



Brussels,
REGIO/01/MB/regio.dg.01(2012)
(via SFC2007)

Addressed to: All National Authorities of the Structural Funds and users of SFC2007

Subject: Reporting through SFC2007 – responsibility of the Member States

Member States are reminded that they are required in the applicable regulations of the Structural Funds¹ to maintain reliable accounting, monitoring and financial reporting systems in computerised form. SFC2007 (System for Fund Management in the European Community 2007-2013) is the common computer system established for the exchange of information and financial data, between the Commission services and the Member States, required for the management of EU co-funded programmes/projects. Therefore, the accuracy, integrity, confidentiality and authorisation of data and reports uploaded and sent through the system must be assured. I am writing to you to bring to your attention certain issues identified on the information security and the quality of data in SFC2007.

I. Security surrounding SFC2007

During 2010 and 2011 DG Regional Policy had outsourced audits on the security of the data and the IT environment of the SFC2007 system. Audits were performed in nine Member States: Italy, Spain, Hungary, Poland, Bulgaria, Greece, France, Czech Republic and the UK.

During these audits, several very important "horizontal" weaknesses have been revealed:

1. The MS Liaison² is not informed timely of individuals leaving the organization or changing position within the organization. Insufficient controls exist on accounts which have not been used for a long period of time (e.g. these accounts remain open after the person left the organization).
2. The MS Liaison does not always consider the maintenance of the user accounts as part of his job description. In addition, a number of MS Liaisons indicated that because of the decentralized setup of their country's organization of SFC2007 they are not in full control over the user population. As such the periodic access review is not performed or performed with insufficient detail and documentation (e.g. only accounts are reviewed and not the underlying access rights).

¹ Council Regulation No. 1083/2006 of 11 July 2006, Article 58(d).

² MS Liaison is a person designated at the level of each MS who is in charge of ensuring that persons having access to SFC2007 do so, on the basis of their job description and following proper authorisation.

3. For the countries with self-developed systems, which have automated interfaces with SFC2007, the password settings for these local systems are not according to leading market practices.
4. New job-holders did not always request a new account for SFC2007 but continued to use the account of individuals who already left the organization or changed position.

Therefore, it is important that these issues are immediately addressed at the level of the Member States. Main actions to be taken are:

1. The creation of stronger and formal communication lines between MS Liaisons and the corresponding HR departments. This will enable a swifter follow-up of changes in the personnel turnover.
2. Periodic access reviews by the MS Liaisons should be performed on a regular basis (e.g. 3 times a year). The purpose of the control is that the accounts and their access rights are validated by the appropriate business representative. As such, active leaver accounts and/or inappropriate access can be detected and acted upon.
3. Password settings on all levels should be according to leading market practices to provide for a sufficient level of security.
4. Personalized accounts should be created for SFC2007 users; old accounts should be disabled/deleted. When a new account is created, the MS Liaison should verify if the requested access is appropriate and/or approved by the correct manager in charge.

Managing, Certifying and Audit Authorities are encouraged to review their own situations and raise awareness on security aspects of SFC2007, as well as, nationally developed systems. This can be done through presentations and trainings to the end users of these systems. This will improve the general use of the system and increase the overall efficiencies, as more knowledge on the system and its functionalities is shared.

DG Regional Policy will extend the scope of these audits to other Member States in 2012, in order to stimulate corrective actions, where needed.

II. Quality of data sent through SFC2007

Let me also take the opportunity to reiterate the importance that Managing Authorities provide the European Commission with good quality information in the Annual Implementation Reports concerning the physical progress of their programmes. This relates in particular to the provision of data in SFC2007 for the core indicators. We use this information to communicate the achievements of our policy. This is feeding into discussions at European level on the future of the policy. It is, therefore, crucial that good quality data is provided for all programmes.

The quality of reporting against the core indicators was discussed several times at COCOF and a special technical meeting was devoted to this issue and the reporting against the categories of expenditure on 14 December 2010. The issue has been further emphasised at COCOF in the discussions on the National Strategic Reports due at the end of 2012. These reports will use these data. Two meetings on the Strategic reports were held on 28 October 2011 and 20 March 2012.

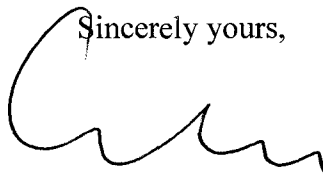
I, therefore, urge you to set up a "quality control mechanism" that ensures that the submitted data does not contain errors.

I also remind you to follow the guidance in Working Document No. 7 at the following link: http://ec.europa.eu/regional_policy/sources/docoffic/2007/working/wd7_indicators_en.pdf.

I appreciate your cooperation and commitment in undertaking the actions as proposed above.

Should you have any questions in relation to the issues raised in this letter, the persons in charge are at your disposal: Androulla IOANNOU on audit issues (androulla.ioannou@ec.europa.eu) and Veronica GAFFEY on quality of data in the Annual Implementation Reports (veronica.gaffey@ec.europa.eu).

Sincerely yours,



Walter DEFFAA

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