



SERVICE CONTRACT

FN-RES/XXX/17

The Regional School of Public Administration (ReSPA),
with its Head Office at Branelovica bb,
81410 Danilovgrad, Montenegro,
here and after referred as “**Beneficiary**”, of the one part

and

XXX

Registration number:

Address

VAT number

here and after referred as “**Auditor**” of the other part,

have agreed the following which must be considered part of the present contract .

1. Responsibilities of the Beneficiary

The Beneficiary refers to the entity that is receiving the funds through the Core Budget and of “directly managed funds”, here and after referred as “funds” received from the ReSPA Members, Observers and other Donors. According to the article 15(n) of the International Agreement on Establishment of ReSPA, Governing Board shall nominate the Independent Auditor(s).

The Beneficiary is responsible for providing a Financial Report for the services financed by the funds and for ensuring that this Financial Report can be reconciled to the Beneficiary’s accounts and records in respect of these services. The Beneficiary is responsible for providing sufficient and adequate information, both financial and non-financial, in support of the Financial Report.

The Beneficiary accepts that the ability of the Auditor to perform the procedures required by this engagement effectively depends upon the Beneficiary providing full and free access to Beneficiary’s staff and its accounts and records.

2. Responsibilities of the Auditor

Auditor refers to the audit firm contracted for this engagement and in particular to the partner or other person 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.

Auditor is responsible for performing the agreed-upon procedures as specified in the Terms and Reference, and for submitting a report of factual findings to the Beneficiary and to the Budget Committee and the Governing Board, in accordance with the International Agreement of ReSPA Establishment and ReSPA Financial Regulations (Article 36 (4)), by 31 May 2017. The Auditor confirms that he/she meets the General Requirements as specified in the Terms and Reference.

3. Subject of the Engagement

The subject of this engagement is the Annual Financial Report of the financial statements of ReSPA for the period between 01.01.2016 to 31.12.2016. The Auditor should audit reports and certified accounts, together with a statement of assurance relating to the reliability of the accounts and the legality and regularity of the underlying transactions.

The independent Auditor shall give its opinion on Financial Statements of ReSPA with regard to the maintenance of accounting record in accordance with the generally accepted accounting standards in the European Communities.

The service should be performed strictly and only in compliance with the attach Terms of Reference.

4. Reason for the Engagement

The Beneficiary is required to submit the Annual Financial Report produced by an independent Auditor as requested by the Article 36 of the ReSPA Financial Regulation, following the General requirements in the Terms of Reference.

5. Standards and Guidance

The Auditor shall undertake this engagement in accordance with the Standard and Guidance as specified in the Terms of Reference.

6. Other Terms

The fee for this engagement shall be XXXX Euro, excluding VAT.

Annex 1 Terms of Reference for ReSPA Annual Audit

Made in three (3) original copies

For the Beneficiary:

For the Auditor:

Signature

Signature

Ratka Sekulovic
ReSPA Director
_____2017

_____2017

ANNEX 1

TERMS OF REFERENCE FOR RESPA ANNUAL INDEPENDENT AUDIT Available budget: 10,000 EUR

1. Introduction

The Regional School of Public Administration (ReSPA) is the inter-governmental organization for enhancing regional cooperation, promoting shared learning and supporting the development of public administration in the Western Balkans. ReSPA Members are Albania, Bosnia and Herzegovina, Macedonia, Montenegro and Serbia, while Kosovo*¹ is a beneficiary. ReSPA's purpose is to help governments in the region develop better public administration, public services and overall governance systems for their citizens and businesses, and prepare them for membership in the European Union (EU).

According to the Agreement establishing the Regional School of Public Administration Article 25 Financial Reporting point (4) there is a requirement to conduct annual independent audit by Independent Auditor of the use of the Core Budget and of "directly managed funds", received from Members of ReSPA, Observers and other donors. According to Article 36 from the Financial Regulations point 1 ReSPA Governing Board nominates the Independent Auditor pursuant to Article 15(1)(n) of the International Agreement of ReSPA Establishment.

