



Payments – avoiding the assurance gap

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SPECIFIC ELEMENTS FOR FI IN PAYMENT APPLICATIONS

Article 92 CPR

Legal requirements

- **NEW: no more** payments in **tranches**. Payments made based on reimbursement of expenditure incurred
- **No change**: in case of **implementation by the MA directly** (Art. 59(1)), eligible expenditure incurred is declared to the Commission
- **New approach** to submitting payment applications when FI **implemented under responsibility of MA** (Art. 59(2)): possibility of an advance payment application up to 30% of the funding agreement to be cleared no later than final accounting year
Appendix I of Annex XXIII to be disclosed

Audit aspects

- **Audit of advance**: no verification of incurred expenditure, but:
 - Verification that the payment of the programme contribution to the FI was done before the request of the first payment application;
 - Verification that the amount claimed in the first payment application is \leq 30% of the amount of programme contribution committed under the relevant funding agreement.
- **Audit of subsequent payment applications** is audit of eligible expenditure
- Verify that the **amount claimed** in the first payment application (up to 30%) was **cleared no later than the final accounting year**

SAMPLING

Requirements

- **Significant simplification** => no tranches
- **Total error rate from audits of operations** => on the basis of **expenditure declared to the EC**
- The same rules like for grants are applicable
- Stratification remains optional

Audit aspects

- **Audit population** = **Advance (Art 92) + incurred expenditure (FI + grants)**
- The **advance cleared** will not be covered by the population for Total error rate calculation (additional audit work needed)



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