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Date: 26 / 6 / 2019

**To: Programme Manager of Reducing Emissions from Deforestation and Forest Degradation**

**Subject: Audit Findings Report of Emissions from Deforestation and Forest Degradation Programme (REDD+) for the year ended December 31, 2018**

Dear Sir,

I am pleased to send you the original audit report regarding to the above mentioned project for the year ended Dec 31<sup>st</sup>, 2018, and four copies thereof. You are kindly requested to forward the four copies of the report to (REDD+) Grant Agreements No: TF019148 and TF0A2624 and retain the original for your records.

It is also imperative that you carefully consider and follow-up the audit findings and observations and ensure implementation of the audit recommendations.

Thank you for your anticipated co-operation.

Yours sincerely,



**Mohamed Elhafiz Nasr Mohamed Nasr (FCCA)**  
**Deputy Auditor General**  
**National Audit Chamber**





### **Independent Auditor's Report**

#### **To: Reducing Emissions from Deforestation and Forest Degradation Programme (REDD+).**

#### **Opinion**

We have audited the accompanying financial statements of Reducing Emissions from Deforestation and Forest Degradation Programme (Readiness Phase) Grants No: TF019148 and TF0A2624, Which comprise, the statement of fund Balances as at December 31, 2018, the statement of Sources and uses of funds for the year ended December 31, 2018, statement of designated account as at December 31, 2018, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects ,the financial position of the programme as at December 31, 2018 and its statement of sources and uses of funds for the year then ended, in accordance with the cash receipts and disbursements basis of accounting.

#### **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the programme in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for professional Accountants (IESBA), and we have fulfilled our other 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.

#### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation of these financial statements in accordance with the cash receipts and disbursements basis of accounting as modified by the recognition of receivables and payables, and for such internal control system as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Those charged with governance are responsible for overseeing the programme's financial reporting process.

#### **Auditor's 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 auditor's 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. Misstatement 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 skepticism throughout the planning and performance of the audit we also:

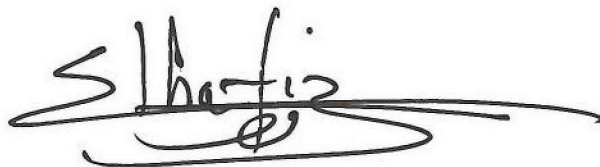


## **Independent Auditor's Report**

### **To: Reducing Emissions from Deforestation and Forest Degradation Program (REDD+).**

- Identify and assess the risks of material misstatements of the financial statement 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 misstatements 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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.



**Mohamed El hafiz Nasr Mohamed Nasr (FCCA)**

**Acting Auditor General**

**REPUBLIC OF SUDAN**

**Khartoum 26 ديسمبر/2019**

**23 جمادى الأولى/1440**





**REDD+ SUDAN**

برنامج خفض الانبعاثات الناتجة عن إزالة وتدهور الغابات



Reducing Emission from Deforestation and Forest Degradation Programme (REDD+)

Statement of Fund Balances

As at 31 December 2018

Details	Notes	WB SDG	GOS SDG	Others SDG	2018 SDG	2017 SDG
Balance C/F		17,718,060	461,658	0	18,179,718	1,504,891
Represented by :						
Current Assets						
Cash in Hand	7					15,245
Cash at Bank	8	17,718,060	461,658	0	18,179,718	1,489,646
Receivables		0	0	0	0	0
Total		17,718,060	461,658	0	18,179,718	1,504,891

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Burae Balla Alhusain  
For/ National Program Coordinator(NPC)



*Atif*

Atif Mohamed Ali  
Financial Management Specialist(FMS)



**REDD+ SUDAN****برنامج خفض الانبعاثات الناتجة عن إزالة وتدهور الغابات****Reducing Emission from Deforestation and Forest Degradation Programme (REDD+)****Statement of Sources & Uses of Funds****For the Year Ended 31 December 2018**

Details	Notes	2018 SDG	2017 SDG
<b>Opening Balances</b>		1,504,891	534,868
<b>Receipts during the year :</b>			
Receipts from Grant	3	43,839,430	4,285,813
Direct Payment to FAO		11,851,965	2,113,443
Receipts from GOS	4	1,284,800	1,037,000
Foreign Currency Sales Incentive	5	662,287	3,465,512
FNC		0.00	0.00
Gain from Exchange Rates		0.00	0.00
<b>Total Receipts</b>		<b>59,143,373</b>	<b>11,436,636</b>
<b>Expenditures :</b>	6		
<b>Components:</b>			
<b>Components (1) :</b>			
Support for REDD+ Readiness Management		20,270,722	5,923,555
<b>Component (2) :</b>			
Support for National REDD+ Strategy		12,824,507	1,528,667
<b>Component (3) :</b>			
Support for Stakeholder engagement		5,526,525	217,420
<b>Component (4) :</b>			
Support for Monitoring , Reporting and Verification		2,341,901	2,262,103
<b>Total Expenditure</b>		<b>40,963,655</b>	<b>9,931,745</b>
<b>Surplus</b>		<b>18,179,718</b>	<b>1,504,891</b>
<b>Cash in Hand</b>	7	0	15,245
<b>Cash at Bank</b>	8	18,179,718	1,489,646
<b>Total Current Assets</b>		<b>18,179,718</b>	<b>1,504,891</b>

