



# H2020 Rules and Certification Policy

**Brussels 19 March 2015**

**Vittorio Morelli  
Villanueva Garcia Jorge  
Dinos Alevizopoulos**

# Table of contents

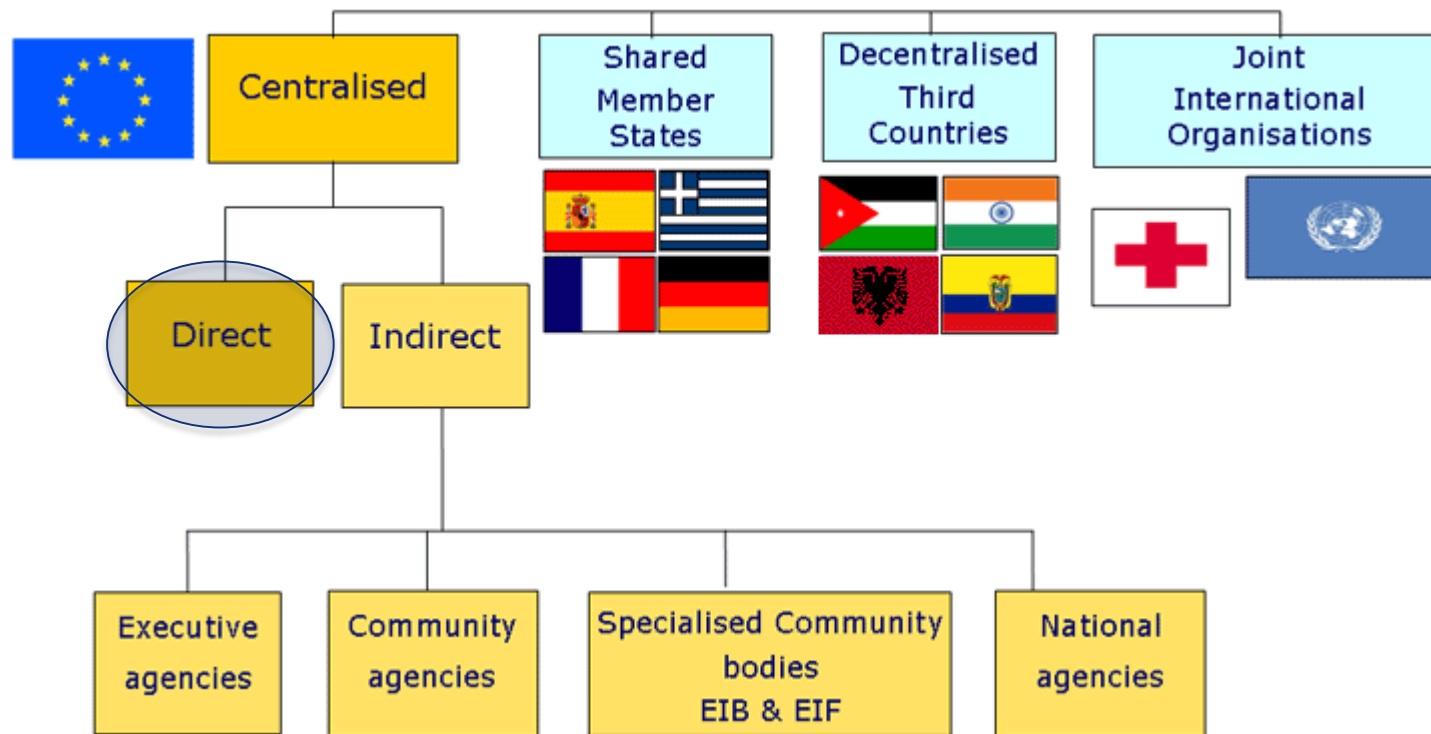
H2020 in a nutshell

Differences of H2020 against FP7

Certification policy

EC's expectations

# The EU BUDGET



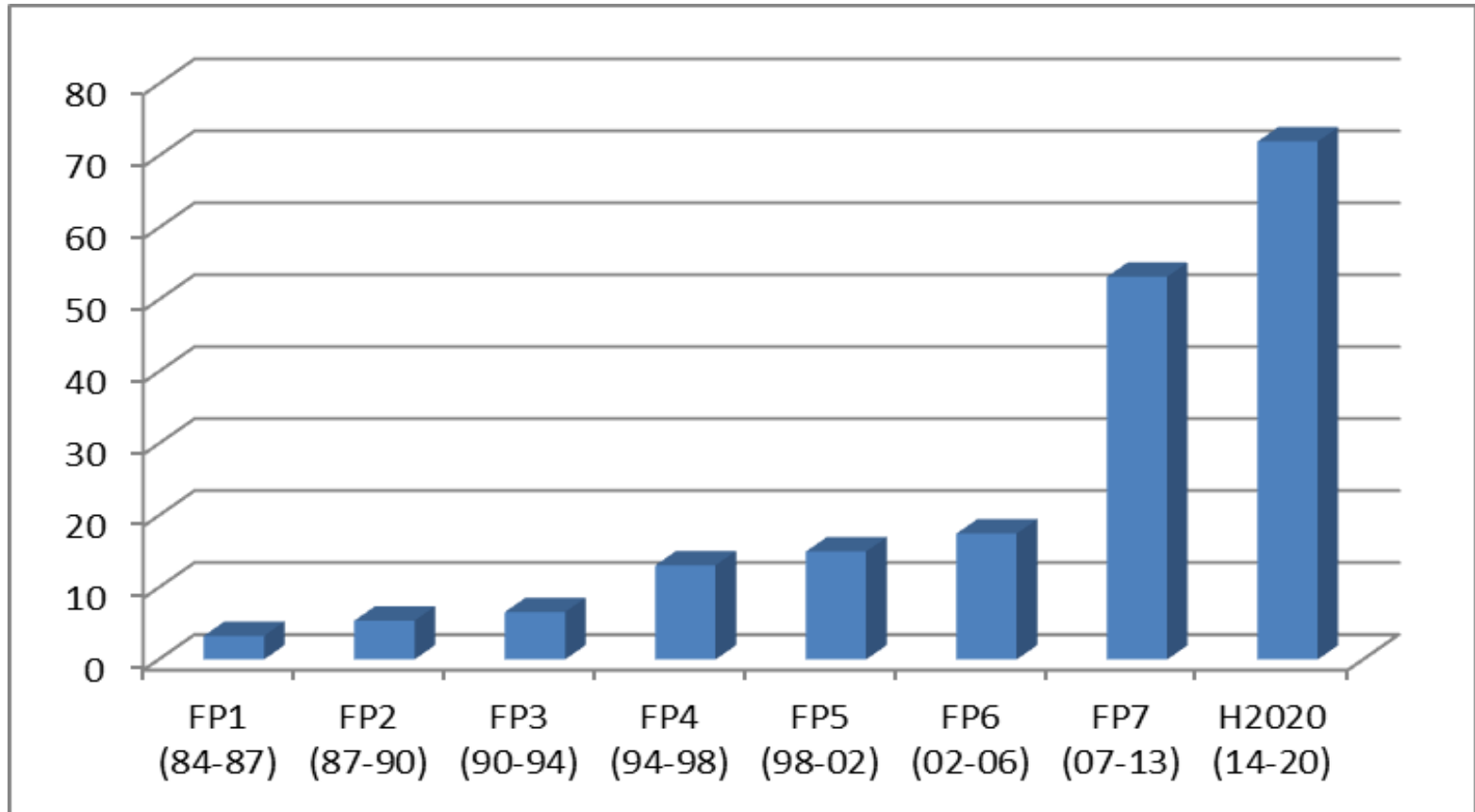
# H2020 main features

Horizon 2020 is the **largest funding programme** for research and innovation **worldwide**;

Horizon 2020 will finance **all types of organisations** – Industry, Research Organisations, SMEs and Universities - and will cover the **whole research & innovation cycle** from basic research to demonstration projects until the entry of a product or service on the market;

Horizon 2020 is not only the largest, but also the **most ambitious R&D funding programme the EU has ever seen**.

