



FINAL REPORT
DATE: 5 JUNE 2023

FINANCIAL AUDIT REPORT OF MIGRATION PROJECT
PROJECT NUMBER – SRC ref. 411009

PROJECT IMPLEMENTING PARTNER:	RED CROSS OF SERBIA
PROJECT COUNTRY:	REPUBLIC OF SERBIA
PROJECT NUMBER::	SRC REF. 411009
PERIOD SUBJECT TO AUDIT:	1 JANUARY 2021 – 31 DECEMBER 2022
DATE OF AUDIT FIELDWORK:	22 MAY 2023 – 31 MAY 2023
PROJECT STATUS:	COMPLETED



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INDEPENDENT AUDITOR'S REPORT – FINANCIAL AUDIT

Swiss Red Cross
International Cooperation Department
Werkstrasse 18, 3084 Wabern, Switzerland

OPINION

We have audited the financial statement of the project entitled Migration Project (SRC ref. 411009) for the period from 1 January 2021 to 31 December 2022.

In our opinion, the accompanying financial statement presents fairly, in all material respects, the actual expenditure incurred and revenue received for the Project for the period from 1 January 2021 to 31 December 2022 in conformity with the applicable contractual conditions.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs). 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 organization in accordance with the ethical requirements that are relevant to our audit of the financial statement in the Republic of Serbia, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 the fact that Project financial statement has been prepared in accordance with the financial reporting provisions of the Project Agreement signed between Swiss Red Cross (SRC) and the Red Cross of Serbia (RCS) with the purpose of providing information on utilization of project funds provided by SRC under Project Agreement. As a result, the Project financial statement may not be suitable for another purpose. Our report is intended solely for the information and use of SRC and the RCS and should not be distributed to or used by parties other than SRC and the RCS.

Our opinion is not modified in respect of this matter.

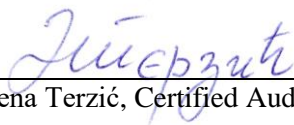
MANAGEMENT'S RESPONSIBILITIES

Management is responsible for the preparation and fair presentation of the financial statement in accordance with those requirements of the Financial Reporting Framework in Project Agreement relevant to preparing such a financial statement, 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.

AUDITOR'S RESPONSIBILITIES

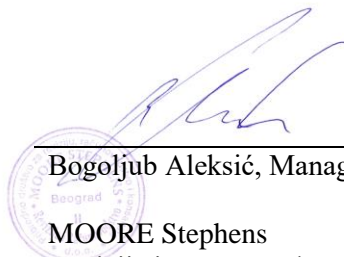
Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that 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.

We would like to thank the management and staff of the Red Cross of Serbia for their assistance and cooperation during the audit.




Jelena Terzić, Certified Auditor

MOORE Stephens
Revizija i Računovodstvo d.o.o.
Studentski trg 4, Beograd
5 June 2023



Bogoljub Aleksić, Managing Partner



MOORE Stephens
Revizija i Računovodstvo d.o.o.
Studentski trg 4, Beograd
5 June 2023

ANNEX 1

**PROJECT FINANCIAL STATEMENT FOR MIGRATION PROJECT
PROJECT NUMBER – SRC ref. 411009
FOR THE PERIOD FROM 1 JANUARY 2021 TO 31 DECEMBER 2022**

