



Office of the

Auditor-General of PakistanSpecial Sector Audit Wing
Constitution Avenue

Islamabad

P145813

No.PA/FAP/Sindh/SSA/F-14/101

Dated: 30-12-2016

To,

1. The Secretary
Economic Affairs Division, Government of Pakistan
Pak Secretariat Block-C
Islamabad
2. The Country Director,
World Bank, Resident Mission
20A, Shahrah-e-Jamhuriat
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	Name of Development Partners
1.	Sindh Water Sector Improvement Project	WB
2.	Sindh Global Partnership for Education	WB
3	Sindh Barrages Improvement Phase-I Project	WB
4.	Sindh Public Sector Management Reform Project	WB
5.	2 nd Sindh Education Sector Reform Program	WB
6. ✓	Sindh Irrigated Agriculture Productivity Enhancement Project	WB
7.	Enhanced Nutrition for Mothers and Children	WB
8.	Sindh Agriculture Growth Project (Agriculture)	WB
9.	Sindh Agriculture Growth Project (Livestock)	WB
10.	Sindh Skills Development Project (BBSYDP)	WB
11.	Sindh Skills Development Project (STEVTA)	WB



P145813



**Financial Attest Audit Report on the
Accounts of the Sindh Irrigated Agriculture Productivity
Enhancement Project, For the Financial Year 2015-16,
World Bank-assisted Loan No.5604**

Auditor-General of Pakistan



TABLE OF CONTENTS

	Page No.
List of Abbreviations	01
Preface	02
PART – I	03
Project Overview	04
Auditor's report to the Management (Audit Opinion)	05
Financial Statements	06-19
PART – II	20
Management Letter	21
Executive Summary	22-23
1. INTRODUCTION	23-24
2. AUDIT OBJECTIVES	24
3. AUDIT SCOPE AND METHODOLOGY	24-25
4. AUDIT FINDINGS & RECOMMENDATIONS	26
4.1 Organization and management	26
4.2 Financial Management	26-29
4.3 Procurement and Contract Management	29-32
4.4 Construction and Works	32
4.5 Assets Management	32
4.6 Monitoring and Evaluation	33-35
4.7 Compliance with loan covenants	36
4.8 Environment	36
4.9 Sustainability	36
4.10 Overall Assessment	36
5. CONCLUSION	36
ACKNOWLEDGEMENT	37
ANNEXS	

ABBREVIATIONS AND ACRONYMS

AFS	Annual Financial Statements
AG	Auditor General
AGP	Auditor General of Pakistan
DAO	District Accounts Officer
DGAEWM	Directorate General Agricultural Engineering & Water Management
EAD	Economic Affair Division
ERP	Enterprise Resource Planning
IDA	International Development Association
FO	Field Officer
GOS	Government of Sindh
GRM	Grievance Redress Mechanism
FY	Financial Year
HEIS	High Efficiency Irrigation System
IT	Information Technology
IPSAS	International Public Sector Accounting Standards
IUFRs	Interim Unaudited Financial Reports
M&EC	Monitoring and Evaluation Consultants
OFWM	On Farm Water Management
O&M	Operation & Maintenance
PD	Project Director
PAD	Project Appraisal Document
PDMA	Provincial Disaster Management Authority
PIU	Project Implementation Unit
PSC	Project Steering Committee
SAP	Systems, Applications and Products
SIAPEP	Sindh Irrigated Agriculture Productivity Enhancement Project
SSC	Supply & Services Companies
USD	United State Dollar
PSIAC	Project Supervision and Implementation Assistance Consultants

PREFACE

The Auditor General conducts audit subject to Article 169 and 170 of the Constitution of the Islamic Republic of Pakistan 1973, read with section 8 and 12 of the Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance 2001.

The Directorate General Audit Sindh conducted audit of the Sindh Irrigated Agriculture Productivity Enhancement Project under loan agreement IDA Credit # 5604-PK during 10th October, 2016 for the period of 01st July 2015 to 30th June 2016 with a view to reporting significant findings to the stakeholders. Audit examined the economy, efficiency, and effectiveness aspects of Sindh Irrigated Agriculture Productivity Enhancement Project under loan agreement IDA Credit # 5604-PK. In addition, Audit also assessed, on test basis whether the management complied with applicable laws, rules, and regulations in managing the Sindh Irrigated Agriculture Productivity Enhancement Project under loan agreement IDA Credit # 5604-PK. The Audit Report indicates specific actions that, if taken, will help the management realize the objectives of Sindh Irrigated Agriculture Productivity Enhancement Project under loan agreement IDA Credit # 5604-PK. The observations included in this report have been finalized in the light of discussions in the existing meeting.

