

# INTERREG 2 Seas Mers Zeeën

2014-2020

## First Level Control Manual

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## 1. Introduction

### 1.1. Purpose and objective of this manual

Although Member States' first level control systems can be different, a clarification and harmonization of procedures regarding several issues are needed in order to better ensure a sound and successful implementation of First Level Control.

This manual aims at:

- providing the First Level Controllers with some guidance regarding the checks to be performed on the expenditure claimed by the organizations they are to control,
- providing information on how to perform the control into the Programme Electronic Exchange Platform (EEP).

This manual intends to ensure First Level Controllers comply with applicable European Regulations and the INTERREG 2 Seas Programme rules.

It shall be read together with the INTERREG 2 Seas Programme Manual where all Programme rules concerning the eligibility of the expenditure are set out in detail.

### 1.2. Terminology

The terms audit and control (and thus auditor and controller) are not interchangeable since they refer to two different categories of controls.

The word **control** refers to the check performed by the first level controller (FLC) in compliance with Article 23(4) of Regulation (EU) N° 1299/2013 of the European Parliament and Council (EC) on specific provisions for the support from the ERDF to the European Territorial Cooperation goal.

The duty of the first level controllers designated by the Member States is to validate the expenditure declared by each beneficiary participating in the **operation**<sup>1</sup>.

The word **audit**, or Second Level Auditing (SLA), refers to the checks performed in compliance with Article 127 of Regulation (EU) N° 1303/2013 of the European Parliament and of the Council, Article 25 of Regulation (EU) N° 1299/2013 and Article 27 of Commission Delegated Regulation (EU) N°480/2014.

The duty of the second level auditors is to carry out the audits on projects on the basis of an appropriate sample to verify the declared expenditure.

The word **error** refers to all ineligible expenditure found before they were included into the application for payment to the European Commission (mostly detected by First Level Controllers, Joint Secretariat-JS and Certifying Authority-CA).

The word **irregularity** refers to an attempt to claim ineligible expenditure (whether deliberately or accidentally).

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<sup>1</sup> The term operation stands for project. The two terms, operation and project, are by all way equivalent.

According to Article 2 (36) of Regulation (EU) 1303/2013, “irregularity means any breach of Union law, or of national law relating to its application, resulting from an act or omission by an economic operator involved in the implementation of the ESI Funds, which has, or would have, the effect of prejudicing the budget of the Union by charging an unjustified item of expenditure to the budget of the Union.”

An irregularity refers to all ineligible expenditure found after they were included into the application for payment to the European Commission (mostly detected by First Level Controllers during on-the-spot checks and during Second Level Audits/Controls).

## 2. Legal framework

The granting of a project by the European Regional Development Fund (ERDF) is principally submitted to the following EU Regulations:

- **Regulation (EU) N°1303/2013** of the European Parliament and of the Council of 17 December 2013 laying down common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund and laying down general provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund and repealing Council Regulation (EC) N°1083/2006.
- **Commission Implementing Regulation (EU) N° 821/2014** of 28 July 2014 laying down rules for the application of Regulation (EU) N° 1303/2013 of the European Parliament and of the Council as regards detailed arrangements for the transfer and management of programme contributions, the reporting on financial instruments, technical characteristics of information and communication measures for operations and the system to record and store data.
- **Commission Delegated Regulation (EU) N° 480/2014** of 3 March 2014 supplementing Regulation (EU) N°1303/2013 of the European Parliament and of the Council laying down common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund and laying down general provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund.
- **Regulation (EU) N°1299/2013** of the European Parliament and of the Council of 17 December 2013 on specific provisions for the support from the European Regional Development Fund to the European territorial cooperation goal.
- **Commission Delegated Regulation (EU) N°481/2014** of 4 March 2014 supplementing Regulation (EU) N°1299/2013 of the European Parliament and of the Council with regard to specific rules on eligibility of expenditure for cooperation programmes.
- **Regulation (EU) N°1301/2013** of the European Parliament and of the Council of 17 December 2013 on the European Regional Development Fund and on specific provisions concerning the Investment for growth and jobs goal and repealing Regulation (EC) N°1080/2006.
- **Commission Regulation (EU) N°651/2014** of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty.
- **Commission Regulation (EU) N°1407/2013** of 18 December 2013 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to *de minimis* aid.

More particularly:

Article 125(4) of Regulation (EC) No. 1303/2013 of the European Parliament and of the Council states that “the managing authority shall verify that the co-financed products and services have been delivered and that expenditure declared by the beneficiaries has been paid and that it complies with applicable law, the operational programme and the conditions for support of the operation.”.

Article 125(5) of Regulation (EC) No. 1303/2013 of the European Parliament and of the Council states that “verifications [...] shall include the following procedures: a) administrative verifications in respect of each application for reimbursement by beneficiaries; b) on-the-spot verifications of operations”.

Article 23(4) of Regulation (EC) No. 1299/2013 of the European Parliament and of the Council stipulates that “[...] **each Member State shall designate the body or person responsible for carrying out such verifications in relation to beneficiaries on its territory (the “controllers”)**”.



### 3. First Level Control: general context

#### 3.1. What is First Level Control?

The main aim of the First level control is to provide a guarantee for the Member State itself but as well to the Managing and Certifying Authorities (MA/CA) and the European Commission (EC) that projects costs are accounted for and claimed in accordance and in compliance with the legal and financial provisions of the EC Regulations, the national applicable rules, the INTERREG 2 Seas rules, the approved Application Form, the Subsidy Contract and the Partnership Agreement.

Moreover, it must ensure that the project accounts comply as well with the legal and financial obligations of each organization involved in the project, according to both its own legal status and the relevant national legislation.

Each beneficiary must have its own First Level Controller for the verification of the expenditure paid and claimed by that beneficiary.

First Level Control is an integral part of the overall control system. **It is the base of the pyramid structure of the checks and constitutes the most important level of the overall project audit.**

A First Level Controller is the first independent body who is responsible at the level of the Programme for ensuring that 100% of the expenditure declared by the beneficiaries comply with the rules and is therefore eligible, legal and regular.

Moreover, on the top of having knowledge of 100% of the expenditure claimed by the beneficiary, the FLC knows the Member State's rules.

Thus, the FLC can detect irregular expenditure and correct them before they are declared to the European Commission.

The First Level Control shall guarantee that:

- the beneficiary has a sound financial management and control system
- the declared expenditure relates to the activities carried out as stipulated in the last approved version of the Application Form
- the expenditure is in line with the European, national and Programme eligibility rules.

#### 3.2. Responsibilities

##### 3.2.1. At Member States' level

Each Member State is responsible for:

- a) **Setting up its First Level Control system: for the INTERREG 2 Seas Programme, 3 First Level Control systems are in place.**
- Belgium-Flanders has implemented a Centralised system for First Level Control.
  - The Netherlands and UK have implemented a Decentralised system.
  - France has a Decentralised system, but based on a short list of FLC organizations.

#### **b) Designating the First Level Controllers:**

Each Member State having opted for a Decentralised system has designated a Central Approval Body in charge of the approval of the First Level Controllers.

#### **c) Ensuring the quality and effectiveness of the First Level Control**

Some Quality Checks on First Level Control will be implemented in the Member States.

##### **3.2.2. At Lead Partner's level**

In compliance with Article 13 (2) of the Regulation (EC) N°1299/2013, each Lead Partner is responsible for ensuring that the expenditure declared by the Project Partners participating in the operation has been incurred for the purpose of implementing the operation and corresponds to the activities agreed among the partnership.

##### **3.2.3. At First Level Controller's level**

Each First Level Controller is responsible for ensuring that controls are carried out in accordance with Article 23(4) and (5) of Regulation (EC) N°1299/2013 and Article 125 (4)(a) and (b) and Article 5 of Regulation (EC) N°1303/2013.

##### **3.2.4. At Managing Authority's level**

The Managing Authority shall satisfy itself that the expenditure of each beneficiary participating in an operation has been verified by approved designated First Level Controller. This role is in compliance with the provisions set by Article 23(4) of Regulation (EC) N°1299/2013.

#### **3.3. Role of the First Level Controller**

Good public auditing practice requires that the responsibility between the project management and the First Level Controller (FLC) is well defined.

The project management is responsible for and in charge of:

- Ensuring compliance with the principles of sound financial management
- Establishing appropriate administrative systems and internal control system
- Documenting that the funds have been applied in accordance with the EU and Programme requirements
- Preparing the Partner financial claim

It is the FLC's responsibility to:

- Review and assess whether the management has complied with its obligations to ensure reliability, accountability and traceability of the expenditure
- Review and assess that the controlled beneficiary has complied with all relevant applicable EU, national, internal and Programme eligibility rules (including public procurement)
- Identify and certify the eligible amount of expenditure claimed by the beneficiary

### 3.4. Typologies of controls to be performed within First Level Control

In compliance with Article 125(5) of Regulation (EC) No. 1303/2013, 3 different types of controls are to be performed for First Level Control:

- The administrative check (please refer to Section 3.4.1)
- The on-the-spot administrative check (please refer to Section 3.4.2)
- The on-the-spot physical check (please refer to Section 3.4.3)

#### 3.4.1. The administrative check

This type of check is **to be performed each time the beneficiary has submitted a financial claim**.

It can (but not compulsorily) be performed at the First Level Controller's office and is therefore considered as a desk-based check.

This typology of check will have to be performed by the FLC directly in the Programme Electronic Exchange Platform (EEP).

**100% of the expenditure claimed by the beneficiary must be checked by the FLC.**

Actions to be performed by a First Level Controller in relation to this typology of control:

- Ensure that each cost claimed is supported by probative documents. As no supporting documentation will be available in the EEP system itself, this shall be directly provided by the beneficiary to the FLC. It is up to the FLC to agree with the controlled beneficiary about the format of the documentation to be supported (paper copies, electronic copies, Excel files with calculations...).
- Check 100% of the costs declared (compliance with EU, Programme, national and internal eligibility rules)
- Decide, for each single cost, to:
  - o **validate** the amount claimed
  - o **modify** the amount claimed (meaning, for example, that following a miscalculation at beneficiary level, the FLC can partially validate and therefore reduce or increase the amount claimed)
  - o **reject** the full cost claimed
- Fill in an on-line control checklist containing questions which guide the FLC throughout the control
- Download, sign and upload in the EEP system a Certificate of Validation of Expenditure for each financial claim checked.

#### POINTS OF ATTENTION AND RECOMMENDATIONS

The Joint Secretariat systematically performs an admissibility check on each submitted financial claim. This means that each completed FLC checklist is read and analysed in depth.

Please find below the JS' points of attention and recommendations emanating from the checks performed on the first rounds of submitted financial claims:

First of all, as a basic principle, in order to avoid the JS having to send requests for clarifications to the LP/FLC or to isolate costs claimed (although validated by the FLC), the JS would like to invite FLCs to:

- a. pay full attention to the questions
- b. refer to the Application Form prior to answering certain questions from the checklist

- c. bring clear and appropriate answers and comments and ensure these are coherent throughout the whole document

**These recommendations are particularly crucial for the questions relating to the verifications on staff costs.**

In accordance with Fact sheet 8 of the Programme Manual, staff costs can be claimed:

- as a 20% flat rate of direct costs other than staff costs and office and administrative costs or
- as real costs (several calculation methodologies could apply, depending on which basis the employee works on the project).

For each of these cases, some specific questions are to be answered in the control checklist to guide the FLC throughout the control and to ensure a solid and reliable result.

Unfortunately, quite a substantial number of FLCs does not answer correctly to the first question checking whether the 20% flat rate applies or not.

As a consequence:

- there is a wrong answer relating to the appropriate staff costs methodology that shall be implemented
- a list of questions does not appear and is therefore not answered by the FLC
- there is no assurance at Programme level that the costs claimed are in line with EC requirements and eligibility rule, which leads the JS to isolate some costs.

**The JS strongly invites the FLC to:**

- **pay attention to the staff cost option chosen by the partner organisation in the AF**
- **ensure there is coherence between the AF and the way staff costs are being declared in the financial claim.**

Shall the FLC detect a lack of coherence, the FLC is to take the appropriate actions.

The FLC shall also use the “comments” box to explain the issue and to detail the actions taken to correct the error made by the partner organisation.

**More information on how to use the FLC administrative checklist can be found under Section 6.**

**3.4.2. The on-the-spot administrative check**

The on-the-spot administrative check is additional and complementary to the “regular” administrative check.

The JS proposes hereafter some guidance that FLCs are recommended to take into consideration in order to implement a solid and representative on-the-spot check.

In order to be reliable and considered admissible, an on-the-spot administrative check shall therefore:

**a. Be performed at least once during the project life well after the project start, but not too late**

Indeed, if the control is undertaken at the beginning of the project, the FLC will not have enough claims to check; while if the control is undertaken too late, the beneficiary will not have sufficient time to implement the corrections (and the risk of irregular expenditure claimed to the EU budget, with consequent possible audit findings, would be too high).

As such, for defining the most adapted moment to undertake the on-the-spot check, the following two conditions should be simultaneously fulfilled before the FLC undertakes the check:

- 2 Financial claims (at least) validated and reimbursed by the Programme** to the controlled beneficiary,
- 2/3 of the project life** (not too much before, not too much after) have been implemented

**b. Show a representative controlled amount compared to the expenditure amount declared to the Programme**

The identification of the expenditure basis for the check should also combine simultaneously the following two elements:

- 50% or more of the claimed and reimbursed** expenditure shall be checked
- all the budget lines** in which expenditure has been claimed (and reimbursed) shall be checked

**c. Be implemented on the basis of a solid methodology**

3 possible options are proposed:

- ✓ OPTION 1: the control is carried out on a 100% check of the total expenditure **claimed and reimbursed** by the Programme up to now
- ✓ OPTION 2: the control is carried out on a 100% check of one specific financial claim **already reimbursed by the Programme**
- ✓ OPTION 3: the control is carried out on a sample basis on expenditure claimed in several financial claims **already reimbursed by the Programme**

**Whatever method is chosen by the FLC, the main requirements are to check at least 50% of the expenditure claimed and reimbursed by the Programme and to cover all budget lines used by the beneficiary till the time of the control.**

**Expenditure related to claims submitted but not yet reimbursed by the Programme shall not be included in the cumulative expenditure amounts.**

**The expenditure checked shall only consist of expenditure already claimed and reimbursed by the Programme.**

**d. Be undertaken at the controlled beneficiary's premises**

The FLC shall check the existence of the **original** supporting documentation to costs claimed and other items which cannot be verified when implementing a desk-based check (such as separate accounting system, archiving, audit trail requirements, public procurement documentation, etc.).

**e. Integrate a contradictory phase**

The on-the-spot administrative check is integrating a **contradictory phase**, which is a period of time allocated to the controlled organization in order to provide answers and/or supporting documentation following findings and/or recommendations made by the First Level Controller.

**f. Be implemented by using a specific control checklist**

The Programme has developed a specific Excel control checklist to be used by the First Level Controller, available under the following link: <http://bit.ly/2BnNypc>

**More information on how to use the FLC on-the-spot administrative checklist can be found under Section 9.**

### 3.4.3. The on-the-spot physical check

The on-the-spot physical check shall **only** be performed **if the beneficiary has planned some infrastructure and construction works – BL6** (in which case the on-the-spot physical check is mandatory)

The aim of this on-the-spot physical check is:

- to verify the progress and the reality of the infrastructure/construction work
- to check the compliance of the investment with EU, national and Programme eligibility and publicity rules

The on-the-spot physical check is additional to:

- the “regular” administrative check
- the on-the-spot administrative check

This means that when a beneficiary is involved in infrastructure and construction works, 3 distinct checks shall be performed by the FLC

In order to be reliable and considered admissible, an on-the-spot physical check shall therefore:

**a. Be implemented during the last 6 months of the project life and in any case before the last financial claim is submitted by the concerned beneficiary.**

**b. Show, in case of sampling, a representative controlled amount compared to the expenditure amount claimed and reimbursed by the Programme (option 1) or compared to the amount declared to the Programme (new option 2)**

**c. Be implemented on the basis of a solid methodology**

2 possible options are proposed:

- ✓ **OPTION 1:** the control is carried out on expenditure **claimed and reimbursed** by the Programme up to now under BL6

*Please note that for this option, if the controlled expenditure leads to an irregularity, it must be included in the OTS physical checklist in the section dedicated to this purpose (i.e. "List of irregular expenditure" section).*

- ✓ **! NEW OPTION 2:** the control is carried out on expenditure **declared** under BL6 **but not yet submitted to the Programme**

*Please note that for this option, if the controlled expenditure leads to an ineligible amount, it must directly be corrected from the claim and therefore not be reported in the OTS physical checklist (as corrected in a claim).*

*Still if the amount deemed ineligible and rejected from the claim was to have an impact on costs already claimed and reimbursed by the Programme, then any irregular amount on already reimbursed costs shall be reported in the OTS physical checklist in the section dedicated to this purpose (i.e. "List of irregular expenditure" section).*

**Expenditure related to claims submitted but not yet reimbursed by the Programme shall not be included in the cumulative expenditure amounts. This is applicable for the two proposed options.**

**Until January 1, 2023, the expenditure checked only consisted of expenditure already claimed and reimbursed by the Programme.**

**Since January 1, 2023, with the new proposed option 2, expenditure declared in claims not yet submitted to the Programme can be checked.**

**Please note that the OTS physical checklist has been adapted in order to integrate option 2.**

**Please also note that for controls in progress and preceding this rule amendment, the rules before January 1, 2023 prevail. The previous version of the OTS checklist remains valid.**

**For future controls that have not started yet, please use the new available revised OTS physical checklist.**

**d. Be undertaken at the place where the infrastructure/construction work is located**

**e. Integrate a contradictory phase**

The on-the-spot physical check is integrating a **contradictory phase**, which is a period of time allocated to the controlled organization in order to provide answers and/or supporting documentation following findings and/or recommendations made by the First Level Controller.

