

Audited Project Financial Statement

Project Number: 49038-001

Loan Number: 3264-PAK

Period covered: 01 July 2015 to 30 June 2016

PAK: Flood Emergency Reconstruction and Resilience Project – AJK Road Component

Prepared by Communication & Works Department, Go AJK

For the Asian Development Bank

Date received by ADB: 30 December 2016

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 National Highway Authority.



Office of the

Auditor-General of Pakistan
Special Sectors Audit Wing
Constitution Avenue

Islamabad

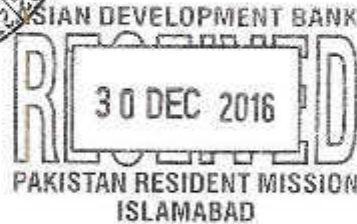
80502

No.PA/FAP/AJ&K/SSA/5-1/83

Dated: 29-12-2016

To,

1. The Secretary,
Economic Affairs Division,
Government of Pakistan
Pak Secretariat, Block "C",
Islamabad
2. The Country Director,
Asian Development Bank,
Resident Mission, Serena Hotel Level-8
Sector G-5/1, Islamabad



Subject: **FOREIGN AIDED PROJECTS (FAPs) AUDIT REPORTS**

Financial Attest Audits of the following FAP Audit Report has been conducted by this office:

S.No	Name of Projects	Development Partners
1.	Flood Reconstruction and Resilience Project in AJ&K (PCU)	ADB
	Flood Emergency Reconstruction and Resilience Project in AJ&K (PIU)	ADB

2. Certificate/Financial Attest alongwith the Audit Report containing therein the management letter (ML) on the same is attached herewith. The referred is hereby issued simultaneously to the Government (EAD) and to the Asian Development Bank Resident Mission Islamabad.

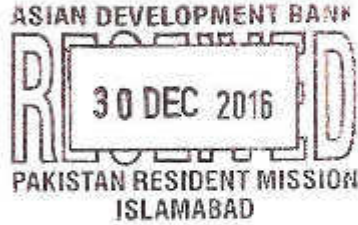
3. The Director General Audit concerned is also being requested to issue a copy of the above mentioned FAP certificate/Audit Report to the concerned Project Manager as well.

Enclosures: As above


Irshad Ahmed Kafeemi
Deputy Auditor General
Special Sector Audit
Office Telephone #051-9222917
Office Fax#051-9219191

Cc:

- i. DG Audit AJ&K Muzaffarabad, with the request to issue a copy of the above reports to the project management for their further necessary action.
- ii. SPS to DAG North
- iii. Master File



**Financial Attest Audit Report on the
Accounts of Flood Emergency Reconstruction and
Resilience Project in AJ&K
(Project Implementation Unit Rawalakot)
(Asian Development Bank)
Loan No. 3264-PAK
Planning & Development Department**

For the Financial Year 2015-16

Auditor General of Azad Jammu and Kashmir



**Financial Attest Audit Report on the
Accounts of Flood Emergency Reconstruction and
Resilience Project in AJ&K
(Project Implementation Unit Rawalakot)
(Asian Development Bank)
Loan No. 3264-PAK
Planning & Development Department**

For the Financial Year 2015-16

Auditor General of Azad Jammu and Kashmir

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Abbreviations and Acronyms

ADB	Asian Development Bank
AJK	Azad Jammu and Kashmir
CCC	Climate Change Centre
DAC	Departmental Accounts Committee
DNA	Demand and Need Analysis
FERRP	Flood Emergency Reconstruction and Resilience Project in AJ&K
FY	Financial Year
GOP	Government of Pakistan
ICPD	Internal Conference on Population Development
INTOSAI	International Organization of Supreme Audit Institutions
MDGs	Millennium Development Goals
PCU	Project Coordination Unit
PIU	Project Implementation Unit

PREFACE

The Auditor-General of Azad Jammu and Kashmir conducts audit subject to Article 50-A of the AJ&K Interim Constitution Act, 1974 read with sections 9 and 13 of the Auditor General's (Functions, Powers and Terms and Conditions of Service) Act, 2005. The audit of Flood Emergency Reconstruction and Resilience Project in AJ&K was carried out accordingly.