The Audit 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 Audit Report is submitted to the International Development Association (IDA) in terms of Grant Agreement Development Credit between International Development Association and Islamic Republic of Pakistan.

Dated: 29-12-2016
Place: Karachi


(Azhar Hameed)
Director General

PART - I

Project Overview
Auditor's Report to the Management
Financial Statements

PROJECT OVERVIEW

Name of Project	Project Director, Sindh Irrigated Agriculture Productivity Enhancement Project Hyderabad.
(a) Sponsoring Authority	International Development Association (IDA). Agriculture & Supply Deptt: GoS.
(b) Executing Authority	Director General AEWM Hyderabad.
Date of Commencement	21.08.2015
Actual Date of Commencement	21.08.2015
Loan Closing Date	31.12.2021
Date of Approval	20.03.2015
Date of completion.	31.12.2021
Total Project Cost as per (PAD)	US \$ 242.20 Million
IDA-Loan No.5604-PK.	US \$ 187 Million.
Progressive Expenditure up to June 30.2016	US \$ 3.880 million (PKR 1058.271 Million)
Expenditure during financial year 2015-16	US \$ 3.880 Million (PKR 1058.271 Million)

AUDITOR'S REPORT TO THE MANAGEMENT

International Development Association (IDA)

**Auditor's Report on the Sindh Irrigated Agriculture Productivity Enhancement Project
Financial Statements**

We have audited the accompanying financial statements of Sindh Irrigated Agriculture Productivity Enhancement Project Hyderabad (SIAPEP), Government of Sindh financed under the World Bank Loan No. IDA Credit # 5604-PK, that comprises of Statement of Receipts and Payments, Statement of Comparison of Budget and Actual together with the notes forming part thereof for the year ended June 30, 2016.

Management Responsibility

It is the responsibility of project management to establish and maintain a system of internal control, and prepare and present the Statement of Receipts and Payments in conformity with requirements of Cash Basis IPSAS, Financial Reporting under the Cash-Basis of Accounting Standards.

Auditor's Responsibility

The responsibility of the auditor is to express an opinion on the financial statements based on the audit conducted. We conducted our examination in accordance with International Standards of Supreme Audit Institutions. Those standards require that we plan and perform audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. The audit process includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. It also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating presentation of the overall statement. We believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion:

- a) The financial statements present fairly, in all material respects, the cash receipts and payments by the project for the year ended June 30, 2016 in accordance with Cash- Basis IPSAS, Financial Reporting under the Cash Basis of Accounting Standards.

The expenditure has been incurred in accordance with the requirements of legal agreements.

Dated: 29-12-2016
Place: Karachi


(Azhar Hameed)
Director General

FINANCIAL STATEMENTS

PART - II:**1. FINANCIAL STATEMENTS:**

Sindh Irrigated Agriculture Productivity Enhancement Project (SIAPEP)
IDA Credit No. 5604-PK
Statement of Cash Receipts and Payments
For the Year Ended June 30, 2016

