

ANNEX 6 - SUMMARY OF THE RESULTS OF THE ACTION PLAN OF 19/2/2008
(COM (2008) 97 final) (see also section 2.3.3.5)

1. Actions under the Structural Actions joint audit strategy for 2000-2006

The planned audit work for ERDF/CF programmes/projects progressed significantly as follows:

- audits of high-risk management bodies – 35 out of 40 missions were carried out by end 2008, of which 24 reports had been sent;
- Follow-up of remedial action plans – 3 out of 10 action plans had been fully completed; 3 actions plans have not been satisfactorily completed and a suspension decision has been taken or procedure launched; and for the 4 remainder, the DG is reviewing further information submitted by the national authorities;
- Concluding the financial correction procedures underway for 2000-2006 – 4 out of 12 procedures had been fully completed, another 4 had been partially completed (of which 2 had been concluded subsequent to the adoption of the report on the Action Plan) and for the remaining 4, a suspension decision had been adopted;
- Concluding the financial correction procedures for closure audits for 1994-1999 – 17 out of 34 open procedures had been completed by end 2008. For 11 procedures the financial correction decision is in preparation and for the remaining 6 the date of the hearing has been set for the first part of 2009, so that a decision can be taken by mid-2009;
- Follow-up of the individual substantive errors from work done by the Court of Auditors for its 2006 Annual Report – 33 out of 35 cases have been followed up and a final position letter has been sent to the Member State.

These actions are by their nature ongoing and involve several stages in the procedure before each case is satisfactorily concluded, including desk work, on-the-spot visits, contradictory procedure, and holding a hearing with the Member States in the case of financial corrections. The audit work remaining has been carried forward to be finalised in 2009 under the structural actions joint audit strategy.

2. Main ongoing actions under the Action Plan towards an Integrated Internal Control Framework

All actions have been completed under this heading. The main achievements include a study on an initial estimation of the costs of controls for the ERDF in Member States which provided data for use in the Communication on the Tolerable Risk of Error-COM(2008)866, the signing of three more Contracts of Confidence (one for ERDF/CF) for a total of 9 contracts signed with 7 Member States (Austria, UK- England and Wales, Denmark, Portugal, Slovenia, Estonia and Cyprus) and the finalisation of all the relevant guidance notes to be included in the Structural Actions Audit Reference Manual for the programming period 2007-2013.

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

The Commission's services had begun preparation for the closure of the 2000-2006 programmes with the guidelines prepared for Member States in 2006. The work carried out in 2008 by DG Regional Policy aimed at raising awareness of the closure guidelines by a) ensuring that the topic of closure was on the agenda of annual meetings with the managing authorities or monitoring committees (discussed at 19 such meetings in 2008), b) participating in closure seminars in 15 Member States and in a specific seminar for closure in relation to INTERREG and c) organising a closure seminar in Brussels with over 700 national participants. Furthermore, DG Regional Policy and DG Employment finalised their own internal procedures in preparation for the rigorous examination of closure documents and the audit directorates continued with the audit enquiry begun in 2007 on the preparatory work of the winding-up bodies, the bodies responsible for issuing the final declarations on the legality and regularity of the expenditure for the 2000-2006 programmes. 26 of the 30 audits planned by DG Regional Policy had been carried out in 2008 (2 had been replaced and 2 postponed to 2009) and follow-up work will take place in 2009 as an ongoing action.

4. Preventive actions for the 2007-2013 programming period

The main activity consisted of the effective review of the compliance assessment reports and audit strategies received from Member States as the main first documents required under Regulation (EC) No 1083/2006, in order to obtain assurance that Member States set up compliant management and control systems from the beginning of the period (see also section 2.3.3.1).

Other actions under this heading by the end of 2008: the DGs had completed guidance notes on partial closure and revenue-generating projects, produced a brochure compiling the Community eligibility rules for the 2007-2013 period, amended the Council regulation as regards state aid rules and held four workshops on raising awareness on public procurement rules.

