

PLAN CAMEROON

PROJECT NAME: "Responding to Basic needs of OVC HIV/AIDS  
in the Centre Province"

PROJECT NUMBER: CMR0073

INDEPENDENT AUDITORS REPORT  
FOR THE PERIOD JULY 2005 TO 30 JUNE, 2007

Mr. Amadou Bocoum  
The Country Director  
PLAN CAMEROON  
Yaoundé

## INDEPENDENT AUDITOR'S REPORT

Dear Sir,

We present our report on the audit of the financial report of « Responding to Basic needs of OVC HIV/AIDS in the Centre Province » (hereafter referred to as « The Project ») for the period ended 30 June 2007, showing grant income of USD 148 744 and expenses of USD 149 679.

The management of Plan Cameroun is responsible for the preparation of the financial report of the project. Our responsibility is to express an opinion on this financial report based on our audit.

We conducted our audit in accordance with the generally accepted auditing standards (ISA 800), Grant concept paper presented by Plan Cameroun to DNO and the ISOBRO Collection Fund "General guidelines for administration of subsidies to projects in support of orphaned children in Africa, collected during -DM I Indsamling-charity marathon 2005". Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion expressed hereafter.

### **In our opinion:**

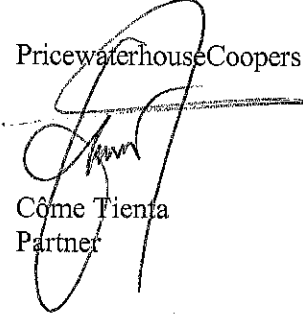
The accompanying financial report of "Responding to Basic needs of OVC HIV/AIDS in the Centre Province", present fairly in all material respects the financial position of the project for the twenty three months period ended 30 June 2007 and have been prepared in accordance with PLAN International accounting policies and procedures, Grant concept paper presented by the Cameroun to DNO and ISOBRO Collection Fund "General guidelines for administration of subsidies to projects in support of orphaned children in Africa, collected during -DM I Indsamling-charity marathon 2005" including that;

1. the project accounts are correct, i.e. without significant errors or omissions,
2. the subsidy conditions have been fulfilled,
3. the subsidy has been used in accordance with the budget, objects, and grounds for approval,
4. the economy has been observed in use of the subsidy,
5. the unused subsidy has been used in accordance within the project period,

6. the unused subsidy remains in a separate bank account,
7. that no reallocations have between budget items has been made without prior approval,
8. that inclusion of the administration fee has been done in accordance with the ISOBRO Collection Fund guidelines.

17 July 2007

PricewaterhouseCoopers



Côme Tienta  
Partner

PLAN CAMEROON  
Responding to Basic needs of OVC HIV/AIDS  
in the Centre Province  
Financial statements  
Page 3

FINANCIAL REPORT

**PLAN CAMEROON**

Responding to Basic needs of OVC HIV/AIDS in the Centre Province"

