



# Financial Audit Report

## AUDIT

Associação Nacional de Extensão Rural (AENA)  
for the year ended 31 December 2023

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# 1 Introduction

## 1.1 The entity

AENA - Associação Nacional de Extensão Rural was created at the end of year 2006, recognized as a national legal entity on 20<sup>th</sup> October 2006. AENA operations are being developed in the provinces of Nampula, Niassa, Cabo Delgado, Zambezia, Tete, Inhambane and Maputo, with a team of around 142 professionals including occasional professionals. In the operational structure there is the Executive Directorate, the Programs Directorate and the Administration and Finance Directorate.

AENA has around 42 members, 19 of whom are women, who are the property of the organization. The governing structure comprises the General Assembly, the Board of Directors and the Supervisory Board that meet ordinarily, annually, monthly, quarterly, respectively, deciding on the life of the AENA. The bodies are elected every 3 years.

The General objective of the AENA is to improving the living standards of rural communities, encouraging local initiatives and promoting the sustainable management and governance of natural resources. AENA has 5 Strategic Objectives, namely: Nutrition and Food Security; Engagement of Women and Youth; Environment and Natural Resources; Humanitarian Assistance and Organizational Development.

## 1.2 The projects

The **Resilience Food Security Activities (RFSA)** or *Okhokelamo ni Solha* is a project implemented within the scope of the agreement between AENA and Save The Children International, financed by the United States Agency for International Development (USAID/BHA). The objective of the project is to improve the food and nutritional security of rural populations in subsistence zone 5 in the province of Zambézia. The focus is on improving nutritional outcomes for children under 2 years old in the districts of Alto Molócuè, Ile, Mocuba and Mulevala. The project includes interventions in the areas of nutrition, health, livelihoods, agriculture, water and sanitation. The implementing period is from December 2022 to 31 July 2027.

The **Joint Response Project to Cyclone Freddy in Zambézia** also called DRA is implemented within the scope of the agreement between AENA and Save The Children International with funding from the Dutch Relief Agency. The objective of the project is to increase the resilience of communities to shocks and hazards by strengthening comprehensive emergency response capacity in Mozambique, in the districts of Nicoadala and Namacurra in the province of Zambézia, for the period from April to September 2023.

The **Charia Zathiana** project (social, political, economic and environmental rights of women) is implemented within the scope of the agreement between AENA and Diakonia with funds from SIDA. The objective is to contribute to strengthening the capacities of rights holders so that they increase their power to act, to create social and economic changes to build a robust democratic culture, climate and gender justice in their communities. The same is being implemented in the provinces of Zambézia (Maganja da Costa and Pebane districts) and Nampula, Angoche and Larde districts) from January 2022 to December 2024.

## **2 Independent auditors' report**

### **2.1 Introduction**

KPMG Mozambique was contracted by Associação Nacional de Extensão Rural (AENA) to conduct a financial audit for the year ended 31 December 2023

### **2.2 Our engagement**

The scope of the financial audit is:

- To perform an audit in accordance with the International Standards on Auditing in order to express an opinion on whether the Statement of receipts and payments for the year ended 31 December 2023 presents fairly, in all material respects, in accordance with the basis of accounting adopted by AENA.

### **2.3 Reporting**

We have presented the report on the Statement of receipts and payments on section 4.

### **2.4 Summary of results**

- **Audit of the Statement of receipts and payments** – Our report for the year ended 31 December 2023 contains an unqualified opinion.
- There are findings to be reported in a separate management letter.

### **2.5 Restriction on use and limitation of liability**

The Statement of Receipts and Payments is prepared in accordance with the basis of accounting described in note 5.1 to provide information to the AENA and its donors. As a result, the Statement of Receipts and Payments and our report in Sections 4, may not be suitable for another purpose. Our report is intended solely for the Associação Nacional de Extensão Rural and the donors and should not be distributed to or used by parties other than those specified above. To the fullest extent permitted by law our liability is restricted to those who engaged us.

### **3 Management's responsibility statement**

The Management of Associação Nacional de Extensão Rural (AENA) is responsible for the preparation and presentation of the Statement of receipts and payments for the year ended 31 December 2023 and the accompanying notes, in accordance with the basis of accounting adopted by AENA, as described in note 5.1.

Management is also responsible for determining that the basis of accounting is an acceptable basis for preparing and presenting the Statement of receipts and payments in the circumstances and, for such internal control as the management determine is necessary to enable the preparation of the statement of receipts and payments that is free from material misstatements, whether due to fraud or error; and for maintaining adequate accounting records and an effective system of risk management.

