



African Cashew Alliance

Fund Accountability Statement For the year ended 31 December 2016

AFRICAN CASHEW ALLIANCE

Audit of the Fund Accountability Statement of USAID Resources managed and implemented by African Cashew Alliance under Cooperative Agreement No. AID-624-A-13-00003 titled "Leveraging Cashew business for poverty reduction", under the Global Development Alliance programme. The contract period starting April 30, 2013 and ending September 30, 2018.

FUND ACCOUNTABILITY STATEMENT 31 DECEMBER 2016

AFRICAN CASHEW ALLIANCE
(A Company Limited by Guarantee)

INDEX

Content	Page
Corporate Information	3
Transmittal Letter	4
Independent Auditor's Report	8-9
Fund Accountability Statement	10
Notes to the Fund Accountability Statement	11-14
Independent Auditor's Report on Internal Control	15
Independent Auditor's Report on Compliance	16
Independent Auditor's Report on Cost-Sharing Schedule	17

AFRICAN CASHEW ALLIANCE
(A Company Limited by Guarantee)
CORPORATE INFORMATION

Members of Executive Committee:

Florentino Nanque
Minata Kone
Kate Kamba
Joanna Adotevi
Charles Mulgai
Lars Wallevik
Ronald Zaal

Registered office:

Jubilee House
4th St. Kuku-Hill
Osu-Accra

Auditors:

Deloitte & Touche
Chartered Accountants
Ibex Court, 4 Liberation Road,
P O Box GP 453, Accra, Ghana
Tel: 00 233 (0) 21775355/770559
Fax: 00 233 (0) 21775480

Bankers:

Ecobank Ghana Ltd
Societe General Ghana
UMB Ghana
Ecobank Kenya
Ecobank Mozambique
Ecobank Benin

AFRICAN CASHEW ALLIANCE
(A Company Limited by Guarantee)

CORPORATE INFORMATION

Tel: +233 (0)302 775355
Facebook.com/deloitte.com.gh
Twitter.com/deloitteghana
Email: ghdeloitte@deloitte.com.gh
www2.deloitte.com/gh

TRANSMITTAL LETTER

May 15 2018

The Executive Committee
African Cashew Alliance
PMB Osu
Accra, Ghana

Dear Sirs,

Audit of the Fund Accountability Statement of USAID Resources managed and implemented by African Cashew Alliance under Cooperative Agreement No. AID-624-A-13-00003 titled "Leveraging Cashew business for poverty reduction", under the Global Development Alliance programme for the period January 1st 2016 to December 31st, 2016.

Background

On April 30, 2013, the U.S. Agency for International Development (USAID) awarded African Cashew Alliance (ACA) the sum of US\$1,236,203 to provide support for a project titled "Leveraging cashew business for poverty reduction", which goal was to improve rural livelihoods by increasing competitiveness of cashew processing in West Africa. The award was initially for 2 years starting April 29, 2013 to March 31st, 2015. It was extended for 3 more years to end on 31st March 2018 and a modification was duly made to the original contract. With the extension the total project funds from USAID came to \$2,378,264 and a further \$1,182,450 for Buy-ins bringing the total estimated amount from USAID to \$3,560,814.

ACA is a company limited by guarantee under the Ghana Companies Act, 1963 (Act 179) and obtained its Certificate of Incorporation on 7 June 2007. ACA, an NGO is established in 2006 as an association of African and international businesses to increase global competitiveness of the African cashew industry.

Project Budget

The following is the budget for the life of the project, from April 2013, to March 2018, and also for the year under review.

	Budget Prior to Modification	Additional By Modification	Total After Modification
Revenue	1,236,204	1,142,160	2,378,364
Personnel	438,451	545,953	984,404
Fringe benefits	205,238	275,210	480,448
Travel	233,955	158,912	392,867
Consultants	184,446	62,994	247,440
Supplies	7,060	15,933	22,993
Contracted Services	95,600	77,628	173,228
Equipment	71,453	5,530	76,983
Total	<u>1,236,204</u>	<u>1,142,160</u>	<u>2,378,364</u>

classification: confidential

4

Audit Objective and Scope

The objective of this engagement is to conduct a financial audit of the fund accountability statement of USAID Resources implemented by ACA under Cooperative Agreement No. AID-624-A-13-00003.

