

**Financial Audit of the Program
OLDER BROTHER, OLDER SISTER
'Coach Vulnerable Children through a Mentor Program – Phase V'**

For period:
01.08.2023 - 31.07.2024
I Project year

Implemented by
Foundation for support and development of mentorship program
Older brother, older sister

Sarajevo, August 2024

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I MANAGEMENT DECLARATION OF FULL DISCLOSURE

Foundation for support and development of mentorship program
Older brother, older sister
Josipa Vancaša 21
71000 Sarajevo, BiH
BiH

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Sarajevo, 14.08.2024

MANAGEMENT DECLARATION OF FULL DISCLOSURE TO THE AUDIT COMPANY "NGO AND BUSINESS AUDIT", d.o.o. SARAJEVO

Dear Sirs,

With reference to the Project Audit Contract between Foundation for support and development of mentorship program Older brother, older sister (hereinafter: FOBOS) and Auditing Company "NGO AND BUSINESS AUDIT", d.o.o. Sarajevo of August 12, 2024, we are certifying:

- the acknowledgement of the FOBOS's responsibility for the keeping of accounts and financial documents that are correct, complete, fair, representing the true facts, in conformity with the objectives of the project, the documents of reference (description of the project, contracts, budgets, etc.) and national legislation
- that all accounting records, supporting and other documents, minutes, and any pertinent information necessary for the audit will be at the disposal of the auditor
- the completeness of information concerning property and goods, the completeness of information concerning financing received or due and own financing concerning the audited period, for the project being audited
- The availability for supplying any information and explanations, either orally or by written confirmation, which might be required by the auditor in the execution of his mandate.

We confirm to the best of our knowledge and belief, and having made the appropriate inquiries, of the officials of the FOBOS, the following representation given to you in connection with your audit of the Program: OLDER BROTHER, OLDER SISTER - 'Coach Vulnerable Children through a Mentor Program – Phase V' financial statement on income and expenditure for the period 01.08.2023 - 31.07.2024. All the accounting records have been made available to you for the purpose of your audit and all the transactions undertaken by the FOBOS have been properly reflected and recorded in the accounting records. All other records and related information which might affect the fairness of, or necessary disclosure in, the accounts, have been made available to you, and no such information has been withheld.


We are not aware of any irregularities, including fraud involving management or employees of the FOBOS other than situation already discussed with you, nor are we aware of any breaches or possible breaches of the BiH regulations, or Contract. No allegation of such irregularities, including fraud or such breaches, has come to our notice. No circumstances have arisen, or events occurred, between the Financial Statements date and the date of this letter, in respect of matters, which would require adjustments to, or disclosure in accounts.

We are not aware of any circumstances where an entity outside the FOBOS has the right to instruct the FOBOS on its business operations and decisions. There is no litigation against FOBOS which could cause any contingent liabilities.

On behalf of

Foundation for support and development of mentoring programs

Older brother, older sister


Ivana Radić, Executive director



II FOUNDATION FOR SUPPORT AND DEVELOPMENT OF MENTORSHIP PROGRAM OLDER BROTHER, OLDER SISTER AND PROJECT'S BACKGROUND

Foundation for support and development of mentorship program Older brother, older sister was founded in year 2013 with headquarters in Sarajevo and officially started with work in year 2019 when the first tender was made public for co-financing of organizations in the process of implementing the program Older brother, older sister. Association for addiction prevention NARKO-NE, by the means of the Older brother, older sister Network in Bosnia and Herzegovina, was the initiator of its founding, and all the organizations – members of the Network at that point have given support for its founding.

Foundation is taking over any heritage which Older brother, older sister Network has built thereupon throughout its existence. By that, they primarily refer to all processes and knowledge in connection with the mentorship with an extra emphasis on the program Older brother, older sister. Foundation is also using parts of financial and administrative norms regarding the granting which was developed by the Network in recent years.