The Director General Audit Azad Jammu and Kashmir conducted audit of the Flood Emergency Reconstruction and Resilience Project in AJ&K (Project Implementation Unit) in October, 2016 for the FY 2015-16 under Contract Agreement of the Project with a view to report significant findings to stakeholders. Audit examined the economy, efficiency, and effectiveness aspects of project. In addition, Audit also assessed on test check basis whether the management complied with applicable laws, rules and regulations in managing the project. The Audit Report indicates specific actions that, if taken, will help the management to realize the objectives of the Flood Emergency Reconstruction and Resilience Project in AJ&K.

The Report consists of two parts. Part-I contains Auditor's Report (Audit Opinion) and Financial Statements. Part-II contains Executive Summary, Management Letter and Audit Findings.

The Report has been prepared for submission to the ADB in terms of Loan Agreement No. 3264-PAK with Islamic Republic of Pakistan.

Dated: December 26, 2016
Muzaffarabad AJK


Aziz-ur-Rehman
Director General Audit

PART-I

- 1. PROJECT OVERVIEW**
- 2. AUDITOR'S REPORT TO MANAGEMENT**
- 3. FINANCIAL STATEMENTS**

PROJECT OVERVIEW

1.	Name of the Project	Flood Emergency Reconstruction and Resilience Project in AJ&K (Project Implementation Unit)
2.	Sponsoring Authority	ADB
3.	Executing Authority	Planning & Development Department
4.	Loan No.	3264-PAK
5.	PC-I Cost	6641.000 Millions
6.	Date of Commencement	24.08.2015
7.	Actual Date of Commencement	24.08.2015
8.	Date of Completion (as per PC-I)	31.12.2018
9.	Date of Approval by ECNEC	09.07.2015
10.	Loan Closing Date	31.12.2018
11.	Loan Utilization Status in F.Y 2014-15	N/A
12.	Progressive Expenditure upto F.Y 2015-16	Rs. 80.166 Million



Office of the
Director General Audit
Azad Jammu & Kashmir
Muzaffarabad

DGA=05822-920018
FAX=05822-920011

Auditor's Report to the Management (Audit Opinion)

The Directorate General Audit Azad Jammu & Kashmir has audited the accompanying Financial Statements of "Flood Emergency Reconstruction and Resilience Project in AJ&K (Project Implementation Unit)" as of 30.06.2016.

Preparation of Financial Statements is the responsibility of the Management of the Project. Responsibility of Audit is to express an opinion on the accompanying statements based on the audit exercise.

The audit exercise was carried out in accordance with the INTOSAI Auditing Standards as adopted by the Auditor General of Azad Jammu and Kashmir. The Standards require the audit to obtain reasonable assurance that the Financial Statements are free of material misstatements. This audit is based on test check basis and includes findings, evidence supporting the amounts and disclosures in the Financial Statements. It also includes assessment of the accounting principles adopted by the management in preparing Financial Statements. A professional exercise has been conducted to provide a reasonable basis for audit opinion. The statements have been prepared on cash receipts and disbursement basis. On this basis revenue is recognized when received rather than when earned, and expenses are recognized when paid rather than when incurred.

In our opinion:

- A. The aforementioned Financial Statements and appended notes subjected to audit fairly present in all material respects the financial position of Flood Emergency Reconstruction and Resilience Project in AJ&K (Project Implementation Unit) and results of its operations for the period ended 30.06.2016, in conformity with the accepted accounting principles, applied on a basis consistent in material respects with that of previous year;
- B. The management of the Project has utilized all proceeds of the grant withdrawn from the Asian Development Bank for the purposes of the Project as agreed in accordance with the Loan Agreement; and no proceeds of the grant have been utilized for any other purposes.

In addition:-

1. Adequate supporting documentation has been maintained in support of the expenditure incurred;
2. Expenditure of Rs.80.166 million incurred during the Financial Year 2015-16, is eligible for replenishment.



