

# Financial Statements

MINISTRY OF EDUCATION AND HUMAN DEVELOPMENT

Education Sector Support Fund (FASE)

For the year ended 31 de December de 2016



Building a better  
working world

MINISTÉRIO DA EDUCAÇÃO E DESENVOLVIMENTO HUMANO  
EDUCATION SECTOR SUPPORT FUND - FASE  
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

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## INDEPENDENT AUDITOR REPORT

To

**THE MINISTRY OF EDUCATION AND HUMAN DEVELOPMENT**  
**EDUCATION SECTOR SUPPORT FUND (FASE)**

### **Report on the Financial Statements**

#### **Opinion**

We have audited the financial statements of the Education Sector Support Fund - FASE, implemented by the Ministry of Education and Human Development, which comprise the Statement of Income and Expenditure as at 31 December 2016, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of FASE are prepared, in all material respects, in accordance with accounting basis set out in note 2.

#### **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 *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Mozambique, and we have fulfilled our other ethical 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 for the Financial Statements**

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the accounting basis set out in note 1, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Project's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Project or to cease operations, or has no realistic alternative but to do so.

Management is also 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. Misstatements 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 scepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the financial statements, 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 misstatement 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, but not for the purpose of expressing an opinion on the effectiveness of the Project's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- ▶ Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on FASE ability to continue its activities.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with Management 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.

We also provide Management with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with Management, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters.

The engagement partner on the audit resulting in this independent auditor's report is Paulo Reis.

**ERNST & YOUNG, LDA**

*Registered Auditors Firm*

*Represented by:*



Paulo Jorge Gonçalves Afonso dos Reis (Registered Auditor Nº 34)

Maputo, 12 de Junho de 2017



**MINISTÉRIO DA EDUCAÇÃO E DESENVOLVIMENTO HUMANO**

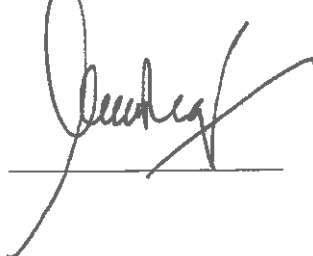
**EDUCATION SECTOR SUPPORT FUND – FASE**

**STATEMENT OF RECEIPTS AND PAYMENTS FROM THE FOREX ACCOUNT AND TRANSFERS TO MINEDH CENTRAL,  
PROVINCIAL AND DISTRICTAL – FOR THE YEAR ENDED 31 DECEMBER 2016**

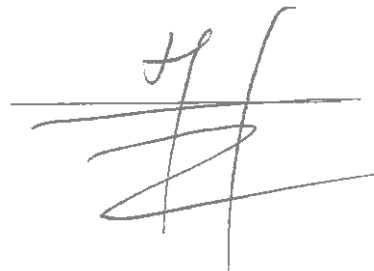
*(Amounts expressed in Meticals)*

	1st January to 31 December 2016	Accumulated September 2003 to 31 December 2016
<i>Notes</i>	MT	MT
Opening Balance as at 1st January 2016	243,371,681	-
<b><u>Funds received during the year</u></b>		
DFID - UK	-	1,993,586,316
Swiss Foreign Agency	-	78,541,206
KFW - Germany	1,199,391,444	7,050,880,595
Ireland	481,972,418	2,834,023,064
Finland	514,896,000	2,993,576,530
GTZ - Germany	-	13,159,046
CIDA - Canada	456,372,962	5,285,878,304
Netherlands	-	2,672,329,797
European Union	-	467,330,049
Spain	-	409,118,731
Denmark	-	779,017,888
World Bank	1,784,699,530	9,809,278,448
Italy	85,800,318	286,315,488
Flamenga Corporation	-	123,096,000
Portugal	21,650,000	112,802,150
UNICEF	24,775,000	240,000,000
Interest received	-	128,831
<b>Total of funds received during the year</b>	<b>4,569,552,172</b>	<b>35,154,162,846</b>
<b>Total Funds</b>	<b>4,812,923,854</b>	<b>35,154,162,846</b>
<b><u>Payment through MINED/MEF</u></b>		
MINED Central	2,559,477,328	21,756,893,677
Maputo Province	96,183,467	773,892,578
Maputo City	66,643,048	727,784,143
Gaza Province	80,710,239	927,709,486
Inhambane Province	95,993,120	1,068,063,879
Sofala Province	99,710,090	1,057,701,683
Manica Province	143,690,619	1,029,190,516
Nampula Province	187,700,311	2,167,654,955
Tete Province	121,573,924	1,240,990,875
Zambézia Province	249,861,902	2,078,479,397
Cabo delgado Province	115,227,647	1,051,094,946
Niassa Province	93,358,895	1,033,704,591
<b>Total of payments through MINED/MEF</b>	<b>3,910,130,590</b>	<b>34,913,160,726</b>
<b>Foreign exchange gain/loss and bank charges</b>	<b>(873,701,510)</b>	<b>(1,535,492,654)</b>
<b>Total of payments</b>	<b>3,036,429,080</b>	<b>33,377,668,072</b>
<b>Balance as at 31 December 2016</b>	<b>1,776,494,774</b>	<b>1,776,494,774</b>

