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AUDIT REPORT

on the project financial statements

„Promotion of civic activism among Moldova’s national and ethnic minorities” Project No. 970042508196/2024/2516

Auditee:

Country:

Audit Agreement:

Audited period:

Inițiativa Civice Pentru Minoritățile Naționale

Republic of Moldova

Without no. dated 01 April 2024

01.04.2024 - 31.08.2025

CHISINAU, 2025



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Abbreviations and acronyms

ICS	Internal Control System
ISA	International Standards on Auditing
NAS	National Accounting Standards
EED	European Endowment for Democracy
ToR	Terms of Reference



Brief Financial Information

Financial information Audit of the Project for the period from 01.04.2024 to 31.08.2025

„Promotion of civic activism among Moldova’s national and ethnic minorities”, Project No. 970042508196/2024/2516, period of financial statement 01.04.2024 - 31.08.2025

Inițiativa Civice Pentru Minoritățile Naționale, 37 Cotovschi Str., MD-7421 s. Corten, Taraclia, Republic of Moldova

Background of the mandated organization

The Organization's mission is dedicated to defending the rights of national minorities, integrating them into social life, and promoting active civic participation in local communities.

Country project objectives or single project objective

Project outcome:

The grant aims to support apolitical/non-geopolitical minority activism at the local level.

Project outputs:

- ✓ Increasing the level of civic engagement among national minorities in the Republic of Moldova;
- ✓ Integration of national minorities in the Republic of Moldova;
- ✓ Increasing the level of trust of national minorities in the European integration of the Republic of Moldova;
- ✓ The organisation “Centre for Civic Initiatives for National Minorities" becomes a leader in civil society working with national minorities.

„First Audit International” Ltd,

PAȘINSCHI Cristina, Certified auditor

Republic of Moldova, Chisinau, 61-7 M. Kogălniceanu str.





Independent Auditor’s Report on Financial Information

Inițiativa Civice Pentru Minoritățile Naționale

Mrs. Mihai Peicov, Executive Director

Qualified opinion

We have audited the financial information for the project mentioned above, which comprises the financial statement for the year starting on 01.04.2024 and ending on 31.08.2025, and the notes to the financial information, including a summary of significant accounting policies.

In our opinion, except for the effects of matters described in the Basis for Qualified Opinion section of our report, the accompanying financial information on the project „Promotion of civic activism among Moldova’s national and ethnic minorities” for the year 01.04.2024 - 31.08.2025 has been prepared, in all material respects, in accordance with the accounting policies described in the notes and comply with the requirements of the European Endowment of Democracy.

Basis for opinion

The audit of the project financed by the European Endowment for Democracy (EED) was conducted in accordance with the International Standards on Auditing (ISA). These standards require that we obtain sufficient and appropriate audit evidence to form a basis for our opinion regarding the use of funds and the compliance of the reported expenditures.

In accordance with ISA 500 – Audit Evidence, the auditor must obtain supporting documents and accounting records that demonstrate the reality and eligibility of transactions. ISA 230 – Audit Documentation requires complete accounting records to be made available, and ISA 240 – The Auditor’s Responsibilities Relating to Fraud emphasizes the relevance of adequate supporting documentation in assessing risks of material misstatement.

Under the requirements of Accounting Law no. 287/2017, the entity is responsible for maintaining and presenting accounting records based on supporting documents, including accounting registers, supporting notes, contracts, bank statements, and other relevant documentation.

During our audit, the entity did not provide complete accounting records pertaining to the transactions included in the project’s financial report. This represents a significant limitation of scope, as the absence of full accounting evidence prevented the complete application of ISA procedures and did not allow for the performance of alternative procedures that would achieve a sufficient level of assurance.

Under these circumstances, we were able to verify only whether the expenditures reported in the project’s financial statements were supported by the confirmatory documents made available. Based on the supporting documents presented, we did not identify any material errors affecting the reality or eligibility of the expenditures.



