

## AUDIT REPORT

Project:

“Equal and Safe Education - Developing a System of Prevention and Protection from Gender-Based Bullying in High Schools”

Coalition Sexual and Health Rights of Marginalized Communities Margins - SKOPJE

February 2019

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## INDEPENDENT AUDITOR'S REPORT - FINANCIAL AUDIT

***KVINNA TILL KVINNA FOUNDATION KTK***  
***Non-governmental organization,***  
***Sweden***

We have been engaged to audit the expenditure and revenue as stated in the Financial Report of the project entitled “Equal and Safe Education - Developing a System of Prevention and Protection from Gender-Based Bullying in High Schools” with reference number MK01RAM02-17301, the ‘Project’, with implementation period from 1 May 2018 to 31 December 2018. This report has been prepared for the needs of the Kvinna till Kvinna Foundation, regarding to the Cooperation Agreement signed on 1 May 2018 between the Kvinna till Kvinna Foundation “Contracting Authority” and Coalition Sexual and Health Rights of Marginalised Communities Margins, hereinafter “Coalition Margins”, “the Entity”.

Our findings are set out in the relevant sections of our report, which is made solely to the Contracting Authority in order to gain assurance that the Project funding provided has, in all material respects, been used in conformity with the applicable Contractual Conditions which are set out in section 2.2. of our report, and to facilitate determination with Entity of any balance of funding which is payable or recoverable.

### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

In accordance with the agreed conditions the Entity’s management is responsible for the preparation of the Financial Report and for being satisfied that it presents fairly the actual expenditure incurred and revenue received for the Project in conformity with the applicable agreed conditions.

### **Auditor’s Responsibilities for the Audit of the Financial Statements**

Our responsibility is to audit the Financial Report and to report our findings to the Contracting Authority in accordance with the Terms of Reference for the audit engagement. These specify that we should carry out our work in accordance with International Standards on Auditing (issued by the International Auditing and Assurances Standards Board) insofar as these standards can be applied in the specific context of a contractual compliance audit. These standards require us to observe applicable ethical standards in the conduct of our work.

## Scope of the Audit

The Scope of our audit is set out in the Terms of Reference as noted in Section 2 of our report. It includes obtaining evidence for the amounts and disclosures in the Financial Report sufficient to give assurance that the Financial Report is free from material misstatement, whether caused by error or fraud.

We have taken into account all the available evidence presented to us during our fieldwork which we finalized on 8<sup>th</sup> February 2019, including the subsequent comments and information of the Entity.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Auditor's opinion

In our opinion the Financial Statements of the Project, in all material respects, give a true and correct representation of the expenditures incurred and the revenue obtained, and conform to generally accepted accounting principles.

## Distribution and use

The Kvinna till Kvinna Foundation has requested this report and it is intended solely for the information and use of the Kvinna till Kvinna Foundation and the Entity.

Certified Auditor, Partner  
Zvonko Kocovski

25 February 2019

BDO DOO Skopje  
License No. 05



The image shows a handwritten signature in blue ink over a circular blue stamp. The stamp contains the text "Друштво за ревизија БДО" at the top, "BDO" in the center, and "ДОО Скопје" at the bottom.

## 1. Summary of Findings

### 1.1. Summary of all Findings

Without qualifying our opinion, we draw attention to the following matter:

- For the reporting purposes the Entity uses an exchange rate of 1 EUR = MKD 61,43, which presents an average exchange rate from the exchange rate of the first instalment (61,45) and the exchange rate of the second instalment (61,40), that represent the rate of exchange at which the Contacting Authority contribution was received and recorded in the Entity's account.
- Expenses reported for Project Manager amounts 1.750 EUR and for Financial and administrative manager amounts 1.600 EUR. Both persons are employed in Organization through working contract and receive gross salary accordingly. The fee that they received for the project activities and reported in the financial report as Staff cost, represent additional remuneration upon their gross salary. This way of payment it's not regulated in Cooperation Agreement and its annexes. Hence, we were not in a position to verified eligibility of the reported expense. However, we verified that additional fee per hour corresponds to fee per hour according to gross salary.

