

ECMWF Copernicus Procurement

Invitation to Tender



Copernicus Programme

Provision of audit services to ECMWF for Copernicus contracts

Volume II: Scope of Service Requirements

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1 Introduction

The aim of this ITT is to obtain quotes from suppliers for the provision of audit services to ECMWF for Copernicus contracts by:

- supporting ECMWF in establishing the Copernicus contracts audit function (Work Package 1);
- carrying out the audits in accordance to the annual audit plan (Work Package 2).

ECMWF intends to award a 36-month Framework Agreement, with annual Service Contracts. ECMWF reserves the right to extend the contract for a further twelve months. The target starting date is 1st January 2018.

2 Background to the service

ECMWF operates the Copernicus Delegation Agreement signed by ECMWF and the European Union under EU regulations No 377/2014 of the European Parliament and of the council of 3 April 2014 establishing the Copernicus Programme. The total budget expected to be awarded to third parties over the period 2014-2021 amounts to 208.41M€. ECMWF anticipates a total number of approximately 70 contracts, ranging from 100k€ to 6M€, signed with entities established in any of the European Union Member States or ECMWF Member States (Austria, Italy, Belgium, Latvia, Bulgaria, Lithuania, Croatia, Luxembourg, Cyprus, Malta, Czech Republic, Netherlands, Denmark, Poland, Estonia, Portugal, Finland, Romania, France, Slovakia, Germany, Slovenia, Greece, Spain, Hungary, Sweden, Ireland, United Kingdom and Iceland, Norway, Serbia, Switzerland, Turkey).

ECMWF will develop annually in September an audit plan indicating the list of contracts to be audited during the following calendar year. This list (~10 contracts) will be created by:

- focusing on prime contractors (subcontractors are to be audited only if audit at prime contractor level showed issues with the control of the subcontractors)
- using the following selection criteria:
 - Selection of contracts based on risk profile (as determined during negotiation and implementation of contract)

AND

- Audit all contracts with a total value above a certain threshold (e.g. > 2 M€)
- No audit on contracts below a certain threshold (e.g. < 250 k€)
- Representative random sample within pool of contracts in between these two thresholds.

The audit scope is:

- in line with the Delegation Agreement signed between ECMWF and the European Union and to the Framework Agreement signed between ECMWF and its contractors;
- driven by the needs of ECMWF to ensure that it has a proper system of internal controls in place.

An extract of the Delegation Agreement containing the relevant clauses is attached at Annex 1 and the template Framework Agreement is attached at Annex 2. Note that the actual Framework Agreement, signed between ECMWF and a particular contractor may differ slightly from the template Framework Agreement.

3 Service requirements

The contracted auditor, together with its potential subcontractors, should offer a geographical coverage of all European Union and ECMWF Member States through a network of local offices/companies.

3.1 Standards and procedures

The tenderer is expected to perform the audit in accordance with the 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').

As part of their response, tenderers must provide a list of their quality assurance processes and management systems and if applicable, any quality related accreditations or certifications held. ECMWF may ask for evidence of performance in the form of certificates issued or countersigned by the competent authority.

3.2 Staff resources requirements

The key persons in charge of the audit must have evidenced experience of auditing in accordance with EC audit requirements. Knowledge about the implementation of Delegation Agreements under the EU regulation establishing the Copernicus Programme would be a benefit.

For reasons of efficiency, two lead key persons from the contracted auditor shall be assigned to this contract with continuity of at least one of these persons from year to year.

The tasks under the responsibility of the contracted auditor will be mainly carried out at the premises of ECMWF contractors and possibly at subcontractors' premises (established in any of the European Union Member States or ECMWF Member States).

The tenderer shall demonstrate in the proposal, for itself and for any proposed subcontractor:

- ability to conduct audits in any of the European Union Member States or ECMWF Member States, including a recognition of issues presented by differences in local language, accounting and legal practices and regulations;
- an appropriate mix of competencies relevant to the services requested (staff numbers, skills, locations and employees dependencies and cover), nevertheless keeping the proposed infrastructure at a low level of complexity.

3.3 Work to be undertaken

3.3.1 Preparing the audit work

A report describing the audit procedure, scope and reporting protocol, based on the analysis of the reference documents (Delegation Agreement, Framework Agreement) and showing the distinction between Cost Reimbursement and Fixed Price¹ contracts, shall be provided to and agreed by ECMWF at the beginning of the contract.

