

Audited Project Financial Statements

Project Number: 46421-001
Loan/Grant Number: 3094/0379
Period covered: 1 January – 31 December 2014

INO: Coral Reef Rehabilitation and Management Program-Coral Triangle Initiative Project

Prepared by Audit Board of the Republic of Indonesia

For the Asian Development Bank
Date received by ADB: 30 June 2015

The audited project financial statements are documents owned by the borrower. The views expressed herein do not necessarily represent those of ADB's Board of Directors, Management, or staff. These documents are made publicly available in accordance with ADB's Public Communications Policy 2011 and as agreed between ADB and the Directorate General of Marine, Coastal and Small Islands Affairs and Directorate General of Captured Fisheries of The Ministry of Marine Affairs and Fisheries.



**AUDIT BOARD OF THE
REPUBLIC OF INDONESIA**

**AUDIT REPORT
ON
FINANCIAL STATEMENTS OF
ADB LOAN 3094 - INO AND ADB GRANT 0379-INO
YEAR 2014
IN
CORAL REEF REHABILITATION AND MANAGEMENT PROGRAM OF THE
CORAL TRIANGLE INITIATIVE
(COREMAP-CTI) PROJECT
DIRECTORATE GENERAL OF MARINE, COASTAL AND SMALL ISLANDS
AFFAIRS (DITJEN KP3K) AND DIRECTORATE GENERAL OF CAPTURE
FISHERIES OF THE MINISTRY OF MARINE AFFAIRS AND FISHERIES
AS WELL AS OTHER RELEVANT AGENCIES**



**Number : 13.A/LHP/XVII/06/2015
Date : 8 June 2015**

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**SYSTEMATICS OF THE RESULTS OF AUDIT
ON THE FINANCIAL STATEMENTS OF ADB LOAN 3094-INO AND ADB GRANT
0379-INO YEAR 2014**

The results of audit on the Financial Statements of ADB Loan 3094-INO and ADB Grant 0379-INO Year 2014 comprise the following three reports.

1. Results of Audit on Financial Statements

This report contains: (a) The results of audit containing BPK's conclusions on the conformity of the Consolidated Financial Statements Year 2014; (b) Financial Statements of Consolidated Annual Plan and Actual Project Expenditure and Financing and Financial Statement of Special Account (FISSA) No. 601.319.411980 Year 2014; and (c) Overview of the Audit which contains the legal basis of the audit, audit objectives, audit targets, audit standards, audit methodology, time of the audit, audit objects, and audit limitations.

2. Results of Audit on Internal Control System

This report contains: (a) Summary of the Results of Audit; (b) Audit Findings on Internal Control System Year 2014; and (c) Follow-up on Findings of the previous Audit.

3. Results of Audit on Compliance with Statutory Regulations

This report contains: (a) Summary of the Results of Audit; (b) Audit Findings on Compliance with Statutory Regulations in 2014; and (c) Follow-up on Findings of the previous Audit.



**AUDIT BOARD OF
THE REPUBLIC OF INDONESIA**

AUDIT REPORT ON FINANCIAL STATEMENTS

To: The Directorate General of Marine, Coastal and Small Islands Affairs (*KP3K*)
as the Executing Agency of ADB Loan ADB 3094-INO and ADB Grant 0379-INO

Based on Law No. 15 Year 2004 concerning State Financial Management and Accountability Audit and Law No. 15 Year 2006 concerning Audit Board (BPK), BPK has audited the Consolidated Annual Plan and Actual Project Expenditure and Financing as well as Financial Statement of Special Account (FISSA) No. 601.319.411980 for the year ended as of December 31, 2014 in the Coral Reef Rehabilitation And Management Program of the Coral Triangle Initiative (COREMAP-CTI) Project. The Consolidated Financial Statements are the responsibility of the management of the COREMAP-CTI Project. BPK's responsibility lies on the provision of conclusions on the consolidated financial statements based on the audit conducted.

BPK conducted the audit based on the State Finance Audit Standards (*SPKN*). The standards require BPK to plan and perform the audit in order to obtain a reasonable assurance that consolidated financial statements are free from material misstatements. An audit includes examining of evidences supporting the amounts and disclosure in the consolidated financial statements. The audit also includes assessing the accounting principles used and significant estimates made by the management of the COREMAP-CTI Project, assessing compliance with the statutory regulations, assessing on the reliability of internal control system that materially affects the consolidated financial statements, as well as assessing on the overall presentation of the consolidated financial statements. BPK is assured that the audit has provided adequate basis for providing conclusions.

The Consolidated Financial Statements of the COREMAP-CTI Project are prepared on cash basis, revenues and expenses transactions are recognized if the cash is received or paid.

Based on the results of the audit conducted by BPK, it is concluded that (a) the aforementioned consolidated financial statements and notes to the financial statements have been adequately prepared in all material respects the financial position of the COREMAP-CTI Project as of December 31, 2014, and the activity results for the year ended as of December 31, 2014, in accordance with the Governmental Accounting Standards and (b) the Executing Agent has prepared the financial statements on a timely manner at the end of the year for audit in accordance with the agreement set out in the Loan Agreement.

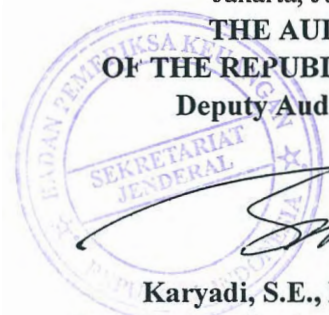
Additional explanation:

- a. For the presentation of the Statement of Expenditure: (1) the management of documents for the submission of request for reimbursement of expenses to ADB has been adequately implemented; and (2) the expenditures have met the requirements to be financed by ADB Loan 3094-INO and ADB Grant 0379-INO.
- b. For the presentation of the Imprest Account: (1) it has provided fair presentation of revenues and expenditures occurring during the year ending on December 31, 2014; and (2) the evidence of the aforementioned revenues and payments have supported the disbursement/reimbursement of the Imprest Account.

As part of obtaining reasonable assurance with regard of the aforementioned consolidated financial statements, BPK has audited internal control system and compliance with statutory regulations. Audit report on control system is presented in Report Number 13.B/LHP/XVII/06/2015 Dated 8 June, 2015 and audit report on compliance with statutory regulation is presented in Report Number 13.C/LHP/XVII/06/2015 Dated 8 June, 2015, which constitute inseparable part of this report.

Jakarta, June 8th, 2015

**THE AUDIT BOARD
OF THE REPUBLIC OF INDONESIA**
Deputy Auditor-in-Charge,



Karyadi, S.E., M.M., Ak., CA.
State Register for Accountants No. D.44766

**CORAL REEF REHABILITATION AND MANAGEMENT PROGRAM – CORAL TRIANGLE INITIATIVE PROJECT
(COREMAP – CTI)**

**ADB LOAN No. 3094 - INO (SF) AND ADB GRANT No. 0379 - INO (EF)
CONSOLIDATED FINANCIAL STATEMENTS – Fiscal Year 2014**

| No. | Project Category | PLAN FOR THIS FISCAL YEAR | | | | | | ACTUAL FOR THIS FISCAL YEAR | | | | | | ACTUAL AT PERCENTAGE OF PLAN |
|-----------|--------------------------------------|---------------------------|----------|----------|--------------------------|----------|--------------------------|-----------------------------|----------|----------|--------------------------|----------|--------------------------|------------------------------------|
| | | Direct Payments | | | Special Accounts | GOI | Total | Direct Payments | | | Special Accounts | GOI | Total | |
| | | US\$ | EQ IDR | Rp | Rp | Rp | Rp | US\$ | EQ IDR | Rp | Rp | Rp | Rp | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 |
| I | RECEIPT | | | | | | | | | | | | | |
| A | Government of Indonesia | | | | | | - | | | | | | - | |
| B | Loan ADB No. 1962 - INO (SF) | | | | 20,893,325,000.00 | | 20,893,325,000.00 | | | | 17,544,560,976.00 | | 17,544,560,976.00 | 83.97 |
| C | Grant ADB No. 0379 - INO (EF) | | | | 4,502,670,000.00 | | 4,502,670,000.00 | | | | 3,656,817,417.00 | | 3,656,817,417.00 | 81.21 |
| | TOTAL RECEIPT | | | | 25,395,995,000.00 | | 25,395,995,000.00 | - | - | - | 21,201,378,393.00 | - | 21,201,378,393.00 | 83.48 |
| II | EXPENDITURE | | | | | | | | | | | | | |
| A | Government of Indonesia | | | | | | - | | | | | | - | |
| B. | Loan ADB No. 1962 - INO (SF) | | | | 20,893,325,000.00 | | 20,893,325,000.00 | | | | 17,544,560,976.00 | - | 17,544,560,976.00 | 83.97 |
| 1 | Civil Works | | | | | | - | | | | 74,484,500.00 | | 74,484,500.00 | |
| 2 | Vehicles and equipment | | | | 957,000,000.00 | | 957,000,000.00 | | | | 891,257,000.00 | | 891,257,000.00 | 93.13 |
| 3 | Materials | | | | 1,408,488,000.00 | | 1,408,488,000.00 | | | | 1,199,302,600.00 | | 1,199,302,600.00 | 85.15 |
| 4 | Surveys and Studies | | | | 8,003,181,000.00 | | 8,003,181,000.00 | | | | 6,269,205,573.00 | | 6,269,205,573.00 | 78.33 |
| 5 | Training and Workshops | | | | 10,524,656,000.00 | | 10,524,656,000.00 | | | | 9,110,311,303.00 | | 9,110,311,303.00 | 86.56 |
| 6 | Consulting Services | | | | | | - | | | | | | - | |
| 7 | Support for Alternative Livelihoods | | | | | | - | | | | | | - | |
| C | Grant ADB No. 0379 - INO (EF) | | | | 4,502,670,000 | | 4,502,670,000.00 | | | | 3,656,817,417.00 | - | 3,656,817,417.00 | 81.21 |
| 1 | Materials | | | | 495,588,000.00 | | 495,588,000.00 | | | | 473,603,217.00 | | 473,603,217.00 | 95.56 |
| 2 | Surveys and Studies | | | | 3,366,612,000.00 | | 3,366,612,000.00 | | | | 2,622,860,000.00 | | 2,622,860,000.00 | 77.91 |
| 3 | Training and workshops | | | | 640,470,000.00 | | 640,470,000.00 | | | | 560,354,200.00 | | 560,354,200.00 | 87.49 |
| 4 | Consulting services | | | | | | - | | | | | | - | |
| 5 | Support for sustainable livelihoods | | | | | | - | | | | | | - | |
| | TOTAL EXPENDITURE | - | - | - | 25,395,995,000.00 | - | 25,395,995,000.00 | - | - | - | 21,201,378,393.00 | - | 21,201,378,393.00 | 83.48 |

**CORAL REEF REHABILITATION AND MANAGEMENT PROGRAM –
CORAL TRIANGLE INITIATIVE PROJECT (COREMAP – CTI)
ADB LOAN No. 3094 - INO (SF) AND ADB GRANT No. 0379 - INO (EF)
CONSOLIDATED FINANCIAL STATEMENTS – CUMULATIVE Up To Fiscal Year 2014**

| No. | Project Category | ACTUAL CUMULATIVE TO LAST FISCAL YEAR | | | | | | ACTUAL CUMULATIVE FOR FISCAL YEAR 2014 | | | | | |
|-----|--------------------------------------|---------------------------------------|--------|----|------------------|-----|-------|--|--------|----|--------------------------|-----|--------------------------|
| | | Direct Payments | | | Special Accounts | GOI | Total | Direct Payments | | | Special Accounts | GOI | Total |
| | | US\$ | EQ IDR | Rp | Rp | Rp | Rp | US\$ | EQ IDR | Rp | Rp | Rp | Rp |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 |
| | EXPENDITURE | | | | | | | | | | | | |
| A | Government of Indonesia | | | | | | | | | | | | |
| B. | Loan ADB No. 1962 - INO (SF) | - | - | - | - | - | - | - | - | - | 17,544,560,976.00 | - | 17,544,560,976.00 |
| 1 | Civil Works | | | | | | | | | | 74,484,500.00 | | 74,484,500.00 |
| 2 | Vehicles and equipment | | | | | | | | | | 891,257,000.00 | | 891,257,000.00 |
| 3 | Materials | | | | | | | | | | 1,199,302,600.00 | | 1,199,302,600.00 |
| 4 | Surveys and Studies | | | | | | | | | | 6,269,205,573.00 | | 6,269,205,573.00 |
| 5 | Training and Workshops | | | | | | | | | | 9,110,311,303.00 | | 9,110,311,303.00 |
| 6 | Consulting Services | | | | | | | | | | - | | - |
| 7 | Support for Alternative Livelihoods | | | | | | | | | | | | |
| C | Grant ADB No. 0379 - INO (EF) | - | - | - | - | - | - | - | - | - | 3,656,817,417.00 | - | 3,656,817,417.00 |
| 1 | Materials | | | | | | | | | | 473,603,217.00 | | 473,603,217.00 |
| 2 | Surveys and Studies | | | | | | | | | | 2,622,860,000.00 | | 2,622,860,000.00 |
| 3 | Training and workshops | | | | | | | | | | 560,354,200.00 | | 560,354,200.00 |
| 4 | Consulting services | | | | | | | | | | | | - |
| 5 | Support for sustainable livelihoods | | | | | | | | | | | | - |
| | TOTAL EXPENDITURE | - | - | - | - | - | - | - | - | - | 21,201,378,393.00 | - | 21,201,378,393.00 |

