

CA. Prachand Dhoj Karki, (M.No. 952)

Partner

CA. Suraj Timsina (M.No. 935)

Partner

Firm Regd. No - 617

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P.D.S. & ASSOCIATES

CHARTERED ACCOUNTANTS

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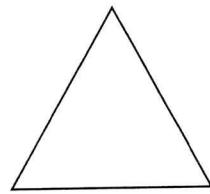
**Nepal Netra Jyoti Sangh(NNJS)
Eastern Regional Eye Care Programme(EREC-P)**

MANAGEMENT LETTER

FOR

**Project: Sundar Sansar- Reduce Visual and Hearing Impairment
among School going children in Nepal(P00124)**

FOR THE YEAR ENDED 31ST DECEMBER 2023



Submitted By ,


CA. Suraj Timsina
Partner



PDS & Associates

Chartered Accountants

Biratnagar-09, Morang Nepal

Date : 29.02.2024

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Management Letter

For the year ended
31 December 2023

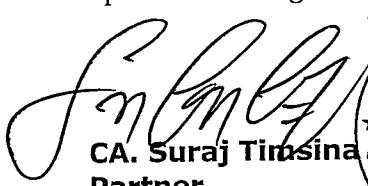
CBM Global Disability Inclusion & members of the central Executive Committee of the Nepal Netra Jyoti Sangh

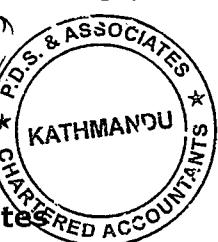
As part of the audit engagement, we have been required with the enclosed questionnaire (Annex 2) to assess and report whether the project implementing organization has adequate mechanism and systems in place relating to the following matters:

- Existence, adequacy, and effectiveness of the Internal Control System (ICS) – Audit Objective 3.2 (i) CBM Terms of Reference for External Audit
- Conformity with the project objectives and adherence to the contractual conditions – Audit Objective 3.2 (ii) CBM Terms of Reference for External Audit
- Project activities have been conducted cost-effectively and with financial efficiency – Audit Objective 3.2 (iii) CBM Terms of Reference for External Audit

To form auditor's opinion over the objectives mentioned above, a questionnaire was provided to us to assess the "existence, adequacy and effectiveness of the internal control system, conformity with the project objectives and contractual conditions, and project activities carried out cost effectively and with financial efficiency" (Annex 2)". During our audit engagement, we reviewed each of the questions listed in the questionnaire. Those questions with a "Yes," "N/A" and "No" with critical responses have been raised as Management Letter points with their associated risks. Our recommendations followed by the management responses and action plans to mitigate these key risks are listed under the findings and recommendations in the Management Letter.

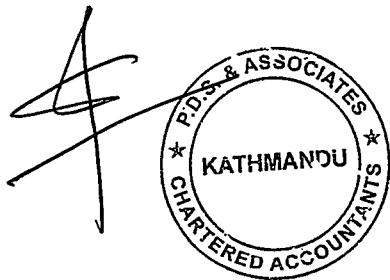
We would like to thank the management and staff of the EREC-P] for their assistance and co-operation during our audit engagement and while finalising the Audit Report.


CA. Suraj Timsina
Partner
For PDS & Associates


P.D.S. & ASSOCIATES
KATHMANDU
CHARTERED ACCOUNTANTS

Audit Findings and Recommendation

The following findings and recommendations, which resulted from our audit work and consultations with various parties involved, are submitted to assist the management in improving the effectiveness of the project operation, fulfilment of the project objectives and contractual conditions, and implementing in the most cost-effective and cost efficient manner.



Audit Findings: Existence, adequacy and effectiveness of Internal Control System

During our review of the vouchers & supporting documents , firm have not maintained the documents for this project separately. They have kept the documents mix with the other project & own operations

Criteria

- It's a good practise that accounting vouchers & supporting documents are segregated separately and should not mix with the other project & hospital own operations.

Cause

The firm has documented the voucher & supporting documents based on the number series of overall accounting .

Potential Risk and Impact

Documents related to project might get replaced or mishandled if mix with other project & hospital own operation. Also it will be time consuming & difficult to pick out the document & supporting of this project in short interval of time.

Auditor's Recommendation

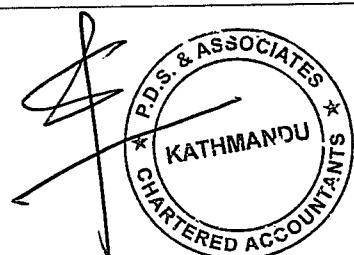
Management should ensure that all the documents & supporting of this project should be kept separately of confidential & better documentation purpose. Also if possible, we recommend to keep the document in electronic form to prevent it from wear & tear in future.

Risk Rating Priority

Important

Management Response (including person responsible with plan of action and implementation date)

Auditors comment [complete only if the management does not agree with the finding of the Auditor but the Auditor still believes that the finding is valid. In that case the Auditor should rebut here the comments of the management and justify why the finding is still made]



Annex 1 Independent Auditor's Financial Report
FINAL REPORT
31.12.2023

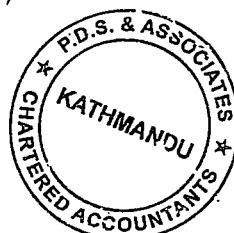
For the final Audit report the final Independent Auditor's Report is signed on this date
as indicated above

**Financial Audit Report of the CBM funded projects for the period
of 31.12.2023**

Project Implementing Partner/s:	Nepal Netra Jyoti Sangh/ Eastern Regional Eye care Programme
Programme/Project Country:	Nepal
Programme/Project Audited:	P00124
Period subject to audit:	01.01.2023 to 31.12.2023
Project Status:	Completed

Name and address of the Auditor

CA. Suraj Timsina
Partner
PDS & Associates
Chartered Accountants
Biratnagar-09, Morang Nepal



1. Background of Organisation (Implementing Partner)

The Eastern Regional Eye Care Programme (EREC-P) in South-East Nepal is a further development of Sagarmatha Choudhary Eye Hospital (SCEH), Lahan. In order to balance the work load of SCEH and to increase the scope for long-term human resource sustainability, Biratnagar Eye Hospital (BEH) was started in Biratnagar, Nepal's second largest city 130 km east of Lahan, in September 2006. EREC-P continues the 40-years co-operation between Nepal Netra Jyoti Sangh (NNJS), the Social Welfare Council of Nepal and CBM. With the combination of the two eye hospitals SCEH and BEH along with its' satellite clinics EREC-P is a high volume treatment programme, which provides high quality comprehensive eye services at a cost affordable to the population in eastern Nepal and northern India.

2. Background of the programme/project

EREC-P implemented the "Sundar Sansar Project" in 16 municipality of Morang district. It's a project supported by CBM International, starting from May 1, 2022 with the objective to reduce the prevalence of visual impairment due to uncorrected refractive error among school going children between (3-18) years of Morang district. Within the project year, the project screened about 12, 0185 (Boy- 60693 and Girl- 59,492) whereas, above 100% financial utilization was done. This project has benefited to all the school going children helping them in scoring good grades as well making them able to achieve their aim with the time screening, diagnosis and treatment related to eye and ear.

3. Programme/Project Objectives

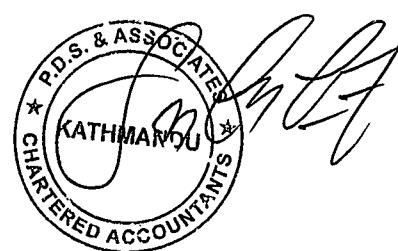
The Main objective of the project is to reduce the prevalence of visual impairment due to uncorrected refractive error among school going children between (3-18) years of Morang district



4. Consolidated Project Financial Information

The consolidated summary of the country programme / projects financial information as per 31 December 2023 represents the total funds received, total expenses incurred, and the total funds remaining for each of the project audited for the period ending 31 December 2023.