**f. Be implemented by using a specific control checklist**

The Programme has developed a specific Excel control checklist to be used by the First Level Controller, available under the following link: <http://bit.ly/2lpojZZ>

**More information on how to use the FLC on-the-spot administrative checklist can be found under Section 10.**

### **3.5. Compulsory national FLC seminars**

National First Level Control seminars are organized by each National Authority.

These seminars are regularly organised during the whole programming period in each Member State having opted for a decentralised FLC system. The Joint Secretariat (JS) can take part in these seminars.

All approved First Level Controllers must participate to these seminars as they ensure:

- A deep and standardised training regarding EU, national and Programme rules
- A detailed presentation of the requirements for the eligibility of expenditure
- A detailed presentation of the FLC tasks and responsibilities
- A detailed presentation of the Programme documents
- An interactive session for any specific question/issue and for good practice exchange



#### 4. The different levels of controls (other than First Level Control)

	Second Level Audits (SLA)	Certifying Quality Control (CQC)	Quality Control on First Level Control	Third Level Audits (TLA)
Responsible Authority	<b>Audit Authority (AA)</b> [externalized]	<b>Certifying Authority (CA)</b>	<b>National Central Approval Body (CAB) or National Authority</b>	<b>DG REGIO, OLAF, Court of Auditors, others.</b>
Who is concerned?	Projects are randomly selected by the <b>Audit Authority</b> each year. A letter of notification will be sent in advance to the selected beneficiaries.	2 Projects (LP + 1PP) are randomly selected per year by the <b>Certifying Authority</b> A letter of notification will be sent in advance to the selected beneficiaries.	In a decentralized control system (UK, NL, FR), First Level Controllers are selected by the <b>national Central Approval Body</b> .  In a centralized control system (BE/FL), the quality and efficiency of the First Level Control is checked by <b>the National Authority</b> .	Projects are selected by the <b>Auditing Body</b> . A letter of notification will be sent in advance to the selected beneficiaries.
Perimeter of the control	<b>Second Level Controls are performed at the beneficiary's premises.</b>  The audit is relating to the expenditure which has been declared to the European Commission (EC) within the previous year and is mainly focusing on: <ul style="list-style-type: none"> <li>• The conformity between the activities and expenditure undertaken and what has been planned within the last version of the approved Application Form</li> <li>• The availability of all original supporting documentation</li> <li>• A check on the correct application of the Programme rules (calculation of staff costs, revenues...) and on the eligibility of the expenditure claimed</li> </ul>	<b>Certifying Quality Controls are performed at the CA premises.</b>  The CA is requesting the controlled beneficiaries to provide all supporting documentation relating to a specific reporting period (under electronic format).  Some checks are performed regarding : <ul style="list-style-type: none"> <li>• The completeness of the supporting documentation provided and the existence of a sound audit trail</li> <li>• The evidence of the link between the costs claimed and the project activities</li> <li>• The efficiency of the First Level Control performed</li> <li>• Eligibility of expenditure claimed</li> </ul>	<b>Decentralized Control System (UK, NL, FR)</b>  The Central Approval Bodies are to check in their respective Member State that the First Level Controllers they have approved respect their commitments and implement an effective and efficient check on items which shall compulsorily be controlled.  The quality of the documents filled in by the FLCs during the control is to be verified towards the Member State and Programme requirements.	<b>TLA may have different purposes, targets and procedures according with the auditing bodies and their missions.</b>  DG REGIO audits on First Level Control are carried out per Member State.  The audit is relating to the expenditure which has been declared to the European Commission (EC).  DG REGIO auditors perform a deep check mainly on the following items: <ul style="list-style-type: none"> <li>• The respect of the Public Procurement procedures and Publicity requirements</li> <li>• The efficiency and reliability of the First Level Control performed</li> </ul>

	<ul style="list-style-type: none"> <li>• The respect of the Public Procurement procedures and Publicity requirements</li> <li>• The existence of a sound audit trail (archiving, original probative documentation and obvious link between costs claimed and project activities)</li> <li>• The efficiency of the First Level Control performed</li> </ul>		<p><b>Centralized Control System (BE/FL)</b></p> <p>The National Authority is to check in that the First Level Controllers at central level respect their commitments and implement an effective and efficient check on items which shall compulsorily be controlled.</p> <p>The quality of the documents filled in by the FLCs during the control they implemented is to be verified towards the Member State and Programme requirements.</p>	<ul style="list-style-type: none"> <li>• The eligibility of expenditure claimed</li> <li>• The existence of a sound audit trail (archiving, original probative documentation and obvious link between costs claimed and project activities)</li> <li>• A check on the correct application of the Programme rules (calculation of staff costs, indirect costs, revenues...)</li> </ul>
<b>General process</b>	<p>A draft audit report is produced by the auditors following the audit, containing, if appropriate, findings / recommendations addressed to the concerned parties (at beneficiary and FLC).</p> <p>2 types of findings can be addressed by the auditors:</p> <ul style="list-style-type: none"> <li>- <b>Sub-system findings</b> (related to the functioning of the sub-system, stating if the irregularities detected are only formal or if they have or could have a financial consequence)</li> <li>- <b>Expenditure findings</b> (related to the declared expenditure)</li> </ul> <p>The audited bodies will bring answers, additional information and/or documentation to the JS in the framework of the contradictory phase.</p> <p>The answers will be provided to the auditors who will analyze them and give a final opinion.</p>	<p>A draft control report is produced by the CA following the control, containing, if appropriate, comments and requests addressed to the concerned parties.</p> <p>The controlled beneficiaries will bring answers, additional information and/or documentation to the JS in the framework of the contradictory phase.</p> <p>The answers will be provided to the Certifying Authority. The answers will be analyzed and the CA will give a final opinion.</p> <p>A final control report will be produced and provided to the controlled beneficiaries.</p> <p>If there are some financial corrections, these are to be implemented by the JS in the framework of the following payment claim. In case the project is already</p>	<p>A draft control report is produced following the control, containing, if appropriate, comments and requests addressed to the First Level Controllers.</p> <p>The FLCs will bring answers, additional information and/or documentation in the framework of the contradictory phase.</p> <p>A final control report will be produced and provided to the controlled FLCs.</p> <p>Quality checks might bring the auditing bodies to express recommendations for corrective and preventive measures and actions. The Programme partners (National Authorities and CAB) will support the JS and the MA in ensuring that these recommendations are being timely implemented by the beneficiaries located in their territories.</p>	<p>A draft audit report is produced by the auditors following the audit, containing, if appropriate, findings / recommendations addressed to the concerned parties (audited beneficiaries and FLCs).</p> <p>The audited beneficiaries will bring answers, additional information and/or documentation to the JS in the framework of the contradictory phase.</p> <p>The answers are provided to the auditors who analyze them and give a final opinion.</p> <p>A final audit report is produced and provided to the respective audited beneficiaries.</p> <p>In case of necessary financial corrections, these are to be implemented by the JS in the framework of the following payment</p>

	<p>A final audit report will be produced and provided to the respective audited bodies.</p> <p>If there are some financial corrections, these are implemented by the Joint Secretariat (JS) in the framework of the following payment claim to be submitted or, if the project is already closed, in the framework of a recovery procedure.</p>	<p>closed, any regularization shall be done through a recovery procedure.</p>		<p>claim to be submitted or, in case of project closed, in the framework of a recovery procedure.</p>
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## 5. The reporting process

### 5.1. The reporting periods

As stipulated in Factsheet 6 of the Programme Manual (Section II, B, 1, a), **each project partner shall submit a minimum of 1 and a maximum of 4 consolidated financial claims per year**. Each beneficiary has to submit at least one financial claim per year.

The first project consolidated financial claim can be submitted by the Lead Partner at the first available deadline following the end of the Initiation stage.

**Deadlines** for claiming are **defined at Programme level** and apply to all projects.

The following four annual deadlines apply:

- 31<sup>st</sup> January
- 30<sup>th</sup> April
- 31<sup>st</sup> July
- 31<sup>st</sup> October

By these deadlines, the Lead Partner of each project shall have submitted a consolidated Project Financial Claim in the EEP.

The partnership should therefore set up a series of internal deadlines between the LP and each partner to meet the above-mentioned Programme deadlines for the submission of the financial claims.

As such, **it is up to each partner to define also internal deadlines with its own FLC accordingly.**

It shall be noted that any costs reported in the EEP, verified by the FLC, and consolidated by the LP in a financial claim **beyond** a deadline will be **automatically included in the following claiming period.**

### 5.2. The reporting procedure

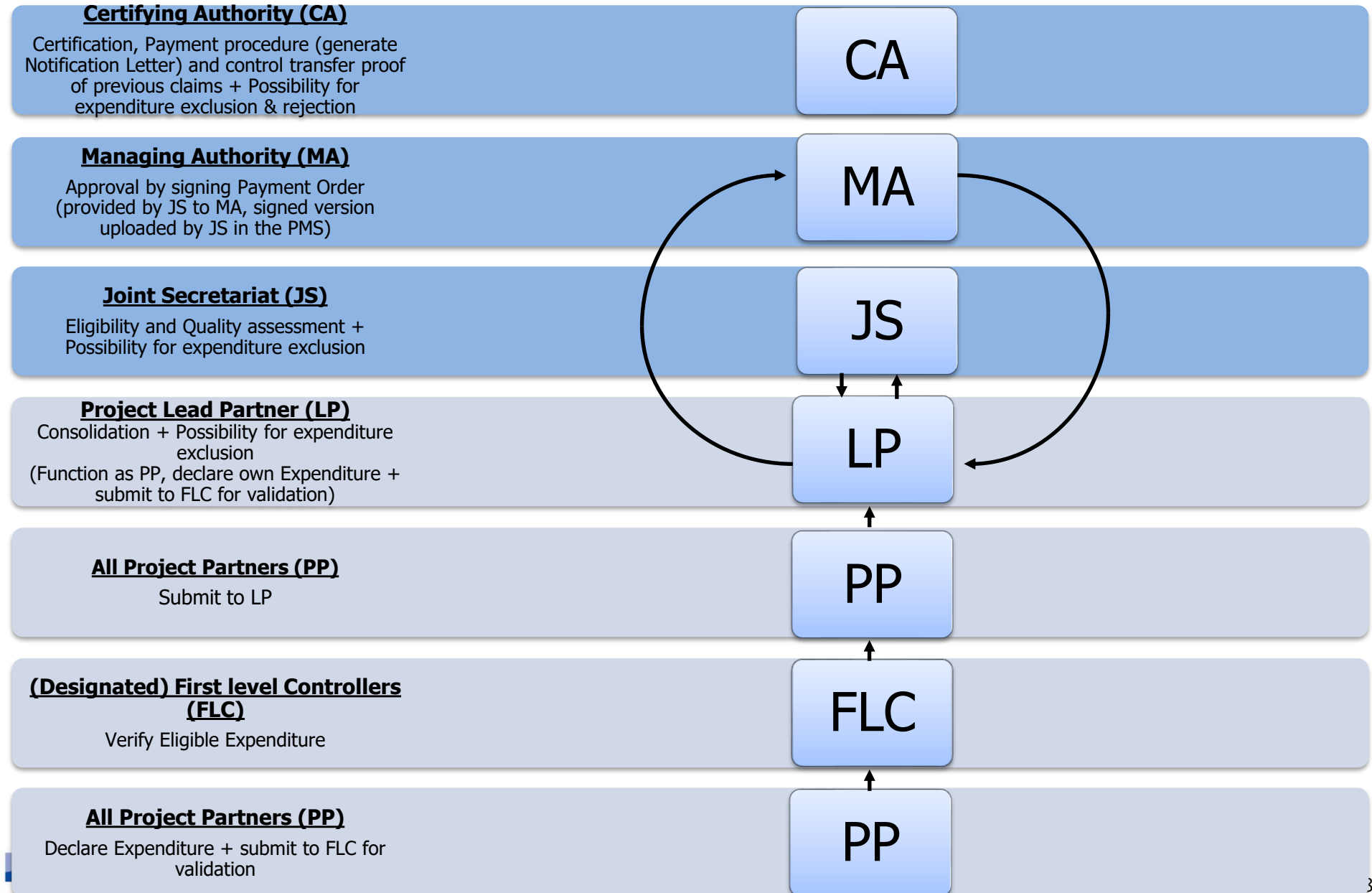
The claiming process is **100% paperless** and performed directly through the EEP in which each project partner and their FLC should work directly.

The Beneficiary financial claim consists of the following documents which are completed on-line in the EEP:

- List of Expenditure
- Partner declaration of expenditure

Once the beneficiary has completed his claim and submitted it in the EEP, then, the financial claim will be made available to the FLC.

### 5.3. Overview of the whole reporting process



## 6. How to start First Level Control in the EEP

### 6.1. Creation of the FLC's account in the EEP

- 1) Following the approval by the national Central Approbation Body, each FLC receives from the system an email with an activation link.  
Once the FLC has clicked on the link, the FLC's account in the system is activated.
- 2) The FLC will then receive a second email, providing a **login and password**.

Please note that it is possible to change the password once logged into the system. For more information on the steps to follow in order to change the password, refer to Section 8.1 of this guide.

### 6.2. Notification of a Partner Financial claim ready to be checked

The EEP messaging system will notify the FLC by email that a new claim submitted by #ProjectPartner in #ProjectAcronym is available for control.



### 6.3. Accessing the EEP

The access to the EEP is through the following link: <http://eep.interreg2seas.eu/>.

➔ The login page is now displayed:

## 6.4. Accessing a financial claim

Once the FLC has logged in the system, a list of projects in which the FLC is to act (if applicable) will appear.

→ The following overview page, listing all projects in which the FLC is involved, is now displayed:

Interreg 2 Seas Mers Zeeën

Active Project  
Acronym: SEnt (Financial Claim in progress) Index Number: 2S01-043

Dashboard | My Projects

Home > My Projects

+ New Project

Call: Please select Status: Please select Programme priority: Please select

Form type: Please select Keyword: Search

Index Number	Acronym	Title	Call	Programme priority	Form Type	Status
2S01-043	SEnt	Spark Social Enterprise	First Call	Technological and social innovation	AF	Financial Claim in progress

1) The FLC is to click on the line concerning a specific project. It then shows the project dashboard, displaying:

- The Project history
- The Partner Claims FLC
- The Document Center
- Project Users

Interreg 2 Seas Mers Zeeën

Active Project  
Acronym: SEnt (Financial Claim in progress) Index Number: 2S01-043

Dashboard | My Projects

Project History

Title	Version	Last Update
Application Form	1	[Redacted]
Application Form Annexes	1	[Redacted]
Notification Letter	1	JS 09/11/2015 18:10

Document Center

Download Change Filter

Name	Size	Created on
2S01-043-SSEnt_CN Consolidated Report.pdf	0 Bytes	14/04/2015
2S01-043-SSEnt_CN Final Recommendations Report.pdf	0 Bytes	07/05/2015
AF Confirmation.pdf	427.82 kB	17/07/2015
Application Form.pdf	0 Bytes	12/07/2015
Concept Note EN.pdf	0 Bytes	18/02/2015
Concept Note FR.pdf	0 Bytes	18/02/2015
Concept Note NL.pdf	0 Bytes	18/02/2015

Partner Claims FLC

Claim Code	Status	Last Update
2S01-043_PP02_Claim001	Reverted to FLC	[Redacted]
2S01-043_PP02_Claim002	Control work started	[Redacted]

Project Users

Application Form (Version 1) Modify Users

Number	Name of organisation in original language	Email	Status
LP		[Redacted]	Active
LP	Care Co-operatives Limited	[Redacted]	Active
LP	Care Co-operatives Limited	[Redacted]	Active
LP	Care Co-operatives Limited	[Redacted]	Active
FLC PP 2	West Sussex County Council	[Redacted]	Activation link expired



- 2) The FLC needs to click on the partner claim line to access to the pending financial claim, starting with the overview below.

