

STRENGTHENING AUDIOLOGICAL AND ENT MEDICAL SERVICES IN ZAMBIA

BMZ PROJECT No. 3851: ANNUAL PROJECT FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2020

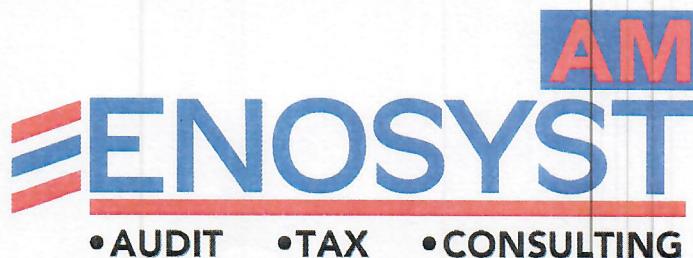
P O Box 34274

Lusaka, Zambia

E-Mail: info@enosyst.com

Website: www.enosyst.com

Twitter: @enosyst



First Floor, West Wing

Pangaea Office Park, Arcades

Plot 2374 Great East Road

Tel: 0211259103 Fax: 259104

Lusaka, Zambia

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

CONTENTS PAGE

BASIC PROJECT INFORMATION	1
PROJECT MANAGEMENT REPORT	2-3
STATEMENT OF PARTNER'S RESPONSIBILITIES	4
REPORT OF THE INDEPENDENT AUDITORS	6-9
INCOME & EXPENDITURE STATEMENT	10
DETAILED INCOME & EXPENDITURE STATEMENT	11-13
CUMULATIVE INCOME & EXPENDITURE STATEMENT	14
PROJECT FIXED ASSETS INVENTORY	15-20
SCHEDULE OF INTER-FUND TRANSFERS	21
NOTES TO THE PROJECT FINANCIAL STATEMENTS	22
MANAGEMENT COMMENTS ON PROJECT VARIANCES	22-23
DETAILED AUDIT FINDINGS / LETTER OF RECOMMENDATIONS	24-33

STRENGTHENING AUDIOLOGICAL AND ENT MEDICAL SERVICES IN ZAMBIA
BMZ PROJECT No. 3851: ANNUAL PROJECT FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2020
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: 1st October 2018

Planned Completion Date: 31st December 2021

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

**STRENGTHENING AUDIOLOGICAL AND ENT MEDICAL SERVICES IN ZAMBIA
BMZ PROJECT No. 3851: ANNUAL PROJECT FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2020
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 Labour 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.

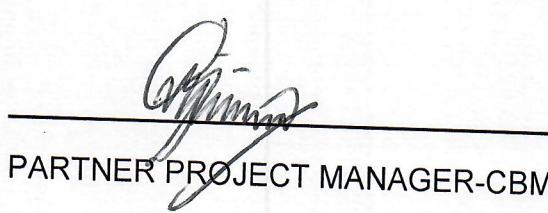
- d) Non availability of qualified speech therapist within the country and this has affected the training of speech therapy assistants.

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

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

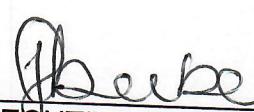
The Partner is responsible for keeping proper accounting records, which disclose with reasonable accuracy, at any time, the financial position and results of operations of the project, and to ensure that the project financial Statements comply with the provisions of the Project Contract. They are also 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 2020 and results of its operations for the year 2020 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 30th April 2021



EXECUTIVE DIRECTOR
BEIT CURE HOSPITAL

P O Box 34274

Lusaka

Zambia

E-Mail: info@enosyst.com

Website: www.enosyst.com



First Floor, Pangaea Office Park

Arcades Shopping Mall

Plot 2374 Great East Road

Tel: +260 211 259 103

Lusaka, Zambia

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 2020

Opinion

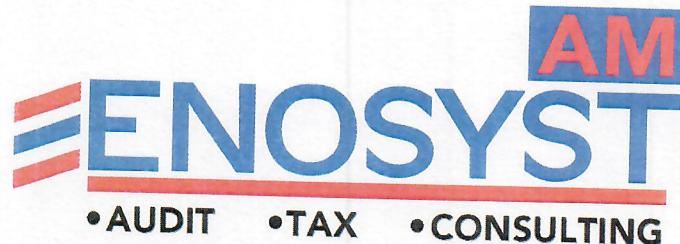
We have audited the Project Financial Statements of Project No. CBM/BMZ P3851: Strengthening the Audiological and ENT Medical Services in Zambia ("the Project") set out on pages 10 to 15, which comprise the Income & Expenditure Statement, the Detailed Income & Expenditure Statement, the Cumulative Income 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 2020, 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

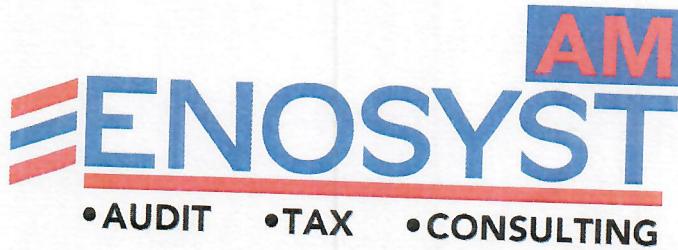
The Project Partner is responsible for the other information. Our opinion on the Project Financial Statements does not cover the other information and we do not express an audit opinion or any form of assurance thereon. In connection with our audit of the Project Financial Statements, our responsibility 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.

