



Annex 3 First level control report including checklist

The first level control report and checklist constitute an essential and obligatory part of the project's audit trail. They have to be completed by the first level controller of each project partner. Based on these documents the controller can certify the partner's expenditure. The control report including the checklist has to be made available to the lead partner for validation of the project's overall progress report. Upon request the documents have to be made available to the joint secretariat.

1. Project and progress report				
Project title				
Project acronym	PNL	Project index	PGI01234	
Progress report	No.	1		
Reporting period	Start	01/01/2018	End	30/06/2018

2. Project partner	
Number	2
Organisation	Hogwarts Institute for Culture, Sport and Tourism

3. Designated first level controller	
Name	Rufus Scrimgeour
Organisation	Scrimgeour Auditing
Job title	Certified Auditor
Division/unit/department	N/A
Address	12, Avenue Henry, 80000 Hogwarts
Country	Magic Land
Telephone	+1234 9 715 359
Email	Rufus@scrimgeour-auditing.ml

4. Control information	
Expenditure declared to the controller	23.999,85 EUR
Expenditure accepted and certified	23.999,85 EUR
How much of the partner's expenditure have you verified? <i>Controllers are expected to check 100% of the expenditure. If less than 100% are verified, the sampling method has to be described (please see programme manual section 7.6).</i>	<input checked="" type="checkbox"/> 100% <input type="checkbox"/> <100%, describe the sampling method

Type of control carried out	<input checked="" type="checkbox"/> desk-based <input type="checkbox"/> on-the-spot verification <input type="checkbox"/> other; <i>please describe</i> :	
On-the-spot verification(s) <i>One on-the-spot verification obligatory per project partner in the project lifetime, except a documented sampling method is applied and allowed by the Partner States (see section 7.6.2. of the programme manual and country specific information on the programme website).</i>	Start Date: DD/MM/YYYY Place(s): <input type="checkbox"/> premises of the project partner <input type="checkbox"/> place of project outputs <input type="checkbox"/> other	
Expenditure verified on-the-spot	N/A	EUR
Expenditure certified on-the-spot	N/A	EUR
Format in which documents were made available	<input type="checkbox"/> original <input type="checkbox"/> copies <input checked="" type="checkbox"/> electronic	

5. Follow-up measures from previous reports

If any findings/issues are still open from the previous report, describe the follow-up measures that were implemented and conclude on their effectiveness.

N/A

6. Description of findings/observations/reservations

Specify the findings, observations and reservations, if any, that you made during your checks for this report. In case of suspicion of fraud, please fill in the specific reporting template (annex 4 of the programme manual)

N/A

7. Conclusions and recommendations

Describe the measures that were implemented to solve the detected errors. Provide recommendations that help to avoid similar errors. Provide a conclusion whether there is a reliable system in place and whether there is sufficient reassurance that the cost statement is free of material misstatement.

N/A

8. Follow-up measures for the next progress report

N/A

9. Controller's signature

Place	Hogwarts
Date	28/07/2017
Name	Rufus Scrimgeour
Signature	

First level control checklist

1. Relevant documents

Control question	Yes	No	N/A	Comments/Follow-up
Are the following documents available for the first level control?				
1. Subsidy contract	x		 	
2. Application form	x		 	
3. Project partnership agreement (signed by project partner)	x		 	
4. Partner's progress report	x		 	
5. List of expenditure (overview of the expenditure by budget lines, incl. payment day, VAT specification, procurement procedure for sub-contracted items where applicable, and brief description of the cost item)	x		 	
6. List of contracts	x		 	

2. General checks

Control question	Yes	No	N/A	Comments/Follow-up
2.1 Is it ensured that the partner is a "not for-profit" body?	x		 	
2.2 If the partner contribution does not come from the partner's own resources but from an external public source, has the total public contribution not been exceeded? <i>If the partner contribution comes from the partner's own resources or entirely from private sources, please tick 'n/a'.</i>			x	Partner contribution comes from partner's own sources
2.3 Has the source of the partner's contribution (private or public been correctly indicated?)	x		 	
2.4 Is it ensured that the expenditure is not already been financed by any other funding (EU, regional, local or other)? Are there mechanisms in place to avoid double-financing?	x		 	
2.5 Has all expenditure been incurred within the eligibility period set in the subsidy contract?	x		 	
2.6 Was recoverable VAT deducted? <i>If the project partner is not entitled to recover the VAT, please select 'N/A'.</i>	x			
2.7 General comments , recommendations, points to follow-up:	N/A			

