

STRENGTHENING AUDIOLOGICAL AND ENT MEDICAL SERVICES IN ZAMBIA

BMZ PROJECT No. 3851: ANNUAL PROJECT FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2021

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BASIC PROJECT INFORMATION

Project Co-Funders:	Christoffel-Blindenmission (CBM), Germany and the German Ministry of Economic Development and Cooperation (BMZ)
Project Partner:	Beit Cure Hospital Zambia
Project Location:	Beit Cure Hospital, Plot 34872A Great North Road, Lusaka, Zambia
CBM Project Number:	3851-BMZ-MYP
Project Title:	Strengthening the audiological and ENT services in Zambia
Commencement Date:	1 st October 2018
Planned Completion Date:	31 st March 2022
Total Project Budget:	EUR 909,400.00
Project Budget to be Implemented by Funders:	EUR 64,550.00
Net Project Budget to be Implemented by Partner:	EUR 844,850.00
Partner Project Manager:	Mr. Stephen Chishimba
Partner Asst. Project Manager:	Mr. Martin Chipimo
Partner Project Accountant:	Mr. Isaac Simukonda

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PROJECT MANAGEMENT REPORT

The Project Partner hereby presents its Project Management Report for the Strengthening Audiological and ENT Medical Services in Zambia Project no. BMZ 3851:

1. Project Description: The project is meant to address hearing impairments, treatment and rehabilitation of people affected and the interventions are targeted at three major levels of the Health system namely:

a) At the macro level:

It targets employees and decision makers of Zambia health institutions, who will be capacitated to implement the National Ear Nose Throat Healthcare Strategy with the country. The General Nursing Council (GNC) in developing a national curriculum for the training of health personnel in ENT related components.

b) At the Meso Level:

The project intends to train 80 medical and paramedical specialists who will be involved in the prevention, diagnosis, treatment and rehabilitation of ear diseases. These include the following; ENT surgeons, nurses, audiology technicians, speech therapy assistants and community health workers.

c) At the micro level:

The project will provide physical infrastructures in Lusaka (Beit Cure) Southern and Central provinces of Zambia. It involves the construction of the audiometric booths at Livingstone central hospital and Kabwe general hospitals. Secondly, outreach programmes in government clinics/institutions and school screening activities.

2. Planned Benefits of the Project: The following are the outputs (results) of the project:

The treatment of ear diseases is permanently embedded in the Zambian health system;

- a) An increased number of ear specific qualified medical and Para-medical specialists are available in the target provinces.
- b) Ear medical infrastructure is permanently improved in Zambia.
- c) Outreach activities and screening have reached more patients – that is outreaches in clinics and school screenings.

3. Achieved Benefits of the Project:

- a) 36 (120%) nurses/clinical officers were trained in 2020 against a set target of 30.
- b) 36 (120%) Nurses/clinical officers underwent a 3 days refresher course in Primary Ear and Hearing Care.
- c) 04 (100%) Audiology Technicians were trained during the year.
- d) 13 (108%) Speech therapy assistants were trained during the year against a set target of 12.
- e) 10 (100%) Public Health Planners training were trained during the year by the London School of Tropical Medicine.
- f) 28 (93%) Community Health Assistants were trained during the year.
- g) 02 ENT surgeons attended Bone Dissection workshops in Zimbabwe (Harare) and Germany respectively.
- h) 01 Audiometric booth in Livingstone Central was commissioned during the year and other 02 are in progress.
- i) The Temporal Bone Lab structure was completed and awaits handover to the University Teaching Hospital (UTH) and University of Zambia (UNZA).
- j) Over 20 Health centers in the southern province are now offering ENT services through the nurses who were trained and equipped during the year.
- k) Over 80% of the equipment was procured during the year, except for some equipment for the Temporal Bone Lab and audiology booths.
- l) A number of outreaches in the southern province and Lusaka clinics and school screenings were conducted, though they were significantly affected by the COVID 19 pandemic.

4. Project Challenges Faced:

- a) Most clinics/hospitals were recording less number of patients due to lack of ENT awareness. Hence there was a need to continue raising awareness through local media such as radio, TV and print.
- b) There was a high expectation from the participants to be paid allowances for attending the trainings and conducting ear screenings, which the project understood to be happening in other projects.

c) ENT Curriculum Review: The project obtained the General Nursing Council (GNC) training curriculum and it was discovered that the ENT components were already included. The Training Institutions were not able to implement the curriculum in full due to lack of skills, given the limited number of ENT specialised personnel within the country and the required equipment for practicals. Therefore the project intended to engage the Training institutions to enforce a complete implementation of the ENT curriculum.

d) Non availability of qualified speech therapist within the country and this has affected the training of speech therapy assistants.

