

EUROPEAN COMMISSION
Information Society and Media Directorate-General

External Audit
Head of Unit

Brussels, **29 AVR. 2009**
INFSO-02/FD/Isd D(2009) 118637
DATAMED HEALTHCARE
INTEGRATOR
OLOKLIRONMFENA SYSTIMTA

GRAMMOU 71
15125 MAROUSSI
GREECE

BY REGISTERED MAIL

Ref: Audit ID 09-BA74-027

Subject: Financial audit

Dear Madam,

I write to advise you that the European Commission has decided to carry out a financial audit on the financial statements presented by your organisation for the research contracts detailed below. As you are aware, the possibility of such audits is foreseen in the general conditions of the contracts and in particular in their provisions relating to controls. It is strongly recommended to carefully read these provisions as well as those relating to the recoveries, reimbursements and sanctions.

The relevant contracts to be audited are:

507464 INTREPID
027106 MULTI-KNOWLEDGE

The European Commission has appointed Blömer Accountants en Adviseurs and their colleagues in Polaris International to co-ordinate and conduct the audit assignment on its behalf and hence they are to be regarded as the authorised representative of the European Commission for the duration of this assignment, as foreseen under the contracts.

To facilitate the execution and completion of the audit, you are requested to ensure that representatives of Polaris International have complete and unhindered access to all necessary data and information to carry out their assignment.

Commission européenne, B-1049 Bruxelles / European Commission, B-1049 Brussel - Belgium. Telephone: (32-2) 299 11 11.
Office: BU25 6/118. Telephone: direct line (32-2) 295 98 05. Fax: (32-2) 292 01 25.

E-mail: Freddy.Dezeure@ec.europa.eu

You are also requested on receipt of this letter, **within one calendar week**, to provide , in his capacity of Audit Co-ordinator for Polaris International, the details of the relevant contact person within your organization for the completion of the assignment – including her/his full name, E-mail, phone number and fax number.

Either or a member of personnel from one of the participating Polaris International firms will then subsequently contact you in due course to confirm the start date for the audit, its likely duration and all necessary planning and documentation issues.

Details of the participating Polaris International firms in the respective EU member states and the names and contact details of the responsible officials within those firms are set out in Annex I to this letter.

As an initial indication of the nature and breadth of documentation that may be requested, an indicative list is included as Annex II to this letter.

Please note that the final results of the audit will be distributed to the relevant Commission services in order for these to make the necessary adjustments to the costs claimed. These adjustments, if in favour of the Commission, could affect future payments due on these contracts or result in the issuing of a recovery order for all amounts overpaid. The audit findings might also be applicable to non-audited contracts and periods, where appropriate.

Should you have any question concerning the nature, the probable timing or any other matter relating to the audit, please contact at the Polaris International RTD Co-ordination Office in Wemmel, Belgium: telephone: +32 2 456 89 18; facsimile: +32 2 456 89 11 or email:



Freddy Dezeure

Enclosures: Annex 1: Summary of Polaris International Participating Firms
 Annex 2: Required supporting documents during the audit

Copies:



EUROPEAN COMMISSION
Information Society and Media Directorate-General

External Audit
Head of Unit

Brussels,
INFSO-DDG2.02/FD/GVC/IsC ARES (2011)

SWORD TECHNOLOGIES SA

105 Route d'Arlon
8009 STRASSEN
LUXEMBOURG

REGISTERED A.R.

Copy per E-mail to:

**Subject: Financial audit of SWORD TECHNOLOGIES -
LUXEMBURG**

Our reference: 11-INFS-022/023

Contact person: , Auditor in charge
Phone: (+32-2) 295 96 13; Fax: (+32-2) 292 01 25
E-mail: '

Dear Mrs.

I hereby inform you that the European Commission has decided to carry out a financial audit on the financial statements presented by your organisation relating to the research contracts / grant agreements detailed below. As you are aware, the possibility of such audits is foreseen in accordance with and Article II.29 of the general conditions of the 6th Framework Programme contracts and Article II.22 of the general conditions of the 7th Framework Programme grant agreements. It is strongly recommended to carefully read these provisions, as well as those relating to the reimbursement of costs claims.

