

Audit Services Contract

Terms of Reference for an Independent Report of Factual Findings on costs and investment amounts declared under ELENA Project Development Services Contract

This document sets out the 'Terms of Reference (ToR)' under which:

Národní rozvojová banka, a.s.

registered at the Commercial Register kept by the City Court in Prague (Czech Republic), section B, file 1329 with company registration number 44848943, whose registered office is at Přemyslovská 2845/43, Žižkov, 130 00 Praha 3
Represented by ■■■■■■■■■■ ■■■■■■■■■■ ■■■■■■■■■■ ■■■■■■■■■■ ■■■■■■■■■■ ■■■■■■■■■■

('the Final Beneficiary')

agrees to engage

CS AUDIT s.r.o.

registered at the Commercial Register kept by the City Court in Prague (Czech Republic), section C, file 271754 with company registration number 05838762 and audit firm registration no. 569 whose registered office is at Petra Slezáka 446/13, 186 00 Praha 8
Represented ■■■■■■■■■■ ■■■■■■■■■■ ■■■■■■■■■■ Executive director and Statutory auditor with registration no. 2182

('the Auditor')

to produce an independent report of factual findings ('the Report') concerning the Financial Statements¹ drawn up by the Národní rozvojová banka, a.s. for the ELENA Project Development Services: Contract Number: ELENA-2018-126, Project Development Services entitled **Energy, Business and Advisory Platform CMZRB (EB&A Platform CMZRB)**, duration from 1. 8. 2020 to 31. 7. 2024 ('the Contract'), and

to issue a 'Audited Financial Statement (AFS)' referred to in Article II.14.2 of the Contract based on the compulsory reporting template stipulated by the European Investment Bank (the "Bank").

The Contract has been concluded under the ELENA Facility between the Národní rozvojová banka, a.s. and the Bank.

The Bank is mentioned as a signatory of the Contract with the Beneficiary only. The Bank is not a party to this engagement.

1 Subject of the engagement

With the final implementation report, to be submitted 30 (thirty) calendar days following the end of the reporting period in question, the Final Beneficiary shall submit a AFS as reimbursement of actual costs and unit costs calculated on the basis of its usual cost accounting practices (see Article II.10 of the Contract). The AFS shall cover all reporting periods and all cost categories. In addition, the AFS has to cover also the submitted list of the supported eligible Investment Projects and their amount (see Article I.4.4 of the Contract).

The AFS is composed of two separate documents:

- The copy of the Contract related to the Audited Financial Statement signed by the Final Beneficiary and the Auditor;

¹ By which PDS costs and amount of supported investments under the Contract are declared (see template 'Model Financial Statements' Table A.4.3 and Table A.4.4 in annex IV of the Contract).

- The Auditor's Independent Report of Factual Findings ('the Report') to be issued on the Auditor's letterhead, dated, stamped and signed by the Auditor (or the competent public officer) which includes the agreed-upon procedures ('the Procedures') to be performed by the Auditor, and the standard factual findings ('the Findings') to be confirmed by the Auditor.

The AFS shall be included in the final report in accordance with Article I.6.1 of the Contract, and therefore the request for final payment cannot be made without the AFS. However, the payment for reimbursement of costs covered by the AFS does not preclude the Bank, the Commission, the European Anti-Fraud Office and the European Court of Auditors from carrying out checks, reviews, audits and investigations in accordance with Article II.14.4 of the Contract.

2 Responsibilities

The Final Beneficiary - Národní rozvojová banka, a.s.:

- shall draw up the Financial Statements for the action financed by the Contract in compliance with the obligations under the Contract. The Financial Statements shall be drawn up according to the Final Beneficiary's accounting and book-keeping system and the underlying accounts and records and for the supported Investment Projects by substantiating documents;
- shall send the Financial Statements to the Auditor;
- is responsible and liable for the accuracy of the Financial Statements;
- is responsible for the completeness and accuracy of the information provided to enable the Auditor to carry out the Procedures. It shall provide the Auditor with a written representation letter supporting these statements. The written representation letter shall state the period covered by the statements and shall be dated;
- accepts that the Auditor cannot carry out the Procedures unless it is given full access to the Final Beneficiary's staff and accounting as well as any other relevant records and documentation.