Foundation has dedicated one of its segments of operation to improve the existing and development of the new mentorship programs. In the future, the Foundation has the intention of using other mentorship programs to encourage children and young beside the Older brother, older sister program, which was in its early efficacy skeleton of the Foundation's operation.

Also, Foundation is actively engaged in the promotion of philanthropy and spreading of the beneficence mission with the aim of mobilizing domestic forces from the public and private sector which will aid the Foundation's operation, and in a such manner contribute accomplishing the Foundation's mission.

Project review

Project name:	"Coach Vulnerable Children through a Mentor Program – Phase V"
Project implementation period:	01 August 2023 - 31 July 2025
Audited period (I Project year):	01 August 2023 - 31 July 2024
Total Budget of the project:	€ 351.228
Total Budget of the audited period:	€ 178.071

Short description of the project/program objectives:

Older Brother, Older Sister Program has been implementing in B&H continuously for already 19 years (from 2004 to 2023) and according to number of different target groups and stakeholders that are involved in program each year (children, volunteers, parents, representatives of educational and social protection institutions, universities, non-governmental organisations that are working with children) their interest is not decreasing. This shows that OBOS Program is seen as a recognizable and successful method in addressing issues of children at risk in B&H. Through work of NARKO-NE, OBOS Network and OBOS Foundation, in past 19 years' program was implemented in total by 21 organisations, in 15 communities in B&H (Banja Luka, Bijeljina, Brčko, Dobož, Foča, Modriča, Mostar, Laktaši, Čapljina, Sarajevo, Srbac, Srebrenica, Tuzla, Zenica, Zvornik), with 2020 pairs of mentors (volunteers) and mentees (children) included.

Older Brother, Older Sister program that is promoted and supported by OBOS Foundation is mentoring program, and according to its type and form, it is defined as one-to-one mentoring in community that is focused on development of caring and supportive friendly relationship between children at risk (aged 6 - 14) and volunteers (university students or young employed people aged 20-30) and aimed at their socialising in their free time during one school year (socialising is organised once a week and it lasts minimum for 2 hours). Program is mostly intended for children without parental care, children from foster families and minority groups, children who are neglected or come from difficult family backgrounds.

III INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

To Foundation Older brother, older sister

Opinion

We have audited the accompanying financial statement on expenditures of the Program “**Coach Vulnerable Children through a Mentor Program – Phase V**” (OBOS) implemented by **Foundation for support and development of mentorship program Older brother, older sister (hereinafter: FOBOS)** in the period **August 01, 2023 – July 31, 2024 (Project Year I)**, and the notes to the financial statement including a summary of significant accounting policies.

In our opinion, the accompanying financial information on project “**Coach Vulnerable Children through a Mentor Program – Phase V**” ended July 31, 2024, are prepared, in all material aspects, in accordance with the accounting policies described in the notes and comply with the donors¹ requirements.

Basis for opinion

We conducted our audit in accordance with 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, 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.

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 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 these financial information.

¹ Medicor, Renovabis and others, as described in Note 6.1.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism 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 communicated with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

Our report is intended only for the Project Donors and FOBOS and should not be distributed to any other party. The report is not likely to be suitable for any other purpose.

Sarajevo, August 20, 2024

NGO and Business Audit d.o.o



Ismeta Čardaković, Director
Authorized auditor License no. 3090515226



Šejla Jakupović, Authorized auditor
License no. 3090060231

IV FINANCIAL REPORT

Overall Budget for the OBOS Foundation
Period: 1.8.2023. - 31.7.2024.



