Audits in Horizon 2020

WORKSHOP ON LEGAL AND FINANCIAL ASPECTS
NCP_WIDE.NET
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European Commission
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Common Audit Service
Types 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)
  – Second level audit: Financial audits, by the Common Audit Service, ECA, OLAF
Audits in H2020

• Mainly concern **financial** implementation of the action

• Conducted by Commission itself or external auditors

• Usually include on-the-spot visit and desk review

• Audit report and 30 days “contradictory procedure”
FP7 vs Horizon 2020

• Up to 5 years after the end of the project
  • "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
Extension of findings

• Systemic or recurrent errors detected
• Extension of findings to non-audited periods
• Extension to any other H2020 grant
• Concerns on-going and closed grants
• Up to 2 years after payment of the balance
Audit cycle

1. Audit Strategy & Selection
2. Examination on site
3. Audit Planning & Preparation
4. Implementation of Audit Results
5. Reporting & Audit Closure
Audit Planning & Preparation

- Selection of actions to be audited
- Initial contact by the auditors to agree on dates and logistics for audit visit
- Formal “Letter of announcement” including detailed annex with information and documents to be provided prior and during the on-site examination
Examination on site

- **Opening meeting**
- **Analysis of Systems in place**
- **Test of systems and substantive evidence**
- **Closure meeting**
- **Assessment after on site visit**

**Usually within 4-5 working days (one week)**

- General information
- Audit agenda for the week

- Collection of information and audit evidence, analysis of documents, interviews with researchers, project presentations, physical inspections, etc.

- Discussion on preliminary audit findings and observations
- Indication of further audit procedure
Reporting & Audit Closure

- Draft audit report
- Internal quality check
- Contradictory audit procedure
- Final audit report
- Internal committees and final quality check
- Audit closure with formal “Letter of Closure”
Implementation of Audit Results

• Managed by the operational services
• Normally adjustment of ineligible costs but
• May have further implications
Implications 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 Audit Findings
Spreading Excellence and Widening Participation

- Depending on the topic, some cost categories are ineligible (Article 6.5.c)

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Advice: please try to avoid errors

• *It makes life easier for you and for us.*

• *It avoids unnecessary conflicts so that we can all focus on excellent science.*

• *Read guidance documents carefully (MGA / AMGA)*

• *Attend seminars, take advice from specialists*

• *Pass on information to other participants and actively support them in their cost claims*
Personnel costs and time recording

- **Staff working on the action MUST keep time records**
- **Costs declared MUST be actual and real**
- **No planned, apportioned, approximated costs**
- **No budgeted time: as in Annex I, proposal, budget**
- **No estimated time: e.g. person "guessing" at the end of month or year**
- **No time allocation:**
  - e.g. x % of contractual time
Third parties and sub-contracting

• You have to demonstrate "best value for money"

• No subcontracting between consortium partners

• No subcontracting of coordinator's tasks

• In case of questions, changes or problems: inform or ask the Commission / project officer
Additional information

Participant Portal
At: http://ec.europa.eu/research/participants/portal/desktop/en/home.html

Horizon 2020 Documents

Horizon 2020 On-line Manual

Questions? Research Enquiry Service
http://ec.europa.eu/research/enquiries