



PROCUREMENT OF SERVICES OPEN CALL FOR TENDERS (Article 29 decree No. 2005-1742 of 30/12/2005)

FRAMEWORK CONTRACT

Object: The externalisation of First Level Control activities within the framework of the implementation of:

Regulation (EU, EURATOM) No 966/2012 of the European Parliament and of the Council of 25th October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002 and particularly its article 60 concerning the indirect management

Commission Delegated Regulation (EU) n° 1268/2012 of 29th October 2012 on the rules of application of Regulation (EU, Euratom) n° 966/2012

Regulation (EU) n° 1301/2013 of the European Parliament and of the Council of 17 December 2013 on the European Regional Development Fund and on specific provisions concerning the Investment for growth and jobs goal

REGULATION (EU) No 1303/2013 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 17 December 2013 laying down common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund and laying down general provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund and the European Maritime and Fisheries Fund and repealing Council Regulation (EC) No 1083/2006

Commission Delegated Regulation (EU) No 522/2014 of 11 March 2014 supplementing Regulation (EU) No 1301/2013 of the European Parliament and of the Council with regard to the detailed rules concerning the principles for the selection and management of innovative actions in the area of sustainable urban development to be supported by the European Regional Development Fund

Delegation Agreement 2014 CE 160 GT 007 of 1st June 2015 between the European Commission and the Conseil Régional Nord Pas de Calais

Transfer of Funds Agreement 2014 CE 160 GT 007 of 17th June 2015 between the European Commission and the Conseil Régional Nord Pas de Calais

Reference: 16U009

SPECIAL TECHNICAL TERMS AND CONDITIONS (ToR - CCTP)

Contracting authority

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1 CONTEXT

1.1 Framework of the Urban Innovative Actions (UIA) Initiative

Urban Innovative Actions (UIA) is an Initiative launched by the European Commission, which delegated its management to the French Region Hauts-de-France under Article 8 of Regulation (EU) n° 1301/2013 of the European Parliament and of the Council. Its implementation is undertaken by a Permanent Secretariat based in Lille (France), and belonging to the European Economic Interest Grouping (EEIG) GECOTTI-PE.

The aim of the UIA Initiative is to co-finance with European Regional Development Funds (ERDF), innovative actions (projects) undertaken by urban authorities of more than 50 000 inhabitants from the 28 Member states, in order to identify or test new solutions addressing sustainable urban development-related issues. The Initiative covers the 2014-2024 period.

The GEIE-GECOTTI-PE was created in 2003 jointly by the Nord-Pas de Calais Region (now Région Hauts-de-France) and the Walloon Region. This body was created to foster the exchange between Managing Authorities in Europe. Since 2004 it hosts the Joint Secretariats (JS) of the Programmes INTERREG IIIB North West Europe (*which became IVB NWE and is now VB NWE*) and IIIC West (*which became INTERREG IVC and is now INTERREG EUROPE*). Since 2007 it also hosts the JS of the INTERREG IVA Two Seas Programme (which is now INTERREG 2 Seas Mers Zeeën). Since 2015 the GEIE-GECOTTI-PE hosts also the Permanent Secretariat of the Urban Innovative Actions Initiative. The 3 JS and the Permanent Secretariat are legally part of the GEIE-GECOTTI-PE.

1.2 Legal basis and documents to take into consideration

1.2.1 Community Law

- Regulation (EU, EURATOM) No 966/2012 of the European Parliament and of the Council of 25th October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002 and particularly its article 60 concerning the indirect management
- Commission delegated regulation (EU) n° 1268/2012 of 29th October 2012 on the rules of application of Regulation (EU, Euratom) n° 966/2012



- Regulation (EU) n° 1301/2013 of the European Parliament and of the Council of 17 December 2013 on the European Regional Development Fund and on specific provisions concerning the Investment for growth and jobs goal
- Commission delegated regulation (EU) No 522/2014 of 11 March 2014 supplementing Regulation (EU) No 1301/2013 of the European Parliament and of the Council with regard to the detailed rules concerning the principles for the selection and management of innovative actions in the area of sustainable urban development to be supported by the European Regional Development Fund
- REGULATION (EU) No 1303/2013 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 17 December 2013 laying down common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund and laying down general provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund and the European Maritime and Fisheries Fund and repealing Council Regulation (EC) No 1083/2006
- Delegation agreement 2014 CE 160 GT 007 of 1st June 2015 between the European Commission and the Conseil Régional Nord Pas de Calais
- The transfer of funds agreement 2014 CE 160 GT 007 of 17th June 2015 between the European Commission and the Conseil Régional Nord Pas de Calais

