# First Level Controller MANUAL

Version 5.3 (04/11/20)

## Table of Contents


1. Introduction ..... 4
2. Role of the FLC ..... 5
   - *Overview* ..... 5
   - *Administrative check* ..... 6
   - *On-the-spot Verifications* ..... 7
   - *Contact details of the National Authorities* ..... 8
3. The Control Process ..... 9
   - *Overview of the process* ..... 9
   - *FLC administrative checks* ..... 10
   - *On-the-spot checks* ..... 12
   - *Documentation of the checks* ..... 13
4. Programme rules ..... 14
   - *Project Budget* ..... 14
   - *Preparation costs Lump Sum* ..... 14
   - *Eligibility* ..... 15
   - *Irregularity and Fraud* ..... 16
5. Checks on eMS ..... 18
   - *Introduction* ..... 18
   - *Access to User Account* ..... 19
   - *Access to Partner Reports* ..... 21
   - *Verification of a Partner Report – List of Expenditure (LOE)* ..... 21
   - *FLC documents* ..... 26
   - *Partner Information* ..... 28
   - *FLC Checklist* ..... 29
   - *FLC Report* ..... 30
   - *Attachments* ..... 31
   - *Open Expenditure items from Other Reports* ..... 32
   - *Additional information* ..... 33
   - *FLC Certificate* ..... 34
   - *On-the-Spot checks* ..... 39
6. Checklists ..... 40
   - *FLC REPORT* ..... 40
   - *FLC CHECKLIST - Administrative checks* ..... 42

*FLC CHECKLIST – On-the-Spot* ..... *77*

# 1. Introduction

The France (Channel) England Programme is a "Cross Border" programme under the European Territorial Cooperation Goal, meaning it aims to support the development of the Border region between France and England.

A European Territorial Cooperation Programme is an economic development programme that funds various projects which take place across multiple countries and regions. These projects aim to find common solutions to common problems which exist in multiple countries.

Norfolk County Council is designated to act as the Managing Authority (MA), Audit Authority (AA) and Certifying Authority (CA) for the France (Channel) England Programme during the Programming period 2014-2020. The Joint Secretariat (JS) is the main point of contact for Project Partners (PPs) during the lifetime of their project. It is responsible for the day to day management of the Programme under the supervision of the Managing Authority.

This First Level Controller (FLC) Manual has been written for people performing first level control functions. It provides information and guidelines for the FLCs on the minimum requirements of the control process and on the overall scope of the FLC work.

The FLC Manual must be read together with the Programme Manual, which contains crucial information about the procedures, systems and rules of the programme. Specifically, the Guidance Note 8 on Eligibility rules and Budget Lines will be useful when performing of the checks. In addition, the France (Channel) England Programme 2014-2020 Cooperation Programme gives information on matters of general management and implementation of the Programme.

The Commission Guidance document on management verifications to be carried out by Member States on projects co-financed by the Structural Funds, the Cohesion Fund and the EMFF for the 2014-2020 programming period should also be taken into account by the FLC.

In accordance with eCohesion requirements, the programme has set up an Online Monitoring System called eMS for all communication between PP and programme bodies. Project applications will be received in eMS and all work and communication with approved projects will be done in eMS. This includes the verification of project reports and related expenditure.

# 2. Role of the FLC

## Overview

The legal basis for the FLC work comes from the Common Provisions Regulation, Regulation (EU) No 1303/2013, where Article 125 (4) states that the MA shall "verify that the co-financed products and services have been delivered and that expenditure declared by the PPs has been paid out and that it complies with applicable law, the operational programme and the conditions for support of the operation".

Based on regulation for European Territorial Cooperation, Regulation (EU) No 1299/2013, Article 23 (4) the Member States shall designate a body responsible for carrying out the verifications in relation to beneficiaries on its territory. The people carrying out the verifications are referred to as "controllers".

The verifications take the form of administrative checks, performed for each project payment claim, and on-the-spot checks.

The France (Channel) England Programme has decided that there will be a single Controller per PP. In principle a PP will propose a FLC, who will be approved by the National Authority where the project is located. Recruitment processes of FLCs in France and in the UK are detailed in the Programme Manual Guidance Note 6 – Project Implementation. First Level Controls costs will be eligible expenditure under the programme as an External Expertise and Service cost, in accordance with Article 6 of the Commission Delegated Regulation (EU) No 481/2014.

The FLC will be required to perform an exhaustive control by checking the eligibility of 100% of expenditure included in each partner's payment claim. High standards of control are expected from the FLC to minimise the risk of any potential irregularities not being detected at that stage. Indeed, the Managing Authority wants to ensure there is a reduced amount of errors in the Programme by setting a 2% target for FLCs, which will prevent the programme error rate exceeding this level when subject to further control levels. The FLCs will confirm that they have verified the expenditure in a PP's report by signing the First Level Control Certificate.

The FLC is central to the programme implementation and management. It is the best place to identify and correct ineligible expenditure. Higher levels of control (e.g. Second Level) are fundamentally quality checks on project implementation on sample basis.

The FLC verification covers in particular:

- That expenditure relates to the eligible period and has been paid;
- That the expenditure relates to an approved project;
- Compliance with programme conditions including, compliance with the approved financing rate;
- Compliance with programme, and Union eligibility rules;

- Adequacy of supporting documents and existence of an adequate audit trail;
- For simplified cost options: that conditions for payments have been fulfilled;
- Compliance with State aid rules, sustainable development, equal opportunity and non-discrimination requirements;
- Where applicable: compliance with Union, national, and programme public procurement rules;
- The respect of EU, national and programme rules on publicity;
- Physical progress of the project measured by common and programme specific output and, where applicable, result indicators;
- Delivery of the product or service in full compliance with the terms and conditions of the Grant Offer Letter.

The certificate will then be sent to the Lead Partner (LP), who compiles a report to be submitted to the Joint Secretariat.

The Managing Authority will organise training seminars in cooperation with National Authorities for appointed FLCs. They will be required to attend training to be given individual access to the Programme Online Monitoring System, eMS, in order to effectively proceed to their controls. Once FLCs have attended the FLC training organised by the JS and the National Authority, they will be given access to eMS as FLC user to verify the report of the assigned PP. FLCs will need to register into eMS to this address before receiving their FLC user access:

https://emschannelmanche.norfolk.gov.uk/ems/

The access is not granted for a FLC institution but for a specific FLC user. Each user is personally responsible for all work carried out under this user name. A FLC institution can have several FLC user accounts. However, only the designated FLC is authorised to sign the certificate and the checklists.

## Administrative check

The FLC verifications are done for each partner payment claim (twice a year). For each reporting period the partner must compile the report on its expenditure and send it with the necessary documentation to their FLC. The costs can be reported to the JS only after FLC verification. Reporting periods are different for each Project and are set in the Grand Offer Letter.

The main aim of the controls is to guarantee to the MA and the project itself that costs co-financed under the Programme are accounted for and claimed in accordance with the legal and financial provisions of the Grant Offer Letter, the approved Application Form, the Programme Manual, national rules and EC regulations.

The FLC is required to check every item of expenditure submitted in a partner report, the supporting documents (such as time sheets, invoices etc.) and the costs per budget lines. Professional scepticism should be used when doing the checks. The controllers must look at

key documents in the audit trail of the Partner to make sure that the costs claimed by the PP are real costs and that the activities have taken place and that all eligibility rules are being followed.

In addition, the controller should verify that the required match-funding has been received as described in the approved Application Form. The controller should also verify that the ERDF rate used corresponds to the rate specified in the application form.

The audit trail must allow FLCs and auditors to enter the accounting programme and project cost centre of the LP/ PP and to trace back all declared expenditure to the original invoices (or equivalent documents). It must also be possible to verify the transfer of ERDF funds from the LP to the PPs in accordance with the partnership agreement. This also includes the transfer of the preparation costs lump sum.

As the MA bears the overall responsibility of programme implementation, it has the right to conduct sample checks on the FLC controls and their quality.

## On-the-spot Verifications

On-the-spot verification of projects is the second key element of management verifications, after administrative verifications in accordance with the Article 125 (5) of Regulation (EU) No 1303/2013.

The FLC of a PP should carry out on-the-spot verification at least once in the lifetime of a project to check actual delivery of the project and aspects of compliance which cannot be verified through administrative checks. An on-the-spot verification will only be undertaken when a project is already advanced in terms of physical and financial progress. The timing of the verification, during the implementation of the project, is to be agreed by the PP and their FLC based on the nature of the project. It is advised that the FLC should perform the on-the-spot check during the second half of the project's lifecycle. In any case, the on-the-spot check will have to be finalised before the final Report to allow potential recoveries. FLCs are expected to motivate the timing of their visit within the on-the-spot checklist and to communicate the timing agreed with the PP to the JS and to the National Authority.

This control is based on a sample of each expenditure item, which has already been verified. The sampling method will be justified, and the selection of items will consider risk factors (value of items, type of PP, past experience) and be complemented by a random sample. The points to be checked are identified in the FLC checklist. The justification of the sample verified, and the outcome of the verification are recorded within the project's audit trail.

In addition, the Joint Secretariat plans to visit projects at least once during their lifetime to monitor the compliance of the activities and the work of the partnership. Joint Secretariat officers and National Authority representatives might accompany FLCs during their on-site visits or participate in project events.

## Contact details of the National Authorities

**UK**

**MHCLG - Arni Narain**
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E-mail: Arni.Narain@communities.gov.uk

**MHCLG- Neil Marsh**
Tel: +44 (0) 303 444 3875
E-mail: neil.marsh@communities.gov.uk

**France**

**Préfecture de Normandie – Bruno Dumont**
E-mail: bruno.dumont@normandie.gouv.fr

**Préfecture de Normandie - Raphaelle Giacalone**
E-mail: raphaelle.giacalone@normandie.gouv.fr

# 3. The Control Process

## Overview of the process

After a project is approved by the Selection Sub-Committee, a Grant Offer Letter is concluded between the MA and the LP. A scanned copy of the Grant Offer Letter, the approved project Application Form, the budget, the Partnership Agreement and other annexes to the application will be available in eMS. The FLC gets the user rights to eMS from the JS after attending a training. They are then assigned to the PP they will perform the control for after attending a training.

Project implementation and reporting is divided into six-month periods (in most cases). The period is counted from the beginning of the project, and projects therefore have different reporting periods.

The reporting period of each project is set out in the Grant Offer Letter. Once this reporting period has ended, each Partner must submit a Partner Report, with its List of Expenditure (List of Expenditures) to their FLC through eMS. The supporting documents can be uploaded on eMS and stored online temporarily. The timeline for Partner Report submission by the Partner and verification by the FLC is negotiated between the Partner and their FLC and should be discussed in advance so that it does not delay the overall reimbursement process for the partnership. If, for any reason, the FLC could not comply with the timeline decided with the PP, the FLC must inform the PP as well as the LP a soon as possible. In accordance with Article 23 (4) of (EU) Regulation No 1299/2013, the FLC is required to perform its verification within 3 months after the PP have submitted their report.

Once all partner verifications have been done, the LP will submit the complete Project Report to the JS four months maximum after the end of the reporting period. The dates of the LP Project Report submission to the JS are set in the Grant Offer Letter.

The JS will then perform checks on the content of the project and its implementation and on the financial progress. From the date of submission of the Project Report, the JS has 60 calendar days to complete its checks. If any irregularity is spotted, the clock stops. The JS can send questions either to the FLC or to the LP. Once the JS has verified the claim, it notifies the Certifying Authority, which will transfer the ERDF funding within 30 calendar days.

All payments will be made to the LP. The LP must forward the ERDF funding to partners within one month.

The FLC will check the compliance of the following rules by the PPs:

- Public procurement;
- State aid rules;

- Publicity rules;
- Sound financial management;
- Compliance with the requirements about equality between men and women and non-discrimination;
- Sustainable development;
- Double financing;
- The generation of revenue.

The basic control on these issues is to take place during the FLC and the respective result is to be provided in the Checklist and Report.

## FLC administrative checks

The main task of the FLC is to ensure that the products and services paid for have been delivered and costs paid out as well as compliance with all relevant regulations.

It must be possible to clearly identify which expenditure has been reported in the context of the project and to exclude the possibility of reporting the same cost twice (e.g. in two different budget lines, reporting periods, or projects/funding schemes). The LP/PP must open an accounting/cost centre in the organisations accounting system for the project costs to separate the costs from the standard bookkeeping of the organisation. Project costs should be visible in project accounting before they can be included into partner progress reports.

FLC is done based on a general ledger, or an equivalent. The general ledger must show all transactions to the project during the reporting period, and it must also show cumulative totals for the project's duration. It must be signed by a person responsible for accounting.

All partner progress reports submitted by the PPs and the LP are subject to a desk-based administrative check. Support documentation may include the following:

- Bookkeeping list/General ledger, including cumulative costs;
- Copies of the original invoices and other accounting material (can be in electronic form);
- Bank statements showing actual payments or equivalent evidence;
- Explanation of the depreciation method used (for the first depreciation of the item in question);
- Certification that VAT is not recoverable if VAT is included in the project costs and the certification has not been submitted earlier (can be submitted electronically);
- Calculation methods, rationale and documentation for the value of any equipment or machinery to be used by the project;
- Adequate documentation for payroll costs:
  - Copies of employment contracts or similar;
  - Time sheets of the part-time employees working on an hourly basis;
  - Salary slips of the full-time / part-time employees;
  - Payment orders/bank statements for the paid-out salaries;

- Copies of project related contracts, public procurement documents and related material to verify purchasing processes;
- Specimens of booklets, outputs etc. which are produced by the project/ programme
- Participant lists with signatures of project related activities (seminars, working groups, meetings etc.).

**Important notice**: the list is not exhaustive and cannot be applied to all reports directly!

For more information, please read the document related to common mistakes available on the programme's website (under FLC documents – Useful Documents section).

The task of the controller is to confirm the information contained in these accounts, using tests enabling sufficient evidence to be obtained to give a reasonable opinion on:

- the correctness of the partner progress report;
- that expenditure relates to the eligible period and has been paid out;
- that the expenditure relates to an approved project;
- compliance with the approved financing rate;
- compliance with the relevant eligibility rules and Community and national rules on public procurement, State aid, environment, sustainable development, publicity, equal opportunity requirements, non-discrimination);
- the reality of the project, including physical progress of the products/service and compliance with the terms and the conditions of the Subsidy Contract (performance indicators);
- the expenditure declared and the existence and compliance of the audit trail;
- the separate accounting system or an adequate accounting code for all transactions relating to a project;
- adequacy of supporting documents and the existence of an adequate audit trail;
- that the publicity requirements of the EU and the programme have been respected.

In case the VAT status changes from what has been approved during the application procedure, a new certification signed by the tax authorities is required, verifying that VAT is a final cost for the partner.

Particular attention will be paid when the same PP implements more than one project at the same time or a project receives funding under various forms of support or funds, there are mechanisms in place to verify potential double financing of an expenditure item, in particular that:

- A separate accounting code for the project is used within the partner organisation;
- The time recording documentation covers 100% of the time worked by an employee working on a project with a clear distinction between projects;
- Any procurement documentation states the name of the project the products or services are procured for.

If the project has filled the reporting materials inadequately, documentation is missing, or instructions have not been followed by PP (e.g. timesheets have not been signed) FLC should ask PPs to correct the mistakes or clarify unclear issues.
In case ineligible cost items or deficiencies are found, they must be deducted by the controller and these must be documented in eMS.

Each First Level Control certificate and report will record:

- The amount presented to the Controller
- The amount verified
- The amounts that the Controller has deducted from the claim, and the reason for those deductions (where applicable).

Each controller performs the first level control in eMS and the verification shall cover every single cost item. eMS includes a FLC Report, a checklist and an FLC certificate to guide the work of the FLC. These documents are the documents reporting directly on the results of the FLC and are there of utmost importance to the MA/JS. The MA is responsible for the overall quality of the programme's control systems. Controllers will also fill in the FLC checklists provided by the JS (available on the Programme's website). The checklists must be filled in in one of the two languages of Programme (French/English).

Once the check has been completed, the controller will submit its verification of the Partner Progress Report in eMS.

## On-the-spot checks

According to the Article 125(5) and (6) of Regulation (EU) No 1303/2013 it is obligatory to carry out on-the-spot checks on projects.

On-the-spot check means that the controller will visit the project and verify that certain activities, purchases of services and products as well as investments have taken place in accordance with the approved application during the implementation, and that the related regulations have been respected.

On-the-spot checks may be carried out on a sample basis. The sample should be risk-based and complemented with a random sample.

In general, the following aspects are to be included in the on-the-spot checks:

- The reality of the project;
- Delivery of products and services in full compliance with the approved Application Form;
- Physical progress;
- Compliance with EU and national rules on publicity, public procurement, equality between men and women, non-discrimination and environmental issues in relevant cases;

- Accuracy of all information provided by the PP regarding physical and financial implementation of the project.

The checks should be performed during the project implementation. The checks should be planned well ahead to time them in the most effective way, when the project is already well under way of being implemented.

The controllers must state the date of the on-the-spot checks, describe the checks performed and report any relevant findings, results and recommendations in the specific on-the-spot checklist.

## Documentation of the checks

The FLC checks are to be documented in eMS. Irregularities identified during the verifications should be recorded and all recommended corrective measures and/or follow up actions documented. Follow up actions might include a proposal for recovery of co-financing. The FLC Reports, checklists and certificate are saved in eMS as part of the verification process.

### *Reporting problems on eMS*

*In case of problems, please e-mail ems@norfolk.gov.uk*

*In the e-mail reporting the problem, provide as much detail as possible indicating what you were trying to do, relevant project ID, report and/or any other information. If possible, send screen shots visualising the issue.*

# 4. Programme rules

The programme rules described in this chapter are of importance for the FLC's. Further information on all these topics can be found in the Programme Manual.

## Project Budget

The project budget is defined in an Annex of the Application Form approved by the Selection Sub-Committee. Each Partner is allowed a specific budget with a breakdown per budget line and Work Package.

The total expenses claimed per budget line cannot exceed the amount planned in the budget linked to the Application Form.

PPs can modify their budget if a modification is approved by the JS or the Programme Monitoring Committee, depending on the type of modification (see more details on project modification in the Guidance Note 6).

Example of a technical modification requiring JS approval:

- Changes to the budget with no increase of ERDF: funds moved from one budget line to another with an amount representing less than 20% of the total eligible budget;

Example of fundamental modifications requiring Programme Monitoring Committee approval:

- Changes to the budget: ERDF changes, funds moved from one budget line to another with an amount exceeding 20% of the total eligible budget;
- Changes to the financial plan: Changes to the match funding.

The modification rule is foreseen to accommodate to the minor deviations and updates to the project plan and budget that arise from normal project implementation.

**In any case, the FLC must always refer to the latest version of the budget available on eMS as a basis for its checks.**

## Preparation costs Lump Sum

Preparation costs are the costs that a project incurs to develop the Project full Application.

Under the France (Channel) England Programme, the preparation costs of all "regular" projects which are approved will be covered by a lump sum of 30,000€ per project. The preparation costs of Micro Projects approved will be covered by a lump sum of 12.400€. This will be paid to the LP, who is responsible for its division amongst PPs as set out in the Partnership Agreement.

This amount is not subject to checks to ensure the eligibility of expenditure as it is an approximation of the costs of establishing a project and does not require the PPs to provide evidence of their expenditure.

However, the FLC must check that the parts of the lump sum were transferred by the LP to the PP, according to the annex of the Partnership Agreement.