1.1 *Scope of the Audit*

The Audit shall be carried out in accordance with the International Standards of Auditing (ISA), and in compliance with the Article 15(1)(m) of the International Agreement of ReSPA Establishment. The Independent Auditor should carry out an audit of the annual financial statements of ReSPA, pursuant to article 36 of ReSPA Financial Regulations, for the period 01.01.2016 to 31.12.2016 and expenditure verification of ReSPA Core Budget for the same period. The independent auditor should audit report and certified accounts, together with a statement of assurance relating to the reliability of the accounts and the legality and regularity of the underlying transactions.

1.2 *Audit Opinion*

The audit company shall give its opinion on Financial Statements of ReSPA with regard to the maintenance of accounting record in accordance with the generally accepted accounting standards in the European Communities, and in accordance with the Article 15(1)(m) of the International Agreement of ReSPA Establishment.

¹ *This designation is without prejudice to positions on status, and is in line with UNSCR 1244 and ICJ Advisory opinion on the Kosovo Declaration of independence

1.3 Time Schedule

The audit assignment shall be started from XXXX 2017. The report along with certified accounts shall be sent to the ReSPA Secretariat for submission to ReSPA Budgeting Committee and ReSPA Governing Board latest by 31 May 2017.

2. Standards and Guidance

The Auditor who performs this financial audit is governed by:

- The IFAC *International Framework for Assurance Engagements* and *International Standards on Auditing* ('ISAs') for *Audits of Historical Financial Information* insofar as these can be applied in the specific context of a contractual compliance audit;
- The IFAC *Code of Ethics for Professional Accountants* (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;
- The IFAC *International Standards on Quality Control* (ISQCs), which establish standards and provide guidance on an Auditor's system of quality control.

3. General Requirements

By agreeing these ToR the Auditor confirms that he/she meets at least one of the following conditions:

- The Auditor and/or the firm is a member of a national accounting or auditing body or institution which in turn is member of the International Federation of Accountants (IFAC).
- The Auditor and/or the firm is a member of a national accounting or auditing body or institution. Although this organization is not member of the IFAC, the Auditor commits him/herself to undertake this engagement in accordance with the IFAC standards and ethics set out in these ToR.
- The Auditor and/or the firm is registered as a statutory auditor in the public register of a public oversight body in an EU member state in accordance with the principles of public oversight set out in Directive 2006/43/EC of the European Parliament and of the Council (this applies to auditors and audit firms based in an EU member state)².
- The Auditor and/or the firm is registered as a statutory auditor in the public register of a public oversight body in a third country and this register is subject to principles of public oversight as set out in the legislation of the country concerned (this applies to auditors and audit firms based in a third country).
- The Independent Auditor should be from a Member other than that of the Director (Albania, Bosnia and Herzegovina, Macedonia and Serbia).

² Directive 2006/43 of the European Parliament and of the Council of 17 May 2006 on statutory audits of annual accounts and consolidated accounts, amending Council Directives 78/660/EEC and 83/349/EEC and repealing Council Directive 84/253 EEC.

4. Selection Procedure

4.1 Selection Criteria

According to the Decision of the Governing related to the methodology of selection of ReSPA Audit, ReSPA Secretariat will apply the Negotiated Procedure for selection of Audit Company, while the ReSPA Governing Board will nominate the Audit Company.

4.2 Documents Required

The following documents shall be presented by the audit companies:

- a) Material Evidence of Audit of International Public Sector Organization
- b) Detailed technical skill level of principal/lead and associate auditors on board.

5. Terms and Conditions

The deadline for request for any clarifications from the Contracting Authority is set for 6 April 2017 until 10:00 a.m. while proposals shall be send to:

- the Regional School of Public Administration, Contact person: Ms. Natasa Kuc
- Proposals shall be submitted by recorded delivery (official postal service or hand delivery)
- Address: PO BOX 31, 81410 Danilovgrad, Montenegro.
- Deadline for submission of proposals: 13 April 2017 until 10:00 a.m.