

2015

Annual Activity Report

Annexes

**DG Regional and
Urban Policy**

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ANNEX 1: Statement of the Deputy Director General¹

I declare that in accordance with the Commission's communication on clarification of the responsibilities of the key actors in the domain of internal audit and internal control in the Commission², I have reported my advice and recommendations to the Director-General on the overall state of internal control in the DG.

I hereby certify that the information provided in Parts 2 and 3 of the present AAR and in its annexes is, to the best of my knowledge, accurate and exhaustive.

Brussels, 15 April 2016

Nicholas Martyn

"Signed"

¹ In DG Regional and Urban Policy, the Deputy Director-General in charge of Policy, Performance and Compliance is entrusted with the function of Internal Control Coordinator. The Director of Resources reports to him.

² SEC(2003)59 of 21.01.2003.

ANNEX 2: Human and Financial resources

Human Resources by ABB activity				
Activity		Establishment Plan posts	External Personnel	Total
Cohesion Fund (CF)	Cohesion Fund (CF)	89	28	117
Control related to cohesion policy pre-accession	Control related to cohesion policy pre-accession	73	23	96
Encouraging the economic development of the Turkish Cypriot Community (TCC)	Encouraging the economic development of the Turkish Cypriot Community (TCC)	10	23	33
European Regional Development Fund (ERDF) and other regional interventions	European Regional Development Fund (ERDF) and other regional interventions	229	53	282
Instrument for Pre-Accession Assistance (IPA)	Instrument for Pre-Accession Assistance (IPA)	5		5
Management	Management of the Directorate-General for regional and urban policy	49	16	65
Policy strategy and coordination	Policy strategy, coordination and evaluation for the Directorate-General for regional and urban policy	145	33	178
Solidarity Fund	Solidarity Fund	1		1
Total		601	176	777

The above data rely on the snapshot of Commission personnel actually employed in DG Regional and Urban Policy as of 31/12/2015. These data do not necessarily constitute full-time-equivalents throughout the year.

IMPLEMENTATION OF THE GLOBAL ENVELOPE: BUDGET LINES CONCERNED: 13 01 02 11 00 01 TO 13 01 02 11 00 06

(IN EUROS)		2015		
BUDGET LINE*	BUDGET LINE DESCRIPTION	AVAILABLE APPROPRIATIONS	COMMITMENTS	PAYMENTS
13.010211.00		3 039 154,00		
13.010211.00.01.10	Mission expenses		2 568 000,00	2 190 642,07
13.010211.00.01.30	Representation expenses		4 650,00	2 688,06
13.010211.00.02.20	Experts		176 000,00	137 981,00
13.010211.00.02.40	Meetings (internal and external)		86 000,00	81 368,68
13.010211.00.03	Meetings of committees		-	-
13.010211.00.06	Further training and management training		204 022,00	96 522,87
	TOTAL	3 039 154,00	3 038 672,00	2 509 202,68

ANNEX 3: Annual Accounts and Financial Reports

DG REGIO - Financial Year 2015

Table 1 : Commitments

Table 2 : Payments

Table 3 : Commitments to be settled

Table 4 : Balance Sheet

Table 5 : Statement of Financial Performance

Table 6 : Average Payment Times

Table 7 : Income

Table 8 : Recovery of undue Payments

Table 9 : Ageing Balance of Recovery Orders

Table 10 : Waivers of Recovery Orders

Table 11 : Negotiated Procedures (excluding Building Contracts)

Table 12 : Summary of Procedures (excluding Building Contracts)

Table 13 : Building Contracts

Table 14 : Contracts declared Secret

TABLE 1: OUTTURN ON COMMITMENT APPROPRIATIONS IN 2015 (in Mio €)					
			Commitment appropriations authorised	Commitments made	%
			1	2	3=2/1
Title 13 Regional and urban policy					
13	13 01	Administrative expenditure of the 'Regional and urban policy' policy area	18.54	18.50	99.77 %
	13 03	European Regional Development Fund and other regional operations	39,274.48	39,263.73	99.97 %
	13 04	Cohesion Fund (CF)	11,020.56	10,997.91	99.79 %
	13 05	Instrument for Pre-Accession Assistance - Regional development and regional and territorial cooperation	41.28	33.00	79.94 %
	13 06	Solidarity Fund	209.51	209.51	100.00 %
Total Title 13			50,564.36	50,522.64	99.92%
Title 22 Enlargement					
22	22 01	Administrative expenditure of the 'Enlargement' policy area	1.87	1.87	100.00 %
	22 03	Aid Regulation	32.55	32.35	99.40 %
Total Title 22			34.42	34.23	99.43%
Total DG REGIO			50,598.79	50,556.87	99.92 %

* Commitment appropriations authorised include, in addition to the budget voted by the legislative authority, appropriations carried over from the previous exercise, budget amendments as well as miscellaneous commitment appropriations for the period (e.g. internal and external assigned revenue).

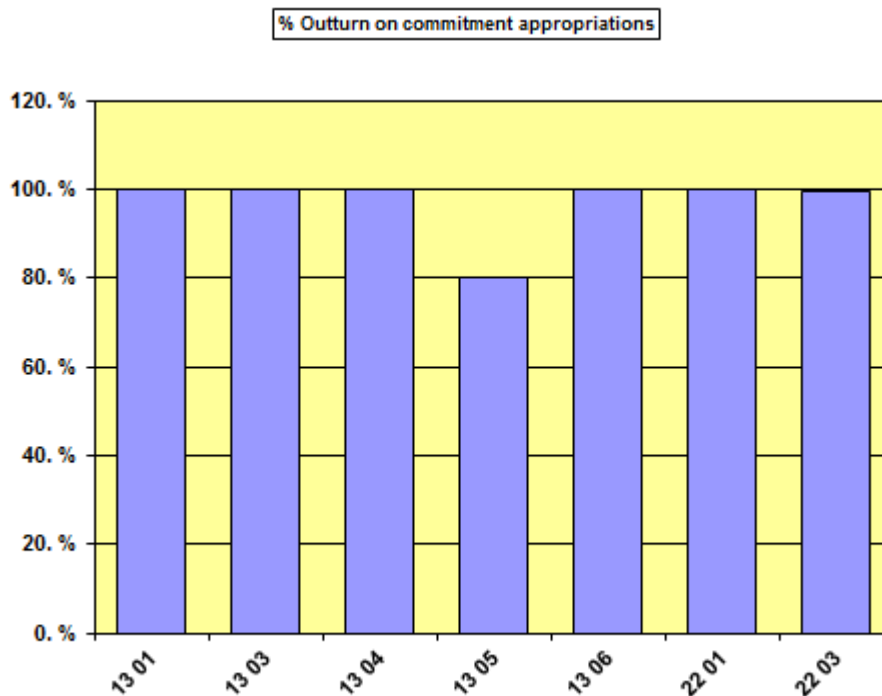


TABLE 2: OUTTURN ON PAYMENT APPROPRIATIONS IN 2015 (in Mio €)					
Chapter			Payment appropriations authorised	Payments made	%
			1	2	3=2/1
Title 13 Regional and urban policy					
13	13 01	Administrative expenditure of the 'Regional and urban policy' policy area	27.92	17.35	62.15 %
	13 03	European Regional Development Fund and other regional operations	28,293.03	28,293.03	100.00 %
	13 04	Cohesion Fund (CF)	12,125.79	12,097.03	99.76 %
	13 05	Instrument for Pre-Accession Assistance - Regional development and regional and territorial cooperation	398.07	390.02	97.98 %
	13 06	Solidarity Fund	209.51	209.51	100.00 %
Total Title 13			41,054.32	41,006.93	99.88%
Title 22 Enlargement					
22	22 01	Administrative expenditure of the 'Enlargement' policy area	1.87	1.63	86.76 %
	22 03	Aid Regulation	17.97	17.77	98.91 %
Total Title 22			19.84	19.40	97.76%
Total DG REGIO			41,074.16	41,026.33	99.88 %

* Payment appropriations authorised include, in addition to the budget voted by the legislative authority, appropriations carried over from the previous exercise, budget amendments as well as miscellaneous payment appropriations for the period (e.g. internal and external assigned revenue).

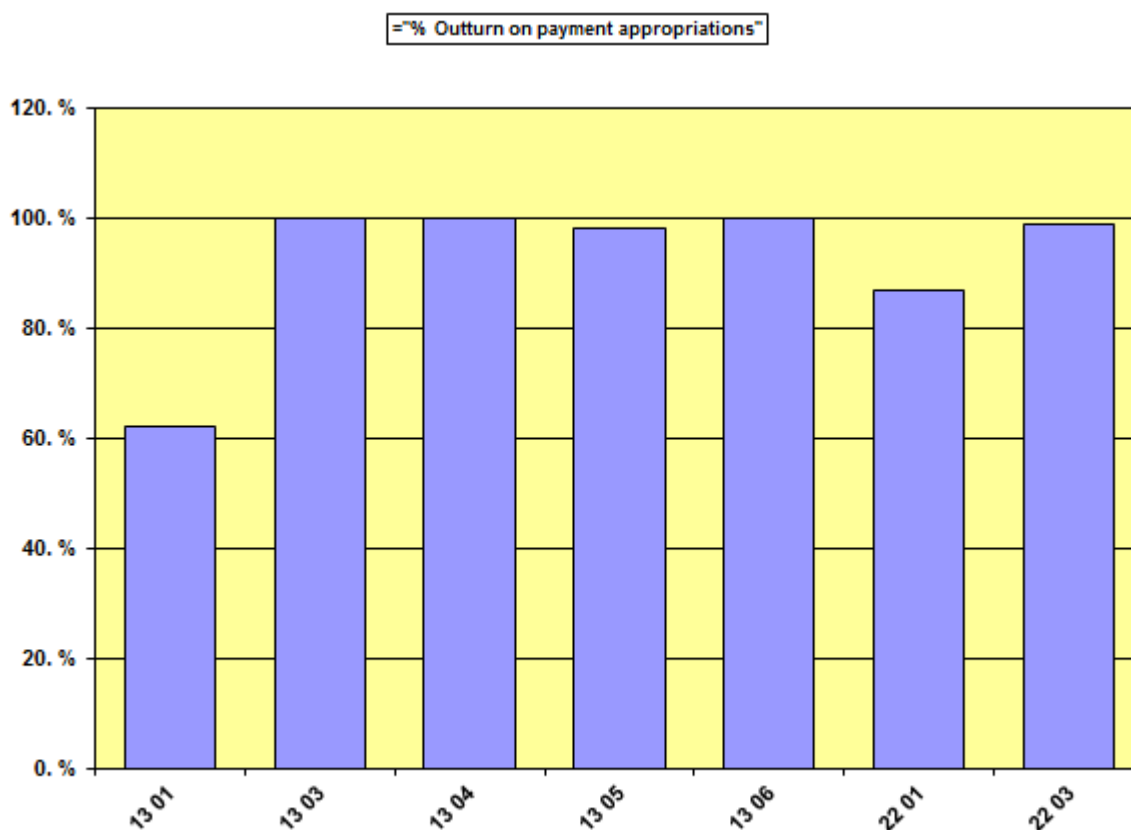


TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2015 (in Mio €)									
Chapter			2015 Commitments to be settled				Commitments to be settled from financial years previous to 2015	Total of commitments to be settled at end of financial year 2015 (incl corrections)	Total of commitments to be settled at end of financial year 2014 (incl. corrections)
			Commitments 2015	Payments 2015	RAL 2015	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
Title 13 : Regional and urban policy									
13	13 01	Administrative expenditure of the 'Regional and urban policy' policy area	18.43	9.25	9.18	49.80 %	-	9.18	9.38
	13 03	European Regional Development Fund and other regional operations	39,263.73	2,846.58	36,417.15	92.75 %	32,896.93	69,314.08	59,141.27
	13 04	Cohesion Fund (CF)	10,997.91	498.55	10,499.36	95.47 %	11,742.13	22,241.48	23,525.89
	13 05	Instrument for Pre-Accession Assistance - Regional development and regional and territorial cooperation	33.00	33.00	-	0.00 %	1,088.03	1,088.03	1,545.32
	13 06	Solidarity Fund	209.51	209.51	-	0.00 %	-	-	-
Total Title 13			50,522.57	3,596.89	46,925.69	92.88%	45,727.08	92,652.77	84,221.86
Title 22 : Enlargement									
22	22 01	Administrative expenditure of the 'Enlargement' policy area	1.84	1.63	0.22	11.86 %	-	0.22	-
	22 03	Aid Regulation	32.35	0.02	32.34	99.95 %	81.77	114.11	99.53
Total Title 22			34.20	1.64	32.56	95.20%	81.77	114.33	99.53
Total DG REGIO			50,556.77	3,598.53	46,958.24	92.88 %	45,808.85	92,767.10	84,321.38

"Breakdown of Commitments remaining to be settled (in Mio EUR)"

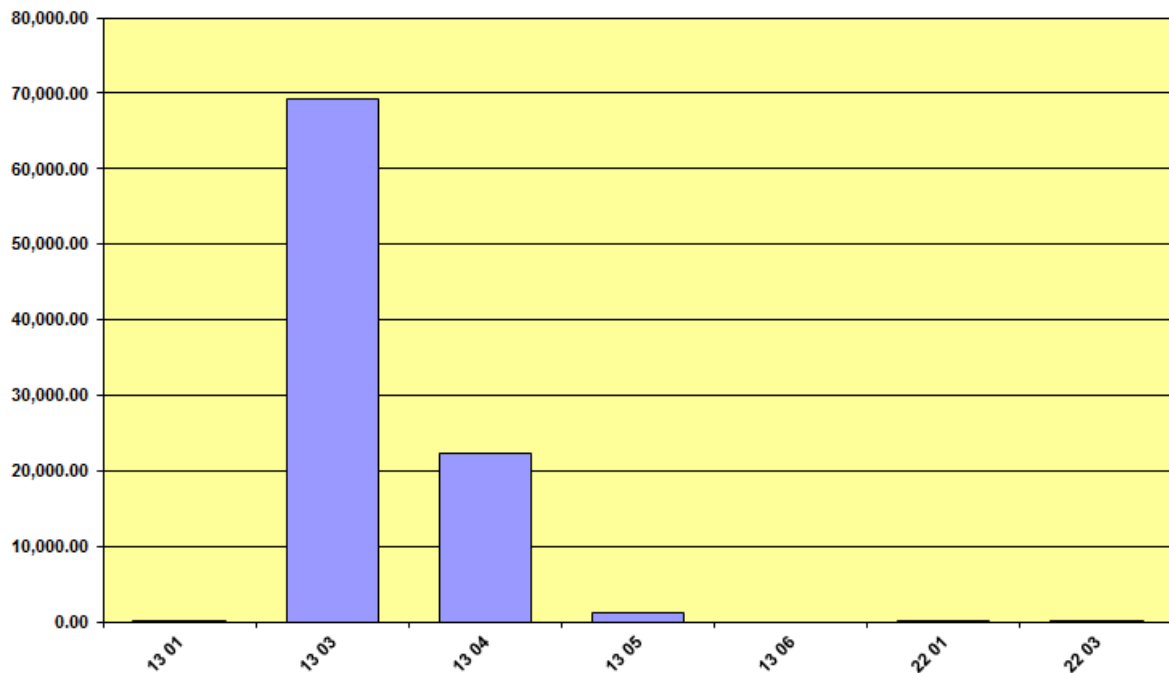


TABLE 4 : BALANCE SHEET

BALANCE SHEET	2015	2014
A.I. NON CURRENT ASSETS	17,894,675,261.14	12,043,444,259.61
A.I.1. Intangible Assets	11,764,653.64	6,698,874.26
A.I.6. Non-Current Pre-Financing	17,882,910,607.50	12,036,745,385.35
A.I.7. OLD LT Pre-Financing		-
A.II. CURRENT ASSETS	2,877,601,417.97	16,315,003,899.79
A.II.2. Current Pre-Financing	2,572,822,981.93	15,861,342,181.32
A.II.4. Exchange Receivables	132,511.23	-
A.II.5. Non-Exchange Receivables	304,645,924.81	453,661,718.47
ASSETS	20,772,276,679.11	28,358,448,159.40
P.II. NON CURRENT LIABILITIES	(198,286,671.53)	(107,801,922.20)
P.II.2. Long-term provisions	(198,286,671.53)	(107,801,922.20)
P.III. CURRENT LIABILITIES	(17,097,630,042.10)	(21,454,381,835.40)
P.III.2. Short-term provisions	(29,770,914.27)	(457,097,015.74)
P.III.4. Accounts Payable	(7,878,532,673.00)	(17,818,250,656.02)
P.III.5. Accrued charges and deferred income	(9,189,326,454.83)	(3,179,034,163.64)
LIABILITIES	(17,295,916,713.63)	(21,562,183,757.60)
NET ASSETS (ASSETS less LIABILITIES)	3,476,359,965.48	6,796,264,401.80
P.I.2. Accumulated Surplus / Deficit	92,276,446,433.98	48,584,501,712.24
Non-allocated central (surplus)/deficit*	(95,752,806,399.46)	(55,380,766,114.04)
TOTAL	-	-

It should be noted that the balance sheet and statement of financial performance presented in Annex 3 to this Annual Activity Report, represent only the assets, liabilities, expenses and revenues that are under the control of this Directorate General. Significant amounts such as own resource revenues and cash held in Commission bank accounts are not included in this Directorate General's accounts since they are managed centrally by DG Budget, on whose balance sheet and statement of financial performance they appear. Furthermore, since the accumulated result of the Commission is not split amongst the various Directorates General, it can be seen that the balance sheet presented here is not in equilibrium.

Additionally, the figures included in tables 4 and 5 are provisional since they are, at this date, still subject to audit by the Court of Auditors. It is thus possible that amounts included in these tables may have to be adjusted following this audit.

TABLE 5 : STATEMENT OF FINANCIAL PERFORMANCE

STATEMENT OF FINANCIAL PERFORMANCE	2015	2014
II.1 REVENUES	(13,973,238.78)	(860,768,609.82)
II.1.1. NON-EXCHANGE REVENUES	(16,308,297.45)	(864,841,623.89)
II.1.1.5. RECOVERY OF EXPENSES	(16,308,297.45)	(864,841,623.89)
II.1.1.6. OTHER NON-EXCHANGE REVENUES	-	
II.1.2. EXCHANGE REVENUES	2,335,058.67	4,073,014.07
II.1.2.2. OTHER EXCHANGE REVENUE	2,335,058.67	4,073,014.07
II.2. EXPENSES	44,086,948,340.22	44,552,713,331.56
II.2. EXPENSES	44,086,948,340.22	44,552,713,331.56
II.2.10. OTHER EXPENSES	129,098,325.11	473,556,449.20
II.2.1. EXP IMPLM BY MEMBER STATES (SHARED)	43,588,145,069.43	43,837,234,608.83
II.2.2. EXP IMPLM BY COMMISS&EX.AGENC. (DM)	75,249,363.47	46,333,525.76
II.2.4. EXP IMPL BY 3RD CNTR & INT ORG (IM)	280,588,276.49	195,751,842.62
II.2.5. EXP IMPLM BY OTHER ENTITIES (IM)	14,095,393.49	
II.2.6. STAFF AND PENSION COSTS	(229,153.89)	(163,094.85)
II.2.8. FINANCE COSTS	1,066.12	-
STATEMENT OF FINANCIAL PERFORMANCE	44,072,975,101.44	43,691,944,721.74

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Additionally, the figures included in tables 4 and 5 are provisional since they are, at this date, still subject to audit by the Court of Auditors. It is thus possible that amounts included in these tables may have to be adjusted following this audit.

TABLE 6: AVERAGE PAYMENT TIMES FOR 2015 - DG REGIO

Legal Times							
Maximum Payment Time (Days)	Total Number of Payments	Nbr of Payments within Time Limit	Percentage	Average Payment Times (Days)	Nbr of Late Payments	Percentage	Average Payment Times (Days)
30	826	778	94.19 %	14.78	48	5.81 %	39.33
45	28	25	89.29 %	22.44	3	10.71 %	65.33
60	1388	1057	76.15 %	35.20	331	23.85 %	114.02
90	12	12	100.00 %	41.75			
193	9	9	100.00 %	3.44			
196	1	1	100.00 %	13.00			
198	2	2	100.00 %	8.00			
200	4	4	100.00 %	4.00			
210	4	4	100.00 %	6.25			
217	3	3	100.00 %	6.67			
220	1	1	100.00 %	15.00			
232	1	1	100.00 %	8.00			
238	2	2	100.00 %	19.00			
246	1	1	100.00 %	15.00			
249	1	1	100.00 %	14.00			
261	1	1	100.00 %	7.00			
262	2	2	100.00 %	11.00			
263	1	1	100.00 %	42.00			
266	1	1	100.00 %	10.00			
268	12	12	100.00 %	13.33			
269	10	10	100.00 %	12.50			
274	2	2	100.00 %	10.50			
275	3	3	100.00 %	24.67			
276	4	4	100.00 %	25.00			
277	2	2	100.00 %	35.00			
282	1	1	100.00 %	13.00			
283	1	1	100.00 %	13.00			
288	1	1	100.00 %	7.00			
289	1	1	100.00 %	6.00			
290	2	2	100.00 %	15.00			
298	2	2	100.00 %	33.00			
302	3	3	100.00 %	7.00			
303	2	2	100.00 %	7.00			
323	1	1	100.00 %	8.00			
331	1	1	100.00 %	5.00			
332	4	4	100.00 %	4.00			
338	1	1	100.00 %	8.00			
340	3	3	100.00 %	14.00			
365	312	312	100.00 %	14.65			

Total Number of Payments	2656	2274	85.62 %		382	14.38 %	
Average Payment Time	35.86			24.38			104.25

Target Times							
Target Payment Time (Days)	Total Number of Payments	Nbr of Payments within Target Time	Percentage	Average Payment Times (Days)	Nbr of Late Payments	Percentage	Average Payment Times (Days)
20	35	27	77.14 %	11.19	8	22.86 %	23.88
30	1369	407	29.73 %	19.43	962	70.27 %	67.49

Total Number of Payments	1404	434	30.91 %		970	69.09 %	
Average Payment Time	52.23			18.92			67.13

Suspensions							
Average Report Approval Suspension	Average Payment Suspension Days	Number of Suspended Payments	% of Total Number	Total Number of Payments	Amount of Suspended Payments	% of Total Amount	Total Paid Amount
1	106	528	19.88 %	2656	14,279,881,588.51	34.93 %	40,882,100,091.95

Late Interest paid in 2015			
DG	GL Account	Description	Amount (Eur)
REGIO	65010000	Interest expense on late payment of charges	1 066.12
			1 066.12

Note : Payments to Member States are not subject to the payment of late interest. Moreover, payments for shared management are subject to cash constraints which do not allow paying within the regulatory deadline of 60 days.

TABLE 7 : SITUATION ON REVENUE AND INCOME IN 2015								
Chapter		Revenue and income recognized			Revenue and income cashed from			Outstanding balance
		Current year RO	Carried over RO	Total	Current Year RO	Carried over RO	Total	
		1	2	3=1+2	4	5	6=4+5	
61	REPAYMENT OF MISCELLANEOUS EXPENDITURE	159,393,527.81	28,720,490.42	188,114,018.23	159,393,527.81	28,720,490.42	188,114,018.23	-
65	FINANCIAL CORRECTIONS	63,205,861.15	11,590,711.00	74,796,572.15	62,788,702.30	11,590,711.00	74,379,413.30	417,158.85
66	OTHER CONTRIBUTIONS AND REFUNDS	958,030.89	41,012.00	999,042.89	198,908.05	41,012.00	239,920.05	759,122.84
Total DG REGIO		223,557,419.85	40,352,213.42	263,909,633.27	222,381,138.16	40,352,213.42	262,733,351.58	1,176,281.69

TABLE 8 : RECOVERY OF PAYMENTS
(Number of Recovery Contexts and corresponding Transaction Amount)

INCOME BUDGET RECOVERY ORDERS ISSUED IN 2015	Irregularity		Total undue payments recovered		Total transactions in recovery context(incl. non-qualified)		% Qualified/Total RC		
	Year of Origin (commitment)	Nbr	RO Amount	Nbr	RO Amount	Nbr	RO Amount	Nbr	RO Amount
2001	2	18,782,718.78	2	18,782,718.78	4	55,440,730.12	50.00%	33.88%	
2003	1	541,359.34	1	541,359.34	3	1,413,891.46	33.33%	38.29%	
2004	3	561,848.97	3	561,848.97	5	10,492,780.23	60.00%	5.35%	
2005	4	8,941,146.01	4	8,941,146.01	5	11,709,165.86	80.00%	76.36%	
2006	1	258,047.53	1	258,047.53	1	258,047.53	100.00%	100.00%	
2011					5	53,210.86			
2012					1	277,391.44			
2013					1	7,236.41			
2014					1	4,631.92			
2015					1	745.99			
No Link	24	34,124,616.23	24	34,124,616.23	40	143,410,544.91	60.00%	23.80%	
Sub-Total	35	63,209,736.86	35	63,209,736.86	67	223,068,376.73	52.24%	28.34%	

EXPENSES BUDGET	Error		Irregularity		OLAF Notified		Total undue payments recovered		Total transactions in recovery context(incl. non-qualified)		% Qualified/Total RC	
	Nbr	Amount	Nbr	Amount	Nbr	Amount	Nbr	Amount	Nbr	Amount	Nbr	Amount
INCOME LINES IN INVOICES												
NON ELIGIBLE IN COST CLAIMS	7	5,497.92	1	754.58			8	6,252.50	37	467,620,841.41	21.62%	0.00%
CREDIT NOTES	4	426,819.42	1	64.92			5	426,884.34	67	1,097,007.63	7.46%	38.91%
Sub-Total	11	432,317.34	2	819.50			13	433,136.84	104	468,717,849.04	12.50%	0.09%
GRAND TOTAL	11	432,317.34	37	63,210,556.36			48	63,642,873.70	171	691,786,225.77	28.07%	0.06%

TABLE 9: AGEING BALANCE OF RECOVERY ORDERS AT 31/12/2015 FOR REGIO

	Number at 01/01/2015	Number at 31/12/2015	Evolution	Open Amount (Eur) at 01/01/2015	Open Amount (Eur) at 31/12/2015	Evolution
2005	1		-100.00 %	41,012.00		-100.00 %
2014	9		-100.00 %	40,311,201.42		-100.00 %
2015		2			1,176,281.69	
	10	2	-80.00 %	40,352,213.42	1,176,281.69	-97.08 %

TABLE 10 : RECOVERY OF WAIVERS IN 2015 >= EUR 100,000.00

No data reported.

TABLE 11 : CENSUS OF NEGOTIATED PROCEDURES - DG REGIO - 2015**External Actions > EUR 20,000**

Negotiated Procedure Legal base	Number of Procedures	Amount (€)
Art. 266.1(h)	1	1,959,900.00
Total	1.	1,959,900.00

TABLE 12 : SUMMARY OF PROCEDURES OF DG REGIO EXCLUDING BUILDING CONTRACTS**External Procedures > € 20,000**

Procedure Type	Count	Amount (€)
(Ext. act) Service - Competitive Negot.Proc. with at least three candidates without pub.(Art. 265.1(b) & 3 RAP)	1	195,975.00
(Ext. act) Service - Exceptional Negotiated Procedure with a single offer (Art. 266 RAP)	1	1,959,900.00
(Ext. act) Service - International Open Procedure with prior publication (Art. 265(1)(a)(ii) RAP)	1	1,230,300.00
(Ext. act) Service - International Restricted Procedure with prior publication (Art. 265.1(a)(i) & 2 RAP)	6	7,538,555.00
(Ext. act) Supply - International Open Procedure after publication of a contract notice (Art. 267.1(a) RAP)	4	2,587,579.53
TOTAL	13	13,512,309.53

Internal Procedures > € 60,000

Procedure Type	Count	Amount (€)
Call for expressions of interest - Pre-selection of candidates (Art. 136.1(a) RAP)	2	138,000.00
Open Procedure (Art. 127.2 RAP)	6	28,190,638.00
TOTAL	8	28,328,638.00

TABLE 13 : BUILDING CONTRACTS

No data reported.

TABLE 14 : CONTRACTS DECLARED SECRET

No data reported.

ANNEX 4: Materiality criteria

I. For shared management (ERDF/CF/IPA-CBC)

Assessment of management and control systems in the Member States and for the programming period 2007-13

All programmes are assessed against audit opinions at national and Commission level based on audits carried out on systems and representative samples of operations. In addition, operational line managers and authorising officers by sub-delegation also assess the level of assurance. The assessment is based on three elements as follows:

1. The first element is the **assessment of the functioning of management and control systems** carried out by the audit directorate. This assessment may take into account results of corrective actions implemented by the Member State in the reporting year. This assessment is complemented at the Directorate General level taking into account elements received by the operational managers and the regular contacts with regional and national programme authorities.
2. The second element is the projected **error rate reported by programme audit authorities** in the Annual Control Reports (ACR), based on expenditure for the year preceding the reporting year. The Directorate General assesses the reliability of the projected error rates for each programme, on the basis of all available information and audit results, including on-the-spot missions, and uses this information as the best estimate of the possible risk for expenditure in the reporting year. In case the projected error rates are not available, not accurate or found not to be reliable, the audit directorate either recalculates them when it has sufficient information to do so or, alternatively, replaces them by flat rates in line with the results of the assessment of the functioning of management and control systems. This results in an **error rate validated by management** for each programme for the reporting year. This is the best estimate expressed as a percentage of the value of the interim payments made in the reporting year of expenditure which is not in full conformity with contractual or regulatory provisions.
3. The third element is the consideration of the multi-annual impact of the validated error rates calculated since the beginning of the programming period, on the corresponding interim payments made during that same period, after deduction of the **recoveries and withdrawals** reported for each year, as well as, pending recoveries at the end of the reporting year and withdrawals accepted by certifying authorities and recorded in their accounts prior to the date of signature of the AAR.

The application of this third element results in a **cumulative residual risk/error rate** for each programme or where appropriate group of programmes covered by a common management and control system, expressed as a percentage of the value of the cumulative interim payments made for the programming period. This is the DG's best estimate of expenditure which is not in full conformity with contractual or regulatory provisions and which have not been corrected at the date the report is signed.

The assessment of the relevant reports, data and other information available requires the application of professional judgement, namely when weighting contradictory information or considering abnormal statistical results. When taking into account reported corrections, the authorising officer by delegation also assesses that they effectively mitigate the risks identified and that they result in a reduction in the level of the error that remains uncorrected in the population.

Materiality criteria and reservations

- As management and controls are considered to be specific to each operational programme, materiality is not assessed and reservations are not decided upon at the level of the ABB activity (or grouping of ABB activities), but rather at the level of operational programmes. For disclosure purposes in the AAR, overall reservations grouping the reservations at programme level are made by programming period.

The Directorate-General therefore assesses **each operational programme** in order to identify reservations and corrective measures to be applied. Where operational programmes have management and control systems in common, they can be grouped for this assessment. At operational programme level, reservations or partial reservations are made in respect of significant weaknesses in the management and control systems in the Member States where the resulting risk to the Community budget is material, independently at this stage from any calculation of the cumulative residual risk/error rate. In practice, this means that reservations or partial reservations are made in any case for programmes included in the categories 'limited assurance with medium risk' and 'limited assurance with high risk' (see below).

Following the approach set out, reservations are made as a general rule for all programmes for which the validated error rate exceeds or equals 5%³ and also for all programmes for which the cumulative residual risk/error rate exceeds 2%. Exceptions, if any, are clearly reported and explained in the body of the Annual Activity Report. In some cases, reservations may be made at a **sub-programme level** (priority axis or implementing bodies) when the systemic deficiencies only affect a specific management and control system, not used for the other activities under the same programme.

- In addition, in the event that the monitoring and supervisory controls reveal deficiencies of a qualitative nature (e.g. significant systemic deficiencies or major control failures) which have a significant impact on the reputation of the Commission, a reservation is made on a reputational basis.

Estimation of the amount at risk

The overall amount at risk is calculated by applying the **validated error rate** to the amount of interim payments made during the reporting year for each programme.

The amount at risk for programmes under reservation is calculated on the same basis but only for those programmes under reservation. However for reservation made at sub-programme level, a flat rate depending of the deficiencies identified is applied to the part of payments made on this specific sub-programme during the year. In all cases, no financial corrections are taken into account for the quantification of the reservation as the financial corrections already implemented are mainly linked to expenditure declared in previous years.

In case no payments have been made in the year concerned for a programme under reservation, the reservation could still apply, but on a reputational/qualitative basis, rather than on a quantitative one.

For transparency purposes, the estimation of the overall amount at risk is presented by Member State classifying the programmes in four categories levels of assurance in accordance with the assurance they provide as to the legality and regularity of interim payments made during the reporting year:

³ When the validated error rate is above 5% and the CRR is below 2%, case by case analysis is needed to decide on a reservation.

Reasonable assurance means that there is no material deficiency in key elements of the systems (only minor improvements may be needed in some cases) and the validated error rate and the cumulative residual risk are below 2%;

Reasonable assurance with low risk of irregularities covers

- programmes with the existence of some deficiencies in key elements of the systems and/or with a validated error rate below 5% but with a cumulative residual risk below 2%;
- programmes with a validated error rate above 5 % and a cumulative residual risk below 2 % as a result of implemented financial corrections and if on the basis of professional judgment, the implementation of the action plan has been assessed as satisfactory ;

Limited assurance with medium risk⁴ of irregularities covers

- programmes with the existence of some deficiencies in key elements of the systems and/or with a validated error rate below 5% and a cumulative residual risk above 2%;
- programmes with a validated error rate above 5 % and a cumulative residual risk remaining above 2% or below 2 % as a result of implemented financial corrections but on the basis of professional judgment, the implementation of the action plan has not been assessed as satisfactory yet;

Limited assurance with high risk³ of irregularities covers

- programmes with material deficiencies in several key elements of the systems and/or with a validated error rate above 5% and a cumulative residual risk above 2%;

⁴ Exceptions duly justified are disclosed in the AAR

Assessment of management and control systems in the Member States and for the programming period 2014-2020

The assessment of each operational programme is based on the following elements:

1. The first element is the **assessment of the effectiveness of management and control systems** carried out by the audit directorate based on all information available (i.e. the opinion issued by the audit authority on the management and control systems, the projected error rate, results of Commission audit work, elements received from operational managers in their regular contacts with regional and national programme authorities).
2. The second element is the **assessment of legality and regularity of expenditure**, which is fed, among others, by the analysis of the "annual residual error rate" (RER) which is calculated for the accounting year by deducting from the "annual reviewed projected error rate" the financial corrections applied until the submission of the annual accounts.

