



FAMBIDZANAI PERMACULTURE CENTRE

Management Report

For the year ended 31 December 2021



CHARTERED ACCOUNTANTS (ZIMBABWE)
Member Firm of Parker Russell International.

44 Arthur Davies Road, Cranborne, Harare, Zimbabwe
+263 242 572 633
+263 773 406 876, +263 719 406 876

Email: info@parkerrussell.co.zw, parkerrussell.zimbabwe@gmail.com, Website: www.parkerrussell.co.zw

PAAB Reg Number: Z10076

22 November 2022

The Chairperson
Fambidzanai Permaculture Centre
P.O.BOX CY301
Causeway
HARARE

Dear Sir/Madam

FAMBIDZANAI PERMACULTURE CENTRE
Management report for the year ended 31 December 2021

We have completed our audit of the Fambidzanai Permaculture Centre for the year ended 31 December 2021, and we bring to your attention points raised in the attached Management Report, which have been discussed with management whose responses are included as management responses.

The primary purpose of our audit was to enable us to express an opinion on the financial statements. Our examination of the accounting records is carried out on a test basis, and should not be relied upon to disclose errors or irregularities which are not material in relation to the financial statements. It must be emphasised that weaknesses in the system of accounting and internal control may facilitate defalcations, which our normal audit test checks may not necessarily detect.

We take this opportunity to place on record our appreciation of the assistance afforded us by your staff during the course of our audit.

Yours faithfully

A handwritten signature in blue ink, appearing to read 'Dum'.

DUMISANI NDERERE
MANAGING PARTNER

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DIMISAIH NDERERE
MANAGING PARTNER

1 INTRODUCTION

1.1 Overview

We have completed the audit of Fambidzanai Permaculture Centre ("FPC") or "the Entity") for the year ended 31 December 2021. In accordance with our normal practice, we set out in this report certain matters concerning internal control procedures and accounting practices which came to our attention during the audit. The report is divided into four sections, namely, Section 1: Introduction, Section 2: Review of prior year audit finding and recommendations, Section 3: Current year audit findings and recommendations, Section 4: Conclusion.

The comments in the management report refer only to those matters which came to our attention during the course of our normal audit work but we do not attempt to indicate all possible improvements which an audit might develop.

We would also like to remind management that the responsibility of maintaining accounting records and the safeguarding of assets lies with the Trustees. Our responsibility is to express an opinion on the financial statements based on our audit and to point out areas in the internal control systems which require improvement. We have no responsibility in preparing the financial statements of the Institution.

1.2 Distribution

This report is intended solely for the information and use of the Trustees and management staff within the institution. It is not to be circulated to third parties without our prior written consent.

1.3 Acknowledgement

We are grateful to management for the support, co-operation and assistance afforded to us throughout the course of the audit.

2 REVIEW OF PRIOR YEAR AUDIT FINDINGS AND RECOMMENDATIONS

The following are the observations made during the year ended 31 December 2020 audit and their status of implementation at the time we performed the 2021 audit:

Observation	Recommendation	Implemented (Yes/No/Partly)
<p>FILING OF CASH COUNT CERTIFICATE</p> <p>The better accounting practice require preparation and filing of cash count certificate at the end of each month showing cash on hand.</p> <p>During the audit we noted that the Entity did not prepare and file cash count certificates for the whole year.</p>	<p>The finance personnel should prepare and file cash count certificates at the end of each month.</p>	<p>Yes, there were signed and filed cash count certificates for the year ended 31 December 2021.</p>
<p>AUTHORISATION OF EXPENDITURES AND PREPARATION OF PAYMENT REQUISITION FORMS</p> <p>The accounting manual and better accounting practice require all payments made must be authorized and a payment requisition form must be raised.</p> <p>During the audit we noted that some expenditures were incurred without being authorized and related payment requisition form not being prepared.</p>	<p>The finance personnel should ensure that all payments are authorised and the related payment requisition form is prepared and filled.</p>	<p>Yes, expenditures for the year ended 31 December 2021 were being authorised.</p>

