

## AUDIT REPORT

Project:

“Model School for Combating Gender-Based  
Violence and Bullying”

Coalition “Sexual and Health Rights of  
Marginalized Communities“ MARGINS Skopje,  
“Coalition MARGINS”

February 2020

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## INDEPENDENT AUDITOR'S REPORT - FINANCIAL AUDIT

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

We have been engaged to audit the expenditure and revenue as stated in the Financial Report of the project entitled “Model School for Combating Gender-Based Violence and Bullying” with reference number MK01RAM03-17302, the ‘Project’, with implementation period from 1 January 2019 to 31 December 2020. This report has been prepared for the needs of the Kvinna till Kvinna Foundation, regarding to the Cooperation Agreement signed on 29 January 2019 between the Kvinna till Kvinna Foundation “Contracting Authority” and Coalition “Sexual and Health Rights of Marginalized Communities“ MARGINS Skopje, “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.

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## 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 21 February 2020, 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

24 February 2020

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## 1. Summary of Findings

### 1.1. Summary of all Findings

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

A) The Entity uses an applicable exchange rate of:

1 EUR = MKD 61,40 for the expenditures incurred from the beginning till the end of the project period.

The exchange rate is calculated based on the exchange rate occurred from the Kvinna till Kvinna Foundation funds transfers (according to the bank statements). The exchange rate for reporting purpose is not defined within the Agreement and its annexes.

B) We note that the initially agreed budget was reduced according to Request for Reallocation No.4 from 26.12.2019 for the amount of 1.589,01 EUR as a result of exchange rate losses.

The user made a change, with the prior approval of Kvinna till Kvinna Foundation.

## 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 29 January 2019 between the Kvinna till Kvinna Foundation and Coalition “Sexual and Health Rights of Marginalized Communities“ MARGINS Skopje, “Coalition MARGINS”, for providing financial support for the action entitled “Model School for Combating Gender-Based Violence and Bullying”. The total cost of the Action estimated for financing by the Contracting Authority for 2019 year is SEK 324.219 (EUR 32.022), whereby the Contracting Authority undertakes to finance a maximum of SEK 324.219 (EUR 32.022) which is equivalent to 100% of the estimated total eligible costs. According to Request for Reallocation No.4, the budget was reduced for the amount of 1.589,01 EUR. After reduction, the total cost of the Action estimated for financing by the Contracting Authority is EUR 30.433, whereby the Contracting Authority undertakes to finance a maximum of EUR 30.433 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;
- Guidelines for financial reports;
- Disbursement Request.

The implementation period of the project that is subject of this audit was set to be 12 months (starting 1 January 2019 to 31 December 2019).

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

The Project subject to audit is “Model School for Combating Gender-Based Violence and Bullying”

Project description:

The overall goal of the project is to reduce gender-based bullying and violence in public high schools in Macedonia by the means of developing model schools with a system for prevention, protection and support in gender-based violence and bullying.

The project objectives are:

- To increase the knowledge, capacities and skills of professional services and teachers in secondary schools for recognition, prevention and protection from gender based bullying and violence;
- To increase the knowledge, capacities and skills of secondary school students for recognition, prevention and protection from gender based bullying and violence;
- To raise awareness on discrimination and gender-based violence among secondary school students;
- To foster active inclusion of secondary school students in initiatives for prevention of gender-based bullying in schools;
- To develop Policy for Prevention of GBV and Bullying in Schools;
- To develop Annual Action Plans on Prevention of GBV and Bullying according to the developed Policy;
- To develop peer support network for gender discrimination, harassment and bullying in secondary schools;
- To raise public awareness on gender-based violence in schools.

#### **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 “Model School for Combating Gender-Based Violence and Bullying” for the period 1 January 2019 to 31 December 2019.

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

Request for reallocation No.1 from 02.07.2019. The Contracting Authority has approved reallocation.

