

THE NILE BASIN DISCOURSE
ENGAGING CIVIL SOCIETY FOR SOCIAL
AND CLIMATE RESILIENCE IN THE
NILE BASIN PROJECT
PROJECT MANAGEMENT REPORT
FOR THE PERIOD ENDED
31 DECEMBER 2015

**NILE BASIN DISCOURSE (NBD)
CIVIL SOCIETY ENGAGEMENT IN NILE COOPERATION AND DEVELOPMENT PROGRAM
ORGANISATION INFORMATION
FOR THE PERIOD ENDED 31 DECEMBER 2015**

List of Abbreviations and acronyms

CIWA	Cooperation in International Waters in Africa
CN	Concept Note
CSOs	Civil Society Organizations
DW	Deutsche Welle
ENSAP	Eastern Nile Subsidiary Action Program
ENTRO	Eastern Nile Technical Regional Office
EU	European Union
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit
GWP-EA	Global Water Partnership - Eastern Africa
IC	Individual Consultant
IGAD	Intergovernmental Authority on Development
INBO	International Basin Organizations
LDFs	Local Discourse Forums
LEAF	Lakes Edward and Albert Fisheries Project
LoA	Letter of Agreement
MoU	Memorandum of Understanding
NBD	Nile Basin Discourse
NBDF	Nile Basin Development Forum
NBI	Nile Basin Initiative
NBRS	Nile Basin Riparian States
NCORE	Nile Cooperation for Results Project
NDFs	National Discourse Forums
NEC&CC	National Experts on Climate & Climate Change
NELCU	Nile Equatorial Lakes Coordination Office
NELSAP	Nile Equatorial Lakes Subsidiary Action Program
NOC	National Organizing Committee
NTSEs	National Technical Support Experts
RECs	Regional Economic Communities
REoI	Request for Expression of Interest
ROC	Regional Organizing Committee
SAPs	Subsidiary Action Programs
Siwi	Stockholm International Water Institute
ToRs	Terms of Reference
TTL	Task Team Leader
UNEP	United Nations Environment Programme

**NILE BASIN DISCOURSE (NBD)
CIVIL SOCIETY ENGAGEMENT IN NILE COOPERATION AND DEVELOPMENT PROGRAM
ORGANISATION INFORMATION
FOR THE PERIOD ENDED 31 DECEMBER 2015**

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**NILE BASIN DISCOURSE (NBD)
CIVIL SOCIETY ENGAGEMENT IN NILE COOPERATION AND DEVELOPMENT PROGRAM
ORGANISATION INFORMATION
FOR THE PERIOD ENDED 31 DECEMBER 2015**

PRINCIPAL PLACE OF BUSINESS AND REGISTERED OFFICE

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Plot 32, Nsamizi Road
Entebbe

BANKERS

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Entebbe Branch
P.O. Box 7131
Kampala, Uganda.

AUDITORS

Ernst & Young
Ernst & Young House
18 Clement Hill Road
P.O. Box 7215
Kampala

**NILE BASIN DISCOURSE
CIVIL SOCIETY ENGAGEMENT IN NILE COOPERATION AND DEVELOPMENT PROGRAM
PROJECT MANAGEMENT'S REPORT
FOR THE PERIOD ENDED 31 DECEMBER 2015**

The Nile Basin Discourse (NBD) is a regional network of civil society organizations in the Nile basin that was established in 2003. It is registered in Uganda and has its Secretariat in Entebbe, Uganda. NBD's full membership comprises of the National Discourse Forums (NDFs) in the eleven (11) Nile Basin Riparian States (NBRS) (Burundi, D.R. Congo, Egypt, Eritrea, Ethiopia, Kenya, Rwanda, South Sudan, Sudan, Tanzania and Uganda). Basically, the NDFs understand national issues and provide NBD with the skills and support to help NBD's discourse on practical and sustainable policies, projects and programs that meet the real needs of the communities. NBD also works regionally and internationally to contribute towards change in policies and practices and ensures that issues of Nile cooperation and development are brought to fore and are pivotal in reducing poverty in the NBRS. NBD seeks to engage and discourse on development processes in the Nile Basin region with a primary focus on the Nile Basin Initiative (NBI) in addition to other organizations and Regional Economic Communities (RECs). Its vision and mission are stated as follows:

NBD Vision

"A Nile Basin in which there is sustainable and economic development for all people of the Nile Basin, free of conflict, leading to achievements of justice, human rights, good governance, poverty eradication and protection of the environment"

NBD Mission

"To ensure that a fully informed and basin-wide civil society develops and plays a key role in achieving the vision, through pro-active and critical influencing of projects, programmes and policies of the Nile Basin Initiative and other development processes".

During the period of January to December 2015, the NBD focused on implementing activities towards its three milestones that are stipulated under the Cooperation in International Waters in Africa (CIWA) Grant TF015834. The title of the Project is "Engaging Civil Society for Social and Climate Resilience in the Nile Basin Project". This is a three year Project running from February 2013 that includes a bridge period that takes it to December 2016. The management of the activities and finances is mainly by the Secretariat with supervision and guidance from the 13member NBD Board (10 Board members + 3 Co-opted women representation per cluster whereby the 10NBRS are in 3clusters) and closer supervision by the 4member Executive Committee consisting of the Board Chair, Vice Chair, Treasurer and Secretary General. They hold meetings giving guidance to the Secretariat through Board Minutes. The Secretariat also benefits from supervision and guidance of the CIWA/World Bank team led by the Project TTL that now and then visits the Secretariat, discusses and guides through Aid Memoires.

For the first Milestone, the NBD focused on enhancing capacity of the Secretariat with activities towards implementing (i) the carrying out of the finalization of procuring the remaining two members of staff as stipulated in the CIWA/World Bank Grant. This consisted of the strengthening of the Secretariat staff for Communication and Media, and ICT and Social Media. The objective being to strengthen the undertakings by NBD members such as the regional office and the NDFs in their engagement with Nile development projects and awareness campaigns; (ii) the stakeholder mapping of CSOs, their members and partners throughout the 10-NBRS, their interests, relationships, capacities and communication modes. The mapping was to provide the foundation for the Secretariat to develop the strategies and targeted measures for strengthening the network; and (iii) the developing and implementing of the sustainability action plan to place the NBD on a more sustainable footing regarding funding.

**NILE BASIN DISCOURSE
CIVIL SOCIETY ENGAGEMENT IN NILE COOPERATION AND DEVELOPMENT PROGRAM
PROJECT MANAGEMENT'S REPORT (CONTINUED)
FOR THE PERIOD ENDED 31 DECEMBER 2015**

For the second Milestone, NBD focused on implementing the communication and outreach activities that entailed: (i) improving the NBD Secretariat's communications and outreach, as well as membership's ability to engage directly in dialogue on relevant issues through, for example, member organization Webpages hosted on the NBD website, member generated content, and the use of web technologies for citizen feedback on Nile investment projects; and (ii) enhancing the bottom up and horizontal communication among civil society organizations and their members in their constituencies within the network, such as social media and closer partnerships with media, through participation with the Nile Media Network.