The Auditor:

- is qualified to carry out statutory audits of accounting documents in accordance with Directive 2006/43/EC of the European Parliament and of the Council of 17 May 2006 on statutory audits of annual accounts and consolidated accounts, amending Council Directives 78/660/EEC and 83/349/EEC and repealing Council Directive 84/253/EEC or similar national regulations.

The Auditor:

- shall be independent from the Final Beneficiary, in particular, it shall not have been involved in preparing the Final Beneficiary's Financial Statements;
- shall plan work so that the Procedures may be carried out and the Findings may be assessed;
- shall adhere to the Procedures laid down and the compulsory report format;
- shall carry out the engagement in accordance with this ToR;
- shall document matters which are important to support the Report;
- shall base its Report on the evidence gathered;
- shall submit the Report to the Final Beneficiary.

The Bank sets out the Procedures to be carried out by the Auditor. The Auditor is not responsible for their suitability or pertinence. As this engagement is not an assurance engagement, the Auditor does not provide an audit opinion or a statement of assurance.

3 Applicable Standards

The Auditor shall comply with these Terms of Reference and with²:

- the International Standard on Related Services ('ISRS') 4400 *Engagements to perform Agreed-upon Procedures regarding Financial Information* as issued by the International Auditing and Assurance Standards Board (IAASB);

² Supreme Audit Institutions applying INTOSAI-standards may carry out the Procedures according to the corresponding International Standards of Supreme Audit Institutions and code of ethics issued by INTOSAI instead of the International Standard on Related Services ('ISRS') 4400 and the Code of Ethics for Professional Accountants issued by the IAASB and the IESBA.

- the *Code of Ethics for Professional Accountants* issued by the International Ethics Standards Board for Accountants (IESBA). Although ISRS 4400 states that independence is not a requirement for engagements to carry out agreed-upon procedures, the Bank requires that the Auditor also complies with the Code's independence requirements.

The Auditor's Report shall state that there is no conflict of interests in establishing this Report between the Auditor and the Final Beneficiary, and shall specify - if the service is invoiced - the total fee paid to the Auditor for providing the Report.

4 Reporting

The Report shall be written in English.

Under Article II.14.4 of the Contract, the Commission, the Bank, the European Anti-Fraud Office and the Court of Auditors have the right to audit any work that is carried out under the action and for which costs are declared from the European Union budget. This includes work related to this engagement. The Auditor shall provide access to all working papers (e.g. recalculation of hourly rates, verification of the time declared for the action, review of investment amount documentation) related to this assignment if the Commission, the Bank, the European Anti-Fraud Office or the European Court of Auditors requests them.

5 Timing

The Report shall be provided by 20. 8. 2024.

6 Other terms

The Auditor's fee ("price") for services under the Audit Services Contract ("the Services") will be set to fixed amount of 145 000 CZK excluding VAT (175 450 CZK including VAT).

The price for the Services shall be payable on the basis of an invoice issued by the Auditor, which shall be entitled to issue it immediately after the due completion of the Services.

The price shall be paid by the Financial Beneficiary in the Czech currency on the basis of a tax document- invoice, by non-cash transfer to the bank account of the Auditor.

The tax document - invoice must contain all the requisites of a proper accounting and tax document in the sense of the relevant legal regulations, in particular Act No. 235/2004 Coll., on value added tax, as amended. In the event that the invoice shall not have the appropriate requisites, the Financial Beneficiary shall be entitled to return it within the due date to the Auditor for completion, without being in arrears with the payment. The due date shall begin to run again from the delivery of a duly completed or corrected invoice to the Financial Beneficiary.

The invoice shall be due at least 14 days from the date of its demonstrable delivery to the Financial Beneficiary. The Auditor shall be obliged to deliver the invoice within three working days of its issuance electronically to the e-mail address: [REDACTED]

The Auditor has no rights vis-à-vis the Bank under the Audit Services Contract.

