

**TERMS OF REFERENCE FOR AN
EXPENDITURE VERIFICATION OF A GRANT CONTRACT
EXTERNAL ACTION OF THE EUROPEAN UNION**

The present terms of reference apply to the verification of expenditure declared in financial reports under the following contracts:

Grant Contract¹ number and title of the action:

NDICI AFRICA/2022/440-528

Strengthening capacities of local Civil Society to fight Corruption: Tupigane na Ufisadi (TUNU) Project

Detailed information is provided at the cover page of Annex 1

¹ Contract in relation to which the financial report subject to verification is issued. The contract established with the expenditure verifier will be identified as "Verification Contract".

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1 Introduction

The present document and the Annexes listed in Section 8 are the terms of reference ('ToR') on which the Coordinator (the term "Coordinator" refers to the Beneficiary identified as the Coordinator in the Special Conditions) agrees to engage 'the Expenditure Verifier' to perform a verification of reported expenditure.

Where in these ToR the 'Contracting Authority' is mentioned, this refers to the European Commission, which has signed the Grant Contract with the Beneficiary and is providing the grant funding. The Contracting Authority is not party to this agreement.

These ToR will become an integral part of the contract concluded between the Coordinator and the Expenditure Verifier.

They apply to expenditure verifications contracted by the Coordinator and cover the verification of expenditure incurred under the EU financed contracts on the cover sheet.

2 Objectives and context

The scope of this engagement includes the preparation of interim and final expenditure verification reports for the Grant Contract "Strengthening capacities of local Civil Society to fight Corruption: Tupigane na Ufisadi (TUNU) Project". The interim report will cover the period from 01.03.2023 to 28.02.2025, while the final report will cover the entire project from 01.03.2023 to 28.02.2027., or up to the end of the project extension, if applicable.

The expenditure verification will be done in the following reporting entities: Konrad-Adenauer-Stiftung Kenya (KAS), Transparency International Kenya (TI-Kenya), and The Institute for Social Accountability (TISA).

The Expenditure Verifier is expected

- to carry out the agreed-upon procedures listed in Annex 2, and
- to issue reports based on the template in Annex 3 which will support the Contracting Authority's conclusions on the eligibility of the reported expenditure and the related follow-up.

The expenditure verification will be performed as desk review and fieldwork at the location indicated in Annex 1.

If the auditor detects more than 10% anomalies in the audit coverage of 65%, the audit coverage is automatically extended to 85%.

The Expenditure Verifier is not expected to provide an audit opinion.

3 Standards and Ethics

The Expenditure Verifier shall undertake this engagement in accordance with:

- the International Standard on Related Services ('ISRS') 4400 (Revised) 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.

Although ISRS 4400 (Revised) provides that independence is not a requirement for agreed-upon procedures engagements, the Coordinator requires that the Expenditure Verifier is independent from the Coordinator and complies with the independence requirements of the IFAC Code of Ethics for Professional Accountants.

4 Requirements for the Expenditure Verifier

By agreeing these ToR, the Expenditure Verifier confirms meeting at least one of the following conditions:

- The Expenditure Verifier 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 Expenditure Verifier is a member of a national accounting or auditing body or institution. Although this organisation is not member of the IFAC, the Expenditure Verifier commits to undertake this expenditure verification in accordance with the IFAC standards and ethics set out in these ToR.
- The Expenditure Verifier 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 Expenditure Verifier 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).

Applicants are expected to submit their respective certificates when submitting their application.

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.

4.1 Qualifications, Experience and Team Composition

4.1.1 Qualifications and Experience

The Expenditure Verifier 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 Reporting Entity. **In addition, the verification team as whole should have:**

- Experience with programmes and projects related to External Relations funded by national and/or international donors and institutions. It is desirable that the team leader and, where applicable, the fieldwork team, i.e. either the audit manager (category 2) or the senior auditor (category 3) has experience with audits of EU funded External Relations actions.
- Experience with audits/verifications in Sub-Sahara Africa, experience in Kenya is an advantage.
- Sufficient knowledge of relevant laws, regulations and rules in the country concerned. This includes but is not limited to taxation, social security and labour regulations, accounting and reporting.
- Fluency in English.