1.2.2 Literature regarding the Uia Initiative

- Please find some information on the Uia Initiative website : www.uia-initiative.eu
- Uia Guidance also available on the Uia website

2 UIA INITIATIVE MANAGEMENT

2.1 Structures involved in the Uia Initiative management

The organisation of the Uia Initiative makes use of the following structures:

- the European Commission
- the Entrusted Entity (Conseil Régional Hauts-de-France)
- the Certifying Authority
- the Permanent Secretariat



2.1.1 The European Commission

The European Commission, represented by the Directorate General for Regional and Urban Policy (DG REGIO), initiated the UIA Initiative and is therefore co-signer of the Delegation Agreement 2014 CE 160 GT 007.

2.1.2 The Conseil Régional Hauts-de-France

The Conseil Régional Hauts-de-France (before – Conseil Régional Nord Pas de Calais) is the other co-signer of the Delegation Agreement 2014 CE 160 GT 007. Designated by the European Commission as the Entrusted Entity of the budget implementation tasks for innovative actions at Union level¹ through indirect management, its tasks are described in the Annex 1 of the Delegation Agreement.

2.1.3 The Certifying Authority

The Certifying Authority is the Province of East Flanders. Its missions are described in Article 13.3 of the Delegation Agreement.

Its role consists in certifying the statements of expenditure and the payment requests it sends to the European Commission; in organising a computerised accounting system for declared expenditure and an accounting system for the amounts to be collected and for the amounts withdrawn after cancellation of all or part of the public contribution to an operation.

It also receives the payments made by the Commission and makes the payments to the relevant Main Urban Authorities².

2.1.4 The Permanent Secretariat

Based in Lille, it assists the Conseil Régional Hauts-de-France (Entrusted Entity) and the Certifying Authority in their tasks and responsibilities. It also acts as a contact point for Main Urban Authorities and for applicants during the application process and the execution of the operation.

¹ Pursuant to article 58(1)(c) of Regulation (EU, Euratom) No 966/2012

² In the context of European Territorial Cooperation, the Main Urban Authority is the Lead Partner of a project.



The main mission of the Permanent Secretariat, is to carry out tasks of the Entrusted Entity (see Annexe 1, page 54 of the Delegation Agreement), which are as follows:

- Organisation of project calls
- Relationship with the applicants and beneficiaries regarding the information about the calls for projects and the follow-up and administrative procedures for the project implementation and the payments
- Preparation of an annual work programme for approval by the EU Commission
- Set-up of an expert panel
- Selection of actions on the basis of the recommendation of the expert panel
- Examination of the reports submitted by the beneficiaries, and execution of payments
- Monitoring of individual actions with appointed experts (*on the spot visit, assistance to beneficiaries ...*)
- Organisation of communication activities (*website, events ...*)
- Dissemination of the results achieved by the actions
- Insurance that individual actions are audited
- Providing the Commission with all the requested documents

2.2 Structures involved in entering into and executing this contract

The EEIG GECOTTI-PE, on behalf of the Conseil Régional, and as the awarding authority, enters into contract with the successful tenderer and is the signatory of the contract. The EEIG GECOTTI-PE should contract the successful tenderer on the basis of the technical expertise carried out by the Permanent Secretariat and the Conseil Régional.

The Permanent Secretariat, which assists the Conseil Régional will be the successful tenderer's contact point, and acts as intermediary.

2.3 Place of execution

The work to be carried out will cover **the entire EU territory**. Therefore, the tenderer shall be legally authorised to carry out the required work over the entire EU territory and shall have the capacity to cover all EU languages during the implementation of its tasks.



2.4 Working language and language of reports

The working language for the UIA Initiative is English. English will be used in applications, assessments, management and funding procedures, but also for communication between the applicants and the initiative bodies (*Conseil Régional, Certifying Authority and Permanent Secretariat*). All documents regarding First Level Control (FLC) process shall be submitted to the PS in English.

The offer shall be in **English**.

