

**AGRÓNOMOS SIN FRONTERAS FOUNDATION**

**AUDIT REPORT FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER  
2019**

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## LIST OF ABBREVIATIONS

IFRS	–	International Financial Reporting Standards
ISA	–	International Standards on Auditing
NGO	–	Non Government Organization
P.O.Box	–	Post Office Box
TZS	–	Tanzania Shillings
EUR	–	Euros

## KEY FOUNDATION'S INFORMATION

### 1. Key Contact Personnel

#### 1. Key Entity's Personnel

Country Director

Klaus Caesar Poppe  
P.O.Box 1227  
Iringa  
Tanzania  
Email address:  
[director@agronomossinfronteras.org](mailto:director@agronomossinfronteras.org)

#### 2. Banker

CRDB Bank  
Iringa Branch  
P.O.Box 2247  
Iringa

#### 3. Auditor

Fincare and Company  
P.O.Box 22528  
Dar es Salaam,  
Tanzania

## **1. INTRODUCTION**

The Foundation "Agrónomos sin Fronteras Foundation "(Agronomists without Borders)" - ASF- is an NGO, with its headquarters in Madrid. It was created in 2004 by agronomy professionals whose objective is the implementation of sustainable long-term development cooperation projects.

Our projects are based in Iringa, southern Tanzania, where we have been working since our creation 16 years ago and where we have three agricultural training centres (in Pawaga, Ihanzutwa and Kilolo), two Cooperatives and the local entity office in the city of Iringa.

### **1.2 Organization's Vision**

Agrónomos Sin Fronteras wants to contribute to the eradication of extreme rural poverty. We promote access to food of sufficient quality and in sufficient quantity by improving the agricultural knowledge of the people who work in this sector in Tanzania

#### **1.2.1 Organization's principle's**

Key Organization's principles are as stated below.

- ✓ Non-discrimination
- ✓ Transparency
- ✓ Commitment
- ✓ Neutrality
- ✓ Comprehensive promotion

#### **1.2.2 Organization Objective**

The objective of ASF is the improvement of food security and the transfer of knowledge to poor people and agricultural producers.

We have managed projects aimed at the promotion of family farming, nutrition, skills building and agricultural development.

Throughout our 14 years, we have trained 5,000 farmers which has meant a total number of direct beneficiaries of 30,000.

### **1.3 Some projects in Agrónomos sin Fronteras" (Agronomists without Borders)**

For years ASF has implemented several projects aimed at reducing extreme poverty to rural communities in southern part of Tanzania, for the year under audit there were two projects that were running;

#### **A. TAN 70742 PROJECT**

Program of social - economic development by improving agricultural production, boosting market and strengthening of the network of the division of Sadani in Mafinga region of Iringa - Tanzania.

This project started in July 2016 whereby it phased out in June 2019.

#### **B. Feed The Future Tanzania Mboga na Matunda (FTFT-MnM) PROJECT**

This is a USAID funded project with the purpose of making horticulture subsector more competitive and inclusive while improving the nutritional status of Tanzanians by:

- Scaling improved technologies and practices that lead to increased productivity of smallholders, including large numbers of women and youth, in targeted commodities.
- Scaling market system models able to reach large numbers of direct and indirect beneficiaries, including vulnerable populations, while increasing trade for targeted commodities.
- Strengthening the overall capacity of the horticulture industry.

This project of two years started in July 2018 to June 2020.

#### **1.4 Funding of the Entity**

During the period under audit, The Agrónomos sin Fronteras Foundation has been receiving project funds from Fintrac Inc (for MnM project), Manos Unidas and from it's Head Quarter which is in Madrid. In addition, ASF Tanzania generates some revenue by sale of agricultural produce, this is used to fund project and administration costs.



## **2. OBJECTIVE AND SCOPE OF THE FINANCIAL AUDIT**

### **2.1. Audit Objectives**

The objective of this audit was to conduct a financial audit of Agrónomos sin Fronteras for the period of the year ended 31<sup>st</sup> December 2019 in accordance with International Standard on Auditing (ISA) and in accordance with terms of reference with Agrónomos sin Fronteras as per the contract.

Further, the objective of this audit is to provide a clear picture of the project management of Agrónomos sin Fronteras in terms of financial accuracy. It is also intended to confirm that the grants and donation received by Agrónomos sin Fronteras have been used and reported according to all relevant laws and regulations, and of course with the programme agreement in accordance with good governance principles.

