



THIRTY-EIGHTH SESSION
13-17 November 2023
Pattaya, Thailand

UPDATE TO THE PROJECT AUDIT FRAMEWORK

1. The Council at its 56th Session in November 2020, approved the recommendation by the Committee on Finance and Administration (CFA) to adopt the new project audit framework as contained in CFA(XXXV)/7 Rev.1 for all future audits. The new framework was developed in order to improve issues with timely reporting and reliability of the locally selected auditors to detect errors and internal control weaknesses and to further comply with international standards and best practices. Accordingly, the new audit standard was applied to all new applicable projects and activities from 2021 and ITTO has been collecting feedback from the executing agencies and the auditors on the effectiveness of the framework. While the new framework brought reliability and efficiency to the audit procedures and was met with mostly positive feedback, areas where further streamlining and improvements could be made were identified. An update to the project audit framework was developed and further reviewed by an independent audit firm for compliance with relevant international standards and effectiveness to detect material issues.

2. The main changes to the framework are contained in the financial statements reporting format. New notes have been added to collect additional information required for compatibility with the International Public Sector Accounting Standards (IPSAS), while simplifying the main financial report to one cashflow statement to streamline the process. The terms of reference for auditors and their reporting format have been updated accordingly to reflect this change.

3. The updated project audit framework contains the following elements:

- Terms of reference for the auditors detailing the procedures for project audits (Annex 1), which requires auditors to undertake the engagement in accordance with the International Standard on Related Services (ISRS) 4400 and IFAC Code of Ethics for Professional Accountants;
- A detailed factual finding reporting format (Annex 2), which requires auditors to describe results of each test conducted and any issues found; and
- An updated financial statements reporting format which adds notes to better capture elements to increase compatibility with IPSAS's accrual-based accounting (Annex 3).

4. The updated framework would be applied as follows:

- A final independent audit is required upon completion of all projects/activities which transfer funds to an executing agency (EA). In addition, an annual independent audit with reporting date of 31 December is required if the budget of the executing agency is \$200,000 or more. However, if the project/activity has only been ongoing for 6 months or less or if the project/activity is planned to finish in 6 months or less from the reporting date, then an annual independent audit is not required for that year. (For the purpose of this framework, the start of the

project/activity is when the EA receives the first installment of funds, and the completion of the project/activity is when the EA submits a report to/notifies ITTO that all activities have been completed).

- Projects/activities that are exempt from an annual independent audit may be required to submit additional documents/evidence to enable ITTO to examine how the funds are being utilized, in place of an audit.
- Audit reports are to be completed within 3 months from the end of the year for annual independent audits and 4 months from the completion of the project/activity for final independent audits.
- ITTO retains the audit budget and directly makes payments to auditors approved by ITTO. In cases where the audit budget is insufficient due to unforeseen circumstances, the programme support budget assigned to that project/activity may be utilized.

5. The Committee on Finance and Administration may wish to consider the proposed updates to the project audit framework and recommend to the Council for their adoption and immediate implementation for all future project audits.

Annex 1 – Terms of Reference for a Project Audit

TERMS OF REFERENCE FOR A PROJECT AUDIT

The following are the terms of reference ('ToR') under which the International Tropical Timber Organization agrees to engage XXXXX ('the Auditor') to perform agreed upon procedures ('Project Audit') and to report in connection with a Project Agreement signed by both the ITTO and XXXXX ('the Executing Agency' or 'EA') concerning "XXXXX" (the 'Project Agreement').

1. Responsibilities of the Parties to the Engagement

- The EA is responsible for providing Financial Statements and Notes for the Project financed by ITTO which complies with the terms and conditions of the Project Agreement and for ensuring that these Project Financial Statements and Notes reconcile with the Executing Agency's accounting and bookkeeping system and to the underlying accounts and records. The EA is responsible for providing sufficient and adequate information, both financial and non-financial, in support of the Project Financial Statements and Notes.
- ITTO manages the Project Audit for its completion and accepts that the ability of the Auditor to effectively perform the procedures required by this engagement depends upon the EA, and as the case may be, its affiliated entity(ies), providing full and free access to its (their) staff and its (their) accounting and bookkeeping system and underlying accounts and records.
- The Auditor is responsible for performing the agreed-upon procedures as specified in Annex 2 in this ToR. The Auditor refers to the audit firm contracted for performing this engagement and for submitting a report of factual findings to ITTO. The Auditor'' can refer to the person or persons conducting the Project Audit, usually the engagement partner or other members of the engagement team. The engagement partner is the partner or other person in the audit firm who is responsible for the engagement and for the report that is issued on behalf of the firm, and who has the appropriate authority from a professional, legal or regulatory body.