*Please note that there is a restriction where a Partner has been approved to take part in the project under Article 20 of the General Block Exemption Regulation (Commission Regulation (EU) no. 651/2014), which is that they are unable to receive a share of this lump sum. For further details please see the Guidance Note 11 on "State Aid."*

## Eligibility

In order to budget for and claim expenditure from the France (Channel) England Programme, projects must ensure that their expenditure is both planned/recorded under the correct Budget Line, and is in accordance with the eligibility rules of the Budget Line as set out in the Guidance Note 8.

The budget lines and rules set out below are derived from the European Regulations which set out the general eligibility rules and budget lines for ETC programmes[1].

In addition, where Partners are subject to National Laws (for example, National Public Procurement Law for Public Bodies in France) they must comply with these rules as well, along with their normal internal financial rules.

The general principles which apply to all expenditure claimed to the Programme are;

- The expenditure must be incurred carrying out activities set out in the Application Form and be necessary for carrying out these activities and achieving the project's outputs and results.
- Expenditure must be reasonable and justifiable (for example, does not include 1,000€ for pens that are normally 0.10€ each)
- The expenditure must be necessary for the project, and is not just expenditure that a Partner would incur as a part of their everyday activities
- Be accurately recorded with sufficient evidence to verify that the expenditure declared is real. The types of evidence required are described later in this document.
- Be incurred and paid by the Partner organisation between the project start date and the project end date as set out in the Application Form.

If the expenditure is paid via a lump sum or flat rate, the final two points do not apply.

[1] Commission Delegated Regulation (EU) No 481/2014 is the primary regulation relating to ETC expenditure. Where other regulations apply these will be noted in the footnotes.

For more information, please read the document related to common mistakes available on the programme's website (under FLC Documents – Useful Documents section).

## Irregularity and Fraud

**The programme has a zero-tolerance policy on fraud.** All suspicions on fraud shall be reported to the MA as part of the regular FLC checks.

- Irregularities

An irregularity is defined within Regulation 1303/2013, Article 2 (36) as 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.

In other words, and within the France (Chanel) England Programme, an irregularity refers to an ineligible item of expenditure detected after it was included in the Application for payment sent to the European Commission which could lead to undue payment recovery.

- Fraud

A fraud is any irregular expenditure were the applicant has submitted the expenditure knowing it is irregular intending to incorrectly obtain payment. It also has the same meaning as the Section 2 of the Fraud Act 2006, and French law: "la Loi du 1er août 1905 sur les fraudes et falsifications en matière de produits ou de services".

***Reporting Fraud***

If a FLC suspects that an act of fraud has been committed, they must immediately report it to the JS. This report should be made directly to the JS, without waiting for the usual reporting process for the remainder of the expenditure to be completed. This will be referred to the Deputy Programme Manager for Finance and Appraisal, who will make the Programme Manager and Head of the Managing Authority aware of the report.

The report should be made either to the Finance Officer monitoring the project (set out in the Notification Letter attached to the project on eMS) or to the interregV@norfolk.gov.uk email address.

The FLC will be asked to provide a report to the JS setting out;

- The organisation involved
- The payment claim to which it relates
- The item in the payment claim
- Description of the item
- Date of discovery
- The amount involved
- The type of irregularity

- The reasons for suspicion of fraud
- If there is any reason to believe the fraud is systematic
- Any other relevant information.

The Deputy Manager will then consider what actions should be taken. Responses may include the following;

1) Deciding if sufficient information is available to begin correction and prosecution procedures, and report the matter to the relevant National Authority
2) Deciding if further investigation is needed, including investigating other members of the partnership
3) Decide no further action is needed

The Deputy Manager will then recommend a decision to the Head of MA, who will be responsible for taking the final decision. The FLC will be notified of the decision taken and may be contacted directly by the National Authorities for further information.

If the FLC wishes to make an anonymous report, then they may use the whistleblowing email address that the JS has established, interregva.whistleblowing@norfolk.gov.uk.

If the FLC feels that the response from the JS has not been adequate for whatever reason, they may contact the National Authorities directly to report their concerns.

# 5. Checks on eMS

## Introduction

The FLC work is conducted in the Electronic Monitoring System (eMS).

User rights to eMS will be granted by the JS once the FLCs have been designated by the relevant National Authority (see page 9) and have attended the training provided by the JS and the National Authority.

The FLC users will need to register on eMS before their access can be granted. Please follow the procedure described in section 2.1 of the eMS technical guidance note for your registration.

The last step would be for the FLC to notify the JS about their registration through the eMS mailbox (ems@norfolk.gov.uk). The email should indicate it is an FLC access request and should contain the project acronym and partner name, and the eMS username(s) of the FLC working on the verification.
The user rights are personal, and the user is responsible for all work done under their user name. However, the user name and password do not equal a signature. Therefore, **documents have to be printed and signed by the designated FLC.** Please note that electronic signatures are acceptable. Once printed and signed, the FLC certificate and FLC checklist have to be uploaded to the eMS in the 'Attachments' section on the FLC documents menu (see figure 5). This step must be carried out before the electronic submission of the FLC certificate.

Please note that although several FLC users can be allocated to your institution on eMS, only the responsible FLC designated by the National Authority can sign the FLC certificate(s) and checklist(s).

Also, 2 original hardcopies of the signed FLC certificate must be issued and sent to the relevant Partners: one for the LP and one for the controlled PP. If the controlled organisation is a Lead Partner, only 1 original hardcopy of the signed certificate must be issued and sent to the Lead Partner.

It is also advised to send the electronic version of the signed certificate to the relevant Partner.

eMS can be accessed from the internet webpage of the France (Channel) England Programme or directly at the address:

**https://emschannelmanche.norfolk.gov.uk/ems/**

**Important notice**: other INTERREG programmes use eMS too, so please ensure you access the system for the Channel Programme.

Attention :

- **Save your changes.** The system does not automatically save information. Please be aware that you need to regularly save all changes manually. eMS will not provide any warning before leaving a section with unsaved data, or before logging out. Always remember to save the data before leaving, using the Save button in the upper left corner.
- **eMS guidance**. You can find extra guidance on eMS via the online video on reporting (FLC section starts at '18)

## Access to User Account

By accessing your User Account, you can change your personal information (first name; last name; title) as well as fill in the name of the Department you are working in.

Also, you can choose the view of your Dashboard by ticking or unticking checkboxes that are introduced for defining the items to be visible on your dashboard ("Show Projects", "Show Mailbox", "Show calendar"). We advise you to untick both to hide the display of the mailbox and the calendar.

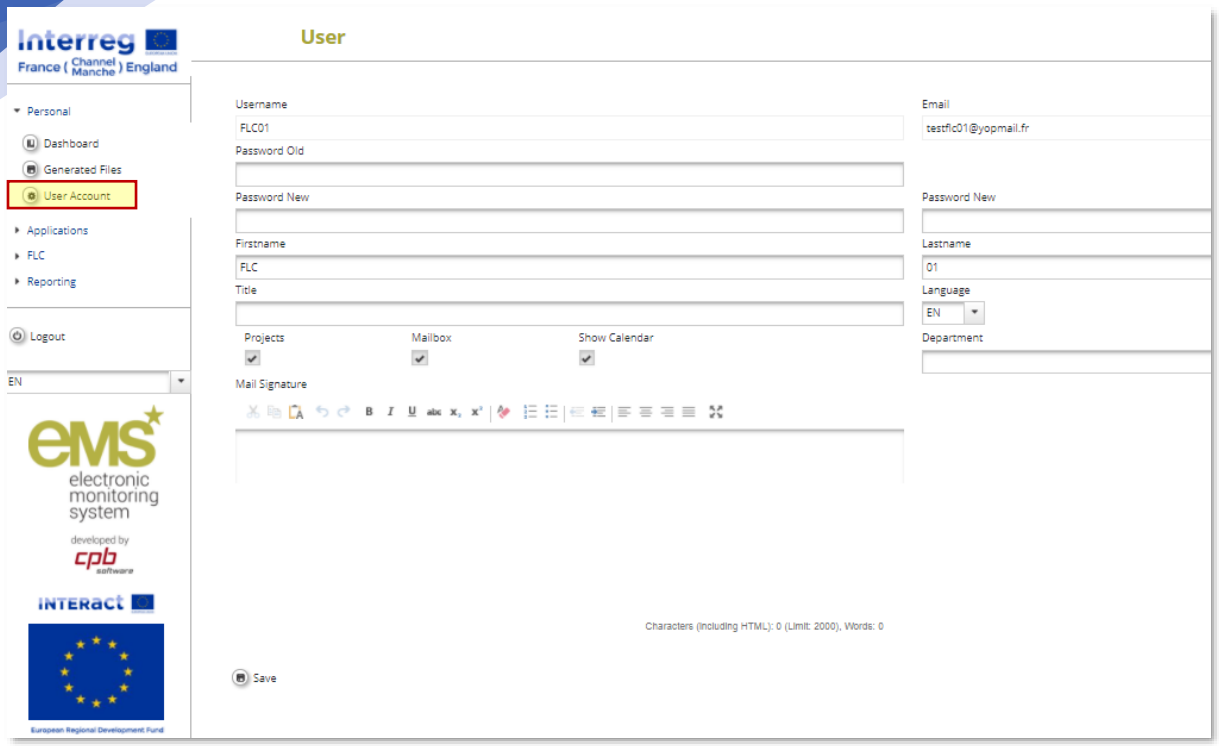



**Figure 1: User Account**

## Access to Partner Reports

Once logged in, FLC Dashboard appears. It includes a list of projects for which FLC users have at least one PP assigned to them, a mailbox and a calendar if configured like this in the User Account (Fig.2).

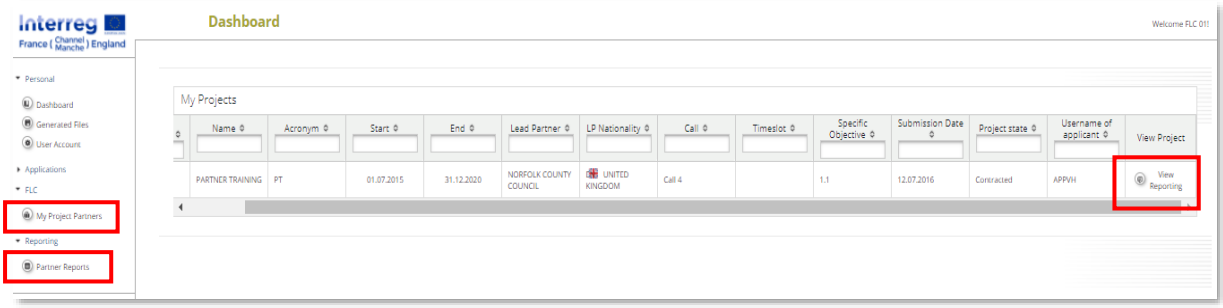



**Figure 2: FLC Dashboard**

The FLC user can access the project from the dashboard clicking "View Reporting" in the list "My projects", under the column "view report" in the list of Partner reports.

There are 2 other ways FLC users can access the projects from the left-hand menu:

- via "*My Project Partners* "table on the left menu, under the FLC item, or
- via the "*Partner Reports* "on the left menu, under the "*Reporting*" item, where you can find all reports ready to be verified.

## Verification of a Partner Report – List of Expenditure (LOE)

Selection of a partner report leads to the partner report view. Near the top, tabs to access the Partner Report (i.e. activity report), the List of Expenditures, Contribution, Attachments and Personal Data Attachments to the report made by the PP are available (Fig.3).

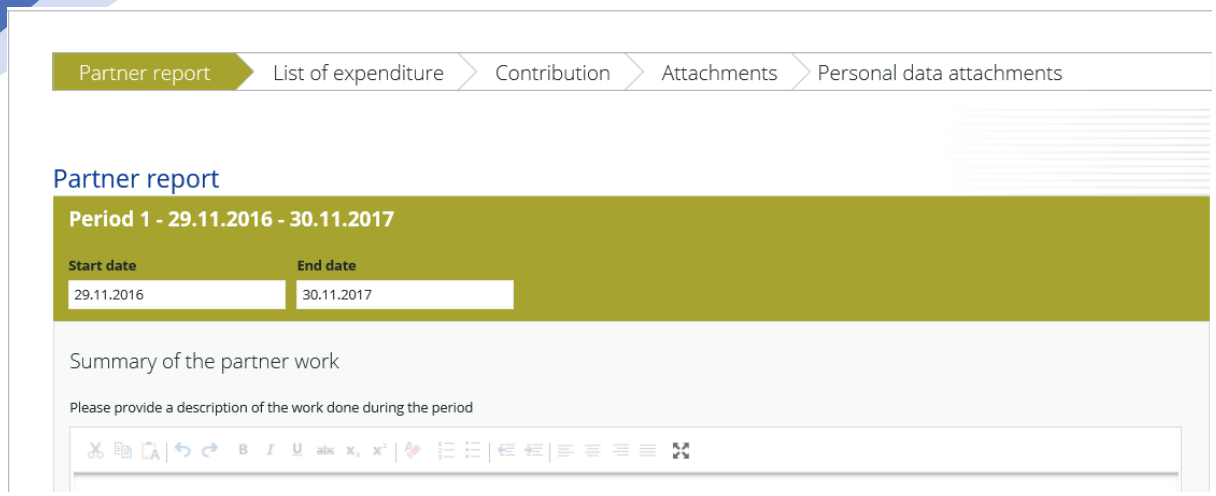



**Figure 3: FLC view - Partner Report**

## List of Expenditure - Overview

You can directly access the List of Expenditures and verify expenditure items. Items ticked as 'Verified by FLC' are highlighted in orange (Fig.4).

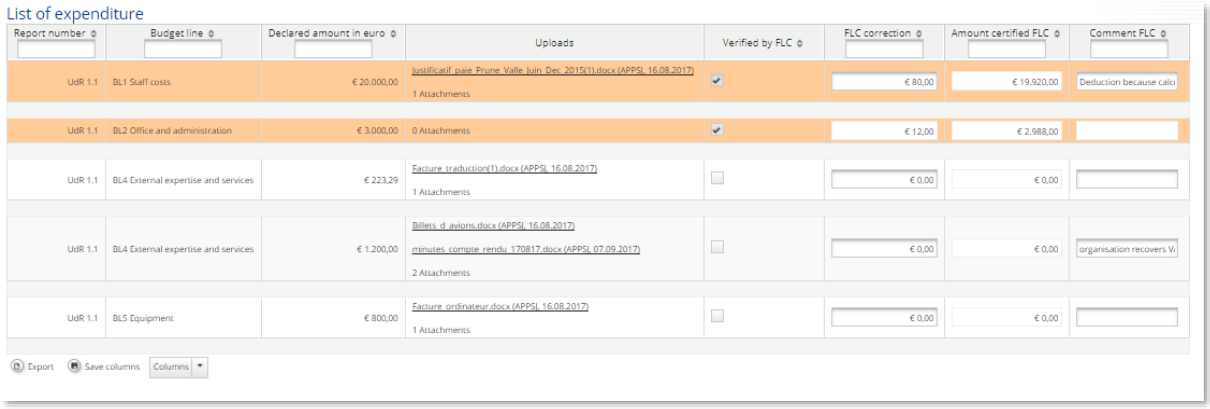



**Figure 4: FLC section of the List of expenditure -**

## Checking expenditure items

### 'Column Select' Feature of the List of Expenditure

The List of Expenditures is very wide as it contains many columns. However, FLCs can hide columns.

Please note some columns are especially useful for FLC to deal with left-over – not yet verified - items from previous reports ('Sitting ducks' – see below) namely: 'Report Number' and 'Date of Certificate'.

The List of Expenditures table can be exported to Excel. Only columns which are not hidden will be exported. Alternatively, FLC could chose to export the List of Expenditures to excel and hid columns directly on the spreadsheet.

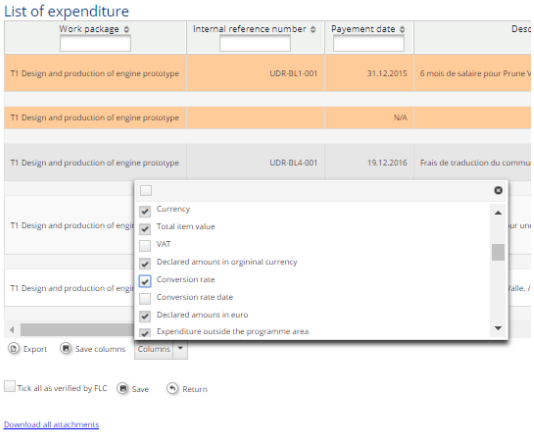



**Figure 5: Hiding columns**

In the 'List of Expenditure', you can view all expenditure items. By clicking on an item, a pop-up window opens in which expenditure can be corrected (Fig.6).

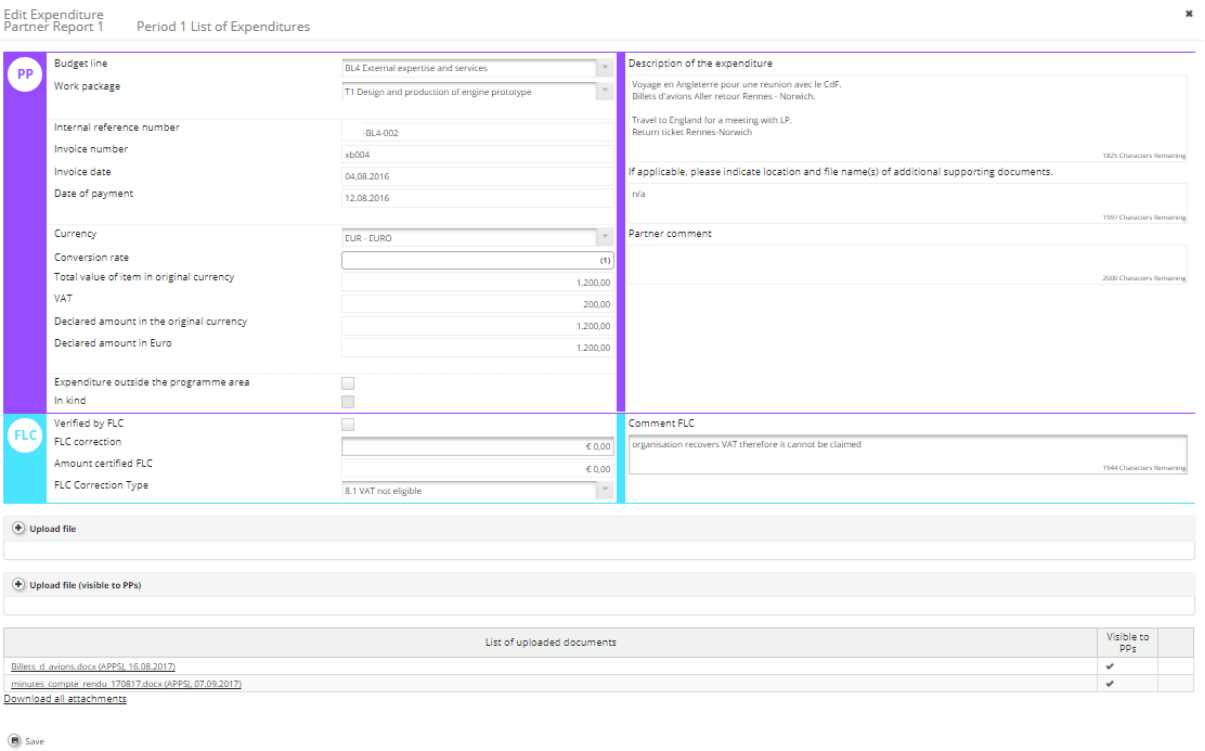



**Figure 6: Editing expenditure by FLC**

Based on their findings, the FLC has 4 options with each expenditure line:

- **Accept the expenditure fully**: if the expenditure is eligible and correct (including all the required supporting documentation), the FLC will only need to tick "**Verified by FLC**".

