

REPORT

MOLDAUDITING SRL

- Competence
- Objectivity
- Professionalism

REPORT OF FACTUAL FINDINGS
FOR AN EXPENDITURE VERIFICATION OF COSTS REPORTED IN THE PROJECT
“SUPPORTING CRITICAL THINKING AND RESISTING DISINFORMATION IN THE REPUBLIC OF
MOLDOVA”

FUNDED BY THE EMBASSY OF FINLAND IN BUCHAREST
THROUGH THE AGREEMENT CONCLUDED WITH
INSTITUTE FOR DEVELOPMENT AND SOCIAL INITIATIVES “VIITORUL” (IDIS)

FOR THE PERIOD 01.01.2023 – 31.10.2024

Dear Mr. Liubomir CHIRIAC,

Executive Director of The Institute for Development and Social Initiatives “Viitorul” (IDIS)

Iacob Hincu 10/14 Street, Chisinau, MD-2005, Republic of Moldova

05.12.2024

We have performed procedures agreed with you listed below, relating to the Embassy of Finland in Romania Funding Decision, to the cost statement drafted and signed by The Institute for Development and Social Initiatives “Viitorul” (IDIS) (hereinafter – the Organisation) in order to carry out the project *“ Supporting critical thinking and resisting disinformation in the Republic of Moldova ”*, totaling to **EUR 59 521,45** including **EUR 3 521,45** own funds allocated temporarily for the part of the action implemented under FLC grant, for the period 01.01.2023 – 31.10.2024 .

The engagement has been carried out in accordance with the International Standard on Related Services ISRS 4400, Engagements to perform agreed-upon procedures regarding financial information, as well as the general terms and conditions for FLC funding (hereinafter terms and conditions for funding).

The Accountable Project Leader shall be responsible for the cost statement and for ensuring that the costs reported in it are directly related to the project and that they have been allocated for the project in a manner required by the terms and conditions for funding and they relate to activities specified in the Funding Decision.

As the procedures listed below do not constitute either an audit in accordance with auditing standards or a review in accordance with the standard on review engagements, we do not express assurance, as the aforementioned standards would require.

Had we performed additional procedures or had we performed an audit in accordance with auditing standards or a review in accordance with the standards on review engagements, other matters might have come to our attention that would have been reported to you.

The following agreed-upon procedures were carried out for the sole purpose of allowing the Embassy of Finland in Romania to assess whether the recipient had acted in accordance with the terms and conditions of funding.

1. We obtained a description of the recipient's project accounting, read the narrative report and interviewed the Organization's finance manager in order to find out the following:
 - the implementation project activities.
 - the integrity of the audit trail and the reliability of project accounting.
 - whether project accounting is in accordance with the terms and conditions of funding.
2. We interviewed the Organization's finance manager to find out whether the recipient of funding had received any other public/donor funding for this project.
3. We have obtained and assessed the reconciliation of the project accounting to the financial project report.
4. We have obtained the budget analyses and assessed whether the utilization of funds in the project financial project report is in line with the approved budget.
5. We have obtained and assessed the following reconciliations and records related to the project accounting:
 - the opening balance of funds corresponds to the financial project report of last year.
 - the bank balances in the project accounting match the official bank account statements.
 - the fixed asset register is available and up-to-date.
6. With regard to the information in the cost statement, the following procedures were carried out. The procedures covered 100% of the costs reported for the project and 100% of the payment reported for the project.
 - We assessed the adequacy of vouchers and supporting documentation.
 - We assessed the audit trail from general ledger to the project financial reporting.
 - We assessed the eligibility of costs against the funding agreement and project budget.
7. With regard to the project accounting, the following procedures were carried out:
 - We assessed whether there is a proper follow up of advance payments and ensured that no advance payments have been recognized as costs,
 - We assessed whether the received funds have been appropriately recorded in the project accounting and based on bank statements.
8. With regard to the procurement, the following procedures were carried out. The procedures covered the procurements exceeding 1 000 EUR.
 - The procurements are based on competitive bids/quotations.
 - The procurement process and decision made have been appropriately documented.

- The procurement regulations of the funding Agreement have been followed.
9. With regard to the information in the cost statement, the following procedures were carried out. The procedures covered 100% of the wages and salaries reported for the project and 100% of the payment of wages and salaries reported for the project.
- We ensured that 100% of total wages and salaries have been paid,
 - We ensured that 100% of total wages and salaries have been paid based on properly signed contracts,
 - We ensured that the social security expenses including pensions and taxes have been paid and recorded to relevant authorities in accordance with the national legislation.

Based on the procedures performed we have observed the following:

(a) In Item 1, we observed that the organization's project accounting had been carried out as follows:

The project's overall objective was achieved and the project's activities have been performed properly according to the action plan.

