

### Annex 3 First Level Control Checklist – Guidance

Section 1 General Checks					
	Control question	Yes	No	N/A	Comments/Clarifications
	Are the following documents available for the First Level Controller: <ul style="list-style-type: none"> <li>• Subsidy Contract</li> <li>• Application Form</li> <li>• Joint Convention</li> </ul>	Y			If 'no' should have an explanation and details
	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?			N/A	If the partner contribution comes from the partner's own resources or entirely from private sources, please tick 'n/a'.
	Is it ensured that the expenditure has not already been reimbursed by any other funding (EU, regional, local or other)? Are there mechanisms in place to avoid double-financing?	Y			Please explain them briefly in the comments box. If your answer is No or N/A, indicate in the comments section how you can guarantee that the double funding is excluded.
	Was recoverable VAT deducted?	Y			If the project partner is not entitled to recover the VAT, please select 'N/A and state this in the comment box'. VAT does not constitute eligible expenditure unless it is genuinely and definitely borne by the Partner/Lead Partner's institution. VAT which is recoverable by whatever means cannot be considered as eligible.

Section 2 Accounting and Audit Trail					
	Control question	Yes	No	N/A	Comments/ Clarifications
	Has one of the following options been chosen to clearly identify the costs allocated to the project? <ul style="list-style-type: none"> <li>a) A separate accounting system</li> <li>b) An adequate accounting code</li> </ul>	Y			If 'no' should have an explanation and details of method to trace costs to the project
	Are the amounts paid accurately recorded in the accounting system? <sup>1</sup>	Y			If 'no' must be corrected
	Are all costs only declared once?	Y			If no, should be considered ineligible
	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)?	Y			As a rule, all activities financed in the framework of the project should be located inside the Programme eligible area
	Is the part of the expenditure that is incurred outside the Union part of the programme area eligible according to Article 20 of Regulation (EU) 1299/2013 and programme rules?			N/A	If 'no' should have an explanation how such costs are treated

<sup>1</sup> Not applicable for flat rates, standard scales of unit costs or lump sums.

Is there an internal control system reasonably capable of guaranteeing that the partner is complying with the European, national and URBACT legal and financial requirements?	Y		The internal control system should guarantee that double funding is excluded by the separated account system
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? <sup>2</sup>	Y		For any of the expenses, there should be a proof of payment available along with all supporting documents.
Has each expenditure been supported by a payment proof (e.g. bank account statements, bank transfer confirmations, cash receipts)?	Y		If 'no' should have an explanation and remove or change
Are costs eligible according to the programme rules?	Y		If 'no' should have an explanation and remove or change
Have the costs been correctly allocated to the budget categories?	Y		Please make the partner correct, if necessary, the allocation of expenditure to the wrong budget lines before certification. If 'no' should have an explanation of how the costs were corrected or refused.
Has the total budget by category not been exceeded by more than the flexibility allowed by the programme?	Y		If 'no' should have an explanation of why
Has the partner's budget by budget line been respected? If not, has the excess spending been approved by the lead partner?	Y		If 'no' should have an explanation of why
Has the partner's total budget not been exceeded by more than the flexibility allowed by the programme?	Y		If 'no' should have an explanation of why
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?	Y		This is done automatically in the Synergie-CTE system by transferring the costs into the category "Expenditure Ready for Certification". The official exchange rate to be used for the costs is applied according to the date on which the FLC makes this transfer.
Has the partner received the ERDF share from the previous periods?	Y		If 'no' should have an explanation of why
Does the account from which payments are made and received belong to the partner organisation?	Y		Should confirm that the payments have been made and received on the partner's bank account as officially listed in the application form
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 - 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	Y		Should confirm that interest on debt, fines, financial penalties and expenditure on legal disputes and litigation, costs of gifts (except those not exceeding EUR 50 per gift where related to promotion, communication, publicity or information) and costs related to fluctuation of foreign exchange rate are NOT included.
Have in kind contributions been included in the claim?		N/A	In kind contributions are regulated by Article 69.1 Common Provisions Regulation (EU) 1303/2013. Such contributions are rarely present with URBACT

<sup>2</sup> Not applicable for flat rates, standard scales of unit costs or lump sums.

