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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

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1. EXECUTIVE SUMMARY

In response to the conclusions of the European Court of Auditors in its Annual Report for 2006 on the high level of errors in reimbursements for structural actions and weaknesses in the Member States management and control systems, the Commission adopted an action plan on 19 February 2008 to strengthen its supervision of Member States. Based on the recommendations made by the Court of Auditors, the Action Plan sets out 37 actions, under 10 main headings, to be carried out by the end of 2008.

The actions cover preventive measures to achieve more effective controls by Member States, corrective measures to ensure that irregular reimbursements are detected and recovered for the EU budget, and measures to improve the quality of reporting of key data by Member States and by the Commission essential for monitoring the effectiveness of multi-annual control systems. The approach is to reduce the residual risk of error by applying measures on one side to improve supervisory and control systems to reduce the occurrence of error and by taking actions on the other side which will increase the rate of recovery.

The Commission has reported to the European Parliament on progress on the Action Plan by the transmission on a quarterly basis of monitoring tables whose format had been previously discussed with the European Court of Auditors. The reports for the first two quarters were sent to Parliament on 30 April and 10 July 2008 and the main results were presented to the Budgetary Control Committee of the European Parliament by Commissioner Špidla and Commissioner Hübner on 2 June and 10 July respectively. The Committee expressed its satisfaction with progress and with the evident commitment of the Commission to achieving the planned targets on schedule. The present communication will be sent to the European Parliament as the third quarterly report. The Commission is also reporting on a quarterly basis to the European Parliament the financial corrections resulting from the Commission's actions.

This interim progress report sets out the outputs of the Action Plan achieved up to 30 September 2008, with reference to the indicators fixed for each action. The progress on each action is set out in section 2 of the communication. A summary of the financial corrections and payment suspensions applied and in progress in 2008 is set out in annex 1.

As at the end of the third quarter, 18 of the 37 actions in the Action Plan have been completed, and progress on the remaining actions is well-advanced to meet the target set for the end of the year. In a few cases under the actions relating to the follow up

of remedial action plans and financial correction procedures, the targeted outputs will not be fully achieved by the end of 2008, for reasons set out in section 2.

The completed actions include the following:

- DG REGIO and DG EMPL provided in their Annual Activity Reports for 2007 complete details of follow up on deficiencies detected, action plans and financial corrections and suspensions, and justification of the inclusion or otherwise of a programme in the reservation.
- The Commission carried out the assessment of the Annual Summaries submitted by Member States, followed up compliance issues and launched an infringement procedure in the one case of serious failure to meet the regulatory requirements (Germany).
- DG REGIO and DG EMPL have put in place and implemented a policy of suspending payments by Commission decision as soon as possible following detection of serious weaknesses in national systems in order to increase the impact of Commission audit activity.
- DG REGIO and DG EMPL established procedures and improved IT applications in order to improve the monitoring of audit recommendations and therefore reinforce the impact of their audit activity.
- A seminar in September 2008 and numerous bilateral meetings have raised Member States' awareness of the closure guidelines for the 2000-2006 period issued by the Commission in 2006.
- The Commission issued guidance notes and organised a seminar in June 2008 to promote improvement in primary controls at national level.

The main conclusions to be drawn from the progress on the individual actions of the Action Plan are:

- The responsible DGs have taken steps to execute the actions in the Action Plan in accordance with the time frame set out, and, with the few exceptions indicated, the actions are on track to be completed by the deadlines fixed.
- The Commission has demonstrated the more rigorous approach required in the exercise of its supervisory role through the adoption of 11 decisions on financial corrections and 6 decisions to suspend payments under Actions 1.2 and 1.3. (see annex 2). The increased number and more rapid adoption of suspension decisions following the detection of serious deficiencies also shows that the new procedures under Action 8.1 are taking effect¹.
- The Commission has advanced satisfactorily in its core activity of audit and follow-up work directed at the 2000-2006 programme period. 38 audits of high risk management bodies have been carried out, and the follow up of 10

¹ For the 3 suspension decisions affected by the revised procedures, the average time from final audit position to decision was 7 months.

remedial action plans has been concluded. This activity serves the priority aim of ensuring that irregular expenditure is removed from reimbursements to these programmes and projects.

