Project Preparation Grant No. TFA02840
Statement of Sources and Utilization of Funds
For the Fourteen (14) Month Period ended 30\textsuperscript{th} June 2018
STATEMENT OF PROGRAMME MANAGEMENT’S RESPONSIBILITIES

The Controlling Officer for Ministry of Energy is responsible for the preparation of the Statement of Sources and Utilization of Funds for Scaling up Renewable Energy Program (SREP) Investment Plan Project which gives a true and fair view of the state of affairs of the Project. In preparing the Statement of Sources and Utilization of Funds, the Project Management:

- selects suitable accounting policies and then applies them consistently
- makes judgments that are reasonable and prudent; and
- follows International Public Sector Accounting Standards (IPSASs) Cash Basis of Accounting

The Project Management is responsible for ensuring that the SREP Investment Plan Project keeps accounting records, registers and other relevant documents which disclose with reasonable accuracy at any time the financial position and activities of the Project as required by the Financing Agreement. Management is responsible for taking reasonable steps for the prevention and detection of errors, fraud and other irregularities.

The Project Management is also responsible for the systems of internal controls designed to provide reasonable, but not absolute assurance as to the reliability of the financial statements and to adequately safeguard, verify and maintain accountability for assets, and to prevent and detect material misstatements. The systems are implemented and monitored by suitably trained personnel with appropriate segregations of authority and duties. Nothing has come to the attention of the Project Management to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

In the opinion of the Project Management, the Statement of Sources and Utilization of Funds is drawn up so as to present fairly the financial activities for the fourteen (14) month period ended 30th June, 2018.

Signed on behalf of the Programme by:

Harriet Zulu
Project Manager
Ministry of Energy

Date: 26/03/2020

Trevor Kaunda
Permanent Secretary
Ministry of Energy

Date: 26/03/2020
OFFICE OF THE AUDITOR GENERAL

INDEPENDENT AUDITOR’S REPORT

To the Permanent Secretary, Ministry of Energy

Report on the Audit of the Financial Statements

Opinion

I have audited the financial statements of the Scaling up Renewable Energy Program (SREP) Investment Plan Project, SCF – SREP- Grant No. TF0A2840 which comprise the Statement of Sources and Utilization of Funds for the fourteen (14) month period ended 30th June 2018, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 7 to 10.

In my opinion, the accompanying financial statements of the Scaling up Renewable Energy Program (SREP) Investment Plan Project are prepared, in all material respects, in accordance with International Public Sector Accounting Standards (IPSASs) Cash Basis of Accounting and the Financing Agreement between International Bank for Reconstruction and Development (“World Bank”) and Government of the Republic of Zambia (GRZ).

Basis for Opinion

I conducted my audit in accordance with International Standards of Supreme Audit Institutions (ISSAIs). My responsibilities under these standards are further described in the Auditor’s responsibilities for the audit of the financial statements section of my report. I am independent of the Scaling up Renewable Energy Program (SREP) Investment Plan Project in accordance with the International Organization of Supreme Audit Institutions (INTOSAI) Code of Ethics together with the ethical requirements that are relevant to my audit of the financial statements in Zambia, and I have fulfilled my other ethical responsibilities in accordance with these requirements and the INTOSAI Code. I believe that the audit evidence I have obtained is enough and appropriate to provide a basis for my opinion.

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

Management is responsible for the preparation of the financial statements in accordance with International Public Sector Accounting Standards (IPSASs) Cash Basis of Accounting and for
such internal controls as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor’s Responsibilities for the Audit of the Financial Statements**

My objectives are to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs 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 based on these financial statements.

As part of an audit in accordance with ISSAIs, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 enough and appropriate to provide a basis for my 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 controls.

- Obtain an understanding of internal controls 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 controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- 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.

I 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 controls that I identify during my audit. I also provide those charged with governance with a statement that I 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 my independence, and where applicable related safeguards.
Report on Other Legal and Regulatory Requirements

In my opinion, the financial statements of the Scaling up Renewable Energy Program (SREP) Investment Plan Project for the period ended 30th June 2018, have been properly prepared in accordance with the provisions of the International Bank for Reconstruction and Development ("World Bank") Financing Agreement.

