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**STRENGTHENING CAPACITY OF THE COURT OF ACCOUNTS  
OF THE REPUBLIC OF MOLDOVA**

**GRANT No. TF 014332  
PROJECT FINANCIAL SCHEDULES**

**For the period 04 February 2014 – 21 December 2015**

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**STRENGTHENING CAPACITY OF THE COURT OF ACCOUNTS OF THE REPUBLIC OF  
MOLDOVA  
PROJECT FINANCIAL SCHEDULES  
For the period 04 February 2014 – 21 December 2015**

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## INDEPENDENT AUDITORS' REPORT

### TO THE MANAGEMENT OF STRENGTHENING CAPACITY OF THE COURT OF ACCOUNTS OF MOLDOVA

1. We have audited the accompanying Financial Schedules of the Project "Strengthening Capacity of the Court of Accounts of Moldova" ("the Project") comprising the Statement of Sources and Uses of Funds, the Statement of Expenditures (SOE) Withdrawal Schedule and the Designated Account Statement for the period 04 February 2014 - 21 December 2015, and a summary of significant accounting policies and other explanatory notes ("the Financial Schedules"). The respective Financial Schedules are the responsibility of the Project's management and have been prepared in accordance with the requirements of the Grant Agreement No. TF014332 concluded between the World Bank and the Government of the Republic of Moldova dated 14 August 2013 in accordance with which the World Bank provided financing in order to assist the Government of the Republic of Moldova in the Strengthening Capacity of the Court of Accounts of Moldova ("Financing Agreement").
2. The Financial Schedules have been prepared on a cash receipts and disbursements basis and in accordance with the requirements of the Financing Agreements. The requirements of the Financing agreement relate to: (a) with respect to the Statement of Expenditures by Withdrawal application and Category of Expenditures schedule, adequate supporting documentation should be maintained to support claims for reimbursements of expenditures incurred, and (b) such expenditures are eligible under the Financing Agreement.

On this basis revenue is recognized when received rather than when earned, and expenses are recognized when paid rather than when incurred.

#### *Management's responsibility for the financial schedules*

3. The management of the Project is responsible for the preparation and fair presentation of the Financial Schedules in accordance with the cash receipts and disbursements basis of accounting and requirements of the Financing Agreement; this includes determining that the cash receipts and disbursements basis of accounting is an acceptable basis for the preparation of the Financial Schedules in the circumstances, and for such internal control as management determines is necessary to enable the preparation of the Financial Schedules that are free from material misstatement, whether due to fraud or error.

(continued)

***Auditors' responsibility***

4. Our responsibility is to express an opinion on the Financial Schedules 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 Schedules are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the schedules. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the schedules, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the schedules 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 Schedules.
6. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

7. In our opinion the accompanying Financial Schedules present fairly, in all material respects, the cash received and cash disbursements made by the Project during the period 04 February 2014 - 21 December 2015 in accordance with the cash receipts and disbursements basis and in accordance with finance agreement, as described in paragraph 2 above.

***Basis of Accounting, Restriction on Distribution***

8. Without modifying our opinion, we draw your attention to the following:
  - a) The Project's policy is to prepare the accompanying Financial Schedules on the cash receipts and disbursements basis as described in Note 2 (a) to the notes to the Financial Schedules. On this basis revenue is recognized when received rather than when earned, and expenses are recognized when paid rather than when incurred.
  - b) This report is intended solely for the information and use of the Management of the Project "Strengthening Capacity of the Court of Account of Moldova", World Bank, and the Government of the Republic of Moldova in relation to the Financing Agreements and is not intended to be, and should not be, used by anyone other than those specified parties and for any purpose other than in relation with the Financing Agreement.

(continued)

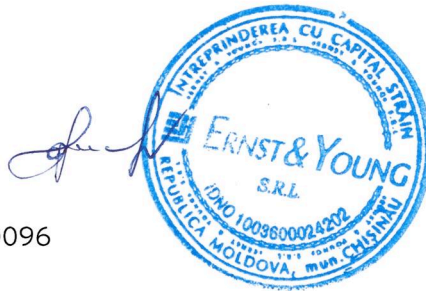
*Other Matters*

9. Budgeted-to-date figures presented in the Financial Schedules referred to above were not audited by us since this is outside the scope of this engagement;

On behalf of  
Ernst & Young SRL  
51, Alexandru cel Bun street  
Md-2012 Chisinau  
Republic of Moldova

23 December 2015

Raisa Gonta  
Licensed auditor  
License AG, Nr.000096



**STRENGTHENING CAPACITY OF THE COURT OF ACCOUNTS OF THE REPUBLIC OF MOLDOVA**  
**STATEMENT OF SOURCES AND USES OF FUNDS**  
**For the period 04 February 2014 – 21 December 2015**

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The following statement summarises sources and uses of funds of “Strengthening the capacity of the Court of Accounts of the Republic of Moldova Project” (the “Project”) for the period 4 February 2014 - 21 December 2015, in accordance with the provisions of the Multi-Donor Trust Fund Grant for Strengthening the capacity of the Court of Accounts of the Republic of Moldova Grant Number TF 014332 dated 14 August 2013 (the “Agreement”), concluded between the World Bank and the Government of the Republic of Moldova. This statement and attachments have been prepared from the accounting and other records of the Project, and is compiled to reflect the amounts received and spent in relation to the Agreement.

