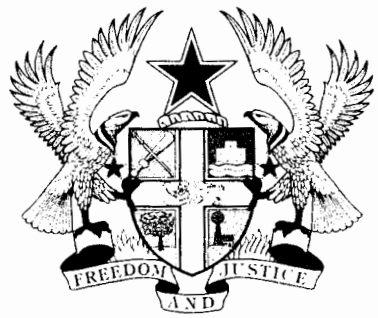


Telephone: 233-302-665949
Tel/Fax: 233-302-666896
Email Address: info@mlnr.gov.gh

In case of reply,
the number and date of this
letter should be quoted.

Our Ref. No. *SCR/FC-78/2019*

Your Ref. No.....



REPUBLIC OF GHANA

**MINISTRY OF LANDS AND
NATURAL RESOURCES**

P. O. Box M 212 Accra.
Website: www.mlnr.gov.gh

28th June, 2019

.....20.....

**THE TASK TEAM LEADER
GHANA FOREST INVESTMENT PROJECT
WORLD BANK OFFICE
ACCRA**

received
30/6/19

Dear Sir,

**GHANA FOREST INVESTMENT PROJECT
FINANCIAL STATEMENTS AND THEIR RELATED
MANAGEMENT LETTER AUDIT: 31ST DECEMBER, 2018**

The Ghana Audit Service has completed the audit of the Financial Statements of the Ghana Forest Investment Project for the year ended 31st December, 2018.

Attached, herewith, is a copy of the Audit Report and its Management letter.

Yours faithfully,

John Wallace Koomson
**JOHN WALLACE KOOMSON
FINANCIAL CONTROLLER
FOR: MINISTER**

Cc: Project Co-ordinator - FIP
Ghana Audit Service

received
30/6/19



REPUBLIC OF GHANA

**MINISTRY OF LANDS & NATURAL
RESOURCES
P. O. BOX MB 212
ACCRA**

**GOVERNMENT OF GHANA FOREST INVESTMENT PROGRAMME (GFIP)
MINISTRY OF LANDS AND NATURAL RESOURCES (MLNR)
[STRATEGIC CLIMATE FUNDED GRANT No. TF18842]**

**PROGRAMME FINANCIAL STATEMENTS
31 DECEMBER, 2018**

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GENERAL INFORMATION

PROJECT BACKGROUND

Objective: The Ghana Forest Investment Programme (GFIP) is a targeted program under the Strategic Climate Fund (SCF) to finance efforts to address the underlying causes of deforestation and forest degradation and to overcome barriers that have hindered past efforts. As well as to strengthen institutional capacity in forest resources management, improve governance, strengthen the regulatory mechanisms, streamline tenure and tree rights, improve local livelihoods and enhance resilience to climate change.

Key components:

Component 1: Policy Reforms and Institutional Strengthening

Component 2: Pilot Investments for Improved Forest and Landscape Management

Component 3: Innovation, Capacity Building and Communications

Component 4: Project Management, Monitoring and Coordination

Source of funding:

The GFIP is financed primarily through a grant agreement between Government of Ghana and the International Development Association (IDA), acting as an implementing entity of Forest Investment Programme under the SCF.

Grant Amount: US\$29,500,000.00

Start date: April 2015

End date: June 2020

Implementation Agencies:

- Ministry of Lands and Natural Resources (MLNR)
- Forestry Commission (FC)
- COCOBOD
- Forestry Research Institute of Ghana (FoRIG)

PROJECT MANAGEMENT TEAM

Prof. Patrick Agbesinyale – Chief Director, MLNR
Mr. Abdul - Karim Mohammed – Director, Finance & Admin.
Mr. Musah Abu-Juam (Project Coordinator)
Mr. Tabi Agyarko (Project Manager)
Mr. John Wallace Koomson (Financial Controller)
Mr. Joseph Abbey (Procurement Manager)
Mr. Mathew T. Ababio (Director PPMED)
Mr. Joseph Osiakwan (Policy & Communication)
Mr. Aminu Abdulai (Project Accountant)
Mr. Daniel Nsowah (Safeguard Focal Person)

ADDRESS

Ghana Forest Investment Program Management Unit
Ministry of Lands & Natural Resources (MLNR)
P. O. Box MB 212, Accra

AUDITORS

Ghana Audit Service
Post Office Box MB 96
Accra, Ghana

BANKERS

Bank of Ghana

AUDIT SERVICE

In case of reply the
number and date of the
letter should be quoted

DAG/FAH/GFIP/FY18/03

My Ref. No:.....

Your Ref. No:.....