PERMANENT SECRETARY



FINANCE AND ADMINISTRATION DIRECTOR



**MINISTÉRIO DA EDUCAÇÃO E DESENVOLVIMENTO HUMANO**

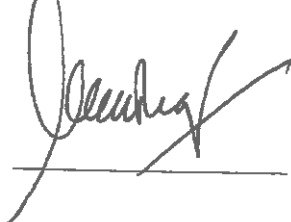
**EDUCATION SECTOR SUPPORT FUND – FASE**

**STATEMENT OF RECEIPTS AND PAYMENTS FROM THE FOREX ACCOUNT AND TRANSFERS TO MINEDH CENTRAL, PROVINCIAL AND DISTRICTAL – FOR THE YEAR ENDED 31 DECEMBER 2016**

*(Amounts expressed in Meticals)*

	<i>Notes</i>	1st January to 31 December 2016 MT	Accumulated September 2003 to 31 December 2016 MT
Opening Balance as at 1st January 2016		287.059.339	
Funds received from MEF	5	3.910.130.590	34.913.160.726
		4.197.189.929	34.913.160.726
<b><u>Payments</u></b>			
MINED Central		2.325.782.216	21.481.427.607
Maputo Province		85.032.186	737.699.259
Maputo City		66.763.715	726.942.574
Gaza Province		79.597.398	906.334.821
Inhambane Province		35.569.162	1.039.687.213
Sofala Province		99.427.345	1.042.911.761
Manica Province		143.466.069	1.028.140.406
Nampula Province		222.595.613	2.123.743.432
Tete Province		130.536.903	1.216.579.570
Zambézia Province		251.952.972	2.037.489.982
Cabo delgado Province		111.312.532	1.044.491.235
Niassa Province		79.715.430	1.010.274.498
<b>Total Payments</b>		<b>3.679.751.561</b>	<b>34.395.722.358</b>
Balance as at 31 December 2016	5	517.438.368	517.438.368

PERMANENT SECRETARY



FINANCE AND ADMINISTRATION DIRECTOR



**1. Introduction**

The education Sector Support Fund (FASE) is a program of Government of Mozambique that is implemented by the Ministry of Education and Human Development (MINEDH) that corresponds to the second phase of the strategic plan of the Government for the Education Sector (ESSP II – Education Sector Strategic Plan – Signed on 13 December 2012), formulated in context of the general programme for socio-economic development and poverty reduction strategy.

The ESSP II establishes the vision of the Government of Mozambique for the future of the education system in Mozambique emphasizing on the provision of quality basic education to all in the context of the creation of a general system of education that consolidates the progress in the area of basic education. The programme finances the following fundamental activities:

- Basic education (including primary education, informal and basic education for adults);
- Secondary education (also including academic, technical, vocational education and training);
- Training of professors (all levels);
- Higher education;
- Cross cutting themes (including gender equality in the education sector, and approach on the HIV/AIDS issues); and
- Enhancing education (including school sports and use of information technology and communication – TIC's).

**1.1 Financing**

FASE is financed by the following donors:

- Canadian International Development Agency – Canada (CIDA);
- Embassy of Ireland;
- Flamengo Corporation;
- Government of the Federal republic of Germany – KFW;
- DFID – United Kingdom;
- World Bank;
- UNICEF;
- Ministry of Foreign Affairs of Portugal;
- Cooperation of Italy;
- Ministry of Foreign Affairs of Finland.



