

DEVELOPMENT COOPERATION PROJECT

**“Protecting the interests of Ukraine’s  
internally displaced persons and  
expanding their (particularly women’s)  
prospects in the labour market”**

INDEPENDENT AUDITOR’S REPORT ON A  
REASONABLE ASSURANCE ENGAGEMENT

*Translation of the Estonian original*

FINAL RECIPIENT: EESTI NAISUURIMUS- JA  
TEABEKESKUS  
(ESTONIAN WOMEN’S STUDIES AND RESOURCE  
CENTRE)

15 September 2017



EESTI  
ARENGUKOOSTÖÖ

## SUMMARY OF THE RESULTS OF THE REASONABLE ASSURANCE ENGAGEMENT

*Translation of the Estonian original*

### Results of the reasonable assurance engagement:

Based on procedures performed, the auditor concluded that the final recipient's activities in implementing the project during the reporting period 1 July 2016-31 July 2017 complied with legislation in force and the project activities were carried out.

Section B of this report provides an overview of the results of procedures performed during the engagement:

- **Observations** are findings of the engagement which have, or may have, a financial impact (including findings of ineligible or potentially ineligible expenditure).
- **Opportunities for improvement** are raised to highlight deficiencies which in the auditor's opinion do not have a financial impact but the solution of which would help the final recipient mitigate some risks that could jeopardise successful implementation of the project.

In addition, section B of the report includes the auditor's additional recommendations for the final recipient and provider of the grant which are designed to add value to the implementation of development cooperation projects and help prevent problems.

*We thank the Estonian Women's Studies and Resource Centre for its cooperation during the engagement.*

## SECTION A

### EXECUTIVE SUMMARY

#### INDEPENDENT AUDITOR'S REASONABLE ASSURANCE REPORT

*Translation of the Estonian original*

Estonian Women's Studies and Resource Centre  
Narva mnt 25  
10120 Tallinn

Ministry of Foreign Affairs  
Islandi väljak 1  
15049 Tallinn

#### 1. Subject matter of the engagement and expenditures examined by the auditor

1.1 GENERAL PROJECT DETAILS	
Project number:	196-2016-A
Project name:	"Protecting the interests of Ukraine's internally displaced persons and expanding their (particularly women's) prospects in the labour market"
Final recipient:	Estonian Women's Studies and Resource Centre
Final recipient's contact person:	Merle Pajus (merle@enut.ee)
Number and date of adoption (amendment) of the decision to satisfy the application for grant:	Directive No. 73 dated 9 June 2016
Number and date of conclusion (amendment) of the agreement on the use of the state budget allocation:	5 July 2016
Amount of grant for the project (EUR):	74,929
Self-financing for the project (EUR; %):	4,532 (5.7%)
Total cost of the project (EUR):	79,461
Eligibility period of project expenditures:	1 July 2016-31 July 2017
1.2 EXPENDITURES VERIFIED	
1.2.1 Amount of expenditures verified on which the opinion is expressed (EUR)	EUR 79,461 (of which EUR 4,532 was self-financing and EUR 74,929 was grant).
1.2.2 Amount of grant disbursed within verified expenditures (EUR) and dates of the disbursements	EUR 74,929

## 2. Objective and scope of the engagement

We carried out a reasonable assurance engagement (the 'audit') on the financial statements of the project "Protecting the interests of Ukraine's internally displaced persons and expanding their (particularly women's) prospects in the labour market" (the 'project') during the period 1 July 2017-31 July 2017 as agreed in our agreement with the Estonian Women's Studies and Resource Centre.

In conformity with Regulation No. 8 "Conditions and Procedure for the Provision of Development and Humanitarian Aid", issued by the government of Estonia on 21 January 2010, we carried out the audit of the project in the form of a reasonable assurance engagement as defined in the Estonian Auditors Activities Act.

### Responsibilities of the final recipient

The final recipient undertakes to carry out development cooperation project no. 196-2016-A "Protecting the interests of Ukraine's internally displaced persons and expanding their (particularly women's) prospects in the labour market" (the 'project') in accordance with the description of the project and the regulation and legislation in force in the Republic of Estonia, and to maintain records of grant received as required by the Estonian Accounting Act.

The final recipient must also submit to the Ministry of Foreign Affairs an interim report and a final report on activities carried out and expenditures incurred during the eligibility period in line with the agreed time schedule.