An audit plan will then be developed by the contracted auditor (and agreed by ECMWF), based on the list of contracts to be audited in the next calendar year (as provided by ECMWF). Resourcing (profile, number of person-days) needs to be identified in relation to the audit plan and the contracted auditor has to ensure sufficient, experienced resources are available to achieve the audit plan.

According to the Framework Agreement signed with its contractors, ECMWF has the right to perform, from time to time and on reasonable notice, either itself or through its representatives:

- full and detailed audits and inspections of:
 - the Contractor's performance of the Services;

¹ Definitions of Cost Reimbursement and Fixed Price payment schemes are given in the Framework Agreement Annex 3C

- the Prices invoiced to ECMWF under the related Framework Agreement and each Service Contract;
- the costs and expenses behind the Prices;
- the Contractor's compliance with the provisions of the Framework Agreement and each Service Contract generally;
- checks on risk-based and random samples of transactions.

3.3.2 Undertaking the audits

The contracted auditor will carry out for ECMWF and according to the Copernicus Delegation Agreement ex ante and ex post controls including, where appropriate, on-site checks on risk-based samples of transactions made by ECMWF contractors and relating to provision of the Copernicus Services, in order to ensure that such transactions are legal and regular and that actions financed from Copernicus funds are effectively carried out and implemented correctly.

The focus of the audits will be on the financial audit, including amongst others and depending on the selected payment method: person-months claimed, eligibility of costs and expenses, indirect costs including overheads, subcontractors' payments, VAT, exchange rates, value of assets², etc

Other elements (such as visibility of the Union funding, confidentiality, IPR...) might be considered in a second stage; should this evolution in scope take place, the contracted auditor may ask to adapt the daily rates agreed with ECMWF.

The contracted auditor shall undertake significant upfront planning to engage stakeholders and to understand the context and scope of each review, to ensure there is focus on the right topics and to tailor the work to specific risks.

The contracted auditor shall work in close co-operation with the relevant ECMWF personnel responsible for the activities to be audited and with ECMWF contractors' personnel (and subcontractors' where applicable), who shall, at their cost, provide the contracted auditor with all reasonable assistance in order to enable to initiate, carry out and complete the audit. The contracted auditor shall have the right to take copies of records, invoices, documents and information.

3.3.3 Reporting

An audit report shall be provided to ECMWF, within one month after the field work, and include:

- the nature, scope and methodology of the audit performed and any changes in the planned nature, scope and methodology, including whether all the information and explanations required were obtained;
- a statement on auditing standards;
- an executive summary;
- the audit findings;
- recommendations for improvement (where required);
- and an opinion establishing whether:
 - the accounts give a true and fair view in respect of the contract (accurately reflecting the underlying accounting and contractual records);
 - the control systems put in place function properly (drawing upon any existing audit findings, or undertaking specific targeted testing);
 - the underlying transactions are legal and regular;
 - the assets are kept in good order and are subject to proper supervision;
 - the exchange rates applied are according to the requirements of the Delegation Agreement;

² Definition of asset is given in the Framework Agreement Clause 1.2

- the audit work puts in doubt the assertions made in the management declaration under Clause 2.3.1.2(vi) of the Framework Agreement.

All files and working papers shall be retained by the contracted auditor. ECMWF and the European Commission, including the European Anti-fraud Office (OLAF) and the Court of Auditors are entitled to access the recorded documents at any time and up to five years after the Final Payment of the ECMWF-EC Copernicus Delegation Agreement.

Summaries of ex ante and ex post audits conducted on Contractors and their conclusions shall be regularly provided to ECMWF.

3.3.4 Work packages and deliverables

The service provided by the contractor will be split into two technical work packages (WP1 and WP2) and a management work package (WP0). The tables below provide a template to be used by the contractor to describe the deliverables and their delivery schedules. All deliverables shall be numbered as indicated in the tables. All document deliverables shall be periodically updated and versioned as described in the tables. Tenderers shall provide a preliminary version of the completed tables as part of their bid.

3.3.4.1 WP1: Support to audit function

WP1 Deliverables Template			
#	Type	Title	Due
D1.1.1	Report	Analysis of reference documents (Delegation Agreement and Framework Agreement) Description of audit procedure, scope and reporting protocol	Month 1
D1.2.1-YYYY	Report	Annual Audit Plan for the following calendar year - YYYY Based on ECMWF list of contracts to be audited, and including: - estimated number of person-days needed - category of staff to be involved - calendar of activities - scope of audit	Month 1 and then annually in October
D1.3.1-YYYY	Report	Summary annual report to ECMWF- YYYY	Annually in September
...			