Finally, for the third Milestone, NBD implemented the CSOs, members and partners' capacity building activities towards: (i) providing trainings to NBD members on the key topic identified as priority in preliminary stakeholder consultations. The high-ranked topic was "climate risk management". The NBD undertook the planning of face-to-face events with network stakeholders, including the NBI and other partners, to allow the network to better leverage the existing expertise within the network through peer-to-peer learning and creating awareness among communities of a regional Nile culture and the benefits of cooperation.

There were a number of achievements in the period of January to December 2015, on implementation of activities stipulated under the three milestones of the CIWA/World Bank Project. The results included the following:

(i) the success of procuring the Regional Communication and Media Officer (RC&MO) and Regional ICT and Social Media Officer (RICT&SMO). The procurement process had started earlier in 2014 entailing the drafting and receiving World Bank's "No Objection" to the TORs on September 29th 2014, then preparing and posting the Request for REols. It also involved developing the respondents' long-lists, evaluating the short-lists for interviews and finally coordinating the interviews in December 2014. The 2014 process led to the procurement of two technical experts to fill the two positions in 2015, after negotiation and agreeing on the contractual arrangements. The two regional officers reported on duty on 1st February 2015.

(ii) the success of procuring the Individual Consultant (IC) for the undertaking of the stakeholder mapping of CSOs, their members and partners in the 10-NBRS. The procurement of the IC started way back in 2014 entailing the drafting and receiving World Bank's "No Objection" to the TORs on September 20th 2014, which was followed by the drafting and posting of the REols. It also involved developing the long-list, evaluating the short-list for the interviews and finally coordinating the interviews of the six (6) top-ranked candidates in December 2014. The process culminated into the procurement of the IC to undertake the assignment in 2015, after negotiation and agreeing on the contractual arrangements. The 2nd week of February 2015, the IC working closely with the Secretariat developed the Template and Survey Tools for the Stakeholder Mapping. At the same time, the Secretariat working closely with the NDFs procured and made contractual arrangements with 10-National Technical Support Experts (NTSEs), each representing their respective countries. The CVs of the NTSEs were given the "No Objection" from the World Bank. Therefore, the NBD now has a pool of 10-NTSE in the 10-NBRS. At that time, the activities and results of the NTSEs included the completion of the Template and the organization of the 2-day meeting for the IC and Secretariat to discuss with the NDF Officials, the CSOs members and partners, to get information and data based on the Survey Tool. The activity was implemented starting February to July 2015, starting with Sudan and concluding with D.R. Congo, which involved talking to at least 432 CSOs members and their partners. The Templates for the 10-NBRS are available on the NBD Website: www.nilebasindiscourse.org. August 2015 saw the IC preparing the draft Report, which was submitted and presented to a basin-wide workshop of participants from the NDFs, CSOs members and partners, on 7th September 2015 in Kampala-Uganda. The report was discussed and participants made suggestions towards its finalization. In addition, on 8th September 2015, the NBD Board held a meeting to guide the finalization of the Report, by allowing for further suggestions to flow-in from the

**NILE BASIN DISCOURSE
CIVIL SOCIETY ENGAGEMENT IN NILE COOPERATION AND DEVELOPMENT PROGRAM
PROJECT MANAGEMENT'S REPORT (CONTINUED)
FOR THE PERIOD ENDED 31 DECEMBER 2015**

participants/countries in the following 2-weeks. After incorporation of the suggestions, the final Report – NBD Stakeholder Mapping Nile Basin Countries was submitted at the Secretariat in November 2015 and a soft copy of the final Report was submitted to the NBD Board for counter-checking and approval. As a follow-up, the Secretariat discussed with the IC on the trans-boundary cluster-related Policy Briefs to be drafted on high-ranked emerging issues out of the final Report to be submitted in early 2016.

(iii) to ensure institutional sustainability and future strategy in engaging stakeholders in climate change resilience, NBD convened the 9th NBD Board meeting in September 2015 in Kampala – Uganda, as a back to back meeting to guide the finalization of the stakeholder report and the activities after the stakeholder mapping. These are activities for 2016, that entailed finalization of policy briefs; the three strategies namely the Communication & Outreach Strategy, the Monitoring & Evaluation Strategy, and the Financial Management & Sustainability Strategy; the finalization of the Website revamping; the focus on the community engagement in the development agendas of the Subsidiary Action Programs (SAPs); and the focus on activities of cooperation on the Nile, just to mention those key in the NBD-Board's discussions.

(iv) the success of capacity building on climate risk management in the 10-NBRS was also recorded in the year 2015. In this case, the Secretariat working closely with the NDFs procured 10 National Experts on climate and climate change (NEC&CC), each representing their respective countries. The CVs of the NEC&CCs were given the "No Objection" from the World Bank. The Secretariat also benefited from guidance from CIWA/World Bank on the capacity building Modules relevant for the topic. As a follow-up, contractual arrangements were made with the 10-NEC&CCs to collaborate with the Secretariat and prepare a Nile basin regional - specific capacity building module, then prepare presentation materials and build capacity. The key elements of the topic in the capacity building included the climate and climate change definitions and principles; the specific country situations; and the roles of CSOs in climate and climate change activities of their respective countries. The NBD strategically organized the activity to benefit from the participants aggregated for the stakeholder mapping exercise in their respective countries, that way each USD spent at stakeholder mapping achieved on a second activity of capacity building. In the period of February – July 2015, capacity was built on "climate risk management". Overall, 432 participants (about 33% of them women) attended the trainings and gained basic information and understanding on climate and related topics presented. The participants expressed their commitment to play the key role in climate risk management using strategic positions they hold in their respective CSO. At the moment, the NBD has a pool of 10 - NEC&CCs in the 10-NBRS. Focusing on engaging stakeholders in climate change resilience, NBD is growing and becoming more effective and fit for its role in bringing committed stakeholders together to build a coherent response to the pertinent Nile Basin water resource management and development challenges that face the 10 NBRS.

(v) the achievements of ensuring the increased awareness of the benefits of cooperation, by adding value to the NBI's planning, policy, and implementation of programmes was recorded in 2015. Earlier on in 2014, NBD had revitalized the partnership with the NBI through a Memorandum of Understanding (MoU) which was signed between the two organizations on February 26th 2014 and is to run for the period of 2014 to 2017. Based on the MoU, results were recorded in the year.

(va), to make the Nile day a success, the NBD together with the NBI organized the Nile Day celebrations of February 22nd of 2015 held in Khartoum – Sudan with the theme "Water and Improved Livelihoods - Opportunities in Nile Cooperation." Towards success of the day, NBD made both physical facilitation and financial contribution. The NBD and Sudan NDF collaborated closely with the NBI and the Republic of Sudan in their Regional Organizing Committee (ROC) and National Organizing Committee (NOC) meetings respectively. The Secretariat working closely with the Sudan NDF enabled the participation of the CSOs and their members at the Nile

**NILE BASIN DISCOURSE
CIVIL SOCIETY ENGAGEMENT IN NILE COOPERATION AND DEVELOPMENT PROGRAM
PROJECT MANAGEMENT'S REPORT (CONTINUED)
FOR THE PERIOD ENDED 31 DECEMBER 2015**

Day. The Nile Day celebrations enhanced the NBD's publicity and voice as it was attended by Nile Basin Water Ministers, Development Partners, and a large number of CSOs and stakeholders. To be cost-effective, the NBD was strategic in organizing a back-to-back stakeholder group aggregation for Sudan immediately after the Nile Day on 23rd February 2015.