	<b>04 February 2014 - 21 December 2015</b>
	<b>USD</b>
<b>Opening Cash Balances</b>	
Designated Account, USD	-
Designated Account, MDL	-
<b>Total Opening Cash Balances</b>	-
<b>Add: Sources of Funds</b>	
<b>IDA financing</b>	
Direct Payments	900,000.00
Initial allotment	100,000.00
<b>Total Sources</b>	<b>1,000,000.00</b>
<b>Less: Uses of Funds by categories</b>	
Goods, consultants services, training and incremental operating costs under the Project	995,796.86
<b>Total Uses</b>	<b>995,796.86</b>
<b>Foreign exchange loss</b>	313.14
<b>Closing Cash Balances</b>	
Designated Account, USD	3,890.00
Designated Account, MDL	-
<b>Total</b>	<b>3,890.00</b>

President of the Court of Accounts of the Republic of Moldova

Mr. Serafim Urechean  23 December 2015

Financial Consultant of the Project

Mr. Nicolae Ivanov  23 December 2015



**STRENGTHENING CAPACITY OF THE COURT OF ACCOUNTS OF THE REPUBLIC OF MOLDOVA**  
**DESIGNATED ACCOUNT STATEMENT**  
**For the period 04 February 2014 – 21 December 2015**

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In accordance with the Agreement, the Recipient may, for the purposes of the Project, open and maintain in US Dollars a separate designated current account in the Treasury in a commercial bank acceptable to the International Development Association. Receipts into, and payments out of, the Designated Account shall be made in accordance with the Multi-Donor Trust Fund Grant for Technical Assistance Support to Strengthening the capacity of the Court of Accounts of the Republic of Moldova Grant Number TF 014332 dated 14 August 2013. The Project opened a US Dollar account number MD07NB000000003261684025/USD and MDL account number 268129102010301/MDL at State Treasury Chisinau (located on 9, Cosmonautilor street, MD-2012, Chisinau, Republic of Moldova). The Designated Account movements for the period 04 February 2014 – 21 December 2015 were as follows:

	Notes	2014 - 2015 USD
<b>Opening balance at 4 February 2014</b>		-
<b>Receipts</b>		
World Bank replenishment received	3	100,000.00
		<b>100,000.00</b>
<b>Payments</b>		
Amount of eligible expenditures during the period	4	95,796.86
<b>Total Payments</b>		<b>95,796.86</b>
<b>Foreign exchange loss</b>		313.14
<b>Closing balance as at 21 December 2015</b>		<b>3,890.00</b>

President of the Court of Accounts of the Republic of Moldova

Mr. Serafim Urechean  23 December 2015

Financial Consultant of the Project

Mr. Nicolae Ivanov  23 December 2015



**STRENGTHENING CAPACITY OF THE COURT OF ACCOUNTS OF THE REPUBLIC OF  
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NOTES TO PROJECT FINANCIAL SCHEDULES  
For the period 04 February 2014 – 21 December 2015**

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**1. General information**

The Republic of Moldova committed in the Moldova-European Union Action Plan to create a supreme audit institution to be in full conformity with the international and EU standards as well as best practices of external audit in the public sector. To achieve these commitments, the Court of Accounts supported by the World Bank developed and approved a Strategic Development Plan for years 2006-2011. The implementation of the Strategic Development Plan comprises two interrelated technical assistance projects, namely the Project financed by the Sweden National Audit Office and the Project financed by a Trust Fund.

The World Bank has established a Multi-Donor Trust Fund (MDTF #014332) to assist the Court of Accounts to implement the Strategic Development Plan of the Court of Accounts 2011-2015.

The Grant became effective on 04 February 2014 and closed on 30 November 2015. The MDTF is created by the Government of Russian Federation). The Court of Accounts is the beneficiary and the implementing agency of the project.

Under the provisions of the MDTF Grant there were allotted USD 1,000,000

The implementation of the Project began in the first quarter 2014 and will end in November 2015. The beneficiary, administrator and manager of the project is the Court of Accounts of Republic of Moldova. The project includes the following components:

1. Institutional maturity;
2. Enhanced professionalism;
3. Project management (Support for project administration).

**2. Significant accounting policies**

**a) Basis of preparation**

The Project Financial Schedules ("PFS") have been prepared in accordance with relevant World Bank guidelines.

