With funding from
Austrian Development Cooperation

REQUEST FOR PROPOSALS

RFP No.: **ICARE-FR2/029/AM/25**

Selection of Service provider for: **Expenditure Verification of the project financed by the Austrian Development Agency (ADA)**
ADA Project number 8358-00/2024

For

Fruit Production Sector Development Project in Armenia, Phase 2 (FRUITENIA-2)

Client: **International Center for Agribusiness Research and Education Foundation**

Country: **Armenia**

Project: **FRUITENIA -2**

Issued on: **10.12.2025**

With funding from Austrian Development Cooperation

fruitenia

ICARE INTERNATIONAL CENTER FOR AGRIBUSINESS RESEARCH AND EDUCATION

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1. SCOPE OF WORK

The International Center for Agribusiness Research and Education (ICARE) Foundation requests your company to perform an Expenditure Verification (EV) concerning the Project Fruit Production Sector Development Project in Armenia, Phase 2 (FRUITENIA-2) executed by the ICARE Foundation (herewith Grant Recipient) and funded by the Austrian Development Agency (ADA).

The Expenditure Verification should be conducted for the entire project period (01.11.2024 to 31.10.2027), annually covering the periods of:

1. November 1, 2024, to December 31, 2025;
2. January 1, 2026, to December 31, 2026; and
3. January 1, 2027, to October 31, 2027.

2. BACKGROUND OF THE PROJECT

The intended long-term impact of the FRUITENIA-2 project is **increased competitiveness of project beneficiaries in the horticulture sector in Armenia**. At the outcome level, the FRUITENIA-2 project will facilitate improvement in the adoption of modern agricultural practices and skills among targeted audiences, as well as increase awareness of modern agricultural practices and interest in agricultural careers among high school students. The project's main expected outcomes are:

- Improvement in the adoption of modern agricultural practices and skills among targeted audiences.
- Increased awareness in modern agricultural practices and interest in agricultural careers among high school students.

The geographic scope of the FRUITENIA 2 project is: Armenia – all regions. This project is designed to reach a diverse range of target groups across Armenia.

- 120 farmers, students, and agronomists to be trained through the certificate programme.
- 30 experts, farmers, instructors, and students to participate in international study visits.
- 950 students will participate in awareness and orientation visits in high schools.
- 280 high school students will participate in the orientation sessions (FRUITENIA Clubs) and 28 schoolteachers will be trained.
- 75 students will participate in interactive Youth Camps.
- 215 women will participate in women empowerment events and training sessions.
- 62 farmers, students, and experts to visit the demonstration vineyard.

The project will target a **total of 1760** direct beneficiaries.

The project duration is 36 months, starting on **November 1, 2024**, and ending on **October 31, 2027**. The Grant Agreement is signed on behalf of the Austrian Development Agency (ADA) by Klaus Kapper, Head of Office Yerevan, and on behalf of the International Center for Agribusiness Research and Education Foundation (ICARE) by Artur Grigoryan, Director.

The project's total budget for 3 years is **1,263,500 EUR**.

3. AUDITING STANDARDS

The Expenditure Verification service provider shall undertake this Engagement in accordance with:

- the International Standard on Related Services ('ISRS') 4400 (Revised) "Agreed-upon Procedures Engagements" 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. ADA requires that the Auditor be independent from the Recipient and comply with the independence requirements of the IFAC Code of Ethics for Professional Accountants.[1]

4. PROCEDURES TO BE PERFORMED BY THE AUDITOR

The Auditor verifies, based on original documents, that

1. The project is implemented in accordance with the principles of economy, efficiency, and expediency.
2. The Grant Recipient has maintained proper bookkeeping and sound financial management, the related expenditure practices are correct, Generally Accepted Accounting Standards have been met, and an adequate, effective Internal control system exists.
3. The project funds have been used in conformity with the Grant Agreement, in particular:
   a. the project funds were spent exclusively for project-related expenses and solely for the purpose intended
   b. costs have been incurred during the implementation period
   c. costs meet the eligibility criteria stipulated in the Grant Agreement and its annexes.

[1] It follows from the independence requirement that a company or an individual acting as a business consultant or a tax advisor of the Grant Recipient, is not permitted to undertake the Expenditure Verification Engagement under the Grant Agreement.

