



EUROPEAN COMMISSION
DIRECTORATE-GENERAL
REGIONAL AND URBAN POLICY
Audit
Director

Brussels,
REGIO.dgal.c.4 MR/cc D(2015) 2261860

Subject: **National audit report submitted under Article 73 of Regulation (EC)
No 1083/2006**

**Audit report OPTP/2014/SM/01 - Monitoring system 2014 – 2020
(MIS2014+):**

Technical Assistance OP: CCI 2007CZ16UPO001

Ref.: Doc. no. MF-73399/2014/5209-13 (Ares(2015)1544598) of 10 April
2015

Dear Mr Mrázek

Thank you for the audit work carried out at the request of the European Commission and the resulting system audit report which we received on 10 April 2015. In accordance with its standard procedures, the Directorate General for Regional and Urban Policy has examined the audit report in the framework of the single audit approach.

We take note of the findings of the Czech audit authority.

In particular, we note the findings in the area of public procurement for the three main IT contracts (i.e. the development and maintenance of MIS2014+, the hardware and software infrastructure and the backup infrastructure) and the serious breaches of public procurement rules identified for these contracts.

We also take note of your findings related to non-observance of the principle of sound financial management and the risks of additional costs and irregularities in the future.

In relation to the suspected fraud issues raised in relation to the contract for the development and maintenance of the MIS2014+, we consider that the audit report and any relevant supporting evidence requested should be sent to the appropriate national authorities for their assessment. In this regard, we have been informed of an ongoing investigation by the Czech police. I would also like to inform you that the Directorate

Evžen Mrázek
Auditní orgán
Ministerstvofinancí
Letenská 15
CZ – 118 10 Praha 1

Via SFC2007

General for Regional and Urban Policy has sent the report to OLAF in accordance with our reporting obligations.

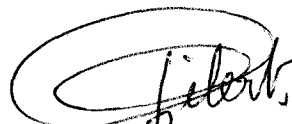
Concerning the application of the financial corrections proposed in your report, we consider that the 25% correction should be applied for the 3 main contracts in line with the seriousness of the reported breaches, together with the smaller corrections requested on the other audited contracts. Concerning the remaining element of the 100% correction proposed for the development and maintenance of MIS2014+ contract, it may be prudent to await the outcome of the police investigation or any other investigations of the development and maintenance of MIS2014+ contract before implementing it.

We note that the second part of the audit concerns the monitoring system for the 2007-13 programming period and that the audit report is being finalised.

With regard to the issues and risks identified in relation to the set up and functioning of the MIS2014+, these should be carefully assessed for the designation exercise and for future system audits and, in that respect, the Czech authorities are requested to inform the Commission of the follow up measures taken in relation to the issues reported.

We are also informing the authorising officer by delegation of the Directorate General for Regional and Urban Policy of the audit results and the ongoing investigation in order to decide if the scope of the interruption of payments currently in place for priority 2 of the Technical Assistance OP needs to be extended.

Yours sincerely



Franck Sebert

Copy:

- E. Unterwurzacher, Director, REGIO F
- E. Grech, Head of Unit, REGIO F.3
- C de Lassus Saint Genies, Head of Unit REGIO C.1
- F. Merchan Cantos, Director, DG EMPL H
- M. Johnston, Acting Director, DG MARE F.1