Public Disclosure Authorized

Public Disclosure Authorized

"NIISLEL-AUDIT" LLC

AUDITOR'S REPORT

E-Health Project
No.5489-MN
Financial statements as of December 31, 2016

Ulaanbaatar 2017

"NIISLEL AUDIT" LLC
Certified audit, appraisal and accounting consultancy company

Date: 2017.06.29.

INDEPENDENT AUDITOR'S REPORT

To: PIU Coordinator D.Tumurtogoo
E-Health Project
Credit No: P131290

We have audited the Financial Management Reports comprising the balance sheet, project source and uses of funds by project activity, disbursement report and the designated account statement of E-Health Project Credit No:P131290 for the period from August 17, 2015 to December 31, 2016. The management of E-Health Project is to prepare the Financial Management Reports on the cash receipts and payments basis in conformity with International Public Sector Accounting Standards (IPSAS). On this basis, cash receipts are recognized when received and cash expenditures are recognized when paid rather than when incurred. Our responsibility is to express an opinion thereon based on our audit.

We conducted our audit in accordance with International Standards on Auditing issued by the International Auditing and Assurance Standards Board of the International Federation of Accountants. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the interim financial reports are free of material misstatement. An audit includes examining on test basis, evidence supporting the amounts and disclosures in the interim financial reports. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall statement presentation. We believe our audit provides a reasonable basis for our opinion.

In our opinion, the Financial Management Reports have been prepared in accordance with International Public Sector Accounting Standard issued by the Public Sector Committee of the Federation of Accountants, presented fairly the cash receipts and payments of the project for the period from August 17, 2015 to December 31, 2016 and furthermore in all material respected, expenditure have applied to the purpose intended in the Financing Agreement, Credit No:P131290.

"Niislel-Audit" LLC

Ulaanbaatar city, Sukhbaatar district, Baga toiruu-44 Phone/Fax: 31-89-18, 70120095
E-mail: info@niislelaudit.mn

Government of Mongolia
International Development Association
Credit No: P131290
E-HEALTH PROJECT

AUDITED BALANCE SHEET
For the period from Aug 17, 2015 to Dec 31, 2016

	Note	2015.08.17 USD	2016.12.31 USD
ASSET			
1. Cash			
Cash on hand	**4.a**	-	6.80
In banks:			
Designated account IDA5489	**4.a**	-	468,334.66
Operating account IDA5489	**4.a**	-	4,078.48
Total cash			**472,419.94**
Project accumulated disbursement		-	-
Category 1		-	
Consultant service for Part 5	**4.b**	-	65,839.62
Goods for Part 5	**4.b**	-	22,354.32
Incremental operation cost for Part 5	**4.b**	-	4,429.62
Category 2			
Consultancy and Training -Part 1-4			-
Non Consultancy Part 1-4			-
Total Expenditures			**92,623.56**
TOTAL ASSET		-	**565,043.50**
Financing			
IDA Funds 5489			560,000.00
Interest earning		-	5,043.50
TOTAL FINANCING		-	**565,043.50**

Prepared by :

Mrs. .....
Financial officer

Approved by :

Mr. .....
Acting Project Coordinator

INISLIEL-AUDIT Co.,Ltd
CERTIFIED ACCOUNTING
AUDIT C

"NIISLEL AUDIT" LLC
Certified audit, appraisal and accounting consultancy company

Date: 2017.6.29

INDEPENDENT AUDITOR'S REPORT

To: PIU Coordinator D.Tumurtogoo
E-Health Project
Credit No: P131290

We have audited the accompanying statement Sources and Uses of Funds of E-Health Project submitted to the World Bank the period from August 17, 2015 to December 31, 2016 in support of credit withdrawals under the Financing Agreement, Credit No: P131290.

We conducted our audit in accordance with generally accepted auditing standards that accordingly included examination, on a test basis, of evidence supporting the amounts and disclosures in the statement of Sources and User of Funds. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall statement presentation. We believe our audit provides a reasonable basis for our opinion.