**- Correct the expenditure**: both positive and negative corrections are possible in the '**FLC Correction'** field. Since negative corrections are more frequent, eMS assumes that a correction is negative. If you want to make a positive correction, please enter a negative amount.

**- Reject the expenditure**: if the expenditure is ineligible or completely wrong, the FLC will need to reject it. For this use a correction where the whole amount will be corrected. Enter the amount in "Declared amount in Euro" into "FLC correction".

**- Decide not to include it in the certificate:** this will generate "sitting ducks" and the expenditure will be covered in future reporting periods. For this, please **do not tick** the box "Verified by FLC". For more information, please refer to "Sitting ducks: open expenditure items from other reports" page 36 of this manual.

The amount the FLC agrees with (total amount of corrected amount) is shown as '**Amount certified by FLC'** if the checkbox **'Verified by FLC'** is ticked. If you enter an amount in the 'FLC Correction' field, but do NOT tick the checkbox 'Verified by FLC', the eMS considers this amount as not verified and the 'Amount Certified FLC' field stays empty. The corresponding expenditure item will NOT be included in the FLC certificate. The checkbox 'Verified by FLC' must be ticked for the expense to be included into the FLC certificate.

Please note that in case a flat rate is based on multiple expenditure items and only some of them are ticked as **'Verified by FLC'** the flat rate will split into multiple items to make sure that only the part of the flat rate referring to the verified items is included in the FLC certificate.

Any supporting documents uploaded by the PP to the List of Expenditures can be accessed via the 'Uploads' section.

eMS is not considered an archive and does not replace the requirement for partners to keep all relevant documentation.

As an FLC, you can also upload documents to the List of Expenditures. Documents uploaded by FLC to the List of Expenditures cannot be viewed by the PP. The upload made by a FLC can be either visible by the PP or not. Please select the relevant upload button (see Fig.8).

If any of the expenditure to be adjusted was declared in a currency different than EUR, you may correct it in EUR or cut it in the original currency. To correct in the original currency, you need to check the box **'edit amount in original currency'**. Then you can enter the difference in the original currency and the system will calculate the difference and the new eligible amount in EUR using the exchange rate of the time when the item was submitted to the FLC.

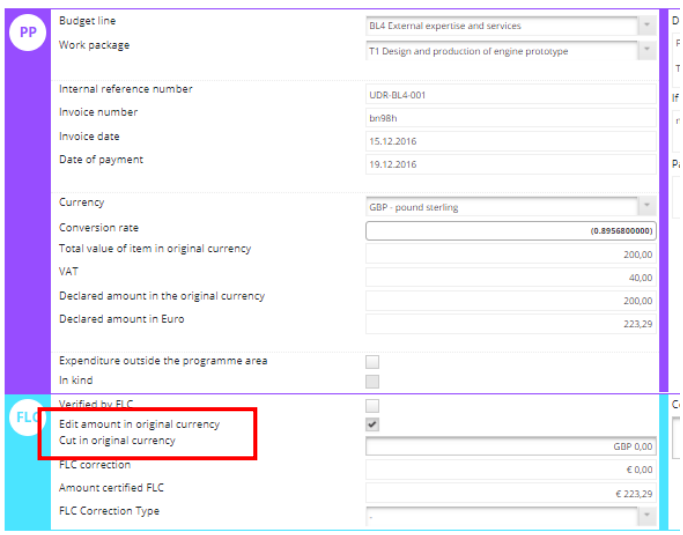



**Figure 7: Editing expenditure in original currency**

Each time, the 'FLC Correction' field contains an amount other than 0 the dropdown list in the field **'FLC correction type'** becomes active. FLC must select a type of correction for correcting the invoice from a dropdown list. A full list of typologies of errors is available on the programme's website (under Useful Documents section).

The FLC must also provide a justification for each correction applied in the "**Comment FLC**" box.

Selecting the most appropriate typology of error is important as the programme analyses and reports annually to the EC on the type of errors and any actions taken by the MA/JS to reduce these.
The typology of errors are grouped into categories e.g. Category 1 Public Procurement, and further divided into sub-categories e.g. Sub-category 1.1 Lack of publication of contract notice. The identified error and comments should correlate to the chosen typology of error.

The use of generic codes e.g. 7.1, should only be used when no other code is appropriate.

"**Expenditure Outside the Programme Area**" is the only box from the PP section that the FLC is allowed to change (tick or untick).

**Visibility of FLC corrections to the PP**
PPs can see corrections done by the FLC. The fields 'FLC Correction', 'Amount certified FLC' and 'Comment FLC become visible to the partner after the FLC certificate is issued.

**Uploading documents (List of Expenditures Attachments)**

Attachments by the PP to items in the List of Expenditures are shown in the List of Expenditures and in the 'Edit Expenditure' pop-up window.

There are two types of attachments available: the ones that are visible only to you as controller of partner report and attachments that will become visible to the PP after the FLC certificate is issued. To upload documents that should not be seen by PP, use the "Upload button". To upload documents that can/should be seen by PP, use the "Upload files also for project partners" button.

All uploaded documents are positioned in the order of uploading time and you can easily determine which documents are seen to PPs by mark on the right side of the list.

A 'download all attachments' button is available to download all attachments associated with one expenditure item.

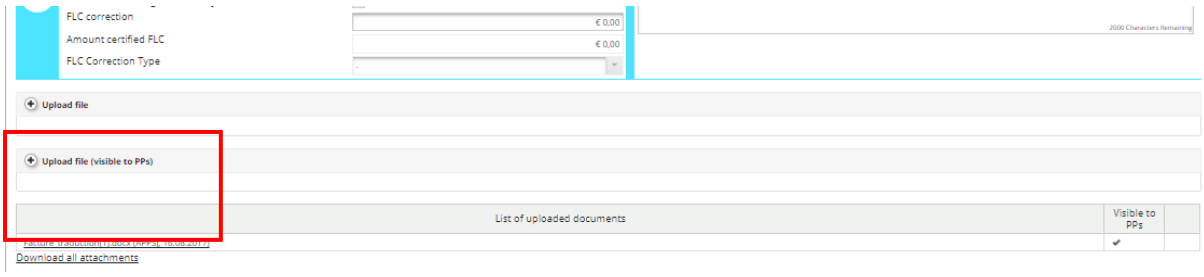



**Figure 8: Upload files**

Attachments uploaded by an FLC user can be seen by all other FLC users that are assigned to the same PP as well as JS, MA and CA. They currently cannot be seen by the PP, unless if the FLC decide to allow it.

## Checking procurements

A new Supplementary Information tab concerning procurements has been recently added to eMS. This is a big simplification for FLCs and partners and Lead Partners. With this feature procurement documentation doesn't have to be uploaded multiple times with every invoice but once in the Supplementary Information and can be accessed each time the invoice is linked to the procurement.

For more information about this new functionality, a document "Annex1: New Supplementary Information tab "procurements" has been created and can be downloaded from the Programme's website (under "eMS Technical Guidance" – Useful documents section).

## FLC documents

eMS handles the following FLC documents:

- **FLC expenditures;**
- **Partner information;**
- **FLC Report;**
- **FLC Certificate;**
- **FLC checklist;**
- **Attachments.**

They can be accessed through the left menu, clicking in "FLC documents" (Fig.9):

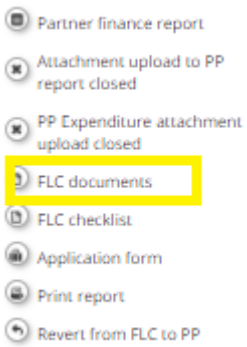



**Figure 9: FLC documents**

The checklist and on-the-spot checklist are not directly handled by eMS. These documents must be downloaded from the Programme's website (under "First Level Controller Documents" - Useful documents section) completed, signed by the designated FLC and uploaded as attachments into eMS. This needs to be done before the final submission of the electronic FLC certificate.

## FLC Expenditures

This overview table shows – per budget line – how much was declared in the current report and how much of this was already ticked as 'verified by FLC' in the List of Expenditures. It can be used, e.g. to keep track of the FLC work. It can also be used to verify along budget lines as expenditure items can be opened per budget lines via this view.

FLC - Expenditures | Partner information | FLC - Checklist | FLC - Report | Attachments | N/A | N/A

Expenditure report

Show all expenditure waiting to be verified, including open expenditures from other reports

| Budget line | Declared by partner | | Certified by FLC | | Difference | |
|---|---|---|---|---|---|---|
| | Current report | Total | Current report | Total | Current report | |
| BL1 Staff costs | € 20.000,00 | € 20.000,00 | € 0,00 | € 0,00 | € 20.000,00 | |
| BL2 Office and administration | € 3.000,00 | € 3.000,00 | € 0,00 | € 0,00 | € 3.000,00 | |
| BL3 Travel and accomodation | € 0,00 | € 0,00 | € 0,00 | € 0,00 | € 0,00 | |

**Figure 10: FLC Overview table**

From the list of Partner Reports, the expenditure report can be accessed via the certificate item on the right side.

This view is also used to access any open expenditure items from other partner reports (see Section 'Open Expenditure Items from Other Reports' below).

Note: the column: 'Total' has no use for the default view, it only makes sense for the 'sitting ducks view' (see below). Without 'sitting ducks', it just repeats what is listed under 'current report'.

From the expenditure report, FLCs can directly access the List of Expenditures, see and validate different expenditure items (also accessible through the Partner Report).

The expenditure report shows – per budget line – how much was declared and how much was certified by FLC.

## Partner Information

This tab should be used to enter important information about a PP such as VAT and bank account (fig.11).

**Important notice:** concerning VAT evidence, it is the responsibility of the FLC to establish if a partner can recover VAT from HMRC based on the regulations and the evidence provided by the partner. The FLC will need to provide, in the FLC checklist, confirmation VAT can be claimed to the programme and why based on their profession judgement and information received, (what evidence the FLC have seen or the reason why the FLC establishes that the PP can claim VAT from the programme). The rule of the programme is that if a partner can recover VAT from HMRC, they must deduct it from the claim submitted to the programme. If they do not deduct it and they could recover it from HMRC it is the role of the FLC to deduct it.

It is assumed information entered in this tab does not usually change over time. For this reason, information entered once in this section is shown in all subsequent reports.

If it does change, however, it can be updated. If updated, the new information will be shown in all subsequent reports, but not in already submitted reports. All this information entered here will populate the printed versions of the FLC certificate.

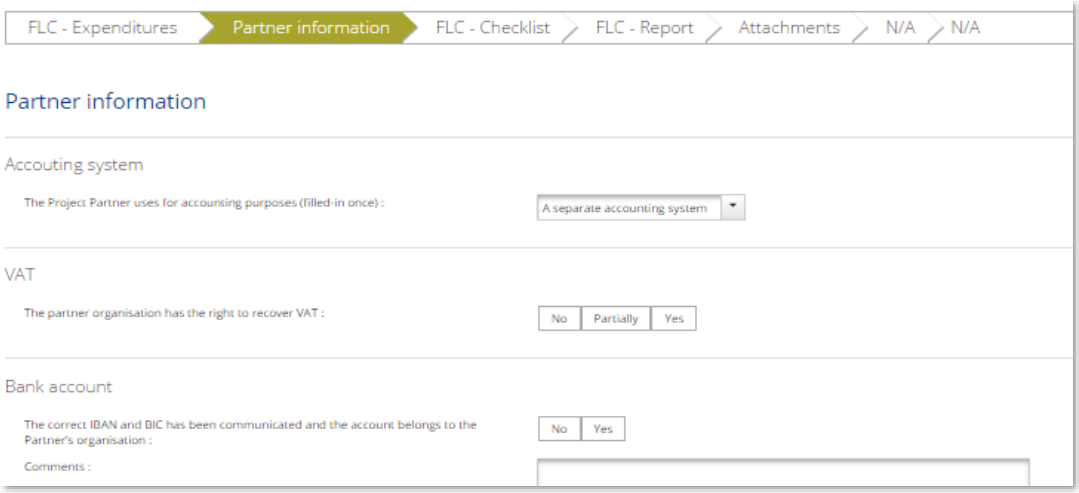



**Figure 11: Partner Information**

## FLC Checklist

The FLC checklist is a word document available for download on the Programme's website (under First Level Controller Documents – Useful Documents section). The checklist must be completed in its entirety for each partner submitting a partner report.

The FLC checklist lists all verifications expected from FLCs. The checklist contains several sections. For each question, it is possible to confirm the question with yes, no, or not applicable. Especially for "no" and "not applicable" a comment must be provided. **The FLC should use the comment boxes as the reports will be used for quality checks by the programme bodies.** They serve as a memory of what has been checked.

Please note that not all sections will be relevant for all partners.

Additionally, the section on Public Procurement will have to be repeated as many times as Public Procurement has been or should have been used in a Partner's claim. The partners will report procurements in the procurement tab (available in the Programme's website (under FLC documents – Useful Documents section).

**Once completed this checklist must be signed by the designated FLC and uploaded to the "attachments" section.** This needs to be done before the final submission of the electronic FLC certificate (eMS submission)**.**

To confirm this process has been successfully carried out, FLC must ensure that the question included in the "checklist" section in eMS has been addressed (Fig.12).

To confirm the checklist has been uploaded in the attachment, under the tab "FLC checklist" click on "confirmed" and then "Finish checklist" on the bottom of the page.

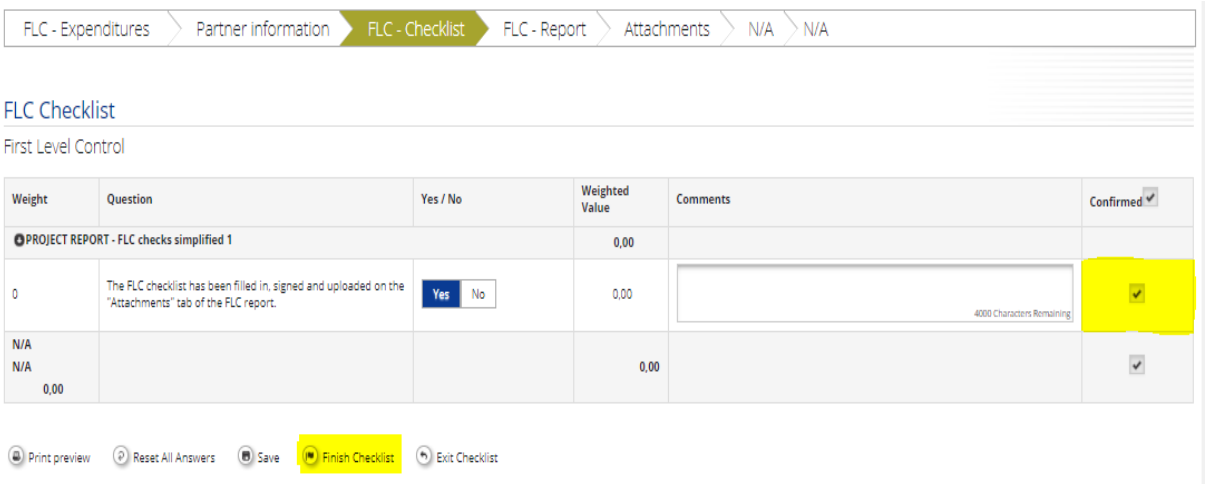



**Figure 12: FLC Checklist tab**

## FLC Report

The tab 'FLC Report' contains information on the current report. It is assumed that this information changes over time. The information to be provided in this section includes Type of report, details on the designated PP controller, Methodology of the verification, Description of Findings, Conclusions and recommendations and follow-up measures for the next partner report.

Information under 'Designated PP Controller' is pre-filled.

Unlike to the 'Partner Information' tab, information entered in FLC Report section is not shown in all subsequent reports as well. It should be filled from the scratch for every report with exception of 'Conclusions and recommendations', 'Follow up measures for the next partner report' and 'Comment' sections that are copied from the previous report and shown in the subsequent reports in editable form.

**Please note that the information entered in this section will appear on the FLC certificate**.

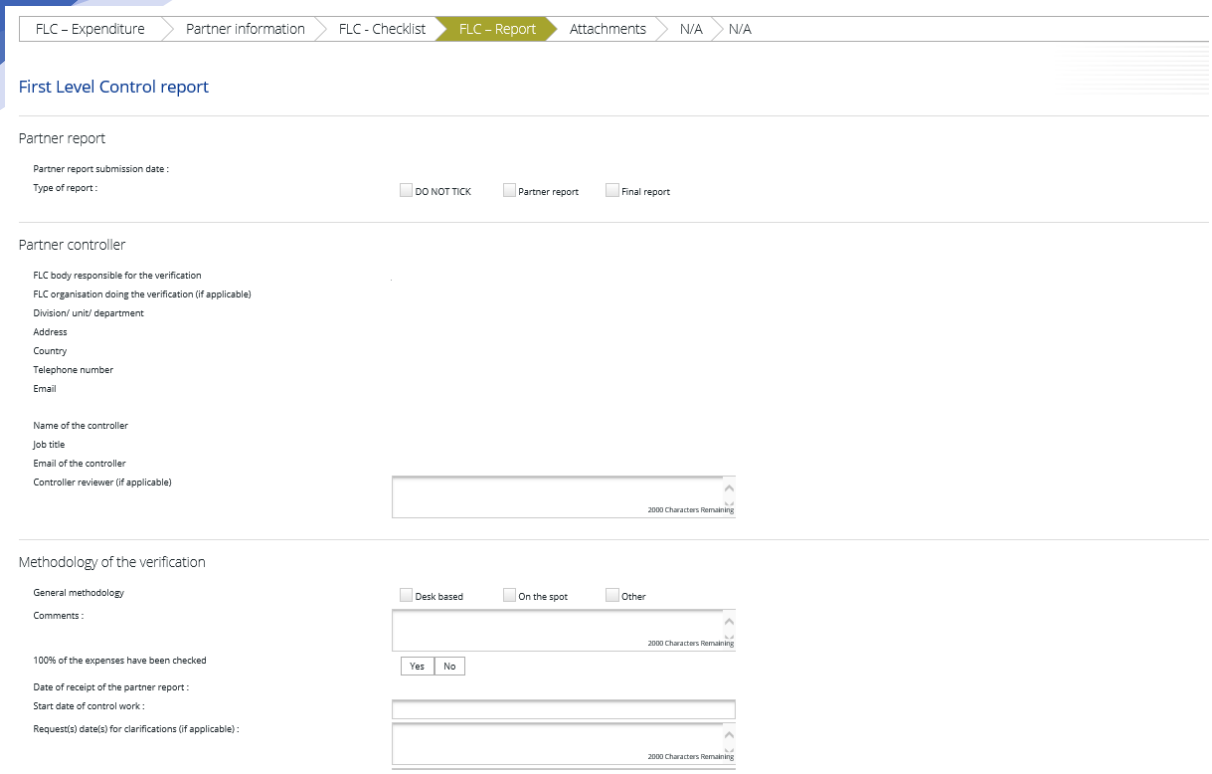



**Figure 13: FLC report**

## Attachments

This is a section for FLC to upload documents on eMS. Documents uploaded here cannot be seen or accessed by PPs.