Management is also responsible for the other internal controls and for compliance with the relevant agreement terms, local laws and regulations applicable to the AENA. The responsibility for the prevention and detection of non-compliance rests with management.

#### **Approval of the Statement of receipts and payments**

The Statement of receipts and payments for the year ended 31 December 2023 and the accompanying notes was approved by management on 07 June 2024 and are signed on its behalf by:



*Executive Director*



*Finance Manager*



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## 4 Report on the Statement of Receipts and Payments

### Independent auditors' report

#### To the Management of Associação Nacional de Extensão Rural

#### Opinion

We have audited the Statement of receipts and payments of Associação Nacional de Extensão Rural (AENA) for the year ended 31 December 2023 and the accompanying notes, which include a summary of the basis of accounting policies and other explanatory notes, set out on pages 7 to 11.

In our opinion, the Statement of receipts and payments of AENA for the year ended 31 December 2023 presents fairly, in all material respects, in accordance with the basis of accounting described in note 5.1.

#### 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 AENA in accordance with the international ethics standards Board for Accountants' *Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code)* together with the ethical requirements applicable to performing audit of financial statements in Mozambique, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Emphasis of Matter - Basis of Accounting

We draw attention to Note 5.1 to the Statement of receipts and payments, which describes the basis of accounting. The Statement of receipts and payments is prepared to provide information to the management of AENA and its donors. As a result, the Statement of receipts and payments may not be suitable for another purpose. Our report is intended solely for AENA and its donors and should not be distributed to parties other than AENA and its donors. Our opinion is not modified in respect of this matter.

## **Other Information**

The Management are responsible for the other information. The other information comprises the Managements' Report and the Managements' Responsibility Statement. The other information does not include the Statement of receipts and payments and our auditor's report thereon.

Our opinion on the Statement of receipts and payments does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Statement of receipts and payments, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Statement of receipts and payments or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## **Responsibilities of Management for the Statement of receipts and payments**

Management is responsible for the preparation and presentation of the Statement of receipts and payments in accordance with the cash receipts and disbursement basis of accounting described in Note 5.1, for determining the acceptability of the basis of accounting, and for such internal control as management determines is necessary to enable the preparation of the Statement of receipts and payments that is free from material misstatement, whether due to fraud or error.

## **Auditors' Responsibilities for the Audit of the Statement of receipts and payments**

Our objectives are to obtain reasonable assurance about whether the Statement of receipts and payments as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements 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 Statement of receipts and payments.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Statement of receipts and payments, 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 misstatement 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, but not for the purpose of expressing an opinion on the effectiveness of the project's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Evaluate the overall presentation, structure and content of the Statement of receipts and payments, including the disclosures, and whether the Statement of receipts and payments represent the underlying transactions and events in a manner that achieves fair presentation.



We communicate with the management 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.

**KPMG, Registered Audit Firm, 04/SCA/OCAM/2014**

Represented by:

A handwritten signature in black ink, enclosed in a hand-drawn oval. The signature appears to be 'Hem Chandra Joshi'.

**Hem Chandra Joshi, 57/CA/OCAM/2014**

***Partner***

7 June 2024



## 5 Statement of receipts and payments for the year ended 31 December 2023

	<i>Notes</i>	Okokhelamo MZN	Dra MZN	Charia Zathiana MZN	Total MZN
<b>Receipts</b>					
Receipts from donors	5.2	21 191 262	10 223 385	5 888 729	37 303 376
<b>Payments</b>					
Staff	5.3	16 585 223	2 000 795	3 433 211	22 019 229
Implementation	5.4	2 240 632	7 169 893	2 006 943	11 417 468
Other direct cost	5.5	744 897	473 193	497 859	1 715 949
Management	5.6	-	578	-	578 633
<b>Total payments</b>		<b>19 570 752</b>	<b>10 222 514</b>	<b>5 938 013</b>	<b>35 731 279</b>
<b>Excess of receipts over payments</b>		<b>1 620 510</b>	<b>871</b>	<b>(49 284)</b>	<b>1 572 097</b>
Opening balance		(832 798)	-	49 362	(783 436)
<b>Closing balance</b>	5.7	<b>787 712</b>	<b>871</b>	<b>78</b>	<b>788 661</b>

## **Notes to the Statement of receipts and payments**

*for the year ended 31 December 2023*

### **5.1 Basis of accounting**

The Statement of receipts and payments has been prepared in accordance with the following basis of accounting, applied consistently with that of the previous year.

