Pakistan Railways Training Mission

Pakistan Resident Mission

Financial Management

8th Oct 2025| Lahore, Pakistan

ADB

Agenda – Day 1

- A. ADB FM in Project Implementation
- B. Overview of APFS
- C. Common Issues in APFS

Agenda – Day 1

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- B. Overview of APFS
- C. Common Issues in APFS

FM in ADB Sovereign Operations
ADB's Financial Management Mandate and Function

ADB's FM mandate derives from Article 14 of the Agreement Establishing ADB (the Charter)

- Borrower able to **meet obligations** under loan
- Loan proceeds used for **purposes intended**
- Attention to **economy and efficiency**
- Guided by **sound banking principles** in operations

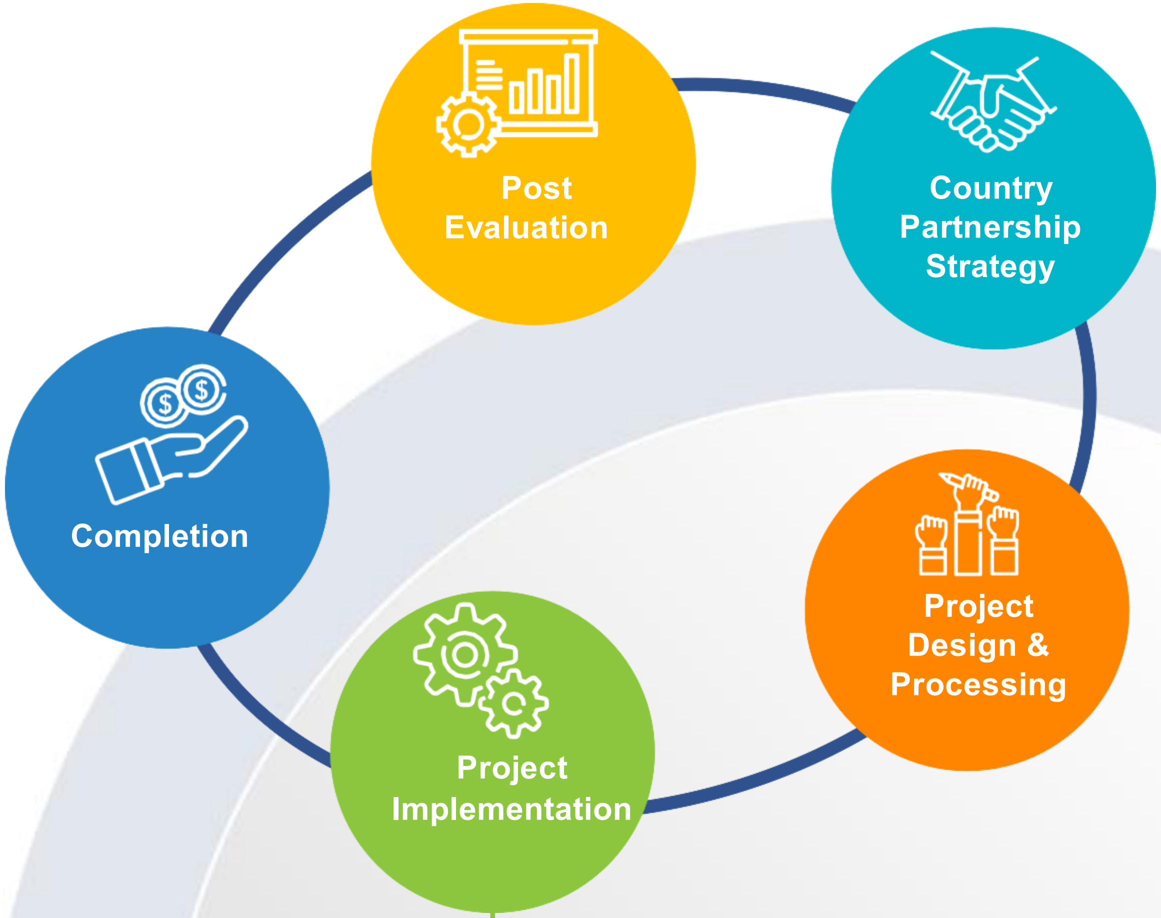
Fiduciary Responsibilities

Financial Due Diligence

at project design and processing stage

FM in Project Implementation

- *Review APFS/AEFS and quarterly progress report submissions*
- *Monitor issues raised by the auditor in the management letter*
- *Monitor compliance with financial covenants*
- *Monitor implementation of FM arrangements and FM action plans*



Legal Basis – where to find the specific requirements?

- Legal Agreements:
  - Loan or Grant Agreement
  - Project Agreement
  - Schedule attached to the agreements – Financial Covenants / matters

- Project Administration Manual or Facility Administration Manual

- Addendum or Amendment to the above documents (if any)

Legal Basis – where to find the specific requirements?

Section 4.03. ADB shall disclose the annual audited financial statements for the Project and the opinion of the auditors on the financial statements within 14 days of the date of ADB's confirmation of their acceptability by posting them on ADB's website.