Specific objectives

- Express an opinion on whether the fund accountability statement of USAID Resources implemented by ACA under Cooperative Agreement No. AID-624-A-13-00003, presents fairly, in all material respects, program revenue received and cost incurred for the period audited in conformity with terms of the award and Generally Accepted Principles or other comprehensive basis of accounting.
- Evaluate ACA internal control related to the USAID-funded programmes, assess control risk, and identify significant deficiencies including material weaknesses. This evaluation should include the internal control related to required cost-sharing/counter party contributions.
- Perform tests to determine whether ACA complied, in all material respects, with agreement terms (including cost-sharing/counter party contributions, if applicable) and applicable laws and regulations related to USAID-funded programmes. All material instances of non-compliance and all illegal acts that have occurred or are likely to have occurred should be identified. Such tests should include compliance requirements related to required cost-sharing/counter party contributions, if applicable.
- Perform an audit of the indirect cost rate(s) if ACA has been authorized to charge indirect costs to USAID using provisional rates and USAID has not yet negotiated final rates with ACA
- Determine if ACA has taken adequate corrective action on prior audit report recommendations.

Preliminary audit planning and procedures consisted of reviewing the following:

- OMB Circular A-122 "Cost Principles for Non-profit Organizations" (2CFR Part 230).
- Federal Acquisition Regulation (FAR), Part 31, Contract Cost Principles and Procedures.
- Mandatory Standard Provisions for Non-U.S. Non-governmental Grantees (USAID Automated Directives System, Chapter 303 Internal Mandatory References).
- All program financial and progress reports; chart of accounts, organizational charts; accounting system descriptions; procurement policies and procedures; and receipt, warehousing and distribution procedures for materials, as necessary to successfully complete the required work.
- Any previous audits, financial reviews, etc., that directly relate to the objectives of the audit.

Our tests included, but were not limited to the following

- Review of procurement procedures to determine whether sound commercial practices including competitive quoting were used, reasonable prices were obtained, and adequate controls were in place over the quantities and qualities received.

- Review procedures used to control the funds, including their channeling to contracted financial institutions or other implementing entities. Review bank accounts and the controls on those bank accounts. Perform positive confirmation of balances, as necessary.
- Review of direct salary charges to determine whether salary rates were reasonable for the various positions, in accordance with the approved agreement by ACA and supported by appropriate payroll records. Determine whether allowances and fringe benefits received by employees were in accordance with agreements and applicable laws and regulations and question unallowable salary charges found in the fund accountability statement.
- Review travel and transportation charges to determine whether they were adequately supported and approved.
- Determine whether supplies and equipment exist and were used for the project.
- When indirect costs are charged to USAID using provisional rates, review of the allocation method to determine that the indirect cost pool and distribution base include only allowable items in accordance with the agreement, terms and regulations. Costs that are unallowable as charges to USAID agreements must be allocated their share of indirect cost if they represent activities that (1) include salaries of personnel, (2) occupy space, and (3) benefit from the organization's indirect costs. Indirect cost rates must be calculated after adjustments have been made to the pool and base. When indirect costs are charged to USAID using predetermined or fixed rates, verify that the correct rates are applied in accordance with the agreement.

Except as discussed in the following paragraph, we conducted our audit of the fund accountability statement in accordance with U. S. Government Auditing Standards issued by the Controller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the fund accountability statement is free of material misstatement.

We did not have an external quality control review by an unaffiliated audit organization as required by chapter 3, paragraph 3.82 (b) 3.96 of U.S. Government Auditing Standards. We believe that the effects of this departure from U. S. Government Auditing Standards is not material as we participate in the Institute of Chartered Accountants (Ghana) internal quality control review programme which require our offices to be subjected to periodic quality control review.

Also, we do not have continuing education programme that fully satisfies the requirement set forth in chapter 3, paragraph 3.76 of the U.S. Government Auditing Standards. However, the Institute of Chartered Accountants (Ghana) has put in place a minimum requirement of 35 Credit hours per annum for a member to be in good standing. We are taking appropriate steps to implement a continuing education programme that fully satisfies the requirement.

As part of our audit, we made a study and evaluation of relevant internal controls and reviewed ACA compliance with applicable laws and regulations.

Audit Results

Fund Accountability Statement:

Our audit procedures covered 100% of the total expenditures for the period. This ratio represents the total amount of expenditures audited by us expressed as a percentage of the total expenditures which have been subject to our audit.

Internal Controls:

There were no significant internal control deficiencies identified.

Compliance:

The results of our compliance test identified some instances of non-compliance which we have reported in a Management letter to Executive Committee of ACA.

➤ **Payment of Long outstanding statutory deductions**

- Statutory deductions in the form of Withholding taxes, PAYE, SSNIT even though deducted at source have not been paid to the Regulatory Authorities since 2015.

