



s.c. MDA GLOBAL AUDIT s.r.l.

Capital social: 15.000 lei

Audit financiar · Contabilitate · Taxe · Consultanță financiară · Evaluări

INDEPENDENT AUDITOR'S REPORT

On the “financial data” of the **Association Little People Cluj-Napoca** for the period July 15, 2013 - March 31, 2014.

I. AUTHOR OF THE REPORT AND THE LEGAL FRAME

1. This report was drawn up by **S.C. MDA GLOBAL AUDIT SRL CLUJ –NAPOCA**, (*auditor*) in accordance with the regulations set out in:

- Accounting Law no. 82/1991 with subsequent amendments and additions;
- Order of the Minister of Public Finance no. 1969/2007 for the approval of accounting regulations for non-profit legal persons;
- International Standards on Auditing (ISA) issued by the International Federation of Accountants (IFAC) and adopted by the Chamber of Financial Auditors of Romania (CAFR);
- IFAC Code of Ethics;
- CSS 10 grant contract between the Swiss Intermediate Body, represented by the Foundation for Civil Society Development (OIE) and the Association Little People Romania (Executive Agency or AE) for the project "Children with cancer at the Fundeni Clinical Institute join the adventure of the brave lion" (the contract)
- Terms of Reference (TOR) for the financial review report provided in Annex VIII of the grant contract;
- Applicant's Guide „Thematic Fund for the Civil Society Participation– Block Grant for NGOs”

2. The term "financial data" mentioned in the title of this report includes the following:

- Trial balance of the project for the period July 15, 2013 - March, 31 2014;
- Statement of revenue and expenditure of the project (profit and loss) for the period July 15, 2013 to March, 31 2014;
- Accounting and management records regarding the project (statement of expenditures detailed by budgetary positions);
- Supporting documents regarding the project;
- Interim Financial Report;
- Final financial report;



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II. BENEFICIARIES OF THE REPORT

1. The beneficiaries of this report are

- Contracting Authority - Swiss Intermediate Body, represented by the Foundation for Civil Society Development Bucharest (OIE)
- Beneficiary of the funded project – Association Little People Romania Cluj-Napoca (AE)

III. BASIS FOR OPINIONS AND CONCLUSIONS. RESPONSIBILITIES.

1. Opinions and conclusions contained in this report are based on reviews conducted, procedures and specific tests applied to financial data, in accordance with legal requirements and professional standards applicable to the compliance audit.

2. These standards require that we plan and perform the audit in order to obtain reasonable assurance that the AE, as the beneficiary of the grant, has complied with the provisions of Annex III of the funding contract „General conditions applicable to grant contracts signed under the grant scheme for NGOs”.

3. The auditor is required to plan and report within the financial review, a professional opinion on the following matters relating to the activities and organisation of the partner:

- **Principles of orderliness (financial regularity)**
- **Existence, adequacy and effectiveness of the Internal Control System (CFI)**
- **Conformity with the project objectives and adherence to the contract conditions**
- **Code of economic ethics and effective use of financial resources**

4. Financial data covered by this report have been prepared for the period July 15, 2013 to March 31, 2014 under the responsibility of AE management, our responsibility being to express an opinion on the conformity of this information with the Terms of Reference for financial reviews (TOR) provided for in Annex VIII of the funding contract.



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IV. CONCLUSIONS

IV.1. Conformity with the overall principles for the financial review

1. As a result of the audit carried out **regarding the compliance with the principle of orderliness (financial regularity)**, the auditor found the following:

- expenditures are approved by the project manager and legal representative;
- within the project has been received in advance the amount of 11.401,06 CHF, amount that corresponds to the address from OIE from July, 13 2013;
- the amount received in advance was not spent and the payments reported were made from their own funds;
- a camera, considered to be an inventory item was purchased, in the amount of 486,65 CHF, to be used in Bucharest, settled within the project at the maximum budgeted cost of 300 CHF;
- the expenditures that occurred are in compliance with the approved budget in the amount of 31.487,71 CHF;
- contracts signed are in compliance with the legislation currently in force in Romania;
- accounts, supporting documents and financial statements and reports are correct arithmetically;
- accounting records are accurate and in accordance with the internal accounting procedures;
- accounting records of the economic events and transactions in the general ledger accounts are performed chronologically and systematically;
- financial data and reports are in agreement with the general ledger accounts;
- revenues from the project are booked correctly and represent a percentage of 71,27% of the total expenses occurred;
- there are no overdue amounts or overpayments;
- the balance of cash of 11.369,92 CHF is in accordance with the bank statement;
- the amount of 11.401,06 CHF received in advance from OIE was not assessed at the exchange rate at the end of the period.

The auditor's opinion is that the financial accounting principle is followed.

