



Programme funded by the
EUROPEAN UNION



Romania-Republic of Moldova
ENI-CROSS BORDER COOPERATION

Annex 1: Template of Contract between Beneficiary-Controller

Expenditure and revenue verification

SERVICE CONTRACT FOR THE EXPENDITURE AND REVENUE VERIFICATION
of a Grant Contract
under the ENI CBC JOINT OPERATIONAL PROGRAMME ROMANIA - REPUBLIC OF
MOLDOVA 2014-2020
[project "Cross-border Environmentally Friendly Transport Development", Contract No.
1HARD/3.1/11]
[Ungheni City Hall]

<Ungheni City Hall/Lead beneficiary>
1007601001787
7 Națională street, Ungheni city, Republic of Moldova
(‘the Beneficiary’),

of the one part,

and
<Full official name of the Contractor>
[<Official registration number>]
<Full official address>
[<VAT number>],

(‘the Controller’)

of the other part,

have agreed as follows:

Article 1. Subject

- 1.1 The subject of this Contract is the individual <and the consolidated> expenditure and revenue verification, the <consolidated financial report > of the above-mentioned contract done in Ungheni with identification number 1HARD/3.1/11 (‘the service’).
- 1.2 The Controller shall execute the tasks assigned to him in accordance with the *Instruction no. 2 of October 2020 laying down specific provisions for the beneficiaries regarding the expenditure verification of a grant contract funded under the ENI CBC Joint Operational Programme Romania - Republic of Moldova 2014-2020*, hereinafter referred as *Instruction* issued by the Managing Authority or any update issued by the Managing Authority or the Joint Technical Secretariat.

Article 2. Contract value

This Contract, established in [Euro] <or national currency>, is a global price contract. The contract value is [Euro] <national currency> <amount>.

Article 3. Order of precedence of contract documents

The following documents shall be deemed to form and be read and construed as part of this Contract, in the following order of precedence:

- the Grant Contract and its annexes;
- the Partnership Agreement;
- Instruction issued by the Managing Authority with the description of the procedure and corresponding annexes
 - Annex 1 - Template of Service Contract between the Beneficiary and the Controller (only for beneficiaries and controllers from Republic of Moldova)
 - Annex 2 - List of Indicative supporting documents required for Expenditure Verification
 - Annex 3 - Procurement Risk Indicators
 - Annex 4 - Control check-list
 - Annex 5 - Template of Report on suspected and/or established fraud or corruption
 - Annex 6 - General Declaration by the Lead beneficiary - Beneficiary
 - Annex 7 - Declaration on the worked number of hours
 - Annex 8 - Template of Expenditure and Revenue Verification Report
 - Annex 9 - Template of Consolidated Report on expenditure and revenue verification
 - Annex 10 - Financial Report
 - Annex 11 - TESIM Factsheet procurement Republic Moldova
 - Annex 12 - Template of on the spot verification report

The various documents making up the contract shall be deemed to be mutually explanatory; in cases of ambiguity or divergence, they shall prevail in the order in which they appear above. Addenda shall have the order of precedence of the document they are amending.

Article 4. Language of the contract

The language of the contract is English. The expenditure verification report shall be elaborated in English language.

Article 5. Communications

<Indicate here the contact persons, addresses of the Parties, their other contact details, the documents to provide and the procedure to be used by the Parties for communication.>

Article 6. Duration of the contract

- 6.1 The start date for implementation shall be < the day following that on which the last of the two Parties signs the contract.
- 6.2. The contract implementation period ends when all reports required in line with the Grant contract have been submitted to the beneficiary and any potential contradictory procedure was carried out.

Article 7. Responsibilities

- 7.1 The Beneficiary is responsible for providing the Controller with the Financial Report in hard - copy and on CD, the access to its accounting, supporting documents, project documentation and physical investments, as well as any clarifications requested by the Controller in order to perform the tasks as per the Instruction in due time and without restrictions.
 - 7.1.1 Supplementary to article 7.1 the Beneficiary is responsible to provide to the Controller the beneficiaries individual Financial Reports and the Reports on Expenditure and Revenue Verification.
- 7.2 The Controller is accountable for performing the agreed-upon procedures described in the Instruction, in line with the responsibilities established in the said Instruction, with due care and full respect of the Code of Ethics therein indicated, as well as submitting the reports.
- 7.3 The Controller will attend the specific trainings and meetings for Auditors organized by the competent Programme bodies.