- The intensity of this activity is shown by the increased volume of financial corrections relating to 2000-2006 programmes and projects already applied in 2008 (EUR 680 million). The overall figure for financial corrections for the first 3 quarters of 2008 resulting from the Commission's activity is EUR 843 million, compared with EUR 287 million for the whole of 2007 (see annex 1). The current estimate of potential financial corrections likely to result from the suspension and correction procedures underway is at least EUR 1.5 billion.
- The Commission is applying in line with the regulations for the 2007-2013 period the reinforced preventive measures to ensure that reliable systems are in place at the outset, through the rigorous scrutiny of compliance assessment reports for 103 programmes and audit strategies submitted for 296 programmes.
- The execution of the actions linked to improved reporting – Annual Activity Reports, reporting on financial corrections, and annual summaries - have strengthened the assurance process for structural actions.

Apart from the corrective measures covering the programmes and projects identified in the Action Plan, the Commission is also taking action on other cases for which DG REGIO and DG EMPL entered reservations in their 2007 Annual Activity Reports. The 2 responsible DGs are following up remedial actions for 95 programmes, have launched suspension or correction procedures covering 37 programmes, and have completed the follow up on 21 programmes.

The impact of the Action Plan cannot yet be measured in relation to an actual reduction in the error rate at the level of interim reimbursements. As was explained in the Communication on the Action Plan (point 8.2), for the 2000-2006 period, errors already committed will continue to affect payments which will be made up to 2010 and, for the Cohesion Fund, up to 2012. However, by increasing the effectiveness of the post-payment controls undertaken by the Member States and the impact of the Commission's audit activity, the work done under the Action Plan should increase the level of correction of these past errors by the time the 2000-06 programmes and projects are closed. At the same time, for the 2007-13 period, the Action Plan should ensure that the Member States' systems function effectively from the beginning of the programme implementation, or, if not, that deficiencies are detected early so that corrective measures can be applied.

The data to make it possible to carry out a first evaluation of the impact in relation to the error rate in reimbursements to the Funds will be available at the end of 2009 for expenditure for the new programmes of the 2007-2013 period, and at the end of 2010 for the closure of programmes of the 2000-2006 period.

Overall, the results set out in this progress report show that under the Action Plan the Commission is exercising its supervisory role more effectively to address both the causes and effects of the high rate of error found by the European Court of Auditors in structural actions expenditure.

2. PROGRESS AND IMPACT OF THE ACTION PLAN

Action 1 – Actions under the joint audit strategy for 2000-2006

1.1. Targeted audits on 55 high risk management bodies

Action in progress

DG REGIO and DG EMPL have carried out 38 of the planned audits up to 30 September 2008 and have sent out reports on 20 of the audits. The effective results on the 20 audits already reported are that in 4 cases there is a positive conclusion on the functioning of the system, in 2 cases the opinion was adverse and the Commission has launched a procedure to suspend payments and apply financial corrections, and in the other 14 cases the Commission auditors have given a qualified opinion and are following up the audit findings with the national authorities to determine the corrective measures required. Most of the audits relate to Member States and programmes and projects for which the 2007 Annual Activity Reports entered reservations. The follow-up of the audits through to possible suspensions of payments and financial corrections will continue into 2009, where necessary. The remaining 17 audits are scheduled to take place between October and December 2008.

1.2. Follow up of 27 remedial action plans

Action in progress

DG REGIO and DG EMPL have completed the follow up on 10 of the 27 action plans which were under way in 2007. The 27 action plans cover 32% of the total committed amounts for 2000-06 programmes. The effective results of the 10 action plans completed are as follows:

- in 9 cases there is a positive conclusion on the completion of the required actions and on the functioning of the system, including in certain cases on the application of financial corrections by the Member State at the request of the Commission;
- in 1 case the remedial action plan resulted in the application of financial corrections by Commission decision.

