

AUDIT REPORT

Project:

“Active Women, Accountable Governments (AWAG) II”

Association for Advancement of Gender Equality
AKCIJA ZDRUZHENSKA - SKOPJE

February 2021

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INDEPENDENT AUDITOR'S REPORT - FINANCIAL AUDIT

KVINNA TILL KVINNA FOUNDATION
Non-governmental organization,
Sweden

Auditor's Opinion

We have audited 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', for the period from 1 January 2020 - 31 December 2020, based on a 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".

In our opinion:

- The Annual Financial Report of the project for the period from 1 January 2020 to 31 December 2020 have been prepared in accordance with the requirements for financial reporting provided for in the annexes of the Cooperation Agreement, and presents fairly, in all material respects, the expenditure incurred and the revenue received for the Project, and
- The funds of the project have, in all material respects, been used in conformity with the agreed Project budget and applicable PIA.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing 800/805 and the Terms of Reference for Annual Audit of the CivSam programme RAM03.

Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of our report. We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statement in Republic of North Macedonia, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We have taken into account all the available evidence presented to us during our fieldwork which we finalized on 15 February 2021, 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 opinion.

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Responsibilities of the Entity's management for the Financial Statement

Management is responsible for preparation and fair presentation of the financial statement in accordance with the cash receipts and disbursements basis of accounting described in the Notes to the financial statement; this includes determining that the cash receipts and disbursements basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances, and for such internal control as management determines is necessary to enable the preparation of a financial statement that is free from material misstatement, whether due to fraud or error. In preparing the financial statement, management is responsible for assessing the ability of the Entity to continue as a going concern, disclosing, as applicable, matters relating to going concern of the Entity to continue as a basis of accounting unless management either intends to liquidate the Entity and using the going concern has no realistic alternative but to do so.

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 conditions.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial statement.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Association's internal control.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statement or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity's to cease to continue as a going concern.

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- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates, if any, and related disclosures made by management.
- Evaluate the overall presentation, structure and content of the financial statements including the disclosures and whether the financial statement represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

17 February 2021

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REPORT OF FACTUAL FINDINGS

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', for the period from 1 January 2020 - 31 December 2020, based on a 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".

Objective

The objective of this Report of factual finding is for us to carry out certain procedures to which we have agreed and to submit to you a report of factual findings with regard to the procedures performed.

Standards and Ethics

Our engagement was undertaken in accordance with:

- International Standard on Related Services ('ISRS') 4400 Engagements to perform Agreed-upon Procedures regarding Financial Information as promulgated by the International Federation of Accountants ('IFAC');
- the Code of Ethics for Professional Accountants issued by the IFAC.

Procedures performed

Our engagement was undertaken in accordance with the Terms of Reference for external audit provided by the Kvinna till Kvinna Foundation and the International Standard on Related Services applicable to agreed-upon engagement procedures. The procedures were performed solely for the purpose of providing assistance in evaluation of validity of the expenditures reported in the Financial report of the project "Active Women, Accountable Governments (AWAG) II", 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;
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;

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

Our findings are reported below:

- (a) With respect to item 1, we verify that all funds received from "Kvinna till Kvinna Foundation" were used in accordance with the financing agreements;
- (b) With respect to item 2, we verify that the payment of staff salaries was performed in accordance with the Agreement and the payroll submitted to the tax authorities. We reviewed the supporting documentation for the salary costs which consists mainly of employment contracts, service contracts, payrolls and payslips. We verify that the salary costs debited to the project are recorded throughout the duration of the year in a systemized way and there is sufficient supporting documentation.
- (c) With respect to item 3, we verify 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 verify that there is supporting documentation related to incurred costs. We notify that reported costs for the Budget Items 4.16 Local Woman Organization Klea, 4.17 Local Woman Organization GIZ, 4.18 Local Woman Organization Radika De, 4.19 Local Woman Organization Zenska Akcija, 4.20 Local Woman Organization OZS, 4.21 Local Woman Organization HZ Majka are not subject to this audit. Reported costs under this Budget Items are reviewed by other auditors. We confirm that all funds have been paid to the Organizations according to the Agreements.
- (e) With respect to item 5, we verify that the Entity used special account (it is in conformity with the financing agreement and Kvinna till Kvinna's rules and procedures).

- (f) With respect to item 6, we verify 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 2020.
- (g) With respect to item 7, we verify 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.
- (h) With respect to item 8, we verify that there are no procurements from the project funds.
- (i) With respect to item 9 we verify that ineligible expenditures were not identified during the audit. The expenditures were actually incurred by and pertain to the Entity. The expenditures were incurred during the implementation period of the Action. The expenditures were indicated in the Action budget. It is plausible that the expenditures were necessary for the implementation of the Action and were incurred for the contracted activities of the Action. The expenditures are substantiated by evidence and notably the supporting documents. The monetary value of a selected expenditure item agrees with underlying documents and correct exchange rates are used where applicable. We verify that expenditure for a transaction or action has been classified under the correct heading and subheading of the Financial Report.
- (j) With respect to item 10 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.

We have examined whether there were exceptions resulting from the verification procedures specified at points 1 - 10.

We have examined whether there were verification exceptions and potential impact on the 'Kvinna till Kvinna' Foundation.

We have not found any exceptions resulting from the verification procedures including the ones of which we cannot quantify the amount of the verification exception found and the potential impact on the 'Kvinna till Kvinna's contribution.

Our report is solely for the informational purpose and is not to be used for any other purpose or to be distributed to any other parties. This report relates only to the accounts and items specified above and does not extend to any financial statements of the Organization, taken as a whole.