3 PROJECT IMPLEMENTATION, REPORTING AND MONITORING

3.1 UIA in figures

- total maximum amount of the Union contribution: EUR 371,925,133
- Number of Call for project proposals planned: 5 (one per year; first one launched in 2015 and last one in 2020)
- Total number of projects to be approved: 100 (estimate)
- Project duration: 3 years maximum (with extremely limited possibility of extension)

Call 1 projects (approved in September 2016):

- Approved projects: 18
- Total ERDF granted: about EUR 80 Mio
- Number of projects located with all partners located in one Member state: 16
- Number of project with partners located in more than one Member state: 2 (in both cases: 1 partner located in a Member state different than the one of the Main Urban Authorities)
- Average number of partners per project: 8-9
- Average project budget: EUR 5.5 Mio
- Average ERDF budget granted per project: EUR 4.4 Mio



3.2 Initiation Phase

Following the approval of the projects by the Selection Committee, both the Initiation Phase and the project implementation start. The Initiation Phase lasts for 4 months maximum and aims at ensuring a quick and efficient start of the project. The main goals of the Initiation Phase are:

- Translation of main recommendations (of the Selection Committee) and minor changes into a revised Application Form
- Definition of a Monitoring Plan
- Signature of the Partnership Agreement
- Training in Lille (all approved projects together)
- Signature of the Subsidy Contract

During this phase, the appointed FLC should carry out an ex-ante control in order to ensure that several elements are fine and/or in place.

3.3 Project implementation and reporting

All UIA projects must be implemented according to the description found in the application form annexed to the signed subsidy contract.

Every year each project fills in an Annual Progress Report (APR) that focuses on the activities carried out and the related (reported) costs incurred during the previous 12 months. The main achievements, problems and solutions found, deliverables and outputs achieved, target groups reached or the list of expenditure are information the project needs to provide to the PS (this list is non-exhaustive; more information may be requested).

As the project duration is of maximum 3 years, each project has 3 annual reporting periods and thus 3 APRs to submit. The first reporting period starts at the start date of the project implementation and ends 12 months later. After the end of the reporting period, a project has 1 (potentially 2) months to draft the APR and submit it. It should be noted that a year after the end date of the project, a Final Qualitative Report must also be submitted; this report focuses on the overall achievements of the project and does not include any reported expenditure.



Once the APR is deemed satisfactory at project level, it is submitted through the Electronic Exchange Platform³ (EEP). The 2 officers in charge of the project at the PS are automatically informed about the submission via email. The APR can then be imported in the Project Monitoring System (PMS).

The monitoring process at PS level checks whether the reported expenditure and activities (including deliverables/outputs/results achieved) are in line with the approved application form.

The PS officers in charge of the project assess the documents received by filling-in the APR checklist and a monitoring report in the PMS. In case of insufficient information from the project or doubts, PS officers may request clarifications from the project. If necessary, the PS may reject/revert the report to the project and ask for a revised/new APR.

The information provided in the APR should enable the officers in charge to assess the successful achievements over the past reporting period. Furthermore, the officers check the reported cost items and the quality of the financial information received through the APR.

After finishing the assessment of the APR, it's validated in the PMS and a monitoring report is issued and sent to the project. The validation of the APR is then also visible in the EEP.

3.4 Project expenses controlled by FLC

The controls carried out by the FLC follow the UIA payment scheme which is based on both the principle of advance ERDF payments and the principle of reimbursement of costs actually incurred (and paid):

- A first ERDF advance payment corresponding to 50% of the ERDF grant is made to the (Main) Urban Authority within 90 days from the signature of the Subsidy Contract, and of the Partnership Agreement. This first advance payment also covers the lump sum for preparation costs (maximum EUR 16,000 ERDF).

³ The Electronic Exchange Platform is accessible by the MUA and PPs in order to fill the application form, PR and Final Qualitative Report. Once filled in and submitted, the information is imported in the Project Monitoring System



- A second ERDF advance payment corresponding to 30% of the ERDF grant is made to the (Main) Urban Authority after the submission and approval of an interim progress report and project expenditure verified by the first level controller. The reported expenditure must reach 70% at least of the first pre-financing instalment (corresponding to 35% of the total project budget).
- A third ERDF payment corresponding to maximum 20% of the ERDF grant (minus the lump sum dedicated for the project closure and transfer of knowledge, see below) is made to the (Main) Urban Authority after the submission and approval of the final progress report. This report, submitted no later than 3 months after the project end date, includes the final project expenditure verified by the first level controller. It is important to note that the third payment is no more based on the principle of advance payment but on the principle of reimbursement of incurred and paid costs. Therefore project partners need to pre-finance their expenditure during the last phase of project implementation.
- A Final payment is made to the (Main) Urban Authority after the approval of the final qualitative report (submitted no later than one year after the project end date). The payment, amounts to maximum EUR 12 000 ERDF and covers the phase project closure and transfer of knowledge.