However, the failure to present complete accounting records constitutes a non-compliance with legal requirements and with the transparency and documentation obligations required by EED. This limitation restricts the auditor’s ability to obtain reasonable assurance regarding all financial elements of the project.

For these reasons, we were unable to obtain sufficient and appropriate audit evidence regarding the project’s financial report as a whole. Accordingly, we issue a qualified opinion.

We conducted our audit in accordance with the International Standards on Auditing (ISAs). Our responsibilities under those provisions and standards are further described in the *'Auditor’s responsibilities for the audit of the financial information'* section of our report.

We are independent of the entity in accordance with the requirements of the IESBA Code of Ethics for Professional Accountants, in conjunction with the relevant ethical requirements for the audit of financial reports in the Republic of Moldova and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Basis of accounting and restriction on distribution and use

Our report is intended solely for the management of the project, Inițiativa Civice Pentru Minoritățile Naționale and EED, and should not be distributed to or used by other parties other than the Inițiativa Civice Pentru Minoritățile Naționale and EED. Our opinion is not modified in respect of this matter.

Management’s responsibility for the financial information

Management is responsible for the preparation and fair presentation of the financial information. This responsibility includes designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of financial information that is free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Auditor’s responsibilities for the audit of the financial information

Our objectives are to obtain reasonable assurance about whether the financial information as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial information.



As part of an audit in accordance with the ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, as well as significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

On behalf of

„First Audit International” Ltd,

Audit entity registered in the Public Register of Audit Entities No 1902011

Certified auditor

PAŞINSCHI Cristina

Auditor's qualification certificate series no. 000021 of 23.06.2014



Chisinau, 61-7 M. Kogălniceanu str.,
26.08.2025

Financial information

Budget and Expenditure for Project „Promotion of civic activism among Moldova’s national and ethnic minorities” Project No. 970042508196/2024/2516, period of financial statement 01.04.2024 - 31.08.2025

