



2014

Annual Activity Report

Annexes

**Employment,
Social Affairs
and Inclusion**

Contents

ANNEX 1:	STATEMENT OF THE RESOURCES DIRECTOR	95
ANNEX 2:	HUMAN AND FINANCIAL RESOURCES	96
ANNEX 3:	DRAFT ANNUAL ACCOUNTS AND FINANCIAL REPORTS	98
ANNEX 4:	MATERIALITY CRITERIA	108
ANNEX 5:	INTERNAL CONTROL TEMPLATES FOR BUDGET IMPLEMENTATION (ICTS).....	112
ANNEX 6:	NOT APPLICABLE	120
ANNEX 7:	NOT APPLICABLE	120
ANNEX 8:	DECENTRALISED AGENCIES.....	120
ANNEX 9:	PERFORMANCE INFORMATION INCLUDED IN EVALUATIONS.....	121
ANNEX 10:	SPECIFIC ANNEXES RELATED TO PART 1 TO 4	125
	1.1.1 PROGRESS TOWARDS GENERAL OBJECTIVES.....	125
	2.1.1.1 ESF 2007-2013	126
	A- ANALYSIS OF THE MEMBER STATES' ANNUAL CONTROL REPORTS (ACRs)	126
	B. ANNUAL SUMMARIES AND NATIONAL DECLARATION	128
	E. INTERRUPTIONS/SUSPENSIONS OF PAYMENTS AS OF 20 MARCH 2015	129
	F. ESF FINANCIAL CORRECTIONS, WITHDRAWALS AND RECOVERIES	139
	G. CUMULATIVE RESIDUAL RISK.....	142
	I- OVERALL ASSESSMENT OF THE FUNCTIONING OF THE MANAGEMENT AND CONTROL SYSTEMS	147
	2.3. ASSESSMENT AUDIT RESULTS.....	153
	2.3.1.2. PERFORMANCE AUDITS BY THE COURT IN 2014	154

ANNEX 1: Statement of the Resources Director

“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 Commission¹, 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.”

[Signed]

Hélène Clark

Brussels, 31 March 2015

¹ SEC(2003)59 of 21.01.2003.

ANNEX 2: Human and Financial resources

Human Resources by ABB activity				
Code ABB Activity	ABB Activity	Establishment Plan posts	External Personnel	Total
04 02	European Social Fund (ESF)	191	86	277
04 03	Employment, Social Affairs and Inclusion	226	50	276
04 04	European Globalisation Adjustment Fund (EGF)	12		12
04 05	Instrument for Pre-Accession Assistance - Employment, Social Policies and Human Resources Development	6		6
04 06	Fund for European Aid to the Most Deprived	3		3
04 AWBL-01	Administrative support for the Directorate-General for employment, social affairs and inclusion	100	43	143
04 AWBL-02	Policy strategy and coordination for the Directorate-General for employment, social affairs and inclusion	77	9	86
Total		615	188	803

IMPLEMENTATION OF THE GLOBAL ENVELOPE

BUDGET LINES CONCERNED: 04 01 02 11 00 01 TO 04 01 02 11 00 06
(based on information received from BUDG services following the 2016 Budget circular)

(IN EUROS)		APPROPRIATIONS 2014 (C1)			APPROPRIATIONS carried over (C8)	
BUDGET LINE	BUDGET LINE DESCRIPTION	AVAILABLE APPROP. 2014	COMMITMENTS 2014	PAYMENTS 2014	AMOUNTS OF APPROPRIATIONS CARRIED OVER FROM 2013	% IMPLEMENTATION ON APPROPRIATIONS CARRIED OVER FROM 2013
04.010211.00			0	0	32.739	0%
04.010211.00.01.10	Mission expenses	910.000	910.000	720.689	124.880	86%
04.010211.00.01.30	Representation expenses	5.000	5.000	744	9.143	3%
04.010211.00.02.20	Meeting costs	3.598.000	3.598.000	2.504.233	900.539	99%
04.010211.00.02.40	Conference costs	167.000	166.478	123.408	99.253	28%
04.010211.00.03	Meetings of committees	0	0	0	5.048	5%
04.010211.00.04	Studies and consultations	0	0	0	0	0%
04.010211.00.05	Development of management and information systems	0	0	0	0	0%
04.010211.00.06	Further training and management training	195.521	195.521	62.981	158.724	87%
	TOTAL	4.875.521	4.874.999	3.412.054	1.319.821	89%

ANNEX 3: Draft annual accounts and financial reports

Annex 3 Financial Reports - DG EMPL - Financial Year 2014

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 2014 (in Mio €)					
			Commitment appropriations authorised	Commitments made	%
			1	2	3=2/1
Title 04 Employment, Social Affairs and Inclusion					
04	04 01	Administrative expenditure of the `Employment, Social Affairs and Inclusion- policy area	24,20470027	23,52866478	97,21 %
	04 02	European Social Fund (ESF)	13676,59563	9445,228238	69,06 %
	04 03	Employment, Social Affairs and Inclusion	215,5948204	205,2310304	95,19 %
	04 04	European Globalisation Adjustment Fund (EGF)	172,85203	63,591891	36,79 %
	04 05	Instrument for Pre-Accession Assistance - Employment, Social Policies and Human Resources Development	0	0	
	04 06	Fund for European Aid to the Most Deprived	514,267948	502,024056	97,62 %
Total Title 04			14603,51512	10239,60388	70,12%
Title 13 Regional and Urban policy					
13	13 03	European Regional Development Fund (ERDF) and other regional operations	8,10963571	8,10963571	100,00 %
	13 04	Cohesion Fund (CF)	3,22471946	3,22471946	100,00 %
Total Title 13			11,33435517	11,33435517	100,00%
Total DG EMPL			14614,84948	10250,93824	70,14 %

* 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

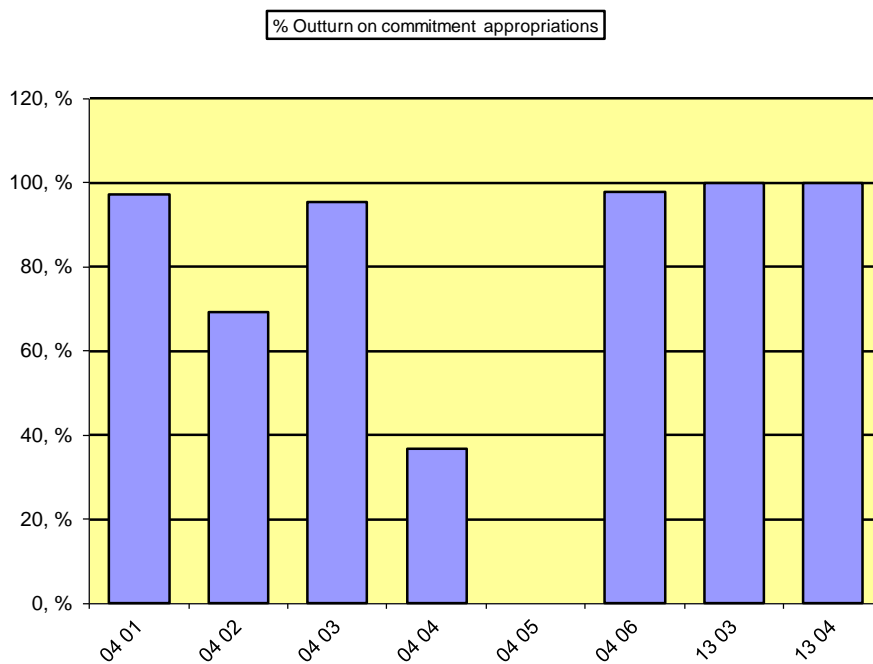


TABLE 2: OUTTURN ON PAYMENT APPROPRIATIONS IN 2014 (in Mio €)					
Chapter			Payment appropriations authorised *	Payments made	%
			1	2	3=2/1
Title 04 Employment, Social Affairs and Inclusion					
04	04 01	Administrative expenditure of the `Employment, Social Affairs and Inclusion- policy area	35,80607864	21,65115159	60,47 %
	04 02	European Social Fund (ESF)	10629,88905	10609,27268	99,81 %
	04 03	Employment, Social Affairs and Inclusion	173,2961314	167,0917223	96,42 %
	04 04	European Globalisation Adjustment Fund (EGF)	134,591797	63,591891	47,25 %
	04 05	Instrument for Pre-Accession Assistance - Employment, Social Policies and Human Resources Development	62,529135	62,52913455	100,00 %
	04 06	Fund for European Aid to the Most Deprived	409,5267636	409,5267636	100,00 %
Total Title 04			11445,63896	11333,66334	99,02%
Title 13 Regional and Urban policy					
13	13 03	European Regional Development Fund (ERDF) and other regional operations	0	0	
	13 04	Cohesion Fund (CF)	0	0	
Total Title 13			0	0	
Total DG EMPL			11445,63896	11333,66334	99,02 %

* 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).

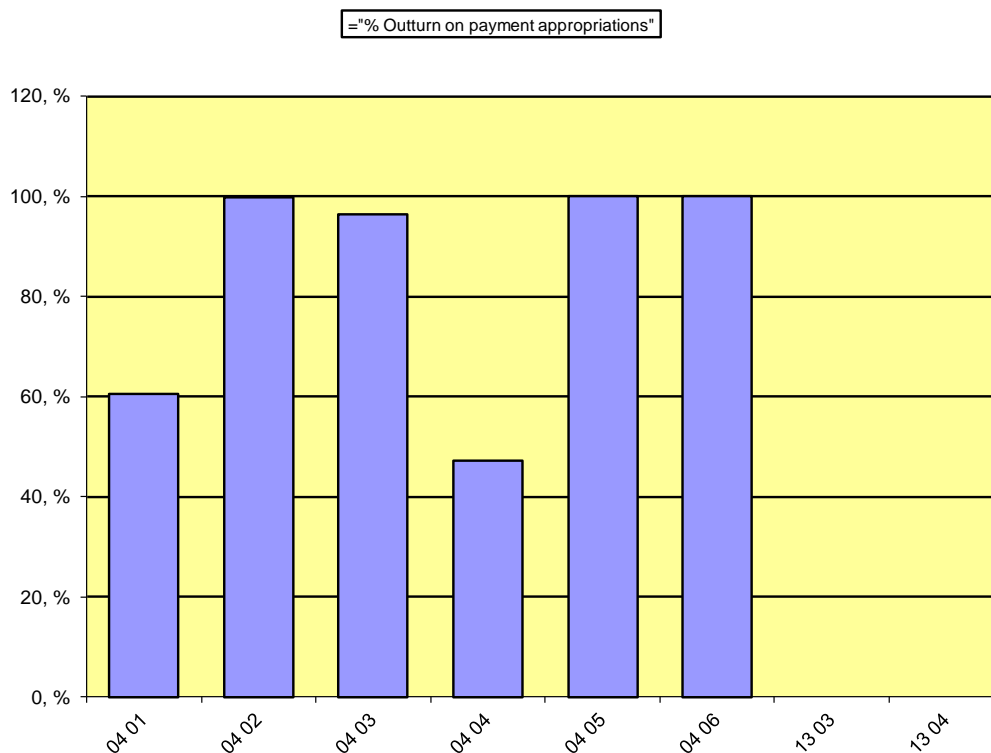


TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2014 (in Mio €)									
Chapter			2014 Commitments to be settled				Commitments to be settled from financial years previous to 2014	Total of commitments to be settled at end of financial year 2014 (incl. corrections)	Total of commitments to be settled at end of financial year 2013 (incl. corrections)
			Commitments 2014	Payments 2014	RAL 2014	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
Title 04 : Employment, Social Affairs and Inclusion									
04	04 01	Administrative expenditure of the 'Employment, Social Affairs and Inclusion- policy area	23,47868361	12,41	11,06837094	47,14 %	0,30	11,36	11,60
	04 02	European Social Fund (ESF)	9445,228238	614,38	8830,848586	93,50 %	16.655,36	25.486,21	26948,26
	04 03	Employment, Social Affairs and Inclusion	205,2310304	71,11	134,1205106	65,35 %	115,69	249,81	237,25
	04 04	European Globalisation Adjustment Fund (EGF)	63,591891	63,59	0	0,00 %	0,00	0,00	0,00
	04 05	Instrument for Pre-Accession Assistance - Employment, Social Policies and Human Resources Development	0	0,00	0	#DIV/0	277,80	277,80	358,62
	04 06	Fund for European Aid to the Most Deprived	502,024056	409,53	92,49729242	18,42 %	0,00	92,50	0,00
Total Title 04			10239,5539	1171,02	9068,53476	88,56%	17049,14569	26117,68045	27555,74
Title 13 : Regional and Urban policy									
13	13 03	European Regional Development Fund (ERDF) and other regional operations	8,10963571	0,00	8,10963571	100,00 %	0,00	8,11	0,00
	13 04	Cohesion Fund (CF)	3,22471946	0,00	3,22471946	100,00 %	0,00	3,22	0,00
Total Title 13			11,33435517	0,00	11,33435517	100,00%	0	11,33435517	0
Total DG EMPL			10250,88825	1171,02	9079,869115	88,58 %	17049,14569	26129,01481	27555,74

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

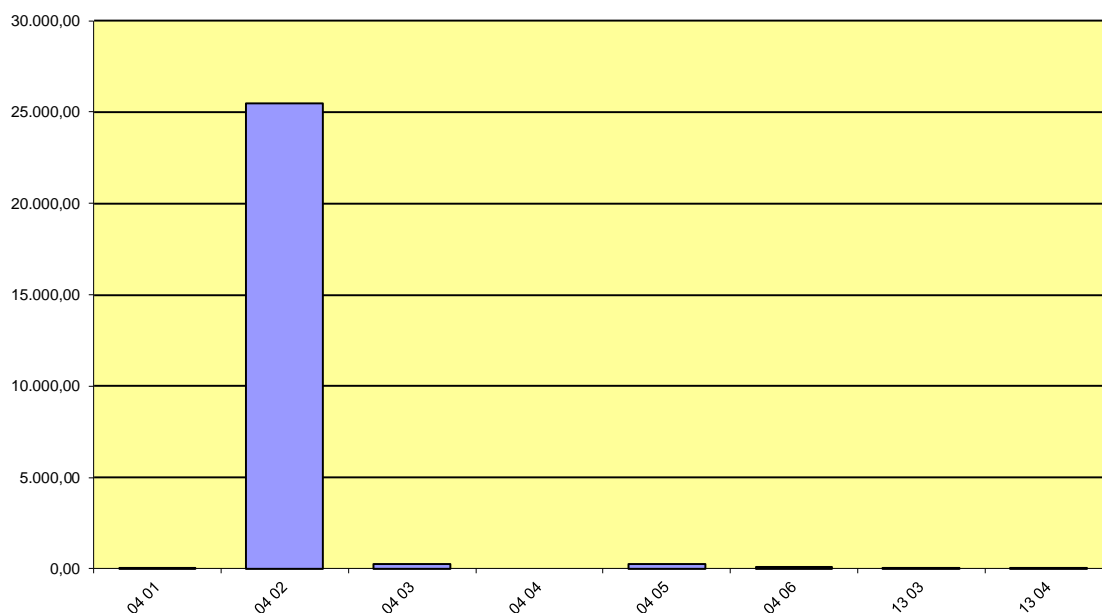


TABLE 4 : BALANCE SHEET

BALANCE SHEET	2014	2013
A.I. NON CURRENT ASSETS	2901798450	5798804161
A.I.6. Non-Current Pre-Financing	2.901.798.449,73	
A.I.7. OLD LT Pre-Financing	0,00	5.798.804.160,66
A.II. CURRENT ASSETS	3985461448	969659069,7
A.II.2. Current Pre-Financing	3.900.624.949,03	928.170.890,64
A.II.4. Exchange Receivables	1.274.594,03	1.144.327,39
A.II.5. Non-Exchange Receivables	83.561.905,35	40.343.851,62
ASSETS	6887259898	6768463230
P.III. CURRENT LIABILITIES	-6699890271	-5145188310
P.III.4. Accounts Payable	-5.672.314.146,71	-3.955.412.959,46
P.III.5. Accrued charges and deferred income	-1.027.576.124,65	-1.189.775.350,42
LIABILITIES	-6699890271	-5145188310
NET ASSETS (ASSETS less LIABILITIES)	187369626,8	1.623.274.920,43
P.I.2. Accumulated Surplus / Deficit	12144800982	6498781,61
Non-allocated central (surplus)/deficit*	-12332170609	-1629773702
TOTAL	0,00	0,00