*Bid***Burae Balla Alhusain****For/ National Program Coordinator(NPC)***Atif Mohamed Ali***Atif Mohamed Ali****Financial Managment Specialist(FMS)**





**REDD+ SUDAN**

برنامج خفض الانبعاثات الناتجة عن إزالة وتدهور الغابات



Reducing Emission from Deforestation and Forest Degradation Programme (REDD+)  
Designated Account Statement as at 31 December 2018

Account No. : 158674  
Depository Bank : Bank of Khartoum  
Grant Agreement : FT 19148  
Currency : Euro

Details	2018 Euro	2017 Euro
Balance 1-1-2018	108,874.97	4,390.91
Amount Received During the Year from the Grant	1,093,461.38	709,231.06
Amount Received During the Year from GOS	0.00	0.00
<b>Fund available in the FY 2018</b>	<b>1,202,336.35</b>	<b>713,621.97</b>
Less :		
Payment for expenditure in the FY year 2018	1,073,434.31	604,747.00
<b>Closing Balance at 31 December 2018</b>	<b>128,902.04</b>	<b>108,874.97</b>

*Burai Balla Alhusain*

Buray Balla Alhusain  
For/ National Program Coordinator(NPC)



Atif Mohamed Ali  
Financial Management Specialist(FMS)



## Note (1)

### Background

Sudan's R-PP states that Sudan is aiming to achieve REDD+ Readiness by the end of 2017. The R-PP presents all activities that the Government of Sudan envisages to achieve REDD+ readiness. The total estimated funding required to achieve this readiness over the next three years is US\$7.82 million, of which US\$ 3.80 million will be funded by the FCPF. US\$ 0.32 million will be provided by the Government of Sudan. The Government has requested support from the UN-REDD Program and the Food and Agriculture Organization (FAO) for the remaining balance of approximately US\$ 4.0 million, however resource constraints mean that provision of this funding in the near-term is unlikely. There is the potential for Sudan to access up to \$5 million additional FCPF funding to implement the remaining activities in its R-PP, if significant progress in implementing the \$3.8 million grant can be demonstrated at mid-term<sup>1</sup>. It should be noted, however, such additional funding is not guaranteed, and is subject to various factors including the formal approval from the governing body of the FCPF<sup>2</sup>. Fortunately, REDD+ Readiness reflect the required significant progress, so, another agreement with \$5.0 was signed in March 2018 to complete and extend some activities introducing the implementation phase which is expected to launch in 2020. The first payment to the designated account under the additional fund was start in November 2018.

## Note (2)

### Accounting Policy

The principal accounting policies adopted in the preparation of these financial statements are set out below.

- a) **Accounting convention:** The financial statements prepared under the historical cost convention.
- b) **Basic of accounting:** The financial statements of the program have been prepared using a modified cash basis of accounting. As such, receipts are recognized when received and expenses incurred when paid. Fixed assets are recognized in full in the year of purchase rather than capitalized and depreciated over their useful lives. The modification to the cash basis method is that prepayments and advances not accounted are recorded as recoverable.
- c) **Receipts:** Receipts are recognized in the project financial statements in the period in they are received.
- d) **Payments:** Payments are recognized in the Project financial statements in the period in which they are paid rather than incurred.
- e) **Foreign currency transactions:** Transactions denominated in foreign currency are translated into Sudanese pounds at the rates ruling on the date of the transaction. These rates as shown in the receipts and payments noted are determined on the date of receipt and payment.
- f) **Comparative figures:** Figures of this year could be compare with the year ended 31 December 2017.
- g) **Advances:** Advances include working advance payments made to some stakeholders involved in implementation of project activities and have not been accounted or during the period. Advances are recorded as memorandum and recognized in the project financial statements when they are accounted for. Advances that are not accounted for at the end of the year are recorded as receivables.

<sup>1</sup> The mid-term review takes place approximately 18-24 months after grant signature and when 50 per cent of grant resources are committed.

<sup>2</sup> The current term of the FCPF Readiness Fund is until December 31, 2020.