Programme audit authorities report an "annual projected error rate" in the Annual Control Reports (ACR), based on expenditure for the accounting year (from 1 July N-1 to 30 June N).

The Directorate General reviews the reliability of the submitted "annual projected error rate" for each programme, on the basis of all available information and audit results, including on-the-spot missions. In case the projected error rates are not available, inaccurate or found to be unreliable, the audit directorate either recalculates them when it has sufficient information to do so or, alternatively, replaces them by flat rates in line with the results of its assessment of the functioning of management and control systems, determining the "annual reviewed projected error rate" representing the error rate validated by the Commission on the basis of the information available at the date of the ACRs.

At the same time, the Directorate General reviews the **corrective actions** implemented by the programme authorities. These actions include when relevant systemic corrective measures which should guarantee that the Management and Control System does not reproduce in the following years the errors previously detected and financial corrections made on past declared expenditure.

3. The third element is the **results of the audit work made on the accounts** accepted during the reporting year. These audit work should allow confirming if the payment/recovery of the balance was free of material error or if additional corrections are necessary.

Materiality criteria and reservations

The Directorate General assesses **each operational programme** in order to identify reservations and corrective measures to be applied. Where operational programmes have management and control systems in common, they can be grouped for this assessment.

The operational programmes are classified in four categories:

Operational programmes not in reservation:

- **Reasonable assurance** means that there is no material deficiency in key elements of the systems (only minor improvements may be needed in some cases) and there are no material issue with conformity of expenditures and on the accounts;
- **Reasonable assurance with low risk** of irregularities covers

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- programmes with the existence of some non-material deficiencies in key elements of the systems; and/or
- programmes with some legality and regularity issues but with satisfactory corrective actions (as illustrated by the fact that the "annual residual error rate" is below 2 % and if applicable the implementation of the corrective action plans has been assessed as satisfactory)
- programmes for which no material corrective actions need to be undertaken on the accepted accounts.

Operational programmes in reservation:

- **Limited assurance with medium risk** of irregularities covers
 - programmes with the existence of material deficiencies in some key elements of the systems (including non-acceptance of the accounts); and/or
 - programmes with some legality and regularity issues and insufficient corrective actions implemented (e.g. programmes with an "annual reviewed projected error rate" above 5 % and an "annual residual error rate" above 2% or below 2 % but for which, if applicable, the implementation of the corrective action plans has not been assessed as satisfactory yet); and/or
 - programmes for which some corrective actions still need to be undertaken on the accepted accounts (through additional flat rate corrections).
- **Limited assurance with high risk** of irregularities covers
 - programmes with material deficiencies in several key elements of the systems (including non-acceptance of the accounts); and/or
 - programmes with significant legality and regularity issues and insufficient corrective actions implemented (e.g. programmes with an "annual reviewed projected error rate" above 5 % and an "annual residual error rate" above or below 2 %, but for which, if applicable, the implementation of corrective action plans has not been assessed as satisfactory yet); and/or
 - programmes for which significant corrective actions still need to be undertaken on the accepted accounts (through additional flat rate corrections).

Estimation of the amounts at risk on the payments

The overall amount at risk is calculated for each programme by applying the reviewed annual projected error rate to the interim payments made during the reporting year and estimating the risk on the annual balance .

The net amount at risk for the reporting year is calculated for each programme by type of payment:

- For interim payments, risk exceeding 10% of interim payments is included in the calculation⁵
- For final payments: a residual risk is calculated.

The quantification of reservations is calculated as for the net amount at risk, except

⁵ Risk below 10% does not put the EU budget at risk since the risk is covered by provisions of article 130.1 of the CPR (retention of 10%)

for programme for which a reservation is made at sub-programme level. In this latter case, an appropriate flat rate is applied to payments made on this specific sub-programme during the year.

Where there is no financial risk, the reservation is applied on a reputational/qualitative basis.

II. For direct and indirect management

The qualitative factors are based on the detection of significant and/or repetitive weaknesses which would be identified through the internal control system within the framework of supervision.

Based on Commission agreed principles a reservation is envisaged when the error rate resulting from the annual ex-post audit missions would account for more than 2 % of the payments of the selected files.

ANNEX 5: Internal Control Templates for budget implementation (ICTs)

Shared Management

DG Regional and Urban Policy distinguishes 3 main stages in the implementation of its budget under shared/decentralised management modes: (1) Negotiation and assessment/approval of spending proposals; (2) Implementation of operations (Member States); and (3) Monitoring and supervision of the execution, including ex-post control.

The table below elaborates, per stage, on the main risks identified and related benefits.

DG Regional and Urban Policy estimates that the annual overall Commission costs incurred amounts to approximately 0.2% of total appropriations. This is made up of:

- The annual cost of audit work (internal team and outsourced contract) which covers the assessment by the Commission of management and control systems in MS, including analysis of Audit Authorities reports and ACRs, own audit work⁶ and drafting of interruption letters.
- The annual costs of Commission staff which carries out controls throughout the different design, implementation and monitoring phases. This includes the setting-up of the management and control systems in the Member States, the Commission checks in the designation process (sampling of national designations), the Commission ex-ante checks of the periodic expenditure declarations (financial circuits).

The table below elaborates, per stage, on the main risks identified and related benefits.

Stage 1 – Negotiation and assessment/approval of spending proposals:

Main control objectives: Ensuring that the Commission (COM) adopts the actions that contribute the most towards the achievement of the policy objectives (effectiveness);

Main risks	Mitigating controls	Coverage frequency and depth	Costs and benefits of controls	Control indicators
The Operational Programmes (OPs) financed do not adequately reflect the policy objectives or priorities.	Internal consultation, hierarchical validation at DG-level of each OP. Inter-service consultation (including all relevant DGs) Adoption by Commission Decision, where foreseen by EU law.	Coverage / Frequency: 100%. Depth: checklist, guidelines, lists of requirements in the relevant regulatory provisions and reflection of policy objectives and priorities in position papers and CSRs.	Overall COM cost: see above Benefits: adopted OPs focus on challenges MS and regions are facing (as identified in European Semester) and have a clear intervention logic, allowing the Commission to evaluate their impact [<i>non-quantifiable individually</i>]	Effectiveness: - % of OPs adopted/ approved Efficiency: - average time to adopt/ approve an OP ⁷

⁶ Systems audit, re-performance of annual control reports (ACR), follow-up of audit authorities, closure audits, fact finding audits, etc.

⁷ Impacted by the time required by Member States to react

Stage 2 – Implementation of operations (Member States):

A. Setting up of the systems

Main control objectives: ensuring that the management and control systems are adequately designed

Main risks	Mitigating controls	Coverage, frequency and depth	Costs/benefits of controls	Control indicators
The process of designation of national authorities in the Member States (MS) is not effective and, as a result, the management and control systems are not compliant with the applicable rules.	Supervision by Commission (for 2014-2020): - Commission review (and audits) of a sample of national designations - submission of MS Audit Strategies to the Commission (on request)	Coverage / Frequency: fixed in sector-specific rules Depth: verification (desk review + audit missions where necessary) of description of management and control systems communicated by MS. Designation audits are generally done on-the-spot.	Overall COM cost: see above Benefits:(part of) the amounts associated with unreliable systems for which the Commission audit work revealed substantial compliance problems (for 2014-2020) [not quantifiable]	For 2014-2020: Effectiveness: - % of authorities designated Efficiency: - number of authorities for which serious weaknesses found by designation reviews/audits (% of total checked)

B. MS controls to prevent, detect and correct errors within the declared certified expenditure

Main control objectives: ensuring that the periodic expenditure declarations submitted to the Commission for each action are legal and regular

Main risks	Mitigating controls	Coverage, frequency and depth	Control indicators
Periodic expenditure declarations submitted to the Commission include expenditure which is irregular or non-compliant with EU and/or national eligibility rules and legislation.	Management verifications: first level checks by Management Authorities (MA). Certification, audit opinion and annual report by the relevant authorities designated/accredited.	Coverage: fixed in sector-specific rules Depth: - <u>management verifications</u> : performance of first-level checks (administrative and on the spot controls). - <u>certification</u> : additional verification (desk checks and on-the-spot). - <u>audit opinion</u> : system audits on the checks already carried out, where necessary with re-performance of on-the-spot checks; where applicable, audits of operations (on a statistical basis) and additional substantive testing on expenditure.	Effectiveness: - weighted average error rate as reported by the Member States. Efficiency: - time to lift interruption of payments ⁸







⁸ impacted by the complexity of the issues and the time required by MS to react.

Stage 3 – Monitoring and supervision of the execution, including ex-post control

Main control objectives: ensuring that the expenditure reimbursed from the EU budget is eligible and regular

Main risks	Mitigating controls	Coverage, frequency and depth	Costs/benefits of controls	Control indicators
<p>The management verifications and subsequent audits/controls by the Member States have failed to detect and correct ineligible costs or calculation errors.</p> <p>The audit work carried out by the audit/certifying authorities is not sufficient to obtain adequate assurance on the submitted declarations.</p> <p>The Commission services have failed to take appropriate measures to safeguard EU funds, based on the information it received.</p>	<p>Commission checks of periodic MS expenditure declarations.</p> <p>Commission assessment of management and control systems in the Member States, in particular of work done and/or reported by the Audit Authorities, namely:</p> <ul style="list-style-type: none"> - assessment of Annual Control Reports / Annual Audit Opinion - calculation of projected error rate - estimation of a residual error rate (RER) - assessment of systems audits reports from AA - assessment of annual summaries - own Commission audits - technical and bilateral meetings with MS <p>Interruptions and suspensions of payments</p> <p>Financial corrections (implemented by MS resulting from Commission audit work)</p>	<p>Coverage: verification of information provided in the annual control reports and annual audit opinions.</p> <p>Depth: desk checks and/or on-the-spot audits based on risk assessment; verification of the quality and reliability of the information based on Commission's own audit work; 'validation' and where necessary adjusting of error rates reported by MS to calculate a cumulative residual error risk (RER);</p> <p><i>[at closure: where applicable scrutiny of closure report and closure opinion, if needed with audits on sample of OPS]</i></p>	<p>Overall COM cost: see above</p> <p>Benefits: errors prevented [<i>unquantifiable</i>], errors detected or corrected (amount of financial corrections); the impact of the Commission's adjustments made on the error rates reported by the MS following its own audit work and the total amount of expenditure for which the Commission has assurance</p>	<p>Effectiveness:</p> <ul style="list-style-type: none"> - cumulative residual risk (EU and per MS) - number of programmes with a reported error rate assessed as reliable (unchanged or re-calculated) - Number and amount of interruptions/suspensions of payments - corrections made resulting from Commission audit work (decided and implemented) - % of the expenditure for which the Commission can rely on the work of the AA (based on ACRs unchanged or adjusted exchange rates) - weighted average error rate after Commission analysis <p>Efficiency:</p> <ul style="list-style-type: none"> - overall cost of control/financial management of the Commission checks and assessment (% of total appropriations) – stages 1 to 3 - % of Commission payments on time - % interruptions of payments notified to MS within 2 months - % suspensions of payments notified to MS within 6 months

ANNEX 6: Performance against Operational Priorities as per Management Plan 2015

Ind No	Indicator	End-Dec Status	End-Dec Results	Bottlenecks / Main Risks / Comments
1. To implement the reformed Cohesion policy for the 2014-2020 period				
1.1 To adopt all the programmes (with clear results orientation)				
1	Combined (MS and REGIO level) • % of programmes adopted Target: 100% by end July 2015 / For Interreg: 100% by end 2015		100% (205/205) of mainstream programmes adopted; 100% (76/76) of ETC programmes adopted	
2	REGIO level • Art. 16 report on the outcome of the negotiations to be submitted to the other institutions Target: Report submission by end of 2015		Art 16 communication adopted on December 14.	COM(2015) 639 final 14.12.2015 Investing in jobs and growth - maximising the contribution of European Structural and Investment Funds
1.2 To ensure that effective implementation and monitoring of the programmes has started				
3	REGIO level • No. of programmes for which the commission has examined the designation documents Target: minimum 51 OPs through desk review and/or through on-the-spot missions i.e. fact finding and/or early system audits by end 2015		20% (10 / 51) designation packages of risky programmes are being reviewed.	Out of the 51 programmes selected for desk review, REGIO has only received notifications of designations for 10 programmes from Member States. The designation packages have been requested and the examination will be completed within the 2-3 months deadline. This situation is linked to the slow start of Designation process in Member States (Indicator no. 5 below).
4	MS level • % of actions foreseen for completion in 2015 in relation to ex-ante conditionalities (EAC) implemented Target: 90% of EAC actions completed by end-2015		Status of 436/737 distinct action plans due for completion in 2015: Completed: 109 (25%) / Delayed: 224 (51%) Significantly delayed: 103 (24%) 22 action plans (either delayed or significantly delayed) are pending Commission assessment. 301/737 distinct action plans are due for completion by end-2016. 5 of these are already completed, and an additional 3 are pending Commission assessment.	Total of distinct action plans now finalised at 737, following adoption of all programmes. The majority of ExACs with end-2015 deadlines have not been completed, as can be seen by the jump in the number of delayed cases. It remains to be seen whether these will be reported as completed early in 2016 or not.
5	MS level • % of programmes with designated authorities Target: 90% of OPs, 60% of CPs by end 2015		18% (52 / 283) notifications received. As of 06 Jan 2016	As at 06/01/2016, DG REGIO has received so far notifications for 52 programmes (out of 283 programmes for which DG REGIO is the lead service). Despite the slow start noticed in 2015 in relation to the notification of designation of the managing and certifying authorities, the Commission expects that the notifications for the Investment for Growth and Jobs programmes could be completed by March/April 2016, allowing full implementation and payments in 2016.
6	MS level:		2.4% as of end-October 2015.	No information available yet regarding level of achievement

Ind No	Indicator	End-Dec Status	End-Dec Results	Bottlenecks / Main Risks / Comments
	<ul style="list-style-type: none"> % allocated to selected projects/overall allocation by Commission for ERDF and CF for 2014-2020 <p>Targets: EU aggregate: 4% by end-Sep 2015, 6% by end-2015</p>			as of the end of December.

1.3 To encourage the uptake of financial instruments over the lifetime of the programmes

7	<p>REGIO level</p> <ul style="list-style-type: none"> Delivery of assistance in accordance with the work programme of FI-compass for 2015 <p>Target = 100% of launch of Hub website, 4 conferences, 3 workshops, 45 methodological advice products, 10 training actions by end 2015</p>	☹️	<p>Delivered assistance as of 31/12/2015:</p> <ul style="list-style-type: none"> 1 Hub website 3 conferences 15 workshops/events 26 advice products 2 trainings <p>All finalised products are publicly available on www.fi-compass.eu</p>	<p>The implementation period of the fi-compass contract has been prolonged until 30/4/2016 in agreement with the EIB, due to a workload higher than expected when signing the contract as well as competing, and to a large extent new priorities in unit B3.</p> <p>Several products are in an advanced stage of preparation and their finalisation is foreseen by end-April.</p>
8	<p>MS level</p> <ul style="list-style-type: none"> Overall doubling in the use of financial instruments under ESIF in the period 2014-2020 relative to 2007-2013 <p>Target: by MS and within the end of the 2014-2020 period: 50% in the field of SME support, 20% in the field of CO2 reduction measures, 10% in the field of ICT, 10% in the field of sustainable transport, 5% in the field of support for Research Development and Innovation and 5% in the field of environmental and resource efficiency</p>	☹️	<p>Planned FI use as of 31/10/2015 according to the numbers provided by MS for the Art. 16 communication, compared with ERDF allocations:</p> <ul style="list-style-type: none"> 31% (EUR 10,300m) SME support; 13% (EUR 3,800m) CO2 reduction measures; 3% (EUR 400m) ICT; 1% (EUR 200m) sustainable transport; 8% (EUR 3,300m) RD&I; 6% (EUR 1,100m) environmental and resource efficiency 	

1.4 To encourage the use of new territorial instruments (Art 7, CLLD, ITI)

9	<p>MS level:</p> <ul style="list-style-type: none"> Analysis on how ERDF Art 7 (sustainable urban development) is implemented within the adopted OPs and on the uptake of the new tools (ITI and CLLD) under the ERDF / Target: analyses done by end 2015 	☺️	<p>EGESIF 15-0010-01 18 May 2015</p> <p>Guidance for MS on Integrated Sustainable Urban Development Art.7 ERDF Regulation</p>	The guidance was issued and unit H1 is assisting geo units closely in the implementation of Art. 7 ERDF regulation
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2. To ensure and demonstrate the added value of Cohesion Policy and ensure integration with EU governance mechanisms

2.1 To align EU investment with the European semester priorities

10	<p>REGIO level</p> <ul style="list-style-type: none"> % of 2014 Council recommendations relevant to the policy objectives taken into account in the 2014-2020 programmes <p>Target: 100% of relevant recommendations addressed in regio_aar_2015_annexes</p>	☺️	<p>Synthesis note identifying important CSRs provided at the end of April 2015</p>	
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Ind No	Indicator	End-Dec Status	End-Dec Results	Bottlenecks / Main Risks / Comments
	programmes			

2.2 To provide evidence and communicate on the results of Cohesion Policy programmes 2007-2013 and 2014-2020, its effectiveness and its added value.

11	Evidence REGIO level: 2007-2013 <ul style="list-style-type: none"> Synthesis of the updated core indicator for 2007-2013 data and categorisation data Target: Synthesis available by October 2015	☹️	New expected deadline: February 2016	The synthesis could not yet be produced as 8% of the AIRs are still incomplete or missing.
12	REGIO level: <ul style="list-style-type: none"> Reporting on ex-post evaluation Target: bi-monthly on 13 Work packages; 6 evaluations completed by end 2015 and policy notes discussed by the Directors: <ul style="list-style-type: none"> Financial instruments Support to large enterprises Energy efficiency Support to tourism and culture Urban development and social infrastructure Geography of expenditure 	☹️	Work is on track with small delays. <u>Board of 12 October 2015</u> Final reports on: WP8 - energy efficiency WP13 - geographic distribution of expenditure Interim reports for WP14c - Macroeconomic effects WP14d - counterfactual analysis	Close to completion: WP3 - Financial engineering WP4 - Large enterprises WP9 - Tourism / Culture WP10 - Urban development / Social infrastructure Delayed by one month: WP5 - Transport WP12 - Delivery system
13	REGIO level: 2014-2020 <ul style="list-style-type: none"> Analysis of expected results for thematic objectives based on result indicators in programmes Target: 2 pilots by April 2015 (TO1&3), 6 reports by end 2015	☺️	Internal analysis for all TO was carried out and communicated to the Board on 13 July 2015	
14	REGIO level: 2014-2020 <ul style="list-style-type: none"> Aggregate targets for common output indicators for 2014-2020 Target: all to be published by September 2015 on the open data platform	☺️	New platform on Open Data covering all ESI funds (2014-2020) launched in mid-December	
15	REGIO level: 2014-2020 <ul style="list-style-type: none"> Aggregate spending for key EU priorities Target: reporting on 31 July data by end sept,	☹️	0.14% (EUR 236m) as of the end of October	No new figure available as of the end of December.

Ind No	Indicator	End-Dec Status	End-Dec Results	Bottlenecks / Main Risks / Comments
	31 October data by end 2015, Dec data by March 2016			
16	Communication <u>REGIO level</u> <ul style="list-style-type: none"> Implementation of REGIO's open data platform (core indicators on OP outputs from 2013 AIRs to be available in January 2015 and from 2014 AIRs in October 2015) Target: milestones implemented according to the plan agreed by the Board in December 2014	☹️	2014 AIR core indicators not yet available.	Quality check of data by geo units. Expected to be provided in January 2016.
17	<u>Combined (MS and REGIO level)</u> <ul style="list-style-type: none"> Number of projects proposed in the framework of the 2015 RegioStars Awards Target: 80 projects proposed	😊	2015 RegioStars Awards successfully completed.	Preparations underway to launch 2016 edition in January.
18	<u>Combined (MS and REGIO level)</u> <ul style="list-style-type: none"> Levels of awareness and perceptions of Cohesion Policy Target: 36% awareness, 80% positive perception, based on the Eurobarometer	😊	Levels of awareness and perceptions stable.	Survey published in September, levels of awareness and perceptions stable, results pinpoint need for targeted communication actions in countries with disappointing results.
19	<u>MS level</u> <ul style="list-style-type: none"> Percentage of 2014-2020 programmes for which a communication strategy is approved by the Monitoring Committee Target: 100 % communication strategies of adopted OPs before end June 2015	😊	93.6% (163 out of 174 programmes) of communication strategies adopted within 6-month deadline set out in CPR	A majority of Member States have opted for a single strategy covering multiple programmes (and funds).

3. To contribute to the territorial cohesion of the European Union

3.1 To contribute to the development of the macro regional dimension of the Policy by coordinating the implementation of the existing macro regional strategies and by developing new ones

20	<u>REGIO level</u> <ul style="list-style-type: none"> Monitoring implementation of the action plans of 3 on-going macro regional strategies i.e. for the Baltic Sea, the Adriatic and Ionian and the Danube Regions Target: 2015 Annual Forum for the Baltic Sea and for the Danube Regions and one common High Level Group for Baltic, Danube and Adriatic by October 2015	😊	<ul style="list-style-type: none"> EUSBSR review process closed and presented at Annual Forum in Jumala in June. EUSAIR governance mechanisms set up including steering groups. EUSDR strategy point established in summer 2015 at Baden Württemberg region in Brussels. 	Political leadership of the Member States remains one of the most challenging issue in the implementation phase of the macroregional strategies
21	<u>REGIO level:</u> <ul style="list-style-type: none"> Adoption of the EU Strategy for the Alpine Region 	😊	The EUSALP was endorsed by the Council on 27 November	COM(2015)366 EUSALP 28 July 2015

Ind No	Indicator	End-Dec Status	End-Dec Results	Bottlenecks / Main Risks / Comments
	(EUSALP) and the establishment of a communication and an action plan Target: EUSALP adoption by June 2015			

3.2 To contribute to policy coordination and dissemination of best practices in the area of territorial and urban development.

22	REGIO level • Implementation of Urban Innovative Actions Target: Delegation Agreement signed with the entrusted entity, first call for UIA projects launched by end 2015	☺	The first call was launched according to the schedule by the end of 2015.	Covers four topics: Jobs and skills / Migrants and refugees Energy transition / Urban poverty in line with the topics identified under the EU Urban Agenda. Information sessions are foreseen in 2016 and the first one is in Brussels on 13 January.
23	REGIO level • Animation of the Urban Development network Target: 1 conference and 3 workshops/training, a study visit/expert work by end-2015	☺	The UDN planned for 24th November was cancelled due to security alert level 4 in Brussels. Re-scheduled for January.	All the participants have been informed by mail on the progress of the Urban Innovative Actions.
24	REGIO level • Animation of the expert groups Target: 4 meetings of the expert group Territorial Cohesion and Urban Matters and 4 meetings of the inter-service group on Territorial Cohesion and Urban Development by end-2015	☺	The EGTCUM took place by the end of the year. EGTCUM included information on the EU Urban agenda, among others. DG REGIO has presented: - An in-depth analysis of the urban/territorial programming 2014-2020 through ERDF Article 7 urban strategies / - ITI and CLLD, which was highly appreciated by the MS. / - European Cities Report, which aims to show European cities in a global perspective, compare cities within Europe and provide urban policy analysis. JRC presented: - work on urban knowledge base / - cooperation with DG REGIO on an urban data platform bringing data together from different sources.	The medium/long term objectives include interoperability with external services. These two initiatives raised a lot of interest among the MS.
25	REGIO level • Follow up of the public consultation on the Urban Agenda Target: Commission working document by end 2015 summarising a territorial impact assessment screening of the Commission's urban-related initiatives and the potential for better regulation and stronger impact.	☺	The EU Urban Agenda started being implemented by four partnerships by the end of the year 2015: On air quality, migrants and refugees, housing and urban poverty.	The NL Presidency is planning to adopt the Pact of Amsterdam in May 2016 which will further endorse the EUUA. Weekly flashes are being produced by H1 on the progress of the EUUA as from December.

3.3 To foster a debate on the needs of border regions (e.g. remaining cross-border obstacles) and identify possible EU actions

Ind No	Indicator	End-Dec Status	End-Dec Results	Bottlenecks / Main Risks / Comments
26	REGIO level • Public consultation of citizens and stakeholders Target: launch event in Spring, 200 citizen contributions, 200 stakeholder contributions	😊	Public consultation successfully launched and closed. Targets are exceeded: 623 replies received: 297 from citizens and 326 from stakeholders	
27	• Identification of possible actions Target: 1st deliverable on Mapping Study by end 2015	😊	First draft of obstacles inventory received on 22/12.	Quality analysis on-going.



4. To achieve the sound and efficient use of Funds to channel investments for growth and jobs

4.1 To foster timely and effective implementation of the agreed 2007-2013 programmes in partnership with the Member States and the Regions and to accelerate implementation




28	REGIO level • % of Major Projects submitted to the Commission, approved or rejected Target: 100%	😊	97%* of major projects approved/rejected/withdrawn (166 projects); 48 open projects still in appraisal; 67 major projects submitted in 2015 (12 in last quarter 2015);	Despite mobilisation in units, still 48 projects are under appraisal. In many cases, the MS have not shown necessary mobilisation to respond to interruption letters; therefore the COM will finalise the appraisal in 2016.
29	• % of modifications of Major Projects adopted/rejected Target 100%	😐	83%* approved; 201 modification requests submitted until end September; 167 approved; 127 in appraisal (including 93 projects submitted in last quarter 2015);	Despite the wording of the Closure guidelines and COM requests, some MS have not complied with recommended deadlines for submitting the major project phasing requests by the end of September. 93 modifications were submitted in last quarter; therefore the target was not reached despite mobilisation of units and extended use of TA such as JASPERS.
30	• % of OP modification adopted within 3 months Target: 80%	😐	129 OP modifications approved in 2015: 70% (91/129) within a 3 month period	62 OP modifications open: 51 of which still within a 3-month period.
31	MS level • % claimed by MS/allocated by Commission for ERDF and CF for 2007-2013 Targets: Average: 85% by end of 2015, for the least performing 6 countries (not applicable to Croatia): 70% by end of 2015	😊	Average implementation for all MS has exceeded the target at 87%. 5 MS have reached 95% of interim claims paid or claimed (DK, GR, LT, PT, SI). Except HR (45%) and RO (65%), all other lowest performers have exceeded the target of 70%	

4.2 To monitor the implementation of the funds, including the use of financial instruments.

32	REGIO level • Assessment of programme performance Target: 100% by end 2015 following submission of AIRS	😊	Assessment of programme performance was presented at the BoD on 4/01 (good or acceptable for 93% of the assessed programmes and poor or critical for 7% of the programmes).	The final outcome will be discussed during the trilaterals organised as part of the AAR.
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Ind No	Indicator	End-Dec Status	End-Dec Results	Bottlenecks / Main Risks / Comments
33	<ul style="list-style-type: none"> Monitoring on FEIs <p>Target: By 1 October 2015 annual summary including information on all FEIs reported</p>		The Annual Summary of Data for 2014 has been submitted to the MS on 23 September 2015.	The Summary has been submitted also the the EP, ECA and has been published on the INFOREGIO website - http://ec.europa.eu/regional_policy/sources/thefunds/fin_in st/pdf/summary_data_fei_2014.pdf
34	<p>MS level</p> <ul style="list-style-type: none"> % of the FEI funds delivered to final recipients <p>Target: 60% at end 2013, 75% at end 2014, 100% at end 2015 as reported in the AIR</p>		<p>59% of FEI funds delivered to final recipients as of 31/12/2014</p> <p>Source: Annual Summary of data on FEI for 2014</p>	

4.3 To provide or organise hands-on support and advice to Member States to improve their insufficient administrative capacities.

35	<p>REGIO level</p> <ul style="list-style-type: none"> Identification of action plans by the task force for better implementation <p>Target: by March 2015 for CZ, SK, HR, SI, RO, BG, IT and HU</p>		No funding lost at end-2015 for RO, SK and HR.	
36	<ul style="list-style-type: none"> Implementation of the Public Procurement Action Plan <p>Target: guidance for practitioners, stock-taking study on good practice examples, organisation of two anti-fraud and anti-corruption workshops in 2015, launch of pilot on integrity pacts</p>		<p>*Guidance for practioners - finalised and translated into all EU languages; a dissemination and publicity plan is set up;</p> <p>*The stock-taking study was finalised by end of 2015 and a presentation of its results is planned in Brussels on 13 Jan 2016.</p> <p>*4 anti-fraud and corruption workshops were organised in PL and in LV in February (282 participants), in PT in September (138 participants) and in HU in December (84 participants).</p> <p>*Integrity Pact pilot (Phase 1) was implemented during the year.</p>	<p>The Action Plan was updated and now contains 14 actions; it was endorsed by all DG's involved and politically endorsed by Commissioners Cretu and Bienkowska at their 1st jour fixe on 1 Dec.</p> <p>Agreement concluded with Transparency International by end Dec. on launch of project as from January 2016 funding 17 pilot Integrity Pacts (Phase 2) in 11 different MS spread across different sectors.</p>
37	<ul style="list-style-type: none"> Promotion and launch of REGIO PEER2PEER, an exchange tool for regional policy experts in Member States. <p>Target: secondment of expert to TAIEX, training of 28 national contact points of TAIEX on Cohesion Policy, extension of TAIEX database with regional policy experts, support to 30 to 40 peer-to-peer projects in 2015</p>		<ul style="list-style-type: none"> TAIEX REGIO PEER 2 PEER launched on 24 March 2015 62 applications from 14 MS received. Decisions on support to 41 exchange projects. Promotion of registration of experts into the database is covered by any promotion/publicity of the peer exchange tool A presentation to national TAIEX national contact points was provided on 2 October in the context of NEAR's Institution Building Days. Specific presentations on Peer2Peer held in BG, CZ, SK, RO and LT 	19 first exchanges implemented involving 300 participants in 13 beneficiary MS - feedback received so far has been positive. Exchanges were also considered beneficial for officials from 19 different Member States who participated in events as peer experts.

Ind No	Indicator	End-Dec Status	End-Dec Results	Bottlenecks / Main Risks / Comments
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4.4 To close the 2000-2006 Cohesion Fund projects and the remaining open 2000-2006 ERDF programmes.

38	<p>Combined (MS and REGIO level)</p> <ul style="list-style-type: none"> • % of 2000-2006 CF projects closed out of the total 2000-2006 CF projects <p>Target: 95% representing 90% of CF commitments for this period at end-2015</p>		<p>93.3% (1046/1121) projects closed representing 84% of commitments</p> <p>as of 31 December 2015</p>	
39	<ul style="list-style-type: none"> • % of 2000-2006 ERDF programmes closed out of the total 2000-2006 ERDF programmes <p>Target: 100% at mid-2015, excluding parts of the programmes affected by open legal, administrative proceedings and open recoveries</p>		<p>95% (361 / 379) of 2000-2006 programmes closed and 18 programmes remain open.</p>	<p>Major issues are linked to financial corrections in IT (2), IE (3) and high number of irregularities in DE (8). Open issues in remaining 5 programmes are limited in the scope.</p>

4.5 To ensure an efficient and timely use of a rigorous policy on interruption and suspension of payments in order to safeguard EU funds and ultimately to improve management and control systems

40	<p>REGIO level</p> <ul style="list-style-type: none"> • % of initial interruption letters issued within 2 months of discovery of issue <p>Target: 80%</p>		<p>89% (24/27)</p>	
41	<ul style="list-style-type: none"> • % of /pre-suspension letters issued within 4 months of discovery of issue <p>Target: 80%</p>		<p>100% (5/5)</p>	
42	<p>Combined (MS and REGIO level)</p> <ul style="list-style-type: none"> • % of the AAR 2014 reservations cases lifted in 6/9/12 months (Targets: 30%; 60%; 75%) 		<p>42% (33/79) 2007-2013 reservations lifted 0% (0/5) 2000-2006 reservations lifted</p>	<p>The modest progress in relation to the 2007-2013 reservations is notably due to Spain and Hungary The situation will be assessed as part of the AAR exercise</p>

4.6 To obtain reasonable assurance that the expenditure declared to the Commission is legal and regular by ensuring that the audit authorities can be relied upon (single audit approach) and by focusing DG resources on identified risks.

