COMMON MARKET FOR EASTERN AND

**SOUTHERN AFRICA**



 **DRAFT DUMMY REPORT**

 **2017 Audited Financial Statements**

**Project Name: COMESA FIFTY MILLION AFRICAN WOMEN SPEAK NETWORKING PLATFORM PROJECT**

**Source of Funding: AFRICAN DEVELOPMENT BANK (AfDB)**

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| **Grant Utilization Summary** | **Currency (US$)** |
| Grant Amount | **5,386,200.00** |
| Grant utilized before current year |  |
| Grant utilized in 2017 | 232,222 |
| **Balance -2017**  | **5,153,978** |

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1. The Sub Committee is invited to consider the 2017 Audited Financial Statements and accompanying Management Letter issued by the external auditors Lochan & Co. Chartered Accountant, India. The period covered is from 08th September 2016 to 31st December 2017
2. The Sub Committee is also invited to consider the following:
	1. Audit Opinion

**Audit opinion on the project financial statements**

**Report of the Independent Auditors to the Common Market for Eastern and Southern Africa (COMESA), Lusaka, Zambia**

We have audited the accompanying financial statements of ‘50 Million Women Speak Networking Platform project’ (“the Project”), which comprise the Statement of Financial

Position as at 31 December 2017, and the Statements of Receipt and Expenditure and Cash Flows Statement for the sixteen- month period then ended, and Notes to the Financial Statements, including a summary of significant accounting policies and other explanatory information as set out on pages 15 to 24.

**Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of the project ‘50 Million African Women Speak Network Platform Project’ as executed by the Common Market for Eastern and Southern Africa

(COMESA), Lusaka, Zambia for the period from 8 September 2016 to 31 December 2017 for sixteen- month period in conformity with International Financial Reporting Standards and the requirements of the COMESA financial rules and regulation and in accordance with requirements of the Protocol of agreement between COMESA and The African Development Fund (ADF).

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). We are independent of the programme in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Other information**

The Secretary General is responsible for the other information. The other information comprises the Transmittal Statement, the Management Responsibility Statement and the Project Implementation Report in respect of the preparation of financial statements and supplementary information set out on pages 25 - 36. Accordingly, we do not express opinion on them.

**Responsibilities of the Secretary General for the financial statements**

The Secretary General is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the COMESA rules and regulations and the Protocol of agreement between COMESA and African Development Fund (ADF), and for such internal control as the Secretary General determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Secretary General is responsible for assessing the programme’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Secretary General either intends to liquidate the programme or to cease operations, or has no realistic alternative but to do so.

**Auditors’ Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors’ report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

* Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
* Obtain an understanding of internal control relevant to the audit 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 programme’s internal control.
* Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
* Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the programme’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors’ report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors’ report. However, future events or conditions may cause the programme to cease to continue as a going concern.
* Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Sharad Agarwal FCA

Partner

Lochan & Co

Chartered Accountants

Date: 28 June 2018

Place: New Delhi



* 1. Management Letter

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|  | **Finding** | **Recommendations** | **Action taken** | **Status** | **Completion Time frame** |
| **1** | Implementation of project activities | COMESA PIU should ensure that the activities are implemented in accordance with the approved work plan in order to achieve the overall targets of the project. | The project has continued to implement activities as per approved work plan as confirmed during donor supervision mission. | Closed | 31 August 2018 |
| **2** | Casting error in the overall project budget | COMESA PIU shall get this correction done and amend the workplan accordingly. | Revised and corrected budget was submitted by the project and subsequently approved by the AfDB | Closed | 31 August 2018 |
|  |  |  |  |  |  |
| **3** | Submission of reports | COMESA PIU should ensure that reporting deadlines stipulated in the agreement are appropriately followed. | With the exception of 1 quarter, all subsequent quarterly reports have been submitted to the AfDB within the stipulated time for the year ended 31 December 2018 | Closed | 31 August 2018 |
| **4** | Project income and expenditure in quarterly interim unaudited financial progress report | COMESA PIU shall update the error and resubmit the quarterly interim unaudited financial report for the quarter ending December 2017. | Revised and corrected report as at 31 December 2017 was submitted by the project | Closed | 31 August 2018 |
| **5** | Preparation of reimbursement claim submitted | COMESA PIU should strengthen its internal control and ensure that the reimbursement claim should be prepare considering all the expenses incurred for the reporting period. The reimbursement claim should be crossed check with the books of accounts. | Reimbursement Claim submitted and amount subsequently remitted by the AfDB to COMESA Secretariat |  | 31 August 2018 |

1. Discussion

[To be completed at the meeting]

1. Decision

The Sub Committee is invited to:

1. recommend that the unqualified 2017 Audited Financial Statements of COMESA Fifty Million African Women Speak Networking Platform Project be considered by the Committee on Admin and Budgetary Matters.
2. urge the Secretariat to expedite implementation of audit findings. A progress report will be availed to the Sub Committee at its next meeting.