By agreeing to this ToR, the Auditor confirms that he/she meets at least one of the following conditions:

- The Auditor and/or the firm is a member of a national accounting or auditing body or institution which in turn is a member of the International Federation of Accountants (IFAC).
- The Auditor and/or the firm is a member of a national accounting or auditing body or institution. Although this organisation is not a member of the IFAC, the Auditor commits him/herself to undertake this engagement in accordance with the IFAC standards and ethics set out in this ToR.
- The Auditor and/or the firm is registered as a statutory auditor in the public register of a public oversight body in a third country and this register is subject to principles of public oversight as set out in the legislation of the country concerned (this applies to auditors and audit firms based in a third country).

2. Subject of the Engagement

The subject of this engagement is the Project Financial Statements and Notes in connection with the Project Agreement covering DD/MM/YY to DD/MM/YY. Annex 1 to this ToR contains information about the Project Agreement.

3. Reason for the Engagement

The Project Agreement requires an external auditor to submit to ITTO an audit report produced by an external auditor.

4. Engagement objective

The objective of the Project Audit is to provide useful information to ITTO to evaluate whether the fund for a project has been used based on the Project Agreement or other related document. The Auditor is required to report the factual findings by performing certain agreed-upon procedures in Annex 2. These agreed upon procedures are primarily designed for the procedures on the annual (or final) Project Financial Statements and Notes of projects in terms of verification of amounts on the Project Financial Statements and Notes. However, there are some procedures evaluating material internal control weakness and non-compliance or illegal acts. As this engagement is not an assurance engagement the Auditor does not provide an audit opinion and expresses no assurance. ITTO assesses for itself the factual findings reported by the Auditor and draws its own conclusions from these factual findings.

5. Standards and Ethics

The Auditor shall undertake this engagement in accordance with:

- the International Standard on Related Services ('ISRS') 4400 Engagements to perform Agreed-upon Procedures regarding Financial Information as promulgated by the IFAC;
- the IFAC Code of Ethics for Professional Accountants, developed and issued by IFAC's International Ethics Standards Board for Accountants (IESBA), which establishes fundamental ethical principles for Auditors with regard to integrity, objectivity, independence, professional competence and due care, confidentiality, professional behaviour and technical standards. Although ISRS 4400 provides that independence is not a requirement for agreed-upon procedures engagements, ITTO requires that the Auditor is independent from the EA and complies with the independence requirements of the IFAC Code of Ethics for Professional Accountants.

6. Audit Process

6.1 Pre-auditing

The Auditor shall review the following documents, if applicable, to become familiar with the project:

- The project implementation agreement;
- The sub-agreements between the EA and other collaborating parties;
- Contracts and sub-contracts with third parties;
- The project document, the budget, project-implementation letters/correspondence,

agreed minutes and procedures to manage the project as approved by ITTO;

- Manual on standard operating procedures for the ITTO project cycle
- The Project Financial Statements and Notes and progress reports of the project;
- Organizational charts, a description of the administrative organization, procedures on procuring, receiving, storing and distributing of project goods, and the chart of accounts necessary to successfully perform the audit;

The Auditor shall also review the actions taken in response to findings and recommendations reported in prior audits that could have an effect on the current audit objectives. The auditor shall determine whether prompt and/or appropriate corrective actions have been taken by the agency where necessary and/or applicable.

6.2 Procedures, Evidence and Documentation

The Auditor plans the work so that effective procedures can be performed. The Auditor performs the procedures listed in Annex 2 of these ToR ('Listing of specific procedures to be performed'). The evidence to be used for performing the procedures in Annex 2 is all financial and non-financial information which makes it possible to examine the financial information provided by the EA in the Project Financial Statements and Notes. The Auditor uses the evidence obtained from these procedures as the basis for the report of factual findings. The Auditor documents matters which are important in providing evidence to support the report of factual findings, and evidence that the work was carried out in accordance with ISRS 4400 and this ToR.

ITTO reserves its right to access to the evidences gathered during the course of examination procedures by the Auditor.

6.3 The threshold to be applied

The threshold to be applied to select transactions for procedures specified in 1.1 and 1.2 of Annex 2A is XXXXX.