5. Key Lessons Learnt:

a) There is need to make a provision for nurses/clinical officers health care cover/insurance during the ten (10) days training, as the project had to attend to some health issues in this year.

b) Increased collaboration with the DHOs and the health centres authorities in rolling out the ENT programmes within the province.

6. Other Matters: None

PARTNER PROJECT MANAGER-CBM/BMZ P3851

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PROJECT PARTNER'S RESPONSIBILITIES

The Project Contract signed between the project funder; Christian Blind Mission (CBM) and the project partner; Beit Cure Hospital Zambia, obliged the project partner to prepare project financial statements for each financial year, which show a true and fair view of the project's results of operations for the year.

In preparing such project financial statements, the Partner is required to:

- Select suitable accounting policies and apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed;
- Prepare the project financial statements on a cash basis reflecting the funds utilized to date.

The Partner is responsible for keeping proper accounting records, which disclose with reasonable accuracy, at any time, the financial position and results of operations of the project, and to ensure that the project financial Statements comply with the provisions of the Project Contract. They are also responsible for safeguarding the assets of the project and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities or error.

The Project Partner confirms that in its opinion:

- a) The project financial statements show a true and fair view of the state of the project's affairs as at 31st December 2021 and results of its operations for the year 2021 and;
- b) The project financial statements are drawn up in accordance with applicable International Financial Reporting Standards and Generally Accepted Accounting Principles as well as provisions of the Project Contract entered into between the Project Funders and the Project Partner.

This statement is made in accordance with a resolution of the Project Partner.

Signed at Lusaka, Zambia on _____ 2022 _____

EXECUTIVE DIRECTOR

BEIT CURE HOSPITAL

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHRISTIAN BLIND MISSION (CBM) ON THE PROJECT FINANCIAL STATEMENTS FOR THE CBM-BMZ P3851 PROJECT IMPLEMENTED BY BEIT CURE HOSPITAL FOR THE YEAR ENDED 31ST DECEMBER 2021

Opinion

We have audited the Project Financial Statements of Project No. CBM/BMZ P3851: Strengthening the Audiological and ENT Medical Services in Zambia ("the Project") set out on pages 10 to 15, which comprise the Income & Expenditure Statement, the Detailed Income & Expenditure Statement, the Cumulative Income and Expenditure Statement, Project Assets Inventory and a Reconciliation of Closing Project Funds. In our opinion, the Project Financial Statements present fairly, in all material respects, the financial position of the project as at 31st December 2021, and its financial performance and cash flows for the year under consideration, in accordance with International Financial Reporting Standards and the Project Contract.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Project Financial Statements section of our Report. We are independent of the Project in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and have fulfilled our other responsibilities under these ethical requirements. 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 Project Financial Statements. These matters were addressed in the context of our audit of the Project Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



No.	Key Audit Matter	How the matter was addressed
1	Validity and accuracy of expenses	A significant sample of all expense items was verified to appropriate supporting documents.
2	Completeness of revenue received.	Revenue received by the Project were verified to the Bank accounts.
3	Existence and ownership of project assets	We carried out a physical verification of the project assets and confirmed ownership of the same.

Other Information

The Project Partner is responsible for the other information. Our opinion on the Project Financial Statements does not cover the other information and we do not express an audit opinion or any form of assurance thereon. In connection with our audit of the Project Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Project Financial Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Project Partner for the Project Financial Statements

The Project Partner is responsible for the preparation and fair presentation of the Project Financial Statements and in accordance with International Financial Reporting Standards and the provisions of the Project Contract, and for such internal control as the Project Partner determine are necessary to enable the preparation of Project Financial Statements that are free from material misstatement, whether due to fraud or error. In preparing the Project Financial Statements, the Project Partner is responsible for disclosing, as applicable, matters related to the Project.

Independent Auditor's Responsibilities for the Audit of Project Financial Statements

Our objectives are to obtain reasonable assurance about whether the Project 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

ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Project Financial Statements. As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Project Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Project's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Project Team.
- Conclude on the appropriateness of the Project Partner's management of the Project and any relevant disclosures. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's Report. However, future events or conditions may have a different adverse impact on the project.
- Evaluate the overall presentation, structure and content of the Project Financial Statements, including the disclosures, and whether the Project Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities within the Project to express an opinion on the Project Financial Statements. We are responsible for the direction, supervision and performance of the Project's audit.
- We remain solely responsible for our audit opinion. We communicate with the members of the Project Partner regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal

We also provide the Project Partner with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards. From the matters communicated with the Project Partner, we determine those matters that were of most significance in the audit of the Project Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our Auditor's Report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other Legal and Regulatory Requirements

The Project's Contract require that in carrying out our audit, we consider whether the Project Partner has kept proper accounting records. In our opinion, based on our examination of those records, the Project Partner has substantively maintained proper accounting records and other records and registers as required by the Project Contract.

