

SATISFACTION WORKSHEET

Grantee: Institute for Development and Social Initiatives
Date of initial audit report: 07 June 2016
Date of Supplemental Report: N/A

Grant number: 0114407-000-0A
Audit Firm Name: "Optim Audit" S.R.L.
Audit Firm Location: Republic of Moldova, Chisinau

- 1) We reviewed the Grant Agreement and all modifications.
- 2) We verified that the funds sent by CIPE are being kept in a separate bank account.
- 3) We verified that salaries are based on documented records, including time sheets.
- 4) Review of the quarterly financial reports:
 - a) We compared amounts expended to those budgeted, noting reasonableness of the amounts and classifications;
 - b) We obtained explanations for all amounts exceeding grant authorization;
 - c) We traced selected sample totals back to actual transactions and to source documentation;
 - d) We listed the total of sampled transactions to the total project transactions;
 - e) We identified unallowable expenditures (if any).
- 5) Considering step 4 above:
 - a) We identified and addressed the weaknesses and noncompliance (if any);
 - b) We reported on the adequacy of the grantees accounting system to meet grant requirements.
- 6) We ascertained that the grantee's internal controls on safeguarding and expenditures of project funds are adequate to meet the grant requirements.
- 7) We inquired of related parties and described those relationships (if any) in the report.
- 8) Using selected sample tools:
 - a) We determined whether expenditures met the objectives of the grant agreement;
 - b) We described the results of our findings in a separate section of our report.
- 9) Our report:
 - a) Presents relevant financial statements;
 - b) Includes a section on accounting systems;
 - c) Includes a section on internal controls;
 - d) Includes a section on compliance.

Key: = Done = No

Ciobanu Traian 24/6/16
(Auditor's signature)

07 June 2016
(Date)



(Audit Firm's Stamp)

Compania de Audit
"Optim Audit" S.R.L.
Chişinău, str. Mitropolit Varlaam 65
MD-2012, of. 319, 317
Tel./fax: (373 22) 27-01-03, 22-49-37
Tel.: (373 22) 27-20-86
GSM: 069138197
E-mail: vciobanu@contabilsef.md
Cod fiscal: 1003600124397
Contul bancar №
2224710SV11880037100
BC "Mobiasbanca-Groupe Societe
Generale" S.A.
C/b: MOBBMD22



Audit company
"Optim Audit" S.R.L.
Chisinau, 65, Mitropolit Varlaam str.
MD-2012, of. 319, 317
Tel./fax: (373 22) 27-01-03, 22-49-37
Tel.: (373 22) 27-20-86
GSM: 069138197
E-mail: vciobanu@contabilsef.md
Fiscal code: 1003600124397
Bank account №
2224710SV11880037100
BC "Mobiasbanca-Groupe Societe
Generale" S.A.
C/b: MOBBMD22

REPORT OF FACTUAL FINDINGS

*To the management of the Institute for Development and
Social Initiatives;
To the management of The Center for International
Private Enterprise*

We have performed the procedures as agreed with you (listed below) regarding the financial statements for the grant period January 01, 2015 - March 31, 2016 (see Annex) on budget execution for the Project „*Moldova: Enhancing Regional Policy Dialogue*” (*Grant Agreement # 0114407-000-0A*) (hereinafter "the Project") in compliance with the grantor's requirements, implemented in Moldova by the *Institute for Development and Social Initiatives (IDSI)* in cooperation with *The Center for International Private Enterprise (CIPE)*. Our engagement was undertaken in accordance with the International Standard on Related Services (ISRS) ISRS 4400 *Engagements to Perform Agreed-Upon Procedures Regarding Financial Information* applicable to agreed-upon procedures engagements. The procedures were performed solely to support the conclusions stated below and are summarized as follows:

1. We reviewed the Grant Agreement and all modifications between CIPE and the Grantee and became familiar with its provisions and requirements;
2. We verified that the funds sent by CIPE are being kept in a separate bank account as per the attachment found in the Grant Agreement entitled Verification of Separate Bank Account;
3. We verified that salaries are based on documented payrolls supported by accurate records (time sheets). We verified that records relating to salaries are in compliance with the paragraph on Salary Records found in the Grant Agreement Grant Provisions section on Record Keeping;
4. We reviewed the Quarterly Financial Reports, in respect of the following aspects:
 - a. We compared amounts expended to those permitted under the Grant Agreement, noting reasonableness of amounts and classifications;
 - b. We obtained explanations for all amounts exceeding those authorized per the Grant Agreement;
 - c. We traced selected sample totals back to actual transactions, and to source documentation, such as verifiable receipts;
 - d. We identified unallowable expenditures, if any;
5. Based on point 4 above, we identified whether weaknesses exist in the grantee's accounting system and determined whether the grantee meets the requirements of the Separate Statements paragraph found in the Grant Agreement Grant Provisions on Record Keeping;

