

Cover letter

The following are the conditions on which Visoka poslovno-tehnička škola u Užicu ‘the beneficiary’ agrees to engage EuroPoint Ltd ‘the auditor’ to provide an independent report of factual findings on the Final Financial Report prepared by the beneficiary in connection with a European Union financed Grant Agreement 2013-4526 concerning Modernisation and harmonization of Tourism study programs in Serbia. Where in this letter the ‘Agency’ is mentioned this refers to the Agency in its capacity as signatory of the Grant Agreement with the beneficiary, providing the grant funding. The Agency is not a party to this agreement.

1) Responsibilities of the parties to the engagement

‘**The beneficiary**’ refers to the organisation that is receiving the grant funding and that has signed the Grant Agreement with the Agency.

- The beneficiary is responsible for providing the Agency with a Final Financial Report for the Action financed by the Grant Agreement which complies with the terms and conditions of the Grant Agreement and for ensuring that this Final Financial Report can be reconciled to the beneficiary’s accounting and bookkeeping system and to the underlying accounts and records. The beneficiary is responsible for providing sufficient and adequate information, both financial and non-financial, in support of the Final Financial Report. Notwithstanding the procedures to be carried out, the beneficiary remains at all times responsible and liable for the accuracy of the Final Financial Report.
- The beneficiary accepts that the ability of the auditor to perform the procedures required by this engagement effectively depends upon the beneficiary, and as the case may be its partners / co-beneficiaries, providing full and free access to the beneficiary’s staff and its accounting and bookkeeping system and underlying accounts and records.

‘**The auditor**’ refers to the auditor responsible for performing the agreed-upon procedures as specified in this letter, and for submitting an independent Report of Factual Findings.

The auditor must be independent from the beneficiary. By agreeing to this engagement the auditor confirms that at least the following condition has been met:

- The auditor is a Competent Public Officer for which the relevant national authorities have established the legal capacity to audit the beneficiary and is not involved in the preparation of the Final Financial Report.

The procedures to be performed are specified by the Agency and the auditor is not responsible for the suitability and appropriateness of these procedures.

2) Subject of the engagement

The subject of this engagement is the Final Financial Report in connection with the Grant Agreement 2013-4526 for the period covering December 1, 2013 to November 30, 2016 and the Action entitled Modernisation and harmonization of Tourism study programs in Serbia, the ‘Action’. Annex 1 to this letter contains information about the Grant Agreement.

3) Reason for the engagement

The beneficiary is required to submit to the Agency a Report of Factual Findings on the Final Financial Report in the form of an independent certification produced by an auditor in support of the payment requested by the beneficiary in accordance with Article I.4.1 of the Grant Agreement. The Agency's Authorising Officer responsible requires this report as a condition for the final payment requested by the beneficiary.

4) Engagement type and objective

This constitutes an engagement to perform specific agreed-upon procedures regarding an independent certification 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 Annex 2 to this letter and to submit to the beneficiary a Report of Factual Findings – Type II with regard to the specific verification procedures performed. Verification means that the auditor examines the factual information in the Final Financial Report of the beneficiary and compares it with the terms and conditions of the Grant Agreement.

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

The auditor shall include in his/her report the amount of the fee received for providing the Report of Factual Findings – Type II and shall certify that no conflict of interest exists between him/her and the beneficiary in establishing the report.

5) Standards and ethics

The auditor 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 Agency requires that the auditor is independent from the beneficiary and complies with the independence requirements of the *Code of Ethics for Professional Accountants*.

6) Procedures, evidence and documentation

The auditor plans the work so that effective expenditure verification can be performed. The auditor performs the procedures listed in Annex 2 and applies the related guidelines ('List of specific procedures to be performed'). The evidence to be used for performing the procedures in Annex 2 is all financial and non-financial information which makes it possible to examine the expenditure claimed by the beneficiary in the Final Financial Report. The auditor uses the evidence obtained from these procedures as the basis for the Report of Factual Findings – Type II. The auditor documents matters which are important in providing evidence to support the Report of Factual Findings – Type II and evidence that the work was carried out in accordance with ISRS 4400 and the specific guidance provided by the Agency.

7) Reporting

The report on this expenditure verification should describe the purpose, the agreed-upon procedures and the factual findings in sufficient detail to enable the beneficiary and the Agency to understand the nature and extent of the procedures performed by the auditor.

The use of the reporting template attached hereto (Annex 3 - Compulsory report format and procedures to be performed) is mandatory. This report must be provided by the auditor to Visoka poslovno-tehnička škola u Užicu within <xx; number of working days to be indicated by the beneficiary> working days after the day of signature of this engagement.

Signature beneficiary

Signature auditor