7. Reporting

The report on this Project Audit should describe the purpose, the agreed-upon procedures and the factual findings of the engagement in sufficient detail to enable ITTO to understand the nature and extent of the procedures performed by the Auditor and the factual findings reported by the Auditor.

The use of the Model Report for Project Audit in Annex 3 of this ToR is compulsory. This report should be provided by the Auditor to ITTO by the due date specified in 1.9 below.

8. Fee

The fee for this engagement shall be XXX yen (excluding out-of-pocket expenses). The value of any eventual necessary and expedient out-of-pocket expenses such as expenses for travelling, restaurants and accommodation, translation fees, administrative, court and other fees, taxes and duties, notary and expert fees, etc. The minimum amount of 3% from the total fee for covering administrative expenses above will be billed.

Schedules (Expected)

Item	Due date
Submit audit schedule	DD/MM/YY
Preparatory meeting with the EA	DD/MM/YY
Field work	DD/MM/YY
Submit audit report	DD/MM/YY

Annex 1 Information about the Project Agreement

Annex 2 Listing of specific procedures to be performed

Annex 3 Model report for Project Audit of Project Agreement

(Please be aware that the separate Excel spread sheet “Detailed Factual Findings by the Auditor” needs to be filled out in the reporting processes of this engagement)

For ITTO:

For the Auditor:

The International Tropical Timber
Organization

XXXXX (Name of the Auditor)

Executive Director

XXXXX (Title)

Sheam Satkuru

XXXXX (Name)

DD/MM/YY

DD/MM/YY

Annex 1 Information about the Project Agreement

Information about the Project Agreement	
Project ID number and date of the Project Agreement	XXXXXX
Project title	XXXXXX
Country	XXXXXX
Executing Agency	XXXXXX
Start date of the implementation period of the Project	XXXXXX
End date of the implementation period of Project	XXXXXX
Fund available to the Project	XXXXXX
ITTO	International Organizations Center 5F Pacifico-Yokohama, 1-1-1 Minato-Mirai Nishi-ku, Yokohama 220-0012 JAPAN
Executing Agency	XXXXXX(Adress)

Annex 2 Listing of Specific Procedures to be performed

[This Annex is a standard listing of specific procedures to be performed and it shall not be modified]

1 CASHFLOW STATEMENTS ITEM

1.1 Expenditures

Select all transactions which amounts are at or above the threshold stipulated in the ToR from each head line under 30, 40, 50 60. In the absence of transactions at or above the threshold, select the largest transaction. Examine the following:

- if the amount paid/recorded match the supporting documents (invoices, contract, receipt etc.). Report any findings especially if there was unexplained discrepancies between recorded amount and the supporting document.
- if the expenditure is recorded when it is paid.
- if the expenditure is classified under the reasonable headlines.
- if the transaction is properly approved by examining approval documents.
- if the exchange rate used is any of the methods described in the Note 4_Exchange rate and obtain supporting documents for the exchange rate used.

1.2 Expenditures-Project personnel, Sub-contract

Select all transactions which amount are at or above the threshold stipulated in the ToR from each of the sub-headlines under 10 and 20. In the absence of transactions at or above the threshold, select the largest transaction. Obtain the documents regarding the appointment process and examine if there were proper consultation and approvals with/from ITTO. (Section 4.03). – Examine that the amount paid/recorded are aligned with the employment contract.

Report any findings especially if there was payment outside the employment contract or expense claims.

1.3 Expenditures for previous period

Reconcile expenditures from the previous period with the current Cashflow Statements and verify that they match with previously reported Cashflow Statements.

1.4 Remaining balance of funds (Cash and cash equivalents)

Trace total balance stated on Note 5_Exchange rate to the Remaining balance of funds. Where these balance does not agree, obtain reconciliation statements and examine the reasonableness of the discrepancy. Document the result and any findings.

Obtain physical cash inspection table and examine if there is proper approval.

Trace each balances which are stated on Note 4_Exchange rate;

1.to the bank statement for the bank accounts and

2.to physical cash inspection table and cash book for the cash in hand balance.

Where these balance does not agree, obtain reconciliation statements and examine the reasonableness of the discrepancy. Document the result and any findings.

1.5 Effect of exchange rate changes on cash and cash equivalent

Report if the amount is not reasonable.

2 NOTES

2.1 Summary of adjustments

Recalculate whether the aggregation process is correct.

