



Contracting Authority

ENPI 2011 Action Programme

Twinning Contract

Consolidation and Strengthening the External Public Audit in the Republic of Moldova

Name of Beneficiary:	The Court of Accounts (CoA) of the Republic of Moldova
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Dossier No	MD13/ENP/FI/12b
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ANNEX A

TWINNING CONTRACT

“SPECIAL CONDITIONS”

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(for official use only)

TWINNING CONTRACT
[MD13/ENP/F1/12b]

Delegation of the European Union to the Republic of Moldova, Kogalniceanu Street nr 12, MD 2001,
Chisinau, Moldova ("the Contracting Authority")

of the one part,

and

HAUS Finnish Institute of Public Management Ltd, VAT number 1778388-1, with its office at
Hollantilaisentie 11, 00330 Helsinki, Finland ("the Lead Member State Partner"),

and

The Spanish Court of Audit, with its office at c/ Fuencarral 81, 28004 Madrid, Spain ("Junior Partner")
2826020-F

who have conferred powers of attorney for the purposes of the signature of the agreement to the Lead
Member State Partner¹

collectively referred to as "Member State Parties" where a provision applies without distinction to the Lead
Member State Partner and the Junior Member State Partner

of the other part,

(the "Parties")

have agreed as follows:

¹ Model mandate provided in Annex A8.

Special Conditions

Article 1 - Purpose

- 1.1 The purpose of this contract is the award of a Twinning grant, consisting of reimbursement of expenditures, by the Contracting Authority to finance the implementation of the Action entitled: *Consolidation and Strengthening the External Public Audit in the Republic of Moldova* ("the Action") described in annex A1.
- 1.2 The Member State Partner(s) shall be awarded the Twinning grant on the terms and conditions set out in this Contract, which consists of these special conditions ("Special Conditions") and the annexes, which the Member State Partner(s) hereby declares it has noted and accepted.
- 1.3 The Member State Partner(s) accepts the Twinning grant and undertakes to be responsible for carrying out the Action.
- 1.4 The Final Recipient of the Action is: **The Court of Accounts (CoA) of the Republic of Moldova**²

Article 2 – Execution and Implementation period of the Action (legal and work plan duration)

- 2.1 The execution period of the contract (legal duration) shall enter into force upon the date of notification by the Contracting Authority of the contract signed by all parties. The execution period of the contract shall end 3 months after the implementation period of the Action as stipulated in art 2.2.
- 2.2 The implementation period of the Action shall take 24 months and shall begin on the date of the arrival of the Resident Twinning Adviser (RTA). His/her arrival has to take place at the latest within one month following the notification of the Twinning contract.

Article 3 - Financing the Action

- 3.1 The total cost of the Action eligible for financing by the Contracting Authority is estimated at EUR 1.598.069,41, as set out in Annex A3.
- 3.2 The Contracting Authority undertakes to finance a maximum amount of EUR 1.598.069,41. The final amount shall be established in accordance with Article 17 of Annex A2 except where annex A7 applies. The Action is co-financed as per Annex A3 by the Final Recipient of the Action.

Article 4 - Payment arrangements and technical and financial reporting

- 4.1 Payment shall be made in accordance with Article 15 of Annex A2 option no. 2, as set out in Article 15.1.

Initial pre-financing payment: EUR 779 546,06

Further pre-financing payment(s): EUR 658 716,41
(subject to the provisions of Annex A2)

² Name of the Beneficiary Country Administration benefiting from the Twinning Contract.

Balance of the final amount of the Twinning contract
(subject to the provisions of Annex A2):

EUR 159.806,94

- 4.2 Technical and financial reports shall be produced in compliance with Articles 2 and, 15.1 and 15.3 of Annex A2, using the relevant twinning templates.

Financial section of these reports shall comply with the requirements defined in paragraphs 4, 5 and 6 of Article 15.7 of Annex 2 (requirements for a detailed breakdown of expenditure).

In addition to these reports, the Lead Member State Partner shall send additional interim reports in compliance with article 2.1 of Annex A2 on a quarterly basis. The specific reporting procedure shall follow the provisions spelled out in Annex A7 to this contract.

Article 5 - Contact addresses

- 5.1 Any communication relating to this Contract shall be in writing, state the number and title of the Action and be sent to the following addresses:

For the Contracting Authority

Payment requests and attached reports, including requests for changes to bank account arrangements shall be sent to:

Finance, Contracts and Audits Section, Delegation of the European Union to Moldova, 12 Kogalniceanu Str, MD 2001, Chisinau, Moldova

Copies of the documents referred to above, and correspondence of any other nature, shall be sent to:

Operations Section, Delegation of the European Union to Moldova, 12 Kogalniceanu Str, MD 2001, Chisinau, Moldova

For the PAO

Ministry of Foreign Affairs and European Integration of the Republic of Moldova
Mrs Tatiana Molcean
Head of Division
Economic and Sector Cooperation with EU
European Integration Department

31 August 1989 Street, No. 80
MD-2012, Chisinau, Republic of Moldova
Tel: +373-22-578 232
Fax: +373-22-232 302
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For the Lead Member State Partner

HAUS Finnish Institute of Public Management Ltd
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00330 Helsinki
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Fax: +358 207180 302
Email: reijo.lindh.@haus.fi

For the Member State Junior Partner

Mr. Jose Joaquin Garcia-Pando Mosquera
Court of Audit (Tribunal de Cuentas)
Fuencarral 81
28004 Madrid
Spain
Tel: +24 91 447 87 01
Mob: +34 639 35 56 99
Email: jose.garcia-pando@tcu.es

For the Final Recipient of the Action

Mr Serafim Urechean,
President
Court of Accounts Republic of Moldova,
Address: Stefan cel Mare Ave, Chisinau/Moldova
Tel: +373 22 233-776
Mob: +373 691 27 900
Fax:
e-mail: s_urechean @ccrm.md

- 5.2 The expenditure verification referred to in Article 15.7 of Annex A2 will be carried out by **Tuokko Tilintarkastus Oy**, Munkkiniemen puistotie 25, 00330 Helsinki, Tel: +358 9 4366 140, Fax: +358 9 4366 1440

Article 6 - Annexes

- 6.1 The following documents are annexed to these Special Conditions and form an integral part of the Contract:

Annex A1:	Description of the Action (including the Work Plan)
Annex A2:	General Conditions applicable to European Union-financed grant contracts for External Actions
Annex A3:	Budget for the Action (including co-financing part by the Final Recipient of the Action)
Annex A4:	Contract-award procedures
Annex A5:	Standard request for payment and financial identification form
Annex A6:	Expenditure verification report
Annex A7:	Special Financial Annex
Annex A8:	Mandate (if Member States have formed a consortium)
Annex A9:	Curricula Vitae

- 6.2 In the event of conflict between the provisions of the present Special Conditions and any Annex thereto, the provisions of the Special Conditions shall take precedence. In the event of conflict between the provisions of Annex A2 and those of the other annexes, those of Annex A2 shall take precedence.
In case of discrepancies between Article 14 of Annex A2 and Annex A7, the latter shall prevail.

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Article 7 - Other specific conditions applying to the Action

7.1 The General Conditions are supplemented by the following:

7.1.1 In annexes A2 to A7:

In case of consortium of Member State Partners, the Member State Partner signing the Twinning contract and leading the consortium is referred to as the Lead Member State Partner.

The term "Beneficiary(ies)" refers collectively to all Member State Partners (MSP), including the Lead Member State Partner.

The term "Coordinator" refers to the Lead Member State Partner.

When there is only one Member State Partner, the terms Beneficiary(ies) and Coordinator should both be understood as referring to the only Member State Partner.

7.1.2. The Action is co-financed as per annex A3 by the Final Recipient of the Action.

7.1.3 In article 7.1 and 7.2 of annex A2, the term 'Beneficiary(ies)' is replaced by 'the Final Recipient of the Action'. Article 7.2 of Annex A2 applies also to any work done by the RTA(s) and other experts mobilised by the MSP(s) in the performance of their duties related to the implementation of the Action.

7.2 The following derogations from the General Conditions shall apply:

7.2.1 By derogation from article 9.4 of Annex A2, changes to the Twinning work plan and budget shall be governed by the procedure spelled out in Annex A7.

7.2.2 By derogation from Article 12.1 of Annex A2:

In case of failure by the Final Recipient of the Action to fulfil any of their obligations under the Twinning Contract, or for any other duly substantiated external reason, the MSP(s) may terminate the Twinning Contract by giving three months' notice in writing to the Final Recipient of the Action, after having informed the CA, the Commission Headquarters and the administrative office of the BC.

In case of failure by the MSP(s) to fulfil any of their obligations under the Twinning Contract, or for any other duly substantiated external reason, the Final Recipient of the Action may terminate the Twinning Contract by giving three months' notice in writing to the MSP(s), after agreement with the Commission Headquarters and after having informed the CA (where the Commission is not the CA) and the administrative office of the BC.

In case of failure by the MSP(s) or by the Final Recipient of the Action to fulfil any of their obligations under the Twinning Contract, or for any other duly substantiated external reason, the CA, after agreement with the Commission (where the Commission is not the Contracting Authority), may halt funding of the Action or terminate the Action by giving three/two months' notice in writing to the MSP(s) and the Final Beneficiary of the Action.

7.2.3. By derogation from Articles 13.3 and 13.4 of Annex A2, the following procedure for settlement of disputes shall apply:

The Parties shall endeavour to settle amicably any dispute or complaint relating to the interpretation, application or fulfilment of this Twinning Contract, including its existence, validity or termination. In default of amicable settlement, any Party may refer the matter to arbitration in accordance with the Permanent Court of Arbitration Optional Rules for Arbitration Involving International Organisations and States in force at the date of this Agreement.

The language to be used in the arbitral proceedings shall be English, French or German. The appointing authority shall be the President of the Court of Justice of the European Union following a written request submitted by either Party. The Arbitrator's decision shall be binding on all Parties and there shall be no appeal.

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- 7.2.4 By derogation to Article 14.3 of Annex A2, eligible costs may also be constituted by unit costs (fee per day worked in the Beneficiary Country and per diems) and flat-rate financing (twinning management costs and 6% of salary and non-wage labour costs for the RTA), as defined in section 3.5 of Annex 7 and in the Common Twinning Manual.
- 7.2.5 By derogation to Article 14.4 of Annex A2, the first paragraph of Article 14.4 shall not apply.
- 7.2.6 By derogation to Article 14.5 of Annex A2, the total amount of financing on the basis of simplified costs options as defined in Article 7.2.4 above may exceed EUR 60 000³.
- 7.2.7 Articles 14.6, 14.7 and 14.8 of Annex A2 shall not apply.
- 7.2.8 The last sentence of article 15.2 of Annex A2 (extension of the deadline for submission of the final report) shall not apply.
- 7.2.9 By derogation to Article 15.4 of Annex A2, the initial pre-financing payment shall be made within 30 days of the date of notification by the Contracting Authority of the contract signed by all parties.
- 7.2.10 The expenditure verification report of Article 15.7 of Annex A2 is only required for the final payment. The auditor is designated in accordance with the regulation prevailing for the MSP.⁴
- 7.2.11 By derogation to Article 15.7 of Annex A2, a detailed breakdown of expenditure shall be submitted in support of each request for further pre-financing payment. This detailed breakdown of expenditure shall consist in the financial section of the narrative reports produced in compliance with Articles 2 and 15 of Annex A2, provided that this financial section complies with the requirements for a detailed breakdown of expenditure that are defined in paragraphs 4, 5 and 6 of Article 15.7 of Annex A2.
- 7.2.12 By derogation to Article 15.9 of Annex A2, costs incurred in other currencies are converted in Euro at the rate published by the Directorate General of the European Commission for Budget, at InforEuro (<http://ec.europa.eu/budget/inforeuro/index.cfm>) for the month in which the expenditure is incurred.
- 7.2.13 A Privacy statement is publicly available on the twinning website at the following address: http://ec.europa.eu/enlargement/pdf/financial_assistance/institution_building/privacy_statement_twinning_103994_en.pdf . The information contained therein applies to this Twinning contract.
- 7.2.14 All Twinning partners undertake to facilitate the organisation and conduct of the Twinning review Missions referred to in Article 9 of Annex A1 and described in the Common Twinning Manual.

³ Article to be deleted if the financing decision does not authorise the use of simplified cost options for a total amount exceeding EUR 60 000.

⁴ Article to be deleted if the value of the grant financing the Twinning Project is above EUR 5 million.

Done at Moldova in four originals in the English language, one original being for the European Commission one original being for the Lead Member State Partner and one original being for the Beneficiary Country Administration

For the Lead Member State Partner

Mrs Anneli Temmes
Managing Director
HAUS Finnish Institute
of Public Management
Ltd

Signature:

Date:

6 AUGUST 2014

For the Contracting Authority

Mr. Pirkka Tapiola
Head of Delegation
Delegation to the
Republic of Moldova

Signature:

Date:

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ANNEXES A: ANNEXES TO THE TWINNING CONTRACT (FOR ALL PROGRAMMES)

- ANNEX A1:** Description of the action (including the Work Plan)
- ANNEX A2:** General Conditions applicable to European Union-financed grant contracts for external actions
- ANNEX A3:** Budget for the Action (breakdown of costs)
- ANNEX A4:** Contract Award Procedures
- ANNEX A5:** Standard request for payment and financial identification form
- ANNEX A6:** Terms of reference for an expenditure verification report
- ANNEX A7:** Special Financial Annex
- ANNEX A8:** Mandate (if Member States have formed a consortium)
- ANNEX A9:** Curricula Vitae

ANNEX A1 DESCRIPTION OF THE ACTION



TWINNING WORK PLAN*

The Administration of Moldova (Court of Accounts Republic of Moldova) (hereinafter referred to as the BC) represented by Mrs. Angela Pascaru, Member of Court of Accounts, the beneficiary country Project Leader

of the one part,

and the Administration of HAUS Finnish Institute of Public Management Ltd (hereinafter referred to as the Lead Member State) represented by Mr. Reijo Lindh, Training Manager, the MS Project Leader

of the other part

HAVE AGREED THE FOLLOWING WORK PLAN WHICH THEY UNDERTAKE TO IMPLEMENT JOINTLY:

ARTICLE 1. BACKGROUND

1. 1. BC policy developments in the sector

Public audit is a core element of a democratic state, of society good governance - only an effective and efficient audit can ensure sound management of public funds, remediation of irregularities and violations, fight against corruption and misuse of public funds, phenomena affecting more or less severely, practically all world's economies.

The Audit Institutions have developed and consolidated based on institutional and socio-political context of the country, historical, political and economic changes, and on cultural and national traditions. These factors have conditioned the status, duties, organizational level and the competence limits of audit institutions. Significant is the fact that regardless of the structure and audit approach, vision, mission and objectives of the audit remain the same: to contribute to

* For Twinning Light contract, Annex A1 consists of the detailed Twinning Light project fiche and the selected MS proposal.

improving public financial management by increasing the accountability regarding the use of public funds in accordance with regulations, with maximum efficiency, economy and effectiveness.

On the 8th of December 1994, the Republic of Moldova aimed at - control over the formation and use of public funds and public property management, establishing to this end the supreme external audit body - Court of Accounts. The attribution concerned, set out in Article 133 of the Constitution of the Republic of Moldova, has been exercised by the Court of Accounts through financial controls and external financial revisions with structural - organizational procedures approved distinctly by the Law No.312-XIII from December 8, 1994 "On Court of Accounts". Over the years, fully exercising the legal attributions through financial controls and revisions of the means used in the public sector, the Court of Accounts has contributed to improving public management and tended towards effective management accountability.

In 2006, along with other public authorities involved in the process of alignment with the high standards of competence and professionalism, the Court of Accounts has assumed the responsible task of implementing the pct.42 of the Action Plan Republic of Moldova - European Union, in order to ensure the establishment and functioning of a SAI that will function according to the INTOSAI international standards and European best practices.

In order to implement the reforms initiated on the 5th of December 2008, the Parliament of the Republic of Moldova adopted the Organic Law No. 261, under which the Court of Accounts of the Republic of Moldova was legislated as the only public state authority that controls the formation, administration and use of the public resources and the administration of the public property through conducting external public audit.

In accordance with EU requirements, included in the Policy Matrix, the Law on the CoA, as inspired by EU standards and developed with support of the Swedish National Audit Office (SNAO), forms the basis for the CoA' gradual transformation from an External Control Institution into a Supreme Audit Institution. It reflects (i) the Lima Declaration of Guidelines on Auditing precepts' key principles as those of the Mexico Declaration on SAI Independence and allows (ii) SAI to progress in its performance of the external audit function in line with INTOSAI standards.

The key changes of the new Law that highlights the transition from external financial control to external public audit involves CoA performing audits on Government reports regarding the execution of the State budget, the National Social Insurance Fund/Budget (BASS) and the Mandatory Health Insurance Fund/Budget (FAOAM) for the expired budgetary year. In the same way regularity, performance, IT and other audits - conducted by CoA audit teams solely in accordance with International Standards on Auditing, implemented through guidelines, detailed procedures and manuals, confirm as well the reformation of the National Supreme Audit Institution.

In order to further ensure this important and strategic role in promoting accountability, transparency and sound management of public expenditure, the Supreme Audit Institution should assess and adapt to the major changes taking place both, at national and international level.

In recent years, the CoA has developed its cooperation with the international organizations and with INTOSAI and EUROSAI organizations, whose member CoA became in 1994, with SAIs from other countries under bilateral cooperation agreements, with CIS member states SAIs through the Council of the Heads of Supreme Financial Control Institutions, whose membership is from 2000, and more recently, in 2007, with SAIs members of the Association of Supreme Audit Institutions having in common the use of French language (AISCCUF). The development of international relations is a priority and a way of institutional building, of increasing the professionalism level and

of gradual adaptation to high standards regarding the functioning of a SAI, as well as a form of promoting the national interest of European Integration.

Legal basis

The activity of the CoA dates back to 1994, when it was established under the Department of State Control, which began operating in 1991, once with the independence of the Republic of Moldova. For the first time the name "Court of Accounts" is mentioned in the *Concept of State Control in the Republic of Moldova, approved by the Parliament Decision no. 189-XIII of 19.07.1994*, stating that "the Supreme Body of State Control is the Court of Accounts, which is established by the Parliament. It shall function independently in accordance with the Constitution and other laws. "

A task of implementing the Concept of State Control consisted of development and adoption of the Law 312-XII from 08.12.1994 "On the Court of Accounts" and the Decision no. 313-XIII dated December 8, 1994 ordering the establishment of the Court of Accounts in accordance with the Constitution of the Republic of Moldova.

The Law on Court of Accounts determined the organization and functioning, control procedures and duties, rights, obligations and responsibilities of the Members of the CoA and its staff. Under the law, the CoA operates near the Parliament and exercises control over the formation, management and use of financial resources, as well as over the management of public assets.

CoA, under Article 13 of the Law no. 847-XII of 24.05.1996 "On Budget System and Budget Process" is assigned as the institution responsible for the external audit of public finance management.

Amendments and additions to the Law no. 312-XIII during the period, consisted of introduction of new concepts such as "performance control (audit), checking of standard, external control, etc.", CoA being assigned the status of Supreme State Financial Control Body, exercising its attributions having organizational and functional independence.

Through these changes, the Law no. 312-XIII was getting closer to the provisions of a law that is expected to underpin the work of SAI, a reality which CoA strives to achieve since the adoption of the Strategic Development Plan in 2006, which provides for the reorganization of the CoA into a Supreme Audit Institution according to international standards.

The CoA activity in 2000-2004, was directed towards the improvement of the legal framework and organizational structure of the Court of Accounts. Amendments and completions to Organic Law operated in that period aimed at improving the quality of the control and increasing the accountability of the controlled entities for the use of public funds and for taking measures to eliminate the detected breaches.

The end of 2004 marked the beginning of a new stage in the development of the Court of Accounts - the institutional strengthening and adjustment of the CoA's work to international standards and best practices in the Public External Audit domain.

In order to comply with the set objectives, in 2005 CoA initiated a number of amendments to the law on the organization and functioning of the CoA, which were aimed at strengthening the status and mandate of the CoA, improving the methodology and control practices, removing some elements of coercion in control which contravene the best audit practices, regulating the guiding principles such as accountability, integrity, objectivity, independence, etc., introducing the notions

of economy, efficiency and effectiveness in the process of using public funds, of performance audit, auditing standards, audit procedures, etc.

In October 2005 the World Bank team, under the supervision of the preparation activities for initiating the Public Financial Management Project in the Republic of Moldova, conducted a study of the state of affairs and provided recommendations on issues regarding public finance management, internal audit and control, and external audit.

In this context, on the 18th of April 2006, the CoA approved the Strategic Development Plan (SDP), under which the CoA aims at achieving the following objectives: institutional strengthening, professionalism ensuring, staff development and ensuring a higher activity impact, and the main values undertaken by this document are: independence, transparency, integrity, competence, legality, effectiveness etc.

From the beginning of the SDP implementation, with the support of experts from SNAO, UK NAO, the Scotland Office of Audit, the CoA was preoccupied with improving its functional mechanisms by strengthening its legal framework in order to adjust it to best practices in Public External Audit domain, provided for in the Declaration of Lima on public audit guidelines and adopted at the IX Congress of INTOSAI in 1977, the Mexico Declaration on independence, adopted at the XIX Congress of INTOSAI in November 2007, Prague Recommendations in 1999 of the heads of SAIs of countries aspiring to European Integration, etc.

Institutional building efforts were successfully rewarded by Parliament adopting on the 5th of December 2008, a new Law on Court of Accounts No. 261-XVI. The new law has expanded the independence of the CoA. In addition to organizational, functional and operational independence, the institution has also obtained financial independence. Thus, the CoA shall draw up its annual budget, which after the approval by the Parliament is submitted to the Government for inclusion in the draft Law on State Budget for the next fiscal year. The financial independence has imposed increased accountability of the CoA provided for review in its financial reports audited by an auditing company selected by the Parliament. The adopted law envisages the option to review and approve of a new structure of the CoA.

In accordance with EU requirements, included in the Policy Matrix, the Law on the CoA, as inspired by EU standards and developed with the support of the Swedish National Audit Office (SNAO), forms the basis for the CoA gradual transformation from an External Control Institution into a Supreme Audit Institution and enables SAI to register progress in performing the external audit function in accordance with INTOSAI standards.

A prime example of the key changes of the new laws and of distancing from the types of external financial control and transition to audit is given by determining the specific areas that the CoA shall submit for auditing:

- formation and use of the state budget, the state social insurance budget funds, the budgets of the territorial administrative units and the funds of compulsory medical insurance, including:
- formation, use and management of the special funds and state treasury funds;
- public debt formation and management, compliance with the state guarantees for domestic and foreign loans;
- the public institutions use of grants and funds allocated by the external donors for the implementation of common programmes with the Republic of Moldova;
- use of budget allocations for investment purposes, as well as subsidies and other forms of state financial assistance;

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- the implementation of intergovernmental economic and financial treaties;
- administration and asset management;
- privatization process of state assets and providing post-privatization activities;
- management and use of natural resources;
- the use of state crediting and foreign exchange resources;
- bookkeeping and financial reporting;
- the activity of other supervisory bodies / public auditing and internal control systems;
- resources allocated by the European Union, development partners and other donors whose resources were included in the state budget or in the administrative-territorial unit budget;
- other types of activity referred to by Organic Laws to the competence of the Court of Accounts.

In exercising its mandate, the CoA shall audit the following entities:

- central and local public administration authorities, other public authorities;
- institutions and organizations financed by national budget;
- entities that hold integral social capital or more than 50 percents of their social capital belongs to the state;
- other entities according to the legislation.

The Court of Accounts shall control the management and use of public financial resources and public assets by carrying out:

- regularity audit;
- performance audit;
- other types of audit.

According to the Law No. 261-XVI, the Court of Accounts shall carry out annually, on a compulsory basis, the audit of the Government reports on the execution of the following during the expired budgetary year of:

- the state budget;
- the state social insurance budget;
- the compulsory medical insurance funds.

When performing audit actions, the CoA decides autonomously on the type of audit, the audit procedure, the structure and form of audit reports as well as on other aspects regarding the CoA as the only state public authority performing external audit in the public sector.

After the adoption of the Law on CoA No. 261-XVI, numerous measures have been undertaken and internal normative acts have been developed in order to implement this law.

Currently, the CoA exercises its powers under other legislation as well, including:

- The Constitution of the Republic of Moldova adopted on 29.07.1994 (Article 133);
- The Law on the Code of Conduct for Civil Servants No. 25-XVI from 22.02.2008;
- The Law on Public Function and Civil Servant Status No. 158-XVI from 04.07.2008;
- The Law on Budget System and Budget Process No. 847-XIII from 24.05.1996;
- The Law on Preventing and Combating Corruption No. 90-XVI from 25.04.2008;
- The Accounting Law No. 113-XVI from 27.04.2007;
- The Law on Auditing No. 61-XVI from 16.03.2007;
- The Law on Local Public Finances No. 397-XV from 16.10.2003;

- The Moldovan Parliament Decision No. 1-XV from 17.02.2005 “Regarding the structure, number of personnel of the Court of Accounts and the payroll terms of its Members and employees”

The Institutional Structure

The structure of the CoA has been modified over the years in order to strengthen its institutional capacities in the context of the undertaken reforms. Thus, the first division of the CoA was composed of sections and subsections. Subsequently, in 1999, some changes have been made in the structure of the CoA, additionally establishing Territorial Chambers of Accounts in the existing structure, empowered to take decisions on the carried out controls: Chisinau Territorial Chamber of Accounts, Balti Territorial Chamber of Accounts, Cahul Territorial Chamber of Accounts, Comrat Territorial Chamber of Accounts.

Based on the Parliament Decision No. 530-XV from 18.12.2003, another structure of the CoA Court was approved, where the Control Sections were transformed into Departments of Control, and the Territorial Chambers of Accounts became Territorial Directions (Directorates).

In February 2005, through the Parliament Decision no. 1 - XV, a new structure of the CoA was approved, in which departments, divisions, directions, regional offices and other units were operating, and on the 1st of November 2009 once with the entry into force of the new Law by which the organizational structure reflects the Court Law No. 261-XVI from 05.12.2008, where CoA consists of management, plenum and apparatus.

The Chair - The Court of Accounts shall be run by the President of the CoA. In the absence of the President of the CoA, its mandate shall be exercised by the Vice President of the CoA.

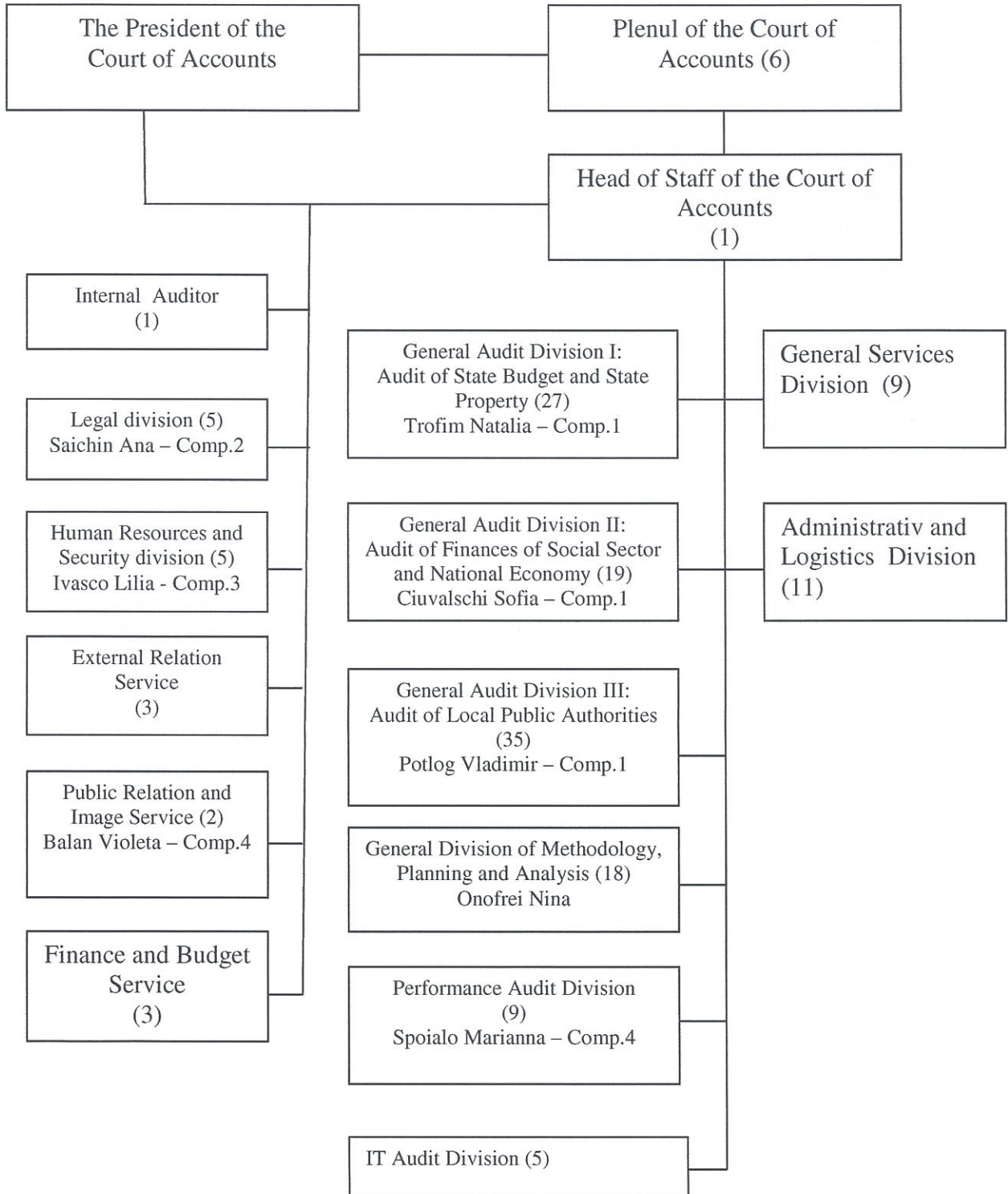
The President of the Court of Accounts shall be appointed by the Parliament at the proposal of the President of the Parliament for a five - year mandate with the total vote of elected deputies.

The Vice President of the CoA shall be approved by the Parliament at the proposal of the President of the CoA out of its members.

Plenum - of the CoA is a collegial body, composed of 7 Members, including the President and the Vice-President of the CoA. The Members of the CoA shall be appointed by the Parliament at the proposal of the President of the CoA for a five-year mandate with the total vote of elected deputies.

Apparatus – the CoA shall carry out its activity through staff with public audit functions, specialized personnel and technical staff. The expert staff shall assist the public audit functions personnel in exercising the mandate of the CoA. The number of staff of the CoA shall be approved by Parliament.

The schematic structure of the institution can be seen in the organizational chart



Activities that shall take place during the project implementation will provide the opportunity to obtain the expected results of CoA in accordance with the internationally accepted external audit standards and best EU practices. It also offers the opportunity to make the CoA' voice heard regarding the harmonization of national legislation in line with the EU Acquis in all domains of Public Finance Management Audit, whether they come from internal or external sources, in particular, regarding the EU funds flows which continue to increase.

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1. 2. Beneficiary institutions and other parties involved

The Main Beneficiary:

- Court of Accounts of the Republic of Moldova

Other beneficiaries / parties involved:

- Parliament
- Other organizations:
 - Ministry of Finance
 - Financial Inspection
 - State Chancellery
 - Ministry of Labour, Social Protection and Family
 - National House of Social Insurance
 - State Fiscal Service
 - Customs Service
 - Civil Society Representatives
 - Media Representatives

Project Leader:

Mrs. Angela Pascaru,
Member of Court of Accounts,
69, Stefan cel Mare Ave, Chisinau
Republic of Moldova
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Fax: + 373 22 23 30 20
Email : a_pascaru@ccrm.md

RTA counterpart:

Mrs. Viorica Verdes
Head of Methodology
Tel: +373 22 266 060
Fax: +373 23 30 20
Email: v_verdes@ccrm.md

1. 3. Parallel or related projects in the field

Bilateral cooperation project between CoA and SNAO

Since 2006, the Court of Accounts of Moldova has been assisted by Sweden through the Swedish National Audit Office.

The SNAO had and has an outstanding role in the achieving the institutional strategic development plans, but also in implementing the fundamental reforms in Public External Audit domain. In this context, the expert team SNAO granted support in achieving the goals and objectives set out in the first and the second Strategic Development Plan (SDP) of the CoA on the most important elements. Swedish bilateral cooperation has been concentrated on developments in the following areas:

First of all and following a new concept of external audit introduced by the Law on the CoA in 2008, the SNAO supported the development of the internal normative framework to conduct regularity, performance and other types of audits and the related capacity building of the methodology department. Auditor profession building assistance has focused on regularity/financial audits and the quality framework system; Modern management practice has been supported regarding human resource development, internal information and communication. Assistance for institutional strengthening helped to set up the internal audit function at the Court and its consolidation, as well as to develop its internal public financial control system; assistance to introduce a time-recording system will enhance costing and strategic planning of activities. In support of securing a greater impact of the Courts activities' the external communication has been enhanced with respect to the communication with Parliament on the annual report in first instance and the management of the cooperation project and of international relations.

Training has been a privileged instrument for capacity building.

Financial support provided by the SNAO allowed the CoA amongst others (i) to edit the Annual Report in a standard format and ensure a larger dissemination to the Parliament, Government, CPA's, civil society, superior education institutions and others,(ii) to allow public auditors to actively participate at conferences and workshops, organized by EUROSAI and INTOSAI, and (iii) employees of the CoA to continue learning English.

At the end of 2012, the cooperation between SNAO and CoA was continued, so that it was signed a new cooperation agreement which established the basis for the implementation of the third stage of the bilateral cooperation between these two institutions, being focused on: strengthening financial audits, a goal to be achieved by implementing an effective audit process in financial / regularity audit; improving the management capacity; implementation of "friendly" audit reports, establishment of a bilateral cooperation between the CoA, Government, auditees and collaborative connections with INTOSAI, EUROSAI and other international organizations.

During 2013, financial audits capacity building activities have been carried. Thus, many auditors have received trainings in the field of Financial Audit; several operational managers and auditors enhanced their theoretical knowledge and practical skills through participation in two pilot audits. The training was conducted at the workplace (in the framework of pilot audits) which proved to be effective, since the format and quality of the model documents related to the planning stage have improved considerably. It was established a group of trainers (10 people) specialized in financial audit format and they were familiarized with their role in training the staff responsible for audit and techniques / methods of training, who also conducted training activities for young professionals

involved in service. Also certain CoA employees have been trained in quality assessment of "cold" and "hot" audits.

The obtained results indicate an evolution in terms of capacity building for performing financial audits, having correct operational methodologies ensured.

World Bank support to the CoA through a Single Purpose Trust Fund

The Support Project of technical assistance for strategic development of the CoA, managed by the World Bank Trust Fund through single purpose trust with funding from multiple donors (UK / DFID and the Government of the Netherlands) (with a grant volume of 2.79 Million USD) was approved in March 2007 and ended on December 25th, 2011, aimed at:

- maintaining and developing the capacity and skills to conduct regularity, performance, and IT audits,
- improving the quality of audit work,
- implementing an improved IT capacity and
- improving human resources management.

To develop the audit capacity, with a view to ensure performance audits and IT audits to have a prominent place in the Court of Accounts activity, the TA received by the CoA included amongst others support for conducting 5 performance pilot audits and 3 IT pilot audits, for developing performance audit standards and a performance audit manual. Training for the teams of auditors engaged in pilot audits was provided to enhance new knowledge of the CoA about the IT audit processes, models and types of controls to be used during audit missions. Support to improving human resources management has been focusing on

- designing a new HR management system;
- developing a detailed training plan and training trainers;
- training personnel in new HRM practices;
- establishing effective human resource planning systems.

World Bank Trust Fund

In July 2013, a grant worth 1.0 million US dollars agreement offered by the World Bank was signed. The project objective is to improve public external audit function in Moldova, and to increase the efficiency of audit and capacity building of the CoA. The project consists of two sub-objectives, namely:

- ✓ strengthening the capacity for conducting performance audits in specific areas (development and implementation of methodological guidelines for financial and performance audits of the State Budget, BASS, MIF, providing training in these areas, and the establishment of the administrative and planning activities to promote implementation of cost-effective labour);
- ✓ improving the performance systems in order to develop and efficiently use human resources in carrying out audit activities.

WB project implementation period shall be short-lived - until November 2015 and shall coincide with the first stage of the Twinning project implementation

EU Twinning Project PIFC

Following support of the Ministry of Finance for the implementation of PIFC by a technical assistance project *Public Financial Management Project* through a World Bank Trust Fund

launched in January 2006, the PIFC Twinning project started in November 2011 through institutions of Sweden (Financial Management Authority) and the Netherlands (The National Academy for Economy and Finance). It offers a number of potential synergies for internal as well as external auditors. It operates on the basis of four components, aiming at: (1) an enhanced capacity of the Central Harmonisation Unit in the MF to oversee the implementation of PIFC in Moldova, (2) an updated legislative and normative framework for PIFC, (3) a strengthened Financial and Managerial (FMC) control and (4) a strengthened Internal Audit Capacity.

Of either direct or indirect interests of the CoA and apart from its general interest in the outcome of the twinning for the Government internal new control environment, are activities of the PIFC twinning project such as especially the results of a review of the operational manual for Internal Audit, as the development of a new methodological norm (guide) for IT systems audit, as the development of a new methodological norm (guide) on sampling techniques, as the development of a new methodological norm (Guide) about the role of the auditor in relation to fraud and corruption, as for instance developed options for certification of internal auditors.

The Twinning Project "Strengthening Internal Public Financial Management" was completed on the 30th of November 2013. According to final data reported, the primary objective of the project namely "Improving public financial management through the implementation of public internal financial control system in Moldova, based on the concept of managerial accountability for use of public funds in accordance with international standards and best practices" **was conducted**, further following with ensuring the continuity of PIFC policy through the established mechanisms. In connection to this, it should be mentioned that the Twinning Project of the CoA will generate potential opportunities to enhance the knowledge and performance of state controllers/auditors, including internal auditors from other public authorities in the process of implementation, evaluation and strengthening of national internal control and the continuation of the better management mechanism implementation of the state financial resources.

Project on Performance-Based Budgeting in the Republic of Moldova

Starting with February 2010, the Republic of Moldova, through the Ministry of Finance, has been participating in the implementation of the Project on Performance-Based Budgeting, in the framework of the Public Finance Capacity Building Program in the Western Balkans and the Commonwealth of Independent States. The programs' objective is **strengthening efficient and solid management of the public finances** by **raising awareness**, developing **analytical skills** and sharing **best practices** on the reforms implemented in Slovakia and other countries, with a total budget of 600 thousand US dollars.

The project is funded by the Slovak Republic Ministry of Finance (SRMF), implemented by the **UNDP Bratislava Regional Centre** in partnership with SRMF, Ministry of Foreign Affairs and European Integration, Slovak Agency for International Development and the UNDP Country Offices.

The given project is designed to support the Ministry of Finance of the Republic of Moldova in the implementation of performance-based budgeting in the Government of the Republic of Moldova and to enable sustainable capacity development for PBB within local authorities, mainly through training of trainers. One of the national trainers was trained under this project is at the same time a representative of the CoA (Ms Viorica Verdes), who is actively involved in training activities and the implementation of the new budgetary reform based on performance indicators. In the framework of the Project, the **Capacity Development Plan** was developed and it highlighted the actions to be

taken by the Moldovan MF in order to introduce performance-based budgeting in local and central public administrations.

As a result of the activities carried out so far, Project achievements consist of a **comprehensive training system for PBB**, which was drafted and implemented through **PBB training packages for local and central public authorities**, and through 39 concept and methodology of PBB **instructed trainers** from the MF of the Republic of Moldova and other central public authorities. The reformist ideas were presented in **workshops at senior level for decision makers** with the idea of their continuity and implementation within the national institutional system.

For the CoA, the given project is of particular interest, considering that once the authorities will implement and report on activities and performance indicators, the audit will obtain an informational and practical foundation on the execution and implementation of national programs, whereas decision makers are to be increasingly aware and more involved in achieving them.