It should be noted that the balance sheet and economic outturn account presented in Annex 3 to this Annual Activity Report, represent only the (contingent) assets, (contingent) 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 economic outturn account 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	2014	2013
II.1 REVENUES	-242360121,1	-263345237,7
II.1.1. NON-EXCHANGE REVENUES	-244000275,2	-263961484,8
II.1.1.5. RECOVERY OF EXPENSES	-244.000.275,22	-263.011.484,81
II.1.1.6. OTHER NON-EXCHANGE REVENUES		-950.000,00
II.1.2. EXCHANGE REVENUES	1640154,11	616247,13
II.1.2.1. FINANCIAL INCOME	-5.965,39	-42.551,69
II.1.2.2. OTHER EXCHANGE REVENUE	1.646.119,50	658.798,82
II.2. EXPENSES	12926485541	12401647438
II.2. EXPENSES	12926485541	12401647438
11.2.10. OTHER EXPENSES	9.574.833,78	11.774.079,39
II.2.1. EXP IMPL BY MEMBER STATES (SHARED)	12.686.886.792,97	12.182.889.528,37
II.2.2. EXP IMPL BY COMMISS&EX.AGENC. (DM)	133.274.796,27	104.420.861,13
II.2.3. EXP IMPL BY OTH EU AGENC&BODIES (IM)	35.775.274,91	34.882.720,24
II.2.4. EXP IMPL BY 3RD CNTR & INT ORG (IM)	60.246.834,72	68.560.872,80
II.2.5. EXP IMPL BY OTHER ENTITIES (IM)	1.881.842,69	995.026,54
II.2.6. STAFF AND PENSION COSTS	-1.266.569,00	-1.947.000,00
II.2.8. FINANCE COSTS	111.734,75	71.350,01
STATEMENT OF FINANCIAL PERFORMANCE	12.684.125.419,98	12.138.302.200,80

TABLE 6: AVERAGE PAYMENT TIMES FOR 2014 - DG EMPL

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)
15	18	17	94,44 %	12	1	5,56 %	19
30	2398	1621	67,60 %	18	777	32,40 %	57
45	364	192	52,75 %	27	172	47,25 %	99
60	530	467	88,11 %	27	63	11,89 %	78
75	1	1	100,00 %	48			
90	85	79	92,94 %	40	6	7,06 %	105
365	179	179	100,00 %	11			

Total Number of Payments	3575	2556	71,50 %		1019	28,50 %	
Average Payment Time	33			20			66

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)
15	9	9	100,00 %	13			
20	419	253	60,38 %	11	166	39,62 %	39
30	1743	939	53,87 %	19	804	46,13 %	65

Total Number of Payments	2171	1201	55,32 %		970	44,68 %	
Average Payment Time	37			17			61

TABLE 7 : SITUATION ON REVENUE AND INCOME IN 2014

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	7=3-6
52	REVENUE FROM INVESTMENTS OR LOANS GRANTED, BANK AND OTHER INTEREST	34726,83	0	34726,83	34726,83	0	34726,83	0
57	OTHER CONTRIBUTIONS AND REFUNDS IN CONNECTION WITH THE ADMINISTRATIVE OPERATION OF THE INSTITUTION	19190,81	0	19190,81	19190,81	0	19190,81	0
60	CONTRIBUTIONS TO UNION PROGRAMMES	0	300000	300000	0	300000	300000	0
61	REPAYMENT OF MISCELLANEOUS EXPENDITURE	10216908,78	10351232,79	20568141,57	10216908,78	10258162,99	20475071,77	93069,8
65	FINANCIAL CORRECTIONS	18644756,03	370048,44	19014804,47	18644756,03	0	18644756,03	370048,44
66	OTHER CONTRIBUTIONS AND REFUNDS	39246366,67	514266,88	39760633,55	29742349,01	252730,68	29995079,69	9765553,86
90	MISCELLANEOUS REVENUE	38115,15	0	38115,15	38115,15	0	38115,15	0
Total DG EMPL		68200064,27	11535548,11	79735612,38	58696046,61	10810893,67	69506940,28	10228672,1

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

INCOME BUDGET RECOVERY ORDERS ISSUED IN 2014 Year of Origin (commitment)	Error		Irregularity		OLAF Notified		TOTAL Qualified		TOTAL RC(incl. non-qualified)		% Qualified/Total RC	
	Nbr	RO Amount	Nbr	RO Amount	Nbr	RO Amount	Nbr	RO Amount	Nbr	RO Amount	Nbr	RO Amount
2002			1	217.199,70			1	217.199,70	1	217.199,70	100,00%	100,00%
2006			3	17.386.672,50			3	17.386.672,50	3	17.386.672,50	100,00%	100,00%
2009			1	3.727,13			1	3.727,13	1	3.727,13	100,00%	100,00%
2010	1	6.456,86	5	145.175,67			6	151.632,53	14	8.395.612,39	42,86%	1,81%
2011			2	163.142,00			2	163.142,00	18	10.738.424,64	11,11%	1,52%
2012			2	8.519,84			2	8.519,84	23	6.222.014,70	8,70%	0,14%
No Link			8	2.538.981,98	1	65.130,63	9	2.604.112,61	11	11.257.792,61	81,82%	23,13%
Sub-Total	1	6.456,86	22	20.463.418,82	1	65.130,63	24	20.535.006,31	86	68.226.977,05	27,91%	30,10%

EXPENSES BUDGET	Error		Irregularity		OLAF Notified		TOTAL Qualified		TOTAL RC(incl. non-qualified)		% Qualified/Total RC	
	Nbr	Amount	Nbr	Amount	Nbr	Amount	Nbr	Amount	Nbr	Amount	Nbr	Amount
INCOME LINES IN INVOICES									3	252,99		
NON ELIGIBLE IN COST CLAIMS	9	87385,91	24	99745598,54			33	99832984,45	169	162.469.802,21	19,53%	61,45%
CREDIT NOTES	11	715097,49	2	1531,5			13	716628,99	62	2.957.470,33	20,97%	24,23%
Sub-Total	20	802483,4	26	99747130,04			46	100549613,4	234	165427525,5	19,66%	60,78%

GRAND TOTAL	21	808940,26	48	120210548,9	1	65130,63	70	121084619,8	320	233654502,6	21,88%	43,03%
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TABLE 9: AGEING BALANCE OF RECOVERY ORDERS AT 31/12/2014 FOR EMPL

	Number at 01/01/2014	Number at 31/12/2014	Evolution	Open Amount (Eur) at 01/01/2014	Open Amount (Eur) at 31/12/2014	Evolution
2004	1	1	0,00 %	209.994,07	209.994,07	0,00 %
2006	1	1	0,00 %	160.054,37	160.054,37	0,00 %
2008	3	2	-33,33 %	233.639,23	208.247,20	-10,87 %
2013	19	1	-94,74 %	10.931.860,44	146.358,80	-98,66 %
2014		12			9.504.017,66	
	24	17	-29,17 %	11.535.548,11	10.228.672,10	-11,33 %

No data to be reported for the following tables:

TABLE 10 : RECOVERY ORDER WAIVERS IN 2014 >= EUR 100.000

TABLE 11 : CENSUS OF NEGOTIATED PROCEDURES - DG EMPL - 2014

TABLE 12 : SUMMARY OF PROCEDURES OF DG EMPL EXCLUDING BUILDING CONTRACTS

TABLE 13 : BUILDING CONTRACTS

TABLE 14 : CONTRACTS DECLARED SECRET

ANNEX 4: Materiality criteria

For centralised management

Detective and corrective controls are implemented at initial and at final phases. Preventive and corrective controls take place through the verification of all transactions (grants and public procurement) by financial agents.

Commission staff and outsourcing company carry out on the spot audits for grants following a risk-analysis approach.

As regards transactions contracted through public procurement, thanks to the thorough ex-ante control, the average risk of error is therefore considered to be below the materiality threshold of 2%. Given the underlying nature of the transactions (delivery of goods or services), there is no added value in performing ex-post audit.

As regards grants, for selecting the sample of transactions to be controlled on the spot, DG EMPL applies a risk based approach rather than a statistical random method that would comply with the criteria of samples' representativeness. The risk based approach is considered more cost-effective given the heterogeneity and relatively small size of DG EMPL's audit population.

When measuring against the 2% materiality level, DG EMPL calculates the weighted average error rate from the audited sample (grants) and complements the information by a qualitative analysis of the origin, nature, impact and coverage of the errors found before issuing any reservation.

In order to enlarge the basis on which the assurance can be built, DG EMPL also considers the grant error rates detected in the last 5 years.

For EGF

The assurance is built on a comprehensive assessment by all parties involved in the management and control of every case. Member States report, for each EGF case, information as regards the type of actions and main outcomes, the names of the bodies delivering the package of measures; the characteristics of the targeted workers and their employment status and a statement justifying the expenditure. Commission staff carries out on the spot visits, both for monitoring and for auditing purposes.

When measuring against the 2% materiality level, DG EMPL calculates the weighted arithmetic average error rate from the audited sample and complements the information by a qualitative analysis of the origin, nature, impact and coverage of the errors found before issuing any reservation .

In order to enlarge the basis on which the assurance can be built, DG EMPL also considers the error rates detected in the last 5 years.

For ESF and IPA

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 each year resulting from both MS and COM audit work, 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, up to the date of signature of the AAR. 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%² and also for all programmes for which the cumulative residual risk/error rate exceeds 2%. Exceptions, if any, are clearly reported and explained in annex 10. 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:

- **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
 - o 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%;
 - o 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 ;

² 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

- **Limited assurance with medium risk³** 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%.

Assessment of management and control systems in the Member States and for the programming period 2014-20

In 2014, only initial pre-financing payments were made. In compliance with the ESF Regulation, they shall be totally cleared from the Commission accounts not later than when the programme is closed and therefore no risk is attached to those payments made. The reasoning for the reservations will be developed during 2015 for the next AAR.

³ Exceptions duly justified are disclosed in the AAR

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

ESF (93.7% of the appropriations managed by DG EMPL)

DG EMPL distinguishes 3 main stages in the implementation of its budget for ESF: (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 EMPL estimates that the annual overall Commission costs incurred amounts to approximately 0.23% of 2014 ESF payments. 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 work⁴ and drafting of interruption letters.
- The annual Commission costs of Commission staff which carries out controls throughout the different design, implementation and monitoring phases. This includes the negotiation of Partnership Agreements and Operational Programmes, the setting-up of the management and control systems in the Member States, the Commission ex-ante checks of the periodic expenditure declarations (financial circuits), the ongoing monitoring and coaching for effective programme implementation and the setting-up of monitoring and evaluation systems to evaluate the programme results.

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 ⁵

Stage 2 – Implementation of operations (Member States):

⁴ Systems audit, re-performance of annual control reports (ACR), follow-up of audit authorities, closure audits, fact finding audits, etc.

⁵ Impacted by the time required by Member States to react

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 [not quantifiable]	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 ⁶

⁶ 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 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 recalculated error rates) - weighted average error rate after Commission analysis - Commission assessment of reliance on Audit Authorities <p>Efficiency:</p> <ul style="list-style-type: none"> - overall cost of control/financial management of the Commission checks and assessment (% of total payment 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 - Audit coverage of Audit Authorities (cumulative basis)

Direct management (1.2% of the appropriations managed by DG EMPL)

DG EMPL distinguishes 3 main stages in the implementation of its budget under direct management mode: (1) Programming, evaluation, selection and contracting; (2) Monitoring the execution and (3) Ex-post controls.

The table below elaborates, per stage, on the main risks identified and related controls. Benefits and costs are covered globally:

Benefits:

The benefits of controls at the programming stage cannot be quantified. They mainly relate to the relevance and effective implementation of activities in line with the DG's policy objectives and contributing towards the achievement of Europe 2020 Strategy. The deterrent effects of monitoring and controls also bring unquantifiable benefits.

At the selection, implementation and monitoring stages, by ensuring compliance with the Financial Rules and the respect of principles for grants and procurement, DG EMPL makes sure that the selected proposals or offers bring the best value for money, i.e. fulfilling performance needs and optimising the use of EU funds and that the underlying operations are legal and regular.

DG EMPL considers that the benefits of the controls in place are demonstrated by the error rates being regularly below the materiality threshold.

Estimated costs:

DG EMPL's workload assessment completed in 2014 served as a basis for estimating DG EMPL's costs of control. In line with the DG structure and functioning modes, the logic of construction of this workload assessment lead to calculation of annual Commission cost which covers activities under both direct and indirect (agencies, cross-sub delegations) management. The resulting estimated annual Commission cost is 4.5% of related payment appropriations. Such cost includes the staff involved in (1) project management; (2) financial advice, initiation and verification tasks and (3) ex-post audits.

Stage 1: Programming, evaluation and selection.

Main control objectives: Ensuring that the Commission (COM) selects the actions that contribute the most towards the achievement of the policy objectives (effectiveness); that funds are allocated optimally (best value for public money, effectiveness, efficiency, economy) and in compliance (legality & regularity; prevention of fraud).

Main risks	Mitigating controls	Coverage, frequency	Costs/benefits controls	Control indicators
<u>Grants and procurement:</u> The annual work programme and the subsequent actions do not adequately reflect the policy objectives and priorities and or are incoherent. Budget not optimally allocated.	<u>Grants and procurement:</u> - Programming of activities (Financing Decision) through a top-down definition of policy priorities. Activities examined centrally by horizontal units (coordination and financial) for compliance, relevance and optimisation (rationalisation/simplification) - Inter-service consultation on Financing Decisions including all relevant DGs - Adoption by the Commission	<u>Grants and procurement:</u> 100%	See above	<u>Grants and procurement:</u> - Validation of actions in the annual work programme (relevance and compliance) (%) - Budget execution (%) - Overall cost of control/financial management of the Commission checks and assessment (as a % of total payment appropriations) - Cost of evaluation and selection procedure/value contracted (%)

Main risks	Mitigating controls	Coverage, frequency	Costs/benefits controls	Control indicators
<p><u>Grants:</u></p> <p>The evaluation, ranking and selection of proposals is not carried out in accordance with the established procedures, the policy objectives, priorities and/or the essential eligibility, or with the selection and award criteria defined in the annual work programme and subsequent calls for proposals.</p> <p>The beneficiaries, especially smaller organisations, lack the capacity to effectively control expenditure and ensure the transparency on the operations carried out.</p>	<p><u>Grants:</u></p> <ul style="list-style-type: none"> - implementation of a standard application form for the whole DG; - AOSD supervision and approval of terms of references with the support of adequate guidance (including support from the Financial Advice team) and using the available models - before publication, a formal opinion is issued by the Financial Unit to check if the documents are complete, have been correctly drafted and all the required procedures have been respected; - an evaluation committee is appointed by the AOSD and composed of at least 3 persons representing at least 2 directorates; - the management of the evaluation process has been standardised via the IT application Defis Evaluations; - a formal opinion is issued by the Financial Unit on the evaluation and selection procedure prior to budgetary and legal commitments - validation of beneficiaries (operational and financial viability) and planning of interim and final reports - signature of the grant agreement by the Authorising Officer - the publication on Europa of the grants awarded takes place after control by the Financial Unit. 	<p><u>Grants:</u></p> <p>Coverage : 100% of proposals are evaluated</p>	<p>See above</p>	<p><u>Grants:</u></p> <ul style="list-style-type: none"> - Validation of calls for proposals by the Financial Unit prior to publication (%) - Formal opinion given by the Financial Unit before award (%) - Number litigation cases
<p><u>Procurement:</u></p> <p>The best offer/s are not submitted due to the poor definition of the tender specifications</p> <p>The most economically advantageous offer not being selected, due to a biased, inaccurate or 'unfair' evaluation process</p>	<p><u>Procurement:</u></p> <ul style="list-style-type: none"> - AOSD supervision and approval of specifications with the support of adequate guidance and using the available models - Prior Information Notices and invitations to tender are checked for compliance with the Financial Regulation and Financing Decision by the Central Financial Unit before publication - Opening and evaluation committees appointed by the AOSD - Formal opinion issued after verification by the Central Financial Unit on the evaluation and selection procedure prior to budgetary and legal commitments (framework contracts with reopening of competition and negotiated procedures) 	<p><u>Procurement:</u></p> <p>100% of the specifications are scrutinised.</p> <p>100% of calls are scrutinized by the Financial Unit</p>	<p>See above</p>	<p><u>Procurement:</u></p> <ul style="list-style-type: none"> - Formal opinion given by the Financial Unit before award

Stage 2: Contracting and monitoring the execution

Main control objectives: ensuring that the operational results (deliverables) from the projects are of good value and meet the objectives and conditions (effectiveness & efficiency); ensuring that the related financial operations comply with regulatory and contractual provisions (legality & regularity); prevention of fraud (anti-fraud strategy)

Main risks	Mitigating controls	Coverage, frequency	Costs/benefits controls	Control indicators
<p><u>Grant/Procurement:</u> The actions foreseen are not, totally or partially, carried out in accordance with the technical description and requirements foreseen in the agreement/contract and/or the amounts paid exceed that due in accordance with the applicable contractual and regulatory provisions</p>	<p><u>Grant/Procurement:</u> Operational and financial checks in accordance with the financial circuits. Operation authorisation by the AOSD <u>Grants:</u> Ex ante verification of financial report</p>	<p><u>Grants:</u> 100% of projects are controlled (desk review) with 5% being controlled in depth <u>Procurement:</u> 100% of contracts are controlled_</p>	<p>See above</p>	<p><u>Grants:</u> - Verification of transactions by operational and financial agents (%) - Ex-ante in depth check of final cost claims - sample representing 20% of the eligible costs for each action grant (at least 30% of staff cost - higher risk) (% error) <u>Procurement</u> - Verification of transactions by operational and financial agents <u>Grants and procurement:</u> Costs of control from contracting and monitoring the execution up to payment included / amount paid (%)</p>

Stage 3: Ex post controls

Main control objectives: Measuring the effectiveness of ex-ante controls by ex-post controls; detect and correct any error or fraud remaining undetected after the implementation ex-ante controls (legality & regularity; anti-fraud strategy); addressing systemic weaknesses in the ex-ante controls, based on the analysis of the findings (sound financial management)

Main risks	Mitigating controls	Coverage, frequency	Costs/benefits of controls	Control indicators
<p>The ex-ante controls fail to prevent, detect and correct erroneous payments or attempted fraud.</p>	<p>Strategy of ex-post audit : (a) combine risk-based and ad random selection (b) consider operational aspects whenever possible during the on-the-spot audit.</p>	<p>Ex post controls relate only to grant aided projects which have been closed by the Operational Units. Contracts bear no risk to be audited ex-post.</p>	<p>See above</p>	<p><u>Grants/procurement:</u> - Cost of control ex post audits / value audited - Ex-post audits finalised (number) - % amount controlled by ex-post audit vs. total amount - Error rate</p>

INDIRECT MANAGEMENT (approximately 0.3% of the appropriations managed by DG EMPL)

The underlying tasks being entrusted to other AOSDs, their reporting is considered reliable as they are subject to the same internal control and accountability requirements.