2.2 Note 1_List of capital items

Select the largest amount recorded (one record) from List of capital items. Examine the following:

- if the value of or over US\$1,500
- if the amount paid/recorded match the supporting documents (invoices, purchase order, delivery note, contract etc.).
- if appropriate purchase requisition and approval has been obtained from ITTO for capital goods such as equipment, automotive or buildings.
- if the expenditure is recorded when it is paid.
- if appropriate registration is obtained for assets such as cars or buildings.
- if depreciation over the years is properly calculated and expensed based on the physical life years not less than the project duration.

Perform physical observation on the property, plant and equipment based on the list above. If there are any property, plant and equipment damaged or missing, inquire about the reason and confirm the residual value of the assets is properly assessed. If the AUP procedure is performed on a online basis, alternatively, the fixed assets can be inspected through a photo or a live-video-device as long as the auditor has no extra doubt that compromise the existence.

2.3 Note 2_Account payable

Select the largest amount recorded (one record) from List of Account payable and obtain the supporting documents (Purchase order, Invoice or equivalent). Examine whether the expenditure is incurred during the reporting date, but not yet settled as of the reporting date.

Obtain breakdown of expenditure of the month following the end of the reporting period and select three largest amount excluding the sub-headlines under 10. Obtain supporting documents (Purchase order, Invoice or equivalent) and examine whether these expenditures need to be recorded in the current reporting period.

2.4 Note 3_Prepaid expense

Select the largest amount recorded (one record) from List of Prepaid expenses and obtain the supporting documents (Purchase order, Invoice or equivalent). Examine

whether the expenditure is occurred outside the current reporting periods.

2.5 Note 4_Exchange rate

Trace each amount of the list to the details of the balance of Cash and cash equivalents obtained on the procedure 1.4.

Obtain supporting document for the exchange rate at the reporting period end rate used and examine if the rate matched the exchange rate used for the conversion.

2.6 Note 5_Management system

Confirm all inquiries are answered.

Report if any material internal control weakness identified from the answers.

3 Special examinations

Annex 3 Model Report for Project Audit

<To be printed on AUDITOR'S letterhead>

Report for a Project Audit

<Title of and number of the Project Agreement >

Report of Factual Findings

<Name of contact person(s)>, < Position>

< name of the Coordinator>

<Address>

<dd Month yyyy>

Dear <Name of contact person(s)>

In accordance with the terms of reference dated <dd Month yyyy> as agreed with the ITTO and the EA, we provide our Report of Factual Findings ('the Report'), combined with "Detailed Factual Findings by the Auditor", with respect to the accompanying Project Financial Statements and Notes for the period covering <dd Month yyyy — dd Month yyyy> (Annex 1 of this Report). ITTO requested certain agreed upon procedures to be carried out in connection with the EA's Financial Statements and Notes concerning <title and number of the contract>, the 'Project Agreement'.

Objective

The objective of this Project Audit is for us to carry out certain procedures to which we have agreed and to submit to you a report of factual findings with regard to the procedures performed.

Standards and Ethics

Our engagement was to perform certain agreed-upon procedures with regard to the Project Financial Statements and Notes for the Project Audit between the EA and ITTO, undertaken in accordance with:

International Standard on Related Services ('ISRS') 4400 *Engagements to perform Agreed-upon Procedures regarding Financial Information* as promulgated by the International Federation of Accountants ('IFAC);

the *Code of Ethics for Professional Accountants* issued by the IFAC. Although ISRS 4400 provides that independence is not a requirement for agreed-upon procedures engagements, the Contracting Authority requires that the auditor also complies with the independence requirements of the *Code of Ethics for Professional Accountants*;

Procedures performed

As requested, we have only performed the procedures listed in Annex 2 of the ToR for this engagement.

These procedures have been determined solely by ITTO and the procedures were performed solely to assist ITTO in evaluating whether the funds for the project have been used based on the project agreement or other related document.

The procedures performed by us did not constitute either an audit or a review made in accordance with International Standards on Auditing or International Standards on Review Engagements. As such, we do not express any assurance on the accompanying Financial Report.

Had we performed additional procedures or had we performed an audit or review of the financial statements and Notes of the EA in accordance with International Standards on Auditing, other matters might have come to our attention that would have been reported to ITTO.

Sources of Information

The Report sets out information provided to us by the EA in response to specific questions or as obtained and extracted from the EA's accounts and records

Factual Findings

Please refer to the accompanying spread sheets "Detailed Factual Findings by the Auditor"

Use of this Report

This Report is solely for the purpose set forth above under objective.

