



FLC Guidance

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***Disclaimer:** *This is a living document and further content will be developed at a later stage.*

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CHAPTER 1 – General principles

1.1 Introduction

This guidance is targeted at first level controllers and project partners to explain what is expected from the first level controllers (FLCs) when doing their verifications.

This document is not the only guidance available for FLCs; further information on the eligibility of costs can be found in the programme manual. Guidance on the overall reporting and on how to use the eMS (electronic monitoring system) can be found in the related guidance. Both documents are available in their latest versions on the [NWE website](#). Further information on the different systems in the Member States as well as contact details of approbation bodies and centralised FLCs can also be found on the FLC section of the [website](http://www.nweurope.eu/help-support/first-level-control) (<http://www.nweurope.eu/help-support/first-level-control>).

Before the submission of a progress report to the Joint Secretariat (JS), each progress report must be verified and validated by an independent controller (Article 4 of EC Regulation 1299/2013).

This process is carried out by a qualified first level controller, usually an auditor or a certified public accountant, to verify that the expenditure incurred to implement the project complies with the relevant EU, programme, national, regional and institutional rules as well as with the provisions of the subsidy contract and the approved application form. The main aim of the controls is to provide a guarantee for the Managing Authority, the Certifying Authority and, most importantly, for the project itself, that costs co-financed under the Interreg NWE Programme are accounted for and eligible.

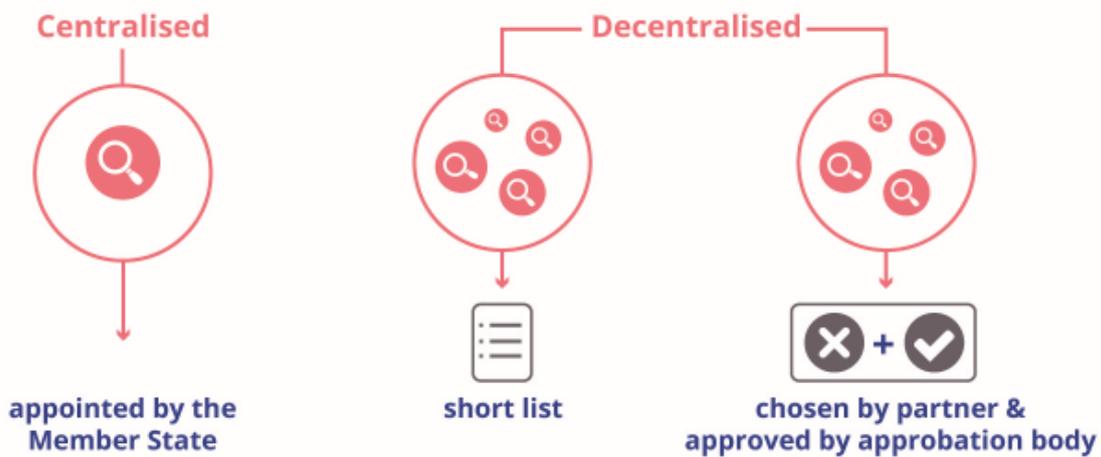
1.2 Designation of the First Level Controller and access to the eMS

It is the responsibility of each Member State to designate the first level controllers for project partners located on their territory. In practice, this means that each partner needs a controller that is authorised by its Member State. The designation of a First Level Controller as well as the access to the eMS are personalised and will not be granted to an organisation or a generic e-mail address. More detail as well as further documents concerning the approbation process for each Member State can be found in the FLC section of the [NWE website](#).

In principle, there are three general models:

- centralised control at Member State level (Ireland, Luxembourg, Belgium-Wallonia, Belgium-Brussels);
- decentralised control through controllers selected from a central shortlist (France, Belgium-Flanders);
- decentralised control through an internal or external controller selected by the project partner and approved at Member State level by the FLC approbation body (Germany, the Netherlands, the UK).

First level control systems:



In order for the FLC to start the work, the controller needs to get access to the system (a user profile) and needs to get assigned to the correct partner. In the centralised system, it is the Joint Secretariat's Audit and Control Officer who gives those accesses and assigns the FLC to the right partner.

In the decentralised systems it is the job of the national FLC approbation body. After the approval of the Programme's Monitoring Committee, the national FLC approbation bodies are informed about new partners in their respective countries. They will then get in contact with the partners directly and inform them about the process.

Please note that at no moment in time the lead partner should grant access to the FLC. This would be considered a violation of the separation of functions and independence principles the partner and the FLC must comply with.

Without an approved first level controller, it is not possible for the Joint Secretariat to approve a partner's progress report. If, during the implementation of the project, a new first level controller is appointed, the administrative procedure will have to be repeated and the controller will have to be changed in the eMS.

The requirements that have to be fulfilled to become a first level controller are set by each Member State. The main principle is that controllers have to be independent and qualified to carry out the control.