FINANCIAL STATEMENT FOR SPECIAL ACCOUNT

For Year Ending : 31 December 2014
 Loan / Grant No. : ADB 3094-INO (SF)
 Account No. : 601.319411980 at Bank Indonesia, Jakarta
 Currency : US Dollar

Part A - Account Activity

| | | |
|--|---------------|--------------|
| 1 a. Beginning balance at year start (January 1, 2014) | USD | - |
| b. Additional Initial deposit | USD | 1.000.000,00 |
| 2 Total amount paid to SA by ADB during FY 2014 | USD | 460.779,91 |
| | TOTAL (2) USD | 1.460.779,91 |
| 3 Amount refunded to Special Account | USD | - |
| | TOTAL (3) USD | - |
| 4 Total ammount withdrawn from SA | USD | 1.277.322,69 |
| 5 SA balance at year end (December 31, 2014) | USD | 183.457,22 |

Part B - Account Reconciliation

| | | |
|---|-----|--------------|
| 1 Total initial deposit | USD | 1.000.000,00 |
| 2 Total ammount recovered by ADB | USD | - |
| a. Recovered up to year start | USD | - |
| b. Recovered during the Year 2014 | USD | - |
| 3 Balance not yet recovered at year end (substract line 1 by line 2) | USD | 1.000.000,00 |
| 4 SA balance at year end (December 31, 2014) | USD | 183.457,22 |
| 5 Refund due to be made to SA | USD | - |
| 6 Ammount claimed for replenishment but not yet credited at year end (December 31, 2014) | USD | - |
| - | | |
| 7 Total expenditures withdrawn from SA but not yet claimed at year end (December 31, 2014) | USD | 816.542,78 |
| 8 Total ammount documented at year end (December 31, 2014) (add lines 4 trough 7) | USD | 1.000.000,00 |
| 9 Difference (between line 3 and line 8)* | USD | - |

Notes:

- * The difference consist of some corrections of transaction in difference rate and some unidentified transactions as presented in attachment 3

**Financial Statement for Special Account (FISSA) No. 601319411980 Expenditure
Withdrawn from Special Account but Not Yet Claimed
as of December 31, 2014 (FISSA-2)
Loan ADB No.3094 – INO (SF)**

| BI STATEMENT | | | | SP2D | | | | REMARKS |
|--------------|-------------|-------------|--------------------------|-----------------|------------|---------------------------|------------------|---------|
| DATE | ITEM -NO | FY- PAGE | DEBIT AMOUNT (USD) | NO. | DATE | KPKN | AMOUNT (IDR) | |
| 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| 21/11/2014 | 8 | 16-2 | 223,027.00 | 141401103002591 | 18/11/2014 | KHUSUS PLN&HIBAH (140) | 2,712,231,347.00 | WA 0004 |
| 5/12/2014 | 20 | 16-3 | 15,860.11 | 453096I | 1/12/2014 | PEKANBARU | 195,000,000.00 | WA 0005 |
| 28/11/2014 | 22 | 16-4 | 3,432.96 | 451754I | 25/11/2014 | PEKANBARU | 41,810,000.00 | WA 0005 |
| 28/11/2014 | 9 | 16-2 | 8,182.57 | 388315K | 21/11/2014 | JAKARTA VI | 99,500,000.00 | WA 0005 |
| 28/11/2014 | 6 | 16-1 | 374.84 | 450557I | 19/11/2014 | PEKANBARU | 4,558,000.00 | WA 0005 |
| 5/12/2014 | 19 | 16-3 | 7,401.38 | 453095I | 01/12/2014 | PEKANBARU | 91,000,000.00 | WA 0005 |
| 5/12/2014 | 18 | 16-3 | 1,005.61 | 452930I | 1/12/2014 | PEKANBARU | 12,364,000.00 | WA 0005 |
| 28/11/2014 | 18 | 16-3 | 2,060.92 | 451748I | 25/11/2014 | PEKANBARU | 25,100,000.00 | WA 0005 |
| 28/11/2014 | 23 | 16-4 | 6,531.65 | 451757I | 25/11/2014 | PEKANBARU | 79,549,000.00 | WA 0005 |
| 7/11/2014 | 14 | 16-3 | 3,461.19 | 778275I | 5/11/2014 | TANJUNGPINANG | 42,050,000.00 | WA 0005 |
| 7/11/2014 | 15 | 16-3 | 1,090.62 | 778276I | 5/11/2014 | TANJUNGPINANG | 13,250,000.00 | WA 0005 |
| 7/11/2014 | 16 | 16-3 | 1,920.16 | 778277I | 5/11/2014 | TANJUNGPINANG | 23,328,000.00 | WA 0005 |
| 21/11/2014 | 5 | 16-1 | 123.50 | 779214I | 14/11/2014 | TANJUNGPINANG | 1,500,000.00 | WA 0005 |
| 21/11/2014 | 4 | 16-1 | 2,000.66 | 779213I | 14/11/2014 | TANJUNGPINANG | 24,300,000.00 | WA 0005 |
| 28/11/2014 | 5 | 16-1 | 25.53 | 450551I | 19/11/2014 | PEKANBARU | 310,500.00 | WA 0005 |
| 5/12/2014 | 17 | 16-3 | 418.22 | 452929I | 1/12/2014 | PEKANBARU | 5,142,000.00 | WA 0005 |
| 28/11/2014 | 16 | 16-3 | 4,966.20 | 451664I | 25/11/2014 | PEKANBARU | 60,483,400.00 | WA 0005 |
| 14/11/2014 | 12 | 16-2 | 3,651.89 | 449041I | 12/11/2014 | PEKANBARU | 44,575,000.00 | WA 0005 |
| 28/11/2014 | 20 | 16-3 | 279.17 | 451752I | 25/11/2014 | PEKANBARU | 3,400,000.00 | WA 0005 |
| 5/12/2014 | 28 | 16-5 | 1,232.21 | 177879L | 28/11/2014 | JAKARTA VI | 15,150,000.00 | WA 0005 |
| 5/12/2014 | 26 | 16-4 | 171.21 | 177877L | 28/11/2014 | JAKARTA VI | 2,105,000.00 | WA 0005 |
| 5/12/2014 | 30 | 16-5 | 12,538.39 | 177881L | 28/11/2014 | JAKARTA VI | 154,159,500.00 | WA 0005 |
| 5/12/2014 | 22 | 16-4 | 6,571.78 | 177872L | 28/11/2014 | JAKARTA VI | 80,800,000.00 | WA 0005 |
| 5/12/2014 | 23 | 16-4 | 10,777.58 | 177873L | 28/11/2014 | JAKARTA VI | 132,510,400.00 | WA 0005 |
| 5/12/2014 | 21 | 16-4 | 309.07 | 177871L | 28/11/2014 | JAKARTA VI | 3,800,000.00 | WA 0005 |
| 5/12/2014 | 5 | 16-1 | 935.34 | 141061701000296 | 3/12/2014 | SIBOLGA | 11,500,000.00 | WA 0005 |
| 5/12/2014 | 10 | 16-2 | 614.07 | 141061701000295 | 3/12/2014 | SIBOLGA | 7,550,000.00 | WA 0005 |
| 14/11/2014 | 2 | 16-1 | 1,233.25 | 380732K | 6/11/2014 | JAKARTA VI | 15,000,000.00 | WA 0005 |
| 7/11/2014 | 17 | 16-3 | 411.56 | 379406K | 4/11/2014 | JAKARTA VI | 5,000,000.00 | WA 0005 |
| 7/11/2014 | 18 | 16-3 | 3,303.45 | 379407K | 4/11/2014 | JAKARTA VI | 40,133,600.00 | WA 0005 |
| 21/11/2014 | 2 | 16-1 | 3,375.60 | 779149I | 14/11/2014 | TANJUNGPINANG | 41,000,000.00 | WA 0005 |
| 21/11/2014 | 3 | 16-1 | 2,058.29 | 779212I | 14/11/2014 | TANJUNGPINANG | 25,000,000.00 | WA 0005 |
| 28/11/2014 | 8 | 16-2 | 4,391.78 | 450559I | 19/11/2014 | PEKANBARU | 53,404,100.00 | WA 0005 |
| 28/11/2014 | 7 | 16-2 | 1,151.32 | 450558I | 19/11/2014 | PEKANBARU | 14,000,000.00 | WA 0005 |
| 28/11/2014 | 21 | 16-4 | 119.06 | 451753I | 25/11/2014 | PEKANBARU | 1,450,000.00 | WA 0005 |
| 28/11/2014 | 17 | 16-3 | 3,652.52 | 451665I | 25/11/2014 | PEKANBARU | 44,484,000.00 | WA 0005 |
| 28/11/2014 | 15 | 16-3 | 5,677.81 | 451663I | 25/11/2014 | PEKANBARU | 69,150,000.00 | WA 0005 |
| 14/11/2014 | 10 | 16-2 | 4,309.60 | 449038I | 12/11/2014 | PEKANBARU | 52,603,000.00 | WA 0005 |
| 7/11/2014 | 4 | 16-1 | 4,823.73 | 447049I | 31/10/2014 | PEKANBARU | 58,748,200.00 | WA 0005 |
| 28/11/2014 | 19 | 16-3 | 4,723.29 | 451751I | 25/11/2014 | PEKANBARU | 57,525,000.00 | WA 0005 |
| 28/11/2014 | 4 | 16-1 | 3,105.26 | 450550I | 19/11/2014 | PEKANBARU | 37,760,000.00 | WA 0005 |
| 5/12/2014 | 24 | 16-4 | 5,489.39 | 177875L | 28/11/2014 | JAKARTA VI | 67,492,088.00 | WA 0005 |

