

Republic of Sudan

Seed development Project (SDP)

Grant Agreement No: 1-SD-8094-SD

Audit Findings Repot

for the period from 1/1/2018 to 30/9/2018

Republic of the Sudan
National Audit Chamber
P.O Box: 91 Khartoum
Tel: 83 778231 -778232 -771566

Date:

To: Principal Programme Coordinator

Subject: Audit Findings Report of Western Sudan Resources Management Programme (WSRMP) Seed Development Project for the period from 1/1/2018 to 30/9/2018

Dear Sir,

I am pleased to send you the original audit report regarding the above mentioned programme for the last period closing date from 1/1/2018 to 30/9/2018, and four copies thereof. You are kindly requested to forward the four copies of the report to Borderlands Project and retain the original for your records.

Thank you for your anticipated co-operation.

Yours sincerely,



Mohamed Elhafiz Nasr Mohamed Nasr (FCCA)
Deputy Auditor General
National Audit Chamber

**Independent Auditor's Report****TO: Western Sudan Resources Management Program (WSRMP)****Opinion**

We have audited the accompanying financial statements of Seed Development Project (SDP) IFAD Grant No: 1-SDF-8094-SD, which comprise, statement of sources and uses of funds for the period from January 1st, 2018 to September 30, 2018, Statement of Special Account as at September 30, 2018 and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the project as at September 30, 2018, and its statement of sources and uses of funds for the period then ended, in accordance with the cash receipts and disbursements basis of accounting.

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 *Auditors Responsibilities for the Audit of the Financial Statements* 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), and we have fulfilled our other responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation of these financial statements in accordance with the cash receipts and disbursements basis of accounting as modified by the recognition of receivables and payables, and for such internal control system as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Those charged with governance are responsible for overseeing the project's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are 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. Misstatement 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 these financial statements.

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

Independent Auditor's Report
TO: Western Sudan Resources Management Program (WSRMP)

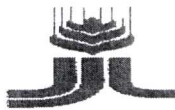
- Identify and assess the risks of material misstatements of the financial statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatements 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

We 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 control that we identify during our audit.



Mohamed Elhafiz Nasr Mohamed Nasr (FCCA)
Acting Auditor General
Republic of Sudan
Khartoum on 7 / 3 /2019
30 / 6 /1440





الوحدة الرئيسية - برنامج إدارة الموارد غرب السودان

مشروع تطوير التقاوى

Ministry of Agriculture & Irrigation
Programme Coordination Unit (PCU)
Seed Development project (SDP)



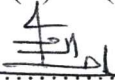
Ref: Grant No. I-SDF-8094-SD

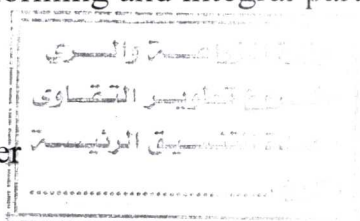
Statement of Sources and Uses of Funds for the Project for the period

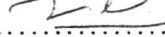
From 01.01.2018 to 30. Sep.2018

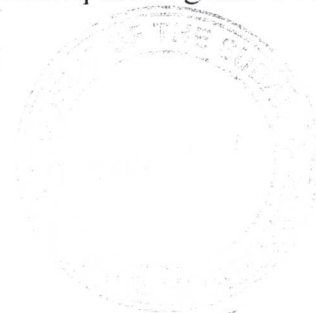
Narration	Note No	2018 SDG	2017 SDG
Sources:			
- Opening Balance	(2)	2,693,785.00	791,023.00
IFAD Contribution	(3)	2,781,437.00	20,259,379.00
IFAD Direct Payment		0.00	2,586,918.00
- Government Contribution	(4)	809,464.00	1,239,196.00
Other Fund Received	(5)	0.00	80,874.00
- Gain on Exchange Rate	-	1,654,252.00	1,759,911.00
total		7,938,938.00	26,717,301.00
Uses:			
Program. Expenditures by Components			
- Institution and Regulatory		553,394.00	534,937.00
2-Improvement of the Seed Production		106,000.00	1,083,843.00
-Seed Market Development Support		4,254,293.00	10,650,073.00
+-Project Coordination and Management		2,963,609.00	11,754,663.00
Sub-total of Program. Expenditures by components	(6)	7,877,296.00	24,023,516.00
Closing Balances	(7)	61,642.00	2,693,785.00
total		7,938,938.00	26,717,301.00

