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07/06/2020

To: Tonya J Mead, Senior Audit Manager

Re: Haifa University’s response to the findings in the draft report of the audit conducted by B.D.O. U.K.

1. During the period 11–14/11/2019, an audit was conducted for the European Union by the auditing firm B.D.O. U.K., a draft of whose report was received on 20/04/2020.
2. Haifa University expresses its thanks to the team of auditors, Tonya J Mead and Tarek Salameh for the audit they conducted.
3. These are the main points of our response:

a. We are aware of and familiar with the European Union’s practices regarding both the manner of the ongoing management of projects and the manner of financial reporting on them, and we are taking care to enrich knowledge and arranging in-service training in Israel and abroad. In addition, before signing each financial report and submitting it to the European Union, a draft of the financial report is reviewed by an accountant and approved by him, as part of the EU’s requirements that at the end of the project, one must append a Certified Financial Statement.

b. As was requested of us before the audit, all the requisite documents were prepared in an organized fashion and sent in advance, in accord with audit team’s requirement.

c. In the course of the audit, the auditor was shown all the documents and documentation that we were asked to present, and after the audit, we answered all questions and filled in the data in the files sent to us for further specification.

d. We would like to point out that to the best of our understanding the draft report presents the University’s behavior regarding the scholarships in a negative light, in that it acted in violation of the laws of the State of Israel, awarding scholarships in a manner contrary to the law, which is a false contention:

* The scholarships were indeed granted gross and free of tax. This is due to the fact that under Israeli law the said scholarships are tax-exempt, and there is no requirement under law to add any additional tax or to deduct any tax amounts from the scholarship.
* The students received contracts, agreements, or equivalent appointing acts to work on the action

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**Conclusion**

We see that there is great importance to familiarity with the laws of the country in which the audit is conducted in order to avoid erroneous interpretation of the laws that apply there and the form of work accepted in academic institutions there.

Haifa University acts responsibly and manages the European Union’s grants in accordance with the EU’s practices, the State of Israel’s laws, and its own institutional practices.

We object to the characterization of the findings cited as systematic errors, and except for minimal sums, as mentioned above, we object to the adjustments presented by the auditor, and we request fundamental change in the draft report so as to reflect in a precise manner the way in which our institution has handled the management of the projects funded by the European Union.

 Sincerely,

 Tamir Frank

 Director of the Research Authority