4. The Financial Report presented by the Grant Recipient presents the actual expenditure incurred and the revenue received for the project for the respective reporting period accurately and in conformity with the Grant Agreement and annexes thereto.
5. The project expenditures are allocated to the last approved (allocated) Project Budget,
6. Individual expenditures made from grant funds are clearly evident from the project bookkeeping and are assigned to the correct budget items as specified in the approved Grant Application.
7. 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.
8. Where expenditure was apportioned, the applied allocation key was based on sufficient, appropriate, and verifiable underlying information.
9. Over-expenditure, if any, lies within the thresholds stipulated in the Grant Agreement,
10. The project's costs claimed are net costs and free of any VAT; if expenses contain Value Added Tax (VAT), the Auditor shall certify that the Grant Recipient is not exempt from VAT and cannot reclaim it either.
11. Costs declared in the Financial Report are justified by the relevant supporting documents in the form of genuine and original invoices, receipts, and vouchers bearing all necessary information; these original supporting documents are clearly associated with the project and the project's time frame.
12. All expenditures claimed under the Financial Report have been settled and paid for; no outstanding invoices or accrued costs have been included in the financial report.
13. All necessary supporting documents for employees' costs are available, and these costs are reported correctly. Specifically, the auditor verifies
    a. the existence of employment contracts in accordance with the relevant national legislation
    b. that the reported employees' costs are calculated correctly in accordance with the approved Project Budget and respective provisions of the General Terms and Conditions
    c. that only the actually paid employees' costs have been claimed under the Financial Report, and this has been evidenced by the respective supporting documents.
14. Indirect costs[2], if foreseen in the Project Budget, have been calculated properly,
15. Accrued interest has been declared[3],
16. Conversion of currency has been calculated correctly, in particular, the conversion into EUR has been calculated in accordance with the General Terms and Conditions and is evidenced by currency exchange receipts and/or respective bank account statements.
17. Usage of budget funds under "unforeseen" or "contingency reserve" has been approved by ADA.
18. Revenues foreseen in the financial plan were not realized.

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[2] 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 the indirect costs. For details refer to "Guidelines indirect costs".

[3] note that accrued interest must be reimbursed to ADA.

19. Other revenues originally not foreseen in the financial plan were registered.
20. Applicable procurement regulations of the General Terms and Conditions have been complied with.
21. Applicable provisions of social and labor laws in all countries where the project is being implemented have been complied with.
22. Applicable provisions of the company and tax laws and regulations have been complied with.
23. Regulations on travel expenses have been followed.
24. All assets and equipment have been incorporated in the asset list.
25. Assets and equipment have been used for the project purposes.
26. Depreciation on investment goods that continue to be available to the Grant Recipient after the end of the term of the Agreement has been properly calculated, if applicable.
27. Equipment or services produced or provided by the Recipient itself have been charged at cost only (without any markup), if applicable.
28. Project vehicles, if any, have been used according to the standards set out in the General Terms and Conditions of the Grant Agreement.
29. Sub-grants foreseen in the Project Document have been provided to third parties and have been properly accounted for based on actual costs.
30. Applicable visibility regulations have been adhered to.
31. Requests and recommendations from the previous expenditure verifications regarding any project-relevant matters have been considered and implemented.

5. WORK PLAN

The Expenditure Verification shall be carried out in the Recipient’s office at 1, 12th Alley, 5th Street, Proshyan, Kotayk Marz, 2413, Armenia, and shall comprise the investigation of vouchers, accounts, invoices, and bank statements. The Expenditure Verification must be carried out according to the timetable in Section 9 of this document: TIMING AND SCHEDULE. The performer of these Expenditure Verification services must conduct all 3 rounds of expenditure verification within this ToR. All the expenditure verification reports must be written both in English and in Armenian, and hard copies to be sent to ICARE Foundation, to the Attn. of Director *<<name, surname>>*, not later than the dates specified in Section 9 of this document: TIMING AND SCHEDULE.

6. REQUIRED EXPERTISE FOR EXPENDITURE VERIFICATION SERVICE PROVIDERS

The minimum requirements for the Expenditure Verification service provider are as follows:

- The Expenditure Verification service provider needs to be an audit company registered in Armenia or Austria and must comply with the ISAs (International Standards on Auditing) and be a member of IFAC (International Federation of Accountants).

