



**Annex B.01 – Template Agreement between the National Authorising Officer (NAO) and
Operating Structure (OS)**

**THE AGREEMENT
BETWEEN
THE NATIONAL AUTHORISING OFFICER (NAO)
AND
THE OPERATING STRUCTURE (OS)
for
ANNUAL ACTION PROGRAMMES
under IPA II (2014-2020)**



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The Agreement

between

the National Authorising Officer (NAO)

and

Operating Structure (OS)

**(composed of the as the Lead Institution (LI) and the Central Finance and Contracts
Unit (CFCU) as the Implementing Agency)**

**for the management and implementation of annual action programmes financed by the
Instrument for Pre-accession Assistance II (IPA II)**



Parties: The National Authorizing Officer, Deputy Minister of the Treasury and Finance, (hereinafter referred as “the NAO”);

The Operating Structure (hereinafter referred as the “the OS”) for the ‘.... ;

Composed of

The as the Lead Institution under the Sector (hereinafter referred as “the LI” and represented by the “Head of IPA Unit”)

and

The Central Finance and Contracts Unit (hereinafter referred as the “CFCU” and represented by “Director of CFCU”),

Having regard to:

Framework Agreement (FwA) signed between the Government of the Republic of Turkey and the Commission of the European Communities on the Arrangements for Implementation of Union Financial Assistance to the Republic of Turkey Under the Instrument for Pre-Accession Assistance (IPA II) approved by the Council of Ministers Decree of 2015/7708 and published in the Official Gazette numbered 29393, dated 21/06/2015, hereinafter referred as the FwA,

~~Prime Ministerial~~Presidential Circular numbered 20~~1915/2015~~ and dated ~~0408/102/201915~~ which describes the authorities in the implementation of the IPA II and their responsibilities,

Financing Agreements signed between the Government of Turkey and the Commission of the European Communities, specifying concrete terms and provisions for assistance, management of funds and disbursement of funds for Annual Action Programmes for Turkey within the IPA II period,

Have agreed as follows:

Article 1 Purpose

The purpose of this Agreement is to define clearly the rights and obligations of the parties regarding the duties and responsibilities defined in the FwA, Financing Agreement and ~~Prime Ministerial~~Presidential Circular for implementation and management of the Annual Action Programmes for Turkey within the IPA II period.

Article 2 Terms

Unless otherwise specified, the terms used in this Agreement shall bear the same meaning as attributed to them in the FwA, Financing Agreement and ~~Prime Ministerial~~Presidential Circular. If these references are amended, supplemented or replaced from time to time, the updated versions of them shall be valid.



Article 3 Responsibilities of the NAO

The NAO that bears the overall responsibility for the financial management of IPA II in the Republic of Turkey and for ensuring the legality and regularity of expenditure, and that is responsible for (a) the management of IPA II accounts and financial operations; (b) the effective functioning of the internal control systems for the implementation of IPA II in accordance with Annex B to the FwA shall,

- a) review any proposed changes of the OS after being entrusted for budget implementation tasks (EBIT) and inform the OS on the approval or rejection of the proposed changes;
- b) request from an external audit unit to carry out system and financial audits over the OS, if it is detected that sound financial management system is not in place in the OS and/or significant amount and number of irregular transactions are reported to the Management Structure,
- c) open all bank accounts required for the management of the programme,
- d) transfer the funds to the OS on the basis of cash flow forecasts following the implementation of related commitments,
- e) make financial adjustments where any situation defined in Article 51(5) of the FwA is detected in actions or programmes, by cancelling all or part of the European Union contribution to the actions or programmes concerned,

Article 4 Responsibilities of the OS

The OS that is responsible for preparation, implementation, information and visibility referred to in Articles 23 and 24 of the FwA, monitoring and reporting of programmes, and evaluation thereof whenever relevant, in accordance with the principle of sound financial management and that is responsible for ensuring the legality and regularity of the expenditure incurred in the implementation of the programmes under its responsibility shall,

- a) deliver all the information, specified in the Annex I, for the purposes of the reports drawn up by the NAO to submit to the European Union, in the format provided as attachments to Annex I and before or on the date specified,
- b) ensure that the NAO receives information, specified in Annex II, on the procedures and management verifications carried out in relation to expenditure, in the format provided as attachments to Annex II and before or on the date specified,
- c) send reports and/or information, specified in Annex III, timely,
- d) verify, annually not later than 15 of January, that the expenditure incurred, paid and declared to the NAO complies with applicable European Union and national laws, the programme, the conditions for support of the action and the conditions of the contract, the goods or services have been delivered, and the payment requests by the recipient are correct.



