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Reducing Emission from Deforestation and forest Degradation Program REDD+

Financial Statement for the year ended 31, December 2016

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بسم الله الرحمن الرحيم

Republic of the Sudan
National Audit Chamber
P.O Box: 91 Khartoum
Tel: 83 778231 -778232 -771566

Date:

To: Project Manager of Reducing Emissions from Degradation and Forest Degradation Program (reed+)

Subject: Audit Report of Reducing Emissions from Deforestation and Forest Degradation Program (reed+) for the year ended December 31, 2016


Dear Sir,

I am pleased to send you the original audit report regarding the above mentioned project for the year ended December 31,2016,and four copies thereof .You are kindly requested to forward the four copies of the report to the (reed+) 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
Deputy Auditor General
National Audit Chamber





Republic of Sudan
National Audit Chamber
Date: 1438/ رمضان / 18 التاريخ
Date: 2017/ يونيو / 13 الموافق

جمهورية السودان
ديوان المراجعة القومي
الخرطوم
الرقم/د م ق/.....



Independent Auditor's Report

To: Reducing Emissions from Deforestation and Forest Degradation Program.

Opinion:

We have audited the accompanying financial statements of Reducing Emissions from Deforestation and Forest Degradation Program (REDD+) Grant No: TF019148, which comprise, the statement of fund balances as at December 31, 2016, statement of sources and uses of funds for the year ended December 31, 2016, statement of special account as at December 31, 2016, and a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements of Reducing Emissions from Deforestation and Forest Degradation Program as at December 31, 2016, are prepared in all material respects, 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 project 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 project'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.

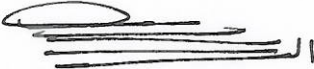
As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the planning and performance of the audit we also:

Independent Auditor's Report

To:Reducing Emissions from Deforestation and Forest Degradation Program

- 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 polices 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.


Eltahir Abd-Elghayoum Ibrahim
Auditor General
REPUBLIC OF SUDAN
Khartoum on 13/6/2017
19/9/1438



**برنامج خفض الانبعاثات
الناتجة عن ازالة وقدمور الغابات**
**REDUCING EMISSIONS FROM DEFORESTATION
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ABBREVIATIONS AND ACRONYMS

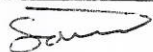
CBD	Convention on Biodiversity
CBO	Community Based Organization
CSO	Civil Society Organization
EIA	Environmental Impact Assessment
ESMF	Environmental and Social Management Framework
FAO	Food and Agricultural Organization
FCPF	Forest Carbon Partnership Facility
FGRM	Feedback and Grievance Redress Mechanism
FMT	Facility Management Team
FNC	Forest National Corporation
FPIC	Free and Prior Informed Consent
FRA	Forest Resource Assessment
GAPA	Gum Arabic Production Association
GDP	Gross Domestic Product
GEF	Global Environment Facility
GHG	Greenhouse Gas
GIS	Geographic Information System
GNI	Gross National Income
GPS	Global Positioning System
HCENR	Higher Council for Environment and Natural Resources
HQ	Head Quarter
IBRD	International Bank For Reconstruction And Development
IDA	International Development Association
IFAD	International Fund for Agricultural Development
ILO	International Labor Organization
IMF	International Monetary Fund
INS	Interim Strategy Note
LGA	Local Government Act
LMS	Land Monitoring System
MDTF-NS	Multi-Donor Trust Fund –National (Sudan)
MDG	Millennium Development Goals
MoARFR	Ministry of Animal Resources, Fishery and Rangeland
MoEFPD	Ministry of Environment, Forestry and Physical Development

MRV	Measurement, Reporting And Verification
Mt	Megaton (Million Metric Tons)
NFI	National Forest Investment
NGO	Non-Governmental Organization
NRST	National REDD+ Steering Committee
NWFP	Non-Wood Forest Products
PC	Participants Committee
PDO	Project Development Objective
PRSP	Poverty Reduction Strategy Paper
RPA	Range And Pasture Administration
REDD	Reducing Emissions from Deforestation and Forest Degradation and the role of conservation, sustainable management of forests and enhancement of forest carbon stocks in developing countries
R-PP	Readiness Preparation Proposal
RTWG	REDD ⁺ Technical Working Group
SESA	Strategic Environmental and Social Assessment
SFMS	Sudan Forest Monitoring System
TAC	Technical Advisory Committee
TOE	Ton Oil Equivalent
TWG	Technical Working Group
UNDP	United Nations Development Program
UNDRIP	UN Declaration of Rights of Indigenous People
UNFCCC	United Nations Framework Convention on Climate Change
US	United States
WBS	World Bank System

