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

Audit Strategy & Selection

Implementation of Audit Results

Reporting & Audit Closure

Audit Planning & Preparation

Examination on site
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

<table>
<thead>
<tr>
<th>Process</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening meeting</td>
<td>Collection of information and audit evidence, analysis of documents, interviews with researchers, project presentations, physical inspections, etc.</td>
</tr>
<tr>
<td>Analysis of Systems in place</td>
<td>Discussion on preliminary audit findings and observations</td>
</tr>
<tr>
<td>Test of systems and substantive evidence</td>
<td>Indication of further audit procedure</td>
</tr>
<tr>
<td>Closure meeting</td>
<td>(…)</td>
</tr>
</tbody>
</table>

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