



INVITATION TO TENDER

PROVISION OF EXTERNAL AUDIT SERVICE FOR ECO SYSTEM - Environmental reforms supporting programme

Simplified procurement procedure

(procurement nu. 04/2021)

Call and tender's documentation published on webpage of Young researchers of Serbia	12.03.2021
Deadline for receiving offers	26.03.2021
Date for opening offers	29.03.2021

In accordance to the *Procurement provisions for use by Non-Governmental Organisations (NGOs) in the context of Sida-financed Project/Core Activities (Sida's Procurement Provisions)* article 5.4 and article 2.1 paragraph (iii) and Decision to initiate implementation of simplified procurement procedure nu. 04/2021.

YOUNG RESEARCHERS OF SERBIA

Announces call for

PROVISION OF EXTERNAL AUDIT SERVICE FOR ECO SYSTEM - Environmental reforms supporting programme which is supported by Sweden (hereandafter Programme).

Tender's documentation is consisted of following elements:

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1. INTRODUCTION TO THE ECO SYSTEM PROGRAMME

Young Researchers of Serbia (YRS) implements a program known as ECO SYSTEM - Environmental reforms supporting programme in the period from 1st January 2020 to 31st December 2022 in accordance with the Program Document that YRS presented to The Swedish International Development Cooperation Agency (Sida), and that includes program description and its budget.

Sida shall finance the ECO SYSTEM Programme by way of grant up to a maximum amount of SEK 16 000 000 (Swedish kronor sixteen million, EUR 1,496,100.321) subject to the Swedish Parliamentary appropriations.

The ECO SYSTEM programme objective is to enforce the reforms in the environmental sector in Serbia through more active involvement of CSOs in the implementation of the EU acquis and constant cooperation of stakeholders.

Under the Project Support Component (Grants) there will be two cycles of grants awarded to Third Party (Civil Society Organisations - *udruženja građana*) totaling EUR 666.000 (first cycle EUR 378.000, second cycle EUR 288.000).

The grant awarding process will be based on YRS's Policy, it will be implemented following grant forwarding methodology, including all obligations from Grant Agreement between Sida and YRS.

YRS shall enter into a written Agreement with any Civil Society Organisation - *udruženje Građana* before making any disbursements to such Civil Society Organisation - *udruženje građana*.

YRS is responsible for the follow-up of funds being forwarded to a Civil Society Organisation - *udruženje građana* including assessments of the organizational capacity, internal control and risks, as well as the monitoring and evaluation of the activities.

2. GENERAL PROCUREMENT DATA

Contracting party: Young researchers of Serbia

Address: Bulevar umetnosti 27, 11070 New Belgrade

Webpage: www.mis.org.rs

TIN: 101685934

Registration number: 07052545

SUBJECT OF THE PROCUREMENT: PROVISION OF EXTERNAL AUDIT SERVICE FOR ECO SYSTEM - Environmental reforms supporting programme which is supported by Sweden.

SUBJECT: Service providing

TYPE OF PROCUREMENT: Simplified procurement procedure (number 04/2021)

LOCATION: Republic of Serbia, Belgrade

CONTACT PERSON: Tijana Ljubenović, Tel: 0693556647, email: tijana@mis.org.rs

DOWNLOADING OF TENDER'S DOCUMENTATION: Tender's documentation can be downloaded from webpage of the Contracting Party.

DEADLINE: The offer is considered timely if it is received by the Bidder no later than 26 March 2021 until 4 pm at the address Bulevar umetnosti 27, 11070 New Belgrade (Young researchers of Serbia, for Tijana Ljubenočić).

LANGUAGE FOR SUBMITTING OFFER: Documents that must be submitted in both Serbian and English languages are: (1) Price offer, (2) Declaration of honour, (3) Reference list of working with civil society organizations, (4) Reference list of EU or other international/national donor's audited projects. Biographies of the auditors must be submitted in English language. Other following documentation can be submitted in Serbian language.

LANGUAGE DURING WORK MODE: Serbian language.

REPORTING LANGUAGE: English language.