				projects. The comment should be N/A.
Have all net revenues been deducted from the total reported eligible costs?			N/A	If there are no revenues, please tick n/a and confirm in the comment box. If a project generates revenue for example through services, conference participation fees, sales of brochures or books, it must be deducted from eligible costs as appropriate.
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?	Y			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
Are all costs directly related to the project and necessary for the development or implementation of the project?	Y			If 'no' should have an explanation
Has any expenditure been considered ineligible?	Yes or No			If 'Yes', please indicate the amount and explain the reasons why the expenditure has been considered ineligible.
Is there evidence of effective anti fraud measures in place at partner level?	Y			This is a programme requirement. If 'no' the partner needs to be reminded of the need to have effective anti-fraud measures in place.

<b>Section 3 Staff costs</b>					
	<b>Control question</b>	<b>Yes</b>	<b>No</b>	<b>N/A</b>	<b>Comments/Clarifications</b>
	Are Staff costs reported in this period? If no move to next chapter.	Y			Only reply if costs are in this category otherwise answer 'no'
	Is the expenditure only related to employees of the organisation which is officially listed in the application?	Y			Only reply if costs are in this category otherwise answer 'no' with comment "no costs in this category"
	Are costs calculated according to the programme specific rules outlined in the URBACT III Programme Manual Factsheet 2F?  <i>For some Member/Partner States additional staff costs calculation methods may apply that take national specificities into consideration.</i>	Y			Only reply if costs are in this category, otherwise answer 'no'. Add any national specific staff costs calculation methods
	Is the calculation based on the actual salary costs (employees' gross salary + employer's contributions)?	Y			Only reply if costs are in this category otherwise answer 'no'
	Are the following documents available: <ul style="list-style-type: none"> <li>work contract</li> <li>payslips (or similar)</li> <li>payment proofs</li> </ul>	Y			Only reply if costs are in this category otherwise answer 'no'
	<i>If a person is working at a fixed percentage (100% or less) on the project:</i> Is a document available fixing the percentage worked on the project and is this percentage correctly applied to the actual gross employment costs?	Y			If applicable, confirm that the fixed percentage worked is in line with the document setting out the percentage of time to be worked on the project for each employee and is correctly calculated. Please also specify the planned % per month as in the employment document and/or in the official assignment to the project.
	<i>If a person is working on the project at a flexible percentage</i>	Y			If applicable, confirm the

<p><i>(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>calculation method and confirm that the time sheets of employees claiming staff costs based on flexible shares document the time worked on the project and show 100% of the work of the employee.</p>
<p>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)?</p>	Y			<p>If applicable, please specify the operation(s) name, the funding programme(s) and the % of time allocated to such operation(s)</p>

<b>Section 4 Office and Administration Costs</b>					
	<b>Control question</b>	<b>Yes</b>	<b>No</b>	<b>N/A</b>	<b>Comments/Follow-up</b>
	<p>Are Office and Administration costs reported in this period? If no move to next chapter.</p>	Y			<p>Only reply if costs are in this category otherwise answer 'no'</p>
	<p>Are office and administration costs calculated as a flat rate of 3% of the certified eligible direct staff costs?</p>	Y			<p>Automatically calculated as 3% of the certified eligible direct staff costs</p>
	<p>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?</p>	Y			<p>Only reply if costs are in this category, otherwise answer 'no'. Confirm that no administration costs under any other budget line</p>

<b>Section 5 Travel and Accommodation Costs</b>					
	<b>Control question</b>	<b>Yes</b>	<b>No</b>	<b>N/A</b>	<b>Comments/Clarifications</b>
	<p>Are Travel and Accommodation costs reported in this period? If no move to next chapter.</p>	Y			<p>Only reply if costs are in this category otherwise answer 'no' with comment 'no costs in this category'</p>
	<p>Are the trips that these costs refer to justified by the project's activities?</p>	Y			<p>Only reply if costs are in this category otherwise answer 'no'</p>
	<p>Do the travel and accommodation costs exclusively result from trips undertaken by staff employed by the partner organisations?</p>	Y			<p>All other travel should be reported under Expertise and Services category</p>
	<p>Are the reported travel and accommodation costs in line with the programme, national and internal rules of the respective partner organisation?</p>	Y			<p>Confirm that the types of costs listed under the budget line are eligible according to Art 5 of Delegated Reg. (EU) No 481/2014. E.g. ensure that inspected invoices and documents of equivalent probative value comply with the respective national/internal rules of the beneficiary organization (e.g. per diem allowances or real costs). In the absence of national or internal rules daily allowances may not be claimed, instead only the actual costs of the travel may be claimed.</p>