Table 1: WP1 Deliverables Template

WP1 Milestones Template				
#	Responsible	Title	Means of verification	Due
M1.2.1	Tenderer	Agreement on annual audit plan	Signature of following Service Contract	Month 2 and then annually in November
...				

Table 2: WP1 Milestones Template

3.3.4.2 WP2: Conducting the audits

WP2 Deliverables Template			
#	Type	Title	Due
D2.1.1-ContractNumberYYYY	Report	Preparatory work: audit plan and scope	Per audit, at least 3 months before the on-site audit takes place
D2.1.2-ContractNumberYYYY	Other	Field work	Per audit
D2.1.3-ContractNumberYYYY	Report	Audit report to be issued to ECMWF	Per audit, 1 month after the on-site audit took place
...			

Table 3: WP2 Deliverables Template

WP2 Milestones Template				
#	Responsible	Title	Means of verification	Due
M2.y.z	Tenderer	Conduct 2018 audits	Audits included in the 2018 audit plan completed	Month 12
M2.y.z	Tenderer	Conduct 2019 audits	Audits included in the 2019 audit plan completed	Month 24
M2.y.z	Tenderer	Conduct 2020 audits	Audits included in the 2020 audit plan completed	Month 36
M2.y.z-ContractNumberYY YY	Tenderer	Notice to contractor about upcoming audit	Invitation letter	Per audit, at least 2 months before the on-site audit takes place
...				

Table 4: WP2 Milestones Template

3.3.4.3 WPO: Management

WPO Contractual Obligations Template				
#	Responsible	Nature	Title	Due
D0.y.z-YYYYQQ	Tenderer	Report	Quarterly Implementation Report QQ YYYY, including summary of ex ante and ex post audits on Contractors and their main conclusions <i>QQ YYYY being the previous quarter</i>	Quarterly on 20/01, 20/04, 20/07 and 20/10
D0.y.z-YYYY	Tenderer	Report	Annual Implementation Report YYYY, including summary of ex ante and ex post audits on Contractors and their main conclusions	Annually on 28/02

			YYYY being the Year n-1	
D0.y.z	Tenderer	Report	Final report	60 days after end of contract

Table 5: WPO Contractual Obligations Template

WPO Deliverables Template			
#	Nature	Title	Due
D0.y.z	Other	Updated KPIs (list, targets...) after review with ECMWF	Month 13
...			

Table 6: WPO Deliverables Template

WPO Milestones Template				
#	Responsible	Title	Means of verification	Due
M0.y.z	Tenderer	Kick-Off meeting at ECMWF's premises	Minutes of meeting	Month 1
M0.y.z	Tenderer	Progress review meetings by teleconference with ECMWF	Minutes of meeting	Every quarter
M0.y.z	Tenderer	Annual meeting at ECMWF's premises / Payment milestones	- Minutes of meeting - Approval of audit plan for the following calendar year	Annually in December
...				

Table 7: WPO Milestones Template

4 Pricing Tables

The tenderer shall provide a total maximum price for the deployment of the audit activities for a total period of 36 months using the tables below.

The tenderer shall give daily rates per category of staff and an indication of how many days per category of staff are deemed to be necessary to meet the work programme described in Section 3. These rates should be global and include all related costs and overheads such as the management of the contract (Work Package 0), the overall preparatory work, the familiarisation, planning, running and reporting for each audit, any planned travel expenses, the tenderer's profit margin, etc.

Completed audits shall be invoiced to ECMWF on a quarterly basis.

	Profile 1 e.g. Junior profile	Profile 2 e.g. Senior profile	Profile 3 e.g. Partner profile
Daily rate (€/day)			

Table 8: Daily rates per category of staff

	Profile 1 e.g. Junior	Profile 2 e.g. Senior	Profile 3 e.g. Partner	Total
Average number of days per audit				
Average amount per audit (€) <i>Average number of days x Daily rate</i>				
Contract maximum price <i>(Average amount per audit x Maximum number (i.e. 30) of audit over 36 months)</i>				

Table 9: Pricing Table

5 Tender Format and Content

This section describes specific requirements to prepare the proposal for this particular tender, along with guidelines for minimum content expected to be included in the proposal. This is not an exhaustive description and additional information may be necessary depending on the tenderer's response.

