



MOLDAUDITING SRL

AUDIT & CONSULTING

REPORT OF FACTUAL FINDINGS

**FOR AN EXPENDITURE VERIFICATION OF AN AGREEMENT BETWEEN THE EMBASSY OF FINLAND IN
BUCHAREST AND THE ALLIANCE OF ACCESS TO INFORMATION AND TRAINING COMMUNITY
CENTRES OF MOLDOVA**

AS OF 04.10.2017

„ADVOCACY FOR SOCIAL INCLUSION OF PERSONS WITH DEATH DISABILITIES”

MOLDAUDITING SRL

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Dear Mr. Victor KOROLI,

Executive Director of the Alliance of Access to Information and Training Community Centres of Moldova (Alliance INFONET).

61, Pacii Street, Rezina, Republic of Moldova

04.10.2017

Dear Victor KOROLI,

We have performed procedures agreed with you listed below, relating to the Embassy of Finland in Bucharest Funding Decision No. 87301527 and the Agreement dated 29.07.2016, to the cost statement drafted and signed by the Alliance INFONET (hereinafter the Alliance) and totaling to 25 005,42 EUR for the period of 01.09.2016-30.08.2017.

The engagement has been carried out in accordance with the International Standard on Related Services ISRS 4400, Engagements to perform agreed-upon procedures regarding financial information, as well as the general terms and conditions for FLC funding (hereinafter terms and conditions for funding).

The Accountable Project Leader shall be responsible for the cost statement and for ensuring that the costs reported in it are directly related to the project and that they have been allocated for the project in a manner required by the terms and conditions for funding and they relate to activities specified in the Funding Decision.

As the procedures listed below do not constitute either an audit in accordance with auditing standards or a review in accordance with the standard on review engagements, we do not express assurance, as the aforementioned standards would require.

Had we performed additional procedures or had we performed an audit in accordance with auditing standards or a review in accordance with the standards on review engagements, other matters might have come to our attention that would have been reported to you.

The following agreed-upon procedures were carried out for the sole purpose of allowing the Embassy of Finland in Bucharest to assess whether the recipient had acted in accordance with the terms and conditions of funding.

We have performed the specific procedures listed in terms and conditions for funding. These procedures cover:

1. We have obtained a description of the recipient's project accounting, read the narrative report and interviewed the Alliance' management in order to find out the following:
 - the implementation project activities.
 - the integrity of the audit trail and the reliability of project accounting.
 - whether project accounting is in accordance with the terms and conditions of funding.
2. We have interviewed the project management to find out whether the recipient of funding had received any other public/donor funding for this project.
3. We have obtained and assessed the reconciliation of the project accounting to the financial project report.
4. We have obtained the budget analyses and assessed whether the utilization of funds in the project financial project report is in line with the approved budget.
5. We have obtained and assessed the following reconciliations and records related to the project accounting:
 - the opening balance of funds corresponds to the financial project report of last year,
 - the bank balances in the project accounting match the official bank account statements,
 - the fixed asset register is available and up-to-date.
6. With regard to the information in the cost statement, the following procedures were carried out. The procedures covered 100% of the costs reported for the project and 100% of the payment reported for the project.
 - We assessed the adequacy of vouchers and supporting documentation.
 - We assessed the audit trail from general ledger to the project financial reporting.
 - We assessed the eligibility of costs against the funding agreement and project budget.
7. With regard to the project accounting, the following procedures were carried out:
 - We assessed whether there is a proper follow up of advance payments and ensured that no advance payments have been recognized as costs,
 - We assessed whether the received funds have been appropriately recorded in the project accounting and based on bank statements.
8. With regard to the procurement, the following procedures were carried out. The procedures covered the procurements exceeding EUR.
 - The procurements are based on competitive bids/quotations.

- The procurement process and decision made have been appropriately documented,
- The procurement regulations of the funding Agreement have been followed.

9. With regard to the information in the cost statement, the following procedures were carried out. The procedures covered 100% of the wages and salaries reported for the project and 100% of the payment of wages and salaries reported for the project.