Section 2.09. (a) shall (i) maintain separate accounts and records for the Project; (ii) prepare annual financial statements for the Project in accordance with financial reporting standards acceptable to ADB; (iii) have such financial statements audited annually by independent auditors whose qualifications, experience and terms of reference are acceptable to ADB, in accordance with auditing standards acceptable to ADB; (iv) as part of each such audit, have the auditors prepare a report, which includes the auditors' opinion(s) on the financial statements and the use of the Loan proceeds, and a management letter (which sets out the deficiencies in the internal control of the Project that were identified in the course of the audit, if any); and (v) furnish to ADB, no later than 6 months after the close of the fiscal year to which they relate, copies of such audited financial statements, audit report and management letter, all in the English language, and such other information concerning these documents and the audit thereof as ADB shall from time to time reasonably request.

(b) ADB shall disclose the annual audited financial statements for the Project and the opinion of the auditors on the financial statements within 14 days of the date of ADB's confirmation of their acceptability by posting them on ADB's website.

C. Accounting

42. will maintain, or cause to be maintained, separate books and records by funding source for all expenditures incurred on the project. Turkmenenergo will prepare project financial statements in accordance with the government's accounting laws and regulations which are consistent with international accounting principles and practices.

D. Auditing and Public Disclosure

43. will cause the detailed project financial statements to be audited in accordance with International Standards on Auditing and with the Government's audit regulations, by an independent auditor acceptable to ADB. The audited project financial statements will be submitted in the English language to ADB within six months of the end of the fiscal year by Turkmenenergo.

44. will also submit the entity-level financial statements which is audited by independent auditor. The entity-level financial statements will be submitted to ADB within one month after their approval by the relevant authority.

45. The annual audit report for the project accounts will include an audit management letter and audit opinions which cover (i) whether the project financial statements present a true and fair view or are presented fairly, in all material respects, in accordance with the applicable financial reporting framework; (ii) whether loan and grant proceeds were used only for the purposes of the project or not; (iii) the level of compliance for each financial covenant contained in the legal agreements for the project.

Loan Agreement

Project Agreement

Project Administration Manual

ADB

FM Reporting and Performance Management

Project Implementation => **Implement Agreed Arrangements**

Audited Project Financial Statements	**Annually, 6 months after fiscal year end**
Auditor's Opinion on use of loan proceeds	**Annually, 6 months after fiscal year end**
Management Letter	**Annually, 6 months after fiscal year end**
Audited Entity Financial Statements	**12 months after fiscal year end or within 1 month of their approval by the relevant authority, whichever is earlier**
Auditor's Opinion on compliance with financial covenants	**Annually**
Financial information in project progress report	**Monthly/quarterly/semi-annually, as indicated in PAM**

ADB

Non-submission of Audited Project Financial Statements

If APFS are not received **<u>within 6 months</u>** after the due date

- **Withhold processing of requests for new contract awards and disbursements**
- Withhold the extension of the loan closing date
- Defer negotiation or board presentation of new loan proceeds

If APFS are not received **<u>within 12 months</u>** after the due date

- **Suspend or cancel the loan**

Agenda – Day 1

A. ADB FM in Project Implementation

B. Overview of APFS

C. Common Issues in APFS

Basic Requirements - APFS

Audited

- Independent auditor whose qualifications, experience are acceptable to ADB

Accurate and Complete Submission

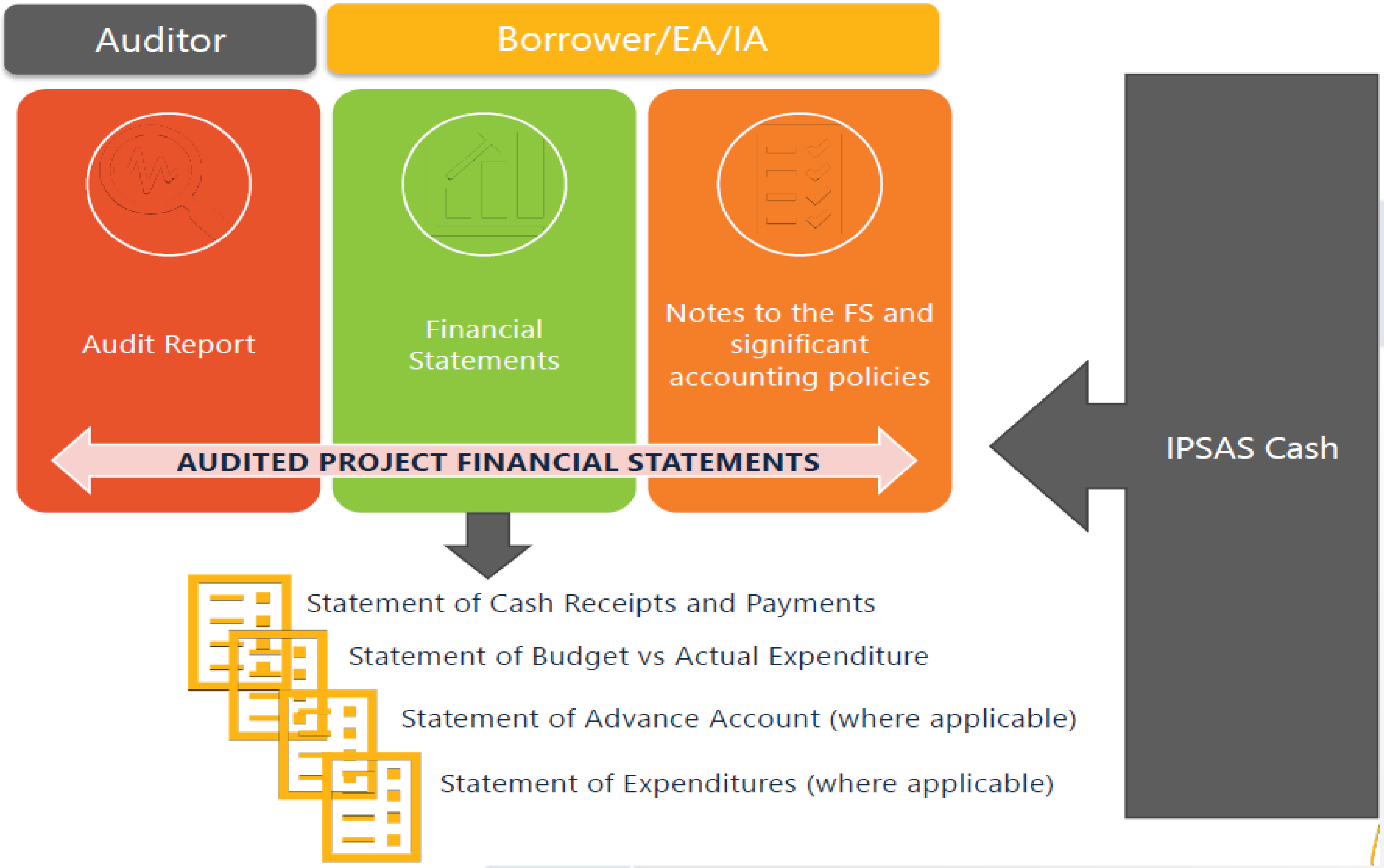
- Auditor's Opinions on
  - Use of Loan Proceeds
  - Compliance with financial covenants
- Financial Statements
- Management Letter