- The Expenditure verification service provider is a member of a national accounting or auditing body or institution. Although this organization is not a member of the IFAC, the Auditor commits himself/herself to undertake this Engagement in accordance with the IFAC standards and ethics.
- The Expenditure Verification service provider 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).
- The Expenditure Verification service provider 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 Expenditure Verification service provider must have at least 3 years of experience in expenditure verification of similar projects financed by international donors.
- The Expenditure Verification service provider must be completely impartial and independent from all aspects of management or financial interests in the entity being audited.
- The Expenditure Verification service provider must not have been involved in the operation's accounting or have any financial or close business relationships with any senior participant in the management of the entity.
- The Expenditure Verification service provider must not personally be connected in any way with the senior management of the organization being audited. The auditor is required to disclose any relationship that might possibly compromise his/her independence.

The Expenditure Verification service provider will employ staff with appropriate professional qualifications and suitable experience with IFAC standards, and with experience in verifying financial information of projects comparable in size and complexity to the project subject to the expenditure verification.

The Expenditure Verification service provider must have sufficient knowledge of relevant laws, regulations, and rules in the countries concerned i.e., where the project is implemented. This includes but is not limited to the company law, taxation, social security and labor regulations, accounting, and reporting.

The Expenditure Verification service provider will provide the Grant Recipient 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.

7. REPORTING

The Expenditure Verification service provider shall invalidate the original receipts and produce an Expenditure Verification Report, which should describe the purpose, the agreed-upon procedures, and the findings in enough detail. The report should contain at least the following information[4]:

1. Title
2. Addressee
3. Brief description of the project and partner(s)
4. Period covered by the report
5. Total amount of budgeted and actual incomes
6. Complete list of project funds transferred, including donors' names, dates, and exchange rates
7. Total amount of actual expenditures verified
8. Expenditure Coverage Ratio
9. Objectives, Scope, and Description of the procedures performed
10. Findings from the expenditure verification
11. Recommendations, if applicable
12. Follow up on previous recommendations, if applicable
13. Other relevant matters
14. Date of the report
15. Auditor's address and signature

The Report shall also comprise the following annexes:

1. Financial Statement: overall calculation with comparison of actual expenditures vs. approved budget, certified by the company's formal signature (stamp and signature) and by the formal signature (stamp and signature) of the auditor.
2. cash flow statement.
3. a detailed voucher list classified according to the relevant budget lines
4. bank account statements
5. list of payable invoices, if any
6. in case ineligible costs are detected, a list of respective vouchers
7. asset list
8. list of procurement contracts awarded during the reporting period
9. list of grant contracts awarded during the reporting periods, if applicable

8. MANDATE

[4] For details on reporting please refer to ISRS 4400 (Revised) issued by IFAC

The Grant Recipient provides the Expenditure Verification service provider with all necessary information to perform his/her work.
The following underlying documents are required as a minimum:

- Grant Agreement concluded between the ADA and the Grant Recipient with all annexes, including contracts or agreements between the Grant Recipient and his/her partners, if any
- Amendments to the Grant Agreement, if any
- The Financial Statement

The Financial Statement (consisting of a summary and a detailed breakdown) must include a comparison of actual vs budgeted expenditure and a detailed voucher list classified according to the relevant budget lines.

The Financial Statement must, in all aspects, adhere to the last approved budget and show at least the same level of detail.

The Financial Statement must cover all project expenses and all project funds, whether received from the ADA, the Grant Recipient, 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.

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

The auditor will have a contractual relationship solely with the ordering party (the Recipient). The auditor does not have a contractual relationship with the ADA and the ADA will not intervene in any dispute between the auditor and the Recipient.