The relevant contracts / grant agreements to be audited are:

027195 / I-WAY (FP6);
027299 / RIGHT (FP6);
027510 / ASSIST (FP6);
507863 / PALLIANET (FP6);
507960 / NOESIS (FP6);
216270 / METABO (FP7);
216480 / Smart-Vei (FP7);
224297 / ARTreat (FP7).

The audit will be conducted by Commission officials of the external audit unit of the Directorate General Information Society and Media. is the responsible official in charge of the conduct of this audit. The audit team may be accompanied by Officials of the European Court of Auditors.

On receipt of this letter, you are kindly requested to provide immediately (see contact address above) the details of the contact person within your organisation for the completion of the assignment – including her/his full name, e-mail, phone number and fax number.

He will then subsequently contact you in due course to confirm the start date for the audit, its likely duration, and all necessary planning and documentation issues.

The audit field-work is scheduled the week starting April 4, 2011. It is intended to conclude the actual audit field-work within 4 working days.


In order to facilitate the performance of the audit, please ensure that the auditors have complete and unhindered access to all necessary data in order to efficiently complete their assignment, as requested by Article II.29 of the FP6 contracts and Article II.22.4 of the FP7 grant agreement. As an initial indication of the nature and breadth of documentation that may be requested, an indicative list is included to this letter. This documentation should be made available at the beginning of the audit. The non-provision of such information would be regarded as a failure to substantiate costs and, consequently, as a potential breach of the grant agreements.

Commission officials who will carry out the audit work shall have access to all the documentation related to the proper management of the grant agreements where your company is involved, whether included or not in the current audit scope.

It would be helpful if arrangements could be made (i) for the appropriate finance and other officers who deal with costing, accounting, internal control and recording systems, in particular in relation to the Commission research contracts / grant agreements, and (ii) for the scientific staff who have implemented project work on behalf of Sword Technologies in relation to the Commission research contracts / grant agreements, to be available for the duration of the audit.

Please note that the final results of the audit will be distributed to the relevant Commission services in order for these to make the necessary adjustments to the costs claimed. These adjustments, if in favour of the Commission, could affect future payments due on this grant agreement, or result in the issuance of a recovery order for all amounts overpaid. We draw your specific attention to the following: any financial audit finding in the audit report, once finalised, may lead, if appropriate, to extrapolation of such finding to any other research grant agreement in which you are or have been participating. To this end, you may be requested to provide us with additional information on any of these grant agreements. We also draw to your attention that according to Article II.30 of the FP6 contracts and Articles II.24 and II.25 of the FP7 grant agreement, liquidated damages and financial penalties may be applied to any identified adjustments in favour of the Commission.

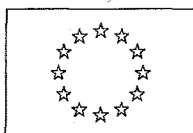
Yours sincerely,



Freddy Dezeure

Enclosure: Annex I

Cc: , INFSO.O2



EUROPEAN COMMISSION
Information Society and Media Directorate-General

External Audit

CHECKLIST ON INFORMATION COLLECTION

As referred to in our letter of announcement, the European Commission has decided to carry out a financial audit on specific costs statements presented by your organisation.

The primary objective of a financial audit is to verify that the costs declared to the Commission are in compliance with the contractual provisions as defined in each specific contract and, more specifically, are in line with the eligibility requirements (actual, economic and necessary for the project, incurred during the contractual period, identified in the beneficiary's accounting system and directly attributable to the project).

According to the audited contracts / grant agreements, it is the beneficiary's responsibility to make available all data required for the verification that the contract / grant agreement is being properly managed and performed. In this sense, beneficiarys are requested to ensure that all documentation requested is readily available at the time of the audit. **Failure to do so may imply that the audit concludes with a limitation in the audit team's assurance on the regularity of the management of the contract.**

You are therefore requested to prepare copies of the relevant supporting documents listed below prior to the start of the audit on your premises. The documentation should be provided separately for each project and for each period under review. As regards the specific cost categories, the request should be adapted to the particular categories used by you in line with the contractual requirements.

Documentation with the comment "no copy required" should be available for verification only. Copies might be requested during the audit when necessary.

Documents marked as "prior" should be sent in a digital format to the auditor before the fieldwork in order to enable us to prepare the audit in the best efficient manner.

Thank you for taking the time to complete this activity.

