

GLOBAL CAMPAIGN FOR EDUCATION
NPC
AUDIT COMPLETION REPORT
YEAR ENDED 31 DECEMBER 2021

21/04/2022

GLOBAL CAMPAIGN FOR EDUCATION NPC
AUDIT COMPLETION REPORT – YEAR ENDED 31 DECEMBER 2021

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This document is to be regarded as confidential to [company name]. It has been prepared for the sole use of the [those charged with governance – Board of Directors, Audit committee etc.]. No responsibility is accepted to any person in respect of the whole or part of its contents. Before this document, or any part of it, is disclosed to a third party, our written consent must first be obtained.

1. PURPOSE OF THIS DOCUMENT

This document has been prepared to feed back the findings of our audit for the year ended 31 December 2021 to those charged with governance of Global Campaign for Education and forms the basis for discussion at the Board meeting on 29 April 2022

Our communication with those charged with governance is important to:

- Share information to assist both the auditor and those charged with governance of to fulfil their respective responsibilities;
- Provide constructive observations arising from the audit process to those charged with governance of ;
- Ensure as part of the two-way communication process we, as external auditors, gain an understanding of the attitude and views of those charged with governance of to the internal and external operational, financial, compliance and other risks facing Include the following text if we are principal auditors of the parent and group financial statements (and its subsidiary companies) which might affect the financial statements, including the likelihood of those risks materialising and how they are managed; and
- Receive feedback from those charged with governance as to the performance of the engagement team.

2. INDEPENDENCE

As part of our ongoing risk assessment we monitor our relationships with you to identify any new actual or perceived threats to our independence within the regulatory or professional requirements governing us as your auditors.

Delete as appropriate

No further threats to our independence have been identified since our communication at planning.

3. OUR AUDIT APPROACH

Our audit has been conducted in accordance with International Standards of Auditing issued by the Auditing Practices Board.

4. OVERALL CONCLUSION AND OPINION

At the time of issuing this report, we anticipate issuing an unqualified opinion, without modification.

5. LIMITATIONS

Our audit procedures, which have been designed to enable us to express an opinion on the financial statements, have included the examination of the transactions and the controls thereon of. The International Standards on Auditing do not require us to design audit procedures for the purpose of identifying supplementary matters to communicate with those charged with governance.

Our audit included consideration of internal controls relevant to the preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of internal control or to identify any significant deficiencies in their design or operation.

We have included in this report only those matters that have come to our attention as a result of our normal audit procedures and, consequently, our comments should not be regarded as a comprehensive record of all deficiencies that may exist or improvements that could be made.

6. AUDIT STATUS

We have substantially completed our audit in respect of the financial statements of Global Campaign for Education for Education for the year ended 31 December 2021

As at the time of preparing this report the following significant matters remain outstanding]:

- None

7. INTERNAL CONTROL

We have set out in the first table below the significant deficiencies in the accounting and internal controls systems identified during the course of the audit; the second table sets out other internal control recommendations.

The purpose of our audit was to express an opinion on the financial statements. As part of our audit we have considered the internal controls in place relevant to the preparation of the financial statements, in order to design audit procedures to allow us to express an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of internal control.

The matters reported are limited to those deficiencies and other control recommendations that we have identified during our audit and that we consider to be of sufficient importance to merit being reported. If we had performed more extensive procedures on internal control we might have identified more deficiencies to be reported or concluded that some of the reported deficiencies need not in fact have been reported.

Risk rating	Level
High risk	Red
Medium risk	Yellow
Low risk	Green

1. Assets without asset numbers

Description and potential effects of deficiency

During the performance of physical asset verification it was noted that certain fixed assets do not have a fixed asset numbers.

This identified deficiency may result is misappropriation of assets not being easily detected.

Risk rating



Remedial action

We recommend that a unique fixed asset number be assigned to each asset to enable easy identification of the asset and possible missing assets to ensure that necessary corrective steps are taken should this be the case. This will also ensure that the audit process runs as smooth as possible.

Management response

As per discussion with Ndivhuwo Mafharalala on the 24/03/2022, he mentioned that the items that do not have unique numbers are assets bought as at 2021 year end and that there are in the process of getting the assets numbered. It was noted, per the meeting held with Anjum Lalla Yu (Financial Compliance Coordinator) and Grant Kasowanjete (Global Coordinator) on 21 April 2022 that these assets have subsequently been assigned asset numbers.

2. Forex translation and processing

Description and potential effects of deficiency

During the testing of cost of grants received, it was also noted that foreign exchange gains/losses in respect of account 0050/034: Grants Received Grants Received-Burkina Faso_GIZ, were processed to the grants revenue account. We as the auditors are not in agreement with this approach as in terms of section 30.9, paragraph b, of IFRS for SME, an entity shall translate non-monetary items that are measured in terms of historical cost in a foreign currency using the exchange rate at the date **of the transaction** (average rates can be used). Therefore the translation of revenue should have only be translated on the date which these funds were received as revenue is a non-monetary item.

Risk rating



Remedial action

We recommend that management establish a system/controls to ensure that non-monetary items are only translated at transaction date, being the date the funds are disbursed or when the funds are received.

Management response

It was noted, per the meeting held with Anjum Lalla Yu (Financial Compliance Coordinator) and Grant Kasowanjete (Global Coordinator) on 21 April 2022 that grant income and grant disbursed are translated both on transaction date and settlement date to ensure that the grant income and the grants disbursed are in agreement for reporting purposes as well as for the purpose of calculating the deferred income.

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This approach however is still not in compliance with section 30 of IFRS SME. We noted that it would be difficult exercise per the discussions held to perform these revaluations timeously taking into account the accounting system used. We therefore recommended that a separate revenue and cost of sales account be created whereby these foreign exchange gains be recognised separately from revenue and cost of sales. This will ensure that non-monetary items are only translated on transaction date and this will also ensure that management maintains its current processes.

They further mentioned that translations are not performed by on the date of transaction but the end of every month using average exchange rates, we are in agreement with this approach.

3. IT12EI

Years affected : 2020 & 2021

Description and potential effects of deficiency

GCE is a text exempt entity and in order to enjoy this status it is required to complete the IT12EI annually and submit the form at the Tax Exemption Unit. We were however only provided with the IT12E1 return for the 2018 FY. We would have expected to receive the FY2021 and if not, the FY2020 IT12E1 return

This identified deficiency would constitute non-compliance with the Income Tax act and my expose GCE to potential fines and penalties.

Risk rating



Remedial action

We recommend that management complete the IT12EI annually and submit the form at the Tax Exemption Unit to ensure compliance with the Income Tax Act in order to ensure compliance and avoid possible fines and penalties.

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Management response

It was noted, per the meeting held with Anjum Lalla Yu (Financial Compliance Coordinator) and Grant Kasowanjete (Global Coordinator) on 21 April 2022 that the 2021 return is currently in the process of being prepared. The latest IT12E1 return, being for the 2020 financial year was provided.

8. UNADJUSTED MISSTATEMENTS

REFER TO SEPARATE ATTACHED SCHEDULE

Mazars is present in 5 continents.

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