5. Actions to improve primary controls at national level

All actions have been completed under this heading. One of the main recommendations of the Court of Auditors was to improve primary controls at management level in the Member States (see section 2.3.2). The Directorates General finalised guidance notes on good practice for primary controls and the certification function for the 2007-2013 period and produced a self-assessment tool on compliance with the applicable rules for managing authorities. All three documents were presented and discussed in the seminar held in June 2008 where more than 500 national representatives from managing and certifying authorities were present.

6. Actions to improve reporting on financial corrections by Member States

All actions have been completed under this heading. Another recommendation of the Court of Auditors was to ensure provision of complete transparent and reliable information on financial corrections and recoveries. Under this heading, DG Regional Policy had taken the lead in reviewing and aggregating the data on financial corrections

reported by Member States and reported the results in Annex 6 to the 2007 Annual Report on Implementation of the Structural Funds- SEC(2008) 2649, published in October 2008. The completeness and reliability of the data was further verified with on-the-spot visits in 10 Member States. Revised figures, resulting from the Directorate General's follow-up work, to those initially reported in the Annex are presented below:

Withdrawals and recoveries deducted from statements of expenditure for year 2007 and pending recoveries as at 31.12.2007

Total by Member State for all Funds and for INTERREG

EUR million

Member State	Withdrawals		Recoveries		Pending recoveries	
	Total public funding*	EC contribution	Total public funding	EC contribution	Total public funding to be recovered	ECU contribution to be recovered
BE	10.75	3.51	7.51	1.81	9.07	4.91
CZ	0	0	0.97	0.30	0.28	0.21
DK	0.05	0.02	0.39	0.17	0.93	0.47
DE	143.68	79.01	87.95	41.78	290.27	188.64
EE	0.81	0.66	0.43	0.35	0.22	0.21
IE	13.03	7.51	0	0	0	0
EL	133.20	95.31	0	0	0	0
ES	0.32	0.23	323.87	188.20	192.42	124.72
FR	68.94	25.11	0.10	0.16	1.41	0.43
IT	432.12	232.92	62.07	30.66	85.68	41.03
CY	0.01	0	0	0	0	0
LV	0.18	0.13	0.04	0.03	0.13	0.09
LT	0	0	0.07	0.05	0.01	0.01
LU	0.37	0.17	1.07	0.16	0	0
HU	15.22	11.45	0.23	0.18	4.61	3.52
MT	0	0	0.72	0.53	0.04	0.02
NL	9.18	9.65	22.83	16.43	0.50	3.18
AT	0	0	5.44	3.19	0.70	4.18
PL	0	0	4.04	3.59	2.73	1.90
PT	0	0	33.12	31.00	85.01	65.65
SI	0	0	0.08	0.05	0.10	0.07
SK	0	0	0.66	0.38	0.02	0.02
FI	0.01	0	1.07	0.51	2.07	1.17
SE	0.05	0.04	0.74	0.45	1.15	0.77
UK	174.13	53.21	21.53	11.25	173.85	68.78
INTERREG	85.04	46.49	5.94	4.72	6.66	4.88
Total	1087.09	565.42	580.87	335.95	857.86	514.86

Source: Member States

* Total public funding includes national public funding and EC contributions.

Total by Fund

EUR million

Fund	Withdrawals		Recoveries		Pending recoveries	
	Total public funding	EC contribution	Total public funding	EC contribution	Total public funding to be recovered	EC contribution to be recovered
ERDF	889.40	431.84	524.81	294.83	627.20	396.30
ESF	152.14	106.79	38.14	30.58	97.78	63.70
EAGGF	42.70	25.05	17.35	10.17	125.67	50.26
FIFG	2.85	1.74	0.57	0.37	7.21	4.60
Total	1087.09	565.42	580.87	335.95	857.86	514.86