TIME, PLACE AND TENDER'S OPENING: Offers will be opened in the premises of the Contracting Party at the address Bulevar umetnosti 27, 11070 New Belgrade on 29th March 2021 starting at 10 am. Representative of the Bidder with a proper power of attorney can attend the tender's opening. He/she has to bring named document upon arrival. The power of attorney is considered valid if it is signed by the responsible person and certified by the Bidder's seal. Offers are opened by a multi-member Committee of the Contracting Party and this represents administrative check of the received Offers. Upon receiving a certain offer, the Contracting Party shall indicate the date and time of its receiving and shall issue a confirmation of receipt to the Bidder at his request. The Contracting Party shall state the date and time of its receiving in the confirmation of receipt. Offer that is not received within the set deadline and is received after the expiration of the set day and hour for receiving offers, shall be considered untimely by the Contracting Party. Upon completion of the tender's opening procedure, the Committee of the Contracting Party will return all untimely submitted offers to the Bidders, unopened and with an indication that they were submitted late.

DEADLINE FOR AWARD OF CONTRACT: Decision about award of contracts shall be made by the Contracting Party within 7 working days from the day of tender's opening.

EVALUATION OF RECEIVED OFFERS: The most favorable Bidder will be selected according to the criteria "**best price-quality ratio**" with the fulfilment of all the stated conditions from the call.

CONDITIONS FOR PARTICIPATION: Right to participate has every Bidder that fulfils conditions set by this call, regardless of the citizenship.

DURATION OF SERVICE PROVIDING: April 2021 – March 2023

3. RELEVANT INFORMATION

YRS is responsible that the Programme is audited annually. The audit shall be carried out by an external, independent and qualified auditor. The audit shall be carried out in accordance with the international audit standards issued by IAASB¹.

Sida reserves the right to approve the YRS's selection of the auditor, and may require that the auditor shall be replaced if Sida finds that the auditor has not performed satisfactorily or if there is any doubt to the auditor's independence or professional standards.

¹ The International Auditing and Assurances Standards Board (IAASB)

Sida's standard Terms of Reference (TOR) for Annual financial audit shall be used. Any deviations shall be approved by Sida. The cost for the audit shall be paid by YRS and it is a part of the ECO SYSTEM Programme's budget. TOR for the Annual financial audit will be revised/updated again before second and final financial audit, and Sida shall approve the TOR before each Annual audit takes place.

The auditor's report shall express an opinion whether the submitted Annual financial report is in accordance with the YRS's accounting records and Article 7 of the Grant Agreement between Sida and YRS. The auditor shall also review additional areas during the audit if requested in the TOR.

The auditor shall submit a Management Letter/Audit Memorandum, which shall contain the audit findings made during the audit process and shall also state which measures have been taken as a result of previous audit and whether taken measures have been adequate to deal with reported shortcomings.

A Management Response including an Action Plan regarding any findings shall be produced by the YRS and submitted to Sida together with the audited financial report and the Management Letter.

The YRS shall in all Agreements entered into with its Implementing partner organizations (Civil Society Organisation - *udruženje građana*), include a provision that stipulates a requirement to carry out annual audits. These audits shall be carried out in accordance with ISA 800/805 for project support. The Programme will be audited annually while all the Civil Society Organisations' projects will be audited after the implementation, as a part of the Annual auditing of the ECO SYSTEM Programme.

AUDITS OF THE PROGRAM ECO SYSTEM - Environmental reforms supporting programme

The Programme will have three annual audits:

- First Annual Programme Financial Audit covering the period 1st January 2020 until 31st December 2020. Audited Annual financial report shall be submitted to Sida no later than the 30st April 2021.
- Second Annual Programme Financial Audit, covering the period from 1st January 2021 until 31st December 2021. This Annual audit will contain results of the audits of the Civil Society Organisations' projects from the first cycle of grants. Audited Annual financial report shall be submitted to Sida no later than the 30th of March 2022.
- Third Annual Programme Financial Audit, covering the period from 1st January 2022 until 31st December 2022. This Annual audit will contain results of the audits of the Civil Society Organisations projects from the second cycle of grants. Audited Annual financial report shall be submitted to Sida no later than the 30th of March 2023.

