

CCF MOLDOVA / HHC UK

**INDEPENDENT AUDITORS' REPORT
ON FACTUAL FINDINGS**

Project name: "Inclusion of children with hearing impairment into mainstream education"

Covering period: 1st of June 2018 - 31st of May 2019

Chisinau 2019

ASILEX CONSULTING

Societate de consultanta si audit

Asilex Consulting S.R.L.
of. B. 28 Drumul Vilor Str.,
MD-2007, Chisinau, R. of Moldova
IDNO 1003600015172

REPORT OF FACTUAL FINDINGS

To:

Embassy of Finland in Bucharest
CCF Moldova - Children, Communities, Families NGO

We have performed procedures agreed with you listed below relating to the Embassy of Finland in Bucharest ("the **Embassy**") Agreement dated July 15, 2018 concerning "**Inclusion of children with hearing impairment into mainstream education**" (the 'Grant Contract'), to the cost statement drafted and signed by CCF Moldova - Children, Communities, Families NGO ("the **Beneficiary**") and totalling 30,000 euros for the period of June 01. 2018 - May, 31.2019.

The engagement has been carried out in accordance with the International Standards on Related Services ISRS 4400, engagements to perform agreed-upon procedures regarding information, as well as the general terms and conditions for FLC funding (Annex III, model reporting for external partners to the 'Grant Contract'.

The Accountable Project Leader shall be responsible for the cost management 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 standards 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 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** to assess whether the recipient had acted in accordance with the terms and conditions of funding.

1. We obtained a descriptions of the recipient`s accounting, read the narrative report and interviewed the finance manager, project coordinator and accountant in charge in order to find out the following:
 - the implementation project activities,
 - the integrity of the audit trail and the reliability of project accounting,
 - whether the project accounting is in accordance with the terms and conditions of funding

2. We interviews the finance manager to find out whether the recipient of funding had receive 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 assesses whether the utilisation 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 record related to the project accounting:
 - the opening balance of funds corresponds with the financial report of the last year,
 - the bank balances in the project accounting match with the official accounting 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 95.4% of the costs reported to the project and 95.4% of the payments 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 statement.
8. With regard to the procurement the following procedures were carried out. The procurements shall be made in accordance with generally accepted principles and good procurement practices.
 - 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 39% of the wages and salaries reported for the project and 37% of the payment of wages and salaries reported for the project.
 - We ensure that 94% of total wages and salaries have been paid,
 - We ensure that 94% of total wages and salaries have been paid based on properly sighed contracts,
 - We ensure social security expenses including pensions and taxes have been recorded and paid to relevant authorities in accordance with the national legislation.

We have observed the following:

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

The **Beneficiary** is using accounting principles and rules of National Accounting Standards, on the basis of which the CCF Moldova prepares the financial statements, based on the following:

- Accounting Low No 113-XVI dated on April 24, 2007;
- National Accounting Standards (NAS), issued by the Ministry of Finance of the Republic of Moldova;
- Charts of accounts issued by the Ministry of Finance of the Republic of Moldova;
- Methodical guidelines on the accounting particularities in the non-profit organisations issued by the Ministry of Finance of the Republic of Moldova;
- Accounting policy of the CCF Moldova;
- Grant Contract requirements

According to Accounting Low, the chairman of the entity is responsible for accounting organisation and bookkeeping, in order to provide the necessary conditions for a correct organisation of accounting, preparation and presentation of information necessary for the bookkeeping and financial reporting. In the CCF Moldova this responsibility is delegated through the chief of accountant and finance department.

CCF Moldova applies the double entry accounting system. For the purpose of Grant Contract the Beneficiary prepared the financial reports in accordance with cash methods.

For the recording of the transactions determined by the purpose of financing are used primary document covered by the provision of Accounting Low and other normative acts in force.

We have obtained an understanding of the terms and conditions of the Grant Contract by reviewing the Grant Contract and its annexes and other relevant information, and by inquiry of the Beneficiary. We obtained a copy of the original Grant Contract signed by the Beneficiary and the Embassy of Finland in Bucharest ("the **Embassy**") with its annexes. We have obtained and reviewed the Financial Report which includes a narrative and a financial section.

The total allocated budget for the project is: EUR 62,460, of which:

Contribution of the Embassy of Finland in Bucharest:	EUR 30,000
Contribution of the CCF Moldova:	EUR 32,460

- b) In item 2, we observed that the Beneficiary had not received any other funding for the project.
- c) In Item 3, we observed that the project accounting reconciled with the financial project report (Annex 2).
- d) Based on the item 1 and 4, we observed that the utilisation of funding is in line with the approved budget:

There are no deviations which exceed 10% of the budget activity (see annex 1).

We're not identified contractual amendments to the budget during the period subject to verification. We did identify re-allocations at the level of budget lines. On the 7th November 2018, CCF Moldova did request the re-allocation of the sum of 1,986.65 Euro from the Budget Line 1.1, 1.2 and their sublines to the budget line 1.2 (sublines). The amount was confirmed by the Embassy on the 5th December 2018.

