

Table of Contents:

ANNEX 1:	Statement of the Resources Director.....	2
ANNEX 2:	Human and Financial resources	3
ANNEX 3:	Annual Accounts and Financial Reports.....	3
ANNEX 4:	Materiality criteria.....	13
ANNEX 5:	Internal Control Templates for budget implementation (ICTs)	17
ANNEX 6:	Performance against Operational Priorities as per Management Plan 2014.....	20
ANNEX 7A:	List of Reservations in the AAR 2014 and Targeted Actions	28
ANNEX 7B:	2007-2013 ERDF / CF Operational Programmes Error Rates, 322 OPs.....	41
ANNEX 8:	Specific annexes related to "Management of Resources" (Part 2).....	47
	2.1.1.2 Shared management ERDF/CF 2007-2013	47
	C. National systems audit, annual summaries and national declaration	51
	D. Audit activity of the Directorate-General	52
	E. Annual audit opinion of the Directorate-General	56
	G. Financial corrections	56
	H. Cumulative Residual Risk	61
	I. Follow-up AAR 2013 reservations	64
	2.1.3 Fraud prevention and detection.....	67
	2.3.1 European Court of Auditors.....	69
ANNEX 9:	Performance information included in evaluations	75
ANNEX 10:	Interruptions and Suspensions of payments (ERDF/CF/IPA)	77

Annexes

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.

Brussels, 30 March 2015

Nicholas Martyn

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
13 03	European Regional Development Fund (ERDF) and other regional operations	234	54	288
13 04	Cohesion Fund (CF)	94	28	122
13 05	Instrument for Pre-Accession Assistance — Regional development and regional and territorial cooperation	6	1	7
13 06	Solidarity Fund	2		2
13 AWBL-01	Administrative support for the Directorate-General for regional and urban policy	24	12	36
13 AWBL-02	Control related to cohesion policy pre-accession	77	22	99
13 AWBL-03	Policy strategy, coordination and evaluation for the Directorate-General for regional and urban policy	168	33	201
Total		605	150	755

The above data rely on the snapshot of Commission personnel actually employed in DG Regional and Urban Policy as of 31/12/2014. These data do not constitute full-time equivalents throughout the year. The number of establishment posts includes 15 AD posts allocated to DG Regional and Urban Policy on a temporary basis as well as 5 surcharges that are of temporary nature.

Financial Resources by ABB activity (EUR Million) implementation of Commitment Appropriations (CA)					
Code ABB Activity	ABB Activity	Operational expenditure	Administrative expenditure		Total
13 03	ERDF and other regional operations	11,612.40	2.04	10.36	11,622.76
13 04	CF	5,365.88	0.87	4.19	5,370.07
13 05	Pre-accession operations related to the structural policies	0.00	-	0.00	0.00
13 06	Solidarity Fund	0.00	-		0.00
	Total	16,978.28	2.91	14.55	16,992.83

(1) Heading 5 appropriations managed by the DG (global envelope) 13 01 02

(2) BA line 13 01 04.

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

(IN EUROS)	BUDGET LINE*	BUDGET LINE DESCRIPTION	2013		
			AVAILABLE APPROPRIATIONS	COMMITMENTS	PAYMENTS
	13.010211.00		2,965,249		
	13.010211.00.01.10	Mission expenses		2,500,000	1,964,581
	13.010211.00.01.30	Representation expenses		3,000	1,255
	13.010211.00.02.20	Experts		60,000	53,916
	13.010211.00.02.40	Meetings (internal and external)		70,000	64,615
	13.010211.00.03	Meetings of committees		110,000	106,613
	13.010211.00.06	Further training and management training		172,363.91	110,424.23
		TOTAL	2,965,249	2,915,363.91	2,301,404.23

ANNEX 3: Annual Accounts and Financial Reports

Annex 3 Financial Reports - DG REGIO - 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 13 Regional and Urban policy					
13	13 01	Administrative expenditure of the `Regional and Urban policy- policy area	18.37	18.08	98.42 %
	13 03	European Regional Development Fund (ERDF) and other regional operations	25,272.93	11,612.40	45.95 %
	13 04	Cohesion Fund (CF)	7,989.82	5,365.88	67.16 %
	13 05	Instrument for Pre-Accession Assistance - Regional development and regional and territorial cooperation	16.87	-	0.00 %
	13 06	Solidarity Fund	126.72	-	0.00 %
Total Title 13			33,424.71	16,996.35	50.85%
Total DG REGIO			33,424.71	16,996.35	50.85 %

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

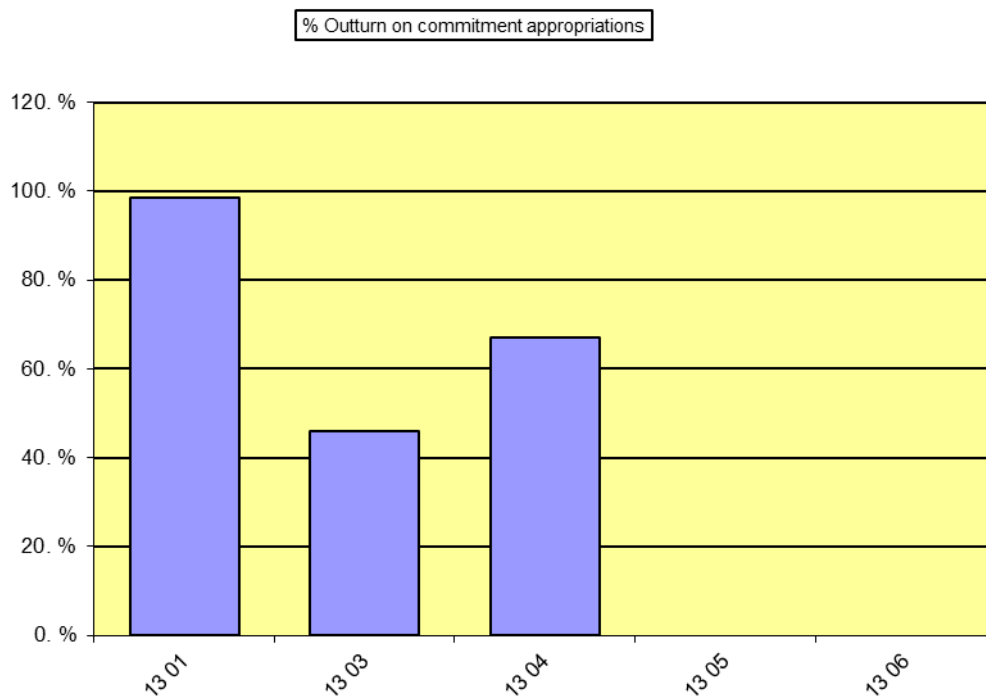


TABLE 2: OUTTURN ON PAYMENT APPROPRIATIONS IN 2014 (in Mio €)					
Chapter			Payment appropriations authorised *	Payments made	%
			1	2	3=2/1
Title 13 Regional and Urban policy					
13	13 01	Administrative expenditure of the `Regional and Urban policy- policy area	27.95	17.02	60.89 %
	13 03	European Regional Development Fund (ERDF) and other regional operations	29,725.12	29,724.33	100.00 %
	13 04	Cohesion Fund (CF)	13,464.13	13,464.13	100.00 %
	13 05	Instrument for Pre-Accession Assistance - Regional development and regional and territorial cooperation	303.97	303.97	100.00 %
	13 06	Solidarity Fund	400.81	400.81	100.00 %
Total Title 13			43,921.97	43,910.25	99.97%
Total DG REGIO			43,921.97	43,910.25	99.97 %

** 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).*

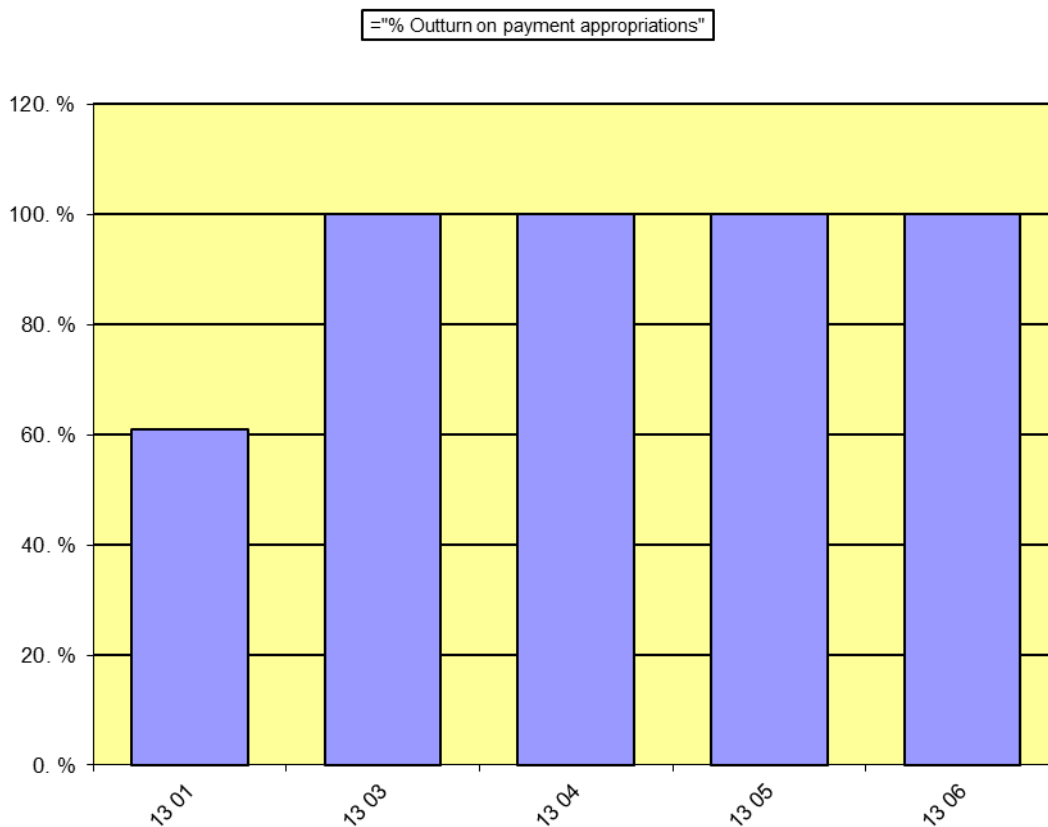


TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2014 (in Mio €)									
Chapter			2014 Commitments to be settled				Commitments to be settled from financial years previous to 2014	Total of commitments to be settled at end of financial year 2014(incl corrections)	Total of commitments to be 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 13 : Regional and Urban policy									
13	13 01	Administrative expenditure of the `Regional and Urban policy-policy area	18.04	8.66	9.38	51.99 %	-	9.38	9.58
	13 03	European Regional Development Fund (ERDF) and other regional operations	11,612.40	605.20	11,007.19	94.79 %	48,134.07	59,141.27	77,805.77
	13 04	Cohesion Fund (CF)	5,365.88	211.95	5,153.93	96.05 %	18,371.96	23,525.89	31,993.56
	13 05	Instrument for Pre-Accession Assistance - Regional development and regional and territorial cooperation	-	-	-	0.00 %	1,545.32	1,545.32	1,958.49
	13 06	Solidarity Fund	-	-	-	0.00 %	-	-	400.81
Total Title 13			16,996.31	825.81	16,170.50	95.14 %	68,051.35	84,221.86	112,168.19
Total DG REGIO			16,996.31	825.81	16,170.50	95.14 %	68,051.35	84,221.86	112,168.19

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

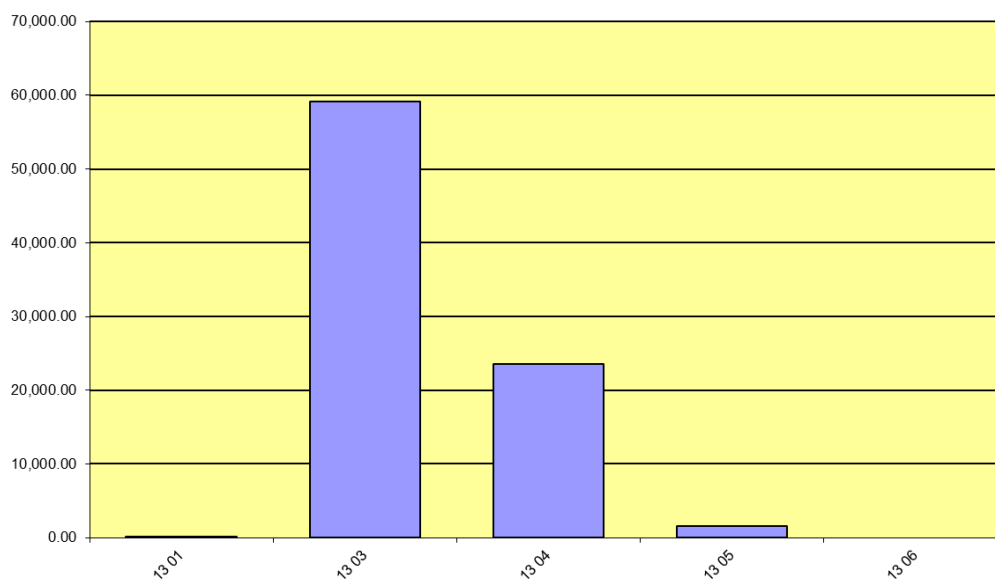


TABLE 4 : BALANCE SHEET

BALANCE SHEET	2014	2013
A.I. NON CURRENT ASSETS	12,232,862,238.77	22,382,658,375.50
A.I.1. Intangible Assets	6,698,874.26	3,196,430.28
A.I.6. Non-Current Pre-Financing	12,226,163,364.51	
A.I.7. OLD LT Pre-Financing	0.00	22,379,461,945.22
A.II. CURRENT ASSETS	16,466,538,283.11	7,475,469,972.68
A.II.2. Current Pre-Financing	16,012,876,564.64	6,918,113,023.07
A.II.4. Exchange Receivables	0.00	0.00
A.II.5. Non-Exchange Receivables	453,661,718.47	557,356,949.61
ASSETS	28,699,400,521.88	29,858,128,348.18
P.II. NON CURRENT LIABILITIES	-107,801,922.20	-96,401,553.00
P.II.2. Long-term provisions	-107,801,922.20	-96,401,553.00
P.III. CURRENT LIABILITIES	-20,989,445,529.63	-23,101,196,293.11
P.III.2. Short-term provisions	0.00	
P.III.4. Accounts Payable	-17,818,250,656.02	-18,667,249,625.69
P.III.5. Accrued charges and deferred income	-3,171,194,873.61	-4,433,946,667.42
LIABILITIES	-21,097,247,451.83	-23,197,597,846.11
NET ASSETS (ASSETS less LIABILITIES)	7,602,153,070.05	6,660,530,502.07
P.I.2. Accumulated Surplus / Deficit	48,584,501,712.24	12,256,704.91
Non-allocated central (surplus)/deficit*	-56,186,654,782.29	-6,672,787,206.98
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 Generals, 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	(860,768,609.82)	(9,759,978.18)
II.1.1. NON-EXCHANGE REVENUES	(864,841,623.89)	(11,534,213.28)
II.1.1.5. RECOVERY OF EXPENSES	(864,841,623.89)	(11,534,213.28)
II.1.2. EXCHANGE REVENUES	4,073,014.07	1,774,235.10
II.1.2.2. OTHER EXCHANGE REVENUE	4,073,014.07	1,774,235.10
II.2. EXPENSES	43,746,824,663.31	48,582,004,985.51
II.2. EXPENSES	43,746,824,663.31	48,582,004,985.51
11.2.10. OTHER EXPENSES	16,459,433.46	103,784,989.87
II.2.1. EXP IMPLM BY MEMBER STATES (SHARED)	43,488,442,956.32	48,470,022,660.94
II.2.2. EXP IMPLM BY COMMISS&EX.AGENC. (DM)	46,333,525.76	71,864,140.77
II.2.4. EXP IMPL BY 3RD CNTR & INT ORG (IM)	195,751,842.62	(64,232,008.81)
II.2.6. STAFF AND PENSION COSTS	(163,094.85)	(275,101.52)
II.2.8. FINANCE COSTS	-	840,304.26
STATEMENT OF FINANCIAL PERFORMANCE	42,886,056,053.49	48,572,245,007.33

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 6: AVERAGE PAYMENT TIMES FOR 2014 - DG REGIO

Legal Times							
Maximum Payment Time (Days)	Total Number of Payments	Nbr of Payments within Time Limit	Percentage	Average Payment Times (Days)	Nbr of Late Payments	Percentage	Average Payment Times (Days)
30	860	809	94.07 %	14.82	51	5.93 %	47.75
45	28	25	89.29 %	20.84	3	10.71 %	54.33
60	1717	1377	80.20 %	28.24	340	19.80 %	119.00
90	5	5	100.00 %	24.80			
365	111	111	100.00 %	9.82			
Total Number of Payments	2721	2327	85.52 %		394	14.48 %	
Average Payment Time	35.16			22.61			109.28

Target Times							
Target Payment Time (Days)	Total Number of Payments	Nbr of Payments within Target Time	Percentage	Average Payment Times (Days)	Nbr of Late Payments	Percentage	Average Payment Times (Days)
20	34	26	76.47 %	12.65	8	23.53 %	25.75
30	1863	983	52.76 %	18.58	880	47.24 %	71.88
Total Number of Payments	1897	1009	53.19 %		888	46.81 %	
Average Payment Time	43.25			18.43			71.46

Suspensions							
Average Report Approval Suspension Days	Average Payment Suspension Days	Number of Suspended Payments	% of Total Number	Total Number of Payments	Amount of Suspended Payments	% of Total Amount	Total Paid Amount
0	76	631	22.97 %	2721	10,202,548,007.92	23.14 %	44,097,464,988.52

Late Interest paid in 2014			
DG	GL Account	Description	Amount (Eur)

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

TABLE 7 : SITUATION ON REVENUE AND INCOME IN 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		
61	REPAYMENT OF MISCELLANEOUS EXPENDITURE	58,274,363.41	13,802,739.16	72,077,102.57	29,553,872.99	13,802,739.16	43,356,612.15	28,720,490.42
65	FINANCIAL CORRECTIONS	40,961,406.34	2,068,991.99	43,030,398.33	29,370,695.34	2,068,991.99	31,439,687.33	11,590,711.00
66	OTHER CONTRIBUTIONS AND REFUNDS	-	41,012.00	41,012.00	-	-	-	41,012.00
Total DG REGIO		99,235,769.75	15,912,743.15	115,148,512.90	58,924,568.33	15,871,731.15	74,796,299.48	40,352,213.42

**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)	Irregularity		TOTAL Qualified		TOTAL RC(incl. non-qualified)		% Qualified/Total RC	
	Nbr	RO Amount	Nbr	RO Amount	Nbr	RO Amount	Nbr	RO Amount
2001					1	452,658.24		
2002					1	744,969.18		
2004	1	366,419.76	1	366,419.76	3	8,374,767.86	33.33%	4.38%
2005	3	11,134,180.93	3	11,134,180.93	5	16,924,378.77	60.00%	65.79%
2006	3	1,011,861.75	3	1,011,861.75	5	2,782,514.35	60.00%	36.37%
2011					17	240,737.00		
2012					4	43,638.89		
2013					2	258,566.69		
2014					2	7,806.37		
No Link	26	29,933,942.92	26	29,933,942.92	40	70,835,396.94	65.00%	42.26%
Sub-Total	33	42,446,405.36	33	42,446,405.36	80	100,665,434.29	41.25%	42.17%

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												
NON ELIGIBLE IN COST CLAIMS									7	87,470,241.95		
CREDIT NOTES									79	866,479.84		
Sub-Total									86	88,336,721.79		
GRAND TOTAL			33	42,446,405.36			33	42,446,405.36	166	189,002,156.08	19.88%	

TABLE 9: AGEING BALANCE OF RECOVERY ORDERS AT 31/12/2014 FOR REGIO

	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
2005	1	1	0.00 %	41,012.00	41,012.00	0.00 %
2013	13		-100.00 %	15,871,731.15		-100.00 %
2014		9			40,311,201.42	
	14	10	-28.57 %	15,912,743.15	40,352,213.42	153.58 %

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

No data reported.

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

Procurement > EUR 60,000

Negotiated Procedure Legal base	Number of Procedures	Amount (€)
Art. 134.1(b)	1	120,083.00
Total	1.	120,083.00

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

Internal Procedures > € 60,000			
	Procedure Type	Count	Amount (€)
Internal Procedures > € 60,000	Call for expressions of interest - Pre-selection of candidates (Art. 136.1(a) RAP)	3	258,484.00
	Exceptional Negotiated Procedure without publication of a contract notice (Art. 134 RAP)	1	120,083.00
	Open Procedure (Art. 122.2 IR)	1	489,253.00
	Open Procedure (Art. 127.2 RAP)	19	49,041,639.00
	TOTAL		24

TABLE 13 : BUILDING CONTRACTS

No data reported.

TABLE 14 : CONTRACTS DECLARED SECRET

No data reported.

ANNEX 4: Materiality criteria

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

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

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

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

The application of this third element results in a **cumulative residual risk/error rate** for each programme or where appropriate group of programmes covered by a common management and control system, expressed as a percentage of the value of the cumulative interim payments made for the programming period, 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
regio_aar_2014_annexes

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 the body of the Annual Activity Report. In some cases, reservations may be made at a **sub-programme level** (priority axis or implementing bodies) when the systemic deficiencies only affect a specific management and control system, not used for the other activities under the same programme.

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

Estimation of the amount at risk

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

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

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

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

Limited assurance with medium 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%;

³ Exceptions duly justified are disclosed in the AAR

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 CPR 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.

For direct and indirect management

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

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

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

Shared Management

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

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

DG Regional and Urban Policy estimates that the annual overall Commission costs incurred amounts to approximately 0.15% of total appropriations. This is made up of:

- The annual cost of audit work (internal team and outsourced contract) which covers the assessment by the Commission of management and control systems in MS, including analysis of Audit Authorities reports and ACRs, own audit work⁴ and drafting of interruption letters.
- The annual costs of Commission staff which carries out controls throughout the different design, implementation and monitoring phases. This includes the setting-up of the management and control systems in the Member States, the Commission checks in the designation process (sampling of national designations), the Commission ex-ante checks of the periodic expenditure declarations (financial circuits).