This report is prepared solely for ITTO's own confidential use and solely for the purpose of submission to ITTO in connection with the requirements as set out in Section 1.3 of the Terms of Reference for a Project Audit. This report may not be relied upon by ITTO for any other purpose, nor may it be distributed to any other parties.

ITTO may only disclose this Report to others who have regulatory rights of access to it. This Report relates only to the Project Financial Statements and Notes specified above.

We will discuss our Report with ITTO, if requested and would be pleased to provide any further information or assistance which may be required.

Yours sincerely,

Auditor's signature [person or firm or both, as appropriate and in accordance with company policy]

Name of Auditor signing [person or firm or both, as appropriate]

Auditor's address [office having responsibility for the engagement]

Date of signature <dd Month yyyy> [date when the final report is signed]

Annex 2 – Detailed Factual Findings by the Auditor

Executive summary

1 Are there any exceptions noted in the Report for the agreed upon procedure in Annex 2?

Conclusion	YES	NO
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2 Were there any limitations when performing the agreed upon procedures?

Conclusion	YES	NO
If YES, please describe the specific limitation.		

3 Were there any misstatements to the financial statements and Notes including Summary of adjustment found during the agreed upon procedure?

Conclusion	YES	NO
If YES, are the misstatements properly adjusted?	YES	NO
If the misstatements are not properly adjusted, please describe the uncorrected items and the amount and the reason why those were not properly amended.	<p><u>Un-corrected misstatements</u></p> <p><u>Corrected misstatements</u></p>	

4 Were any material internal control weakness identified during the course of the agreed upon procedure?

Conclusion	YES	NO
If YES, please describe material internal control weakness identified .		

5 Were any non-compliance and illegal acts identified in the course of the agreed upon procedure?

Conclusion	YES	NO
If YES, please describe non-compliance and illegal acts identified.		

6 Please indicate if there was anything else noted during the procedure.

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Reporting format for the agreed upon procedure in Annex 2

Procedures		Work performed and conclusion
1 CASHFLOW STATEMENTS ITEM		
1.1	Expenditures	Select all transactions which amounts are at or above the threshold stipulated in the ToR from each head line under 30, 40, 50 60. In the absence of transactions at or above the threshold, select the largest transaction. Examine the following: <ul style="list-style-type: none"> – if the amount paid/recorded match the supporting documents (invoices, contract, receipt etc.). Report any findings especially if there was unexplained discrepancies between recorded amount and the supporting document. – if the expenditure is recorded when it is paid. – if the expenditure is classified under the reasonable headlines. – if the transaction is properly approved by examining approval documents – if the exchange rate used is any of the methods described in the Note 4_Exchange rate and obtain supporting documents for the exchange rate used.
1.2	Expenditures-Project personnel, Sub-contract	Select all transactions which amount are at or above the threshold stipulated in the ToR from each of the sub-headlines under 10 and 20. In the absence of transactions at or above the threshold, select the largest transaction. Obtain the documents regarding the appointment process and examine if there were proper consultation and approvals with/from ITTO. (Section 4.03). – Examine that the amount paid/recorded are aligned with the employment contract Report any findings especially if there was payment outside the employment contract or expense claims
1.3	Expenditures for previous period	Reconcile expenditures from the previous period with the current Cashflow Statements and verify that they match with previously reported Cashflow Statements.
1.4	Remaining balance of funds (Cash and cash equivalents)	Trace total balance stated on <i>Note 4_Exchange rate</i> to the Remaining balance of funds. Where these balance does not agree, obtain reconciliation statements and examine the reasonableness of the discrepancy. Document the result and any findings.
		Obtain physical cash inspection table and examine if there is proper approval.
		Trace each balances which are stated on <i>Note 4_Exchange rate</i> ; 1. to the bank statement for the bank accounts and 2.to physical cash inspection table and cash book for the cash in hand balance. Where these balance does not agree, obtain reconciliation statements and examine the reasonableness of the discrepancy. Document the result and any findings.
1.5	Effect of exchange rate changes on cash and cash equivalent (Cash and cash equivalents)	Report if the amount is not reasonable.

