

TENDER SPECIFICATIONS

Open call for tenders 05/2017/OP/EITPROC

Multiple framework contract in cascade for the provision of services in issuing Certificates on Financial Statements for EIT Grant Recipients

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1. INTRODUCTION

1.1. Background

The European Institute of Innovation and Technology (hereinafter referred to as the 'EIT') is a European Union body established by Regulation (EC) No 294/2008 of the European Parliament and the Council of 11 March 2008¹. Its offices are located at Infopark – Building E, Neumann Janos 1/E, H-1117 Budapest, Hungary.

The EIT is an integral part of Horizon 2020, the EU's Framework Programme for Research and Innovation. Horizon 2020 (H2020) is the biggest EU Research and Innovation programme ever with nearly €80 billion of funding available over seven years (2014 to 2020).

The EIT functions under H2020 framework and funds Knowledge and Innovation Communities (KICs) with the aim of fostering integration of the knowledge triangle – higher education, research and innovation – across the European Union and in order to strengthen the EU's and Member States' innovation capacity.

The KICs are autonomous partnerships of higher education institutions, research organisations, companies and other stakeholders in the innovation process. The EIT selects and designates KICs following open calls for proposals and signs Framework Partnership Agreements (FPA) with them. At the moment there are six designated KICs including EIT Climate-KIC, EIT InnoEnergy, EIT Digital, EIT Health, EIT RawMaterials and EIT Food. The EIT and the KICs conclude annual Specific Grant Agreements (SGAs) for the implementation of the FPAs.

The KIC Legal Entity (KIC LE) is an organisation established for each of the KICs to coordinate its activities. KIC Partners are entities that accede to the FPA by signing an Accession Form. Linked third parties are affiliated entities and third parties with a legal link to the KIC LE or a KIC Partner. The KIC LE, Partners and linked third parties (EIT Grant Recipients) implement actions defined in the SGAs and annual Business Plans. All these entities need to provide separate financial reports to EIT as well as Certificates on the Financial Statements (CFS) if exceeding the thresholds set by the H2020 requirement².

1.2. Purpose

By the present public procurement procedure, the EIT requests services for the provision of CFSs on expenditure incurred by EIT Grant Recipients in the implementation of the SGAs.

In order to ensure the provision of these services, as described in point 2 below, the EIT intends to conclude a multiple framework contract in cascade in accordance with Article 104 of the Financial Regulation.

These tender specifications will become an integral part of the framework contract that will be concluded following the award procedure. Non-compliance with them during the performance of the contract may constitute a reason for EIT to terminate it.

¹ OJ L 97/1 of 9.4.2008, as amended by Regulation 1292/2013 of the European Parliament and of the Council of 11 December 2013 (OJ L 347/174 of 20.12.2013)

² Article 34 of the Regulation (EU) 1290/2013 of the European Parliament and of the Council of 11 December 2013 laying down the rules for participation and dissemination in "Horizon 2020 - the Framework Programme for Research and Innovation (2014-2020) (OJ L 347/95 of 20.12.2013)

2. TECHNICAL SPECIFICATIONS

2.1. Description of services and deliverables

The EIT intends to acquire services in order to obtain Certificates on the Financial Statements' ('CFSs') referred to in Article 16 of the Specific Grant Agreements, composed of:

- the Auditor's Independent Report of Factual Findings ('the Report') to be issued on the Auditor's letterhead, dated, stamped and signed by the Auditor,
- the Agreed-upon procedures to be performed by the Auditor ('the Procedures') and the standard factual findings to be confirmed by the Auditor ('the Findings').

The templates of the Report as well as Procedures are provided in Annex VII and VIII of these Tender Specifications respectively. The template of the Letter of Representation is provided in Annex IX. The templates may be amended by the Contracting Authority annually when services are requested to ensure compliance with the applicable legal basis such as the H2020 requirements and EIT Regulation.

