# **Audited Project Financial Statement**

Project Number: 49038-001 Loan Number: 3264-PAK

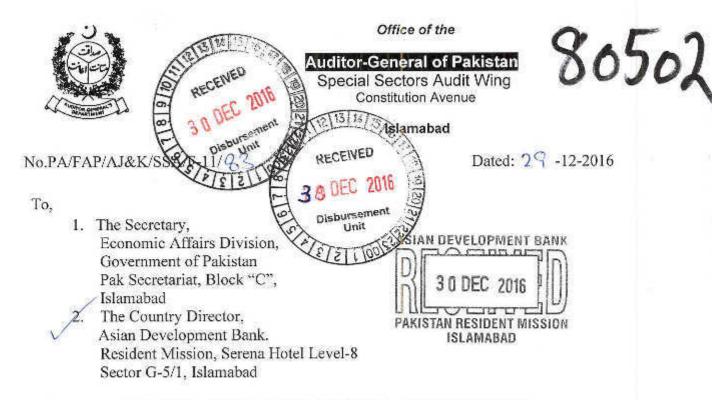
Period covered: 01 July 2015 to 30 June 2016

# 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.



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.
- 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.

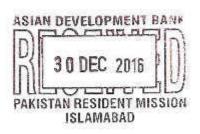
Enclosures: As above

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

Cc:

- 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

## TABLE OF CONTENTS

	Page No.
List of Abbreviations	1
Preface	2
PART-I	
Project Overview	3
Auditor's Report to the Management (Audit Opinion)	4-5
Financial Statements	6-18
PART-II	
Covering letter to the Management Letter	19
Executive Summary	20
Management Letter	21
1. Introduction	
2. Audit Objectives	
3. Audit Scope and Methodology	
4. Audit Findings and Recommendations 4.1 Organization and Management 4.2 Financial Management 4.3 Procurement and Contract Management 4.4 Construction and Works 4.5 Asset Management 4.6 Monitoring and Evaluation 4.7 Compliance with Loan Covenants 4.8 Environment 4.9 Sustainability 4.10 Overall Assessment	19-26
5. CONCLUSION	27
6. ACKNOWLEDGEMENT	28

# 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

Director General Audit

2

# 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 & Developmen 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 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:-

 Adequate supporting documentation has been maintained in support of the expenditure incurred;

 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 30<sup>TH</sup> JUNE 2016

		Page No.
i.	Statement of Receipts and payments	7
ii.	Statement of Expenditure (by detailed break-up)	8
iii.	Reconciliation Statement	9-13
iv.	Notes to Financial Statements	14-18

#### 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	201	5-16	(A) (A)	***************************************	2015
Receipts	(payments) Payn	ient by	Receipts	(payments) Payme	
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Government funds	20.000		. 8	3/	48
ADB funds	73,313	0 5		**	-
Total Receipts	93.313	-		-	
Payments					
	eme eme				****
Civil Works	8+6	(64)		90	-
Equipment & Vehicles		6.570		*	-4
<b>Consulting Services</b>					
a.Project management	27.019	-		· ·	98
Consultant (PMC)					
b.Design consultant	37.924	н		<b>34</b>	-
Incremental Cost	8.653	(1 <del>0</del> )		) e	(#
	******			******	*****
Total Payments	80.166				
					-5
Increase & Decrease In cash	13,147	ā #		ď	175
Cash at beginning of the year	93.313	<b>S</b>		9	8
Cash at end of the year	13.147	-		<i>F</i> 3.	II &
(14.2)*			1/4	-	7:

Muhapimae (Stri) (1994) Project Director a VIII Flood Emergency Recursivelyon & Resillence Project Aut. V



## Communication & Works Department

# GOVERNMENT OF AJ&K Project Implementation Unit



Flood Emergency Reconstruction & Resilience Project

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

Sr#	Item of Expenditure	Net (PKR) Expenditure	TD (PKR)	Gross (PKR) Expenditure
Ţ	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)

Principle Project AJK

Pll. Mann Otfice Qasa: Galli Green Town Rawatakor

PIU Coordination Office Near Chinar Shap Shaukat Line Muzaffarabad (05822-920530). Email: pdfcrrp@gmail.com Fax:05822-920530 Communication & Works Department Project Implementation Unit (PIU) GOVERNMENT OF AJ&K

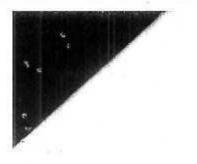
Flood Emergency Reconstruction & Resilience Project Expenditure / Reconciliation statement by sub category For F,Y 2015-16