Therefore project expenses must be controlled twice by the FLC during the project lifetime: once prior to the second ERDF payment (advance) and once before the third ERDF payment (reimbursement). The first control takes place when the reported expenditure have reached at least 70% of the first ERDF instalment; so at the earliest with the first APR and at the latest before the third APR. The second control takes place with the third APR.

Once the project expenses are controlled (and eventually corrected), the FLC report drafted and the FLC checklist filled in, they are submitted through the EEP. The 2 officers in charge of the project at the PS are automatically informed about the submission via email. The controlled expenses, FLC report and FLC checklists can then be imported in the Project Monitoring System (PMS).

The monitoring process at PS level checks whether the controlled expenditure are in line with the approved application form and that all findings have been properly addressed. The PS officers in charge of the project assess the documents received by filling-in a checklist in the PMS. In case of insufficient information from the FLC or doubts, PS officers may request clarifications from the FLC in charge. If necessary, the PS may reject/revert the controlled expenses and documents to the FLC and ask for revised version(s).



Once the assessment is finalised, the PS asks the EE to carry out its own checks, to issue a corresponding payment order and to send it to the Certifying Authority. Finally the Certifying Authority carries out its own checks, organises the ERDF payment to the project and informs the EE/PS about the payment.

Here is a provisional calendar for the projects approved at Call 1:

	30/11/2017	30/11/2018	30/11/2019	31/10/2020
APR	first APR	second APR	third APR	FQR
FLC	first FLC		second FLC	-

4 NATURE AND SPECIFIC FEATURES OF THE CONTRACT

FLC is an integral part of the overall control system. It is the base of the “pyramid structure” of checks and constitutes the most important level of the overall project audit. An FLC is the first independent body which is responsible at the level of the Initiative for ensuring that all of the expenditure declared by the beneficiaries (project partners) complies with the EU, national and Initiative rules and is therefore eligible, legal and rational. The FLC shall detect errors and correct them before they become systemic. The FLC shall guarantee that:

- The beneficiary has a sound financial management and control system
- The declared expenditure relates to the activities carried out as stipulated in the last approved version of the Application Form
- The expenditure is in line with the European, national and Initiative rules

All the tasks carried out by the successful tenderer shall comply with the international audit standards.

This contract aims at externalising to a third party the following tasks:

- (1) Drafting and updating the FLC methodology (including sampling methodology) for administrative, administrative and physical on-the-spot control
- (2) Execution of ‘ex-ante control’



- (3) Execution of administrative and on-the-spot control – 2 validations of expenditures (including at least 1 on-the-spot control)
- (4) Scheduling of the above mentioned controls and establishing annual resource plans
- (5) Preparation of the FLC Report of validation of expenditures and FLC control checklists
- (6) Accessibility of documents and computerized follow-up of controls
- (7) Overall FLC Coordination

For the execution of the FLC, the successful tenderer shall describe the methodology it intends to use, which shall be sent for consultation to the EE/PS.

For every service provided, the successful tenderer shall submit a written document in order to inform the EE/PS of the activities carried out and of their results.

The tasks are detailed in the paragraphs below.

Note: For all the tasks entrusted to it, the successful tenderer will work under the responsibility of the PS and the EE, as provided for in the provisions of Article 13.4 of the Delegation Agreement 2014 CE 160 GT 007.

4.1 Drafting and updating the FLC methodology (including sampling methodology) for administrative, administrative on-the-spot and physical on-the-spot control

The successful tenderer shall propose a methodology for the execution of the FLC.

The methodology shall in particular describe how FLC shall perform administrative and on-the-spot control. The methodology adopted by the FLC during the administrative and on-the-spot control shall ensure that the control rate is sufficiently high and allows the FLC, the EC and the Initiative Authorities to have a sufficiently strong level of confidence resulting from the control. In addition, the methodology for sample based approach shall be presented.

