

**EDUCATION FOR SUSTAINABLE AND RURAL
DEVELOPMENT FOUNDATION
(ESARDEF)**

**AUDIT REPORT ON THE FINANCIAL STATEMENTS FOR
THE PERIOD JANUARY TO DECEMBER 2016**

Prepared By:

MONONO EPHANGA

CHARTERED CERTIFIED ACCOUNTANT

APRIL, 2017

TABLE OF CONTENTS

Sections	Page
1 AUDITORS' OPINION ON THE FINANCIAL SITUATION	2-3
2 NOTES TO MANAGEMENT AND THEIR REPOSE	4 - 5
3 INCOME AND EXPENDITURE STATEMENT	6

SECTION 1

AUDITORS' OPINION ON THE FINANCIAL STATEMENTS

The Board of Directors,
Education for Sustainable and Rural Development Foundation (ESARDEF)
P.O Box 183, Buea

Auditors' Opinion on the Financial Statements for the period January 1st - December 31st 2016

We have audited the Financial Statements of ESARDEF for the period January 1st 2016 to December 31st 2016 as mandated by ESARDEF Management Board. We have obtained all the information and explanations, which to the best of our knowledge and believes were necessary for the purpose of this audit.

It is the responsibility of the Management of ESARDEF 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 ESARDEF Management do not contain significant abnormalities.

An audit implies the verification on a test basis, accounting and evidence of transactions, the amounts and the information appearing in the Financial Statements. It further includes the evaluation of the accounting principles applied by ESARDEF'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.

Consequently, the audit established that:

1. The accounting system of ESARDEF 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.

AUDIT REPORT ON THE FINANCIAL STATEMENTS

ESARDEF - BUEA FOR THE PERIOD JANUARY 1, 2016 TO DECEMBER 31, 2016

Under this system, it is very easy to identify funds for each activity and project supported by each donor or funder.

2. ESARDEF operates a bank account whose balance as at 31/12/2016 was 2,594,950 FCFA. A Bank Book is not kept by ESARDEF for this bank account and consequently, bank reconciliation statements are not prepared.
3. ESARDEF/Local contributions to project realization amounting to 3,764,400 FCFA 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.
4. Although the financial statements presented by the Management of ESARDEF for the purpose of this audit were in conformity with national and international standards; the electronic accounting system is not complemented with manual records.

In our opinion, except but for the issues aforementioned, the Financial Situation of ESARDEF Buea - Cameroon, consisting of the Income and Expenditure statement as at January 1st to December 31st 2016 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



ETANG SAMUEL MANYI MBENG
Executive Director, ESARDEF

Done in Limbe on the 11th April, 2017

SECTION 2

NOTES TO MANAGEMENT

In as much as ESARDEF 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 ESARDEF should open a modest support bank account in Mamfe to limit the risk of always traveling with money for project execution. We also recommend that ESARDEF should have a bank book and prepare monthly bank reconciliation statements.

MANAGEMENT RESPONSE:

We have already applied to open an account in Mamfe Credit Union and subsequently, we will arrange with our bank in Buea to make periodic transfer to the new account in Mamfe. We shall equally keep a bank book and prepare monthly bank reconciliation statements.

2. ELECTRONIC AND MANUAL ACCOUNTING:

We strongly advise on the need for ESARDEF to back up the electronic spreadsheet accounts with a manual system and also to periodically burn accounting files in CDs to avoid risk of loss of accounting information.

MANAGEMENT RESPONSE:

We have already acquired ledgers and our Accounts secretary will soon transfer all the electronic accounts in the ledger. We shall also backup accounting files and other important documents of the organization on CDs.

3. SOCIAL SECURITY PAYMENT:

We noticed the absence of contribution to National Insurance Fund for personnel of ESARDEF. A situation such as this could lead to confrontation between the organization and the relevant institution responsible for this service.

MANAGEMENT RESPONSE:

This is a process which is not automatic. ESARDEF is just a young organization that has not been able to secure long term funding. However, we will get in contact with the Ministry of Labor and Social Security and file an application for that later.