AUDITS OF THE IMPLEMENTING PARTNERS (CIVIL SOCIETY ORGANISATIONS' PROJECTS)

Civil Society Organisations' projects from the First and the Second Cycle of Grants of the ECO SYSTEM Programme will be audited in period January – March 2022 and in period January – March 2023 respectively, after Civil Society Organisations finish implementation of their projects in both cycles.

YRS reserves the right to change timeframe for auditing projects of Civil Society Organisations.

4. SIDA'S STANDARD TERMS OF REFERENCE FOR ANNUAL AUDIT OF PROJECT/PROGRAMME SUPPORT

YRS wishes to engage the services of an audit firm for the purpose of auditing their Project supported by Sweden/Sida "ECO System – Environmental Reforms Supporting Programme", as stipulated in the Agreement between YRS and Sida. The audit shall be carried out in accordance with international audit standards issued by IAASB². The audit shall be carried out by an external, independent and qualified Auditor.

I. Objectives and scope of the audit

The objective is to audit the financial report for the period 2020/01/01 to 2022/12/31 as submitted to Sida and to express an audit opinion according to ISA 800/805 on whether the financial report of the Programme is in accordance with Sida's requirements for financial reporting as stipulated in the Agreement including Appendix between Sida and YRS.

II. Additional assignment; according to agreed upon procedures ISRS 4400, review the following areas in accordance with the Terms of reference below

Mandatory assignments that must be included:

1. Follow up whether salary costs debited to the project/programme are recorded throughout the duration of the year in a systemized way and examine whether the salary costs can be verified by sufficient supporting documentation.
2. Examine whether the financial report includes a comparison, for every budget item, between the actual costs/expenditures of activities and the budgeted costs/expenditures as approved by Sida for the period.
3. Based on materiality and risk the auditor shall examine whether there is supporting documentation related to incurred costs. Regardless of materiality of the findings the auditor shall quantify the amount for costs lacking sufficient supporting documentation.
4. Examine whether foreign exchange gains/losses are disclosed as a separate item in the financial report as well as disclosed in accordance with what is stipulated in the agreement including appendices and generally accepted accounting principles.
5. The YRS compliance with the applicable tax legislation with regard to taxes (e.g.PAYE)³ and social security fees.
6. Follow up whether the YRS has adhered to the procurement guidelines annexed or referred to in the agreement.

² The International Auditing and Assurances Standards Board (IAASB)

³ Pay As You Earn

7. Review if outgoing balance for previous period is the same as incoming balance for the current period.
8. If the YRS applies modified cash basis as accounting principle, the auditor shall describe used method and describe possible effects on the accrual accounting within the project.
9. Verify the unspent balance at the end of the financial year against accounting records and its supporting documentation.
10. Verify the unspent balance that shall be repaid to Sida in the final report of the last agreement year. (Only applicable in the final report of the last agreement year).

Optional assignments to be included where applicable:

- Follow up whether the YRS has implemented the following recommendations from the assessment of internal control (BDO, 14 June 2019; Young Researcher of Serbia Assessment of Internal Controls – Final Report). The examination includes reviewing whether the YRS has implemented the action points as described in YRS's management response that has been submitted to Sida.

FOLLOW UP OF FUNDS THAT ARE CHANNELLED TO IMPLEMENTING PARTNERS

1. Review whether the YRS has signed Agreements with its Implementing partner organisations.
2. Review whether the audit requirements in Agreements with partner organisations are in accordance with the audit requirements as stipulated in the organisation's agreement with Sida.
3. Review whether there is an unbroken chain of audited financial reports according to the requirements as stipulated in the Agreement between the YRS and Sida, for funds disbursed the previous year. The review shall include whether the YRS makes documented assessments of the audited financial reports submitted to the YRS and whether these reports are followed-up by the YRS. The review shall include verification of contributions equivalent to 100% of the total of disbursed funds as well as 100% of the number of contributions, if not agreed otherwise between Sida and YRS. The review shall also include any observations from auditors that Sida should be informed about.
4. Review whether the same requirements for reporting exchange rate gains and exchange rate losses as stipulated in the Agreement between the YRS and Sida is included in the Agreements between the YRS and its Implementing partner organizations.

