

**REPORT OF FACTUAL FINDINGS FOR
AN EXPENDITURE VERIFICATION OF THE PROJECT
“Modernisation and harmonization of Tourism study programs in Serbia”**

**VISOKA POSLOVNO TEHNIČKA ŠKOLA STRUKOVNIH STUDIJA U UŽICU,
UŽICE**

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Ljubica Dikovic, the legal representative

VISOKA POSLOVNO TEHNIČKA ŠKOLA STRUKOVNIH STUDIJA U UŽICU
UŽICE, Trg Svetog Save 34

30 January, 2017

Dear Mrs Dikovic,

In accordance with the terms of our engagement letter dated 13 May 2015 with Visoka poslovno tehnička škola strukovnih studija Užice (hereinafter referred to as “the Beneficiary”) we hereby provide our Independent Report of Factual Findings (the report), as specified below.

Objective

We Europoint Ltd, established in Stara Pazova Zmaj Jovina 3, represented for signature of this Report by Vlatko Kružić certified auditor, have performed agreed-upon procedures regarding the costs declared in the Final Financial Report of Visoka poslovno tehnička škola strukovnih studija Užice, the beneficiary, to which this Report is attached, and which is to be presented to the Education, Audiovisual and Culture Executive Agency, hereinafter referred to as ‘the Agency’, under Grant Agreement 2013-4526 for the following period December 1, 2013 – November 30, 2016. This engagement involved performing the procedures listed in Annex 2 of the engagement letter, the results of which the Agency uses to draw conclusions as to the eligibility of the costs claimed.

Standards and ethics

Our engagement was undertaken in accordance with:

- the specific guidance provided by Agency;
- International Standard on Related Services (‘ISRS’) 4400 *Engagements to perform Agreed-upon Procedures regarding Financial Information* as promulgated by the International Federation of Accountants (‘IFAC’);
- the *Code of Ethics for Professional Accountants* issued by the IFAC. Although ISRS 4400 provides that independence is not a requirement for agreed-upon procedures engagements, the Agency requires that the auditor also complies with the independence requirements of the *Code of Ethics for Professional Accountants*.

Procedures performed

As requested, we have only performed the procedures listed in Annex 2 to the engagement letter.

These procedures have been determined solely by the Agency and were performed solely to assist the Agency in evaluating whether the expenditure claimed by the beneficiary in the accompanying Final Financial Report has been claimed in accordance with the Grant Agreement. The auditor is not responsible for the suitability and appropriateness of these procedures.

Because the procedures performed by us did 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 Final Financial Report.

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

Sources of information

The Report sets out information provided to us by the management of the beneficiary in response to specific questions or as obtained and extracted from the beneficiary's information and accounting systems.

Beneficiary's VAT status

We confirm the legal status of the beneficiary:

- Public body: entitled to recover VAT;

Factual findings

The above-mentioned Final Financial Report was examined and all procedures specified in Annex 2 to our engagement letter were carried out.

The total expenditure which is the subject of this expenditure verification amounts to EUR 707,582.97. The Expenditure Coverage Ratio verified by us amounts to 100%.

On the basis of the results of these procedures, we found:

- The funds provided by the Grant, accompanied with all relevant documentation;
- The bank statements;
- The invoices and settlements; and
- The final financial report.

All documentation and accounting information to enable us to carry out these procedures has been provided to us by the beneficiary.

Use of this report

This Report is intended solely for the purpose set forth in the above objective.

This Report is prepared solely for the confidential use of the beneficiary and the Agency and solely for the purpose of submission to the Agency in connection with the requirements as set out in Articles II.27 of the Grant Agreement. This Report may not be relied upon by the beneficiary or by the Agency for any other purpose, nor may it be distributed to any other parties. The Agency may only disclose this Report to others who have regulatory rights of access to it, in particular the European Commission, the European Anti Fraud Office and the European Court of Auditors.

This Report relates only to the Final Financial Report specified above and does not extend to any other financial statements of the beneficiary.

No conflict of interest exists between the auditor and the beneficiary in establishing this Report.

The fee paid to the auditor for providing the Report was EUR 1,700.

We look forward to discussing our report with you and would be pleased to provide any further information or assistance which may be required.

Vlatko Kružić
Certified Auditor

Chapter 1: Information about the Grant and the Project

The purpose of the Grant is to award of a grant by the Agency for the implementation of the Project entitled: “Modernisation and harmonization of Tourism study programs in Serbia“.

The Project implementation period was 3 years from the first day of the month after the signature by the Beneficiary. The total cost of the Project for financing by the Agency is EUR 707,582.97.

