

AUDITOR'S REPORT

Project: "Development of a programme for peace education"

FIRST CHILDREN'S EMBASSY IN THE WORLD - MEGJASHI



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INDEPENDENT AUDITOR'S REPORT

To: First Children's Embassy in the World - Megjashi

We have audited the Financial report of project entitled "*Development of a programme for peace education*" ("The project") implemented by First Children's Embassy in the World - Megjashi ('Grant recipient or organization'), implementing partner of Centre for Training and Networking in Nonviolent Action - KURVE Wustrow, project funded by German Federal Ministry for Economic Cooperation and Development (BMZ) within the framework of the programme Civil Peace Service (CPS). The financial report, for the period 1 January 2019 through 31 December 2019, has been prepared by management of First Children's Embassy in the World - Megjashi pursuant to the Partnership Agreement signed between the Grant Recipient and Centre for Training and Networking in Nonviolent Action - KURVE Wustrow.

Responsibilities of Management and Those Charged with Governance for the Financial Report

Management is responsible for the preparation of the financial report in accordance with the financial report provision of the Partnership Agreement, other Agreements and Guidelines for Partner Organizations from Centre for Training and Networking in Nonviolent Action - KURVE Wustrow, and for such internal control as management determines is necessary to enable the preparation of financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Report

Our responsibility is to express an opinion on this financial report based on our audit. We conducted our audit in accordance with International Standards on Auditing¹. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial report are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

¹ International Standards on Auditing ("ISA") issued by the International Auditing and Assurance Standards Board (IAASB), which are in effect from 15 December 2009, translated and published in Official Gazette of RM no. 79 from 2010.

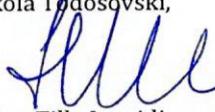
Opinion

In our opinion, the financial report of First Children's Embassy in the World - Megjashi, regarding the project entitled "Development of a programme for peace education", for the period from 1 January 2019 to 31 December 2019, is prepared, in all material respects, in accordance with the financial reporting provisions of the Partnership Agreement, other Agreements and Guidelines for Partner Organizations from Centre for Training and Networking in Nonviolent Action - KURVE Wustrow.

Emphasis of Matter –Restriction on Distribution and Use

The Financial report is prepared to provide information to Centre for Training and Networking in Nonviolent Action - KURVE Wustrow. As a result, the Financial Report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Certified Auditor
Nikola Todorosovski,


Baker Tilly Joanidis
45-4 Kairska Street,
Skopje 1000
Republic of North Macedonia



10 February 2020

1. Summary of Findings

1.1. Summary of all Findings

No findings of note.

2. The engagement Context

2.1. Reason for the Audit

The Audit has been requested by KURVE Wustrow - Centre for Training and Networking in Nonviolent Action in accordance with requirements of the Partnership Agreement, other Agreements and Guidelines for Partner Organizations from Centre for Training and Networking in Nonviolent Action - KURVE Wustrow.

2.2. Contractual Conditions

The Project was financed through Partnership Agreement, other Agreements and Guidelines for Partner Organizations from Centre for Training and Networking in Nonviolent Action - KURVE Wustrow signed between First Children's Embassy in the World - Megjashi and the Centre for Training and Networking in Nonviolent Action - KURVE Wustrow, for providing financial support for the project entitled "*Development of a programme for peace education*". The total cost of the Action estimated for financing by German Federal Ministry for Economic Cooperation and Development (BMZ) for the period from 1 January 2019 to 31 December 2019 amount to EUR 122,080. Initially approved budget for the period from 1 January 2019 to 31 December 2019 was EUR 55,000 and additionally approved EUR 67,080.

2.3. Project subject to Audit

The objectives of the project are:

1. Model approaches to peace education developed, implemented and promoted through the complementary approaches by partner organizations have progressed on various institutional levels in the formal educational system (e.g. schools, universities, ministries) by – amongst others – the development of courses, curricula, educational material and ongoing training of relevant stakeholders.
2. Individuals and groups that can be trigger for change in conflict affected communities, promote peace building by developing joint activities/practices in the society which help overcoming ethnocentric division in public life and contribute to reconciliation processes.
3. Foster exchange and cooperation for sustainable peace building within the respective country and on the regional level on different levels of society (i.e. grass-roots, middle levels, institutional level).

2.4. Entity subject to Audit

First Children's Embassy in the World – Megjashi was founded on the 29th of April 1992 in Skopje.

First Children's Embassy in the World – Megjashi is a world association of citizens and represents an international nonpartisan, nongovernmental and nonprofit humanitarian association for the care of children and children's rights.