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

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

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

Main risks	Mitigating controls	Coverage frequency and depth	Costs and benefits of controls	Control indicators
The Operational Programmes (OPs) financed do not adequately reflect the policy objectives or priorities.	Internal consultation, hierarchical validation at DG-level of each OP. Inter-service consultation (including all relevant DGs) Adoption by Commission Decision, where foreseen by EU law.	Coverage / Frequency: 100%. Depth: checklist, guidelines, lists of requirements in the relevant regulatory provisions and reflection of policy objectives and priorities in position papers and CSRs.	Overall COM cost: see above Benefits: adopted OPs focus on challenges MS and regions are facing (as identified in European Semester) and have a clear intervention logic, allowing the Commission to evaluate their impact [<i>non-quantifiable individually</i>]	Effectiveness: - % of OPs adopted/ approved Efficiency: - average time to adopt/ approve an OP ⁵

Stage 2 – Implementation of operations (Member States):

A. Setting up of the systems

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

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

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

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

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

Main risks	Mitigating controls	Coverage, frequency and depth	Control indicators
Periodic expenditure declarations submitted to the Commission include expenditure which is irregular or non-compliant with EU and/or national eligibility rules and legislation.	Management verifications: first level checks by Management Authorities (MA). Certification, audit opinion and annual report by the relevant authorities designated/accredited.	Coverage: fixed in sector-specific rules Depth: - <u>management verifications</u> : performance of first-level checks (administrative and on the spot controls). - <u>certification</u> : additional verification (desk checks and on-the-spot). - <u>audit opinion</u> : system audits on the checks already carried out, where necessary with re-performance of on-the-spot checks; where applicable, audits of operations (on a statistical basis) and additional substantive testing on expenditure.	Effectiveness: - weighted average error rate as reported by the Member States. Efficiency: - time to lift interruption of payments ⁶

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
------------	---------------------	-------------------------------	----------------------------	--------------------

⁶ impacted by the complexity of the issues and the time required by MS to react

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

ANNEX 6: Performance against Operational Priorities as per Management Plan 2014

Ref	Indicator	End-Dec Results	End-Dec Status	Notes/Bottlenecks
1. To start the 2014-2020 period with a strong result and performance orientation				
1.1 To finalise the secondary legislation and guidance documents				
1	<ul style="list-style-type: none"> The delegated and implementing acts adopted within 6 months of the adoption of the CPR regulation Target: Category I and II; Before end May 2014	All major secondary legislation for the ESI Funds for the 2014-2020 period have been agreed in 2014.		All major secondary legislation for the ESI Funds for the 2014-2020 period have been agreed in 2014. In total in 2014 we have adopted 4 delegated acts, 6 implementing acts (a seventh one is still in the adoption procedure) and 5 implementing decisions.
2	<ul style="list-style-type: none"> % of Guidance documents for desk officers prepared Target: 100%; Before mid-2014	100% of drafts finalised.		On-going tidying up exercise and integration with Wiki being finalised.
3	<ul style="list-style-type: none"> % of Guidance documents in the field of management and control systems for MS programme authorities prepared Target: 100% (7 out of 7); According to plan	100%		Target reached. Two GNs (Designation and MCS assessment) finalised in 2014. The final drafts of other three GNs (Audit Strategy, Management Verifications and ACR) to be adopted after EGESIF meeting of 20/01/2015. The draft GNs on Accounts and on Management Declaration/Annual Summary will be discussed in the EGESIF of 25/02/2015.
1.2 To have all partnership agreements adopted (by end June 2014 and all mainstream programmes adopted at the latest under the mandate of this Commission. (including inter alia review of compliance with ex-ante conditionality, concentration on thematic priorities, results orientation and definition of performance frameworks).				
4	<ul style="list-style-type: none"> % of partnership agreements adopted Target: 100% (28 out of 28); End of October 2014	100% (28 out of 28) adopted by 31/12/2014		All PAs were adopted within 12 months of adoption of the regulation. An improvement compared to 2007-2013, when the NSRFs were adopted 15 months after the regulation was adopted.
5	<ul style="list-style-type: none"> % of programmes adopted Target: EU28 50% by end 2014; 50% (ETC CBC, IPA and ENI) by 2015	63 % (130 / 205 IfGJ OPs) 24% (24/76 ETC programmes) adopted by 31/12/2014		With the carry-over group, 80% of the IfGJ OPs and 34% ETC programmes will be adopted by February 2015.
1.3 To ensure that implementation has started for the programmes				
6	<ul style="list-style-type: none"> % of monitoring Committee set up Target: 50% (exc. ETC) by end-2014 ; ETC 50% by mid-2015	Data not available		Not possible to report on the number of monitoring committees set up since as the adoption of the majority of adopted OPs only took place in December.
1.4 To ensure that the new procedures and IT systems are operational in time for the implementation of the 2014-2020 programming period				
7	<ul style="list-style-type: none"> Delivery in accordance with the plan of all new 2014-2020 processes defined in the schéma directeur 2014 for SFC2014 and WAVE Target: 100%	On top of previous October achievements: - SFC2014Back-Office: Interim payment features were released in production. Annual operations are ready at the end of December and will		On top of previous October achievements (ADDITIONAL INFO): - SFC2014Back-Office: More than 100 operations were executed late 2014 without real technical issues, that is a success criterion for the back office system.- WAVE: On a global basis, effort was focused on correction of WAVE defects and technical enhancements to support the very high peak of activity in the adoption of OPs. Additional processes (Annual commitment, Designation of Authorities) developed are being

Ref	Indicator	End-Dec Results	End-Dec Status	Notes/Bottlenecks
		be released in production early 2015. - WAVE: Interim payment (light version) was put in production. 148 OPs have been adopted in REGIO using WAVE. Additional processes and technical improvements of the platform have been developed		tested, and will be put in production gradually, from January to March 2015. MAIN RISKS:- (A4TT101): 2014-2020 Business processes may not be defined and stable or making them easily and timely implemented in SFC2014 and WAVE since the BPT does not have the capacity to perform timely and without many iterations all the analyses of the procedures to implement in WAVE in 2014 and additional cooperation with EMPL is needed. This risk is still open in the 2015 risk assessment and new mitigating actions were defined). WAVE: EMPL remains committed to use WAVE for OPs adoption, Pre-financing and Designation of Authorities. However, they have restarted exploring an alternative IT solution in October (decision to be taken end of Feb 2015). Moreover, the technical improvement of WAVE platform will last until March 2015.
1.5 To ensure satisfactory preparation of the new Commissioner				
8	<ul style="list-style-type: none"> Files for the Commissioner prepared Target: Strategic file by May 2014; Complete file by June 2014	Complete		
2. To ensure and demonstrate the added value of Cohesion policy through integration within EU governance mechanisms, providing results an coordinating EU territorial policies and Urban matters				
2.1 To reinforce the link between the EU economic governance and Cohesion Policy				
9	<ul style="list-style-type: none"> 6th Report on Economic, Social and Territorial Cohesion (with a section on ESIF ad EU economic governance) Target: Adopted; Before 01 July 2014	6th Cohesion Report adopted on 23 July [COM(2014)473]		6th Cohesion Report adopted on 23 July [COM(2014)473]
10	<ul style="list-style-type: none"> Commission guidelines on the application of the provisions on measures linking effectiveness of ESF Funds to sound economic governance in Article 23 CPR (With DG ECFIN) Target: Publication by June 2014	COM guidelines adopted on 30 July [COM(2014) 494 final]		COM guidelines adopted on 30 July [COM(2014) 494 final]
11	<ul style="list-style-type: none"> Ensure that Council recommendations relevant to the policy objectives are taken into account in the 2014-2020 programmes Target: 100% of recommendations addressed in programmes (50% EU28 by end-2014; 50% EU28 and ETC in 2015)	Relevant comments provided in consultations of OPs		B2 is providing input to IU which has the final responsibility to ensure that the relevant recommendations are addressed in the programmes
12	<ul style="list-style-type: none"> Input to 2014 Member State Staff Working Documents (April) and the Country Specific recommendations (May) and the 2015 Annual Growth Survey (October). Target: MS SWD (April), CSR (May), AGS (October)	done for MS SWD and CSR Requests for contribution to AGS were limited to Cabinets		Requests for contribution to AGS were limited to Cabinets

Ref	Indicator	End-Dec Results	End-Dec Status	Notes/Bottlenecks
2.2 To provide evidence and communicate on the results of Cohesion Policy programmes 2007-2013 and 2014-2020, improve the effectiveness of the policy and ultimately demonstrate its added value.				
13	<ul style="list-style-type: none"> Synthesis of the updated core indicator data and categorisation data Target: AIRs synthesis of core indicators by Oct 2014	ongoing not all AIRs have been accepted by COM		The synthesis will be done after having received the final figures provided by the external verifier (WPO). It should be ready by early 2015
14	<ul style="list-style-type: none"> Ex-post evaluation launched (target: 5 out of 15 calls published by spring 2014, 7 by summer 2014 and contractors selected by end of 2014) Target: 5 publications (Spring 2014), 12 publications (Summer 2014); 15 out of 15 by 2015; All contractors selected by end-2014	15 Evaluations signed by end 2014 (WP 0, 1, 2, 3, 4, 5, 6, 8, 9, 10, 11, 12, 13, 14c, 14d))		Ex-post evaluations launched according to plans
15	<ul style="list-style-type: none"> Number of success stories shared (online project database, REGIO stars awards, Panorama magazine...) Target: 500 by end-2014	518		By devoting additional resources within the Unit to achieving this objective and putting pressure on the external contractor to improve the quality of the service provided, we were able to reach the target by the end of the year.
16	<ul style="list-style-type: none"> Analysis of expected results for thematic objectives based on result indicators in OPs (target: 2 pilots in 2014, remaining in 2015 if pilots deemed successful) Target: 2 pilots by end-2014	Postponed for beginning 2015		A critical mass of OPs was adopted only by end Dec 2014. For this reason, the analysis of the expected results will be done only in early 2015.
2.3 To contribute to the development of the macro regional dimension of the policy by coordinating the implementation of the existing macro regional strategies and by developing new ones				
17	<ul style="list-style-type: none"> Monitoring implementation of on-going macro regional strategies action plans for the Baltic Sea Region and the EU Strategy for the Danube Region. (target: 2014 Annual Forum per strategy and one common High Level Group for Baltic and Danube) Target: 2 Annual Forums:(1) Baltic Sea (2) Danube and 1 Combined High Level Group by end-2014			Baltic Sea: Main principles and timing agreed with national contact points on 8/12. Danube: Grant agreement with Baden Württemberg as Danube Strategy Point (DSP) signed. The DSP to be functional around May.
18	<ul style="list-style-type: none"> Ensuring that Cohesion Policy programmes (country-specific and ETC programmes) supports the strategies (target: all PAs, a sample of most relevant country-specific OPs (50) and all ETC OPs screened) Target: Screen all PAs; 50 Samples of relevant CSR; Screen all ETC OPs by end 2014	All 28 PAs and 188 OPs screened		Major screening exercise successfully completed. Screening will continue onto 2015 for programmes not yet adopted.
19	<ul style="list-style-type: none"> Adoption of the EU Strategy for the Adriatic and Ionian Region (EUSAIR) and establishment of a communication and an action plan Target: Adoption of EUSAIR and Communication and	Adoption of the Communication by Commission on 17/6 - COM(2014)357 and of the Action plan - SWD(2014)190		Adoption exactly on schedule, in challenging macro-regional area, with significant non-EU participation (Western Balkans). EUSAIR major launch event under Italian presidency in Brussels in November had high attendance.

Ref	Indicator	End-Dec Results	End-Dec Status	Notes/Bottlenecks
	Action Plan by end-2014			
20	<ul style="list-style-type: none"> Preparation of the EU strategy for the Alpine region Target: adoption by June 2015	More than 400 replies to public consultation. More than 1000 participants to stakeholders' event in milan on 1 and 2 December	😊	All preparatory work successfully completed, included wide-ranging consultation, and major final consultation conference
2.4 To coordinate and provide support in Territorial and Urban matters				
21	<ul style="list-style-type: none"> Analysis on how ERDF Art 7 (sustainable urban development) is implemented within the adopted OPs and on the uptake of the new tools (ITI and CLLD) under the ERDF Target: Carry out analysis by end-2014	Draft version of report finalised (based on data from 25 Nov). Update with cut-off date 5 Jan 2015 will be submitted to the Board end of January 2015.	😊	Since a record number of OPs had been adopted in the last weeks of 2014, the report needs to be updated before being submitted to hierarchy.
22	<ul style="list-style-type: none"> Budgetary commitments for Urban Innovative Actions are done in accordance with the provisions of the Financial Regulations and in due time to consume the yearly appropriations (i.e. implementation mechanism operational) Target: global commitments made by end-2014	Draft delegation agreement is with the possible entrusted entity for review.	😊	The draft delegation agreement and the method of audit assurance took time to be internally approved within DG REGIO and also by DG BUDG. These issues are now resolved and a draft delegation agreement is with the possible entrusted entity for review.
3. To achieve the sound and efficient use of Funds to channel investments for growth and jobs				
3.1 To foster timely and effective implementation of the agreed 2007-2013 programmes in partnership with the Member States and the Regions and accelerate implementation.				
23	<ul style="list-style-type: none"> % of 2007 – 2013 Major Projects submitted since July 2013 adopted/rejected/withdrawn within 180 days. Target: 80% 	30% 56 projects cleared out of 189	😞	The main elements which have negatively affected the priority were delays in MS' replies, MS' refusal to withdraw projects leading to time-consuming negative decisions and the priority given to the 2014-2020 negotiations which had its impact on human resources availability in the Implementing Units.
24	<ul style="list-style-type: none"> % of MP projects submitted to the Commission before 1.1.2014, approved or rejected (target 95%) 	93% 861 projects cleared out of 928	😊	
25	<ul style="list-style-type: none"> % of 2007 – 2013 OP modification adopted within 3 months. Target: 80% 	65% (42 / 65 modifications submitted in 2014 were adopted within 3 months)	😊	102 programme modification adopted in 2014, of those 37 from previous years (11 within 3M deadline) and 65 from 2014 (42 within 3M deadline). 35 modifications remain open (of those 11 from 2013 and 24 from 2014). Of those 22 modifications are already outside of deadline.
26	<ul style="list-style-type: none"> % claimed by MS/allocated by Commission for ERDF and CF (Targets: Average: 75% by end of 2014, 85% by end of 2015, for the least performing 6 countries: 60% and 70%) 	75% (average) 62% (for less performing countries) As of 05/01/2015	😊	The target has been met. Although 8 MS have reached the target, based on the forecasts, there are still low performers below the 60% ceiling (HR, RO, SK, and BG).
27	<ul style="list-style-type: none"> % of 2007 – 2013 ERDF/CF committed which is allocated to specific projects (Target: 100% by end 2013 for all MS excluding HR as reported in the 2013 Annual Implementation Reports) 	92% allocated to specific projects (20% of AIRs still open)	😊	This figure could be adjusted as the not all AIRs are closed
3.2 To monitor the implementation of the funds, including the use of financial instruments.				

Ref	Indicator	End-Dec Results	End-Dec Status	Notes/Bottlenecks
28	• % of Programmes with core indicators monitored, checked and assessed as plausible reported in 2013 Annual Implementation Reports	ongoing		WPO to provide external expertise in this verification exercise. The results will be made available in January 2015.
29	• Monitoring on FEIs (target: By 1 October 2014 annual summary including information on all FEIs reported)	Annual summary on FEIs for 2013 sent to the Cabinet on 2/10/2014, Ref. ARES(2014)3246481 Sent by the Cabinet to the EP and ECA on 20/10/2014, Ref. Ares(2014)3469990.		The annual summary of data on FEI was delivered in time and disseminated to the key stakeholders, notably ECA and EP. The data presented in this summary demonstrate a slight increase in terms of the number of FEIs set up and a more significant increase of OP contributions already paid into FEIs. In addition, absorption rates reported vary widely from one FEI to another, with variations apparent not only between Member States but also between areas of intervention. The reporting on FEIs for enterprises showed an absorption rate of 51%, on FEIs for energy efficiency an absorption rate of 43%; but for urban development the absorption rate was only 11%. Continued efforts are needed to speed up implementation and absorption rates.
30	• % of the FEI funds delivered to ultimate beneficiaries (target: 60% at end 2013, 80% at end 2014)	47% as of end 2013		In order to respond to a request from ECA, IUs were requested in November to provide updated information on implementation. Information on several underperforming MS was received and it shows significantly improved absorption rates as of 3Q 2014. Nevertheless the absorption rate remains below the 80% target in the addressed countries. In addition, as information was not received for all MS no comprehensive picture on the state of play can be provided. Information on target at end 31.12.2014 based on the 2014 Annual Implementation Report will be available by October 2015.

3.3 To provide or organise hands-on support and advice to a certain number of Member States to improve their poor or insufficient administrative capacities, in order to improve the quality of spending and enhance the use of funds, improve respect and implementation of public procurement, and achieve structural reforms.

31	• Implementation of public procurement action plan and anti-fraud actions (target: one new public procurement guidance manual, 3 training/workshops in public procurement and 6 workshops on fighting corruption/fraud in the management of ESI Funds)	* Draft manual (Guidance for beneficiaries) completed and presented at Open Days. ISC on the final version is still open pending legal review * PP workshops/trainings are pending finalisation of guidance in all languages and stock-taking * 8 anti-corruption seminars completed (2 additional planned in February 2015)		Negative opinion by legal service in the ISC. Work is in progress to make necessary adjustments.
32	• Setting up a common expert exchange system (target: demand analysis by mid-2014, 1 pilot common expert exchange system project launched by end 2014)	*Demand analysis completed. *Concrete proposal developed (making use of TAIEX) and endorsed by Board. *Launch of pilot expert exchange system is pending signature of service level agreement and cross sub-delegation to DG NEAR.		The pilot expert exchange system (REGIO Peer2Peer) using TAIEX as a tool can be launched soon after signature of service-level agreement and cross sub-delegation to DG NEAR. This issue is part of a larger package which is under negotiation with DG NEAR. Should another solution than TAIEX be chosen the launch will be significantly delayed.
33	• % of remaining ERDF/CF payments to be made for OPs with management and control system assessed as categories 3 and 4 out of the total remaining ERDF/CF payments (target: lower than 25% at end of 2014)	40.0%		Not applicable. The decreasing size of the budget still to be paid makes fluctuations on this figure more important towards the end of the year (i.e. one problematic OP has a greater impact than previously). The percentage increases because the sum of the remaining payments to be done (difference between budget allocation and interim payments) decreases slower for OPs in category 3 and 4 than for other OPs. On the basis of our experiences we will not continue to use this indicator in 2015.

3.4 To close the remaining open 2000-2006 ERDF programmes and the 2000-2006 Cohesion Fund projects.

regio_aar_2014_annexes

Ref	Indicator	End-Dec Results	End-Dec Status	Notes/Bottlenecks
34	• % of 2000 – 2006 ERDF programmes closed out of the total 2000 – 2006 ERDF programmes (Target: 90% at mid-2014, 100% end 2014 and excluding the part of the programmes affected by open legal, administrative proceedings and open recoveries)	89% 338 out of 379 OPs closed		Of 379 programmes 338 are closed, of those 28 partially due to ongoing legal/administrative procedures. 41 programmes remain open - for 30% of them we have MS approval but administrative/financial operations need to be finalised for closures.
35	• % of 2000 – 2006 CF projects closed out of the total 2000-2006 CF projects (Target: 85% representing 80% of CF commitments for this period at end 2014)	84.9%72% of commitments consumed		2 projects blocked due to budget transfer away from CF 2000-2006 budget line.









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

36	• % of initial interruption letters issued within 2 months of discovery of issue (Target: 85%)	77%		This is a challenging target, and the DG is not far from meeting it. The main delays were caused by the Annual Activity Report exercise, where the drawn out nature of the process (over 3 months) creates challenges to issue rapid interruption letters. This will be addressed in 2015 by the issuing of shorter, less detailed letters within the deadlines.
37	• % of /pre-suspension letters issued within 4 months of discovery of issue (Target: 85%)	70%		As for indicator 36, this is a challenging target, and the DG is not far from meeting it. The main delays were also caused by the Annual Activity Report exercise, where the drawn out nature of the process (over 3 months) creates challenges to issue rapid pre-suspension letters. A more questioning approach by the SJ on pre-suspension letters significantly lengthened the time taken to send pre-suspension letters in the second half of the year. The main country affected was Spain, with a high number of new AAR cases for that country overloading the limited staff allocated to the work.
38	• % of the AAR 2013 reservations cases solved or financial corrections applied in 6/9/12 months Target: 30% by end-Sep; 60% by end-Dec; 75% by Mar-2015	32% (24/75) as of end 2014		3 additional cases solved in last quarter. Limit number of additional cases may be solved as part of the AAR exercise. The single biggest concern is that Member States still dedicate insufficient resources to resolving outstanding reservations. These are allowed to drag on for months with even suspension decisions seemingly having little effect. This is coupled with a tendency of the Commission to ask for actions which take a long time to carry out (in particular validation of new systems by audit authorities).
39	• % of the AAR 2012 reservations solved at mid-2014 (Target: 85%)	69% i.e. 59 out of 85		1 additional case resolved in last quarter. Limited number of additional cases may be solved as part of the AAR exercise. The problems identified under indicator 38 above are valid here as well. Spain is the most problematic case, with long-running suspension decisions not addressed for months by the Spanish authorities.

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

40	• Budgetary discharge obtained for the year 2012	Attained on 03 April 14		Target reached in April 2014 (budgetary discharge for 2012 was obtained on 3 April 2014)
41	• audits on the audit authorities (target: 90% of audits in the audit plan approved by the Board carried out by end 2014)	100% of the audits planned were carried out.		
42	• bridging the assurance gap audits on high risk programmes (target: 90% of audits in the audit plan approved by the Board carried out by end 2014)	100% of the audits planned were		

regio_aar_2014_annexes

Ref	Indicator	End-Dec Results	End-Dec Status	Notes/Bottlenecks
		carried out.		
43	<ul style="list-style-type: none"> number of annual control reports received from audit authorities with opinion and error rate that can be relied upon for the AAR (target: 70%) 	94%		Target reached. The AAR 2013 results are available: for 2013, REGIO confirmed the audit opinion for 304 out of 322 programmes (94%) and 89% of the error rates were relied upon for the AAR
4. To improve efficiency and quality of key internal processes				
4.1 To ensure an efficient functioning of the competence centres and the matrix organisation.				
44	<ul style="list-style-type: none"> Staff surveys (target : second semester 2014) 	The survey has been postponed and will be carried out in first semester of 2015.		The initially considered timing for the launch of the survey on the functioning of the matrix was second semester 2014. This timing has been moved to first semester 2015 (2/4/14 DG-DDG meeting), to take into account negotiations will not be over in 2014 and advent of new Commission.
4.2 To enhance knowledge management (KM) and sharing of both structured and non-structured information within the DG.				
45	<ul style="list-style-type: none"> Deployment of infrastructure of the central wiki of knowledge and starting populating the wiki <p>Target: production of key areas by mid-2014</p>	RegioWiki is opened to all DG REGIO staff since 3/11/2014 (it includes the briefing of the next Commissioner as well as the Regulatory framework pillar).		Phased approach followed for the implementation of the WIKI project. The third and fourth phases are still on-going, with the "Policy development, Evaluation and Audit" pillar to be officially opened at the very beginning of 2015, and the Geographic and Thematic pillars to be opened before the summer 2015.
46	<ul style="list-style-type: none"> Key procedures related to Knowledge Management <p>Target: Adoption by mid-2014</p>	The key procedures supporting the production of assets related to the Regulatory Framework have been re-documented.		Some procedures are still quite new, and need monitoring and possible deeper re-engineering
47	<ul style="list-style-type: none"> SharePoint and wiki are the only tools used for documents and knowledge concerning 2014-2020 (Target: End of 2014 for documents and knowledge concerning 2014-2020) 	For the Regulatory Pillar, both RegioWiki and RegioShelves (SharePoint) have becoming the reference tools, since 3/11/2014. Old sites still containing documents or knowledge are in the process of being de-commissioned or archived. The other pillars, will be rolled out progressively, starting with the "Policy pillar" by the beginning of 2015, and followed by the Geographic and Thematic pillars before the summer 2015		Phased approach followed for the implementation of the WIKI project. The third and fourth phases are still on-going, with the "Policy development, Evaluation and Audit" pillar to be officially opened at the very beginning of 2015, and the Geographic and Thematic pillars to be opened before the summer 2015.
4.3 To optimise the use of REGIO TA in order to address policy and the DG needs				
48	<ul style="list-style-type: none"> Implementation of the 2014 financial decision linked to the priority axes of the multi-annual strategy <p>Target: 85% budgetary execution by end-2014</p>	89%		Target has been met. The FAFA with the EIB was concluded and JASPERS specific grant agreement was signed. Following the choice of Nord-Pas de Calais Region as implementing body for the UIA, the financing decision was adopted in due time to allow global budgetary commitment.
49	<ul style="list-style-type: none"> Update of the TA strategy (Target: Revised TA Strategy by 31/08/2014) 	TA updated strategy was endorsed by the Board on 3/11.		TA updated strategy was endorsed by the Board on 3/11. For each priority axis, Intervention logic introduced via the establishment of measure fiches
4.4 To ensure optimal allocation of staff, aligned, as much as possible, with priorities of the Management Plan, as well as search for other efficiency gains.				
50	<ul style="list-style-type: none"> Next workload assessment exercise designed and launched in 2014 	Replaced by Work Force Planning exercise, to be carried out in the first semester of 2015.		The timing for the next WFP has been changed: it will be implemented in the context of the drafting of UMPs for 2015. The outline of the methodology was presented to the DDG in Q4 2014. The methodology will be elaborated by the HR Unit (to be assisted by a WFP Advisory Group) in

Ref	Indicator	End-Dec Results	End-Dec Status	Notes/Bottlenecks
51	<ul style="list-style-type: none"> The two main working groups (as per strands of the Change REGIO Roadmap - 1: Definition of core competences of geo units and competence centres post 2014, 2: Optimise HR quality services and meeting/mission culture) are set up and deliver recommendations by end first semester 2014. 	HR Services and Processes Action Plan finalised. IOG: Work ongoing, public consultation on definition of minimum service levels was concluded.		<p>the first trimester 2015.</p> <p>The detailed HR Services and Processes Action Plan were adopted by the BoD on 24 September 2014. IOG: The work consists of four blocks: 1) establishment of minimum service level and identification of all potential tasks for Implementation Units; 2) setting the basis for a differentiated approach in our dealing with MS, 3) defining the role of Competence Centres in support of IUs and 4) review of core processes. The delay in the implementation of the first block is likely to adversely affect the whole exercise and postpone the delivery to no earlier than first trimester of 2015.</p>
52	<ul style="list-style-type: none"> % of redeployment of positions (target: 1% - exact target to be defined) in line with conclusions drawn (WLA exercise and other working groups). 	The Workforce planning exercise is to be implemented in first semester of 2015. WFP will also serve as basis for redeployment decisions.		<p>Decisions of the HRSC are taken on the basis of the HR Rolling Plan, while also taking into account the impact of the New Staff Regulations, i.e. the issue that some AST staff members occupy SC posts, while performing (or wanting to perform) assistant tasks. A mapping by the exercise has identified the use of SC posts, as well as the career aspirations of staff occupying these posts. The HRSC has decided on a list of staff members that should be recruited on AST post to align their responsibilities with their tasks.</p> <p>Another exercise aiming at optimising the administrative support throughout the DG was concluded in 2014 and its results are submitted for approval by the board in its meeting of 26 January 2015.</p> <p>The combined analysis of both exercises will be taken into account into the WFP exercise which is planned for 2015.</p>

ANNEX 7A: List of Reservations in the AAR 2014 and Targeted Actions

2007-2013 ERDF/CF/IPA/IPA-CBC – 79 OPs

	Ref	Title	MS error rate 2013 ⁷	Validated error rate ⁸	CRR	Reserve AAR 2014	Reasons for Reservations / Comments	Targeted Actions
AUSTRIA: 1 Rep-Full Reservation; Quantification: EUR 0.0m								
1	2007AT162PO003	Vorarlberg	2.0%	2.0%	0.0%	Rep-Full	Deficiencies at the level of the MA (Lack of supervision on the IB)	1) Improvement of the management and control system and correction of past expenditure at risk 2) validation by the AA of the corrective measures 3) Assessment of the adequacy of the corrective actions
BELGIUM: 1 Full Reservation; Quantification: EUR 1.5m								
2	2007BE162PO002	Vlaanderen	6.2%	10.0%	2.6%	Full	Error rate > 5% (i.e. deficiencies in the management and control system) and CRR > 2%	1) Implementation of appropriate financial corrections 2) Improvement of the system for management verifications 3) Validation of the corrective actions by the AA 4) Assessment of the adequacy of the corrective actions
CZECH REPUBLIC: 5 Reservations: 2 Full, 2 Partial and 1 Rep-Par; Quantification: EUR 22.8m								
3	2007CZ161PO002	Central Moravia	7.9%	7.9%	2.0%	Full	Error rate > 5%	Analyse the reply to interruption letter to ascertain that appropriate corrective actions have been taken. AA to provide assurance in this regard.
4	2007CZ161PO005	North East	5.6%	5.6%	1.6%	Full	Error rate > 5%	Analyse the reply to warning letter to ascertain that appropriate corrective actions have been taken. AA to provide assurance in this regard.
5	2007CZ161PO010	Moravia Silesia	1.9%	1.9%	0.0%	Rep-Par	Due to suspicion of fraud at the level of 7 projects (under police investigation). The EU contribution to these projects is approx. 34 MEUR i.e. 4,5% of OP allocation. No payments to these projects in 2014.	Waiting outcome of police investigation
6	2007CZ16UPO001	Technical Assistance	0.0%	0.0%	0.0%	Partial	Due to deficiencies in Priority 2 (monitoring system)	Desk review of the reply to the on-going interruption
7	2007CZ16UPO002	Integrated OP	2.3%	3.2%	0.5%	Partial	Due to: 1) Deficiencies at the level of one intermediate body (Ministry of Culture) responsible for measure 5.1 2) Warned for 11 projects (1.07% of the total OP)	Introduce effective procedures to ensure that the on the spot management verifications for measure 5.1 are being fully and correctly carried out, in particular in the area of public procurement. MA/IB to carry out all of the on-the-spot verifications that should have been carried out