The FLC certificate and the FLC checklist must be uploaded in this tab of the menu "FLC documents". This step has been done before the electronic submission of the FLC certificate (eMS submission). Please read the section "How to print a certificate" page 36 of this manual.

**In any case, please do not click on the button "submit certificate" until the signed FLC certificate has been uploaded**.

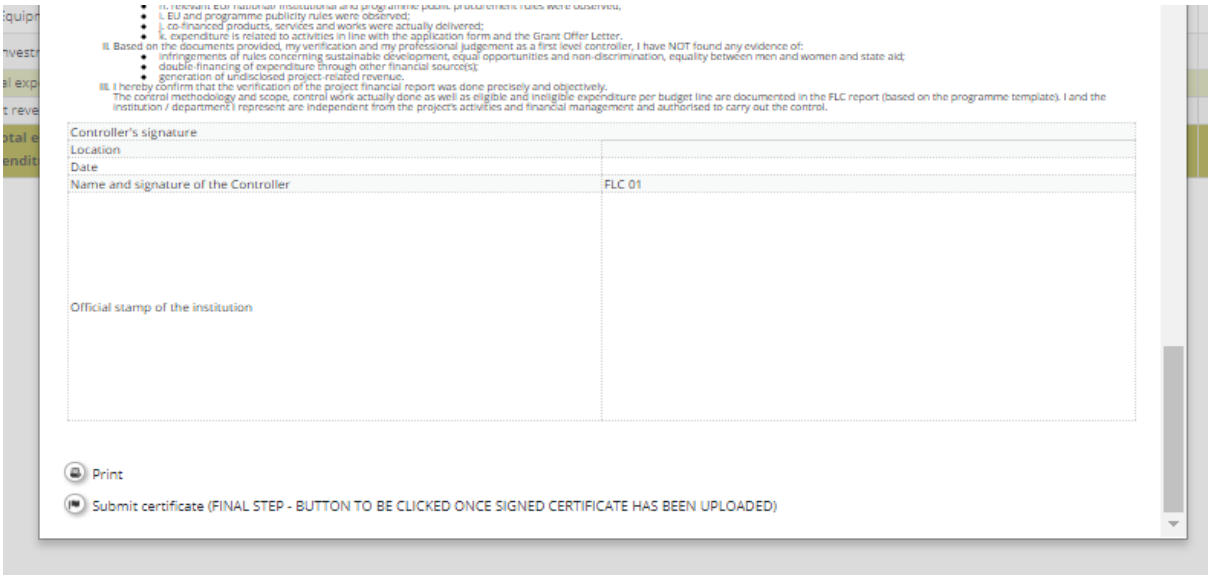



**Figure 14: Submit certificate button**

## Sitting ducks: Open Expenditure items from Other Reports

**'Sitting Ducks' (open items from previously certified reports)**
FLC can choose NOT to verify an expenditure item (e.g. in case verification takes a long time or needs further clarification). Any item that is NOT ticked 'Verified by FLC', is NOT included in the current FLC certificate.

This means that – by not ticking 'Verified by FLC'-, you generate an item that is neither accepted nor rejected and waits in the system to be verified ('Sitting Duck'). Sitting ducks are highlighted in pink colour and can be verified with later reports.

By ticking 'Verified by FLC', the item that was left-over from previously certified reports will be included into the current FLC certificate.

**Please refer to the document "Sitting ducks function in the eMS" for further information on how to get deal with sitting ducks in eMS. You will be able to find this document in the tab "eMS Technical Guidance" and "First Level Controller Documents" under Useful Documents page on [the Channel Programme website](#).**

**Other open expenditure items (open items from not yet certified reports)**

In the eMS it is possible to also access expenditure items from other open reports. If you have more than one open reports (i.e. submitted to FLC but not yet finalized by FLC) from the same partner and project, it is possible to see all expenditure items in one view and certify all items within one Certificate.

To access all open items, open 'FLC documents' and then 'FLC expenditure' and tick 'Show all waiting to be verified, including expenditures from other reports'.

**Finding out if there are open expenditure items**
To find out if there are 'sittings ducks' or other open expenditure items, open 'FLC documents' and then 'FLC expenditure' and tick 'Show all waiting to be verified, including expenditure from other reports'.

Show all expenditure waiting to be verified, including open expenditures from other report

| Budget line | Declared by partner | | |
|---|---|---|---|
| | Current report | Other reports (open expenditure) | Total |
| BL1 Staff costs | € 20.000,00 | € 0,00 | € 20.000,00 |
| BL2 Office and administration | € 3.000,00 | € 0,00 | € 3.000,00 |
| BL3 Travel and accomodation | € 0,00 | € 0,00 | € 0,00 |
| BL4 External expertise and services | € 1.423,29 | € 0,00 | € 1.423,29 |
| BL5 Equipment | € 800,00 | € 0,00 | € 800,00 |
| BL6 Investment | € 0,00 | € 0,00 | € 0,00 |
| Total expenditure | € 25.223,29 | € 0,00 | € 25.223,29 |
| Net revenue | € 0,00 | € 0,00 | € 0,00 |
| **Total eligible expenditure** | **€ 25.223,29** | **€ 0,00** | **€ 25.223,29** |

**Figure 15: LoE showing all expenditure waiting to be verified**

Expenditure report

Show all expenditure waiting to be verified, including open expenditures from other reports

| Budget line | Declared by partner | |
|---|---|---|
| | Current report | Total |
| BL1 Staff costs | € 20.000,00 | € 20.000,00 |
| BL2 Office and administration | € 3.000,00 | € 3.000,00 |
| BL3 Travel and accomodation | € 0,00 | € 0,00 |
| BL4 External expertise and services | € 1.423,29 | € 1.423,29 |
| BL5 Equipment | € 800,00 | € 800,00 |
| BL6 Investment | € 0,00 | € 0,00 |
| Total expenditure | € 25.223,29 | € 25.223,29 |
| Net revenue | € 0,00 | € 0,00 |
| **Total eligible expenditure** | **€ 25.223,29** | **€ 25.223,29** |

**Figure 16: LoE showing only expenditure from current report**

**Please refer to the document "Sitting ducks function in the eMS" for further information on how to get deal with sitting ducks in eMS. You will be able to find this document in the tab "eMS Technical Guidance" and "First Level Controller Documents" under Useful Documents page on [the Channel Programme website](#).**

## Additional information

Sometimes the FLC needs to receive additional information from PPs for verification of expenditure. eMS currently handles two ways of reopening the partner report for editing:

1) It is possible to only open the List of Expenditures attachment section by ticking 'PP Expenditure attachment upload allowed' (in opposition to 'PP Expenditure attachment upload closed', which is automatically set up) in the left-side menu of the Partner report.

2) It is possible to only open the attachment section of the partner report by ticking 'Attachment upload to PP report allowed' (in opposition to 'Attachment upload to PP report closed', which is automatically set up).

3) The entire report can be re-opened for editing by pressing 'Revert from FLC to PP'.
When the entire report is reverted to the PP, expenditure items already ticked 'verified by FLC' in the List of Expenditures cannot be edited by the PP. Only expenditure items not yet ticked 'verified by FLC' can be edited. Attachments can be attached only to the expenditure items that are not yet ticked as 'verified by FLC'.

In some cases, the report needs larger modification (adding completely new costs, for example). In such cases the FLC should get in touch with the project's contact person in the Joint Secretariat and ask him/her to open **an additional partner report**. This report will complement the original report.

Following the FLC work performed by the FLC, if the JS is not satisfied with the FLC report and/or the certified expenditure (e.g. FLC documents have been incorrectly filled in or show that the verifications have not been correctly performed), it can revert it either to the FLC or to a PP with some comments

## FLC Certificate

After FLC reporting has been completed, the FLC can generate an FLC certificate of the partner report.

**Pre-requisites of generating a certificate**
To enable the submission of a certificate, the finished FLC checklist, including at least one payment (marking at least one item of the List of Expenditures as "Verified by FLC") is required. The other sections do not affect the possibility of generating a certificate.

**How to print the FLC certificate**

Before submitting the FLC certificate, the signed FLC checklist and FLC certificate must be uploaded to the attachment section. For this you will need to print the FLC certificate and sign it. You can find the instructions to print the FLC certificate below.
Once the partner report verification has been completed the certificate can be accessed from the main partner reporting page by clicking on the magnifying glass or the briefcase on the left column.

**Figure 17: Access to FLC certificate**

The below page will open. Please click on "check FLC work" to ensure the FLC certificate is complete.

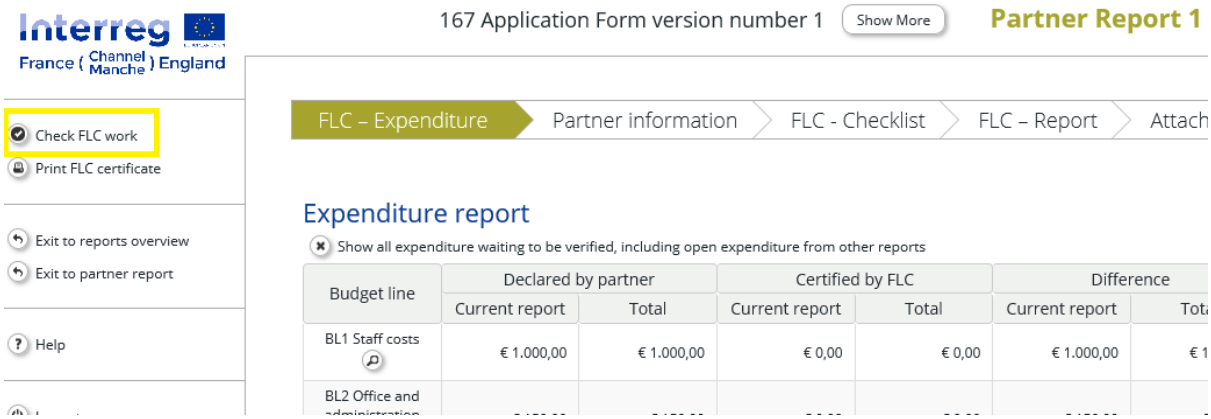



**Figure 18: Checking FLC work**

Once all the pre-requisites are complete, the button will change to "Finalise FLC work".

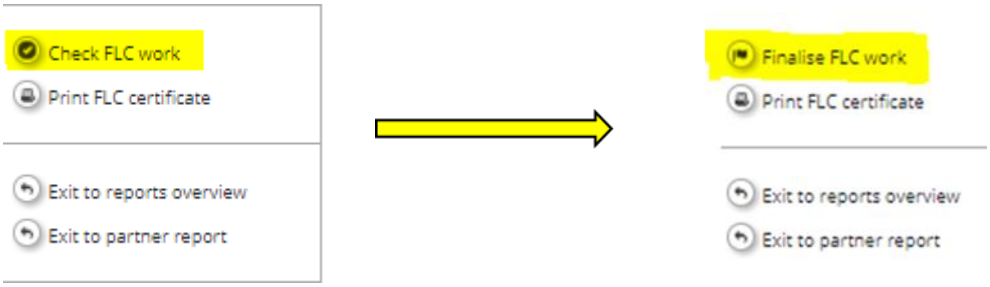



**Figure 19: Checking FLC work**

By clicking "Finalise FLC work", you will be taken to the screen below.

**Figure 20: Printing of FLC certificate**

In order to print the FLC certificate, once the FLC have clicked on "Finalise FLC work", scroll down in the Certificate and press 'print'. Please note that it can also indicate 'Download' instead of 'Print'.

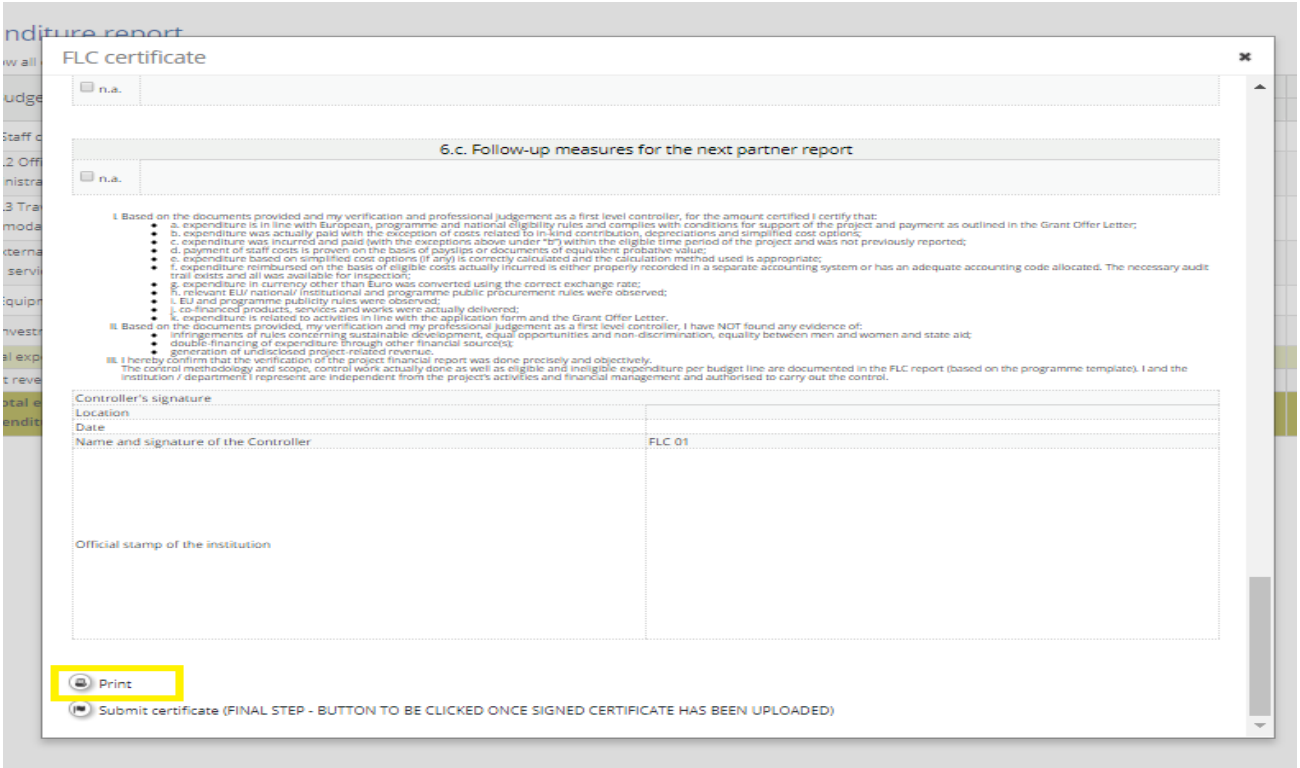



**Figure 21: Print certificate**

**Please note that although FLC certificates must be printed before its electronic submission on eMS, their content must be identical. Non-compliance with this may lead to the reverting of the Certificate.**

2 original hardcopies of the signed certificate must be issued and sent to the relevant Partners: one for the LP and one for the controlled PP. If the controlled organisation is a LP, only 1 original hardcopy of the signed certificate must be issued and sent to the LP.

It is also advised to send the electronic version of the signed certificate to the relevant Partner(s).

Important notice: please do not use the button 'Print FLC certificate' in the left-hand side menu to print the FLC certificate.

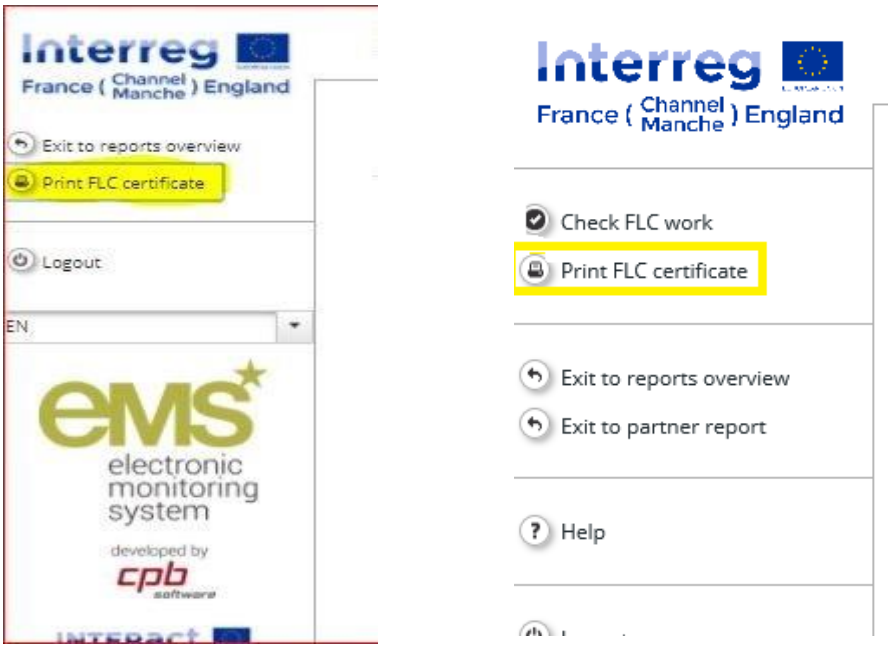



**Figure 22: Different locations of the button 'Print FLC certificate'**

## How to submit the FLC certificate

After including at least one expenditure, answering the FLC checklist, signing the FLC certificate and attaching all the relevant documents in the Attachment section, the FLC certificate can be submitted in eMs. For this, follow the same steps as 'How to print the FLC certificate' (page 35). When you get to the printing page you will have the option 'Submit certificate (final step button to be clicked once signed certificate has been uploaded)'.