6. We verified whether the grantee's internal controls on safeguarding and expenditures of project funds are adequate to meet the requirements of the grant;
7. We inquired of any related parties with whom the organization has had transactions during the grant period;
8. Using selected sample totals, we determined whether the expenditures made were pursuant to the objectives of the Grant Agreement.

The grantor of the Project transferred during the reporting period January 01, 2015 - March 31, 2016 to the grantee's bank account, in order to implement the Project, the amount of USD 58,361.00 (the bank fee for the transfer constituted USD 24.00).

As a result of the Project implementation, the financial resources spent during this period amount to USD 74,003.06 (excluding the audit expenses), including USD 55,259.06 financed by CIPE and USD 18,744.00 financed by IDSI.

We have applied the procedures only to formulate our conclusions regarding the above stated purposes.

We report our findings below:

1. With respect to point 1 above, we became familiar with the provisions and requirements of the Grant Agreement and all modifications between CIPE and the Grantee;
2. With respect to point 2 above, we found that the funds sent by CIPE are generally being kept in a separate bank account as per the attachment found in the Grant Agreement entitled Verification of Separate Bank Account – IBAN: MD61VI000000002224126390.

The balance as at 30 March 2016 on this account constituted USD 3,994.75, whereas the ending balance reflected in the financial reports equals USD 3,101.94. The difference amounting to USD 892.81 is explained by the fact that the funds were received on the organization's bank account in February 2015, while the implementation of the Project began earlier, in January 2015. Some expenses incurred before the financial support has been transferred were made in another bank account.

The expenses incurred and paid in MDL are converted in USD at the commercial rate prevailing at the date of conversion;

3. With respect to point 3 above, we found that salaries are based on documented payrolls supported by accurate records (time sheets). The records relating to salaries are in compliance with the paragraph on Salary Records found in the Grant Agreement Grant Provisions section on Record Keeping.

We noted that various consultants that provided services to the Project, were employed under contractor agreements on the basis of entrepreneur licenses owned by the consultants, which in most cases did not correspond with the types of activities they were providing to the Project.

4. With respect to point 4 above, we found that:
 - a. The amounts expended were reasonable and were correctly classified. There were certain discrepancies between the expenses permitted under the Grant Agreement and the actual expenses, but the differences did not exceed the limits of USD 5,000.00 or 15% of each line item (whichever is greater);
 - b. We have not identified any expenses that exceed those authorized per the Grant Agreement;
 - c. The selected sample for the project period represented 99%, which includes 100%

of payroll (we have reviewed 503 sample transactions, which constitutes USD 73,732.28 in relation to total project transactions);

- d. Selected sample totals were traced back to the actual transactions, and to source documentation, such as verifiable receipts and invoices. No significant differences were identified during our testing;
 - e. We have not identified any significant unallowable expenditures;
5. Based on point 4 above, we identified that there exist no such weaknesses in the grantee's accounting system that could have a significant influence on the financial reports. The grantee meets the requirements of the Separate Statements paragraph found in the Grant Agreement Grant Provisions on Record Keeping;
 6. With respect to point 6 above, we found that the grantee's internal controls on safeguarding and expenditures of project funds are adequate to meet the requirements of the grant;
 7. With respect to point 7 above, we have not identified any related parties with whom the organization has had transactions during the grant period;
 8. With respect to point 8 above, based on selected sample totals, we found that the expenditures made were pursuant to the objectives of the Grant Agreement.

With the exception of the aspects described in 3 and 4 b) above, we have not identified any findings of noncompliance or internal control weaknesses.

Based on the grantee's statements, the grantee has not been subjected to an entity-wide audit and has not received any US federal funds during the period January 01, 2015 - March 31, 2016.

Because the above procedures do not constitute either an audit or a review made in accordance with International Standards on Auditing or International Standards on Review Engagements, we do not express any assurance on the Project Financial Statements of IDSI for the period January 01, 2015 - March 31, 2016.

Had we performed additional procedures or had we performed an audit or review of the financial statements in accordance with International Standards on Auditing or International Standards on Review Engagements, other matters might have come to our attention that would have been reported to you.

