



SNG Grant Thornton

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28 January 2019

Dear Madam

FINAL REPORT: Agreed Upon Procedures Engagement: World Bank Financed Projects, Centre for Learning on Evaluation And Results-Anglophone Africa (CLEAR-AA) for the period ended 1 January 2017 to 30 June 2018.

We have performed the procedures agreed with you and described with respect to the World Bank Grant Statement of Expenses (SOE) for the period 01 January 2017 to 30 June 2018

Scope

Our engagement was undertaken in accordance with the International Standard on Related Services 4400 applicable to Agreed-upon procedures engagements. Our procedures were performed solely to assist you with a response as per the stipulated procedures.

This report is furnished solely for your information and should be used by you only for this purpose.

The information is the responsibility of the University of Witwatersrand (Wits). Our responsibility is to report on our findings from the application of the procedures detailed below. The responsibility for determining the adequacy or otherwise of the procedures agreed to be performed and the completeness of information received, is that of the management of Wits.

Procedures Performed

We were engaged to perform the following procedures:

General:

1. Obtain the funding agreement and verify that the agreement is authorized by the relevant parties (WITS representative and World Bank Representative).
2. Obtain an understanding of the agreement and its terms and conditions.
3. Obtain an understanding of the control environment for the preparation of the project financial statements and compliance with the financing agreement.

For income received:

1. Agree the Grant amounts in US\$ to the Statement of Expenses (SOE);
2. Agree the exchange rate used to translate the Grant to published rates on the applicable date;
3. Reperform the calculation of the Grant in Rands;

Victor Sekose [Chief Executive]

A comprehensive list of all Directors is available at the company offices or registered office

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4. Prepare a reconciliation of the amounts as "received by the Project from the World Bank", with those shown as being disbursed by the Bank and agree the amounts received to those stipulated in the agreement;
5. Verify that all SOE used as a basis for the submission of loan withdrawal applications to the World Bank agree to underlying information;
6. Confirm through inspection that the Project Financial Statements include a schedule listing individual SOE or IFR withdrawal applications by specific reference number and amount.

Expenditure:

Select a sample **expenses** worth 50% in value of Capex, Payroll and operating expenses categories listed on the SOE:

1. Obtain all necessary supporting documents and records;
 - 1.1 Third Party expenses-
 - Agree the expense to a purchase order, supplier invoice or other appropriate proof of documentation and proof of payment;
 - Inspect that the third party expense has been authorized by the appropriate authority.
 - Confirm that the third party expenses incurred are for the applicable programme.
 - 1.2 Salary expenses
 - Inspect the employment contract of the selected employee and verify that it is approved by both the employer and employee.
 - Agree the salary costs per the contract to payroll records and to the employee pay slip.
 - Confirm that the salaries incurred are for the applicable programme
2. Based on the expenses selected and on the SOE, through inspection confirm that the funds have been used in accordance with the relevant financing agreement and only for the purposes for which they were provided.
3. Inspect and verify that assets procured from project funds exist and there is verifiable ownership by the implementing agency or beneficiaries in line with the financing agreement.
4. Review the treatment of Value Added Tax (VAT) on the expenses on the SOE and based on the World Bank Grant Agreement, determine if VAT has been correctly treated.
5. Inspect the supporting documentation for expenses and verify that the goods, works and services financed have been procured in accordance with the relevant financing agreements including specific provisions of the World Bank
6. Inspect and verify that designated accounts (if used) have been maintained in accordance with the provisions of the relevant financing agreements.
7. Inspect that ineligible expenditures included in withdrawal applications are identified and reimbursed to the Designated Accounts.
8. Inspect the SOE and verify that the financial performance of the project is satisfactory based on the requirements of the financing agreement

Obtain the Project Financial Statements (PFSes) and;