**Interreg 2 Seas Mers Zeeën**

Active Project  
Acronym: SSEnt (Financial Claim in progress) Index Number: 2S01-043

Dashboard | My Projects

Home > Financial Claim FLC > 1. Cover Sheet

4. IPR, State Aid and Revenues 5. Budget Lines 6. Corrections List of Expenditure 7. FLC Certificate and Validation

1. Cover Sheet 2. Beneficiary Financial Claim 3. Horizontal Questions

Back to list

**Control checklist for the First Level Controller Administrative check**

**INSTRUCTIONS**

The First Level Controller (FLC) is required to fill in this checklist in the framework of the administrative check, for each financial claim submitted by the Project Partner. This checklist is a tool to guide the FLC along the control procedure and to provide the Programme Authorities with sufficient information about the administrative control done. The series of questions the FLC is to answer is variable, depending on the status of the controlled organisation and on the typology of costs claimed. The system is built in a way that questions that would not be applicable will not be displayed. This checklist is not an exhaustive tool. Therefore, the First Level Controller shall also note down all potential mistakes and irregularities concerning fields that would not be covered by the checklist. The JS strongly invites the controllers to use the ""comments"" section next to each question of the checklist to provide full information about the control done. In order to implement a full and correct control, you shall also check every item of expenditure claimed by the partner. Only the amounts validated by the First Level Controller are taken into account to calculate the total eligible amount claimed by the partner.

**Project data**

Project number: 2S01-043

Project acronym: SSEnt

Project title: Spark Social Enterprise

**First level Controller data**

Name and Surname: flic for step2 none

## 6.5. The Financial claim components

As it can be seen from the previous print screen, the Financial claim is actually containing **7 tabs**:

- Tab 1: Cover Sheet
  - Tab 2: Beneficiary Financial Claim
  - Tab 3: Horizontal Questions
  - Tab 4: IPR, State aid and Revenues
  - Tab 5: Budget Lines
  - Tab 6: Corrections List of Expenditure
  - Tab 7: FLC Certificate and Validation
- } Tabs 3, 4 and 5 are constituting the **FLC checklist**

The FLC directly enters into tab 1 "Cover Sheet".

### 6.5.1. Tab 1 "Cover Sheet"

This tab contains automatically pre-filled information relating to:

- The project data
- The First Level Controller's data
- The project Partner's data
- The control references

No data is to be inserted by the FLC under this tab.



Nevertheless, if the FLC detects an issue in the data indicated under this tab, he/she shall inform the Joint Secretariat (JS) as quickly as possible.

### 6.5.2. Tab 2 “Beneficiary Financial Claim”

This tab contains 2 parts that are also automatically pre-filled in the system via the information provided by the project partner in the declaration phase:

- The Overview Partner Financial Claim:

The table gives an overview of expenditure incurred and paid at Budget Line level and at Work Package level as declared by the beneficiary.

*This table is automatically filled-in by the system on the basis of the information provided by the beneficiary in the List of Expenditure AND of the implementation of the applicable exchange rate (more information on the exchange rate is provided under Section 6.5.3.b of the Manual).*

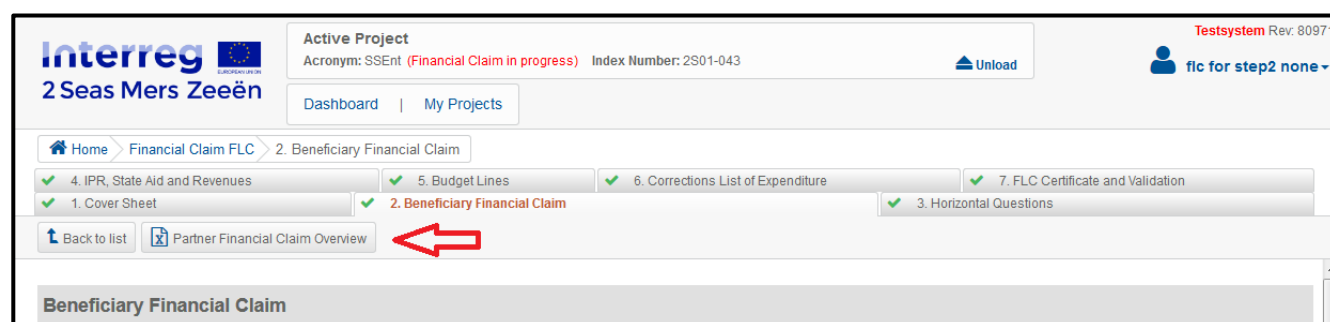
- The Reconciliation between expenditure and activities, outputs and results:

Some text information is provided by the beneficiary in the declaration phase.

This information aims at providing the First Level Controller with some elements explaining the link between the expenditure declared and the achievements per Work Package.

No data is to be inserted by the FLC under this tab.

The FLC can download the financial overview in Excel by clicking on the “Overview Partner Financial Claim” button.



Once the Excel file is downloaded, the FLC can see the following information from the 2 tabs:

- The Partner Financial Claim Overview:

A1

- The Reconciliation between expenditure and activities, outputs and results:

Reconciliation between expenditure and activities, outputs and results	
WP / Activities, outputs & results	How does the declared expenditure per Work Package relate to the project activities, produced outputs and results to be achieved?
WP0	How does the declared expenditure per Work Package relate to the project activities, produced outputs and results to be achieved?
WP1	How does the declared expenditure per Work Package relate to the project activities, produced outputs and results to be achieved?
WP2	How does the declared expenditure per Work Package relate to the project activities, produced outputs and results to be achieved?
WP3	How does the declared expenditure per Work Package relate to the project activities, produced outputs and results to be achieved?
WP4	How does the declared expenditure per Work Package relate to the project activities, produced outputs and results to be achieved?
WP5	How does the declared expenditure per Work Package relate to the project activities, produced outputs and results to be achieved?

### 6.5.3. Tabs 3 to 7: First Level Control tools in the EEP

The 2 previous tabs provided the FLC with some information regarding the amounts declared by the beneficiary, their partition amongst Budget Lines and Work Packages.

These first 2 tabs therefore constitute the starting point from which the First Level Control is to be implemented.

**Tabs 3 to 7 are tabs in which the FLC is to provide some informative elements on the results of the control performed.**

In order to have a performing, robust and qualitative First Level Control, the 2 Seas Programme has developed some tools at FLC's disposal.

These tools are:

**a) The FLC administrative checklist**

**The administrative FLC checklist is available in the EEP under Tabs 3, 4 and 5.**

The checklist is a tool to guide the First Level Controller along the control procedure and to provide the Programme Authorities with sufficient information about the administrative control performed. The 2 Seas FLC administrative checklist is composed of a series of questions which can differ from one project to another, from one beneficiary to another, from one financial claim to another, according to the status of the controlled organisation, of the typology of costs claimed... The length of the checklist is therefore variable.

The questions can only be answered by "Yes" or "No" and the FLC is to provide comments in the dedicated column.

<b>Tab 3 "Horizontal questions"</b>	Under this tab, the FLC is requested to answer to a series of questions relating to: <ul style="list-style-type: none"><li>- The completeness and accuracy of the Financial claim</li><li>- Public procurement</li><li>- Expenditure outside the Programme area</li><li>- Communication and dissemination</li><li>- Compliance with EU horizontal principles</li></ul>
<b>Tab 4 "IPR, State Aid and Revenues"</b>	Under this tab, the FLC is requested to answer to a series of questions relating to: <ul style="list-style-type: none"><li>- Intellectual Property Rights (IPR)</li><li>- State Aid</li><li>- Revenues</li></ul>
<b>Tab 5 "Budget Lines"</b>	Under this tab, the FLC is requested to answer to a series of questions relating to each Budget Line: <ul style="list-style-type: none"><li>- Budget Line 1: Staff costs</li><li>- Budget Line 2: Office and administrative expenditure</li><li>- Budget Line 3: Travel and accommodation</li><li>- Budget Line 4: External expertise and services</li><li>- Budget Line 5: Equipment</li><li>- Budget Line 6: Infrastructure and construction works</li></ul>

**Once all questions have been answered**, the FLC has the possibility to download the completed checklist in Excel by clicking on the "FLC Checklist" button in tab 7.

*More information on how to fill-in and to download the FLC administrative checklist is available under Section 7.6 of this Manual.*

## b) The List of expenditure

The List of Expenditure is available in the EEP under Tab 6.

The list of expenditure is a key document where the beneficiary reports, per Budget Line and Work Package, each individual cost paid in relation to the project.

It should be filled in by each beneficiary on a regular and ongoing basis.

Straight away, the FLC can see the following information:

Budget Line ▲	Work Package	Contract ID	Payment Date	Currency	Declared Amount (original currency)	Contribution Type	Claim Code	Total Validated Amount (original currency)	Status	
BL3	WP1	first contract	08/09/2016	EUR	1,200.00	cash	2S01-043_PP02_Claim001	1,200.00	VALIDATED	<input type="checkbox"/>
BL5	WP2	first contract	05/09/2016	GBP	2,200.00	cash	2S01-043_PP02_Claim001	50.00	MODIFIED	<input type="checkbox"/>
BL6	WP3		07/09/2016	GBP	10,500.00	cash	2S01-043_PP02_Claim001	0.00	REJECTED	<input type="checkbox"/>

Page 1 Items per page: | 25 | 50 | 100 | 200 | show all |

For each expenditure the following information is recorded in the system:

- Budget Line
- Work Package
- Internal Reference Number
- Supplier name
- Contract ID
- Invoice Number
- Invoice Date
- Payment Date
- Currency
- Net Amount (original currency)
- VAT (original currency)
- Gross Amount (original currency)
- Declared Amount (original currency)
- Cash/In-Kind
- Comments
- Claim Code

If the FLC wants to access to this detailed information, he/she shall:

- either download the List of Expenditure in Excel format as follows:

The screenshot shows the Interreg 2 Seas Mers Zeeën system interface. At the top, there's a header with the logo and 'Active Project' information: Acronym: SEnt (Financial Claim in progress), Index Number: 2S01-043, and an 'Unload' button. Below this is a navigation bar with 'Dashboard' and 'My Projects'. The main content area shows a breadcrumb trail: Home > Financial Claim FLC > 6. Corrections List of Expenditure. Below the breadcrumb, there are seven tabs: 1. Cover Sheet, 2. Beneficiary Financial Claim, 3. Horizontal Questions, 4. IPR, State Aid and Revenues, 5. Budget Lines, 6. Corrections List of Expenditure (highlighted with a red arrow), and 7. FLC Certificate and Validation. At the bottom, there's a button labeled 'List of expenditure'.

- or click anywhere on the concerned line to reach the information:

Expenditure

Project Partner declaration

Budget Line	BL3 Travel and accommodation	Work Package	WP1
Internal Reference Number	int number 1	Supplier Name	
Invoice Number	inv number1 11 / 100 characters	Contract ID	first contract
Invoice Date	08/09/2016	Payment Date	08/09/2016
Claim Code	2S01-043_PP02_Claim001		
Comment	my first comment 16 / 300 characters		

Financial Details

Currency	EUR	Contribution Type	cash
Net Amount (original currency)	1,000.00	VAT (original currency)	200.00
Gross Amount (original currency)	1,200.00	Declared Amount (original currency)	1,200.00

***The beneficiary enters the costs in the original currency in which the expenditure actually took place.***

***This means that costs can be declared in Euro (€), Pounds (£) or other currency.***

*The FLC does not have to perform any check on the correct application of the exchange rate, as this is automatically dealt with by the system.*

*Nevertheless, if the FLC wants to see the exchange rate applied, the information is available under tab 7 by clicking on the (i) icon: [Exchange rates](#)*

*Once the beneficiary has submitted a financial claim in the EEP, the system shall automatically apply the exchange rates where required, using the European Central Bank (ECB) average exchange rate of the month when the claim has been submitted to the FLC.*

*Even though the application of the applicable exchange rate is not visible in the List of Expenditure itself when the FLC downloads the List of Expenditure, the conversion is taken into account in the "overview of the financial claim" table under tab 2.*

*Any correction done by the FLC must be made using the original currency. The system will then apply the correct exchange rate.*

*More information on how the FLC can validate, modify or reject costs declared by the beneficiary is available under Section 7.7 of this Manual.*

### c) The FLC Certificate of validation of expenditure

#### **The FLC Certificate is available in the EEP under Tab 7.**

Once the FLC has completed his check on the declared expenditure and has validated an eligible amount (that can be different to the declared amount claimed by the beneficiary if some corrections have been implemented by the FLC), this eligible amount will automatically be reported by the system into the FLC Certificate of Validation of the Expenditure.

The FLC must sign and then upload the Certificate in the system.

By signing the Certificate, the FLC certifies the eligibility of the claimed expenditure towards the applicable European, Programme and national rules, and takes full responsibility on the efficiency and completeness of the checks performed.

As the scan signed version of the Certificate of validation of Expenditure is uploaded in the EEP, it is recommended that the FLC keeps the original signed version in his/her records for the audit trail.

## 7. Performing First Level Control in the EEP

Please refer to Section 3.4.1 of this guidance for more information on the administrative check.

### 7.1. Accessing to the Programme Manual

In order to be able to check the coherence between the costs claimed and the activities performed, the FLC is to be provided with a series of documents.

First, the FLC must have a copy of the **Programme Manual**, and particularly of **Factsheet 8**, dedicated to the Budget Lines and eligibility rules.

The Programme Manual is available on the Programme website in the 3 Programme languages, under the following links:

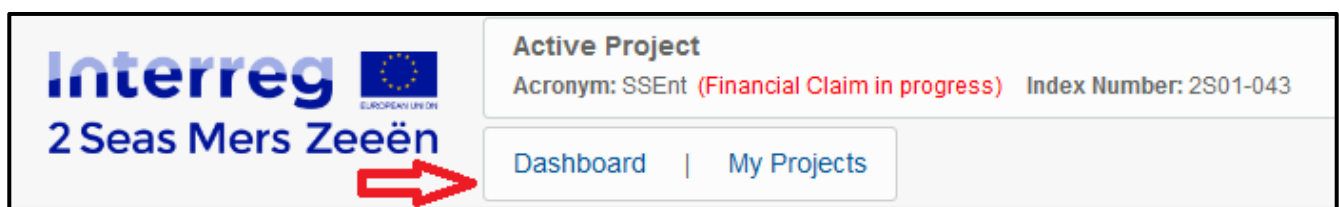
- <http://www.interreg2seas.eu/en/content/about-programme>
- <http://www.interreg2seas.eu/fr/contenu/propos-du-programme>
- <http://www.interreg2seas.eu/nl/inhoud/over-het-programma>

### 7.2. Programme contractual documents FLCs must download from the Document Center

The FLC shall **download some documents (pdf versions) from the “Document Center” in the EEP.**

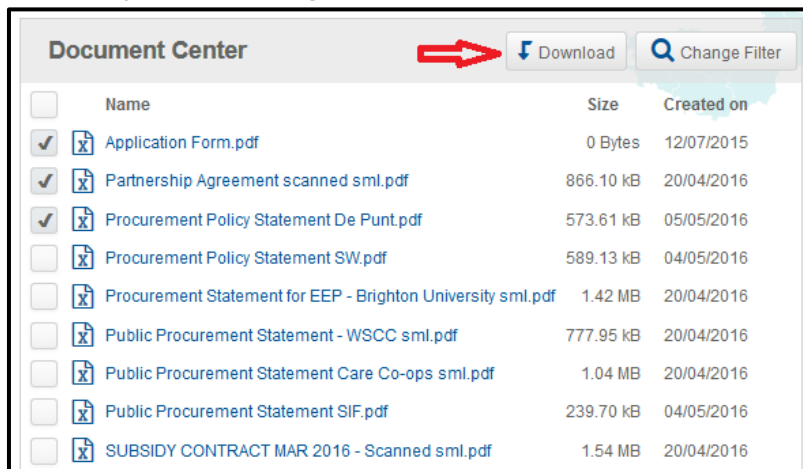
- The **signed Subsidy Contract** which determines the ERDF granting conditions for the whole partnership as represented by the Lead Partner
- The **signed Partnership Agreement** which defines the relations within the partnership in order to implement the project as indicated in the approved Application Form and in the Subsidy Contract.
- The **Public procurement policy** completed by the controlled organisation
- The last approved version of the **Application Form**

To access these documents, the FLC, once logged in the EEP (please refer to Section 6.2 of this Manual), must select the Project and then the Beneficiary Financial Claim to be controlled (please refer to Section 6.4 of this Manual) and will then click on the Dashboard button (as shown by the print screen below):

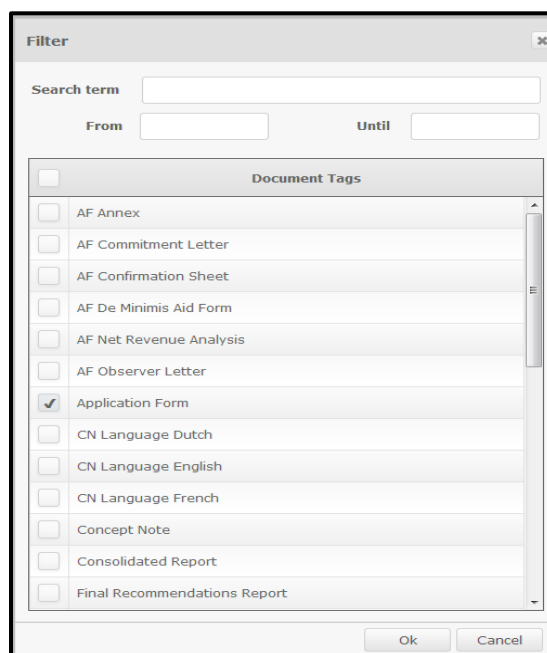


From there, the FLC goes to the “Document Center” box where a list of documents relating to the project is available.