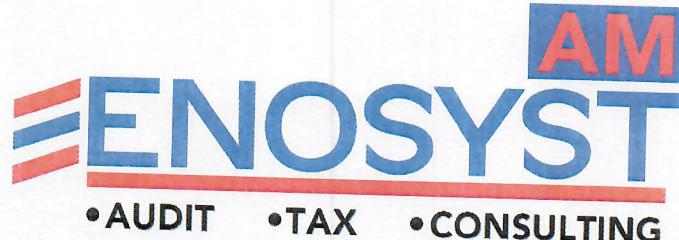
Independent Auditor's Responsibilities for the Audit of Project Financial Statements

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 control that we identify during our audit.



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.

A handwritten signature in blue ink that appears to read "ENOSYST".

ENOSYST AM, Chartered Accountants

Lusaka, Zambia

A handwritten signature in blue ink that appears to read "S. Tembo".

S. Tembo

Partner

A handwritten date in blue ink that appears to read "30/06/2021".

Registration No: AUD/F001976

STRENGTHENING AUDIOLOGICAL AND ENT MEDICAL SERVICES IN ZAMBIA
BMZ PROJECT No. 3851: ANNUAL PROJECT FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2020
INCOME & EXPENDITURE STATEMENT

	Budget-2020 ZMW	Actual-2020 ZMW	Variance ZMW	Variance %	Notes
INCOME					
Funds brought forward from 2019	-	2,095,087	2,095,087	100%	1
Direct Grant	2,715,667	4,837,404	2,121,737	78%	2
Net Advances/(Repayments) by BCH	-	-	-	-	
	2,715,667	6,932,490	2,121,737		
EXPENDITURE					
Investment Costs:					
Medical Equipment	100,000	1,437,995	(1,337,995)	-1338%	3
Furniture & Learning Equipment	-	93,633	(93,633)	-100%	4
Project Vehicle	-	-	-	-	
Construction Works	-	21,196	(21,196)	-100%	5
Running Costs:					
Implementation of ENT Plan	18,500	103,247	(84,747)	-458%	6
Trainings	1,128,500	1,188,132	(59,632)	-5%	
Project Monitoring - Local	161,000	126,489	34,511	21%	7
Outreaches	260,000	135,320	124,680	48%	8
Audit & Bank Costs	77,667	92,241	(14,574)	-19%	9
Personnel:					
Project Management	461,667	345,898	115,768	25%	10
Medical Personnel	325,000	149,626	175,374	54%	11
Other:					
Project Evaluation	183,333	91,595	91,738	50%	12
Total Expenditure	2,715,667	3,785,371	(1,069,704)	-39%	13
Surplus of Funds as at 31st December 2020		3,147,119			
Cash Book Balance as at 31st December 2020		3,147,119			
Reconciling Items:		1,903			
Bank Balance as at 31st December 2020		3,149,022			

FRIDA KABASO
Phelipe

EXECUTIVE DIRECTOR

CATHERINE K. MATUSUMA
Cherry

FINANCIAL CONTROLLER

STRENGTHENING AUDIOLOGICAL AND ENT MEDICAL SERVICES IN ZAMBIA
BMZ PROJECT No. 3851: ANNUAL PROJECT FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2020
DETAILED EXPENDITURE STATEMENT

		Budget 2020	Expenses 2020	Variance	Deviation
		ZMW	ZMW	ZMW	%
1.1	INVESTMENT COSTS	100,000	1,552,824	(1,452,824)	-1453%
1.1.1	Medical Equipment	100,000	1,437,995	(1,337,995)	-1338%
1.1.1.1	Temporal Bone Lab	-	2,172	(2,172)	-100%
1.1.1.2	Clinical/Surgical Equipment for Livingstone & Kabwe	-	580,692	(580,692)	-100%
1.1.1.3	Surgical Equipment University Teaching Hospital	-	644,920	(644,920)	-100%
1.1.1.4	Equipment for 30 nurses and clinical officers (ToT)	-	16,093	(16,093)	-100%
1.1.1.5	Equipment for 4 Hearing Instrument specialists(Audio Technicians)	100,000	194,117	(94,117)	-94%
1.1.2	Furniture and Learning Equipment		93,633	(93,633)	-100%
1.1.2.1	Books and subscriptions, Learning software	-	29,929	(29,929)	-100%
1.1.2.2	Office Equipment (desks, Chais, Laptops)	-	63,704	(63,704)	-100%
1.1.3	Project Vehicle	-	-	-	-
1.1.3.1	Purchase of Project Vehicle	-	-	-	-
1.1.4	Construction at University Teaching Hospital UTH	-	21,196	(21,196)	-100%
1.1.4.1	Temporal Bone Lab	-	21,196	(21,196)	-100%
1.1.4.2	Water Tower	-	-	-	-
1.1.4.3	Camera for ENT OR Microscope	-	-	-	-
1.2	RUNNING COSTS	1,645,667	1,645,429	238	0.01%
1.2.1	Implementation ENT Plan	18,500	103,247	(84,747)	-458%
1.2.1.1	Launch & Screening event (Livingstone)	-	-	-	-
1.2.1.2	National ENT meetings (15 NENT Committee)	18,500	-	18,500	100%
1.2.1.3	Public Health Planning for Hearing Impairment Course for 10 people	-	100,496	(100,496)	-100%
1.2.1.4	Prevalence Survey	-	2,750	(2,750)	-100%