In order to be considered independent, the controllers must fulfil certain criteria: an internal controller, if authorised by the Member State, has to belong to a unit that is organisationally apart from the units dealing with project activities and finances. An external controller can only be considered independent if there is clear separation between the first level control task and any other contractual relationships.

With regard to the qualification of the first level controller, partners should bear in mind that the task of controlling project expenditure co-financed under the Interreg NWE Programme goes beyond checking the accounts: it also involves a judgment on the compliance with ERDF, national and programme rules. The controllers are therefore

expected to have good knowledge of controlling project expenditure under the Structural Funds regulations. The programme and/or the Member States involved will provide training for controllers. They are also expected to have a good knowledge of English (since all programme documents and reports as well as the communication with the lead partner are in English). The country-specific control requirements are binding and provide further conditions concerning the choice of first level controller.

If an external controller is selected by the project partner, this controller must be designated in accordance with public procurement rules.

1.3 Role of the FLC

The first level controllers' task is to verify that the expenditure reported by the partners in each progress report fulfils the following conditions:

- the costs are eligible (see section 5.1 of the programme manual), incurred and paid;
- the programme's conditions, the approved application form (AF) and the subsidy contract have been observed and followed;
- the invoices and payments are correctly recorded and sufficiently supported by evidence;
- the related activities, sub-contracted supplies and services are in progress or have been delivered or carried out;
- Community rules have been respected, especially with regard to information and publicity, public procurement, State aid, equal opportunities and protection of the environment.

The first level controller should be able to establish a full audit trail of the expenditure claimed by the project partner. This means that there is a comprehensive set of documents that provides both a complete history of a project and evidence that proper procedures were applied and outcomes achieved. It should therefore be possible for the first level controller to trace the costs claimed from the application form, via procurement and accounting documents to the payment from the partner's bank account.

The signed subsidy contract and partnership agreement are available in the eMS for the controllers as an annex to the application form in the JS attachment section.



Figure 1: JS attachment section in eMS.

The controllers have to be familiar with the content of the following documents in order to be able to confirm the compliance with the provisions laid down in the EU regulations and directives, i.e. in particular with:

- Regulation (EU) No 1303/2013 (Common Provisions Regulation) (including article 271 of Regulation (EU) No 2018/1046 amending Regulation (EU) No 1303/2013)
- Regulation (EU) No 1301/2013 (ERDF Regulation)
- Regulation (EU) No 1299/2013 (European Territorial Cooperation Regulation)
- Regulation (EU) No 481/2014 (Eligibility of expenditure for Cooperation Programme s)
- EU Directives on public procurement
- the Programme Manual
- the application form
- the subsidy contract
- the partnership agreement
- further national rules and guidance (e.g. national public procurement rules)

If there are amendments to the project application form, subsidy contract and partnership agreement, both the lead and other partners need to ensure that the latest version is made available to the first level controllers.

1.4 FLC documents

The programme provides three standard documents that give guidelines to controllers for their control work, to ensure the consistent application of quality standards and to document the control steps properly, and specifically with regard to:

- A **standard first level control certificate** validated by each project partner's first level controller (to be found in the eMS). The partner control certificates need to be available to the lead partner, to the lead partner's first level controller and to the Joint Secretariat.
- A **standard control report template including the FLC checklist**, which has to be filled in online - as part of each progress report - by each project partner's first level controller. Both the checklist and the report must be available to the lead partner, their first level controller and the Joint Secretariat.
- A special **checklist for public procurements** available

Those documents are available in the First Level Control part of the implementation resources of the NWE website <http://www.nweurope.eu/help-support/first-level-control/>.

The first level controllers have to take into consideration that, when validating the control report that all of the expenditure included in the checked report will have to be validated as eligible in order to be entered into the certificate. for a certain reporting period, they are validating the full amount of eligible expenditure. In order to have sufficient reassurance, the controllers are thus expected to check 100% of the expenditure.

Sampling is only possible in very well justified cases, under the condition that the sample is

representative, and the method, scope and the results are fully documented and give sufficient evidence and reassurance for validating the full expenditure (no risks/errors identified for items checked within the sample, otherwise the full expenditure should be checked).

1.5 Role of the LP FLC

Following the lead partner principle, the lead partner bears the overall responsibility for ensuring the implementation of the project. Before submitting a consolidated project report, the lead partner needs to have this report reviewed by the LP FLC. The lead partner's FLC will have to answer additional questions in the LP FLC checklist which relate to all partners' expenditure.

When submitting a progress report, the lead partner has to:

- ensure that the expenditure reported by the partners has been incurred for implementing the project and corresponds to the activities agreed between all the partners, i.e. is in line with the application form and subsidy contract. Any deviations from the application form, should they exist, have been properly described and justified in the progress report;
- check that amounts and activities reported are correctly integrated in the joint progress report and give a correct description of the implementation and present status of the project;
- check that the overall spending in any budget line does not exceed 120% at project level;

The Programme therefore asks the FLC of the lead partner to confirm that:

- the documents presented by the project partners are complete and have been validated by the partner FLC.
- the information provided in the checklist of the partners' FLC is sufficient.
- the ERDF payment from the lead partner to the project partners has been made without unnecessary delays and in full.