ENOSYST AM Chartered Accountants

.....**2022**

Lusaka, Zambia

S. Tembo

Registration No: AUD/F001976

Partner

**STRENGTHENING AUDIOLOGICAL AND ENT MEDICAL SERVICES IN ZAMBIA
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INCOME & EXPENDITURE STATEMENT**

	Budget-2021 ZMW	Actual-2021 ZMW	Variance ZMW	Variance %	Notes
INCOME					
Funds brought forward from 2020	-	3,147,119	3,147,119	100%	1
Direct Grant	2,791,920	1,343,951	(1,447,968)	-52%	2
Net Advances/(Repayments) by BCH	-	-	-		
	<u>2,791,920</u>	<u>4,491,071</u>	<u>(1,447,968)</u>		
EXPENDITURE					
Investment Costs:					
Medical Equipment	96,720	1,918,820	(1,822,100)	-1884%	3
Furniture & Learning Equipment	-	-	-	-	
Project Vehicle	-	-	-	-	
Construction Works	-	-	-	-	
Running Costs:					
Implementation of ENT Plan	17,893	30,365	(12,472)	-70%	5
Trainings	1,091,485	189,998	901,487	83%	6
Project Monitoring - Local	155,719	232,797	(77,077)	-49%	7
Outreaches	251,472	420,402	(168,930)	-67%	8
Audit & Bank Costs	75,119	17,078	58,041	77%	9
COVID-19 Preventative Measures	165,327	119,246	46,081	28%	10
Personnel:					
Project Management	446,524	382,233	64,291	14%	
Medical Personnel	314,340	63,464	250,876	80%	11
Other:					
Project Evaluation	177,320	102,091	75,229	42%	12
Total Expenditure	<u>2,791,920</u>	<u>3,476,494</u>	<u>(684,574)</u>	-25%	13
Surplus of Funds as at 31st December 2021		<u>1,014,577</u>			
Cash Book Balance as at 31st December 2021		<u>1,014,577</u>			
Reconciling Items:		<u>(100,975)</u>			14
Bank Balance as at 31st December 2021		<u>913,602</u>			

EXECUTIVE DIRECTOR

FINANCIAL CONTROLLER

STRENGTHENING AUDIOLOGICAL AND ENT MEDICAL SERVICES IN ZAMBIA
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 DETAILED EXPENDITURE STATEMENT

		Budget	Expenditure	Variance	Deviation
		ZMW	ZMW	ZMW	%
1.1	INVESTMENT COSTS	96,720	1,918,820	- 1,822,100	-1884%
1.1.1	Medical Equipment	96,720	1,918,820	- 1,822,100	-1884%
1.1.1.1	Temporal Bone Lab	-	966,804	- 966,804	-100%
1.1.1.2	Clinical/Surgical Equipment for Livingston & Kabwe	-	89,960	- 89,960	-100%
1.1.1.3	Surgical Equipment University Teaching Hospital	-	15,322	- 15,322	-100%
1.1.1.4	Equipment for 30 nurses and clinical officers (ToT)	-	-	-	-
1.1.1.5	Equipment for 4 Hearing Instrument specialists(Audio Technicians)	96,720	846,734	- 750,014	-775%
1.1.2	Furniture and Learning Equipment	-	-	-	-
1.1.2.1	Books and subscriptions, Learning software	-	-	-	-
1.1.2.2	Office Equipment (desks, Chais, Laptops)	-	-	-	-
1.1.3	Project Vehicle	-	-	-	-
1.1.3.1	Purchase of Project Vehicle	-	-	-	-
1.1.4	Construction at University Teaching Hospital UTH	-	-	-	-
1.1.4.1	Temporal Bone Lab	-	-	-	-
1.1.4.2	Water Tower	-	-	-	-
1.1.4.3	Camera for ENT OR Microscope	-	-	-	-
1.2	RUNNING COSTS	1,757,016	1,009,886	747,130	43%
1.2.1	Implementation ENT Plan	17,893	30,365	- 12,472	-70%
1.2.1.1	Launch & Screening event (Livingstone)	-	-	-	-
1.2.1.2	National ENT meetings (15 NENT Committee)	17,893	4,567	13,327	74%
1.2.1.3	Public Health Planning for Hearing Impairment Course for 10 people	-	-	-	0%
1.2.1.4	Prevalence Survey	-	25,798	- 25,798	-100%

