**CONTRACT**

**FOR THE PROVISION OF EXTERNAL AUDIT SERVICES**

**(FOR ROUTE WB6 PROJECT)**

N**o. <**Contract number**>**

**Background:**

The ROUTE WB6 project is financed by the Norwegian Ministry of Foreign Affairs and is implemented by a consortium led by the Regional Youth Cooperation Office (RYCO) in association with six organizations from the Western Balkan Countries.

RYCO requires a comprehensive and efficient external audit service which will assist RYCO in meeting its roles and responsibilities, whilst maintaining the necessary level of professional independence.

This Contract for the provision of External Audit Services (“*Contract*”) is effective as of Xth day of Month, 2020 and is entered into by and between:

1. **The Regional Youth Cooperation Office (RYCO),** duly established and organized under the laws of the Republic of Albanian, under registration number L71911452J, having its registered address and Head Office at Rruga “Skenderbej”, 8/2/2 in Tirana, Albania, legally represented by Secretary General, Mr. Djuro Blanusa, adult, with full legal capacity to act, hereinafter referred to as the “Contracting authority” or “RYCO”.

of the one part,

and

1. *Full official name of the Service Provider or Service Providers in case of a Consortium*

*Legal status/title*

*Official registration number*

*Full official address*

*Represented by [insert Name, Title of the legal representative], hereinafter referred to as the ‘Service Provider” or “Auditor”*

of the other part

Hereinafter each of them referred to as the “Party” and collectively as the “Parties”.

Article 1

Objective

* 1. The Service Provideragrees to provide to RYCO auditing services in accordance with the terms and conditions set forth in this Contract and its Annexes.
  2. By signing this Contract, the parties confirm receipt and approval of the following documents which are all mandatory for the execution and form an integral part of this Contract:

1. Terms of References (ToRs) for External audit,
2. Financial offer,
3. Any other document part of the procurement procedure.

Article 2

Definitions

In this Contract, the following terms shall be interpreted as indicated:

1. “The Contract” means the agreement entered into between RYCO and the tenderer, including all attachments and appendices thereto and all documents incorporated by reference therein.
2. “The Contract Price” means the price payable to the tenderer by the Contracting authority under the Contract for the full and proper performance of its contractual obligations.
3. “Service provider or “Auditor” means the firm or group of firms providing the auditing services under this Contract that include independent chartered/ certified or state-authorised public accountants.
4. Terms of References means the document that prescribes the technical requirements to be fulfilled by the Auditor while performing the services.
5. “The Services” means services to be provided by the tenderer, including the preparation of any technical documents, which the tenderer is required to provide to RYCO.
6. “Expenditure verification” means the engagement to perform certain agreed upon procedures with regard to the Financial report for the Grant contract.
7. “RYCO” means the organization procuring the services under this Contract.
8. “Day” means calendar day.

* Article 3
* Scope of work

3.1 The audit will focus on the financial execution of the Project carried out by a consortium led by RYCO, as the Lead Partner, and its respective Partners, non-governmental organizations, in charge for the implementation of the project, as listed below:

1. Lens,
2. Youth Cultural Center Bitola,
3. Beyond Barriers Albania,
4. Association for Democratic Prosperity – Zid,
5. Youth Communication Center Banja Luka,
6. Young Researchers of Serbia.

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

1. 01 January 2019 to 31 December 2019
2. 01 January 2020 to 31 December 2020
3. 01 January 2021 to 31 December 2021

3.3 The auditor shall perform the Services in accordance with current financial standards and good ethical practice, reasonably to be expected from a person providing Auditing and Financial Services.

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

3.5 The implementation of the services for all the audit years shall commence upon request from the Contracting Authority.

Article 4

Contracting Party’s responsibilities

RYCO shall make available all documents required by the Auditor for the performance of the auditing services.

