



STIER VENTE ASSOCIATES
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The Director and Trustees
The Aids Rights Alliance for Southern Africa Trust
PO Box 97100
Windhoek
Namibia

Dear Ladies and Gentlemen

During our audit of The Aids Rights Alliance for Southern Africa Trust for the year ended 31 December 2012, we examined certain aspects of the Trust's system of internal control.

Scope of audit

We conduct our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual financial statements are free of material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatements of the annual financial statements, whether due to fraud or error. In making those assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the annual financial statements in order to design audit procedures that are appropriate in the circumstances, as well for the purpose of expressing an opinion on the effectiveness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the annual financial statements.

It must be appreciated, that the matters dealt with, came to our notice during the conduct of our normal audit procedures, which are designed primarily with a view to the expression of an opinion on the annual financial statements of the Trust and are conducted in accordance with the terms of reference and audit instructions. Therefore our comments cannot be expected to include all possible improvements in internal controls, which a more extensive special examination might develop.

Set out below are the more important weaknesses noted by us at the time of our examination, together with other related matters, which may be of interest.

Overall internal controls and management

During the course of the audit the internal controls and management of the Trust were inspected to ensure these were adequate and complete. It was found that the controls and the overall management are fully adequate and effective for the overall control of the Trust.

ACCOUNTING MATTERS**Sub-project NGO**Observation

It was noted that the sub-project NGO's namely, Associacao Muiher, Lei e Desenvolvimento (Muleide), uses the accounting programme Pastel to record their financial reports and has experienced problems with the programme, which resulted in unreconciled cashbooks. Transactions were also duplicated as new ledgers were opened for each reporting period.

Management comment

ARASA implemented use of Pastel software for Muleide, a country programmes supported by ARASA, during the 2011 financial year. During the 2012 year-end procedure, with which they were assisted by a Pastel approved service provider in Mozambique, some cashbook batches processed were erroneously deleted, which caused their cashbooks not to balance. ARASA's Finance Manager visited Muleide in February 2013, shortly after the field audit, as part of financial capacity support visit and rectified the problems experienced and their cashbooks are now reconciled.

Prior year observations and subsequent actions in placeObservation

In the prior year it was noted that not all of the small grant recipients supplied the required supporting documentation for expenditure. It was noted in the prior year that the sub-project NGO's who received no cost extensions, namely Women and Law in Southern Africa - Swaziland and Adventist Development and Relief Agency - Lesotho, did not supply expenditure documentation. The aforementioned missing documentation was supplied in the current year and the projects were thereafter properly closed off.

Management comment

During the year under review all of the small grant recipients supplied the required supporting documentation for expenditure incurred timeously. Through lessons learned from the experiences with Women and Law in Southern Africa – Swaziland and the Adventist Development and Relief Agency – Lesotho's regarding their failure to timeously supply expenditure documentation, ARASA introduced risk mitigating measures, including the implementation of the requirement that grant recipients provide ARASA with a progressive expenditure report and expenditure documentation on a monthly basis, to ensure timeous receipt of expenditure documentation.



We would like to take this opportunity to express our appreciation for the courtesy and assistance that we received from management and staff during the course of our audit work.

Yours faithfully

Stier V & Associates
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