Information about the Subject of the Expenditure Verification

Date of the Grant	December 12, 2013
Project title	“Modernisation and harmonization of Tourism study programs in Serbia“
Country	Republic of Serbia
Recipient Company	Visoka poslovno tehnicka skola strukovnih studija u Uzicu
Starting date of the Project	December 1, 2013
Ending date of the Project	November 30, 2016
Grant maximum amount	EUR 707,582.97
Total amount received to date by the Recipient from Agency	EUR 636,821.97
Total amount of actual expenditure	EUR 707,582.97
Contracting Authority	Education, Audiovisual and Culture Executive Agency, Brussels
Auditor	Europoint Ltd, Zmaj Jovina 3, 22300 Stara Pazova, Serbia

Chapter 2 Procedures Performed and Factual Findings

We have performed the procedures in accordance to International Standard on Related Services (“ISRS”) 4400 *Engagements to perform Agreed-upon Procedures regarding financial information* for an expenditure verification of the Grant Agreement 2013-4526 concerning funds to support the project “Modernisation and harmonization of Tourism study programs in Serbia“. The factual findings of these procedures are set out under the headings below.

We confirmed that expenditures are in accordance with the Budget for the Project. The Recipient presented the amount of EUR 707,582.97 of the total expenditures in Financial Report.

1. Obtaining a sufficient Understanding of the Project and of the terms and conditions of the Grant

We have obtained a sufficient understanding of the terms and conditions of the Grant by reviewing of the Grant and its annexes and other relevant information, and by inquiry of the Beneficiary. We also obtained a copy of the original Grant and its Annexes.

We have paid particular attention to Annex 1 “Description of action”, Annex 2 “Estimated Budget of action” and Annex 6 “General conditions” of the Grant.

2. Procedures to verify the Eligibility of Expenditure Claimed by the Recipient in the Financial Report for the Project

2.1 General Procedures

2.1.1 We confirmed that the Financial Report complies with the conditions of the Grant.

2.1.2 The Beneficiary keeps accurate and regular records and accounts of the implementation of the Project using a dedicated double - entry book-keeping system as part of or as an adjunct to the Beneficiary’s own accounts.

2.1.3. We reconciled the information in the Financial Report to the Beneficiary’s accounting system and records (e.g. trial balance, general ledger accounts, sub ledgers etc.).

2.2. Conformity of Expenditure with the Budget and Analytical Review

We have carried out an analytical review of the expenditures in the Financial Report and:

- Verified that the budget in the Financial Report corresponds with the Budget of the Grant (authenticity and authorisation of the initial Budget) and that the expenditure incurred was foreseen in the budget of the Grant.
- Verified that the total amount claimed for payment by the Beneficiary does not exceed the maximum grant laid down in Article I.3 of the Grant.

2.3. Selecting Expenditure for Verification

2.3.1. Expenditure Headings, Subheadings and Items

The expenditure claimed by the Beneficiary in the Financial Report is presented under the following expenditure headings: *1 Budget, 2 Expenditure*.

Expenditure headings are broken down into expenditure subheadings. Expenditure subheadings are broken down into individual expenditure items or classes of expenditure items with the same or similar characteristics. The form and nature of the supporting evidence (e.g. a payment, a contract, an invoice etc.) and the way expenditure is recorded (i.e. journal entries) vary with the type and nature of the expenditure and the underlying actions or transactions.

However, in all cases expenditure items reflect the accounting (or financial) value of underlying actions or transactions no matter the type and nature of the action or transaction concerned.

2.3.2 Selecting Expenditure Items

We covered all, 100% of expenditure items and classes of expenditure items for verification.

2.4. Verification of Expenditure

2.4.1 Eligibility of expenditures

We verified the eligibility of expenditures with the terms and conditions of the Grant and confirm that these costs:

- are necessary for carrying out the Project, provided for in the Grant Budget and complied with the principles of sound financial management, in particular value for money and cost-effectiveness;
- have actually been incurred by the Beneficiary during the implementation period of the Project as defined in the Article I.3 of the Grant;
- are recorded in the accounts of the Beneficiary's books and are identifiable, verifiable and substantiated by originals of supporting evidence.

2.4.2 Accuracy and Recording

We verified that expenditure for a transaction or action has been accurately and properly recorded in the Beneficiary's accounting system and the Financial Report and that it is supported by appropriate evidence and supporting documents.

2.4.3 Classification

We verified that expenditure for a transaction or action has been classified under the correct heading and subheading of the Financial Report.

2.4.4 Reality (occurrence/existence)

According our professional judgment to obtain sufficient appropriate verification evidence we confirm that the expenditures have been occurred (reality and quality of the expenditure). We verified the reality and quality of the expenditures for a transaction or action by examining proof of work done, goods received or services rendered on a timely basis, at acceptable and agreed quality and reasonable prices or costs.

2.5. Verification Coverage of Expenditure

2.5.1 Expenditure Coverage Ratio (“ECR”)

The Expenditure Coverage Ratio (“ECR”) represents the total amount of expenditure verified by the Auditor expressed as a percentage of the total amount of expenditures reported by the Beneficiary in the Financial Report. The Auditor should ensure that the overall ECR is at least 80%. Thanks to availability of time we were able to select all expenditure items and classes of expenditure items for verification, so the Expenditure Coverage Ratio (“ECR”) is 100%.