

# Global Health EDCTP3 Legal and Financial Workshop

## Module 4: Internal Controls and Ex-post Audits

Laura Delgado

29 September 2025

Internal Control and Audit Manager

Brussels

Co-funded by  
the European Union



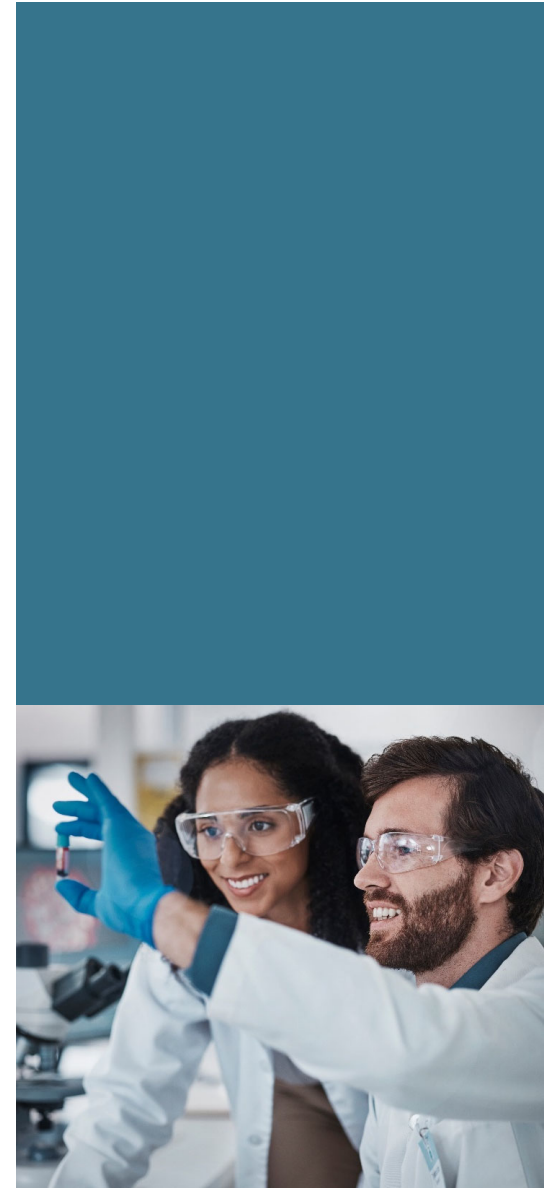
# Horizon Europe Audit Strategy as part of internal control

The **main objectives** of the Audit Strategy are:

- To provide **reasonable assurance to the Authorising Officers implementing HE grants** on the effectiveness of the overall control system in place.
- Clean the budget of any ineligible amounts declared by and paid to beneficiaries by the relevant services of the Commission.
- **Facilitate the discharge procedure** of the Joint Undertaking.

The Audit Strategy is based on **lessons learnt from the H2020** audit campaign and incorporates recommendations from the **IAS** and the **ECA**. It is fully compliant with all relevant audit Standards.

The strategy will contribute to **maintain an error rate below 2% for Horizon Europe**, aiming at **better control** rather than more control and ensuring cost-efficiency of controls.