(vb) piloting the platform on Nile cooperation. The NBD strategically collaborated with NBI and tapped on the presence of stakeholder mapping workshops to create discussion platforms on the issue of Cooperation on the Nile. The platforms were mainly held in Eastern Nile countries namely Sudan, South Sudan and Ethiopia, with the aims of enhancing public awareness on the cooperation process, with emphasis on benefits of Nile cooperation against costs of non-cooperation. The platforms enabled NBD members and partners to further grasp opportunities and challenges in the Nile Basin. The evaluation by the participants at the 3-country pilots provided an eye opener on the inclusivity of participants, the consultations and communication of relevant information of the development agendas in Nile cooperation.

(vc), the third recorded result was the participation of NBD with NBI, Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), Deutsche Welle (DW), and the Global Water Partnership – Eastern Africa (GWP – EA) towards the collaborative launch of the Nile Media Awards held in Dodoma - Tanzania, in June 2015. The NBD participated in the discussions on the selection criteria; the NBD Board Member (being a media expert) participated as a member of the jury; and at the event NBD awarded the Radio media price, based on the fact that rural communities access radio much more. The Award was won by Radio Media competitor from Burundi.

(vd), the fourth result recorded in the year was the participation of NBD and the possibility of the vertical communication of CSOs issues and views on cooperation on the Nile at the NBI's Nile Council of Ministers' meeting. The meeting took place in Dodoma – Tanzania in June 2015.

(ve) the fifth result is the engagement with the NBI SAPs as a result that was recorded in the year. Based on the preliminary discussions on how to engage communities in the development agendas of ENTRO on April 30th 2015 in Nairobi, and looking forward to formal and strengthened collaboration and partnership, NBD Secretariat team undertook a mission to ENTRO in Addis Ababa, from 30 to 31 July 2015. The mission resulted in the two organizations signing an MoU that stipulated scope and modality of engagement with 9 - Understandings. During the discussion, emphasis was given to the emerging ENSAP projects of Baro – Akobo – Sobat (BAS) and the Nile Cooperation for Results (NCORE) Project in the EN countries. Based on the signed MoU, the NBD working closely with NDFs of the Eastern Nile NBRs and in collaboration with ENTRO and the Governments of Ethiopia, South Sudan and Sudan, embarked on active participation, especially towards the finalization of the draft BAS consultation and communication plans, with focus on trans-boundary elements in the inclusivity of grassroots communities in the project area.

Similarly, the NBD Secretariat team, using the occasion of stakeholder mapping in Rwanda, visited the NELCU office in Kigali - Rwanda. The two organizations discussed the possible ways of engaging communities in the NELSAP development agendas. As a follow-up, the NBD undertook a mission to NELCU, Kigali - Rwanda from 17th to 18th August 2015. The objective was the same to that of visiting ENTRO. After two days of discussions, NBD and NELSAP signed a Letter of Agreement (LoA) as an Annex to the NBD-NBI MoU, which stipulated the modalities of engagement and specific areas of collaboration between the two organizations. During the discussion, focus was given to the emerging NELSAP projects of the Lakes Edward Albert Fisheries (LEAF), the Nyimur/Aswa and the Nile Cooperation for Results (NCORE) Project in the NEL countries. As a follow-up the NBD in collaboration with NELSAP, the Government of Uganda and the Government of South Sudan on citizen engagement, to communicate on the project and consult on emerging issues in the Nyimur/Aswa Project, before the consultants were on the ground in the 1st quarter of 2016.

**NILE BASIN DISCOURSE
CIVIL SOCIETY ENGAGEMENT IN NILE COOPERATION AND DEVELOPMENT PROGRAM
PROJECT MANAGEMENT'S REPORT (CONTINUED)
FOR THE PERIOD ENDED 31 DECEMBER 2015**

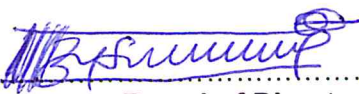
According to the Annual Report, 2015, and looking at the 10 NBRS, one can summarize that the NBD Secretariat, its 10 NDFs and the member organizations, played a significant role in raising awareness on the benefits of Nile Cooperation and influencing NBI policies and its two Subsidiary Action Programs of the NELSAP and ENSAP. In this way, NBD contributed towards the change in the lives of the NBRS citizens, for the better. The NBD also took significant strides towards building its institutional capacity for enhanced sustainability of both the institution and results achieved by the programme so far.

NBD's vision of fostering Nile cooperation became highlighted, since then its determined focus on delivering results made NBD advocacy messages clearer and stronger at forums and especially at the grassroots level to communities. Taking into account the critical development challenges, compounded by the challenges of Nile cooperation, surveys were undertaken immediately after stakeholder mapping exercises in each of the countries, one of the questions respondents were asked was on how they found the importance of inclusivity? Overall approximately 350 survey questionnaires were distributed to the participants (language was an issue in some NBRS) out of which, about 290 were filled in and returned. Majority of the participants, about 90% were quite satisfied with the composition of participants, at the workshops indicating that inclusivity was relevant and went further to suggest that at grassroots, a comprehensive and joint stakeholder involvement was key to Nile sustainable development. The respondents agreed, that NBD had a big potential and with a civil society which could be used to strengthen activities at the local, national and trans-boundary level, and forge stronger partnership with government lead agencies and other organizations with development agendas to raise awareness of important issues of Nile cooperation towards enhancement of community livelihood.

Generally, progress against performance indicators was high in this period of January to December 2015, which was a follow-up on the curve that had picked-up, as soon as the staff started taking office and strengthening the Secretariat, in the last quarter of 2014 and early 2015.

In this period, the vital strategic network development that was at the heart of NBD's policy influencing work included (i) the NBD and IGAD network, which now has an MoU in place and discussing possible collaborations; and (ii) the strategic network initiated between NBD and GWP-EA also with an MoU being drafted with possible signing in the 1st quarter of 2016.

Bearing in mind the scarce financial resources, NBD has initiated concept notes / proposals towards resource mobilization with development partners, to mention key ones; (i) the first is a Concept Note (CN) requesting for the possibility of a second phase from CIWA/World Bank, especially towards trans-boundary emerging issues on community communication and consultations in the ENSAP and NELSAP Projects; (ii) possibility of partnering with the NBI engaging CSOs and NGOs towards cooperation, peace and security in the Nile Basin countries; (iii) potential to collaborate with GWP-Eastern Africa to enhance the stakeholder inclusivity element (iv) potential to collaborate with IGAD as a partner on roles of CSOs on trans-boundary issues that focus on water in the NBD/IGAD member states, etc. The NBD has also agreed on cost-effective value for money strategies of implementation of activities, such as undertaking two or more activities on the same monetary unit spent.



