



Air Navigation Services of the Czech Republic

Terms of Reference

for an Independent Report of Factual Findings on costs declared under a Grant Agreement financed by the Joint Undertaking under the Horizon 2020 Research and Innovation Framework Programme

This document sets out the 'Terms of Reference (ToR)' under which

Řízení letového provozu České republiky, státní podnik (ŘLP ČR, s. p.)

Navigační 787
252 61 Jeneč
Company Identification Number: 49710371
Tax Identification Number: CZ699004742
Bank account: 88153/0300
(*the Beneficiary*)

agrees to engage

BDO Audit s. r. o.

Olbrachtova 1980/5
140 00 Praha 4
Company Identification Number: 45314381
Tax Identification Number: CZ45314381
Bank account: [REDACTED]
(*the Auditor*)

to produce an independent report of factual findings ('the Report') concerning the Financial Statement(s)¹ drawn up by the Beneficiary for the Horizon 2020 grant agreement [Controller Tools and Team Organisation for the Provision of Separation in Air Traffic Management — PJ10 PROSA](#) and duration from 1. 11. 2016 to 31. 12. 2017 ('the Agreement'), and to issue a Certificate on the Financial Statements' ('CFS') referred to in Article 20.4 of the Agreement based on the compulsory reporting template stipulated by the Commission.

The Agreement has been concluded under the Horizon 2020 Research and Innovation Framework Programme (H2020) between the Beneficiary and Joint Undertaking (the "JU"), which receives funding under the Horizon 2020 Research and Innovation Framework Programme (H2020).

The JU is mentioned as a signatory of the Agreement with the Beneficiary only. The JU is not a party to this engagement.

¹ By which costs under the Agreement are declared (see template 'Model Financial Statements' in Annex 4 to the Grant Agreement).

1.1 Subject of the engagement

The coordinator must submit to the JU the final report within 60 days following the end of the last reporting period which should include, amongst other documents, a CFS for each beneficiary and for each linked third party that requests a total contribution of EUR 325 000 or more, as reimbursement of actual costs and unit costs calculated on the basis of its usual cost accounting practices (see Article 20.4 of the Agreement). The CFS must cover all reporting periods of the beneficiary or linked third party indicated above.

The Beneficiary must submit to the coordinator the CFS for itself and for its linked third party(ies), if the CFS must be included in the final report according to Article 20.4 of the Agreement..

The CFS is composed of two separate documents:

- The *Terms of Reference* ('the ToR') to be signed by the Beneficiary and the Auditor;
- The *Auditor's Independent Report of Factual Findings* ('the Report') to be issued on the Auditor's letterhead, dated, stamped and signed by the Auditor (or the competent public officer) which includes the agreed-upon procedures ('the Procedures') to be performed by the Auditor, and the standard factual findings ('the Findings') to be confirmed by the Auditor.

If the CFS must be included in the final report according to Article 20.4 of the Agreement, the request for payment of the balance relating to the Agreement cannot be made without the CFS. However, the payment for reimbursement of costs covered by the CFS does not preclude the JU, the Commission, the European Anti-Fraud Office and the European Court of Auditors from carrying out checks, reviews, audits and investigations in accordance with Article 22 of the Agreement.

1.2 Responsibilities

The Beneficiary:

- must draw up the Financial Statement(s) for the action financed by the Agreement in compliance with the obligations under the Agreement. The Financial Statement(s) must be drawn up according to the Beneficiary's accounting and book-keeping system and the underlying accounts and records;
- must send the Financial Statement(s) to the Auditor;
- is responsible and liable for the accuracy of the Financial Statement(s);
- is responsible for the completeness and accuracy of the information provided to enable the Auditor to carry out the Procedures. It must provide the Auditor with a written representation letter supporting these statements. The written representation letter must state the period covered by the statements and must be dated;
- accepts that the Auditor cannot carry out the Procedures unless it is given full access to the Beneficiary's staff and accounting as well as any other relevant records and documentation.