Tel: 233 (0) 302 664920/28/29

Fax: 233 (0) 302 6751495

Website: www.ghaudit.org



Good Governance
and Accountability

M. 96
P. O. Box.....
ACCRA
.....
28 JUNE 19
.....
20.....

INDEPENDENT AUDITOR'S REPORT TO THE CHIEF DIRECTOR, MINISTRY OF LANDS & NATURAL RESOURCES

REPORT ON THE PROJECT FINANCIAL STATEMENTS

We have audited the accompanying project financial statements of the Ghana Forest Investment Programme (GFIP) which comprise the statement of financial position for the period ending 31 December, 2018, and the statement of sources and uses of funds for the period ended, as well as a summary of significant accounting policies as set out in Note 1.

Management's responsibility for the project financial statements

The financial statements are the responsibility of the Project Coordinating Unit (PCU) under the Ministry of Lands and Natural Resources (MLNR). The GFIP-PMU is responsible for the preparation and fair presentation of these Project Financial Statements in accordance with generally accepted accounting standards and provisions of the Grant Arrangement (SCF Grant No. TF018842) as well as the selection and application of accounting policies set out in Note 1. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation of the GFIP financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an independent opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards of Supreme Auditing Institutions (ISSAIs) and the Grant Agreement and World Bank Project Implementation guidelines. Those standards require that we comply with the ethical requirements, and plan and perform the audit to obtain reasonable assurance whether the project financial statements are free from material misstatement whether caused by fraud, other irregularity or error.

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the project financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the project financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the project financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management team, as well as evaluating the overall presentation of the financial statements.

We believe that we have obtained sufficient appropriate audit evidence to provide a basis for our audit opinion.

Basis of opinion

The World Bank financial reporting framework provides for a special purpose financial statements on the basis of accounting information to present and report the project financial position, project progress, and implementation of the loan/grant agreement, and is composed mainly of the project financial position, summary of Sources and Uses of Funds by project component, Statement of Implementation of Loan/Grant Agreement, Special Account Statement, and notes to the financial statements.

The 2018 financial Statements prepared was not consistent with the required special purpose financial statements framework of the Bank. We noted specifically that the classification of the various expenditures was not in terms of the Project components and this constitutes a departure.

In forming our opinion on the financial statements, we have considered the amount of US\$1,475,608 as prior year adjustment. However, there were no supporting details on the amount.

In our opinion, except for the above reservations, the Project financial statements present fairly, in all material respects, the financial position of GFIP as at 31 December, 2018, and the results of its operations for the period and the accounting policies set out in Note 1 of the Project financial statements as well as GFIP Grant Arrangement (Grant No. TF018842).

Report on compliance

In addition, the PCU has complied, in all material respects, with the covenants of the GFIP Grant Arrangement (Grant No. TF018842) and Government rules and regulations for the period ended 31 December, 2018.

Restriction of use

This report is intended solely for the use of the Management of the project, IDA, and the Government of Ghana, and should not be used for any other purpose.

Signed by:




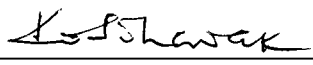
**PATRICK NEEQUAYE
DIRECTOR OF AUDIT
FOR: AUDITOR-GENERAL**

GHANA FOREST INVESTMENT PROGRAMME (GFIP)
MINISTRY OF LANDS AND NATURAL RESOURCES
STRATEGIC CLIMATE FUNDED GRANT No. TF18842

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER, 2018

	NOTES	2018 US\$	2017 US\$
Non-current assets			
Current assets			
Bank balances	10	1,000,541.39	1,141,887.40
Advances to Implementing Agencies	9	<u>2,602,659.91</u>	<u>1,069,384.50</u>
		<u>3,603,201.30</u>	<u>2,211,271.90</u>
Net Total Assets			
Financed by			
Accumulated Fund		<u>3,603,201.30</u>	<u>2,211,271.90</u>

Signed: 
 Chief Director
 Prof. Patrick Agbesinyale


 Financial Controller
 Mr. John Wallace Koomson

Date:

Date:

The attached notes 1 to 10 form an integral part of these financial statements.

GHANA FOREST INVESTMENT PROGRAMME (GFIP)
MINISTRY OF LANDS AND NATURAL RESOURCES
STRATEGIC CLIMATE FUNDED GRANT No. TF18842

**STATEMENT OF RECEIPTS AND EXPENDITURE FOR THE YEAR ENDED 31
DECEMBER, 2018**

	NOTES	2018 US\$	2017 US\$	Cumulative US\$
RECEIPTS				
SCF Grant Funds	2	<u>6,000,000.00</u>	<u>3,100,000.00</u>	<u>18,948,544.00</u>
EXPENDITURE				
Operating Cost	3	1,274,766.00	1,199,313.00	3,342,237.00
Training Tour and Workshops	4	767,018.00	870,231.00	2,481,313.00
Consultancy Services	5	619,738.00	546,995.00	1,177,924.00
Non- Consultancy Services	6	2,825,107.00	1,673,968.00	5,099,414.00
Goods and Supplies	7	584,405.00	2,296,216.00	1,738,088.00
Civil Works	8	<u>12,643.00</u>	<u>162,846.00</u>	<u>2,981,975.00</u>
Total Expenditure		<u>6,083,677.00</u>	<u>6,749,569.00</u>	<u>16,820,951.00</u>
Surplus/(Deficit) for the year		<u>(83,677.00)</u>	<u>(3,649,569.00)</u>	<u>2,127,593.00</u>

The attached notes 1 to 10 form an integral part of these financial statements.