STRENGTHENING AUDIOLOGICAL AND ENT MEDICAL SERVICES IN ZAMBIA
BMZ PROJECT No. 3851: ANNUAL PROJECT FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2020
DETAILED EXPENDITURE STATEMENT CONTINUED

		Budget 2020	Expenses 2020	Variance	Deviation
1.2.2	Trainings	1,128,500	1,188,132	(59,632)	-5%
1.2.2.1	1 year Hearing instrument specialist training (4 Technicians)	500,000	445,875	54,125	11%
1.2.2.2	4 ENT Surgeons Temporal bone course	30,000	-	30,000	100%
1.2.2.3	Speech language therapy assistants at Cure School of Nursing (12)	153,000	297,336	(144,336)	-94%
1.2.2.4	Review of curriculum for Nurses and Clinical Officers to include ENT (4 Workshops)	93,000	147	92,853	100%
1.2.2.5	Conference Curriculum Launch	-	-	-	-
1.2.2.6	Training of 30 Nurses/Clinical Officers in Primary Ear and Hearing care	295,000	341,409	(46,409)	-16%
1.2.2.7	2 day ToT Training of 30 Nurses/Clinical Officers in Ear and Hearing Care	-	61,055	(61,055)	-100%
1.2.2.8	Training of 30 Community Health Assistants from Livingstone area	-	42,310	(42,310)	-100%
1.2.2.9	Advanced ENT surgical course (2 surgeons X 1 week)	57,500	-	57,500	100%
1.2.2.10	Head and Neck Dissection (1 surgeon X 1 week)	-	-	-	-
1.2.3	Project Monitoring (local)	161,000	126,489	34,511	21%
1.2.3.1	Office BCH (electricity, water, maintenance, Office supply + telecommunications)	100,000	63,785	36,215	36%
1.2.3.2	Monitoring (Fuel, Car Maintainance, Car Insurance, Accomondation)	61,000	62,704	(1,704)	-3%
1.2.3.3	Kickoff workshop (12: BCH, MoH, CBM CO, RO)	-	-	-	-

STRENGTHENING AUDIOLOGICAL AND ENT MEDICAL SERVICES IN ZAMBIA
BMZ PROJECT No. 3851: ANNUAL PROJECT FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2020
DETAILED EXPENDITURE STATEMENT CONTINUED

		Budget 2020	Expenses 2020	Variance	Deviation
1.2.4	Outreaches and School Screenings	260,000	135,320	124,680	48%
1.2.4.1	Vehicle Costs (Fuel, Road Tax)	61,000	14,044	46,956	77%
1.2.4.2	Accommodation (6 nights, 4 people)	28,000	49,478	(21,478)	-77%
1.2.4.3	Meals (6 days, 4 people)	16,000	6,737	9,263	58%
1.2.4.4	Annual calibration of equipment	30,000	22,851	7,149	24%
1.2.4.5	Information materials	83,333	21,260	62,073	74%
1.2.4.6	Medical consumables	41,667	20,950	20,717	50%
1.2.5	Audit and Bank Costs	77,667	92,241	(14,574)	-19%
1.2.5.1	Audit	41,667	81,273	(39,606)	-95%
1.2.5.2	Final Audit	-	-	-	-
1.2.5.3	Banking Fees	36,000	10,968	25,032	70%
1.3	PERSONNEL	786,667	495,524	291,143	37%
1.3.1	Project Management	461,667	345,898	115,768	25%
1.3.1.1	Project Manager at BCH (monthly salary covered by project: 1.800 EUR) 100%	360,000	270,460	89,540	25%
1.3.1.2	M&E Officer	101,667	75,438	26,229	26%
1.3.2	Medical Personnel	325,000	149,626	175,374	54%
1.3.2.1	Expat ENT Surgeon 50% (100% = 5.000; balance covered by CBM-D and BCH),	125,000	121,582	3,418	3%
1.3.2.2	Speech therapists/advisor 40% (100% = 2.500; Balance covered by BCH)	200,000	28,044	171,956	86%
1.5	EVALUATION	183,333	91,595	91,738	50%
1.5.1	Project Evaluation	183,333	91,595	91,738	50%
1.5.1.1	Pre-Study	-	-	-	-
1.5.1.2	Midterm Evaluation	183,333	91,595	91,738	50%
1.5.1.3	Final Evaluation	-	-	-	-
		2,715,667	3,785,371	(1,069,704)	-39%

