

SIMOVA Elena (CNECT)

From:
Sent: 15 November 2012 12:43
To: DEMETRIOU Domniki (CNECT); LEPPILAHTI Arto (CNECT)
Cc: CNECT EXTERNAL AUDIT REPORTS; RTD ; rtd;
Subject: FW:
Attachments: 20100226-0-B71-26-Final Audit Report[1].pdf
Importance: High

Dear Domniki

Further to our meet yesterday when we briefly discussed the NR audit at [redacted] I have received the email below and attachment from my colleague who led this assignment as to what has gone on and thus whay the audit work (and I believe actual project work) was undertaken in Greece. As you will see, there was a previous RTD audit by another firm at this same beneficiary a few years back (I believe the responsible DG may have been ENTR) and they seem to have accepted the arrangements, etc.

In any event, I hope the note, etc adds some extra clarity here for you and thus helps in your review of the PAR now under review by your unit.

Best regards,

From:
Sent: 15 November 2012 11:17
To:
Cc:
Subject:

I raised this with the beneficiary during the audit. The Greek operation I visited is a branch of the Luxembourg company, it is not a separate legal entity. As they explained it to me, the branch was set up to take advantage of cheaper employment costs.

All of the project work was done in Greece. Employment contracts etc confirm that staff are employed by the [redacted] but will mainly work at the Greek branch. As I haven't been to Luxembourg, I can't comment on what is there. [redacted] (Luxembourg still) has operations in Luxembourg, Belgium, Greece and Romania.

I can't see anything in the grant agreement that specifies where the work has to be done. The issue I was worried about was that the Greek operation might be a separate legal entity and so the costs would not have been recorded in the accounting records of the beneficiary – but as the operation is not a separate legal entity, this is not the case.

I asked if the Commission was aware of the situation and I was told they were. This was borne out by a previous audit report of another project

On this basis, I didn't disallow the costs.

From:
Sent: 14 November 2012 12:39
To:
Cc:
Subject:
Importance: High

Sorry to trouble you again here but; this audit was related to a Luxembourg registered country; but I believe all audit work was done in Greece.

Can I ask if there was actually anything work wise from a research perspective done in Luxembourg? Is there anything in Luxembourg other than a registered name plate on a door or wall somewhere? Is the reality everthing, technical, financial and admin was done in Greece and, if so, why?

The EC is reviewing the DAR here and this came by way of feedback at the masr meeting this am.

The issue is that when work is contracted by an entity; registered wherever it is, it should be carried out in that same country? If not, we could have grounds for 100% disallowance as there has been a misrepresentation of facts here in the project proposal.

Can you clarify your understanding and recollections here asap please.

Thanks,

