TERMS OF REFERENCE

EXPENDITURE VERIFICATION

Agreed-Upon Procedures Engagement

Contracting Authority	Innovation Centre Kosovo (ICK)
Project:	TechEco Pathways: Fostering Innovation and Sustainability in Kosovo, KSV/021- Skills for sustainable jobs in Kosovo, KSV/021 • 24 3334
Donor:	Lux Development, the Luxembourg Development Cooperation Agency – LuxDev
Assignment	Independent verification of expenditure and factual findings report
BID Invitation Number:	ICK-CLF-2026/11
Publication Date	16 July 2026
Submission Deadline	24 July 2026

PROCEDURE	ISSUE DATE	CLOSING DATE	LANGUAGE
Open Request for Quotations	**16.07.2026**	**24.07.2026, time 11.00 AM**	**English**

Prepared in accordance with Appendix VII of the LuxDev Delegation Agreement

Prishtina, Kosovo | July 2026

1. BACKGROUND

Innovation Centre Kosovo (ICK), as the partner responsible for implementing the action financed under the Delegation Agreement for Funds and Implementation (DAFI), intends to engage an independent qualified audit firm to conduct an expenditure verification and issue a report of factual findings.

The assignment is governed by Appendix VII of the DAFI, entitled "Model for findings report and terms of reference for expenditure verification". The selected auditor will carry out agreed-upon procedures on the financial information submitted by ICK and will report the factual findings to ICK. The report will be used by ICK and LuxDev for the purposes set out in the DAFI. LuxDev is not a party to the audit engagement.

2. PURPOSE AND OBJECTIVE OF THE ASSIGNMENT

The objective is to enable the auditor to verify whether expenditure declared in the relevant financial report:

- was actually incurred and relates to the action;
- was accurately recorded in the accounting records and financial report;
- is eligible under the DAFI and its applicable annexes; and
- was financed and used in accordance with the terms and conditions of the DAFI.

3. SUBJECT OF THE MANDATE

DAFI reference	KSV/021 • 24 3334
Partner	Innovation Centre Kosovo (ICK)
Country	Kosovo
Type of report	Final financial report
Verification period	24 months, 25 October 2024 – 24 October 2026
Financial report	Financial and non-financial information submitted under the DAFI
Amount subject to verification	Up to 250,000.00 Euro

4. RESPONSIBILITIES OF THE PARTIES

4.1 Responsibilities of ICK

- Prepare and submit the financial report and supporting schedules for the relevant reporting period.
- Provide access to accounting records, procurement files, contracts, invoices, bank records, payroll documents, timesheets, asset records and any other supporting evidence requested by the auditor.
- Provide the signed DAFI and all applicable appendices, amendments, approved budgets and relevant narrative reports.
- Ensure timely access to staff and, where relevant, implementing partners or service providers.
- Review the draft factual findings and provide management comments without restricting the auditor's independence.

4.2 Responsibilities of the Auditor

- Plan and perform the agreed-upon procedures efficiently and in line with this ToR and Appendix VII of the DAFI.
- Maintain professional independence, objectivity and confidentiality throughout the engagement.
- Apply professional judgement when selecting expenditure items and obtaining sufficient appropriate evidence.
- Maintain adequate working papers and supporting documentation evidencing the procedures performed and the factual findings reported.
- Provide ICK with full details of factual findings, exceptions, ineligible expenditure and their estimated financial impact.
- Immediately inform ICK of any material limitation in scope, missing documentation or circumstance affecting the completion of the assignment.

5. PROFESSIONAL STANDARDS AND ETHICAL REQUIREMENTS

The engagement shall be performed in accordance with the International Standard on Related Services (ISRS) 4400 on agreed-upon procedures engagements concerning financial information, as published by the International Federation of Accountants (IFAC), together with the applicable IFAC Code of Ethics for Professional Accountants.

The auditor must meet the independence requirements applicable to the engagement and must be independent from ICK, its governing bodies, employees, service providers and any other party whose financial information is subject to verification.

