

Terms of Reference (ToR) for Expenditure Verification of the project “Education, Employment, Partnerships and Gender Equality: A Winning Formula for Roma in VET” funded by Austrian Development Cooperation and implemented by REF

Background

Roma Education Fund (REF) is an international foundation established in 2005 and dedicated to closing the gap in educational outcomes between Roma and non-Roma. REF’s mission and ultimate goal is to contribute to closing the gap in educational outcomes between Roma and non-Roma. In order to achieve this, the organization supports policies and programs that ensure quality education for Roma.

With an active and growing network of representative offices across Central, Eastern, South Eastern Europe and Turkey, REF provides grants and scholarships to entities and individuals who share its belief in quality, inclusive education and desegregated schools and classrooms.

The project

“Education, Employment, Partnerships and Gender Equality: A Winning Formula for Roma in VET”/Short name: WinForVET is co-financed by the Austrian Development Cooperation through Austrian Development Agency (ADA), and implemented by Roma Education Fund in Albania - Tirana, Korca, Fier, Elbasan, Gjirokaster, Durres, Berat, and Kosovo - Prizren, Gjakova, Gracanica, Ferizaj, Fush Kosova, Prishtina, and Peja.

The project is managed by REF office in Serbia. Local project partners are Roma Versitas Albania and Roma Versitas Kosovo.

The overall **objective** of the project is to contribute to social inclusion and poverty reduction of Roma¹ in Albania and Kosovo through support of the vocational education and training, facilitation to labor market and empowering stakeholders to take measures to support transition of Roma to employment.

The activities and outputs are focused on two specific outcomes:

- 1. Education** - increased access to vocational education for Roma youth and young adults, through scholarships, mentoring and tutoring and improving access to education and employment for Roma girls and women.
- 2. Employability** - improved employability for Roma youth and young adults, through job placements, professional development and partnerships of civil society, public and private sector institutions for Roma workforce inclusion aimed at influencing policy changes.

¹ As it is most commonly used in European policy documents and discussions, the term “Roma” refers to a variety of groups who describe themselves not only as Roma but also as Gypsies, Travellers, Manouches, Ashkali, Sinti and other titles. This document will use this term as a convenient shorthand while recognizing the rich diversity of the people and cultures that it includes.

The project focuses on strengthening professional skills of REF scholars and other beneficiaries – through vocational trainings, internships, professional skills development, cooperation and partnerships with employers. The project provides a wide range of vocational trainings, paid professional internships in the public or private sector, and additional education, which includes scholarship and mentoring support.

Primary target groups:

Up to 300 Roma beneficiaries (50% female), up to 150 in Albania and up to 150 in Kosovo, who will receive VET-related scholarships, training or employment:

- Young Roma (age 14-18) who have completed compulsory education and are already enrolled in a VET program
- Young Roma (age 14-18) who have completed compulsory education, willing to enroll in a VET program
- Young adults with incomplete secondary or vocational education (18-28) who would like to complete a VET program
- Young, unemployed adults (18-28), with completed secondary or vocational education, who would like to complete a VET program and/or seek better employment opportunities
- Young, currently working adults (18-28), with completed secondary or vocational education, who would like to change jobs and seek better vocational opportunities.

Indirect beneficiaries:

- Governmental authorities working on education, VET and labor issues: Albania - Ministry of Education and Sport (MoES), Ministry of Finance and Economy (MoFE), Kosovo - Ministry of Education Science, Technology and Innovation (MESTI) and Municipal Education Departments, Ministry of Economy, Trade, Industry Entrepreneurship and Employment
- Educational and training institutions: VET schools (providing diplomas), Vocational Training Centers (public and private, offering short-term courses and programs, 3-6 months) (at least seven VET long-term schools and up to 14 short-term centers)
- Employment institutions: national and local employment offices (seven regional employment office)
- Between 50 – 70 private sector employers (The number may differ from the place to the opportunities the diploma acquired after the VET might offer)
- Families of primary target groups (approximately 600 indirect beneficiaries).

The project responds firmly and clearly to equal opportunities and non-discrimination of Roma people by strengthening and interweaving services for Roma education and facilitating transition to labor and labor market integration. Project results will facilitate the integration of marginalized communities through education, active role in the labor market and will help economic and social regeneration of deprived communities through enhanced purchasing power of Roma families. Equal participation of men and women in the project activities and gender mainstreaming will be ensured throughout the project lifetime.

Project timeline

Start date: May 1, 2020

End date: December 31, 2022 (project dates per Contract - May 1, 2020-December 31, 2022)

Expenditure Verification

Expenditure Verification is understood as the work performed by the Auditor under the guidelines set out in this document. Even if sometimes referred to as an Audit, it must be emphasized that the approach of this agreed-upon procedures engagement regarding the Expenditure Verification goes beyond the scope of a mere Audit on Financial Statements.