| | | | | | | | | |
|------------|----|------|-----------|-----------------|------------|----------------|----------------|---------|
| 5/12/2014 | 25 | 16-4 | 5,527.78 | 177876L | 28/11/2014 | JAKARTA VI | 67,964,000.00 | WA 0005 |
| 5/12/2014 | 27 | 16-4 | 10,614.07 | 177878L | 28/11/2014 | JAKARTA VI | 130,500,000.00 | WA 0005 |
| 5/12/2014 | 29 | 16-5 | 14,600.59 | 177880L | 28/11/2014 | JAKARTA VI | 179,514,250.00 | WA 0005 |
| 28/11/2014 | 12 | 16-2 | 458.78 | 389793K | 24/11/2014 | JAKARTA VI | 5,587,500.00 | WA 0005 |
| 5/12/2014 | 4 | 16-1 | 577.47 | 141061701000297 | 3/12/2014 | SIBOLGA | 7,100,000.00 | WA 0005 |
| 5/12/2014 | 7 | 16-2 | 130.13 | 141061701000298 | 3/12/2014 | SIBOLGA | 1,600,000.00 | WA 0005 |
| 5/12/2014 | 3 | 16-1 | 292.80 | 141061701000299 | 3/12/2014 | SIBOLGA | 3,600,000.00 | WA 0005 |
| 5/12/2014 | 16 | 16-3 | 1,927.61 | 141061701000300 | 3/12/2014 | SIBOLGA | 23,700,000.00 | WA 0005 |
| 5/12/2014 | 14 | 16-3 | 1,632.32 | 141061701000301 | 3/12/2014 | SIBOLGA | 20,069,400.00 | WA 0005 |
| 5/12/2014 | 6 | 16-1 | 1,211.87 | 141061010000003 | 3/12/2014 | SIBOLGA | 14,900,000.00 | WA 0005 |
| 5/12/2014 | 13 | 16-2 | 134.20 | 141061701000302 | 3/12/2014 | SIBOLGA | 1,650,000.00 | WA 0005 |
| 5/12/2014 | 8 | 16-2 | 3,802.36 | 141061701000304 | 3/12/2014 | SIBOLGA | 46,750,000.00 | WA 0005 |
| 5/12/2014 | 12 | 16-2 | 1,220.01 | 141061701000305 | 3/12/2014 | SIBOLGA | 15,000,000.00 | WA 0005 |
| 5/12/2014 | 15 | 16-3 | 1,828.47 | 141061701000306 | 3/12/2014 | SIBOLGA | 22,481,000.00 | WA 0005 |
| 5/12/2014 | 11 | 16-2 | 1,911.35 | 141061701000307 | 3/12/2014 | SIBOLGA | 23,500,000.00 | WA 0005 |
| 15/12/2014 | 24 | 16-4 | 8,106.36 | 620619K | 8/12/2014 | PADANG | 100,000,000.00 | WA 0006 |
| 23/12/2014 | 8 | 16-2 | 12,131.26 | 140071303000712 | 22/12/2014 | GUNUNG SITOLI | 151,107,000.00 | WA 0006 |
| 31/12/2014 | 23 | 16-4 | 4,020.59 | 497852K | 24/12/2014 | BATAM | 50,000,000.00 | WA 0006 |
| 31/12/2014 | 22 | 16-4 | 5,845.93 | 497851K | 24/12/2014 | BATAM | 72,700,000.00 | WA 0006 |
| 31/12/2014 | 21 | 16-4 | 3,618.53 | 497850K | 24/12/2014 | BATAM | 45,000,000.00 | WA 0006 |
| 15/12/2014 | 11 | 16-2 | 89.98 | 455781I | 8/12/2014 | PEKANBARU | 1,110,000.00 | WA 0006 |
| 15/12/2014 | 15 | 16-3 | 2,095.49 | 227091L | 8/12/2014 | TANJUNG PINANG | 25,850,000.00 | WA 0006 |
| 15/12/2014 | 16 | 16-3 | 7,424.61 | 227092L | 8/12/2014 | TANJUNG PINANG | 91,590,000.00 | WA 0006 |
| 15/12/2014 | 18 | 16-3 | 4,239.62 | 227153L | 8/12/2014 | TANJUNG PINANG | 52,300,000.00 | WA 0006 |
| 15/12/2014 | 19 | 16-3 | 2,140.08 | 227154L | 8/12/2014 | TANJUNG PINANG | 26,400,000.00 | WA 0006 |
| 15/12/2014 | 20 | 16-3 | 64.85 | 227156L | 8/12/2014 | TANJUNG PINANG | 800,000.00 | WA 0006 |
| 15/12/2014 | 22 | 16-4 | 1,181.11 | 227158L | 8/12/2014 | TANJUNG PINANG | 14,570,200.00 | WA 0006 |
| 15/12/2014 | 21 | 16-4 | 395.59 | 227157L | 8/12/2014 | TANJUNG PINANG | 4,880,000.00 | WA 0006 |
| 31/12/2014 | 3 | 16-1 | 24,649.07 | 191009L | 17/12/2014 | JAKARTA VI | 307,300,000.00 | WA 0006 |
| 31/12/2014 | 4 | 16-1 | 20,580.41 | 191010L | 17/12/2014 | JAKARTA VI | 256,576,000.00 | WA 0006 |
| 31/12/2014 | 5 | 16-1 | 15,621.64 | 191011L | 17/12/2014 | JAKARTA VI | 194,755,000.00 | WA 0006 |
| 31/12/2014 | 25 | 6-4 | 15,660.58 | 620964L | 24/12/2014 | JAKARTA VI | 194,755,000.00 | WA 0006 |
| 31/12/2014 | 26 | 16-4 | 24,710.52 | 620965L | 24/12/2014 | JAKARTA VI | 307,300,000.00 | WA 0006 |
| 31/12/2014 | 30 | 16-5 | 20,625.08 | 621957L | 29/12/2014 | JAKARTA VI | 256,576,000.00 | WA 0006 |
| 5/12/2014 | 34 | 16-5 | 3,313.35 | 140071303000604 | 5/12/2014 | GUNUNG SITOLI | 40,741,000.00 | WA 0006 |
| 31/12/2014 | 9 | 16-2 | 21,818.43 | 459722I | 23/12/2014 | PEKANBARU | 271,334,000.00 | WA 0006 |
| 31/12/2014 | 10 | 16-2 | 11,209.79 | 459724I | 23/12/2014 | PEKANBARU | 139,405,000.00 | WA 0006 |
| 31/12/2014 | 11 | 16-2 | 9,588.41 | 459725I | 23/12/2014 | PEKANBARU | 119,241,500.00 | WA 0006 |
| 5/12/2014 | 9 | 16-2 | 4,261.12 | 141881302029220 | 2/12/2014 | JAKARTA III | 52,390,500.00 | WA 0006 |
| 28/11/2014 | 10 | 16-2 | 14,802.63 | 388316K | 21/11/2014 | JAKARTA VI | 180,000,000.00 | WA 0006 |
| 15/12/2014 | 1 | 16-1 | 3,970.95 | 226372L | 4/12/2014 | TANJUNG PINANG | 49,049,200.00 | WA 0006 |
| 15/12/2014 | 12 | 16-2 | 782.26 | 226957L | 8/12/2014 | TANJUNG PINANG | 9,650,000.00 | WA 0006 |
| 15/12/2014 | 13 | 16-2 | 6,266.21 | 226958L | 8/12/2014 | TANJUNG PINANG | 77,300,000.00 | WA 0006 |
| 31/12/2014 | 13 | 16-2 | 652.14 | 228896L | 24/12/2014 | TANJUNG PINANG | 8,110,000.00 | WA 0006 |
| 31/12/2014 | 12 | 16-2 | 8,341.91 | 228895L | 24/12/2014 | TANJUNG PINANG | 103,740,000.00 | WA 0006 |
| 31/12/2014 | 14 | 16-3 | 1,463.49 | 228897L | 24/12/2014 | TANJUNG PINANG | 18,200,000.00 | WA 0006 |
| 31/12/2014 | 15 | 16-3 | 2,187.20 | 228898L | 24/12/2014 | TANJUNG PINANG | 27,200,000.00 | WA 0006 |
| 31/12/2014 | 16 | 16-3 | 587.01 | 228899L | 24/12/2014 | TANJUNG PINANG | 7,300,000.00 | WA 0006 |
| 31/12/2014 | 17 | 16-3 | 16,244.37 | 228903L | 24/12/2014 | TANJUNG PINANG | 202,015,000.00 | WA 0006 |
| 31/12/2014 | 18 | 16-3 | 15,536.75 | 228939L | 24/12/2014 | TANJUNG PINANG | 193,215,000.00 | WA 0006 |
| 31/12/2014 | 20 | 16-3 | 881.23 | 497849K | 24/12/2014 | BATAM | 10,959,000.00 | WA 0006 |
| 31/12/2014 | 29 | 16-5 | 3,995.55 | 497953K | 30/12/2014 | BATAM | 49,704,600.00 | WA 0006 |

| | | | | | | | | |
|------------|----|------|-------------------|-----------------|------------|----------------|--------------------------|---------|
| 31/12/2014 | 24 | 16-4 | 10,524.12 | 194830L | 23/12/2014 | JAKARTA VI | 130,878,000.00 | WA 0006 |
| 15/12/2014 | 26 | 16-4 | 7,018.34 | 185340L | 10/12/2014 | JAKARTA VI | 87,252,000.00 | WA 0006 |
| 31/12/2014 | 6 | 16-1 | 6,288.60 | 191161L | 17/12/2014 | JAKARTA VI | 78,400,000.00 | WA 0006 |
| 28/11/2014 | 13 | 16-2 | 2,726.00 | 389794K | 24/11/2014 | JAKARTA VI | 33,200,000.00 | WA 0006 |
| 28/11/2014 | 14 | 16-3 | 4,632.68 | 389795K | 24/11/2014 | JAKARTA VI | 56,421,400.00 | WA 0006 |
| 15/12/2014 | 14 | 16-3 | 719.84 | 227089L | 8/12/2014 | TANJUNG PINANG | 8,880,000.00 | WA 0006 |
| 15/12/2014 | 17 | 16-3 | 1,458.09 | 227093L | 8/12/2014 | TANJUNG PINANG | 17,987,000.00 | WA 0006 |
| 15/12/2014 | 23 | 16-4 | 2,671.89 | 227159L | 8/12/2014 | TANJUNG PINANG | 32,960,400.00 | WA 0006 |
| 31/12/2014 | 1 | 16-1 | 2,005.29 | 227918L | 15/12/2014 | TANJUNG PINANG | 25,000,000.00 | WA 0006 |
| 31/12/2014 | 2 | 16-1 | 3,990.54 | 227919L | 15/12/2014 | TANJUNG PINANG | 49,750,000.00 | WA 0006 |
| 31/12/2014 | 28 | 16-5 | 16,067.12 | 229177L | 29/12/2014 | TANJUNG PINANG | 199,875,000.00 | WA 0006 |
| 31/12/2014 | 19 | 16-3 | 1,543.92 | 228961L | 24/12/2014 | TANJUNG PINANG | 19,200,200.00 | WA 0006 |
| 5/12/2014 | 32 | 16-5 | 32,543.46 | 140071701000250 | 4/12/2014 | GUNUNG SITOLI | 400,870,300.00 | WA 0006 |
| 28/11/2014 | 3 | 16-1 | 4,934.21 | 140071303000552 | 26/11/2014 | GUNUNG SITOLI | 60,000,000.00 | WA 0006 |
| 15/12/2014 | 2 | 16-1 | 2,590.67 | 226373L | 4/12/2014 | TANJUNG PINANG | 32,000,000.00 | WA 0006 |
| 15/12/2014 | 3 | 16-1 | 1,829.66 | 226374L | 4/12/2014 | TANJUNG PINANG | 22,600,000.00 | WA 0006 |
| 15/12/2014 | 4 | 16-1 | 1,781.09 | 226375L | 4/12/2014 | TANJUNG PINANG | 22,000,000.00 | WA 0006 |
| 15/12/2014 | 6 | 16-1 | 210.49 | 226377L | 4/12/2014 | TANJUNG PINANG | 2,600,000.00 | WA 0006 |
| 15/12/2014 | 5 | 16-1 | 838.33 | 226376L | 4/12/2014 | TANJUNG PINANG | 10,355,000.00 | WA 0006 |
| 15/12/2014 | 7 | 16-2 | 404.79 | 226378L | 4/12/2014 | TANJUNG PINANG | 5,000,000.00 | WA 0006 |
| | | | 816,542.78 | | | | 10,042,045,585.00 | |

**Details of Application for Replenishment Claimed during Fiscal Year 2014
for Period from January 1st, 2014 to December 31st, 2014 (FISSA-3)
Loan ADB No.3094 – INO (SF)**

| NO | APPLICATION NO AND DATE | CATEGORY CODE AND DESCRIPTION | APPLICATION FOR REPLENISHMENT | | | | | | WITHDRAWAL AUTHORIZATION | | AMOUNT PAID TO SP. ACC | AMOUNT PAID FOR RECOVERY | AMOUNT OF REDUCTION |
|----|-------------------------|---------------------------------------|-------------------------------|-----|--------------------------|-------------------|-------------------------|-------------------|--------------------------|-------------------|------------------------|--------------------------|---------------------|
| | | | Summary | | Statement of Expenditure | | Total | | NO | DATE | USD | USD | USD |
| | | | IDR | USD | IDR | USD | IDR | USD | | | | | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 |
| 1 | WA 0002 | 1 Civil Works | | | | | - | - | WA 0002 | 19/12/2014 | 288,681.49 | | |
| | 02/12/2014 | 2 Vehicles and equipment | | | | | - | - | | | | | |
| | | 3 Materials | | | 466,814,600 | 38,457.59 | 466,814,600 | 38,457.59 | | | | | |
| | | 4 Surveys and Studies | | | 1,850,212,150 | 152,669.58 | 1,850,212,150 | 152,669.58 | | | | | |
| | | 5 Training and Workshops | | | 1,164,938,051 | 97,554.32 | 1,164,938,051 | 97,554.32 | | | | | |
| | | 6 Consulting Services | | | | | - | - | | | | | |
| | | 7 Support for Alternative Livelihoods | | | | | - | - | | | | | |
| | | SUB TOTAL | - | - | 3,481,964,801 | 288,681.49 | 3,481,964,801 | 288,681.49 | WA 0002 | 19/12/2014 | 288,681.49 | | - |
| 2 | WA 0003 | 1 Civil Works | | | 74,484,500 | 6,126.38 | 74,484,500 | 6,126.38 | WA 0003 | 19/12/2014 | 172,098.42 | | |
| | 08/12/2014 | 2 Vehicles and equipment | | | 554,947,000 | 45,811.50 | 554,947,000 | 45,811.50 | | | | | |
| | | 3 Materials | | | | | - | - | | | | | |
| | | 4 Surveys and Studies | | | 365,061,500 | 29,984.95 | 365,061,500 | 29,984.95 | | | | | |
| | | 5 Training and Workshops | | | 1,098,396,772 | 90,175.59 | 1,098,396,772 | 90,175.59 | | | | | |
| | | 6 Consulting Services | | | | | - | - | | | | | |
| | | 7 Support for Alternative Livelihoods | | | | | - | - | | | | | |
| | | SUB TOTAL | - | - | 2,092,889,772 | 172,098.42 | 2,092,889,772 | 172,098.42 | WA 0003 | 19/12/2014 | 172,098.42 | | - |
| | | TOTAL | - | - | 5,574,854,573.00 | 460,779.91 | 5,574,854,573.00 | 460,779.91 | | | 460,779.91 | - | - |