4.1.2 Team Composition

The team of auditors required for this engagement will be composed of a category 1 auditor who has the ultimate responsibility for the expenditure verification. In addition, a team which is composed of an appropriate mix of category 2 - 4 auditors would be considered an advantage.

4.1.3 Categories of staff/experts

Category 1 - (Audit Partner)

A Category 1 expert (audit partner) should be a partner or another person in a position similar to that of a partner and be a highly qualified expert with relevant professional qualifications who assumes or has assumed senior and managerial responsibilities in public audit practice.

He/she should be a member of a national or international accounting or auditing body or institution. He/she must have at least 10 years of professional experience as a professional auditor or accountant in public audit practice. Experience with audit related services in beneficiary countries of EU External Action Programmes will particularly be taken into account for the evaluation at the level of specific contracts.

The audit partner will be the person who will be responsible for the specific contract and its performance as well as for the report that is issued on behalf of the firm. He/she has the appropriate authority from a professional, legal or regulatory body and is authorized to certify accounts by the laws of the country in which the audit firm is registered.

Category 2 - (e.g. Audit Manager)

Audit managers should be qualified experts with a relevant university degree or professional qualification. They should have at least 6 years of experience as a professional auditor or accountant in public audit practice including relevant managerial experience of leading audit teams.

He/she should be a member of a national or international accounting or auditing body or institution.

Category 3 - (e.g. Senior Auditor)

Senior auditors should be qualified experts with a relevant university degree or professional qualification and at least 3 years professional experience as a professional auditor or accountant in public audit practice.

Category 4 - (e.g. Assistant Auditor)

Assistant auditors should have a relevant university degree and at least 6 months professional experience in public audit practice.

4.1.4 Curricula Vitae (CVs)

The Expenditure Verifier will provide the Contracting Authority 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.

5 Scope

5.1 Contracts and Financial Reports covered by these ToR

The Contract(s) and Financial Reports subject to this expenditure verification are indicated on the cover sheet and in Annex 1.

5.2 Conditions for Eligibility of Expenditure

The conditions for eligibility are stipulated in the Contracts which are provided in Annex 1 (including riders).

6 Verification Process and Methodology

6.1 Preparation of the Verification

The Expenditure Verifier shall contact the Reporting Entity as soon as possible (and no later than 7 calendar days) after the formal announcement by the Contracting Authority of the expenditure verification to the Reporting Entity, so as to prepare the verification and to agree on the timing for carrying out the expenditure verification, notably with regard to

fieldwork (if any) (see Section 6.2. for applicable maximum time lags). The Expenditure Verifier will then also confirm with the Reporting Entity the location(s) indicated in Annex 1 and ensure that relevant supporting documents as well as key staff will be available during the verification.

6.2 Preparatory Meeting, Fieldwork, Desk Review

The Coordinator foresees two preparatory meetings with the Expenditure Verifier which will be held by conference call and at the premises of Konrad-Adenauer-Stiftung Kenya Office in Nairobi, Kenya.

The desk review shall commence as soon as possible and not later than 14 calendar days after the signature of the verification contract or the date of availability of the Financial Report (i.e. financial report, supporting documents and other relevant information).

The field work shall take place at the end of April and first half of May 2025, most likely between 28th April and 09th May 2025.

6.2.1 Engagement Context, Materiality, Risk Analysis, Sampling

The Expenditure Verifier's procedures should include:

- obtaining a sufficient understanding of the engagement context including the contractual conditions, the Coordinator and the applicable EC laws and regulations which are set out in Section 5 above (Scope). The Expenditure Verifier should pay specific attention to the contractual provisions relevant for the following aspects:
 - o documentation, filing and record keeping for expenditure and income;
 - o eligibility of expenditure and income;
 - o procurement and origin rules insofar as these conditions are relevant to determine the eligibility of expenditure;
 - o asset management (management and control of fixed assets; e.g. equipment).
 - o cash and bank management (treasury);
 - o payroll and time management;
 - o accounting (including the use of exchange rates) and financial reporting of expenditure and income; and
 - o internal controls and notably financial internal controls.