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DETAILED EXPENDITURE STATEMENT CONTINUED

1.2.2	Trainings	1,091,485	189,998	901,487	83%
1.2.2.1	1 year Hearing instrument specialist training (4 Technicians)	483,600	3,750	479,850	99%
1.2.2.2	4 ENT Surgeons Temporal bone course	29,016	12,922	16,094	55%
1.2.2.3	Speech language therapy assistants at Cure School of Nursing (12)	147,982	128,832	19,150	13%
1.2.2.4	Review of curriculum for Nurses and Clinical Officers to include ENT (4 Workshops)	89,950	-	89,950	100%
1.2.2.5	Conference Curriculum Launch	-	-	-	-
1.2.2.6	Training of 30 Nurses/Clinical Officers in Primary Ear and Hearing care	285,324	-	285,324	100%
1.2.2.7	2 day ToT Training of 30 Nurses/Clinical Officers in Ear and Hearing Care	-	17,425	- 17,425	-100%
1.2.2.8	Training of 30 Community Health Assistants from Livingstone area	-	-	-	-
1.2.2.9	Advanced ENT surgical course (2 surgeons X 1 week)	55,614	27,069	28,545	51%
1.2.2.10	Head and Neck Dissection (1 surgeon X 1 week)	-	-	-	0%
1.2.3	Project Monitoring (local)	155,719	232,797	- 77,077	-49%
1.2.3.1	Office BCH (electricity, water, maintenance, Office supply + telefocommunications:	96,720	65,801	30,919	32%
1.2.3.2	Monitoring (Fuel, Car Maintainance, Car Insurance, Accomondation)	58,999	166,996	- 107,997	-183%
1.2.3.3	Kickoff workshop (12: BCH, MoH, CBM CO, RO)	-	-	-	-
1.2.4	Outreaches and School Screenings	251,472	420,402	- 168,930	-67%
1.2.4.1	Vehicle Costs (Fuel, Road Tax)	58,999	39,270	19,729	33%
1.2.4.2	Accomodation (6 nights, 4 people)	27,082	17,840	9,242	34%
1.2.4.3	Meals (6 days, 4 people)	15,475	30,692	- 15,217	-98%
1.2.4.4	Annual calibration of equipment	29,016	1,800	27,216	94%
1.2.4.5	Information materials	80,600	115,214	- 34,614	-43%
1.2.4.6	Medical consumables	40,300	215,586	- 175,286	-435%

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DETAILED EXPENDITURE STATEMENT CONTINUED

1.2.5	Audit and Bank Costs	75,119	17,078	58,041	77%
1.2.5.1	Audit	40,300	-	40,300	100%
1.2.5.2	Final Audit	-	-	-	-
1.2.5.3	Banking Fees	34,819	17,078	17,741	51%
1.2.6	COVID-19 Preventive Measures	165,327	119,246	46,081	28%
1.3	PERSONNEL	760,864	445,698	315,166	41%
1.3.1	Project Management Personnel	446,524	382,233	64,291	14%
1.3.1.1	Project Manager at BCH (monthly salary covered by project: 1.800 EUR) 100%	348,192	290,205	57,987	-
1.3.1.2	Monitoring and Evaluation Officer (Salary Contribution)	98,332	92,028	6,304	6%
1.3.2	Medical Personnel	314,340	63,464	250,876	80%
1.3.2.1	Expat ENT Surgeon Salary Contribution	120,900	-	120,900	100%
1.3.2.2	Speech therapists/advisor - Salary	193,440	63,464	129,976	67%
1.5	EVALUATION	177,320	102,091	75,229	42%
1.5.1	Project Evaluation	177,320	102,091	75,229	42%
1.5.1.1	Pre-Study	-	-	-	0%
1.5.1.2	Midterm Evaluation	177,320	98,890	78,430	44%
1.5.1.3	Final Evaluation	-	3,201	- 3,201	-100%
	Grand Total	2,791,920	3,476,494	- 684,574	-25%