Finance report
01/01/2021 - 31/12/2022

No.	Budget line code	Description	Original Budget		Expenditures		Variance (Original Budget)		
			Amount [CHF]	Exchange rate	Amount [RSD]	Amount [CHF]	Amount [RSD]	Amount [CHF]	Amount [RSD]
1	1.1.1	Training: PHV educators	4.000,00	105,9933/112,1186	448.330,04	8.108,53	908.974,80	-4.108,53	-460.644,76
2	1.2.1	PHV RCB Coordinators	11.100,00	109,5346/105,9933/112,1186	1.206.021,06	10.992,78	1.194.000,00	107,22	12.021,06
3	1.2.2	PHV Workshop material/Office stationery	5.760,00	109,5346/105,9933/112,1186	621.563,63	4.506,39	481.012,51	1.253,61	140.551,12
4	1.3.1	Thematic round tables (municipal)	1.000,00	105,9933/112,1186	111.540,70	805,31	89.713,00	194,69	21.827,70
5	1.3.2	Thematic round table (national)	1.000,00	112,1186	112.118,60	0,00	0,00	1.000,00	112.118,60
6	1.4.1	Promotion event: PHV Festival	16.000,00	105,9933/112,1186	1.715.077,08	14.604,47	1.558.612,48	1.395,53	156.464,60
7	1.4.2	Promotion event: PHV film	2.000,00	105,9933/112,1186	215.805,33	1.491,92	158.838,28	508,08	56.967,05
8	1.4.3	Promotion event: International Day of Tolerance	2.000,00	105,9933/112,1186	216.923,37	1.194,07	126.559,79	805,93	90.363,58
9	1.5.1	PHV Exchange of experience	1.000,00	112,1186	112.118,60	0,00	0,00	1.000,00	112.118,60
10	2.1.1	Training: RFL focal points	3.000,00	112,1186	336.355,80	2.429,80	272.425,39	570,20	63.930,41
11	2.2.1	Info sessions RFL	800,00	112,1186	89.694,88	603,34	67.645,66	196,66	22.049,22
12	2.3.1	Prepaid vouchers	500,00	112,1186	56.059,30	535,15	60.000,00	-35,15	-3.940,70
13	2.4.1	IEC material RFL	800,00	109,5346/112,1186	89.026,79	843,29	93.880,00	-43,29	-4.853,21
14	2.5.1	Promotion material RFL	1.560,00	105,9933/112,1186	165.183,62	1.587,09	168.220,80	-27,09	-3.037,18
15	2.6.1	International meetings RFL	0,00	-	0,00	0,00	0,00	0,00	0,00
16	3.1.1	Training: AT educators (national)	9.360,00	109,5346/105,9933/112,1186	1.022.354,48	9.646,41	1.054.466,49	-286,41	-32.112,01
17	3.1.2	Training: AT educators (international)	2.160,00	105,9933/112,1186	228.501,36	2.232,51	236.631,46	-72,51	-8.130,10
18	3.1.3	Training: AT ToT (national)	2.880,00	109,5346/105,9933/112,1186	316.397,05	2.914,72	320.289,69	-34,72	-3.892,64
19	3.2.1	AT RCB Coordinators	11.100,00	109,5346/105,9933/112,1186	1.204.584,71	11.005,64	1.194.000,00	94,36	10.584,71
20	3.2.2	AT Workshop material/Office stationery	5.760,00	109,5346/105,9933/112,1186	626.191,22	5.823,24	633.278,20	-63,24	-7.086,98
21	3.3.1	IEC material AT	3.000,00	105,9933/112,1186	329.715,03	3.093,73	340.223,99	-93,73	-10.508,96
22	3.4.1	AT Programme development meetings	660,00	105,9933/112,1186	69.831,38	721,94	76.776,54	-61,94	-6.945,16
23	3.5.1	International meetings AT	4.680,00	105,9933/112,1186	514.890,82	3.817,24	418.156,73	862,76	96.734,09
24	3.6.1	AT CVA Emergency fund	1.500,00	109,5346/105,9933/112,1186	158.391,16	1.617,52	171.569,48	-117,52	-13.178,32
25	4.1.1	Office equipment	2.300,00	105,9933/112,1186	244.233,76	2.281,20	242.124,80	18,80	2.108,96
26	4.2.1	Project Field Coordination meetings	1.350,00	105,9933/112,1186	149.642,32	1.434,46	159.111,13	-84,46	-9.468,81
27	4.3.1	Project Field Monitoring	2.000,00	109,5346/105,9933/112,1186	212.180,20	2.679,40	288.361,63	-679,40	-76.181,43
28	4.4.1	Office Stationery	2.854,00	105,9933/112,1186	302.725,57	2.817,97	298.686,00	36,03	4.039,57
29	5.1.1	RCS Project Manager/AT Coordinator (-25%)	10.248,00	109,5346/105,9933/112,1186	1.115.112,90	10.248,00	1.115.110,77	0,00	2,13
30	5.2.1	RCS RFL Coordinator (-20%)	2.061,00	105,9933/112,1186	220.945,93	2.061,00	220.942,64	0,00	3,29
31	5.2.2	RCS PHV Coordinator (-20%)	7.000,00	109,5346/105,9933/112,1186	758.582,04	7.000,00	758.583,29	0,00	-1,25
32	5.2.3	RCS AT Coordinator (-20%)	0,00	-	0,00	0,00	0,00	0,00	0,00
33	5.3.1	RCS Finance Manager (-10%)	4.104,00	109,5346/105,9933/112,1186	446.567,34	4.104,00	446.570,31	0,00	-2,97
34	5.4.1	RCS Driver (-10%)	1.270,00	109,5346/105,9933/112,1186	138.626,68	1.270,00	138.623,66	0,00	3,02
35	6.1.1	Audit	2.200,00	112,1186	246.660,92	3.358,25	376.522,54	-1.158,25	-129.861,62
36	6.1.2	Bank fees	168,00	105,9933/112,1186	18.492,06	160,29	17.627,03	7,71	865,03
37	7.1.1	RCS Project indirect support services	6.360,00	109,5346/105,9933/112,1186	701.564,53	5.949,59	655.550,83	410,41	46.013,70
Total:			133.535,00		14.522.010,29	131.939,25	14.343.089,92	1.595,75	178.920,37