2 NOTES		
2.1	Notes summary	Recalculate whether the aggregation process is correct.
2.2	Note 1_List of capital items	Select the largest amount recorded (one record) from List of capital items. Examine the following: - if the value of or over US\$1,500 - if the amount paid/recorded match the supporting documents (invoices, purchase order, delivery note, contract etc.). - if appropriate purchase requisition and approval has been obtained from ITTO for capital goods such as equipment, automotive or buildings if the expenditure is recorded when it is paid - if appropriate registration is obtained for assets such as cars or buildings - if depreciation over the years is properly calculated and expensed based on the physical life years not less than the project duration.
		Perform physical observation on the property, plant and equipment based on the list above. If there are any property, plant and equipment damaged or missing, inquire about the reason and confirm the residual value of the assets is properly assessed. If the AUP procedure is performed on a online basis, alternatively, the fixed assets can be inspected through a photo or a live-video-device as long as the auditor has no extra doubt that compromise the existence.
2.3	Note 2_Account payable	Select the largest amount recorded (one record) from List of Account payable and obtain the supporting documents (Purchase order, Invoice or equivalent). Examine whether the expenditure is incurred during the reporting date, but not yet settled as of the reporting date.
		Obtain breakdown of expenditure of the month following the end of the reporting period and select three largest amount excluding the sub-headlines under 10. Obtain supporting documents (Purchase order, Invoice or equivalent) and examine whether these expenditures need to be recorded in the current reporting period.
2.4	Note 3_Prepaid expense	Select the largest amount recorded (one record) from List of Prepaid expenses and obtain the supporting documents (Purchase order, Invoice or equivalent). Examine whether the expenditure is occurred outside the current reporting periods.
2.5	Note 4_Exchange rate	Trace each amount of the list to the details of the balance of Cash and cash equivalents obtained on the procedure 1.4.
		Obtain supporting document for the exchange rate at the reporting period end rate used and examine if the rate matched the exchange rated used for the conversion.
2.6	Note 5_Management system	Confirm all inquiries are answered.
		Report if any material internal control weakness identified from the answers.

Annex 3 – Financial Statements and Notes Template (with example figures)

CASH FLOW STATEMENT

(To be prepared separately for ITTO funding and for Counterpart Funding)
For the periods from [date of commencement of project] to 31 December [Year] Or to the date of Completion

Project No _____ Period ending on _____
Project Title: _____

(in US Dollars)				
Funds received from ITTO	No.	Item	Date received	Amount
	1	First Installment		10,000
	2	Second Installment		
	3	Third Installment		
	4	Fourth Installment		
	5	ETC.		
Total Fund received				10,000

(in US Dollars)					
Component	Budget (Note 1)	Previously accumulated expenses	Expenses for Current Period (Note 2)	Accumulated expenses To-date	Available Budget
	A	B	C	D (B + C)	E (A - D)
Expenditures by Executing Agency					
10	Project Personnel				
11	National Experts (long term)				
			1,000	1,000	(1,000)
				0	0
				0	0
				0	0
12	Other Personnel				
				0	0
				0	0
13	National Consultant(s) (short term)				
				0	0
				0	0
14	International Consultant(s)				
				0	0
				0	0
15	Fellowships and Training				
				0	0
				0	0
19	Component Total:	0	0	1,000	1,000
20	Sub-contracts				
21	Sub-contract (Topic e.g. mapping, etc.)				
				0	0
22	Sub-contract (Topic 2)				
				0	0
29	Component Total:	0	0	0	0
30	Travel				
31	Daily Subsistence Allowance				
				0	0
				0	0
				0	0
32	International Travel				
				0	0
				0	0
				0	0
33	Local Transport Costs				
				0	0
				0	0
				0	0
39	Component Total:	0	0	0	0
40	Capital Items				
41	Premises				
				0	0
42	Land				
				0	0
43	Vehicle(s)				
				0	0
44	Capital Equipment				
				0	0
				0	0
				0	0
49	Component Total:	0	0	0	0
50	Consumable Items				
51	Raw Materials				
				0	0
52	Spares				
				0	0
53	Utilities				
				0	0
54	Office Supplies				
				0	0
59	Component Total:	0	0	0	0
60	Miscellaneous				
61	Sundry				
				0	0
62	Audit Costs				
				0	0
63	Contingencies				
				0	0
69	Component Total:	0	0	0	0
100	GRAND TOTAL:	0	0	1,000	1,000

Remaining balance of funds				9,000
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Notes
1 The amount should include ITTO budget on the project agreement only.
2 The amount should include expenditure for the audit period.