DG EMPL's Indirect Management is made up of:

- Cross-delegations to other DGs (0.04% budget): these AOSDs are required to implement the appropriations subject to the same rules, responsibilities and accountability arrangements as DG EMPL's AOSD. The cross-delegation agreements require the AOSDs to report on the use of these appropriations. There are no further details in the template below.

- Traditional agencies (0.23% budget): AOSDs (Agencies' Directors) provide their own AAR to the College in which they provide a declaration of assurance that resources are used for their intended purpose and in accordance with the principles of sound financial management and that control procedures in place give the necessary guarantees concerning the legality and regularity of the underlying transactions. This reasonable assurance is based on the AOSDs own judgement and on the information at their disposal, such as the observations of the European Court of Auditors, the Internal Audit Service, the statement of the Internal Control Coordinator, the declarations of the Authorising Officers by Delegation as well as the results of management supervision and the results of evaluations.

The COM contributes to the agencies' planning, supervision and reporting through its participation in the governing board (made up of representatives of governments, social partners, European Commission and other observers) and in the Bureau (steering group).

Cost/benefits of controls: Due to the DG's structure and functioning modes and to the low level of resources needed to perform controls on these activities (mainly 2 persons for the agencies), no separate indicators are calculated for indirect management. Please see the template for Direct Management which includes calculation costs for both management modes.

Stage 1 – Programming and budgeting

Main control objectives: Ensuring that Agency selects the actions that contribute the most towards the achievement of DG EMPL's policy objectives (effectiveness); that funds are allocated optimally (best value for public money, effectiveness, efficiency, economy) and in compliance (legality & regularity; prevention of fraud).

Main risks	Mitigating controls	Coverage frequency	Control indicators
The Four Year Work Programme (FYWP), the Annual Work Programme (AWP) and the subsequent actions do not adequately reflect the policy objectives and priorities and or are incoherent. Budget not optimally allocated.	Through the mechanism of the Bureau and Governing Board, the COM contributes to the setting of the goals and strategies, the appointment of the Director, the adoption of the annual management plan, work programme and budget. Discussions (notably on programme) between the Agency's director and Dir. Gen. of EMPL.	Bureau OSHA: 4 times a year Bureau EUROFOUND: 6 times a year Governing boards: 1 time a year Dir. Gen. EMPL/Dir. Agency: min 1x/year	Participation of the COM to all meetings of the Bureau and Governing Board Meeting Dir. Gen. EMPL and Director Agency

Stage 2 – Implementing, monitoring and reporting

Main control objectives: ensuring that the operational results of the agencies meet the objectives and conditions (effectiveness & efficiency); ensuring that the Commission is fully and timely informed of any relevant management issues encountered by the entrusted entity, in order to possibly mitigate any potential financial and/or reputational impacts (legality & regularity, sound financial management, true and fair view reporting, anti-fraud strategy).

Main risks	Mitigating controls	Coverage frequency	Control indicators
The financial and control framework deployed by the entrusted entity is not fully mature to guarantee achieving all 5 ICOs (<i>legality and regularity, sound financial management, true and fair view reporting, safeguarding assets and information, anti-fraud strategy</i>).	Through the mechanism of the Bureau and Governing Board, the COM contributes to: - the discussions leading to the set-up of internal control systems and anti-fraud strategies - to the follow up of the agency's performance	Bureau OSHA: 4 times a year Bureau EUROFOUND: 6 times a year Governing boards: 1 time a year	The Director provides reasonable assurance in his/her AAR Up-to-date Anti-Fraud Strategy

Stage 3 – Reporting and Discharge for decentralised agencies

Main control objectives: Ensuring that assurance building information on the entrusted entity's activities is being provided through independent sources as well, which may confirm or contradict the management reporting received from the entrusted entity itself (on the 5 ICOs).

Main risks	Mitigating controls	Coverage frequency and depth	Control indicators
The Agency's control system does not allow drawing conclusions on the assurance for the budget entrusted to the entity – which may reflect negatively on the Commission's governance reputation.	Through the mechanism of the Bureau and Governing Board, the COM contributes to: - the preparation and adoption of the Agency's Annual Activity Report - the follow-up of the discharge process by participating and if necessary intervening in the relevant parliamentary debates	Bureau OSHA: 4 times a year Bureau EUROFOUND: 6 times a year Governing boards: 1 time a year	Positive discharge

ANNEX 6: Not applicable

ANNEX 7: Not applicable

ANNEX 8: Decentralised agencies

Agency	Policy	Contributions 2014
European Foundation for the Improvement of Living and Working Conditions (EUROFOUND)	Employment, Social Affairs & Inclusion	EUR 20.4 million
European Agency for Safety and Health at Work (EU-OSHA)	Employment, Social Affairs & Inclusion	EUR 14.1 million

ANNEX 9: Performance information included in evaluations

Title of the Evaluation	Community Programme for Employment and Social Solidarity (PROGRESS) 2007-2013 Ex-post evaluation
ABB activity:	04 03 02 01
Type of evaluation:	Expenditure programme (E)
Summary of performance related findings and recommendations:	
<p>1. Contribution of the programme/instrument/activity to Europe 2020 targets/flagships/objectives or to other key policy objectives: PROGRESS has contributed to both the Lisbon Strategy and the Europe 2020 flagship initiatives, in particular “Agenda for New Skills and Jobs”, “Youth on the Move” and the “European Platform against Poverty and Social Exclusion”:</p>	
<ul style="list-style-type: none"> • Its activities targeted the challenges faced by the EU such as youth unemployment, the social impact of the crisis and demographic changes. • PROGRESS was a key instrument enabling to inform policy and support related EU action (on youth guarantees, restructuring, the gender pay gap, homelessness or discrimination based on sexual orientation). • It contributed to the active participation of candidate and pre-candidate countries by funding activities that have helped to align the policies and practices of these countries with EU Member States. 	
<p>2. Main result/ impact of the programme/instrument/activity and EU added value: The programme has funded and facilitated the use of different tools at EU level (analytical activities, action grants, sharing and learning work, networking, awareness raising campaigns, etc.) within the five policy areas in the field of employment, social affairs and equality. Main effects were:</p>	
<ul style="list-style-type: none"> • It has reinforced EU level initiatives, providing insights and economies of scale and the possibilities of added value through the <i>combination of activities</i>. • It has enabled to implement and develop EU legislation • It has been a catalyst for sharing and learning amongst policy makers and practitioners • It has made available comparative analysis between Member States, where a topic or issue has been looked at in a range, or all, EU Member States while averting duplication of efforts with national or other international analytical work. • It has maintained European level networks • It has allowed to reach out to a variety of relevant actors and organisations (public authorities, social partners, civil society organisations, research institutions and experts) and help to shaping the opinions of key persons and organisations at EU and national (and sometimes sub-national) levels • It has helped EU level messages reached a wider audience than would otherwise be the case through the involvement of a variety of persons and organisations. In some cases relatively strong effects at national and EU level have been identified. 	
<p>The impacts of EU level activities are however often indirect, depending on further actions at the Member State level. The potential European added value would have been greater had the programme been backed by a more favourable economic wind: the limitations of the EU policy initiatives to ‘<i>make a difference</i>’ in achieving social progress in difficult economic conditions have been evident.</p>	
<p>3. Issues of sound programme/policy design, management and implementation; including efficiency and effectiveness. The programme has been a flexible and adaptable financial instrument:</p>	
<ul style="list-style-type: none"> • The Strategic Framework did create greater clarity over what the programme is expected to achieve across the policy areas. • The close articulation between the (annual) planning of activities and the EU-level policy agenda in all five policy areas was a key success factor. • The centralised management by the Commission offered the advantage of aligning the programme with the EU priorities. • The PROGRESS Committee was the vehicle for bringing together the five policy areas of PROGRESS under one integrated forum. 	
<p>The programme complexity posed internal and external challenges: in terms of governance, participation, monitoring and evaluation and clear public perception. Consequently a series of recommendations were issued on better communication, dissemination, mainstreaming and knowledge management of the programme's and activities' results, and further fine-tuning as regarding specific target groups and transversal issues.</p>	
Availability of the report on Europa:	hyperlink to the evaluation report on Europa: http://ec.europa.eu/social/BlobServlet?docId=12610&langId=en

Title of the Evaluation:	Evaluation of the European Year of Active Ageing and Solidarity between Generations 2012
ABB activity:	04 03 01 07
Type of evaluation:	Expenditure programme (E)
Summary of performance related findings and recommendations:	
<p>1. Contribution of the programme to Europe 2020 targets/flagships/objectives or to other key policy objectives.</p> <p>-active aging contributes to raising employment and reducing poverty and social exclusion and thus helps meeting the targets of the Europe 2020 Strategy.</p> <p>-became an objective Social Investment Package (SIP)⁷ ("improving the conditions for active ageing") through awareness raising of the contribution older people make to society and political momentum given to policy initiatives. The communication further highlights the importance of the contribution older people make as volunteers and carers.</p> <p>2. Main result/ impact of the programme/instrument/activity and EU added value.</p> <p>-The Year managed to mobilise numerous governmental and non-governmental actors.</p> <p>-It helped convey a more positive image of older people by highlighting their potential and by promoting their active participation in society and the economy.</p> <p>-Several tools have been developed for future policy development, notably:</p> <ul style="list-style-type: none"> -a guidance for the development of better policy responses to ageing (Guiding Principles on Active Ageing, endorsed by the EU's Social Affairs Ministers on 6 December 2012.⁸) -the development of an Active Ageing Index (AAI)⁹ which measures different dimensions of active ageing and quantifies untapped potentials for each country. The Index main objective is to help policy makers to identify challenges and unrealised potentials for a more active participation of older people in the economy and society and allow the monitoring of progress. <p>3. Issues of sound programme/policy design, management and implementation; including efficiency and effectiveness.</p> <p>-Management structures and tools employed at EU level were found appropriate and well-functioning by the external evaluation.</p>	
Availability of the report on Europa:	http://ec.europa.eu/social/main.jsp?catId=1062&langId=en

⁷ Commission Communication « Towards Social Investment for Growth and Cohesion including implementing the European Social Fund 2014-2020 » COM (2013) 83 final. 20.02.2013

⁸ Council Declaration on the European Year for Active Ageing and Solidarity between Generations (2012): The Way Forward, Brussels, 7 December 2012.

⁹ <http://ec.europa.eu/social/main.jsp?langId=en&catId=89&newsId=1837&furtherNews=yes>

Title of the Evaluation:	Interim evaluation of preparatory action Your First EURES Job (YfEj) covering the first two waves of projects (budget years 2011 and 2012)
ABB activity:	04 03 77 07
Type of evaluation:	Expenditure programme (E),
Summary of performance related findings and recommendations:	
1. Contribution of the programme/instrument/activity to Europe 2020 targets/flagships/objectives or to other key policy objectives	
<p>The action makes it easier for young people to gain work experience in another Member State by reducing transnational mobility obstacles. This helps the EU reaching the target of having 75% of 20- to 64-year-olds in the labour market by 2020.</p> <p>The preparatory action was found relevant:</p> <ul style="list-style-type: none"> -by matching labour supply with demand (relevant service and tailor-made package, including information, training, financial help) -by addressing labour market needs of young jobseekers and employers and facilitating the transition from education to work. 	
2. Main result/ impact of the programme/instrument/activity and EU added value	
<ul style="list-style-type: none"> -YfEj aimed to help 5000 young people aged 18-30 to find a job, traineeship or apprenticeship in another Member State (EU-28). At the end of the evaluation (2013Q4), the action had achieved 1649 placements; in 2014Q4 this figure is almost twice as high. -Around 75% of the jobseekers have secondary and tertiary education and more than 70% are above 23 years old. -The top five recruiting countries are UK, DE, IT, IE, ES and the top five sending countries are ES, SE, PL, DK, IT. -The added value is seen as potentially high, since it constitutes, together with EURES, the main EU labour mobility instrument focusing on youth employment. -Project beneficiaries indicated that many of the candidates would not have looked for a job abroad if such YfEj support would not exist ('push effect'). -The action could reach out to a broader number of customers if up-scaled and given a stronger structural framework. 	
3. Issues of sound programme/policy design, management and implementation; including efficiency and effectiveness	
<ul style="list-style-type: none"> -The effectiveness of services depends to a large extent on the commitment and involvement of the implementing organisations and partners as well as on the duration of projects (no less than 18 months). YfEj projects require strong support to project beneficiaries and enhanced quality standards and risk containment procedures. -Efficiency increases over time and involves significant start up work load and costs. -Sustainability: since 2014, YfEj is continued under the EU Employment Programme for Social Innovation (EaSI) / EURES Axis, as a Targeted Mobility Scheme. Many of the evaluation recommendations have been included in the 2014 and subsequent calls for proposals (e.g. candidates' age break increased up to 35, minimum two years project duration, strengthened quality control and risk containment procedures, EURES members as lead applicants). The improvement of YfEj monitoring procedures and tools is work in progress. The Commission is examining the possibilities for further development of the scheme in the future. <p>More information on Your first EURES job at: http://ec.europa.eu/social/yourfirsteuresjob</p>	
Availability of the report on Europa:	http://ec.europa.eu/social/main.jsp?langId=en&catId=993&newsId=2136&furtherNews=yes

Title of the Evaluation:	EGF - Ex-post evaluation
ABB activity:	04 04
Type of evaluation:	Choose from: Expenditure programme (E)
Summary of performance related findings and recommendations:	
Contribution of the programme/instrument/activity to Europe 2020 targets/flagships/objectives or to other key policy objectives	
<p>The EGF expresses EU solidarity with workers affected by mass redundancies triggered by shifting world trade patterns. The EGF improves the employability of redundant workers, especially lower skilled and disadvantaged jobseekers, through time-limited support for a package of personalised assistance measures that include tailored job search, outplacement or (re)qualification, thereby helping them to find new job opportunities, in difficult economic circumstances.</p> <p>EGF action also emphasizes a partnership based approach to economic development.</p>	
2. Main result/ impact of the programme/instrument/activity and EU added value	
<p>-The principal type of added value is that the EGF fills a niche which allows it to boost national restructuring efforts at a time of budgetary discipline and high unemployment.</p> <p>-The redeployment actions carried out by EGF are not novel in themselves, as they use existing delivery channels for redeployment projects, however, they do often allow intensive tailored support to be provided to individuals that have been made redundant.</p> <p>-The average re-employment outcomes of EGF cases is 49% at the end of EGF support, with a rising trend over the following year. Re-employment outcomes do vary significantly from case to case (from 4-86%) and are comparable to national redeployment project outcomes (where it is possible to make such comparisons).</p> <p>-Where positive individual outcomes are achieved, costs for state support are reduced.</p> <p>-The EGF also generates 'soft' outcomes for individuals: improvements in self-esteem, confidence, and job searching skills as a result of individualised support. Even if these outcomes may not have an immediate re-employment or local cost effect they contribute to improved human capital.</p> <p>-The EGF also generated further EGF generated benefits in terms of improved coordinating between local actors. In some cases it was possible to mainstream further actions either at local or national level.</p>	
3. Issues of sound programme/policy design, management and implementation; including efficiency and effectiveness	
<p>-The current architecture could be improved by the Commission through the introduction of electronic application forms, eligibility from the date of the approval decision, improved monitoring, and introducing a new interim report to describe project progress.</p> <p>-EGF correspondents in national administrations should play a stronger role in a in supporting cases by helping in the development of EGF cases and emphasising the importance of monitoring and dissemination of good practice.</p> <p>-EGF project promoters should ensure that relevant local stakeholders (in particular trade unions and other relevant local organisations) are involved in the preparation of cases, and also emphasize monitoring and learning from past experience.</p>	
Availability of the report on Europa:	Not yet published

