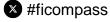


Verifying eligible expenditure – support is 'to be' used for intended

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VERIFYING FI ELIGIBILITY RULES

Key principles

- Same principles as in 14-20: eligibility of final recipients and underlying investments as defined in CPR/National rules/FA/financing contract
- NEW! The eligibility of the use for support for intended purposes is prospective (Annex XIII CPR, section II, point 10)
- Checking the eligibility of investments remains the responsibility of the bodies implementing the FIs
- Focus on the documentation collected during the application process ex-ante
 of the signature of the investment agreement with the final recipient 'normal banking practice' may vary in relation to the detail of documentation
 required by the bodies implementing FIs

SPECIFIC FI ELIGIBILITY RULES

Annex XIII CPR

Legal requirements

- Fl is to be used for intended purpose, typically detailed in the loan agreement or business plan or credit risk assessment
 - No verification of invoices but "standard banking practice" to be observed

! Avoid gold-plating

 Funding Agreement should clearly set out the structured application process and supporting documentation that will be required to support the FI audit trail

Observations / Recommendations with/without financial impact

Audit aspects

- Check "is to be used for its intended purpose":
 - Focus mainly on ex-ante verifications for the intended purpose
 - Forward looking evidence such as funding agreement/ business plan or equivalent, assessment by HF/SF (i.e., investment decision)
 - Understand the "banking practice" and check the control and monitoring system of the MA and the body implementing IF
 - Check the verifications made by the body implementing FI confirming ex-ante, at the moment of the investment decision, that the investment is to be used for its intended purpose

CONTINUATION OF FLACROSS TWO CONSECUTIVE PERIODS

Art. 68(2) CPR

Legal requirements

- Continuation of the existing Fls from the current period to the next one and/or from post-2020 to the subsequent one under 3 cumulative conditions: (i) Fl continues from previous period; (ii) legal and financial agreements have been made to ensure the continuation; (iii) the eligible expenditure related to one period is declared to the Commission only during that period.
- Possibility to update existing agreements by end 2023 but ensure the selection conditions are still met

Observations / Recommendations with/without financial impact

Audit aspects

- Verify the fulfilment of cumulative conditions
- Verify that the conditions for direct award are still fulfilled (in case of direct award) OR that the rules of the PP directives are respected (in case of competitive selection)







Thank you!

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