Category		Unit	Unit Cost	Number of units	Amount	Expenditures			Total expenditures	Remaining Balance
						01 April 2024 - 31 July 2024	01 August 2024 - 30 November 2024	01 December 2024 - 31 August 2025		
1. Salaries										
1.1	Project Director - 100%	month	€ 1,500,00	12	€ 18,000,00	€ 6,000,00	€ 6,000,89	€ 5,983,88	€ 17,984,77	€ 15,23
1.2	Project Coordinator - 100%	month	€ 1,200,00	12	€ 14,400,00	€ 4,800,00	€ 4,800,00	€ 4,787,82	€ 14,387,82	€ 12,18
1.3	Project Assistant - 50%	month	€ 600,00	11	€ 6,600,00	€ 2,262,07	€ 1,800,00	€ 2,896,09	€ 6,958,16	€ -358,16
1.4	SMM & PR - 50%	month	€ 600,00	12	€ 7,200,00	€ 2,262,07	€ 2,402,22	€ 2,393,91	€ 7,058,20	€ 141,80
1.5	Financial Manager - 50%	month	€ 600,00	4	€ 2,400,00	€ 2,400,00	-	-	€ 2,400,00	-
1.6	Project Director - 50%	month	€ 750,00	4	€ 3,000,00	-	-	-	€ 3,200,00	€ -200,00
1.7	Project Coordinator - 25%	month	€ 300,00	4	€ 1,200,00	-	-	-	€ -	€ 1,200,00
TOTAL Salaries:					€ 52,800,00	€ 17,724,13	€ 15,003,11	€ 19,261,69	€ 51,988,94	€ 811,06
2. Consultancies and Services										
2.1	Legal adviser	day	€ -	0	€ -	€ -	€ -	€ -	€ -	€ -
2.2	Development of the organization strategy	lump sum	€ 3,000,00	1	€ 3,000,00	-	€ 3,000,00	-	€ 3,000,00	€ -
2.3	Policy's development consultant	day	€ -	0	€ -	-	€ -	-	€ -	€ -
2.4	Graphic Designer	day	€ 100,00	10	€ 1,000,00	€ 681,82	€ 286,91	-	€ 968,73	€ 31,27
2.5	Caseworkers (regional assistant) Taraclia, Cahul, Gagauzia and Basarabasca	month	€ 400,00	8	€ 3,200,00	€ 485,41	€ 967,18	€ 637,51	€ 2,090,10	€ 1,109,90
2.6	Coaches for regional trainings	training	€ 150,00	14	€ 2,100,00	-	€ 925,65	€ 2,728,18	€ 3,653,83	€ -1,553,83
2.7	Coaches at the Summer Academy	training	€ 100,00	10	€ 1,000,00	-	€ 988,64	-	€ 988,64	€ 11,36
2.8	Team mentors at the Summer Academy	mentoring	€ 400,00	5	€ 2,000,00	-	€ 1,820,72	-	€ 1,820,72	€ 179,28
2.9	Professional Photographer	lump sum	€ 330,00	1	€ 330,00	€ 227,27	€ 94,04	€ 564,10	€ 885,41	€ -555,41
2.10	Professional Videographer	lump sum	€ 600,00	1	€ 600,00	€ 593,71	-	€ -	€ 593,71	€ 6,29
2.11	Financial Manager - 50%	month	€ 600,00	8	€ 4,800,00	-	€ 2,403,44	€ 2,381,83	€ 4,785,27	€ 14,73
2.12	Financial Manager -20%	month	€ 150,00	4	€ 600,00	-	€ -	€ 800,00	€ 800,00	€ -200,00
2.13	Coaches for People's Assembly Simulator	training	€ 115,00	10	€ 1,150,00	-	€ -	€ 609,75	€ 609,75	€ 540,25
TOTAL Consultancies and Services:					€ 19,780,00	€ 1,988,21	€ 10,486,58	€ 7,721,37	€ 20,196,15	€ 416,15
3. Travel & Per Diem										
3.1	Travel costs in regions (trainings) - for trainer (mentor), project coordinator/project director, SMM	trip	€ 125,00	43	€ 5,375,00	-	€ 959,25	€ 4,389,95	€ -	€ 5,349,20
3.2	Bus for study trips (from regions to Chişinău) - for participants and regional case worker	trip	€ 338,00	8	€ 2,704,00	€ 1,253,92	€ 1,409,02	€ -	€ 2,662,94	€ 41,06
3.3	Transport for Summer Academy (participants)	trip	€ 50,00	1	€ 50,00	-	€ 37,02	€ -	€ 37,02	€ 12,98
3.4	Transport for Summer Academy (project trainers/mentors)	trip	€ -	0	€ -	-	€ -	€ -	€ -	€ -
3.5	Transport for National Forum - for participants	trip	€ -	0	€ -	-	€ -	€ -	€ -	€ -
3.6	Travel costs for People's Assembly Simulator	month	€ 650,00	4	€ 2,600,00	-	€ -	€ 2,078,95	€ 2,078,95	€ 521,05
TOTAL Travel & Per Diem:					€ 10,729,00	€ 2,213,17	€ 5,835,99	€ 2,078,95	€ 10,128,10	€ 600,90
4. Office Space & Utilities										
4.1	Office Rent	month	€ 975,00	16	€ 15,600,00	€ 4,000,00	€ 4,005,74	€ 5,139,23	€ 13,144,97	€ 2,455,03
4.2	Office Utilities (electricity, heating and security system)	month	€ 155,00	16	€ 2,480,00	€ 63,64	€ 667,56	€ 2,376,08	€ 3,107,28	€ -627,28
4.3	Office Supplies (paper, printer cartridges, water cooler for the office, coffee/tea, etc.)	month	€ 100,00	16	€ 1,600,00	€ 675,42	€ 345,91	€ 152,83	€ 1,174,16	€ 425,84
TOTAL Office Space & Utilities:					€ 19,680,00	€ 4,739,07	€ 5,019,21	€ 7,668,14	€ 17,426,42	€ 2,253,58
5. Communication and Postage										
5.1	Internet cost	month	€ 20,00	16	€ 320,00	€ 49,63	€ 46,79	€ 92,63	€ 189,05	€ 130,95
5.2	Phone cost	month	€ -	0	€ -	-	€ -	€ -	€ -	€ -
TOTAL Communication and Postage:					€ 320,00	€ 49,63	€ 46,79	€ 92,63	€ 189,05	€ 130,95
6. Other Direct Costs (activities and meetings)										
6.1	Website creation and development	lump sum	€ 3,500,00	1	€ 3,500,00	€ 3,223,62	€ -	€ 114,11	€ 3,337,72	€ 162,28
6.2	Creation and development of corporate email	lump sum	€ -	0	€ -	-	€ -	€ -	€ -	€ -
6.3	Laptop	item	€ 1,600,00	1	€ 1,600,00	€ 1,598,12	-	€ -	€ 1,598,12	€ 1,88
6.4	Desktop computer	item	€ 700,00	2	€ 1,400,00	€ 1,325,71	-	€ -	€ 1,325,71	€ 74,30
6.5	Photo and video camera	item	€ -	0	€ -	-	€ -	€ -	€ -	€ -
6.6	Camera tripod	item	€ -	0	€ -	-	€ -	€ -	€ -	€ -
6.7	Microphone for camera	item	€ 400,00	1	€ 400,00	€ 391,85	-	€ -	€ 391,85	€ 8,15
6.8	Memory card for camera	item	€ 50,00	1	€ 50,00	-	€ -	€ -	€ -	€ 50,00