The Auditor confirms that CS AUDIT s.r.o. and its representatives are not in any of these exclusion situations:

- (a) they are bankrupt, are subject to insolvency, are being wound up, are having their affairs administered by a liquidator or by the courts, are in an arrangement with creditors, are having their business activities suspended, or are in any analogous situation arising from a similar procedure provided for in national legislation or regulations;
- (b) in the past five years, they have been the subject of a final judgment or final administrative decision for being in breach of their obligations relating to the payment of taxes or social security contributions in accordance with the applicable law and where such obligations remain unpaid unless a binding arrangement has been established for payment thereof;

- (c) in the past five years, they or persons having powers of representation, decision-making or control over them have been convicted of an offence concerning their professional conduct by a final judgment, which would affect their ability to implement a supplies, services or works contract and which is for one of the following reasons:
- (i) negligently providing misleading information that may have a material influence or fraudulently misrepresenting information required for the verification of the absence of grounds for exclusion or the fulfilment of selection criteria or in the performance of a contract or an agreement;
 - (ii) entering into agreements with other persons aimed at distorting competition;
 - (iii) attempting to unduly influence the decision-making process of the contracting authority during the award procedure;
 - (iv) attempting to obtain confidential information that may confer upon it undue advantages in the award procedure.
- (d) in the past five years, they or persons having powers of representation, decision-making or control over them have been the subject of a final judgment for:
- (i) fraud;
 - (ii) corruption;
 - (iii) participation in a criminal organisation;
 - (iv) money laundering or terrorist financing;
 - (v) terrorist offences or offences linked to terrorist activities, or inciting, aiding, abetting or attempting to commit such offences;
 - (vi) child labour and other forms of trafficking in human beings;
- (e) they are subject to a decision on exclusion contained in the early detection and exclusion system database (EDES) of the European Commission³ as per its published list.

This Audit Services Contract shall be governed by its terms and by Czech law.

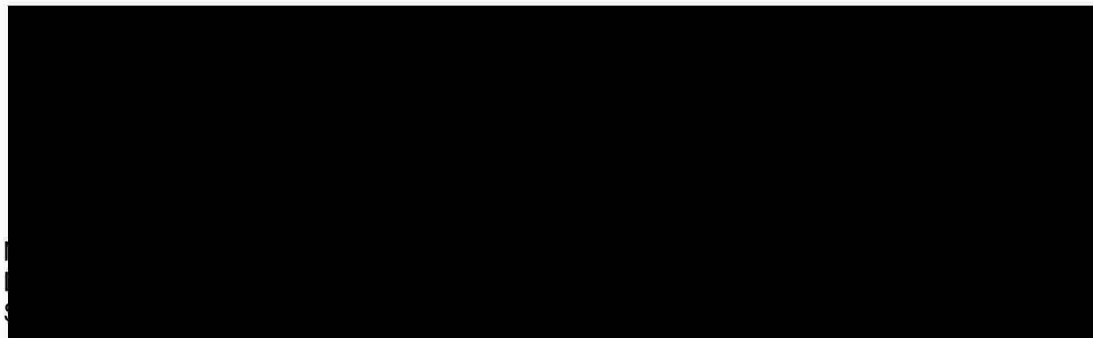
The Audit Services Contract shall enter into force on the date of its signature by both parties and shall become effective after its publication in the register of contracts in accordance with Act No. 340/2015 Coll., on special conditions for the effectiveness of certain contracts, publication of these contracts and the register of contracts (Act on the Register of Contracts), as amended.

Both parties agree that the Audit Services Contract will be published by the Final Beneficiary.

Both parties expressly declare that any performance by one of the parties before the effective date (however after the signature of both parties) of the Audit Services Contract is valid as it were carried out from the effective date of the Audit Services Contract, if it is clear that it was performed according to the Audit Services Contract.

CS AUDIT s.r.o.

Národní rozvojová banka, a.s.



³ https://ec.europa.eu/info/strategy/eu-budget/how-it-works/annual-lifecycle/implementation/anti-fraud-measures/edes_en#the-database