

**AUDITOR'S REPORT TO THE TRUSTEES / BOARD OF GOVERNORS/
MANAGEMENT COMMITTEE**

We have audited the annexed balance sheet of the M/s. Transparency International Pakistan as at June 30, 2007 and the related Receipt & Payment account together with the notes forming part thereof (here-in-after referred to as the financial statements for the year then ended.)

It is the responsibility of the trustees / board of governors / management committee to establish and maintain a system of internal control, prepare and present the financial statements in conformity with the approved accounting standards as applicable in Pakistan. Our responsibility is to express an opinion on those financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosure in the financial statements. An audit also includes assessing the accounting policies used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion the financial statements present fairly in all material respects the financial position of the Transparency International Pakistan as at 30-06-2007 and of its balances for the year then ended in accordance with the approved accounting standards as applicable in Pakistan.

Date: August 10, 2007

Place: Karachi


(Ale Imran & Co.)
Chartered Accountants



Ale Imran & Co.

CHARTERED ACCOUNTANTS

August 10, 2007

Syed Adil Gilani
Trustee
Transparency International Pakistan
5-C, 2nd Floor, Khayaban-e-Ittehad
Phase VII
Defence Housing Authority
Karachi

Sub: Management Letter

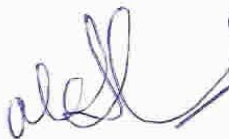
Dear Sir

Reference to the audit of financial statements conducted, for the period 2006-2007. We would like to enclose our review for the Internal Controls of the organization.

Review comprises of questionnaire and our assessment/ suggestions likely to be implemented for strengthening the working of the organization.

We are available for professional services when ever needed.

Thanks and regards


ALE IMRAN
CHARTERED ACCOUNTANT.



Ale Imran & Co.

CHARTERED ACCOUNTANTS

QUESTIONARE FOR INTERNAL CONTROL MEMO FOR MANAGEMENT LETTER M/s. TRANSPARENCY INTERNATIONAL

AUDIT PERIOD JULY 2006-JUNE-2007

INDICATOR RATING E=essential; R=recommended A=Additional to strengthen the activities		S= UPTO STANDARDS N=NEEDS IMPORVEMENT(N.I)		
Rating	Indicator	MET	N.I	N/A.
E	The organization follows accounting practices which confirm to accepted standards.	S		
E	The organization has systems in place to provide the appropriate information needed by staff and principals to make sound financial decisions.	S		
R	The organization prepares timely financial statements including the Balance sheet and statement of Receipts and Payments which are clearly stated and useful for the principal and staff.	S		
R	The organization prepares financial statements on a budget versus actual and/or comparative basis to achieve a better understanding of their funds.		N.I	
E	The organization develops an annual comprehensive operating plan which includes cost of programs, management and fund raising and all sources of funding. The plan is reviewed and approved by the trustees.	S	N.I	
R	The organization monitors unit cost of programs and services through the documentation of staff time and direct expenses and use of a process for allocation of management and general and fundraising expenses.	S		
E	The organization prepares fund flows projections of the programs		N.I	
E	The organization reconciles all cash accounts monthly.	S		
E	The organization has a review process to monitor that they are receiving appropriate and accurate financial information whether from a contracted service or internal processing.	S		
E	The organization has documented set of internal controls, including the handling of cash and deposits, approval over spending and disbursements.	S		
E	The organization has a policy identifying authorized check signers and the number of signatures required on check if excess of specified rupee amount.	S		
E	All expenses of the organization are approved by a designated person before payment is made.	S		
R	The organization has a written policy related to Capital expenditure.		N.I	
E	Employees, trustees and volunteers who handle cash and investments are bonded to help assure the safeguard of assets	S		
R	The organization has an annual, independent audit of their financial statements prepared by accountant.	S		
R	In addition to audit, the Chartered Accountants prepares management letter containing recommendations for improvements in the financial operations of the organization.	S		
R	The Board of trustees or an appropriate committee is responsible for soliciting bids, interviewing auditors and hiring an auditor for the organization.	S		

ALE IMRAN & CO.