43	<ul style="list-style-type: none"> • Budgetary discharge obtained for the year 2013 		<p>Budgetary discharge for the financial year 2013 obtained on 29 April 2015.</p>	
44	<p>REGIO level</p> <ul style="list-style-type: none"> • Implementation of the audit plan - in relation to Audit Authorities - bridging the assurance gap (high risk programmes) <p>Target: 90% of audits in the audit plan approved by the regio_aar_2015_annexes</p>		<p>In total, 98% (91 out of 93 missions) of the total of the missions planned for 2015 for the programming periods 2007-2013 and 2014-2020 have been carried out.</p>	<ul style="list-style-type: none"> • PP 2007-2013: 97 % carried out (90 missions out of 91 missions planned for 2015); • PP 2014-2020: 50% carried out (1 mission out of 2 missions planned for 2015). <p>Concerning the two main EPMs for 2007-2013, the state of play is as follows:</p>

Ind No	Indicator	End-Dec Status	End-Dec Results	Bottlenecks / Main Risks / Comments
	Board carried out by end 2015			<ul style="list-style-type: none"> • EPM "Review of AAs" and "Monitoring of Article 73": 38 missions performed (100% of the missions planned for 2015 under these EPMS); • EPM "Bridging the Gap": 36 missions performed (100% of the missions planned for 2015 under this EPM).
45	<ul style="list-style-type: none"> • % national audits reports with assessment letters sent to MS within 3 months from receipt. Target: 75%	☺	85% (229 out of 268) of the national audit reports received in 2015 and that reached the deadline of three months had assessment letters sent to the AAs within the deadline.	26 reports have not been assessed within the deadline. 13 reports have not been answered yet (with deadline of 31/12/2015). In total, 447 reports have been received in 2015 as of 31/12/2015 (some due in 2016)
46	<ul style="list-style-type: none"> • % of draft audit reports sent within 3 months after the end of on- the-spot audits Target: 85%	☺	87% (45/52) of the draft audit reports were sent to Member States within three months as of 31/12/2015, concerning the 68 missions carried out in 2015 and for which an audit report was required; 16 reports are not yet due.	
47	<u>MS level</u> <ul style="list-style-type: none"> • % of annual control reports received from audit authorities with opinion and error rate that can be relied upon for the AAR (target: 85%) 	☺	97% (311 / 322)	The state of play relates to the ACRs analysed in 2015 (and received by end 2014)



5. To prepare the policy post-2020

5.1 To support the preparation of the policy post-2020 by building an evidence base and reinforcing the DG's analytical capacity



48	REGIO level <ul style="list-style-type: none"> • No. of studies contracted Target: 8 studies by end-2015	☺	6 out of the 8 initially planned studies were contracted before year end. <ul style="list-style-type: none"> - Simplification - Coordination - Financial instruments - Alternative delivery mechanisms, - budget support - and EMPL-led study on CSR's- under evaluation 	The study on complains is postponed to 2016 while the study on the new implementation mechanisms is cancelled
49	<ul style="list-style-type: none"> • Development of the regional economic model of DG REGIO (RHOMOLO) Target: revised version of the model that will allow to better isolate and identify its underlying mechanisms by end-2015	☺	Development of the regional economic model (RHOMOLO II) has been completed. It can now be used for carrying out impact assessments.	
50	<ul style="list-style-type: none"> • No. of data collections contracted Target: 2 collections by end of 2015	☺	All data collections foreseen under TA 2015 have been successfully launched.	

6. To further improve the operational effectiveness and quality of key internal processes



6.1 To ensure that the new procedures and IT systems are operational in time for the implementation of the 2014-2020 programming period



Ind No	Indicator	End-Dec Status	End-Dec Results	Bottlenecks / Main Risks / Comments
51	REGIO level • Delivery in accordance with the plan of all new 2014-2020 processes defined in the schéma directeur 2015 for SFC2014 and WAVE: Target: 100%		Objectives 2015 achieved WAVE: Enhancement of PA Amendment and Interim Payment delivered in Q4-2015; OP Amendment ; Major Projects (Notification) delivered in Q4 2015 ; Test ongoing for Major Projects (Submission) - Migration to cluster of environment complete (give better performances and response time) SFC 2014: Annual Examination of Accounts (Clearing) in test for HOME (AMIF, ISF); Additional pre-financing for Greece (ERDF, ESF, CF, EMFF); Additional pre-financing for HOME (AMIF, ISF); Support for AGRI Recovery Orders and Offsetting transactions; Minor improvements	SFC 2007: For already paid cost claims co-financed by the EC at 95%, system modified to pay the remaining 5% ; Start the development of closure, submission and FO calculation in test; Improve the overall application stability by fixing most of remaining defects
52	• Users' satisfaction surveys Target: 80%		Survey on IT services closed on 12/06/2015; Users' satisfaction surveys result: 91%.	

6.2 To Manage Change towards a more Performance-Based Culture amongst staff

53	• Redefinition of the role of DOs with increased performance focus Target: by mid-2015		Achieved. Action plan adopted by the Board on 18 May 2015.	
54	• Differentiated approach Target: applied by end 2015		Work plans were presented to the Board in November and December. Results are now being incorporated to produce an updated WFP report.	

6.3 To improve internal communication and collaborative working methods

55	REGIO level • % of High priority assets available in the KM systems Target: 90% by end 2015		The priority assets were made available in the WIKI in line with the agreed workplan (100%) . For all the 5 pillars of the Wiki, progress has been achieved. The first 2 have been rolled out at end 2014 and in Feb 2015 (Regulatory framework, Policy development). The regulatory pillar is effectively used within the DG, has been completed with CF, ETC, EGTC, EAFRD and EMFF legislation, and will be opened to the public in 2016. The 3rd and 4th pillar (Geographic, Thematic) have been rolled and the pages are currently being populated although some delays were experienced. Since October, a mobile version of the tool is available.	2016 will be a crucial year for ensuring the success of the KM project. All the pillars will be fully operational. In order to bring all the added value expected, it will be important that all pillars are effectively used. The increased number of users could impact the performance of the tool. This will need to be addressed.
56	• Satisfaction survey on the functioning of the matrix structure Target: by end 2015		EC Staff satisfaction survey (2014) - an action plan was discussed in the BoD of 7 September. It was announced to staff by means of a video message by Director of Resources in September. First feedback to the BoD planned for Spring 2016.	

Ind No	Indicator	End-Dec Status	End-Dec Results	Bottlenecks / Main Risks / Comments
6.4 To ensure optimal allocation of staff, aligned, as much as possible, with the priorities of the Management Plan, as well as search for other efficiency gains.				
57	REGIO level • Implementation of HR services and processes action plan Target: by end of June 2015		Objectives achieved: HRRP Training plan Career Guidance Recruitment management	Competency Gap Analysis: Final report will be delivered in January 2016. Mercato Analysis (new): Presented to the Board on 7 December.
58	• Implementation of Work Force Planning Target: by end of June 2015		The Workforce planning document has been endorsed by the BoD (Special BoD of 8 October 2015)	final version to be made available early 2016

ANNEX 7A: List of Reservations in the AAR 2015 and Targeted Actions

2007-2013 ERDF/CF/IPA-CBC – 68 Ops

	Member State	Ref	Title	MS error rate 2014	Validated Error Rate	CRR	Reservations 2015	Reasons for Reservations / Comments	Targeted Actions
BELGIUM: 1 Full Reservation; Quantification: EUR 1.2 m									
1	Belgium	2007BE162PO001	Région de Bruxelles-Capitale	7.44%	6.87%	2.93%	Full	Error rate >5 % (i.e. deficiencies in the management and control system) and CRR > 2%	1) Improve the MCS to avoid similar irregularities in the future (MA) 2) Carry out the required financial corrections (MA) 3) Confirm the that appropriate financial corrections have been undertaken (CA)
BULGARIA: 1 Rep-Par Reservation; Quantification: EUR 0 m									
2	Bulgaria	2007BG161PO003	Bulgarian Economy	0.90%	0.90%	0.69%	Rep-Par	Deficiencies in the area of public procurement. All potentially affected expenditure withdrawn from the expenditure paid in 2015	For contracts with expenditure certified in the past: 1) Implement appropriate financial corrections (MA) – to be confirmed 2) Confirm the adequacy of the financial corrections implemented (CA) 3) Confirm the adequacy of the financial corrections implemented (AA) For the expenditure related to new contracts: Option 1: The MA agrees to implement the improved MCS and the CA and AA certify the adequacy of the management verifications before the expenditure is certified to the EC (100%), or Option 2: 1) Appropriate flat rate financial correction to be agreed for the expenditure related to new contracts (MS) 2) Improved management verifications for the new programming period (MA)
CZECH REPUBLIC: 4 Reservations: 2 Full; 1 Rep-Full; 1 Rep-Par Reservation; Quantification: : EUR 4.0 m									
3	Czech Republic	2007CZ161PO002	Central Moravia	9.25%	9.25%	2.17%	Rep-Full	Error rate > 5% (i.e. deficiencies in the management and control system) and CRR > 2%	1) implement appropriate corrections (MA) 2) confirm implementation of corrections (CA)
4		2007CZ161PO008	North-West	2.61%	2.61%	1.35%	Full	Deficiencies in management verification related to public procurement and ongoing police investigations	1) Assessment of the adequacy of the corrective measures 2) Waiting for the outcome of police investigation
5		2007CZ161PO013	South West	5.45%	5.45%	0.74%	Full	Error rate > 5% (i.e. deficiencies in the management and control system)	1) implement appropriate corrections (MA) 2) confirm implementation of corrections (CA)
6		2007CZ16UPO001	Technical Assistance	16.20%	16.17%	5.71%	Rep-Par	Deficiencies at the level of priority axis 2 explaining the high Error rate > 5% and CRR > 2%.	1)Verify public procurement for IT contracts 2) Reinforce management verifications 3) Apply appropriate financial corrections
EUROPEAN TERRITORIAL COOPERATION: 5 Reservations: 2 Full; 1 Partial; 1 Rep-Full; 1 Rep-Par; Quantification: EUR 1.5 m									
7	ETC	2007CB163PO003	Slovakia-Austria	1.38%	2.89%	1.93%	Partial	Deficiencies in the management and control system in the Slovak part of the programme	1) Improve the MCS to avoid similar irregularities in the future (MA) 2) Carry out the required financial corrections (MA)

	Member State	Ref	Title	MS error rate 2014	Validated Error Rate	CRR	Reservations 2015	Reasons for Reservations / Comments	Targeted Actions
									3) Confirm that appropriate financial corrections have been undertaken (CA)
8		2007CB163PO028	Botnia-Atlantica	6.84%	6.84%	3.07%	Full	Error rate >5% (i.e. deficiencies in the management and control system) and CRR > 2%	Letter on corrective measures to be taken - note to DGA2.01 in ARES – April 2016: 1) Improve the MCS to avoid similar irregularities in the future (MA) 2) Carry out the required financial corrections (MA)
9		2007CB163PO030	Slowacja - Ceská Republika	7.69%	7.69%	2.84%	Rep-Full	Error rate >5% (i.e. deficiencies in the management and control system) and CRR > 2%	MS authorities are requested: - to adopt corrective and preventive measures in order to improve the functioning of the management and control system of the programme in question for the future and implement applicable corrections.
10		2007CB163PO041	France - Suisse	8.14%	6.76%	3.25%	Full	Error rate > 5% (i.e. deficiencies in the management and control system) and CRR > 2%	Interruption letter to be sent Assessment of the adequacy of the corrective actions
11		2007CB163PO060	Greece - Italy	3.28%	3.28%	0.43%	Rep-Par	Deficiencies in the management and control system in the Italian part of the programme (suspended in 2015)	(1) Action plan on the Italian part of the Programme by testing a representative sample of controls (at least 20%) done by the First Level Controllers in Italy, on 2013 and 2014 expenditure. (2) Appropriate financial corrections to be applied. (3) The "Ufficio Controllo e Verifica Politiche Comunitarie" and EDEL must validate the results of the action plan and the adequacy of the corrective measures taken by the managing authority to strengthen the management verifications.
FRANCE: 1 Rep-Partial Reservation; Quantification: EUR 0 m									
12	France	2007FR162PO019	Poitou-Charentes	4.31%	4.42%	1.73%	Rep-Par	Deficiencies at the level of measure 1.4 (financial instruments)	a) verification of all the fund investments which were not audited as well as the other investments financed under measure 1.4 b) application of appropriate financial corrections c) assessment of corrective actions by the AA(Cellule de contrôle ex post)
GERMANY: 3 Reservations: 1 Full; 1 Partial; 1 Rep-Full; Quantification: EUR 0.9 m									
13	Germany	2007DE161PO007	Sachsen - Anhalt	3.73%	4.22%	0.00%	Partial	Deficiencies in the management and control systems of 2 measures (11.26./41.26 - Stark III "Model projects", 11.16/41.16 IBG)	1) Address the shortcomings in the measure 11.26./41.26 "STARK III Model projects" 2) Carry out the required financial corrections (MA) 3) Confirmation of the adequacy of the corrective measures (AA)
14		2007DE162PO006	Bremen	0.00%	25.00%	4.67%	Rep-Full	Deficiencies in the management and control system (MA) and no annual control report received for 2015 (AA)	1) Improve the MCS to avoid similar irregularities in the future (MA) 2) Carry out the required financial corrections (MA) 3) Confirm that appropriate financial corrections have been undertaken (CA) 4) Provide an acceptable annual control report and assessment of the corrective measures taken (AA)
15		2007DE162PO009	Hamburg	6.26%	5.00%	2.40%	Full	Error rate >5% and CRR > 2%	Assess final results of AA work
GREECE: 7 Reservations: 1 Partial; 6 Rep-Par; Quantification: EUR 2.9 m									
16	Greece	2007GR161PO002	Digital convergence	2.71%	2.71%	0.28%	Rep-Par	Deficiencies at the level of one IB (Information Society)	a.) Information Society (5 OPs affected: lines 17, 19, 21, 22, 23) 1) Confirm or deny the information presented in press articles.
17		2007GR161PO005	Environment - sustainable	2.71%	2.71%	0.28%	Rep-Par	Deficiencies at the level of IB (IMA of Ionian Islands)	2) Results of the findings following the investigation carried out by the Greek Financial and Economic Crime Unit (SDOE).

	Member State	Ref	Title	MS error rate 2014	Validated Error Rate	CRR	Reservations 2015	Reasons for Reservations / Comments	Targeted Actions
			development						3) A description of the corrective measures. 4) Identification and correction of any irregular expenditure and validation by the audit authority.
18		2007GR161PO006	Attica	2.71%	2.71%	0.28%	Rep-Par	Deficiencies at the level of one IB (Information Society)	
19		2007GR161PO007	Western Greece - Peloponese - Ionian islands	2.71%	2.71%	0.28%	Partial	Deficiencies at the level of 2 IBs 1. IMA of Ionian Islands, 2. IMA of Peloponnesus	b.) IMA of Ionian Islands (2 OPs affected: lines 18, 20) 1) Description of the corrective measures implemented to improve the functioning of the management and control system 2) Identification and correction of all irregular expenditure since the beginning of the programming period.
20		2007GR161PO008	Macedonia - Thrace	2.71%	2.71%	0.28%	Rep-Par	Deficiencies at the level of one IB (Information Society)	
21		2007GR161UPO001	Thessaly - Continental Greece - Epirus	2.71%	2.71%	0.28%	Rep-Par	Deficiencies at the level of one IB (Information Society)	c.) IMA of Peloponnesus (1 OP: line 20)
22		2007GR161UPO002	Crete & Aegean islands	2.71%	2.71%	0.28%	Rep-Par	Deficiencies at the level of one IB (Information Society)	1) Description of the corrective measures implemented to improve the functioning of the management and control system 2) Identification and correction of all irregular expenditure since the beginning of the programming period.
HUNGARY: 10 Reservations: 2 Full; 3 Partial; 5 Rep-Par Reservations; Quantification: EUR 8.4 m									
23	Hungary	2007HU161PO002	Environment and Energy	2.13%	2.13%	0.64%	Partial	Deficiencies at the level of measures 5.5.0 and 7.9.0	1) Measures 5.5.0 Carry out appropriate financial corrections (MA) 2) Measures 7.9.0 A) Improve the MCS to avoid similar irregularities in the future (MA) B) Carry out appropriate financial corrections (MA)
24		2007HU161PO003	West Pannon	1.88%	1.88%	1.53%	Rep-Par	Deficiencies in public procurement (discriminatory criteria- asphalt issue)	Asphalt ⁹ A) Carry out appropriate financial corrections B) Confirm the that appropriate financial corrections have been undertaken (CA) C) Confirm the implementation of corrective actions
25		2007HU161PO004	South Great Plain	1.88%	1.88%	1.53%	Partial	1) Deficiencies in public procurement (discriminatory criteria- asphalt issue) 2) deficiencies at the level of priorities 1 and 2	1) Asphalt A) Carry out appropriate financial corrections B) Confirm the that appropriate financial corrections have been undertaken (CA) C) Confirm the implementation of corrective actions (AA) 2) Deficiencies priorities 1 and 2 A) Improve the MCS to avoid similar irregularities in the future (MA) B) Carry out appropriate financial corrections (MA) C) Establish effective fraud prevention and detection mechanism (MA) D) Assess the adequacy of the corrective measures taken (AA)
26		2007HU161PO005	Central Transdanubia	1.88%	1.88%	1.53%	Partial	1) Deficiencies in public procurement (discriminatory criteria- asphalt issue) 2) deficiencies at the level of priorities 1 and 2	1) Asphalt A) Carry out appropriate financial corrections B) Confirm the that appropriate financial corrections have been

⁹ Following a political agreement achieved on 7th April on an appropriate correction to be applied, the Hungarian government is elaborating a concrete proposal to resolve the asphalt case for all 8 affected programmes.

	Member State	Ref	Title	MS error rate 2014	Validated Error Rate	CRR	Reservations 2015	Reasons for Reservations / Comments	Targeted Actions
									undertaken (CA) C) Confirm the implementation of corrective actions (AA) 2) Deficiencies priorities 1 and 2 A) Improve the MCS to avoid similar irregularities in the future (MA) B) Carry out appropriate financial corrections (MA) C) Establish effective fraud prevention and detection mechanism (MA) D) Assess the adequacy of the corrective measures taken (AA)
27		2007HU161PO006	North Hungary	1.88%	1.88%	1.53%	Rep-Par	Deficiencies in public procurement (discriminatory criteria- asphalt issue)	Asphalt A) Carry out appropriate financial corrections B) Confirm the that appropriate financial corrections have been undertaken (CA) C) Confirm the implementation of corrective actions
28		2007HU161PO007	Transport	6.77%	6.77%	1.18%	Rep-Par	Deficiencies in public procurement (discriminatory criteria- asphalt issue) High error rate (>5%) due to asphalt issue. Otherwise <2 %	Asphalt A) Carry out appropriate financial corrections B) Confirm the that appropriate financial corrections have been undertaken (CA) C) Confirm the implementation of corrective actions
29		2007HU161PO008	Social Infrastructure	1.93%	1.93%	0.56%	Full	Deficiencies in management verifications impacting mainly priorities 1,2 and 3	A) Improve the MCS to avoid similar irregularities in the future (MA) B) Carry out appropriate financial corrections (MA) C) Assess the adequacy of the corrective measures taken (AA)
30		2007HU161PO009	North Great Plain	1.88%	1.88%	1.53%	Rep-Par	Deficiencies in public procurement (discriminatory criteria- asphalt issue)	Asphalt A) Carry out appropriate financial corrections (MA) B) Confirm the that appropriate financial corrections have been undertaken (CA) C) Confirm the implementation of corrective actions (AA)
31		2007HU161PO011	South Transdanubia	1.88%	1.88%	1.53%	Rep-Par	1) Deficiencies in public procurement (discriminatory criteria- asphalt issue)	Asphalt A) Carry out appropriate financial corrections (MA) B) Confirm the that appropriate financial corrections have been undertaken (CA) C) Confirm the implementation of corrective actions (AA)
32		2007HU162PO001	Central Hungary	6.51%	6.51%	0.91%	Full	1) Error rate >5% 2) Deficiencies in public procurement (discriminatory criteria- asphalt issue)	1) Error rate A) Improve the MCS to avoid similar irregularities in the future (MA) B) Carry out the required financial corrections (MA) C) Confirm the that appropriate financial corrections have been undertaken (CA) 2) Asphalt A) Carry out appropriate financial corrections (MA) B) Confirm the that appropriate financial corrections have been undertaken (CA) C) Confirm the implementation of corrective actions (AA)
ITALY: 4 Reservations: 2 Full; 1 Partial; 1 Rep-Full; Quantification: EUR 63 m									
33	Italy	2007IT161PO001	Attrattori Culturali	0.00%	25.00%	25.00%	Full	High error rate >5 % (i.e. deficiencies in the management and control system) due to	- apply financial corrections resulting from revised ACR 2015 - ensure effective implementation of guidelines for selection

	Member State	Ref	Title	MS error rate 2014	Validated Error Rate	CRR	Reservations 2015	Reasons for Reservations / Comments	Targeted Actions
								retrospective projects	procedures and management verifications in respect of retrospective projects
34		2007IT161PO002	Renewable Energy	5.68%	6.10%	1.64%	Full	Error rate >5% (i.e. deficiencies in the management and control system)	- apply financial corrections resulting from ACR 2015 - ensure effective implementation of guidelines for selection procedures and management verifications in respect of retrospective projects
35		2007IT161PO006	Ricerca e competitivita	5.10%	25.00%	3.59%	Rep-Full	Error rate >5% (i.e. deficiencies in the management and control system) MA deficiencies and on-going inquiries affecting many projects (AAR 2014 reservation not lifted)	- apply financial corrections resulting from ACR 2015 - ensure effective implementation of guidelines for selection procedures and management verifications - finalise on-going action plan in line with corrective measures described in EC letter of 07/04/2015 – ARES (2015)496032 (improvement of selection and management verifications procedures, carry out additional checks on deficiencies identified by national audit report, validation by the audit authority, apply financial corrections resulting from additional checks, review by the audit authority of all operations potentially affected by systemic errors)
36		2007IT161PO011	Sicilia	4.15%	4.15%	1.92%	Partial	Deficiencies at the level of selection procedures for intervention lines 33104 and 5131	Implement an action plan in line with corrective measures described in EC letter of 11/11/2015 – ARES (2015)5003287 : - reassess selection process - validation of the reassessment by the audit authority - apply financial corrections resulting from the reassessment
POLAND: 1 Rep-Full Reservation; Quantification: EUR 0 m									
37	Poland	2007PL161PO005	Dolnoslaskie	7.78%	7.78%	1.58%	Rep-Full	Error rate >5% (i.e. deficiencies in the management and control system)	1) carry out a detailed analysis of irregularities detected by AA (MA) 2) improve the MCS to avoid similar irregularities in the future (MA) 3) carry out the required financial corrections (MA) 4) Confirm the that appropriate financial corrections have been undertaken (CA)
ROMANIA: 1 Partial Reservation; Quantification: EUR 0 m									
38	Romania	2007RO161PO002	Increase of Economic Competitiveness	3.04%	3.07%	1.59%	Rep-Par	Deficiencies in the management and control of priority axis 3.2	1) carry out management verifications of the contracts at risk (MA); 2) Assessment of the adequacy of the verifications (CA); 3) Assessment of the adequacy of the verifications (AA).
SLOVAKIA: 5 Reservations: 4 Full; 1 Rep-Par Reservation; Quantification: EUR 78.4 m									
39	Slovakia	2007SK161PO001	Information Society	6.86%	6.86%	9.22%	Full	Error rate > 5% (i.e. deficiencies in the management and control system) and CRR > 2%	MS authorities are requested to adopt corrective and preventive measures in order to improve the functioning of the management and control system of the programme in question for the future and implement applicable corrections for the past.
40		2007SK161PO005	Health	14.59%	14.59%	2.29%	Full	Error rate >5% (i.e. deficiencies in the management and control system) and CRR > 2%	MS authorities are requested: - to adopt corrective and preventive measures in order to improve the functioning of the management and control system of the programme in question for the future and implement applicable corrections for the past.
41		2007SK161PO007	Technical Assistance	0.10%	0.10%	0.02%	Rep-Par	Deficiencies at the level of measure 1.5. No payments made in 2015 for this measure.	- to implement appropriate corrections

	Member State	Ref	Title	MS error rate 2014	Validated Error Rate	CRR	Reservations 2015	Reasons for Reservations / Comments	Targeted Actions
42		2007SK162PO001	Bratislava	13.50%	13.50%	4.83%	Full	Error rate >5% (i.e. deficiencies in the management and control system) and CRR > 2%	MS authorities are requested: -improve the functioning of the management and control system - implement appropriate corrections - re-verify all 2015 expenditure using the improved management verification
43		2007SK16UPO001	Research and Development	7.33%	10.00%	6.00%	Full	Error rate > 5% (i.e. deficiencies in the management and control system) and CRR > 2%	MS authorities are requested:to adopt corrective and preventive measures in order to improve the functioning of the management and control system of the programme in question for the future and implement applicable corrections for the past.
SPAIN: 22 Reservations: 18 Partial; 4 Rep-Par Reservations; Quantification: EUR 70 m									
44	Spain	2007ES161PO001	Región de Murcia	2.81%	2.81%	0.08%	Partial	Deficiencies in the management and control system of the following 5 national intermediate bodies: a.) DG Industria y de la PYME (INDUSTRIA) b.) Secretaria de Estado de Telecomunic. y Sociedad de la Información (SETSI) c.) DG Servicios del Ministerio de Agricultura, Alimentación y Medio Ambiente (MAGRAMA) d.) DG Coord Competencias con CCAAs y Entidades Locales e.) ICEX	HORIZONTAL ACTIONS AT LEVEL OF SPECIFIC INTERMEDIATE BODIES: a.) DG Industria y de la PYME (INDUSTRIA): 13 Programmes affected: 44, 45, 46, 47, 48, 49, 50, 51, 60, 61, 62, 63 and 64 Payment deadline interrupted (or warned of interruption) and ERDF payments pre-suspended. b.) Secretaria de Estado de Telecomunic. y Sociedad de la Información (SETSI) 14 Programmes affected: 44, 45, 46, 47, 48, 49, 50, 51, 60, 61, 62, 63, 64 and 65 Payment deadline interrupted and ERDF interim payments pre-suspended c.) DG Servicios del Ministerio de Agricultura, Alimentación y Medio Ambiente (MAGRAMA) 11 Programmes affected: 44, 45, 46, 47, 48, 49, 50, 51, 60, 61 and 62 Payment deadline interrupted d.) DG Coordinación de Competencias con CCAAs y Entidades Locales : 11 Programmes affected: 44, 47, 48, 49, 50, 51, 60, 61, 62, 64 and 65 Payment deadline interrupted e.) ICEX: 18 Programmes affected: 44, 45, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61 and 62 Payment deadline interrupted
45		2007ES161PO002	Melilla	10.00%	25.00%	4.04%	Rep-Par	Deficiencies in the management and control system of the following 5 intermediate bodies: a.) DG Industria y de la PYME (INDUSTRIA) b.) Secretaria de Estado de Telecomunic. y Sociedad de la Información (SETSI) c.) DG Servicios del Ministerio de Agricultura, Alimentación y Medio Ambiente (MAGRAMA) e.) ICEX o.) Regional part of the Programme	f.) DG Investigación Científica y Técnica (DGI) 10 Programmes affected: 52, 53, 54, 55, 56, 57, 58, 59, 63 and 65 Payment deadline interrupted and ERDF interim payments suspended
46		2007ES161PO003	Ceuta	0.00%	0.16%	0.01%	Partial	Deficiencies in the management and control system of the following 3 national intermediate bodies : a.) DG Industria y de la PYME (INDUSTRIA) b.) Secretaria de Estado de Telecomunic. y Sociedad de la Información (SETSI) c.) DG Servicios del Ministerio de Agricultura, Alimentación y Medio Ambiente (MAGRAMA)	
47		2007ES161PO004	Asturias	0.00%	0.00%	0.77%	Rep-Par	Deficiencies in the management and control system of the following 5 national intermediate bodies: a) DG Industria y de la PYME (INDUSTRIA) b.) Secretaria de Estado de Telecomunic. y	

	Member State	Ref	Title	MS error rate 2014	Validated Error Rate	CRR	Reservations 2015	Reasons for Reservations / Comments	Targeted Actions
								Sociedad de la Información (SETSI) c.) DG Servicios del Ministerio de Agricultura, Alimentación y Medio Ambiente (MAGRAMA) d.) DG Coord Competencias con CCAAs y Entidades Locales e.) ICEX	g.) Dirección de Tecnologías de la Información y Comunicaciones (DTIC): 10 Programmes affected: 44, 52, 53, 54, 55, 56, 57, 58, 59 and 65 Payment deadline Interrupted h.) Financial Instruments managed by the regional IB Instituto de Finanzas de Castilla La Mancha: 1 Programme affected: (50) TBD depending on whether additional FEIs have been constituted i.) Financial Instruments managed by the regional IB Agencia IDEA: 1 Programme affected: 51 Payment deadline interrupted and ERDF interim payments pre-suspended j.) Financial instruments managed by the regional body ICF/IFEM: 1 Programme affected: 57 ERDF interim payments suspended [Suspension Decision adopted by Commission on 30/09/2015]
48		2007ES161PO005	Galicia	1.64%	5.00%	1.46%	Partial	Deficiencias in the management and control system of the following 5 national intermediate bodies: a) DG Industria y de la PYME (INDUSTRIA) b.) Secretaria de Estado de Telecomunic. y Sociedad de la Información (SETSI) c.) DG Servicios del Ministerio de Agricultura, Alimentación y Medio Ambiente (MAGRAMA) d.) DG Coord Competencias con CCAAs y Entidades Locales e.) ICEX	k.) Financial instruments in priority axis 1.7 of the OP I+D+I por y para el beneficio de las empresas - Fondo Tecnológico : 1 Programme affected: 63 Payment deadline interrupted and ERDF interim payments pre-suspended l.) Ayuntamiento de Cuenca: 1 Programme affected: 50 Payment deadline interrupted
49		2007ES161PO006	Extremadura	3.43%	3.43%	0.21%	Partial	Deficiencias in the management and control system of the following 5 national intermediate bodies: a) DG Industria y de la PYME (INDUSTRIA) b.) Secretaria de Estado de Telecomunic. y Sociedad de la Información (SETSI) c.) DG Servicios del Ministerio de Agricultura, Alimentación y Medio Ambiente (MAGRAMA) d.) DG Coord Competencias con CCAAs y Entidades Locales e.) ICEX	m.) DG Política y Programació Económica de la Generalitat de Catalunya (DGPPE) 1 Programme affected: 57 Payment deadline interrupted and ERDF interim payments pre-suspended n.) DG Administración Local 1 Programme affected: 57 Payment deadline interrupted and ERDF interim payments pre-suspended o.) Regional part of the OP FEDER Melilla 1 Programme affected: 45 ERDF interim payments suspended [Suspension Decision adopted by the Commission in February 2015] due to deficiencies at the level of the regional control body.
50		2007ES161PO007	Castilla La Mancha	15.53%	15.53%	0.00%	Partial	Deficiencias in the management and control system of the following 7 bodies: a) DG Industria y de la PYME (INDUSTRIA) b.) Secretaria de Estado de Telecomunic. y Sociedad de la Información (SETSI) c.) DG Servicios del Ministerio de Agricultura, Alimentación y Medio Ambiente (MAGRAMA) d.) DG Coord Competencias con CCAAs y Entidades Locales e.) ICEX l.) Ayuntamiento de Cuenca h.) Financial instruments managed by the Instituto de Finanzas de Castilla La Mancha	
51		2007ES161PO008	Andalucía	3.76%	3.76%	1.93%	Partial	Deficiencias in the management and control system of the following 6 intermediate bodies:	

	Member State	Ref	Title	MS error rate 2014	Validated Error Rate	CRR	Reservations 2015	Reasons for Reservations / Comments	Targeted Actions
								<p>a) DG Industria y de la PYME (INDUSTRIA)</p> <p>b.) Secretaria de Estado de Telecomunic. y Sociedad de la Información (SETSI)</p> <p>c.) DG Servicios del Ministerio de Agricultura, Alimentación y Medio Ambiente (MAGRAMA)</p> <p>d.) DG Coord Competencias con CCAAs y Entidades Locales</p> <p>e.) ICEX</p> <p>i.) FEIs managed by the regional IB Agencia IDEA</p>	<p>p.) Regional part of the OP FEDER La Rioja: 1 Programme affected: 56 Warning of payment interruption</p> <p>q.) Regional part of the OP FEDER Baleares: 1 Programme affected: 58 Payment deadline interrupted</p> <p>r.) Regional part of the OP FEDER Castilla y León: 1 Programme affected: 60 Warning letter to be issued</p> <p>s.) Regional part of the OP FEDER Canarias: 1 Programme affected: 62 Warning letter to be issued</p> <p>t.) Regional part of the OP FEDER Madrid: 1 Programme affected: 55 Payment deadline interrupted and ERDF interim payments pre-suspended.</p> <p>For each of the above cases, specific actions plans are being or shall be implemented by each of the concerned IB. The action plans include improvements in the IBs' management and control systems (in order to avoid the repetition of the identified material irregularities and/or deficiencies) as well as the implementation of the applicable financial corrections on the expenditure certified to the Commission in the past.</p>
52		2007ES162PO001	Cantabria	10.51%	10.51%	0.00%	Partial	<p>Deficiencias in the management and control system of the following 3 national intermediate bodies:</p> <p>f.) DG Investigación Científica y Técnica (DGI)</p> <p>e.) ICEX</p> <p>g.) Dirección de Tecnologías de la Información y Comunicaciones (DTIC)</p>	
53		2007ES162PO002	País Vasco	5.68%	5.68%	0.00%	Partial	<p>Deficiencias in the management and control system of the following 3 national intermediate bodies:</p> <p>f.) DG Investigación Científica y Técnica (DGI)</p> <p>e.) ICEX</p> <p>g.) Dirección de Tecnologías de la Información y Comunicaciones (DTIC)</p>	
54		2007ES162PO003	Navarra	1.89%	1.89%	0.36%	Partial	<p>Deficiencias in the management and control system of the following 3 national intermediate bodies:</p> <p>f.) DG Investigación Científica y Técnica (DGI)</p> <p>e.) ICEX</p> <p>g.) Dirección de Tecnologías de la Información y Comunicaciones (DTIC)</p>	
55		2007ES162PO004	Madrid	18.60%	18.60%	2.58%	Partial	<p>Deficiencias in the management and control system of the following 4 intermediate bodies:</p> <p>t.) Regional part of the OP</p> <p>f.) DG Investigación Científica y Técnica (DGI)</p> <p>e.) ICEX</p> <p>g.) Dirección de Tecnologías de la Información y Comunicaciones (DTIC)</p>	
56		2007ES162PO005	La Rioja	11.95%	11.95%	0.00%	Rep-Par	<p>Deficiencias in the management and control system of the following 4 intermediate bodies:</p> <p>p.) Regional part of the OP</p> <p>f.) DG Investigación Científica y Técnica (DGI)</p> <p>e.) ICEX</p> <p>g.) Dirección de Tecnologías de la Información y Comunicaciones (DTIC)</p>	

