



**EUROPEAN COMMISSION**  
DIRECTORATE GENERAL FOR EMPLOYMENT, SOCIAL AFFAIRS AND INCLUSION

Audit, Evaluation and Communication  
The Director

Brussels, 14/12/18  
EMP/G3/TH/mf Ares(2018)6455413

**Subject:** Notification letter of the audit mission

**Audit of the functioning of the management and control systems in place to avoid conflict of interest as required by Articles 72-75 and 125 of Regulation (EU) No 1303/2013 and Articles 60 and 72 of (EC) Regulation No 1083/2006**

**Audit of the functioning of the management and control systems in place to avoid conflict of interest as required by Articles 72-75 of Regulation (EU) No 1303/2013; Conformity clearance under Article 52 of Regulation (EU) No 1306/2013, Article 1 and Annex I of Regulation (EU) No 907/2014 and Article 34 of Regulation (EU) No 908/2014; Articles 65-66 of Regulation (EU) No 1305/2013 and Articles 74-75 of Council Regulation (EC) no 1698/2005**

**2007CZ161PO004 Enterprise and Innovation OP**

**2007CZ161PO006 Environment OP**

**2007CZ05UPO001 Human Resources and Employment**

**2007CZ052PO001 Prague – Adaptability OP**

**2014CZ16RFOP001 Enterprise and Innovation for Competitiveness OP**

**2014CZ16M10P002 Environment OP**

**2014CZ05M9OP001 Employment OP**

**2007CZ06RPO001 Rural Development Programme 2007-2013**

**2014CZ06RDNP001 Rural Development Programme 2014-2020**

**Ref.:** Audit mission No REGC414CZ0133 and audit enquiry (AGRI) UMB/2019/003/CZ(*references to be used in all correspondence*)

Your Excellency

As already announced by letter Ares(2018)6305763 of 7 December 2018, the Directorate General for Regional and Urban Policy (further referred to as "DG REGIO"), Directorate General for Employment, Social Affairs and Inclusion (further referred to as "DG EMPL") and Directorate General for Agriculture and Rural Development (further referred to as "DG AGRI") will carry out a co-ordinated audit mission in relation to the Operational and Rural Development Programmes mentioned above.

**His Excellency Mr Jakub DÜRR**

Ambassador Extraordinary and Plenipotentiary Permanent Representative

Permanent Representation of the Czech Republic to the European Union

Rue Caroly 15

B - 1050 Brussels

The legal basis for the co-ordinated audit mission is Article 75 (1) and (2) of Regulation (EU) No 1303/2013 and Article 72 of Council Regulation (EU) No 1083/2006 and 47 and 52 of Regulation (EU) No 1306/2013.

The main objectives of this co-ordinated audit are to obtain reasonable assurance that the management and control systems in place, covering the period before the entry into force of the Financial Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union:

- were compliant with the regulatory framework and functioned effectively regarding the allocation of EU Funds, from the approval of the programmes to the implementation phase, focusing specifically to measures in place to avoid conflict of interests;
- (for ERDF and ESF programmes) functioned effectively as to (i) Key Requirement 2 - Adequate selection of operations, (ii) Key requirement 4 – Adequate management verifications and (iii) Key requirement 16 – Adequate audits of operations; as defined in the regulations applicable respectively for the 2007-2013 and 2014-2020 programming periods<sup>1</sup>; and
- (for Rural Development Programmes) functioned effectively as to the accreditation criteria laid down in Annex I of the Regulation (EU) No 907/2014 and Rural Development Key controls in particular as to Key Control 1 - Appropriate checks to ensure that the applicant fulfils all eligibility criteria of the aid scheme and/or support measure, Key Control 2 - Appropriate checks to ensure that investment/project/application fulfil all eligibility criteria as laid down in the EU legislation and the eligibility criteria as laid down in the RDP of the Member State or region, Key Control 3 - Appropriate checks on the eligibility of the costs of the operation, Key Control 6 - Appropriate procedures for the selection and appraisal of projects or applications and Key Control 9 - Adequate verification of all payment claims (advance, intermediate and final payment claims)<sup>2</sup>.

The audit will also gather information on operations/applications approved/selected after the entry into force of Financial Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018.

The audit work to be carried out on the spot will consist of:

- Verification of the compliance of the management and control systems for the period before the entry into force of the new Financial regulation with the regulatory framework and its effective functioning as regards avoiding conflicts of interests in line with Article 32 par. 3 of the former Financial Regulation (EU, EURATOM) No 966/2012 of the European Parliament and of the Council of 25 October 2012;

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<sup>1</sup> Legal basis for DG EMPL and DG REGIO (first and second bullet points): Articles 58-60 of EC Regulation (EU) N° 1083/2006 (in the 2007-13 programming period) and Articles 72-74 and 123-125 of Regulation (EU) N° 1303/2013 (in the 2014-20 programming period).

