

**AUDIT REPORT**  
**FINANCIAL STATEMENTS OF THE REGIONAL ANTI-CORRUPTION**  
**INITIATIVE SECRETARIAT**  
01<sup>st</sup> January 2013 – 31<sup>st</sup> December 2013

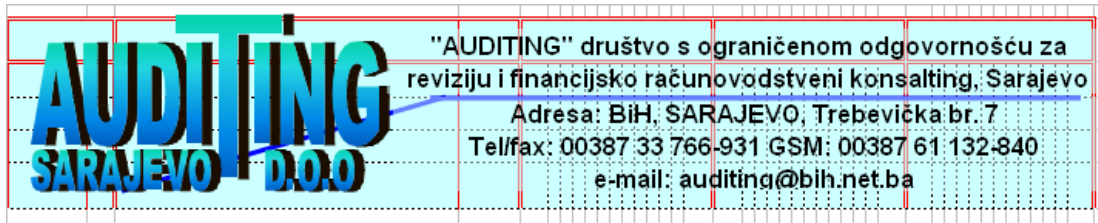
Donor: Regional Anti-corruption Initiative Member Countries  
Grants recipient: Regional Anti-corruption Initiative Secretariat  
Country: Bosnia and Herzegovina

## I. INTRODUCTION

Regional Anti-corruption Initiative (RAI) Secretariat ( furtherinafter : RAI Secretariat) engaged Audit Company "Auditing", d.o.o. Sarajevo in order to conduct financial audit of the RAI Secretariat's activities in the period from January 01– December 31, 2013. Regional Anti-corruption Initiative (RAI) Secretariat's activities were funded by Regional Anti-corruption Initiative Member Countries.

The audit is to be carried out in accordance with ISA (International Standards on Auditing), and in accordance with terms of the provisions contained in the Memorandum of Understanding concerning Cooperation in fighting corruption through the South Eastern European Anti-corruption Initiative, as of April 13, 2007, as well as Regional Anti-corruption Initiative (RAI) Secretariat's Work Plan 2013 and Approved Budget 2013.

The period of the audit procedures ranges from January 20th – January 28, 2014.



## INDEPENDENT AUDITORS OPINION

### - Management of Regional Anti-corruption Initiative (RAI) Secretariat's

We have audited the financial statements of the Regional Anti-corruption Initiative (RAI) Secretariat's activities in the period from January 01– December 31, 2013. (Reports are included on pages 5 - 7).

The Financial Report has been prepared by Finance and Administrative Assistant and Head of the Office, hereinafter referred to as "Management" of RAI Secretariat, based on the "Finance Management Manual" of RAI Secretariat's of November 2009, as well as on the terms of the provisions contained in the Memorandum of Understanding concerning Cooperation in fighting corruption through the South Eastern European Anti-corruption Initiative, as of April 13, 2007, and as well as Approved budget for 2013.

### Management's Responsibility for the Financial Report

Management is responsible for the preparation of the financial statements of the Regional Anti-corruption Initiative (RAI) Secretariat's activities in accordance with the "Finance Management Manual", and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements of the RAI Secretariat's activities based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements of the RAI Secretariat's activities are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements of the RAI Secretariat's activities for the period from January 01– December 31, 2013 is prepared, in all material respects, in accordance with the financial reporting provisions of the on the "Finance Management Manual" of RAI Secretariat's of November 2009, as well as on the terms of the provisions contained in the Memorandum of Understanding concerning Cooperation in fighting corruption through the South Eastern European Anti-corruption Initiative, as of April 13, 2007, and as well as Regional Anti-corruption Initiative (RAI) Secretariat's Work Plan 2013 and Approved budget for 2013.

Sarajevo, January 29, 2014

AUDITING d.o.o. Sarajevo



Authorized Auditor  
Hrvoje Šapina, Ph.D.

## 2. GENERAL INFORMATION ON THE PROJECT

### 2.1. Background

The Regional Anti-corruption Initiative was initially adopted in Sarajevo in February 2000, as Stability Pact Anti-corruption Initiative (SPA), to address corruption - one of the most serious threats to the recovery and development of South East European (SEE) countries.