Period Audited	Total Budget	Total Project Expenditure Until 2022(Prior Year)	Total CBM Fund Transfer Until 202X (Prior Year)	CBM Fund Transfers in 2023 (Audit Year)	Total Project Expenditure in 202X (Audit Year)	Total Fund Remaining 2023 (Audit Year)
01.01.2023 to 31.12.2023	13,448,130.00	2,795,349.53	3,092,500.00	10,355,630.00	10,686,680.47	0



Nepal Netra Jyoti Sangh/Eastern Regional Eye Care Programme

Project: Sundar Sansar- Reduce Visual and Hearing Impairment among School going children in Nepal(P00124)

**Statement of Financial Position
As at 31.12.2023**

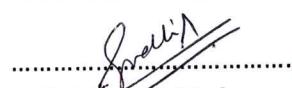
Amount In NPR

Particulars	Notes	Current Year	Previous Year
Assets			
Non-Current Assets			
Property, Plant and Equipment	3.1		
Intangible Assets			
Other Non-Current Assets			
Total Non-Current Assets			
Current Assets			
Inventories	4.1		
Accounts Receivable	4.2		
Cash and Cash Equivalent	4.3	8,141,520.95	3,092,500.00
Total Current Assets		8,141,520.95	3,092,500.00
Total Assets		8,141,520.95	3,092,500.00
Liabilities & Reserves			
Accumulated Reserves			
Restricted Funds	4.4	1,317,622.86	285,850.47
General Reserves		-	-
Other Capital Reserves			
Total Accumulated Reserves		1,317,622.86	285,850.47
Non-Current Liabilities			
Deferred Revenue			
Other Non-Current Liabilities			
Total Non-Current Liabilities			
Current Liabilities			
Accounts Payable	4.5	6,823,448.09	2,806,649.53
Other Payable	4.6	450.00	-
Total Current Liabilities		6,823,898.09	2,806,649.53
Total Liabilities		6,823,898.09	2,806,649.53
Total Reserve and Liabilities		8,141,520.95	3,092,500.00

Significant Accounting Policies & notes referred to above form an integral part of Financial Statements

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For and on behalf of the Project


Sudhir Kumar Thakur
Programme Coordinator

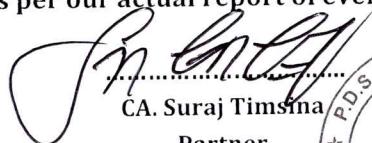


Date : 29.02.2024

Place: Biratnagar


Sandesh Karki
Finance Controller

As per our actual report of even date


CA. Suraj Timstra
Partner
For PDS & Associates
Chartered Accountants


Nepal Netra Jyoti Sangh/Eastern Regional Eye Care Programme
Project: Sundar Sansar- Reduce Visual and Hearing Impairment among School going children in
Nepal(P00124)

Statement of Income and Expenditure
For the period 01.01.2023 to 31.12.2023

Amount in NPR

Particulars	Notes	Current Year	Previous Year
Income			
Incoming Resources	4.7	10,355,630.00	3,092,500.00
Financial Income	4.7	1,362,822.86	-
Other Income		-	-
Total Income		11,718,452.86	3,092,500.00
Expenditure			
Human Resource Cost	4.9	5,651,462.90	1,982,507.22
Program Expenses	4.10	764,745.00	179,050.79
General Administrative Expenditure	4.11	616,011.69	65,500.00
Subsidy Expenses	4.12	2,445,245.00	200,951.00
Vehicle Running Expenses	4.13	1,175,315.88	367,340.52
Audit Fees	4.14	33,900.00	11,300.00
Total Expenditure		10,686,680.47	2,806,649.53
Net Surplus/ (Deficit) for the year		1,031,772.39	285,850.47

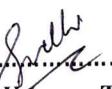
Significant Accounting Policies & notes
referred to above form an integral part
of Financial Statements

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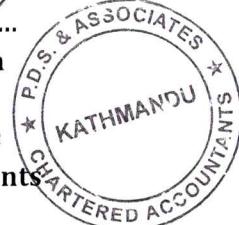
As per our actual report of even date

For and on behalf of the Project



Sudhir Kumar Thakur
 Programme Coordinator


Sandesh Karki
 Finance Controller


CA. Suraj Timsina
 Partner
 PDS & Associates
 Chartered Accountants


Date : 29.02.2024
 Place: Biratnagar

Nepal Netra Jyoti Sangh/Eastern Regional Eye Care Programme
Project: Sundar Sansar- Reduce Visual and Hearing Impairment among School going
children in Nepal(P00124)
Statement of Cash Flow
As at 31.12.2023

Particulars	<i>Amount in NPR</i>	
	Current Year	Previous Year
CASH FLOW FROM OPERATING ACTIVITIES		
Surplus/ Deficit for the year	1,031,772.39	285,850.47
Adjustments to reconcile surplus/ (deficit) to net cash flows:		
Non cash Items		
Depreciation of property, plant and equipment	-	-
Movement in current assets	-	-
Movement in current liabilities	4,017,248.56	2,806,649.53
Interest Received	4,017,248.56	2,806,649.53
Net Cash flow from operating activities	5,049,020.95	3,092,500.00
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	-	-
Disposal of property, plant and equipment	-	-
Net cash flow from investing activities	-	-
CASH FLOW FROM FINANCING ACTIVITIES		
Interest Received	-	-
Net cash flow from financing activities	-	-
NET INCREASE OR DECREASE IN CASH AND CASH EQUIVALENT	5,049,020.95	3,092,500.00
OPENING CASH AND CASH EQUIVALENT	3,092,500.00	-
CLOSING CASH AND CASH EQUIVALENT	8,141,520.95	3,092,500.00

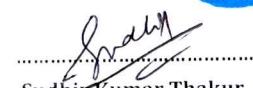
Significant Accounting Policies & notes referred to above
form an integral part of Financial Statements

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As per our actual report of even date

For and on behalf of the Project




Sudhir Kumar Thakur
Programme Coordinator



Sandesh Karki
Finance Controller


CA. Suraj Timsina
Partner
PDS & Associates
Chartered Accountants



Date : 29.02.2024

Place: Biratnagar

Nepal Netra Jyoti Sangh/Eastern Regional Eye Care Programme
Project: Sundar Sansar- Reduce Visual and Hearing Impairment among School going children in Nepal(P00124)
Fund Accountability Statement
As at 31.12.2023