Loan#3264 PAK

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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 Add: Receipts during the month as per	bank statement	e <u>i</u>	65,721,395,00
200			65.721,395.00
Less: Payments during the month as pe	er bank statement	<del>-</del>	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		STANS H
Total expenditure for the month as per book	(S		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	
		The state of the s	
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	
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#### 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
Openin Add:	g balance as per bank statement Receipts during the month as per bank statement	55,209,046.00
Auu.	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
	g balance as per bank statement	8,853,845.00
Less:	Unpresented cheques	_
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000278	Transport of the second second the Expenditure	
Total e	xpenditure for the month as per books	1/64
Less:	Unpresented cheques / payments	
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Add:	Payments or transfers in bank statement but not in books for the current month	
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DIVISIONAL ACCOUNT OFFICER Communication & Works Department, AJK



Mann Branch Muzaffarabad - U377

US Dadar Assignment Account # 25-A
Project Implementation Unit (PUU),
Flood Emergonay Reconstruction & Restlence Project
(PERRIY) runded by ADB

Assignment A.C. No. 25A.
Current Ale No. (Shaqoo): 4286273587
SSP A.C. No. ADB Lost, N.W. 326417-55

DATE	PARTICULARS	CHEUGE	PKR-DR PKR-CH	SHE BAL WITH SBP	60	8 . 8 . 6 . 6 . 6 . 6 . 6 . 6 . 6 . 6 .	4997 TIREC	CREDIT (CBS)	2	RACANCE (5)
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14.06.2016	CLEARING	58892343	70.00	OC 610 015 15	106 3073	ch	267 1874		103	617,488.3279
15.06.2016	CLEARING	38492344	69,876.00	00.000 000	0000		152 1213		- O	617,336,4066
20.06.2016	CLEARING	58892347	15,932,00	000000000000000000000000000000000000000			- F 201. 2018.9		0	602,138,1120
20.06.2016	CLEARING	58492330	1,592,869.00	65,068,938,05	200 00-		7870 507 5			HC3E 120 009
20.06.2016	CLEARING	58892352	125,624.00	62,937,921.00	100.0322		909-107-1			600 383 0838
21.06.2016	THANSTER	58892353	68,000.00	62,869,922.00	104.7322	a ×	003.600			0.000
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200		58895355	133.055.00	62,508,007.03	104.7322	47	1,270,8126		en en	596,836,5658
D702 90 62		75560005	76,000.00	52,432,007.00	104,7322		725,6603		60	596,210,9095
28.05.2010		9 8 6 6 6 6 6	00 UC HLC 5	57,913,587.00	104 7322	41	48,871.5027		v)	547,239.4068
28.06.2016		P	00 000 000	56,245,883.00	104 7322	-01	10,098,0335		400	537,140,3733
29.05.2015		* T. C.	000 BPF 600 +	55.255,145.08	104,7322	- 60-	9.558.7339		9	527,588,5893
30.06.2016		5.02698C	20 000 000	55 209 045 00	104,7322	ur	440.1007		in in	527,144.9096
30 06 2015	1	58892360	20,500,500	36,369,140,00	104,7322	- 05	190,902,7963		91	328,102,1125
04.07.2016		58892300	10,349,00	34,359,791.00	104,7322	େ	98.8139		w.	328,363,2986
04.07.2046	CERTAINS		0.5707077355	// / / / / / / / / / / / / / / / / / /						

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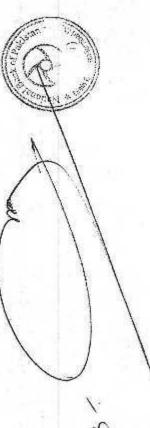


Man Branch Muzaffarabad - 0377

Fload Emergetray Reconstrution & Resilienta Project (FERRP) Funded by AUS US Dollar Assignment Account # 26-A Project Implementation Unit (PIU).

Current Alt: No. (Shedow): 4066071057 SBP ALS No ADB LOSS NO# 3254-PAN Assignment ArC No. 26A