Our report is solely for the purpose set forth in the first paragraph of this report and for your information and is not to be used for any other purpose or to be distributed to any other parties. This report relates only to the Project Financial Statements of IDSI for the period January 01, 2015 - March 31, 2016 and does not extend to any financial statements of IDSI, taken as a whole.

Handwritten signature: H. Ciobanu

Veaceslav Ciobanu

Auditor - Auditor Certificate AG 000094 of February 08, 2008

Audit Company "Optim Audit" S.R.L.
License A MMII 029679 of April 11, 2005
07 June 2016, Chisinau, Republic of Moldova



Institute for Development and Social Initiatives

Fund Accountability Statement

CIPE Grant # 0114407-000-0A

January 1,2015 to March 31,2016

	<u>BUDGET</u>	<u>REPORTED</u>	<u>ACTUAL</u>	<u>QUESTIONED COSTS</u>
TOTAL REVENUE	\$ 79,113.00	\$ 77,105.00	\$ 77,105.00	
<i>including CIPE/Support grant</i>	\$ 60,369.00	\$ 58,361.00	\$ 58,361.00	
Salaries	\$ 43,500.00	\$ 42,155.76	\$ 42,155.76	x
Space & Utilites	\$ 11,957.92	\$ 11,957.92	\$ 11,957.92	x
Supplies & Equipment	\$ 7,344.76	\$ 7,344.76	\$ 7,344.76	x
Communications and Postage	\$ 884.20	\$ 972.01	\$ 972.01	x
Travel and Per Diem	\$ 2,316.73	\$ 2,359.41	\$ 2,359.41	x
Contractual Services	\$ 5,200.00	\$ 1,200.00	\$ 1,200.00	x
Consultant's fees	\$ 4,046.82	\$ 5,172.12	\$ 5,172.12	x
Other Direct Costs	\$ 3,862.57	\$ 2,841.08	\$ 2,841.08	x
TOTAL EXPENDITURES	\$ 79,113.00	\$ 74,003.06	\$ 74,003.06	x
<i>including CIPE/Support grant</i>	\$ 60,369.00	\$ 55,259.06	\$ 55,259.06	x
OUTSTANDING BALANCE	x	\$ 3,101.94	\$ 3,101.94*	x

* The difference amounting to USD 892.81 is explained by the fact that the funds were received on the organisation's bank account in February 2015, while the implementation of the Project began earlier, in January 2015. Some expenses incurred before the financial support has been transferred were made in another bank account.

ATTACHMENT: FINANCIAL REPORT FORM

Institute for Development and Social Initiatives (IDIS Viitorul)

Grant Agreement # 0114407-000-0A

Period covered by this report: January 1, 2015 - March 31, 2016

Exchange rate used for this period:

PROJECT EXPENSES	Total Budgeted	Expended thru prior period	Expended this period	Expended to date (C + D)	Balance (B -- E)
SALARIES					
Project Manager	\$15 000,00	\$0,00	\$14 106,79	\$14 106,79	\$893,21
Project Assistant	\$4 500,00	\$0,00	\$4 440,56	\$4 440,56	\$59,44
Finance Officer	\$3 000,00	\$0,00	\$3 000,01	\$3 000,01	(\$0,01)
Business Expert	\$7 500,00	\$0,00	\$8 996,17	\$8 996,17	(\$1 496,17)
Legal Expert	\$7 500,00	\$0,00	\$5 612,10	\$5 612,10	\$1 887,90
Communication Expert	\$6 000,00	\$0,00	\$6 000,13	\$6 000,13	(\$0,13)
Total Salaries	\$43 500,00	\$0,00	\$42 155,76	\$42 155,76	\$1 344,24
SPACE & UTILITIES					
Office Space	\$3 744,00	\$0,00	\$3 744,00	\$3 744,00	\$0,00
Office Utilities	\$8 213,92	\$0,00	\$8 213,92	\$8 213,92	\$0,00
Total Space & Utilities	\$11 957,92	\$0,00	\$11 957,92	\$11 957,92	\$0,00
SUPPLIES & EQUIPMENT					
Office Supplies	\$144,76	\$0,00	\$144,76	\$144,76	\$0,00
Computers	\$7 200,00	\$0,00	\$7 200,00	\$7 200,00	\$0,00
Total Supplies & Equipment	\$7 344,76	\$0,00	\$7 344,76	\$7 344,76	\$0,00
COMMUNICATIONS & POSTAGE					
Postage & Delivery	\$551,86	\$0,00	\$639,67	\$639,67	(\$87,81)
Phone/Fax/Internet/Email	\$332,34	\$0,00	\$332,34	\$332,34	\$0,00
Total Communications & Postage	\$884,20	\$0,00	\$972,01	\$972,01	(\$87,81)
TRAVEL & PER DIEM					
Local Travel	\$2 258,71	\$0,00	\$2 301,39	\$2 301,39	(\$42,68)
Travel to Regional Workshops	\$58,02	\$0,00	\$58,02	\$58,02	\$0,00
Total Travel & Per Diem	\$2 316,73	\$0,00	\$2 359,41	\$2 359,41	(\$42,68)
CONTRACTUAL SERVICES					
Public Relation Firm	\$0,00	\$0,00	\$0,00	\$0,00	\$0,00
Translation/Interpreters (Eng/Rom/Rus)	\$1 200,00	\$0,00	\$1 200,00	\$1 200,00	\$0,00
Independent Accountant Review (IPA)	\$4 000,00	\$0,00	\$0,00	\$0,00	\$4 000,00
Total Contractual Services	\$5 200,00	\$0,00	\$1 200,00	\$1 200,00	\$4 000,00
CONSULTANT'S FEES					
Advocacy Expert	\$3 596,73	\$0,00	\$3 896,73	\$3 896,73	(\$300,00)
Web Redactor	\$73,64	\$0,00	\$399,60	\$399,60	(\$325,96)
Honoraria to Six Experts(for Public Hearings)	\$376,45	\$0,00	\$875,79	\$875,79	(\$499,34)
Total Consulting Services	\$4 046,82	\$0,00	\$5 172,12	\$5 172,12	(\$1 125,30)
OTHER DIRECT COSTS					
Regional Workshops	\$455,34	\$0,00	\$455,34	\$455,34	\$0,00
Communications Strategy Workshop	\$37,87	\$0,00	\$37,87	\$37,87	\$0,00
Press Conferences	\$0,00	\$0,00	\$0,00	\$0,00	\$0,00
Public Hearings: Half-Day Training Session	\$0,00	\$0,00	\$0,00	\$0,00	\$0,00
Public Hearings: Half-Day Preparatory Meeting	\$0,00	\$0,00	\$0,00	\$0,00	\$0,00

Public Hearing Events	\$1 069,58	\$0,00	\$495,44	\$495,44	\$574,14
Meetings with NEA Working Groups	\$1 192,95	\$0,00	\$1 192,95	\$1 192,95	\$0,00
Public Roundtables	\$0,00	\$0,00	\$600,00	\$600,00	(\$600,00)
Meetings with Government	\$0,00	\$0,00	\$0,00	\$0,00	\$0,00
NEA Monitoring Bulletins	\$59,48	\$0,00	\$59,48	\$59,48	\$0,00
NEA Annual Conference	\$1 047,35	\$0,00	\$0,00	\$0,00	\$1 047,35
Total Other Direct Costs	\$3 862,57	\$0,00	\$2 841,08	\$2 841,08	\$1 021,49
TOTAL GRANT EXPENSES	\$79 113,00	\$0,00	\$74 003,06	\$74 003,06	\$5 109,94
Total Expenses by Source of Funds	Total Budgeted	Expended thru prior period	Expended this period	Expended to date (C + D)	Balance (B -- E)
CIPE SUPPORT GRANT	\$60 369,00	\$0,00	\$55 259,06	\$55 259,06	\$5 109,94
BRACH	\$18 744,00	\$0,00	\$18 744,00	\$18 744,00	\$0,00
TOTAL	\$79 113,00	\$0,00	\$74 003,06	\$74 003,06	\$5 109,94
Funds Received by Source	Total Budgeted	Received thru prior period	Received this period	Received to date (C + D)	Balance (B -- E)
CIPE SUPPORT GRANT	\$60 369,00	\$0,00	\$58 361,00	\$58 361,00	\$2 008,00
BRACH	\$18 744,00	\$0,00	\$18 744,00	\$18 744,00	\$0,00
TOTAL	\$79 113,00	\$0,00	\$77 105,00	\$77 105,00	\$2 008,00

***Funds budgeted for an Independent Public Auditor Review should only be used if your organization is required to commission an interim or final audit as described in Section III of the grant agreement. Unused funds will revert to CIPE at the end of the grant period unless you receive written approval to use the funds for another purpose.*

Tatiana Larushin: Project Manager

Signature

T. Larushin