A	Source of Fund	Previous Year (Actual)	Current Year Budget	Fund Received During the Period					Amount in NPR
				Q1	Q2	Q3	Q4	Total to Date	
	Opening Fund Balance			285,850.47	70,297.94	1,312,398.08	1,721,535.98	285,850.47	
	Fund Received During the period	3,092,500.00	10,652,780.47	1,771,630.00	3,129,000.00	3,253,000.00	2,202,000.00	10,355,630.00	
	Less: Unused Fund Refund			-	-	-	-	-	
	Add: Financial Income						1,362,822.86	1,362,822.86	
	Total Fund Available (A)	3,092,500.00	10,652,780.47	2,057,480.47	3,199,297.94	4,565,398.08	5,286,358.84	12,004,303.33	
B	Expenditure (As per Budget Line)	Previous Year (Actual)	Current Year Budget	Fund Received During the Period					Amount in NPR
				Q1	Q2	Q3	Q4	Total to Date	
1.01	Screening of eye and ear of school going children								
01.01.001	Subsidy to poor children on spectacles (4000 students))	85,275.00	1,425,000.00	383,385.00	268,125.00	804,071.00	763,000.00	2,218,581.00	
01.01.002	Subsidy to referred children on Medicine in eye (100 @ /head)	7,644.00	180,000.00	4,975.00	9,556.00	4,369.00	6,941.00	25,841.00	
01.01.003	Subsidy to referred children on Medicine in ear (4000 @ 200)	38,172.00	500,000.00	20,520.00	-	46,155.00	-	66,675.00	
01.01.004	Low vision device for children (30 @ 1500)	-	75,000.00	-	-	-	-	-	
01.01.005	Subsidy for poor children (30 x 12000)	69,860.00	320,000.00	47,512.00	50,636.00	36,000.00	-	134,148.00	
1.02	Human Resource Cost								
01.02.001	Project Supervisor x 1 full time	347,217.74	540,000.00	225,327.79	181,477.80	198,411.95	229,151.11	834,368.65	
01.02.002	Eye Health Worker x 2 full time	704,054.81	840,000.00	319,115.73	250,098.47	254,710.42	320,174.54	1,144,099.16	
01.02.003	OA Optometrist x 1 full time	316,200.24	540,000.00	209,387.40	165,624.05	185,249.35	220,181.19	780,441.99	
01.02.004	Data operator x 1 part time 50%	120,000.00	240,000.00	60,000.00	-	-	-	60,000.00	
01.02.005	Driver x 1 full time	148,090.38	288,000.00	67,015.00	-	-	239,705.76	306,720.76	
01.02.006	Ear Assistant x 1 full time	179,257.48	324,000.00	156,750.79	126,378.27	124,603.04	159,956.16	567,688.26	
01.02.007	Optical Assistant x 1 full time	167,686.57	324,000.00	156,441.35	124,418.03	122,140.49	159,693.95	562,693.82	
01.02.008	Eye Health Worker x 2 full time	-	576,000.00	-	59,012.03	208,437.29	223,115.87	490,565.19	
01.02.009	Eye Health worker- Compliance followup	-	288,000.00	-	-	-	-	-	
01.02.010	OA Optometrist x 1 full time	-	405,000.00	-	64,807.93	153,435.16	164,911.47	383,154.56	
01.02.011	Ear Assistant x 1 full time	-	288,000.00	-	43,413.19	104,151.12	110,634.38	258,198.69	
01.02.012	Optical Assistant x 1 full time	-	288,000.00	-	43,906.09	104,190.87	115,434.86	263,531.82	



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1.03	Mobile Vision Van operation							
01.03.001	Fuel expenses for vision van (1500 x 277 days/year) 210 days in school and 57 days in community	231,127.52	600,000.00	215,278.30	318,373.00	181,637.41	284,198.00	999,486.71
01.03.002	Maintenance, renewal and repairing	105,603.00	101,000.00	-	4,000.00	13,590.00	120,225.00	137,815.00
01.03.003	Fuel expenses and maintenance for motor cycle	15,305.00	70,000.00	12,664.17	14,270.00	-	11,080.00	38,014.17
1.04	OPD engagement and inclusive Community Awareness							
01.04.001	OPD led Interaction with school for inclusive education x 6 events		360,000.00	17,700.00	114,075.00	172,625.00	-	304,400.00
01.04.002	OPD interaction with OPDs and local governments on inclusive education policies /practices x 3 events		250,000.00	-	-	-	195,455.00	195,455.00
01.04.003	Printing of Vision Ambassador Kits (200 x 500)	81,230.79	100,000.00	-	-	50,000.00	-	50,000.00
01.04.004	Wall painting on eye and ear health		200,000.00	-	-	-	100,000.00	100,000.00
01.04.005	Eye and ear health awareness flex printing (10 units)	12,925.00	20,000.00	-	-	3,300.00	-	3,300.00
01.04.006	Awareness through FM radio at the local level		120,000.00	33,900.00	-	47,460.00	-	81,360.00
01.04.007	Printing of IEC and leaflets on eye and ear health (1000 x 2)	100,200.00	150,000.00	22,830.00	-	7,400.00	-	30,230.00
1.05	Administrative and operation							
01.05.001	Printing of recording and reporting forms and formats	61,000.00	50,000.00	-	31,699.00	10,625.00	-	42,324.00
01.05.002	Monitoring and technical backstopping visits		60,000.00	5,940.00	8,030.00	6,800.00	-	20,770.00
01.05.003	Project orientation to staff		50,000.00	-	-	-	-	-
01.05.004	Quarterly review and planning meeting		60,000.00	5,430.00	6,000.00	-	-	11,430.00
01.05.005	Travel cost for referral and follow ups		-	-	-	-	-	-
01.05.006	Communication (phone and internet)	4,500.00	70,780.00	23,010.00	3,000.00	4,500.00	3,500.00	34,010.00
01.05.007	Project learning Documentation		200,000.00	-	-	-	200,000.00	200,000.00
01.05.008	Vision Ambassador led creative activities		150,000.00	-	-	-	-	-
01.05.009	Research on identified issues/areas and		350,000.00	-	-	-	157,477.69	157,477.69
01.05.010	Project learning sharing and closing meeting		150,000.00	-	-	-	150,000.00	150,000.00
01.05.011	Coordination meeting with OPDs		100,000.47	-	-	-	-	-
	Audit Cost	11,300.00					33,900.00	33,900.00
	Total Expenditure (B)	2,806,649.53	10,652,780.47	1,987,182.53	1,886,899.86	2,843,862.10	3,968,735.98	10,686,680.47
	Fund Balance	285,850.47		70,297.94	1,312,398.08	1,721,535.98	1,317,622.86	1,317,622.86

Fund Balance Represented By

S.N	Particulars	Previous Year	Current Year
1	Cash Balance	-	-
2	Bank Balance	3,092,500.00	8,141,520.95
3	Advance & Receivable	-	-
4	Payables	(2,806,649.53)	(6,823,898.09)
	Total	285,850.47	1,317,622.86



Janaki

Subhash



Subhash

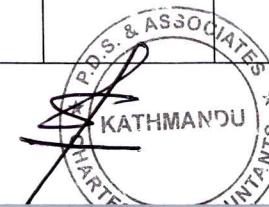
Nepal Netra Jyoti Sangh/Eastern Regional Eye Care Programme
Project: Sundar Sansar- Reduce Visual and Hearing Impairment among School going children in Nepal(P00124)
Statement of Variance Analysis
As at 31.12.2023

Activity No	Activity Description	Budgeted Expenditure	Actual Expenditure	(Over)/ Under Spent	Actual Spent %	Percentage of (Over)/ Under Spent	Amount in NPR
							Explanation
Result 1	Accessible, affordable and comprehensive service for Refractive error and hearing impairment among school going children						
01.01.001	Subsidy to poor children on spectacles (4000 students))	1,425,000.00	2,218,581.00	(793,581.00)	156%	-56%	(Because there were more number of student requiring spectacles than expected while screening was done) Management has requested Prior approval to spent amount from other budget head to be utilized under this head
01.01.002	Subsidy to referred children on Medicine in eye (100 @ /head)	180,000.00	25,841.00	154,159.00	14%	86%	few student were there requiring medicine) management has taken Prior approval to spent amount from this budget head to be utilized under other budget head
01.01.003	Subsidy to referred children on Medicine in ear (4000 @ 200)	500,000.00	66,675.00	433,325.00	13%	87%	there were only few student requiring medicine and not all the referred children visited Hospital for treatment)management has taken Prior approval to spent amount from this budget head to be utilized under other budget head
01.01.004	Low vision device for children (30 @ 1500)	75,000.00	-	75,000.00	0%	100%	the fund was utilized for 01.01.001)management has taken Prior approval to spent amount from this budget head to be utilized under other budget head
01.01.005	Subsidy for poor children (30 x 12000)	320,000.00	134,148.00	185,852.00	42%	58%	few of them approached main hospital for treatment)management has taken Prior approval to spent amount from this budget head to be utilized under other budget head
01.02.001	Project Supervisor x 1 full time	540,000.00	834,368.65	(294,368.65)	155%	-55%	(Human Resource cost was projected only for 12 months hence the cost increased as originally planned due to festival allowance and leave allowances) Management has requested Prior approval to spent amount from other budget head to be utilized under this head