The amount covered by the expenditure verification report and claimed for deduction from the sum total of pre-financing by Embassy of Finland under the contract is the following: EUR 29,657.

The payment of the balance under the Grant Contract is EUR 2,957. The breakdown by Grantors is shown below:

Grantors	Original Budget	Expenditure incurred	Received funds	Request for payment
1	2	3	4	5=3-4
	EUR	EUR	EUR	EUR
Embassy of Finland	30,000	29,957	27,000	2,957
CCF MOLDOVA (HHC UK)	32,460	29,749	29,749	-
GRAND Total	62,460	59,706	56,749	2,957

e) In item 5, we observed that based on the assessment of the reconciliation and record:

- The opening balance of funds is null due to new project,
- The bank balances in the project accounting match with the bank accounting statements,
- Office equipment or other fixed assets was not purchased from the Embassy contribution during the covered period.

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

- were based on project accounting and the recipient's accounting,
- were supported with the adequate vouchers and supporting documentations,
- 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

The total expenditure verified by us in connection to the Embassy contribution: **EUR 29,957** and is summarised in the table below. The overall Expenditure Coverage Ratio is 95,4%.

Bdg Line	Type of Expenditure	Expenditure Reported, Total	Of which: Embassy of Finland	Expenditure Verified	Verified (ECR)
		EUR	EUR	EUR	%
I	Expected Result 1 20 children with hearing impairments from 14 counties are identified and integrated in mainstream education institution	18,485	10,032	9,504	94.7%
II	Expected Result 2 Capacity building program in inclusive education of children with hearing disabilities developed and implemented in 40 educational institutions.	1484	1484	1458	98.3%
III	Expected Result 3; 100 specialists from 14 counties of the project developed basic knowledge and skills in conducting specialized evaluation of children with hearing disabilities, developing and implementing rehabilitation and inclusion plan of the children.	2,884	2,884	2,785	96.6%
IV	Personnel engaged in activities	11,597	11597	10,977	94.6%
V	Administration costs*	25,256	3959	3,856	97.4%
GRAND Total		59,706	29,957	28,580	95.4%

g) In Item 7, we observed that:

- there is a proper follow up of advance payments and ensured that no advance payments have been recognized as costs,
- the received funds have been appropriately recorded in the project accounting and based on bank statements.

h) In Item 8, we observed that:

- the assessed procurement were incurred in accordance with procurement, nationality and origin rules and it is considered professional, fair, impartial, transparent and appropriate,
- the procurement process was appropriately documented.

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 pensions and taxes were recorded and paid to relevant authorities in accordance with the national legislation

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

Yours faithfully



Natalia SUVEICA
Auditor, managing partner
Certificate of audit qualification
Series AG, No. 000251



Asilex Consulting SRL
Drumul Vitor 28, of. 6, MD2009
Chisinau, Republic of Moldova

July 31, 2019

Annex 1

Financial Report

Grant contract:

"Inclusion of children with hearing impairment into mainstream education"

Covering period: 1st of June 2018 - 31st of May 2019

Bdg Line	Type of Expenditure	Original Budget		Expenditure Reported	Budget execution	
		Total	of which: Embassy of Finland	Embassy of Finland	Embassy of Finland	Embassy of Finland
1	2	3	3	4	5=3-4	6=4/3
		EUR	EUR	EUR	EUR	%
I.	Expected Result 1 20 children with hearing impairments from 14 counties are identified and integrated in mainstream education institution	17,960	9,620	9,806	(186)	101.9%
II.	Expected Result 2 Capacity building program in inclusive education of children with hearing disabilities developed and implemented in 40 educational institutions.	1,680	1,680	1,484	196	88.3%
III	Expected Result 3; 100 specialists from 14 counties of the project developed basic knowledge and skills in conducting specialized evaluation of children with hearing disabilities, developing and implementing rehabilitation and inclusion plan of the children.	2,900	2,900	2,884	16	99.5%
IV.	Personnel engaged in activities	11,600	11,600	11,597	3	100.0%
V.	Administration costs*	28,320	4,200	3,959	241	94.3%
GRAND Total		62,460	30,000	29,731	269	99.1%
Revenue		-	-	-	-	-

Final Financial Report
 Project: Inclusion of children with hearing impairment into mainstream education
 Period covered: June 01, 2018 - May 31, 2019

