

SMART 2010/0103 Framework contract for audit services

DG CONNECT non-research – 3rd MASR

Held on 14 November 2012, 09:45 hours

Present:

) Littlejohn LLP
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Arto Leppilahti (AL)) DG CONNECT
Magdalena Basheva (MB))
Adam Kostkiewicz (AK))
Domniki Demetriou (DD))

Action

1. Review and approval of minutes of the previous MASR meeting and follow up on action points

The minutes of the second MASR meeting have been provided to DG CONNECT one day prior to this meeting. The action points have been followed up accordingly.

2. Review of assignment progress on open RTD batches to date

2.1. "MASR" report summary

A review of the progress on the open batches was undertaken based on the LASR reports and timelines as circulated prior to the meeting.

2.2. Discussion and assessment of any open audit issues

2.2.1.	– it has been agreed that a list of any remaining issues / points will be prepared for discussion that may have arisen from the review of the EC comments received on 06/09/2012. In this context will establish a conference call between DG CONNECT and the responsible auditors to discuss the matter in more detail.	/Firm to note
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2.2.2.

2.2.2.1.	– a revised DAR has been submitted by to DG Connect on 26/10/2012 and now waiting for their formal reply.	DG Connect
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2.2.2.3.	– Contradictory procedure started on 26/09/2012 and final comments were expected at EC by end of October, especially having concerned the issue of personnel and subcontracting costs. The report was still not submitted to DG Connect thus will ask auditors for an update.	/Littlejohn
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2.2.3.

2.2.3.1.	– a revised DAR has been submitted by	DG Connect
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JPR to DG Connect on 13/11/2012 and now waiting for their formal reply.

2.2.3.2. – Beneficiary provided the employment contracts requested and submitted them for information to DG Connect on 23/10/2012. DD believes that these costs should perhaps be disallowed as in her opinion after talking to Krisztina - the responsible auditor for this assignment - they have not been recorded in the beneficiary's accounting systems. In any case, Krisztina will come back to the Audit Coordinator (AC) with formal comments. DG Connect

2.2.3.3. – The beneficiary has supplied extra information on 09/11/2012. Auditors will review the documentation received and hopefully submit a revised DAR within the next week. /Littlejohn

2.2.4.

2.2.4.1. – AL noted that these two reports have been already discussed internally. DG Connect will send their formal reply to AC as soon as possible. DG Connect

2.2.4.2. – AK noted that another audit has been carried out by DG RTD for the same beneficiary. The results were different from those stated in this respect regarding personnel costs. However is of the opinion that the facts are different in the two cases and hopes to confirm this shortly. /Littlejohn

3. Review of status on individual assignment “.....” to date

3.1. The beneficiary replied on 30/09/2012 with a long letter disputing the costs disallowed by our auditors. forwarded this for DG CONNECT's information and advised that the auditors are currently preparing their responses. will ask auditors for an update. Kypris and Associates

4. DG CONNECT – review of status on non-research batch

4.1. “MASR” report summary

A review of the progress on the non-research batch was undertaken based on the report and timeline as circulated prior to the meeting.

4.2. Discussion and assessment of any open audits

4.2.1. – DD noted that audit has been cancelled. will check if anything regarding this matter has been notified to AC.

4.2.2. – DD had a query on the location where fieldwork has been carried out, as the audit was related to a Luxembourg registered country. noted that the audit work was done in Greece however he will ask the responsible auditors for an update. /Littlejohn

4.2.3. – an issue has been raised by the auditee regarding the determination of personnel costs in respect of the project. The beneficiary referred to a note issue by DG

Connect of how the flat rates ("Marie Curie") should be applied.

AL noted that this rate is usually used for the SME's where the owners do not receive salaries and unless specified otherwise this rule can be used by analogy and also applied retrospectively. However if the managers have received any salary no matter how low then this should represent the basis for costs calculations.

noted that applying Marie Curie rates would result in a series of disallowances but without the ability to claim this rate the beneficiary could not claim anything.

/Littlejohn

5. AOB

- 5.1. handed over during the MASR meeting from 10/10/2012 a copy of the proof of the letter of request for indexation sent to DG CONNECT on 06/08/2012. Awaiting reply from Vito-Lorenzo Nardelli.

DG Connect

5.2. Future workloads and timing

A new batch of 15 audits is foreseen to be launched before end of year. DG Connect will send the list to AC for Conflict of Interest check by next week.

6. Date and time of next meeting – 14 December 2012, 15:00 hours