This verification by the LP FLC does not imply re-performing the checks already carried out at partner level. The most important verification by the LP FLC is the level of information that is provided in the checklists of the partners. E.g. there is a programme rule to be followed in case of contracts above €5,000: has this been done? Has the checklist been filled in in accordance with the Lists of expenditure (LoEs)?

The documents for the verifications (LoEs, FLC report and checklist and FLC certificate) will have to be provided to the LP FLC by the LP (either electronically or printed).

Should the lead partner's first level controller not receive sufficient information from the

partner, the controller should get in contact with the partner and their FLC and make sure that they understand the requirements. In case of significant information missing, the LP FLC should ask the LP to not include the corresponding claim certificates until pending clarifications have been provided. This would usually be done by reverting this claim back to the PP FLC. Any encountered problems should be specified in the checklist of the LP FLC.

Since the LP FLC does not have a specific checklist to fill in, but will have to fill in the questions at the end of the checklist that is available to everybody, we suggest that the PP1 check is only done, once all other partners have submitted.

1.6 On the spot checks

The first level controllers have to verify that the reported activities have taken place and that the delivery of sub-contracted supplies, work and goods is in progress or completed.

In accordance with Regulation (EU) No 1303/2013 Article 125 (5), this verification needs to take place on the spot, at least once during the project's lifetime. At the same time, the Regulation stipulates that the means invested on 'on the spot' verifications should remain proportionate to the costs to be verified and the level of risk identified.

Why are on the spot checks useful?

The on the spot check usually focuses on two aspects:

1. The proper functioning of internal processes and systems related to the approval, ordering, accounting and payment of reported costs.

An on the spot check gives a better understanding of the supporting documents, the project and the partner organisation: interviews and walk-throughs can be conducted, which means that a given process can be traced from its beginning to its end inside the partner organisation and with the people responsible. For example, public procurement processes can be traced from the launch of the tender to the selection, contracting and final delivery of the contract or a payment process can be traced from the ordering of the service to its delivery, invoicing, registration in the accounting system and final payment. Moreover, original documents (invoices, timesheets) can be accessed.

2. The existence and delivery of goods and services:

Investments made by the project partner should be inspected on the spot. Moreover, the staff working on the project can be met. If the project includes investments, those investments should be visited and publicity requirements (e.g. plaques) should be checked. Further outputs such as publications, equipment items etc. can also be reviewed in more depth.

First level controllers should however note that even though these checks can be performed in more depth during the on the spot check, they are validated in the first instance when the costs are included in the payment claim. On the spot checks also accelerate the verification process: it avoids any need to send documents back and forth and thus helps to save paper and time; initially missing documents can be provided straight

away.

1.7 Timing a first level control

To ensure timely submission, controls at project partner and lead partner levels have to be scheduled carefully in relation to the submission deadlines. It is up to the partnership to decide on those deadlines considering the availabilities of the controllers.

In this context, it is important to keep in mind that:

- expenditure has to be reported regularly (on a 6-month basis),
- the project lead partner's controller can only carry out the control after receipt of all the documents from the partners;
- some project partner's controllers have fixed time limits for carrying out the control, which have to be respected when the documentation is submitted (and which limits the time for potential clarifications);
- the lead partner can only submit the progress report after receiving and having checked the control documents from the partners reporting expenditure.

Considering these points and the complexity of reporting procedures, it is crucial that projects establish a clear timeline for the reporting procedure. The programme recommends that the project partners should have their payment claims validated and submitted to the lead partner level one month before submission date to the JS. This gives the lead partner a month for questions and sufficient time for the lead partner's controller to do the additional checks.

1.8 FLC Seminars

Seminars for the FLCs fall under the responsibility of the Member States. Information on upcoming seminars as well documents and presentations from the past seminars can be found in the FLC section of the NWE website.

1.9 Documenting the control

In the past Interreg IVB NWE programme numerous problems were experienced with first level control documentation. Specifically, the European Commission's auditors considered on several occasions that the work done by the controller should have been better documented.

The programme therefore expects the first level controllers to clearly indicate in the documents that are provided (checklist and report) what they have checked – especially for procurement procedures – and what the conclusions are.

Furthermore, it has been the case that controllers have checked a draft version of the payment claim and signed off a revised version with zero findings even though corrections

had been implemented. This clearly fails to fully and properly document the whole controllers' work and the Programme expects the controllers to document any such corrections.