ANNEX 10: Specific annexes related to Part 1 to 4

1.1.1 Progress towards general objectives

<p>(1) "Promote a high level of employment in a truly European market"</p> <p>DG EMPL contributes towards the achievement of this EU objective through:</p> <ul style="list-style-type: none">- Ensuring sound policy making and effective governance towards structural reforms which facilitates the creation of new jobs, abolish barriers within the labour market and fosters the creation of an integrated European market (section 1.1.2).- Promoting free movement whilst assisting MS tackling risks of distortions and abuses which should lead to increased mobility and help address labour bottlenecks and skill mismatches (section 1.1.2).- Supporting the establishment and consolidation of new businesses through Microfinance Instruments (section 1.1.2);- Ensuring that job vacancies, applications and corresponding information and advice, as well as any related information such as concerning living and working conditions, are made transparent for the potential applicants and the employers. This should contribute to promoting voluntary geographical mobility and subsequently boosting employment opportunities throughout Europe (section 1.1.2);- Achieving progress towards sustainable and quality employment and promoting labour mobility within the Union through the effective implementation of the European Social Fund (ESF), the EU's main financial instrument to support structural reforms, policies and priorities (section 1.1.3);- Developing the administrative capacity of Candidate Countries for future ESF implementation through the effective implementation of the IPA HRD component. This supports beneficiaries to make political and economic reforms and also helps the EU reach its own objectives regarding a sustainable economic recovery (section 1.1.5);- Improving the employability of workers made redundant through the EGF (1.1.6).
<p>(2) Promote improved working conditions in the EU</p> <p>DG EMPL contributes towards the achievement of this EU objective through:</p> <ul style="list-style-type: none">- Ensuring minimum requirements in the field of labour rights and health & safety which creates the conditions for quality and sustainable employment (section 1.1.2);- Supporting active and effective social dialogue which helps designing and implementing national policies towards fair terms of employment and decent working conditions (section 1.1.2);- Achieving progress towards sustainable and quality employment within the Union through the effective implementation of the European Social Fund (ESF), the EU's main financial instrument to support structural reforms, policies and priorities (section 1.1.3);- Ensuring the implementation of international labour standards which aim at promoting opportunities for women and men to obtain decent and productive work, in conditions of freedom, equity, security and dignity.
<p>(3) Promote adequate social protection, social inclusion and fight against poverty</p> <p>DG EMPL contributes towards the achievement of this EU objective through:</p> <ul style="list-style-type: none">- Ensuring sound policy making and effective governance towards structural reforms for effective and sustainable social protection systems. (section 1.1.2);- Supporting active and effective social dialogue which helps designing and implementing national policies towards fair terms of employment and decent working conditions (section 1.1.2);- Promoting social inclusion, combating poverty and any discrimination through the effective implementation of the European Social Fund (ESF), the EU's main financial instrument to support structural reforms, policies and priorities (section 1.1.3);- Supporting MS' social inclusion measures and actions which provide assistance to the most deprived persons with the provision of food, clothing and other essential items for personal use (section 1.1.4).
<p>(4) Contribute to strengthened economic, social and territorial cohesion</p> <p>DG EMPL contributes towards the achievement of this EU objective through:</p> <ul style="list-style-type: none">- Ensuring the effective implementation of the European Social Fund (ESF), the EU's main financial instrument to support structural reforms, policies and priorities aiming to achieve progress towards sustainable and quality employment, promote labour mobility within the Union, invest in education and training, and promote social inclusion, thereby contributing to economic, social and territorial cohesion (section 1.1.3).

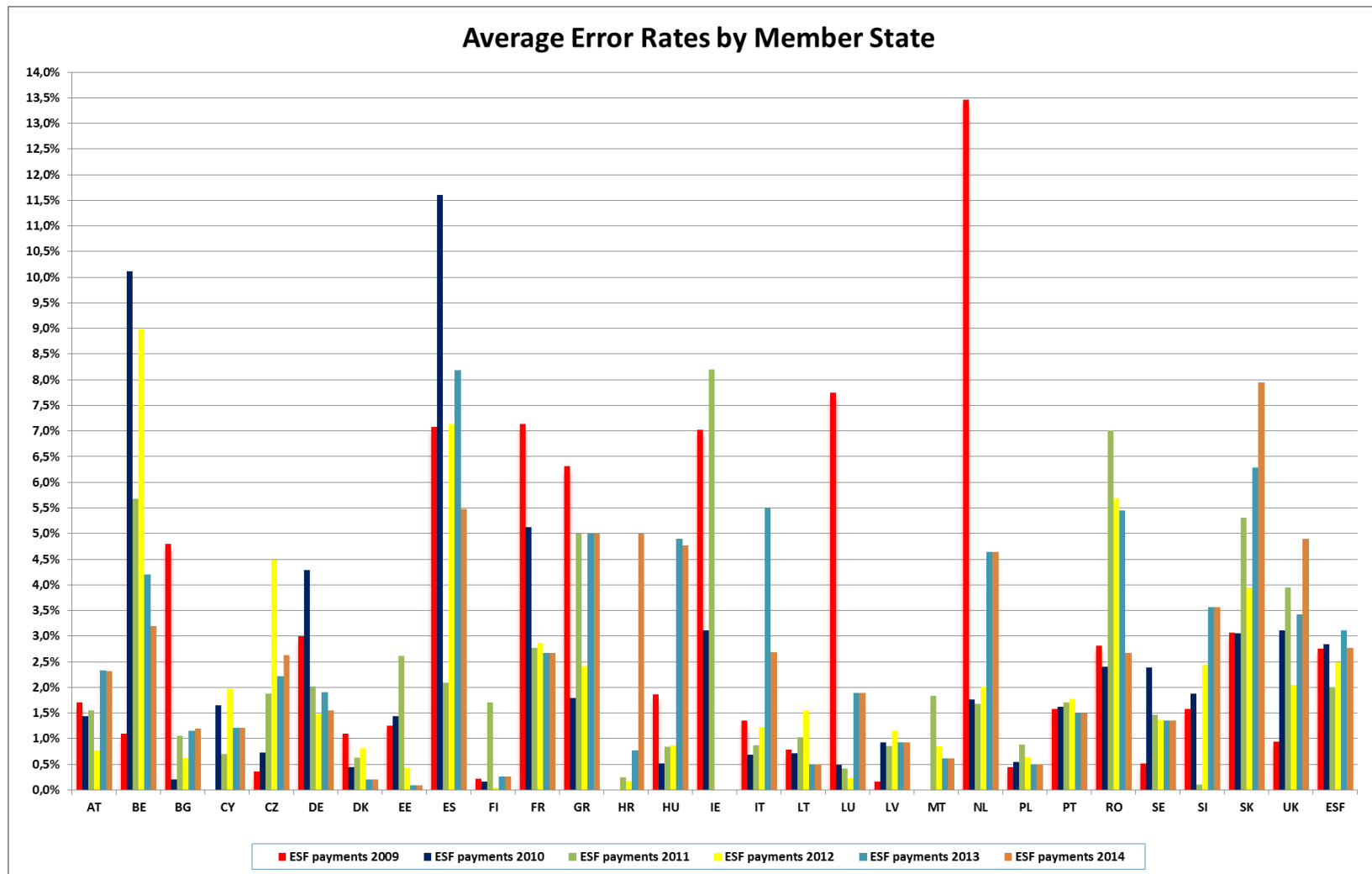
2.1.1.1 ESF 2007-2013

A- Analysis of the Member States' Annual Control Reports (ACRs)

Table showing the Member States' national audit opinions (in the ACR) per MS

National Audit opinion 2014 by Member States							
	ACR not received	Unqualified	Qualified	Adverse	Disclaimer with audit information available	Disclaimer without audit info available	Total
AT	0	0	2	0	0	0	2
BE	0	1	4	1	0	0	6
BG	0	2	0	0	0	0	2
CY	0	1	0	0	0	0	1
CZ	0	2	1	0	0	0	3
DE	1	15	2	0	0	0	17
DK	0	1	0	0	0	0	1
EE	0	0	1	0	0	0	1
ES	1	15	5	1	0	0	21
FI	0	2	0	0	0	0	2
FR	0	5	0	0	0	0	5
GR	0	0	4	0	0	0	4
HR	0	1	0	0	0	0	1
HU	0	0	2	0	0	0	2
IE	0	1	0	0	0	0	1
IT	0	18	6	0	0	0	24
LT	0	2	0	0	0	0	2
LU	0	1	0	0	0	0	1
LV	0	1	0	0	0	0	1
MT	0	1	0	0	0	0	1
NL	0	1	0	0	0	0	1
PL	0	1	0	0	0	0	1
PT	0	0	4	0	0	0	4
RO	0	1	1	0	0	0	2
SE	0	1	0	0	0	0	1
SI	0	1	0	0	0	0	1
SK	0	0	1	1	0	0	2
UK	0	2	3	1	0	0	6
	2	76	36	4	0	0	116
		65,5%	31,0%	3,4%	0,0%	0,0%	100,0%

Table indicating the resulting range of the best estimate of the error rates following Commission adjustments per MS (validated error rates). The graph below shows a relative stability in the error rate since the most likely error rate has remained within the range of 2 % to 3 % over the period 2009-2013.



B. Annual summaries and national declaration

Table Annual Summaries of the 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 31/03/2015
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 with follow-up
Cyprus	Compliant	Yes	Yes	Yes	Accepted
Denmark	Compliant	Yes	Yes	Yes	Accepted
Estonia	Compliant	Yes	Yes	Yes	Accepted
Finland	Compliant	Yes	Yes	Yes	Accepted
France	Compliant	No	No	No	Accepted
Germany	Compliant	Yes	No	No	Accepted
Greece	Compliant	Yes	Yes	Yes	Accepted
Ireland	Compliant	Yes	No	No	Accepted with follow-up
Italy	Compliant	Yes	No	No	Accepted with follow-up
Latvia	Compliant	Yes	No	Yes	Accepted
Lithuania	Compliant	Yes	No	Yes	Accepted
Luxembourg	Compliant	Yes	No	No	Accepted
Hungary	Compliant	Yes	Yes	Yes	Accepted
Malta	Compliant	Yes	No	Yes	Accepted
Netherlands	Compliant	Yes	Yes	Yes	Accepted
Poland	Compliant	No	No	No	Accepted with follow-up
Portugal	Compliant	Yes	Yes	Yes	Accepted
Republic of Croatia	Compliant	Yes	No	Yes	Accepted
Romania	Compliant	Yes	Yes	Yes	Accepted with follow-up
Slovenia	Compliant	Yes	No	Yes	Accepted
Republic of Slovakia	Compliant	Yes	Yes	Yes	Accepted
Spain	Compliant	Yes	No	No	Accepted with follow-up
Sweden	Compliant	Yes	No	No	Accepted
United Kingdom	Compliant	Yes	Yes	Yes	Accepted
28	28	26	14	19	

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

E. Interruptions/suspensions of payments as of 20 March 2015

INTERRUPTIONS DECIDED IN 2014 AND 2015

MS	Region – OP	CCI N°	DATE	AMOUNT	Payments resumed as of 31-12-2014	Main weaknesses identified
INTERRUPTIONS DECIDED IN 2014						
CZ	Prague Adaptability	2007CZ052PO001	03/02/2014	12 873 848.55	N	A DG EMPL audit report identifying significant deficiencies and serious irregularities concerning: - the procedures for selecting operations; - the first-level management verifications; - the second-level audit controls; - the audit trail; - the rules on eligibility of expenditure; - national rules on eligibility of expenditure; - eligibility rules in the grant agreement); - rules on public procurement.
DE	Mecklenburg-Vorpommern	2007DE051PO002	21/02/2014	42 275 837.66	Y	ACR and opinion 2013 identifying significant deficiencies concerning: - the second level audit controls
ES	Adaptabilidad	2007ES05UPO001	11/02/2014	104 561 840.68	Y	ACR and opinion 2013 identifying significant deficiencies and serious irregularities concerning: - first level management verifications; - the rules on eligibility of expenditure; - the rules on audit trail;
	Adaptabilidad	2007ES05UPO001	11/02/2014	37 631 433.14	N	- the rules on public procurement; - the conditions on grant agreements; - the rules on information and publicity.
	Adaptabilidad	2007ES05UPO001	11/02/2014	225 258 783.37	N	ACR and opinion 2013 identifying significant deficiencies and serious irregularities concerning - the first-level management verifications - the rules on eligibility of expenditure - the rules on eligibility of operations - the conditions in the grant agreements; - the rules on audit trail - the rules on information and publicity - the rules on public procurement
	Adaptabilidad	2007ES05UPO001	01/09/2014	7 710 828.04	N	ACR and opinion 2013 identifying significant deficiencies and serious irregularities concerning: - first level management verifications; - the rules on eligibility of expenditure; - the rules on audit trail;
	Andalucía	2007ES051PO005	29/01/2014	5 019 074.95	N	- the rules on public procurement; - the conditions on grant agreements; -the national rules; - the rules on information and publicity.
	Andalucía	2007ES051PO005	29/01/2014	113 344 442	N	ACR and opinion 2013 identifying significant deficiencies and serious irregularities concerning: - first level management verifications; - the rules on eligibility of expenditure; - the rules on audit trail; - the rules on public procurement; - the conditions on grant agreements.
	Aragón	2007ES052PO004	20/02/2014	5 162 509.69	N	ACR and opinion 2013 identifying significant deficiencies and serious irregularities concerning: - first level management verifications.
	Asistencia Técnica	2007ES05UPO003	24/02/2014	793 741.04	N	ACR and opinion 2013 identifying significant deficiencies and serious irregularities concerning: - first level management verifications.
Baleares	2007ES052PO005	20/02/2014	1 423 138.84	N	ACR and opinion 2013 identifying significant deficiencies and serious irregularities concerning: - first level management verifications.	

MS	Region – OP	CCI N°	DATE	AMOUNT	Payments resumed as of 31-12-2014	Main weaknesses identified
INTERRUPTIONS DECIDED IN 2014						
	Extremadura	2007ES051PO003	23/06/2014	120 323.50	N	ACR and opinion 2013 identifying significant deficiencies and serious irregularities concerning: - the functioning of the management and control; - the organisation of the management and control bodies; - the first-level management verifications by the managing authority; - the audit trail.
	Lucha contra la discriminación	2007ES05UPO002	17/02/2014	1 242 069.72	N	ACR and opinion 2013 identifying significant deficiencies concerning: - first level management verifications.
	Lucha contra la discriminación	2007ES05UPO002	17/02/2014	494 513.44	N	
	Lucha contra la discriminación	2007ES05UPO002	17/02/2014	1 627 925.95	N	
FR	Guyane	2007FR051PO003	12/11/2014	1 176 378.38	N	ACR and opinion 2013 identifying significant deficiencies concerning: - first level management verifications; -the procedures for selecting operations; -the management and control systems organisation.
	PLIE – PO National	2007FR052PO001	14/02/2014	100 081 374	Y	ACR and opinion 2013 identifying significant deficiencies concerning: - first level management verifications; - follow-up of second level audit controls.
	PLIE - PO National	2007FR052PO001	05/06/2014	5 146 978.15	Y	
IT	Bolzano	2007IT052PO009	13/02/2014	5 411 160.28	N	ACR and opinion 2013 identifying significant deficiencies and serious irregularities concerning: -the procedures for selecting the operations; - first level management verifications and their follow-up; - the second level audit controls of the audit authority and their follow-up; - the audit trail; - the rules on eligibility of operations; - the rules on eligibility of expenditure; - the rules on audit trail; - the rules on state aid and public procurement.
	Calabria	2007IT051PO002	07/07/2014	15 351 018.07	N	Evidence is lacking of an effective procedure for the managing authority to monitor the work of the implementing body (MIUR) and the MA does not have access to the database used by this IB. Evidence is lacking of an effective separation of functions between the managing and certifying authority due to assistance provided to both by the same company. The MA appears to have insufficient manpower and a number of irregularities have been found which had not been detected by the managing authority in the framework of its first-level management verifications. So there are doubts as to the reliability here. Finally, there are problems with the audit-trail and the MA has not presented all the information requested by the E.C.A.
	Calabria	2007IT051PO002	09/12/2014	8 789 436.04	N	
	Campania	2007IT051PO001	04/03/2014	40 846 574.82	Y	Additional verifications required concerning identified irregularities regarding:

MS	Region – OP	CCI N°	DATE	AMOUNT	Payments resumed as of 31-12-2014	Main weaknesses identified
INTERRUPTIONS DECIDED IN 2014						
	Campania	2007IT051PO001	04/03/2014	57 954 342.62	Y	- the rules on eligibility of expenditure; - the rules on public procurement.
	PON Istruzione	2007IT051PO007	29/04/2014	19 601 367.89	Y	There are problems with the second-level audit controls of the audit authority and the audit-trail.
	PON Istruzione	2007IT051PO007	14/05/2014	7 494 140.61	Y	- The audits by the external auditors are not up to international auditing standards; - The quality review assessment of the AA on the work of the external auditors has a limited scope due to the insufficient information; - The documentation archiving procedures adopted by the AA impede an easy tracking of the audit trail.
	Sardegna	2007IT052PO016	18/02/2014	972 828.66	Y	ACR and opinion 2013 identifying significant deficiencies and serious irregularities concerning: - the second level audit controls; -the audit trail; - the compliance with the principle of separation of functions between and within such bodies; - the correct designation of the intermediate bodies; - the reliable accounting, monitoring and financial IT reporting systems in computerised form.
	Toscana	2007IT052PO012	27/03/2014	13 156 417.05	Y	ACR 2013 and DG EMPL audit report identifying significant deficiencies and serious irregularities concerning : - the organisation of management and control bodies; - the procedures for selecting operations; - the first-level management verifications; - the second-level audit controls; - the audit trail; - the conditions in grant agreements; - the rules on public procurement; - the rules on audit trail.
SK	Education	2007SK05UPO001	21/02/2014	76 230 384.37	Y	ACR and opinion 2013 identifying significant deficiencies and serious irregularities concerning: - first level management verifications; - the rules on eligibility of expenditure; - the rules on public procurement.
	Education	2007SK05UPO001	30/04/2014	6 838 608.92	Y	
UK	England and Gibraltar	2007UK05UPO001	22/12/2014	20 389 936.29	N	After the lifting of a suspension in March 2014, there was insufficient information on the effectiveness of the measures to guarantee a complete compilation and retention of files for all procurement rounds. DG EMPL auditors consider that the lack of information on the significant restructuring exercise in the Skills Funding Agency does not allow confirmation of the assessment without further information
	England and Gibraltar	2007UK05UPO001	22/12/2014	384 041 201.37	N	
19 OP's (ESF)				1 323 022 458.09	31 (ESF)	
Resumed payments as of 31-12-2014		8 OP's (ESF)		475 160 695.43€	12 (ESF)	
Payments NOT resumed as of 31-12-2014		12 OP's (ESF)		847 861 762.66€	19 (ESF)	