**Reducing Emission from Deforestation and Forest Degradation  
Programme (REDD+)**

**NOTE (3)**

**Amount Received From Grants During The Period Ended 31-12-2018**

Details	Amount EURO	Amount USD	2018 SDG	2017 SDG
<b><u>First Grant No. (TF 1914)</u></b>				
<b><u>Replenishment</u></b>				
WA 17	91,089.35		3,293,071.29	
WA 19	113,336.37		4,130,328.67	
WA 20	74,474.26		2,680,998.89	
WA 21	58,898.91		2,001,396.74	
WA 22	45,000.00		1,525,068.00	
WA 24	105,000.00		3,534,657.00	
WA 27	105,662.49		3,615,939.44	
<b>Sub-Total of Replenishments</b>	<b>593,461.38</b>		<b>20,781,460.03</b>	
<b><u>Direct Payment ( FAO )</u></b>				
FAO		248,953.00	2,310,901.15	
WA 18 - Carbon Clear		134,968.05	3,951,933.00	
WA 26 - Carbon Clear		134,968.05	3,674,279.64	
WA 23 - Andrews Osi Okrah		20,000.00	540,268.32	
WA 29 - Carbon Clear		29,992.90	824,749.35	
WA 30 - Focabs Inc.		25,000.00	549,832.90	
<b>Total Direct Payments</b>		<b>593,882.00</b>	<b>11,851,964.36</b>	
<b><u>Additional Grant No.(TF A2646)</u></b>				
WA 1	200,000.00		6,844,319.96	
WA 1-a	300,000.00		16,213,650.00	
<b>Sub - Total</b>	<b>500,000.00</b>		<b>23,057,969.96</b>	
<b><u>First Grant No. (TF 1914)</u></b>				
<b><u>Replenishment</u></b>				
WA 12	105,242.37			778,821.43
WA 13	95,197.11			716,681.92
WA 14	120,450.71			1,152,833.75
WA 15	91,125.04			1,122,261.56
WA 16	49,074.81			515,214.17
<b>Grand Total</b>	<b>461,090.04</b>		<b>43,839,429.99</b>	<b>4,285,812.83</b>

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**Burae Balla Alhusain**

**For/ National Program Coordinator(NPC)**

*Atif Mohamed Ali*

**Atif Mohamed Ali**

**Financial Management Specialist(FMS)**





**Reducing Emission from Deforestation and Forest Degradation  
Programme (REDD+)**

**NOTE (4)**

**Receipts from GOS During the Period Ended 31-12-2018**

Date	2018 SDG	2017 SDG
29-1-2018	62,100.00	
5-2-2018	28,000.02	
26-2-2018	62,100.00	
8-3-2018	28,000.00	
28-3-2018	84,100.00	
9-4-2018	28,000.02	
30-4-2018	62,100.00	
25-5-2018	120,000.00	
31-5-2018	62,100.00	
31-5-2018	28,000.02	
26-7-2018	28,000.00	
8-8-2018	62,100.00	
9-8-2018	2,800.00	
9-8-2018	2,800.00	
9-8-2018	28,000.00	
5-9-2018	62,100.00	
5-9-2018	28,000.00	
9-9-2018	28,000.05	
23-9-2018	62,100.00	
1-10-2018	62,100.00	
3-10-2018	28,000.00	
15-10-2018	28,000.00	
25-10-2018	28,000.00	
31-10-2018	62,100.00	
15-11-2018	28,000.00	
28-11-2018	62,100.00	
2-12-2018	28,000.00	
18-12-2018	62,100.00	
18-12-2018	28,000.00	
31-1-2017		40,100.00
26-2-2017		40,100.00
20-03-17		40,100.00
30-3-2017		40,100.00
23-4-2017		96,000.00
8-5-2017		40,100.00
22-5-2017		80,200.00
<b>C / F</b>	<b>1,284,800.11</b>	<b>376,700.00</b>



Reducing Emission from Deforestation and Forest Degradation  
Programme (REDD+)

NOTE (4)

Receipts from GOS During the Period Ended 31-12-2018

Date	2018 SDG	2017 SDG
<b>B / F</b>	<b>1,284,800.11</b>	<b>376,700.00</b>
6-6-2017		40,100.00
15-6-2017		28,000.00
19-6-2017		40,100.00
31-7-2017		62,100.00
1-8-2017		28,000.00
17-8-2017		62,100.00
22-8-2017		28,000.00
1-10-2017		62,100.00
3-10-2017		28,000.00
15-11-2017		62,100.00
3-12-2017		28,000.00
3-12-2017		62,100.00
21-12-2017		62,100.00
25-12-2017		28,000.00
31-12-2017		39,500.00
<b>Total</b>	<b>1,284,800.11</b>	<b>1,037,000.00</b>