1.10 First level control costs

Control costs for the verification of expenditure are considered eligible. Projects should therefore earmark a budget for these controls depending on the control arrangements applicable in the relevant Member State for each of the project partners. Average rates from the previous IVB programme can be found in the FLC section of the [NWE website](#).

Internal control costs should be included under the budget line 'staff'. For example, if the accounting department of a county council carries out the first level control for the environment department of the (same) county council, the expenditure should be reported under the budget line for staff costs, in accordance with applicable rules for staff costs, because the person(s) carrying out the verification is (are) on the payroll of the partner institution.

The expenditure for an external independent first level controller should be reported under the budget line 'external expertise and services'. For example, the environment department of a county council subcontracts FLC to a public accountant, in compliance with the relevant public procurement regulations. As this first level controller is not directly employed by the partner institution, the expenditure should be reported under the budget line 'external expertise and services'.

In order for the control costs of the final progress report to be eligible, **the activity** (first level control) **and the payment** must be carried out/made before the official end date of the project.

CHAPTER 2 - Reporting process in the eMS

2.1 Access to partner reports

After login, FLC users see the FLC dashboard with a list of all the projects they are involved in. The dashboard also shows the mailbox and a calendar.



Figure 2: FLC users can use the dashboard to access projects



Alternatively, FLC users can also access projects via the 'my project partners' table under the 'FLC' item in the left-hand menu.

A list of all open partner reports (i.e. all reports ready to be verified) can be accessed via the 'open FLC partner progress reports' menu item under 'Reporting'.

Figure 3: FLC users can be given the privilege to see additional overview tables 'My project partners' and/or 'Open FLC partner progress reports'

Once a project has been opened, the partner report section is visible and reports can be selected. In the example below, the FLC user is FLC for two partners (lp1 and pp1) and therefore sees the reports for both partners.

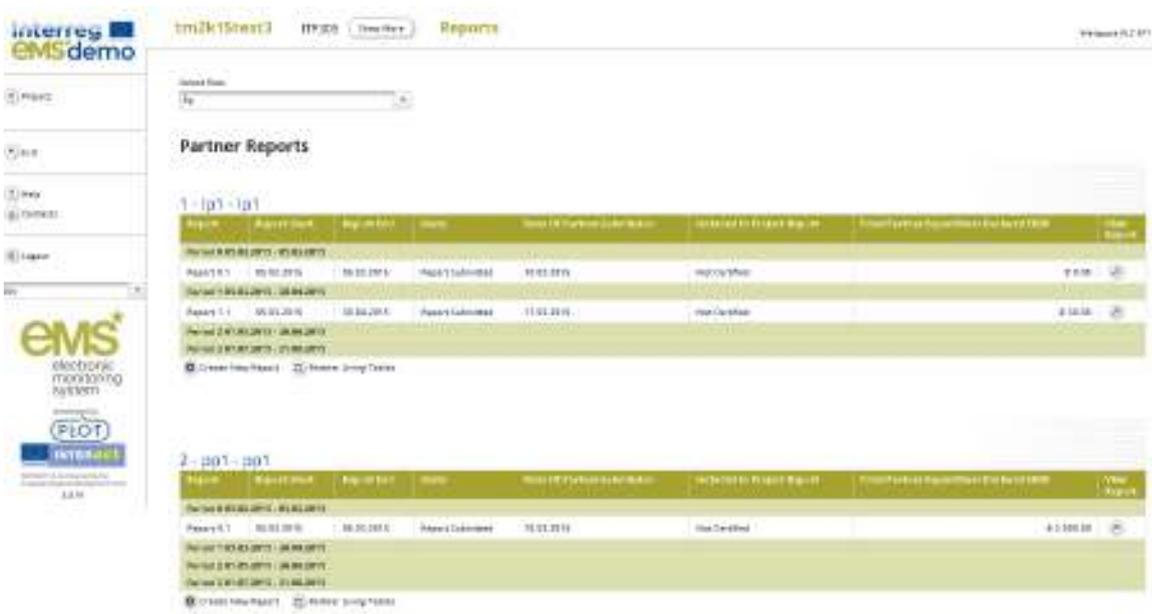


Figure 4: The report overview can be used to access partner reports

2.2 Verification of a partner report – List of Expenditure

The selection of a partner report directly leads to the partner report view. Near the top, tabs are available to access the Partner Report (i.e. content section), the List of Expenditure, Contribution and Forecasts and Attachments made by the project partner.



Figure 5: FLC view - partner report

The FLC can directly access the list of expenditures and verify expenditure items.