STRENGTHENING AUDIOLOGICAL AND ENT MEDICAL SERVICES IN ZAMBIA
BMZ PROJECT No. 3851: ANNUAL PROJECT FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2020
CUMULATIVE INCOME AND EXPENDITURE STATEMENT

	Year 1 (2018) Actual ZMW	Year 2 (2019) Actual ZMW	Year 3 (2020) Actual ZMW	Cumulative Actual ZMW
INCOME				
Funds brought forward	-	5,130,618	2,095,087	-
Direct Grant	5,130,000	1,920,970	4,837,404	7,050,970
Net Advances/(Repayments) by BCH	523,824	(496,331)	-	27,493
	5,653,824	6,555,257	6,932,490	7,078,463
EXPENDITURE				
Investment Costs:				
Medical Equipment	-	2,739,707	1,437,995	4,177,702
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	-	-	-	-
Trainings	20,933	486,757	1,188,132	1,695,822
Project Monitoring - Local	17,992	104,054	126,489	248,535
Outreaches	-	115,492	135,320	250,812
Audit & Bank Costs	382	11,590	92,241	104,213
Personnel:				
Project Management	23,344	294,657	345,898	663,899
Medical Personnel	-	337,500	149,626	487,126
Other:	-	-	-	-
Project Evaluation	-	-	91,595	91,595
Total Expenditure	523,206	4,460,171	3,785,371	8,768,747
Surplus of Funds as at 31st December	5,130,618	2,095,087	3,147,119	
Cash Book Balance as at 31st December	5,130,618	2,095,087	3,147,119	
Reconciling Items:			1,903	
Bank Balance as at 31st December	5,130,618	2,095,087	3,149,022	

STRENGTHENING AUDIOLOGICAL AND ENT MEDICAL SERVICES IN ZAMBIA
BMZ PROJECT No. 3851: ANNUAL PROJECT FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2020
PROJECT ASSETS INVENTORY

Budget Line	Description	Date Purchased	Amount ZMW	Location	Identity No's
1.1.1.2	Clinical Equipment for Livingstone & Kabwe				
1.1.1.2	Temporal Bone Laboratory Surgical Drill and accessories	3/18/20	550,472.81	UTH / Beit Cure Hospital	843358/0
1.1.1.2	BA # 2599 For Medical Equipment	4/2/20	599,082.59	Beit Cure Hospital/Kabwe/UTH	843358/0
1.1.1.2	UTH Temporal Bone Lab Drills	4/6/20	627,328.80	UTH surgical drill, for Temporal Bone Lab.	2870
	Total Purchases		578,719.02		
1.1.1.3	Surgical Equipment University Teaching Hospital				
1.1.1.3	Endoscopy system	3/23/20	644,920.18	Beit Cure Hospital/Livingstone /UTH	2660
	Total Purchases		644,920.18		
1.1.1.4	Equipment for 30 nurses and clinical officers (ToT)				
1.1.1.4	Otis - Virtual Patients ,Edition Export	3/27/20	16,093.13	Beit Cure Hospital	CHE-397-177-833
	Total Purchases		16,093.13		
1.1.1.5	Materials for Livingstone audiometric booth	05.03.2020	6,430.00	Livingstone central Hospital	2590
1.1.1.5	Materials for Livingstone audiometric booth	05.03.2020	20,645.00	Livingstone central Hospital	2594
1.1.1.5	Materials for Livingstone audiometric booth	05.03.2020	1,099.00	Livingstone central Hospital	2592
1.1.1.5	audiometric booth materials	11.03.2020	4,292.00	Livingstone central Hospital	2568
1.1.1.5	laminated glass for livingstone audiometric booth	24.03.2020	3,353.33	Livingstone central Hospital	2627
1.1.1.5	Transporting Audiometric materials and labour	27.03.2020	22,301.00	Livingstone central Hospital	2805
1.1.1.5	Labour Cost for Construction of Livingstone Booth	15.04.2020	1,000.00	Livingstone central Hospital	2863
1.1.1.5	collecting remaining materials of Audiometric booth (Signed dinner Voucher)	16.04.2020	500.00	Livingstone central Hospital	2876
1.1.1.5	toll fees to/ fro Livingstone collecting audiometric materials	16.04.2020	80.00	Livingstone central Hospital	2876

**STRENGTHENING AUDIOLOGICAL AND ENT MEDICAL SERVICES IN ZAMBIA
BMZ PROJECT No. 3851: ANNUAL PROJECT FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2020
PROJECT ASSETS INVENTORY CONTINUED**