The FLC shall tick the documents to be downloaded and click on “Download” (please note, that if more than one document is selected, a zip file containing all the selected documents will be downloaded).



Please, also note that to facilitate the browse of long lists, a “filter” option is available by document type, key word and date.



### 7.3. Supporting documentation

As already mentioned in Section 3.4.1, **no supporting documentation will be available in the EEP** system itself.

Therefore, **these shall be directly provided by the beneficiary to the FLC.**

As mentioned in the Programme Manual, Fact Sheet 6, Section II.B.1.b it is up to the FLC to agree with the controlled beneficiary about the format of the documentation to be supported (paper copies, electronic copies, Excel files with calculations...).



NB: It is strongly recommended that the FLC keeps a trace of the date of receipt of these supporting documents sent by the beneficiary.

#### 7.4. Elements of the Beneficiary Financial Claim to be downloaded from the EEP

The FLC shall go to **tab 2** “Overview Partner Financial Claim” and **download the financial overview** in Excel (please refer to Section 6.5.2 of the Manual).

At this stage, the FLC has a global vision of the costs declared by the beneficiary per Budget Line and per Work Package and also a text explanation of the project activities, produced outputs and results per Work Package.

To go further in the details of the individual costs behind these global amounts, the FLC needs to access to the **List of Expenditure** completed by the beneficiary.

The FLC shall go to **tab 6** and **download the List of Expenditure** in Excel (please refer to Section 6.5.3.b of the Manual).

The FLC now has a very detailed vision of each single cost declared by the beneficiary and therefore to be controlled.

#### 7.5. Performing the First Level Control

The FLC shall develop his/her personal control methodology, constantly going through:

- The Programme Manual
- The List of Expenditure (tab 6)
- The supporting documents
- The FLC administrative checklist (tabs 3 to 5)

The general process consists in checking each individual expenditure item reported in the List of expenditure and verify:

- its eligibility towards the applicable European, national, Programme, internal rules
- the supporting documentation that shall ensure a solid audit trail
- the direct link with the project

#### 7.6. Filling-in the FLC Administrative checklist

The checklist is meant to be a tool guiding the FLC in an in-depth control of a series of crucial aspects (*please refer to Section 6.5.3.a of this Manual for general information on the purpose of the checklist*).

Therefore, it is recommended to fill-in the document during the implementation of the control.

##### 7.6.1. How does the checklist work out?

The checklist is structured around several crucial control points for which there is a list of detailed questions that are being asked to the FLC.

Each subsequent question depends on the answer brought to the previous one. So answers are conditioning the whole series of questions.

- This means that for example if a FLC is approved for two different beneficiaries in the same project, the questions asked may be different.

The advantage of such a concept is that the FLC does not have to read and so to answer to questions that are not applicable to the situation. The checklist is fully adapted to the context.

This is the reason why there are only 2 possible answers per question: "YES" or "NO".

### 7.6.2. Typologies of questions

#### a) The standard questions

In this case, if the FLC answers for example to a question by "YES", the system will display a subsequent question; but if the FLC answers by "NO", then the system will display a different subsequent question.

#### b) The questions requesting a comment from the FLC

For these particular questions the FLC chooses one of the 2 possible answers but one of these answers is requesting some explanations/clarifications from the FLC in the dedicated "comments" section.

A message will appear straight away requesting the FLC to justify the answer.

No subsequent question will be displayed until a comment is being brought.

#### c) The "blocking" questions

For these particular questions only one of the 2 possible answers is correct; if the other (non-acceptable) answer is provided by the FLC, this indicates a serious issue.

If the FLC was to answer with the non-acceptable answer, a message would appear straight away providing the FLC with instructions/guidance.

The FLC is to take some measures (implementation of financial correction for example).  
No subsequent question will be displayed until the problem is being dealt with and solved by the FLC.  
Once the problem is solved, the FLC shall afterwards revise the initial YES/NO answer brought so that the next question can be displayed.  
The FLC shall also explain in the "Comments" box how the problem has been solved.

### 7.6.3. Tab 3 – Horizontal questions

Under this tab, the FLC is requested to answer to a series of questions relating to:

#### The completeness and accuracy of the Financial claim:

*Please refer to the Programme Manual, Factsheet n°3 (Section IV.C.10 & 12) and Factsheet n°8 (Section II.J & L)*

This covers 2 fields of control:

- The correct identification of the controlled organisation and particularly a check of the VAT status and consequent impact on the cost declared
- The general accounting and contractual checks

## Public procurement

Please refer to the Programme Manual, Factsheet n°12

Before accessing to a series of questions guiding the check relating to the applicable procurement rules, a table is displayed listing the procurements carried out by the controlled organisation in the framework of the project (there is 1 line per procurement).

**Any procurement above the applicable EU threshold must be reported in the table.**

In addition, the beneficiaries are also recommended to report all the other procurements below the EU threshold and to fill-in this table on an ongoing basis.

The data contained in the table has been provided by the beneficiary:

- The contract ID
- The contract type
- The contract amount
- The procedure used
- The supplier's name
- Comments

The screenshot shows the 'Interreg 2 Seas Mers Zeeën' application form. At the top, it indicates 'Active Project' with acronym 'SSEnt' and index number '2S01-043'. The form is divided into sections: 'Dashboard' and 'My Projects'. The 'My Projects' section shows a progress bar with steps: 1. Cover Sheet, 2. Beneficiary Financial Claim, 3. Horizontal Questions, 4. IPR, State Aid and Revenues, 5. Budget Lines, 6. Corrections List of Expenditure, and 7. FLC Certificate and Validation. The '3. Horizontal Questions' section is currently active. Below this, there is a table titled '2. Public procurement' with the following columns: Contract ID, Contract Type, Contract Amount, Currency, Procurement Procedure Used, Supplier Name, and Comment. The table contains one row with the following data: Contract ID: first contract, Contract Type: public, Contract Amount: 100,000.00 €, Currency: EUR, Procurement Procedure Used: (blurred), Supplier Name: (blurred), and Comment: no comment.

The data in the table will remain available for all subsequent financial claims, for the FLC and the Programme Authorities to keep trace of the overall situation regarding public procurement.

Please note that **apart from the procurements above the EU threshold**, the registration of the procurements below the EU threshold is not compulsory, but strongly recommended. Therefore, the FLC shall not reject a cost related to procurement for the sole reason that this procurement is not listed in the table.

## Expenditure outside the Programme area

Please refer to the Programme Manual, Factsheet n°3 (Section III.B)

The FLC needs first to check in the Application Form if the controlled beneficiary is located inside or outside the Programme area.

Together with the first question, **a table is displayed** providing:

- The claimed amount of expenditure outside the Programme area in €

When completing the Partner financial claim, the beneficiary indicates the amount of the expenditure incurred for activities outside the programme area (if applicable).

The costs are reported in the original currency and the system automatically aggregates data and makes the conversion into €.

**If the beneficiary is located outside the Programme area, then all costs claimed by this beneficiary will be considered outside the Programme area too.**

- The validated amount by the FLC in €

To start with, the figures are identical in both boxes (claimed and validated amounts).

**If the beneficiary is located outside the Programme area, once the FLC has finished the whole control on the expenditure,** the “Validated amount by the FLC” box will automatically be updated by the system.

2 situations can therefore occur:

- Situation 1: the FLC did not make any correction on that beneficiary following his control, then the same amount will be displayed in both boxes:

	CLAIMED amount by the PARTNER in €	VALIDATED amount by the FLC in €
Expenditure outside the Programme area	89,541.55	89,541.55

- Situation 2: the FLC did some correction on that beneficiary following his control, then the system will automatically calculate and report the FLC’s validated amount in the second box.


	CLAIMED amount by the PARTNER in €	VALIDATED amount by the FLC in €
Expenditure outside the Programme area	89,541.55	50,000.00

**If the beneficiary is located inside the Programme area,** following the FLC’s check, 2 situations can occur:

- Situation 1: **the FLC agrees** with the amount as indicated by beneficiary, then the same amount will already be displayed in both boxes. No additional action is to be performed by the FLC.

	CLAIMED amount by the PARTNER in €	VALIDATED amount by the FLC in €
Expenditure outside the Programme area	89,541.55	89,541.55

- Situation 2: **the FLC disagrees** with the amount as indicated by beneficiary, then the FLC shall **manually** report his revised amount directly in the “Validated amount by the FLC” box.

	CLAIMED amount by the PARTNER in €	VALIDATED amount by the FLC in €
Expenditure outside the Programme area	89,541.55	

## Communication and dissemination

Please refer to the Programme Manual, Factsheet n°14

## Compliance with EU horizontal principles

### 7.6.4. Tab 4 – Intellectual Property Rights (IPR), State Aid and Revenues

#### 7.6.4.1. IPR

Please refer to the Programme Manual, Factsheet n°13

#### 7.6.4.2. State Aid

Please refer to the Programme Manual, Factsheet n°11

#### 7.6.4.3. Revenues

Please refer to the Programme Manual, Factsheet n°10

Together with the first question, **a table is displayed** providing, per Work Package, the amount of revenues declared by the beneficiary.

**If the beneficiary has not generated any revenues**, the amount in both the “declared amount” and “validated amount” columns will be “0€”

WP Number	Revenue - DECLARED amount by the PARTNER in €	Revenue - VALIDATED amount by the FLC in €
WP0	0.00	0.00
WP1	0.00	0.00
WP2	0.00	0.00
WP3	0.00	0.00
WP4	0.00	0.00
WP5	0.00	0.00
TOTAL	0.00	0.00

**If the beneficiary has generated some revenues**, these will be reported in the corresponding Work Package(s).

2 situations can therefore occur:

- Situation 1: following his control, the FLC did not make any correction on the amount of revenues as declared by the beneficiary, then the same amount will be displayed in both columns.
- Situation 2: following his control, the FLC did some correction on the amount of revenues as declared by the beneficiary, then the system will automatically calculate and report the FLC’s validated amount of revenues in the second column.

### 7.6.5. Tab 5 – Budget Lines

Please refer to the Programme Manual, Factsheet n°8 for detailed explanation on the eligibility rules budget line per budget line.

There are 6 Budget Lines:

- Budget Line 1: Staff costs
- Budget Line 2: Office and administrative expenditure
- Budget Line 3: Travel and accommodation
- Budget Line 4: External expertise and services
- Budget Line 5: Equipment
- Budget Line 6: Infrastructure and construction works

For each Budget Line, there is a series of questions and a table indicating, per Work Package:

- **The amount declared by the beneficiary:** the amount is in € as the system has already converted the costs claimed in another currency in € as described in Section 6.5.3.b of this Manual.
- **The “Validated amount”** column will be completed automatically by the system once the FLC has completed his control work.

If the FLC has made some corrections in the List of Expenditure (this process is further described under Section 7.7 of this Manual), these will be automatically taken into account by the system (including the exchange rate application if applicable).

WP Number	BL5 - DECLARED amount by the PARTNER in €	BL5 - VALIDATED amount by the FLC in €
WP0	0.00	0.00
WP1	0.00	0.00
WP2	2,583.07	58.71
WP3	0.00	0.00
WP4	0.00	0.00
WP5	0.00	0.00
TOTAL	2,583.07	58.71

Each table (1 per Budget Line) is provided to the FLC for information; the FLC is not to report any amount directly into this table.

### 7.7. Validating, modifying or rejecting costs in the List of Expenditure

(please refer to Section 6.5.3.b of this Manual for general information on the purpose of the List of Expenditure).

The List of Expenditure is available under tab 6.

**If the FLC agrees with the amount declared by the beneficiary**, no particular action is to be performed in the EEP.

**If the FLC disagrees with a declared amount**, he/she needs to modify (Section 7.7.3 of this Manual) or to reject this cost (Section 7.7.4 of this Manual).

The corrections made by the FLC (modification or rejection) shall only concern costs included in the claim controlled. In case the FLC needs to make corrections relating to previous claims, he shall contact the JS (Lead and Reviewer Officers of the project concerned, Audit and Control Officer, Finance Unit Coordinator). The JS will provide further instructions on the steps to be taken and implement the corrections itself.

### 7.7.1. What does the List of Expenditure look like?

The FLC can filter and sort the information available in order to directly access to the costs targeted.

The available filters are the following:

**List of expenditure**

**Filter**

Budget Line  Currency  Amount

Work Package  Contribution Type  Payment Date

Search Term

Status  Contract ID  Claim Code

Once the FLC has defined the filters, the “Search” button shall be pressed and only the relevant results will appear on screen.

Independently of the filters, the expenditure can be sorted by clicking on the heading of the columns.

Budget Line	Work Package	Contract ID	Payment Date ▼	Currency	Declared Amount (original currency)	Contribution Type	Claim Code	Total Validated Amount (original currency)	Status	<input type="checkbox"/>
-------------	--------------	-------------	----------------	----------	-------------------------------------	-------------------	------------	--	--------	--------------------------

The last column of the document on the right-hand side indicates the status of the expenditure.

By default, each expenditure appears as validated. This means that in absence of a specific intervention by the FLC, the claim will be deemed as fully eligible.

Budget Line ▲	Work Package	Contract ID	Payment Date	Currency	Declared Amount (original currency)	Contribution Type	Claim Code	Total Validated Amount (original currency)	Status	<input type="checkbox"/>
BL3	WP1	first contract	08/09/2016	EUR	1,200.00	cash	2S01-043_PP02_Claim001	1,200.00	VALIDATED	<input type="checkbox"/>
BL5	WP2	first contract	05/09/2016	GBP	2,200.00	cash	2S01-043_PP02_Claim001	2,200.00	VALIDATED	<input type="checkbox"/>
BL6	WP3		07/09/2016	GBP	10,500.00	cash	2S01-043_PP02_Claim001	10,500.00	VALIDATED	<input type="checkbox"/>

Page 1 Items per page: [25](#) | [50](#) | [100](#) | [200](#) | [show all](#)

### 7.7.2. How to download the List of Expenditure?

The FLC can download the List of expenditure as completed by the controlled beneficiary in Excel by clicking on the “List of expenditure” button.

Interreg 2 Seas Mers Zeeën

Active Project  
Acronym: SSENT (Financial Claim in progress) Index Number: 2S01-043

Dashboard | My Projects

Home > Financial Claim FLC > 6. Corrections List of Expenditure

1. Cover Sheet 2. Beneficiary Financial Claim 3. Horizontal Questions  
4. IPR, State Aid and Revenues 5. Budget Lines 6. Corrections List of Expenditure 7. FLC Certificate and Validation

Back to list List of Expenditure

List of expenditure

### 7.7.3. How to make modifications in the List of Expenditure?

To modify a given expenditure, the FLC shall click on the concerned expenditure line.