FONDACIJA
STARIJI BRAT,
STARIJA SESTRA

1,95583

Nr.	Description of costs	Unit of means	Amount	Costs	Total	1,95583	2023/2024 planned	2023/2024 spent	BAM	Difference
1.	Operational costs				240.040,00 KM	122.730,50 €	61.365,25 €	47.844,90 €	93.576,49 KM	€ 13.520,35
1.1.	Executive director (100%)	month	24	3.000,00 KM	72.000,00 KM	36.813,02 €	18.406,51 €	17.665,87 €	34.551,43 €	€ 740,64
1.2.	Grant coordinator (100%)	month	24	2.000,00 KM	48.000,00 KM	24.542,01 €	12.271,01 €	10.427,14 €	20.393,71 KM	€ 1.843,87
1.3.	PR and fundraising associate (100%)	month	24	2.000,00 KM	48.000,00 KM	24.542,01 €	12.271,01 €	9.450,06 €	18.482,71 KM	€ 2.820,95
1.4.	Quality development associate (50%)	month	24	1.200,00 KM	28.800,00 KM	14.725,21 €	7.362,60 €	1.732,26 €	3.388,00 KM	€ 5.630,35
1.5.	Financial associate (30%)	month	24	400,00 KM	9.600,00 KM	4.908,40 €	2.454,20 €	1.364,32 €	2.668,38 KM	€ 1.089,88
1.6.	Overhead costs of OBOS Foundation	month	24	860,00 KM	20.640,00 KM	10.553,06 €	5.276,53 €	5.007,29 €	9.793,41 KM	€ 269,24
1.7.	Hosting and domain webpage	year	2	600,00 KM	1.200,00 KM	613,55 €	306,78 €	559,71 €	1.094,70 KM	-€ 252,94
1.8.	Work materials - office supplies	month	24	100,00 KM	2.400,00 KM	1.227,10 €	613,55 €	1.230,37 €	2.406,40 KM	-€ 616,82
1.9.	Travel cost and refreshment management	month	24	100,00 KM	2.400,00 KM	1.227,10 €	613,55 €	407,88 €	797,75 KM	€ 205,67
1.10.	Audit report	year	2	3.500,00 KM	7.000,00 KM	3.579,04 €	1.789,52 €	- €	- €	€ 1.789,52
2.	Program activities of OBOS Foundation				423.000,00 KM	218.832,93 €	109.326,94 €	60.419,56 €	118.170,39 KM	€ 48.907,38
2.1.	OBOS Fund (with PO contribution)	project cycle	2,00	200.000,00 KM	400.000,00 KM	204.516,75 €	102.258,38 €	56.581,67 €	110.664,12 KM	€ 45.676,71
2.2.	Training for OBOS local coordinators and associates	training	4	2.000,00 KM	8.000,00 KM	4.090,34 €	2.045,17 €	- €	- KM	€ 2.045,17
2.3.	Coaching and supervision for local coordinators	day	10	600,00 KM	6.000,00 KM	3.067,75 €	1.533,88 €	- €	- KM	€ 1.533,88
2.4.	Monitoring visits to partner organizations	day	20	200,00 KM	4.000,00 KM	2.045,17 €	1.022,58 €	814,62 €	1.593,25 KM	€ 207,97
2.5.	Improvement of OBOS Standards/Evaluation and analysis	lupsum	1	5.000,00 KM	5.000,00 KM	2.556,46 €	1.700,00 €	3.023,28 €	5.913,02 KM	-€ 1.323,28
2.6.	Development of new mentoring programs	lupsum	1	5.000,00 KM	5.000,00 KM	2.556,46 €	766,94 €	- €	- KM	€ 766,94
3.	Sustainability and PR				19.000,00 KM	9.714,55 €	7.379,04 €	12.363,08 €	24.180,09 KM	-€ 4.984,04
3.1.	Strategic planing OBOS F 2024-2028	lupsum	1	5.000,00 KM	5.000,00 KM	2.556,46 €	2.300,00 €	105,58 €	206,50 KM	€ 2.194,42
3.2.	Branding and promoting OBOS Foundation in public	lupsum	1	2.500,00 KM	2.500,00 KM	1.278,23 €	639,11 €	1.596,04 €	3.121,58 KM	-€ 956,92
3.3.	Campaign 20 anniversary of OBOS program in Sarajevo	lupsum	1	5.000,00 KM	5.000,00 KM	2.556,46 €	2.556,46 €	2.837,86 €	5.550,37 KM	-€ 281,40
3.4.	Celebration/event of 20 years of OBOS program in Sarajevo	lupsum	1	5.000,00 KM	5.000,00 KM	2.556,46 €	1.500,00 €	5.318,26 €	10.401,61 KM	-€ 3.818,26
3.5.	International and local cooperation, staffs trainings	lupsum	1	1.500,00 KM	1.500,00 KM	766,94 €	383,47 €	2.505,35 €	4.900,03 KM	-€ 2.121,88
	Overall costs				682.040,00 KM	€ 351.277,97	€ 178.071,24	€ 120.627,54	235.926,97 KM	€ 57.443,69

Financial income 23-24

Nr.	Donor	Amount
1.	Stanje 1.8.2023. (Kloster Baldeg + cash register)	€ 8.926,55
2.	Medicor	€ 60.000,00
3.	Renovabis	€ 48.000,00
4.	Local contribution (organizations)	€ 16.140,90
5.	Swiss Catholic parishes	€ 8.067,31
6.	Local contribution (authorities, private and corporative donations, etc.)	€ 5.955,60
7.	FTZ	€ 2.351,94
8.	Caritas	€ 2.400,00
9.	MZIM/USAID	€ 6.873,17
Overall		158.715,48 €

INCOME EUR	EXPENSE EUR	DIFFERENCE
€ 158.715,48	€ 120.627,54	€ 38.087,94



Ivana Radić

Ivana Radić, Executive Director

V AUDIT PROCEDURES

5.1. Objective of the audit

The objective of the audit is to provide assurance that the donors funds provided for the project “Coach Vulnerable Children through a Mentor Program – Phase V” for the period of August 01, 2023 – July 31, 2024 (Project Year I) have been used and managed in accordance with the approved project proposal, agreements and donor’s requirements and local legislation.

5.2. Procedures of the Audit

The procedures of this financial audit assignment are designed in a way to provide examination of:

- The financial regularity
- The existence, adequacy, and effectiveness of the Internal Control System (ICS)
- Conformity with the project objectives and adherence to the contract conditions
- Economical conduct of business and effective use of financial resources

Audit scope restriction

The audit opinion is focused to the funds provided for Program “Older brother, older sister – Coach Vulnerable Children through a Mentor Program – Phase V”, implemented in the period **August 01, 2023 – July 31, 2024 (I Project Year)**, and the opinion does not refer to other projects implemented during the audited period.

VI NOTES

Notes on financial position and performance disclosed

- All amounts presented in EUR and BAM

Note 6.1. Total Project Income

		<i>Description</i>	
A	Contribution		Amount in €
1	Opening balance as of August 01, 2024 (Kloster Baldeg)		8.927
2	Medicor		60.000
3	Renovabis		48.000
4	Local contribution (organizations)		16.141
5	Swiss Catholic parishes		8.067
6	Local contribution (authorities, private and corporative donations, etc.)		5.956
7	FTZ		2.352
8	Caritas		2.400
9	MZIM/USAID		6.873
B	Interests earned during reporting period		-
	Total income of the Project as of July 31, 2024		158.715

- Project Income of the audited period also includes opening balance from the previous period. Opening balance as of July 01, 2023, was in amount EUR 8.927 as disclosed on bank statement.
- Total project income disclosed in reported period is EUR 158.715, as presented in the table above.
- Some contracts signed with donors define the schedule disbursement of project funds, but some portions of recorded income are transferred based on donation letter only.
- Project income discloses partners contribution also, whereas each of local partner's organization (sub-grantees) participated in funding of project expenses with its own funds (or other donors funds which were used as matching funds).
- No interests were earned during reporting period.
- Project income is correctly recorded in the FOBOS books.

Note 6.2. Total Project expenditures

The Auditor has examined the following: based on verified financial records and statements, supporting documentation and by interviewing the FOBOS's Project staff:

- Whether the costs were directly connected with performing this Agreement and whether they were provided for in the estimated budget.
- Whether the costs have been necessary for the implementation of the Project.
- Whether the costs were reasonable and justified and whether they accord with the principles of the sound financial management, in particular of terms of value for money and cost-effectiveness.
- Whether the costs have been generated during the Project implementation period.
- Whether the costs were recorded in FOBOS books and whether they are identifiable and verifiable.
- Whether the costs have been correctly allocated.
- Whether the costs are supported by adequate accounting documents.
- Whether the payments were made by the FOBOS.

EXPENDITURES		Budget 2023/2024	Expenditure 2023/2024
1	Operational expenditures	61.365 €	47.845 €
2	Program activities of OBOS Foundation	109.327 €	60.420 €
3	Sustainability and PR	7.379 €	12.363 €
Total expenditures		178.071 €	120.628 €

It was found that: All verified costs as declared in FOBOS Financial Statements are eligible.

Note 6.2.1. Operational expenditures

1	Operational expenditures	Budget 2023/2024	Expenditure 2023/2024
1.1.	Executive director (100%)	18.407 €	17.666 €
1.2.	Grant coordinator (100%)	12.271 €	10.427 €
1.3.	PR and fundraising associate (100%)	12.271 €	9.450 €
1.4.	Quality development associate (50%)	7.363 €	1.732 €
1.5.	Financial associate (30%)	2.454 €	1.364 €
1.6.	Overhead costs of OBOS Foundation	5.277 €	5.007 €
1.7.	Hosting and domain webpage	307 €	560 €
1.8.	Work materials - office supplies	614 €	1.230 €
1.9.	Travel cost and refreshment management	614 €	408 €
1.10.	Audit report	1.790 €	- €
Total expenditures		61.365 €	47.845 €

a. Salaries and remunerations costs (40.639 EUR)

- The salary and remunerations for staff include eligible costs only and salaries and remunerations have been paid to the contracted staff only.
- All social contributions for local staff salaries are correctly calculated and paid.
- Project staff is hired on the basis of employment contracts and service contract (financial associate). All belonging taxes and contributions, which result from the service contracts, have been duly calculated and paid.
- All contracts were presented to the Auditor.
- The working time is recorded on the timesheet recording working hours on daily basis.

b. Other costs (Office costs, travel, accounting, audit) (7.205 EUR)

- FOBOS entrusted accounting function to external agency, and accounting services are paid on monthly basis, as regulated by contract.
- All office costs are supported by adequate accounting documentation. Declared costs are approved in the program budget and fall into the Program implementing period.
- The payment procedure is in accordance with financial rules and procedures.

6.2.2. Program activities of OBOS Foundation

2 Program activities of OBOS Foundation		Budget 2023/2024	Expenditure 2023/2024
2.1.	OBOS Fund (with PO contribution)	102.258 €	56.582 €
2.2.	Training for OBOS local coordinators and associates	2.045 €	- €
2.3.	Coaching and supervision for local coordinators	1.534 €	- €
2.4.	Monitoring visits to partner organizations	1.023 €	815 €
2.5.	Improvement of OBOS Standards/Evaluation and analysis	1.700 €	3.023 €
2.6.	Development of new mentoring programs	767 €	- €
Total expenditures		109.327 €	60.420 €

a. OBOS Fund (with PO contribution) – Grantees expenditures (56.582 EUR)

NO	1 <i>Partner</i>	2 <i>Disbursed to Partner</i>	3 <i>Actual Expenditures (4+5)</i>	4 <i>FOBOS' Contribution</i>	5 <i>Partner's Contribution</i>	6 <i>Difference (2-4)</i>
1	<i>Association Naša djeca, Zenica</i>	3.842	4.149	3.842	307	0
2	<i>Center for psychological support Sensus, Mostar</i>	7.669	10.957	7.669	3.288	0
3	<i>Association for prevention of addiction NARKO-NE, Sarajevo</i>	9.103	13.054	9.102	3.952	0
4	<i>Center for Youth Education CEM, Travnik</i>	4.569	6.537	4.569	1.968	0
5	<i>Association Zemlja djece, Tuzla</i>	3.068	4.361	3.068	1.293	0
6	<i>Association for children and youth with special needs Tračak nade, Foča</i>	7.465	4.488	3.072	1.416	4.393
7	<i>Association Nova generacija, Banjaluka</i>	6.136	8.502	5.943	2.558	192
8	<i>Center for children, youth and families, Laktaši</i>	3.175	4.534	3.175	1.359	0
	Total	45.026	56.582	40.441	16.141	4.586

a. OBOS Fund (with PO contribution) – Grantees expenditures (56.582 EUR) (continue)

- At this Phase of the program implementation, FOBOS has not announced a call for new grantees. In the reported period grants were awarded to former partner organizations. FOBOS has signed contracts with all grantees.
- Contracts define rights and obligations of the contracting parties as well as the amount of granted funds.
- The contracts signed with grantees do not define the amount of the partner's contribution (matching funds), although there were expenses that were disclosed in the financial report as the grantee's contribution.
- In addition to the contracts signed with the grantees, FOBOS has detailed Guidelines for recording expenses and financial reporting. This document is mandatory for sub-grantees as well.
- According to the terms of the contracts and in accordance with the guidelines, the partners submit quarterly narrative and financial reports together with supporting documentation.
- Partners submitted supporting documentation justifying all disclosed expenses.
- All project financial documentation is marked with the project seal.
- The highest amounts of project costs refer to budget line 2.4. Volunteer-child companionship. These expenses are generally paid in cash and are justified by cash receipts. Some partner organizations disbursed to volunteers' fees (scholarship contracts, service contracts) through bank transfer. In some cases, these fees are justified by cash receipts, and they refer to the expenses incurred during the time spent with children.
- *Association for children and youth with special needs Tračak nade, Foča*, could not respond to all challenges and obligations in the project as defined in the contract, neither was able to respond on FOBOS requirements. Program coordinator reported at the end of the program cycle that the OBOS program is quite demanding for their organization and that they cannot follow all standards since they are working with a very sensitive population (children with developmental difficulties) and there are many program aspects that are unpredictable and that they cannot control. Tračak nade will return unspent and unjustified funds to FOBOS.

b. Improvement of OBOS Standards/Evaluation and analysis (3.023 EUR)

- OBOS engaged external experts for developing and improvement internal policies and procedures.
- External experts were engaged based on services contracts.
- All belonging taxes and contributions, which result from the service contracts, have been duly calculated and paid.
- All activity costs are supported by adequate supporting documentation. Proof of work done were presented to auditor.
- Declared costs are approved in the project budget and fall into the Project implementing period.
- The payment procedure is in accordance with financial rules and procedures.
- In general, the appropriate system of internal controls has been incorporated into the project.

Note 6.2.3. Sustainability and PR

3 Sustainability and PR		Budget 2023/2024	Expenditure 2023/2024
3.1.	Strategic planning OBOS F 2024-2028	2.300 €	106 €
3.2.	Branding and promoting OBOS Foundation in public	639 €	1.596 €
3.3.	Campaign 20 anniversary of OBOS program in Sarajevo	2.556 €	2.838 €
3.4.	Celebration/event of 20 years of OBOS program in Sarajevo	1.500 €	5.318 €
3.5.	International and local cooperation, staffs trainings	383 €	2.505 €
Total expenditures		7.379 €	12.363 €

- During the reporting period, OBOS program celebrated the 20th anniversary of the program. As part of these activities, the Foundation organized a public campaign and celebration for OBOS program.
- In addition to celebrating OBOS anniversary, the Foundation worked on branding and promotion in the public and international and local cooperation staff training.
- Wherever necessary, procurement procedures were carried out in accordance with the internal regulations.
- All belonging taxes and contributions, which result from the service contracts, have been duly calculated and paid.
- All activity costs are supported by adequate supporting documentation. Proof of work done were presented to auditor.
- Declared costs are approved in the project budget and fall into the Project implementing period.
- The payment procedure is in accordance with financial rules and procedures.

Note 6.3. Income Statement of the actual audited period August 01, 2023- July 31, 2024

NO	Description	Amount in €
1	Opening balance at August 1, 2023	8.927
2	Medicor	60.000
3	Renovabis	48.000
4	Local contribution (organizations)	16.141
5	Swiss Catholic parishes	8.067
6	Local contribution (authorities, private and corporative donations, etc.)	5.956
7	FTZ	2.352
8	Caritas	2.400
9	MZIM/USAID	6.873
A	Total income as of July 31, 2024	158.715
	Expenditures	120.628
B	Total expenditures of the Program	120.628
E	FUND BALANCE AS OF JULY 31, 2024 (A-B)	38.088

- Project Income of the audited period also includes opening balance from the previous period. Opening balance as of July 01st 2023 was in amount EUR 8.927, as disclosed on bank statement. Opening balance reported in the previous audit report was in amount of EUR 9.094. There is no adequate explanation about this difference. Disclosed difference (EUR 167) is below materiality and therefore auditor did not further determine the cause.

- Cash balance on bank account and petty cash balance as of July 31st, 2024, is in amount of EUR 38.133. There is small difference between project fund balance and cash balance in amount of EUR 44. Cash balance structure is presented in the table below:

NO	Cash balance	Amount in EUR
1	Bank statement (BAM) as of July 31, 2024	32.811
2	Bank statement (EUR) as of July 31, 2024	590
3	Cash balance as of July 31, 2024	146
4	Unspent granted funds	4.586
	Cash balance as of July 31, 2024 (A-B)	38.133

Note 6.5. Accounting policies

a. Basis of presentation

The Financial Statements are presented in the local currency BAM and EUR, rounded to the nearest number, unless stated otherwise. A fixed exchange rate of 1.95583 is used for currency conversion. The Project Financial Statements for the period August 01, 2023 – July 31, 2024, have been prepared under the modified basis, which means that expenditures are recognized in the periods when they incurred, and the income is recognized in the moments when the funds are transferred on bank account.

Note 6.6. Verification of internal control system

The Auditor examined existence and application of adequate measures of internal control in respect of the utilization of committed resources.

Methods used for performing audit procedures aimed at assessing the FOBOS' performance efficiency (quality, resources use efficiency), reliability of financial reporting and compliance of procedures applied with applicable Law and regulations.

Auditor verified internal policies and procedures as follows:

1. Finance Rulebook
 2. Rulebook on procurement
 3. Rulebook on accounting
 4. Rulebook on cash management
 5. Rulebook on grant management
 6. Travel procedures
 7. Guidelines for recording expenses and financial reporting
- The internal structure of FOBOS contains elements for placing proper segregation of duties.
 - There is proper authorization of all transactions, proper certification and approval, adequate supporting documentation, proper recording of transactions, including maintenance of payment history records.
 - Presented written policies and procedures exist and they are adequate.
 - Employees are familiar with all the policies.

Annex I

Management letter to the Foundation for support and development of mentorship program Older brother, Older sister

FOBOS

Josipa Vancaša 21,
71 000 Sarajevo
Bosna I Hercegovina

Ref. no. IP: 30/24

Attn. Mrs. Ivana Radić

Management letter for the audit of the financial report of project “Coach Vulnerable Children through a Mentor Program – Phase V”, for the I Year of the project implementation

1. Introduction and objectives of the audit

We have audited FOBOS’s financial statement for the Project “Coach Vulnerable Children through a Mentor Program – Phase V” for the period August 01, 2023 – July 30, 2024. It is the responsibility of the FOBOS to ensure that laws, regulations have been complied with. Our responsibility is to state whether we have found any circumstances indicating that the accounting, control, and reporting have not been performed according to the stated criteria.

