

PHILANTROPIC DEVELOPMENT CENTRE (PIDEC)

AUDIT REPORT ON THE FINANCIAL STATEMENTS FOR THE PERIOD MAY 22nd, TO APRIL 30th, 2019

PROJECT TITLE

***“POVERTY ALLEVIATION THROUGH SUSTAINABLE COCOA PRODUCTION,
PROCESSING AND MARKETING FOR PEASANT FARMERS IN RURAL AND SEMI
URBAN COMMUNITIES OF KUPE MUANENGUBA DIVISION”***

PROJECT FUNDED BY: MANOS UNIDAS, MADRID SPAIN

PREPARED BY

**MONONO EPHANGA, INDEPENDENT
AUDITOR AND CERTIFIED CHARTERED
ACCOUNTANT**

©MAY 2019

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**SECTION 1
TERMS OF REFERENCE**

This audit was independently carried out after the auditors were consulted by PIDE Management Board and both parties agreed that the audit will be carried out with respect to the following terms of reference:

- That PIDE will disclose **ALL** necessary information pertaining to the financial transactions of the organization under the period of audit;
- That PIDE will present all documents supporting income and expenditure within the audit period. Such documents will include but not limited to bank statements/printouts, cash book, project budgets, invoices, payment vouchers, receipts etc
- That PIDE will present all contract of employment stating the employees, their duties and agreed payment;
- That PIDE will answer all other questions necessary for the auditors to express their true and fair opinion;
- That the auditors will independently examine all the financial records and request for further information for clarity;
- That the auditors will prepare an audit report not more than two months after the audit;
- That PIDE agrees to pay the auditors the amount of four hundred thousand francs (400,000Fcf) as full auditing fee upon presentation of audit report.



**MONONO EPHANGA
AUDITOR**



**NGOLE MARCEL NTUBE
PIDEC EXECUTIVE DIRECTOR**

SECTION 2

AUDITORS' OPINION AND OBSERVATION

We have audited the Financial Statement of the Philanthropic Development Centre (PIDEC) for the period MAY 22nd 2017 to APRIL 30th 2019 as mandated by PIDE Management Board. We obtained all the information and explanations, which to the best of our knowledge and believe were necessary for the purpose of this audit.

It is the responsibility of the Management of PIDE to prepare their Financial Statements. Our duty is to formulate an audit opinion on these financial statements based on our audit findings.

The audit was carried out in conformity with International Standard on Auditing (ISA) with particular regard to Non-profit making organizations accounting principles and best practices and in accordance with the term of reference of our mandate.

These norms required us to plan and to carry out the audit assignment in a manner as to ensure that the Financial Statements established by PIDE do not contain significant abnormalities.

The audit exercised consisted of verification on a test basis, accounting and evidence of transactions, the amounts and the information appearing in the Financial Statements. It further included evaluation of the accounting principles applied by PIDE's Management and the general presentation of the project financial reports.

We are convinced that, our audit constitutes a reasonable basis to express our opinion in the light of the foregoing.

1. The accounting system of PIDE is electronically operated on a cash base single entry system to record all the financial transactions taking into consideration the financial engagements within the same financial year with each donor or project. This is complemented with a manual ledger clearly showing each donor and project supported. Under this system, it is very easy to identify funds for each activity and project supported by each donor.
2. A separate income and expenditure account is kept for MANOS UNIDAS' supported project. Here, one could easily identify the budget for each item, the actual expenditure and the variance. Also, all invoices and vouchers are organized in a serial order as per activity and budget head.
3. PIDE operates one bank account in EKOBANK KUMBA was balance as of April 30th was 846,729 FCFA. A bank book is kept.
4. PIDE/Local contribution to project realization amounting to 4,176,000FCFA and expenditure of 3,640,000 could not be verified. Also there were no supporting documents to backup the expenditure of this money. Explanation held that this contribution was in-kind though it was valued.
5. Beneficiary local contribution to project realization amounting to 10,220,000 FCFA could not be verified, there were no supporting documents to backup the expenditure of this money. Explanation held that this contribution was in-kind though it was valued.

6. We could not find written contract of employment. This is not a good management Practice as it may lead to conflict of responsibilities, create an atmosphere of job insecurity and generate a mix-feeling among staff.
6. Although, project expenses were fully justified, PIDEDEC maintains no Procurement procedures especially as regards to equipment costs that guarantee competitive bidding.

In our opinion, except but for the issues aforementioned, the Financial Situation of PIDEDEC Bangem - Cameroon, consisting of the Income and Expenditure statement as at MAY 22nd 2017 to APRIL 30th 2019 represent a true and fair financial situation. These Financial statements and the accounting system comply with the accounting principles and standards required of non for profit organization of that size.

F.M. Ephanga FCCA, ACIS

Chartered Certified Accountant

UDEAC: EC.09

ONECCA: ECP 11



Limbe, MAY 24, 2019

SECTION 3

NOTES TO MANAGEMENT

In as much as PIDEDEC has tried to comply with some of the best practices suitable for an organization of its size, we however add and further recommend the following:

1. BANKING PRACTICE

That PIDEDEC should open a modest support bank account in Post Office or Credit Union in Bangem so that huge amount withdrawing from Kumba should be transferred directly into the Account to limit the risk of moving with money.