The specific objectives of the audit were to:

- Express an opinion on whether Agrónomos sin Fronteras financial statements presents fairly, in all material respects, grants received and costs incurred for the period under audit in accordance with terms of the funding agreement and generally accepted accounting principles or other comprehensive basis of accounting.
- Obtain a sufficient understanding of Agrónomos sin Fronteras internal control structure related to the Grants received from Head Quarter, evaluate the control environment and the adequacy of the accounting system and assess control risk, and identify reportable conditions, including material internal control weakness.
- Determine whether Agrónomos sin Fronteras complied in all material respects, with the terms of the grant agreement and applicable laws and regulations
- Verify that funds have been used in accordance with the financial agreement terms with due regard to efficiency, value for money and the purpose for which the financing was provided.
- Verify that proper books of accounts exist, are reliable, comply with the financing agreements and have been properly organised and maintained throughout the period under audit, and
- Ensure that expenditures were in accordance with the agreed budget items and amounts.

### **2.2. Scope of the Audit**

The audit covered the period of one year ended 31<sup>st</sup> December 2019 in respect of donor's grant to the organization and the expenditures reported by the programme as incurred during the period under review.

### **2.3. Audit Methodology**

Our methodology is based on the following key elements:

- Thorough briefing of audit team members.
- Detailed planning and tailoring of work programmes for use by the entire service team;
- Responsiveness to changes that arise during the assignment;
- Working closely with the management in the identification and resolution of issues as they arise. In this way we ensure there are no "surprises" to management;
- Quality control reviews by the team leaders to ensure that quality and productivity are maintained at all times ; and
- Maximising efficiency and effectiveness through sound project management.

We also obtained our audit comfort from the following:

- Meetings with senior management to understand the operations, the risks and the control processes upon which management rely and build on our previous knowledge and experience;
- Evaluation of how well management manage the activities, with a focus on key operational targets;
- Validation of assessment and gathering evidence;
- Assessment of the materiality of each financial component, the risks attached, the effectiveness of management's control processes and the relevance to the financial statements; and
- Analytical review and substantive procedures, as required.

Throughout the audit, we maintained continuous dialogue with Agrónomos sin Fronteras management, keeping the management informed of developments and findings as well as offering advice where applicable.

We achieved audit objectives by performing a full scope audit of Agrónomos sin Fronteras in accordance with International Standards of Auditing. Our audit included such tests of transactions, assets and liabilities, as we considered necessary.

The audit focused on a review of expenditure to supporting documentation and against budget as well as review of the internal control systems in place to manage and report on the affairs of the organization. Recommendations for improvements for those systems that result from our audit are contained in the management letter.



**INDEPENDENT AUDITOR'S REPORT TO THE STATEMENT OF RECEIPTS AND PAYMENTS  
FOR THE YEAR ENDED 31<sup>st</sup> DECEMBER 2019**

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To: Country Director  
Agrónomos sin Fronteras  
P.O.Box 1227  
Iringa  
Tanzania

**3. INDEPENDENT AUDITOR'S REPORT ON THE STATEMENT OF RECEIPTS AND  
PAYMENTS OF AGRÓNOMOS SIN FRONTERAS" (AGRONOMISTS WITHOUT  
BORDERS)**

**Report on the Financial Statements**

We have audited the accompanying Statement of Receipts and Payments of the Agrónomos sin Fronteras for the year ended 31<sup>st</sup> December 2019, and a summary of significant accounting policies and other related notes.

**Management's Responsibility for the Financial Statements**

Agrónomos sin Fronteras Foundation management is responsible for the preparation and fair presentation of these financial statements in accordance with the Donors General Guidelines for Accounting and Auditing of Grants and in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control system relevant to the presentation of financial statements that are free from material misstatement and or whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involved performing procedures to audit evidence about the amounts and disclosure in the financial statements. The procedures selected depend on auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

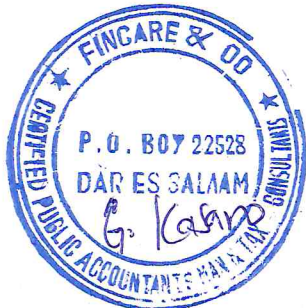
**INDEPENDENT AUDITOR'S REPORT TO THE STATEMENT OF RECEIPTS AND PAYMENTS  
FOR THE YEAR ENDED 31<sup>st</sup> DECEMBER 2019**

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Unqualified Opinion**

In our opinion, the statement of Receipts and Payments gives a true and fair view of the funds received and expenses paid by Agrónomos sin Fronteras Foundation for the Year ended 31<sup>st</sup> December 2019 and its fund balance at that date in accordance with the terms of the grant agreement and in conformity with the basis of accounting described.



**Fincare and company**

Certified Public Accountants  
Dar es Salaam


Per Godfrey Kasaro (FCPA-PP)

Date 22/07/2020

	Notes	Amount (In TZS)
<b>RECEIPTS</b>		
Donation received	3	392,408,036
Other Receipt	3	53,129,574
<b>PAYMENTS</b>		
Administrative Expenses	4	(17,110,917)
Projects Related Expenditures	5	(199,868,565)
Legal Expenses and Other Fees	6	(11,619,000)
Staff Related Expenses	7	(217,140,868)
Foreign Exchange Loss/Gain		296,180
Operating Surplus / (Deficit)		<u>94,440</u>

The notes to the Statement of Receipts and Payments on pages 12 – 14 form an integral part of this statement.

