

# idebate

international debate education association



## Annual Report 2021

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***“IN A CHALLENGING INFORMATION ENVIRONMENT, REASONED AND INFORMED DEBATE IS MORE IMPORTANT THAN EVER.”***

2021 was a year for rebuilding. After the shock of the corona pandemic, debate organizations tentatively resumed their first activities in the physical world. Alongside the return to physical debate, digitalization meant that online debate became more vibrant than ever before. IDEA's members proved resilient in the face of the corona pandemic and maintained its connection with young people across the continent.

IDEA made steady progress in supporting its members to empower young people with critical thinking and active citizenship through debate. The network completed one final round of the Future of Europe Debates. Importantly, the network gathered for the first time since the start of the pandemic at the Youth Forum 2022. Here professionals gathered for a week to build back debate better, with a week of knowledge-sharing, capacity building and connection.

In a year of rebuild, IDEA set the foundations for a successful continuation of its programs. It was selected by the EU for a project to strengthen youth work in the era of covid-initiated digitalization. This became MeLiTa, a project for using debate to strengthen media literacy education. With the project Digital Creative Writing Communities, debate is mixed with creative writing to enhance young peoples' critical thinking skills. IDEA was furthermore recognized by the EU for its skills in organizing informal learning events with the awarding of an Erasmus+ Accreditation, which will enable it to organize more and more impactful youth and youth worker mobilities over the next five years.

**Connecting young people** Through the program “Future of Europe Debates” co-funded by Europe for Citizens, IDEA supported members' work in developing inclusive debate programs for youth in 17 countries across the continent. We are proud that this community also looks across the borders of the European Union in expanding its reach.

**Active citizenship** The value of debate education is heard more widely. In order to strengthen this trend and build outreach for debate education across our societies IDEA organised the Youth Forum 2022. IDEA also supported the continuation of active citizenship in the corona area through supporting members' activities both financially as well as through education on digital debating.

**Finally**, we are honoured to have continued our work as a selected partner of Europe for Citizens' Structural Grant, which enables our grassroots-led communities to keep up their work cementing . We thank all young people, (board) members, partners, donors and staff for their resilience to keep debating in 2021!

Aaron Fishbone

Bojan Marjanovic

President

Executive Director

## ABOUT IDEA

### IDEA - AN ASSOCIATION OF DEBATE ORGANISATIONS

The International Debate Education Association, IDEA, is established in Amsterdam in November 1999. IDEA is governed by a network of constitutional members. The members are debate (network) organisations who are very active in organising debate events for young people. At the moment we have 22 members in 22 countries. The members form the General Assembly, the highest governing body of IDEA. The General Assembly of IDEA delegates its duty to an international Board of Directors. They delegate the work to the Executive Director who manages IDEA on a day to day basis. Besides the members, IDEA cooperates with a wide variety of affiliated partners such as universities, youth centres, NGOs, knowledge centres or semi- governmental institutes.

Together with this international network of members and partners we create synergy and progress in this meaningful network. We also implement a number of international and national programs and activities for young people to stimulate them to debate.

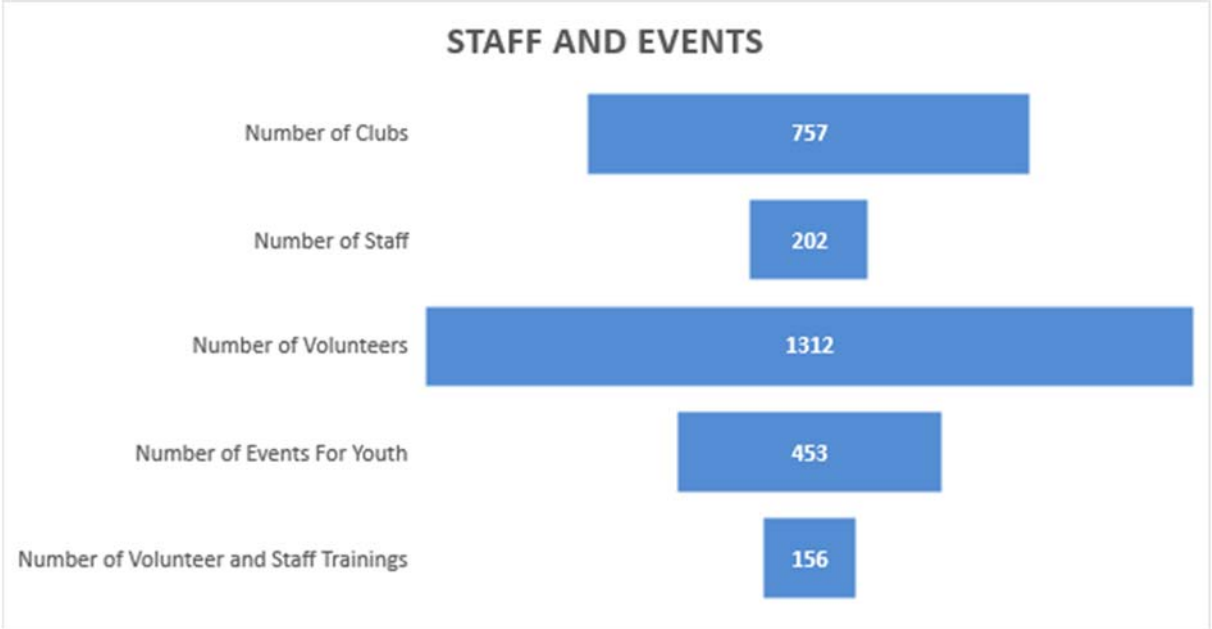
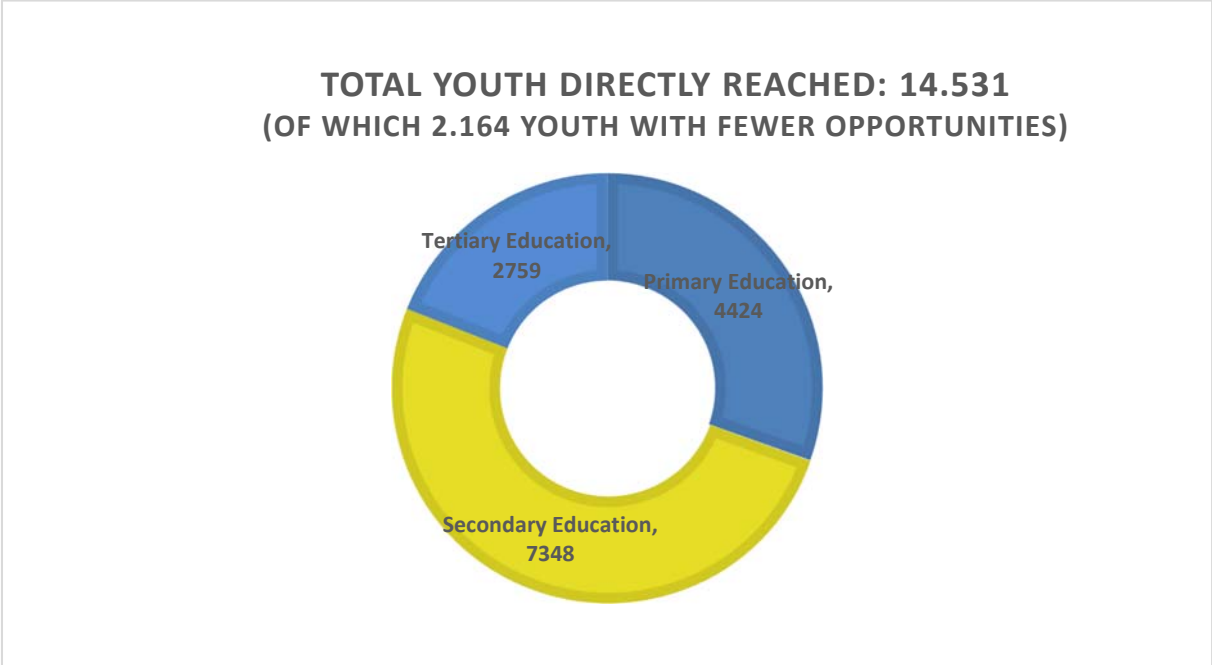
The current members, who operate in 22 countries are:

1	<b>ADK</b>	<b>Asociace Debatnich Klubu</b>	Czech Republic	Voting
2	<b>ARDOR</b>	<b>Asociatia Romana de Dezbateri, Oratorie si Retorica</b>	Romania	Voting
3	<b>CG</b>	<b>Commun Global</b>	Spain	Voting
4	<b>CKD</b>	<b>Centar za kulturu dijaloga</b>	Bosnia and Herzegovina	Non voting
5	<b>DA</b>	<b>Debate Association</b>	Turkey	Non voting
6	<b>DC</b>	<b>Debate Centre</b>	Latvia	Voting
7	<b>DiCS</b>	<b>Debate in Civil Society Public Union National Debate Center</b>	Azerbaijan	Non voting
8	<b>DSG</b>	<b>Debating Society of Greece</b>	Greece	Non voting
9	<b>EDC</b>	<b>Informal Education Debate Center</b>	Lithuania	Voting
10	<b>EDS</b>	<b>Estonian Debating Society</b>	Estonia	Voting
11	<b>FOKAL</b>	<b>Fondation Connaisance et Liberte</b>	Haiti	Voting
12	<b>FPD</b>	<b>Fundacja Polska Debatuje</b>	Poland	Voting
13	<b>GIDE</b>	<b>Georgian Institute of Debate Education</b>	Georgia	Voting
14	<b>HDD</b>	<b>Hrvatsko Debatno Društvo</b>	Croatia	Voting
15	<b>JAA</b>	<b>Junior Achievement of Albania</b>	Albania	Voting
16	<b>NV</b>	<b>New Vision</b>	Ukraine	Voting
17	<b>OK</b>	<b>Open Communication</b>	Serbia	Voting
18	<b>SDA</b>	<b>Slovak Debate Association</b>	Slovakia	Voting
19	<b>SNDI</b>	<b>Società Nazionale Debate Italia</b>	Italy	Voting
20	<b>VDCH</b>	<b>Association of German Speaking University Debating Societies</b>	Germany	Voting
21	<b>YEF</b>	<b>Youth Educational Forum</b>	Macedonia	Voting
22	<b>ZIP</b>	<b>Za Im Proti</b>	Slovenia	Voting



**THE NETWORK AT A GLANCE**

The focus of this annual report is on the activities of the network organisation. It would however be amiss to not glance over the important work that our members collectively engage in. Quantitatively, our members can be proud to show the following results over the previous years:



## MISSION AND VISION OF IDEA

IDEA works all over the world, with our members, partners, and national organizations. In all of these countries, we are supporting or starting civic dialogue dedicated to broad engagement and open discussion. IDEA's mission is focused on five key areas:

1. **Supporting youth participation and fostering democratic practices** through empowering young people for civic engagement, advancing the dialogue between decision-makers and citizens. The programs in this field were developed for local, national, and transnational levels.
2. **Strengthening Global citizen identities** through engaging young people in the shaping of the future and engaging them with the notion of global citizenship, communicating interdependence, and openness in a globalized world. Activities in this area are focused on inter-European dialogue and dialogue between young people from all over the world, developing a joint framework of thinking for a more inclusive and sustainable future.
3. **Promoting human rights through inclusion and anti-discrimination** programs, giving voice to youth with fewer opportunities. These programs are mainly focused on the immigrant population, religious and ethnic minorities, and non-organized youth.
4. **Advocating for and improving citizenship education with particular focus on tackling threats to democratic governance** through direct citizenship education programs enabled by IDEA and carried out by our members or through programs specifically designed to foster media and information literacy and active participation of young people.
5. **Promoting Debate** both as a tool and methodology of empowering young people to learn, live and work more successfully, highlighting the importance of democratic educational process and participative learning, focusing on the creation of critically thinking active citizens.

We empower young people to become active citizens who participate constructively and in an informed critical way in society at all levels. Increasing their capacity for participation, inclusion, and making them more resilient to anti-democratic tendencies makes young people a key element in the fight against the threats to democracy, sustainability and a more just society.

## WHY DOES DEBATE BENEFIT YOUTH AND SOCIETY?





### **Debate is a valuable educational tool**

We believe that debate is a valuable educational tool, not only because repeated studies have shown that it improves critical thinking, academic achievement, and public speaking, but also because it encourages the desire to engage in social and political issues from an informed and rational position. In teaching the skills essential for a balanced and worthwhile consideration of and contribution to any issue, we believe that debate is a lively and informative educational tool.

We believe that the skills acquired from even the most basic debate training are important, if not essential, for a valuable contribution to any part of a person's professional, social and personal development.

### **Debate education for all**

IDEA believes that the value of debate as an educational tool isn't limited to the traditional setting of a classroom, but should be offered to marginalised and disadvantaged communities as a means to offering young people a voice in the societies they live in, as well as their own personal and professional advancement. That is why IDEA has launched the 'Debate in the Neighbourhood' program in the UK, the USA, the Netherlands, Macedonia, Estonia and Romania that brings debate to community centres, schools and youth groups in urban communities.

### **WHY DOES DEBATE EDUCATION MATTER NOW?**





From Thijs de Wolff, documentary maker and political communication expert:

“

Over half of young people in Europe have the impression that the young have been marginalised and excluded from economic and social life by the crisis (57%) (source: [Eurobarometer 2016](#)). This can be analysed as a reaction to inter alia globalization, opening borders, threats of migration, and fake news. By fostering a culture of informed debate through both formal and non-formal education, young people can be equipped with soft skills, enabling them to assume leadership, both personal and in their communities. Do we want them to be narrow-minded by letting social media algorithms provide their outlook on the world? Or open-minded by placing a differing viewpoint into a wider context (international, socio-economic, etcetera)? It is easy to leave out all that does not fit the bill of the establishment.

To the contrary, IDEA is a grassroots organisation engaging youth in political life. Especially there where democratic participation is backsliding most, for example in Central and Eastern Europe. The region in recent years has experienced regression: observers have been reporting a worrying rise of

discrimination, polarisation in the public sphere, and erosion of NGOs. Schools and youth lose ground when government determines what must be taught.

IDEA therefore takes the stance that learning objectives must include developing a critical attitude towards sources, political literacy, and dialogue on values. Debating as a must-have in the toolbox of any society that wants to build vivid and sustainable communities, for a number of reasons. First, IDEA members have developed a strong track record to encourage and empower young people to use their voice. Second, their methods can easily be integrated in curricula (History, Civic Education, and Social Studies) where they are capable of reaching vast amounts of people. Last, as schools may lack the theoretical and practical know-how to debating training, a partnership with a debating organisation is

“  
a viable way forward •



The Dutch Ministry of Social Affairs evaluated a program from IDEA as follows:

“

It deserves a compliment for how you have worked towards cooperation, support and trust with / from the Afro community. You have made yourself vulnerable and, on the basis of awareness, adjusted the strategy by being more flexible with regard to the design of certain project components, by taking care of the facilitation for you and by involving a broad group of people from the community in both implementation female, male, transgender, artist as intellectual. This fits in with the way in which SZW wants to promote and support the social

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initiative within the framework of the Decade. It also fits in with the broad Decade objectives of the government, namely raising awareness, promoting connection and strengthening the community by letting them independently implement the Decade so that their quality becomes visible. It is good to read that policymakers from municipalities, the police organization, secondary education students, citizens (also from Belgium) and a number of international organizations such as are involved in the implementation of the project. ”

## (INTER)NATIONAL IMPACT IN 2021

### DEBATE EDUCATION EMPOWERED YOUNG PEOPLE TO DEBATE ACROSS EUROPE

Critical thinking is an invaluable tool to understand the world around you and engage within society in a discerning manner. It is necessary to build your own learning pathway and gain success in both academic and vocational training. Debate education contributes to developing skills of critical thinking, argumentation, and an open attitude to differing viewpoints. With societies combatting fake news and populism, young people need to be able to separate fact from fiction. With the interests of young people challenged by the oncoming effects of climate change and a challenging labour market, their voices and solutions need to be heard in the public debate.

We initiated the following activities to promote debate.

1. A series of Future of Europe Debates run in 13 countries across Europe, which engaged 2900 youth and events (and more through preparatory workshops and support of debate clubs) which focused on issues surrounding the EU election and the youth vote, combatting fake news and populism, discussing policies combatting climate change and its effects, and education surrounding migration and integration of migrants in to society.
2. Capacity-building of the IDEA network of debate education NGOs across the continent through a series of workshops at two events aimed at broadening the scope of debate education, effective fundraising, and communication of project results ; cemented through a stronger overview of the network with board meetings, supervision meetings, online workshops and education material development, and two general assemblies.
3. Developing outreach capacities designed to attract young people and policy makers wishing to support debate education through the promotion campaign "Debate Changes Your Life: Celebrating 20 years of debate education in Central and Eastern Europe", which hosted online exchanges, a campaign event in Brussels and a public debate with key stakeholders in the European Parliament, which included young debaters selected through an essay competition.