The final recipient must prepare the report in conformity with Regulation No. 1 "Formats for Development Cooperation Projects and Development Cooperation Project Reports" issued by the Minister of Foreign Affairs on 2 February 2010.

### Conducting an assurance engagement on the project involves evaluating (evaluation criteria):

- whether the project activities meet the provisions of the regulation<sup>1</sup> and the agreement on the use of the state budget allocation<sup>2</sup> and whether they have been carried out reasonably and for the declared purpose as required by section 28 of the regulation;
- whether the declared expenditures are consistent with the final recipient's financial statements and accounting source documents;
- whether expenditures declared by the final recipient meet the requirements to source documents provided in the Estonian Accounting Act and the additional requirements provided in section 31 of the regulation;
- whether the grant has been disbursed to the final recipient on time and in the agreed amount.

For verifying the project's expenditures, no sample was selected. Instead, 100% of the expenditures incurred during the eligibility period were examined.

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<sup>1</sup> "Conditions and Procedure for the Provision of Development and Humanitarian Aid". Established with Regulation No. 8, issued by the government of Estonia on 21 January 2010.

<sup>2</sup> Agreement on the Use of the State Budget Allocation.

### Auditor's responsibilities

Our responsibility is to express a reasonable assurance conclusion on whether the final recipient's activity in the implementation of the project "Protecting the interests of Ukraine's internally displaced persons and expanding their (particularly women's) prospects in the labour market" has been in compliance with legislation in force and whether the project activities have been carried out.

We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) (Estonia) 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*. That standard requires that we comply with ethical requirements and that we plan and perform an assurance engagement to obtain reasonable assurance about whether the project has been implemented in accordance with legislation in force and whether the project activities have been carried out.

#### 3. Basis for the audit

The engagement was conducted in accordance with the client agreement signed between BDO Eesti AS and the final recipient on 14 November 2016 and its appendices.

#### 4. Time of and persons responsible for carrying out the audit

<b>Persons responsible for carrying out the engagement (name, agency, unit, job title)</b>	BDO Eesti AS Licence No. 1 A. H. Tammsaare tee 47 11316 Tallinn  Signatory of the engagement report: Laile Kaasik, partner, certified public accountant
<b>Time of carrying out the audit (including on-the-spot procedures)</b>	1 December 2017-31 August 2017

#### 5. Summary of procedures performed

We have performed the following procedures:

- Verifying the existence, correctness and appropriateness of financial statements and expense documents related to the provision and use of grant, and expense documents and other documents verifying the use of grant (the correctness of the invoice recipient, the arithmetical accuracy of the computations, the existence of a reference to the cost centre on the project's source document and the acceptance of the documents by authorised parties in accordance with the procedure in place at the entity). The engagement did not include verifying the authenticity of the documents. Unless the auditor has reason to believe the contrary, the auditor may accept accounting records and documents as genuine.
- Verifying the compliance of the final recipient's accounting records with legislation in force and declared expenditures (Accounting Act and additional requirements provided in section 35 of the regulation).
- Verifying the traceability of transactions performed during the project on the basis of the original documents, i.e. the existence of an audit trail (a reference to the cost centre on the project's source document and the acceptance of the documents by authorised parties in accordance with the procedure in place at the entity).

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- Verifying the eligibility of declared expenditures and the conformity of expenditures incurred to activities carried out and the nature of those activities and the deduction of revenue from eligible expenditures in accordance with sections 2 and 15 of the regulation.
- Verifying whether the grant has been used for the purpose declared in the application for grant and for the purpose and in accordance with the conditions specified in the decision for satisfying the application for grant as provided in section 2 of the regulation.
- Verifying whether the grant has been received on time and in the agreed amount and the existence of self-financing.
- Verifying whether procurements have been carried out in accordance with legal requirements (the compliance of procurements with national procurement rules and regulations).
- Verifying the compliance with notification requirements provided in section 35 of the regulation.

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

## Conclusion

In our opinion, the expenditures incurred in connection with implementing the project have been reasonable, eligible and in conformity with regulations and are based on activities carried out.

## 7. Limitations

This report has been prepared in accordance with the principles of independence and objectivity.

Under section 35 of the regulation<sup>3</sup>, the final recipient has to make available to the auditor all the information and documents required by the auditor. Accordingly, the auditor assumes that the information provided and the other oral and written representations made during the engagement present the activities carried out in the framework of the project accurately and fairly and are sufficient for forming an opinion on the project. On the basis of additional information, i.e. information not disclosed or known to the auditor, the conclusions of the auditor might have been different.