	Member State	Ref	Title	MS error rate 2014	Validated Error Rate	CRR	Reservations 2015	Reasons for Reservations / Comments	Targeted Actions
57		2007ES162PO006	Cataluña	8.05%	8.27%	4.48%	Partial	Deficiencies in the management and control system of the following 6 intermediate bodies: National Bodies: f.) DG Investigación Científica y Técnica (DGI) e.) ICEX g.) Dirección de Tecnologías de la Información y Comunicaciones (DTIC) Regional Bodies: m.) DG Política y Programació Económica de la Generalitat de Catalunya (DGPPE) n.) DG Administración Local (DGAL) j.) Financial instruments managed by ICF/IFEM	
58		2007ES162PO007	Baleares	6.40%	6.40%	1.95%	Partial	Deficiencies in the management and control system of the following 4 intermediate bodies: q.) Regional part of the OP f.) DG Investigación Científica y Técnica (DGI): Adverse e.) ICEX: Qualified-Significant g.) Dir Tecnologías de la Información y Comunicaciones (DTIC)	
59		2007ES162PO008	Aragón	0.00%	3.51%	0.00%	Partial	Deficiencies in the management and control system of the following 3 national intermediate bodies: f) DG Investigación Científica y Técnica (DGI) e.) ICEX g.) Dirección de Tecnologías de la Información y Comunicaciones (DTIC)	
60		2007ES162PO009	Castilla y León	9.14%	9.17%	0.00%	Partial	Deficiencies in the management and control system of the following 6 intermediate bodies: r.) Regional part of the OP a) DG Industria y de la PYME (INDUSTRIA) b.) Secretaria de Estado de Telecomunic. y Sociedad de la Información (SETSI) c.) DG Servicios del Ministerio de Agricultura, Alimentación y Medio Ambiente (MAGRAMA) d.) DG Coord Competencias con CCAAs y Entidades Locales e.) ICEX	
61		2007ES162PO010	Comunidad Valenciana	4.17%	4.17%	0.00%	Partial	Deficiencies in the management and control system of the following 5 national intermediate bodies: a) DG Industria y de la PYME (INDUSTRIA) b.) Secretaria de Estado de Telecomunic. y	

	Member State	Ref	Title	MS error rate 2014	Validated Error Rate	CRR	Reservations 2015	Reasons for Reservations / Comments	Targeted Actions
								Sociedad de la Información (SETSI) c.) DG Servicios del Ministerio de Agricultura, Alimentación y Medio Ambiente (MAGRAMA) d.) DG Coord Competencias con CCAAs y Entidades Locales e.) ICEX	
62		2007ES162PO011	Canarias	0.28%	10.00%	2.50%	Partial	Deficiencies in the management and control system of the following 6 intermediate bodies: s.) Regional part of the OP a) DG Industria y de la PYME (INDUSTRIA) b.) Secretaria de Estado de Telecomunic. y Sociedad de la Información (SETSI) c.) DG Servicios del Ministerio de Agricultura, Alimentación y Medio Ambiente (MAGRAMA) d.) DG Coord Competencias con CCAAs y Entidades Locales e.) ICEX	
63		2007ES16UPO001	Investigación, Desarrollo e innovación	1.50%	3.72%	0.00%	Rep-Par	Deficiencies in the management and control system of the following 4 national intermediate bodies: a) DG Industria y de la PYME (INDUSTRIA) b.) Secretaria de Estado de Telecomunic. y Sociedad de la Información (SETSI) f.) DG Investigación Científica y Técnica (DGI) k.) Financial instruments in the OP priority axis 1.7:	
64		2007ES16UPO002	Asistencia Técnica y Gobernanza	1.50%	3.72%	0.00%	Partial	Deficiencies in the management and control system of the following 3 national intermediate bodies: a) DG Industria y de la PYME (INDUSTRIA) b.) Secretaria de Estado de Telecomunic. y Sociedad de la Información (SETSI) d.) DG Coord Competencias con CCAAs y Entidades Locales	
65		2007ES16UPO003	Economía basada en el Conocimiento	1.50%	3.72%	0.00%	Partial	Deficiencies in the management and control system of the following 4 national intermediate bodies: b.) Secretaria de Estado de Telecomunic. y Sociedad de la Información (SETSI) d.) DG Coord Competencias con CCAAs y Entidades Locales f.) DG Investigación Científica y Técnica (DGI) g.) Dirección de Tecnologías de la Información y Comunicaciones	
UNITED KINGDOM: 2 Reservations: 1 Full; 1 Rep-Full; Quantification: EUR 0.8 m									
66	United	2007UK161PO001	Highlands and	2.91%	6.13%	2.79%	Full	Deficiencies at the level of the certifying	1) Self-correction of expenditure 2014 (ACR2015) to bring TPER

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	Member State	Ref	Title	MS error rate 2014	Validated Error Rate	CRR	Reservations 2015	Reasons for Reservations / Comments	Targeted Actions
	Kingdom		Islands					authority. Error rate > 5% and CRR >2%	below 2%. 2) Self-correction of expenditure 2015. 3) Improvement of the management and control system, in particular management verifications. 4) Validation by the AA of the corrective measures (deficiencies at the level of the managing authority and the certifying authority)
67		2007UK162PO001	Lowlands and Uplands	2.91%	6.13%	3.55%	Rep-Full	Deficiencies at the level of the certifying authority. Error rate >5% and CRR > 2%	1) Implementation of the action plan laid down in the Commission Decision C(2015) 5725 final 07/08/2015. 2) Self-correction of expenditure 2014 (ACR2015) to bring TPER below 2%. 3) Self-correction of expenditure 2015. 4) Validation by the AA of the corrective measures (deficiencies at the level of the managing authority and the certifying authority)
ETC (IPA-CBC) : 1 Full Reservation; Quantification: EUR 1.56 m									
68	ETC-IPA	2007CB16IPO009	IPA Greece-FYROM		5.68%		Full	Error rate > 5% (i.e. deficiencies in the management and control system)	Interruption letter under validation

2000-2006 PROGRAMMING PERIOD, Cohesion Fund

	MS Name	Ref	Reserve 2014	Reasons for 2015 Reservation
1	Bulgaria	Transport Project	Rep-Par	Due to High error rate detected at the level of one project (Calafat-Vidin Bridge project)
2	Romania	Transport Project	Rep-Par	Due to the risk of fraud at the level of 3 projects (non- respect of the contract specifications)

2000-2006 PROGRAMMING PERIOD, ERDF

	MS Name	Ref	Reserve 2014	Reasons for 2015 Reservation
1	Italy	PO OBJ 1 CAMPANIA	Rep-Full	Financial correction of 8.5% on ERDF allocation (10% flat rate on the not audited expenditure and individual corrections), maximum correction around 164 million EUR.
2		PO OBJ 1 SICILIA	Rep-Full	Financial correction of 11.96% on ERDF allocation including 8.47% flat rate correction on non-audited expenses and large amount of unfinished projects (maximum correction around 294 MEUR)

ANNEX 7B: 2007-2013 ERDF / CF Operational Programmes Error Rates, 322 OPs

	Ref	Title	Reserve AAR 2015	Payments 2015	MS error rate 2014 in ACR2015	Validated error rate or flat-rate by REGIO audit	CRR (based on validated error rate)
1	2007AT161PO001	Burgenland		11.56	3.30%	3.30%	0.91%
2	2007AT162PO001	Niederösterreich		17.71	3.30%	3.30%	0.91%
3	2007AT162PO002	Oberösterreich		18.78	3.30%	3.30%	0.91%
4	2007AT162PO003	Vorarlberg		8.08	3.30%	3.30%	0.91%
5	2007AT162PO004	Wien		7.21	0.00%	0.00%	0.00%
6	2007AT162PO005	Kärnten		10.34	3.30%	3.30%	0.91%
7	2007AT162PO006	Salzburg		2.83	3.30%	3.30%	0.91%
8	2007AT162PO007	Steiermark		55.17	3.30%	3.30%	0.91%
9	2007AT162PO008	Tirol		18.62	3.30%	3.30%	0.91%
10	2007BE161PO001	Hainaut		-	0.33%	3.00%	1.23%
11	2007BE162PO001	Région de Bruxelles-Capitale	Full	17.13	7.44%	6.87%	2.93%
12	2007BE162PO002	Vlaanderen		-	4.26%	4.26%	1.16%
13	2007BE162PO003	Wallonie (hors Hainaut)		37.64	0.33%	3.00%	1.23%
14	2007BG161PO001	Regional Development		255.00	3.45%	3.45%	0.00%
15	2007BG161PO002	Technical Assistance		11.18	2.00%	2.73%	1.51%
16	2007BG161PO003	Bulgarian Economy	Rep-Par	125.48	0.90%	0.90%	0.69%
17	2007BG161PO004	Transport		109.38	1.97%	1.97%	0.86%
18	2007BG161PO005	Environment		607.46	5.40%	5.73%	0.00%
19	2007HR161PO001	Environment		43.53	0.01%	0.01%	0.01%
20	2007HR161PO002	Transport		1.89	0.09%	0.09%	0.00%
21	2007HR161PO003	Regional Competitiveness		49.22	1.47%	1.47%	1.30%
22	2007CY16UPO001	Sustainable Development and Competitiveness		41.45	0.98%	0.98%	0.95%
23	2007CZ161PO001	South East		57.33	1.39%	1.39%	1.17%
24	2007CZ161PO002	Central Moravia	Rep-Full	-	9.25%	9.25%	2.17%
25	2007CZ161PO004	Enterprise and Innovation		1,664.74	2.29%	2.59%	1.62%
26	2007CZ161PO005	North East		-	0.57%	0.57%	1.65%
27	2007CZ161PO006	Environment		1,298.93	1.90%	1.90%	1.25%
28	2007CZ161PO007	Transport		479.41	0.38%	0.38%	0.05%
29	2007CZ161PO008	North-West	Full	29.78	2.61%	2.61%	1.35%
30	2007CZ161PO009	Central Bohemia		284.98	2.84%	2.84%	1.72%
31	2007CZ161PO010	Moravia Silesia		89.48	0.04%	0.21%	0.00%
32	2007CZ161PO012	Research and Development for Innovation		241.09	0.16%	0.19%	0.29%
33	2007CZ161PO013	South West	Full	58.97	5.45%	5.45%	0.74%
34	2007CZ162PO001	Prague		35.72	4.03%	4.03%	1.04%
35	2007CZ16UPO001	Technical Assistance	Rep-Par	11.74	16.20%	16.17%	5.71%
36	2007CZ16UPO002	Integrated OP		292.86	1.69%	1.41%	1.36%
37	2007DK162PO001	Innovation og Viden		36.33	1.10%	2.00%	1.62%
38	2007EE161PO001	Economic Environment		58.59	0.46%	0.46%	0.95%
39	2007EE161PO002	Living Environment		32.14	0.46%	0.46%	0.95%
40	2007CB163PO001	EUREGIO Maas Rijn		8.63	1.13%	0.24%	0.03%
41	2007CB163PO002	Austria-Czech Republic		11.33	0.34%	0.41%	0.36%
42	2007CB163PO003	Slovakia-Austria	Partial	10.43	1.38%	2.89%	1.93%
43	2007CB163PO004	Austria-Bavaria		6.40	0.56%	0.57%	0.38%
44	2007CB163PO005	España - Portugal		28.56	0.12%	0.15%	0.09%
45	2007CB163PO006	España - Francia		5.20	0.95%	0.95%	0.64%
46	2007CB163PO007	Madeira - Azores - Canarias		5.21	0.10%	0.12%	0.20%
47	2007CB163PO008	South West Europe		10.83	0.05%	0.01%	0.09%
48	2007CB163PO009	Bavaria - Czech Republic		-	0.52%	0.52%	0.16%
49	2007CB163PO010	Austria - Hungary		10.05	2.21%	1.98%	1.44%
50	2007CB163PO011	Lubuskie - Branderburg		21.66	1.42%	1.42%	0.63%
51	2007CB163PO012	Poland-Slovakia		26.22	1.15%	1.15%	0.15%
52	2007CB163PO013	South Baltic		6.14	1.30%	1.77%	0.66%
53	2007CB163PO014	Alpine Space		15.67	0.51%	0.81%	1.13%
54	2007CB163PO015	INTERACT		3.74	0.05%	0.13%	0.21%
55	2007CB163PO016	Sweden - Norway		-	1.23%	1.23%	1.18%
56	2007CB163PO017	Saxony-CZ Republic		39.53	0.53%	0.53%	0.39%
57	2007CB163PO018	Sachsen - Polen		17.49	1.83%	2.03%	1.03%
58	2007CB163PO019	MV/BB - Polen		24.28	1.68%	1.40%	0.95%
59	2007CB163PO020	Baltic Sea Region		17.79	0.16%	0.16%	0.23%
60	2007CB163PO021	Romania - Bulgaria		26.81	2.13%	2.13%	1.18%
61	2007CB163PO022	ESPON 2013		2.76	0.12%	0.12%	0.35%
62	2007CB163PO023	Deutschland-Niederlande		16.10	0.90%	0.90%	0.79%

	Ref	Title	Reserve AAR 2015	Payments 2015	MS error rate 2014 in ACR2015	Validated error rate or flat-rate by REGIO audit	CRR (based on validated error rate)
63	2007CB163PO024	Alpenrhein-Bodensee-Hochrhein		-	0.08%	0.08%	0.17%
64	2007CB163PO025	Ceská republika - Polsko		10.87	0.63%	0.74%	1.31%
65	2007CB163PO026	Öresund - Kattegatt - Skagerrak		12.46	0.16%	0.16%	0.01%
66	2007CB163PO027	Northern Periphery		3.56	2.17%	2.17%	1.15%
67	2007CB163PO028	Botnia-Atlantica	Full	6.58	6.84%	6.84%	3.07%
68	2007CB163PO029	Atlantic Area		14.80	0.39%	0.75%	0.53%
69	2007CB163PO030	Slowacjia - Ceská Republika	Rep-Full	-	7.69%	7.69%	2.84%
70	2007CB163PO031	Lithuania - Poland		8.66	0.47%	0.47%	0.50%
71	2007CB163PO032	Nord Interreg		2.90	0.29%	0.29%	0.56%
72	2007CB163PO033	Italia - Francia frontiera marittima		13.19	0.50%	0.50%	0.65%
73	2007CB163PO034	Italia - Francia Alpi		10.71	1.92%	2.07%	1.10%
74	2007CB163PO035	Italia - Svizzera		7.06	0.00%	4.89%	1.78%
75	2007CB163PO036	Italia - Slovenia		24.89	1.22%	1.48%	1.31%
76	2007CB163PO037	Italia - Malta		4.34	0.02%	0.06%	0.01%
77	2007CB163PO038	Les 2 mers		14.41	0.00%	1.71%	1.14%
78	2007CB163PO039	Rhin supérieur		10.38	0.81%	1.44%	0.66%
79	2007CB163PO040	Manche		25.06	0.00%	0.27%	0.29%
80	2007CB163PO041	France - Suisse	Full	11.76	8.14%	6.76%	3.25%
81	2007CB163PO042	Réunion		6.96	2.00%	2.15%	1.43%
82	2007CB163PO043	Caraïbes		4.94	1.31%	1.31%	0.19%
83	2007CB163PO044	Nord Ouest Européen		66.57	0.00%	0.44%	0.60%
84	2007CB163PO045	Méditerranée		19.00	0.00%	1.43%	0.96%
85	2007CB163PO046	Interreg IV C		33.03	0.00%	0.86%	0.61%
86	2007CB163PO047	Ireland - Northern Ireland - Scotland		40.05	0.12%	0.05%	0.13%
87	2007CB163PO048	URBACT		8.57	0.00%	0.04%	0.16%
88	2007CB163PO049	Peace III		31.90	0.12%	0.05%	0.13%
89	2007CB163PO050	Estonia - Latvia		5.16	0.00%	0.41%	0.36%
90	2007CB163PO051	Amazonie		2.42	0.00%	0.28%	10.69%
91	2007CB163PO052	Italia - Austria		11.44	1.90%	1.90%	1.36%
92	2007CB163PO053	Slovenia - Hungary		5.19	0.00%	2.19%	1.05%
93	2007CB163PO054	Slovenia - Austria		12.00	0.00%	1.22%	0.27%
94	2007CB163PO055	North Sea		14.64	0.47%	0.47%	1.10%
95	2007CB163PO056	Syddanmark-Schleswig		7.01	0.32%	0.71%	0.38%
96	2007CB163PO057	Fehmarnbeltregion		0.41	0.31%	0.31%	1.35%
97	2007CB163PO058	Greece - Cyprus		7.83	0.95%	0.95%	0.96%
98	2007CB163PO059	Greece - Bulgaria		18.35	4.55%	4.55%	1.13%
99	2007CB163PO060	Greece - Italy	Rep-Par	7.86	3.28%	3.28%	0.43%
100	2007CB163PO061	Central Europe		39.16	0.60%	1.31%	1.10%
101	2007CB163PO062	Ireland Wales		6.64	0.44%	0.77%	0.11%
102	2007CB163PO063	France - Wallonie - Vlaanderen		6.39	4.03%	3.99%	1.02%
103	2007CB163PO064	Grande Région		17.49	1.00%	1.55%	0.81%
104	2007CB163PO065	Vlaanderen - Nederland		11.44	4.39%	4.39%	1.57%
105	2007CB163PO066	Central Baltic		-	0.61%	0.61%	0.66%
106	2007CB163PO067	Hungary - Romania		46.39	1.85%	1.85%	1.00%
107	2007CB163PO068	Hungary - Slovakia		34.82	1.91%	1.91%	0.97%
108	2007CB163PO069	South East Europe		33.89	0.54%	0.47%	0.24%
109	2007CB163PO070	Latvia - Lithuania		6.12	0.06%	0.06%	0.01%
110	2008CB163PO001	España - Fronteras Exteriores		13.87	0.03%	0.07%	0.37%
111	2013CB163PO001	Slovenia-Croatia		4.37	0.00%	1.94%	1.50%
112	2013CB163PO002	Hungary-Croatia		10.38	0.15%	0.15%	0.23%
113	2007FI162PO001	Itä		45.16	0.85%	0.85%	0.40%
114	2007FI162PO002	Pohjois		4.52	0.85%	0.85%	0.40%
115	2007FI162PO003	Länsi		15.27	0.85%	0.85%	0.40%
116	2007FI162PO004	Etelä		6.65	0.85%	0.85%	0.40%
117	2007FI162PO005	Åland		0.56	0.61%	0.45%	1.27%
118	2007FR161PO001	Guyane		49.77	4.31%	4.42%	1.73%
119	2007FR161PO002	Guadeloupe		33.61	4.31%	4.42%	1.73%
120	2007FR161PO003	Martinique		58.01	4.31%	4.42%	1.73%
121	2007FR161PO004	Réunion		156.41	4.31%	4.42%	1.73%
122	2007FR162PO001	Aquitaine		59.50	4.31%	4.42%	1.73%
123	2007FR162PO002	Centre		35.48	4.31%	4.42%	1.73%
124	2007FR162PO003	Alsace		15.51	4.31%	4.42%	1.73%
125	2007FR162PO004	Auvergne		18.29	4.31%	4.42%	1.73%
126	2007FR162PO005	Basse-Normandie		33.30	4.31%	4.42%	1.73%
127	2007FR162PO006	Bourgogne		21.81	4.31%	4.42%	1.73%
128	2007FR162PO007	Bretagne		54.81	4.31%	4.42%	1.73%

	Ref	Title	Reserve AAR 2015	Payments 2015	MS error rate 2014 in ACR2015	Validated error rate or flat-rate by REGIO audit	CRR (based on validated error rate)
129	2007FR162PO008	Champagne-Ardenne		41.30	4.31%	4.42%	1.73%
130	2007FR162PO009	Corse		36.65	4.31%	4.42%	1.73%
131	2007FR162PO010	Franche-Comté		15.80	4.31%	4.42%	1.73%
132	2007FR162PO011	Haute-Normandie		30.91	4.31%	4.42%	1.73%
133	2007FR162PO012	Ile-De-France		40.19	4.31%	4.42%	1.73%
134	2007FR162PO013	Languedoc-Roussillon		62.18	4.31%	4.42%	1.73%
135	2007FR162PO014	Limousin		30.71	4.31%	4.42%	1.73%
136	2007FR162PO015	Lorraine		1.75	4.31%	4.42%	1.73%
137	2007FR162PO016	Pays De La Loire		30.14	4.31%	4.42%	1.73%
138	2007FR162PO017	Nord Pas-De-Calais		110.34	4.31%	4.42%	1.73%
139	2007FR162PO018	Picardie		32.98	4.31%	4.42%	1.73%
140	2007FR162PO019	Poitou-Charentes	Rep-Par	13.54	4.31%	4.42%	1.73%
141	2007FR162PO020	PACA		59.93	4.31%	4.42%	1.73%
142	2007FR162PO021	Midi-Pyrénées		40.56	4.31%	4.42%	1.73%
143	2007FR162PO022	Rhône-Alpes		41.01	4.31%	4.42%	1.73%
144	2007FR162PO023	Alpes		7.72	4.31%	4.42%	1.73%
145	2007FR162PO024	Loire		6.36	4.31%	4.42%	1.73%
146	2007FR162PO025	Massif Central		9.64	4.31%	4.42%	1.73%
147	2007FR162PO026	Rhône		3.04	4.31%	4.42%	1.73%
148	2007FR16UPO001	Europact		2.83	4.31%	4.42%	1.73%
149	2007DE161PO001	Thüringen		34.71	1.32%	1.32%	0.04%
150	2007DE161PO002	Brandenburg		121.96	0.71%	0.71%	0.07%
151	2007DE161PO003	Mecklenburg - Vorpommern		-	0.00%	2.00%	0.00%
152	2007DE161PO004	Sachsen		330.87	0.55%	2.40%	0.78%
153	2007DE161PO005	Verkehr		132.11	0.00%	0.07%	0.01%
154	2007DE161PO006	Niedersachsen - Region Lüneburg		43.47	0.95%	0.95%	0.08%
155	2007DE161PO007	Sachsen - Anhalt	Partial	369.84	3.73%	4.22%	0.00%
156	2007DE162PO001	Bayern		106.57	0.57%	0.81%	0.49%
157	2007DE162PO002	Saarland		37.21	0.74%	2.08%	0.15%
158	2007DE162PO003	Schleswig - Holstein		48.42	0.56%	0.56%	0.00%
159	2007DE162PO004	Berlin		108.51	1.23%	1.24%	0.00%
160	2007DE162PO005	Hessen		26.53	0.76%	0.76%	0.02%
161	2007DE162PO006	Bremen	Rep-Full	-	0.00%	25.00%	4.67%
162	2007DE162PO007	Nordrhein - Westfalen		171.16	1.61%	1.61%	1.11%
163	2007DE162PO008	Baden - Württemberg		34.88	0.63%	0.63%	0.22%
164	2007DE162PO009	Hamburg	Full	4.36	6.26%	5.00%	2.40%
165	2007DE162PO010	Niedersachsen (ohne Region Lüneburg)		42.55	0.95%	0.95%	0.08%
166	2007DE162PO011	Rheinland - Pfalz		41.89	0.17%	2.00%	0.44%
167	2007GR161PO001	Competitiveness		71.05	2.71%	2.71%	0.28%
168	2007GR161PO002	Digital convergence	Rep-Par	128.16	2.71%	2.71%	0.28%
169	2007GR161PO003	Technical Assistance		11.25	2.71%	2.71%	0.28%
170	2007GR161PO004	Accessibility		370.79	2.71%	2.71%	0.28%
171	2007GR161PO005	Environment - sustainable development	Rep-Par	270.38	2.71%	2.71%	0.28%
172	2007GR161PO006	Attica	Rep-Par	185.04	2.71%	2.71%	0.28%
173	2007GR161PO007	Western Greece - Peloponese - Ionian islands	Partial	106.67	2.71%	2.71%	0.28%
174	2007GR161PO008	Macedonia - Thrace	Rep-Par	128.75	2.71%	2.71%	0.28%
175	2007GR16UPO001	Thessaly - Continental Greece - Epirus	Rep-Par	87.54	2.71%	2.71%	0.28%
176	2007GR16UPO002	Crete & Aegean islands	Rep-Par	162.66	2.71%	2.71%	0.28%
177	2007HU161PO001	Economic Development		688.36	3.77%	3.77%	1.98%
178	2007HU161PO002	Environment and Energy	Partial	1,074.45	2.13%	2.13%	0.64%
179	2007HU161PO003	West Pannon	Rep-Par	31.86	1.88%	1.88%	1.53%
180	2007HU161PO004	South Great Plain	Partial	33.47	1.88%	1.88%	1.53%
181	2007HU161PO005	Central Transdanubia	Partial	45.62	1.88%	1.88%	1.53%
182	2007HU161PO006	North Hungary	Rep-Par	128.30	1.88%	1.88%	1.53%
183	2007HU161PO007	Transport	Rep-Par	700.61	6.77%	6.77%	1.18%
184	2007HU161PO008	Social Infrastructure	Full	107.48	1.93%	1.93%	0.56%
185	2007HU161PO009	North Great Plain	Rep-Par	125.03	1.88%	1.88%	1.53%
186	2007HU161PO010	Implementation		16.39	2.43%	2.43%	0.51%
187	2007HU161PO011	South Transdanubia	Rep-Par	55.42	1.88%	1.88%	1.53%
188	2007HU162PO001	Central Hungary	Full	0.86	6.51%	6.51%	0.91%
189	2007HU16UPO001	Electronic Public Administration		-	0.68%	0.68%	0.41%
190	2007IE162PO001	Border, Midland and Western Operational Programme		18.31	0.00%	0.19%	0.44%
191	2007IE162PO002	Southern and Eastern		11.37	3.60%	3.60%	1.57%

	Ref	Title	Reserve AAR 2015	Payments 2015	MS error rate 2014 in ACR2015	Validated error rate or flat-rate by REGIO audit	CRR (based on validated error rate)
192	2007IT161PO001	Attrattori Culturali	Full	196.99	0.00% ¹⁰	25.00%	25.00%
193	2007IT161PO002	Renewable Energy	Full	165.72	5.68%	6.10%	1.64%
194	2007IT161PO003	Governance e AT		11.99	0.00%	0.01%	0.00%
195	2007IT161PO004	Ambienti per l'apprendimento		52.45	1.33%	1.33%	0.94%
196	2007IT161PO005	Reti e mobilita		147.68	0.64%	0.64%	0.00%
197	2007IT161PO006	Ricerca e competitivita	Rep-Full	-	5.10%	25.00%	3.59%
198	2007IT161PO007	Sicurezza per lo Sviluppo		-	0.44%	0.44%	0.00%
199	2007IT161PO008	Calabria		839.49	0.70%	0.70%	0.63%
200	2007IT161PO009	Campania		529.58	0.19%	0.33%	0.16%
201	2007IT161PO010	Puglia		843.10	1.38%	1.38%	1.16%
202	2007IT161PO011	Sicilia	Partial	341.31	4.15%	4.15%	1.92%
203	2007IT161PO012	Basilicata		29.87	0.11%	0.11%	0.91%
204	2007IT162PO001	Abruzzo		25.99	0.66%	0.67%	0.22%
205	2007IT162PO002	Emilia Romagna		21.20	1.09%	1.09%	0.18%
206	2007IT162PO003	Friuli Venezia Giulia		13.35	0.07%	0.07%	0.00%
207	2007IT162PO004	Lazio		66.42	0.89%	0.86%	0.19%
208	2007IT162PO005	Liguria		34.44	0.47%	0.47%	0.26%
209	2007IT162PO006	Lombardia		40.21	1.20%	1.21%	0.45%
210	2007IT162PO007	Marche		25.57	0.03%	0.03%	0.41%
211	2007IT162PO008	Molise		18.19	1.49%	1.49%	0.74%
212	2007IT162PO009	Provincia Autonoma di Bolzano		3.36	0.94%	0.94%	0.42%
213	2007IT162PO010	Trento		-	0.00%	0.83%	0.00%
214	2007IT162PO011	Piemonte		52.32	1.30%	1.30%	1.30%
215	2007IT162PO012	Toscana		66.55	0.28%	0.30%	0.08%
216	2007IT162PO013	Umbria		35.87	0.33%	0.33%	0.46%
217	2007IT162PO014	Valle d'Aosta		3.75	0.52%	0.52%	0.00%
218	2007IT162PO015	Veneto		-	1.81%	4.85%	1.21%
219	2007IT162PO016	Sardegna		93.78	0.18%	0.18%	0.03%
220	2007LV161PO001	Entrepreneurship and Innovations		146.34	0.69%	0.69%	0.13%
221	2007LV161PO002	Infrastructure and Services		456.55	0.69%	0.69%	0.13%
222	2007LT161PO001	Promotion of Cohesion		8.24	0.42%	0.38%	0.43%
223	2007LT161PO002	Economic Growth		78.00	0.42%	0.38%	0.43%
224	2007LU162PO001	Compétitivité & emploi		2.60	0.00%	0.00%	0.07%
225	2007MT161PO001	Competitiveness		55.99	0.08%	0.08%	0.18%
226	2007PL161PO001	Innovative Economy		1,173.97	5.69%	5.69%	1.88%
227	2007PL161PO002	Infrastructure & Environment		3,619.66	0.01%	3.24%	1.63%
228	2007PL161PO003	Eastern Poland		265.49	0.51%	1.59%	0.44%
229	2007PL161PO004	Technical Assistance		40.67	0.13%	0.13%	0.20%
230	2007PL161PO005	Dolnoslaskie	Rep-Full	-	7.78%	7.78%	1.58%
231	2007PL161PO006	Kujawsko-Pomorskie		80.90	0.15%	0.15%	0.00%
232	2007PL161PO007	Lubelskiego		38.43	0.40%	1.29%	0.10%
233	2007PL161PO008	Lubuskie		0.09	0.74%	3.01%	0.06%
234	2007PL161PO009	Lódzkie		5.15	0.33%	1.51%	0.01%
235	2007PL161PO010	Malopolskie		7.34	0.34%	0.37%	0.00%
236	2007PL161PO011	Mazowieckie		244.14	1.50%	3.36%	1.50%
237	2007PL161PO012	Opolskie		-	0.85%	1.14%	1.36%
238	2007PL161PO013	Podkarpackie		-	0.98%	0.98%	0.21%
239	2007PL161PO014	Podlaskie		64.78	0.66%	1.37%	0.32%
240	2007PL161PO015	Pomorskie		-	0.44%	0.44%	0.00%
241	2007PL161PO016	Zachodniopomorskie		15.00	1.48%	1.48%	0.03%
242	2007PL161PO017	Wielkopolskie		-	0.12%	0.12%	0.08%
243	2007PL161PO018	Swietokrzyskie		-	0.14%	0.14%	0.00%
244	2007PL161PO019	Slaskie		77.24	0.42%	1.69%	0.21%
245	2007PL161PO020	Warminsko-Mazurskie		46.33	0.17%	0.17%	0.30%
246	2007PT161PO001	Factores de Competitividade		243.08	1.09%	1.09%	0.05%
247	2007PT161PO002	Norte		-	1.09%	1.09%	0.05%
248	2007PT161PO003	Centro		61.51	1.09%	1.09%	0.05%
249	2007PT161PO004	Alentejo		87.96	1.09%	1.09%	0.05%
250	2007PT161PO005	Algarve		-	1.09%	1.09%	0.05%
251	2007PT161PO006	Açores		-	1.09%	1.09%	0.05%
252	2007PT162PO001	Lisboa		13.46	1.09%	1.09%	0.05%
253	2007PT162PO002	Madeira		10.25	1.09%	1.09%	0.05%

¹⁰ According to the revised ACR received on 15/04/2016, the MS error rate is 25.3% which is under assessment.