ARTICLE 2. ACQUIS - PROJECT FICHE FIELD OF COOPERATION WITH THE EU

ENPI: Relevant Field of Cooperation with the EU

The need for project (Twinning) implementation comes out of the compulsoriness of ensuring progress continuity, and of the fact that on the 28th of November 2013, the Republic of Moldova signed the Association Agreement with the European Union and the European Atomic Energy Community and its Member States.

From this perspective, the Twinning project of CoA is viewed as a closer step towards a more effective cooperation between the Republic of Moldova and the European Union.

It is particularly important and opportune to include in a Twinning activity, as an area of support, the national public authority with external public audit functions, especially after the country's accession to the Public Internal Financial Control Concept (PIFC), which is promoted and supported by the EU.

State reform in financial management and control, particularly as a result of the internal audit practices and the Public Internal Financial Control System (PIFC) implementation, based on previous policies and the adoption of the Law on Public Internal Financial Control (PIFC), includes the environment of state control, control by the Parliament, as well as the activity of CoA, all which will suffer profound changes.

The reform, assisted by the Twinning project of the Ministry of Finance PIFC, includes all the levels of government and, at the same time, represents a first step towards achieving the goal of the RM to finally put an end - in the control of public finance management domain as well - the "executive system organized vertically, which dominated until now." However, implementation of reforms on performance based budgeting will determine the whole system of public finance management to exercise greater accountability which shall be guided by the added value and managerial efficiency.

It is a first crucial step to give up on the old control structure and on respective competent institutions, and replacing them with "a coordinated system of transparent, flexible and decentralized institutions" with an "adequate and well managed resource base" in the way specified in addressing the decentralization to be achieved. In recent years, began the power decentralization

and local autonomy insurance in control domain as a key requirement in the framework of EU / Moldova, but certainly it will take some time in order to fully expand.

The Court aims at achieving enhanced interaction with the Parliament and the Government, greater accountability from the institutions under audit in order to obtain an increased impact of its activities, and a better implementation of its recommendations.

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ARTICLE 3. MANDATORY RESULTS (OUTPUTS)

	Intervention logic	Benchmarks	Sources of information	Assumptions (external to project)
<p>Overall Objective</p>	<p>To improve accountability and management of public funds in the RM through enhanced external audit capacity in conformity with recognized international audit standards and in line with European best practice.</p>	<ul style="list-style-type: none"> • Proper and efficient utilization of public funds; • Increased audit transparency and public confidence in the quality of external audit in Moldova have increased; • INTOSAI standards and EU auditing best practices are widely applied in practice; • Increased collaboration with EU MS SAls and enhanced interest for cooperation. 	<ul style="list-style-type: none"> • Parliamentary and Governmental Reports about the execution of the National Budget; • European Commission Country Progress Reports on Moldova; • Statistics and Reports of key international financial institutions (IMF, WB, EBRD on public finance in the RM; • CoA Annual Reports; • Transparency International and other similar organisations' assessments about status and progress of management of public funds in Moldova; • Civil society assessment about transparency and confidence in public finance in the RM; • Cooperation Agreements between the CoA and other EU MS SAls <p>Appropriate performance review</p> <ul style="list-style-type: none"> - Minutes of the Steering Committee - Project Reports and web site - Press Releases and statements - Visibility events 	

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<p>Project Purpose</p>	<p>To support the Court of Accounts of the Republic of Moldova in improving its function, performance and impact.</p>	<ul style="list-style-type: none">• Institutional capacity of CoA has been strengthened and the skills base enhanced;• The normative and regulatory framework regulating the CoA has been improved;• Human Resources Management of the CoA has been revised and improved;• Interactions between CoA and other authorities of the RM have been significantly improved;• Based on improved communication between the CoA and the Parliament/Government as well as an enhanced public awareness raising activity the overall impact of CoA activities has been enhanced.	<ul style="list-style-type: none">• Comparative assessments of institutional capacity, performance and impact of the CoA at the start and at the end of the project;• Parliamentary discussions and Reports issued by the Parliament regarding performance of the Court of Accounts;• Several internal CoA publications and external articles and reports assessing the extent to which the newly introduced best practices have been implemented;• Articles published in newspapers, internet and other media;• Opinions of civil society organisation;• Appropriate performance reviews;• Minutes of the Steering Committee;• Project Reports and web site;• Press Releases and statements;• Visibility events.	<ul style="list-style-type: none">• Government and the Parliament support measures to improve the functioning, performance and impact of the Court of Account of Moldova.• Parliament and Government commitment to discuss and approve the necessary measures proposed by the CoA;• The CoA receives the necessary resources to implement the TWG project as planned.• Resignations of trained staff can be kept within a reasonable limit, i.e. not more than 10% a year.
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<p style="text-align: center;">Mandatory Result 1</p>	<p>Built/strengthened capacities of the CoA in the area of performance audits, systems audits and EU funds audits</p>	<ul style="list-style-type: none"> • Training Needs Assessment carried out; • Training Plan developed and approved; • Training materials developed and agreed; • Two teams of auditors (at least 8 people) established and trained in system audit; • One team of auditors (min. 5 people) established and trained in performance audit; • One team of auditors (min. 5 people) established and trained in EU funds audit; • Four study visits for 4 audit teams (max. 20 people) organised; • Two system audits, one performance audit and one EU funds audit carried out by the 4 selected and trained groups; • Two cold evaluations carried out, including preparation of the check lists; • An institutionalized team of trainers involved in the planned 4 Pilot audits trained (min. 6 auditors); • New methodological and regulatory norms developed and approved. 	<ul style="list-style-type: none"> • Training Needs Assessment Report; • Training Plan; • Training materials; • Establishment documents of the respective teams and evaluation sheets of each training; • List of attendants to each training; • Four reports on benefits and impact of the study visits; • Four audit reports; • Checklists for quality cold reviews of performance audits; • Completed reports of two cold evaluations; • Report on the respective training; • New methodological and regulatory norms on system audits and EU funds audits. 	<p>CoA management staff is committed and willing to facilitate the participation of the relevant staff in the activities foreseen</p>
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Mandatory Result 2	Revised and updated Legal Framework of the CoA	<ul style="list-style-type: none">• The Draft Law on the CoA has been revised, updated and submitted for adoption to the Parliament;• The internal regulations has been revised and approved according to the revised Law on CoA.	<ul style="list-style-type: none">• Revised draft Law on the CoA submitted to the Parliament;• Revised, finalised and approved internal regulations.	<ul style="list-style-type: none">• Government and Parliament political support for Law on CoA revision
Mandatory Result 3	Revised and updated Human Resources Management of the CoA	<ul style="list-style-type: none">• An improved Staff Appraisal System;• Training Needs Assessment procedure has been established and operational;• Training Plan drafted and approved;• HR Management Policies has been revised in line with the EU standards and best practices ;• Job descriptions and competences statements for all levels of the CoA staff are established in accordance with the changes in the legal framework, the new audit procedures, the training programmes and the management policies.	<ul style="list-style-type: none">• Report on Staff Appraisal System;• Report on Training Needs Assessment procedure;• Training Plan;• HR Management policies documentation;• Job descriptions and competences.	

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<p>Mandatory Result 4</p>	<p>Improved external and internal communication with the Parliament, the Government, civil society, media and other authorities leading to increased impact and enhanced visibility of the CoA with the above mentioned stakeholders</p>	<ul style="list-style-type: none"> • Benchmark Analysis on openness, transparency and visibility of the CoA with all stakeholders, developed and submitted to CoA management for consideration; <ul style="list-style-type: none"> • Communication guidelines developed and operational; • Regulation on the procedures regarding the relations between the CoA and the Parliament and Government, including guidance on follow-up of CoA's reports, drafted and submitted to Parliament for adoption; <ul style="list-style-type: none"> • At least three workshops to improve the communication between the CoA and the Parliament, the Government and other authorities have been organised; <ul style="list-style-type: none"> • One study visit for CoA and Parliament members have been organised; • Three awareness raising events have been organised for the media and the civil society. 	<ul style="list-style-type: none"> • Benchmark Analysis; • Communication guidelines; • Approved Regulations; • Agenda, distribution materials and reports on the workshops; • Reports on the study tours; • Reports on the awareness events; • Reflections of the events in the media (articles, news, interviews, others); • Impact analysis discussed by the CoA management and available to all stakeholders. 	<ul style="list-style-type: none"> • Availability of sufficient national financial resources for co-financing of the project activities; • Active involvement of audited entities; • Negative impact (instability) after Parliament election 2014 avoided; • Consensual views with MPs on procedures.
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	Intervention logic	Benchmarks	Sources of information	Assumptions (external to project)
Activities	<p>Activity 0.1 Kick-off meeting</p> <ul style="list-style-type: none">• Start of project implementation, visibility of the twinning project, getting CoA staff and other stakeholders acquainted with the twinning project and the future work.• Presentation of project deliverables and introduction of MS twinning partners	<ul style="list-style-type: none">• B1 : Kick-off meeting organized in the beginning of 1st month in Chisinau	<ul style="list-style-type: none">• Presentations material• Press release	<p>Open dialogue</p>

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	<p>Activity 0.2 Closure meeting</p> <ul style="list-style-type: none">• A closing event with project team for summing up the project and highlighting the main conclusions.	<ul style="list-style-type: none">• B 2 : Closing event organized by 24th month in Chisinau• Information about the achievements of the Twinning project to BC the public, press and government bodies	<ul style="list-style-type: none">• Presentations material• Press release	Open dialogue
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	Intervention logic	Benchmarks	Sources of information	Assumptions (external to project)
<p>Activities (Mandatory Result 1)</p>	<p>Activity 1.1. Training related to performance, system and EU funds audits and preparation of the necessary baseline assessments</p> <ul style="list-style-type: none"> Comprehensive training needs analysis (TNA) will be carried out. Training plan will be designed and training material of at least 6 case studies on/for performance auditing, systems auditing and EU funds auditing will be achieved Training of auditors on system audit will be organized Training of auditors on performance audit will be organized Training of auditors on EU funds audit will be organized Four Study visits will be organized for 4 audit teams <p>Activity 1.2. Creation of groups of trainers</p> <ul style="list-style-type: none"> Groups of trainers will be created: two system audit groups, one performance audit group and one EU funds audit group. Groups will carry out audits comparing their specialization. 	<ul style="list-style-type: none"> Training Needs Assessment report 6 case studies selected in co-operation with CoA Training Plan drafted Training Materials created and developed Max. 20 auditors trained 4 study visits organized 	<ul style="list-style-type: none"> STE mission reports, result and assessment reports Training sessions; list of participants; certificates of participation; training materials Approved programmes for Study visits; booking of transportation and accommodation; training material; report about study visits International audit standard and guidelines are benchmarked against to CoA's standards and guidelines The Code of Conduct of the Court of Accounts' employees with control /audit functions 	<ul style="list-style-type: none"> The Project has access to all relevant info Continuing adherence to agreed policy objectives Adequate venue for training session provided; CoA staff willing to participate in training sessions and prepared to interact and collaborate with STEs Institutions in MS capable of hosting study visits, travel and accommodation and other procedures secured
		<ul style="list-style-type: none"> Lists of attendants to each training composed At least 6 trainers trained 	<ul style="list-style-type: none"> CoA human resources management and development strategy STE mission reports 	<ul style="list-style-type: none"> Continuing adherence to agreed policy objectives Availability of the key civil servants inside CoA

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	<p>Activity 1.3. Development and consolidation of CoA capacities to perform performance / system audits and audit of EU funds with the support of experts and their participation in audit missions, according to the new development methodological and regulatory norms</p> <ul style="list-style-type: none"> • CoA capacities to perform performance/system audits and audit of EU funds will be developed and consolidated with expert support and their participation to audit missions. • An institutionalized team of trainers will be involved in the planning 4 Pilot audits training • New methodological and regulatory norms will be developed, approved and put into force. 	<ul style="list-style-type: none"> • Training delivered for teams (2) on system audit • Training delivered for team on performance audit • Training delivered for team on EU funds audit. Audit plans for system, performance and EU funds audits made • Two system audits carried out • One performance audit carried out • One EU funds audit carried out • Four audit reports prepared and approved by the CoA Board • Methodological and regulatory norms will be developed, approved and put into force. 	<ul style="list-style-type: none"> • STE Mission reports • Assessment report (activity 2.2) • International audit standards and manuals 	<ul style="list-style-type: none"> • Continuing adherence to agreed policy objectives
	<p>Activity 1.4. Joint cold evaluation with experts of the quality of performed audits, elaborating of checklists for quality</p> <ul style="list-style-type: none"> • Two cold evaluations including preparation of the check lists will be planned and carried out together with experts of the quality. • Checklists elaborated for quality cold reviews. 	<ul style="list-style-type: none"> • Two cold evaluations carried out • Complete reports of two cold evaluations drafted • Checklist for quality cold reviews of performance audits developed 	<ul style="list-style-type: none"> • STE Mission reports • International audit standards and manuals 	<ul style="list-style-type: none"> • Continuing adherence to agreed policy objectives

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Intervention logic	Benchmarks	Sources of information	Assumptions (external to project)
<p>Activity 2.1. Reviewing the current law on the CoA in line with the ISSAI principles and EU best practices and the regulations of international organizations in the field. Adjusting the Law in accordance with the new requirements and procedures. Assistance on passing the project through the legislative process.</p> <ul style="list-style-type: none"> • Draft Law on the CoA will be revised, updated and submitted for adoption to the Parliament • Draft Law will be studied and analyzed in line with EU practices and the regulations of international organizations in the field. • Reviewing and submitting proposals for the review of the national normative control framework will be aligned and harmonized with EU best practices and the regulations of international organizations in the field. • The Law will be adjusted in accordance with the new requirements and procedures. • STEs will assist on passing the project through the legislative process. 	<ul style="list-style-type: none"> • Draft Law on the COA revised, updated and submitted for adoption to the Parliament • Internal regulations revised, finalized and approved 	<ul style="list-style-type: none"> • Systematic overview of legislation analyzed; STE mission reports and recommendations 	<ul style="list-style-type: none"> • A precise list of documents to be analyzed is made available to the STEs; English translation of all relevant material is provided; adequate human resources provided by CoA; CoA staff and other key stakeholders' experts cooperates in reviewing and provide input and background information needed
<p>Activities (Mandatory Result 2)</p>			

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	<p>Activity 2.2. Adjusting and revising internal regulations in accordance with changes in the legal framework.</p> <ul style="list-style-type: none"> The international regulatory framework will be analyzed in external audit field (the international audit standards) in comparison with the CoA's regulatory framework The CoA's regulatory framework in auditing will be updated and revised in order to bring it in line with the international legal and regulatory framework Recommendations and proposals for the revisions of internal regulations will be prepared Conditions for setting up and implementation of a meaningful significant knowledge base in the area of EU Acquis and especially regarding electronic library and thesaurus support created 	<ul style="list-style-type: none"> Internal regulations revised, finalized and approved. Workshops on internal procedure for imposing sanctions and related to the role of the Auditor regarding corruption and fraud delivered. Two drafts submitted to the Plenary of the CoA for its approval. One of them related to an internal regulation for imposing sanctions and the other related to the role of the Auditor regarding corruption and fraud. Workshops for reviewing the internal regulations of the CoA, at the light of its compliance with the amended Law and the best practices in EU countries and international organizations delivered. Drafts on internal regulations submitted to the Plenary of the CoA. 	<p>STE mission reports and recommendations</p>	
Intervention logic		Benchmarks	Sources of information	Assumptions (external to project)

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<p>Activity 3.1. Establishing of Training Needs Assessment procedure, drafting and implementing the Staff Appraisal System procedures</p> <ul style="list-style-type: none"> • Comprehensive and operational training needs assessment procedure will be established • The improved Staff Appraisal System procedures will be drafted and implemented • Gap analysis of current CoA practice referring to management and development of Human Resources will be accomplished • Practical assistance will be provided by STEs to HR Department • Personal Development Plan (PDP) and using information from Senior Managements' view of the CoA's output and effectiveness, and from the audit Methodology unity's ongoing assessment against international standards and quality control reviews • Based on the Training Needs Analysis the Training Plan will be drafted and approved • HR Management Policies will be revised in line with the EU standards and best practices • Job descriptions and competences statements for all levels of the CoA staff will be established in accordance with the changes in the legal framework, the new audit procedures, the training plan and programmes and the management policies 	<ul style="list-style-type: none"> • Report on establishing training needs assessment procedure established • Improved Staff Appraisal System procedures implemented • Gap analysis of current CoA practice referring to management and development of Human Resources performed • Training plan approved • Job descriptions and competence statements established. 	<ul style="list-style-type: none"> • STE mission reports and assessment reports • Interviews • CoA human resources management and development strategy • The Code of Conduct of the Court of Accounts' employees with control /audit functions • Report on creation of Training Plan and Training 	<ul style="list-style-type: none"> • Continued commitment of CoA staff to implement reforms
<p>Activities (Mandatory Result 3)</p>			

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	<p>Activity 3.2. Implementation of modern procedures of human resources management in line with EU standards; revising job description and competences statements, in accordance with the changes in the legal framework</p> <ul style="list-style-type: none"> • Assistance to the HR Department in setting criteria for assessing the benefits of possible qualification schemes for suitable auditors • Practical assistance will be provided by STEs to HR Department in developing a skills and regulatory framework for all grades, against which staff performance can be assessed in the more objective and consistent way • Seminars will be organized for all managers on how to undertake staff appraisals • Practical assistance provided by STEs to the HR Department in assessing the results of a performance appraisal system, with the aim of ensuring fairness and consistency 	<ul style="list-style-type: none"> • Seminar organized on how to undertake staff appraisals • Assessment of the results of the performance appraisal system made together with STEs and HR Department • Assessment of the leadership skills of the management of CoA elaborated and recommendations implemented and training on management skills delivered 	<ul style="list-style-type: none"> • STE mission reports and assessment reports • International audit standard and guidelines • CoA human resources management and development strategy • The Code of Conduct of the Court of Accountants' employees with control/audit functions 	<ul style="list-style-type: none"> • Continued commitment of CoA staff to implement reforms
	<p>Intervention logic</p>	<p>Benchmarks</p>	<p>Sources of information</p>	<p>Assumptions (external to project)</p>

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<p>Activities (Mandatory Result 4)</p>	<p>Activity 4.1. Implement measures to stabilize, maintain and intensify efficient relations with Parliament, Government and other authorities; organizing workshops to improve the communication between the CoA and the specified authorities</p> <ul style="list-style-type: none">• Gap analysis of current relations between CoA and Parliament/Government will be carried out.• These Benchmark analysis on openness, transparency and visibility of the CoA with all stakeholders will be developed and submitted to CoA management for consideration• Measures for intensified relations through a development innovative concept to be agreed with partners will be identified• Measures to enhance routine practice based on the new concept will be designed• Communication guidelines will be developed and implemented	<ul style="list-style-type: none">• Benchmark Analysis made• Workshop agendas, distribution materials and reports designed• 4 workshops organized<ul style="list-style-type: none">• A workshop with the participation of experts of different EU experts in the field, from Parliaments of different countries.• 2 workshops in which will be involved MP, Members of the CoA, and relevant staff of both institutions• A workshop in which will be involved members/high staff o from the State Chancellor, the Prime Minister Cabinet and the Ministry of Finance	<ul style="list-style-type: none">• STE mission reports and assessment reports	
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- Reports on workshops
- Communication guidelines implemented
- Regulations created and approved
- Pilot activities to promote new forms of cooperation implemented

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	<p>Activity 4.2. Implemented measures to stabilize, maintain and intensify efficient relations with media and civil society; organizing awareness raising events for the media, the civil society and public at large</p> <ul style="list-style-type: none">• A model of effective communication will be prepared• Staff in view of improving the level of communication with audited entities will be trained• Awareness raising events for media, the civil society and public at large will be organized: CoA knowledge in view of increasing the confidence of audited entities and of civil society in the activities of the CoA will be shared by organizing round tables and workshops• Measures to improve the communication process with audited entities will be designed	<ul style="list-style-type: none">• Benchmark Analysis;• Communication guidelines; Awareness raising events organised• Approved Regulations;• Agenda, distribution materials and reports on the workshops;	<ul style="list-style-type: none">• STE mission reports and assessment reports• Reports on the training seminars and workshops	
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<p>Activity 4.3. Promoting new efficient mechanism and measures enforcing stronger accountability of audited entities to follow CoA's recommendations and to intensify relations between CoA and audited entities</p> <ul style="list-style-type: none"> • Analysis of current work process of implementation of CoA's recommendations as compared with best practices carried out • Development of audit staff capacities to draft and consolidate the audit statements and recommendations will be reinforced • Necessary proposals to review the legislative and normative framework, as well as the institutional regulatory framework regarding accountability of audited entities in view of audit recommendations implementation will be elaborated • Relevant instruments with respect to a fundamental and continuous approach to implementation of audit recommendations based on existing processes of risk' appreciation will be established 	<ul style="list-style-type: none"> • An analysis of current implementation of CoA's recommendations as compared with best practices focusing in identifying its gaps. A report is done. • A workshop and a report on drafting recommendations/requirements in the audit reports is done. • Workshop conducted and reports prepared on design means of collaboration between CoA and internal audit units. • A guideline of collaboration between CoA and internal control units is approved. • A proposal for amending the current legal framework in order to enlarge the collaboration with the internal audit is drafted and submitted to the Parliament. • At least, four seminars or workshops with internal auditors in order to explain the benefits and need of collaboration conducted. • At least two seminars or workshops on analyze the situation with local entities conducted. 	<ul style="list-style-type: none"> • STE mission reports and assessment reports 	
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	<p>Activity 4.4. Coaching of CoA's members for measures to increase the Courts impact on improved public funds management</p> <ul style="list-style-type: none">• Gaps and actions to increase the Court of Accounts impact will be identified• Actions to promote the role and performance of Court members will be identified and implemented• The Courts' collegial action will be strengthened	<ul style="list-style-type: none">• Gaps identified• Action plan created• A communication procedure for Members is submitted to the Plenary	<ul style="list-style-type: none">• STE mission reports and assessment reports	
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	<p>Activity 4.5. Developing Benchmark Analysis on openness, transparency and visibility of the CoA with all stakeholders; developing guidelines for communication with all stakeholders (including a procedure guidance for Parliament and Government on follow-up of CoA's reports</p> <ul style="list-style-type: none">• Issue and presentation of the Benchmark Analysis on openness, transparency and visibility of the CoA with all stakeholders will be developed• Joint working group and coordination mechanisms will be established• Objective and content of procedural guide will be identified• Draft of procedural guides and its preparation for consultation will be elaborated• Bringing the project through the legislative process will be assisted	<ul style="list-style-type: none">• A self-assessment on openness, transparency and visibility of the CoA with all stakeholders is done.• A Benchmark analysis is submitted to the CoA management.• Guidelines for communication with Parliament and Government is done focusing in the follow-up of the CoA' reports.• A guideline on transparency on financial matter of the audited entities approved.• A guideline with the specific purpose of analysing the role of Civil Society Organizations in auditing and public finance management.• An Assessment Report on this field will be made and submitted to the Plenary of the CoA for its consideration.	<ul style="list-style-type: none">• STE mission reports and assessment reports	
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	<p>Activity 4.6. Study visits for Court members and senior managers together with the involved members of the Parliament in MS</p> <p>good practices of collaboration with European Court of Accounts and European Parliament to learn about the modalities of their interaction</p> <ul style="list-style-type: none">• The study mission to one MS with good practices of collaboration with EU Court of Auditors and EU Parliament will be prepared• Sessions (both within study visit and local working meetings) will be prepared and organized for the members of institutions involved in collaboration, as well as sharing of information and practices relevant to main areas of interaction between the Court and Parliament on issues to be discussed• 1 Study missions will be performed• Conclusions and analyses activities of lessons learnt, eventual actions will be identified for the future	<ul style="list-style-type: none">• Study visit has been fulfilled and benchmarking report summarizing findings, visits and recommendations have been elaborated	<ul style="list-style-type: none">• Approved programmes for Study visits; booking of transportation and accommodation; training material; report about study visits	<ul style="list-style-type: none">• Institutions in MS capable of hosting study visits, travel and accommodation and other procedures secured
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ARTICLE 4. TASKS (INPUTS)

PROJECT COORDINATION (32WD)		
Project Steering Committee meetings (8 meetings x 2 days)		
Method		
MS resources	MS PL Reijo Lindh (class 2) MS JR PL Jose Joaquin Carcia-Pando Mosquera (class 2) RTA Esko Mustonen	
	Number of missions	16 missions
	Number of working days	32 days
BS resources	BC PL, RTA Counterpart, BC component counterparts	
Other resources	Visibility material	

COMPONENT 0: Kick Off and Closure meetings (9 WD)		
Activity 0.1: Kick Off meetings (2 x 2 = 4 WD)		
Method	A one-day [high-level] Kick-off meeting with all the key stakeholders and actors (approx. 50 persons) relevant to the project will be organised in Chisinau. The purpose of meeting is to provide a first official contact to all stakeholders involved in the project and presenting the project to the media and the public at large. In order to guarantee large public information about the start of the project, the meeting will be concluded with a press conference and a press release. The Kick-off Meeting/conference will give the participants the opportunity to receive detailed information about the project objectives, purposes and implementation plan and support the commitment to the successful implementation of the project. Furthermore, the meeting/conference supports EU visibility from the very outset of the project.	
MS resources	MS PL Reijo Lindh (class 2) MS JR PL Jose Joaquin Carcia-Pando Mosquera (class 2) RTA Esko Mustonen	
	Number of missions	2 missions
	Number of working days	4 days
BS resources	BC PL, RTA Counterpart, BC component counterparts	
Other resources	Translation/interpretation, catering	

COMPONENT 0: Kick Off and Closure meetings (9 WD)	
Activity 0.2: Final Conference (5WD)	
Method	A one-day Final Conference for all project stakeholders as well as key stakeholders interested in external audit will be organised in Chisinau in order to disseminate the project results and create public awareness. The roundtable will be concluded with recommendations for follow-up actions and lessons learned for similar projects.
MS resources	MS PL Reijo Lindh (class 2) MS JR PL Jose Joaquin Garcia-Pando Mosquera (class 2) RTA Esko Mustonen Component Leader, Comp.2, Mr Enrique Alvarez Tolcheff (class 2) Component Leader, Comp 3, Mr Ari Sihvola (class 2) Component Leader, Comp 4, Mr Mariano Rojo (class 2)
	Number of missions 5 missions
	Number of working days 5 days
BS resources	BC PL, RTA Counterpart, BC component counterparts
Other resources	Translation/interpretation, catering

COMPONENT 1: Strengthen the Audit Capacities of the CoA	
Activity 1.1: Training related to performance, system and EU funds audits and preparation of the necessary baseline assessments; study visits for the audit teams organised (220 WD)	
MS Component Leader: Mr Reijo Lindh – MS Project Leader and Training Manager BC Component Leaders: Ms Trofim Natalia – Head of Audit Division I; Ms Ciuvalschi Sofia - Head of Audit Division II; Ms Spoialo Mariana – Head of Performance Audit Division; Mr Potlog Vladimir – Head of Audit Division III	
Method	This activity represents the starting point in building capacities of the CoA in the area of performance audits, system audits and EU fund audits. First task is to Identify and institutionalise four (4) team of auditors who will be involved in performance, system and EU funds audits. RTA together with CoA staff will be responsible of this first task. STEs, specialist in training needs analysis, will assess the current knowledge and professional skills of the team of auditors in the field of performance, system and EU funds audits. STEs will design a training plan and finalize the training materials of at least 6 case studies together with other STEs, specialist in performance, system and EU funds audits during the second mission. Thirdly STEs will identify necessary actions for training on the job and drafting audit reports and recommendations. Furthermore, STEs will evaluate of obtained audit skills as a result of training program implementation. RTA will organise 4 study visits to EU MS for 4 audit teams involved in pilot audits. It is proposed that those study visits will be organised to Finland. The study visit participants will draft analytical study visit reports including proposals and recommendations based on EU best practices learned during the study visits.
Benchmarks	<ul style="list-style-type: none"> • Training Needs Assessment report • Training Plan drafted • Training Materials created and developed

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	* Study tours programmes * Study tours delivered * Study tours reports	
MS resources	RTA Esko Mustonen STE Lasse Oulasvirta (class 2) STE Vesa Jatkola (class 2) STE Kari Rouvinen (class 1) STE Visa Paajanen (class 1) STE Jan Holmberg (class 1) STE Ulla Suomela (class 2) STE Reijo Lindh (class 2) STE Ara Haikarainen (class 2) STE Petri Huovinen (class 2) STE Lassi Perkinen (class 1) STE Mariano Rojo Pérez (class 1) STE Beatriz González Betancort (class 1) STE Domingo García Díez (class 1)	
	Number of missions	44 missions
	Number of working days	220 days
BS resources	BC PL, RTA Counterpart, BC component counterparts	
Other resources	Flight tickets, per diems and travel in MS for study visits	

COMPONENT 1: Strengthen the Audit Capacities of the CoA	
Activity 1.2: Creation and training of group of trainers (60 WD)	
MS Component Leader: Mr Reijo Lindh – MS Project Leader and Training Manager BC Component Leaders: Ms Trofim Natalia – Head of Audit Division I; Ms Ciuvalschi Sofia - Head of Audit Division II; Ms Spoialo Mariana – Head of Performance Audit Division; Mr Potlog Vladimir – Head of Audit Division III	
Method	RTA together with STEs will create groups of trainers: two system audit groups, one performance audit group and one EU funds audit group. Secondly STEs will prepare of training cycles for trainers and support them to carry out audits comparison within their specialization.
Benchmarks	<ul style="list-style-type: none"> • Establishment documents of the respective teams and evaluation sheets of trainings made • Lists of attendants to each training composed • Training delivered for teams (2) on system audit • Training delivered for team on performance audit • Training delivered for team on EU funds audit • Feedback gathered from trainees
MS resources	RTA Esko Mustonen STE Lasse Oulasvirta (class 2) STE Vesa Jatkola (class 2) STE Kari Rouvinen (class 1) STE Visa Paajanen (class 1) STE Jan Holmberg (class 1)

	STE Ulla Suomela (class 2) STE Reijo Lindh (class 2) STE Lassi Perkinen (class 1) STE Mercedes Rodríguez Tarrida (class 1) STE María Consuelo Lage Ferrón (class 1) STE Francisco José Velasco Moreno (class 1) STE María del Carmen Herrera Velasco (class 1)	
	Number of missions	12 missions
	Number of working days	60 days
BS resources	BC PL, RTA Counterpart, BC component counterparts	
Other resources		

COMPONENT 1: Strengthen the Audit Capacities of the CoA

Activity 1.3: Development and consolidation of CoA capacities to perform performance/system audits and audit of EU funds with the support of experts and their participation in audit missions, according to the new development methodological and regulatory norms (120WD)

MS Component Leader: Mr Reijo Lindh – MS Project Leader and Training Manager

BC Component Leaders: Ms Trofim Natalia – Head of Audit Division I; Ms Ciuvalschi Sofia - Head of Audit Division II; Ms Spioalo Mariana – Head of Performance Audit Division; Mr Potlog Vladimir – Head of Audit Division III

Method	<p>RTA will develop and consolidate CoA capacities to perform performance/system audits and audit of EU funds with expert support and their participation to audit missions. STE groups (3 STEs/pilot audit) for pilot audits will be created so that necessary expertise and adequate participation of experts can be provided in all steps of pilot audits. The experts in this activity are either experienced auditors or experts in area of pilot audits.</p> <p>Key qualifications for staff members who conduct pilot audits will be developed in activities 1.1 and 1.2. New methodological and regulatory norms and also the INTOSAI Code of Ethics and Auditing Standards as well as relevant SAI standards and guidelines will be applied to performance/system and EU-fund audits.</p> <p>Pilot projects are:</p> <ol style="list-style-type: none"> 1) Pension system performance 2) Audit of public investment project's impact and financial resource use 3) Performance audit of the public revenue administration 4) Audit of implementation impact of policy strategies and programs aimed at improving the state border security <p>The audits are planned in a manner, which ensures that an audit of high quality is carried out in an economic, efficient and effective way and in a timely manner.</p>
Benchmarks	<ul style="list-style-type: none"> • Two system audits carried out • One performance audit carried out • One EU funds audit carried out • Four audit reports made • Training of Trainers delivered • Report on the respective training drafted

	<ul style="list-style-type: none"> • Participation of an institutionalized team of trainers to the planned 4 Pilot audit • New methodological and regulatory norms on system audits and EU funds audit developed and approved 				
MS resources	RTA Esko Mustonen STE Taisto Leppänen (class 1) STE Pasi Ovaska (class 1) STE Antti Lehtonen (class 1) STE Jyrki Pennanen (class 1) STE Jukka Vuorio (class 1) STE Helge Vuoti (class 1) STE Mikko Helkiö (class 1) STE Sari Nousiainen (class 1) STE Elina Pylkkänen (class 1) STE Klaus Krokfors (class 1) STE Lassi Perkinen (class 1) STE Maarit Turunen (class 1) STE Sirpa Korkea-aho (class 1) STE Pedro García Reppeto (class 1) STE José Francisco Ballesteros Pinto (class 1) STE Jesús Manuel Gómez García (class 1) STE Jorge Álvaro Navas Elorza (class 1)				
	<table border="1"> <tr> <td>Number of missions</td> <td>24 missions</td> </tr> <tr> <td>Number of working days</td> <td>120 days</td> </tr> </table>	Number of missions	24 missions	Number of working days	120 days
Number of missions	24 missions				
Number of working days	120 days				
BS resources	BC PL, RTA Counterpart, BC component counterparts				
Other resources					

COMPONENT 1: Strengthen the Audit Capacities of the CoA	
Activity 1.4: Joint cold evaluation with experts of the quality of performed audits, elaborating of check-lists for quality (70 WD)	
MS Component Leader: Mr Reijo Lindh – MS Project Leader and Training Manager BC Component Leaders: Ms Trofim Natalia – Head of Audit Division I; Ms Ciuvalschi Sofia - Head of Audit Division II; Ms Spoialo Mariana – Head of Performance Audit Division; Mr Potlog Vladimir – Head of Audit Division III	
Method	Cold evaluations are carried out in order to enable lessons learned and applied in future audit projects. The purpose of cold review is to ensure compliance with relevant auditing standards and to analyze weaknesses in the way whole audit work is conducted and how it can be improved for next similar assignments by updating CoA's quality control standards, training the staff etc. Cold audits support the sustainability of the project. Two audits will be selected during the audit process of pilot audits. With support of experts, that has been participating audit processes detailed cold audit work plan will be created and applied.
Benchmarks	<ul style="list-style-type: none"> • Two cold evaluations carried out • Complete reports of two cold evaluations drafted • Checklist for quality cold reviews of performance audits developed
MS resources	RTA Esko Mustonen

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	STE Taisto Leppänen (class 1) STE Antti Lehtonen (class 1) STE Jyrki Pennanen (class 1) STE Jukka Vuorio (class 1) STE Helge Vuoti (class 1) STE Mikko Helkiö (class 1) STE Sari Nousiainen (class 1) STE Vesa Jatkola (class2) STE Visa Paajanen (class 1) STE Ulla Suomela (class 2) STE Klaus Krokfors (class 1) STE Maarit Turunen (class 1) STE Sirpa Korkea-aho (class 1) STE José Ignacio Cabetas Bello (class 1) STE Juan Ruiz-Rico Alcaide (class 1) STE Sofía Viñayo Fernández (class 1) STE Vanesa Fructuoso Muñoz (class 1)	
	Number of missions	14 missions
	Number of working days	70 days
BS resources	BC PL, RTA Counterpart, BC component counterparts	
Other resources	Translation/interpretation, training materials	

COMPONENT 2: Legal Framework	
<p>The expectations over the Moldavian Court of Accounts, as over all the Supreme Audit Institutions (SAIs), are formidable. This is because the CoA plays such a vital role in holding government to account for their stewardship of public funds and in helping ensure the transparency of government operations. In turn, this means CoA must work with integrity and meet the highest professional standards. It also means that the CoA have to organize and manage their own operations and to fulfil its mandates as effectively as possible in an environment marked by constant change and challenge.</p> <p>For this purpose, this component is focused in drafting the needed amends to the Law that will rule the Moldavian Court of Accounts. And the contribution of the MS is to provide assistance in order to suit the Law with the EU best practices and the regulations of international organizations in the field (INTOSAI). Our aim is not to impose our own model (from Finland or Spain). It is just to expose different answers from different EU legislation over the same challenges; to assist in the finding the best solution at the light of the Moldavian needs, taking into account the national legal framework related to the role of the CoA; to check the proposed solutions with the international best practices on the field, especially with the EU acquis and the regulations of international organizations in the field; to assist in drafting the needed amends; and on passing the project through the legislative process.</p> <p>Once the amends of the Law (or, in case, a new Law) had been approved, it will be needed to review the internal regulations of the CoA. Currently there are twenty two legal acts approved by the CoA (Regulations, Instructions and others), that need to be checked. The extension of this activity is known at the moment, nevertheless to guarantee the success of this activity there are foreseen, in accordance with the Project fiche enough experts and resources, But there are two issues that won't</p>	

depend of the amend of the Law: an internal regulation for imposing sanctions, which is demanded by Law n° 41 from 27.03.2014 that amends the Contraventional Code of the Republic and the Law of the Court of Accounts, and an internal regulation about the role of auditor regarding fraud and corruption.

Activity 2.1: Reviewing the current Law on the CoA in line with the EU best practices and the regulations of international organizations in the field. Adjusting the Law in accordance with the new requirements and procedures. Assistance on passing the project through the legislative process. (50 WD)

MS Component Leader: Mr Enrique Alvarez Tolcheff- Director of the Audit Section Presidency Department of the Spanish Court of Audit

BC Component Leader: Ms Ana Saichin – Head of Legal Division

Method

This activity is conceived as a core activity in this Twinning, as the future of the CoA depends of the success with which the Law configures and defines the CoA. The overall purpose of this activity is to update the Law of the Moldavian Court of Audit in line with EU best practises and the regulations of international organizations in the field (INTOSAI).

To achieve these purposes, the activity involves different phases:

- Analysis of different models of EU Laws in the field.
- Analysis of national legal framework relevant to the activity of CoA; identify gaps in the current legislation and goals to achieve.
- Drafting of a Needs Assessment Report and submission to the Plenary of the CoA.
- Drafting of the first legislation outline.
- Submission and discussion of the proposal to the Parliament.

Method of Implementation.

Given the fact that there are different models of SAIs, and different responses to similar challenges, this activity will begin with the exposition of different legislations and regulations in the field, considering that the goal is not to impose a specific model. For this purpose experts of different countries will participate in a workshop together with Members and relevant staff from the CoA.

Organization of workshops to analyse this information and supported by an exchange of expertise.

Drafting of a Needs Assessment Report (in close cooperation with the PL, CL and other relevant stakeholders of the BC) in order to be analysed by the Plenary of the CoA.

After the Plenary had examined and discussed the above mention Report, is the time to draw, taking into account the comments and suggestions done, the first legislation outline. It will be drafted by a STE in close cooperation with the BC PL, the CL and other relevant staff and submitted also to the Plenary of the CoA which will take acknowledge and could make comments to it. Then it will be submitted to the Parliament for the legislative procedure, which could include the necessary assistance.

Benchmarks

- A workshop with representatives of 5 different EU SAIs is done in order to analyse its Laws at the light of the Moldavian needs.
- The Law of the CoA, and the legal framework related to this Law, is analysed and compared with international best practises through 2 workshops.
- A Need Assessment Report is submitted to the Plenary of the CoA.

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	<ul style="list-style-type: none"> The first legislation outline is done and submitted to the Plenary of the CoA and to the Parliament.
MS resources	RTA Esko Mustonen JPL José Joaquín García-Pando Mosquera (class 2) CL Mr Enrique Alvarez Tolcheff (class 2) STE Mr. Wojciech Kutyla (class 1) STE Mr. Alexandru Costache (class 1) STE Ms. Conceição Ventura (class 1) STE Mr. Michal Pleticha (class 1) STE Mr. José Antonio Pajares Giménez (class 2) STE Mr Jari Sanaskoski (class 1) STE Mr. Jyri Inha (class 1) STE Mr. Vesa Jatkola (class 2) STE Mr Ara Haikarainen (class 2)
	Number of missions 10 missions
	Number of working days 50 days
BS resources	BC PL, RTA Counterpart, BC component counterparts
Other resources	

COMPONENT 2: Legal Framework

Activity 2.2: Adjusting and revising internal regulations in accordance with changes in the legal framework. (70 WD)

MS Component Leader: Mr Enrique Alvarez Tolcheff Director of the Audit Section Presidency Department of the Spanish Court of Audit
BC Component Leader: Ms Ana Saichin – Head of Legal Division

Method

- The Moldovan CoA has a relevant number of varied internal Regulations and Instructions and also Legal Methodological Acts (Manuals, Guidelines and Methodologies).