	Notes	FY 2015-2016	
		PKR	USD - IDA Share
RECEIPTS			
External Assistance - IDA World Bank	5	1,721,962,322	16,340,256
GOS (Salaries to the Regular Staff)	6	873,534,000	-
Farmer's Contribution	7	91,302,975	-
TOTAL RECEIPTS - A		2,486,799,297	16,340,256
LESS: PAYMENTS (BY PROJECT COMPONENTS)			
Component-A : Community Water Infrastructure Improvement			
I- Community Water Course Improvement-Civil Work IDA Share	8.1	42,576,110	404,018
II- Community Water Course Improvement-Civil Work Farmer's Share		13,180,975	-
A1-Community Water Course Improvement-Civil Work	8.1.1	55,757,085	404,018
A2-Mitigation Flood Risk for the Poor-Civil Work	8.1.2	-	-
A3-Supervision and Implementation Assistance Consultants (PSIAC) - Consultancy Services	8.1.3	130,598,415	1,239,272
Sub Total		186,353,500	1,643,290
Component-B : Promotion and Installation of HEIS			
B1-Small and Medium-sized HEIS Farms (2-10 ha) - Goods	8.2.1	-	-
B2a.HEIS Demonstration Sites and Kitchen Garden HEIS kits - Goods	8.2.2	-	-
B2b.Demonstration for Kitchen Garden HEIS kits - Goods	8.2.2	-	-
Sub Total		-	-
Component C : Improved Agriculture Practices			
I- Laser Land Leveling & Deep Plowing - Goods IDA Share	8.3	63,918,000	606,539
II- Laser Land Leveling & Deep Plowing - Goods Farmer's Share		78,122,000	-
C1a-Laser Land Leveling & Deep Plowing - Goods	8.3.1	142,040,000	606,539
C1b-Training of Laser Leveler Operator - Training	8.3.2	-	-
C2a-Deep Ripping - Goods	8.3.3	-	-
C2b-Demonstration purposes (Tractor with Deep Ripper Equipment) - Goods	8.3.4	-	-
C3-Improved Agriculture Production Technology - Trainings	8.3.5	-	-
C4-Technical Assistance & Training Consultants (TATC) - Consultancy Services	8.3.6	-	-
Sub Total		142,040,000	606,539
Component D : Project Management, T.A Studies ,M&E			
D1- M&E of Project Impact Consultants - Consultancy Services	8.4.1	-	-
D2-Training for HEIS/Studies - Training	8.4.2	-	-
D3- Grievances, RFP, EMP and GAP - Training	8.4.3	-	-
Sub Total		-	-
D4- Project Management Cost- Recurring & Non Recurring Cost			
Transport,Computers & IT Equipments,Office & Field Eqmnts,Furniture & Fixture -Goods	8.4.4	158,875,497	1,507,821
Incremental staff cost- Salaries		4,820,411	45,742
Regular staff cost (Salaries & Allowances) GOS through DAO		558,004,000	-
Incremental Operating Costs - PIU		3,831,553	36,359
Incremental Operating Costs (Adjustment of Advances to Directorate against Rec.cost)		4,346,750	41,248
Sub Total		729,878,211	1,830,970
TOTAL PAYMENTS (Components A to D) - B		1,058,271,711	3,880,798
CLOSING CASH BALANCES (A-B)		1,428,527,586	12,459,458

✓
 q.s. *[Signature]*
 Fida Hussain
 Assistant Director
 Dy Audit Sindh

CLOSING CASH BALANCES:

IDA Designated Bank Account (As on June 30,2016)
 Advance-Directorate Upper Sindh (Unadjusted advance against Recurring cost)
 Advance-Directorate Lower Sindh (Unadjusted advance against Recurring cost)
 GOS (Salaries of Regular Staff)
 Balance Surrendered/Lapsed-GOS (Salaries of Regular Staff) on 30-8-2016
 Farmer's contribution

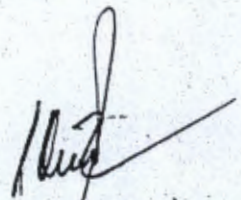
9	1,298,887,836	12,325,566
	668,250	6,341
	13,441,500	127,551
	115,530,000	-
10	(115,530,000)	-
	-	-
	1,312,997,586	12,459,458

TOTAL CLOSING CASH BALANCES

Increase/(Decrease) In Cash
 Cash at Beginning of Year
 Cash at End of Year

-	-
-	-
-	-

The accompanying notes form an integral part of these financial statements.


 Project Director
 PIU-SIAPEP-Hyderabad

Sindh Irrigated Agriculture Productivity Enhancement Project (SIAPEP)
IDA Credit No. 5604-PK
Statement of Comparison of Budgeted and Actual Amount
For the Year Ended June 30, 2016

RECEIPTS

External Assistance - IDA World Bank
 GOS (Salaries to the Regular Staff)
 Farmer's Contribution

TOTAL RECEIPTS - A

LESS: PAYMENTS (BY PROJECT COMPONENTS)

Component-A : Community Water Infrastructure Improvement

I- Community Water Course Improvement-Civil Work IDA Share
 II- Community Water Course Improvement-Civil Work Farmer's Share
 A1-Community Water Course Improvement-Civil Work
 A2-Mitigation Flood Risk for the Poor-Civil Work
 A3-Supervision and Implementation Assistance Consultants (PSIAC) - Consultancy Services

Sub Total

Component-B : Promotion and Installation of HEIS

I- Small and Medium-sized HEIS Farms (2-10 ha) - Goods IDA Share
 II- Small and Medium-sized HEIS Farms (2-10 ha) - Goods Farmer's Share
 B1-Small and Medium-sized HEIS Farms (2-10 ha) - Goods
 I- HEIS Demonstration Sites and Kitchen Garden HEIS kits - Goods IDA Share
 II- HEIS Demonstration Sites and Kitchen Garden HEIS kits - Goods Farmer's Share
 B2a.HEIS Demonstration Sites and Kitchen Garden HEIS kits - Goods
 I- Demonstration for Kitchen Garden HEIS kits - Goods IDA Share
 B2b.Demonstration for Kitchen Garden HEIS kits - Goods