Chartered Accountants

TRANSPARENCY INTERNATIONAL PAKISTAN

RECEIPTS AND PAYMENT ACCOUNT

AS ON JUNE 30, 2007

RECEIPTS

	AMOUNT PAK RUPEES
TIS	1,168,857
USAID	1,649,932
SDC	3,200,000
Donations	973,000
Exchange Difference	47,342
Total Receipts	7,039,131

PAYMENTS

Replicate Integrity Pact	134,004
Dessiminate Public/Govt & Debates	135,600
Develop Guide Book & Replicate	69,182
Produce Information Material	160,775
Work with School Teacher / Students	660,898
Establish Youth Clubs	25,615
Workshops	1,432,084
Compare Cost of Corruption	30,000
Synthesize Monitoring Deta	40,000
Dessiminate Finding Monitor	175,000
Assistant Coordinator ISC	508,844
Secretarial & Other	65,505
Director Operations	726,000
Consultation Charges	217,254
Web Page Staff	216,000
Office Manager/Accountant	162,000
Computer/Typist	132,000
Janitor	117,764
Support Cost for Staff	7,960
Audit Fee	112,000
Rent for Office Premises	240,000
Electricity	59,300
Telephone	122,605
Internet	28,715
Visibility Cost	36,800
Water Charges	8,500
Stationery	95,518
Consumable Office Supplies	16,175
Transport / Conveyance	357,670
Photo Copies / Binding Etc	3,576
Courier	50,672
Bank Charges	9,216
Repair & Maintenance	15,035
Office Expenses	70,808
Legal & Professional Charges	70,000
Office Up gradation	65,434
International Travel	186,838
Domestic Travel	269,664
Depriciation	117,831
Total Payments	6,952,842
Balance for the year	86,289
Add : Opening Balance	4,088,371
Closing Balance	4,174,660

Chartered Accountants

As on June 30, 2007

TRUSTEE
SYED ADIL GILANI
CHAIRMAN - TIP



Handwritten signature: *Handwritten signature*

TRUSTEE
KHURRAM ABBAS
TREASURER - TIP



Note: Exchange rate of EURO € taken at Rs. 82.50/- as on 30-06-2007

TRANSPARENCY INTERNATIONAL PAKISTAN**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED JUNE, 30, 2007****1. STATUS AND ACTIVITIES:**

M/s. Transparency International Pakistan (TI-P) a NGO registered as a Trust under the laws of Pakistan having its office at 5-C, 3rd Floor, Khayaban-e-Ittehad, Phase VII, Defence Housing Authority, Karachi.

2. SIGNIFICANT ACCOUNTING POLICIES**2.1 Accounting Convention**

These Accounts have been prepared on the basis of the historical cost convention.

2.2 Fixed Assets

These are stated at cost less accumulated depreciation. Depreciation is charged on reducing balance method at the rates prescribed in note # 3 of the accounts. Depreciation is charged for the whole year in the year of acquisition, where as no depreciation is charged in the year of disposal. Normal repairs and maintenance are charged off as they are incurred.

2.3 Foreign Currency Exchange Rate

Exchange rate of US\$1 = 60.95 , Euro 1= 82.50 as on 30.06.2007, for reporting of bank balance maintained in US\$ and Euro accounts.

3. Fixed Assets Schedule

Detail Schedule attached

Details of Payments**4. TIS****5. US AID****6. Swiss Agency for Development and Cooperation (SDC)****7. One World Vision (OMV)**

ALE IMRAN & CO.
Chartered Accountants

TRANSPARENCY INTERNATIONAL PAKISTAN
Receipts & Payments Accounts
For The Year Ended June 30, 2007

Receipts

TIS
USAID
SDC
OWV
WEDC
DONATIONS
Total Receipts

Amount 2007	Amount 2006
1,168,857	4,478,420
1,649,932	2,393,257
3,200,000	2,565,198
-	1,498,461
-	45,284
973,000	-
6,991,789	10,980,620

Payment

TIS
USAID
SDC
OWV
WEDC
Total Payments

1,657,245	3,497,849
1,559,384	2,334,333
3,588,302	3,291,996
-	1,234,228
-	45,284
6,804,931	10,403,690

Excess of Receipts over Payments

7) 186,858 576,930

6,991,789	10,980,620
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TRUSTEE
SYED ADIL GILANI
CHAIRMAN - TIP





TRUSTEE
KHURRAM ABBAS
TREASURER - TIP