First Children's Embassy in the World – Megjashi stands for honoring children's personality through the protection of their rights, and through the enrichment of their life with activities that make childhood secure and fruitful. It also strengthens the NGO movement for protection of children rights in the Republic of North Macedonia, by developing the voluntary approach in its operation and by expressing concern for the Convention of Children Rights. The Embassy contributes to the development and strengthening of citizen awareness through the implementation of its activities. It brought down the wall of silence concerning children rights, especially related to physical, sexual and economic abuse of children, thereby exposing to the public numerous cases of abuse and directly supporting the establishment of more effective mechanisms for children protection.

Ambassador of the first children’s embassy in the world “Megjashi” is Kole Angelovski, and its founders are Gordana Pirkovska - Zmijanac and Dragi Zmijanac.

The organization is located in Skopje, with address – Kosta Novakovikj no. 22a.

Account no: 200000010722372

Tax no: 4030995179890

2.5. Financial Information subject to Audit

The financial information subject to Audit is the expenditure stated in the Financial Report of the Project “Development of a programme for peace education” for the period from 1 January 2019 through 31 December 2019. The Partnership Agreement, other Agreements and Guidelines for Partner Organizations from Centre for Training and Networking in Nonviolent Action - KURVE Wustrow stipulated that Centre for Training and Networking in Nonviolent Action - KURVE Wustrow will undertake to finance EUR 55,000. Additionally, Centre for Training and Networking in Nonviolent Action - KURVE Wustrow has approved EUR 67,080. Total budget for the period from 1 January 2019 through 31 December 2019 is EUR 122,080.

The structure of funds received is set out in the following table:

	Amounts expressed in EUR
Funds defined by the Partnership Agreement	55,000
Additionally approved budget by KURWE Wustrow	67,080
Total budget 01.01.2019-31.12.2019	122,080
<i>Funds received</i>	
Installment (22.01.2019)	24,614
Installment (30.04.2019)	25,214
Installment (25.06.2019)	10,094
Installment (30.08.2019)	45,331
Installment (31.10.2019)	18,209
Total funds received	123,462
Total expenditure reported	120,848

The expenditure relating to the Action is easily identifiable and verifiable. The structure of expenditure reported is set out in the following table:

General category of expenditure	Approved Budget (EUR)	Expenditure reported (EUR)	Difference (EUR)	Difference %
3.1 Staff of local partner LPW (6516)	24,992	24,979	13	0%
3.2 Investments (6519)	2,550	2,559	(9)	0%
3.3 Running material costs (6521)	19,592	18,194	1,398	7%
3.4 Implementation (6526)	74,946	75,117	(171)	0%
4 Project accompanying costs (IPW) (6527)	-	-	-	-
Total (3.1+3.2+3.3+3.4+4)	122,080	120,848	1,232	7%

First Children’s Embassy in the World – Megjashi has converted all transactions from domestic currency to foreign currency using exchange rate when each disbursement is received.

3. The Audit

We have been engaged by the First Children's Embassy in the World – Megjashi, to perform this audit according to the Partnership Agreement, other Agreements and Guidelines for Partner Organizations from Centre for Training and Networking in Nonviolent Action - KURVE Wustrow.

3.1. Audit Objectives

The purpose of the audit is to provide reasonable assurance to whether the expenditure declared in the Financial Report relating to the Agreement financed by the German Federal Ministry for Economic Cooperation and Development (BMZ) is free from material errors and irregularities.

3.2. Audit Scope

The subject of the Audit is the Final Partnership Agreement, other Agreements and Guidelines for Partner Organizations from Centre for Training and Networking in Nonviolent Action - KURVE Wustrow regarding the project "Development of a programme for peace education".

3.2.1. Contractual Conditions

The Scope of this audit included obtaining a sufficient understanding of the applicable laws and regulations which apply to the Project, the Contractual Conditions and in particular of the requirements for the financial reporting, presentation and submission of financial information and the eligibility of expenditure.

3.2.2. Scope of work

The scope of work of this financial audit covered the expenditure and revenue of the project during the period from 1 January 2019 to 31 December 2019. The audit covered an examination and certification of the Financial Report. Furthermore, the compliance with the contractual and appropriate legal conditions was also of particular importance and was assessed in the specific context of the project. The objective of the audit is to express an opinion on the Financial Report and the compliance with relevant contractual provisions. An audit opinion includes a statement that the financial report give a true and fair view (or present fairly, in all material respects) the expenditure and should include a quantification of the findings.

3.2.3. Scope limitations

There is no scope limitation.

3.3. Audit Procedures

The audit was performed in accordance with International Standards of Auditing (ISA) issued by the International Auditing and Assurance Standards Board (IAASB), which are in effect from 15 December 2009, translated and published in Official Gazette of RM no. 79 from 2010. In particular, our engagement was undertaken in accordance with ISA 800 – Special considerations, Audits of Financial Statements prepared in accordance with special purpose frameworks.