These projects reached over 3000 students directly and enhanced their capacity to make reasoned arguments about contemporary and timeless political issues ; mobilised them in international youth exchanges ; and engaged them in debates with European political leaders. Their understanding of the European Union's important issues, in particular migration, cooperation, and climate change increased. They debated about political, cultural, and socio-economic cross-border issues, and learned to understand both sides of these issues in a critical manner.

The project supported organisers and peer instructors through enhancing the capacity of member organisations.

These projects created an organic reach of 10.000s of stakeholders through social media who learned about the impact of debate education and received the tools necessary to equip it in their work or advocate for youth involvement in political and civic processes. IDEA hosted an online GA and strategic planning meetings. The board continued to meet on a regular basis.

Via our members' debate education programs we contributed to citizens' understanding of important contemporary and timeless issues. University students, secondary school students, and young people out of school have all deepened their understanding of values such as democracy and human rights, they learned about policies and institutions through our debate education methods and international exchanges. They debated about political, cultural, socio-economic challenges of European magnitude such as migration, climate change, employment, exclusion. We taught them to understand root causes of exclusion, to debate pros and cons of constructive solutions and to understand how they can influence decision-making processes.

### FOSTERING EXCHANGES ABOUT THE FUTURE OF EUROPE AND CHALLENGING EUROSCEPTICISM

Our participants have learned to look at each issue from both sides. Youth must be ready to argue both in favor and against a particular topic. They also needed to engage their opponents meaningfully rather than just shout over them. They learned to use rational argument against prejudice, stereotypes and demagoguery. So we have provided young people with tools they need to challenge Euroscepticism. Through debating, youth became better equipped to challenge Eurosceptics, populists and extremists in their countries.

### DEBATE EDUCATION CREATES CONNECTED YOUNG PEOPLE ACROSS EUROPE

Our members connected young people from diverse background such as geographical, cultural, socio-economic, gender and with various opportunities and perspectives on Europe, from 17 different countries.

IDEA contributed these important efforts through fundraising and capacity building. Our capacity building exchanges and general assembly deepened connections between members and partners in Europe.

All exchanges offered opportunities in various ways to develop friendships, to develop intercultural communication skills and to interact with others in our European network to understand diverse perspectives on problems. Added this year was a digital dimension, with the challenge of remaining respectful and incisive in new context of online discourse.

We connected young people with policy makers at all levels in the EU, so that they experience democratic participation, through conducting interviews between young people and members of the European Parliament. As citizen activists, journalists and policy makers our members and alumni are inspiring youth too.

We believe that young participants were more inclined to participate in the European electoral process now because they understand better European values, policies and institutions.

## DEBATE EDUCATION FOSTERED CITIZENSHIP IN TIMES OF CORONA

We fostered European citizenship and improved conditions for democratic participation via our debate events, trainings, exchanges. As one of the members stated: “The activity of debating engaged both active participants and their audiences in rational and critical discourse. Both sides of controversial topics are given an equal voice and their interaction is judged against standards of good argumentation. Debating provided youth a model for properly conducted public discussions, against public discussion that are often one-sided and/or panders to the audience.”

The Open Up! program continued with two focuses. Firstly, a focus on train-the-trainer projects where professional youth workers and peers learned how to become debaters and teachers, which was carried out in five cities. And secondly, Debate on the Street, youth created videos where in vox-pop style young people interview each other about current affairs in urban neighbourhoods in Dutch cities. IDEA’s direct involvement in the Open Up! program quiets down after 2021, with the project continuing as an independent organisation in close contact with IDEA.

### PROMOTING THE NETWORK

The network spent 2021 preparing for a new communication strategy and using new communication tools. Its dividends are sure to be reaped with a new website and e-learning environment available in 2022.

### MORE SYNERGY AND PROGRESS IN OUR NETWORK

Through the structural grant the network increased its capacities to act as effective and impactful administrators for non-formal debate education. We engaged in a capacity building event in Zagreb. With a newly hired project manager we fundraised successfully for the network, including the awarding of four new grants:

Teaching media literacy analytics
Digital Creative Writing Communities
Upgrading Global Education Across Subject Areas
Erasmus+ Accreditation in the Field of Youth

#### **In summary:**

This network contributed on the long term to social cohesion, intercultural cooperation and deeper understanding of each other’s perspectives. It kept debate running in challenging times, and build the legwork necessary to sustain the debate programmes for the duration and after the end of the international lockdown. Debate promoted among participants mutual understanding and informed citizenship. Its lead to increased critical thinking and tolerance.

## INTERNATIONAL ACTIVITIES

### MOBILIZING YOUNG PEOPLE ACROSS EUROPE

#### FUTURE OF EUROPE DEBATES (OPERATIONAL GRANT)

In the Structural Grant IDEA worked together with 13 members.

Partners organized the Future of Europe Debates in 13 countries (number down due to COVID-19 restrictions). We organized capacity-building sessions and a GA in Zagreb. We carried out the redevelopment of IDEA's online presence. The Grant was also used to cover expenditure related to board meetings and to the General Assembly. It finally was used to cover staff costs.

In total more than 1500 participants attended events related to the Structural Grant, in particular the Future of Europe Debates.

This was the final year of the Operational Grant.

*Donor: Europe for Citizens operational grant, Open Society Foundation and other donors under DIN*

"Meeting people from all across the world is incredible and everyone should know what this opportunity feels like. This was one of the most amazing events, trips I have ever attended. The people, the moments, the magical atmosphere, the knowledge... It truly was unbelievably perfect. Debating the wsdc format in English was tough and I definitely gotta work on that. I am dedicated though 😊. Overall I think an event like this can bring so much into one's life: debating experience, meeting new ppl, seeing new places, learning A LOT, becoming better at debating, analysing things etc, gaining knowledge about politics and economics... "

"The most valuable reason is the opportunity for genuine exchange between different nations, religions, cultures, languages, values. It is in such exchanges that students have the possibility to understand that most divisions they think matter a lot are in fact quite meaningless when we are faced with the big issues of humanity today."

"the most important topic for me is not even the workshops or debating. the most important one is meeting new people and listening to their stories and learning about new cultures and the history of it. The experiences I have gotten because of this are so unique that no workshop or debate can learn me any better."

### ACTIVITIES TO SUPPORT SYNERGY IN THE NETWORK

#### INTERNATIONAL CAPACITY DEVELOPMENT

IDEA focused on the power of offline workshops this year, by culminating its preparation into the Youth Forum in Zagreb. Alongside this, online workshops on fundraising were organized.

The capacity building workshops included workshops on effective fundraising and partnership creation on a European level, the active communication and promotion of the network and the ability to effectively create key messages, as well as giving members the chance to provide crucial input on the development of the communication campaign and its contents.



## WSDC 2022

IDEA has successfully submitted a bid to host WSDC 2022, an online edition of the event. We believe this event is a great opportunity to rise the profile of our organisation.

## ACTIVITIES IN THE DUTCH-SPEAKING AREAS

### DEVELOPMENT OF OPEN UP! CONNECT YOUTH TO SOCIETY

At the end of 2019 the decision was made to separate the international activities of the IDEA office for the network and the activities the office conducted in the Dutch-language area by setting up a new successor organization for the national activities. This organization, called Open Up! Connect youth to society was successfully established in October 2019, and with support from the IDEA office has taken up the national activities. The organization aims to become a full member of the IDEA network in the near future.

For 2021 Debate In The Neighbourhood connected with 7 neighbourhoods in 5 cities, and built a debate program set-up including youth-driven voxpop videos, and debate-based learning cycles surrounding racism/discrimination, youth employment/poverty/financial literacy and preventing violence on schools and in the street. The program is starting in fits and starts given the uncertainty surrounding the Covid-19 pandemic continued in 2021. IDEA will remain in close contact with the organization Open Up! But allows it to stand on its own two feet from 2022 onwards.

### DEBATE IN THE NEIGHBORHOOD

IDEA successfully negotiated a sponsorship with the Adessium Foundation to support a rejuvenation of the Debate in the Neighbourhood program, to be carried out by Open Up!.

Moreover, it has reached out to international partners to keep the Open Up! Learning Cycle going and expand its ability to affect youth work on a European level. The sponsorship has been carried over to Open Up!.

*Donor: Adessium Foundation, VSB Fonds*

## THE ORGANISATION

### NEW WEBSITE

After years of lingering, IDEA has invested in development of new web presence. The new page launch is in 2022, but majority of development took place in 2021.

[www.idebate.net](http://www.idebate.net)

### GOVERNANCE IN 2021

The organisation is run by the members through the General Assembly, where they direct the Board. The Board directs the Executive Director and the Office.