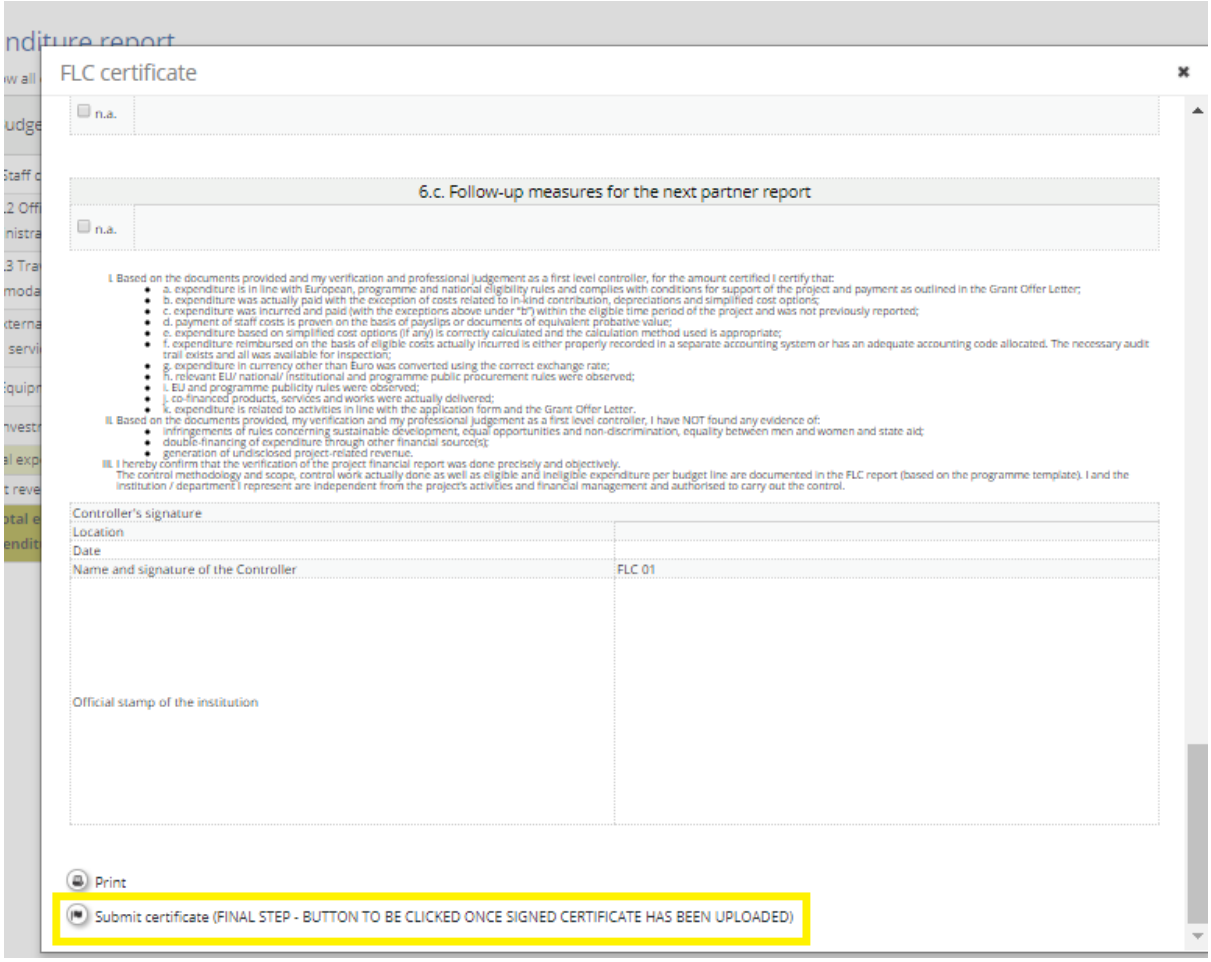



**Figure 23: Submitting the FLC certificate**

**<u>Important notice: FLC Certificates have to be printed and signed by the designated FLC. Please note that electronic signatures are acceptable. Once signed, the FLC must scan the certificate and upload it to the eMS in the 'Attachments' section before the certificate submission!</u>**

**<u>Please also note that</u> although FLC certificates have to be printed before its electronic submission on eMS, their content must be identical. Non-compliance with this may lead to the reverting of the Certificate.**

## On-the-Spot checks

During on-the-Spot checks, the FLC should use the on-the-Spot checklist, which can be downloaded from the Programme webpage (see section on FLC documents above).

This checklist should be filled in, signed and sent in an email to the LP, the relevant PP (if applicable) and the Joint Secretariat (interregv@norfolk.gov.uk).

The findings should be supported by appropriate comments. Should the FLC on-the-spot check identify reported achievements that cannot be supported by evidence e.g. deliverables and outputs, comments must be included detailing the deliverable or output and the reasons that the evidence is deemed insufficient.

Then it should be uploaded in the attachments section of the FLC Report of the following administrative checks.

# 6. Checklists

***Information on the use of the checklist:***
*The checklist reports in a detailed way on the checks carried out by the* FLC. *The checklist is an integral part of the control report. It is transmitted to the related PP, who then forwards it to relevant parties, especially the LP, JS/MA, second level auditors and/or European Commission.*

*This Guidance Note gives additional information on the documents needed to proceed with the checks and how to fill in the checklist.*
*This document is to be read along with the Guidance Note 8 of the PROGRAMME MANUAL, in accordance with Art 67 of Reg. (EU) No 1303/2013 and Art 19 of Reg. (EU) No 1299/2013.*

This Guidance will help you through the sections of the checklist. However, please note that this Guidance does not cover all the questions of the checklist. Where the question is judged self-understanding, no additional information is provided in this Guidance. This does not mean the question can be skipped as every question have to be answered as thoroughly as possible.

As a general remark, when reference is made to the Application Form, the FLC should always refer to the latest version of the Application Form available on eMS as it will consider any potential modification of the original project validated by the JS/MA or the PMC.

## FLC Certificate

**Partner Information**

| **Accounting System** | | |
|---|---|---|
| The Project Partner uses for accounting purposes **(filled-in once)** | ☐ a separate accounting system | ☐ an adequate accounting code |
| Double-financing is excluded by: | | |

**Double-financing** is the action of submitting the same item of expenditure (i.e. a specific cost) to different sources separately (either EU, national or regional) to obtain financial support from all of them. In other words, it is a fraudulent abuse of public money and clearly prohibited.

Thus, the Financial Regulation (Council Regulation (EC, Euratom) No 1605/2002) states at Article 111 that in no circumstance shall the same costs be financed twice by the EU budget.

Double-financing can be excluded by e.g. stamped or marked invoices, on-the-spot inspection of originals, etc. This section will have to be filled in once during the first verification. During the following verifications, this will be pre-filled from previous report. You will be able to update the section if changed.

| VAT | | | | |
|---|---|---|---|---|
| The partner has the right to recover VAT. | yes ☐ | partially ☐ | no ☐ | |

According to section V of the Guidance Note 8 of the Programme Manual, "VAT is not eligible except in the case of VAT which is not recoverable under national VAT legislation. If a Partner can recover VAT (regardless of if it does), all expenditure reported to the Programme has to be reported without VAT."

This section must be filled in once during the first verification and can be updated if necessary. In case the Partner does not recover VAT, the Partner must provide evidence in case VAT is not or partially recovered. Additionally, please provide details in the comment section if VAT is partially recovered.

| Partnership Agreement | | | |
|---|---|---|---|
| The Partnership Agreement is signed by the Project Partner. **(filled-in once)** | ☐ Yes | ☐ No | comment |

The Partnership Agreement is a document which governs the relationship between the Partners. The Grant Offer Letter cannot be issued without the signature of each partner of the Project. This document can be downloaded from eMS. FLC should ensure the document has been signed by their Partner and fill in this section only once.

| Format of documents | | | |
|---|---|---|---|
| Documents were made available to FLC in the following format (tick all that apply) **(multiple selection possible)** | ☐ originals | ☐ copy | ☐ electronic |

# FLC CHECKLIST - Administrative checks

| Options for calculating staff costs (filled-in once) | | | |
|---|---|---|---|
| Staff costs calculated as 20 % flat rate of direct costs other than staff costs | ☐ Yes | ☐ No | |
| Staff costs calculated on a real cost basis | ☐ Yes | ☐ No | |

According the Guidance Note 8 of the Programme Manual, section II.A. on staff costs, there are 2 methods to calculate staff costs:

- Method 1. Staff costs calculated as 20 % flat rate of direct costs
- Method 2. Staff costs calculated on a real cost basis

Each Partner Organisation must choose one of these 2 options and indicate the choice in the Application Form. The chosen option will apply to all staff members of the Partner Organisation working on the project, and it will apply for the entire project duration.

FLC should only **fill this section once**, during their first check.

**Report information**

| Reporting Period | |
|---|---|
| Type of project | ☐ *Partner Report*<br>☐ *Final Report* |

Partner Reports are the regular reports related to a reporting period (six months) of a Partner during the implementation of the Project.

There is only one Final Report, which will be submitted by the Partner for the closure of the Project. In this phase the project main activities should be completed, and all outputs delivered. The partnership takes care of the final administrative requirements before the funded project is over.

**1. Preparation costs and on-the-spot checks**

| **Preparation Costs (for the 1st Payment claim)** | **Accepted** | | | **Comments** |
|---|---|---|---|---|
| | **Yes** | **Not (fully)** | **N. A.** | |
| Has the Preparation Costs lump sum been paid to the relevant Project Partners in accordance with the Partnership Agreement? | ☐ | ☐ | ☐ | |
| Which evidence of payment has been provided? | | | | |

According to the GN8 of the Programme Manual Section 1.1, Preparation costs are the costs that a project incurs to develop the Project Application Form. This amount is not subject to checks to ensure the eligibility of expenditure as it is an approximation of the costs of

establishing a project and does not require the Project Partners to provide evidence of their expenditure. All costs incurred before the start date of the project are considered as preparation costs and covered by the preparation costs lump sum.

The preparation costs lump sum is to be allocated to each Project Partner, according to the annex of the Partnership Agreement. Therefore, if the FLC is allocated to Project Partner, they should verify whether the part of the Preparation costs lump sum has been paid and whether the correct amount has been transferred by the LP (e.g. bank statement). In case is the FLC is allocated to a LP, they should verify whether the overall Preparation costs lump sum has been received from the Certifying Authority and whether the correct amount has been transferred to the relevant Project Partners in accordance with the Partnership Agreement.

| **On-the-spot check** | **Accepted** | | | **Comments** |
|---|---|---|---|---|
| | **Yes** | **Not (fully)** | **N.A.** | |
| Has an on-the-spot check being performed? If yes when (date)? | ☐ | ☐ | ☐ | |

As seen in the FLC Manual Section 2, the FLC should carry out an on-the-spot verification at least once in the lifetime of a project to check actual delivery of the project and aspects of compliance which cannot be verified through administrative checks. Please indicate if the on-the-spot check has been performed or not, or if it has been scheduled already.

## 2. Eligibility along Budget Lines

### 2.1 Staff Costs

**Staff Costs - ONLY in case of SIMPLIFIED COST OPTIONS**

| **Criteria – Simplified Cost Option** | **Accepted** | | | **Comments** | **Index No.** |
|---|---|---|---|---|---|
| | **Yes** | **Not (fully)** | **N.A.** | | |
| The staff calculation option is in line with Programme rules.<br>The flat rate for staff costs is in line with the Programme rules and the Grant Offer Letter. | ☐ | ☐ | ☐ | | |
| A document exists permitting the identification of the employment relationship between at least one employee and the Partner. | ☐ | ☐ | ☐ | | |

***In accordance with Programme Manual Guidance Note 8 Budget Lines and Eligibility Rules.***

In case the Partner has chosen the Simplified costs option, eMS will be set up to consider the flat rate of 20% and prevent the Partner to submit an additional item in the staff costs budget line. However, please verify no technical error has been made.

To prevent a Partner claiming staff costs, while no employee is working on the project, the Partner should provide evidence of an existing employment relationship for each reporting period, when staff costs is claimed. This does not have to apply for each employee (e.g. contract, payslip or document of similar value of at least one employee).

In the right-hand column "index No.", the FLC can cross-reference the documents identified in the "comments" section.

**Staff Costs - ONLY in case of REAL COSTS reimbursement**

| **Criteria – Real cost** | **Accepted** | | | **Comments** | **Index No.** |
|---|---|---|---|---|---|
| | **Yes** | **Not (fully)** | **N. A.** | | |
| Staff costs relate only to people who are employees of the Project Partner or work under a legal agreement that can be considered equivalent to an employment contract.<br>A document exists permitting the identification of the employment relationship with the Partner. | ☐ | ☐ | ☐ | | |
| Written agreements exist outlining work for the project, including the time assignment to the project (part-time and full-time). | ☐ | ☐ | ☐ | | |
| Staff costs are based on the latest gross remuneration and other eligible costs directly linked to salary payments. | ☐ | ☐ | ☐ | | |
| Proof of payment has been provided | ☐ | ☐ | ☐ | | |

In accordance with Programme Manual Guidance Note 8 on Budget Lines and Eligibility Rules, if Method 2 for Calculation of staff costs has been chosen, the above listed questions should be addressed.

Regarding the third question above based on the salary payment, FLC should:

- Inspect payrolls/pay slips, print-out of accounting system or documents of probative value of employees working on the project (part-time and full-time)
- Verify that staff costs are based on salary payments plus any other costs directly linked to salary payments incurred and paid by the employer such as employment taxes and social security including pensions, provided that other costs linked to the salary payment are:
  - (i) fixed in an employment document or by law;
  - (ii) in accordance with the legislation referred to in the employment document and with standard practices in the country and/or organisation where the individual staff member is actually working; and
  - (iii) not recoverable by the employer.

Proof of Payment can be for example bank statements, BACS reports, outputs from accounting system.

| **Staff Costs - ADDITIONAL verifications for employees working PART TIME on the project including staff costs calculated on the basis of 1720 hours** | | | | | |
|---|---|---|---|---|---|
| **Criteria – Part Time - Real Costs** | **Accepted** | | | **Comments** | **Index No.** |
| | **Yes** | **Not (fully)** | **N. A.** | | |
| The calculation method is in line with Programme rules, either:<br>• Person employed by the Partner, working partly for the project on a fixed percentage;<br>• Person employed by the Partner, working partly for the project on a flexible percentage.<br>• Person employed by the Partner, who does not have a fixed number of hours and is paid at an hourly rate | ☐ | ☐ | ☐ | | |
| ***(only in case of fixed percentage of time worked per month)***<br>Fixed percentage of gross employment cost is in line with fixed percentage of time worked on the project.<br>Documents clearly set out the percentage of time to be worked on the project for each employee. | ☐ | ☐ | ☐ | | |
| ***(only in case of <u>flexible shares</u> varying from one month to the other OR <u>hourly rates</u>)***<br>The number of hours worked on the project is documented in a time Registration system which shows 100% of the work time by the persons claiming staff costs. | ☐ | ☐ | ☐ | | |
| Staff cost are calculated correctly. | ☐ | ☐ | ☐ | | |

***In accordance with Programme Manual Guidance Note 8 Budget Lines and Eligibility Rules, section II.A b), c) and d), the above listed questions have to be addressed.***

Here FLC can also find relevant information on the Calculation Method and the list of supporting documents

Question 3: For cases c) and d) a Time Registration System should be provided to show hours worked on the project as well the rest of the work time of the persons claiming staff costs. A

template is provided by the Programme to help Partners correctly registering their time. However, this template is not compulsory.
Specific attention should be paid when an individual is working on several European, Interreg or FCE Interreg projects to ensure there is no double-financing.

Question 4: To verify if staff costs have been correctly calculated:

- FIXED PERCENTAGE: verify the percentage was correctly applied to the gross employment costs for each person declaring staff costs under this option.
- FLEXIBLE PERCENTAGE: verify staff costs are correctly calculated by multiplying the number of hours worked on the project with the hourly gross employment cost. Hourly rate by dividing the latest documented annual gross employment cost by 1720 hours.
- HOURLY RATE: verify staff costs are correctly calculated by multiplying the number of hours worked on the project with the hourly rate agreed in the employment/work contract.

| **Results, comments, recommendations, points to follow-up.** |
|---|
| • (for real costs only): For each ineligible / deducted cost item: Clear identification of the ineligible cost item, i.e. unique accounting number/invoice OR indicate where this information can be found (e.g., in the database, the list of expenditure, etc.)<br>• For all ineligible / deducted costs: Clear specification of how much was deducted and reason why it was deducted OR indicate where this information can be found.<br>• Any issues and observation and concerns even if no deductions were made. |

### 2.2 Office and Administrative expenditure

| **Criteria – Simplified Cost Option** | **Accepted** | | | **Comments** | **Index No.** |
|---|---|---|---|---|---|
| | **Yes** | **Not (fully)** | **N. A.** | | |
| The flat rate is equal to 15% of the Project Partner's **eligible** staff costs, in line with the Programme rules and the Grant Offer Letter. | ☐ | ☐ | ☐ | | |
| There is no expenditure related to the office and administrative budget line included in any other budget line (as per the Programme Manual) | ☐ | ☐ | ☐ | | |

***In accordance with Art 68(1) of Reg. (EU) No 1303/2013 and Programme Manual Guidance Note 8 Budget Lines and Eligibility Rules Section II.B.***
In the FCE Programme, office and administrative expenditure are to be budgeted and reported as a flat rate of 15% of each Partner's eligible staff costs. eMS is set up to take into account the flat rate of 15% and prevent the Partner to submit an additional item in the office and administrative budget line. However, please verify no technical error has been made.

Question 2: As the Office and Administrative budget line must include each cost related to those expenditure, please verify that no expenditure related to the following items are included in any other budget line:

- Office rent;
- Insurance and taxes related to the buildings where the staff are located and to the equipment of the office (e.g. fire, theft insurances);
- Utilities (e.g. electricity, heating, water);
- Office supplies (e.g. stationary like paper, pens etc.);
- General accounting provided inside the partner organisation;
- Archives;
- Maintenance, cleaning and repairs;
- Security;
- IT systems (e.g. administration and management of office hard- and software);
- Communication (e.g. telephone, fax, internet, postal services, business cards);
- Bank charges for opening and administering the account or accounts where the implementation of a project requires a separate account to be opened;
- Charges for transnational financial transactions.

| **Results, comments, recommendations, points to follow-up.** |
| --- |
| • Any issues and observation and concerns even if no deductions were made. |

### 2.3. Travel and Accommodation

| Criteria – Real Costs | Accepted | | | Comments | Index No. |
|---|---|---|---|---|---|
| | Yes | Not (fully) | N.A. | | |
| Travel and accommodation costs relate to staff of the partner or natural persons working under work contracts considered as employment contracts of the partner.<br>Documents ensure that costs were incurred by employees of Project Partner. | ☐ | ☐ | ☐ | | |
| Costs are in line with applicable EU, Programme, national and internal rules of the partner.<br>The supporting documents provided allows to demonstrate the eligibility of the costs as per (Programme Manual Guidance Note 8 – Budget Lines and Eligibility Rules Section II. C. Travel and Accommodation)<br>Travel and accommodation costs claimed are real costs OR daily allowances AND that if anything is covered by a daily allowance paid to the member of staff, only the daily allowance can be claimed.<br>Costs for Subsistence and Accommodation do not exceed the European Commission's maximum rate for hotel and daily subsistence allowance including local transport such as taxis, trams and buses. | ☐ | ☐ | ☐ | | |
| Travels outside the (union part of) Programme Area follow rules outlined in the Programme Manual.<br>Travels have been initially planned in the latest version of the Application Form<br>OR a written agreement of these costs exists from the JS<br>OR are to London or Paris for partnership meetings. | ☐ | ☐ | ☐ | | |
| Proof of payment have been provided | ☐ | ☐ | ☐ | | |

***In accordance with Programme Manual Guidance Note 8 Budget Lines and Eligibility Rules Section II.C.***

Travel and Accommodation costs may be claimed for the following categories of persons;
1. Staff of the project partners
2. Persons travelling to attend interviews for posts advertised by the partners related to the implementation of the project.

3. Members of the projects target group when this is clearly in the interest of cooperation and provided that this expenditure is identified at the application stage and it is necessary for carrying out the project.

Where travel costs are incurred by an external expert or service provider then these costs will fall under the External Expertise and Service budget line.
For this reason, the FLC should verify whether costs are incurred by the relevant category of person.

Costs for Subsistence and Accommodation may not exceed the European Commission's maximum rate for hotel and daily subsistence allowance.

As of January 2015;
- For the UK, the maximum rate is €175 for a hotel and €101 for subsistence;
- For France, the maximum rate is €150 for a hotel and €95 for subsistence.

As of March 2018;
- For the UK, the maximum rate is €209 for a hotel and €125 for subsistence;
- For France, the maximum rate is €180 for a hotel and €102 for subsistence.

Provided they meet the normal requirements of Travel and Accommodation trips taken inside the Programme Area will not have any special requirements. However, there are restrictions on Travel and Accommodation costs that relate to trips outside the Programme Area (see GN8 section II.C.).

