



PAPER 3

AUDITED FINANCIAL STATEMENTS FOR SRHR PROJECT FOR THE PERIOD ENDED 31 MARCH 2020 & ORGANISATIONAL ASSESSMENT REVIEW

1.0 Audited Financial Statements as at 31 March 2020

The Forum external auditors BDO Namibia audited the Financial Statements for the period ended 31 March 2020 for the SRHR Project. The audit report consisted of (i) the financials and (ii) Management Letter.

1.1 Fund Accountability Statement

Total Grant received from Sida during the financial year 2019/2020 amounted to US\$ 1,057,080 (about N\$ 15,424,274). The total expenditure for the same period was US\$ 519,346 and therefore, the unspent funds balance as at 31st March 2020 stood at US\$ 537,734.

The low utilization rate of funds was due to the following reasons:

- (i) The SRHR project started in July 2019, and therefore the period for the implementation of activities was only 9 months to 31st March 2020;
- (ii) There was late recruitment of Researchers in some national parliaments while there are some parliaments who have not yet recruited their Researchers. This means that the amount budgeted for Researcher fees could not be fully utilized. In addition, due to the absence of Researchers, the national activities (workshop & conferences) could not be held as planned.

However, in order not to lose savings from the first year of implementation, the unutilized funds have been reallocated to cater for the following:

- (a) Recruitment of a Corporate Governance Executive (2 years salary only);
- (b) Procurement of ICT services needed for virtual meetings;
- (c) Procurement of ICT equipment;
- (d) Development of a model law on Public Finance.

1.2 Statement of Financial Position

In terms of financial position, as at 31 March 2020 there was US\$ 575,689 in the SRHR project bank account and there was US\$ 3,724 which was receivable from Namibia Revenue Authority (VAT refundable) and from SADC PF (refund of expenses).

The SRHR Project had a liability of US\$ 41,679 being fees due for external audit, M & E consultant and bills for travel costs at end of financial year.

1.3 Management Letter

In accordance with clause 6.1(c) of the Agreement between SADC PF and Sida, the external auditors prepared a comprehensive Management Letter to confirm the level of compliance to good financial practice and to update on the Organization Assessment 2019 findings and recommendations (prepared by KPMG Zambia on behalf of Sida).

1.3.1. Regarding the Organizational Assessment, the following issues, among others, were confirmed to have been fully implemented and are therefore closed:

- (i) Governance: Plenary Assembly to approve Forum Constitution; Background & Experience of Committee members to align to Sub-Committee mandate; Increase in Annual Contributions; Establishment of a Risk Register.
- (ii) Human Resources Management: Review and implementation of a more comprehensive Staff Performance Appraisal system; Encouragement of employees to take their annual leaves; Documentation and awareness of staff of the Anti-corruption policy; Recruitment of Programme Officers and M & E officer.
- (iii) Procurement: Maintenance of a database of approved suppliers;

Adoption of Sida Procurement policy and adherence to Procurement Procedures, specifically the Tender process.

- (iv) Finance and Accounting: Preparation of monthly budgetary control reports and Monthly Cash flow forecasts; Automation of Fixed Asset Register; Accounting for Travel expenditure: Collection of travel boarding passes; Elimination of cash transactions: Imprest system replaced by a Cashless system; Segregation of Duties in Finance and Administration Department; Compliance with statutory provisions regarding VAT & PAYE payments and returns.
- (v) Stores Management: Stores Management Systems: Raising of Good Received Notes for good purchased.
- (vi) ICT Management: Offsite ICT backup system for data.
- (vii) Internal Audit: Establishment of Audit Committee. The Finance Sub-Committee performs this role.

1.3.2. There are, still, some audit observation items that have been reported as not fully implemented, namely the following:

- (a) Stores Management system for stationery & consumables;
- (b) Time sheet system;
- (c) Monthly reconciliation of Fixed Assets;
- (d) Cash flow and budgetary control for SRHR project.

Items (a), (c) and (d) are being implemented in this current financial year, while item (b) is deemed not to be cost effective due to the nature of our structure and business. The Forum has a performance appraisal system that tracks and measures employee efficiency.

1.4 Submission to Sida

The audited Financial Statements and the Management Letter for the SRHR project were submitted to Sida on Monday 16th November 2020. The financial reports will be reviewed and feedback submitted to SADC PF. Any additional matters raised thereafter will be reported in subsequent Finance Sub-Committee and EXCO meetings.

Attachments:

- (i) SRHR Programme Audited Financial Statements as at 31st March 2020
- (ii) Management Letter in respect of the Audited Financial Statements as at 31st March 2020

DECISION FOR THE CONSIDERATION OF THE PLENARY ASSEMBLY

The Plenary Assembly is requested to take note of the above developments.