**RYCO**

**Regional Youth Cooperation Office**

**Terms of References for External audit**

**General information about the assignment:**

**Organization:** Regional Youth Cooperation Office (RYCO)

**Type of Services Required:** External audit of ROUTE WB6 project

**Duration of the project:** 1 January 2019- 31 December 2021

**Period to be audited:** 1 January 2019 – 31 December 2021

**Work base:** Tirana, Albania

**Starting date of the contract:** Beginning of July

1. **Background:**

**About RYCO:**

RYCO is an intergovernmental organization that stewards and promotes regional, cross- border and intercultural cooperation within and among its six Western Balkan Contracting Parties: Albania, Bosnia and Herzegovina, Kosovo\*, Montenegro, North Macedonia and Serbia. RYCO’s program focuses on creating opportunities for young people to engage in activities that build mutual understanding and reconciliation in the civic, social, educational, cultural, and sports domains. RYCO initiates and participates in policy making and advocates for reform. It supports the development of a political and social environment that empowers and facilitates youth exchange. A key instrument enabling RYCO to fulfil its mission is grant-making; developing tailored calls for proposals that enable CSOs and schools to engage in initiatives that contribute to mutual understanding of youth from various communities across RYCO’s Contracting Parties, thus contributing to reconciliation and youth participation.

**About Project:**

**Route WB6 project** is a regional project led by RYCO that promotes cross-border long-term, and short-term volunteering as a tool that will contribute to the reduction of social and ethnic distance among young people in the region as well as to raise their pro-social and European values that will lead to reconciliation, stability and prosperity of the WB6 region. The project is contributing to: a) Creation of the regional policy foundation on volunteering; b) Establishment of the Regional Volunteer Service and regional volunteer program ROUTE WB6; c) Scaling up of the Regional Volunteer Program ROUTE WB6 .

The ROUTE WB6 project is financed by Norwegian Ministry of Foreign Affairs with a total budget of  9,459,172.80 NOK (estimated 936,000.00 EUR), and is implemented by a consortium led by Regional Youth Cooperation Office (RYCO) in association with the six organizations from WB6 – Beyond Barriers, Youth Communication Center Banja Luka, Lens, Youth Cultural Center Bitola, Association for Democratic Prosperity Zid, Young Researchers of Serbia and South East European Youth Network as an advisory partner.

***In the frame of grant agreement signed between RYCO and Ministry of Foreign Affairs of Norway (art 6.1/c of Special Conditions), RYCO in the capacity of Grant Recipient is looking for an auditor to perform audit of annual financial statements of 2019, 2020, 2021 of the abovementioned project.***

1. **Scope of work**

The audit will focus on the financial execution of the project carried out by consortium led by RYCO (herein and thereafter called the “Lead Partner”) and its Partners in implementing the project, named: 1) Lens; 2) Youth Cultural Center Bitola; 3) Beyond Barriers Albania; 4) Association for Democratic Prosperity Zid; 5) Youth Communication Center Banja Luka; and 6) Young Researchers of Serbia (herein and thereafter called the “Partners”).

The audits will be carried out by the selected auditor for the following reporting periods:

* *01 January 2019 to 31 December 2019*
* *01 January 2020 to 31 December 2020*
* *01 January 2021 to 31 December 2021*

**The audit for financial year 2019 has to be conducted within July 2020 and audit report should be submitted within August 2020.**

**NOTE: This is indicative timeline and the starting date for the implementation of the service depends on the authorizations issued by local authorities regarding COVID-19.**

* 1. **Responsibilities of the Parties on Engagement**

According the grant agreement with MFA of Norway the **Grant Recipient** refers to the organization that is receiving the grant funding and that has signed such agreement.

The Grant Recipient is responsible for providing a Financial Report covering the period from January to December of each year of the project implementation for the action financed by the Grant Agreement which complies with the terms and conditions of the Grant Agreement and for ensuring that this Financial Report can be reconciled to the Grant Recipient’s accounting and bookkeeping system and to the underlying accounts and records. The Grant Recipient is responsible for providing sufficient and adequate information, both financial and nonfinancial, in support of the Financial Report. The Grant Recipient accepts that the ability of the Auditor to perform the procedures required by this engagement effectively depends upon the Grant Recipient, and as the case may be his partners, providing full and free access to their staff and its accounting and bookkeeping system and underlying accounts and records.

RYCO will make available all document required by the Auditor. The following documents and matters are to be considered by the auditor as basic references for performing the audit:

1. Standards on auditing:

* International Audit Standards (ISA 800 / ISA 805)

1. Project/program:

* Grant Agreement, RER-18/0017, signed between RYCO and Norwegian Ministry of Foreign Affairs;
* Approved Budget from 01 January 2019 to 31 December 2021, financing plans, programs of project activities;
* Partnership Agreements;
* Any other documents/reports concerning the project;

1. Accounting:

* Financial documents subject to the audit;
* Financial report related to 3 years of the project implementation (01 January 2019 to 31 December 2019; 01 January 2020 to 31 December 2020; 01 January 2021 to 31 December 2021)
* Financial Guidelines of Partners

‘The **Auditor’** is responsible for performing the audit of the annual financial statements prepared in accordance with International Standards of Auditing (ISA) 800 Special considerations ─ audits of financial statements prepared in accordance with special purpose frameworks or ISA 805 (revised), Special considerations ─ audits of single financial statements and specific elements, accounts or items of a financial statement

The auditor shall explicitly be responsive to the overall principles applicable to the audit engagement.