MS	Region – OP	CCI N°	DATE	Interrupted amount	Main weaknesses identified
INTERRUPTIONS DECIDED IN 1Q 2015					
DE	Berlin	2007DE052PO003	05/02/2015	18 415 158.74	Deficiencies found in relation to: - the organisation of the management and control bodies; - the procedures for selecting operations; - the first-level management verifications of the managing authority.
	Bremen	2007DE052PO004	05/02/2015	12 025 346.26	Deficiencies found regarding: - guidance to the beneficiaries; - the second-level audit controls of the audit authority; - the audit trail; - missing ACR
	Mecklenburg-Vorpommern	2007DE051PO002	05/02/2015	70 092 869.08	Deficiencies with the second level audit controls of the audit authority and the annual control report
ES	Adaptabilidad	2007ES05UPO001	07/01/2015	6 291 562.21	The authorizing officer by delegation has to carry out additional verifications following the ACR and audit opinion 2014. Expenditure in a certified statement of expenditure can be linked to a serious irregularity which has not been corrected..
	Adaptabilidad	2007ES05UPO001	25/02/2015	84 540 316.96	Deficiencies with the second-level audit controls of the audit authority.
	Adaptabilidad	2007ES05UPO001	25/02/2015	288 408 436.21	Deficiencies with the second-level audit controls of the audit authority.
	Asistencia Tecnica	2007ES05UPO003	25/02/2015	3 247 125.22	Deficiencies with the second-level audit controls of the audit authority.
	Castilla y Leon	2007ES052PO002	19/02/2015	8 120 135.59	ACR 2014 and DG EMPL audit report identifying significant deficiencies and serious irregularities concerning: -the first-level management verifications of the managing authority; -the rules on eligibility of operations; - the rules on eligibility of expenditure; - national rules on eligibility of expenditure.
	Lucha contra la discriminacion	2007ES05UPO002	25/02/2015	31 111 561.72	The deficiencies are linked to: - the second-level audit controls of the audit authority; - the certification of the statements of expenditure of the certifying authority; - the audit trail; The irregularities concern: - the rules on eligibility of expenditure; - the rules on audit trail.
Lucha contra la discriminacion	2007ES05UPO002	25/02/2015	20 989 864.61	The deficiencies are linked to: - the second-level audit controls of the audit authority; - the certification of the statements of expenditure of the certifying authority; - the audit trail. The irregularities concern: - the rules on eligibility of expenditure; - the rules on audit trail.	

MS	Region – OP	CCI N°	DATE	Interrupted amount	Main weaknesses identified
	País Vasco	2007ES052PO010	19/02/2015	10 286 002.07	DG EMPL Audit mission identifying significant deficiencies concerning: - the first-level management verifications; - the certification of the statements of expenditure by the certifying authority; - the second-level audit controls of the audit authority; -The rules on audit trail.
FR	Guyane	2007FR051PO003	05/03/2015	11 219 771.57	Deficiencies and irregularities linked with: - the organisation of the management and control bodies; - the procedures for selecting operations; - [the monitoring of] the first-level verifications by the managing authority; - certification of the expenditure declarations of the certifying authority; - [monitoring of] the second-level audit verifications by the audit authority; - the audit trail - the rules on eligibility of operations - the conditions in the grant agreements; - rules on public procurement; - rules on state aids; - the rules on audit trail.
HU	Social Renewal	2007HU05UPO001	18/02/2015	94 974 729.06	Deficiencies in the functioning of the management and control system, in particular with regard to the procedures for selecting operations, the first-level management verifications of the managing authority and the audit trail. Plus: irregularities that have not been corrected concerning: - rules on eligibility of expenditure; - rules on public procurement.
	Social Renewal	2007HU05UPO001	18/02/2015	51 034 672.32	
IT	Calabria	2007IT051PO002	12/02/2015	47 209 943.09	Deficiencies with the organisation of the management and control bodies, the first-level management verifications, the audit-trail, the handling of financial engineering instruments, the availability of documents, as well as a variety of irregularities.
	Lombardia	2007IT052PO006	17/02/2015	9 507 608.87	Deficiencies linked to the second-level audit controls and the audit-trail PLUS irregularities regarding the eligibility of expenditure, the rules on public-procurement and state-aids and the rules on information and publicity.
RO	Human Resources Development	2007RO051PO001	25/02/2015	459 756 188.47	Deficiencies linked with: - the procedures for selecting operations; - the first-level management verifications of the managing authority. 'Old" expenditure, is linked to serious irregularities for which no financial and/or other appropriate corrections have been applied.
SK	Education	2007SK05UPO001	05/02/2015	32 247 085.26	Deficiencies found regarding: - guidance to the beneficiaries;

MS	Region – OP	CCI N°	DATE	Interrupted amount	Main weaknesses identified
	Education	2007SK05UPO001	05/02/2015	33 110 537.62	- the procedures for selecting operations; - the first-level management verifications of the managing authority. Plus: irregularities that have not been corrected.
UK	Northern Ireland	2007UK052PO003	12/02/2015	10 190 616.26	Deficiencies linked to the first-level management verifications of the managing authority and irregularity concerning the rules on eligibility of expenditure.
	Northern Ireland	2007UK052PO003	12/02/2015	11 834 909.52	
	Northern Ireland	2007UK052PO003	12/02/2015	11 509 202.76	
	Scotland – Highlands & Islands	2007UK051PO001	13/02/2015	6 726 264.26	Deficiencies found linked to the first-level management verifications and the audit-trail.
	Scotland-Lowlands & Uplands	2007UK052PO002	13/02/2015	57 768 204.78	Deficiencies found linked to the first-level management verifications and the audit-trail.
17 OPs 24 payment claims interrupted				1 390 618 112.45	

PRE-SUSPENSION LETTERS SENT IN 2014 AND 2015

MS	Region – OP	CCI N°	DATE	OP suspended as of 31-12-2014	Main weaknesses identified
PRE-SUSPENSION LETTERS SENT IN 2014					
BE	Vlandereen	2007BE052PO005	16/10/2014	N	Deficiencies on the sampling method (audit results did not cover the whole population) which led to a disagreement with the MS on the adequate error rate (or a flat rate) and on the potential corresponding financial correction.
DE	Berlin	2007DE052PO003	08/09/2014	N	Deficiencies found in relation to: - the organisation of the management and control bodies; - the procedures for selecting operations; - the first-level management verifications of the managing authority.
ES	Adaptabilidad	2007ES05UPO001	25/07/2014	Y	Deficiencies and irregularities related to: -the first-level management verifications and their follow-up; - the certification of the statements of expenditure; - the rules on eligibility of expenditure; - national rules on eligibility of expenditure; - the rules on eligibility of operations; - the conditions in the grant agreements; - the rules on audit trail; - the rules on information and publicity; - the rules on public procurement.
ES	Andalucia	2007ES051PO005	11/06/2014	Y	Deficiencies and irregularities related to: - first level management verifications; - the certification of the statements of expenditure by the certifying authority; - the audit trail; - the rules on eligibility of expenditure; - the rules on audit trail; -the conditions in the grant agreements; - national rules (Art 4 para 3); - the rules on information and publicity.

MS	Region – OP	CCI N°	DATE	OP suspended as of 31-12-2014	Main weaknesses identified
ES	Aragón	2007ES052PO004	31/01/2014	Y	Deficiencies and irregularities related to: - the procedures for selecting operations; - the first-level management verifications; - the certification of the statements of expenditure of the certifying authority; - the audit trail; - the rules on eligibility of operations; - the rules on eligibility of expenditure; - the rules on information and publicity; - the rules on public procurement; - the rules on audit trail.
ES	Aragón	2007ES052PO004	10/06/2014	Y	Deficiencies and irregularities related to: - the first-level management verifications by the managing authority; - the certification of the statements of expenditure by the certifying authority; - the audit trail; - the rules on eligibility of expenditure; - the rules on audit trail; - the rules on public procurement; - the conditions in the grant agreements.
ES	Asistencia Técnica	2007ES05UPO003	18/06/2014	Y	Deficiencies related to the first-level management verifications and the certification of the statements of expenditure.
ES	Baleares	2007ES052PO005	24/06/2014	Y	Deficiencies and irregularities related to: - the first-level management verifications of the managing authority; - the certification of the statements of expenditure by the certifying authority; - the conditions in the grant agreements; - the rules on eligibility of expenditure.
ES	C. Valenciana	2007ES052PO003	02/06/2014	Y	Deficiencies and irregularities related to: - the organisation of the management and control bodies; - the procedures for selecting operations; - guidance to the beneficiaries; - the first-level management verifications; - the certification of the statements of expenditure; - the audit trail; - the rules on the eligibility of expenditure; - national rules; - the rules on the audit trail; - the conditions in the grant agreements.
ES	Extremadura	2007ES051PO003	28/07/2014	Y	Deficiencies related to: - the organisation of the management and control bodies; - the first-level management verifications by the managing authority; - the audit trail.
ES	Lucha contra la discriminación	2007ES05UPO002	06/06/2014	Y	Deficiencies and irregularities related to: - the first-level management verifications; - the certification of the statements of expenditure by the certifying authority; - the rules on eligibility of expenditure; - the rules on audit trail; - national rules (Article 4(3) TEU, Articles 60(a),(b) and 61(b) Regulation (EC) No 1083/2006, read in conjunction with national Law 38/2003 Ley General de Subvenciones.

MS	Region – OP	CCI N°	DATE	OP suspended as of 31-12-2014	Main weaknesses identified
ES	Pais Vasco	2007ES052PO010	18/09/2014	N	Deficiencies and irregularities related to: - the first-level management verifications; - the certification of the statements of expenditure by the certifying authority; - the second-level audit controls of the audit authority; - the rules on audit trail; - the rules on eligibility of expenditure; - the rules on audit trail.
FR	PLIE	2007FR052PO001	15/05/2014	N	Significant deficiencies concerning: - first level management verifications; - follow-up of second level audit controls.
IT	Bolzano	2007IT052PO009	14/04/2014	Y	See below regarding suspensions.
IT	Sardegna	2007IT052PO016	10/06/2014	N	Deficiencies are related to: - the organisation of the management and control bodies; - the procedures for selecting operations; - the first-level management verifications of the managing authority; - the certification of expenditure - the second-level audit controls of the audit authority and their follow-up; - the audit trail PLUS, irregularities regarding acceptability of expenses, audit-trail and the rules on information and publicity.
IT	Toscana	2007IT052PO012	11/04/2014	N	-Deficiencies are related to: -the organisation of the management and control bodies; -the procedures for selecting operations; -the first-level management verifications of the managing authority; -the second-level audit controls of the audit authority and their follow-up; -the audit trail
UK	East Wales	2007UK052PO001	21/11/2014	N	ESF specific deficiencies in the management verification process which also highlight some areas of improvement in the guidance to beneficiaries and affect KR 5 (audit trail) of the managing authority.
UK	West Wales	2007UK051PO002	21/11/2014	N	ESF specific deficiencies in the management verification process which also highlight some areas of improvement in the guidance to beneficiaries and affect KR 5 (audit trail) of the managing authority.
17 OPs					
18 Pre-suspension letters sent in 2014					

MS	Region – OP	CCI N°	DATE	Main weaknesses identified
PRE-SUSPENSION LETTERS SENT IN 1Q 2015				
ES	Adaptabilidad	2007ES05UPO001	22/01/2015	Deficiencies are related to: - guidance to the beneficiaries; - the selection of the operations; - the first-level management verifications and their follow-up; - the certification of the statements of expenditure; - the audit trail. Irregularities concern: - the rules on eligibility of operations; - the rules on eligibility of expenditure; - national rules on grants; - the conditions in the grant agreements; - the rules on information and publicity; - rules on state aids; and - the rules on audit trail.

MS	Region – OP	CCI N°	DATE	Main weaknesses identified
FR	Guyane	2007FR051PO003	04/03/2015	Deficiencies and irregularities related to: - the organisation of the management and control bodies; - the procedures for selecting operations; - the first-level management verifications; - the certification of the statements of expenditure; - the second-level audit controls of the audit authority; - the audit trail; - the conditions in the grant agreements; - the rules on public procurement; - the rules on state aid; - the rules on the audit trail; - the rules on eligibility of expenditure.
IT	Calabria	2007IT051PO002	20/02/2015	Category 3 (KR 1, 4 and 5): -audit team could not get info on the existence of a procedure to control MIUR and the MA does not have access to MIUR's databases on co-financed projects; -the MA and the Certifying Authority are assisted by the same company; -insufficient manpower (6 units) in the MA for the certification; -no evidence on training courses in a-order to ascertain whether staff has the required qualifications; -the verifications by the MA do not concern all aspects of an operation – there is no evidence that the verifications also look at the requests and the related supporting documents; the MA does not keep adequate records of verifications carried out in the past; the on-site verifications are carried out when the operation is already completed and the payment request already presented to the Commission; -the audit-trail is inadequate; -the tools used by the MA are inadequate or used inappropriately; -errors were found in the verification of specific projects.
3 OPs 3 Pre-suspension letters sent in 1Q 2015				

SUSPENSIONS ADOPTED IN 2014 AND 2015

MS	Region – OP	CCI N°	DATE	Payments resumed as of 31-12-2014	Main weaknesses identified
SUSPENSIONS ADOPTED IN 2014					
CZ	Prague Adaptability	2007CZ052PO001	30/04/2014	N	A DG EMPL audit report identifying significant deficiencies and serious irregularities concerning: - the procedures for selecting operations; - the first-level management verifications; - the second-level audit controls; - the audit trail; - the rules on eligibility of expenditure; - national rules on eligibility of expenditure; - eligibility rules in the grant agreement); - rules on public procurement.
	Adaptabilidad	2007ES05UPO001	17/12/2014	N	ACR and opinion 2013 identifying significant deficiencies and serious irregularities concerning: - the first-level management verifications; - the rules on eligibility of expenditure; - the rules on eligibility of operations; - the conditions in the grant agreements; - the rules on audit trail; - the rules on information and publicity; - the rules on public procurement.
ES	Andalucía	2007ES051PO005	07/11/2014	N	ACR and opinion 2013 identifying significant deficiencies and serious irregularities concerning: - first level management verifications; - the rules on eligibility of expenditure;

MS	Region – OP	CCI N°	DATE	Payments resumed as of 31-12-2014	Main weaknesses identified
					<ul style="list-style-type: none"> - the rules on audit trail; - the rules on public procurement; - the conditions on grant agreements; - the national rules; - the rules on information and publicity.
	Aragón	2007ES052PO004	18/11/2014	N	<p>The Commission identified significant deficiencies and serious irregularities concerning:</p> <ul style="list-style-type: none"> - the first-level management verifications by the managing authority; - the certification of the statements of expenditure by the certifying authority; - the audit trail - the rules on eligibility of expenditure; - the rules on audit trail; - the conditions in the grant agreements.
	Asistencia Técnica	2007ES05UPO003	23/10/2014	N	<p>The Commission identified significant deficiencies in the management and control system concerning:</p> <ul style="list-style-type: none"> - the first-level management; - the certification of the statements of expenditure.
	Baleares	2007ES052PO005	07/11/2014	N	<p>The Commission identified significant deficiencies in the management and control system and serious irregularities concerning:</p> <ul style="list-style-type: none"> - the first-level management verifications of the managing authority; - the certification of the statements of expenditure by the certifying authority; - the conditions in the grant agreements; - the rules on eligibility of expenditure.
	Extremadura	2007ES051PO003	28/11/2014	N	<p>The Commission identified significant deficiencies in the management and control system concerning:</p> <ul style="list-style-type: none"> - the organisation of the management and control bodies; - the first-level management verifications by the managing authority - the audit trail.
	La Rioja	2007ES052PO011	30/01/2014	N	<p>The Commission identified significant deficiencies in the management and control system and serious irregularities concerning:</p> <ul style="list-style-type: none"> - the first-level management verifications of the managing authority; - the certification of the statements of expenditure by the certifying authority; - the conditions in the grants agreement; - the audit trail.
	Lucha contra la discriminación	2007ES05UPO002	27/10/2014	N	<p>The Commission identified significant deficiencies in the management and control system and serious irregularities concerning:</p> <ul style="list-style-type: none"> - the first-level management verifications; - the certification of the statements of expenditure by the certifying authority; - the rules on eligibility of expenditure; - the rules on audit trail; - national rules.
	Madrid	2007ES052PO008	13/02/2014	N	<p>The Commission identified significant deficiencies in the management and control system and serious irregularities concerning:</p> <ul style="list-style-type: none"> - the first-level management verifications and their follow-up - the certification of the statements of expenditure; - the audit trail ; - the rules on the eligibility of expenditure; - the rules on the audit trail.
IT	Bolzano	2007IT052PO009	09/12/2014	N	<p>A flash report from an audit visit in December 2013 indicates a category 3 level of assurance.</p>

No suspensions have so far been adopted in Q1 2015.