PARTICULAR   CHRIUGE   VGR-DB   VGR-D					-	ans cutte and	***	IIIs 8	DEC.	DEBIT (USS)	CREDIT (USS)	.53	(ALANCE (S)
CLEACHING   SERB2277   S., FGS. OO		BELCUIARS	CHEUDE	PKR-DR	WARE-L'S	***************************************	*********	*********	******	Assessment	*************		*************
CLEANING   SHR92J19   68 4445.00   34,020   34	***********	**********	*************			THE WAS GOD - A.C.	354 7322		60	653.5539		ų»	329,409,7746
CLEARING   M8992777   83,569.00   33,752.79.00   104,7322   9 65,682.5728   9 66,682.5728	.2016 CLEAN	RING	58892379	69,445.00		10 10 10 10 10 10 10 10 10 10 10 10 10 1	104 7322		40	797.9303		14	126,611.9643
CLEARING         SBB22331         474 985 00         75,831,695 00         104,7322         9 65,882 5728         9           CLEARING         SBB22332         40,449 00         26,472,000 00         104,7322         9 64,882 5728         9           CLEARING         SBB2233         40,449 00         26,472,000 00         104,7322         9 63,412 964         8           CLEARING         SBB2233         40,449 00         26,472,000 00         104,7322         9 63,412 964         8           CLEARING         SBB2233         124,916 00         26,20,473 00         104,7322         9 63,024 646         8           CLEARING         SBB2234         5,62,00         10,7322         9 64,055.113         9 65,895.123         9 65,895.123           CLEARING         SBB2236         5,62,00         10,47322         9 64,055.113         9 65,895.123         9	11 07,2016 CLEAN	RING	58892377	83,569.00		20 COL 101 CO	104 2322		m	4,535,2337	10	29	322,376,6136
CLEARING   S6892348		UTNG	58692371	474,985.00		20 20 20 20 20	104 7322		th.	65,683.6728		45	256,192,9378
58892372         J59,600.00         26,731,812.00         104,7322         5 1,191.7634         5 5892237           58892378         40,449.00         26,306,126.00         26,306,126.00         26,306,126.00         20,624,137.00 <td>14.07.2016 CLEM</td> <td>RING</td> <td>58892380</td> <td>6,900,142.00</td> <td></td> <td>26 422 000 00</td> <td>104.7322</td> <td></td> <td>45</td> <td>3,433,9964</td> <td></td> <td>w</td> <td>252,758.9414</td>	14.07.2016 CLEM	RING	58892380	6,900,142.00		26 422 000 00	104.7322		45	3,433,9964		w	252,758.9414
CLIPARING         58892378         40,448.00         26,306,74.00         104,732         \$ 1,191.7634         \$           CLIPARING         58892375         124,816.00         26,306,74.00         104,7322         \$ 1,191.7634         \$           CLIPARING         58892375         3,616,721.00         20,624,137.00         104,7322         \$ 48,046         \$           CLIPARING         58892367         3,616,721.00         15,891,216.00         104,7322         \$ 48,046         \$           CLIPARING         58892367         6,620.00         9,000,783.00         104,7322         \$ 48,055.1173         \$           CLIPARING         58892367         6,620.00         9,900,783.00         104,7322         \$ 48,055.1173         \$           CLIPARING         58892367         1,613.00         8,944,791.00         104,7322         \$ 48,065.217         \$           CLIPARING         58892367         1,613.00         8,944,791.00         104,7322         \$ 48,065.217         \$           CLIPARING         58892367         1,613.00         8,944,791.00         104,7322         \$ 436.40         \$           CLIPARING         58892387         1,433.20.00         8,244,90.00         104,7322         \$ 2,255.374         \$		RING	58892372	359,650.00		00 631 633 90	104 7322		65	366 2042		10	252,372.7373
CLEARING         SSB92375         124,816,00         26,240,434.00         104,7322         6 517,1577         9           CLEARING         SSB92373         C6,312.00         26,240,434.00         16,732         9         52,624,646         5           CLEARING         SSB92373         C6,312.00         15,591,216.00         104,732         9         48,055,1773         9           CLEARING         SSB92367         5,032,901.00         9,000,783.00         104,732         9         48,055,1773         9           CLEARING         SSB92361         6,692.00         9,000,783.00         104,732         9         62,895.31         9           CLEARING         SSB92367         7,692.00         8,994.091.00         104,732         9         62,895.31         9           CLEARING         SSB92367         1,213.00         0,4732         9         1,266.4014         9           CLEARING         SSB92367         1,43,325.00         0,747,222         9         1,266.4014         9           CLEARING         SSB92386         25b,000.00         8,919,600.00         9,218,479.00         104,7322         9         1,266.4014         9           CLEARING         SSB92386         25b,000.00         1,270,4732 </td <td></td> <td>RING</td> <td>58892378</td> <td>40,448.00</td> <td></td> <td>00 300 300 30</td> <td>104 7322</td> <td></td> <td>w</td> <td>1,191,7634</td> <td>3</td> <td>60</td> <td>251,380,9740</td>		RING	58892378	40,448.00		00 300 300 30	104 7322		w	1,191,7634	3	60	251,380,9740
CLEAKING         58892373         CG.112.00         20,624,19.00         20,624,19.00         16,7322         \$ 13,624,646         \$ 5           CLEAKING         MESSIG         5,032,981.00         15,591.216.00         104,7322         \$ 48,055.1173         \$ 68,895.		RING	58892375	124,916.50		00 000 000 000 00 000 000 000	104 7322		49	533,1577		07	250,547,8162