Once the Moldovan Parliament had approved the Law (or, in case the amend to the current Law) of the Court of Accounts, it is needed firstly to analyse the international regulatory framework in the external audit field (the international audit standards) in comparison with the CoA's regulatory framework. Secondly there will be needed a revision (and in case) the updating of the CoA regulatory framework in auditing in order to bring it in line with the international legal and regulatory framework.

Although the content and extension (in terms both of matters and of missions and working days) of this activity will depend on the content of the legal reform, as it stated in the project fiche, there are two issues that need to be regulated, according with the BC PL:

- An internal procedure in the CoA for imposing sanctions, that it is required by the adoption of Law no 41, from 27.3.2014, which amends the Contravention Code of the Republic of Moldova (Law no 218, from 24.10.2008) in order to sanction persons who, with no grounded reasons, do not execute the CoA' decisions or failure to submit, with no grounded reasons, data, information, acts and documents requested by the CoA.
- An internal regulation about the role of the Auditor regarding corruption and

	<p>fraud.</p> <p>Implementing those actions allows creating conditions for setting up and implementing a knowledge base in the area of EU Acquis and especially regarding electronic library and thesaurus support.</p>				
Benchmarks	<p>Workshops on internal procedure for imposing sanctions and related to the role of the Auditor regarding corruption and fraud.</p> <p>Two drafts submitted to the Plenary of the CoA for its approval. One of them related to an internal regulation for imposing sanctions and the other related to the role of the Auditor regarding corruption and fraud.</p> <p>Workshops for reviewing the internal regulations of the CoA, at the light of its compliance with the amended Law and the best practices in EU countries and international organizations.</p> <p>Drafts on internal regulations submitted to the Plenary of the CoA.</p>				
MS resources	<p>RTA Esko Mustonen</p> <p>JPL José Joaquín García-Pando Mosquera (class 2)</p> <p>STE Mr. Andrés Gutiérrez García (class 2)</p> <p>STE Mr. Francisco Javier Carbajosa Pérez (class 2)</p> <p>STE Mrs. Mónica Rino García-Camacho (class 2)</p> <p>STE Mrs. Amparo Sebastía Casado (class 2)</p> <p>STE Mr. José Antonio Cantero Palazón (class 2)</p> <p>STE Mr. Enrique Cabello Rodríguez (class 2)</p> <p>STE Mr. Agustín Pérez-Cruz (class 2)</p> <p>STE Mrs. Concepción Gutiérrez García (class 2)</p> <p>STE Mr. Carlos García Soto (class 2)</p> <p>STE Mr. Carlos Cubillo Rodríguez (class 2)</p> <p>STE Ms. Maria Luz Martín Sanz (class 2)</p> <p>STE Mr. José Antonio Pajares Giménez (class 2)</p> <p>STE Mr Jyri Inha (class 1)</p> <p>STE Mr. Vesa Jatkola (class 2)</p> <p>STE Mr. Francisco José Velasco Moreno (class 1)</p> <p>STE Mrs. María del Carmen Herrera Velasco (class 1)</p>				
	<table border="1"> <tr> <td>Number of missions</td> <td>14 missions</td> </tr> <tr> <td>Number of working days</td> <td>70 days</td> </tr> </table>	Number of missions	14 missions	Number of working days	70 days
Number of missions	14 missions				
Number of working days	70 days				
BS resources	BC PL, RTA Counterpart, BC component counterparts				
Other resources					

COMPONENT 3: Human Resource Management of the CoA	
Activity 3.1: Establishing of Training Needs Assessment procedure, drafting and implementing the Staff Appraisal System procedures (50WD)	
MS Component Leader: Mr Ari Sihvola	
BC Component Leader: Ms Lilia Ivasco – Head of Human Resources and Security Division	
Method	STE(s), specialists in HR, will work closely with staff of the (internal) Human Resources Management (HRM) area of the CoA. STE will establish comprehensive and operational training needs assessment procedure. STE(s) will draft and implement the improved Staff Appraisal System procedures inside of the CoA.

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	<p>RTA together with STE(s) will accomplish gap analysis of current CoA practice referring to management and development of Human Resources (examination of norm regarding the status of civil servant and related constrains). STE(s) will provide practical assistance to the HR Department to achieve a comprehensive training needs analysis based on information from individuals' Personal Development Plan (PDP) and using information from Senior Managements' view of the CoA's output and effectiveness, and from the audit Methodology unity's ongoing assessment against international standards and quality control reviews.</p> <p>RTA together with STE(s) will draft and approve the Training Plan based on the Training Needs Analysis. RTA/STE(s) will revise HR Management Policies in line with the EU standards and best practices. RTA/STE(s) will establish job descriptions and competences statements for all levels of the CoA staff in accordance with the changes in the legal framework, the new audit procedures, the training plan and programmes and the management policies</p>				
Benchmarks	<ul style="list-style-type: none"> • Report on establishing Training needs Assessment procedure drafted • Report on Staff Appraisal System improvements achieved • Report on creation of Training Plan and Training Programmes drafted • Human Resource Management policies documents drafted • Job descriptions and competences defined and created 				
MS resources	<p>RTA Esko Mustonen STE Ari Sihvola (class 2) STE Riitta Tihinen (class 2) STE Johanna Snellman (class 2) STE Anna Saharinen (class 2) STE Lasse Oulasvirta (class 2) STE Arunas Beksta (class 2) STE José Antonio Cantero Palazón (class 2) STE Enrique Cabello Rodriguez (class 2) STE Carlos García Soto (class 2)</p>				
	<table border="1"> <tr> <td>Number of missions</td> <td>10 missions</td> </tr> <tr> <td>Number of working days</td> <td>50 days</td> </tr> </table>	Number of missions	10 missions	Number of working days	50 days
Number of missions	10 missions				
Number of working days	50 days				
BS resources	BC PL, RTA Counterpart, BC component counterparts				
Other resources					

COMPONENT 3: Human Resource Management of the CoA	
Activity 3.2: Implementation of modern procedures of human resources management in line with EU standards; revising job description and competences statements, in accordance with the changes in the legal framework (60WD)	
MS Component Leader: Mr Ari Sihvola BC Component Leader: Ms Lilia Ivasco – Head of Human Resources and Security Division	
Method	RTA together with STEs will implement assistance to the HR Department in setting criteria for assessing the benefits of possible qualification schemes for suitable auditors, to attract and act as a motivator for quality staff. STEs will provide practical assistance to HR Department in developing a skills and regulatory framework for all grades, against which staff performance can be assessed in the more objective and consistent way. RTA together with STEs will organize seminars for all managers on how to undertake staff appraisals. STEs

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	will provide practical assistance to the HR Department in assessing the results of a performance appraisal system, with the aim of ensuring fairness and consistency; this would cover training in project management and development of management skills in general. RTA/STEs will present provision of ongoing advice to the management of CoA.	
Benchmarks	<ul style="list-style-type: none"> • Seminar organized on how to undertake staff appraisals • Assessment of the results of the performance appraisal system made together with STEs and HR Department • Training on Project Management and development of management skills will be organized • Provision of ongoing advice to the management of CoA presented 	
MS resources	RTA Esko Mustonen STE Ari Sihvola (class 2) STE Riitta Tihinen (class 2) STE Johanna Snellman (class 2) STE Anna Saharinen (class 2) STE Lasse Oulasvirta (class 2) STE Arunas Beksta (class 2) STE José Antonio Cantero Palazón (class 2) STE Andrés Gutiérrez García (class 2)	
	Number of missions	12 missions
	Number of working days	60 days
BS resources	BC PL, RTA Counterpart, BC component counterparts	
Other resources		

COMPONENT 4: Strengthen the interaction with the authorities of the Republic of Moldova and increase the impact of the Court of Accounts activities

A key purpose of this Project is to achieve that the Moldavian CoA plays a vital role in holding all the Moldavian public entities to account for their management of public funds, and in helping ensure the transparency of its operations. For this purpose the targets to work with are:

- A) Parliament (activities 4.1, 4.5 and 4.6)
- B) Government (activities 4.1 and 4.5)
- C) Audited entities (activity 4.3 and 4.5)
- D) Media and civil society (activity 4.2 and 4.5)
- E) The CoA itself (activity 4.4)

A) The CoA is co-partner with the legislature in this regard: both the SAI and the legislature must monitor the proper use of public funds. The legislature mainly exercises political oversight over budgets. The CoA provides professional, impartial, and independent audit work to supplement the legislature's role.

In many countries, a specific legislative committee (such as a budgetary control committee or public accounts committee) reviews all matters related to external audits. This committee is the SAI's main contact for dealing with audit findings and conclusions and endorsing them, where appropriate.

One of the main objectives is to design a proper model of legislative committee for the relationships with the CoA. The success of the CoA's proposals, suggestions, and interventions largely depends on whether the senior managers are able to interest the relevant legislators in the matter in question. This committee is the CoA's main contact for dealing with audit findings and conclusions and endorsing them, where appropriate.

A proper follow-up on the implementation of resolutions (that the relevant legislative committee has adopted based on the CoA's reports), through a formal procedure should be put in place.

B) But not only is the legislature a main target for this purpose. Although CoA needs to be physically, financial, politically and practically independent of the Government, this insistence on independence need not come at the expense of a refusal to work with Government partners when there are common agendas to be followed and when, by so doing, the CoA's work can have greater impact.

Currently the role of the CoA needs to be better understood by the Government; and that role is not other than to help to improve a sound management, an efficient use of public funds and, especially, a proper monitoring of the implementations of the CoA requests and recommendations made in its reports, which could require amends of some Laws. For this reason the State Chancellery, the Prime Minister and the Ministry of Finance are seen as key actors.

C) The country's adherence to the concept of Public Internal Financial Control (PIFC) means a profound transformation in its control system. The former programme of external control as "financial revision" as carried out by the Financial Control and Revision Service (FCRS), as well as the "external control" through controllers at the Court of Accounts are all being replaced at respective levels of Government.

This project will also focus in the cooperation and communication between internal and external auditors as a mean to improve the accountability of audited entities and to facilitate, in a smooth manner, this transformation. Both CoA and internal auditors have a common purpose: to promote good governance through contributions to transparency in and accountability for the use of public resources, as well as to promote efficient, effective, and economic use of public funds.

D) "Producing an audit report is part of a wider process for achieving beneficial change. Audit reports should not be seen as an end in themselves, but rather as a key part of the process of making government systems and processes transparent and accountable. If the audit report is not read and understood by the right people, improvements will not happen. Making reports more readable, more accessible, and more relevant to all stakeholders is essential. It is also important to engage with those who can help the development of the audit and the audit findings, and with those who can communicate the messages of the report to stakeholders. Two key steps in making the best use of the investment contained in the audit report include sending decision makers and those who are responsible for implementing improvements the information they need at the right time and in the right way, and following-up on the implementation process to make sure that the correct action has been taken" (*How to increase the use and impact of audit reports.- A guide for Supreme Audit Institutions*).

For this purpose, the media is an important source of information for legislators and their staff, audit entities, and the general public. Legislators are very busy people. Many of them do not have time to read long audit reports. However, they usually follow the media closely.

Civil Society Organizations (CSOs), can also look into issues that arise from an audit report. These groups can help monitor the auditee's follow-up to an audit report and legislative earings. Along with attention from the media, this monitoring can place pressure on the auditee to take corrective action.

Activity 4.1: Implement measures to stabilize, maintain and intensify efficient relations with Parliament, Government and public authorities; organising workshops to improve the communication between the CoA and other authorities (30WD)

MS Component Leader: Mr. Mariano Rojo

BC Component Leader: Ms Nina Onofrei, Head of the Directorate-General for Methodology

Method	<p>The overall purposes of this activity comprises the establishment of an efficient relation in terms of communication and cooperation with Parliament, Government and other authorities, enabling the Moldovan CoA to perform its role and duties (especially in all that is related with the , with a guaranty of consensus and in line with the EU standards.</p> <p>Firstly, and related to Parliament, the proposed activities will focus in defining</p>
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	<p>the role of the Committee of the Parliament for relations with the Court of Audit (currently in the Moldova's Parliament these functions are taken over by the Committee on Economy, Budget and Finance).</p> <p>For this purpose, there is foreseen a workshop in which will be involved Members of the Parliament of the Moldavian Republic and in which will participate experts from different national Parliaments (Portugal, Romania, Poland, Czech Republic, Finland and Spain). The aim of this workshop is not only to expose different systems of relationships between Parliament and SAIs, but to create an active environment for the interchange of different experiences at the light of the Moldavian needs. In order to gain visibility different media (TV, press, radio) will be invited.</p> <p>Regarding relations with Government, currently there is not any kind of inter-institutional collaboration relationships between the CoA and the Government. As a result of this lack of collaboration between both (CoA and Government) the situation concerning to the execution of requirements and implementation of the CoA recommendations is perceived as precarious by the CoA and has to improve substantially.</p> <p>For this reason an important objective of this component is to establish a Cooperation Counsel or Joint Group with the objective of increase the cooperation between the CoA and the Government, especially focused in the improvement of the execution of the requirements and recommendations of the CoA.</p> <p>To achieve these purposes, the activity involves different phases:</p> <ul style="list-style-type: none"> • Analysis of different models of relationship between Parliament and CoA. • Analyze the model of Parliament Committee. • Identify gaps in the relations CoA and Government and to propose measures for increase relations especially with the State Chancellery and the Ministry of Finance. <p>This activity has its continuity in activity 4.5</p>
Benchmarks	<p>A workshop of 2 days with the participation of experts of different EU experts in the field, from Parliaments of different countries, is done in order to expose different model of relation between Parliament and SAIs.</p> <p>2 workshop in which will be involved MP, Members of the CoA, and relevant staff of both institutions are done in order to analyse the role of the Parliamentarian Committee and the means to increase its relations with the CoA.</p> <p>1 workshop in which will be involved members/high staff o from the State Chancellery, the Prime Minister Cabinet and the Ministry of Finance is done.</p>
MS resources	<p>RTA Esko Muskonen JPL José Joaquín García-Pando Mosquera (class 2) STE Mr. Fernando Galindo, (class 1) STE Mr. Jacek Mazur, (class 1) STE Mrs. Giorgiana Ene, (class 1) STE Ms. Joana Figueiredo (class 1) STE Mr Martin Kavena, (class 1) STE Mrs. Monica Rino García-Camacho (class 2) STE Mrs. Amparo Sebastián Casado (class 2) STE Mr. Francisco Javier Carbajosa (class 2) STE Mr. Enrique Álvarez Tolcheff (class 2) STE Mr. Matti Salminen (class 1) STE Mr Klaus Krokfors (class 1)</p>

	STE Mr Ara Haikarainen (class 2) STE Mr Jari Sanaskoski (class1)	
	Number of missions	6 missions
	Number of working days	30 days
BS resources	BC PL, RTA Counterpart, BC component counterparts	
Other resources		

COMPONENT 4: Strengthen the interaction with the authorities of the Republic of Moldova and increase the impact of the Court of Accounts activities

Activity 4.2: Implemented measures to stabilize, maintain and intensify efficient relations with media and civil society; organizing awareness raising events for the media, the civil society and public at large (60WD)

MS Component Leader: Mr. Mariano Rojo

BC Component Leader: Ms Violeta Balan, Head of the Public Relations and Image Service

Method	<p>This activity represents an approach to the content of the communication policies that the CoA shares with the local media, civil society and with the public institutions it serves, or the ones somehow related with it, to undertake improvements in this field.</p> <p>An initial contact with the counterparts, to see the present situation in the communication activity of the CoA, will help to take appropriate decisions to overcome the possible gaps that could be identified, by sharing the different experiences in this area among the participants in the Twinning.</p> <p>The task work out by drafting a planning that helps to implement the information flow in the European communication scenarios at all levels.</p> <p>Seminars, debates, and workshops—, will be based from the latest use of the information technologies in the Public Sector, to the financial news and reports of the Courts of Accounts and its relation with social issues of deep draft.</p> <p>Several workshops will be dedicated to the citizen and representatives institutions, by preparing training seminars.</p> <p>The training consists mostly of case study.</p> <p>Group exercises, presentations, demos, will be performed, too.</p> <p>This activity has its continuity in activity 4.5</p>
Benchmarks	<ul style="list-style-type: none"> – Benchmark Analysis; – Communication guidelines; – Approved Regulations; – Agenda, distribution materials and reports on the workshops; – Reports on the training seminars and workshops; – Reports on the awareness events – More knowledge of the activities of CoA in the EU – Impact analysis discussed by the CoA management and available to all stakeholders.
MS resources	<p>RTA Esko Muskonen JPL José Joaquín García-Pando (class 2) STE Mrs. Marisa del Valle (class 1) STE Mr. Carlos Castelló (class 1) STE Mrs. Helena Mateos (class 1) STE Mrs. Concepción Gutiérrez (class 2)</p>

	STE Mrs. Elena Mateo (class 1) STE Mrs. Janina Himberg (class 2)	
	Number of missions	12 missions
	Number of working days	60 days
BS resources	BC PL, RTA Counterpart, BC component counterparts	
Other resources		

COMPONENT 4: Strengthen the interaction with the authorities of the Republic of Moldova and increase the impact of the Court of Accounts activities

Activity 4.3: Promoting new efficient mechanism and measures enforcing stronger accountability of audited entities to follow CoA's recommendations and to intensify relations between CoA and audited entities (40WD)

MS Component Leader: Mr. Mariano Rojo

BC Component Leader: Ms Violeta Balan, Head of the Public Relations and Image Service

Method	<p>The objective of this activity is to improve the level of accomplishment, by the audited entities, of the requirements and recommendations made by the CoA.</p> <p>This objective requires, as a first step, an analysis of current implementation of CoA's recommendations as compared with best practices in order to identify, gaps, difficulties, how is monitoring done, etc.</p> <p>Once analysis is made there will be two mainstream objectives to comply with. First of all there will be needed to develop the staff capacities for drafting audit statements and recommendations in order to assure its fully comprehension by the audited entities.</p> <p>But also it is needed to enforce the accountability of the audited entities, focusing in the internal audit units.</p> <p>For achieving this last objective it will be necessary to review the normative framework regarding accountability of audited entities in view of audit recommendations implementation.</p> <p>And for the sustainability of the achievements relevant instruments will be needed, especially regarding means of collaboration between CoA and internal audit units, in order to assure a fundamental and continuous approach to implementation of audit recommendations based on existing processes of risks' appreciation.</p> <p>Once these two important objectives are complied with, there will be held workshops in which will be involved significant staff from the CoA and internal auditors in order to assure a proper collaboration and understanding between them.</p> <p>Finally we'd like to offer the experience of the Spanish Court of Audit on this field through its webpage.</p> <p>Workshop on analysis of the current situation; workshop on drafting recommendations/requirements in the audit reports; workshops on design means of collaboration between CoA and internal audit units; drafting a proposal for amending the current legal framework in order to enlarge the collaboration with the internal audit; seminars or workshop between CoA and internal audit units of all levels (central authorities and local level); seminar about new ways of accountability: the experience of the Spanish Local Entities Accountability Website.</p> <p>This activity has its continuity in activity 4.5</p>
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Benchmarks	<p>An analysis of current implementation of CoA's recommendations as compared with best practices focusing in identifying its gaps. A report is done.</p> <p>A workshop and a report on drafting recommendations/requirements in the audit reports is done.</p> <p>Workshop and reports on design means of collaboration between CoA and internal audit units.</p> <p>A guideline of collaboration between CoA and internal control units is done.</p> <p>A proposal for amending the current legal framework in order to enlarge the collaboration with the internal audit is done.</p> <p>At least, four seminars or workshops with internal auditors in order to explain the benefits and need of collaboration.</p> <p>At least two seminars or workshops on analyze the situation with local entities.</p>	
MS resources	<p>RTA Esko Muskonen</p> <p>JPL José Joaquín García-Pando (class 2)</p> <p>STE Mrs. María Luz Martín (class 2)</p> <p>STE Mr. José Antonio Pajares Giménez (class 2)</p> <p>STE Mr. Enrique Álvarez Tolcheff (class 2)</p> <p>STE Mr. Carlos García Soto (class 2)</p> <p>STE Mr. Rafael Pou Bel (class 2)</p> <p>STE Mrs. Laura Atance Aparicio (class 2)</p> <p>STE Mrs. María de los Santos Nieto Martín (class 2)</p> <p>STE Mr. Domingo García Díez (class 1)</p> <p>STE Mrs. Mercedes Rodríguez Tarrida (class 1)</p> <p>STE Mrs. Beatriz González Betancort (class 1)</p> <p>STE Mrs. Beatriz Molinuevo Sauca (class 1)</p> <p>STE Mrs. Consuelo Lage (class 1)</p> <p>STE Mr. Francisco José Velasco (class 1)</p> <p>STE Mrs. María del Carmen Herrera (class 1)</p> <p>STE Mr Vesa Jatkola (class 2)</p> <p>STE Mr Visa Paajanen (class 1)</p>	
	Number of missions	8 missions
	Number of working days	40 days
BS resources	BC PL, RTA Counterpart, BC component counterparts	
Other resources		

COMPONENT 4: Strengthen the interaction with the authorities of the Republic of Moldova and increase the impact of the Court of Accounts activities

Activity 4.4: Coaching of CoA's members for measures to increase the Courts impact on improved public funds management (40WD)

MS Component Leader: Mr. Mariano Rojo

BC Component Leader: Ms Violeta Balan, Head of the Public Relations and Image Service

Method	<p>Given the fact that the Moldavian Court of Accounts follows the SAI's Board/Collegiate Model, with a collegiate structure, and its Members are independent in carrying out their mandate and immovable during the mandate period, it is needed to reinforce its collegial action as a mean to increase the Courts impact on improved public funds management. For this purpose it will be desirable that the audit reports were approved with the maximum possible consensus.</p> <p>It will be necessary to identify gaps and actions to increase the Court of Accounts</p>
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	<p>impact and agree with CoA members on areas for coaching based on gap analysis. Also it will be needed to identify and implement actions to promote the role and performance of CoA's Members.</p> <p>One of the possible ways to focus is that all the Members need to have a thorough knowledge of the documents submitted to the Plenary's meetings for vote. In order to assure this objective a communication procedure between Members before the meetings of the Plenary could be agreed. By this way, all Members could expose their concerns, doubts, disagreements, etc., about the documents and asked for clarification.</p> <p>Taking into account all the ideas that have been reflected, the activity will begin with a mission of 2 STE who will participate in a workshop addressed to all the Members of the Plenary in order to identify gaps. Then the experts will be able to draft a report for the consideration of all the Members of the CoA proposing actions to undertake (one of them could be the communication guideline above mentioned).</p> <p>A coaching on leadership for all the Members of the CoA and relevant staff is also conceived as a valuable tool to strengthen the Court's collegial action. This training will focus in leadership, teamwork, communication and negotiation. In order to avoid distractions it will be desirable to place this activity outside the CoA.</p>				
Benchmarks	<ul style="list-style-type: none"> ▪ Reports identifying gaps ▪ Reports identifying actions to perform ▪ A communication procedure for Members is submitted to the Plenary ▪ Coaching on leadership for Members and relevant staff of the CoA 				
MS resources	<p>RTA Esko Mustonen JPL José Joaquín García-Pando (class 2) STE Mr. Carlos Cubillo Rodríguez (class 2) STE Mr. Calos García Soto (class 2) STE Mr. Mariano Rojo Pérez (class 1) STE Mr. Luis Cremades Ugarte (class 1) STE Mr Visa Paajanen (class 1) STE Mr Lassi Perkinen (class 1) STE Mr Jari Sanaskoski (class 1)</p>				
	<table border="1"> <tr> <td>Number of missions</td> <td>8 missions</td> </tr> <tr> <td>Number of working days</td> <td>40 days</td> </tr> </table>	Number of missions	8 missions	Number of working days	40 days
Number of missions	8 missions				
Number of working days	40 days				
BS resources	BC PL, RTA Counterpart, BC component counterparts				
Other resources					

COMPONENT 4: Strengthen the interaction with the authorities of the Republic of Moldova and increase the impact of the Court of Accounts activities

Activity 4.5: Developing Benchmark Analysis on openness, transparency and visibility of the CoA with all stakeholders; developing guidelines for communication with all stakeholders (including a procedure guidance for Parliament and Government on follow-up of CoA's reports) (60WD)

MS Component Leader: Mr. Mariano Rojo	
BC Component Leader: Ms Violeta Balan, Head of the Public Relations and Image Service	
Method	The objective of this activity is, firstly, to provide the Plenarium of the CoA a Benchmark Analysis on openness, transparency and visibility of the CoA with all stakeholders.

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	<p>This Benchmark Analysis is conceived as an essential tool to design the strategy for the improvement of the communication with all the stakeholders. It means, firstly, that all the stakeholders understand and appreciate the role of the CoA, and consequently are ready to comply with its requests and recommendations. Secondly, that measures to impulse, monitoring and enforcement of these requests and/or recommendations have been adopted and are fully operational.</p> <p>The target of this activity are:</p> <ul style="list-style-type: none"> -Parliament -Government -Audited entities -Civil society <p>This activity is conceived as a continuation and culmination of previous activities (4.1, 4.2 and 4.3) in this component.</p> <p>Firstly a self-assessment on openness, transparency and visibility of the CoA with all stakeholders will be made, following an international contrasted methodology. This self-assessment will provide valuable information for the drafting of the Benchmark Analysis that has to be submitted to the CoA management for its consideration.</p> <p>The second stage of this activity will be the drafting of the guidelines with Parliament (that could include a new regulation for the Parliament Committee related with the CoA) and Government (which could include a proposal for the amend of relevant Laws in order to assure a proper monitoring of the implementation of the requests and recommendations made by the CoA).</p> <p>Regarding audited entities there will be needed a working group in order to analyse how the different entities comply with the transparency rules related to financial matters and how to improve it. As a result a guideline on this matter will be done and submitted to the competent authorities of the Government.</p> <p>Finally, and related to civil society, a workshop will be held in order to expose the role of Civil Society Organizations in auditing and public finance management. An Assesment Report on this field will be made and submitted to the Plenary of the CoA for its consideration.</p>
<p>Benchmarks</p>	<p>A self-assessment on openness, transparency and visibility of the CoA with all stakeholders is done.</p> <p>A Benchmark Analysis is submitted to the CoA management for its consideration.</p> <p>Guidelines for communication with Parliament and Government is done focusing in the follow-up of the CoA' reports.</p> <p>A guideline on transparency on financial matter of the audited entities will be done and submitted to the competent authorities of the Government.</p> <p>A guideline with the specific purpose of analysing the role of Civil Society Organizations in auditing and public finance management.</p> <p>An Assesment Report on this field will be made and submitted to the Plenary of the CoA for its consideration.</p>
<p>MS resources</p>	<p>RTA Esko Muskonen JPL José Joaquín García-Pando Mosquera (class 2) STE Mrs María Luz Martin (class 2) STE Mr. José Antonio Pajares (class 2) STE Mrs. Monica Rino (class 2) STE Mrs. Amparo Sebastián (class 2) STE Mr. Francisco de Borja Carbajosa (class 2)</p>

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	STE Mr. José Antonio Cantero (class 2) STE Mr. Carlos Cubillo Rodríguez (class 2) STE Mr. Andrés Gutiérrez (class 2) STE Mrs Concepción Gutiérrez (class 2) STE Mr. Enrique Álvarez Tolcheff (class 2) STE Mrs Janina Himberg (class 2)	
	Number of missions	12 missions
	Number of working days	60 days
BS resources	BC PL, RTA Counterpart, BC component counterparts	
Other resources		

COMPONENT 4: Strengthen the interaction with the authorities of the Republic of Moldova and increase the impact of the Court of Accounts activities		
Activity 4.6: Study visits for Court members and senior managers together with the involved Members of the Parliament in MS good practices of collaboration with European Court of Accounts and European Parliament to learn about the modalities of their interaction		
MS Component Leader: Mr. Mariano Rojo BC Component Leader: Ms Violeta Balan, Head of the Public Relations and Image Service		
Method	There is planned 1 study visit to Spain. In Spain there will be visits not only to the central Parliament and the Spanish Court of Audit (Tribunal de Cuentas) but also to a Parliament and to a body of external control of one Autonomous Region. The main purpose of this activity is to share information and practices which could be considered as relevant to main areas of interaction between the Court and Parliament on issues to be discussed; mainly those related to the discussion in Parliament of the CoA' reports and its follow-up. For this reason the study visit will be programmed before the implementation of activity 4.5. This activity required a conscientious preparation in order to avoid becoming touristic visit. For this purpose meetings with relevant MP from Finland, Spain and European Parliament and Members of the European Court of Audit, Spanish Court of Audit and National Audit Office of Finland, on selected matters of the interest of the BC participants will be programmed.	
Benchmarks	List of participants to each meeting on specific matters during the study visits. Report on discussions between the BC participants and the MS participant on different issues. At least 6 BC participants involved in this study visit (MP, senior managers of the CoA and Members of the CoA)	
MS resources	RTA Esko Mustonen JPL José Joaquín García-Pando Mosquera (class 2) CL Mariano Rojo (class 1)	
	Number of missions	0 missions
	Number of working days	0 days
BS resources	BC PL, RTA Counterpart, BC component counterparts	
Other resources	Internal trip in Spain	

ARTICLE 5. RISKS

Risk	Countermeasures
<p>Possible overlapping with other projects and programmes in the related field: A) Swedish Bilateral Assistance to the Court of Auditors through the Swedish National Audit Office (SNAO) B) World Bank support to the CoA C) The PIFC Twinning project (started in November 2011 and finalised in 2013) through institutions of Sweden (Financial Management Authority) and the Netherlands (The National Academy for Economy and Finance).</p>	<p>Well-functioning co-ordination mechanism with other projects (especially Swedish Bilateral Assistance) will be established; lessons learned and results achieved in previous projects (the PIFC Twinning project) studied and analysed in order to avoid duplications. There are foreseen activities in which will be involved the Ministry of Finance and internal auditors units aimed to create potential opportunities for enhancing the knowledge and performance of internal controllers/auditors of Government.</p>
<p>Lack of support to this Project from some Members of the CoA. Possible changes in the Court of Account's staff</p>	<p>There will be an especial effort of all Project Leaders, RTA and RTA counterpart to involve, in a positive manner, all the Members of the CoA with the purpose of display the benefits of the Twinning and with the aim of avoid any action that could be interpreted as discrimination to any Member. All staff members of the Court of Accounts will be involved into the Twinning project; this will ensure that know-how achieved in the project is not dependent on individuals.</p>
<p>Possible changes on availability of the MS STEs</p>	<p>The MS Consortium has established a strong pool of STEs and is prepared to recruit smoothly new experts in case of withdrawal of the experts or in case new fields of expertise are identified during the project.</p>
<p>Parliamentary Election in November 2014 The fourth potential risk is the position of stakeholders (especially Parliament and Government) with regard the project. Parliamentary elections that will be held in November could have a significant impact in the success of this Twinning Project if this will mean a substantial change of the composition of the Parliament with a majority of new MP against the process of further cooperation between the Republic of Moldova and the EU. There are foreseen activities in which the aim is to draft proposal for relevant legislation in this field, intending a systematic approximation of the legal and regulatory framework of the Republic of Moldova towards the EU Acquis, that need an adequate political back-up. If the result of the elections is a new Parliament in which the majority has lack of interest to this approximation or shows its opposition to the changes, there will be needed a new approach to the objectives of this Twinning, especially in all the activities of component 4. Related with the Government we could appreciate an identic risk. If the new Government shows a lack of interest or an open opposition to the measures that could be proposed in this Twinning, that results in an deterioration of the environment of collaboration required for the success of this Twinning, there will be needed a new approach to the objectives, activities and assumptions of this Twinning,</p>	<p>Flexibility in the design of activities to achieve the maximum involvement possible of new MP and new Government. Especial effort of all Project Leaders, in a positive manner, for show to all the relevant stakeholders the benefits of the Twinning</p>

ARTICLE 6. SCHEDULE

Annex I: Time Schedule

Activity	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	
General Activities																									
Activity 0.1: Kick-off meeting																									
Final Conference																									
Component 1: Strengthen audit capacities of the CoA																									
Activity 1.1:																									
Activity 1.2:																									
Activity 1.3:																									
Activity 1.4:																									
Component 2: Legal Framework																									
Activity 2.1:																									
Activity 2.2:																									
Component 3: Human Resource Management of the CoA																									
Activity 3.1:																									
Activity 3.2:																									
Component 4: Strengthen the interaction with the authorities of the Republic of Moldova and increase the impact of the Court of Accounts activities																									
Activity 4.1:																									
Activity 4.2:																									
Activity 4.3:																									
Activity 4.4:																									
Activity 4.5:																									
Activity 4.6:																									

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ARTICLE 7. RESOURCES

7.1. Human Resources

7.1.1. Member State(s)

Republic of Finland as the Member State Country of the European Union, entrusts the leadership to HAUS Finnish Institute of Public Management Ltd, which acts as a mandated body.

The tasks of the key positions in the project are following:

1. Member State Project Leader (MS PL)

Mr Reijo LINDH
Training Manager
HAUS Finnish Institute of Public Management Ltd

The MS Project Leader's role and responsibility is

- Overall project co-ordination with the beneficiaries, other stakeholders, the European Union Delegation in Moldova, Project Administration Office (PAO)
- Ensuring that the strategic objectives of the project are reached
- Supervision of the quality of work in the project implementation
- Co-chairing with the BC Project Leader and participating to the project steering committee meetings,
- Support in mobilising short term experts
- Executive administrative issues (ie. signing reports, side letters etc.)
- Shooting problems and finding solutions together with the BC Project Leader

2. Resident twinning Advisor (RTA)

Mr Esko MUSTONEN
Deputy Government Controller General
Ministry of Finance

RTA will reside in Chisinau, Moldova during the whole implementation of the project.

The RTA's responsibility is

- Day-to-day project management
- Regular communication with the Beneficiary and the EU Delegation as Contracting Authority
- Preparing and co-ordinating the work and missions of MS experts involved in the project, including organisation of training activities in Moldova
- To ensure together with RTA counterpart (e.g. drafting Terms of References, having video conference when appropriate) that STEs are well prepared to conduct their tasks
- Providing advice to BC beneficiaries
- Monitoring the progress in implementing the Twinning Contract
- Preparation of the steering committee meetings
- Preparation of the Quarterly Reports & Final Report

Spain, which is a junior partner in the MS consortium, provides Member State Junior Project Leader.

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3. Member State Junior Project Leader

Mr Jose Joaquin Garcia-Pando

The MS Junior Project Leader's role and responsibilities under the Lead Member State are

- Support MS PL in overall project co-ordination with the beneficiaries, other stakeholders, the European Union Delegation in Moldova, Project Administration Office (PAO)
- Supervision of the quality of work in the project implementation especially regarding Spanish experts
- Participating to the project steering committee meetings,
- Support in mobilizing short term experts
- Shooting problems and finding solutions together with the MS PL and BC PL
- Support to organize study visits to Spain

4. RTA assistant

RTA assistant is a BC national having previous experience from other twining or similar projects. RTA assistant will work on a full-time basis for the project.

Detailed job description, though not exhaustive, for RTA Assistant is following:

- Assist the RTA, the short term experts and other foreign specialists involved in the project in matters related to language or other issues due
- Practical organization of trainings, expert missions, study visits, meetings;
- Drafting of written materials with relation to the project in Moldavian and English languages;
- Elaboration of programs for short term experts and other foreign specialists with relation to the project;
- Drafting of minutes of meetings;
- In the case interpreter or language assistant is not available, interpreting meetings and other oral conversations from English language to Moldavian and vice versa;
- In the case language assistant is not available, translating documents, regulations, training materials, information materials and other written material from English to Moldavian and vice versa;
- Perform other assignments requested by the RTA

The chosen assistant must not have been a civil servant at BC administration for the last 6 months before take up the position of the assistant.

5. Language assistant

Language assistant will be BC national having previous experience from other twining or similar projects. Language assistant will work on a full-time basis for the project.

Detailed job description, though not exhaustive, for language Assistant is following:

- Interpreting meetings and other oral conversations from English to Moldavian/Spanish vice versa;
- Translating documents, regulations, training materials, information materials and other written material from English to Moldavian/Spanish and vice versa;

- In the case RTA assistant is not available or prevented. Language assistant shall perform the duties of the RTA assistant
- Support RTA assistant when necessary or by the request of the RTA
- If needed, participate into Study Visit to EU member states as interpreter
- Perform other assignments requested by the RTA

The chosen language assistant must not have been a civil servant at BC administration for the last 6 months before take up the position of the language assistant.

Name the MS institution(s) participating in the project, as well as those providing experts. Indicate their status (Administration or Mandated Body)

*Identify and briefly describe the tasks of the key positions in the project, including as a minimum: the **MS Project Leader**, **Junior MS Project Leader** (in case of a consortium) and the **RTA**. For more complex projects (especially those involving a consortium of MS) identify also the **Component Leaders** (key experts). For the **MS Project Leader** specify additionally how much of his/her time will be spent in the MS and how much in the BC.*

*Provide career details of individuals performing each of the functions above as well as the **key short-term experts** who will be involved in the project, using the table below.*

Name	Present position	Employer	Years of experience	Nationality	Education	Specialist knowledge	BC experience	Languages
Mr Esko Mustonen	Deputy Government Controller General / Head of the Government Financial Controller Function	Ministry of Finance / Government Financial Controller Function	25	Finnish	Lic. Sc (Econ), M.Sc. (Economic, Statistics, Mathematics, Sociology)	<ul style="list-style-type: none"> More than 20 years' experience on public finance management and control system Currently in executive level position in the Government Controller's Function in the Ministry of Finance Public sector risk management and Internal control Profound knowledge of the EU acquis related to Financial Management and Control and previous experience of adaptation of the EU Best Practices in Twinning projects (Macedonia, Latvia, Turkey, Armenia) Proven project management skills Excellent training skills in the field of Public Finance and Control 	Yes	English, Swedish, German, Finnish
Mr Reijo Lindh	Senior Consultant, Head of business Unit, Training Manager,	HAUS Finnish Institute of Public Management	35	Finnish	M Sc. (Public administration)	<ul style="list-style-type: none"> 26 years senior and executive level experience on public finance management in the Ministry of Finance and/or in the agencies on the ministry's administrative branch More than 30 years' experience on public sector reforms in Finland and internationally, including performance management reform and development of accounting, auditing and control functions of Government finances 	Yes	English, Swedish, German, Finnish
Mr José Joaquín García-Pando Mosquera	Deputy Technical Director	Department of the Court of Audit	20	Spanish	Master Degree in Law	<ul style="list-style-type: none"> 21 years as Legal adviser in the Spanish Court of Audit Sound knowledge of the international standards and EU best practices on external audit Experience in training Experience in the Region (Romania and Bulgaria) 	Yes	English, French, Italian, Spanish
Mr. Enrique Álvarez Tolcheff	Director of the Audit Section Presidency	Department of the Court of Audit	23	Spanish	Master's Degree in Law Master's Degree in Philosophy	<ul style="list-style-type: none"> Project Leader in the Twinning Project JO/13/ENP/FI/25 in Jordan Wide experience in training programmes in the Region. Short term expert in the Twinning Project developed in Bulgaria on "Strengthening the institutional capacities of the SAI" with the German SAI as Project Leader (2004-2006, BG/03/FI/02) and in Romania (2003-2005 and 2005-2007). Experience in teaching Public Law at the University Experience in international meetings and seminars on Budget management, Accounting and Financial Control of Public Spending Former Member of a Spanish's Regional SAI 	Yes	English, French, Italian, Spanish
Mr. Ari Sihvola	Director of Development	HAUS Finnish Institute of Public Management	35	Finnish	Ph D, Ma	<ul style="list-style-type: none"> Leadership development Performance management Coaching Strategic management and leadership Civil service ethics and code of conduct Recruitment and career development Training strategies and training needs analysis Good governance and rule of law Institution building and capacity building Change management & managing reforms Coordination mechanisms Expert in Economy of Defence Expert in Budget Economic-financial, budgetary, treasury and accounting management Expert in taxes Experience in international training, and in Twinning Projects (Albania, Rumania, Bulgaria, Macedonia) Support to the General Comptroller Many publications related to Public Expenditure and Budget 	Yes	English, Swedish, French, German, Finnish
Mr. Mariano Rojo Pérez	Head Division and Adviser General Comptroller	Intervención General de la Administración del Estado	25	Spanish	Degree in Economy and Enterprise Master in Public Administration	<ul style="list-style-type: none"> Expert in Economy of Defence Expert in Budget Economic-financial, budgetary, treasury and accounting management Expert in taxes Experience in international training, and in Twinning Projects (Albania, Rumania, Bulgaria, Macedonia) Support to the General Comptroller Many publications related to Public Expenditure and Budget 	Yes	English, French, Spanish

7.1.2. Beneficiary Country

*Identify and briefly describe the tasks of the key positions in the project, including as a minimum: the **BC Project Leader, RTA Counterpart** and **key contacts** in each of the beneficiary institutions. For more complex projects, identify also the BC counterparts for the component leaders.*

The tasks of the key positions in the project are following:

1. BC Project Leader

Mrs Angela PASCARU

Member of Court of Accounts

The BC Project Leader's role and responsibility is:

- Chairing with the MS Project Leader and participating to the project steering committee meetings;
- Co-ordinating together with the MS Project Leader co-operation with the beneficiary, other stakeholders, EU Delegation to Moldova and PAO;
- Ensuring from the part of BC that the strategic objectives of the project are reached;
- Mobilizing necessary Moldovan human resources to the project;
- Supervision together with MS Project Leader the quality of work in the project implementation;
- Executive administrative issues (signing reports, side letters etc.) with MS Project Leader;
- Shooting problems and finding solutions together with the MS Project Leader;
- Also in other respects work in close co-operation with the MS Project Leader, the RTA and RTA counterpart.