Budget Line	Description	Date Purchased	Amount ZMW	Location	Identity No's
1.1.1.5	accommodation for Barnabas Chomba the Driver	16.04.2020	420.00	Livingstone central Hospital	2876
1.1.1.5	Launch in Transit to Lusaka from Livingstone after collecting remainig of booth materials	17.04.2020	87.00	Livingstone central Hospital	2876
1.1.1.5	Meals while in Transit to Livingstone to collect Booth materials	16.04.2020	213.00	Livingstone central Hospital	2876
1.1.1.5	Labour Cost for Construction of Livingstone Booth	17.04.2020	6,493.00	Livingstone central Hospital	2920
1.1.1.5	Mileage Claim to pick remaining Materials from Livingstone Booth	21.04.2020	9,314.75	Livingstone central Hospital	2923
1.1.1.5	electrical materials for Livingstone Booth	19.06.2020	2,621.00	Livingstone central Hospital	3416
1.1.1.5	electrical materials for Livingstone Booth	23.06.2020	1,371.00	Livingstone central Hospital	3414
1.1.1.5	Freight and Clearing Charges for Medical Equipment	24.06.2020	2,172.00	Livingstone central Hospital	3497
1.1.1.5	Booth Accessories at Livingstone General Hospital	25.06.2020	936.00	Livingstone central Hospital	3499
1.1.1.5	Electrician for installation of electrical Connection	24.06.2020	400.00	Livingstone central Hospital	3505
1.1.1.5	Supply of copper Pipes and Amflex for Airconditioner	24.06.2020	220.00	Livingstone central Hospital	3505
1.1.1.5	Dinner for three days in Livingstone to Finalise the Audiometric booth at Livingstone Central Hospital	24.06.2020	750.00	Livingstone central Hospital	3505
1.1.1.5	Dinner for three days in Livingstone to Finalise the Audiometric booth at Livingstone Central Hospital	24.06.2020	750.00	Livingstone central Hospital	3505
1.1.1.5	Installation of airconditioner unit at livingstone Central Hospital Audiometric Booth	24.06.2020	1,563.00	Livingstone central Hospital	3505
1.1.1.5	Labour at Livingstone Central Hospital audiometric Booth	24.06.2020	1,963.00	Livingstone central Hospital	3505
1.1.1.5	Jack Pins and Speaker for Audiometric booth at Livingstone Central Hospital	24.06.2020	379.00	Livingstone central Hospital	3505
1.1.1.5	Lunch at livingstone Central Hospital while finalising the Audiometric Booth	24.06.2020	230.00	Livingstone central Hospital	3505
1.1.1.5	Accommodation for Martin Chimo and Patson Sakala	24.06.2020	1,808.00	Livingstone central Hospital	3505

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

Budget Line	Description	Date Purchased	Amount ZMW	Location	Identity No's
1.1.1.5	mineral Water while in livingstone	24.06.2020	232.00	Livingstone central Hospital	3505
1.1.1.5	Lunch while in transit to Livingstone to Finalise the Audiometric booth	24.06.2020	160.00	Livingstone central Hospital	3505
1.1.1.5	Lunch while in transit to Livingstone to Finalise the Audiometric booth	24.06.2020	160.00	Livingstone central Hospital	3505
1.1.1.5	maintenance materials for Livingstone Audiometric Booth	24.06.2020	1,425.00	Livingstone central Hospital	3505
1.1.1.5	Media Printing	24.06.2020	30.00	Livingstone central Hospital	3505
1.1.1.5	supa wood for audiometric Booth	24.06.2020	150.00	Livingstone central Hospital	3505
1.1.1.5	toll fees to/fro Livingstone collecting audiometric materials	24.06.2020	80.00	Livingstone central Hospital	3505
1.1.1.5	Freight and Clearing charges for Medical Equipment	29.07.2020	1,973.00	Livingstone central Hospital	154
1.1.1.5	Sumsung 12000 BTU for Livingstone Audiology Booth	6/24/20	10,340.52	Livingstone central Hospital	B72RP9DKA00169
1.1.1.5	Sound reducing panels for the Audiometric Booths	10/9/20	35,279.22	Livingstone central Hospital	PFO81020WM00
1.1.1.5	Hipro 11 USB Programming cables (BTE Set)& Panels	12/15/20	57,041.52	Livingstone,Kalomo and Choma	12/15 \$BEIT -Q3
1.1.2.1	Models and Books for Audiology Technicians Training	6/26/2020	17,280.75	Beit Cure Hospital	3500
1.1.2.1	Models and Books for Audiology Technicians Training	6/26/2020	6,973.25	Beit Cure Hospital	3501
1.1.2.1	Baby toys for Speech therapist Assistants Training	9/24/2020	4,875.00	Beit Cure Hospital	753
1.1.2.1	Training materials for assistant speech therapist	8/7/2020	800.00	Beit Cure Hospital	268
1.1.2.2	Total Purchases		29,929.00		
1.1.2.2	Hp Laptop 15 -DW 0037 WM	1/15/20	6,699.00	Beit Cure Hospital	CND 92461 TR
1.1.2.2	Laptop Bag and Mouse	1/16/20	460.00	Beit Cure Hospital	1976