F. ESF Financial corrections, withdrawals and recoveries

Financial corrections accepted/decided in 2014 relating to all programming period

Considering all programming periods EUR 342.1 million has been reported representing Member State's commitment and/or deduction of irregular expenditure from the interim payment claims during the cycle of the programme in 2014.

The table below shows, per Member State, the total cumulative accepted/decided amount of financial corrections for all programming periods at the end of 2014. This stands at EUR 3399.5 million.

European Social Fund											
in M€	Total end 2013	1994-1999			2000-2006			2007-2013			Total end 2014
		cumul end 2013	2014	cumul end 2014	cumul end 2013	2014	cumul end 2014	cumul end 2013	2014	cumul end 2014	
AT	1,6	1,5		1,5	0,0	3,4	3,4	0,0		0,0	5,0
BE	23,9	12,3		12,3	8,0	2,7	10,7	3,6	18,8	22,4	45,5
BG	2,9	0,0		0,0	0,0		0,0	2,9	0,0	2,9	2,9
CY	0,0	0,0		0,0	0,0		0,0	0,0		0,0	0,0
CZ	41,1	0,0		0,0	0,0		0,0	41,1	15,4	56,5	56,5
DE	37,6	1,9		1,9	23,6	2,5	26,1	12,1	1,0	13,1	41,1
DK	0,0	0,0		0,0	0,0		0,0	0,0		0,0	0,0
EE	0,8	0,0		0,0	0,8		0,8	0,0		0,0	0,8
ES	1070,1	180,2		180,2	734,4	99,1	833,5	155,5	55,9	211,4	1225,1
FI	0,1	0,1		0,1	0,0		0,0	0,0		0,0	0,1
FR	285,4	45,6		45,6	219,8	1,7	221,5	20,0	20,4	40,3	307,5
GR	67,6	0,0		0,0	18,8	1,5	20,3	48,8	0,1	49,0	69,2
HU	34,4	0,0		0,0	8,2		8,2	26,2	15,8	41,9	50,2
IE	53,2	28,3		28,3	3,4		3,4	21,4		21,4	53,2
IT	497,7	117,0		117,0	375,9	20,5	396,4	4,8	0,1	4,8	518,3
LT	0,0	0,0		0,0	0,0		0,0	0,0		0,0	0,0
LU	5,9	4,1		4,1	1,8		1,8	0,0		0,0	5,9
LV	7,6	0,0		0,0	3,2		3,2	4,5		4,5	7,6
MT	0,0	0,0		0,0	0,0		0,0	0,0		0,0	0,0
NL	203,4	159,7		159,7	43,8		43,8	0,0		0,0	203,4
PL	170,5	0,0		0,0	51,2		51,2	119,3	32,8	152,1	203,4
PT	6,5	0,0		0,0	6,3		6,3	0,2	0,0	0,2	6,5
RO	312,1	0,0		0,0	0,0		0,0	312,1	42,9	355,0	355,0
SE	12,0	0,0		0,0	11,4		11,4	0,4		0,4	11,9
SI	2,0	0,0		0,0	1,9		1,9	0,1		0,1	2,0
SK	12,9	0,0		0,0	1,9	1,0	2,9	11,0	5,9	16,9	19,8
UK	208,0	8,8		8,8	163,2	0,7	163,9	36,0		36,0	208,7
	3057,4	559,7	0,0	559,7	1677,7	133,1	1810,8	820,1	209,0	1029,1	3399,5

Financial corrections implemented in 2014 relating to all programming period

Considering all programming periods, EUR 289 million of financial corrections have been implemented in 2014. The total amount of financial corrections not implemented yet stands at EUR 118.2 million

The table below shows, per Member State, the total cumulative implemented amount of financial corrections for all programming periods at the end of 2014. This stands at EUR 3281.1 million.

European Social Fund											
	Total end 2013	cumul end 2013	2014	cumul end 2014	cumul end 2013	2014	cumul end 2014	cumul end 2013	2014	cumul end 2014	Total end 2014
AT	1,6	1,5		1,5	0,0	3,4	3,4	0,0		0,0	5,0
BE	23,4	12,3		12,3	8,0	2,7	10,7	3,1	13,1	16,1	39,1
BG	2,6	0,0		0,0	0,0		0,0	2,6	0,3	2,9	2,9
CY	0,0	0,0		0,0	0,0		0,0				0,0
CZ	41,1	0,0		0,0	0,0		0,0	41,1	9,2	50,3	50,3
DE	37,6	1,9		1,9	23,6	2,5	26,1	12,1	0,0	12,1	40,1
DK	0,0	0,0		0,0	0,0		0,0	0,0		0,0	0,0
EE	0,8	0,0		0,0	0,8		0,8	0,0		0,0	0,8
ES	1064,3	180,2		180,2	734,4	99,0	833,4	149,7	1,7	151,3	1164,9
FI	0,1	0,1		0,1	0,0		0,0	0,0		0,0	0,1
FR	284,5	45,6		45,6	219,5	1,7	221,2	19,3	21,1	40,3	307,2
GR	67,3	0,0		0,0	18,8	1,5	20,3	48,5	0,5	49,0	69,2
HU	34,4	0,0		0,0	8,2		8,2	26,2	15,8	41,9	50,2
IE	34,2	28,3		28,3	3,4		3,4	2,4	18,9	21,3	53,1
IT	497,7	117,0		117,0	375,9	20,5	396,4	4,8	0,0	4,8	518,2
LT	0,0	0,0		0,0	0,0		0,0	0,0		0,0	0,0
LU	6,0	4,1		4,1	1,8		1,8	0,0		0,0	6,0
LV	7,6	0,0		0,0	3,2		3,2	4,5		4,5	7,6
MT	0,0	0,0		0,0	0,0		0,0				0,0
NL	203,4	159,7		159,7	43,8		43,8				203,4
PL	169,2	0,0		0,0	51,2		51,2	118,0	32,6	150,6	201,8
PT	6,5	0,0		0,0	6,3		6,3	0,2	0,0	0,2	6,5
RO	299,1	0,0		0,0	0,0		0,0	299,1	13,0	312,1	312,1
SE	11,9	0,0		0,0	11,4	0,1	11,5	0,4		0,4	12,0
SI	2,0	0,0		0,0	1,9		1,9	0,1		0,1	2,0
SK	12,9	0,0		0,0	1,9	1,0	2,9	11,0	5,9	16,8	19,7
UK	184,0	8,8		8,8	163,2	0,7	163,9	12,0	24,0	36,0	208,7
	2992,1	559,7	0,0	559,7	1677,4	133,1	1810,5	755,0	155,9	910,9	3281,1

The table on the next page gives the detail on withdrawals, recoveries and pending recoveries reported by Member States.

		Withdrawals and Recoveries									Pending recoveries reported in 2013
ESF	Cumulative reporting 2007-2012 at 31/12/2012			Reported for 2013			Cumulative reporting 2007-2013				
MS	Withdrawals EC Share	Recoveries EC Share	Total	Withdrawals EC Share	Recoveries EC Share	Total	Withdrawals EC Share	Recoveries EC Share	Total FC reported	EC share	
BG	Bulgaria	1.455.240,83	2.410.864,76	3.866.105,59	1.043.257,02	900.987,47	1.944.244,49	2.498.497,85	3.311.852,23	5.810.350,08	529.719,99
BE	Belgium	11.338.000,08	12.838,23	11.350.838,31	2.307.318,07	75,00	2.307.393,07	13.645.318,15	12.913,23	13.658.231,37	
CZ	Czech Republic	35.869.806,88	1.003.839,97	36.873.646,85	1.205.985,55	1.342.066,14	2.548.051,69	37.075.792,43	2.345.906,11	39.421.698,54	6.881.528,37
DK	Denmark	0,00	125.139,95	125.139,95	0,00	874,54	874,54	0,00	126.014,49	126.014,49	0,00
DE	Germany	27.641.916,65	30.918.215,14	58.560.131,79	7.325.111,11	10.268.467,39	17.593.578,50	34.967.027,76	41.186.682,53	76.153.710,30	15.173.332,42
EE	Estonia	144.976,98	106.275,68	251.252,66	64.744,12	78.962,49	143.706,61	209.721,10	185.238,17	394.959,27	348.207,88
GR	Greece	1.920.800,23	0,00	1.920.800,23	61.304.270,74	0,00	61.304.270,74	63.225.070,98	0,00	63.225.070,98	
ES	Spain	145.192.070,68		145.192.070,68	95.929.819,76	0,00	95.929.819,76	241.121.890,44	0,00	241.121.890,44	
FR	France	55.466.897,70	0,00	55.466.897,70	21.033.803,16	0,00	21.033.803,16	76.500.700,86	0,00	76.500.700,86	
HR	Croatia				20.508,64	683,68	21.192,32	20.508,64	683,68	21.192,32	
IE	Ireland	7.008.911,89	824,00	7.009.735,89	0,00	0,00	0,00	7.008.911,89	824,00	7.009.735,89	30.793.226,31
IT	Italy	30.822.615,90	387.936,49	31.210.552,39	11.638.632,84	672.692,83	12.311.325,67	42.461.248,73	1.060.629,32	43.521.878,06	844.240,02
CY	Cyprus	363.110,02		363.110,02	200.838,85	0,00	200.838,85	563.948,87	0,00	563.948,87	
LV	Latvia	175.782,70	765.923,85	941.706,55	0,00	5.866.210,99	5.866.210,99	175.782,70	6.632.134,84	6.807.917,54	102.186,51
LT	Lithuania	55.425,04	56.180,00	111.605,04	0,00	86.353,23	86.353,23	55.425,04	142.533,23	197.958,27	83.156,61
LU	Luxembourg	382.362,82	0,00	382.362,82	141.274,83	0,00	141.274,83	523.637,65	0,00	523.637,65	2.081,41
HU	Hungary	23.177.678,35	1.362.294,54	24.539.972,88	81.222,24	114.852,48	196.074,72	23.258.900,58	1.477.147,02	24.736.047,60	2.726.892,84
MT	Malta	41.330,77	15.345,48	56.676,25	54.687,48	45.744,87	100.432,35	96.018,25	61.090,34	157.108,59	6.915,23
NL	Netherlands	1.566.846,65	0,00	1.566.846,65	1.713.947,81	0,00	1.713.947,81	3.280.794,46	0,00	3.280.794,46	75.096,00
AT	Austria	472.063,77	96.894,30	568.958,07	699.630,50	834.355,08	1.533.985,57	1.171.694,27	931.249,38	2.102.943,65	215.696,17
PL	Poland	61.455.412,28	5.160.950,23	66.616.362,50	3.778.772,52	1.777.845,06	5.556.617,58	65.234.184,80	6.938.795,28	72.172.980,08	5.012.954,19
PT	Portugal	28.761.063,77	0,00	28.761.063,77	9.220.653,56	0,00	9.220.653,56	37.981.717,33	0,00	37.981.717,33	
RO	Romania	66.457.126,98	776.018,88	67.233.145,85	0,00	3.130.243,70	3.130.243,70	66.457.126,98	3.906.262,58	70.363.389,55	592.436,29
SI	Slovenia	16.568,09	3.256.105,22	3.272.673,31	119.154,74	2.302.489,68	2.421.644,42	135.722,83	5.558.594,90	5.694.317,73	139.582,77
SK	Slovakia	12.998.399,60	1.627.307,08	14.625.706,68	21.663,13	627.283,99	648.947,12	13.020.062,73	2.254.591,07	15.274.653,80	3.328.474,44
FI	Finland	161.262,65	218.246,64	379.509,30	3.106,38	81.080,27	84.186,65	164.369,03	299.326,91	463.695,95	839,49
SE	Sweden	112.801,25	722.087,51	834.888,76	0,00	468.944,48	468.944,48	112.801,25	1.191.031,99	1.303.833,24	245.311,80
UK	United Kingdom	11.089.863,66	13.329.754,33	24.419.617,98	7.122.766,46	1.947.146,20	9.069.912,67	18.212.630,12	15.276.900,53	33.489.530,65	856.058,65
		524.148.336,22	62.353.042,27	586.501.378,48	225.031.169,52	30.547.359,56	255.578.529,08	749.179.505,73	92.900.401,82	842.079.907,56	67.957.937,39

G. Cumulative residual risk

2007-2013 period

MS	OP number		2014 interim payments	2014 error rate reported in the ACR	2014 error rate after COM analysis	Difference	CRR	Commission Management Opinion	Reservation
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1 Reliable ACR information - Accepted Error rate

MS	OP number		2014 interim payments	2014 error rate reported in the ACR	2014 error rate after COM analysis	Difference	CRR	Commission Management Opinion	Reservation
AT	2007AT052PO001	Beschäftigung	45.338.542	2,50%	2,50%	0,00%	1,11%	reasonable/low risk	
BE	2007BE051PO001	Convergence' Hainaut	2.630.801	2,26%	2,26%	0,00%	0,09%	reasonable/low risk	
BE	2007BE052PO002	Troïka Wallonie (hors Hainaut) Bruxelles (COCOF) - FSE	32.955.380	2,26%	2,26%	0,00%	0,43%	reasonable/low risk	
BE	2007BE052PO001	Deutschsprachige Gemeinschaft Belgiens	1.651.101	0,00%	0,00%	0,00%	0,46%	reasonable	
BE	2007BE052PO004	Bruxelles-Capitale	0	3,09%	3,09%	0,00%	1,27%	reasonable/low risk	
BG	2007BG051PO002	Administrative Capacity	29.804.532	2,79%	2,79%	0,00%	0,00%	reasonable/low risk	
CZ	2007CZ052PO001	Praha Adaptabilita	0	1,60%	1,60%	0,00%	1,85%	limited/medium risk	rep
CZ	2007CZ05UPO001	Lidské zdroje a zaměstnanost	58.313.764	0,81%	0,81%	0,00%	1,11%	reasonable/low risk	
CZ	2007CZ05UPO002	Vzdělávání pro konkurenceschopnost	250.387.128	3,05%	3,05%	0,00%	1,24%	reasonable/low risk	
DE	2007DE051PO001	Brandenburg	93.220.574	0,71%	0,71%	0,00%	0,00%	reasonable/low risk	
DE	2007DE051PO002	Mecklenburg-Vorpommern	42.275.838	15,86%	15,86%	0,00%	0,00%	limited/medium risk	full
DE	2007DE051PO003	Niedersachsen - Region Lüneburg	27.585.114	0,20%	0,20%	0,00%	0,05%	reasonable/low risk	
DE	2007DE051PO004	Sachsen	136.682.752	0,64%	0,64%	0,00%	0,76%	reasonable/low risk	
DE	2007DE052PO001	Baden-Württemberg	0	1,43%	1,43%	0,00%	1,49%	reasonable/low risk	
DE	2007DE052PO002	Bayern	35.028.351	0,42%	0,42%	0,00%	0,53%	reasonable	
DE	2007DE052PO003	Berlin	0	8,55%	8,55%	0,00%	1,87%	limited/medium risk	rep
DE	2007DE052PO006	Hessen	0	0,86%	0,86%	0,00%	0,75%	reasonable/low risk	
DE	2007DE052PO007	Niedersachsen (ohne Region Lüneburg)	17.208.529	0,20%	0,20%	0,00%	0,19%	reasonable/low risk	
DE	2007DE052PO008	Nordrhein-Westfalen	115.293.285	1,76%	1,76%	0,00%	1,35%	reasonable/low risk	