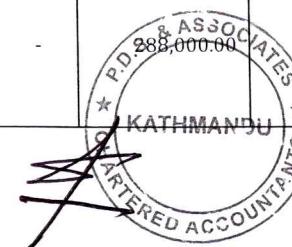
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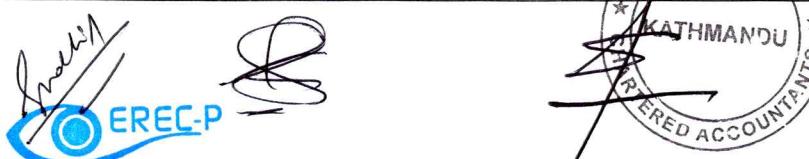


01.02.002	Eye Health Worker x 2 full time	840,000.00	1,144,099.16	(304,099.16)		136%	-36%	only for 12 months hence the cost increased as originally planned due to festival allowance and leave allowances)Management has requested Prior approval to spent amount from other budget head to re utilized under this head
01.02.003	OA Optometrist x 1 full time	540,000.00	780,441.99	(240,441.99)		145%	-45%	only for 12 months hence the cost increased as originally planned due to festival allowance and leave allowances)Management has requested Prior approval to spent amount from other budget head to re utilized under this head
01.02.004	Data operator x 1 part time 50%	240,000.00	60,000.00	180,000.00		25%	75%	(Hired lately and hence managed with the salary as quoted here)management has taken Prior approval to spent amount from this budget head to re utilized under other budget head
01.02.005	Driver x 1 full time	288,000.00	306,720.76	(18,720.76)		107%	-7%	Management has requested Prior approval to spent amount from other budget head to re utilized under this head
01.02.006	Ear Assistant x 1 full time	324,000.00	567,688.26	(243,688.26)		175%	-75%	only for 12 months hence the cost increased as originally planned due to festival allowance and leave allowances)Management has requested Prior approval to spent amount from other budget head to re utilized under this head
01.02.007	Optical Assistant x 1 full time	324,000.00	562,693.82	(238,693.82)		174%	-74%	only for 12 months hence the cost increased as originally planned due to festival allowance and leave allowances)Management has requested Prior approval to spent amount from other budget head to re utilized under this head
01.02.008	Eye Health Worker x 2 full time	576,000.00	490,565.19	85,434.81		85%	15%	(Hired lately and activity also started lately, however target set was met with the expenses incurred)management has taken Prior approval to spent amount from this budget head to re utilized under other budget head
01.02.009	Eye Health worker- Compliance followup	288,000.00		P.D. 288,000.00 KATHMANDU CHARTERED ACCOUNTANTS		0%	100%	(No one were recruited for the post as no application was received even after the vacancy were announced)management has taken Prior approval to spent amount from this budget head to re utilized under other budget head

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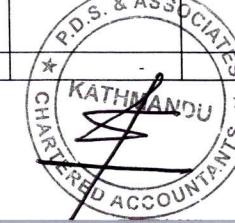


01.02.010	OA Optometrist x 1 full time	405,000.00	383,154.56	21,845.44	95%	5%	management has taen Prior approval to spent amount from this budget head to re utilized under other budget head
01.02.011	Ear Assistant x 1 full time	288,000.00	258,198.69	29,801.31	90%	10%	incurred)management has taen Prior approval to spent amount from this budget head to re utilized under other budget head
01.02.012	Optical Assistant x 1 full time	288,000.00	263,531.82	24,468.18	92%	8%	management has taen Prior approval to spent amount from this budget head to re utilized under other budget head
01.03.001	Fuel expenses for vision van (1500 x 277 days/year) 210 days in school and 57 days in community	600,000.00	999,486.71	(399,486.71)	167%	-67%	(The distance to be covered was long and the existing budget was not sufficient to perfom the activity hence after obtaining preapproval from CBM surplus budget of other budget code was used)Management has requested Prior approval to spent amount from other budget head to re utilized under this head
01.03.002	Maintenance, renewal and repairing	101,000.00	137,815.00	(36,815.00)	136%	-36%	(The distance to be covered was long and the existing budget was not sufficient to perfom the activity hence after obtaining preapproval from CBM surplus budget of other budget code was used)Management has requested Prior approval to spent amount from other budget head to re utilized under this head
01.03.003	Fuel expenses and maintenance for motor cycle	70,000.00	38,014.17	31,985.83	54%	46%	incurred and maximum time four wheeler of office was used for the project instead of motor cycle)management has taen Prior approval to spent amount from this budget head to re utilized under other budget head
01.04.001	OPD led Interaction with school for inclusive education x 6 events	360,000.00	304,400.00	55,600.00	85%	15%	incurred)management has taen Prior approval to spent amount from this budget head to re utilized under other budget head
01.04.002	OPD interaction with OPDs and local governments on inclusive education polices /practices x 3 events	250,000.00	195,455.00	54,545.00	78%	22%	year however target set was met within the schedule)management has taen Prior approval to spent amount from this budget head to re utilized under other budget head
01.04.003	Printing of Vision Ambassdor Kits (200 x 500)	100,000.00	50,000.00	50,000.00	83%	50%	after the activity was performed)management has taen Prior approval to spent amount from this budget head to re utilized under other budget head



01.04.004	Wall painting on eye and ear health	200,000.00	100,000.00	100,000.00	50%	50%	activity till end)management has taen Prior approval to spent amount from this budget head to re utlized under other budget head
01.04.005	Eye and ear health awareness flex printing (10 units)	20,000.00	3,300.00	16,700.00	17%	84%	management has taen Prior approval to spent amount from this budget head to re utlized under other budget head
01.04.006	Awareness through FM radio at the local level	120,000.00	81,360.00	38,640.00	68%	32%	and the awareness was not so effective and rather the visit field was preferred more and effective than this method)management has taen Prior approval to spent amount from this budget head to re utlized under other budget head
01.04.007	Printing of IEC and leaflets on eye and ear health (1000 x 2)	150,000.00	30,230.00	119,770.00	20%	80%	after performing this activity)management has taen Prior approval to spent amount from this budget head to re utlized under other budget head
01.05.001	Printing of recording and reporting forms and formats	50,000.00	42,324.00	7,676.00	85%	15%	expenses mentioned)management has taen Prior approval to spent amount from this budget head to re utlized under other budget head
01.05.002	Monitoring and technical backstopping visits	60,000.00	20,770.00	39,230.00	35%	65%	(Senior level staffs were involved for monitoring and technical backstopping visits however, expenses were not done other than small expenses like snacks & tea)management has taen Prior approval to spent amount from this budget head to re utlized under other budget head
01.05.003	Project orientation to staff	50,000.00	-	50,000.00	0%	100%	management has taen Prior approval to spent amount from this budget head to re utlized under other budget head
01.05.004	Quarterly review and planning meeting	60,000.00	11,430.00	48,570.00	19%	81%	for every review and planning meeting as it was done among the staffs and within the organization)management has taen Prior approval to spent amount from this budget head to re utlized under other budget head
01.05.005	Travel cost for referral and follow ups	-	-	-	0%	0%	management has taen Prior approval to spent amount from this budget head to re utlized under other budget head
01.05.006	Communication (phone and internet)	70,780.00	34,010.00	36,770.00 P.D.S. & ASSOCIATES KATHMANDU CHARTERED ACCOUNTANTS	48%	52%	after performing this activity)management has taen Prior approval to spent amount from this budget head to re utlized under other budget head
01.05.007	Project learning Documentation	200,000.00	200,000.00	-	100%	0%	

