MINISTRY OF FINANCE
PERMANENCE SECRETARIAT OFFICE
PROJECT IMPLEMENTATION UNIT (PIU)

ENHANCING PUBLIC FINANCE MANAGEMENT THROUGH INFORMATION AND COMMUNICATION TECHNOLOGY AND SKILLS (E-FITS)

FINANCIAL STATEMENTS

31 DECEMBER 2025

MINISTRY OF FINANCE
PERMANENCE SECRETARIAT OFFICE
PROJECT IMPLEMENTATION UNIT (PIU)

ENHANCING PUBLIC FINANCE MANAGEMENT THROUGH INFORMATION AND COMMUNICATION TECHNOLOGY AND SKILLS (E-FITS)

FOR THE YEAR ENDED 31 DECEMBER 2025

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FOR THE YEAR ENDED 31 DECEMBER 2025

Statement by the Project management

The Government of Lao PDR (GoL) is strengthening the management of its public finances by establishing guiding principles and policies for improved public finance management (PFM). As part of its objective to enhance public finance management, the Ministry of Finance (MoF) has adopted the Vision to 2030 and the Public Finance Development Strategy to 2025 (PFM Strategy) to improve policy consistency, efficiency, transparency, and accountability in public expenditure and revenue management. This will be achieved by strengthening institutional systems and capacity, as well as making progress towards meeting appropriate international financial management standards.

To support the implementation of the PFM Strategy, the GoL has agreed on the World Bank Credit in the amount of USD 20 million to support the implementation of the Enhancing Public Finance Management through Information and Communication Technology and Skills (E-FITS) Project, from its effectiveness until its expected closing date in July 2026.

On behalf of the Project:

Somchit Khammoungkhoune
Head of Project Implementation Unit
30 June 2026

Chittakone Savathdy
Deputy Head of Project Implementation Unit
30 June 2026

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Independent auditor's report

To Ministry of Finance, Permanence Secretariat Office, Project Implementation Unit (PIU), Enhancing Public Finance Management through Information and Communication Technology and Skills (E-FITS)

Our opinion

In our opinion, the financial statements of Enhancing Public Finance Management through Information and Communication Technology and Skills (the E-FITS or the Project) for the year ended 31 December 2025 are prepared, in all material respects, in accordance with the accounting policies described in Note 2 to the financial statements.

What we have audited

The Project's financial statements comprise:

- the statement of receipts and disbursements for the year ended 31 December 2025;
- the statement of fund balance as at 31 December 2025;
- the notes to the financial statements, which include significant accounting policies, and other explanatory information.

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 the financial statements section of our report.

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

Independence

We are independent of the Project in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) (as applicable to audit of financial statements of public interest entities). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Emphasis of matter - Basis of preparation

We draw attention to Note 2 to the financial statements, which describes the basis of preparation. The financial statements are prepared in accordance with accounting policies described in Note 2 to the financial statements. As a result, the financial statements may not be suitable for another purpose.

This report is intended for the information of the Project and the Donor, and for no other purpose. However, upon release by the Project and the Donor, this report will be a matter of public record and its distribution will not be limited. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come, except where expressly agreed by our prior consent in writing. Our opinion is not modified in respect to this matter.

Responsibilities of the director for the financial statements

The director is responsible for the preparation of the financial statements in accordance with accounting policies described in Note 2 to the financial statements, and for such internal control as the director determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the director is responsible for assessing the Project's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the director either intends to liquidate the Project or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the 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 financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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 control 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 Director.

- Conclude on the appropriateness of the director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Project's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Project to cease to continue as a going concern.

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We communicate with the director 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.