The methodology can be updated every year if needed.



4.2 Execution of 'ex-ante control'

Ex-ante FLC control takes place during the Initiation Phase and in any case prior to the payment. It is obligatory step for all MUA and their PP. The 'ex ante' control will take place at the MUA level, however all PP have to present during the control and training. The Initiation Phase covers the first four months after project approval. The purpose is to ensure a quick and efficient start of the project. There are several conditions that need to be met and checked by the FLC:

- Bank account details (the bank account should belong to the Main Urban Authority)
- VAT status (is the VAT status correct?)
- Legality of the Partnership Agreement (are there any illegal clauses?)
- Risk of fraud or bankruptcy (are the PPs involved in fraud or on the verge of bankruptcy?)
- Location(s) of investment(s)
- Training on: setting up the accounting system, public procurement and FLC procedures (audit trail), contribution in kind

Ex-ante control shall be done on-the-spot, both administrative and physical.

The FLC shall also check public procurement policy maintained at PPs and provide them, if needed, with additional information/training regarding this matter. The FLC shall make a physical check of the planned investments locations and resources in the project.

During the ex-ante control the responsibility, between the project management team and the FLC, shall be well defined.

The Ex-ante final report shall be drafted by the FLC after control on-the-spot and sent to the PS.

4.3 Execution of administrative and on-the-spot control

The "desk based checks" can be performed by the FLC at its own premises (or MUA or PP premises), once all documents necessary for the verification of project expenditure (APR and all related supporting documents) has been received.

The main task of the FLC is to ensure that the products and services paid for have been delivered and costs paid out as well as compliance with all relevant regulations. It must be possible to clearly identify which expenditure has been reported in the context of the project and to exclude the



possibility of reporting the same cost twice (e.g. in two different budget lines, reporting periods, or projects/funding schemes).

All reported costs submitted are subject to a desk-based administrative check.

Support documentation may include the following:

- Bookkeeping list/General ledger, including cumulative costs
- Original invoices or copies and other accounting material (it can be in electronic form)
- Bank statements showing actual payments
- Explanation of the depreciation method used (for the first depreciation of the item in question)
- Proof that VAT is or is not recoverable
- Calculation methods, documentation for the value of any equipment or machinery to be used by the project
- Adequate documentation for payroll costs: copies of employment contracts or similar, time sheets of the part-time employees working on an hourly basis, salary slips of the full-time/part-time employees, payment orders/bank statements for the paid out salaries
- Copies of project related contracts, public procurement documents and related material to verify purchasing processes
- Specimens of booklets, outputs etc. which are produced by the project
- Participant lists with signatures of project related activities (seminars, working groups, meetings etc.).

The list is not exhaustive and cannot be applied to all reports directly.

The task of the FLC is to give a reasonable opinion on at least:

- The correctness of the claim expenditure
- The fact that expenditure relates to the eligible period and has been paid out
- The fact that the expenditure relates to an approved project
- Compliance with the approved financing rate
- Compliance with the relevant eligibility rules and Community, national and organisational rules on public procurement, state aid, environment, sustainable development, publicity, equal opportunity requirements, non-discrimination)



- The reality of the project, including physical progress of the products/service and compliance with the approved Application Form
- The separate accounting system or an adequate accounting code for all transactions relating to a project
- The adequacy of supporting documents and the existence of an adequate audit trail
- The fact that for simplified cost options the conditions for payments defined in the agreement have been fulfilled
- The fact that the information and publicity requirements of the EU and the Initiative have been respected
- The fact that the principles of transparency, equal treatment and effective competition have been complied with.

In case the VAT status and bank account change during the project implementation, a new validation signed by a competent authorities (e.g. tax authorities) is required, verifying that VAT is a final cost for the partner and EE/PS have to be informed about the new bank account.

When a partner organisation is involved in more than one EU funded project it should be ensured that no double financing of activities took place.

In case ineligible cost items or deficiencies are found, they must be deducted by the controller and these must be documented in the EEP.

The FLC validates every single cost item in the EEP and the FLC report and checklist should be uploaded in the EEP. These documents report directly on the results of the FLC and are of utmost importance to the EE/PS.