The cash basis of accounting was used in the preparation of these PFS since the recording of cash receipts and payments is the primary interest. Under the cash basis system income (or expenditure) is recognized when cash is received (or paid) irrespective of when goods or services are received.

The amounts are expressed in United States Dollar ("USD") and are prepared for the period 04 February 2014 - 21 December 2015.



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**2. Significant accounting policies (continued)**

**b) Exchange rates**

Most of the expenses on the territory of the Republic of Moldova are incurred and paid in Moldovan Lei (MDL). Amounts denominated in USD are translated into MDL by applying the official exchange rate of the National Bank of Moldova at the date of transaction. The USD payments, such as foreign consultants' services, are made directly from the designated account. Expenses paid in other currencies than MDL and USD are translated into the needed currency by applying the cross rates of MDL-USD to the foreign currency's official exchange rate.

**c) Consultants' Services, including audit**

Consultants' services is the category of expenses related for the remuneration of full-time Project consultants, as well as the ones contracted for various activities and events organized by the Project. This category of expenses includes the fees paid to foreign consultants and the expenditures related to the audit of the PFS.

**d) Procurement of goods**

In this category are included the expenses related to the procurement of goods. The procurement process is performed in accordance with the provisions of Section I of the "Guidelines: Procurement under IBRD Loans and IDA Credits" and under the provisions of Multi-Donor Trust Fund Grant for Technical Assistance Support to Strategic Development of the Court of Accounts of the Republic of Moldova Grant Number TF 014332. The procurement of all the goods, with the exception of low value items, is performed on the base of bidding.

**e) Training/Workshops**

Training/workshops category represents the expenditures incurred in connection with conducting trainings and workshops, such as travel costs, accommodation, rental of facilities, translation and interpretation costs and cost of materials, per diem, expert fees and tuition.

**f) Incremental Operating Costs**

Incremental operating costs relate to the incremental expenses incurred on account of management of Project preparation, such as the Project implementation office supplies, communications, local transportation, bank's charges, trainings, and operating expenses.

**g) Designated account**

The Project Office will open and maintain in United States dollars (USD) a designated deposit account (the Designated Account (DA)) in the Treasury in a commercial bank on terms and conditions satisfactory to the International Development Association, including appropriate protection against set-off, seizure or attachment.

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The Designated Account is the account through which the replenishments from the Grant Agreement are made. All payments for eligible expenses are made from this Designated Account.

**h) Authorized Allocation**

Authorized Allocation means the amount of USD 100,000 that was initially received and deposited into the Designated Account.

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**3. SOE withdrawal schedule**

<b>WA nr.</b>	<b>Reporting Quarter</b>	<b>Amount paid from Designated Account, USD</b>
WA 3	2014 Q2	13,929.63
WA 5	2014 Q3	10,480.38
WA 9	2014 Q4	13,662.76
WA 14	2015 Q1	5,751.14
WA 18	2015 Q2	6,020.35
WA 23	2015 Q3	4,051.91
WA 26	2015 Q4	41,900.69
<b>Total</b>		<b>95,796.86</b>

**4. Financing**

<b>WA</b>	<b>Date</b>	<b>Description</b>	<b>Contractor</b>	<b>amount, USD</b>
WA CA01	14-05-14	Advance	Replenishment	100,000.00
WA CA02	01-08-14	Direct Payment	James Bonnell	16,740.46
WA CA04	29-09-14	Direct Payment	James Bonnell	21,654.54
WA CA06	04-12-14	Direct Payment	James Bonnell	20,021.06
WA CA07	28-01-15	Direct Payment	KOSI Corporation	22,799.55
WA CA08	26-02-15	Direct Payment	KOSI Corporation	44,193.78
WA CA09	31-03-15	Direct Payment	KOSI Corporation	92,811.96
WA CA10	13-03-15	Direct Payment	James Bonnell	22,032.94
WA CA12	16-04-15	Direct Payment	KOSI Corporation	35,665.00
WA CA14	18-05-15	Direct Payment	KOSI Corporation	68,464.02
WA CA15	23-06-15	Direct Payment	KOSI Corporation	41,840.12
WA CA16	02-07-15	Direct Payment	James Bonnell	27,772.56
WA CA17	21-07-15	Direct Payment	KOSI Corporation	96,021.05
WA CA19	02-09-15	Direct Payment	KOSI Corporation	77,387.28
WA CA20	30-09-15	Direct Payment	KOSI Corporation	24,492.27
WA CA21	13-10-15	Direct Payment	KOSI Corporation	89,740.69
WA CA22	04-11-15	Direct Payment	James Bonnell	39,982.65
WA CA24	16-11-15	Direct Payment	KOSI Corporation	97,783.80
WA CA25	14-12-15	Direct Payment	KOSI Corporation	60,596.27
<b>Total Financing</b>				<b>1,000,000.00</b>