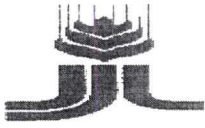
Notes from (1) to (7) forming and integral part of these financial statements.

Sign by 
Abdalla Salih Adam
SDP-Financial Controller



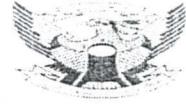
Sign by 
Mohamed Yousof El Nour
Principal Program Coordinator





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مشروع تطوير التقاوى



Ministry of Agriculture & Irrigation
Programme Coordination Unit (PCU)

Western Sudan Resources Management Programme (WSRMP)

Seed Development project

Ref: Grant No. I-SDF-8094-SD

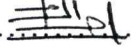
Statement of Special for the Year ended Sep. 30, 2018

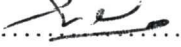
Account No: [REDACTED]

Grant Agreement: IFAD Grant No. ISDF-8094-SD

Narration	EURO	EURO
Opening Balance 1/1/2018	126,780.92	
Total Amount Released From IFAD 2018	127,263.62	
Available Fund		254,044.54
Minus:		
Transfer for Operating A/C No [REDACTED]	48,341.86	
Direct Payments from Special Account	205,702.68	
Total Transfers from Special Account		(254,044.54)
Closing Balance as at 30/09/2018		0.00

Notes from (1) to (7) forming and integral part of these financial statements.

Sign by 
Abdalla Salih Adam
SDP- Financial Controller

Sign by 
Mohamed Yousof El Nour
Principal Program Coordinator





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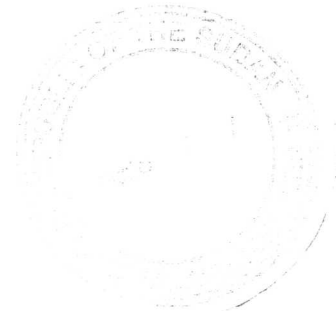
Statement of Withdrawal Requested and Submitted to IFAD- 30/09/ 2018

W/A No	Date	W/A Claimed	W/A Deposited in Special A/C (EURO)	Currency	Outstanding (EURO)	Notes
60	11.04.2018	302,125.67	90,637.70	EURO	0.00	
61	30.08.2018	203,477.32	36,625.92	EURO	0.00	
Total			127,263.62		0.00	

Notes from (1) to (7) forming and integral part of these financial statements.

Sign by 
Abdalla Salih Adam
SDP-Financial Controller

Sign by 
Mohamed Yousof El Nour
Principal Program Coordinator





Ministry of Agriculture & Irrigation
Western Sudan Resources Management Programme (WSRMP)


Ref: Grant No. I-SDF-8094-SD

Details of Amount released from IFAD Rome to Depository

██████████ Currency EURO A/C ██████████ related Grant No I-SDF-8094-SD. And transferred from it to ██████████ operating Account currency SDG