⁷ In ACR 2014

⁸ or flat-rate by Regio audit

	Ref	Title	MS error rate 2013 ⁷	Validated error rate ⁸	CRR	Reserve AAR 2014	Reasons for Reservations / Comments	Targeted Actions
							allocation) - due to police investigation and eligibility issue	by the Ministry of Culture following the results of its risk analysis; AA to confirm actions taken and DG REGIO to analyse the reply.
EUROPEAN TERRITORIAL COOPERATION: 4 Reservations: 3 Full and 1 Partial ; Quantification: EUR 6.7m								
8	2007CB163PO016	Sweden - Norway	4.0%	4.0%	2.3%	Full	Due to CRR >2%	Analyse Art 20 report to ascertain that corrective actions reported are sufficient. Request additional corrections if necessary.
9	2007CB163PO030	Slowacja - Česká Republika	7.8%	7.8%	2.9%	Full	Error rate > 5% and CRR > 2%	1) Implementation of appropriate financial corrections 2) Improvement of the system for management verifications 3) Validation of the corrective actions by the AA 4) Assessment of the adequacy of the corrective actions
10	2007CB163PO055	North Sea	2.7%	3.2%	2.3%	Full	Due to CRR > 2%	Action plan requested from MA to quantify the actual value of errors in the programme or apply a flat rate correction to reduce the residual error rate <2%. Improvement of management verifications required. AA to validate adequacy of corrective measures adopted by MA and of financial corrections applied. An assessment by DG REGIO will be carried out on the basis of a desk review to verify the actions implemented.
11	2007CB163PO060	Greece - Italy	15.2%	15.2%	5.2%	Partial	Deficiencies in the management and control system in the Italian part of the programme Error rate > 10% and CRR > 2%	1) Improvement of the management and control system and correction of past expenditure at risk (MA) 2) Validation of the measures taken (AA) 3) Assessment of the adequacy of the corrective actions (through desk review)
FRANCE: 1 Rep-Par Reservation; Quantification: EUR 0.0m								
12	2007FR162PO019	Poitou-Charentes	3.4%	3.9%	1.2%	Rep-Par	Deficiencies at the level of measure 1.4 'Financial instrument". No expenditure paid in 2014	1) Improvement of the management and control system and correction of past expenditure at risk (MA) 2) Validation of the measures taken (AA) 3) Assessment of the adequacy of the corrective actions (through desk review)
GERMANY: 3 Reservations: 1 Full and 2 Rep-Full; Quantification: EUR 3.0m								
13	2007DE161PO003	Mecklenburg - Vorpommern	0.4%	5.0%	3.2%	Rep-Full	Due to significant deficiencies at the level of both the MA and the AA and CRR > 2%	1) Improvement of the management and control system and correction of past expenditure at risk (MA) 2) Improvement of audit methodology (AA) 3) Assessment of the adequacy of the corrective actions (through mission)
14	2007DE161PO007	Sachsen - Anhalt	0.5%	10.0%	3.3%	Full	Error rate > 5% and CRR > 2% significant deficiencies at the level of both the MA and the AA	1) Improvement of the management and control system and correction of past expenditure at risk (MA) 2) Improvement of audit methodology (AA) 3) Assessment of the adequacy of the corrective actions (through mission)
15	2007DE162PO006	Bremen	0.0%	2.0%	1.6%	Rep-Full	Deficiencies at the level of the MA and at the level of 5 Intermediate Bodies	1) Improvement of the management and control system and correction of past expenditure at risk 2) validation by the AA of the corrective measures 3) Assessment of the adequacy of the corrective actions

	Ref	Title	MS error rate 2013 ⁷	Validated error rate ⁸	CRR	Reserve AAR 2014	Reasons for Reservations / Comments	Targeted Actions
GREECE: 8 Reservations: 4 Partial and 4 Rep-Partial; Quantification: EUR 2.1m								
16	2007GR161PO001	Competitiveness	2.2%	2.2%	0.0%	Rep-Par	Deficiencies at the level of one IB IB GDPI "General Directorate of Private Investment" (cat. 3 report)	1) Improvement of the management and control system and correction of past expenditure at risk in relation to GDPI (MA) 2) Validation of the measures taken (AA) 3) Assessment of the adequacy of the corrective actions (through desk review) Follow up previous letter of DG on role of GDPI for 2014-2020
17	2007GR161PO002	Digital convergence	2.2%	2.2%	0.0%	Partial	Deficiencies at the level of 2 IBs 1. IB GDPI "General Directorate of Private Investment" (cat. 3 report) 2. IB "Information Society SA"	1) Improvement of the management and control system and correction of past expenditure at risk in relation to GDPI (MA) 2) Validation of the measures taken (AA) 3) Assessment of the adequacy of the corrective actions (through desk review) 1. Follow up previous letter of DG on role of GDPI for 2014-2020 2. follow up on the issue of Information Society
18	2007GR161PO005	Environment - sustainable development	2.2%	2.2%	0.0%	Rep-Par	Deficiencies at the level of one IB IB GDPI "General Directorate of Private Investment" (cat. 3 report)	1) Improvement of the management and control system and correction of past expenditure at risk in relation to GDPI (MA) 2) Validation of the measures taken (AA) 3) Assessment of the adequacy of the corrective actions (through desk review) Follow up previous letter of DG on role of GDPI for 2014-2020
19	2007GR161PO006	Attica	2.2%	2.2%	0.0%	Partial	Deficiencies at the level of 3 Intermediate Bodies 1. IB EETAA "Hellenic Agency for Local Development and Local Government" 2. IB GDPI "General Directorate of Private Investment" 3. IB "Information Society SA"	1) Improvement of the management and control system and correction of past expenditure at risk in relation to GDPI and EETAA (MA) 2) Validation of the measures taken (AA) 3) Assessment of the adequacy of the corrective actions (through desk review) 1. Follow up previous letter of DG on role of GDPI for 2014-2020 2. Follow up on the issue of Information Society
20	2007GR161PO007	Western Greece - Peloponese - Ionian islands	2.2%	2.2%	0.0%	Rep-Par	Deficiencies at the level of 2 Intermediate Bodies 1. IB EETAA "Hellenic Agency for Local Development and Local Government" 2. IB GDPI "General Directorate of Private Investment"	1) Improvement of the management and control system and correction of past expenditure at risk in relation to GDPI and EETAA (MA) 2) Validation of the measures taken (AA) 3) Assessment of the adequacy of the corrective actions (through desk review) Follow up previous letter of DG on role of GDPI for 2014-2020
21	2007GR161PO008	Macedonia - Thrace	2.2%	2.2%	0.0%	Partial	Deficiencies at the level of 3 Intermediate Bodies 1. IB EETAA "Hellenic Agency for Local Development and Local Government"	1) Improvement of the management and control system and correction of past expenditure at risk in relation to GDPI and EETAA (MA) 2) Validation of the measures taken (AA)

	Ref	Title	MS error rate 2013 ⁷	Validated error rate ⁸	CRR	Reserve AAR 2014	Reasons for Reservations / Comments	Targeted Actions
							2. IB GDPI "General Directorate of Private Investment" 3. IB "Information Society SA"	3) Assessment of the adequacy of the corrective actions (through desk review) 1. Follow up previous letter of DG on role of GDPI for 2014-2020 2. Follow up on the issue of Information Society
22	2007GR16UPO001	Thessaly - Continental Greece - Epirus	2.2%	2.2%	0.0%	Partial	Deficiencies at the level of 3 Intermediate Bodies 1. IB EETAA "Hellenic Agency for Local Development and Local Government" 2. IB GDPI "General Directorate of Private Investment" 3. IB "Information Society SA"	1) Improvement of the management and control system and correction of past expenditure at risk in relation to GDPI and EETAA (MA) 2) Validation of the measures taken (AA) 3) Assessment of the adequacy of the corrective actions (through desk review) 1. Follow up previous letter of DG on role of GDPI for 2014-2020 2. Follow up on the issue of Information Society
23	2007GR16UPO002	Crete & Aegean islands	2.2%	2.2%	0.0%	Rep-Par	Deficiencies at the level of 3 Intermediate Bodies 1. IB EETAA "Hellenic Agency for Local Development and Local Government" 2. IB GDPI "General Directorate of Private Investment" 3. IB "Information Society SA"	1) Improvement of the management and control system and correction of past expenditure at risk in relation to GDPI and EETAA (MA) 2) Validation of the measures taken (AA) 3) Assessment of the adequacy of the corrective actions (through desk review) 1. Follow up previous letter of DG on role of GDPI for 2014-2020 2. Follow up on the issue of Information Society
HUNGARY: 10 Reservations: 2 Partial and 8 Rep-Partial; Quantification: EUR 22.4m								
24	2007HU161PO001	Economic Competitiveness	1.4%	2.0%	1.7%	Partial	1) deficiencies in project selection (priority Axes 1-3 are currently pre-suspended 2) Deficiencies concerning financial engineering instruments (measure 4.3)	1) Implementation of appropriate corrections 2) Improvement of the system for project selection 3) Assessment of the corrective actions by the AA
25	2007HU161PO002	Environment and Energy	3.6%	3.6%	0.0%	Partial	Deficiencies in project selection affecting priority axis 4	1) Implementation of appropriate corrections 2) Improvement of the system for project selection 3) Assessment of the corrective actions by the AA
26	2007HU161PO003	West Pannon	4.5%	4.5%	2.1%	Rep-Par	1) CRR>2% 2) Deficiencies in public procurement (discriminatory criteria - asphalt issue)	1) Implementation of appropriate corrections 2) Assessment of the corrective actions by the AA
27	2007HU161PO004	South Great Plain	4.5%	4.5%	2.1%	Rep-Par	1) CRR>2% 2) Deficiencies in public procurement (discriminatory criteria - asphalt issue)	1) Implementation of appropriate corrections 2) Assessment of the corrective actions by the AA
28	2007HU161PO005	Central Transdanubia	4.5%	4.5%	2.1%	Rep-Par	1) CRR>2% 2) Deficiencies in public procurement (discriminatory criteria - asphalt issue)	1) Implementation of appropriate corrections 2) Assessment of the corrective actions by the AA
29	2007HU161PO006	North Hungary	4.5%	4.5%	2.1%	Rep-Par	1) CRR>2% 2) Deficiencies in public procurement (discriminatory	1) Implementation of appropriate corrections 2) Assessment of the corrective actions by the AA

	Ref	Title	MS error rate 2013 ⁷	Validated error rate ⁸	CRR	Reserve AAR 2014	Reasons for Reservations / Comments	Targeted Actions
							criteria - asphalt issue)	
30	2007HU161PO007	Transport	3.0%	3.0%	3.2%	Rep-Par	1) CRR >2% 2) Deficiencies in public procurement (discriminatory criteria - asphalt issue)	1) Implementation of appropriate corrections 2) Assessment of the corrective actions by the AA
31	2007HU161PO009	North Great Plain	4.5%	4.5%	2.1%	Rep-Par	1) CRR>2% 2) Deficiencies in public procurement (discriminatory criteria - asphalt issue)	1) Implementation of appropriate corrections 2) Assessment of the corrective actions by the AA
32	2007HU161PO011	South Transdanubia	4.5%	4.5%	2.1%	Rep-Par	1) CRR>2% 2) Deficiencies in public procurement (discriminatory criteria - asphalt issue)	1) Implementation of appropriate corrections 2) Assessment of the corrective actions by the AA
33	2007HU162PO001	Central Hungary	3.0%	3.2%	1.0%	Rep-Par	Deficiencies in public procurement (discriminatory criteria - asphalt issue)	1) Implementation of appropriate corrections 2) Assessment of the corrective actions by the AA
ITALY: 10 Reservations: 9 Full and 1 Rep-Full; Quantification: EUR 66.6m								
34	2007IT161PO001	Attrattori Culturali	6.9%	7.3%	0.0%	Full	Error rate > 5%	Improvement of management verifications and of selection procedures, review of non-audited operations and financial corrections AA to validate adequacy of corrective measures adopted by MA and of financial corrections applied
35	2007IT161PO005	Reti e mobilita	1.1%	10.0%	7.3%	Full	Deficiencies at the level of the audit authority (unreliable error rate) and CRR > 2%	Improvement of audit of operations, re-perform audited operations and financial corrections, improvement of management verifications, extensive review in case of systemic irregularities. AA to validate adequacy of corrective measures adopted by MA and of financial corrections applied
36	2007IT161PO006	Ricerca e competitivita	1.0%	4.7%	3.4%	Full	Deficiencies at the level of the managing authority (selection/management procedures) and CRR > 2%	Improvement of management verifications and of selection procedures, review of non-audited operations and financial corrections. AA to validate adequacy of corrective measures adopted by MA and of financial corrections applied
37	2007IT161PO007	Sicurezza per lo Sviluppo	1.1%	25.0%	18.6%	Rep-Full	Deficiencies at the level of both the AA and MA and CRR > 2%; Flat rate 25% Programme suspended in Feb 2015 ;	Review of operations with negotiated or secret procedures and financial corrections. AA to validate adequacy of corrective measures adopted by MA and of financial corrections applied
38	2007IT161PO010	Puglia	0.8%	10.0%	6.5%	Full	Deficiencies at the level of the audit authority (unreliable error rate)	Improvement of audit of operations, re-perform audited operations and financial corrections, improvement of management verifications
39	2007IT162PO001	Abruzzo	0.3%	10.0%	7.9%	Full	Due to fraud and corruption allegations at the level of the managing authority and CRR > 2%	review of operations with link to the fraud issue and financial corrections
40	2007IT162PO004	Lazio	3.3%	10.0%	5.1%	Full	Due to suspicion of fraud at the level of the municipality of Rome (which is one of the main beneficiary) and CRR > 2%	review of operations with link to the fraud issue and financial corrections

	Ref	Title	MS error rate 2013 ⁷	Validated error rate ⁸	CRR	Reserve AAR 2014	Reasons for Reservations / Comments	Targeted Actions
41	2007IT162PO006	Lombardia	0.1%	10.0%	4.6%	Full	Deficiencies at the level of the audit authority (detected by DG EMPL) and CRR > 2%	Fact-finding mission of DG REGIO carried out from 23 to 27/3/2015 to confirm if deficiencies also affect the ERDF programme
42	2007IT162PO010	Trento	0.0%	10.0%	7.4%	Full	Deficiencies at the level of the audit authority (Unreliable error rates reported) and CRR > 2%	Improvement of audit of operations, re-perform audited operations and financial corrections
43	2007IT162PO015	Veneto	3.6%	11.8%	5.2%	Full	Error rate > 10% and CRR > 2%	Improvement of management verifications, review of non-audited operations and financial corrections
ROMANIA: 2 Partial Reservations; Quantification: EUR 28.3m								
44	2007RO161PO002	Increase of Economic Competitiveness	3.2%	3.5%	2.7%	Partial	Deficiencies in axis 1, axis 3 IT and axis 4 Energy CRR>2%	1) Improvement of the management and control system and correction of past expenditure at risk 2) validation by the AA of the corrective measures 3) Assessment of the adequacy of the corrective actions
45	2007RO161PO004	Environment	0.4%	0.4%	0.8%	Partial	Deficiencies in axis 5 "Implementation of adequate infrastructure of natural risk prevention in most vulnerable areas" and axis 6 "Technical Assistance"	1) Improvement of the management and control system and correction of past expenditure at risk 2) validation by the AA of the corrective measures 3) Assessment of the adequacy of the corrective actions
SLOVAKIA: 7 Reservations: 5 Rep-Full and 2 Rep-Partial; Quantification: EUR 0.0m								
46	2007SK161PO001	Information Society	17.8%	17.8%	13.6%	Rep-Full	Error rate > 5% and CRR>2% Pre-suspension on-going	On-going remedial action plan: 1) Improvement of the management and control system and correction of past expenditure at risk 2) validation by the AA of the corrective measures 3) Assessment of the adequacy of the corrective actions. Analyse reply to pre-suspension letter when received. Possible on the spot mission to verify implementation of corrective actions.
47	2007SK161PO003	Regional OP	5.1%	5.1%	1.7%	Rep-Full	Error rate > 5% Pre-suspension on-going	On-going remedial action plan: 1) Improvement of the management and control system and correction of past expenditure at risk 2) validation by the AA of the corrective measures 3) Assessment of the adequacy of the corrective actions
48	2007SK161PO004	Transport	1.6%	1.6%	0.0%	Rep-Par	Suspicion of fraud in one rail project (which represent 6% of the total budget of the OP).	Interrupt related payments until the outcome of the investigation
49	2007SK161PO005	Health	20.2%	20.2%	0.0%	Rep-Full	Error rate > 5%	On-going remedial action plan: 1) validation by the AA of the corrective measures reported by the MA 2) Assessment of the adequacy of the corrective actions
50	2007SK161PO006	Competitiveness	1.4%	1.4%	2.6%	Rep-Full	CRR>2% Pre-suspension on going	On-going remedial action plan: MS reply being analysed. Quantification of correction still to be sent by MA and validated by the AA. REGIO follow up mission to be carried on the spot, probably in April 2015 to verify if all actions completed.
51	2007SK161PO007	Technical Assistance	0.3%	0.3%	0.0%	Rep-Par	Deficiencies at the level of measure 1.5 (IT) which is interrupted. Amount allocated to measure 1.5 represents 23.5% of OP's	Analyse MS reply to audit report concerning this issue and take all necessary further legal steps, if necessary.

	Ref	Title	MS error rate 2013 ⁷	Validated error rate ⁸	CRR	Reserve AAR 2014	Reasons for Reservations / Comments	Targeted Actions
							budget. No payments in 2014	
52	2007SK16UPO001	Research and Development	2.1%	2.1%	1.6%	Rep-Full	Significant deficiencies in the management and control system. Pre-suspension on-going	On-going remedial action plan: 1) Improvement of the management and control system and correction of past expenditure at risk 2) validation by the AA of the corrective measures 3) Assessment of the adequacy of the corrective actions. Partial reply to interruption letter is being analysed. Await AA confirmation of calculation of proposed correction.
SPAIN: 22 Reservations: 16 Partial and 6 Rep-Partial; Quantification: EUR 60.5m								
53	2007ES161PO001	Región de Murcia	1.4%	2.5%	0.1%	Partial	Deficiencies in the following national intermediate bodies, which have qualified-significant and/or adverse audit opinions: (a) DG Comercio Interior (b) DG Industria y de la PYME (INDUSTRIA) (c): DG Industria y de la PYME (PYMES) (d) Secretaria de Estado de Telecomunicaciones y Sociedad de la Información (SETSI) (e) DG Servicios del Ministerio de Agricultura, Alimentación y Medio Ambiente (MAGRAMA)	HORIZONTAL ACTIONS (AT THE LEVEL OF THE SPECIFIC INTERMEDIATE BODIES): (a) - National IB DG Comercio Interior (Adverse) 12 Programmes affected: 53, 54, 55, 56, 57, 58, 59, 60, 69, 70, 71, 73, ERDF interim payments suspended (Commission Decision C(2014)370 adopted on 31/01/2014) (b) - National IB DG Industria y de la PYME (INDUSTRIA) 13 Programmes affected: 53, 54, 55, 56, 57, 58, 59, 60, 69, 70, 71, 72, 73 Payment deadline interrupted (or interruption warning) and ERDF interim payments pre-suspended in November 2013 (c) - National IB DG Industria y de la PYME (PYMES) 13 Programmes affected: 53, 54, 55, 56, 57, 58, 59, 60, 69, 70, 71, 72, 73, Payment deadline interrupted (or interruption warning) and suspension procedure to be initiated (d) - National IB Secretaria de Estado de Telecomunicaciones y Sociedad de la Información (SETSI) 14 Programmes affected: 53, 54, 55, 56, 57, 58, 59, 60, 69, 70, 71, 72, 73, 74 Payment deadline interrupted (or interruption warning) in April 2014 and suspension procedure to be initiated (pre-suspension letter under preparation).
54	2007ES161PO002	Melilla	0.0%	25.0%	6.3%	Partial	Deficiencies in the OP's management and control system, as follows: NATIONAL LEVEL (deficiencies in specific IBs): (a) DG Comercio Interior (b) national IB DG Industria y de la PYME (INDUSTRIA) (c) DG Industria y de la PYME (PYMES) (d) Secretaria de Estado de Telecomunicaciones y Sociedad de la Información (SETSI) (e) DG Servicios del Ministerio de Agricultura, Alimentación y Medio Ambiente (MAGRAMA) REGIONAL LEVEL (g) Regional part of the OP (deficiencies in the controls carried out by the AA/regional control body) CRR > 2%	 (e) - DG Servicios del Ministerio de Agricultura, Alimentación y Medio Ambiente (MAGRAMA) 12 Programmes affected: 53, 54, 55, 56, 57, 58, 59, 60, 69, 70, 71, 73, Payment deadline interrupted in March 2015 (f) - National IB DG Investigación Científica y Técnica
55	2007ES161PO003	Ceuta	0.0%	0.0%	0.0%	Rep-Par	Deficiencies in the following national intermediate bodies, which have qualified-significant and/or adverse audit opinions: (a) DG Comercio Interior (b) DG Industria y de la PYME (INDUSTRIA) (c): DG Industria y de la PYME (PYMES) (d) Secretaria de Estado de Telecomunicaciones y Sociedad	

	Ref	Title	MS error rate 2013 ⁷	Validated error rate ⁸	CRR	Reserve AAR 2014	Reasons for Reservations / Comments	Targeted Actions
							de la Información (SETSI) (e) DG Servicios del Ministerio de Agricultura, Alimentación y Medio Ambiente (MAGRAMA)	10 Programmes affected: 61, 62, 63, 64, 65, 66, 67, 68, 72, 74 Payment deadline interrupted (or interruption warning) for the 10 OPs in May 2013 and ERDF interim payments related to the 2 national OPs (72 & 74) suspended in October 2014 [Commission Decision C(2014)8173 adopted on 28/10/2014]
56	2007ES161PO004	Asturias	0.3%	0.3%	0.9%	Rep-Par	Deficiencias in the following national intermediate bodies, which have qualified-significant and/or adverse audit opinions: (a) DG Comercio Interior (b) DG Industria y de la PYME (INDUSTRIA) (c): DG Industria y de la PYME (PYMES) (d) Secretaria de Estado de Telecomunicaciones y Sociedad de la Información (SETSI) (e) DG Servicios del Ministerio de Agricultura, Alimentación y Medio Ambiente (MAGRAMA)	(g) - National IB Instituto de Salud Carlos III 10 Programmes affected: 61, 62, 63, 64, 66, 67, 68, 72, 73, 74 Payment deadline interrupted (or interruption warning) in March 2015 and suspension procedure to be initiated (pre-suspension letter under preparation) (h) - Regional IB Agencia de Innovación y Desarrollo de Andalucía (financial instruments) 1 Programme affected: 60 Suspension procedure launched on 15/10/2013 for the overall expenditure managed by Agencia IDEA and partially lifted (as regards grants) in October 2014. The ERDF interim payments remain pre-suspended for the financial instruments managed by Agencia IDEA. (i) - Regional IB DG de Fondos Europeos y Planificación de la Junta De Andalucía 1 Programme affected: 60 Payment deadline interrupted in May 2014
57	2007ES161PO005	Galicia	0.0%	0.0%	0.0%	Partial	Deficiencias in the following national intermediate bodies, which have qualified-significant and/or adverse audit opinions: (a) DG Comercio Interior (b) DG Industria y de la PYME (INDUSTRIA) (c): DG Industria y de la PYME (PYMES) (d) Secretaria de Estado de Telecomunicaciones y Sociedad de la Información (SETSI) (e) DG Servicios del Ministerio de Agricultura, Alimentación y Medio Ambiente (MAGRAMA)	(i) - Regional IB DG de Fondos Europeos y Planificación de la Junta De Andalucía 1 Programme affected: 60 Payment deadline interrupted in May 2014
58	2007ES161PO006	Extremadura	0.5%	0.5%	0.0%	Partial	Deficiencias in the following national intermediate bodies, which have qualified-significant and/or adverse audit opinions: (a) DG Comercio Interior (b) DG Industria y de la PYME (INDUSTRIA) (c): DG Industria y de la PYME (PYMES) (d) Secretaria de Estado de Telecomunicaciones y Sociedad de la Información (SETSI) (e) DG Servicios del Ministerio de Agricultura, Alimentación y Medio Ambiente (MAGRAMA)	(i) - Regional IB DG Administración Local 1 Programme affected: 66 Payment deadline interrupted in May 2013 and suspension procedure launched (pre-suspension letter issued on 18/10/2013 and suspension decision under preparation) (k) - Regional IB DG de Política i Programació Económica de la Generalitat de Catalunya (DGPPE) 1 Programme affected: 66 Payment deadline interrupted in March 2015 and pre-suspension letter to be issued.
59	2007ES161PO007	Castilla La Mancha	0.0%	0.0%	0.0%	Partial	Deficiencias in the following national intermediate bodies, which have qualified-significant and/or adverse audit opinions: (a) DG Comercio Interior (b) DG Industria y de la PYME (INDUSTRIA) (c): DG Industria y de la PYME (PYMES) (d) Secretaria de Estado de Telecomunicaciones y Sociedad de la Información (SETSI)	(l) - Regional IB Instituto Catalán de Finanzas/IFEM 1 Programme affected: OP 66 Payment deadline interrupted in March 2015 and pre-suspension letter to be issued.