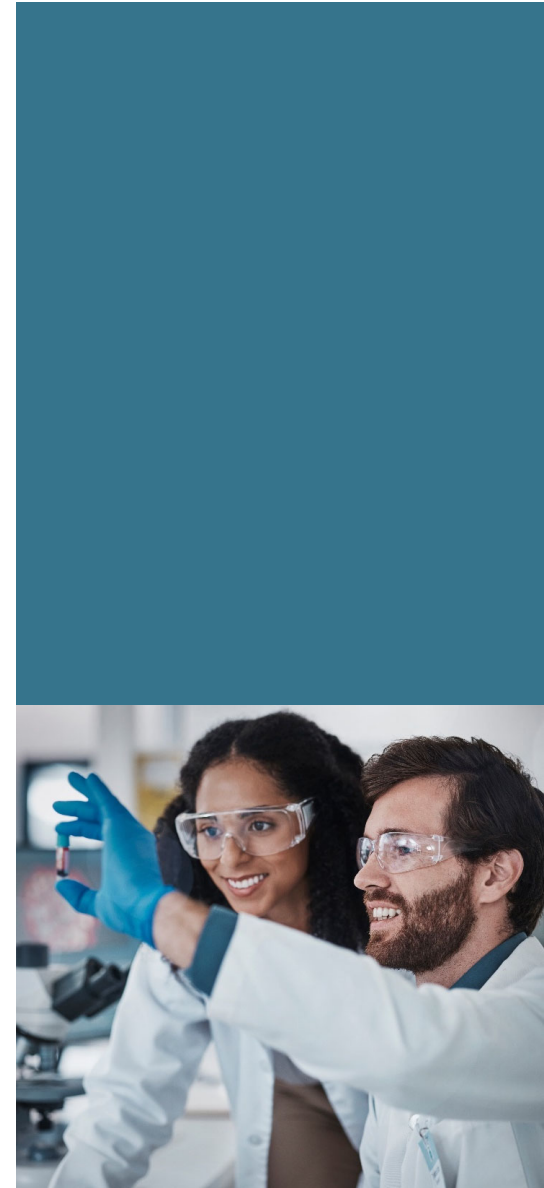
# Ex-post audits

## Why an Audit Strategy: Assurance Elements

- Ex-post audits provide assurance on the **legality of its payments** according to HE rules and grant agreements
- Residual error rate at an acceptable level

### Ex-post audits allow to:

- **Verify** whether costs declared in the financial statements have been properly incurred and are eligible costs
- Detect potential **errors** in JU payments to our beneficiaries
- **Correct** the audited financial statements
- Extend the **correction** to unaudited cost claims of audited beneficiaries in case of systematic errors
- Provide advice for system improvements through recommendations
- Confirm the legality and regularity of the underlying transactions
- In depth analysis of the costs claimed by beneficiaries supported by appropriate and relevant evidence
- Independent from ex-ante controls



# Ex-post audits

## What/when

- Article 25.2 Grant Agreement (Art. 25 Checks, Reviews, Audits and Investigations-Extension of findings)
- Costs declared and paid by the beneficiaries through financial statements
- Audits may be carried out:
  - Anytime after you receive first interim payment
  - up to 2 years after payment of the balance (incl. extension of findings from other grants)



# Ex-post audits

## Who?

### European Commission: the Common Audit Service (CAS)

- Audits are conducted by the **CAS** of the European Commission or **External Audit Firms**

### European Court of Auditors (ECA)

- Audits conducted by the ECA which contribute to the ECA's annual assurance

### Differences with CAS audits

- The audits are very **limited in scope** (not all expenditure is checked in full)
- They **do not qualify for a CFS exemption** since they are not performed in full scope
- There is **no extension of audit results** to other cost claims.

Other entities that may carry out checks, reviews, audits and investigations — during the action or afterwards: **the European Anti-Fraud Office (OLAF), the European Public Prosecutor's Office (EPPO)**



# Ex-post audits Process

## Audit Fieldwork



Before the audit, the beneficiary will receive a **Letter of Announcement**, detailing:

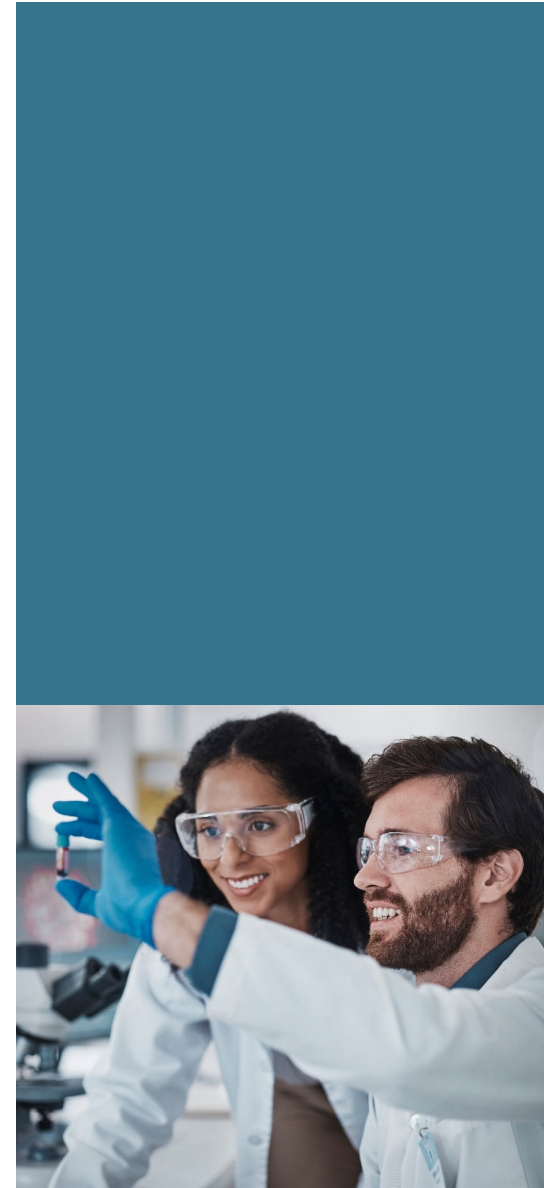
The **scope** of the audit (projects and periods concerned)

