



REPORT OF FACTUAL FINDINGS FOR AN EXPENDITURE VERIFICATION OF A LETTER OF CONTRACT

Royal Norwegian Embassy, Skopje
Project: "Culture of Law vs. Corruption 2009"

March 24, 2010

We have audited the Financial Report of the Project: "Culture of Law vs. Corruption 2009". This Project is financed by Royal Norwegian Embassy, Skopje according to the Letter of Contract conducted between Transparency Zero Corruption (hereinafter The Beneficiary) and the Royal Norwegian Embassy.

In accordance with our agreement with Transparency Zero Corruption ("The Mandator"), we provide our Report on Factual Findings ("The Report"), with respect to the accompanying Financial Report of the period covering from March 1, 2009 to February 28, 2010. The Report consists of this letter and the Report details set out in Chapters 1 and 2.

Objective

Our engagement was an engagement to perform agreed-upon procedures regarding the expenditure verification of the Letter of Contract between Transparency Zero Corruption and Royal Norwegian Embassy, Skopje ("The Contracting Authority") concerning the Letter of Contract. It involved performing certain specified procedures, the result of which the Contracting Authority uses to draw conclusions from the procedures performed by us.

The objective of this expenditure verification is for the Auditor to verify that the fees and expenditures claimed by the Beneficiary in the Financial Reports for the services covered by the Agreement have occurred ("reality"), are accurate ("exact") and eligible and to submit a report of factual findings with regard to the agreed-upon procedures performed. Eligibility means that expenditure and fees have been incurred in accordance with the terms and conditions of the Contract.

Scope of work

Our engagement was undertaken in accordance with:

- International Standard on Related Services (ISRS) 4400 *Engagements to perform Agreed-upon procedures regarding Financial Information* as promulgated by International Federation of Accountants (IFAC) and
- 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 Contracting Authority requires that the auditor also complies with the independence requirements of the Code of Ethics for Professional Accountants.

The procedures were performed solely to assist the Contracting Authority in evaluating, whether the fees and expenditure claimed by the Beneficiary and in the Financial Reports have occurred ("reality"), are accurate ("exact") and eligible.



DIMITROV REVIZIJA

Audit company

Sources of information

The Report sets out information provided to us by the Beneficiary in response to specific questions or as obtained and extracted from the Beneficiary's records and accounts. In addition we received verbal representation from the Beneficiary which we did not obtain in writing.

Factual findings

The total expenditure which is subject of this expenditure verification amounts to EUR 24.811.

This amount corresponds to the total amount of fees and expenditure claimed on the Financial Reports. We have carried out a complete and exhaustive verification of the fees and expenditure claimed in the Financial Reports.

We draw our attention to the matter that expenses within budget line C. Operational Costs exceed the amount from the proposed budget items (see Chapter 2, Article 2.2).

Use of this Report

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

This report is prepared solely for the confidential use of the Beneficiary and the Contracting Authority and solely for the purpose of submission to the Contracting Authority. This report may not be relied upon by the Beneficiary or by the Contracting Authority for any other purpose, nor may it be distributed to any other parties. The Contracting Authority may only disclose this Report to others who have regulatory rights of access to it.

This Report relates only to the Financial Reports specified above and does not extend to any financial statements of the Beneficiary.

Skopje, March 24, 2010

Zvonko Kocovski, Partner