In our opinion, the statement of Sources and Uses of Funds submitted together with the internal controls and procedures involved in their preparation can be relied upon to support the application for credit withdrawals.

"Niislel-Audit" LLC

Ulaanbaatar city, Sukhbaatar district, Baga toiruu-44 Phone/Fax: 31-89-18, 70120095
E-mail: info@niislelaudit.mn

Government of Mongolia
International Development Association
Credit No: P131290
E-HEALTH PROJECT
AUDITED SOURCES AND USES OF FUNDS
For the period from Aug 17, 2015 to Dec 31, 2016

	Accumulated balance, as of 2015.08.17 USD	2016 USD	Accumulated balance, as of 2016.12.31 USD
Financing			
IDA Funds 5489	-	560,000.00	560,000.00
Interest earning	-	5,043.50	5,043.50
Total Financing	-	**565,043.50**	**565,043.50**
Disbursement from Financing		-	-
Category 1		-	-
Consultant service for Part 5	-	65,839.62	65,839.62
Goods for Part 5	-	22,354.32	22,354.32
Incremental opeartion cost for Part 5	-	4,429.62	4,429.62
Total Disbursement	-	**92,623.56**	**92,623.56**
	-		
Disbursement balance	-	**472,419.94**	**472,419.94**
Cash on hand			
Cash on hand	-	6.80	6.80
In banks:	-	468,334.66	468,334.66
Designated account IDA5489	-	4,078.48	4,078.48
Operating account IDA5489			
Total cash and cash equivalents	-	**472,419.94**	**472,419.94**

Prepared by :

Mrs. .....
Financial officer

Approved by :

Mr. .....
Acting Project Coordinator

NIISLEL-AUDIT Co.,Ltd
CERTIFIED ACCOUNTING
AUDIT

"NIISLEL AUDIT" LLC
Certified audit, appraisal and accounting consultancy company

Date: 2017.6.29

INDEPENDENT AUDITOR'S REPORT

To: PIU Coordinator D.Tumurtogoo
E-Health Project
Credit No: P131290

We have audited the accompanying the Statement of Expenditures (SOEs) of E-Health Project submitted to the World Bank the period from August 17, 2015 to December 31, 2016 in support of credit withdrawals under the Financing Agreement, Credit No: P131290

We conducted our audit in accordance with generally accepted auditing standards that accordingly included examination, on a test basis, of evidence supporting the amounts and disclosures in the Statement of Expenditures. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall statement presentation. We believe our audit provides a reasonable basis for our opinion.

In our opinion, the Statement of Expenditures submitted together with the internal controls and procedures involved in their preparation can be relied upon to support the application for credit withdrawals.

"Niislel-Audit" LLC

Ulaanbaatar city, Sukhbaatar district, Baga toiruu-44 Phone/Fax: 31-89-18, 70120095
E-mail: info@niislelaudit.mn

Government of Mongolia
International Development Association
Credit No: P131290
E-HEALTH PROJECT

AUDITED SUMMARY OF APPLICATION FOR WITHDRAWAL
For the period from Aug 17, 2015 to Dec 31, 2016

Number of WA	Types	Requested date	Financed date	Requested amount	Financed amount	Difference
Credit No: P131290				-	-	-
WA 01	Re-financing	2016.08.18	2016.08.25	500,000.00	500,000.00	-
WA 02	Re-financing	2016.08.22	2016.09.06	60,000.00	60,000.00	-
FY of 2016 (WA 1-2)				**560,000.00**	**560,000.00**	-
Up to 2016.12.31 (WA 1-2)				**560,000.00**	**560,000.00**	-

Prepared by :

Mrs. .....
Financial Officer

Approved by :