Of the 17 action plans not yet concluded:

- the Commission has suspended payments or launched a procedure to suspend payments in 8 cases;
- it will review Member States reports or carry out audits before the end of the year to check implementation in a further 9 cases.

The DGs will have completed the follow up by the end of the year by taking a final position either that the action plan has been satisfactorily executed or that a suspension and financial correction procedure should be launched, except in 3 cases where the deadline for completing the remedial action plans has been extended. They

will conclude any consequent suspension and financial correction procedures in 2009.

1.3. Conclude 20 suspension and financial correction procedures for 2000-2006 and 34 procedures for 1994-1999

Action in progress

1.3 a) 2000-2006 period

The 20 open suspension and correction procedures related in total to 32 ERDF programmes and 12 ESF programmes and 60 Cohesion Fund projects. DG REGIO and DG EMPL have brought to a conclusion 8 of the procedures and 4 procedures have been partially concluded. The results in terms of programmes and projects for these 12 procedures are as follows:

- Commission decisions to apply financial corrections amounting to approximately EUR 58 million have been adopted for 54 programmes/projects;
- Member States accepted financial corrections amounting to approximately EUR 20 million for 11 programmes/projects; and
- the procedure was closed with no correction for 8 programmes/projects because the Commission was able to accept the arguments presented by the Member State.

Under the procedures not yet concluded covering 31 programmes/projects, the Commission has adopted suspension decisions for 6 programmes/projects. The remaining cases are well advanced and except for 4 Cohesion Fund projects, Commission decisions to suspend or correct will be taken by the end of the year.

Where suspension decisions have been adopted in 2008, in cases where the Member State does not carry out the required action, the financial correction will be applied in 2009.

1.3 b) 1994-1999 period

The 34 procedures referred to in the Action Plan concern ERDF and result from closure audits. DG REGIO has brought to a conclusion 7 of these procedures with financial corrections amounting in total to EUR 19.5 million and expects to conclude a further 17 cases before the end of 2008 with estimated corrections of EUR 1.5 billion. It is likely that 10 out of the 34 procedures for 1994-99 programmes will not be finalised by the end of 2008 but by the end of the first quarter of 2009. This is because each audit covered approximately 40 projects, the follow up generates voluminous documentation and complex legal issues have been raised in certain cases. Furthermore the concentration of cases in a small number of Member States has led to delays in fixing the hearing with the Member State which is an essential part of the rights of the defence for the Member State which must be respected before a correction is applied.

In addition, DG EMPL is currently engaged in completing 7 further financial correction procedures on 15 ESF programmes of the 1994-1999 period.

1.4. Follow up of DAS error cases for 2006

Action in progress

DG REGIO and DG EMPL have taken a final position on 47 of the 74 cases. In 23 cases, the Member State has itself made the required correction. In 14 cases the DGs have launched a financial correction procedure or are about to do so. In 10 cases the case was closed with no correction, as the Commission was able to accept the further evidence submitted by the Member State. For the remaining cases, the Commission has been delayed in reaching a final position because of the need to obtain further information from the responsible authorities, but it will achieve this target by the end of the year.

Action 2 – Actions under Action Plan toward an Integrated Internal Control Framework

2.1. Action 9 - Constructing effective tools for sharing audit and control results

Action in progress

The audit results under the enquiry to review the work of winding-up bodies (see action 3.1) are being shared between DG REGIO and DG EMPL.

2.2. Action 10 – Conduct initial estimation and analysis of costs of controls for ERDF

Action completed

DG REGIO sent the report on the results of the survey of the costs of controls in ERDF to DG BUDG in May 2008 to be used in the preparation of the communication on tolerable risk.

2.3. Action 11N – Examine the reliability of national reporting systems for recoveries and financial corrections

Action in progress

See Action 6.2 below.

2.4. Action 14b – Provide guidelines for beneficiaries and/or intermediate levels on controls and responsibilities in the control chain

Action completed

See Action 5.1 below.

2.5. Action 15 – Promote “Contracts of Confidence”

Action partially completed

One new contract of confidence will be signed by the Commission with Cyprus for ERDF and Cohesion Fund by the end of November 2008. Two other contracts are currently being negotiated (ESF UK/England and Denmark).