DESCRIPTION	Reallocation Amount
	(EUR)
From wich budget lines:	
	(7)
4.1.2 Accommodation for 15 trainees and trainers and staff, full board (20 x €50)	(200)
4.1.3 Training facility rent (2 days x €100)	(4)
4.1.4 Training materials (20 x pens, 20 x notebooks, 20 x folders)	(37)
4.1.6 Refreshments (20 people x 2 days x 4 EUR)	(172)
4.2.5 Travel costs for participants, staf and lecturers (20 people 2 return)	(420)
Total	<u>(420)</u>
To which existing lines:	
4.2.2 Accommodation for 20 participants, full board (20 x €50)	250
4.2.3 Training facility rent (2 days x €100)	90
4.2.6 Refreshments (20 people x 2 days x 4 EUR)	30
To new budget lines:	<b>370</b>
4.2.7 Honorary for translator from Macedonian to Albanian	<u>50</u>
Total	<u><b>420</b></u>
<b>Balance (Increase / Decrease of budget)</b>	<b>0,00</b>

Request for reallocation No.2 from 10.10.2019. The Contracting Authority has approved reallocation.

DESCRIPTION	Reallocation Amount
	(EUR)
From wich budget lines:	
5.1 Accommodation for retreat for 20 people €50 each for 2 night-stay (breakfast, lunch and dinner included)	(330)
Total	<u>(330)</u>
To which existing lines:	
5.4 Travel costs (20 people return)	<u>330</u>
Total	<u><b>330</b></u>
<b>Balance (Increase / Decrease of budget)</b>	<b>0,00</b>



Request for reallocation No.3 from 04.12.2019. The Contracting Authority has approved reallocation.

DESCRIPTION	Reallocation Amount  (EUR)
From wich budget lines:	
	3.600
1.2 Project Manager (24 months x 300 EUR), 40%	240
1.2.1 Personal Tax 10% for Project Manager	1.420
1.2.2 Health Insurance, pension and employment taxes 27%	2.040
1.3 Financial and Administrative Manager (24 months x 170 EUR), 20 %	227
1.3.1 Tax 11.11% for Financial Manager	50
1.3.2 Authors Agency Provision 2%	
Total	<u>(7.577)</u>
To which existing lines:	
1.2 Project Manager (12 months x 300 EUR), 20%-2020	3.600
1.2.1 Salary benefits for Project Manager (12 months x 138,33 EUR)-2020	1.660
1.3 Financial and Administrative Manager (12 months x 132,5EUR), 13%-2020	1.590
1.3.1 Salary benefits for Financial and Administrative Manager (12 months x 60,58EUR)-2020	<u>727</u>
Total	<u>7.577</u>
<b>Balance (Increase / Decrease of budget)</b>	<b>0,00</b>

Request for reallocation No.4 from 26.12.2019 that reduced the initially agreed budget for the amount of 1.589,01 EUR as a result of exchange rate losses. The Contracting Authority has approved reallocation.

