



## **AUDITOR'S REPORT**

Project: Implementation of the Concept for  
intercultural education

Nansen Dialogue Centre,  
Skopje

## Table of contents

### INDEPENDENT AUDITORS REPORT

#### 1. SUMMARY OF FINDINGS

##### 1.1. Summaries 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

## INDEPENDENT AUDITOR'S REPORT

### To the Management of

### Nansen Dialogue Centre, Skopje

We have audited the Financial Report of the project entitled "Implementation of the Concept for intercultural education", (hereinafter: the 'Project'), for the period from 1 April 2018 to 31 December 2019, project number MAK-16/0003. The financial report has been prepared by management of Nansen Dialogue Centre, Skopje (hereinafter: the Grant Recipient or the Organization) pursuant to the Grant Agreement signed between the Grant Recipient and the Norwegian Ministry of Foreign Affairs (hereinafter: the Contracting Authority).

### Management's Responsibility for the Financial Report

Management is responsible for the preparation of the financial report in accordance with the financial reporting provisions of the Grant Agreement, and for such internal control as management determines is necessary to enable the preparation of financial report that is free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on this financial report based on our audit. We conducted our audit in accordance with International Standards on Auditing<sup>1</sup>. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial report.

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

<sup>1</sup> International Standards on Auditing ("ISA") issued by the International Auditing and Assurance Standards Board (IAASB), which are in effect from 15 December 2009, translated and published in Official Gazette of RM no. 79 from 2010.

## INDEPENDENT AUDITOR'S REPORT (continued)

### Opinion

In our opinion, the financial report of the Grant Recipient, regarding the project entitled "Implementation of the Concept for intercultural education", for the period from 1 April 2018 to 31 December 2019, is prepared, in all material respects, in accordance with the financial reporting provisions of the Grant Agreement.

### Restriction on Distribution and Use

The financial report is prepared to assist the Grant Recipient, to comply with the financial reporting provisions of the Grant Agreement referred to above. As a result, the financial report may not be suitable for another purpose. Our report is intended solely for the Grant Recipient and the Contracting Authority and should not be distributed to or used by parties other than the Nansen Dialogue Centre, Skopje, or the Norwegian Ministry of Foreign Affairs.

Certified Auditor, Partner

Darko Kalin



20 March 2020

Director

Darko Kalin



## 1. Summary of Findings

### 1.1. Summary of all Findings

Based on procedures performed during the audit, we draw attention to the following matters/findings:

- As stipulated in the Grant Agreement and Annexes, a total of 100.000 EUR is considered to be a financial contribution from the Cooperating Partner – the Ministry of Education (MoE) for the current reporting period (1 April 2018 – 31 December 2019). We note that up till the date of the Auditor's Report, no expenses were made by the Cooperating Partner which could be considered as financial contribution in the current reporting period.;
- The exchange rate is not defined within the contractual provisions of the Grant Agreement. The exchange rate used by the Grant Recipient for conversion of Macedonian Denar into Euro is 61,5 MKD for 1 EUR.

## 2. The Engagement Context

### 2.1. Reason for the Audit

The Audit has been requested by the Contracting Authority in accordance with requirements of the Grant Agreement.

### 2.2. Contractual Conditions

The Project was financed through Grant Agreement signed between the Norwegian Ministry of Foreign Affairs and the Nansen Dialogue Centre, Skopje, for providing financial support for the action entitled "Implementation of the Concept for intercultural education". The total cost of the Action estimated for financing by the Contracting Authority is NOK 10.531.653 (equivalent to EUR 1.126.380 at exchange rate EUR/NOK = 9,35). The period of the project implementation is from 1 April 2016 until 31 December 2019 (project duration increased with addendum). The period subject of this Audit Report is from 1 April 2018 to 31 December 2019. The Grant Agreement consists of:

- Part I: Specific Conditions
- Part II: General Conditions
- Part III: Procurement Provisions
- Annex A: Budget
- Annex B: Results Framework

The contractual conditions have been amended with:

- A) Addendum no.1 between the Norwegian Ministry of Foreign Affairs and Nansen Dialogue Centre Skopje as of 22 February 2018. The addendum consists of:

Annex A: Revised budget April 2017 – March 2018

Annex B: Revised results framework

Annex C: Updated implementation plan April 2017 – March 2018

The budget modification with the addendum introduces a new budget line 2.2. Fees for working groups – drafting new curricula from 1-3 grade.

The funds reallocated to new budget line are from:

Budget line	Amount in EUR
2.1 Fees for working groups of local experts and consultants	4.000
3.2.2 International experts (travel and accommodation included)	6.000
13. Project administration – office rent	5.040
<b>Total</b>	<b>15.040</b>

Regarding the project action with the addendum there was a change in one of the activities - Drafting and practical implementation of the Program for intercultural cross-curricular activities in the selected primary and secondary schools. This activity was withdrawn and new activity has been implemented – Drafting new curriculums from 1<sup>st</sup> to 3<sup>rd</sup> grade in which the intercultural component is fully incorporated.