The understanding should be sufficient to identify and assess the risks of material errors or misstatements in the expenditure and revenue stated in the Financial Report in order to determine the size and structure of the expenditure sample to be tested, whether caused by error or fraud, and sufficient to design and perform further verification procedures.

- Performing a risk analysis (Annex 2)
 - The outcome of the risk analysis has to be clearly described in the Verification Report (Annex 3, Section 2.1);
- Determining the sample size

For the purpose of determining what the overall material misstatement or error is, the Expenditure Verifier will apply a materiality threshold of 2% of the total amount of the gross reported expenditure with a confidence level of 95%.

- Establishing the sample and selecting the individual items for testing (Annex 2)
The link between the risk assessment and the size and composition of the sample, as well as the sampling method (statistical/non-statistical) must be clearly described in the Verification Report (Annex 3, Section 2.2).

6.2.2 *Fieldwork / Desk Review*

The main task during the fieldwork or desk review will be to perform the substantive tests (Annex 2, Section 2). Key information about the testing process must be provided in the Verification Report (Annex 3, Section 4).

6.2.3 *Debriefing Memo and Closing Meeting*

At the end of the fieldwork or desk review, the Expenditure Verifier should prepare a debriefing memo, organize a closing meeting held by conference video call with the Coordinator in order to discuss the findings, obtain its initial comments and agree on additional information to be provided at a later date. The debriefing memo is planned to take place in the second or third week of June 2025.

6.2.4 *Documentation and Verification Evidence*

The evidence to be used for performing the procedures in Annex 2 is all financial and non-financial information which makes it possible to examine the expenditure declared in the Financial Report.

The Expenditure Verifier documents matters which are important in providing evidence to support the report of factual findings, and evidence that the work was carried out in accordance with ISRS 4400 (Revised) and these ToR.

6.3 *Reporting*

6.3.1 *Structure and Content of the Report*

The use of the Expenditure Verification Report template in Annex 3 of these ToR, including the annexed tables, is **compulsory**.

If the verification scope covers Financial Reports related to different Contracts, a separate and specific report should be issued for each Contract.

The report should provide basic information about the Contract and should describe the outcome of the risk analysis and its implications on the sampling. The report should also give an overview of the substantive testing and fully disclose the information regarding the items included in the expenditure population and in the sample. The report should finally detail the findings identified through the performance of the agreed-upon procedures.

The report should be presented in English.

An executive summary of the report in English should be provided along with the report.

The Expenditure Verifier will submit within 21 working days of the conclusion of the field work a draft report to the Reporting Entity for comments to be received within 21 working days. This delay expired, the Expenditure Verifier will provide the final report to the Reporting Entity within 7 working days from the receipt of the comments (if any).

7 calendar days after receiving the Reporting Entity's comments, the Expenditure Verifier will submit a pre-final report to the Contracting Authority for comment and approval. The Contracting Authority may request the Expenditure Verifier to carry out additional work, in which case a reporting deadline should be agreed on a case-by-case basis

7 calendar days after receiving the Contracting Authority's comments, the Expenditure Verifier will submit the final report for the Contracting Authority's approval.

6.3.2 Expenditure Verification Findings and Recommendations

The factual findings shall be reported in accordance with the formats and criteria specified in the Expenditure Verification Report template (Annex 3). The description of findings will include the standard applied, the facts and the analysis of the Expenditure Verifier.

The verification report should include all financial findings made by the Expenditure Verifier, regardless of the amount involved. Changes in the financial findings occurring between the draft and final report as a result of the consultation procedure should be clearly and sequentially reported.