## 8. Restrictions on distribution and use

This independent auditor's report has been prepared in accordance with the requirements of the regulation and it is intended solely for the management of Estonian Women's Studies and Resource Centre and relevant parties at the Ministry of Foreign Affairs. As a result, the report may not be suitable for another purpose and it may not be distributed to or used by other parties.

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<sup>3</sup> "Conditions and Procedure for the Provision of Development and Humanitarian Aid". Established with Regulation No. 8, issued by the government of Estonia on 21 January 2010.

## SECTION B

### OBSERVATIONS AND OPPORTUNITIES FOR IMPROVEMENT

#### 1. Reports, accounting documents and correctness of accounting

Declared expenditures comply, in all material respects, with the final recipient's financial statements and accounting source documents. Reports comply with accounting

#### 2. Eligibility, conformity of expenditures with activities and use of grant for the declared purpose

Declared expenditures are eligible and in conformity with project activities.

#### 3. Project documentation

Project documentation meets the requirements of the regulation and relevant legislation.

#### 4. Performance of procurements

The final recipient did not purchase services of goods for the project in an amount exceeding the thresholds for arranging procurement tenders.

#### 5. Amount and timing of grant

The final recipient has received the grant. The grant received has been used in accordance with the budget of the project and the activities have been carried out in accordance with the time schedule of the project. Thus, grant has been received in the agreed amount and on time and the expenditures have been incurred during the eligibility period.

#### 6. Notification and disclosure

The final recipient has observed, in all material respects, the notification and disclosure requirements that apply to the use of grant.

#### 7. Other

Opportunities for improvement: On 27 July 2016 the Estonian Women's Studies and Resource Centre signed Cooperation Agreement No. UKR-2/16 (the 'agreement') with the Ukrainian organisation Human Rights Foundation. The agreement states that for the submission of reports to the Estonian Ministry of Foreign Affairs the Human Rights Foundation has to submit to the Estonian Women's Studies and Resource Centre the required documents. The agreement requires, among others, the submission of the following documents:

- minutes of the meetings;
- copies of cooperation agreements in English;
- quarterly reports;
- lists of participants on documents supporting catering expenditures.

The documents made available to us did not include minutes of the meetings, copies of cooperation agreements in English, and the latest quarterly report. We were provided with documents supporting catering expenditures but these did not include the list of participants.

The representative of the Estonian Women's Studies and Resource Centre gave the following explanations:

- There are no formal minutes of the meetings but notes taken at the meetings, original ideas developed in subsequent written communication, and e-mails have been properly retained.
- Copies of cooperation agreements in English were not requested because the agreements were drawn up in the Ukrainian and Russian language and therefore translation was not necessary.
- The latest quarterly report is missing because in August 2017 the project manager visited Ukraine in the framework of a follow-up project and all relevant information about the project was obtained orally.
- Documents supporting catering expenditures do not include a list of participants because relevant information can be obtained from each event's list of participants.

The audit of the project also included verifying the traceability of transactions performed during the project on the basis of the original documents, i.e. the existence of an audit trail (a reference to the cost centre on the project's source document and the acceptance of the documents by authorised parties in accordance with the procedure in place at the entity). Not all source documents included a reference to the cost centre. According to the chief accountant, internal accounting rules require differentiating expenditures incurred for projects financed with government grants. The requirement is observed in the case of the direct expenditures of all projects - direct project expenditures, including remuneration expenditures, are recognised as expenditures financed with government grants and recorded separately for each project. The name of the project is recorded on the source document as a reference to the cost centre; usually the cost centre is no more specific (when a more specific reference is made, it is for facilitating the allocation of expenditures in line with the budget of the project). The chart of accounts includes different expense accounts for projects financed with government grants; the account number is not recorded on the source document.

/signed digitally/

Laile Kaasik  
Auditor's Certificate No. 511

BDO Eesti AS

A. H. Tammsaare tee 47, 11316 Tallinn

15 September 2017

Accompanying documents: interim and final reports for the eligibility period.  
Appendices to the reports (in the Estonian language) can be viewed by clicking the following [link](#), which was forwarded to the engagement team of BDO Eesti AS on 15 September 2017 at 10.22 a.m.