<sup>2</sup> Legal basis for EAFRD (first and third bullet points): Articles 74-75 of Council Regulation (EC) no 1698/2005 (in the 2007-13 programming period) and Articles 72-74 of Regulation (EU) No 1303/2013, Articles 65-66 of Regulation (EU) No 1305/2013, Article 1 and Annex I of Regulation (EU) No 907/2014 (in the 2014-20 programming period).

- A review of the systems and procedures in place with regard to the above mentioned key requirements 2, 4 and 16 for ERDF and ESF, and key controls (in particular 1, 2, 3, 6 and 9) and to the accreditation criteria laid down in Annex I of Regulation (EU) No 907/2014 for EAFRD;
- A detailed testing of the selected samples of operations for which companies from the AGROFERT group and other possible companies were beneficiaries, at the premises of the concerned programme authorities / intermediate or delegated bodies; and
- If applicable, a review of the work done by the audit authority/certification body, including system audits and audits of operations, related to these operations.

#### **Audit of the common bodies**

The audit of the common bodies will be carried out **from 8 until 9 January 2019** and **from 14 until 15 January 2019** in the Czech Republic jointly by DG EMPL, DG REGIO and DG AGRI.

The audit will take place at the level of the common bodies involved in the decision making process for EU funds, namely the ESIF Council (*Rada pro ESI fondy*), Council for the National Strategic Reference Framework (*Rada pro fondy Společného strategického rámce*), National Coordination Authority (*Národní organ pro koordinaci*) and Management and Coordination Committee (*Řídicí a kontrolní výbor*). Indicative agenda of the aforesaid audit visits is enclosed (**Annex I**).

The Commission services reserve the right to audit the aforesaid or other bodies in the subsequent audits.

You are requested to transmit all the minutes and supporting documents from the meetings of the above mentioned bodies since 2013 as soon as possible but at the latest by **4 January 2019**.

#### **Audit of the ESF OPs**

The audit of the ESF OPs will be carried out **from 10 until 11 January 2019** and **from 16 until 18 January 2019**. The audit will cover all aspects related to the process of allocating EU funds, from the approval of the ESF OPs to the implementation phase, for both programming periods 2007-2013 and 2014-2020.

The audit will take place at the level of the Managing Authorities and at the premises of the beneficiaries of selected operations. Indicative detailed agenda of the aforesaid audit visits is enclosed (**Annex II**).

The audit work will also include, a review of the systems and procedures in place with regard to the above mentioned key requirements, including detailed tests of selected samples of files for the concerned funds.

Please note that these initial audits can be followed by subsequent audits.

In relation to amended Article 75 of Regulation (EU) No 1303/2013, the Commission services will inform the Czech authorities at the end of the initial on the spot audits if there is a need to obtain additional information.

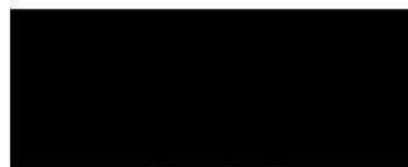
I would be grateful if you could indicate the names, telephone number and e-mail address of the contact person(s) from the Czech authorities responsible for the audit of common bodies and audit of the ESF OPs.

The Directorate General and unit responsible for the audit is DG EMPL, Unit G.3 and the responsible auditor is Tomas HRUBY (+32 229-52568, e-mail: [Tomas.HRUBY@ec.europa.eu](mailto:Tomas.HRUBY@ec.europa.eu)) and Vieroislava ZUFFOVA (+32 229-50807, e-mail: [Vieroislava.ZUFFOVA@ec.europa.eu](mailto:Vieroislava.ZUFFOVA@ec.europa.eu)).

The Commission services would like to draw your attention to the fact that data collected during the co-ordinated audit mission may include information relating to an identified or identifiable natural person ("data subject"). Such information could be stored in the Directorates-General's audit filing systems. Regulation (EC) No 2018/1725 (OJ L 295, 21.11.2018, p.39) of the European Parliament and of the Council, applicable to Union institutions, and Regulation (EU) 2016/679 (OJ L 119, 4.5.2016, p.1), applicable to Member States, protect the right to privacy of natural persons with respect to the processing of personal data. In order to inform the data subjects of their rights, you are kindly asked to deliver the enclosed *Information notes on Protection of Personal Data collected by REGIO and EMPL (Annexes III and IV)* to the bodies or organisations to be audited in the context of this co-ordinated audit mission.