Expenditure Verification timeline requirements

Expenditure Verification will include the entire project duration (May 1, 2020 – December 31, 2022). It will consist of several reports:

- Expenditure Verification Report the first year of the project implementation (May 1, 2020 – April 30, 2021), which will be submitted to the Contractor (REF) by June 25, 2021
- Expenditure Verification Report for the second year of the project implementation (May 1, 2021 – April 30, 2022), which will be submitted to the Contractor (REF) by June 25, 2022, and
- Final Expenditure Verification Report for the total project duration (May 1, 2020 – December 31, 2022), which will be submitted to Contractor (REF) by February 28, 2023.

Contractor

The Auditor is engaged by the Grant Recipient (REF) in the role of a Contractor. A written contract between Contractor and Auditor and/or an Engagement Letter is required. This ToR is an integral part of the Agreement.

Minimum requirements for Auditors

This Call is open to certified companies based in Serbia.

The Auditor is a member of a national accounting or auditing body or institution which in turn is member of the International Federation of Accountants (IFAC) or the Auditor is a member of a national accounting or auditing body or institution. Although this organization is not member of the IFAC, the Auditor commits himself/herself to undertake this engagement in accordance with the IFAC standards and ethics.

The Auditor will employ staff with appropriate professional qualifications and suitable experience with IFAC standards and with experience in verifying financial information of entities comparable in size and complexity to the Grant Recipient, project partners and the project itself.

The Auditor has sufficient knowledge of relevant laws, regulations and rules in the country (countries) concerned (Serbia, Albania, Kosovo). This includes but is not limited to taxation, social security and labor regulations, accounting and reporting.

The Auditor may subcontract a part of this Expenditure Verification to a partner company in Albania and/or Kosovo. Offered cost of the Expenditure Verification will always include a total of all costs including subcontracting.

The Auditor will provide the Contractor with CVs of the staff/experts involved in the Expenditure Verification. The CVs will include appropriate details for the purpose of the evaluation of the offer on the relevant specific experience for this expenditure verification and the qualifying work carried out in the past.

Audit Standards

The Auditor shall undertake this engagement in accordance with:

- the International Standard on Related Services ('ISRS') 4400 Engagements to perform agreed-upon procedures regarding financial Information as promulgated by the IFAC;
- 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 regarding integrity, objectivity, independence, professional competence and due care, confidentiality, professional behavior and technical standards.

Although ISRS 4400 provides that independence is not a requirement for agreed-upon procedures engagements, the Contractor requires that the Auditor is independent from the Grant Recipient and complies with the independence requirements of the IFAC Code of Ethics for Professional Accountants.

The Auditor has sufficient knowledge of relevant laws, regulations and rules in the country concerned. This includes but is not limited to taxation, social security and labor regulations, accounting and reporting.

The Auditor will employ staff with appropriate professional qualifications and suitable experience with IFAC standards and with experience in verifying financial information of entities comparable in size and complexity to the Grant Recipient.

Contractor's duties

The Contractor provides the Auditor with all necessary information to perform his/her work.

The following underlying documents are required as a minimum:

- Grant Agreement concluded between Austrian Development Agency (ADA) and the Grant Recipient (REF) with all annexes, including contracts or agreements between the Grant Recipient and his/her partners (Roma Versitas Kosovo and Roma Versitas Albania),
- Amendments to the Grant Agreement, if any
- Financial Statement.

The Financial Statement (consisting of a summary and a detailed breakdown) includes a Budget vs. Expenditure comparison and a detailed voucher list classified according to the relevant budget lines and covers all project expenses and funds received from ADA, the Grant Recipient itself, other project partners or other donors. Revenues including accrued interest, if any, and calculations of conversions to the contract currency (generally Euro) are to be attested as well.

The Financial Statement covers all project expenses and funds received from ADA, the Grant Recipient, other project partners or other donors.

Contributions in kind are generally not part of the Project Budget and are thus not reflected in the Financial Statement.

If, in exceptional cases, the project budget includes expenses which cannot be verified by the Auditor, these expenses must be declared in the Terms of Reference (ToR) and in the Financial Statement.

The Budget vs. Expenditure comparison follows the approved budget and shows at least the same level of detail.

The Expenditure Coverage Ratio (ECR)² is defined in this Terms of Reference (ToR). The Auditor ensures that the overall ECR is at least 65%. If he finds an exception rate of less than 10% of the total amount of expenditure verified (i.e. 6,5 %) the Auditor finalizes the verification procedures and continues with reporting.

If the exception rate found is higher than 10% the Auditor extends verification procedures until the ECR is at least 85%. The Auditor then finalizes verification procedures and continues with reporting regardless of the total exception rate found. The Auditor ensures that the ECR for each expenditure heading and subheading in the Financial Report is at least 10%.

If the exception rate found is higher than 10% the Auditor extends verification procedures until the ECR is at least 85%. The Auditor then finalizes verification procedures and continues with reporting regardless of

² This ratio represents the total amount of expenditure to be verified expressed as a percentage of the total expenditure which has been subject of this

the total exception rate found. The Auditor ensures that the ECR for each expenditure heading and subheading in the Financial Report is at least 10%.

