

Gwanga Power Uganda (GWAPO-UG)
Audit Report and Fund Accountability Statement for the period ended December 31, 2016

MEMBER AND EXTERNAL ADVISERS
GWANGA POWER UGANDA (GWAPO-UG)
(UShs5,544,147)
Audit Report and Fund Accountability Statement
For the period ended December 31, 2016

Introduction

1. Background

Gwanga Power Uganda is a nonprofit, nonpartisan organisation registered with the NGO BOARD in 2016. Gwanga Power Uganda grew out of the high dropout rates in Universal Primary Education leading to high dependence on parents, low survival and employability skills hence the very high unemployment rates experienced by children and youths in Uganda. Gwanga Power Uganda was founded to empower children and youths with soft/hard skills, build a network of youths that are ready to respond to their poverty situations.

Gwapo-Ug's VISION: Empowering Community Change Agents.

Gwapo-Ug's objectives are: (a) To develop, design and implement strategies that the youth and children can use to practice and become effective and efficient in areas of agriculture, WASH, HIV/AIDS and governance. (b) To empower children and youth with skills, information, knowledge that shall minimize risks in their teenage and adult life yet enable them to make autonomous and independent decisions in their personal and professional lives.

In support to the above, members and external advisors have been making contributions to ensure that activities happen. Installments of US\$5,544,147. for Twelve (12) months from January 2016 to December 2016 was disbursed to Gwapo-Ug's Account i.e. Post Bank Uganda Limited 21100000252 City Branch.

1.1 Objectives of the project

The overall project goal is to promote a holistic, comprehensive, supplementary and systematic child based approach among children and youths for sustainable social, economic, empowerment as an alternative source of livelihood while strengthening their capacity to improve, access, produce, acquire, exchange, share, utilize the attained knowledge and skills with other interested parties.

1.2 The purpose of this project is to share an over view of the challenges and opportunities for children, teenagers/youths and to make recommendations that will result into increased participation in agricultural activities by young people aged between 11 to 20 years. Stimulating the interest, encouraging their immediate participation in agriculture, early mentoring about soft skills, practical skills, teaching about high risk issues in the community, is necessary to minimize poverty, reduce dependence on parents, increase food production/nutrition and keep them focused to developing a life different from their parents hence end the vicious cycle of poverty.

1.3 Expected Outputs from project include:

- Teach Beginners Transformation Course to children, youths and teenagers.
- Mentor children to start their personal gardens as a source of income.
- Train teachers and parents about the program.

2. Overall Objective of the Audit.

Deogra and Company Certified Public Accountants was engaged by Gwapo-Ug members to carry out an audit for twelve (12) months from January, 2016 to December 31, 2016.

The overall objective of the audit is to enable all contributors to determine whether the funds distributed were used in accordance with the agreements entered into with members and external advisors. This includes certifying that the Fund Accountability Statement of the funding received and transactions made accurately reflect the operation of Gwapo-Ug. The specific objectives were to:

- Provide an opinion as to whether the Fund Accountability Statement presents in all material aspects a true and fair view of the amount received, costs incurred and is in conformity with the stipulated funding Agreements.
- Report the findings during the audit in a Management Letter, which is a part of the reporting. This Management Letter shall include clear recommendations for areas of improvement.

2.1 Specific audit objectives and scope of work

In order to fulfill the overall objective of the audit, specific audit objective have been lined out. The specific audit objectives shall include, but not be limited to, the following:

- Submit detailed Audit Information Requirements (AIR) prior the audit to Gwapo-Ug to ensure that preparations of the audit have finalized at partner level,
- Confirm and reconcile with Gwapo-Ug the funding received from members and external advisors,
- Scrutinize, assess and report on compliance with the terms and conditions of the Agreements and applicable laws and regulations regarding accounting and taxes,
- Verify that payments made were properly allocated to the appropriate budget lines against the approved budget.

Audit Scope

The audit scope required us to carry out sufficient audit steps and procedures to ensure that the audit objectives were met for the period up to December 31, 2016. Details of the steps and procedures are given below.

2.1 Audit Methodology

The audit methodology principally comprised:

Audit of Fund Accountability Statement (FAS)

Determined whether specific costs incurred are allowable, allocable, and reasonable under the agreement terms, and identified areas where fraud and illegal acts are likely to have occurred or have occurred as a result of inadequate internal controls.

Deogra and Company Certified Public Accountants performed the following procedures:

- i. Agreed expenditure to supporting documents ensuring that an adequate amount of the actual expenditure was tested,
- ii. Compared actual expenditure with budget, and obtained explanations for variances.

