



Baltic Sea Region

Programme 2007-2013

First Level Control

Joint Technical Secretariat

German Information Seminar for FLC
Schwerin, 8 March 2012



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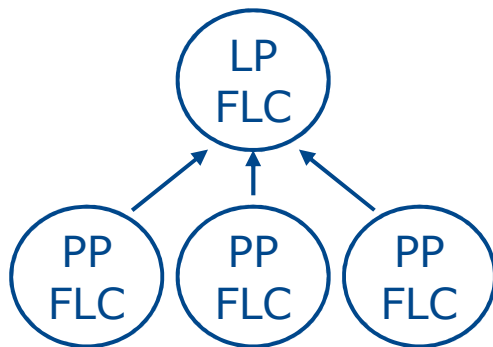
Content

- First level control vs. Second level audit
- First level controller's (FLC) role
- First level control documentation
- First level control report and checklist

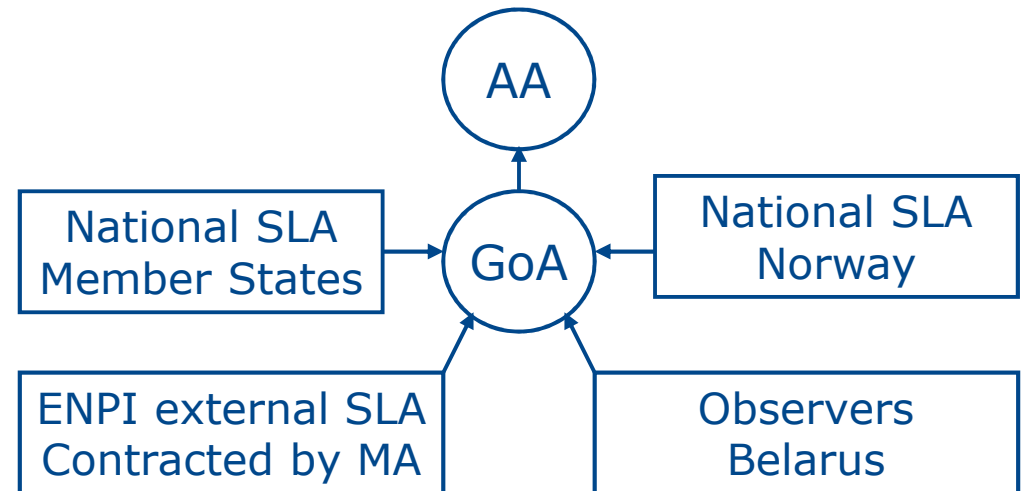
First Level Control



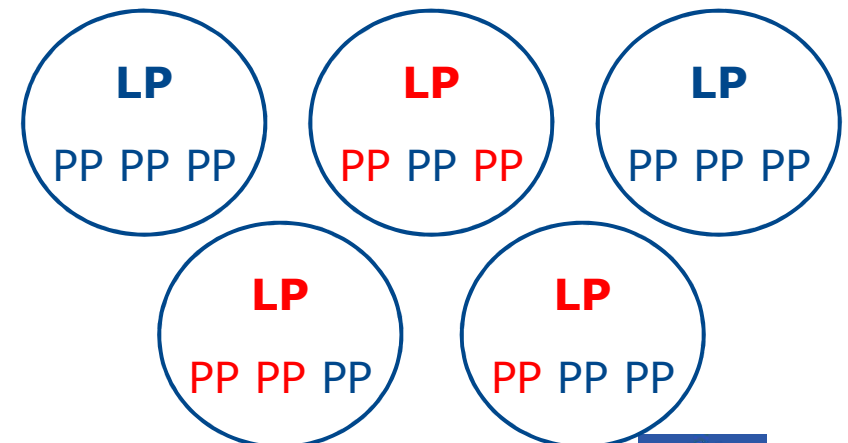
Each progress report



Second Level Audit



Regular sample audits of projects



First Level Control overview by Member States

	EE	LV	PL	SE	BY	DE	DK	FI	LT	NO
FLC designation body	FLC body already designated				Yes					Yes
FLC system	Centralised				Decentralised					Mixed
Project has to pay FLC	No				Yes					Yes

2. First level controller's role

- control is more than a regular audit
- specific role in the Programme structure
- direct impact on the projects and the Programme
 - rely on the work of others
 - feedback to the Lead Partner/Project Partner
 - financial impact on the Lead Partner/Project Partner

3. First level control documentation

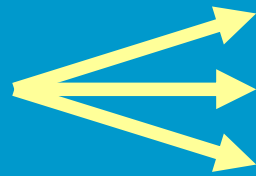
**Controller's
authorisation**



FLC specification

FLC designation certificate

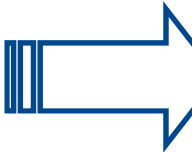
**FLC compulsory
documentation**



FLC report & checklist (PP, project)