The assignment includes preparation, carrying out and reporting on a number of agreed-upon-procedures of KIC LE / Partners / linked third parties most of which are located in various EU Member States. The draft list of KIC LE / Partners / linked third parties including their locations as well as the number of audits will be provided annually when services are requested. The final list of audits to be performed shall be established between the contractor and the EIT based on the updated business plan / information obtained from the KIC LE / Partners and any further needs of the EIT.

For each audit, on-the-spot visits of 2-3 days should be foreseen, with the exception of the KIC LE and a few larger Partners where the volume of grant may justify a longer visit or two separate missions. The auditors shall foresee pre-visits or alternative types of preparatory work with KIC LE / Partners / linked third parties in their proposals.

The financial reports of KIC LE / Partners / linked third parties are normally finalized and submitted to the KIC LE during the month of January (Year N+1), following the implementation of the annual Business Plan for year N. The deadline for provision of consolidated financial reports and CFSs to the EIT is 31 March (Year N+1). Therefore CFS audits are normally scheduled around the month of February with some audits carried in late January and early March.

The volume of the overall framework contract is estimated at roughly 660 CFSs for the total period of 4 years.

Based on the experience in the management of previous framework contracts and the needs expressed by services, the breakdown of audits for the 4 years could be the following: SGA 2017 – 140 CFS, SGA 2018 – 160 CFS, SGA 2019 – 175 CFS, SGA 2020 – 185 CFS. The increase in the number of CFS per year is due to the increase of total grant amounts and the number of KIC Partners who are expected to exceed the H2020 CFS threshold.

Every year the audits will be divided into batches per KIC. Should there be grounds for any Conflict of Interest between any entity included in the batch and the potential contractor, or for any other reason, the Contracting Authority may decide to place the entity into another batch. Any of the contractors in the cascade, having accepted the order, will be able to receive maximum 60% of the audit assignments in a year. It is foreseen to set up five batches for SGA 2017.

The work will be carried out under the EIT supervision and all communications and reporting to the EIT shall be done in written form in English.

The Auditor must comply with these Tender Specifications and with³:

- the International Standard on Related Services ('ISRS') 4400 Engagements to perform Agreed-upon Procedures regarding Financial Information as issued by the International Auditing and Assurance Standards Board (IAASB);
- the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA). Although ISRS 4400 states that independence is not a requirement for engagements to carry out agreed-upon procedures, the EIT requires that the Auditor also complies with the Code's independence requirements.

The Auditor's Report must state that there is no conflict of interests in establishing the Report between the Auditor and the KIC LE / Partner / linked third party.

The Auditor must provide services in accordance with the provisions of Article II.4 of the General Conditions of the draft framework contract (Annex VI).

Under Article 28 of the FPA, the EIT, the European Anti-Fraud Office and the Court of Auditors have the right to audit any work that is carried out under the specific action and for which costs are declared from the EIT grant. This includes work related to this engagement. The Auditor must provide access to all working papers (e.g. recalculation of hourly rates, verification of the time declared for the action) related to this assignment if the EIT, Commission, the European Anti-Fraud Office or the European Court of Auditors requests them.

2.2. Timeframe for providing the services

An indicative timeframe for the provision of services shall be detailed for every specific contract.

3. CONTRACTUAL INFORMATION

3.1. Nature of the contract

This procurement procedure foresees conclusion of a multiple framework contract in cascade with up to four successful tenderers.

When EIT wishes to procure services under this framework contract, it will act by requesting services in accordance with the provisions set out in Article I.4 of the draft framework contract attached to the tender specifications (Annex VI).

In drawing up their bid, the tenderers should bear in mind the provisions of the draft framework contract which specifies the rights and obligations of the contractor.

Submission of a tender implies acceptance of all the terms specified in the present specifications and in particular in the attached standard contract including the general conditions applicable to contracts.

All documents presented by the tenderers become the property of the European Union and are deemed confidential.