Reducing Emission from Deforestation and forest Degradation
(ProgramREDD+)

Programme Management Team:

Name	Position	E-Mail
Sayeda Ali Ahmed Khalil	Project Coordinator	Sayeda_khalil@yahoo.com
Muhalab Masaad Mohamed	Financial Management Specialist	omer.fathelrahman@hotmail.com
HishamSalimTha El-Kurdi	Procurement Management Specialist	hishamelkurdi@gmail.com
Siraj El-Dein Mohamed Ahmed	Admin Assistant	Siraj.shareef@gmail.com
El-Ham Jameelalla	Communication Specialist	Elham.jamelalla@gmail.com
Burae Balla	Technical Advisor	
Hsmaeel Abdelgafar	Accountant	



Sayeda Ali Ahmed Khalil
National Project Coordinator
REDD+ Project

Muhalab Masaad Mohamed
Financial Management Specialist
REDD+ Project

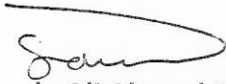


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Statement of Management Responsibility

Statement of Management Responsibility Management accept responsibility for financial statements set out on the report ,which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates . Management is of the opinion that the financial statements give a true and fair view of the status of the financial affairs of the REDD+ Sudan and the of its surplus of income over expenditure and that they are accordance with the Programme accounting guidelines.

Management further accept responsibility for the maintenance of the accounting records that may be relied upon in the preparation of the financial statements as well as adequate systems of the internal control.



Sayeda Ali Ahmed Khalil

National Project coordinator

Sayeda_khalil@yahoo.com



Muhalab Masaad Mohamed – CICS)

Financial management Specialist

muhalab2015@gmail.com




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الناجمة عن إزالة وتدهور الغابات
REDUCING EMISSIONS FROM DEFORESTATION
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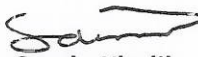
Statement of Sources & Uses of Funds
for the year ended 31, December 2016

Details	Note #	2016	* 2015
		SDG	SDG
Opening balances	2	756,536.74	0,00
Receipts during the year: (year ended 31 December 2016)			
Receipts from WB	3	1,081,090	2,498,799
Receipts from GOS	4	553,400	
Direct payment	5	3,342,938	
Balance of incentive		200,436	
FNC	6	300,000	0,00
Foreign Exchange(Gain)			
Total Receipts		6,234,402	2,498,799
Expenditure:			
<i>Component (1) Support for REDD+ readiness management</i>			
411-Set up and operation of national REDD+ management unit		1,891,117	1,479,266
414-Capacity building for REDD+ Institutional arrangements		116,421	162,478
Component 2.1 In depth analysis of drivers		30,000	
<i>Component (3) Support for Stakeholder engagement</i>			
431-Consultation and participation for activities		221,475	94,018
<i>Component (4) Support for Monitoring , reporting and verification</i>			
<i>Component 4.1 Development a national forest Inventory (NFI)</i>			
443-Capacity building for forest monitoring activities			6,500
Total Expenditure	7	5,699,534	1,742,262
Surplus or (deficit)	8	534,868	756,537

Special account and the notes from (1) to (8) are an intergeral part of these financial statements

* 2015 was a period from August to December 2015


Muhalab Masaad
FMS


Dr. Sayda Khalil
PC



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REDUCING EMISSIONS FROM DEFORESTATION
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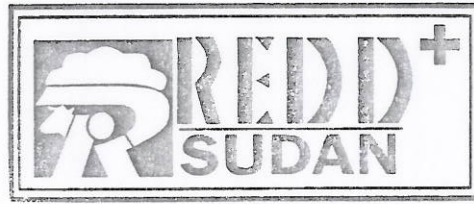
Statement of Fund Balances
As at 31-December -2016