6. SCOPE OF WORK AND PROCEDURES

The auditor shall design and execute an expenditure verificationprogramme consistent with the objective and scope of this assignment, the provisions of the DAFI, and the expenditure verification requirements set out in Appendix VII of the DAFI.

In obtaining sufficient and appropriate evidence to support the factual findings, the auditor may refer to ISA 500 (Audit Evidence) and apply professional judgement where the DAFI, Appendix VII, or these Terms of Reference do not provide sufficient guidance.

The procedures shall include, at a minimum, the following areas:

6.1 Understanding the action and applicable rules

- Obtain sufficient knowledge of the action, its activities, implementation arrangements and reporting structure.
- Review the signed DAFI, its general conditions, approved budget, amendments and all appendices relevant to financial management, procurement and expenditure eligibility.
- Compare the financial report with the corresponding narrative report.
  Obtain sufficient understanding of the financial management, accounting, procurement, and internal control arrangements applied by ICK.

6.2 General financial procedures

- Verify that the financial report complies with the format and conditions of the DAFI.
- Review whether ICK has complied with the accounting, bookkeeping and record-retention requirements.
- Reconcile the financial report to the general ledger, journals, trial balance, bank records and other accounting documentation.
- Verify the accuracy and consistent application of exchange rates used for currency conversion.

6.3 Budget compliance and analytical review

- Confirm that the budget shown in the financial report corresponds to the approved DAFI budget and authorized amendments.
- Verify that declared expenditure is foreseen under the relevant budget headings and that applicable budget ceilings have not been exceeded.
- Perform analytical procedures to identify unusual amounts, trends, ratios, duplicate transactions or other items requiring additional verification.

6.4 Selection of expenditure for verification

- Select expenditure items based primarily on financial value and risk, while ensuring adequate coverage across budget headings and sub-headings.
- Use professional judgement to include unusual, high-risk, complex or error-prone transactions, regardless of their value.
- Document the sampling approach, population, selected items, procedures applied and results obtained.

6.5 Verification of expenditure

For selected expenditure items, the auditor shall verify the following criteria:

Criterion	Minimum verification requirement
Eligibility of direct costs	Costs are necessary for the action, included in the approved budget, incurred during the implementation period, actually borne by ICK or its partners, recorded in the accounts, identifiable, verifiable and supported by original documentation.
Accuracy and recording	Amounts are correctly calculated, duly recorded, included in the financial report and supported by adequate evidence; exchange rates are correctly applied.

Criterion	Minimum verification requirement
Classification	Expenditure is charged to the correct budget heading and sub-heading.
Reality and existence	The underlying transaction, service, activity, asset or supply actually took place or exists; quantities, quality, timing and cost are reasonable and consistent with the supporting evidence.
Procurement compliance	ICK Procurement Procedure, comply with the DAFI, applicable procurement provisions, nationality and origin requirements, and ICK internal procurement procedures.; any non-compliance and its financial impact are clearly reported.
Contingency (if any)	Any contingency provision does not exceed 5% of eligible costs and has been used in accordance with the DAFI.
Indirect/administrative costs	Any indirect or administrative costs are calculated and charged in accordance with the DAFI.

6.6 Verification of revenues and other financing

- Verify that funding, subsidies, co-financing, income and other resources generated in the context of the action are correctly attributed to the action and disclosed in the financial report.
- The procedures are intended to verify disclosure and attribution; they do not constitute an audit of the completeness of revenues.

7. EXPENDITURE COVERAGE

The verification shall be systematic and representative. It is not necessary to verify every transaction, provided that the auditor achieves sufficient coverage and can support the factual findings.

Overall expenditure coverage ratio (ECR)	At least 65% of the total expenditure reported and claimed.
Extension where exception rate is less than 10%	Finalise the procedures and report the findings, regardless of total coverage achieved.
Extension where exception rate exceeds 10%	Extend procedures until the overall ECR reaches at least 85%.
Coverage per heading/sub-heading	At least 10% of each expenditure heading and sub-heading in the financial report.