2.6. Action 16 – Co-ordination of audit standards

Action partially completed

The Commission has finalised the guidance documents on sampling and systems assessment methodology, and DG REGIO and DG EMPL are now drafting further sections of the Structural Funds audit manual which will be discussed with national audit authorities at a technical meeting in December 2008.

Action 3 – Preventive actions for closure of 2000-2006 programmes and projects

3.1. Audit enquiry on 36 winding up bodies

Action in progress

Up to the end of September 2008 DG REGIO and DG EMPL have carried out 22 of the 36 planned audits of winding-up bodies which will be responsible for issuing declarations on the legality and regularity of expenditure before the closure of 2000-2006 programmes, and they will complete the remaining planned missions by the end of the year. The conclusions to date are that there are some deficiencies in the winding-up bodies' preparation for closure and the Commission will follow-up on its recommendations to verify that these issues are corrected so that the winding up declarations submitted at closure can be relied on. The follow-up will continue in 2009.

3.2. Internal procedures to ensure rigorous examination of closure documents

Action partially completed

The internal procedures for the closure process have been finalised in DG REGIO, and will be followed by DG EMPL to complete and align its own internal procedures. These procedures put emphasis in particular on the assessment of the reliability of the winding up declarations, and on the examination of reported irregularities and financial corrections for each programme.

3.3. Raise awareness of Member States of closure guidelines issued by the Commission in 2006

Action completed

DG REGIO and DG EMPL organised a seminar entirely dedicated to closure issues on the control of Structural Funds on 10 June 2008 which was attended by over 500 participants from national authorities (see Action 5.1). At this seminar Commission speakers presented key issues for the preparation of closure of Structural Funds programmes.

DG REGIO and DG EMPL organised a second seminar entitled "Towards a successful closure of Structural Funds programmes 2000-2006" in Brussels on 15 September, which covered in detail all elements of the programme closure process. Over 700 representatives from all Member States participated. The topic of closure has also been discussed at 30 annual bilateral meetings with managing authorities and control bodies of Structural Funds since the beginning of 2008, and has been the

subject of specific bilateral seminars in 10 Member States (HU, FR, DK, LT, IT, CY, SK, GR, BE, PL,) and in a special Interreg seminar. Following up on the 15 September seminar, on 21 October a specific session of the Technical Working Group of the ESF Committee, gathering all ESF national coordinators, was dedicated to the issue of management actions to be taken before the end of the eligibility period in order to ensure a proper closure for 2000/2006 programmes.

Action 4 – Preventive actions for the 2007-2013 programming period

4.1. Review of compliance assessment reports and opinions

Action in progress

The Commission scrutinises the compliance assessment reports and opinions submitted by Member States, which are due within 12 months of programme approval, in order to confirm that the control systems set up by the Member States comply with regulatory requirements. Until the Commission has approved the assessment, it will not reimburse interim payment claims.

By the end of September the Commission had received compliance assessment reports from Member States covering 103 of the 431 approved programmes, representing the majority due at that date. Of these it has accepted the assessments for 20 programmes and rejected those for 32 programmes (which will be re-submitted after correction). The remainder have been interrupted or are still subject to examination. The provisional conclusion is that the Commission guidance issued in 2007 has generally been followed. The reasons for rejection and interruption are related in particular to the failure to provide adequate information on certain mandatory elements, and inconsistencies between the findings in the report of the compliance assessment body and the final opinion. Few cases have raised fundamental structural or capacity problems.

4.2. Review of national audit strategies

Action in progress

Audit authorities are required to submit their audit strategies within nine months of programme approval for approval by the Commission. As at end of September 2008, the Commission had received the audit strategies covering 296 of the 431 approved programmes, representing the majority due at that date. It had accepted the strategies of 50 programmes and rejected those of 89 programmes (which will be re-submitted after correction). The remainder are interrupted or still under examination. The reasons for rejection and interruption include insufficient information to establish the independence of the audit authority, missing or unclear sampling method, incomplete risk analysis, and insufficient information on audit resources. In general the issues raised are not fundamental weaknesses in the strategies but particular points to be completed or improved.