Article 5

Audit standard and performance

6.1 The auditor shall undertake the audit of the financial statements in accordance with International Audit Standards of Auditing (ISA) 800 (“Special considerations audits of financial statements prepared in accordance with special purpose frameworks”) or ISA 805 (“Special considerations audits of single financial statements and specific elements, accounts or items of a financial statement”)

6.2 The following documents and matters are to be considered by the auditor as basic references during the performance of the audit:

1. Project/program:
2. Grant Agreement, RER-18/0017, signed between RYCO and the Norwegian Ministry of Foreign Affairs;
3. Approved Budget from 01 January 2019 to 31 December 2021, financing plans, programs of project activities;
4. Partnership Agreements;
5. Any other documents/reports concerning the project;
6. Accounting:
7. Financial documents subject to the audit;
8. 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)
9. Financial Guidelines of Partners.

Article 6

**Deliverables**

6.1 Under this assignment the auditor shall submit an audit report for each year of the project implementation that shall include:

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

6.2 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:

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

6.4 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.

Article 7

Management Letter

In addition to the audit report, the Auditor will prepare a detailed “management letter” within 10 days after the delivery of 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 to the attention of RYCO any other matters that the auditor considers pertinent.

Article 8

Expenditure verification

8.1 The auditor shall carry out the verifications referred to in Article 7 “Deliverables” of this Contract within the premises of the Head office and, if required, in the Local Branch Offices of the Contracting authority.

8.2 Whenever considered necessary the verification process can equally be carried out within the offices of the respective Partners, as mentioned in Article 3 “Scope of work” section i) to vi).

8.3 If the expenditure verification process cannot be carried out within the premises of the Contracting authority, as mentioned in section 10.1 and 10.2 of this Contract, the auditor, upon written approval by the Contracting authority can perform part or the entire auditing services remotely.

8.4 If the auditing services performed by the auditor are carried out remotely, the Contracting authority shall be responsible for providing all information and documents, including scanned copies, necessary to carry out the audit in due time and in accordance with the schedule. In case there are errors in the documents provided by the Contracting authority, the latter shall bear the entire responsibility.

Article 9

Reporting

9.1 The reports delivered by the auditor on this expenditure verification should describe the purpose, the agreed-upon procedures and the factual findings in sufficient details in order to enable the Contracting authority to understand the nature and extent of the procedures performed by the auditor and the factual findings reported by the auditor.

9.2 The auditing services for the financial year 2020 and 2021 shall commence upon official written request by the Contractor Authority to the auditor.

Article 10

Receipt of reports and documents

The Contracting authority, represented by the designated staff in charge of the processes or the Project Financial officer, shall notify and send a written receipt letter to the auditor, within 10 days from the receipt of the reports and documents.

Article 11

Charges and Payment

11.1 The global price for the provision of the auditing services under this Contract is XXX EUR [*write in words*,].

11.2 Break down price for each year is XXX EUR.

11.3 The global price is the total charge to RYCO. The Auditor shall be responsible for the payment of all taxes, duties, and charges assessed on it in connection with this Contract.

11.4 The payment modality shall be executed in compliance with the deliverables for each year as previously mentioned.

11.5 The Auditor shall invoice RYCO in accordance with this Contract. The payment shall be made within 60 days from the date on which an admissible invoice is registered by the contracting authority.

11.6 Payments will be made in EURO by bank transfer into the bank account of the Auditor as follows: (to be inserted by the tenderer)

*Bank account holder name: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_*

*Bank name: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_*

*Address of the bank: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_*

*IBAN: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_*

11.7 If during the execution of this Contract the auditor decides to change his bank account, he must immediately notify in written the Contracting authority.

11.8 RYCO shall be entitled, without derogating from any other right it may have, to defer payment of part or all of the Price until the Auditor has completed, to the satisfaction of RYCO, the delivery of the auditing services to which those payments relate.

Article 12

Notices

All communication by and between the Service provider and RYCO concerning the execution of this Service contract shall be directed designated staff in charge of the processes for each party.