Financial Report for the Period ended 30 June 2007

PROJECT NUMBER: CMR0073	PROJECT CODE	OUTPUT CODE	NATURAL CODE	USER CODE	PROGRAM CODE	PU CODE	DESCRIPTION	GAD EXPENDITURE
<b>1. GRANT INCOME</b>								<b>x 148 744,00</b>
<b>2. EXPENSES</b>								
<b>A. Project Supervision, Monitoring and Evaluation</b>								
2007/06	3330	1B10	6300	0	12	1011	GUH Management, Supervision and Support - Accomodation and Meals	1 111,00
2007/06	3330	1B10	7100	0	12	1011	GUH Management, Supervision and Support - Staff Salaries	1 781,00
2007/06	3330	1B10	7200	0	12	1011	GUH Management, Supervision and Support - Staff Salary Related	274,00
2007/06	4047	1B10	7100	0	12	9100	GUH Coord PSS - Staff Salaries	14 109,00
2007/06	4054	1B10	7100	0	12	9100	GUH Program MGT & Support - Local Hired Staff Salary	9 030,00
2007/06	4054	1B10	2600	0	12	9100	GUH Program MGT & Support - Audit Fees	2 547,00
2007/06	4047	1B10	7200	0	12	9100	GUH Coord PSS - Staff Salaries Related	3 406,00
2007/06	4054	1B10	7200	0	12	9100	GUH Program MGT & Support - Salary Related	1 130,00
<b>TOTAL A</b>		<b>1B10</b>						<b>-33 388,00</b>
<b>B. Support To Local NGOs/CBOs</b>								
2007/06	3330	1D10	1300	0	12	1011	GUH Institutional Support - Payment to NGO Partner	15 158,00
2007/06	3383	1D10	1300	0	12	1011	Institutional Support - Payment to NGO Partner	15 621,00
2007/06	3383	1D10	6300	0	12	1011	Institutional Support - Accomodation and Meals	570,00
<b>TOTAL B</b>		<b>1D10</b>						<b>-31 349,00</b>
<b>C. Direct Support to OVCs</b>								
2007/06	3330	1G14	1300	0	12	1011	Children Affected by AIDS - Payment to NGO Partner	6 641,00
2007/06	3383	1G14	1300	0	12	1011	OVCs - Payment to NGO Partner	60 975,00
2007/06	3383	1G14	1600	0	12	1011	Children Affected by AIDS - Equipment Purchase	41,00
2007/06	3330	1G14	1700	0	12	1011	Children Affected by AIDS - Materials Purchase	1 415,00
2007/06	3383	1G14	1700	0	12	1011	Children Affected by AIDS - Materials Purchase	15 870,00
<b>TOTAL C</b>		<b>1G14</b>						<b>-84 942,00</b>
<b>Total Expenses (Total A + B + C)</b>								<b>y -149 679,00</b>
<b>Excess of Income over Expenditure for the period</b>								<b>x+y -935,00</b>

PLAN CAMEROON  
Responding to Basic needs of OVC HIV/AIDS  
in the Centre Province  
Accounting policies  
Page 4

## ACTIVITY AND ACCOUNTING POLICIES

## 2. ACTIVITY AND ACCOUNTING POLICIES

### 2.1. Activity

In July 2005, Plan Cameroon and the Danish National office signed an agreement under Project named: « Responding to the Basic Needs for OVC HIV/AIDS in the centre province of Cameroon », with a budget amount of USD 148 744. The specific objectives of the program are:

- To provide educational, health, nutritional help to orphan and vulnerable children resulting from parents with HIV/AIDS.
- Provide a support system to carers and prevent stigmatisation.

#### 2.1.1. Program description and objectives

Orphans and vulnerable children (hereafter referred to as "OVC") is on an increase in line with the HIV/AIDS epidemic in Cameroon. Until recently, the community provided little or no assistance for them partly out of ignorance about living positively and properly, and partly because of the stigma and shame attached to HIV/AIDS by most people. As a result of the community neglect, the OVCs become idle, delinquent, and traumatized. Among the children, a good number of them have never attempted primary school for the reason that their parents died when they were still babies or not yet of school age. Another group is that of those who have dropped out of school because of the strains of their parent's illness. Further more, some that had the opportunity to learn life skills have dropped out of it because of the lack of financial support. It is against this background that the project intends therefore to:

- Help these children pass through their trauma without any difficulties during the illness or after the death of their parents.
- Help them have a proper and productive future.
- Help the communities and caregivers develop support systems like Income Generating Activity, counselling that will make them economically viable to be able to take care of the patients in the community, thus allowing the affected children to go back to school or learn life skills. The community and caregivers will be empowered to assist the OVC & HIV/AIDS patients.

To attain the above objectives, the program has embarked on the following action plan:

- Enrolment of OVCs in school, payment of school fees, purchase of uniforms, books and other accessories. It is expected that a total of 1 500 OVCs will benefit from the scholarship by the end of the project.
- Enrolment of OVC in skills learning workshops within Plan area, payment of apprenticeship fees, purchase of basic learning tools and workshop clothing. It is expected that a total of 600 OVCs will benefit by learning a trade.
- Medical check-up, nutrition and sanitation for targeted OVC in PLAN area. It is expected that about 600 OVC will receive medical treatment and nutritional support from the program.
- A community farm in the community for the cultivation of food crops and vegetables. It is expected that 300 OVCs foster families will be supported with income generating activities.

### ***2.1.2. Program implementation***

To implement the above program, Plan Cameroon intends to empower Community Based Organizations (CBOs) and local NGOs partners through awareness raising meetings and training. CBOs will be given the responsibility to identify neediest orphans and vulnerable children and under the supervision of local NGO will respond to their needs to attend the objectives mentioned above.