**2. Accounting Policies**

The statement of receipts and payments has been prepared in accordance with the following basis of accounting applied consistently with that of the previous years:

**2.1 Basis of preparation**

The statement of receipts and payments is prepared on the cash basis of accounting. Under the cash basis of accounting, receipts and payments are only recorded when the respective amounts are either received in the bank account of the program or when amounts are paid during the year.

**2.2 Accounting convention**

The statements of receipts and payments are prepared under the historical cost convention.

**2.3 Statement of compliance**

The statement of receipts and payments has been prepared in accordance with the requirements of the Memorandum of Understanding signed between the Government of Mozambique and funding signatories.

**2.4 Currencies**

The Statement of receipts and payments are presented in meticals (MT), unless indicated otherwise.

The accounting records as well as the statements of receipts and payments in other currencies are converted in to Meticals at the prevailing official exchange rate on the date of the transaction and the year end balances in other currencies are converted at the prevailing exchange rate published by the Banco de Moçambique at the last day of the year. Exchange translation differences are recorded in the statement of receipts and payments.

**2.5 Funds received during the year**

These funds are transferred by the donors directly to the Forex Account, a US Dollar bank account maintained with the Banco de Moçambique with authorized signatories from the Ministry of Finance (MEF). These amounts are registered in the books of the program at the exchange rate prevailing on the date of receipt of funds in the Banco de Moçambique.

**2.6 Payments through MINEDH/MEF**

Payments through MINEDH/ MEF are the amounts transferred from the Forex Account to the Central Office of FASE in the Ministry of Education and provincial offices of FASE in the Provincial Directorates of Education (DPECs) through e-SISTAFE, the Government's integrated budget, treasury management and internal control system in accordance with the budgeted amounts. When transfers are made through e-SISTAFE, the movement of funds and balances are through the "Conta Única de Tesouro" (CUT) which a central treasury account is holding the funds of the Government of Moçambique in which each institution of the government has a separate account.

MINISTÉRIO DA EDUCAÇÃO E DESENVOLVIMENTO HUMANO  
EDUCATION SECTOR SUPPORT FUND – FASE  
NOTES TO THE FINANCIAL STATEMENTS – FOR THE YEAR ENDED 31 DECEMBER 2016  
(Amounts expressed in Meticals)

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**2.7 Fixed Assets**

Fixed assets are recorded as expenditure in the year of purchase.

**2.8 Expenses and advances**

The expenses are recorded in the period of the payment on the presentation of the supporting documents. The amounts paid as advance are recorded as receivables. When these advances are reimbursed or justified with supporting documents they are recorded as payments in the period of receipt of the supporting documents.

**2.9 Balance with districts**

The closing balance of district offices of education, Youth of Technology (SDJET) include amounts for which supporting documents have not yet been presented to the DPECs.

MINISTÉRIO DA EDUCAÇÃO E DESENVOLVIMENTO HUMANO

EDUCATION SECTOR SUPPORT FUND - FASE

NOTES TO THE FINANCIAL STATEMENTS - FOR THE YEAR ENDED 31 DECEMBER 2016

(Amounts expressed in Meticals)

3. Funds received during the year

Date	World Bank	Ireland	Germany KFW	UNICEF	Portugal	Finland	Italy	CIDA-Canada	Total USD	Exchange rate	Meticals
04-02-16	19,999,995	-	-	-	-	-	-	-	19,999,995	46.71	934,199,766
10-02-16	17,999,995	-	-	-	-	-	-	-	17,999,995	47.25	850,499,764
23-03-16	-	-	500,000	500,000	-	-	-	-	500,000	49.55	24,775,000
23-03-16	-	-	-	-	-	-	-	9,186,251	9,186,251	49.68	456,372,962
04-04-16	-	-	-	-	10,197,861	-	-	-	10,197,861	50.49	514,890,000
14-09-16	-	-	-	280,477	-	-	-	-	280,477	77.19	21,650,000
17-10-16	-	-	-	-	-	-	1,100,010	-	1,100,010	78.00	85,800,818
21-11-16	-	-	15,932,405	-	-	-	-	-	15,932,405	75.28	1,199,391,444
12-12-16	-	6,608,699	-	-	-	-	-	-	6,608,699	72.93	481,972,418
<b>Total</b>	<b>37,999,990</b>	<b>6,608,699</b>	<b>15,932,405</b>	<b>500,000</b>	<b>280,477</b>	<b>10,197,861</b>	<b>1,100,010</b>	<b>9,186,251</b>	<b>81,805,693</b>		<b>4,569,552,172</b>