MANAGEMENT RESPONSE:

We have already opened an account in Bangem Credit Union. However, it is not possible for our bank in Kumba to do direct interbank transfer to the account. We usually transfer the withdrawn money from Kumba to Express Union and later withdraw and put in the Credit Union Account.

3. EMPLOYMENT CONTRACT AND SOCIAL SECURITY PAYMENT:

We noticed there were not signed employment contract with employees. This could jeopardize their input and performance. It could also lead to wrongful dismissal and create conflict of responsibilities in the organization. We also realized that PIDEDEC is not contributing to the National Social Insurance Fund for its personnel. A situation such as this could lead to confrontation between the organization and the relevant institution responsible for this service.

MANAGEMENT RESPONSE:

We will in due course have formal and signed contract of employment with job description of each employee and the amount to receive. Concerning Social Insurance of personnel, it is indeed a difficult issue for us to handle because of the fact that we rely on external funding and cannot guarantee staff a long-term job.

PIDEC-BANGEM FOR THE PERIOD MAY 22nd, 2017 TO APRIL 30th, 2019

PIDEC SUMMARY INCOME AND EXPENDITURE STATEMENT FOR THE PERIOD MAY 22nd 2017 TO APRIL 30th, 2019			
PARTICULARS	NOTE	FCFA DETAILS	FCFA AMOUNT
A: SOURCES OF FUNDS			
A.1 Internal sources			
A.1.1 Annual Membership Contribution		260,000	
A.1.2 Consulting Services		590,000	
A.1.3 Patrons and Patronesses		892,000	
			1,742,000
A.2 External Sources			
A.2.1 MANOS UNIDAS FUNGING	1	45,838,328	
A.2.3 ERO FOUNDATION GRANT	2	1,678,000	
A.2.4 ANDREWS FOUNDATION GRANT	3	3,895,985	
			51,412,313
TOTAL INCOME (A)			53,154,313
B: APPLICATION OF FUNDS			
B.1 Office Rents and Running Costs		1,776,000	
			1,776,000
B.2 CHARITABLE PROJECTS			
B.2.1 MANOS SUPPORTED PROJECT			
B.2.1.1 Equipment and Supplies	4	23,683,950	
B.2.1.2 Personnel	5	15,360,000	
B.2.1.3 Training	6	3,270,000	
B.2.1.4 Transportation of materials		1,200,000	
B.2.1.4 Operational Overheads & Administration Costs		2,198,378	
			45,712,328
B.2.2. ERO FOUNDATION FUNDING			
B.2.2.1 Planning/Sensitization Meeting		80,000	
B.2.2.2 Building and Construction Materials		926,000	
B.2.2.3 Transportation to the project site		200,000	
B.2.2.4 Skilled Labour		400,000	
			1,606,000
B.2.3 LUSH CHARITY POT GRANT			
B.2.3.1 Purchase of Equipment		3,124,800	
B.2.3.2 Training & Installation of Equipment		327,950	
B.2.3.4 Transportation and Monitoring		350,000	
			3,802,750
TOTAL EXPENDITURE (B)			52,897,078
BALANCE (A-B)			257,235
LESS BANK CHARGES			126,124
NET BALANCE			131,111
THE BALANCE IS MADE AVAILABLE AS FOLLOWS:			
ECOBANK BALACE			846,729
Cash MANOS UNIDAS			126,000
Cash ERO FOUNDATION			72,000
Cash ANDREWS FOUNDAT			93,235
TOTAL			1,137,964

SECTION 5

NOTES TO THE FINANCIAL STATEMENT

The auditors grouped the Income and Expenditure Statement as per each project and activity. We adopted this simple approach because the organization is keeping accounts as per each project and activity and it was easy for us to verify the accounts and documents as presented rather than mixing up all expenditures relating to all activities that were carried out within the Audit period.

NOTE 1: MAUS UNIDAS FUNDING 45,838,328FCFA

PIDEC received this grant for the implementation of a project “Poverty alleviation through Sustainable Cocoa Production, Processing and Marketing for peasant farmers in Rural and Semi-Urban Communities of Kupe Muanenguba Division”. The project was carried out in Bangem sub-division of Kupe Muanenguba Division within 2years.

NOTE 2: ERO FOUNDATION GRANTS 1,678,000FCFA

PIDEC equally received a grant of 1,678,000FCFA from ERO FOUNDATION within the period covered by the audit. The grant was used to construct a pit toilet at government primary school in Mbang, Bangem Sub Division of Kupe Muanenguba Division of the South West Region.

NOTE3: ANDREWS FOUNDATION GRANTS 3,895,985 FCFA

PICEC also received a grant from the ANDREWS FOUNDATION for the setting up a Food Stuff Grinding Mill for rural women in Balock village in Bangem Sub Division.

NOTE4: EQUIPMENT AND SUPPLIES 23,683,950 FCFA

Equipment and Supplies relate to the cost of farm inputs and tools that were bought for the implementation of the project supported by Manos Unidas.

NOTES 5: PERSONNEL 15,360,000 FCFA

Personnel represent salaries that were paid out to six (6) staff within two years who were directly involved in the project.

NOTE 6: TRAINING 3,270,000 FCFA

Training expenditure include venue, media coverage, stationery, reports etc incurred in capacity building for target beneficiaries.