9. TIMING AND SCHEDULE

Activity schedule for the 1st Expenditure Verification ***same time periods apply for the expenditure verification periods of the following project years.**	**Until**	**To / from**
Letter/Expression of interest/offer	December 19, 2025	ICARE / EV firm
Signed contract	December 21, 2025	between EV firm and ICARE
The Expenditure Verification service provider will receive the complete financial report (including list of expenses to be verified)	before January 10, 2026	EV firm / ICARE

Conducting Expenditure Verification	January 10, 2026 – February 26, 2026	ICARE / EV firm
Sending draft expenditure verification report to ICARE Director	February 20, 2026	ICARE / EV firm
Feedback from ICARE	February 23, 2026	EV firm / ICARE
Finalization of and transmission of the final expenditure verification report	February 26, 2026	ICARE / EV firm
Activity schedule for the 2nd Expenditure Verification *same time periods apply for the audit periods of the following project years.		
The Expenditure Verification service provider will receive the complete financial report (including list of expenses to be verified)	before January 11, 2027	EV firm / ICARE
Conducting Expenditure Verification	January 11, 2027– February 26, 2027	ICARE / EV firm
Sending draft expenditure verification report to ICARE Director	February 19, 2027	ICARE / EV firm
Feedback from ICARE	February 23, 2027	EV firm / ICARE
Finalization of and transmission of the final expenditure verification report	February 26, 2027	ICARE / EV firm
Activity schedule for the 3rd Expenditure Verification ***same time periods apply for the audit periods of the following project years.**		
The Expenditure Verification service provider will receive the complete financial report (including list of expenses to be verified)	before November 01, 2027	EV firm / ICARE
Conducting Expenditure Verification	November 01, 2027 – January 31, 2028	ICARE / EV firm
Sending draft expenditure verification report to ICARE Director	January 20, 2028	ICARE / EV firm
Feedback from ICARE	January 24, 2028	EV firm / ICARE
Finalization of and transmission of the final expenditure verification report	January 31, 2028	ICARE / EV firm

9.1 Submission of the Expenditure Verification report

The Recipient is required to submit to the ADA the Expenditure Verification report (see annex II) produced by an auditor. The Expenditure Verification report has to be available two months after the end of the respective reporting period.
The Expenditure Verification report is composed of two separate documents:

- The Expenditure Verification service provider's report to be issued on the Expenditure Verification service provider's letterhead and dated, stamped, and signed by the Expenditure Verification service provider.
- The detailed cost breakdown (i.e., in the Excel file of the Financial Report), compiled, dated, and signed by the Recipient and countersigned by the auditor. The Expenditure Verification report must be written in English.

9.2 Verification evidence

The Grant Recipient will allow the Expenditure Verification service provider to carry out verifications on the basis of supporting documents for the accounts, accounting documents, and any other document relevant to the financing of the project.

The Grant Recipient will allow the Expenditure Verification service provider access to all documents concerning the financial management of the project. It should also be noted further that it is the Grant Recipient's responsibility to obtain the accounting documents necessary to enable the Expenditure Verification service provider to verify costs incurred by the Grant Recipient. Supporting documentation must be available in the form of original documents for the Grant Recipient rather than photocopies or facsimiles.

- If the auditor encounters any discrepancies/exceptions in carrying out the performance of the procedures detailed in these ToR, e.g., missing supporting documentation, the general rule is for the cost item to be corrected in the Financial Report to be submitted to the ADA, i.e. the applicable cost is excluded from the Financial Report.
- There will be many instances where a discrepancy/exception is not easily rectified by excluding it from the Financial Report, for example, non-compliant subcontracting costs or costs incurred during the eligibility period but not yet paid at the date of submission of the Financial Report or incurred after the end of eligibility (e.g., costs of Expenditure Verification Report). In such instances, the Expenditure Verification service provider should report.
- Where the Expenditure Verification service provider is in any doubt as to how to deal with a discrepancy/exception, it is recommended that it is reported in the Audit Report and with a sufficient amount of detail that would allow the ADA to be able to make a decision

on the issue.

The Grant Recipient will provide the Auditor with complete access at any time to all relevant records and documents (including books of account, legal agreements, minutes of meetings, correspondence, bank records, invoices, and contracts, etc.) and employees involved in the project implementation process. The auditor has a right of access to banks, consultants, contractors, and other persons or firms engaged by the project management.

10. SELECTION OF THE AUDITOR

The deadline for the submission of bids is **19 December 2025, 14:00 Yerevan time**. All companies that submitted bids will be contacted with requests for additional information and details if necessary.
The selection criteria for candidates will be related experience and price offer.