Belgrade, 31/01/2023

Finance Officer: Igor Radmanović

Head of Finance: Olivera Aleksić

Project Manager: Jelena Anđelić

Secretary General: Ljubomir Miladinović



31-05-2023

ANNEX 2 –**MANAGEMENT LETTER FOR MIGRATION PROJECT**

**MANAGEMENT LETTER FOR MIGRATION PROJECT
PROJECT NUMBER – SRC ref. 411009
FOR THE PERIOD FROM 1 JANUARY 2021 TO 31 DECEMBER 2022**

**MANAGEMENT LETTER
FOR THE PERIOD FROM 1 JANUARY 2021 TO 31 DECEMBER 2022**

Swiss Red Cross
International Cooperation Department
Werkstrasse 18, 3084 Wabern, Switzerland

As part of the audit engagement, we have been required with the enclosed questionnaire to assess and report whether the project implementing organization has adequate mechanism and systems in place relating to the following matters:

- Existence, adequacy and effectiveness of the Internal Control System – (Audit Objective 3.2 (i) from the Terms of Reference for External Audit)
- Existence of the mechanism to validate that the project objectives and contractual conditions have been maintained – (Audit Objective 3.2 (ii) from the Terms of Reference for External Audit)
- Existence of the mechanism to validate that the project’s financial resources have been used economically and effectively – (Audit Objective 3.2 (iii) from the Terms of Reference for External Audit)

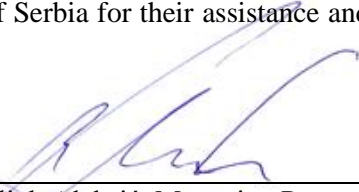
In order to form auditor’s opinion over the objectives mentioned above, a questionnaire was provided to us to assess “internal controls and conformity to the project objectives and economical conduct of busines (Annex 3). No question in enclosed questionnaire was answered with a “no”, and therefore no Management Letter points have been raised. Thus, no recommendations and followed by management responses and action plans to mitigate the findings have been listed under the findings and recommendations (Annex4).

We would like to thank the management and staff of the Red Cross of Serbia for their assistance and co-operation during this assessment.

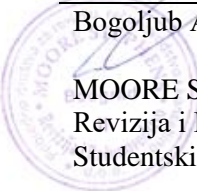


Jelena Terzić, Certified Auditor

MOORE Stephens
Revizija i Računovodstvo d.o.o.
Studentski trg 4, Beograd
5 June 2023



Bogoljub Aleksić, Managing Partner


MOORE Stephens
Revizija i Računovodstvo d.o.o.
Studentski trg 4, Beograd
5 June 2023



**ANNEX 3 –
INTERNAL CONTROLS QUESTIONNAIRE**

Instructions to the Auditor: If the answer is “No“ to one of the questions listed below, further explanation is required in the form of a Management Letter point.