Deogra & Company.

Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Management of Gwanga Power Uganda, We have audited the Fund Accountability Statement of GWAPO-UG member/external advisers-funded project for the period January 1, 2016 to December 31, 2016, which comprises the Fund Accountability Statement and notes. The Fund Accountability Statement is prepared by management based on the existing accounting systems agreed upon between Gwapo-Ug and members/external advisors.

Management's Responsibility for the Fund Accountability Statement

Management is responsible for the preparation of the Fund Accountability Statement that gives a true and fair view in accordance with accounting systems agreed upon and is responsible for such internal control as management determines is necessary to enable the preparation of the Fund Accountability Statement free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the Fund Accountability Statement based on our audit. We have 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 Fund Accountability Statement is free from material misstatement.

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

Opinion

In our opinion, the Fund Accountability Statement gives a true and fair view of the funding and expenditure of Gwapo-Ug Member/external advisers-funded project for the period ending December 31, 2016 in accordance with the accounting policies systems agreed up on by parties.


Certified Public Accountants

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Gwanga Power Uganda (GWAPO-UG)
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GWANGA POWER UGANDA FUND ACCOUNTABILITY STATEMENT FOR THE PERIOD JANUARY TO DECEMBER 2016.

GWANGA POWER UGANDA FUND ACCOUNTABILITY STATEMENT FOR THE PERIOD JANUARY TO DECEMBER 2016.

	12 months ended Dec 31 2016 Actual	12 months ended Dec 31 2016 Budget	Variance %
Receipts			
Funding from Mr Hiroshi Ishizuka	1,585,245	1,603,168	
Funding from Mr Torbien Vestergaard Frandsen	672,000	750,000	
Member contribution	3,160,979	3,190,979	
	5,418,224	5,544,147	
Expenditure			
Postal Fees	84,500	84,500	0
Membership to partner organization	850,000	850,000	0
Books (exercise, graph, sets)	850,000	854,000	1
Registration as NGO	105,000	125,000	16
Transport to schools	855,000	869,923	2
Sponsorship school fees	500,000	500,000	0
Training Materials (Flip Chart, markers)	250,000	270,000	7
Training Materials (for hands on skills)	800,000	810,000	1
Transport to other organizations	423,724	478,724	11
Administrative Costs	500,000	502,000	1
Audit Fees	200,000	200,000	
	5,418,224	5,544,147	40
Surplus for the Period	125,923		

There is a saving on the budget leading to the variance on books, registration fees, transport, training materials 38% i.e. 111,000ush yet the 2%ie 14,923ush is for account maintenance until 2017. Annual closing balance is 125,923ushs as per bank statement printed on December 31 2016 from Post Bank Uganda account 2110000000252.

Approval of the Fund Accountability Statement

This Fund Accountability Statement was approved by Gwanga Power Uganda management on 2016 and signed on its behalf by:

..... *A. Senyondo*

..... *December 22 2016*

Chairperson *[Signature]*

Date *22 December 2016*

Finance Officer (Treasurer)

Date

These notes form an integral part of the Fund Accountability Statement

4. Management Letter

4.1 Introduction and Background

We have completed the audit of the project Fund Accountability Statement of member/external advisers funding to the implementation of activities of Gwapo-Ugand accordingly wish to record our appreciation to meet their value of accountability.

The primary purpose of our audit was to enable us express an opinion as to whether or not the project Fund Accountability Statement of member/external advisers funding to the Gwapo-Ug project for the 12 months ended December 31, 2016 presents a true and fair view in all material respects of the financial position agreed upon by parties.

This report summarizes certain observations and recommendations which resulted from our audit. The implementation of these recommendations should assist management in improving internal accounting controls.

Finally, we shall be pleased to discuss and explain the recommendations and to provide any assistance and support you may require to put them into effect.

5. Overall commentaries on the accounting records, systems and controls that were examined during the audit

Our overall assessment is that Gwapo-Ug has put in place internal control environment that can enable management to prevent, detect and correct material errors in the Fund Accountability Statement, ensure compliance with the terms and conditions of the partnership agreement and member/external advisers regulations and ultimately safeguard Gwapo-Ug's finances from loss and misappropriation. However despite the adequacy of the system, we would like to recommend the use of pastel, and identification of partners to increase the fund base. This however must not limit the organization from establishing its financial situation through annual auditing by existing registered auditing firms.

5.1 Budget, Approval of Payments

All expenditures are made in line with approved budgets and the work plan and the Country Director approves the activities before payments are effected. External advisers are also communicated to for approval of expenditures.