Form and Timeliness

- In English
- Compliance with acceptable accounting and audit framework
- Timely submitted

ADB

Basic Structure



Why Audited Financial Statements?

- Accountability for use of public funds
- Funds are used for the purposes intended
- Due attention to economy and efficiency
- To verify compliance with covenants
- Reliable financial information
- ADB's Access to Information Policy

Acceptable Financial Reporting Standards

International Public Sector Accounting Standards **(IPSAS)**

International Public Sector Accounting Standards Board

International Financial Reporting Standards (IFRS)

International Accounting Standards Board

<u>Equivalent</u> National Standards

National Standards Setters

Requirements for Project Financial Statements

Clear Presentation

- Summary of funds received by **all** sources (e.g., OCR, government, cofinanciers)
- Expenditure categorization and analysis
- Opening and closing cash balances (including increases/decreases)
- Current year, previous year, and cumulative figures (from second year of reporting until financial closing date)

Complete with all key components

- Project financial statements
- Notes to the financial statements, including significant accounting policies
- Signed and dated

ADB

Complete FS Presentation

Financing Sources and Expenditure Categories

C. Detailed Cost Estimate by Financier
($ million)

Item	ADB				EDB Loan		Government		Total Cost
	ADF Loan		ADF Grant						
	Amount	% of Cost	Amount	% of Cost	Amount	% of Cost	Amount	% of Cost	
A. Investment Costs[a]									
1 [illegible] turbine-generator units 1 and 3 replacement	38.88	40.00%	25.66	26.40%	32.65	33.59%	-	0.00%	97.19
2 Civil structure refurbishment	4.50	60.00%	3.00	40.00%	-	0.00%	-	0.00%	7.50
3 Dam Monitoring System	-	0.00%	1.70	100.00%	-	0.00%	-	0.00%	1.70
4 Consulting Services									
a. Business process assessment and management modernization	-	0.00%	5.00	100.00%	-	0.00%	-	0.00%	5.00
b. Project management and individual consultants	-	0.00%	4.00	100.00%	-	0.00%	-	0.00%	4.00
c. Public information program	-	0.00%	0.40	100.00%	-	0.00%	-	0.00%	0.40
d. Corporate financial audit for eight power and heat companie	-	0.00%	1.20	100.00%	-	0.00%	-	0.00%	1.20
e. Project financial statement audit for EPP and MOE	-	0.00%	0.13	100.00%	-	0.00%	-	0.00%	0.13
Subtotal (A)	**43.38**	**37.04%**	**41.09**	**35.08%**	**32.65**	**27.88%**	**-**	**0.00%**	**117.12**
B. Taxes and Duties[b]	**-**	**0.00%**	**-**	**0.00%**	**-**	**0.00%**	**23.90**	**100.00%**	**23.90**
Total Base Costs (A+B)	**43.38**	**30.76%**	**41.09**	**29.14%**	**32.65**	**23.15%**	**23.90**	**16.95%**	**141.02**
C. Contingencies[c]									
Physical Contingency	10.41	48.44%	6.08	28.29%	5.01	23.31%	-	0.00%	21.49
Price Contingency	4.86	48.36%	2.83	28.16%	2.34	23.28%	-	0.00%	10.05
Subtotal (C)	**15.27**	**48.41%**	**8.91**	**28.25%**	**7.35**	**23.30%**	**-**	**0.00%**	**31.54**
D. Financial Charges During Implementation[d]	1.35	55.33%	-	0.00%	-	0.00%	**1.10**	44.92%	2.44
Total (A+B+C+D)	**60.00**	**34.29%**	**50.00**	**28.57%**	**40.00**	**22.86%**	**25.00**	**14.28%**	**175.00**
% of Total Project Cost	**34.29%**		**28.57%**		**22.86%**		**14.28%**		

