

Annex A

Terms of Reference

Expenditure Verification



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1. Contracting body

Hilfswerk International
Grünbergstraße 15/2/5
A – 1120 Vienna
Austria
Type of organization: NPO

2. Project data

Project titles:
NIKDERA - Nikopol District Emergency Relief Assistance for conflict-affected population
Countries of implementation:
Ukraine
Source(s) of funding:
Austrian Development Cooperation (ADA) HWI
Project duration:
01.10.2024 – 31.07.2026
Total project budget:
EUR 1.052.700,00
Project and cooperation partner(s):
Hilfswerk International (lead partner, Austria) Representative Office of Hilfswerk International in Ukraine (HWI UA)

3. Project background

The humanitarian situation in Ukraine remained complex and critical throughout 2024 due to the ongoing war, which began in 2014 and significantly escalated with the full-scale invasion by the Russian Federation on February 24, 2022. The crisis continues to devastate the population, economy, and infrastructure of Ukraine, creating widespread humanitarian needs across the country. In 2024, the crisis was primarily a protection emergency, marked by serious violations of civilian rights, including those of children. Thousands of civilians were killed or injured, compounding previous traumas. The war exacerbated existing inequalities, disproportionately affecting women, girls, people with disabilities (PwD), and marginalized communities, and increasing the risk of sexual and gender-based violence (SGBV).

The humanitarian situation in the Nikopol District, located in the Dnipropetrovsk Region, is critical due to ongoing hostilities and repeated attacks. Part of the District has been significantly impacted by artillery and drone strikes, particularly from positions near the Zaporizhzhia Nuclear Power Plant. These continuous bombardments have resulted in extensive damage to civilian infrastructure and severely affected the daily lives of people living there. Many families have been displaced, seeking refuge in other parts of the District or beyond. Those who remain face constant threats and disruptions to their daily lives. The continuous threat of attacks has taken a severe psychological toll on people, many of whom experience constant fear and anxiety. Vulnerable groups such as children, the elderly and people with disabilities (PwD) face additional challenges. Children are particularly at risk, with disrupted education and the trauma of living in a conflict zone. Education is conducted online, although it should be recognized that most children do not have enough digital gadgets to study. Children spend most of their time at home. As a result, there is currently a serious challenge with socialization and live communication. Elderly, who often have limited mobility, find it difficult to access essential services and are more vulnerable to the psychological and physical impacts of the conflict. PwD face even greater difficulties, with many struggling to receive necessary medical care and mental health support. Local authorities and humanitarian organizations are working tirelessly to mitigate the impact of the conflict, providing emergency assistance, repairing damaged infrastructure, and supporting evacuations. However, the situation remains dire, and sustained international support is crucial to address the urgent needs of the most vulnerable populations and restore a sense of normalcy to the region. The project partners joint forces to address the urgent and acute needs in the Nikopol District through a combination of a central Help-Point (HP), a mobile team, and close collaboration with other actors. Key components and main outputs include establishing a Child-

Friendly Space (CFS) and Open Space to create safe areas for children to play and learn and promote well-being and encouraging social interaction among people. Specific targeted support will be provided to women and girls, elderly and PwD. This comprehensive approach ensures that no one is left behind, fostering resilience and stability in the Nikopol District amid the ongoing conflict. By addressing the needs of the most vulnerable populations through these key outputs, the project aims to create a more inclusive and supportive community.

4. Objectives, expected results and target groups of the project

The proposed project "**NIKDERA - Nikopol District Emergency Relief Assistance** for conflict-affected population" aims to achieve the following:

Outcome: Enhanced resilience and well-being of 16,509 vulnerable conflict-affected IDPs, returnees, and non-displaced residents in Ukraine through comprehensive mental health and psychosocial support, social integration, protection, provision of essential food and non-food items, and targeted disability inclusion services. Contributing to SDG 2, 3, 4, 5, 6, 10, 11 and GAP III: 3.1. Ensuring freedom from all forms of GBV as well as 3.3. Strengthening economic and social rights and empowering girls and women.

Output 1 Mental Health and Psycho-Social Support (MHPSS): 1,644 vulnerable conflict-affected IDPs, returnees and non-displaced residents benefited from improved access to psychosocial and mental health support, significantly enhancing their well-being and resilience. Contributing to SDG 3.