III. The reporting

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

The reporting from the Auditor shall include an independent Auditor's report in accordance with the format in standard ISA 800/805 and the Auditor's opinion shall be clearly stated. The independent

Auditor's report shall clearly stipulate that the audit has been conducted in accordance with ISA 800/805. The reporting shall also include a Management letter that discloses all audit findings (significant and other findings), as well as weaknesses identified during the audit process. The financial report that has been subject of the audit shall be attached to the audit reporting. The Auditor shall make recommendations to address the identified findings and weaknesses. The recommendations shall be presented in priority order.

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

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

The additional assignment according to agreed upon procedures ISRS 4400 under section II, shall be reported separately in a "Report of factual findings". The size of the sample of reviewed audit reporting shall be stated in the report.

5. CONDITIONS FOR PARTICIPATION

The right to participate in subjected procurement has Bidders that meet the following **obligatory conditions for participation** in the procurement procedure:

1. Bidder is registered at the competent authority as auditor's firm, i.e. that it is added in the appropriate register.

Manner of proving: excerpt from the register of the Business Registers Agency. The auditor's firm 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. Bidder and his legal representative have not been convicted of any of the criminal offenses as a member of an organized criminal group, Bidder has not been convicted of criminal offenses against the economy, criminal offenses against the environment, criminal offense of receiving or giving bribes, criminal offense of fraud.

Bidder has a valid license from the competent authority to perform the activity that is the subject of the procurement, if such a license is provided by a special regulation.

Bidder respected the obligations arising from the valid regulations on safety at work, employment and working conditions, environmental protection.

Bidder is not bankrupt or in the process of liquidation.

Bidder has not been imposed a measure prohibiting the performance of activities, which is in force at the time of publishing or sending the call to submit offers.

Bidder has paid the due taxes, contributions and other public duties in accordance with the regulations of the Republic of Serbia or a foreign state when it has its seat on its territory.

In the framework of another procurement procedure or procedure for awarding contracts financed from the funds of the Contracting Party, Bidder did not violate the contract and that he fulfilled the contractual obligations.

Manner of proving: Filled Template A – Statement on fulfilment of obligatory conditions in the procurement procedure (Declaration of honour).

3. The right to participate in subjected procurement has Bidders that meet the following **additional conditions for participation** in the procurement procedure:

FINANCIAL CAPACITY

The right to participate have Bidders who have achieved a turnover of at least 5,500,000.00 dinars with VAT in the last three business years (2017, 2018 and 2019).

Manner of proving: balance sheet and profit and loss statement (financial report) for the previous three years.

BUSINESS CAPACITY

Business capacity is met by Bidders that during their business:

- Have experience in working with minimum 5 civil society organizations

Manner of proving: reference list containing the following information – organization and type of services provided with year for which the auditing is done. For each organization, submit a copy of the contract (first and last page) and/or an invoice, or Statement regarding impossibility of submitting the requested documents due to signed Non-disclosure Agreement (NDA), including the option to see the documents on the request of the Contracting Party.

- Have professional risk indemnity insurance.

Manner of proving: copy of the insurance.

- Familiar with EU or other international donor's procurement rules and procedures.

Manner of proving: reference list of projects containing the following information - name of project/programme, reference number of project/programme, project/programme value, name of the donor.

TECHNICAL CAPACITY

The right to participate have Bidders that:

- Have sufficient technical capacities, to possess (either owned or otherwise provided) technical equipment and other technical means necessary for the realization of the procurement of subject.

Manner of proving: a statement on technical capacities (*Statement on the memorandum given under material and criminal responsibility*) that the Bidder has (either owned or otherwise provided)

technical equipment and other technical means necessary for the implementation of the procurement.

The statement is required to contain a description of the technical means and equipment available to the Bidder to ensure the quality of service.