6.9 Smart screen	Item	€ -	0	€ -	€ -	€ -	€ -	€ -	€ -	€ -
6.10 Printer/scanner/copy machine	Item	€ 370,00	1	€ 370,00	€ 365,67	€ -	€ -	€ 365,67	€ 4,33	
6.11 Desk	lump sum	€ 700,00	1	€ 700,00	€ 605,59	€ -	€ -	€ 605,59	€ 94,41	
6.12 Working chair	lump sum	€ 260,00	1	€ 260,00	€ 254,08	€ -	€ -	€ 254,08	€ 5,93	
6.13 Cabinet	Item	€ 250,00	1	€ 250,00	€ 350,16	€ -	€ -	€ 350,16	€ -100,16	
6.14 Conference table and chairs	Item	€ 1.250,00	1	€ 1.250,00	€ 1.111,34	€ 360,48	€ -	€ 1.471,82	€ -221,82	
6.15 Project promotion in the media (media coverage and advertising on social media)	lump sum	€ 600,00	1	€ 600,00	€ 365,38	€ 234,74	€ 256,41	€ 856,53	€ -256,53	
6.16 Promo and working materials for training (markers, pens, paper, printing of necessary materials, promotional flyers, brochures, posters, etc.)	month	€ 200,00	12	€ 2.400,00	€ 1.711,71	€ 1.739,17	€ 129,48	€ 3.580,36	€ -1.180,36	
6.17 Promo materials for Summer Academy (roll-up banners, branded promotional materials for each participant - bag, notebook, folder, pen etc)	lump sum	€ 400,00	1	€ 400,00	€ 396,03		€ 138,36	€ 534,39	€ -134,39	
6.18 Promo materials for National Forum (banner printing, branded notebooks, folders, and pen)	lump sum	€ -	0	€ -	€ -	€ -	€ -	€ -	€ -	
6.19 Support for the development of initiatives of the Summer Academy participants	Initiative	€ 500,00	4	€ 2.000,00	€ -	€ 1.932,60	€ -	€ 1.932,60	€ 67,40	
6.20 Food/coffee-break during study visits	person	€ 11,00	185	€ 2.035,00	€ 1.563,64	€ 452,19	€ 80,83	€ 2.096,66	€ -61,66	
6.21 Accommodation for Summer Academy for Minority Rights 2024 - participants and the project team	day	€ 880,00	5	€ 4.400,00	€ 4.391,33	€ -	€ -	€ 4.391,33	€ 8,67	
6.22 Summer Academy for Minority Rights 2024 - refreshment and meals for participants and project team	lump sum	€ 5.178,00	1	€ 5.178,00	€ 357,79	€ 5.465,05	€ -	€ 5.822,83	€ -644,83	
6.23 National Forum of Ethnic Minorities - conference hall rent and meals	day	€ -	0	€ -	€ -	€ -	€ -	€ -	€ -	
6.24 National Forum of Ethnic Minorities - technical support (simultaneous translation; sound; lighting; stage; live streaming on social networks etc)	lump sum	€ 17.030,00	1	€ 17.030,00	€ -	€ 17.999,90	€ -	€ 17.999,90	€ -969,90	
6.25 Financial audit	lump sum	€ 1.500,00	1	€ 1.500,00	€ -	€ -	€ 1.487,18	€ 1.487,18	€ 12,82	
6.26 Bank fees	month	€ 50,00	12	€ 600,00	€ 109,99	€ 144,09	€ 252,44	€ 506,52	€ 93,48	
6.27 Meals and rent during trainings	lump sum	€ 768,00	1	€ 768,00	€ -	€ -	€ 214,00	€ 214,00	€ 554,00	
TOTAL Other Direct Costs (activities and meetings):				€ 46.691,00	€ 18.121,98	€ 28.328,22	€ 2.672,80	€ 49.123,00	€ 2.432,00	
GRAND TOTAL:				€ 150.000,00	€ 44.836,19	€ 64.719,90	€ 39.495,58	€ 149.051,67	€ 948,33	

