

**CARE MALAWI**  
**STRENGTHENING SOCIAL ACCOUNTABILITY IN THE EDUCATION**  
**SECTOR IN MALAWI PROJECT**  
**(FUNDED BY WORLD BANK)**

**STATEMENT OF RECEIPTS AND PAYMENTS**  
**for the 18 month period ended**  
**31 December 2017**

**CARE MALAWI  
STRENGTHENING SOCIAL ACCOUNTABILITY IN THE EDUCATION SECTOR IN MALAWI PROJECT  
FUNDED BY WOLRD BANK  
For the 18 months period ended 31 December 2017**

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**CARE MALAWI  
STRENGTHENING SOCIAL ACCOUNTABILITY IN THE EDUCATION SECTOR IN MALAWI PROJECT  
FUNDED BY WOLRD BANK**

**EXECUTIVE SUMMARY**

**For the 18 months period ended 31 December 2017**

**1. Background**

Strengthening Social Accountability in Education sector is a three year project that is being funded by the World Bank and its implementation is being done by CARE Malawi and its partner Civil Society Education Coalition (CSEC). The project is aiming at ensuring that girls and boys living in Malawi have access to high quality, accountable and transparent education services. The project intends to achieve the following objectives:

- i) Increase the efficiency, transparency and accountability in the procurement process of the education sector by 2017.
- ii) Decrease in teacher absenteeism rates in targeted schools in Malawi.

The project is covering 6 districts namely: Mzuzu, Kasungu, Dedza, Balaka, Mwanza and Mulanje. CARE Malawi and CSEC are working on increasing efficiency; transparency and accountability in education sectors through capacity building of the school governing structures and District Networking teams to enable them monitor the procurement process of teaching and learning materials and monitor teacher absenteeism. Through the process of monitoring procurement of teaching and learning materials, district networking teams are working hand in hand with the school governing structures to take part in the planning and budget of the teaching and learning materials to be procured at school level and be able to follow up on delivery use and care of the books.

Through school governing structures the project is also monitoring teacher absenteeism in which users sends reports to an ICT platform on the absence of teachers on daily basis. To increase accountability relationship among teachers, SMCs and students, a community scorecard process is being implemented on quarterly basis. The quantitative information on attendance and qualitative information on the causes of absenteeism and compliance with teachers' code of conduct generated by the community scorecard sessions is being shared with the Ministry of Education Science and Technology (MoEST).

**2. Audit objectives**

- a) Our audit objective is to express a professional and independent opinion on the statement of receipts and payments and the financial performance of the World Bank funded Strengthening Social Accountability in Education Sector in Malawi Project for the 18 month period ended 31 December 2017.
- b) The books of accounts of CARE Malawi provide the basis for the preparation of the statement of receipts and payments and are established to reflect the financial transactions undertaken by the Project.

**CARE MALAWI  
STRENGTHENING SOCIAL ACCOUNTABILITY IN THE EDUCATION SECTOR IN MALAWI PROJECT  
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**EXECUTIVE SUMMARY (CONTINUED)  
For the 18 months period ended 31 December 2017**

**3. Scope of the audit**

The audit was carried out in accordance with International Standards on Auditing and included such tests and controls we considered necessary under the circumstances. In conducting the audit special attention was given to the following:-

- 3.1 Funds have been used in accordance with the conditions set in the grants agreement.
- 3.2 Confirmation of contractual framework (donor contract, IPIA, sub-partner agreement)
- 3.3 Confirmation of total grant received from the donor.
- 3.4 Variance analysis of the budgeted vs. actual amounts spent with explanations for any significant variances at budget chapter in excess of the permitted 10%.
- 3.5 Detailed review of supporting documents relating to a defined sample of transactions.
- 3.6 The accounts of the project have been prepared in accordance with consistently applied financial provisions and give a true and fair view of the financial situation of the project as at the period end date and of the receipts and payments for the period ended on that date.
- 3.7 Tests of control on all major purchase transaction for the period under review.
- 3.8 Evaluation of the accuracy of the receipts and payments for the period under review to determine whether or not it represents an accurate view of the project activities (includes review of the program narrative reports).
- 3.9 Review of procurement procedures to ensure that the expenditure tested was incurred wholly and exclusively for the benefit of the project.

**4. Financial statements**

The financial statements for project include:-

- (a) Receipts and payments statement showing the funds received from World Bank during the period and expended on project activities;
- (b) Accounting policies and explanatory notes.

**5. Audit opinion**

The auditor is required to express an opinion on whether the statement of receipts and payments presents fairly, in all material respects the results of operations of the project for the period ended.