8. DELIVERABLES

The selected auditor shall submit the following deliverables in English:

No.	Deliverable	Description
1	**Audit work plan**	A concise work plan, information request and proposed schedule, submitted at the start of the assignment.
2	**Draft factual findings report**	Prepared in the structure and format required by Appendix VII, including the procedures performed, expenditure coverage, exceptions, ineligible expenditure and financial impact.
3	**Final factual findings report**	A signed final report incorporating ICK's factual comments where appropriate, together with all required appendices.
4	**Supporting schedules**	An electronic schedule of the population reviewed, sample selected, findings by budget heading and reconciliation of the verified amount.

The report shall clearly distinguish factual findings from management explanations. It shall state the total expenditure subject to verification, the expenditure coverage ratio, the value of exceptions and any expenditure considered ineligible. The financial report submitted by ICK shall be attached to the final report.

9. ASSIGNMENT PERIOD AND LOCATION

The assignment is expected to commence immediately upon contract signature. In order to ensure timely completion of the verification, the Parties shall sign the contract as soon as possible.

The auditor shall complete the verification and submit the final audit report, together with all supporting schedules and required documentation, no later than 24 October 2026, unless otherwise agreed in writing with Innovation Centre Kosovo (ICK).

The work will be carried out through a combination of document review and on-site verification at the premises of Innovation Centre Kosovo (ICK) in Prishtina, Kosovo. The auditor shall remain available to provide clarifications and respond to any questions regarding the report during the review process conducted by ICK and LuxDev.

10. REQUIRED QUALIFICATIONS

Eligible applicants must meet the following minimum requirements:

- Be a legally registered and licensed audit firm authorised to provide external audit or agreed-upon procedures services in Kosovo.
- Eligible applicants may be licensed audit companies or licensed individual auditors who meet the professional qualification, independence and experience requirements specified in this ToR.
- The auditor, whether a licensed audit company or a licensed individual auditor, must be a member of a recognised accountancy or auditing body or institution. Although that organisation may not be a member of the International Federation of Accountants (IFAC), the auditor undertakes to carry out the assignment in full compliance with IFAC standards and ethical rules.
- Demonstrate at least five (5) years of relevant professional experience in audit, expenditure verification or donor-funded project assignments.
- Demonstrate successful completion of at least three (3) comparable assignments for international organisations, development agencies, EU-funded projects or other donor-funded programmes.
- Propose a team with appropriate qualifications in accounting, audit, procurement compliance and donor-funded project verification (Include CV).
- Have excellent report-writing skills in English.
- Have no actual, potential or perceived conflict of interest in relation to ICK, LuxDev or the action.

11. APPLICATION REQUIREMENTS

The proposal shall be complete and submitted in two clearly identifiable parts: Technical Offer and Financial Offer.

11.1 Technical Offer

- Company profile and legal registration information.
- If the bidder is an individual, they must submit a copy of a valid identification document and an updated CV.
- Valid licence or authorisation to perform audit-related services.
- Understanding of the assignment and proposed methodology, including sampling and coverage approach.
- Work plan and proposed timetable.
- Composition of the proposed team, roles and CVs of key experts.
- List References: At least three references from similar assignments, including the client name, organization, contact details, and a brief description of the assignment.
- Completed ICK Annexes 1, 2 and 3, as attached to these Terms of Reference
- The selected bidder shall, upon signing the contract, submit a valid Tax Verification issued by the Tax Administration of Kosovo, confirming that the bidder has no outstanding or has a valid agreement with the Tax Administration of Kosovo for the settlement of such liabilities.

11.2 Financial Offer

- A fixed lump-sum price in EUR covering all professional fees, administrative costs and any other expenses necessary to complete the assignment.
- Must be VAT exempt in accordance with Law No. 05/L-037 on VAT, Article 33 (for legal entities, as applicable) Since the project is funded by LuxDev.
- The financial offer shall remain valid for at least thirty (30) calendar days from the submission deadline.