Sub Total

Component C : Improved Agriculture Practices

I- Laser Land Leveling & Deep Plowing - Goods IDA Share
 II- Laser Land Leveling & Deep Plowing - Goods Farmer's Share
 C1a-Laser Land Leveling & Deep Plowing - Goods
 C1b-Training of Laser Leveler Operator - Training
 I- Deep Ripping - Goods IDA Share
 II- Deep Ripping - Goods Farmer's Share
 C2a-Deep Ripping - Goods
 C2b-Demonstration purposes (Tractor with Deep Ripper Equipment) - Goods
 C3-Improved Agriculture Production Technology - Trainings
 C4-Technical Assistance & Training Consultants (TATC) - Consultancy Services

Sub Total

Component D : Project Management, T.A Studies ,M&E

D1- M&E of Project Impact Consultants - Consultancy Services
 D2-Training for HEIS/Studies - Training
 D3- Grievances, RFP, EMP and GAP - Training

Sub Total

D4- Project Management Cost- Recurring & Non Recurring Cost

Transport,Computers & IT Equipments,Office & Field Eqpmnts,Furniture & Fixture -Goods
 Incremental staff cost- Salaries
 Regular staff cost (Salaries & Allowances) GOS through DAO
 Incremental Operating Costs - PIU
 Incremental Operating Costs (Adjustment of Advances to Directorate against Rec.cost)


Sub Total

TOTAL PAYMENTS (Components A to D) - B

Notes	Amount In Pak Rupees	
	Budgeted Amount (PC-1)	Actual Amount
5	3,137,955,639	1,721,982,322
6	1,019,999,376	673,534,000
7	683,597,675	91,302,975
TOTAL RECEIPTS - A	4,841,552,690	2,486,799,297
8		
8.1		
	1,026,583,843	42,576,110
	317,816,160	13,180,975
8.1.1	1,344,400,003	55,757,085
8.1.2	164,837,670	-
8.1.3	138,240,000	130,596,415
Sub Total	1,647,477,673	186,353,500
8.2		
	461,118,989	-
	307,412,659	-
8.2.1	768,531,648	-
	50,119,704	-
	5,568,856	-
8.2.2	55,888,560	-
	530,000	-
8.2.3	530,000	-
Sub Total	824,750,208	-
8.3		
	35,100,000	63,918,000
	42,900,000	78,122,000
8.3.1	78,000,000	142,040,000
8.3.2	870,000	-
	8,100,000	-
	9,900,000	-
8.3.3	18,000,000	-
8.3.4	35,000,000	-
8.3.5	306,928,000	-
8.3.6	63,349,300	-
Sub Total	502,147,300	142,040,000
8.4		
8.4.1	35,822,400	-
8.4.2	200,000,000	-
8.4.3	14,150,000	-
Sub Total	249,972,400	-
8.4.4		
	250,585,000	158,875,497
	32,190,000	4,820,411
	1,019,999,376	558,004,000
	18,806,400	3,831,553
	295,624,333	4,346,750
Sub Total	1,617,205,109	729,878,211
TOTAL PAYMENTS (Components A to D) - B	4,841,552,690	1,058,271,711

The accompanying notes form an integral part of these financial statements.

Copy signed -
Firdos Hussain
Assistant Director
070 Dy Audit Sindh
Korachi.


Project Director
PIU-SIAPEP-Hyderabad

Sindh Irrigated Agriculture Productivity Enhancement Project (SIAPEP)
IDA Credit No. 5604-PK
Notes to the Financial Statements
For the Year Ended June 30, 2016

1. Reporting Entity :

The Financial Statements are for Sindh Irrigated Agriculture Productivity Enhancement Project (SIAPEP). The financial statements encompass the reporting entity as defined in the Financing Agreements between the Islamic Republic of Pakistan and the World Bank for the SIAPEP. The Financing agreement of US\$ 187 million (IDA Credit No. 5604-PK) was signed on July 09, 2015.

2. Certification by Project Management on Application of Funds :

It is certified that funds against Credit No. 5604-PK have only been utilized for the project purposes as defined in the financing agreement.

3. Accounting Convention and Statement of Compliance :

The Financial Statements of SIAPEP have been prepared in accordance with Cash Basis International Public Sector Accounting Standards (IPSAS), Financial Reporting under the Cash Basis of Accounting. These financial statements have been prepared using cash basis of accounting where transactions are only recognized when cash is received or paid.

4: Significant Accounting Policies :

The significant accounting policies applied in the preparation of these financial statements are set out below. These financial statements are for the first year of project operations and therefore do not include comparative information.

4.1 Foreign Currency Transaction :

Cash receipts and payments arising from transactions in foreign currency are recorded in Pak Rupees by applying the exchange rate prevailing at the date of funds received in the designated bank account @ PKR 105.3816.