- e) give right of access to the authorized NAO staffs to its documents, information management system and on-site if deemed necessary, in order to let them review whether the OS continues to comply with the i) maintaining compliance with Internal Control Framework, ii) effective and efficient functioning of internal control systems, and iii) legality and regularity of transactions.
- f) consult with the NAO on any question relating to the execution or interpretation of the relevant Financing Agreements and/or this Agreement, and any other relevant Commission documentation related to the programme,
- g) set up an accrual based accounting system which records and stores, in computerised form, accounting records for each action/activity in line with Annex IV and which supports all the data required for drawing up payment request and annual financial report or statement and making commitments and payments and monitoring the implementation of the action;
- h) ensure the allocation of the national contribution for the actions under the programme by public institutions under the central administration budget, respecting the deadlines for the planning of the state budget, no later than 30 September, each year.
- i) recover the European Union contribution paid to the beneficiary from recipients who were in any situation defined in article 7 of FA and referred to in Article 41 of the FwA and credit the recovered amounts to the related sub-accounts,
- j) provide necessary information as requested by the NAO in case of financial adjustment, for the closure of the programme and any other subjects not specified in this agreement,
- k) send a copy of any agreements/protocols signed within the OS, between the OS and other parties with regard to the implementation of Annual Action Programmes for Turkey to the NAO within 15 days of its signature by relevant parties.

Article 5 Communication

The annexes and reporting issues concerning this agreement shall be sent by post and/or via e-mail to the Management Structure or by entering data into relevant part of the web page designated by the Management Structure. Hardcopy of related documents shall be sent to the Management Structure if requested. The documents and/or reports stated in the annexes and to be submitted to the Commission shall be prepared in English.

The Head of the OS (Head of Lead Institution and Head of the CFCU), and if required, senior managers of the OS shall attend the regular and/or ad-hoc meetings in the chairmanship of the NAO/the Head of Management Structure to discuss issues related to the effective implementation of the programme. In addition, in all level meetings shall be organised upon request of one of the parties.

Article 6 Amendments to the Agreement

This Agreement may only be amended in writing by common consent of the parties, yet the NAO's decisions will always prevail in case of disagreement between the parties. However,



annexes shall be subject to changes by the written letter of the Management Structure, after consultation with the OS, if relevant.

This Agreement is issued in 3 (three) copies, and shall enter into force on the date on which it is signed by all parties and shall remain valid until the final closure of the IPA II Programme.

On the Behalf of the NAO

.....
The Head of the Management Structure

Date: / / 201...

Signature: _____

For the

.....
The Head of the IPA Unit

Date: / / 201...

Signature: _____

For the CFCU

.....
Acting Director of the CFCU

Date: / / 201...

Signature: _____



Annexes

Annex I: Information to be provided for the purposes of the reports drawn up by the NAO to submit to the European Union.

Annex II: Information to be provided periodically.

Annex III: Information to be provided ad-hoc basis.

Annex IV: Main Accounts



ANNEX I Information to be provided for the purposes of the reports drawn up by the NAO to submit to the European Union

| Nr. | Information/Document/Report to be provided | Time | Format | Relevant Institutions |
|------------|---|--|---------------------------|------------------------------|
| 1. | The Workload Analysis | On 15 th of January, each year | Relevant Annex of the MoP | CFCU, LI |
| 2. | Current list of staff (including the information regarding title, unit, etc. of each staff) and analysis on staff status (including staff left, staff recruited, staff turnover rate in the period, staff recruitment plans etc.) | On 15 th of January and July, each year (semi-annually) | Attachment no.1 | CFCU, LI |
| 3. | Information on training management (Training Need Analysis, Training Plan, assessment of the previous year's annual training programme and list of trainings attended) | On 15 th of January, each year | Attachment no.2 | CFCU, LI |
| 4. | Annual Risk Plan (Risk Register) | On 10 th of January, each year | Relevant Annex of the MoP | CFCU, LI |
| 5. | Annual Monitoring plan or On the Spot Check Visit Plan | On 15 th of January, each year | Attachment no.3 | CFCU, LI |
| 6. | Internal Audit Plan and Annual Internal Audit Report | On 15 th of January, each year | Relevant Annex of the MoP | CFCU, LI |
| 7. | Information on publicity activities performed annually | On 15 th of January, each year | Relevant Annex of the MoP | LI |
| 8. | “Annual Financial Reports-Simplified Consolidated EU Contribution” (as set out in Articles 4 and 14 of the Financing Agreement) | No later than 01 st of February, each year | Attachment no.4.a and 4.b | CFCU |
| 9. | “Annual Financial Reports-Total Budget” (as set out in Articles 4 and 14 of the Financing Agreement) as of 31 December [prepared in line with all information and transactions as listed Key Data ¹]. | No later than 10 th of January, each year | Attachment no.4.c | CFCU |