The Auditor:

- is qualified to carry out statutory audits of accounting documents in accordance with Directive 2006/43/EC of the European Parliament and of the Council of 17 May 2006 on statutory audits of annual accounts and consolidated accounts, amending Council Directives 78/660/EEC and 83/349/EEC and repealing Council Directive 84/253/EEC or similar national regulations.
- if the Beneficiary or Linked Third Party has an independent Public Officer is a competent and independent Public Officer for which the relevant national authorities have established the legal capacity to audit the Beneficiary.
- if the Beneficiary or Linked Third Party is an international organisation: is an external auditor in accordance with the internal financial regulations and procedures of the international organisation.

The Auditor:

- must be independent from the Beneficiary, in particular, it must not have been involved in preparing the Beneficiary's Financial Statement(s);
- must plan work so that the Procedures may be carried out and the Findings may be assessed;
- must adhere to the Procedures laid down and the compulsory report format;
- must carry out the engagement in accordance with this ToR;
- must document matters which are important to support the Report;
- must base its Report on the evidence gathered;
- must submit the Report to the Beneficiary.

The Commission sets out the Procedures to be carried out by the Auditor. The Auditor is not responsible for their suitability or pertinence. As this engagement is not an assurance engagement, the Auditor does not provide an audit opinion or a statement of assurance.

1.3 Applicable Standards

The Auditor must comply with these Terms of Reference and with²:

- the International Standard on Related Services ('ISRS') *4400 Engagements to perform Agreed-upon Procedures regarding Financial Information* as issued by the International Auditing and Assurance Standards Board (IAASB);
- the *Code of Ethics for Professional Accountants* issued by the International Ethics Standards Board for Accountants (IESBA). Although ISRS 4400 states that independence is not a requirement for engagements to carry out agreed-upon procedures, the JU requires that the

Auditor also complies with the Code's independence requirements.

The Auditor's Report must state that there is no conflict of interests in establishing this Report between the Auditor and the Beneficiary, and must specify - if the service is invoiced - the total fee paid to the Auditor for providing the Report.

1.4 Reporting

The Report must be written in the language of the Agreement (see Article 20.7).

Under Article 22 of the Agreement, the JU, the Commission, the European Anti-Fraud Office and the Court of Auditors have the right to audit any work that is carried out under the action and for which costs are declared from the European Union budget. This includes work related to this engagement. The Auditor must provide access to all working papers (e.g. recalculation of hourly rates, verification of the time declared for the action) related to this assignment if the JU, the Commission, the European Anti-Fraud Office or the European Court of Auditors requests them.

1.5 Timing

The Report must be provided by 31 March 2018.

² Supreme Audit Institutions applying INTOSAI-standards may carry out the Procedures according to the corresponding International Standards of Supreme Audit Institutions and code of ethics issued by INTOSAI instead of the International Standard on Related Services ('ISRS') 4400 and the Code of Ethics for Professional Accountants issued by the IAASB and the IESBA.



1.6 Other terms

The fee for this engagement shall be CZK **28800** (excl. VAT). Invoice issued by the Auditor after reporting shall be sent to the Beneficiary's address given in the heading of this Contract. Invoice shall be due within thirty (30) days of receipt thereof by the Beneficiary.

This ToR becomes valid on the day of its signature by the Parties and effective on the day of its announcement in the Register of Contracts.

The Auditor acknowledges that the Beneficiary is obliged to publish this ToR pursuant to the Act No. 340/2015 Coll., on the Register of Contracts, as amended. The Auditor also acknowledges that the Beneficiary is obliged to provide information pursuant to the Act No. 106/1999 Coll. on Free Access to Information, as amended. When this ToR is published in the Register of Contracts, in particular the following information contained in this ToR shall not be provided: Auditor's bank account details, signatures on the ToR.

BDO Audit s.r.o.

Řízení letového provozu České republiky,

