Project report and financial statements for the Maputo Peri-Urban Sanitation Project in Mozambique

Water and Sanitation for the Urban Poor
For the year ended 31 December 2016

May 2017
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Note This report has been prepared for the directors and staff of Water and Sanitation for the Urban Poor and should only be provided to third parties with Sayer Vincent's explicit consent.
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Background information and summary of findings

Background

WSUP is a not-for-profit company, limited by guarantee and incorporated on 9 April 2005 that aims to pioneer new ways of addressing one of the world’s most pressing challenges which is to provide water and sanitation services to the growing numbers of urban poor in the developing world. WSUP achieves this through multi-sector, stakeholder partnerships supporting local service providers to deliver environmentally sustainable, equitable and affordable water and sanitation services to all citizens in a city.

Description of the World Bank programme audited

World Bank, as Administrator of Grant funds provided by Japan under the Japan Social Development Fund, has granted a request from Water and Sanitation for the Urban Poor (WSUP) for financial assistance in the delivery of the Maputo Peri-Urban Sanitation Project in Mozambique.

The objective of the project is to improve the sanitation conditions, services, and practices in unplanned low income peri-urban neighborhoods of Maputo and pilot and develop effective approaches for replication. This will be done through construction, promotion and improvement of sanitation infrastructure in these areas; development of desludging services; and promotion and monitoring of community level sanitation and hygiene.

Period covered by audit

We have audited the funds received by Water and Sanitation for the Urban Poor for the above project for the year from 1 January 2016 to 31 December 2016.

Objectives and scope of audit

The objective of the audit is to provide an opinion on whether the project financial statements is fairly stated for the period ended 31 December 2016, whether Water and Sanitation for the Urban Poor is operating internal controls that are sufficient to reduce to a low level the risk that the project financial statements is materially misstated, and to assess whether Water and Sanitation for the Urban Poor has complied in all material respects with the terms of their agreements with World Bank.

We conducted our audit of the project financial statements in accordance with the Audit Terms of Reference outlined by the World Bank.
The audit of the project was carried out in accordance with International Standards on Auditing (ISA) promulgated by the International Federation of Accountants (IFAC), as required to the Terms of Reference to give us reasonable assurance as to whether the project financial statements (PFS) are fairly stated for the year ended 31 December 2016, whether Water and Sanitation for the Urban Poor is operating internal controls that are sufficient to reduce to a low level the risk that the project financial statements is materially misstated, and to assess whether Water and Sanitation for the Urban Poor has complied in all material respects with the terms of their agreements with World Bank.

Summary of findings

Our findings incorporate our recommendations to the management of Water and Sanitation for the Urban Poor and their comments.

Findings relating to internal controls

We noted no material internal controls weaknesses. We noted no new findings on internal controls.

We followed up on internal control findings in last year’s report relating to posting errors and incorrect exchange rates. Further detail is provided below.

Findings relating to compliance

We noted no material compliance issues in the current year or prior year.

Sayer Vincent LLP
Chartered accountants and statutory auditors, London, UK
6 June 2017
Audit report on the Project Financial Statements (PFS)

Independent auditors’ report to:

Board of Directors
Water and Sanitation for the Urban Poor
7th Floor
Fleer House
8–12 New Bridge Street
EC4V 6AL

We have audited the PFS of Water and Sanitation for the Urban Poor for the year ended 31 December 2016. The PFS are the responsibility of Water and Sanitation for the Urban Poor's management. Our responsibility is to express an opinion on the PFS based on our audit.

We conducted our audit of the PFS in accordance with the Audit Terms of Reference outlined by the World Bank. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the PFS are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the PFS. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the PFS referred to above present fairly, in all material respects, program revenues, costs incurred and reimbursed by World Bank for the year then ended in accordance with the terms of the agreements and in conformity with the basis of accounting described in note 1 to the PFS.

In accordance with World Bank Audit Terms of Reference, we have also included details of key internal control weaknesses and non-compliance with the financing agreement terms.