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CUMULATIVE INCOME AND EXPENDITURE STATEMENT**

	Year 1 (2018)	Year 2 (2019)	Year 3 (2020)	Year 4 (2021)	Cumulative
	Actual ZMW	Actual ZMW	Actual ZMW	Actual ZMW	Actual ZMW
INCOME					
Funds brought forward	-	5,130,618	2,095,087	3,147,119	-
Direct Grant	5,130,000	1,920,970	4,837,404	1,343,951	13,232,325
Net Advances/(Repayments) by BCH	523,824	(496,331)	-	-	27,493
	5,653,824	6,555,257	6,932,491	4,491,071	13,259,818
EXPENDITURE					
Investment Costs:					
Medical Equipment	-	2,739,707	1,437,995	1,918,820	6,096,522
Furniture & Learning Equipment	-	20,803	93,633	-	114,436
Project Vehicle	460,555	-	-	-	460,555
Construction Works	-	349,611	21,196	-	370,807
Running Costs:					
Implementation of ENT Plan	-	-	103,247	30,365	133,611
Trainings	20,933	486,757	1,188,132	189,998	1,885,819
Project Monitoring - Local	17,992	104,054	126,489	232,797	481,332
Outreaches	-	115,492	135,320	420,402	671,214
Audit & Bank Costs	382	11,590	92,241	17,078	121,291
COVID-19 Preventative Measures	-	-	-	119,246	119,246
Personnel:					
Project Management	23,344	294,657	149,626	382,233	849,860
Medical Personnel	-	337,500	-	63,464	400,964
Other:					
Project Evaluation	-	-	91,595	-	91,595
	-	-	-	102,091	102,091
Total Expenditure	523,206	4,460,171	3,785,371	3,476,494	12,245,241
Surplus of Funds as at 31st December	5,130,618	2,095,087	3,147,120	1,014,577	1,014,577
Cash Book Balance as at 31st December	5,130,618	2,095,087	3,147,120	1,014,577	
Reconciling Items:	-	-	1,903	(100,975)	
Bank Balance as at 31st December	5,130,618	2,095,087	3,149,022	913,602	

**STRENGTHENING AUDIOLOGICAL AND ENT MEDICAL SERVICES IN ZAMBIA
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PROJECT ASSETS INVENTORY**

Qty	Item	Cost	Date Purchased	Model	Location	Identity No.
		ZMW				
1	Toyota Hilux	442,589	10/11/2018	Toyota	Beit Cure Hospital	BAJ # 9048
	Total Purchased Assets for 2021	442,589				
1	HP Laptop 250 G6	6,379	1/14/2019	HP I 3	Beit Cure Hospital	C/CP/1-24
1	Camera System	102,027	1/30/2019	VMCC -500MD/1	Operating Theatre	VMCC -500MD/1
1	Water Tank (Contribution)	147,072	1/29/2019	New Tank	Beit Cure Hospital	#662
1	HP Laptop Intel Core13	5,862	3/28/2019	Intel Core13	Livingstone Central Hospital	Z No: 543412
1	HP Laptop Intel Core13	5,862	3/28/2019	Intel Core13	Beit Cure Hospital	Z No: 543412
3	Kuduwave Audio Equipment	297,914	3/1/2019	Kuduwave	Southern Province	ln# 303
37	LED Light ENT Equipment	500,663	3/14/2019	460720R	Southern Province	DI 18018
50	Sound Reducing Panel	11,052	3/29/2019	Panels	University Teaching	PF270319GP03
1	SOM62 ENT Microscope with	169,553	4/25/2019	SOM62	Livingstone Central	28344
1	SOM62 ENT Microscope with	169,553	4/25/2019	SOM62	UTH	28345
1	SOM62 ENT Microscope with Accessories	169,553	4/25/2019	SOM62	Kabwe Central Hospital	28346
3	SOM82 Table Mouted -Temporal Bone	316,052	4/25/2019	SOM 82	University Teaching	14960/61/62
2	Myringotomy Set	43,897	4/26/2019	20292356	University Teaching	
1	Mastoidectomy Set	20,179	4/26/2019		University Teaching	
1	Tympanoplasty Set	30,165	4/26/2019		University Teaching	
1	Adenoidectomy Set	15,466	4/26/2019		University Teaching	
2	Tonsillectomy Set	40,393	4/26/2019		University Teaching	
1	Endoscope Set	147,935	4/26/2019		University Teaching	
4	Myringotomy Set	86,796	4/26/2019		Livingstone & Kabwe	
2	Mastoidectomy Set	41,838	4/26/2019		Livingstone & Kabwe	
2	Tympanoplasty Set	59,646	4/26/2019		Livingstone & Kabwe	
2	Adenoidectomy Set	30,581	4/26/2019		Livingstone & Kabwe	
4	Tonsillectomy Set	82,680	4/26/2019		Livingstone & Kabwe	
2	Endoscope Set	292,509	4/26/2019		Livingstone & Kabwe	
3	Equipment for Lab	46,062	4/26/2019		University Teaching	
3	Tympanometer	36,022	5/3/2019	IM1PA19217840-	Livingstone Central	IM1PA19217840-
1	Harp Model Basic - Diagnostic	50,513	5/3/2019	AU1DF18209869	Livingstone Central	AU1DF18209869
1	OTO PORT LITE Handheld -New Born	65,332	5/3/2019	11040	Livingstone Central	11040
	Total Purchased Assets for 2019	2,991,554				
1	Otis - Virtual Patients ,Edition Expart	16,093	3/27/2020	CHE-397-177-833	Beit Cure Hospital	CHE-397-177-
3	Desk Top Computers	22,947	4/7/2020		University Teaching	
2	Drills and accessories	627,329	4/6/2020		University Teaching	3711S2005R /
3	Hipro 11 USB, Programming cables	57,042	12/15/2020	12/15 \$BEIT -Q3	Livingstone, Kalomo and	12/15 \$BEIT -Q3
1	Samsung 12000BTU Aircone	10,341	6/24/2020	AR12MQ	Livingstone Central	B72RP9DKA001
2	Endoscopy system	294,496	3/23/2020		Livingstone /UTH	668
2	Diathermy	136,678	3/23/2020		Livingstone /UTH	
1	Endoscopy system	147,248	3/23/2020	in stock	Beit Cure Hospital	
1	Diathermy	68,339	3/23/2020	in stock	Beit Cure Hospital	
	Total Purchased Assets for 2020	1,380,512				
2	Piano Model Basic - Clinical Audiometer	264,410	4/20/2021		Kalomo and Choma	AU1CD21231041
2	Timpani - Handheld Tympanometer	113,553	4/20/2021		Kalomo and Choma	IM1PA21231043/
2	Box with Assorted Tips for	5,158	4/20/2021		Kalomo and Choma	INV-2104-0079
2	OTO PORT LITE Handheld -New Born	192,901	4/23/2021		Kalomo and Choma	
2	Sumsung Aircones	37,922	4/23/2021		Kalomo and Choma	
1	Microscope	303,680	4/30/2021		University Teaching	30885
4	Drills and Micro-Derider	556,812	4/28/2021		University Teaching	
1	Bone Dissection Instrument	52,449	4/30/2021		University Teaching	
1	Surgery -Tympanoplasty	62,182	5/13/2021		Livingstone Central	
4	Swivel Stool	35,177	8/27/2021		University Teaching	A0011896
	Total Purchased Assets for 2021	1,624,246				
	Cumulative Total Fixed Assets 2018-2021	6,438,901				