CLEARING         REB92367         5.616,727.00         15,591,216.00         16,7322         \$ 48,055.173         \$ 62,926.5212         \$ 68,055.173         \$ 62,926.5212         \$ 68,055.173         \$ 62,926.5212         \$ 68,055.173         \$ 62,926.5212         \$ 68,055.173         \$ 68,055.173         \$ 62,926.5212         \$ 68,055.173         \$ 62,926.5212         \$ 68,055.173         \$ 62,926.5212         \$ 68,055.173	7.2016 CLEA	SING	58892373	66,312.00		20 624 193 00	104.7322		0)	53,624,6446		in	196,973,1727
CLEARING   SE82261   E.DEO.433 00   E.DEO.432 00   E.DEO.432 00   E.DEO.432 00   E.DEO.404 00		KING	58892362	5,616,727.00		15 581 216 00	104,7322		w	48,055.7173		49	148,867,4543
CIERARING         SBBS2261         6.502.00         8.994.091.00         104.7322         8.58963         9.58953           CIERARING         58892369         6.602.00         6.996.409.00         104.7322         8.72.6902         9.72.6902         9.72.6902           CIERARING         58892367         7.613.00         6.986.479.00         104.7322         9.42.26.4014         8.42.26.4014         9.72.63.00		KING	58892363	5,032,981.00		CO F87 000 8	104,7322		47	62,926.5212		40	35,946,9532
CLEARING         58892369         6,692.00         6,986,479.00         104.7322         9         72.6902         5           CLEARING         58892367         7.613.00         6,986,479.00         104.7322         9         1,266,4014         8           CLEARING         58892387         432,041.00         8,919.945.00         104.7322         9         4,125.374         9           CLEARING         58892387         143,325.00         8,728,479.00         104.7322         5,387.0405         9           CLEARING         58892384         105,000.00         8,728,479.00         104.7322         5,387.0405         9           CLEARING         58892384         DD,000.00         64,292,615.00         104.7322         5,387.0405         9           CLEARING         58892384         DD,000.00         64,292,615.00         7,298,479.00         104.7322         5,387.0405         9           TILEARING         58892384         DD,000.00         64,292,615.00         72,203,000.00         104.7322         5,659,557         5           THARNSER         598274.00         60,202,000.00         104.7322         565,557         5         5           THARNSER         50892382         13.273.00         13.136.136.00		RING	58892361	6,590,433.00		UG 250 700 0	104.7322		co.	63.8963		Un.	85,871,0369
CLEARING 58992367 7.513.00 8,919.055.00 104.7322 6,126.4014 8  CLEARING 58992367 1.43,325.00 8,274.790 104.7322 6 1,266.4014 8  CLEARING 58992387 1.43,325.00 104.7322 6 1,360.4033 8  CLEARING 58992384 50,000.00 104.7322 6 1,360.4033 8  CLEARING 58992384 50,000.00 104.7322 6 1,360.403 8  CLEARING 58992383 59,274.00 64,290,625.00 104.7322 5 565.9577 8  CLEARING 58992383 59,274.00 104.7322 5 565.9577 8  CLEARING 58992383 59,274.00 72,209,821,00 104.7322 5 565.9577 8  CLEARING 58992383 73,273.00 72,209,821,00 104.7322 5 565.9577 8		RENG	58892369	6,692.00		00 000 000 00	104 5522		u	72.5902		40	85,804.3467
CLEARING         58892385         432,531 co.         8,218,479 co.         104,7322         9 4,225,374         2           TRANSERA         148,92385         432,441 co.         8,218,479 co.         104,7322         9 4,225,374         9           CLEARING         58892381         143,432 co.         0         7,978,479 co.         104,7322         5 7,387,0405         9           CLEARING         58892384         DD,000 co.         64,292,625 co.         7,978,479 co.         104,7322         5 747,4001         8,024,479 co.         104,7322         5 565,9577         8           TUZANTNG         58892383         59,274 co.         72,209,821,00         104,7322         5 565,9577         5           TVAANSER         58892383         73,273 co.         72,136,449 co.         104,7322         5 565,9577         5	2016 CLEA	RING	58892367	7,613.00	1	000000000000000000000000000000000000000	164 7322		65	1,266.4014		61	84, 537, 9454
TEANNERR MARRES 427,341.00	7.2016 CLEA	RING	58892375	232,633.00		8 421 804 83	204.7322		65	4,125,3374		01	60,472 7480
CLEARING 58892381 163,342.00 8,028,479.00 104.7322 8 2,387.0409 9 9 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	3.2016 TRADE	SEER	38892385	432,041.00		23 27 8 1 2 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3	104.7322		<b>0</b> 1	1,368.4903		49	75,044,2577
CLEARING 58892386 950,000.00 7,976,479 00 104.7322 \$ 477.4081 \$ CLEARING 58892384 50,000.00 (12.20),479 00 104.6022 \$ 477.4081 \$ CLEARING 58892384 50,000 64,292,625.70 72,209,821,00 104.7322 \$ 565,9577 \$ S CLEARING 58892383 \$ 59,274.00 72,136,749.00 104.7322 \$ 569,6225 \$ S S S S S S S S S S S S S S S S S S		RING	58892381	163,325.00		00 00 00 00 00 00 00 00 00 00 00 00 00	104,7322		19	2,387.0405		45	76,637,2172
CIEARING 58892384 50,000 64,292,618 72,269,095 00 104.6022 555,9577 512,269,095 00 104.7122 5 565,9577 5 5 CIEARING 58892383 59,274.00 72,209,821,00 104.7122 5 565,9577 5 72,209,821,00 104.7122 5 569,6225 5 72,209,821,00 104.7122 5 569,6225 5		AING	50092386	250,000.00		7 978 479 00	104,7322		40	477,4081		on.	36,179,8052
FIL622902034 58892383 59,274.00 72,209,821.00 104.722 5 565.9577 5 CLEANTHG 58892382 73,273.00 72,136,549.00 104.7322 \$ 699.6225 5		RING	58892384	00 000 00	A 347 ann 75		104.6022				E14,620 1103	0)	690,739 9190
CLEARTHG SEB92363 59,21-00 72,136,569.35 5 699.6225 5 73,233.00 72,136,569.35 5 699.6225 5		22902034	1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	00 220 00	040 4764 40		104.7322		u)	565,9577		s/s	696,233.5614
		RING	58892383	13,273.00		72,136,549.30	104,7322		ti)	699.6225		40	688,534,3369



