

## **“Stakeholder workshop shaping how Horizon Europe is implemented”**

**Brussels 30 January 2019**

### **Stream II: “Ex-ante and ex-post control: system and process audits”**

Following the intensive debate regarding the most appropriate balance between trust and (less burdensome) approaches of control, possibilities of a wider cross reliance on audits and assessments have been proposed both in the newly adopted financial rules (FR) applicable to the general budget of the Union<sup>1</sup> and in the proposal for Horizon Europe Rules for Participations (HE RfP)<sup>2</sup>.

The recital 52 of the HE RfP reminds that *“A wider cross-reliance on audits and assessments – including with other Union programmes – should be envisaged, in order to reduce administrative burden for beneficiaries of Union funds. Cross reliance should be explicitly provided for by considering also other elements of assurance such as systems and processes audits.”*

In that context, seeking for synergies with other EU programmes and in view of increasing the leverage of Union Funding and reducing the control burden, the European Commission made a concrete proposal through the provisions of the Article 48 § 3:

*“In addition, the Commission or funding body may rely on combined systems reviews at beneficiary level. These combined reviews shall be optional for certain types of beneficiaries and shall consist in a systems and process audit, complemented by an audit of transactions, carried out by a competent independent auditor qualified to carry out statutory audits of accounting documents in accordance with Directive 2006/43/EC. They may be used by the Commission or funding body to determine overall assurance on the sound financial management of expenditure and for reconsideration of the level of ex-post audits and certificates on financial statements.”*

Now it is time to come with practical implementation guidelines. Stakeholders’ views and feedback are therefore needed to achieve a real progress.

After a brief presentation of the way the Commission Services envisages to perform those systems and process audit (SPAs), the session aims to launch an open discussion with stakeholders on the best way to implement these instruments under Horizon Europe, by sharing their views on some specific topics like:

- ✓ Accessibility/Eligibility to the Systems and Processes Audits (SPAs) scheme (*e.g.: criteria based on participation in former Framework Programmes (FPs)?, amount of budget? numbers of projects? pre-existence of a written manual of procedure?...;*);

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<sup>1</sup> The REGULATION (EU, Euratom) 2018/1046 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012

<sup>2</sup> - COM(2018) 435 final - 2018/0224 (COD) - Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL establishing Horizon Europe – the Framework Programme for Research and Innovation, laying down its rules for participation and dissemination

- ✓ Scope of the SPA (e.g.: *specific forms of costs?, internal controls processes concerned?, multi-sites entities, only common provisions with other EU programmes ...*);
- ✓ Timing for a SPA (e.g.: *embedded with the first HE audit?...* );
- ✓ Validity of the SPA (e.g.: *maximum duration?, changes of methodology?, consequences? ...*);
- ✓ Benchmarks to use in SPAs (e.g.: *International Standards of Auditing (ISA)? ...*);
- ✓ Other conditions/factors of success for SPAs? (e.g.: *Common shared repository for audit documentation and papers?, Multi DG-ex-post audit cell ?,Pilot projects with non-H2020 programmes or instruments under direct management mode? crash tests? Quality of the SPAs? ...*);
- ✓ Impact on the reduction of control burden (e.g.: *Certificates on Financial Statements?, sampling size?, nature of checks?, timing and auditing efforts?, ...*);
- ✓ Preference of the auditees (e.g.: *size of the scope of ex-post audit in terms declarations of costs / participations, timing between two audits ...*).
- ✓ Other alternative . . . ?