 EREC-P

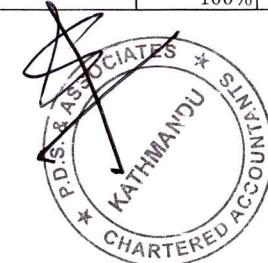



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01.05.008	Vision Ambassador led creative activities	150,000.00	-	150,000.00	0%	100%	management has taken Prior approval to spent amount from this budget head to re utilized under other budget head
01.05.009	Research on identified issues/areas and publish	350,000.00	157,477.69	192,522.31	45%	55%	after performing this activity)management has taken Prior approval to spent amount from this budget head to re utilized under other budget head
01.05.010	Project learning sharing and closing meeting	150,000.00	150,000.00	-	100%	0%	management has taken Prior approval to spent amount from this budget head to re utilized under other budget head
01.05.011	Coordination meeting with OPDs	100,000.47	-	100,000.47	0%	100%	(This activity was met through other activity as mentioned above hence not done with this activity)management has taken Prior approval to spent amount from this budget head to re utilized under other budget head
Total		10,652,780.47	10,652,780.47	-	100%	0%	




 EREC-P



Nepal Netra Jyoti Sangh/Eastern Regional Eye Care Programme
Project: Sundar Sansar- Reduce Visual and Hearing Impairment among School going children in
Statement of Accounting Policies and Notes to Financial Statement
As at 31.12.2023

1 General Information
ERBC-P had implemented the "Sundar Sansar Project" in 16 municipality of Morang district. It's a project supported by CBM International, starting from May 1, 2022 with the objective to reduce the prevalence of visual impairment due to uncorrected refractive error among school going children between (3-18) years of Morang district. Within the project year, the project screened about 12, 0185 (Boy- 60693 and Girl- 59,492) whereas, above 100% financial utilization was done. This project has benefited to all the school going children helping them in scoring good grades as well making them able to achieve their aim with the time screening, diagnosis and treatment related to eye and ear.

2 Basis of Preparation

2.1 Statement of Compliances

These financial statements have been prepared and presented on accrual basis of accounting and comply with the Generally Accepted Accounting Principles 'GAAP' in Nepal which comprise mandatory accounting standards as specified, other accounting pronouncements of the Institute of Chartered Accountants of Nepal and other accounting principles generally accepted in Nepal, to the extent applicable.

2.2 Basis of Measurement

The financial statement has been prepared using Historical Cost Convention or at Fair Value wherever specifically disclosed

2.3 Functional and Presentation Currency

The Financial statements are presented in Nepali Rupees (NPR), which is the organizations functional and presentation currency. All financial information present in Rupees has been rounded to the nearest rupees/ thousand/ millions, except when otherwise indicated.

2.4 Changes in Accounting Policies and Disclosures

The Accounting policies have been consistently applied, unless otherwise stated, and are consistent with those used in previous year.

2.5 Significant Accounting judgements, Estimates and Assumptions

The preparation of the financial statements in conformity with Nepal Accounting Standards requires the use of certain critical accounting estimates and judgments. It also requires management to exercise judgment in the process of applying the Company's accounting policies. The Company makes certain estimates and assumption regarding the future events. Estimates and judgments are continuously evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual result may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year primarily includes:

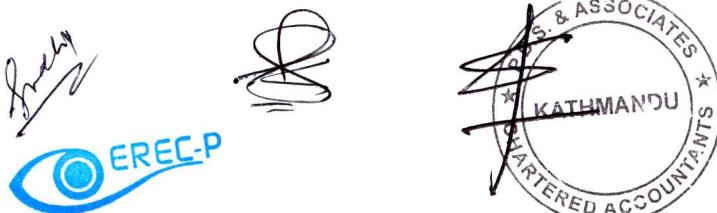
3 Summary of Significant Accounting Policies

3.1 Property, Plant and Equipment

All the items of property plants and equipment are initially recorded at cost. Subsequent to the initial recognition of an assets, property, plant and equipment are carried at cost less any subsequent depreciation. Subsequent expenditure is capitalized only when it increases the future economic benefits embedded in the items of property and equipment. All other expenditure is recognized in the statement of income and expenditure as an expense as incurred.

Depreciation is provided for on all property, plant and equipment on SLM basis as is calculated on the cost of all property, plant and equipment over the estimated useful life of an assets.

Since the project do not have purchase any fixed Assets this year and previous year, no accounting has been made for the same.



4 Current Assets

4.1 Inventory

Inventories are initially recognized at cost net of impairment (if any), and subsequently at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the variable selling expenses.

The cost is determined on first-in first-out (FIFO) method or weighted average method and includes expenditure incurred in acquiring the inventories and bringing them to their present location and condition. In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of overheads based on normal operating capacity.

Inventories are valued as follows:

- | | |
|----------------------------------|--|
| i) Traded goods (Stock in Trade) | - At cost or Net Realisable Value whichever is lower |
| ii) Other Stores | - At cost |

4.2 Accounts Receivable

Trade and other receivables are stated at their cost less provision for non-recoverability. The amount of the provision is recognized in the income statement.

4.3 Cash and Cash Equivalent

Cash and cash equivalents comprises cash balances, call deposits and other short term highly liquid investments. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included within borrowings in current liabilities on the balance sheet.

Particulars	Current Year	Previous Year
Cash in Hand (As certified by Management)	-	-
Bank Balance	8,141,520.95	3,092,500.00
Total	8,141,520.95	3,092,500.00

4.4 General Reserves

Particulars	Current Year	Previous Year
Opening Balance	285,850.47	-
Net Surplus/(deficit) of Current Year	1,031,772.39	285,850.47
Total	1,317,622.86	285,850.47

The previous year FAS Closing balance & general reserve balance doesnot match due to the audit fee expenses which is disclosed in income statement but omitted in FAS.

4.5 Accounts Payable

Particulars	Current Year	Previous Year
Audit Fees Payable	33,450.00	11,300.00
Biratnagar Eye Hospital	6,778,698.09	2,795,349.53
Other Payable	11,300.00	-
Total	6,823,448.09	2,806,649.53

4.6 Others Payable

Particulars	Current Year	Previous Year
TDS on Audit Fees Payable	450.00	-



4.7 Income Recognition

Incoming Sources

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue and associated costs incurred or to be incurred can be reliably measured. Revenue is measured at fair value of the consideration received or receivable net of Value added tax and Excise Duty. Revenue comprises of rendering various medical services in the local market.

Financial Income

Interest Income is recognized on the time proportion basis

Particulars	Current Year	Previous Year
Interest Income	1,362,822.86	-

4.8 Expenditure Recognition

Expenses has been charged to Income statement on accrual Basis

4.9 Human Resource Cost

Particulars	This Year	Last Year
Project Supervisor x 1 full time	834,368.65	347,217.74
Eye Health Worker x 2 full time	1,144,099.16	704,054.81
OA Optometrist x 1 full time	780,441.99	316,200.24
Data operator x 1 part time 50%	60,000.00	120,000.00
Driver x 1 full time	306,720.76	148,090.38
Ear Assistant x 1 full time	567,688.26	179,257.48
Optical Assistant x 1 full time	562,693.82	167,686.57
Eye Health Worker x 2 full time	490,565.19	-
OA Optometrist x 1 full time	383,154.56	-
Ear Assistant x 1 full time	258,198.69	-
Optical Assistant x 1 full time	263,531.82	-
Total	5,651,462.90	1,982,507.22



4.10 Program Expenses

Particulars	This Year	Last Year
OPD led Interaction with school for inclusive education x 6 events	304,400.00	179,050.79
governments on inclusive education policies /practices x 3 events	195,455.00	-
Printing of Vision Ambassador Kits (200 x 500)	50,000.00	-
Wall painting on eye and ear health	100,000.00	-
Eye and ear health awareness flex printing (10 units)	3,300.00	-
Awareness through FM radio at the local level	81,360.00	-
Printing of IEC and leaflets on eye and ear health (1000 x 2)	30,230.00	-
Total	764,745.00	179,050.79