In September 2003, the Steering Group of the Initiative agreed to establish the Regional Secretariat Liaison Office (RSLO) in Sarajevo to promote regional ownership of the Initiative and enhance regional capabilities to lead the fight against corruption in SEE. Six months later, RSLO became operational.

2007 was a year of transformation and setting new challenges for the Anti-corruption Initiative. Since October 9, 2007, through a decision of the member countries, approved at the 11th Steering Group Meeting in Podgorica, the Anti-corruption Initiative of the Stability Pact was renamed as Regional Anti-corruption Initiative (RAI), in line with the transformation of the Stability Pact for SEE into Regional Cooperation Council (RCC) and RSLO became simply RAI Secretariat.

### 2.2. Grants recipient

RAI Secretariat is currently the only international centre in SEE devoted solely to fight corruption at a regional level. Staffed by experts from the region, the Secretariat tailors its goals, objectives and activities to directly support the efforts of RAI member countries to meet the standards and requirements related to the European Union accession process.

### 2.3. Programmatic objectives

The Regional Anti-corruption Initiative Secretariat has been focused on achieving the following overall programmatic objectives:

- To execute and implement Regional Anti-corruption Initiative specific decisions, policies and strategies;
- To promote and ensure that individual country needs and priorities are addressed by the regional programs;
- To assist Regional Anti-corruption Initiative Countries in the process of adopting and implementing the international standards related to the fight against corruption;
- To participate within different stakeholders' anti-corruption activities in line with Regional Anti-corruption Initiative specific decisions, policies and strategies.
- The Regional Anti-corruption Initiative Secretariat has undertaken all necessary steps in achieving its
- specific programmatic objectives:
- Supporting the process of adoption/ratification and implementation of the UN Convention against corruption by the Regional Anti-corruption Initiative Countries;
- Supporting the process of developing and implementing Regional and National Anti-corruption Programs for Raising Public Awareness;
- Sharing best practices in fighting high-level corruption in Regional Anti-corruption Initiative countries;
- Assessing the regional anti-corruption needs and specific requirements;
- Promoting the public - private partnership in reducing the impact of corruption within the business environment.

### 3. OBSERVATIONS

#### 3.1. EXPENDITURES

Expenditures are made in accordance with the RAI Secretariat's activities and approved budget. Expenditures are valid and supported by adequate documentation.

#### 3.2. SYSTEM OF INTERNAL CONTROLS

An appropriate system of internal controls has been incorporated into the RAI Secretariat and may be relied upon.

The accounting system, internal procedures, internal control and documentation are in general adequate. RAI Secretariat has adequate internal structure with clear segregation of duties. All the supporting documentation was correctly presented.

The fund disbursements were properly approved and documented and the reporting system of RAI Secretariat is in compliance with accounting standards and RAI Secretariat's Office Policies.

#### 3.3. FINANCIAL REPORTS

This audit confirms that the financial accounting and reporting is in compliance with Generally Accepted Accounting Standards.

All amounts reported are in accordance with the books of accounts and have been correctly classified in accordance with approved budget.

All incomes, coming from the Regional Anti-corruption Initiative Member Countries are recorded in RAI Secretariat's accounting system, give correct and reliable evidence about all transactions within the RAI Secretariat.

RAI Secretariat is using Euro as reporting currency while spending currencies are BAM and Euro. BAM transactions are translated into €. Exchange rate is 1 € = 1,95583 BAM.

#### 3.4. GOVERNING CLAUSES

The disclosed costs are appropriate to the objectives and the size of the RAI Secretariat's activities. RAI Secretariat has satisfied in every substantive respect the conditions of the Policies and Decisions governing its functioning and organization.

#### 3.5. FINAL NOTE

Following on from the above, we verify that the RAI Secretariat has adequately implemented planned activities and as a result we did not identify any major weaknesses in the internal control and accounting systems. Still, we would like to emphasize the importance of the continued operation and supervision of these controls, at the high level which this is currently being done.

Sarajevo, January 29, 2014

AUDITING d.o.o. Sarajevo



Authorized Auditor

Hrvoje Šapina, Ph.D.