4.3. Actions on simplification

Action partially completed

a) DG REGIO and DG EMPL will present the guidance note on partial closure under Article 88 of Council Regulation (EC) No 1083/2006 to the Fund Coordination Committee (COCOF) before the end of 2008.

b) The guidance note on the use of flat rate for indirect costs for ESF under Article 11(3)(b) of Council Regulation (EC) No 1081/2006 was finalised by DG EMPL in September 2007, after discussions with the Member States and agreement with the European Court of Auditors. As at 30 September 2008, 23 Member States had declared their intention to implement this ESF rule for all or part of their programmes. The use of flat rates was also discussed in late 2007 and in 2008 in 3 meetings of the technical working group of the ESF Committee, in 4 annual meetings with Member States and in specific bilateral meetings with the Czech Republic, Portugal, Lithuania and Wales. DG EMPL committed itself to provide feedback to all interested Member States on their draft national implementing rules on the use of flat rates in order to avoid retroactive problems in the implementation of the rule.

4.4. Review and clarification on eligibility issues

Action partially completed

a) The Commission has prepared a draft of the brochure making a compilation of the Community eligibility rules which will be published before the end of 2008.

b) and c) The Commission services have finalised the guidance notes on revenue-generating projects and State Aid rules. In September 2008 the Commission adopted a proposal to amend Article 55 of Council Regulation (EC) No 1083/2006 in order to simplify the rules concerning revenue generating operations.

4.5. Public procurement rules – raise awareness by organising workshops

Action completed

The Commission organised special workshops on this topic, which continues to be a common source of irregularity in the use of EU funds for structural actions, in Budapest, Hungary (4/4/08) and in Sofia, Bulgaria (26/6/08). Following a workshop dedicated to the use of public procurement in the field of ESF activities in 2006, DG EMPL organised a follow-up discussion and exchange of national good practices in this field during the meeting of the technical working group of the ESF Committee on 6 May 2008.

Action 5 – Improvement of primary controls

5.1. Seminar for managing and certifying authorities

Action completed

DG REGIO and DG EMPL organised a seminar entitled "Control of structural actions – meeting the challenge" in Brussels on 10 June 2008. Over 500 participants from managing and certifying authorities of all Member States and regions participated, as well as representatives from the European Parliament and the European Court of Auditors. At the seminar the Commission presented good practices concerning the role of managing and certifying authorities in the 2007-2013

period based on the revised guidance notes described under action 5.2 and on the experience of the implementation of the 2000-2006 programmes. The importance of effective communication of the applicable rules to beneficiaries in order to prevent errors was emphasised. The Commission will present to COCOF in November a plan for improving communication on management and control issues based on feedback provided by Member States following the seminar.

5.2. Guidance on good practice for primary controls and the certification function

Action completed

The Commission issued in May and June 2008 new guidance documents for managing authorities and certifying authorities after detailed discussion with Member States. These formed the basis for presentations and discussions in the seminar of 10 June (see action 5.1).

5.3. Self-assessment tool for managing authorities on compliance

Action completed

The Commission presented a self-assessment tool to Member States at the seminar of 10 June, with the aim of making it easier for managing authorities to assess themselves directly against regulatory benchmarks on key elements of internal control. Two pilot studies have subsequently been carried out. In the light of the results, the tool is being modified and will be distributed to Member States by the end of the year.

Action 6 – Improve reporting on financial corrections by Member States

6.1. Follow up on data reported by Member States to complete gaps and correct inaccuracies

Action completed

DG REGIO, as lead DG, aggregated the data on financial corrections in all Funds reported by Member States in March/April 2008 and the Commission reported the results to the European Parliament with the second quarterly report on financial corrections. The total amounts of corrections (withdrawals and recoveries) reported for the year 2007 were EUR 407 million and EUR 136 million respectively. The cumulative total for the whole of the 2000-2006 period comes to nearly EUR 1.6 billion (EUR 1.1 billion withdrawals, nearly EUR 500 million recoveries). The results will be presented in detail in an annex to the 2007 Annual Report on the Implementation of the Structural Funds to be published in October. DG REGIO has written to all concerned Member States to ask them to fill gaps and clarify apparent anomalies.