Please indicate here the exchange rate(s) you have been using for period 1 :
 Please indicate here the exchange rate(s) you have been using for period 2 :
 Please indicate here the exchange rate(s) you have been using for period 3 :

01 April 2024 - 31 July 2024
 01 August 2024 - 30 November 2024
 01 December 2024 - 31 August 2025

	19,14
	19,14; 19,17; 19,28
	19,28

Please check the box if changes have been made to previous report periods. If the box is checked, please explain the reasons for change:

Explanation Box:



Explanatory notes to the financial information

1. General information

The Grant Agreement was concluded between The European Endowment for Democracy and Inițiativa Civice Pentru Minoritățile Naționale (the Entity), within the project “Educational and socio – psychological inclusion of children left behind by their migrant parents”.

Project period: 01 April 2024 – 31 August 2025;

The overall budget for the project is 150,000.00 EUR.

The subject of this audit are the expenses incurred in the amount of 149,051.67 EUR.

2. Accounting Policies

a. Basis of accounting

According to the accounting policies, Inițiativa Civice Pentru Minoritățile Naționale applies a double-entry accounting system, as stipulated in Law No. 287 of 15 December 2017, Article 5(5), on Accounting and Financial Reporting. Accounting is kept on an accrual basis using computer techniques and 1C accounting software.

The financial statements are prepared in accordance with the cash method for the accounting of the economic transactions. The reporting period is 01.04.2024 - 31.08.2025, and the financial statements of the Project are prepared in EUR. Funds have been received in EUR from the EED.

b. Remuneration fees for 01.04.2024 - 31.08.2025

The remuneration fees for staff and long-term experts are paid at the agreed-upon rates, as specified in the contracts. The expenses related to remuneration are reported based on the budget, as documented by the working hours. The Inițiativa Civice Pentru Minoritățile Naționale calculates and pays taxes, social insurance contributions, and mandatory medical insurance fees in accordance with the laws and regulations of the Republic of Moldova, including:

- Tax Code of the Republic of Moldova;
- Regulation on the withholding of income tax from salary and other payments made by the employer for the benefit of the employee, as well as payments made for the benefit of individuals who do not practice entrepreneurial activity for the services provided and/or works performed, Government decision No. 697 from 22.08.2014;
- Law No. 419 from 22.12.2023 on social security fees budget for 2024;
- Law No. 420 from 22.12.2023 on mandatory medical insurance fees fund for 2024;

c. Foreign currency transactions

All funds received from the EED are converted from EUR to MDL in accordance with the commercial exchange rate obtained from the bank at the time of conversion of each tranche, and

all expenses are reported in accordance with this conversion rate.