- We ensured that 100% of total wages and salaries have been paid,
- We ensured that 100% of total wages and salaries have been paid based on properly signed contracts,
- We ensured that the social security expenses including pensions and taxes had been recorded and paid to relevant authorities in accordance with the national legislation.

We have observed the following:

(a) In Item 1, we observed that the organization's project accounting had been carried out as follows:

- *The project's overall goal was achieved and the project's activities have been performed properly and completely. Within the project there were developed and published the manual "Progressive Methods of Learning the Sign Language for Persons with Hearing Impairments". 104 people with hearing disabilities received new information, skills and got trained in their necessity to react in the emergency situations, to communicate with the Emergency Services 112". A special digital platform surdoserver.md was successfully developed, concerning 5505 video spots related to the sign language learning. 96 civil servants and employees of emergency services got instructions and techniques about the needs of the people with hearing disabilities within the organized workshops. A well-organized car tour was conducted on September 23-24, 2016, with the participation of 97 people, 90% of them represent the target group – people with hearing disabilities.*

For the achievement of the project activities the project implementation period was extended with 3 more months. The extension of the of the implementation period was approved within the confirmation letters as of 05.12.2016 and 25.07.2017.

- *The audit trail integrity was not compromised; the project accounting was reliable.*
- *The project's accounting is in accordance with the term and conditions of funding. The accounting is based on cash method is kept in accordance with the legislation of Republic of Moldova.*

(b) In Item 2, we observed that the recipient the Alliance has not received any other funding for the project, therefore, no other disbursements have been made in Alliance's bank account, other than funding from the Embassy of Finland in Bucharest.

(c) In Item 3, we observed that the project accounting reconciles with the financial project report.

(d) Based on Item 1 and Item 4, we observed that the utilization of funding is in line with the approved budget. We have to mention, that there was identified the exceeding of the budget item III "3 workshops to inform about 60 civil servants and employees of emergency services about the needs of people with hearing disabilities" in relative value of 10%. The exceeding is caused namely by the overspending of meal costs, recorded under sub-item 3.3 Meals workshop (20 participants * 3 days * 2 Euro) - 60 participants were budgeted and 97 actually attended the events, thus it required additional costs for meal in value of 44,62 Euro.

(e) In Item 5, we observed that based on the assessment of the reconciliations and records:

- The opening balance of funds corresponds with the financial project report.
- The bank balances in the project accounting match with the official bank account statements.
- No fix assets have been procured within the project.

(f) In Item 6, we observed that the costs examined:

- Were based on project accounting and the recipient's accounting.
- Were supported with adequate vouchers and supporting documentation.
- Were incurred during the project period.
- Were appropriately presented as based on cost categories.
- The expenditure on which report costs were based had been paid,
- The costs were eligible based on the funding agreement and project's budget.

(g) In Item 7, we observed that:

- there is a proper follow up of advance payments and ensured that no advance payments have been recognized as costs.
- the received funds have been appropriately recorded in the project accounting based on bank statements.

(h) In Item 8, we observed that:

- The assessed procurements were based on competitive bids.
- The procurement process was appropriately documented.
- It had complied with the procurement regulations of the funding Agreement.

(i) In Item 9, we observed that the wages and salaries examined:

- Had been paid.
- Were based on properly signed contracts.
- The social security expenses including pensions and taxes were recorded and paid to relevant authorities in accordance with the national legislation.

Our Report is solely for the purpose set forth in the Report's first and second paragraphs and shall not be used for any other purposes, nor be relinquished to or shared with a third party outside of the Embassy of Finland in Bucharest. The Embassy of Finland in Bucharest shall have the right to deliver the Auditor's Report to other authorities for the purposes of supervising funding. This Report only applies to the cost statement detailed above; it does not apply to the recipient's complete financial statement.

Authorized Auditor:

"Moldaudenting" S.R.L.

Address: Chisinau, Mateevici Str., nr. 84/1, MD-2009

Date of signature:

General Director, Auditor:

Verified and approved by the Auditor:



Pavel BODAREV

Daniela PLUGARU