STRENGTHENING AUDIOLOGICAL AND ENT MEDICAL SERVICES IN ZAMBIA
 BMZ PROJECT No. 3851: ANNUAL PROJECT FINANCIAL STATEMENTS
 FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2021
 NOTES TO THE PROJECT FINANCIAL STATEMENTS

1. Schedule of Project/BCH Inter-Fund Transfers

Date	Description	Amount (ZMW)	Running Balance
1/1/2019	Opening Balance as at 1st January 2019 owed to BCH		523,824.06
1-Jan-19	Purchase of Laptop for Associate Project Manager	6,379.31	530,203.37
29-Jan-19	Reimbursement for Motor Vehicle	(460,555.10)	69,648.27
4-Feb-19	Reimbursement for for December 2018 Salary for Associate Project Manager	(23,343.92)	46,304.35
29-Jan-19	Reimbursement for Laptop for Associate Project Manager	(6,379.31)	39,925.04
29-Jan-19	Reimbursement to Ops Account	(9,000.00)	30,925.04
31/12/2019	Other	(1,130.00)	29,795.04
31/12/2019	Disallowed expense for chlorinator	(2,302.00)	27,493.04
Net Balance of Advances to Project due to BCH as at 31st December 2019			27,493.04
Movements during the Year 2020		-	
Net Balance of Advances to Project due to BCH as at 31st December 2020			27,493.04

STRENGTHENING AUDIOLOGICAL AND ENT MEDICAL SERVICES IN ZAMBIA
BMZ PROJECT No. 3851: ANNUAL PROJECT FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2021
MANAGEMENT COMMENT ON VARIANCES.

2. Explanations to Project Variances

The Project Management Team for the CBM/BMZ P3851 Project for Strengthening the Audiological and ENT Medical Services in Zambia, have the following explanations relating to the noted project variances;

Variance No.1: The variance is 100% because these are carry over Funds from previous year 2020.

Variance No.2: The variance is -52% because less funds were requested during the year for what could be used.

Variance No.3: There was a change request made to use saving and reserves from CBM Germany to use the funds to procure medical equipment. Also an addendum for changes was signed and filed for our records

Variance No.4:

Variance No.5: The Funding for ENT Implementation plan was float loaded in 2019. However, the implementation was conducted in 2021 and 2022. Hence, a negative variance of -70%.

Variance No.6: The variance is Positive because more training was done in 2020 than in the year under review.

Variance No.7: We carried out more project monitoring activities in the year hence, a negative variance. However, we used carry over funds from previous years to do the activities.

Variance No.8: We had more outreaches during the year 2021 than in the previous year because of COVID-19 restrictions in the previous years. Hence, we had enough carry over funds to do the activities in 2021.

Variance No.9: The bank charges were over budgeted and the Audit fee was paid by the CBM Country Office.