	Ref	Title	MS error rate 2013 ⁷	Validated error rate ⁸	CRR	Reserve AAR 2014	Reasons for Reservations / Comments	Targeted Actions
							(e) DG Servicios del Ministerio de Agricultura, Alimentación y Medio Ambiente (MAGRAMA)	
60	2007ES161PO008	Andalucía	5.5%	5.5%	4.5%	Partial	Deficiencies in the following intermediate bodies, which have qualified-significant or adverse audit opinions: NATIONAL IBs (a) DG Comercio Interior (b) DG Industria y de la PYME (INDUSTRIA) (c) DG Industria y de la PYME (PYMES) (d) Secretaria de Estado de Telecomunicaciones y Sociedad de la Información (SETSI) (e) DG Servicios del Ministerio de Agricultura y Medio Ambiente (MAGRAMA) REGIONAL IBs (i) DG Fondos Europeos y Planificación de la Junta de Andalucía (h) Agencia IDEA (Financial instruments) CRR > 2%	<p>(m) - Regional part of the OP FEDER Madrid 1 Programme affected: 64 Payment deadline interrupted in May 2014 and suspension procedure to be initiated (pre-suspension letter under preparation)</p> <p>(n) - Regional part of the OP FEDER Aragón 1 Programme affected: 68 Payment deadline interrupted in May 2014 and suspension procedure to be initiated (pre-suspension letter under preparation)</p> <p>(o) - Regional part of the OP FEDER Cantabria 1 Programme affected: 61 ERDF interim payments related to the second-level intermediate body SODERCAN suspended in February 2015 [Commission Decision C(2015)729 adopted on 09/02/2015] and payment deadline to be interrupted for the overall expenditure managed at regional level.</p>
61	2007ES162PO001	Cantabria	2.6%	5.5%	0.0%	Rep-Par	Deficiencies in the following intermediate bodies, which have qualified-significant audit opinion: (o) Regional part of the OP (f) National IB DG Investigación Científica y Técnica (g) National IB Instituto de Salud Carlos III	<p>(p) - Regional part of the OP FEDER La Rioja 1 Programme affected: 65 Warning of interruption of the payment deadline to be issued</p>
62	2007ES162PO002	País Vasco	0.9%	0.9%	0.0%	Partial	Deficiencies in the following intermediate bodies, which have qualified-significant audit opinion: (f) National IB DG Investigación Científica y Técnica (g) National IB Instituto de Salud Carlos III	<p>(q) - Regional part of the OP FEDER Melilla 1 Programme affected: 54 Payment deadline interrupted in August 2014 and ERDF interim payments suspended in January 2015 [Commission Decision C(2015) 1038 adopted on 18/02/2015]</p>
63	2007ES162PO003	Navarra	12.6%	12.6%	0.0%	Partial	Deficiencies in the following intermediate bodies, which have qualified-significant audit opinion: (f) National IB DG Investigación Científica y Técnica (g) National IB Instituto de Salud Carlos III	<p>(r) - Financial instruments in sub-priority 1.7 of OP Fondo Tecnológico 1 Programme affected: 72 Payment deadline interrupted and pre-suspension letter issued in June 2014.</p>
64	2007ES162PO004	Madrid	1.7%	5.0%	2.7%	Partial	Deficiencies in the following intermediate bodies, which have qualified-significant audit opinion: (m) Regional part of the OP (f) National IB DG Investigación Científica y Técnica (g) National IB Instituto de Salud Carlos III CRR > 2%	<p>AUDIT ACTIONS (APPLICABLE TO ALL THE CASES ABOVE): Assessment (through desk review, and if applicable, on-the-spot audit missions) of the action plans and corrective measures implemented by the concerned IBs, upon confirmation of the implementation of the respective action plans by the IBs and their validation by the AA. The action plans to be implemented by the concerned IBs include improvements in their management and control systems in order to avoid</p>
65	2007ES162PO005	La Rioja	0.4%	33.6%	0.0%	Rep-Par	Deficiencies in the following intermediate bodies, which have qualified-significant audit opinion: (p) Regional part of the OP (f) National IB DG Investigación Científica y Técnica (g) National IB Instituto de Salud Carlos III	

	Ref	Title	MS error rate 2013 ⁷	Validated error rate ⁸	CRR	Reserve AAR 2014	Reasons for Reservations / Comments	Targeted Actions
66	2007ES162PO006	Cataluña	18.0%	18.0%	15.5%	Partial	Deficiencies in the following intermediate bodies, which have qualified-significant and/or adverse audit opinion: REGIONAL IBs (k) DG de Política i Programació Econòmica de la Generalitat de Catalunya (l) Instituto Catalan de Finanzas - IFEM (j) DG Administracion Local NATIONAL IBs (f) DG Investigación Científica y Técnica (g) Instituto de Salud Carlos III CRR > 2%	the repetition of the material irregularities and/or deficiencies identified and financial corrections on the expenditure certified to the Commission in the past.
67	2007ES162PO007	Baleares	2.1%	2.1%	0.8%	Partial	Deficiencies in the following intermediate bodies, which have qualified-significant audit opinion: (f) National IB DG Investigación Científica y Técnica (g) National IB Instituto de Salud Carlos III	
68	2007ES162PO008	Aragón	0.9%	0.9%	5.3%	Partial	Deficiencies in the following intermediate bodies, which have qualified-significant audit opinion: (n) Regional part of the OP (f) National IB DG Investigación Científica y Técnica (g) National IB Instituto de Salud Carlos III CRR > 2%	
69	2007ES162PO009	Castilla y León	1.1%	1.1%	0.0%	Partial	Deficiencies in the following national intermediate bodies, which have qualified-significant and/or adverse audit opinions: (a) DG Comercio Interior (b) DG Industria y de la PYME (INDUSTRIA) (c): DG Industria y de la PYME (PYMES) (d) Secretaria de Estado de Telecomunicaciones y Sociedad de la Información (SETSI) (e) DG Servicios del Ministerio de Agricultura, Alimentación y Medio Ambiente (MAGRAMA)	
70	2007ES162PO010	Comunidad Valenciana	1.6%	1.6%	0.6%	Partial	Deficiencies in the following national intermediate bodies, which have qualified-significant and/or adverse audit opinions: (a) DG Comercio Interior (b) DG Industria y de la PYME (INDUSTRIA) (c): DG Industria y de la PYME (PYMES) (d) Secretaria de Estado de Telecomunicaciones y Sociedad de la Información (SETSI) (e) DG Servicios del Ministerio de Agricultura, Alimentación y Medio Ambiente (MAGRAMA)	

	Ref	Title	MS error rate 2013 ⁷	Validate d error rate ⁸	CRR	Reserv e AAR 2014	Reasons for Reservations / Comments	Targeted Actions
71	2007ES162PO011	Canarias	0.1%	0.1%	0.0%	Partial	Deficiencies in the following national intermediate bodies, which have qualified-significant and/or adverse audit opinions: (a) DG Comercio Interior (b) DG Industria y de la PYME (INDUSTRIA) (c): DG Industria y de la PYME (PYMES) (d) Secretaria de Estado de Telecomunicaciones y Sociedad de la Información (SETSI) (e) DG Servicios del Ministerio de Agricultura, Alimentación y Medio Ambiente (MAGRAMA)	
72	2007ES16UPO001	Investigación, Desarrollo e innovación	30.7%	30.7%	0.0%	Rep-Par	Deficiencies in the following intermediate bodies, which have qualified-significant or adverse audit opinions: (a) DG Comercio Interior (b) DG Industria y de la PYME (INDUSTRIA) (c) DG Indsutria y de la PYME (PYMES) (d) Secretaria de Estado de Telecomunicaciones y Sociedad de la Información (SETSI) (f) DG Investigación Científica y Técnica (g) Instituto de Salud Carlos III (r) Financial instruments in priority axis 1.7	
73	2007ES16UPO002	Asistencia Técnica y Gobernanza	30.7%	30.7%	0.0%	Rep-Par	Deficiencies in the following intermediate bodies, which have qualified-significant or adverse audit opinions: (a) DG Comercio Interior (b) DG Industria y de la PYME (INDUSTRIA) (c) DG Indsutria y de la PYME (PYMES) (d) Secretaria de Estado de Telecomunicaciones y Sociedad de la Información (SETSI) (e) DG Servicios del Ministerio de Agricultura, Alimentacion y Medio Ambiente (MAGRAMA) (g) Instituto de Salud Carlos III	
74	2007ES16UPO003	Economía basada en el Conocimiento	30.7%	30.7%	0.0%	Partial	Deficiencies in the following intermediate bodies, which have qualified-significant or adverse audit opinions: (d) Secretaria de Estado de Telecomunicaciones y Sociedad de la Información (SETSI) (f) DG Investigación Científica y Técnica (g) Instituto de Salud Carlos III	
UNITED KINGDOM: 3 Full Reservations; Quantification: EUR 9.9m								
75	2007UK162PO001	Lowlands and Uplands	7.9%	8.9%	4.2%	Full	Error rate >5% and CRR > 2%	Action plan requested from MA to quantify the actual value of errors in the programme or apply a flat rate correction to reduce the residual error rate <2%. Improvement of management verifications required.

	Ref	Title	MS error rate 2013 ⁷	Validated error rate ⁸	CRR	Reserve AAR 2014	Reasons for Reservations / Comments	Targeted Actions
								AA to validate adequacy of corrective measures adopted by MA and of financial corrections applied. An assessment by DG REGIO will be carried out on the basis of a desk review and on the spot audit mission to verify the actions implemented.
76	2007UK162PO009	Yorkshire and Humberside	2.4%	2.4%	0.1%	Full	Precautionary measure. Significant deficiencies detected by the Court of auditors (preliminary)	MA is requested to send the reply to the ECA PF letter issued in March 2015 and is requested to finalise the ongoing action plan on public procurement and correct the irregular expenditure detected. An assessment by DG REGIO will be carried out on the basis of a desk review to verify the actions implemented.
77	2007UK162PO010	East Midlands	2.4%	2.4%	0.1%	Full	Due to deficiencies in management verifications.	MA is requested to finalise the ongoing action plan on public procurement and correct the irregular expenditure detected. AA to validate adequacy of corrective measures adopted by MA and of financial corrections applied. An assessment by DG REGIO will be carried out on the basis of a desk review to verify the actions implemented.
ETC (IPA CBC): 1 Full Reservation; Quantification: EUR 10.9m								
78	2007CB16IPO001	Adriatic IPA CBC		25.0%	20.0%	Full	Error rate > 5% and CRR > 2%	Analyse the revised ACR2014 when received Desk review of the action plan on the suspension decision and examination of the corrective measures related to the interruption.
TURKEY (IPA): 1 Full Reservation; Quantification: EUR 6.5m								
79	2007TR16IPO002	Transport		10.0%	0.0%	Full	Unreliable error rate - scope limitation	Desk review of the results of the AA's work once finalised. Follow-up mission if deemed necessary.

2000-2006 PROGRAMMING PERIOD, Cohesion Fund

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

2000-2006 PROGRAMMING PERIOD, ERDF

	MS Name	Ref	Reserve 2014	Reasons for 2014 Reservation
1	Ireland	PO obj. 1 Productive Sector	Rep-Full	Financial correction of 10% on ERDF allocation (corresponding to EUR 21.1 million)
2	Italy	PO OBJ 1 CAMPANIA	Rep-Full	Financial correction of 8.5% on ERDF allocation (10% flat rate on the not audited expenditure and individual corrections), maximum correction around 235 million EUR.
3		PO OBJ 1 SICILIA	Rep-Full	Financial correction of 11.96% on ERDF allocation including 8.47% flat rate correction on non-audited expenses and large amount of unfinished projects (maximum correction around 337 MEUR)

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

	Ref	Title	Reserve AAR 2014	Payments 2014	MS error rate 2013 in ACR2014	Validated error rate or flat-rate by REGIO audit	CRR (based on validated error rate)
1	2007AT161PO001	Burgenland		34.23	2.0%	2.0%	0.0%
2	2007AT162PO001	Niederösterreich		23.55	2.0%	2.0%	0.0%
3	2007AT162PO002	Oberösterreich		12.14	2.0%	2.0%	0.0%
4	2007AT162PO003	Vorarlberg	Rep-Full	-	2.0%	2.0%	0.0%
5	2007AT162PO004	Wien		-	0.0%	0.0%	0.0%
6	2007AT162PO005	Kärnten		9.79	2.0%	2.0%	0.0%
7	2007AT162PO006	Salzburg		2.12	2.0%	2.0%	0.0%
8	2007AT162PO007	Steiermark		-	2.0%	2.0%	0.0%
9	2007AT162PO008	Tirol		-	2.0%	2.0%	0.0%
10	2007BE161PO001	Hainaut		112.69	0.1%	0.9%	0.6%
11	2007BE162PO001	Région de Bruxelles-Capitale		-	0.5%	0.5%	0.0%
12	2007BE162PO002	Vlaanderen	Full	14.85	6.2%	10.0%	2.6%
13	2007BE162PO003	Wallonie (hors Hainaut)		93.75	0.1%	0.9%	0.6%
14	2007BG161PO001	Regional Development		113.99	7.3%	7.3%	0.0%
15	2007BG161PO002	Technical Assistance		9.98	1.4%	1.4%	1.2%
16	2007BG161PO003	Bulgarian Economy		193.86	1.1%	1.1%	0.9%
17	2007BG161PO004	Transport		236.25	0.6%	2.4%	1.1%
18	2007BG161PO005	Environment		224.21	6.7%	6.7%	1.6%
19	2007CB163PO001	EUREGIO Maas Rijn		13.81	1.6%	1.6%	0.6%
20	2007CB163PO002	Austria-Czech Republic		36.34	1.4%	1.5%	1.1%
21	2007CB163PO003	Slovakia-Austria		16.24	1.0%	1.1%	1.0%
22	2007CB163PO004	Austria-Bavaria		9.53	1.2%	1.2%	0.6%
23	2007CB163PO005	España - Portugal		47.71	0.1%	0.1%	0.1%
24	2007CB163PO006	España - Francia		32.04	0.2%	0.2%	0.5%
25	2007CB163PO007	Madeira - Azores - Canarias		20.57	0.4%	0.5%	0.5%
26	2007CB163PO008	South West Europe		18.89	0.4%	0.4%	0.3%
27	2007CB163PO009	Bavaria - Czech Republic		12.49	0.1%	0.1%	0.2%
28	2007CB163PO010	Austria - Hungary		13.16	1.6%	1.6%	1.2%
29	2007CB163PO011	Lubuskie - Brandenburg		27.67	0.0%	0.0%	0.0%
30	2007CB163PO012	Poland-Slovakia		18.93	1.0%	1.0%	0.5%
31	2007CB163PO013	South Baltic		13.70	0.6%	0.6%	0.2%
32	2007CB163PO014	Alpine Space		14.63	0.8%	1.1%	1.3%
33	2007CB163PO015	INTERACT		5.18	0.0%	0.0%	0.5%
34	2007CB163PO016	Sweden - Norway	Full	12.91	4.0%	4.0%	2.3%
35	2007CB163PO017	Saxony-CZ Republic		49.74	1.4%	1.4%	1.8%
36	2007CB163PO018	Sachsen - Polen		24.30	1.3%	1.3%	0.5%
37	2007CB163PO019	MV/BB - Polen		14.57	0.0%	2.6%	1.3%
38	2007CB163PO020	Baltic Sea Region		38.11	2.0%	0.3%	0.4%
39	2007CB163PO021	Romania - Bulgaria		37.49	1.1%	1.1%	1.1%
40	2007CB163PO022	ESPON 2013		6.60	0.1%	1.0%	0.6%
41	2007CB163PO023	Deutschland-Niederlande		29.64	1.0%	1.0%	0.8%
42	2007CB163PO024	Alpenrhein-Bodensee-Hochrhein		2.28	0.1%	0.1%	0.2%
43	2007CB163PO025	Ceská republika - Polsko		16.18	1.4%	2.8%	1.8%
44	2007CB163PO026	Öresund - Kattegatt - Skagerrak		14.09	0.1%	0.1%	0.0%
45	2007CB163PO027	Northern Periphery		4.20	0.8%	0.8%	0.8%
46	2007CB163PO028	Botnia-Atlantica		5.06	0.0%	0.0%	0.1%
47	2007CB163PO029	Atlantic Area		23.68	0.2%	0.2%	0.3%
48	2007CB163PO030	Slowacja - Česká Republika	Full	13.26	7.8%	7.8%	2.9%
49	2007CB163PO031	Lithuania - Poland		9.47	0.5%	1.0%	0.7%
50	2007CB163PO032	Nord Interreg		6.29	1.6%	1.6%	0.9%
51	2007CB163PO033	Italia - Francia frontiera marittima		19.40	2.1%	2.1%	1.3%
52	2007CB163PO034	Italia - Francia Alpi		24.59	0.3%	0.9%	0.9%
53	2007CB163PO035	Italia - Svizzera		13.79	0.6%	0.9%	0.2%
54	2007CB163PO036	Italia - Slovenia		29.13	1.8%	1.8%	1.4%
55	2007CB163PO037	Italia - Malta		8.15	0.2%	0.2%	0.0%
56	2007CB163PO038	Les 2 mers		39.10	0.3%	1.1%	0.9%
57	2007CB163PO039	Rhin supérieur		11.60	0.2%	0.3%	0.2%
58	2007CB163PO040	Manche		36.92	0.2%	0.1%	0.3%
59	2007CB163PO041	France - Suisse		9.13	0.9%	0.8%	1.6%
60	2007CB163PO042	Réunion		5.15	0.4%	0.7%	1.2%
61	2007CB163PO043	Caraïbes		6.16	3.5%	3.5%	0.3%
62	2007CB163PO044	Nord Ouest Européen		60.95	1.2%	1.4%	1.0%

	Ref	Title	Reserve AAR 2014	Payments 2014	MS error rate 2013 in ACR2014	Validated error rate or flat-rate by REGIO audit	CRR (based on validated error rate)
63	2007CB163PO045	Méditerranée		40.04	0.2%	1.2%	0.9%
64	2007CB163PO046	Interreg IV C		58.91	0.2%	0.2%	0.4%
65	2007CB163PO047	Ireland - Northern Ireland - Scotland		38.40	0.1%	0.5%	0.4%
66	2007CB163PO048	URBACT		7.62	0.3%	0.7%	0.3%
67	2007CB163PO049	Peace III		32.73	0.1%	0.5%	0.4%
68	2007CB163PO050	Estonia - Latvia		9.15	0.3%	0.5%	0.4%
69	2007CB163PO051	Amazonie		2.34	0.0%	0.0%	22.3%
70	2007CB163PO052	Italia - Austria		9.38	0.8%	0.8%	1.0%
71	2007CB163PO053	Slovenia - Hungary		5.06	1.9%	1.9%	0.6%
72	2007CB163PO054	Slovenia - Austria		18.16	3.6%	2.1%	0.0%
73	2007CB163PO055	North Sea	Full	25.28	2.7%	3.2%	2.3%
74	2007CB163PO056	Syddanmark-Schleswig		7.21	0.0%	0.0%	0.1%
75	2007CB163PO057	Fehmarnbeltregion		3.79	1.7%	2.2%	1.7%
76	2007CB163PO058	Greece - Cyprus		10.85	1.2%	1.2%	0.9%
77	2007CB163PO059	Greece - Bulgaria		25.22	4.2%	4.2%	0.0%
78	2007CB163PO060	Greece - Italy	Partial	27.24	15.2%	15.2%	5.2%
79	2007CB163PO061	Central Europe		57.99	1.1%	1.4%	1.1%
80	2007CB163PO062	Ireland Wales		13.82	0.6%	0.4%	0.3%
81	2007CB163PO063	France - Wallonie - Vlaanderen		21.57	2.6%	2.4%	0.8%
82	2007CB163PO064	Grande Région		16.17	3.0%	1.5%	0.6%
83	2007CB163PO065	Vlaanderen - Nederland		20.34	7.2%	6.9%	1.8%
84	2007CB163PO066	Central Baltic		19.29	0.9%	1.2%	0.8%
85	2007CB163PO067	Hungary - Romania		56.97	0.0%	0.0%	0.0%
86	2007CB163PO068	Hungary - Slovakia		36.68	0.0%	0.0%	0.1%
87	2007CB163PO069	South East Europe		43.34	0.1%	0.1%	0.1%
88	2007CB163PO070	Latvia - Lithuania		8.92	1.3%	0.6%	0.3%
89	2007CY16UPO001	Sustainable Development and Competitiveness		109.06	0.1%	1.2%	0.9%
90	2007CZ161PO001	South East		137.94	1.6%	1.6%	1.2%
91	2007CZ161PO002	Central Moravia	Full	80.25	7.9%	7.9%	2.0%
92	2007CZ161PO004	Enterprise and Innovation		-	1.8%	1.8%	0.0%
93	2007CZ161PO005	North East	Full	54.88	5.6%	5.6%	1.6%
94	2007CZ161PO006	Environment		811.26	2.6%	2.6%	1.1%
95	2007CZ161PO007	Transport		225.03	0.0%	0.0%	0.0%
96	2007CZ161PO008	North-West		277.78	3.3%	3.7%	1.1%
97	2007CZ161PO009	Central Bohemia		-	3.5%	3.5%	0.0%
98	2007CZ161PO010	Moravia Silesia	Rep-Par	41.40	1.9%	1.9%	0.0%
99	2007CZ161PO012	Research and Development for Innovation		484.77	0.7%	0.7%	0.6%
100	2007CZ161PO013	South West		99.17	3.2%	4.6%	0.6%
101	2007CZ162PO001	Prague		45.00	2.0%	3.6%	1.3%
102	2007CZ16UPO001	Technical Assistance	Partial	24.67	0.0%	0.0%	0.0%
103	2007CZ16UPO002	Integrated OP	Partial	363.26	2.3%	3.2%	0.5%
104	2007DE161PO001	Thüringen		104.63	1.3%	1.6%	0.4%
105	2007DE161PO002	Brandenburg		226.59	0.3%	0.3%	0.2%
106	2007DE161PO003	Mecklenburg - Vorpommern	Rep-Full	-	0.4%	5.0%	3.2%
107	2007DE161PO004	Sachsen		753.73	1.1%	1.1%	0.0%
108	2007DE161PO005	Verkehr		263.89	0.2%	0.2%	0.0%
109	2007DE161PO006	Niedersachsen - Region Lüneburg		68.29	1.1%	1.1%	0.1%
110	2007DE161PO007	Sachsen - Anhalt	Full	30.05	0.5%	10.0%	3.3%
111	2007DE162PO001	Bayern		72.33	0.4%	0.4%	0.3%
112	2007DE162PO002	Saarland		39.17	1.3%	1.3%	1.3%
113	2007DE162PO003	Schleswig - Holstein		36.96	4.2%	4.2%	1.0%
114	2007DE162PO004	Berlin		128.76	0.9%	2.2%	0.8%
115	2007DE162PO005	Hessen		26.16	0.1%	0.1%	0.0%
116	2007DE162PO006	Bremen	Rep-Full	-	0.0%	2.0%	1.6%
117	2007DE162PO007	Nordrhein - Westfalen		203.02	1.8%	1.8%	1.0%
118	2007DE162PO008	Baden - Württemberg		23.83	1.0%	0.9%	0.2%
119	2007DE162PO009	Hamburg		8.45	0.0%	0.1%	0.0%
120	2007DE162PO010	Niedersachsen (ohne Region Lüneburg)		108.44	0.0%	1.1%	0.1%

	Ref	Title	Reserve AAR 2014	Payments 2014	MS error rate 2013 in ACR2014	Validated error rate or flat-rate by REGIO audit	CRR (based on validated error rate)
121	2007DE162PO011	Rheinland - Pfalz		14.77	1.1%	0.3%	0.3%
122	2007DK162PO001	Innovation og Viden		76.31	0.5%	0.4%	0.9%
123	2007EE161PO001	Economic Environment		97.32	0.1%	0.1%	0.7%
124	2007EE161PO002	Living Environment		258.86	0.1%	0.1%	0.7%
125	2007ES161PO001	Región de Murcia	Partial	60.16	1.4%	2.5%	0.1%
126	2007ES161PO002	Melilla	Partial	6.37	0.0%	25.0%	6.3%
127	2007ES161PO003	Ceuta	Rep-Par	1.79	0.0%	0.0%	0.0%
128	2007ES161PO004	Asturias	Rep-Par	-	0.3%	0.3%	0.9%
129	2007ES161PO005	Galicia	Partial	276.55	0.0%	0.0%	0.0%
130	2007ES161PO006	Extremadura	Partial	203.80	0.5%	0.5%	0.0%
131	2007ES161PO007	Castilla La Mancha	Partial	105.04	0.0%	0.0%	0.0%
132	2007ES161PO008	Andalucía	Partial	362.83	5.5%	5.5%	4.5%
133	2007ES161PO009	Fondo de Cohesión - FEDER		1,041.52	0.0%	0.6%	0.0%
134	2007ES162PO001	Cantabria	Rep-Par	12.83	2.6%	5.5%	0.0%
135	2007ES162PO002	País Vasco	Partial	27.83	0.9%	0.9%	0.0%
136	2007ES162PO003	Navarra	Partial	3.58	12.6%	12.6%	0.0%
137	2007ES162PO004	Madrid	Partial	12.41	1.7%	5.0%	2.7%
138	2007ES162PO005	La Rioja	Rep-Par	-	0.4%	33.6%	0.0%
139	2007ES162PO006	Cataluña	Partial	109.84	18.0%	18.0%	15.5%
140	2007ES162PO007	Baleares	Partial	7.51	2.1%	2.1%	0.8%
141	2007ES162PO008	Aragón	Partial	5.51	0.9%	0.9%	5.3%
142	2007ES162PO009	Castilla y León	Partial	87.51	1.1%	1.1%	0.0%
143	2007ES162PO010	Comunidad Valenciana	Partial	231.71	1.6%	1.6%	0.6%
144	2007ES162PO011	Canarias	Partial	170.96	0.1%	0.1%	0.0%
145	2007ES16UPO001	Investigación, Desarrollo e innovación	Rep-Par	337.14	30.7%	30.7%	0.0%
146	2007ES16UPO002	Asistencia Técnica y Gobernanza	Rep-Par	7.67	30.7%	30.7%	0.0%
147	2007ES16UPO003	Economía basada en el Conocimiento	Partial	64.89	30.7%	30.7%	0.0%
	<i>Spain: National Part of the 19 Regional OPs</i>			988.9 <i>(included above)</i>	3.75%	3.75%	1.37%
148	2007FI162PO001	Itä		48.41	0.1%	0.2%	0.3%
149	2007FI162PO002	Pohjois		35.34	0.1%	0.2%	0.3%
150	2007FI162PO003	Länsi		24.51	0.1%	0.2%	0.3%
151	2007FI162PO004	Etelä		25.04	0.1%	0.2%	0.3%
152	2007FI162PO005	Åland		0.49	0.7%	0.7%	1.6%
153	2007FR161PO001	Guyane		86.38	3.4%	3.9%	1.2%
154	2007FR161PO002	Guadeloupe		159.65	3.4%	3.9%	1.2%
155	2007FR161PO003	Martinique		74.53	3.4%	3.9%	1.2%
156	2007FR161PO004	Réunion		158.45	3.4%	3.9%	1.2%
157	2007FR162PO001	Aquitaine		56.94	3.4%	3.9%	1.2%
158	2007FR162PO002	Centre		30.79	3.4%	3.9%	1.2%
159	2007FR162PO003	Alsace		5.87	3.4%	3.9%	1.2%
160	2007FR162PO004	Auvergne		26.78	3.4%	3.9%	1.2%
161	2007FR162PO005	Basse-Normandie		11.28	3.4%	3.9%	1.2%
162	2007FR162PO006	Bourgogne		31.50	3.4%	3.9%	1.2%
163	2007FR162PO007	Bretagne		33.23	3.4%	3.9%	1.2%
164	2007FR162PO008	Champagne-Ardenne		37.66	3.4%	3.9%	1.2%
165	2007FR162PO009	Corse		27.15	3.4%	3.9%	1.2%
166	2007FR162PO010	Franche-Comté		11.51	3.4%	3.9%	1.2%
167	2007FR162PO011	Haute-Normandie		44.06	3.4%	3.9%	1.2%
168	2007FR162PO012	Ile-De-France		25.66	3.4%	3.9%	1.2%
169	2007FR162PO013	Languedoc-Roussillon		32.75	3.4%	3.9%	1.2%
170	2007FR162PO014	Limousin		-	3.4%	3.9%	1.2%
171	2007FR162PO015	Lorraine		67.04	3.4%	3.9%	1.2%
172	2007FR162PO016	Pays De La Loire		85.18	3.4%	3.9%	1.2%
173	2007FR162PO017	Nord Pas-De-Calais		129.68	3.4%	3.9%	1.2%
174	2007FR162PO018	Picardie		33.30	3.4%	3.9%	1.2%
175	2007FR162PO019	Poitou-Charentes	Rep-Par	18.84	3.4%	3.9%	1.2%
176	2007FR162PO020	PACA		69.28	3.4%	3.9%	1.2%
177	2007FR162PO021	Midi-Pyrénées		62.54	3.4%	3.9%	1.2%
178	2007FR162PO022	Rhône-Alpes		38.66	3.4%	3.9%	1.2%