Aaron Fishbone	President
Elena Micajkova	Treasurer
Miha Andric	General Board Member
Raminta Dereskeviciute	General Board Member
Gedminė Račkienė	General Board Member
Sharmila Parmanand	General Board Member

### Staff, volunteers and experts

Bojan Marjanovic	Executive Director
Daan Welling	Head of Office
Anastazija Stupar	Fundraising and project management
Annemarie van Ede	Office Manager (volunteer)
Paul van Dijck	Financial Officer

## FINANCIAL SITUATION

### GRANT APPLICATIONS:

2021 was a moderately successful year in terms of fundraising where we secured grants for key area of IDEA material developments in area of global education through applications developed and submitted in coordination with Za in Proti from Slovenia and Fondacia Polska Debatuje from Poland.

We were unsuccessful in two key structural grant applications which was very disappointing but feedback directed us to a IDEA network weakens in terms of advocacy and policy impact. This is an area where we as organisation have to decide on ways in which we will increase our profile.

Topic	Scheme	Participants	SUM	NOTES	APP	REASON FOR REFUSAL
Structural grant for 2021	Europe for citizens	NED, SLO, SVK, POL, CZH, LTV, LIT, CRO, EST, BiH, SRB, NM, SPA, ALB, ITA, GR, UKR	EUR 200,000.00		YES	
Structural grant for 2022	CERV	All EU Members	EUR 200,000.00		NO	Lacking policy dimension
Global education for HS	E+ KA2	SLO (LEAD), NED, CZH, EST, ITA	EUR 270,723.00		YES	
Youth org support	CERV	All EU Members	EUR 120,000.00		NO	Lacking policy dimension, lacking proof of networks impact
Youth Forum	KA1 - Youth Worker Mobility	All European members	EUR 48,000.00		YES	
Youth accreditation	Erasmus +	IDEA	EUR 160,000.00 annually	Annually for next 5 years so max total 800.000,00	YES	
Global education for YW	E+ KA2	POL (LEAD), NED, CZH	EUR 149,590.00		YES	

One of the things we are proudest of is a dramatic shift in focus of IDEAs fundraising. We have started heavily favouring fundraising that secures funding for network members. What we mean by that is that we are trying as much as possible to increase opportunities for member organisations to take lead in projects resulting in greater budgets awarded to those organisations. In total, in last 2 years IDEA has secured more than 2 million € of funding for debate and debate related projects, more than 65% of that funding went to member organisations and their activities. This dynamic continued in 2021 where largest grants were also applied by members, and largest impact grants such as structural grant and youth accreditation are also directed at member's empowerment and community building.

The financial report that GA has to vote on and that is consistent with legal standards of the Netherlands foundation accounting is provided in a separate annex.

## Financial report

This report consists of two parts: a management summary and a detailed report.

### Management summary

The management summary consists of two parts. Firstly, we present a breakdown of income and expenditure over the year 2020, grouped by project and income/expense type. Secondly, we present a balance of assets at the end of the fiscal year 2020.

The relevant main conclusions with regards the financial health of the organisation are:

The organisation had an annual turnover of €316.490,17, of which the vast majority went to project spending. The organisation has had a positive operating result of €8067,-. The organisation has a cash reserve of €156.006,83, of which €11.236,94 has been earmarked as an emergency and currency reserve.

### Detailed report

The detailed financial report consists of six parts. Firstly we present the key figures of the financial report. These figures show a simplified balance and statement of income and expense. From this you can see that the organisation has a positive operating result of €8067,-.

The pages thereafter provide a more thorough breakdown of the balance sheet and the statement of income and expense, as required by Dutch law. Following this, a specification is made of the project costs per budget item, and an overview of costs and benefit per project over the past year.

Finally, we present an overview of the accounting principles used.

Signed June 1<sup>st</sup> 2021, Zagreb



Bojan Marjanovic  
Director



## Management Summary

### Statement of Income and Expenses

<b>Expenditure</b>	<b>Amount</b>
<b>Overhead (non-project costs)</b>	<b>€ 11.273,04</b>
<i>Office Rent</i>	€ 3.454,08
<i>Subscriptions</i>	€ 293,99
<i>Office Costs</i>	€ 2.357,60
<i>Travel Costs</i>	€ 687,73
<i>General Costs (legal, insurance, bank)</i>	€ 3.735,13
<i>Salaries</i>	€ 744,51
<b>Projects</b>	<b>€ 294.580,77</b>
Structural Grant 2020	€ 274.914,59
<i>Salaries</i>	€ 112.941,76
<i>Office Costs</i>	€ 2.989,43
<i>Event Costs</i>	€ 37.297,74
<i>Travel Costs</i>	€ 2.306,68
<i>PR and Communications</i>	€ 44.080,00
<i>Contribution to Partners</i>	€ 54.650,00
<i>Miscellaneous</i>	€ 20.648,98
Small Projects (leftover from Debate in the Neighbourhood)	€ 7.838,00
<i>Contribution to Partners</i>	€ 7.838,00
Empowering Youth 2 Debate Across Europe	€ 11.828,18
	<b>€ 11.828,18</b>
Extraordinary Item (donation to Open Up! not covered by Operational Grant)	<b>€ 10.636,36</b>
<b>Total</b>	<b>€ 316.490,17</b>

<b>Income</b>	<b>Amount</b>
Deferred grants from previous years	€ 71.285,68
Grants Received	€ 213.935,68
Donations from partners	€ 9.355,00
Membership Fees	€ 225,00
Extraordinary Item (NL government Covid-19 subsidies)	€ 29.755,75
<b>Total</b>	<b>€ 324.557,11</b>

<b>Net Result</b>	<b>€ 8.066,94</b>
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## Balance

	Result	Debit	Credit
			Depreciation of training supplies
		2642,76	2642,76
			Depreciation of transport
		5250	5250
<b>Tangible assets</b>	<b>0</b>		
		12,79	
		17189,97	
		203854,55	
<b>Liquid assets</b>	<b>221057,31</b>		
		57366,65	
<b>Accounts receivable</b>	<b>57366,65</b>		
			Fund capital
			144769,89
<b>Fund Capital (free-to-use assets)</b>	<b>--</b>		
	144769,89		
			Safety fund reserve
		6303,02	17539,96
<b>Reserves</b>	<b>-11236,94</b>		
			Accounts payable
<b>Accounts payable</b>	<b>-94076,11</b>		94076,11
			Wage tax employees
		17480,44	19981,19
			Pension premium employees
		386,02	421,58
<b>Tax payable</b>	<b>-2536,31</b>		
			accrued expenses reservation employees holiday salary
			2140,94
			netto payment wages
			351,63
			employees ATV reserve holidays
<b>Accrued expenses</b>	<b>-17737,77</b>	468,13	
			Deferred grants
<b>Deferred grants</b>	<b>0</b>	0	
			Operational result
<b>Operational result</b>	<b>-8066,94</b>		8066,94
<b>Total (should be 0!)</b>	<b>0</b>		

## Detailed Report

### NOTES TO THE BALANCE SHEET FISCAL YEAR 2020

#### Financial review Key Figures

Below the key figures of the financial period are presented for 2020.

#### Key Figures

<b>Balance sheet in euro</b>	<b><u>31/12/2020</u></b>	<b><u>31/12/2019</u></b>
Non current assets	-	3.874
Current assets	<u>278.424</u>	<u>270.883</u>
Total	<u><u>278.424</u></u>	<u><u>274.757</u></u>
Equity	164.074	156.007
Current liabilities	<u>114.350</u>	<u>118.749</u>
Total	<u><u>278.424</u></u>	<u><u>274.756</u></u>

<b>Statement of income</b>	<b><u>2020</u></b>	<b>%</b>	<b><u>2019</u></b>	<b>%</b>
Income	294.801	100%	719.029	100%
Work by third parties and other external expenses	<u>(294.581)</u>	100%	<u>(486.252)</u>	68%
Gross profit	221	0%	232.777	32%
Expenses	<u>(7.846)</u>	-3%	<u>110.345</u>	15%
Result from operating activities	8.067	3%	122.432	17%
Financial income	<u>-</u>	0%	<u>2</u>	0%
Net result	<u><u>8.067</u></u>	3%	<u><u>122.434</u></u>	17%