5.1 Page limits

As a guideline, it is expected that individual sections of the tenderer's response do not exceed the page limits listed below. These are advisory limits and should be followed wherever possible, to avoid excessive or wordy responses.

<i>Section</i>	<i>Page Limit</i>
<i>Executive Summary</i>	1
<i>Track Record</i>	2 (for general) and 2 (per entity)
<i>Quality of Resources to be Deployed</i>	2 (excluding CVs with a maximum length of 2 pages each)
<i>Technical Solution Proposed</i>	8
<i>Management and Implementation</i>	3 + 2 per each work package description
<i>Pricing Table</i>	No limitation

Table 10: Page Limits

5.2 Executive Summary

The tenderer shall provide an executive summary of the proposal, describing the objectives, team and service level.

5.3 Contact Details

The tenderer shall supply details of the person at its organisation who can be contacted by ECMWF in relation to the submitted proposal. The tenderer shall give their name, title, address and location, telephone number and e-mail address.

Note that ECMWF reserves the right to contact bidders during the evaluation process in order to clarify points in their response, therefore the contact point should be monitored during this period.

5.4 Company Details

The tenderer shall give details of its company, stating its full registered address and company registration number. It shall also supply company's audited financial statements for the last three financial years. If these are not in English, a translation of the audit opinion shall also be provided. ECMWF may check the financial status of the company.

If the company is a subsidiary, complete and accurate information on the company's shareholding and full details of its parent organisations up to and including the ultimate parent organisation shall be provided.

The tenderer shall state its VAT number.

The tenderer shall provide the Dun and Bradstreet (D.U.N.S) number, if known, of its registered office.

5.5 Terms and Conditions

The terms and conditions for this contract are at Volume III. The tenderer shall confirm its acceptance of the Terms and Conditions at Volume III.

Please note that as a result of ECMWF's immunity from jurisdiction, any contract resulting from this ITT must contain an arbitration clause which is offered by ECMWF to all contracting parties. Further information may be found at <http://www.ecmwf.int/en/about/suppliers> in document "ECMWF's status: Arbitration and VAT". ECMWF reserves the right to negotiate with one or more Tenderers before taking a decision on the placing of a contract.

The proposal which the tenderer submits, clarified if necessary, will be part of the contract.

5.6 Track Record

The tenderer shall describe in brief terms in the proposal its organisation's key facilities and infrastructure as well as history and recent provision of external audit services in a similar context. Complementarity of the tenderer with its potential subcontractors should also be described in this section. ECMWF reserves the right to request references from any of the organisations listed.

5.7 Quality of Resources to be deployed

The tenderer shall propose a team with the skills required for providing services that meet the technical requirements set out in Section 3. CVs should be included in the proposal, in a format in accordance with the Commission Recommendation on a common European format for curriculum vitae, available at: <http://europass.cedefop.europa.eu/en/documents/curriculum-vitae>.

The Tenderer shall summarise the information about the proposed key personnel in the format shown in Table 11 below.

Title / Profile	Broad description of work in relation to Service	List of personnel who fit the profile and whose CVs are submitted with tender	Qualifications

Table 11: HR Profiles

5.8 Technical Solution Proposed

The tenderer shall give a short background to the proposed solution to demonstrate understanding of that solution and of the Copernicus context. This section shall also include information on any other third party suppliers that are used as part of the technical solution, and a statement of compliance for each requirement formulated throughout this document, describing how the proposed solution maps to the requirements.

5.9 Management and Implementation

Please describe in this section any management and implementation aspects for the proposed solution. The following elements shall be addressed in the proposal: Gantt chart, organigram, subcontractor management, conflict resolution, quality assurance and control, communication management (ECMWF, stakeholders, internal communication), personal data management, Key Performance Indicators, risks. Where applicable, tenderers shall provide a list of subcontractors describing their contribution and key personnel, legal name and address.

Information about Work Packages should be given by completing Table 12 as many times as necessary. Deliverables should be consistent with the technical requirements specified in Section 3. Milestones should be designed as markers of demonstrable progress in service development and/or quality of service delivery. Adjustments to the proposed implementation plan can be made on an annual basis depending on needs for service evolution, changed requirements, or other requirements as agreed between the European Commission and ECMWF.

