

***Report for an Expenditure Verification of a Grant
Contract
External Action of the European Union***

**TAKING ACTION ON SOCIAL INCLUSION OF OLDER
PEOPLE No. 2015/370-287**

RED CROSS OF SERBIA

Belgrade, 21 October 2019

Independent Report of Factual Findings

Secretary General
RED CROSS OF SERBIA
Belgrade, 19 Simina St.
21 October 2019

In accordance with the terms of reference dated 30 May 2019 that you agreed with us, we provide our Report of Factual Findings ('the Report'), with respect to the accompanying Financial Report for the period covering *01 February 2016 – 31 May 2019* (Annex 1 of this Report). You requested certain procedures to be carried out in connection with your Financial Report and the European Union financed Grant Contract concerning the project "Taking action on social inclusion of older people" no. 2015/370-287, (the Grant Contract).

Objective

Our engagement was an expenditure verification, which is an engagement to perform certain agreed-upon procedures with regard to the Financial Report for the Grant Contract between you and the European Union represented by European Commission (the Contracting Authority). The objective of this expenditure verification 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. Although ISRS 4400 provides that independence is not a requirement for agreed-upon procedures engagements, the Agency requires that the auditor also complies with the independence requirements of the *Code of Ethics for Professional Accountants*.

Procedures performed

As requested, we have only performed the procedures listed in Annex 2A of the terms of reference for this engagement (see Annex 2 of this Report).

These procedures have been determined solely by the Contracting Authority and the procedures were performed solely to assist the Contracting Authority in evaluating whether the expenditure claimed by you in the accompanying Financial Report is eligible in accordance with the terms and conditions of the Grant Contract.

Because the procedures performed by us did not constitute either an audit or a review made in accordance with International Standards on Auditing or International Standards on Review Engagements, we do not express any assurance on the accompanying Financial Report.

Had we performed additional procedures or had we performed an audit or review of the financial statements of the Beneficiary in accordance with International Standards on Auditing, other matters might have come to our attention that would have been reported to you.

Sources of information

The Report sets out information provided to us by you in response to specific questions or as obtained and extracted from your accounts and records.

Factual findings

The total expenditure which is the subject of this expenditure verification amounts to €1,065,113.30.

The Expenditure Coverage Ratio is 100%. This ratio represents the total amount of expenditure verified by us, expressed as a percentage of the total expenditure which is the subject of this expenditure verification. The latter amount is equal to the total amount of expenditure reported by you in the Financial Report and claimed by you for deduction from the total sum of pre-financing under the Grant Contract as per your Payment Request.

We report the details of our factual findings which result from the procedures that we performed in Chapter 2 of this Report.

Use of this Report

This Report is solely for the purpose set forth above under Objective.

This report is prepared solely for your own confidential use and solely for the purpose of submission by you to the Contracting Authority in connection with the requirements as set out in Article 15 of the General Conditions of the Grant Contract. This report may not be relied upon by you for any other purpose, nor may it be distributed to any other parties.

The Contracting Authority is not a party to the agreement (the terms of reference) between you and us and therefore we do not owe or assume a duty of care to the Contracting Authority, who may rely upon this expenditure verification report at its own risk and discretion. The Contracting Authority can assess for itself the procedures and findings reported by us and draw its own conclusions from the factual findings reported by us.

The Contracting Authority may only disclose this Report to others who have regulatory rights of access to it, in particular the European Commission, the European Anti-Fraud Office and the European Court of Auditors.

This Report relates only to the Financial Report specified above and does not extend to any of your financial statements.

We look forward to discussing our Report with you and would be pleased to provide any further information or assistance which may be required.

Yours sincerely,

EuroAudit Ltd, Belgrade, 12/V Despota Stefana Blvd.

Ljiljana Mladenović, certified auditor

21 October 2019