### **2.2. Summary of significant accounting**

Plan Cameroon uses the cash basis in accounting of income and expenditure.

- b) All fixed asset costs are booked as expenditure when payment is made or ownership transferred to Plan Cameroon. Fixed assets are therefore not capitalised and depreciated over their useful life.
- c) Accounting records are maintained in United States Dollars. The expenditure in Francs CFA are translated into USD on the basis of the average exchange rates ruling at the dates of funds transfers.

### **2.3. Nature of work done**

We carried out the following tasks as part of our audit:

#### ***2.3.1 Obtain background information on program.***

We discussed with management to obtain the following information: background information, contract agreements, specific donor regulation that are applicable for the program. We also reviewed any programmatic reports on the financial management aspects of the program.

#### ***2.3.2. Validation of cash Receipts from Plan Finland.***

We carried out the following tasks:

- Circularise the donor to confirm amount of funds remitted to the program as at 30 June 2007.
- Reconcile the amount confirmed by the donor to the GAD Grant Tracking system.

#### ***2.3.3. Review of expense transactions***

We reviewed expenses totalling approximately USD 81 790 (82% of the total expenses )incurred under the co-operation agreement for the period under review to ensure:

- the expense was allowable and in line with the donor regulation,
- the expense was supported by proper documentation;
- the expense amount was accurate;
- the expense was properly classified;
- the expense was properly authorized;
- if the expense is part of any cost sharing, ensure it is in line with the contract agreement.
- the expense was incurred during the agreement period;
- the expense appears to be a reasonable expense in conjunction with carrying out the agreements intended purpose (allocable); and
- for all payments relating to contract work, we would ascertain if such contracts exist.

PLAN CAMEROON  
Responding to Basic needs of OVC HIV/AIDS  
in the Centre Province  
Notes to the financial statements  
Page 8

## NOTES TO THE FINANCIAL STATEMENTS

### **3. NOTES TO THE FINANCIAL STATEMENTS**

#### **3.1. 1D10 – Support to local NGOs/CBOs**

This amount relates to funds remitted by the Donor – ISOBRO Collection Fund (Fondet ISOBRO Indsamlingen) – to Plan International to finance the project. It is worth noting that the subsidy funds are held and jointly managed with funds from other donors in a bank account opened by Plan International in the UK. Funds are remitted to the program in Cameroon based on the projected cash needs of the program.

#### **3.2. 1D10 – Support to local NGOs/CBOs**

This relates to expenses incurred in supporting NGOs and CBOs implementation partners in carry out designated activities efficiently through the training of their staff on methods of identification of OVC, care of OVCs, collection and management of data on OVCs etc.

#### **3.3. 1B10 – Project Supervision, M&E**

This activity involves mainly the supervision by Plan Cameroon of activities carried out by local NGO in relation to the project. The main lines of expenditure under this activity are: fuel for Plan vehicle during field visits, accommodation and meals for Plan staff, salary for Plan staff (not full time)

#### **3.4. IG14 – Direct support to OVCs**

These are expenses incurred in providing direct assistance to OVCs to ensure that the objectives mentioned above are attained. Such direct assistance includes; the enrolment of OVCs in school, payment of school fees, apprenticeship fees, purchase of uniforms, books, basic learning tools, provision of food items to seriously malnourished OVCs and medical care to OVCs who are HIV patients etc...

It also involves the training of CBO in the development of viable income generation community projects to support OVCs.

## SECTION 4: INTERNAL CONTROL RECOMMENDATIONS

### General

As a result of the audit procedures detailed in section 2.3.3, we identified a number of areas where we believe it may be appropriate for management to consider improvements to the accounting and control systems. Our recommendations concerning detailed control matters have been set out in a manner that expresses briefly the nature of the problem, the risk to which PLAN CAMEROON may be exposed as a result, and a proposed solution for consideration by management. The facts and our recommendations have been discussed and agreed with management and their comments and intended actions incorporated into the text.