STRENGTHENING AUDIOLOGICAL AND ENT MEDICAL SERVICES IN ZAMBIA
BMZ PROJECT No. 3851: ANNUAL PROJECT FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2020
MANAGEMENT COMMENT ON VARIANCES CONTINUED

Variance No.10: The COVID-19 Preventative measure was approved late so we could not use up the whole funding for activities related to COVID-19.

Variance No.11: The variance is positive because we stopped paying salary for the ENT Surgeon in March 2021. We were only paying for a Speech therapist until December 2021.

Variance No.12: The variance is positive because we had not yet paid the final fee note for end of project evaluation.

Variance No.13: The variance is positive because budget for year was less than the reported expenditure. However; we managed to carry out all activities because of carry over funds from previous year.

Variance No.14: The variance is positive because of some reversals which were done in 2022. Some Transaction were disallowed by the funders and we BCH paid back in the following year 2022 because that's when the Finance report was approved.

STRENGTHENING AUDIOLOGICAL AND ENT MEDICAL SERVICES IN ZAMBIA
BMZ PROJECT No. 3851: ANNUAL PROJECT FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2021
DETAILED AUDIT FINDINGS / LETTER OF RECOMMENDATIONS

KEY AUDIT FINDINGS

The matters raised in this and other reports that will flow from the audit are only those which have come to our attention arising from or relevant to our audit that we believe need to be brought to your attention. They are not a comprehensive record of all the matters arising, and in particular we cannot be held responsible for reporting all risks in your business or all internal control weaknesses. This report has been prepared solely for your use and should not be quoted in whole or in part without our prior written consent. No responsibility to any third party is accepted as the report has not been prepared for, and is not intended for, any other purpose.

1. Introduction

Our work has been carried out in accordance with the Terms of Reference agreed to between ENOSYST AM and Christian Blind Mission (CBM), Zambia Country Office, as well as our Engagement letter dated 10th January 2022. This report is a summary of key audit findings that we considered to be of importance and need to be brought to the attention of CBM with regard to Project No. CBM/BMZ P3851: Strengthening the Audiological and ENT Medical Services in Zambia.

It must be noted that the matters dealt with in this report came to our attention during the conduct of our normal audit procedures which are designed primarily with a view to the expression of an opinion on the Project Financial Statements of Project No. CBM/BMZ P3851: Strengthening the Audiological and ENT Medical Services in Zambia. Our findings therefore, cannot be expected to include all possible improvements that a more extensive forensic examination of the project might have revealed.

2. Areas of Audit Focus

The following is a summary of key developments and risks identified from our initial planning and meetings with management as well as our planned response to address these matters:

Key Risks

The following areas were considered key risks requiring specific audit focus:

- (i) Legitimacy of expenditure
- (ii) Management override of controls
- (iii) Fraud risk

With respect to legitimacy of expenditure, we:

- Reviewed compliance of the Financial Statements to conditions of the Project Contract.
- Checked and verified that all expenditure was appropriately reviewed and approved
- checked that expenditure was appropriately reflected in the Financial Statements submitted to the project funder.
- Verified the existence of appropriate documentation to support expenditure.
- Performed analytical reviews

With respect to the risk of management override of controls:

- We tested the appropriateness, authorization and completeness of journal entries recorded in the general ledger and other adjustments;
- We reviewed accounting estimates for biases that could result in material misstatement, including performing a retrospective review of prior year estimates with the benefit of hindsight. We gained an understanding of, and evaluated the project's rationale for significant unusual transactions.

With respect to fraud risk:

- We reviewed controls in place.
- Unpredictability tests were performed on significant accounting areas such as:
 - Bank balances
 - Cash expenses
 - Reviewed manual journal entries for validity and approval

Audit Emphasis Points

3. Status of Recommendations Arising from the Previous Audit

As part of our scope of work, we undertook a review of the current status regarding significant audit recommendations that arose from previous audits, and we report as follows;