2. RTA Counterpart

Mrs Viorica VERDES

Head of Methodology

Court of Accounts

The RTA's Counterparts responsibility is:

- Co-ordinate on daily bases project implementation with the RTA;
- Regular communication with the Beneficiaries with the RTA;
- Support the RTA in preparing and co-ordinating the work and missions of MS experts involved in the project, including organization of training activities in Moldova;
- To ensure together with RTA (e.g. drafting Terms of References, having video conference when appropriate) that STEs are well prepared to conduct their tasks;
- Monitoring the progress in implementing the Twinning Contract with the RTA;
- Prepare together with the RTA the steering committee meetings.

ARTICLE 8. MANAGEMENT AND MONITORING

8.1. Language

The official language of the project will be English. All formal communication regarding the project, including all reports will be produced in the agreed language.

8.2. Project Steering Committee

At quarterly intervals, the Project Leaders, the RTA and where applicable, representatives of the administrative office and/or the EU Delegation will meet to discuss the progress of the project, verify the achievement of the outputs and mandatory results and discuss actions to be undertaken in the following quarter. The Project Steering Committee will also discuss the draft of the quarterly report submitted to it beforehand, recommend corrections.

The responsibility for the organisation of the Project Steering Committee meeting lies with both Project Leaders.

8.3. Reporting

Every three months, the MS Project Leader in co-operation with the BC Project Leader will submit interim quarterly reports to the respective institution identified in section 6.4 of the Common Twinning Manual. Each report will cover a three months period calculated from the date of notification of the contract.

The interim quarterly reports will be prepared and distributed to all the participants in advance of the meetings of the Project Steering Committee. The template of the report is detailed in Annex C4 to the Twinning manual.

The first report will be due in the fourth month counting from the date of notification of the Twinning contract. Failure to submit satisfactory reports in time may lead to the decision to suspend EU financing for the project.

The MS Project Leader shall submit the final report before the end of the legal duration of the Twinning contract.

The final report will be accompanied by a verification expenditure report.

ARTICLE 9 TWINNING REVIEW MISSIONS

Each Twinning project is in principle followed, 6 to 12 months after its finalisation, by a Twinning Review Mission (TRM). This mission aims at reporting whether sustainable impacts or spin offs have been observed after Twinning project finalisation.

The overall objective of a TRM is to assess if the achievements of the Twinning project are still present and if they produced a standing impact, in particular in terms of sustainability. Normally, a TRM should also identify lessons learned and recommend improvements for the managing of Twinning projects in the given country and/or sector.

A TRM shall analyse the situation in the area/sector covered by the Twinning project concerned, comparing it to the situation prevailing when the project's implementation ended and taking into account the initial situation that the project was called to correct. The scope of the analysis shall be determined by the mandatory results of the Twinning project.

A TRM shall focus on the developments intervened after the end of the Twinning project concerned with particular regard to the legal and institutional level (legislative progress and administrative

A. Pruz



7.1.3. Curricula Vitae

Attach the EU format CVs of the following persons:

- (1) MS Project Leader,*
- (2) BC Project Leader,*
- (3) RTA,*
- (4) RTA Counterpart in the BC,*
- (5) Key STEs from the MS (Component Leaders).*

7.2. Material Resources

The BC commits itself to cover the costs of the following provisions:

- Adequately equipped office space for the RTA and the RTA assistant for the entire duration of their secondment;
- Adequate conditions for the STEs to perform their work while on mission to the BC;
- Training and conference venues, costs of catering, as well as presentation and interpretation equipment.

(Costs for travel by BC officials from their capitals to a MS or between MS, e.g. in the framework of study visits, may be eligible for funding except for Twinning projects financed under IPA. Costs for travel by BC officials **within** a MS are on the other hand eligible for reimbursement in any case).

7.3. Indicative Budget

Provide the total budget here, as documented in the detailed breakdown of costs in Annex A3.

adaptation), to capacity and skills building (further training of staff and spreading of know-how) and to the structural changes introduced (irreversibility of the new framework).

The Team charged with the performance of the TRM is led by the Twinning Review Expert (TRE), a public sector (or mandated body) expert from a different MS than the Lead or Junior MS of the project concerned, who did not participate in the Twinning project in question. In principle and when possible the TRE is a former RTA of a similar project.

The TRE is selected by the Institution Building Unit (IBU) of the Commission, in consultation with MS National Contact Points (NCP) and other stakeholders. He/She is directly invited by the IBU to perform the TRM.

The TRE is responsible for preparing the Reporting Form. The Reporting Form, which the TRE timely distributes to all members of the TRM Team, mentions the project's deliveries and the final report's recommendations

The TRE drafts the review report.

For all or part of the TRM the TRE can be assisted and accompanied by a team of persons who were involved in the project concerned:

- the MS RTA;
- the BC RTA counterpart;
- the MS Project Leader (when appropriate and if available);
- the BC Project Leader (or the official who might have replaced him/her in the same position);
- the task manager from the pertinent EU Delegation who followed the project or the sector involved (or the official who might have replaced him/her in the same position).

If the MS RTA and/or the BC RTA counterpart are not available, the selection of a replacement is decided on a case by case basis by the IBU in close consultation with the pertinent stakeholders.

A more detailed set of guidelines and the template of the Reporting Form are available on the Twinning web-page:

http://ec.europa.eu/enlargement/pdf/financial_assistance/institution_building/2013/guidelines_trm.pdf.

TRM are organised as TAIEX events whose cost is covered by the TAIEX budget. The request to launch a TRM is initiated by the relevant EU Delegation.

The final reports produced by TRM will be included in a database of Twinning assessments accessible to all those involved.

For the administration of the Member State

Mr Reijo Lindh, Training Manager and Leas MS Project Leader



[signature]

06.08.2014

[date]

For the administration of the BC

Mrs Angela Pascaru, Member of Court of Accounts and BC Project Leader



[signature]

15.08.2014

[date]



ANNEX A2¹

General Conditions applicable to European Union-financed grant contracts for external actions

CONTENTS

Explanations of the terms used throughout these General Conditions may be found in the 'Glossary of terms', Annex A1 to the Practical Guide to contract procedures for EU external actions.

In case of operating grants, the term "Action" should be understood as "Work Programme".

The term "Coordinator" refers to the Beneficiary identified as the Coordinator in the Special Conditions.

The term "Beneficiary(ies)" refers collectively to all Beneficiaries, including the Coordinator, of the Action. When there is only one Beneficiary of the Action, the terms Beneficiary(ies) and Coordinator should both be understood as referring to the only Beneficiary of the Action.

The term "party(ies) to this Contract" refers to the party signatory of this Contract (i.e. the Beneficiary(ies) and the Contracting Authority).

All references to "days" in this Contract are to calendar days, unless otherwise specified.

Table of content

Article 1 - General provisions
Article 2 - Obligation to provide financial and narrative reports
Article 3 - Liability
Article 4 - Conflict of interests
Article 5 - Confidentiality
Article 6 - Visibility
Article 7 - Ownership/use of results and assets
Article 8 - Evaluation/monitoring of the Action
Article 9 - Amendment of the contract
Article 10 - Implementation
Article 11 - Extension and suspension
Article 12 - Termination of the contract
Article 13 - Applicable law and dispute settlement
Article 14 - Eligible costs
Article 15 - Payment and interest on late payment
Article 16 - Accounts and technical and financial checks
Article 17 - Final amount of the grant
Article 18 - Recovery

¹ Version 2013.1

GENERAL AND ADMINISTRATIVE PROVISIONS

ARTICLE 1 - GENERAL PROVISIONS

General principles

- 1.1 The Beneficiary(ies) and the Contracting Authority are the only parties to this Contract. Where the European Commission is not the Contracting Authority, it is not party to this Contract, which confers on the European Commission only the rights and obligations explicitly mentioned in this Contract.
- 1.2 This Contract and the payments attached to it may not be assigned to a third party in any manner whatsoever without the prior written consent of the Contracting Authority.

Data protection

- 1.3 Any personal data will be processed solely for the purposes of the performance, management and monitoring of this Contract by the Contracting Authority and may also be passed to the bodies charged with monitoring or inspection tasks under European Union law. Beneficiaries will have the right of access to their personal data and the right to rectify any such data. If the Beneficiary(ies) have any queries concerning the processing of personal data, they shall address them to the Contracting Authority. The Beneficiary(ies) will have right of recourse at any time to the European Data Protection Supervisor.
- 1.4 The Beneficiary shall limit access and use of personal data to that strictly necessary for the performance, management and monitoring of this Contract and shall adopt all appropriate technical and organisational security measures necessary to preserve the strictest confidentiality and limit access to this data.

Role of the Beneficiary(ies)

- 1.5 The Beneficiary(ies) shall:
- a) carry out the Action jointly and severally vis-a-vis the Contracting Authority taking all necessary and reasonable measures to ensure that the Action is carried out in accordance with the Description of the Action in Annex I and the terms and conditions of this Contract.

To this purpose, the Beneficiary(ies) shall implement the Action with the requisite care, efficiency, transparency and diligence, in line with the principle of sound financial management and with the best practices in the field.
 - b) be responsible for complying with any obligation incumbent on them from this Contract jointly or individually;
 - c) forward to the Coordinator the data needed to draw up the reports, financial statements and other information or documents required by this Contract and the Annexes thereto, as well as any information needed in the event of audits, checks, monitoring or evaluations, as described in Article 16;
 - d) ensure that all information to be provided and request made to the Contracting Authority is sent via the Coordinator;
 - e) agree upon appropriate internal arrangements for the internal coordination and representation of the Beneficiary(ies) vis-a-vis the Contracting Authority for any matter concerning this Contract, consistent with the provisions of this Contract and in compliance with the applicable legislation(s).

Role of the Coordinator

- 1.6 The Coordinator shall:

- a) monitor that the Action is implemented in accordance with this Contract and ensure coordination with all Beneficiary(ies) in the implementation of the Action;
- b) be the intermediary for all communications between the Beneficiary(ies) and the Contracting Authority;
- c) be responsible for supplying all documents and information to the Contracting Authority which may be required under this Contract, in particular in relation to the requests for payment. Where information from the Beneficiary(ies) is required, the Coordinator shall be responsible for obtaining, verifying and consolidating this information before passing it on to the Contracting Authority.

Any information given, as well as any request made by the Coordinator to the Contracting Authority, shall be deemed to have been given in agreement with all Beneficiary(ies);

- d) inform the Contracting Authority of any event likely to affect or delay the implementation of the Action;
- e) inform the Contracting Authority of any change in the legal, financial, technical, organisational or ownership situation of any of the Beneficiary(ies), as well as, of any change in the name, address or legal representative of any of the Beneficiary(ies);
- f) be responsible in the event of audits, checks, monitoring or evaluations, as described in Article 16 for providing all the necessary documents, including the accounts of the Beneficiary(ies), copies of the most relevant supporting documents and signed copies of any contract concluded according to Article 10.
- g) have full financial responsibility for ensuring that the Action is implemented in accordance with this Contract;
- h) make the appropriate arrangements for providing the financial guarantee, when requested, under the provisions of Article 4.2 of the Special Conditions
- i) establish the payment requests in accordance with the Contract;
- j) be the sole recipient, on behalf of all of the Beneficiary(ies), of the payments of the Contracting Authority. The Coordinator shall ensure that the appropriate payments are then made to the Beneficiary(ies) without unjustified delay;
- k) not delegate any, or part of, these tasks to the Beneficiary(ies) or other entities.

ARTICLE 2 - OBLIGATION TO PROVIDE FINANCIAL AND NARRATIVE REPORTS

2.1. The Beneficiary(ies) shall provide the Contracting Authority with all required information on the implementation of the Action. The report shall be laid out in such a way as to allow comparison of the objective(s), the means envisaged or employed, the results expected and obtained and the budget details for the Action. The level of detail in any report should match that of the Description of the Action and of the Budget for the Action. The Coordinator shall collect all the necessary information and draw up consolidated interim and final reports. These reports shall:

- a) cover the Action as a whole, regardless of which part of it is financed by the Contracting Authority;
- b) consist of a narrative and a financial report drafted using the templates provided in Annex VI;
- c) provide a full account of all aspects of the Action's implementation for the period covered, including in case of simplified cost options the qualitative and quantitative information needed to demonstrate the fulfilment of the conditions for reimbursement established in this Contract ;

- d) be drafted in the currency and language of this Contract;
 - e) include any update on the Communication plan as provided by Article 6.2
 - f) include any relevant reports, publications, press releases and updates related to the Action;
- 2.2 Additionally the final report shall:
- a) cover any period not covered by the previous reports
 - b) include the proofs of the transfers of ownership as referred to in Article 7.5.
- 2.3 The Special Conditions may set out additional reporting requirements.
- 2.4 The Contracting Authority may request additional information at any time. The Coordinator shall provide this information within 30 days of the request, in the language of the Contract.
- 2.5 Reports shall be submitted with the payment requests, according to Article 15. If the Coordinator fails to provide any report or fails to provide any additional information requested by the Contracting Authority within the set deadline without an acceptable and written explanation of the reasons, the Contracting Authority may terminate this Contract according to Article 12.2 (a) and (f).

ARTICLE 3 - LIABILITY

- 3.1 The Contracting Authority cannot under any circumstances or for any reason whatsoever be held liable for damage or injury sustained by the staff or property of the Beneficiary(ies) while the Action is being carried out or as a consequence of the Action. The Contracting Authority cannot, therefore, accept any claim for compensation or increases in payment in connection with such damage or injury.
- 3.2 The Beneficiary(ies) shall assume sole liability towards third parties, including liability for damage or injury of any kind sustained by them while the Action is being carried out or as a consequence of the Action. The Beneficiary(ies) shall discharge the Contracting Authority of all liability arising from any claim or action brought as a result of an infringement of rules or regulations by the Beneficiary(ies) or the Beneficiary(ies)'s employees or individuals for whom those employees are responsible, or as a result of violation of a third party's rights.

ARTICLE 4 - CONFLICT OF INTERESTS

- 4.1 The Beneficiary(ies) shall take all necessary measures to prevent or end any situation that could compromise the impartial and objective performance of this Contract. Such conflict of interests may arise in particular as a result of economic interest, political or national affinity, family or emotional ties, or any other relevant connection or shared interest.
- 4.2 Any conflict of interests which may arise during performance of this Contract must be notified in writing to the Contracting Authority without delay. In the event of such conflict, the Coordinator shall immediately take all necessary steps to resolve it.
- 4.3 The Contracting Authority reserves the right to verify that the measures taken are appropriate and may require additional measures to be taken if necessary.
- 4.4 The Beneficiary(ies) shall ensure that its staff, including its management, is not placed in a situation which could give rise to conflict of interests. Without prejudice to its obligation under this Contract, the Beneficiary(ies) shall replace, immediately and without compensation from the Contracting Authority, any member of its staff in such a situation.

ARTICLE 5 - CONFIDENTIALITY

- 5.1 Subject to Article 16, the Contracting Authority and the Beneficiary(ies) undertake to preserve the confidentiality of any information, notwithstanding its form, disclosed in writing or orally in relation to the implementation of this Contract and identified in writing as confidential until at least 5 years after the payment of the balance.
- 5.2 The Beneficiary(ies) shall not use confidential information for any aim other than fulfilling their obligations under this Contract unless otherwise agreed with the Contracting Authority.
- 5.3 Where the European Commission is not the Contracting Authority it shall still have access to all documents communicated to the Contracting Authority and shall maintain the same level of confidentiality.

ARTICLE 6 - VISIBILITY

- 6.1 Unless the European Commission agrees or requests otherwise, the Beneficiary(ies) shall take all necessary steps to publicise the fact that the European Union has financed or co- financed the Action. Such measures shall comply with the Communication and Visibility Manual for Union External Actions laid down and published by the European Commission, that can be found at: http://ec.europa.eu/europeaid/work/visibility/documents/communication_and_visibility_manual_en.pdf.
- 6.2 The Coordinator shall submit a communication plan for the approval of the European Commission and report on its implementation in accordance with Article 2.
- 6.3 In particular, the Beneficiary(ies) shall mention the Action and the European Union's financial contribution in information given to the final recipients of the Action, in its internal and annual reports, and in any dealings with the media. It shall display the European Union logo wherever appropriate.
- 6.4 Any notice or publication by the Beneficiary(ies) concerning the Action, including those given at conferences or seminars, shall specify that the Action has received European Union funding. Any publication by the Beneficiary(ies), in whatever form and by whatever medium, including the internet, shall include the following statement: 'This document has been produced with the financial assistance of the European Union. The contents of this document are the sole responsibility of < Beneficiary(ies)'s name > and can under no circumstances be regarded as reflecting the position of the European Union. '
- 6.5 The Beneficiary(ies) authorises the Contracting Authority and the European Commission (where it is not the Contracting Authority) to publish its name and address, nationality, the purpose of the grant, duration and location as well as the maximum amount of the grant and the rate of funding of the Action's costs, as laid down in Article 3 of the Special Conditions. Derogation from publication of this information may be granted if it could endanger the Beneficiary(ies) or harm their interests.

ARTICLE 7 - OWNERSHIP/USE OF RESULTS AND ASSETS

- 7.1 Unless otherwise stipulated in the Special Conditions, ownership of, and title and intellectual and industrial property rights to, the Action's results, reports and other documents relating to it will be vested in the Beneficiary(ies).
- 7.2 Without prejudice to Article 7.1, the Beneficiary(ies) grant the Contracting Authority (and the European Commission where it is not this Contracting Authority) the right to use freely and as it sees fit, and in particular, to store, modify, translate, display, reproduce by any technical procedure, publish or communicate by any medium all documents deriving from the Action whatever their form, provided it does not thereby breach existing industrial and intellectual property rights.
- 7.3 The Beneficiary(ies) shall ensure that it has all rights to use any pre-existing intellectual property rights necessary to implement this Contract.

- 7.4 In case natural, recognizable persons are depicted in a photograph or film, the Coordinator shall, in the final report to the Contracting Authority, submit a statement of these persons giving their permissions for the described use of their images. The above does not refer to photographs taken or films shot in public places where random members of the public are identifiable only hypothetically and to public persons acting in their public activities.
- 7.5 Where a Beneficiary(ies) does not have its headquarter(s) in the country where the Action is implemented and unless otherwise specified in the Special Conditions, its equipment, vehicles and supplies paid for by the Budget for the Action shall be transferred to any local Beneficiary(ies) and/or to any local affiliated entity(ies) and/or to the final beneficiaries of the Action, at the latest when submitting the final report. Copies of the proofs of transfer of any equipment and vehicles for which the purchase cost was more than EUR 5 000 per item, shall be attached to the final report. Proofs of transfer of equipment and vehicles whose purchase cost was less than EUR 5 000 per item shall be kept by the Beneficiary(ies) for control purposes..

ARTICLE 8 - EVALUATION/MONITORING OF THE ACTION

- 8.1 If the European Commission carries out an interim or ex post evaluation or a monitoring mission, the Coordinator shall undertake to provide it and/or the persons authorised by it with any document or information which will assist with the evaluation or monitoring mission, and grant them the access rights described in Article 16.
- 8.2 If either the Beneficiary(ies) or the European Commission carries out or commissions an evaluation in the course of the Action, it shall provide the other with a copy of the evaluation report.

ARTICLE 9 - AMENDMENT OF THE CONTRACT

- 9.1 Any amendment to this Contract, including the annexes thereto, shall be set out in writing. This Contract can be modified only during its execution period.
- 9.2 The amendment may not have the purpose or the effect of making changes to this Contract that would call into question the grant award decision or be contrary to the equal treatment of applicants. The maximum grant referred to in Article 3.2 of the Special Conditions may not be increased.
- 9.3 If an amendment is requested by the Beneficiary(ies), the Coordinator shall submit a duly justified request to the Contracting Authority thirty days before the date on which the amendment should enter into force, unless there are special circumstances duly substantiated and accepted by the Contracting Authority.
- 9.4 Where the amendment to the Budget or Description of the Action does not affect the basic purpose of the Action and the financial impact is limited to a transfer between items within the same main budget heading including cancellation or introduction of an item, or a transfer between main budget headings involving a variation of 25% or less of the amount originally entered (or as modified by addendum) in relation to each concerned main heading for eligible costs, the Coordinator may amend the budget and inform in writing without delay the Contracting Authority accordingly. This method may not be used to amend the headings for indirect costs, for the contingency reserve, for in-kind contributions or the amounts or rates of simplified cost options.
- 9.5 Changes of address, bank account or auditor may simply be notified by the Coordinator. However, in duly substantiated circumstances, the Contracting Authority may oppose the Coordinator's choice.
- 9.6 The Contracting Authority reserves the right to require that the auditor referred to in Article 5.2 of the Special Conditions be replaced if considerations which were unknown when this Contract was signed cast doubt on the auditor's independence or professional standards.

ARTICLE 10 — IMPLEMENTATION

Implementation contracts

- 10.1 If the Beneficiary(ies) have to conclude implementation contracts with contractors in order to carry out the Action, these may only cover a limited portion of the Action and shall respect the contract-award procedures and rules of nationality and origin set out in Annex IV of this Contract. -
- 10.2 The Beneficiary(ies) shall also ensure that contractors awarded an implementation contract comply with Articles 3, 4, 5, 6, 7, 8 and 16 of this Contract.
- 10.3 The Coordinator shall provide in its report to the Contracting Authority a comprehensive and detailed report on the award and implementation of any contract awarded under article 10.1.

Financial support to third parties

- 10.4 In order to support the achievement of the objectives of the Action, and in particular where the implementation of the Action requires financial support to be given to third parties, the Beneficiary(ies) may award financial support if so provided by the Special Conditions.
- 10.5 The maximum amount of financial support shall be limited to EUR 60 000 per each third party, except where the main purpose of the Action is to redistribute the grant.
- 10.6 The Description of the Action, in conformity with the relevant instructions given in this regard by the Contracting Authority, shall define the types of entities eligible for financial support and include a fixed list with the types of activity which may be eligible for financial support. The criteria for the selection of the third parties recipient of this financial support, including the criteria for determining its exact amount, shall also be specified. The Beneficiary(ies) shall respect the rules of nationality and origin set out in Annex IV of this Contract.
- 10.7 The Coordinator shall provide in its report to the Contracting Authority a comprehensive and detailed report on the award and implementation of any financial support given. These reports should provide, amongst other, information on the award procedures, on the identities of the recipient of financial support, the amount granted, the results achieved, , the problems encountered and solutions found, the activities carried out as well as a timetable of the activities which still need to be carried out.
- 10.8 The Beneficiary(ies) shall also ensure that third parties awarded financial support comply with Articles 3, 4, 5, 6, 7, 8 and 16 of this Contract.

ARTICLE 11 - EXTENSION AND SUSPENSION

Extension

- 11.1 The Coordinator shall inform the Contracting Authority without delay of any circumstances likely to hamper or delay the implementation of the Action. The Coordinator may request an extension of the Action's implementation period as laid down in Article 2 of the Special Conditions in accordance to Article 9. The request shall be accompanied by all the supporting evidence needed for its appraisal.

Suspension by the Coordinator

- 11.2 The Coordinator may suspend implementation of the Action, or any part thereof, if exceptional circumstances, notably of force majeure, make such implementation excessively difficult or dangerous. The Coordinator shall inform the Contracting Authority without delay, stating the nature, probable duration and foreseeable effects of the suspension.
- 11.3 The Coordinator or the Contracting Authority may then terminate this Contract in accordance with Article 12.1. If the Contract is not terminated, the Beneficiary(ies) shall endeavour to minimise the time of its suspension and any possible damage and shall resume implementation once circumstances allow, informing the Contracting Authority accordingly.

Suspension by the Contracting Authority

- 11.4 The Contracting Authority may request the Beneficiary(ies) to suspend implementation of the Action, or any part thereof, if exceptional circumstances, notably of force majeure, make such implementation excessively difficult or dangerous. To this purpose, the Contracting Authority shall inform the Coordinator stating the nature and probable duration of the suspension.
- 11.5 The Coordinator or the Contracting Authority may then terminate this Contract in accordance with Article 12.1. If the Contract is not terminated, the Beneficiary(ies) shall endeavour to minimise the time of its suspension and any possible damage and shall resume implementation once circumstances allow and after having obtained the approval of the Contracting Authority.
- 11.6 The Contracting Authority may also suspend this Contract or the participation of a Beneficiary(ies) in this Contract when, or, if necessary to verify, that:
- a) the grant award procedure or the implementation of the Action have been subject to substantial errors, irregularities or fraud;
 - b) the Beneficiary(ies) have breached any substantial obligation under this Contract.
- 11.7 The Coordinator shall provide any requested information, clarification or document within 30 days of receipt of the requests sent by the Contracting authority. If, notwithstanding the information, clarification or document provided by the Coordinator, the award procedure or the implementation of the grant proves to have been subject to substantial errors, irregularities, fraud, or breach of obligations, then the Contracting Authority may terminate this Contract according to Article 12(2) h.

Force majeure

- 11.8 The term force majeure, as used herein covers any unforeseeable events, not within the control of either party to this Contract and which by the exercise of due diligence neither party is able to overcome such as acts of God, strikes, lock-outs or other industrial disturbances, acts of the public enemy, wars whether declared or not, blockades, insurrection, riots, epidemics, landslides, earthquakes, storms, lightning, floods, washouts, civil disturbances, explosion. A decision of the European Union to suspend the cooperation with the beneficiary country is considered to be a case of force majeure when it implies suspending funding under this Contract.
- 11.9 The Beneficiary(ies) shall not be held in breach of its contractual obligations if it is prevented from fulfilling them by circumstances of force majeure.

Extension of the implementation period following a suspension

- 11.10 In case of suspension according to Articles 11.2, 11.4 and 11.6, the implementation period of the Action shall be extended by a period equivalent to the length of suspension, without prejudice to any amendment to the Contract that may be necessary to adapt the Action to the new implementing conditions. Article 11.10 does not apply in case of an operating grant.

ARTICLE 12 — TERMINATION OF THE CONTRACT

Termination in case of force majeure

- 12.1 In the cases foreseen in Article 11.2 and 11.4, if the Coordinator or the Contracting Authority believes that this Contract can no longer be executed effectively or appropriately, it shall duly consult the other. Failing agreement on a solution, the Coordinator or the Contracting Authority may terminate this Contract by serving two months written notice, without being required to pay compensation.

Termination by the Contracting Authority

- 12.2 Without prejudice to article 12.1, in the following circumstances the Contracting Authority may, after having duly consulted the Coordinator, terminate this Contract or the participation of any Beneficiary(ies) in this Contract without any indemnity on its part when:

- a) a Beneficiary(ies) fails, without justification, to fulfil any substantial obligation incumbent on them individually or collectively by this Contract and, after being given notice by letter to comply with those obligations, still fails to do so or to furnish a satisfactory explanation within 30 days of receipt of the letter;
- b) a Beneficiary(ies) is bankrupt or being wound up, is having its affairs administered by the courts, has entered into an arrangement with creditors, has suspended business activities, is the subject of proceedings concerning those matters or is in any analogous situation arising from a similar procedure provided for in national legislation or regulations;
- c) a Beneficiary(ies), or any related entity or person, have been found guilty of an offence concerning their professional conduct proven by any means;
- d) a Beneficiary(ies), or any related entity or person, have committed fraud, corruption, or are involved in a criminal organisation, money laundering or any other illegal activity detrimental to the European Union's financial interests;
- e) a change to a Beneficiary(ies)'s legal, financial, technical, organisational or ownership situation or the termination of the participation of a Beneficiary(ies) substantially affects the implementation of this Contract or calls into question the decision awarding the grant;
- f) a Beneficiary(ies) or any related person, are guilty of misrepresentation in supplying the information required in the award procedure or in the implementation of the Action or fails to supply - or fails to supply within the deadlines set under this Contract - any information related to the Action required by the Contracting Authority;
- g) a Beneficiary(ies) has not fulfilled obligations relating to the payment of social security contributions or the payment of taxes in accordance with the legal provisions of the country in which it is established;
- h) the Contracting Authority has evidence that a Beneficiary(ies), or any related entity or person, has committed substantial errors, irregularities or fraud in the award procedure or in the implementation of the Action;
- i) a Beneficiary(ies) is subject to an administrative penalty referred to in Article 12(8);
- j) the Contracting Authority has evidence that a Beneficiary(ies) is subject to a conflict of interests;
- k) the European Commission has evidence that a Beneficiary(ies) has committed systemic or recurrent errors or irregularities, fraud, or serious breach of obligations under other grants financed by the European Union and awarded to that specific under similar conditions, provided that those errors, irregularities, fraud or serious breach of obligations have a material impact on this grant.

12.3 In the cases referred to in points (c), (d) (f) (h) and (k) above, any related person means any physical person with powers of representation, decision-making or control in relation to the Beneficiary(ies). Any related entity means, in particular, any entity which meets the criteria laid down by Article 1 of the Seventh Council Directive No 83/349/EEC of 13 June 1983.

Termination of a Beneficiary(ies) participation by the Coordinator

12.4 In duly justified cases, the participation of a Beneficiary(ies) in this Contract may be also terminated by the Coordinator. To this purpose, the Coordinator shall communicate to the Contracting Authority the reasons for the termination of its participation and the date on which the termination shall take effect, as well as a proposal on the reallocation of the tasks of the Beneficiary(ies) whose participation is terminated, or on its possible replacement. The proposal shall be sent in good time before the termination is due to take effect. If the Contracting Authority agrees, the Contract shall be amended accordingly in conformity with Article 9.

End date

- 12.5 The payment obligations of the European Union under this Contract shall end 18 months after the implementation period laid down in Article 2 of the Special Conditions, unless this Contract is terminated according to Article 12. The Contracting Authority shall notify the Coordinator of any postponement of the end date.
- 12.6 This Contract will be terminated automatically if it has not given rise to any payment by the Contracting Authority within two years of its signature.

Effects of Termination

- 12.7 In the event of termination, the Beneficiary(ies) shall be entitled to payment only for the part of the Action carried out, excluding costs relating to current commitments that are not due to be executed until after termination.

To this purpose, the Coordinator shall introduce a payment request to the Contracting Authority within the time limit set by Article 15(2) starting from the date of termination.

In the cases of termination foreseen in Article 12.2 a), c), d), f), h) and k) the Contracting Authority may, after having properly consulted the Coordinator and depending on the gravity of the failings, request full or partial repayment of amounts already paid for the Action.

Administrative and Financial penalties

- 12.8 Without prejudice to the application of other remedies laid down in the Contract, a Beneficiary(ies) who has made false declarations, substantial errors, irregularities and fraud or was in serious breach of its contractual obligations may be excluded from all contracts and grants financed by the EU for a maximum of five years from the date on which the infringement is established, to be confirmed after an adversarial procedure with the European Commission, in accordance with the Financial Regulations applicable to the contracts covered by the Budget or the EDF. The period may be increased to ten years in the event of a repeated offence within five years of the first infringement.
- 12.9 In addition or in alternative to the administrative sanctions laid down in Article 12.8, a Beneficiary(ies) may also be subject to financial penalties representing 2-10% of the total value of this Contract. This rate may be increased to 4-20% in the event of a repeated offence within five years of the first infringement.
- 12.10 The European Commission shall formally notify the Beneficiary(ies) concerned of any decision to apply such penalties.

ARTICLE 13 — APPLICABLE LAW AND DISPUTE SETTLEMENT

- 13.1 This Contract shall be governed by the law of the country of the Contracting Authority or, where the Contracting Authority is the European Commission, by the European Union law supplemented as appropriate by Belgian law.
- 13.2 The parties to this Contract shall do everything possible to settle amicably any dispute arising between them during implementation of this Contract. To that end, they shall communicate their positions and any solution that they consider possible in writing, and meet each other at either's request. The Coordinator and the Contracting Authority shall reply to a request sent for an amicable settlement within 30 days. Once this period has expired, or if the attempt to reach amicable settlement has not produced an agreement within 120 days of the first request, the Coordinator or the Contracting Authority may notify the other part that it considers the procedure to have failed.
- 13.3 In the event of failure to reach an amicable agreement, the dispute may by common agreement of the Coordinator and the Contracting Authority be submitted for conciliation by the European Commission if it is not the Contracting Authority. If no settlement is reached within 120 days of the

opening of the conciliation procedure, each party may notify the other that it considers the procedure to have failed.

- 13.4 In the event of failure of the above procedures, each party to this Contract may submit the dispute to the courts of the country of the Contracting Authority, or to the Brussels courts where the Contracting Authority is the European Commission.

FINANCIAL PROVISIONS

ARTICLE 14 — ELIGIBLE COSTS

Cost eligibility criteria

14.1 Eligible costs are actual costs incurred by the Beneficiary(ies) which meet all the following criteria:

- a) they are incurred during the implementation of the Action as specified in Article 2 of the Special Conditions. In particular:
 - (i) Costs relating to services and works shall relate to activities performed during the implementation period. Costs relating to supplies shall relate to delivery and installation of items during the implementation period. Signature of a contract, placing of an order, or entering into any commitment for expenditure within the implementation period for future delivery of services, works or supplies after expiry of the implementation period do not meet this requirement;
 - (ii) Costs incurred should be paid before the submission of the final reports. They may be paid afterwards, provided they are listed in the final report together with the estimated date of payment;
 - (iii) An exception is made for costs relating to final reports, including expenditure verification, audit and final evaluation of the Action, which may be incurred after the implementation period of the Action;
 - (iv) Procedures to award contracts, as referred to in Article 10, may have been initiated and contracts may be concluded by the Beneficiary(ies) before the start of the implementation period of the Action, provided the provisions of Annex IV have been respected.
- b) they are indicated in the estimated overall budget for the Action;
- c) they are necessary for the implementation of the Action;
- d) they are identifiable and verifiable, in particular being recorded in the accounting records of the Beneficiary(ies) and determined according to the applicable accounting standards of the country where the Beneficiary(ies) is established and according to the usual cost accounting practices of the Beneficiary(ies);
- e) they comply with the requirements of applicable tax and social legislation;
- f) they are reasonable, justified and comply with the requirements of sound financial management, in particular regarding economy and efficiency.

Eligible direct costs

14.2 Subject to Article 14.1 and, where relevant, to the provisions of Annex IV being respected, the following direct costs of the Beneficiary(ies) shall be eligible:

- a) the cost of staff assigned to the Action, corresponding to actual gross salaries including social security charges and other remuneration-related costs; salaries and costs shall not exceed those

normally borne by the Beneficiary(ies), unless it is justified by showing that it is essential to carry out the Action;

- b) travel and subsistence costs for staff and other persons taking part in the Action, provided they do not exceed those normally borne by the Beneficiary(ies) nor the rates published by the European Commission at the time of such mission;
- c) purchase costs for equipment and supplies (new or used) specifically for the purposes of the Action, provided that ownership is transferred at the end of the Action when required in Article 7.5;
- d) costs of consumables;
- e) costs entailed by contracts awarded by the Beneficiary(ies) for the purposes of the Action referred to in Article 10.
- f) costs deriving directly from the requirements of the Contract (dissemination of information, evaluation specific to the Action, audits, translation, reproduction, insurance, etc.) including financial service costs (in particular the cost of transfers and financial guarantees where required according to the Contract);
- g) duties, taxes and charges, including VAT, paid and not recoverable by the beneficiaries, unless otherwise provided in the Special Conditions;
- h) overheads, in the case of an operating grant.

Simplified cost options

14.3 In accordance with the detailed provisions in Annex III, eligible costs may also be constituted by any or a combination of the following cost options:

- a) unit costs;
- b) lump sums;
- c) flat-rate financing.

14.4 The methods used by the Beneficiary(ies) to determine unit costs, lump sums or flat-rates shall be clearly described and substantiated in Annex III and shall ensure compliance with the no-profit rule and shall avoid double funding of costs. The information used can be based on the Beneficiary(ies)'s historical and/or actual accounting and cost accounting data or on external information where available and appropriate.

Costs declared under simplified cost options shall satisfy the eligibility criteria set out in Article 14.1 and 14.2. They do not need to be backed by accounting or supporting documents, save those necessary to demonstrate the fulfilment of the conditions for reimbursement established in Annex I and III.

These costs may not include ineligible costs as referred to in Article 14.9 or costs already declared under another costs item or heading of the budget of this Contract.

The amounts or rates of unit costs, lump sums or flat-rates set out in Annex III may not be amended unilaterally and may not be challenged by ex post verifications.

14.5 The total amount of financing on the basis of simplified cost options may not exceed EUR 60 000 per each Beneficiary, unless otherwise provided for in the Special Conditions.

Contingency reserve

14.6 A reserve for contingencies and/or possible fluctuations in exchange rates not exceeding 5 % of the direct eligible costs may be included in the budget for the Action, to allow for adjustments necessary

in the light of unforeseeable changes of circumstances on the ground. It can be used only with the prior written authorisation of the Contracting Authority, upon duly justified request by the Coordinator.

Indirect costs

- 14.7 The indirect costs for the action are those eligible costs which may not be identified as specific costs directly linked to the implementation of the action and may not be booked to it directly according to the conditions of eligibility in Article 14.1. However, they are incurred by the beneficiary(ies) in connection with the eligible direct costs for the action. They may not include ineligible costs as referred to in Article 14.9 or costs already declared under another costs item or heading of the budget of this Contract.

A fixed percentage of the total amount of direct eligible costs of the Action not exceeding the percentage laid down in Article 3 of the Special Conditions may be claimed to cover indirect costs for the Action. Flat-rate funding in respect of indirect costs does not need to be supported by accounting documents. This amount shall not be taken into account with regard to the maximum amount of simplified cost options.

Indirect costs shall not be eligible under a grant for an action awarded to a beneficiary who already receives an operating grant financed from the Union budget during the period in question.

This Article 14.7 does not apply in the case of an operating grant.

In kind contributions

- 14.8 Any contributions in kind, which shall be listed separately in Annex III, do not represent actual expenditure and are not eligible costs. Unless otherwise specified in the Special Conditions, contributions in kind may not be treated as co-financing by the Beneficiary(ies).

If contributions in kind are accepted as co-financing, the Beneficiary(ies) shall ensure they comply with national tax and social security rules.

Notwithstanding the above, if the Description of the Action provides for contributions in kind, such contributions have to be provided.

Non-eligible costs

- 14.9 The following costs shall not be considered eligible:

- a) debts and debt service charges (interest);
- b) provisions for losses or potential future liabilities;
- c) costs declared by the Beneficiary(ies) and financed by another action or work programme receiving a Union (including through EDF) grant;
- d) purchases of land or buildings, except where necessary for the direct implementation of the Action, in which case ownership shall be transferred to the final beneficiaries and/or local Beneficiary(ies), at the latest at the end of the Action, in accordance with Article 7.5;
- e) currency exchange losses;
- f) credits to third parties, unless otherwise specified in the Special Conditions.