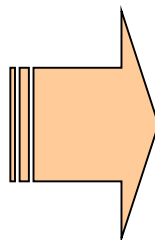
## The actual decision in €bn.



# Simplification on the Funding rate



Maximum reimbursement rates	Research and technological development activities (*)	Demonstration activities	Other activities
Network of excellence	50% 75% (**)		100%
Collaborative project(****)	50% 75% (**)	50%	100%
Coordination and support action			100% (***)



**One project = One rate**



**For all beneficiaries and activities in the grant.**



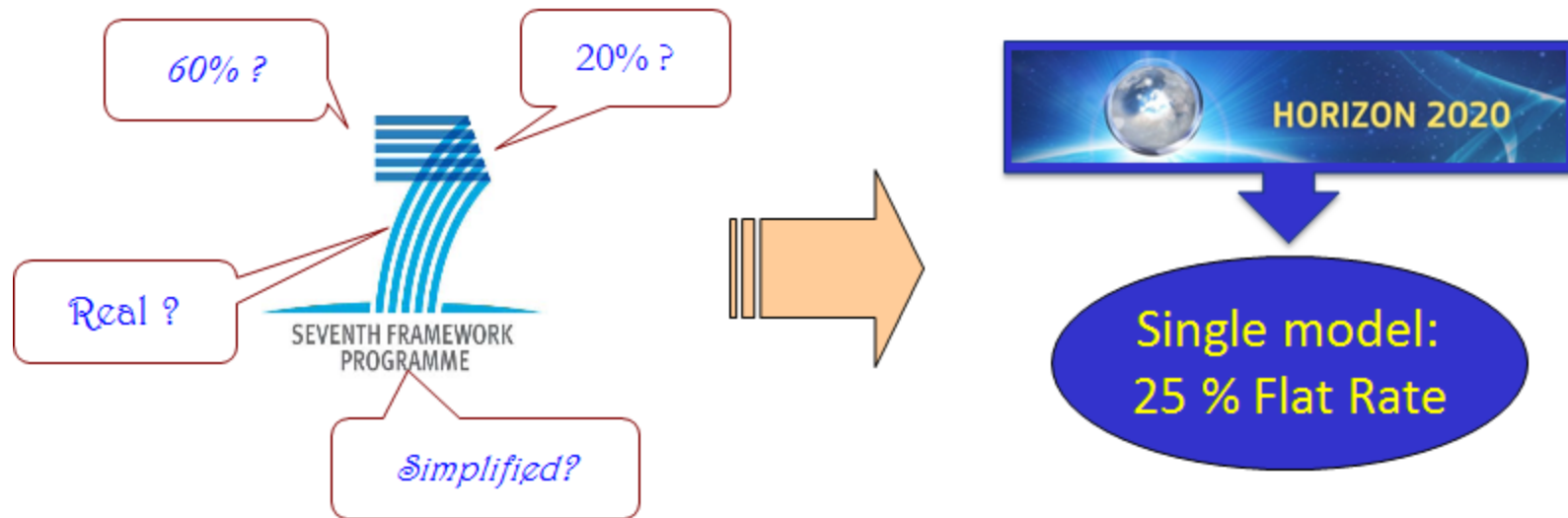
**Defined in the Work**



**Up to 100 % of the eligible costs for research**

# Simplification on Indirect Cost

*Simplifying project management and removing recurrent errors.*



# *H2020 vs. FP7 – What changes?*

## Main changes (1)

- Single reimbursement rate
- More flexible rules for third parties and subcontracting
- Differentiation between contracts and subcontracts
- Unique flat rate of 25% for indirect costs
- Introduction of the concept of Large Research Infrastructures