Dr. Dick Chellah Sichembe
AUDITOR GENERAL
OFFICE OF THE AUDITOR GENERAL

DATE: 08/04/20 2020
# Statement of Sources and Utilization of Funds for the 14 Month Period ended 30th June 2018

<table>
<thead>
<tr>
<th>Sources of Funds</th>
<th>2018 ZMW</th>
<th>2018 US $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening Cash Balances</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Receipts from World Bank (IBRD)</td>
<td>774,732.25</td>
<td>81,300.18</td>
</tr>
<tr>
<td>Other Income</td>
<td>200.00</td>
<td>21.59</td>
</tr>
<tr>
<td>Total Cash Available</td>
<td>774,932.25</td>
<td>81,321.77</td>
</tr>
<tr>
<td>Less: Utilization of Funds by Category</td>
<td>502,122.03</td>
<td>53,199.04</td>
</tr>
<tr>
<td>Goods, Non-Consulting Services, Consultants Services, Workshops and Operating Costs</td>
<td>502,122.03</td>
<td>53,199.04</td>
</tr>
<tr>
<td>Total Expenditure</td>
<td>502,122.03</td>
<td>53,199.04</td>
</tr>
<tr>
<td>Surplus (Deficit) for the period</td>
<td>272,810.22</td>
<td>28,122.73</td>
</tr>
<tr>
<td>Foreign Exchange Gain/(Loss)</td>
<td>7,050.36</td>
<td></td>
</tr>
<tr>
<td>Net Cash Available</td>
<td>279,860.58</td>
<td>28,122.73</td>
</tr>
<tr>
<td>Represented by cash and cash equivalent (Bank Balances)</td>
<td>279,860.58</td>
<td>28,122.73</td>
</tr>
</tbody>
</table>

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Harriet Zulu  
Project Manager  
Ministry of Energy

Date: 26/03/2020

Trevor Kaunda  
Permanent Secretary  
Ministry of Energy

Date: 26 MAR 2023
NOTES TO THE STATEMENT OF SOURCES AND UTILISATION OF FUNDS FOR THE YEAR ENDED 30th JUNE 2018

1. Background


The objective of the Project was to assist the Republic of Zambia in the preparation of the Scaling up Renewable Energy Program Investment Plan.

The Project consists of the following activities.

i. Carrying out a national energy access survey.

ii. Carrying out an assessment of renewable energy technologies and options for renewable energy investments.

iii. Carrying out an enabling environment assessment for renewable energy investments.

iv. Developing an Investment Plan comprising priority renewable energy investment and preparing concept notes for the Investments.

v. Carrying out consultations with the public on the Investment Plan and the identified investments.

vi. Financing of the operating costs associated with the implementation of the Project.

The Project Preparations started in December 2016. However, Project activities only began on 23rd May 2017. The Project designated account denominated in US Dollars was maintained at Bank of Zambia, while a Kwacha Operations Account was held at United Bank of Africa (UBA). Funds from the World Bank were remitted in the designated account and transferred into the Kwacha Account for operations using the Bank of Zambia ruling exchange rate at the time of the transfer.

The Project Preparation Grant has one category for Goods, Non-Consulting Services, Consultants Services, Workshops and Operating Costs.

The Statement of Sources and Utilization of Funds has been prepared for the fourteen (14) month period ended 30th June 2018.
2. Statement of Compliance

The Statement of Sources and Utilisation of Funds have been prepared in accordance with International Public Sector Accounting Standards (IPSASs) Cash Basis of Accounting.

3. Significant Accounting Policies

Significant accounting policies adopted in the preparation of these financial statements and applied in all material respects, are set out below:

3.1 Basis of Financial Statement Preparation

The Statement of Sources and Utilization of Funds were prepared under historical cost convention.

3.2 Sources of Funds

The source of funds for the Project represent amounts received from the International Bank of Reconstruction and Development Association (IBRD) - World Bank during the accounting period. The total agreed Project preparation grant amount was US$300,000 for the Project preparation period from 23rd December 2016 to 30th June 2018. During the period under review a total amount of US$81,300.18 was received from the World Bank.