Article 8. Performing the on the spot visit

- 8.1 The Controller, at least once, during the project lifetime, will perform an on the spot visit at the Beneficiary location. In case of HARD projects or large infrastructure projects, when the Beneficiary reports expenditures related to execution of infrastructure (as per Chapter 3.2 of the Budget) of more than 100,000 EUR the Controller mandatorily performs on-the-spot check of the executed infrastructure.

Article 9. Reports

- 9.1 The Controller shall submit the expenditure and revenue verification reports to the Beneficiary, with its annexes, following the templates and procedures established in the annexes mentioned in article 3. A contradictory procedure should be possible, if the Beneficiary does not agree with the findings.
 - 9.1.1 Supplementary to the reports listed at point 9.1., the Controller will submit to the Beneficiary the consolidated expenditure and revenue verification report (template in Annex 9) and the consolidated financial report (template in Annex 10.1). The Controller does not verify the costs and revenues declared at the level of the other beneficiaries nor the justification documents. The consolidated Financial report will be produced based on the Beneficiaries' financial reports (annex 10).

- 9.2. The period for delivery of the reports by the Controller to the Beneficiary is maximum 30 working days from submission of each financial report by the Beneficiary
- 9.3. The Controller can request, if needed, a maximum of two sets of clarifications from the Beneficiary, each with a limit of 5 working days for the response submission. In this case, the delivery deadline of the reports listed at 9.2 is extended accordingly.
- 9.4. In case of suspected and/or established fraud or corruption, the Controller shall submit the Report on suspected and/or established fraud or corruption (Annex 5) without delay directly to the National Authority - Ministry of Finance from Republic of Moldova. This report shall not be submitted to the Beneficiary.
- 9.5. All reports will be uploaded to the Electronic Monitoring System (EMS-ENI) by the Controller.
- 9.6. In the case in which the Electronic Monitoring System (EMS-ENI) is not fully operational at the moment of the finalization of the reports, these will be delivered by the Controller to the Beneficiary in original and electronic form (CD, flash drive). The provision of 9.5 remains in force until the end of the contract.

Article 10. Minimum Standards and Ethics

- 10.1. The Controller shall undertake the expenditure and revenue verification 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.

Article 11. Quality control by the programme bodies¹

- 11.1. The Controller and the Beneficiary shall allow and agree that the Joint Technical Secretariat, the Managing Authority or the Ministry of Finance in Republic of Moldova in its role as Control Contact Point may carry out control of the work carried out by the Controller, including the examination of the working papers, at any moment during the execution period of the grant contract.

¹ Quality control meaning checking if the works of the controllers comply with the provisions of the Instruction no. 2 of October 2020 laying down specific provisions for the beneficiaries regarding the expenditure verification of a grant contract funded under the ENI CBC Joint Operational Programme Romania – Republic of Moldova 2014-2020

11.2 The Controller and the Beneficiary agree that in the case in which the Managing Authority, the Joint Technical Secretariat or the Ministry of Finance in Republic of Moldova in its role as Control Contact Point have any doubt concerning the findings indicated in the expenditure and revenue verification report, the Controller will receive a request for clarification via the Beneficiary, which will be answered by the Controller in a maximum of 5 working days.

Article 12. Force majeure

12.1 The term *force majeure*, as used in the Contract, 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: 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 partner country is considered to be a case of *force majeure* when it implies suspending funding under the Grant Contract.

Article 13. Full and partial suspension of the contract

13.1 The Controller or the Beneficiary may suspend implementation of the Contract, or only of the part concerning the on-the-spot visits mentioned in Article 8, if exceptional circumstances, notably of force majeure, make such implementation impossible, excessively difficult or dangerous, although timely measures have been taken. The parties must inform each other without delay, stating the nature and probable duration of the suspension.