DE	2007DE052PO009	Rheinland-Pfalz	11.473.556	1,04%	1,04%	0,00%	0,78%	reasonable/low risk	
DE	2007DE052PO011	Schleswig-Holstein	7.226.645	0,27%	0,27%	0,00%	0,00%	reasonable	
DE	2007DE05UPO001	Bund	377.166.643	1,03%	1,03%	0,00%	0,91%	reasonable/low risk	
DK	2007DK052PO001	Flere og bedre job	58.116.099	0,20%	0,20%	0,00%	0,36%	reasonable/low risk	
EE	2007EE051PO001	Human Resource Development	19.978.739	0,09%	0,09%	0,00%	0,71%	reasonable/low risk	
ES	2007ES051PO002	CASTILLA LA MANCHA	24.527.768	3,82%	3,82%	0,00%	0,00%	reasonable	
ES	2007ES051PO006	ASTURIAS	14.865.252	1,46%	1,46%	0,00%	0,00%	reasonable	
ES	2007ES051PO007	CEUTA	944.574	0,00%	0,00%	0,00%	0,00%	reasonable	
ES	2007ES051PO008	MELILLA	0	0,00%	0,00%	0,00%	0,00%	reasonable	
ES	2007ES051PO009	MURCIA	14.080.626	0,87%	0,87%	0,00%	0,00%	reasonable	
ES	2007ES052PO003	COMUNIDAD VALENCIANA	0	1,63%	1,63%	0,00%	0,00%	limited/medium risk	rep
ES	2007ES052PO006	CANTABRIA	0	2,33%	2,33%	0,00%	0,00%	reasonable/low risk	
ES	2007ES052PO008	MADRID	21.880.823	3,81%	3,81%	0,00%	1,52%	reasonable/low risk - partial	partial rep
ES	2007ES052PO009	NAVARRA	1.039.704	0,05%	0,05%	0,00%	0,00%	reasonable	
ES	2007ES052PO011	LA RIOJA	0	1,35%	1,35%	0,00%	0,00%	reasonable/low risk	
FI	2007FI052PO001	Manner-Suomen	81.338.406	0,26%	0,26%	0,00%	0,41%	reasonable	
FI	2007FI052PO002	Åland	21.086	0,00%	0,00%	0,00%	0,06%	reasonable	
FR	2007FR051PO001	Martinique	21.973.436	2,67%	2,67%	0,00%		reasonable/low risk	
FR	2007FR051PO002	Guadeloupe	31.672.533	2,67%	2,67%	0,00%		reasonable/low risk	
FR	2007FR051PO003	Guyane	18.520.478	2,67%	2,67%	0,00%	0,99%	limited/medium risk	full
FR	2007FR051PO004	Reunion	35.637.251	2,67%	2,67%	0,00%		reasonable/low risk	
FR	2007FR052PO001	Programme opérationnel national FSE	711.220.472	2,67%	2,67%	0,00%		reasonable/low risk	
HR	2007HR051PO001	Human Resources Development	25.998.400	0,77%	0,77%	0,00%	0,50%	reasonable/low risk	
HU	2007HU05UPO002	Reforme de l'Etat	48.331.877	0,74%	0,74%	0,00%	0,00%	reasonable/low risk	
IE	2007IE052PO001	Human Capital Investment	24.148.178	0,00%	0,00%	0,00%	0,00%	reasonable/low risk	
IT	2007IT051PO005	Puglia	136.981.946	2,94%	2,94%	0,00%	0,00%	reasonable/low risk	
IT	2007IT051PO007	Pon Istruzione	98.719.755	1,22%	1,22%	0,00%	0,59%	reasonable/low risk	
IT	2007IT052PO002	Emilia Romagna	37.710.438	0,30%	0,30%	0,00%	0,00%	reasonable/low risk	
IT	2007IT052PO003	Friuli Venezia Giulia	19.168.122	0,00%	0,00%	0,00%	0,00%	reasonable	

IT	2007IT052PO005	Liguria	21.376.870	0,71%	0,71%	0,00%	0,80%	reasonable	
IT	2007IT052PO007	Marche	19.567.374	0,11%	0,11%	0,00%	0,00%	reasonable/low risk	
IT	2007IT052PO008	Molise	4.716.917	0,09%	0,09%	0,00%	0,00%	reasonable/low risk	
IT	2007IT052PO011	Piemonte	75.479.790	0,22%	0,22%	0,00%	0,06%	reasonable/low risk	
IT	2007IT052PO012	Toscana	36.962.379	0,46%	0,46%	0,00%	0,82%	reasonable/low risk	
IT	2007IT052PO013	Umbria	14.971.758	0,77%	0,77%	0,00%	0,70%	reasonable/low risk	
IT	2007IT052PO014	Valle d'Aosta	5.939.979	1,86%	1,86%	0,00%	0,00%	reasonable/low risk	
IT	2007IT052PO015	Veneto	48.905.803	0,37%	0,37%	0,00%	0,32%	reasonable/low risk	
IT	2007IT052PO016	Sardegna	58.538.374	0,22%	0,22%	0,00%	0,72%	reasonable/low risk	
LU	2007LU052PO001	Programme opérationnel FSE	3.910.172	1,89%	1,89%	0,00%	0,00%	reasonable/low risk	
LV	2007LV051PO001	Human Resources and Employment	0	0,93%	0,93%	0,00%	0,00%	reasonable/low risk	
MT	2007MT051PO001	Operational Programme II - Empowering people for more jobs and a better quality of life	15.953.136	0,62%	0,62%	0,00%	0,55%	reasonable/low risk	
NL	2007NL052PO001	Operationeel Programma ESF 2007-2013	129.106.356	4,64%	4,64%	0,00%	0,46%	reasonable/low risk	
PL	2007PL051PO001	Program Operacyjny Kapitał Ludzki	1.532.155.871	0,50%	0,50%	0,00%	0,00%	reasonable/low risk	
PT	2007PT051PO001	Açores	0	1,50%	1,50%	0,00%	0,96%	reasonable/low risk	
PT	2007PT052PO001	Madeira	17.587.928	1,50%	1,50%	0,00%	0,00%	reasonable/low risk	
PT	2007PT05UPO001	Potencial Humano	795.864.597	1,50%	1,50%	0,00%	1,03%	reasonable/low risk	
PT	2007PT05UPO002	Assistência Técnica	5.701.261	1,50%	1,50%	0,00%	0,44%	reasonable/low risk	
RO	2007RO051PO001	Human Resources Development	51.342.553	5,69%	5,69%	0,00%	0,00%	limited/medium risk	full
RO	2007RO051PO002	Administrative Capacity Development	66.472.865	0,35%	0,35%	0,00%	0,00%	reasonable/low risk	
SE	2007SE052PO001		211.251.255	1,35%	1,35%	0,00%	1,23%	reasonable/low risk	
SI	2007SI051PO001	Operativni program razvoja človeških virov za obdobje 2007-2013	134.880.400	3,56%	3,56%	0,00%	1,65%	reasonable/low risk	
SK	2007SK05UPO001	OP Education	121.866.459	18,68%	18,68%	0,00%	8,05%	limited/high risk	full
SK	2007SK05UPO002	OP Employment and Social Inclusion	190.298.078	1,07%	1,07%	0,00%	0,37%	reasonable/low risk - partial	partial rep
UK	2007UK052PO003	Northern Ireland	13.385.486	0,20%	0,20%	0,00%	0,00%	limited/medium risk	full

2- Reliable ACR information - Recalculated Error rate

ES	2007ES052PO002	CASTILLA Y LEON	1.201.960	9,71%	9,72%	0,01%	0,00%	limited/medium risk	full
ES	2007ES051PO004	GALICIA	59.591.875	1,08%	1,09%	0,01%	0,00%	reasonable/low risk	
ES	2007ES051PO003	EXTREMADURA	25.983.019	1,19%	1,20%	0,01%	0,00%	reasonable/low risk	
IT	2007IT052PO010	Trento	5.617.718	0,04%	0,05%	0,01%	0,25%	limited/medium risk	full
DE	2007DE052PO010	Saarland	6.427.795	0,21%	0,22%	0,01%	0,00%	reasonable/low risk	
DE	2007DE051PO005	Sachsen-Anhalt	95.308.289	0,26%	0,27%	0,01%	1,33%	reasonable/low risk	
LT	2007LT051PO001	Development of Human Resources	154.195.991	0,53%	0,50%	-0,03%	0,82%	reasonable/low risk	
LT	2007LT051PO002	Technical Assistance	11.874.513	0,53%	0,50%	-0,03%	0,75%	reasonable/low risk	
BG	2007BG051PO001	Human Resources Development	258.477.287	0,95%	1,01%	0,06%	0,48%	reasonable/low risk	
UK	2007UK05UPO001	England and Gibraltar	297.733.550	4,88%	4,96%	0,08%	1,92%	limited/medium risk	full
BE	2007BE052PO005	Vlaanderen	0	6,11%	6,03%	-0,08%	1,73%	limited/medium risk	rep
ES	2007ES052PO010	PAIS VASCO	7.510.163	0,68%	0,77%	0,09%	0,00%	limited/medium risk	full
AT	2007AT051PO001	Burgenland	5.090.274	0,58%	0,69%	0,11%	1,24%	reasonable/low risk	
ES	2007ES052PO005	BALEARES	0	10,63%	10,78%	0,15%	3,79%	limited/medium risk	rep
IT	2007IT051PO004	Basilicata	8.376.085	0,19%	0,03%	-0,16%	0,27%	reasonable/low risk	
DE	2007DE051PO006	Thüringen	81.619.824	-0,14%	0,03%	0,17%	0,00%	reasonable/low risk	
UK	2007UK051PO001	Highlands and Islands of Scotland	7.822.425	10,53%	10,74%	0,21%	5,50%	limited/medium risk	full
UK	2007UK051PO002	West Wales and the Valleys	0	1,72%	2,04%	0,32%	1,82%	reasonable/low risk	
UK	2007UK052PO001	East Wales	0	1,72%	2,04%	0,32%	1,78%	reasonable/low risk	
ES	2007ES052PO007	CATALUÑA	0	6,68%	7,02%	0,34%	0,00%	limited/medium risk	rep
IT	2007IT052PO004	Lazio	29.196.409	0,88%	1,69%	0,81%	1,01%	reasonable/low risk	
UK	2007UK052PO002	Lowlands and Uplands of Scotland	0	7,93%	7,07%	-0,86%	3,66%	limited/medium risk	rep
CY	2007CY052PO001	Employment, Human Capital and Social Cohesion	31.705.094	0,13%	1,21%	1,08%	0,73%	reasonable/low risk	
IT	2007IT051PO001	Campania	193.901.335	0,33%	1,97%	1,64%	1,22%	reasonable/low risk	
IT	2007IT051PO006	Pon Governance e AT	33.102.302	0,54%	2,18%	1,64%	1,27%	reasonable/low risk	
IT	2007IT052PO017	Azioni di sistema	3.298.332	0,54%	2,18%	1,64%	0,84%	reasonable/low risk	
ES	2007ES052PO004	ARAGON	0	1,50%	3,25%	1,75%	0,00%	limited/medium risk	rep
IT	2007IT051PO003	Sicilia	88.122.756	2,14%	7,34%	5,20%	1,57%	reasonable/low risk	

IT	2007IT052PO001	Abruzzo	0	0,66%	6,48%	5,82%	3,89%	limited/medium risk	partial rep
IT	2007IT052PO009	Bolzano	0	5,14%	32,89%	27,75%	3,39%	limited/medium risk	rep
IT	2007IT051PO002	Calabria	22.030.505	1,17%	31,40%	30,23%	13,77%	limited/medium risk	full

3 Unreliable ACR information - Flat rate Error rate

ES	2007ES052PO001	CANARIAS	15.950.431	1,07%	2,00%	0,93%	0,24%	reasonable/low risk	
DE	2007DE052PO005	Hamburg	24.036.040	0,37%	5,00%	4,63%	2,70%	limited/medium risk	full
BE	2007BE052PO003	Etat fédéral	21.234.526	4,31%	5,00%	0,69%	0,00%	limited/medium risk	full
HU	2007HU05UPO001	Revitalisation sociale	846.208.187	1,56%	5,00%	3,44%	1,98%	limited/medium risk	full
IT	2007IT052PO006	Lombardia	43.698.247	0,00%	5,00%	5,00%	1,38%	limited/medium risk	full
GR	2007GR051RV001		68.272.895	1,91%	5,00%	3,09%	3,02%	limited/medium risk	full
GR	2007GR05UPO001	Développ. Ress.humaines	476.751.645	1,91%	5,00%	3,09%		limited/medium risk	full
GR	2007GR05UPO002	Education, formation	376.941.720	1,91%	5,00%	3,09%		limited/medium risk	full
GR	2007GR05UPO003	Développement administration	166.716.783	1,91%	5,00%	3,09%		limited/medium risk	full
ES	2007ES05UPO001	ADAPTABILIDAD Y EMPLEO	104.561.841	7,78%	10,00%	2,22%	1,96%	limited/medium risk	full
ES	2007ES05UPO002	LUCHA CONTRA LA DISCRIMINACION	40.804.801	6,25%	10,00%	3,75%	3,38%	limited/medium risk	full
ES	2007ES05UPO003	ASISTENCIA TÉCNICA	3.250.808	6,25%	10,00%	3,75%	5,23%	limited/medium risk	full
DE	2007DE052PO004	Bremen	2.515.360	0,00%	25,00%	25,00%	17,32%	limited/medium risk	full
ES	2007ES051PO005	ANDALUCIA	0	0,00%	25,00%	25,00%	3,88%	limited/medium risk	rep
			9.926.484.943						

I- Overall assessment of the functioning of the management and control systems

2014 reservation

The table below indicates by Member State the overall assessment of all programmes.

Management opinion 2014 by Member States										
	reasonable	Acceptable assurance with low risk	Acceptable assurance with low risk with partial reserve	of which reputational	Limited assurance with medium risk	of which partial	of which reputational	Limited assurance with high risk	of which reputational	Total
AT	0	2	0		0			0		2
BE	1	3	0		2		1	0		6
BG	0	2	0		0			0		2
CY	0	1	0		0			0		1
CZ	0	2	0		1		1	0		3
DE	2	12	0		4		1	0		18
DK	0	1	0		0			0		1
EE	0	1	0		0			0		1
ES	6	5	1	1	10		5	0		22
FI	2	0	0		0			0		2
FR	0	4	0		1			0		5
GR	0	0	0		4			0		4
HR	0	1	0		0			0		1
HU	0	1	0		1			0		2
IE	0	1	0		0			0		1
IT	2	17	0		5	1	2	0		24
LT	0	2	0		0			0		2
LU	0	1	0		0			0		1
LV	0	1	0		0			0		1
MT	0	1	0		0			0		1
NL	0	1	0		0			0		1
PL	0	1	0		0			0		1
PT	0	4	0		0			0		4
RO	0	1	0		1			0		2
SE	0	1	0		0			0		1
SI	0	1	0		0			0		1
SK	0	0	1	1	0			1		2
UK	0	2	0		4		1	0		6
	13	69	2	2	33	1	11	1	0	118
	11,0%	58,5%	1,7%		28,0%			0,8%		100%

The underlying reasoning behind each OP in reservation is provided below:

N°	Ref	Title	Reservation AAR 2014	2014 Error Rate			Reasons for Reservation	Actions to be taken in 2015
				MS	Validated	CRR		
BELGIUM – 2 OPs in reservation – Risk quantification = EUR 1.1 million								
1	2007BE052PO003	Etat fédéral	full	4.31%	5.00%	0.00%	Waiting for receipt of final control results from Audit Authority	Opinion to be revised on the basis of the updated information – Fact-finding mission on 02/04/15 to discuss the revised ACR&AO and to calculate the final error rate for 2013 and 2014.
2	2007BE052PO005	Vlaanderen	reputational	6.11%	6.03%	1.73%	Yearly high error rates	Warning Letter to be sent with request to AA to issue an audit opinion on the on-going analysis of the efficiency tests performed by the Audit Authority on the administrative verifications by the Managing Authority.
CZECH REPUBLIC – 1 OP in reservation – Risk quantification = EUR 0.0 million								
3	2007CZ052PO001	Praha Adaptabilita	reputational	1.60%	1.60%	1.85%	ongoing suspension procedure due to various deficiencies in the selection of operations and management verifications	- follow-up audit - The suspension decision should be lifted as soon as the Czech authorities apply all necessary financial corrections (subject of the EC verification).
FRANCE – 1 OP in reservation – Risk quantification = EUR 0.5 million								
4	2007FR051PO003	Guyane	full	2.67%	2.67%	0.99%	Deficiencies at the level of management verifications	- pre-suspension procedure ongoing - remedial actions and possibly follow-up audit
GERMANY – 4 OPS in reservation – Risk quantification = EUR 8.5 million								
5	2007DE051PO002	Mecklenburg- Vorpommern	full	15.86%	15.86%	0.00%	High error rate resulting from a system error in one measure.	AA has been requested to check the implementation of correctives measures, including financial, and report to the Commission.
6	2007DE052PO003	Berlin	reputational	8.55%	8.55%	1.87%	Until now no evidence could be presented that the necessary measures have been taken by the Land Berlin to remove the significant shortcomings in the functioning of the management and control systems. In particular no audits or sample checks could be presented that prove the functioning of the verification of the expenditure declarations.	- Suspension decision ongoing - follow-up of the action plan
7	2007DE052PO004	Bremen	full	0.00%	25.00%	17.32%	Concerning the audit authority: KR 4: No ACR for 2014 submitted (expected mid-2015) KR 3: Audits on operations: Identification of amounts audited not always possible; quality/scope/depth of the work of the audit authority is insufficient; the documentation of audit work carried out is insufficient In addition for the managing authority. KR5/6:	- interruption of payments - action plan by Bremen Authorities to remedy deficiencies.