**BALANCE SHEET FISCAL YEAR 2020**

	<u>31/12/2020</u>	<u>31/12/2019</u>
<b>ASSETS</b>		
Tangible assets	-	3.874
Grants receivable	55.905	124.121
Other receivables	1.462	5.743
Cash	<u>221.057</u>	<u>141.019</u>
Total current assets	278.424	270.883
Total assets	<u><b>278.424</b></u>	<u><b>274.757</b></u>
<b>EQUITY</b>		
General reserve	144.770	122.435
Result fiscal year	8.067	22.335
Reserve currency results	(6.303)	(6.303)
Safety reserve	<u>17.540</u>	<u>17.540</u>
Total equity	164.074	156.007
<b>CURRENT LIABILITIES</b>		
Accounts payable	94.076	32.768
Deferred grants	-	71.286
Nett salary	-	-
Tax payable	2.536	(2.171)
Employees holidays	-	-
Accrued expenses	<u>17.738</u>	<u>16.866</u>
Total current liabilities	114.350	118.749
<b>Total equity and liability</b>	<u><b>278.424</b></u>	<u><b>274.756</b></u>

## STATEMENT OF INCOME AND EXPENSES FISCAL YEAR 2020

x€	<b>2020</b>	<b>2019</b>
<b>Income</b>		
Membership	225	1.800
Unpaid membership former years	-	-
Grants	285.221	692.518
Donations from partners	9.355	20.128
Unreceived donations partners	0	4.583
Other income	0	-
Exchange rate USD OSF grant	0	0
Release safety fund	0	0
<b>Total income</b>	<b>294.801</b>	<b>719.029</b>
<b>Expenses</b>		
Project expenses	294.581	486.252
Wages and salaries	-11.804	55.003
Social security	12.548	17.085
Depreciation	0	0
Other expenses	10.529	38.257
Extraordinary expenses/income	-19.119	0
<b>Total expenses</b>	<b>286.734</b>	<b>596.597</b>
<b>Operating result</b>	<b>8.067</b>	<b>122.432</b>
Financial income	0	2
<b>Net result</b>	<b>8.067</b>	<b>122.434</b>
<b>Appropriation of result</b>		
Added to equity:		
- general reserve	8.067	122.434
- reserve currency result (OSF)		
- safety reserve		
	<b>8.067</b>	<b>122.434</b>

## Overview: Project Costs

	Trainers	Material Development	Travel	Subsistence	Website Development	conferences	miscellaneous	Staff Costs	Subcontracting 3rd parties
DICE	€ 1.696,00								
YARIM							€ 452,42		
EfC Structural Grant	€ 1.892,00	€ 2.989,43	€ 2.137,06	€ 8.974,70	€ 44.080,00	€ 28.069,44	€ 20.196,56	€ 112.941,76	€ 24.650,00
EY2DE Empower Youth			€ 169,62	€ 253,60					
IDAC (innovate debate)									
DIN	€ 4.250,00								
<b>Total</b>	<b>€ 7.838,00</b>	<b>€ 2.989,43</b>	<b>€ 2.306,68</b>	<b>€ 9.228,30</b>	<b>€ 44.080,00</b>	<b>€ 28.069,44</b>	<b>€ 20.648,98</b>	<b>€ 112.941,76</b>	<b>€ 24.650,00</b>
		<b>subsidies 3rd parties</b>	<b>Total</b>						
DICE			€ -						
YARIM			€ -						
EfC Structural Grant		€ 30.000,00	€ 30.000,00						
EY2DE Empower Youth		€ 11.828,18	€ 11.828,18						
IDAC (innovate debate)			€ -						
DIN			€ -						
<b>Total</b>		<b>€ 41.828,18</b>	<b>€ 41.828,18</b>						

## Overview: Cost and Income on a Project Level

Project	2019 Deffered grant	2020 Costs	2020 Income	2020 Deffered grant	2020 Total
DICE	28.138	1.696	0	0	26.442
Yarim	0	453	3.182	0	2.729
EU structural grant	0	275.931	209.355	0	-66.576
EY2DE empower youth to debate	38.854	12.251	-2.050	0	24.553
General Income	0	11.273	31.448	0	20.175
IDAC	1.294	0	0	0	1.294
Small projects	0	0	700	0	700
DIN (Police-Youth Project)	3.000	4.250		0	-1.250
<b>Total</b>	<b>71.286</b>	<b>305.854</b>	<b>242.635</b>	<b>0</b>	<b>8.067</b>
Interest					0
<b>Result</b>					<b>8.067</b>

## NOTES TO THE FINANCIAL STATEMENT

### Principal accounting policies

#### General

The financial statements are based on the historical costs. Assets and liabilities are valued at their nominal value, unless indicated otherwise. Fees are allocated to the year to which the fees are related. Grants are allocated to the designated project. General grants are allocated to the year mentioned by the grantee.

Transactions in foreign currencies are translated into Euro at the exchange rate at the date of transaction. At year end, assets and liabilities denominated in foreign currencies are translated to Euro at the exchange rate at date of balance sheet. Currency results are added to a reserve on currency results, included under equity.

#### Non-current assets

Tangible fixed assets are valued at purchase price less the accumulated depreciations. The annual depreciation is calculated by means of a fixed percentage of the purchase price on basis of the estimated lifetime. The percentage of depreciation is between 33% and 50%.

#### Current assets

Accounts receivable are valued at historical cost, taking into account risks related to doubtful debts. Cash and cash equivalents are valued at nominal value.

#### Equity

As the balance sheet is prepared after appropriation of result, the result of the year is no longer separately presented under equity (compared to financial statements in previous years). Furthermore, based on 2017, three reserves are included under equity:

- 1) General reserve  
This reserve is held for general purposes and is funded from appropriation of result, taking into account the part of appropriation of result that is added to the reserves as stated below.
- 2) Safety reserve  
This reserve is held for coverage of possible setbacks in the future, due to shortages on general income. This reserve is funded from the appropriation of result 2017 for the part related to the release of the safety fund.
- 3) Reserve currency result USD OSF Grant  
This reserve is held for covering currency results on contracts with a duration for more than one year. Currently this relates to the OSF Grant, which was closed in 2019.

#### Current liabilities

Liabilities are valued as historical costs.

#### Deferred grants

Deferred grants are granted contributions from donors related to projects that have not yet been finalized. Deferred grants are released for the moment spent on the projects in accordance with the grant agreement between the donor and the grantee.

#### Principles for the determination of the result

Determination of the result is based on historical cost. All benefits and related costs are designated to the same period.

Income from grants consists of contributions by the donor, as far as related to the costs of execution for the project in the financial year.

Costs are determined on historical basis and are booked in the financial year to which they refer. Financial income and expense include the received and paid interest as well as exchange results.



Independent Report of Factual Findings – Type II on costs claimed under a Specific Grant

Decision financed under the “Structural support for European public policy research  
organisations”

(think thank) Programme

Specific Decision number 626338, EACEA

**Audit Certificate**

of

Financial statement for action entitled

**Democratic engagement and civic participation**

1 January 2021 to 31 December 2021

Mr. Bojan Marjanović, Executive Director  
International Debate Education Association (IDEA)  
Mariahoek 16/17, 3511 LG Utrecht (Randstad), The Netherlands

27 January 2022

Dear Mr. Marjanović,

In accordance with the terms of our engagement letter dated 14 December 2021, with The International Debate Education Association (IDEA) “the Beneficiary” hereinafter referred to as ‘the beneficiary’, we hereby provide our Independent Report of Factual Findings – Type II (‘the Report’), as specified below.

### **Objective**

We, Revizija Finar d.o.o. established in *Zinke Kunc 3, HR-10000 Zagreb, Croatia*, represented for signature of this Report by Rade Krnjeta, Director, have performed agreed upon procedures regarding the cost declared in the Financial Statements<sup>1</sup> of IDEA, the Beneficiary, to which this Report is attached, and which is to be presented to the Education, Audiovisual and Culture Executive Agency, hereinafter referred to as ‘the Agency’, under Grant Decision No. 626338, Framework Partnership Decision No. 2018-0603/001-001 and Specific Decision No. 2019-0111/001-001, for the following period 1 January 2021 to 31 December 2021.

This engagement involved performing the procedures listed in Annex 2 of the engagement letter, the results of which the Agency uses to draw conclusions as to the eligibility of the costs claimed.

### **Standards and ethics**

Our engagement was undertaken in accordance with:

- the specific guidance provided by Agency;

- International Standard on Related Services (‘ISRS’) 4400 *Engagements to perform Agreed-upon Procedures regarding Financial Information* as promulgated by the International Federation of Accountants (‘IFAC’);

- 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 Agency requires that the auditor also complies with the independence requirements of the *Code of Ethics for Professional Accountants*.

### **Procedures performed**

As requested, we have only performed the procedures listed in Annex 2 to the engagement letter.