6.3.3 Debriefing Meeting with the Contracting Authority

The Contracting Authority foresees a meeting with the Expenditure Verifier following receipt of the pre-final report. This meeting will be held by conference call

7 Other Matters

7.1 Subcontracting

The Expenditure Verifier will not subcontract without prior written authorisation from the Coordinator.

7.2. The Verifier will consolidate reports on the whole project.

The mid-term expenditure verification report should cover the period 01.03.2023 to 28.02.2025.

The final expenditure verification report should cover the period 01.03.2023 to 28.02.2027, or if applicable till the end of the project extension.

The exact timeline to carry out the final expenditure report will be agreed on during the last year of the project lifetime.

The total remuneration is due after all services have been rendered, i.e. after completion of the interim and final audit. Offers must show a total price as well as the respective partial prices for the interim and final audit.

8 Annexes

Annex 1 - Engagement Context / Key Information

Annex 2 - Guidelines for Risk Analysis and Verification Procedures

Annex 3 - Model for Expenditure Verification Report

Annex 1: Engagement Context / Key Information Contract³ and report summary

| Information about the Grant Contract | |
|---|--|
| Reference number and date of the Grant Contract | NDICI Africa 2022/440-528 |
| Grant contract title | Strengthening capacities of local Civil Society to fight Corruption: Tupigane na Ufisadi (TUNU) Project |
| Country | Kenya |
| Coordinator | Konrad-Adenauer-Stiftung e. V. Foundation Office Kenya 1 Thigiri Hilltop, Off Thigiri Ridge Road, P.O.Box 66471 00800 Nairobi, Kenya |
| Beneficiary(ies) and affiliated entity(ies) | Transparency International Kenya Kindaruma Road off Ring road Kilimani, Gate 713, Suite no. 4 PO Box 128 Nairobi 00200 AND The Institute for Social Accountability 1, Wendy Court David Osieli Road, Off Waiyaki Way Westlands, PO Box 48353 Nairobi 00100 |
| Start date of the implementation period of the Action | 01.03.2023 |
| End date of the implementation period of the Action | 28.02.2027 |
| Financial Report(s) subject to verification: | 01.03.2023 - 28.02.2025 |
| Total amount received to date by the Coordinator from Contracting Authority | 522.302,87 € (Pre-financing 296.000€ and 226.302,87€ 1 st payment request) |
| Total amount of the payment request | Around 150.000€ (2 nd period still open) |
| Contracting Authority | <i>N/A</i> |
| European Commission | Subject to change: Line Urban, Programme Manager – Elections, Human Rights and Justice, Line.URBAN@eeas.europa.eu |
| Auditor | N.N. |

³ Contract in relation to which the financial report subject to verification is issued. The contract established with the expenditure verifier will be identified as "Verification Contract"

| A Logistics | | |
|--------------------|---|--|
| Issue | Question | Reply |
| Locations | 1. Where do the Coordinator and other Beneficiary(ies) and affiliated entity(ies) retain the accounting records? | <ul style="list-style-type: none"> Physical original documents: Nairobi, Kenya Accounting records in KAS accounting system: MACH |
| | 2. Where do the Coordinator and other Beneficiary(ies) and affiliated entity(ies) retain the original supporting documents? | Nairobi, Kenya |
| | 3. Where were contractual activities carried out? | Kenya: Nairobi and 11 counties (Kisumu, Kakamega, Homa Bay, Uasin Gishu, Baringo, Siaya, Isiolo, Wajir, Meru, Kiambu, Makueni) |
| | 4. Where are key project staff available to provide information and explanations? | Nairobi, Kenya |
| Languages | 5. Which is the contractual language? | English |
| | 6. Which is the language of the accounting records? | English |
| | 7. Which are the languages of supporting documents? | English |
| | 8. Which languages are spoken by key project staff? | English |

| B Contractual obligations | | |
|----------------------------------|---|---|
| Contract amount | 9. What is the total amount of the contract? | 2.000.000,00 EUR |
| EC contribution | 10. What is the amount of the EC contribution? | 1.000.000,00 EUR (incl. 7% admin costs) |
| Other contributions | 11. Which are the other sources of funding (including the Coordinator)? | 1.000.000,00 EUR |
| | | |
| | | |
| | | |
| | | |