(Aziz-ur-Rehman)
Director General Audit
Azad Jammu & Kashmir

FINANCIAL STATEMENTS

“FLOOD EMERGENCY RECONSTRUCTION AND RESILIENCE PROJECT IN AJ&K (FERRP)” (PROJECT IMPLEMENTATION UNIT)

FOR THE YEAR ENDED 30TH JUNE 2016

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iii. Reconciliation Statement	9-13
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ADB Loan 3264- PAK: Flood Emergency Reconstruction And Resilience Project

Project Implementation unit:
statement of Receipts and Payments
 For the year ended 30th June 2016

Note	2015-16		2015	
	Receipts (payments) Controlled by Project	Payment by Third parties	Receipts (payments) Controlled by project	Payment by Third parties
<u>Receipts</u>				
Government funds	20.000	-	-	-
ADB funds	73.313	-	-	-
<u>Total Receipts</u>	93.313	-	-	-
<u>Payments</u>				
Civil Works	-	-	-	-
Equipment & Vehicles	-	6.570	-	-
Consulting Services				
a. Project management Consultant (PMC)	27.019	-	-	-
b. Design consultant	37.924	-	-	-
Incremental Cost	8.653	-	-	-
<u>Total Payments</u>	80.166			
Increase & Decrease	13.147	-	-	-
In cash				
Cash at beginning of the year	93.313	-	-	-
Cash at end of the year	13.147	-	-	-
(14.2)*				

Muhammad Shahid Khan
 Project Director
 Flood Emergency Reconstruction
 & Resilience Project A/C

**Communication & Works Department**



GOVERNMENT OF AJ&K

Project Implementation Unit

Flood Emergency Reconstruction & Resilience Project

ADB**EXPENDITURE STATEMENT BY SUB CATEGORY**
For F.Y 2015-16

Sr#	Item of Expenditure	Net (PKR) Expenditure	TD (PKR)	Gross (PKR) Expenditure
1	Pay & Allowances	3517061	80919	3597980
2	TA/DA	599938	0	599938
3	POL charges	780097	88859	868956
4	stationary	97905	30053	127958
5	Office furnishing	249840	24291	274131
6	Utility	43505	0	43505
7	Purchase of equipment	1532679	157402	1690081
8	Purchase of vehicle for P.D	4710382	168618	4879000
9	Rent of building	359660	45340	405000
10	Physical contingencies	2469519	266571	2736090
11	Purchase of Vehicles For DDs /ADs	0	0	0
12	Design consultancy	29258203	8666121	37924324
13	Project Management consultancy	20839906	6179371	27019277
	TOTAL	64458695	15707545	80166240


Divisional Account Officer
PIU FERRP
Audit Officer
(In charge Audit Party)
Project Director
PIU FERRP
Project Director (PIU)
Flood Emergency Reconstruction
& Resilience Project AJKPIU Main Office
Qasr Gulli Green Town RawalakotPIU Coordination Office Near Chinar Shop
Shaikat Line Muzaffarabad (05822-920530)Email: pdferrp@gmail.com
Fax: 05822-920530

Communication & Works Department
GOVERNMENT OF A/J&K

GOVERNMENT OF AI&K

Project Implementation Unit (PIU)


Flood Emergency Reconstruction & Resilience Project

Expenditure / Reconciliation statement by sub category For F.Y 2015-16

Loan#3264 PAK

Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8	Column 9	Column 10	Column 11	Column 12	Column 13	Column 14	Column 15	Column 16							
Account	Item of expenditure	Net	TD	Gross	Net	TD	Gross	Net	TD	Gross	Net	TD	Gross	G.T. NET	G.T. TD	G-total						
14	Item of expenditure	688652	21341	689993	431240	9458	440698	488317	8302	496619	407242	11049	418291	443189	13589	456778	1078121	17180	1095601	9517061	89019	9517980
1	pay & Allowance	0	0	0	6550	0	6150	116357	0	116357	7800	0	7800	0	0	0	169651	0	449631	599938	0	599938
2	112/TDA	0	0	0	0	0	0	131386	15448	146844	42645	3869	46535	0	0	0	800065	59722	675577	780097	88859	868956
3	FOL charges	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4	workshop	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	97905	30053	127958	97905	30053	127958
5	stationary	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
6	Newspaper	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
7	Repair of Vehicle	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
8	Miscellaneous	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
9	Telephone charges	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
10	Hot/cold charges	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
11	Office furnishing	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	249840	24291	274131	249840	24291	274131
12	Advertisement	0	0	0	13804	0	13804	3054	0	3054	0	0	0	0	0	0	26647	0	26647	43505	0	43505
13	Utility	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	153679	157402	1690081	153679	157402	1690081
14	Purchase of equipment	0	0	0	0	0	0	4710382	168618	4879000	0	0	0	0	0	0	0	0	0	4710382	168618	4879000
15	Purchase of vehicle for P.D.	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	359660	46340	405000	359660	46340	405000
16	Rent of building	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
17	Postage	0	0	0	58769	16493	75262	36575	10075	46650	25572	8008	33580	0	0	0	2348503	231995	2580558	2469519	286571	2736090
18	Physical contingencies	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
19	Purchase of Vehicles for DDs/Ads	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	29738703	8666121	37921324	29738703	8666121	37921324
20	Design consultancy	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	20939906	6179371	27019277	20939906	6179371	27019277
21	PMC	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	58627550	15421275	72288825	64458695	15707545	80166240
	TOTAL	688652	21341	689993	509963	25951	535914	5486081	202443	5689524	483260	22846	506206	443189	13589	456778	58627550	15421275	72288825	64458695	15707545	80166240