Two sections will display:

- **The Project Partner Declaration + Financial details:** overview of the expenditure as submitted by the beneficiary (read only mode)
- **FLC modification:**

FLC modification

Budget Line: BL3 Travel and accommodation

Work Package: WP1

Contribution Type: cash

Eligible Amount (original currency): 1,200.00

Classification of Irregularity: Please Select

Comment: 0 / 300 characters

Save Cancel

What can the FLC modify?

- The Budget Line (because the FLC considers the cost should have been claimed under another one for example)
- The Work Package (for the same reason than above)
  - ⇒ These reasons do not necessarily have an impact on the amount declared and validated by the FLC.

Once the modification has been made, the FLC needs to "Save" the new data.

The FLC can also need to modify the "Eligible amount" (this can be done additionally or not to the modifications listed above).

In this case, the FLC needs to manually report in the system the amount deemed eligible and save.

Please note that the FLC can modify an amount of eligible expenditure by either reducing it or by increasing it.

**Each time the FLC modifies an expenditure, he/she needs to indicate the reason** behind it using a drop-down list under the "Classification of Irregularity".



Please refer to Section 7.7.5 of this Manual to access to the different typologies of irregularities.

Once the FLC has entered the modification in the system, the status of the expenditure (last column on the right-hand side) will indicate “modified”:

Budget Line ▲	Work Package	Contract ID	Payment Date	Currency	Declared Amount (original currency)	Contribution Type	Claim Code	Total Validated Amount (original currency)	Status	<input type="checkbox"/>
BL3	WP1	first contract	08/09/2016	EUR	1,200.00	cash	2S01-043_PP02_Claim001	500.00	MODIFIED	<input checked="" type="checkbox"/>
BL5	WP2	first contract	05/09/2016	GBP	2,200.00	cash	2S01-043_PP02_Claim001	2,200.00	VALIDATED	<input type="checkbox"/>
BL6	WP3		07/09/2016	GBP	10,500.00	cash	2S01-043_PP02_Claim001	10,500.00	VALIDATED	<input type="checkbox"/>

Page 1 Items per page: | 25 | 50 | 100 | 200 | show all |

#### 7.7.4. How to reject costs in the List of Expenditure?

Each time the FLC rejects an expenditure, he/she needs to indicate the reason behind it using a drop-down list under the “Classification of Irregularity”.

Please refer to Section 7.7.5 of this Manual to access to the different typologies of irregularities.

The screenshots below explain:

- The chronological steps to be followed

Budget Line ▲	Work Package	Contract ID	Payment Date	Currency	Declared Amount (original currency)	Contribution Type	Claim Code	Total Validated Amount (original currency)	Status	<input type="checkbox"/>
BL3	WP1		08/09/2016	EUR	1,200.00	cash	2S01-043_PP02_Claim001	1,200.00	VALIDATED	<input checked="" type="checkbox"/>
BL5	WP2		05/09/2016	GBP	2,200.00	cash	2S01-043_PP02_Claim001	2,200.00	VALIDATED	<input type="checkbox"/>
BL6	WP3		07/09/2016	GBP	10,500.00	cash	2S01-043_PP02_Claim001	10,500.00	VALIDATED	<input type="checkbox"/>

Page 1 2 25 | 50 | 100 | 200 | show all |

Classification of irregularity  Reject selected 3 Reset selected

- How to verify that the system actually took into account the rejection

Budget Line ▲	Work Package	Contract ID	Payment Date	Currency	Declared Amount (original currency)	Contribution Type	Claim Code	Total Validated Amount (original currency)	Status	<input type="checkbox"/>
BL3	WP1	first contract	08/09/2016	EUR	1,200.00	cash	2S01-043_PP02_Claim001	0.00	REJECTED	<input checked="" type="checkbox"/>
BL5	WP2	first contract	05/09/2016	GBP	2,200.00	cash	2S01-043_PP02_Claim001	2,200.00	VALIDATED	<input type="checkbox"/>
BL6	WP3		07/09/2016	GBP	10,500.00	cash	2S01-043_PP02_Claim001	10,500.00	VALIDATED	<input type="checkbox"/>

Page 1 Items per page: | 25 | 50 | 100 | 200 | show all |

- How to cancel a rejection (if this has been done by mistake for example)

Budget Line ▲	Work Package	Contract ID	Payment Date	Currency	Declared Amount (original currency)	Contribution Type	Claim Code	Total Validated Amount (original currency)	Status	
BL3	WP1	first contract	08/09/2016	EUR	1,200.00	cash	2S01-043_PP02_Claim001	500.00	MODIFIED	<input type="checkbox"/>
BL5	WP2	first contract	05/09/2016	GBP	2,200.00	cash	2S01-043_PP02_Claim001	0.00	REJECTED	<input checked="" type="checkbox"/>
BL6	WP3		07/09/2016	GBP	10,500.00	cash	2S01-043_PP02_Claim001	10,500.00	VALIDATED	<input type="checkbox"/>

Page 1 Items per page: 25 | 50 | 100 | 200 | show all |

Classification of irregularity   2 ➡

Budget Line ▲	Work Package	Contract ID	Payment Date	Currency	Declared Amount (original currency)	Contribution Type	Claim Code	Total Validated Amount (original currency)	Status	
BL3	WP1	first contract	08/09/2016	EUR	1,200.00	cash	2S01-043_PP02_Claim001	500.00	MODIFIED	<input type="checkbox"/>
BL5	WP2	first contract	05/09/2016	GBP	2,200.00	cash	2S01-043_PP02_Claim001	2,200.00	VALIDATED	<input type="checkbox"/>
BL6	WP3		07/09/2016	GBP	10,500.00	cash	2S01-043_PP02_Claim001	10,500.00	VALIDATED	<input type="checkbox"/>

Page 1 Items per page: 25 | 50 | 100 | 200 | show all |

Classification of irregularity

### 7.7.5. How to justify the modification or the rejection of expenditure?

**Financial Details**

<p>Currency <input type="text" value="EUR"/></p> <p>Net Amount (original currency) <input type="text" value="1,200.00"/></p> <p>Gross Amount (original currency) <input type="text" value="1,200.00"/></p> <p><b>FLC modification</b></p> <p>Budget Line <input type="text" value="Please Select"/></p> <p>Contribution Type <input type="text" value="Please Select"/></p> <p>Classification of Irregularity <input type="text" value="Please Select"/></p> <p>Comment <input type="text"/></p>	<p>Contribution Type <input type="text" value="cash"/></p> <p>VAT (original currency) <input type="text" value="200.00"/></p> <p>Declared Amount (original currency) <input type="text" value="1,200.00"/></p> <p>Work Package <input type="text" value="WP1"/></p> <p>Eligible Amount (original currency) <input type="text" value="1,200.00"/></p>
--	--

Focus on the different typologies of irregularities:

Typology of Irregularity	To be selected when:
Audit trail	The expenditure is not supported by some probative document or if the FLC deems the documentation provided is not sufficient to validate the eligibility of the cost.
Public procurement	The beneficiary failed to apply the correct public tendering procedure or did not launch any procurement at all.

State Aid	The conditions of implementation of the State Aid regime under which the beneficiary has been approved are not respected.
Revenues	The declared amount of revenues shows some under claiming or if the declared amount is superior to the reality.
Information and Publicity	The costs declared are not in line with the applicable EU and Programme rules.
Simplified Cost Option	The implementation of the simplified cost option is not in line with the requirements.
VAT	The beneficiary should not have declared costs including VAT (because the beneficiary can recover VAT) or on the contrary, the beneficiary could have claimed costs with VAT and did not do it.
Link to project	No obvious and evidenced link can be made between the cost claimed and the project.
Miscalculation	The calculation methodology used by the beneficiary was not correct (for example on equipment not fully used for the project purpose).
Cost declared twice	One cost is declared in a claim but was already declared in a previous claim.
Double funding	One item is claimed but had already been financed in the past by EU funds.
Sound financial management	A cost claimed is not in line with the principle of sound financial management.
Other ineligible expenditure	To be used if none of the other listed categories of irregularity correspond to the issue met.

**If no typology of irregularity is indicated, the modification cannot be taken into account and a message will be displayed.**

Only the amounts validated by the FLC are taken into account to calculate the total eligible amount for the Partner.

Once the FLC has finalized the check and potentially made some corrections in the List of expenditure (the corrections are to be done by the FLC in the currency in which the costs initially incurred), the FLC has the possibility to download the revised List of Expenditure in Excel by clicking again on the “List of expenditure” button under tab 6.

As a consequence, the “overview of the financial claim” table will be automatically modified by applying the exchange rate of the month when the beneficiary submitted the claim in the EEP.

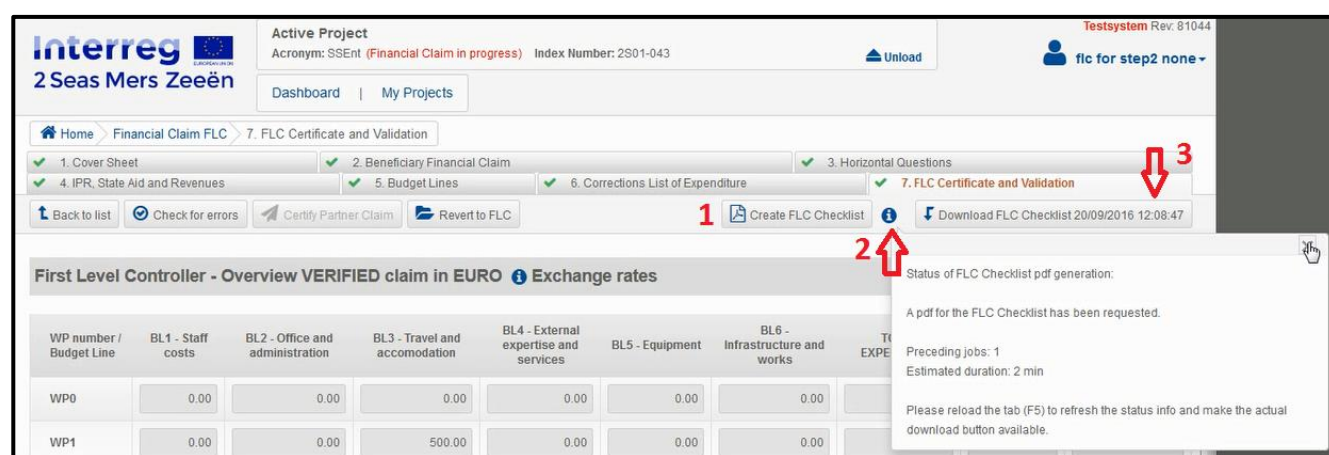
### 7.7.6. Generating the completed FLC checklist

The following process applies:

Step 1: Click on the “Create FLC checklist” button. The request is sent to the server.

Step 2: The job status can be checked when clicking in the “i” button. The estimated duration of the generation is displayed.

Step 3: The “Download FLC checklist” button displays the date and time of the last generation. To ensure that it is the very last version of the checklist that is being downloaded, press the F5 button to refresh the page. Check the time and date stamp before clicking on the “Download FLC Checklist” button.



Interreg 2 Seas Mers Zeeën

Active Project  
Acronym: SSent (Financial Claim in progress) Index Number: 2S01-043

Dashboard | My Projects

Home > Financial Claim FLC > 7. FLC Certificate and Validation

1. Cover Sheet 2. Beneficiary Financial Claim 3. Horizontal Questions  
4. IPR, State Aid and Revenues 5. Budget Lines 6. Corrections List of Expenditure 7. FLC Certificate and Validation

Back to list Check for errors Certify Partner Claim Revert to FLC

1 Create FLC Checklist 2 Download FLC Checklist 20/09/2016 12:08:47 3

First Level Controller - Overview VERIFIED claim in EURO Exchange rates

WP number / Budget Line	BL1 - Staff costs	BL2 - Office and administration	BL3 - Travel and accommodation	BL4 - External expertise and services	BL5 - Equipment	BL6 - Infrastructure and works	TL EXPE
WP0	0.00	0.00	0.00	0.00	0.00	0.00	
WP1	0.00	0.00	500.00	0.00	0.00	0.00	

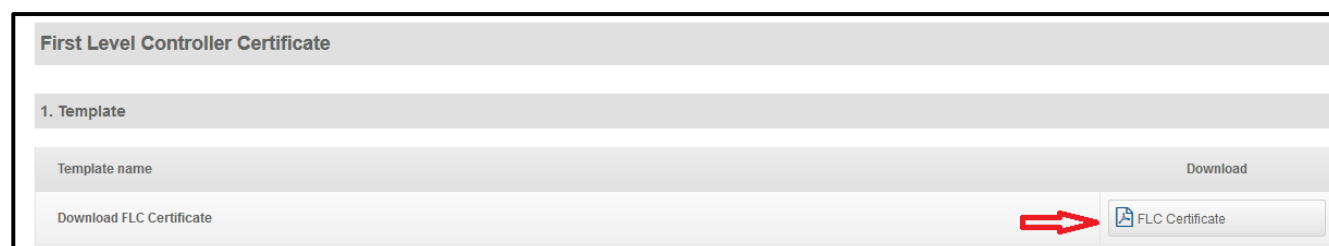
Status of FLC Checklist pdf generation:  
A pdf for the FLC Checklist has been requested.  
Preceding jobs: 1  
Estimated duration: 2 min  
Please reload the tab (F5) to refresh the status info and make the actual download button available.

### 7.8. Certifying the FLC eligible amount

The FLC Certificate is available in the EEP under Tab 7.

Once the FLC has completed his check on the declared expenditure and has validated an eligible amount (that can be different to the declared amount claimed by the beneficiary if some corrections have been implemented by the FLC), this eligible amount will automatically be reported by the system into the FLC Certificate of Validation of the Expenditure.

The FLC needs to download the pre-filled FLC Certificate of Validation of Expenditure in Excel by clicking on the “FLC Certificate” button under tab 7.

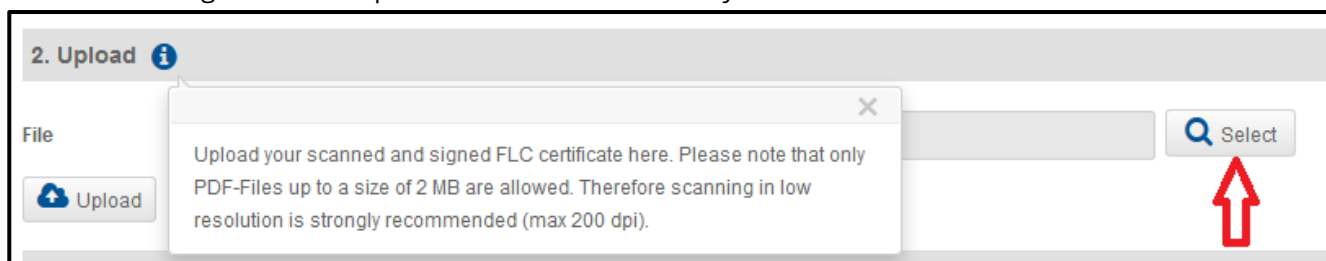


First Level Controller Certificate

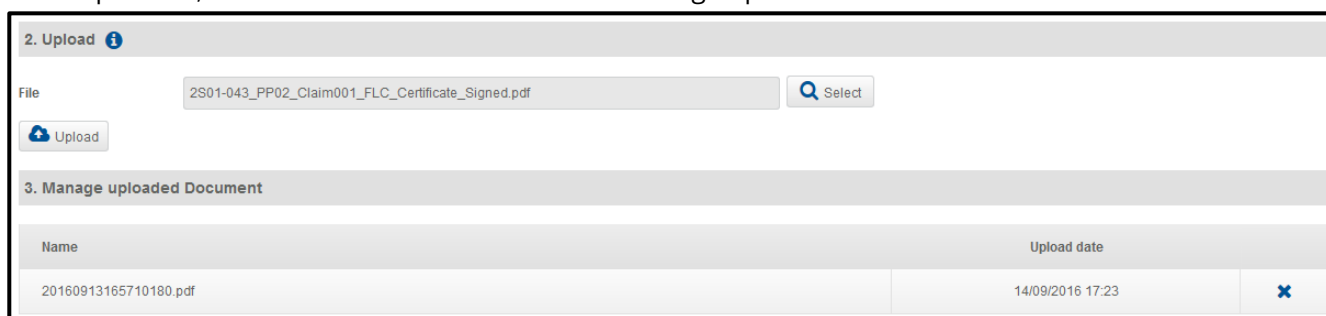
1. Template

Template name	Download
Download FLC Certificate	FLC Certificate

The FLC must sign and then upload the Certificate in the system as follows:




Once uploaded, the document is available in the “Manage uploaded document” section as follows:



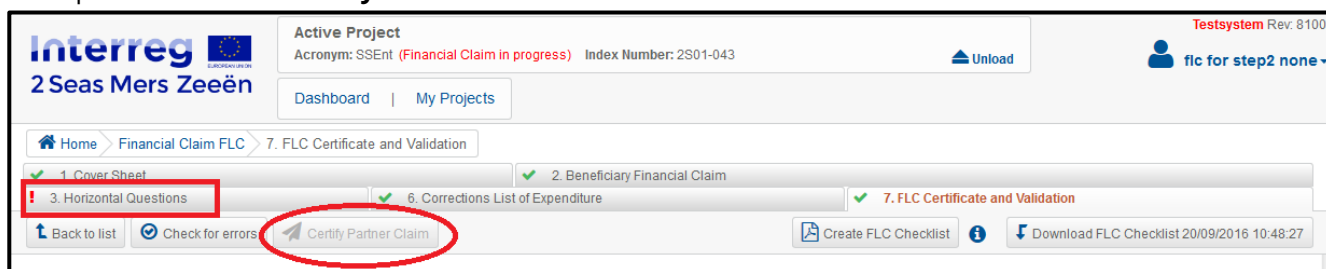
By signing the Certificate, the FLC certifies the eligibility of the claimed expenditure towards the applicable European, Programme and national rules, and takes full responsibility on the efficiency and completeness of the checks performed.