SUMMARY OF ADJUSTMENTS

Summary of adjustments related to amounts of Accumulated expenses and Exchange Differences To-date of Cashflow Statements

Notes	Impact amount
Note 1 _List of capital items	(33,600.00) *1
Note 2 _Account payable	700.00 *2
Note 3 _Prepaid expenses	(1,900.00) *3
Note 4 _Exchange rate	(26,915.00) *4
Note 6 _Other Adjustments	0.00
Total	(61,715.00)

Accumulated expenditures including the adjusted amount as at reporting date

Total Expenditures as reported in the cashflow statement (*5)	1,000.00
Total of Adjustments	(61,715.00)
Total Expenditures after adjustment (*6)	(60,715.00)

Notes

*1 The amount should be the book value balance.

*2 The amount should be the total amount of account payable.

*3 The amount should be the total amount of prepaid expenses.

*4 The amount should be the difference between fund balance before and after currency conversion.

*5 The amount should be the CF_Grand total

*6 The Accrual basis means accumulated expenditures with accrual basis.

Note 1 LIST OF CAPITAL ITEMS

Instruction

- 1.Assets over US\$1,500 are recognizes as Property, plant & equipment(PPE) and depreciated over the useful months, which should be reported in this format from the commencement of the project till the end of the current fiscal year.
- 2.Depreciation is calculated based on a straight line method and the useful months is from the date of acquisition to the date of the projects completion.
- 3.Pick up assets with the amount over \$1,500 from the component "40 Capital Items" in the Cashflow statement or the other components and post each information in the box highlighted in pink.
- 4.The beginning balance is balance is the amount of the closing balance in the previous period.
- 5.As for Decrease item, when a capital item was all depreciated, place the total cost of the item.
- 6.Months to be depreciated for reporting period item means the duration the capital Items has been used during reporting period.
- 7.Once all information are properly placed, Accumulated depreciation and book value are automatically calculated.

Please enter

(in US Dollars)

NO	ITEMS DESCRIPTION	QTY (UNIT)	Unit price	DATE OF ACQUISITION	Useful month	ACQUISITION COST				ACCUMULATED DEPRECIATION				BOOK VALUE	
						Beginning Balance	Increase	Decrease	Closing Balance	Beginning Balance	Months to be depreciated for reporting period	Increase	Decrease		Closing Balance
43	Vehicle(s)														
1	(Example) MAZDA Truck	1	40,000	1-Sep-22	25	-	40,000.00	-	40,000.00	-	4	6,400.00	-	6,400.00	33,600.00
Total						0.00	40,000.00	0.00	40,000.00	0.00		6,400.00	0.00	6,400.00	33,600.00

	Start	End	Duration(Month)
Project period	30-Oct-21	30-Sep-24	36
Reporting period	1-Jan-22	31-Dec-22	12

Note 2 ACCOUNT PAYABLE

Instruction

1.If the goods or services is received but has not been paid by as of the end of the reporting period, the amount is recognized as an expense in the current reporting period and Account payable is recognized.

2.Pick up such expenses from Ledger and post each information in the box highlighted in pink.

Please enter

(in US Dollars)

NO	Component		ITEMS DESCRIPTION	DATE OF Service provided /Goods received	DATE OF Payment	Amount
1	44.3	(Example) Others (Capital Items)	Desk	30-Dec-22	31-Jan-23	100
2	62	(Example) Audit Costs	Audit fee	1-Oct-23 to 30-Sep-23	10-Jan-23	600
Total						700

*1 Contract amount 2,400 US\$(A)
 Contract period 12 months(B)
 Unpaid period 3 months(C)
 Amount of services not received by the end of the year 600 (A)÷(B)×(C)

Note 3 PREPAID EXPENSES

Instruction

1.If cash is paid in the current reporting period but the goods or services will be received in the next reporting period, it is recognized in accrual basis in the current reporting period as prepaid expenses and expensed in the reporting period.

2.Pick up such expenses from the component in the Cashflow Statement and post each information in the box highlighted in pink.

Please enter

(in US Dollars)

NO	Component		ITEMS DESCRIPTION	DATE OF Service provided /Goods received	DATE OF Payment	Amount
1	44.3	(Example) Others (Capital Items)	Desk	8-Jan-23	10-Dec-22	100
2	62	(Example) Audit Costs	Audit fee	1-Oct-23 to 30-Sep-23	30-Sep-22	1,800
Total						1,900

*1 Contract amount 2,400 US\$(A)
 Contract period 12 months(B)
 Prepaid period 9 months(C)
 Amount of services not received by the end of the year 1,800 (A)÷(B)×(C)

Note 4 Exchange rate

Instruction

Cash and cash equivalents held at the period end are converted at the exchange rate at the reporting period end rate. Please post each information in the box highlighted in pink.