Cumulative totals of withdrawals and recoveries 2000 – 2006

Total by Member State for all Funds and INTERREG

EUR million

Member State	Cumulative total of withdrawals		Cumulative total of recoveries	
	Total public funding	EC contribution	Total public funding	EC contribution
BE	18.20	7.01	13.67	5.09
CZ	0	0	0.97	0.30
DK	0.14	0.07	3.55	0.87
DE	146.07	82.44	92.08	46.54
EE	1.24	0.97	0.43	0.35
IE	107.24	53.92	0.27	0.21
EL	1192.27	739.74	0	0
ES	0	0	1018.71	650.36
FR	75.44	27.63	3.36	0.91
IT	454.00	224.54	86.96	40.33
CY	0.01	0	0	0
LV	0.19	0.14	0.06	0.04
LT	0	0	0.08	0.06
LU	12.27	2.32	9.72	1.46
HU	1.57	1.21	1.20	0.91
MT	0	0	0.75	0.55
NL	9.48	9.73	22.63	16.43
AT	0	0	17.09	8.88
PL	0	0	6.82	5.90
PT	0	0	167.87	124.00
SI	0	0	0.01	0.01
SK	0	0	1.01	0.65
FI	0.78	0.39	3.12	1.38
SE	1.18	0.39	10.62	5.53
UK	297.08	130.50	52.27	26.31
INTERREG	76.61	40.07	13.94	9.42
Total	2393.77	1321.07	1527.19	946.49

Total by Fund

EUR million

Fund	Cumulative total of withdrawals		Cumulative total of recoveries	
	Total public funding	EC contribution	Total public funding	EC contribution
ERDF	2164.99	1177.29	1408.05	864.85
ESF	166.29	103.18	88.72	65.94
EAGGF	59.19	38.45	27.78	14.10
FIFG	3.30	2.15	2.64	1.60
Total	2393.77	1321.07	1527.19	946.49

7. Actions to improve reporting by Commission on impact of audit activity

All actions have been completed under this heading. DG Regional Policy modified its IT application, SYSAUDIT, for monitoring and reporting the follow-up of audits carried out. Furthermore, in consultation with the other Structural Fund DGs and DG Budget, procedures have been put in place to improve the completeness and accuracy of reporting on financial corrections resulting from Commission controls. Quarterly reports were transmitted to the Budgetary Control Committee of the European Parliament.

8. Actions to increase impact of Commission Audit Activity

All actions have been completed under this heading. DG Regional Policy had established a policy in 2008 to ensure more rapid adoption of decisions for suspensions of payment and financial corrections when serious systems weaknesses are detected. The revised procedure was incorporated in the Directorate General's manual on financial corrections. The more rigorous approach was demonstrated through the adoption of 6 suspension decisions in 2008 (compared to one in 2007) and through the increase in the overall figure of financial corrections of approximately EUR 1 billion, compared to approximately EUR 250 million in 2007 (See also table 11 and section 2.3.3.1. for audit work performed in 2008).

9. Actions to improve assurance provided by Annual Activity Reports

All actions have been completed under this heading. The European Court of Auditors recognized in its Annual Report for the year 2007 the positive evolution in the supervisory and control systems and in the quality of the 2007 Annual Activity Reports of the DGs and the usefulness that it provides (Table 2.1 of the Annual Report for 2007).

10. Actions to maximise value of annual summaries under Article 53b(3) of the Financial Regulation

All actions have been completed under this heading. The European Court of Auditors also indicated in its Annual Report for 2007 that the Commission has adequately supervised the procedure concerning annual summaries by issuing clear guidance and by dealing with cases of non-compliance (paragraph 2.20 of the Annual report for 2007). The Director General of DG Regional Policy sent a letter to Member States in December 2008 attaching the revised guidance note on the annual summary and reminding them of the importance of the value added elements. DG Regional Policy launched an infringement procedure on one Member State which failed to submit a compliant annual summary and is examining information which has since been provided.