- Have business premises (owned or based on a lease agreement or a contract for free use).

Manner of proving: a copy of the title deed / a copy of the lease agreement / free use agreement or statement on ownership or lease of business premises for performing activities (Statement on the memorandum given under material and criminal responsibility) that the Bidder disposes (either owned or otherwise provided) of business premises necessary for the implementation of the procurement. The statement is required to contain the address and description of the premises, which are available to the Bidder to ensure the quality of service.

- Are registered in the database of the Ministry of Economy of the Republic of Serbia (database of the Chamber of Certified Auditors) and/or are member of international auditing body or institution

Manner of proving: proof of the membership.

PROFESSIONAL CAPACITY

The right to participate have Bidders that have sufficient staff capacity, who have at least 2 full-time licensed certified auditor.

Manner of proving: for each employee that will be involved in this audit - copies of licenses; copies of certificates of submitted applications for compulsory social insurance (pension and disability insurance and health insurance) or copies of employment contracts.

The right to participate have Bidders that have sufficient staff capacity, who have more than two years of experience in project audit and reports in accordance with a format in standard ISA 800/805 as well as experience in auditing CSO's projects that were funded by EU or other international donor's.

Manner of proving: biography with asked experience.

6. GROUNDS FOR EXCLUSION FROM PARTICIPATION IN PROCUREMENT

Bidders will be excluded from participation in the procurement procedure if they do not submit obligatory documentations and if additional assessment establishes that they do not meet the required conditions, as well as if the following is established:

- Entering into agreement with other economic operators with the aim of distorting competition;
- Attempting to influence the decision-making process of the Contracting Party during the procurement procedure;

- Attempting to obtain confidential information that may confer upon it undue advantages in the procurement procedure.

EXCLUSION FROM AWARD OF CONTRACTS

Contracts may not be awarded to Bidders which, during the procurement procedure:

- Are subject to a conflict of interests;
- Are guilty of misrepresentation in supplying the information required by the Contracting Party as a condition of participation in the contract procedure or a failure to supply this information;
- Where the Contracting Party determines that there are grounds for exclusion according to conditions for participation.

7. GUIDELINES FOR SUBMITTING OFFER

LANGUAGE FOR SUBMITTING OFFER: Documents that must be submitted in both Serbian and English languages are: (1) Price offer, (2) Declaration of honour, (3) Reference list of working with civil society organizations, (4) Reference list of EU or other international donor's audited projects. Biographies of the auditors must be submitted in English language. Other following documentation can be submitted in Serbian language.

APPLYING PROCEDURE AND DEADLINE: The offer is considered timely if it is received by the Bidder no later than 26th March 2021 until 4 pm at the address Bulevar umetnosti 27, 11070 New Belgrade (Young researchers of Serbia, for Tijana Ljubenović). The offer can be submitted in person or by mail in a sealed envelope, marked "Procurement offer no. 04/2021 within the project Eco-system" and "Do not open before the official opening by the Committee for selection of Bidders" at the front of the envelope, on the back of the envelope it is necessary to indicate: name and address of the Bidder, phone and e-mail of the Bidder in order to receive call for tender's opening.

TENDER'S DOCUMENTATION

Documentation	Integral part of this call / Need to be created by Bidder	Language of submitted documentation
Price offer, signed and stamped	Created by Bidder	Serbian and English
Excerpt from the register of the Business Registers Agency, i.e. Excerpt from the register of the competent Commercial Court.	Created by Bidder	Serbian
Statement on fulfilment of obligatory conditions in the procurement procedure (Declaration of honour) – Template A.	Integral part of this call	Serbian and English
Balance sheet and profit and loss statement (financial report) for the	Created by Bidder	Serbian

