

***Report for an Expenditure Verification of the Project
Agreement
Implemented with funds from the German Red Cross***

**SUPPORT OF THE RED CROSS OF SERBIA FOR THE RENOVATION /
RECONSTRUCTION OF THE KITCHEN FACILITIES OF THE RED CROSS
OF SERBIA HEADQUARTERS No. 2037/1**

RED CROSS OF SERBIA

Belgrade, 25 November 2019

Content:

Chapter 1 Information about the Project Agreement	1
Chapter 2 Procedures performed and factual findings	3
1. Procedures to verify conformity of expenditures with the Budget	3
1.1. The Budget of the Project Agreement	3
2. Understanding the terms defined in the Project Agreement	4
3. Procedures verifying the eligibility of costs presented by the Beneficiary in the financial report about the project realization	4
3.1. General procedures	4
3.2. Adjustment of costs to the budget and the analytical view	5
3.3. Choice of costs for the verification	5
3.4. Cost verification.....	6
3.5. Exchange Rates	7
3.6. Procurement	7
3.6. Financial Report for the Project Agreement	7
3.8. Non-eligible costs.....	7
3.9. Revenues of the Action.....	7

RED CROSS OF SERBIA
Belgrade, 19 Simina St.
Att: Secretary General

INDEPENDENT AUDITOR'S REPORT

ON THE AUDIT OF THE PROJECT SUPPORT OF THE RED CROSS OF SERBIA FOR THE RENOVATION / RECONSTRUCTION OF THE KITCHEN FACILITIES OF THE RED CROSS OF SERBIA HEADQUARTERS

In accordance with the signed *Contract 2067/1* dated on 01 November 2019, and with the Terms of reference for external Audit of project, we have audited the accompanying financial report of the project »*Support of the Red cross of Serbia for the renovation/reconstruction of the kitchen facilities of the Red Cross of Serbia Headquarters*» realized from the funds of the funds of German Red Cross (Annex 1 of the Report). We have performed certain auditing procedures, verifications and assurances in terms of the implementation of the project in relation to which we submit the following Report. The Report includes details set out in the Chapters 1 and 2.

Responsibility of the management for the realization of the Grant Award Letter

Beneficiary is responsible for the preparation and fair presentation of the financial report of the project "*Support of the Red cross of Serbia for the renovation / reconstruction of the kitchen facilities of the Red Cross of Serbia Headquarters*" in accordance with the Project Agreement No. 2037/1 with the German red Cross (hereinafter referred to as the Contract). This responsibility includes: determining the content of project activities in accordance with the level of awarded funds and intended use of awarded funds for the realization of project activities set out in the Contract, as well as for the internal controls judged necessary for the preparation of financial report that does not contain any materially significant misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion based on the audit we have performed. Our engagement entails the performance of the audit of financial report of the Project in accordance with the Project Agreement, International Standard on Auditing 800 (*ISA800*) and Code of Ethics for Professional Accountants (IESBA). These standards require that we should adhere to the ethical requirements. Our engagement included verification via specific procedures and activities of performing the Project Agreement in a manner sufficient for the independent auditor to make sure that financial report of the project does not contain any materially significant misstatements and that the costs, presented by the Beneficiary in the financial report of the project were actually incurred (real), accurate (precise) and necessary for the project implementation (eligible). The subject of verification were cash flows for the intended purpose of funding the project and using awarded funds (spending of funds) in accordance with the Project Agreement. We consider that the assessment we made constitutes a reasonable basis to express our opinion.