	Ref	Title	Reserve AAR 2014	Payments 2014	MS error rate 2013 in ACR2014	Validated error rate or flat-rate by REGIO audit	CRR (based on validated error rate)
179	2007FR162PO023	Alpes		3.97	3.4%	3.9%	1.2%
180	2007FR162PO024	Loire		6.37	3.4%	3.9%	1.2%
181	2007FR162PO025	Massif Central		6.89	3.4%	3.9%	1.2%
182	2007FR162PO026	Rhône		5.55	3.4%	3.9%	1.2%
183	2007FR16UPO001	Europact		9.89	3.4%	3.9%	1.2%
184	2007GR161PO001	Competitiveness	Rep-Par	46.05	2.2%	2.2%	0.0%
185	2007GR161PO002	Digital convergence	Partial	36.79	2.2%	2.2%	0.0%
186	2007GR161PO003	Technical Assistance		31.35	2.2%	2.2%	0.0%
187	2007GR161PO004	Accessibility		601.70	2.2%	2.2%	0.0%
188	2007GR161PO005	Environment - sustainable development	Rep-Par	397.20	2.2%	2.2%	0.0%
189	2007GR161PO006	Attica	Partial	640.28	2.2%	2.2%	0.0%
190	2007GR161PO007	Western Greece - Peloponese - Ionian islands	Rep-Par	224.35	2.2%	2.2%	0.0%
191	2007GR161PO008	Macedonia - Thrace	Partial	433.13	2.2%	2.2%	0.0%
192	2007GR16UPO001	Thessaly - Continental Greece - Epirus	Partial	110.29	2.2%	2.2%	0.0%
193	2007GR16UPO002	Crete & Aegean islands	Rep-Par	170.50	2.2%	2.2%	0.0%
194	2007HR161PO001	Environment		26.23	0.0%	0.0%	0.0%
195	2007HR161PO002	Transport		11.77	0.0%	0.0%	0.0%
196	2007HR161PO003	Regional Competitiveness		19.71	0.6%	1.0%	0.8%
197	2007HU161PO001	Economic Competitiveness	Partial	231.76	1.4%	2.0%	1.7%
198	2007HU161PO002	Environment and Energy	Partial	1,150.34	3.6%	3.6%	0.0%
199	2007HU161PO003	West Pannon	Rep-Par	33.96	4.5%	4.5%	2.1%
200	2007HU161PO004	South Great Plain	Rep-Par	85.48	4.5%	4.5%	2.1%
201	2007HU161PO005	Central Transdanubia	Rep-Par	46.06	4.5%	4.5%	2.1%
202	2007HU161PO006	North Hungary	Rep-Par	101.21	4.5%	4.5%	2.1%
203	2007HU161PO007	Transport	Rep-Par	898.83	3.0%	3.0%	3.2%
204	2007HU161PO008	Social Infrastructure		330.80	1.6%	1.6%	0.0%
205	2007HU161PO009	North Great Plain	Rep-Par	137.34	4.5%	4.5%	2.1%
206	2007HU161PO010	Implementation		31.52	0.8%	0.8%	0.2%
207	2007HU161PO011	South Transdanubia	Rep-Par	49.27	4.5%	4.5%	2.1%
208	2007HU162PO001	Central Hungary	Rep-Par	79.12	3.0%	3.2%	1.0%
209	2007HU16UPO001	Electronic Public Administration		162.68	0.7%	0.7%	0.5%
210	2007IE162PO001	Border, Midland and Western Operational Programme		22.51	1.9%	1.9%	0.7%
211	2007IE162PO002	Southern and Eastern		25.92	0.5%	0.5%	0.7%
212	2007IT161PO001	Attrattori Culturali	Full	157.76	6.9%	7.3%	0.0%
213	2007IT161PO002	Renewable Energy		110.13	0.2%	0.2%	0.0%
214	2007IT161PO003	Governance e AT		30.71	0.3%	0.4%	0.0%
215	2007IT161PO004	Ambienti per l'apprendimento		50.79	1.4%	1.4%	0.8%
216	2007IT161PO005	Reti e mobilita	Full	109.92	1.1%	10.0%	7.3%
217	2007IT161PO006	Ricerca e competitivita	Full	375.18	1.0%	4.7%	3.4%
218	2007IT161PO007	Sicurezza per lo Sviluppo	Rep-Full	-	1.1%	25.0%	18.6%
219	2007IT161PO008	Calabria		-	0.5%	0.5%	0.0%
220	2007IT161PO009	Campania		745.18	0.0%	0.0%	0.0%
221	2007IT161PO010	Puglia	Full	119.76	0.8%	10.0%	6.5%
222	2007IT161PO011	Sicilia		467.01	2.3%	2.3%	0.9%
223	2007IT161PO012	Basilicata		70.87	0.0%	0.0%	1.0%
224	2007IT162PO001	Abruzzo	Full	17.31	0.3%	10.0%	7.9%
225	2007IT162PO002	Emilia Romagna		19.70	0.1%	0.1%	0.0%
226	2007IT162PO003	Friuli Venezia Giulia		18.11	0.6%	0.6%	0.0%
227	2007IT162PO004	Lazio	Full	75.04	3.3%	10.0%	5.1%
228	2007IT162PO005	Liguria		17.59	1.2%	1.2%	0.4%
229	2007IT162PO006	Lombardia	Full	23.96	0.1%	10.0%	4.6%
230	2007IT162PO007	Marche		12.18	0.0%	0.0%	0.5%
231	2007IT162PO008	Molise		4.16	0.7%	0.7%	0.5%
232	2007IT162PO009	Provincia Autonoma di Bolzano		4.28	1.7%	1.7%	0.8%
233	2007IT162PO010	Trento	Full	1.08	0.0%	10.0%	7.4%
234	2007IT162PO011	Piemonte		95.30	0.6%	1.1%	0.0%
235	2007IT162PO012	Toscana		50.94	1.4%	1.5%	1.0%

	Ref	Title	Reserve AAR 2014	Payments 2014	MS error rate 2013 in ACR2014	Validated error rate or flat-rate by REGIO audit	CRR (based on validated error rate)
236	2007IT162PO013	Umbria		18.43	0.4%	0.4%	0.5%
237	2007IT162PO014	Valle d'Aosta		2.11	1.0%	1.0%	0.4%
238	2007IT162PO015	Veneto	Full	21.85	3.6%	11.8%	5.2%
239	2007IT162PO016	Sardegna		77.68	0.7%	0.7%	0.0%
240	2007LT161PO001	Promotion of Cohesion		397.26	0.5%	0.7%	0.7%
241	2007LT161PO002	Economic Growth		449.82	0.5%	0.7%	0.7%
242	2007LU162PO001	Compétitivité & emploi		4.16	0.4%	0.4%	0.2%
243	2007LV161PO001	Entrepreneurship and Innovations		93.67	0.9%	1.1%	1.6%
244	2007LV161PO002	Infrastructure and Services		618.97	0.9%	1.1%	1.6%
245	2007MT161PO001	Competitiveness		178.10	0.6%	0.6%	0.4%
246	2007NL162PO001	Noord		34.51	0.6%	0.6%	0.8%
247	2007NL162PO002	West		30.32	2.3%	2.3%	2.8%
248	2007NL162PO003	Zuid		54.86	0.8%	0.8%	0.0%
249	2007NL162PO004	Oost		29.87	0.3%	0.3%	0.6%
250	2007PL161PO001	Innovative Economy		1,714.28	1.8%	1.8%	0.6%
251	2007PL161PO002	Infrastructure & Environment		5,588.28	0.2%	3.6%	1.9%
252	2007PL161PO003	Eastern Poland		450.38	0.1%	0.6%	0.4%
253	2007PL161PO004	Technical Assistance		80.55	0.1%	0.1%	0.2%
254	2007PL161PO005	Dolnoslaskie		164.87	0.5%	0.6%	0.6%
255	2007PL161PO006	Kujawsko-Pomorskie		124.74	0.3%	0.3%	0.0%
256	2007PL161PO007	Lubelskiego		127.37	1.2%	1.2%	0.6%
257	2007PL161PO008	Lubuskie		55.57	0.2%	0.2%	0.0%
258	2007PL161PO009	Łódzkie		133.49	0.1%	0.1%	0.0%
259	2007PL161PO010	Malopolskie		210.27	0.2%	0.2%	0.0%
260	2007PL161PO011	Mazowieckie		275.21	1.3%	1.3%	0.9%
261	2007PL161PO012	Opolskie		24.22	4.1%	3.9%	1.5%
262	2007PL161PO013	Podkarpackie		272.32	0.0%	2.0%	0.7%
263	2007PL161PO014	Podlaskie		99.36	0.2%	0.2%	0.1%
264	2007PL161PO015	Pomorskie		98.61	0.6%	0.6%	0.0%
265	2007PL161PO016	Zachodniopomorskie		129.93	0.3%	0.3%	0.3%
266	2007PL161PO017	Wielkopolskie		96.87	0.9%	0.9%	0.3%
267	2007PL161PO018	Świętokrzyskie		15.38	0.1%	0.1%	0.0%
268	2007PL161PO019	Slaskie		279.14	0.1%	0.1%	0.0%
269	2007PL161PO020	Warminsko-Mazurskie		213.98	1.4%	1.4%	0.8%
270	2007PT161PO001	Factores de Competitividade		582.58	1.3%	1.3%	0.6%
271	2007PT161PO002	Norte		376.43	1.3%	1.3%	0.6%
272	2007PT161PO003	Centro		238.75	1.3%	1.3%	0.6%
273	2007PT161PO004	Alentejo		145.99	1.3%	1.3%	0.6%
274	2007PT161PO005	Algarve		34.00	1.3%	1.3%	0.6%
275	2007PT161PO006	Açores		85.93	1.3%	1.3%	0.6%
276	2007PT162PO001	Lisboa		23.26	1.3%	1.3%	0.6%
277	2007PT162PO002	Madeira		29.45	1.3%	1.3%	0.6%
278	2007PT16UPO001	Valorização do Território		618.63	0.8%	0.8%	0.4%
279	2007PT16UPO002	Assistência Técnica		25.27	0.8%	0.8%	0.4%
280	2007RO161PO001	Regional Operational Programme		539.87	0.9%	3.1%	1.3%
281	2007RO161PO002	Increase of Economic Competitiveness	Partial	802.04	3.2%	3.5%	2.7%
282	2007RO161PO003	Transport		1,332.33	0.7%	1.5%	0.0%
283	2007RO161PO004	Environment	Partial	703.24	0.4%	0.4%	0.8%
284	2007RO161PO005	Technical Assistance		41.50	0.0%	0.6%	0.4%
285	2007SE162PO001	Skåne-Blekinge		13.11	0.5%	0.5%	0.8%
286	2007SE162PO002	Småland och Öarna		14.47	0.5%	0.5%	0.8%
287	2007SE162PO003	Västsverige		13.11	0.5%	0.5%	0.8%
288	2007SE162PO004	Östra Mellansverige		12.41	0.5%	0.5%	0.8%
289	2007SE162PO005	Stockholm		1.80	0.5%	0.5%	0.8%
290	2007SE162PO006	Norra Mellansverige		20.04	0.5%	0.5%	0.8%
291	2007SE162PO007	Mellersta Norrland		24.89	0.5%	0.5%	0.8%
292	2007SE162PO008	Övre Norrland		33.64	0.5%	0.5%	0.8%
293	2007SI161PO001	Regional Potentials		256.31	3.4%	3.6%	0.5%
294	2007SI161PO002	Environment & Transport Infrastructure		380.53	3.4%	3.6%	0.5%

	Ref	Title	Reserve AAR 2014	Payments 2014	MS error rate 2013 in ACR2014	Validated error rate or flat-rate by REGIO audit	CRR (based on validated error rate)
295	2007SK161PO001	Information Society	Rep-Full	-	17.8%	17.8%	13.6%
296	2007SK161PO002	Environment		176.62	2.4%	2.4%	0.7%
297	2007SK161PO003	Regional OP	Rep-Full	-	5.1%	5.1%	1.7%
298	2007SK161PO004	Transport	Rep-Par	347.61	1.6%	1.6%	0.0%
299	2007SK161PO005	Health	Rep-Full	-	20.2%	20.2%	0.0%
300	2007SK161PO006	Competitiveness	Rep-Full	-	1.4%	1.4%	2.6%
301	2007SK161PO007	Technical Assistance	Rep-Par	10.93	0.3%	0.3%	0.0%
302	2007SK162PO001	Bratislava		5.64	0.7%	0.7%	0.0%
303	2007SK16UPO001	Research and Development	Rep-Full	-	2.1%	2.1%	1.6%
304	2007UK161PO001	Highlands and Islands		18.45	1.3%	4.0%	1.6%
305	2007UK161PO002	West Wales and the Valleys		269.05	1.7%	2.0%	0.9%
306	2007UK161PO003	Cornwall and the Isles of Scilly		206.06	2.4%	2.4%	0.1%
307	2007UK162PO001	Lowlands and Uplands	Full	60.21	7.9%	8.9%	4.2%
308	2007UK162PO002	South East England		3.60	2.4%	2.4%	0.1%
309	2007UK162PO003	Northern Ireland		60.56	1.3%	1.3%	0.0%
310	2007UK162PO004	East of England		37.45	2.4%	2.4%	0.1%
311	2007UK162PO005	North East England		92.15	2.4%	2.4%	0.1%
312	2007UK162PO006	London		29.79	2.4%	2.4%	0.1%
313	2007UK162PO007	West Midlands		133.56	2.4%	2.4%	0.1%
314	2007UK162PO008	North West England		145.82	2.4%	2.4%	0.1%
315	2007UK162PO009	Yorkshire and Humberside	Full	130.45	2.4%	2.4%	0.1%
316	2007UK162PO010	East Midlands	Full	58.15	2.4%	2.4%	0.1%
317	2007UK162PO011	South West England		41.06	2.4%	2.4%	0.1%
318	2007UK162PO012	East Wales		6.68	1.7%	2.0%	0.9%
319	2007UK162PO013	Gibraltar		1.80	0.0%	0.0%	0.0%
320	2008CB163PO001	España - Fronteras Exteriores		35.56	1.5%	1.3%	1.1%
321	2013CB163PO001	Slovenia-Croatia		7.93	0.2%	0.2%	0.0%
322	2013CB163PO002	Hungary-Croatia		13.13	0.5%	0.5%	0.5%

For Spain, the error rates indicated for the regional programmes are the error rates corresponding to the regional part of the programmes excluding the national part. The national part of the 19 Spanish regional OPs is covered by one audit sample (Member State error rate of 3.75% validated by a DG REGIO audit). The cumulative residual risk is 1.35%.

In a limited number of the cases, the error rates validated by DG REGIO are lower than the Member State's error rate in ACR 2014 due to technical adjustments in the calculation of the projected error rate.

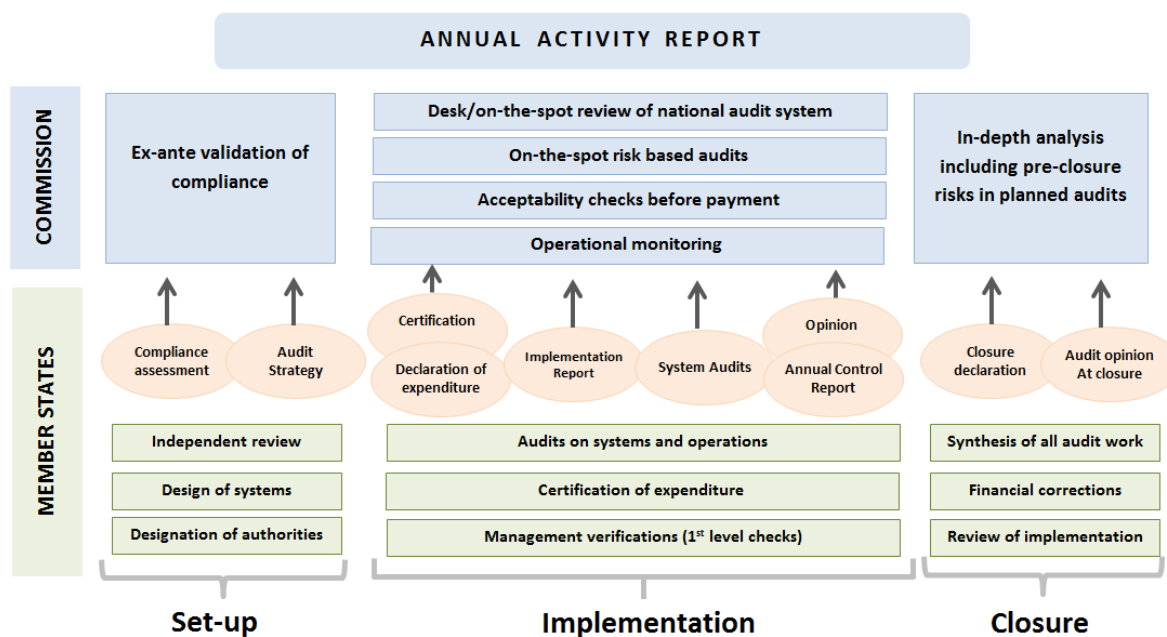
For OP Infrastructure and Environment 2007PL161PO002, the validated error rate of 3.61% consist of the total projected error of 2.25% as calculated by the Commission services plus a specific risk factor in respect of the treatment of VAT still under consideration.

ANNEX 8: Specific annexes related to "Management of Resources" (Part 2)

2.1.1.2 Shared management ERDF/CF 2007-2013

Supervisory role of the Commission and control strategy:

DG Regional and Urban Policy ensures the correct monitoring of implementation of all programmes and audit activities through operational regular contacts and meetings with Member States authorities based on checks on payment claims, analysis of annual implementing reports, monitoring data and audit results. In particular, DG Regional and Urban Policy has an audit strategy in place (see section D below) covering all structural action instruments. The audit strategy is updated annually based on a review of the underlying risk assessment in order to take into account new audit results and other relevant information. For the 2007-2013 programming period, the audit strategy contributing to the assurance building is implemented through the various strands of controls foreseen in the regulatory framework shown here below:



At the beginning of programme implementation (2007-2013): approval by the Commission of the Member States' compliance assessments to ensure that systems are designed in compliance with the rules. The Commission also approves the audit strategies proposed by the national audit authorities with a view to ensuring that the most important risks and bodies will be covered adequately and in a timely manner. The Commission makes no interim payment until it accepts the Member States' compliance assessments.

During programme implementation (2007-2013):

The audit work contributes to DG Regional and Urban Policy's assurance, through a combination of desk review work and on-the-spot audit missions:

- Commission desk review of the work of the national audit authorities through: continuous analysis of national system audit reports including written feedback and check on consistency with the EU's audit results). Analysis of annual control reports and opinions issued for all programmes, annual control coordination meetings and ad hoc technical meetings and contacts with the audit authorities to monitor the progress and results of all audit work in line with the approved national audit strategies. Based on this analysis, the Commission continuously updates its guidance for the work of the audit authorities;
- Commission on-the-spot audits to conclude, including through re-performance of some audits on the reliability of the work carried out and reported by the audit authorities;

c) Commission on-the-spot audits on responsible national bodies, parts of management and control systems or horizontal issues identified to be at risk (such as public procurement, State aid, financial engineering instruments or the national systems for recording and reporting irregularities, withdrawals and recoveries), in order to complement the assurance obtained from the national audit authorities. On-the-spot audits are usually at the level of programmes authorities and/or intermediate bodies, and can include verifications down to the primary source of audit evidence at the level of beneficiaries, depending on the specific audit objectives and identified risks.

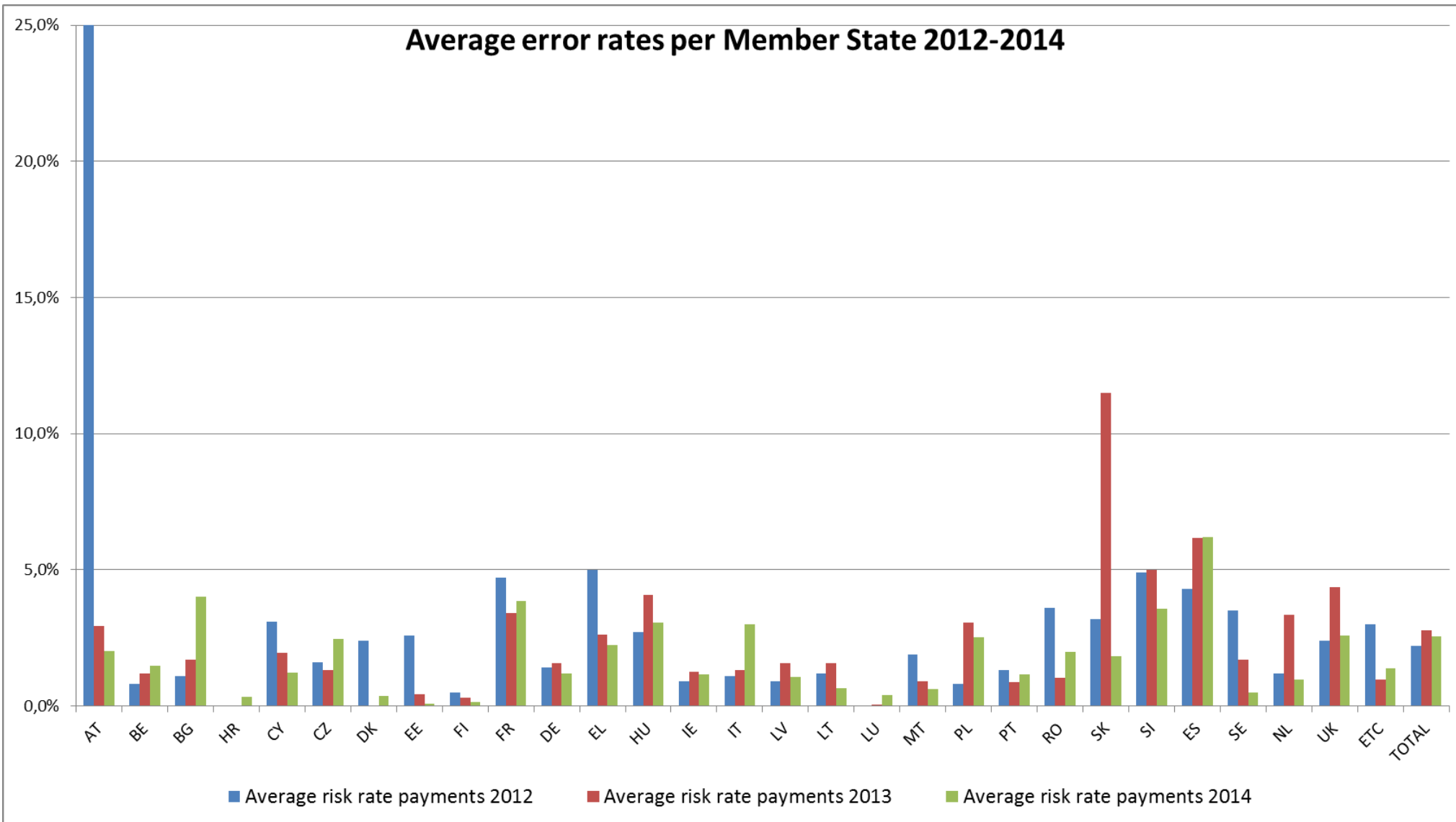
- at the end of the programming period: the audit authority gives its opinion on the legality and regularity of expenditure declared for each programme, based on the examination of the audit results, the expenditure declared, satisfactory treatment of any outstanding irregularities and withdrawals and recoveries made by the certifying authority. The Commission scrutinises all closure declaration documents (desk review) and may perform ex-post closure audits to obtain additional assurance that the submitted closure documents and final control reports, are reliable.