							insufficient audit trail, insufficient IT system	
8	2007DE052PO005	Hamburg	full	0.37%	5.00%	2.70%	Error rates reported in ACRs are unreliable due to an understated population for sampling	- interruption of payments - AA should determine the correct populations for each of the ACRs, verify if samples had sufficient coverage, and perform complementary samples for the relevant payment claims if necessary.
GREECE – 4 OPs in reservation – Risk quantification = EUR 54.4 million								
9	2007GR051RV001	Reserve programme	full	1.91%	5.00%	3.02%	- Limited coverage of ESF programmes in the common sample. - Following EMPL audit report Arep1699 issuing a Cat. 3 opinion, deficiencies were found in selection of operations and management verifications performed by IB OAED for the call "structural adjustment" of the "Human Resource Development" OP. The CA stopped declaring expenditure for this call; - Preliminary information provided by the Court of Auditors on the results of its audits on the operational programmes "Education and Lifelong Learning" and "Administrative reform".	- interruption of payments - follow-up audit work on the issues identified
10	2007GR05UPO001	Développement Ressources humaines	full					
11	2007GR05UPO002	Education, formation	full					
12	2007GR05UPO003	Développement administration	full					
HUNGARY – 1 OP in reservation – Risk quantification = EUR 42.3 million								
13	2007HU05UPO001	Revitalisation sociale	full	1.56%	5.00%	1.98%	National audit report of PMO of Hungary revealed serious deficiencies and irregularities by the MS authorities in relation to the SoROP	- Interruption of payment - Possible launch of suspension procedure, depending on the corrective actions related to the Öveges programme
ITALY – 5 OPs in reservation – Risk quantification = EUR 9.1 million								
14	2007IT051PO002	Calabria	full	1.17%	31.40%	13.77%	Substantial improvements are needed for KR1 (Clear definition, allocation and separation of functions between and within the managing authority/ intermediate bodies), KR4 (Adequate management verifications) and KR 5 (audit trail).	- Suspension decision ongoing - follow-up of the action plan - additional audit work DG EMPL to be envisaged in case the action plan produces expenditure before closure
15	2007IT052PO001	Abruzzo	partial rep.	0.66%	6.48%	3.89%	Ongoing suspension regarding "Multi Asse" projects due to absence of audit trail (KR5).	Action plan to be proposed and corrective measures to be implemented.
16	2007IT052PO006	Lombardia	full	0.00%	5.00%	1.38%	Deficiencies regarding audits on operations	Payments to be interrupted. Audit Authority to implement additional measures and changes to procedures. Follow up audit to be undertaken.
17	2007IT052PO009	Bolzano	reputational	5.14%	32.89%	3.39%	An audit carried out in December 2013 showed serious deficiencies in the management and control system and serious irregularities in the certified statements	A follow up Audit mission is planned in Bolzano for mid-2015, implementation of a flat rate correction of 25%.
18	2007IT052PO010	Trento	full	0.04%	0.05%	0.25%	Significant deficiencies in relation to respect of State of	Payments do not need to be interrupted (payments for

							Aid, public procurement, audit trail and eligibility of expenditure rules.	the OP already above 95%. Action plan to be determined and implemented.
ROMANIA – 1 OP in reservation – Risk quantification = EUR 0.0 million								
19	2007RO051PO001	Human Resources Development	full	5.69%	5.69%	0.00%	- Financial corrections were applied to the expenditure paid in 2014 (interim payment applications no 33, 34 and 36) related to all the financing contracts signed until August 2012 ("old expenditure") and which are affected by the errors identified by the EMPL auditors in 2012. - National audit on the new selection and verification procedures in cat. 3	- Additional audit work from EMPL on KR 2 (selection procedure) and KR 4 (management verifications) is needed in order to allow for a thorough evaluation of the level of risk associated with the "new expenditure" - Interruption of last payment claim including "new expenditure"
SLOVAKIA – 2 OPs in reservation – Risk quantification = EUR 22.8 million								
20	2007SK05UPO001	Education	full	18.68%	18.68%	8.05%	- Ongoing suspension procedure due to KR 2 (selection procedure) and KR 4 (management verifications) in cat. 3 - Cumulative error rate above the materiality threshold	- follow-up of the action plan - financial correction
21	2007SK05UPO002	Employment and Social Inclusion	partial rep.	1.07%	1.07%	0.37%	ongoing suspension for demand driven projects due to KR 2 (selection procedure) and KR 4 (management verifications) in cat. 3	- follow-up of the action plan - financial correction
SPAIN – 12 OPs in reservation – Risk quantification = EUR 15.0 million								
22	2007ES051PO005	Andalucia	reputational	0.00%	25.00%	3.88%	ACR and opinion 2014 not received yet. Ongoing suspension concerning the first-level management verifications	- follow-up of the action plan - financial correction and elimination of expenditure declared for training measures.
23	2007ES052PO002	Castilla y Leon	full	9.71%	9.72%	0.00%	- High error rate - Systemic errors detected in the audits of operations	- follow-up of the action plan - interruption of payments
24	2007ES052PO003	Comunidad Valenciana	reputational	1.63%	1.63%	0.00%	Ongoing suspension concerning the first-level management verifications	Follow-up of the implementation of the National Action Plan to be presented by the national Authorities to tackle the outstanding problems and to improve the overall MCS environment. EMPL mission to identify audit activities undertaken by AA in relation to testing the effectiveness of measures indicated in the action plan of the IB
25	2007ES052PO004	Aragon	reputational	1.50%	3.25%	0.00%	Partial suspension procedure in respect of the Collaborative Bodies Casa de la Mujer and Dirección General de Política Educativa y Educación Permanente	Follow-up of the implementation of the National Action Plan to be presented by the national Authorities to tackle the outstanding problems and to improve the overall MCS environment.
26	2007ES052PO005	Baleares	reputational	10.63%	10.78%	3.79%	- Adverse opinion of the AA - High error rate - Ongoing suspension	Follow-up of the implementation of the National Action Plan to be presented by the national Authorities to tackle the outstanding problems and to improve the overall

								MCS environment. EMPL audit foreseen on management verifications
27	2007ES052PO007	Cataluna	reputational	6.68%	7.02%	0.00%	- The effective implementation of the measures included in the action plan are still to be proved through a substantive sample check of expenditure certified under the new control environment. - error rate still high	- Full implementation of all financial corrections following results of the 2014 ACR. - Testing of the effectiveness of the new measures by the Audit Authority. - DG EMPL audit in S1 2015 to verify the effectiveness of the expenditure declared and checked through the modified management and control systems.
28	2007ES052PO008	Madrid	partial rep.	3.81%	3.81%	1.52%	Ongoing suspension regarding the part of the OP managed by the CB DGESFPERE	Audit Authority will carry out a re-performance of the 10% of the operations, with a minimum of 10 operations, to be declared in the future claims.
29	2007ES052PO010	Pais Vasco	full	0.68%	0.77%	0.00%	Pre-suspension ongoing concerning deficiencies identified for the first level management verifications, the certification of expenditure, second-level controls of the audit authority and audit trail. In addition, DE EMPL audit found irregularities concerning expenditure in several projects.	Follow-up of the implementation of the National Action Plan to be presented by the national Authorities to tackle the outstanding problems and to improve the overall MCS environment.
30	2007ES05UPO001	Adaptabilidad y Empleo	full	7.78%	10.00%	1.96%	Suspension decisions in force. - Concerning the non SPEE population, the projected error rate is above 29.9%, far higher than 5%. The deficiencies are mainly concentrated in the intermediate bodies Subdirección General de Fomento de la Sociedad de Información and INCYDE. - OP total error rate 10% - Results are based on unfinished audit on operations. - Incomplete information on compliance if MCS - Unclear information on changes on the audit strategy	- interruption of payments - action plan to be defined and implemented - cross verification of bonificaciones to be finalised by end 2015
31	2007ES05UPO002	Lucha contra la Discriminación	full	6.25%	10.00%	3.38%	The systems of the following intermediate body do not comply with the requirements and do not operate in such a way as to give reasonable on the correctness of the statements of expenditure presented to the Commission: - Acción contra el Hambre: due to the high error rate resulting from the audit of operations presented in the ACR 2014. - Instituto de la Mujer: Action Plan is subject to AA control - OATPFE: Action Plan is subject to AA control In addition concerning the intermediate body SEPE,	- interruption of payments - action plan to be defined and implemented
32	2007ES05UPO003	Asistencia Técnica	full			5.23%		

							the Audit authority has not yet presented the risk assessment requested by the Commission.	
UNITED KINGDOM – 4 OPs in reservation – Risk quantification = EUR 15.6 million								
33	2007UK051PO001	Highlands and Islands of Scotland	full	10.53%	10.74%	5.50%	Continuously high error rate: for 2014 again is much above 5% and residual error rate is above 2%.	MA must prepare an Action Plan in order to prevent recurrence of errors of the type identified during the audits of operations.
34	2007UK052PO002	Lowlands and Uplands of Scot.	reputational	7.93%	7.07%	3.66%	Continuously high error rate: for 2014 again is much above 5% and residual error rate is above 2%.	MA must prepare an Action Plan in order to prevent recurrence of errors of the type identified during the audits of operations.
35	2007UK052PO003	Northern Ireland	full	0.20%	0.20%	0.00%	The AA's Annual control report and opinion are insufficiently clear as regards the issue of low risk expenditure. Furthermore, weaknesses were detected in the management and control systems.	As regards key requirement n° 4, adequate management verifications, they should undergo necessary changes in order to receive a higher assurance level than the actual category 3 from the Audit Authority. In particular, it should be clarified why only 'low risk' expenditure has been submitted in 2013 and in 2014.
36	2007UK05UPO001	England and Gibraltar	full	4.88%	4.96%	1.92%	The SFA represents over 70% of total expenditure claimed in 2013 and is classified as category 3 for Key Requirements 4, Adequate management verifications and KR5, Adequate audit trail.	audit mission to the AA to further inquire AA's assessment of SFA in category 2 providing assurance that the improvements to the SFA controls were fully implemented.
ESF – 36 OPs in reservation (23 full, 10 reputational, 3 partial reputational) – Risk quantification = EUR 169.3 million								

Exception case

N°	Ref	Title	Reservation AAR 2014	2014 Error Rate			Reasons for No Reservation
				MS	Validated	CRR	
1	2007IT051PO003	Sicilia	No reservation	2.14%	7.34%	1.57%	<p>The high error rate is mainly driven by the inclusion , at 100% risk rate, of a bankrupt beneficiary for whom it was not possible, before the submission of the Annual Control Report, to finalise the audit work. DG EMPL applied a prudent, conservative approach in estimating the amount at risk – which is likely to be overstated due to the fact that the projects of this beneficiary were provisionally risk-rated at 100% -, without on the other hand, drawing conclusions on the adequacy and effectiveness of the management and control systems which would have been disproportionate in the case at hand.</p> <p>The impact related to this beneficiary is 5.20% (projected error rate without the CEFOP projects 2.14%).</p> <p>Due to the fact that the Sicilian authorities deducted from the last expenditure claim submitted in 2014 the expenditure already declared for all the ESF projects implemented by this final beneficiary (14.5 M€ for 2013 and 5.3 Me for 2014), the cumulative risk rate became 1.57%.</p>

2.3. Assessment audit results

Follow up of main DAS cases

ES OP Adaptabilidad y Empleo:

In a project audited by the Court, the employer's social security contribution was reduced when maintaining the employment following a maternity leave. One of the conditions to benefit from this support was the need to be up to date with tax obligations. The Court identified that this requirement was not met by the beneficiary. The Commission had identified similar issues.

As a result, there was a risk that beneficiaries, who applied for social security contributions discounts for employees not newly recruited (such as female employees reintegrated after maternity or employees older than 60 years), did not meet the legal requirements.

A suspension procedure had already been launched for the OP Adaptabilidad y Empleo. Following the Court's audit work, an additional pre-suspension letter, extending the suspension to the expenditure related to the social security discounts (amongst others) was sent to the Spanish authorities. Reference to DAS 2011 and 2013 findings on "bonificaciones" expenditure were included in the letter in order to warn the Spanish authorities about the fact that the EC agrees with the Court's findings. Corrective measures and actions would have to be implemented by the Spanish authorities before the suspension procedure can be lifted.

Romania OP Human Resources Development - issue of sound financial management

In its 2013 Annual report (§ 6.23), the Court identified cases such as salary costs paid in Romania where costs charged to the EU budget were excessive but where the regulations were insufficiently clear to conclude that the expenditure was irregular.

DG EMPL identified cases of high salaries in ESF projects in Romania already in 2012 and has since then taken action to tackle this serious issue.

This led to a close monitoring, follow-up audits and the application of a flat rate financial correction of 25% on all projects deemed to be affected by this deficiency (for projects selected before August 2012).

At national level, the Romanian authorities have introduced new ceilings for wages that are 20% lower than before and included them in the guidelines for applicants. The new maximum wages were based on a study commissioned by the Romanian Managing Authority.

It is an improvement, but more needs to be done for salaries to reflect the local market and to ensure a sound and efficient management.

DG EMPL audit work will therefore continue in 2015, once a critical mass of expenditure selected and approved following improved procedures has been reached.

Concerning other DAS 2013 cases, the Commission has initiated the necessary steps to follow-up on each individual finding on the basis and upon reception of the Court of Auditor's final analysis.

Table on the follow-up of previous DAS cases

	MS and OP concerned	N° of open rec	FC to be implemented	% open rec/total
DAS 2007	CLOSED			
DAS 2008	CLOSED			
DAS 2009	Poland 2007PL051PO001	1	€ 17.924	5%
DAS 2010	CLOSED			
DAS 2011	Poland 2007PL051PO001	3	€ 49.252	7%
	France 2007FR052PO001	2	€ 0	
DAS 2012	Portugal 2007PT05UPO001	2	€ 268	26%
	Poland 2007PL051PO001	1	€ 1.433	
	Poland 2003PL161PO001	1	€ 0	
	Netherlands 2007NL052PO001	2	€ 0	
	Belgium 2007BE052PO005	1	€ 0	
	Romania 2007RO051PO001	8	€ 1.118.218	
		21	€ 1.184.407	6,3%

2.3.1.2. Performance audits by the court in 2014

Special Report in preparation "Have EU microfinance initiatives been effective and efficient?"

In December 2013, ECA adopted an Audit Planning Memorandum and launched the Special Report on Microfinance. The objectives of EU support to microfinance are to address exclusion and to increase employment, especially among vulnerable groups. The concept of microfinance involves offering access to finance, namely through micro-credit, credit guarantees and grants, to financially and socially excluded people who wish to become micro-entrepreneurs.

The audit scope includes ESF projects and financial engineering instruments that are made available to assist potential micro-entrepreneurs and the European PROGRESS Microfinance Facility (EPMF) that gives additional financial capital for microfinance institutions (MFIs) to enlarge their operational field.

All individual Statement for Preliminary Findings (PFs) have been received for the selected Member States (Romania, Greece, Poland, Italy and Germany). Also, all the replies from the Commission and the Member States have been sent out and all the Court's final analyses (ARPFs) have been received.

Concerning Calabria, the preliminary results of the Court's audit pointed to important shortcomings. On the basis of the Statement for Preliminary Findings, a letter interrupting the payment deadline for a 15,3 million euros payment claim for the OP Calabria was sent to the Member State on 7 July 2014.

It is expected that the Special Report will be published before the summer 2015.

Special Report in preparation on Youth Unemployment

In April 2014, the Court launched the Special Report on youth unemployment. The audit covers in particular the Youth Action Teams established back in 2012 and the more recent Youth Guarantee recommendation. The objective of this audit is to assess from a performance point of view whether the Commission's support to Member States for these two initiatives tackling youth unemployment was effective.

Following the audit work, the Court decided to issue two separate Special Reports. The Special Report (3/2015) entitled "EU Youth Guarantee: first steps taken but implementation risks ahead" was published on 24 March 2015. A second Special Report on the Youth Action Teams is currently being prepared and is expected to be published after the summer 2015.

Special Report in preparation on Public Procurement

The objective of this audit is to assess from a performance point of view whether "the Commission and the Member State are taking appropriate actions to address the problem of public procurement errors in the Cohesion area". This audit seeks to understand the root causes of the recurrent public procurement errors detected by the Court in the DAS audits and assess the actions taken by the Commission and the Member States in this regard.

In addition to the Commission's supervision, the Court also audited national systems put in place to prevent and correct public procurement errors in 4 Member States (CZ, ES, IT and the UK).

It is expected that the Special Report will be published before the summer 2015.

Special Report in preparation on Roma integration

In November 2014, the Court approved the Audit Planning Memorandum for a performance audit on the effectiveness of Structural Funds' support for Roma integration/inclusion. The Court will carry out the audit in four Member States (Bulgaria, Hungary, Romania and Spain). The Court visited the Commission services (EMPL, REGIO & JUST) on four different occasions between June and December 2014 in order to complete the preliminary study and to discuss the APM and the different audit questions. The missions to the Member States will be performed between January and April 2015.

It is expected that the Special Report will be published in December 2015.

Special Report in preparation on Education

In 2014, the Court launched an audit that aims at assessing the contribution of the ESF education projects to the EU policy objectives during the 2007-2013 programming period as well as examining the improvements brought by the ESIF legal framework for the new programming period 2014-2020.

Preliminary work has been carried out by the Court between March and December 2014. The Audit Planning Memorandum was presented to EMPL/EAC/REGIO on 25 November 2014. On-the-spot visits will take place in the first half of 2015 in one convergence region in each of the following Member States: France, Germany, Portugal and Romania.

It is expected that the Special Report will be published in May 2016.

Special Report in preparation on State Aid

The Court is preparing a Special Report focussing on State Aid. The main audit question is: "How does the Commission actions ensure that state aids rules are complied with in an effective manner?" and the two sub-questions are: (1) Does the EC have complete information on the non-compliance of state aids rules? (2) Does the EC make a good use of this information? ECA is also conducting pilot survey with DK and PL.

The Court is planning to send three different questionnaires to a selection of national authorities: audit authorities, competition authorities and Courts of auditors. The three main issues to be reviewed by the Court are: support to Member States, Action Plan on State Aid and list of state aid cases.

It is expected that the Special Report will be published in 2016.

Follow-up audit on the recommendations made in the Special Report "Are tools in place to monitor the effectiveness of European Social Fund spending on older workers?"

In October 2014, the Court launched a follow-up audit on the recommendations of the Special Report on Older Workers published in 2012. The Court has sent to the Commission its preliminary conclusions in January 2015 and the report is expected to be published before the summer 2015.