This report is intended for the information of Water and Sanitation for the Urban Poor and World Bank.

Sayer Vincent LLP
Chartered accountants and statutory auditors
London, UK
6 June 2017
## Project Financial Statements (PFS)

**JSDF Grant for Maputo peri-Urban Sanitation Project (Grant No. 11077)**

**Project Financial Statements**

**Summary of Sources and Uses of Funds**

For the period 1 January to 31 December 2016

<table>
<thead>
<tr>
<th>Sources of Funds</th>
<th>Components &amp; Activities</th>
<th>Amounts</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>INCOMING RESOURCES</strong></td>
<td></td>
<td>533,539</td>
</tr>
<tr>
<td><strong>OUTGOING RESOURCES</strong></td>
<td>Components &amp; Activities</td>
<td></td>
</tr>
<tr>
<td><strong>COMPONENT 1: Sanitation Infrastructure</strong></td>
<td>ACTIVITY A: User Facilities</td>
<td>150,412</td>
</tr>
<tr>
<td></td>
<td>TOTAL COMPONENT 1</td>
<td>150,412</td>
</tr>
<tr>
<td><strong>COMPONENT 2: Development of Desludging Services</strong></td>
<td>ACTIVITY A: Development of Desludging Services</td>
<td>13</td>
</tr>
<tr>
<td></td>
<td>TOTAL COMPONENT 2</td>
<td>13</td>
</tr>
<tr>
<td><strong>COMPONENT 3: Community Level Sanitation and Hygiene Promotion and Monitoring</strong></td>
<td>ACTIVITY A: Preparation and Training</td>
<td>2,862</td>
</tr>
<tr>
<td></td>
<td>ACTIVITY B: Hygiene Promotion and Monitoring</td>
<td>42,382</td>
</tr>
<tr>
<td></td>
<td>TOTAL COMPONENT 3</td>
<td>39,521</td>
</tr>
<tr>
<td><strong>COMPONENT 4: Monitoring and Evaluation and Project Management</strong></td>
<td>A: WSUP PROGRAMME MANAGEMENT COSTS</td>
<td>5,078</td>
</tr>
<tr>
<td></td>
<td>B: BASELINE AND FINAL SURVEYS</td>
<td>15,875</td>
</tr>
<tr>
<td></td>
<td>D: FINAL IMPACT EVALUATION</td>
<td>29,671</td>
</tr>
<tr>
<td></td>
<td>E: DISSEMINATION WORKSHOP</td>
<td>6,210</td>
</tr>
<tr>
<td></td>
<td>F: AUDIT</td>
<td>(1,218)</td>
</tr>
<tr>
<td></td>
<td>TOTAL COMPONENT 4</td>
<td>55,616</td>
</tr>
<tr>
<td></td>
<td>TOTAL OUTGOING RESOURCES</td>
<td>(245,611)</td>
</tr>
<tr>
<td></td>
<td>NET INCOMING RESOURCES</td>
<td>287,977</td>
</tr>
</tbody>
</table>
JSDF Grant for Maputo Peri-Urban Sanitation Project (Grant No. 11077)
Project Financial Statements
Statement of Designated Account
For the period 1 January to 31 December 2016

<table>
<thead>
<tr>
<th>Description</th>
<th>US$</th>
<th>US$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening balance</td>
<td>71,833</td>
<td></td>
</tr>
<tr>
<td>Amounts transferred during the period</td>
<td>533,539</td>
<td></td>
</tr>
<tr>
<td>Less</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Expenditure reimbursed to WSUP from the designated account</td>
<td>511,345</td>
<td></td>
</tr>
<tr>
<td>Banks charges incurred on designated account</td>
<td>37</td>
<td>(511,382)</td>
</tr>
<tr>
<td><strong>Balance at 31 December 2016</strong></td>
<td></td>
<td>93,990</td>
</tr>
</tbody>
</table>

Chris Wilde, Director of Finance & Resource