11. HOW TO APPLY

Submission letter should include:

- Description of planned audit implementation
- Schedule of activities
- Expenditure Verification service provider's fees
- Expenditure Verification service provider's CVs and/or company profile

The bidding submission package together with the List of audited projects/companies/clients should be sent to the following address: 1, 12th Alley, 5th Street, Proshyan, Kotayk Marz, 2413, Armenia, for attention of Director Arthur Grigoryan <arthur@icare.am>

Contract:
Before carrying out the Expenditure Verification, a contract (based on this ToR) is to be signed between ICARE Foundation and the respective company.
The Expenditure Verification contract shall be drafted by the Expenditure Verification service provider and shall:

- Be written in English
- Include these ToR as an annex and integral part of the contract
- Contain a confirmation that the Expenditure Verification service provider has read ADA's General Terms and Conditions of the Austrian Development Agency´s grant Agreement for Support in the Field of Development Cooperation, especially chapter 4.6 of the General Conditions.

- Contain a schedule for the Expenditure Verification process.

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Annex I: Template for the Engagement Letter for the Expenditure Verification Report

When drafting the engagement letter, the Expenditure Verification service provider and the Grant Recipient should use the text below. The Expenditure Verification service provider and the Grant Recipient are free to add further arrangements that express the particularities of the project. These provisions may not, in any event, be contradictory to these ToR.

<u>Engagement Letter for the Expenditure Verification Report</u>

To be printed on the letterhead paper of the Expenditure Verification service provider

The following are the conditions on which <***name of the Grant Recipient***> 'the Grant Recipient' agrees to engage <***name of the Expenditure Verification service provider firm***> 'the EV firm' to provide an independent Expenditure Verification Report prepared by the Recipient in connection with a "FRUIT PRODUCTION SECTOR DEVELOPMENT PROJECT IN ARMENIA, PHASE 2 (FRUITENIA-2) financed Grant Agreement concerning the project <*title of the project and number of the grant contract*> (the 'Grant Agreement). Where in this letter the 'ADA' is mentioned, this refers to the ADA in its capacity as signatory of the Grant Contract with the Grant Recipient or with project partners of the Grant Recipient (the signing, coordination organization), providing the grant funding. The ADA is not a party to this agreement.

1) Responsibilities of the Parties to the Engagement

'**The Grant Recipient'** refers to the organization that is receiving part of the total grant funding and that has either signed the Grant Agreement with the ADA or is a project partner of the signing (coordinating) organization.

- The Grant Recipient is responsible for providing the ADA with a Financial Report for the project financed by the Grant Agreement, which complies with the terms and conditions of the Grant Agreement, and for ensuring that this Financial Report can be reconciled to the Grant Recipient's accounting and bookkeeping system and to the underlying accounts and records. The Grant Recipient is responsible for providing sufficient information in support of the Financial Report. Notwithstanding the procedures to be carried out, the Grant Recipient remains at all times responsible and liable for the accuracy of the Financial Report.

- The Grant Recipient accepts that the ability of the auditor to perform the procedures required by this engagement effectively depends upon the Grant Recipient, and as the case may be its partners, providing full and free access to the Recipient's staff and its accounting and bookkeeping system and underlying accounts and records.

'**The EV firm**' refers to the Expenditure Verification service provider responsible for performing the agreed-upon procedures as specified in this letter, and for submitting an independent Expenditure Verification Report to the Grant Recipient.

The EV firm must be independent from the Grant Recipient. By agreeing to this engagement, the EV firm confirms that at least the following conditions have been met:

- The EV firm is qualified to carry out audits of accounting documents in accordance with national legislation.
- The procedures to be performed are specified by the ADA and the EV firm is not responsible for the suitability and appropriateness of these procedures.
- The external EV firm has to be chosen in accordance with the local office of the Austrian Development Agency (ADA) whenever a local office is in place.

2) Subject of the engagement

The subject of this engagement is to produce an Expenditure Verification Report of Factual Findings in connection with the Grant Contract <project number> for the period covering <dd Month yyyy to dd Month yyyy> and the project entitled <title of the Action>, the 'Project'.