	Activity Description	Unit	Original Budget, EUR					Actual Cost, EUR			
			Quantity	Unit Cost	Total	Embassy of Finland	CCF / HHC UK	Total	CCF/HHC Moldova Contribution	Balance (Embassy of Finland)	
1	2	3	4	5	6	7	8	9=7+8	10	11	12=7-(11-10)
I.	Expected Result 1 20 children with hearing impairments from 14 countries are identified and integrated in mainstream education institution				17,960	9,620	8,340	17,960	8,453	18,258	(186)
I.1	Activity 1: Intervention for facilitating the educational inclusion process of 18 children				4,248	4,248	0	4,248	0	4,335	(88)
I.1.1	Activity 1.1 Individual Specialized rehabilitation sessions for 18 children *55 EUR for 5 days course	per children	27	55	1,471	1,471		1,471		1,634	(163)
I.1.2	Accommodation of children and parents (1 children+ 18 parent*4 nights *25 EUR including the breakfast)	per night	80	25	2,008	2,008		2,008		1,900	108
I.1.3	Meals for children and parents (18 children+ 18 parent*5 days *10 EUR)	per family	15	50	768	768		768		801	(33)
I.2	Activity 2 Intervention for facilitating the educational inclusion process of 7 children				2,312	2,312	0	2,312	0	2,412	(99)
I.2.1	Activity 1.2 Individual Specialized rehabilitation sessions for 7 children *110 EUR for 10 days course	per children	8	110	879	879		879		978	(99)
I.2.2	Accommodation of children and parents (7 children+ 7 parent*8 nights *25 EUR including the breakfast)	per night	31	25	781	781		781		781	0
I.2.3	Meals for children and parents (7 children+ 7 parent*10 days *10 EUR)	per family	7	100	652	652		652		652	0
I.3	Activity 3 Organize 6 monitoring visits for all 25 children				11,400	3,060	8,340	11,400	8,453	11,511	1
I.3.1	Monitoring costs per month _(fuel and car repairs)	per month	12	850	10,200	1,860	8,340	10,200	8,453	10,311	1
I.3.2	Rent the vehicle (12 months *100 euro)	per month	12	100	1,200	1,200		1,200		1,200	(0)
II.	Expected Result 2 Capacity building program in inclusive education of children with hearing disabilities developed and implemented in 40 educational institutions.				1,680	1,680	0	1,680	0	1,484	196
II.1	Activity 1 Developing advocacy and parenting skills of family members of the 40 children				1,680	1,680	0	1,680	0	1,484	196
II.1.1	Activity 1.1 3 trainings for 25 parents divided in 2 groups (6 training days) - 2 groups Facilitator's fee: 1 facilitators*100 EUR* 3 days = 300 euro meals : 20 parents*5 euro*3 days =300 transport costs: 20 parents*2,5*3 days=150 euro participant kit: 20*3 euro=60 euro	per group	2	840	1,680	1,680		1,680		1,484	196

Activity Description	Unit	Original Budget, EUR				Actual Cost, EUR				
		Quantity	Unit Cost	Total	Embassy of Finland	CCF / HHC - UK	Total	CCF/HHC Moldova Contribution	Balance (Embassy of Finland)	
	3	4	5	6	7	8	9=7+8	10	11	12=7-(11-10)
2				2,900	2,900	0	2,900	0	2,884	16
III										
Expected Result 3 : 100 specialists from 14 counties of the project developed basic knowledge and skills in conducting specialized evaluation of children with hearing disabilities, developing and implementing rehabilitation and inclusion plan of the children.										
III.1 Activity 1 Organize trainings or professionals in the field of inclusive education for children with hearing disabilities.				2,900	2,900	0	2,900	0	2,884	16
4 groups for 2 days training (8 training days) for 100 professionals Facilitator's fee: 1 facilitators*100 EUR* 2 days = 200 euro meals : 25 participants *5 euro*2days =250 euro transport costs: 25 participants*3 euro*2 days = 150 euro participant kit: 25*5 euro=125 euro	per group	4	725	2,900			2,900		2,884	16
IV. Personnel engaged in activities				11,600	11,600	0	11,600	0	11,597	3
IV.1 Project Coordinator - PT 20 %	per month	12	250	3,000	3,000		3,000		3,000	0
IV.2 Inclusive Education Expert 1 P.T. 50 days*45 eur/ day	per day	50	45	2,250	2,250		2,250		2,250	0
IV.3 Inclusive Education Expert 2 P.T. 50 days*45 eur/ day	per day	50	45	2,250	2,250		2,250		2,250	0
IV.4 Hearing disabilities expert P.T. 40 days*50 EURO /day	per day	40	50	2,000	2,000		2,000		1,997	3
IV.5 Project accountant -PT 20%	per month	12	175	2,100	2,100		2,100		2,100	0
V. Administration costs*				28,320	28,320	24,120	28,320	24,120	25,256	241
V.1 Office rent	per month	12	1,650	19,800	1,800	18,000	19,800	18,000	18,564	40
V.2 Communication costs	per month	12	560	6,720	600	6,120	6,720	6,120	5,089	44
V.3 Banking charges	per month	12	25	300	300		300		104	196
V.4 Auditing of the project	per contract	1	1,500	1,500	1,500		1,500		1,500	0
TOTAL				62,460	62,460	30,000	62,460	32,460	59,480	269



BENEFICIARY
CCF Moldova-Children, Communities, Families NGO

Project Coordinator

Liliana Rotaru

Project Finance manager

Sergiu Busnioc

(Handwritten signatures in blue ink)