Output 2 Social Integration and CFS: 10,434 vulnerable conflict-affected IDPs, returnees and non-displaced residents benefit from improved access to social integration support services, recreational activities and protection. Contributing to SDG 3, 4, 11.

Output 3 Women's Protection and Empowerment: 3,000 vulnerable conflict-affected women and girls, 216 vulnerable conflict-affected men and teenage boys, and 200 representatives of local actors are strengthened through increased knowledge on MHM, PSEA and prevention of SGBV. Contributing to SDG 3, 5, 10 and GAP III: 3.1. Ensuring freedom from all forms of GBV as well as 3.3. Strengthening economic and social rights and empowering girls and women.

Output 4 Food and Non-Food-Items (NFI): Increased food security and improved access to NFI among 1,080 vulnerable conflict-affected persons with reduced mobility and those affected by housing destruction. Contributing to SDG 2, 6.

Output 5 Disability Inclusion and Support: Improved capacity and awareness among 21 members of the local project team and 200 representatives of local actors to support and include people with disabilities, along with enhanced capacity and support for 135 vulnerable conflict-affected PwD. Contributing to SDG 3, 10.

Gender and Disability Inclusion: The project aims at fulfilling OECD DAC Gender Marker 1 as well as OECD DAC Disability Inclusion Marker 1.

Activities:

A0) General Project Activities & Preparations

A1) Mental Health and Psycho-Social Support (MHPSS)

1.1 Provision of MHPSS sessions in HP; 1.2 Provision of MHPSS sessions in rural areas; 1.3 Provision of MHPSS to persons with reduced mobility by mobile team; 1.4 Informational leaflets on MHPSS; 1.5 FPA to persons affected by housing destruction

A2) Social Integration

2.1 Community integration, recreational activities and informal educational sessions in HP; 2.2 Social integrational events in rural areas; 2.3 CFS in HP; 2.4 Open Space in HP.

A3) Women's Protection and Empowerment

3.1 Leaflet on PSEA prevention of SGBV; 3.2 Training local staff on gender, PSEA and prevention of SGBV; 3.3 Trainings local actors and NGOs on gender, PSEA and prevention of SGBV; 3.4 Sessions MHM, PSEA and prevention of SGBV for women and girls; 3.5 Sessions PSEA and prevention of SGBV for men and teenage boys; 3.6 Leaflets MHM; 3.7 Dignity kits.

A4) Food and NFI

4.1 Food items and NFI (hygiene) to persons with reduced mobility; 4.2 Emergency kits to persons affected by housing destruction.

A5) Disability Inclusion and Support

5.1 Inclusion training local staff; 5.2 Inclusion trainings local authorities, NGOs and other actors; 5.3 Training sessions, recreational and relief activities as well as mutual support groups for PwD.

Target groups and beneficiaries:

Overall, the project aims to reach out to a minimum of 16,509 direct beneficiaries from vulnerable conflict-affected populations, including IDPs, returnees, and non-displaced residents. This includes women, men, children, the elderly, PwD, and LGBTQIA+ individuals. The identification and selection of beneficiaries will be conducted through a transparent procedure in close cooperation and direct contact with local authorities. The target groups were selected based on their heightened vulnerability and the significant challenges they face due to the ongoing conflict in the Nikopol District. This decision was informed by comprehensive needs assessments and consultations with local authorities, UN clusters, and humanitarian organizations. Additionally, it draws on previous experiences from ADA/NIN projects in the Nikopol District. By addressing the specific needs of these diverse groups, the project ensures comprehensive and inclusive assistance, with a particular focus on those most at risk due to the ongoing conflict.

	Women	Men	girls	boys	incl. PwD	Total direct	Total indirect
ER1	921	559	82	82	82	1 644	2 055
ER2	3 339	626	3 443	3 026	522	10 434	13 043
ER3	2 100	43	900	173	64	3 216	4 020
ER4	702	378	-	-	216	1 080	1 350
ER5	81	54	-	-	135	135	169
	7 143	1 660	4 425	3 281	1 019	16 509	20 636
	43%	10%	27%	20%	6%	100%	

5. Purpose of the expenditure verification

The **purpose** of the assignment is to conduct annual audits of the programme by performing overall expenditure verification of all project expenditures incurred in the projects' target countries according to the specifications set out in sub-section 4.6. of the respective General Terms and Conditions of ADA Grant Agreements, and to prepare one joint expenditure verification report for every year of project implementation (one interim and one final expenditure verification).