Audit Objective 3.2 (i): Existence, adequacy and effectiveness of the Internal Control System (ICS)				
Questions	Yes	No	N/A	Comments
<p>1. Is the structure of the organization based on your impression adequate to the size and operations of the project (i.e. organizational structures, functions, tasks, competencies, responsibilities, methods, procedures, segregation of duties etc.)?</p>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>The RCS has developed an internal control framework which seems sufficient for the organization of its current size. RCS has standard written policies and procedures covering routine activities. Namely, the organizational structure and staffing seem to be appropriate for existing operations of the RCS.</p> <p>The RCS’s internal document Rulebook on internal organization and systematization of jobs’ details the roles, responsibilities and authorities of staff members</p> <p>RCS’s work is organized through the following departments/units: A. Department for programme activities and legal affairs; B. Department for International Cooperation; C. Tracing service; D. Logistics department; E. Transport department; F. General Affairs Department; G. Finance Department.</p>
<p>2. Are duties for the crucial functions and processes sufficiently segregated (e.g. entering and signing of contracts/agreements, authorizing, approving, posting, and reporting of accounting of project expenditures)?</p>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>The RCS’s internal document Rulebook on internal organization and systematization of jobs’ details the roles, responsibilities and authorities of staff members i.e. the duties for the crucial functions and processes are sufficiently segregated.</p>



			<p>Procurement process is initiated by the Project Manager by preparing the specification of goods and services. Procurement specialist informs potential suppliers and gather bids. Procurement committee opens the bids, carries out comparative bid analysis and recommends the most suitable supplier. Secretary General confirms the selection of the supplier with a separate decision. Legal advisor prepares the contract with supplier. Project Manager handles delivery of goods and services and ensures they are in line with the contractual obligations. In cases when the goods are delivered by the supplier to the warehouse, Warehouse manager is involved in control of goods delivery as well.</p> <p>Each payment is authorized by the budget holder (Project Manager) and approved by the Head of Finance and the Secretary General. Project Manager checks invoices to ensure they agree to orders, goods/services received and contractual obligations. Liquidator checks invoices to ensure they are correct. Each transaction is firstly recorded in the system by the Liquidator. Booking of the transaction is carried out by the accountant. Each invoice is coded by the budget holder to indicate project and donor, so accountant can allocate the cost in the system to specific project and donor. Payment can be authorized by the budget holder or replacement employee in his/her absence. Authorization and the coding are evidenced by the signature of the budget holder on the invoice itself. Approval for payment is evidenced by a stamp "Approved for payment" with signatories of the Head of Finance and the Secretary General.</p>
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				Payment cannot be executed without proper supporting documents.
3. Does the management adequately and efficiently manage risks to the project and design risk management tools and mechanism to mitigate and deal with identified risks?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	The project documents contain risk logs that as a rule consist of the assumptions behind the project, description of major risks with its quantification in terms of probability and possible impact as well as description of possible management response.
4. Is the organization's policies and procedures manual with local context specific regulations (threshold in amount and number of offers/quotations to be solicited for local procurements of goods and services, cash limit, etc.) in place and are they followed? Are they in line with the local laws and regulations?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	On one side, the RCS has its internal procedure named Rulebook on closer regulation of procurement procedures in the Red Cross of Serbia' which is designed to apply with Law on Public Procurement in Serbia, and it complies with the principles of transparency, competition, equality and value for money. On the other side, for this project purposes, the RCS applied Procurement procedure of the International Federation of Red Cross and Red Crescent Societies as agreed in the Project Agreement
5. Is there a procedure or mechanism in place to report any violation of code of conduct, conflict of interest, suspect of fraud, misuse, or waste of resources or property in a discreet manner?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	RCS has Rulebook on Corruption and Conflict of Interest Prevention in the Red Cross of Serbia.
6. Are assets and equipment bought for the project maintained and utilized only for project activities? Are there clear instructions and process in place for the procurement, management, handover, and disposal of project assets, at the end of the project?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Assets that were procured from project funds include: -Laptop -Air Conditioner -Small IT equipment items No specific requirements were defined in the Project Agreement between the Red Cross of Serbia and Swiss Red Cross.



				<p>Therefore, per information we received from RCS, these assets procured from project funds remain as property of the Red Cross of Serbia unless otherwise requested by the Swiss Red Cross.</p> <p>According to the RCS's accounting policy, depending on the item purchase price, the purchases are classified as either fixed assets or inventory. According to that, the equipment paid from project funds was categorized as inventory. These items are included in the Inventory list maintained by RCS.</p>
7. Is there a mechanism in place to authenticate whether the exchange rate applied for foreign currency transactions corresponds to the local legal accounting practices?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>According to the local accounting standards, the RCS is required to keep accounting records in the local currency, and therefore a transaction denominated in foreign currency must be recorded in dinar by applying the official middle exchange rate of NBS prevailing on the date of transaction.</p>