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**5. Expenditures by project activity**

Budget Line	Direct Payments  USD	Use of advances received  USD	Total Expenditure  USD
1.A.1 Consultancy to develop methodology and guides.	210,607.20	-	210,607.20
1.A.2 Modular training courses in the methodology approved. Assistance provided in the application of the methodology through participation in the audit process	80,809.65	-	80,809.65
1.A.3 Support and guidance for audit of SB,BASS,MB. Initiation of pilot audits	142,579.51	-	142,579.51
1.B.1 Adjustment and supplementation of training modules to the requirements of international standards and preparation of courses of the Modular Training Program	19,830.46	-	19,830.46
1.B.2 General training of CoA staff in performance audit and report writing skills	5,827.59	-	5,827.59
1.B.3 Professional training in specialized performance audit. On-the-job assistance during pilot audits.	67,351.27	-	67,351.27
1.C.1 Adjustment and supplementation of existing methodology for conducting IT audits to the requirements of international standards and preparation of training modules	42,990.26	-	42,990.26
1.C.2 General training of CoA staff in IT-based systems auditing and the skills to write a report on general controls and application controls	60,851.52	-	60,851.52
1.C.3 Develop approach to different types of IT audit, training and advice in pilot audits.	8,110.66	21,599.75	29,710.41
1.C.4 Providing professional on-the-job training in the pilot audits. Specific training of the group specialized in IT audit.	86,168.42	-	86,168.42
1.D.1 Conduct surveys / interviews focused on the assessment of the impact of audit reports and SAI performance	10,998.52	-	10,998.52
1.D.2 Aggregation of survey results and their presentation in a conference attended by the audited entities, the media, representatives of the Government, Parliament and civil society	10,998.52	-	10,998.52
1.D.3 Develop instruments to collect feedback on CoA performance	6,948.63	704.46	7,653.09
1.D.4 Develop different instruments to raise awareness of audit results within media and stakeholders	1,790.05	-	1,790.05
1.D.5 Consultancy and advice in drafting the Annual Report to Parliament	16,377.06	-	16,377.06
1.E.1 Drafting of a new Strategic Development Plan of CoA for 2016-2020	50,155.17	-	50,155.17
1.E.2 Review of the effectiveness of the organisational structure in the light of the new Strategic Development	10,743.30	-	10,743.30

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**NOTES TO PROJECT FINANCIAL SCHEDULES**

**For the period 04 February 2014 – 21 December 2015**

Budget Line	Direct Payments USD	Use of advances received USD	Total Expenditure USD
Plan			
2.B.1 Consultancy on strengthening the quality control system (seminars and training, cold reviews of compliance with the quality framework in performance audits)	33,197.85	-	33,197.85
2.B.2 Consultancy on strengthening the quality control system (seminars and training, cold reviews of compliance with the quality framework in IT audits and compliance audits associated with performance audits of the national public budget components)	33,664.36	-	33,664.36
3.A.1 Accountant	-	28,159.94	28,159.94
3.A.2 Procurement specialist	-	17,290.11	17,290.11
3.A.3 Support	-	-	-
3.A.3.1 Assistance	-	17,244.16	17,244.16
3.A.3.2 Office equipment	-	6,839.78	6,839.78
3.A.5 Travel expenses (trip to Ireland)	-	3,958.66	3,958.66
<b>Sub-total</b>	<b>900,000.00</b>	<b>95,796.86</b>	<b>995,796.86</b>
Net currency revaluations loss	-	313.14	313.14
<b>Total</b>	<b>900,000.00</b>	<b>96,110.00</b>	<b>996,110.00</b>

**STRENGTHENING CAPACITY OF THE COURT OF ACCOUNTS OF THE REPUBLIC OF MOLDOVA**

**NOTES TO PROJECT FINANCIAL SCHEDULES**

**For the period 04 February 2014 – 21 December 2015**

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**6. Budget realization**

The schedule showing the total expenditures incurred for the period 04 February 2014 – 21 December 2015 (cumulative to date), by project activities compared to budget is presented below:

<b>Project Activities</b>	<b>Budgeted</b>	<b>Actual for the reporting period</b>	<b>Variance</b>	<b>Budget realization %</b>
1. Institutional maturity	745,700.00	855,442.00	109,742.00	115%
2. Enhanced professionalism	134,300.00	66,862.21	(67,437.79)	50%
3. Project Management (operational costs)	120,000.00	73,492.65	(46,507.35)	61%
<b>Foreign exchange loss</b>		313.14	313.14	0%
<b>Overall Total</b>	<b>1,000,000.00</b>	<b>996,110.00</b>	<b>(3,890.00)</b>	<b>226%</b>