Mr. .....
Project Coordinator

Government of Mongolia
International Development Association
Credit No: P131290
E-HEALTH PROJECT
AUDITED COMPREHENSIVE STATEMENT OF EXPENDITURE FOR APPLICATIONS FOR WITHDRAWAL
For the period from Aug 17, 2015 to Dec 31, 2016

WA number	Requested					WA number	Financed					Difference
	Component 1						Component 1					
	1	2	3	4			1	2	3	4		
	Consultant service-Part 5	Non-consultancy Part 5	Goods Part 5	Incremental operation cost Part 5	Total Amount		Consultant service- Part 5	Non-consultancy Part 5	Goods Part 5	Incremental operation cost Part 5	Total Amount	
WA03	65,839.62		22,354.32	4,429.62	**92,623.56**	WA03	65,839.62		22,354.32	4,429.62	**92,623.56**	
Total	**65,839.62**	-	**22,354.32**	**4,429.62**	**92,623.56**		**65,839.62**	-	**22,354.32**	**4,429.62**	**92,623.56**	-

Prepared by :

Mrs. .....
Financial officer

Approved by

Mr. .....
Project Coordinator

"NIISLEL AUDIT" LLC
Certified audit, appraisal and accounting consultancy company

Date: 2017.6.29

INDEPENDENT AUDITOR'S REPORT

To: PIU Coordinator D.Tumurtogoo
E-Health Project
Credit No: P131290

We have audited the accompanying the Designated Account Statement of E-Health Project submitted to the World Bank the period from August 17, 2015 to December 31, 2016 in support of credit withdrawals under the Financing Agreement, Credit No: P131290

We conducted our audit in accordance with generally accepted auditing standards that accordingly included examination, on a test basis, of evidence supporting the amounts and disclosures in the Designated Account Statement. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall statement presentation. We believe our audit provides a reasonable basis for our opinion.

In our opinion, the Designated Account Statement submitted together with the internal controls and procedures involved in their preparation can be relied upon to support the application for credit withdrawals.

"Niislel-Audit" LLC

Ulaanbaatar city, Sukhbaatar district, Baga toiruu-44 Phone/Fax: 31-89-18, 70120095
E-mail: info@niislelaudit.mn

Government of Mongolia
International Development Association
Credit No: P131290
E-HEALTH PROJECT

AUDITED STATEMENT OF DESIGNATED ACCOUNT
For the period from Aug 17, 2015 to Dec 31, 2016

	2015.08.17 USD	2016.12.31 USD
Part A- Account transactions		
Beginning balance	-	-
Add:		566,675.78
Financing from IDA for the financial period		560,000.00
Interest income		6,675.78
Consultancy and training cost return		
Deduct:		
Total disbursement		2,629.03
Transferred to operating account		95,712.09
Advance for consultancy and training cost		
Bank comission		
Ending balance	-	**468,334.66**
Part B- Adjustment of Account		
Pre-financing from IDA		
Ending balance of designated account for the financial year		468,334.66
Add:		
Disbursed but not requested		92,623.56
Exchange rate loss		1,790.56
Operating account ending balance		4,078.48
Petty cash ending balance		6.80
Other payment		
Deduct:		
Interest earning		6,834.06
Exchange rate income		
Other income		
Other liabilities		
Designated account Pre-financing amount	-	**560,000.00**

Prepared by :

Mrs. .....
Financial Officer

Approved by :

Mr. .....
Project Coordinator

Government of Mongolia
International Development Association
Credit No: P131290
E-HEALTH PROJECT

AUDITED STATEMENT OF OPERATING ACCOUNT
For the period from Aug 17, 2015 to Dec 31, 2016

	2015.08.17 USD	2016.12.31 USD
Beginning balance	-	-
Add:		
Withdrawn from special account		95,712.09
Interest income		138.27
Exchange rate gain		
Other income		
Disbursement return		
Deduct:		
Total disbursement		89,620.58
Transferred to petty cash		392.68
Transferred to special account		
Transferred to card account		
Disbursement of interest income		
Bank comission		
Exchange rate loss		1,758.62
Ending balance	-	**4,078.48**