List Of Expenditures

| Date | Declared Amount Euro | Exp Outside | In kind | Declared | Uploads | Verified By FLC | Difference FLC | Amount Certified FLC | Comment FLC |
|------|----------------------|--------------------------|-------------------------------------|-------------------------------------|---------------|-------------------------------------|----------------|----------------------|-------------|
| | € 1 888.00 | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | 8 Attachments | <input checked="" type="checkbox"/> | € 18.00 | € 960.88 | |
| | € 1 888.00 | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | 8 Attachments | <input checked="" type="checkbox"/> | € 8.00 | € 1 000.88 | |
| | € 388.00 | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | 8 Attachments | <input checked="" type="checkbox"/> | € 1.50 | € 286.58 | |
| | € 1 888.00 | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | 8 Attachments | <input checked="" type="checkbox"/> | € 8.00 | € 1 000.88 | |
| | € 1 888.00 | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | 8 Attachments | <input checked="" type="checkbox"/> | € 8.00 | € 1 000.88 | |
| | € 1 888.00 | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | 8 Attachments | <input type="checkbox"/> | € 8.00 | € 1 000.88 | |

Export Save Columns Columns

Figure 6: FLC section of the List of expenditure

In the 'List of Expenditures', FLC can view all expenditure items. By clicking on an item, a pop-up window opens in which expenditure can be corrected.

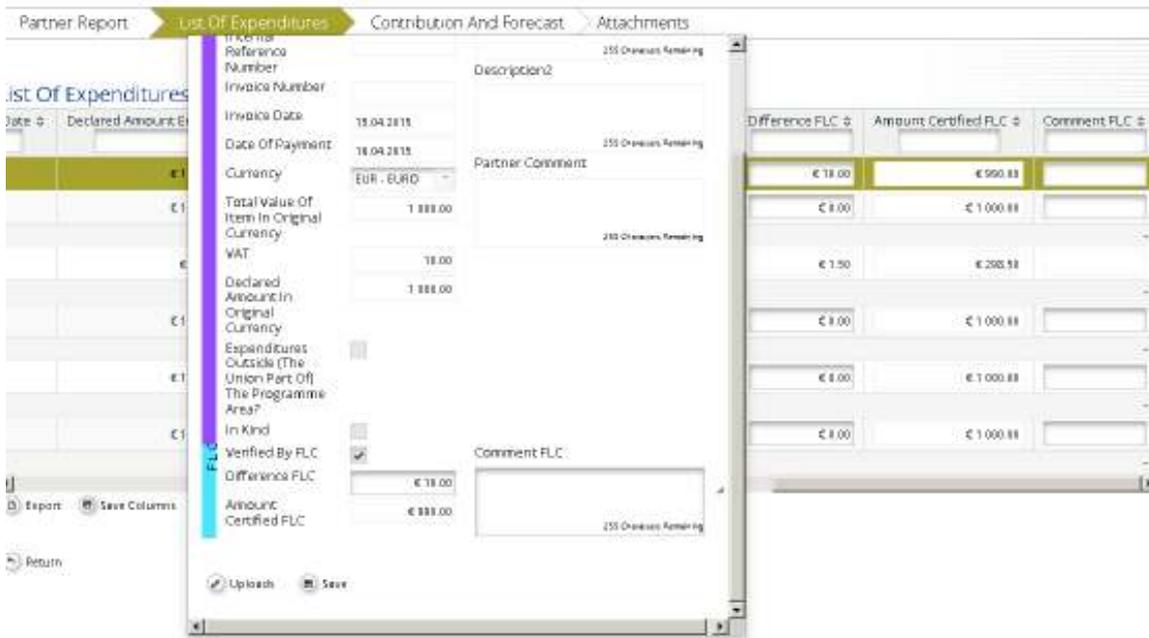


Figure 7 FLC corrects expenditure items in a pop-up that can be accessed via the List of expenditure

Both positive and negative corrections are possible in the 'Difference by FLC' field. Since negative corrections are more frequent, **the eMS assumes that a correction is negative. If you want to make a positive correction, please enter the negative amount.**

The corrected amount is shown as 'Amount certified by FLC'

Any supporting documents uploaded by the project partner can be accessed via the 'Uploads' section. Be aware however that the eMS is not a repository. All supporting invoices and procurement documents should be given to the FLC outside of the eMS.

By ticking 'Verified by FLC', the item will be included into the FLC certificate. There is also the possibility to validate all expenditure at once at the bottom of the list of expenditure.



Figure 8: Shows the tick all as verified by FLC possibility.

Caution! If you want an expenditure item to be included into the FLC certificate, the item needs to be marked as 'Verified by FLC' (the corresponding checkbox

needs to be checked).

For expenditure calculated using flat rates (Staff costs if applicable, Office and Administration), the difference and certified amount are calculated automatically. **They also do not need to be marked as 'Verified by FLC'**. Direct corrections on flat budget lines are not possible via the List of Expenditure.

Column Select Feature of the List of Expenditure

The List of Expenditure can be very long as it contains many columns and one or more columns may not to be relevant. Columns can be hidden by each user as needed.

Scrolling the List of Expenditure

It is possible to scroll the List of Expenditure to the left or right by using the middle-mouse-button (press it and move around in the table). This feature can be used as an alternative to the existing scroll bars.