The **main addressees** of these annual expenditure verifications are the Austrian Development Cooperation as Contracting Authority/Donor of the project and the programme implementers, Hilfswerk International as the leading Coordinator and its local partner in Ukraine.

6. Scope of the expenditure verification

The expenditure verification shall be carried out within a **Framework Service Contract** concluded between the contracting body (Hilfswerk International) and the auditing company **for the period of 2 years** comprising 2 annual expenditure verifications. Expenditure verifications should be conducted annually.

- **Time period to be covered by each annual expenditure verification:** All project expenditures that occurred during the project implementation year, i.e. from 1.10.2024 until 30.09.2025 and 1.10.2025 until 31.07.2026 in Austria and Ukraine shall be verified.
- **Expenditures to be verified by the expenditure verification:** The entire project expenditures in the amount of up to EUR 1.052.700,00 shall be verified, whereby the annual amount for verification will vary and depend on the actual project progress. Thereby, approx. 15% of the total project budget are projected expenses in Austria, 85% in Ukraine)
- **Place of expenditure verification:** The expenditure verification needs to take place in Austria and Ukraine. For the verification in Ukraine it is permissible that the Auditor cooperates with local audit companies, if these audit companies fulfil all qualifications stipulated for the main Contractor in these ToR (listed in point 10) and if the main Contractor / Auditor assumes the full responsibility for any expenditure verification procedures conducted by its selected local partnering audit company in the frame of this engagement.
- **Timeframe of the final expenditure verification:** The expenditure verification shall be carried twice – the interim expenditure verification from 3.11.2025 until 25.11.2025 and the final one – from 14.09.2026 until 16.10.2026, including the elaboration and submission of an annual expenditure report according to these ToR.

7. Deliverables

Expenditure verification reports (EVR) must be presented annually.

- Two annual draft EVR (first and second project year).
- Two annual final EVR (first and second project year)

The draft and final EVR should:

- Fulfil the terms stipulated in these terms of reference
- Consider all relevant documentation (see point 12)
- Be prepared in English in a presentable and clearly arranged form, free from spelling and typing mistakes and unclear linguistic formulations
- Can be submitted to the Donor in the delivered form
- Describe the purpose, the agreed-upon procedures and the factual findings of the engagement in sufficient detail to enable the Coordinator and the Contracting Authority/Donor understand the nature and extent of the procedures performed by the Auditor and the factual findings reported by the Auditor. The report should contain 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
 - Objectives, Scope and Description of the procedures performed
 - Findings from the expenditure verification
 - Recommendations, if applicable
 - Follow up of previous recommendations, if applicable
 - Other relevant matters
 - Date of the report
 - Auditor's address and signature
 - Further details on reporting can be obtained from ISRS 4400 (Revised), issued by IFAC.
- The financial information contained in the report of the Auditor is to be expressed in EUR.

The Expenditure Verification Report shall also comprise the following annexes:

1. Financial Report: 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. Statement of the project cash flows
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 exceptions are detected, a list of respective vouchers including a description of exception
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. Procedures to be performed by the Auditor

The Auditor verifies based on original documents, if

1. the project is implemented in accordance with the principles of economy, efficiency and expediency,
2. proper book-keeping and sound financial management have been maintained by the Grant Recipient, 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. b. costs have been incurred during the implementation period
- c. c. costs meet the eligibility criteria stipulated in the Grant Agreement and its annexes. 4
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 clear evident from the project bookkeeping and are assigned to the correct budgeted 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 projects costs claimed are net cost 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 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. 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. c. that only actually paid employees' costs have been claimed under the Financial Report and this has been evidenced by the respective supporting documents
14. indirect costs (also names "Projektbegleitentgelt"), if foreseen in the Project Budget, have been calculated properly,
15. accrued interest has been declared⁵,
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,
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 labour 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;
32. there is no duplicate financing by external funding bodies.

The Auditor shall invalidate the original receipts.