| C Financial Report (enclosed as Annex 1.1) | | |
|---|---|---|
| Financial Report | 12. Approximately how many expense transactions have been reported/ are expected to be reported in the Financial Report? | Over 500.000EUR is expected to be reported in the interim Audit. |
| | 13. What is the distribution of these transactions (e.g. capital expenditure, operating expenditure, fees, simplified costs, per diem, etc.)? Are the transactions few/many of large/small value? | Activity expenditure : around 280.000EUR HR & infrastructure: 290.000EUR |
| | 14. To what extent have Project transactions been carried out in cash? | High |
| | 15. In which currencies has expenditure been incurred? | KES and EUR |
| | 16. What is the reporting currency? | EUR |
| | 17. How many other Financial Reports have already | None |

| | | |
|--|--|--|
| | been presented by the Coordinator under this contract? | |
|--|--|--|

| D Procurement | | |
|----------------------|--|------------|
| Procurement | 18. How many procurement procedures have been undertaken during the period covered by the Financial Report? | Pending |
| | 19. Was the EC involved in any of the procurement procedures referred to in question 18 (e.g. ex-ante verifications or derogations to the rule of origin)? | No |
| | 20. Are works done and supplies delivered under the contract located centrally or are they dispersed? | Dispersed. |

| E Previous contracts verifications, audits or monitoring | | |
|---|---|--|
| Previous verifications, audits or monitoring | Which previous experience did the Entity have with EC contracts and associated regulations? | |
| | How many of the previously presented Financial Reports (if any) have been subject to audit verification by external consultants contracted by the Coordinator? | |
| | Have any verification, audit or monitoring exercises other than those referred to under numeral 22 been carried out with regard to the contract or the Coordinator that are relevant for the scope of the current verification? | |
| | Have any significant findings been raised under the exercises referred to in questions 22 and 23? If so, what are they? | |
| | Have any instances of fraud or irregularities been previously identified in dealings with the Entity? | |

| F Contact Details | |
|--|--|
| Coordinator: Konrad-Adenauer-Stiftung e.V. | |
| Adress | Foundation Office Kenya 1 Thigiri Hilltop, Off Thigiri Ridge Road, P.O.Box 66471 00800 Nairobi, Kenya |
| Phone | tel: +254 20 2610021; +254 20 2610022 |
| Website | www.kas.de/kenia |
| Key Contact: | Zipporah Abaki (Zipporah.abaki@kas.de), Jan-Ole Voß (Jan-Ole.Voss@kas.de), Franziska Hübner (Franziska.huebner@kas.de), Joel Mungania (Joel.Mungania@kas.de), Daniela Zambrano (Daniela.zambrano@kas.de). |

Annex 1.1: Financial Report(s) to be verified

Annex 1.2: Contract and riders

Annex 1.3: Inception Report

Annex 2: Guidelines for risk analysis and Verification procedures

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1. RISK ANALYSIS AND DETERMINATION OF THE SAMPLE

The Expenditure Verifier should assess the risks of material errors or misstatements in the expenditure and revenue declared in the Financial Report in order to determine the size and structure of the expenditure sample to be tested according to the procedures described in Section 2.

This work involves an assessment of the inherent risks that:

- The Financial Report is not reliable, i.e. that it does not present, in all material aspects, the actual expenditure incurred and the revenue received in conformity with applicable conditions.
- Expenditure declared in the financial report has not, in all material aspects, been incurred in conformity with applicable contractual conditions.
- Revenues generated by the Coordinator in the execution of the contract are not deducted from the declared expenditure in conformity with applicable conditions.
- Fraud and irregularities have occurred which could have had an impact on expenditure and/or revenue reported under the contract.