Work package #	WPO or WP1 etc...	Start/End date³	
Work package title			

<p>Main objectives</p> <p>This work package...</p>

<p>Description of activities</p> <p>Task 1</p> <p>Task 2</p>

Deliverables				
#	<i>Responsible</i>	<i>Nature⁴</i>	<i>Title</i>	<i>Due</i>
DO.1.1 ⁵	Tenderer	Report		

³ For this Tender, dates shall be indicated in months starting from M1.

⁴ Please describe the nature of the Deliverable. Possible options are Report, Field work, Other...

⁵ Deliverables (and Milestones) shall be numbered as per the following format DX.Y.Z (MX.Y.Z), where X is the WP number, Y is the task number and Z is the Deliverable (Milestone) number in this task. Deliverables delivered annually should be numbered DX.Y.Z-yyyy, where yyyy is the year the Deliverable refers to (e.g. DX.Y.Z-2016, DX.Y.Z-2017). Deliverables delivered quarterly should be numbered DX.Y.Z-yyyyQx, where yyyyQx is the quarter of the year the Deliverable refers to (e.g. DX.Y.Z-2016Q1, DX.Y.Z-2016Q2). The same numbering format shall be applied for Milestones.

Milestones				
#	Responsible	Title	Means of verification	Due
M0.1.1	Tenderer			

Table 12: Work package description template

The supplier shall report to ECMWF on a set of Key Performance Indicators (KPIs) suitable for monitoring various aspects of service performance, including (but not limited to):

KPI #	KPI Title	Performance Target and Unit of Measure	Frequency of Delivery	Explanations / Comments
KPI.1	Deliverables delivered on time during last quarter	Guideline 100%	Quarterly	
KPI.2	Number of achieved deliverables relative to the number due so far	Guideline 100%	Quarterly	
...				

Table 13: Key Performance Indicators

All KPIs shall be labelled and numbered as indicated in the Table 13 above and shall be periodically updated. As part of their response, tenderers shall provide a list of suggested KPIs together with how these will be monitored. The list of KPIs shall be reviewed with ECMWF in the second year of the contract and updated if necessary.

Please also provide a register of the risks you envisage with this audit assignment and the related mitigation actions. Please use the templates given in Table 14 and refer to the guidelines in Table 15.

Work package:					
Risk Name	Description	Likelihood	Impact	Response Strategy	Period

Table 14: Risk Register

Entry	Guidance
Risk Name	Title to identify the risk
Risk Description	High level description of the risk scenario and consequences Please use the following structure: Risk of [event]...due to [cause]...that may result in [consequence]
Risk Likelihood	A numeric value denoting the estimate of the probability that the residual risk will occur. The possible values are: 5 – very likely (> 70% prob of occurrence) 4 – likely (between 50% and 70% prob of occurrence) 3 – possible (between 20% and 50% prob of occurrence) 2 – unlikely (between 5% and 20% prob of occurrence) 1 – remote (< 5% prob of occurrence)

Risk Impact	A numeric value denoting the severity of the impact of the residual risk (should it occur). The possible values are: 5 – catastrophic (Critical impact impeding the achievement of the strategic objectives) 4 – damaging (Damaging impact impeding the achievement of the strategic objectives) 3 – significant (Significant impact affecting achievement of operational objectives) 2 – moderate (Moderate impact on the achievement of an operational objective) 1 – low (Minor impact on the global performance)
Risk Response Strategy	The available strategies to deal with the identified risks are: Avoid: risk avoidance, working around those conditions or activities which introduce the risks; Reduce: risk mitigation or reduction through the proactive implementation of risk reduction activities; Accept: acceptance of the risk; in these cases, contingency plans can also be defined in case the risk occurs; Transfer/share: transfer or share a risk with other entities e.g. through subcontracting, insurances etc.

Table 15: Guidance Table for Risk Register

5.10 Additional matters

The tenderer may set out any additional information or other relevant matters which it thinks have not been adequately addressed in the ITT and/or merit further consideration in its response.

6 Additional information

6.1 Annexes

- Annex 1: Extracts from the Delegation Agreement signed between ECMWF and the EU
- Annex 2: Framework Agreement template (between ECMWF and its contractors), including Service Contract template
- Copernicus Regulation and the Copernicus Data Policy (available at <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32014R0377&from=en>)

6.2 Acronyms

CAMS	means Copernicus Atmosphere Monitoring Service
C3S	means Copernicus Climate Change Service
ECMWF	means European Centre for Medium-Range Weather Forecasts
EC	means European Commission
EU	means European Union
ITT	means Invitation to Tender
KPI	means Key Performance Indicator
OLAF	means European anti-fraud Office