Amounts received in EUR and exchanged in MDL and related commercial exchange rate

Table no.1

No. of Installment	Date of exchange	Amounts received and exchanged by Entity (EUR)	Exch. Rate	Amount received by Entity (MDL)
1	17.04.2024	68,000.00	19,14	1,301,520.00
2	09.09.2024	30,000.00	19,17	575,100.00
3	10.10.2024	20,000.00	19,28	385,600.00
4	29.01.2025	10,000.00	19,30	193,000.00
5	15.04.2025	20,000.00	19,50	390,000.00
Total income		148,000.00	X	2,845,220.00

3. Continuity of Activity

The continuity of the activity provides the preparation of the financial statements starting from the hypothesis that the Inițiativa Civice Pentru Minoritățile Naționale will normally continue its activity for at least 12 months from the reporting date without the intention or need to liquidate or significantly reduce its activity.

4. Analysis of the statement of funds received and spent

In 01.04.2024 - 31.08.2025, a total amount of 148,000.00 EUR was received from the EED for project implementation in the project bank account of Inițiativa Civice Pentru Minoritățile Naționale. Information on the amount of funding received during the audited period, the total expenditure, and the final balance is presented in the table below.

Table no.1

Cash flow related to the project implementation period 01.04.2024 - 31.08.2025

Description	Amount (EUR)	Amount (MDL)
A) Initial bank balance 01.04.2024	0	0
B) Funding received for project implementation	148,000.00	2,845,220.00
17.04.2024	68,000.00	1,301,520.00
09.09.2024	30,000.00	575,100.00
10.10.2024	20,000.00	385,600.00



	29.01.2025	10,000.00	193,000.00
	15.04.2025	20,000.00	390,000.00
C) Total Expenditures for 01.04.2024 - 31.08.2025		149,051.67	2,865,727.48
D) Ineligible expenses found			0
E) Total amount of eligible expenses (C-D)		149,051.67	2,865,727.48
F) Total closing balance on 31.08.2025 (B-C+D) *		-1.051,67	-20,507.48

*Note** As can be seen from the negative balance in the table above, the Entity incurred expenses from its own sources because the next tranche from EED had not yet arrived and there was a balance remaining from the borrowed funds.



Annex 2: Management Letter

„Promotion of civic activism among Moldova’s national and ethnic minorities” Project No. 970042508196/2024/2516, financial statement period from 01.04.2024 - 31.08.2025

To the Management of P.A. Inițiative Civice Pentru Minoritățile Naționale

37 Cotovschi Str., MD-7421 s. Corten, Taraclia, Republic of Moldova

In accordance with the contract for the provision of audit services no.113/25 of July 31, 2025 signed with P.A. “Inițiative Civice Pentru Minoritățile Naționale”, we, the audit company “First Audit International” Ltd, performed the audit of the financial information of the „Promotion of civic activism among Moldova’s national and ethnic minorities” project on August 31, 2025, which include the financial statement of the project for the period, starting on 01.04.2024 and ending on 31.08.2025.

The management of P.A. “Inițiative Civice Pentru Minoritățile Naționale” is responsible for the preparation and fair presentation of the financial statements in accordance with the EED Standard Terms of Reference and for that internal control that the management considers necessary to allow the preparation of financial statements free from material misstatements, caused either because of fraud or error.

Our responsibility is to audit the Financial Information and report our findings to management in accordance with the Terms of Reference. They state that we must conduct our business in accordance with the International Standards on Auditing (ISAs) (issued by the International Federation of Accountants). These standards oblige us to comply with applicable ethical requirements in the conduct of our business.

We have performed the specific procedures in order to state the conformity of the principles enumerated in the Annex C-General Conditions in all aspects related to the project activities.

- Regularity of the accounts;
- Existence, adequacy, and effectiveness of the Internal Control System (ICS);
- Conformity with the project objectives and adherence to the terms of the contract;
- Economical conduct of business and effective use of financial resources.