ADB = Asian Development Bank, ADF= Asian Development Fund, EDB = Eurasian Development Bank
Source: Consultant and Asian Development Bank estimates.
[a] In 2015 prices.
[b] Include taxes and duties (10% custom duties and 12% value added tax) to be financed or waived
[c] Physical contingencies computed at 16% for turnkey contracts and at 5% for all other cost categories. Price contingencies computed following the ADB's cost escalation factors, a power purchase parity assumption has been made to compute exchange rate adjustments.
[d] Includes financial charges during construction on ADB loan at 1% per annum; and at 1% per annum of EDB loan, and 0.5% upfront commission on EDB loan.

ADB

Project Financial Statements

[PROJECT TITLE]

SPECIAL PURPOSE PROJECT STATEMENT OF SOURCES AND USES OF FUNDS
AS AT 31 DECEMBER 2021
(Expressed in US dollars)

	2021	2020	Cumulative
ADD: FUNDS RECEIVED BY SOURCES			
ADB Grant No.	4,291,462	992,500	9,822,554
ADB Loan No.	7,579,924	2,210,421	14,635,685
EDB Loan No.	12,194,793	3,687,950	24,100,092
TOTAL FUNDS RECEIVED	**24,066,179**	**6,890,871**	**48,558,331**
LESS: PROJECT EXPENDITURE			
ADB Grant No.			
Turnkey contract for Rehabilitation	2,964,971	893,514	5,764,538
Consulting Services	1,326,491	98,986	4,058,016
	4,291,462	**992,500**	**9,822,554**
ADB Loan No.			
Turnkey contract for Rehabilitation	7,496,873	2,161,927	14,448,026
Interest charges during implementation	83,051	48,494	187,659
	7,579,924	**2,210,421**	**14,635,685**
EDB Loan No.			
Powerhouse TC as per Part 1 (a) and (d) of the project	10,924,746	2,707,470	20,222,122
	1,270,047	980,480	3,877,970
	12,194,793	**3,687,950**	**24,100,092**
TOTAL EXPENDITURE	**24,066,179**	**6,890,871**	**48,558,331**

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[Name of the Approver]
[Name of the Ministry]
[Date]

[Signature over printed name]
[Name of the Approver]
[Name of the Ministry]
[Date]

By source of funds

By expenditure category

Approved

- ☑ Cash basis
- ☑ Comparative years
- ☑ Financial Statement signed

Note: Selected project for purposes of discussion only, this is <u>NOT meant to be a guide or template</u> for projects. Each project is unique and project facts should be assessed.

Statement of Budget vs. Actual Expenditure

[PROJECT TITLE]

STATEMENT OF BUDGETED VERSUS ACTUAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021
(in US dollars)

	Budgeted Total	Use of funds for the year ended December 31, 2021	Variance (Budget - Actual)
Grant No.			
1. Goods and Vehicles	3,202,000	2,529,490	672,510
2. Project Management	-	137,956	(137,956)
Loan No.			
1. Goods and Consulting Services	-	-	-
2. Transfer to the	1,000,000	944,240	55,760
3. Interest charge during implementation	6,000	10,479	(4,479)
	4,208,000	3,622,165	585,835

Budgeted expenditure

Actual expenditure

By expenditure category

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[Name of the Approver]
[Name of the Ministry]
[Date]

[Signature over printed name]

[Name of the Approver]
[Name of the Ministry]
[Date]

Note: Selected project for purposes of discussion only, this is <u>NOT meant to be a guide or template</u> for projects. Each project is unique and project facts should be assessed.

Statement of Advance Account

STATEMENT OF ADVANCE ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 2021
(in US dollars)

Advance account	**Grant No.**	**Loan No.**
Currency	US dollar	US dollar
Bank account		
Bank		
Bank's location		
Balance as at August 26, 2020	-	-
Initial advance	400,000	-
The amount of eligible expenses paid	31,982	-
Balance as at December 31, 2020	368,018	-
Initial advance	-	1,000,000
The amount of eligible expenses paid	137,956	944,240
Balance as at December 31, 2021	230,062	55,760

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[Name of the Approver]
[Name of the Ministry]
[Date]

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[Name of the Approver]
[Name of the Ministry]
[Date]

Separate advance accounts for loan and grant funds

Statement of Expenses and Withdrawal Schedule

STATEMENT OF EXPENDITURES AND WITHDRAWAL SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2021
(in US dollars)