ARTICLE 15 — PAYMENT AND INTEREST ON LATE PAYMENT

Payment procedures

- 15.1 The Contracting Authority must pay the grant to the Coordinator following one of the payment procedures below, as set out in Article 4 of the Special Conditions.

Option 1: Actions with an implementation period of 12 months or less or grant of EUR 100 000 or less

- (i) an initial pre-financing payment of 80 % of the maximum amount referred to in Article 3.2 of the Special Conditions (excluding contingencies);
- (ii) the balance of the final amount of the grant.

Option 2: Actions with an implementation period of more than 12 months and grant of more than EUR 100 000

- (i) an initial pre-financing payment of 100 % of the part of the estimated budget financed by the Contracting Authority for the first reporting period (excluding contingencies). The part of the budget financed by the Contracting Authority is calculated by applying the percentage set out in Article 3.2 of the Special Conditions;
- (ii) further pre-financing payments of 100 % of the part of the estimated budget financed by the Contracting Authority for the following reporting period (excluding not authorised contingencies);
 - the reporting period is intended as a twelve-month period unless otherwise provided for in the Special Conditions. When the remaining period to the end of the Action is up to 18 months, the reporting period shall cover it entirely;
 - within 60 days following the end of the reporting period, the Coordinator shall present an interim report or, if unable to do so, it shall inform the Contracting Authority of the reasons and provide a summary of progress of the Action;
 - if at the end of the reporting period the part of the expenditure actually incurred which is financed by the Contracting Authority is less than 70 % of the previous payment (and 100 % of any previous payments), the further pre-financing payment shall be reduced by the amount corresponding to the difference between the 70 % of the previous prefinancing payment and the part of the expenditure actually incurred which is financed by the Contracting Authority;
 - the Coordinator may submit a request for further pre-financing payment before the end of the reporting period, when the part of the expenditure actually incurred which is financed by the Contracting Authority is more than 70 % of the previous payment (and 100 % of any previous payments). In this case, the following reporting period starts anew from the end date of the period covered by this payment request;
 - in addition, for grants of more than EUR 5 000 000, a further pre-financing payment may be made only if the part financed by the Contracting Authority of the of eligible costs approved is at least equal to the total amount of all the previous payments excluding the last one;
 - the total sum of pre-financing payments may not exceed 90 % of the amount referred to in Article 3.2 of the Special Conditions, excluding not authorised contingencies;
- (iii) the balance of the final amount of the grant.

Option 3: All Actions

- (i) the balance of the final amount of the grant.

Submission of final reports

- 15.2 The Coordinator shall submit the final report to the Contracting Authority no later than three months after the implementation period as defined in Article 2 of the Special Conditions. The deadline for submission of the final report is extended to six months where the Coordinator does not have its headquarters in the country where the Action is implemented.

Payment request

- 15.3 The payment request shall be drafted using the model in Annex V and shall be accompanied by:
- a) a narrative and financial report in line with Article 2;
 - b) a forecast budget for the following reporting period in case of request of further pre-financing;
 - c) an expenditure verification report or a detailed breakdown of expenditure if required under Article 15.7;

For the purposes of the initial pre-financing payment, the signed contract serves as payment request. A financial guarantee shall be attached if required in the Special Conditions.

Payment shall not imply recognition of the regularity or of the authenticity, completeness and correctness of the declarations and information provided.

Payment deadlines

- 15.4 Initial pre-financing payments shall be made within 30 days of receipt of the payment request by the Contracting Authority.

Further pre-financing payments and payments of the balance shall be made within 60 days of receipt of the payment request by the Contracting Authority.

However, further pre-financing payments and payments of the balance shall be made within 90 days of receipt of the payment request by the Contracting Authority in any of the following cases:

- a) one Beneficiary with affiliated entity(ies);
- b) if more than one Beneficiary is part to this Contract;
- c) if the Commission is not the Contracting Authority
- d) for grants exceeding EUR 5 000 000

The payment request is deemed accepted if there is no written reply by the Contracting Authority within the deadlines set above.

Suspension of the period for payments

- 15.5 Without prejudice to Article 12, the Contracting Authority may suspend the time-limits for payments by notifying the Coordinator that:

- a) the amount indicated in its request of payments is not due, or;
- b) proper supporting documents have not been supplied, or;
- c) the Contracting Authority needs to request clarifications, modifications or additional information to the narrative or financial reports, or;
- d) the Contracting Authority needs to carry out additional checks, including on-the-spot checks to make sure that the expenditure is eligible or;
- e) it is necessary to verify whether presumed substantial errors, irregularities, fraud have occurred in the grant award procedure or the implementation of the Action.

- f) it is necessary to verify whether the Beneficiary(ies) have breached any substantial obligations under this Contract.

The suspension of the time-limits for payments starts when the above notification is sent by the Contracting Authority to the Coordinator. The time-limit starts running again on the date on which a correctly formulated request for payment is recorded. The Coordinator shall provide any requested information, clarification or document within 30 days of the request.

If, notwithstanding the information, clarification or document provided by the Coordinator, the payment request is still inadmissible, or if the award procedure or the implementation of the grant proves to have been subject to substantial errors, irregularities, fraud, or breach of obligations, then the Contracting Authority may refuse to proceed further with payments and may, in the cases foreseen in Article 12, terminate accordingly this Contract.

In addition, the Contracting Authority may also suspend payments as a precautionary measure without prior notice, prior to, or instead of, terminating this Contract as provided for in Article 12.

Interest on late payment

15.6 If the Contracting Authority pays the coordinator after the time limit, it shall pay default interest as follows:

- a) at the rediscount rate applied by the central bank of the country of the Contracting Authority if payments are in the currency of that country;
- b) at the rate applied by the European Central Bank to its main refinancing transactions in euro, as published in the Official Journal of the European Union, C series, if payments are in euro,

on the first day of the month in which the time-limit expired, plus three and a half percentage points. The interest will be payable for the time elapsed between the expiry of the payment deadline and the date on which the Contracting Authority's account is debited.

By way of exception, when the interest calculated in accordance with this provision is lower than or equal to EUR 200, it will be paid to the Coordinator only upon demand submitted within two months of receiving late payment.

The default interest is not considered as income for the purposes of Article 17.2.

This Article 15.6 does not apply if the coordinator is a European Union Member State, including regional and local government authorities or other public body acting in the name and on behalf of the Member State for the purpose of the Contract.

Expenditure verification report

15.7 The Coordinator must provide an expenditure verification report for:

- a) any request for further pre-financing payment in case of grants of more than EUR 5 000 000;
- b) any final report in the case of a grant of more than EUR 100 000.

The expenditure verification report shall conform to the model in Annex VII and shall be produced by an auditor approved or chosen by the Contracting Authority. The auditor shall meet the requirements set out in the Terms of Reference for expenditure verification in Annex VII.

The auditor shall examine whether the costs declared by the Beneficiary(ies) and the revenue of the Action are real, accurately recorded and eligible under this Contract. The expenditure verification report shall cover all expenditure not covered by any previous expenditure verification report.

If no expenditure verification is required, a detailed breakdown of expenditure covering the preceding reporting periods not already covered, shall be provided for every other request for further pre-

financing payment and starting with the second request for further pre-financing payment (i.e. 3rd, 5th, 7th... pre-financing payment).

The detailed breakdown of expenditure should provide the following information for each cost heading in the financial report and for all underlying entries and transactions: amount of the entry or transaction, accounting reference (e.g. ledger, journal or other relevant reference) description of the entry or transaction (detailing the nature of the expenditure) and reference to underlying documents (e.g. invoice number, salary slip or other relevant reference), in line with Article 16.1. It shall be provided in electronic form and spread sheet format (excel or similar) whenever possible.

The detailed breakdown of expenditure shall be supported by a declaration of honour by the Coordinator that the information in the payment request is full, reliable and true and that the costs declared have been incurred and can be considered as eligible in accordance to this Contract.

The final report shall in all cases include a detailed breakdown of expenditure covering the whole Action.

Where the Coordinator is a government department or a public body, the Contracting Authority may accept to substitute the expenditure verification with a detailed breakdown of expenditure.

The expenditure verification report shall not be provided by the Coordinator if the verification is directly done by the Contracting Authority's own staff, by the Commission or by a body authorised to do so on their behalf, according to Article of 5.2 of the Special Conditions.

Financial guarantee

- 15.8 If the grant exceeds EUR 60 000 the Contracting Authority may request a financial guarantee for the amount of the initial pre-financing payment.

The guarantee shall be denominated in euro or in the currency of the Contracting Authority, conforming to the model in Annex VIII and, unless the Contracting Authority agrees otherwise, provided by an approved bank or financial institution established in one of the Member States of the European Union. This guarantee shall remain in force until its release by the Contracting Authority when the payment of the balance is made.

This provision shall not apply if the Coordinator is a non-profit organisation, an organisation which has signed a framework partnership agreement with the European Commission, a government department or public body, unless otherwise stipulated in the Special Conditions.

Rules for currency conversion

- 15.9 The Contracting Authority shall make payments to the Coordinator to the bank account referred to in the financial identification form in Annex V, which allows the identification of the funds paid by the Contracting Authority. The Contracting Authority shall make payments in euro or in the currency of the country to which it belongs, in accordance with the currency set in the Special Conditions.

Reports shall be submitted in the currency set out in the Special Conditions, and may be drawn from financial statements denominated in other currencies, on the basis of the Beneficiary(ies)'s applicable legislation and applicable accounting standards. In such case and for the purpose of reporting, conversion into the currency set in the Special Conditions shall be made using the rate of exchange at which the Contracting Authority 's contribution was recorded in the Beneficiary(ies)'s accounts, unless otherwise provided for in the Special Conditions.

Costs incurred in other currencies than the one used in the Beneficiary(ies)'s accounts shall be converted using the monthly Inforeuro on the date of payment or according to its usual accounting practices if so provided for in the Special Conditions.

In the event of an exceptional exchange-rate fluctuation, the Parties shall consult each other with a view to amending the Action in order to lessen the impact of such a fluctuation. Where necessary, the Contracting Authority may take additional measures such as terminating the Contract.

ARTICLE 16 — ACCOUNTS AND TECHNICAL AND FINANCIAL CHECKS

Accounts

- 16.1 The Beneficiary(ies) shall keep accurate and regular accounts of the implementation of the Action using an appropriate accounting and double-entry book-keeping system.

The accounts:

- a) may be an integrated part of or an adjunct to the Beneficiary(ies)'s regular system;
- b) shall comply with the accounting and bookkeeping policies and rules that apply in the country concerned;
- c) shall enable income and expenditure relating to the Action to be easily traced, identified and verified.

- 16.2 The coordinator shall ensure that any financial report as required under Article 2 can be properly and easily reconciled to the accounting and bookkeeping system and to the underlying accounting and other relevant records. For this purpose the Beneficiary(ies) shall prepare and keep appropriate reconciliations, supporting schedules, analyses and breakdowns for inspection and verification.

Right of access

- 16.3 The Beneficiary(ies) shall allow verifications to be carried out by the European Commission, the European Anti-Fraud Office, the European Court of Auditors and any external auditor authorised by the Contracting Authority. The Beneficiary(ies) have to take all steps to facilitate their work.

- 16.4 The Beneficiary(ies) shall allow the above entities to:

- a) access the sites and locations at which the Action is implemented;
- b) examine its accounting and information systems, documents and databases concerning the technical and financial management of the Action;
- c) take copies of documents;
- d) carry out on the-spot-checks;
- e) conduct a full audit on the basis of all accounting documents and any other document relevant to the financing of the Action;

- 16.5 Additionally the European Anti-Fraud Office shall be allowed to carry out on-the-spot checks and inspections in accordance with the procedures laid down by the European Union legislation for the protection of the financial interests of the European Union against fraud and other irregularities.

Where appropriate, the findings may lead to recovery by the Commission.

- 16.6 Access given to agents of the European Commission, European Anti-Fraud Office and the European Court of Auditors and to any external auditor authorised by the Contracting Authority carrying out verifications as provided for by this Article as well as by Article 15.7 shall be on the basis of confidentiality with respect to third parties, without prejudice to the obligations of public law to which they are subject.

Record keeping

16.7 The Beneficiary(ies) shall keep all records, accounting and supporting documents related to this Contract for five years following the payment of the balance and for three years in case of grants not exceeding EUR 60 000, and in any case until any on-going audit, verification, appeal, litigation or pursuit of claim has been disposed of.

They shall be easily accessible and filed so as to facilitate their examination and the Coordinator shall inform the Contracting Authority of their precise location.

16.8 All the supporting documents shall be available in the original form, including in electronic form.

16.9. In addition to the reports mentioned in Article 2, the documents referred to in this Article include:

- a) Accounting records (computerised or manual) from the Beneficiary(ies)'s accounting system such as general ledger, sub-ledgers and payroll accounts, fixed assets registers and other relevant accounting information;
- b) Proof of procurement procedures such as tendering documents, bids from tenderers and evaluation reports;
- c) Proof of commitments such as contracts and order forms;
- d) Proof of delivery of services such as approved reports, time sheets, transport tickets, proof of attending seminars, conferences and training courses (including relevant documentation and material obtained, certificates) etc.;
- e) Proof of receipt of goods such as delivery slips from suppliers;
- f) Proof of completion of works, such as acceptance certificates;
- g) Proof of purchase such as invoices and receipts;
- h) Proof of payment such as bank statements, debit notices, proof of settlement by the contractor;
- i) Proof that taxes and/or VAT that have been paid cannot actually be reclaimed;
- j) For fuel and oil expenses, a summary list of the distance covered, the average consumption of the vehicles used, fuel costs and maintenance costs;
- k) Staff and payroll records such as contracts, salary statements and time sheets. For local staff recruited on fixed-term contracts, details of remuneration paid, duly substantiated by the person in charge locally, broken down into gross salary, social security charges, insurance and net salary. For expatriate and/or European- based staff (if the Action is implemented in Europe) analyses and breakdowns of expenditure per month of actual work, assessed on the basis of unit prices per verifiable block of time worked and broken down into gross salary, social security charges, insurance and net salary.

ARTICLE 17 — FINAL AMOUNT OF THE GRANT

Final amount

17.1 The grant may not exceed the maximum ceiling in Article 3.2 of the Special Conditions either in terms of the absolute value or the percentage stated therein.

If the eligible costs of the Action at the end of the Action are less than the estimated eligible costs as referred to in Article 3.1 of the Special Conditions, the grant shall be limited to the amount obtained by applying the percentage laid down in Article 3.2 of the Special Conditions to the eligible costs of the Action approved by the Contracting Authority.

17.2 In addition and without prejudice to its right to terminate this Contract pursuant to Article 12, if the Action is not implemented or is implemented poorly, partially or late, the Contracting Authority may,

by a duly reasoned decision and after allowing the Beneficiary to submit its observations, reduce the initial grant in line with the actual implementation of the Action and in accordance with the terms of this Contract.

No profit

- 17.3 The grant may not produce a profit for the Beneficiary(ies), unless specified otherwise in Article 7 of the Special Conditions. Profit is defined as a surplus of the receipts over the eligible costs approved by the Contracting Authority when the request for payment of the balance is made.
- 17.4 The receipts to be taken into account are the consolidated receipts on the date on which the payment request for the balance is made by the Coordinator that fall within one of the two following categories:
- a) income generated by the action, unless otherwise specified in the Special conditions;
 - b) financial contributions specifically assigned by the donors to the financing of the same eligible costs financed by this Contract. Any financial contribution that may be used by the Beneficiary(ies) to cover costs other than those eligible under this contract or that are not due to the donor where unused at the end of the action are not to be considered as a receipt to be taken into account for the purpose of verifying whether the grant produces a profit for the Beneficiary(ies).
- 17.5 In case of an operating grant, amounts dedicated to the building up of reserves shall not be considered as a receipt.
- 17.6 Where the final amount of the grant determined in accordance with the Contract would result in a profit, it shall be reduced by the percentage of the profit corresponding to the final Union contribution to the eligible costs approved by the Contracting Authority.
- 17.7 The provisions in Article 17.3 shall not apply to:
- a) actions the objective of which is the reinforcement of the financial capacity of a beneficiary, if specified in Article 7 of the Special Conditions;
 - b) actions which generate an income to ensure their continuity beyond the end of this Contract, if specified in Article 7 of the Special Conditions;
 - c) other direct support paid to natural persons in most need, such as unemployed persons and refugees, if specified in Article 7 of the Special Conditions;
 - d) study, research or training scholarships paid to natural persons;
 - e) grants of EUR 60 000 or less.

ARTICLE 18 — RECOVERY

Recovery

- 18.1 If any amount is unduly paid to the Coordinator, or if recovery is justified under the terms of this Contract, the Coordinator undertakes to repay the Contracting Authority these amounts.
- 18.2 In particular, payments made do not preclude the possibility for the Contracting Authority to issue a recovery order following an expenditure verification report, an audit or further verification of the payment request.
- 18.3 If a verification reveals that the methods used by the Beneficiary(ies) to determine unit costs, lump sums or flat-rates are not compliant with the conditions established in this Contract and, therefore an undue payment has been made, the Contracting Authority shall be entitled to recover proportionately up to the amount of the unit costs, lump sums or flat rate financing.

- 18.4 The Coordinator undertakes to repay any amounts paid in excess of the final amount due to the Contracting Authority within 45 days of the issuing of the debit note, the latter being the letter by which the Contracting Authority requests the amount owed by the Coordinator.

Interest on late payments

- 18.5 Should the Coordinator fail to make repayment within the deadline set by the Contracting Authority, the Contracting Authority may increase the amounts due by adding interest:

- a) at the rediscount rate applied by the central bank of the country of the Contracting Authority if payments are in the currency of that country;
- b) at the rate applied by the European Central Bank to its main refinancing transactions in euro, as published in the Official Journal of the European Union, C series, where payments are in euros;

on the first day of the month in which the time-limit expired, plus three and a half percentage points. The default interest shall be incurred over the time which elapses between the date of the payment deadline set by the Contracting Authority, and the date on which payment is actually made. Any partial payments shall first cover the interest thus established.

Offsetting

- 18.6 Amounts to be repaid to the Contracting Authority may be offset against amounts of any kind due to the Coordinator, after informing it accordingly. This shall not affect the Parties' right to agree on payment in instalments.

Other provisions

- 18.7 The repayment under Article 18.4 or the offsetting under Article 18.7 amount to the payment of the balance.
- 18.8 Bank charges incurred by the repayment of amounts due to the Contracting Authority shall be borne entirely by the Coordinator.
- 18.9 The guarantee securing the pre-financing may be invoked in order to repay any amount owed by the Beneficiary(ies), and the guarantor shall not delay payment nor raise objections for any reason whatsoever.
- 18.10 Without prejudice to the prerogative of the Contracting Authority, if necessary, the European Union may, as donor, proceed itself to the recovery by any means.



ANNEX A3 Budget

The Administration of the Republic of Moldova (Court of Accounts (CoA) of the Republic of Moldova)
(hereinafter referred to as the BC)
represented by Mrs. Angela Pascaru, Member of the CoA,
the BC Project Leader

of the one part,

And the Administration of of HAUS Finnish Institute of Public Management Ltd
(hereinafter referred to as the
Member State) represented by Mr. Reijo Lindh, the
MS Project Leader

of the other part

HAVE AGREED ON THE FOLLOWING BUDGET:

¹⁾ As per ENPI 2011 Annual Action Programme

BREAKDOWN OF COSTS

Actions to be undertaken under the Twinning project	Responsibility (tick as appropriate)		Cost			
	BC	MS ENPI	Unit cost	No of units	Total MS cost	BC Co- finan- cing
1. Resident Twinning Advisor Remuneration Mr. Esko Mustonen		X				
Basic salary and non-wage labour costs		X	8646,45	24	207 514,90	
6 % of salary and non-wage labour costs		X	518,79	24	12 450,89	
TOTAL					219 965,79	
2. Resident Twinning Advisor Allowances						
Daily allowance (50%)		X	86,50	730	63 145,00	
Allowances for RTA for first 30 days		X	173,00	30	5 190,00	

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Health and accident insurance for RTA	X	200,00	24	4 800,00
Accommodation (see appropriate ceiling for each BC)	X	1200,00	23	27 600,00
Estate Agent's fee	X	600,00	1	600,00
Excess luggage (up to 50 kg)	X	0,00	0	0,00
Travel to and from place of duty - RTA	X	600,00	2	1 200,00
Monthly allowance for special economically priced return trips 4	X	450,00	23	10 350,00
TOTAL				112 885,00
3. RTA Training				
Return fare Brussels	X	500,00	1	500,00
3 per diems BE	X	232,00	3	696,00
TOTAL				1 196,00
4. RTA Assistant & Interpreter				
Assistant salary	X	1100,00	24	26 400,00
Language Assistant salary	X	1100,00	24	26 400,00
TOTAL				52 800,00
5. Project Preparation				
8 trips, 22 WDs				
RTA Mr Esko Mustonen				
Fee, Civil Servant rate	X	250,00	7	1 750,00
Twinning Management costs	X	150% of fee	1,5	2 625,00
MS PL Reijo Lindh Class 2				
Fee, Mandated body rate	X	350,00	5	1 750,00
Twinning Management costs	X	150% of fee	1,5	2 625,00
JR PL José Joaquín García-Pando Mosquera Class 2				
Fee, Mandated body rate	X	350,00	10	3 500,00
Twinning Management costs	X	150% of fee	1,5	5 250,00
Per diems	X	173,00	30	5 190,00
Air tickets	X		8	6 529,32
TOTAL				29 219,32
6. Project Coordination				
Participation of MS PL and MS JR PL in Project Steering Committee meetings				
8 x 2 day missions				
MS PL Reijo Lindh, Fee, Mandated body rate Class 2				
	X	350,00	16	5 600,00
Twinning Management costs	X	150% of fee	1,5	8 400,00
Per diems	X	173,00	24	4 152,00
Air tickets	X	600,00	8	4 800,00
8 x 2 day missions				
JR PL José Joaquín García-Pando Mosquera, Fee, Mandated body rate Class 2				
	X	350,00	16	5 600,00
Twinning Management costs	X	150% of fee	1,5	8 400,00
Per diems	X	173,00	24	4 152,00
Air tickets	X	600,00	8	4 800,00
Visibility costs	X	10000,00	1	10 000,00

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Audit certificate costs		X	8000,00	1	8 000,00	
TOTAL					63 904,00	
TOTAL 1 - 6					479 970,11	
7. PROJECT ACTIVITIES						
COMPONENT 0: General Activities						
Activity 0.1 Kick-off meeting						
MS PL Reijo Lindh Class 2						
Fee, Mandated body rate		X	350,00	2	700,00	
Twining Management costs		X	150% of fee	1,5	1 050,00	
Per diems		X	173,00	3	519,00	
Air tickets		X	600,00	1	600,00	
JR PL José Joaquín García-Pando Mosquera Class 2						
Fee, Mandated body rate		X	350,00	2	700,00	
Twining Management costs		X	150% of fee	1,5	1 050,00	
Per diems		X	173,00	3	519,00	
Air tickets		X	600,00	1	600,00	
Interpretation		X	150,00	1	150,00	
Small catering		X	500,00	1	500,00	
TOTAL				2	6 388,00	
Activity 0.2 Final Closing Conference						
MS PL Reijo Lindh Class 2						
Fee, Mandated body rate		X	350,00	1	350,00	
Twining Management costs		X	150% of fee	1,5	525,00	
Per diems		X	173,00	2	346,00	
Air tickets		X	600,00	1	600,00	
JR PL José Joaquín García-Pando Mosquera Class 2						
Fee, Mandated body rate		X	350,00	1	350,00	
Twining Management costs		X	150% of fee	1,5	525,00	
Per diems		X	173,00	2	346,00	
Air tickets		X	600,00	1	600,00	
STE Enrique Alvarez Tolcheff, Ari Sihvola, Mariano Rojo						
Fee, Mandated body rate Class 2		X	350,00	3	1 050,00	
Twining Management costs		X	150% of fee	1,5	1 575,00	
Per diems		X	173,00	6	1 038,00	
Air tickets		X	600,00	3	1 800,00	
Interpretation		X	150,00	1	150,00	
Small catering		X	500,00	1	500,00	
TOTAL					9 755,00	
TOTAL COMPONENT 0					16 143,00	
COMPONENT 1: Strengthen audit capacities of the CoA						
Activity 1.1. Training related to performance, system and EU funds audits and preparation of the necessary baseline assessments						
STE Kari Rouvinen, Visa Paajanen, Jan Holmberg, Petri Huovinen, Lassi Perkinen, Beatrice González Betancort, Mariano Rojo Pérez, Domingo García Díez						

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Fee, Civil servant	X	250,00	150	37 500,00
Twinning Management costs	X	150% of fee	1,5	56 250,00
STE Ulla Suomela, Lasse Oulasvirta, Reijo Lindh, Vesa Jatkola, Ara Haikarainen				
Fee, Mandated body rate <i>Class 2</i>	X	350,00	70	24 500,00
Twinning Management costs	X	150% of fee	1,5	36 750,00
Per diems	X	173,00	264	45 672,00
Air tickets	X	600,00	44	26 400,00
5-day study visit for 5 BC and 1 interpreter, Finland				
Per diems for BC participants	X	244,00	36	8 784,00
Air tickets for BC participants	X	600,00	6	3 600,00
Incidental costs (at 10 per participant/day)	X	10,00	30	300,00
Travel costs in MS (trip to another city)	X	150,00	6	900,00
5-day study visit for 5 BC and 1 interpreter, Finland				
Per diems for BC participants	X	244,00	36	8 784,00
Air tickets for BC participants	X	600,00	6	3 600,00
Incidental costs (at 10 per participant/day)	X	10,00	30	300,00
Travel costs in MS (trip to another city)	X	150,00	6	900,00
5-day study visit for 5 BC and 1 interpreter, Finland				
Per diems for BC participants	X	244,00	36	8 784,00
Air tickets for BC participants	X	600,00	6	3 600,00
Incidental costs (at 10 per participant/day)	X	10,00	30	300,00
Travel costs in MS (trip to another city)	X	150,00	6	900,00
5-day study visit for 5 BC and 1 interpreter, Spain				
Per diems for BC participants	X	212,00	36	7 632,00
Air tickets for BC participants	X	600,00	6	3 600,00
Incidental costs (at 10 per participant/day)	X	10,00	30	300,00
Travel costs in MS (trip to another city)	X	150,00	6	900,00
TOTAL				280 256,00
Activity 1.2. Creation of groups of trainers specialized in performance/system audits and EU funds				
STE Kari Rouvinen, Visa Paajanen, Jan Holmberg, Lassi Perkinen, Mercedes Rodríguez Tarrida, Mariía Consuelo Lage Ferrón, Francisco José Velasco Moreno, María del Carmen Herrera Velasco				
Fee, Civil servant	X	250,00	40	10 000,00
Twinning Management costs	X	150% of fee	1,5	15 000,00
STE Lasse Oulasvirta, Ulla Suomela, Reijo Lindh, Vesa Jatkola				
Fee, Mandated body rate <i>Class 2</i>	X	350,00	20	7 000,00
Twinning Management costs	X	150% of fee	1,5	10 500,00
Per diems	X	173,00	72	12 456,00
Air tickets	X	600,00	12	7 200,00
TOTAL				62 156,00

Activity 1.3. Development and consolidation of CoA capacities to perform performance/system audits and audit of EU funds with the support of experts and their participation in audit missions, according to the new development methodological and regulatory norms					
STE Pasi Ovaska, Antti Lehtonen, Jyrki Pennanen, Mikko Helkiö, Taisto Leppänen, Jukka Vuorio, Helge Vuoti, Sari Nousiainen, Elina Pylkkänen, Klaus Krokfors, Lassi Perkinen, Maarit Turunen, Sirpa Korkea-aho, Pedro García Reppeto, José Francisco Ballesteros Pinto, Jesús Manuel Gómez García, Jorge Álvaro Navas Elorza					
Fee, Civil servant		X	250,00	120	30 000,00
Twining Management costs		X	150% of fee	1,5	45 000,00
Per diems		X	173,00	144	24 912,00
Air tickets		X	600,00	24	14 400,00
TOTAL				#### ####	114 312,00
Activity 1.4. Joint cold evaluation with experts of the quality of performed audits, elaborating of checklists for quality cold reviews					
STE Antti Lehtonen, Jyrki Pennanen, Mikko Helkiö, Visa Paajanen, Taisto Leppänen, Jukka Vuorio, Helge Vuoti, Klaus Krokfors, Sari Nousiainen, Maarit Turunen, Sirpa Korkea-aho, José Ignacio Cabetas Bello, Juan Ruiz-Rico Alcaide, Sofía Viñayo Fernández, Vanesa Fructuoso Muñoz					
Fee, Civil servant		X	250,00	60	15 000,00
Twining Management costs		X	150% of fee	1,5	22 500,00
STE Ulla Suomela, Vesa Jatkola					
Fee, Mandated body rate <i>Class 2</i>		X	350,00	10	3 500,00
Twining Management costs		X	150% of fee	1,5	5 250,00
Per diems		X	173,00	84	14 532,00
Air tickets		X	600,00	14	8 400,00
TOTAL					69 182,00
TOTAL COMPONENT 1					525 906,00
COMPONENT 2: Legal Framework					
Activity 2.1. Reviewing the current law on the CoA in line with the EU best practices and the regulations of international organizations in the field. Adjusting the Law in accordance with the new requirements and procedures. Assistance on passing the project through the legislative process					
STE Wojciech Kutyla, Alexandru Costache, Conceição Ventura, Michal Pleticha, Jyri Inha, Jari Sanaskoski					
Fee, Civil servant		X	250,00	15	3 750,00
Twining Management costs		X	150% of fee	1,5	5 625,00
STE José Joaquín García-Pando Mosquera, Enrique Álvarez Tolcheff, José Antonio Pajares, Vesa Jatkola, Ara Haikarainen					
Fee, Mandated body rate <i>Class 2</i>		X	350,00	35	12 250,00
Twining Management costs		X	150% of fee	1,5	18 375,00

Per diems		X	173,00	60	10 380,00
Air tickets		X	600,00	10	6 000,00
TOTAL					56 380,00
Activity 2.2. Adjusting and revising internal regulations in accordance with changes in the legal framework					
STE Francisco José Velasco Morena, María del Carmen Herrera Velasco, Jyri Inha					
Fee, Civil servant		X	250,00	10	2 500,00
Twinning Management costs		X	150% of fee	1,5	3 750,00
STE José Joaquín García-Pando Mosquera, Mónica Rino, Amparo Sebastián, Carlos Cubillo, Concepción Gutiérrez, Agustín Pérez-Cruz, Andrés Gutiérrez, Enrique Cabello, José Antonio Cantero, María Luz Martín, Francisco Javier Carbajosa Pérez, Carlos García Soto, José Antonio Pajares Giménez, Vesa Jatkola					
Fee, Mandated body rate <i>Class 2</i>		X	350,00	60	21 000,00
Twinning Management costs		X	150% of fee	1,5	31 500,00
Per diems		X	173,00	84	14 532,00
Air tickets		X	600,00	14	8 400,00
TOTAL					81 682,00
TOTAL COMPONENT 2					138 062,00

COMPONENT 3: Human Resource Management of the CoA

Activity 3.1. Establishing of Training Needs Assessment procedure, drafting and implementing the Staff Appraisal System procedures					
STE Riitta Tihinen, Johanna Snellman, Anna Saharinen, Ari Sihvola, Lasse Oulasvirta, Arunas Beksta, José Antonio Cantero Palazón, Enrique Cabello Rodríguez, Carlos García Soto					
Fee, Mandated body rate <i>Class 2</i>		X	350,00	50	17 500,00
Twinning Management costs		X	150% of fee	1,5	26 250,00
Per diems		X	173,00	60	10 380,00
Air tickets		X	600,00	10	6 000,00
TOTAL					60 130,00
Activity 3.2. Implementation of modern procedures of human resources management in line with EU standards; revising job description and competences statements, in accordance with the changes in the legal framework					
STE Riitta Tihinen, Anna Saharinen, Johanna Snellman, Ari Sihvola, Lasse Oulasvirta, Arunas Beksta, José Antonio Cantero Palazón, Andrés Gutiérrez García					
Fee, Mandated body rate <i>Class 2</i>		X	350,00	60	21 000,00
Twinning Management costs		X	150% of fee	1,5	31 500,00
Per diems		X	173,00	72	12 456,00
Air tickets		X	600,00	12	7 200,00
TOTAL					72 156,00
TOTAL COMPONENT 3					132 286,00

COMPONENT 4: Strengthen the interaction with the authorities of the Republic of Moldova and increase the impact of the Court of Accounts activities

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Activity 4.1. Implement measures to stabilize, maintain and intensify efficient relation with Parliament, Government and other authorities; organizing workshops to improve the communication between the CoA and the specified authorities					
STE Fernando Galindo, Jacek Mazur, Giorgiana Ene, Joana Figueiredo, Martin Kavena, Klaus Krokfors, Jari Sanaskoski, Matti Salminen					
Fee, Civil servant		X	250,00	15	3 750,00
Twining Management costs		X	150% of fee	1,5	5 625,00
STE Enrique Alvarez Tolcheff, José Joaquin García-Pando Mosquera, Monica Rino García-Camacho, Amparo Sebastián Casado, Francisco Javier Carbajosa, Ara Haikarainen					
Fee, Mandated body rate <i>Class 2</i>		X	350,00	15	5 250,00
Twining Management costs		X	150% of fee	1,5	7 875,00
Per diems		X	173,00	21	3 633,00
Air tickets		X	600,00	6	3 600,00
TOTAL					29 733,00
Activity 4.2. Impemented measures to stabilize, maintain and intensify efficient relations with media and civil society; organizing awareness raising events for the media, the civil society and public at large					
STE Marisa del Valle, Carlos Castelló, Helena Mateos					
Fee, Civil servant		X	250,00	20	5 000,00
Twining Management costs		X	150% of fee	1,5	7 500,00
STE José Joaquin García-Pando Mosquera, Concepción Gutiérrez, Janina Himberg					
Fee, Mandated body rate <i>Class 2</i>		X	350,00	40	14 000,00
Twining Management costs		X	150% of fee	1,5	21 000,00
Per diems		X	173,00	52	8 996,00
Air tickets		X	600,00	12	7 200,00
TOTAL					63 696,00
Activity 4.3. Promoting new efficient mechanism and measures enforcing stronger accountability of audited entitie to follow CoA's recommendations and to intensify relations between CoA and audited entities					
STE Domingo García Díez, Mercedes Rodríguez Tarrida, Beatriz González Betancort, Beatriz Molinuevo Sauca, Consuelo Lage, Francisco José Velasco, María del Carmen Herrera, Visa Paajanen					
Fee, Civil servant		X	250,00	20	5 000,00
Twining Management costs		X	150% of fee	1,5	7 500,00
STE José Joaquin García-Pando, María Luz Martin, José Antonio Pajares Giménez, Enrique Álvarez Tolcheff, Carlos García Soto, Rafael Poul Bel, Laura Atance Aparicio, María de los Santos Nieto Martín, Vesa Jatkola					
Fee, Mandated body rate <i>Class 2</i>		X	350,00	20	7 000,00
Twining Management costs		X	150% of fee	1,5	10 500,00
Per diems		X	173,00	48	8 304,00
Air tickets		X	600,00	8	4 800,00

TOTAL						43 104,00
Activity 4.4. Coaching of CoA's members for measures to increase the Courts impact on improved public funds management						
STE Mariano Rojo Pérez, Luis Cremades Ugarte, Visa Paajanen, Lassi Perkinen, Jari Sanaskoski						
Fee, Mandated body rate <i>Class 2</i>		X	250,00	10		2 500,00
Twinning Management costs		X	150% of fee	1,5		3 750,00
STE José Joaquín García-Pando, Carlos Cubillo Rodríguez, Carlos García Soto						
Fee, Mandated body rate <i>Class 2</i>		X	350,00	30		10 500,00
Twinning Management costs		X	150% of fee	1,5		15 750,00
Per diems		X	173,00	48		8 304,00
Air tickets		X	600,00	8		4 800,00
TOTAL						45 604,00
Activity 4.5. Developing Benchmark Analysis on openness, transparency and visibility of the CoA with all stakeholders; developing guidelines for communication with all stakeholders (including a procedure guidance for Parliament and Government on follow-up of CoA's reports)						
STE José Joaquín García-Pando Mosquera, María Luz Martín, José Antonio Pajares, Monica Rino, Amparo Sebastián, Francisco de Borja Carbajosa, José Antonio Cantero, Carlos Cubillo Rodríguez, Andrés Gutiérrez, Concepción Gutiérrez, Enrique Álvarez Tolcheff, Janina Himberg						
Fee, Mandated body rate <i>Class 2</i>		X	350,00	60		21 000,00
Twinning Management costs		X	150% of fee	1,5		31 500,00
Per diems		X	173,00	72		12 456,00
Air tickets		X	600,00	12		7 200,00
TOTAL						72 156,00
Activity 4.6. Study visits for Court members and senior managers together with the involved Members of the Parliament in MS good practices of collaboration with European Court of Accounts and European Parliament to learn about the modalities of their interaction						
5-day study visit for 3 Court members and 3 senior managers, Spain						
Per diems for BC participants		X	212,00	36		7 632,00
Air tickets for BC participants		X	600,00	6		3 600,00
Incidental costs (at 10 per participant/day)		X	10,00	30		300,00
Travel costs in MS (trip to another city)		X	150,00	6		900,00
TOTAL						12 432,00
TOTAL COMPONENT 4						266 725,00
PROJECT SUB-TOTAL						1 559 092,11
Provision for changes in prices (at maximum 2,5% of sub-total)						38 977,30
PROJECT TOTAL						1 598 069,41

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For the Administration of the Member State
Mr Reijo Lindh
MS Project Leader

(Signature)

06.08.2014

(Date)

For the Administration of the Beneficiary Country
Mrs. Angela Pascaru
BC Project Leader

(Signature)

15.08.2014

(Date)

ANNEX A4

CONTRACT AWARD PROCEDUR

Introductory Remarks

As a matter of principle, Twinning projects are exclusively based on the transfer of public sector expertise and know-how to the beneficiary administration with a view to achieving a mandatory result. This entails that private sector input in the form of equipment or of services must only be included in exceptional cases, subject to due justification, and limited to an overall ceiling of EUR 5 000 in the case of equipment and to EUR 10 000 per budget item in case of services (see sections 3.6 to 3.9 of Annex A7).

Twining projects are in other words self-contained projects centred around public sector co-operation.

The exceptionally required private sector inputs are in principle tendered by the MS partner(s), which applies the provisions described in the present Annex.

Where the MS partner(s) is a contracting authority and/or a contracting entity within the meaning of the EU Directives applicable to procurement procedures, it must apply the relevant provisions of those texts, in preference to the rules set out in sections 3 to 7 of the present Annex.

Where the MS partner(s) is not a contracting authority and/or a contracting entity within the meaning of the EU Directives applicable to procurement procedures, it must apply the rules set out in sections 3 to 7 of the present Annex.

In both cases, the general principles and rules on nationality and origin set out in sections 1 and 2 of the present Annex always apply.

An overview of the applicable rules:

Supply of goods

Up to EUR 5 000 per twinning project:

Where the MS partner(s) is a contracting authority and/or a contracting entity within the meaning of the EU Directives applicable to procurement procedures, it must apply the relevant provisions of those texts, while always respecting the rules and principles laid down in sections 1 and 2 of the present Annex.

Where MS partner(s) is not a contracting authority and/or a contracting entity within the meaning of the EU Directives applicable to procurement procedures, it may use its own procedures, while always respecting the rules and principles laid down in sections 1, 2 and 3 of the present Annex.

Examples: small equipment to ensure smooth implementation of the project (e.g. laboratory consumables or small measuring equipment)

over EUR 5 000 per Twining project :

Such investment **MUST NOT** be financed by the Twinning contract. It can be mentioned in the Budget (Annex A3) but only to signify the commitment of the BC that the relevant equipment will be available to the project.

Examples: equipment to measure air quality control, veterinary control materials.

Supply of services

Up to EUR 10 000 per budget item:

Where the MS partner(s) is a contracting authority and/or a contracting entity within the meaning of the EU Directives applicable to procurement procedures, it must apply the relevant provisions of those texts, while always respecting the rules and principles laid down in sections 1 and 2 of the present Annex.