Each FLC must validate all project expenditure within a period of three months after the documents have been received from the PPs. In case this is not possible, the controller shall without any delay inform the project in question as well as the EE/PS. Management verification of 100% of the payment claims is required by the regulations and thus strongly recommended by the EE/PS.

Should the FLC opt for a sample based check, the sample needs to be grounded in a risk assessment and complemented with a random sample. If errors are identified in the sample, the testing could be extended to all similar costs to determine if the error is of a general nature. The sampling method should be documented ex-ante, describing and justifying the sampling method. A record shall be kept of the projects selected for checks and provided in the EEP. The EE/PS shall be informed of any sampling used beforehand.



According to the Article 125(5) and (6) of Regulation (EU) No 1303/2013 it is obligatory to carry out on-the-spot controls on the projects. On-the-spot control means that the FLC will actually visit the project and verify that certain activities, purchases of services and products as well as investments have actually taken place in accordance with the approved application during the implementation, and that the related regulations have been respected.

100% of the projects must be on-the-spot-checked at least once.

In general following aspects are to be included in the on-the-spot checks:

- The reality of the operation
- Delivery of products and services in full compliance with the approved application
- Physical progress
- Accuracy of all information provided by the beneficiary regarding physical and financial implementation of the operation.

In any case, an on-the-spot control should be performed after receiving the Final APR (plus additional control during ex-ante phase – described at point 4.2).

In order to plan ahead the control, FLC will be informed by the PPs. FLC shall start control activities when the declared expenditure at least reach 70% of the first pre-financing instalment (corresponding to 35% of the total eligible budget).

The FLC must state the date of the on-the-spot checks, describe the checks performed and report any relevant findings, results and recommendations in the specific on-the-spot checklist.

4.4 Scheduling of the above mentioned controls and establishing resource plan

The tenderer shall establish an annual plan for the execution of the FLC: administrative and on-the-spot as well as an indicative plan of the controls. The latter will be submitted for consultation to the EE/PS.

Furthermore, a resource plan shall be sent for consultation to the EE/PS; such plan shall describe the teams set up for the execution of the controls as well as the members of the main team responsible for the supervision of FLC.



4.5 Preparation and update of the FLC Report of validation of expenditures and FLC checklists

The successful tenderer shall prepare the FLC report, describing the results of controls and confirming the eligibility of expenses presented. It shall also prepare the FLC checklist, which shall be appended to the FLC Report and will detail the FLC's opinion on the eligibility of the expenditures presented by the PPs.

4.6 Accessibility of documents and computerised follow-up of controls

All relevant documents concerning the aforementioned activities shall be made accessible to the Permanent Secretariat throughout the programming period at whichever moment. The documents shall remain available (*under the form of original copy or of copies certified as true to the original*) for three years after the closure of the project.

The accessibility modalities (*use of the tenderer's own software, any other documentary database, or the intranet of the Permanent Secretariat*) for documents such as the reports and checklists shall be agreed between the parties before the starting of the aforementioned activities.

The FLC checks are to be documented in the EEP. Irregularities identified in the course of the verifications should be recorded and all corrective and/or follow up actions documented. Follow up actions might include the submission of an irregularity report and/or a proposal for recovery of co-financing. On-the-spot findings are also stored in the EEP. The FLC Reports and FLC checklists are saved in the EEP as part of the verification process.

4.7 Overall FLC Coordination

The FLC coordination team shall be responsible for overall coordination of the FLC system and for the tasks carried out by the different FLC working teams. Shall be responsible for execution of the activities and for the consolidation and preparation of the reports to be submitted to the EE/PS. Coordination team shall act as an advisory body for the working teams and as a main contact point for the EE/PS.



5 INDICATIVE TIMEFRAME FOR FIRST LEVEL CONTROL ACTIVITIES

Expected deliverable	Deadline
Methodology, objective and scope of the FLC activities	November/December 2016
Ex-ante control	February 2017 (final report) + Next calls for applications – max. up to 3 months after signing the Subsidy Contract
Administrative control	To be done when PR is received by the FLC 1 per each operation 90 days for administrative control
Control on-the-spot	1 per each operation: During administrative closure of the project 90 days for on-the-spot control



	(when declared expenditure at least reach 70% of the first pre-financing instalment - corresponding to minimum 35% of the total eligible budget)
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6 COMPOSITION OF THE WORKING TEAM

The working team shall be formed of a main team and of control teams. The working team shall include:

- The international staff (main team), directly responsible for the service provided and for the relationships with the PS;
- The personnel of the control teams, which shall have the capacity to cover all Member states and all EU languages during implementation of tasks.