Nonpayment of these taxes is a breach of the **Income Tax Act (896)** which will attract penalties from Ghana Revenue Authority.

Indirect Cost Rates:

No indirect cost rates were charged under this agreement.

Cost Sharing/Counterparty Contribution:

Cost Sharing is in line with the agreement.

Yours faithfully,

Deloitte Touche

Date: 22nd May 2018

classification: confidential

AFRICAN CASHEW ALLIANCE
INDEPENDENT AUDITOR'S REPORT
(A Company Limited by Guarantee)

Tel: +233 (0)302 775355
Facebook.com/deloitte.com.gh
Twitter.com/deloitteghana
Email:ghdeloitte@deloitte.com.gh
www2.deloitte.com/gh

The Executive Committee
African Cashew Alliance
PMB, Osu
Accra,
Ghana

We have audited the fund accountability statement of USAID Resources implemented by African Cashew Alliance ACA under Cooperative Agreement No. AID-624-A-13-00003 titled "Leveraging Cashew business for poverty reduction for the period January 1, 2016 to December 31, 2016. The fund accountability statement is the responsibility of the ACA management. Our responsibility is to express an opinion on the fund accountability statement based on our audit.

Except as discussed in the following paragraph, we conducted our audit of the fund accountability statement in accordance with U.S. Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the fund accountability statement is free of material misstatement.

An audit includes examining, on test basis, evidence supporting the amounts and disclosures in the fund accountability statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

We believe that our audit provides a reasonable basis for our opinion.

We did not have an external quality control review by an unaffiliated audit organization as required by chapter 3 paragraph 3.82 (b) and 3.96 of U.S Government Auditing Standards is not material as we participate in quality control review organized by the Institute of Chartered Accountants (Ghana).

Also we do not have a continuing education programme that fully satisfy the requirement set forth in chapter 3, paragraph 3.76 of the U.S Government Auditing Standards. However, the Institute of Chartered Accountants (Ghana), has put in place a minimum requirement of 35 credit hours per annum per member to be in good standing.

The results of our tests did not identify any questionable cost.

In our opinion the fund accountability statement presents fairly, in all material respects, project revenues and costs locally incurred and reimbursed for the period January 1, 2016 to December 31, 2016 in accordance with the terms of the agreement and in conformity with basis of accounting described in the Notes to the fund accountability statement.

In accordance with U.S. Government Auditing Standards, we have also issued our reports on our consideration of ACA internal control over financial reporting and our test of its compliance with certain provision of laws and regulations. Those reports are an integral part of an audit performed in accordance with U.S. Government Auditing Standards and should be read in conjunction with the independent Auditors' Report in considering the results of our audit.



AFRICAN CASHEW ALLIANCE
(A company limited by guarantee)

This report is intended for the information of ACA and USAID. However, upon release by ACA, this report is a matter of public record and its distribution is not limited.

Deloitte & Touche

Deloitte & Touche
Licence No. ICA/F/2018/129
Chartered Accountants
Accra, Ghana

22nd May, 2018

AFRICAN CASHEW ALLIANCE
(A company limited by guarantee)

FUND ACCOUNTABILITY STATEMENT
For the period from 1 January 2016 to 31 December 2016
(Currency: US\$)

	Total Budget USD\$	Actuals USD\$	Cumulated Actuals US\$	Ineligible	Unsupported	Notes
<u>Grant/Revenue</u>	2,378,264	327,180	1,838,368			3
<u>Expenses</u>						
Personnel	984,404	213,160	749,545			4
Fringe	480,448	-	287,419			
Travel	392,867	34,879	290,249			
Consultants	247,440	41,540	206,684			
Supplies	22,993	5,101	27,733			
Contracted Services	173,228	32,791	229,836			
Equipment/Others	76,983	-	43,381			
Total	<u>2,378,364</u>	<u>327,471</u>	<u>1,834,847</u>			
Excess of Grant over Expenses		(291)	3,521			
Fund balance at 1 st January 2016		3,812				
Fund balance 31 st December 2016		<u>3,521</u>				

[Signature]

.....
 Executive Member

[Signature]

.....
 Executive member

22ND MAY 2018

AFRICAN CASHEW ALLIANCE
(A company limited by guarantee)

**NOTES TO THE FUND ACCOUNTABILITY STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2016**

1. Background

African Cashew Alliance (ACA) is a company limited by guarantee under the Ghana Companies Code, 1963 (Act 179) and obtained its Certificate of Incorporation on 7 June 2007. ACA, an NGO is established to increase processing of Cashew within Africa, improve competitiveness and sustainability of the African cashew industry and facilitate public-private cooperation for the cashew sector.

