



**महालेखापरीक्षकको कार्यालय**  
**Office of the Auditor General**  
**INDEPENDENT AUDITOR'S REPORT**

Phone: 4258174  
 4266034  
 4255707

A.G. Fax : 977-1-4268309

Fax : 977-1-4262798

Post Box : 13328

बबरमहल, काठमाडौं, नेपाल

Babar Mahal, Kathmandu, Nepal  
 January 14, 2020

Ref No: 2076/77, 398

The Secretary  
 Ministry of Finance  
 Singh Durbar, Kathmandu



### Report on the Financial Statements

We have audited the accompanying Project Financial Statement, Designated Account Statement and Financial Monitoring Reports (FMRs) including Statement of Expenditures (SOEs) of the **Earthquake Housing Reconstruction Project (EHRP)** under National Reconstruction Authority financed by IDA Credit No.5706-NP, Credit No. 6164-NP, and MDTF Grant No. 0A4783 as at 16 July 2019 (31 Ashadh, 2076) and for the year then ended and a summary of accounting policies and other explanatory notes.

### Management's Responsibility for Financial Statements

Management is responsible for the preparation and fair presentation of the Financial Statements in accordance with the Government of Nepal (GON) accounting policies and relevant practices. This responsibility includes: designing, implementing and maintaining internal control relevant to preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud and error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these Project Financial Statements based on our audit. We conducted our audit in accordance with INTOSAI (International Organization of Supreme Audit Institutions) Fundamental Auditing Principles. Those Principles require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

Management letter highlighting areas for improving financial management is attached herewith.

In our opinion, the Project Financial Statement, including Designated Account Statement, Financial Monitoring Reports and SoEs, in all material respects, give a true and fair view of the financial position of the **Earthquake Housing Reconstruction Project (EHRP)** under National Reconstruction Authority as of 16 July 2019 (31 Ashadh, 2076), and of the results of its operations and its cash flows for the year then ended in accordance with GoN accounting policies. We also report that funds provided under IDA Credit No.5706-NP, Credit No. 6164-NP, and MDTF Grant No. 0A4783 have been utilized for intended purposes.

In addition, with respect Statement of Expenditure (SOE) (a) adequate supporting documentation has been maintained to support claims to IDA for reimbursement of expenditure incurred; and (b) expenditure are eligible for financing under the above mentioned IDA Loan/Grants.

(Babu Ram Gautam)  
 Deputy Auditor General