1. Audit objectives

The objectives of this audit are to enable the Auditor to express an opinion in accordance with the ISA, taking into account the following criteria:

- Analysis of the expenditures and of the corresponding documents presented to the EED in order to determine if they are rational according to their general character if they are allowed by the conditions of granting the financial means, whether they are justified by the appropriate documents in order to determine whether the expenditure reflected in the financial statement corresponds to the accounting documents of the beneficiary of funds, including the accounting records, and correlates with the activities carried out under the projects.



- Verification of the applicability of the legislation in force in implementing the financing, including the tax legislation (calculations and payments of salaries, fees, services, rental services, etc.). The number and volume of tests applied will be based on the risk analysis and will be described in the report.
- Evaluation of the Entity's accounting system to determine whether funding implementation is carried out properly and whether incomes and expenditures can be easily identified. The accounting documents must reflect separately the operations of receiving and spending the financial means.
- Evaluation of the internal control system within the Entity and whether it ensures, to a sufficient extent, the implementation of the financing in accordance with the legislation and normative acts in force, as well as with the clauses of the Grant Agreement.
- Verification of compliance with the provisions of the Grant Agreement. This procedure must include evaluating the effectiveness and efficiency of the Entity's work, verifying the reports submitted to the EED, verifying the compatibility of the procurement of goods and services with the requirements of the Grant Agreement, compliance with the approved budget, and compliance with other important conditions.

2. Audit procedures

The scope of work included the following specific considerations and procedures:

- *Obtaining an understanding of the Partners, Project, and applicable Contractual Conditions.*

We have analyzed the contractual conditions for documentation, accounting, and project eligibility of expenditure, procurement, and rules of origin, assets management, accounting, and financial reporting of project expenditures, and internal controls.

- *Substantive procedures*

We have performed substantive procedures in order to detect if there are any material errors or misstatements.

We verified whether the purchase and procurement were in compliance with the Grant Agreement and Moldovan legislation.

We received external confirmations, such as bank balance confirmation letters of the Project account.

We examined whether the financial aspects of the project, i.e., expenditure incurred and goods purchased, can be justified in relation to activities realized, results obtained, and the Project budget.

We reviewed the financial statements and Project Budget.

- *Eligibility of Expenditures*

According to EED's Terms of Reference and applicable contractual conditions, we performed tests and procedures to determine the eligibility of expenditures.

We verified whether goods and services are procured solely for the purpose of the Project and during the Project.

We verified whether all procurements were properly recorded.

We have verified the compliance of the expenditures with the following eligibility criteria:

1. *Reasonable for the Project implementation*

We have verified whether it was plausible that the expenditures were necessary for the implementation of the Project and that they had to be incurred for the contracted activities. As a result of this procedure, no errors were found.

2. Comply with all the provisions of the Grant Agreement

The expenditures verified met the Grant Agreement provisions and were foreseen to be incurred by the Entity. We have examined the nature of the expenditures and verified whether the expenditures were accurately classified under the headings of the financial project report. We have verified whether the expenditures were recorded in the Entity’s accounting system. As a result of this procedure, no errors were found.

3. Supported by adequate documentation

We have verified whether the expenditures were accompanied by the appropriate supporting documents. We have examined the supporting documents, such as proof of payment, invoices, and tax receipts, as well as contracts for consulting services, obligations, and total payments, contracts for purchasing services, etc. The monetary value of the expenditures agrees with the documents provided. As a result of this procedure, no errors were found.

- Specific procedures

We have verified the correctness of the accounting records and the bookkeeping compliance with the original invoices.

We verified the plausibility of expenditures and the assignment of items to the Project cost schedule.

We have audited the general procedures of keeping accounting records of the incomes and expenditures of the Project.

We verified from the bookkeeping records if the expenditure accounts were covered by revenue and checked whether there was no duplicate financing by external funding bodies.