3. Accounting and audit trail

	Control question	Yes	No	N/A	Comments/Follow-up
3.1	Has one of the following options been chosen to clearly identify the costs allocated to the project? a) A separate accounting system b) An adequate accounting code	x		<input checked="" type="checkbox"/>	
3.2	Are the amounts paid accurately recorded in the accounting system?*	x			
3.3	Are all costs only declared once?	x		<input checked="" type="checkbox"/>	
3.4	Has all expenditure been incurred within the eligible programme area? If not, has prior approval from the programme been obtained (through the application form or direct approval from the joint secretariat)?	x		<input checked="" type="checkbox"/>	
3.5	Has each reported expenditure been supported by an invoice or an accounting document of equivalent probative value that are complete and accurate in accounting terms?†	x		<input checked="" type="checkbox"/>	
3.6	Has each expenditure been supported by a payment proof (e.g. bank account statements, bank transfer confirmations, cash receipts)?‡	x		<input checked="" type="checkbox"/>	
3.7	Have the costs been correctly allocated to the budget lines?	x		<input checked="" type="checkbox"/>	
3.8	Has the partner's budget by budget line been respected? If not, has the excess spending been approved by the lead partner?	x		<input checked="" type="checkbox"/>	
3.9	Has the partner's total budget not been exceeded by more than the flexibility allowed by the programme?	x			
3.10	Is the exchange rate used for the conversion into Euro correctly applied, using the monthly accounting exchange rate of the Commission in the month during which that expenditure was submitted for verification to the controller? <i>Indicate in the comments section when (MM/YYYY) the documents have been submitted to the controller (sent or made available on the spot).</i>			x	Partner coming from Euro country (Magic Land) and all expenditure incurred in Euro
3.11	Has the partner received the ERDF share from the previous periods?		x		1st report
3.12	Does the account from which payments are made and received belong to the partner organisation?	x		<input checked="" type="checkbox"/>	
3.13	Is it ensured that ineligible costs according to programme rules and Article 69 (3) (a+b) of Regulation (EU) No 1303/2013 and Art 2 (2) of Delegated Regulation No 481/2014 are not included? In particular: - interest on debt	x		<input checked="" type="checkbox"/>	

* Not applicable for flat rates, standard scales of unit costs or lump sums.

† Not applicable for flat rates, standard scales of unit costs or lump sums.

‡ Not applicable for flat rates, standard scales of unit costs or lump sums.

	<ul style="list-style-type: none"> - fines - financial penalties - costs related to fluctuation of foreign exchange rate - gifts that are not related to the promotion communication, publicity and information or that exceed EUR 50 - in-kind contributions 			<input checked="" type="checkbox"/>	
3.14	Is it ensured that any gifts related to promotion and below 50 euros have been granted prior approval by the programme??			<input checked="" type="checkbox"/>	No gifts related to promotion
3.15	Have all net revenues been deducted from the total reported eligible costs? <i>If there are no revenues, please tick n/a</i>			<input checked="" type="checkbox"/>	There are no net revenues
3.16	Is there evidence that reported activities have taken place and that co-financed products and services were delivered or are in progress to be delivered? <i>If the evidence was not obtained through an on-the-spot check, it is important to indicate in the comment section how sufficient assurance was gained instead.</i>	<input checked="" type="checkbox"/>			
3.17	Are all costs directly related to the project and necessary for the development or implementation of the project?	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	
3.18	General comments , recommendations, points to follow-up:	N/A			

4. Budget lines					
Budget line - Staff costs					
<i>If no costs under this budget line are included in the report please tick here <input type="checkbox"/></i>					
	Control question	Yes	No	N/A	Comments/Follow-up
4.1	Is the expenditure only related to employees of the organisation which is officially listed in the application form or that work under a contract considered as an employment contract?	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	
4.2	Are costs calculated according to the following options? 1. Person employed by the partner organisation, and working full-time on the project 2. Person employed by the partner organisation, working partly on the project at a fixed percentage 3. Person employed by the partner organisation, working partly on the project at a flexible percentage (flexible number of hours per month) a. Calculation based on the contractual hours as indicated in the employment contract	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	