Date	WA No.	Opening Balance in A/C [REDACTED] Euro	Amount released from IFAD deposited A/C No. [REDACTED]	Amount Drowned From A/C No. [REDACTED] Euro to operating or other Euro	Exchange rate SDG	Amount deposited to Operating A/C No [REDACTED] SDG	Total amount from special A/C equivalent- replenishment- SDG
1.01.2018		126,780.92	0.00	0.00	0.00	0.00	0.00
1.04.2018	60		90,637.70	0.00	0.00	0.00	0.00
30.04.2018				179,630.20	21.9334	3,939,901.03	3,939,901.03
1.05.2018				6,268.28	21.6761	135,871.86	135,871.86
4.07.2018				19,804.20	21.0825	417,522.05	417,522.05
24.07.2018				11,715.94	20.9725	245,712.55	245,712.55
0.08.2018	61		36,625.92	0.00	0.00	0.00	0.00
2.09.2017				36,625.92	20.8405	763302.49	763302.49
Total		126,780.92	127,263.62	254,044.54	-	5,502,309.98	5,502,309.98
Closing Balance A/C No [REDACTED] (bank statement) attached				0.00			


Abdalla Salih Adam
SDP-Financial Controller


Mohamed Yousof El Nour
Principal Program

Note No (1)

1. A Introduction

The Seed Development Project approved By IFAD Executive Board on the 13th of December 2011 and became effective with the signature of the grant agreement No.1SDF-8094-SD in 24th February 2012. The project is implemented over six years 2012-2017 the completion and closing date in September 30, 2018 and its implementation is integrated within the ongoing project coordination unit of the IFAD co-financed Western Sudan Resources Management Program (WSRMP). The project area consist of four localities (i) in North Kordofan (NK) state, the localities of Rahad and Sheikan; (ii) in South Kordofan (SK) state, the localities of Abbassiya and Abu Gubeiha. These four localities are contiguous, easily accessible by road and have diversified production systems.

The Seed Development Project (SDP) overall goal to improve food security, incomes and resilience to shocks of the smallholder producers (including youth and women) in rain – fed areas of North and South Kordofan.

The project's development objective is to increase crop productivity for about 108,000 smallholders adopting certified seeds (including 39,000 women and 1,280 seed growers), in North and South Kordofan.

The project's primary target group consist of smallholder farmers growing generally less than 15 feddans (6.3 ha) of land, engaging in traditional rain-fed agriculture as their main source of livelihood, cultivating mainly sorghum Millet, Groundnuts, Sesame and Cowpea, and having limited access to inputs, assets and services . The target group consists of two categories, Seed Growers (SGGs), who are business minded young farmers interested in seed multiplication as an income generating activity and Grain Producers (GPGs) who are potential users of certified seeds.

The Project comprises four components (i) Component 1: Strengthening and Development of the Institutional and Regulatory Environment, (ii) Component 2: Improvement of Seed Production System, (iii) Component 3: Support Seed Market Development, and (iv) Component 4: Project Coordination and management.

The Lead Project Agency is Ministry of Agriculture and Irrigation, which chairs the project Coordination Committee. The same PCC also governs WSRMP and the grant to the Republic of the Sudan for scaling up the Agricultural Bank of Sudan Microfinance Initiative (ABSUMI). The management structure of the Project comprises a Project Coordination Unit (PCU), and State Focal Points (SFUs) embedded in the State Ministries of Agriculture, one in the North Kordofan (NK) and one in South Kordofan (SK) that report directly to the PCU coordinator.

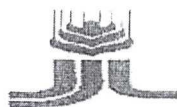
The main financiers of the project are: The International Fund for Agricultural Development (IFAD), the Government of Republic of The Sudan (GoS), Seed Growers, Grain Producers and Private Sector Companies. IFAD would finance USD 10.07 million (57.7%) as grant under the Debit sustainability Framework. The Seed Growers and Grain Producers would contribute USD 2.50 million (14.3%) through insuring their production and by contributing towards the upkeep of the extension system. The Private Sector Companies would finance USD 1.48 million (8.5%). GOS would finance USD 3.42 million (19.6%) as crop insurance sharing the costs with the Seed Growers and Grain Producers, duties and taxes and incremental recurrent costs.