4.2 Reporting Currency :

Amounts in the financial statements are in Pak Rupees and USD against IDA Share.

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 by the date on which a cheque or payment advice is issued.

4.5 Employee Terminal Benefits :

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

4.6 Fixed Assets :

Fixed Assets /Supplies and consumables are stated at cost. The further details of procurement for FY 2015-2016 inclusive local shopping reflects as under:

Amount in PKR (FY 2015-16)	
Transport	140,035,000
Computers & IT Equipments	18,586,972
Office & Field Equipments	253,525
Furniture & Fixture	-
Total	158,875,497

5. External Assistance - IDA World Bank:

External assistance will be receipt in the form of Credit from the IDA World Bank under financing agreement dated 09-07-2016 between the World Bank and Government of Pakistan (GOP) for the purpose of the SIAPEP. The following amount was received by the end of reporting period. This fund was transferred into the Designated Bank Account (A/c # 4096293208 (FE-23)) being maintain at National Bank of Pakistan Fatima Jinnah Road Hyderabad.

FY 2015-16			
Amount (US\$)	Conversion Rate used	Amount Credited into NBP (PKR)	Value date
16,340,256	105.3816	1,721,962,322	31-Dec-15

6. GOS (Salaries to the Regular Staff) :

The particular line item represents salaries to the regular staff, who are being engaged by the GoS for the purpose to complete project targets. The staff means, a designated regular staff working in project areas throughout Districts and Field offices already working against strength of regular positions and delegated to work under SIAPEP in order to facilitate and fulfill the developmental objectives. An amount of PKR 673,534,000/- was allocated for FY 2015-16, out of which PKR 558,004,000/- was paid to the staff by GoS through District Account offices/treasury.

FY 2015-16	
	Amount in (PKR)
Salaries	673,534,000

7. Farmer's Contribution :

The particular line item represents to the receipts of PKR 9,130,297/- from Farmers against counterpart funding during the reporting period.

8. Payments (By Project Components) :

Under the SIAPEP, payments were made for the execution of project activities component wise as mentioned below.

8.1 Component-A : Community Water Infrastructure Improvement :

This component comprises over 3 sub components as under:

✓

8.1.1 A1-Community Water Course Improvement-Civil Work :

Sub-Component A1 will assist Government of Sindh efforts to improve and rehabilitate tertiary distribution level water courses. Activities under this component will include farmer mobilization, establishment of Water Course Associations (WCAs) and their registration; survey and design, and construction. About 5,500 water courses will be improved through the provision of lining (corresponding to 30 percent of water course length). The farmers will co-finance 24 percent of the costs through provision of skilled and unskilled labor.

Directorate	No of WC	1st Mile stone	2nd Mile stone	3rd Mile stone	Payments :		Total
					IDA Share	Farmer's Share	
Lower Sindh Hyderabad	62	62	-	-	26,676,751	8,258,752	34,935,503
Upper Sindh Sukkur	43	42	1	-	15,899,359	4,922,223	20,821,582
Totals	105	104	1	-	42,576,110	13,180,975	55,757,085

8.1.2 A2-Mitigation Flood Risk for the Poor-Civil Work :

Sub-Component A2 will increase the resilience of the rural poor to floods through the strengthening of flood mitigation measures, including the establishment of shelters. It will finance the provision of approximately 380 permanent flood shelters of three types in the seven most vulnerable districts in the irrigated areas of Sindh to increase their resilience to water related disasters such as flooding and heavy rains. Land for construction will be largely public or community owned land located in non-cultivable areas, preferably on higher ground. Once constructed, these shelters will be transferred to the Provincial Disaster Management Authority (PDMA) and their affiliates at the district level for operations and maintenance; some will be used for community activities.

There is no payment has been made during FY 2015-16 under this Sub component.

8.1.3 A3-Supervision and Implementation Assistance Consultants (PSIAC) - Consultancy Services :

M/s. Crescent Consultants Consortium (In JV with Hydro-Plan & Grupotec) Lahore were hired as a Supervision and Implementation Assistance Consultants (PSIAC) and contract agreement for PKR 939,729,400/-has been signed on February 02,2016 between the Project Director PIU SIAPEP.PSIAC will assist the Project Implementation Unit (PIU) in construction supervision, engineering and designs, procurement, financial management, quality control, and the timely completion of strategic studies and pilot projects.