	<p>b. Calculation based on dividing the latest documented annual gross employment costs by 1,720 hours</p> <p>4. Person employed by the partner organisation on an hourly basis</p> <p><i>For some Partner States additional staff costs calculation methods may apply that take national specificities into consideration (see section 'in my country' on the programme's website).</i></p>				
4.3	Is the calculation based on the actual salary costs (employees' gross salary + employer's contributions)?	x			
4.4	<p>Are the following documents available:</p> <ul style="list-style-type: none"> • work contract • payslips (or similar) • payment proofs 	x			
4.5	Are the job profiles/positions of the staff plausible in relation to the tasks/activities within the project?	x			
4.6	<p><i>If a person is working at a fixed percentage (100% or less) on the project:</i></p> <p>Is a document available fixing the percentage worked on the project and is this percentage correctly applied to the actual gross employment costs?</p>	x			
4.7	<p><i>If a person is working on the project at a flexible percentage (flexible number of hours) from month to month:</i></p> <p>1) Has the hourly rate been calculated by dividing the monthly gross employment cost by the number of hours per month as per the employment contract <i>or</i> has an hourly rate been calculated by dividing the latest annual employment cost by 1720h?</p> <p>2) Has the hourly rate then been multiplied by the number of hours actually worked on the project?</p> <p>3) Has the monthly working time been documented in a timesheet covering 100% of the working time of the employee and identifying the time spent on the project?</p> <p>4) If overtime is claimed are related costs actually paid and in compliance with the applicable overtime rules?</p>		x		No specific comment to be provided
4.8	<p><i>If a person is employed on an hourly basis:</i></p> <p>1) Is the hourly rate fixed in the employment contract multiplied by the number of hours worked on the project as documented in the time sheet (covering 100% of the hours worked and identifying the hours spent on the project)?</p>		x		No specific comment to be provided

	2) If overtime is claimed are related costs actually paid and in compliance with the applicable overtime rules?				
4.9	If a person works in several projects, is it ensured that the total number of working hours declared does not exceed the total eligible working time of the employee (no double-financing) set in the related employment contract?	x			
4.1	General comments , recommendations, points to follow-up:				

Budget line - Office and administration

	Control question	Yes	No	N/A	Comments/Follow-up
4.11	Are office and administration costs calculated as a flat rate of 15% of the certified eligible direct staff costs?	x			
4.12	Is it ensured that no office and administration costs (such as stationery, photocopying, mailing, telephone, fax and internet, heating, electricity, office furniture, maintenance, office rent) are declared under any other budget line?	x			
4.13	General comments, recommendations, points to follow-up:				

Budget line - Travel and accommodation

If no costs under this budget line are included in the report please tick here

	Control question	Yes	No	N/A	Comments/Follow-up
4.14	Are the trips that these costs refer to justified by the project's activities?	x		X	
4.15	Do the travel and accommodation costs exclusively result from trips undertaken by staff employed by the partner organisations?	x		X	
4.16	Are the reported travel and accommodation costs in line with the programme, national and internal rules of the respective partner organisation?	x		X	
4.17	Are the trips limited to the territory of the EU or programme area? In case of trips outside the territory of the EU and programme area, were they explicitly mentioned and justified in the approved application or by the joint secretariat?	x		X	
4.18	General comments, recommendations, points to follow-up:	N/A			

Budget line - External services and experts

If no costs under this budget line are included in the report please tick here

	Control question	Yes	No	N/A	Comments/Follow-up
4.19	Are the deliverables available, identifiable and in compliance with the contract/agreement and invoices/requests for reimbursement? <i>As for all other expenditure items, check that the external expertise and services were contracted in compliance with public</i>	x		X	

	<i>procurement rules.</i>				
4.20	Is the expenditure related to items foreseen under this budget line in the specifications provided in the application form? If not, can the expenditure be justified?	x			
4.21	Is it ensured that providers of service or expertise are external to the project partnership (i.e. different from the project partner organisations and their employees)?	x			
4.22	Have the travel and accommodation expenses of external service providers or guests invited by the project partners also been recorded under the external services and experts budget line (i.e. not under the travel and accommodation budget line)?	x			
4.23	General comments , recommendations, points to follow-up:				

Budget line - Equipment and investment

If no costs under this budget line are included in the report please tick here

	Control question	Yes	No	N/A	Comments/Follow-up
4.24	Have the purchased equipment items been initially planned in the application form? If not, has prior approval from the lead partner and the joint secretariat been obtained? <i>As for all other expenditure items, check that the equipment was purchased in compliance with public procurement rules and that they have not already been financed from other EU funds.</i>	x			
4.25	Are the equipment items physically available and used for the intended project purpose?	x			
4.26	Is the method to calculate equipment expenditure (full costs, pro-rata) correctly applied?			x	Not applicable – full costs charged to the project
4.27	Are depreciations in line with Article 69 (2) of Regulation (EU) No 1303/2013?	x			
4.28	If the equipment item is only partially used for the project, is the share allocated to the project based on a fair, equitable and verifiable calculation method (pro-rata)?			x	Not applicable – full costs charged to the project
4.29	General comments , recommendations, points to follow-up:	N/A			