4.11 General Administration Expenses

Particulars	This Year	Last Year
Printing of recording and reporting forms and formats	42,324.00	61,000.00
Monitoring and technical backstopping visits	20,770.00	-
Quarterly review and planning meeting	11,430.00	-
Communication (phone and internet)	34,010.00	4,500.00
Project learning Documentation	200,000.00	-
Research on identified issues/areas and publish	157,477.69	-
Project learning sharing and closing meeting	150,000.00	-
Total	616,011.69	65,500.00

4.12 Subsidy Expenses

Particulars	This Year	Last Year
Subsidy to poor children on spectacles	2,218,581.00	85,275.00
Subsidy to referred children on Medicine in eye	25,841.00	7,644.00
Subsidy to referred children on Medicine in ear	66,675.00	38,172.00
Subsidy for poor children	134,148.00	69,860.00
Total	2,445,245.00	200,951.00

4.13 Vehicle Running Expenses

Particulars	This Year	Last Year
Fuel expenses for vision van	999,486.71	241,127.52
Maintenance, renewal and repairing	137,815.00	110,908.00
Fuel expenses and maintenance for motor cycle	38,014.17	15,305.00
Total	1,175,315.88	367,340.52

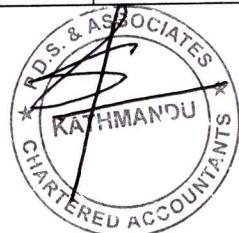
4.14 Audit Fees

Mention the fact that the audit fee was covered through the interest income.

Particulars	This Year	Last Year
Audit Fees	33,900.00	11,300.00
Total	33,900.00	11,300.00

Birendra
EREC-P

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CBMG Inventory (Assets) Register Jan to December 31, 2023

Cummulative Register for all Inventory/ Assets with a purchase price over 500 Euro and with a useful life of over 1 year, purchase during 2022

Nepal Netra Jyoti Sangh/Eastern Regional Eye Care Programme

Project Number: P00124

Definition

"Asset" any tangible item which is purchased, leased, created or otherwise brought to existence using project funds

"Assets Register" means and must record:

- i. All non consumable of a portable nature below the asset threshold
 - ii. All assets with a value at or above the threshold at the time of purchase

"Asset Threshold": all inventory/ assets with a purchase/ lease price over 500 Euro

Please provide CBM with any assets import documentation, invoices and warranties with the inventory (asset) register

Notes:

A - a number assigned to the assets for the identification purposes

B - Provide the reference number of the Purchase Invoice or other document ordering the inventory/ asset. Attach asset import documentation, invoices and warranties when returning Inventory (Asset) register to us.

C - where inventory/ assets are no longer held by the project (eg. Transferred, sold, exchange, recycled, dump), please provide the detail including the amount received from sale or exchange, the receiver of the disposed assets and relevant accounting reference number. Please also attach the documentation authorising this disposal. Note that for all assets disposal by sale/ exchange/ transfer, prior approval must be obtained from the CBM country officer or Regional Hub.

CA Prachand Dhoj Karki, (M.No. 952)

Partner

CA. Suraj Timsina (M.No. 935)

Partner

Firm Regd. No - 617

PAN: 615244842

P.D.S. & ASSOCIATES

CHARTERED ACCOUNTANTS

**Head Office : Opposite to Chinese Embassy
Kathmandu-4, Baluwatar, Nepal**

Ph: 01-4438930, 9851193278

Email: info@pdsa.com.np

Independent Auditor's Report on financial Statements

**To, CBM Global Disability Inclusion & the members of the central Executive Committee
of the Nepal Netra Jyoti Sangh**

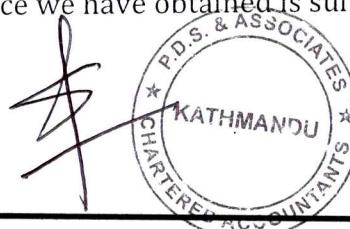
Opinion

Based on the CBM Terms of Reference for External Audit, we have audited the financial statements for the **CBM Global Project ID P00124 (Project Name : Sundar Sansar- Reduce Visual and Hearing Impairment among School going children in Nepal)**, which comprise the balance sheet as at 31 December 2023 and the income and expenditure statement for the year (01.01.2023 to 31.12.2024). This includes the supplementary financial information of the P00124 projects received by the Nepal Netra Jyoti Sangh /Eastern Regional Eye Care Programme which includes the detail for the breakdown of the expenditure per projects, and notes to the statement of cash receipts and disbursements (fund balance statement) including a summary of significant accounting policies.

In our opinion & as per the information & explanation given to us, the accompanying financial statements presents fairly, in all material respects, or give a true & fair view of the financial position of the project, the cash receipts and disbursements of the programme/project/s for the year ended 31 December 2023 in accordance with the accounting policies described in the notes and in compliance with the CBM Terms of Reference.

Basis for Opinion

We conducted our audit in accordance with Nepal Standards on Auditing (NSAs). Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ICAN's *Handbook of Code of Ethics for Professional Accountants* together with the ethical requirements that are relevant to our audit of the financial statements in **Nepal**, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAN's *Handbook of Code of Ethics for Professional Accountants*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matter

Responsibilities of the Management and Those Charged with Governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with NASs, and for such internal control as management determines is necessary to enable the preparation of financial statement that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

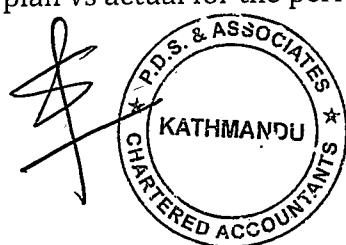
Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with NSA's 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 financial statements.

Report on other Legal & Regulatory Requirements

We have obtained all the information and explanations, which to the best of our knowledge & belief were necessary for the purpose of our audit & report as follows.

1. Proper books of accounts and records (Cash book, Ledger, Voucher, Funds, Sanction Letter etc.) have been maintained.
2. The attachment accounts abstract & statement of plan vs actual for the period.

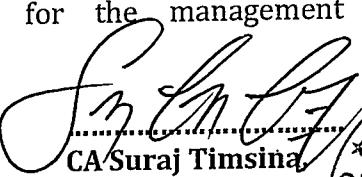


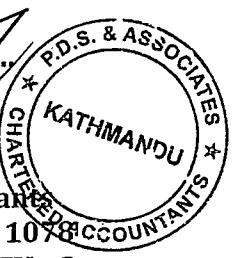
January 1, 2023 to December 31, 2023 are in agreement with the books of accounts as maintained.

3. Fund credited into bank account, have not been used for any other purpose and have been utilized solely for the purpose for which they were provided.
4. We communicate significant audit findings, including any significant deficiencies identified in the internal controls, conformity to the programme/project objectives and contractual conditions, and cost-effective project operation, in the form of a Management Letter to those responsible for the management of the programme/projects in the country.

Date: 29.02.2024

Place:Biratnagar


CA/Suraj Timsina
(Partner)
P.D. S & Associates
Chartered Accountants
M.No.935/ COP No: 1078
UDIN Number: 240229CA00935CEVm2

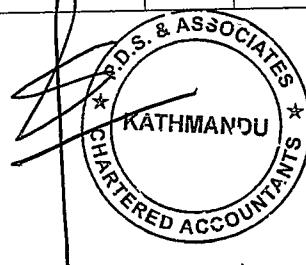


ANNEX 2 QUESTIONNAIRE

This questionnaire is developed to conclude the auditor's opinion over the existence, adequacy, and effectiveness of the ICS, fulfilment of the project objectives and contractual conditions, and economical conduct of business and effective use of financial resources.