FLC confirmation of Progress Report
(PP, project)

FLC confirmation of cost sharing
only for the Implementing PP



4.1 First level control report (I)

- For each Project Partner, Lead Partner and overall Progress Report
- Content:
 - Scope of FLC
 - Methodology
 - Partner's own contribution
 - Declared expenditure

4.1 First level control report (II)

Content:

- Revenues
- Complementary activities
- Specify the detected ineligible expenditures
- Management and other findings
- Contradictory procedure with the Project Partner
- Conclusion and recommendations

4.2 First level control checklist (I)

a) Project Partner level:

- Relevant project documents
- Documentation in the accounting system
- General checks
- Specific checks of each budget line
- Preparation and closure costs
- Cost sharing
- Specific horizontal issues

4.2 First level control checklist (II)

b) Overall project's Progress Report

a)+b) = Basis for signing the FLC confirmation of the Progress Report

First level control (FLC) confirmation of the project's progress report

With reference to the current progress report and based on my own and all other project partner controllers' examination^[1], I gained a reasonable assurance on the first level control results of the project and provide the following validation of expenditure:

Eligible validated expenditure of this progress report after deduction of revenues, ineligible expenditure and interest income amounts to	0.00	Euro
Expenditure declared from the	ERDF budget	Euro
	Norwegian	Euro
	ENPI budget	Euro

In addition I confirm the following information related to this progress report:

Project's revenues deducted from the expenditure		Euro
The interest or equivalent benefits accrued from advance payment of the ENPI co-financing to the project		Euro
ERDF expenditure paid for activities outside the EU		Euro
Expenditure incurred during the previous reporting periods and reported in this progress report		Euro
The ineligible expenditure detected and deducted from this report ^[2]		Euro

I certify that I have performed the first level control by verifying:

- The reality** of the expenditure by checking the accounting documents attesting the reality of the payments^[3].
- the legality and the regularity** of the expenditure declared by the beneficiaries participating in the project^[3];
- the delivery** of the co-financed products and services^[4];
- the soundness** of the declared expenditure^[3];
- the compliance** of activities and expenditure with:
 - The approved project data form,
 - The provisions of the Grant Contract,
 - The contents of the partnership agreement(s),
 - The Operational programme (Baltic Sea Region Programme 2007-2013) valid at the time of the expenditure payment
 - The Community rules, the European Community Structural Funds regulatory framework, in particular with the Council regulation (EC) No 1083/2006, the Commission Regulation (EC) No 1828/2006, the Regulation (EC) No 1080/2006;
 - The Programme Manual valid at the time of the expenditure payment;
 - And other rules and regulations (e.g. national rules) relevant for the lead partner and project partners.
- The compliance with the specific rules and regulations (Community, Baltic Sea Region Programme, national) for **public procurement, environment, state aid, equality between men and women and non-discrimination**. Further issues as **publicity requirements and bid-at-three rule** (see the Programme Manual) were observed as well.
- The **expenditure** in this report was paid for project activities **after the date of the approval** by the Baltic Sea Region Programme **Monitoring Committee (MC)** up to and including the end date of **this reporting period**. The expenditure reported in work package 0 Preparation was paid from and up to and including
- In line with the **sound financial management the revenues and payments** are accurately recorded in the project's accounting system (incl. the cost itemisation lists), expenditure in other currency than EUR was correctly converted, assets are properly recorded and amounts are correctly reflected in the progress report. The necessary **audit trail** exists for all activities, providing evidence in the form of contracts, invoices and payment records. Rules related to **double financing, the generation of revenue and expenditure paid outside the Community** were observed.
- Expenditure of the project partners compiled in the progress report was **validated by the controllers designated** according to the country specific control requirements (see eu.baltic.net). The controller of each project partner declared that the validations were carried out **precisely and objectively**.
- As a part of the control the following calculation schemes and documents were checked by each project partner's controller:
 - Cost itemisation list (a detailed list of all project expenditure in English);
 - Time sheets and personnel costs calculation for project partners' staff involved in the project;
 - Cost sharing documentation and agreements between the project partners;
 - The value of unpaid voluntary work;
 - Compliance of the depreciation method with the national requirements;
 - VAT declarations that VAT is recoverable/non recoverable;
- The first level control of the ENPI expenditure was undertaken in accordance with international standards of IFAC as well as with the Code of Ethics for Professional Accountants issued by IFAC.

First level control reports and checklists in relation to the validation of the project partners' expenditure were completed and are available upon request.

I also confirm that I am independent from the project's activities, financial management and authorized to carry out the control in the country on whose territory the lead partner is located.

Name:	
Signature:	

Stamp:	
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Place:	
Date:	



Baltic Sea Region

Programme 2007–2013

First Level Control

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