Young researchers of Serbia
Tender's documentation for simplified procurement procedure (number 04/2021)

previous 3 years (<i>detailed instructions given in chapter 5</i>).		
Reference list of working with civil society organizations (<i>detailed instructions given in chapter 5</i>).	Created by Bidder	Serbian and English
Copies of the contract (first and last page) and/or the invoice of each audited mentioned civil society organization, or NDA Statement (<i>detailed instructions given in chapter 5</i>).	Created by Bidder	Serbian or English
Reference list of EU or other international donor's audited projects/programmes (<i>detailed instructions given in chapter 5</i>).	Created by Bidder	Serbian and English
A copy professional risk indemnity insurance.	Created by Bidder	Serbian or English
A statement on technical capacities (<i>detailed instructions given in chapter 5</i>).	Created by Bidder	Serbian or English
A copy of the title deed or a copy of the lease agreement or free use agreement.	Created by Bidder	Serbian or English
Proof of the membership in Chamber of Certified Auditors and/or international auditing body or institution.	Created by Bidder	Serbian or English
For each employee that will be involved in this audit - copies of licenses; copies of certificates of submitted applications for compulsory social insurance (pension and disability insurance and health insurance) or copies of employment contracts (<i>detailed instructions given in chapter 5</i>).	Created by Bidder	Serbian or English
Biography of auditors (<i>detailed instructions given in chapter 5</i>).	Created by Bidder	English
Model of the Contract - the Bidder will fill in the model in accordance with the offer, sign and stamp it, confirming that he agrees with the	Integral part of this call	Serbian and English

draft proposal of the Contract. Final Contract will be developed with selected Bidder.		
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DEDLINE FOR AWARD OF CONTRACT: Decision about award of contracts shall be made by the Contracting Party within 7 working days from the day of tender's opening.

EVALUATION OF RECEIVED OFFERS: The evaluation will be conducted in accordance with the procurement rules prescribed by the donor in the document "Procurement provisions for use by Non-Governmental Organizations (NGOs) in the context of the Sida-financed Project / Core Activities (Sida's Procurement Provisions)".

Offers are opened by a multi-member Committee of the Contracting Party and this represents administrative check of the received Offers which is done on 29th March 2021 at YRS premises. The Committee will determine whether the offer meets all the conditions described in the call. Incomplete and untimely offers will not be considered. Only offer which contains all the required information and asked documentation, can be further evaluated.

After collecting all the received offers, the most favorable bidder will be selected according to the criteria "best price-quality ratio" with the fulfilment of all the stated conditions from the call.

The offer will be evaluated with points ranging from 0 to 100 (where 100 represent the highest possible number of points) according to the criteria in the table below.

Criteria	Points
Biography of the auditors (licensed certified auditor, more than two years of experience in project audit and reports in accordance with a format in standard ISA 800/805, experience in auditing CSO's projects that were funded by EU or other international donor's).	30
Experience, references, capacity of the Bidder	20
Price offer	50

After the final decision on the selection of the service provider is made, all Bidders will be notified of the decision by an e-mail, no later than 3 days after the decision is made.

BUDGET AND PAYMENT PROCEDURE:

The maximum amount for this procurement is EUR 23.190,00 equivalent to RSD or EUR with value added tax (VAT). In case the Bidder gave price offer in EUR, it will be calculated in dinars currency at exchange rate defined by the commercial bank on the day of foreign currency purchase sale made by the Contracting party. Payment dynamics will be defined in the contract made with the chosen bidder.

OTHER CIRCUMSTANCES ON WHICH DEPENDS THE ACCEPTABILITY:

The total value of the contract (procurement) cannot exceed the estimated value of the procurement which is defined, having in mind the funds provided for the implementation of the contract. The payment deadline may not be shorter than 7 (seven) days from the day of official receipt of the invoice. The day of receipt is the day when the invoice is registered at the Contracting Party.

The contract enters into force on the day of conclusion. Any changes regarding the deadline for the service will be resolved by the annex of the contract.

The Contracting Party has the right to unilaterally terminate the contract at any time and without notice, if the selected Bidder does not perform its obligations in the agreed manner, of which it notifies the Bidder in writing.

The offer validity period cannot be shorter than 30 days. In case of expiration of the offer validity period, the Contracting Party is obliged to request in writing the extension of the offer validity period from the Bidder.

In Belgrade, 12 March 2021