13.2 The Controller or the Beneficiary may terminate this Contract in accordance with Article 15.1. If the Contract is not terminated, the parts shall endeavour to minimise the time of its suspension, and shall resume its complete implementation once circumstances allow, informing the each other, accordingly.

Article 14. Extension of the implementation period following a full or partial suspension

14.1 In case of suspension according to Article 13.1, the implementation period of the Contract may be extended by a period equivalent to the period for delivery of the reports, as stated by Article 9 *Reports*, but without affecting the Grant contract duration.

Article 15. Termination of the Contract

15.1 In the case foreseen in Article 13.1, if the Beneficiary or the Controller believes that this Contract can no longer be executed effectively or appropriately, it shall duly consult the other. Failing agreement on a solution, the Beneficiary or the Controller may terminate this Contract by serving two months' written notice, without being required to pay indemnity.

15.2 In the case when the Controller has committed substantial errors, leading to the significant amount of irregularities or fraud detected by the Programme

authorities or the European Commission, has not complied with the agreed upon programme procedures, has made false declarations in supplying required information at the moment of the submission of the expenditure and revenue verification reports, has failed to supply such report in time or has been found in serious breach of its obligations under the Contract, the Beneficiary, shall terminate the contract.

Article 16. Administrative penalty clauses

16.1 When, following a quality control performed, the Control Contact Point found that the audit undertaken by the Controller does not comply with international standards, or in the cases listed in Art 15.1 the Controller may be liable to administrative penalties, as follows : the Ministry of Finance in Republic of Moldova in its role as Control Contact Point excludes the Controller from any work in the programme, for any project funded under the ENI CBC JOP Romania - Republic of Moldova 2014-2020 during a period of 5 years.

16.2 The termination of the Contract as per article 15.2 shall be free of charge for the Beneficiary.

Article 17. Payment

Payments shall be made in <one or several> tranche(s). In case of several tranches, specify the amount of each tranche.

The total amount of the contract is <amount, currency>

Article 18. Settlement of disputes and applicable law

18.1 Any disputes arising out of or relating to this Contract which cannot be settled amicably shall be referred to the exclusive jurisdiction of the courts of location of the Beneficiary.

18.2 This contract shall be governed by the law of the country of the Beneficiary.

Article 19. Data Protection

19.1 Any personal data included in the contract shall be processed pursuant to the General Data Protection Regulation (Regulation (EU) 2016/679) of the European Parliament and the Council². The data shall be processed solely for the purposes of the performance, management and monitoring of the contract by the Beneficiary without prejudice to possible transmission to the bodies charged with monitoring or inspection in application of EU law. The Contractor shall have the right to access his/her personal data and to rectify any such data.

² applicable on 25 May 2018

- 19.2 The data shall be confidential within the meaning of Regulation (EC) No 45/2001 of the European Parliament and of the Council on the protection of individuals with regard to the processing of personal data by Community institutions and bodies and on the free movement of such data. The Controller shall limit access to the data to staff strictly needed to perform, manage and monitor the contract.
- 19.3 The Controller undertakes to adopt technical and organizational security measures to address the risks inherent in processing and in the nature of the personal data concerned.

Article 20. Amendment of the contract

- 20.1 Any amendment to the Contract, must be set out in writing in an addendum. This Contract can be modified during its implementation period.
- 20.2 The amendment may only have the purpose of making changes to this Contract related to the provisions of Art.2, Art. 5, Art 6, and Art 17. Notwithstanding the above, the Beneficiary reserve the right to request the amendment of other parts of the contract, in order to put in place specific requirements of the Managing Authority communicated to the Beneficiary by Instruction, according to art 1.12 of the Grant contract. In the latter case, the parties will exercise due diligence in order to minimise the period until the signature of the amendment to the Contract.
- 20.3 Notwithstanding the provisions of Article 20 paragraph 20.1, changes of the legal representative, information foreseen by Art.5, correction of material errors or inconsistencies between different parts of the contract may simply be notified by the Controller.

Article 21. Further additional clauses

<Add other relevant clauses.>

Done in English in two originals, on the <dd Month yyyy>

For the Controller

Name:
Title:
Signature:
Date:

For the Beneficiary

Name: Alexandru Ambros
Title: Mayor of Ungheni city
Signature:
Date: