



REVIZIJA KUTLEŠA

CROATIAN – SWISS RESEARCH PROGRAMME 2017 – 2023 (CSRP)

REPORT OF FACTUAL FINDINGS

for the period covering 10 July 2017 to 31 December 2018

February 2019

Revizija Kutleša d.o.o.

za reviziju finansijskih izvještaja

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MB 01166573

OIB 10724795083

temeljni kapital društva iznosi
20.000 Kn i uplaćen je u cijelosti

Društvo je registrirano kod
Trgovačkog suda u Zagrebu pod

MBS 080014914

IBAN:

HR8025030071100009034



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2017 – 2023 (CSRP)



REPORT OF FACTUAL FINDINGS

To CROATIAN SCIENCE FOUNDATION

We have performed the procedures agreed with you and enumerated below with respect to the Financial Report of the **CROATIAN – SWISS RESEARCH PROGRAMME 2017 – 2023 (CSRП)**, for the period covering 10 July 2017 to 31 December 2018 set forth on the page 5. Our engagement was undertaken in accordance with the International Standard on Related Services applicable to agreed-upon procedures engagements. The procedures were performed solely to assist you in evaluating the use of funding and are summarized as follows:

1. verifying whether all costs are eligible and directly related to the subject of the Agreement on Division of Duties and Responsibilities Concerning Monitoring and Financing in the Implementation of the "Croatian-Swiss Research Program", in the part of implementation related to the fulfillment of the obligations of the Republic of Croatia (No: U- 1058-2018);
2. verifying whether the costs incurred during the period are eligible for funding;
3. verifying whether the costs are justified and in accordance with the principles of sound financial management, in particular with regard to the value of money, cost efficiency and maximum permissible levels according to the categories defined in the appendix to the project budget breakdown for the CSRП project (Class 910-04 / 17 No .: 538-17-99), signed between the Swiss Agency for Development and Cooperation and the Ministry of Regional Development and EU Funds of 10 July 2017;
4. verifying whether the costs incurred by the beneficiary and supported by accounts consistent with the generally accepted accounting principles and the applicable tax and social regulations;
5. verifying whether the costs are identifiable and can be verified and backed up by the original supporting documents;
6. verifying whether travel, accommodation and daily costs are in accordance with the usual practices and procedures of the user and in accordance with the statutory travel expenses;
7. verifying whether the equipment costs (procurement, service, upgrading) are carried out in accordance with the tender rules and in accordance with the project budget;
8. verifying whether the costs are in accordance with the planned and approved budget of the CSRП Project;
9. to give recommendations to strengthen the control system and report any actual or alleged fraud or irregularity.



We report our findings below:

(a) With respect to item 1, we found that all the costs are eligible and directly related to the subject of the Agreement on the division of duties and responsibilities related to the monitoring and financing the implementation of the "Croatian-Swiss research program", in the part of implementation relating to the fulfillment of the obligations of the Republic of Croatia (Reg. No: U-1058-2018);

(b) With respect to item 2, we found that the costs incurred during the period are eligible for funding;

(c) With respect to item 3, we found that the costs are justified and in accordance with the principles of sound financial management, in particular with regard to the value of money, cost efficiency and maximum permissible levels according to the categories defined in the appendix to the project budget breakdown for the CSRP project (Class 910-04 / 17 No. : 538-17-99), signed between the Swiss Agency for Development and Cooperation and the Ministry of Regional Development and EU Funds of 10 July 2017;

(d) With respect to item 4, we found that the costs incurred by the beneficiary and supported by accounts consistent with the generally accepted accounting principles and the applicable tax and social regulations;

(e) With respect to item 5, we found that the costs are identifiable and can be verified and backed up by the original supporting documents;

(f) With respect to item 6, we found that travel, accommodation and daily costs are in accordance with the usual practices and procedures of the user and in accordance with the statutory travel expenses;

(g) With respect to item 7, we found that there was no cost for equipment (procurement, service, upgrades);

(h) With respect to item 8, we found that less than planned and approved budgets were used. In 2017 was paid by the Ministry of Education and Science 23.000,00 HRK per application for payment No. 1/2017 (Reg. No: I-3063 to 2017) of 18 October 2017, of which were spent 3.163,49 CHF (21.331,25 HRK). In 2018 was paid by the Ministry of Education and Science 228.618,48 HRK per application for payment No 2/2018(Reg. No: I-2043-2018) of 8 June 2018; 185.127,48 HRK per application for payment No 3/2018 (500-01/18-09/02, Reg. No 1-04/04-18-2 of 22 November 2018 and 260.897,90 HRK per application for payment No 4/2018 (500-01/18-09/02, Reg No:1-04/04-18-4) of 7 December 2018, of which were spent 80.401,47 CHF (542.142,48 HRK). The amount of unexpended funds for 2017 is 247,48 CHF (1.668,75 HRK), and in 2018 it is 19.650,38 CHF (132.501,38 HRK), which means that the total remains of 19.897,86 CHF (134.170,13 HRK)

(i) With respect to item 9, we have nothing to report.