## 2. The Engagement Context

### 2.1. Reason for the Audit

The Audit has been requested by the Kvinna till Kvinna Foundation according to the Grant Agreement and Annexes.

### 2.2. Contractual Conditions

The Project was financed through Agreement signed on 1 May 2018 between the Kvinna till Kvinna Foundation and Coalition Sexual and Health Rights of Marginalised Communities Margins, hereinafter "Coalition Margins", for providing financial support for the action entitled "Equal and Safe Education - Developing a System of Prevention and Protection from Gender-Based Bullying in High Schools". The total cost of the Action estimated for financing by the Contracting Authority is SEK 263.310 (EUR 25.000), whereby the Contracting Authority undertakes to finance a maximum of SEK 263.310 (EUR 25.000) which is equivalent to 100% of the estimated total eligible costs.

The following Annexes (attachments) form an integral part of the present Agreement:

- Project proposal documents;
- Budget;
- Anticorruption policy;
- Procurement guidelines;
- Terms of reference for annual audit;
- Guidelines for financial reports;
- Logotype;
- Audit Remedy Memo, and
- Disbursement Request.

There were amendments (reallocations) regarding the budget and project activities which were made with previous approval from the Contracting Authority and according to the terms and conditions set out in the Grant Agreement and its Annexes (see note 2.5).

The implementation period of the project that is subject of this audit was set to be 8 months (starting 1 May 2018 to 31 December 2018).

### **2.3. Project subject to Audit**

The Project subject to audit is “Equal and Safe Education - Developing a System of Prevention and Protection from Gender-Based Bullying in High Schools”.

#### *Project description:*

The Margins project aims to reduce gender-based bullying and violence in public high schools in Macedonia through developing system for prevention, protection and support. The project objectives are: to increase the knowledge, capacities and skills of professional services and teachers in high-schools for recognition, prevention and protection from gender based bullying and violence; to increase the knowledge, capacities and skills of high-school students for recognition, prevention and protection from gender based bullying and violence; to raise awareness on discrimination and gender-based violence among high-school students; to raise public awareness on gender-based violence in schools etc.

### **2.4. Entity subject to Audit**

Coalition Margins is a non-profit organization which began with its activities in June 2007, and was legally registered in year 2011.

Its mission and main programs are to promote and respect fundamental human rights of marginalized communities.

The work of the organization is focused on: promoting policies, laws and practices that will provide fair and equal treatment of marginalized communities; promoting inclusion and full participation of MC in the creation and implementation of policies and services crucial for their health and rights; educating the concerned- MC, government representatives, service providers, collaborators and the general public regarding health requirements and rights of MC;

developing/inclusion/networking with associated organizations in order to provide exchange of knowledge, assuming joint actions and providing application of good practices for promotion of health and rights of MC; developing strategies for providing financial means from possible donors, government institutions etc.

Main target groups of the organization are Local and central governments; Academic community; the international community representatives in Macedonia; Marginalized communities.

Key Activities of the organization are advocacy, research and analysis, inclusion of the marginalized communities in the creation and implementation of the policies, debates and hearings on Sexual and Health Rights of the marginalized communities, promotion of anti-discrimination law, education of all the relevant actors, promotion of the cultural practices of the marginalized communities, as well as networking and building alliances with the civil society.

## 2.5 Financial Information Subject to Audit

The financial information subject to audit is the expenditure stated in the Financial Report of the Project “Equal and Safe Education - Developing a System of Prevention and Protection from Gender-Based Bullying in High Schools” for the period 1 May 2018 to 31 December 2018.

There was a budget modification which was amended with previous approval from the Contracting Authority according to:

- Request for reallocation from 06 September 2018. The Contracting Authority has approved reallocations by e-mail.