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Chairman, Board of Directors
Nile Basin Discourse

23/06/2016.....2016

**NILE BASIN DISCOURSE
CIVIL SOCIETY ENGAGEMENT IN NILE COOPERATION AND DEVELOPMENT PROGRAM
STATEMENT OF MANAGEMENT'S RESPONSIBILITIES
FOR THE PERIOD ENDED 31 DECEMBER 2015**

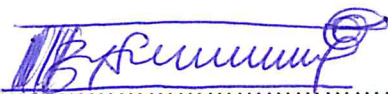
NBD financial and accounting policies and the project implementation arrangements require management to prepare financial statements for each financial year, which present fairly the state of financial affairs of the organisation as at the end of the financial year and of its surplus or deficit for that year in accordance with the Nile Basin Discourse guidelines and regulations as well as International Public Sector Accounting Standards. In preparing those financial statements, management is required to ensure that the organisation keeps proper accounting records, which disclose with reasonable accuracy, at any time, the financial position of the organisation. They are also responsible for safeguarding the assets of the organisation.

Management accepts responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates and the organization's financial policies and procedures. Management is of the opinion that the financial statements present fairly the state of the financial affairs of the Nile Basin Discourse and of its surplus of cash receipts over expenditures. Management further accepts responsibility for the maintenance of accounting records which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of management to indicate that any breakdown in the functioning of these controls, resulting in material loss to the organization, has occurred during the year.

Management further accepts responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement.

The financial statements were approved by The Nile Basin Discourse management on 23/06/2016 2016 and were signed on its behalf by:



.....
Chairman, Board of Directors
The Nile Basin Discourse



.....
Regional Manager
The Nile Basin Discourse



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INDEPENDENT AUDITOR'S REPORT TO THE NILE BASIN DISCOURSE

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the Nile Basin Discourse as set out on pages 10 to 16. These financial statements comprise the statement of cash receipts and expenditures for the two year period ended 31 December 2015 and the statement of fund balance and the special account reconciliation statement as at 31 December 2015, and a summary of significant accounting policies and other explanatory notes.

Project management's responsibility for the financial statements

The Management of the Nile Basin Discourse is responsible for the preparation and fair presentation of these financial statements in accordance with the terms and conditions specified in the funding agreement and the accounting policies set out in Note 2 to the financial statements, and for such internal control that management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an independent opinion on the 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 our audit to obtain reasonable assurance that the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, 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 organization'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.

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

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

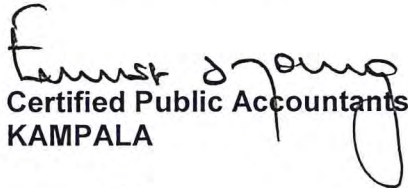
Opinion

In our opinion the accompanying financial statements present fairly, in all material respects the fund balance of the Nile Basin Discourse as at 31 December 2015 and its surplus for the period then ended, and its cash flows for the period then ended in accordance with the Organisation's accounting and financial reporting policies and with the terms and conditions included in the Funding agreement.

REPORT ON OTHER REQUIREMENTS

We confirm that nothing has come to our attention to indicate that:

- a) All necessary supporting documents, records, and accounts were not maintained in respect of all project activities;
- b) Donor funds were not used in accordance with the conditions of the grant agreement, and only for purposes for which the funds were provided;
- c) Counterpart funds were not provided in accordance with the grant agreement; and
- d) Goods and services were not procured in accordance with existing donor agreements and applicable rules and procedures of the World Bank and The Nile Basin Discourse.

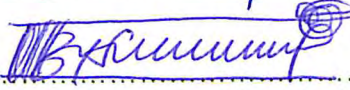

Ernest O'Yang
Certified Public Accountants
KAMPALA


27 June 2016

**NILE BASIN DISCOURSE
STATEMENT OF CASH RECEIPTS AND EXPENDITURES
FOR THE PERIOD ENDED 31 DECEMBER 2015**

Income	Notes	Budget	Actual 2015	Actual 2014
		<u>USD</u>	<u>USD</u>	<u>USD</u>
Donor funding (CIWA)	2	851,642	623,747	543,189
Other income (Forex Gains)		-	2,706	580
		<u>851,642</u>	<u>626,453</u>	<u>543,769</u>
Expenditure				
Project expenditure	3	<u>978,593</u>	<u>629,433</u>	<u>532,025</u>
(Deficit)/Surplus for the year		<u>-126,951</u>	<u>-2,980</u>	<u>11,744</u>

The statement of cash receipts and expenditures was approved by Nile Basin Discourse management on 23/06/2016.....2016 and was signed on its behalf by:

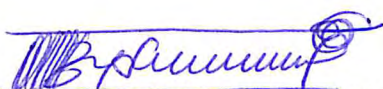

.....
Chairman Board of Directors
The Nile Basin Discourse


.....
Regional Manager
The Nile Basin Discourse

**NILE BASIN DISCOURSE
STATEMENT OF FUND BALANCE
AS AT 31 DECEMBER 2015**

	Notes	2015 <u>USD</u>	2014 <u>USD</u>
At 1 January	2(a)	11,744	-
Deficit/Surplus as at 31 December		<u>-2,980</u>	<u>11,744</u>
Fund balance at end of period		<u>8,764</u>	<u>11,744</u>
Represented by:			
Cash at bank and in hand	4	30,354	21,288
Advances	5	3,591	5,250
		<u>33,945</u>	<u>26,538</u>
Commitments	6	<u>25,181</u>	<u>14,794</u>
Fund balance at end of period		<u>8,764</u>	<u>11,744</u>

The financial statements on pages 10 to 11 were approved by The Nile Basin Discourse management on 23/06/2016 2016 and were signed on its behalf by:



Chairman, Board of Directors
The Nile Basin Discourse



Regional Manager
The Nile Basin Discourse

**NILE BASIN DISCOURSE
SPECIAL ACCOUNT RECONCILIATION STATEMENT
AS AT 31 DECEMBER 2015**

	2015	2014
	<u>USD</u>	<u>USD</u>
Opening Balance as at January	23,438	-
Petty cash balance	10	-
Uncredited cheques as at January	-	-
Outstanding cheques as at January	(2,160)	-
 Opening Cash Book Balance as at	 21,288	 -
Add:		
Total Replenishments by World Bank	623,747	543,189
 Funds Available during the audited period to December	 <u>645,035</u>	 <u>543,189</u>
Less:		
Transfers to UGX Bank Account	(134,000)	(119,000)
Expenditures paid from DA Account	(280,745)	(328,089)
Work Advances to Staff – Secretariat	(199,830)	(72,273)
Staff Advances	(1,500)	(3,230)
 Total Payments During The Year	 <u>(616,075)</u>	 <u>(522,592)</u>
 Closing Cash Book Balance as at December 31	 <u>28,960</u>	 <u>20,597</u>
Add: Closing Cash Book Balance (UGX) as at December 31	1,129	681
Add: Closing Cash Book Balance (Petty Cash) as at December 31	<u>265</u>	<u>10</u>
 Closing Cash and Bank Balance as at December 31	 <u>30,354</u>	 <u>21,288</u>

**NILE BASIN DISCOURSE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2015**

1. Significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all periods presented, unless stated otherwise.

Basis of preparation

The financial statements have been prepared using the modified cash receipts and expenditures basis of accounting whereby income and expenses are accounted for as and when received and paid. However, prepayments and accruals are recognized as assets and liabilities at the end of the financial period for reporting purposes.