1

 Project Director PI

Divisional Account Officer PIU FERRP

Project Director PIU FERRP

Communication and Works Department
PIU, AJ & K Flood Emergency Reconstruction and Resilience Project
Asian Development Bank Loan No 3264 PAK

Bank Reconciliation Statement of Account A/c No. 26-A (4096070387)

For the month: Jun-16

	Rupees
Opening balance as per bank statement	65,721,395.00
Add: Receipts during the month as per bank statement	-
	65,721,395.00
Less: Payments during the month as per bank statement	10,512,349.00
Closing balance as per bank statement	55,209,046.00
Less: Unpresented cheques	46,355,201.00
Adjusted balance as per bank statement	8,853,845.00
Closing cash balance per books	8,853,845.00

Expenditure

Total expenditure for the month as per books 56,867,550.00

Less: Unpresented cheques / payments

Cheque No.	Dated	Rupees
58892360	6/20/2016	5,032,981.00
58892361	6/24/2016	6,590,433.00
58892362	6/29/2016	5,616,227.00
58892365	6/29/2016	20,839,906.00
58892367	6/29/2016	7,613.00
58892369	9/29/2016	6,692.00
58892370	9/29/2016	10,349.00
58892371	9/29/2016	474,985.00
58892372	9/29/2016	359,650.00
58892373	9/29/2016	66,312.00
58892375	9/29/2016	124,816.00
58892376	6/30/2016	132,633.00
58892377	6/30/2016	83,569.00
58892378	6/30/2016	40,448.00
58892379	6/30/2016	68,445.00
58892380	6/30/2016	6,900,142.00
		46,355,201.00
		10,512,349.00

Add: Payments or transfers in bank statement but not in books for the current month

Adjusted total expenditure for the month as per books 10,512,349.00

Total expenditure for the month as per bank statement 10,512,349.00

Receipt

Total receipts in current month as per books

Add / Less: Adjustments

Adjusted total receipts in current month as per books

Total receipts as per bank statement

7.10 - aut
Prepared by:

Signature:

Date 7-12-2016

Communication and Works Department
PIU, AJ & K Flood Emergency Reconstruction and Resilience Project
Asian Development Bank Loan No.3264-PAK

Bank Reconciliation Statement of Account A/c No. 26-A (4096070387)

For the month: Jul-16

	Rupees
Opening balance as per bank statement	55,209,046.00
Add: Receipts during the month as per bank statement	-
	55,209,046.00
Less: Payments during the month as per bank statement	46,355,201.00
Closing balance as per bank statement	8,853,845.00
Less: Unpresented cheques	-
Adjusted balance as per bank statement	8,853,845.00
Closing cash balance per books	8,853,845.00

Expenditure

Total expenditure for the month as per books

Less: Unpresented cheques / payments
Cheque No. Dated

Rupees

Add: Payments or transfers in bank statement but not in books for the current month

Adjusted total expenditure for the month as per books

Total expenditure for the month as per bank statement

Receipt

Total receipts in current month as per books

Add / Less: Adjustments

Adjusted total receipts in current month as per books

Total receipts as per bank statement

7-12-2016
Prepared by:

SYED TUFAIL HUSSAIN SHAH
DIVISIONAL ACCOUNT OFFICER
Communication & Works Department, AJ&K

Signature:

Date 7-12-2016



Main Branch Murzafishad - 03/7

US Dollar Assignment Account # 25 A

Project Implementation Unit (PIU)

Flood Emergency Reconstruction & Resilience Project

(FERRP) Funded by ADB

Assignment A/C No. 25A

Current A/c No. (Shinoo): 4238070387

SSP A/C No. ADB Line No. 3264-7465

DATE	PARTICULARS	CHEQUE	PKR-DR	PKR-CR	PKR BAL WITH BRP	\$	STN \$	DEBIT (US\$)	CREDIT (US\$)	BALANCE (\$)
20.04.2016	CLEARING	50892331	90,948.00		66,321,353.00	104.7322		336.2041		\$ 633,267,314.00
27.04.2016	CLEARING	50892334	55,769.00		66,265,584.00	104.7322		327.7179		\$ 632,939,596.00
02.05.2016	CLEARING	50892335	42,646.00		66,222,938.00	104.7322		407.1900		\$ 632,532,406.00
04.05.2016	CLEARING	50892337	37,572.00		66,185,366.00	104.7322		358.7435		\$ 632,173,661.00
04.05.2016	CLEARING	50892334	21,282.00		66,164,084.00	104.7322		203.2040		\$ 631,970,461.00
10.05.2016	CLEARING	50892339	68,445.00		66,095,639.00	104.7322		854.5239		\$ 631,095,936.00
10.05.2016	CLEARING	50892336	132,633.00		65,963,006.00	104.7322		1,266.4014		\$ 629,829,535.00
10.05.2016	CLEARING	50892340	40,448.00		65,922,558.00	104.7322		385.2041		\$ 629,444,334.00
11.05.2016	TRANSFER	50892341	72,000.00		65,850,558.00	104.7322		687.4677		\$ 628,756,866.00
12.05.2016	CLEARING	50892337	76,830.00		65,773,728.00	104.7322		733.5853		\$ 628,023,381.00
12.05.2016	CLEARING	50892338	52,933.00		65,720,795.00	104.7322		504.4380		\$ 627,518,901.00
08.06.2016	CLEARING	50892346	12,600.00		65,708,195.00	104.7322		120.3058		\$ 627,398,596.00
08.06.2016	CLEARING	50892348	715,421.00		64,992,774.00	104.7322		6,830.9535		\$ 620,567,549.00
09.06.2016	CLEARING	50892342	118,633.00		64,874,141.00	104.7322		1,265.4014		\$ 619,302,148.00
09.06.2016	CLEARING	50892345	69,445.00		64,792,296.00	104.7322		653.3319		\$ 618,648,819.00
14.06.2016	CLEARING	50892343	51,488.00		64,740,808.00	104.7322		491.6130		\$ 618,157,209.00
15.06.2016	CLEARING	50892344	65,876.00		64,674,932.00	104.7322		667.1874		\$ 617,487,025.00
20.06.2016	CLEARING	50892347	15,932.00		64,658,999.00	104.7322		152.1213		\$ 617,334,902.00
20.06.2016	CLEARING	50892350	1,592,865.00		63,066,134.00	104.7322		15,230.2943		\$ 602,104,618.00
20.06.2016	CLEARING	50892352	125,224.00		62,940,910.00	104.7322		1,181.7494		\$ 600,922,869.00
21.06.2016	TRANSFER	50892353	68,000.00		62,872,910.00	104.7322		649.2750		\$ 600,273,599.00
22.06.2016	CLEARING	50892356	31,925.00		62,840,985.00	104.7322		304.8271		\$ 599,968,778.00
22.06.2016	CLEARING	50892349	196,884.00		62,644,101.00	104.7322		1,879.8303		\$ 598,088,948.00
24.06.2016	CLEARING	50892355	133,055.00		62,511,046.00	104.7322		1,270.8120		\$ 596,818,138.00
28.06.2016	CLEARING	50892354	76,000.00		62,435,046.00	104.7322		785.6633		\$ 596,032,505.00
28.06.2016	CLEARING	50892359	5,118,420.00		57,316,626.00	104.7322		48,871.5327		\$ 547,160,978.00
28.06.2016	CLEARING	50892357	1,057,654.00		56,258,972.00	104.7322		10,099.0335		\$ 537,260,013.00
30.06.2016	TRANSFER	50892374	1,000,748.00		55,258,224.00	104.7322		9,558.1316		\$ 527,701,884.00
30.06.2016	CLEARING	50892360	46,099.00		55,212,125.00	104.7322		440.1007		\$ 527,261,783.00
04.07.2016	CLEARING	50892365	20,839,906.00		34,372,219.00	104.7322		190,902.7961		\$ 326,358,987.00
04.07.2016	CLEARING	50892370	10,349.00		34,361,870.00	104.7322		98.8139		\$ 326,260,168.00