I.B. Accounting Policies:

Significant Accounting Policies:

The Principal accounting policies adopted in the preparation of these financial statements are set out below:-

1. **Historical Cost Convention.**
The financial statement is prepared under historical cost conservation.
2. **Basis of accounting.**
The financial statements have been prepared on cash basis of accounting as modified by the recognition of receivables and payables respectively. These statements are complied with the IFAD financial reporting guidelines.
3. **Receipts.**
Receipts are recognized in the program financial statement when received.
4. **Payments.**
Payments are recognized in the program financial statement in the period in which it is paid rather than incurred.
5. **Foreign currency transactions:**
Transaction denominated in foreign currency are translated into Sudanese pounds at the rates ruling on the date of transaction and the bank balance at 31 December translated to SDG by the rate of Central Bank of Sudan.
6. **Advances:**
Advances include working advance payments to some stakeholders involved in implementation of project activities and have been accounted for during the period. advances are recorded as memorandum and recognized in the project financial statement when they are accounted for advances that are not accounted for at the end of the year are recorded as receivable.



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Seed Development project

Ref: Grant No. I-SDF-8094-SD

Note: (2)

Opening Balances as at 01/01/2018

Narration	2018 SDG	2017 SDG
SDP Special A/C No [REDACTED]	1,066,620.56	4,781.69
SDP Operating A/C No [REDACTED]	1,624,868.97	709,399.76
North Kordofan Seed Development Project A/C [REDACTED]	1,602.62	12,069.12
South Kordofan Seed Development Project A/C No [REDACTED]	693.00	604.00
(Debtor) Federal Ministry Of Agricultural (central Lab.)	0.00	64,168.40
Total	2,693,785.15	791,022.87

Notes:-

Special Account Balance Translated in SDG as Rate of ONB 30 Sep.2018

2018 Balance in EURO 126,780.92 Translated @ 8.4131

2017 Balance in EURO Translated @ Rate 6.8983



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Ref: Grant No. I-SDF-8094-SD

Note: (3)

IFAD Contribution

Narration	2018 SDG	2017 SDG
-Transfers from IFAD/ Rome to Special A/C Note (3/B)	2,781,437.40	20,259,378.92
Total	2,781,437.40	20,259,378.92



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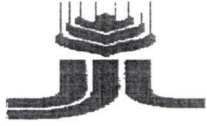
Seed Development project

Ref: Grant No. I-SDF-8094-SD

Note: (3)

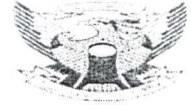
IFAD Contribution

Narration	2018 SDG	2017 SDG
-Transfers from IFAD/ Rome to Special A/C Note (3/B)	2,781,437.40	20,259,378.92
Total	2,781,437.40	20,259,378.92



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Seed Development project

Ref: Grant No. I-SDF-8094-SD

Note: (3/B)

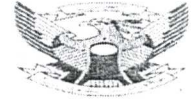
Transfers from Rome to Special A/C No [REDACTED]

2018			2017		
WA No	Date	Amount (EURO)	WA No	Date	Amount (EURO)
60	11.04.2018	90,637.70	-	26.04.2017	460,000.00
61	30.08.2018	36,625.92	55	29.05.2017	648,633.50
			53	12.06.2017	112,434.39
Total (EURO)		127,263.62			1,221,067.89
Total (SDG)		2,781,437.40			20,259,378.92



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Western Sudan Resources Management Programme (WSRMP)

Ref: Grant No. I-SDF-8094-SD

Note: (4)