# *H2020 vs. FP7 – What changes?*

## Main changes (2)

- 3 options for annual productive hours
- Clearer and simpler obligations on time records
- More flexibility for average personnel costs
- Provisions on additional remuneration
- Eligibility of non-deductible VAT
- Common Support Centre (CSC)

# Which are the different types of certificates?

# EX-ANTE CONTROLS

## EX-POST CONTROLS

## CERTIFICATES ON THE FINANCIAL STATEMENTS (CFS)

*Before payment*

## CERTIFICATES ON THE METHODOLOGY

### During the FP

## EC AUDITS

*After payment*

[illegible]

# What are the objectives?

## **Certificate on the Financial Statements (CFS)**

*To provide EC elements to assess the eligibility of costs charged.*

## **Methodology Certificate**

*To detect/correct errors in the cost methodology at the earliest possible stage (preventive ex-ante verification)*

*To provide legal certainty to beneficiaries*

*To promote the use of correct methodologies*



**Reduce risk of errors + ensure suitability of the methodology to comply with provisions of the GA = reduce error rate**

# Who are the parties involved?



- determines procedures to be carried out and standard factual findings to be confirmed
- assess for himself the findings reported by the auditor
- assess any other relevant additional information
- draw his own conclusions on eligibility of costs or adequacy of methodology.

Contractual relation  
(agreed-upon procedures  
engagement)



- performs specific procedures according to ToR
- use the evidence obtained as the basis for the report
  - reports on factual findings ("Independent Report on Factual Findings")
- does not express any assurance or audit opinion

- provides complete and accurate information to auditor
- sends auditor's report to EC (in H2020 via the coordinator)

# How has the certification policy evolved (FP7 -> H2020)?

## **From FP7**

- *Discrepancies with CFS noted during ex-post audits (doubts on reliability or effectiveness)*
- *Actions taken to improve the reliability of CFS during FP7:*
  1. *A communication campaign aimed at beneficiaries and certifying auditors;*
  2. *Writing to certifying auditors/beneficiaries when high discrepancies*
- *Certificates have been a successful contributing factor to reducing the error rate.*

## **To H2020**

- *Decision to maintain “Agreed Upon Procedures” for H2020 certificates*
- *Improvements introduced in the CFS and Methodology Certificate taking into account the experience gained in the past*

# How many FP7-certificates have been accepted by the EC?

Type of certificate	Total	Accepted	Rejected	Withdrawn	Ongoing
CoM for Real Personnel and Indirect Costs	27	19	2		2
Certificate for Average Personnel Costs (CoMAv)	92	49	10		5
CoM for Average Personnel and Indirect Costs	24	6	10		3
<b>Sum</b>	<b>143</b>	<b>74</b>	<b>22</b>	<b>37</b>	<b>10</b>

# Which are the main modifications introduced in H2020- certificates?

*Deriving from the new framework of rules*

*Deriving from the objective to enhance their effectiveness*

1. *New structure with a more logical sequence*
2. *More detailed definition of procedures*
3. *More precise definition of conditions (factual findings)*
4. *Reduction of the sample basis*
5. *Additional section on further remarks to add information on causes and consequences of errors*
6. *Clearer instructions for reporting exceptions (e.g. non-applicability of procedures) –*
7. *Additional information to be annexed as part of the CoMUC-submissions*

***Objectives: increase clarity, quality and reliability of the certificates***

***Higher speed of assessment of methodology certificates***

# Which are the EC's expectations in relation to auditor involvement?

1. To possess the necessary knowledge of the **national, regional, local and sectorial rules** and regulations applicable to the beneficiary
2. To be familiar with the **legal and financial rules** concerning the Horizon 2020 Framework Programme
3. To know the **specific type of document** to carry out the procedure when the form only indicates it in a general manner
4. To properly carry out the **procedures** and clearly **report on the findings**
5. To explain clearly the reasons of the **exceptions** raised (section remark)

***No audit opinion or a statement of assurance required!***

**The clearer the underlying rules => the lower the subjectivity => the higher the quality of certificates**



***Thank You!***