Ref	Previous year recommendation	Status
1	<p>Incomplete Payment Vouchers: It was noted that 162 Payment Vouchers totalling K2, 982,255.14 had not been fully completed as at the time of the audit, as they did not indicate the budget line to which the payment related.</p>	<p>Not Implemented. We noted 4 transactions amounting to K12, 320.00 in which Payment Vouchers were incomplete.</p> <p>Management Comment: All transaction were fully signed and only detailed budget line were not indicated on the payment voucher but were indicated on the finance report.</p>
2	<p>Failure to Stamp Documents as “Paid” Upon Remittance: It was noted that 17 sets of payment documents totalling K196,276.12 were not stamped as “PAID” after payment were remitted.</p>	<p>Not Implemented. We noted 172 transactions amounting to K3, 363,865.24 in which supporting documents were not stamped “PAID” after remittance of a payment.</p> <p>Management Comment: We were provided with a BMZ Stamp by CBM which is not written PAID. However, we have now requested for the PAID stamp to be used on all paid invoices.</p>
3	<p>Non-Compliance with Procurement Rules and Regulations: It was noted that services from 7 entities amounting to K153,936.07 were procured by the organization without obtaining comparative quotations or proposals.</p>	<p>Not Implemented. We noted 9 transactions amounting to K166,723.10 in which procurement regulations were not adhered to.</p> <p>Management Comment: The Hospital in general has a procurement process and this is adhered to in terms of procurement. For all amount less than k5000.00 only 01 quotation is required. While for amounts below K10,000.00 only 02 quotation and for amounts above K10,000.00 only 03 quotation are needed.</p>

4	<p>Inadequate Supporting Documents for Expenditure: It was noted that some expenses under the project did not have relevant appropriate supporting documents and therefore did not comply with the provisions of the Project Contract and Generally Accepted Accounting Principles. This totalled K222,900.00.</p>	<p>Not Implemented. We noted 31 transactions of expenditure amounting to K351, 220.07 which did not have adequate supporting documents during the current year's audit.</p> <p>Management Comment: All the document have support documents and the invoices were attached and pay sheets for Transport and Dinner refunds are all dully signed.</p>
5.	<p>Lack of a Project Accounting Policy and Procedures Manual: It was noted that there is no project accounting policy and procedures manual in place to guide the accounting treatment of project transactions.</p>	<p>Not Implemented.</p> <p>Management Comment: In the absence of the project accounting policy and procedure manual, We use the BCH accounting policy and procedure manual as a guide.</p>
6.	<p>Lack of Project Specific Narrations on Supporting Documents for Expenditure: It was noted during the course of the audit that some supporting documents such as receipts from vendors, lacked specific narrations to exclusively identify them with this project number P3851.</p>	<p>Not Implemented.</p> <p>Management Comment: All the documents are stamped with a BMZ stamp to show that it is a project expense as advised by CBM CO. This is noted narrations will be given in detailed as required.</p>
7.	<p>Loss of Funds Due to Unwarranted Value Added Tax (VAT) Charges on Project Expenditure: It was noted that despite BCH being duly registered as a Public Benefit Organization (PBO) that is entitled to VAT exemption, it was not fully utilizing this privilege when incurring some expenses under the project.</p>	<p>Not Implemented.</p> <p>Management Comment:</p> <p>The process of getting the VAT exemption is tedious and time consuming .Hence, the hospital has put in place the threshold of any amount in excess of K1000.00 qualifies to claim VAT. All payment with VAT K1,000 the payment will include VAT.</p>

8.	Inadequate Evidence to Support the Occurrence of Field Project Activities: It was noted that project expenditure related to field activities such as outreach programmes did not contain evidence to support the fact that such activities did actually take place.	Not Implemented. We noted 5 transactions totalling K23, 417.50 to which there were no documents to support that the said field activities did in fact take place. Management Comment: The signed pay sheet for Transport and the attendance sheet are attached as well for Outreach programmes and Trainings as evidence for payment.
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4. Detailed Findings & Recommendations from the Current Year.

4.1 Lack of Proof for Remitted Payments

Observation

It was noted that 172 expenditure items amounting to K3,363,865.24 had no documentation to support that the payment had been remitted to the respective third party.

Risk

The lack of a bank generated proof of payment, vendor receipt or other form of acknowledgement that a payment has been remitted may hinder the ability of the project to defend frivolous claims in future from vendors.

Recommendation

We recommend that the project partner should maintain a record of a bank generated proof or payment, receipt or other form of documentation to support the remittance of a payment.

Management comments:

All payments have receipts and invoices attached unless in cases where the receipt fades. However, there are payments for Transport local and dinner funds that require only a signed pay sheet with a BMZ Logo which acts as a receipt.

4.2 Commencement of Bank Payment Process before Payment Voucher is Approved

Observation

It was noted that 9 payments amounting to K162, 821.80 were commenced through the online banking platform before the Payment Vouchers authorizing the payments were approved.

Risk

The organization risks remitting unauthorized payments.

Recommendation

We recommend that the payment process on the online banking platform should only be commenced after the Payment Voucher authorizing the respective payment has been authorized.

Management comment:

The online banking platform operates quite differently. The documents attached to the payment voucher after payment is uploaded on the Bank system is not proof of payment but a guide to signatories that there is a pending payment online that is pending approval. Online transfer copy attached to the payment voucher actually indicates that the payment is not processed and guides the signatories which payments are online transfers and which are cheque payments for its not the final document acting as proof of payment.