As the scan signed version of the Certificate of validation of Expenditure is uploaded in the EEP, it is recommended that the FLC keeps the original signed version in his/her records for the audit trail.

## 7.9. Sending the certified partner claim to the beneficiary

To be able to submit the certified claim to the beneficiary, all the 7 tabs constituting the financial claim must display a green tick.

Example of a claim **not ready** to be submitted:



Example of a claim **ready** to be submitted:

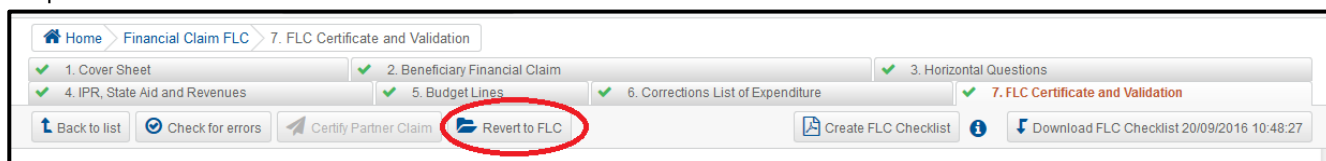
The screenshot shows the Interreg 2 Seas Mers Zeeën portal interface. At the top, there's a header with the logo and project details: 'Active Project', 'Acronym: SSEnt (Financial Claim in progress)', and 'Index Number: 2S01-043'. Below this, a navigation bar shows 'Dashboard' and 'My Projects'. The main content area is titled 'Financial Claim FLC' and '7. FLC Certificate and Validation'. A progress bar shows seven steps: 1. Cover Sheet, 2. Beneficiary Financial Claim, 3. Horizontal Questions, 4. IPR, State Aid and Revenues, 5. Budget Lines, 6. Corrections List of Expenditure, and 7. FLC Certificate and Validation. The 'Certify Partner Claim' button is highlighted with a green circle. Other buttons include 'Back to list', 'Check for errors', 'Create FLC Checklist', and 'Download FLC Checklist 20/09/2016 10:48:27'.

Once the certified claim is sent to the beneficiary, the claim is frozen and no data can be modified anymore, unless it is reverted (please go to Section 7.10 for more information).

## 7.10. Modifying a certified claim

If for any reason the FLC needs to come back on a validated, modified or rejected expenditure, the following process applies:

Step 1: use the “Revert FLC” button:



Once the claim is reverted, the claim can be modified.

Step 2: Go to tab 6 “Correction List of Expenditure” to do the necessary modifications. Please refer to Sections 7.7.3 and/or 7.7.4.

Step 3: The FLC is to generate a revised Certificate of Validation of Expenditure and to upload it again in the system (refer to Section 7.8)

Step 4: Send the revised certified partner claim to the beneficiary (please refer to Section 7.9).

## 8. Other EEP functionalities

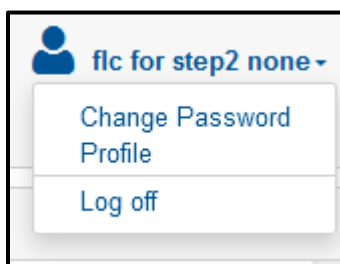
### 8.1. Changing the password

The EEP has generated a random password for the FLC. If the FLC wishes to change the proposed password, this is done through the following steps:

**Step 1: click on FLC's name in the upper right corner of the screen as shown below.**



→ The following menu will be displayed:



**Step 2: select "Change Password" from the list.**

→ A dialogue box will now pop up:

A 'Change Password' dialog box is displayed. It includes a 'Password policy' section with four bullet points: 'At least 8 characters long', 'At least one upper character', 'At least one number', and 'At least one special character (! " % & / ( ) = ? + \* ~ # ; , . : - \_ @ < > | \)'. Below this are three input fields: 'Old password', 'New password', and 'Confirm password'. The 'New password' field has a red 'Low' indicator. At the bottom right are 'OK' and 'Cancel' buttons.



### Step 3: complete the following fields:

- Old password

For security purposes, the FLC will not be able to copy paste the old password into this field. This must be typed manually.

- New password, fulfilling the password policy requirements as indicated in the screenshot above
- Confirm new password

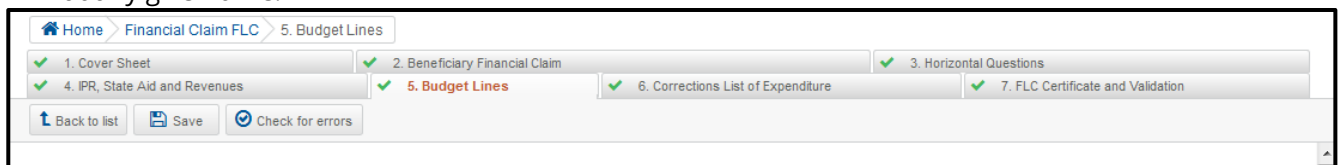
If all password policy requirements are fulfilled, the FLC must click “OK” and a confirmation message saying that the FLC’s password has been changed will appear.

## 8.2. Saving progress

It is imperative that the FLC frequently uses the “save” function in order not to lose any progress made since the last save.

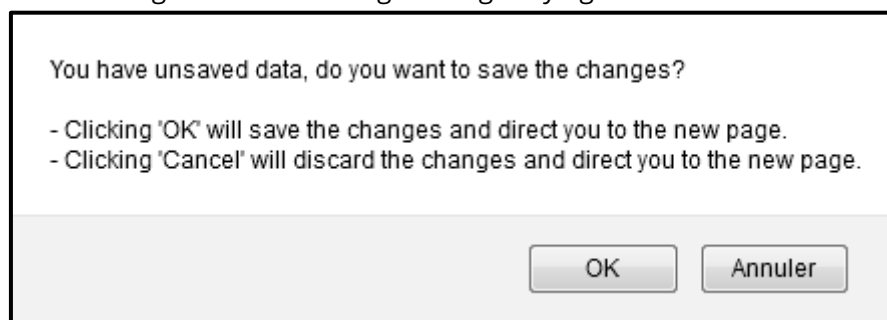
Some general information on the “Save” functionality of the EEP is provided below:

- The “Save” button is always the button at the far left in the button bar, regardless of the page displayed at any given time:



- A safeguard is built into the system if the FLC wants to navigate away from a given page (by switching to another tab, for example) without having saved first.

In this case, the EEP will generate a warning message saying that the FLC has unsaved data:



The system needs to know what to do with this data before moving to the requested page. The FLC can either save the data or discard the changes by respectively clicking “OK” or “Cancel”.

Regardless of the option chosen, the FLC will be directed to the requested page, which led to the generation of the warning message in the first place.

- Last but not least, it is stressed again that the FLC should save very regularly by clicking the standard “Save” button.

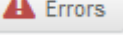
### 8.3. Checking for errors/missing information

- The “Check Fields” button is always situated right next to the “Save” button in the button bar:

The screenshot shows the Interreg 2 Seas Mers Zeeën dashboard. At the top, there's a header with the logo, project name 'Active Project', acronym 'SSEnt (Financial Claim in progress)', index number '2S01-043', and an 'Unload' button. Below this is a navigation bar with 'Dashboard' and 'My Projects'. The main content area shows a progress bar with seven steps: 1. Cover Sheet, 2. Beneficiary Financial Claim, 3. Horizontal Questions, 4. IPR, State Aid and Revenues (highlighted with a red circle and a red exclamation mark), 6. Corrections List of Expenditure, and 7. FLC Certificate and Validation. Below the progress bar is a button bar with 'Back to list', 'Save', 'Check for errors' (circled in red), and 'Errors'. A red message box at the bottom states: 'The checklist is not finished. Either there are unanswered questions, a missing obligatory input (f.e. comment) or you have reached a dead end. Please read the additional information provided under the last question.'

- Clicking this button will generate on the top of the screen a list of recommendations for the FLC:

This screenshot is similar to the previous one, but with a red circle around the 'Check for errors' button and a red arrow pointing to it. The 'Errors' button is also visible in the button bar.

This list can be hidden and shown again by clicking the  button that has now appeared in the button bar (cf. screenshot above).

When no error or incomplete information is found the system will display the following message:

The modal dialog box has a title bar 'Check for errors' with a close button. Inside, there is a green checkmark icon and the text 'Filled Completely'. At the bottom, there is an 'OK' button.

- In addition to the list of recommendations to complete the blank boxes, the system will also visually indicate which boxes these recommendations relate to. They will be circled in red:

Expenditure

- The Comment field is required. (1)
- Classification of irregularity is required if flc modification differs from the original expenditure. (2)

Project Partner declaration

Budget Line

BL3 Travel and accommodation

Work Package

WP1

Internal Reference Number

int number 1

Supplier Name

my cousin

Invoice Number

inv number1

11 / 100 characters

Contract ID

first contract

Invoice Date

08/09/2016

Payment Date

08/09/2016

Claim Code

2S01-043\_PP02\_Claim001

Comment

my first comment

16 / 300 characters

Financial Details

Currency

EUR

Contribution Type

cash

Net Amount (original currency)

1,000.00

VAT (original currency)

200.00

Gross Amount (original currency)

1,200.00

Declared Amount (original currency)

1,200.00

FLC modification

Budget Line

BL3 Travel and accommodation

Work Package

WP1

Contribution Type

cash

Eligible Amount (original currency)

100.00

Classification of Irregularity

Please Select

Comment

0 / 300 characters

Save

Cancel

## 9. The FLC on-the-spot administrative checklist

### 9.1. Where to find the document?

The Excel template of the control checklist to be used by the First Level Controller is available on the Programme website under the following link: <http://bit.ly/2BnNypc>

### 9.2. General presentation of the checklist

The checklist is made of 2 main parts.

- The first part is aiming at reporting data about the controlled organisation, the control methodology implemented, the control perimeter, the management of the contradictory phase, the reporting of any detected irregularity.
- The second part of the checklist contains a series of questions relating to verifications on horizontal issues, on specific budget lines and finally on the communication requirements.

### 9.3. Guidance on how to complete the checklist

The checklist contains numerous formulas to avoid the FLC having to read non-applicable questions and to avoid incoherent answers. The use of this checklist by the FLC and the admissibility verification of the completed checklist performed by the JS shall be made easier. This implies that if the checklist is fully and clearly completed, the JS should not have to send requests for clarifications to the FLC afterwards.

Still, in order to ensure this, the JS would like to address some recommendations to the FLC.

The checklist needs to be completed by respecting a chronological order in the completion of the different sections of the checklist and blocks listed under Sections 9.4 and 9.5.

The information needs to be recorded as follows:

1. Part 1 of the checklist \_ Block 1
2. Part 1 of the checklist \_ Block 2
3. Part 1 of the checklist \_ Block 4
4. Part 1 of the checklist \_ Block 5
5. Part 1 of the checklist \_ Block 3
6. Part 1 of the checklist \_ Block 6 and Part 2 of the checklist shall be completed simultaneously

The signature (part 1 of the checklist \_ Block 7) shall occur at the very end, once the checklist is fully completed.

### 9.4. Content of the first part of the checklist

The first part of the checklist contains the following elements:

Block 1:

- Project data
- First Level Controller data
- Project Partner data
- Control references

Block 2:

- Implemented control methodology (please refer to Section 9.4.1 below)

Block 3:

- Summary of the on-the-spot administrative check before and after the contradictory phase (including the explanations and justifications provided by the audited organisation) (please refer to Section 9.4.2 below)

Block 4:

- Staff costs methodology applicable to the controlled organisation as indicated in the Application Form (please refer to Section 9.4.3 below)

Block 5:

- Financial tables recording the financial perimeter of the control (in relation to the chosen control methodology) (please refer to Section 9.4.4 below)

Block 6:

- Table recording the detected irregular expenditure at Budget Line level (please refer to Section 9.4.5 below)
- Table recording additional revenues to be deducted (please refer to Section 9.4.6 below)
- Table summarising the cumulative ineligible amounts (please refer to Section 9.4.7 below)

Block 7:

- Signature

#### 9.4.1. The possible different control methodologies

The FLC needs to indicate, using the drop-down list, which option has been selected for performing the control:

33	Implemented control methodology	
34	-- Select --	<= please choose the methodology
<small>OPTION 1: the control is carried out on a 100% check of the total expenditure claimed and reimbursed by the Programme up to now OPTION 2: the control is carried out on a 100% check of one specific financial claim already reimbursed by the Programme OPTION 3: the control is carried out on a sample basis on expenditure claimed in several financial claims already reimbursed by the Programme</small>		

- ✓ **OPTION 1: the control is carried out on a 100% check of the total expenditure claimed and reimbursed by the Programme up to now**  
The FLC will verify ALL beneficiary's financial claims reimbursed by the Programme till the time of the check (exhaustive check);
- ✓ **OPTION 2: the control is carried out on a 100% check of one specific financial claim already reimbursed by the Programme**  
The FLC will verify 1 financial claim, in full (partial check, on a full basis)
- ✓ **OPTION 3: the control is carried out on a sample basis on expenditure claimed in several financial claims already reimbursed by the Programme**  
The FLC will partially verify several financial claims (partial check, on a sample basis of expenditure already reimbursed by the Programme)

**Whatever method is chosen by the FLC, the main requirement is to check at least 50% of the expenditure claimed and reimbursed by the Programme till the time of the check and to cover all budget lines used by the beneficiary till the time of the control.**

**Expenditure related to claims submitted but not yet reimbursed by the Programme shall not be included in the cumulative expenditure amounts.**  
**The expenditure checked shall only consist of expenditure already claimed and reimbursed by the Programme.**

Once the FLC has selected one of the three options, the **control methodology** shall be described in detail in the dedicated box.

Implemented control methodology	
OPTION 3: the control is carried out on a sample basis on expenditure claimed in several financial claims already reimbursed by the Programme	
	<p>Please describe how you established the sampling methodology and why you defined such a control scope. Please ensure that the control perimeter is sufficiently representative in comparison to the amount of cumulative expenditure already claimed by the controlled organisation and reimbursed by the Programme.</p>

This is particularly crucial when option 3 has been selected. The Programme Authorities (MA, JS, CA, AA, any other Authority) shall have a clear understanding of the **sample methodology** implemented and of the justification for such a sample.

The respect of the requirements mentioned under Section 3.4.2 of this document shall be demonstrated. Shall there be any unclear or missing information, the JS will contact the FLC and request clarifications by email.

#### 9.4.2. The management of the contradictory phase

The FLC has 4 different boxes to complete if applicable.

First, the FLC needs to report all findings and irregularities detected prior the launch of the contradictory phase.