**TOTAL AMOUNT WITHDRAWN
FROM SPECIAL ACCOUNT NO.601.319411980
PERIOD FROM JANUARY 1, 2014 TO DECEMBER 31,2014**

| NO | DATE | FY-PAGE | DEBET | CREDIT | BALANCE | REMARKS |
|--------------|------------|---------|---------------------|-------------------|-------------------|---------------------|
| | | | | | | |
| 1 | 30/06/2014 | | | | 1.000.000,00 | Preliminary Balance |
| 2 | 07/07/2014 | | | | 1.000.000,00 | |
| 3 | 15/07/2014 | | | | 1.000.000,00 | |
| 4 | 23/07/2014 | | | | 1.000.000,00 | |
| 5 | 25/07/2014 | | | | 1.000.000,00 | |
| 6 | 07/08/2014 | | | | 1.000.000,00 | |
| 7 | 15/08/2014 | | | | 1.000.000,00 | |
| 8 | 22/08/2014 | | | | 1.000.000,00 | |
| 9 | 29/08/2014 | | 10.533,09 | | 989.466,91 | |
| 10 | 05/09/2014 | | | | 989.466,91 | |
| 11 | 15/09/2014 | | 35.546,19 | | 953.920,72 | |
| 12 | 23/09/2014 | | 19.725,43 | | 934.195,29 | |
| 13 | 30/09/2014 | | | | 934.195,29 | |
| 14 | 07/10/2014 | | 141.840,49 | | 792.354,80 | |
| 15 | 15/10/2014 | | 699,96 | | 791.654,84 | |
| 16 | 23/10/2014 | | | | 791.654,84 | |
| 17 | 31/10/2014 | | 131.778,12 | | 659.876,72 | |
| 18 | 07/11/2014 | | 118.661,72 | | 541.215,00 | |
| 19 | 14/11/2014 | | 26.200,36 | | 515.014,64 | |
| 20 | 21/11/2014 | | 230.585,05 | | 284.429,59 | |
| 21 | 28/11/2014 | | 76.229,18 | | 208.200,41 | |
| 22 | 05/12/2014 | | 148.853,32 | | 59.347,09 | |
| 23 | 15/12/2014 | | 56.280,30 | | 3.066,79 | |
| 24 | 23/12/2014 | | 12.131,26 | 460.779,91 | 451.715,44 | WA 0002 dan WA 0003 |
| 25 | 31/12/2014 | | 268.258,22 | | 183.457,22 | Final Balance |
| | | | | | | |
| TOTAL | | | 1.277.322,69 | 460.779,91 | 183.457,22 | |

FINANCIAL STATEMENT OF SPECIAL ACCOUNT

For Year Ending : 31 December 2014

Loan / Grant No.: ADB 0379-INO (EF)

Account No. : 602.179411980 at Bank Indonesia, Jakarta

Currency : US Dollar

Part A - Account Activity

| | | |
|--|------------|-------------------|
| 1 a. Preliminary balance at year start (January 1, 2014) | USD | - |
| b. Additional Initial deposit | USD | 500.000,00 |
| 2 Total amount paid to SA by ADB during FY 2014 | USD | - |
| TOTAL (2) | USD | 500.000,00 |
| 3 Amount refunded to Special Account | USD | - |
| TOTAL (3) | USD | - |
| 4 Total ammount withdrawn from SA | USD | 243.720,11 |
| 5 SA balance at year end (December 31, 2014) | USD | 256.279,89 |

Part B - Account Reconciliation

| | | |
|---|-----|------------|
| 1 Total initial deposit | USD | 500.000,00 |
| 2 Total ammount recovered by ADB | USD | - |
| a. Recovered up to year start | USD | - |
| b. Recovered during the Year 2014 | USD | - |
| 3 Balance not yet recovered at year end (substract line 1 by line 2) | USD | 500.000,00 |
| 4 SA balance at year end (December 31, 2014) | USD | 256.279,89 |
| 5 Refund due to be made to SA | USD | - |
| 6 Ammount claimed for replenishment but not yet credited at year end (December 31, 2014) | USD | - |
| 7 Total expenditures withdrawn from SA but not yet claimed at year end (December 31, 2014) | USD | 243.720,11 |
| 8 Total ammount documented at year end (December 31, 2014) (add lines 4 trough 7) | USD | 500.000,00 |
| 9 Difference (between line 3 and line 8)* | USD | - |

Notes:

- * The difference consists of some corrections of transaction in difference rate and some unidentified transactions as presented in attachment 3

**Financial Statement for Special Account (FISSA) No. 602179411980 Expenditure Withdrawn
from Special Account but Not Yet Claimed
as of December 31, 2014 (FISSA-2)
Grant ADB No.0379 – INO (EF)**

| NO | BI STATEMENT | | | | SP2D | | | | REMARKS |
|----|--------------|-------------|-------------|--------------------------|-----------------|------------|---------------|--------------|------------------------|
| | DATE | ITEM -NO | FY- PAGE | DEBIT AMOUNT (USD) | NO. | DATE | KPKN | AMOUNT (IDR) | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| 1 | 29/08/2014 | 5 | 16-1 | 1,958.52 | 350338K | 25/08/2014 | JAKARTA VI | 22,948,000 | WA 0002 |
| 2 | 29/08/2014 | 6 | 16-1 | 1,715.46 | 350339K | 25/08/2014 | JAKARTA VI | 20,100,000 | WA 0002 |
| 3 | 29/08/2014 | 7 | 16-2 | 6,552.87 | 350808K | 26/08/2014 | JAKARTA VI | 76,780,000 | WA 0002 |
| 4 | 29/08/2014 | 8 | 16-2 | 262.44 | 350809K | 26/08/2014 | JAKARTA VI | 3,075,000 | WA 0002 |
| 5 | 07/10/2014 | 3 | 16-1 | 16,485.84 | 140881302017917 | | JAKARTA III | 200,204,000 | WA 0002 |
| 6 | 07/10/2014 | 4 | 16-1 | 15,557.97 | 140881302017916 | | JAKARTA III | 188,936,000 | WA 0002 |
| 7 | 15/10/2014 | 5 | 16-1 | 655.97 | 140881302022424 | | JAKARTA III | 7,999,500 | WA 0002 |
| 8 | 31/10/2014 | 2 | 16-1 | 349.94 | 140881302023517 | | JAKARTA III | 4,213,977 | Not SP2D CoremapCTI |
| 9 | 31/10/2014 | 4 | 16-1 | 9,188.89 | 444742I | 14/10/2014 | PEKANBARU | 111,718,500 | WA 0002 |
| 10 | 31/10/2014 | 5 | 16-1 | 2,072.59 | 368467K | 09/10/2014 | JAKARTA VI | 25,198,600 | WA 0002 |
| 11 | 31/10/2014 | 9 | 16-2 | 3,409.62 | 446436I | 28/10/2014 | PEKANBARU | 41,195,000 | WA 0002 |
| 12 | 31/10/2014 | 10 | 16-2 | 10,081.94 | 446570I | 29/10/2014 | PEKANBARU | 121,810,000 | WA 0002 |
| 13 | 07/11/2014 | 4 | 16-1 | 3,926.09 | 447048I | 31/10/2014 | PEKANBARU | 47,815,900 | WA 0002 |
| 14 | 07/11/2014 | 5 | 16-1 | 5,172.84 | 447050I | 31/10/2014 | PEKANBARU | 63,000,000 | |
| 15 | 07/11/2014 | 7 | 16-2 | 1,673.22 | 778278I | 05/11/2014 | TANJUNGPINANG | 20,328,000 | WA 0002 |
| 16 | 14/11/2014 | 3 | 16-1 | 2,064.73 | 778593I | 10/11/2014 | TANJUNGPINANG | 25,200,000 | WA 0002 |
| 17 | 14/11/2014 | 6 | 16-1 | 651.32 | 778931I | 12/11/2014 | TANJUNGPINANG | 7,950,000 | WA 0002 |
| 18 | 14/11/2014 | 7 | 16-2 | 769.60 | 449039I | 12/11/2014 | PEKANBARU | 9,393,700 | WA 0002 |
| 19 | 28/11/2014 | 3 | 16-1 | 102.80 | 450556I | 19/11/2014 | PEKANBARU | 1,250,000 | WA 0002 |
| 20 | 28/11/2014 | 4 | 16-1 | 436.18 | 614498K | 19/11/2014 | PADANG | 5,304,000 | WA 0002 |
| 21 | 28/11/2014 | 5 | 16-1 | 3,848.68 | 614499K | 19/11/2014 | PADANG | 46,800,000 | WA 0002 |
| 22 | 28/11/2014 | 7 | 16-2 | 3,878.64 | 615862K | 24/11/2014 | PADANG | 47,238,000 | WA 0002 |
| 23 | 28/11/2014 | 8 | 16-2 | 4,397.67 | 615872K | 24/11/2014 | PADANG | 53,559,200 | WA 0002 |
| 24 | 05/12/2014 | 3 | 16-1 | 488.00 | 141061701000291 | 03/12/2014 | SIBOLGA | 6,000,000 | WA 0002 |
| 25 | 05/12/2014 | 4 | 16-1 | 732.00 | 141061701000293 | 03/12/2014 | SIBOLGA | 9,000,000 | WA 0002 |
| 26 | 05/12/2014 | 5 | 16-1 | 5,083.37 | 141061701000309 | 03/12/2014 | SIBOLGA | 62,500,000 | WA 0002 |
| 27 | 05/12/2014 | 6 | 16-1 | 366.00 | 141061701000294 | 03/12/2014 | SIBOLGA | 4,500,000 | WA 0002 |
| 28 | 05/12/2014 | 7 | 16-2 | 447.34 | 141061701000292 | 03/12/2014 | SIBOLGA | 5,500,000 | WA 0002 |
| 29 | 05/12/2014 | 8 | 16-2 | 980.07 | 141061701000311 | 03/12/2014 | SIBOLGA | 12,050,000 | WA 0002 |
| 30 | 05/12/2014 | 9 | 16-2 | 1,320.05 | 141061701000310 | 03/12/2014 | SIBOLGA | 16,230,000 | WA 0002 |
| 31 | 05/12/2014 | 10 | 16-2 | 1,301.34 | 141061701000308 | 03/12/2014 | SIBOLGA | 16,000,000 | WA 0002 |
| 32 | 05/12/2014 | 11 | 16-2 | 6,140.71 | 453097I | 01/12/2014 | PEKANBARU | 75,500,000 | WA 0002 |
| 33 | 05/12/2014 | 12 | 16-2 | 1,628.24 | 177874L | 28/11/2014 | JAKARTA VI | 20,019,200 | |
| 34 | 05/12/2014 | 13 | 16-2 | 3,131.35 | 177886L | 28/11/2014 | JAKARTA VI | 38,500,000 | WA 0002 |
| 35 | 5/12/2014 | 14 | 16-3 | 1,834.89 | 177887L | 28/11/2014 | JAKARTA VI | 22,560,000 | WA 0002 |
| 36 | 5/12/2014 | 15 | 16-3 | 8,359.67 | 177888L | 28/11/2014 | JAKARTA VI | 102,782,200 | WA 0002 |
| 37 | 15/12/2014 | 4 | 16-1 | 3,985.81 | 620923K | 9/12/2014 | PADANG | 49,169,000 | WA 0002 |
| 38 | 15/12/2014 | 5 | 16-1 | 742.87 | 620927K | 9/12/2014 | PADANG | 9,164,000 | WA 0002 |
| 39 | 12/15/2014 | 6 | 16-1 | 1,033.29 | 455780I | 8/12/2014 | PEKANBARU | 12,746,617 | |
| 40 | 15/12/2014 | 7 | 16-2 | 3,258.75 | 226956L | 08/12/2014 | TANJUNGPINANG | 40,200,000 | WA 0002 |
| 41 | 15/12/2014 | 8 | 16-2 | 5,273.18 | 227090L | 08/12/2014 | TANJUNGPINANG | 65,050,000 | |
| 42 | 15/12/2014 | 9 | 16-2 | 1,254.86 | 227155L | 08/12/2014 | TANJUNGPINANG | 15,480,000 | |
| 43 | 15/12/2014 | 10 | 16-2 | 4,436.28 | 620311K | 08/12/2014 | PADANG | 54,726,000 | WA 0002 |
| 44 | 23/12/2014 | 2 | 16-1 | 10,023.58 | 622480K | 15/12/2014 | PADANG | 127,500,000 | WA 0002 |
| 45 | 31/12/2014 | 1 | 17-1 | 29,393.95 | 623878K | 22/12/2014 | PADANG | 366,454,436 | WA 0002 |
| 46 | 31/12/2014 | 4 | 17-1 | 20,961.44 | 459723I | 23/12/2014 | PEKANBARU | 260,676,500 | |

| | | | | | | | | | |
|----|------------|----|------|-------------------|---------|------------|---------------|-------------------------|---------|
| 47 | 31/12/2014 | 5 | 17-1 | 5,065.22 | 459931I | 24/12/2014 | PEKANBARU | 62,991,100 | |
| 48 | 31/12/2014 | 6 | 17-1 | 659.38 | 228900L | 24/12/2014 | TANJUNGPINANG | 8,200,000 | WA 0002 |
| 49 | 31/12/2014 | 7 | 17-2 | 4,663.88 | 228901L | 24/12/2014 | TANJUNGPINANG | 58,000,000 | WA 0002 |
| 50 | 31/12/2014 | 8 | 17-2 | 281.44 | 228902L | 24/12/2014 | TANJUNGPINANG | 3,500,000 | WA 0002 |
| 51 | 31/12/2014 | 10 | 17-2 | 13,996.67 | 624999K | 30/12/2014 | PADANG | 174,118,564 | WA 0002 |
| 52 | 31/12/2014 | 11 | 17-2 | 11,662.66 | 623810L | 30/12/2014 | JAKARTA VI | 145,083,500 | |
| | | | | 243,720.11 | | | | 2,996,218,494.48 | |