Please enter

(in US Dollars)

Item	Name of Bank	Type of currency	Local currency	Exchange rate	US\$
Cash on hand		US dollars			100.00
Bank deposit	Bank of ABC	US dollars			1,200.00
Cash on hand		Vietnam Dong	5,000,000	0.000043	215.00
Bank deposit	Bank of ABC	Vietnam Dong	800,000,000	0.000043	34,400.00
					0.00
Total					35,915.00
Balance of funds before currency conversion (Total funds received - Sub total of expenditures)					9,000.00
Difference/ Exchange (gain)/loss					(26,915.00)

Notes

- Exchange rate is the rate used to convert from local currency to United states dollars and referred to the spot rate (TTM:Telegraphic Transfer Middle rate) of the bank EA keeps ITTO funds as at reporting date.
- Use the same exchange rate for both Cash on hand and Bank deposit.
- The exchange rate used to convert local currency to US\$ is the rate as at the end of the reporting period.

Exchange rate used for conversion of expenditures incurred in reporting period

Regarding the Exchange rate for Ledger and Cashflow statement, please select one of four selections below and mark "v".

- 1. Spot rate**
- 2. Monthly, Annual average rate**
- 3. Average rate of installments - Beginning of fiscal year**
(Average rate of funds received by the EA as at the reporting date of previous year)

No.	Item	Date received	Amount/USD	Exchange Rate (Bank rate)	Local currency
1	First Installment	31-Dec-22	100,000	0.11	11,000.00
2	Second Installment	07-Jul-23	100,000	0.15	15,000.00
3	Third Installment				
4	Fourth Installment				
Total			200,000	0.13	26,000.00

- 4. Average rate of installments - End of fiscal year**
(Average rate of funds received by the EA as at the reporting date of current year)

No.	Item	Date received	Amount/USD	Exchange Rate (Bank rate)	Local currency
1	First Installment	31-Dec-22	100,000	0.11	11,000.00
2	Second Installment	07-Jul-23	100,000	0.15	15,000.00
3	Third Installment	20-Dec-24	100,000	0.16	
4	Fourth Installment				
Total			300,000	0.14	26,000.00

Note

Installments: The exchange rate applied to installments recorded in the Cashflow statement & Notes 4 should be the rate applied by the Bank when the funds are received from ITTO and converted to local currency.

Note 5 Management system

Instruction

Please answer each inquiry.

No.	Inquiries	Answer
Expenditures		
1	Are the purposes of the expenditure occurred exclusively for the implementation of the project?	
2	Are all goods and services for each funds are provided by ITTO shall be procured in accordance with the "ITTO Guidelines for the Selection and Employment of Consultants, Procurements and Payments of Goods and Services"? (Section 4.03)	
3	Are the amounts of expenditures occurred reasonable in terms of the market price for the goods or services?	
4	Is there any suppliers related to any anti-social party or family related parties?	
5	Please describe the payment procedures focusing on if a proper segregation of duty between a preparer and approver (or execution of payment) is properly established.	
Fund Balance(Cash and cash equivalents)		
6	Is the fund allocated by ITTO separately kept in a separate bank account and a ledger? (Section 5.01)	
7	If cash in hand exists, please describe the stored conditions.	
Capital items		
8	Are capital items exclusively used for the implementation of the projects? (Section 4.01)	
9	Is there any abnormal condition is attached to Capital items? (ex. Pledge for loans or liability for others.)	
General		
10	Is the access right to the accounting system is properly limited?	
11	Please describe storage condition of supporting documents.	

Note 6 Other Adjustments

Instruction

Any other adjustments that are needed should be explained here and the amount included under Note 6 of the Summary of adjustments.

No.	Inquiries	YES	NO	If YES, please describe the detail
1	Are there any receivables? (i.e. Money besides installments from ITTO that the EA needs to collect)	<input type="checkbox"/>	<input type="checkbox"/>	
2	Are there any lawsuits?	<input type="checkbox"/>	<input type="checkbox"/>	
3	Are there any other relevant events/items to be reported to ITTO?	<input type="checkbox"/>	<input type="checkbox"/>	