The Contractor must reserve the right to share the Expenditure Verification Report and its annexes with all donors.

ADA reserves the right to reject the Expenditure Verification Report if it does not comply with the required standards.

ADA may at any time require the submission of the original vouchers. The original vouchers must be available for in situ inspection by ADA at any time for a period of ten years starting from the end of the year during which the last instalment has been disbursed by ADA. ADA shall be allowed to inspect in detail the financial management of the Project at any time.

Procedures to be performed by the Auditor

The Auditor verifies on the basis of original documents, if

- costs declared in the Financial Statement are justified by the relevant supporting documents
- costs meet eligibility criteria stipulated in the Grant Agreement and its annexes
- original vouchers are clearly associated with the project and the projects time-frame
- all invoices have been settled and paid for
- financial resources have been used efficiently, cost effectively and solely for the purpose for which they were provided
- Generally accepted accounting standards are met
- conversion of currency has been calculated correctly
- accrued interest has been declared³
- expenses have been correctly assigned to budget items
- over expenditure, if any, lies within the thresholds stipulated in the Grant Agreement
- usage of budget funds under “unforeseen” or “contingency reserve” has been approved by ADA
- indirect costs⁴, if foreseen in the budget, have been calculated properly
- procurement regulations have been met
- other revenues originally not foreseen in the financial plan were registered or
- revenues foreseen in the financial plan were not realized
- the contract, terms and conditions have been complied with
- applicable tax laws and regulations have been complied with
- applicable social and labor laws have been complied with

³ note that accrued interest must be reimbursed to ADA

⁴ Indirect costs (also named “Projektbegleitentgelt, (PBE)”) are calculated proportionally to eligible direct costs and do not require further supporting documents. Audit costs are part of indirect costs. For details refer to “Guidelines indirect costs”.

- an adequate, effective internal control system exists
- all assets and equipment have been incorporated in the asset list
- assets and equipment have been used for the project purposes
- project vehicles, if any, have been used according to the standards set out in the General Terms and Conditions of the Grant Agreement
- regulations on travel expenses have been followed
- sub-grants foreseen in the project document have been provided to third parties and have been properly accounted for based on actual costs
- applicable visibility regulations have been adhered to
- recommendations from previous periods have been implemented
- depreciation on investment goods that continue to be available to the Recipient after the end of the term of the Agreement has been properly calculated⁵
- equipment or services produced or provided by the Recipient itself have been charged at cost only (without any markup)⁶.

Deliverables

The Auditor shall produce an Expenditure Verification Report which contains at least⁷:

- Title
- Addressee
- Brief description of the project and partner(s)
- Period covered by the report
- Total amount of budgeted and actual incomes
- Complete list of project funds transferred, including donors' names, dates and exchange rates
- Total amount of actual expenditures verified
- Expenditure Coverage Ratio
- Description of the procedures performed
- Factual findings
- Recommendations, if applicable
- Follow up of previous recommendations, if applicable
- Other relevant matters

⁵ This applies to Business Partnerships only

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⁷ For details on reporting please refer to ISRS 4400, issued by IFAC

- Date of the report
- Auditor's address and signature

The Report shall also comprise the following annexes:

- Financial Statement
- Bank account statements
- List of payable invoices, if any
- In case ineligible costs are detected, a list of respective vouchers
- Asset list
- If expenses contain Value Added Tax (VAT), the Auditor shall certify that Grant Recipient is not exempt from VAT and cannot reclaim it either.

Fees

The audit fees will be agreed through a competitive bidding process.

Selection criteria, documentation and timeline for submitting offers

The following selection criteria will be applied to the tenderers.

1. Economic and financial capacity of the Tenderer

The reference period which will be considered will be the last three years for which accounts have been closed.

The average annual turnover of the Tenderer in the last three years must exceed the annualised maximum budget of the contract.

2. Professional capacity of the Tenderer

The reference period which will be taken into account will be the last three years from submission deadline.

The Tenderer should have at least 3 (three) staff currently working for the Tenderer in areas related to this contract.

3. Technical capacity of Tenderer

The reference period which will be taken into account will be the last three years from submission deadline.

The Tenderer has provided services under at least 2 (two) contracts, each with a budget of at least that of this contract in field of Audit which were implemented at any moment during the following period: 01.04.2015-01.04.2020.

In addition to the Offer, the Tenderer is required to provide the following supporting documentation:

- Copy of legal registration
- Copy of VAT registration

- Official annual financial reports and/or bank confirmation of turnover of the company for 2018, 2019 and 2020
- Proof of technical capacity – at least three staff currently work in areas related to this contract
- Proof for delivered services under at least 2 contracts with a budget of at least 15000 EUR in the field of auditing which were implemented during the period of 5 years from the submission deadline of this contract.

Offers must be submitted by the close of business on April 27th, 2021, via email to: lvasic@romaeducationfund.org