Member States' national audit opinions (in the ACR) and DG REGIO audit opinion per Member State

Error Rates

Member State	Nr. of Programmes	ACR Projected error rate Member State					Reliability of error rate				Total	Projected error rate validated by DG Regional Policy				Flat rates by DG Regional Policy			
		Under 2%	2-5%	5-10%	over 10%	Total	Reliable	Reliable/Recalculated	Unreliable / flat-rate	Other/flat-rate		Under 2%	2-5%	5-10%	Over 10%	2%	5%	10%	25%
Austria (AT)	9	1	8			9	9				9	1	8						
Belgium (BE)	4	3		1		4		3		1	4	3					1		
Bulgaria (BG)	5	3		2		5	4		1		5	2	1	2					
Croatia (HR)	3	3				3	3				3	3							
Cyprus (CY)	1	1				1		1			1	1							
Czech Republic (CZ)	14	6	6	2		14	12	2			14	6	6	2					
Denmark (DK)	1	1				1		1			1	1							
Estonia (EE)	2	2				2	2				2	2							
Finland (FI)	5	5				5	1	4			5	5							
France (FR)	31		31			31		31			31		31						
Germany (DE)	18	17	1			18	9	7	2		18	14	2	1			1		
Greece (GR)	10		10			10	10				10		10						
Hungary (HU)	13	4	9			13	11	2			13	3	10						
Ireland (IE)	2	2				2	2				2	2							
Italy (IT)	28	24	3	1		28	19	2	5	2	28	17	2	1	1		6	1	
Latvia (LV)	2	2				2	2				2	2							
Lithuania (LT)	2	2				2	2				2	2							
Luxembourg (LU)	1	1				1	1				1	1							
Malta (MT)	1	1				1	1				1	1							
Poland (PL)	20	19	1			20	16	4			20	18	2						
Portugal (PT)	10	10				10	10				10	10							
Romania (RO)	5	4	1			5		5			5	3	2						
Slovakia (SK)	9	4	2	1	2	9	9				9	4	2	1	2				
Slovenia (SI)	2		2			2		2			2		2						
Spain (ES)**	23	15	2	1	5	23	16	5	1	1	23	11	2	3	6				1
Sweden (SE)	8	8				8	8				8	8							
The Netherlands (NL)	4	3	1			4	4				4	3	1						
The United Kingdom (UK)	16	5	10	1		16	12	4			16	2	13	1					
European Territorial Cooperation	73	61	9	2	1	73	36	37			73	60	10	2	1				
Total Nr.	322	207	96	11	8	322	199	110	9	4	322	185	104	13	10	0	0	8	2
% to total nr. of error rates	100.00%	64.29%	29.81%	3.42%	2.48%	100.00%	61.80%	34.16%	2.80%	1.24%	100.00%	57.45%	32.30%	4.04%	3.11%	0.00%	0.00%	2.48%	0.62%
Payments 2014 (mil eur)	41,651	27,665	12,676	766	544	41,651	25,144	15,875	521	111	41,651	19,958	19,968	763	566		0	392	3
% to Total Payments	100%	66.42%	30.43%	1.84%	1.31%	100%	60.37%	38.11%	1.25%	0.27%	100%	47.92%	47.94%	1.83%	1.36%	0.00%	0.00%	0.94%	0.01%

Average error rates per Member State 2012-2014



C. National systems audit, annual summaries and national declaration

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

D. Audit activity of the Directorate-General

Review of Audit Authorities

DG Regional and Urban Policy launched a comprehensive audit enquiry in 2009 to review the work of the audit authorities. The objective is twofold. First, to assess the reliability of the audit opinions and error rates reported each year in the ACRs for all programmes in view of the annual assurance. Second, to provide the basis for the Directorate-General to implement the provisions of Article 73 paragraphs 2 and 3 of Regulation (EC) No 1083/2006 whereby the Commission can conclude that it can rely principally on the opinion provided by the audit authority and thus limit its own on the spot audits to target high risk programmes.

The results of the audit enquiry “review of audit authorities” are used to assess whether DG Regional and Urban Policy can rely principally on the audit authorities' audit opinion and error rates for its annual assurance and implement Article 73 of Regulation (EC) No 1083/2006⁹. A total of 265 missions have been carried out on the spot cumulatively since 2009: 187 audit missions (including 21 in 2014) and 18 monitoring missions (11 in 2014), as well as 60 fact-finding missions (15 in 2014 and 21 in 2015) to validate the ACR error rates. Audits covered cumulatively the main 47 audit authorities responsible for 94% in total of the ERDF/CF total allocation¹⁰. DG Regional and Urban Policy's audit work included on-the-spot re-performance of audits at the level of individual beneficiaries in order to test the reliance which can be placed on the audit work carried out by the audit authorities. In 2014, this was the case for 19 out of 32 audit missions carried out on the spot. **In total, the Audit Directorate re-performed 113 audits of operations at the level of the final beneficiary.** As a result, and based on the audit reports issued so far, the Directorate-General concluded that **it can generally rely on the work of 42 audit authorities in charge of auditing 91%¹¹ of ERDF/CF allocations for the 2007-2013 period out of the 47 audit authorities audited under the enquiry.** The 5 audit authorities for which DG REGIO has concluded, based on the work carried out under this enquiry, that it cannot place reliance on their work represent 2.7% of the ERDF/CF allocation.

The extensive audit work under this enquiry, which represents 55% of the on-the-spot audit missions in 2014, has considerably contributed to DG Regional and Urban Policy's overall assurance for the programmes covered by the reviewed audit authorities through different aspects:

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

⁹ Through the latter, DG Regional and Urban Policy relies on the audit authority in a formal manner and does not carry its own audits any longer (see below).

¹⁰ ERDF/CF allocation for the programmes under audit responsibility of the 75 ERDF/CF audit authorities, responsible for audit of mainstream and ETC programmes (i.e. not including the allocation for the 7 audit authorities responsible for ETC programmes only, which represent 0.64% of the ERDF/CF allocation)

¹¹ ERDF/CF allocation for the programmes under audit responsibility of the 75 ERDF/CF audit authorities, responsible for audit of mainstream and ETC programmes (i.e. not including the allocation for the 7 audit authorities responsible for ETC programmes only, which represent 0.6% of the ERDF/CF allocation)

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

This extensive audit work has also contributed to interruptions / pre-suspensions during the year and to the necessary reservations expressed in the annual activity report when deficiencies had not been remedied i.e. in the case of the audit authorities of DE/Mecklenburg-Vorpommern, Sachsen-Anhalt, IT/ Puglia, Reti é Mobilità and ES/the regional control body in Melilla. In all cases a full or partial reservation is expressed in the AAR.

For the audit authorities assessed to be still at risk, the Directorate-General will continue to target its capacity-building actions including through audits on the spot and periodic re-performance of audits of operations in 2015 and beyond in order to test the reliability of reported results, including in view of the approaching closure of the programmes.

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

Through the enquiry to review audit authorities' work, in some cases the Directorate-General may identify that certain deficiencies could remain undetected or not timely detected, which could jeopardise the assurance process (assurance gap). The scope of this complementary audit enquiry is therefore to cover (part of) operational programmes or particular areas still considered at high risk. Such risk-based audits focused mainly on the reliability of management verifications at the level of the managing authorities/intermediary bodies¹².

In 2014, 29 audits were carried out under this enquiry (33% of all the on-the-spot audit missions in 2014). A total of 108 audit missions have been carried out since 2010 covering 18 Member States, including 7 Italian regions and 76 operational programmes (audited one or more times under this enquiry), including 62 on-the-spot audits on operations at the level of beneficiaries.

Out of these 29 audit missions:

- 23 audit missions have been selected to address high risk areas/high risk bodies; 6 audits have resulted in new interruptions/pre-suspension of payments procedures in 7 cases: UK – England (OP East Midland and OP East of England), BG (Regional Development OP, Priority Axes 1 and 3), HU (Economic Development OP and Environment and Energy OP), RO (Economic Competitiveness, Priority Axis 3).

- the remaining 6 audit missions were carried out to follow up and verify the effective implementation of corrective measures implemented in the context of ongoing actions plans/pre-suspension procedures and/or related reservations in the 2013 AAR. These missions were one mission to Andalusia (IB IDEA), one mission to UK- England¹³, one mission to Austria (OP Steiermark, Tirol and Vorarlberg), and three missions in Bulgaria (OP Environment (2 mission) and Regional Development OP Priority Axes 1 and 3 (2 missions to follow-up the remedial actions taken as a result of the problems detected within the year)). These missions have been carried out specifically to verify and confirm to the DG REGIO Interruptions, Suspensions and Financial Corrections Committee that all necessary preventive and corrective measures have been satisfactorily implemented and hence directly supported the DG decision to end the pre-suspension procedure. Further to the positive result of these missions and subsequent follow up work, the pre-suspension procedures were ended for IB IDEA (except for the payments to the financial instruments), for the English programmes, for 2

¹² And to a lesser extent on selection of operations, corrective capacity of the managing authority, certification of expenditure by the certifying authority and high risk operations not yet audited by the national audit authority.

¹³ The mission was carried out in January 2015 resulted in a decision to end the pre-suspension procedure a positive conclusion and hence the before the finalisation of the 2013 AAR hence no reservation was included in the 2013 AAR

out of the 3 Austrian programmes, and for the 2 Bulgarian programmes. These risk-based audits thus contributed to:

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

The same approach will be implemented to address and follow-up the reservations in the 2014 annual activity report of the Directorate-General.

One of the main conclusions from the work under this enquiry from 2010-2014 is work is that for 66% of these missions significant deficiencies have been identified in the first level controls, and 58% than half of the missions these deficiencies specifically concern the area of public procurement verifications. As a result, continued focus will be given in the mission plan for 2015-June 2016 to the audit of management verifications, in particular in the area of public procurement. With regard to the impact on the management verifications there is an overall improvement in the adequacy of the management verifications from 53% in category 1 or 2 in 2010 to 82% in 2013 and 76% in 2014 for the 76 programmes audited under the enquiry.

A significant part of the on-the-spot audits under this enquiry (68%) have been dedicated to the Member States/regions having recurring reservations in the Annual Activity Report in recent years: Spain, Italy, Hungary, Greece, Slovakia, Czech Republic and Romania. It has been demonstrated that the risk-based differentiated approach of the Directorate-General functions effectively: each year the highest risk programmes/bodies are selected for audit on-the-spot. However, it is important to note that the programmes or managing authorities/intermediate bodies showing significant deficiencies are not the same throughout the years. This audit enquiry captures and addresses the risk at programme/body level and as such ensures an adequate action through its targeted approach as foreseen in the Directorate-General's audit strategy.

Furthermore, as this audit enquiry also contributes significantly to obtain the necessary assurance with a view to prepare for closure, a considerable number of audits have been dedicated to areas such as eligibility of operations (audits carried out on selection of operations in HU, RO, HR, IT and SI), State Aid (addressed in audits on competitiveness programmes in SI, HU, HR, RO, IT and in the mission to ES (IDEA, DGI).

Other audit work carried out in 2014 – contribution to capacity building actions

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

- A structured cooperation with audit authorities on methodology and reported audit results through multilateral and bilateral meetings.
- Multilateral meetings included three technical meetings in Brussels (23 January, 20 March and 26 November 2014), covering the discussion on various guidance notes for the period 2014-2020, State aid regulations and audit approach. The Homologues Group annual meeting of European Auditors for ESI Funds in Bratislava in September 2014 covered issues linked mainly to the new 2014-2020 programming period: designation, audits on the reliability of data on performance indicators, e-cohesion, audits on accounts, as well as issues common to both programming periods and linked to sampling, feed-back by the Commission services on the assessment of annual control reports in view

of further improvements and a debriefing on the anti-corruption and anti-fraud seminars organised by the Directorate general in 2014.

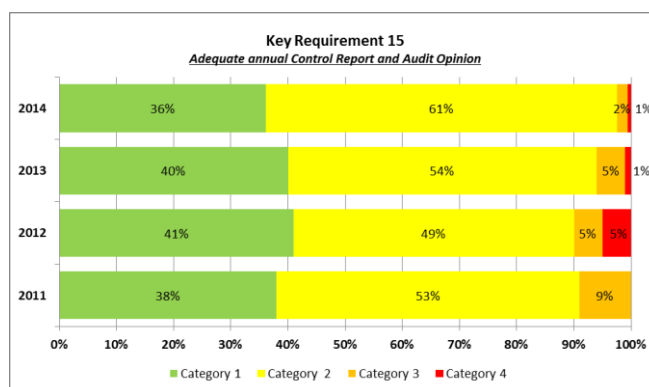
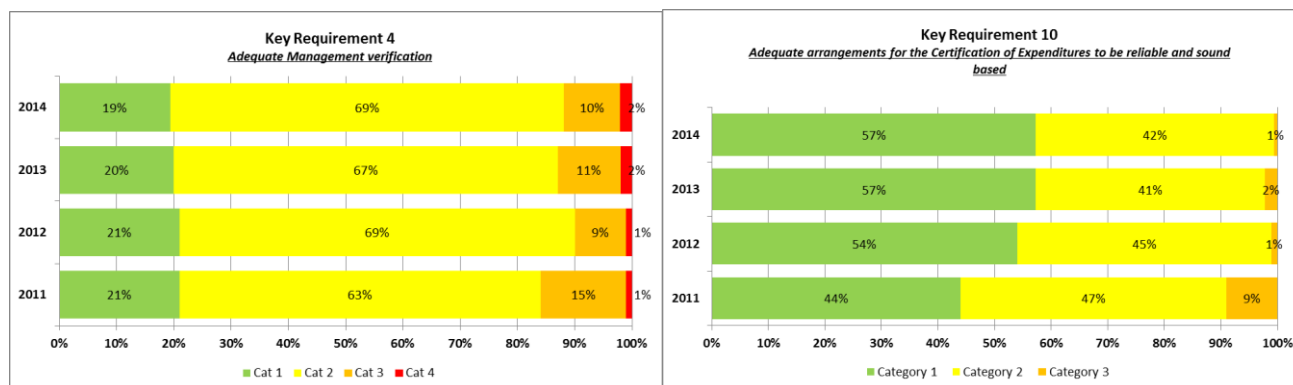
- The annual bilateral audit coordination meetings with audit authorities of each Member State are an opportunity to review the specific issues raised in the assessment of Annual Control Reports and Annual Opinions, implementation of the agreed audit strategies as well as national audit results. They are also a place to exchange information on planned audit work and respective updated risk assessments.
- Guidance for Member States is continuously improved and discussed with audit authorities. Six guidance notes for 2014-2020 were discussed with Member States in technical and formal fora in 2014. As a result two guidance notes were finalised in 2014 (designation of authorities and assessment of management and control systems) and another three were adopted early 2015 (audit strategy, management verifications and annual control report). Further guidance (on accounts and on management declaration/annual summary) were prepared in 2014 and discussed with the Member States and will be adopted in early 2015.
- The Audit Directorate also contributes to many capacity building actions for the benefit of managing and certifying authorities, to help address deficiencies detected through audits or to prevent such deficiencies. In this framework, several initiatives took place in 2014, including dedicated meetings, workshops or targeted actions related to various areas:
 - public procurement (RO, BG, FR and DE),
 - State aid (CZ, ES and PL),
 - implementation of financial instruments (CZ and SK),
 - simplified costs (ES),
 - closure of the 2007-2013 programming period (FR, EL, IT, CY and SE).
- In 2014, the Audit Directorate has also actively promoted in close cooperation with DG Employment, Inclusion and Social Affairs the use by responsible national authorities of the Arachne tool, a preventive risk-scoring tool developed by the Commission. To date, presentations of this new tool have been made to 22 Member States (see also section I (2.1.3) below on fraud prevention and detection).

Summary data on capacity building events organised for Member States' audit authorities in 2014:

Topic	Closure	Sampling	Public Procurement	Other (including e.g. state aid, Arachne)	Total
Number of events in 2014	2	2	3	11	18
Number of participants	350	150	550	850	1900

E. Annual audit opinion of the Directorate-General

Comparison main Key requirements 2011-2014



	1. Works well. Only minor improvements are needed
	2. Works, but some improvements are needed
	3. Works partially. Substantial improvements are needed
	4. Essentially does not work

G. Financial corrections

Financial corrections as a result of the Commission supervisory work

The amounts of financial corrections carried out by Member States at the Commission's request as a result of its audits and supervisory role, Court of Auditors' audits or OLAF investigations are reported on a quarterly basis to the European Parliament. The Commission's annual accounts provide the details on an accrual and cash basis.

The reporting is effected by programming period, by Member State and by year¹⁴;

- Financial corrections are reported as decided/confirmed on accrual basis after the acceptance and

¹⁴ The information on financial corrections contained in this chapter is consistent with the information included in note 6 attached to the annual accounts. However given the political importance of the preventive and corrective mechanisms, additional information not covered in the annual accounts is presented hereafter to provide a complete overview on the supervisory role of DG Regional and Urban policy.

commitment of the Member State to correct the payment claim by deducting the irregular amount from the declared expenditure, or as the result of a Commission financial correction decision.

- Financial corrections are reported as implemented on a cash basis once the financial transaction including the correction has been effected and can be referenced by an ABAC key of payment order, recovery order or de-commitment.

EUR 839.9 million of corrections have been decided/confirmed in 2014 for ERDF/CF with regard to all programming periods. The strengthened supervisory role of DG Regional Policy since the 2008 Commission Action Plan is demonstrated in the overall figure for ERDF/CF financial corrections decided/confirmed over the 2000-2014 period, EUR 9.69 billion cumulatively. Corrections imposed after the adoption of the Action Plan (2008- 2014) represent 72 % of this total (EUR 6.9 billion).

By end 2014, more than 94% of financial corrections decided/agreed in 2014 and previous years for ERDF and CF have been implemented, mainly through withdrawals of the agreed amounts from subsequent statements of expenditure by the Member States (including after recoveries from individual beneficiaries where possible). In total, with regard to all programming periods, **a total of EUR 854.4 million of financial corrections have been implemented in 2014** in relation to corrections decided/confirmed in 2014 and previous years (EUR 724.1 million and EUR 130.3 million respectively for the ERDF and CF).

Financial Corrections, Withdrawals and Recoveries

1. Commission supervisory role - Financial corrections confirmed/decided in 2014 by programming period, in EUR million*

Member State	1994-99				2000-06				2007-13				Total			
	2014			Cumulative (ERDF + CF) end of 2014	2014			Cumulative (ERDF + CF) end of 2014	2014			Cumulative (ERDF + CF) end of 2014	2014			Cumulative (ERDF + CF) end of 2014
	ERDF	CF	Total 2014		ERDF	CF	Total 2014		ERDF	CF	Total 2014		ERDF	CF	Total 2014	
Austria				0.2	0.0		0.0	0.3	10.3		10.3	12.3	10.3	0.0	10.3	12.8
Belgium				9.1	1.6		1.6	8.9				0.0	1.6	0.0	1.6	18.0
Bulgaria				0.0		0.3	0.3	21.9	28.8	22.6	51.4	56.0	28.8	22.8	51.7	77.9
Cyprus				0.0			0.0	0.0				0.0	0.0	0.0	0.0	0.0
Czech Republic				0.0	1.0	2.6	3.7	29.1	20.2		20.2	259.7	21.3	2.6	23.9	288.8
Germany	4.9		4.9	329.5	0.3		0.3	26.6	5.8		5.8	12.7	11.0	0.0	11.0	368.8
Denmark				1.8	0.0		0.0	0.5			0.0	0.0	0.0	0.0	0.0	2.4
Estonia				0.0	0.0	1.0	1.0	2.0	-0.2	0.0	-0.2	9.6	-0.2	1.0	0.8	11.6
Greece				519.6	22.6	3.0	25.6	1,202.8	1.9		1.9	97.4	24.5	3.0	27.5	1,819.8
Spain	0.9	-3.1	-2.2	588.7	118.8	-13.1	105.6	2,927.3	75.2	1.3	76.6	156.6	195.0	-14.9	180.0	3,672.6
Finland				0.5	0.0		0.0	0.0			0.0	0.0	0.0	0.0	0.0	0.5
France				32.7	0.0		0.0	111.7	1.4		1.4	7.6	1.4	0.0	1.4	152.0
Croatia						0.0	0.0	1.0			0.0		0.0	0.0	0.0	1.0
Hungary				0.0	0.0	8.6	8.6	55.9	16.8	-1.7	15.2	162.2	16.8	6.9	23.8	218.1
Ireland				11.1	15.2	0.0	15.2	55.6					15.2	0.0	15.2	66.7
Italy				338.9	230.9		230.9	1,083.6	38.1		38.1	104.9	269.0	0.0	269.0	1,527.4
Latvia				0.0	0.0	4.3	4.3	15.1	-0.2	0.0	-0.2	18.9	-0.2	4.3	4.2	34.0
Lithuania				0.0	0.0	2.3	2.3	6.9	0.0	0.0	0.0	0.0	0.0	2.4	2.4	6.9
Luxembourg				0.3	0.0		0.0	0.0	0.4		0.4	0.4	0.4	0.0	0.4	0.8
Malta				0.0			0.0	0.0			0.0	0.0	0.0	0.0	0.0	0.0
Netherlands				8.2	0.0		0.0	0.2			0.0	0.0	0.0	0.0	0.0	8.4
Poland				0.0	0.0	9.5	9.5	271.1	0.8	0.1	0.9	85.8	0.8	9.6	10.4	356.9
Portugal				85.0	0.0	0.4	0.4	249.6	21.0		21.0	22.0	21.0	0.4	21.4	356.5
Romania				0.0		2.2	2.2	15.1	8.2	0.0	8.2	54.0	8.2	2.2	10.4	69.1
Sweden				0.5	0.0		0.0	0.1	-0.1		-0.1	0.7	-0.1	0.0	-0.1	1.3
Slovenia				0.0		0.1	0.1	0.0	4.2	0.0	4.2	18.4	4.2	0.1	4.3	18.5
Slovakia				0.0	0.0	70.9	70.9	117.3	8.6	0.0	8.6	96.5	8.6	70.9	79.5	213.8
United Kingdom				126.8	18.5		18.5	148.2	28.3		28.3	28.3	46.8	0.0	46.8	303.3
European Territorial Cooperation				8.7	41.8		41.8	67.5	2.4		2.4	2.8	44.2	0.0	44.2	79.0
TOTAL	5.8	-3.1	2.7	2,061.8	450.7	92.0	542.7	6,418.5	272.1	22.3	294.4	1,206.8	728.7	111.3	839.9	9,687.0
<i>Implemented:</i>				2,059.8				6,063.4				989.1			854.4	9,112.5
%				99.91%				94.47%				81.96%				94.07%

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

2. Commission supervisory role - Financial corrections implemented in 2014 by programming period, in EUR million*

Member State	1994-99				2000-06				2007-13				TOT			
	2014			Cumulative (ERDF + CF) end of 2014	2014			Cumulative (ERDF + CF) end of 2014	2014			Cumulative (ERDF + CF) end of 2014	2014			Cumulative (ERDF + CF) end of 2014
	ERDF	CF	Total 2014		ERDF	CF	Total 2014		ERDF	CF	Total 2014		ERDF	CF	Total 2014	
Austria				0.2				0.3				0.0				0.5
Belgium				9.1	0.8		0.8	8.2				0.0	0.8	0.0	0.8	17.3
Bulgaria						1.0	1.0	18.9	29.3	22.6	51.9	55.4	29.3	23.5	52.9	74.3
Cyprus								0.0				0.0			0.0	0.0
Czech Republic					1.0	3.4	4.3	25.1	51.3		51.3	184.0	52.2	3.4	55.6	209.1
Germany	4.9		4.9	329.5	0.3		0.3	26.0	8.4		8.4	8.6	13.6	0.0	13.6	364.1
Denmark				1.8				0.5				0.0			0.0	2.4
Estonia						1.0	1.0	2.0	0.1	0.0	0.1	9.6	0.1	1.0	1.2	11.6
Greece				517.7	20.0	3.0	23.0	1,172.8	11.4		11.4	97.4	31.4	3.0	34.3	1,787.9
Spain	0.9	2.5	3.4	588.7	133.5	-11.9	121.7	2,920.6	43.0	1.3	44.3	106.3	177.5	-8.1	169.4	3,615.6
Finland				0.5				0.0				0.0			0.0	0.5
France				32.7				111.7	4.4		4.4	4.7	4.4	0.0	4.4	149.1
Croatia				0.0				1.0				0.0			0.0	1.0
Hungary					0.0	3.3	3.3	49.6	1.2	-1.6	-0.4	142.6	1.2	1.7	2.9	192.2
Ireland				11.1	16.8		16.8	39.6				0.0	16.8	0.0	16.8	50.7
Italy				338.9	232.1		232.1	958.6	56.0		56.0	84.3	288.1	0.0	288.1	1,381.8
Latvia						4.3	4.3	15.1	-0.2	0.0	-0.2	18.9	-0.2	4.3	4.2	34.0
Lithuania						2.3	2.3	6.9		0.0	0.0	0.0	0.0	2.4	2.4	6.9
Luxembourg				0.3				0.0				0.0			0.0	0.4
Malta								0.0				0.0			0.0	0.0
Netherlands				8.2				0.2				0.0			0.0	8.4
Poland						25.5	25.5	207.6	0.7	0.1	0.8	85.3	0.7	25.5	26.2	292.9
Portugal				85.0		0.2	0.2	249.2	0.5		0.5	1.5	0.5	0.2	0.7	335.7
Romania						2.5	2.5	14.7	8.0	0.0	8.0	50.3	8.0	2.5	10.5	65.1
Sweden				0.5			0.0	0.1	0.5		0.5	0.7	0.5	0.0	0.5	1.3
Slovenia								0.0	4.2	0.0	4.2	18.4	4.2	0.0	4.2	18.4
Slovakia						70.9	70.9	100.9	3.8	0.0	3.8	91.6	3.8	70.9	74.7	192.6
United Kingdom				126.8	20.1		20.1	65.9	28.1		28.1	28.1	48.1	0.0	48.1	220.8
European Territorial Cooperation				8.7	41.8		41.8	67.5	1.1		1.1	1.5	42.9	0.0	42.9	77.7
TOTAL	5.8	2.5	8.3	2,059.8	466.4	105.4	571.8	6,063.4	251.8	22.4	274.3	989.1	724.1	130.3	854.4	9,112.4
												ERDF			724.1	7,890.3
												CF			130.3	1,222.0