³ Supreme Audit Institutions applying INTOSAI-standards may carry out the Procedures according to the corresponding International Standards of Supreme Audit Institutions and code of ethics issued by INTOSAI instead of the International Standard on Related Services ('ISRS') 4400 and the Code of Ethics for Professional Accountants issued by the IAASB and the IESBA.

The EIT shall not be liable for any compensation with respect to the tenderers if its tender has not been accepted, nor shall it be liable when deciding not to award the framework contract.

Tenderers' attention is drawn to the fact that the framework contract does not constitute placement of an order but is merely designed to set the legal, financial, technical and administrative terms governing relations between the contracting parties during the contract term. Orders may be placed solely on the basis of specific contracts in accordance with the provisions of Annex III to the draft framework contract.

Signature of the framework contract does not commit the EIT to placing orders and does not give the contractor any exclusive rights regarding the services covered by the framework contract. In any case, the EIT reserves the right, at any time during the framework contract, to cease placing orders, without the contractor having the right to any compensation.

3.2. Participating in the tendering procedure

Participation in tendering procedures is open on equal terms to all natural and legal persons coming within the scope of the Treaties of the European Union⁴, and to all natural and legal persons in a third country which has a special agreement with the European Union on the conditions laid down in that agreement⁵.

3.2.1. Joint tenders

A joint tender is a situation where a tender is submitted by a group of economic operators (natural or legal persons). Joint tenders may include subcontractors in addition to the members of the group.

The tenderers may submit a joint offer by creating a consortium. In this case, each member of the consortium shall accept the terms and conditions set out in these tender specifications, the contract as well as in all the relevant Annexes.

The offer must identify the consortium members by filling in the relevant points of the Tenders' Identification Form (Annex I). The tenderer shall clearly specify the role and tasks of each member of the consortium. The members of the consortium shall designate one member as consortium leader with full authority to bind the consortium and each of its members. Each consortium partner shall fill in, date and co-sign with the consortium leader a power of attorney (Annex Ia). The consortium leader shall act as a single point of contact with the EIT in connection with the present public procurement procedure.

In case of a joint offer, all members of the consortium will be jointly and severally liable towards the EIT for the performance of the contract as a whole, i.e. both financial and operational liability.

After the award, the Contracting Authority will sign the contract either with all members of the group, or with the leader on behalf of all members of the group, authorised by the other members via powers of attorney.

3.2.2. Subcontracting

Subcontracting is allowed. In such cases, the EIT may demand information on any part of the contract that the tenderer may intend to subcontract to third parties and on the identity of any subcontractor.

⁴ The Member States of the European Union

⁵ Countries of the European Economic Area (Norway, Iceland and Liechtenstein), as well as the accession countries: Former Yugoslav Republic of Macedonia, Albania, Montenegro, Serbia and Turkey, Bosnia and Herzegovina and Kosovo

The offer must clearly identify the subcontractor(s) by filling in the relevant points of Annex I of these tender specifications and prove its willingness to accept tasks proposed to them by the tenderer (e. g. by way of enclosing a letter of intent (Annex Ib) of the subcontractors(s)). The offer shall describe which task(s) will be subcontracted.

Once the contract has entered into force, the contractor shall retain full liability towards the EIT for the performance of the contract as a whole. The EIT will not have any direct legal commitment with the subcontractor(s).

During contract performance, the change of any subcontractor identified in the tender or additional subcontracting will be subject to prior written approval of the Contracting Authority.

3.3. Duration

The duration of this framework contract shall be 12 months.

The contract shall enter into force on the day of the signature by the last contracting party.

The contract shall be renewed automatically up to 3 times, each time for a period of 12 months, unless formal written notification to the contrary is sent by one of the parties and received by the other three months before the contract expiry. Renewal does not imply any modification or deferment of existing obligations.

3.4. Value of contract

The volume of the framework contract is estimated at roughly 660 audits.

The maximum amount covering all services under this framework contract, including all renewals, is **EUR 3 960 000** (excluding VAT) for 4 years. However, this does not bind the contracting authority to purchase for the maximum amount.