The International Standards on Auditing (ISA), International Accounting Standards (IAS) form the criteria upon which our audit was performed.

2. Scope of the audit and audit approach

The audit required by Donors stipulates such tests deemed necessary to give reasonable assurances that the Income and Expenditures reported by FOBOS’s Financial Statements for the Program OBOS are bona fide and have been incurred in accordance with the agreements.

Our approach was tailored to the specific needs of the Donor and was ‘risk-based’. The size of the tests was based on the auditor’s risk analysis.

The auditor assessed whether the partner has adequate policies and procedures in place relating to the following matters:

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

3. Summary of work done and findings

3.1. FOBOS recording system

FOBOS uses project software Pantheon to record all program transactions. This software is used for project recording of expenditure transactions, but not for the income recording. All inflows are periodically recorded in a separate excel file.

Accounting function as required by local regulations is entrusted to an external accounting agency.

During the reporting period, there were no practice of periodic bank reconciliations of cash/fund balances.

Auditor's recommendation:

Auditor recommends introducing the practice of reconciling project records with the balance of funds and the balance in the foundation's books. It is necessary to carry out, at least on quarterly basis, bank reconciliation of fund balance in bank and cash registers with those in financial reports (project records).

Risk rating: medium priority

Management response: We agree with the stated and thank you for the recommendations. We will take it into account for next program cycle.

3.2. Grant management process

3.2.1. Budget line 2.4. Volunteer-child companionship

The biggest challenge in grants management system is justifying the expenses in Budget line 2.4. Volunteer-child companionship. These expenses are justified with a number of small amount cash receipts, depending on the number of couples (volunteer-child) on the field. In the submitted documentation, there are bills that are summed and disclosed in the report in cumulative amounts for each of the volunteers, for every month. Partner organizations sum up the amounts from the bills, but they do not provide itemized evidence of these costs. During monitoring (and audit), it is difficult to determine whether the totals of those amount are correct. In some cases, there are discrepancies in justifying amounts disclosed in the report.

Auditor's recommendation

In order to improve the process of monitoring and justifying project funds in this budget line, it is necessary **to submit itemized records along with cash receipts/invoices** (where justifications are made in this way).

Considering that the partner organizations or their volunteers must calculate those costs anyway, it is necessary to submit an itemized list of those costs along with invoices (cash receipts). In this way the monitoring process will be more efficient and accurate. This will contribute to improving and better the quality of financial reporting.

If the funds are paid out based on a scholarship contract or service contract to volunteers, they use fee net amount for paying small expenses for these activities with children. In these cases it is necessary to submit detailed report from each gathering and other adequate evidences.

Risk rating: medium priority

Management response: We agree with the stated and thank you for the recommendations. We will take it into account for next program cycle.

3.2.2. Allocation system of expenses funded by different source of funding in Sub-grantees reports

Partner organizations justify salaries costs and other expenses that are financed from different sources of funding (donors). In some cases, there is no clear cost allocation system specified on original documentation. When it comes to salaries, there is no timesheet record with the working time allocation, nor does the payroll slip indicating the corresponding salary amount for the project.

When it comes to other common financed costs (utilities), there is no specified corresponding part of expenditure on the invoices, i.e. there is no specified cost allocation per different source of funding.

Auditor's recommendation

When expenditures are financed from different source of funding (donors), it is necessary to indicate cost allocation clearly on the original documentation. This system will reduce the risk of double charging costs. When it comes to salaries, it is necessary to specify allocation of working hours on timesheet records or the allocation of salary amount on the payroll slip for each project. When it comes to other common costs (utilities), it should be stated allocated amounts /or percentages of total cost for each source of funding on the original invoices.

Management response: We agree with the stated and thank you for the recommendations. We will take it into account for next program cycle.

Sarajevo, August 20th 2024



Authorized Auditor, Ismeta Čardaković

NGO and Business Audit d.o.o. Sarajevo