**CARE MALAWI  
STRENGTHENING SOCIAL ACCOUNTABILITY IN THE EDUCATION SECTOR IN MALAWI PROJECT  
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**STATEMENT OF MANAGEMENT RESPONSIBILITIES  
For the 18 months period ended 31 December 2017**

Management is responsible for the preparation and fair presentation of the statement of receipts and payments of CARE Malawi – Strengthening Social Accountability in Educations Sector in Malawi Project. This report captures the statement of receipts and payments for the 18 months period ended 31 December 2017, and the notes to the statement of receipts and payments, which includes a summary of significant accounting policies and other explanatory information.

Management is also required to ensure that the Project keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the Project and ensure the statement of receipts and payments complies with generally accepted accounting principles.

In preparing the statement of receipts and payments, management accept responsibility for the following:

- Maintenance of proper accounting records;
- Selection of suitable accounting policies and applying them consistently;
- Making judgments and estimates that are reasonable and prudent;
- Compliance with applicable accounting standards, when preparing the statement of receipts and payments, subject to any material departures being disclosed and explained in the statement of receipts and payments; and
- Preparation of the statement of receipts and payments on a going concern basis unless it is inappropriate to presume that the Project will continue in its operations.

Management is also responsible for such internal control as they determine necessary to enable the preparation of the statement of receipts and payments that is free from material misstatement, whether due to fraud or error and for maintaining adequate accounting records and an effective systems of risk management.


Managements' responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the statement of receipts and payments that is 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.

Management have made an assessment and they attest to the adequacy of accounting records and effectiveness of the systems of internal control and effective risk management for the Project.

The auditor is responsible for reporting on whether the statement of receipts and payments is fairly presented in accordance with the accounting policies.

***Approval of the statement of receipts and payments***

The statement of receipts and payments of the Project, as indicated above, was approved by Project Management on 20 April 2018 and is signed on its behalf by:

  
Country Director (Acting)

  
Assistant Country Director (PS)



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**INDEPENDENT AUDITOR'S REPORT  
TO THE CARE MALAWI STRENGTHENING SOCIAL ACCOUNTABILITY IN THE EDUCATION SECTOR IN MALAWI  
PROJECT FUNDED BY WOLRD BANK**

**Opinion**

We have audited the statement of receipts and payments of Care Malawi Strengthening Social Accountability In The Education Sector In Malawi Project Funded By World Bank set out on pages 6 to 9, which comprise the statement of receipts and payments for the 18 months period ended 31 December 2017, and notes to the statement of receipts and payments including significant accounting policies and other explanatory information.

In our opinion, the statement of receipts and payments presents fairly, in all material respects, the receipts and disbursements of the Care Malawi Strengthening Social Accountability In The Education Sector in Malawi Project Funded By World Bank for the 18 months period ended 31 December 2017, in accordance with the cash receipts and disbursements basis of accounting as described in note 1.1 to the statement of receipts and payments.

**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 statement of receipts and payments* 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 Code) and we have fulfilled our ethical responsibilities in accordance with the IESBA code. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Basis of accounting and restriction on distribution and use**

Without modifying our opinion, we draw your attention to note 1.1 to the statement of receipts and payments, which describes the basis of accounting. Our report is intended solely for Care Malawi Strengthening Social Accountability in the Education Sector in Malawi Project Funded by World Bank and should not be distributed to or used by parties other than Care Malawi Strengthening Social Accountability in the Education Sector in Malawi Project and World Bank.

**Other information**

Management is responsible for the other information. The other information comprises the Executive Summary, and the Statement of the Management's Responsibilities. The other information does not include the statement of receipts and payments and our auditor's report thereon.

Our opinion on the statement of receipts and payments does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the statement of receipts and payments, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the statement of receipts and payments or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of management for the statement of receipts and payments**

Management is responsible for the preparation of the statement of the receipts and payments that is fairly presented in all material respects in accordance with the cash receipts and disbursements basis of accounting, and for such internal control as management determine is necessary to enable the preparation of the statement of receipts and payments that is free from material misstatement, whether due to fraud or error.

In preparing the statement of receipts and payments, 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 have no realistic alternative but to do so.

## INDEPENDENT AUDITOR'S REPORT

### TO THE CARE MALAWI STRENGTHENING SOCIAL ACCOUNTABILITY IN THE EDUCATION SECTOR IN MALAWI PROJECT FUNDED BY WOLRD BANK (CONTINUED)

#### Auditor's responsibilities for the audit of the statements or receipts and payments

Our objectives are to obtain reasonable assurance about whether the statement of receipts and payments as a whole is 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 the statement of receipts and payments.

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

- Identify and assess the risks of material misstatement of the statement of receipts and payments, 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 the Project's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the statement of receipts and payments or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Project to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the statement of receipts and payments, including the disclosures, and whether the statement of receipts and payments 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.

