

PROIECTUL "SOLUȚII PENTRU TINERI" (SOLUTIONS4YOUTH)

TERMS OF REFERENCE

EXPENDITURE VERIFICATION OF THE PROJECT

"SOLUTIONS FOR YOUTH TO ADVANCE"

The following are the terms of reference ('ToR') on which the *Center for Entrepreneurial Education and Business Support* 'the Beneficiary' agrees to engage *the audit firm* to perform expenditure verifications and to report in connection with the project "Solutions for Youth to Advance" according to the Grant Agreement concluded by and between the *Austrian Development Agency* and the *Center for Entrepreneurial Education and Business Support*, ADC Project number **8386-00/2022** of 23.06.2023.

1.1. Responsibilities of the Parties to the Engagement

- The Beneficiary is responsible for providing Financial Reports for the project implemented under its own responsibility, which complies with the terms and conditions of the Grant Agreement and for ensuring that this Financial Reports can be reconciled to the Beneficiary's accounting and bookkeeping system and to the underlying accounts and records. The Beneficiary is responsible for providing sufficient and accurate information, both financial and non-financial, in support of the Financial Reports.
- The Beneficiary accepts that the ability of the Auditor to perform the procedures required by this engagement effectively depends on the Beneficiary, providing full and unencumbered access to the Beneficiary's accounting and bookkeeping system and underlying accounts and records.
- The Auditor is responsible for performing the agreed-upon procedures as specified in these ToR, and for submitting the reports of factual findings to the Beneficiary. 'Auditor' refers to the audit firm contracted for this engagement and particularly to the person in the audit firm who is responsible for the engagement and for the reports that are issued on behalf of the firm/entity, and who has the appropriate authority from a professional, legal or regulatory body.

By agreeing these ToR the Auditor confirms that he meets the following conditions:

- The Auditor is a member of a national accounting or auditing body or institution which in turn is a member of the International Federation of Accountants (IFAC).
- The Auditor and/or the firm asserts that he/she/it has both the knowledge and competence to apply the IFAC standards and ethics set out in these ToR and commits himself/herself/itself to undertake this engagement in accordance with the IFAC standards and ethics set out in these ToR.

1.2. Subject of the Engagement

The subject of this engagement is the Financial Reports in connection with the Grant Agreement for the periods covering:



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Financial Report	Reporting period
1 st expenditure verification report	1 May 2023 to 30 April 2024
2 nd expenditure verification report	1 May 2024 to 30 April 2025
3 rd expenditure verification report	1 May 2025 to 30 April 2026
Final expenditure verification report	1 May 2026 to 30 April 2027

and the Project "Solutions for Youth to Advance", entitled the 'Project'.

1.3. Reason for the Engagement

The Beneficiary is required to submit to the Austrian Development Agency the expenditure verification reports for the part of the Action implemented under its own responsibility produced by an external auditor.

1.4. Engagement Type and Objective

This expenditure verifications are an engagement to perform certain agreed-upon procedures with regard to the Financial Reports. The objective of this expenditure verifications is for the Auditor to carry out the specific procedures according to the Listing of Specific Procedures to be performed and to submit to the Beneficiary the reports of factual findings with regard to the specific verification procedures performed. Verification means that the Auditor examines the factual information in the Financial Report of the Beneficiary and compares it with the terms and conditions of the Grant Agreement. As this engagement is not an assurance engagement the Auditor does not provide an audit opinion and expresses no assurance. The Austrian Development Agency assesses for itself the factual findings reported by the Auditor and draws its own conclusions from these factual findings.

1.5. Standards and Ethics

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 with regard to integrity, objectivity, independence, professional competence and due care, confidentiality, professional behaviour and technical standards.

1.6. Procedures, Evidence and Documentation

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The Auditor plans the work so that effective expenditure verifications can be performed. The Auditor performs the procedures according to the Listing of Specific Procedures to be performed. The evidence to be used for performing these procedures is all financial and non-financial information which makes it possible to examine the expenditures claimed by the Beneficiary in the Financial Reports. The Auditor uses the evidence obtained from these procedures as the basis for the report of factual findings. The Auditor documents matters which are important in providing evidence to support the reports of factual findings, and evidence that the work was carried out in accordance with these ToR.

1.7. Reporting

The reports on this expenditure verifications should describe the purpose, the agreed-upon procedures and the factual findings of the engagement in sufficient detail in order to enable the Beneficiary and the Austrian Development Agency to understand the nature and extent of the procedures performed by the Auditor and the factual findings reported by the Auditor.