Because the above procedures do 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 accompanying Financial Report of the **CROATIAN – SWISS RESEARCH PROGRAMME 2017 – 2023 (CSR)**, for the period covering 10 July 2017 to 31 December 2018.

Had we performed additional procedures or had we performed an audit or review of the financial statements in accordance with International Standards on Auditing or International Standards on Review Engagements, other matters might have come to our attention that would have been reported to you. Furthermore, Revizija Kutleša d.o.o. Zagreb, conducted an audit of financial statements of the Croatian Science Foundation, Zagreb for 2017, and the audit of financial statements for 2018 is in progress.

Our report is solely for the purpose stated in the first section of this report and for your information, and applies only to the items specified above and does not extend to any financial statements of the Croatian Science Foundation, Zagreb taken as a whole.

Antonija Kolarić, dipl oec, certified auditor

25 February 2019

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Zagreb



Anita Kutleša Osmanović, mag oec, director



Financial Report of the CROATIAN – SWISS RESEARCH PROGRAMME 2017 – 2023 (CSR),

for the period covering 10 July 2017 to 31 December 2018

BUDGET CATEGORY	TOTAL BUDGET (2017-2023) CHF*	SPENT TOTAL IN 2017 CHF*	SPENT TOTAL IN 2018 CHF*	SPENT TOTAL IN 2017 HRK	SPENT TOTAL IN 2018 HRK
1-implementation of the JRPs	553.250,00	0,00	66.147,00	0,00	446.025,38
2-Management of CSF	116.750,00	3.163,49	14.254,48	21.331,25	96.117,10
2.1. panel meetings	15.589,41	0,00	7.612,07	0,00	51.327,77
2.2. steering committee meetings	17.944,69	0,00	1.385,55	0,00	9.342,69
2.3. external audit	34.109,74	0,00	593,21	0,00	4.000,00
2.4. sub-project meetings and on-the-spot checks	27.602,20	0,00	0,00	0,00	0,00
2.5. videoconference for the promotion of the call	741,52	741,52	0,00	5.000,00	0,00
2.6. conference for the GA signing	806,40	0,00	806,40	0,00	5.437,50
2.7. closing conference	1.557,18	0,00	0,00	0,00	0,00
2.8. promotional materials	5.051,58	2.421,98	0,00	16.331,25	0,00
2.9. trainings for CSF employees	13.347,29	0,00	3.857,24	0,00	26.009,14
TOTAL	670.000,00	3.163,49	80.401,47	21.331,25	542.142,48

* Amounts in HRK are expressed in CHF at the CNB middle exchange rate on the day of signing the Project Contract (Class: 910-04 / 17-01 / 6, No: 538-17-99), signed between the Swiss Development Agency and cooperation and the Ministry of Regional development and EU funds of 10 July 2017, in accordance with Article 4 of the Agreement on the division of duties and responsibilities related to the monitoring and financing the implementation of the "Croatian-Swiss research program", in the part of implementation relating to execution the obligation of the Republic of Croatia (No. : U-1058-2018).

NOTE: The 2018 Report for the Project has not been submitted nor approved at the time of writing this report.

The Project Management Policy is to prepare the accompanying financial statements based on cash receipts and payments in accordance with International Accounting Standards for the public sector issued by the Public Sector Committee of the International Federation of Accountants. On this basis, cash receipts are recognized when received and cash outflows are recognized when paid, and not when they are incurred.

According to the Law on Financial Operations and Accounting of Non Profit Organizations (NN 121/14, Article 26), the Croatian Science Foundation has an obligation to recognize revenues and expenditures by applying the principle of occurrence of events, but for the Project Management, the Croatian Science Foundation prepares the financial statements on based cash receipts and payments, in accordance with the agreed procedures. This difference leads to significant discrepancies in the reporting of the same business events in the Croatian Science Foundation's business books and in the financial statements for the Project. Consequently, the financial statements for the Project may not be appropriate for other purposes.