6.2. Verification of reported data on corrections in 10 Member States

Action in progress

DG REGIO as lead DG has carried out, with assistance from external contractors, on-the-spot verifications of data for all Funds in 3 Member States. The overall

conclusion from the review of the recording and reporting systems and the random samples of supporting documents is that the data on withdrawals, recoveries and pending recoveries submitted by the relevant authorities in these Member States can be considered generally reliable and complete. Recommendations to improve procedures in the future are being made and will be closely monitored. Verifications in a further 7 Member States will take place in October-November for all Funds.

Action 7 – Improve reporting by Commission on impact of audit activity

7.1. Modification of IT applications and procedures – SYSAUDIT in DG REGIO, full implementation of A-REP in DG EMPL

Action completed

In DG REGIO the reports obtained from SYSAUDIT have been improved in order to strengthen the follow up of audits carried out.

In DG EMPL the A-REP application has been fully implemented since April 2008, in order to provide better follow up and monitoring of all Community audit recommendations and to document such follow-up activities.

7.2. Modification of IT applications and procedures – quarterly reporting on financial corrections to DG BUDG

Action partially completed

Improvements to the IT application SYSAUDIT used by DG REGIO for the follow up of financial correction procedures have been put in production to provide enhanced facilities for monitoring of the process. For the purpose of better and more automatic reporting specific modules on audits and on suspension and financial corrections have been put in production in A-REP and will be available before the end of the year.

DG REGIO and DG EMPL, in consultation with DG BUDG, DG AGRI and DG MARE, have put in place procedures to improve the completeness and accuracy of reporting on financial corrections resulting from the Commission activity. Quarterly reports have been provided to DG BUDG, which has prepared and transmitted global reports to the Budgetary Control Committee of the European Parliament.

The Commission Internal Audit Service is currently undertaking a review of these procedures and the DGs will take any further actions required to implement agreed recommendations.

Action 8 – Increase impact of Commission audit activity

8.1. Establish and implement policy of suspending payments by Commission as soon as possible following detection of serious weaknesses in national systems

Action completed

The Director Generals of DG REGIO and DG EMPL have respectively issued coordinated instructions to their services to implement a policy of launching the

procedure for suspension of payments immediately following the detection of serious deficiencies in a national system. Monitoring of the timeliness of the application of suspensions is carried out using the monitoring tools referred to in Action 7.

8.2. Modify internal procedures for suspension and financial corrections to speed up application

Action partially completed

DG REGIO and DG EMPL put in place new internal procedures for the application of suspensions and financial corrections by the Commission in April 2008. These provide for a streamlining of internal procedures to reduce unnecessary delays in the application of suspension and financial corrections. In the case of DG EMPL the existing manual will be updated to incorporate the new procedures by the end of the year. The procedures provide DG REGIO and DG EMPL with the means to respect the deadlines fixed for suspensions and financial corrections in the Action Plan for audits carried out from 2007. These are 6 months from the final position on audit findings until the adoption of a formal payments suspension decision and 24 months between the audit and a formal Commission financial correction decision. The new procedures are already having an impact².

The Commission Internal Audit Service is currently undertaking a review of these procedures and the DGs will take any further actions required to implement agreed recommendations.

Action 9 – Improve assurance from AAR

Action completed

DG REGIO and DG EMPL fully implemented in the drafting of their 2007 Annual Activity Reports all the actions listed in the Action Plan, which took account of recommendations by the European Court of Auditors.

Action 10 – Maximise value of annual summaries

Action completed

The Commission carried out a detailed and timely assessment of the annual summaries received, and reported on the results to the Budgetary Control Committee of the European Parliament by letters of 22 February, 25 March and 21 April 2008.