**Details of Application for Replenishment Claimed during Fiscal Year 2014
for Period from January 1, 2014 to December 31, 2014 (FISSA-3)
Grant ADB No.0379 – INO (EF)**

| NO | APPLICATION NO AND DATE | CATEGORY CODE AND DESCRIPTION | APPLICATION FOR REPLENISHMENT | | | | | | WITHDRAWAL AUTHORIZATION | | AMOUNT PAID TO SP. ACC | AMOUNT PAID FOR RECOVERY | AMOUNT OF REDUCTION |
|----|----------------------------|-------------------------------|-------------------------------|-----|--------------------------|-----|-------|-----|-----------------------------|------|---------------------------|-----------------------------|------------------------|
| | | | Summary Sheet | | Statement of Expenditure | | Total | | NO | DATE | USD | USD | USD |
| | | | IDR | USD | IDR | USD | IDR | USD | | | | | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 |
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| | | SUB TOTAL | - | - | - | - | - | - | | | | | - |
| | | TOTAL | - | - | - | - | - | - | | | | - | - |

**TOTAL AMOUNT WITHDRAWN
FROM SPECIAL ACCOUNT NO.602.179411980
PERIOD FROM JANUARY 1, 2014 UP TO DECEMBER 31, 2014**

| NO | DATE | FY-PAGE | DEBIT | CREDIT | BALANCE | REMARKS |
|--------------|------------|---------|-------------------|----------|-------------------|---------------|
| | | | | | | |
| 1 | 30/06/2014 | | | | 500.000,00 | Preliminary B |
| 2 | 07/07/2014 | | | | 500.000,00 | |
| 3 | 15/07/2014 | | | | 500.000,00 | |
| 4 | 23/07/2014 | | | | 500.000,00 | |
| 5 | 25/07/2014 | | | | 500.000,00 | |
| 6 | 07/08/2014 | | | | 500.000,00 | |
| 7 | 15/08/2014 | | | | 500.000,00 | |
| 8 | 22/08/2014 | | | | 500.000,00 | |
| 9 | 29/08/2014 | | 10.469,29 | | 489.510,71 | |
| 10 | 05/09/2014 | | | | 489.510,71 | |
| 11 | 15/09/2014 | | | | 489.510,71 | |
| 12 | 23/09/2014 | | - | | 489.510,71 | |
| 13 | 30/09/2014 | | | | 489.510,71 | |
| 14 | 07/10/2014 | | 32.043,81 | | 457.466,90 | |
| 15 | 15/10/2014 | | 655,97 | | 456.810,93 | |
| 16 | 23/10/2014 | | | | 456.810,93 | |
| 17 | 31/10/2014 | | 25.102,98 | | 431.707,95 | |
| 18 | 07/11/2014 | | 10.772,15 | | 420.935,80 | |
| 19 | 14/11/2014 | | 3.485,65 | | 417.450,15 | |
| 20 | 21/11/2014 | | - | | 417.450,15 | |
| 21 | 28/11/2014 | | 12.663,97 | | 404.786,18 | |
| 22 | 05/12/2014 | | 31.813,03 | | 372.973,15 | |
| 23 | 15/12/2014 | | 19.985,04 | | 352.988,11 | |
| 24 | 23/12/2014 | | 10.023,58 | - | 342.964,53 | |
| 25 | 31/12/2014 | | 86.684,64 | | 256.279,89 | Final Balance |
| 26 | | | | | | |
| | | | | | | |
| TOTAL | | | 243.720,11 | - | 256.279,89 | |

NOTES TO THE FINANCIAL STATEMENTS
CORAL REEF REHABILITATION AND MANAGEMENT PROGRAM –
CORAL TRIANGLE INITIATIVE (COREMAP-CTI) PROJECT
FISCAL YEAR – 2014

A. GENERAL DESCRIPTION

Indonesia's coastal and marine biodiversity as one of the world's richest biodiversity sites has been continually facing up to severe challenges in its management due to both natural factors and human-induced pressures. In view of the protection of its ecosystems, Indonesian coastal areas are habitats for such various species of important biodiversity as mangroves (42 species), seaweeds (13 species), corals (18% coral coverage with 593 coral species), sea turtles (6 species), and fish (more than 2,000 species). And, Indonesia has some 593 (more than 60% of the world's total number of) coral species. A number of real efforts in biodiversity management through the conservation and protection of rare and endangered species have been contributing to the protection of such biodiversity.

The Indonesia's current population is approximately 237 million people with an annual growth rate of 1.49% (2000-2010). The available data show that around 60 million people live throughout the coastal areas within a 30-km radius of coral reef areas, thereby indicating that Indonesia is a country with the most people who are connected to the world's largest coral reef areas. It has been estimated that around 20 million fishermen work in around 10,000 villages across the Indonesian coastal areas. More than 53% of the total number of coastal families live under the poverty line and depend on various livelihoods related to fisheries areas inclusive of coral reef ecosystems. Even though the contribution of fisheries sub-sector to Indonesia's total gross domestic product (GDP) was only 2.22% (2001-2009), this sub-sector contributed about 16% to GDP of the agricultural sector. In addition, approximately 60% of Indonesia's population has been relying on fish as a source of animal protein.

On the other hand, the data show that, even though the conditions of Indonesian coral reef ecosystems are totally stable, the majority of these ecosystems (70%) are in poor-to-moderate conditions and 30% of these ecosystems are in good condition. These apparent conditions are considered positive, given the world's coral reef conditions that continually deteriorate even in some countries with established social and economic advancements, such as Australia and Japan. These positive trends have been the efforts of all related parties, particularly of the COREMAP in its efforts to raise public awareness and reduce pressures on coral reefs.

But, such aforementioned conditions are certainly not deemed quite satisfactory since various related resources shall be capable of various uses in a sustainable manner for human welfare. For this reason, the sustainable management of coral reef ecosystems is highly required in which to increase GDP growths, fisheries productivity, and coastal communities' income. The management of coral reef ecosystems that is undertaken in line with some choices of micro enterprise development has been perceived to actually contribute to the coastal communities' poverty reduction.

THE CORAL REEF REHABILITATION AND MANAGEMENT PROGRAM – CORAL TRIANGLE INITIATIVE PROJECT (the COREMAP-CTI Project) is one of the real practices managed by the Government of Indonesia in order to sustain natural resources and to increase the coastal communities' welfare. This project aims to sustainably manage coral reef resources, related ecosystems, and biodiversity to enhance the coastal communities' welfare.

The COREMAP was originally designed as a three-phase project. The first phase or the initiation phase widely known as the COREMAP Phase I (1998-2004) was a pilot one in which to expose the important benefits of coral reefs and to provide required initial data and

information to anticipate the designing of the COREMAP Phase II (COREMAP II). The COREMAP Phase II (2004-2011) was an initial implementation phase that provided the coral reef management in Indonesia with *enabling environments*, such as public awareness, training for government officials and strengthening of their capacity, community-level coral reef protection initiatives (marine protected areas/DPL), development of productive (income-generating) activities, and provisions of coral reef management-related plans and regulations. The COREMAP-CTI Project has been intended to complement and fill in all the aforementioned gaps. And, this current Project has been assisting the Indonesian government and the related parties in:

- a. disseminating the COREMAP's coral reef management approaches outside the project sites;
- b. preparing marine spatial zoning to facilitate the development and investment within coastal areas;
- c. increasing effectiveness for the management of coral reef areas and conservation areas for the sake of protection of coastal and marine species and ecosystems, and their sustainable use;
- d. providing required infrastructures in order to enable any private parties/individuals to take part in environmentally friendly marine tourism and aquaculture activities;
- e. facilitating and assisting coastal communities in actively taking part in the management of coral reef areas and conservation areas as well as in their sustainable income generation; and
- f. providing supports for conservation policies and development of sustainable productive infrastructures that in turn will attract the investments of the Government (State-owned Enterprises/SOEs) and of private individuals or agencies, and enable to create partnership chances with the coastal communities as investment partners.

The foundations previously achieved under the first and second phases of the COREMAP will be applied: (i) to enhance transformational efforts in which coral reefs are managed and utilized by the coastal communities, (ii) to promote sustainable marine-based economy, and (iii) to facilitate the dissemination of similar interventions throughout Indonesia.

Simultaneously, the COREMAP-CTI Project will assist the Government in achieving biodiversity protection targets, creating some basic principles for marine-based economic development, and, at the same time, being capable of reduction of destructive and *illegal-fishing* practices. A set of efforts in the institutionalization and sustaining of the coral reef management will be made through such main outputs as:

- a. marine spatial planning and zoning of protected areas;
- b. effective management of conservation areas;
- c. sustainable fisheries management;
- d. stock assessment of coral reef fisheries;
- e. basic infrastructures, community capacity building, and of business plan provision; and
- f. marine economic activities.

As such, the COREMAP-CTI is the third and final phase which aims to:

- a. fill in the gaps existing during the COREMAP Phase II;
- b. institutionalize the COREMAP Phase II intervention; and
- c. set up a pilot for coral reef rehabilitation and management program across Indonesia for replication at new sites.

Institutionalization shall mean internalization of activities into governmental and policy-making functions. This shall facilitate learning networks and institutionalization mechanisms in all regional and national institutions/agencies for program sustainability. The COREMAP-CTI Project outputs shall become parts of the Government's performance targets and the

implementation of mandates of the law and regulations concerning the management of coastal and marine resources.

The COREMAP-CTI Project is consistent with the National Medium Term Development Plan (*RPJM*) - Years 2010-2014 in which natural resources and the environment were determined to be priority sectors. The Government's long-term goal is to develop the 20 million hectares for marine protected areas by 2020 (in which 15,7 million hectares were already achieved in 2012). Through the COREMAP-CTI Project, pilot models for the effective management of marine conservation areas and for the effective management of 15 endangered, rare, and endemic species in Indonesia will be established.

The goal of the COREMAP-CTI Project implementation is to sustainably manage coral reef resources, related ecosystems and biodiversity in order to enhance the coastal communities' welfare. The objectives to be achieved are coral reef management institutionalization through extended approaches to coral reef management, integration with marine spatial planning, effectiveness of marine conservation area management, sustainable management of fisheries resources, and development of basic infrastructures for conservation-based economy for communities' livelihoods.