Supporting documentation		Prior?	Obtained?
I. General Information about the Beneficiary			
	1. Beneficiary's legal registration (such as trade register abstract)		
	2. Organisation chart with list of key officers	Y	
	3. Financial statements of the last three financial years together with the statutory auditors' report (if applicable)	Y	
	4. Beneficiary's accounting policies		
	5. Description of cost/profit centre structure (with an indication where the action is carried out)		

	6. List of personnel associated to the cost/profit centres (where the RTD action is carried out) as referred to in point 5	Y	
	7. Beneficiary's guidelines/procedures for the financial / scientific management of EC RTD Contracts (if available)		
	8. List of all other EC fundings received and all contracts (both closed and in progress) signed with the Commission (from 2000 to today)		
	9. List of systems used to manage the projects		
	10. List of Authorized signatures		
II. Receipt and distribution of Commission financial contribution			
	1. Bank statements showing amount and date of advance and/or interim and/or final payments received (from Commission or administrative co-ordinator)		
	2. Bank statements showing the interest yielded by the Community funds		
	3. <i>Only for administrative/financial co-ordinator:</i> Beneficiary's bank statement showing amount and date of advance and/or interim and/or final payments forwarded to other members of the consortium		
III. Project management information			
	1. Periodic activity and management reports (all instruments) – <u>no copy required</u>		
	2. Report on the distribution of the Community financial contribution (all instruments) – <u>no copy required</u>		
	3. Periodic/mid-term reviews (all instruments - where appropriate) – <u>no copy required</u>		
	4. Other non-financial deliverables specified in the <u>Annex I</u> to the contract (with date of submission to the Commission and of Commission's approval) – <u>no copy required</u>		
	5. Contract amendments (with date of request to the Commission) – <u>no copy required</u>		

IV. General financial documents			
	1. Detailed breakdown of costs supporting the Financial Statement (Form C) submitted to the Commission per cost categories, specifying the type of activity to which they relate to and, where applicable, the resources provided by a third party – (Note: this breakdown should include the relevant accounting codes/reference numbers to allow for reconciliation between the statements sent to the Commission and the beneficiary's financial records as extracted from the accounting system. Should the beneficiary identify an eventual discrepancy between the amounts declared and supported, the breakdown to be provided should identify the elements motivating the difference)	Y	
	2. General ledger as extracted from the accounting system to be used for reconciliation purposes as referred to in point 1.	Y	
	3. Accounts receivable ledger	Y	
	4. Accounts payable ledger	Y	
	5. Sales ledger	Y	
	6. Purchase ledger		
	7. Breakdown of receipts of the project (where applicable) as defined in Annex II to the contract (Art.23)	Y	
	8. For third party resources as identified in Annex I to the contract, the agreement established between the beneficiary and the third party prior to its contribution to the project		
V. Supporting documents for personnel costs			
	1. Beneficiary's internal guidelines/procedures for time recording follow-up (if available)		
	2. List of all personnel involved in the RTD action indicating period(s) they worked for the project as well as position classification/category	Y	
	3. Employment contracts for all (permanent and temporary) project personnel		
	4. Payroll/Salary slips for all project personnel (whole period of project duration)		
	5. Calculation of related charges (social charges such as pension, sickness, unemployment, etc.) according to national legislation – <u>no copy required</u>		
	6. Bank statements showing amount and date of bank transfer/payment receipts		

	7. Calculation of hourly rates (i.e. gross remuneration plus related charges) for all personnel categories/project personnel		
	8. Certified time records (or any other control document directly attributing personnel costs to the audit project) for all project personnel involved in the RTD action		
	9. (Standard) Productive hours calculation (if applicable)		
	10. Access to payroll master file for all employees		
VI. Supporting documents for durable equipment			
	1. Beneficiary's internal guidelines/procedures for procurement of durable equipment (if available)		
	2. Beneficiary's valuation rules for accounting treatment of durable equipment		
	3. List of all acquisitions and retirements of durable equipment per period.		
	4. Purchase orders for durable equipment – <u>no copy required</u>		
	5. Original invoices for purchase of equipment – <u>no copy required</u>		
	6. Voucher/Expense account of accounting entries – <u>no copy required</u>		
	7. Bank statements showing amount and date of payments – <u>no copy required</u>		
	8. Inventory register or fixed asset register/ledger for the durable equipment related to the project		
	9. Depreciation table showing the gross book value of the durable equipment, the additions and retirements, the depreciation rate and the depreciation charge per period		
	10. In case of rented equipment: rental contract, inventory list of rented equipment, and calculation of leasing and/or rental charges		
	11. Equipment's usage diary/register (for equipment used by different projects) – <u>no copy required</u>		
Note: the existence and use for the project may be checked during the visit			
VII. Supporting documents for subcontracting			
	1. Beneficiary's internal guidelines/procedures for procurement of services (where applicable) – <u>no copy required</u>		