	Ref	Title	Reserve AAR 2015	Payments 2015	MS error rate 2014 in ACR2015	Validated error rate or flat-rate by REGIO audit	CRR (based on validated error rate)
254	2007PT16UPO001	Valorização do Território		88.05	0.04%	0.04%	0.00%
255	2007PT16UPO002	Assistência Técnica		4.17	0.04%	0.04%	0.00%
256	2007RO161PO001	Regional Operational Programme		348.41	3.86%	3.86%	1.35%
257	2007RO161PO002	Increase of Economic Competitiveness	Rep-Par	249.34	3.04%	3.07%	1.59%
258	2007RO161PO003	Transport		412.34	4.84%	4.84%	0.00%
259	2007RO161PO004	Environment		800.57	2.50%	2.49%	1.13%
260	2007RO161PO005	Technical Assistance		47.04	3.99%	3.99%	1.70%
261	2007SK161PO001	Information Society	Full	352.63	6.86%	6.86%	9.22%
262	2007SK161PO002	Environment		349.75	3.74%	5.00%	1.97%
263	2007SK161PO003	Regional OP		24.48	0.00%	2.00%	1.66%
264	2007SK161PO004	Transport		1,160.46	0.50%	0.50%	0.22%
265	2007SK161PO005	Health	Full	33.14	14.59%	14.59%	2.29%
266	2007SK161PO006	Competitiveness		119.86	0.00%	2.00%	0.00%
267	2007SK161PO007	Technical Assistance	Rep-Par	10.81	0.10%	0.10%	0.02%
268	2007SK162PO001	Bratislava	Full	27.72	13.50%	13.50%	4.83%
269	2007SK16UPO001	Research and Development	Full	456.29	7.33%	10.00%	6.00%
270	2007SI161PO001	Regional Potentials		35.51	1.53%	1.53%	0.26%
271	2007SI161PO002	Environment & Transport Infrastructure		458.46	1.53%	1.53%	0.26%
272	2007ES161PO001	Región de Murcia	Partial	48.38	2.81%	2.81%	0.08%
273	2007ES161PO002	Melilla	Rep-Par	1.13	10.00%	25.00%	4.04%
274	2007ES161PO003	Ceuta	Partial	1.44	0.00%	0.16%	0.01%
275	2007ES161PO004	Asturias	Rep-Par	-	0.00%	0.00%	0.77%
276	2007ES161PO005	Galicia	Partial	329.48	1.64%	5.00%	1.46%
277	2007ES161PO006	Extremadura	Partial	75.32	3.43%	3.43%	0.21%
278	2007ES161PO007	Castilla La Mancha	Partial	53.83	15.53%	15.53%	0.00%
279	2007ES161PO008	Andalucía	Partial	1,580.14	3.76%	3.76%	1.93%
280	2007ES161PO009	Fondo de Cohesión - FEDER		220.44	0.60%	0.91%	0.22%
281	2007ES162PO001	Cantabria	Partial	11.17	10.51%	10.51%	0.00%
282	2007ES162PO002	País Vasco	Partial	23.73	5.68%	5.68%	0.00%
283	2007ES162PO003	Navarra	Partial	9.51	1.89%	1.89%	0.36%
284	2007ES162PO004	Madrid	Partial	30.28	18.60%	18.60%	2.58%
285	2007ES162PO005	La Rioja	Rep-Par	-	11.95%	11.95%	0.00%
286	2007ES162PO006	Cataluña	Partial	13.76	8.05%	8.27%	4.48%
287	2007ES162PO007	Baleares	Partial	16.10	6.40%	6.40%	1.95%
288	2007ES162PO008	Aragón	Partial	18.45	0.00%	3.51%	0.00%
289	2007ES162PO009	Castilla y León	Partial	36.04	9.14%	9.17%	0.00%
290	2007ES162PO010	Comunidad Valenciana	Partial	112.89	4.17%	4.17%	0.00%
291	2007ES162PO011	Canarias	Partial	140.60	0.28%	10.00%	2.50%
292	2007ES16UPO001	Investigación, Desarrollo e innovación	Rep-Par	373.86	1.50%	3.72%	0.00%
293	2007ES16UPO002	Asistencia Técnica y Gobernanza	Partial	7.66	1.50%	3.72%	0.00%
294	2007ES16UPO003	Economía basada en el Conocimiento	Partial	139.21	1.50%	3.72%	0.00%
	Spain: National Part of 19 Regional OPs			1,007.42¹¹	4.10%	4.67%	1.95%
295	2007SE162PO001	Skåne-Blekinge		5.55	0.17%	0.17%	0.53%
296	2007SE162PO002	Småland och Öarna		6.56	0.17%	0.17%	0.53%
297	2007SE162PO003	Västsverige		0.71	0.17%	0.17%	0.53%
298	2007SE162PO004	Östra Mellansverige		3.97	0.17%	0.17%	0.53%
299	2007SE162PO005	Stockholm		-	0.17%	0.17%	0.53%
300	2007SE162PO006	Norra Mellansverige		1.99	0.17%	0.17%	0.53%
301	2007SE162PO007	Mellersta Norrland		12.76	0.17%	0.17%	0.53%
302	2007SE162PO008	Övre Norrland		11.73	0.17%	0.17%	0.53%
303	2007NL162PO001	Noord		8.73	1.94%	1.94%	1.18%
304	2007NL162PO002	West		15.28	1.44%	1.44%	1.77%
305	2007NL162PO003	Zuid		1.78	0.03%	0.03%	0.00%
306	2007NL162PO004	Oost		9.57	1.67%	1.67%	0.83%
307	2007UK161PO001	Highlands and Islands	Full	13.18	2.91%	6.13%	2.79%
308	2007UK161PO002	West Wales and the Valleys		133.09	0.89%	1.94%	0.89%
309	2007UK161PO003	Cornwall and the Isles of Scilly		5.19	1.52%	1.52%	0.50%
310	2007UK162PO001	Lowlands and Uplands	Rep-Full	-	2.91%	6.13%	3.55%
311	2007UK162PO002	South East England		5.72	4.21%	4.21%	0.50%

¹¹ Included above. For Spain, the error rates indicated for the regional programmes are the error rates corresponding to the regional part of the programmes excluding the national part. The national part of the 19 Spanish regional OPs is covered by one audit sample (error rate of 4.67% validated by DG REGIO audit). The cumulative residual risk is 1.95%.

	Ref	Title	Reserve AAR 2015	Payments 2015	MS error rate 2014 in ACR2015	Validated error rate or flat-rate by REGIO audit	CRR (based on validated error rate)
312	2007UK162PO003	Northern Ireland		45.92	0.83%	0.83%	0.00%
313	2007UK162PO004	East of England		21.75	4.21%	4.21%	0.50%
314	2007UK162PO005	North East England		49.85	1.52%	1.52%	0.50%
315	2007UK162PO006	London		34.07	4.21%	4.21%	0.50%
316	2007UK162PO007	West Midlands		78.35	3.35%	3.35%	0.50%
317	2007UK162PO008	North West England		148.77	3.35%	3.35%	0.50%
318	2007UK162PO009	Yorkshire and Humberside		117.22	1.52%	1.52%	0.50%
319	2007UK162PO010	East Midlands		-	3.35%	3.35%	0.50%
320	2007UK162PO011	South West England		29.37	1.52%	1.52%	0.50%
321	2007UK162PO012	East Wales		14.90	0.89%	1.94%	0.89%
322	2007UK162PO013	Gibraltar		-	0.00%	0.00%	0.00%

In a limited number of the cases, the error rates validated by DG REGIO are lower than the Member State's error rate in ACR 2015 due to technical adjustments in the calculation of the projected error rate.

ANNEX 8: Specific annexes related to Part 2

2.1 Assessment of the effectiveness of the internal control systems

DG Regional and Urban Policy has operated within several methods of budget implementation in 2015 (Shared management, Indirect management, Direct management) which have specific inherent risks.

For shared management (representing more than 99% of the 2015 payments), the main inherent risks relate to the complexity and diversity of operations and activities financed, which range from large infrastructure projects to small-scale support services for SMEs. The forms of assistance also vary with grants and co-funding of more sophisticated financial engineering instruments. In addition, there is a multiplicity and diversity of management organisations, structures and beneficiaries. The multi-annual nature of the system helps to offset the risk of national controls not functioning effectively to prevent errors, allowing corrections to be made some years after the disbursement of funds by the Member State to the beneficiaries.

Two main changes impacted DG REGIO's internal control environment in 2015, which required clarification and reinforcing of the internal arrangements for monitoring and assessing the effectiveness of the internal control framework:

- (1) Recentralisation of the IACs in the IAS and
- (2) Integration of the Turkish Cypriot community task force in January 2015.

As a consequence, the following mitigating measures were defined and are being put into place to address the related risks: (1) more comprehensive mapping of internal processes and procedures, strengthening of ownership and testing activities by Chefs de file; (2) due diligence on the task force carried out in the second semester 2015 in order to assess the adequacy of the existing control environment and review any potential risks affecting the legality and regularity of related financial transactions.

Specific work was also carried out in 2015 in relation to the two prioritised standards ICS 3 (Staff allocation and mobility) and ICS 8 (Processes and procedures), as well as to other standards for which specific measures aiming at further strengthening their effectiveness were implemented.

Conclusion on the effectiveness of the entire control system

On the basis of the self-assessment, of other sources mentioned above, of actions implemented in 2015 particularly for the prioritised standards, of the review of the Internal Control Coordinator and taking into account DG Regional and Urban Policy's Internal Audit opinion, the following conclusions can be drawn:

- ICS generally effective: Mission (ICS 1); Staff Allocation and Mobility (ICS 3); Objectives and Performance Indicators (ICS 5); Management Supervision (ICS 9); Accounting and Financial Reporting (ICS 13);
- ICS generally effective with some (minor) improvements needed: Ethics and Values (ICS 2); Staff Evaluation and Development (ICS 4); Risk Management Process (ICS 6); Operational Structure (ICS 7); Processes and Procedures (ICS 8); Business Continuity (ICS 10); Document Management (ICS 11); Information and Communication (ICS 12); Evaluation of Activities (ICS 14), Evaluation of the Internal Control System (ICS 15);
- No ICS are considered generally/partially effective;
- No ICS are considered ineffective.

In view of the above, it can be concluded that the internal control standards are effectively implemented, although further enhancing of the effectiveness of the DG's control arrangements in certain areas will be sought in 2016.

2.2 Audit observations and recommendations

2.2.1 List of ECA findings

DAS 2014 follow-up

In its annual report for 2014, the European Court of Auditors (hereafter "the Court") presented DG Regional and Urban Policy together with DG Employment, Social Affairs and Inclusion policy in chapter 6.

The first part of the chapter was dedicated to the assessment of the regularity of transactions. For the statement of assurance in the area of DG Regional and Urban policy, the Court audited 161 randomly sampled transactions in the Member States relating to the 2007-2013 programming period and examined the effectiveness of the Commission's supervisory work. For DG Employment, Social Affairs and Inclusion policy, 170 transactions were audited.

The second part of the chapter was dedicated to the assessment of the performance of the 186 related projects which were completed at the time of the audit.

First part on the assessment of the regularity of transactions: the Court concluded that the payments were affected by material errors, with a most likely error of 6.1% for DG Regional and Urban policy, which is a snapshot for the reporting year before all controls have functioned in a multiannual control system. The Commission noted in its reply to the Court's 2014 Annual Report that given the multiannual character of the management and control systems under Cohesion policy, errors made in 2014 may also be corrected in subsequent years. It also noted that the error frequency decreased compared to 2013. The Court reported that 51% of the error rate was due to public procurement errors, 25% to ineligible expenditure and 24% to non-compliance with State aid rules. It underlined that 40% of the errors it found could and should have been detected by the Member States before declaring expenditure to the Commission.

The Court acknowledged in its report that the estimated amounts at risk reported by DG Regional and Urban Policy in its 2014 Annual Activity Report for the 2007-2013 period (between 2.6% and 5.3%) are accurate and consistent with the available information and in line with the assessment presented by the Court. Concerning the Directorate-General's management representation, the Court assessed the consistency and accuracy of the Commission's calculation of the amounts at risk and the reservations made in the Directorate's General 2014 Annual Activity Report and concluded that these were consistent and accurate.

The Directorate-General estimates that the error rate remains high and continues to work to further reduce it. It noted however that the 2014 error rate is lower than in 2013 and well below the error rates reported by the Court for the 2000-2006 period.

The Commission considered that the significant decrease in the error rate in the 2007-2013 programming period, and the absence of concentration of errors in particular programmes or Member States, unlike in previous years, derives from the reinforced control provisions and is mainly due to:

- the systematic and timely implementation of interruptions and suspensions for ERDF and Cohesion Fund programmes, with remedial actions including rigorous financial corrections when necessary (see sections on financial corrections);
- the close cooperation and coordination with audit authorities to ensure timely detection and corrections already at national level;
- focused Commission actions towards the most risky programmes, including both guidance and trainings (public procurement, retrospective projects) and audits on risk prone areas like State aid, financial instruments, cost-benefit analyses/funding-gap or compliance with public procurement procedures.

On the work performed by DG Regional and Urban Policy to assess the work of ERDF/CF audit authorities, the Court concluded that the Commission did not always have full information in order to validate the data reported by the audit authorities. The Commission, nonetheless,

considers that it has a thorough process in place to assess and validate the error rates reported by the audit authorities, or to recalculate them in cases where they are found to be inaccurate.. The Commission reports in the present Annual Activity Report about this aspect (see pages 57-60) and has done so also in previous Annual Activity Reports.

The Court made the following recommendations (in italics in the text below) for the whole economic, social and territorial cohesion policy:

Recommendation 1: the Commission should carry out a focused analysis of the national eligibility rules for the 2007-2013 and 2014-2020 programming periods in view of identifying good practices and lessons learnt. Based on such analysis, it should provide guidance to Member States on how to simplify and avoid unnecessarily complex and/or burdensome rules that do not add value with respect to the results to be achieved by the policy ('gold-plating').

The Commission accepted the recommendation, recalling however that under shared management, the establishment of national eligibility rules is the responsibility of the Member States who should in first instance review and simplify their national eligibility rules and disseminate good practices, based on cumulative national and EU audit results from the 2007-2013 programming period and experience collected by managing authorities and intermediate bodies. The Commission also noted that it is providing observations on selection criteria to be decided by monitoring committees and has issued extensive and timely guidance to Member States during the start-up of the 2014-2020 programming period. It will continue to guide the Member States in order to simplify and avoid unnecessarily complex and burdensome rules whenever specific instances of gold plating are identified. In this framework, the Commission and the Member States meet on a regular basis to discuss and clarify these issues. The Commission is also heavily investing in the use of simplified cost options during the 2014-2020 programming period. The Commission will also continue cooperating with national audit authorities to encourage them to identify and report, in system audits and other audits, eligibility rules which are unnecessarily complex and that can be simplified without putting at stake the legality and regularity of expenditure.

Recommendation 2: managing authorities and intermediate bodies in Member States should intensify their efforts to address the weaknesses in 'first level checks' by taking into account all available information. In particular, the Commission should request audit authorities through their system audits to re-perform some of these checks and share the good practices and lessons learnt.

The Commission noted that the first part of the recommendation was addressed to Member States. It agreed on the importance of the 'first level' checks conducted by the Member States and shares the view that these should be further strengthened. Therefore, it has given guidelines to Member States on the way managing authorities should define and implement their management verifications, including in relation to public procurement and state aid issues. This comprehensive guidance note on management verifications for the 2014-2020 programming period, drawing on the lessons learned in the 2007-2013 programming period and the Court's findings, has been drafted and discussed with Member States in the second half of 2014 and was published in 2015. Audit authorities have the responsibility to perform audits of the management and control systems. They provide the Commission with system audit reports and annual control reports on the functioning of these systems and in particular the quality and effectiveness of the first level checks performed by management authorities. In that context, the Commission accepted the second part of the recommendation to request that audit authorities, through their system audits and control testing, should re-perform some of these checks and share the good practices and lessons learnt. In that respect, the Commission has launched in 2015 a new tool for peer-to-peer exchanges among managing, certifying and audit authorities in Member States ('Taiex Regio Peer 2 Peer'). This tool aims at helping Member States to improve their administrative capacity in managing the European Regional Development Fund and the Cohesion Fund, including in the area of management verifications. In line with its audit strategy as updated in 2015, the Commission will also continue to focus its audits on management verifications following a risk based approach for 2007-2013 programmes, up to closure.

Recommendation 3: Member States should make better use of the possibilities set out in the Common Provisions Regulation and ESF regulation for the 2014-2020 programming period concerning simplified cost options for projects exceeding 50 000 euro public support.

The Commission noted that this recommendation was addressed to Member States. The Commission has actively worked since the introduction of the simplified cost options in the regulations to progressively extend their use by Member States and considers that these efforts have already led to positive results, in particular for the ESF. The Commission continues to actively promote the use of simplified cost options by Member States in the 2014-2020 programming period, where they have been significantly strengthened both in the Common Provisions Regulation and in the specific ESF Regulation, based on the lessons learned and the good practices identified in the previous programming period, in order to reduce the administrative burden on the beneficiaries, increase the focus on results and further reduce the risk of error. As regards ERDF and CF, the Commission encourages Member States to further explore the opportunities offered by the 2014-2020 legal framework regarding simplified cost options in order to widen the use of such options, in particular for thematic objectives 1 and 3. Furthermore, as part of its efforts to promote the use of simplified cost options by Member States, the Commission has issued extensive practical guidance in 2015 concerning the options set out in the Common Provisions Regulation and in the specific ESF Regulation, and conducted a second round of simplification seminars in a significant number of priority Member States where the simplification opportunities have not been sufficiently leveraged in the previous programming period. Furthermore, the Commission launched surveys in June 2015 in order to assess the planned take up of the simplification opportunities, including simplified cost options by Member States in the current programming period.

Recommendation 4: Member States should ensure the full and timely payment of funding under the 2007-2013 programming period by reimbursing the beneficiaries within a reasonable time after they have submitted for reimbursement a payment claim. In alignment with the rules applicable to the 2014-2020 programming period, we consider that all such payments should be made within 90 days after the submission of a correct payment claim by the beneficiary.

The Commission noted that this recommendation was addressed to Member States. The Commission agreed that Member States should comply with Article 80 of Regulation (EC) No 1083/2006. This article does not provide specific benchmarks. In the context of the programming period 2014-2020, Article 132 of the Common Provisions Regulation 1303/2013 on ESI Funds has established specific rules for the reimbursement of funding to beneficiaries by national authorities. Subject to the availability of funding, the managing authority shall ensure that a beneficiary receives the total amount of eligible public expenditure due in full and no later than 90 days from the date of submission of the payment claim by the beneficiary.

Recommendation 5: the Commission should submit a legislative proposal to amend, through a legislative act of equal legal value, Regulation (EC) No 1083/2006 with respect to the extension of the eligibility period for financial instruments under shared management to the Council and the Parliament.

The Commission did not accept this recommendation. The Commission considered that the modifications introduced in its closure guidelines were within the scope of article 78(6) of Regulation (EC) No 1083/2006, as amended, and therefore did not require an amendment of the legislative act.

Recommendation 6: the Commission should extend to all Member States its assessment of the reliability of the financial corrections reported by the certifying authorities and its impact on the Commission's calculation of the 'residual error rate'.

The Commission accepted this recommendation that it is already implementing in line with previous recommendations of the external and internal auditors in that regard. The Commission has widened the scope of its assessment and now performs consistency checks and desk reviews on the financial correction statements for all Member States and operational programmes whose results are reflected in the calculation of the cumulative residual risk. In addition, it carries out

annually a risk assessment to decide which audit missions are to be carried out in which Member States to obtain reasonable assurance, in this case, of the financial corrections reporting. In the frame of this risk-assessment the Commission takes also account of the need to conduct on-the-spot audits in all Member States with a material impact on the calculation of the cumulative residual risk, by the end of the programming period.

Recommendation 7: the Commission should further strengthen the control system for audit authorities by:

• requesting audit authorities to provide specific information on audits of operations (in particular the coverage) to verify the accuracy and reliability of the information provided in the annual control reports;

The Commission accepted this recommendation which it is implementing by requesting and obtaining additional specific information from audit authorities each time it deems it necessary, in particular in case of doubts, and by carrying out desk or on-the-spot review of annual control reports. DG Regional and Urban Policy has foreseen in its updated strategy for 2007-2013 to launch reinforced "pre-annual control report" missions to prepare for the review of annual control reports to be provided in December 2015 for the last time and of closure declarations and opinions planned for March 2017. It will continue covering a significant number of annual control reports through on-the-spot missions, on a risk basis.

• ensuring that all audit authorities appropriately cover in their audit of operations checks of compliance with state aid and public procurement rules.

The Commission accepted this recommendation and is implementing it in the context of its audit enquiries concerning the review of the work of audit authorities. It will circulate the Court's findings to ensure, where necessary, that reinforced checklists are used for the remainder of the 2007-2013 programming period and for the next one.

• requesting audit authorities to certify the accuracy of the data on financial corrections reported by certifying authorities for each OP whenever such action is deemed necessary.

The Commission accepted this recommendation which was already accepted in 2014. For the 2014-2020 programming period, the audit authorities are requested each year to issue an audit opinion based on a residual rate of error in the certified accounts. For the revision of the calculation of this rate, audit authorities have to check the accuracy of the financial corrections reported by the certifying authorities during the period for each operational programme and as reported in the certified accounts.

Second part on the assessment of the performance of projects: the Court concluded that:

- 78% of the projects examined reached fully or partially all targets that had been specified to measure the project performance (of which 48% reached or exceeded all targets);
- the performance of 20% of the projects examined could not be determined, either because the deadline to attain some targets was not met (9%), or no relevant data was provided (7%), or the objectives were not in line with those specified in the related operational programme (4%);
- for the remaining 3 projects (2%), none of the objectives set out in the operational programme and/or the grant agreement were attained.

Main Indicators: Data published in the Court of Auditors' Annual Reports

Coverage			Results		
Indicator	2014 Annual report (chapter 6)	2013 Annual report (chapter 5)	Indicator	2014 Annual report (chapter 6)	2013 Annual report (chapter 5)
Size of sample (global sample)	331	180	% payments in the global sample affected by errors (number of transactions affected by errors)	41% (135)	57% (102)
out of which ERDF	101	125			
out of which CF	55	38			

Coverage			Results		
Indicator	2014 Annual report (chapter 6)	2013 Annual report (chapter 5)	Indicator	2014 Annual report (chapter 6)	2013 Annual report (chapter 5)
out of which FEIs	5	5	DG Regional and Urban policy only	47% (75)	56% (94)
Total for regional policy	161	168			
			% payments with errors affected by quantifiable errors (number of transactions affected by quantifiable errors)	39% (53)	39% (40)
			DG Regional and Urban policy only	33% (25)	36% (34)
			Error rate published by the Court for DG Regional and Urban policy		
			Lower error limit	3.0%	3.7%
			Most likely error	6.1%	7%*

* The figure of the most likely error rate for regional policy in 2013 has been recalculated by the Court to match the new structure of the 2014 annual report and thus to enable a comparison between the two years.

Follow-up of previous DAS recommendations

DG Regional und Urban Policy systematically follows up the corresponding recommendations issued by the Court in its Annual Reports. The following table gives an overview of the status of implementation of the recommendations as registered in the RAD data base.

Annual Report	TOTAL	DONE/CLOSED	OPEN
2006	8	8	0
2007	11	11	0
2008	5	5	0
2009	4	4	0
2010	7	7	0
2011	10	10	0
2012	4*	3	0
2013	6	6	0

* One 2012 recommendation asking to carry out a systematic assessment of the use of national eligibility rules was rejected by the Commission.

Summary of the results of the Court's Performance audits and special reports published in 2015

In 2015, the Court continued an extensive work on performance audits for DG Regional and Urban Policy: five special reports were published in 2015 (see below) ; two adversarial procedures have been finalized with the Directorate-General (Special Reports on Baltic Sea and Rail freight) respectively end 2015 and beginning of 2016. Another eleven performance audits were in different phases of implementation in 2015 and early 2016 (State aid, FYROM and Montenegro, Maritime transport, Financial instruments, Roma integration, Tourism follow-up, Closure 2007-2013, Corrective measures-Financial corrections, Natura 2000, Climate action objectives, Partnership agreements,). Six preliminary studies have been started related to new performance audits and a number of informative meetings have been held (Water infrastructure, Jasper, Public Private Partnerships, ERTMS-RAIL, Absorption capacity, Projects Sustainability).

The published reports in 2015 were the following:

SR 1/2015: "Inland Waterway Transport in Europe: No significant improvements in modal share and navigability conditions since 2001" (published on 03/03/2015)

The audit covered 4 Member States (Belgium, Czech Republic, Germany, Hungary) that had absorbed 88% of the expenditure on Inland Waterway Transport, and covered 12 projects, 7 financed by TEN-T and 5 by ERDF. The report concludes that overall the objective of shifting traffic from road to inland waterway transport and of improving navigability have not been completely achieved. It identified weaknesses related to the EU strategies that were not based on robust analysis.

The Commission accepted the Court's recommendation which focus on the better prioritisation of the co-funded projects. The Court recommended also that in-depth market analysis were carried out and that a strengthened legal basis should be adopted for reporting on navigation status and coordinated national plans on maintenance.

SR 2/2015: "EU-funding of urban waste water treatment plants in the Danube river basin: further efforts needed in helping Member States to achieve EU waste water policy objectives" (published on 13/07/2015)

The audit sought to answer the question whether the ERDF and CF projects investing urban waste water treatment plants in the Danube river basin had achieved good results. The Court checked the implementation of the Urban Waste Water Treatment Directive in four Member States in the Danube river basin: the Czech Republic, Hungary, Romania and Slovakia. The auditors also examined a sample of treatment plants to see how they treated waste water and handled sewage sludge and to establish whether they were likely to be financially sustainable.

The Court found that the audited Member States incurred delays for complying with the rules and in taking up the EU money available. Although their plants generally treated the waste water adequately, their handling of sewage sludge and rain overflows was sometimes weak. A third of the plants are oversized and potentially unsustainable.

The Court recommended that the Commission should not approve 'major projects' and requested Member States not to approve projects under an operational programme unless the design of the size of the waste water treatment plants takes into account the possibilities of reducing groundwater infiltration.

The Court also recommended that the Commission should enhance reporting requirements and Member States should put in place legal provisions to ensure prompt connection of households to the public sewage network.

The Commission and Member States should also set criteria for all types of use of sludge and take necessary

action to ensure robust monitoring of pollutants. The Commission should encourage Member States to implement a responsible waste water pricing policy with tariffs no lower than the 4 % affordability level, and measures should be taken to ensure that sufficient funds will be available to allow necessary maintenance and renewal of plants.

SR 10/2015: "Efforts to address problems with public procurement in EU cohesion expenditure should be intensified" (published on 15/09/2015)

This special report assesses whether the Commission and Member States are taking appropriate and effective actions to address the problem of public procurement errors in the area of Cohesion policy. Indeed, failure to comply with public procurement rules has been a perennial and significant source of error. Serious errors resulted in a lack, or complete absence, of fair competition and/or in the award of contracts to those who were not the best bidders. The audit found that the Commission and Member States are starting to address the problem, but there is still a long way to go in terms of analysing the problem and implementing actions. Systematic analysis of public procurement errors by the Commission and Member States is limited. The lack of sufficiently detailed, robust and coherent data on the nature and extent of public procurement errors has precluded a comprehensive analysis of the underlying causes. There are signs, however, that some of the Member States visited for this audit are starting to collect data in a systematic way. The Commission has begun to put a range of actions in place since 2010. Legislative actions included the revision of the public procurement directives and the inclusion in partnership agreements of specific conditions for public procurement systems that must be

fulfilled by Member States by the end of 2016 at the latest. The Commission also established, in 2013, an internal technical working group and drew up an internal action plan which is still, for most of the actions, under implementation. The Court acknowledges that the new public procurement directives to be implemented by April 2016 has the potential to help address the problem of public procurement errors and may help to reduce errors. Also IT tools such as e-procurement and data mining could further the benefits of public procurement and help to address the problems. The Commission accepted all recommendations from the Court concerning the development of a database, the follow-up of ex-ante conditionality, the publication and update of its action plan, the setting-up of a high level group on the issue, the imposition of financial corrections in case of insufficient first-level checks, and the further exploitation of IT tools.

SR 16/2015: "Improving the security of energy supply by developing the internal energy market: more efforts needed" (published on 15/12/2015)

The ECA report examined EU policy measures and funding on the basis of case studies (15 specific co-EU financed projects) from six Member States: Bulgaria, Estonia, Spain, Lithuania, Poland and Sweden. The main challenges identified by the auditors were related to the lack of completion of the internal energy market (IEM) by 2014 and to problems with the existing legal framework which was implemented in different ways by Member States. A slow progress has been stressed as regards network codes, insufficient level of infrastructure necessary to complete IEM with no needs assessment in prioritising most relevant projects by the Commission.

SR 23/2015: "Water quality in the Danube river basin: progress in implementing the water framework directive but still some way to go" (published on 25/01/2016)

This is the second report on the Danube river basin published by the European Court of Auditors during the year. It assessed the quality of water in the Danube river basin taking into account multiple factors on the basis of the Water Framework Directive. The Court assessed whether the implementation of the Water Framework Directive by the Member States led to an improvement in water quality. As in the first report the audit focused on surface water quality in four Member States of the Danube river basin: the Czech Republic, Hungary, Romania and Slovakia. It covered three main aspects: pollution from agglomerations, from industrial installations and from agriculture. The Court concluded that the implementation of the measures has led to little improvement in water quality. Member States exempted a significant number of water bodies from the 2015 and 2021 deadlines for reaching good status. However, progress on individual elements assessed for water quality may be masked due to the assessment methodology. The Court recommended that the Commission should provide guidance on the possible methods for cost recovery in the field of diffuse pollution.

2.2.2 List of open IAS findings

The recommendations rated as very important that are currently open are:

- For the audit on *Closure of the 2000-2006 ERDF programming period*, the two very important recommendations which are on-going relate to the preparation for closure for the 2007-2013 period and to the checks to be carried out on closure documents. The full implementation of these recommendations is overdue for more than 6 months. It is however partially implemented thanks to the adoption of modified Closure Guidelines for 2007-2013 in April 2015 and to the series of trainings and presentations which allowed collecting feedback from all stakeholders. The remaining open actions relate to the internal guidance and manual of procedures (including checklists and supervisory arrangements) for the assessment of the closure documentation to be analysed by the geographical units / auditors once the closure documents are submitted as well as to the necessary trainings. This was initially planned to be completed by mid-2015. As the closure documents will be submitted in March 2017, the delays in the implementation compared to the initial time schedule do not have any impact. The necessary actions including the trainings on the manual will all be completed before the submission of the closure documents.
- For the audit *on Performance Measurement system*, carried out in 2013, three very important recommendations have been made. One has been closed by the IAS and two of them are considered implemented by DG REGIO but not yet followed-up by the IAS¹². Firstly, DG REGIO was recommended to ensure quality and reliability of Member States' performance information. For this purpose the DG was asked to develop and implement a strategy. Although the focus would be on the programming period 2014-2020, the audit recommended the DG to improve further the quality of data reported for the 2007-2013 period. The second recommendation asked to significantly strengthen DG's performance measurement system put in place to monitor, report and evaluate performance of DG's internal activities and that of the policy. As regards the remaining recommendation which is closed,, the Directorate-general was recommended to manage the change to a more performance based culture..
- For the audit *on the preparation for use of Financial Instruments*, carried out in 2014, the IAS had identified several issues arising from legal provisions for implementation of financial instruments in 2014-20 programming period which are open to interpretation and which can pose risks to their practical implementation. The IAS recommended the DG to ensure that the risks are adequately mitigated by improving its internal guidance as well as the guidance to MS. It had issued two very important recommendations. The DG should (i) develop guidance internally and to Member States on the eligibility of working capital and preferential treatment of private investors, on how ex-ante assessment reports should be understood and used for justifying setting up financial instruments with ESIF funding and also guidance to help ensure that the leverage effect is properly measured and reported in the summary reports to the Parliament and the Council; and (ii) build financial instruments related capacity (e.g. training, guidance). The first recommendation is considered by DG REGIO partially implemented as some guidance notes have not been finalised (Guidance Note on preferential treatment of private investors and Guidance Note on leverage). However, given that the majority of actions have been undertaken and that the finalisation of the Guidance Notes should not endanger the set-up and the first stages of implementation of the financial instruments as it concerns reporting issue, DG REGIO

¹² One of them was reported as implemented to the IAS after cut-off date used for conclusion on the state of internal control.

considers that the delays in the implementation should not lead to any material residual risk. The second recommendation is considered by DG REGIO implemented and the IAS is in the process of following up this recommendation.

- For the audit *Gap analysis of new legislation/design of 2014-20 Programming Period of European Structural and Investment Funds*, carried out in 2014, the IAS had issued four very important recommendations. The first one relates to the supervision of Member State management and control systems where the IAS, although it acknowledges that it is still very early in the programming period, identified a number of issues to be addressed in the definition of the "Single audit strategy for the ESI funds programming period 2014-20 and related audit plan 2014-mid 2015" (still work in progress). It therefore recommended to further develop/clarify the audit strategy. The second recommendation relates to the negotiations and adoption processes of OPs for the 2014-20 programming period. Although the IAS notes that it was overall well prepared, it notably recommended both DGs to carefully monitor the final phases before Operational Programmes' (OP) adoption, to update and finalise the guidance documents, to ensure consistency in the action plans for non-fulfilled Ex-ante Conditionality and in their assessment and monitoring. The third recommendation relates to the results orientation and performance framework. Although the IAS underlines the efforts to address the new requirements on the results orientation of OPs included in the regulations for the 2014-2020, it notably recommended ensuring consistency in the quality/level of detail of information provided and to further develop and document the checks made on indicators in particular concerning the plausibility of milestones and targets. The fourth recommendation relates to the IT systems supporting the management of the programming period 2014-2020 processes. DG Regional and Urban Policy is implementing the recommendations according to the agreed timetable. It considers all recommendations except the first one as implemented¹³. It has notably adopted an Audit Strategy addressing the IAS recommendations. The final phases before the adoption of the programme were carefully monitored, the necessary guidance documents were finalised, the IT and Business process work plans for 2016 were aligned and approved and finally the Vision documents for WAVE was updated to integrate a multi-DG approach. This will be assessed by IAS in 2016.
- For the audit on *Monitoring of the action plans for unfulfilled ex-ante conditionalities*, carried out in 2015, the IAS had issued two very important recommendations related to the 'Reporting to senior management' and to 'Better regulation principles'. The audit concluded that the current monitoring and reporting arrangements are not sufficiently accurate as to how many actions/action plans have to be completed and by when and are therefore not considered as a reliable source of information for the different stakeholders in the organisation, in particular senior management. The IAS recommended DG REGIO and EMPL to further improve their monitoring and reporting arrangements by, on the one hand, better and more streamlined reporting to senior management and, on the other hand, more focused and prioritised monitoring at the operational level. As regards Better regulation principles, the audit recommended DG REGIO and DG EMPL to assess the implications for MS authorities and, if applicable, for beneficiaries of EU funds of the potential burden imposed by regulatory changes and make sure these are fed through to the 2014-2020 MFF mid-term review, together with preparations for the new programming. In addition, and depending on the precise role of the newly established

¹³ One of them was reported as implemented to the IAS after cut-off date used for conclusion on the state of internal control and one is reported as "in progress" due to the fact that it concerns a common action plan with DG EMPL which has to implement the remaining action.

Structural Reform Support Service, in order to avoid any potential inefficiencies or overlaps, the DGs should inform this new body on the monitoring and assessment of the implementation of ex-ante conditionalities action plans by the MS.

DG Regional and Urban Policy is implementing all recommendations according to the agreed timetable. It has already strengthened its monitoring and reporting arrangements on the state of play of ex-ante conditionalities and is assessing the potential burden imposed by the regulatory changes. These two recommendations should be fully implemented by end 2016.

