

AUDIT REPORT

Project:

“Active Women, Accountable Governments (AWAG) II”

Association for Advancement of Gender Equality
AKCIJA ZDRUZHENSKA - SKOPJE

February 2020

Table of Contents

INDEPENDENT AUDITORS REPORT - FINANCIAL AUDIT

1. SUMMARY OF FINDINGS
 - 1.1. Summary of all Findings
2. THE ENGAGEMENT CONTEXT
 - 2.1. Reason for the Audit
 - 2.2. Contractual Conditions
 - 2.3. Project subject to Audit
 - 2.4. Entity subject to Audit
 - 2.5. Financial information subject to Audit
3. THE AUDIT
 - 3.1. Audit objectives
 - 3.2. Audit scope
 - 3.3. Audit procedures

ANNEXES

Annex 1 - Financial Report of the Project

BDO d.o.o. Skopje, a limited liability company incorporated in the Republic of Macedonia, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

BDO is the brand name for the BDO network and for each of the BDO member firms

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 "Active Women, Accountable Governments (AWAG) II" with reference number MK01RAM03-17002, 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 Association for Advancement of Gender Equality AKCIJA ZDRUZHENSKA - SKOPJE, "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 Assurance 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 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

25 February 2020

BDO DOO Skopje
License No. 05



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 61,45 for the expenditures incurred from the beginning of the year till the second instalment;
1 EUR = MKD 61,43 for the expenditures incurred from the second instalment till the supplement payment;
1 EUR = MKD 61,40 for the expenditures incurred from the supplement payment 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 there are exceeding of some subheading and heading budgeted expenses (see financial report, Annex 1 of this report), but not more than 10% as defined in Guidelines for financial reports, Article 1.4.

We verify that the expenditures were necessary for the Implementation of the Project and were incurred for the contracted activities of the Project.

C) We note that the initially agreed budget was reduced according to Request for Reallocation from 24.12.2019 for the amount of 2.448,46 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 Association for Advancement of Gender Equality AKCIJA ZDRUZHENSKA - SKOPJE, for providing financial support for the action entitled “Active Women, Accountable Governments (AWAG) II”. The total cost of the Action estimated for financing by the Contracting Authority is SEK 679.731 (EUR 65.942), whereby the Contracting Authority undertakes to finance a maximum of SEK 679.731 which is equivalent to 100% of the estimated

total eligible costs. According to Request for Reallocation, the budget was reduced for the amount of 2.448,46 EUR. After reduction, the total cost of the Action estimated for financing by the Contracting Authority is EUR 63.493,54, whereby the Contracting Authority undertakes to finance a maximum of EUR 63.493,54 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.

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 12 months (starting 1 January 2019 to 31 December 2019).

2.3. Project subject to Audit

The Project subject to audit is “Active Women, Accountable Governments (AWAG) II”.

Project description:

This two-year project draws on the overall previous experience of Akcija Združenska’s work and it follows-up on the 2018 project implemented with support of Kvinna till Kvinna. The project will complement their previous work by addressing the lack of accountability of local and national governments to fully implement their gender equality commitments. The focus is promoting the concept of social accountability and empowering local women for meaningful participation in local decision-making as well as national level advocacy activities to boost the effectiveness of the gender equality machinery and the implementation of the gender equality legal framework.

2.4. Entity subject to Audit

Akcija Združenska is a non-profit organization established in July 2004 within the framework of the strategic transformation of Women’s Programme of the Foundation Open Society Institute - Macedonia.

The mission of Akcija Združenska is to contribute to the advancement of gender equality, by advocating for development and implementation of public policies for achieving equal opportunities for women and men, social inclusion and respect of women’s human rights.

The work of the organization is focused on: Promoting gender equality as a social value; Promoting responsible, transparent, and accountable governance in the area of gender equality and women's rights; Strengthening and support of women's activism; Building capacities and intensifying public debate, dialogue and collaboration concerning the issues of gender equality and women's rights.

Main target groups of the organization are Local and central governments; Women NGOs, Local community women, National and international human rights nongovernmental organizations; Academic community; the international community representatives in Macedonia.

Key Activities of the organization have been designed to ensure that appropriate legal frameworks on gender equality and protection of women's rights are put in place and fully enforced; and to empower women's activists to hold governments accountable.

- Collecting data, implementing and publishing gender analyses and research;
- Developing and delivering training programmes, consultancy and providing information;
- Publishing bulletins, brochures and other kinds of literature pertaining to gender issues and women's rights;
- Organizing public events and campaigns;
- Cooperation with other relevant national and international organizations and institutions.

The organizational structure consists of: Assembly of Members, the highest body of the organization whose main responsibilities include adoption of strategies, annual programs and budgets, adoption of the annual financial and narrative report, election of the organization bodies, deciding on new members, membership of the organization in other associations and dissolution of the organization; the Executive Board (one member of the organization and 2 external members) who serves as an advisory body and reviews strategies and programs, prior of their adoption by the Assembly of Members and monitors and reports on the overall work of the organization to the Assembly. The Executive Director is a full time employee, acts as a legal representative appointed by the Assembly and is responsible for the overall management of the organization activities and office core staff.

2.5 Financial Information Subject to Audit

The financial information subject to audit is the expenditure stated in the Financial Report of the Project "Active Women, Accountable Governments" for the period 1 January 2019 to 31 December 2019.

