

**REPORT ON PROJECT FINANCIAL STATEMENTS
OF THE MINISTRY OF PUBLIC FINANCE**

Grant no.TF018442

Grant for Strengthening Financial Accountability of the Public Sector

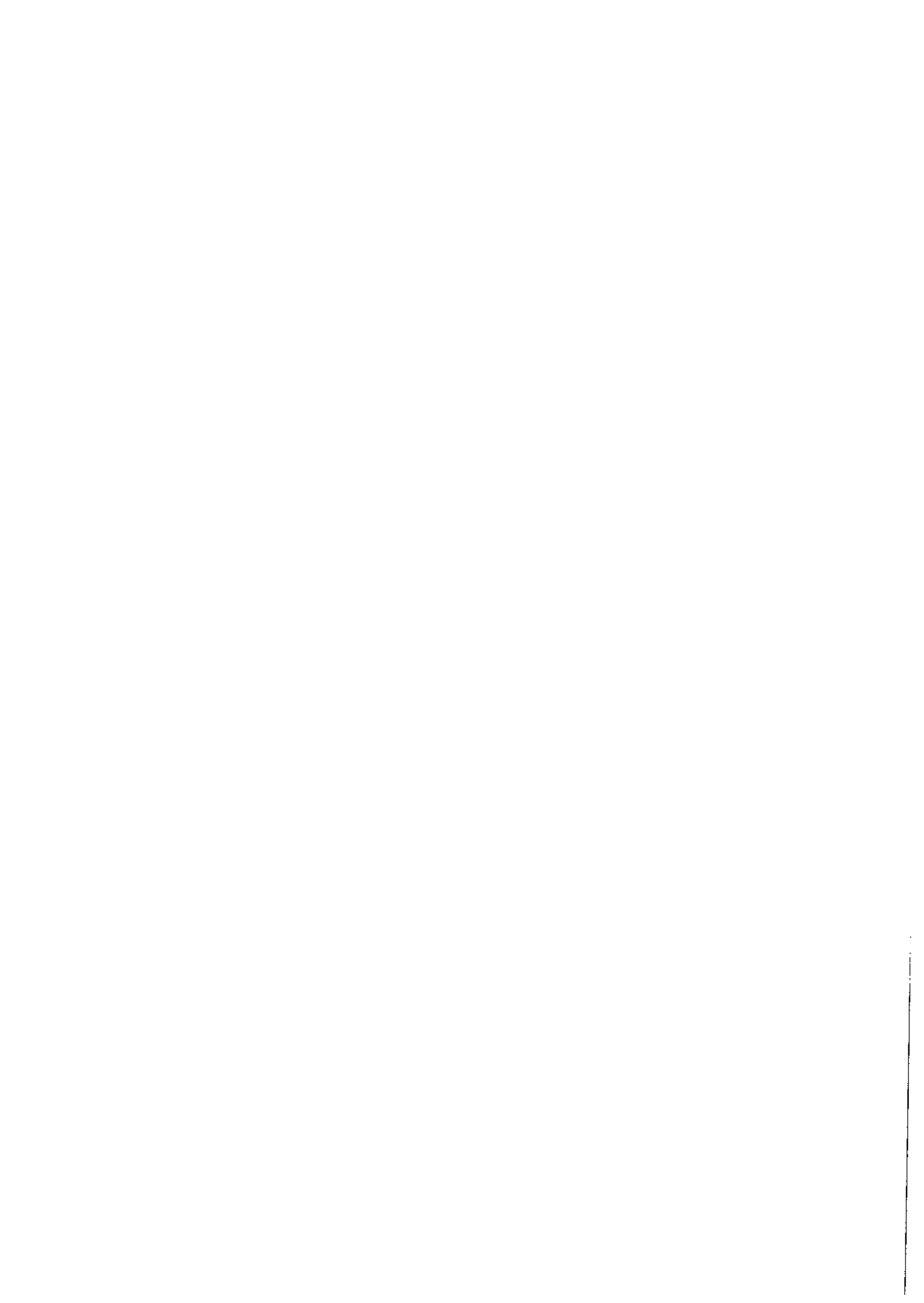
For the period November 15, 2015 – March 31, 2017