8.2 Component-B : Promotion and Installation of HEIS :

This component comprises over 2 sub components as under:

8.2.1 B1-Small and Medium-sized HEIS Farms (2-10 ha) - Goods :

Sub-Component B1 will support: installation of HEIS drippers and bubblers for growing high value crops on irrigated and irrigable land; provide technical assistance packages to farmers on operations and maintenance of HEIS; and provide additional training and assistance to farmers in the use of HEIS by specialists and consultants. Approximately 2,600 HEISs will be installed on 14,300 ha (35,000 acres) of irrigated and irrigable land. HEIS' will be provided (on demand) to the farmers on a 40 percent cost sharing basis. They will be installed by Sales, Supply and Service companies (SSCs) who will also provide a technical assistance package for the farmers in operation and maintenance of the system. Additional training and assistance will also be provided by the HEIS specialist in the field teams assisted by the technical assistance and training (TAT) consultants.

8.2.2 B2a.HEIS Demonstration Sites and Kitchen Garden HEIS kits - Goods: & B2b.Demonstration for Kitchen Garden HEIS kits – Goods:

Sub-component B2 (B2a. & B2b.) Will support the establishment of HEIS demonstration sites and distribution of kitchen garden HEIS kits, consisting of drip irrigation equipment to female-headed households and landless farmers. It will include 48 demonstration sites of 2 ha (5 acres), two in each district, and the distribution of approximately 10,000 kitchen garden HEIS kits consisting of drip irrigation equipment for a plot of 10m x 10m, including a small water storage of 160 liter with a conveyance pipe for the daily provision of water. The 100 kitchen-garden HEIS kits for demonstration purposes will be provided free of charge; individual households requesting a HEIS kit will need to contribute 10 percent of the investment cost of US\$100.

There is no payment has been made during FY 2015-16 under all above mentioned Sub components.

8.3 Component C : Improved Agriculture Practices :

This component comprises over 3 sub components as under:

8.3.1 C1a-Laser Land Leveling & Deep Plowing - Goods :

Sub-Component C1a will provide 1100 laser guided land leveling equipment and associated deep ripping equipments to the farmers and will also facilitate training in the use of deep ripping equipment. These will help farmers to save irrigation water, curtail irrigation time, improve efficiency of agriculture inputs such as fertilizers, and achieve uniform seed germination, resulting in increased crop yields.

The detail of payments is as under for the FY 2015-16.

Farm Power International Lahore

Sr #	Bill No.	Bill Date	No. of Units	Gross Bill inclusive of Sales Tax (PKR)	55% Farmers Share	45% IDA Share	Taxes Deduction	Net Cheque Amount	Cheque #	Cheque Date
1	12	21-03-2016	14	8,890,000	4,889,500	4,000,500	512,705	3,487,795	62902015	05-04-2016
2	13	30-03-2016	28	17,780,000	9,779,000	8,001,000	1,025,409	6,975,591	62902018	05-04-2016
3	3	13-04-2016	28	17,780,000	9,779,000	8,001,000	1,025,409	6,975,591	62902032	14-04-2016
4	4 & 5	17-04-2016	28	17,780,000	9,779,000	8,001,000	1,025,409	6,975,591	78316384	10-05-2016
5	FP3 & FP4	06-05-2016	21	13,335,000	7,334,250	6,000,750	769,057	5,231,693	78316397	13-05-2016
6	FP5	05-05-2016	35	22,225,000	12,223,750	10,001,250	1,281,761	8,719,489	78316410	25-05-2016
Sub Total -1			154	97,790,000	53,784,500	44,005,500	5,639,750	38,365,750		

Falcon Traders Lahore

1	1	14-04-2016	11	6,790,000	3,734,500	3,055,500	390,793	2,664,707	62902037	20/04/2016
2	2	26-04-2016	9	5,670,000	3,118,500	2,551,500	326,393	2,225,107	78316387	10-05-2016
3	3	19-05-2016	24	15,120,000	8,316,000	6,804,000	870,381	5,933,619	78316405	24-05-2016
4	4	10-06-2016	24	15,050,000	8,277,500	6,772,500	866,315	5,906,185	78316440	14-06-2016
Sub Total -2			68	42,630,000	23,446,500	19,183,500	2,453,882	16,729,618		

Bahawal Engineering Kamoke

1	77, 78 & 79	22-05-2016	3	1,620,000	891,000	729,000	94,096	634,904	78316413	30/05/2016
Sub Total -3			3	1,620,000	891,000	729,000	94,096	634,904		
Total (1+2+3)			225	142,040,000	78,122,000	63,918,000	8,187,728	55,730,272		

8.3.2 C1b-Training of Laser Leveler Operator - Training:

Under this sub component, Training will be provided to the farmers for operating of Laser Land Levelers.

There is no payment has been made during FY 2015-16 under this Sub component.