a) *Accounting convention*

The Statement of receipts and payments is prepared under the historical cost convention.

b) *Cash basis*

The Statement of receipts and payments has been drawn up on the cash basis from the information reflected in the financial reports and accounting records of Associação Nacional de Extensão Rural (AENA).

c) *Currencies*

The functional currency of the entity is Meticaís. The Statement of receipts and payments is presented in Meticaís (MZN). Transactions in foreign currencies are translated to the MZN at the exchange rate ruling at transaction date.

d) *Equipment*

Equipment are considered as expenses of the respective financing agreement and recorded at their cost on the date of acquisition.

e) *Receipts*

Payments are recorded in the books on disbursement of the funds from the bank account.

f) *Payments*

Payments are recorded in the books on disbursement of the funds from the bank account.

g) *Cash at bank*

Cash at bank represents the bank balance at 31 December 2023.

g) *Advances*

Advances represent payments which have been made by the project but are yet to be reimbursed or justified with supporting documents.

**Notes to the Statement of receipts and payments**  
for the year ended 31 December 2023

**5.2 Receipts from donors**

	<b>Okokhelamo (i)</b>	<b>Dra (ii)</b>	<b>Charia Zathiana</b>	<b>Total</b>
	MZN	MZN	(iii) MZN	MZN
1 <sup>st</sup> Disbursement	7 732 528	5 111 694	3 563 173	16 407 395
2 <sup>nd</sup> Disbursement	6 729 367	4 613 366	2 325 556	13 668 289
3 <sup>rd</sup> Disbursement	6 729 367	498 325	-	7 227 692
	<b>21 191 262</b>	<b>10 223 385</b>	<b>5 888 729</b>	<b>37 303 376</b>

- (i) Funds received from Save the Children International. The *Okokhilamo* project is financed by the United States Agency for International Development (USAID/BHA).
- (ii) Funds received from Save the Children International. The *Dra* project is financed by Dutch Relief Agency.
- (iii) Funds received from Diakonia. The *Charia Zathiana* project is financed by the Swedish International Development Agency (SIDA).

**Notes to the Statement of receipts and payments**  
*for the year ended 31 December 2023*

**5.3 Staff**

	<b>Okokhelamo</b> MZN	<b>Dra</b> MZN	<b>Charia</b> <b>Zathiana</b> MZN	<b>Total</b> MZN
Salaries	14 683 438	2 000 795	3 294 190	19 978 423
Social security	586 172	-	131 760	717 932
Indemisation	572 744	-	-	572 744
Medical assistance	138 444	-	7 261	145 705
Staff allocation	604 425	-	-	604 425
	<b>16 585 223</b>	<b>2 000 795</b>	<b>3 433 211</b>	<b>22 019 229</b>

**5.4 Implementation**

	<b>Okokhelamo</b> MZN	<b>Dra</b> MZN	<b>Charia</b> <b>Zathiana</b> MZN	<b>Total</b> MZN
Training and workshops	425 045	458 435	2 006 943	2 890 423
Travelling logistics	1 587 476	2 492 747	-	4 080 223
Equipment's	228 111	-	-	228 111
Distribution supplies (hygiene, safety, etc.)	-	2 184 935	-	2 184 935
Interventions and rehabilitations	-	1 831 741	-	1 831 741
Activist allowances	-	202 035	-	202 035
	<b>2 240 632</b>	<b>7 169 893</b>	<b>2 006 943</b>	<b>11 417 468</b>

**Notes to the Statement of receipts and payments**  
*for the year ended 31 December 2023*

**5.5 Other direct cost**

	Okokhelamo NZN	Dra MZN	Charia Zathiana MZN	Total MZN
Rent	162 083	131 583	-	293 666
Water, energy and communication	254 631	10 194	2 954	267 779
Third-party services	194 786	327 878	479 527	1 002 191
Others	133 397	3 538	15 378	152 313
	<b>744 897</b>	<b>473 193</b>	<b>497 859</b>	<b>1 715 949</b>

**5.6 Management**

Management Cost	-	<b>578 633</b>	-	<b>578 633</b>
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**5.7 Closing balance**

The closing balance at 31 December 2023 is represented by:

Cash on hands	28	-	13	41
Cash at banks	713 784	3 865	194 676	912 325
Debtors	74 588	-	35 269	109 857
Creditors	(688)	(2 994)	(229 880)	(233 562)
	<b>787 712</b>	<b>871</b>	<b>78</b>	<b>788 661</b>