



Tionól Réigiúnach an Deiscirt  
Southern Regional Assembly

# First Level Control System, Overview, Role and Do's & Don'ts

**Michael Buckley**

**Southern Regional Assembly 6th October 2021**



Tionól Réigiúnach an Deiscirt  
Southern Regional Assembly



**European Union**  
European Structural  
and Investment Funds



Ireland's European Structural and  
Investment Funds Programmes  
2014-2020

Co-funded by the Irish Government  
and the European Union



# Table of Contents

1. First Level Control – Overview
2. Regulatory requirements for FLC
3. The different FLC systems
4. Role of First Level Control
5. FLC Do's
6. FLC Don'ts



Tionól Réigiúnach an Deiscirt  
Southern Regional Assembly



**European Union**  
European Structural  
and Investment Funds



Ireland's European Structural and  
Investment Funds Programmes  
2014-2020

Co-funded by the Irish Government  
and the European Union



# 1. First Level Control Overview



Tionól Réigiúnach an Deiscirt  
Southern Regional Assembly



**European Union**  
European Structural  
and Investment Funds



Ireland's European Structural and  
Investment Funds Programmes  
2014-2020

Co-funded by the Irish Government  
and the European Union

# Definition of First Level Control

- All expenses declared by a project partner has to be checked by the responsible first level control (FLC) bodies
- They have to verify that the delivery of the project products (outputs and deliverables) is in line with related expenses, the soundness of the expenditure declared and the compliance of the expenditure with Community, programme (especially the eligibility rules) and national rules.
- These verifications are the so-called first level controls.



# Definition of First Level Control

- **What?** 'First Level Control' are the checks (audits) of all project expenditure.
- **When?** During project implementation; each time before submitting a payment claim.
- **Why?** To provide a guarantee to MA, CA the project Partner, that the costs co-financed are accounted for and eligible.





# 2. Regulatory requirements for FLC



Tionól Réigiúnach an Deiscirt  
Southern Regional Assembly



**European Union**  
European Structural  
and Investment Funds



Ireland's European Structural and  
Investment Funds Programmes  
2014-2020

Co-funded by the Irish Government  
and the European Union



# FLC and Regulatory Requirements

MA is responsible for the financial management and control of the programme (Article 125 (4) of Regulation (EU) 1303/2013) **but...** the organisation of this control = Partner State responsibility (based on Article 23 (4) of Regulation (EU) 1299/2013: “... *each Member State shall designate the body or person responsible for carrying out such verifications...*”).