**Supporting documents needed to allow the expenditure to be verified.**
The Project Partner should provide sufficient supporting evidence to the FLC which shows the claimant did attend the said occasion/event which was relevant to the project and the expenditure was incurred and paid. Not all events are formal in nature so a judgement has to be made on the practicality of providing sufficient and compelling evidence to assure the FLC on the eligibility of expenditure being claimed. The extent of supporting evidence would therefore vary and may include these or other equally compelling evidence:

- Agenda (or similar) of the meeting/seminar/conference;
- Documents proving that the journey took place (boarding passes, train/ferry tickets etc.);
- Evidence that the meeting took place (minutes with attendees listed or separate attendance list. In the absence of a formal attendance list any e-mail exchanges about the meeting);
- Paid invoices (including hotel bills, transportation tickets, etc.) and, if applicable, the employee's expense claim with a proof of reimbursement by the employer to the employee;
- Daily allowance claims (if applicable), including proof of reimbursement by the employer to the employee;

- A document which sets out the rules of the organisation for employee allowances and for travel and subsistence claims (where applicable)

Proof of Payment can be for example bank statements, BACS reports, outputs from accounting system.

| **Results, comments, recommendations, points to follow-up**. |
|---|
| • Any issues and observation and concerns even if no deductions were made. |

### 2.4. External Expertise and Services

| | | |
|---|---|---|
| External expertise and services were acquired in this reporting period | ☐ Yes | ☐ No |
| (if yes) Refer to Section 4 for verifying public procurements | | |

External Expertise and Services may not be acquired in the same reporting period.as the one of the payment. In order to verify public procurement, external expertise and services should be delivered to check compliance with the offer selected.

| **Criteria – Real Costs** | **Accepted** | | | **Comments** | **Index No.** |
|---|---|---|---|---|---|
| | **Yes** | **Not (fully)** | **N.A.** | | |
| Providers of services or expertise are external to the Project partnership<br>AND the services or expertise are provided by an organisation external to the Partner and to the Partnership<br>OR the services or expertise are provided by an "in-house" provider of the Partner but not involved in the Project nor the Partnership | ☐ | ☐ | ☐ | | |
| The types of costs listed under the budget line 4 – External Expertise and Services are eligible in accordance with Programme Manual (Guidance Note 8 – Budget Lines and Eligibility Rules). | ☐ | ☐ | ☐ | | |
| Invoices or documents of equivalent probative value are in line with the contract(s) – or where applicable- with the selected offer- in terms of amount and nature. | ☐ | ☐ | ☐ | | |
| (In case of experts or services that are NOT exclusively used for the project)<br>The share allocated to the project has been calculated in accordance with a fair, equitable and verifiable method. | ☐ | ☐ | ☐ | | |
| Deliverables, outputs or other evidence of the work carried out by the provider are available. | ☐ | ☐ | ☐ | | |
| Proof of payment have been provided | ☐ | ☐ | ☐ | | |

***In accordance with Programme Manual Guidance Note 8 Budget Lines and Eligibility Rules Section II.D.***

Question 2: Please verify that External expertise and services are in the following fields;

- Studies or surveys (e.g. evaluations, strategies, Concept Notes, design plans, handbooks);
- Training;
- Translations;
- IT systems and website development, modifications and updates;
- Promotion, communication, publicity or information linked to a project or to a cooperation Programme;
- Financial management;
- Services related to the organisation and implementation of events or meetings (including room hire, catering or interpretation);
- Participation in events (e.g. registration fees);
- Legal consultancy and notarial services, technical and financial expertise, other consultancy and accountancy services;
- Intellectual property rights (Further explanation at the end of this Guidance Note);
- External First Level Control costs;
- The provision of guarantees by a bank or other financial institution where required by EU or national law or in a programming document adopted by the Programme Monitoring Committee;
- Travel and accommodation for external experts, speakers, chairpersons of meetings and service providers (Travel costs of individual attendees may not be claimed);
- Other specific expertise and services needed for the project.

Question 3: Verify that the invoice is in line with the details of the service contracted. Any additional services should be explained and evidenced. In case the service was selected among other offers, the invoice should be in line with the original offer.

In any case, evidence of the work carried out by a provider should be evidenced to prove the services or expertise has been delivered.

Proof of Payment can be for example bank statements, BACS reports, outputs from accounting system.

| **Results, comments, recommendations, points to follow-up.** |
| --- |
| • Any issues and observation and concerns even if no deductions were made. |

## 2.5. Equipment

| Criteria – Real Costs | Accepted | | | Comments | Index No. |
|---|---|---|---|---|---|
| | Yes | Not (fully) | N.A. | | |
| The types of costs listed under the budget line are eligible in accordance with the Programme Manual. | ☐ | ☐ | ☐ | | |
| Invoices or documents of equivalent probative value are in line with the contract(s) or – were applicable- the selected offer in terms of amount and nature. | ☐ | ☐ | ☐ | | |
| ***(in case of full costs)*** An asset management plan has been provided ensuring that the equipment will remain the property of the Partner Organisation and will be used for activities in line with the project activities until the end of the depreciation period. | ☐ | ☐ | ☐ | | |
| ***(in case of depreciations)*** Depreciations are allowed by Programme rules and are in line with the applicable national and Partner's rules. Partner's rules on depreciation have been provided. | ☐ | ☐ | ☐ | | |
| ***(In case of purchases used only partially by the project – full costs and depreciations)*** The share allocated to the project has been calculated in accordance with a fair, equitable and verifiable method. | ☐ | ☐ | ☐ | | |
| Equipment is available for use and physically exists. | ☐ | ☐ | ☐ | | |
| Equipment is used for the intended project purpose | ☐ | ☐ | ☐ | | |
| Equipment items has not been funded by other EU funds. In case of 2nd hand equipment, the original purchase of the equipment was not supported by EU funds. The Project Partner has provided evidence that the equipment was not originally purchased in the frame of a former EU project. | ☐ | ☐ | ☐ | | |
| Proof of payment have been provided | ☐ | ☐ | ☐ | | |

***In accordance with Programme Manual Guidance Note 8 Budget Lines and Eligibility Rules Section II.E.***

Question 1: Equipment expenditure includes the following categories:

- Office equipment;
- IT hardware and software;
- Furniture and fittings;
- Laboratory equipment;
- Machines and instruments;
- Tools or devices;
- Vehicles;
- Other specific equipment needed for the project.

Question 2: In case a contract has been made before the purchase of the equipment, the invoice should be in line with it. If the equipment was selected among other offers, the invoice should be in line with the original offer.
Question 4: The cost of equipment purchases (rather than leasing or renting) is reimbursed either based on depreciation or full cost. This choice is to be made at project level and will apply to all Project Partners. Depreciation should be calculated in accordance with the accounting rules of the Partner organisation, and this calculation should be provided as a part of the claim

Question 5: If equipment is partially used to support the project and partially used for non-project activities, a pro-rata amount may be charged to the project based on the percentage of time the equipment is used for project activities compared to the percentage of time the equipment is used for non-project activities.

Question 6: Outside of the on-the-spot check, Partner should provide evidence of the availability and physical existence of an equipment e.g. picture.

Question 7: Please refer to the Application Form

Question 8: Second hand equipment is eligible provided the following conditions are met:

- No other assistance has been received for it from European Funds;
- Its price does not exceed the generally accepted price on the market in question;
- It has the technical characteristics necessary for the project.

Proof of Payment can be for example bank statements, BACS reports, outputs from accounting system

| **Results, comments, recommendations, points to follow-up.** |
| --- |
| • Any issues and observation and concerns even if no deductions were made. |

## 2.6 Infrastructure and works

| Criteria – Real cost | Accepted | | | Comments | Index No. |
|---|---|---|---|---|---|
| | Yes | Not (fully) | N.A. | | |
| The types of costs listed under the budget line are eligible in accordance with the Programme Manual. | ☐ | ☐ | ☐ | | |
| Providers of infrastructure and works are external to the Project partnership AND the infrastructure and works are provided by an organisation external to the Partner and to the Partnership | ☐ | ☐ | ☐ | | |
| Invoices or documents of equivalent probative value are in line with the contract(s) or – were applicable- the selected offer in terms of amount and nature. | ☐ | ☐ | ☐ | | |
| (In case of land and real estate purchase) A certificate from an independent qualified evaluator or duly authorised official body confirming that the cost is in line with the market value has been provided. | ☐ | ☐ | ☐ | | |
| (In case of land and real estate purchase) The purchase of land and/or real estate does not exceed 10% of the total eligible expenditure of the project. | ☐ | ☐ | ☐ | | |
| (In case of infrastructure and works that are NOT exclusively used for the project) The share allocated to the project is plausible, i.e. calculated in accordance with a fair, equitable and verifiable method. | ☐ | ☐ | ☐ | | |
| Infrastructure and works exists or evidence of work in progress is available as for example pictures or on-the-spot visit etc. | ☐ | ☐ | ☐ | | |
| Documents have been provided specifying the ownership of land and/or real estate where the works are carried out, as well as proof of commitment to establish and maintain an inventory of all fixed assets acquired, built or improved under the ERDF grant. | ☐ | ☐ | ☐ | | |
| Proof of payment have been provided | ☐ | ☐ | ☐ | | |

***In accordance with Programme Manual Guidance Note 8 Budget Lines and Eligibility Rules Section II.F***

Question 1: Infrastructure and construction works include:

- Purchase/provision of land;
- Site preparation;

- Delivery;
- Handling;
- Installation;
- Renovation;
- Labour for construction;
- Other costs necessary to the implementation of construction works.

Proof of Payment can be for example bank statements, BACS reports, outputs from accounting system

| **Results, comments, recommendations, points to follow-up.** |
|---|
| • Any issues and observation and concerns even if no deductions were made. |

### 3. Audit Trail Checklist

In this section, please find details on the checks in the relevant comments section

| **General considerations / eligibility criteria** | **Accepted** | | | **Comments** |
|---|---|---|---|---|
| | **Yes** | **Not (fully)** | **N.A.** | |
| Expenditure :<br>• Is directly related to the project and necessary for carrying out the activities of the project and achieving the project's outputs and results.<br>• Is reasonable and justifiable<br>• Is not part of the Partner core business<br>• Has been incurred carrying out activities set out in the Application Form | ☐ | ☐ | ☐ | *Please refer to the Application Form* |
| Costs are correctly allocated to the relevant budget lines, in accordance with the inspected list of expenditure. | ☐ | ☐ | ☐ | *According to your findings of the previous sections* |
| Costs are declared only once.<br>e.g. expenditure have not been declared twice in different budget lines or in previous reporting periods. | ☐ | ☐ | ☐ | *Costs can be claimed only once, otherwise it is considered as double-founding and abuse of public money* |
| Expenditure was defrayed and paid within the eligibility period of the project | ☐ | ☐ | ☐ | *The implementation expenditure is incurred and paid within the starting and end dates of the project set in the Grant Offer Letter. (NOT needed for flat rates, standard scales of unit costs, lump sums, or in-kind contributions)* |
| Expenditure is supported by invoices or documents of equivalent probative | ☐ | ☐ | ☐ | *According to your findings of the previous sections (NOT needed for flat rates, standard* |

| | | | | |
|---|---|---|---|---|
| value, which are correct in content and accounting terms | | | | *scale of unit costs or lump sums or in-kind contributions)* |
| Expenditure is supported by a proof of payment | ☐ | ☐ | ☐ | *(Bank account statements, bank transfer confirmations, cash receipts, etc.),*<br>*(NOT needed for Flat rates, standard scale of unit costs or lump sums or in-kind contributions)* |
| Ineligible costs are not included. | ☐ | ☐ | ☐ | *In accordance with Programme Manual Guidance Note 8 – Budget Lines and Eligibility rules.*<br>*Please verify that Interest on debt , purchase of land exceeding 10% of the total eligible expenditure, Fines, financial penalties and expenditure on legal disputes and litigation; costs of gifts such as promotional items and costs related to fluctuation of foreign exchange rate are NOT included.* |
| Recoverable VAT was correctly deducted | ☐ | ☐ | ☐ | *verify that costs claimed are net of VAT if applicable and that the relevant VAT rate was applied* |
| Expenditure was defrayed within the eligible Programme Area. | ☐ | ☐ | ☐ | *In case some expenditure were defrayed outside the eligible Programme Area, please tick "not fully", comment and proceed to the next question* |
| ***(in case expenditure was defrayed outside the eligible Programme Area)***<br>The part of the expenditure incurred outside (the Union part of) the Programme Area and is eligible in accordance with Programme rules. | ☐ | ☐ | ☐ | *e.g. verified that the costs are outlined in the AF*<br>*OR have been incurred for a partnership meeting in Paris or London*<br>*OR have been approved by the Programme bodies prior to their occurring and that Project Partners have received formal consent* |
| The exchange rate used for the conversion into Euro is correctly applied, using the monthly accounting exchange rate of the Commission in | ☐ | ☐ | ☐ | *eMS will automatically apply the exchange rate of the month the claim was submitted to the* |

| | | | | |
|---|---|---|---|---|
| the month during which the expenditure was submitted to the controller for verification. | | | | *FLC. Please verify there is no obvious technical error.* |
| The co-financed products and services were delivered or are in progress to be delivered, | ☐ | ☐ | ☐ | *Inspect project evidence provided with the partner report, in particular agendas and signed attendance lists of meetings, written outputs, pictures, etc.;*<br>*OR 'Inspect the project partner and activities on the spot.* |
| Partner has received the ERDF share from the previous periods. | ☐ | ☐ | ☐ | *Verify accounting evidence such as bank statement that the Lead Partner has paid its ERDF share to the Project Partner from previous reporting periods.*<br>*If your allocated Organisation is a Lead Partner, verify that the Lead Partner has paid ERDF share to each Project Partner.* |
| The partner total budget and budget per budget line was respected. | ☐ | ☐ | ☐ | *Verify that accumulated partner expenditure is within the partner budget of the latest version of the approved Application Form.* |
| Net revenue has been deducted from the total eligible expenditure. | ☐ | ☐ | ☐ | *In accordance with Programme Manual Guidance Note 10 - Revenue*<br>*Inspect information on conferences, events, website, etc. for evidence of potential generation of net revenue accordingly to the AF and/or Progress Report and verify that project-related net revenues have been declared by the Project Partner.*<br>*Verify that declared net revenues have been calculated correctly and can be attributed to the project.* |

| | |
|---|---|
| General comments, recommendations, points to follow-up. NOTE: deductions (if any) are allocated to the relevant budget lines | |

## 4. Procurement

*Please see the Guidance Note 6b section VI of the Programme Manual on Project Implementation.*
http://ec.europa.eu/growth/single-market/public-procurement/rules-implementation/

**Definition of a Contracting Authority**

This definition includes any organisation which are generally considered to be a part of the public sector, such as State, Regional or Local Authorities, and organisations formed by these bodies.

It also includes organisations which are, "governed by public law," which means any organisation that meets the three following criteria;

a) Established for the specific purpose of meeting needs in the general interest, not having an industrial or commercial character;
b) Having legal personality (i.e. Is incorporated);
c) Receives over half its finance from state, regional or Local Authorities;
   **or**
   Is subject to management supervision by those authorities.

For example, some charities which receive over 50% of their financing from public sources (including the ERDF grant from the programme) may be considered, "contracting authorities." If a Project Partner is unsure whether its organisation falls within the definition of a contracting authority, then they should seek further advice. To help the Partner in determining their status there is a questionnaire entitled "Characterisation of the legal type of an organisation" on the FCE website within the useful documents section: Documents for applicants. The legal standing is a determination that Project Partners need to make ahead of completing their Application Form as it may have an impact on their timeline, and they will also need to be aware of which rules they need to follow to avoid making inadvertent breaches.

**Public bodies**

Public bodies frame their internal public procurement rules within the overall remit and scope of their national law. The public procurement rules define the processes for obtaining goods and services and the measures that are proportionate to the monetary value of the contract.
For example, lower value purchases could be carried out by obtaining written quotes whereas higher value contracts would require following formal tender and publicity procedures. Where the subject matter of contracts is likely to be of **cross border interest** then the offer must be advertised in a manner that allows interested parties in other Member States to consider bidding. This can be achieved by advertising on the project partner's own website and/or on any dedicated national websites for this purpose. Contracts above the EU thresholds are advertised in the Official Journal of the European Union (OJEU) and follow procedures laid out in the EU public procurement directives. Following their own internal procurement rules and national rules, where these are applied, project partners would be complying with EC public procurement directives, so they don't have to perform any additional tasks.

To be noted that enterprises may be Contracting Authorities. This is the case for public enterprises, or organisations of private law that deliver network operator activities in the sectors of energy (gas, heating, electricity, etc.), water, transports and postal services.

A non-exhaustive list of contracting authorities annexed to the former directive 2004/17/CE of 31st of March 2014 was not included in the new directive 2014/25/UE of 26th of February 2014 on procurement by entities operating in the water, energy, transport and postal services sectors.

A case by case analysis is therefore required for their qualification with regards the criteria defined by the directive 2014/25/UE and the applicable national rules ("Code de la commande publique" for the French partners).

**Private bodies**

Partners that are bodies of private character participating in a project are **not** required to follow public procurement procedures unless these are prescribed for them in the national rules. However, all project partners must demonstrate compliance with the EU Treaty principles described in section D (non-discrimination, equal treatment, transparency) in the selection process used to determine a supplier of goods, services and work. In this context partners deemed to be of private character also need to assess whether their contract would be of interest to suppliers in other Member States and, if so, ensure that they include adequate measures in their purchasing process to ensure compliance with these principles. There is no specific procedure set by the EC how it should be done so it is for each project partner to decide based on an evaluation of their own circumstances such as:

- The subject matter of the contract
- Its estimated value
- The specifics of the sector concerned (size and structure of the market, commercial practices)
- The geographic location of the project activities and relevant market condition

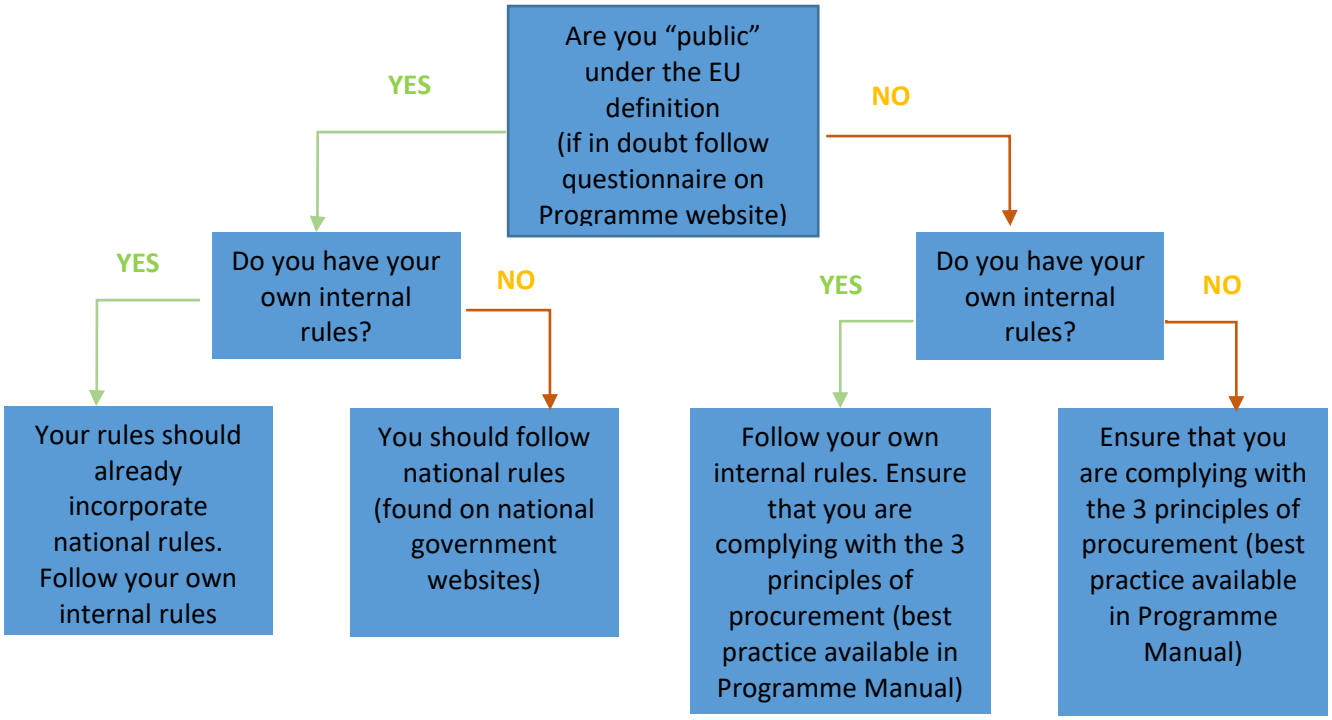
Where a partner concludes that there would be cross-border interest in their contract they need to consider how they would advertise. Adequate and commonly used means of publication are:

- The project partner's own website in a way that potential bidders can easily become aware of the information
- Portal websites specifically created for contract advertisements, making full use of internet's possibilities to increase transparency
- National/regional newspapers and journals
  Local means of advertising – for small contracts for which there is only a local market

The requirement of transparency does not necessarily imply an obligation to hold a formal invitation to tender. The advertisement may therefore be limited to a short description of the essential details of the contract to be awarded and of the award method together with an invitation to contact the project partner. The information should be sufficient to enable any potential supplier from other Member State to make a decision on whether to express an interest in the contract.
A selective practice of contacting a few potential suppliers would not be considered sufficient. Also, passive publicity, where there is no active advertising but simply responding to those who find out about the opportunity through own means would not be considered acceptable.