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

3. Member States' reporting on withdrawals and recoveries - DG REGIO

Member State	Cumulative reporting for years 2008-2013*, as at 31/12/2014			Partial reporting for 2014**, at 24 March 2015			Cumulative reporting since 2008		
	Withdrawals EC Share	Recoveries EC Share	Total	Withdrawals EC Share	Recoveries EC Share	Total	Withdrawals EC Share	Recoveries EC Share	Total
	Bulgaria	10.2	6.1	16.3	19.7	5.4	25.1	29.9	11.5
Belgium	3.6	0.0	3.6	0.1	0.2	0.3	3.8	0.2	4.0
Czech Republic	290.8	44.8	335.6	205.7	6.5	212.3	496.5	51.4	547.8
Denmark	0.0	0.6	0.6				0.0	0.6	0.6
Germany	63.5	135.1	198.5	9.8	8.7	18.5	73.3	143.7	217.1
Estonia	3.6	1.5	5.1				3.6	1.5	5.1
Greece	201.4	0.0	201.4	196.5		196.5	397.9	0.0	397.9
Spain	317.7	0.0	317.7	253.6	0.5	254.1	571.3	0.5	571.8
European Territorial Cooperation	9.5	7.0	16.5	8.6	1.2	9.8	18.1	8.2	26.3
France	88.1	0.0	88.1	56.3		56.3	144.4	0.0	144.4
Croatia	0.0	0.0	0.0				0.0	0.0	0.0
Ireland	0.3	0.1	0.4				0.3	0.1	0.4
Italy	207.0	34.5	241.5	53.3	14.1	67.4	260.2	48.6	308.9
Cyprus	0.6		0.6	0.1		0.1	0.7		0.7
Latvia	0.1	52.3	52.4				0.1	52.3	52.4
Lithuania	4.7	6.1	10.8				4.7	6.1	10.8
Luxembourg	0.0	0.0	0.0				0.0	0.0	0.0
Hungary	165.7	31.9	197.6	100.3	0.5	100.8	266.0	32.3	298.4
Malta	0.5	0.2	0.7				0.5	0.2	0.7
Nederland	6.1	0.0	6.1	0.5		0.5	6.5	0.0	6.5
Austria	1.9	3.8	5.8	0.5	7.6	8.1	2.4	11.5	13.8
Poland	404.3	72.2	476.5	4.8	3.5	8.3	409.1	75.6	484.8
Portugal	86.4	0.0	86.4				86.4	0.0	86.4
Romania	52.3	101.4	153.7		11.3	11.3	52.3	112.7	165.0
Slovenia	6.1	9.7	15.7	46.0	1.1	47.2	52.1	10.8	62.9
Slovakia	70.3	16.3	86.5	18.2	0.3	18.5	88.4	16.6	105.0
Finland	0.0	1.0	1.0				0.0	1.0	1.0
Sweden	2.3	1.1	3.5	4.5	0.3	4.8	6.9	1.4	8.3
United Kingdom	68.8	7.2	76.0	2.3	0.2	2.5	71.1	7.4	78.4
Total	2,065.8	532.9	2,598.6	980.9	61.4	1,042.3	3,046.6	594.3	3,641.0

* recovery statements for years 2008-2013

** partial reporting according to the recovery statements for 2014 received at the date of the infoview report on : 24/03/2015

H. Cumulative Residual Risk

Since 2011 the Commission services in charge of cohesion policy have established an indicator to assess whether the financial risk for programmes is manageable on a cumulative basis since the beginning of programme implementation. This cumulative residual risk (CRR), if above the materiality threshold of 2% for each programme, is also used as a criterion for additional reservations, including when the validated error rate is between 2% and 5% (and no reservation was made in the past; see annex 4).

The CRR is estimated by considering the multi-annual impact of the validated error rates calculated since the beginning of the programming period, after deduction of recoveries and withdrawals reported by Certifying Authorities for each year¹⁵ and, under certain conditions, pending recoveries and withdrawals accepted by certifying authorities and recorded in their accounts prior to the date of signature of the annual activity report. The CRR is expressed as a percentage of the value of the cumulative interim payments made for the programming period, taking into account financial corrections up to the date of signature of the annual activity report. The CRR is defined in section H in 2.1.1.1.

The error rates reported in ACRs and validated by the Directorate-General are based on audits of expenditure/operations for the previous year (2013 for the current ACRs) and therefore used as the validated risk for 2013 expenditure. Unless other information is available (see footnote 24) **validated error rates are also used as the best estimate of the error for the reporting 2014 year as well.**

The formal reports on withdrawals, recoveries and pending recoveries included in 2013 and previous years interim payment claims¹⁶ are used as an indicator of mitigating corrections considered cumulatively over the period. For 2014 payment claims, the Directorate-General requested and/or received a report on withdrawals and recoveries from the certifying authorities ahead of the regulatory deadline of 31 March 2015 for all programmes with a potential cumulative residual financial risk (CRR) above 2%. In addition, where additional corrections resulting from the 2014 audits were already decided at national level and entered in their accounts, the certifying authorities were requested to formally confirm this and to provide evidence to the Commission services or in some cases the evidences were obtained during the ACR fact findings missions.

The CRR calculated at end 2014 is therefore the best estimate of the corrective capacity of each programme at the time of drafting the annual activity report, based on different elements for which the Directorate-General has obtained different levels of assurance:

- error rates up to year 2013 validated following a thorough assessment and comprehensive audit results on the review of the work of audit authorities, including through re-performance of audits on operations;
- an estimate of the risk for 2014 payments based on the validated error rates for 2013, with adjustments based on professional judgement in some cases;
- withdrawals and recoveries (implemented financial corrections) formally reported by Member States up to March 2014, for which the Commission carried out plausibility and consistency desk-checks and, for some, on-the-spot, risk-based audits (see results from the enquiry on recoveries in section D);
- anticipated reporting on withdrawals, recoveries and under certain conditions pending recoveries made by some programme authorities ahead of 31 March 2015 that will be subject to Commission checks after the AAR process, and
- formal agreements by certifying authorities, accompanied by extracts from their accounts, that additional

¹⁵ Withdrawals and recoveries formally reported by Certifying authorities in the IT system SFC 2007 by 31 March each year (article 20(2) of Regulation (EC) No 1828/2006 as amended) reflect all financial corrections implemented at national level in the preceding year through the deduction of the corresponding amounts from statements of expenditure previously certified to the Commission. They reflect the overall corrective capacity of the management and control system for each programme, aggregated at priority axis level.

¹⁶ Required under article 20 of (EC) Reg. N° 1828/2006

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

corrections resulting from the 2014 audits were already decided at national level and entered in the programme accounts but would be implemented with the first payment claim to be sent to the Commission after 31 March 2015.

At the date of this report, for 288 programmes (over 89% of the total 322) presented a cumulative residual risk below or equal to 2% and for 34 programmes (11%) the cumulative residual risk is above 2%, including two programmes¹⁷ with a validated error rate between 2-5% contributing therefore to additional reservations.

On average for all programmes, the cumulative residual risk at end 2014 is 1.1 % compared to 1.2% at end 2013 and 1.3 % at end 2012, which shows improvements in the corrective actions taken by Member States since the beginning of the programming period. This average is provided for information only, since reservations are made at operational programme only.

For 8 programmes, an adjusted error rate has been used for the calculation of the CRR as the validated error rate for 2013 expenditure was not considered as the best estimate of the 2014 risk¹⁸. All programmes with a cumulative residual risk above 2% were included in the reservation except for two duly justified exceptions¹⁹ where the necessary financial corrections were made and no further corrective measures need to be proposed.

Pending recoveries were not computed in the 2014 CRR calculation except in the case of the 1 BG OP²⁰ and 2 CZ programmes²¹.

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

This methodology to assess the cumulative residual risk, despite the inherent limitations of this indicator, therefore reinforces the annual assessment and Commission's supervision for operational programmes in the

¹⁷ North Sea Region OP(2007CB163PO055) and Sweden-Norway OP (2007CB163PO016)

¹⁸ For 5 Spanish OPs (3 Pluriregional OPs / Navarra regional part/Baleares regional part), the estimates of the 2014 risk for the CRR have been adjusted by excluding specific errors found on projects sampled under the 2013 expenditure which did not affect 2014 EU reimbursement and where the Member States had already withdrawn all concerned expenditure.

For RO OP Environment (2007RO161PO004), the risk for 2014 is recalculated to 3,5%.

For 2 OPs (Germany- Bremen and Poland - Podkarpackie), *no expenditure* was certified in 2013 and therefore no error rate was provided in the ACR. For the purposes of the CRR, DG Regional and Urban Policy estimates a 2% risk rate for both OPs in 2014.

¹⁹ The two exceptions are OP Amazonie 2007CB163PO051 and NL OP West 2007NL162PO002. In the case of Amazonie, the CRR remains above 2% due to the non-statistical error rate reported in 2011. This is due to inherent limitation in the methodology in case of non-statistical sampling. For this programme, the financial corrections were made and no further corrective measures can be proposed and the error rate in 2013 is below materiality. In the case of NL/ OP West, the CRR is above 2% (2,79%) but DG Regional Urban and Policy has obtained evidence from the national authorities on the financial corrections carried out, in particular, on the expenditure certified in 2013 that would allow to bring the residual risk under the materiality level. The CRR remains above 2% only because these financial corrections were not included yet in the annual statement requested under Article 20 of Commission Regulation (EC) No 1828/2006.

²⁰ Regional Development OP (2007BG161PO002). It was decided to take into account the pending recoveries of the year as reported in the article 20 report (as at 31/12/2014). It was confirmed that this pending amount was finally recovered in February 2015.

²¹ Integrated OP (2007CZ16UP0002) and North East OP (CCI 2007CZ161P0005). The certifying authority confirmed by letter the amount that they will deduct in the next payment claim providing evidences of their registration at national level.

context of shared management under a multiannual control framework. It also requires a more proactive role by managing and certifying authorities to quickly correct irregular expenditure across the whole programme or concerned population of operations, based on the results and analysis of the audit authorities' work and statistical sampling **and thus increasing the assurance process for the year.**

I. Follow-up AAR 2013 reservations

Reservations carried over to AAR 2014 - ERDF/CF/IPA, 2007-2013

MS	CCI	Name	Resolved in 2014	Resolved in Q1 2015	Carry over to AAR 2014	
AT	2007AT162PO003	Vorarlberg			✓	
	2007AT162PO004	Wien	✓			
	2007AT162PO007	Steiermark		✓		
	2007AT162PO008	Tirol		✓		
BE	2007BE162PO001	Compétitivité régionale et emploi' de la Région de Bruxelles-Capitale		✓		
BG	2007BG161PO005	Environment	✓			
ETC	2007CB163PO019	Ziel 3-Programm zur grenzüberschreitenden Zusammenarbeit MV/BB - Polen		✓		
	2007CB163PO030*	Slovenská republika - Česká republika	✓			
	2007CB163PO052	Italia/Austria	✓			
	2007CB163PO054	Slovenia-Austria	✓			
	2007CB163PO065	Grensregio Vlaanderen - Nederland	✓			
CZ	2007CZ161PO004	Enterprise and Innovations		✓		
	2007CZ161PO007	Transport	✓			
	2007CZ161PO009	Central Bohemia	✓			
	2007CZ16UPO002*	Integrated OP		✓		
DE	2007DE161PO001	Operationelles Programm EFRE Thüringen 2007-2013		✓		
	2007DE161PO003	Mecklenburg-Vorpommern			✓	
	2007DE162PO005	Hessen	✓			
	2007DE162PO006	Bremen			✓	
	2007DE162PO007	Nordrhein-Westfalen	✓			
EE	2007EE161PO001	Operational Programme for the Development of Economic Environment		✓		
ES	2007ES161PO001	Región de Murcia			✓	
	2007ES161PO002	Melilla			✓	
	2007ES161PO003	Ceuta			✓	
	2007ES161PO004	Asturias			✓	
	2007ES161PO005	Galicia			✓	
	2007ES161PO006	Extremadura			✓	
	2007ES161PO007	Castilla La Mancha			✓	
	2007ES161PO008	Andalucía			✓	
	2007ES162PO001	Cantabria			✓	
	2007ES162PO002	País Vasco			✓	
	2007ES162PO003	Navarra			✓	
	2007ES162PO004	Madrid			✓	
	2007ES162PO005	La Rioja			✓	
	2007ES162PO006	Cataluña			✓	
	2007ES162PO007	Baleares			✓	
	2007ES162PO008	Aragón			✓	
	2007ES162PO009	Castilla y León			✓	
	2007ES162PO010	Comunidad Valenciana			✓	
	2007ES162PO011	Canarias			✓	
		2007ES16UPO001	Investigación, Desarrollo e innovación por y para el beneficio de las empresas			✓
		2007ES16UPO002	Asistencia Técnica y Gobernanza			✓
	2007ES16UPO003	Economía basada en el Conocimiento			✓	
HU	2007HU161PO001*	Operational Programme for Economic Development		✓		
	2007HU161PO003	West Pannon			✓	
	2007HU161PO004	South Great Plain			✓	
	2007HU161PO005	Central Transdanubia			✓	
	2007HU161PO006	North Hungary			✓	
	2007HU161PO007	Transport			✓	
	2007HU161PO009	North Great Plain			✓	

MS	CCI	Name	Resolved in 2014	Resolved in Q1 2015	Carry over to AAR 2014
	2007HU161PO011	South Transdanubia			✓
	2007HU162PO001	Central Hungary			✓
IT	2007IT161PO001	POI Attrattori culturali, naturali e turismo FESR			✓
	2007IT161PO007	Sicurezza per lo sviluppo del Mezzogiorno d'Italia			✓
	2007IT161PO008	POR Calabria FESR 2007 - 2013		✓	
	2007IT161PO012	Por Basilicata ST FESR	✓		
	2007IT162PO016	Por Sardegna ST FESR	✓		
MT	2007MT161PO001	Investing in Competitiveness for a Better Quality of Life	✓		
NL	2007NL162PO002	West	✓		
PL	2007PL161PO001	Innowacyjna Gospodarka	✓		
SI	2007SI161PO001	Strengthening Regional Development Potentials	✓		
	2007SI161PO002	Environmental and Transport Infrastructure	✓		
SK	2007SK161PO001	OP Information Society			✓
	2007SK161PO003	Regional Operational Programme			✓
	2007SK161PO004	OP Transport			✓
	2007SK161PO005*	Operational Programme Health	✓		
	2007SK161PO006	OP Competitiveness and Economic Growth			✓
	2007SK161PO007*	OP Technical Assistance	✓		
	2007SK162PO001	OP Bratislava Region	✓		
	2007SK16UPO001	OP Research and Development			✓
UK	2007UK161PO002	West Wales and the Valleys	✓		
	2007UK162PO001*	Lowlands and Uplands of Scotland	✓		
	2007UK162PO012	East Wales	✓		
TR-IPA ETC-IPA CBC	2007TR16IPO002*	Operational Programme for Transport	✓		
	2007CB16IPO001	Adriatic IPA Cross-border Programme			✓
			24	10	41

* For 7 programmes, the 2013 reservations were resolved but new issues were discovered in 2014 justifying the issuance of new reservations (this is the case of 2007CB163PO030, 2007CZ161UPO002, 2007HU161PO001, 2007SK161PO005, 2007SK161PO007, 2007UK162PO001 and 2007TR16IPO002).

Audit work carried out to address the reservations in the 2013 AAR

The table below sets out the number of reservations in the 2013 Annual Activity Report and the follow up actions taken by the Audit Directorate, in particular the missions planned on the spot specifically to follow up these reservations. Certain reservations stem from deficiencies in the functioning of the management and control systems, while others result from deficiencies at the level of the Audit Authority.

The table compares the missions on the spot that had been planned specifically to address the reservations as well as the actual missions carried out under the enquiry "Bridge the assurance gap" or "review of the work of the audit authorities". The table shows that 10 missions carried out in 2014 have resulted in 12 reservations resolved, and follow up desk work leading to another 19 reservations resolved. Further 7 audit missions are planned in 2015 in order to address issues linked the 2013 reservations carried over to the 2014 AAR.

MS	Nb. of reservations due to deficiencies in MCS or at the level of the AA	Nb. of missions planned to specifically addressing reservations (EPM AA or BTG) of follow up by the AA	Nb. of missions carried out and reservations addressed through on the spot missions
AT	4 (Steiermark, Vorarlberg, Tirol, Vienna)	1 BTG mission covering reservations Steiermark, Vorarlberg, Tirol, Vienna: follow up by AA	1 mission carried out, 2 out of 3 reservations resolved Reservation resolved

MS	Nb. of reservations due to deficiencies in MCS or at the level of the AA	Nb. of missions planned to specifically addressing reservations (EPM AA or BTG) of follow up by the AA	Nb. of missions carried out and reservations addressed through on the spot missions
BE	1 (Bxl Capital cat.3 report MA/CA)	Follow up by AA	Reservation resolved
BG	1 (OP ENV)	2 BTG missions to OP ENV	2 missions carried out, reservation resolved
CZ	4 (Enterprise & Innovation, Central Bohemia, Integrated OP, Transport cat.3 report)	3 BTG missions covering Enterprise & Innovation, Central Bohemia, Integrated OP OP Transport: follow up by AA	No mission carried out to Central Bohemia as MS accepted financial corrections. Reservations resolved for Central Bohemia and Transport. Reservations for Enterprise & Innovation and Integrated OP not yet resolved.
DE	5 (Thüringen, NRW: cat.3 report, MVP, Hessen and Bremen: AA)	2 AA missions to MVP and Hessen TH and NRW: follow up by AA Bremen: follow up via deskwork and ACM	No mission carried out to MVP as corrective measures have not been implemented, reservation note yet resolved. Mission to AA of Hessen with positive result, reservation resolved Reservations for Thüringen and NRW resolved
EE	1 (cat.3 report)	Follow up by AA	Reservation resolved
ES	22	4 BTG missions	1 mission carried out to Andalusia resulting in partial ending of pre-suspension procedure for IB IDEA, other missions had to be postponed due to insufficient progress made by the MS as regards the implementation of the corrective measures, 22 reservations not yet resolved
ETC	5 (AA SK/CZ and MVP/BB/PL)	Follow up via desk work and ACM and for SK	4 Reservations resolved
HU	9 (Economic Development, Transport and 7 Regional Ops)	2 BTG missions on Economic Development, Transport and 1 mission to the AA (mod.4) to address the Regional OPs	Reservation for Economic development resolved (DAS case) but new issue discovered, no missions carried out for the 8 reservations due to the asphalt issue as the Commission and the MS are discussing the financial corrections to be implemented
IT	5 (AA Calabria and UVER)	2 missions to the AA of Calabria and 1 to UVER Other reservations followed up via deskwork	Missions to Calabria were carried out with positive results, suspension decision will be repealed. Mission to UVER concerning Attratore Culturali (ACR 2012) also resulted in a partial resolution of the 2013 reservation. 2013 reservations for Basilicata and Sardegna resolved.
MT	1 (cat.3 report)	Follow up by the AA	Resolved
NL	1	Follow up through desk review	Resolved
PL	1	Follow up by GU	Resolved
SI	2	1 BTG mission and 1 AA mission (module 4)	Resolved
SK	8 (all Ops except ENV)	2 BTG missions (COMP, Bratislava region and TA) and 1 mission to the AA to follow up the horizontal action plan on the AA	Mission carried out to follow up the horizontal action plan with positive results. Reservations related to the AA deficiencies resolved. 2013 Reservations for OP Bratislava Region resolved. Reservation for OP Technical assistance resolved but new issue discovered in 2014.

MS	Nb. of reservations due to deficiencies in MCS or at the level of the AA	Nb. of missions planned to specifically addressing reservations (EPM AA or BTG) of follow up by the AA	Nb. of missions carried out and reservations addressed through on the spot missions
UK	3 (Wales AA and Scotland LUPs)	1 mission to the AA of Wales LUPs followed up via desk work	Mission to the AA was carried out with positive result, reservation resolved 2013 reservation resolved for LUPS but new issue discovered in ACR 2014
TK- IPA	1	Follow up via desk work	2013 reservation resolved but new issue discovered in ACR 2014
ETC-IPA	1	Follow up via desk work	Reservation not resolved
TOTAL	75		10 missions carried out in 2014, leading to 12 reservations resolved, desk work leading to another 19 reservations resolved

2.1.3 Fraud prevention and detection

Joint Anti-Fraud Strategy (JAFS) 2014

The first and strongest preventive defence against fraud is the operation of a robust system of internal control which should be designed and operated as a proportionate response to the risks identified. However, even if effectively implemented control systems can reduce the risk that fraud occurs or remains undetected, they cannot completely eliminate the likelihood of fraud occurring.

DG Regional and Urban Policy developed a Joint Anti-Fraud Strategy (JAFS) for 2012-2013²² together with DG Employment, Social Affairs and Inclusion and DG Maritime and Fisheries, with the support of OLAF, as foreseen in the Commission's overall anti-fraud strategy.²³ With a joint note²⁴ from the three structural funds DGs in March 2014, the JAFS 2012-2013 was extended to cover also 2014. An updated JAFS to cover 2015 and subsequent years is currently being developed. The actions in this JAFS will be based on an analysis of Member States' fraud risk assessments for 2014-2020 (see below). The strategic objectives of the JAFS are set out in relation to the complete anti-fraud cycle: fraud prevention, detection and correction.

The JAFS was fully implemented in 2014 and comprised the following main actions: internal training and awareness-raising actions to desk officers and auditors; general awareness raising actions towards programme authorities in the Member States (e.g. presentations held in seminars, meetings and conferences); maintenance of dedicated platforms on fraud prevention on the intranet of DG Regional and Urban Policy and SFC2007 for the benefit of the programme authorities in the Member States and of the Commission services; continuous co-operation and exchange of information related to fraud suspicion cases between the DG and OLAF.

Putting in place effective and proportionate anti-fraud measures, when this is necessary to mitigate against residual fraud risks, is a new key requirement²⁵ for the management and control systems for the 2014-2020

²² ARES(2012)1235372 – 19.10.2013

²³ COM(2011) 376 24.06.2011

²⁴ Ares(2014)617440 - 07/03/2014

²⁵ Article 125.4 c) of the Common Provisions Regulation

programming period. Therefore, in relation to the 2014-2020 programming period, an important guidance note for the Member States on a methodology for fraud risk assessment and accompanying effective and proportionate anti-fraud measures was released in June 2014. Managing authorities are also recommended to use the guidance when they carry out their fraud risk assessment as part of the process for designation of authorities 2014-2020.

Roll-out presentations of this guidance was made in nine anti-fraud and anti-corruption seminars in 2014 targeting managing authorities and audit authorities and which were organised by the DG's competence centre for administrative capacity: GR, SK, CZ, BG, HR, RO, IT, SL and ES. Presentations of this guidance were also made in another 3 conferences in Member States in 2014: LT, SK and IT.

During 2014 several missions were carried out together with DG Employment, Social Affairs and Inclusion. The missions aimed at providing intensive trainings and at explaining the basic concepts and the advantages of the ARACHNE Risk Scoring Tool. The ARACHNE Risk Scoring Tool was presented in the framework of anti-corruption seminars and anti-fraud seminars in nine different Member States. Eight Member States reported in 2014 that the tool is already operational: Italy, Greece, Portugal, Croatia, Romania, Latvia, Poland and the Czech Republic. The aim is to seek to introduce ARACHNE to all Member States.

Arachne can help and support management decisions at managing authority level since it can bring significant improvements in the prevention and detection of various risks related for example to public procurement procedures, conflicts of interest, concentration of grants under particular operators. It can also help identifying red flags of fraud suspicion. In addition, a set of preliminary pilots for transversal analysis of data has been undertaken by auditors, using Arachne. To date, joint presentations of this new tool aiming at providing at explaining the basic concepts and the advantages of the Arachne and practical training on the use of the tool were made in 22 Member States. Arachne was also presented in the framework of anti-corruption seminars and anti-fraud seminars mentioned above. As a result, eight Member States reported in 2014 that the tool is already operational for some of their programmes: Italy, Greece, Portugal, Croatia, Romania, Latvia, Poland and the Czech Republic. The aim is to seek to introduce Arachne to all Member States in the coming years.

In addition, DG REGIO in co-operation with other Commission services and Transparency International has organised seminars on anti-corruption and anti-fraud measures in ESI funds, targeting the programmes authorities (AA, MA and CA) and the anti-corruption bodies. The aim of these events is to present the new regulatory framework and guidelines on the subject as well as exchange experience and good practice examples for addressing fraud and corruption risks in ESI funds. In 2015, the following Member States were covered: GR, SK, CZ, BG, HR, RO, IT, SL and ES.

Cooperation and follow-up with OLAF on suspected fraud cases concerning ERDF and the Cohesion Fund

A total of 23 suspected fraud cases were transmitted for evaluation by DG Regional and Urban Policy to OLAF in 2014. OLAF opened up 5 investigations on the basis of this information. Four cases were dismissed by OLAF and the other cases are pending a decision by OLAF whether to open up a case or not.

At year end the number of on-going external investigations on the ERDF and Cohesion Fund is 120 (in all cases OLAF is responsible for the investigative work in the Member States except for a limited number of cases in which this work has been devolved to the Member State in question).

As at end 2014, DG Regional and Urban Policy operational directorates are responsible for follow-up actions, in relation to 50²⁶ OLAF investigation cases in relation to the ERDF and the Cohesion Fund (on the basis of OLAF's

²⁶ As at end 2013, 45 cases were being followed up. For 10 cases the follow-up was finalised in 2014. 15 new final case reports which were received from OLAF in 2014 are being followed up.

assessments, in total some EUR 350 million could potentially be affected by the alleged suspected fraud or irregularities in OLAF's reports).

In 2014, the operational directorates finalised the follow-up to 10 OLAF investigations.