Article 13

Force Majeure

Neither Party will be liable for any delay in performing or failure to perform any or all of its obligations under this Contract if such delay or failure is caused by force majeure, such as civil disorder, military action, natural disaster and other circumstances which are beyond the control of the Party in question. In such event, the party will give immediate notice in writing to the other Party of the existence of such cause or event and of the likelihood of delay.

Article 14

Independent Contractor

The Auditor shall provide the services under this Contract as an independent contractor and not as an employee, partner, or agent of RYCO.

Article 15

Applicable Law and Dispute Resolution

15.1 This contract is governed by the laws of the Republic of Albania, as the Host Country of the Contracting authority.

15.2 Any dispute, controversy or claim arising out of or in connection to this Contract, or the breach, termination or invalidity thereof, shall be settled amicably by negotiation between the Parties. To that end, the Parties shall communicate their positions and any solution that they consider possible in writing, and meet each other at either's request.

15.3 If the attempt to reach an amicable solution to a dispute arising from the application of this Contract with regard to its interpretation or application has not been reached within thirty (60) days from the commencement of such negotiations, the complaining party may submit the dispute to the competent court in the Republic of Albania.

Article 16

Confidentiality

16.1 All information which comes into the auditor’s possession or knowledge in connection with this Contract is to be treated as strictly confidential. The auditor should not communicate such information to any third party without the prior written approval of RYCO.

16.2 The auditor shall comply with the Data Protection Law in the Republic of Albania in the event that it collects, receives, uses, transfers or stores any personal data in the performance of this Contract.

16.3 These obligations shall survive the expiration or termination of this Contract.

Article 17

Status of RYCO

Nothing in this Contract affects the privileges and immunities enjoyed by RYCO as an intergovernmental organization.

Article 18

Assignment and Subcontracting

18.1 The Auditor cannot assign or subcontract the Contract or any work under this Contract.

18.2 Any assignment or subcontract entered into by the Auditor shall be cause for immediate termination of the Contract.

Article 19

Severability

If any part of this Contract is found to be invalid or unenforceable, that part will be severed from this Contract and the remainder of the Contract shall remain in full force.

Article 20

Entirety

This Contract and any Annexes embody the entire agreement between the Parties and supersede all prior agreements and understandings, if any, relating to the subject matter of this Contract.

Article 21

Amendment

Amendments to this Contract may be made by mutual agreement in writing between the Parties and shall become an integral part of the Contract. If an amendment is requested by the any if the Parties, the requesting party shall submit a duly justified request to the other party at least 30 (thirty) days before the date on which the amendment should enter into force, unless there are special circumstances duly substantiated and accepted by both Parties.

Article 22

Suspension

22. Each Party may suspend implementation of this Contract, or any part thereof, if exceptional circumstances, notably of force majeure, make such implementation excessively difficult or dangerous. The requesting Party shall inform the other Party without delay, stating the nature, probable duration and foreseeable effects of the suspension.

22.2 The Parties may then terminate this Contract in accordance with Article 13. If the Contract is not terminated, each Party shall endeavour to minimize the time of its suspension and any possible damage and shall resume implementation once circumstances allow, informing one another accordingly.

Article 23

Governing Language

This Contract is written in English. All correspondence and other documents pertaining to this Contract, which are exchanged by the parties, shall be written in the same language.

Article 24

Final Clauses

24.1 This Contract will enter into force upon signature by both Parties and shall remain in force until completion of all obligations by the Parties.

24.2 The parties agree that all dates, timelines as well as the starting date for the provision of the auditing services depend on the authorizations issued by local authorities regarding   
the COVID-19 health emergency.

24.3 Done in Tirana, Albania, in 3 (three) originals: 2 (two) originals for the Contracting authority; 1 (one) and 1 (one) original for the Auditor.

For the Contracting authority: For the Auditor:

Name: Name:

Title: Title:

Signature: Signature:

Annexes:

1. Terms of References (ToRs) for External audit,
2. Financial offer.