The MS partner(s) that is not a contracting authority and/or a contracting entity within the meaning of the EU Directives applicable to procurement procedures may use its own procedures, while always respecting the rules and principles laid down in sections 1, 2 and 3 of the present Annex.

Examples: travel costs, translation and interpretation services, software, training material, expert private sector inputs to training.

Above EUR 10 000 and up to EUR 60 000 per budget item:

Where the MS partner(s) is a contracting authority and/or a contracting entity within the meaning of the EU Directives applicable to procurement procedures, it must apply the relevant provisions of those texts, while always respecting the rules and principles laid down in sections 1 and 2 of the present Annex.

Where the MS partner(s) is not a contracting authority and/or a contracting entity within the meaning of the EU Directives applicable to procurement procedures, it may use its own procedures, while always respecting the rules and principles laid down in sections 1, 2 and 3 of the present Annex.

Above EUR 60 000 per budget item:

Where the MS partner(s) is a contracting authority and/or a contracting entity within the meaning of the EU Directives applicable to procurement procedures, it must apply the relevant provisions of those texts, while always respecting the rules and principles laid down in sections 1 and 2 of the present Annex.

Where the MS partner(s) is not a contracting authority and/or a contracting entity within the meaning of the EU Directives applicable to procurement procedures, it must apply the rules set out in sections 1 to 7 of the present Annex.

Examples of possible subcontracting: RTA Assistant, translation and interpretation services, software, training material, expert private sector inputs to training.

Procurement by the Contracting Authority

Given the fact that in some instances the MS partner(s) is a public sector body not allowed to engage in commercial contracts and given the exceptional nature of private sector inputs, the MS partner(s) may ask the Contracting Authority to manage the exceptionally requested private sector inputs on its behalf. This may be appropriate especially where the contracting entails VAT charges which cannot be handled by the Member state partner(s).

If the MS partner(s) avails itself of such assistance, corresponding amounts will be included in the Budget of the Twinning contract (Annex A3) with an annotation indicating clearly that these items will be contracted and paid by the Contracting Authority.

Payments to the MS partner(s) will not include these items, which are paid directly by the Contracting Authority to the supplier(s)/service provider(s).

The Contracting Authority applies its own procurement procedures.

1. General principles

If the implementation of an Action requires procurement by the Beneficiary(ies), the contract must be awarded to the most cost-effective tender (ie, the tender offering the best price-quality ratio), or, in case of works or supply contracts not involving after-sales service, the sole award criterion should be the price. Contracts must be awarded in accordance with transparency and fair competition, avoiding any conflicts of interest. Contracts must not be split artificially to circumvent procurement thresholds.

To this end, the rules set out in sections 2 to 7 below, subject to section 8, must be followed. These lay down the minimum procedures to be followed and it is not precluded that other procedures offering more competition are used.

The European Commission will carry out ex post checks on Beneficiary(ies)'s compliance with these rules. Failure to comply with these rules would render the related expenditure ineligible for EU/EDF funding.

The provisions of this Annex apply mutatis mutandis to contracts to be concluded by the Beneficiary(ies)'s affiliated entity(ies).

2. Eligibility for contracts

2.1. *The nationality rule*

Participation in tender procedures managed by the Beneficiary(ies) is open on equal terms to all natural and legal persons of the Member States and the States and territories of regions expressly covered and/or allowed by the Financial Regulation and the basic acts or other instruments governing the aid programme under which the grant is being financed. Tenderers must state in their tenders the country of which they are nationals by presenting the usual proof of nationality under their national legislation.

This rule does not apply to the experts proposed under service tenders financed by the grant.

2.2. *The rule of origin*

If the basic act or the other applicable instruments so require, the tenderer must prove the origin of the supplies acquired under the grant. For the purpose of this annex, the term "origin" is defined in chapter 2 of Regulation (EC) No 450/2008 of the European Parliament and of the Council of 23 April 2008 laying down the EU Customs Code (Modernised Customs Code). For equipment and vehicles of a unit cost on purchase of more than EUR 5 000, contractors must present proof of origin to the Beneficiary(ies), at the latest when the first invoice is presented. The certificate of origin must be made out by the competent authorities of the country of origin of the supplies and must comply with the rules laid down by the relevant Union legislation.

2.3. *Exceptions to the rules on nationality and origin*

Where an agreement on widening the market for procurement of goods, works or services applies, access must also be open to nationals and goods originating from other countries under the conditions laid down in that agreement.

In addition, in duly substantiated exceptional cases, foreseen by the applicable regulations, the European Commission may give access to nationals or goods originating from countries other than those referred to in section 2.1.

2.4. *Grounds for exclusion from participation in procurement*

Candidates or tenderers will be excluded from taking part in a procurement procedure if:

- (1) they are bankrupt or being wound up, are having their affairs administered by the courts, have entered into an arrangement with creditors, have suspended business activities, are the subject of proceedings concerning those matters, or are in any analogous situation arising from a similar procedure provided for in national legislation or regulations;
- (2) they have been convicted of an offence concerning their professional conduct by a judgment which has the force of *res judicata*;
- (3) they have been guilty of grave professional misconduct proven by any means which the Beneficiary(ies) can justify;
- (4) they have not fulfilled obligations relating to the payment of social security contributions or the payment of taxes in accordance with the legal provisions of the country in which they are established or with those of the country of the Beneficiary(ies) or those of the country where the contract is to be performed;
- (5) they or persons having powers of representation, decision making or control over them have been the subject of a judgment which has the force of *res judicata* for fraud, corruption, involvement in a criminal organisation, money laundering or any other illegal activity detrimental to the EU's financial interests;
- (6) they are currently subject to an administrative penalty referred to in section 2.3.4 of the Practical Guide to contract procedures for EC external actions.

Candidates or tenderers must certify that they are not in one of the situations listed above.

Points (1) to (4) do not apply to the purchase of supplies on particularly advantageous terms from either a supplier which is definitively winding up its business activities, or the receivers or liquidators of a bankruptcy, through an arrangement with creditors, or through a similar procedure under national law.

2.5. *Exclusion from award of contracts*

Contracts may not be awarded to candidates or tenderers which, during the procurement procedure:

- (a) are subject to a conflict of interests;
- (b) are guilty of misrepresentation in supplying the information required by the Beneficiary(ies) as a condition of participation in the contract procedure or fail to supply this information.

3. Common procurement rules

The tender documents must be drafted according to best international practice. If they do not have their own documents, Beneficiaries may voluntarily use the models published in the Practical Guide to EU contract procedures for EU external actions on the EuropeAid website. The European Commission will not publish notices and tender documents issued by the Beneficiary(ies).

The time-limits for applications and/or tenders must be long enough to give interested parties a reasonable period to prepare and submit their tenders.

An evaluation committee must be set up to evaluate both applications and/or tenders of a value of EUR 60 000 or more on the basis of the exclusion, selection and award criteria published by the Beneficiary(ies) in advance in the tender documents. This committee must have an odd number of members, at least three, with all the technical and administrative capacities necessary to give an informed opinion on the tenders.

4. Specific rules for service contracts

4.1. Contracts from EUR 300 000 and above

Service contracts from EUR 300 000 and above must be awarded by means of an international restricted tender procedure following publication of a procurement notice.

The procurement notice is to be published in all appropriate media, in particular on the Beneficiary's web site, in the international press and the national press of the country in which the Action is being carried out, or in other specialist periodicals. It must state the number of candidates which will be invited to submit tenders within a range of four to eight candidates, and must be sufficient to ensure genuine competition.

All would-be service providers fulfilling the conditions referred to in section 2 may take part but only candidates satisfying the published selection criteria and invited in writing by the Beneficiary may submit a tender.

4.2. Contracts of less than EUR 300 000 but more than EUR 60 000

Such contracts must be awarded by means of a competitive negotiated procedure without publication, in which the Beneficiary consults at least three service providers of its choice and negotiates the terms of the contract with one or more of them.

4.3. Contracts of EUR 60 000 or less

For services of a value of EUR 60 000 or less, the procedures established by the Beneficiary(ies) may be used, while respecting the rules and principles laid down in articles 1, 2 and 3 of this annex.

5. Specific rules for supply contracts

5.1. Contracts from EUR 300 000 and above

Supply contracts from EUR 300 000 and above must be awarded by means of an international open tender procedure following publication of a procurement notice.

The procurement notice is to be published in all appropriate media, in particular on the Beneficiary's web site, in the international press and the national press of the country in which the Action is being carried out, or in other specialist periodicals.

Any would-be supplier which fulfils the conditions referred to in section 2 may submit a tender.

5.2. Contracts between EUR 100 000 and less than EUR 3000 000

Such contracts are awarded by means of an open tender procedure published locally: the procurement notice is published in all appropriate media but only in the country in which the Action is being carried out. A local open tender procedure must provide other eligible suppliers with the same opportunities as local firms.

5.3. Contracts of less than EUR 100 000 but more than EUR 60 000

Such contracts must be awarded by means of a competitive negotiated procedure without publication, in which the Beneficiary consults at least three suppliers of its choice and negotiates the terms of the contract with one or more of them.

5.4. Contracts of EUR 60 000 or less

For supply contracts of EUR 60 000 or less, the procedures established by the Beneficiary(ies) may be used, while respecting the rules and principles laid down in articles 1, 2 and 3 of this annex.

6. Specific rules for works contracts

6.1. Contracts from EUR 5 000 000 and above

Works contracts of EUR 5 000 000 and above must be awarded by means of an international open tender procedure following publication of a procurement notice.

The procurement notice is to be published in all appropriate media, in particular on the Beneficiary's web site, in the international press and the national press of the country in which the Action is being carried out, or in other specialist periodicals.

Any contractor which fulfils the conditions referred to in section 2 may submit a tender.

6.2. Contracts of between EUR 300 000 and less than EUR 5 000 000

Such contracts must be awarded by means of an open tender procedure published locally: the procurement notice is published in all appropriate media but only in the country in which the Action is being carried out. A local open tender procedure must provide other eligible contractors with the same opportunities as local firms.

6.3. Contracts of less than EUR 300 000 but more than EUR 60 000

Such contracts must be awarded by means of a competitive negotiated procedure without publication, in which the Beneficiary consults at least three contractors of its choice and negotiates the terms of the contract with one or more of them.

6.4. Contracts of EUR 60 000 or less

For works contracts of EUR 60 000 or less, the procedures established by the Beneficiary(ies) may be used, while respecting the rules and principles laid down in articles 1, 2 and 3 of this annex..

7. Use of negotiated procedure

The Beneficiary(ies) may decide to use the negotiated procedure on the basis of a single tender in the following cases:

- (a) for the purposes of humanitarian aid and civil protection operations or for crisis management aid. Crisis situations may be invoked only when they have been formally recognised by the European Commission. The Contracting Authority will inform the Coordinator if a crisis situation has been declared and the period for which the declaration will be in force;
- (b) where the services are entrusted to public-sector bodies or to non-profit institutions or associations and relate to activities of an institutional nature or designed to provide assistance to peoples in the social field;
- (c) where contracts extend on-going activities:

- (i) not included in the main service contract, which have become necessary to perform the contract for unforeseen circumstances, and provided that the additional service cannot be technically and economically separated from the principal contract without serious inconvenience for the Beneficiary(ies) and the aggregate amount of additional services does not exceed 50 % of the value of the principal contract, or
- (ii) which consist in the repetition of similar services entrusted to the contractor providing services under the initial contract, provided that:
 - (a) a contract notice was published for the first service and the possibility of using the negotiated procedure for new services for the project and the estimated cost were clearly indicated in the contract notice published for the first service; and
 - (b) the extension of the contract for a value and duration not exceeding the value and the duration of the initial contract;
- (d) for additional deliveries by the original supplier intended either as a partial replacement of normal supplies or installations or as the extension of existing supplies or installations, where a change of supplier would oblige the Beneficiary(ies) to acquire equipment having different technical characteristics which would result in either incompatibility or disproportionate technical difficulties in operation and maintenance;
- (e) for additional works not included in the initial contract concluded which have, through unforeseen circumstances, become necessary for carrying out the works and on condition that such works cannot be technically or economically separated from the main contract without serious inconvenience for the Beneficiary(ies) and on the condition that, although separable from the performance of the original contract, are strictly necessary for its completion and where the aggregate value of contracts awarded for additional works does not exceed 50 % of the value of the principal contract;
- (f) where the tender procedure has been unsuccessful, that is where no qualitatively and/or financially worthwhile tender has been received. In such cases, after cancelling the tender procedure, the Beneficiary may negotiate with one or more tenderers of its choice, from among those that took part in the tender procedure, provided that the initial terms of the tender procedure are not substantially altered;
- (g) where the contract concerned follows a contest and must, under the rules applying, be awarded to the winner of the contest or to one of the winners of the contest, in which case, all winners shall be invited to participate in the negotiations;
- (h) where, for technical reasons, or for reasons connected with the protection of exclusive rights, the contract can be awarded only to a particular service provider;
- (i) where warranted by the nature or particular characteristics of the supplies, for example, where performance of the contract is exclusively reserved for the holders of patents or licences to use patents;
- (j) where the orders are placed with a humanitarian central buying office, recognised as such by the relevant service of the European Commission;
- (k) for the issue of the expenditure verification report and the financial guarantee where they are required under the Contract;
- (l) for contracts declared to be secret, or for contracts whose performance must be accompanied by special security measures or when the protection of the essential interests of the European Union or the beneficiary country so requires;
- (m) for contracts in respect of supplies quoted and purchased on a commodity market;
- (n) for contracts in respect of purchases on particularly advantageous terms, either from a supplier which is definitively winding up its business activities, or from the receivers or liquidators of a bankruptcy, an arrangement with creditors, or a similar procedure under national law;
- (o) where a new contract has to be concluded after early termination of an existing contract.

8. Special cases

Different rules than those specified in this annex may apply in the following cases, with the exception of the principles described in section 1 and the rules on nationality and origin provided for in section 2, which always apply.

8.1. *Co-financing*

When the Action is co-financed by several donors and one of the other donors, whose contribution is greater than that of the European Commission, imposes procurement rules on the Beneficiary(ies) that differ from those set out in sections 3 to 7, the Beneficiary(ies) may apply these rules.

8.2. *Public administrations of the Member States*

Where the Beneficiary(ies) or an affiliated entity is a contracting authority and/or a contracting entity within the meaning of the EU Directives applicable to procurement procedures, it must apply the relevant provisions of those texts, in preference to the rules set out in sections 3 to 7. In all cases, the general principles and rules on nationality and origin set out in section 2 still apply.

8.3. *International Organisations*

Where the Beneficiary(ies) or an affiliated entity is an international organisation, it applies its own procurement rules if they offer guarantees equivalent to internationally accepted standards. If they do not or in specific cases, the European Commission and the Beneficiary will agree on the use of other procurement procedures offering such guarantees.

If allowed by the applicable regulatory provisions of the European Union, the origin of the goods and the nationality of the organisations, companies and experts selected for carrying out activities in the Action shall be determined in accordance with the Organisation's relevant rules. In any event goods, organisations, companies and experts eligible under the applicable regulatory provisions of the European Union shall be eligible.

In all other cases the partners, contractors, experts and goods, the cost of which are financed out of the Contracting Authority's contribution, shall originate in the European Union or the country or countries eligible under the programme of which the Action is part. Any departure from the rules of origin and nationality set out above is subject to the specific provisions of the applicable regulatory provisions of the European Union.

8.4. *Traditional Agencies*

Where the Beneficiary(ies) or an affiliated entity is a traditional agency (public legal entities created by the Union legislator to exercise Union competences in specific areas of expertise), it applies its own procurement rules.

8.5. *Central Buying Offices*

Where the Beneficiary(ies) uses a central buying office as service provider, he selects it in conformity with the procedures set out above for service contracts.

A central buying office mentioned under point 7 (j) is a non-profit making, autonomous and professional structure, specialised in the technical and commercial management of supplies.

This central buying office applies the rules imposed on the Beneficiary. Where it is a humanitarian central buying office recognised as such by the European Commission (see http://ec.europa.eu/echo/partners/humanitarian_aid/procurement_en.htm), it applies the rules agreed upon at the time of its approval.

8.6. Framework Partnership Agreements with Humanitarian Organisations

Where the the Beneficiary(ies) or an affiliated entity has concluded a Framework Partnership Agreement with the European Commission for Humanitarian Aid & Civil Protection and the controls applicable at the time of signature of the present contract follows the "P" control mechanism, it may use the procurement rules recognised under this mechanism.

ANNEX A5
Request for payment for Twinning Contract
European Union external actions

[Date of the payment request]

For the attention of
[address of the Contracting

Authority]

[Financial unit indicated in the

Contract]¹

Reference number of the Twinning Contract:

Title of the Twinning Contract:

Name and address of the [Lead]² Member State Partner:

Payment request for number:

Period covered by the request for payment

Dear Sir/Madam,

I hereby request *<a pre-financing payment/payment of the balance>* under the Twinning Contract mentioned above.

The amount requested is *<according to the Option indicated in Article 4(1) of the Special Conditions of the Contract /the following: ...>*.

Please find attached the following supporting documents:

- *<technical and financial interim report [for further pre-financing payments]>*
- *<a forecast budget for the subsequent reporting period [for further pre-financing payments]>*
- *<final implementation report [for payment of the balance]>*.
- *<expenditure verification report [for payment of the balance]>*

The payment should be made to the following bank account: *<give the account number shown on the financial identification form annexed to the Contract>*³

I hereby certify that the information contained in this request for payment is full, reliable and true, and is substantiated by adequate supporting documents that can be checked.

I hereby certify that the costs declared have been incurred in accordance with this Contract and that they can be considered as eligible in accordance with the Contract.

¹ Please do not forget to send a copy of this letter to the entities mentioned in Article 5(1) of the Special Conditions of the Contract, if any.

² In case of consortium of MSPs.

³ In case a different account has to be used a new financial identification form has to be timely submitted.

Yours faithfully,

[*signature*]



FINANCIAL IDENTIFICATION

PRIVACY STATEMENT

http://ec.europa.eu/budget/execution/fliers_fr.htm

ACCOUNT NAME

ACCOUNT NAME(1)	HAUS Finnish Institute of Public Management Ltd		
ADDRESS	Hollantilaisentie 11		
TOWN/CITY	Helsinki	POSTCODE	00330
COUNTRY	Finland		

CONTACT	Anneli Temmes		
TELEPHONE	+3582071801	FAX	+358207180302
E - MAIL	anneli.temmes@haus.fi		

BANK

BANK NAME	Nordea Bank Finland Plc		
BRANCH ADDRESS	Mannerheimintie 7		
TOWN/CITY	Helsinki	POSTCODE	00100
COUNTRY	Finland		
ACCOUNT NUMBER	157230-00308775	SWIFT:	NDEAFIHH
IBAN(2)	FI2015723000308775		

REMARKS:

BANK STAMP + SIGNATURE OF BANK REPRESENTATIVE

(Both Obligatory)(3)

Nordea Bank Finland Plc
1745 Helsinki City Corporate

Reino Aho *M. Kallio*

DATE + SIGNATURE ACCOUNT HOLDER :

(Obligatory)

Anneli Temmes
ANNELI TEMMES

DATE

12.9.2011

- (1) The name or title under which the account has been opened and not the name of the authorized agent
- (2) If the IBAN Code (International Bank account number) is applied in the country where your bank is situated
- (3) It is preferable to attach a copy of recent bank statement, in which event the stamp of the bank and the signature of the bank's representative are not required. The signature of the account-holder is obligatory in all cases



ANNEX A6
EXPENDITURE VERIFICATION

To be completed by the (Lead) Member State Partner (MSP) and to be agreed with the Auditor.

The Auditor must be designated in accordance with the regulation prevailing for the (Lead) MSP.

The expenditure verification report must be issued by the Auditor



Terms of Reference for an Expenditure Verification of a Twinning contract

- External Action of the European Union -

HOW TO USE THIS TERMS OF REFERENCE MODEL? All text highlighted in yellow in this ToR model and in Annexes 1 and 2 is for instruction only and Member State Partners (MSP should remove it after use. The parts of the ToR presented in <.....> (e.g. <name of the (Lead) Member State Partner (MSP)> must be completed by the (Lead) MSP

The following are the terms of reference ('ToR') under which <name of the Coordinator (The term 'Coordinator' refers to the (Lead) Member State Partner¹P)> 'agrees to engage < name of the audit firm> ('the Auditor') to perform an expenditure verification and to report in connection with a European Union financed Institution Building Twinning contract concerning <title and reference number of the Twinning contract> (the 'Twinning contract'). Where in these ToR the 'Contracting Authority' is mentioned, this refers to <the European Commission or name of another contracting authority> which has signed the Twinning contract with the (Lead) Member State Partner and is providing the funding. The Contracting Authority is not a party to this agreement.

1.1 RESPONSIBILITIES OF THE PARTIES TO THE ENGAGEMENT

In case of consortium of Member State Partners, the Member State Partner signing the Twinning contract and leading the consortium is referred to as the Lead Member State Partner.

The term "Member State Partner(s)" refers collectively to all Member State Partners (MSP), including the Lead Member State Partner.

The term "Coordinator" refers to the Lead Member State Partner.

When there is only one Member State Partner, the terms Member State Partner(s) and Coordinator should both be understood as referring to the only Member State Partner.

- **The Coordinator** is responsible for providing a Financial Report for the action financed by the Twinning contract which complies with the terms and conditions of the Twinning contract and for ensuring that this Financial Report reconciles to the Member State Partner(s)'s accounting and bookkeeping system and to the underlying accounts and records. The Member State Partner(s) is responsible for providing sufficient and adequate information, both financial and non-financial, in support of the Financial Report.
- The Coordinator accepts that the ability of the Auditor to perform the procedures required by this engagement effectively depends upon the Member State Partner(s), providing full and free access to its(their) staff and its(their) accounting and bookkeeping system and underlying accounts and records.
- The **Auditor**' is responsible for performing the agreed-upon procedures as specified in these ToR. 'Auditor' refers to the audit firm contracted for performing this engagement and for submitting a report of factual findings to the Coordinator. 'Auditor' can refer to the person or persons conducting the verification, usually the engagement partner or other members of the engagement team. The

engagement partner is the partner or other person in the audit firm who is responsible for the engagement and for the report that is issued on behalf of the firm, and who has the appropriate authority from a professional, legal or regulatory body.

By agreeing these ToR the Auditor confirms that he/she meets at least one of the following conditions:

- The Auditor and/or the firm is a member of a national accounting or auditing body or institution which in turn is member of the International Federation of Accountants (IFAC).
- The Auditor and/or the firm is a member of a national accounting or auditing body or institution. Although this organisation is not member of the IFAC, the Auditor commits him/herself to undertake this engagement in accordance with the IFAC standards and ethics set out in these ToR.
- The Auditor and/or the firm is registered as a statutory auditor in the public register of a public oversight body in an EU member state in accordance with the principles of public oversight set out in Directive 2006/43/EC of the European Parliament and of the Council (this applies to auditors and audit firms based in an EU Member State²).
- The Auditor and/or the firm is registered as a statutory auditor in the public register of a public oversight body in a third country and this register is subject to principles of public oversight as set out in the legislation of the country concerned (this applies to auditors and audit firms based in a third country).

1.2 SUBJECT OF THE ENGAGEMENT

The subject of this engagement is the Financial Report in connection with the Twinning contract for the period covering <dd Month yyyy to dd Month yyyy> and the action entitled <title of the action>, the 'Action'.. Annex 1 to these ToR contains information about the Twinning contract.

1.3 REASON FOR THE ENGAGEMENT

The Coordinator is required to submit to the Contracting Authority an expenditure verification report produced by an external auditor in support of the payment requested by the Coordinator under Article 15 of the General Conditions of the Twinning contract. The Authorising Officer of the Commission requires this report because the payment of expenditure requested by the Coordinator is conditional on the factual findings of this report.

1.4 ENGAGEMENT TYPE AND OBJECTIVE

This expenditure verification is an engagement to perform certain agreed-upon procedures with regard to the Financial Report for the Twinning Contract. The objective of this expenditure verification is for the Auditor to carry out the specific procedures listed in Annex 2A to these ToR and to submit to the Coordinator a report of factual findings with regard to the specific verification procedures performed. Verification means that the Auditor examines the factual information in the Financial Report of the Coordinator and compares it with the terms and conditions of the Twinning Contract. As this engagement is not an assurance engagement the Auditor does not provide an audit opinion and expresses no assurance. The Contracting Authority

² Directive 2006/43 of the European Parliament and of the Council of 17 May 2006 on statutory audits of annual accounts and consolidated accounts, amending Council Directives 78/660/EEC and 83/349/EEC and repealing Council Directive 84/253 EEC.

assesses for itself the factual findings reported by the Auditor and draws its own conclusions from these factual findings.

1.5 STANDARDS AND ETHICS

The Auditor shall undertake this engagement in accordance with:

- the International Standard on Related Services ('ISRS') 4400 *Engagements to perform Agreed-upon Procedures regarding Financial Information* as promulgated by the IFAC;
- the IFAC Code of Ethics for Professional Accountants (developed and issued by IFAC's International Ethics Standards Board for Accountants (IESBA), which establishes fundamental ethical principles for Auditors with regard to integrity, objectivity, independence, professional competence and due care, confidentiality, professional behaviour and technical standards. Although ISRS 4400 provides that independence is not a requirement for agreed-upon procedures engagements, the Contracting Authority requires that the Auditor is independent from the Member State Partner(s) and complies with the independence requirements of the IFAC Code of Ethics for Professional Accountants.

1.6 PROCEDURES, EVIDENCE AND DOCUMENTATION

The Auditor plans the work so that an effective expenditure verification can be performed. The Auditor performs the procedures listed in Annex 2A of these ToR ('Listing of specific procedures to be performed') and applies the guidelines in Annex 2B (Guidelines for specific procedures to be performed). The evidence to be used for performing the procedures in Annex 2A is all financial and non-financial information which makes it possible to examine the expenditure claimed by the Coordinator in the Financial Report. The Auditor uses the evidence obtained from these procedures as the basis for the report of factual findings. The Auditor documents matters which are important in providing evidence to support the report of factual findings, and evidence that the work was carried out in accordance with ISRS 4400 and these ToR.

1.7 REPORTING

The report on this expenditure verification should describe the purpose, the agreed-upon procedures and the factual findings of the engagement in sufficient detail to enable the Coordinator and the Contracting Authority to understand the nature and extent of the procedures performed by the Auditor and the factual findings reported by the Auditor.

The use of the Model Report for an Expenditure Verification of an EU Twinning Contract in Annex 3 of these ToR is **compulsory**. This report should be provided by the Auditor to **<name of the Coordinator>** within **<xx; number of working days to be indicated by the Coordinator>** working days after the day of signature of these ToR.

1.8 OTHER TERMS

The fee for this engagement shall be **<fee amount and currency>**

[The Coordinator may want to agree a fixed fee for the engagement or otherwise. The Coordinator and the Auditor may want to agree specific terms if the Auditor needs to extend the verification coverage from 65% to 85%. The Coordinator should specify any reimbursable expenses and allowances (e.g. travelling, other) agreed with the Auditor and whether VAT and/or other relevant taxes are included in the fees/expenses.]

[The Coordinator and the Auditor can use this section to agree any other specific terms]

- Annex 1** Information about the Twinning Contract
- Annex 2A** Listing of specific procedures to be performed
- Annex 2B** Guidelines for specific procedures to be performed
- Annex 3** Model report for an expenditure verification of an EU Twinning contract

For the Member State Partner:

For the Auditor:

Signature

Signature

<name and function>

<name and unction>

<date>

<date>

Annex 1: Information about the Twinning Contract

[Annex to be completed by the Coordinator]

Information about the Twinning Contract	
Reference number and date of the Twinning contract	< Contracting Authority's reference of the Twinning contract>
Twining contract title	
Country	
Member State Partner(s)	< full name and address of the Member State Partner(s) as per the Twinning contract>
Steering Committee opinion – date	
Start date of the implementation period of the Action	
End date of the implementation period of the Action	
Total cost of the Action	<amount in Art. 3.1 of the Special Conditions of the Twinning contract>
Grant maximum amount	<amount in Art. 3.2 of the Special Conditions of the Twinning contract>
Total amount received to date by Coordinator from Contracting Authority	< Total amount received as per dd.mm.yyyy>
Total amount of the payment request	< provide the total amount requested for payment as per Annex A5 to the Special Conditions for Twinning contracts ((payment request for a Twinning contract) >
Contracting Authority	<Provide the name, position/title, phone and E-mail of the contact person at the Contracting Authority>. [To be completed only if the Contracting Authority is not the Commission.]
European Commission	< provide the name, position/title, phone and E-mail of the contact person in the Delegation of the European Union in the country concerned, or if applicable at Headquarters>
Auditor	< Name and address of the audit firm and names/positions of the auditors>

Annex 2A Listing of Specific Procedures to be performed

[This Annex is a standard listing of specific procedures to be performed and it shall not be modified]

2. GENERAL PROCEDURES

2.1 Terms and Conditions of the Twinning Contract

The Auditor:

- obtains an understanding of the terms and conditions of the Twinning Contract by reviewing the Twinning Contract and its annexes and other relevant information, and by inquiry of Coordinator;
- Obtains a copy of the original Twinning Contract (signed by the Coordinator and the Contracting Authority) with its annexes;
- obtains and reviews the Report (which includes a narrative and a financial section) as per Article 2.1 of the General Conditions;
- verifies whether the Twinning Contract is signed with one single Member State Partner or with a consortium of Member State Partners (in this case the term 'Coordinator' is used);
- *Note:* the purpose of this procedure is for the Auditor to understand the Member State Partner(s) responsibilities for reporting and access to staff and documents.

The Twinning Manual and its Annexes provide important information for Twinning contracts (e.g. basic rules and award procedures). Where necessary or useful reference will be made to the Twinning Manual and/or its annexes.

The Twinning Manual and its Annexes can be found at:

[IPA: http://ec.europa.eu/enlargement/tenders/twinning/index_en.htm]

[ENPI: http://ec.europa.eu/europeaid/where/neighbourhood/overview/twinning_en.htm]

2.2 Financial Report for the Twinning Contract

The Auditor verifies that the Financial Report complies with the following conditions of Article 2 of the General Conditions of the Twinning Contract:

- The Financial Report must conform to the model in Annex C5 of the Common Twinning Manual;
- The Financial Report should cover the Action as a whole, regardless of which part of it is financed by the Contracting Authority;
- The Financial Report should be drawn up in the language of the Twinning Contract;
- The proof of the transfers of ownership of equipment, vehicles and supplies for which the purchase cost was more than EUR 5 000 per time (Article 7.5 of the General Conditions of the Twinning Contract) as well as the respective certificate of origin (Annex A4 of the Twinning contract) should be annexed to the final Financial Report.

2.3 Rules for Accounting and Record keeping

The Auditor examines – when performing the procedures listed in this Annex - whether the Member State Partner(s) have complied with the following rules for accounting and record keeping of Article 16 of the General Conditions of the Twinning Contract:

- The accounts kept by the Member State Partner(s) for the implementation of the Action must be accurate and up-to-date;
- The Member State Partner(s) must have a double-entry book-keeping system;
- The accounts and expenditure relating to the Action must be easily identifiable and verifiable;

2.4 *Reconciling the Financial Report to the Member State Partner(s) Accounting System and Records*

The Auditor reconciles the information in the Financial Report to the Member State Partner(s) 's (MSP) accounting system and records (e.g. trial balance, general ledger accounts, sub ledgers etc.).

2.5 *Exchange Rates*

The Auditor verifies that amounts of expenditure incurred in a currency other than the Euro have been converted at the exchange rate published in InforEuro for the month in which the expenditure is incurred, applicable according to Article 7.2.12 of the Special Conditions of the Twinning Contract:

By derogation from to Article 15.9 of the General Conditions of Annex A2, costs incurred in other currencies are converted in Euro at the rate published by the Directorate General of the European Commission for Budget, at InforEuro (<http://ec.europa.eu/budget/inforeuro/index.cfm>) for the month in which the expenditure is incurred.

2.6 **Simplified Cost Options**

- As provided for in the Twinning Manual, the Twinning contract includes a system of simplified costs in the form of unit costs (fee per day worked in the Beneficiary Country and per diems) and flat-rate financing (twinning management costs and 6% of salary and non-wage labour costs for the RTA).
- In respect of these simplified costs, the Auditor obtains an understanding of the conditions set out in:
 - **Article 2.1.c) of the General Conditions.** This Article stipulates that in case of simplified cost options the Report for the Action (narrative and financial) shall provide the qualitative and quantitative information needed to demonstrate the fulfilment of the conditions for reimbursement established in the Special Conditions;
 - **Section 5 of the Twinning Manual**, in particular sections 5.4, 5.6 and 5.8 thereof.

Accordingly, the Auditor performs the specific procedures related to verification of simplified costs options that are set out at 4.1.(2) below.

3. PROCEDURES TO VERIFY CONFORMITY OF EXPENDITURE WITH THE BUDGET AND ANALYTICAL REVIEW

3.1 *Budget of the Twinning Contract*

The Auditor carries out an analytical review of the expenditure headings in the Financial Report.

The Auditor verifies that the budget in the Financial Report corresponds with the budget of the Twinning Contract (authenticity and authorisation of the initial budget) and that the expenditure incurred was indicated in the budget of the Twinning Contract.

3.2 Amendments to the Budget of the Twinning Contract

The Auditor verifies whether there have been amendments to the budget of the Twinning Contract. Where this is the case the Auditor verifies that the Coordinator has:

- requested an amendment to the budget and obtained an addendum to the Twinning Contract if such an addendum was required (Article 9 of the General Conditions as derogated and complemented by section 6.6 of the Twinning Manual and Annex A7 to the Twinning contract).
- notified the Contracting Authority about the amendment if the amendment was limited (section 6.6 of the Twinning Manual and Annex A7 to the Twinning contract) and an addendum to the Twinning Contract was not required.

4. PROCEDURES TO VERIFY SELECTED EXPENDITURE

4.1 Eligibility of Costs

The Auditor verifies, for each expenditure item selected, the eligibility criteria set out below.

(1) *Costs actually incurred (Article 14.1 of the General Conditions)*

The Auditor verifies that the actual expenditure for a selected item was incurred by and pertains to the Member State Partner(s). The Auditor should take into account the detailed conditions for actual costs incurred as set out in Article 14.1.(i) to (iii). For this purpose the Auditor examines supporting documents (e.g. invoices, contracts) and proof of payment. The Auditor also examines proof of work done, goods received or services rendered and he/she verifies the existence of assets if applicable.

At final reporting stage the costs incurred during the implementation period but not yet paid can be accepted as actual costs incurred, provided that (1) a liability exists (order, invoice or equivalent) for services rendered or goods supplied during the implementation period of the action, (2) the final costs are known and (3) these costs are listed in the final Financial Report (Annex C5 to the Twinning Manual) together with the estimated date of payment (see Article 14.1.a.(ii) of the General Conditions). The Auditor verifies whether these cost items have effectively been paid at the moment of the auditor's verification.

(2) *Simplified cost options³ (Section 5 of the Twinning Manual, in particular sections 5.4, 5.6 and 5.8 thereof, and Article 14.3 to 14.5 of the General Conditions as derogated by Article 7.2.6 of the Special Conditions)*

As provided for in the Twinning Manual, the Twinning contract includes a system of simplified costs in the form of unit costs (fee per day worked in the Beneficiary Country and per diems) and flat-rate financing (twinning management costs and 6% of salary and non-wage labour costs for the RTA). In this respect, the Auditor verifies:

- to which (sub)cost-headings and/or cost items (Annex A3 (Budget) of the Twinning contract) this system of simplified costs apply;
- which amounts, unit costs and flat-rates have been contractually agreed (Annex A3 (Budget) of the Twinning Contract);
- which quantitative and/or qualitative information was used to determine and justify the declared costs (e.g. number of staff, number of items purchased; type of costs and activities financed by unit costs);
- whether the maximum amounts of simplified cost options for each Member State Partner are not exceeded, in accordance with the conditions established in the Contract;
- the plausibility (i.e. necessity, reasonableness, reality) of the quantitative and qualitative information related to the declared costs;

³ Refer also to Annex "E3a2 Checklist for simplified cost options" to the PRAG for additional information.

- that the costs covered by unit costs and/or flat-rates are not included (no double funding) in other direct costs, either actual or under simplified cost options;
 - that the total costs stated in the Financial Report have been correctly determined;
- Note:* the Auditor is not required to verify the actual costs on which unit costs and/or flat-rates are based.

(3) Cut-off - Implementation period (Article 14.1a of the General Conditions)

The Auditor verifies that the expenditure for a selected item was incurred during the implementation period of the Action. An exception is made for costs relating to final reports including expenditure verification report, which may be incurred after the implementation period of the Twinning contract.

(4) Budget (Article 14.1b of the General Conditions)

The Auditor verifies that the expenditure for a selected item was indicated in the Action budget.

(5) Necessary (Article 14.1c of the General Conditions)

The Auditor verifies whether it is plausible that the expenditure for a selected item was necessary for the implementation of the Action and that it had to be incurred for the contracted activities of the Action by examining the nature of the expenditure with supporting documents, notably in line with the provisions of the Common Twinning Manual.

(6) Records (Article 14.1d of the General Conditions)

The Auditor verifies that expenditure for a selected item is recorded in the Member State Partner(s) accounting system and was recorded in accordance with the applicable accounting standards of the country where the Member State Partner(s) is established and the Member State Partner(s) usual cost accounting practices.

(7) Applicable legislation (Article 14.1.e of the General Conditions)

The Auditor verifies that expenditure complies with the requirements of tax and social security legislation where this is applicable (for example: employers part of taxes, pension premiums and social security charges).

(8) Justified (Article 14.1e of the General Conditions)

The Auditor verifies that expenditure for a selected item is substantiated by evidence (see section 1 of Annex 2B, Guidelines for Specific Procedures to be performed) and supporting documents as specified in the Annexes to the Twinning contract, in the CommonTwinning Manual and in Article 161., 16.2, 16.7, 16.8 and 16.9 of the General Conditions of the Twinning Contract.

(9) Valuation

The Auditor verifies that the monetary value of a selected expenditure item agrees with underlying documents (e.g. invoices, salary statements) and that correct exchange rates are used where applicable.

(10) Classification

The Auditor examines the nature of the expenditure for a selected item and verifies that the expenditure item has been classified under the correct (sub)heading of the Financial Report.

(11) Compliance with Procurement, Nationality and Origin Rules

Where applicable the Auditor examines which procurement, nationality and origin rules apply for a certain expenditure (sub)heading, a class of expenditure items or an expenditure item. The Auditor verifies whether the expenditure was incurred in accordance with such rules by examining the underlying documents of the

procurement and purchase process. Where the Auditor finds issues of non-compliance with procurement rules, he/she reports the nature of such issues as well as their financial impact in terms of ineligible expenditure. When examining procurement documentation the Auditor takes into account the risk indicators listed in Annex 2B and he/she reports, if applicable, which of these indicators were found.

4.2 *Eligibility of Direct Costs (Article 14.2 of the General Conditions)*

- (1) The Auditor verifies that expenditure for selected items which are recorded under one of the direct costs headings of the Financial Report, are covered by the direct costs as defined in Article 14.2 by examining the nature of these expenditure items.
- (2) The Auditor verifies that duties, taxes and charges, including VAT which are recorded under direct costs are **not recoverable** by the Member States Partner(s) (see Article 14.2.g) of the General Conditions). This procedure is not necessary in case Article 7.1 of the Special Conditions provides that duties, taxes and charges, including VAT are **not** eligible.

The Auditor obtains evidence that the Member States Partner(s) cannot reclaim the duties, taxes or charges, including VAT through an exemption system and/or a refund a posteriori. For this purpose the Auditor should refer to Annex E3a1 to the PRAG (Information on the tax regime) which provides information on the tax regime applicable to grant contracts (Note: the standard template / text is annexed to the PRAG and it can be found at

<http://ec.europa.eu/europeaid/prag/getAnnex.do?annexId=1425>).

4.3 *Provisions for changes in prices*

The Auditor verifies that provisions for changes in prices do not exceed 2.5% of the total eligible costs (direct and indirect) of the Action (sections 5.6.3 of the Common Twinning Manual).