Award of a contract must be based on procedures set out at the start of the process. The entire process should be documented as this would be required as evidence in any future audit.
If the project partner has internal rules for procurement and these include certain thresholds above which the market must be tested for competitive bids, then these should be followed. When establishing the contract value, the project partner must take into consideration all potential contracts of the same type that the partner organisation has implemented or will implement during the life of the project. A procurement may not be divided into several smaller procurements with the purpose of fitting them individually into the value range applicable to direct awarding without testing the market.
If a direct award procedure is used for reasons of urgency, it has to be proven that the urgency is due to unforeseeable circumstances. Insufficient planning by the project partner does not justify a direct award. If a direct award procedure is used for technical/ exclusivity reasons, it must have been ruled out that any other supplier than the one being contracted is capable of providing the requested services. This elimination procedure must be based on objective criteria. The fact of having already worked with a certain external provider in the past, having been satisfied by the work quality and wanting to benefit from the knowledge the provider acquired does not represent sufficient justification for a direct award.

**Using the correct rules (subject to the principle that the strictest rules apply):**




**General principles**

Although these requirements appear onerous the steps taken to ensure that a procurement is in line with these principles should always be proportionate to the size of the procurement, and for most procurements a simple quote gathering exercise will be sufficient.

**Non-discrimination**

For a procurement to be non-discriminatory all suitable suppliers should have a chance to supply the goods or services in question. Therefore, product descriptions should not refer to a specific manufacturer or model. For example, if purchasing a van, the specification should not require that it be a Ford Transit 2015 model, as this means other suppliers of suitable vehicles would be unable to compete.

**Equal Treatment**

All suppliers across the European Union must have an equal opportunity to bid for the work. Therefore, procurements should not require a specific location of a supplier unless this is strictly necessary (for example, if procuring conference facilities in Canterbury then only organisations with conference facilities in Canterbury need be contacted). This also is dependent on the size of procurement, for smaller procurements local organisations may be the only organisations interested in the contract. Therefore, there are different standards required for different values of procurement, which are set out below.

**Transparency**
In this context transparency means that the decision-making process should be clear. Whenever an organisation is invited to submit a quote or take part in a Tendering Exercise the selection criteria should be clear to all those involved, and the same information should be provided to each interested provider.

So that it can be evidenced that these principles have been followed, it is vitally important that Project Partners retain the evidence of their procurement process.

**Rules applicable to projects**

There are 3 sets of rules that can apply to a project: European Union, National Rules and Internal Rules. The national rules are set out by the Member states and should incorporate all the requirements of EU Law, so in most cases complying with National Law will mean also complying with EU Law by default.

It is important to always apply the **strictest rules that apply**. If the national rules for taking part in ERDF Programmes are stronger than the internal rules of an organisation, then that organisation must apply the national rules.

**EU Rules**
The EU rules for Public procurement are set out in the European Union's Public Procurement directives, which are then implemented (transposed) into national law.

These apply to contracts awarded by contracting authorities (as defined above) at a value above the thresholds set out below. In these situations, there are strictly defined rules relating to the running of procurements. The general thresholds are set out below. Project Partners should be aware that if they are a central government organisation in some cases lower thresholds apply.

These thresholds are set out on the European Commission website.

At the time of publication (November 2020) the main thresholds are;

| *Type of procurement* | **Works contracts, subsidised works contracts** | |
|---|---|---|
| **Central Government authorities**<br><br>**And** | Works contracts, subsidised works contracts | **€5,350,000** |

| | | | |
|---|---|---|---|
| **Sub-central contracting authorities** | | | |
| *Type of procurement* | **Goods and services** | | |
| **Central Government authorities** | All services concerning social and other specific services listed in Annex XIV | | **€750,000** |
| | All subsidised services | | **€214,000** |
| | All other service contracts and all design contests | | **€139,000** |
| | All supplies contracts awarded by contracting authorities not operating in the field of defence | | **€139,000** |
| | Supplies contracts awarded by contracting authorities operating in the field of defence | Concerning products listed in Annex III | **€139,000** |
| | | Concerning other products | **€214,000** |
| | | | |
| **Sub-central contracting authorities** | All services concerning social and other specific services listed in Annex XIV | | **€750,000** |
| | All other service contracts, all design contests, subsidised service contracts, all supplies contracts | | **€214,000** |

More information can be found on the **European Commission website**.

When considering these thresholds, it is important to consider the total requirements rather than just the specific purchase which is being made. So, if you will require 20,000€ of service each month for 11 months, the total value of that procurement should be regarded as being 220,000€ rather than 20,000€. In this case it would exceed the threshold for services above and should be treated as a single procurement of that value. It is strictly forbidden to artificially break down a contract into smaller "lots" to avoid a threshold.

If a Partner is unsure of the total value of their procurement they should seek further advice.

**National Rules**

These rules will implement the EU directives above, and set national standards for Public Procurement. All project Partners will need to ensure that they comply with these rules.

**Internal Rules**

If a Project Partner has internal rules on procurement, then they must obey these rules, unless national or EU rules are stricter than their internal rules.

**Advice for audit trail purposes**

The first action which should be taken is to determine the value of the procurement, as the procedure to be followed will depend on the value of the item to be procured. If the procurement value is close to threshold and it is not clear whether the procurement will be above or below the threshold then the procedure for the higher value should be used.

*Single Quote*

When using this procedure, the Partner Organisation may contact just one supplier for the provision of the Product. They must still ensure that they obtain value for money on the product. For example, a purchase of a pen normally worth 0.10€ that is procured for 999€ would not be a satisfactory procurement.

This is a minimum requirement for these procurements, if a Partner believes that they can get better value for money through requesting more quotes then they should do so.

**Audit Trail**

There is no specific Audit trail requirement for a single quote. However, Project Partners must ensure that they record all the required information set out in the Guidance Note on Budget Lines and Eligibility.

*Three quotes*

Obtaining three quotes is only a minimum requirement. If a Project Partner believes that they can obtain better Value for Money by obtaining more quotes or by running a Tendering exercise, then they are free to do so.

The steps to be followed for this procedure are;

1. The partner creates a shortlist of potential suppliers to be invited by submitting quotes. This can be as simple as searching the internet for providers of the required goods, depending how common the goods or services required are.

2. The partner sends a request for a quote to each of the suppliers. This request for a quote should set out the requirements of the contract, the quantity required (if applicable), the timeframe, the conditions of contract that will apply, the date the quote needs to be received by, and how the quote will be assessed (For example best quality product or lowest price). Unless there are exceptional circumstances the date should not be less than 5 working days from the time when the request for a quote is sent to the potential suppliers. If there are particularly complex requirements, then the Partner should allow a longer period for responses.

3. When the quotes are received a selection will be made, and the reason for the selection should be recorded. This can be as simple as, "lowest price."

4. The Successful supplier shall receive the order. The unsuccessful suppliers shall be informed of the decision, and if they request, informed of the reason they were unsuccessful (within the limits of commercial confidentiality).

**Catalogue Listing**

For some items which are commonly available and have public price listings (such as on a website or in trade catalogues) it is acceptable for theses to be used in the place of quotes. This includes trade catalogues, print outs of websites and similar evidence, provided that the items shown all have the same or similar characteristics and meet the requirements of the project.

**Audit Trail**

- The requests for quotes sent to all the potential suppliers
- The responses from the suppliers
- The rational for selecting the chosen supplier
- The notification to the selected supplier and the notification to those not selected setting out why they were rejected.

If public price listings were used, then copies of these should be used in place of the request for quotes and the responses from the suppliers.

Additionally, the normal audit trail for this type of expenditure as set out in the Guidance Note on Budget lines and Eligibility must be kept.

*Tender*

The information in this section only relates to Tenders which are above the relevant threshold but below the EU thresholds, where these apply.

The first step in a Tendering exercise is to develop the specification and the evaluation criteria. The specification should clearly establish the requirements of the procurement. Great care should be taken to ensure that it accurately reflects the needs of the purchasing organisation, as not only will suppliers develop their Tenders based on it, it will often become a part of the contract between the purchasing organisation and the supplier.

The next step is to advertise the procurement. The advertisement should include details of how to make an expression of interest in the Procurement, and how long interested organisations must register their interest.

The advert should be posted at least 10 working days before the deadline or expressions of interest. It needs to be placed on a location which offers a wide visibility to potential suppliers. Potential sites include;
www.contractsfinder.service.gov.uk
www.boamp.fr

Once organisations have registered their interest, they should be sent an Invitation to Tender (ITT) including the specification and evaluation criteria. This must also include information on how to submit the Tender, and the deadline to do so.

The closure of expressions of interest and the deadline for the submission of an ITT must be at least 10 days apart. However, if the Tender is for a particularly complicated Purchase then Project Partners may wish to expend the deadline to ensure that Applicants have sufficient time to develop their Tender.

The next step is the Evaluation of the Tenders. This should be done based on the criteria circulated with the Tender, and on an objective basis. The scores awarded in the evaluation must then be used to select the supplier.

All applicants shall be informed of the decision, and on request they should be provided with the reasons for their rejection (within the limits of commercial confidentiality).

**Audit Trail**

- Copy of the Advertisement advertising the Tender
- The Expressions of Interest Received
- Copy of the Invitation to Tender
- Tenders Received
- Evaluation Scores
- Notification to applicants of contract award

Additionally, the normal audit trail for this type of expenditure as per the Guidance Note on Budget lines and Eligibility must be kept.

*EU Thresholds*

EU tendering processes have strict time requirements, so Partners must ensure they have planned sufficient time to work through the process to meet the requirements. Given the high value which is automatically attached to such a procurement, it presents risks to the partners if it is later deemed ineligible. Therefore, it might be advisable that large scale procurements are handled by Partners with dedicated procurement teams who are used to dealing with EU tenders.

Project partners should refer to the relevant National Guidance on performing an OJEU tender.

**For UK partners only:**

| Value of Procurement | Procedure |
|---|---|
| <£5,000 | Single Quote |
| £5,000-£25,000 | Three Quotes |
| £25,000 – EU Threshold | Tender Process |
| EU Threshold | Formal OJEU Tender |

**For French partners only:**

*Procurement with a value lower than €40,000 (excluding taxes)*

In line with article 30-8° of the French Decree n° 2019-1344 of 12 December 2019 on public procurement, for public procurement with a value lower than €40,000 without VAT, the buyer shall select the relevant offer, make good use of public monies and shall not systematically contract with the same economic operator when many offers exist that might fulfil the requirements.

*Tenders*

The following applies (thresholds from date of publication January 2020):

| Supply and services | Amended procedure contracts (MAPA) | Formal tender |
|---|---|---|
| Amounts | From €40,000 without VAT up to €138,999.990 without VAT (State and its public institutions) | From €139,000 without VAT (State and its public institutions) |
| | From €40,000 without VAT up to €213,999.99 without VAT (local authorities, public health institutions) | From €214,000 without VAT (local authorities, public health institutions) |
| | From €40,000 without VAT up to €427,999.99 without VAT (purchasing contracting entity which operates as a network operator (production, transport or distribution of electricity, gas, water in particular)) | From €428,000 without VAT (purchasing contracting entity which operates as a network operator (production, transport or distribution of electricity, gas, water in particular)) |

| Works | Amended procedure contracts (MAPA) | Formal tender |
|---|---|---|
| Amounts | From €40,000 without VAT up to €5,349,999.99 without VAT | From €5,350,000 without VAT |

**Audit Trail**

- Copy of the Advertisement advertising the Tender
- The Expressions of Interest Received
- Copy of the Invitation to Tender;
- Tenders Received;
- Evaluation Scores;
- Notification to applicants of contract award.

Additionally, the normal audit trail for this type of expenditure as per the Guidance Note on Budget lines and Eligibility must be kept.

On publication thresholds, the following applies:

| | **Advertising not compulsory** | **Free or relevant advertising** | **Advertising in BOAMP or in a JAL** | **Advertising in BOAMP and in OJEU** |
|---|---|---|---|---|
| Supply and services | below €40,000 | from €40,000 and up to €89,999.99 | from €90,000 up to €138,999.99 € (State and its public institutions - central authorities)<br><br>from €90,000 à €213,999.99 (local authorities, their institutions, their groups, and other buyers - except the State) | from €139,000 (State and its public institutions - central authorities)<br><br>From €214,000 (local authorities, their institutions, their groups, and other buyers - except the State) |
| Works | below €40,000 | from €40,000 and up to €89,999.99 | from €90,000 up to €5,349,999.99 € | from €5,350,000 |

| Procurement | Accepted | | | Comments |
|---|---|---|---|---|
| | Yes | Not (fully) | N.A. | |
| The relevant procurement process has been selected given EU, national and project partner's rules | ☐ | ☐ | ☐ | *Depending on the rule applying (internal, EU, etc.) verify that the procurement process is in line with the threshold of the expense.* |

| 3 quotes process | Accepted | | | Comments |
|---|---|---|---|---|
| | Yes | Not (fully) | N.A. | |
| A minimum of 3 quotes have been provided | ☐ | ☐ | ☐ | *This section should be filled only once for each 3 quotes procurement. If one or several items that fall under a 3 quote procurement are not in line with the process, please specify the reference of the item(s) and detail how they fail to comply in the comment section.* |
| The quotes follow the same request details (quantity, timeframe, etc.) | ☐ | ☐ | ☐ | |
| Selection criteria is made clear | ☐ | ☐ | ☐ | |

**Public Procurement**

To be filled-in for each Tender Process.

In accordance with national and – if applicable Programme or internal public procurement rules and – above the EU threshold for public procurement - national implementations of Directives No. **2014/24/EU and** 2014/25/EU **as of** 18 April 2016[2]**.**

| Criteria | Accepted | | | Comments | Index No. |
|---|---|---|---|---|---|
| | Yes | Not (fully) | N.A. | | |
| **<u>Compliance with public procurement rules</u>**<br>EU, national and - if applicable - Programme, and internal-public procurement rules were observed. Please refer to EU, Programme, national, and internal public procurement rules. | ☐ | ☐ | ☐ | *e.g. verified that the public procurement complies with;*<br>*In the UK:*<br>• *Before 26/02/15, the Public Contracts Regulations (2006);*<br>• *After 26/02/15 the Public Contracts Regulations (2015) in the UK;*<br>• *In France:*<br>• *jusqu'au 31 mars 2016, le code des Marchés* | |

[2] Above EU threshold national transformation **of Directive No. 2014/24/EU** (on public works, supply and service contracts) **and of Directive No. 2014/25/EU** ('Sector Directive') **apply as of 18 April 2016.**

| | | | | | |
|---|---|---|---|---|---|
| | | | | *Publics ou l'ordonnance n°2005-649 du 6 juin 2005*<br>• *à partir du 1er avril 2016, l'ordonnance n°2015-899 du 23 juillet 2015 relative aux marchés publics et ses décrets d'application n°2016-360 (marchés publics) et n°2016-361 (marchés de défense ou de sécurité) du 25 mars 2016* | |

| | | | | | |
|---|---|---|---|---|---|
| ***(in case of procurements below national thresholds for public procurements)***<br>The price is adequate. | ☐ | ☐ | ☐ | • *Verified that the price of acquired services and goods was adequate. e.g.*<br>• *Inspected three offers obtained*<br>• *Applied professional judgement*<br>• *Conducted internet research to compare prices*<br>• *Inspected price adequacy documentation of the Project Partner* | |

In case of a single tendering, the following section should be filled in for each tender process.

| **In case of Single tendering** | **Accepted** | | | **Comments** |
|---|---|---|---|---|
| | **Yes** | **Not (fully)** | **N.A.** | |
| Justification follows the one of the 3 principles: urgency, one supplier capable of providing the relevant goods, works or services, no organisation have responded | ☐ | ☐ | ☐ | |
| Justification has been explained with sufficient details | ☐ | ☐ | ☐ | |
| A specific form has been filled in | ☐ | ☐ | ☐ | |

For English FLC, please find more information one Public Procurement and Single Tender in a Guidance note published by DCLG: [Procurement Law: ESIF Compliance Guidance Note](Procurement Law: ESIF Compliance Guidance Note).

**5. Compliance with information and publicity requirements**

***In accordance with the Programme Manual Guidance Note 7 – Project Communication.***

| Criteria | Accepted | | | Comments | Index No. |
|---|---|---|---|---|---|
| | Yes | Not (fully) | N.A. | | |
| Information and publicity rules of the EU and the Programme were complied with.<br>All information and communication products acknowledge the support from the ERDF. | ☐ | ☐ | ☐ | | |
| (In case of projects exceeding a total public contribution of EUR 500.000 and consisting of the financing of infrastructure or construction projects)<br>A temporary billboard of a significant size, readily visible to the public has been installed.<br>Evidence of this installation has been provided or it has been inspected during the Controller's on-site visit. | ☐ | ☐ | ☐ | *e.g., Inspected site to ensure they meet the publicity requirements outlined in of Art 2.2 of Annex XII of Reg. (EU) No 1303/2013).* | |
| ***(In case of projects not falling under the specification above)***<br>At least one poster with information about the project (minimum size A3), including the financial support from the Union at a location readily visible to the public, such as the entrance area of the building. | ☐ | ☐ | ☐ | *e.g., Inspected site to ensure they meet the publicity requirements outlined in Art 2.2 of Annex XII of Reg. (EU) No 1303/2013.* | |

## 6. Compliance with other EU rules

| Criteria | Accepted | | | Comments | Index No. |
|---|---|---|---|---|---|
| | Yes | Not (fully) | N.A. | | |
| There is no evidence that the project activities do not comply with the EU horizontal objectives of equality between men and women and non-discrimination. | ☐ | ☐ | ☐ | *Compare the partner report to the Application Form and verify that activities are in line with the Application Form and do not raise any new issues.* | |
| There is no evidence that the project activities do not comply with the EU horizontal objectives of sustainable development. | ☐ | ☐ | ☐ | *Compare the partner report to the Application Form and verify that activities are in line with the Application Form and do not raise any new issues.* | |
| There is no evidence that equipment purchased does not comply with EU and national legislation in terms of environmental impacts, required permits, etc. | ☐ | ☐ | ☐ | *Verify based on my professional judgement as a controller that compulsory requirements set by the EU and national legislation related to respective equipment are fulfilled (e.g. environmental impacts, permits, etc.).* | |
| There is no evidence that infrastructure and works do not comply with EU and national legislation in terms of environmental impacts, required permits, etc. | ☐ | ☐ | ☐ | *Verify based on my professional judgement as a controller that compulsory requirements set by the EU and national legislation related to respective infrastructure and works are fulfilled (e.g. environmental impact assessment, building permissions, etc.).* | |

## 7. Compliance with State Aid

State Aid issues regarding the activities of the Project should have already been addressed by the Partnership with the help of the Joint Secretariat and the National Authorities before the signing of the Grant Offer Letter. However, a change of implementation of activities may have an impact on State Aid and raise new issues on this matter.