DESCRIPTION	Reallocation Amount  (EUR)
From wich budget lines:	
1.1 Project Coordinator (24 months x 500 EUR), full time 100%	(7) (101)
2.1 Bank fees (24 x 15 EUR)	(134)
2.4 Communications Costs (Phone and Internet) (24 x 40 EUR)	(96)
2.8 Transportation (24 months x 20 EUR)	(169)
2.9 Coffee and Refreshments (24 months x 20 EUR)	(11)
4.2.2 Accommodation for 20 participants, full board (20 x €50)	(2)
4.2.3 Training facility rent (2 days x €100)	(55)
4.2.4 Training materials (15 x pens, 15 x notebooks, 15 x folders)	(140)
4.2.5 Travel costs for participants, staf and lecturers (20 people 2 return)	(446)
5.1 Accommodation for retreat for 20 people €50 each for 2 night-stay	(70)
5.2 Materials (20 x pens, 20 x notebooks, 20 x folders)	(4)
5.3 Refreshments (20 people x 2 days x 4 EUR)	(8)
5.4 Travel costs (20 people return)	(46.01)
4.3.2 Accommodation for 10 participants and staff, full board (15 x 50EUR)	(300)
4.3.4 Travel costs for participants, staff and trainers (15 people 2 return)	(1.589,01)
Total	<u>(1.589,01)</u>
To which existing lines:	
Difference in received ammount	1.589,01
Total	<u>1.589,01</u>
<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
<b>Funds defined by the Contract and Annexes</b>	<b>32.022,00</b>	<b>324.219,00</b>
<b>Funds after reduce of the budget</b>	<b>30.433,00</b>	<b>324.219,00</b>
<i>1 Funds received</i>		
First installment on 18.03.2019	15.290,80	162.110,00
Second installment on 01.08.2019 (including remaining funds from last year at the amount of 477 EUR)	15,142,00	162.110,00
<i>Total funds received</i>	<b>30.432,80</b>	<b>324.219,00</b>
<i>2 Total expenditure for the period</i>	<b>25.279,73</b>	<b>269,317,00</b>
Difference (1-2)	<b>5.153,07</b>	<b>54.902,00</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 "Model School for Combating Gender-Based Violence and Bullying" for the period 1 January 2019 to 31 December 2019.

##### 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 January 2019 to 31 December 2019. 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.

The procedures were performed solely for the purpose of providing assistance in evaluation of validity of the accounts payable and are summarized as follows:

1. We have examined whether the funds received from “Kvinna till Kvinna Foundation” have been used in accordance with the financing agreements;
  - a. We have obtained and checked the Statement of Receipts and Payments, the summary of the activities and the reconciliation of the special account with the bank statements; each set of accounts contains a clear description of cash flows, and other relevant information submitted by the Association;
2. We have examined the payment of staff salaries. We have obtained and checked the contracts with employees and the calculation of salaries and fees;
3. We have examined whether all the expenditures financed by the grant funds are clearly evident and recorded in the Association's accounting system and recorded in accordance with the Macedonian Accounting Standards and the regular accounting practices;
4. We have examined whether the special account has been used and maintained in conformity with the financing agreement and “Kvinna till Kvinna Foundation”'s rules and procedures;

5. We have examined whether the financial statement prepared by the project management were in accordance with the applicable accounting standards;
6. We have checked the comprehensive assessment of the adequacy and effectiveness of the accounting and overall internal control system;
7. We have checked whether the assets procured from the project funds exist and are properly safeguarded;
8. We have checked whether there have been ineligible expenditures identified during the audit;
9. We have examined the comprehensive compliance with the Macedonian laws and regulations.

Our findings are reported below:

- (a) With respect to item 1 we have verified that all funds received from “Kvinna till Kvinna Foundation” were used in accordance with the financing agreements, with due attention to economy, efficiency, procurement procedures and only for the purposes for which the financing was provided.
- (b) With respect to item 2 we have found that the payment of staff salaries was performed in accordance with the Agreement and the payroll submitted to the tax authorities.
- (c) With respect to item 3 we have found that all expenditures financed by the grant funds were clearly evident from the project bookkeeping and that all appropriate supporting documentation, records and accounts have been maintained in respect of all project activities.
- (d) With respect to item 4 we have found that the Entity used special account (it is in conformity with the financing agreement and Kvinna till Kvinna’s rules and procedures).
- (e) With respect to item 5 we have found that the financial statement prepared by the project management was in accordance with the applicable accounting standards and give a true and fair view of the financial position of the project as of 31st of December 2019.
- (f) With respect to item 6 we have verified the 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 the project financed and that all expenditures were used for intended purposes.

- (g) With respect to item 7 we have verified that assets procured from the project funds exist and are properly safeguarded.
- (h) With respect to item 8 we have verified that ineligible expenditures were not identified during the audit.
- (i) With respect to item 9 we confirmed that the Macedonian laws have been complied with and that the financial and accounting procedures approved for the projects were followed and applied.