On April 30, 2013, USAID awarded African Cashew Alliance (ACA) the sum of US\$1,236,204 as implementing partner for a Global Development Alliance (GDA) project titled 'Leveraging Cashew Business for Poverty Reduction' which goal is to improve rural livelihoods by increasing competitiveness of cashew processing in West Africa. The award was initially for 2 years starting April 29th, 2013 and ending March 31st, 2015. This was subsequently extended for another 3 years from April 1, 2015 to March 31, 2018 with an additional federal amount of \$1,142,160 bringing the total estimated amount for the project to US\$2,378,364.

Following is the agreement's budget, for the life of the project, from April 30, 2013 to March 31, 2018.

	Budget Prior to Modification	Additional By Modification	Total After Modification
Revenue	1,236,204	1,142,160	2,378,364
Personnel	438,451	545,953	984,404
Fringe benefits	205,238	275,210	480,448
Travel	233,955	158,912	392,867
Consultants	184,446	62,994	247,440
Supplies	7,060	15,933	22,993
Contracted Services	95,600	77,628	173,228
Equipment	71,453	5,530	76,983
Total	<u>1,236,204</u>	<u>1,142,160</u>	<u>2,378,364</u>

2. Basis of Accounting

ACA uses the accrual basis of accounting in the preparation of the fund accountability statement. Under this basis of accounting, revenues are recorded when they are earned and expenses are matched with the related revenues and/or are reported when the expense occurs, not when the cash is paid.

The fund accountability statement has been presented in U.S. Dollar. ACA is able to account for the receipt and disbursement of USAID funds.

AFRICAN CASHEW ALLIANCE
(A company limited by guarantee)

**NOTES TO THE FUND ACCOUNTABILITY STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2016**

Foreign Currencies

Transactions in foreign currencies are recorded at the rate ruling at the beginning of the month of the transaction. ACA deals mainly with U.S. Dollar and Ghana Cedi. ACA reporting currency is the U.S. Dollar. The monthly exchange rate of the Ghana Cedi to the U.S. Dollar is below:

Month	Exchange Rate to US\$
January	3.75
February	3.82
March	3.7
April	3.64
May	3.74
June	3.78
July	3.85
August	3.82
September	3.82
October	3.84
November	3.94
December	3.95

3. Transfers from USAID-GDA

The item represents total cash transferred from USAID to ACA to fund project objectives during the period from 1 January 2016 to 31 December 2016.

Date	US\$
1/12/2016	52,190
2/12/2016	20,000
5/26/2016	40,000
7/5/2016	62,500
8/4/2016	39,990
10/28/2016	72,500
11/29/2016	40,000
Actual	<u>327,180</u>
Balance brought forward	<u>1,511,188</u>
Accumulated Actual	<u>1,838,368</u>

AFRICAN CASHEW ALLIANCE
(A company limited by guarantee)

**NOTES TO THE FUND ACCOUNTABILITY STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2016**

4. Personnel

	US\$
ACA Managing Director	63,894
ACA Biz Manager	33,964
ACA seal coordinator	13,507
Project Advisor	13,345
Finance Manager	32,645
Admin Assistant	4,520
Office Advisor	7,425
Communication Manager	-
M&E Coordinator	10,894
Finance & Procurement coord.	11,052
Communication Officer	18,396
Intern	-
Driver	<u>3,520</u>
Actual Balance	<u>213,160</u>
Balance brought forward	<u>823,804</u>
Accumulated Actual	<u>1,036,964</u>

5. Fund Balance

ACA maintains a separate bank accounts for the project. Disbursements of funds were made through the Project bank account and sometimes through the general ACA bank account. However, ACA is able to account for the receipts and disbursements of USAID funds.

Fund balance at 31 December 2016	<u>3,521</u>
Represented by:	
Ecobank Dollar Account	3,214
Ecobank Cedi Account	237
Cash on hand	<u>70</u>

AFRICAN CASHEW ALLIANCE
(A company limited by guarantee)

6. Cost sharing schedule

	<u>Budget</u>	<u>Actual</u>	<u>Cumulative</u>	Questioned Costs		
				<u>Ineligible</u>	<u>Unsupported</u>	<u>Notes</u>
Cash	1,921,237	561,228	1,627,133	-	-	-
In-kind	<u>1,233,561</u>	-	<u>1,048,115</u>	-	-	-
	<u>3,154,798</u>	<u>561,228</u>	<u>2,675,248</u>	<u>-</u>	<u>-</u>	<u>-</u>

ACA cash contribution was made of membership dues, private partners, annual cash support, technical services fees and conference revenue.