<p>PREPARATION OF BANK RECONCILIATIONS</p> <p>Accounting manual for Fambidzanai Permaculture Centre requires that all bank reconciliation statements for all accounts to be prepared monthly by the Finance officer, checked by the Secretary General and approved by the Chairperson on or before the 10th of the month following the month of bank reconciliation preparation.</p> <p>We, however, Agribank bank reconciliations for twelve months from January to December were not prepared. We also observed that the dates of preparation and reviews of bank reconciliations were not being indicated.</p>	<p>Reconciliations should be performed and reviewed according to the manual for better corporate governance practice in order to identify errors and curb fraud timely.</p>	<p>No, bank reconciliations for the year ended were not being prepared on time and there was no evidence of review of the same.</p>
<p>HUMAN RESOURCE POLICY/PRACTICES</p> <p>Best human resource practices require use of a human resource policy to govern various human resource activities that include employee performance review, behavior of employees, promotion, staff loans policy and various forms of leave the employees are entitled to.</p> <p>During the audit we noted that some employees had no files put in place for them and some ha no adequate information in employees' files.</p>	<p>The management should implement a Human Resource Policy that must be availed to all employees to ensure uniform and standard human resource practices. Employee files must have adequate information filed including contract of employment, CVs, copy of ID, copies of academic qualifications, interview scoresheets, etc.</p>	<p>No, files were not yet updated by end of the year 2021.</p>

3 CURRENT YEAR AUDIT FINDINGS AND RECOMMENDATIONS

3.1 NON-PREPARATION AND REVIEW OF BANK RECONCILIATIONS

Observation

Better internal control practices require bank reconciliation statement preparation guidelines to be included in the Finance and Operational Procedures Manual ("the Manual") and such reconciliations to be prepared monthly and reviewed by the senior personnel independent from the person who performed the reconciliation.

We, however, noted that the Entity's Finance and Accounting Policies and Procedures Manual does not provide bank reconciliation preparation guidelines. We also noted that bank reconciliation statements for FBC bank accounts for 2021 were not being prepared and ZB bank and Banc ABC bank reconciliations were prepared in May 2022 and there was no evidence of review of such bank reconciliations.

Risk

Errors and/or fraudulent activities might go undetected resulting in financial losses for the Entity.

Recommendation

The manual must include bank reconciliations preparation guidelines and all bank reconciliations should be performed, reviewed and filed in order to identify errors timely and to mitigate risk of fraudulent activities.

Management Response

Observation is noted. We thank you for highlighting such a pertinent matter. We shall review and enact the clause in the finance and manual policy to address the problem raised.

Person Responsible

Finance Manager.

Implementation Date

1 December 2022.

3.2 RECEIVING CASH GRANTS FROM FUNDING PARTNERS

Observation

Better internal control practices require grants from funding partners to be deposited directly into the Entity's bank accounts in order to provide audit trail of funds received from funding partners and curb fraudulent activities.

During the audit, we observed that the Entity received grant amounting to US\$6 490.00 on the 19th of February 2021 from Pelum Zimbabwe in form of cash.

Risk

Fraudulent activities and misappropriation of cash received might go undetected resulting in financial losses for the Entity.

Recommendation

The management should ensure all grants from funding partners are deposited directly into the Entity's bank accounts by the funding partner and receiving cash from the funding partner should be avoided.

Management Response

Noted. Cash amounted to US\$6 490.00 received was a mitigatory factor implemented by both parties resulting from challenges we had experienced in accessing our funds from the ZB bank. The funds were to cater for no costs extension which was beyond the duration of the project.

Person Responsible

Finance Manager.

Implementation Date

1 December 2022.

3.3 UNAUTHORIZED JOURNAL ENTRIES BEING PASSED INTO THE ACCOUNTING SYSTEM

Observation

Better internal control practices require that the any journal entry to be passed into the accounting system be verified, authorized and approved by the management.

During the audit we observed that journal entries were being passed into the system by the accounting department personnel without any evidence of verification and written authorization and approval by the management.

Risk

Errors and fraudulent activities might go undetected leading to financial losses for the Entity.

Recommendations

All journal entries must be approved by the management and evidence of such approval must be filled as audit trail.

Management Responses

Noted with thanks. Our charts of accounts were designed in such a way that they accommodate journalising of transactions. However, specific transactions especially capital-in-nature should seek approval before being updated and the signed documents shall be filed.

Person Responsible

Finance Officer.

Implementation Date

Immediately.