1. Cast and cross cast the statements;
2. Verify that respective reports issued during the period were in agreement with the underlying books of accounts;
3. Verify that the PFS includes:
 - a. A statement of funds received; showing funds from the World Bank, project funds from other donors and counterpart funds separately, and of expenditures incurred;
 - b. A summary of the activity in the Designated Account;
 - c. A Balance Sheet (if deemed necessary);
 - d. A Summary of the principal accounting policies that have been adopted, and other explanatory notes;
 - e. A list of material assets acquired or procured to date with project funds

Findings

General:

1. Obtained the funding agreement, inspected it and verified that the agreement has been authorized by the relevant parties (WITS representative and World Bank Representative)
2. Obtained an understanding of the agreement and its terms and conditions.
3. Obtained an understanding of the control environment for the preparation of the project financial statements and compliance with the financing agreement.

Income received:

1. Agreed the grant receipt in US\$ to the Statement of Expenses (SOE).
2. Agreed the exchange rate used to translate the grant receipts to rates obtained from OANDA.com. Refer to the table below for a summary of the grant receipts and the exchange rates used to translate the receipts.

Date	Grant name	Amount in USD\$	RMB Bank rate	Published rates
22/03/2017	World bank Grant Nov and Dec 2016	115 302,00	R13,35	R12,62
11/05/2017	CLEAR AA World Bank Funds January and February 2017	140 127,00	R13,25	R13,54
29-Jun-2017	MARCH TO APRIL FUNDING FROM WORLD BANK	271 068,24	R12,90	R12,99
29/06/2017	WORLD BANK ADVANCE	295 313,11	R12,86	R12,99
20/12/2017	WORLD BANK 12TH DRAWDOWN	272 123,00	R13,52	R12,74
11/05/2018	MDTF FINAL TRANCHE ON THE OLD CONTRACT	178 160,97	R11,88	R12,41

The exchange rate differences between the bank rate and published rates were all less than 6%

3. Reperformed the calculation of the grant based on the bank rates, no exceptions were noted
4. Reconciled amount as "received by the project from the world bank" with those shown as being disbursed by the bank and agreed amounts received to those stipulated in the agreements, no exceptions noted. For amounts received prior to the period under review, confirmed accuracy of the amount to the KPMG audit report that was issued to verify these amounts, no exceptions noted.
5. Verified through inspection of the withdrawal applications that all SOE used as a basis for the submission of loan withdrawal applications to the World Bank agree to underlying information.
6. Confirmed through inspection that the project financial statements included a schedule listing individual SOE withdrawal application by the specific reference number and amount.

Expenditure:

- The total of expense items selected for testing amounted to R7.2 million. This represented 53% of the value of total expenses of R.2.3 million as listed on the SOE and R6.8 million thereof relating to staff costs.

1.1. Third party expenses –

- Agreed the expense to the purchase orders, supplier invoice and proof of payment. The following exceptions were noted:

	Supplier Name	Invoice Number	Expenditure Amount (ZAR) Per the SOE	Amount ZAR (VAT Excl) Per invoice	Difference
1	GIMPA	GIMPA/CLEAR170 3001	360 644,40	343 170,00	17 474,40
2	GIMPA	CL/0014	194 663,22	193 900,50	762,72
3	GIMPA	GIMPA/CLEAR 1703003	182 143,35	192 105,00	-9 961,65
4	GIMPA	GIMPA/CLEAR170 3001	180 322,20	171 585,00	8 737,20
5	GIMPA	GIMPA/CLEAR170 3004	90 588,74	137 100,01	- 46 511,27
6	SPEKE RESORT & CONFERENCE CENTRE	37597	58 693,98	55 950,02	2 743,96
7	Eventia SA de CV	402	50 217,09	48 146,84	2 070,25
9	GIMPA	GIMPA/CLEAR170 3001	40 231,89	38 282,52	1 949,37

The differences noted above were on USD denominated invoices and were due to different exchange rates used in preparation of the statement of expenditure versus the ones obtained from OANDA.com. The Wits University has a business banker who negotiates the exchange rates for the entire University for a given period, these would therefore not be the same as the rates obtained from OANDA.com. The difference between the value on the ledger versus the value actually paid is allocated to an account called "forex gains and losses" an account based at central finance.