12



Mian Branch Murshidabad - 0217

Assignment A/C No. 20A
Current A/C No. (Shadow): 406507007
SAP A/C No. ADB Loan No# 3104-PN4

US Dollar Assignment Account # 20-A
Project Implementation Unit (PIU),
Flood Emergency Reconstruction & Resilience Project
(FERP) Funded by ADB

DATE	PARTICULARS	CHEQUE	PKR-DR	PKR-CR	FOR BAL WITH SBF	TDS	DEBIT (US\$)	CREDIT (US\$)	BALANCE (\$)
11.07.2016	CLEARING	58892379	60,445.00		34,290,346.00	104.7322	\$ 63,539		\$ 329,409,7746
11.07.2016	CLEARING	58892377	83,569.00		34,206,777.00	104.7322	\$ 797,9303		\$ 320,611,8443
11.07.2016	CLEARING	58892371	474,985.00		33,731,792.00	104.7322	\$ 4,535,2337		\$ 322,076,6106
14.07.2016	CLEARING	58892380	6,900,142.00		26,831,650.00	104.7322	\$ 65,883,8728		\$ 256,192,8378
14.07.2016	CLEARING	58892372	353,650.00		26,478,000.00	104.7322	\$ 3,433,9964		\$ 252,758,9414
14.07.2016	CLEARING	58892378	40,448.00		26,437,552.00	104.7322	\$ 366,2042		\$ 252,372,7373
18.07.2016	CLEARING	58892375	124,916.00		26,312,636.00	104.7322	\$ 1,191,7634		\$ 251,180,9740
18.07.2016	CLEARING	58892373	66,312.00		26,246,324.00	104.7322	\$ 533,1577		\$ 250,647,7963
18.07.2016	CLEARING	58892362	5,616,227.00		20,624,197.00	104.7322	\$ 53,824,6446		\$ 196,823,1717
18.07.2016	CLEARING	58892363	5,032,981.00		15,591,216.00	104.7322	\$ 48,055,7173		\$ 148,867,4543
18.07.2016	CLEARING	58892261	6,590,433.00		9,000,783.00	104.7322	\$ 62,926,5212		\$ 85,840,9332
22.07.2016	CLEARING	58892369	6,692.00		8,994,091.00	104.7322	\$ 63,8963		\$ 85,871,0389
25.07.2016	CLEARING	58892367	7,613.00		8,986,478.00	104.7322	\$ 72,5902		\$ 85,804,3487
28.07.2016	CLEARING	58892375	132,633.00		8,853,845.00	104.7322	\$ 1,266,4014		\$ 84,537,9434
18.08.2016	TRANSFER	58892385	432,341.00		8,421,504.00	104.7322	\$ 4,225,3974		\$ 80,312,7480
18.08.2016	CLEARING	58892381	163,325.00		8,258,179.00	104.7322	\$ 1,368,4903		\$ 78,944,2577
18.08.2016	CLEARING	58892386	950,000.00		7,308,179.00	104.7322	\$ 2,387,0405		\$ 76,557,2172
23.08.2016	CLEARING	58892384	50,000.00		7,258,179.00	104.7322	\$ 477,0001		\$ 76,080,2171
16.08.2016	FT1622902034			64,290,000.00	72,209,000.00	104.7322		814,620,1107	\$ 690,799,5182
25.08.2016	CLEARING	58892383	59,274.00		72,209,000.00	104.7322	\$ 565,9577		\$ 690,233,5610
30.08.2016	TRANSFER	58892382	73,273.00		72,135,727.00	104.7322	\$ 699,6225		\$ 689,534,3389



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**Name of Project: Flood Emergency Reconstruction and Resilience Project
(FERRP) -PIU**

Notes to the financial Statement

For the year ended 30 June 2016

1. Reporting Entity

The financial statements are for Project Implementation Unit Flood Emergency Reconstruction and Resilience Project. The financial statement encompasses the reporting entity as defined in the financial agreement between the Islamic Republic of Pakistan and the Asian Development Bank. The financial agreement was signed on 9th July 2015 with an amount of SDR Rs.733,12540, equivalent to US \$ 700,000.00. The project became effective from 24/8/ 2015 with the closing date of 30th/12/2018.