Sources of financing	Application	Dates	Direct payments	Total
Grant No.	No. 00038	January 28, 2021	664	664
	No. 00039	January 28, 2021	1,058	1,058
	No. 00040	February 26, 2021	665	665
	No. 00041	February 26, 2021	1,060	1,060
	No. 00042	March 24, 2021	663	663
	No. 00043	March 24, 2021	129	129
	No. 00044	March 25, 2021	1,034	1,034
	No. 00045	April 19, 2021	30,013	30,013
	No. 00046	April 29, 2021	1,058	1,058
	No. 00047	April 29, 2021	663	663
	No. 00048	May 24, 2021	127,950	127,950
	No. 00049	May 19, 2021	665	665
	No. 00050	May 19, 2021	1,061	1,061
	No. 00051	June 22, 2021	665	665
	No. 00052	June 23, 2021	1,060	1,060
	No. 00053	July 1, 2021	205,201	205,201
	No. 00054	July 28, 2021	1,063	1,063
	No. 00055	July 28, 2021	666	666
	No. 00056	August 20, 2021	665	665
	No. 00057	August 25, 2021	1,061	1,061
	No. 00058	November 23, 2021	1,990	1,990
	No. 00059	November 23, 2021	3,176	3,176
	No. 00060	November 26, 2021	235,789	235,789
	No. 00061	December 13, 2021	663	663
	No. 00062	December 14, 2021	1,059	1,059
			619,741	619,741

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[Name of the Approver]
[Name of the Ministry]
[Date]

[Signature over printed name]

[Name of the Approver]
[Name of the Ministry]
[Date]

Notes to Financial Statements

General Information

Summary of Accounting Policies

More information about the accounts in the FS

ADB

Notes to Financial Statements

[NAME OF THE COUNTRY/IMPLEMENTING AND EXECUTING AGENCY]
[NAME OF THE ENTITY/PROJECT]
[ADB LOAN REFERENCE]
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED [YEAR END DATE]

1 Project Nature and Activities

1.1 *Description of the Project, the nature of activities, commencement and expected completion dates. Mention location, domicile, legal form, controlling IA/ EA, brief nature of the project outputs,*

1.2 Give legislative framework

Insert as relevant

2.1 Statement of compliance

maintains separate books and records by funding source for all expenditures incurred on the project following International Public Sector Accounting Standards (IPSAS).

These special purpose project financial statements have been presented in accordance with the cash basis of accounting and the Financial agreements, to the extend applicable to these special purpose project financial statements and as agreed by the Project Executing Agency, the Government of Kyrgyz Republic, Asian Development Bank and Eurasian Development Bank.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Financial Statements

This comprises of the Statement of Receipts and Payments, the Statements of Expenditure by Category and Financier, the Statement of Disbursement and related notes and appendices to the financial statements

3.2 Basis of measurement

Financial statements have been prepared under the historical cost convention and on *[cash/ accrual]* basis of accounting

3.3 Changes in Accounting policies

Describe changes in accounting policies, if any

Project description and activities

Accounting framework

Significant accounting policies

ADB

APFS Reconciliation with Loan and Grant Financial Information System – Annual Disbursements

GRANT NO. LOAN NO.

STATEMENT OF CASH RECEIPTS AND PAYMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(in US dollars)

	Notes	For the year ended December 31, 2021	For the period from August 26, 2020 to December 30, 2020	Cumulative
Opening balance	4	369,507	-	-
Funding sources				
Grant No.	5	2,529,490	3,469,124	5,998,614
Loan No.	5	1,010,479	863,753	1,874,232
Total financing		3,539,969	4,332,877	7,872,846
Other income		9,664	1,614	11,278
Total receipts		3,549,633	4,334,491	7,884,124
Expenses				
Grant No.				
1. Goods and Vehicles	6	2,529,490	3,069,124	5,598,614
2. Project Management	6	137,956	31,982	169,938
Loan No.				
1. Goods and Consulting Services	6	-	862,268	862,268
2. Transfer to the	6	944,240	-	944,240
3. Interest charge during Project implementation	6	10,479	1,485	11,964
Total expenses		3,622,165	3,964,859	7,587,024
Other expenses		506	125	631
Closing balance	4	296,469	369,507	296,469

GRANT NO.

LOAN ID			
Loan Number:			
Loan Title:		Loan Type:	Project
Original Amount:	USD 10,000,000.00	Loan Status:	Effective
		Project Number:	
Net Amount:	USD 10,000,000.00	Fund Source:	CONCESSIONAL OCR
		Fully/Partially Administered Indicator:	
		Delegated Disbursement Indicator:	N

Executing Agency: All Executing Agencies
Category: All Categories
Disbursement Type: All Disbursement Type
Disbursement Sub Type: ----
Value Date
From: 1 January 2021
To: 31 December 2021 Go

As of 26 Aug 2022

EA

W/Appl. No.	CP Trans. No.	Appl. Amount		Amount Disbursed		USD Equivalent	Value Date	Acctg Month
921A		USD	4,318.77	USD	4,318.77	4,318.77	01 Jun 2021	202106
CAP1		USD	6,159.79	USD			ec 2021	202112
					TOTAL	10,478.56		

Advances

Category Ref.	Category No.	W/Appl. No.	CP Trans. No.	USD Equivalent	Value Date	Acctg Month
99	9901	CR001	52963	500,000.00	04 Aug 2021	202108
99	9901	CR002	57069	500,000.00	17 Nov 2021	202111
			TOTAL	1,000,000.00		

GRANT ID			
Grant Number:		Country:	
Grant Title:		Related Loan:	
Original Total Amount:	USD 10,000,000.00	Grant Status:	Effective
Revised Total Amount:	USD 10,000,000.00	Project Number:	
Grant Type:	Project	Related TAs:	
		Delegated Disbursement Indicator:	N