MINISTÉRIO DA EDUCAÇÃO E DESENVOLVIMENTO HUMANO  
 EDUCATION SECTOR SUPPORT FUND – FASE  
 NOTES TO THE FINANCIAL STATEMENTS – FOR THE YEAR ENDED 31 DECEMBER 2016  
 (Amounts expressed in Meticals)

4. Closing balance

		1st January to 31 December 2016
		<u>USD</u>
Balance in Forex account (USD) (a)	USD	0,00
Balance in CUT account (USD) (b)	USD	20.065.424,85
Balance in CUT account (ZAR) (c)	USD	3.739,76
Balance in CUT account (EURO) (d)	USD	221.927,26
<b>Total balance in USD</b>		<u><u>20.291.091,87</u></u>
<b>Average exchange rate of Banco de Moçambique at balance sheet date</b>		<b>71,24</b>
Balance converted to MT	MT	1.445.537.385
Balance in CUT (MT)	MT	<u>330.957.389</u>
<b>Total balance in MT</b>		<u><u>1.776.494.774</u></u>
Book balance in MT (e)	MT	902.793.264
Exchange gain/loss in MT	MT	873.701.510

- (a) The balance in Forex Account represents the receipts of funds from the donors and subsequent transfers to the Central and provincial offices of FASE and CUT.
- (b) This balance represents transfers from the Forex Account.
- (c) This balance represents transfers from CUT – USD.
- (d) This balance represents transfers from CUT - USD.
- (e) This balance is the actual closing balance calculated as follows: (opening balance + funds received during the year – amount transferred to MINED Central and DPECs).

MINISTÉRIO DA EDUCAÇÃO E DESENVOLVIMENTO HUMANO

EDUCATION SECTOR SUPPORT FUND - FASE

NOTES TO THE FINANCIAL STATEMENTS - FOR THE YEAR ENDED 31 DECEMBER 2016

(Amounts expressed in Meticals)

5. Receipts and payments of the year

Receipts and payments of the year are presented below:

	Mined Central	Moputo City	Moputo Province	Gaza	Inhamitanga	Solafa	Manica	Tete	Zambézia	Cabo Delgado	Ninassa	Nampula	Total
Opening balances													
1st January 2016	41,771,043	963,242	22,742,040	20,261,707	18,252,747	14,507,183	825,563	33,374,272	43,080,508	2,688,734	9,786,613	78,806,736	387,059,319
Receipts													
Funds received from MFF	2,559,477,328	66,613,048	96,183,467	80,710,239	95,995,120	99,710,090	143,695,619	121,573,924	249,861,902	115,227,647	93,358,895	187,700,311	3,910,130,590
Total	2,601,248,370	67,605,290	118,925,507	100,971,946	114,245,827	114,217,273	144,516,182	154,948,196	292,942,410	117,916,381	103,145,508	266,507,037	4,197,189,929
Payments													
Salaries		217,802	4,406,801	2,601,327	2,440,081			5,064,731	2,231,000	5,468,874	(8,925)	8,687,877	29,106,587
Other personnel costs	17,585,756	905,902	5,292,257	4,848,986	4,588,482	3,600,481	3,140,072	5,238,941	9,619,063	4,030,265	2,735,683	9,906,496	72,952,062
Goods and Services	1,957,496,438	32,226,802	59,176,781	66,554,336	63,331,619	76,536,140	70,798,225	110,958,002	220,366,165	67,500,177	59,066,386	169,332,754	2,932,637,845
Fixed asset	348,389,250	33,413,209	14,156,347	5,592,649	13,009,061	19,890,724	69,537,772	10,175,551	21,739,741	34,313,236	17,928,286	34,608,486	622,744,315
Exchange difference	2,310,752												2,310,752
Total	2,325,782,216	66,763,715	83,032,186	79,597,398	85,569,162	99,427,345	143,466,069	130,536,904	251,952,972	111,312,655	79,715,430	222,595,013	3,679,751,561
Balance in:													
Bank Account	270,522,059	806	4,281	567	304,715	8,082	68	56,437	13,380		25,185	372,808	271,288,389
Balance with SBJET		748,277	32,047,071	18,080,310	21,327,076	11,564,838	1,038,615	19,818,071	22,154,081	4,584,567	16,222,893	40,200,535	191,386,365
Balance in CUT (MFF)		92,492	3,841,969	2,693,071	7,044,874	217,008	11,400	4,556,965	18,821,777	2,019,262	7,182,000	3,335,081	49,819,519
Advances	4,944,095												4,944,095
Balance as at 31 december 2016	275,466,154	841,575	35,893,321	21,377,548	28,676,665	14,789,928	1,050,113	21,411,294	40,989,438	6,603,829	23,430,078	43,911,424	517,438,368