Fight against fraud as a means of protection of the European Union's financial interests - annual report of 2013

According to the Commission's (OLAF) Annual Report on the fight against fraud of 17 July 2014²⁷, in 2013 the Member States communicated a total number of 4,674 irregularity cases to OLAF for the ERDF and the Cohesion Fund for a potentially affected amount of EUR 1.17 billion. According to the report, in 2013 the share of suspected fraud cases out of the irregularities notified by Member States to OLAF represented around 0.27 % of the 2013 payments for Cohesion Policy.

Since the Directorate-General applies a policy of zero tolerance to fraud, it has made reservations regarding the following programmes due to fraud suspicions either at the level of the managing authority or because the fraud suspicions are particularly serious (see list of reservations in Annex 7): Moravia-Silesia (2007CZ161PO010, reputational-partial), Abruzzo (2007IT162PO001, full), Lazio (2007IT162PO004, full), Transport (SK) 2007SK161PO004, reputational-partial) and Romania ERDF 2000-2006 (Transport Project, reputational-partial).

2.3.1 European Court of Auditors

DAS 2013 follow-up

In its annual report for 2013, the European Court of Auditors (the Court) presented Regional Policy together in chapter 5 with transport and energy projects. It concluded that the payments were affected by material errors, with a most likely error of 6.9%, which is a snapshot for the reporting year before all controls have functioned in a multiannual control system. The Commission noted in its reply to the Court's 2013 Annual Report that financial corrections that were imposed on a flat rate basis on programmes were not taken into account by the Court when quantifying the errors. The Commission estimated that the most likely error reported by the Court would have been 1.5 percentage points lower if flat rate corrections would have been taken into account. Furthermore, the Commission noted in its replies that the Court's practice to quantify public procurement errors inflates artificially the error rate. Had the Court applied the Commission's proportionate approach to quantify public procurement errors, the error rate would have been 0.6 percentage points lower. Taking these two elements together, the Commission considers that the error rate for Regional Policy would have been at 4.8%. The Court acknowledges in its report that the estimated amounts at risk reported by DG Regional and Urban Policy in its 2013 Annual Activity Report for the 2007-2013 period (between 2.8% and 5.3%) are accurate and consistent with the available information and s in line with the assessment presented by the Court. Concerning the Directorate-General's management representation, the Court validates the number of reservations made in the Directorate's General 2013 Annual Activity Report. The Directorate-General estimates that the error rate remains high and continues to work to further reduce it.

The error rate reported for Regional Policy remains well below the error rates reported by the Court in the period 2006-2008. The Court also reported that 39% of the error rate for Regional Policy, Transport and Energy is due to public procurement errors and 43% to ineligible expenditure and projects. Furthermore, the Court found quantifiable errors linked to non-compliance with State aid rules. The Court underlined that one third of the errors found by the Court could and should have been detected by the Member States before declaring expenditure to the Commission.

²⁷ COM(2014) 474 final

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

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

On the work performed by DG Regional and Urban Policy to assess the work of ERDF/CF audit authorities, the Court concluded that the Commission did not always have full information in order to validate the data reported by the audit authorities. The Commission, nonetheless, considers that it has a thorough process in place to assess and validate the error rates reported by the audit authorities, or to recalculate them and in case where they are found to be unreliable. The Commission reports in the present Annual Activity Report about this aspect and has done so also in previous Annual Activity Reports.

The Court made the following recommendations (in italics in the text below) and the Commission is taking actions to address them:

Recommendation 1: require from the Member States in their management declarations (according to Article 59(5) (a) of the Financial Regulation) an explicit confirmation regarding the effectiveness of the first level checks performed by the managing and certifying authorities. The Common Provisions Regulation for the 2014-2020 period requires the programme managing authorities to submit management declaration confirming information contained in the accounts and that the control system in place gives the necessary guarantees concerning the legality and regularity of the operations and declared expenditure through the implementation of the necessary management verifications as foreseen in Article 125 of the Regulation. This declaration will be accompanied by a report containing a summary of all control and audit results carried out up to certification of the accounts, an analysis of the nature and extent of errors and system weaknesses identified, as well as of corrective actions taken or planned. The Commission is preparing guidelines for managing authorities on the drafting of the management declarations and annual summary.

Recommendation 2: carry out an assessment of the 'first level checks' performed during the 2007-2013 programming period in accordance with Article 32(5) of the Financial Regulation. Taking account of the weaknesses identified, the Commission should analyse the costs and benefits of possible corrective measures and take (or propose) appropriate action (such as the simplification of the applicable provisions, improvements in the control systems and re-design of the programme or delivery system). The key elements of the 2014-2020 reform are related to ensuring better spending and better programme governance to ensure a more error-safe environment. This will include increased result orientation and performance, ex ante conditionalities to be fulfilled at the start of implementation for each programme, simplification, particularly for beneficiaries and harmonised and simplified eligibility rules. The Common Provisions Regulation for the 2014-2020 programming period also contains reinforced control provisions and requirements compared to the 2007-2013 period that will improve the Member States' accountability so as to better address errors and ensure legality and regularity of co-financed expenditure each year before certifying the programme accounts to the Commission. As regards the assessment of the first-level checks for 2007-2013 the Commission considers it is already carrying out such assessment since 2010 through targeted audits on high risk programmes in the frame of its audit enquiry 'Bridging the assurance gap'. Results of these risk-based audits by end 2013 were submitted to

the European Parliament in the context of the 2012 Discharge and are presented in the AAR of DG Regional and Urban Policy.

Recommendation 3: *analyse the underlying reasons for the high number of cases of non-compliance with EU state aid rules.* The Commission developed an action plan in order to pro-actively raise awareness and improve administrative capacity in national authorities so as to consequently reduce the number of errors linked to non-compliance with state aid rules. The Commission will also ensure that managing authorities pay due attention to the applicable rules, and notes that the 2012 COCOF note on clarification of the need to notify aid for infrastructure investments and the new GBER regulation in force since 1 July 2014 will contribute to clarifying the rules.

Recommendation 4: *analyse the reasons for the persistent delays in disbursement of EU funds through FEIs and take corrective measures accordingly.* The Commission will encourage programme authorities in the monitoring committee to examine and discuss the state of implementation of FEI's, including the reasons for delays and possible corrective measures to be taken.

Recommendation 5: *confirm in the annual activity report (AAR) of the Directorate-General for Regional and Urban Policy that the Commission's calculation of the 'residual error rate' is based on accurate, complete and reliable information on financial corrections. In order to do so, the Commission should request audit authorities to certify the accuracy of the data on financial corrections reported by certifying authorities for each OP whenever it deems such action necessary.* The present Annual Activity Report discloses instances where the Directorate General considered that due to insufficient assurance on the reported information on withdrawals and recoveries it did not take this information into account in the calculation of the cumulative residual risk. The Commission will also continue to take account of the Member States' audit results in this area, and will request additional controls from audit authorities where necessary. In addition, the Commission will increase the coverage of its audits on recoveries and withdrawals in the forthcoming years in order to obtain additional direct assurance on the accuracy of reported data.

Recommendation 6: *consistently disclose in its annual activity report (AAR) the reasons for not making reservations (or making reservations with a lower financial impact) in those cases where this is due to exceptions to applicable Commission guidance or approved audit strategies.* The present Annual Activity Report discloses further details for those individual cases where, based on the assessment of the specific situations, the Directorate General took a reasoned decision not to make reservations or not to include the issue in the quantification of the reservation.

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

Coverage				Results		
Indicator	Target	2012 Annual report	2013 Annual report	Indicator	2012 Annual report	2013 Annual report
Size of sample (global sample)	N/A	180	180	% payments in the sample affected by errors (number of transactions in the sample affected by errors)*	49% (88)	57% (102)
out of which ERDF		138	125	ERDF only	46%(63)	55% (69)
out of which CF		30	38	CF only	53% (16)	55% (21)
out of which FEIs		N/A	5	FEIs only	N/A	80% (4)
		168	168			
Number of ERDF/CF programmes/projects audited by the Court	N/A	52	62	% payments with errors affected by quantifiable errors (number of transactions in the sample affected by quantifiable errors)*	47% (41)	39% (40)
out of which ERDF programmes		22	24	ERDF only	48% (30)	42% (29)
out of which CF projects		30	38	CF only	25% (4)	19% (4)
					N/A	25% (1)

Coverage				Results		
Indicator	Target	2012 Annual report	2013 Annual report	Indicator	2012 Annual report	2013 Annual report
				FEIs only		
				Error rate published by the Court		
				Lower error limit	3.7%	3.7%
				Most likely error	6.8%	6.9%

Follow-up of previous DAS recommendations

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

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

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

Summary of the results of the Court's Performance audits and special reports published in 2014

In 2014, the Court continued an extensive work on performance audits for DG Regional and Urban Policy: five special reports were published in 2014; two adversarial procedures were finalised with the Directorate-General (Special Reports on e-commerce and inland waterways freight transport) and the reports have already been published (e-commerce) or are expected to be published (inland waterways freight transport) in the beginning of 2015; another adversarial procedure will be finalised in the first half of 2015 (Danube river basin). Another ten performance audits were in different phases of implementation in 2014 and early 2015 (financial instruments, public procurement, State aid, maritime transport, Baltic Sea environmental status, energy supply, Roma integration, rail freight, education infrastructure, micro-finance).

The published reports in 2014 were the following:

SR 1/2014: "Effectiveness of EU-supported public urban transport projects" (published on 08/04/2014)

The Court audited 26 urban transport projects. The report is balanced with one major concern about the underutilisation of many completed projects. The two major identified reasons are weaknesses in project design and mobility policy. The Commission has accepted the Court's recommendations which mainly focus on the better definition and use of performance and result indicators for major projects during the negotiation of the upcoming programmes.

SR 6/20104: "Cohesion policy funds support to renewable energy generation — has it achieved good results?" (published on 08/07/2014)

The audit sought to answer the question whether the ERDF and CF projects investing in renewable energy (RES) generation had achieved good results. The Court examined whether the audited projects (1) were implemented and delivered outputs as planned, and (2) whether they attained their energy generation targets. The results were derived from 24 completed RES generation projects in the biomass, photovoltaic, solar thermal and wind energy sectors from nine programmes in Malta, Austria, Poland, Finland and the UK. The Court found that the audited RES generation projects delivered outputs as planned. Most of the audited RES projects were sufficiently mature and ready for implementation when selected. There were no major cost overruns or time delays in the projects and the RES generation capacities were installed as planned and operational. However, in only 20 % of the audited projects were the energy production results achieved and properly measured. The Court further found that the overall value for money of Cohesion Policy funds support to RES generation projects has been limited in helping achieve the EU RES 2020 target, because cost-effectiveness has not been the guiding principle in planning and implementing the RES generation projects, and Cohesion Policy funds had a limited EU added value. The Court recommended that the Commission, through guidance setting for programme and project preparation and selection as well as through conditions for making funding available for RES generation investments, should ensure that future co-funded RES programmes are guided by the principle of cost-effectiveness, including EU funding support to cost-effective programmes that would not otherwise take place, so as to avoid deadweight. Programmes must be based on proper needs assessment, prioritisation of the most cost-effective technologies (while not discriminating between RES sectors) and optimal contribution to the 2020 target. Adequate RES generation objectives in relation to the budget as well as projects selection criteria with a focus on the cost-effectiveness of the energy generation results (avoiding over-compensation of projects) need to be set. It also recommended that the Commission should promote the establishment by the MS of a stable and predictable regulatory framework for RES in general, along with smoother procedures for the integration of electricity from RES into the grid networks. The Court further recommended that the MS should establish and apply, based on Commission guidance, minimum cost-effectiveness criteria adapted to the projects' circumstances. They should also enhance the added value of cohesion policy funds by improving RES project implementation as well as monitoring and evaluation and by building a stock of measured data about energy generation costs in all relevant RES sectors.

SR 7/2014: "Has the ERDF successfully supported the development of business incubators?" (published on 03/09/2014)

The Court audited 49 ERDF co-funded incubators in six member states: the Czech Republic, Germany, Italy, Poland, Spain and United Kingdom. The report reveals that the EU has made a significant financial contribution to the creation of business incubator infrastructure, particularly in Member States in which this type of business support is relatively rare. Quality of infrastructure was generally good, but performance was modest in terms of support offered to their clients. Firstly, too little attention had been paid to the effectiveness of incubators' business support functions when incubators were being established. Secondly, incubation services were only loosely linked to clients' business objectives. Thirdly, monitoring systems within the incubators had not provided adequate management information. Finally, incubators' financial sustainability had conflicted with the objective of providing adequate incubation services.

SR 12/2014: "Is the ERDF effective in funding projects that directly promote biodiversity under the EU biodiversity strategy to 2020?" (published on 17/09/2014)

The Court audited 32 ERDF co-funded biodiversity projects in five selected Member States: the Czech Republic, Spain, France, Poland and Romania. The Court focused on ERDF's effectiveness in funding projects directly promoting biodiversity. The report reveals that Member States did not always view the ERDF as an adequate instrument for promoting biodiversity, and its potential as a source of financing for Natura 2000 was not

sufficiently recognised. Furthermore, although ERDF co-funded projects in the field of biodiversity match Member State and EU priorities for halting biodiversity loss, efforts must be made to monitor their actual contribution and ensure that their effects will last. Many activities concerned the preparation of protection and management plans, which now need to be implemented in order to achieve tangible results.

SR 21/2014: "EU-funded airport infrastructures: poor value for money" (published on 16/12/2014)

The Court audited the performance of 20 airport infrastructures co-funded by the ERDF and the CF in the 2000-2006 and 2007-2013 periods in five Member States: Spain, Italy, Greece, Poland and Estonia. It concludes that the investments produced "poor value for money": too many airports were funded, many of them oversized. Not all airports managed to achieve their objectives (increase of passengers). The investments were not always cost-effective and in particular small regional airports will not be profitable in the long run. The Court recommends that in the 2014-2020 period the Commission should ensure during approval and monitoring of OPs that Member States allocate EU funding to airports which are financially viable and for which investment needs have properly been demonstrated. In addition, the Court recommends that Member States should have coherent regional, national and supranational airport development plans in place to avoid overcapacity, duplication and uncoordinated investments. The Commission acknowledged in its replies the Court's conclusions and to accept that in the previous programming periods support from cohesion funding for airport infrastructure did not in many cases represent an effective use of EU funds. It replied that the new regulatory framework has been made stricter when it comes to investing in airport infrastructures.

ANNEX 9: Performance information included in evaluations

In this Annex information is provided regarding the planned evaluation foreseen in REGIO MP 2014 carried out and finalised in 2014:

- Evaluation of the Jasmine technical assistance pilot phase.

The other evaluations listed in Annex 4 to the 2014 Management Plan correspond to the thirteen work packages²⁸ contributing to the Ex-post evaluation exercise for 2007-2013. Even though all of them have been launched in 2014 as planned, none has yet been finalised. As indicated in Annex 4 of the MP 2014, their expected completion dates go from January 2015 to 2016.

In view of its characteristics (notably its purpose and the methodology followed), the "Study on promoting multi-level governance in support of Europe 2020" is not to be considered an evaluation. In line with the applicable standing instructions, it is therefore not taken up in this Annex.

Title of the Evaluation: Evaluation of the Jasmine technical assistance pilot phase	
ABB activity:	ERDF
Type of evaluation:	Expenditure programme (E)
Summary of performance and recommendations:	<p>Overview of main findings</p> <p>The evaluation concludes that, overall JASMINE Technical Assistance Pilot Phase has met its related objective of contributing to the development of the European microcredit sector by:</p> <ul style="list-style-type: none"> • Improving the productivity, professionalism and efficiency of beneficiary institutions; • Promoting good governance within the sector; • Enhancing its transparency; • Developing and promoting industry standards such as the European Code of Good Conduct. <p>This conclusion is supported by concrete evidence of benefits (resulting from a survey and from interviews with the beneficiaries) and of strong added value. In particular, JASMINE technical assistance and business development services are regarded as highly relevant for enhancing the capacity, professionalism and performance of the European microcredit sector, playing an important role in promoting the concept of independent assessments and external ratings within the sector. Moreover, all beneficiaries interviewed confirmed that they would not have been able to undertake the same training in the absence of JASMINE.</p> <p>Overview of main recommendations</p> <p>Based on the main lessons learned, but also taking into account practical considerations such as the costs and feasibility of implementing the various ideas, recommendations were formulated in 2 areas:</p> <ul style="list-style-type: none"> • Design of the Facility: <ul style="list-style-type: none"> - JASMINE Technical Assistance (improvement and enhancement of the current 'offer', notably to provide a wider array of technical assistance through JASMINE); - JASMINE Business Development Services (development of market intelligence, building of a repository of data on performance and evolution of the European microcredit

²⁸ Work Package Zero: "Data collection and quality assessment"; Work Package One: "Synthesis"; Work Package Two: "Small and medium-sized enterprises, innovation, ICT"; Work Package Three: "Venture capital"; Work Package Four: "Large enterprises"; Work Package Nine: "Culture & Tourism"; Work Package Ten: "Urban"; Work Package Eight: "Energy efficiency"; Work Package Thirteen: "Geography of expenditure"; Work Package Twelve: "Delivery systems"; Work Package Eleven: "ETC"; Work Package Five: "Transport"; Work Package Six: "Environment"

	<p>sector, enhance networking and awareness amongst investors and grant providers).</p> <ul style="list-style-type: none"> • Management and Implementation: <ul style="list-style-type: none"> - Introduction of increased flexibility of implementation timetable, promotion of increased homogeneity of approaches in rating practices, development of a monitoring and evaluation framework for the next phase of JASMINE.
<p>Availability of the report on Europa:</p>	<p>http://ec.europa.eu/regional_policy/en/information/publications/reports/2013/evaluation-of-the-jasmine-technical-assistance-pilot-phase</p>

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

		OPs Affected as of 01/01/2014	OPs affected at anytime in 2014	OPs affected as of 01/01/2015
AUSTRIA				
2007AT162PO003	Vorarlberg	1	1	1
2007AT162PO004	Wien		1	
2007AT162PO007	Steiermark	1	1	1
2007AT162PO008	Tirol	1	1	1
AUSTRIA		3	4	3
BELGIUM				
2007BE162PO001	Région de Bruxelles-Capitale		1	1
BELGIUM			1	1
BULGARIA				
2007BG161PO001	Regional Development		1	1
BULGARIA			1	1
CZECH REPUBLIC				
2007CZ161PO004	Enterprise and Innovation	1	1	1
2007CZ161PO005	North East		1	1
2007CZ161PO007	Transport		1	
2007CZ161PO008	North-West	1	1	1
2007CZ161PO009	Central Bohemia	1	1	
2007CZ161PO010	Moravia Silesia		1	1
2007CZ161UPO001	Technical Assistance		1	1
2007CZ161UPO002	Integrated OP	1	1	1
CZECH REPUBLIC		4	8	6
ESTONIA				
2007EE161PO001	Economic Environment		1	1
2007EE161PO002	Living Environment	1	1	
ESTONIA		1	2	1
EUROPEAN TERRITORIAL COOPERATION				
2007CB163PO003	Slovakia-Austria	1	1	
2007CB163PO004	Austria-Bavaria		1	
2007CB163PO013	South Baltic		1	
2007CB163PO017	Saxony-CZ Republic		1	
2007CB163PO019	MV/BB - Polen		1	1
2007CB163PO021	Romania - Bulgaria		1	
2007CB163PO030	Slowacja - Česká Republika		1	
2007CB163PO054	Slovenia - Austria	1	1	
2007CB163PO062	Ireland Wales	1	1	
2007CB163PO065	Vlaanderen - Nederland	1	1	
EUROPEAN TERRITORIAL COOPERATION		4	10	1
GERMANY				
2007DE161PO001	Thüringen		1	1
2007DE161PO003	Mecklenburg - Vorpommern		1	1
2007DE161PO004	Sachsen	1	1	
2007DE161PO007	Sachsen - Anhalt		1	1
2007DE162PO005	Hessen	1	1	1
2007DE162PO006	Bremen		1	1
2007DE162PO007	Nordrhein - Westfalen		1	
GERMANY		2	7	5
GREECE				
2007GR161PO001	Competitiveness		1	

		OPs Affected as of 01/01/2014	OPs affected at anytime in 2014	OPs affected as of 01/01/2015
2007GR161PO002	Digital convergence		1	
2007GR161PO003	Technical assistance		1	
2007GR161PO004	Accessibility		1	
2007GR161PO005	Environment - sustainable development		1	
2007GR161PO006	Attica		1	1
2007GR161PO007	Western Greece - Peloponese - Ionian islands		1	1
2007GR161PO008	Macedonia - Thrace		1	1
2007GR161PO001	Thessaly - Continental Greece - Epirus		1	1
2007GR161PO002	Crete & Aegean islands		1	1
GREECE			10	5
HUNGARY				
2007HU161PO001	Economic Competitiveness		1	1
2007HU161PO002	Environment and Energy		1	1
2007HU161PO003	West Pannon	1	1	1
2007HU161PO004	South Great Plain	1	1	1
2007HU161PO005	Central Transdanubia	1	1	1
2007HU161PO006	North Hungary	1	1	1
2007HU161PO007	Transport	1	1	1
2007HU161PO009	North Great Plain	1	1	1
2007HU161PO011	South Transdanubia	1	1	1
2007HU162PO001	Central Hungary	1	1	1
HUNGARY		8	10	10
ITALY				
2007IT161PO001	Attrattori Culturali	1	1	1
2007IT161PO004	Ambienti per l'apprendimento		1	
2007IT161PO005	Reti e mobilita		1	1
2007IT161PO007	Sicurezza per lo Sviluppo	1	1	1
2007IT161PO008	Calabria	1	1	1
2007IT161PO010	Puglia		1	1
2007IT161PO011	Sicilia		1	
2007IT161PO012	Basilicata	1	1	
2007IT162PO011	Piemonte	1	1	
2007IT162PO016	Sardegna		1	
ITALY		5	10	5
LITHUANIA				
2007LT161PO002	Economic Growth		1	1
LITHUANIA			1	1
MALTA				
2007MT161PO001	Competitiveness		1	
MALTA			1	
POLAND				
2007PL161PO001	Innovative Economy	1	1	
2007PL161PO002	Infrastructure & Environment		1	1
2007PL161PO003	Eastern Poland		1	1
2007PL161PO007	Lubelskiego		1	1
2007PL161PO010	Malopolskie	1	1	1
2007PL161PO011	Mazowieckie		1	1
2007PL161PO013	Podkarpackie	1	1	
POLAND		3	7	5
ROMANIA				
2007RO161PO002	Increase of Economic Competitiveness		1	1
2007RO161PO004	Environment		1	1
ROMANIA			2	2
SLOVAKIA				

		OPs Affected as of 01/01/2014	OPs affected at anytime in 2014	OPs affected as of 01/01/2015
2007SK161PO001	Information Society		1	1
2007SK161PO003	Regional OP	1	1	1
2007SK161PO004	Transport	1	1	1
2007SK161PO005	Health	1	1	
2007SK161PO006	Competitiveness		1	1
2007SK161PO007	Technical Assistance		1	1
2007SK162PO001	Bratislava		1	
2007SK16UPO001	Research and Development	1	1	1
SLOVAKIA		4	8	6
SLOVENIA				
2007SI161PO001	Regional Potentials		1	
2007SI161PO002	Environment & Transport Infrastructure		1	
SLOVENIA			2	
SPAIN				
2007ES161PO001	Región de Murcia	1	1	1
2007ES161PO002	Melilla	1	1	1
2007ES161PO003	Ceuta	1	1	1
2007ES161PO004	Asturias	1	1	1
2007ES161PO005	Galicia	1	1	1
2007ES161PO006	Extremadura	1	1	1
2007ES161PO007	Castilla La Mancha	1	1	1
2007ES161PO008	Andalucía	1	1	1
2007ES161PO009	Fondo de Cohesión - FEDER	1	1	
2007ES162PO001	Cantabria	1	1	1
2007ES162PO002	País Vasco	1	1	1
2007ES162PO003	Navarra	1	1	1
2007ES162PO004	Madrid	1	1	1
2007ES162PO005	La Rioja	1	1	1
2007ES162PO006	Cataluña	1	1	1
2007ES162PO007	Baleares	1	1	1
2007ES162PO008	Aragón	1	1	1
2007ES162PO009	Castilla y León	1	1	1
2007ES162PO010	Comunidad Valenciana	1	1	1
2007ES162PO011	Canarias	1	1	1
2007ES16UPO001	Investigación, Desarrollo e innovación	1	1	1
2007ES16UPO002	Asistencia Técnica y Gobernanza	1	1	1
2007ES16UPO003	Economía basada en el Conocimiento	1	1	1
SPAIN		23	23	22
THE NETHERLANDS				
2007NL162PO002	West		1	
THE NETHERLANDS			1	
UNITED KINGDOM				
2007UK161PO002	West Wales and the Valleys	1	1	
2007UK161PO003	Cornwall and the Isles of Scilly	1	1	
2007UK162PO002	South East England	1	1	
2007UK162PO003	Northern Ireland		1	
2007UK162PO004	East of England	1	1	1
2007UK162PO005	North East England	1	1	
2007UK162PO006	London	1	1	
2007UK162PO007	West Midlands	1	1	
2007UK162PO008	North West England	1	1	
2007UK162PO009	Yorkshire and Humberside	1	1	
2007UK162PO010	East Midlands	1	1	1
2007UK162PO011	South West England	1	1	
2007UK162PO012	East Wales	1	1	

		OPs Affected as of 01/01/2014	OPs affected at anytime in 2014	OPs affected as of 01/01/2015
UNITED KINGDOM		12	13	2
ERDF / CF		69	121	76
FYROM				
2007MK16IPO001	Regional Development	1	1	
FYROM		1	1	
TURKEY				
2007TR16IPO002	Transport		1	
TURKEY			1	
IPA		1	2	
EUROPEAN TERRITORIAL COOPERATION				
2007CB16IPO001	Adriatic IPA CBC	1	1	1
EUROPEAN TERRITORIAL COOPERATION		1	1	1
IPA-CBC		1	1	1
TOTAL NO. OF AFFECTED PROGRAMMES ERDF/CF/IPA/IPA-CBC		71	124	77