



Audit & Business Advisory

## **Expenditure Verification Report**

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

First Annual Work Plan for the Implementation of  
the Strategic Plan of the Crisis Center "Hope"  
2022-2025 - IPA/2021/430-955

Period: 1 January 2022 – 31 December 2022

**Crisis Center "Hope"**

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## 1. Background information

### 1.1. Short description of the action subject to verification

<b>Contract number and title:</b>	IPA/2021/430-955 - First Annual Work Plan for the Implementation of the Strategic Plan of the Crisis Center "Hope" 2022-2025
<b>Contract type</b>	Grant Contract
<b>Financial Report subject to verification</b>	13.03.2023 01.01.2022 – 31.12.2022

<p><b>Coordinator and other Beneficiary(ies) and affiliated entity(ies)</b></p>	<p>Crisis Center "Hope"</p> <p>Registered as Association of Citizens</p> <p>With official registration No 5489091</p> <p>Lazar Pop Trajkov 24, 1000 Skopje, North Macedonia</p> <p>Telephone contact: +389 70 273495, +389 2 3173 424</p> <p>E-mail contact: info@krizencentar.org.mk</p> <p>VAT number MK 4030001404580</p> <p>The civil association Crisis Center “Hope”, is founded in 2000 and registered as legal entity in 2001 for protection and sheltering of victims of domestic violence. The Center provides the following services:</p> <p><b>SOS helpline</b> – 24/7 helpline which is operated by psychologists, social workers, lawyers and pedagogues. This helpline gives support and help to victims or potential victims and refers them to relevant institutions and organizations.</p> <p><b>Sheltering and protection of victims of domestic violence in the period of 24-48 hours</b> – victims are provided with safe accommodation, satisfaction of basic needs – food, clothes, medicines and hygienic goods.</p> <p><b>Support and education</b> – Psycho-social support is given by a team of professionals (psychologist, social worker and lawyer) and it is generally aimed towards empowerment of the victims.</p> <p><b>Preventive programme</b> – This programme started in 2004 and is comprising awareness raising of the population in Republic of North Macedonia about the gender-based and domestic violence.</p> <p>There are 4 employed people in CCH and 5 honorary engaged people in CCH.</p>
<p><b>Location where the Contract is implemented</b></p>	<p>Skopje, Republic of North Macedonia</p>

<b>Contract execution period</b>	01.01.2022 – 31.12.2022
<b>Contract implementation status</b>	Completed
<b>General and specific objectives of the Contract</b>	<p>The Commission has decided to award a grant under the terms and conditions set out in the specific agreement and the framework agreement, to finance an operating grant for First Annual Work Plan for the Implementation of the Strategic plan of the Crisis Center “Hope” 2022-2025</p> <p><b>General objective:</b> To contribute towards combating gender-based and domestic violence on women, girls and children in North Macedonia.</p> <p><b>Specific objectives:</b> Strategic priority 1 – Continued and upgraded service delivery, improvement of the quality of services, and development of expertise and capacities of the staff;</p> <p>Strategic priority 2 – Long term financial sustainability;</p> <p>Strategic priority 3 – Improvement of the education and protection of children and youth;</p> <p>Strategic priority 4 – Encouraging victims to report gender-based and domestic violence</p>

**Synthetic description of the activities, outputs and target group**

**Activities:**

A.1.1.1. Providing regular help to the beneficiaries within the emergency shelter

A.1.2.1. Providing regular help to the beneficiaries by the emergency SOS phone line

A.1.2.2. Providing regular help to the beneficiaries within the emergency social network contact

A.1.3.1 Upgrading quality control systems

A.1.3.2. Preparing semi-annual quality assessment reports

A.1.4.1. Developing procedures on providing direct support, education and prevention to victims of gender-based and domestic violence

A.1.4.2. Developing educational and prevention materials on gender based and domestic violence

A. 1.5.1. Regular upgrade of the skills and competences of the staff

A 1.5.2. Organizing individual supervision and mentoring sessions with staff members on a quarterly basis

A.2.1.1. Training the staff on project development

A 2.1.2. Training the staff on individual, corporate, institutional and international fundraising.

A2.1.3. Development and implementation of fundraising practices.

A2.2.1 Establishing and promoting a donor network.

A.2.2.2. Developing project proposals

A 4.2.2. Regular promotion of the CC Hope and the core services it provides

**Outputs:**

O1.1.1 (2022) At least 60 beneficiaries helped by the emergency shelter annually;

- O 1.2.1 (2022) At least 400 beneficiaries served by emergency SOS phone line annually;
  - O 1.2.2 (2022) At least 300 beneficiaries served annually by emergency social network contact;
  - O 1.3.1 (2022) Quality control systems further developed;
  - O 1.3.2 (2022) Regular quality control assessments/reports;
  - O 1.4.1 (2022) Procedures developed;
  - O 1.4.2 (2022) Education and prevention services, materials, developed;
  - O 1.5.1 (2022) Staff regularly trained;
  - O 1.5.2 (2022) Staff regularly assessed, mentored, supported;
  - O 2.1.1 (2022) Staff trained in project development;
  - O 2.1.2 (2022) Staff trained in individual and corporate fundraising;
  - O 2.1.3 (2022) Individual and corporate fundraising practices developed and implemented.
  - O 2.2.1 (2022) Donor networks developed and promoted;
  - O 2.2.2 (2022) Projects developed;
  - O 4.2.2 (2022) Nadez core services regularly promote;
- Target group: Women and girls victims of domestic and gender based violence