3.3 Exchange Rates

Transactions in foreign currencies are translated at the foreign exchange ruling rate at the date of the transactions. Foreign currency transactions and transfers to the Project operating account for local payments are converted at the rate ruling on the day of the transaction. The Project uses a FIFO method to covert local payments into US$ equivalent.

4. Opening Balances and Cash Receipts from IBRD

There were no opening balances as the first disbursement under the Project was received during the accounting period. Total cash received was valued at the prevailing Bank of Zambia mid-rate on the date funds were received in the Bank of Zambia US$ account.
4.1 Other Income
On 11th July 2017, an amount of K200.00 (US$21.59) was deposited by the Ministry of Energy as counter party funding towards the operationalization of the Bank at United Bank of Africa.

5. Utilization of Funds
Utilisation of funds represents amounts paid during the accounting period and no provisions are made for accrued expenses. Expenses, apart from advances, are recognized at the time they are paid; advances are expensed when they are retired.

5.1 Goods, Non-Consulting Services, Consultants Services, Workshops and Operating Costs
The following is the breakdown for Category 1 items - Goods, Non-Consulting Services, Consultants Services, Workshops and Operating Costs undertaken during the year ended 30th June 2018:

<table>
<thead>
<tr>
<th></th>
<th>ZMW</th>
<th>US$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goods</td>
<td>2,970.00</td>
<td>316.39</td>
</tr>
<tr>
<td>Non-Consulting Services</td>
<td>291,713.60</td>
<td>30,733.61</td>
</tr>
<tr>
<td>Consultants Services</td>
<td>32,746.64</td>
<td>3,577.33</td>
</tr>
<tr>
<td>Workshops</td>
<td>168,197.18</td>
<td>17,489.36</td>
</tr>
<tr>
<td>Operating Costs</td>
<td>6,494.61</td>
<td>1,082.35</td>
</tr>
<tr>
<td>Total</td>
<td>502,122.03</td>
<td>53,199.04</td>
</tr>
</tbody>
</table>
6. Foreign Currency Exchange Difference

<table>
<thead>
<tr>
<th>Amount</th>
<th>Rate at Date of Translation</th>
<th>Closing Rate as at 30/06/18</th>
<th>Exchange Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>USS</td>
<td>ZMW</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Designated account ( BOZ )</td>
<td>4,140.12</td>
<td>10.115</td>
<td>9.9514</td>
</tr>
<tr>
<td>Designated account ( BOZ )</td>
<td>17,160.06</td>
<td>9.7529</td>
<td>9.9514</td>
</tr>
<tr>
<td>Operating Account ( BOZ- Kwacha US$ equivalent )</td>
<td>5,585.95</td>
<td>9.3180</td>
<td>9.9514</td>
</tr>
<tr>
<td>Operating Account ( UBA- Kwacha US$ equivalent )</td>
<td>1,236.60</td>
<td>9.3180</td>
<td>9.9514</td>
</tr>
<tr>
<td>Exchange Difference</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

7. Cash and Cash equivalent (Closing Cash Balances)

The Cash and Bank balances were translated to Kwacha and US dollar at an exchange rate of US$1 = K9.9514 (Bank of Zambia mid-rate). The cash and cash equivalents as at 30th June 2018 were as follows:

<table>
<thead>
<tr>
<th>Bank Account</th>
<th>ZMW</th>
<th>US$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Designated account ( BOZ )</td>
<td>211,966.61</td>
<td>21,300.18</td>
</tr>
<tr>
<td>Operating Account ( BOZ- Kwacha )</td>
<td>55,588.06</td>
<td>5,585.95</td>
</tr>
<tr>
<td>Operating Account ( UBA- Kwacha )</td>
<td>12,305.91</td>
<td>1,236.60</td>
</tr>
<tr>
<td></td>
<td>279,860.58</td>
<td>28,122.73</td>
</tr>
</tbody>
</table>

8. Contingent liabilities

There were no contingent liabilities for the period May 2017 to 30th June 2018.

9. Post Reporting Period events

There were no significant events after the balance sheet date requiring adjustment to the accounts or disclosure.