

RED CROSS OF SERBIA
PROJECT: »SAFER SCHOOLS AND RESILIENT COMMUNITIES 2«

PROJECT FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY 2017 TO 31 DECEMBER 2017
AND INDEPENDENT AUDITORS' REPORT

**RED CROSS OF SERBIA
PROJECT: » SAFER SCHOOLS AND RESILIENT COMMUNITIES 2«**

Contents:

Responsibility of the legal representatives	1
Auditor`s responsibility	1
Terms of Engagement	2
Audit performance	2
Neighbour in Need Budgete Control Form 2	4
Overall assessment	7
Opinion	7
Appendices	
Annex I – Detailed list of expenses	
Annex II – Asset List	



Grant Thornton

An instinct for growth

Annex 4-0

To the
Red Cross of Serbia
att. Mr Ranko Demirović

Simina 19
11000 Belgrade

Copy to
Austrian Red Cross
att. Mr Werner Kerschbaum

Wiedner Hauptstraße 32
1040 Vienna

Belgrade, 09 February 2018

Red Cross of Serbia – Final Report
Project „Safer Schools and Resilient Communities 2“,
Austrian Red Cross Project no.146.606/2017 - Neighbour in
Need 2 Project no:393/2017
implemented on behalf and upon instruction of Nachbar in Not gemeinnützige Privatstiftung and
Austrian Red Cross

Dear Ms Milenović,

We have been engaged by the management of the Red Cross of Serbia to conduct a special audit of the aid operation „ Safer Schools and Resilient Communities 2“, project no. 393/2017, on the basis of the cooperation/project agreement: in particular to audit the present accounts of Red Cross of Serbia and to confirm the correct use of the donated funds from the Neighbour (Nachbar in Not) in Need aid operation.

Responsibility of the legal representatives

The legal representatives of the company shall be responsible for ensuring that the accounts drawn up pursuant to Budget Control Form 2 have been properly determined and in accordance with the provisions of the cooperation agreement. The same shall apply to the drawn up narrative final report.

The aid operation has been conducted on behalf and upon instruction of Nachbar in Not gemeinnützige Privatstiftung (hereinafter also referred to as the "Foundation") and organised locally by Austrian Red Cross in collaboration with the respective project partner Red Cross of Serbia. The accounts of the aid operation shall be settled centrally by Austrian Red Cross as contractual cooperation/project partner of the Foundation.

Auditor's responsibility

It is our task to conduct an audit and to give an assessment on whether the accounts drawn up pursuant to Budget Control Form 2 conform in all material respects to the provisions of the cooperation agreement.

We have conducted our audit in accordance with the principles of proper performance of assurance engagements other than audits applicable in Austria (KFS/PG 13). Under these principles, we are obliged to comply with our professional obligations, including the rules on independence, and to plan and carry out the task with due regard to materiality considerations so that we can give our assessment with sufficient certainty.

The present audit report refers to the entire aid operation and includes statements with regard to the Red Cross of Serbia all of which are listed herein.

Terms of Engagement

We have prepared this report on the basis of the contract concluded with you, which is based, also with effect in respect of third parties, on the General Terms of Engagement (GTE) enclosed to this report.

We have agreed to and complied with the Auditing Guidelines for the aid projects of Nachbar in Not gemeinnützige Privatstiftung (cooperation/ project agreements), as amended, when conducting the audit. The guidelines, as amended, were adopted by the Foundation Board on 31st January 2012, in its first 2012 meeting.

The subject matter of our contract with you is neither to audit annual accounts nor to review financial statements, nor to detect and investigate criminal offences, such as fraudulent conversions or other embezzlements and administrative offences, nor to assess the effectiveness and economic viability of the management. Our engagement shall be deemed based on international Auditing Standards.

Accordingly, this report may not be passed on, in whole or in part, to third parties without the Auditor's explicit consent. This shall not apply to professional representatives of parties appointed by the customers themselves, who are bound by a statutory confidentiality obligation.

Audit performance:

The accounting department of Red Cross of Serbia has provided us with the following documents regarding the aid operation „ Safer Schools and Resilient Communities 2 “, project no. 393/2017, for performing the audit:

- Application of Red Cross of Serbia including annexes on project support from funds appropriated by Nachbar in Not gemeinnützige Privatstiftung
- Cooperation/project agreement made between the Foundation and Red Cross of Serbia including annexes:
 - Project application



- Neighbour in Need Budget Control Form 2

For special projects, additionally:

- *Accounting* criteria for NIN-funded special projects approved by the Management Board
- Logical Framework Planning Matrix
- Logical Framework for the Project
- Final settlement of accounts of Red Cross of Serbia with a list of the original supporting documents as set out in the Form and original supporting documents *which* state the payments received and show that the Foundation's funds have been correctly used in the target area.

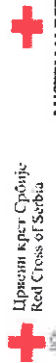
A statement of expenditure including the original supporting documents allocated to the project have been submitted. The statement of the correctly used funds is set out below, the aid operation having been conducted between 01.01.2017. and 31.12.2017.

