

**EUROPEAN COMMISSION**  
DIRECTORATE-GENERAL FOR RESEARCH & INNOVATION

Directorate J – Common Support Centre  
**J.2 – Common Audit Service**  
The Head of Unit

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**REGISTERED MAIL**

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Chief Executive  
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B-1040 Brussels

**Subject: Role of the auditor in Certification of Financial Statements and Methodology in Horizon 2020 EC grants**

Dear Mr Killesse, dear Mr Boutellis-Taft,

I would like to thank FEE for meeting me and my colleagues on 21 November 2013 and for your letter of 17 December 2013 on the Role of the auditor in Certification of Financial Statements and Methodology in Horizon 2020 EC grants.

Let me apologise for this late reply.

I am very grateful about your willingness to help to raise awareness on Horizon 2020 in general and within the audit profession more particularly. In addition, your comments and proposals kept my full attention.

As you know the Horizon 2020 Model Grant Agreements' package including the Certificate on the Financial Statements (CFS) and of the Methodology (CoMUC), which were established under the responsibility of the research-related Directorate-Generals, was formally adopted last December 2013.

In your letter you correctly emphasized the importance of achieving clarity and simplicity in our Horizon 2020 documentation. Indeed, the Horizon 2020 Framework Programme aimed at ensuring three key objectives – integration of support to innovation, coherence of the rules and simplification for the benefit of participants.

The rules established a common legal frame for the formerly separated research (FP) and innovation (CIP) programmes. Moreover, as a general principle they will equally apply to all other Horizon 2020 funding bodies such as the Article 185 TFEU initiatives, the Joint Technology Initiatives and the European Institute of Technology. Great care has been taken

to ensure coherence of this legal frame with all other EU funding programmes. To this end the Rules have been strongly aligned to the new Financial Regulation which entered into force in January 2013 and which is applicable to all EU funding programmes. Finally, the Rules foresee the possibility of cumulative funding between Horizon 2020 and other EU funding programmes.

The rules have been simplified to take into account the stakeholders' preference for the reimbursement of actual costs, including:

- simpler reimbursement of direct costs, with a broader acceptance of the beneficiaries' usual accounting practices;
- the possibility of using unit personnel costs (average personnel costs) in accordance to the beneficiaries' usual cost accounting practices;
- abolition of time-recording obligations for staff working exclusively on an EU project, and simplification of time-recording requirements for other staff by providing a clear and basic set of minimum conditions;
- indirect costs covered by a single flat-rate applied to the direct costs; removing a major source of financial errors and complexity;
- two funding rates but only one predetermined rate applicable to all activities in the same project: one project – one rate;
- lump sums, prizes, output based funding for specific areas where this has proved appropriate;

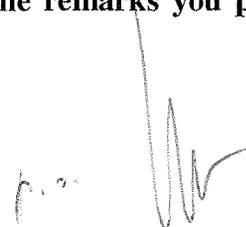
The Guide to Financial Issues, Guidance Notes for Beneficiaries and Auditors, the quick guide and other information present in CORDIS provided and the awareness campaigns launched under FP7 shows how important it is for the Commission to provide orientation and explanations to all stakeholders on the applicable provisions.

**The Commission also envisages providing as much guidance as possible to stakeholders on the Horizon 2020 legal and financial rules during the implementation of the framework programme.**

**I think that there will be opportunities for a close cooperation and I hope we can count on your availability in providing valuable input to different technical debates, as it was the case in FP7.**

**Please find in annex some more detailed comments to the remarks you provided in your letter dated 17 December 2013.**

Yours sincerely,



Marc BELLENS

Enclosures: Annex 1 – Detailed comments

Annex 2 – Annexes 5 and 6 of the Horizon 2020 Grant Agreement