¹ Key Data is listed in European Commission Letter Dated : Ref. Ares(2015)3442084 - 19/08/2015 Annex 1



ANNEX II Information to be provided periodically

| Nr. | Information/Document/Report to be provided | Time | Format | Relevant Institutions |
|------------|--|--|---------------------------|------------------------------|
| 1. | Non-significant ² changes in the management and control systems, and procedures (i.e. implementing or paying arrangements) after being entrusted for BITs under IPA II | on 15 of each quarter (in case of holiday next working day) | Relevant Annex of the MoP | CFCU, LI |
| 2. | Changes in the positions (the head of divisions/sub divisions, including quality control, irregularity officer, accountant, head of end beneficiary) any other positions that the NAO may request in writing | First week of January and June | Relevant Annex of the MoP | CFCU, LI |
| 3. | Reconciliation Forms | No later than 10 th of January, April, July, October, quarterly | Attachment no.5 | CFCU |
| 4. | Combined time table for tender documents preparation process of activities under the relevant Action Programme | No later than 10 th of each month | Attachment no.6 | LI |
| 5. | Initial Disbursement Forecast Plan (as set out in Article 4 of the Financing Agreement) with its forecast for payment to Contractors | within 20 calendar days after the entry into force of the respective Financing Agreement | Attachment no.7 | CFCU |
| 6. | Disbursement Forecast Plans | on 10 th of January and July, each year (semi-annually) | Attachment no.7 | CFCU |
| 7. | Procurement plans including the most probable signature dates of contracts (conclusion of tendering process) for each component of activities under preparation, approved to be implemented and under implementation as well as reporting possible delays in contracting with reasons of the delays. | on 15 th of every month | Attachment no.8 | CFCU |
| 8. | Status of rejection rates, an analysis of rejection reasons and latest state of play in addressing the horizontal measures set out in the annexes of the Roadmap for (name of relevant sector/sub-sector to be inserted) | on 15 th of January and July, each year (semi-annually) | Relevant Annex of the MoP | CFCU |
| 9. | Physical Progress and Monitoring Reports of all activities under the relevant Action Programme | on 10 th of every month | Attachment no.9 | LI |

² Definitions for types of changes and a non-exhaustive list of examples for each type are mentioned in the European Commission letter dated 22/12/2010 and numbered Ares(2010)991383



| | | | | |
|-----|--|---|---------------------------|----------|
| 10. | Semi-Annual Risk Mitigation Plan | on 10 th of January and July, each year (semi-annually) | Relevant Annex of the MoP | CFCU, LI |
| 11. | Register of exceptions, including the exceptional circumstances which lead OS to undertake actions that are not covered by the established rules and procedures in the OS Manual of Procedures | No later than 10 th of each quarters | Attachment no.10 | CFCU, LI |
| 12. | Register of Internal Control Weaknesses | No later than 10 th of each quarters | Attachment no.11 | CFCU, LI |
| 13. | Irregularity Reports: | No later than 10 th of each quarter | | CFCU |
| | -“Updated” in case of any status change regarding the case; | | Attachment no.12 | |
| | - “Null” if there is no case of irregularity to be reported; | | Attachment no.13 | |
| | - Irregularities Overview Table. | | Attachment no.14 | |
| 14. | Monitoring Document for Key Performance Indicators | No later than 31 st of January and July, each year (semi-annually) | Attachment no.15 | CFCU, LI |
| 15. | Information on controls conducted including any significant control results | No later than 10 th of each quarter | Attachment no.16 | CFCU, LI |
| 16. | Progress report with regard to the findings detected in Audit/Control reports describing the implementation of the corrective measures | No later than 10 th of each quarters | Attachment no.17 | CFCU, LI |
| 17. | Requests for funds according to its cash-flow needs and forecasts | No later than 10 th of each quarter | Attachment no.18 | CFCU |
| 18. | Monthly financial reports | on 15 th of every month | Attachment no.19 | CFCU |
| 19. | Detailed Financial Tables | on 15 th of every month | Attachment no.20 | CFCU |
| 20. | Recovery Table | on 15 th of every month | Attachment no. 21 | CFCU |