<p>Is it ensured that:</p> <ul style="list-style-type: none"> <li>- the trips costs were chosen in respect of the most economic way of transport and accommodation?</li> <li>- The travels have been actually executed?</li> <li>- Trips are supported by all required documents (e.g. flight/train tickets, hotel invoices, etc.)</li> <li>- Costs for taxi are eligible and properly justified (e.g. public transport was not available, etc.)</li> </ul>	Y		<p>As a general rule, the most economical way of transport should be used. Business-or first class tickets can be accepted only in exceptional cases, if cost effectiveness and efficiency can be clearly proved with documented booking options.</p> <p>Taxi costs are eligible, e.g. for travelling to/from the airport/train station, to/from the venue of the event/hotel, in case they are well justified (e.g. the only effective travel solution if public transportation is not available).</p> <p>Car rental is eligible in exceptional cases and in justified circumstances.</p>
<p>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?</p>	Y		<p>The answer should be 'Yes'. Otherwise answer 'No' and provide details of trips undertaken in third countries.</p> <p>Trips to places outside the Programme area are eligible if they are explicitly mentioned and justified in the Application Form. If trips outside the Programme Area that are not foreseen in the Application Form are required, a specific request needs to be submitted by the Lead Partner to the JS for validation in advance.</p>

Section 6 External Expertise and Services							
	Control question			Yes	No	N/A	Comments/Clarifications
	Are External Expertise and Services costs reported in this period? If no move to next chapter.			Y			Only reply if costs are in this category otherwise answer 'no' with comment "no costs in this category"
	<p>Are the following documents available to justify external expertise and services' expenses paid by the partner:</p> <ul style="list-style-type: none"> <li>- contracts/agreements and</li> <li>- invoices/request for reimbursement?</li> <li>- Proofs of payment?</li> </ul>			Y			Confirm that invoices are in accordance with the contract(s) or, where applicable, with the selected offer in terms of amount and nature.
	Are the deliverables available, identifiable and in compliance with the contract/agreement and invoices/requests for reimbursement?			Y			As for all other expenditure items, check that the external expertise and services were contracted in compliance with public procurement rules. Confirm that deliverables or other evidence of the work carried out by the provider are available (e.g. meeting notes, reports, etc.).
	<p>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?</p>			Y			External expertise and services must be clearly and strictly linked to the project and be essential for its

				effective implementation.
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)?	Y			Confirm that providers of services or expertise are external to the project partner organization.
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)?	Y			Travel and accommodation for external experts, speakers, chairpersons of meetings and service providers shall be declared under this budget line.

### Section 7 Equipment Costs

Control question	Yes	No	N/A	Comments/Clarifications
Are Equipment costs reported in this period? If no move to next chapter.	Yes or No			Only reply if costs are in this category otherwise answer 'no' with comment "no costs in this category"
Have the purchased equipment items been initially planned in the application form? If this is not the case, is there a written agreement of these costs from the lead partner and joint secretariat?	Y			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.
Are the equipment items physically available and used for the intended project purpose?	Y			Only reply if costs are in this category otherwise answer 'no' with comment "no costs in this category"
Is the method to calculate equipment expenditure (full costs, pro-rata) correctly applied?	Y			Only reply if costs are in this category otherwise answer 'no' with comment "no costs in this category"
Are depreciations in line with Article 69 (2) of Regulation (EU) No 1303/2013?	Y			Only reply if costs are in this category otherwise answer 'no' with comment "no costs in this category"
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)?	Y			Only reply if costs are in this category otherwise answer 'no' with comment "no costs in this category"

### Section 8 Public Procurement

Control question	Yes	No	N/A	Comments/Clarifications
Has the controlled organisation observed European, programme, national, regional and internal public procurement rules?	Y			If not applicable, state 'no' and not applicable.
Have the principles of transparency, non-discrimination, equal treatment and effective competition been respected, also for items below the EU threshold?  <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>	Y			Please note that it is highly recommended to always set up a procedure of effective competition, also for limited amounts. For example, the partner should always request at least three offers before selecting one in order to ensure the respect of the principles of competition, equal treatment, transparency and traceability. This choice should be justified in written to give evidence that the most appropriate offer has been selected.