GHANA FOREST INVESTMENT PROGRAMME (GFIP)
MINISTRY OF LANDS AND NATURAL RESOURCES
STRATEGIC CLIMATE FUNDED GRANT No. TF18842

STATEMENT OF CHANGES IN NET ASSETS/EQUITY
ACCUMULATED FUND FOR THE YEAR ENDED 31 DECEMBER, 2018

	2018 US\$	2017 US\$
Balance as at 1st January, 2018	2,211,271.00	5,860,840.00
Prior Year Adjustments:		
FC	2,117,121.00	
COCOBOD	(205,616.00)	
FORIG	(435,897.00)	
Deficit for the Year	<u>(83,677.00)</u>	<u>(3,649,569.00)</u>
Balance as at December 2018	<u>3,603,201.00</u>	<u>2,211,271.00</u>

The attached notes 1 to 10 form an integral part of these financial statements.

GHANA FOREST INVESTMENT PROGRAMME (GFIP)
MINISTRY OF LANDS AND NATURAL RESOURCES
STRATEGIC CLIMATE FUNDED GRANT No. TF18842

STATEMENT OF ACTIVITY AND VARIANCE REPORT BY EXPENDITURE
CATEGORY FOR THE YEAR ENED 31 DECEMBER, 2018

Project Budget Expenditure Category	Budget US\$	Actual US\$	Variance US\$
1.1 Civil Works	565,000.00	12,643.00	552,357.00
1.2 Goods and Supplies	1,440,000.00	584,485.00	(855,956.00)
1.3 Consulting Services	6,134,417.00	3,444,845.00	2,689,572.00
1.4 Training, Tours and Workshop	2,841,000.00	767,018.00	2,073,982.00
1.5 Operational Cost	<u>1,348,833.00</u>	<u>1,274,766.00</u>	<u>74,067.00</u>
Grand Total	<u>12,239,250.00</u>	<u>6,083,677.00</u>	<u>6,245,573.00</u>

**GHANA FOREST INVESTMENT PROGRAMME (GFIP)
MINISTRY OF LANDS AND NATURAL RESOURCES
STRATEGIC CLIMATE FUNDED GRANT No. TF18842**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER, 2018**

1. Significant Accounting Policies

The following is a summary of the significant accounting policies adopted in the preparation of the financial statements:

Basis of accounting

The financial statements of GFIP are prepared on cash basis and under historical cost convention. Under the historical cost convention, assets and liabilities are reflected or disclosed in the financial reports at the cost incurred or price paid at the time of transaction.

Property, plant and equipment

Property plant & equipment acquired by PCU are stated at cost and shall not be depreciated. Cost of repairs and maintenance incurred on any fixed asset shall be expensed in the period during which it was paid.

Receipts and payments

Revenues are recognised when funds are received from the International Bank for Reconstruction and Development (World Bank) acting as Implementing Agency of the SCF and expenditures are accounted for in the year when goods and services are incurred and paid.

Non capital expenditure

This reflects actual cash expenditure accounting for expenses such as consultancy, trainings or seminar and operating costs incurred during the period.

2. Receipts

	Acc Code	2018 US\$	2017 US\$	Cumulative US\$
SCF Grant	2010	<u>6,000,000.00</u>	<u>3,100,000.00</u>	<u>18,948,544.00</u>

3. Operating Expenses

This relates to the administrative, field operating activities and office running cost of the PCU and other Implementation Agencies.