36	
37	<p><b>Summary of the on-the-spot check - BEFORE THE CONTRADICTIONARY PHASE</b></p>
38	<p>Please list <b>all findings and irregularities</b> resulting from the on-the-spot administrative checks <b>BEFORE THE CONTRADICTIONARY PHASE</b> (for instance findings related to the original supporting documents checked on the spot, to the partner's accounting system, to the compliance with audit trail requirements, to the archiving system, to the application of public procurement rules, etc.)</p>
39	
40	

The information shall be sufficiently detailed and self-explanatory so that the controlled beneficiary knows exactly what the problem is and provides the most suitable answer. The potential ineligible amounts detected at this stage shall be reported in this box for both the beneficiary and the JS information.

*Please note that no ineligible amount shall be reported at this stage of the process into the "List of irregular expenditure per Budget Line" table that aims at recording the final ineligible amounts only.*

After the contradictory phase, the FLC is to report into the second box the answers received from the beneficiary and to state the additional documentation received if this is the case.

41	<b>Summary of the on-the-spot check - AFTER THE CONTRADICTIONARY PHASE</b>
42	Please indicate here the <b>explanations and justifications</b> provided by the audited organisation in the framework of the <b>CONTRADICTIONARY PHASE</b> .
43	

Shall any issue/finding remain open following the analysis of the answers received in the framework of the contradictory phase, the FLC needs to clearly report the pending issues in the third box and if applicable, the corresponding financial impact or necessary corrective follow-up measure(s).

44	Please list all findings and irregularities <b>still existing AFTER THE CONTRADICTIONARY PHASE</b> (for instance findings related to the original supporting documents checked on the spot, to the partner's accounting system, to the compliance with audit trail requirements, to the archiving system, to the application of public procurement rules, etc.). <b>Please do not implement any correction of irregular expenditure in EEP at this stage. The JS will come back to you after receipt of the completed checklist with further guidance.</b>
45	

Finally, shall the FLC want to address some recommendations to the controlled organization, these shall be reported in the last box.

46	Please indicate the recommendations given by the FLC to the controlled organisation in order to solve the detected findings and/or to avoid future irregularities
47	

The information reported within this section of the checklist will be subject to a close attention from the JS as it provides an overview of any potential issues met by the FLC in the framework of the on-the-spot control. It shall explain any related financial impact resulting from the control. Coherence shall therefore be ensured between this information and the applicable financial corrections reported in the subsequent sections of the checklist.

#### 9.4.3. Staff costs methodology applicable to the controlled organization as indicated in the Application Form

The FLC is to select from the drop-down list which staff cost methodology applies to the controlled organization (20% flat rate of direct costs or real costs).

49	<b>Select the staff costs methodology indicated in the application form by the controlled organisation</b>	
50		
51	-- Select --	<= please choose the methodology
52	-- Select --	
53	20% flat rate of direct cost Real cost basis	able for options 1 and 2 only)
		Amount of

The FLC shall refer to the approved Application Form to provide this information.



#### 9.4.4. The financial perimeter of the control

Different tables are to be completed by the FLC according to the control methodology initially selected (Section 9.4.1 above).

*\*Please note that depending on the chosen control option and on the selected staff cost methodology, the non-applicable tables and cells will automatically turn grey and cannot therefore be filled-in.*

The data entered in these tables shall reflect the reality of the situation regarding the beneficiary's budget (both as indicated in the Application Form and as already declared) **prior** starting the control and the amount of expenditure that the FLC is to verify on-the-spot.

**For option 1** (control carried out on a 100% check of the total expenditure claimed and reimbursed by the Programme up to now) **and option 2** (control carried out on a 100% check of one specific financial claim already reimbursed by the Programme), only the following table is to be completed.

53	Perimeter of the on-the-spot check (applicable for options 1 and 2 only)					
54	Budget Lines	Approved budget (1)	Cumulative expenditure (2)	Consumption rate	Amount of expenditure checked (3)	Control rate
55	Budget Line 1 "Staff costs"			#DIV/0!	- €	#DIV/0!
56	Budget Line 2 "Office and administrative expenditure"			#DIV/0!	- €	#DIV/0!
57	Budget Line 3 "Travel & Accommodation"			#DIV/0!	- €	#DIV/0!
58	Budget Line 4 "External expertise and Services"			#DIV/0!	- €	#DIV/0!
59	Budget Line 5 "Equipment"			#DIV/0!	- €	#DIV/0!
60	Budget Line 6 "Infrastructure and construction works"			#DIV/0!	- €	#DIV/0!
61	<b>Total</b>	- €	- €	#DIV/0!	- €	#DIV/0!
62						
63	Revenues			#DIV/0!	- €	#DIV/0!
64						
65	Total eligible expenditure	- €				
66						

Definitions of the required information:

(1) **"Approved Budget"** is the budget, **including preparation costs**, per budget-line of the controlled organisation (Project Partner or Lead Partner) as indicated in the last approved version of the Application Form.

(2) **"Cumulative Expenditure"** is the total expenditure **including preparation costs** that has been claimed by the audited organisation, validated by the First Level Controller and accepted by the Certifying Authority from the beginning of the project until the date of the on-the-spot check. **Expenditure related to claims submitted but not yet reimbursed by the Programme shall not be included here.**

(3) **"Amount of Expenditure Checked"** is the total amount of expenditure verified by the First Level Controller during the on-the-spot check. **The expenditure checked shall only consist of expenditure already claimed and reimbursed by the Programme.**

The FLC shall fill-in the white boxes and therefore indicate the approved budget (**including preparation costs**), the cumulative expenditure claimed and reimbursed (**including preparation costs**) and amount of expenditure checked.

The totals, consumption rates and control rates are automatically calculated.

**For option 3**, the FLC needs to complete 2 different tables.

- First table:  
Considering that the control will be implemented through a sample, this table aims at recording precisely the **scope of the amount of expenditure checked** at Budget Line level, the corresponding Financial claim and Work Package.  
The total amount of expenditure checked at Budget Line level is automatically calculated.  
This table frames the financial perimeter of the control.



69	<b>Perimeter of the on-the-spot check (applicable for option 3 only)</b>			
70	<b>Budget Lines</b>	<b>Financial claim concerned (e.g: 4S01-043_PP02_03)</b>	<b>Work package concerned</b>	<b>Amount of expenditure checked</b>
71	Budget Line 1 "Staff costs"			
72				
80	Budget Line 3 "Travel & Accommodation"			
81				
82				

- Second table

It aims at determining the **representativeness of the control** compared to the beneficiary's budget as indicated in the Application Form and to the expenditure already declared by the beneficiary.

The total amounts of controlled expenditure calculated in the first table are automatically reported into the second table.

The FLC shall fill-in the white boxes and therefore indicate the approved budget and the cumulative expenditure.

The totals, consumption rates and control rates are automatically calculated.

108	<b>Perimeter of the on-the-spot check (applicable for option 3 only)</b>					
109	<b>Budget Lines</b>	<b>Approved budget (1)</b>	<b>Cumulative expenditure (2)</b>	<b>Consumption rate</b>	<b>Amount of expenditure checked (3)</b>	<b>Control rate</b>
110	Budget Line 1 "Staff costs"			#DIV/0!	- €	#DIV/0!
111	Budget Line 2 "Office and administrative expenditure"					
112	Budget Line 3 "Travel & Accommodation"			#DIV/0!	- €	#DIV/0!
113	Budget Line 4 "External expertise and Services"			#DIV/0!	- €	#DIV/0!
114	Budget Line 5 "Equipment"			#DIV/0!	- €	#DIV/0!
115	Budget Line 6 "Infrastructure and construction works"			#DIV/0!	- €	#DIV/0!
116	<b>Total</b>	- €	- €	<b>#DIV/0!</b>	- €	<b>#DIV/0!</b>
117						
118	Revenues			#DIV/0!	- €	#DIV/0!
119						
120	Total eligible expenditure	- €				
121						

**Definitions of the required information:**

- (1) **"Approved Budget"** is the budget, **including preparation costs**, per budget-line of the controlled organisation (Project Partner or Lead Partner) as indicated in the last approved version of the Application Form.
- (2) **"Cumulative Expenditure"** is the total expenditure **including preparation costs** that has been claimed by the audited organisation, validated by the First Level Controller and accepted by the Certifying Authority from the beginning of the project until the date of the on-the-spot check. **Expenditure related to claims submitted but not yet reimbursed by the Programme shall not be included here.**
- (3) **"Amount of Expenditure Checked"** is the total amount of expenditure verified by the First Level Controller during the on-the-spot check. **The expenditure checked shall only consist of expenditure already claimed and reimbursed by the Programme.**

**Expenditure related to claims submitted but not yet reimbursed by the Programme shall not be included in the cumulative expenditure amounts.**

**The expenditure checked shall only consist of expenditure already claimed and reimbursed by the Programme.**

#### 9.4.5. The list of irregular expenditure per Budget Line

The table is to be completed by the FLC **after the closure of the contradictory phase**, meaning that **only the final irregular expenditure items shall be reported in this table.**

**The FLC shall not implement any correction in EEP at this stage. The JS will provide the FLC with further guidance on how to register the irregularities after receipt of the completed signed checklist.**

Per Budget Line, the FLC is to:

- Select from a drop-down list if the irregular amount detected is in cash or in-kind (not applicable for BL1 and BL3)
- Indicate the exact irregular amount (one line per irregular expenditure item)
- Indicate the Work Package concerned from a drop-down list
- Indicate the Financial claim in which the irregular amount has been initially reported
- Classify the typology of irregularity using a drop-down list (please refer to Section 7.7.5 of this document)

124	List of irregular expenditure per Budget Line					
	Budget Lines	Cash or In-Kind	Financial claim concerned 4501-043_PP02_03	Work package concerned	Detailed amount of ineligible expenditure	Classification of irregularity
125	Budget Line 1 "Staff costs"			-- Select --		-- Select --
126				-- Select --		-- Select --
127				-- Select --		-- Select --
128				-- Select --		-- Select --
129				-- Select --		-- Select --
130				-- Select --		-- Select --
131				-- Select --		-- Select --
132				-- Select --		-- Select --
133				-- Select --		-- Select --
134				-- Select --		-- Select --
135	Budget Line 3 "Travel & Accommodation"			-- Select --		-- Select --
136				-- Select --		-- Select --
137				-- Select --		-- Select --
138				-- Select --		-- Select --
139				-- Select --		-- Select --
140				-- Select --		-- Select --
141				-- Select --		-- Select --
142				-- Select --		-- Select --
143				-- Select --		-- Select --
144				-- Select --		-- Select --
145	Budget Line 4 "External expertise and Services"	-- Select --		-- Select --		-- Select --
146		-- Select --		-- Select --		-- Select --
147		-- Select --		-- Select --		-- Select --
148		-- Select --		-- Select --		-- Select --
149		-- Select --		-- Select --		-- Select --
150		Cash		-- Select --		-- Select --
151		In-kind		-- Select --		-- Select --
152		-- Select --		-- Select --		-- Select --
153		-- Select --		-- Select --		-- Select --
154		-- Select --		-- Select --		-- Select --
155		-- Select --		-- Select --		-- Select --
156		-- Select --		-- Select --		-- Select --
157		-- Select --		-- Select --		-- Select --
158		-- Select --		-- Select --		-- Select --

**The reliability of the information provided by the FLC in this table is crucial** as it will be the basis for the JS to implement the applicable corrections directly in the IT system.  
**Every cell must therefore be completed and data must be 100% reliable.**

#### 9.4.6. Additional revenues to be deducted

If during the on-the-spot check the FLC detects additional revenues compared to the ones foreseen in the Application or already declared by the beneficiary, these shall be reported into the dedicated table.

182	Additional revenues to be deducted			
183	Additional revenues	Financial claim concerned 4501-043_PP02_03	Work package concerned	Detailed amount of revenues to be deducted
184			-- Select --	
185			-- Select --	
186			-- Select --	
187			-- Select --	
188			-- Select --	

In this case, the FLC needs to:

- Indicate the Work Package concerned from a drop-down list
- Indicate the exact amount of revenues to be deducted (one line per revenue item)
- Indicate the Financial claim in which the revenues shall have been reported

More information on revenue-generating projects is available under Factsheet 10 of the Programme Manual.

#### 9.4.7. Overview of the detected irregularities per Budget Line

The table is automatically completed on the basis of the information provided earlier on in the previous tables.

190	<b>Overview detected irregularities per Budget Line</b>			
191		<b>TOTAL</b>	<b>Cash</b>	<b>In-kind</b>
192	WP1	- €	- €	- €
193	WP2	- €	- €	- €
194	WP3	- €	- €	- €
195	WP4	- €	- €	- €
196	WP5	- €	- €	- €
197	WP6	- €	- €	- €
198	WP7	- €	- €	- €
199	WP8	- €	- €	- €
200	WP9	- €	- €	- €
201	WP10	- €	- €	- €
202	<b>TOTAL Budget Line 1 "Staff costs"</b>	- €	- €	- €
203	WP1	- €	- €	- €
204	WP2	- €	- €	- €
205	WP3	- €	- €	- €
206	WP4	- €	- €	- €
207	WP5	- €	- €	- €
208	WP6	- €	- €	- €
209	WP7	- €	- €	- €
210	WP8	- €	- €	- €
211	WP9	- €	- €	- €
212	WP10	- €	- €	- €
213	<b>TOTAL Budget Line 2 "Office and administrative expenditure"</b>	- €	- €	- €
214	WP1	- €	- €	- €
215	WP2	- €	- €	- €
216	WP3	- €	- €	- €
217	WP4	- €	- €	- €
218	WP5	- €	- €	- €
219	WP6	- €	- €	- €
220	WP7	- €	- €	- €
221	WP8	- €	- €	- €
222	WP9	- €	- €	- €
223	WP10	- €	- €	- €
224	<b>TOTAL Budget Line 3 "Travel &amp; Accommodation"</b>	- €	- €	- €

The table:

- takes into account the applicable staff costs calculation methodology
- automatically calculates the impact of the detected irregular amounts onto BL2
- provides a summary of the total irregular amounts per Budget Line
- splits these amounts under "cash" or "in-kind" following the indication provided by the FLC in the "List of irregular expenditure per Budget Line" table.

## 9.5. Content of the second part of the checklist

The second part of the checklist contains the following elements:

Block 1: Questions relating to horizontal topics

- Accounting system
  - o Revenues
  - o Match funding
- Public procurement
  - o Preparation and planning
  - o Chosen procurement procedure(s)
  - o Selection procedures
  - o Award procedures
  - o Management of the procurement function
- Implementation of a sound audit trail

Block 2:

- Set of specific questions per Budget Line

Block 3:

- Publicity requirements

The checklist contains numerous formulas to prevent the FLC from reading non-applicable questions and to avoid incoherent answers.

Depending on the answer brought to a certain question, some subsequent questions may therefore turn grey and the FLC does not need to answer to these questions.

For each question, only 2 answers are possible: "Yes" or "No" (to be selected from a drop-down list).

In some cases, one of the selected answer will colour the "comments" box in yellow and some guidance will appear next to the "comments" cell.

The FLC shall then compulsorily provide some information and justification relating to the selected answer. Once the FLC has completed the comment, the cell will turn white again.

## 9.6. Transmission of the completed and signed checklist to the JS

Once the FLC is fully completed and signed by the FLC, the FLC needs to:

- Create a pdf version of the document and send it by email to the JS: (Audit and Control Officer: [c.ramampy@interreg2seas.eu](mailto:c.ramampy@interreg2seas.eu); Finance Unit Coordinator: [s.degroote@interreg2seas.eu](mailto:s.degroote@interreg2seas.eu)).
- Keep the original signed version for the audit trail and in case of audit
- Provide a copy to the controlled Project Partner

## 9.7. JS' assessment of the completed checklist

Each FLC on-the-spot checklist received by the JS will be closely assessed (admissibility check).

Should clarifications be needed, the JS will send an email to the FLC requiring further explanations/justifications.

A set deadline for the FLC to provide these elements will be indicated in the core of the email.

**In case of irregular expenditure detected by the FLC as a result of the control, the JS will provide the FLC with further guidance after receipt of the completed signed checklist.**

## 10. The FLC on-the-spot physical check

### 10.1. Where to find the document?

The Excel template of the control checklist to be used by the First Level Controller is available on the Programme website under the following link: <http://bit.ly/2lpojZZ>

### 10.2. General presentation of the checklist

The checklist is made of 2 main parts.

- ✓ The first part is aiming at reporting data about the controlled organisation, the control references, the control methodology implemented, the management of the contradictory phase, the control perimeter, the reporting of any detected irregularity.
- ✓ The second part of the checklist contains a series of questions relating to verifications specific to budget line 6 and to the communication requirements.