<p>Is full documentation of the procurement procedure available? It usually includes the following:</p> <ul style="list-style-type: none"> <li>- Initial cost estimate made by the project partner to identify the applicable public procurement procedure</li> <li>- Request for offers or procurement publication / notice</li> <li>- Terms of reference</li> <li>- Offers/quotes received</li> <li>- Report on assessment of bids (evaluation/selection report)</li> <li>- Information on acceptance and rejection (notification of bidders)</li> <li>- Contract including any amendments</li> </ul> <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>	Y			If 'no' should have an explanation.
Are the contracts in line with the selected offers?	Y			If 'no' should have an explanation.
Has there been no artificial splitting of the contract objective/value in order to avoid public procurement requirements?			N/A	There has been no artificial splitting of the contract objective/value in order to avoid public procurement requirements.
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?			N/A	Reply in case a contract amendment/extension has been issued. Otherwise answer 'N/A'.
<i>For tenders:</i> Were the evaluation and award decisions properly documented and justified (e.g. evaluation and award decisions are properly documented and 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)?	Y			Confirm that the possibility to submit a tender has been correctly advertised with a fair and clear description of the subject of the tender, the deadline and procedure for submitting bids, the selection and award criteria and the estimated contract value were respected. Confirm that decisions of the evaluation committee are properly documented and selection and award criteria have been applied in a consistent way and no new criteria were added.
<i>For direct awards because of</i>				
<ul style="list-style-type: none"> <li>- <i>Urgency:</i> is it proven that the urgency is due to unforeseeable circumstances?</li> <li>- <i>Technical/exclusivity reasons:</i> is it ruled out (based on objective evidence) that any other supplier is capable of providing the services?</li> </ul>			N/A	If applicable, pay particular attention to contracts that are awarded directly.
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)?	Y			If 'no' should be justified and have an explanation as a comment.

### Section 9 Information and publicity rules

Control question	Yes	No	N/A	Comments/Clarifications
Has the partner applied all relevant rules on publicity and information and European visibility?	Y			If 'no' should have an explanation and note the action.
Do all the publications produced contain appropriate references to the ERDF support and contain logos respecting the URBACT graphic charter?	Y			Confirm that project publicity items including brochures, agendas of conferences, studies and deliverables meet the publicity

					requirements outlined in Annex XII of Reg. (EU) No 1303/2013. If 'no' should have an explanation and note the action.
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### Section 10 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 with the project partner or further internal documents that a partner provides.*

	Control question	Yes	No	N/A	Comments/Clarifications
	Is there evidence that the project activities have complied with the EU horizontal objectives of sustainable development?	Y			If 'no' should have an explanation and note the action
	Is there evidence that the project activities have complied with the EU horizontal objectives of equality between men and women and non-discrimination?	Y			If 'no' should have an explanation and note the action
	Is there evidence that the project activities have complied with Community rules on state aid?	Y			If 'no' should have an explanation and note the action

### Section 11 Other Considerations

	Control question	Yes	No	N/A	Comments/Clarifications
	Has an administrative /desk based check been carried out?	Y			If 'no' should have an explanation stating that an on the spot check has been carried out
	Has an 'on the spot' check been carried out?	Yes or No			If 'yes', please state if this is normal or exceptional procedure. If yes, please attach the OSC report (even if in national language). Please note that it is recommended that at least once during the project lifetime the verifications are conducted on-the-spot.
	Any recommendations/issues to be followed-up in the next progress report?	Yes or No			If 'yes' please provide details. Specify the findings and observations if any, that you made during your checks for this report. Provide recommendations that help to avoid similar errors in the future.