DESCRIPTION	Originally approved budget EUR	Reallocation	Adjusted budget (after approved reallocations) EUR
From wich budget lines:			
4.1.5 Training materials (20 x pens, 20 x notebooks, 20 x folders)	60,00	(60,00)	0,00
4.2.7.Closing event with students and school representatives (renting space, renting equipment, DJ)	1.000,00	(100,00)	900,00
4.2.8.Refreshments for closing event (200 coworkers, guests, school staff etc)	500,00	(100,00)	400,00
4.4.2 Materials (20 x pens, 20 x notebooks, 20 x folders)	60,00	(60,00)	0,00
4.4.3 Printing materials for strategic planning	40,00	(40,00)	0,00
Total		<u>(360,00)</u>	

DESCRIPTION	Originally approved budget EUR	Reallocation	Adjusted budget (after approved reallocations) EUR
To new budget lines:			
4.5.7.Honorary for desing of guidebook	0,00	360,00	360,00
Total		<u>360,00</u>	
<b>Balance (Increase / Decrease of budget)</b>		<b>0,00</b>	

- Request for reallocation from 25 December 2018. The Contracting Authority has approved reallocations by e-mail.

DESCRIPTION	Originally approved budget EUR	Reallocation	Adjusted budget (after approved reallocations) EUR
From wich budget lines:			
4.1.3 Accommodation for 20 trainees and staff	900,00	(7,00)	893,00
4.1.7 Refreshments (20 people x 2 days x 150 denars per refreshment)	100,00	(91,00)	9,00
4.4.1.Accommodation for strategic planning for 20 people €45 each for 2 night-stay (breakfast, lunch and dinner included)	1.800,00	(390,00)	1.410,00
4.4.4.Travel costs (20 people return)	250,00	(62,00)	188,00
Income from exchange rate differences, first payment received on 23.07.2018	12.500,00	(110,00)	12.390,00
Income from exchange rate differences, second payment received on 07.11.2018	12.500,00	(160,00)	12.340,00
Total		<u>(820,00)</u>	
To which existing lines:			
4.5.2.Translation of guidebook in Albanian language	200,00	300,00	500,00
4.5.5.Printing of guidebook (300 macedonian and 100 albanian language)	700,00	520,00	1.220,00



DESCRIPTION	Originally approved budget EUR	Reallocation	Adjusted budget (after approved reallocations) EUR
Total		820,00	
<b>Balance (Increase / Decrease of budget)</b>		<b>0,00</b>	

The transfers of funds were received on Entity's Bank account and expenditure relating to the Action is easily identifiable and verifiable:

	Amounts expressed in EUR	Amounts expressed in SEK
Funds defined by the Contract and Annexes	<b>25.000,00</b>	<b>263.310,00</b>
<i>1 Funds received</i>		
First installment on 23.07.2018	12.609,55	131.655,00
Second installment on 07.11.2018	12.660,35	131.655,00
<i>Total funds received</i>	<b>25.269,90</b>	<b>263.310,00</b>
<i>2 Total expenditure for the period</i>	<b>24.891,24</b>	<b>259.367,99</b>
Difference (1-2)	<b>378,31</b>	<b>3.942,01</b>

### 3. The Audit

We have been engaged by the The Kvinna till Kvinna Foundation to perform this audit in accordance with the Terms of Reference.

#### 3.1. Audit Objectives

The purpose of the audit is to provide reasonable assurance to whether the expenditure declared in the Financial Report relating to the Grant Agreement financed by the Kvinna till Kvinna Foundation is free from material errors and irregularities.

#### 3.2. Audit Scope

The subject of the Audit is the Financial Report of the Grant Agreement "Equal and Safe Education - Developing a System of Prevention and Protection from Gender-Based Bullying in High Schools" for the period 1 May 2018 to 31 December 2018.

### 3.2.1. Contractual Conditions

The Scope of this audit included obtaining a sufficient understanding of the applicable laws and regulations which apply to the Project, the Contractual Conditions and in particular of the requirements for the financial reporting, presentation and submission of financial information and the eligibility of expenditure.