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		2	015-16		20	014-15
(Ordinary Operation	is)					
		US\$	Pak	Rupees	USS	Pak Rupces
SOE Procedures	5.1				2540	521
Direct Payment	5.2	12		0	1850	
Commitment letter						
		*		¥	4	
Loan no. 3264-PAK		2	015-16		20	14-15
(Special Operations)	i					
		US\$	Pak	Rupees	USS	Pak Rupees
SOE Procedures	5.1	700000 7	3312540	8	3943	***
Direct Payment	5.2	D.		3	170	-
Commitment letter						
		2		-		

- 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 aremade 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.

8-11	The same of the sa	mer rudeer - achoo	· ·	
		2015-16		2014-15
	Note	A	mount in US\$	
Closing Balance	5	8.854	= "	
		175		19
6. Counterpart Funds				
		2015-16		2014-15
	US\$	Pak Rupees	US\$	Pak Rupees
Govt. of AJK (GoAJ&K)	6.1 -	15.708	-	-
	11-07			

- 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

2015-16 Amounts in Pak Rupces

2014-15

Note

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

	20	015-16 2014-15
1	Note	Amount in Pak Rupees
Remuneration and salaries	8.1	4.17
General Operating Expenditures	8.2	10.244

	2015-16	2014-15
	At	mount in Pak Rupees
Salaries Officers	2.962	To the
Salaries Staff	0.555	(#8

8.2

		2015-16	40	2014-15
		Amo	ount in Pak Ruj	bees
1.	Stationery	0.098		9
2.	Traveling Allowance	0.600		8
3.	Utility	0.044	922	522
4.	POL Charges / Repair of Vehicle	0.780		-
5.	Rent a Building	0.360		0.50
6.	Physical Contingencies	2.470		= 83
	(e) (f) (d)			
Su	pplies and Consumables			
		2015-16		2014-15

	2015-16	2014-15
		Amount in Pak Rupees
Vehicles	4.710	6
Furniture & Fixture	0.250	7 1
Office Equipment	1.532	

#### 10 Trainings

300	2015-16	2014-15
	A	mount in Pak Rupees
Trainings	\$ <del>1</del> 55	
Workshops	141 141	8

11 Consultancies		
	2015-16	2014-15
11.1Design 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 Closing Balance before conversion as at year end Closing Balance after Conversion as at the year-end Exchange (Loss)/Gain

8.854

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

ls 8.854 mill.

13. Commitments

(UnpresentedCheques)

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