2.3 Control results

2.3.1.1 ERDF and CF: setting up a strong control framework for the new 2014-2020 programming period

Description of the management and control system for 2014-2020 programming period

The Regulation for the 2014-2020 programming period introduces some major changes compared to the previous one:

- the Commission shall reimburse as interim payments 90 % of the amount resulting from applying the co-financing rate to the eligible expenditure included in a payment application;
- in addition to the initial pre-financing, an annual pre-financing is paid before 1 July in the years 2016 to 2023;
- annual accounts have to be set up by the certifying authorities for each operational programme covering the period from 1 July to 30 June;
- an assurance package must be provided each year by 15 February by the national/regional authorities from 2016 until and including 2025:
 - Management Declaration and Annual Summary, prepared by the Managing Authority;
 - Certified Accounts, prepared by the Certifying Authority, which according to Art 137(1) of the CPR must include: a) the total amount of eligible expenditure for the accounting year concerned, the total amount of corresponding public expenditure incurred and the total amount of corresponding payments made to beneficiaries; b) the amounts withdrawn and recovered during the accounting year, the amounts to be recovered as at the end of the accounting year and the irrecoverable amounts; c) the amounts of programme contributions paid to financial instruments under Article 41(1) and the advances of State aid under Article 131(4); d) for each priority, a reconciliation between the expenditure stated in the accounts and the expenditure declared in the same accounting year, with an explanation of any differences;
 - Annual Control Report and Audit Opinion, prepared by the Audit Authority, based on the main findings of the system audits carried out on the functioning of the management and control system and on an appropriate sample of operations on the basis of the declared expenditure, as well as on the accounts prepared by the certifying authority.
- the Commission shall carry out an examination of the assurance package and shall accept the accounts where it is able to conclude that the accounts are complete, accurate and true by the 31 May. If the accounts are accepted, the Commission shall pay/recover the balance within 30 days taking into account the amount declared in the annual accounts, the interim payments made during the reference period and clearing of the annual pre-financing.

When preparing the annual accounts, the certifying authorities should exclude from the accounts established irregularities resulting from the audit work and/or from adjustments made by the managing and/or the certifying authority related to declared expenditure during the accounting year as well as expenditure still subject to an ongoing assessment of its legality and regularity.

Therefore, the Management and Control System (MCS) will function as follows:

- For the accounting year (1 July N-1 to 30 June N)

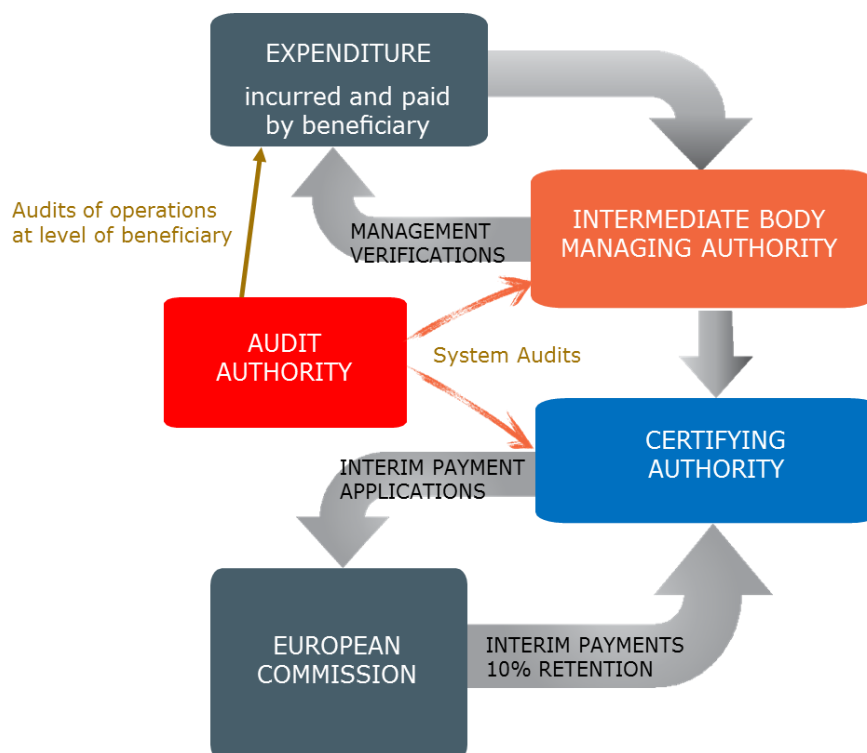
The **managing authority/intermediate body** carries out verifications until the submission of the programme accounts. It verifies that the co-financed products have been delivered, that the expenditure declared by the beneficiaries has been paid and that it complies with the applicable law, the operational programme and the conditions for support of the operation.

The verifications shall include:

- Administrative verifications in respect of each application for reimbursement from beneficiaries;
- On the spot verifications of operations on a sample basis.

Before submitting interim payment applications, the **certifying authority** certifies that they result from reliable accounting systems, are based on verifiable supporting documents and have been subject to verifications by the managing authority. The last interim payment claim is submitted by the certifying authority to the Commission by 31 July following the end of the accounting year.

The **audit authority** carries out audits on the management and control systems (system audits), the accounts, and of a sample of operations on the basis of the declared expenditure to the Commission during the accounting year. It has to organise its system audits and audits of operations in order to deliver the audit opinion by 15 February following the end of the accounting year.



- Treatment of the assurance package (15 February N+1)

The assurance documents are to be provided by the various MS authorities to the Commission. The Managing Authority finalises the verifications to ensure that the expenditure to be certified in the accounts is legal and regular. It takes account of findings of the audit authority and makes necessary financial corrections including flat rates corrections. It draws up the management declaration and annual summary.

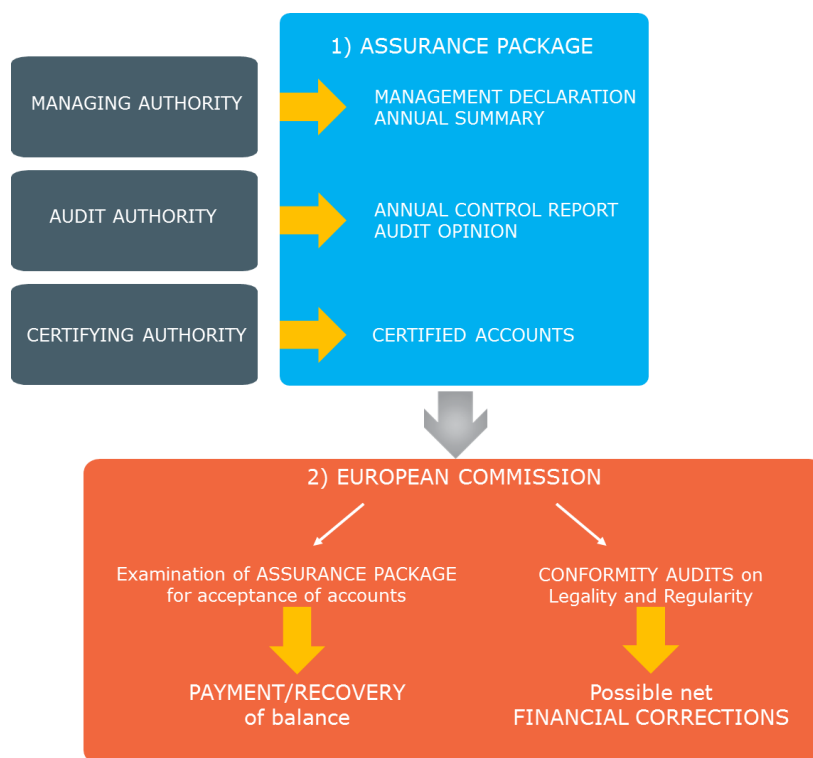
The Certifying Authority collates all interim claims in the accounts and excludes the irregular amounts (and those under ongoing assessment) detected in relation to expenditure included in interim payment claims. It takes account of findings of the audit authority and satisfies itself that necessary financial corrections including flat rates corrections have been made. It provides in the

accounts explanations for the difference between the sum of interim payment claims and the accounts. It draws up the accounts certifying their completeness, accuracy and veracity and that the expenditure entered in the accounts complies with applicable law.

The Audit Authority finalises the system audits and audit of operations. It informs the MA/CA of the final audit results for their follow-up and corrective measures. It prepares the annual control opinion and annual audit opinion and calculates a projected error rate and residual risk of error in the accounts, taking into account the financial corrections implemented by MA/CA as a result of audits. In addition it carries out final audit work on the accounts and assesses the consistency of the management declaration.

The Commission carries out the examination of the assurance documents by 31 May year N+1 to determine whether the accounts are complete, accurate and true and the accounts can be accepted. Within 30 days of the acceptance of accounts the Commission will pay/recover the balance due. In justified cases, the Commission will not accept the accounts triggering a contradictory procedure with the MS. By 30 June year N+1 for the major part of OPs a payment/recovery of the balance is made.

Subsequently, the Commission will carry out conformity audits on the legality and regularity of the expenditure which will trigger net financial corrections in case of detection of irregularities demonstrating serious deficiency in the effective functioning of the management and control system not previously identified by the national authorities and subject to appropriate corrective measures.



2.3.1.2 ERDF/ CF 2007-2013: supervising the end of implementation

A. Assurance derived from controls by the Member States

ACR audit opinions

For the year 2015, a total number of 214 ACRs have been received covering 321 ERDF/CF programmes. One ACR for Germany¹⁴ was not sent, for which DG REGIO has issued a reservation.

Out of the 214 ACRs received, 209 were sent on time. In four cases¹⁵ the ACRs were sent after the legal deadline of end December 2015, but still on time for the assessment in the AAR. The Audit Directorate analyses the reports and the opinions before the signature of the AAR. Following the analysis, an assessment letter is transmitted to the national authorities.

In all but one¹⁶ cases, DG Regional and Urban Policy performed a detailed assessment of the ACRs and audit opinions received against all audit results and information at its disposal¹⁷. As at 15 April 2016, and as a result of this analysis, the Directorate-General issued acceptance letters for 207 ACRs out of 214 ACRs (97%)¹⁸, covering 293 programmes out of 321 (91%). The assessment included follow up actions for 72 ACRs, and 1 ACR was returned to audit authorities for correction.

¹⁴ OP Bremen.

¹⁵ 1 BE, 1 ETC, 1 UK and 1 FI.

¹⁶ One ACR for Germany was not sent, reason for an adverse opinion from REGIO.

¹⁷ Audit results and information at disposal of DG Regional and Urban Policy can come from its own audit work, from the ECA, from other Structural Funds services and from national systems audit reports received from Audit Authorities and analysed throughout the year.

¹⁸ For 6 out of 214 ACRs (3%) the assessment letters were under preparation as at 15 April 2016.

Tables showing the Member States' national audit opinions (in the ACR) and DG REGIO audit opinion per Member State as well as the Error Rates

Member State	Total nr. of programmes	Member States' opinion (ACR) 2015					Total MS opinions	DG Regional and Urban Policy Audit Opinion 2015					Total REGIO opinions	Nr opinions MS followed by REGIO*	Nr opinions partially followed by REGIO		Nr opinions MS not followed by REGIO***
		Unqualified	Qualified	Adverse	Disclaimer	None		Unqualified	Q-moderate	Q-significant	Adverse	Disclaimer			Q-Mod**	Q-Sig	
Austria (AT)	9	9					9	9					9	9			
Belgium (BE)	4	2	2				4		3	1			4		3	1	
Bulgaria (BG)	5	5					5		4	1			5		4		1
Croatia (HR)	3	3					3	3					3	3			
Cyprus (CY)	1	1					1	1					1	1			
Czech Republic (CZ)	14	5	9				14	5	7	2			14	5	7	2	
Germany (DE)	18	16	1			1	17	11	5	1	1		18	11	5		1
Denmark (DK)	1	1					1		1				1		1		
Estonia (EE)	2	2					2	2					2	2			
Spain (ES)	23	13	8	1	1		23	6	9	6	2		23	7	9	3	4
Finland (FI)	5	5					5	5					5	5			
France (FR)	31		31				31		30	1			31		30	1	
Greece (GR)	10		10				10		10				10		10		
Hungary (HU)	13		13				13		11	2			13		11	2	
Ireland (IE)	2	1	1				2	1	1				2	1	1		
Italy (IT)	28	22	6				28	12	13	1	2		28	12	13	1	2
Lithuania (LT)	2	2					2	2					2	2			
Luxembourg (LU)	1	1					1	1					1	1			
Latvia (LV)	2	2					2	2					2	2			
Malta (MT)	1	1					1		1				1		1		
The Netherlands (NL)	4	4					4	4					4	4			
Poland (PL)	20	18	2				20	15	4	1			20	15	4	1	
Portugal (PT)	10	2	8				10	2	8				10	2	8		
Romania (RO)	5		5				5		5				5		5		
Sweden (SE)	8	8					8	8					8	8			
Slovenia (SI)	2	2					2	2					2	2			
Slovakia (SK)	9	1	6	2			9	1	4	2	2		9	3	4	2	
The United Kingdom (UK)	16	10	6				16	1	13	1	1		16	1	13	1	1
ETC (Cross-borders Coop)	73	60	12	1			73	56	13	2	2		73	57	13	2	1
Totals	322	196	120	4	1	1	321	149	142	21	10	0	322	153	142	16	10
% to total nr. of programmes	100.0%	60.9%	37.3%	1.2%	0.3%	0.3%	100.0%	46.3%	44.1%	6.5%	3.1%	0.0%		47.7%	44.2%	5.0%	3.1%
Payments 2015 (mil euro)	34,094	14,381	19,653	61	-	-	34,094	5,687	26,108	2,034	266	-		5,687	26,108	1,359	941
% to Total Payments	100.0%	42.2%	57.6%	0.2%	0.0%	0.0%	100.0%	16.7%	76.6%	6.0%	0.8%	0.0%		16.7%	76.6%	4.0%	2.8%

* MS unqualified-Regio unqualified (149), MS adverse-Regio adverse (4). ** MS unqualified (42) or qualified (100) - Regio qualified moderate (142). *** MS unqualified-Regio Q-significant (5), MS qualified-Regio adverse (4), MS disclaimer-Regio adverse (1)

Member State	Nr. of Programmes	ACR Projected error rate Member State					Reliability of error rate					Total	Projected error rate validated by DG Regional Policy				Total*	Total nr. error rates reported per Fund (CF/ERDF)	CRR			
		Under 2%	2-5%	5%-10%	over 10%	None*	Reliable	Reliable/Recalculated	Unreliable/flat-rate	Unreliable/Recalculated	Other/flat-rate		Under 2%	2-5%	5%-10%	Over 10%			Under 2%	2-5%	5%-10%	Over 10%
Austria (AT)	9	1	8				9					9	1	8			9	9	9			
Belgium (BE)	4	2	1	1			1	1		2		4		3	1		4	4	3	1		
Bulgaria (BG)	5	2	2	1			3	2				5	2	2	1		5	5	5			
Croatia (HR)	3	3					3					3	3				3	3	3			
Cyprus (CY)	1	1					1					1	1				1	1	1			
Czech Republic (CZ)	14	7	4	2	1		9	5				14	7	4	2	1	14	14	12	1	1	
Denmark (DK)	1	1							1			1		1			1	1	1			
Estonia (EE)	2	2					2					2	2				2	2	2			
Finland (FI)	5	5					4	1				5	5				5	5	5			
France (FR)	31		31					31				31		31			31	31	31			
Germany (DE)	18	14	1	1		2	11	4	2		1	18	11	5	1	1	18	18	16	2		
Greece (GR)	10		10					10				10		10			10	10	10			
Hungary (HU)	13	8	3	2			13					13	8	3	2		13	13	13			
Ireland (IE)	2	1	1				1			1		2	1	1			2	2	2			
Italy (IT)	28	25	1	2			19	7	2			28	23	2	1	2	28	28	26	1	1	
Latvia (LV)	2	2					2					2	2				2	2	2			
Lithuania (LT)	2	2						2				2	2				2	2	2			
Luxembourg (LU)	1	1					1					1	1				1	1	1			
Malta (MT)	1	1					1					1	1				1	1	1			
Poland (PL)	20	18		2			10	10				20	15	3	2		20	20	20			
Portugal (PT)	10	10					10					10	10				10	10	10			
Romania (RO)	5		5				3	2				5		5			5	5	5			
Slovakia (SK)	9	2	1	2	2	2	7				2	9	2	2	3	2	9	9	5	2	2	
Slovenia (SI)	2	2						2				2	2				2	2	2			
Spain (ES)**	23	10	4	5	4		12	8	2		1	23	4	8	6	5	23	23	19	4		
Sweden (SE)	8	8					8					8	8				8	8	8			
The Netherlands (NL)	4	4					4					4	4				4	4	4			
The United Kingdom (UK)	16	8	8				12	2		2		16	8	6	2		16	16	14	2		
ETC (Cross-borders Coop.)	73	62	8	3			45	28				73	58	12	3		73	73	69	3	1	
Total Nr.	322	202	88	21	7	4	191	115	7	5	4	322	181	106	24	11	322	322	301	16	3	2
% to total nr. of error rates	100%	62.7%	27.3%	6.5%	2.2%	1.2%	59.3%	35.7%	2.2%	1.6%	1.2%	100.0%	56.2%	32.9%	7.5%	3.4%	100.0%	100.0%	93.5%	5.0%	0.9%	0.6%
Payments 2015 (mil eur)	34,094	17,855	12,367	3,607	121	144	17,110	15,604	505	69	806	34,094	12,515	17,066	4,195	318	34,094	32,908	166	821	199	
% to Total Payments	100.0%	52.4%	36.3%	10.6%	0.4%	0.4%	50.2%	45.8%	1.5%	0.2%	2.4%	0.0%	36.7%	50.1%	12.3%	0.9%	100.0%	96.5%	0.5%	2.4%	0.6%	

* No ACR for one programme (DE) + no error rate reported for 3 programmes (1 DE + 2SK). ** For Spain, there are 23 programmes (the Spanish National part is counted separately).

Table indicating the resulting range of the best estimate of the error rates for 2013-2015 following Commission adjustments per MS (validated error rates).

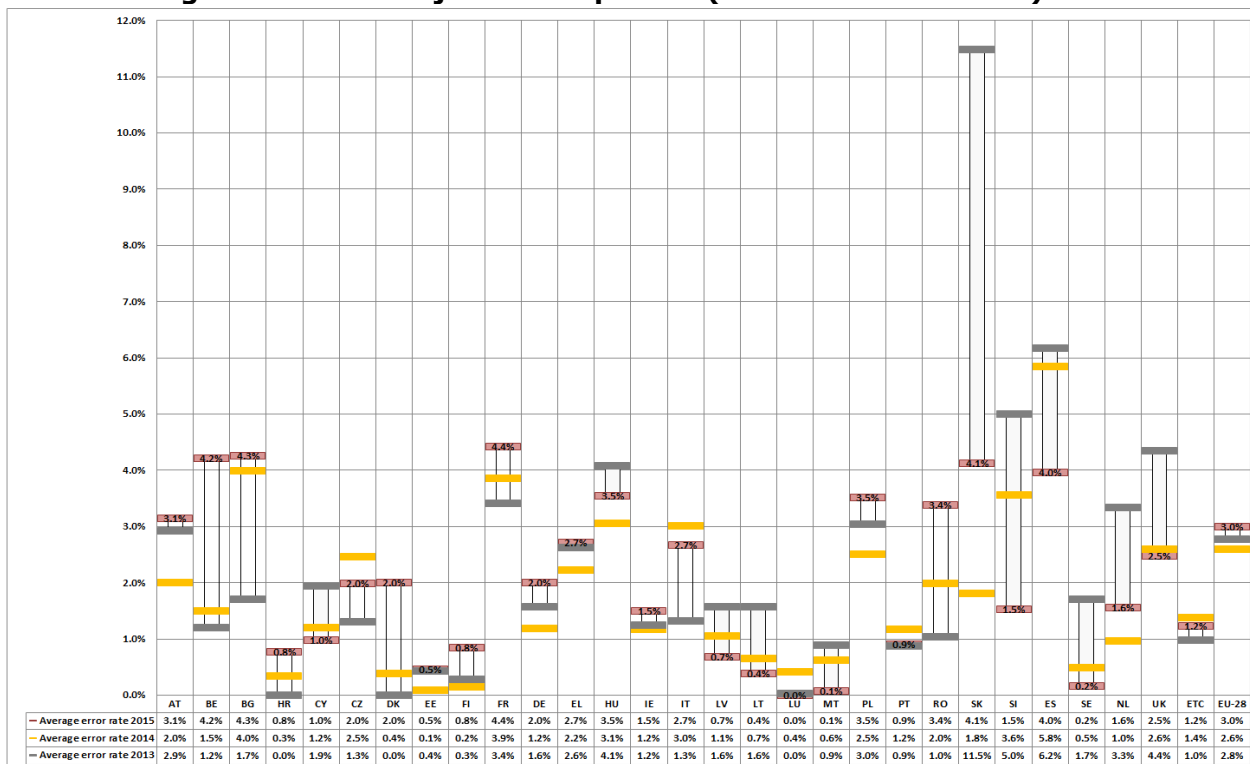


Table on the Annual Summaries submitted by Member States

Member State (MS)	Compliance with minimum requirements of Financial Regulation?	Has the template in the annex of the guidance note* been followed?	Has the MS used the suggested declaration on the overall level of the assurance as per guidance note*?	Has the MS provided an overall analysis for structural actions for the year in question?	Action by the Commission by 31/03/2016
Austria	Compliant	Yes	Yes	Yes	Accepted
Bulgaria	Compliant	Yes	Yes	Yes	Accepted
Belgium	Compliant	Yes	No	No	Accepted with follow-up
Czech Republic	Compliant	Yes	Yes	Yes	Accepted
Cyprus	Compliant	Yes	Yes	Yes	Accepted
Denmark	Compliant	Yes	Yes	Yes	Accepted
Estonia	Compliant	Yes	No	No	Accepted
Finland	Compliant	Yes	Yes	Yes	Accepted
France	Compliant	No	No	No	Accepted
Germany	Compliant	Yes	No	No	Accepted with follow-up
Greece	Compliant	Yes	Yes	Yes	Accepted
Ireland	Compliant	Yes	No	Yes	Accepted
Italy	Compliant	Yes	No	No	Accepted with follow-up
Latvia	Compliant	Yes	No	No	Accepted
Lithuania	Compliant	Yes	No	Yes	Accepted
Luxembourg	Compliant	Yes	Yes	Yes	Accepted
Hungary	Compliant	Yes	Yes	Yes	Accepted
Malta	Compliant	Yes	No	Yes	Accepted
Netherlands	Compliant	Yes	No	No	Accepted
Poland	Compliant	No	No	Yes	Accepted with follow-up
Portugal	Compliant	Yes	Yes	Yes	Accepted
Republic of Croatia	Compliant	Yes	No	Yes	Accepted with follow-up
Romania	Compliant	Yes	Yes	Yes	Accepted
Slovenia	Compliant	Yes	No	Yes	Accepted
Republic of Slovakia	Compliant	Yes	Yes	Yes	Accepted
Spain	Compliant	Yes	No	No	Accepted

Member State (MS)	Compliance with minimum requirements of Financial Regulation?	Has the template in the annex of the guidance note* been followed?	Has the MS used the suggested declaration on the overall level of the assurance as per guidance note*?	Has the MS provided an overall analysis for structural actions for the year in question?	Action by the Commission by 31/03/2016
Sweden	Compliant	Yes	No	No	Accepted
United Kingdom	Compliant	Yes	Yes	No	Accepted ¹⁹
28	28	26	13	18	

*European Commission Guidance note on annual summaries COCOF 07/0063/09

B. Audit Activity of the Directorate-General: strong supervision and bridging gaps in high risks areas

B1. Increasing assurance derived from MS controls through adequate supervision

Audit missions

Review of Audit Authorities: reliance can be placed on the work of all reviewed AAs

The results of the audit enquiry "review of audit authorities" are used to assess whether DG Regional and Urban Policy can rely principally on the audit authorities' audit opinion and error rates for its annual assurance and implement Article 73 of Regulation (EC) No 1083/2006²⁰. A total of 316 missions have been carried out on the spot cumulatively since 2009: 198 audit missions (including 11 in 2015) and 20 monitoring missions (2 in 2015), as well as 98 fact-finding missions (20 in 2015, 13 in 2016 and 5 pre-ACR missions) to validate the ACR error rates. Audits covered cumulatively the main 51 audit authorities responsible for 98,5% in total of the ERDF/CF total allocation²¹. DG Regional and Urban Policy's audit work included on-the-spot re-performance of audits at the level of individual beneficiaries in order to test the reliance which can be placed on the audit work carried out by the audit authorities. In 2015, this was the case for all the 11 audit missions carried out on the spot. **In total, the Audit Directorate re-performed 138 audits of operations at the level of the final beneficiary.** As a result, and based on the audit reports issued so far, the Directorate-General concluded that **it can generally rely on the work of 51 audit authorities audited under the enquiry.**

The extensive audit work under this enquiry, which represents 43% of the on-the-spot audit missions in 2015, has considerably contributed to DG Regional and Urban Policy's overall assurance for the programmes covered by the reviewed audit authorities through different aspects:

- significant capacity building efforts leading to an improvement of the work of the audit authorities and increased assurance that the annual control reports are reliable;
- preventive reduction of errors in the medium term and in the payment claims by strengthening competences at national level;
- identification of the risky areas in the management and control systems for the programmes covered by the review work and the weak areas for each of the audited national/regional audited body, leading to concrete remedial action plans and targeted audits by the Commission services;
- facilitation of the desk analysis of the annual control reports and increased assurance that the annual control reports and audit opinions are reliable for the reviewed audit authorities covering a substantial part of ERDF and Cohesion Fund funding. The methodology of sampling and projection

¹⁹ Acceptance letter in the process of being sent to the Member State at the date of signature of the AAR.

²⁰ Through the latter, DG Regional and Urban Policy relies on the audit authority in a formal manner and does not carry its own audits any longer (see below).

²¹ ERDF/CF allocation for the programmes under audit responsibility of the 75 ERDF/CF audit authorities, responsible for audit of mainstream and ETC programmes (i.e. not including the allocation for the 7 audit authorities responsible for ETC programmes only, which represent 0.64% of the ERDF/CF allocation)

of errors by the audit authorities has been further audited in more detail including through re-performance of audits, thus providing useful and robust bases to assess the reliability of the reported error rates in the annual control reports.

This extensive audit work has also contributed to interruptions / pre-suspensions during the year and to the necessary reservations expressed in the annual activity report when deficiencies had not been remedied i.e. in the case of the audit authority of DE/Bremen and ES/the regional control body in Melilla. In both cases a full or partial reservation is expressed in the AAR.

For the audit authorities assessed to be still at risk, the Directorate-General will continue to target its capacity-building actions including through audits on the spot and periodic re-performance of audits of operations in 2016 in order to test the reliability of reported results, including in view of the closure declaration for the programmes to be received end March 2017 (which will include the last ACR).

B2. Complementing the assurance via targeted audit activities

Bridging the assurance gap - targeted audits of high risk programmes, authorities or areas

Through the enquiry to review audit authorities' work, in some cases the Directorate-General may identify that certain deficiencies could remain undetected or not timely detected, which could jeopardise the assurance process (assurance gap). The scope of this complementary audit enquiry is therefore to cover (part of) operational programmes or particular areas still considered at high risk. Such risk-based audits focused mainly on the reliability of management verifications at the level of the managing authorities/intermediary bodies²².

In 2015, 35 audits were carried out under this enquiry (40% of all the on-the-spot audit missions in 2015). A total of 143 audit missions have been carried out since 2010 covering 19 Members States and 88 operational programmes (audited one or more times under this enquiry). These audits included 59 on-the-spot audits on operations at the level of beneficiaries.

Out of these 35 audit missions:

- 27 audit missions have been selected to address high risk areas/high risk bodies; 9 audits have resulted in new interruptions/pre-suspension of payments procedures in 10 programmes: BG (Transport OP, Environment OP and Regional Development OP, Priority Axes 2 and 4), HU (Environment and Energy OP, Social Infrastructure OP, South Great Plain OP and Central Transdanubia OP), CZ (certain projects under the ROP North West), IT (2 intervention lines in OP Sicilia) and RO (Regional OP).

- the remaining 8 audit missions were carried out to follow up and verify the effective implementation of corrective measures implemented in the context of on-going actions plans/pre-suspension procedures and/or related reservations in the 2014 AAR. These missions were: one mission to Austria (OP Vorarlberg), one mission to Spain (intermediate body DGI), two missions to Romania (Competitiveness OP and Environment OP), three missions to Slovakia (Regional OP, Competitiveness and Economic Growth OP and Information Society OP) and one mission to UK – England (East Midland OP). These missions have been carried out specifically to verify and confirm to the DG REGIO Interruptions, Suspensions and Financial Corrections Committee that all necessary preventive and corrective measures have been satisfactorily implemented and hence directly supported the DG decision to end the pre-suspension procedure. Further to the positive result of these missions and subsequent follow up work, the interruption or suspension

²² And to a lesser extent on selection of operations, corrective capacity of the managing authority, certification of expenditure by the certifying authority and high risk operations not yet audited by the national audit authority.

procedures were ended for the Austrian programme, the two Romanian programmes, the three Slovak programmes (except for 4 contract under the Competitiveness and Economic Growth OP) and the UK programme. Following the unsatisfactory implementation of the requested corrective measures the suspension procedure for the Spanish intermediate body DGI was maintained.

These risk-based audits thus contributed to:

- the implementation of preventive and corrective measures such as remedial actions plans, interruptions and financial corrections, and
- improvements in the management and control systems for programmes put under reservation, ensuring that past and future expenditure declared to the Commission is legal and regular.

The same approach will be implemented in the mission plan for 2016-June 2017 to address and follow-up the reservations in the 2015 annual activity report of the Directorate-General in close co-operation with the reliable audit authorities.

One of the main conclusions from the work under this enquiry from 2010-2015 is that for 66% of these missions significant deficiencies have been identified in the first level controls, and as regards more than half of the missions (58%), these deficiencies specifically concern the area of public procurement verifications. As a result, continued focus will be given in the mission plan for 2016-June 2017 to the audit of management verifications, in particular in the area of public procurement.

As this audit enquiry also contributes significantly to obtain the necessary assurance with a view to prepare for closure, a considerable number of audits have been dedicated to areas such as eligibility of selected operations (audits carried out on selection of operations in HU, RO, HR, IT and SI) and State Aid (addressed in audits in DE, PL, FR, SI, HU, HR, RO, IT and in the mission to ES at the level of the intermediate bodies IDEA and DGI). These are another two areas where problems are also particularly reported in audits by the European Court of auditors.

A detailed synthesis report on this audit enquiry has been made available to European Parliament CONT Committee on 26/11/2015²³.

Other audit work carried out in 2015 – contribution to capacity building actions

Audit work also includes advisory procedures and capacity building actions at the level of audit authorities, but also managing and certifying authorities, which contribute to preventing and correcting errors and therefore contribute to the assurance process:

- A structured cooperation with audit authorities on methodology and reported audit results through multilateral and bilateral meetings.
- Multilateral meetings included 5 technical meetings, covering the discussion on new key elements of the new regulations (2 trainings on result-orientation and 3 trainings on management and control). The Homologues Group annual meeting of European Auditors for ESI Funds in Riga in June 2015 covered issues linked mainly to the closure of 2007-2013 programmes.
- The annual bilateral audit coordination meetings with audit authorities of each Member State are an opportunity to review the specific issues raised in the assessment of Annual Control Reports and Annual Opinions, implementation of the agreed audit strategies as well as national audit results. They are also a place to exchange information on planned audit work and respective updated risk assessments.

²³ DG REGIO replies following questions in the framework of both 2013 and 2014 Discharge exercises, ref. Ares(2015)5381345 of 26/11/2015.

- Guidance for Member States on management and control systems is continuously improved and discussed with audit authorities in EGESIF and in technical meetings. Concerning the programming period 2014-2020, the Commission published 10 guidance notes. In 2014, a first package of 3 guidance notes was finalised covering: (i) fraud risk assessment and effective and proportionate anti-fraud measures (EGESIF_14-0021-00 of 16/06/2014), (ii) designation procedure (EGESIF_14-0013 of 18/12/2014) and (iii) common methodology for the assessment of management and control systems in the Member States (EGESIF_14-0010 of 18/12/2014). In 2015 and early 2016, the Commission completed the package with 7 guidance notes on the following subjects: audit strategy (EGESIF_14-0011-02 of 27/08/2015), management verifications (EGESIF_14-0012_02 of 17/09/2015), annual control report and audit opinion (EGESIF_15-0002-02 of 09/10/2015), on the drawing of management declaration and annual summary (EGESIF_15-0008-02 of 19/08/2015), on preparation, examination and acceptance of accounts (EGESIF_15_0018-02 of 09/02/2016), on amounts withdrawn, recovered, to be recovered and irrecoverable amounts (EGESIF_15_0017-02 of 25/01/2016) and on audit of accounts (EGESIF_15_0016-02 of 05/02/2016). Concerning 2007-2013, the Commission published an updated Guidance for Member States on treatment of errors disclosed in the annual control reports (EGESIF_15-0007-01 of 09/10/2015) in 2015; Moreover, an update of the guidance for determining financial corrections to financial engineering instruments (EGESIF_14-0015 of 06/06/2014) has been published in February 2016 together with a questions & answers document.
- The Audit Directorate also contributes to many capacity building actions for the benefit of managing and certifying authorities, to help address deficiencies detected through audits or to prevent such deficiencies. In this framework, several initiatives took place in 2015, including dedicated meetings, workshops or targeted actions related to various areas:
 - 4 anti-fraud/corruption workshops covering 6 Member States (EE, HU, LT, LV, PL, PT),
 - 4 State aid seminars covering 5 Member States (BG, CZ, HR, RO, SK),
 - 19 Peer-to-peer exchanges covering beneficiaries in 13 Member States.
- In 2015, the Audit Directorate has also actively promoted in close cooperation with DG Employment, Inclusion and Social Affairs the use by responsible national authorities of the Arachne tool, a preventive risk-scoring tool developed by the Commission. To date, presentations of this new tool have been made to nearly all Member States (see also section I (2.3.3) below on fraud prevention and detection).