Audit Objective 3.2 (ii): Existence of the mechanism to validate that the project objectives and contractual conditions have been maintained

Questions	Yes	No	N/A	Comments
1. Is it ensured that the signed project agreements (i.e. SRC with its project partner and/or project partner with its subcontractor /s) exist before any payments are made?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	The contract between SRC and RCS and each supplier/ subcontractor had been signed before any payments were made.
2. Are approvals for significant expenditure variations sought in advance from the donor who funds the project?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	The paragraph - Remarks with the Finance report of the Narrative report includes information on budget variations and respective written approvals of SRC (via email).
3. Do employees responsible for operational and financial activities visit project sites for monitoring and control?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Operational staff conduct field visits and coordination meetings for project activities monitoring purposes.



Are these findings from the monitoring visits being formally communicated and followed up?				Finance staff provides distant support to partners by online and phone meetings.
4. Are the Management Letter points brought up by the auditor in prior year resolved adequately and/or properly monitored by the management?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	This is the first audit for this project.
5. Is it ensured that any significant issues (e.g. fraud, corruption, management override of controls, etc.) noted in an audit report has been communicated to the donor who funds the project?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	No indicators for such issues have been identified during our audit.
6. Is there a system in place to prevent that an employee with approving and authorizing function does not execute procuring of goods and services and recording expenditure in the accounting system (e.g. 4 eyes principle)?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Please refer to Q2 above.
Existence of the mechanism to validate that the project's financial resources have been used economically and effectively – Audit Objective 3.2 (iii)				
Questions	Yes	No	N/A	Comments
7. Do adequate measures and procedures exist to ensure that the project's financial resources have been utilized only for the project economically and effectively?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Considering evidence that was obtained during our engagement, nothing came to our attention to indicate that the project activities were not carried out in accordance with the basic project documents.
8. Are all expenditure claims of the national and international employees reviewed and substantiated (salaries and benefits, income tax, rent, travel, accommodation, communication, per diem, administrative expenses, etc.)?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Locally incurred expenditures of local staff are checked and substantiated, however, there are no international employees.
9. Are there regulations and instructions on the non-use of project properties (vehicles, office premises etc.) for private purposes?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	No vehicle was procured and paid from project funds
10. Any other issues				

ANNEX 4 –

PRIORITIES OF AUDIT RECOMMENDATIONS AND AUDIT FINDINGS & RECOMMENDATION

RISK RATING

Priority	Description
High Priority (Critical) – requiring urgent remedial action	These are the matters of large or significant importance regarding control environment, risk assessment, control activities, information & communication, and monitoring activities in the areas of project management. There is a fundamental weakness or deficiency in an internal control or in a series of internal controls which involves a substantial risk of either material loss or material reporting error, or irregularity or fraud with regard to the expenditure and revenue stated in the Financial Report of the project. There is a substantial risk of failure to achieve the control objectives for the project which concern reliability of financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations. Such risks could lead to an adverse impact on the financial report of the project. Remedial action should be taken urgently for such points
Medium Priority (Important) – requiring prompt specific action	These are the matters of medium importance regarding control environment, risk assessment, control activities, information & communication, and monitoring activities in the areas of project management. There is a weakness or deficiency in an internal control or in a series of internal controls which, although not fundamental, relates to shortcomings which expose specific internal control areas (e.g. cash and bank management or budgetary and expenditure control) to a less immediate level of risk of either error, or irregularity or fraud. Such a risk could impact on the effectiveness of the internal controls and on the internal control objectives and should be of concern to the management. Prompt specific action should be taken for such points.
Low Priority (Good Practice) – for which specific remedial action is desirable	These are the matters of low importance regarding control environment, risk assessment, control activities, information & communication, and monitoring activities in the areas of project management. There is a weakness or deficiency in internal control which individually has no major impact but where the project would benefit from improved internal controls and/or where the project implementing organization would have the opportunity to achieve greater effectiveness and/or efficiency. There is a possibility of undesirable effects.

FINDINGS AND RECOMMENDATIONS

No question in enclosed questionnaire (Annex 3) was answered with a “no”.

Findings	
√	We have not raised any financial finding.
√	We have not raised any internal control findings.
√	Our tests did not show any other compliance findings.

We have not raised any findings during application of the questionnaire.