Yours faithfully

Francisco MERCHAN CANTOS



Mark SCHELFHOUT,  
Acting Director

Enclosure:

Annex I – Indicative agenda for the audit of common bodies

Annex II – Indicative agenda for the audit of ESF OPs

Annex III - Information note on Protection of Personal Data collected by DG Regional and Urban Policy's Audit Units at the European Commission

Annex IV - Information note on Protection of Personal Data collected by DG for Employment, Social Affairs and inclusion's Audit Units at the European Commission

c.c.:

**Ms Klára DOSTÁLOVÁ**  
Minister  
Ministry of Regional Development  
Secretariat of the ESIF Council  
Staroměstské náměstí 6  
CZ - 110 15 Prague 1

**Ms Olga NEBESKÁ**  
Deputy Minister  
Ministry of Regional Development  
National Coordination Authority  
Staroměstské náměstí 6  
CZ - 110 15 Prague 1

**Mr Jiří KINSKÝ**  
Director, Managing Authority  
OP Human Resources and Employment (2007-13)  
OP Employment (2014-20)  
Ministry of Labour and Social Affairs  
Na Poříčím právu 1  
CZ – 128 01 Prague 1

**Mr Karel ANDRLE**  
Acting Director, Managing Authority  
OP Prague - Adaptability  
City of Prague  
Rytířská 406  
CZ – 111 21 Prague 1

**Ms Veronika ONDRÁČKOVÁ**  
Director, Certifying Authority  
Ministry of Finance  
Letenská 15,  
CZ - 11810 Praha 1

**Mr Stanislav BUREŠ**  
Director, Audit Authority  
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Letenská 15  
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**Mr Joost KORTE**, Director General, DG Employment, Social Affairs  
and Inclusion

**Mr Marc LEMAITRE**, Director General, DG Regional and Urban  
Policy

**Mr Jerzy PLEWA**, Director General, DG Agriculture and Rural  
development

**Annex I - Indicative agenda for the audit of common bodies**

<b>Date</b>	<b>Time</b>	<b>Body audited</b>	<b>Audit work</b>
8/1/2019	9:00 – 18:00	ESIF Council	Audit of the ESIF Council ( <i>Rada pro ESI fondy</i> ) for the programming period 2014-20. Audit of the Council for the National Strategic Reference Framework ( <i>Rada pro fondy Společného strategického rámce</i> ) for the programming period 2007-13.
9/1/2019	9:00 -18:00	ESIF Council	Audit of the ESIF Council ( <i>Rada pro ESI fondy</i> ) for the programming period 2014-20. Audit of the Management board of the ESIF Council ( <i>Řídící výbor Rady pro ESI fondy</i> ) and Council on the working level ( <i>Rada na pracovní úrovni</i> ). Audit of the Council for the National Strategic Reference Framework ( <i>Rada pro fondy Společného strategického rámce</i> ) for the programming period 2007-13.
14/1/2019	9:00 -18:00	National Coordination Authority	Audit of the National Coordination Authority ( <i>Národní organ pro koordinaci</i> ). Audit of the Management and Coordination Committee (( <i>Řídící a kontrolní výbor</i> ).
15/1/2019	9:00 -18:00	National Coordination Authority	Audit of the National Coordination Authority ( <i>Národní organ pro koordinaci</i> ). Audit of the Management and Coordination Committee (( <i>Řídící a kontrolní výbor</i> ).

**Annex II - Indicative agenda for the audit of ESF OPs**

<b>Date</b>	<b>Time</b>	<b>Body audited</b>	<b>Audit work</b>
10/1/2019	9:00 – 18:00	MA Ministry of Labour and Social Affairs	Review of the systems and procedures in place with regard to the key requirements 2 and 4, including detailed tests of selected operation(s).
11/1/2019	9:00 -18:00	MA – City of Prague	Review of the systems and procedures in place with regard to the key requirements 2 and 4, including detailed tests of selected operation(s).
16/1/2019	9:00 -18:00	MAFRA, a.s.	On-the-spot audit of the project No CZ.1.04/1.1.02/94.00822
17/1/2019	9:00 – 18:00	ACOMWARE s.r.o.	On-the-spot audit of the project No CZ.2.17/1.1.00/34415
18/1/2019	9:00 -18:00	MA – Ministry of Labour and Social Affairs	Audit of the project No CZ.03.1.52/0.0/0.0/16_043/0004636 (Synthesia, a.s.)