The externalised tasks to be carried out in the framework of that contract can be indifferently performed by:

- A singled service provider,
- A single service provider associated with subcontractors,
- A consortium of service providers acting jointly ,

Provided:

- The offer provides guarantees the entity(-ies) is/are legally authorised to carry out the required work over the entire EU territory
- The chosen organisation is duly justified in the offer, and the offer demonstrates the relevance of such organisation for the performance of the required tasks on the entire EU territory.

The tenderer shall submit a detailed description of the entire working team proposed, as well as a description of all the profiles and languages covered. The tenderer shall guarantee that his team will be sufficient to carry out all the controls during the whole programming period. Curriculum vitae shall be supplied for all the staff of the main team and of the audit teams dedicated to the tasks mentioned under paragraph 3 of this document.



The tenderer shall submit a clear description of how it plans to carry out the tasks foreseen in all EU Member states involved in the Initiative and how it will guarantee compliance with the standards, taking into account the fact that the number and the distribution of the operations and project partners that will be subjected to audits of operations or to system audit will only be known subsequently.

The CVs shall use the European format (provided for under the following link http://europass.cedefop.europa.eu/europass/home/vernav/Europasss+Documents/Europass+CV/navigate.action?locale_id=1), shall mention the *curriculum studiorum*, the professional experience and the language skills. The members of the control team working in a given Member state shall be proficient in the local language and shall have a thorough knowledge of the national legal system.

The minimum pre-requisites for the composition of the working team are described below. It shall at least include the following experts.

6.1 The coordination team

- One coordinator, in order to facilitate the execution of the contract and the circulation of information between EE/PS and FLC.

Professional profile	Role in the project
<p>Coordinator of the working team: Senior Expert</p> <p>Mention the coordinator's name and attach her/his CV</p> <p>With at least 7 years of experience in the field of audit regarding European programmes eligible for structural funds</p>	<p>She/he is responsible for the execution of the activities and for the preparation of the reports to be submitted to the EE and the PS.</p>



- 4 Senior Experts

Professional profile	Role in the project
<p>Senior Experts</p> <p>Specify the minimum number of Senior Experts and attach their CVs.</p> <p>With at least 5 years of experience in the field of audit regarding European programmes eligible for structural funds</p>	<p>They are responsible for the tasks carried out in one single Member state and shall execute the services to be provided in conformity with the standards and the methodology defined by the coordinator. They assist the coordinator and supervise the work of the experts working in the audit teams.</p>

6.2 The audit teams

Experts in external audit: at least 2 likely to carry out the audits in each Member state or associated state.

Professional profile	Role in the project
<p>Experts</p> <p>Specify the minimum number of Experts and attach their CVs. Expert groups shall be appointed in order to ensure a complete coverage of all Member states and to guarantee the appropriate language skill.</p> <p>With an adequate experience in the field of national legislation of the various Member states, in accounting procedures, in validation of expenses and in external auditing.</p>	<p>They are responsible for the work carried out in one single Member state and shall execute the services to be provided in conformity with the standards and the methodology defined by the coordinator.</p>



Any change in the working team (including its number or composition) shall be notified in due time to and approved by the EE and the PS.

6.3 Conflict of interest

The tenderer undertakes that the staff of the working team will remain independent from the UJA Initiative or the externalized Second Level Control team in order to avoid any conflict of interest. Indeed, the FLC's independence is a mandatory condition: in the event a member of the working team would be involved, on whatever account, in an operation to be controlled, the successful tenderer undertakes to notify the PS in writing and, as soon as possible, to propose to the EE/PS a solution to remedy the conflict of interest.

DRAFT



7 GLOSSARY

APR	Annual Progress Report
EC	European Commission
EE	Entrusted Entity
EEP	Electronic Exchange Platform
EEIG	European Economic Interest Grouping
ERDF	European Regional Development Funds
FLC	First Level Control(ler)
IKC	In Kind Contribution
MUA	Main Urban Authority (Lead Partner)
PP	Project Partner
PS	Permanent Secretariat
PMS	Project Monitoring System
UIA	Urban Innovative Actions