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

Budget Line	Description	Date Purchased	Amount ZMW	Location	Identity No's
1.1.2.2	2019 Microsoft office XP Package	1/29/20	1,750.00	Beit Cure Hospital	2056
1.1.2.2	APC 1.5 KVA Smart UPS /0.7KVA	2/13/20	10,548.00	Beit Cure Hospital	28-92BO-F4A8-AFFA
1.1.2.2	Black chairs	3/31/20	6,300.00	Beit Cure Hospital/Livingstone /UTH	1B3-1-4AC
1.1.2.2	Tables	3/31/20	10,530.00	Beit Cure Hospital/Livingstone /UTH	1B3-1-4AC
1.1.2.2	Office Chairs	3/31/20	4,470.00	Beit Cure Hospital/Livingstone /UTH	1B3-1-4AC
1.1.2.2	Desk Top Computers	3/31/20	22,947.00	Beit Cure Hospital/Livingstone /UTH	HP290G39100
	Total Purchases		63,704.00		
	Total Fixed Asset Purchases for 2020		1,531,627.67		
	Cumulative Project Fixed Assets Total as at 31st December 2020		4,872,603.89		

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

Budget Line	Description	Date Purchased	Amount ZMW	Location	Identity No's
1.1.1.2	Payment for Freight & Clearing charges for ENT Medical Equipment	43655	12,160		
1.1.1.2	ENT Equipment for Livingstone & Kabwe Central Hospitals	43581	594,049	Livingstone General / Kabwe General Hospital	BA#2702
1.1.1.2	Purchase of Medical Equipment	43538	201,250	Livingstone General / Kabwe General Hospital	BA# 2201
1.1.1.2	Purchase of Medical Equipment	43525	297,918	Livingstone General / Kabwe General Hospital	BA#2198
1.1.1.2	Purchase of Medical Equipment	43553	11,052	Livingstone General / Kabwe General Hospital	BA#2368
1.1.1.2	Payment to Foamrite Acoustics for Purchase of Sound reduction Panels	43558	310	Livingstone General / Kabwe General Hospital	GL# 670
1.1.1.2	Purchase of SOM62 Microscope (Mobile Stand) (Kabwe & Livingstone)	43579	339,105	Livingstone General / Kabwe General Hospital	BA# 2699
Total Purchases			1,455,844		
1.1.1.3	Surgical Equipment University Teaching Hospital				
1.1.1.3	Purchase of SOM62 Microscope (Mobile Stand) - UTH	25.04.2019	169,553	U.T.H	BA#2699
1.1.1.3	Purchase of SOM42/52 & 82 Microscope (Table Clamp) - Temporal Bone Lab	25.04.2019	316,052	U.T.H	BA#2700
1.1.1.3	ENT Equipment for Temporal Bone Lab at U.T.H	26.04.2019	46,062	U.T.H	BA#2704
1.1.1.3	Payment for ENT Surgical Equipment for U.T.H ENT Bone Lab	26.04.2019	298,036	U.T.H	BA#2701
			829,701		
1.1.1.4	Equipment for 30 nurses and clinical officers (ToT)				
1.1.1.4	Purchase of Medical Equipment	43538	418,023		BA#2201
Total Purchases			418,023		

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

Budget Line	Description	Date Purchased	Amount ZMW	Location	Identity No's
1.1.1.5	Payment for Audiology Equipment for ENT Clinics in Southern Province	43588	154,749	Livingstone General Hospital	BA#2889
Total Purchases			154,749		
1.1.2.2	Purchased Laptop for Associated project Manager	43479	6,379	Beit Cure Hospital	BA#1696
1.1.2.2	Router for Internet	43497	500	Beit Cure Hospital	BA# 2197
1.1.2.2	RAM for computer	43531	740	Beit Cure Hospital	BA#2200
1.1.2.2	2 laptop bags and 2 mouses	43650	1,460	Beit Cure Hospital	BA#2187
1.1.2.2	Laptop for Andrew Mulenga and Audiology Dept BCH	43524	11,724	Livingstone General	BA#2196
1.1.2.2	Purchase of Laptop Screen for ENT Project Manager	43684	1,300	Beit Cure Hospital	305
Total Purchases			22,103		
Total Fixed Asset Purchases for 2019			2,880,421		
Cumulative Project Fixed Assets Total as at 31st December 2019			3,340,976		

Description	Date Purchased	Amount ZMW	Location	Identity No's
1.1 INVESTMENT COSTS				
1.1.3 Project Vehicle	11/10/2018	460,555.10	Beit Cure Hospital	BA#9048
Total Fixed Asset Purchases for 2018		460,555.10		
Cumulative Project Fixed Assets Total as at 31st December 2018		460,555.10		

**STRENGTHENING AUDIOLOGICAL AND ENT MEDICAL SERVICES IN ZAMBIA
BMZ PROJECT No. 3851: ANNUAL PROJECT FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2020
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 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	Disallowable 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 2020
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: These are funds brought forward from previous years for activities to be Implemented in the subsequent periods. Kindly Refer to the balances brought forward from the previous audit period.