**Annex III - Information note on Protection of Personal Data collected by  
Directorate-General for Regional and Urban Policy's audit units at the European  
Commission**

**1. Introduction**

This privacy statement explains the reason for the processing, the way we collect, handle and ensure protection of all personal data provided, how that information is used and what rights you may exercise in relation to your data (the right to access, rectify, block etc.).

The European institutions are committed to protecting and respecting your privacy. As this service/application collects and further processes personal data, Regulation (EU) N°2018/1725<sup>3</sup>, of the European Parliament and of the Council of 23 October 2018 on the protection of individuals with regard to the processing of personal data by the Union institutions and bodies and on the free movement of such data, is applicable.

This privacy statement concerns external audits and controls undertaken by Directorate-General Regional and Urban Policy, hereinafter referred as DG REGIO.

**2. Why do we process your data?**

Purpose of the processing operation: Directorate C – Audit (referred to hereafter as Data Controller) collects and uses your personal information to verify compliance with all contractual provisions (including financial provisions), in view of checking that the action and the provisions of the grant agreement or contract are being properly implemented and in view of assessing the legality and regularity of the transaction underlying the implementation of the Community budget.

Lawfulness of the processing operation:

The processing operations on personal data carried out in the context of ex post controls are necessary and lawful under the following articles of the Regulation (EU) 2018/1725:

- article 5 (a): processing is necessary for the performance of a task carried out in the public interest on the basis of the Treaties establishing the European Communities or other legal instruments adopted on the basis thereof and
- article 5 (b): processing is necessary for compliance with a legal obligation to which the controller is subject.

Exemptions and restrictions under Article 25 (1) (c) and (g) may apply. As in the context of former audits and ex-post controls the EDPS has already concluded (EDPS prior-check, case number: 2009-0565) that Article 27 is not applicable.

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<sup>3</sup> Regulation (EC) N° 2018/1725 (OJ L 295 of 21/11/2018, p.39).



### **3. Which data do we collect and process?**

The personal data collected and further processed are: all data necessary to efficiently conduct a control such as:

- Name
- Function
- Grade
- Activities and expertise
- Professional address
- Timesheets
- Salary
- Accounts
- Cost accounting
- Missions
- Information coming from local IT system used to declare costs as eligible
- Supporting documents linked to travel costs
- Minutes from mission and other similar data depending of the nature of the action.

No data fields fall under article 10.

### **4. How long do we keep your data?**

Directorate C - Audit only keeps the data for the time necessary to fulfil the purpose of collection or further processing. Data is stored until 10 years after the final payment on condition that no contentious issues have occurred; in which case, data will be kept until the end of the last possible legal procedure.

### **5. How do we protect your data?**

All data in electronic format (e-mails, documents, uploaded batches of data etc.) is stored on the servers of the European Commission, the operations of which abide by the European Commission's security decision of 16 August 2006 [C(2006) 3602] concerning the security of information systems used by the European Commission.

### **6. Who has access to your data and to whom is it disclosed?**

Access to your data is provided to Commission services in charge of ex-post controls, and could include a possible transmission to the bodies in charge of monitoring or inspection tasks in accordance with Community law (OLAF, Court of Auditor, Ombudsman, EDPS, IDOC, Internal Audit Service of the Commission as well as external contractors). Such staff abide by statutory, and when required, additional confidentiality agreements.

## **7. What are your rights and how can you exercise them?**

According to Regulation (EU) n°2018/1725, you are entitled to access your personal data and rectify, block or delete it in case the data is inaccurate or incomplete. You can exercise your rights by contacting the Data Controller, or in case of conflict the Data Protection Officer and if necessary the European Data Protection Supervisor using the contact information given under point 8 below.

## **8. Contact information**

If you have comments or questions, any concerns or a complaint regarding the collection and use of your personal data, please feel free to contact the Data Controller using the following contact information:

The Data Controller:

- Directorate C - Audit
- [REGIO-AUDIT-COORDINATION@ec.europa.eu](mailto:REGIO-AUDIT-COORDINATION@ec.europa.eu)

The Data Protection Officer (DPO) of the Commission: [DATA-PROTECTION-OFFICER@ec.europa.eu](mailto:DATA-PROTECTION-OFFICER@ec.europa.eu)

The European Data Protection Supervisor (EDPS): [edps@edps.europa.eu](mailto:edps@edps.europa.eu).

## **9. Where to find more detailed information?**

The Commission Data Protection Officer (DPO) publishes the register of all operations processing personal data. You can access the register on the following link: <http://ec.europa.eu/dpo-register>

This specific processing has been notified to the DPO with the following reference: DPO-3226.