Prepared by :

Mrs. .....
Financial officer

Approved by :

Mr. .....
Project Coordinator

NIISLEL-AUDIT Co.,Ltd
CERTIFIED ACCOUNTING AUDIT & APPRAISAL

Government of Mongolia
International Development Association
Credit No: P131290
E-HEALTH PROJECT

AUDITED STATEMENT OF PETTY CASH
For the period from Aug 17, 2015 to Dec 31, 2016

	2015.08.17 USD	2016.12.31 USD
Beginning balance		
Add:		
Withdrawn from operating account		
Disbursement return		392.68
Exchange rate gain		
Deduct:		
Total disbursement		373.94
Interest income disbursement		
Mission&trip prepayment		
Exchange rate loss		11.94
Not yeat claimed		-
Ending balance	-	**6.80**

Prepared by :

Mrs. .....
Financial Officer

Approved by :

Mr. .....
Project Coordinator

NOTES TO THE FINANCIAL REPORT

1. PROJECT BACKGROUND

The "E-Health Project" agreement was established between the Government of Mongolia and the International Development Association of the World Bank on June 18, 2015. The total credit amount is SDR 12,700,000 (equivalent to USD 19,500,000). The Project became effective on August 17, 2015 and it will be closed on September 30, 2020.

The objective of the Project is to improve integration and utilization of health information and e-health solutions for better health service delivery in selected pilot sites.

The Project consists of the following parts:

Part 1 E-health Foundational Activities

1.1 Enterprise Architecture development

Adopting of a national enterprise architecture framework and developing a domain specific enterprise architecture adapted to the health sector, including analysis of the current business processes at health facilities and subsequent development of required elements of the enterprise information system.

1.2 Health data standards

Establishment of a suite of health data standards to form the common language required for the diverse computer systems in the Recipient's health sector to interoperate, including subscription to use of major health data exchange standards.

Part 2 Clinical Data Collection, Access and Sharing

2.1 E-health portal and viewer

Development of a basis for standardized data exchange between healthcare providers and data access for users, including development of: (a) the computer architecture; (b) a web-portal application and links that would enable the electronic health information system to become fully functional over time; and (c) security infrastructure for the portal to assure appropriate levels of privacy and confidentiality.

2.2 Health Information Exchange Platform

Development of health information exchange platform (HIEP) to (a) facilitate messaging, enhanced continuity-of-care and referrals; and (b) enable information exchange with other services, notably those related to health insurance and health services utilization reporting and epidemiology.

NIISLEL-AUDIT Co.,Ltd
CERTIFIED ACCOUNTING
AUDIT & AP

2.3 Analysis and Implementation of Picture Archiving and Communication System (PACS)

Development of a central archiving and communication environment for digital medical images, upgrade of selected facilities to enable use of digitally acquired imagery (mini PACS), and upgrade of local networks to be able to share digital imagery.

2.4 IT infrastructure, maintenance and support and Pilot Tests

(a) Acquisition and installation of the servers required for the HIEP and for pilot testing the clinical and imaging data exchange mechanisms developed under Parts 2.1 and 2.2 of the Project.

(b) Carrying out pilot tests of the clinical and imaging data exchange mechanisms developed under Parts 2.1 and 2.2 of the Project.

Part 3 National Health Information Center

3.1 NHIC standards and applications

Establishment and operation of a national health information center to oversee e-health including:

(a) defining, disseminating and enforcing health data standards; and

(b) supporting the design and creation of specialized e-health applications.

3.2 Health data statistics

Establishment and initial operation of the health information dashboard, including acquisition and installation of computer hardware, database management software, and analysis tools for a health data warehouse system.

Part 4 Institutional Strengthening and Capacity Building

Carrying out of training and capacity building activities as follows:

(a) Provision of user training to improve the computer literacy of health service providers; and

(b) Provision of information technology technical training to improve the information technology skills and competencies of staff of NHIC.