Receipts

Receipts relate to grants from the project donors. The receipts are recognised in the Project's financial statements on a cash basis. Interest income, if applicable, on bank deposits is recognised as and when credited to the project's bank account.

Expenditures

Expenditures during the period are recognized in the Project financial statements upon payment of cash rather than when incurred. However, prepayment and accruals are recognized as assets and liabilities at the end of the financial period for reporting purposes.

Fixed assets

Fixed assets are expensed in full in the period of purchase. Fixed assets both purchased and donated, held at period end are not recognised in the statement of fund balances.

Stocks

Purchases of stocks including those for later use are recognised as expenditures at the time of payment.

Foreign currency translation

All transactions are recorded in United States Dollars (US\$). Transactions denominated in other currencies are translated into United States Dollars (US\$) at rates ruling on the date of the transaction. Monetary assets and liabilities denominated in other currencies are translated into US\$ at period end exchange rate. All exchange differences are dealt with in the statement of cash receipts and expenditures in the period in which they arise.

**NILE BASIN DISCOURSE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

2. Funding

a) World Bank funding	Budget	Actual 2015	Actual 2014
	<u>USD</u>	<u>USD</u>	<u>USD</u>
Balance brought forward	102,314	11,744	-
World Bank funding	<u>851,642</u>	<u>623,747</u>	<u>543,189</u>
Total World Bank funding	<u>953,956</u>	<u>635,491</u>	<u>543,189</u>

b) World Bank Disbursements

Date	World Bank Remittances 2015	Actual Received 2015	Actual Received 2014
	<u>USD</u>	<u>USD</u>	<u>USD</u>
29/01/2015	157,491	157,484	199,993
28/04/2015	154,459	154,452	153,385
07/07/2015	158,504	158,497	46,279
15/10/2015	<u>153,321</u>	<u>153,314</u>	<u>143,532</u>
Total World Bank Disbursements	<u>623,775</u>	<u>623,747</u>	<u>543,189</u>

**NILE BASIN DISCOURSE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

3. Expenditure

	Budget	Actual 2015	Actual 2014
	<u>USD</u>	<u>USD</u>	<u>USD</u>
Personnel costs – Operations and support staff	135,441	122,728	271,196
Rent, utilities and related Costs	29,965	10,216	22,143
Office consumables	10,789	7,180	5,577
Communication	17,132	5,809	8,227
Travel and travel-related costs	25,993	9,104	26,452
Equipment and software maintenance	8,441	1,146	1,939
Bank charges	3,103	2,416	1,825
Other core costs	47,383	28,243	31,961
Personnel costs - Program staff	238,578	143,546	20,031
Stakeholder mapping exercise costs	214,334	236,817	667
NBD Sustainability and Strengthening Existing Resource Base	17,084	2,474	2916
Strengthening Communication and Outreach	54,000	5,950	0
Capacity development of NBD members	176,350	49,990	135,011
Forex losses (Includes amount and invoice rounding off)	-	<u>3,814</u>	<u>4,080</u>
Total expenditure	<u>978,593</u>	<u>629,433</u>	<u>532,025</u>

4. Cash at bank and in hand

	Actual 2015	Actual 2014
	<u>USD</u>	<u>USD</u>
Cash in hand	265	10
Cash at bank	<u>30,089</u>	<u>21,278</u>
Total cash	<u>30,354</u>	<u>21,288</u>

5. Advances

	2015	2014
	<u>USD</u>	<u>USD</u>
Staff Salary/Loan Advance	1,500	3,230
Work Advances	<u>2,091</u>	<u>2,020</u>
Total advances	<u>3,591</u>	<u>5,250</u>

These are short term advances to staff mainly as travel and workshop advances with accountability to follow shortly.

**NILE BASIN DISCOURSE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

6. Commitments

	2015	2014
	<u>USD</u>	<u>USD</u>
NSSF Payable	2,950	2,370
PAYE Payable	6,194	4,670
Provident Payable	-	4,558
Other Taxes Payable-WHT, LST	9	68
Other Creditors	<u>16,028</u>	<u>3,128</u>
Total commitments	<u>25,181</u>	<u>14,794</u>

Commitments relate to amounts which were due by period end but were not paid such as statutory deductions.

7. Taxation

The Project is exempted from paying income tax on surplus funds in accordance with Section 10 of the Nile Basin Act, 2002.

APPENDIX I: STATEMENT OF EXPENDITURES (IFRs)

Nile Basin Discourse

Engaging Civil Society for Social and Climate Resilience In The Nile Basin Project

Grant Agreement Number TF 15834

Statement of expenditures (IFRs)

For the year ended 31 December 2015

IFR FOR PERIOD ENDED MARCH 31, 2014

Interim un-audited Financial Report (IFR)
ENGAGING CIVIL SOCIETY FOR SOCIAL AND CLIMATE RESILIENCE IN THE NILE BASIN PROJECT
Project No.: P132448
Sources and Uses of Funds (Receipts and Payments) Statement
for the quarter ended March 31, 2015

(In US\$)

Sources of Funds/ Receipts	Ref for Annexes	Quarter ending 31/03/2015			Cumulative for Project Life to date			Cash Projection Requirements: Next Six months
		Actual	Planned	Variance	Actual	Planned	Variance	
Opening Cash Balance		-	-	-	-	-	-	
IDA USD-Designated account		20,597.23	20,597.23	-	-	-	-	
Project Account		746.21	746.21	-	-	-	-	
Others (e.g. Imprest, advances etc)		-	-	-	-	-	-	
Total		21,343.44	21,343.44	-	-	-	-	
Add: Receipts								
IDA Replenishment to Designated Account		157,484.12	157,491.12	7.00	700,673.27	700,708.27	35.00	154,459.35
IDA Direct payments		-	-	-	-	-	-	
Total Financing (Opening bal + Receipts)		178,827.56	178,834.56	7.00	700,673.27	700,708.27	35.00	154,459.35
Less: Payments/ Expenditure by Category: (as per Legal Agreement classification)								
STRENGTHENING THE NBD SECRETARIAT		85,375.40	87,845.99	2,470.59	263,181.15	270,012.58	6,831.43	56144.52
IMPROVED COMMUNICATIONS AND OUTREACH		32,171.65	32,420.23	248.58	203,904.29	204,849.36	945.07	31986.44
CAPACITY BUILDING FOR NBD MEMBERS		36,487.98	37,224.90	736.92	208,795.20	225,846.33	17,051.13	66328.39
Total Uses of Funds/ Payments by Category		154,035.03	157,491.12	3,456.09	675,880.64	700,708.27	24,827.63	154,459.35
Expected Closing Cash Balance (Rows 26-36)		24,792.53	21,343.44	(3,449.09)	24,792.63	-	(24,792.63)	0.00
Actual Cash Balances								
IDA USD-Designated account		7,194.11	0	7,194.11	175,203.75	0	175,203.75	
Project Local Account		17,509.42	0	17,509.42	63,487.51	0	63,487.51	
Others (e.g. Imprest, advances etc)		89.10	0	89.10	333.56	0	333.56	
Actual Total Closing Cash Balance (Cf Row 38)		24,792.53	21,343.44	(3,449.09)	24,792.63	-	(24,792.63)	0.00