Executing Agency: All Executing Agency
Category: All Categories
Fund: All Funds
Value Date
From: 1 January 2021
To: 31 December 2021 Go

As of 26 Aug 2022

EA

W/Appl. No.	CP Transaction No.	Appl. Amount		Amount Paid		USD Equivalent	Fund	Value Date
GD002	47215	USD	1,722,985.00	USD	1,722,985.00	1,722,985.00	03	11 Mar 2021
GD003	50549	USD	469,905.00	USD	469,905.00	469,905.00	03	24 May 2021
GD004	59748	USD	336,600.00	USD	336,600.00	336,600.00	03	13 Dec 2021
					TOTAL	2,529,490.00		

ADB

Contract No.	Contract Amount	Amount Paid	USD Equivalent	Fund	Value Date
No record exists.					

Advances

Category Code	Withdrawal Appl. No.	CP Transaction No.	Amount Paid/(Liquidated)	USD Equivalent	Fund	Value Date
No record exists.						
			GRANT TOTAL	2,529,490.00		

APFS Reconciliation with Loan and Grant Financial Information System – Annual Disbursements

GRANT NO. **LOAN NO.**

STATEMENT OF CASH RECEIPTS AND PAYMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(in US dollars)

	Notes	For the year ended December 31, 2021	For the period from August 26, 2020 to December 30, 2020	Cumulative
Opening balance	4	369,507	-	-
Funding sources				
Grant No	5	2,529,490	3,469,124	5,998,614
Loan No.	5	1,010,479	863,753	1,874,232
Total financing		3,539,969	4,332,877	7,872,846
Other income		9,664	1,614	11,278
Total receipts		3,549,633	4,334,491	7,884,124
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Grant No.				
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2. Project Management	6	137,956	31,982	169,938
Loan No				
1. Goods and Consulting Services	6	-	862,268	862,268
2. Transfer to the	6	944,240	-	944,240
3. Interest charge during Project implementation	6	10,479	1,485	11,964
Total expenses		3,622,165	3,964,859	7,587,024
Other expenses		506	125	631
Closing balance	4	296,469	369,507	296,469

LOAN ID

Loan Number:			
Loan Title:		Loan Type:	Project
Original Amount:	USD 10,000,000.00	Loan Status:	Effective
		Project Number:	
Net Amount:	USD 10,000,000.00	Fund Source:	CONCESSIONAL OCR
		Fully/Partially Administered Indicator:	
		Delegated Disbursement Indicator:	N

Executing Agency: All Executing Agencies
Category: All Categories
Disbursement Type: All Disbursement Type
Disbursement Sub Type: ----

Value Date
From: 26 August 2020
To: 31 December 2021 Go

As of 26 Aug 2022

EA

W/Appl. No.	CP Trans. No.	Appl. Amount		Amount Disbursed		USD Equivalent	Value Date	Acctg Month
9200		USD	1,485.02	USD	1,485.02	1,485.02	01 Dec 2020	202012
921A		USD	4,318.77	USD	4,318.77	4,318.77	01 Jun 2021	202106
CAP1		USD	6,159.79	USD	6,159.79	6,159.79	01 Dec 2021	202112
L-R01	40172	USD	16,351,921.14	KGS	15,691,860.00	202,207.13	29 Sep 2020	202009
	40172			USD	660,061.14	660,061.14	29 Sep 2020	202009
					TOTAL	874,231.85		

Advances

Category Ref.	Category No.	W/Appl. No.	CP Trans. No.	USD Equivalent	Value Date	Acctg Month
99	9901	CR001	52963	500,000.00	04 Aug 2021	202108
99	9901	CR002	57069	500,000.00	17 Nov 2021	202111
			TOTAL	1,000,000.00		

GRANT ID

Grant Number:		Country:	
Grant Title:		Related Loan:	
Original Total Amount:	USD 10,000,000.00	Grant Status:	Effective
Revised Total Amount:	USD 10,000,000.00	Project Number:	
Grant Type:	Project	Related TAs:	
		Delegated Disbursement Indicator:	N

Executing Agency: All Executing Agency
Category: All Categories
Fund: All Funds

Value Date
From: 26 August 2020
To: 31 December 2021 Go

As of 26 Aug 2022

A

W/Appl. No.	CP Transaction No.	Appl. Amount		Amount Paid		USD Equivalent	Fund	Value Date
SD001	43013	USD	939,810.00	USD	939,810.00	939,810.00	03	27 Nov 2020
SD002	47215	USD	1,722,985.00	USD	1,722,985.00	1,722,985.00	03	11 Mar 2021
SD003	50349	USD	469,905.00	USD	469,905.00	469,905.00	03	24 May 2021
SD004	59748	USD	336,600.00	USD	336,600.00	336,600.00	03	13 Dec 2021
SR001	41111	USD	912,739.80	USD	912,739.80	912,739.80	03	28 Oct 2020
SR002	41859	USD	520,085.82	USD	520,085.82	520,085.82	03	19 Nov 2020
SR003	44337	KGS	54,049,474.56	KGS	54,049,474.56	696,487.82	03	17 Dec 2020
					TOTAL	5,598,613.44		

DB

Contract No.	Contract Amount	Amount Paid	USD Equivalent	Fund	Value Date
No record exists.					