The Expenditure Verifier should assess the inherent risk based, inter alia, on the number and complexity of the transactions, the complexity of the activities provided for by the Contract, the number of implementing Entities involved and the environment where the Contract is implemented. In addition, the Expenditure Verifier, based inter alia on the information provided in annex I to the Terms of Reference (*Engagement Context I Key Information*) will consider the control risk, i.e. whether the design of the Internal Control System sufficiently mitigates the identified inherent risks and whether it is plausible that it is operating effectively.

2. EXPENDITURE VERIFICATION PROCEDURES

The following checks must be performed by the Expenditure Verifier unless they are irrelevant in relation to the eligibility criteria applicable to the contract type. Therefore, the Expenditure Verifier is required to gain appropriate understanding of such requirements in order to carry out only the relevant checks and properly apply the relevant eligibility requirements.

2.1 *The expenditure was incurred by and pertains to the Entity.*

2.2 *The expenditure is recorded in the accounting system of the Coordinator and other Beneficiary(ies) and affiliated entity(ies)*

The expenditure is recorded in the accounting system of the Coordinator and other Beneficiary(ies) and affiliated entity(ies) in accordance with the applicable accounting standards and the Coordinator's usual cost accounting practices.

2.3 *Expenditure incurred during the contractual eligibility period*

The expenditure declared in the financial report was incurred during the contractual 2021.1

implementation period of the Action, except for expenditure relating to final reports, expenditure verification, audit and evaluation. Expenditure paid after the submission of the financial report, is listed in the final report along with the estimated date of payment.

2.4 Expenditure indicated in the contractual estimated budget

The expenditure included in the financial report was indicated in the contractual budget. The applicable budget ceilings were not exceeded. The expenditure has been allocated to the correct heading of the Financial Report.

2.5 Expenditure necessary for the implementation of the contractual activities, reasonable and justified

It is plausible that the direct and indirect expenditures included in the financial report were necessary for the implementation of the contractual activities.

The amount of the expenditure items included in the financial report is reasonable and justified and respects the principle of sound financial management.

2.6 Expenditure identifiable and verifiable

The expenditure is backed up by sufficient supporting documentation (e.g. invoices, contracts, order forms, pay slips, time sheets) and proof of payment.

Where expenditure was apportioned, the applied allocation key was based on sufficient, appropriate and verifiable underlying information.

The expenditure is backed up by evidence of works done, goods received or services rendered. The existence of assets is verifiable.

2.7 Compliance with Procurement Principles and Nationality and Origin Rules

For the expenditure items concerned, the Coordinator has complied with the contractual requirements for procurement. Contractual nationality and origin rules have been applied, including those on derogations to be awarded by the Commission.

2.8 Expenditure complies with the requirements of applicable tax and social legislation

For the expenditure items concerned, the Coordinator complies with the requirements of tax and social security legislation (for example: employer's part of taxes, pension premiums and social security charges).

2.9 Financial support to third parties (sub-granting)

Financial support to third parties is provided for by the contractual conditions and its amount does not exceed the contractual limits.

The expenditure incurred by the third parties meets the relevant eligibility requirements.

In particular it was incurred by and pertains to the third party, during the contractual eligibility period, is necessary for the implementation of the contractual activities and is identifiable and verifiable (see definition at point 2.6).

2.10 Other eligibility requirements

Duties, taxes and charges, (e.g. VAT) included in the financial report cannot be recovered by the Entity unless otherwise provided for in the contractual conditions (accepted costs system). In the latter case, these expenses are reported separately and relate to eligible direct expenditure.

The correct exchange rates are used where applicable.

The contingency reserve has been established in accordance to the contractual conditions and its use authorised by the Contracting Authority.

The indirect costs do not exceed the maximum contractual percentage of the eligible direct costs and do not include ineligible expenses or expenses already declared as direct ones.

Contributions in kind are not included in the financial report, unless otherwise provided for in the contractual conditions.

Expenditure specifically considered ineligible by the contractual conditions is not included in the financial report.

Expenditure declared under the simplified cost options respects the contractual requirements.