Instruction to the auditor: For answers "Yes" a comment is required if it helps to explain or clarify the process or situation. If the answer is "No", further explanation is required in the form of a Management Letter point. If the answer is "Not Applicable (N/A)" an explanation must be provided explaining why this is not applicable.

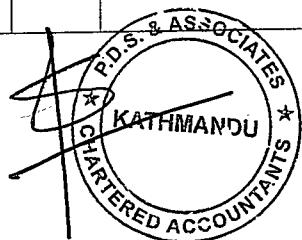
Objective 3.2 (i): Existence, adequacy and effectiveness of the Internal Control System (ICS)				
Questions	Yes	No	N/A	Comment/Explanation
1. Are duties for the crucial functions and processes sufficiently segregated (e.g. signing of contracts / agreements, authorizing and approving and accounting of project expenses, reconciliation of cash on hand/in banks, and follow up on long outstanding debtors and creditors)?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes , authorities & responsibility has been sufficiently segregated between different staff for performing duties.
2. Does the management adequately and efficiently manage risks and design risk management tools and mechanisms to prevent and respond the identified risks?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes the exec-p management have sufficiently placed the written internal control system for mitigation and management of risk.
3. Is the organization's policies and procedures manual in relation to the local contexts (threshold in amount, number of offers/quotations to be solicited for local procurements, cash limit, etc.) adequately adapted and followed? Are they in agreement with the local laws and regulations?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes exec-p have written administrative & financial, policy & procedure placed which are in line with



				the local laws & regulations.
4. Is there a procedure in place to report any violation of code of conduct, conflict of interest, suspected case of fraud, corruption, misuse, or waste of resources, property etc. in a discreet manner?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes, the management have placed such policy for the reporting of any violation, and misconduct in discreet manner. Also the management have placed different incidence reporting system to the appropriate authority.
5. Are assets and equipment bought for the project maintained and utilized only for purpose intended? Are there clear instructions and process in place for procurement, management, handover, and disposal of assets, at the completion of the project?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes, they have written policy for the management of Assets.
6. Any other issues as identified by the auditor during the audit can be listed here			NA	Previous year audit issues could not be obtained.

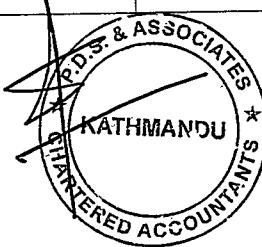
Objective 3.2 (ii): Conformity with the project objectives and adherence to the contractual conditions

Questions	Yes	No	N/A	Comment/Explanation
1. Are approvals for substantial expense variations from budget/work plan require approval in advance from the donor who funds the project?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes , prior approval is taken for the redesignation & reutilization of funds.
2. Do employees responsible for operational and financial activities visit project sites for monitoring, evaluation, and control? Are	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes , the project supervisor was responsible for project

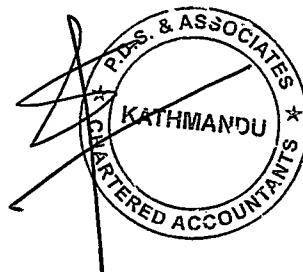


these findings and recommendations from these visits being formally documented, communicated and followed up?				operational & financial activities & project site visit.
3. Are the Management Letter points brought up by the auditor in the prior year audits followed up and resolved by the management?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	We could not verify the same for prior year audit as there was not any practise of management letter in prior year audit .
4. Is it ensured that any significant issues (e.g. fraud, corruption, management override of controls, etc.) noted in the internal /external Audit Report has been communicated to the donor who funds the project?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	During our observation & audit we could not find any such significant issue on fraud, corruption & misutilization of funds.
5. Is the project implementing partner and their parties familiar with regards to applicable VAT, taxation regulations on the procured goods, works, and services? Is the organization strictly following applicable taxation laws and regulations?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes, the project supervisor & other authority were aware of the local laws & regulations.
6. Is there a system in place to prevent that an employee with approving and authorizing function does not execute procuring of goods and services and recording of the expenses in the accounting system (e.g. 4 eyes principle)?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes, different person were assigned with different authority & responsibility for policy making to approval to execution & book keeping.
7. Is it ensured that the partner organization has correctly accounted their employees' working hours/days to the projects in order to avoid double charging of the expenses to different projects?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes, The staff were hired especially for this project. Hence duplication for expenses allocation under different project was not possible.
8. Any other issues as identified by the auditor during the audit can be listed here				

Objective 3.2 (iii): Economical conduct of business and effective use of financial resources				
Questions	Yes	No	N/A	Comment/Explanation
9. Do adequate measures and procedures exist to ensure that the project's financial	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes, management have taken adequate measures



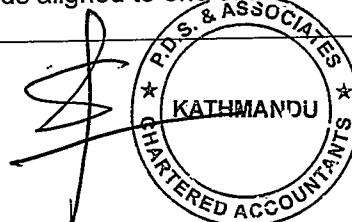
resources have been utilized only for the project intended for ensuring cost effectiveness and efficiency?				to effectively use the project resources to ensure cost effectiveness and efficiency to achieve the project target.
10. Is it ensured that local prices and rates for goods and services, material, works, overheads are subject to verification in timely manner? (more than 1 bid for purchasing actions)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes, prices & overhead cost were procured by central procurement vide tenders. Also management have ensured that the prices were comparatively lower than the industry norms.
11. Are all expenses claims of the employees in the country reviewed and substantiated (salaries and benefits, income tax, rent, travel, accommodation, communication, per diem, administrative expenses, etc.)?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes , all the human resource cost has been paid within the regulation & laws framed by the government.
12. Are there regulations and instructions on the non-use of project properties and infrastructure (vehicles, office premises, office equipment etc.) for private purposes?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes , management have written policy for the user of project property for private purpose of employee.
13. Any other issues as identified by the auditor during the audit can be listed here				NA



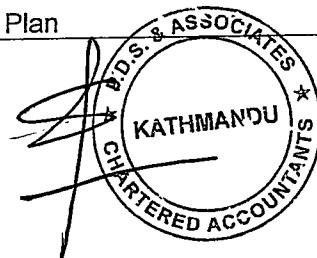
Annex 4 CBM Checklist for the Audit Reports

This Audit Report checklist is a guiding document for the CBM Country Coordinator as well as for the external auditor to ensure that the audit engagement and the Audit Reports has been delivered in compliance with the CBM Terms of Reference for the External Audit. The auditors are expected to exercise their professional judgement, audit expertise, integrity, independence, ethical behaviour, and transparency when formulating their audit opinions and audit recommendations.