3) Reason for the engagement

The Grant Recipient is required to submit to the ADA an Expenditure Verification Report in the form of an independent certification produced by an auditor in support of the payment requested by the Grant Recipient in accordance with Section Schedule. /B Guidelines for the Budget and Financial Report of the Grant Agreement. The ADA's responsible authorizing Programme Officer requires this report as a condition for the consecutive annual payments and the final payment requested by the Grant Recipient.

4) Engagement type and objective

This constitutes an engagement to perform specific agreed-upon procedures regarding an independent verification of costs claimed under the Grant Agreement. The objective of this expenditure verification is for the auditor to carry out the specific procedures listed in III.3. in this letter and to submit to the Grant Recipient an Expenditure Verification Report of Factual Findings with regard to the specific verification procedures performed. Verification means that the EV firm examines the factual information in the Financial Report of the Grant Recipient.

As this engagement is not an assurance engagement, the EV firm does not provide an audit opinion and expresses no assurance. The ADA assesses for itself the factual findings reported by the EV firm and draws its own conclusions from these factual findings on the Financial Report and the payment request of the Grant Recipient relating thereto.

The EV firm shall include in his/her report the amount of the fees and travel and subsistence reimbursement(s) received for providing the Expenditure Verification Report and shall certify that no conflict of interest exists between him/her and the Grant Recipient in establishing the report.

5) Standards and ethics

The EV firm 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 *Code of Ethics for Professional Accountants* issued by the IFAC. Although ISRS 4400 provides that independence is not a requirement for agreed-upon procedures engagements, the ADA requires that the EV firm be independent from the Grant Recipient and comply with the independence requirements of the *Code of Ethics for Professional Accountants*.

6) Procedures, evidence, and documentation

The EV firm plans the work so that effective expenditure verification can be performed. The EV firm performs the procedures listed in III.3. and applies these related guidelines. The evidence to be used for performing the procedures in II.3. is all financial information which makes it possible to examine the expenditure claimed by the Grant Recipient in the Financial Report. The EV firm uses the evidence obtained from these procedures as the basis for the Expenditure Verification Report. The EV firm documents matters which are important in providing evidence to support the Expenditure Verification Report, and evidence that the work was carried out in accordance with ISRS 4400 and the specific guidance provided by the ADA.

7) Reporting

The report on this expenditure verification should describe the purpose, the agreed-upon procedures, the factual findings, and a detailed cost breakdown as well as a summary of expenses according to the budget categories in sufficient detail to enable the Grant Recipient and the ADA to understand the nature and extent of the procedures performed by the EV firm.

The Expenditure Verification Report should offer an opinion on the following areas:

- Is the Financial Project Report in accordance with bookkeeping?
- Do the received funds match the bookkeeping?
- Does the bookkeeping match the vouchers?
- Are there proper vouchers for all transactions?
- Does the bookkeeping match the Official Bank Account Statements and Cash Book?
- Does the internal control system assure sound financial management and plausibility and transparency of the expenses?

The EV firm shall produce an Expenditure Verification Report which contains at least:

- 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
- 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

The use of the reporting template (Annex II - Template for the Expenditure Verification Report (Report on Factual Findings)) is mandatory. This report must be provided by the EV firm to <name of the Grant Recipient > by <date> at the latest.

8) Other Terms

[*The Grant* Recipient *and the EV firm may use this section to agree on other specific terms such as EV firm's fees, out-of-pocket expenses, liability, applicable law, etc.*]

Date:

Signature Grant Recipient   Signature EV firm

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Annex II: Template for the Expenditure Verification Report of Factual Findings

To be printed on the letterhead paper of the auditor

The Expenditure Verification Report of Factual Findings on costs claimed under the Grant Contract, financed under the "FRUIT PRODUCTION SECTOR DEVELOPMENT PROJECT IN ARMENIA PHASE 2 (FRUITENIA-2)

<Name of contact person(s)>, < Position>
< Grant Recipient's name>
<Address>
<dd Month yyyy>

In accordance with the terms of our engagement letter dated <dd Month yyyy> with <name of the Grant Recipient > hereinafter referred to as "the Grant Recipient", we hereby provide our Audit Report of Factual Findings ("the Report"), as specified below.