The following description of the aid operation, which is broken down by cost elements, shows the following:

Neighbour in Need

Country:
Contract Nr.:
NIN Project Nr.:
Project Officer:

Serbia
393/2017
146.606
Katarina Banicevic



AUSTRIAN RED CROSS



Purpose	Code	Budget	Expenses				remaining	%		
			1st Financial Report	2nd Financial Report	3rd Financial Report	4th Financial Report				
1) Goods		48.000,00								
Safety equipment for 8 schools	01.04.01.	4.800,00	116,98	6.324,91	5.972,11	36.151,35	48.565,35	-565,35	101,18%	
RC Pozarevac DRR training center housing and accomodation	01.05.01.	7.500,00			2.965,11		4.266,27	531,73	88,92%	
Material education & trainings		31.700,00								
Stakeholder coordination meetings	01.06.01.	1.000,00	116,98	5.021,75	3.007,00	7.803,24	7.803,24	-303,24	104,04%	
2 refresher training for 80 teachers	01.06.02.	2.000,00	116,98	30,90		25,14	173,02	826,98	107,89%	
Awareness raising campaigns	01.06.03.	6.000,00		4.628,38			4.628,38	-2.628,38	17,30%	
Regional lessons learned workshop (on awareness-raising campaigns and FEPs)	01.06.04.	2.500,00			2.653,19	1.886,51	4.539,70	1.460,30	75,66%	
PPP Trainings for RC branches	01.06.05.	2.000,00		321,67		2.390,60	2.390,60	109,40	95,62%	
Printing costs of education material	01.06.06.	18.200,00		40,80	29,24	2.186,45	2.834,69	-834,69	141,73%	
Summer camp running costs	01.07.01.	4.000,00				19.565,82	19.635,86	-1.435,86	107,89%	
2) Services		3.500,00								
DRR training centre and accomodation	02.01.01.	3.500,00	584,88	889,38	644,67	3.740,42	5.371,19	4.318,81	55,43%	
3) Logistics		9.690,00								
Stakeholder coordination meetings	03.01.01.	6.450,00	56,86		550,40	1.540,86	2.148,12	4.301,88	33,30%	
2 refresher training for 80 teachers	03.01.02.	1.000,00	56,86		87,43	639,96	784,25	215,75	78,43%	
Regional lessons learned workshop (on awareness-raising campaigns and FEPs)	03.01.03.	2.500,00						2.000,00		
Branch refresher training	03.01.04.	800,00					226,28	2.273,72	9,05%	
PPP Trainings for RC branches	03.01.05.	150,00					462,87	565,76	1.028,73	128,59%
Fuel, Maintenance & insurance of vehicle	03.04.	3.240,00	39,86	889,38	94,27	108,86	108,86	41,14	72,57%	
4) Personnel		34.210,00								
National Field staff (nurses, doctors, drivers, etc.)		24.650,00								
Assistant to project coordinator (100%)	04.01.01.	11.200,00	1.791,18	4.810,02	5.593,92	11.086,80	23.281,92	1.368,08	94,45%	
RC branch salary support (field officers)	04.01.02.	10.800,00	1.779,00	1.773,37	1.773,00	5.617,77	11.847,50	-647,50	105,78%	
PPP Trainings for RC branches	04.01.03.	1.850,00		20,18		899,14	919,32	930,68	91,36%	
Per diem national staff	04.01.04.	800,00	12,18	518,58	89,08	28,67	648,51	151,49	49,69%	
National Project managing staff (coordinators, officers)		9.560,00								
Project coordinator (75%)	04.02.01.	9.300,00		1.819,59	2.794,04	2.784,78	7.398,41	2.161,59	77,39%	
Per diem national staff	04.02.02.	260,00					2.789,99	1.939,18	79,15%	
5) Structural Costs		4.600,00								
Office Supplies project country	05.01.01.	2.400,00	41,31	527,03	238,42	3.746,08	4.552,84	47,16	98,97%	
Office Rent and other running costs locally	05.01.02.	2.000,00	41,31	520,39	238,42	1.102,25	1.902,37	497,63	79,27%	
exchange difference, bank service charges	05.01.03.	200,00		6,64		2.638,83	2.645,47	-645,47	132,27%	
Total in EUR		100.000,00	2.631,07	14.370,93	15.243,16	58.756,60	91.001,76	8.998,24	91,00%	



Stjepanovic

The payments of Austrian Red Cross to the project/cooperation partner, which have been reviewed by us without exception and the proofs of payment of the cooperation/project partner pursuant to the interim/final report are set out as follows:

Date	Name	Amount
01 January 2017	Transfer from project 146602	EUR 2,739.99
10 March 2017	Money transfer too cooperation partner	EUR 50,000.00
18 December 2017	Money transfer too cooperation partner	EUR 50,000.00
	Bank interest	EUR 29.64
31 December 2017	Final report	EUR (-) 91,001.76
31 December 2017	Balance in Austrian Red Cross favor for project "Safer Schools and Resilient Communities 2"	EUR 11,767.87

The amount of funds not yet disbursed by the cooperation/project partner in connection with the aid operation is therefore EUR 11,767.87.