The auditor will work in close collaboration with project team and RYCO Finance Manager.

For planning purpose, the auditor should consider the turnover of 116,346.85 Euro, for the 1st  
 year of the project implementation and the remaining funds from the total budget for the next periods.

* 1. **Engagement type and objective/s**

The auditor should perform the audit of the annual financial statements for the year ending December 31, 2019, 2020 and 2021.

The information, both financial and nonfinancial, which is subject to verification by the Auditor, is all information which makes it possible to verify that the expenditures claimed by Client in the reporting periods have occurred, and are accurate and eligible.

The audit report shall comply with the requirements set out in the Grant Agreement.

*The audit report shall include:*

a) the Project name and agreement number;

b) identification of the Project's total expenses and total income;

c) the subject of the audit;

d) the financial reporting framework applied;

e) the auditing standards applied;

f) a statement that the auditor has obtained reasonable assurance about whether the financial statements as a whole are free from material misstatement;

g) the auditor's opinion.

In addition to the Project's audit report, the auditor shall *submit a management letter* (matters for governance attention), which shall contain any findings made during the audit of the Project. It shall also list any measures that have been taken as a result of previous audits and whether such measures have been adequate to deal with reported shortcomings.

If any findings have been reported in the Project's management letter, the Client shall prepare a response including an action plan to be submitted to MFA together with the management letter.

# 2.3 Place of audit

The audit is to be carried out within the project environment (administrative offices and/or decentralised sites, if applicable) in other words at RYCO HQ in Tirana, Albania, and if deemed necessary at the respective partners’ offices as well.

# 2.4 Currency and language of the audit report

The financial information contained in the audit report of the auditor is to be expressed **in NOK**, with the respective currency. The audit report of the auditor and all other documents resulting from the audit engagement must be in **English.**

**Deliverables**

**3.1 Audit report prepared in accordance with ISA 800 or ISA 805**

Under this assignment the auditor shall submit an audit report for each year of the project implementation, prepared in accordance with ISA 800 or ISA 805.

The audit report shall include:

* *The project name and agreement number;*
* *Identification of the project total expenses and total income;*
* *The subject of the audit;*
* *The financial reporting framework applied;*
* *The auditing standards applied;*
* *A statement that the auditor has obtained reasonable assurance about whether the financial statements as whole are free from material misstatement;*
* *The auditor’s opinion.*

The auditor shall form an opinion on whether the Project’s financial statements fairly reflect the financial Position of the Project and whether they are prepared, in all materials respects in accordance with applicable financial framework, namely:

* *The financial statements prepared by RYCO which should be in compliance with requirements defined in the grant agreement.*

*As per grant agreement, these Financial statements have to be set up in a way that allows for direct comparison with the latest approved budget, using the same currency and budget line items. They shall, as a minimum, include:*

*a) the accounting principles applied;*

*b) income from all sources, including bank interest. MFA's contribution shall be specified;*

*c) expenses charged/capitalized in the relevant reporting period;*

*d) expenses charged/capitalized from start-up of the Project to the end of the reporting period;*

*e) unused funds as per the reporting date;*

*f) overheads/indirect costs to be covered by the grant;*

*g) balance sheet, when required in accordance with the accounting principles applied;*

*h) explanatory notes including a description of the accounting policies used and any other explanatory material necessary for transparent financial reporting of the Project*

3.2 Management Letter

In addition to the audit report, the Auditor will prepare a detailed “management letter” within 10 days after the report), in which the Auditor will:

1. Give comments and observations on the accounting records, systems, and controls that were examined during the course of the audit;
2. Identify specific deficiencies and areas of weakness in systems and controls;
3. Communicate matters that have come to Auditor’s attention during the audit which might have a significant impact on the implementation of the project;
4. List any measures that have been taken as result of previous audit (if any) and whether such measures have been adequate to deal with the report shortcomings.
5. Bring RYCO to the attention of any other matters that the auditor(s) consider pertinent.

**4. General and specific criteria for the expertise**

The selection criteria are as follow:

1. The company or consortium of companies should have registered Certified Auditors in the audit team;

2. The person appointed as an Audit Manager should be a registered certified accountant with at least 10 years of audit experience;

3. The company or consortium should have at least one accountant with international recognized certification;

4. The certified auditors should demonstrate audit experience in the Western Balkans 6 and donor funded projects;

**5. Application process**

Applications should be submitted via email to **procurement@rycowb.org** within **24.06.2020** not later than **17:00** (CET). Interested and qualified candidates need to enclose following documents to the application:

* Letter of interest where applicants should:

(a) State specific motivation to be selected;

(b) Describe relevant experience to meet the criteria as set above;

* Curriculum Vitae of the audit company/consortium and staff
* Copy of NUIS/ Identification number for TAX Office (VAT number) and related certificates/licenses (as per criteria above section 4)
* Financial offer including all applicable taxes. The Financial Offer should specify the costs per each audit/year.