

Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH (GIZ)

Financial Audit of “Basic needs and Health - Support to vulnerable groups from unstimulated settings”

27 March 2022

Contract subject to Audit:	No. 81260363
Entity subject to Audit:	The Red Cross of Serbia
Project location:	Serbia
Audit location:	Serbia (remote and on-site)
Framework Contract:	No. 81243990
Service Contract:	No. 81267444
Audit:	No. SRB-022
Period subject to audit:	1 December 2020 to 31 July 2021
Dates of audit work:	18 January to 9 February 2022
Project status:	Completed

CONTENTS

INDEPENDENT AUDITOR’S REPORT	3
1 SUMMARY OF FINDINGS.....	5
1.1 <i>Summaries of all Findings</i>	5
1.2 <i>Financial Findings</i>	7
1.3 <i>Internal Control Findings</i>	7
1.4 <i>Other Findings</i>	7
2 ENGAGEMENT CONTEXT	8
2.1 <i>Contractual Conditions</i>	8
2.2 <i>Financial information subject to audit</i>	8
3 FINANCIAL FINDINGS.....	9
4 INTERNAL CONTROL FINDINGS	10
5 OTHER FINDINGS	11
ANNEXES	13
ANNEX 1: FINANCIAL REPORT SUBMITTED TO GIZ	13
ANNEX 2: PERSONS CONTACTED OR INVOLVED IN THE AUDIT	16

This report is made solely to GIZ. Our audit work has been undertaken so that we might state to GIZ those matters we are required to state in an auditor’s report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than GIZ, for our audit work, for this report, or for the opinions we have formed. The report may only be disclosed to those national authorities having regulatory right of access to it, such as the German Federal Court of Auditors.

INDEPENDENT AUDITOR'S REPORT

Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH
Dag-Hammarskjöld-Weg 1-5
65760 Eschborn
Germany

Unmodified opinion

We have audited the expenditure and revenue as stated in the Financial Report of the project entitled 'Basic needs and Health - Support to vulnerable groups from unstimulated settings' (the 'Project') prepared by The Red Cross of Serbia (the 'Entity') for the period from 1 December 2020 to 31 July 2021 which is set out in Annex 1.

Our findings are set out in the relevant sections of our report, which is made solely to GIZ in order to gain assurance that the Project funding provided has, in all material respects, been used in conformity with the applicable Contractual Conditions which are set out in section 2.1 of our report, and to facilitate determination with the Entity of any balance of funding which is payable or recoverable.

In our opinion:

- The Financial Report presents fairly, in all material respects, the actual expenditure incurred and revenue received for the Project for the period from 1 December 2020 to 31 July 2021 in conformity with the applicable contractual conditions; and
- The Project funds provided by GIZ have, in all material respects, been used in conformity with the applicable contractual conditions.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs), insofar as these standards can be applied in the specific context of a contractual compliance audit. Our responsibilities under those provisions and standards are further described in the 'Auditor's responsibilities for the audit of the Financial Report' section of this report.

We are independent of GIZ and the Entity in accordance with the IESBA Code of Ethics for Professional Accountants. 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 finalised on 9 February 2022, and additional evidence and information provided electronically up to the date of this report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

We draw attention to one internal control and one other finding as set out in the relevant sections of our report that represent important control weaknesses and issues of non-compliance with the grant agreement which we came across during the conduct of our financial audit.

Our opinion is not modified in respect of these matters.

Other Matter

Owing to movement restrictions imposed as a result of the COVID-19 pandemic, we conducted this audit combining on-site and remote work, on the basis of documents and information provided electronically by The Red Cross of Serbia.

Responsibilities of the Entity's management

In accordance with the Contractual Conditions, the Entity's management are responsible for the preparation of the Financial Report and for being satisfied that it presents fairly the actual expenditure incurred and revenue received for the Project in conformity with the applicable Contractual Conditions.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are set out in the Terms of Reference for the audit engagement, and include obtaining reasonable assurance about whether the Financial Report 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 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 decisions of users taken on the basis of the Financial Report.

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

- identify and assess the risks of material misstatement of the Financial Report, 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 Entity's internal control.

We communicate with the Entity's 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.



Volker Wetzel
Partner
BDO LLP

27 March 2022