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Ref No. 2018/19(2074/75)- 623

Date: 15 March, 2019

Independent Auditor's Report

The Secretary
Ministry of Finance
Singh Durbar, Kathmandu.

Report on the Finance Statements

We have audited the accompanying project Financial Statement including Designated Account of the " Nepal Pilot Program for Climate Resilience: Building Resilience to Climate Related Hazards (BRCH) Project " financed by IDA Grant TF 13665 NEP, as at 16 July 2018 (32 Ashad, 2075) 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 Statement of the project in accordance with the Government of Nepal (GON) accounting Policies and relevant practices. The responsibility includes: designing implementing and maintaining internal control relevant to preparation and fair presentation of project financial statement that are free from material misstatement, whether due to fraud and error.

Auditor's Responsibility

Our responsibility is to express an opinion on this Project Financial Statement based on our audit. We conducted our audit in accordance with the INTOSAI (International Organization of Supreme Audit Institution) 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 statement, whether due to fraud or error. In making those risk assessment, 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 evaluation 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 including compliance with financial covenant is attached herewith.

In our opinion, the project Financial Statement including Statement of Designated Account, in all material respects, give a true and fair view of the financial position of the "Nepal Pilot Program for Climate Resilience: Building Resilience to Climate Related Hazards (BRCH) Project " financed by IDA Grant TF 13665 NEP" as of 16 July, 2018 (32 Ashad, 2075), and of the results of its operation and its cash flows for the year then ended in accordance with GON accounting policies. We also report that funds provided under IDA Grant No- 13665 NEP have been utilized for intended purposes.

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

(Baburam Gautam)
Deputy Auditor General