During the expenditure verification the following standards are to be observed:

- The Auditor ensures that the overall **Expenditure Coverage Ratio** (ECR) is at least 65%. If s/he finds an exception rate of less than 10% of the total amount of expenditure verified (i.e. 6,5 %) the Auditor finalizes the verification procedures and continues with reporting. If the exception rate found is higher than 10% the Auditor extends verification procedures until the ECR is at least 85%. The Auditor then finalizes verification procedures and continues with reporting regardless of the total exception rate found. The Auditor ensures that the ECR for each expenditure heading and subheading in the Financial Report is at least 10%.
- The Auditor confirms that s/he undertakes this Engagement in accordance with the **International Standard on Related Services ('ISRS') 4400 (Revised) "Agreed-upon Procedures Engagements"** as promulgated by the IFAC and 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. Although ISRS 4400 (Revised) provides that independence is not a requirement for Agreed-upon procedures engagements, the ADA requires that the Auditor is independent from the Grant Recipient and complies with the independence requirements of the IFAC Code of Ethics for Professional Accountants.

9. Annual Timetable for conducting the interim expenditure verification

Event	Timeline
Inception Meeting (in Vienna) with HWI (only for first audit)	3.11.2025
Expenditure verification data collection and report drafting	4.11.2025 – 14.11.2025
Submission of draft expenditure verification report	18.11.2025
Submission of final report	25.11.2025

For the final expenditure verification, the timetable shall be agreed upon between HWI and the Contractor latest until the 15th of August 2026.

10.Expected qualifications of the auditor

The Auditor shall fulfil the following qualifications:

- A professional background in finances and accounting.
- Extensive experience in auditing ADA/EU funded projects with NGOs as implementers.
- Strong communication skills in English; additional skills in Ukrainian are considered an asset.
- The Auditor 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 labour regulations, accounting and reporting.
- The Auditor 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.
- For the verification in Ukraine, it is permissible that the Auditor cooperates with local audit companies, if these audit companies fulfil all qualifications stipulated for the main Contractor in these ToR and if the main Contractor / Auditor assumes the full responsibility for any expenditure verification procedures conducted by its selected local partnering audit company in the frame of this engagement. Respective contractual arrangements between the main Auditor and any local Auditor sub-contracted by the main Auditor must be sent to HWI together with a list of names of persons having conducted the local expenditure verification. HWI reserves the right to share the sub-contract with its donor.

Furthermore, the auditor shall fulfil at least one of the following requirements:

- The Auditor is a member of a national accounting or auditing body or institution which in turn is member of the International Federation of Accountants (IFAC)
- The Auditor is a member of a national accounting or auditing body or institution. Although this organisation is not member of the IFAC, the Auditor commits himself/herself to undertake this Engagement in accordance with the IFAC standards and ethics.
- The Auditor 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 Auditor 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).

11. Documents

The auditor will be provided with:

- Grant Agreement concluded between ADA and HWI jointly with all annexes, as well as Amendments to the Grant Agreement, if any
- All narrative reports and financial statements (summary and detailed breakdown as well as budget vs. expenditure comparison) compiled to the project so far
- ADA General Terms and Conditions to the Austrian Development Agency Grant Agreement for Support in the Field of Development Cooperation (EZA Terms and Conditions for Grants), especially provisions stipulated under point 4.6 “Annual audit by external auditors”

12. Deadline for offers

Offers of qualified Auditors have to be submitted in English latest by 17 October 2025, 18:00 Austrian time, by e-mail to stoyanka.manolcheva@hilfswerk-international.at including the following information / documents:

- List of references in auditing ADA/EU funded projects with NGOs as implementers in the past 4 years (including information on the project title, the Donor, the project budget and the project country/ies);
- CV of staff/experts suggested to being 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;
- Confirmation that the Auditor is a member of a national accounting or auditing body or institution which in turn is member of the International Federation of Accountants (IFAC), or, if this is not applicable, a confirmation that the Auditor commits himself/herself to undertake the proposed Engagement in accordance with the IFAC standards and ethics, or, if this is not applicable, a confirmation that the Auditor 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) or that the Auditor 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);
- If the Auditor decides to cooperate with other local auditing companies to conduct the expenditure verification in Ukraine, the name of the intended local partner as well as the proposed auditing staff of this local auditing company should be disclosed as well as a confirmation that the local partner 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;
- Financial proposal (lump sum) in Euro for the entire framework service contract (comprising 2 single annual EVR) including all taxes (VAT), travel and subsistence costs and all other expenses (e.g. necessary translation services) connected to the completion of the tasks as described in above sections. As this lump sum is to cover all expenses arising with the described service no additional costs can be reimbursed next to the submitted offer
- Suggestions and recommendations to the Terms of References, if necessary.

Offers not containing above stated documents and information and arriving after the deadline cannot be considered.