  
KPMG  
  
Joel Mwenelupembe  
Chartered Accountant (Malawi)  
Partner

Lilongwe, Malawi

Date 26<sup>th</sup> April, 2018

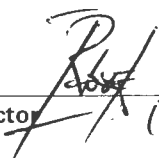
CARE MALAWI

STRENGTHENING SOCIAL ACCOUNTABILITY IN THE EDUCATION SECTOR IN MALAWI PROJECT  
FUNDED BY WOLRD BANK

STATEMENT OF RECEIPTS AND PAYMENTS  
For the 18 months period ended 31 December 2017  
In US Dollars

	<u>Notes</u>	<u>18 months period ended 31 December 2017</u>	<u>30 Months period ended 30 June 2016</u>	<u>Cumulative balances for the period ended 31 December 2017</u>
<b>RECEIPTS</b>				
GPSA funding	2	<u>503,543</u>	<u>411,429</u>	<u>914,972</u>
<b>PAYMENTS</b>				
Project Management (Operational costs)	3	<u>234,238</u>	<u>414,051</u>	<u>648,289</u>
Monitoring and reporting on the procurement processes of the education sector	4	<u>39,229</u>	<u>12,910</u>	<u>52,139</u>
Teacher absenteeism monitoring and reporting using community scorecards and ICT	5	<u>93,419</u>	<u>68,532</u>	<u>161,951</u>
Managing knowledge and learning on strengthening social accountability in the education sector	6	<u>53,744</u>	<u>33,366</u>	<u>87,110</u>
<b>Total payments</b>		<u>420,630</u>	<u>528,859</u>	<u>949,489</u>
<b>Surplus/(deficit) for the period</b>	7	<u>82,913</u>	<u>(117,430)</u>	<u>(34,517)</u>

The statement of receipts and payments was approved for issue on 20 April 2018 and was signed on its behalf by:

  
Country Director (Acting)

  
Assistant Country Director (PS)



**CARE MALAWI  
GPSA STRENGTHENING SOCIAL ACCOUNTABILITY IN THE EDUCATION SECTOR IN MALAWI  
PROJECT FUNDED BY WOLRD BANK**

**NOTES TO THE STATEMENT OF RECEIPTS AND PAYMENTS  
For the 18 months period ended 31 December 2017**

**1. ACCOUNTING POLICIES**

The principal accounting policies adopted in the preparation of the statement of receipts and payments are set out below:-

**1.1 Basis of preparation**

The statement of receipts and payments is presented in US Dollars and has been prepared on a cash basis.

**1.2 Receipts**

Funds are recognized on receipt basis. Receipts represent funding from the donor which is transferred to bank account of CARE Malawi.

**1.3 Payments**

Expenditure is recognized when incurred. The expenditure is incurred in Malawi Kwacha and these are translated to US Dollars at the exchange rate ruling at the date on which the transaction occurred.

**1.4 Fixed assets**

Fixed assets are expensed in the period of purchase and monitored by including them in the fixed asset register of CARE Malawi. The assets that were procured using the World Bank resources are as follows;

Property Identification Number	Brand/Make	Property Item Description	Property Category	Serial Number	Financial Tracking Number	Acquisition Cost \$	Acquisition Date	Property Condition (F/NF)	Custodian	COMMENTS
CM003172	HP	Printer	CE	VNC3M1220	12830	591.97	27.01.15	F	CSEC	Working
CM003173	Dell	Laptop	CE	8SOW302	12899	577.83	02.02.15	F	IT Stores	Working
CM003174	Dell	Laptop	CE	9PDS302	12899	577.83	02.02.15	F	CSEC	Working

**1.5 Foreign currency transactions**

Foreign currency transactions are translated at the exchange rate prevailing at the date on which the transactions occurred.

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**NOTES TO THE STATEMENT OF RECEIPTS AND PAYMENTS  
For the 18 months period ended 31 December 2017  
In US Dollars**

**2. GPSA FUNDING**

	18 months period ended 31 December 2017	30 Months period ended 30 June 2016	Cumulative balances for the period ended 31 December 2017
GPSA funding (Tranche 1)	169,346	201,639	370,985
GPSA funding	<u>334,197</u>	<u>209,790</u>	<u>543,987</u>
	<u>503,543</u>	411,429	<u>914,972</u>