Variance No.2: In 2020 we received funds way above budget by K 2,121,737.00 hence a positive variance of 78%

Variance No.3: In year 2020 we had a budget of K100, 000.00 while the actual expenditure for the year came to K1, 437,995.00. This was because had available funds from the previous years to spend on medical equipment hence negative of 1338%.

Variance No.4: Funds were front loaded in 2018 /2019 and we did not have a budget in the period under review hence the negative variance of 100%

Variance No.5: Construction funds were frontloaded in the year 2018//2019.This was for the Temporal bone laboratory at UTH. Hence the negative variance of 100% because we did not have the budget line for this activity in 2020.

Variance No.6: Activities for Public health planning training and prevalence survey were suppose to be conducted in 2019 when funds were received. The delay was caused as a result of the funder not willing to co-host the Public health planners' activity with Starkey Hearing Institute in 2019. However, the Implementer and the funder agreed in 2020 to co-host with Starkey Hearing Institute, since the amount that was allocated in the budget was not enough to cover all the costs related to the facilitators. The prevalence survey was deferred to allow the project to establish more primary health care centers and district hospitals which could be used as data collection centers for the survey. The TORs were developed in 2020 and the selected Team of consultants was involved in protocol issues with the relevant authorities in the Ministry of Health (MoH) and General Education. Hence the variance of negative 457%

**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.7: The project monitoring was conducted in the southern province. However; the COVID-19 pandemic slowed implementation of some of the activities such as outreach clinics and school screenings due to the public Health restrictions imposed by the government through the Ministry of Health.

Variance No.8: The outreaches and school screenings were adversely affected by the COVID-19 regulations instituted by the government through the Ministry of Health. The project could not conduct the planned outreaches and school screenings from end of March up to around October, 2020 when the government reviewed the restrictions slightly, which allowed the project to conduct outreach clinics only, since the schools were closed then.

Variance No.9: The audit fees for year 1 and year 2's expenditure were above the allocated budget amounts for the 2 years, the reason can be attributed to the different exchange rates used; when the funds were received from the funder and at the time of paying the auditor.

Variance No.10: Project Managers Salary was being spent below the approved Budget. Hence the positive variance of 25%.

Variance No.11: We did not fill up this position of speech therapist from the project's inception since the country has very few technocrats in this field. Hence the project did not incur any expenditure for the first two years of implementation against the budget. The project managed to hire two part-time speech therapists towards the end of 2020. Hence the positive variance of 54%.

Variance No.12: The Mid term Review is work in progress which started in November 2020 by conducting field data collection from the beneficiaries. The consultant is currently finalizing the MTR after the submission of the first draft to CBM/BCH for their input. It is envisaged that the MTR will be shared by the end of this first quarter 2021.

**STRENGTHENING AUDIOLOGICAL AND ENT MEDICAL SERVICES IN ZAMBIA
BMZ PROJECT No. 3851: ANNUAL PROJECT FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2020
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 5th February 2021. 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

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	Inadequate Supporting Documents for Expenditure: It was noted that some expenses under the project did not have relevant appropriate supporting	Not Implemented. We noted expenditure amounting to

	<p>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>K180,865.07 which did not have adequate supporting documents during the current year's audit.</p> <p>Management Comment: The document attached to the payment voucher after the payment has been uploaded on the Bank system with all necessary documents attached is not a proof of payment but a guide to signatories that there is a pending payment that needs approval.</p>
2.	<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: The Hospital has accounting policy and procedure manual. However, we have no separate accounting policy and procedure manual for each specific project. BCH is using both cash and accruals accounting.</p>
3.	<p>Lack of Periodic Reconciliations between the Project Progress Reports and the General Ledger: It was noted that the project partner does not undertake regular reconciliations between the Project Progress Reports and the project general ledger.</p>	<p>Not Implemented.</p> <p>Management Comment: We do periodic reconciliations between the PPR and General Ledger .Please refer to the quarterly reports</p>

		shared with you.
4.	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.	Not Implemented. Management Comment: The practice of Filing stations and Tollgates are that they do not issue a receipt in the organisation's name, usually they write the vehicle registration number only.
5.	Lack of Hedging Against Depreciation of the Local Currency: It was noted that the local ZMW currency is subject to significant depreciation against major currencies due to the inherently weak nature of the Zambian economy. Therefore, when project funds are kept in the bank account over prolonged periods due to front-loading, they are subject to significant loss of value.	Not Implemented. Management Comment: The issue of hedging does not suffice here as we receive funds as kwacha equivalent. Management will discuss with the funders about opening a Euro Bank account going forward.
6.	Loss of Interest Earnings Due to Use of Non-Interest Earning Bank Account: It was noted that the project funds were front-loaded and are maintained in a non-interest bearing bank account.	Not Implemented. Management Comment: The idea is welcome but this entirely depends on the funder's approval.
7.	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	Not Implemented. Management Comment:

	Public Benefit Organization (PBO) that is entitled to VAT exemption, it was not fully utilizing this privilege when incurring some expenses under the project.	The management of Beit Cure Hospital discussed that only VAT Claims above k1, 000.00 are allowed as the process of securing the exemption certificate is quite involving and hectic. This is subject to review.
8.	Need for Preservation of Certain Fast Fading Supporting Documents for Project Expenditure: It was noted that some vendor receipts from thermal printers fade very quickly and the details become ineligible within a few months.	Not Implemented. Management Comment: We have implemented this as we make copies of fast fading document and also our system we have implemented scanning all document and uploading on the system. This will allow us to produce the document in case of losing the physical copy.
9.	Lack of Adequate Insurance Cover for Project Assets: It was noted that project equipment such as microscopes that are being kept in storage awaiting deployment to various beneficiary sites were not covered by any specific insurance cover despite their high value.	Not Implemented. Management Comment: All assets are insured comprehensively by the Hospital and this has been implemented. There is a contribution from BMZ towards Insurance.
10.	Inadequate Evidence to Support the Occurrence of	Not Implemented.

	<p>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.</p>	<p>Management Comment: We have attendance registers and beneficiaries contacts which we attach as support documents and are kept for purposes of reference and also used to make statistic for narrative reports. This we have implemented.</p>
--	--	--

4. Detailed Recommendations / Findings.

4.1 Incomplete Payment Vouchers

Observation

It was noted that 162 Payment Vouchers totaling **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.

Risk

Payments which do not fully reflect the project details to which they relate risk being misallocated thereby adversely affecting the completeness and accuracy of financial records.

Recommendation

We recommend that Beit Cure Hospital should that all details are fully completed on Payment Vouchers so that payments can be accurately allocated to their respective projects and budget lines.

Management comments:

The necessary budget lines are indicated on all payment vouchers as discussed and recommended during your last audit. What we do not put are detailed budget lines which are not indicated in the CBM budget but creatively created by the project team here at BCH for internal use. Since most of the budget lines were on requisitions, we have noted that going forward these will be indicated on payment vouchers as well.

4.2 Failure to Stamp Documents as “Paid” Upon Remittance

Observation

It was noted that 17 sets of payment documents totaling **K196,276.12** were not stamped as “PAID” after payment were remitted.

Risk

The organization risks duplicating payments to the same Payees using the same supporting documents, if they are not stamped as “PAID” upon remittance of a payment.

Recommendation

We recommend that Beit Cure Hospital should ensure that all supporting documents relating to a given payment are stamped as “PAID” upon remittance of a payment.

Management comment:

Noted that all invoices paid for will be stamped paid to avoid duplication of payments.

4.3 Unbudgeted Project Expenditure Amounting to K84, 084.44

Observation

It was noted that 9 payments were made from the project account to BCH as mileage claim despite the fact that there is no budget line for mileage or transportation in the project budget. Additionally, the project acquired a vehicle at commencement and this vehicle is expected to be utilized for project activities. The mileage rate used of US\$0.5/kilometer also appears to be above the mileage rate used by similar organizations.

Risk

Project resources might be spent on activities that do not add value to the project.

Recommendation

We recommend that the Project Partner should only spend project resources on activities that have a specific budget line in the project budget.

Management comment:

Mileage claim is determined by the activity being undertaken by project P3851. For instance if the activity is related to an outreach being implemented in terrains that would not be favorable to use the Hilux (project) the project uses the Hospital vehicle (BCH) which is able to go to such terrains then in such a case mileage is allowable.

4.4 Non-Compliance with Procurement Rules and Regulations

Observation

It was noted that services from 7 entities amounting to K153,936.07 were procured by the organization without obtaining comparative quotations or proposals.

Risk

Without comparative quotations or proposals, the Organization might not know whether it is getting value for money for the project expenditure that is being incurred.

Recommendation

We recommend that Beit Cure Hospital must always obtain comparative quotations for significant expenditure that it incurs on behalf of the project.

Management comment:

We had comparative quotations except that we decided to procure quality and value additional goods and services which were costing slightly higher in term of price but qualitable and durable. We also had justification for opting to buy from suppliers offering slightly higher quotations. For example accommodation during ToT Training for Health Care workers and Community Health Assistants (CHAs) we had a challenge to find enough space for more than 60 participants within Livingstone hence the reason we choose Chapa Lodge which had enough room for all participants.