

Audit of financial supervision of national alternate funding for Horizon 2020

State Secretariat for Education, Research and Innovation

Key facts

Following the vote in favour of the initiative on large-scale immigration on 9 February 2014, the European Union (EU) withdrew Switzerland's full participation in the Horizon 2020 research framework programme (H2020). Many Swiss researchers thus found themselves excluded from project consortia. In June 2014, the Federal Council decided to directly finance Swiss participation in projects relating to H2020 programmes no longer receiving money from the European Commission (EC) by means of a project by project financing method. Switzerland's status without full association lasted from September 2014 to the end of 2016. The last requests for commitments for new projects will arrive at State Secretariat for Education, Research and Innovation (SERI) in 2018. Due to the multi-year duration of the projects, SERI estimates that it will have to finance and supervise around 1,000 projects involving almost CHF 600 million until around 2024.

The Swiss Federal Audit Office (SFAO) examined SERI's supervision of H2020 projects. The overall audit findings were good even though there is room for improvement in some areas. In particular, the SFAO believes that SERI will have to change its working procedures from 2018 if it wishes to continue its supervision in a satisfactory manner without increasing its headcount. The number of financial reports to be checked will increase substantially from 2018. The SFAO believes that it is possible to reduce the scope of checks without significantly raising the risks for SERI.

Budget planning is correct, but there is no overview

The 2018 budget and 2019–2021 financial plans were prepared correctly. SERI is aware of the uncertainties that could call into question the forecasts made.

At the time of the audit, however, SERI did not have any reports providing an overall view of the projects and the progress made. Target setting and better exploitation of the potential of its database (ProFund) should improve this weakness. Developed specially to manage H2020 projects, ProFund is good, but improvements are still needed to fully meet users' needs.

Sufficient organisational measures at present, existence of an internal control system

Since 2014, direct funding for H2020 projects has involved organisational measures and the hiring of additional staff. Some employees should receive specific training on supervision. Moreover, the resources will no longer be sufficient from 2018 unless the current control procedures are changed.

An internal control system has been established, but it is not yet supervised and is not always correctly applied. SERI has good tools, but the system's key component contains some weaknesses and should be improved.

Simple measures to improve the effectiveness of the resources committed

SERI has already put in place measures to classify projects into four categories and to tailor the intensity of checks to the existing risks. However, the SFAO has proposed additional measures such as the setting of materiality thresholds, the elimination of certain checks and spot checks for all project categories. These measures will make it possible to optimise the commitment of resources.

Reduce the scope of checks without significantly increasing the risks

The supervision concept established by SERI allows for good coverage of H2020 project risks. The current check procedures should be maintained as long as possible, as they have a doubly beneficial effect on subsidy beneficiaries: formative and preventive.

When the flow of reports to be reviewed becomes too large, however, it will be necessary to change approach. In order to continue to supervise H2020 projects satisfactorily without increasing staff numbers, certain measures will need to be taken: segmenting the report population differently and changing the intensity of checks on certain project categories. Resources should be dedicated primarily to large projects, as they are the riskiest in financial terms. In contrast, the commitment to small and medium-sized projects will have to be reduced. By following the guidelines provided in this SFAO report, SERI will be able to reduce the volume of checks without significantly increasing the risks associated with the supervision of H2020 projects.

Original text in French