### 10.3. Guidance on how to complete the checklist

The checklist contains numerous formulas to avoid the FLC having to read non-applicable questions and to avoid incoherent answers. The use of this checklist by the FLC and the admissibility verification of the completed checklist performed by the JS shall be made easier. This implies that if the checklist is fully and clearly completed, the JS should not have to send requests for clarifications to the FLC afterwards.

Still, in order to ensure this, the JS would like to address some recommendations to the FLC.

The checklist needs to be completed by respecting a chronological order in the completion of the different sections of the checklist and blocks listed under Sections 10.4 and 10.5.

The information needs to be recorded as follows:

1. Part 1 of the checklist \_ Block 1
2. Part 1 of the checklist \_ Block 2
3. Part 1 of the checklist \_ Block 4
4. Part 1 of the checklist \_ Block 5
5. Part 1 of the checklist \_ Block 3
6. Part 1 of the checklist \_ Block 6 and Part 2 of the checklist shall be completed simultaneously

The signature (part 1 of the checklist \_ Block 7) shall occur at the very end, once the checklist is fully completed.

### 10.4. Content of the first part of the checklist

The first part of the checklist contains the following elements:

Block 1:

- Project data
- First Level Controller data
- Project Partner data
- Control references

Block 2:

- Implemented control methodology (*please refer to Section 10.4.1 below*)

Block 3:

- Summary of the on-the-spot check before and after the contradictory phase (including the explanations and justifications provided by the audited organisation) *(please refer to Section 10.4.2 below)*

Block 4:

- Staff costs methodology applicable to the controlled organisation as indicated in the Application Form *(please refer to Section 10.4.3 below)*

Block 5:

- Financial tables recording the financial perimeter of the control Specific table to fill in depending on the option chosen *(please refer to Section 10.4.4 below)*

Block 6:

- Only visible if new option 2 is selected : Potential impact between ineligible amounts detected in the current claim and irregular expenditure from previous costs already claimed and reimbursed by the programme *it is possible that ineligible expenditure found in the claim you are currently checking implies a "cleaning" on costs previously claimed and reimbursed by the Programme (please refer to Section 10.4.5 below)*

Block 7:

- Table "List of irregular expenditure" recording the detected irregular expenditure for the concerned Budget Line 6. This table shall only contain irregular expenditure detected on already claimed and reimbursed costs *(please refer to Section 10.4.6 below)*
- Table "Overview detected irregularities" summarising detected irregularities is automatically completed with information provided in the previous table *(please refer to Section 10.4.7 below)*

Block 8:

- Signature

### 10.4.1. The possible different control methodologies

The FLC needs to indicate, using the drop-down list, which option has been selected for performing the control:

Implemented control methodology
-- Select --
<small>OPTION 1: the control is carried out on expenditure claimed and reimbursed by the Programme up to now under BL6 !NEW OPTION 2: the control is carried out on expenditure declared under BL6 but not yet submitted to the Programme</small>

← please choose the methodology

✓ **OPTION 1: the control is carried out on expenditure claimed and reimbursed by the Programme up to now under BL6**

The FLC will verify the beneficiary's costs claimed under BL6 and reimbursed by the Programme till the time of the check. The FLC can control 100% of the costs already claimed and reimbursed or can proceed with a sample based control.

*Please note that for this option, if the controlled expenditure leads to an irregularity, it must be included in the OTS physical checklist in the section dedicated to this purpose (i.e. "List of irregular expenditure" section).*

✓ **! NEW OPTION 2: the control is carried out on expenditure declared under BL6 but not yet submitted to the Programme.** The FLC can control 100% of the declared costs **or** can proceed with a sample based control.

*Please note that for this option, if the controlled expenditure leads to an ineligible amount, it must directly be corrected from the claim and therefore not be reported in the OTS physical checklist (as corrected in a claim). Still if the amount deemed ineligible and rejected from the claim was to have an impact on costs already claimed and reimbursed by the Programme, then any irregular amount on already reimbursed costs shall be reported in the OTS physical checklist in the section dedicated to this purpose (i.e. "List of irregular expenditure" section).*

**Expenditure related to claims submitted but not yet reimbursed by the Programme shall not be included in the cumulative expenditure amounts. This is applicable for the two proposed options.**

**Until January 1, 2023, the expenditure checked only consisted of expenditure already claimed and reimbursed by the Programme.**

**Since January 1, 2023, with the new proposed option 2, expenditure declared in claims not yet submitted to the Programme can be checked.**

**Please note that the OTS physical checklist has been adapted in order to integrate option 2. Please also note that for controls in progress and preceding this rule amendment, the rules before January 1, 2023 prevail. The previous version of the OTS checklist remains valid. For future controls that have not started yet, please use the new available revised OTS physical checklist.**

Once the FLC has selected one of the two options, the **control methodology** shall be described in detail in the dedicated box.

Implemented control methodology	
!NEW OPTION 2: the control is carried out on expenditure declared under BL6 but not yet submitted to the Programme	
	Please describe in the "comments" box, the methodology used (for instance: the main elements verified during the on-the-spot physical check; the methodology used in case of sampling, methodology used for the contradictory phase; etc.)

The Programme Authorities (MA, JS, CA, AA, any other Authority) shall have a clear understanding of the **methodology used and particularly, in case of sampling, how the sample has been defined.**

Shall there be any unclear or missing information, the JS will contact the FLC and request clarifications by email.

#### 10.4.2. The management of the contradictory phase

The FLC has 4 different boxes to complete if applicable.

First, the FLC needs to report all findings and irregularities detected prior the launch of the contradictory phase.



38	<b>Summary of the on-the-spot check - BEFORE THE CONTRADICTIONARY PHASE</b>
39	Please list all findings and irregularities resulting from the on-the-spot physical check BEFORE THE CONTRADICTIONARY PHASE
40	

The information shall be sufficiently detailed and self-explanatory so that the controlled beneficiary knows exactly what the problem is and provides the most suitable answer. The potential ineligible amounts detected at this stage shall be reported in this box for both the beneficiary and the JS information.

*\*Please note that no ineligible amount shall be reported at this stage of the process into the "List of irregular expenditure" table that aims at recording the final ineligible amounts only.*

After the contradictory phase, the FLC is to report into the second box the answers received from the beneficiary and to state the additional documentation received if this is the case.

42	<b>Summary of the on-the-spot check - AFTER THE CONTRADICTIONARY PHASE</b>
43	Please indicate here the explanations and justifications provided by the audited organisation in the framework of the CONTRADICTIONARY PHASE.
44	

Shall any issue/finding remain open following the analysis of the answers received in the framework of the contradictory phase, the FLC needs to clearly report the pending issues in the third box and if applicable, the corresponding financial impact or necessary corrective follow-up measure(s).

45	Please list all findings and irregularities still existing AFTER THE CONTRADICTIONARY PHASE <b>Please do not implement any correction of irregular expenditure in EEP at this stage. The JS will come back to you after receipt of the completed checklist with further guidance.</b>
46	

Finally, shall the FLC want to address some recommendations to the controlled organization, these shall be reported in the last box.

47	Please indicate the recommendations given to the controlled organisation in order to solve the detected findings and/or to avoid future irregularities
48	

The information reported within this section of the checklist will be subject to a close attention from the JS as it provides an overview of any potential issues met by the FLC in the framework of the on-the-spot control. It shall explain any related financial impact resulting from the control.

Coherence shall therefore be ensured between this information and the applicable financial corrections reported in the subsequent sections of the checklist.

#### 10.4.3. Staff costs methodology applicable to the controlled organization as indicated in the Application Form

The FLC is to select from the drop-down list which staff cost methodology applies to the controlled organization (20% flat rate of direct costs or real costs).



50	Select the staff costs methodology indicated in the application form by the controlled organisation				
51					
52	-- Select --				<= please choose the methodology
53	-- Select --				
54	20% flat rate of direct cost Real cost basis				
					Amount of

The FLC shall refer to the approved Application Form to provide this information.

#### 10.4.4. The financial perimeter of the control

Different tables are to be completed by the FLC according to the control methodology initially selected.

**For option 1** the control is carried out on expenditure **claimed and reimbursed** by the Programme up to now under BL6.

- First table:

The FLC shall fill in the white boxes and therefore indicate the approved budget (1) and the cumulative expenditure (2).

The consumption rate, amount of expenditure checked (3) and control rate are automatically calculated.

Perimeter of the on-the-spot check (applicable for option 1 only)					
Budget Lines	Approved budget (1)	Cumulative expenditure (2)	Consumption rate	Amount of expenditure checked (3)	Control rate
Budget Line 6 "Infrastructure and construction works"			#DIV/0!	- €	#DIV/0!

##### Definitions of the required information:

**(1) "Approved Budget"** is the BL6 budget of the controlled organisation (Project Partner or Lead Partner) as indicated in the last approved version of the Application Form.

**(2) "Cumulative Expenditure"** is the total expenditure that has been claimed by the controlled organisation in BL6, validated by the First Level Controller and accepted by the Certifying Authority from the beginning of the project until the date of the on-the-spot check. **Expenditure related to claims submitted but not yet reimbursed by the Programme shall not be included here.**

**(3) "Amount of Expenditure Checked"** is the total amount of expenditure in BL6 verified by the First Level Controller during the on-the-spot check.

- Second table:

This table aims at recording precisely the amount of expenditure checked under BL6, the Financial claim concerned and Work Package concerned (drop down list).

Perimeter of the on-the-spot check			
Budget Lines	Financial claim concerned 4S01-043_PP02_03	Work package concerned	Amount of expenditure checked
Budget Line 6 "Infrastructure and construction works"		-- Select --	
		-- Select --	
		-- Select --	
		-- Select --	
		-- Select --	
			- €

The total amount of expenditure checked at Budget Line level is automatically calculated and reported within the first table above.

For the **new option 2** the control is carried out on expenditure **declared** under BL6 but **not yet submitted to the Programme**), the FLC needs to complete 2 different tables.

- First table:

The FLC shall fill-in the box **Approved budget (1)** and **Declared BL6 amount in the claim (2)**.

The **Declared BL6 amount in the claim (2)** shall include expenditures related to the current claim submitted but not yet reimbursed by the Programme.

Perimeter of the on-the-spot check (applicable for option 2 only)					
Budget Lines	Approved budget (1)	Declared BL6 amount in the claim (2)	Declared amount / Approved budget (%)	Amount of expenditure checked (3)	Control rate
Budget Line 6 "Infrastructure and construction works"			#DIV/0!	- €	#DIV/0!

Definitions of the required information:

(1) **"Approved Budget"** is the BL6 budget of the controlled organisation (Project Partner or Lead Partner) as indicated in the last approved version of the Application Form.

(2) **"Declared BL6 amount in the claim"** is the total expenditure that has been declared in the current claim by the controlled organisation in BL6.

(3) **"Amount of Expenditure Checked"** is the total amount of expenditure in BL6 verified by the First Level Controller during the on-the-spot check.

The **"amount of expenditure checked (3)"** column will automatically be filled-in with data provided in the second table.

The consumption rate and control rate are also automatically calculated.

- Second table:

This table aims at recording precisely **the amount of expenditure checked** under BL6, in the current Financial claim concerned and Work Package concerned (drop down list).

Perimeter of the on-the-spot check			
Budget Lines	Financial claim concerned 4S01-043_PP02_03	Work package concerned	Amount of expenditure checked
Budget Line 6 "Infrastructure and construction works"		-- Select --	
		-- Select --	
		-- Select --	
		-- Select --	
		-- Select --	
			- €

The total amount of expenditure checked at Budget Line level is automatically calculated and reported within the first table above.

#### 10.4.5. Irregular amounts linked to previous costs already claimed and reimbursed (only for option 2)

In case **new option 2** is chosen, the FLC shall answer to the following question:

If you have chosen **NEW OPTION 2** : the control is carried out on expenditure **declared** under BL6 but not yet submitted to the Programme, did you nevertheless find any irregular amount linked to **previous costs already claimed and reimbursed** by the Programme?

-- Select --

If an amount deemed ineligible and rejected from the claim was to have an impact on costs already claimed and reimbursed by the Programme, then any irregular amount on already reimbursed costs shall be reported in the OTS physical checklist in the section dedicated to this purpose (i.e. "List of irregular expenditure" section under 10.4.6).

#### 10.4.6. List of irregular expenditure

If option 1 was chosen or in case option 2 is chosen but the answer to the question above is "yes", the table is to be completed by the FLC **after the closure of the contradictory phase**, meaning that only the final irregular expenditure items shall be reported in this table.

**The FLC shall not implement any correction in EEP at this stage. The JS will provide the FLC with further guidance on how to register the irregularities after receipt of the completed signed checklist.**

69	List of irregular expenditure					
	Budget Line	Cash or In-Kind	Financial claim concerned 4501-043_PP02_03	Work package concerned	Detailed amount of ineligible expenditure	Classification of irregularity
70	Budget Line 6 "Infrastructure and construction works"	-- Select --		-- Select --		-- Select --
71		-- Select --		-- Select --		-- Select --
72		-- Select --		-- Select --		-- Select --
73		-- Select --		-- Select --		-- Select --
74		-- Select --		-- Select --		-- Select --
75		-- Select --		-- Select --		-- Select --
76		-- Select --		-- Select --		-- Select --
77		-- Select --		-- Select --		-- Select --
78		-- Select --		-- Select --		-- Select --
79		-- Select --		-- Select --		-- Select --
80		-- Select --		-- Select --		-- Select --
81		-- Select --		-- Select --		-- Select --

The FLC is to:

- Select from a drop-down list if the irregular amount detected is in cash or in-kind (not applicable for BL1 and BL3)
- Indicate the Financial claim in which the irregular amount has been initially reported
- Indicate the Work Package concerned
- Indicate the exact irregular amount (one line per irregular expenditure item)
- Classify the typology of irregularity using a drop-down list (please refer to Section 7.7.5 of this document)

**The reliability of the information provided by the FLC in this table is crucial** as it will be the basis for the JS to implement the applicable corrections directly in the IT system.

**Every cell must therefore be completed and data must be 100% reliable.**

#### 10.4.7. Overview of the detected irregularities

The table is automatically completed on the basis of the information provided earlier on in the “List of irregular expenditure” table and does split the irregular amounts under “cash” or “in-kind” accordingly. In addition, if the selected staff costs methodology is “20% flat rate of real costs”, the table, in compliance with the Programme eligibility rules:

- automatically calculates the impact of the irregular amounts detected under BL6 onto BL1. Therefore, if there were ineligible costs detected under BL6, this would, by extension, lead to ineligible amounts under BL1 as well. As a consequence, 20% of the ineligible amount relating to BL6 would then automatically be applied onto BL1.
- automatically calculates as well the impact of the irregular amounts detected under BL1 onto BL2. Therefore, if there were ineligible costs applicable to BL1, this would lead to ineligible amounts under BL2 as well. As a consequence, 15% of the ineligible amount relating to BL1 would then automatically be applied onto BL2.

### 10.5. Content of the second part of the checklist

The second part of the checklist contains the following elements:

Block 1: Set of specific questions relating to Budget Line 6

Block 2: Set of questions relating to the Publicity requirements

The checklist contains numerous formulas to prevent the FLC from reading non-applicable questions and to avoid incoherent answers.

Depending on the answer brought to a certain question, some subsequent questions may therefore turn grey and the FLC does not need to answer to these questions.

For each question, only 2 answers are possible: “Yes” or “No” (to be selected from a drop down list).

In some cases, one of the selected answer will colour the “comments” box in yellow and some guidance will appear next to the “comments” cell.

The FLC shall then compulsorily provide some information and justification relating to the selected answer. Once the FLC has completed the comment, the cell will turn white again.

### 10.6. Transmission of the completed and signed checklist to the JS

Once the FLC is fully completed and signed by the FLC, the FLC needs to:

- Create a pdf version of the document and send it by email to the JS: (Audit and Control Officer: [c.ramampy@interreg2seas.eu](mailto:c.ramampy@interreg2seas.eu); Finance Unit Coordinator: [s.degroote@interreg2seas.eu](mailto:s.degroote@interreg2seas.eu)).
- Keep the original signed version for the audit trail and in case of audit
- Provide a copy to the controlled Project Partner

### 10.7. JS’ assessment of the completed checklist

Each FLC on-the-spot checklist received by the JS will be closely assessed (admissibility check).

Should clarifications be needed, the JS will send an email to the FLC requiring further explanations/justifications.

A set deadline for the FLC to provide these elements will be indicated in the core of the email.

**In case of irregular expenditure detected by the FLC as a result of the control, the JS will provide the FLC with further guidance after receipt of the completed signed checklist.**