Tionól Réigiúnach an Deiscirt  
Southern Regional Assembly



**European Union**  
European Structural  
and Investment Funds



Ireland's European Structural and  
Investment Funds Programmes  
2014-2020

Co-funded by the Irish Government  
and the European Union



# 3. The different FLC systems



Tionól Réigiúnach an Deiscirt  
Southern Regional Assembly



**European Union**  
European Structural  
and Investment Funds

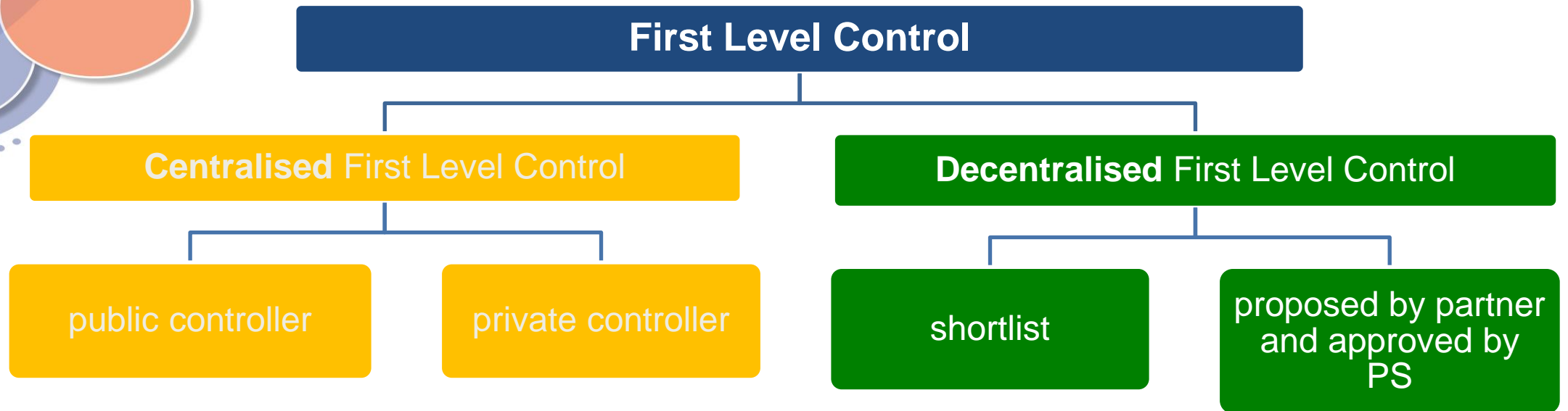


Ireland's European Structural and  
Investment Funds Programmes  
2014-2020

Co-funded by the Irish Government  
and the European Union



# The different FLC systems:



Tionól Réigiúnach an Deiscirt  
Southern Regional Assembly



**European Union**  
European Structural  
and Investment Funds



Ireland's European Structural and  
Investment Funds Programmes  
2014-2020

Co-funded by the Irish Government  
and the European Union



# First Level Control systems:

**CENTRALISED (15):** Belgium: Brussels+ Wallonia, Croatia, Czech Republic, Estonia, Greece, Hungary, Ireland, Latvia, Luxemburg, Poland, Romania, Slovakia, Slovenia, Sweden, Northern Ireland (UK)

**DECENTRALISED (16):** Austria, Belgium-Flanders, Bulgaria, Cyprus, Denmark, Finland, France, Germany, Italy, Lithuania, Malta, Netherlands, Norway, Portugal, Spain, United Kingdom



Tionól Réigiúnach an Deiscirt  
Southern Regional Assembly



**European Union**  
European Structural  
and Investment Funds



Ireland's European Structural and  
Investment Funds Programmes  
2014-2020

Co-funded by the Irish Government  
and the European Union



# 4. Role of First Level Control (FLC)



Tionól Réigiúnach an Deiscirt  
Southern Regional Assembly



**European Union**  
European Structural  
and Investment Funds



Ireland's European Structural and  
Investment Funds Programmes  
2014-2020

Co-funded by the Irish Government  
and the European Union

# 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, incurred and paid;
- the programme's conditions, the approved application form (AF) and the subsidy contract have been observed and followed;



# Role of the FLC

- 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.



# Role of the FLC

- 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.



Tionól Réigiúnach an Deiscirt  
Southern Regional Assembly

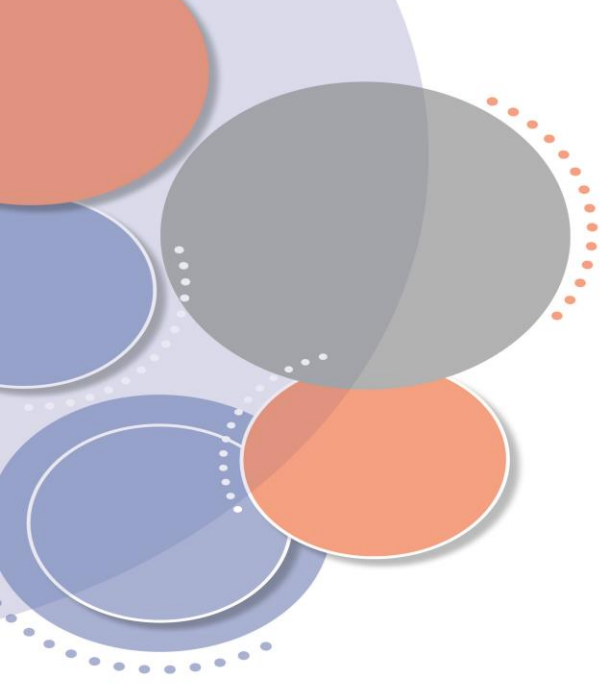


**European Union**  
European Structural  
and Investment Funds



Ireland's European Structural and  
Investment Funds Programmes  
2014-2020

Co-funded by the Irish Government  
and the European Union



# 5. FLC Do's



Tionól Réigiúnach an Deiscirt  
Southern Regional Assembly



**European Union**  
European Structural  
and Investment Funds



Ireland's European Structural and  
Investment Funds Programmes  
2014-2020

Co-funded by the Irish Government  
and the European Union



# FLC administrative verification

## Desk checks

- Compulsory for each progress report
- This type of control is to be performed on **100%** of the total reported expenditure For each financial claim.
- Expenditure is uploaded to the IT system (iOLF, eMS, Synergie CTE, etc.) and copy of the supporting documentation is supplied to the Controller.
- **Claims are certified on a ‘first come first served’ basis by SRA**