The revenues generated by the Coordinator in the execution of the contract are disclosed in the financial report and deducted from the declared expenditure, unless otherwise provided for in the contractual conditions.

**<Annex 3: Model for > Expenditure verification Report
(based on agreed-upon procedures)**

<To be printed on AUDITOR'S letterhead>

**Report for an Expenditure Verification of a Grant Contract
External Actions of the European Union
Strengthening capacities of local
Civil Society to fight
Corruption: Tupigane na Ufisadi
(TUNU) Project
NDICI Africa 2022/440-528**

How this model should be completed by the Expenditure Verifier

- **insert** the information requested between the <... >
- **choose** the optional text between[...] highlighted in grey when applicable or delete
- **delete** all yellow instructions and the present text box

In accordance with the ISRS 4400 (Revised) the following specifications apply:

- The Expenditure Verifier conducted the expenditure verification in accordance with the International Standards on Related Services (ISRS) 4400 (Revised), Agreed-Upon Procedures Engagements;
- The Expenditure Verifier makes no representation regarding the appropriateness of the agreed upon procedures;
- The agreed-upon procedure is not an assurance engagement and accordingly the Expenditure Verifier does not express an opinion or an assurance conclusion;
- Had the Expenditure Verifier performed additional procedures, other matters might have come to their attention that would have been reported;
- The agreed-upon procedures involved the Expenditure Verifier performing the procedures set out in Annex 2 to the Terms of Reference that have been agreed with the Contracting Authority, and reporting the findings. Findings are the factual results of the agreed-upon procedures performed; the Contracting Authority acknowledged that the agreed-upon procedures are appropriate for the purpose of the engagement;
- The Reporting Entity as identified by the Contracting Authority is responsible for the subject matter on which the agreed-upon procedures are performed;
- The expenditure verification report is intended for the purpose specified in the Terms of Reference on which the Contracting Authority agrees to engage the Expenditure Verifier and may not be suitable for another purpose;
- The Expenditure Verifier carried out the engagement in accordance with the IFAC Code of Ethics for Professional Accountants and the fundamental ethical principles and independence requirements established therein, namely: integrity, objectivity, independence, professional competence and due care, confidentiality, professional behaviour and technical standards.
- The Expenditure Verifier applies the International Standard on Quality Control (ISQC) 1, Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements, and accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.
- Detailed specifications have been agreed between the Contracting Authority and the Expenditure Verifier and they have been stipulated in the 'Terms of Reference for an Expenditure Verification'. The Terms of Reference are an integral part of the contract concluded between the Contracting Authority and the Expenditure Verifier.

1. Background information

1.1. Short description of the action subject to verification

| | |
|--|--|
| Contract number and title: | NDICI Africa 2022/440-528, Strengthening capacities of local Civil Society to fight Corruption: Tupigane na Ufisadi (TUNU) Project |
| Contract type | Grant Contract |
| Financial Report(s) subject to verification | 01.03.2023- 28.02.2025 |
| Coordinator and other Beneficiary(ies) and affiliated entity(ies) | < Identify the Coordinator and other Beneficiary(ies) and affiliated entity(ies) and provide key information about their legal form, nationality, size, main field(s) of activity and other elements deemed relevant- max 200 words> |
| Location(s) where the Contract is implemented | Kenya |
| Contract execution period | 01.03.2023 – 28.02.2027 |
| Contract implementation status | < indicate on-going or completed > |
| General and specific objectives of the Contract | OO: To strengthen Kenyan Civil society actors as independent actors of good governance to fight corruption and impunity SO: Strengthening Civil society's role in advancing transparency and access to information to fight corruption and impunity, by leveraging on the potential of digital technologies, public education, and increased cooperation with state actors. |
| Synthetic description of the activities, outputs and target group | <max 300 words> |

1.2. Basic financial information of the Contract (at the time of the verification)

1.2.1 Expenditure

| Budget Headings | Budgeted Expenditure (amount) | Reported Expenditure (amount) |
|------------------------|--|--|
| Budget Heading "... " | | |
| | | |
| Total | | |