### 3.2.2. Scope of work

The scope of work of this financial audit covered the expenditure and revenue of the project during the period 1 May 2018 to 31 December 2018. The audit covered an examination and certification of the Financial Report. Furthermore, the compliance with the contractual and appropriate legal conditions was also of particular importance and was assessed in the specific context of the project. The audit is carried out in accordance with International Standard of Auditing (ISA) 800/805, and ISA 315 as basis for the risk assessment.

The objective of the audit is to express an opinion on the Financial Report and the compliance with relevant contract provisions. An audit opinion includes a statement that the financial reports give a true and fair view (or present fairly, in all material respects) the expenditure and should include a quantification of the findings.

### 3.2.3. Scope limitations

There is no scope limitation.

## 3.3. Audit Procedures

The audit was performed in accordance with internationally recognized auditing standards and in accordance with the Terms and Reference specified by the Contracting Authority for this assignment. The audit programme included the performance of substantive tests designed in accordance with the conditions foreseen in the Grant Agreement.

### Financial Controls

- Financial information:
  - Reconciling financial information in the Financial Report to the Entity's accounts and records (including bank statements) in respect of the services rendered;
  - Analytical review of the expenditure headings in the Financial Report and verification that the budget in the Financial Report corresponds with the budget of the Grant Contract (and its Annexes) and that the expenditures incurred were indicated in the budget of the contract; and
  - Verifying the correctness and completeness of the accounting records of the Entity.
- Financial records and invoices
- Accounting and budgetary treatment
- Adequate supporting documentation:

- Verifying the legality and regularity of the agreement expenditure (compliance with agreements, eligibility, respect of the procurement requirements etc);
- Detecting unusual ineligible or irregular expenditures or any expenditure not supported by the agreement provisions;
- Verifying the services rendered against relevant contract conditions (e.g. unit rates) and documents (e.g. invoices); and
- Verifying the existence of approvals for contingencies.
- Cash and bank management
- Nature of the expenses
- Correct exchange rate
  - Verifying that the foreign-exchange rates were used appropriately
- Compliance of the project with the agreement terms and conditions

### Internal control assessment

It was focused on the following areas:

- Organizational structure
- Segregation of duties
- Risk management process
- Control activities
- Internal control procedures
  - Examining the Entity's Internal Control System and asses to which extent this can be used as basis to carry out or limit substantive testing. Procedures and test include amongst others a critical review of relevant procedures laid down in manuals, testing a sample of transactions to ensure that procedures have been compiled with and reviewing internal control procedures to prevent fraud and irregularities
- Accounting and financial system
- Procurement procedures
- External audits and evaluations

### Procedures performed and findings

Auditor ensures weather:

- All funds from *Kvinna till Kvinna* have been used in accordance with the financing agreements, with due attention to economy, efficiency, procurement procedures and only for the purposes for which financing was provided.
- Verify the payment of the salary to the staff in accordance with the agreement and the payroll submitted to the tax authorities.
- Steps have been taken to ensure that all expenditures made from grant funds are clearly evident from the project bookkeeping and the audit report and that all appropriate

supporting documentation, records and accounts have been maintained in respect of all project activities.

- There is supporting documentation related to reported expenditure.
- The special account has been used and maintained in conformity with the financing agreement and *Kvinna till Kvinna's* rules and procedures.
- The financial statements have been prepared by the project management in accordance with applicable accounting standards and give a true and fair view of the financial position of the project.
- A comprehensive assessment of the adequacy and effectiveness of the accounting and overall internal control system to monitor expenditures and other financial transaction and ensure safe custody of project-financed and they are being used for the intended purposes.
- Assets procured from project funds exist, are properly safeguarded and there is a verifiable ownership by the implementing agency or beneficiaries in line with the financing agreement.
- Ineligible expenditures identified during the audit will be reflected in a separate paragraph of the audit report and if important, the point should be reflected in the auditor's opinion.
- National laws have been complied with and that the financial and accounting procedure approved for the projects were followed and applied.

No findings have arisen from these procedures.