2.3 Classification of errors

With the latest version of the eMS, all FLCs are required to classify the corrections that are made. The system provides the controllers with the following categories:

- Incomplete audit trail, missing evidence
- Incorrect public procurement
- State aid related error
- Revenue generation operation
- Information and publicity error
- Incorrect use of simplified cost option
- VAT not eligible
- No or insufficient link to the project
- Cost declared twice
- Double founding
- Breach of sound financial management principle
- Other ineligible expenditure
- Positive correction
- Other

Every correction needs to indicate one of the categories mentioned above. Should this not be indicated, the progress report will be reverted from the JS to the LP. Please note that

mistakes like these are easily avoided and will delay payment to the project.

2.4 Sitting Ducks

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', FLC generates an item that is neither accepted nor rejected and waits in the system to be verified at a later stage ('Sitting Duck').

How to find sitting ducks from previous periods:

To access sitting ducks, go to 'FLC expenditure' and tick 'show all waiting to be verified, including expenditure from other reports'. In the example below, there is a sitting duck of EUR 1,000 in the budget line 'infrastructure and works'.

The image contains two screenshots of the FLC Expenditure interface. Both screenshots show a navigation bar at the top with the following steps: FLC Expenditures, Partner Information, FLC Checklist, FLC Report, Attachments, Inherent Risk Assessment, and Control Risk Assessment. The first screenshot is titled 'Open Report Expenditures' and has a 'Show All Open' button checked. It displays a table with the following data:

| Budgetline | Declared | Certified | Difference | Certified In% |
|-----------------------------------|-------------------|---------------|-------------------|---------------|
| Staff costs | € 1 000.00 | € 0.00 | € 1 000.00 | 0.00 % |
| Office and administrative | € 150.00 | € 0.00 | € 150.00 | 0.00 % |
| Infrastructure & works | € 1 000.00 | € 0.00 | € 1 000.00 | 0.00 % |
| Total Expenditure | € 2 150.00 | € 0.00 | € 2 150.00 | 0.00 % |
| Net Revenue | € 0.00 | € 0.00 | € 0.00 | 0.00 % |
| Total Eligible Expenditure | € 2 150.00 | € 0.00 | € 2 150.00 | 0.00 % |

The second screenshot is titled 'Open Expenditures Of Office for international cooperation' and also has a 'Show All Open' button checked. It displays a table with the following data:

| Budgetline | Declared | Certified | Difference | Certified In% |
|-----------------------------------|-------------------|---------------|-------------------|---------------|
| Staff costs | € 1 000.00 | € 0.00 | € 1 000.00 | 0.00 % |
| Office and administrative | € 150.00 | € 0.00 | € 150.00 | 0.00 % |
| Infrastructure & works | € 2 000.00 | € 0.00 | € 2 000.00 | 0.00 % |
| Total Expenditure | € 3 150.00 | € 0.00 | € 3 150.00 | 0.00 % |
| Net Revenue | € 0.00 | € 0.00 | € 0.00 | 0.00 % |
| Total Eligible Expenditure | € 3 150.00 | € 0.00 | € 3 150.00 | 0.00 % |

Figure 9: 'Show all open' in the FLC expenditure interface shows open items including sitting ducks from previous reports.

To access the sitting duck, you need to enter the budget line via this view.

Caution! Sitting ducks can only be seen and opened in the FLC Expenditure view. You cannot see them in the List of Expenditure for the current report

How to include sitting ducks in the current certificate:

After the sitting ducks have been ticked verified by the FLC the button "show all waiting to be verified, including open expenditure from other reports" will have to be ticked as well before the FLC submits the expenditure. Only if those two steps are followed the sitting ducks will be included in the current report.

2.5 Verification of a partner report – FLC Documents

The eMS following FLC documents are available in the eMS:

- FLC report and FLC checklist
- FLC certificate

FLC documents in the eMS can be accessed through the menu to the left and through the tabs in the FLC documents section.

The FLC public procurement checklist is currently not part of the eMS. The link and further information is available in section 2.4.3

2.5.1 FLC Expenditure

This overview table shows – per budget line – how much was declared in the current report and how much was already certified by FLC. It can be used to keep track of the FLC work. It can also be used to verify budget lines as expenditure items can be opened this way via this view.