Details	Notes	SDG 2016	SDG 2015
Accumulated Fund Balance			
Represented by:			
Current Assets			
Cash in Hand	8/A	22,151.00	10,000.00
Cash at Bank	8/B	512,716.95	746,536.74
Total		534,867.95	756,536.74

The notes from (1) to (8) are an intergeral part of these financial statements

Muhalab masaad Mohamed
FMS

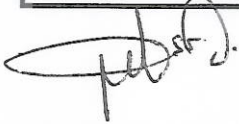
Sayeda Khalil
PC



برنامج خفض الانبعاثات
الناجمة عن ازالة وقدهور الغابات
REDUCING EMISSIONS FROM DEFORESTATION
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Account No : 6918-2001-068
Depository Bank : CBoS
Grant Agreement FT 19148
Currency : Euro

Details	2016 /Euro	2015/EURO
Balance 1/1/2016	6,071.20	369,707.20
Amount received during The Year from <u>WB</u>	-	
Amount received during the year from <u>GOS</u>	-	
<i>Fund available in the year ended December 2016)</i>	6,071.20	369,707.20
Less		
Payments for expenditure in the year ended December 2016)	5,951.85	363,636.00
Transfer to BoK to close the account	119.35	
<u>Total Payment</u>	6,071.20	6,071.20
<u>Closing balance at December 31,2016</u>	Zero	



Muhalab masad (CICS)
FMS



Dr. Sayeda Khalil
PC



برنامج خفض الانبعاثات
الناتجة عن ازالة وقدمور الغابات
REDUCING EMISSIONS FROM DEFORESTATION
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Special account (DA)

Account No :

158674

Depository Bank :

Bank of Khartoum

Grant Agreement

FT 19148

Currency :

Euro

Details	2016 /Euro	2015/EURO
Balance 1/1/2016		-
Amount received during The Year from <u>WB</u>	152,446.06	-
Amount received during the year from <u>GOS</u>	-	
<u>Fund available in the year ended December 2016)</u>	152,446.06	-
Less		
Payments for expenditure in the year ended December 2016)	148,055.15	
<u>Total Payment</u>		
<u>Closing balance at December 31,2016</u>	4,390.91	-

Muhalab masad (CICS)

FMS

Dr. Sayeda Khalil

PC



**برنامج خفض الانبعاثات
الناجمة عن إزالة وتدهور الغابات
REDUCING EMISSIONS FROM DEFORESTATION
AND FOREST DEGRADATION PROGRAMME**

NOTE (1)

1-1 Background:

Reducing Emission from Deforestation and forest Degradation Program (REDD+) , funded by FCPF the grant will fund the first face of readiness preparation activities . the FCPF grant will be used primarily to support R-PP components (management arrangement , information sharing , stakeholder consultation and preparation / preparation of REDD+ Strategy, including social and environmental assessment and some aspect of national forest monitoring System

This set of initial no-regrets activities were carefully selected on this basis of importance for building the foundation needed for REDD (Particularly the necessary capacity) and contribution to Sudan broader goals of sustainable land and forest resource management . This approach aims to ensure stand-alone benefits for Sudan in the absence of additional donor funding

The total estimated funding required to achieve this readiness over the next three year is 7.82 Million dollar of which 3.80 million funded by FCPF .

1-2 A 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 Basis of accounting:

The financial statements have been prepared on the cash basis of accounting as modified by the recognition as receivable and payables, respectively. These financial statements are therefore not intended to be presented in conformity with international Financial Reporting Standards.

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 2015 which is aperiod from August to December.

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.