Summary data on capacity building events organised for Member States' audit authorities in 2015:

Training/seminar/workshop	Number of events in 2015	MS participating	Number of participants in 2015
Result-orientation and management and control systems	5	multi-country	159
Homologues meeting in Riga	1	multi-country	157
Public procurement	3	HR, HU, SK	120
State Aid	7	BG, CZ, HR, LT, RO, SK, UK	509
Financial instruments	2	BG, HR	220
Anti-Fraud and anti-corruption	4	EE, HU, LT, LV, PL, PT, UK	425
Arachne presentation	25	various cities in MS	382
Closure of 2007-2013 programmes	1	HR	100
Sampling	2	BG, PT	85
Peer-2-peer	19	EE, HU, LT, SI, LV	236 covering 13 MS

C. Safeguarding the EU budget by preventive and corrective actions

Interruptions/suspensions of payments

Table: number of ERDF/CF programmes affected and amounts interrupted in 2015

OPs affected by:	As of 31 Dec 2014 ²⁴	New OPs affected 2015	TOTAL	Lifted 2015	As of 31 Dec 2015	New OPs affected Q1 2016	Lifted Q1 2016	Total end of Q1 2016
Interruptions ²⁵	29	17	46	23	23	25	2	46
Warnings	47	24	71	22	49	16	1	64
Total OPs affected	76	41	117	45	72	41	3	110
of which pre-suspended ²⁶	57	7	64	22	42	0	0	42
of which suspended	26	5	31	6	25	1	10	16

Table: number of Ops affected at any time in 2015 - breakdown per Member States

Ops affected at any time in 2015	AT	BE	BG	CZ	DE	EE	ES	ETC	FR	GR	HU	IT	LT	NL	PL	RO	SK	UK	TOTAL
Interruptions	6	2	0	2	0	0	18	5	0	0	3	3	0	1	0	1	3	2	46
Warnings	2	0	4	6	5	1	5	3	2	8	9	9	1	0	7	2	5	2	71
Total OPs affected	8	2	4	8	5	1	23	8	2	8	12	12	1	1	7	3	8	4	117
of which pre-suspended	3	2	1	2	4	1	21	2	0	4	11	6	0	0	0	0	6	1	64
of which suspended	0	0	0	0	0	0	17	2	0	0	9	2	0	0	0	0	0	1	31

In the majority of the cases, the interruption and suspension procedures have worked as an impetus to improve the management and control systems for the concerned (parts of) programmes, and in particular the quality of management verifications. The authorities took remedial actions needed, however, at the end of the year outstanding cases were still affecting 72 operational programmes).

Table: Affected new OPs of the first quarter of 2016

New OPs affected Q1 2016	BE	BG	CZ	DE	EL	SK	ETC	ES	HU	NL	RO	PL	TOTAL
Interruptions	1	0	2	1	0	5	0	14	0	1	0	1	25
Warnings	0	2	0	0	2	1	1	8	1	0	1	0	16
TOTAL OPs affected	1	2	2	1	2	6	1	22	1	1	1	1	41
Pre-suspensions	0	0	0	0	0	0	0	0	0	0	0	0	0
Suspensions	0	0	0	0	0	0	0	0	1	0	0	0	1

²⁵ Required under article 20 of (EC) Reg N° 1828/2006.

²⁶ Required under article 20 of (EC) Reg N° 1828/2006.

Financial Corrections, Withdrawals and Recoveries

1. Commission supervisory role - Financial corrections confirmed/decided in 2015 (excluded ex ante corrections) by programming period, in EUR million*

Programming period	1994-99				2000-06				2007-13				Total			
	2015			Cumulative (ERDF + CF) end of 2015	2015			Cumulative (ERDF + CF) end of 2015	2015			Cumulative (ERDF + CF) end of 2015	2015			Cumulative (ERDF + CF) end of 2015
	ERDF	CF	Tot 2015		ERDF	CF	Tot 2015		ERDF	CF	Tot 2015		ERDF	CF	Tot 2015	
Austria				0.2	0.4		0.4	0.7	3.9		3.9	16.2	4.3	0.0	4.3	17.1
Belgium				9.1	-0.7		-0.7	8.2	1.6		1.6	1.6	0.9	0.0	0.9	18.9
Bulgaria						1.7	1.7	23.5	26.7	27.9	54.6	110.6	26.7	29.5	56.2	134.1
Cyprus													0.0	0.0	0.0	
Czech Republic						15.9	15.9	45.0	89.5		89.5	349.3	89.5	15.9	105.4	394.2
Germany	-89.6		-89.6	239.9	0.0		0.0	26.6	142.6		142.6	155.3	53.0	0.0	53.0	421.9
Denmark				1.8				0.5					0.0	0.0	0.0	2.4
Estonia						0.1	0.1	2.2	2.1		2.1	11.6	2.1	0.1	2.2	13.8
Greece				519.6	34.2		34.2	1,237.0	96.8	22.7	119.5	216.9	131.0	22.7	153.7	1,973.5
Spain	-362.8		-362.8	225.9		2.3	2.3	2,929.7	117.0		117.0	273.1	-245.8	2.3	-243.5	3,428.6
Finland				0.5				0.0					0.0	0.0	0.0	0.5
France	0.2		0.2	33.0				111.7	5.6		5.6	13.2	5.8	0.0	5.8	157.8
Croatia								1.0					0.0	0.0	0.0	1.0
Hungary					0.4	8.4	8.8	64.7	84.1	0.0	84.1	246.3	84.5	8.5	92.9	311.0
Ireland	0.1		0.1	11.2		9.3	9.3	64.9	0.6		0.6	0.6	0.7	9.3	10.0	76.7
Italy				338.9	107.6		107.6	1,191.2	161.4		161.4	266.2	269.0	0.0	269.0	1,796.3
Latvia						2.8	2.8	17.9	6.9	15.7	22.6	41.4	6.9	18.5	25.3	59.3
Lithuania						1.2	1.2	8.1				0.0	0.0	1.2	1.2	8.1
Luxembourg				0.3				0.0	0.0		0.0	0.0	0.0	0.0	0.0	0.4
Malta												0.4	0.0	0.0	0.0	0.4
Netherlands				8.2				0.2					0.0	0.0	0.0	8.4
Poland						12.4	12.4	283.5	39.8		39.8	125.7	39.8	12.4	52.2	409.2
Portugal				85.0		-9.2	-9.2	240.3				22.0	0.0	-9.2	-9.2	347.3
Romania						3.1	3.1	18.2	15.2		15.2	69.2	15.2	3.1	18.3	87.4
Sweden				0.5				0.1				0.7	0.0	0.0	0.0	1.3
Slovenia						2.8	2.8	2.9	14.5		14.5	32.9	14.5	2.8	17.3	35.8
Slovakia						2.4	2.4	119.7	236.2		236.2	332.6	236.2	2.4	238.5	452.3
United Kingdom	0.1		0.1	126.9	11.7		11.7	159.9				28.3	11.8	0.0	11.8	315.1
INTERREG				8.7	1.6		1.6	69.1	-0.2		-0.2	2.6	1.4	0.0	1.4	80.4
TOTAL	-452.0	0.0	-452.0	1,609.8	155.2	53.2	208.4	6,626.8	1,044.3	66.3	1,110.6	2,316.8	747.4	119.5	867.0	10,553.4
Implemented:				1,607.6				6,501.9				1,766.4			840.1	9,876.0
%				100%				98%				76%			97%	94%

* negative amounts refer to adjustments/corrections to reporting of previous years

2. Commission supervisory role - Financial corrections implemented in 2015 (excluded ex ante corrections) by programming period, in EUR million*

Programming period	1994-99				2000-06				2007-13				Total			
	2015			Cumulative (ERDF + CF) end of 2015	2015			Cumulative (ERDF + CF) end of 2015	2015			Cumulative (ERDF + CF) end of 2015	2015			Cumulative (ERDF + CF) end of 2015
	ERDF	CF	Tot 2015		ERDF	CF	Tot 2015		ERDF	CF	Tot 2015		ERDF	CF	Tot 2015	
Austria				0.2	0.4		0.4	0.7	7.8		7.8	7.8	8.2	0.0	8.2	8.7
Belgium				9.1				8.2	0.3		0.3	0.3	0.3	0.0	0.3	17.6
Bulgaria						4.7	4.7	23.5	56.7	22.6	79.3	105.3	56.7	27.2	84.0	128.8
Cyprus													0.0	0.0	0.0	0.0
Czech Republic					0.1	19.7	19.8	45.0	163.0		163.0	347.0	163.1	19.7	182.8	391.9
Germany	-89.6		-89.6	239.9				26.0				8.6	-89.6	0.0	-89.6	274.5
Denmark				1.8				0.5					0.0	0.0	0.0	2.4
Estonia						0.1	0.1	2.2	0.1		0.1	9.7	0.1	0.1	0.2	11.8
Greece				517.7	60.4		60.4	1,233.2	80.4	22.7	103.1	200.5	140.8	22.7	163.5	1,951.4
Spain	-251.7	-3.1	-254.8	225.9		-37.8	-37.8	2,924.7	129.1	0.0	129.2	235.4	-122.5	-40.9	-163.4	3,386.0
Finland				0.5				0.0					0.0	0.0	0.0	0.5
France				32.7				111.7	0.1		0.1	4.7	0.1	0.0	0.1	149.1
Croatia								1.0					0.0	0.0	0.0	1.0
Hungary					0.4	14.4	14.8	64.5	94.4	3.9	98.3	240.9	94.8	18.3	113.1	305.4
Ireland	0.1		0.1	11.2		9.3	9.3	48.9					0.1	9.3	9.4	60.1
Italy				338.9	170.1		170.1	1,128.7	52.5		52.5	136.8	222.7	0.0	222.7	1,604.5
Latvia						2.8	2.8	17.9	6.9	15.7	22.6	41.4	6.9	18.5	25.3	59.3
Lithuania						1.2	1.2	8.1		0.0	0.0	0.0	0.0	1.2	1.2	8.1
Luxembourg				0.3				0.0					0.0	0.0	0.0	0.4
Malta									0.4		0.4	0.4	0.4	0.0	0.4	0.4
Netherlands				8.2				0.2					0.0	0.0	0.0	8.4
Poland						46.0	46.0	253.5	0.5		0.5	85.8	0.5	46.0	46.5	339.4
Portugal				85.0		0.5	0.5	249.7	1.5		1.5	22.0	1.5	0.5	2.0	356.7
Romania						3.4	3.4	18.2	3.7		3.7	54.0	3.7	3.4	7.1	72.2
Sweden				0.5				0.1				0.7	0.0	0.0	0.0	1.3
Slovenia						2.8	2.8	2.9	14.5		14.5	32.9	14.5	2.8	17.3	35.8
Slovakia						2.4	2.4	103.3	109.9		109.9	201.5	109.9	2.4	112.3	304.8
United Kingdom	0.1		0.1	126.9	94.0		94.0	159.9	0.0		0.0	28.1	94.1	0.0	94.1	314.9
INTERREG				8.7	1.6		1.6	69.1	1.1		1.1	2.6	2.6	0.0	2.6	80.4
TOTAL	-341.1	-3.1	-344.2	1,607.6	327.0	69.5	396.6	6,501.9	722.9	64.9	787.8	1,766.4	708.9	131.3	840.1	9,876.0
ERDF				1,341.4				5,698.2				1,438.1				8,477.6
CF				266.2				803.8				328.4				1,398.3

* negative amounts refer to adjustments/corrections to reporting of previous years

3. Member States' reporting on withdrawals and recoveries, programming period 2007-2013 in EUR million*

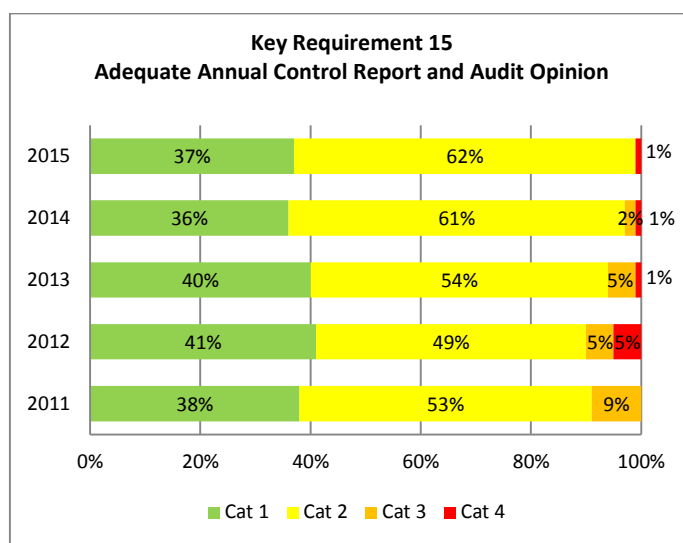
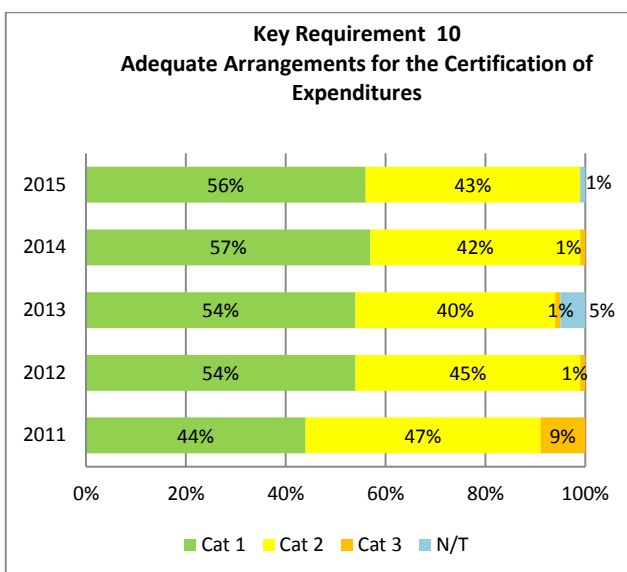
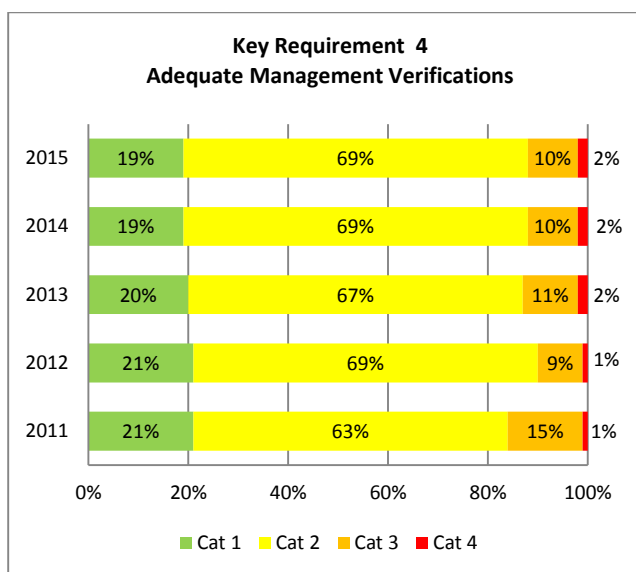
Member State	Cumulative reporting until 2014 (art. 20 reports sent up to 31 March 2015)			Reported for 2015 (art. 20 reports sent at 31 March 2016)			Cumulative reporting since 2007		
	Withdrawals EC Share	Recoveries EC Share	Total	Withdrawals EC Share	Recoveries EC Share	Total	Withdrawals EC Share	Recoveries EC Share	Total
Bulgaria	29.0	12.1	41.1	122.3	4.8	127.1	151.3	16.8	168.1
Belgium	4.2	0.2	4.4	0.1	0.9	1.0	4.3	1.2	5.4
Czech Republic	496.6	51.4	547.9	126.6	8.8	135.4	623.2	60.2	683.4
Denmark	0.0	0.7	0.7	0.0	0.1	0.1	0.0	0.7	0.7
Germany	85.2	146.0	231.2	135.0	36.0	171.0	220.2	182.0	402.2
Estonia	8.3	2.8	11.1	1.0	16.6	17.6	9.3	19.4	28.7
Greece	478.2	0.0	478.2	394.9		394.9	873.2	0.0	873.2
Spain	576.5	0.5	577.0	158.2		158.2	734.7	0.5	735.2
France	129.5	0.2	129.7	40.0	0.0	40.0	169.5	0.2	169.6
Croatia	0.1	0.0	0.1	1.6	0.0	1.7	1.7	0.0	1.7
Ireland	0.4	0.1	0.5	0.2	0.0	0.2	0.7	0.1	0.8
Italy	301.5	61.9	363.4	182.1	27.2	209.3	483.6	89.1	572.7
Cyprus	0.7		0.7				0.7		0.7
Latvia	0.1	45.4	45.6				0.1	45.4	45.6
Lithuania	5.7	12.5	18.2	0.3	0.4	0.7	6.0	12.9	18.8
Luxembourg	0.0	0.0	0.0				0.0	0.0	0.0
Hungary	362.6	49.8	412.4	121.4	9.1	130.5	484.0	58.9	542.9
Malta	1.7	0.3	2.0				1.7	0.3	2.0
Netherlands	8.4	0.0	8.4	1.6		1.6	10.0	0.0	10.0
Austria	2.4	11.5	13.8	1.3	3.5	4.7	3.7	14.9	18.6
Poland	435.5	103.2	538.7	45.8	31.6	77.5	481.4	134.8	616.2
Portugal	189.0	0.0	189.0	56.1		56.1	245.1	0.0	245.1
Romania	52.3	133.8	186.1	5.7	114.5	120.2	58.0	248.3	306.4
Slovenia	52.1	10.8	62.9	16.9	26.9	43.8	69.0	37.7	106.7
Slovakia	103.5	22.6	126.1	225.9	18.2	244.0	329.4	40.7	370.1
Finland	0.0	1.5	1.6	0.0	0.4	0.4	0.0	1.9	2.0
Sweden	6.9	0.9	7.8	0.0	0.0	0.0	6.9	0.9	7.8
United Kingdom	111.9	7.2	119.1	45.9	0.3	46.2	157.9	7.5	165.3
INTERREG	21.4	11.1	32.4	2.2	3.5	5.7	23.6	14.6	38.1
TOTAL	3,463.9	686.3	4,150.2	1,685.1	302.8	1,987.9	5,149.0	989.1	6,138.1

*EC share calculated automatically based on either the declared total or public cost, taking into account the co-financing rate at priority axis level

D. Overall assessments

Annual audit opinion of the Directorate-General's Audit Directorate

Comparison main Key requirements 2011-2015



Cat 1	Works well. Only minor improvements are needed
Cat 2	Works, but some improvements are needed
Cat 3	Works partially. Substantial improvements are needed
Cat 4	Essentially does not work
N/T	Not tested. No reliable audit evidence from Commission or national audit authorities

Cumulative residual risk

The CRR is expressed as a percentage of the value of the cumulative interim payments made for the programming period, taking into account financial corrections up to the date of signature of the annual activity report.

On average for all programmes, the cumulative residual risk at end 2015 is 1.0%, compared to 1.1% at end 2014 or around 1.2% at end 2013.

The error rates reported in ACRs and validated by the Directorate-General are based on audits of expenditure/operations for the previous year (2014 for the current ACRs) and therefore used as the validated risk for 2015 expenditure. Unless other information is available **validated error rates are also used as the best estimate of the error for the reporting 2015 year as well.**

The formal reports on withdrawals, recoveries and pending recoveries included in 2014 and previous years interim payment claims²⁷ are used as an indicator of mitigating corrections considered cumulatively over the period. For 2015 payment claims, the Directorate-General uses the report on withdrawals and recoveries from the certifying authorities received by 21 March 2016. In addition, where additional corrections resulting from the 2015 audits were already decided at national level and entered in their accounts, the certifying authorities were requested to formally confirm this and to provide evidence to the Commission services or in some cases the evidences were obtained during the ACR fact findings missions.

The CRR calculated at end 2015 is therefore the best estimate of the corrective capacity of each programme at the time of drafting the annual activity report, based on different elements for which the Directorate-General has obtained different levels of assurance:

- error rates up to year 2014 validated following a thorough assessment and comprehensive audit results on the review of the work of audit authorities, including through re-performance of audits on operations;
- an estimate of the risk for 2015 payments based on the validated error rates for 2014, with adjustments based on professional judgement in some cases;
- withdrawals and recoveries (implemented financial corrections) formally reported by Member States up to March 2015, for which the Commission carried out plausibility and consistency desk-checks and, for some, on-the-spot, risk-based audits (see results from the enquiry on recoveries);
- reporting on withdrawals, recoveries and under certain conditions pending recoveries will be subject to Commission checks after the AAR process, and
- formal agreements by certifying authorities, accompanied by extracts from their accounts, that additional corrections resulting from the 2015 audits were already decided at national level and entered in the programme accounts but would be implemented with the first payment claim to be sent to the Commission after 31 March 2016.

At the date of this report, for 301 programmes (over 93% of the total) presented a cumulative residual risk below or equal to 2% and for 21 programmes (7% of the total) the cumulative residual risk is above 2%. 20 out of these 21 programmes with a cumulative residual risk above 2% were already included in the reservation due to deficiencies in the management and control systems or validated annual error rate above 5%. There is one justified exception²⁸ where no

²⁷ Required under article 20 of (EC) Reg. N° 1828/2006.

Taking also into account the limitations to accuracy and completeness of the information reported by some Member States or programme authorities, as reported under section "Financial corrections"

²⁸ OP Amazonie 2007CB163PO051: the CRR remains above 2% due to the non-statistical error rate reported in 2011. This is due to inherent limitation in the methodology in case of non-statistical sampling. For this programme, the financial corrections were made and no further corrective measures can be proposed and the error rate in 2014 is below materiality.

further corrective measures need to be proposed.

On average for all programmes, the cumulative residual risk at end 2015 is 1.0 % compared to 1.1% at end 2014 and 1.1 % at end 2013, which shows improvements in the corrective actions taken by Member States since the beginning of the programming period. This average is provided for information only, since reservations are made at operational programme only.

For 7 programmes, an adjusted error rate has been used for the calculation of the CRR as the validated error rate for 2014 expenditure was not considered as the best estimate of the 2015 risk²⁹.

Pending recoveries were not computed in the 2015 CRR calculation.

For 4 Spanish programmes³⁰ the Directorate-General decided to take into account, for the calculation of the CRR, formal agreements reported by the certifying authorities to withdraw the irregular expenditure in the next payment claim. In this case, DG REGIO auditors verified on-the-spot the reliability and accuracy of the certifying authority's reporting procedures, data and the underlying records concerning the withdrawals/recoveries and these formal agreements. These formal agreements will be closely monitored in connection with the next payment claim, to verify that the corresponding corrections have indeed been implemented.

This methodology to assess the cumulative residual risk, despite the inherent limitations of this indicator, therefore reinforces the annual assessment and Commission's supervision for operational programmes in the context of shared management under a multiannual control framework. It also requires a more proactive role by managing and certifying authorities to quickly correct irregular expenditure across the whole programme or concerned population of operations, based on the results and analysis of the audit authorities' work and statistical sampling **and thus increasing the assurance process for the year.**

²⁹ For 3 OPs (2007DE161PO003, 2007SK161PO003 and 2007SK161PO006) no expenditure was certified in 2014 and therefore no error rates were provided in the ACR. For the purposes of the CRR, DG Regional and Urban Policy estimates a 2% risk rate for the three OPs in 2015.

For 4 OPs (2007ES161PO001, 2007ES161PO007, 2007ES162PO001 and 2007ES162PO002) the validated error rates for 2014 were not assessed as best estimate of the 2015 risk.

³⁰ 2007ES161PO008, 2007ES162PO006, 2007ES16UPO001 and 2007ES16UPO003.

Follow-up of 2014 reservations – ERDF/CF 2007-2013

Reservations carried over to AAR 2015 - ERDF/CF/IPA, 2007-2013

Reservation No.	CCI	Name	Resolved in 2015	Resolved in Q1 2016	Carry over to AAR 2015	
1	2007AT162PO003	Vorarlberg	✓			
2	2007BE162PO002	Vlaanderen	✓			
3	2007CZ161PO002	Central Moravia	✓			*
4	2007CZ161PO005	North East	✓			
5	2007CZ161PO010	Moravia Silesia	✓			
6	2007CZ16UPO001	Technical Assistance			✓	
7	2007CZ16UPO002	Integrated OP	✓			
8	2007CB163PO016	Sweden - Norway	✓			
9	2007CB163PO030	Slowacja - Česká Republika			✓	
10	2007CB163PO055	North Sea	✓			
11	2007CB163PO060	Greece - Italy			✓	
12	2007FR162PO019	Poitou-Charentes			✓	
13	2007DE161PO003	Mecklenburg - Vorpommern	✓			
14	2007DE161PO007	Sachsen - Anhalt		✓		*
15	2007DE162PO006	Bremen			✓	
16	2007GR161PO001	Competitiveness	✓			
17	2007GR161PO002	Digital convergence			✓	
18	2007GR161PO005	Environment - sustainable development	✓			*
19	2007GR161PO006	Attica			✓	
20	2007GR161PO007	Western Greece - Peloponese - Ionian islands	✓			*
21	2007GR161PO008	Macedonia - Thrace			✓	
22	2007GR16UPO001	Thessaly - Continental Greece - Epirus			✓	
23	2007GR16UPO002	Crete & Aegean islands			✓	
24	2007HU161PO001	Economic Competitiveness	✓			
25	2007HU161PO002	Environment and Energy	✓			*
26	2007HU161PO003	West Pannon			✓	
27	2007HU161PO004	South Great Plain			✓	
28	2007HU161PO005	Central Transdanubia			✓	
29	2007HU161PO006	North Hungary			✓	
30	2007HU161PO007	Transport			✓	
31	2007HU161PO009	North Great Plain			✓	
32	2007HU161PO011	South Transdanubia			✓	
33	2007HU162PO001	Central Hungary			✓	
34	2007IT161PO001	Attrattori Culturali	✓			*
35	2007IT161PO005	Reti e mobilita	✓			
36	2007IT161PO006	Ricerca e competitivita			✓	
37	2007IT161PO007	Sicurezza per lo Sviluppo	✓			
38	2007IT161PO010	Puglia	✓			
39	2007IT162PO001	Abruzzo	✓			
40	2007IT162PO004	Lazio	✓			
41	2007IT162PO006	Lombardia	✓			
42	2007IT162PO010	Trento	✓			
43	2007IT162PO015	Veneto	✓			
44	2007RO161PO002	Increase of Economic Competitiveness			✓	
45	2007RO161PO004	Environment	✓			
46	2007SK161PO001	Information Society	✓			*
47	2007SK161PO003	Regional OP	✓			
48	2007SK161PO004	Transport	✓			
49	2007SK161PO005	Health	✓			*
50	2007SK161PO006	Competitiveness	✓			
51	2007SK161PO007	Technical Assistance			✓	
52	2007SK16UPO001	Research and Development	✓			*
53	2007ES161PO001	Región de Murcia			✓	
54	2007ES161PO002	Melilla			✓	
55	2007ES161PO003	Ceuta			✓	
56	2007ES161PO004	Asturias			✓	
57	2007ES161PO005	Galicia			✓	
58	2007ES161PO006	Extremadura			✓	
59	2007ES161PO007	Castilla La Mancha			✓	
60	2007ES161PO008	Andalucía			✓	
61	2007ES162PO001	Cantabria			✓	

Reservation No.	CCI	Name	Resolved in 2015	Resolved in Q1 2016	Carry over to AAR 2015
62	2007ES162PO002	País Vasco			✓
63	2007ES162PO003	Navarra			✓
64	2007ES162PO004	Madrid			✓
65	2007ES162PO005	La Rioja			✓
66	2007ES162PO006	Cataluña			✓
67	2007ES162PO007	Baleares			✓
68	2007ES162PO008	Aragón			✓
69	2007ES162PO009	Castilla y León			✓
70	2007ES162PO010	Comunidad Valenciana			✓
71	2007ES162PO011	Canarias			✓
72	2007ES16UPO001	Investigación, Desarrollo e innovación			✓
73	2007ES16UPO002	Asistencia Técnica y Gobernanza			✓
74	2007ES16UPO003	Economía basada en el Conocimiento			✓
75	2007UK162PO001	Lowlands and Uplands			✓
76	2007UK162PO009	Yorkshire and Humberside	✓		
77	2007UK162PO010	East Midlands	✓		
78	2007CB16IPO001	Adriatic IPA CBC	✓		
79	2007TR16IPO002	Transport	✓		
			34	1	44

* For 9 programmes, the 2014 reservations were resolved but new issues were discovered in 2015 justifying the issuance of new reservations (this is the case of 2007CZ161PO002, 2007DE161PO007, 2007GR161PO005, 2007GR161PO007, 2007HU161PO002, 2007IT161PO001, 2007SK161PO001, 2007SK161PO005, 2007SK16UPO001).

The reservations still outstanding concern mainly Spain, Hungary and Greece.

As regard Spain, 22 out of the 23 programmes were under partial reservations in the AAR 2014 due to deficiencies at the level of 18 Intermediate bodies (IBs) / areas and led to warnings/interruption of the payment deadlines and/or suspension procedures for the expenditure managed by the concerned bodies.

During 2015, 6 reservations at the level of intermediate bodies (which involved 8 separate interruption/suspension procedures, as they covered different second-level IBs and/or programmes) were lifted based on evidence that appropriate corrective measures had been implemented by the affected bodies and validated by the audit authority.

These were those concerning the national IBs Instituto de Salud Carlos III (in 10 OPs) and DG Servicios del MAGRAMA ((involving two separate interruption/suspension procedures for 12 OPs), the regional part of the OPs FEDER Aragón and Cantabria (which involved in both cases separate suspension procedures for specific second-level IBs and the interruption of the overall expenditure managed at regional level in each OP), the regional intermediate body DG Fondos Europeos de la Junta de Andalucía (OP Andalucía) and the national IB DG Comercio Interior (in 12 OPs).

As a result, 12 out of the 18 reservations (at the level of intermediate body) in the 2014 AAR remain open. Given that these reservations relate to intermediate bodies that participate in various OPs, 22 out of the 23 Spanish OPs continue to be partially affected by 2014 AAR

As regard Hungary, the partial reservations were mainly due to deficiencies in public procurement (road sector). The affected priorities axes were already pre-suspended in 2014. As the national authorities did not yet apply the necessary corrections on the contracts affected by the procurement irregularities, the reservations are still outstanding. However, following a political agreement achieved on 7th April 2016 on an appropriate correction to be applied, the Hungarian government is elaborating a concrete proposal to resolve the asphalt case for all 8 affected programmes.

As regard Greece, the reservations were due to deficiencies at the level of three intermediate

body (Hellenic Agency for Local development and Local Government" GDPI, Information society). These three bodies were impacting 8 programmes. In 2015, the deficiencies were addressed except for the IB "Information Society" which affects 5 programmes.

Audit work carried out to address the reservations in the 2014 AAR

Besides the systemic request for validation by the audit authority of the actions implemented to address the interruptions/pre-suspensions procedures (including the ones from reservations in the 2014 AAR), it is explained in chapter 2.3.1.2 above that 8 audit missions were carried out to follow up and verify the effective implementation of corrective measures implemented in the context of ongoing actions plans/pre-suspension procedures and/or related reservations in the 2014 AAR.

2.3.1.4 Shared Management – IPA-CBC and Solidarity Fund

In 2015, the audit work carried out on the Solidarity Fund consisted in reviewing 5 implementation reports and validity statements submitted during the year for disasters related to 2012 and 2013 (Italy – Emilia-Romagna earthquakes of 2012, Austria – flooding of Lavamünd of 2012, Austria – floods of 2013, Slovenia – floods of 2012 and Croatia - floods of 2012). Out of these, 2 (Italy - Emilia-Romagna earthquakes of 2012 and Austria - flooding of Lavamünd) have been analysed and accepted. For one validity statement (Croatia - floods of 2012), the Audit Directorate requested the Croatian authorities to provide additional information. The remaining 2 reports and validity statements (Slovenia – floods of 2012 and Austria – floods of 2013) are under assessment.

Moreover, during 2015, additional information was requested from Member States concerning older validity statements originally submitted in 2013 and 2014. This led to the following situation at the end of 2015:

- For 4 cases (Italy – Liguria flooding of 2011, Romania flooding of 2010, Romania flooding of 2008 and France – Storm Xynthia of 2010) replies are being analysed by the Audit Directorate.
- For 2 cases (Slovenia – flooding of 2010 and Hungary – flooding of 2010) additional information was requested from the Member State.
- For 8 cases (Cyprus – drought of 2008, Croatia – September flooding of 2010, Ireland – flooding of 2009 and Czech Republic – spring flooding of 2010, Czech Republic – autumn flooding of 2010, Italy – Veneto flooding of 2010, Italy – earthquake affecting Emilia-Romagna, Lombardy and Veneto in 2012, and Austria - flooding of Lavamünd of 2012) the analysis has been completed which enabled the Directorate-General to close the file.

For 2 cases (Spain – forest fires of 2003 and Spain – Lorca earthquake of 2011) the closure process has started.

During 2015, the Audit Directorate carried out 2 on-the-spot audit missions on the EUSF assistance: in early March 2015 to Poland following the floods of May and June 2010 and in November 2015 to Slovakia relating to the flooding disaster of May and June 2010.

Regarding the audit mission in Poland, the audit report has been transmitted to the national authorities and 2 findings were identified: i) one project financed by EUSF for an amount of around EUR 1,2 million, relates in substance to maintenance or preventive works in the riverbanks and riverbed that were already planned in 2009, but were carried out between 2011 and 2012; and ii) the selection procedure of projects actually applied by the national and regional authorities was not harmonised in all the entities concerned.

Concerning the audit mission to Slovakia, the main preliminary findings concern the existence of beneficiary's overheads not directly linked with the floods, overstated initial estimate of the damage and lack of audit trail for the payments made to the beneficiary.

Finally, regarding the UK flooding case of 2007, a Final Position Letter on the audit³¹ of the grant of the EUSF was sent to the UK authorities in October 2015. It proposed a flat-rate correction of 10% of the EUSF financial contribution for an amount of around EUR 16,2 million (Grant of EUR 162.4 million), In December 2015, the UK authorities accepted the Commission's proposal to pay back the amount and to proceed with the closure of this file.