B. FUNDING of COREMAP-CTI Fiscal Year 2014

The financing of the CORAL REEF REHABILITATION AND MANAGEMENT PROGRAM - CORAL TRIANGLE INITIATIVE (COREMAP-CTI) Project - Fiscal Year 2014 are derived from ADB Loan No. 3094-INO (SF), ADB Grant No. 0379-INO (EF), and the Government of Indonesia. The financing mechanisms are carried out through DIPA at the COREMAP-CTI PMO, the Directorate of Fish Resources at the Directorate General of Capture Fisheries (*DitJen PT*) - MMAF, the Indonesian Institute of Sciences (*LIPI*), the Coastal and Marine Resources Management Agency (*BPSPL*) Padang, the National Marine Conservation Areas Center (*LKKPN*) Pekanbaru, the Tapanuli Tengah District Office of Marine Affairs and Fisheries (*Dinas KP TapTeng*), the Nias Utara District Office of Marine Affairs and Fisheries (*Dinas KP Nias Utara*), the Kepulauan Mentawai District Office of Marine Affairs and Fisheries (*Dinas KP Mentawai*), the Bintan District Office of Marine Affairs and Fisheries (*Dinas KP Bintan*), the Lingga District Office of Marine Affairs and Fisheries (*Dinas KP Lingga*), the Kepulauan Natuna District Office of Marine Affairs and Fisheries (*Dinas KP Natuna*), the Batam Municipality Office of Marine Affairs, Fisheries, Agriculture and Forestry (*Dinas KPPK Batam*). The Data on Budget and Actual Expenditures are listed in the following table:

Table 1.1 Budget and Actual Expenditures for Fiscal Year 2014

| Satuan Kerja | Budget | | Actual Expenditures | |
|---|---------------|---------------|---------------------|---------------|
| | Loan | Grant | Loan | Grant |
| Coral Reef Rehabilitation and Management (PMO) | 6.018.445.000 | 613.700.000 | 5.032.856.367 | 502.059.700 |
| Indonesian Institute of Sciences (LIPI) | 1.940.000.000 | 436.500.000 | 1.901.397.600 | 421.648.500 |
| Directorate General of Fish Capture (MMAF) | 4.634.110.000 | 203.240.000 | 4.421.937.109 | 145.083.500 |
| Coastal and Marine Resources Management Agency (BPSPL) Padang | | 1.050.000.000 | | 1.025.629.400 |
| National Marine Conservation Areas (LKKPN) - Pekanbaru. | 2.567.182.000 | 932.818.000 | 2.401.895.350 | 888.873.917 |
| Office of Marine Affairs and Fisheries (Dinas KP) - Tapanuli Tengah District | 850.000.000 | 150.000.000 | 766.630.400 | 143.156.400 |
| Office of Marine Affairs and Fisheries (Dinas KP) - Nias Utara District | 733.588.000 | 266.412.000 | 712.468.300 | 253.038.000 |
| Office of Marine Affairs and Fisheries (Dinas KP) - Kepulauan Mentawai District | 850.000.000 | 150.000.000 | 200.000.000 | |
| Office of Marine Affairs and Fisheries | 850.000.000 | 150.000.000 | 803.184.200 | 143.320.000 |

| | | | | |
|---|-----------------------|----------------------|-----------------------|----------------------|
| (Dinas KP) - Bintan District | | | | |
| Office of Marine Affairs and Fisheries (Dinas KP) - Lingga District | 800.000.000 | 200.000.000 | 260.075.200 | |
| Office of Marine Affairs and Fisheries (Dinas KP) - Kepulauan Natuna District | 850.000.000 | 150.000.000 | 732.119.600 | 134.008.000 |
| Office of Marine Affairs, Fisheries, Agriculture and Forestry (Dinas KPPK) - Batam Municipality | 800.000.000 | 200.000.000 | 311.998.600 | |
| Total | 20.893.325.000 | 4.502.670.000 | 17.544.562.726 | 3.656.817.417 |

C. PROFILES OF LOANS AND GRANTS

| | | Loan | Grant |
|----|-------------------|----------------------|---------------|
| a. | Agreement Number | : 3094-INO (SF) | 0379-INO (EF) |
| b. | Registered Number | : 10876401 | 74828801 |
| c. | Date of Signing | : 23rd December 2013 | |
| d. | Effective Date | : 24th February 2014 | |
| e. | Closing Date | : 30th June 2019 | |
| f. | Amount | : USD 45,520,000 | USD 8,000,000 |

D. FINANCING OF LOAN AND GRANT FUNDS BY CATEGORY

1. Loan No. 3094-INO (SF)

| Category | Description | Allocated (USD) | Portion |
|----------|------------------------------------|-------------------|-------------|
| 1 | Civil works | 15.055.000 | 100% |
| 2 | Vehicles and equipment | 4.649.000 | 100% |
| 3 | Materials | 1.328.000 | 100% |
| 4 | Surveys and studies | 10.400.000 | 100% |
| 5 | Training and workshops | 9.070.000 | 100% |
| 6 | Consulting services | 4.818.000 | 100% |
| 7 | Support for sustainable livelihood | 200.000 | 100% |
| | Total | 45.520.000 | 100% |

2. Grant No. 0379-INO (EF)

| Category | Description | Allocated (USD) | Portion |
|----------|------------------------------------|------------------|-------------|
| 1 | Materials | 305.000 | 100% |
| 2 | Surveys and studies | 5.965.000 | 100% |
| 3 | Training and workshops | 370.000 | 100% |
| 4 | Consulting services | 500.000 | 100% |
| 5 | Support for sustainable livelihood | 860.000 | 100% |
| | Total | 8.000.000 | 100% |

E. ORGANIZATIONAL STRUCTURE OF THE COREMAP-CTI

1. The National Steering Committee (NSC)

The National Steering Committee (NSC) was established through a Decree of the Minister of Marine Affairs and Fisheries. This Committee has some duties, viz., inter alia: (i) to provide the Technical Committee with guidance in the development of policies related to coral reef rehabilitation and management; and (ii) to provide the Technical Committee and

the Programme Manager with guidance in the implementation of COREMAP-CTI. The NSC chairman is the Deputy of Natural Resources and the Environment at the National Development Planning Agency (*BAPPENAS*) and the NSC secretary is the Director of Marine Affairs and Fisheries at the National Development Planning Agency (*BAPPENAS*). The Committee's members include a number of representatives of First Echelon officials from the Secretariat General of the Ministry of Marine Affairs and Fisheries (*MMAF*); the Directorate General of Marine, Coasts and Small Islands (*DGMCSI*), *MMAF*; the Directorate General of Capture Fisheries, *MMAF*; the Directorate General of Marine and Fisheries Resources Surveillance and Controlling, *MMAF*; the Deputy of Earth Sciences, the Indonesian Institute of Sciences (*LIPi*); the Directorate General of Treasury at the Ministry of Finance (*KemenKeu*); and the Directorate General of Budget at the Ministry of Finance (*KemenKeu*). The meeting of the National Steering Committee is to be held at least once a year.

2. The National Technical Committee (NTC)

The National Technical Committee (NTC) was established through a Decree of the Minister of Marine Affairs and Fisheries. This Committee has a number of tasks, viz., *inter alia*: (i) to provide the Program Manager with technical inputs on the COREMAP-CTI Project implementation; and (ii) to facilitate the Program implementation both at the central and regional levels. The NTC Chairman is the Director of Marine and Fisheries at the National Development Planning Agency (*BAPPENAS*). The NTC Vice-Chairman is the Secretary of the Directorate General of Marine, Coasts and Small Islands (*DGMCSI*) - *MMAF*, and the NTC Secretary is the Director of Area and Fish Species Conservation (*DAFSC*) at the Directorate General of *KP3K*, *MMAF*. The NTC membership includes Second Echelon officials as representatives from the Secretariat General of the Ministry of Marine Affairs and Fisheries (*MMAF*); the Directorate General of *MCSI*, *MMAF*; the Directorate General of Capture Fisheries (*DitJen-PT*), *MMAF*; the Directorate General of Marine and Fisheries Resources Surveillance and Controlling (*DitJen-PSDKP*), *MMAF*; the Agency for Research and Development of Marine Affairs and Fisheries (*Balitbang KP*), *MMAF*; the Directorate General of Aquaculture, *MMAF*; the Center for Oceanographic Research at the Indonesian Institute of Sciences (*LIPi*); the Directorate General of Regional Development at the Ministry of Home Affairs (*DitJen Bangda - KemenDagri*); the Directorate of Multilateral Foreign Funding at the National Development Planning Agency/NDPA (*BaPPeNas*); the Directorate of Industry, Science and Technology, and State-owned Enterprises at the NDPA (*BaPPeNas*); and the Directorate General of Debt Management at the Ministry of Finance (*DepKeu*). The National Technical Committee (NTC) holds meetings at least once a year.

3. The Project Management Office (PMO) - COREMAP-CTI

The COREMAP-CTI Project implementation is coordinated by the Directorate General of *MCSI* - *MMAF* as the *executing agency* through the Project Management Office (PMO). The implementing units at the national level include:

- a. *The National Project Implementing Unit* at the Directorate of Areas and Fish Species Conservation at the Directorate General of Marine, Coasts and Small Islands, *MMAF* (*NPIU-DAFSC*);
- b. *The National Project Implementing Unit at the Directorate of Spatial Planning for Marine, Coasts and Small Islands at the Directorate General of Seas, Coasts and Small Islands* (*NPIU-TRLP3K*);

- c. *The National Project Implementing Unit at the Directorate of Fish Resources at the Directorate General of Capture Fisheries (NPIU-SDI);*
- d. *The National Project Implementing Unit at the Indonesian Institute of Sciences (NPIU-LIPI), in which the implementing agency in this Project is the Center for Oceanographic Research;*
- e. *The Project Implementing Unit - Technical Implementing Unit (PIU-UPT) at the Directorate General of KP3K which consists of the PIU of BPSPL Padang, the PIU of BPSPL Makassar, the PIU of BPSPL Denpasar, the BKKPN Kupang, the LKKPN Pekanbaru, and the LPSPL Sorong.*
- f. *The Project Implementing Unit (PIU) in a district or a municipality.*

The PMO was established through a Decree of the Minister of Marine Affairs and Fisheries. This PMO has the tasks, inter alia, as follows:

- a. establish policies and technical directions in accordance with their technical components;
- b. review all materials of documentation on funds financed by ADB and the World Bank;
- c. set up planning and preparation for the Coremap-CTI Project implementation;
- d. undertake administrative and technical management for the Coremap-CTI Project;
- e. along with Regional Governments and other relevant agencies or boards, undertake coordination, synchronization and guidance on the Coremap-CTI Project implementation;
- f. carry out monitoring, evaluation, and controlling for all activities of the Coremap-CTI Project;
- g. take strategic measures to overcome any barriers that hinder the implementation of the COREMAP-CTI Project; and
- h. facilitate the implementation of the COREMAP-CTI Project activities at the regional level.

The COREMAP-CTI PMO is chaired by the Director General of KP3K. The day-to-day executing officer for the COREMAP-CTI (PMO Acting Director) is the Secretary of the Directorate General of Marine, Coasts and Small Islands (DGMCSI); PMO Acting Director is assisted by an Executive Secretary. The overall national agencies involved in the COREMAP-CTI Project are shown in Figure 1.

In support of the COREMAP-CTI Project implementation, the PMO established a PMO Secretariat Team that was appointed through a Decree of the Director General of MCSI. This Secretariat Team comprises a Secretariat and Capacity Building Section; a Program and Budget Section; a Monitoring, Evaluation and Reporting Section; an Environmental Protection, Social Affairs and Gender Section; a Finance and State Property (*BMN*) Section; a Goods and Services Procurement Section; and a Public Awareness Section. The Institutional Structure of the COREMAP-CTI PMO Secretariat is shown in Figure 2.

With regard to the project management, a number of Financial Management Officials (a Project Manager [KPA], a Project Operations Manager (*PPK*), a Payment Order [SPM] Signatory, and an Expenditure Treasurer) and other *Satuan Kerja* supporting officers were appointed. These Financial Management Officials were appointed through a Decree of the Minister of Marine Affairs and Fisheries. In the meanwhile, the *Satuan Kerja* supporting officers were appointed pursuant to a Decree of the Authorized Budget Officer [KPA].

4. The National Project Implementing Unit at the Directorate of Area and Fish Species Conservation, MMAF, (NPIU-DAFSC)

The National Project Implementing Unit at the Directorate of Area and Fish Species Conservation, MMAF, (*NPIU-DAFSC*) was established in which to assist in smoothing

out the COREMAP-CTI Project implementation at the Directorate of Area and Fish Species Conservation (DAFSC), particularly for the implementation of data information and conservation networking, public awareness, management of (including the uses of) areas and fish species. The NPIU-DAFSC's tasks are, inter alia, as follows:

- a. Coordinate activities of the COREMAP-CTI components that support the Conservation of Areas and Fish Species;
- b. Set up the planning and preparation of the Coremap-CTI Program implementation at the Directorate of Area and Fish Species Conservation (DAFSC);
- c. Carry out administrative and technical management for the Coremap-CTI Program at the Directorate of Area and Fish Species Conservation (DAFSC);
- d. Undertake coordination, synchronization, and guidance on the Coremap-CTI Program implementation in connection with the conservation of areas and fish species at the Directorate of Area and Fish Species Conservation (DAFSC); with reference to the scopes of tasks of the Technical Implementing Unit (UPT) at the Directorate General of MCSI; both a provincial project office and a district/municipality project office respectively act a Project Implementing Unit (PIU) .
- e. Carry out monitoring, evaluation, and controlling over all activities in connection with the conservation of areas and fish species in the COREMAP-CTI Program, at the NPIU of the Directorate of Area and Fish Species Conservation (DAFSC); at the Technical Implementing Unit (UPT), and at the district/ municipality project office.
- f. Along with the PMO, undertake coordination and synchronization of the activity plan and the budget plan simultaneously in connection with the conservation of areas and fish species.
- g. Prepare reports in compliance with the rules and regulations already stipulated or agreed upon between the Government of Indonesia and a partner/donor, and then furnish them to the PMO;
- h. Prepare and carry out coordination and cooperation with relevant stakeholders (inter alia: government bodies/agencies, communities, private parties/individuals, and universities); and
- i. In the management of sustainable fisheries, prepare and undertake coordination and cooperation with, inter alia, government bodies/agencies, communities, private parties/individuals, and universities at both national and international levels.