Nile Basin Discourse

Engaging Civil Society for Social and Climate Resilience In The Nile Basin Project

Grant Agreement Number TF 15834

Statement of expenditures (IFRs)

IFR FOR PERIOD ENDED JUNE, 2015

Interim un-audited Financial Report (IFR)
 ENGAGING CIVIL SOCIETY FOR SOCIAL AND CLIMATE RESILIENCE IN THE NILE BASIN PROJECT
 Project No.: P132448
 Sources and Uses of Funds (Receipts and Payments) Statement
 for the quarter ended June 30, 2015

(In US\$)

Sources of Funds/ Receipts	Ref for Annexes	Quarter ending 30/06/2015			Cumulative for Project Life to date			Cash Projection Requirements: Next Six months
		Actual	Planned	Variance	Actual	Planned	Variance	
Opening Cash Balance		-	-	-	-	-	-	
IDA USD-Designated account		7,194.11	7,194.11	-	-	-	-	
Project Account		17,509.42	17,509.42	-	-	-	-	
Others (e.g. Imprest, advances etc)		89.10	89.10	-	-	-	-	
Total		24,792.63	24,792.63	-	-	-	-	
Add: Receipts								
IDA Replenishment to Designated Account		154,459.35	154,459.35	-	855,132.62	855,167.62	35.00	179,251.98
IDA Direct payments		-	-	-	-	-	-	-
Total Financing (Opening bal + Receipts)		179,251.98	179,251.98	-	855,132.62	855,167.62	35.00	179,251.98
Less: Payments/ Expenditure by Category: (as per Legal Agreement classification)								
STRENGTHENING THE NBD SECRETARIAT		117,750.72	99,983.85	(17,766.87)	380,931.87	356,167.50	(24,764.37)	65,156.41
IMPROVED COMMUNICATIONS AND OUTREACH		43,398.53	36,899.79	(6,498.74)	247,302.82	236,645.48	(10,657.34)	37,120.65
CAPACITY BUILDING FOR NBD MEMBERS		16,524.45	42,368.34	25,843.89	225,319.65	262,354.64	37,034.99	76,974.91
Total Uses of Funds/ Payments by Category		177,673.70	179,251.98	1,578.28	853,554.34	855,167.62	1,613.28	179,251.98
Expected Closing Cash Balance (Rows 26-36)		1,578.28	0.00	(1,578.28)	1,578.28	-	(1,578.28)	-
Actual Cash Balances								
IDA USD-Designated account		753.05	0	753.05	175,956.80	0	175,956.80	
Project Local Account		418.72	0	418.72	63,906.23	0	63,906.23	
Others (e.g. Imprest, advances etc)		406.51	0	406.51	740.07	0	740.07	
Actual Total Closing Cash Balance (Cf Row 38)		1,578.28	0.00	(1,578.28)	1,578.28	-	(1,578.28)	-

Nile Basin Discourse

Engaging Civil Society for Social and Climate Resilience In The Nile Basin Project

Grant Agreement Number TF 15834

Statement of expenditures (IFRs)

For the year ended 31 December 2015

IFR FOR QUARTER ENDED SEPTEMBER 30, 2015

Interim un-audited Financial Report (IFR)
 ENGAGING CIVIL SOCIETY FOR SOCIAL AND CLIMATE RESILIENCE IN THE NILE BASIN PROJECT
 Project No.: **P132448**
 Sources and Uses of Funds (Receipts and Payments) Statement
 for the quarter ended **September 30, 2015**

(In US\$)

Sources of Funds/ Receipts	Ref for Annexes	Quarter ending 30/09/2015			Cumulative for Project Life to date			Cash Projection Requirements: Next Six months
		Actual	Planned	Variance	Actual	Planned	Variance	
Opening Cash Balance								
IDA USD-Designated account		753.05	753.05	-	-	-	-	
Project Account		418.72	418.72	-	-	-	-	
Others (e.g. Imprest, advances etc)		406.51	406.51	-	-	-	-	
Adjust difference of expenses reported in Client Connection		(1,578.28)	(1,578.28)	-	-	-	-	
Total		-	-	-	-	-	-	
Add: Receipts								
IDA Replenishment to Designated Account		158,503.96	158,503.96	-	1,013,629.58	1,013,671.58	42.00	153,321.14
IDA Direct payments		-	-	-	-	-	-	-
Total Financing (Opening bal + Receipts)		158,503.96	158,503.96	-	1,013,629.58	1,013,671.58	42.00	153,321.14
Less: Payments/ Expenditure by Category: (as per Legal Agreement classification)								
STRENGTHENING THE NBD SECRETARIAT		106,026.29	98,079.14	(7,947.15)	477,257.14	451,924.11	(25,333.02)	55,730.80
IMPROVED COMMUNICATIONS AND OUTREACH		32,567.84	35,717.03	3,149.19	270,846.74	270,969.94	123.19	31,750.73
CAPACITY BUILDING FOR NBD MEMBERS		14,727.01	24,707.79	9,980.78	239,601.86	285,594.71	45,992.85	65,839.61
Total Uses of Funds/ Payments by Category		153,321.14	158,503.96	5,182.82	987,705.74	1,008,488.76	20,783.02	153,321.14
Expected Closing Cash Balance (Rows 26-36)		5,182.82	-	(5,182.82)	25,923.84	5,182.82	(20,741.02)	-
Actual Cash Balances								
IDA USD-Designated account		2,215.73	0	2,215.73	178,172.53	0	178,172.53	
Project Local Account		2,261.90	0	2,261.90	66,168.13	0	66,168.13	
Others (e.g. Imprest, advances etc)		705.19	0	705.19	1,445.26	0	1,445.26	
Actual Total Closing Cash Balance (Cf Row 38)		5,182.82	-	(5,182.82)	25,923.84	5,182.82	(20,741.02)	-

Nile Basin Discourse

Engaging Civil Society for Social and Climate Resilience In The Nile Basin Project

Grant Agreement Number TF 15834

Statement of expenditures (IFRs)

For the year ended 31 December 2015

IFR FOR QUARTER ENDED DECEMBER 31, 2015

Interim un-audited Financial Report (IFR)
ENGAGING CIVIL SOCIETY FOR SOCIAL AND CLIMATE RESILIENCE IN THE NILE BASIN PROJECT
Project No.: **P132448**
Sources and Uses of Funds (Receipts and Payments) Statement
for the quarter ended December 31, 2015

(In US\$)