Burae Balla Alhusain  
For/ National Program Coordinator(NPC)



Atif Mohamed Ali  
Financial Management Specialist(FMS)





Reducing Emission from Deforestation and Forest Degradation  
Programme (REDD+)

NOTE (5)

Foreign Currency Sales Incentive During The Period Ended 31-12-2018

Date	2018 SDG	2017 SDG
3-1-2018	662,287.45	
26-1-2017		331,855.26
2-2-2017		343,466.18
9-3-2017		268,273.52
9-6-2017		760,979.96
11-9-2017		597,297.52
9-10-2017		583,558.08
12-12-2017		580,081.47
Total	662,287.45	3,465,511.99



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**Reducing Emission from Deforestation and Forest Degradation**  
**Programme (REDD+)**  
**NOTE (6)**

**Expenditure During The Period Ended 31-12-2018**

Account	Grant No. TF 19148	Grant No. TF A6424	2018 SDG	2017 SDG
<b>Component (1) :</b>			0	
<u>Support for REDD+ readiness management</u>			0	
1.1 Set up and operation of national REDD+ mgt.	10,495,094	3,391,062	13,886,156	3,781,066
1.2 Setting Committee, TAG and TWGs	392,264		392,264	719,545
1.3 Strengthen sub-national REDD+ Institutional Arrangements	884,758		884,758	404,290
1.4 C.Building for REDD+ Institutional Arrangements	4,908,744		4,908,744	878,654
1.6 Feedback and Grievance Redress + Mechanism for REDD (FGRM)	198,800		198,800	0
1.6 Program Monitoring and Evaluation	0	0	0	140,000
<b>Sub - Total</b>	<b>16,879,660</b>	<b>3,391,062</b>	<b>20,270,722</b>	<b>5,923,555</b>
<b>Component (2) :</b>				
<u>Support for National REDD+ Strategy</u>				
2.1 In depth analysis of drivers of deforestation and forest degradation.	9,500,874	2,639,187	12,140,061	998,911
2.2 In depth analysis of strategic options	398,476		398,476	207,756
2.3 Strategic Environmental & Social Assessment.	103,064		103,064	22,000
2.4 Study on options for benefit sharing	182,906		182,906	300,000
<b>Sub - Total</b>	<b>10,185,320</b>	<b>2,639,187</b>	<b>12,824,507</b>	<b>1,528,667</b>
<b>Component (3) :</b>				
<u>Support for Stakeholders Engagement</u>				
3.1 Constitutional and participation for activities to be implemented under (FCPC)	58,500	4,582,800	4,641,300	0
3.2 Setting up & strengthening of civil society platforms.	885,225		885,225	217,420
<b>Sub - Total</b>	<b>943,725</b>	<b>4,582,800</b>	<b>5,526,525</b>	<b>217,420</b>
<b>Component (4) :</b>				
<u>Support Monitoring, Reporting &amp; Verification (MRV)</u>				
4.1 Development a National Forest Inventory	2,310,901		2,310,901	2,262,103
4.3 Capacity building for forest monitoring activities	31,000		31,000	0
<b>Sub Total</b>	<b>2,341,901</b>		<b>2,341,901</b>	<b>2,262,103</b>
<b>Grand Total</b>	<b>30,350,606</b>	<b>10,613,049</b>	<b>40,963,655</b>	<b>9,931,745</b>





**Reducing Emission from Deforestation and Forest Degradation  
Programme (REDD+)**

**NOTE (7)**

**Cash in Hand**

Particulars	2018 SDG	2017 SDG
Head quarter	0.00	12,245.00
State Units	0.00	0.00
<b>Total</b>	<b>0.00</b>	<b>12,245.00</b>

**NOTE (8)**

**Cash at Bank as at 31-12-2018**

Particulars	Account Number	2018 EURO	2018 SDG	2017 SDG
Bank of Sudan (EURO)	6919-2001-076		0.00	0
CBank of Sudan (SDG)	6919-2001-076		461,658	194,574
Bank of Khartoum (SDG)	1586794		10,686,376	137,016
Bank of Khartoum (EURO)	1586794	104,484.64	7,031,684	1,122,270
Nile Bank Al- Fashir (SDG)	12277		0.00	8,896
Nile Bank Al- Obaied (SDG)	46980		0.00	5,919
Nile Bank Al- Gadarif (SDG)	39071		0.00	16,556
Farmer Commercial Ad-Damer	1000152703 (SDG)		0.00	4,415
<b>Total</b>		<b>104,484.64</b>	<b>18,179,718</b>	<b>1,489,646</b>



**Burae Balla Alhusain**  
**For/ National Program Coordinator(NPC)**



**Atif Mohamed Ali**  
**Financial Management Specialist(FMS)**