This National Project Implementing Unit at the Directorate of Area and Fish Species Conservation (DAFSC); was established through a Decree of the Director General of MCSI. The NPIU-KKJI's institutional structure is shown in Figure 3.

5. The National Project Implementing Unit at the Directorate of Spatial Planning for Marine, Coasts and Small Islands, MMAF (NPIU-TRLP3K)

The NPIU-TRLP3K was established to assist in smoothing out the COREMAP-CTI Project implementation in efficient and effective manners at the Directorate of Spatial Planning for Marine, Coasts and Small Islands (TRLP3K), particularly for the implementation of sub-component of support for marine zoning/spatial planning. The COREMAP-CTI Project will assist the Project's provinces and districts in preparing zoning/spatial planning for marine and coastal in which this preparation is a local government's duty as required in Law No. 27 Year 2007 on the Management of Coastal Areas and Small Islands. The zoning/spatial planning will be a legal basis for all activities in exploitation and in the provision of licenses for the coastal areas, including the allocation of a conservation area. The NPIU's tasks are, inter alia, as follows:

- a. Coordinate the activities of the COREMAP-CTI Project components that support Spatial Planning for Marine, Coasts and Small Islands (*TRLP3K*);
- b. Plan and prepare the Coremap-CTI Project implementation at the Directorate of Spatial Planning for Marine, Coasts and Small Islands (*Dit -TRLP3K*);
- c. Undertake administrative and technical management for the Coremap-CTI Program at the Directorate of Spatial Planning for Marine, Coasts and Small Islands (*Dit-TRLP3K*);
- d. Undertake coordination, synchronization, and guidance on the Coremap-CTI Project implementation related to Spatial Planning for Seas, Coasts and Small Islands (*TRLP3K*) at the Directorate of Spatial Planning for Seas, Coasts and Small Islands (*Dit-TRLP3K*) with reference to the scopes of tasks of the Technical Implementing Unit (*UPT*) at the Directorate General of Marine Affairs, Coasts and Small Islands (*Dit-Jen-KP3K*); both a provincial project office and a district/municipality project office respectively act as a *Project Implementing Unit (PIU)*;
- e. In cooperation with the PMO, undertake coordination and synchronization of the activity plan and the budget plan simultaneously in connection with spatial planning for marine, coasts and small islands.
- f. Undertake monitoring, evaluation and control of all activities related to Spatial Planning for Seas, Coasts and Small Islands (*TRLP3K*) in the Coremap-CTI Program at the NPIU-*TRLP3K*, at the Technical Implementing Units (*UPT*), and at the district/municipality.
- g. Prepare reports in compliance with the rules and regulations already stipulated or agreed upon between the Government of Indonesia and a partner/donor, and then furnish them to the PMO;
- h. Prepare and conduct coordination and cooperation with relevant stakeholders (inter alia: government bodies/agencies, communities, private parties/individuals, and universities).
- i. Prepare and undertake coordination and cooperation with government bodies/agencies, communities, private parties, and universities both national and international levels in the management of sustainable fisheries.

The NPIU-*TRLP3K* was established through a Decree of the Director General of Marine, Coasts and Small Islands. The NPIU-*TRLP3K* institutional structure is shown in Figure 4.

6. The National Project Implementing Unit at the Directorate of Fish Resources, the Directorate General of Capture Fisheries, MMAF (*NPIU-SDI*)

The *NPIU-SDI* is a national-level agency to carry out activities related to the Sustainable Fisheries Management. This NPIU-SDI has its base in the Directorate General of Capture Fisheries – MMAF, and holds its own duties to, inter alia, as follows:

- a. Prepare and arrange the Coremap-CTI activity plan, and prepare activity schedules in compliance with such an activity plan;
- b. In collaboration with the PMO, undertake coordination and synchronization of the activity plan and the budget plan.
- c. Carry out the sub-component of sustainable fisheries management and the sub-component of human resources capacity strengthening through S2 (masters degree) and S3 (doctorate degree) scholarship programs;
- d. Prepare and carry out the procurement of goods and services to support the Coremap-CTI Project activities within the Directorate-General of Fish Capture, MMAF;
- e. Carry out technical and administrative activities related to the Coremap-CTI Project implementation;

- f. Undertake management of loans and grants in compliance with the rules and regulations agreed upon between the Government of the Republic of Indonesia and a partner/donor;
- g. Create and apply monitoring and evaluation systems;
- h. Prepare reports in compliance with the rules and regulations previously stipulated and or agreed upon between the Government and a partner/donor, and then furnish them to the PMO;
- i. Along with related parties, coordinate other activities related to the sub-component of sustainable fisheries management, such as meetings, seminars/education and trainings; and
- j. Prepare, coordinate and cooperate with relevant stakeholders (inter alia: government bodies/agencies, communities, private parties/individuals, and universities).

The NPIU-SDI was established through a Decision of the Director General of Capture Fisheries. The NPIU-SDI institutional structure is shown in Figure 5.

7. The National Project Implementing Unit at the Indonesian Institute of Sciences (NPIU-LIPI)

The NPIU-LIPI is located at the Center for Oceanographic Research (P2O) and undertakes to carry out activities related to the Sub-component of Ecological and Socio-economic Monitoring through CRITC (*Coral Reef Information and Training Center*) and to provide training, education, awareness, and certification on monitoring of reef biophysics and its information systems. This certification is highly important to ensure the data collected are consistent, accountable, and comparable among the sites. This sub-component will also develop socio-economic and ecological monitoring systems to recognize and monitor the impacts of the Project activities. The NPIU-LIPI holds a number of tasks as follows:

- a. Coordinate the activities of the COREMAP-CTI components that support CRITC's activities;
- b. Plan and prepare the implementation of CRITC's programs;
- c. Undertake CRITC's administrative and technical management;
- d. Along with the provincial project office and the district/ municipality project office respectively acting as a Project Implementing Unit (PIU), undertake coordination, synchronization, and guidance on the Coremap-CTI Project implementation which is related to the LIPI-CRITC;
- e. Along with the PMO, undertake coordination and synchronization of the activity plan and the budget plan for CRITC;
- f. Carry out monitoring, evaluation and controlling of all CRITC-related activities;
- g. Prepare and undertake procurement of goods and services to support the Coremap-CTI activities within the LIPI;
- h. Carry out technical and administrative activities related to the Coremap-CTI Project implementation;
- i. Manage loans and grants in compliance with the rules and regulations agreed upon by the Government of Indonesia and a partner/donor;
- j. Prepare and apply monitoring and evaluation systems;
- k. Prepare reports in compliance with the rules and regulations already stipulated or agreed upon between the Government of Indonesia and a partner/donor, and then furnish them to the PMO;
- l. Along with related parties, coordinate other activities associated with the sub-component of sustainable fisheries management, such as meetings, seminars/education and trainings with related parties; and

- m. Prepare and conduct coordination and cooperation with relevant stakeholders (inter alia: government bodies/agencies, communities, private parties/individuals, and universities).

The *NPIU-LIPI* was established through a Decree of the Head of Center for Oceanographic Research - LIPI. The *NPIU-LIPI* institutional structure is shown in Figure 6.

8. *The Project Implementing Unit - Technical Implementation Unit (PIU-UPT)*

The COREMAP-CTI Project is implemented by a number of Technical Implementation Units (*UPTs*) under the Directorate General of KP3K which are, inter alia, *BPSPL* Padang, *LKKPN* Pekanbaru, *BPSPL* Denpasar, *BPSPL* Makassar, *LPSPL* Sorong, *BKKPN* Kupang, *BPSPL* Padang, *BPSPL* Denpasar, *BPSPL* Makassar, and *LPSPL* Sorong carry out the Component 2-related activities, namely ecosystem-based resource management, specifically spatial planning and fish species management. On the other hand, the “Balai Kawasan Konservasi Perairan Nasional” (*BKKPN*) Kupang and the “Loka Kawasan Konservasi Perairan Nasional” (*LKKPN*) Pekanbaru undertake activities related to the marine conservation area and the sustainable economic development.

Each of the “Balai/Loka Pengelolaan Sumber Daya Pesisir dan Laut” (*Balai/Loka PSPL*) is chaired by a Head who is assisted by a coordinator who handles spatial planning and fish management species. In doing his or her works, the coordinator is assisted by members of their respective fields and a Secretariat Team. Such an Agency/Center was established by the Decree of Director General of MCSI. The institutional structure of this PIU is shown in Figure 7.

The *BKKPN/LKKPN* is chaired by a Head who is assisted by a coordinator who handles the management of marine protected areas and sustainable economic development. In doing his or her works, the coordinator is assisted by members of their respective fields and a Secretariate Team. Such an Agency/Center was established by the Decree of Director General of MCSI. This PIU-UPT’s institutional structure is shown in Figure 8.

Besides the PIU, in connection with the Project-related assignments, a Project Manager [KPA], a Project Operations Manager (*PPK*), an SPM Signatory, and an Expenditure Treasurer are appointed by the Minister of Marine Affairs and Fisheries. If deemed necessary, the Project Manager [KPA] is entitled to appoint a *Satuan Kerja*-supporting team at each Technical Implementation Unit (*UPT*) which was legally appointed through a Decree of the KPA.

9. *The Project Implementing Unit – District/City*

Implementation of COREMAP-CTI at district/city level is done by Dinas Kelautan dan Perikanan. It called by *Project Implementing Unit* (PIU). In its implementation, PIU will get direction and input from steering committee. PIU is chaired by Head of Dinas Kelautan dan Perikanan. In doing of Head of PIU, is assisted by coordinator which related of COREMAP-CTI work and secretariat team. Coordinator is assisted by members. The PIU is established by the Decree of Bupati/Walikota. The District PIU-UPT’s institutional structure is shown in Figure 9.

Besides the PIU, in connection with the Project-related assignments, a Project Manager [KPA], a Project Operations Manager (*PPK*), an SPM Signatory, and an Expenditure Treasurer are appointed by the Minister of Marine Affairs and Fisheries. If deemed necessary, the Project Manager [KPA] is entitled to appoint a *Satuan Kerja*-supporting team at each PIU which was legally appointed through a Decree of the KPA.

F. ADMINISTRATION PROJECT

A collection of books and letters used as references for the financial administration are:

- Director General of Treasury's Regulation No. Per-14/PB/2014
- Law Number 17 of 2003 on State Finance
- Law Number 1 of 2004 on State Treasury
- Government Regulation (PP) Number 71 of 2010 of the Governmental Standard Accounting
- Minister of Finance's Regulation Number 171/PMK.05/2007 as amended to Minister of Finance's Decree Number 233/PMK.05/2011 on Central Government's Financial Accounting and Reporting System.
- Presidential Regulation (*PerPres*) Number 54 of 2010 concerning Procurement of Goods/Services as amended a number of times and the last amendment was Presidential Regulation Number 70 of 2012
- ADB Guidelines on Goods and Service Procurement
- Loan Agreements between ADB and the Government of Indonesia
- General Unit Price and Basic Unit Price for Activities (*HSU & HSPK*).

G. ACCOUNTING POLICY

The accounting policy for the PROGRAM CORAL REEF REHABILITATION AND MANAGEMENT - CORAL TRIANGLE INITIATIVE (COREMAP-CTI) PROJECT is a *Satuan Kerja* of implementation of the Indonesian State Budget (*APBN*), and accordingly all the requirements on the State Budget also apply to this Project, except other things specified in the Loan/Grant Agreement (NPPHLN).

The accounting policies for the Project management are as follows:

- a. The bookkeeping of disbursements and expenditures is undertaken on a cash basis at the time they are made.
- b. The bookkeeping period is in compliance with the Government of Indonesia's fiscal year, viz. from January 1 to December 31.
- c. The management of a loan and a grant is in compliance with the Directorate General of Treasury's Regulation No.14/PB/2014 concerning Guidelines to Disbursement of the Asian Development Bank's Loan No. 3094-INO (SF) and Grant No. 0379-INO (EF) Coral Reef Rehabilitation and Management Program - Coral Triangle Initiative (Coremap-CTI) Project.
- d. The funds provided by the Government of Indonesia are distributed through DIPA each year and disbursed through the issuance of *SPM-GU* and *SPM-LS*.

H. ELUCIDATIONS OF FINANCIAL STATEMENTS

1. Loan No. 3094-INO (SF)

The actual disbursements of the loan funds for THE CORAL REEF REHABILITATION AND MANAGEMENT PROGRAM - CORAL TRIANGLE INITIATIVE (COREMAP-CTI) PROJECT during the Fiscal Year 2014 amounted to Rp.17,544,560,976 (or 83.97%) out of the total budget of Rp.20,893,325,000 to finance the activities in categories of financing in compliance with their elucidations.

a. Category 1: Civil Works

The actual expenditures for the Category of Civil Works up to December 31st, 2014 amounted to Rp.74,484,500,-.

