# Expenditure verification Report

<**To be printed on AUDITOR’S letterhead**>

**Report for an Expenditure Verification of a Service Contract**

**<Title of and number of the contract >**

**How this model should be completed by the Expenditure Verifier**

* **insert** the information requested between **<…>**
* **choose** the optional text between **[…]** highlighted in grey when applicable or delete
* **delete** all yellow instructions and the present text box

**In accordance with the ISRS 4400 (Revised) the following specifications apply:**

* The Expenditure Verifier conducted the expenditure verification in accordance with the International Standards on Related Services (ISRS) 4400 (Revised), Agreed-Upon Procedures Engagements;
* The Expenditure Verifier makes no representation regarding the appropriateness of the agreed upon procedures;
* The agreed-upon procedure is not an assurance engagement and accordingly the Expenditure Verifier does not express an opinion or an assurance conclusion;
* Had the Expenditure Verifier performed additional procedures, other matters might have come to their attention that would have been reported;
* The Reporting Entity as identified by the Contracting Authority is responsible for the subject matter on which the agreed-upon procedures are performed;
* The expenditure verification report is intended for the purpose specified in the Terms of Reference on which the Contracting Authority agrees to engage the Expenditure Verifier and may not be suitable for another purpose;
* The Expenditure Verifier carried out the engagement in accordance with the IFAC Code of Ethics for Professional Accountants and the fundamental ethical principles and independence requirements established therein, namely: integrity, objectivity, independence, professional competence and due care, confidentiality, professional behaviour and technical standards.
* The Expenditure Verifier applies the International Standard on Quality Control (ISQC) 1, Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements, and accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.
* Detailed specifications have been agreed between the Contracting Authority and the Expenditure Verifier and they have been stipulated in the ‘Terms of Reference for an Expenditure Verification’. The Terms of Reference are an integral part of the contract concluded between the Contracting Authority and the Expenditure Verifier.

# 1. Background information

## 1.1. Short description of the action subject to verification

|  |  |
| --- | --- |
| **Contract number and title:** |  |
| **Contract type** | <service contract…> |
| Financial Report(s) subject to verification | <DD/MM/YYYY-DD/MM/YYYY>  <DD/MM/YYYY-DD/MM/YYYY>  <DD/MM/YYYY-DD/MM/YYYY> |
| **Contractor** | < Identify the Contractor and provide key information about their legal form, nationality, size, main field(s) of activity and other elements deemed relevant – max 200 words> |
| **Location(s) where the Contract is implemented** |  |
| **Contract execution period** |  |
| **Contract implementation status** | < indicate on-going or completed > |
| **General and specific objectives of the Contract** |  |
| **Synthetic description of the activities, outputs and target group** | <max 300 words> |

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## 1.2. Basic financial information on the Contract (at the time of the verification)

Expenditure

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | Estimated number of working days/months in the Budget of the contract | Fee rate per working day in the Budget of the contract | Number of working days claimed | Fees claimed  (amount) | Amount claimed |
| FEES (including overheads): |  |  |  |  |  |
| … |  |  |  |  |  |
| PROVISION FOR INCIDENTAL EXPENDITURE: |  |  |  |  |  |
| … |  |  |  |  |  |
| LUMP SUMS |  |  |  |  |  |
|  |  |  |  |  |  |
| PROVISION FOR EXPENDITURE VERIFICATION |  |  |  |  |  |
|  |  |  |  |  |  |
| **MAXIMUM CONTRACT VALUE** |  |  |  |  |  |

## 

## 1.3. Verified Financial Reports/Invoices

See annex 2.1

# 2. Risk analysis

## 2.1. Outcome of risk analysis

Based on the risk analysis performed according to the Terms of Reference, provide succinct information about the identified risks that may affect the verified report, regarding the action, the context in which the latter is implemented, the beneficiaries and the target group.

<E.g. of risks are transactions incurred in several currencies, technical complexity, high corruption perception index, instances of political interference, predominance of cash payments, number of parties involved, partners lacking administrative capacity, known weaknesses in internal control systems, lack of involvement or cooperation of the target group, history of fraud cases. *(max. 300 words)*>

In addition, please identify possible mitigating factors.

< E.g. previous audit or verification work, evidence of close follow up by the contracting authority, good results yielded in the past by the implementing partner, etc. *(max. 150 words)>*

## 2.2 Implications on the sampling

Explain how the identified risk factors are reflected in the structure and size of the sample.

<Based on the identified risk factors, describe how the sample was selected (e.g. statistical/judgemental sampling, stratification, etc.), what type of transactions were prioritised (e.g. amount above xx EUR, staff expenditure, incidental expenditure etc.) what is the coverage ratio in amount and number of transaction *(max. 200 words)*>

# 3. Transaction population and sample

## Sampling Highlights/Overview

The sample size was determined based on a materiality threshold of 2% of the total amount of reported expenditure with a confidence level of 95% and considering the risk analysis presented above.

|  |  |  |
| --- | --- | --- |
| **Report/invoice: <indicate the report/invoice number and cut-off dates>** | | |
|  | **Population** | **verified sample** |
| **Number of transactions** |  |  |
| **Value of transactions EUR** |  |  |

[If more than one financial report/invoice is verified, repeat as applicable]

A complete list of the transactions included in the population is to be included in Annex 2.3.

# 4. Substantive testing

## Short description of the testing process

Compliance with the Terms of Reference and with the International Standard on Related Services (ISRS) 4400 (Revised).

<Confirm that the relevant testing procedures were fully applied or disclose any scope limitation. Also confirm that the testing was executed in accordance with the International Standard on Related Services (ISRS) 4400 (Revised), “Engagements to Perform Agreed-upon Procedures Regarding Financial Information”.>

Provide the key information about the testing process.

<E.g. describe if the verification work took place at the implementing partner's premises, whether qualified representatives of the auditee were present, if they were cooperative, if the supporting documentation was available in full, if additional documents had to be received after the field mission, whether evidence of the equipment transfer is available, if physical inspections were performed, any scope limitations, etc. (max. 300 words)>

# 5. Expenditure verification findings

## 5.1. Description of findings detected

<Description of the main outcomes of the transaction testing (e.g. type of errors detected, type of transactions, geographic scope, sector, involved implementing partners, etc.) *(max. 200 words)>*

## 5.2 Verification team

<List names and expert category levels for this report.>

<Name and signature of the Verifier>

<Verifier's address: office having responsibility for the audit>

[for final reports <Date of signature> the date when the **final** report is signed]

# Annex 2.1: Financial reports/invoices provided by the auditee

# Annex 2.2: Procedures performed

# Annex 2.3: Table of transactions - provided as Excel file

# Annex 2.4: Table of errors - provided as Excel file