8.3.3 C2a-Deep Ripping – Goods :

Under this sub component, Deep Ripping Equipment to the farmers on cost sharing basis.

There is no payment has been made during FY 2015-16 under this Sub component.

8.3.4 C2b-Demonstration purposes (Tractor with Deep Ripper:Equipment) - Goods :

Under this sub component 5 tractors with Deep Ripper Equipment will be procure for the demonstration purpose.

There is no payment has been made during FY 2015-16 under this Sub component.

8.3.5 C3-Improved Agriculture Production Technology - Trainings :

Sub-Component C3 will facilitate training to farmers to improve crop production and irrigation agronomy practices.

There is no payment has been made during FY 2015-16 under this Sub components.

8.3.6 C4-Technical Assistance & Training Consultants (TATC) - Consultancy Services:

Sub-Component C4 will provide Technical Assistance and Training Consultants (TATC) to provide training to field teams, public sector staff and farmers in HEIS installation, operation and repair,

crop diversification, crop production under HEIS, soil measurement and fertilizer application, and to support piloting of activities under Sub-component B2 and training of trainers for operators in laser land leveling and deep ripping under Sub-Component C2a.

There is no payment has been made during FY 2015-16 under this Sub components.

8.4 Component D : Project Management, T.A Studies ,M&E:

This component comprises over 4 sub components as under:

8.4.1 D1- M&E of Project Impact Consultants - Consultancy Services:

M/s. Centre for Social Research & Development Lahore (In JV with ADA Consultants Inc Canada) were hired as a Monitoring and Evaluation Consultants (M&EC) and contract agreement for PKR 477,142,000/- has been signed on June 16,2016 between the Project Director PIU SIAPEP.M&EC will provide support for project monitoring and evaluation and carrying out impact assessments.

There is no payment has been made during FY 2015-16 under this Sub components.

8.4.2 D2-Training for HEIS/Studies – Training :

Sub-Component D2 will provide support for the Project Implementation Unit regarding trainings for HEIS/Studies. and Project district offices and field offices, and for carrying out strategic and feasibility studies for pilot activities.

There is no payment has been made during FY 2015-16 under this Sub components.

8.4.3 D3- Grievances, RFP, EMP and GAP - Training:

Sub-Component D3 will provide support for the Project Implementation Unit regarding Grievances, RFP, EMP and GAP trainings.

There is no payment has been made during FY 2015-16 under this Sub component(s).

8.4.4 D4- Project Management Cost- Recurring & Non-Recurring Cost :

Sub-Component D4 will provide support for the Project Implementation Unit and Project district offices and field offices, and for carrying out project activities.

The cost at line items represents the actual expenditure incurred against Recurring and Non Recurring cost(s) for the FY 2015-16.

9. Cash and Bank :

FY 2015-16 (AS on 30-06-2016)			
	Amount (PKR)	Conversion Rate used	Amount (US\$)
Cash in Hand	-	-	-
Cash at Bank	1,298,887,836	105.3816	12,325,566

10. Reconciliation of GoS Accounts :

During FY 2015-16 Rs. 673,534,000 was released by Government of the Sindh for the payments of salaries to the regular staff, out of which Rs. 115,530,000 was lapsed on 30.06.2016.

Note: - No Assignment account is operational

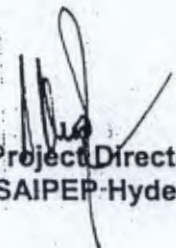
11. Authorization for Issue:

These financial statements have been authorized for issue by the Project Director PIU SIAPEP on June 30, 2016.

12. General:

Figures have been rounded off to the nearest rupee.

*Conf. Signed by
Fida Hussain
Assistant Director
of Jy Audit Sindh,
Karachi.*


Project Director
PIU SIAPEP Hyderabad

Sindh Irrigated Agriculture Productivity Enhancement Project (SIAPEP)
IDA Credit No. 5604-PK
Bank Reconciliation Statement (IDA Share)
For the Year Ended June 30, 2016

A/c No. 4096293208 (FE-23)

(IDA World Bank Designated A/C) NBP, Fatima Jinnah Road, Hyderabad


Opening balance as per Cash Book as on July 01,2015	-	-
Add: Receipts during the months of Reporting Period (FY 2015-16)	1,721,962,322	16,340,256
Add: Cheques Canceled	-	-
	1,721,962,322	16,340,256
Less: Payments/Cheques issued during the months (FY 2015-16) as per Cash Book	423,074,486	4,014,690
Closing balance as per Cash Book as on June 30,2016	1,298,887,836	12,325,566