MINISTÉRIO DA EDUCAÇÃO E DESENVOLVIMENTO HUMANO  
 EDUCATION SECTOR SUPPORT FUND – FASE  
 NOTES TO THE FINANCIAL STATEMENTS – FOR THE YEAR ENDED 31 DECEMBER 2016  
 (Amounts expressed in Meticais)

5.1 Payment for goods and Services

The amounts recorded under the line of goods and services are expenses paid under the scope of the implementation of the program and are mainly expenses related to the purchase of office material, school text books, consultancy services, transport, repairs and maintenance and are shown as follows.

	Mined Central	Maputo City	Maputo Province	Gaza	Inhambane	Sofala	Manica	Tete	Zambézia	Cabo Delgado	Niassa	Nampula	Total
Goods	996.840.797	25.332.415	51.136.221	13.429.756	54.007.238	61.438.002	62.114.046	29.235.255	194.804.706	55.560.327	45.932.640	134.031.952	1.723.863.555
Services	960.655.661	6.894.387	8.040.560	53.124.580	9.524.381	15.098.138	8.684.179	80.822.747	25.561.459	11.939.650	13.127.746	35.300.802	1.228.774.290
Total	1.957.496.458	32.226.802	59.176.781	66.554.336	63.531.619	76.536.140	70.798.225	110.058.002	220.366.165	67.500.177	59.060.386	169.332.754	2.952.637.845

5.2 Payment for fixed assets (capital goods)

	Mined Central	Maputo City	Maputo Province	Gaza	Inhambane	Sofala	Manica	Tete	Zambézia	Cabo Delgado	Niassa	Nampula	Total
Constructions	188.834.050	32.793.569	7.051.254	2.044.212	8.140.702	14.693.457	65.624.721	5.811.375	6.938.630	30.369.509	13.580.448	21.684.964	397.366.891
Equipments	159.555.200	619.640	5.509.093	3.548.437	4.868.359	5.197.267	3.903.051	4.364.176	14.801.114	3.943.727	4.347.838	12.917.022	223.574.924
Others	-	-	1.596.000	-	-	-	-	-	-	-	-	6.500	1.602.500
Total	348.389.250	33.413.209	14.156.347	5.592.649	13.009.061	19.890.724	69.527.772	10.175.551	21.739.744	34.313.236	17.928.286	34.608.486	622.744.315

## **Report on Evaluation of Program Internal Controls**

To the Management of

### **THE EDUCATION SECTOR SUPPORT FUND (FASE)**

As an extension of our audit of the Financial Statements of the FASE for the year ended 31 December 2016, as required in the audit of reference, we have verified the implementation and effectiveness of an adequate internal controls over the key transactions streams which have been operating effectively during the year” and report of deficiencies in the design or operation of internal controls that have come to our attention during our financial audit.

#### **Management’s responsibility for the program internal controls**

Management of FASE is responsible for determining the program’s control objectives and for the design and implementation of internal controls, including key controls, to achieve those control objectives and for ensuring that such controls operate effectively.

