**CONTRACT**

**FOR**

**“THE PROVISION OF EXTERNAL EXPENDITURE**

**VERIFICATION SERVICES”**

This Service Contract (the Contract) is signed on December (X)th, 2020 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* “*Auditor* or *Auditors*”,

*of the other part*

Hereinafter each of them referred to as the “Party” and collectively as the “Parties” have agreed upon the terms and conditions set forth herein:

**Preamble**

RYCO requires a comprehensive and efficient external audit servicefor the performance of the Expenditure Verification of Grant Contracts, which will assist RYCO in meeting its roles and responsibilities, whilst maintaining the necessary level of professional independence.

**Article 1**

**Scope of work**

1. The objective of this Contract is the performance of the Externalexpenditure verification of the Grant contracts for RYCO’s Beneficiaries of the 2nd and 3rd Open call.
2. The Auditoragrees to provide to RYCO professional auditing services in accordance with the terms and conditions set forth herein and Terms of reference.
3. By signing this Contract both Parties confirm receipt and approval of the following documents, which are all mandatory for the execution and form an integral part of this Contract:
4. Terms of References (ToRs) for External expenditure verification services;
5. Annex 1 – Information about the Grant contract;
6. Annex 2 – Listing of specific procedures to be performed;
7. Annex 3 - Model for Expenditure Verification Report;
8. Financial offer; and
9. 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 Auditor(s), 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. “Contracting authority” means RYCO which has signed the Grant Contract with the Beneficiary and is providing the grant funding.
4. “Auditor” or “Auditors” means the audit firm contracted for this engagement and in particular to the partner(s) or other person(s) in the audit firm who is responsible for the engagement and for the report that is issued on behalf of the firm, and who has the appropriate authority from a professional, legal or regulatory body.
5. “Terms of References” means the document that prescribes the technical requirements to be fulfilled by the Auditor while performing the services.
6. “Financial auditing” is the process of examining RYCO’s financial records to determine if they are accurate and in accordance with any applicable rules (including accepted accounting standards), regulations, and laws.
7. “Grant beneficiary” means the organisation that is receiving the grant funding and that has signed the Grant Contract with the Contracting Authority.
8. “Expenditure Verification” means auditing that the Auditor shall perform in order to examine the factual information in the Financial Report of the Beneficiary and compare it with the terms and conditions of the Grant contract.
9. “Estimated expenditures” means the total amount that the Contracting authority has predicted to be subject to the verification process. The total amount of the estimated expenditures is not final but variable and dependant, costs.
10. “Desk review” means the assessment — by collecting, organizing and synthesizing available information in order to understand the context and priorities and identify gaps to address during the field work.
11. “The Services” means services to be provided by the Auditor, including the preparation of any technical documents, which the “Auditor” is required to provide to RYCO.
12. “Contracting Parties” means Albania, Bosnia and Herzegovina, Kosovo\*[[1]](#footnote-1), Montenegro, North Macedonia and Serbia.
13. “Day” means calendar day.

**Article 3**

**Audit Timeline**

1. The external expenditure verification will be performed from December 1st, 2020 – until August 31st, 2021.
2. The total estimated expenditures subject to this expenditure verification amount to 1,528,061 (one million, five hundred twenty eight thousand and sixty one) EUR.

**Article 4**

**Audit standards**

The auditor shall undertake the external expenditure verification in accordance with:

1. the International Standard on Related Services (‘ISRS’) 4400 Engagements to perform Agreed-upon Procedures regarding Financial Information as promulgated by the IFAC;
2. the IFAC Code of Ethics for Professional Accountants, developed and issued by IFAC’s International Ethics Standards Board for Accountants (IESBA), which establishes fundamental ethical principles for Auditors with regard to integrity, objectivity, independence, professional competence and due care, confidentiality, professional behavior and technical standards.

**Article 5**

**Contracting** authority**’s responsibilities**

The Contracting Authority will provide to the Auditor all the documentation submitted by grant beneficiaries as well as any documents required by the Auditor in order to perform the expenditure verification.