1.2.2 Contributions

| Source of Contribution | Budgeted Contribution (amount) | Actual Contribution (amount) |
|---|---|---|
| EU | | |
| Coordinator | | |
| Other Beneficiary(ies) and affiliated entity(ies) | | |
| | | |
| Other Donor 1 | | |
| | | |
| Total | | |

1.2.3 Revenues

| Revenue Types | Budgeted Revenues (amount) | Actual Revenues (amount) |
|----------------------|---------------------------------------|-------------------------------------|
| Type"... " | | |
| Type"... " | | |
| | | |
| Total | | |

1.3. Verified Financial Reports

See annex 3.1

2. Risk analysis

2.1. Outcome of risk analysis

Based on the risk analysis performed according to the Terms of Reference, provide succinct information about the identified risks possibly affecting the verified report, regarding the action, the context in which the latter is implemented, the beneficiaries and the target group.

<E.g. action implemented via complex procurement procedures, financial assistance to third parties (sub-grants) or revolving funds, transactions incurred in several currencies, technical complexity, high corruption perception index, instances of political interference, predominance of cash payments, number of parties involved, partners lacking administrative capacity, known weaknesses in internal control systems, lack of involvement or cooperation of the target group, history of fraud cases. (max. 300 words)>

In addition, please identify possible mitigating factors.

<E.g. previous audit or verification work, evidence of close follow up by the contracting authority, good results yielded in the past by the implementing partner, etc. (max. 150 words)>

2.2 Implications on the sampling

Explain how the identified risk factors are reflected in the structure and size of the sample.

<Based on the identified risk factors, describe how the sample was selected (e.g. statistical/judgemental sampling, stratification, etc.), what type of transactions were prioritised (e.g. amount above xx EUR, expensed declared by co-beneficiary XY, staff expenditure, payments to sub-grantees, etc.) what is the coverage ratio in amount and number of transaction (max. 200 words)>

3. Transaction population and sample

Sampling Highlights/Overview

The sample size was determined based on a materiality threshold of 2% of the total amount of reported expenditure with a confidence level of 95% and considering the risk analysis presented above.

| Report/invoice: <indicate the report/invoice number and cut-off dates> | | |
|--|------------|-----------------|
| | Population | Verified sample |
| Number of transactions | | |
| Value of transactions EUR | | |

[If more than one financial report/invoice is verified, repeat as applicable]

2021.1

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A complete list of the transactions included in the population is to be included in Annex 3.3.

4. Substantive testing

Short description of the testing process

Compliance with the Terms of Reference and with the International Standard on Related Services (ISRS) 4400 (Revised).

<Confirm that the testing procedures established in the annex 2 to the Terms of Reference were fully applied or disclose any scope limitation. Also confirm that the testing was executed in accordance with the International Standard on Related Services (ISRS) 4400 (Revised), "Engagements to Perform Agreed-upon Procedures Regarding Financial Information".>

Provide the key information about the testing process.

<E.g. describe if the verification work took place at the implementing partner's premises, whether qualified representatives of the auditee were present, if they were cooperative, if the supporting documentation was available in full, if additional documents had to be received after the field mission, whether evidence of the equipment transfer is available, if physical inspections were performed, any scope limitations, etc. (max. 300 words)>

5. Summary of findings

5.1 Description of findings detected

<Description of the main outcomes of the transaction testing (e.g. type of errors detected, type of transactions, geographic scope, sector, involved implementing partners, etc.) (max. 200 words)>

5.2 Verification team

<List names and expert category levels for this report.>

<Name and signature of the Verifier>

<Verifier's address: office having responsibility for the audit>

[for final reports <Date of signature> the date when the **final** report is signed]

Annex 3.1: Financial reports provided by the auditee

Annex 3.2: Procedures performed

Annex 3.3: Table of transactions - provided as Excel file

Annex 3.4: Table of errors - provided as Excel file