4.4 *In kind contributions (Article 14.8 of the General Conditions)*

The Auditor verifies that the costs in the Financial Report do not include contributions in kind. Any contributions in kind (these should be listed separately in Annex A3 (Budget of the Twinning contract), do not represent actual expenditure and are not eligible costs.

4.5 **Non-eligible costs (Article 14.9 of the General Conditions)**

The Auditor verifies that the expenditure for a selected item does not concern an ineligible cost as described in Article 14.9 of the General Conditions. These costs include *inter alia* currency exchange losses.

4.6 *Revenues of the Action*

The Auditor examines whether the revenues which should be attributed to the Action (including grants and funding received from other donors and other revenue generated by the Member State Partner(s) in the context of the Action have been allocated to the Action and disclosed in the Financial Report. For this purpose the Auditor inquires with the Member State Partner(s) and examines documentation obtained from the Member State Partner(s). The Auditor is not expected to examine the completeness of the revenues reported.

Annex 2B Guidelines for Specific Procedures to be performed

[This Annex provides standard guidelines for the specific procedures to be performed and these guidelines must not be modified]

1. VERIFICATION EVIDENCE

When performing the specific procedures listed in Annex 2A, the Auditor may apply techniques such as inquiry and analysis, (re)computation, comparison, other clerical accuracy checks, observation, inspection of records and documents, inspection of assets and obtaining confirmations.

The Auditor obtains verification evidence from these procedures to draw up the report of factual findings. Verification evidence is all information used by the Auditor in arriving at the factual findings and it includes the information contained in the accounting records underlying the Financial Report and other information (financial and non-financial).

The contractual requirements that relate to verification evidence are:

- Expenditure should be identifiable, verifiable and recorded in the accounting records of the Member State Partner(s) (Article 14.1.d of the General Conditions of the Twinning Contract);
- The Member State Partner(s) will allow any external auditor to carry out verifications on the basis of supporting documents for the accounts, accounting documents and any other document relevant to the financing of the Action. The Member State Partner(s) give access to all documents and databases concerning the technical and financial management of the Action (Article 16.3 of the General Conditions);
- Article 16.9 of the General Conditions of the Twinning Contract provides a list of the types and nature of evidence that the Auditor will often find in expenditure verifications.

Moreover, for the purpose of the procedures listed in Annex 2A, records, accounting and supporting documents:

- shall be easily accessible and filed so as to facilitate their examination (Article 16.7 of the General Conditions);
- shall be available in the original form, including in electronic form (Article 16.8 of the General Conditions);

Guidance: records and accounting and supporting documents should be available in documentary form, whether paper, electronic or other medium (e.g. a written record of a meeting is more reliable than an oral presentation of the matters discussed. Electronic documents can be accepted only where:

- the documentation was first received and created (e.g. an order form or confirmation) by the Member State Partner(s) in electronic form; or
 - the Auditor is satisfied that the Beneficiary uses an electronic archiving system which meets established standards (e.g. a certified system which complies with national law).
- should preferably be obtained from independent sources outside the entity (an original supplier's invoice or contract is more reliable than an internally approved receipt note);
 - which is generated internally is more reliable if it has been subject to control and approval;

- obtained directly by the Auditor (e.g. inspection of assets) is more reliable than evidence obtained indirectly (e.g. inquiry about the asset).

If the Auditor finds that the above criteria for evidence are not sufficiently met, he/she should detail this in the factual findings.

2. OBTAINING AN UNDERSTANDING OF THE TERMS AND CONDITIONS OF THE TWINNING CONTRACT (ANNEX 2A - PROCEDURE 1.1)

The Auditor obtains an understanding of the applicable Common Twinning Manual and of the terms and conditions of the Twinning Contract. He/she should pay particular attention to Annex 1 of the Twinning Contract (the Description of the Action), Annex 2 (General Conditions) and Annex 4 (Contract-award procedures), which provides rules for procurement (including nationality and origin rules) by grant beneficiaries in the context of Twinning. Failure to comply with these rules makes expenditure ineligible for EU financing. These procurement rules apply to all Twinning contracts but depending on the legal basis for the Twinning Contract nationality and origin rules may vary. The Auditor ensures with the Member State Partner(s) that the applicable nationality and origin rules are clearly identified and understood.

Applicable rules on nationality and origin are set out in Annex A2 to the PRAG. See:

http://ec.europa.eu/europeaid/work/procedures/implementation/index_en.htm

The rules are set out in Section 2.3.1 of the PRAG (by clicking on 2. Basic rules, then on 2.3 Eligibility criteria and other essentials).

If the Auditor finds that the terms and conditions to be verified are not sufficiently clear he/she should request clarification from the Beneficiary.

3. SELECTING EXPENDITURE FOR VERIFICATION (ANNEX 2A - PROCEDURES 4.1 – 4.6)

The expenditure claimed by the Coordinator in the Financial Report is generally presented under the standard template for the Twinning Final Report (Annex C5 to the Common Twinning Manual). Expenditure headings can be broken down into expenditure subheadings.

Expenditure subheadings can be broken down into individual expenditure items or classes of expenditure items with the same or similar characteristics. The form and nature of the supporting evidence (e.g. a payment, a contract, an invoice etc.) and the way expenditure is recorded (e.g. journal entries) vary with the type and nature of the expenditure and the underlying actions or transactions. However, in all cases expenditure items should reflect the accounting (or financial) value of the underlying actions or transactions, whatever the type and nature of the action or transaction concerned.

Value should be the principal factor used by the Auditor to select expenditure items or classes of expenditure items for verification. The Auditor selects high-value expenditure items to ensure an appropriate coverage of expenditure.

4. VERIFICATION COVERAGE OF EXPENDITURE (ANNEX 2A - PROCEDURES 4.1 – 4.6)

The Auditor applies the principles and criteria set out below when planning and performing the specific verification procedures for selected expenditure in Annex 2A (procedures 3.1 – 3.7).

Verification by the Auditor and verification coverage of expenditure items does not necessarily mean a complete and exhaustive verification of all the expenditure items that are included in a specific expenditure

heading or subheading. The Auditor should ensure a systematic and representative verification. Depending on certain conditions (see further below) the Auditor may obtain sufficient verification results for an expenditure heading or subheading by looking at a limited number of selected expenditure items.

The Auditor may apply statistical sampling techniques for the verification of one or more expenditure headings or subheadings of the Financial Report. The Auditor examines whether 'populations' (i.e. expenditure subheadings or classes of expenditure items within expenditure subheadings) are suitable and sufficiently large (i.e. are made up of large numbers of items) for effective statistical sampling.

If applicable the Auditor should explain in the report of factual findings for which headings or subheadings of the Financial Report sampling has been applied, the method used, the results obtained and whether the sample is representative.

The Expenditure Coverage Ratio ('ECR') is the total amount of expenditure verified by the Auditor expressed as a percentage of the total amount of expenditure reported by the Coordinator in the Financial Report. This amount is reported in Annex V of the Twinning Contract.

The Auditor ensures that the overall ECR is at least **65%**. If he/she finds an exception rate of less than 10% of the total amount of expenditure verified (i.e. 6.5%) the Auditor finalises the verification procedures and continues with reporting.

If the exception rate found is higher than 10% the Auditor extends verification procedures until the ECR is at least **85%**. The Auditor then finalises verification procedures and continues with reporting regardless of the total exception rate found. The Auditor ensures that the **ECR for each expenditure heading and subheading** in the Financial Report is at least **10%**.

5. PROCEDURES TO VERIFY SELECTED EXPENDITURE (ANNEX 2A - PROCEDURES 4.1 – 4.6)

The Auditor verifies the selected expenditure items by carrying out procedures 3.1 - 3.7 listed in Annex 2A and reports all the factual findings and exceptions resulting from these procedures. Verification exceptions are all verification deviations found when performing the procedures set out in Annex 2A.

The Auditor quantifies the amount of verification exceptions found and the potential impact on the EU contribution, should the Commission declare the expenditure item(s) concerned ineligible (taking into account the percentage by funding of the Commission and the impact on indirect expenditure (e.g. administrative costs, overheads)). The Auditor reports all exceptions found including those for which he/she cannot quantify the amount of the verification exception found and the potential impact on the EU contribution.

Example: if the Auditor finds an exception of EUR 1 000 with regard to procurement rules for a Twinning contract where the EU finances 60% of the expenditure and where indirect costs represent 7% of total direct eligible expenses, the Auditor reports an exception of EUR 1 000 and a financial impact of EUR 642 (EUR 1 000 x 60% x 1.07).

Specific guidance for procedure 4.1.2 (compliance with Simplified cost options)

The Auditor verifies that the Twinning management costs comply with the requirements as set forth in the Special Conditions of the Twinning contract and in section 5.8 of the Common Twinning Manual.

Specific guidance for procedure 4.1.11 (compliance with Procurement, Nationality and Origin Rules)

The Auditor verifies whether the expenditure for a selected item was incurred in accordance with the applicable procurement, nationality and origin rules by examining the underlying documents on the procurement and purchase processes (as per Annex A4). These documents relate to the opening of tenders,

the assessment of the eligibility of tenderers and conformity of tenders, the evaluation of the tenders and the decisions with regard to the awarding of the contract. When examining these procurement documents the Auditor takes into account the risk indicators listed at the end of this Annex and he/she reports, if applicable, which of these indicators were identified.

Specific guidance for procedure 4.3 (Provisions for changes in prices)

The Auditor verifies that provisions for changes in prices do not exceed 2.5% of the total eligible costs (direct and indirect) of the Action (sections 5.6.3 of the Common Twinning Manual).

RISK INDICATORS PROCUREMENT

- Inconsistencies in the dates of the documents or illogical sequence of dates. Examples:
 - Offer dated after the award of contract or before the sending of the invitations to tender
 - Offer of the winning tenderer dated before the publication date of the tender or dated significantly later than offers from other tenderers
 - Tenders by different candidates all having the same date
 - Dates on documents not plausible/consistent with dates on accompanying documentation (e.g. date on the offer not plausible/consistent with the postal date on the envelope; date of a fax not plausible/consistent with the printed date of the fax machine)
- Unusual similarities in offers by candidates participating in the same tender. Examples:
 - Same wording, sentences and terminology in tenders of different tenderers
 - Same layout and format (e.g. font type, font size, margin sizes, indents, paragraph wrapping, etc.) in tenders from different tenderers
 - Similar letterhead paper or logos
 - Same prices used in tenders from different tenderers for a number of subcomponents or line items
 - Identical grammar, spelling or typing errors in tenders from different tenderers
 - Use of similar stamps and similarities in signatures
- Financial statement or other information indicating that two tenderers participating in the same tender are related or part of a same group (e.g. where financial statements are provided, the notes to the financial statements may disclose ultimate ownership of the group. Ownership information may also be found in public registers for accounts)
- Inconsistencies in the selection and award decision process. Examples:
 - Award decisions not plausible / consistent with selection and award criteria
 - Errors in the application of the selection and award criteria
 - A regular supplier of the beneficiary participates as a member of a tender evaluation committee

- Other elements and examples indicating a risk of privileged relationship with tenderers:
 - The same tenderer (or small group of tenderers) is invited with unusual frequency to tender for different contracts
 - The same tenderer (or small group of tenderers) wins an unusually high proportion of the bids
 - A tenderer is frequently awarded contracts for different types of goods or services
 - The winning tenderer invoices additional goods not foreseen in the tender (e.g. additional spare parts invoiced without clear justification, installation costs invoiced although not provided for in the offer).
 - Other documentation, issues and examples indicating a risk of irregularities:
 - Use of photocopies instead of original documents
 - Use of pro-forma invoices as supporting documents instead of official invoices
 - Manual changes on original documents (e.g. figures manually changed, figures "tippexed" etc.)
 - Use of non-official documents (e.g. letterhead paper not showing certain official and/or compulsory information such as commercial registry number, company tax number etc.)
-

Annex 3 Model Report for an Expenditure Verification of a Twinning Contract

HOW TO USE THIS MODEL REPORT? All text highlighted in yellow in this model report is for instruction only and auditors should remove it after use. Information requested in pointed brackets <.....> (e.g. <name of the Coordinator> must be filled in by the auditor.

<To be printed on AUDITOR'S letterhead>

Report for an Expenditure Verification of a Twinning Contract

<Title of and number of the twinning contract >

TABLE OF CONTENTS

Report of Factual Findings

- 1 Information about the Grant Contract
- 2 Procedures performed and Factual Findings
- Annex 1 Financial report for the Grant Contract
- Annex 2 Terms of Reference Expenditure Verification

Report of Factual Findings

<Name of contact person(s)>, < Position>

< name of the Coordinator>

<Address>

<dd Month yyyy>

Dear <Name of contact person(s)>

In accordance with the terms of reference dated <dd Month yyyy> that you agreed with us, we provide our Report of Factual Findings (“the Report”), with respect to the accompanying Financial Report for the period covering <dd Month yyyy - dd Month yyyy> (Annex 1 of this Report). You requested certain procedures to be carried out in connection with your Financial Report and the European Union financed Twinning Contract concerning <title and number of the contract>, the ‘Twinning Contract’.

Objective

Our engagement was an expenditure verification which is an engagement to perform certain agreed-upon procedures with regard to the Financial Report for the Twinning Contract between you and <the European Commission or the name of another contracting authority> the ‘Contracting Authority’. The objective of this

expenditure verification is for us to carry out certain procedures to which we have agreed and to submit to you a report of factual findings with regard to the procedures performed.

Standards and Ethics

Our engagement was undertaken in accordance with:

- International Standard on Related Services ('ISRS') 4400 *Engagements to perform Agreed-upon Procedures regarding Financial Information* as promulgated by the International Federation of Accountants ('IFAC');
- the *Code of Ethics for Professional Accountants* issued by the IFAC. Although ISRS 4400 provides that independence is not a requirement for agreed-upon procedures engagements, the Contracting Authority requires that the auditor also complies with the independence requirements of the *Code of Ethics for Professional Accountants*;

Procedures performed

As requested, we have only performed the procedures listed in Annex 2A of the terms of reference for this engagement (see Annex 2 of this Report).

These procedures have been determined solely by the Contracting Authority and the procedures were performed solely to assist the Contracting Authority in evaluating whether the expenditure claimed by you in the accompanying Financial Report is eligible in accordance with the terms and conditions of the Twinning Contract.

Because the procedures performed by us did not constitute either an audit or a review made in accordance with International Standards on Auditing or International Standards on Review Engagements, we do not express any assurance on the accompanying Financial Report.

Had we performed additional procedures or had we performed an audit or review of the financial statements of the Member state Partner(s) in accordance with International Standards on Auditing, other matters might have come to our attention that would have been reported to you.

Sources of Information

The Report sets out information provided to us by you in response to specific questions or as obtained and extracted from your accounts and records

Factual Findings

The total expenditure which is the subject of this expenditure verification amounts to EUR <xxxxxxx>.

The Expenditure Coverage Ratio is <xx%>. This ratio represents the total amount of expenditure verified by us expressed as a percentage of the total expenditure which is the subject of this expenditure verification. The latter amount is equal to the total amount of expenditure reported by you in the Financial Report and claimed by you for deduction from the total sum of pre-financing under the Twinning Contract as per your Payment Request of <dd Month yyyy>.

We report the details of our factual findings which result from the procedures that we performed in Chapter 2 of this Report.

Use of this Report

This Report is solely for the purpose set forth above under objective.

This report is prepared solely for your own confidential use and solely for the purpose of submission by you to the Contracting Authority in connection with the requirements as set out in Article 15 of the General Conditions of the Twinning Contract. This report may not be relied upon by you for any other purpose, nor may it be distributed to any other parties.

The Contracting Authority is not a party to the agreement (the terms of reference) between you and us and therefore we do not owe or assume a duty of care to the Contracting Authority who may rely upon this expenditure verification report at its own risk and discretion. The Contracting Authority can assess for itself the procedures and findings reported by us and draw its own conclusions from the factual findings reported by us.

The Contracting Authority may only disclose this Report to others who have regulatory rights of access to it in particular the European Commission [*Delete if the Commission is the Contracting Authority*], the European Anti Fraud Office and the European Court of Auditors.

This Report relates only to the Financial Report specified above and does not extend to any of your financial statements.

We look forward to discussing our Report with you and would be pleased to provide any further information or assistance which may be required.

Yours sincerely

Auditors' signature [*person or firm or both, as appropriate and in accordance with company policy*]

Name of Auditor signing [*person or firm or both, as appropriate*]

Auditors' address [*office having responsibility for the engagement*]

Date of signature <dd Month yyyy> [*date when the final report is signed*]

1. INFORMATION ABOUT THE TWINNING CONTRACT

[Chapter 1 should include a brief description of the Twinning Contract and the Action, the Coordinator/Member State Partner(s) and key financial/budget information. (maximum 1 page)]

2. PROCEDURES PERFORMED AND FACTUAL FINDINGS

We have performed the following specific procedures listed in Annex 2A of the terms of reference for the expenditure verification of the Twinning Contract ('ToR'):

- 1 General Procedures
- 2 Procedures to verify conformity of expenditure with the budget and analytical review
- 3 Procedures to verify selected expenditure

We have applied the rules for selection of expenditure and the principles and criteria for verification coverage as set out in Annex 2B (sections 3 and 4) of the ToR for this expenditure verification.

[Explain here any difficulties or problems encountered]

The total expenditure verified by us amounts to EUR <xxxx> and is summarised in the table below. The overall Expenditure Coverage Ratio is <xx%>.

[Provide here a summary table of the Financial Report in Annex 1, presenting for each (sub) heading the total expenditure amount reported by the Coordinator, the total expenditure amount verified and the percentage of expenditure covered]

We have verified the selected expenditure as shown in the above summary table and we have carried out, for each expenditure item selected, the verification procedures specified at point 3.1 to 3.7 of Annex 2A of the ToR for this expenditure verification. We report our factual findings resulting from these procedures below.

1. GENERAL PROCEDURES

1.1 Terms and Conditions of the Twinning Contract

We have obtained an understanding of the terms and conditions of this Twinning Contract in accordance with the guidelines in Annex 2B (section 2) of the ToR.

[Describe factual findings and specify errors and exceptions. Procedures 4.1 - 4.6 in Annex 2A. If there are no factual findings this should be explicitly stated as follows for each procedure: 'No factual findings have arisen from this procedure'.]

1.2 *Financial Report for the Twinning Contract*

1.3 *Rules for Accounting and Record keeping*

1.4 *Reconciling the Financial Report to the Member State Partner(s) Accounting System and Records*

1.5 *Exchange Rates*

1.6 **Simplified Cost Options**

2. PROCEDURES TO VERIFY CONFORMITY OF EXPENDITURE WITH THE BUDGET AND ANALYTICAL REVIEW

2.1 *Budget of the Twinning Contract*

2.2 *Amendments to the Budget of the Twinning Contract*

[Describe factual findings and specify errors and exceptions. Procedures 2.1 – 2.2 in Annex 2A. If there are no factual findings this should be explicitly stated as follows for each procedure: 'No factual findings have arisen from this procedure'.]

3. PROCEDURES TO VERIFY SELECTED EXPENDITURE

We have reported further below all the exceptions resulting from the verification procedures specified at point 4.1– 4.6 of Annex 2A of the ToR for this expenditure verification insofar these procedures applied to the selected expenditure item.

We have quantified the amount of the verification exceptions found and the potential impact on the EU contribution, should the Commission declare the expenditure item(s) concerned ineligible (where applicable taking into account the percentage of funding of the Commission and the impact on indirect expenditure (e.g. administrative costs, overheads)). We have reported all the exceptions found including the ones for which we cannot quantify the amount or the potential impact on the EU contribution.

[Specify the expenditure amounts / items for which exceptions (= deviations between facts and criteria) were found, and the nature of the exception – this means which of the specific condition described at point 4.1 to 4.6 of Annex 2A of the ToR were not respected. Quantify the amount of verification exceptions found and the potential impact on the EU contribution, should the Commission declare the expenditure item(s) concerned ineligible]

3.1 Eligibility of Costs

We have verified, for each expenditure item selected, the eligibility criteria set out at procedure 3.1 in Annex 2A of the ToR for this expenditure verification.

[Describe factual findings and specify errors and exceptions. Procedure 3.1 in Annex 2A: eligibility of costs and the eligibility criteria (1) to (9). Example: we found that an expenditure amount of EUR 6 500 included in subheading 3.2 (furniture, computer equipment) of the Financial Report was not eligible. An amount of EUR 2 000 related to expenditure incurred outside the implementation period. Supporting evidence was not available for 3 transactions totalling EUR 1 200. The required procurement rules for purchases of office computers for EUR 3 300 were not respected. (Note: relevant details such as accounting record references or documents should be provided).]

3.2 Eligible Direct Costs (Article 14.2 of the General Conditions)

3.3 Provision for changes in prices (Section 5.6.3 of the Common Twinning Manual)

3.4 Twinning Management Costs (Section 5.8 of the Common Twinning Manual)

3.5 In kind contributions (Article 14.8)

3.6 Non-eligible costs (Article 14.9 of the General Conditions)

3.7 Revenues of the Action

[Describe factual findings and specify errors and exceptions. Procedures 4.2 - 4.6 in Annex 2A]

Annex 1 Financial Report for the Twinning Contract

[Annex 1 should include the Member State Partne(s)) financial report for the Twinning Contract which is the subject of the verification. The financial report should be dated and indicate the period covered.]

Annex 2 Terms of Reference Expenditure Verification

[Annex 2 should include a signed and dated copy of the terms of reference for the expenditure verification of this Twinning Contract including Annex 1 (information about the Twinning Contract) and Annex 2A (Listing of the specific procedures to be performed).]



ANNEX A7

Special Financial Annex

1. The Project Budget (Annex A3)

All Twinning contracts comprise a Twinning work plan, accompanied by a detailed budget, respectively annexes A1 and A3 to the Twinning contract. Expenditures listed in the budget must correspond to the activities listed in the Twinning work plan.*

All activities foreseen in the framework of the Twinning project, irrespective of whether they are carried out under the responsibility of the BC or of the MS, should be listed. The only activities to which a sum is allocated in the budget are those for which financing is allowed from the EU programme, and those for which co-financing from the BC is provided.

Level of details in Annex A3 under IPA

Under IPA, apart from the RTA-related expenditure and other general budget items the budget presented in Annex A3 may indicate only the foreseen costs per component and per activity (see section 3.8, 'General remark' of the Twinning Manual), reflecting so the level of details of the work plan (Annex A1). The detailed breakdown of expenditures is included, at least the first six months of implementation, in the initial operative side letter signed by the Project Leaders at the same time as the contract. The successive operative side letters drafted by the Project Steering Committee on a quarterly basis include the corresponding detailed breakdown of costs (see section 4.1.1 of the Twinning Manual)

2. *Changes to a Twinning Contract*

The work plan of a Twinning project needs to be prepared and agreed with sufficient detail before the twinning project is launched, in order to provide objective grounds for the funding requested. However, in practice, with many different activities taking place, a Twinning project is subject to all sorts of unforeseen events and may need to be adjusted in the course of implementation. A certain degree of flexibility is therefore necessary. **Changes to the mandatory results should be exceptional and duly justified and should not contradict the provisions of the respective financing decisions.**

* Not applicable to Twinning Light.

Twinning contract modifications cannot apply retroactively.

It is hereby reminded that the breakdown of costs in a Twinning budget (Annex A3) follows the logic of the work plan (Annex A1) (RTA, delivery of a seminar, expert mission on a particular topic, elaboration of training material, etc.). In other terms, the budget must follow an activity based budget format and under normal circumstances any change in the work plan will entail a corresponding change in the budget.

The following section therefore firstly details (1) the requirements for all changes to a Twinning Contract and thereafter (2) the more specific rules regarding budgetary changes.

(1) Changes in General

Two procedures shall apply:

A. Addenda

Substantial changes to the Twinning Contract must be formalised in an addendum signed by both MS administration and BC administration and requiring prior approval by the AO/PAO (when appropriate) or the EU Delegation (Twinning under IPA before conferral of management power without ex ante control and Twinning under ENPI, in a centralised management framework).

The following changes to a Twinning Contract require a formal addendum:

- **Under IPA:** *the EU Acquis related to the project* / **Under ENPI:** the relevant field of co-operation with the EU and the EU Acquis related to the project. (Article 2 of the Work plan)
- The MS administration involved in the Twinning project as mentioned in Article 5 of the Twinning Contract
- The execution period of the contract and the implementation period of the Action. (Article 2 of the Twinning Contract)
- Mandatory results and the benchmarks to be achieved (Articles 3 and 4 of the Work plan). (for changes concerning the means used for implementation, the time schedule and dates, the identity of short term MS experts an addendum is not needed).
- Identity of the MS and BC Project Leaders, of the RTA and of component leaders (key MS experts).
- Reallocations beyond 25% of the total Twinning Budget (see below)⁴.

Under IPA, the binding opinion of the Steering Committee at Headquarters shall be requested on the above mentioned proposed changes except for the change of the BC Project Leader or for the budgetary reallocations beyond 25%.

An addendum is not required when the implementation and/or the funding of the Twinning Contract is suspended or resumed, or when the Twinning Contract is terminated⁵. The decisions to suspend

⁴ The overall budget for a Twinning project cannot be increased.

and resume the implementation and/or the funding of the Twinning Contract, or to terminate the Twinning Contract must be notified to the concerned parties as listed in Article 5 of the Special Conditions (Annex A).

As a result of the lifting of a suspension, an addendum may be required to extend the duration of the contract and, if relevant, to adapt the Twinning Contract to the new implementing conditions⁶. The extended implementation period must however not go beyond the end of the operational implementation phase of the Financing Agreement under which the Twinning contract is funded (where there is a Financing Agreement).

Under IPA, the decision to suspend or terminate the Twinning Contract requires that the EU Delegation (in case of centralised management or after conferral of management power with ex-ante control) or the Administrative Office (after conferral of management power without ex-ante control) must request a binding opinion from Commission Headquarters (Steering Committee).

Under ENPI, when the Contracting Authority is not the European Commission, the decision to suspend or terminate the Twinning Contract requires the prior approval of the EU Delegation.

B. Side letters

If the changes sought do not concern one of the points listed under A above, side letters suffice where there are:

- Changes which do not affect the basic purpose of the project as explained above;
- Reallocations below 25% of the total Twinning budget⁷
- Changes concerning the identity of MS experts and Junior Project Leader

The two Project Leaders (MS and BC) can autonomously and jointly decide on a side letter, provided the principles described in the present section as well as the Twinning rules are respected. They formalise the change in the form of a side letter to the Twinning Contract, which lays down the changes and which is jointly signed by both MS and BC PL. MS PL may however delegate RTA to sign side letters on his/her behalf. The side letter is addressed to the Contracting Authority.

⁵ These matters are ruled by Article 7.2.3 of the Special Conditions (Annex A) and by Articles 11 and 12 of the General Conditions (Annex A2).

⁶ Article 11.10 of the General Conditions (Annex A2).

⁷ The overall budget for a Twinning project cannot be increased.

The duly signed side letter must be notified by a secure means of communication, so that dispatch can be proven in the event of dispute.

<i>Side Letters (Administrative Orders) to be notified to:</i>	<i>IPA centralised</i>	<i>IPA decentralised with ex ante control</i>	<i>IPA decentralised without ex- ante control</i>	<i>ENPI (Centralised)</i>	<i>ENPI (Decentralised)</i>
<i>EU DELEGATION</i>	<i>X</i>	<i>X</i>		<i>X</i>	<i>Copy</i>
<i>ADMINISTRATIVE OFFICE</i>		<i>X CFCE</i>	<i>X</i>	<i>Copy</i>	<i>X</i>

Changes must be notified before they can apply or be implemented: the changes will only become effective 48 hours (two working days) after the date of notification of the side letter. In duly justified cases and in agreement with the CA, the deadline can be reduced to 24 hours. Costs incurred before the side-letter comes into effect are not eligible and shall not be reimbursed.

Under IPA, constitute side letters also the documents providing full details of activities and their corresponding budgeted costs ('operative side letters' see sections 3.8, 4.1.1 and 5.1.1.1 of the Twinning Manual and Annex C15). Considering their relevance for the implementation of the project, they must be signed by the two Project Leaders, without the possibility of delegating the RTA. The initial operative side letter is signed and endorsed at the same time as the contract. For the subsequent operative side letters a duly signed copy shall be notified by a secure means of communication as shown in the table above. They can be implemented as of the sixth working day following the date of dispatch, unless the institution in receipt has comments or reservations. In case changes are required, the amended version, signed by the two Project Leaders, shall be notified again; the same terms and conditions of the original notification apply.

(2) Changes with budgetary impact

The following principles apply to all budgetary changes whatever their impact:

- The overall budget for a Twinning project cannot be increased: existing activity(ies) must be reduced or cancelled to introduce and finance new activity(ies);
- The unit costs (fees, daily allowances, etc.) must respect the rates set in the Twinning Manual; each Twinning project must include a full-time Resident Twinning Advisor, resident in the BC for a minimum of 12 consecutive months; transfers of budgetary resources may not jeopardise this requirement.
- Introduction of a new activity must be justified by showing that it will be of real use in achieving the mandatory results; availability of funds (following savings under or cancellation of existing activities) is not sufficient to justify the introduction of new activities and/or the extension of the execution period of the Twinning contract.

- Twinning Contracts can only be modified during the execution period of the Contract.
- Modifications cannot apply retroactively. The budget must be reallocated by addendum or side-letter before a new activity can be implemented. Costs related to activities implemented before the entry into force of the corresponding addendum or side-letter are not eligible and shall not be reimbursed.

Specific budgetary changes through addenda:

Budgetary changes are summed up after each side letter. Once the total cumulated amount of modifications reaches 25% of the total budget, any further modification (independent of its size) requires an addendum to the Twinning Contract. After such an addendum, budgetary changes can again be introduced through side letters, until the total cumulated amount of the further modifications reaches again 25% of the total budget.

Specific budgetary changes through Side letters:

- As long as the budgetary reallocations of appropriations remain under a cumulated total amount not exceeding 25% of the total budget of the Twinning contract, these changes can be introduced through side letters. In other terms, all budgetary changes through side letters are summed until the threshold of 25% of the total budget of the Twinning contract is reached. The budget modification by which the 25% threshold is reached requires an addendum. After such an addendum, budgetary changes can again be introduced through side letters, until the total cumulated amount of the further modifications reaches again 25% of the total budget of the Twinning contract.

Region	Signatures of the Addendum ¹	Addendum to be submitted to:	Who decides what?	Approval of the addendum
IPA centralised	The addendum is drafted and jointly signed by the signatories of the Twinning Contract (who may delegate this authority to the Project Leaders).	The Addendum is submitted for approval to the EU Delegation	The EU Delegation is entitled to agree or refuse endorsement of addenda on behalf of the Commission. It must request a binding opinion from Commission Headquarters (Steering Committee) before agreeing addenda concerning: changes to the mandatory results; change of the MS administration or mandated body; removal, addition or change of Partner MS; change of MS Project Leader; change of RTA; modification of legal duration. Addenda introducing budgetary changes once the 25% budgetary threshold is reached are approved or refused by the EU Delegation without referral to the Steering Committee at Headquarters.	Following a positive opinion from the Commission Headquarters (Steering Committee) when required, the EU Delegation endorses the Addendum and notifies it to the parties. The addendum enters into force on the date of its notification by the EU Delegation. Addenda are drawn up in three original copies: one for the MS administration, one for the BC administration and one for the EU Delegation.
IPA decentralised with ex ante control	The addendum is drafted and jointly signed by the signatories of the Twinning Contract (who may delegate this authority to the Project Leaders).	The Addendum is submitted for approval to the EU Delegation and to the CFCE	The EU Delegation is entitled to agree or refuse endorsement of addenda on behalf of the Commission. It must request a binding opinion from Commission Headquarters (Steering Committee) before agreeing addenda concerning: changes to the mandatory results; change of the MS administration or mandated body; removal, addition or change of Partner MS; change of MS Project Leader; change of RTA; modification of legal duration. Addenda introducing budgetary changes once the 25% budgetary threshold is reached are approved or refused by the EU Delegation without referral to the Steering Committee at Headquarters.	Following a positive opinion from the Commission Headquarters (Steering Committee) when required, the EU Delegation requests the written approval of the Addendum by the CFCE and then notifies it to the parties. The addendum enters into force on the date of its notification by the CFCE Addenda are drawn up in four original copies: one for the MS administration, one for the BC administration, one for the EU Delegation and one for the CFCE.
IPA decentralised without ex-ante control	The addendum is drafted and jointly signed by the signatories of the Twinning Contract (who may delegate this authority to the Project Leaders).	The Addendum is submitted for approval to the Administrative Office	The Administrative Office is entitled to agree or refuse endorsement of addenda. It must request the binding opinion of the Commission Headquarters (Steering Committee) before agreeing addenda concerning: changes to the mandatory results; change of the MS administration or mandated body; removal, addition or change of Partner MS; change of MS Project Leader; change of RTA; modification of legal duration. Addenda introducing budgetary changes once the 25% budgetary threshold is reached are approved or refused by the AO, without referral to the Steering Committee at Commission Headquarters.	Following a positive opinion from the Commission Headquarters (Steering Committee) when required, the The Administrative Office notifies approval to both MS and BC administrations by sending them their request bearing the signed acceptance of the Administrative Office. The addendum enters into force on the date of its notification by the Administrative Office. Addenda are drawn up in three original copies: one for the MS administration, one for the BC administration and one for the Administrative Office.
ENPI	The addendum is drafted and signed by the signatories of the Twinning Contract (who may delegate this authority to the Project Leaders) or to the Administrative Office.	The Addendum is submitted for approval to the Contracting Authority with a copy to the EU Delegation (decentralised) or to the PAO (centralised).	The Contracting Authority is entitled to agree or refuse signature of the addendum. Where the Commission is not the Contracting Authority, it is entitled to agree or refuse endorsement of the addendum.	Centralised management Once the addendum is signed by the EU Delegation (= Contracting Authority) notifies approval to both MS and BC administrations by sending them their request bearing the signed acceptance of the EU Delegation. Decentralised management Once the addendum is endorsed by the EU Delegation, the PAO (= Contracting Authority) notifies approval to both MS and BC administrations by sending them their request bearing the signed acceptance of the PAO. In both cases (centralised and decentralised management): - the addendum enters into force on the date of its notification by the Contracting Authority; - addenda are drawn up in four original copies: one for the MS administration, one for the BC administration, one for the PAO and one for the EU Delegation. Additionally, Commission Headquarters must be sent a copy of the signed addendum.

3. Eligible costs

3.1. Preparatory costs

Preparatory costs are not eligible in Twinning light contracts.

3.1.1. Reimbursement of costs arising during the preparation of the Twinning Contract and Twinning Work Plan and Budget

Twining preparatory costs shall be reimbursed under the following cumulative conditions:

(1):

Only costs incurred by the designated MS Project Leader, the junior MS Project Leader and/or RTA (no other experts authorised) can be reimbursed.

(2):

A. Under IPA: Preparatory costs can be reimbursed for a period of maximum four months starting as from the date of the official notification of selection up to the submission of the final draft Twinning Contract for Steering Committee consultation at Commission Headquarters.

B. Under ENPI: Preparatory costs can be reimbursed when incurred within a period of maximum five months starting as from the date of the official notification of selection up to the signature of the Twinning Contract. The time span between the reception date of the first consolidated draft contract in the EU Delegation and the date of dispatch of the first consolidated reply by the EU Delegation is excluded from this five months period.

When the drafting of the Twinning Contract takes place over a period including July and/or August a maximum of 30 days can be added to the preparation time under both IPA and ENPI.

(3):

The Twinning contract must be signed and notified: if the Twinning partners fail to terminate the preparation of the Twinning Contract within the four (under IPA) /five (under ENPI) months period, or if the Twinning project/contract is cancelled before it is signed and notified, preparatory costs shall not be reimbursed, even partially.

The Commission reserves the right to shorten the aforementioned period of 4/5 months in view of specific circumstances.

The applicable ceilings for the preparatory costs are as follows:

For Twinning Contracts up to and including EUR 1 million:

- Up to 6 trips to the BC
- Fees for up to 20 working days in the BC
- Corresponding 'project management costs' compensation for work outside the BC
- Per diem allowance for days in the BC

For Twinning Contracts over EUR 1 million:

- Up to 9 trips to the BC
- Fees for up to 30 working days in the BC
- Corresponding 'project management costs' compensation for work outside the BC
- Per diem allowance for days in the BC

Preparatory costs shall be reported as part of the first interim quarterly report of the Twinning contract.

3.1.2. Training of RTAs*

RTAs are invited by the Commission to attend a training seminar at the Commission Headquarters in Brussels. Costs for travel and per diems (according to the rules laid down in section 3.3 of this Annex) to attend this training must be included in the budget of the Twinning Contract (Annex A3): either as part of the preparatory costs if the training is takes place before the start of the Twinning contract, or as part of the project costs if the training takes place after the Twinning contract has started.

When possible, attendance before taking up duties in the BC is preferable.

If the training is attended before the start of the Twinning contract, reimbursement of the corresponding costs is subject to signature and notification of the Twinning contract. If the Twinning partners fail to terminate the preparation of the Twinning Contract or if the Twinning project/contract is cancelled before it is signed and notified, these costs shall not be reimbursed.

BC Project Leaders can attend the training together with the RTA of the same project. Costs for travel and per diems can be financed by the budget of the project, unless the person concerned has attended the same training in the course of the previous three calendar years. Attendance cannot be deputised to a third person.

MS Project leaders may also attend the training seminar at Commission Headquarters, but the corresponding costs are not eligible under the Twinning contract.

3.2. Reimbursement of Staff Cost

3.2.1. Staff Categories and rates of reimbursement

Employment status and corresponding rate of reimbursement

1. As a **rule**, MS experts (RTA and experts undertaking short and medium duration missions) will be **civil servants** (see sections 3.2.2 and 3.2.3)
2. For RTAs **emanating from a mandated body**, the reimbursement of salary will be based on the person's actual salary plus non-wage labour costs, without any profit margin. For short and medium duration missions, please refer to section 3.2.3.1 for the respective rates.
3. **Temporary public employees** may exceptionally be hired by MS administrations or mandated bodies, if there are not enough civil servants available to act as experts in Twinning projects. These experts, temporarily recruited by the administration, may only act on its behalf provided they have the necessary experience and are not subject to any conflict of interest. The contract between such experts and the recruiting administration or mandated body must clearly integrate the expert into the contracting organisation, identify the person to whom they report and who is responsible for their backup, thus attributing full responsibility for the quality of their services. The duration of the employment of temporary public employees should as a rule not be limited or should not be identical to the duration of their Twinning involvement. In practical terms, temporary employees must be contractually linked to the administration or MB for at least six months prior to the start of their assignment.

If they are contracted by an administration, reimbursement for their remuneration will be the same as for a civil servant of comparable competence and seniority.

If a mandated body contracts them, reimbursement will be based on the rate for a comparable expert from the same body.

4. **Recently retired experts** (less than two years before the call for proposals) may be reactivated as temporary public agents, either by administrations or mandated bodies. Like non-statutory civil servants, they must be linked to the body responsible for a Twinning project by a contract.

Reimbursement of the salary of retired experts will be based on the above principles for temporary public employees.

Where national legislation provides for deduction of the pension amount from a public sector salary, the project will only reimburse actual salary expenditure of the contractor.

These provisions do not apply to the Project Leaders who must be currently working in the MS administration or mandated body (see section 2.2.1 of the Manual).

The fees and rates defined below in section 3.2.3 for the different categories of experts are compulsory. Compliance with these fees and rates is essential for the sound financial management of Twinning projects. Any departure endangers equality between the MS administrations engaging in Twinning and/or undermines Twinning as a credible instrument for targeted administrative co-operation.

5. **Member States administrations should avoid at all costs:**

(a) The use of Mandated bodies involving civil servants in Twinning projects with the sole purpose of attracting the higher mandated bodies fees;

(b) The use of Mandated bodies as umbrella organisations to involve private sector experts (including private lawyers or NGO employees) hired for contractual assignments limited to their Twinning involvement, without any structural linkage to the body involved.

6. Twinning offers hands-on, practical expertise, provided by civil service from peer administrations. To preserve this distinctive quality of Twinning it is essential that the experts proposed by the MS administrations are administrative practitioners. **University scholars and professors** including from public universities, researchers or private lawyers do not belong to the administrative services entrusted with legal interpretation of the *acquis* and must normally be excluded. **Universities or research institutes** may only be proposed in very exceptional cases (for instance in highly specialised and technical fields) for ad hoc Twinning mandates but not for general mandated body status.