2. As a result of the audit carried out **regarding the existence and effectiveness of the Internal Control System (CFI)** the auditor found that a system of internal control exists and that it provides the following:



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- effectiveness of the project and financial accounting and reporting processes;
- adherence to applicable laws, regulations and instructions;
- physical safeguard of asset;
- prevention of accounting errors and financial fraud;
- adequacy and completeness of information and financial reporting system.

3. As a result of the audit carried out **regarding the conformity with the project objectives and adherence to the contract conditions** the auditor found the following:

- transactions, expenditures and incomes recorded are in compliance with the terms of Annex II „Project budget” of the contract;
- the inventory item purchased is available and used in the project;
- the clauses of the contract have been respected;
- expenditures that occurred are within the approved budget and there are no major budget variations (+/- 10%)

We consider that there are no significant anomalies to make us believe that the principle of conformity with the project objectives and adherence to the contract conditions is not respected.

4. As a result of the audit carried out **regarding the code of economic ethics and effective use of financial resources**, the auditor found the following:

- financial resources are utilized for the activities, as stipulated in the contract and in the terms of reference;
- adequate measures of the internal control system (CFI) exist and are applied regarding the utilization of committed resources;
- entering commitments, authorizing and accounting of expenditures, payments and physical control over assets are performed by members of the project team according with the duties set out in their job description;
- expenditures are in accordance with agreed budget positions;
- deviations of actual expenses from the agreed budget, presented in Annex, have a reasonable explanation and are adequately documented by the project management;
- adequate bid and purchasing procedures exist but they were not followed for the acquisition of the camera which was purchased directly, though they should have applied the procedure for purchases greater than 1.000 CHF, since the value of the position "Equipment and goods" exceeds this level;



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Expenses reported were reviewed in percentage of 100% and the result of the audit is shown in the following table:

The result of the examination conducted found no significant issues that do not comply with the criteria applied for verifying the eligibility of expenditures.

Therefore we believe that the amount of 31.478,71 CHF reported by the beneficiary on ongoing activities in the "Children with cancer at the Fundeni Clinical Institute join the adventure of the brave lion" project, for the period July 15, 2013 to March 31, 2014, is fully eligible, the beneficiary being entitled to receive from OIE the amount of CHF 22.441.29 CHF, representing the 71,27% share of the grant.

IV.2. Analysis of the statement of funds received from OIE

The funds received in advance from the funder - OIE, in amount of 11.401,06 CHF were not used to make eligible payments within the project.

IV.3. Analysis of the statement of funds received from other donors, if applicable

There were no funds recorded as received from other donors for the project goals. Eligible expenses reported were paid from their own funds, from sponsorships, without the possibility to determine exactly from whom the funds came, as a result of their depersonalization by the deposit of the funds in one bank account in lei of the association.

IV.4. Recommendations on project management, accounting procedures and internal control

We recommend the management of the association:

- strict compliance with the special and general conditions set out in the CSS 10 grant contract with the Swiss Intermediate Body, represented by the Foundation for Civil Society Development (OIE) and annexes of the contract



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Audit financiar · Contabilitate · Taxe · Consultanță financiară · Evaluări

- compliance with applicable accounting principles according to national requirements (O.M.F.P. no. 1969/2007 for the approval of accounting regulations for non-profit legal persons)
- the use of a separate bank account in lei for receipts and payments related to the project, to ensure both a clear audit trail and a high transparency of project activities
- compliance with public acquisition rules specific to the project and when these entail high management costs, obtaining exemptions from the funder.

IV.5. Comments regarding the fulfillment of the funding contract and terms of reference

From the financial and non-financial data available to the auditor we reached the conclusion that the provisions of the financing contract and the terms of reference are fulfilled.

IV.6. Budget comparison of the project and comments on major variations

As a result of the comparison of the eligible costs that occurred in the project for the reporting period with the budget provisions, resulted a deviation range between -.....% and +.....%.

Insignificant deviations are explained by expense savings and/or by the conversion of amounts recorded in lei in the reporting currency – CHF.

Significant deviations of more than +/- 10% are explained by the failure to reach some budgeted activities in the reporting period.

V. Place of document retention

Original supporting documents are archived at the company headquarters in Cluj-Napoca, Calea Mănăștur No. 42B.

Annexes to the auditor's report:

- Trial balance
- Profit and loss statement (operating statement)
- List of suggested adjustments and reallocations
- Other relevant documents



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Audit financiar · Contabilitate · Taxe · Consultanță financiară · Evaluări

- List of inventory items and fixed assets purchased during the period audited
- Minutes of the closing meeting
- Letter of representation from the management in relation to the financial review, as provided in paragraph 6 above.

Mircea Dragoș
Partner

Member in the Chamber of Financial Auditors of Romania registration no. 719/2001

On behalf of:

MDA GLOBAL AUDIT s.r.l.

Registered in the Chamber of Financial Auditors of Romania no. 116/2001

Cluj- Napoca, Romania
May 15, 2014