

**TERMS OF REFERENCE**  
**for Annual Audit for Project**  
**“Protecting Civic Space – Regional Civil Society Development Hub”**

**1. BACKGROUND INFORMATION**

**1.1. Contracting Authority**

The contracting authority is the Balkan Civil Society Development Network (BCSDN) Executive Office, Skopje.

**1.2. Legal Basis**

The legal basis for this assignment derives from the Grant Agreement No. 12715 01 signed between the Swedish International Development Cooperation Agency (SIDA) and the Balkan Civil Society Development Network (BCSDN), where SIDA has agreed to provide financial support to the project “Protecting Civic Space – Regional Civil Society Development Hub”.

**1.3. Relevant Background**

Balkan Civil Society Development Network (BCSDN) is a network of civil society organizations from countries in southeast Europe (Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Kosovo, Montenegro, Republic of North Macedonia, Romania, Slovenia, Serbia, and Turkey). Our mission is to empower the civil society and influence European and national policies towards a more enabling environment for civil society development to ensure sustainable and functioning democracies in the Balkans.

Our goals and objectives are the following:

1. To increase the role of civil society by strengthening its voice in policy- and decision-making at the national, regional and EU level;
2. To promote the civil dialogue between the civil society actors, state institutions and the European Union to influence the public policies;
3. To develop advocacy knowledge and skills among civil society actors as a base for greater impact; and
4. To strengthen communication, coordination, and cooperation between the civil society actors in the Balkan region.

BCSDN’s target groups are CSOs working on civil society development in the Balkan region. The direct beneficiaries are local civil society development and resource organizations. With its activities, the network targets stakeholders such as national institutions and international governmental organizations (IGOs), national public bodies and/or offices for cooperation with CSOs in member countries, EU institutions, Council of Europe, the Regional Cooperation Council, the Western Balkan Fund and related inter-governmental initiatives in the Balkan region.

Following BCSDN’s and its members’ common vision to strengthen a vibrant, pluralistic and rights-based civil society in the Balkans, SIDA has granted significant financial support to BCSDN for implementation of the project “Protecting Civic Space – Regional Civil Society Development Hub” (hereinafter referred to as the Project) which was initiated in September 2019.

BCSDN through this Project aims to establish a Regional Civil Society Development Hub that will serve as a regional center with a global impact that creates and shares knowledge and innovation on the role of CSOs in promoting democracy and supporting the development of civil society in the Western Balkans in the long term. The Hub will support effective, transparent, and accountable CSOs that will contribute to protecting civic space by enabling the use of new and established funding mechanisms, working methods, and means of cooperation.

In this respect, BCSDN will provide funding for regional multi-country action grants that will be awarded through a competitive procedure to regional networks and initiatives submitting the most promising proposals, against agreed quality criteria, on how to advance the civic space in their region. The Project’s objective is to enhance the regional cooperation and resilience of CSOs in their efforts to promote civic space and provide for long term prosperity for civil society in the Western Balkan countries, by addressing the discrepancies and bottlenecks identified in the development of civil society in this region.

This will be achieved by addressing the following specific objectives:

- CSOs contributed to a conducive environment for civil society development that enables them to be influential actors in society;
- CSOs contributed towards effective, transparent, and accountable work in protecting civic space.

## **2. DESCRIPTION OF THE ASSIGNMENT**

### **2.1. Introduction**

BCSDN wishes to engage the services of an audit firm for the purpose of auditing the project “Protecting Civic Space – Regional Civil Society Development Hub”, as stipulated in the agreement between BCSDN and SIDA. The audit shall be carried out in accordance with the international audit standard issued by IAASB. The audit shall be carried out by an external, independent and qualified auditor.

The objective is to audit the financial report for the period September 2019 till August 2020 as submitted to SIDA and to express an audit opinion according to ISA 800/805 on whether the financial report of BCSDN is in accordance with SIDA’s instruction for financial reporting as stipulated in the agreement including appendix between SIDA and BCSDN.

BCSDN is responsible for ensuring adequate audit procedures at its Implementing Partners including as follows:

- Documented control of the auditor’s independence and professional standards;
- Documented control of whether audit reporting from the auditor is in accordance with the agreement;
- Documented assessment of the auditor’s reporting and adequate follow-up of the received information.

BCSDN shall ensure that the project is audited annually.

### **2.2. Mandatory - Specific assignments**

Mandatory assignments that must be included :

1. Follow up whether salary costs debited to the project/programme are recorded throughout the duration of the year in a systemized way and examine whether the salary costs can be verified by sufficient supporting documentation.