The **dates** of the fieldwork

**Which documents to prepare** for the fieldwork



During the phase of fieldwork, the auditors will verify the documentation underlying the submitted cost claims. The fieldwork will end with an **exit meeting**



# Ex-post audits Process

## Audit Fieldwork



Lack of cooperation during the audits may lead to cost rejections and/or grant reductions.

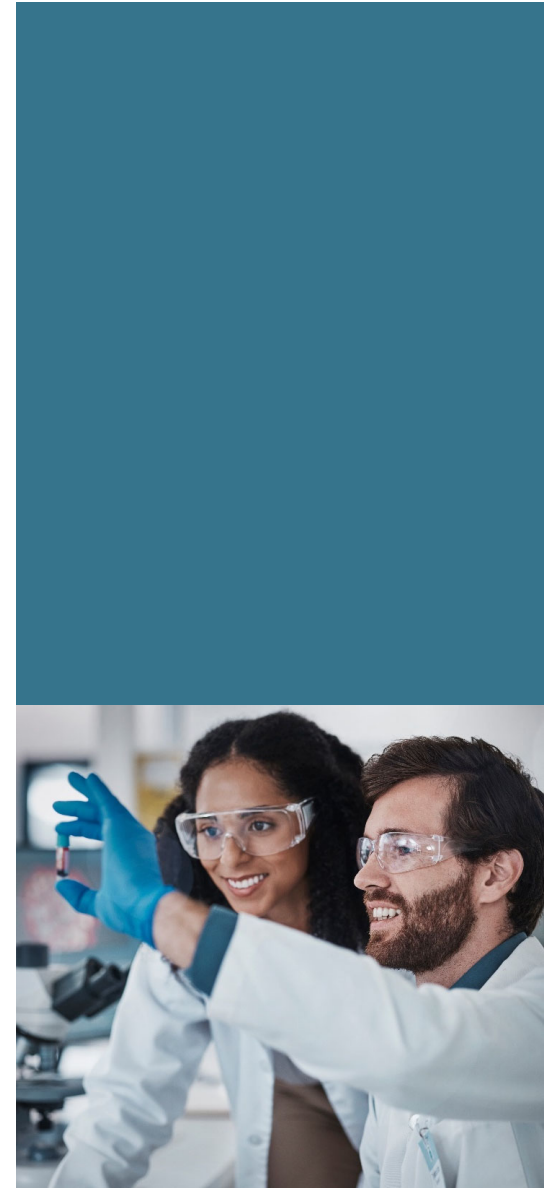
### **Rejection of costs (Art.27)**

Costs considered ineligible following payment claims, terminations, checks, audits or extensions of audit findings

### **Grant reduction (Art. 28)**

In case substantial errors, irregularities or fraud/serious breach of GA obligations or in other Gas

Other non-compliance measures: chapter 3 of GA



# Ex-post audits Process

What can you do if you are **not** in agreement with the audit findings?