For PricewaterhouseCoopers (Lao) Sole Company Limited

Pricewaterhouse Coopers (Lao)
Sole Company
Limited

By: Apisit Thiengtrongpinyo
Partner

Vientiane Capital, Lao PDR
30 June 2026

www.pwc.com

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ENHANCING PUBLIC FINANCE MANAGEMENT THROUGH INFORMATION AND COMMUNICATION TECHNOLOGY AND SKILLS (E-FITS)

STATEMENT OF RECEIPTS AND DISBURSEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

	Cumulative as at 31 December 2024 USD	For the year ended 31 December 2025 USD	Cumulative as at 31 December 2025 USD
Receipts			
Designated account replenishment	3,772,606	1,046,548	4,819,154
Direct disbursements	534,246	292,215	826,461
	4,306,852	**1,338,763**	**5,645,615**
Disbursements			
Foundations for a core public financial management system	2,062,816	983,557	3,046,373
Public finance management skills program and change management	1,062,569	542,512	1,605,081
Project implementation	774,115	90,227	864,342
	3,899,500	**1,616,296**	**5,515,796**
(Deficit)/surplus of receipts over disbursements	**407,352**	**(277,533)**	**129,819**

Somchit Khammoungkhoune
Head of Project Implementation Unit
30 June 2026

Chittakone Savathdy
Deputy Head of Project Implementation Unit
30 June 2026

The accompanying notes on pages 8 to 10 are an integral part of these financial statements.

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PERMANENCE SECRETARIAT OFFICE
PROJECT IMPLEMENTATION UNIT (PIU)

ENHANCING PUBLIC FINANCE MANAGEMENT THROUGH INFORMATION AND COMMUNICATION TECHNOLOGY AND SKILLS (E-FITS)

STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

	Notes	2025 USD	2024 USD
Receipts			
Designated account replenishment		1,046,548	828,554
Direct disbursements	4	292,215	-
		1,338,763	**828,554**
Disbursements			
Foundations for a core public financial management system	3	983,557	175,797
Public finance management skills program and change management	4	542,512	366,948
Project implementation	5	90,227	161,918
		1,616,296	**704,663**
(Deficit)/surplus of receipts over disbursements		**(277,533)**	**123,891**

Somchit Khammoungkhoune
Head of Project Implementation Unit
30 June 2026

Chittakone Savathdy
Deputy Head of Project Implementation Unit
30 June 2026

The accompanying notes on pages 8 to 10 are an integral part of these financial statements.

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ENHANCING PUBLIC FINANCE MANAGEMENT THROUGH INFORMATION AND COMMUNICATION TECHNOLOGY AND SKILLS (E-FITS)

STATEMENT OF FUND BALANCE
AS AT 31 DECEMBER 2025

	Note	2025 USD	2024 USD
Fund balance			
Opening fund balance		407,352	283,461
(Deficit)/surplus of receipts over disbursements		(277,533)	123,891
Closing fund balance		**129,819**	**407,352**
Represented by:			
Cash at banks	6	120,465	407,352
Advances	7	9,354	-
		129,819	**407,352**

Somchit Khammoungkhoune
Head of Project Implementation Unit
30 June 2026

Chittakone Savathdy
Deputy Head of Project Implementation Unit
30 June 2026

The accompanying notes on pages 8 to 10 are an integral part of these financial statements.

1. General information of the project

The Government of Lao PDR (GoL) is strengthening the management of its public finances through establishing guiding principles and policies for improved public finance management (PFM). As part of its objective to strengthen the management of its public finances, the Ministry of Finance has prepared a comprehensive Public Finance Management Development Strategy to 2025, to improve policy consistency, efficiency, transparency and accountability in public expenditure and revenue management by strengthening institutional systems and capacity, as well as making progress towards meeting appropriate international financial management standards.

The GoL has requested a USD 20 million credit from the World Bank for the implementation of the Enhancing Public Finance Management through Information and Communication Technology and Skills (E-FITS) (the Project) to contribute to the reliability, timeliness and transparency of financial reporting and to enhance public financial management skills.

The Project Implementation Unit (PIU) was established in December 2018. Under the oversight of the MoF's PFM Reform Secretariat, the PIU will be responsible for the implementation of the E-FITS Project (P167534) and the PFM Reform Grant (P179016). The PIU will be the central executing agency, responsible for overall implementation monitoring, fiduciary oversight, and provision of technical, procurement, and financial management support to MoF implementing departments responsible for the technical implementation of project / program components. Furthermore, the PIU will be responsible for the preparation of work plans and for the provision of logistics, administration and coordination across implementing departments.