	Acc. Code	2018 US\$	2017 US\$
Stationery Stock	1440	44.00	7,366.00
Other Income	5001	-	(3,493.00)
Workshops/Meetings	6070	1,579.00	15,009.00
Vehicles' Operation and Maintenance	7001	945.00	117,501.00
Fuel	7010	135,842.00	-
Repairs and Maintenance	7020	14,130.00	27,281.00
Tyres	7030	12,783.00	-
Vehicles Insurance	7050	52,943.00	61,559.00
Other Running Cost	7060	46.00	1,014.00
Operations and Maintenance-Buildings	7080	697.00	-
Operations and Maintenance-Equipment	7090	238.00	-
Salaries and Allowances-Contract Staff	7110	9,383.00	6,037.00
Casual Workers Allowance	7120	46,172.00	91,869.00
Other Allowances	7130	-	263.00
Sitting Allowance	7140	14,869.00	35,478.00
Honorarium	7150	91.00	3,737.00
Direct Research Expenses	7201	951.00	480.00
Other Research Expenses	7202	83.00	125.00
DSA/Per diems	7301	906,118.00	674,498.00
Travel/Transport	7310	12,918.00	48,012.00
Conference Facility	7311	3,824.00	1,800.00
Incidentals	7312	3,759.00	3,432.00
Hotel Accommodation	7320	-	12,919.00
Meals and Snacks	7312	15,906.00	26,768.00
Vehicles Hiring	7325	6,376.00	404.00
Adverts	7401	3,644.00	10,809.00
Subscription	7410	8,789.00	-
Supplies and Consumables	7411	1,268.00	3,728.00
Seedlings	7412	789.00	34,366.00
Publicity/Promotions	7420	9,913.00	5,245.00
Office Supplies	7440	1,814.00	9,348.00
Stationery and Printing	7450	1,424.00	1,890.00
Cleaning and Sanitation	7601	2,721.00	1,282.00
Bank Fees and Charges	7620	22.00	314.00
Electricity and Water Charges	7630	2,268.00	-
Telephone/ Email/Fax/Postal	7640	134.00	-
Meeting Expenses	7650	2,283.00	273.00
Total		1,274,766.00	1,199,313.00

6. Non-Consulting Services.

	Acc. Code	2018 US\$	2017 US\$
Local/Nat Consulting Fees-Others	6010	19,115.00	
Local Training Fees	6060	106,494.00	
Fuel	7010	18,364.00	12,872.00
Repairs and Maintenance	7020	1,231.00	98.00
Vehicle Insurance	7050	38,285.00	
Salaries and Allowances-Contract Staff	7110	3,243.00	6,421.00
Casual Workers Allowance	7120	2,334,524.00	1,173,913.00
Honorarium	7150	-	263.00
Other Allowances	7160	-	7,620.00
DSA/Per diems	7301	84,558.00	29,154
Travel/Transport	7310	-	1,866.00
Conference Facility	7311	-	171.00
Incidentals	7312	-	1,650.00
Meals/Snacks	7321	-	135.00
Seedlings	7412	219,292.00	439,778.00
Stationery and Printing	7450	-	26.00
Total		2,825,107.00.00	1,673,968.00

7. Goods and Supplies.

	Acc. Code	2018 US\$	2017 US\$
Office Equipment	1220	16,459.00	52,616.00
Forest Mensuration Equipment	1224	99,934	52,701.00
Heavy Duty Trucks	1230	-	941,727.00
Motor Vehicles	1240	-	13,754.00
Forest Camp Equipment	1246	-	105,645.00
Stationery Stock	1440	136.00	-
Training and Study Tours	6030	364.00	-
Fuel	7010	10,905	1,112.00
Repairs and Maintenance	7020	-	1,274.00
Tyres	7030	-	1,598.00
Other Running Cost	7060	364.00	-
Casual Workers Allowance	7120	-	18,555.00
Honorarium	7150	12,872.00	-
DSA/Per diems	7301	41,261.00	30,987.00
Travel/Transport	7310	20,533.00	2,867.00
Conference Facility	7311	947.00	-
Incidentals	7312	364.00	-
Meals / Snacks	7321	11,538.00	33.00
Supplies and Consumables	7411	-	145,898.00
Seedlings	7412	353,397.00	244,779.00

Supply of Farm Inputs / Accessories	7414	-	609,952.00
Publicity/Promotions	7420	727.00	-
Stationery and Printing	7450	14,605.00	67,120.00
Cleaning and Sanitation	7601	-	5,600.00
Total		1,274,766.00	1,199,313.00

8. Civil Work.

	Acc Code	2018 US\$	2017 US\$
Construction of Fire Rides	1245	<u>12,643.00</u>	<u>162,846.00</u>

9. Advances to Implementing Agencies.

This represents unretired advances to Implementation Agents during the period.

Implementation Agency	2018 US\$	2017 US\$
Forest Research Institute of Ghana	171,499.64	284,804.00
Forestry Commission	1,633,447.60	497,389.00
Ghana Cocoa Board	436,726.27	287,190.00
Service Deposit / Advance	<u>360,988.00</u>	=
Total	<u>2,241,673.51</u>	<u>1,066,558.64</u>

10. Bank and cash balances.

Bank balances represents the available cash for project related disbursement activities.

	2018 US\$	2017 US\$
Designated Special Account (US\$)	997,823.04	1,093,475.01
Sub Designated account (Cedi Account)	<u>2,718.35</u>	<u>48,412.39</u>
Total	<u>1,000,541.36</u>	<u>1,141,887.40</u>