Certified Auditor, Partner
Zvonko Kocovski

17 February 2021

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1. The Engagement Context

1.1. Reason for the Audit

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

1.2. 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 477.591 (EUR 47.170), whereby the Contracting Authority undertakes to finance a maximum of SEK 477.591 which is equivalent to 100% of the estimated total eligible costs. According to Second Supplement Agreement signed on 31.01.2020 and Reallocations, the budget was increased. After modification, the total cost of the Action estimated for financing by the Contracting Authority is EUR 73.435, whereby the Contracting Authority undertakes to finance a maximum of EUR 73.435 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.

The implementation period of the project that is subject of this audit was set to be 12 months (starting 1 January 2020 to 31 December 2020).

1.3. 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 Zdruzenska'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.

1.4. 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.

1.5. The Accounting System

Accounting system is a computerized system based on double-entry bookkeeping system, maintained by licensed accountant.

Accounting procedures are in accordance with the common accounting practice in Association, Donor's Cooperation Agreement and Macedonian local legislation.

The computerized cost accounting records for this grant are maintained separately, as supplementary records, and there is little possibility of their fusion with cash receipts and disbursements related to other activities of the Association.



The entries to the cost accounting records are made on the basis of original documents such as: salaries calculation for programmed director and finance officer; invoices for rent, electricity and phone; invoice for purchase of laptop; invoice for refreshment and other underlying documents.

Accounting records summarize payments by cash receipts and disbursements categories.

1.6. Cash receipts

The structure of funds received and disbursed is set out in the following table:

	Amounts expressed in EUR
Funds defined by the Agreements	73.435
1 <i>Funds received</i>	
Remaining amount from last year	11.663
First installment on 12.03.2020	22.077
Supplement payment on 13.02.2020	16.946
Second installment on 10.07.2020	22.748
<i>Total funds received</i>	73.435
2 <i>Total expenditure for the period</i>	73.348
Difference (1-2)	87

1.7. Reporting currency

All disbursements stated in the Financial Statement were translated from MKD into EUR by using the exchange rate which is calculated as follows:

Date of conversion contribution from EUR into MKD	Amount in MKD	Amount in EUR	Exchange rate total MKD/EUR
19.03.2020	1.357.099	22.077	61,47
21.02.2020	1.041.330	16.946	61,45
21.07.2020	1.404.034	22.748	61,72

The used exchange rate for reporting purposes is not defined within the Agreement and its annexes.

1.8. Budget of the Cooperation Agreement

The budget in the Financial Report corresponds with the adjusted budget (after reallocations) according to Cooperation Agreement, First Supplement Agreement, Second Supplement Agreement and Approved Reallocations.

1.9. Changes to the budget of the Cooperation Agreement

According to Second Supplement Agreement signed on 31.01.2020 and Reallocations, the budget was increased. There are three reallocations in this reporting period. After receiving payments in 2020 by Kvinna till Kvinna, the Organization has faced a loss of 2420,59 EUR in received amount due to exchange rate.

Exchange rate loss was covered by reallocation from budget line 4.

All reallocations are approved by the Donor.

1.10. Deviation from the approved budget

In the table below, are given deviations from original approved budget for year 2020:

	Originally approved budget EUR	Approved budget after approved reallocations EUR	Supplement agreement budget EUR	Total budget EUR	Total expenses EUR	Deviation EUR	Deviation in %
1. Staff costs	21.878	28.066	2.940	31.006	30.982	24	0,08%
2. Office costs	5.624	5.624	1.496	7.120	7.152	-32	-0,50%
3. Technical equipment	-	-	-	-	-	-	-
4. Activities	19.668	22.938	12.371	35.309	35.214	95	0,27%
Total	47.170	56.628	16.807	73.435	73.348	87	0,12%

Total expenses for 2020 amounted to EUR 73.348, which makes 99,88 % utilization of the approved budget for the last project year.

EUR
MKD

[illegible]

**Letter to the
Management of
Association for Advancement of Gender Equality AKCIJA ZDRUZHENSKA - SKOPJE**

We have been engaged to perform an audit of the project Financial Report entitled "Active Women, Accountable Governments (AWAG) II", implemented by Association for Advancement of Gender Equality AKCIJA ZDRUZHENSKA - SKOPJE.

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. As our audit practice, after the conducted audit engagement, we point out and communicate certain matters and recommendations regarding the findings that we came across during the engagement.

In accordance with the International Auditing Standards, our audit procedures did not comprise the examination of each accounting entry but were based on such testing as we considered necessary in the light of the Entity's controls and accounting procedures.

We made tests of recorded transactions which included the receipt of fund, staff costs, office costs and cost of activities.

Our tests were endeavored to obtain reasonable assurance about the Entity's compliance with the terms of Agreement on cooperation number MK01RAM03-17002, that if not complied with, we believe, could have material effect on the cash receipts and disbursements of the Grant.

The system of internal controls is such that it can ensure proper expenditure of the granted funds within the provisions of the Agreement on cooperation number MK01RAM03-17002.

Our tests and analyses of disbursements confirmed that disbursements incurred in the period from 1 January 2020 - 31 December 2020 are related to and necessary for the implementation of the project "Active Women, Accountable Governments (AWAG) II".

We have reconciled the disbursements disclosed in the Financial Statement for the period from 1 January 2020 - 31 December 2020 with original documents and determined that disbursements are supported by relevant invoices, receipts, contracts and other evidence.

After examining the books and original documentation, no irregularities were found, which would like to draw your attention.

The Entity has justified the purpose of the project "Active Women, Accountable Governments (AWAG) II".

We want to thank the management for their trust in the course of the audit the project "Active Women, Accountable Governments (AWAG) II" as well as the staff who worked on the project activities, professional attitude and good cooperation during the audit.

Partner's Name: Zvonko Kocovski

Date: 17.02.2021

Partner's Signature:



Firm name: BDO DOO Skopje