## **Annex IV - Information note on Protection of Personal Data collected by DG Employment, Social Affairs and Inclusion at the European Commission**

### **1. Introduction**

This privacy statement explains the reason for the processing, the way we collect, handle and ensure protection of all personal data provided, how that information is used and what rights you may exercise in relation to your data (the right to access, rectify, block etc.).

The European institutions are committed to protecting and respecting your privacy. As this service/application collects and further processes personal data, Regulation (EC) N°45/2001<sup>4</sup>, of the European Parliament and of the Council of 18 December 2000 on the protection of individuals with regard to the processing of personal data by the Community institutions and bodies and on the free movement of such data, is applicable.

This privacy statement concerns external audits and controls undertaken by DG EMPL, hereinafter referred as the operating DG.

### **2. Why do we process your data?**

Purpose of the processing operation: Directorate G – Audit (referred to hereafter as Data Controller) collects and uses your personal information to verify compliance with all contractual provisions (including financial provisions), in view of checking that the action and the provisions of the grant agreement or contract are being properly implemented and in view of assessing the legality and regularity of the transaction underlying the implementation of the Community budget.

Lawfulness of the processing operation:

The processing operations on personal data carried out in the context of ex post controls are necessary and lawful under the following articles of the Regulation (EC) 45/2001;

- article 5 (a): processing is necessary for the performance of a task carried out in the public interest on the basis of the Treaties establishing the European Communities or other legal instruments adopted on the basis thereof and
- article 5 (b): processing is necessary for compliance with a legal obligation to which the controller is subject.

Exemptions and restrictions under Article 20.1 (b) and (e) may apply. As in the context of former audits and ex-post controls the EDPS has already concluded (EDPS prior-check, case number: 2009-0565) that Article 27 is not applicable.

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<sup>4</sup> Regulation (EC) N° 45/2001 (OJ L8 of 12/01/2001).

### **3. Which data do we collect and process?**

The personal data collected and further processed are: all necessary data to efficiently conduct a control such as:

- Name
- Function
- Grade
- Activities and expertise
- Professional address
- Timesheets
- Salary
- Accounts
- Cost accounting
- Missions
- Information coming from local IT system used to declare costs as eligible
- Supporting documents linked to travel costs
- Minutes from mission and other similar data depending of the nature of the action.

No data fields fall under article 10.

### **4. How long do we keep your data?**

Directorate G - Audit only keeps the data for the time necessary to fulfil the purpose of collection or further processing. Data are stored until 10 years after the final payment on condition that no contentious issues occurred; in this case, data will be kept until the end the last possible legal procedure.

#### **How do we protect your data?**

All data in electronic format (e-mails, documents, uploaded batches of data etc.) are stored on the servers of the European Commission the operations of which abide by the European Commission's security decision of 16 August 2006 [C(2006) 3602] concerning the security of information systems used by the European Commission;

### **5. Who has access to your data and to whom is it disclosed?**

Access to your data is provided to Commission services in charge of ex post controls, without prejudice to a possible transmission to the bodies in charge of a monitoring or inspection task in accordance with Community law (OLAF, Court of Auditor, Ombudsman, EDPS, IDOC, Internal Audit Service of the Commission, as well as external contractors). Such staff abide by statutory, and when required, additional confidentiality agreements.

### **6. What are your rights and how can you exercise them?**

According to Regulation (EC) N°45/2001, you are entitled to access your personal data and rectify, block or delete it in case the data is inaccurate or incomplete. You can exercise your rights by contacting the data controller, or in case of conflict the Data Protection Officer and if necessary the European Data Protection Supervisor using the contact information given at point 8 below.

## **7. Contact information**

If you have comments or questions, any concerns or a complaint regarding the collection and use of your personal data, please feel free to contact the Data Controller using the following contact information:

The Data Controller:

- Directorate G – Audit
- [EMPL-G-DIRECTOR@ec.europa.eu](mailto:EMPL-G-DIRECTOR@ec.europa.eu)

The Data Protection Officer (DPO) of the Commission: [DATA-PROTECTION-OFFICER@ec.europa.eu](mailto:DATA-PROTECTION-OFFICER@ec.europa.eu)

The European Data Protection Supervisor (EDPS): [edps@edps.europa.eu](mailto:edps@edps.europa.eu).

## **8. Where to find more detailed information?**

The Commission Data Protection Officer publishes the register of all operations processing personal data. You can access the register on the following link: <http://ec.europa.eu/dpo-register>

This specific processing has been notified to the DPO with the following reference: DPO-3226.