ANNEX III Information to be provided ad-hoc basis

| Nr. | Information/Document/Report to be provided | Time | Format | Relevant Institutions |
|------------|---|--|---|------------------------------|
| 1. | Significant changes ³ in the management and control systems, and procedures (i.e. implementing or paying arrangements) after being entrusted for BITs under IPA II, | Immediately (before changes are implemented) | Relevant Annex of the MoP | CFCU, LI |
| 2. | Changes in the key positions (the Head of OS, the Head of IPA Unit/Lead Institution, the Head of the CFCU, if applicable) any other positions that the NAO may request in writing | Immediately (before changes are implemented) | Relevant Annex of the MoP | CFCU, LI |
| 3. | Exceptional circumstances which lead OS to undertake actions that are not covered by the established rules and procedures in the OS Manual of Procedures | Immediately (before exception is implemented) | Attachment no.22 | CFCU, LI |
| 4. | Suspected fraud and other irregularities, which have been the subject of a primary administrative or judicial finding and detected by the OS and/or reported to OS by AFCOS, OLAF or other judicial authorities | Immediately (without delay after detection) | by using the AFIS (Anti-Fraud Information Service) system | CFCU |
| 5. | Responses to the issues raised in draft audit reports (of EC, Audit Authority, Internal Audit Unit and other special audits requested by EC or the NAO), and/or control reports (of the Management Structure) | Within 15 working days upon receipt of draft audit reports | | CFCU, LI |
| 6. | Action Plan for audit and/or control findings | Within 15 working days upon receipt of final audit reports | Attachment no.17 | CFCU, LI |
| 7. | In order to guarantee the minimum amounts equal to the national contribution of the project, an assurance letter from end beneficiaries which do not fall within the scope of the central administration budget | Before the signature of the contracts related to the relevant projects | | LI |
| 8. | Declaration of Expenditure (as set out in Article 5 of the Financing Agreement) | Immediately (when requested) | Attachment no.23 | CFCU |

³ Definitions for types of changes and a non-exhaustive list of examples for each type are mentioned in the European Commission letter dated 22/12/2010 and numbered Ares(2010)991383.



ANNEX IV Main Accounts

| Chart of Accounts | |
|-------------------------------------|----------------------------------|
| ASSETS | LIABILITIES |
| 1 CURRENT ASSETS | 3 CURRENT LIABILITIES |
| 10 CASH AND CASH EQUIVALENTS | 30 FUNDS PAYABLES |
| 101 BANKS | 300 FUNDS FROM NF |
| 102 OTHER BANKS | 301 FUNDS USED (-) |
| 103 PAYMENT ORDERS (-) | 302 FUNDS RETURNED (-) |
| | 303 FUNDS FROM CB - INTEREST |
| | FUNDS FROM CONTRACTORS - |
| 12 RECEIVABLES | 304 INTEREST |
| 120 RECEIVABLES FROM NF | 305 OTHER FUNDS |
| 125 OTHER RECEIVABLES | |
| RECEIVABLES UNDER ADMINISTRATIVE | |
| 127 FOLLOW-UP | 34 RETENTION PAYABLES |
| 128 RECEIVABLES UNDER LEGAL FOLLOUP | 340 RETENTION PAYABLES |
| | |
| 18 INCOME ACCRUALS | 36 TAX PAYABLES |
| 181 ACCRUED INCOMES | 360 TAX PAYABLES |
| | |
| | 39 OTHER CURRENT PAYABLES |
| | 390 OTHER CURRENT PAYABLES |
| | |
| 2 NON-CURRENT ASSETS | 4 NON-CURRENT LIABILITIES |
| 22 RECEIVABLES | 40 FUNDS PAYABLES |
| 220 RECEIVABLES FROM NF | 400 FUNDS PAYABLES |
| 225 OTHER RECEIVABLES | 401 FUNDS USED (-) |
| RECEIVABLES UNDER ADMINISTRATIVE | |
| 227 FOLLOW-UP | 402 FUNDS RETURNED (-) |
| 228 RECEIVABLES UNDER LEGAL FOLLOUP | 403 FUNDS FROM CB - INTEREST |
| | FUNDS FROM CONTRACTORS - |
| | 404 INTEREST |
| | 405 OTHER FUNDS |
| | |
| 28 INCOME ACCRUALS | 44 RETENTION PAYABLES |
| 281 ACCRUED INCOMES | 440 RETENTION PAYABLES |
| | |
| | 49 OTHER NON-CURRENT PAYABLES |
| | 490 OTHER NON-CURRENT PAYABLES |