**Article 6**

**Methodology**

1. The desk review and/or field work shall start as soon as possible and no later than 5 (five) calendar days after the date of availability of the Financial Reports or any other relevant supporting documents by the Contracting authority.
2. At the end of the desk review and/or field work, the Auditor shall prepare a debriefing memo within 15 (fifteen) days from the receipt of the Final Financial Report and supporting documents, in coordination with RYCO to contact the beneficiary in order to discuss the findings, obtain its initial comments and agree on additional information to be provided at a later date, maximum within 10 (ten) working days.
3. The Auditor shall pay specific attention to the following contractual provisions:
4. documentation, filing and record keeping for expenditure and income;
5. eligibility of expenditure and income;
6. procurement rules;
7. asset management (management and control of fixed assets; e.g. equipment).
8. cash and bank management (treasury);
9. payroll and time management;
10. accounting (including the use of exchange rates) and financial reporting of expenditures and incomes.

**Article 7**

**Complementary Letter**

1. The Auditor may at any time, during the expenditure verification, address a complementary letter to RYCO about facts and issues that are considered pertinent and which might have a significant impact on the performance of the process.
2. The Auditor shall immediately report to RYCO of any suspected fraud or irregularity.

**Article 8**

**Place of audit**

1. The Auditor shall perform the expenditure verification process as desk review and/or within the premises of the offices of the Contracting authority in each Contracting party, or respective locations of the Grant beneficiaries.
2. If the expenditure verification process cannot be performed within the premises of the Contracting authority, the Auditor, upon written approval by the Contracting authority can perform part or the entire services remotely.
3. If the financial auditing services performed by the Auditor are performed remotely, the Contracting authority shall be responsible for providing all information and documents, including scanned copies, necessary to perform 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**

1. The Auditor shall submit the final reports to RYCO:
2. by February 15th, 2021 for the expenditure verification of Grant beneficiaries of the 2nd Open call;
3. by June 30th, 2021 for the expenditure verification of Grant beneficiaries of 3rd Open call.
4. The reports delivered by the auditor 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.
5. A separate and specific report should be issued for each Grant Beneficiary Contract and detail the findings identified through the performance of the agreed-upon procedures.
6. The verification process shall consist of a complete and exhaustive verification of all the expenditure items that are included in a specific expenditure heading or subheading. This verification should cover 100% of the expenditure.
7. The auditor shall use the Expenditure Verification report template in Annex 3 of the ToRs, including the annexed tables, part of and attached to this Contract.
8. The financial information contained in the audit report of the Auditor shall be expressed in EUR.
9. The expenditure verification of the Auditor and all other documents resulting from this engagement must be written and submitted in English only.

**Article 10**

**Receipt of reports and documents**

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

**Article 11**

**Price of Contract and Payment Modality**

1. The global gross price for the performance of the auditing services related to the expenditure verification under this Contract shall not exceed 3 % (three percent) of the estimated amount as mentioned in article 3.2 above.
2. The global gross 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.
3. RYCO shall execute the payment of the global price under this Contract in 3 (three) equal instalments: i) the first installment upon delivery by the Auditor of a general overview of the expenditure verification; ii) the second installment upon delivery by the Auditor of the final reports and iii) the third installment only upon official acceptance by RYCO of the final reports for all verified Grant contracts.
4. The Auditor shall invoice RYCO in accordance with this Contract. The disbursement shall be executed within 30 (thirty) days from the date on which an admissible fiscal invoice is received by the Contracting authority.
5. The disbursement will be executed in EURO, by bank transfer, into the bank account of the Auditor to the following bank accout details:

*Bank account holder name:*

*Bank name:*

*Address of the bank:*

*Account number*

*IBAN:*

1. If during the execution of this Contract the Auditor decides to change the bank account, it must immediately notify in written the Contracting authority.

**Article 12**

**Performance of the Contract**

1. The Auditor must perform the Contract within the set deadlines and to the highest professional standards, in compliance with the herein set provisions, in accordance to the Contracting authority’s internal rules, procedures and regulations as well as financial standards and good ethical practice, reasonably to be expected from a person providing professional Auditing and Financial Services.
2. If the Auditor cannot fulfil its obligations, it must immediately inform the Contracting authority.