These procedures have been determined solely by the Agency and were performed solely to assist the Agency in evaluating whether the expenditure claimed by the beneficiary in the accompanying Final Financial Report has been claimed in accordance with the Grant Agreement. The auditor is not responsible for the suitability and appropriateness of these procedures.

Because the procedures performed by us did 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 Final Financial Report.

Had we performed additional procedures or had we performed an audit or review of the Final Financial Report of the beneficiary in accordance with International Standards on Auditing, other matters might have come to our attention that would have been reported to you.

### **Sources of information**

The Report sets out information provided to us by the management of the beneficiary in response to specific questions or as obtained and extracted from the beneficiary's information and accounting systems.

### **Beneficiary's VAT status**

We confirm the legal status of the beneficiary:

- Public body: entitled or not to recover VAT;
- Private entity entitled to recover VAT (including the percentage that the entity is entitled to recover);
- Private entity not entitled to recover VAT

*IDEA is a non-profit organization. Particular activities and expenses financed by EACEA operating grant are considered as non-economic activities and therefore VAT is not deductible or recoverable. The Auditor verified that the Beneficiary hasn't recovered any of VAT paid through EACEA operating grant expenses. This practice is in line with the ANBI status of IDEA and Holland Algemene wet inzake rijksbelastingen, Article 5b.*

### **Factual findings**

The above-mentioned Final Financial Report was examined and all procedures specified in Annex 2 to our engagement letter were carried out.

The total expenditure which is the subject of this expenditure verification amounts to EUR 283.709,54  
The Expenditure Coverage Ratio verified by us amounts to 89%.

On the basis of the results of these procedures, we found:

All documentation and accounting information to enable us to carry out these procedures has been provided to us by the beneficiary.

We report the details of the exceptions which result from the procedures that we performed in Annex of this Report.

### **Exceptions**

In the line Legal fees, under the General expenditure budget section, beneficiary charged an invoice from Jean-Louis Verelst, a lawyer with registered office at 1000 Brussels, Drukpersstraat 4, who is writing to IDEA in the capacity as counsel for SA BURETEL BELGIUM. Lawyer reports unpaid invoice for a service of Burotel to IDEA CENTRAL FOUNDATION in amount of 605,00 €. To this amount was added the default interest (EUR 48.40) and the conventional increase (EUR 90.75). Consequently, the total amount charged to IDEA was 744.15 €.

Costs of interest and conventional increase, lawyer's fee, total 139,15 €, is not in line with the provisions for eligibility of reported costs, set out in General Conditions n° 20 of the Framework decision.

### **Use of this Report**

This Report is prepared solely for the confidential use of the beneficiary and the Agency and solely for the purpose of submission to the Agency in connection with the requirements as set out in Articles 4.1. of the Grant Decision. This Report may not be relied upon by the beneficiary or by the Agency for any other purpose, nor may it be distributed to any other parties. The Agency may only disclose this Report

to others who have regulatory rights of access to it, in particular the European Commission, the European Anti Fraud Office and the European Court of Auditors.

This Report relates only to the Final Financial Report specified above and does not extend to any other financial statements of the beneficiary.

No conflict of interest exists between the auditor and the beneficiary in establishing this Report. The fee paid to the auditor for providing the Report was EUR 3.000,00 Fixed fee. VAT is included. No additional costs have been reimbursed to the auditor.

We look forward to discussing our report with you and would be pleased to provide any further information or assistance which may be required.

Zagreb, 27 January 2022

Revizija Finar d.o.o.

Zinke Kunc 3, 10000 Zagreb, Croatia

The image shows a handwritten signature in blue ink that reads "R. Krnjeta". To the right of the signature is a logo for "REVIZIJA Finar d.o.o. Zagreb". The logo consists of the word "REVIZIJA" in a small, uppercase, sans-serif font above the word "Finar" in a large, bold, stylized font. Below "Finar" is the text "d.o.o. Zagreb" in a smaller, uppercase, sans-serif font.

Rade Krnjeta, Director and Authorized Auditor

Attachment 1: Financial statements as reported to EACEA

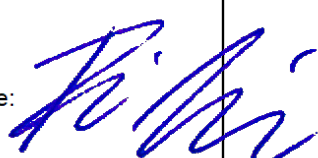
<b>FINAL FINANCIAL STATEMENT FORM</b>					Grant Decision/ Grant Agreement N°: 626338	
→						
<b><i>ALL FIGURES IN EUROS - €</i></b>						
<b>I. EXPENSES</b>						
<b>ELIGIBLE COSTS</b>						
<b>1. Cost of staff assigned to the operation</b>						
<i>a) Category A (director, project manager, administrator, etc.)</i>					Total actual expenditure €	Eligible budget as approved in the Grant Decision / Grant agreement
Function	Number of persons	Total N° of days	Amount in € per day	Total - €		
Executive Director	1			39.848,82		
Program Officer	1			43.405,20		
Fundraiser	1			6.000,00		
Administrative manager	1			17.211,70		
Total	4	0		Total (a)	<b>106.465,72</b>	<b>102.615,00</b>
<i>b) Category B (assistance functions, etc.)</i>						
Function	Number of persons	Total N° of days	Amount in € per day	Total - €		
office manager (volunt)	1			1.800,00		
Financial staff	1			3.603,32		
				0,00		
				0,00		
Total	2	0		Total (b)	<b>5.403,32</b>	<b>17.776,25</b>
<i>c) Category C (secretaries, etc.)</i>						
Function	Number of persons	Total N° of days	Amount in € per day	Total - €		
				0,00		
				0,00		
				0,00		
				0,00		
Total	0	0		Total (c)	<b>0,00</b>	<b>0,00</b>
<i>d) Category D (fees : auditors, consultants, experts, translators, etc.)</i>						
Function	Number of persons			Amount in €		
Auditor				3.000,00		
				0,00		
				0,00		
				0,00		
Total	0			Total (d)	<b>3.000,00</b>	<b>5.000,00</b>
<b>Total section 1 (a+b+c+d)</b>					<b>114.869,04</b>	<b>125.391,25</b>

<b>2. General expenditure</b>						
					Total actual expenditure €	Eligible budget as approved in the Grant Decision / Grant agreement
					Amount in €	
Office supplies				2.739,05		
Maintenance				361,70		
Communications				0,00		
Postal charges				0,00		
Insurance & taxes				1.385,07		
Electricity, gas, water, etc.				0,00		
Printing & Publishing				0,00		
Other (please specify) (see below)						
Bank charges				1.028,10		
Subscriptions				2.619,89		
Salary Administration service				965,20		
					<b>Total section 2</b>	<b>9.099,01</b>
						<b>5.925,00</b>
<b>3. Conferences, seminars, workshops, etc.</b>						
					Amount in €	
Hiring of premises & equipment				5.463,19		
Participants' travel costs				16.837,30		
Participants' subsistence costs				17.013,44		
Speakers' fees				0,00		
Interpretation				0,00		
Catering				0,00		
Documentation				0,00		
Other (please specify) Video streaming services for FoE IDEA Youth Forum				2.500,00		
					<b>Total section 3</b>	<b>41.813,93</b>
						<b>80.565,00</b>
<b>4. Staff travel expenses and subsistence costs</b>						
- Details should be given in Annex B (destination, mode of transport, rate). Please note that Annex B should be drafted by the beneficiary on a separate sheet.						
<i>a) Travel</i>						
Mode of transport	Number of persons	Total N° of journeys	Average cost per journey - €	Total - €		
Train	1	100	15,35	1.534,98		
				0,00		
				0,00		
				0,00		
	Total	100		Total (a)		<b>1.534,98</b>
						<b>1.446,00</b>
<i>b) Subsistence (accommodation and meals)</i>						
	Number of persons	Total N° of days	Average cost per day - €	Total - €		
				0,00		
				0,00		
				0,00		
				0,00		
	Total	0,0		Total (b)		<b>0,00</b>
						<b>0,00</b>
					<b>Total section 4 (a+b)</b>	<b>1.534,98</b>
						<b>1.446,00</b>

