

RESOLUTION

on the Audit of the Working Group on Structural funds

CC-R-2015-03

The Contact Committee -

Recalling that the Working Group on Structural Funds is undertaking a progressive programme of collaborative work which began in 2000 and has continued since with reports presented to this Committee respectively in December 2004, 2006, 2008, in October 2011 and in October 2013;

Recalling the current mandate, given to the Working Group by the 2013 Contact Committee, to build on their earlier work by carrying out a parallel audit on the “**Analysis (of types) of errors in EU and national public procurement within the structural funds programmes**”;

Welcomes the report presented by the Working Group and particularly:

- the fact that the topic chosen has attracted contributions from many Member States SAIs;
- the wide coverage of the different Structural Funds and Operational Programmes that the Working Group has achieved;
- the detailed findings that the Working Group has put forward;
- the recommendations made by the Working Group members;¹

Considers that the audit approach based on a common audit plan and the reporting of the findings by the SAIs of the Working Group makes the report very accessible to potential users;

Considers that the results are likely to be of significant value both to current and future Contact Committee members in their own work on the audit of Structural Funds as well as to the administrative authorities at national or EU level in developing or improving the underlying systems;

Urges each Contact Committee member:

- to publicise and distribute the report and its findings to a wider audience within their Member State and within the scope of their own reporting mandates; and
- to notify the Working Group (through the Liaison Officer network) of any actions taken to publicise the report including the audience targeted and any impact or feedback received;

Recommends that the report also be posted on the Contact Committee’s website;

Thanks the SAIs of the Czech Republic, Germany (Chair), Italy, Latvia, Malta, the Netherlands, Poland, Portugal and the Slovak Republic (members) and the SAIs of Bulgaria, Estonia, Finland, Hungary, Sweden and the European Court of Auditors (observers) for their input to the report;

¹ The executive summary of the final report is included in annex 1.

and is especially grateful to the Working Group's Core Group of Germany and the Netherlands for their additional role in developing the approach and coordinating the final report;

Recognises the Working Group's achievement in maintaining its widely inclusive group of participants;

Welcomes

- the Working Group's proposal to pursue its work in the years 2015, 2016 and 2017 with a review focusing on the "contribution of the Structural Funds to the Europe 2020 strategy in the areas of education and/or employment",
- that the Working Group intends to present the relevant audit report to the 2017 Contact Committee; and
- the fact that this subject has the potential to be of immediate and direct interest to all Contact Committee Members.

Invites all SAIs to participate in the Working Group and to consider joining the Core Group;

Mandates the Working Group to develop its ideas further and to take forward this work;

Decides that this Resolution should be posted on the Contact Committee website.

Riga, 19 June 2015

Reporting SAI: Germany

Annex 1

Analysis of (types) of errors in EU and national public procurement within the Structural Funds programmes

Executive Summary

In 2013, the Contact Committee of the heads of Supreme Audit Institutions (SAIs) of the Member States of the European Union and the European Court of Auditors mandated the Working Group on Structural Funds to continue its review of issues relating to Structural Funds, more specifically, to carry out a parallel audit on the ‘Analysis (of types) of errors in EU and national public procurement within the structural funds programmes’.

The Working Group consisted of nine SAIs, while a further five SAIs and the European Court of Auditors acted as observers. The parallel audit was carried out in order to understand the reasons why beneficiaries fail to comply with public procurement rules. The comparison of the national results was intended to reveal differences or similar causes in the Member States. Most SAIs based their audit on errors already detected by their national management and control system.

Although this parallel audit was not designed to provide a full and accurate picture of the situation, the findings suggest a rather large number of errors in public procurement under Structural Funds. The following are the main conclusions and recommendations:

- Most authorities of the management and control systems do not systematically record the types of errors in public procurement procedures. They place focus on individual errors only. It is not always assured that all authorities, especially intermediate bodies, report every error detected.

We recommend national authorities to systematically record the types of errors detected in public procurement procedures. This is the only way to obtain a full picture of these errors and address them.

- In 2007, the Coordination Committee of the Funds (COCOF) issued guidelines for determining financial corrections with regard to irregularities in the application of public procurement regulations to contracts co-financed by the Structural Funds. Although the description of the categories is rather ambiguous and vague, most Member States used the COCOF guidelines in their original version without further developing them.

We recommend that national authorities refine the description of the categories and when needed elaborate categories and rates of the COCOF guidelines further in order to ensure a uniform and just application at national level. In addition to that, it would be helpful if the European Commission distributed good practices on how the guidelines are applied in the Member States.

- The national management and control systems detected more public procurement errors in contracts with values below the EU thresholds than above the EU thresholds. However, the average financial impact of errors was higher in procedures above the EU thresholds than below the EU thresholds.

Although most authorities already strive to prevent errors in public procurement procedures, we recommend national authorities to take more targeted action in order to reduce the most common errors in public procurement procedures and those with the highest financial impact.

- According to the findings of the Working Group “lack of knowledge” is the most common reason for errors in public procurement, followed by “interpretation difficulties”.

We recommend the Member States to request the European Commission to further clarify the legal framework and reduce the administrative burden for the contracting authorities and the bidders, but without resulting in limitation of the equal access, fair competition and efficient use of public funds. Further to that, we recommend Member States to take the following steps in order to prevent or reduce errors in the area of public procurement:

- They should keep public procurement rules as simple as possible and not change them too radically or too frequently.
- Some Member States should improve the knowledge of the staff of the national authorities in the field of public procurement in order that they are equipped to support beneficiaries and prevent errors.
- Member States should improve their communication policy and provide better information to beneficiaries. They should try to ensure that beneficiaries exert due diligence at all stages of public procurement.