The screenshot shows the 'FLC Expenditures' interface. At the top, there is a navigation bar with 'KaGa ITP307 Show More Certificate' and 'Welcome FLC ATT'. Below this is a breadcrumb trail: 'FLC Expenditures > Partner Information > FLC Checklist > FLC Report > Attachments > Inherent Risk Assessment > Control Risk Assessment'. The main content area is titled 'Open Report Expenditures' and includes a 'Show All Open' button. The table below displays the following data:

| Budgetline | Declared | Certified | Difference | Certified InRt |
|-----------------------------------|-------------------|-------------------|-------------------|----------------|
| Staff costs | € 2 000.00 | € 1 990.00 | € 10.00 | 99.50 % |
| Office and administration | € 300.00 | € 298.50 | € 1.50 | 99.50 % |
| Travel and accommodation | € 1 000.00 | € 1 000.00 | € 0.00 | 100.00 % |
| External expertise and services | € 1 000.00 | € 1 000.00 | € 0.00 | 100.00 % |
| Infrastructure & works | € 1 000.00 | € 0.00 | € 1 000.00 | 0.00 % |
| Total Expenditure | € 5 300.00 | € 4 288.50 | € 1 011.50 | 80.92 % |
| Net Revenue | € 0.00 | € 0.00 | € 0.00 | 0.00 % |
| Total Eligible Expenditure | € 5 300.00 | € 4 288.50 | € 1 011.50 | 80.92 % |

Figure 10: 'FLC expenditures' shows amounts declared by the partner and certified by FLC budget line

This view is also used to access any expenditure items left over from previous partner reports by ticking 'Show All Open', located on the left hand site on top of the Table (see Section 'Sitting Ducks').

2.5.2 Partner Information

This interface can be used to enter important information about a project partner such as VAT and bank account. This information will be printed with the FLC checklist and the FLC report.

Flc Expenditures > **Partner information** > FLC Checklist > FLC Report > Attachments > Inherent Risk Assessment > Coi

Independent First Level Control Document

Accounting System
 [According to Art. 125-4(b) of Reg. (EU) No 1303/2013] The project partner uses for accounting purposes: A Separate Accounting System

Vat
 The partner organisation has the right to recover VAT. Yes Partially No

Bank Account
 The correct IBAN and BIC is communicated to the Lead Partner and the account belongs to the project partner's organization. Yes No
 Please provide comment: this is information from report 1

Partnership Agreement

Figure 11 'Partner information'

2.5.3 FLC Checklists

The FLC checklist is provided by the programme and lists all verifications expected from the FLC. You can find a template of all FLC documents on the NWE website in the FLC section.

Caution! Be aware that the validation of the FLC checklist needs to be validated twice in order to display properly. The system has a double validation principle for all checklists.

In practice this means that, on the right side of the checklist the question needs to be confirmed.

[Checklist for expenditure declared and certified by budget line](#)

First level control

| Weight | Question | Value | Weighted value | Comment | Confirmed <input type="checkbox"/> |
|-----------------------------|------------------------|-------|----------------|-------------------------------|------------------------------------|
| ● NWE Project FLC checklist | | | | | |
| 0 | 1. General Information | | 0.00 | <input type="text" value=""/> | <input type="checkbox"/> |

After this validation please click 'Final Check' at the bottom of the checklist. This will open the second round of validation where 'done' needs to be clicked.

[Checklist for expenditure declared and certified by budget line](#)

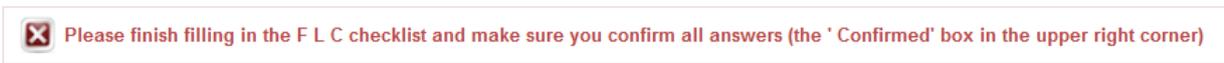
First Level Control

| Question | | | | | |
|-----------------------------|-------|---------|----------------|-------------------------------|-------------------------------|
| Weight | Value | Average | Weighted Value | Comment | Done <input type="checkbox"/> |
| ● NWE Project FLC checklist | | | | | |
| 1. General Information | | | | | |
| 0 | | N/A | 0.00 | <input type="text" value=""/> | <input type="checkbox"/> |

Please note that when using the tick in the very top right corner, all questions are validated

at once.

Should the checklist not be validated twice, the following error message will display:



In this case please make sure that the checklist is properly validated.

This 4-eye principle for validating the checklist could also be used by two different people.

For procurement contracts above €5,000 the FLCs are expected to fill in an additional procurement checklist that is currently only available on the [NWE website](#).

It is essential that the checklist is filled in with great detail, clearly documenting the work done by the FLC. As explained in section 1.8, the lack of information in the checklist has often been subject to audit findings from the Commission or Second Level Auditors.

2.5.4 FLC Report

The section '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 project partner controller, methodology of the verification, description of findings, conclusions and recommendations and follow-up measures for the next partner report.



Independent First Level Control Report

Project And Progress Report

Report Dated By Project Partner 21.01.2016
Type Of Project Report Preparation Costs Partner Report Final Report

Designated Project Partner Controller

Fic Body Responsible For The Verification Ministry of Finance
Fic Organization Doing The Verification(If Applicable) FirstFicInstitution
Name Of The Controller FLC1 Controller
Job Title Supercontroller
Division Unit Department Department of financial control
Address Control street 1 1070
Country Wien
Telephone Number 12345678
Email first@fic.at
Controller Reviewer(if Applicable) this is information from report 1

Methodology Of The Verification

General Methodology Desk Based On The Spot Other

Figure 12 'FLC Report'

2.5.5 Reopening the Partner Report or the Document Upload Section

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



- 1) The entire report can be re-opened for editing by pressing 'Revert from FLC to PP'.
- 2) It is possible to only open the attachment section of the partner report by ticking 'Attachment upload Allowed'. However, only relevant information should be added to the attachment section, as the eMS is not a repository.

