

EUROPEAN COMMISSION
Information Society and Media Directorate-General

General Affairs
External Audit
Head of Unit

Brussels, 15 DEC. 2011
INFO-S.5/FD/GVC/TC/Isc D (2011)

REGISTERED MAIL

Copy per E-mail to: [REDACTED]

Subject: 5th and 6th Framework Programme for RTD
Financial audit of [REDACTED]

Our reference: [REDACTED]

Projects audited: [REDACTED]

Contact person: Mrs Thomai Cheilari, Auditor in charge
Phone: (+32-2) 298 06 09 – Fax: (+32-2) 292 01 25
E-mail: Thomai.Cheilari@ec.europa.eu

Dear [REDACTED]

This letter hereby confirms the findings of the financial audit on above mentioned contracts, carried out by the External Audit Unit of DG INFO, European Commission. It furthermore informs you of the next steps in the process, i.e. the implementation of the results of the audit.

Audit report and closure of audit

The draft audit report was communicated to you on 29/09/2011 and you were invited to submit your comments. We note from your reply of 25/10/2011 that you do not entirely agree with the audit findings. The Commission services have therefore carefully reviewed the complementary explanations and justifications you have provided and have adjusted the report where necessary. Please refer to section 13 of the report for details. As a result, we consider that the audit findings as they are presented in the attached final audit report are appropriate, and we now consider this audit as closed.

Commission européenne, B-1049 Bruxelles / Europese Commissie, B-1049 Brussel - Belgium. Telephone: (32-2) 299 11 11.
Office: BU25 6/122. Telephone: direct line (32-2) 295 98 05. Fax: (32-2) 292 01 25.

E-mail: freddy.dezeure@ec.europa.eu

The audit report thus concludes that the following adjustments are necessary:

Contract	Costs claimed (A)	Costs accepted by PO (B)	Eligible Costs (C)	Gross adjustm. to costs accepted (C-B)
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

For further details we refer to the final audit report attached to this letter as Annex I.

Implementation of audit findings for audited periods

The final audit report will now be distributed to the relevant Commission services for implementation of the audit findings.

For the audited projects where the identified audit adjustments at costs level are in favour of the Commission, you should not take any action in respect of the implementation of the adjustments in relation with the audited periods: the Commission services will make the necessary adjustments to the costs over-claimed. These adjustments could affect future payments due on this contract and/or result in the issuing of a recovery order for the amounts overpaid.

For the audited contract where the audit adjustments at cost level are in your favour, please note that supplementary costs can be declared only as adjustments to costs previously reported in ongoing contracts. In addition, any complementary payments are limited to the maximum financial ceiling as laid down in the contracts and to the availability of funds. Furthermore, please note that the Commission and/or the coordinator, based on a decision of the consortium, may limit in part or in whole the additional payment in your favour.


The audit report also highlights recommendations to improve the systems of internal control relevant to your participation in FP contracts. Please refer to section 1.2.2. of the final audit report for a detailed list of these recommendations.

Implementation of audit findings for future periods

Furthermore, you are reminded that, as a general rule, your financial statements need to comply with the relevant contractually agreed financial provisions and, in particular, that the audit findings of this audit, including recommendations, must be implemented in *all future financial statements* that will be submitted by your organisation in the context of projects under the Sixth Framework Programme.

We would like to take this opportunity to thank you and your colleagues for your assistance and collaboration during this audit.

Yours sincerely,



Freddy DEZEURE

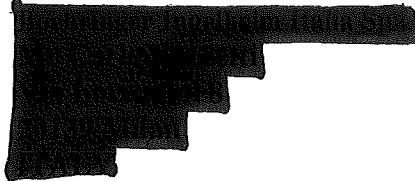
Enclosure: Audit Report



EUROPEAN COMMISSION
Information Society and Media Directorate-General

General Affairs
External Audit
Head of Unit

Brussels, **19 DEC 2011**
INFSO-S.5/FD/GVC/PhD/lsc D (2011)



REGISTERED A.R.

Copy per E-mail to: [Redacted]

Subject: 5th and 7th Framework Programmes for RTD
Financial audit of [Redacted]

Our reference: [Redacted]

Projects audited: [Redacted]

Contact person: Mr Philippe Druez, Auditor in charge
Phone: (+32-2) 293 36 62 – Fax: (+32-2) 292 01 25
E-mail: Philippe.Druez@ec.europa.eu

Dear [Redacted]

This letter hereby confirms the findings of the financial audit on the above mentioned contract/grant agreement, carried out the External Audit Unit of DG INFSO, European Commission. It furthermore informs you of the next steps in the process, i.e. the implementation of the results of the audit.

Audit report and closure of audit

The draft audit report was communicated to you on June 30, 2011 and you were invited to submit your comments. We note from your reply of August 3, 2011 that you do not agree with the audit findings. The Commission services have therefore carefully reviewed the complementary explanations and justifications you have provided and have adjusted the report where necessary. After a careful review, the Commission services maintain the initial findings except for some other direct costs. Please refer to section 12 of the report for details. As a result, we consider that the audit findings as they are presented in the attached final audit report are appropriate, and we now consider this audit as closed.

Commission européenne, B-1049 Bruxelles / Europese Commissie, B-1049 Brussel - Belgium, Telephone: (32-2) 299 11 11.
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E-mail: freddy.dezeure@ec.europa.eu

The audit report thus concludes that the following adjustments are necessary (in EUR) :

Contract	Costs claimed (A)	Costs accepted by the Commission's operational services (B)	Eligible Costs as per audit (C)	Gross adjustments to costs accepted (C-B)
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

For further details we refer to the final audit report attached to this letter as Annex I.

Implementation of audit findings for audited periods

The final audit report will now be distributed to the relevant Commission services for implementation of the audit findings.

For the audited projects where the identified audit adjustments at costs level are in favour of the Commission, you should not take any action in respect of the implementation of the adjustments in relation with the audited periods: the Commission services will make the necessary adjustments to the costs over-claimed. These adjustments could result in the issuing of a recovery order for the amounts overpaid.

Further to the implementation of the audit adjustments, the Commission services may calculate the amount of liquidated damages due to the European Union in accordance with the provisions of the FP7 Model Grand Agreement and issue the related recovery orders when applicable.

Implementation of audit findings for future periods

Furthermore, you are reminded that, as a general rule, your financial statements need to comply with the relevant contractually agreed financial provisions and, in particular, that the audit findings of this audit, including recommendations, must be implemented in *all future financial statements* that will be submitted by your organisation in the context of projects under the RTD Framework Programme.

Yours sincerely,

[REDACTED]
Freddy DEZEURE

Enclosure: Audit Report