Grant Thornton

Management Letter

Ministry of Social Policy, Demographics and Youth of the Republic of North Macedonia

"Social Services Improvement Project" – International Bank for Reconstruction and Development Loan number 8902- MK

31 December 2024

Grant Thornton

To
Management of
"Social Services Improvement Project"

Financed by International Bank for Reconstruction and Development,
Loan numbered 8902-MK

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Dear Madams / Sirs,

We have audited the accompanying Project's financial statements of the Ministry of Social Policy, Demographics and Youth of the Republic of North Macedonia ("the Ministry"), "Social Services Improvement Project" (further referred to as "the Project"), financed under International Bank for Reconstruction and Development (IBRD), Loan numbered 8902-MK as of and for the year ended 31 December 2024, in conformity with the accounting policies described in Note 3, the related requirements of the World Bank's financial reporting guidelines and in compliance with the relevant provisions set out in the Loan Agreement numbered 8902-MK dated 2 October 2018, on which we have issued Independent Auditor's Report dated 5 July 2024. We conducted our audit in accordance with auditing standards accepted in the Republic of North Macedonia[1]. In planning and performing our audit of these Project's financial statements, we considered the Project's system of internal controls in order to determine our auditing procedures for the purpose of expressing our opinion on the Project's financial statements, but not for the purpose of expressing an opinion on the effectiveness of the internal control. An audit does not include examining the operating effectiveness of the internal controls.

We emphasize that our internal controls examination did not result in necessarily ascertaining all matters that could represent control deficiencies as defined above. Furthermore, we have not considered the system of internal controls since the date of our Report.

During the audit, we did not identify any condition we believed to be a significant deficiency or material weakness.

The appendix to this Letter contains a description of Management's responsibility in designing and maintaining the internal control system, its objectives and limitations.

We would like to take this opportunity to thank management and staff of the Project for the co-operation and assistance extended to us during our audit.

Suzana Stavrikj
Director
Grant Thornton DOO, Skopje

Suzana Stavrikj
Certified Auditor

Skopje, 30 June 2025

[1] International Standards on Auditing ("ISA") issued by the International Auditing and Assurance Standards Board ("IAASB"), effective from 15 December 2009, translated and published in the "Official Gazette" of the Republic of Macedonia no. 79 from 2010.

Appendix

Management's Responsibility for, and the Objectives and Limitations of the Internal Control System

The following notes represent Management's responsibilities in regards to the system of internal control and the objectives and inherent limitations of the system of internal control adopted from the International Auditing Standards from the International Federation of Accountants.

Management's Responsibility

Management is responsible for establishing and maintaining the internal control system. In fulfilling this responsibility, management is required to assess the expected benefits and related costs of internal control policies and procedures.

Objectives

The objectives of an internal control system are to provide management with assurance, as far as practicable, that the assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with Management's policies and recorded properly to permit the timely preparation of reliable financial information in accordance with applicable accounting principles.

Limitations

Because of inherent limitations in any internal control system, errors or irregularities may occur and not be detected. Also, the projection of any evaluation of the internal control system to future periods is subject to risk that policies and procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operations of policies and procedures may deteriorate.

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