



Audits in Horizon 2020

HORIZON 2020

Research and
Innovation

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 \leq 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

At: <http://ec.europa.eu/research/participants/portal/desktop/en/home.html>



Horizon 2020 Documents

http://ec.europa.eu/research/participants/portal/desktop/en/funding/reference_docs.html



Horizon 2020 On-line Manual

<http://ec.europa.eu/research/participants/portal/desktop/en/funding/guide.html>



Questions? *Research Enquiry Service*

<http://ec.europa.eu/research/enquiries>