#### **Auditor’s responsibility**

The extent of our procedure comprised enquiries and discussions with those responsible for financial and accounting matters and performing such tests if detail as we considered necessary for the purpose of our audit of the statement of receipts and payments; and additional enquiries and discussions where we considered it appropriate having regard to our knowledge of FASE.

However, our objective was not to provide an opinion on FASE internal controls. Accordingly, we do not express such an opinion.



Building a better  
working world

**Matters coming to our attention**

Eventual situations of non-compliance detected are dealt with in a separate management letter.

ERNST & YOUNG, LDA

*Registered Auditors Firm*

*Represented by:*

Paulo Jorge Gonçalves Afonso dos Reis (Registered Auditor Nº 34)



Maputo, 12 de Junho de 2019 - Maputo - Moçambique



## **Report of Compliance with the relevant Program Agreement Terms and Local Laws and Regulations**

To the Management of

### **THE EDUCATION SECTOR SUPPORT FUND (FASE)**

As an extension of our audit of the Financial Statements of Education Sector Financial Support - FASE for the year ended 31 December 2016 and, as required in the audit of reference, we are required to report on whether the program receipts and payments are in compliance with the relevant agreement terms and local laws and regulations.

#### **Management's responsibility for the program internal controls**

Management is responsible for compliance with the relevant agreement terms and local laws and regulations applicable to the FASE. The responsibility for the prevention and detection for non-compliance rests with management.

#### **Auditor's responsibility**

There are no established frameworks for evaluating the effectiveness of compliance with the relevant program agreement terms and local laws and regulations applicable to a project of this nature. Accordingly, we applied our professional judgment in determining the procedures selected and the extent of our procedure, as well as the matters to be reported.

The extent of our procedure comprised enquiries and discussions with those responsible for financial and accounting matters and performing such tests of detail as we considered necessary for the purpose of our audit of the statement of receipts and payments; and additional enquiries and discussions where we considered it appropriate having regard to our knowledge of FASE.

However, our objective was not to provide an opinion on FASE internal controls. Accordingly, we do not express such an opinion.



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### Earmarked activities

The earmarked activities approved and paid during the year amounted to USD 8.857.488. The payments were made under category II and can be summarised as follows:

<u>Supplier</u>	<u>Amount (USD)</u>
Agakhan	1.025.366
Save the Children	6.469.216
ADPP	1.038.379
Cowi	168.731
Intellica	55.176
E & Y	100.621
<b>Total</b>	<b>8.857.488</b>

### Compliance with the Terms of Reference

In addition with compliance with laws and regulation we have also complied with Terms of Reference and report as follows:

#### Management of funds

- ☐ Verified the financial execution of FASE at Central, Provincial and Districts levels;
- ☐ Verified that FASE funds were used in accordance with the 2016 FASE Activity Program
- ☐ Verified that funds were managed in accordance with the agreed procedures
- ☐ We have verified and confirmed the opening balances and closing balances for all bank accounts, namely the parallel bank accounts (CUT), commercial banks, and Forex accounts
- ☐ We have verified the adequacy of the defined routines and systems and their alignment to the organization specificities to operate effectively and report

#### Vouchers

We have verified the supporting documentation for the expenses and concluded on their integrity, quality and allocation to the correct budget line.

The exceptions noted were reported in the Management letter.

## Inventory

inventory are expensed when purchased.

## Management letter

We have issued a management letter covering the following issues:

- Identified weaknesses in the control system and made recommendations in the Management letter.
- Reported on the degree of compliance with compliance with the FASE Memorandum of Understanding and no issue was identified.
- Reviewed the existing controls on bank accounts and no issue was identified.
- Reviewed reconciliations for all bank accounts (E-sistafe - CUT, Forex Account and commercial banks) and no issues were noted.
- Include a prioritization for the points included in the Management Letter.
- Followed up on the status of prior year recommendations and commented on points that have not been satisfactorily implemented and assessed the progress of the implementation.

## Matters coming to our attention

Eventual situations of non-compliance detected are deal with in a separate Management Letter.

**ERNST & YOUNG, LDA**

*Registered Auditors Firm*

*Represented by:*

  
Paulo Jorge Gonçalves Afonso dos Reis (Registered Auditor N° 34)

Maputo, 12 de Junho de 2017. Maputo - Moçambique