



Audit and combination of financial instruments

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COMBINATION GRANTS AND FI IN ONE SINGLE OPERATION

Art. 58(5) CPR

Legal requirements

- A **single funding agreement** for grants and FI
- Grant **linked** and **necessary** for the implementation of FI to be justified at FI level and not for each individual investment
- **Grant lower** than the value of the investments supported by the **financial products** (e.g. 60 capital rebate, 30 eligible expenditure for guarantees, 100 guaranteed loans -> 60 to be compared with 100)
- Both distinct forms of support provided by the body implementing FI
- **FI rules apply**

Audit aspects

- Verify that the need and the implementation modalities are translated into **one funding agreement**
- Verify the existence of a justification for the **grant linked & necessary to the FI** (i.e. in the ex-ante assessment or other equivalent document)
- Verify that the programme support in the form of grant \leq the value of the investments supported by the financial product:
 - to be done at the level of the fund and not at the level of each investment, and
 - to be complied with in the final accounting year.
- Check that **FI rules are applied** during implementation

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Key principles of combination:

- Possibility to **use capital rebates**
- The **sum of all forms of support** \leq total amount of the expenditure item concerned
- Grants cannot be used to reimburse support from FI
- FI cannot be used to pre-finance the grants
- **Separate records** should be kept for each source of support
- The **rules for VAT** for the grant part are the same as the general rules for grants for VAT.

Audit aspects

- Check the **fulfilment of conditions** to activate the **capital rebates**
- Verify that there is no **double support**
- Verify **separate records** are kept for each form of support by the body implementing FI
- Check **eligibility of VAT** (grant < 5 mil., VAT eligible; grant > 5 mil., VAT not eligible)



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