Financial Controls

- Financial information:
 - Reconciling financial information in the Financial Report to the Organization's accounts and records (including bank report) in respect of the services rendered;
 - Analytical review of the expenditure headings in the Financial Report and verification that the budget in the Financial Report corresponds with the budget of the Partnership Agreement and that the expenditures incurred were indicated in the budget; and
 - Verifying the correctness and completeness of the accounting records of the Organization.
- Financial records and invoices
- Accounting and budgetary treatment
- Adequate supporting documentation:
 - Verifying the legality and regularity of the expenditure (compliance with the contractual conditions, eligibility etc.);
 - Detecting unusual ineligible or irregular expenditures or any expenditure not supported by the contractual provisions;
 - Verifying the services rendered against relevant contractual conditions (e.g. unit rates) and documents (e.g. invoices); and
- Cash and bank management
- Nature of the expenses
- Correct exchange rate
 - Verifying that the foreign-exchange rates were used appropriately
- Compliance of the project with the contractual terms and conditions

Internal control assessment

- Organizational structure
- Segregation of duties
- Risk management process
- Control activities
- Internal control procedures
 - Examining the Organization's Internal Control System and assess to which extent this can be used as basis to carry out or limit substantive testing. Procedures and test include amongst others a critical review of relevant procedures laid down in manuals, testing a sample of transactions to ensure that procedures have been compiled with and reviewing internal control procedures to prevent fraud and irregularities
- Accounting and financial system
- Procurement procedures

MEGIASHI	Income / Payment according position in financial planning					1526	INCOME	Interest / Income (2000)
EURO	3.1 staff of local partner LPW (6516)	3.2 Investments (6519)	3.3 Running material Costs (6521)	3.4 Implementation (6526)	4. Project accompanying cost (IPW) (6527)	INCOME transferred		
January	-€	195,02€	353,15€	6.795,87€	-€	24.614,39€		
February	1.620,45€	-€	1.204,82€	3.445,33€	-€	26.214,18€		
March	3.241,05€	-€	1.979,73€	563,01€	-€	10.094,32€		
April	-€	-€	1.253,05€	8.772,58€	-€	45.330,87€		
May	1.620,00€	-€	759,11€	1.408,40€	-€	18.209,05€		
June	3.240,00€	-€	1.350,98€	408,79€	-€	0,08€		
July	-€	-€	163,08€	4.639,12€	-€	45.330,79€		
August	5.817,60€	-€	2.231,13€	1.435,22€	-€	7.077,51€		
September	2.345,81€	1.136,74€	903,83€	2.691,12€	-€	24.419,92€		
October	-€	1.085,73€	1.230,86€	22.103,33€	-€	6.145,78€		
November	2.365,65€	141,21€	1.079,96€	2.558,95€	-€	30.585,58€		
December	4.728,78€	-€	5.623,94€	20.232,86€	-€	120.848,28€		
YEAR	24.979,34€	2.558,70€	16.193,65€	75.116,59€	-€	120.848,28€		

Gesamtausgaben pro Monat

7.345,05 €
6.331,60 €
5.783,80 €
10.025,63 €
3.847,50 €
4.999,77 €
4.802,20 €
9.483,94 €
7.077,51 €
24.419,92 €
6.145,78 €
30.585,58 €
120.848,28 €
120.848,28 €

EURO	3.1 staff of local partner LPW	3.2 Investments	3.3 Running material Costs	3.4 Implementation	4. Project accompanying cost (IPW)	INCOME / Budget transferred
JAN / FEB	1.620,45€	195,02€	1.617,97€	10.243,20€	-€	24.614,39€
MAR / APR	3.241,05€	-€	3.232,78€	9.335,60€	-€	26.214,18€
MAY / JUN	4.860,00€	-€	2.110,09€	1.877,18€	-€	10.094,32€
JUL / AUG	5.817,60€	-€	2.394,21€	6.074,34€	-€	45.330,87€
SEP / OCT	2.345,81€	2.222,47€	2.134,69€	24.794,46€	-€	18.209,05€
NOV / DEC	7.094,43€	141,21€	6.703,91€	22.791,81€	-€	-€
YEAR	24.979,34€	2.558,70€	16.193,65€	75.116,59€	-€	123.462,80€

Yearly agreed Budget (to be filled in according BR-file) and left budget

	3.1 staff of local partner LPW	3.2 Investments	3.3 Running material Costs	3.4 Implementation	4. Project accompanying cost	
agreed budget (to be filled in)	24992	2550	19992	74946	122080	
left budget	12,66€	-4,70€	1.386,35€	-170,59€	0,00€	1231,72

income costs Rest saldo 2018 Total rest

123.462,80 €
120.848,28 €
2.614,52 €
24,91 €
2.639,43 €

Saldo 01.01.2019

-1.382,80 €
-24,91 €
-1.407,71 €



About Baker Tilly Joanidis

Baker Tilly Joanidis is a full-service accounting and audit firm that offers industry specialized services in assurance, tax and audit.

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