3.5. Terms of payment

The payments shall be made in accordance with the provisions specified in the draft framework contract.

3.6 Compliance with applicable law

The tender must comply with applicable environmental, social and labour law obligations established by Union law, national legislation, collective agreements or the international environmental, social and labour conventions listed in Annex X to Directive 2014/24/EU⁶.

4. CONTENT OF THE TENDER

The tender must include:

⁶ Directive 2014/24/EU of the European Parliament and of the Council of 26 February 2014 on public procurement and repealing Directive 2004/18/EC (OJ L 94, 28.3.2014, p. 65).

- (a) an **Administrative Part** including all the information and documents required by the EIT for the evaluation of the tender on the basis of the exclusion and selection criteria set out in point 4.1 below;
- (b) a **Technical Part** including all the information required by the EIT for the evaluation of the tender on the basis of the award criteria as set out in point 4.2 below,
- (c) a **Financial Part** setting out the financial offer in accordance with paragraph 4.3 of these tender specifications.

4.1. Administrative Part

The administrative part of the tender must contain the documents referring to the identification of the tenderer and to the exclusion and selection criteria:

4.1.1. Tenderers' identification

This section should include the following information:

1. **Tenderer's identification form** (Annex I): Prospective tenderers are requested to complete and sign the identification form. In case of joint tenders, Annex 1 must be signed either by an authorised representative for each member, or by the leader authorised by the other members with powers of attorney. The signed powers of attorney must be included in the tender as well. In case of subcontracting, each subcontractor must fill in Annex Ib (Letter of intent).
2. **Legal identification form** (Annex II) which must be filled in and signed by an authorised representative of the tenderer (including all members of the consortium in case of joint tender), and should be accompanied by a copy of **official document(s)** (official gazette, company register etc.) showing the name of the legal entity, the address of the head office, and the registration number given to it by the national authorities. In case the official document mentioned does not contain information on your VAT number, a **copy of the VAT registration document**.
3. **Financial identification form** (Annex III) which must be filled in and signed by an authorised representative of the tenderer and his/her banker. As an alternative to the signature, a copy of a bank statement by hiding the turnover data which is not older than 3 months will be accepted.

4.1.2. Exclusion criteria and evidence

All tenderers shall provide a declaration on their honour (Annex IV) with their tender, duly signed and dated by an authorised representative, stating that they are not in one of the situations of exclusion listed in that declaration on honour. The successful tenderers shall provide the documents mentioned as supporting evidence in Annex IV before signature of the multiple framework contract in cascade and within a deadline given by the contracting authority. If the requested evidence is not submitted in due time, the Contracting Authority can award the Contract to the Tenderer evaluated as the next-best. This requirement applies to all members of the consortium in case of joint tender and to the identified subcontractors.

A tenderer (or a member of the group in case of joint tender, or a subcontractor) is not required to submit a specific document if the contracting authority can access the document in question on a national database free of charge.

4.1.3. Selection criteria and evidence

By signing the declaration on honour mentioned under section 4.1.2 above, the tenderer confirms that he/she has the economic and financial, technical and professional capacity to provide the requested services according to the tender specifications and the payment schedule specified in the draft contract.

A. Economic and financial capacity criteria

Tenderers are required to provide sufficient information of their financial standing and more particularly proof that they have the necessary resources and financial means to carry out the work that is the subject of the tender.

The EIT shall verify the tenderers' economic and financial capacity on the basis of the criteria set out below. If the criteria are not met, the offer shall be rejected and will not be further assessed..

Economic and financial capacity criteria:

In order to be economically and financially capable to provide the service, tenderers (i.e.in case of joint tender, the combined capacity of all members of the consortium and identified subcontractors) must demonstrate the following:

- The **minimum annual turnover** in the last three financial years is equal to or above EUR 2 000 000.

The sum of the annual turnovers of all consortium members will be taken into account to reach the minimum annual turnover of EUR 2 000 000.

