Audits in Horizon 2020
Types of controls: Article 22 MGA

- a) Checks (any aspect)
- b) Reviews (technical + scientific aspects)
- c) Audits (financial aspects)
- d) Investigations (illegal aspects, EU Anti-Fraud Office OLAF)

(Special case: European Court of Auditors)

Any form of control can include third parties and subcontractors (Article 10-16 MGA)

→ As beneficiary you are also responsible for these controls
Audits

- Mainly concern financial implementation of the action
- Can include technical and other aspects
- By Commission itself or external auditors
- Usually includes on-the-spot visit and desk review
- Audit report and 30 days “contradictory audit procedure”
- Up to 2 years after payment of the balance
Obligations of beneficiaries

• **Obligation to keep records and other supporting documentation for 5 years (3 years for low value grants ≤ EUR 60.000) – Article 18 MGA**

• **Obligation to make available all records and documents during checks, reviews, audits or investigations and to keep them until the end of these procedures**

• **Original documents or authorised digital copies**

• **All evidence must be verifiable, auditable and available (no objection of data protection or confidentiality)**
Consequences of findings (Article xx MGA)

- Rejection of ineligible costs (42)
- Reduction of the grant (43)
- Recovery of undue amounts (44)
- Administrative and financial penalties (45)
- Suspension of payments (48)
- Suspension of the action implementation (49)
- Termination of the agreement or participation (50)
- “Extension of findings to other grants”
- OLAF findings may lead to criminal prosecution
Extension of findings

• **Systemic or recurrent errors detected**
• **Extension of findings to non-audited/reviewed reporting periods of this grant**
• **Extension to any other H2020 grant of this beneficiary**
• **Concerns on-going and closed grants**
• **Up to 2 years after payment of the balance**
Common Audit Service

- Certification on Methodology (unit costs for average personnel costs)
- Ex-ante assessment for Large Research Infrastructure (LRI) costs
- Financial audits (second level audits by Commission or external auditors) for all H2020 actions of:
  - All Research related Directorate-Generals of the European Commission
  - Executive Agencies
  - Joint Undertakings
Level of controls and audits

• **Ex-ante controls:** Certificate on the Methodology, Large Research Infrastructure (LRI)

• **Ex-post controls:**
  - *First level audit: Certificate on the Financial Statements (CFS) → auditor to be selected by beneficiary*
  - *Second level audit: Financial audits, investigations → by European Commission (Common Audit Service), ECA, OLAF*
Certificate on the Methodology (CoM)

- Optional: Ex-ante certification of methodology for average personnel costs (CoMAv) and indirect costs (CoM)

- 2 types: CoM / CoMAv

- Optional: Ex-ante certification of the methodology (CoM) for unit costs (average personnel costs)
  - Not for indirect costs (=flat-rate 25%)
  - Only 1 type: CoM (replaces former CoMAv)

- Obligatory: Large Research Infrastructure (LRI)
Certificate on the Financial Statements (CFS)

- **Threshold:** € 375,000 EU contribution
- **Certificate necessary every time threshold is exceeded and "counter" set back to zero**
- **Costs for CFS eligible under category "Subcontracting costs"**

- **Threshold:** € 325,000 actual + unit costs (direct)
- **1 certificate at the end of the action (together with payment request)**
- **Costs for CFS eligible under category "Costs for goods or services"**
Financial audits: Second level audits

- Up to 5 years after the end of the project = activities foreseen by Annex I
- "Extrapolation procedure" for systematic errors → No contradictory process

- Up to 2 years after payment of the balance
- "Extension of audit findings" for systematic errors → 90 days contradictory process
Additional information

**Participant Portal**


- **Horizon 2020 Documents**

- **Horizon 2020 On-line Manual**

- **Questions? Research Enquiry Service**
  [http://ec.europa.eu/research/enquiries](http://ec.europa.eu/research/enquiries)