2. Examine whether the financial report includes a comparison, for every budget item, between the actual costs/expenditures of activities and the budgeted costs/expenditures as approved by SIDA for the period.
3. Based on materiality and risk the auditor shall examine whether there is supporting documentation related to incurred costs. Regardless of materiality of the findings the auditor shall quantify the amount for costs lacking sufficient supporting documentation.
4. Examine whether foreign exchange gains/losses are disclosed as a separate item in the financial report as well as disclosed in accordance with what is stipulated in the agreement including appendices and generally accepted accounting principles.
5. BCSDN’s compliance with the applicable tax legislation with regard to taxes (e.g. PAYE) and social security fees.
6. Follow up whether BCSDN has adhered to the procurement guidelines annexed or referred to in the agreement.
7. Review if outgoing balance for previous period is the same as incoming balance for the current period.
8. If BCSDN applies modified cash basis as accounting principle, the auditor shall describe used method and motivate whether the applied accounting principle is acceptable for this type of financial report.
9. Verify the unspent balance at the end of the financial year against accounting records and its supporting documentation.
10. Verify the unspent balance that shall be repaid to SIDA in the final report of the last agreement year. (Only applicable in the Final report of the last agreement year.)

Task specific assignments for the project:

1. Review whether BCSDN have signed agreements with its implementing partner organisations.
2. Review whether the audit requirements in agreements with partner organisations are in accordance with the audit requirements as stipulated in the organisation’s agreement with SIDA.
3. Review whether there is an unbroken chain of audited financial reports according to the requirements as stipulated in the agreement between BCSDN and SIDA, for funds disbursed the previous year.  
The review shall include
  - Whether the cooperation partner makes documented assessments of the audited financial reports submitted to the cooperation partner and whether these reports are followed-up by the cooperation partner;
  - Verification of all contributions as well as 80% of the total disbursed funds;
  - Any observations from auditors that SIDA should be informed about.
4. Are the same requirements for reporting exchange rate gains and exchange rate losses as stipulated in the agreement between the Cooperation partner and SIDA, included in the agreements between the Cooperation partner and its implementing partner organisations?

### 2.3. Reporting

The reporting shall be signed by the responsible auditor ( not just the audit firm) and shall include the title of the responsible auditor.

The reporting from the auditor shall include an Independent Auditor’s Report in accordance with the format in standard ISA 800/805 and the auditor’s opinion shall be clearly stated. The Independent auditor’s report shall clearly stipulate that the audit has been conducted in accordance with ISA 800/805. The reporting shall include a Management Letter that discloses all audit findings (significant

and other findings), as well as weaknesses identified during the audit process. The financial report that has been subject of the audit shall be attached to the audit reporting. The auditor shall make recommendations to address the identified findings and weaknesses. The recommendations shall be presented in priority order.

If the auditor assesses that no findings or weaknesses have been identified during the audit that would result in a Management Letter, an explanation of this assessment must be disclosed in the audit report.

Measures taken by the organisation to address weaknesses identified in previous audits shall also be presented in the Management Letter.

The Additional assignment according to agreed upon procedures ISRS 4400 under section II, shall be reported separately in a “Report of Factual Findings”. The size of the sample reviewed audit reporting shall be stated in the report.

If auditor conducts an additional assignment according to ISRS 4400 and assesses that the observations presented in the “report of Factual Findings” include the information that would have been included in a Management Letter, a separate Management Letter does not need to be issued for the ISRS 4400 assignment. Instead it is sufficient if the “report of Factual Findings” include an explanation as to why a Management letter has not been issued.

### **3. SELECTION CRITERIA**

- Experience in auditing multi-country projects, especially in the Western Balkans.
- At least five years of auditing experience in the field of the civil society, working with civil society organizations in the Western Balkan (Albania, Bosnia and Herzegovina, Kosovo, Montenegro, Republic of North Macedonia, and Serbia).
- Proficient knowledge of the English language.
- Experience with international standards of auditing ISA and ISRS will be an asset.

### **4. LOCATION AND DURATION**

#### **4.1. Starting period**

The tentative start date will be the 15th of October 2020.

The actual commencement of the assignment will be officially notified by the contracting authority.

#### **4.2. Foreseen finishing period or duration**

The duration of the assignment shall not exceed one month from the commencement date.

#### **4.3. Location(s) of assignment**

The work carried out by the evaluator will be home-based.

### **5. PAYMENT TERMS**

**5.1. Type of Contract:** Lump Sum contract.

**5.2. Project Period :** September 2019 – August 2021  
Value of the project 750.000 EUR annually

**5.3. Payment:**

Payment will be made upon delivering of the respective audit report.

**6. HOW TO APPLY**

in English to this mail address: [vpn@balkancsd.net](mailto:vpn@balkancsd.net) with the subject **Annual Audit for project “Protecting Civic Space – Regional Civil Society Development Hub”.**

**Deadline for application:**

**24:00 Central European Time on 15 October 2020.**

**No.** 05 - 129/1 -2020

**Date:** 01.10.2020