Evidence for the economic and financial capacity:

Proof of its economic and financial capacity shall be furnished by the tenderer through presentation of balance sheets or extracts from **balance sheets** and **profit and loss accounts for the last three financial years for which accounts have been closed**, where publication of the balance sheet is required under the law of the country in which the tenderer is established.

If, for some exceptional reason that the EIT considers justified, the tenderer is unable to provide the evidence requested by the EIT, he may prove his economic and financial capacity by any other means that the EIT considers appropriate. In any case, the EIT must at least be notified of the exceptional reason and its justification. The EIT reserves the right to request any other document enabling it to verify the tenderer's economic and financial capacity. In case of public bodies, other documents, in particular the body's budget for the current year could be considered as appropriate.

B. Technical and professional capacity criteria and evidence

Tenderers (i.e. in case of joint tender, the combined capacity of all members of the consortium and identified subcontractors) must provide evidence of technical and professional capacity to comply with the minimum standards set out below.

1. Technical and professional criteria for the tenderer:

- 1.1 The tenderer or in case of consortium/joint tenders at least one member of the consortium/joint tenders shall be a professional accounting / audit firm.

1.2 The tenderer shall have **recent experience in carrying multiple audits in a short period of time**

1.3 The tenderer shall have **recent experience in auditing FP7/H2020 projects**

2. Technical and professional criteria of the tenderer’s coordination team:

The tenderer shall have the capacity to put together a team which shall meet the following requirements and shall have:

2.1 A **project manager** with:

- i. at least 10 years of relevant professional experience in auditing,
- ii. over 5 years’ experience managing an audit department,
- iii. over 2 years’ experience managing audits of FP7/H2020 projects,
- iv. status of a certified auditor
- v. Excellent command of English (level C1).

2.2 In addition to the project manager, at least **5 team leaders**, each of them with:

- i. at least 7 years' experience of relevant professional activities in the field of auditing,
- ii. over 3 years’ experience managing audit teams,
- iii. over 2 years’ experience auditing FP7/H2020 projects,
- iv. status of certified auditor,
- v. Excellent command of English (level C1).

Evidence:

Evidence of the technical and professional capacity of tenderers and of the team shall be furnished on the basis of the following documents:

Criterion	Evidence to be provided	Comments
1.1	Evidence of the professional indemnity insurance Evidence of affiliation to a body such as the IFAC (International Federation of Accountants), the IIA (Institute of Internal Auditors) or equivalent	Both evidence of the professional indemnity insurance and evidence of affiliation to an international professional accounting or audit body shall be provided.
1.2	Lists of minimum 50 audits carried out within a three months period in at least three countries in the last three years coordinated by a single department within the company	The list shall detail the amounts audited, date and information on public or private recipients of the services: •if supplied to public institutions, evidence must be provided in the form of certificates issued or countersigned by the latter; •if supplied to private entities, provision of service is to be certified by the entity or, failing this, simply declared by the tenderer.

1.3	List of at least 20 conducted audits in the last three years directly on FP7/H2020 projects.	Each of the audits must be for the total grant amount greater than 325,000 EUR. The list will detail the grant amount, date and public or private recipients of the services: <ul style="list-style-type: none"> •if supplied to public institutions, evidence must be provided in the form of certificates issued or countersigned by the latter; •if supplied to private entities, provision of service is to be certified by the entity or, failing this, simply declared by the tenderer.
2.1-2.2	Curriculum vitae of the project manager and the team leaders	Preferably in Europass format. Summaries will not be accepted. The CV should include information about the qualifications, work experience and language abilities of the team members (according to the Common European Framework of Reference for Languages). Particular emphasis shall be made to FP7/H2020 or other EU funded projects listing project names, dates and amounts audited.

4.2. Technical part

The technical part shall describe in detail how the services described in point 2 will be provided by the tenderer.