5. Public Procurement					
	Control question	Yes	No	N/A	Comments/Follow-up
5.1	<p>Has the controlled organisation observed European, programme, national, regional and internal public procurement rules?</p> <p><i>Indicate in the comments section:</i></p> <ul style="list-style-type: none"> • <i>The relevant threshold</i> • <i>The procedure (open, restricted, negotiated, direct contracting, bid-at-three rule etc.)</i> • <i>Degree of publicity/media applying to this threshold</i> • <i>A conclusion about the adequacy of the procedure</i> <p><i>Pay particular attention to contracts awarded below the EU-threshold and especially to contracts that are awarded directly.</i></p>	x			See list of contract
5.2	<p>Have the principles of transparency, non-discrimination, equal treatment and effective competition been respected, also for items below the EU threshold?</p> <p><i>Transparency rules are outlined in the Commission Interpretative Communication on the Community law applicable to contract awards not or not fully subject to the provisions of the public procurement directives (2006/C179/02).</i></p>	x			
5.3	<p>Is full documentation of the procurement procedure available? It usually includes the following:</p> <ul style="list-style-type: none"> - Initial cost estimate made by the project partner to identify the applicable public procurement procedure - Request for offers or procurement publication / notice - Terms of reference - Offers/quotes received - Report on assessment of bids (evaluation/selection report) - Information on acceptance and rejection (notification of bidders) - Contract including any amendments <p><i>In case documentation is not required, please tick n/a and provide an explanation in the comments section to the right.</i></p>	x			
5.4	<p>Are the contracts in line with the selected offers?</p>	x			

5.5	Has there been no artificial splitting of the contract objective/value in order to avoid public procurement requirements?	x			
5.6	If a contract was amended or extended, has the change been only minor without changing the overall objective, content and economy of the tender and laid down in writing adequately? Has this change been legal without any impact on the validity of the initial tender procedure?			x	Contract was not amended or extended
5.7	<i>For tenders:</i> Were the evaluation and award decisions properly documented and justified (e.g. evaluation and award decisions are properly documented and appropriate selection and award criteria have been applied to all received offers in a consistent way and as published in advance and no new criteria were added)?	x			
5.8	<i>For direct awards because of</i> - <i>Urgency:</i> is it proven that the urgency is due to unforeseeable circumstances? - <i>Technical/exclusivity reasons:</i> is it ruled out (based on objective evidence) that any other supplier is capable of providing the services?			x	No direct award
5.9	Have invoices been issued and payments been done in respect of the procurement budget and the amounts fixed in the contract/the accepted offer (global price, unit prices)?	x			
5.10	General comments, recommendations, points to follow-up:	N/A			

6. Information and publicity rules

	Control question	Yes	No	N/A	Comments/Follow-up
6.1	Is information on the project presented on the partner's institutional website, including the programme's logo and the financial support from the European Union?	x		<input checked="" type="checkbox"/>	
6.2	Has the partner organisation placed at least one poster with information about the project (minimum size A3), including the financial support from ERDF at a location readily visible to the public?	x		<input checked="" type="checkbox"/>	Evidence provided by photos
6.3	Are the Union emblem and ERDF support displayed on all information communication material used by the partner?	x		<input checked="" type="checkbox"/>	

7. Compliance with other EU rules

First level controllers are asked here for a professional judgment as a controller, but not for an expertise on EU policies on sustainable development, equal opportunities and non-discrimination. Controllers are asked to confirm that they have not come across anything that makes them doubt that the EU horizontal principles are not adhered to. It is important to indicate what the professional judgment is based on, such as reported activities compared to the application form or partner confirmations obtained on these matters or insights gained during an on-the-spot check, interviews

<i>with the project partner or further internal documents that a partner provides.</i>					
	Control question	Yes	No	N/A	Comments/Follow-up
7.1	Is there no evidence that the project activities do <u>not</u> comply with the EU horizontal objectives of sustainable development? <i>If this is confirmed, please answer "yes"</i>	x		X	
7.2	Is there no evidence that the project activities do <u>not</u> comply with the EU horizontal objectives of equality between men and women and non-discrimination? <i>If this is confirmed, please answer "yes"</i>	x		X	
7.3	Is there no evidence that the project activities do not comply with Community rules on state aid? <i>It is recommended to check if the activities</i> <i>(1) are in line with the application form and do not raise any new issues</i> <i>(2) do not create an economic advantage for a partner or a third party and are without potential impact on competition, but serve a general common interest</i> - <i>In case of doubt for a particular project/activity, it is recommended to check with the national contact point for state aid matters.</i> - <i>Should there be an activity creating a potential economic advantage, check the compliance with state aid rules, e.g. where 'de minimis' applies, verify that it is not exceeded and that the undertaking is not 'in difficulty'.</i>	x		X	
7.4	General comments, recommendations, points to follow-up:	N/A			