4. OFFICE OF FINANCE OFFICER:

We advise management ESARDEF to separate the office of the finance officer from that of other staff to prevent possibility of fraud

MANAGEMENT RESPONSE:

The board will allocate an office space to the finance officer as requested.

SECTION 3
INCOME AND EXPENDITURE STATEMENT

**ESARDEF INCOME & EXPENDITURE ACCOUNT FOR THE PERIOD JANUARY 1, 2016
TO DECEMBER 31, 2016**

FINANCIAL STATEMENT FOR 2016

A. Source of income

1. Members contributions	=	3,764,400 FCFA
2. Small grants	=	4,640,300 FCFA
3. Consultancy Services	=	2,000,000 FCFA
4. Brought forward from 2015	=	<u>810,300 FCFA</u>
Total	=	11,215,000 FCFA

B. Expenditures on Projects

1. Seed aid to small farmers 2016		
a) Seeds (Maize, Plantains, Yams, Cocoyam, & Vegetable)	=	1,480,000 FCFA
b) Pesticides	=	205,000 FCFA
c) Fertilizers	=	190,000 FCFA
d) 10 Spraying Cans	=	400,000 FCFA
e) 50 Machetes	=	250,000 FCFA
f) 2 Water Pumps	=	500,000 FCFA
g) 10 Watering Cans	=	100,000 FCFA
h) 50 Small Hoes	=	125,000 FCFA
i) Training of Farmers	=	200,000 FCFA
j) Communication Credit (Airtime)	=	50,000 FCFA
k) Transportation	=	<u>25,000 FCFA</u>
Total		3,525,000 FCFA
2. Construction of water tank and a tap		
a) 04 trips of sand	=	300,000 FCFA
b) 02 trips of cracked stones	=	200,000 FCFA
c) 16 bags of cement	=	78,400 FCFA
d) 01 Plastic water tank	=	205,000 FCFA
e) 19 Water pipes	=	119,650 FCFA
f) 02 Cartons Water filters	=	123,000 FCFA
g) 02 Water pump	=	293,000 FCFA
h) Water purifier	=	109,000 FCFA
i) Labor (skilled and unskilled)	=	125,000 FCFA
j) Construction rods	=	325,100 FCFA
k) Digging	=	102,000 FCFA

AUDIT REPORT ON THE FINANCIAL STATEMENTS

ESARDEF - BUEA FOR THE PERIOD JANUARY 1, 2016 TO DECEMBER 31, 2016

l) Tiles	=	101,500 FCFA
m) Paint	=	<u>76,000 FCFA</u>
Total		2,157,650 FCFA
3. Feed the Orphans, poor widows and widowers outreached		
a) 30 Bags of rice	=	350,000 FCFA
b) 5 Bags of salt	=	25,000 FCFA
c) 20 bags of Corn	=	240,000 FCFA
d) 2 (50Litres) Containers of Cooking Oil	=	100,000 FCFA
e) 3 Cartons of Maggi	=	<u>30,000 FCFA</u>
Total		745,000 FCFA
4. Youth Empowerment Forums		
a) Renting of halls	=	50,000FCFA
b) Renting of chairs	=	14,500FCFA
c) Light refreshments	=	61,350FCFA
d) Awards to participants	=	32,000FCFA
e) Sound systems	=	51,000FCFA
f) Transportation	=	<u>10,000FCFA</u>
Total		218,850FCFA
5. Allowance to volunteers	=	1,141,500FCFA
6. Payment of school fees and school supplies for 29 kids	=	366,000FCFA
7. Electricity bills	=	168,000FCFA
8. Office cost	=	205,000FCFA
9. Water bills	=	93,050FCFA

Total Amount of Expenditures = 8,620,050 FCFA

Balance = 2,594,950 FCFA



Etang Samuel Manyi Mbeng
Executive Director, ESARDEF



Clara L. Indoko
Finance Controller, ESARDEF