- Analytical procedures

We performed analytical procedures regarding the measurement of financial information through analysis of plausible relationships between financial and non-financial data.

We performed an analytical review of expenses and checked if:

- The budget presented in the final report corresponds to the Project budget;
- Reported expenditures were foreseen by the budget.
- Total expenditure does not exceed any maximum set out in the Terms of Reference and provisions of the Grant Agreement.



3. Findings and Recommendations

No.	Findings	Recommendations	Priority	Management comments and proposed actions	Deadlines
Existence, adequacy, and effectiveness of the Internal Control System (ICS) (principle 2.2)					
	<p>Following the audit procedures carried out, we found that author contracts had been drawn up, such as Author Contract No. 13-ICPMN of 25.11.2024 with Ionela Eftodi named as the author. At the time of signing the contract and the handover document, it is also indicated that the entity is the employer and Ionela Eftodi is the employee, which distorts the information.</p>	<p>It is recommended that contracts and primary documents be drawn up accurately. It is also recommended to use the "four eyes" principle, dividing tasks between at least two different people.</p>	High	<p>Yes, it is indeed a mistake. We will be much more careful in the future.</p>	
	<p>Following the verification procedures, we found that during the audited period, service contracts were drawn up with patent holders. On November 22, 2024, Service Agreement No. 12_ICPMN was drawn up with Aina Idrisova for the period November 22, 2024 - November 23, 2024. The patent attached to contract no. AB244898 is valid until 19.06.2024. Therefore, on the date of signing the contract, the patent had expired, which is contrary to the legislation in force, meaning that the income of the contracted person was to be taxed with all income taxes.</p>	<p>It is recommended to carefully check the documents on which the contracts are based. Also, request an extended patent, or calculate taxes and transfer them to the state budget.</p>	High	<p>We applied for an extended patent, we already have it.</p>	



<p>In accordance with clause 11 of Individual Employment Contract No. 05_ICPMN signed on 01.11.2024, the degree of involvement of employee Karen Gasparean must be 60%; however, according to the data reflected in the timesheet, his involvement averages 50%. The full-time salary is EUR 1,200, so a 50% involvement would ensure a salary of EUR 600. In fact, the salary was calculated from EUR 600, which means that the expenses were correctly reflected. Also, given that the individual employment contract was not drawn up correctly, external users are misled.</p>	<p>It is recommended that individual employment contracts be drawn up accurately. Correction of individual employment contract no. 05_ICPMN dated 01.11.2024.</p>	<p>Medium</p>	<p>We will correct the individual employment contract</p>	
Conformity with the project objectives and adherence to the terms of the contract (principle 2.3)				
<p>In accordance with Annex C to the grant agreement, the beneficiary must ensure that accounting records (computerized or manual) are kept in the accounting system, such as the general ledger, auxiliary ledgers, and payroll accounts, fixed asset registers, and other relevant accounting information, for at least five years. We would like to mention that we were unable to verify this aspect, given that we did not receive access to the</p>	<p>Separate accounting records for financial resources per project are recommended in accordance with Methodological Guidelines on the specifics of accounting in non-commercial organizations.</p>	<p>High</p>	<p>Accounting records are made separately for each project, but the accounts show the amounts from all projects. We keep primary documents for a minimum of 6 years according to the legislation.</p>	



“First Audit International” Ltd
R. Moldova, mun. Chişinău, str. M. Kogălniceanu, 61 of.7
tel: 21-34-52, fax: 60-58-72
E-mail: office@fai.md ; sergiu.soimu@fai.md
Fiscal code / VAT: 1003600060677 / 0207022

	accounting system, which also led to the expression of a qualified opinion.				
Economical conduct of business and effective use of financial resources (principle 2.4)					

On behalf of

„First Audit International” Ltd,

Audit entity registered in the Public Register of Audit Entities No 1902011

Certified auditor

PAŞINSCHI Cristina

Auditor's qualification certificate series A no. 000021 of 23.06.2014



Chisinau, 61-7 M. Kogălniceanu str.,

26.08.2025