The USD amounts per the invoices were agreed to the USD amount per the Purchase orders and no differences were noted.

Other:

	Supplier Name	Invoice Number	Expenditure Amount (ZAR) Per the SOE	Amount ZAR (VAT Excl) Per invoice	Difference
1	TRAVEL WITH FLAIR JOHANNESBURG PTY LTD	0377663	41 011,39	43 882,19	- 2 870,80

- Inspected that the third party expense have been authorised by the appropriate authority. No exceptions were noted.
- Confirmed that the third party expenses incurred are for the applicable programme as it was coded "CLEAR14".

1.2. Salary expenses-

- Inspected the employment contracts of the selected employees and verified that they were approved by both the employer and employee. No exceptions were noted.
- Agreed the salary cost per the contract to the employee pay slip to confirm that the amount paid to the employee is what was agreed on as per contract. No exceptions were noted.
- Inspected the employment contract and confirmed that the employees were appointed to be part of the staff of CLEAR-AA, therefore confirmed that the salaries incurred are for the applicable programme.

2. Confirmed through inspection of the invoices and employment contracts, and considering the nature of the expenses, that the funds have been used in accordance with the relevant financing agreement and only for the purposes for which they were provided.
3. There were no assets that were procured from the project funds in the period under review.
4. Reviewed the treatment of VAT on the expenses on the SOE. The expenses on the SOE are exclusive of VAT, no exceptions noted.
5. Inspected the supporting documentation for expenses (POs, invoices, Payment requisitions etc) and verified that the goods, works and services financed have been procured in accordance with the relevant financing agreements including specific provisions of the World Bank procurement (the procurement Policies and Policies of the University were used which is allowable in terms of the agreement).
6. Inspected and verified that the designated accounts have been maintained in accordance with the provisions of the relevant financing policies and procedures.
7. Inspected and confirmed that there were no ineligible expenditures were included in the withdrawal applications as all proposed expenditure were approved by the funder.
8. Inspected the SOE and noted that the project made a loss of R3 080 105.15 for the period 16 January 2017 to 30 June 2018, resulting in a loss of R519 601.51 as at 30 June 2018 (Opening profit of R2 560 503.64). Further noted that all funds allowable per the agreement have been depleted as at the period under review.

Project Financial Statements (PFSs)

1. The mathematical accuracy of the SOE was found to be correct. No exceptions were noted.
2. Verified that respective reports issued during the period were in agreement with the underlying books of accounts.
3. Verified the following regarding the PFS:
 - a) A statement of funds received, showing funds from the World Bank, project funds from other donors and counterpart funds separately, and of expenditures incurred was included.
 - b) A summary of the activity in the Designated Account was included.
 - c) There was no Balance sheet included because there were no assets acquired for CLEAR-AA.
 - d) A Summary of the principal accounting policies that have been adopted, and other explanatory notes was included.
 - e) There were no material assets acquired or procured to date with project funds.

Conclusion

As the above procedures do not constitute either an audit or a review made in accordance with statements of International Standards on Auditing or International Standards on Review Engagements, we do not express any opinion or assurance on the related financial model with regards to the statements of International Standards on Auditing or International Standards on Review Engagements.

If we had performed additional procedures in accordance with International Auditing Standards, other matters might have come to our attention that would need to be reported to you.

Our report is solely for the purpose set out in the first paragraph of this report, and for your information, and is not to be used for any other purpose, nor to be distributed to any other parties, without our prior written consent which will not be withheld unreasonably.

We would like to thank management for their kind assistance and co-operation during our procedures. Should you have any concerns, please contact **Vincent Motholo** on **083 271 7299**.

Yours faithfully,

Vincent Motholo
SizweNtsalubaGobodo Grant Thornton Inc.
 Director
 Registered Auditor
 28 January 2019
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