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

- Supplement Agreement between Association for Advancement for Gender Equality Akcija Zdruzenska Skopje and The Kvinna till Kvinna Foundation from 15 July 2019.

The supplement falls under the following budget lines:

Budget line	Description	EUR	SEK
1.	Staff costs		
1.1	Project Manager (104 eur x 5 months or 13% from 798 euro)	520	5.532
1.2	Benefits and PIT for Project Manager (45 eur x 5 months costs for benefits and PIT or 13% from 342 euro)	225	2.394
1.5	Admin and finance (630 eur x 4 months or 100%)	2.520	26.810
1.6	Benefits and PIT for Admin and finance (- 270 eur x 4 months or 100%)	1.080	11.490
1.7	Grant officer (126 eur x 5 months or 20% from 630 euro)	630	6.703
1.8	Benefits and PIT for Grant Officer (54 eur x 5 months or 20% from 270 eur)	270	2.873
	Subtotal	5.245	55.801
2.	Office costs		
2.1	Office rent (252 eur x 1 months)	252	2.681
2.4	Office maintenance-refreshments and cleaning, web maintenance, vehicle maintenance (-50 eur x 4 months)	200	2.128
2.5	Office related travel -fuel, parking and taxi	100	1.064
2.7	Financial services-bank charges and etc. (8 eur x 6 months)	48	511
2.8	Office materials -printing, coping and other office materials (32 eur x 6 months)	192	2.043
2.9	Office related translation (10 euro per page)	200	2.128
	Subtotal	992	10.554
3.	Technical Equipment		
3.3	Home cloud system	800	8.511
3.4	Laptop (2x600 eur)	1.200	12.767
	Subtotal	2.000	21.278
4.	Activities		
4.12	Introductory workshop (participants travel, venue rental, accommodation for three overnights and catering for 35 participants x 145 euro and 480 eur for design and printing of educational materials)	5.555	59.099
4.13	Development of grant manual (fee for consultant, design, and proof reading)	1.700	18.086
4.14	Study visits to Belgrade and Tirana for AZ staff (travel costs and DSA for 4 persons for 2 study visits)	5.000	53.195
4.15	Development of data management system	3.000	31.917
	Subtotal	15.255	162.296
	Total expenditures	23.492	249.929

- Request for reallocation from 24 December 2019. The Contracting Authority has approved reallocations by e-mail.

DESCRIPTION	Reallocation
	EUR
From wich budget lines:	
4.14. Study visit to Belgrade and Tirana for AZ staff (travel costs and DSA for 4 persons for two study visits)	(2.122,5)
4.8 Postal costs for 2019 and 2020(2 euro x 100 Requests for Access to Public Information- data collection for monitoring activities)	(126)
4.9 Preparatory activities for developing proposal for LEOWM (venue and refreshment, travel costs for 6 local women CSO representatives for app. 2 consultative meetings)	(450)
Total	<u>(2.698,5)</u>
To wich existing lines:	
4.11 Community based activities (venue rental and refreshments for community workshops, refreshments for working meetings with community teams, design and printing field outreach materials, e.g. enquiry questionnaire handouts etc., campaigning materials costs)	126
Exchange rate differences , first payment received on 01.03.2019	1.070,16
Exchange rate differences , second payment received on 10.09.2019	1.215,04
Exchange rate differences , supplement payment received on 01.08.2019	287,3
Total	
Balance (Increase / Decrease of budget)	2.698,5

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	42.450,00	429.802,00
Supplement of the budget	23.492,00	249.929,00
Total funds	65.942,00	679.731,00
Funds after reduce of the budget due to Exchange rate differences	63.494,00	679.731,00
1 Funds received		
First installment on 01.03.2019	20.155,00	214.901,00
Second installment on 10.09.2019 (including the remaining amount from last year)	20.134,00	214.901,00
Supplement payment od 01.08.2019	23.205,00	249.929,00
Total funds received	63.494,00	679.731,00
2 Total expenditure for the period	51.830,00	554.869,00
Difference (1-2)	11.664,00	124.862,00

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 "Active Women, Accountable Governments (AWAG) II" 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 the 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.

To: Akcija Zdruzenska Board and Management

A Kvinna till Kvinna comment to the audit of Akcija Zdruzenska's "Active Women, Accountable Governments II", 2019-2020

Dear colleague,

It has come to my attention that the annual audit of "Active Women, Active Governments II" 2019 raised two points:


- A) 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 there are exceeding of some subheading and heading budgeted expenses (see financial report, Annex 1 of this report), but not more than 10% as defined in Guidelines for financial reports, Article 1.4.

Even though these points are not presented by the auditor as findings, Kvinna till Kvinna has raised with the auditor whether they need to be mentioned at all in the management letter.

With this letter I would like to stress that as far as Kvinna till Kvinna is concerned, both points are in line with our agreement with Akcija Zdruzenska as well as with our routines and practices. It is correct that the exchange rate for reporting is not regulated in the agreement, provided the constant flux of SEK-EUR exchange rates. Further, reallocations up to 10% within a budget category and without prior approval are accepted.

Hereby, I hope Kvinna till Kvinna's stance is clear, with the utmost trust in Akcija Zdruzenska's staff and management of our cooperation project.

Yours sincerely,



Stina Magnuson Buur
Head of Office Western Balkan