No.	Control weaknesses and recommendations	Management comment and implementation date
4.1	<p><b><u>Inappropriate description of expense items on the general ledger</u></b></p> <p><b>Weakness</b>            In the course of reviewing expenses, we noted that incorrect descriptions were entered in the general ledger for some items. Examples of this includes: Payment for school needs of OVC per GL 3383-1G14-1700-00-12-1011 of F CFA 81 930 was described as “purchase of material for adult literacy and other office materials” and the program’s share of employee’s CNPS and pension contributions for the month of April 2006 as per GL 3330-1B10-7100-00-12-1011 was described as “EIP staff salaries and related costs, insurance for motorcycles for Biteng PU”.</p> <p><b>Risk</b>            When descriptions used in accounting records for processing of transactions do not reflect the actual</p>	<p><b>Management comment</b></p> <p><b>Agree:</b>            Single journal vouchers are used to make entries in the GL for several items with different descriptions. The space in the GL can not take all the descriptions for the various entries.</p> <p><b>Solution:</b>            To make separate journal entries for the various items and to ensure descriptions reflect the exact nature of the transactions.</p> <p><b>Implementation by:</b> PU Finance Team</p> <p><b>Responsibility:</b> PU Management</p> <p><b>Timetable:</b> Immediate</p>

No.	Control weaknesses and recommendations	Management comment and implementation date
	<p>nature of the transaction carried out, the accounting classification could be misleading.</p> <p><b>Recommendation</b></p> <p>We recommend that descriptions used in accounting records should reflect the nature of financial transactions carried out.</p>	
4.2	<p><b><u>Filing of support documentation to be improved</u></b></p> <p><b>Weakness</b></p> <p>The current filing system for the project's expenditure is inappropriate. Contracts signed with local NGO's for various activities and financial reports received from NGOs (showing how funds received have been disbursed) are currently kept apart and cannot be matched easily. The financial report does not state which contract relates to the expenditure being justified.</p> <p><b>Risk</b></p> <p>Some documents could be misplaced if these are not properly filed or identified to a particular contract or finance report.</p> <p>In the case of an audit by the donor's auditors, the use of the project's fund cannot be easily demonstrated to the donor which may result in failure to secure more funding in the future.</p> <p><b>Recommendation</b></p> <ul style="list-style-type: none"> <li>Expenditure reports for all cash disbursements should be filed together with the corresponding contracts.</li> </ul>	<p><b>Management comment</b></p> <p><b>Agree:</b></p> <p>Expenditure reports from NGOs are boxed together for a particular period. Also these reports do not have details that can easily link them to the various contracts.</p> <p><b>Solution:</b></p> <p>Expenditure reports are properly labelled on the front page for easy tracing to corresponding contracts and Pos.</p> <p>Recommendations noted for implementation.</p> <p><b>Timetable:</b> Beginning July 2007</p>

No.	Control weaknesses and recommendations	Management comment and implementation date
	<ul style="list-style-type: none"> <li>Management should ensure that all funds justification received from NGO partners' makes mention of the related contract number and the advance payment being justified.</li> </ul>	
4.3	<p><b><u>Discrepancies found in direct Aid to OVCs</u></b></p> <p><b>Weakness</b></p> <p>In the course of our audit, we noted some discrepancies (between the goods received and signed out by the children, and those in the NGO's report) in the distribution of school needs by the NGO CRAAIDCR in the Awae Health district. For example, a child admits having received a mattress and a half bag salt, whereas the NGO's report states he received 10 books, 10 pens, 10 pencils, a bedspread and 4 soap tablets.</p> <p><b>Risk</b></p> <p>There is a risk that the OVCs to whom the project is dedicated do not actually benefit from the project funds.</p> <p><b>Recommendation</b></p> <p>We recommend a thorough investigation of the situation, and constant checks on the local NGOs and the OVCs themselves to ensure that the aim of the grant is respected.</p>	<p><b>Management comment</b></p> <p>Before the audit was organised, we had noticed a lot of inconsistencies in the way OVC materials were being handled by our local NGO partners. A report was established to this effect by our PU Account Assistant dated July 31, 2007 and a letter of observation and request for explanation was issued to LNGO partner on August 01, 2007 by the PUM. However, their explanation was not satisfactory to the PUM.</p> <p><b>Solution:</b> We perfectly agree a thorough investigation should be carried out for all the LNGO partners who were involved in the distribution of OVC materials.</p> <p><b>Implementation by:</b> Financial Controller and PU Finance team to carryout the investigation.</p> <p><b>Responsibility:</b> Biteng PUM</p> <p><b>Timetable:</b> From September 15, 2007</p>