## 1.2. Basic financial information of the Contract (at the time of the verification)

### 1.2.1 Expenditure

Budget Headings	Budgeted Expenditure (amount)	Reported Expenditure (amount)
Human resources	40.020,00	40.020,00
Travel	1.800,00	899,92
Local office	8.060,00	5.575,53
Other costs, services	15.500,00	12.922,18
Other	6.000,00	5.346,15
<b>Total</b>	<b>71.380,00</b>	<b>64.763,78</b>

### 1.2.2 Contributions

Source of Contribution	Budgeted Contribution (amount)	Actual Contribution (amount)
EU	64.242	58.287,40
CC Hope	7.138	6.476,38
<b>Total</b>	<b>71.380</b>	<b>64.763,78</b>

### 1.2.3 Revenues

Revenue Types	Budgeted Revenues (amount)	Actual Revenues (amount)
N/A	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

## 1.3. Verified Financial Reports

See annex 3.1

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## 2. Risk analysis

### 2.1. Outcome of risk analysis

Based on the risk analysis performed according to the Terms of Reference, we did not identify any specific risks which may possibly affect the verified report, regarding the action, the context in which the latter is implemented, the beneficiaries and the target group.

We obtained sufficient understanding of the engagement context including the contractual conditions, the Partner and the applicable EC laws and regulations.

The understanding has been sufficient to identify and assess any potential risks of material errors or misstatements in the expenditure and revenue stated in the Financial Report in order to determine the size and structure of the expenditure sample to be tested, whether caused by error or fraud, and sufficient to design and perform further verification procedures.

There were:

- no complex procurement procedures identified,
- no financial assistance to third parties (sub-grants) or revolving funds,
- no transactions incurred in different currencies (expenses are in MKD),
- no technical complexity,
- no predominance of cash payments,
- the partner does not lack administrative capacity,
- there are not known weaknesses in internal control systems,
- there is no indication regarding lack of involvement or cooperation of the target group,
- no history of fraud cases
- no other potential risk indications which may affect the financial reporting verification process.

However, in relation to the Expenditure verification engagement we will consider the following as potential risk areas:

- Management override of controls: the ability of management to manipulate the expenses and prepare fraudulent financial statements by overriding the controls, even where the controls might otherwise appear to be operating effectively;
- Expenditures manipulation: potential risk that the expenditures declared in the financial reports have not, in all material aspects, been incurred in conformity with the applicable contractual conditions or within the purpose of the donor funded project.

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In addition, we have identified possible mitigating factors as follows:

- There are various stages of the procurement to payment process that must be undertaken by separate individuals to promote segregation of duties. There is a separation of duties between:
  - a) Procurement officers and authorisers, who approve the processing of procurement requests;
  - b) Finance staff, who verify and process disbursements as well as recording the relevant journals; and
  - c) Signatories, who approve the disbursements.
- Each expenditure must be linked to specific expenses where it is possible to track how funds received have been spent. A disbursement approval is made for each disbursement before being recorded into the financial report and the accounting system.

## **2.2 Implications on the sampling**

Based on the identified risk factors, when determining the sample size for substantive procedures, we take into account the assurance we require from the procedures, the performance materiality relating to the transactions being examined, the assurance already obtained from other procedures relating to the financial statements area and assertion being tested and the risk that the sample is not reflective of the population. We used statistical techniques for determining sample sizes and professional judgement in selection of transactions (keeping the objective of sampling in mind, which is to provide a reasonable basis for the auditor to draw valid conclusions and ensuring that all samples are representative of their population). Some financial statement areas (budget headings) are tested 100% because there are few transactions consisting the reported amounts.

The transactions with amount above EUR 1.231 were prioritised. The total coverage ratio is 84%, which is equal to EUR 54.702 and 93 transactions.

### 3. Transaction population and sample

#### **Sampling Highlights/Overview**

The sample size was determined based on a materiality threshold of 2% of the total amount of reported expenditure with a confidence level of 95% and considering the risk analysis presented above.

<b>Financial Report 01.01.2022 – 31.12.2022</b>		
	<b>Population</b>	<b>Audit sample</b>
<b>Number of transactions</b>	152	93
<b>Value of transactions</b>	64.763,78	54.702,83

A complete list of the transactions included in the population to be included in Annex 3.3.

There were no cases where the reported amounts were different from that of the relevant accounting records.

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## 4. Substantive testing

### **Short description of the testing process**

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”); and
- 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 Commission requires that we have also complied with the independence requirements of the Code of Ethics for Professional Accountants.

In relation to the above, we have performed the procedures listed in Annex 2 of the Terms of Reference for this engagement (see Annex 3.1 of this report).

We have gathered evidence and prepared working papers to properly document the evidence seen to support our findings. We have also reviewed and evaluated the system of internal control in order to gain an understanding of processes and controls within the Project. Such a review involves performing walk-through and testing procedures to confirm our understanding. Detailed work and testing will be performed under the guidance by the auditor in charge and supervised closely by the manager. The verification took place at the premises of the Coordinator where qualified representatives were present throughout verification process.

## 5. Summary of findings

### 5.1 Summary of errors detected

Presented in Annex 3.3. – Table of errors. However, final conclusion is that the errors do not have financial impact on the expenditure reported in the Financial Report.

### 5.2 Audit team

Darko Kalin - Engagement Partner  
Igor Taseski - Manager  
Marija Konstantinovska - Senior  
Blagica Petesheva - Assistant

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Date: 29.03.2023

**Annex 3.1: Financial reports provided by the auditee**

**Annex 3.2: Procedures performed**

**Annex 3.3: Table of transactions - provided as Excel file**

**Annex 3.4: Table of errors - provided as Excel file**