



Audit and control in Financial instruments 2014-2020

Directorate-General Regional and Urban Policy

AA control level (1)

- Perform system audits and audits of operations
- Systems audit to focus on controls carried out by each of the bodies implementing the FI
- Audits of operations:
 - include a sample of disbursed investments / management costs and fees
 - stratify FIs in a sample for audits of operations;
 - further sampling advise in the audit methodology
- Restrictions apply to FIs managed by EIB/IFIs (improvements by Omnibus)

AA control level (2)

- No audit at final recipient level (restrictions of Art. 40(3) CPR)**
- During implementation, verification that the thresholds for the payment of the tranches are respected (Art. 41(1)(c) CPR)**
- Recommendation, if possible, to audit all FIs at closure taking into account the previous audits, to confirm the eligibility of expenditure**

MA/IB control level

Main responsibilities:

- **For ex-ante analysis, strategies, funding agreement**
- **To ensure FoF/Financial intermediary complies with its obligations:**
 - **To obtain and review lists of eligible expenditure (administrative verification)**
 - **To review implementation reports from the level below and audit reports**
 - **To perform on the spot verifications (FoF and/or financial intermediary level), based on risks identified (depth increased horizontally/vertically)**
- **To ensure existence of an appropriate audit trail at any agreed level (MA/FoF/FInterm.)**

FoF control level

Main responsibilities

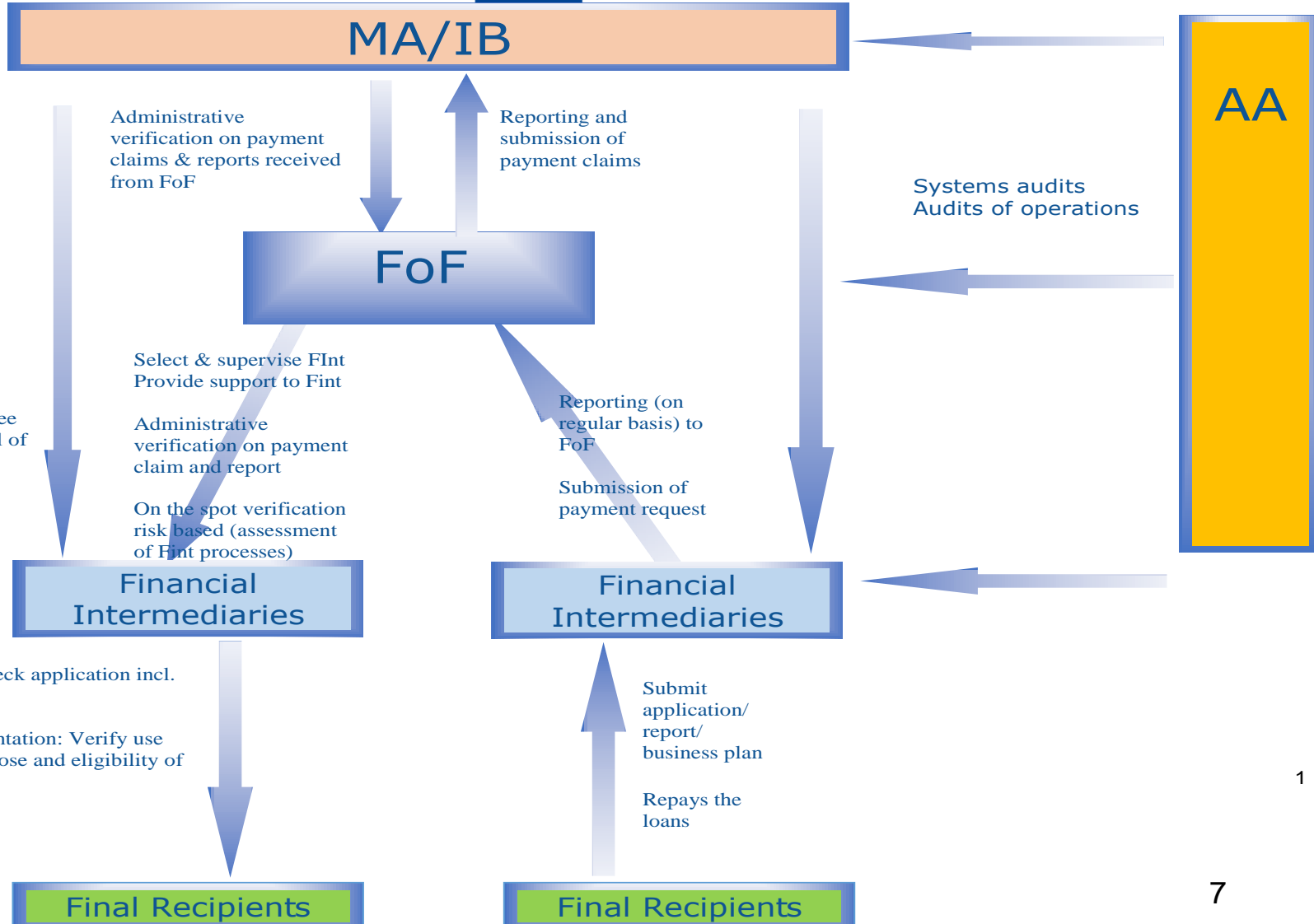
- **To select and supervise financial intermediaries**
- **To clearly indicate in the funding agreements the obligations of the financial intermediaries**
- **To verify compliance with these obligations through:**
 - **Administrative verification: receive and review reports and lists with eligible expenditure from financial intermediaries (part could be automated)**
 - **On the spot verification (at financial intermediaries level) to assess adequacy of procedures and review of a sample of files from final recipients (risk based or random)**

Financial intermediary control level

- **Responsibility for disbursement of funds to final recipients (loans/guarantee/equity)**
- **Eligibility check**
 - **In line with the funding agreements which should have translated the eligibility criteria agreed in the programmes**
 - **Eligibility of investment and of final recipient (application phase); use for intended purpose (implementation phase)**



European Commission



In the context of guarantee funds, checks at the level of bodies delivering the underlying new loans.

At appraisal: Check application incl. business plan
During implementation: Verify use for intended purpose and eligibility of expenditure



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Thank you!