Tenders must be clear and concise, with continuous page numbering, and assembled in a coherent fashion (e.g. bound or stapled, etc.).

The contract will be awarded to the tenderer who submits the most economically advantageous tender, according to the 'best price-quality ratio' award method, as positively assessed on the basis of the following factors:

(a) Award criteria as weighted by percentage:

N°	Qualitative Award criteria	Weighting (max. points)
1.	Quality and relevance of the proposed work plan for a specific contract execution including details on each phase (e.g. preparation, field work, reporting, etc.) based on the proposed simulation list (Annex VII).	40
2.	Quality and relevance of the proposed audit methodology.	20
3.	Quality and relevance of allocated human resources (number of man days and profiles) proposed by the contractor for each phase of the assignment.	40
Total points		100

Since assessment of the tenders will be based on the quality of the proposed services, tenders should elaborate on all points addressed by these specifications in order to score as many points as possible. In addition, if certain

essential points of these specifications are not expressly covered by the tender, the evaluators may decide to reject the tender as non-compliant.

For each award criteria a 60% threshold is required. Tenderers falling below this threshold will be rejected. Moreover, tenders that have not obtained a total at least 70% on all criteria combined will be rejected.

4.3. Financial part

The financial offer must be presented in the standard format of Annex V. Every offer that successfully passes the technical evaluation, will be assessed against the price offered.

The tenderers need to provide the financial offer in EUR basing their calculations on the list of KIC LE / Partners / linked third parties indicated in the simulation list in Annex VII, containing 32 CFS audits required for a batch.

The total financial offer must cover all the expenditures associated with carrying out the assignment including costs of staff, travel, other administrative charges, etc.

KIC LE/Partners/ linked third parties are located in various EU and H2020 associated countries.

The tasks which have to be implemented by the contractor are defined under point 2 of these specifications.

The sole objective of the simulation list is to provide a fair, non-discriminatory basis for comparing the financial bids. Consequently, this simulation list does not constitute a commitment by the EIT to conclude specific contracts for the related services and quantities, and cannot give rise to any right or expectations on the part of the contractor.

The unit price of a CFS audit will be calculated by dividing the total value of the financial offer by the number of audits in the simulation list. The total price of a specific contract shall be equal to the unit price of the original financial offer multiplied by the number of audits covered by that specific contract.

5. AWARD METHOD

Only the tender(s) that reach the technical quality threshold mentioned in Section 4.2 of these tender specifications will be subject to the price assessment. The tenders will be ranked by applying the following formula:

The tender with the lowest price will be awarded **100 points**. The other tenders will be awarded points on the basis of the following formula:

Points = (lowest price/price of the bid in question) x 100

Evaluation of the most economically advantageous tender:

In order to determine the most economically advantageous tender for the award of the contract, the quality/price ratio of 60/40 will be applied in the following way:

- The points awarded for technical quality multiplied by 0.6
- The points awarded for the price multiplied by 0.4

The points for technical quality and those for price will then be added together, the tenderers will be ranked according to their total number of points and the framework contract in cascade will be awarded to up to 4 tenderers achieving the highest score.

6. ANNEXES

The following set of documents is provided to the tenderers:

0. Invitation to tender

1. Tender specifications

1.1. Annex I: Tenders` identification form

1.1.1. Annex Ia: Power of attorney

1.1.2. Annex Ib: Letter of intent

1.2. Annex II: Legal entity form for public entities/private entities/individuals

1.3. Annex III: Financial identification form

1.4. Annex IV: Declaration of honour

1.5. Annex V: Financial offer form

1.6. Annex VI: Draft framework contract and Annexes I - III

1.6.4 FWC Annex IV: Independent Report of Factual Findings

1.6.5 FWC Annex V: Agreed-upon procedures to be performed by the Auditor

1.6.6 FWC Annex VI: Letter of Representation Template

1.6.7 FWC Annex VII: Declaration of pre-existing rights

1.7 Annex VII: Simulation list of the partners / locations for the financial evaluation