- B) Addendum between the Norwegian Ministry of Foreign Affairs and Nansen Dialogue Centre Skopje. The addendum refers to non-cost extension of the project implementation (ending 31.12.2019).

### 2.3. Project subject to Audit

The objective of the project is:

1. Contributing towards reducing the ethnic based segregation in schools, promotion of interculturalism in the educational system;
2. Improvement, acquiring and development of new intercultural knowledge, competences and skills of teachers, students and parents, improved conditions for the schools and better quality of the educational and upbringing process.

The project will deliver the following outputs, with the following specific activities:

1. Practical implementation the Program for intercultural cross – curricular activities in the selected primary and secondary schools.
2. Practical implementation of intercultural annual programs and activities in selected primary and secondary schools.
3. Improved competences for intercultural education of educators, researchers, professional associates and principals.
4. Created an intercultural, effective and multifunctional school setting.

## 2.4. Entity subject to Audit

Nansen Dialogue Center - NDC is association of citizens established on 17.01.2000 according to the Law of Associations of Citizens and Foundations (Official Gazette of RM No.31/98).

The Organization is registered in the register of the Association of Citizens and Foundations with Registration No. 01/ZG.956/2000.

The Organization operates in accordance with the Law of Associations of Citizens and Foundations and a Statute. According them, the Organization is non-governmental, non-party and non-profit association of citizens, which operates in the field of strengthening the democratic consciousness, peace, mutual tolerance, dialogue and cooperation in the society, as well as giving basic assistance to those who need it.

The Organization's management bodies are Assembly, Executive Body - Board, Manager of the Executive Body - Board and Council.

The Organization is located in Skopje, with address Bahar Mois No.4 - Skopje.

## 2.5. Financial Information Subject to Audit

The financial information subject to audit is the expenditure stated in the Financial Report of the Project "Implementation of the Concept for intercultural education" for the period from 1 April 2018 to 31 December 2019. (see Annex 1 to this Report). The Grant Agreement stipulated that the Norwegian Ministry of Foreign Affairs will undertake to finance maximum of NOK 10.531.653 (equivalent to EUR 1.126.380 at exchange rate EUR/NOR 9,35).

For the period 1 April 2018 to 31 December 2019, the total expenditure reported by the Grant Recipient is at the amount of 459.899 EUR.

The expenditure relating to the Action is easily identifiable and verifiable. The structure of funds received and disbursed in the current reporting period is set out in the following table:

Funds received and disbursed	Amounts expressed in EUR
<i>1 Funds received</i>	
Instalment on 01 July 2018	232.143
Instalment on 04 December 2018	157.349
Instalment on 15 July 2019	38.604
Transfer of un-spent funds from previous period	26.003
Sale of vehicle	5.800
<b>Total funds received</b>	<b>459.899</b>
<i>2 Expenses</i>	
Reported expenditure in the Financial Report	459.899
<b>Total expenses</b>	<b>459.899</b>
<b>Surplus of revenues over expenses</b>	<b>-</b>

### **3. The Audit**

We have been engaged by the Grantee, to perform this audit according to the Grant Agreement.

#### **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 Contracting Authority is free from material errors and irregularities.

#### **3.2. Audit Scope**

The subject of the Audit is the Final Financial Report of the Grant Agreement regarding the project “Implementation of the Concept for intercultural education”.

##### **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 from 1 April 2018 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 objective of the audit is to express an opinion on the Financial Report and the compliance with relevant contractual 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 International Standards of Auditing (ISA) issued by the International Auditing and Assurance Standards Board (IAASB), which are in effect from 15 December 2009, translated and published in Official Gazette of RM no. 79 from 2010. In particular, our engagement was undertaken in accordance with ISA 800 – Special considerations, Audits of Financial Statements prepared in accordance with special purpose frameworks



## **Financial Controls**

- Financial information:
  - Reconciling financial information in the Financial Report to the Organization's accounts and records (including bank report) 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 Agreement and that the expenditures incurred were indicated in the budget; and
  - Verifying the correctness and completeness of the accounting records of the Organization.
- Financial records and invoices
- Accounting and budgetary treatment
- Adequate supporting documentation:
  - Verifying the legality and regularity of the expenditure (compliance with the contractual conditions, eligibility etc.);
  - Detecting unusual ineligible or irregular expenditures or any expenditure not supported by the contractual provisions;
  - Verifying the services rendered against relevant contractual conditions (e.g. unit rates) and documents (e.g. invoices); and
- 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 contractual terms and conditions

## **Internal control assessment**

- Organizational structure
- Segregation of duties
- Risk management process
- Control activities
- Internal control procedures
  - Examining the Organization's Internal Control System and assess 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