Signed on behalf of the Agrónomos sin Fronteras" (Agronomists Without Borders) :


  
.....  
**Klaus Caesar Poppe**  
**Country Director**

Date.....22/07/2020.....

	Notes	Amount (in TZS)
<b>Assets</b>		
Cash and Cash Equivalent	8	903,277
Prepayments and Advances	9	801,376
Un restricted Net Assets		1,389,787
		<u>3,094,440</u>
<b>Liabilities and Operating Results</b>		
Liabilities and Other payables	10	3,000,000
Operating Surplus / (Deficit)		94,440
		<u>3,094,440</u>

The notes to the Statement of Receipts and Payments on pages 12 - 14 form an integral part of this statement.

Signed on behalf of the Agrónomos Sin Fronteras Foundation:

  
.....  
**Klaus Caesar Poppe**  
Country Director

Date 22/07/2020



## **1. ACCOUNTING ENTITY**

Agrónomos sin Fronteras Foundation is a non-governmental organization with its offices located in Iringa town.

During the period under review, the organization implemented various activities whose costs have been shown in the Statement of Receipts and Payments.

## **2. SIGNIFICANT ACCOUNTING POLICIES**

### **a) Basis of preparation**

The financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS) under the historical cost convention.

### **b) Income recognition**

Grants and donations are recognised at the point when the funds are received, and other income is recognised at the point of receipt of cash.

### **c) Recognition of expenses**

Expenditure is recognised in the year in which it is incurred at the point of payment for goods and services delivered. However, the entity applies the simple accrual concept that dictates the financials to end up with the Statement of Financial position.

### **d) Translation of foreign currencies**

Transactions in foreign currencies during the period under audit have been converted into Tanzanian Shillings (TZS) using the simple average exchange rate. Monetary assets and liabilities at the balance sheet date denominated in foreign currencies are translated into Tanzanian Shillings using the same exchange rate as stated above. The resulting gains and losses from the settlement of such transactions and translations are recognised on a net basis in the profit and loss account in the period in which they arise

### **e) Cash and Cash equivalents**

Cash and cash equivalents comprise cash in hand and Cash at Bank. At the close of the year date (31.12.2019) the entity had the Cash and Cash equivalent balance as reported in the statement of Financial position.

### **f) Basis of allocating costs**

All costs are allocated to specific activity within a particular programme when actual payment is made.



### 3. Donation Received

	Amount TZS
<b>Donor Funds</b>	
Funds received from HQ	258,189,180
Ihanzutwa Center	63,669,375
Mboga na Matunda	70,549,481
Sub Total	<b>392,408,036</b>
<b>Other Income</b>	
Funds received from HQ	20,380,000
Potato Sales	1,773,224
Sale of assets	30,461,350
Sale of watermelon	515,000
Sub Total	<b>53,129,574</b>
<b>Total Funds received</b>	<b>445,537,610</b>

### 4. Administrative Expenses

Bank charges	3,341,267
Communication & internet	1,127,000
Electricity & water(utilities)	1,516,350
Equipment and maintenance	2,895,500
Hardware purchases	301,000
Media and entertainment	3,600,000
Medicines expenses	417,100
Rent of services and equipment	200,000
Stationaries services	3,712,700
	<b>17,110,917</b>

### 5. Project related Expenditures

Agro inputs	66,479,100
Consumables goods	15,628,798
Farm operations	1,215,000
Food and refreshment	8,789,100
Fuel purchases	14,891,884
Repairs & maintenance	22,097,848
Purchases	24,095,031
Other services expenses	40,272,705
Tools and equipment	1,074,500
Transport and accommodation	5,324,600
	<b>199,868,565</b>

**6. Legal Expenses and other fees**

Auditing cost	3,969,000
Evaluation fee	7,650,000

**11,619,000**

**7. Staff related Expenses**

Labour cost	2,279,000
Loan board contributions	3,630,000
National social security fund	35,140,522
PAYE contributions	30,258,700
PSPS contributions	14,580
Salary payments	141,128,829
TPAWU contributions	2,615,040
WCF contributions	2,074,196

**217,140,868**

**8. Cash and Cash Equivalent**

CRDB TZS	586,866
CRDB EUR	316,411

**903,277**

**9. Prepayments and Advances**

Gabriel Malile	5,994
Mbezi fresh market	684,400
Vincent Majo	9,000
Zakia Juma	101,982

**801,376**

**10. Liabilities and Other Payables**

Audit fees	3,000,000
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**3,000,000**