Part 5 Project Management

Provision of support for Project implementation, supervision, monitoring and evaluation, including provision of technical assistance and training.

Co.,Ltd
CERTIFIED ACCOUNTING
AUDIT & AP

The eligible expenditures that may be financed out of the proceeds of the Financing and allocations of the amounts of the Financing to each category along with the percentages are as follows:

Category	Amount of the Financing Allocated (in SDR)	Amount of the Financing Allocated (in USD)	Percentage of Expenditures to be Financed
(1) Goods, Non-Consulting Services, Consultants Services, and Incremental Operating Costs for Part 5 of the Project	750,000	1,100,000	100%
(2) Goods, Non-Consulting Services, and Consultant Services for Parts 1,2,3 and 4 of the Project	11,950,000	18,400,000	100%
TOTAL AMOUNT	**12,700,000**	**19,500,000**	

The Project Steering Committee, chaired by the Minister of Health, provides oversight and strategic policy advice and guidance to the Project Management Unit (PMU). The PMU within the Ministry of Health is responsible for the project implementation, including overall management, financial management, monitoring, and reporting. The PMU consists of Project Coordinator, Financial Management specialist, IT specialist, Clinical specialist and Implementation and procurement specialist.

2. SUMMARY OF SIGNIFICANT POLICIES

1	Financial reporting	The financial statements comprise the following reports: 1. Balance sheet 2. Statement on Use of Funds 3. Statement on Use of Funds by Components 4. Statement of Designated Account Statement
2	Basis of presentation	PMU prepares and presents its sources and uses of fund under the cash basis of accounting, as defined in the International Public Sector Accounting Standards (IPSAS) which is issued by the International Federation of Accountants (IFAC). The Project Implementation Manual has a financial management part which is agreed with the Bank and specifies about the project accounting records and financial reporting.
3	Reporting measurement	The project's reporting currency will be USD. MNT incurred costs shall be converted to USD by using the daily rate of the Bank of Mongolia.
4	Basis of Presentation	The account balances in the financial statements as of December 31, 2016 have been compared with such balances as of August 17, 2015.
5	Accounting software	"Info Systems" accounting software is used to keep record and report the project transactions.
6	Income	Income is recognized when cash is received. Income consists of the World Bank's financing and bank account interest earnings.
7	Expenditure	Disbursement is recognized when paid rather than expenses are incurred.
8	Bank account and cash fund	A. Designated account As per the Disbursement Letter of the Financing Agreement IDA Credit 5489-MN, the Project shall maintain one segregated USD account at the financial institution acceptable to the Bank with the ceiling limit of USD1 million. Four disbursement methods (advance,

NIISLEL-AUDIT Co.,Ltd
CERTIFIED ACCOUNTING
AUDITING

		reimbursement, direct payment and special commitment) are available for and can be used by the Project. B. Operating Account In accordance with such Disbursement Letter, the Project shall maintain Operating Account (OA) in MNT with ceiling of equivalent to US$30,000. The OA shall be used to pay eligible expenditures of small training and incremental operating expenditures with an approval from the PMU. C. Petty Cash As specified in section 5.6 of Project Implementation Manual, a certain amount of cash withdrawn from the OA as required for immediate payments can be used as Petty cash. However ceiling should not exceed MNT 500,000 and use of petty cash is to be approved by the Project Coordinator.
9	Procurement of goods, works and services	The Guidelines for Procurement of Goods, Works, and Non-Consulting Services of the World Bank should be adhered for procuring goods, works and services. Following methods should be used for **Goods**: 1. International Competitive Bidding >=US$1000,000 2. National Competitive Bidding <US$1000,000 3. Shopping <100,000 4. Direct Contracting-all contracts regardless of contract value Following methods should be used for **Works**: 1. International Competitive Bidding >=US$5000,000 2. National Competitive Bidding <US$5,000,000 3. Shopping <200,000 4. Direct Contracting-all contracts regardless of contract value
10	Procurement of consultants' services	The Guidelines for Selection and Employment of Consultants of the World Bank should be adhered for procuring consulting services. Following methods should be used:

		1. Cost and Quality based selection <US$300,000 2. Quality and Cost based selection 3. Quality Based Selection - Assignment meeting requirement of Article 3.2 of Consultant guideline 4. Single-Source Selection-Assignment meeting the requirement of Article 3.8 of Consultant guideline 5. Least-Cost Selection-Assignment meeting the requirement of Article 3.6 of Consultant guideline 6. Selection of Individual Consultants- Assignment meeting the requirement of Articles 5.1 and 5.6 of the Bank Guidelines
11	Monitoring organization	The World Bank

3. DISBURSEMENT PROGRESS

As of December 31, 2016, the Project had received USD 560,000 (2.87%) through the designated account and actually disbursed USD 92,623.56 (0.47%).

Total scheduled budget and disbursement of the Project, as of 2016.12.31

Category	Amount allocated (USD)	Cumulative disbursement (USD)	Disbursement percentage
(1) Goods, Non-Consulting Services, Consultants Services, and Incremental Operating Costs for Part 5 of the Project	1,100,000	92,623.56	8.42%
(2) Goods, Non-Consulting Services, and Consultant Services for Parts 1,2,3 and 4 of the Project	18,400,000		
Total	**19,500,000**	**92,623.56**	**0.47%**

4. ITEMS IN THE FINANCIAL STATEMENTS

4. a. Cash and cash equivalents

The Project maintains a designated Account (DA) in USD and an operating accounting (OA) in MNT at the State Bank of Mongolia and a petty cash fund as agreed with the World Bank.

	2015.08.17 (USD)	2016.12.31 (USD)
Cash on hand	-	6.8
In banks:	-	
Designated account /State bank 106000035745/	-	468.334,66
Operating account /State bank 106000035759/	-	4,078.48
Total cash	-	**472,419.94**

4.b. Category Disbursement

Cumulative disbursement of the Project by disbursement category:

Disbursement category	Total Budget for 2016-2018	Approved budget for 2016	Accumulated as of 2016.12.31	Performance percentage for 2016
Consultant service for Part 5	400,460.00	67,508.86	65,839.62	97.5%
Goods for Part 5	30,000.00	24,101.59	22,354.32	92.7%
Incremental operation cost for Part 5	90,500.00	7,105.7	4,429.63	62.3%
Total amount	**520,960.00**	**98,716.15**	**92,623.56**	**94%**

Consultant service for Part 5

№	Expenditure	2016.12.31 (USD)
1	Project staff salary	65,839.62
	Total amount	**65,839.62**

Goods for Part 5

№	Expenditure	2016.12.31 (USD)
1	Equipment	19,725.29
2	Accounting software	2,629.03
	Total amount	**22,354.32**

Incremental operation cost for Part 5

№	Expenditure	2016.12.31 (USD)
1	Per diem	473.82
2	Communication expenses	1,020.31
3	Stationery	1,490.39

4	Fuel costs	202.91
5	Other support costs	1.242,19
	Total amount	**4,429.62**

4.c. Interest income

Bank name	Account name	Account currency	Account number	2015.08.17	2016.12.31 (USD)
State Bank	Designated account	USD	106000035745	-	4,917.16
State Bank	Operating account	MNT	106000035759	-	126.34
Total amount				-	**5,043.5**

5. PROCUREMENT

By the end of 2016, procurement of USD 22,354.32 for goods (24.1% of total expenditures) and USD 65,839.62 (71.08% of total expenditures) for consultancy service had been made. The evaluation committees for all procurements have been set up and appropriate procurement methods have been used in accordance with the Project Implementation Manual and the relevant guidelines of the World Bank.

NIISLEL-AUDIT Co.,Ltd
CERTIFIED ACCOUNTING
AUDIT