12. EVALUATION CRITERIA

No.	Evaluation criterion	%
1	**Qualitative Criteria**	**40%**
1.1	Relevant professional experience of the company or licensed individual auditor in conducting similar audit or expenditure verification assignments	30%
1.2	References and proven experience in successfully completed similar assignments	10%
2	**Financial evaluation (Most economically advantageous financial offer)**	**60%**
	TOTAL	**100%**

13. SUBMISSION INSTRUCTIONS

Proposals must be submitted electronically no later than **24 July 2026** to the official ICK procurement address indicated in the publication notice. The email subject line shall read:

"Proposal – Expenditure Verification – DAFI Ref. KSV/021 • 24 3334"

Bidders must send their offer together with all of the necessary documents until July 24, 2026, 11:00 AM.

The bid must be submitted via email to this address: info@ickosovo.com by marking the invitation number for bidding: ICK-CLF-2026/11.

The offers will be opened on **July 24, 2026 at 11:15 AM**, and all interested parties have the right to be present during the opening (a written request, via email must be submitted no later than **July 21, 2026**).

Questions will be accepted until **July 21, 2026**.

According to the ICK procurement rules, any participant may submit their complaint within 7 days from the date of receipt of the notice to selection of bidders.

14. CONFIDENTIALITY, OWNERSHIP AND DATA PROTECTION

- All documents, records and information accessed during the assignment shall be treated as confidential and used exclusively for the purposes of the engagement.
- The final report and all supporting schedules produced under the contract shall become the property of ICK and may be shared with LuxDev and other authorised reviewers.
- The auditor shall not disclose information to third parties without prior written authorisation from ICK, except where disclosure is required by law or professional obligation.
- The auditor shall apply appropriate safeguards for personal data and financial information received during the assignment.

15. RESERVATION OF RIGHTS

ICK reserves the right to cancel, suspend or amend the procurement procedure, reject any or all proposals, verify references and negotiate clarifications with the highest-ranked bidder, without incurring liability toward applicants. Any contract award is subject to completion of the applicable procurement and approval procedures.

The following documents are attached to and form an integral part of these Terms of Reference:

Appendix 1 to the ToR: Information regarding the subject of the expenditure audit

Appendix A: Minimum Structure of the Factual Findings Report

Appendix B: Financial Offer Form

ICK Annex 1: Technical Offer Form

ICK Annex 2: Financial Offer Form

ICK Annex 3: Declaration of Independence, Absence of Conflict of Interest and Confidentiality

Note: Appendix 1 to the ToR is provided for information purposes only. Bidders are not required to complete or submit it. ICK will finalise the document following the contract award, including the selected auditor's details.

APPENDIX A – MINIMUM STRUCTURE OF THE FACTUAL FINDINGS REPORT

The report shall follow the model contained in Appendix VII and include, at minimum:

- Auditor's letterhead, addressee, date and engagement reference.
- Objective of the engagement and clear statement that the work constitutes agreed-upon procedures rather than an audit or review.
- Applicable standards and ethical/independence requirements.
- Sources of information and any limitations encountered.
- Total expenditure subject to verification and expenditure coverage ratio.
- Total exceptions and ineligible expenditure, including financial impact.
- Detailed procedures performed and factual findings under each area of the ToR.
- Information regarding the DAFI, action, partner and relevant financial report.
- Statement on restricted use and confidentiality of the report.
- Appendix containing the ToR and the financial report submitted by ICK.

APPENDIX B – FINANCIAL OFFER FORM

Name of bidder	
Professional fees, excluding VAT (EUR)	
Other costs, excluding VAT (EUR)	
Subtotal, excluding VAT (EUR)	
TOTAL LUMP-SUM PRICE (EUR)	

The undersigned confirms that the above price is fixed and includes all costs necessary for the completion of the assignment in accordance with the Terms of Reference.

Authorised representative	
Position	
Signature and stamp	
Date	