17 requests for Commission's opinion on national rules on flat rate indirect costs. (Note finalised in 9.2007)	Table 3.3 Annual meetings
		Effective result – majority of Member States (18/27) use flat rates				
4.4	Review and provide clarification on eligibility issues for 2007-13:					

	4.4 (a) Compilation of Community eligibility rules for 2007-13 period	Brochure	30.9.2008	in-progress	Brochure in preparation - to be issued in November 2008	
	4.4 (b) Note on application of Article 55 of Regulation (EC) No 1083/2006 – revenue-generating projects	Guidance note	30.06.2008	completed	Presented in 27 February COCOF and 21 May COCOF. Finalised on 18 June.	COCOF # 07/0074/03
	4.4 (c) Note on application of State aid rules (Article 55(6))	Guidance note	30.06.2008	completed	Presented in COCOF 25 June and 25 September.	COCOF # 08/0012/01
	4.5 Raise awareness of public procurement rules	Organise 2 workshops for Member State authorities to raise awareness of application of public procurement rules to Structural Actions	31.12.2008	completed	Commission co-organised public procurement seminars in Budapest, HU 4 April 2008; in Sofia, BU 26 June 2008 and exchange of national good practices during technical working group of ESF Committee 6 May 2008.	
	<u>5. Actions to improve primary controls at national level</u>					
	5.1 Organise seminar for managing authorities and certifying authorities and follow up in annual meetings with managing authorities	Seminar for approximately 300 national participants	30.06.2008	completed	Seminar held 10 June 2008 (515 national representatives were present)	see website: http://ec.europa.eu/regional_policy/conferences/manauth/index_en.htm
	5.2 Update guidance on good practice for primary controls and the certification function for 2007-2013	Guidance documents finalised and distributed	30.06.2008	completed	Guidance notes on management verifications finalised in COCOF 21 May and certification function finalised in COCOF 25	COCOF #08/0020/03; COCOF #08/0014/01

					June. Both notes were presented in 10 June seminar.	
5.3 Provide self-assessment tools for managing authorities on compliance	Self-assessment application distributed	30.06.2008	completed	Presented in seminar of 10 June 2008.	Two national authorities volunteered to test the tool and provide feedback to the Commission.	
6. Actions to improve reporting on financial corrections by Member States						
6.1 Follow up on data reported to complete gaps and correct inaccuracies	Analysis of information received by 31 March 2008 and follow up letter sent	30.06.2008	completed	All the data received from Member States has been aggregated and letters have been sent to concerned Member States for missing or incomplete information. The data will be included in the Annual Report of the Structural Funds to be published in Autumn 2008.		
6.2 Carry out on the spot verifications of a sample of Member States' data	Verifications in 10 Member States to be selected after analysis of data to be supplied by 31.3.2008 (5 MS in first half year) (see 2.3. above)	31.12.2008	in-progress	An external firm has been contracted to perform verifications on data submitted by Member States. On the spot visits have been performed for 3 MS. Visits for the other 7 MS are planned for October and November		

					2008.	
	<u>7. Actions to improve reporting by Commission on impact of audit activity</u>					
	7.1 Improve systems for recording and reporting on follow up of audit recommendations	Modification of IT applications and procedures: SYSAUDIT in DG REGIO;	31.09.2008	completed	Completed 3rd quarter.	Improvements to monitoring tables
		full implementation of A-REP in DG EMPL	31.03.2008		Completed 1st quarter.	Minutes of ESF Directors meeting of 5 March
	7.2 Improve systems for recording and reporting on corrections resulting from Commission control and audit activity	Modification of IT applications and procedures Quarterly reporting to DG BUDG	30.09.2008	partially completed	Internal procedures for reporting to DG BUDG have been finalised. For DG REGIO they are incorporated in the revised manual on financial corrections (see 8.2 below).	
	<u>8. Actions to increase impact of Commission audit activity</u>					
	8.1 Establish and implement policy of suspending payments by Commission decision as soon as possible following detection of serious weakness in national systems	Instructions from Directors-General, revised procedures and monitoring report. Effective result: target of suspension decision within 6 months of final position on audit findings	30.04.2008	completed	Policy established (meeting DG REGIO-DG EMPL Directors-General and Directors on 17/4/08). DG REGIO - Revised procedure incorporated in manual; DG EMPL - to be incorporated in revised manual by end	

					of year.	
	8.2 Modify internal procedures for suspension and financial corrections to speed up application	Revised procedures and monitoring report. Effective result – achievement of target 24 months from audit to financial correction decision where decision required	30.04.2008	partially completed	DG REGIO - revised manual on financial corrections issued on 30/04/2008 DG EMPL - revised internal procedure issued on 16/4/2008; consolidated revised manual in progress.	DG REGIO - D(2008) 960021 DG EMPL - D(2008)7483 / D(2008) 5227
	<u>9. Actions to improve assurance provided by AAR</u>					
	9.1 Carry out the following actions in relation to preparation of Annual Activity Reports:	AAR 2007	31.03.2008		Completed 1st quarter.	
					DG REGIO AAR	DG EMPL AAR
	9.1 (a) Provide information on follow-up of all systems for which material systemic deficiencies were detected in 2006			completed	Pages 32-35, sections 2.3.4 and 2.3.5.	Pages 38-48, sections 2.3.2.
	9.1 (b) Report on the execution of action plans implemented by Member States to correct deficiencies			completed	Pages 30-33, sections 2.3.3 and 2.3.4.	Pages 38-48, sections 2.3.2.
	9.1 (c) Report on decisions to suspend interim payments, other precautionary actions by AOSD in respect of interim payments, financial corrections made by Member States at request of Commission, and financial correction decisions adopted by the Commission			completed	Pages 46-48.	Pages 32-34.

	9.1 (d) Provide detailed justification for absence of reservation where material systemic weaknesses are identified		completed	Pages 57-58, section 2.5.2.	Pages 60-62 (table).
	9.1 (e) Report on follow-up of previous recommendations of Court		completed	Pages 36-38, section 2.3.6.	Pages 49-52, section 2.3.3.
	10. Actions to maximise value of annual summaries under Article 53b of the Financial Regulation				
	10.1 Analyse summaries received, include results in AAR, and take action in respect of Member States not complying with obligations	Results reported in AAR	31.3.2008	completed	Completed 1st quarter. AARs 2007
		Effective measures against non-compliant Member States	31.12.2008		Letter of formal notice sent to Germany in September. Table 10.1 Annual Summaries (included in 1st quarter report); Infringement procedure launched on one Member State only.