**3. PROJECT MANAGEMENT (OPERATIONAL COSTS)**

Staff salaries and benefits	130,332	283,482	413,814
Office rent	14,328	10,342	24,670
Utilities	2,246	1,713	3,959
Shared program costs	13,215	26,596	39,811
Secretariat services	1,071	1,482	2,553
Communications expenses	8,288	6,093	14,381
Vehicle maintenance and fuel	8,861	16,824	25,685
Office supplies and consumables	3,795	5,258	9,053
Staff travel (international -CUIK)	2,936	1,298	4,234
International travel (airfare, per diem & lodging)	1,272	4,750	6,022
Lodging	192	9,114	9,306
Per diem	44	4,864	4,908
ADRET to CARE USA 7.5 %	28,285	31,594	59,879
Bank charges	3,665	1,209	4,874
Audit contribution	15,708	872	16,580
Equipment purchases (CARE & CSEC)	-	8,560	8,560
	<u>234,238</u>	414,051	648,289

**4. MONITORING AND REPORTING ON THE  
PROCUREMENT PROCESSES OF THE EDUCATION  
SECTOR**

District level briefings to DEC by DENs	728	-	728
Community mobilization on parents' roles in budgeting and procurement monitoring	434	398	832
Orientation workshop on SMCs role in school management and governance, and budgeting for procurement	7,990	2,880	10,870
Training of trainers on procurement monitoring and budget tracking - national	3,602	7	3,609
Sensitization of selected District/City Councils in Participatory Budgeting and Procurement	317	434	751
Training of selected DENs in district budget tracking, participatory budgeting and procurement monitoring	2,632	3,011	5,643
Conduct Annual Education Budget Analysis at national & district level	4,525	2,624	7,149
Support DEN to conduct district budget tracking (3 districts)	-	509	509
Support DENs to conduct procurement monitoring at district and school levels	<u>19,001</u>	<u>3,047</u>	<u>22,048</u>
	<u>39,229</u>	<u>12,910</u>	<u>52,139</u>

**CARE MALAWI**  
**GPSA STRENGTHENING SOCIAL ACCOUNTABILITY IN THE EDUCATION SECTOR IN MALAWI**  
**PROJECT FUNDED BY WOLRD BANK**

**NOTES TO THE STATEMENT OF RECEIPTS AND PAYMENTS**

**For the 18 months period ended 31 December 2017**

*In US Dollars*

**5. TEACHER ABSENTEEISM MONITORING AND REPORTING USING COMMUNITY SCORECARDS AND ICT**

	18 months period ended 31 December <u>2017</u>	30 Months period ended 30 June 2016	Cumulative balances for the period ended 31 December <u>2017</u>
Mobilization of the different stakeholders at all levels	3,071	2,653	5,724
Set up and operationalize ICT-based school performance monitoring system	44,290	34,230	78,520
Training of trainers on CSC/ICT – national	-	11,393	11,393
Training of SMC/PTA facilitators in Community Scorecard / ICT platform	3,747	10,394	14,141
Training of Student Leaders Community Scorecard / ICT platform + Assertiveness	12,379	-	12 379
Develop joint work plans and daily monitoring mechanisms with all stakeholders	2,163	1,916	4 079
Facilitate the first scorecard interface sessions with stakeholders	9,901	-	9 901
Conduct district-level CSC quarterly reviews	<u>17,868</u>	<u>7,946</u>	<u>25 814</u>
	<u>93,419</u>	<u>68,532</u>	<u>161 951</u>

**6. MANAGING KNOWLEDGE AND LEARNING ON STRENGTHENING SOCIAL ACCOUNTABILITY IN THE EDUCATION SECTOR**

Project start-up workshop – national	-	2,395	2,395
Baseline study	-	10,869	10,869
Training of trainers on advocacy – national	4,587	798	5,385
Training of DEN members on advocacy – district	4,534	-	4,534
Policy engagement and advocacy	4,104	602	4,706
Media engagement	2,002	-	2,002
Quarterly project review and planning meetings	6,800	15,316	22,116
Semi-annual project review and planning meetings – national	20,365	2,460	22,825
Cross district learning visit	-	926	926
Production of IEC materials	<u>11,352</u>	-	<u>11,352</u>
	<u>53,744</u>	<u>33,366</u>	<u>87,110</u>

**7. SURPLUS/(DEFICIT) FOR THE PERIOD**

Surplus/(deficit) for the period	<u>82,913</u>	<u>(117,430)</u>	<u>(34,517)</u>
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The cumulative deficit of \$34, 517 at year end represents part of World Bank funds which were withheld for the End of Project evaluation activity despite CARE budgeting the activity at \$15, 000.

**8. CAPITAL COMMITMENTS**

There were no capital commitments during the period requiring disclosure or adjustment to the statement of receipts and payments.

**9. SUBSEQUENT EVENTS**

The project ended in December 2017, however End of Project evaluation did not take place as this was agreed that it will be done by World Bank. Apart from this there were no events that have occurred necessitating adjustments to or disclosure in the statement of receipts and payments.