The project is implemented through Public Works Department, Planning & Development Department and Forest Department, GoAJK

Financing

The financing is made in the form of credit based in according with term of Asian Development Bank, with a maturity of 20 years, including a grace period of 02 years. The financing agreement No. is Cr 3264-PAK

Responsible Agency

A Primary responsibility for overall progress and management of the additional financing has been entrusted to Planning & Development Department, GoAJ&K.

2. Certification by Project Management on Application of Funds.

The Flood Emergency Reconstruction and Resilience Project Management Certified that the funds have been applied/ Expenditure have been incurred for the purpose intended in the financing agreement.

3. Accounting Convention and Statement of Compliance.

The financial statements prepared in accordance with cash basis IPSAS Financing reporting under the cash basis of accounting.

The accounting policies applied consistently throughout the period.

4. Significant Accounting Policies

4.1 Foreign Currency Transaction

Cash receipts and payment arising from transactions in foreign currencies are recorded in Pak Rupee by applying to the foreign Currency amount, the exchange rate between the Pak Rupee and the Foreign Currency are taken at the date of receipts and payments. Exchange Difference arising on settlement of these transactions are recognized in the statement of Receipts and Payments.

4.2 Reporting Currency

All Amounts in the financial statements are in Pak Rupee.

4.3 Revenue Recognition

Revenue is recognized on the date of receipt of money by bank or clearance of cheque.

Revenue is recognized on gross basis and any related costs are recorded separately.

4.4 Recognition of Expenditure

Expenditure is recognized on the date when payment is made or cheque is issued. Financial year to which the payments pertain is determined from the data on which a cheque or payment advice is issued.

4.5 Employee Terminal Benefit

Service benefits of government deputation employees are accounted in their respective departments while no service terminal benefits are paid to the contractual employees.

4.6 Payments by Third Party

The payments made by third parties do not constitute cash receipts or payments controlled by the project but do benefit the project as the project does not receive cash (including cash equivalents) directly from, or gain control of the bank accounts or similar facility established for its benefit by, the third parties. Payments by third parties, if any are disclosed in the payments by third parties' column on the face of statement of cash Receipts and Payments and notes to the financial.

4.7 Expenditure reconciled net amount (Cheque) with NBP MZD.

4.8 Govt. funds allocated for the year 2015-16 Rs.20,000 Million But actual expenditure of the Govt. funds during the year 15,708 Million. Remaining amount of Govt. Rs. 4,292 has been lapsed. Only Rs. 8,854 Million in ADB account which will be utilized in next year.

5 External Assistance

External assistance was received in the form of credit from the Asian Development Bank under financial agreement dated 09/07/2015 between the Asian Development Bank and Govt. of Pakistan (GOP) for the purpose of the Flood Emergency Reconstruction & Resilience Project FERRP. The amounts were received by the project during the period.

Loan no. 3264-PAK		2015-16		2014-15	
(Ordinary Operations)					
		US\$	Pak Rupees	US\$	Pak Rupees
SOE Procedures	5.1			-	-
Direct Payment	5.2	-	-	-	-
Commitment letter					

Loan no. 3264-PAK		2015-16		2014-15	
(Special Operations)					
		US\$	Pak Rupees	US\$	Pak Rupees
SOE Procedures	5.1	700000	73312540	-	-
Direct Payment	5.2	-	-	-	-
Commitment letter		-	-	-	-

5.1 This represents funds transferred to the Flood Emergency Reconstruction & Resilience Project Designated US Dollar bank account by the Asian Development Bank on the basis of withdrawal application submitted by the project.

5.2 Direct payments represent amount paid directly by the Asian Development Bank on behalf of the project in respects of goods and services procured/imported by the project. The payments are made on the basis of withdrawal application submitted by the project.