For this reason, FLCs should answer the following section during each administrative check. FLCs can find Guidance on State Aid Regulation in the Guidance Note 8 of the Programme Manual, including a step by step aid on identifying State Aid. Further information can be found on the European Commission website;
http://ec.europa.eu/competition/state_aid/overview/index_en.html
The list of questions included in this section should already help the FLC. However, in case an FLC find there might be a previously unknown State Aid issue with an activity of the project, **the FLC should immediately contact the JS**. The JS will provide guidance and determine the measures to be taken.

## 8. Shared Costs

***In Accordance with the Programme Manual, Guidance Note 8 Section I.4.***

Shared costs are costs where more than one Partner makes a payment towards an expenditure (such as the purchase of an expensive item of equipment).
"Contracting Partner only principle." means that:
• the contracting Partner is the only one that budgets, pays and reports the 100% cost item of joint benefit and receives the related support from the Programme,
• the partnership can internally decide to share the cost of match funding the expenditure. The other Partners make a cash payment to the contracting Partner to support this cost. These payments from the other Partners are considered external match funding for the contracting Partner and should be treated as such in the Project Application and the Financial Claims.

Shared Costs should be already mentioned in the Application Form, verify that the match funding related to staff costs are in line with those planned in the Application Form.

| **Criteria – Real cost** | **Accepted** | | | **Comments** | **Index No.** |
|---|---|---|---|---|---|
| | **Yes** | **Not (fully)** | **N. A.** | | |
| The method for cost sharing complies with Programme rules and relies with the "contracting Partner only principle" | ☐ | ☐ | ☐ | *e.g. Inspect the calculation scheme for cost sharing to ensure that it complies with Programme rules* | |

## 9. In-kind Contributions

***In accordance with the Programme Manual Guidance Note 9 In Kind Contributions.***

An in-kind contribution is a donation made to a project, either from a Partner or from an external organisation.

To claim for an in-kind contribution Partners must be able to produce a calculation for the value, including the rationale and supporting evidence for the calculation. They must also be certain that the value they are attributing the contribution does not exceed the market value. For example, if a project wished to claim the donation of a vehicle as an in-kind contribution, it could obtain quotes for similar models of a similar age and condition to determine the market value for the vehicle. Project Partners should discuss their proposed calculation method chosen with their FLC and the JS if they have concerns regarding its validity.

| **Criteria – Real cost** | **Accepted** | | | **Comments** | **Index No.** |
|---|---|---|---|---|---|
| | **Yes** | **Not (fully)** | **N.A.** | | |
| In-kind contribution(s) declared is/are eligible in accordance with EU and Programme rules. | ☐ | ☐ | ☐ | *In accordance with the Programme Manual Guidance Note 9 In Kind Contributions* | |
| In-kind contribution(s) relate(s) to the project.<br>They have been initially planned in the Application Form.<br>They have been budgeted and reported in the budget line of their real costs equivalent. | ☐ | ☐ | ☐ | *e.g. Verified that in-kind contributions:*<br>• *have been initially planned in the Application Form under this budget line OR*<br>• *Are within the budget planned in the Application Form under this budget line*<br>• *A written agreement of these costs exists from the JS.* | |
| In-kind contribution(s) is/are based on written agreement(s).<br>The nature of the in-kind contributions are outlined in the Application Form. | ☐ | ☐ | ☐ | *e.g. Inspected the written agreement to that it relates to the project, outlines the type of work and the hours of work.* | |
| In-kind contribution(s) is/are documented.<br>Time spent by voluntary workers is recorded into timesheets or equivalent documents. | ☐ | ☐ | ☐ | *Partner can use the Timesheet template available on the Programme website.* | |
| The in-kind amount declared is plausible and in line with its real costs equivalent market value. | ☐ | ☐ | ☐ | *The Partner can produce a calculation for the value, including the rationale and supporting evidence for the* | |

| | | | | | |
|---|---|---|---|---|---|
| The value of voluntary work is the minimum hourly wage for the country the voluntary workers are working in. | | | | *calculation. The value attributed does not exceed the market value for similar works, goods, services or land.* | |
| **(ONLY in case of donation of land)**<br>In case of donation of land, additional rules apply:<br>• The value of the land has been certified by an independent qualified expert<br>• If the donation takes the form of a lease agreement, it includes a payment of no more than 1€/1£ per year to ensure it is recognised in law.<br>• The value of the land as part of the project claims does not exceed 10% of the total expenditure in the project (including in-kind and in cash) | ☐ | ☐ | ☐ | *If the Partner temporarily donate land to a project and it returns to them after the completion of the project, any increase in value as a result of improvements made to the land financed by the project shall be treated as revenue, and the eligible expenditure of the project will be reduced to take this into account. Please refer to the Guidance Note on "Revenue" for more information* | |

## 10. External contribution

| Criteria – Real cost | Accepted | | | Comments | |
|---|---|---|---|---|---|
| | Yes | Not (fully) | N.A. | | |
| External contributions to partner are as foreseen in the Application Form | ☐ | ☐ | ☐ | *The external contribution is in line with the budget of the Application Form (source, amount, etc.)* | |
| (in case of external contributions) The controlled entity received external contribution for the previous report. | ☐ | ☐ | ☐ | *Verify that external Match funding has been received since the previous check, based on bank statements or similar documents.* | |
| **(if yes)** The total contribution has not been exceeded. | ☐ | ☐ | ☐ | *According to the last version of the Application Form available on eMS. Verify the organisation providing match funding has not exceed its planned contribution.* | |
| **(if yes)** The contribution does not come from other EU financial instruments. | ☐ | ☐ | ☐ | *Interreg Programme or any other EU Programme to avoid double-financing* | |

**Once the checklist has been completely filled in, FLC should print and sign the FLC checklist. The FLC checklist must be signed by the FLC responsible of the checks.**
The scanned and signed FLC checklist have to be uploaded to the eMS in the 'Attachments' section.

## FLC CHECKLIST – On-the-Spot

The On-the-spot checklist is a word document available on the FCE Programme website (under "downloadable documents" – section FLC). It should be completed during the visit to the Partner and support the compulsory checks.

### FLC Visit

| Visit | | | |
|---|---|---|---|
| Date of the visit | | | |
| Duration of the visit | | | |
| Location of the visit | | | |
| Type of visit | Spontaneous | Planned | Explain when the visit has been planned, and why if it is spontaneous. |
| Officer or representative of the partner met during the visit | Name: | | Function: |
| | Name: | | Function: |
| | Name: | | Function: |

In this section, FLC should enter the details of their visit to the Partner. It should specify exactly where the checks have been taking place e.g. head office of the partner, newly build infrastructure funded by the Programme.

FLCs are expected to motivate the timing of their visit within the "type of Visit" comment box and to communicate the timing agreed with the Project Partner to the JS.

The FCE Programme requires only one visit in the life of the project. This obligatory visit should be planned well ahead with the Partner. However, one visit is a minimum requirement. When judged necessary, the FLC can make additional visits to their Partner. Those additional visits should be also planned in agreement with the Partner. Spontaneous visits should be limited to checks on material deliverables or outputs such as construction work or events.

### FLC Checklist

#### 1. Archiving

| **1.1 Archiving** | **Accepted** | | | **Comments** |
|---|---|---|---|---|
| | **Yes** | **Not (fully)** | **N.A.** | |
| Is the partner aware how long it is required to keep all the documents related to the project?<br>*(4 years from the 31st December of the year the last ERDF payment was received – 10 years after aid award date in case State Aid is granted)*<br>Specify the date in the comments section | ☐ | ☐ | ☐ | |
| Is audit trail easily accessible | ☐ | ☐ | ☐ | |

| | | | | |
|---|---|---|---|---|
| Are official files, documents and date about the project retained in a safe and orderly manner? | ☐ | ☐ | ☐ | |
| Are there recording procedure specific to the project? | ☐ | ☐ | ☐ | |
| **1.2 Conformity of documents** | **Accepted** | | | **Comments** |
| | **Yes** | **Not (fully)** | **N.A.** | |
| Internal procedure for archive supporting documents including electronic copies give sufficient assurance of the conformity of documents. | ☐ | ☐ | ☐ | |

Question 1: The Partner should provide evidence that it is aware of how long it is required to keep all the documents related to the project. It is either clearly marked on the documents/archiving sections or the Officer of the Organisation can answer this question. If they are not aware of this issue, the FLC should provide details on the guidance provided in the comment box. More information is available in the Guidance Note 6 of the Programme Manual (section Retention of documents).

Question 4: FLC should provide details on the recording procedure.

Question 2.2 on conformity of documents: FLC should particularly check whether the internal procedure gives enough assurance of conformity. The actual conformity between the previously checked document (via eMS) and the originals should be performed in section 3.2.

**2. Project expenses - Sample**

*Select a sample (see FLC GN) from the expenses included in the payment claims and ask the organisation to make the audit trail of these expenses available to the FLC.*
*The sample should include at least two items per Budget Line, when possible* ***and*** *represent 10% of the total amount of the expenditure checked in previous administrative checks (outside Budget Line 2 – Office and Administration which is a 15% flat rate without checks).*

| **2.1 Rationale of the sampling** | |
|---|---|
| Comments | |

The FLC should explain the grounds of the choice of this sampling. If some items are risk based, what is the rationale of the risk (e.g. procurement)? Which is the percentage of item checked based on risk, which percentage is checked randomly?

| **2.2 Sample of expenditure** | | | | | |
|---|---|---|---|---|---|
| BL | eMS ref Nb | Selection Criteria | Information and documents checked (see FLC GN) | Originals match the previously certified expenditure | Comments |

| | | | | Yes | No | N.A | |
|---|---|---|---|---|---|---|---|
| | | ☐ Potential Risk (explain)<br>☐ Amount<br>☐ Budget Line<br>☐ Random | | | | | |
| … | | | | | | | |

FLC should enter details on one item per line.
1st column: number of the Budget Line
2nd column: eMS reference number of the item
3rd column: Selection criteria of this item in the sampling (tick at least on box)
4th column: list of the supporting Documents checked
5th column: Check if originals match with previously certified expenditure on eMS.
6th column: Comments. FLC should give as much details as possible in this section.

| **2.3 Format of documents** | | | |
|---|---|---|---|
| Were documents made available to FLC in the following format? (tick all that apply) **(multiple selection possible)** | ☐ originals | ☐ copy | ☐ electronic |
| Comments | | | |

In the comment section, please describe the format of documents which were made available to you and describe any issue with the type of format.

**3. Material achievements**

| **3.1 Material deliverables and outputs** | | | |
|---|---|---|---|
| Applicable | | ☐ Yes | ☐ No |
| Material achievements planned in the Application Form | Material achievements mentioned in the previous project report | Material achievements observed during the check (which element proving achievement was checked) | Comments |
| | | | |

Some projects have material outputs and/or deliverables such as construction work, prototypes.

If this applies to the Project, the FLC should list every material output and deliverables planned in the Application Form (Column 1), list the ones whose achievements have already been mentioned in previous project reports checked (Column 2) and finally list the ones observed during the day of the visit and gives details on the specific elements checked (column 3). Details should be provided in the comment section (e.g. completeness of the material achievements observed, missing element and justification).

## 4. Match-funding and shared costs

| 4.1 Matchfunding | Accepted | | | Comments |
|---|---|---|---|---|
| | Yes | Not (fully) | N.A. | |
| Is there external contribution in the financial plan of the project? | ☐ | ☐ | ☐ | |
| Has the external contribution been received?<br>Specify if not (fully). | ☐ | ☐ | ☐ | |
| Were there other funds received by this partner for the implementation of the project that have not been mentioned in the financial plan of the project? | ☐ | ☐ | ☐ | |
| Have this complementary funding been mentioned in the project progress report? | ☐ | ☐ | ☐ | |

ERDF funds project based on a percentage of the total budget mentioned in the Grant Offer Letter. This is called the co-financing. The remaining percentage of the total budget is funded either by the Partner itself or another private or public organisation as planned in the Application Form. This remaining percentage is called the match-funding.
If the match-funding is delivered by the Partner itself, the "Yes" box should be ticked with the explanation of the self-match-funding in the comment box. "N.A" should be ticked for the following question.
If the match-funding is delivered by another organisation, "yes" should be ticked for the first question and "yes/no" with details in the comment box for the second question.
Question 3: FLC should ensure whether there is no additional funding of the project, which could either replace a failing match-funding or exceed the total budget of the Project. For this reason, FLC should check the accountancy of the Partner (e.g. Bank statement).

## 5. European Union publicity

See Guidance Note 7 of the Programme Manual on Communication.

| 5.1 List of all the communication documents related to the project | | | |
|---|---|---|---|
| **Type of document** | **Project activity** | **E doc** | **Hardcopy** |
| | | ☐ | ☐ |

In this section, the FLC should list each document related to the project's communication and link them with a project activity, as planned in the Application Form. The reference number of the activity should be indicated. The nature of the document should be specify, whether it is a hardcopy, meaning the document has been printed for dissemination or only an electronic version exists.

| 5.2 Legal requirement | Accepted | Comments |
|---|---|---|

| | Yes | Not (fully) | N.A. | |
|---|---|---|---|---|
| Is the partner aware of the legal requirements regarding European publicity? | ☐ | ☐ | ☐ | |

In accordance with the Guidance Note 7 of the Programme Manual, the FLC should ensure that the basic requirements have been fulfilled and detail every aspect in the following questions. Details should be provided for each option in the comment box.

**6. Output indicators**

| **6.1 List of Indicator (add as many lines as indicator)** | **Achieved** | | | | **Comments** |
|---|---|---|---|---|---|
| | **Yes** | **Not (fully)** | **No** | **Not Yet** | |
| **Filled-in once** from AF (automatic in electronic systems) | ☐ | ☐ | ☐ | ☐ | |
| **Filled-in once** from AF (automatic in electronic systems) | ☐ | ☐ | ☐ | ☐ | |

| **6.2 Achievement** | **Accepted** | | | **Comments** |
|---|---|---|---|---|
| | **Yes** | **Not (fully)** | **N.A.** | |
| Is there a proof of achievement (minutes of meetings, pictures of conferences, leaflets…)? | ☐ | ☐ | ☐ | |
| Are these documents precise enough to complete the project indicators and deliverables as mentioned in the application form? | ☐ | ☐ | ☐ | |
| When relevant, are there documents listing all the project participants (meetings…)? Specify | ☐ | ☐ | ☐ | |

6.1 The indicators will be automatically set up from the Application Form. It should be specified whether they have been achieved, partially achieved, not achieved or to be achieved. Details on the level of achievement should be provided in the comments box.

6.2 Those questions apply for the indicators which have been achieved or not fully achieved. In case the achievements were not or not yet achieved "N.A." should be ticked. The comments box should be used to record the nature of evidence seen in support of the proof of achievement of the project indicators.

6.3 Any potential discrepancies should be highlighted and brought to the attention of the JS either via the report or by contacting the JS direct by emailing interregv@norfolk.gov.uk. The JS will discuss the discrepancy with the Lead Partner.

**7. Revenue**

| 7.1 List of revenue planned in the Grant Offer Letter (add as many lines as sources of revenue) | Received | | | | Comments |
|---|---|---|---|---|---|
| | Yes | Not (fully) | No | Not Yet | |
| **Filled-in once** from AF (automatic in electronic systems) | ☐ | ☐ | ☐ | ☐ | |
| **Filled-in once** from AF (automatic in electronic systems) | ☐ | ☐ | ☐ | ☐ | |

| 7.2 Complementary revenue | Accepted | | | Comments |
|---|---|---|---|---|
| | Yes | Not (fully) | N.A. | |
| Is there any complementary revenue that has been received, which was not planned in the Grant Offer Letter and not mentioned in the Progress Report? Specify | ☐ | ☐ | ☐ | |
| Has there been activities that could have generated revenue (artistic performances, conferences, exhibitions, participation fee…)? | ☐ | ☐ | ☐ | |

7.1 The list of revenue will be automatically set up from the Application Form. The system to fill in this section is similar to 7.1

7.2 FLC should check income registration system / bank statements to ensure whether there has been additional revenue.

Given all the information available for the FLC, the FLC should mention any doubt of additional revenue which could have been generated but not mentioned by the Partner.

**8. Difficulties**

In this section, any difficulty faced during the visit should be mentioned and detailed in the comments section.

**9. Visit summary**

| 9.1 Organisation changes | Accepted | | | Comments |
|---|---|---|---|---|
| | Yes | Not (fully) | N.A. | |
| Are there legal, financial, technical change in the organisation of this partner that could have an impact on the activities funded through the project? | ☐ | ☐ | ☐ | |

Changes in the organisation of the Partner should be mentioned here only if the FLC judges it might have an impact on the activities funded e.g. legal sanction towards the partner, key employee leaving their position, change in condition of VAT recovery.

| 9.2 Soundness | Comments |
|---|---|
| Overall comment on the soundness of the project management tools and traceability of the expenses. Please explain. | |

Given the checks which have been performed on-site and the previous administrative check, and the FLC's own personal experience, the FLC should comment on the soundness of the project management.

For Question 10.3 on compliance with the project described in the Grant Offer Letter, the FLC should refer only to the Application Form available on eMS.

**10. Conclusion**

| 10.1 Certification of rendered service | Accepted | | | Comments |
|---|---|---|---|---|
| | Yes | Not (fully) | N.A. | |
| I certify that the service has been rendered. | ☐ | ☐ | ☐ | |
| I cannot certify that the service has been rendered with the actual checks performed. **Complementary information should be provided. Specify.** | ☐ | ☐ | ☐ | |
| I cannot certify that the service has been rendered with the actual checks performed. ***A procedure for corrective measures shall be undertaken***. | ☐ | ☐ | ☐ | |

In general, the FLC should certify if the service has been rendered. This means that it should certify whether the project is compliant with the Application Form in regard with the implementation of the project and also complies with European, National law and the Programme rules given the checks performed on site.

In the case the service is not rendered or partially rendered, the FLC should ask more information.

Once the checklist has been completely filled in, it should be printed, signed by the FLC responsible of the checks and sent by email to the LP, the relevant PP (if applicable) and the Joint Secretariat (interregv@norfolk.gov.uk). Then it should be uploaded in the attachments section of the FLC Report of the following administrative checks.