**Article 13**

**Termination of the Contract**

1. This Contract can be terminated in the following cases:
2. with the mutual agreement of both Parties;
3. unilateral termination initiative of the Contracting authority as well as the Auditor at any time by sending a written request, not less than 30 (thirty) days in advance;
4. fulfilment of the object of the Contract
5. Inability to meet the terms of the Contract by one of the Parties.
6. The Contracting authority may at any moment terminate the Contract if the Auditor:
   1. is performing its tasks poorly,
   2. is not performing the tasks; or
   3. has committed substantial errors, irregularities or fraud.
7. The Contracting authority must formally notify the Auditor of its intention, include the reasons why and invite it to submit any observations within 10 (ten) days of receiving notification. If the Contracting authority does not accept these observations, it will formally notify confirmation of the termination. The termination will take effect on the date the notification is sent by the Contracting authority.
8. The Auditor may at any moment terminate the Contract if it is not able to fulfil its obligations in carrying out the work required. The Auditor must formally notify the Contracting authority and include the reasons by giving 30 (thirty) days’ notice. The termination will take effect on the date the Contracting authority will formally notify confirmation of the termination.
9. Only fees for days actually worked before termination of the Contract shall be paid. The Auditor must submit the payment request for the services already executed on the date of termination within 30 (thirty) days from the date of termination.

**Article 14**

**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 15**

**Applicable Law and Dispute Resolution**

1. This Contract is governed by the laws of the Republic of Albania, as the Host Country of the Contracting authority.
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.
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 30 (thirty) 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**

**Independent Contractor**

1. The Auditor shall provide the services under this Contract as an independent contractor and not as an employee, partner, or agent of RYCO.
2. The Auditor shall have sole responsibility for the staff who execute the tasks assigned to it.

**Article 17**

**Confidentiality**

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

**Article 18**

**Assignment and Subcontracting**

1. The Auditor shall not assign, subcontract, transfer, pledge, or make any other disposition of the Contract, of any part thereof, or of any of the rights, claims or obligations under the Contract, except with the prior written authorization of the Contracting Authority.
2. Any assignment, subcontract, transfer or pledge entered into initiated by the Auditor without the prior written authorization of the Contracting Authority shall be cause for immediate termination of the Contract.

**Article 19**

**Taxes**

The Auditor is solely and exclusively responsible for paying income taxes, health and social contributions, as well as other obligations and charges related to the execution of this Contract in compliance with the tax requirements and legislation.

**Article 20**

**Entirety**

1. The Contract shall be interpreted by considering its terms and conditions as an entirety. Any clause or wording that may create uncertainty must be viewed in the context of the entire Contract and in the view of the purposes that caused both Parties to enter into this Contract.
2. If any provision of this Contract shall become invalid, illegal or unenforceable, such provision shall be become null and void; nevertheless, all other provisions of this Contract shall remain in full force and effect.
3. This Contract covers all arrangement between the Parties, related to the object herein and substitutes all and any previous agreements and understandings between the Parties, whether written or verbal.

**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**

**Notices**

1. All communication and notices by and between the Auditor and RYCO concerning the execution of this Contract shall be directed to Mr/Mrs/Ms-------------------------------, on behalf of RYCO, to the following e-mail address: ------------------------------ and to Mr/Mrs/Ms -----------------on behalf of the Auditor, to the following email address: ----------------------.
2. Both Parties undertake the obligation to notify immediately one another of any change in their registration such as residence or legal representation, which may have an impact on the execution of present Contract and on their professional relationship.

**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.

Done in Tirana, Albania, in 4 (four) originals: 3 (three) originals for the Contracting authority and 1 (one) original for the Auditor.

**For the Contracting authority: For the Auditor:**

Mr. Djuro Blanusa Mr/Mrs/Ms [insert name/surname]

[*Signature*] [*Signature*]

Secretary General Title/Position

Regional Youth Cooperation Office [Name of the company/ies]

1. *\**This designation is without prejudice to positions on status, and is in line with UNSCR 1244 and the ICJ Opinion on the Kosovo Declaration of Independence*.*  [↑](#footnote-ref-1)