2.3.1.5 Instrument for Pre-Accession (IPA) and Urban Innovative Actions (indirect management)

Assurance building blocks for Urban Innovative Actions

Programming and initial set-up of the system:

Assurance is to the initial set-up of the system is provided by the fact that its design is audited by the External Auditor before the signature of the first contracts with cities.

Concerning programming, a yearly exercise provides assurance that the programme managed by the entrusted entity follows Commission's priorities³².

Tendering and contracting:

Assurance is obtained at the level of project selection as follows:

- Grants are selected and awarded by the entrusted entity using its own rules and procedures; but in accordance with a comprehensive set of principles defined in the Delegation Agreement (including equal treatment, non-discrimination, adequate publication, prevention of conflict of interest, non-cumulative and non-retrospective award of grants, existence of transparent and effective review procedures, etc.)
- Themes of the calls for proposals are defined by Commission services and the selection is carried out based on criteria³³ applicable to the Urban Innovative Actions as defined in the delegated act.³⁴ The evaluation of proposals is carried out by an expert panel, which is set up in agreement with the Commission and evaluation results are checked by Commission services.

Monitoring of implementation and payments:

Assurance concerning the monitoring of operations at the entrusted entity level and payments to beneficiaries rests on the following pillars:

- The entrusted entity verifies that the co-financed products and services have been delivered, expenditure declared by the beneficiary has been incurred and that it complies with Community and national rules.
- Verifications on the spot may be carried out by the entrusted entity at the level of the beneficiaries on a sample basis.
- Beneficiaries provide, at the closure of the operation, an independent audit opinion, which covers the legality and regularity of expenditure declared and the delivery of relevant products and services.
- The certification authority (Province of east Flanders) checks payment applications of the entrusted entity to the Commission before their submission and certifies that these applications are reliable and complete and that underlying expenditure is eligible, legal and regular.
- Annual accounts are provided by the certification authority, who certifies that these accounts are complete, accurate and true.

Assurance is also obtained through Commission monitoring of the implementation of the programme and through its supervision activities:

- An annual implementation report is provided by the entrusted entity each year by the 15th of February and reviewed by the Commission

³¹ Audit mission n. 2011/GB/REGIO/J1/1104/1

³² An annual work programme describing the planned work for the following year is prepared by the entrusted entity by the 31st of October and approved by the Commission before the end of the same year

³³ innovativeness, quality, partnership and results, transferability

³⁴ Article 2 of Commission Delegated Regulation (EU) No 522/2014

- Payment applications and annual accounts submitted by the certification authority are checked by Commission services before payment.

Ex-post controls - Audit work

Control and auditing arrangements at the level of the entrusted entity are based on the following blocks:

- An independent External Auditor is expected to carry out 1/ system audits and 2/audits of operations on a sample of operations.
- Audits are carrying out according to a multiannual audit strategy (which is updated annually) and which was sent to the Commission
- A yearly audit opinion together with a control report is provided to the Commission every year by the 15th of February.

Supervision by the Commission is provided along all the budget implementation cycle (as described above). In addition, the Commission has the possibility to suspend payments, apply financial corrections or suspend the entrusted tasks in case of detected irregularities.

2.3.3. Fraud prevention and detection

As part of the **capacity building objective**, various training sessions and workshops were given to Member States authorities during 2015. Events organised include:

- 4 Anti-fraud/corruption workshops covering 6 MS (PT, PL, EE, LT, LV, HU) with 425 participants in total
- 4 State aid seminars covering 5 MS (HR, RO, CZ, SK, BG) with 509 participants in total
- 5 Training sessions in BXL for MS experts (multi-country events) with 159 participants in total
- 19 PEER2PEER exchanges – with 236 participants covering beneficiaries in 13 MS

Seminars covering targeted subjects were organised to train Member States' specialists in the novelties of the 2014-2020 Regulations, in audit related matters and on closure of 2007-2013 programmes.

The **Arachne Risk Scoring Tool** is a data-mining tool that significantly improves the prevention and detection of various risks related for example to public procurement procedures, conflicts of interest, concentration of grants under particular operators once introduced in the management and control system and systematically used as part of the management verification.

Arachne has been made available to Member States on a voluntary basis. It can help and support management decisions at managing authority level since it can bring significant improvements in the prevention and detection of various risks related for example to public procurement procedures, conflicts of interest, concentration of grants under particular operators. It can also help identifying red flags of fraud suspicion.

Numerous joint presentations and training were given in all nearly Member States, Finland will be visited in April 2016. The 12 Member States for which there are strong indications that they might use Arachne and integrate the tool in their management and control system for at least one operational programme for the programming period 2014-2020 are: Belgium, Croatia, Czech Republic, France, Hungary, Italy, Malta, Netherland, Portugal, Romania, Slovakia, United Kingdom. Bulgaria, Estonia, Latvia, Spain will decide in the coming months if they will use Arachne. Denmark, Ireland, Lithuania and Sweden have received detailed presentations of the Arachne tool and are reflecting upon its use. Germany, Luxemburg and Greece decided not to use Arachne, but an alternative system instead.

A charter for the introduction, the application and the integration of the Arachne Risk Scoring Tool has been established. It includes :

- a) the benefits for the managing authorities and the support from the Commission services
- b) the rights and obligations for the managing authorities which need to be endorsed when they officially decide to integrate Arachne.

Major improvements of the functionality of Arachne will be introduced in 2016, notably the possibility to carry out ex-ante checks on contractors and beneficiaries before a contract or a grant agreement is signed.

Involvement of civil society to improve transparency. In 2015, seminars on anti-corruption and anti-fraud measures in ESI funds, targeting the programmes authorities (AA, MA and CA) and the anti-corruption bodies have been organised in the following Member States: GR, SK, CZ, BG, HR, RO, IT, SL and ES.

The "Integrity Pact" is an initiative implemented in co-operation with Transparency International. It is an agreement between a contracting authority and companies bidding for public contract to abstain from corrupt practices. An external monitor – a civil society organisation - monitors that this process is transparent and credible. The Directorate General for Regional and Urban policy has allocated technical assistance budget for piloting Integrity Pact instrument in a number of projects co-funded by Structural and Cohesion Funds in different Member States. In 2015, a range of preparatory activities took place, including raising the awareness of the managing authorities about the Integrity Pact instrument and publishing two calls for expression of interest to pilot an Integrity Pact: one call was addressed to managing authorities, the other – to civil society organisations willing to act as monitors. The preparatory phase ended with a list of 17 shortlisted projects and their monitors. The signature and implementation of Integrity Pacts will take place in the period 2016-2019.

ANNEX 9: Studies and Evaluations finalised or cancelled in 2015

Reference No of Annex 4 MP2015	Title	Reason ¹	Scope ²	Type of evaluation or other study			Associated DGs	Costs (EUR) ⁶	Comments ⁷	Reference ⁸	Cancelled ⁹
				Focus ³	Author ⁴	Type ⁵					
I. Evaluations finalised or cancelled in 2015											
a. evaluations finalised in 2015											
3	Ex post evaluation of Cohesion Policy programmes 2007-2013, focusing on the European Regional Development Fund (ERDF) and Cohesion Fund (CF) – Work Package Thirteen: Geography of expenditure	Regulatory requirement	ERDF and CF programmes under CONV., RCE and ETC Objectives (only for Cross-border cooperation programmes)	R	E (WIIW)	E		432,160	August 2015	2014CE16BAT067	
7	Ex post evaluation of cohesion policy programmes 2007–2013, focusing on the European Regional Development Fund (ERDF) and Cohesion Fund (CF) – Work Package Eight: Energy Efficiency	Regulatory requirement	Energy Efficiency in ERDF and CF programmes	R	E (RAMBOLL)	E		353,900	October 2015	ISBN 978-92-79-54711-9 doi: 10.2776/335169 2014CE16BAT044	
15	Ex post evaluation of cohesion policy programmes 2007–2013, focusing on the European Regional Development Fund (ERDF) and Cohesion Fund (CF) - work package zero: data collection and quality assessment	Regulatory requirement	Annual Implementation Reports submitted for ERDF and CF programmes in 2013 and 2014	R	E (Spatial Foresight GmbH)	E		1,367,000	March 2015	ISBN 978-92-79-50787-8 doi: 10.2776/478679 2013CE16BAT060	
b. Evaluations cancelled in 2015											
16	European Semester		Insight into plausibility of output and result indicators used; Intervention logics across different types of region for similar specific objectives, robustness of performance frameworks	R	E				Carried out internally		✓
II. Other studies finalised or cancelled in 2015											
a. other studies finalised in 2015³⁵											
29	Developing new indicators and GIS layers for environmental risk assessments	Support to policy analysis and development	ERDF/CF	P	E - JRC	E		300,000.00	Closed December 2015	Published by World bank	
32	Self-rule index for local authorities in the EU, 1990-2014	Support to capacity building actions	ERDF/ CF	R	E - University of Lausanne	E		100,000.00	2014CE16BAT031 December 2015	ISBN 978-92-79-57885-4 No KN-04-16-343-2A-N.	
	Promoting multi-level governance in	Support to capacity building actions	Policy fields of Energy Efficiency /	P	E - Spatial	E		494,600.00	June 2015	KN-02-15-472-3A-	

³⁵ Lines 18, 19 and 20 on Management Plan 2015 Annex 4 were finalised in 2015, but were reclassified (not to be considered as studies). Lines 21, 22 and 28, as well as 2012CE16BAT008, 2010CE160AT089 and study on urban-rural partnerships were finalised before 2015.

Reference No of Annex 4 MP2015	Title	Reason ¹	Scope ²	Type of evaluation or other study			Associated DGs	Costs (EUR) ⁶	Comments ⁷	Reference ⁸	Cancelled ⁹
				Focus ³	Author ⁴	Type ⁵					
	support of Europe 2020		Social inclusion in an urban context		Foresight		0		N, 978-92-79-48906-8, 10.2776/74666		
	Job creation scenarios from a 20% increase of IWT on the Danube by 2020 compared to 2010 (Danube 20+)	Support to policy analysis and development	Macro-regions	P	E - Ecorys NL	E	355,400.00	August 2015	KN-07-14-012-EN-N, ISBN 978-92-79-43918-6, DOI 10.2776/38018		
2014CE16 OAT079	study on stock-taking of administrative capacity for compliance and quality of public procurement involving ESI Funds	Support to administrative capacity building actions	Public procurement involving European Structural and Investment (ESI) Funds.	P	E - PwC EU Services	E	301,000.00	March 2016	KN-01-16-235-EN-N; ISBN 978-92-79-56882-4; doi 10.2776/753195		
	STUDY to determine flat-rate revenue percentages for the sectors or subsectors within the fields of (i) ICT, (ii) research, development and innovation and (iii) energy efficiency to apply to net revenue generating operations co-financed by the European Structural and Investment Funds (ESI Funds) in 2014-2020	Support for effective implementation of programmes	ESI Funds	R/P	E - CSIL	E	304,650.00	April 2015	KN-02-15-350-EN-N, ISBN 978-92-79-48077-5, DOI 10.2776/09277		
2013CE16 OAT057	Territorial Agenda 2020 put in practice - enhancing the efficiency and effectiveness of Cohesion Policy by a place-based approach	Support for effective implementation of programmes	Urban and Territorial Development	P	E - CSIL	E	57,600.00	May 2015	KN-04-15-309-EN-N, ISBN 978-92-79-48051-5, DOI 10.2776/984537		
2015CE16 OAT005	Perception survey on quality of life in European cities	Support to policy analysis and development	Eurobarometer	R	E	O	849,660.32	January 2016	978-92-79-54563-4; DOI 10.2776/870421		
b. other studies cancelled in 2015											
	EU policies with an urban dimension	Support to policy analysis and development		P	E	O	5,000.00	Cancelled due to lack of staff.		✓	
	Article 7 implementation - national urban policies			R	E	E	30,000.00	Cancelled due to lack of staff.		✓	
	"How is ERDF planned for marginalised communities, including Roma?"	Support to policy analysis and development		R	E	E	300,000.00	Will be covered by study on Inclusive Growth to be tendered in 2016.		✓	
	Knowledge development: administrative capacity indicators	Support to capacity building actions		P	E	O	300,000.00	Dropped at the mid-term review of the financing decision (so no procedure launched)		✓	
	Application of new implementation mechanisms by Member States	LMFF		R/P	E	E	450,000.00	Cancelled due to lack of staff.		✓	

ANNEX 10: Interruptions and Suspensions of payments (ERDF/CF/IPA)

ERDF / CF		OPs affected as of 31/12/2014	OPs affected at anytime during 2015	OPs affected as of 01/01/2016
Austria				
2007AT161PO001	Burgenland		1	
2007AT162PO001	Niederösterreich		1	
2007AT162PO002	Oberösterreich		1	
2007AT162PO003	Vorarlberg	1	1	
2007AT162PO005	Kärnten		1	
2007AT162PO006	Salzburg		1	
2007AT162PO007	Steiermark	1	1	
2007AT162PO008	Tirol	1	1	
Austria Total		3	8	0
Belgium				
2007BE162PO001	Région de Bruxelles-Capitale	1	1	
2007BE162PO002	Vlaanderen		1	
Belgium Total		1	2	0
Bulgaria				
2007BG161PO001	Regional Development	1	1	1
2007BG161PO003	Bulgarian Economy		1	1
2007BG161PO004	Transport		1	
2007BG161PO005	Environment		1	1
Bulgaria Total		1	4	3
Czech Republic				
2007CZ161PO002	Central Moravia		1	1
2007CZ161PO004	Enterprise and Innovation	1	1	1
2007CZ161PO005	North East	1	1	
2007CZ161PO008	North-West	1	1	1
2007CZ161PO009	Central Bohemia		1	1
2007CZ161PO010	Moravia Silesia	1	1	1
2007CZ161UPO001	Technical Assistance	1	1	1
2007CZ161UPO002	Integrated OP	1	1	1
Czech Republic Total		6	8	7
Estonia				
2007EE161PO001	Economic Environment	1	1	
Estonia Total		1	1	0
European Territorial Cooperation				
2007CB163PO016	Sweden - Norway		1	
2007CB163PO019	MV/BB - Polen	1	1	
2007CB163PO021	Romania - Bulgaria		1	
2007CB163PO030	Slowacja - Česká Republika		1	1
2007CB163PO054	Slovenia - Austria		1	
2007CB163PO055	North Sea		1	
2007CB163PO060	Greece - Italy		1	1
2007CB163PO065	Vlaanderen - Nederland		1	
ETC Total		1	8	2
France				
2007FR162PO009	Corse		1	1
2007FR162PO019	Poitou-Charentes		1	1
France Total		0	2	2
Germany				
2007DE161PO001	Thüringen	1	1	
2007DE161PO003	Mecklenburg - Vorpommern	1	1	
2007DE161PO007	Sachsen - Anhalt	1	1	1
2007DE162PO005	Hessen	1	1	
2007DE162PO006	Bremen	1	1	1
Germany Total		5	5	2
Greece				
2007GR161PO001	Competitiveness		1	
2007GR161PO002	Digital convergence		1	1
2007GR161PO005	Environment - sustainable development		1	1

		OPs affected as of 31/12/2014	OPs affected at anytime during 2015	OPs affected as of 01/01/2016
2007GR161PO006	Attica	1	1	1
2007GR161PO007	Western Greece - Peloponese - Ionian islands	1	1	1
2007GR161PO008	Macedonia - Thrace	1	1	1
2007GR161PO001	Thessaly - Continental Greece - Epirus	1	1	1
2007GR161PO002	Crete & Aegean islands	1	1	1
	Greece Total	5	8	7
	Hungary			
2007HU161PO001	Economic Developments	1	1	
2007HU161PO002	Environment and Energy	1	1	1
2007HU161PO003	West Pannon	1	1	1
2007HU161PO004	South Great Plain	1	1	1
2007HU161PO005	Central Transdanubia	1	1	1
2007HU161PO006	North Hungary	1	1	1
2007HU161PO007	Transport	1	1	1
2007HU161PO008	Social Infrastructure		1	1
2007HU161PO009	North Great Plain	1	1	1
2007HU161PO010	Implementation		1	1
2007HU161PO011	South Transdanubia	1	1	1
2007HU162PO001	Central Hungary	1	1	1
	Hungary Total	10	12	11
	Italy			
2007IT161PO001	Attrattori Culturali	1	1	
2007IT161PO005	Reti e mobilita	1	1	
2007IT161PO006	Ricerca e competitivita		1	1
2007IT161PO007	Sicurezza per lo Sviluppo	1	1	
2007IT161PO008	Calabria	1	1	
2007IT161PO010	Puglia	1	1	
2007IT161PO011	Sicilia		1	1
2007IT162PO001	Abruzzo		1	
2007IT162PO004	Lazio		1	
2007IT162PO006	Lombardia		1	
2007IT162PO010	Trento		1	
2007IT162PO015	Veneto		1	
	Italy Total	5	12	2
	Lithuania			
2007LT161PO002	Economic Growth	1	1	1
	Lithuania Total	1	1	1
	Poland			
2007PL161PO001	Innovative Economy		1	1
2007PL161PO002	Infrastructure & Environment	1	1	1
2007PL161PO003	Eastern Poland	1	1	
2007PL161PO007	Lubelskiego	1	1	1
2007PL161PO010	Malopolskie	1	1	
2007PL161PO011	Mazowieckie	1	1	
2007PL161PO020	Warminsko-Mazurskie		1	1
	Poland Total	5	7	4
	Romania			
2007RO161PO001	Regional Operational Programme		1	1
2007RO161PO002	Increase of Economic Competitiveness	1	1	1
2007RO161PO004	Environment	1	1	
	Romania Total	2	3	2
	Slovakia			
2007SK161PO001	Information Society	1	1	
2007SK161PO002	Environment		1	1
2007SK161PO003	Regional OP	1	1	1
2007SK161PO004	Transport	1	1	
2007SK161PO005	Health		1	1
2007SK161PO006	Competitiveness	1	1	1
2007SK161PO007	Technical Assistance	1	1	1
2007SK161PO001	Research and Development	1	1	
	Slovakia Total	6	8	5
	Spain			
2007ES161PO001	Región de Murcia	1	1	1
2007ES161PO002	Melilla	1	1	1
2007ES161PO003	Ceuta	1	1	1

		OPs affected as of 31/12/2014	OPs affected at anytime during 2015	OPs affected as of 01/01/2016
2007ES161PO004	Asturias	1	1	1
2007ES161PO005	Galicia	1	1	1
2007ES161PO006	Extremadura	1	1	1
2007ES161PO007	Castilla La Mancha	1	1	1
2007ES161PO008	Andalucía	1	1	1
2007ES161PO009	Fondo de Cohesión - FEDER		1	1
2007ES162PO001	Cantabria	1	1	1
2007ES162PO002	País Vasco	1	1	1
2007ES162PO003	Navarra	1	1	1
2007ES162PO004	Madrid	1	1	1
2007ES162PO005	La Rioja	1	1	1
2007ES162PO006	Cataluña	1	1	1
2007ES162PO007	Baleares	1	1	1
2007ES162PO008	Aragón	1	1	1
2007ES162PO009	Castilla y León	1	1	1
2007ES162PO010	Comunidad Valenciana	1	1	1
2007ES162PO011	Canarias	1	1	1
2007ES16UPO001	Investigación, Desarrollo e innovación	1	1	1
2007ES16UPO002	Asistencia Técnica y Gobernanza	1	1	1
2007ES16UPO003	Economía basada en el Conocimiento	1	1	1
	Spain Total	22	23	23
	The Netherlands			
2007NL162PO002	West		1	
	The Netherlands Total	0	1	0
	United Kingdom			
2007UK162PO001	Lowlands and Uplands		1	1
2007UK162PO004	East of England	1	1	
2007UK162PO009	Yorkshire and Humberside		1	
2007UK162PO010	East Midlands	1	1	
	United Kingdom Total	2	4	1
ERDF / CF no. of affected programmes / no. of active OLAF Cases		76	117	72
	IPA			
	IPA - Cross border cooperation			
2007CB16IPO001	Adriatic IPA CBC	1	1	1
	IPA-Cross-border Cooperation Total	1	1	1
	Turkey			
2007TR16IPO002	Transport		1	
	IPA - Turkey Total	0	1	0
IPA no. of affected programmes		1	2	1
Total no. of affected programmes ERDF / CF / IPA / IPA-CBC		77	119	73

ANNEX 11: Performance tables

European Regional Development Fund (ERDF) and Cohesion Fund (CF)

The achievement values presented below result from data reported by the Member States and reflect the quality checks carried out by DG REGIO up to the cut-off date of 24/02/16.

Smart Growth

ABB activity: European Regional Development Fund		Regional	☒ Spending programme			
Specific objective	Result indicators (Source: AIRs 2014)	Base line (2007)	Current situation (Achievements 2007-2014)			Target 2007-2015 ³⁶
			Achievements with targets ³⁷	Achievements/Targets (%)	Global achievements 2007-2014 ³⁸	
Spec. Obj. 1: Strengthening research, technological development and innovation	Number of new researchers in supported entities (REGIO core indicator 06)	0	28,755	85,7%	41,614	33,556
	Number of enterprises cooperating with research institutions (REGIO core indicator 05)	0	31,759	111,9%	36,421	28,395

ABB activity: European Regional Development Fund		Regional	☒ Spending programme			
Specific objective	Result indicators (Source: AIRs 2014)	Base line (2007)	Current situation (Achievements 2007-2014)			Target 2007-2015 ³⁶
			Achievements with targets ³⁷	Achievements/Targets (%)	Global achievements 2007-2014 ³⁸	
Spec. Obj. 2: Enhancing access to, and use and quality of, information and communication technologies	Additional households with broadband access of at least 30 Mbps (REGIO core indicator 12)	0	8,205,012	64,5%	8,398,170	12,717,004

ABB activity: European Regional Development Fund		Regional	☒ Spending programme			
Specific objective	Result indicators (Source: AIRs 2014)	Base line (2007)	Current situation (Achievements 2007-2014)			Target 2007-2015 ³⁶
			Achievements with targets ³⁷	Achievements/Targets (%)	Global achievements 2007-2014 ³⁸	

³⁶ The targets used are those used as in the framework of the 2014 AAR, which underwent a quality review in the framework of the 2007-2013 ex-post evaluation exercise (Work Package 0 – Reliability of data).

³⁷ **Achievements with targets:** under this heading, is presented the cumulative value of achievements reported by programme authorities where a target had been set. The related figure can then be used to assess progress against targets.

The 2014 achievements with target values have been calculated as follows: the assumption has been made that the ratio of achievements with targets vs. global achievements, as reported in the 2014 AAR report for 2013, has remained stable for 2014. We have accordingly multiplied this with the 2014 global achievement values to provide values for the 2014 achievements with targets.

³⁸ **Global achievements:** under this heading, is presented the sum of all achievements linked to the relevant indicator reported by each operational programme, regardless of whether or not targets had been set. It therefore expresses the most complete available data on the total achievements.

Spec. Obj. 3: Enhancing the competitiveness of small and medium-sized enterprises	Number of enterprises receiving support (REGIO core indicator 07)	0	210,305	100,8%	255,535	208,706
	Number of new enterprises supported (REGIO core indicator 08)	0	115,345	129,6%	120,654	88,973
	Employment increase in supported enterprises (REGIO core indicator 01)	0	687,525	74,6%	826,352	921,654

Sustainable Growth

ABB activity: European Regional Development Fund and Cohesion Fund			☑ Spending programme				
Specific objective	Result indicators (Source: AIRs 2014)	Base line (2007)	Current situation (Achievements 2007-2014)			Target 2007-2015 ³⁶	
			Achievements with targets ³⁷	Achievements/Targets (%)	Global achievements 2007-2014 ³⁸		
Spec. Obj. 4: Supporting the shift towards a low-carbon economy in all sectors	Additional capacity of renewable energy production (MW) (REGIO core indicator 24)	0	<i>Target values for this indicator are unreliable, due to errors in measurement units in some MS</i>			3,915	Not available

ABB activity: European Regional Development Fund and Cohesion Fund			☑ Spending programme			
Specific objective	Result indicators (Source: AIRs 2013)	Base line (2007)	Current situation (Achievements 2007-2013)			Target 2007-2015 ³⁶
			Achievements with targets ³⁷	Achievements/Targets (%)	Global achievements 2007-2013 ³⁸	
Spec. Obj. 5: Promoting climate change adaptation, risk prevention and management	Population benefiting from flood protection measures (REGIO core indicator 32)	0	5,333,566 ³⁹	74%	5,655,167 ³⁹	7,204,667
	Population benefiting from forest fire protection measures (REGIO core indicator 33)	0	25,428,612 ³⁹	104%	28,894,555 ³⁹	24,530,521

ABB activity: European Regional Development Fund and Cohesion Fund			☑ Spending programme			
Specific objective	Result indicators (Source: AIRs 2014)	Base line (2007)	Current situation (Achievements 2007-2014)			Target 2007-2015 ³⁶
			Achievements with targets ³⁷	Achievements/Targets (%)	Global achievements 2007-2014 ³⁸	
Spec. Obj. 6: Preserving and protecting the environment and promoting resource efficiency	Additional population served by improved water supply (REGIO core indicator 25)	0	5,542,794	69.1%	5,902,869	8,016,521
	Additional population served by improved wastewater treatment (REGIO core indicator 26)	0	6,440,535	53.2%	6,880,913	12,112,505

³⁹ The last available validated figures reflect achievements at end 2013

ABB activity: European Development Fund and Cohesion Fund		Regional	☒ Spending programme			
Specific objective	Result indicators (Source: AIRs 2014)	Base line (2007)	Current situation (Achievements 2007-2014)			Target 2007-2015 ³⁶
			Achievements with targets ³⁷	Achievements/Targets (%)	Global achievements 2007-2014 ³⁸	
Spec. Obj. 7: Promoting sustainable transport and removing bottlenecks in key network infrastructures	Total length of new railway line (REGIO core indicator 17)	0	276	49.9%	287	553
	Total length of reconstructed or upgraded railway line (REGIO core indicator 19)	0	3,528	79.4%	3,960	4,441
	Total length of newly built roads (REGIO core indicator 14)	0	4,285	76.9%	4,678	5,571
	Total length of reconstructed or upgraded roads (REGIO core indicator 16)	0	28,892	118.9%	30,574	24,294
	Total length of new railway line of which: TEN-T (REGIO core indicator 18)	0	1,474	90.4%	1,474	1,630
	Total length of newly built roads of which: TEN-T (REGIO core indicator 15)	0	Reported figures at end 2014 considered unreliable	N/A	2,397	568

Inclusive Growth

ABB activity: European Development Fund		Regional	☒ Spending programme			
Specific objective	Result indicators (Source: AIRs 2013)	Base line (2007)	Current situation (Achievements 2007-2013)			Target 2007-2015 ³⁶
			Achievements with targets ³⁷	Achievements/Targets (%)	Global achievements 2007-2013 ³⁸	
Spec. Obj. 10: Investing in education, training and vocational training for skills and lifelong learning	Capacity of supported childcare or education infrastructure (REGIO core indicator 37)	0	5,760,866 ³⁹	90%	6,256,333 ³⁹	6,384,503

NB: No information is currently available concerning indicators associated with ERDF specific objectives 8 ("promoting sustainable and quality employment and supporting labour mobility"), 9 ("promoting social inclusion, combating poverty and any discrimination") and 11 ("enhancing institutional capacity of public authorities and stakeholders and an efficient public administration"), included in 2014-2020 programmes and for which information will be available as from 2017.

European Territorial Co-operation

ABB activity: European Regional Development Fund		☑ Spending programme	
Specific objective	Result indicators (Source: AIRs 2014)	Available target (2007-2015)	Latest known results (Achievements 2007-2015)
Spec. Obj. 12: Developing regional and local potential through encouraging integrated development approach, capacity building, cross border and transnational cooperation and supporting networking, exchange of experience and cooperation between regions, towns and relevant social, economic and environmental actors		NA	See achievements in §1.1.1 of the AAR
Spec. Obj. 13: Supporting cross-border, transnational and interregional cooperation (European territorial cooperation) including cross-border cooperation between Member States and candidate or potential candidate countries		NA	See achievements in §1.1.1 of the AAR

Instrument for Pre-accession Assistance (IPA)

ABB activity: Management of IPA and ISPA funds (Pre-accession assistance)			☑ Spending programme
Specific objective	Result indicators ⁴⁰	Target (2017)	Latest known results (Achievements 2015)
Spec. Obj. 1: Support for political reforms	Progress made in achieving the political criteria, as assessed by the Progress report		See achievements in §1.1.4 of the AAR

ABB activity: Management of IPA and ISPA funds (Pre-accession assistance)			☑ Spending programme
Specific objective	Result indicators	Target (2017)	Latest known results (Achievements 2015)
Spec. Obj. 2: Support for economic, social and territorial development, with a view to a smart, sustainable and inclusive growth	Absorption of available funds (%) under IPA Component III 2007-2013 (aggregate for FYROM, Turkey, Montenegro) (Source: REGIO E3 monitoring data)	100%	75% (65% FYROM, 77% Turkey, 36% Montenegro)
	Submission of major projects by national authorities of FYROM, Turkey, Montenegro to DG REGIO service for approval (Source: REGIO E3 monitoring data)	43 ⁴¹ (3 FYROM, 39 Turkey ⁴² , 1 Montenegro)	36 (3 FYROM, 32 Turkey ⁴³ , 1 Montenegro)

⁴¹ Total number of major projects which need to be submitted in order to cover fully the aggregate available budget of all OPs.

⁴² Not taking into account 1 Major Project withdrawn and 2 Financial Instruments

⁴³ Following the withdrawal or non-submission of several major project under OP Environment; count does not include three financial engineering instruments.

	Number of major projects approved by the Commission out of the total number of major projects to be submitted by national authorities of FYROM, Turkey, Montenegro to DG REGIO service for approval (%) (Source: REGIO E3 monitoring data)	100% ⁴⁴ (100% FYROM, 100% Turkey, 100% Montenegro)	100% ⁴⁵ (100% FYROM, 100% Turkey, 100% Montenegro)
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ABB activity: Management of IPA and ISPA funds (Pre-accession assistance)			☑ Spending programme
Specific objective	Result indicators	Target (2017)	Latest known results (Achievements 2015)
Spec. Obj. 3: Strengthening of the ability of the beneficiaries listed in Annex I at all levels to fulfil the obligations stemming from Union membership by supporting progressive alignment with and adoption, implementation and enforcement of the Union acquis, including preparation for management of Union structural, cohesion, agricultural and rural development funds.	Commission Decisions on Conferral of Management (Decentralized Implementation System under IPA Component III in place for all 5 OPs of FYROM, Montenegro, Turkey) (Source: Article 14 of Commission Regulation (EC) No 718/2007 of 12 June 2007)	5 (1 FYROM, 3 Turkey, 1 Montenegro)	5 (1 FYROM, 3 Turkey, 1 Montenegro)
	Screening Reports (SR) and EU Common Positions (EUCP) adopted by the conference of Member States relative to the accession of individual candidate countries (Source: REGIO E3 monitoring data)	8 (SR + EUCP Iceland, SR + EUCP Turkey, SR Montenegro, SR + EUCP Serbia; SR Albania)	7 (SR + EUCP Iceland, SR + EUCP Turkey, SR Montenegro, OBR Montenegro, SR Serbia)

ABB activity: Management of IPA and ISPA funds (Pre-accession assistance)		☑ Spending programme
Specific objective	Result indicators	Target (2017)
Spec. Obj. 4: Strengthening regional integration and territorial cooperation involving the beneficiaries listed in Annex I, Member States and, where appropriate, third countries within the scope of Regulation (EU) No 231/2014 of the European Parliament and of the Council.	Number of cross border co-operation programmes concluded between IPA/EU countries (regional integration and territorial cooperation amongst the IPA II beneficiaries) (Source: European Commission Cross-border cooperation programmes, concluded between IPA/EU countries and IPA/IPA countries)	9 Western Balkans CBC IPA/EU ⁴⁶ 2 Turkey ⁴⁷ - Iceland

⁴⁴ The progression in milestone values across the three milestone years will depend on the pace of submission of major projects by the national authorities. This pace can be uneven across the milestone years, affecting the values of the milestones of approval of major projects by the Commission.

⁴⁵ All milestone and target values in this row represent the total number of major projects whose timely approval by the Commission is necessary to cover fully the available aggregate budget of the OPs. This total number is a *subset* of the total number of major projects mentioned in the "Indicative List of Major Projects" annexed to each OP. The difference between the two reflects the volume of "overbooking" of the aggregate available budget. We opt for reflecting the total number of major projects necessary for covering the available budget and not for the total number of major projects mentioned in the "Indicative List of Major Projects," as the overbooking in certain OPs is so significant (up to 100% overbooking over the available budget) that reflecting the latter would have a highly distortive effect on the presentation of the real workload targets.

⁴⁶ HR/BA/ME, HR/RS, HU/RS, RO/RS, BG/RS, BG/the former Yugoslav Republic of Macedonia, GR/the former Yugoslav Republic of Macedonia, GR/AL, IT/AL/ME,)

⁴⁷ BG/TK, GR/TK

European Union Solidarity Fund:

ABB activity: European Union Solidarity Fund			<input checked="" type="checkbox"/> Spending programme
Specific objective	Result indicators	Target (2017)	Latest known results (Achievements 2015)
Spec. Obj. 1: To assist Member States or countries negotiating their accession to the EU in the event of a major natural disaster with serious repercussions on living conditions, the natural environment or the economy	Population helped in overcoming a crisis situation where their living conditions have been affected <i>(Source: REGIO E1 monitoring data)</i>	100% of population affected and eligible upon the Member States' request	3 EUSF applications decided in 2015, covering 100% of the affected areas and population for which interventions were requested
	Size of disaster-stricken area where rehabilitation has been assisted <i>(Source: REGIO E1 monitoring data)</i>	100% of areas affected and eligible upon the Member States' request	Aid available for 100% of affected areas (choice of supported operations up to the beneficiary country)