Opening balance as per Bank Statement as on July 01,2015	-	-			
Add: Receipts during the months of Reporting Period (FY 2015-16) as per bank statement	1,721,962,322	16,340,256			
	1,721,962,322	16,340,256			
Less: Payments/Cheques issued during the months (FY 2015-16) as per bank statement	423,074,486	4,014,690			
Closing balance as per Bank Statement as on June 30,2016	1,298,887,836	12,325,566			
Less: Unpresented cheques Up to June 30,2016					
Sr.No.	Cheque No.	Date	Amount in PKR	Amount Eqv.USD	
1					
2					
Totals			-	-	
Closing cash balance as per Cash Book as on June 30,2016				1,298,887,836	12,325,566

1 USD = 105.3816 PKR

Withdrawal Application Details of IDA-World Bank
During FY 2015-16

Sr. No.	Withdrawal Application No.	Date	Particulars	Amount Received US\$	Exch. Rate	Amount in Credited in NBP PKR
1	SIAPEP-001	26-11-2015	Initial Advance	16,340,256	105.3816	1,721,962,322
Total				16,340,256		1,721,962,322


 Project Director
 PIU SIAPEP Hyderabad

PART- II: (Cont.)**2. Management Assertion Letter :**

Dated _____

The Director General
Provincial Audit Sindh,
KARACHI.

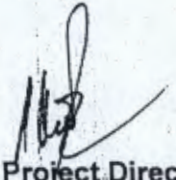
**Subject: Management Assertions.
Sindh Irrigated Agriculture Productivity Enhancement Project (SIAPEP)
Credit No.5604-PK.**

This letter is in connection with your audit of Sindh Irrigated Agriculture Productivity Enhancement Project (SIAPEP) Credit No.5604-PK (The World Bank Assisted) financial statements as of June 30, 2016, for the purpose of (1) expressing an opinion as to whether the financial statements are presented fairly, in all material respects in conformity with generally accepted accounting principles; and (2) reporting whether the Project's financial management systems substantially comply with core financial covenants and requirements, applicable government accounting standards, and the World Bank Financial Management guidelines at the transaction level as of June 30, 2016.

We confirm, to the best of our knowledge and belief, the following representations made to you during your audit is accurate as of the date of your auditor's report, and pertains to the period covered by the financial statements. This letter asserts the representations provided in conjunction with your audit of the financial statements as of June 30, 2016.

1. We are responsible for the fair and true representation of the financial statements. The information presents is in conformity with generally accepted accounting principles and IPSAS "Cash Basis".
2. We have made available to you all of the following:
 - Financial records and related data;
 - Where applicable, the books of accounts, minutes of meetings or summaries of actions being agreed to execute during project period.
 - Any likely project objectives which are concerning for noncompliance with or deficiencies known in financial reporting practices.
3. There are no material transactions that have not been properly recorded in the accounting records underlying the financial statements or disclosed in the notes to the financial statements.
4. The project has title to all owned assets. Such assets have no impediment in utilization to its specific operations.
5. All transactions and related account receipts and payments including their classification into relevant heads have been properly recorded and disclosed.
6. All intra -entity transfers and balances have been appropriately identified and eliminated for financial reporting purposes, unless otherwise noted. All intra-governmental transactions and activities have been appropriately recorded and disclosed. We have reconciled all intra-governmental transactions and balances with the appropriate allied executing agencies.
7. There are no possible violations of agreements and regulations, whose effects should be considered for disclosure, which have not been disclosed, in the financial statements or as a basis for recording an unforeseen event;
8. We have complied with all aspects of contractual agreements with the stakeholders & FOs in regard to fulfill intended purposes of the project.

9. No transactions have occurred subsequent to June 30, 2016 that have not been properly recorded in the financial statements and Required Supplementary Information or disclosed in the notes.
10. There has been no material fraud involving
 - Management or employees who have significant roles in internal control, or
 - Others that could have a material effect on the financial statements.
11. We are responsible for establishing and maintaining internal control.
12. We have assessed the effectiveness of Project's internal control in achieving the following objectives:
 - Funds, expenditures and assets are aimed to be safeguarded against waste, loss, unauthorized use, and mismanagement;
 - Expenditures applicable to project operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial and Financial Monitoring reports; and
 - Transactions are properly recorded, processed, and summarized to permit the preparation of reliable financial statements and maintain accountability for project funds.
13. We have disclosed to you all concerns regarding poor compliance on operations of internal controls, but with the inception of internal audit personnel, the Project's ability to meet the due internal control objectives deemed to be complied very well.
14. The Project Management is responsible that, the funds have been utilized for the purposes intended as stipulated in PC-I and IDA Credit Agreements.


Project Director
PIU SIAPEP Hyderabad