<b>5. Rent, leasing and depreciation</b>						
					Total actual expenditure €	Eligible budget as approved in the Grant Decision / Grant agreement
	<b>Renting</b>	<b>Leasing</b>	<b>Depreciation</b>			
	Amount in €	Amount in €	Amount in €			
a) <i>Equipment</i>	0,00	0,00	0,00			0,00
b) <i>Land</i>	0,00	0,00	0,00			0,00
c) <i>Immovable property</i>	10.912,58	0,00	0,00			6.400,00
<b>Total section 5 (a+b+c)</b>					<b>10.912,58</b>	<b>6.400,00</b>
<b>6. Subcontracting</b>						
					Amount in €	
<i>E-learning environment adaptation</i>					14.270,00	
<i>FoE and YEC-ID National Activities</i>					91.210,00	
					0,00	
					0,00	
<b>Total section 6</b>					<b>105.480,00</b>	<b>80.000,00</b>
<b>7. Others</b>						
					Amount in €	
					0,00	
					0,00	
					0,00	
					0,00	
<b>Total section 7</b>					<b>0,00</b>	<b>0,00</b>
<b>TOTAL OF ELIGIBLE COSTS</b>					<b>283.709,54</b>	<b>299.727,25</b>
<b>II. INCOME</b>						
<b>ELIGIBLE INCOME</b>						
					Actual Income	Eligible Income - as approved in the Grant Decision / Grant Agreement
<b>1. Executive Agency - EACEA</b>					<b>198.596,68</b>	<b>200.000,00</b>
(i.e. the grant for which this application is being submitted)					70,00%	66,73%
<b>2. Contribution by the applicant (self-financing)</b>					<b>85.112,86</b>	<b>71.327,15</b>
<b>3. Contribution by other organisations (please specify)</b>						
<b>Public</b>					Amount in €	
<i>Matra Foundation</i>					0,00	
					0,00	
					0,00	
<b>Private</b>					Amount in €	
<i>ITO</i>					0,00	
					0,00	
					0,00	
<b>Total section 3</b>					<b>0,00</b>	<b>28.400,00</b>

4. <b>Direct revenue expected from the operation</b> <i>(please specify)</i>					
			Amount in €		
			0,00		
			0,00		
			0,00		
			0,00		
<b>Total section 4</b>				<b>0,00</b>	<b>0,00</b>
<b>TOTAL OF ELIGIBLE INCOME</b>				<b>283.709,54</b>	<b>299.727,15</b>
				<b>100,00%</b>	<b>100,00%</b>

*This page must be signed by the person legally authorised to commit the beneficiary*

<p><b><u>The undersigned certifies that the submitted final accounts are true &amp; correct</u></b></p> <p>Name: <b>Bojan Marjanovic</b></p> <p>Position within the organisation: <b>Executive Director</b></p> <p>Date: 25.01.2022.</p> <p>Signature of the Legal Representative: </p> <p>Official stamp of the organisation</p> <div style="border: 1px solid black; width: 200px; height: 40px; margin-left: 40px;"></div>	<p>Rate(s) of exchange used (Art. 8.2 of the Specific Grant Decision)</p>
--	---

*R. Krijet* **REVIZIJA  
Fina3  
d.o.o. Zagreb**

## Annex 2 - List of specific procedures to be performed

### 1. General procedures

#### a) Terms and Conditions of the Grant Agreement/Decision



The auditor obtains an understanding of the terms and conditions of the Grant Agreement/Decision by reviewing:

- a signed copy of the Grant Agreement/Decision, its annexes and other relevant information. Particular attention should be paid to the Description of the Action and the Budget;
- the Final Financial Report (which includes a narrative and a financial section).

#### b) Final Financial Report and the Grant Agreement/Decision

- The Final Financial Report must conform to the model annexed to the Grant Agreement/ Grant Decision;
- The Final Financial Report should cover the Action or the Work Programme as a whole, regardless of which part of it is financed by the Agency.

#### c) Rules for Accounting and Record Keeping

- The auditor examines whether the beneficiary has complied with the rules for accounting and record keeping in accordance with Articles II.19, II.20 and II.27.2 of the Grant Agreement/ General Conditions n° 19, 20 and 27.2 of the Grant Decision;;
- The accounts kept by the beneficiary for the implementation of the Action must be accurate, up-to-date and exhaustive (including all expenditure and income);
- The auditor examines whether the beneficiary has a double-entry book-keeping system;
- The income and expenditure relating to the Action must be easily identifiable and verifiable;

#### d) Exchange Rates

The auditor verifies that amounts of expenditure incurred in a currency other than the euro have been converted in accordance with the provisions of the Grant Agreement/ Grant Decision. Where the beneficiary is required to use the website of the Commission, this refers to inforEuro.

### ***2. Verification evidence***

The beneficiary will allow the auditor to carry out verifications on the basis of supporting documents for the accounts, accounting documents and any other document relevant to the financing of the Action.

The beneficiary will allow the auditor access to all documents and databases concerning the technical and financial management of the Action (Article II.27 of the Grant Agreement/ General Condition n° 27 of the Grant Decision). **It should also be noted that it is the beneficiary's responsibility to obtain the accounting documents necessary to enable the auditor to verify costs incurred by co-beneficiaries / project partners.**

Supporting documentation must be available in the form of original documents for the beneficiary (or certified copies of originals for the co-beneficiaries) rather than photocopies or facsimiles.

If the auditor finds that the above criteria for evidence are not sufficiently met, this should be reported as an exception.

### ***3. Procedures to verify the conformity of expenditure with the budget and analytical review***

- The auditor carries out a substantive review of the expenditure headings in the Final Financial Report;

- The auditor verifies whether there have been amendments to the budget of the Grant Agreement/Decision;
- The auditor verifies that the budget in the Final Financial Report corresponds<sup>24</sup> to the budget of the Grant Agreement/Decision (authenticity and authorisation of the initial budget) and that the expenditure incurred was indicated in the budget of the Grant Agreement/Decision;
- The auditor verifies any transfers between budget headings by comparing the initial budget with the budget in the Final Financial Report and checks that the provisions of Articles I.8 and II.12 of the Grant Agreement/ Article 8 and General Condition n° 12 of the Grant Decision have been complied with.

#### ***4. Selecting expenditure for verification and Expenditure Coverage***

The expenditure claimed by the beneficiary in the Final Financial Report is presented in the budget form provided in the Grant Agreement/Grant Decision.

Expenditure headings can be broken down into expenditure subheadings. Expenditure subheadings can be broken down into individual expenditure items or classes of expenditure items with the same or similar characteristics.

#### **What percentage of expenditure needs to be verified by the auditor?**

The Expenditure Coverage Ratio ('ECR') represents the total amount of expenditure verified by the auditor expressed as a percentage of the total amount of expenditure reported by the beneficiary in the Final Financial Report (i.e. funded from EU funds and other sources).

The auditor ensures that the overall ECR is at least 70%. If the exception rate is less than 10% of the total amount of expenditure verified (i.e. 7% of total expenditure), the auditor finalises the verification procedures and continues with reporting.

If the exception rate is greater than 10%, the auditor is required to extend the verification procedures until the ECR is at least 85%. In addition to reaching the minimum coverage of total expenditure stated in the previous two paragraphs, the auditor must ensure that the ECR for each expenditure heading in the Final Financial Report is at least 10%.

#### **On what basis should expenditure items be selected for verification?**

In order to both meet the minimum ECR above and ensure that the expenditure verification is systematic and representative:

- value should be the principal factor used by the auditor, i.e. an appropriate number of high value expenditure items should be selected; and
- otherwise, the population selected for testing should be selected on a random basis in order to produce a representative sample.

#### ***5. Procedures to verify selected expenditure***

##### **(a) Eligibility of costs**

The auditor verifies, for each expenditure item selected, that the eligibility criteria set out below have been met.

- Costs actually incurred

The auditor verifies that the expenditure for a selected item was actually incurred by and pertains to the beneficiary. For this purpose the auditor examines supporting documentation (e.g. invoices, contracts) and proof of payment. The auditor also examines proof of work done, goods received or services rendered and verifies the existence of assets if applicable.

The auditor verifies that the monetary value of a selected expenditure item is in line with underlying documents (e.g. invoices, payroll documents) and that correct exchange rates are used where applicable.

– Cut-off - Implementation period

The auditor verifies that the expenditure for a selected item was incurred during the period of implementation or eligibility in accordance Article I.2 of the Grant Agreement/ Article 2 of the Grant Decision. Invoices received during the eligibility period but not yet paid, as well as costs relating to the Final Financial Report, should be reported by the auditor under the 'exceptions'. The costs relating to the Final Financial Report should be reasonable and in line with the provisions of Article II.19 of the Grant Agreement/ General Condition n° 19 of the Grant Decision.

– Classification:

The auditor examines the nature of the expenditure for a selected item and verifies that the expenditure item has been classified under the correct (sub) heading of the Final Financial Report.

– Necessary / connected

The auditor verifies whether it is plausible that the expenditure for a selected item was necessary for the implementation of the Action and that it had to be incurred for the contracted activities of the Action by examining the nature of the expenditure together with supporting documents.