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الناتجة عن إزالة وتدهور الغابات
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Note (2)

Opening balances Banks and cash
01/01/2016

Details	Amount in SDG
Central Bank of Sudan - KRT (Euro) / Euro Amount 6,071.20 A/C NO 6918 - 2001 - 068	59,172.18
Central Bank of Sudan - KRT (SDG) A/C NO 6919 - 2001 - 067	679,382.56
El-Nile Bank - Obeid A/C NO 46980	7,982.00
cash in Hand Hassan Ammeen Kosti	10,000.00
Total	756,536.74

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Note (3)

Withdrawals applications from World Bank

Details	Amount received from WB/2016		Amount received from WB /2015	
	Amount in EURO	Amount in SDG	EUR	SDG
	2016	2016		
Amount received from WB WA 10	111,910.68	795,752.69		
Amount received from WB WA 9	38,052.13	285,337.70		
Amount received from WA #1			150,000.00	1,012,935.00
Amount received from WA# 3			113,985	782,474
Amount received from WA #4			105,722.04	703,389.88
Total	149,962.81	1,081,090.39	369,707.20	2,498,798.81

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Receipts from Government of Sudan (GOS)

For the year ended 31, December 2016

Note (4)

Date		Amount (SDG) 2016	2015
29/3/2016	MoFNE	8,000	0
15/6/2016	MoFNE	8,000	0
1/8/2016	MoFNE	40,100	0
10/8/2016	MoFNE	56,000	0
25/10/2016	MoFNE	321,000	0
26/10/2016	MoFNE	80,200	0
25/12/2016	MoFNE	40,100	0
		553,400	0

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الناجمة عن إزالة وتدهور الغابات
REDUCING EMISSIONS FROM DEFORESTATION
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Note (5)

Description	USD	Rate of Echange	SDG
Direct payment to FAO	470,664.00	7.1026	3,342,938.13

It is a contract with FAO for
Support for Monitoring, Reporting and Verification
amounted to USD 1,272,800
The amount above USD 470,664 is phase one

**برنامج خفض الانبعاثات
الناتجة عن إزالة وتدهور الغابات
REDUCING EMISSIONS FROM DEFORESTATION
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Note # (6)

National Forest Corporation

Due to the delay of receiving funds through withdrawal applications

Last WA received on 15/12/2015 agap of eight months happened till receiving the next one in August ,2016

For the need of fund to operate we took loan from NFC amount of :

The Loan :

Date	SDG
10/5/2016	100,000.00
31/7/2016	200,000.00
Total	300,000.00

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REDUCING EMISSIONS FROM DEFORESTATION
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Note (7)

Account Name: 4-Expenses

Currency: SDG

From 31-12-2016

Account	Debit Balance	2015 SDG
Component 1-Set up and operation	1,891,117.04	1,479,265.64
Component 2.1 In depth analysis of deforestation	30,000.00	
414-Capacity building for REDD+ Institutional arrangements	116,421.09	162,478.42
431-Consultation and participation for activities	221,475.40	94,018.00
Component 4 Support for monitoring , reporting and verification	3,342,938.13	6,500.00
Component 4 NFI	97,582.00	-
Total	5,699,533.66	1,742,262.06



برنامج خفض الإنبعاثات
الناتجة عن إزالة وتدهور الغابات
REDUCING EMISSIONS FROM DEFORESTATION
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Reducing Emission from Deforestation and forest Degradation Program
(REDD+)

Cash in Hand

31/12/2016

Note (8) A

Details	2016/SDG	2015/SDG
Work advance -Ismail Abdelgafar Eltahir	22,151	
REDD Kosti For Consulation activities		10000.00
Total	22,151	10,000



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Cash at Banks

31 / 12 / 2016

Note (8) - B

	2016	2015
Details	Amount in SDG	SDG
Central Bank of Sudan - KRT (Euro) / Euro Amount 6,071.20	-	59,172.18
A/C NO 6918 - 2001 - 068	50,377.79	
Central Bank of Sudan - KRT (SDG)		679,382.56
A/C NO 6919 - 2001 - 067		
Bank of Khartoum SDG (acc. # 1586794 SDG)	428,598.12	
A/C NO 1586794		
Nile bank -Fashir ACC. # 12277	9.60	
Nile bank -Gadarif- acc. # 39071	275.60	
Farmer commercial bank -dammar -1000152703	4,985.00	
Nile Bank Obied - Acc. # 46980	641.00	7,982.00
Bank of Khartoum EUR # 1586794 (EUR 4390.91xROE SDG6.34)	27,829.84	
Total cash at Bank	512,716.95	746,536.74