Based on the supporting financial documentation, other technical documentation and the narrative report provided by the Organization (lists of participation, minutes, internal orders) the auditor obtained sufficient evidence that the Organisation achieved the proposed objectives and carried out the activities according to the project workplan.

*(b) In Item 2, we have verified the funds received and the expenditures related to the project and found that the Organisation co-financed the project with a contribution of **EUR 2 200,00**, with own contribution.*

(c) In Item 3, we observed that the project accounting reconciles with the financial project report in terms of the contracts concluded, time recording system, payrolls calculated, payslips paid, invoices received and paid, and the reporting rate used. For the purposes of reporting the commercial exchange rate for each separate tranche was used, applying the FIFO method.

The auditor verified the budget variations of the FLC part and found that there are no budget deviations exceeding 10% per budget line.

The transactions including the financing received and exchanged is presented in the table below:

<i>Transactions EUR</i>	<i>Date of transaction</i>	<i>EUR Received</i>	<i>Share Bank fee*</i>	<i>Net received EUR</i>	<i>EUR exchanged</i>	<i>Exchange rate</i>	<i>MDL</i>
<i>First payment FLC</i>	13.01.2023	23 000,00	0	23 000,00			
<i>Second payment FLC</i>	05.09.2023	17 000,00	25	16 975,00			
<i>Third payment FLC</i>	05.03.2024	8 000,00	25	7 975,00			
<i>Fourth payment FLC</i>	24.07.2024	8 000,00	25	7 975,00			
<i>Exchange</i>	31.01.2023				10 000,00	20,20	202 000,00
<i>Exchange</i>	30.06.2023				13 000,00	19,80	257 400,00
<i>Exchange</i>	29.11.2023				10 000,00	19,32	193 200,00
<i>Exchange</i>	17.01.2024				6 975,00	19,00	132 525,00
<i>Exchange</i>	12.03.2024				4 000,00	19,05	76 200,00
<i>Exchange</i>	30.04.2024				3 975,00	18,75	74 531,25
<i>Exchange</i>	30.07.2024				7 975,00	19,03	151 764,25
Total received	X	56 000,00	75,00	55 925,00	55 925,00	X	1 087 620,50

It is duly to be mentioned, that at the receipt of the first 4 tranches and own funds a total bank fee in value of EUR 75 was withhold by the international bank.

(d) Based on Item 1 and Item 4, we observed that the utilization of funding is in line with the approved budget. The Organization implemented effectively the proposed activities. No significant deviations from the approved budget were recorded.

(e) In Item 5, we observed that based on the assessment of the reconciliations and records:

- The opening balance of funds corresponds with the financial project report.
- The bank balances in the project accounting match with the official bank account statements.
- No fixed asset item was procured with FLC support.

(f) In Item 6, we observed that the costs examined:

- Were based on project accounting and the recipient's accounting,
- Were supported with adequate vouchers and supporting documentation (payment documents, invoices, employment contracts, service contracts, minutes on services received, time-recording-tables, etc.),
- Were incurred during the project period,
- Were appropriately presented as based on cost categories,
- The expenditure on which reported costs were based had been paid,
- The costs were eligible based on the funding agreement and project budget.

Note: except the audit costs totaling EUR 2000 that are claimed to the current report based on accrual accounting method.

(g) *In Item 7, we observed that:*

- *there is a proper follow up of advance payments and no advance payments have been recognized as costs.*
- *the received funds have been appropriately recorded in the project accounting and based on bank statements. The primary accounting documents reflect separately the operations for receiving and using the grant funds.*

(h) *In Item 8, we observed that:*

- *The procurement process was appropriately documented. No equipment was procured within the project.*

(i) *In Item 9, we observed that the wages and salaries examined:*

- *Had been paid,*
- *Were based on properly signed contracts,*
- *The social security expenses including the income tax and health insurance, have been paid and recorded to the relevant authorities in accordance with national legislation.*

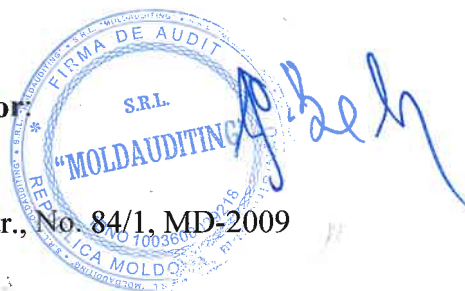
Our Report is solely for the purpose set forth in the Report's first and second paragraphs and shall not be used for any other purposes, nor be relinquished to or shared with a third party outside of the Embassy of Finland in Romania. The Embassy of Finland in Romania shall have the right to deliver the Auditor's Report to other authorities for the purposes of supervising funding. This Report only applies to the cost statement detailed above; it does not apply to the recipient's complete financial statement.

General Director, PhD, Auditor:

"Moldauditing" S.R.L.

Address: Chisinau, Mateevici Str., No. 84/1, MD-2009

Date: 05.12.2024



Pavel BODAREV