dvances

Category Code	Withdrawal Appl. No.	CP Transaction No.	Amount Paid/(Liquidated)		USD Equivalent	Fund	Value Date
901	GA001	40624	USD	400,000.00	400,000.00	03	30 Sep 2020
				TOTAL	400,000.00		
				GRAND TOTAL	5,998,613.44		

ADB

Cumulative disbursements (from start of project) reconcile with LFIS/GFIS

Presentation of In-Kind Contributions

Office space

Utilities

Salaries of project staff

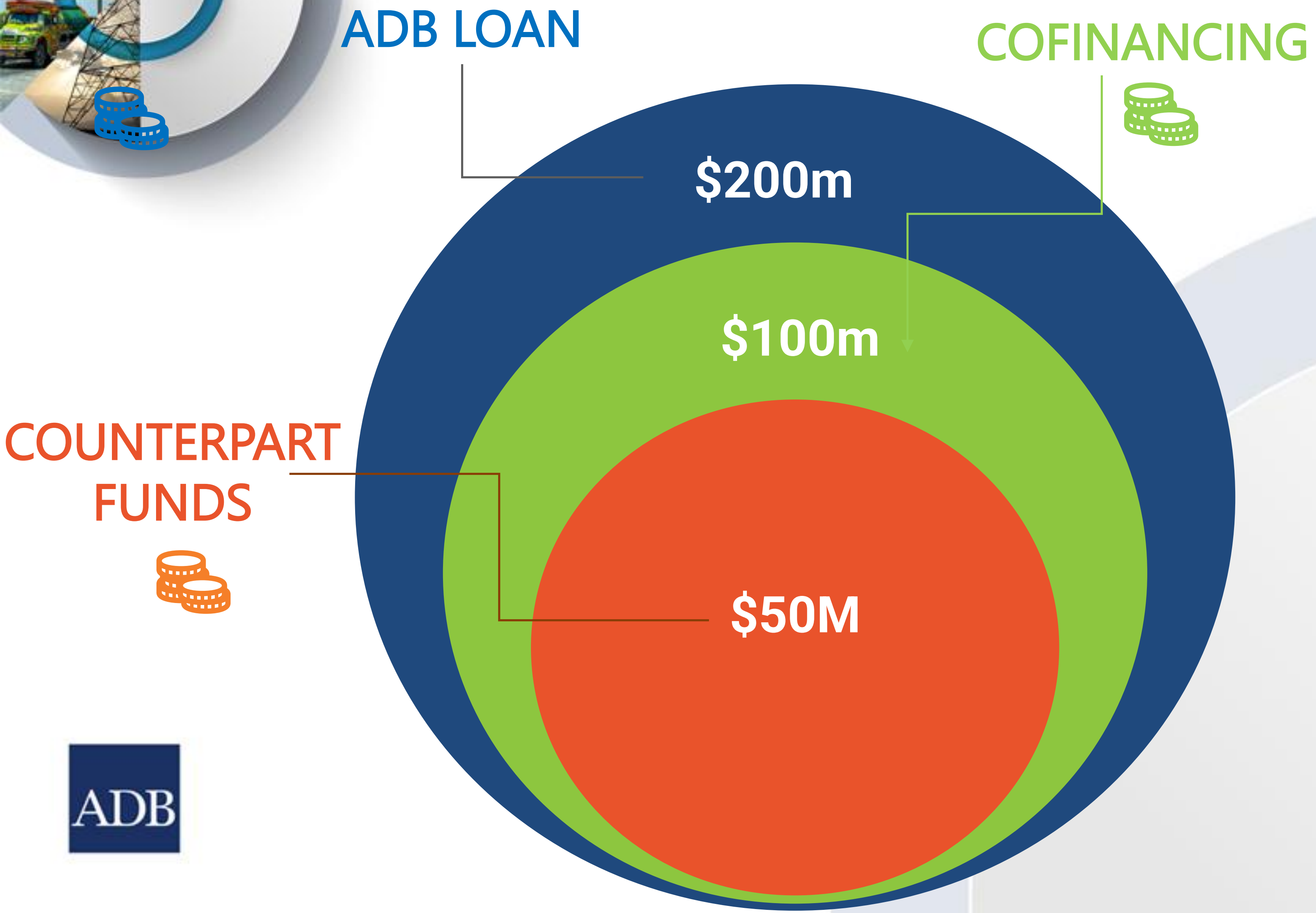
Taxes and duties

Cash Basis:
Disclose in the notes to financial statements

Accrual:
Quantifiable amount is presented as Source and Use of funds in the APFS

ADB

Reporting “Project data”



How much should be reported in the project financial statements?

