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Twaweza East Africa Limited

Management Letter
For the year ended 31 December 2017



Directors
Twaweza East Africa
Mafinga Street, Plot No.127
Kinondoni
PO.Box 38342
Dar-es-Salaam
Tanzania

02 May 2018

Dear Madam/Sir,

Subject: Post Audit Report for the year ended 31 December 2017

We have completed our audit of the Twaweza East Africa financial statements of Twaweza East Africa for the year ended 31 December 2017.

In planning and performing our audit of the financial statements of the Company, we also considered its internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements, and not to provide assurance on the internal control. Our consideration of internal control would not necessarily disclose all matters in internal control that might be significant deficiencies in internal control or deficiencies in the design or operation of internal control.

There was no material finding noted during our audit of the financial statement of Twaweza East Africa for the year ended 31 December 2017 that requires management attention.

This report was prepared for your exclusive use and may not be quoted either in whole or in part without our prior written consent. We do not accept any responsibility towards third parties, as this report was not prepared for any additional purpose.

We would like to appreciate the pleasant cooperation accorded to us during our audit.

Yours faithfully

Delvina Libent
Associate Director

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Section 1 - Executive Summary

Section 1: Executive Summary

The audit was conducted according to the International Standards on Auditing (ISAs)

The objective of the audit was to express an opinion on whether the financial statement give a true and fair view of the financial position of Twaweza East Africa as at 31 December 2017 and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards(IFRS) and the Companies Act, No.12 of 2002.

Execution and significant findings of the audit

There was no material finding noted during our audit of the financial statement of Twaweza East Africa for the year ended 31 December 2017 that requires management attention.

Fraud or suspicion of fraud

None was noted.

Section 1: Executive summary (Continued)

Overview of the issues which require management attention

There was no material finding noted during our audit of the financial statement of Twaweza East Africa for the year ended 31 December 2017 that requires management attention.

*Section 2 – Status of implementation
of previous year recommendation*

Section 2: Status of implementation of previous year recommendation

Ref.	Finding	Recommendations	Status of Implementation
1	Lack of declaration from the tax commissioner to evidence the charitable status of Twaweza East Africa Limited.	Twaweza East Africa should follow up with the Commissioner of Tax to obtain the certificate of registration/ruling as a charitable organization and they should also ensure that they file tax returns.	In progress. On 9 February 2018, Twaweza East Africa write a letter to Commissioner of Income Tax asking for the meeting before they filed a notice of objection to the ruling. Up to the date of this report, the entity has yet to receive the response.
2	Non compliance to the funding agreements by not maintaining an interest bearing account	Management should open interest bearing account or obtain a waiver from DFID and SIDA not to maintain funds in the interest bearing account.	Implemented. Management has obtained waiver of from the DFID and has entered into agreement with Stanbic Bank for the bank to pay interest on the outstanding bank balance.
3	Long outstanding reconciling item in the bank reconciliations statements	Management should actively follow up with the banks to resolve this issue.	Implemented. There were no long outstanding reconciling items noted during the audit of the financial statements for the year ended 31 December 2017.

*Section 3 – Other significant matters
to be communicated*

Section 3: Other significant matters to be communicated

- We confirm in our audit report that we fulfil the legal requirements on professional qualifications and independence. These conform to the requirements stipulated by the independence guidelines as defined by IFAC's code of ethics for Professional Accountants ("IFAC's code"), and PwC's internal independence guidelines, which exceed the legal requirements.

Management responsibilities

- As directors of the Company, you are responsible for the preparation of financial statements that present a true and fair view of the financial position, statement of comprehensive income and cash flows of the Company in accordance with IFRS and Companies Act. Our auditor's report explain that the directors are responsible for the preparation and the fair presentation of the financial statements in accordance with the applicable financial reporting framework and this responsibility includes:
- Designing, implementing and maintaining internal control relevant to the that are free from misstatement, whether due to fraud or error;
- Selecting and applying appropriate accounting policies; and
- Making accounting estimates that are appropriate in the circumstances.
- The audit of the financial statements does not relieve the directors of this responsibility.
- You are also responsible for making available to us, as and when required, personnel to whom we may direct inquiries, all the Company's accounting records, all other relevant records, including minutes of all management and directors' meetings, and information and explanations which we consider necessary for the performance of our duties as auditors.

Responsibility of the independent auditor

- We have a statutory responsibility to report to the members of the Company whether, in our opinion, the financial statements prepared by the directors give a true and fair view of the state of the Company's financial affairs at the statement of financial position date and comprehensive income and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the Companies Act. In arriving at our opinion, we also consider the following matters, and report on any in respect of which we are not satisfied.
- whether proper books of account have been kept by the Company, so far as appears from our examination of those books;
- whether the statement of financial position and statement of comprehensive income are in agreement with the books of account;
- whether we have obtained all the information and explanations that to the best of our knowledge and belief we consider necessary for the purposes of our audit; and
- whether the information given in the directors' report is consistent with the financial statements.

Our professional responsibilities also include considering whether other information in documents containing audited financial statements is consistent with those financial statements.

Section 3: Other significant matters to be communicated (continued)

Fraud and illegal acts / infringements of the law

- Fraud unlike error is intentional and usually involves deliberate concealment of the facts. It may involve management, employees or third parties, one individual or collusion.
- Our interest specifically relates to acts that can result in a material misstatement of the financial statements. We have carried out our procedures in accordance with International Standards on Auditing, which require that we plan our work to detect fraud that would have a material impact on the financial statements. Due to the very nature of fraud, which involves concealment, collusion, manipulation, falsification, etc., our procedures are targeted at obtaining reasonable, but not absolute assurance, that any material fraud has been detected.
- Detection of fraud is the responsibility of management as described in our Letter of Engagement.

Independence

- Our internal quality control procedures require that we confirm to you, our continued independence from influence that would make our opinion subjective.
- Independence requirements cover not only the personal independence of our staff but also the other work that the firm may perform for you.

We confirm that we are not aware of any matters or relationships that may be thought to bear on our independence. We confirm that in our professional judgment PwC is independent within the meaning of regulatory and professional requirements and the objectivity of the audit team is not impaired.

*Section 4 – Priorities and comments
thereon*

Section 4: Priorities and comments thereon

High Significance

- Significant weaknesses in controls
- Significant influence on attaining the business targets
- Non-compliance will have very negative consequences with regard to:
 - accounting and accounting principles
 - regulations, ordinances, legislation
 - internal directives
- Findings from previous year (prioritised as "high" or "medium") do not show measurable progress

Medium Significance

- Moderate weakness in controls
- Moderate influence on attaining the business targets
- Non-compliance will not have very negative consequences in regard to:
 - accounting and accounting principles
 - regulations, ordinances, legislation
 - internal directives

Low Significance

- Minor weakness (should be seen as a recommendation)
- Possibility to improve and optimise business processes