This amount was spent to finance the expenditures at the COREMAP-CTI PMO. And, this amount should have been included in Category 4, viz. Surveys and Studies.

b. Category 2: Vehicles and Equipment

The actual expenditures for the Category of Vehicles and Equipment up to December 31st, 2014 amounted to Rp.891,257,000,-.

This amount was spent to finance the procurement of (i) vehicles at the National Marine Conservation Areas Center (*LKKPN*) Pekanbaru, and (ii) office equipment at the COREMAP-CTI PMO.

c. Category 3: Materials

The actual expenditures for the Category of Materials up to December 31st, 2014 amounted to Rp.1,199,302,600,-.

This amount was spent to finance (i) the preparation of the General Guidelines and the Technical Guidelines for the COREMAP-CTI implementation, (ii) the publications at the COREMAP-CTI PMO, and (iii) the materials for dissemination and publication on the COREMAP-CTI at the National Marine Conservation Areas Center (*LKKPN*) Pekanbaru, the Nias Utara District Office of Marine Affairs and Fisheries (*Dinas KP*), the Kepulauan Mentawai District Office of Marine Affairs and Fisheries (*Dinas KP*), and the Batam Municipality Office of Marine Affairs, Fisheries, Agriculture and Forestry (*Dinas KPPK*).

d. Category 4: Surveys and Studies

The actual expenditures for the Category of Surveys and Studies up to December 31st, 2014 amounted to Rp.6,269,205,573,-.

This amount was spent to finance (i) preliminary studies, monitoring, system development, and natural resources assessment at the COREMAP-CTI PMO, the Indonesian Institute of Sciences (*LIPi*), the *LKKPN* Pekanbaru, the Tapanuli Tengah District Office of Marine Affairs and Fisheries (*Dinas KP*), the Nias Utara District Office of Marine Affairs and Fisheries (*Dinas KP*), the Kepulauan Natuna District Office of Marine Affairs and Fisheries (*Dinas KP*).

e. Category 5: Training and Workshops

The actual expenditures for the Category of Training and Workshops up to December 31st, 2014 amounted to Rp.9,110,311,303, -.

This amount was spent to finance, inter alia, (i) training, technical assistance, dissemination, and publication at the COREMAP-CTI PMO, the Indonesian Institute of Sciences (*LIPi*), the *LKKPN* Pekanbaru, the Tapanuli Tengah District Office of Marine Affairs and Fisheries (*Dinas KP*), the Nias Utara District Office of Marine Affairs and Fisheries (*Dinas KP*), the Kepulauan Natuna District Office of Marine Affairs and Fisheries (*Dinas KP*), the Bintan District Office of Marine Affairs and Fisheries (*Dinas KP*), the Lingga District Office of Marine Affairs and Fisheries (*Dinas KP*), and the Batam Municipality Office of Marine Affairs, Fisheries, Agriculture and Forestry (*Dinas KPPK*), and (ii) scholarships at Directorate General of Capture Fisheries (*DJPT*).

f. Category 6: Consulting Services

The actual expenditures for the Category of Consulting Services up to December 31st, 2014 amounted to Rp.0,-.

g. Category 7: Support for Alternative Livelihoods

The actual expenditures for the Category of Support for Alternative Livelihoods up to December 31st, 2014 amounted to Rp.0,-.

2. Grant No. 0379-INO (EF)

The actual disbursements of the grant for THE CORAL REEF REHABILITATION AND MANAGEMENT PROGRAM - CORAL TRIANGLE INITIATIVE (COREMAP-CTI) PROJECT during the Fiscal Year 2014 amounted to Rp.3,656,817,417 (or 81.21%) out of the total

budget of Rp.4,502,670,000 to finance the activities in the financing categories in compliance with elucidations.

a. Category 1: Materials

The actual expenditures for the Category of Materials up to December 31st, 2014 amounted to Rp.473,603,217,-

This amount was spent to finance the LKPPN Pekanbaru activities for publication, signboard installation, and transects in marine tourism parks.

b. Category 2: Surveys and Studies

The actual expenditures for the Category of Surveys and Studies up to December 31st, 2014 amounted to Rp.2,622,860,000,-

This amount was spent to finance: (i) management plan arrangements at the COREMAP-CTI PMO, and (ii) coral reef monitoring at the Indonesian Institute of Sciences (*LIPI*), the Coastal and Marine Resources Management Agency (*BPSPL*) Padang, the Tapanuli Tengah District Office of Marine Affairs and Fisheries (*Dinas KP*), the Nias Utara District Office of Marine Affairs and Fisheries (*Dinas KP*), the Kepulauan Natuna District Office of Marine Affairs and Fisheries (*Dinas KP*), and the Bintan District Office of Marine Affairs and Fisheries (*Dinas KP*).

c. Category 3: Training and Workshops

The actual expenditures for the Category of Training and Workshops up to December 31st, 2014 amounted to Rp.560,354,200,-.

This amount was spent to finance (i) Workshops on the Directorate General of Capture Fisheries (*DJPT*), and (ii) Coordination and Synchronization of the Activity Program at the *LKPPN* Pekanbaru.

d. Category 4: Consulting Services

The actual expenditures for the Category of Consulting Services up to December 31st, 2014 amounted to Rp.0,-

e. Category 5: Support for Alternative Livelihoods

The actual expenditures for the Category of Support for Alternative Livelihoods up to December 31st, 2014 amounted to Rp.0,-.

OVERVIEW OF THE AUDIT

1. LEGAL BASIS OF THE AUDIT

- a. Law Number 17 Year 2003 concerning State Finance;
- b. Law Number 1 Year 2004 concerning State Treasury;
- c. Law Number 15 Year 2004 concerning State Financial Management and Accountability Audit;
- d. Law Number 15 Year 2006 concerning Audit Board;
- e. Audit Work Plan for the Year 2015; and
- f. Coral Reef Rehabilitation and Management Program of the Coral Triangle Initiative (COREMAP - CTI) project between the Republic of Indonesia and Asian Development Bank (ADB) No. 3094-INO Article IV (Particular Covenants) section 4.05 (a).

2. AUDIT OBJECTIVE

The Audit on the Financial Statements of ADB Loan 3094-INO and ADB Grant 0379-INO Year 2014 has been conducted in order to express opinion on the Financial Statements as at December 31, 2014. The opinion on the financial statements of Loan Agreement between the Republic of Indonesia and Asian Development Bank (ADB) has been stated by taking into account the following matters:

- a. Assessment of the Internal Control System and its compliance with the generally accepted accounting standards relating to expenditure and other transactions included in the management of Imprest Account and Statement of Expenditures (SOE);
- b. Assessment of the adequacy of evidence supporting the implementation of procedures for Imprest Account;
- c. Assessment of the project implementation's compliance with the loan agreement and terms stipulated by ADB.

3. AUDIT TARGET

The target of this audit is the Consolidated Financial Statements of ADB Loan 3094-INO and ADB Grant 0379-INO as of December 31, 2014, including the Internal Control System in relation to the implementation of the Coral Reef Rehabilitation and Management Program - Coral Triangle Initiative (COREMAP-CTI) Project in the following aspects:

- a. The implementation of activities at the central government level by the Directorate of Conservation of Areas and Fish Species (*KKJI*) and Directorate of Marine, Coastal and Small Islands Spatial Plan (*TRLP3K*) at the Directorate General of *KP3K*, the Directorate of Fisheries Resources (*SDI*) at the Directorate General of Capture Fisheries as well as agencies related to the COREMAP-CTI program, namely at the Research Center for Oceanography (*LIP*);
- b. The implementation of activities by the Technical Implementing Unit (*UPT*) within the Directorate General of *KP3K*;
- c. The implementation of activities at the provincial level by the Service Office having the main tasks and functions of implementing activities in the marine affairs and fisheries sectors, particularly in relation to marine, coast and small islands.
- d. The implementation of activities at the regency level by the Service Office supervising the activities in the marine affairs and fisheries sectors.
- e. The implementation of activities at the district government level up to the village/sub-district government level by Coral Reefs Resource Management Institutions (*LPSTK*) as well as by community groups.

4. AUDIT STANDARDS

- a. The State Finance Audit Standards/*SPKN* stipulated by Regulation of BPK-RI Number 1 Year 2007.
- b. Audit Management Guidelines.

5. AUDIT METHODOLOGY

The audit on the Financial Statements of ADB Loan 3094-INO and ADB Grant 0379-INO Year 2014 has been conducted by applying the following approaches:

a. Risk Approach

The methodology applied in performing audit on the Financial Statements of ADB Loan 3094-INO and ADB Grant 0379-INO Year 2014 uses the risk approach, based on comprehension and assessment of the effectiveness of *SPI* for the preparation of Financial Statements. The results of the comprehension and assessment will determine the level of reliability of management assertions and applicable provisions.

The determination of audit risk simultaneously with the reliability level of risk control (control risk) and inherency level (inherent risk) of the entity to be audited may be used as reference in determining the expected detection risk and the number of assessment to be conducted as well as in determining the focus of the audit.

b. Materiality

The initial materiality level (Planning Materiality/PM) which constitutes the level of materiality for the overall financial statements is determined at 0.5% of Expenditures realization. For the Financial Statements of ADB Loan 3094-INO and ADB Grant 0379-INO, the PM is determined in the amount of Rp87,722,813.63 from the Expenditures realization of FY 2014 amounting to Rp17,544,562,726.00.

The aforementioned materiality standard is not applicable for deviations containing the elements of collusion, corruption and nepotism as well as violation of law.

c. Audit sampling

This audit has been conducted by performing assessment on transactions by sampling within the population to be tested. The conclusions of the audit will be obtained based on the sampling results which serve as the basis for describing the condition of the population. In this audit, the auditors determine the extent of the samples based on the results of risk assessment which has been performed with due observance of the adequacy of the number of samples selected both in terms of rupiah amount as well as the type of transaction.

d. Reporting

The auditors prepare Draft Audit Findings on the Financial Statements of ADB Loan 3094-INO and ADB Grant 0379-INO Year 2014, when they find issues which need to be communicated to the entity. The said issues include (1) Ineffectiveness of the internal control system, (2) Deviation from the provisions of statutory regulations, (3) Significant non-compliance with statutory regulations, and (4) Summary of corrections. The Draft Audit Findings are submitted by the audit team leader to the authorized official of the entity to obtain official, written response from the entity. After the Draft Audit Findings has been submitted by the audit team leader to the entity, the audit team will discuss the findings with the authorized official of the entity. Rejection of the summary of corrections, findings on *SPI* and non-compliance will affect the opinion. Official, written response to the draft Report on Audit Findings (*LTP*) is obtained from the authorized official of the entity. The said response will be disclosed in the Audit Findings on the Financial Statements of ADB Loan 3094-INO and ADB Grant 0379-INO Year 2014. The Audit Findings will be submitted by the team leader to the

authorized official of the entity. The auditors, in this case the team leader, will submit the *LTP* to the leadership of the institution or the secretary of the leadership of the institution. The submission of the Audit Findings on the Financial Statements of ADB Loan 3094-INO and ADB Grant 0379-INO Year 2014 constitutes the end of the work on site in this audit.

6. SITE AUDIT

Site audit was conducted as from May 11, 2014 and ended on June 24, 2014 by virtue of Assignment Letter of BPK RI Number 32/ST/VI/04/2014 dated April 30, 2015.

7. AUDIT OBJECTS

The audit was conducted on the Financial Statements of ADB Loan 3094-INO and ADB Grant 0379-INO Year 2014 in the form of Consolidated Annual Plan and Actual Project Expenditure as well as Financing and the Financial Statement of Special Account (FISSA) No. 601.319.411980 for the year ended as of December 31, 2014 in the Coral Reef Rehabilitation and Management Program of the Coral Triangle Initiative (COREMAP-CTI) Project.

8. AUDIT LIMITATIONS

All information presented in the financial statements is the responsibility of the management. Therefore, BPK is not responsible for misinterpretation and possible effects of the omission of information either intentionally or unintentionally by the management.

BPK audit includes procedures designed for providing reasonable assurance in detecting any error and misrepresentation that materially affect the financial statements. BPK audit is not aimed to find errors and irregularities. However, if any irregularities are found from the audit results, they will be disclosed.

In conducting the audit, BPK also recognizes the possible existence of any violation of laws. However, BPK audit provides no assurance that all violations of laws will be detected and gives only reasonable assurance that the violations of law with directly and materially affect the amounts stated in the financial statements will be detected. BPK will inform about any possible violations of law or material error/deviation found during the course of audit.

In implementing the assessment for compliance with statutory regulations, we only tested the institution's compliance with statutory regulations directly related to the preparation of the financial statements. This does not rule out the possibility that there is still unidentified non-compliance with regulations.

**AUDIT BOARD OF
THE REPUBLIC OF INDONESIA**