# Following administrative check, the FLC has 4 options:

- To validate the full cost as claimed by the partner
- To modify the cost claimed (by reducing or increasing the initial cost) => the FLC will clearly have to indicate the eligible amount and to justify the modification through a drop down list



# Following administrative check, the FLC has 4 options:

- To reject the cost claimed => the FLC will have to justify the modification through a drop down list,
- Park the expenditure pending further clarification, i.e., Sitting Duck





# FLC administrative verification

The First Level Controller is to fill in:

- one FLC checklist:
- Contains a series of questions to be answered by “Yes” “No” or “N/A” only
- Length will vary depending on the nature of the expenditure claimed



Tionól Réigiúnach an Deiscirt  
Southern Regional Assembly



**European Union**  
European Structural  
and Investment Funds



Ireland's European Structural and  
Investment Funds Programmes  
2014-2020

Co-funded by the Irish Government  
and the European Union



# FLC administrative verification

- One FLC certificate
- Amount directly reported in the document by the system
- One FLC Report
- To be downloaded, signed and uploaded by the FLC who shall keep the original signed version for audit trail.
- Copies emailed to project partners



# Summary of FLC work on the IT system consists of:

- Documents to be submitted
- Making sure all expenditure items are validated (click verified by FLC box)
- Filling in FLC report and checklist
- Uploading all relevant procurement checklists (if applicable)
- Issuing the FLC certificate with the correct amounts



Tionól Réigiúnach an Deiscirt  
Southern Regional Assembly



**European Union**  
European Structural  
and Investment Funds



Ireland's European Structural and  
Investment Funds Programmes  
2014-2020

Co-funded by the Irish Government  
and the European Union



# FLC on-the-spot verification

- In addition to the regular administrative checks, the FLC will have to perform: – an administrative on-the-spot check (at least once during the project lifetime)
- a physical on-the-spot check (at least once during the project lifetime for partners involved in infrastructure and construction works)
- These controls will be performed using specific FLC checklists.



Tionól Réigiúnach an Deiscirt  
Southern Regional Assembly

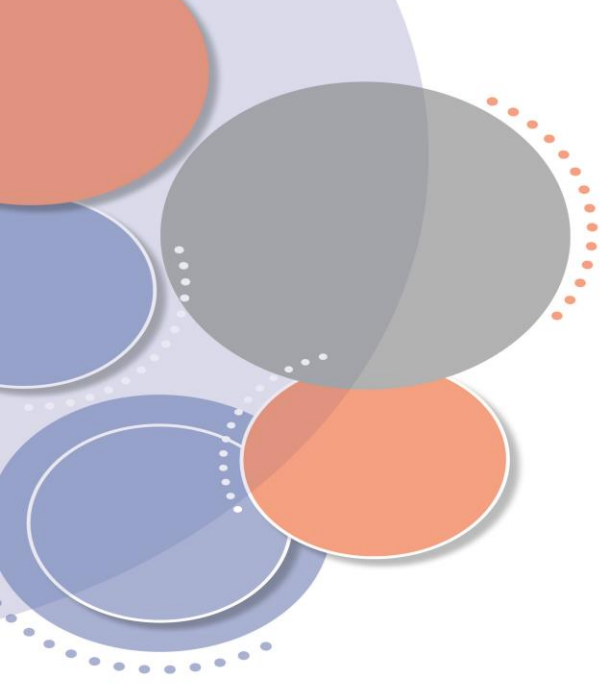


**European Union**  
European Structural  
and Investment Funds



Ireland's European Structural and  
Investment Funds Programmes  
2014-2020

Co-funded by the Irish Government  
and the European Union



# 6. FLC Don'ts



Tionól Réigiúnach an Deiscirt  
Southern Regional Assembly



**European Union**  
European Structural  
and Investment Funds



Ireland's European Structural and  
Investment Funds Programmes  
2014-2020

Co-funded by the Irish Government  
and the European Union



FLC has **NO** role in,

- Application and Assessment process,
- Day to Day Management the projects
- Setting output indicators
- Setting or amending Partner budgets
- No input in the SLA selection process
- No input in payment of ERDF Monies to PP
- FLC must be **independent** from the controlled project partner.



Tionól Réigiúnach an Deiscirt  
Southern Regional Assembly



**European Union**  
European Structural  
and Investment Funds



Ireland's European Structural and  
Investment Funds Programmes  
2014-2020

Co-funded by the Irish Government  
and the European Union