	2. Brief description of services provided by subbeneficiaries and/or third party resources in the context of the funded RTD action.		
	3. Signed original copies of agreements with subbeneficiaries and/or third party resources (including technical annexes)		
	4. Request and Commission approval of subcontracting (where required)		
	5. Original invoices for external assistance		
	6. Evidence of delivery or services provided		
	7. Voucher/Expense account of accounting entries – <u>no copy required</u>		
	8. Bank statements showing amount and date of payment – <u>no copy required</u>		
VIII. Supporting documents for travel and subsistence			
	1. Beneficiary's internal guidelines/procedures for reimbursement of travel expenses (where applicable) - <u>no copy required</u>		
	2. List and dates of trips by project personnel- <u>no copy required</u>		
	3. Authorised travel request forms, if applicable		
	4. Commission approval for any destination outside the territory of the Member States, the Associated states or a third country where a beneficiary is established, unless such a destination is provided for in Annex I (where applicable)		
	5. Original invoices for travel and accommodation expenses– <u>no copy required</u>		
	6. Voucher/Expense account of accounting entries– <u>no copy required</u>		
	7. Bank statements showing amount and date of payment – <u>no copy required</u>		
IX. Supporting documents for consumables			
	1. Beneficiary's internal guidelines/procedures for procurement of consumables (where applicable) - <u>no copy required</u>		
	2. Purchase orders for consumables – <u>no copy required</u>		
	3. Original invoices for purchase of consumables– <u>no copy required</u>		

	4. Voucher/Expense account of accounting entries – <u>no copy required</u>		
	5. Bank statements showing amount and date of payment – <u>no copy required</u>		
	6. Inventory register/ledger (where applicable) – <u>no copy required</u>		
X. Supporting documents for protection of knowledge			
	1. Beneficiary's internal guidelines/procedures for costs associated to protection of knowledge (where applicable) - <u>no copy required</u>		
	2. Calculation of the actual costs necessary for the protection of knowledge		
	3. Invoices for fees to the competent authorities and/or advisers		
	4. Voucher/Expense account of accounting entries - <u>no copy required</u>		
	5. Bank statements showing the amount and date of payment - <u>no copy required</u>		
XI. Supporting documents for management of consortium activities			
	1. Description of the activities carried out in the context of the management of the consortium		
	2. Breakdown of the management costs declared, classified by activity		
	3. Original invoices for purchase of other direct costs – <u>no copy required</u>		
	4. Voucher/Expense account of accounting entries – <u>no copy required</u>		
	5. Bank statements showing amount and date of payment – <u>no copy required</u>		
XII. Supporting documents for other direct costs			
	6. Beneficiary's internal guidelines/procedures for purchase of other direct costs (where applicable) - <u>no copy required</u>		
	7. Calculation of the actual costs (if applicable) - <u>no copy required</u>		
	8. Original invoices for purchase of other direct costs – <u>no copy required</u>		

	9. Voucher/Expense account of accounting entries – <u>no copy required</u>		
	10. Bank statements showing amount and date of payment – <u>no copy required</u>		
XIII. Supporting documents for indirect costs (only for "full cost" (FC) beneficiarys)			
	1. Description of the methodology used for the calculation and allocation of indirect costs (including analysis of the cost categories included in the overheads)		
	2. Reconciliation of the overhead costs with the profit & loss accounts (P&L)/general ledger		
	3. Calculation of (cost centre/project/personnel) overhead rates (including, where applicable, an analysis of the productive/non-productive hours on the basis of which indirect costs have been allocated)		
XIV. External audit certificates			
	1. Original signed audit certificates indicating clearly the beneficiary, the related projects, period and amounts under reviews – <u>no copy required</u>		
	2. Letter of audit engagement/appointment sent to external auditor		
	3. External auditor's letter of acceptance/engagement confirmation		
	4. External auditor's invoice – <u>no copy required</u>		
	5. Bank statements showing amount and date of payment – <u>no copy required</u>		