The exchange rate was correctly calculated and used.

We have conducted the audit from 02.02.2018. to 07.02.2018. without interruptions.

The auditing procedures selected depend on the auditor's judgement and included in particular the following activities:

Audit's activities

General and Analytical Procedures:	
1.	Read the general & specific conditions of the Grant Contract.
3.	Verify the budgetary execution: identify unauthorized overruns on the different budget lines, check the split between donor's and own funds, focusing on contributions in kind.
4.	Identify the main budget lines (staff, rents, etc.) and perform analytical reviews if relevant.
5.	Reconcile the financial report with the trial balance and perform mathematical checks.
6.	Review a few bank statements to identify any uncooked income and search unusual items.
7.	Check all income (from donors and interests) and reconcile with the general ledger.
Control of Expenditures:	
1.	Select key items from the journal of entries: consider transactions of significant amount (for example, above the thresholds for contract-award procedures set by the donors) and transactions from different budget lines or from categories pre-assessed as risky.
2.	Update the template "Planning Materiality, Combined Risk Assessment and Sample Calculation" and select the required number of random items from the journal of entries.
3.	<ul style="list-style-type: none"> • Cross-checks with evidential internal or external documents (invoice, delivery note, order form, etc.) with a view to checking their legality, regularity and conformity; • Physical observations of tangible assets, cash, investments, etc. • Reviews of the nature of the expenses with those foreseen in the contract; • Tests on the reasonableness of the prices charged, compensations, rents, etc.; • Checks of the compliance with local laws in terms of social contributions, taxes, etc.; • Checks that the expense has been incurred within the contractual period of the project.
Other Substantive Testing's:	
1.	Control of procurement and contract-award procedures: selection of tender files and review of the original documentation (call for proposals, legal publicity, offers and mailing, evaluation committee minute / comparison table, contract, delivery notes, invoices, expert time sheets, booking entries, payments) focusing on dates, signatures, VAT, exchange rates, etc.
2.	Review of personnel charges: obtain the full project staff list / allocation sheet (in case of multi-project organization); select a few expatriates and locals to verify their job contract, attendance sheets, salary slips, payments, benefits (per diems, travels), annual leaves and review the compliance with Grant Contract and local laws (taxes, social contributions, etc.)
3.	Review the transactions in search of unusual items and potential double-financing / booking.
4.	Obtain information on all open litigation matters and other contingencies or commitments.

Overall assessment

In the course of our audit, we have not become aware of any facts that gave us reason to believe that the accounts of the entity pursuant to Budget Control Form 2 do not conform in material respects to the provisions of the cooperation/project agreement of the aid operation „ Safer Schools and Resilient Communities 2“, project no. 393/2017

The present final accounts of Red Cross of Serbia with respect to the „ Safer Schools and Resilient Communities 2“ project, project no. 393/2017 have been properly drawn up on the basis of the records of the Red Cross of Serbia. The expenditure incurred pursuant to the final report is EUR 91,001.76.

The payments on account of Austrian Red Cross to Red Cross of Serbia exceeded the expenditure as at 31.12.2017.

Opinion:

Since our report has been drawn up exclusively on behalf and in the interest of both customers, it shall not form the basis for other persons' reliance on its contents. Claims of third parties may therefore not be derived therefrom. Any liability to third parties to which the report is made available without our knowledge or consent shall be excluded.

In our opinion, which is based on the results of our audit, the interim/final accounts pursuant to Budget Control Form 2 are in accordance with the provisions of the cooperation/project agreement of the aid operation „ Safer Schools and Resilient Communities 2“, project no. 393/2017.

The funds made available to Red Cross of Serbia from donations to Nachbar in Not gemeinnützige Privatstiftung have been correctly used in accordance with the provisions of the cooperation/project agreement.

Objectives of the audit

- verify that the project funds have, in all material respects, been used in conformity with the agreed MoU between AutRC and RCS
- verify financial management on the basis of original vouchers
- verify plausibility of expense items
- verify compliance of expenses with budget items
- verify that the financial statements provide a true picture of the project's finances

The objectives of the audit mentioned in this paragraph were met.

Auditor
Corporate signature

Copy of the report to be sent to
Nachbar in Not gemeinnützige Privatstiftung by Austrian Red Cross



Grant Thornton

An instinct for growth™

Annexes:

Detailed list of expenses

Asset List

Danica Kolundžija Cukavac Senior Manager

Kneginje Zorke 2/IV

T(direct) +381 11 404 9563,

Fax +381 11 404 9561

danica.kolundzija@rs.gt.com

09.02.2018., auditor's signature and authorization