Government Contribution

Date	Narration	2018 SDG	2017 SDG
01.02.2018	Transfer from Ministry of Finance & National Economy	57,433.00	57,433.00
05.02.2018	Transfer from MOF&NE	50,000.00	50,000.00
18.02.2018	Transfer from MOF&NE	57,433.00	57,433.00
20.03.2018	Transfer from MOF&NE	50,000.00	50,000.00
28.03.2018	Transfer from MOF&NE	57,433.00	57,433.00
09.04.2018	Transfer from MOF&NE	50,000.00	50,000.00
30.04.2018	Transfer from MOF&NE	57,433.00	57,433.00
31.05.2018	Transfer from MOF&NE	50,000.00	50,000.00
03.06.2018	Transfer from MOF&NE	57,433.00	57,433.00
04.07.2018	Transfer from MOF&NE	57,433.00	50,000.00
25.07.2018	Transfer from MOF&NE	50,000.00	57,433.00
06.08.2018	Transfer from MOF&NE	57,433.00	50,000.00
09.08.2018	Transfer from MOF&NE	57,433.00	57,433.00
02.09.2018	Transfer from MOF&NE	50,000.00	50,000.00
24.09.2018	Transfer from MOF&NE	50,000.00	57,433.00
			50,000.00
			57,433.00
			57,433.00
			50,000.00
			57,433.00
			50,000.00
			57,433.00
			50,000.00
Total		809,464.00	1,239,196.00



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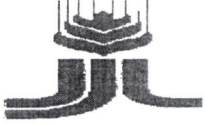
Seed Development project

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Note: (5)

Others

Narration	Amount 2018 SDG	Amount 2017 SDG
1/ Cost of Certified Seeds (N&SK) Localities	0.00	67,275.00
2/ Amount Refunded from Trans. Dated 26/10/2016 - Payment on Participation Fees for Sanibel's 2016 Conference for Microfinance Network of Arab countries.	0.00	13,598.73
Total	0.00	80,873.73



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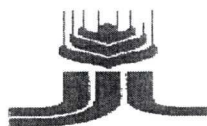
Western Sudan Resources Management Programme (WSRMP)
Seed Development project

Ref: Grant No. I-SDF-8094-SD

Note: (6)

Disbursement by Components

Narration	Amount 2018 (SDG)	Amount 2017 (SDG)
1- Institutional and Regulatory Environment	553,393.90	534,937.24
2- Improvement of the Seed Production System	106,000.00	1,083,843.00
3- Seed Market Development Support	4,254,293.03	10,650,072.87
4- Project Coordination and Management	2,963,609.34	11,754,662.51
Total	7,877,296.27	24,023,515.62



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Note: (7)

Closing Balance

Narration	2018 SDG	2017 SDG
SDP Special A/C No [REDACTED]	0.00	1,066,620.56
SDP Operating A/C No [REDACTED]	61,642.29	1,624,868.97
North Kordofan Seed Development Project A/C No [REDACTED]	0.00	1,602.62
South Kordofan Seed Development Project A/C No [REDACTED]	0.00	693.00
Total	61,642.29	2,693,785.15



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Disbursement by Categories

Narration	Amount 2018 (SDG)	Amount 2017 (SDG)
1-Civil Works	0.00	9,507.50
2-Fund	0.00	0.00
3- Vehicles	0.00	0.00
4- Equipment	4,493,294.93	2,342,234.48
5- Technical Assistance International	0.00	227,469.35
6- Technical Assistance National	195,000.00	1,040,512.20
7- Training	410,492.00	7,984,044.23
8- Contracted Services	222,076.00	860,770.00
9- Growers/Producer Groups	0.00	0.00
10- Government Contribution	0.00	0.00
11- Direct Project Recurrent Costs	124,143.34	9,763,975.09
12-Office Running Costs	91,260.00	0.00
13- Salaries and Allowances	1,903,100.00	825,467.00
14- Operations and Maintenance	437,930.00	969,535.77
15- Vehicle O & M	0.00	0.00
Total	7,877,296.27	24,023,515.62



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Disbursement by Financiers

Narration	Amount 2018 (SDG)	Amount 2017 (SDG)
1-IFAD	5,794,679.23	22,228,069.85
2-GOS	2,082,617.04	1,795,445.77
3-BEN	0.00	0.00
4-SDC	0.00	0.00
Total	7,877,296.27	24,023,515.62