Sources of Funds/ Receipts	Ref for Annexes	Quarter ending 31/12/2015			Cumulative for Project Life to date			Cash Projection Requirements: Next Six months
		Actual	Planned	Variance	Actual	Planned	Variance	
Opening Cash Balance								
IDA USD-Designated account		2,215.73	2,215.73	-	-	-	-	
Project Account		2,967.09	2,967.09	-				
Others (e.g. Imprest, advances etc)		-	-	-				
Total		5,182.82	5,182.82	-	-	-	-	
Add: Receipts								
IDA Replenishment to Designated Account		153,314.14	153,321.14	7.00	1,166,936.72	1,166,992.72	56.00	60,000.00
IDA Direct payments		-	-	-	-	-	-	-
Total Financing (Opening bal + Receipts)		158,496.96	158,503.96	7.00	1,166,936.72	1,166,992.72	56.00	60,000.00
Less: Payments/ Expenditure by Category: (as per Legal Agreement classification)								
STRENGTHENING THE NBD SECRETARIAT		82,468.84	98,079.14	15,610.30	569,965.25	564,003.25	(5,962.00)	28,997.77
IMPROVED COMMUNICATIONS AND OUTREACH		37,240.04	35,717.03	(1,523.01)	317,340.72	310,286.97	(7,053.75)	15,953.16
CAPACITY BUILDING FOR NBD MEMBERS		8,283.63	24,707.79	16,424.16	249,140.30	292,702.50	43,562.20	15,049.07
Total Uses of Funds/ Payments by Category		127,992.51	158,503.96	30,511.45	1,136,446.27	1,166,992.72	30,546.45	60,000.00
Expected Closing Cash Balance (Rows 26-36)		30,504.45	-	(30,504.45)	30,490.45	0.00	(30,490.45)	-
Actual Cash Balances								
IDA USD-Designated account		28,960.99	28,960.99	-	178,172.53	0	178,172.53	
Project Local Account		1,117.18	1,124.18	(7.00)	66,168.13	0	66,168.13	
Others (e.g. Imprest, advances etc)		426.28	426.28	-	1,445.26	0	1,445.26	
Actual Total Closing Cash Balance (Cf Row 38)		30,504.45	-	(30,504.45)	30,490.45	0.00	(30,490.45)	-

REPORT OF FACTUAL FINDINGS IN CONNECTION WITH THE STATEMENT OF EXPENDITURES (IFRSS) OF THE NILE BASIN DISCOURSE FOR ENGAGING CIVIL SOCIETY FOR SOCIAL AND CLIMATE RESILIENCE IN THE NILE BASIN PROJECT FOR THE PERIOD ENDED DECEMBER 2015

We have performed the procedures agreed with you and enumerated below with respect to the statement of expenditures of the Engaging Civil Society for Social and Climate Resilience in the Nile Basin project implemented by The Nile Basin Discourse (NBD) as at 31 December 2015, set forth on pages 17 to 20. Our engagement was undertaken in accordance with the ISRS 4400 - Engagements to Perform Agreed-Upon Procedures Regarding Financial Information. Our examination was performed solely to assist the management of The Nile Basin Discourse meet the reporting requirements of the World Bank in respect of grant agreement number *TF015834*.

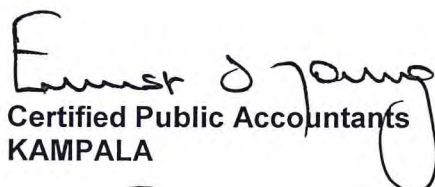
Specifically, we performed the following procedures:

1. We compared the statement of expenditures to the interim financial reports (IFRSs) submitted to the World Bank for each of the period ended 31/03/2015 and quarters ended 30/06/2015 and 30/09/2015 and 31/12/2015
2. We compared the total expenditures in the statement of expenditures to the total amounts and categories reported under NBD expenditures in the statement of cash receipts and expenditures within the financial statements of the project for the year ended 31 December 2015.

As agreed we only performed the above agreed upon procedures in respect to the Interim Financial Reports. Our factual findings with respect to procedures 1 and 2 above are included below;

- (a) With respect to item 1 we found the Interim Financial Reports submitted to the World Bank for withdrawal application purposes to be in agreement with the books of account and statement of expenditures.
- (b) With respect to item 2 we found the total expenditures in the statement of expenditures to be equal to the total per category of expenses reported under expenditures in the statement of cash receipts and expenditures of the project for the years ended 31 December 2015.

Our report is solely for the purpose set forth in the first paragraph of this report and for your information and is not to be used for any other purpose nor does it extend to the financial statements of The Nile Basin Discourse and is not to be distributed to any other parties except to the World Bank without our express written consent.


Certified Public Accountants
KAMPALA

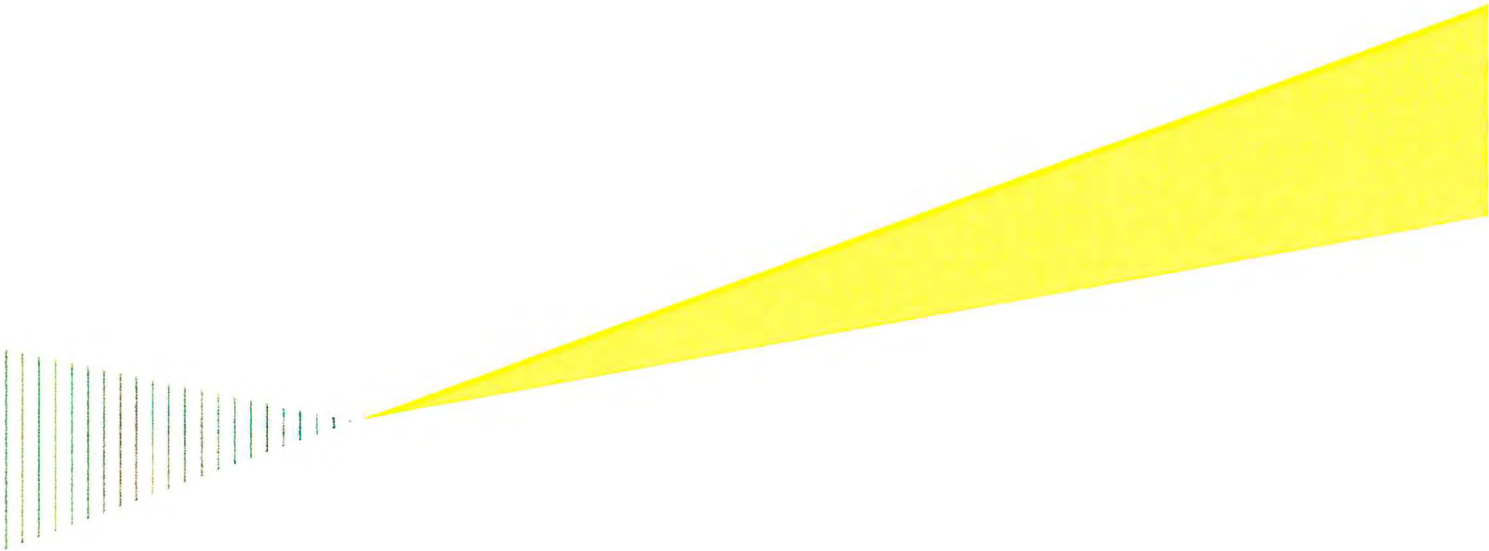
27 June 2016

SUMMARY OF TOTAL COSTS SUBMITTED AND WITHDRAWAL SCHEDULE TO THE WORLD BANK FOR EACH PERIOD/ QUARTER:

PERIOD / QUARTER	STATUS OF EXPENDITURE IN 2015	TOTAL COSTS SUBMITTED TO WORLD BANK (USD)	WITHDRAWAL SCHEDULE OF DEPOSITS BY THE WORLD BANK (USD)	REMARKS
FIRST ADVANCE TO DESIGNATED ACCOUNT IN 2015			157,491.12	Funds received less by US\$ 7.00
January 2015 – March 2015	Current expenditure reported in this quarter	154,035.03		
SECOND ADVANCE TO DESIGNATED ACCOUNT IN 2015 (REPLENISHMENT)			154,459.35	Funds received less by US\$ 7
April 2015 – June 2015	Expenditure reported in the quarter	158,503.96		
THIRD ADVANCE TO DESIGNATED ACCOUNT IN 2015 (REPLENISHMENT)			158,503.96	Funds received less by US\$ 7.00
July 2015 – September 2015	Expenditure reported in the quarter	153,321.14		
July 2015 – September 2015	Extra expenditure reported in the quarter	20,748.01		
FOURTH ADVANCE TO DESIGNATED ACCOUNT IN 2015 (REPLENISHMENT)			153,321.14	Funds received less by US\$ 7.00
October 2015 – December 2015	Expenditure reported in the quarter	127,992.51		

APPENDIX II: MANAGEMENT LETTER

**NILE BASIN DISCOURSE
MANAGEMENT LETTER
31 DECEMBER 2015**



**Building a better
working world**

**NILE BASIN DISCOURSE
MANAGEMENT LETTER
FOR THE PERIOD ENDED 31 DECEMBER 2015**

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2. Details of findings and recommendations	25 -26
3. Follow up on prior year issues	27
4. Conclusion statement	28



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PRIVATE AND CONFIDENTIAL

27 June 2016

Dr. Hellen Natu
The Nile Basin Discourse
Plot 32, Nsamizi Road
Entebbe.

Dear Madam,

MANAGEMENT LETTER FOR PERIOD ENDED 31 DECEMBER 2015

In accordance with our firm's normal practice, we report to you matters arising during our audit for the period ended 31 December 2015.

The management of the organisation is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with the organization's accounting policies. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected.

Our review of the organization's systems of internal control is carried out to assist us in expressing an opinion on the current period's financial statements of the company taken as a whole. This work is not primarily directed towards the discovery of weaknesses, the detection of fraud or other irregularities (other than those which would influence us in forming an opinion) and should not, therefore, be relied upon to show that no other weaknesses or areas that require attention exist. Accordingly, the comments in this letter refer only to those matters, which have come to our attention during the course of our normal audit work and do not attempt to indicate all possible improvements, which a special review might develop.

In this letter, we bring to your attention the weaknesses, which we have discovered in the hope that you may derive a tangible benefit from this part of our audit.

**NILE BASIN DISCOURSE
MANAGEMENT LETTER
FOR THE PERIOD ENDED 31 DECEMBER 2015**

2. Summary of issues arising from the audit

Ref	Summary of the issues
3.1	Late remittance of statutory deductions
3.2	Inconsistence in the foreign exchange rate sources used

NILE BASIN DISCOURSE
 MANAGEMENT LETTER
 FOR THE PERIOD ENDED 31 DECEMBER 2015

DETAILS OF FINDINGS AND RECOMMENDATIONS

3.1 LATE REMITTENCE OF STATUTORY DEDUCTIONS

Issue/observation	Risk/implication	Recommendation	Management comments	Responsibility/Implementation
<p>NSSF and PAYE for the month of September were remitted later than the statutory date of the 15th of every month</p>	<p>Late remittances can attract fines from the statutory bodies</p>	<p>Statutory deductions should be remitted not later than 15th of every month to avoid penalties and fines</p>	<p><i>Noted. This issue happened in September 2015. However, NBD Management, made prior efforts to inform the statutory bodies about the likely late remittance and in turn they certified the communication.</i></p>	<p>Individual responsible: Finance and Administration Officer</p> <p>Implementation Date: By 15th of the next month.</p>

NILE BASIN DISCOURSE
MANAGEMENT LETTER
FOR THE PERIOD ENDED 31 DECEMBER 2015

3.2 INCONSISTENCE IN THE FOREIGN EXCHANGE RATE SOURCES USED

Issue/observation	Risk/implication	Recommendation	Management comments	Responsibility/Implementation
<p>We noted that about three sources are used to obtain foreign exchange rates i.e. Bank Of Uganda, Stanbic and Uganda Revenue Authority. Different sources give different rates hence exchange losses and gains will not reflect a true picture for example staff costs are translated using the URA rate while the rest of the expenditure is translated at the BOU daily rate. While reporting to world bank on a quarterly basis a negotiated rate with Stanbic bank is used to revalue the cash that was moved from the USD account to the Ugx account.</p>	<p>Use of so many rates results into inconsistencies in revaluation of balances</p>	<p>Foreign exchange rates should be obtained from one source</p>	<p><i>Noted. All exchange rates were deemed to be relevant at the time during NBD's day to day operations. The BoU rates were used for the daily transactions to represent the practical situation in the economy.</i></p> <p><i>Meanwhile The URA rates were used to process staff costs like PAYE and NSSF whereas the negotiated Stanbic bank rate was applicable for USD-UGX conversions.</i></p> <p><i>Management therefore recognizes that it will continue to use the URA rate for processing statutory obligations but instead use Stanbic Bank's negotiated rate for daily transactions in place of the BoU rates.</i></p>	<p>Individual responsible: Finance manager</p> <p>Implementation Date:</p>

**NILE BASIN DISCOURSE
MANAGEMENT LETTER
FOR THE PERIOD ENDED 31 DECEMBER 2015**

4. FOLLOW UP ON PRIOR ISSUES

	ISSUE	STATUS
1	<p>Inconsistency of per diem rates used Per diem rates used by the staff for a number of accountabilities were from other sources other than the organization's rates for example the World bank rates instead of the organization's approved rates</p>	Resolved
2	<p>Per diem accountabilities Absence of boarding passes or proof of travel</p>	Resolved
3	<p>Incorrect valuation of balances in foreign currencies done by Microsoft Navision The system had not been configured properly to revalue foreign currency balances which resulted into incorrect valuation</p>	Resolved
4	<p>Journal entries are not supported adequately There are no manual copies of the journal entries made with no supporting documents</p>	Resolved
5	<p>Journal entries are not reviewed Journal entries made by Finance and Administration officer are not reviewed and approved by an independent individual</p>	Resolved
6	<p>Lack of internal audit department The organisation does not have an internal audit department</p>	Pending
7	<p>Lack of risk profile Lack of a formal risk profile</p>	Pending

CONCLUSION

We would be grateful if you could keep us informed of changes that are made to existing systems from time to time.

This letter has been prepared for your private use. It should not be disclosed to a third party without our written consent, nor do we assume responsibility in respect of its contents to any other person.

We take this opportunity to express our gratitude to you and your staff for the co-operation and assistance, which we received during the course of our audit.

Yours faithfully,