These financial statements were authorised for issue by the Head of Project Implementation Unit on 30 June 2026.

2. Significant accounting policies

The financial statements are prepared in accordance with the accounting policies of the Project, which are common practice for projects funded by donors. The accounting system is computerized using appropriate accounting software tailored to the requirements of the Project. Adequate accounting books and records are maintained and monitored by the Financial Management Consultant and Project Management.

The Project follows the accounting policies as follows:

a) The financial statements are prepared in accordance with a modified cash basis of accounting, under which receipts and expenses are recorded when cash is actually received or paid out. When a cash advance is issued, it is recognized as a receivable and recorded as an expense only after liquidation and the presentation of supporting documents. Receipts are recognized when received rather than when earned, and expenditures are recognized when paid rather than when incurred.

b) Accounting transactions are recorded in United States Dollars (USD) and entered into the Project accounting system. Transactions arising in other foreign currencies shall be converted into USD at the exchange rates prevailing on the transaction dates.

2. Significant accounting policies (continued)

c) Monetary assets and liabilities denominated in currencies other than USD are translated into USD at the exchange rates prevailing on the reporting date. All exchange differences are recognized in the statements of receipts and disbursements.

d) Direct disbursements relate to payments made by the donor directly to suppliers, contractors, and consultants. These payments are accounted for when the donor notifies the payment.

e) No depreciation is charged on fixed assets, as these items are expensed in full during the period of purchase. At the end of the Project's life, all assets will be transferred to the Government of Lao PDR in accordance with the Government's asset management policy.

f) A separate Fixed Assets Register (FAR) is maintained by the Project to ensure that all funds expended on purchasing assets are recorded in detail, including the purchase date, location, condition, and the person responsible for the asset.

g) The financial statements are presented in USD, in accordance with the requirements of the Project policy.

3. Foundations for a core public financial management system

	2025 USD	2024 USD
Goods*	330,203	-
Consulting services**	598,180	143,467
Training and workshop	47,340	24,987
Incremental operating costs	7,834	7,343
	983,557	**175,797**

*This represents the cost for the design, supply, and installation of an Integrated Financial Management Information System (IFMIS) amounting to USD 330,203 by Techno Brain Global FZ-LLC. An amount of USD 292,215 has been paid through direct disbursements from the World Bank.

**This mainly consists of consulting and related costs for providing consulting services related to the design, supply, and installation of the IFMIS system by Deloitte Touche Tohmatsu India LLP, amounting to USD 562,269 (2024: USD 118,168).

4. Public finance management skills program and change management

	2025 USD	2024 USD
Goods	11,847	19,500
Consulting services*	513,521	334,462
Training and workshop	17,015	7,365
Incremental operating costs	129	5,621
	542,512	**366,948**

*This consists of consulting and related costs for CH ACADEMY for management training on the financial system, amounting to USD 295,024 (2024: USD 269,878), and for PricewaterhouseCoopers Pvt. Ltd., India, for support in the preparation of the Competency Framework, Training Needs Assessment, and PFM Curriculum, amounting to USD 218,497 (2024: nil).

5. Project implementation

	2025 USD	2024 USD
Consulting services*	81,627	154,417
Training & Workshop	-	247
Incremental operating costs	8,600	7,254
	90,227	**161,918**

*Consulting services include the audit service fee for the year ended 31 December 2024, amounting to USD 17,820, which was paid during the year. The audit fee for the year ended 31 December 2025, amounting to USD 17,820, will be recorded when paid.

6. Cash at banks

	2025 USD	2024 USD
Cash at designated bank account	85,733	336,003
Cash at operating bank account	34,732	71,349
	120,465	**407,352**

7. Advances

	2025 USD	2024 USD
Outstanding advance*	9,354	-

*This represents the advance requested for conducting the workshop in December 2025, it has been settled after the reporting date.