– Sound financial management / economy

For each selected item, the auditor verifies that the price paid for the goods/services does not represent expenditure that has been incurred excessively or recklessly<sup>28</sup>, e.g. if the beneficiary is using business class flights for the project whereas its normal policy is for employees to fly economy.

– Compliance with sub-contracting and procurement rules:

Where applicable, the auditor checks that the sub-contracted tasks or activities have been provided for in the initial budget or have been approved by the Agency. Where applicable, the auditor examines which procurement rules (as provided for by the Grant Agreement/Decision) apply for any given expenditure (sub)heading, class of expenditure items or expenditure item. The auditor verifies whether the expenditure was incurred in accordance with such rules by examining the underlying documents of the procurement and purchase process, e.g. tenders/quotes. Where the auditor finds instances of noncompliance with procurement rules, the nature thereof as well as their financial impact in terms of ineligible expenditure should be reported as an exception.

(b) Direct costs

The auditor verifies the selected expenditure items by carrying out the procedures listed above under (1). In addition, the following specific guidance is provided with regards to staff costs and other direct costs:

(c) Staff costs

(i) The auditor verifies the employment status and conditions of employment of the personnel.

For the employees selected, the auditor checks that they were:

– directly hired<sup>30</sup> by the beneficiary<sup>31</sup> in accordance with its national legislation;

– hired under the technical supervision and responsibility of the beneficiary alone;

– remunerated in accordance with the beneficiary's normal practice<sup>32</sup> for its activities, whether or not funded by the EU.

Any employment contract which does not meet these criteria must be reported by the auditor under the category 'exception'.

Reminder: as far as the co-beneficiaries' staff supporting documents are concerned (e.g. payslips), the auditor should accept certified copies.

### **What is the objective of this procedure?**

The Agency seeks to ensure that personnel costs actually relate to employees of the beneficiary carrying out the Action or the Work Programme, and to identify cases where this component may have been effectively 'outsourced' to a different entity despite this not having been provided for in the Grant Agreement/Decision. The Agency also seeks to ensure that no special employment conditions are applied in the case of employees working on the Action which do not form part of the normal practice of the beneficiary.

### **Which documents should the beneficiary prepare for the auditor?**

Employment contracts for the staff in question, as well as standard employment contracts in use for personnel who perform a variety of work for the beneficiary (i.e. are not exclusively devoted to an EU-funded project or Work Programme).

Reminder: as far as the co-beneficiaries' staff supporting documents are concerned (e.g. payslips), the auditor should accept certified copies.

### **What kind of information would give rise to exceptions?**

Any deviation from the above principles should be highlighted by the auditor as an exception. Some examples have been provided below (list not exhaustive).

**Directly hired<sup>33</sup>:** Exceptions should be highlighted if there are indications in the contract that the employee has been hired by a

different legal entity, including a legal entity within the same group (e.g. if the beneficiary is XYZ and the contract is with XYZ registered in a different country).

Another exception would be if the employee's services are being charged via a service company or other consulting type arrangement.

**Remunerated in accordance with the normal practice of the beneficiary:** Typical examples of exceptions would include the employee being remunerated by way of a 'lump sum' instead of via a salary arrangement, or any other form of payment / charging which does not form part of the normal practice of the beneficiary.

(ii) The auditor examines employees' time recording (paper / computer, daily / weekly / monthly, signed, authorised).

**What is the objective of this procedure?**

This procedure will provide the Agency with the information it needs to assess whether the recording of project time is in line with the costs charged for staff working on the project.

Normally, time recording should be carried out regularly and authorised by the project manager to ensure that the time worked on the Action can be traced and charged correctly. For the employees selected, the hours charged to the Action should have been accurately recorded in the time recording system. Any discrepancies between the amount charged to the Action and the amount in the recording system should be recorded as an exception, as should the absence of a recording system.

**Which documents should the beneficiary prepare for the auditor?**

The beneficiary should provide a description of the time-recording system and, for the employees selected for testing, make available all the time sheets or provide full access to the computer system which records the time of the employees. The auditor should be able to trace the time charged for the sample selected to the time records of each individual employee.

Reminder: as far as the co-beneficiaries' staff supporting documents are concerned (e.g. payslips), the auditor should accept certified copies.

(iii) For the employees selected, the auditor verifies the daily rate by dividing the actual personnel costs by the actual working days and then comparing it to the daily rate charged by the beneficiary.

**What is the objective of this procedure?**

The objective of this check is to verify that the daily rates being charged have been correctly calculated from the actual underlying cost information for the period in question, namely the costs to the employer (salary / wages, including benefits and other employment costs), divided by the number of working days with reconciliation of the payroll information for the selected employees to the

accounting records and payments.

**Which documents should the beneficiary prepare for the auditor?**

The actual payroll information for the period in question (base salary, benefits of all kinds, pension contributions, employers' payroll taxes, social security contributions, etc.) and working days<sup>35</sup> figures used to calculate the daily rates. The beneficiary should also provide a reconciliation/calculation showing how the daily rates were calculated from the payroll information.

If the working days or costs of personnel cannot be identified *or justified by the beneficiary*, they must be listed (together with the amounts) as exceptions.

**What employment costs are not considered eligible or should be regarded as exceptions?**

Generally, all employment costs which are part of the normal remuneration policy of the beneficiary are accepted. Costs which have been charged and which relate specifically to involvement in European projects, and are not part of these normal remuneration and/or accounting principles, should be noted as exceptions.

*(d) Other direct costs*

For the purpose of these guidance notes, the heading 'Other direct costs' refers generically to all direct cost categories within the approved budget other than staff costs, for example, travel & subsistence, equipment, or production & dissemination costs, etc.

**Which documents should the beneficiary prepare for the auditor?**

For most transactions in these cost categories, it should be sufficient proof of expenditure if the beneficiary has kept original third-party invoices (or certified copies for co-beneficiaries).

For air travel costs, please also note that flight tickets and boarding passes may represent suitable documentation where both the cost of the trip and passengers' names / dates / place of departure and destination are evident.

**What are the most common errors made by beneficiaries for 'Other direct costs'?**

- a) General: invoices are not detailed enough to establish a clear connection to project activities.
- b) Subsistence: subsistence costs claimed may be in excess of the maximum daily rates published in the call for proposal / provided for in the Grant Agreement/Decision.
- c) Equipment:
  - depreciation may not be calculated correctly in accordance with the terms of the Grant Agreement / Decision;
  - the full cost of an item of equipment may be claimed where it should have been depreciated.
- d) Production/ dissemination: the beneficiary may not have kept proof of outputs produced e.g. booklets, leaflets, publications, website publicising the Action or Work Programme.

(c) Indirect Costs

The auditor verifies that the indirect costs to cover administrative

overheads do not exceed 7% of the total amount of eligible direct costs of the Action.. **This paragraph applies only to Grants for an Action as in the Operating Grants there is no specific category for indirect costs.**

(d) Ineligible Costs

The auditor verifies that the expenditure for a selected item does not concern an ineligible cost as described in Article II.19.4 of the Grant Agreement and General Condition n° 19.4 of the Grant Decision.

(e) Contributions in kind

If contributions in kind are provided for they must be indicated and valued in the budget for the Action and/or in the Grant Agreement/Decision.

The auditor verifies that any contribution in kind included in the initial budget has been delivered to the beneficiary and that the values declared in the Final Financial Report match the values entered in the initial budget. The auditor verifies that the values entered for the contributions in kind in the Final Financial Report are correct.

## ***6. Quantification of exceptions***

Wherever possible, the auditor quantifies the full amount of the verification exceptions found. For example, if the auditor finds an exception of EUR 1 000 with regard to procurement rules for a Grant Agreement/Decision where the EU finances 60 % of the expenditure, the auditor reports an exception of EUR 1 000 and a financial impact of EUR 600 (EUR 1 000 x 60%).

Furthermore, the description of the exception should be sufficiently detailed to enable the Agency to determine which expense item in the Final Financial Report the exception relates to. The wording in the ‘factual findings’ paragraph of the report format (see Annex 3 to this engagement letter) allows details of all exceptions to be provided in the form of an Annex. The auditor’s attention is drawn to the fact that favourable exceptions, i.e. exceptions increasing eligible expenditure, are not permitted.

## ***7. Procedures to verify revenues***

The auditor examines whether revenues which should be attributed to the Action (including *inter alia* grants and funding received from other donors, revenue generated by the Action, contributions in kind, have been allocated to the Action and disclosed in the Final Financial Report. For this purpose the auditor should consult the beneficiary and examine documentation obtained from the beneficiary, e.g. income accounts in the General Ledger.

END OF REPORT