3.2.2. Remuneration of the Resident Twinning Adviser (RTA)

In the framework of a Twinning light project, there is no RTA.

The RTA continues to be paid his/her normal salary by his/her home administration or mandated body in the MS concerned throughout his/her secondment.

The EU programme reimburses the payroll institution of the RTA an amount equivalent to what he/she would have received, had he/she continued to work in his/her home administration (not abroad), including related and/or connected non-wage labour costs, plus an additional 6% of the whole amount to cover the extra cost of a replacement.

The amount for reimbursement must be included in the detailed breakdown of costs and inserted in the budget, (Annex A3).

RTAs who are not statutory public sector employees, must have signed, before the deadline for the submission of proposals, a fixed-term contract with an administration or mandated body in the MS, which seconds them to the Twinning project on the same terms as civil servants. If they are hired by an administration, their remuneration must be aligned to that of civil servants of the same level and experience. If they are hired by a mandated body, their remuneration must be aligned to that of the permanent staff of the same level and experience. All their other costs will be covered by the project as though they were civil servants from the MS.

RTAs receive, where appropriate and provided they have qualifications equivalent to university level and have a good knowledge of the EU working language (English, French or German) widely spoken in the administration of the BC, an additional flat-rate allowance equal to the difference between the gross annual salary (less family allowances) paid by his/her employer plus the

subsistence allowance paid by the Commission and the basic salary payable to an official of the EU Institutions of grade AD5, step 1.

RTAs receive additional allowances and reimbursement of costs including: a subsistence allowance, reimbursement for housing, health and accident insurance, school fees, travel and removal costs. These costs arising from the RTA's secondment, be they allowances or statutory reimbursements, are borne by EU funding according to a scale applying to all MS, as outlined in the Twinning Manual and detailed in the following sections.

In addition, RTAs receive, throughout the period of their secondment, a subsistence allowance equal to 50% of the per diem rate in the BC. **The applicable rate is fixed at the time of the signature of the Twinning contract for its entire duration and is not subject to revision.**

All costs related to the RTA must be quantified and included in the budget. Verifiable evidence of the real salary cost (wage and non-wage labour cost) to the administration must be provided in order to corroborate expenditure on salary.

Costs related to the provision of working facilities (offices, furniture, computer, telephone, fax etc.) for the RTA are covered by the host administration in the BC (see section 5.13 of the Manual).

3.2.2.1. Housing

RTAs are expected to find housing and register with the authorities without assistance from the Commission. They may however obtain advice from their own Embassy, the EU Delegation and the BC administration.

RTAs are reimbursed for their housing expenses in the BC within limits calculated on the basis of family size and on average rent paid for equivalent housing for Commission staff on posting to the Delegation in this country.

Hotel accommodation

On arrival in the BC whilst looking for a permanent accommodation, and in order to cover temporary hotel accommodation and living expenses, RTAs are entitled to receive in addition to their normal subsistence allowance:

- an additional, full per diem for themselves; and
- an additional half per diem for each accompanying family member.

This provision is subject to the presentation of hotel invoice(s). It applies for a period of up to 30 days, which may be extended subject to prior approval by the AO/PAO/EU Delegation.

Permanent accommodation

A single person or a couple is entitled to two bedrooms. For each child they are entitled to one additional room. Where a family includes more than two children, the need for the fifth and any subsequent bedrooms must be justified to the AO/PAO/EU Delegation.

Prices in the BC will vary according to local market conditions: RTAs are expected to seek value for money and to be reasonable in their expectations. While the accommodation selected may be furnished or unfurnished, RTAs may find considerable practical benefits in renting furnished accommodation.

RTAs will receive guidance as to the acceptable rental costs for different sizes of accommodation either from the EU Delegation or from the AO/PAO. This guidance will follow international standards and indicate the upper and lower margins ("bands") of acceptable rents in the BC.

RTAs are expected to select accommodation within these pre-approved bands, for which no prior approval is required.. Rental amounts in excess of the approved bands require prior approval from the AO/PAO/EU Delegation. This will be granted only in exceptional and duly justified circumstances. No payments for accommodation shall be made if rental costs exceed the approved bands and have not been approved, and no retroactive reimbursement will be made.

The use of housing agencies is permitted but reimbursement of agency fees is limited to a maximum of two months of rent.

Housing costs are reimbursed according to actual rental costs and based on receipts for actual payments. Reimbursement is limited to only the basic rental cost. Rental deposits, household insurance and utilities costs such as water, telephone, gas, electricity etc. are borne by RTAs, as are cleaning and other domestic services.

3.2.2.2. Health Insurance

RTAs are obliged to contract insurance coverage, for themselves and their accompanying family members, for health care costs arising from accident or illness throughout the entire period of their secondment. The costs for such insurance are reimbursed by the project for up to EUR 200/person/month. It is the responsibility of the MS Project Leaders to ensure that RTA are adequately insured.

Where there is a bilateral agreement for social security coverage between the MS of origin and the host BC, RTAs must make use of its provisions. In this case, complementary coverage for costs not covered under the bilateral agreement and for emergency repatriation in case of accident or severe illness may be charged to the project within the ceilings set above.

Where there is no bilateral agreement on social security, the project will reimburse full coverage for health insurance covering care costs due to sickness or accident, including emergency repatriation within the ceilings set above.

The insurance coverage reimbursed by the project will not include capital indemnity in case of death or invalidity due to accident or illness. It is understood that such coverage is provided by the MS employer.

List of items recommended to be included in the health insurance policy:

- full coverage for health care costs due to sickness and accident (in-patient and emergency out-patient)
- emergency repatriation from the country of RTA's assignment

- transportation to medical centre
- sending of a doctor
- emergency dental care costs
- in case of death, repatriation of the body to the country of origin.

3.2.2.3. Schooling fees

School fees eligible for reimbursement by the project are those incurred from the first year in which schooling would be available free of charge in the home country to the last year of the child's secondary education, the duration of this period to be in accordance with the education system in the RTA's home country. Fees will vary according to the age of the child. Childcare costs are not eligible for reimbursement. Schooling is defined as a minimum of 16 hours of teaching per week, for a minimum period of 3 consecutive months.

Fees eligible for reimbursement are the following: enrolment fees, exam fees, transport to and from school provided by the school and itemised in the school fees, cost of books and other material required for participation in compulsory classes. Costs, which are not covered, include, for example, private transport to and from school, school meals, uniforms, after-school music or other extra-curricular classes and activities.

Where a school charges separately materials required in a compulsory class, including music, art or sports classes, these costs will be reimbursed, whereas the cost of non-compulsory school trips or after-school classes will not be reimbursed.

School fees will be reimbursed up to a ceiling of EUR 12 000 per child and per academic year. Fees above this amount may be reimbursed on a case-by-case basis and require prior approval from the AO/PAO/EU Delegation. Grounds for approval of higher fees may be: age of the child; comparable fees in international schools in the same city; lack of alternative educational options in the same city.

RTAs may claim reimbursement only for the school fees of a 'dependent child', i.e. his/her or his/her spouse's legitimate, natural, adopted or foster child, who is actually being maintained by him/her and who moves with him/her to the country of his/her posting. This definition also applies to a child for whom an application for adoption has been lodged and the adoption procedure started. Boarding school fees in the country of origin may be charged only in very exceptional cases, and is subject to prior approval from the AO/PAO/EU Delegation.

Reimbursement will be based on itemised bills.

RTAs must provide the following information, in a document duly certified by the educational establishment in question:

- first name and family name of each child
- the sum incurred per child
- the date on which payment was made by the RTA
- the currency in which payment was made
- the relevant academic year and the period covered (month, term, semester)

3.2.2.4. Travel Costs

a) Personal travel costs to and from the BC at the beginning and at the end of the Twinning Project

RTAs will be reimbursed for themselves and for their accompanying family members the cost of an economy air ticket per person, or a first class train ticket, whichever is more appropriate and economically advantageous. If RTAs travel by car, an official quote for one of these two options must be obtained from a travel agency.

RTAs are entitled to reimbursement of travel expenses:

- (a) for him/herself:
 - From his/her place of recruitment to his/her place of employment at the beginning of the period of secondment;
 - From his/her place of employment to his/her place of recruitment at the end of the period of secondment.
- (b) for the spouse and dependent children
 - From the place of recruitment to the place of employment when removal takes place;
 - From the place of employment to the place of recruitment at the end of the period of secondment.

The place of recruitment is defined as the place where the RTA performed his/her duties prior to secondment. The place of employment is defined as the place where the BC administration to which he/she is assigned is located.

b) Annual leave

RTAs and their accompanying family members will be reimbursed the cost of an annual trip home. RTAs will be reimbursed the cost of a special economically priced return air ticket (standard economy ticket if special economically priced ticket not available for the length of stay required) or first class train ticket for themselves and for their accompanying family members according to the same rules as described under section a).

c) Monthly travel allowance

Only applicable if no removal of personal belongings or any other costs related to accompanying family members are charged to the project

If the RTAs have moved without spouse and/or children, and have not been reimbursed for the removal of personal effects, household contents or personal vehicle to the BC, they will be entitled

to an allowance amounting to the price of a return ticket for each month, starting the second month of the secondment.

This flat-rate payment will be based on the cost of a first class rail fare or of a special economically priced air ticket, whichever is appropriate and economically more advantageous. The rate applied will be that in force on 1 January of the current year, quoted by a travel agency.

Where a whole month is not worked, the amount will be calculated in proportion to the number of days worked.

The RTA is not entitled to any extra allowance for annual leave.

d) Proof of travel

Original proofs of travel must be provided according to national MS rules, in order for reimbursement to be made. The only two exceptions are

- a) the monthly travel allowance for RTAs who do not claim any removal costs or costs for family members and
- b) for travel by personal car, reimbursed according to the rules defined above.

3.2.2.5. Removal Costs

a) General provisions

RTAs may choose to travel with the minimum of personal belongings (no charge to the project), or charge the removal of a selection of personal effects (for secondment of minimum secondment 1 year) or of their entire household contents (for secondments of minimum 2 years) to the BC. They are responsible for organising their removal and should attempt to do so in the most economical way. The guidelines for removals presuppose one complete removal, rather than a series of smaller moves, which would be more expensive. In all cases, the route selected must be the most common, most economical and shortest one.

It is the responsibility of RTAs to organise the removal so that storage costs in the BC are avoided. The project will not cover any costs arising from storage in customs warehouses. RTAs must respect the customs regulations of the host country, subject to possible exemptions (see point 3.2.2.7).

b) Option 1: Removal of personal effects only (secondment of minimum 1 year)

RTAs seconded for at least one year may charge to the project the costs of moving their personal effects (clothes, books, stereo equipment, microwave oven, washing machine, television, video etc.) to the BC. They will be reimbursed for transport of freight up to the following limits (packaging weight is included in these figures):

RTA	780 kg
Spouse	390 kg
Each child	195 kg

The actual cost of transportation will be reimbursed.

Costs of transportation of personal effects exceeding the above limits, including corresponding insurance costs, will not be reimbursed,.

Costs for storage in the MS (transport to and from place of storage, insurance and rent) for furniture which is not moved to the BC may be charged to the project, with a maximum volume of 60m³. The actual cost of storage will be reimbursed. Costs of storage of personal effects exceeding the above limit, including corresponding insurance costs, will not be reimbursed.

c) Option 2: Removal of complete household contents to the BC (secondment of minimum 2 years)

RTAs seconded for at least 2 years and for whom the distance between the place of recruitment and duty is at least 50km, may charge to the project the costs for the removal to the BC of their household contents (i.e. their personal effects, plus household furniture and furnishings). The removal must take place no later than six months after taking up duty.

RTAs entitled to reimbursement of the actual cost of transportation of up to 60m³ of freight. Costs of transportation exceeding 60m³, including corresponding insurance costs, will not be reimbursed.

d) Air vs. Surface Transport

RTAs may choose to send all or part of their belongings by surface transport, rather than by air, provided the resulting costs do not exceed air transport costs. The route selected must be the most common, most economic and shortest one.

e) Cost of Excess Baggage

The costs for excess baggage up to 50kg, if this consists of books, papers, equipment etc. required for work purposes, may be charged to the project in connection with the first trip to the BC when taking up duty, as well as with the last trip at the end of the project, when leaving the BC.

f) Transport of Personal Vehicle

The project may reimburse the cost of **surface** transport of a personal vehicle which the RTA owns at the time of secondment.. It is the RTA's sole responsibility to comply with any regulations associated with importing, exporting and registering a personal vehicle in the BC.

g) Quotes

In all cases (i.e. for removals of personal effects, household contents, personal vehicle and storage costs), RTAs must obtain at least **two** quotes, preferably for 'door-to-door' delivery.

Quotes based on volume are not accepted for removal of personal effects as defined under section b) above..

h) Insurance

The project may cover 'all risk' insurance costs for the transport of personal effects, household contents, and vehicles, as well as for items in storage. Insurance may be contracted with the removal/storage firm, or directly with an insurance company. Reimbursement of premiums is limited to:

- 0.625% - 1.25% of the value of personal effects transported by air
- 1.25% - 2.5% of the value of personal effects transported by road or sea
- 1.25% - 2.5% of the value of a vehicle transported by road or sea

Where the RTA chooses to move his/her entire household contents, the maximum insured value authorised to be charged to the project is EUR 150 000.

Note:

- The same terms apply to removals back to the home country, which must take place within three months of the end of the period of secondment.
- Costs resulting from any delay in the delivery of freight by any means will not be reimbursed.
- Any dispute between RTAs and a removal/storage company, regarding any aspect of removal/storage or payment, is the sole responsibility of RTAs.

3.2.2.6 Leave Entitlement

a) Basic Leave Entitlement

RTAs' leave entitlement is aligned with that of National Experts seconded to the Commission. All RTAs will be entitled to annual leave amounting to 2.5 working days per month of completed service i.e. 30 days per year.

b) Travelling Time Allowance

In addition, RTAs will receive an annual travelling time allowance proportional to the distance between their normal place of residence and their residence in the BC.

- 50 to 250 km 1 day
- 251 to 600 km 2 days
- 601 to 900 km 3 days
- 901 to 1400 km 4 days
- 1401 to 2000 km 5 days
- over 2000 km 6 days

c) Public Holidays

In addition, RTAs will be entitled to take leave on public holidays. The public holidays will be the same as those allowed for counterpart BC officials in the administration with which they work.

d) Special Leave

In addition, the RTA may, on demand, be accorded special leave:

- marriage of the RTA 4 days
- household removals of the RTA 2 days
- serious illness of spouse or child 3 days
- death of spouse or child 4 days
- serious illness or death of close relative 2 days
- birth or marriage of child 2 days.

e) Leave Authorisation

Leave authorisation must be obtained from the MS Project Leader in writing and in advance.

3.2.2.7 Fiscal situation of RTAs

The Resident Twinning Adviser must observe the national tax legislation of his/her home country with regard to income earned during the period of secondment in the beneficiary host country.

The possible exemptions from customs duties, import duties, taxes and other fiscal charges for the RTA are governed by the Financing Agreement signed between the Commission and the BC, which funds the Twinning project .

3.2.3. Project Leader, Short & Medium Term Expert

Inputs

3.2.3.1. Missions of civil servants

The EU will finance the cost of short and medium term MS missions in the framework of the project. The contribution of each short or medium term expert to project activities must be specified in the Twinning work plan or, *under IPA*, in the pertinent operative side letters.

Mission expenses (transport, per diem, etc) will be reimbursed in accordance with section 3.3. Visits of MS management and support staff to the BC cannot be separately covered by the project's budget. The financial contribution of the EU programme to the staff costs of short and medium-term missions is **EUR 250/day for civil servants or acting civil servants.**

3.2.3.2 Missions of staff from mandated bodies

Definition of the three expert categories and their respective rates of reimbursement

Class 1 expert: Rate of reimbursement per day worked in BC: EUR 250

Personal experience in the implementation of institutional aspects targeted by the Twinning project: minimum 3 years.

Class 2 senior expert: Rate of reimbursement per day worked in BC: EUR 350

Personal experience in the implementation of institutional aspects targeted by the Twinning project: minimum 8 years.

Capacity to demonstrate innovative approach by abstracting from own experience and adapting to the needs, constraints and culture of the beneficiary. Experience in co-operation with non-EU countries. Capacity to communicate in one of the European Union languages widely spoken in the administration of the BC.

Class 3 special counsellor: Rate of reimbursement per day worked in BC: EUR 450

Personal experience in the implementation of institutional aspects targeted by the Twinning project: minimum 15 years.

In addition to the above and to the qualifications expected of senior experts, special counsellors will be past or present holders of a high-level post (junior minister, head of a government department or head or chairman of a public or private sector body with a record of government work, or equivalent).

This category is strictly reserved for individuals with exceptional experience, whose contribution to the Twinning project justifies the high rating and associated costs.

Exception

Mandated bodies able to provide evidence that they cannot cover their staff's real costs with the standard rates of reimbursement may apply for authorisation to charge up to a maximum of EUR 100 more for each category of experts. These requests must be supported by detailed documentary evidence on real salary costs according to the following mode of calculation:

The **real salary costs** of a mandated bodies' expert consist of the expert's gross annual salary plus any compulsory non-wage labour costs payable by the employer in direct connection with the expert's salary. These annual costs must be **divided by 180** in order to calculate the total actual salary costs per day.

In case that the actual salary costs per day are higher than the rates of reimbursement for the respective expert category specified above, the mandated body may apply to the Commission Headquarters for approval of the non-standard increase up to a maximum of EUR 100 more for each category. The non-standard rate may under no circumstances generate a profit.

Applications for the increased expert fee must be channelled through the respective MS's NCP, who will certify the veracity of the financial data submitted in support of the application. If the Commission agrees to the exception, the non-standard fee level will be published in the list of mandated bodies (indicated in square brackets after the name of the mandated body). Approval of higher fee levels must be sought **before** presenting proposals to ensure full transparency.

Explanatory comments regarding classification of experts

For the purpose of classifying experts assigned to Twinning projects all factors will be considered together; a shortfall on one criterion may be offset by outstanding qualifications on another. In case of divergence of opinion, the Commission Headquarters have the final say regarding expert classification.

Practical Points

When calculating the costs for short and medium term staff inputs, it is important to budget for the appropriate unit number of working days and daily allowances. For example:

- 2 weeks: if an expert comes to the BC on a Sunday and leaves on a Saturday, 10 working days and 13 per diems shall be budgeted.

- 1 week: if an expert comes on a Sunday and leaves on a Friday, 5 working days and 5 per diems shall be budgeted.
- 1 week: if an expert comes on a Sunday and leaves on a Saturday, 5 working days and 6 per diems shall be budgeted.

The working days invoiced will be equal to the days actually spent working in the BC (excluding travelling time and weekends), irrespective of the exact time of arrival in and departure from the BC:

- A full working day will be counted if the expert spends at least seven working hours (excluding any break) working with the beneficiary administration in the BC.
- A half working day will be counted if the expert spends at least four working hours (excluding any break) working with the beneficiary administration in the BC.

The per diems will be equal to the number of nights spent in the BC, calculated on the basis of the actual arrival and departure dates.

Inputs in the MS Home Administration or Mandated Body

For work performed in the MS for the benefit of the Twinning project the MS receives a financial contribution in the form of twinning management costs compensation as detailed under section 3.5.

3.3. Travel & Per Diem

3.3.1. Travel

- Travel costs are estimated in the budget and reimbursed upon the actually incurred cost.
- The basic rules for travel are: economy class air fare or first class train ticket, which ever is more appropriate and economically advantageous.
- Travel by car is reimbursed the price (as quoted by a travel agency) of the equivalent air or train ticket according to the rule set in the previous paragraph. Where neither air, nor rail transport is available or appropriate, travel by car is reimbursed at a rate of EUR 0.25/km (use of private car) or at actual cost (other cases). Where several experts jointly make use of a car, the reimbursement will be made only once.
- Whatever the means of transport chosen (car, plane, train, rented minibus etc.) the solution must be financially sound and economically advantageous.
- The only exception is the RTA monthly travel allowance (see section 3.2.2.4), which is calculated at the beginning of the project and is paid monthly without requiring a proof of travel.
- Visa costs are eligible for reimbursement as part of the travel costs.

For air travel the cheapest possible tariff must be applied. If the use of a reduced rate air fare requires an additional overnight stay, the expert is entitled to receive the corresponding per diem,

limited to the amount of the saving on the air fare if the latter is lower than the applicable per diem rate. Where the use of a special economically priced ticket is not possible, a standard economy ticket shall be used instead.

Transport to and from the airport of the city where the expertise is to be delivered is considered as local transportation and is covered by the per diem. Exception is granted for flight departures before 7.00 and arrivals after 22.00 hours, in which case a taxi fare can be charged separately. Where inter-city travel is required to reach the airport, the rules for travel by train apply.

Travel of MS experts, including RTA, within the BC must be identified and budgeted separately. Whenever possible, the use of public transport is mandatory. In case of travel by car, the rules of reimbursement defined above shall apply.

Travel by car is under the own responsibility of the MS experts.

Under ENPI, costs for travel by BC officials from their capital to a MS or between MS (e.g. in the framework of study visits) may be eligible. Under IPA these costs are borne by the BC administration.

Costs for travel by BC officials **within** a MS are eligible under both IPA and ENPI.

3.3.2. Per Diem (for short term experts and RTAs on mission outside BC)

MS experts are entitled to an allowance (per diem) when working in the BC. The per diem covers hotel, food and local transportation costs.

Per diem rates are communicated by Commission Headquarters to National Contact Points in MS and BC as well as to other stakeholders. They are based on the list published by the United Nations, which is available on EuropeAid website¹, and may be adapted for the purpose of Twinning. They are maximum rates: lower rates may also be applied.

Per diem rates are generally updated twice a year, in January and July. **The per diem rate will therefore vary over the lifetime of the project, depending on the moment when a mission takes place. The rate applicable for a mission is the one applicable on the first day of travel.**

The number of per diems is calculated upon the number of **nights spent away from the home base (no half per diems are paid).**

BC staff travelling to MS in the framework of a Twinning project is entitled to per diems according to the same rules.

3.4. Training and Seminars

¹ http://ec.europa.eu/europeaid/work/procedures/implementation/per_diems/

3.4.1. Training in the BC

Eligible costs for trainings in the BC are mainly fees of MS experts. However, fees of MS experts present in the BC for an activity that is not limited to the training should not be allocated to the budget of the training but to the budget of the activity: no additional fees or per diems can be counted in excess of what has been budgeted under the activity.

Other eligible costs for trainings may be:

- training documentation;
- interpretation (see section 3.7);
- transport for on-site visits etc.

Where (part of) the training is sub-contracted to the private sector, the MS shall apply the appropriate procurement procedures as described in Annex A4.

Costs related to participation of BC staff in the training, including transport and per diems, are paid by the BC.

3.4.2. Study visits in the MS and Trainee/internships for BC officials in MS Partner Administration

When planning study visits in the MS partner administration, twinning partners must apply the following principles, which may be further detailed by the Contracting Authority:

- Cost effectiveness and sound financial management;
- Direct link between the objectives defined in the Project Fiche and the planned study visit(s);
- Direct relevance for the participating BC officials and for the mandatory results of the Twinning project;
- Adequate and intensive follow-up of the study visit(s);
- Adequate evaluation by the BC participants and direct involvement in the activities undertaken in the framework of the study visit(s);
- Study visits to non EU MS are not eligible.

The MS Twinning partner may also propose a limited number of administrative internships in its own administration for selected BC officials. Internship may indeed contribute to the further reinforcement of the structural links between the administrations involved in the Twinning project. Internships differ from study tours not only in number of participants and duration, but also in methodology (following the MS peers in their day-to-day tasks).

Under ENPI, costs for travel by BC officials from their capital to MS or between MS may be eligible. Under IPA these costs are borne by the BC administration.

Costs for travel by BC officials **within** a MS are eligible under both IPA and ENPI.

Per Diem allowances for BC trainees are eligible in all countries. For traineeships of more than 2 months the per diem allowance rate is reduced by 30% as of the 3rd month.

Certain dedicated MS training institutions delivering intensive highly specialised training operate on a fee basis for any trainee; such fees are eligible. If these fees include accommodation or/and meals, the corresponding amounts must be deducted from the per diem paid to the participants in order that the total amount paid does not exceed the applicable per diem rate..

Costs for expert fees of MS experts (including transport, per diem, expert fees) accompanying study visits in MS are not eligible. These costs are covered by the twinning management costs compensation as detailed under section 3.5.

Small incidental costs may be charged to the budget and paid to the MSP(s) on a unit cost basis (**maximum EUR 10 per trainee per day**) and reported without supporting evidence.

3.5. 'Twinning Management Costs'

The Twinning contract budget (Annex A3) must not include any expert or other fees corresponding to work performed outside the BC. This rule applies whatever is the nature of the work performed or of the expenditure incurred: preparation or follow-up of mission, accompaniment of study visit, delivery of seminars, co-ordination, logistical management (accounts) overheads or any other incidental costs.

Instead, taking the form of a global contribution to the costs arising from the preparation and implementation of a Twinning project, all fees included in the budget for short and medium-term expertise (including fees for MS PL) delivered in the BC is complemented with a compensation of **150% for Twinning management costs**. The MS organisation in charge of the Twinning project may dispose of it for covering any costs arising in the MS in connection with the project, including any related overhead costs.

The twinning management costs compensation is invariably reported by and paid as a flat rate to the MS (Lead) Partner in conjunction with any fees corresponding to work performed in the BC.

Where several MS are involved in a Twinning project, the Lead MS Partner is responsible for transferring to the other MS Partner(s) in the consortium all or a proportion of the twinning management costs compensation corresponding to their participation in the work performed in the BC.. The Lead MS Partner may retain a reasonable proportion of the Twinning management costs compensation to cover the additional work and costs incurred due to its leadership. **It is important for the good implementation of the project that the consortium agreement signed between the Lead MS Partner and the other MS partner(s) involved in the project lays down clear and precise modalities in this respect.** The members of the consortium elaborate this agreement independently without advice or interference from BC administration or Commission services.

In the Budget (Annex A3) and within each activity, every budget item corresponding to fees for work performed in the BC is immediately followed by a budget item entitled 'twinning management costs compensation' and quantified at 150% of the preceding item.. These amounts are indicative: payment will be based on the actual number of days of work performed in the BC.

3.6. Intangible supplies and provision of services

Such items as development or purchase of computer software, provision of documentation, translation of texts, private interpreters and similar fall under this category and should be included in the budget of the Twinning contract (Annex A3).

Rules and limitations applicable to the provision of these services are detailed in section 3.8 (provision of translation and interpretation) and in section 3.10 (private sector inputs).

3.7. RTA Assistant

RTAs should be assisted by a full-time project assistant for providing translation and interpretation services on a daily basis, and for performing general project duties. Only in very exceptional cases should the requirement for an assistant be waived.

In most cases the costs of the RTA assistant are funded by the Twinning contract. This has to be indicated in the Twinning work plan (Annex A1) and the corresponding estimated costs must be included in the project budget (Annex A3).

The BC may also consider 'seconding' the RTA assistant from their own administration rather than having an external recruitment under the Twinning contract. The advantage of this solution is to have a RTA assistant with 'in house' knowledge of the BC administration. In this case, the costs of the RTA assistant are not included in the Twinning contract.

RTA assistants funded by the Twinning contract must not have had, at least during the 6 months preceding their recruitment, any contractual relation with the beneficiary administration.

The recruitment procedure may be launched before the signature of the Twinning Contract but the RTA assistant may not start to work and corresponding costs will not be eligible before the start of the Twinning contract. A minimum of 3 candidates must be assessed/interviewed.

External recruitment of the RTA assistant must be in the form of a service contract to be awarded and concluded either by the MS Lead Partner or by the Contracting Authority (see section 3.9). The award and conclusion of this service contract are governed by the provisions of Annex A4 (contract award procedures). In all cases, the RTAs shall have a decisive say in the choice of their assistant and this obligation that cannot be subject to exception.

In case where the RTA assistant has to be replaced, a new recruitment procedure must be launched: it is not authorised to use the results of the initial recruitment procedure (e.g. list of pre-selected candidates).

3.8. Translation and Interpretation

As a matter of principle, the BC bears all the costs incurred for the implementation of the Twinning project that are not included in the Twinning contract (see section 4). An exception may however be made for the costs of translation and of interpretation.

In this case, costs for these services will be included in the Budget of the Twinning contract (Annex A3) in relation to each activity for which they are required. The ceiling of EUR 10 000 per budget item must be respected in case of external services, unless lower ceilings are drawn up by the Contracting Authority in the BC.

Translation costs must be counted using the rates applicable in the BC.

Interpretation costs may be counted using the rates applicable at the place where the activity requiring interpretation takes place. For activities taking place in the MS it may however be economically advantageous to contract interpretation services in the BC (travel costs and per diems for the interpreter(s) must be taken into account in the cost comparison). In all cases, project partners are strongly encouraged to seek value for money.

The Contracting Authority in the BC will indicate the local price range applicable for translation and interpretation.

If the identified volume of translation and/or interpretation is considerable, it may be envisaged for reasons of cost-effectiveness, to recruit a full-time or part-time interpret/translator in addition to the RTA assistant. The provisions defined in section 3.7 that are applicable to the recruitment of RTA assistants funded by the Twinning contract shall be followed for the recruitment of the interpret/translator.

3.9. Equipment

3.9.1. Large Scale Equipment

Reference to equipment necessary for the implementation of the Twinning project must be mentioned in the Twinning work plan. This equipment, when needed, must not be financed by the Twinning budget. In certain cases, it may be possible that this procurement is financed with EU funds.

In all cases, it is the responsibility of the BC to secure financing for this equipment from a source of its choice and to ensure that the equipment is available when needed so as not to jeopardise the implementation of the Twinning project.

3.9.2. Office Equipment and supplies

The BC Twinning partner is solely and entirely responsible for providing all necessary office equipment to ensure effective working conditions for the project and, in particular, for the RTA.

The budget of the Twinning contract must not fund any office equipment (desktops, laptops, mobile, phones, faxes, scanners, CD-burners etc.)

In very exceptional cases and subject to due written justification, small items of essential supplies (e.g. small laboratory testing consumables or equipment) for a total cost of not more than EUR 5 000 may be funded by the Twinning contract to ensure that the implementation of the project can proceed smoothly. The contracting Authority must assess the proposed expenditure restrictively, in the light of its knowledge of the BC possibilities and on a case by case basis.

Any equipment purchased with project funds will become the property of the BC at the end of the project. Purchases must be transparent and must respect the provisions of Annex A4, in particular the rules of nationality and of origin applicable to the European Union programme funding the Twinning contract.

3.10. Private Sector Inputs

3.10.1. Tendering, procurement and contracting

Provisions detailed in the "Introductory Remarks" of Annex A4 apply.

3.10.2. Private Sector Sub-Contractors

Where a MS Partner is unable to carry out an activity necessary to the implementation of the Twinning project and provides adequate certification to that effect, this activity may be subcontracted. This could be the case for example of software design or development, for which private sector specialist input would be essential for the achievements of the Twinning project.

MS Partners are not allowed to subcontract key activities of the Twinning project, which must in all cases remain the sole prerogative of the public sector actors of the MS Partners.

All services to be subcontracted must be included in the Budget of the Twinning contract with an annotation indicating clearly by which authorities these items will be contracted and paid.

Private sector experts included in the Twinning contract as described above must be budgeted based on their fees (invoices) and are not eligible for twinning management cost compensation.

- The selection of private sector sub-contractors must comply with the rules and procedures described in section 3.10.1 and defined in Annex A4.
- All invoices and supporting documents related to private sub-contractors input must be kept for expenditure verification and audit purposes.

4. *Twinning Costs not covered by the EU*

1. **All Twinning projects must be co-financed by the BC.** The direct and indirect cost of the BC administration, civil servants and national private experts working for the project must be borne by the BC.
1. *Under IPA, costs for travel by BC officials from their capitals to a MS or between MS (e.g. in the framework of study visits) are not eligible. In other Twinning projects such costs may be eligible².*
2. Costs for large-scale equipment necessary for the implementation of the Twinning project must not be covered by the Twinning contract.
3. The BC must provide free of charge the MS experts, including the RTA, with the requisite facilities for professional use. Accordingly the following costs are not eligible under the Twinning contract:
 - adequately equipped office space
 - telephone
 - email services
 - fax
 - photocopiers,
 - computer
 - internet access
 - secretarial support
 - venues for conferences, training and workshops (except for kick-off and closure meetings - see section 9.4 of the Twinning Manual)
 - access to information
4. Duties, taxes and charges including VAT are not eligible under the Twinning contract, unless the MS Partner can demonstrate that it cannot be exempted or reimbursed, and under the condition that the European Union programme funding the Twinning contract authorises the reimbursement of such taxes (see article 14.2 of Annex A2).

For VAT on expenses incurred in the BC, certain beneficiary countries have a mechanism in place with the local Ministry of Finance to address this issue. MS Partners are advised to make careful enquiries before engaging in any purchase that may involve the payment of VAT or of any other duties, taxes and charges.
5. MS expert fees or any other expenses related to MS experts input performed outside the BC are not eligible under the Twinning contract. These costs are deemed to be covered by the twinning management costs compensation.

² Under ENPI, these costs may be eligible.
Travel costs of BC officials **within** a MS are eligible for reimbursement under both IPA and ENPI.

EU funds must not be used to fund BC running costs. In the perspective of the long-term sustainability of the Twinning project and in order to ensure that systems are established which are commensurate with BC future funding capacity, BCs are expected to commit their own resources to Twinning projects (about sustainability, see section 9.2 of the Twinning Manual).

5. Reporting requirements

5.1. Reporting requirements for standard Twinning projects

Proper project reporting is essential to ensure effective follow-up of implementation, to properly evaluate the results and to ensure high quality for the project itself and for future projects.

Project reports must focus on the Twinning project but also place the contract in the context of related activities within the same programme and/or sector. Twinning reports should be a basis for inputs to sectoral or programme level monitoring reports, in particular highlighting issues that cannot be solved at the level of the Twinning project.

The MS Lead Partner must draw up **Interim Quarterly Reports** and a **Final Report**. **The MS Project Leader is responsible for submitting these reports to the concerned authority.** The BC Project Leader must be fully involved in the reporting process and should be given adequate time to put forward comments. The BC Project Leader must also co-sign each report before it is submitted by the MS Project Leader.

Interim Quarterly Reports and Final Report shall consist of a content section and of a financial section. Reports are drafted by the MS Project Leader and must be first submitted to the counterpart BC Project Leader, for comments (if any) and for co-signature, prior to formal submission to the designated authority. Reports must reflect not only the Project Leader's own opinion on the progress of the Twinning project, but shall also be based on and reflect the information contained in the reports provided by the RTA, by the BC and by other sources (i.e. MS experts, training and seminars etc.) It is essential that the BC is fully involved in the preparation of each report, in order to ensure a comprehensive insight into project progress.

The reports must be submitted to:

<i>Reports to be submitted to:</i>	<i>IPA centralised / decentralised with ex ante control</i>	<i>IPA decentralised without ex-ante control</i>	<i>ENPI (Centralised)</i>	<i>ENPI (Decentralised)</i>
<i>EU Delegation</i>	<i>X</i>	<i>Copy</i>	<i>X</i>	<i>Copy</i>
<i>Administrative Office/ Programme Administration Office</i>	<i>X (CFCE)</i>	<i>X</i>	<i>Copy</i>	<i>X</i>

Reports must be discussed in Quarterly Steering Committees, called by the Contracting Authority in agreement with the RTA. They must contain, as a minimum, the information detailed in the next sections. If minimum reporting requirements are not met, the Contracting Authority reserves the right to review or suspend funding of the Twinning project, after prior approval of this decision by the Commission Headquarters.

Reports must be submitted in accordance with the time limits detailed below. They are deemed to be approved by the Contracting Authority in the absence of any feedback within 45 days following their submission.

Report templates are available in Annex C4.

5.1.1. Interim Quarterly Reports

Throughout the duration of the Twinning project, **at three-monthly intervals** starting with the date of notification of the Twinning contract, the Project Leaders will prepare **interim quarterly reports**.

The first interim quarterly report covers generally a period of project implementation shorter than three months, due to the fact that the arrival of the RTA in the BC and the beginning of the work schedule do not coincide with the date of notification.

Interim quarterly reports are due during the month following the quarter under consideration: the first interim quarterly report is due in the fourth month following the date of notification of the Twinning contract.

The interim quarterly reports must:

1. Describe progress achieved in the implementation of the Twinning project during the period under consideration, making direct reference to the timetables and benchmarks as set out in the Twinning Work Plan, and highlighting any previously unforeseen activities or activities that have been cancelled.
2. Update on the general environment for project implementation.
3. Update on the assumptions and risks for project implementation.
4. Make an overall evaluation of the progress achieved, including an explicit judgement on the likelihood of fully completing the project within the remaining time scale and budget. Specific reference should be made to the progress made towards the mandatory results and project purpose as outlined in the project fiche with measurement based on indicators set in the contract. The progress towards achieving target values of these indicators should be measured as well as the adequacy of the indicators.
5. Provide recommendations.

The financial part of the interim reports, must document the actual expenditure in relation to budgeted expenditure. A list must be annexed that details each item of expenditure incurred in the period covered by the report, and indicating for each item: title/description, amount in local currency and in euro, relevant budget heading, reference of the justifying document.

5.1.2. Final Report

The MS and BC Project Leaders will jointly prepare, co-sign and submit to the designated authority a final report.

The final report shall be forwarded no later than three months after the implementation period (work plan) as defined in article 2 of the Special Conditions of the Twinning contract. This implies that the final report, the request for final payment and the expenditure verification report must be submitted at the latest during the last month before the end of the legal duration of the Twinning contract.

It will include:

- Executive summary of the Twinning project.
- Background information: description of the original situation in the relevant area of the BC administration before the project, indicating the gaps that the project intended to address; and listing objectives, purpose and mandatory results of the Twinning project.
- Implementation process: developments outside the project and project developments; any significant difficulties encountered.
- Achievement of mandatory results: if these have not been achieved a detailed explanation must be given on the underlying reasons and an action plan to complete the project must be submitted.
- Analysis of the long-term impact of the project, its sustainable results and identification of potential relevant follow-up actions, if applicable.
- Information on the steps taken to ensure the visibility of EU financing.
- Conclusions, recommendations to ensure sustainability of project results, including lessons to be learned for future Twinning projects.
- Proof of transfers of ownership (if applicable) and a final statement of all eligible costs of the Twinning project, plus a full summary statement of the Twinning project's income and expenditure and payments received.

The final financial report must be accompanied by an expenditure verification report from a recognised, independent auditor, following the template in Annex A6 (see section 7.3 of the Twinning Manual).

If the MS fails to provide the Contracting Authority with a final report by the deadline specified above, and fails to provide an acceptable and sufficient written explanation of the reasons why this obligation could not be complied with, the Contracting Authority may terminate the Twinning Contract in accordance with section 6.7.2 of the Twinning Manual and with Article 12.2.a of Annex A2, and recover the not substantiated amounts already paid to the MS Partner.

5.2. Reporting requirements for Twinning light projects

There must be at least a start-up report covering the first two months of implementation the Twinning light contract (submitted during the third month) and a final report.

Reports must be endorsed and countersigned by the beneficiary, who may make additional comments.

Report templates are those applicable for standard Twinning projects.

Reports must be submitted as indicated in section 5.1.

ANNEX A8 MANDATE

The undersigned, on behalf of the administration of the Junior MS partner, The Court of Audit (Tribunal de Cuentas) (Spain), and Spanish Cooperation FIIAPP agree to implement the actions assigned to his organisation in the Twinning Contract. The parties mandate Mr. Reijo Lindh, Project Leader, to take full responsibility for the implementation of the said Contract, to make all commitments and take all decisions on his behalf in the interests of the successful conclusion of the entire project, and with due respect to the consortium agreement concluded by its members

Signed by a representative of the administration of the Junior MS partner:



Ramón Alvarez de Miranda
President
The Court of Audit (Tribunal de Cuentas), (Spain)

and the International and Ibero-American Foundation for Administration and Public Policies



Beatriz Carnicer Labrador
The International and Ibero-American Foundation for Administration and Public Policies FIIAPP

Endorsed by a representative of the administration of the lead MS partner:



Anneli Temmes
Managing Director
HAUS Finnish Institute of Public Management