A. $200 Million

B. $300 Million

C. $350 Million

Presentation and Disclosure Requirements

- ✓ Language of Presentation
- ✓ Currency of presentation
- ✓ Period covered - comparative information
- ✓ Harmonized reporting
- ✓ Public Disclosure
- ✓ Timelines

ADB

Public Disclosure

What is disclosed?	• Audited project financial statements • Auditor’s opinion on the project financial statements
What is not disclosed?	• Addition auditor’s opinion (if provided separately) • Audited entity financial statements • Management letter
When?	• Within 14 days of acceptance by ADB
How?	• On ADB website

ADB

A. ADB FM in Project Implementation

B. Overview of APFS

C. Common Issues in APFS

Bare minimum requirements

Table 1: Content of Project Financial Statements

For Cash-Based Financial Statements	For Accrual-Based Financial Statements
A statement of cash receipts and payments	A statement of financial position (balance sheet)
A statement of budgeted versus actual expenditures	A statement of financial performance (income statement)
A statement of imprest account (where applicable)	A statement of cash flows
A summary statement of expenditures (where applicable)	A statement of changes in net assets/equity (where applicable)
Significant accounting policies and explanatory notes	A statement of imprest account (where applicable)
Any additional schedules agreed (e.g., a summary of assets)	Summary statement of expenditures (where applicable)
	Statement of budgeted versus actual expenditures
	Significant accounting policies and explanatory notes
	Any additional schedules agreed

The final APFS will include all eligible expenditures incurred up to the loan closing date.

Final APFS Reconciliation

Preparation of the Final Audited Project Financial Statements under the Cash Basis of Accounting Sample Note to the Audited Project Financial Statements[27]

Note xx: **Other Information: Total Estimated Expenditures at Loan Closing Date**

The total estimated project expenditures as of 30-September-2014 (reporting date) amounts to LCU xxx. Of this amount, LCU xxx refers to amounts specified in the invoices, contracts, and other documents that are paid after the reporting date, and which amounts relate to funding of the expenditures incurred and committed as of 30-September-2014 (loan closing date).

Table 1: Schedule of Total Estimated Project Expenditures In LCU millions

	Expenditures Recorded and Paid to 30-Sep-2014[a] (a)	Estimated Expenditures Paid Subsequent to 30-Sep-2014[b] (b)				Total Estimated Expenditures Incurred to 30-Sep-2014[c] (c) = (a) + (b)
		ADB	Government	Cofinancier 1	Cofinancier n	
Audit fees	0.0	10.0	0.0	0.0	0.0	10.0
Civil works	100.0	20.0	30.0	0.0	0.0	150.0
Consulting services	100.0	20.0	10.0	0.0	0.0	130.0
Project management	50.0	0.0	10.0	0.0	0.0	60.0
.	.	.	.	.	.	.
.	.	.	.	.	.	.
Total	300.0	40.0	40.0	0.0	0.0	380.0

Common Issues in Project Financial Statements

- Date of authorization / Signatures of management missing
- Inception-to-date/Cumulative balance not reported
- Amounts not presented is USD, and only given in local currency
- Expenditures not reported as per category defined in loan or grant
- Timing differences/unaccounted transactions after reporting period
- Final APFS reconciliation not provided
- Variance not presented and justified between budget and expenditure
- List of Withdrawal Applications missing
- Amounts in receipt and payments not segregated by funding source and disbursement type

ADB

Test Case

Only advance/imprest accounts, no direct payments or reimbursements shown

Not as per loan / grant categories

Cash reconciliation missing

Undated

For the Period ended 30 June 2021

Amounts in Pak Rupees

	Note	2020-21 Receipts(Payments) Controlled by Project	2019-20 Receipts(Payments) Controlled by Project
Receipts			
External Assistance (ADB)	7	6,194,146,123	3,654,025,884
Counterpart Funds (GoP)	8	850,000,000	465,354,000
Total Receipts		7,044,146,123	4,119,379,884
Payments			
Foreign Component			
Consultancy Services	9.1	245,973,357	178,374,215
Civil Work (Office Building)	9.2	5,948,172,766	3,475,651,669
Local Component			
Operating Expenses	10	117,981,824	124,580,938
Supplies and Consumables		-	
Purchase of Plant and Equipment Transport	12	98,865	94,800
Purchase of Land and Building	13	-	72,025,566
Civil Work (Office Building)	14	729,153,458	268,202,576
Total Payments		7,041,380,270	4,118,929,764
Increase (Decrease) in Cash			
Cash at Beginning of the Year			
Cash lapsed / refund of the year		2,765,853	450,120
Cash at End of the Year		-	-

The accompanying notes form an integral part of these financial statements and are to be read herewith

MUHAMMAD IRSHAD
Audit Officer
D.G Audit Works Federal
Islamabad

Chief Acounts Officer

Faisal Pervaiz
Chief Accounts Officer
ITTMS
Federal Board of Revenue
Islamabad

Test Case

Statement of Cash Receipts and Payments

For the Period from July 1, 2020 to June 30, 2021

No cumulative information shown

	Note	2020-21 (PKR "in Million")		2019-20 (PKR "in Million")	
		Receipts / Payments controlled by the Project	Payments by Third Parties	Receipts / Payments controlled by the Project	Payments by Third Parties
RECEIPTS					
Loan adjustment - Interest on loan	*7*	258.910		12.356	
Loan Instalment - received by Project	*8*	-		11,281.259	
Loan Instalment - received by Government of Pakistan (GoP)	*9*	-		10,917.594	
TOTAL RECEIPTS		258.910		22,211.209	
PAYMENTS					
Program Related Payments:					
Consulting Services	*10*	-		-	
Unconditional Cash Transfer- Biometric Verification System (BVS)	*14*	*2,619.750*		7,856.593	
Sub-total - Program Related Payments		2,619.750		7,856.593	

THANK YOU!

<u>Questions:</u>

Musaddiq I. Shaikh

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