1

**During the fieldwork**, the auditors will start preparing potential findings and ask for complementary information

→ **Respond** to their request

2

**At the end of the fieldwork**, the **closing meeting** takes place. At this meeting, the auditors will elaborate on the main conclusions of the audit

→ **Clarify** outstanding issues

3

A **Draft Audit Report** will be submitted by the Commission to the beneficiary for the **formal contradictory procedure**. **Ask for advice, if needed.**

→ **Provide** the required information

- Use these opportunities to comment on findings
- Respond to the auditors timely





# Ex-post audits Process

## Closure of the audit and Letter of Conclusion

- Following the contradictory procedure and several quality checks, the auditors will issue a **Final Audit Report** and a **Letter of Conclusion**. These documents detail the **outcome** of the audit.
- The audit can either **result** in (detected error):
  - **Positive** adjustments in favour of the beneficiary
  - **Negative** adjustments
  - No adjustments
- Findings can be either **systemic/recurrent** or **non-systemic/non-recurrent**.
  - **Systemic**: *inherently related to the beneficiary's methodologies, accounting, management or internal control practices*. If there are **negative findings**, which are of a **systemic/recurrent nature**, the **extension procedure** will be launched (90 days to reply)



# Ex-post audits Process

## Closure of the audit: Extension

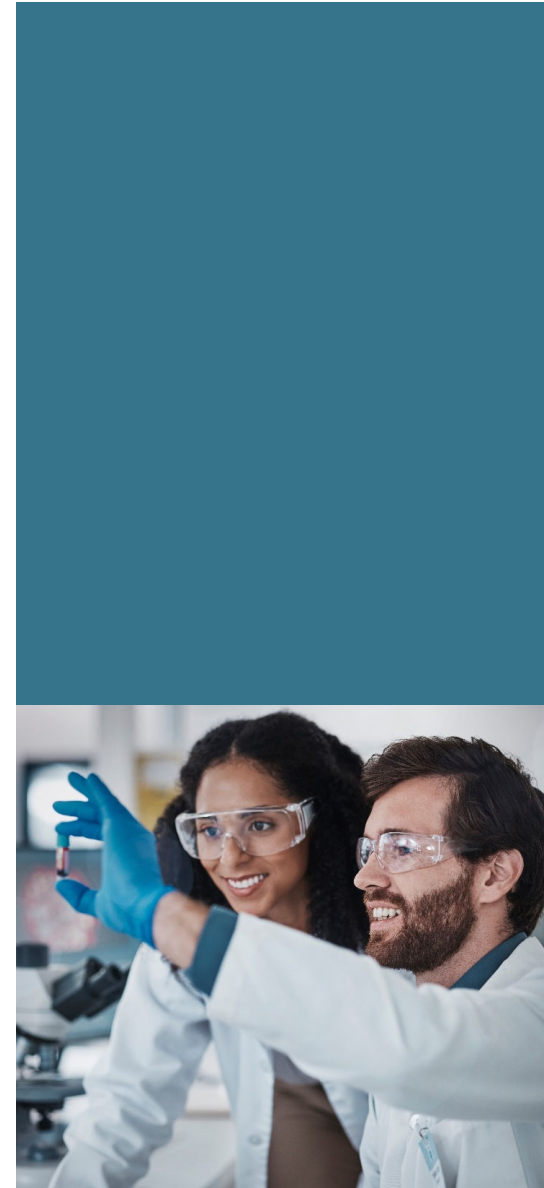
If there are **negative findings**, which are of a **systemic/recurrent nature**, the **extension** procedure will be launched. **The error rate will be extended to** unaudited **cost claims** of the same beneficiary (also for other Granting Authorities).

The Letter of Conclusion will invite the beneficiary to:

1. Choose the correction method
2. Identify and justify the scope of the extension (which projects and periods)

If the beneficiary **does not respond within 90 days**, the overall flat rate may be applied by default by the implementing Granting Authority.

**LOC does not express a final position on the financial impact of audit (JU decision)**



# Ex-post audits

## Lessons learnt

Avoid Errors by making sure that:

- You are not declaring budgeted or estimated time;
- Best value for money & no conflict of interest;
- Keep records and documentation (Art 20, Record Keeping)



Do not wait for an audit!

- Be diligent and keep evidence from the FIRST DAY OF THE PROJECT
- Claim actual costs and declare all cost items
- Follow your usual accounting practice



# Thank you for your attention



Visit our website

Follow us on  

Co-funded by  
the European Union