AFRICAN CASHEW ALLIANCE
(A Company Limited by Guarantee)
SUPPLEMENTARY INFORMATION

Independent Auditor's Report on Internal Control

The Executive Committee
African Cashew Alliance
PMB, Osu
Accra, Ghana

We have audited the fund accountability statement of African Cashew Alliance (ACA) under Cooperative Agreement No. AID-624-A-13-00003, Leveraging Cashew Business for Poverty Reduction for the period 1 January 2016 to 31 December 2016, and have issued our report on it dated 2 May 2018, although there was no significant weakness identified.

Except for not having an external quality control review by an unaffiliated audit organization and not having a fully satisfactory continued professional education programme (as described in our report on the fund accountability statement), we conducted our audit of the fund accountability statement in accordance with the U.S. Government Auditing Standards issued by the Comptroller General of the United States. In planning and performing our audit, we considered the entity's internal control over financial reporting (internal control) as a basis for designing our audit procedures for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. We did not identify any deficiencies in internal control that we consider to be material weaknesses as described above.

A deficiency in internal control exist when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatement on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. There were no significant deficiencies in the internal control design and operation that is reportable. This report is intended for information of ACA and USAID. However, upon release by ACA this report is a matter of public record and its distribution is not limited.

Deloitte & Touche
Licence No. ICA/F/2018/129
Chartered Accountants
Accra, Ghana

22nd May, 2018

AFRICAN CASHEW ALLIANCE
(A Company Limited by Guarantee)
SUPPLEMENTARY INFORMATION

Independent Auditor's Report on Compliance

The Executive Committee
African Cashew Alliance
PMB, Osu
Accra, Ghana

We have audited the fund accountability statement of African Cashew Alliance (ACA) under Cooperative Agreement No. AID-624-A-13-00003, Leveraging Cashew Business for Poverty Reduction for the period 1 January 2016 to 31 December 2016.

Except for not having an external quality control review by an unaffiliated audit organization and not having a fully satisfactory continued professional education programme (as described in our report on the fund accountability statement), we conducted our audit of the fund accountability statement in accordance with the U.S. Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the fund accountability statement is free of material misstatement resulting from violation of agreement terms and laws that have direct and material effect on the determination of fund accountability statement amounts.

Compliance with cooperative agreement terms and laws and regulations applicable to ACA, is the responsibility of ACA management. As part of obtaining reasonable assurance about whether the fund accountability statement is free of material misstatement, we performed tests of ACA compliance with certain provision of award terms and laws and regulations and noted some issues of non-compliance as stated on page 7. However, our objective was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our test disclosed no instances of compliance that are required to be reported here under U.S. Government Auditing Standards.

This report is intended for information of ACA and USAID. However, upon release by ACA this report is a matter of public record and its distribution is not limited.

Deloitte & Touche

Deloitte & Touche
Licence No. ICA/F/2018/129
Chartered Accountants
Accra, Ghana

22nd May, 2018

classification: confidential

10

AFRICAN CASHEW ALLIANCE
(A Company Limited by Guarantee)
SUPPLEMENTARY INFORMATION

Independent Auditor's Report on Cost-Sharing Schedule

The Executive Committee
African Cashew Alliance
PMB, Osu
Accra, Ghana

We have reviewed the accompanying Cost-sharing schedule of African Cashew Alliance (ACA) for the period 1 January 2016 to 31 December 2016. Our review was conducted in accordance with standards established by the American Institute of Certified Public Accountants (AICPA). The purpose of our review was to determine if the Cost-sharing schedule is fairly presented in accordance with the basis of accounting described in note 6. We also considered internal control related to the provision of and accounting for cost-sharing contributions.

A review consists principally of inquiries of recipient personnel and analytical procedures applied to financial data. It is substantially more limited in scope than an examination, the objective of which is to express an opinion on the cost-sharing schedule. Accordingly, we do not express such an opinion.

Based on our review, nothing came to our attention that caused us to believe ACA did not fairly present the cost-sharing schedule, in all material respects, in accordance with the basis of accounting used to prepare the cost-sharing schedule.

This report is intended for information of ACA and USAID. However, upon release by ACA this report is a matter of public record and its distribution is not limited.

Deloitte Touche

Deloitte & Touche
Licence No. ICA/F/2018/129
Chartered Accountants
Accra, Ghana

22nd May 2018