Objective

We *[legal name of the Expenditure Verification service provider firm]*, established in *[full address/city/province/country]* represented for signature of this Report by [*[name and function of an authorized representative],* have performed agreed-upon procedures regarding the costs declared in the Financial Report of [*name of* Recipient], the Recipient, to which this Report is attached, and which is to be presented to the ADA, hereinafter referred to as "the Agency", under Grant Agreement *[Project Title and Project Number]* for the following period *[insert period covered by the Financial Report].* This engagement involved performing the procedures listed in the "Terms of Reference "FRUIT PRODUCTION SECTOR DEVELOPMENT PROJECT IN ARMENIA PHASE 2 (FRUITENIA-2) Audit Report", the results of which the Agency uses to draw conclusions as to the eligibility of the costs claimed.

Standards and ethics

Our engagement was undertaken in accordance with:

- The specific guidance provided by the Agency;
- International Standard on Related Services ('ISRS') 4400 *Engagements to perform Agreed-upon Procedures regarding Financial Information* as promulgated by the International Federation of Accountants ('IFAC');
- The *Code of Ethics for Professional Accountants* issued by the IFAC. Although ISRS 4400 provides that independence is not a requirement for agreed-upon procedures engagements, the Agency requires that the auditor also complies with the independence requirements of the *Code of Ethics for Professional Accountants.*

Procedures performed

As requested, we have only performed the procedures listed in "Terms of Reference "FRUIT PRODUCTION SECTOR DEVELOPMENT PROJECT IN ARMENIA PHASE 2 (FRUITENIA-2) Expenditure Verification Report".

These procedures have been determined solely by the Agency and were performed solely to assist the Agency in evaluating whether the expenditure claimed by the Recipient in the accompanying Financial Report has been claimed in accordance with the Grant Agreement. The auditor is not responsible for the suitability and appropriateness of these procedures.

Sources of information

The Report sets out information provided to us by the management of the Recipient in response to specific questions or as obtained and extracted from the Recipient's information and accounting systems.

Factual findings

The above-mentioned Financial Report was examined and all procedures specified in "Terms of Reference "FRUIT PRODUCTION SECTOR DEVELOPMENT PROJECT IN ARMENIA PHASE 2 (FRUITENIA-2) Expenditure Verification Report" were carried out.

The total expenditure which is the subject of this expenditure verification, amounts to EUR<xxxxxx>. The currency exchange rate that was used is <xxxxxx>.

Exceptions [delete if not applicable, i.e. no exceptions have been identified]

i) Cases of non-compliance

- Staff costs: please report the nature of the non-compliance and details of the costs affected

- Exchange rate: please indicate the exchange rate applied and report any discrepancies between the amount of expenditure incurred in a currency other than Euro and the related value declared in the Financial Report

- Eligibility period: please report details of invoices related to the eligibility period but not yet paid at the date of submission of the Financial Report as well as those costs incurred after the end of the eligibility period

- Sub-contracting/ procurement: please report the nature of the non-compliance and details of the costs affected

- Other direct costs: please report the nature of the non-compliance and details of the costs affected

For all instances, please provide sufficient details on the issues concerned, e.g. amount of transaction, date of transaction, invoice or reference number, name of supplier.

ii) Additional information for the consideration of the Agency

This section shall be used by the auditor to signal any issue which does not fall into the categories listed in Section i) above.

Use of this Report

This Report is intended solely for the purpose set forth in the above objective.
This Report is prepared solely for the confidential use of the Recipient and the Agency and solely for the purpose of submission to the Agency in connection with the requirements as set out in Article 4.1.4 of the Grant Agreement. This Report may not be relied upon by the Recipient or by the Agency for any other purpose, nor may it be distributed to any other parties. The Agency may only disclose this Report to others who have regulatory rights of access to it, in particular the Austrian Development Agency.

This Report relates only to the Financial Report specified above and does not extend to any other financial statements of the Recipient.
No conflict of interest exists between the auditor and the Recipient in establishing this Report.

We look forward to discussing our Report with you and would be pleased to provide any further information or assistance which may be required.
[legal name of the audit firm]
[name and function of an authorized representative]
<dd Month yyyy>, <Signature of the auditor>

NB: please attach the following document
The cost breakdown relating to the Project (as per the model annexed to the Grant Agreement, i.e. the Excel Financial Report), compiled, dated and signed the Recipient and counter- signed by the auditor.