The Commission analysed the summaries in relation to the respect for the minimum regulatory requirements as well as for the added value provided and took measures to follow up any shortcomings in quality as well as non-respect of the minimum legal requirements. DG REGIO and DG EMPL took the results into account when finalising their assessments of national systems for their Annual Activity Reports. The Commission has launched an infringement procedure against the one Member State which failed to submit a compliant annual summary. It presented on 26

² For the 3 suspensions affected by the revised procedures, the average time from final audit position to decision was 7 months, and for the one financial correction procedure affected by the revised procedures the time between the audit and the correction decision was 18 months.

September 2008 revised guidance to Member States in the COCOF for the 2008 exercise, with the aim both of streamlining the process for Member States and of reinforcing the value added elements of the annual summaries in order to maximise the contribution made to building up assurance on the Funds.

Annex 1 – Summary of financial correction and suspension procedures in 2008

Fund/period	Financial corrections accepted by Member State (in EUR million)	Financial corrections by Commission decision (in EUR million)	Number of Commission suspension decisions	Suspension procedures underway	Financial corrections underway
				Number of programmes/projects	Number of programmes/projects
ERDF 2000-06	379	25	3	47	2
CF 2000-06	11	36	1	8	27
ESF 2000-06	229	0	3	15	8
ERDF 1994-99	7	100	n/a	n/a	25
CF 1994-99	1	31	n/a	n/a	1
ESF 1994-99	0	24	n/a	n/a	7
Grand total for 2008	627	216	7	70	70
Total for 2007	223	64	1		

Annex 2 – Details of financial correction and suspension decisions in 2008 (to 30.9.2008)

	Member State	Programme period	Fund	Programme	Amount (M EURO)	Cross reference to the action in the Action Plan
<u>Financial corrections</u>	Germany	1994-1999	ERDF	Berlin	12.90	1.3b
	* Germany	1994-1999	ERDF	Thüringen	81.43	
	* United Kingdom	1994-1999	ERDF	West Midlands Obj 2	0.33	
	Portugal	1994-1999	ERDF	Alentejo	0.35	1.3b
	Portugal	1994-1999	ERDF	Iniciativa para a Modernização da Indústria Têxtil (IC IMIT)	5.58	1.3b
				Sub-total	100.42	
	* Spain	1994-1999	CF	–	3.11	
	* Spain	1994-1999	CF	–	23.20	
	* Greece	1994-1999	CF	–	5.15	
				Sub-total	31.46	
	United Kingdom	2000-2006	ERDF	North West + URBAN/Sub-total	24.8	1.2 1.3a

	* Portugal	2000-2006	CF	–	1.55	
	Spain	2000-2006	CF	–	1.52	1.3a
	Spain	2000-2006	CF	–	6.38	1.3a
	Spain	2000-2006	CF	–	0.19	1.3a
	Spain	2000-2006	CF	–	0.77	1.3a
	Spain	2000-2006	CF	–	1.07	1.3a
	Spain	2000-2006	CF	–	1.24	1.3a
	Greece	2000-2006	CF	–	23.26	1.3a
				Sub-total	35.95	
	* France	1994-1999	ESF	Guadeloupe	9.19	
	* Ireland	1994-1999	ESF	Employment Community Initiative	12.72	
	* United Kingdom	1994-1999	ESF	Resider Obj2	0.57	
	* United Kingdom	1994-1999	ESF	Northern Uplands Obj 5	1.19	
				Sub-total	23.67	
				Grand total for 2008	216.3	
<u>Suspensions</u>	Italy	2000-2006	ERDF	Puglia	-	1.2

						1.3a
	Interreg	2000-2006	ERDF	France/UK	-	1.3a
	Interreg	2000-2006	ERDF	Medoc	-	1.3a
	* Bulgaria	2000-2006	CF	Projects in road sector	-	
	Italy	2000-2006	ESF	Calabria Obj 1	-	1.3a
	Luxembourg	2000-2006	ESF	Obj 3	-	1.3a
	UK-Scotland	2000-2006	ESF	Obj 2 and Obj 3	-	1.2 1.3a

* Not under Action Plan.