Please note that no information is being lost when the report is reverted.

2.5.6 Reverting a partner report from LP to FLC

In case a FLC is asked to make changes to the FLC documents, the Lead Partner is able to revert a partner claim back to the FLC. Examples for such reversions could be the lack of information in in the checklist or corrections that have not been classified.

If the text is going to be changed in the FLC checklist, the FLC needs to make sure that during the double validation process, the text is copied in both available lines per question, otherwise it will not print properly.

With the reversion to the FLC, the certificate that was initially issued will be deleted. However, the information that was added to the report or the checklist will remain intact. After the changes have been made, the FLC will have to follow the normal submission process again (validating the checklist and issuing the certificate).

If a project partner is asked to make changes to its list of expenditure, the FLC will have to untick the "verified by" tick of this specific expenditure. Otherwise it will remain blocked.

2.5.7 FLC Certificate and Finalising FLC work

The FLC certificate section can be found in the left-hand menu of the 'FLC Expenditures' tab.



Figure 1 FLC Certificate and Checking FLC work

Before finalising FLC work, an FLC Certificate must be generated and printed. For finalising FLC work, please press 'Check FLC work'. Checking the FLC work does not mean that the

certificate is submitted. This needs to be done additionally.



Figure 13 FLC Certificate and Checking FLC work

A presentation detailing the entire submission process is available on the [NWE website](#) in the FLC section.

2.6 Signing FLC documents

In the spirit of e-cohesion, the NWE programme does not require any signature of the FLC documents. However, pushing the submission button generates a stamp stating the user name and the date underneath the FLC documents.

2.7. Project Implementation Tutorials

The project implementation tutorials are a series of videos that have been developed by the NWE Programme to facilitate the work of partners and FLCs specifically in the eMS. The following videos have been published:

- Registering on the eMS
- Reporting progress on the eMS
- Reporting expenditure on the eMS
- First Level Controllers and their work on the eMS

All videos are available in the four programme languages on the NWE website:

<http://www.nweurope.eu/help-support/project-implementation-tutorials/>

2.8 Frequently experienced problems

- **The FLC cannot see the partner report**

This problem can occur be due to several problems. Either your partner did not successfully submit the claim to the FLC (see section 2.3.5 of the reporting in the eMS guidance). Please check if this is the case before contacting the Programme. Should this not be the case please get in contact with the programme's Audit and Control Officer in order to see where the problem comes from.

- **Loss of information**

In order to prevent the loss of information please make sure that you save your work as much as possible. Should you be jumping inbetween worksheets, please remember to save as well.

- **Problems with the submission**

Should you face problems with the submission of a partner report to the LP. Please follow the steps indicated in this guidance. A short presentation how the process works is also available in the FLC part of the NWE website.

- **Budget line modifications**

The system does not foresee any body else than the project partner making budget line modifications, therefore if you detect a wrong budget line, the report will either have to be reverted or the cost cut and claimed in a following progress report.

- **Lack of documentation of procurement checklists**

The project officers of the joint secretariat are reverting reports frequently, due to lack of information in the procurement checklists and the information in section 6 of the FLC checklist not corresponding to what was written in the procurment checklist. Please pay specific attention to documenting the publich procurment procedures that have been controlled. Any reversions from programme side will always delay payment to the project partners.

CHAPTER 3 - The role of the FLC in the detection of fraud

The programme authorities have a zero-tolerance policy to fraud. The programme is strongly committed to prevent and detect cases of fraud. For this reason, it has set up robust control systems, measures and procedures and will follow-up on all cases of suspected fraud. We also encourage all partners, first level controllers and contractors to do their utmost to prevent fraud from happening, to put in place proportionate measures to detect it and to come forward with any suspicion of fraud in relation to the programme.

For FLCs, a specific programme [template](#) is available to report cases of suspected or established fraud outside the eMS directly to the audit and control officer of the programme (see the [NWE website](#) → programme and support unit for contact details).

The programme recommends that project partners and first level controllers pay attention to staff costs (e.g. plausibility of staff costs in light of the activities performed, risk of double financing) and public procurement (e.g. potential conflict of interest, splitting of contracts - see also section 5.5 of the programme manual) as they have been identified as the two riskiest areas for irregularities and fraud in NWE.

This is the reason why the FLC checklist tackles fraud risks in these areas. The programme and national authorities as well as the second level auditors may also carry out targeted verifications concerning project partners to identify potential risks of irregularities or fraud.