5.3 There has been no instance of noncompliance with the terms and conditions of the financing agreement between the Asian Development Bank and GoP which have resulted in cancellation of Credit.

5.4 Undrawn External Assistance

Undrawn credit at reporting date represent amounts specified in the financing agreement between the Asian Development Bank and GoP that the Asian Development Bank will disburse for the Flood Emergency Reconstruction & Resilience Project Purpose.

	Note	2015-16	2014-15
		Amount in US\$	
Closing Balance		8.854	-

6. Counterpart Funds

	US\$	2015-16	2014-15
		Pak Rupees	Pak Rupees
Govt. of AJK (GoAJ&K)	6.1 -	15.708	-

6.1 As explained in Para 4.8, unspent balance of both shares on 30-06-2016 was Rs. 13.147 Million. However unpaid cheques of June, 2016 amounting to Rs. 46.355 Million were paid during July, 2016, Bank Statements and Reconciliation Statements

6.2 This represents funding to the Flood Emergency Reconstruction & Resilience Project local share for Taxes, Duties, and financing charges of the total project cost by the Govt. of Pakistan as agreed between the Asian Development Bank and GOP.

7. Consulting Services

	Note	2015-16	2014-15
		Amounts in Pak Rupees	
Individuals	7.1	-	-
Firms(Consultancy)	7.2 -	50.098	-

7.1 [Name of individuals Consultants, purpose of Hiring, Nature of Services]

7.2 [Name of consultants Firms, Purpose of Hiring, Nature of Services]

8 Operating Expenses

	Note	2015-16	2014-15
		Amount in Pak Rupees	
Remuneration and salaries	8.1	4.17	
General Operating Expenditures	8.2	10.244	

8.1

	2015-16	2014-15
	Amount in Pak Rupees	
Salaries Officers	2.962	-
Salaries Staff	0.555	-

8.2

	2015-16	2014-15
	Amount in Pak Rupees	
1. Stationery	0.098	-
2. Traveling Allowance	0.600	-
3. Utility	0.044	-
4. POL Charges / Repair of Vehicle	0.780	-
5. Rent a Building	0.360	-
6. Physical Contingencies	2.470	-

9 Supplies and Consumables

	2015-16	2014-15
	Amount in Pak Rupees	
Vehicles	4.710	-
Furniture & Fixture	0.250	-
Office Equipment	1.532	-

10 Trainings

	2015-16	2014-15
	Amount in Pak Rupees	
Trainings	-	-
Workshops	-	-

11 Consultancies

	2015-16	2014-15
11.1 Design Consultant	29.258	
11.2 Project Management Consultancy	20.840	

Amount in Pak Rupees (Million)

Balance as per books of Project as at year end	8.854
Closing Balance before conversion as at year end	-
Closing Balance after Conversion as at the year-end	-
Exchange (Loss)/Gain	-

This represents notional (Loss)/gain on dollar amounts shown in the bank statement. The resultant (Loss)/gain do not accrue to the project. Unrealized Gain (Loss) will be settled at the completion of the project. The unspent dollar balance, if any, will be refunded to [Donor/Lender] at the end of the project.

12. Cash at Bank

Loan no. 3264-PAK	2015-16	2014-15
	Amount in Pak Rupees	
Cash in Hand	-	-
Cash in Bank	Rs 8.854 mill	-

13. Commitments (Unpresented Cheques)

	2015-16	2014-15
	Amount in Pak Rupees	
Contractor Liabilities	-	-
Obligation under contract	-	-
Pending Litigation and Claims	-	-

14. Authorization for Issue

These financial statements are authorized for issuance by the Project Director on 07/12/2016

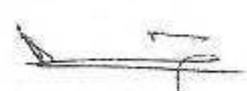
14.1 Expenditure i.e. net amount, (Cheques Paid) is reconciled with NPB Main branch MZD.

14.2 Govt. funds (local share) allocated for the year 2015-16 for Rs. 20.000 but actual expenditure out of the Govt. funds incurred during the year 15.708 only. Whereas Rs. 8.854 in ADB account is available as closing balance at the end of the financial year which will be utilized in next year.

15. General

Figures have been rounded off to the nearest rupee.

Comparative figures arranged where necessary for the purpose of comparison.


Engr. Muhammad Sharif Khan
 Project Director
 Project Implement Unit
 FERRP, AJK