The reports of factual findings, the reporting periods and deadlines by which reports should be provided by the Auditor to the Beneficiary:

Report	Reporting period	Due date
1 st expenditure verification report	1 May 2023 to 30 April 2024	30 June 2024
2 nd expenditure verification report	1 May 2024 to 30 April 2025	30 June 2025
3 rd expenditure verification report	1 May 2025 to 30 April 2026	30 June 2026
Final expenditure verification report	1 May 2026 to 30 April 2027	31 July 2027

2. Listing of Specific Procedures to be performed.

General Procedures.

2.1. Terms and Conditions of the Grant Agreement

The Auditor obtains an understanding of the terms and conditions of the Grant Agreement by reviewing the Agreement and its annexes, and other relevant information. The Auditor obtains a copy of the original Grant Agreement with its annexes. The Auditor obtains and reviews the Reports (which includes a narrative and a financial section).

2.2. Financial Report

The Auditor verifies that the Financial Reports complies with the conditions of the Grant Agreement.

2.3. Rules for Accounting and Record keeping

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The Auditor examines – when performing the procedures listed in this Annex - whether the Beneficiary has complied with the rules for accounting and record keeping:

- The accounts kept by the Beneficiary for the implementation of the project must be a complete and accurate record of the real and authorized transactions financed by the grant;
- The Beneficiary must have a double-entry book-keeping system;
- The accounts for income and expenditure relating to the project must be easily identifiable and verifiable;
- The accounts must provide details of interest accrued on funds paid by the Austrian Development Agency.

2.4. Reconciling the Financial Reports to the Beneficiary's Accounting System and Records

The Auditor verifies the reconciliation of the information in the Financial Reports to the Beneficiary's accounting system(s) and records (e. g. trial balance, general ledger accounts, sub ledgers etc.)

2.5. Exchange Rates

The Auditor verifies that amounts of expenditures incurred in EUR have been converted to MDL at the appropriate exchange rate.

Procedures to verify conformity of Expenditures with the Budget and Analytical Review

3.1. Budget of the project

The Auditor carries out an analytical review of the expenditure's headings in the Financial Reports.

The Auditor verifies that the budget in the Financial Reports corresponds with the budget of the Grant Agreement.

3.2. Amendments to the Budget

The Auditor verifies whether there have been amendments to the budget of the Grant Agreement. Where this is the case, the Auditor verifies that the Beneficiary has:

- requested an amendment to budget and obtained an addendum if such an addendum was required.
- informed the Austrian Development Agency about the amendment in case the amendment was limited and an addendum was not required.

Procedures to verify selected Expenditure

4.1. Eligibility of Costs

The Auditor verifies, for each expenditure item selected, the eligibility criteria set out below.

(1) *Costs actually incurred*

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The Auditor verifies that the expenditure for a selected item was actually incurred by and pertains to the Beneficiary. For this purpose, the Auditor examines supporting documents (e.g. invoices, contracts) and proof of payment. The Auditor also examines proof of work done, goods received or services rendered and he/she/it verifies the existence of assets, if applicable.

(2) *Cut-off - Implementation period*

The Auditor verifies that the expenditure for a selected item was incurred during the implementation period of the project.

(3) *Budget*

The Auditor verifies that the expenditure for a selected item was indicated in the project budget and was foreseen to be incurred by the Beneficiary.

(4) *Necessary*

The Auditor verifies whether it is plausible that the expenditure for a selected item was necessary for the implementation of the project and that it had to be incurred for the contracted activities of the project by examining the nature of the expenditure with supporting documents.

(5) *Records*

The Auditor verifies that expenditure for a selected item is recorded in the Beneficiary's accounting system and was recorded in accordance with the applicable accounting standards of the country where the Beneficiary is established.

(6) *Justified*

The Auditor verifies that expenditure for a selected item is substantiated by evidence and notably the supporting documents.

(7) *Valuation*

The Auditor verifies that the monetary value of a selected expenditure item agrees with underlying documents (e.g. invoices, salary statements) and that correct exchange rates are used where applicable.

(8) *Classification*

The Auditor examines the nature of the expenditure for a selected item and verifies that the expenditure item has been classified under the correct heading of the Financial Report.

4.2. Non - eligible costs

The Auditor/Controller verifies that the expenditure for a selected item does not concern a non-eligible cost.

The Auditor verifies whether expenditure includes certain taxes, including VAT. If this is the case the Auditor verifies whether the Beneficiary cannot reclaim these taxes and whether the applicable



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regulations, rules and practices in the country concerned allow the coverage of these taxes in the expenditure.

4.3. Revenues of the Action

The Auditor examines whether revenues which should be attributed to the project (for example interest earned) have been recorded in the accounting system and disclosed in the Financial Reports.