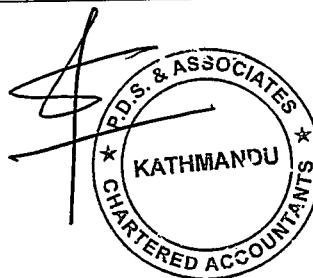
Reference	Information Required	Confirmation stated in the Audit Report?
Selection of an audit firm	Audit firm is a good standing member of the AICPA or the country's public accounting organization (PAO), which complies with the statements of membership obligations of IFAC, or another internationally recognized standards setting body	<input checked="" type="checkbox"/> Yes
Terms of Reference for Financial Audit	The Auditor must confirm that the audit has been conducted in accordance with the CBM Terms of Reference (ToR) for External Audit	<input checked="" type="checkbox"/> Yes
Annexes to the External Audit	<p>The Audit ToR Annexes (Annex 1, 2, and 3) form integral part of the Audit Reports and therefore must be included in the Audit Report.</p> <p>Annex 1: Financial Audit Report</p> <ul style="list-style-type: none"> (i) Project balance Sheet compared with previous year position (ii) Notes to the Balance Sheet for current year <p>Annex 2: The questionnaire to provide audit opinion over the existence and effectiveness of the internal control system and the existence of the mechanisms to validate the economical conduct of business. The auditor fills in this questionnaire during the audit.</p> <p>Annex 3: Management Letter</p> <p>Management Letter to form Auditor's opinion over the entire audit and to confirm the audit objective 3.2 stated in the Audit ToR.</p>	<input checked="" type="checkbox"/> Yes
Accounting Principles	<p>The Audit Reports must state which of the following accounting principle has been applied for the project accounting:</p> <ul style="list-style-type: none"> (i) Generally Accepted Accounting Principles (GAAP) (ii) International Financial Reporting Standards (IFRS) (iii) International Public Sector Accounting Standards (IPSAS) <p>National Accounting Standards aligned to one of the above standards</p>	<input checked="" type="checkbox"/> Yes



Project Information	The Audit Report must clearly indicate: (i) Name of Project Implementing Partner (ii) Project Country (iii) Project Number (iv) Period subject to Audit (Financial Year) (v) Date of audit field work Project Status (ongoing or closed)	<input checked="" type="checkbox"/> Yes
Auditing Standards	The external audit is conducted following the International Standards on Auditing (ISA) issued by the International Auditing and Assurance Board (IAASB). The International Standards of Supreme Audit Institutions (ISSAIs) issued by the International Organization of Supreme Audit Institutions (INTOSAI) for public-sector audits may also be used. The standard applied during the audit however must be stated in the Audit Report.	<input checked="" type="checkbox"/> Yes
Audit Report Standards	The Audit Report is prepared in accordance with the International Standards on Auditing ISA 800/805 as stated in the CBM ToR. The recommended templates as provided must be applied for the CBM Audit Report harmonization across the CBM country. This standard deals with the special considerations in the application of the ISAs to an audit of a financial statement or a specific element, account or item of a financial statement.	<input checked="" type="checkbox"/> Yes
Basis of Accounting	The Audit Report must state which of the following accounting basis has applied for project accounting: (i) Cash basis of accounting (ii) Accrual basis of accounting (iii) Modified cash basis of accounting (to record longer-term assets and liabilities)	<input checked="" type="checkbox"/> Yes
Auditor's Opinion	The Audit Report must state which of the following the assurance/opinion the report corresponds to (i) Unqualified Opinion/Audit Report with positive assurance (ii) Qualified or Modified Opinion/ Audit Report with certain compliance reservations (iii) Adverse Opinion/ Audit Report with irregularities and material misstatement (iv) Disclaimer of Opinion/Audit Report without Auditor's opinion owing lack of compliances or internal controls elements	<input checked="" type="checkbox"/> Yes
Internal Controls	The Audit Report validates that the auditors have obtained sufficient understanding of the organization's operating structure and internal controls environment to express their opinion on the existence of the internal controls. (objective 3.2 as stated in the audit ToR)	<input checked="" type="checkbox"/> Yes
Approval and Authorization List	The auditor verifies that all incomes and expenses accounted during the audited period are accounted according to the approval and authorization competency list.	<input checked="" type="checkbox"/> Yes
Verification of Bank Account Signatories	The external auditor verifies authorized signatories of bank account/s requesting the bank authority to validate the authorized signatories as stated in the approval and authorization competency list.	<input checked="" type="checkbox"/> Yes
Reference Document	In addition to the financial information, the auditor must state, which of the following documents have been consulted or referred to form their opinion over the findings: (i) Local or national laws and regulations (ii) Project Agreement (iii) Project Document (iv) Project Budget (v) Annual Operation Plan	<input checked="" type="checkbox"/> Yes <input checked="" type="checkbox"/> Yes <input checked="" type="checkbox"/> Yes <input checked="" type="checkbox"/> Yes <input checked="" type="checkbox"/> Yes



	<ul style="list-style-type: none"> (vi) Policies and Procedures (relevant to project management including HR, Procurement, Finance etc.) (vii) Prior Year External Audit Report (viii) Prior Year Management Letter (ix) Implementation of Audit Recommendations (x) Inventory List (xi) Country Risk Management Cockpit (xii) Approval and Authorization Competency List (xiii) Internal Audit Report or Financial Monitoring Report (xiv) Project Evaluation Report (xv) Any other document as requested by the Auditor 	<input checked="" type="checkbox"/> Yes <input checked="" type="checkbox"/> Yes
Follow up Audit Recommendation	The audit findings from the prior year are reviewed by the auditor to ensure that such critical issues have been followed up and resolved	<input checked="" type="checkbox"/> Yes
Taxation Compliance	The Audit Report must states that the organization comply with the applicable in-country taxation rules and regulations applicable for employees, organization, and to the external parties, etc.	<input checked="" type="checkbox"/> Yes
Physical Control	The Audit Report must state that the auditors have conducted spontaneous physical control or random beneficiary verification to ensure that segregation of duties and reported service deliveries is independently verified	<input checked="" type="checkbox"/> Yes
Funding Confirmation	The Audit Report must state that the donor/s were contacted by the auditor to verify the funding transfer made during the audit period	<input checked="" type="checkbox"/> Yes
Debtor/Creditors Confirmation	The Audit Report state that the involved parties have been contacted to validate the open debtors and creditors balance with written statement	<input checked="" type="checkbox"/> Yes
Fraud Risk Prevention	<p>The Audit Report must indicate that the auditors have considered the cases of the following nature in formulating their audit opinion:</p> <ul style="list-style-type: none"> (i) Cases of management override of controls (ii) Irregular transactions of larger volumes (iii) Adjustment transactions of significant amount (iv) Reported cases of suspected fraud, corruption, theft and their responses. (v) Mitigation measures applied to deal with risk management, Internal Controls etc. (vi) Suspected cases of fraud and corruption issues raised during the internal audit 	<input checked="" type="checkbox"/> Yes
Performance Management	<p>The Audit Report must state that the Auditors' opinions on efficiency, economy, and financial performance are based on the following criteria:</p> <ul style="list-style-type: none"> (i) Budget deviation on major budget headings (Output level for Implementation Expenses, and assets, personnel expenses, operating expenses, etc.) 	<input checked="" type="checkbox"/> Yes



Risk Rating Category

- 1.1 High Priority (Critical) – requiring urgent remedial action.** These are the matters of large or significant importance regarding control environment, risk assessment, control activities, information & communication, and monitoring activities in the areas of project management. There is a fundamental weakness or deficiency in an internal control or in a series of internal controls, which involves a substantial risk of either material loss or material reporting error, or irregularity or fraud with regard to the expenditure and revenue stated in the Financial Report of the project. There is a substantial risk of failure to achieve the control objectives for the project, which concern reliability of financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations. Such risks could lead to an adverse impact on the financial report of the project. Remedial action should be taken urgently for such points.
- 1.2 Medium Priority (Important) – requiring prompt specific action.** These are the matters of medium importance regarding control environment, risk assessment, control activities, information & communication, and monitoring activities in the areas of project management. There is a weakness or deficiency in an internal control or in a series of internal controls which, although not fundamental, relates to shortcomings which expose specific internal control areas (e.g. cash and bank management or budgetary and expenditure control) to a less immediate level of risk of either error, or irregularity or fraud. Such a risk could influence on the effectiveness of the internal controls and on the internal control objectives and should be of concern to the management. Prompt specific action should be taken for such points.
- 1.3 Low Priority (Good Practice) – for which specific remedial action is desirable.** These are the matters of low importance regarding control environment, risk assessment, control activities, information & communication, and monitoring activities in the areas of project management. There is a weakness or deficiency in internal control which individually has no major impact but where the project would benefit from improved internal controls and/or where the project implementing organization would have the opportunity to achieve greater effectiveness and/or efficiency. There is a possibility of undesirable effects.