3.4 INFORMATION TECHNOLOGY POLICY

Observation

Better practice requires an entity to have an Information Technology ("IT") policy to govern various issues that include use of passwords, backing up of data, service level agreements with service providers and use of anti-viruses.

During the audit we noted that the Entity did not make use of the section of Information Technology controls contained in the draft Finance and Operational manual and the following were not being done;

- Back-up of data
- Use of individual passwords as a control when accessing computers containing financial information for the Entity; and
- Installation and constant update of anti-virus on computers containing Entity financial information.

Risk

The Entity could continue lose its data due to IT malpractices like failure to back up data.

Recommendations

The Entity must put in place IT policy to govern all its IT related issues. The management must also back up its data on a frequent basis, preferably on weekly basis and keep the external hard drive at some remote site.

Management Response

Noted with thanks. Backup data is regularly checked by the finance manager. Storage of data on disks and external hard drives is kept in a safe that is lockable.

Person Responsible

Finance Manager.

Implementation Date

1 December 2022.

3.5 MAINTENANCE OF ASSET REGISTER AND CODING OF NON-CURRENT ASSETS

Observation

Internal control practices require that the Entity assigns a unique code to its non-current assets recorded in an asset register.

During our audit we noted that, although some of the Entity's non-current assets were coded, the asset register was not maintained showing all non-current assets information and unique codes for easy identification.

Risk

Use of assets for employees' personal gain or misappropriation of the Entity's assets may not be detected resulting in financial losses for the Entity.

Recommendation

All non-current assets should be assigned a unique code which should be used to record assets in the asset register.

Management Response

The recommendation is noted. A dedicated employee has been assigned to review, update, and maintain the asset register to safeguard against the misuse or misappropriation of assets by employees taking note of the changes in either disposals or purchases, coded with the organizational references for easy identification.

Person Responsible

Finance Officer.

Implementation Date

31 January 2023.

3.6 AUTHORISATION OF DISPOSAL OF NON-CURRENT ASSETS

Observation

Better internal control practices require use of policy manual on disposal of non-current assets to provide guidance on how non-current assets should be disposed-off.

During the audit we noted that the Entity disposed-off computer equipment and motor bikes and there was no documentation availed to us to indicate that all disposals made were authorised and were within the guidelines of best practises.

Risk

Fraud and errors would be difficult to identify when there is misappropriation of non-current assets, resulting in financial losses for the Entity. Reporting non-existent non-

current could occur leading to misstatements of the financial statements which could negatively affect decision making of the users of the financial statements.

Recommendation

The Entity should make use of a policy manual on disposal of non-current assets as source of guidance on how to dispose non-current assets. The finance personnel should file supporting documents for disposed non-current assets.

Management Response

Noted with thanks. We acknowledge in future, a draft letter shall be prepared and sent to the board of trustees seeking/obtaining authority and approval of disposables of assets. Proper supporting documentation of such transactions shall be filed by the responsible personnel.

Person Responsible

Finance Manager.

Implementation Date

1 Decemeber 2022.

3.7 ANTI-MONEY LAUNDERING POLICIES

Observation

Financial Intelligence Unit ("FIU") requires design and implementation of anti-money laundering policies to deter and detect money laundering transactions.

During the audit we noted that the Entity does not have anti-money laundering policies in place.

Risk

Money laundering transactions could go undetected resulting in fines being levied against the Entity by the regulatory authorities leading to financial losses and loss of reputation for the Entity.

Recommendation

The Entity must design and implement anti-money laundering policies to deter and detect money laundering transactions.

Management Response

This is noted. We have adopted the internationally accredited standards and websites that govern anti-money laundering and blocked individuals/companies. This will be adopted and used going forward as the organisation thrives to eliminate the risk linked to dealing with blocked individuals/entities. We have adopted the OFAC website to be screening all candidates.

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Person Responsible

Finance Manager.

Implementation Date

1 January 2023.

CONCLUSION

The observation made during the audit were discussed and management comments were noted in the report. We hope appropriate action to address the issues noted.



PARKER RUSSELL
Honore, Zimbabwe

22 November 2022

4 CONCLUSION

The observations made during the audit were discussed with management and management comments were noted in this report. We hope appropriate action will be taken to address the issues raised.



PARKER RUSSELL
Harare, Zimbabwe

22 November 2022