THE MINISTRY OF PUBLIC FINANCE

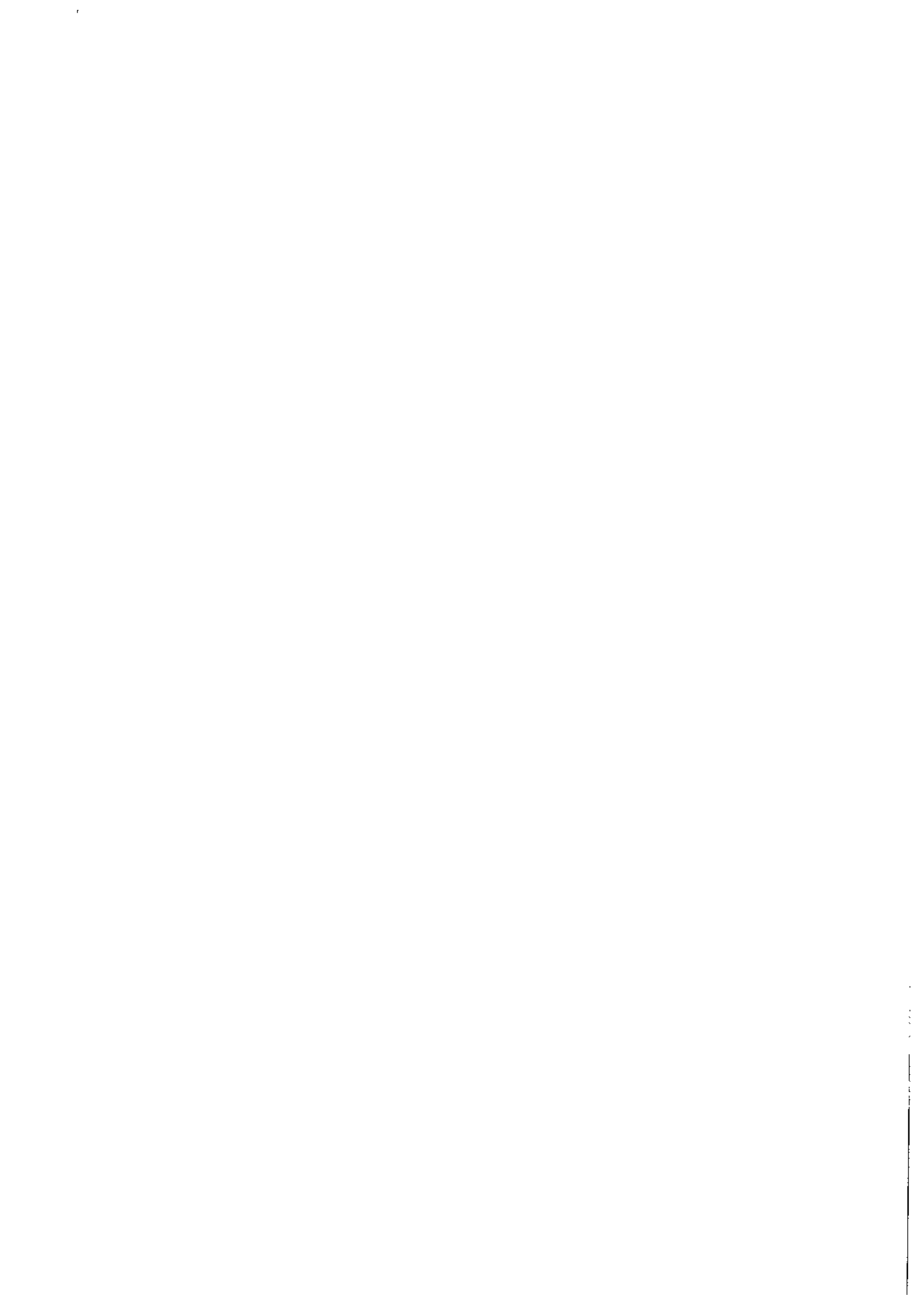
Grant for Strengthening Financial Accountability of the Public Sector - TF018442

For the period November 15, 2015 – March 31, 2017

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INDEPENDENT AUDITOR'S REPORT



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List of abbreviations:

IBRD – International Bank for Reconstruction and Development

WB – World Bank

MOPF -- Ministry of Public Finances

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GENERAL INFORMATION

Reporting entity

The Ministry of Public Finance

Grant Agreement

TF018442

Destination of Borrowed Funds

Component A: Introduction of the Results-informed Budgeting

Component B: Improving the Quality of Governance and Financial Reporting of State Owned Enterprises

Component C: Project management, monitoring and evaluation

The loan amount for Project is allocated as follows:

Category	Amount of the Loan Allocated (expressed in USD)	Percentage of Expenditures to be financed (inclusive of Taxes)
(1) Goods, non-consulting services, Consultants' services, including audit, Training and operating costs of the Project	488,100	100%
TOTAL AMOUNT	488,100	

For the purposes of this Schedule:

- "Goods" means the goods described in the Procurement Guidelines, including commodities, raw material, machinery, equipment, vehicles, and industrial plant;
- "Non-Consultant Services" means the non-consultant services described in the Procurement Guidelines, including the non-consulting services for which the physical aspects of the activity predominate, are bid and contracted on the basis of performance of a measurable physical output, and for which performance standards can be clearly identified and consistently applied;
- "Consultants" means the consultants described in the Consultant Guidelines, including a variety of private and public entities such as consulting firms, engineering firms, management firms, auditors, multinational organizations, investment and merchant banks, universities, research institutions, government agencies, nongovernmental organizations (NGOs), and individuals;
- "Training" means the costs (other than consultants' services) incurred on the account of training activities under the Project and comprises expenditures related to organizing,

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conducting or participating at training events such as workshops, seminars, conferences, including: rental costs of training adequate space and equipment, costs for training materials and supplies, costs for catering, costs for translation and interpretation services, and study tours in an amount that does not exceed the financing thresholds established for said Eligible Expenditure pursuant to the Rules of Operation.

- “*Operating Costs*” means the costs incurred on the account of Project implementation, comprising: procurement related advertising costs, translation and interpretation costs (other than those related to training events as mentioned above), office supplies, Project related travel costs and per diem allowances for training participants, including accommodation and transportation; banking charges, exchange rate differences, and communications.

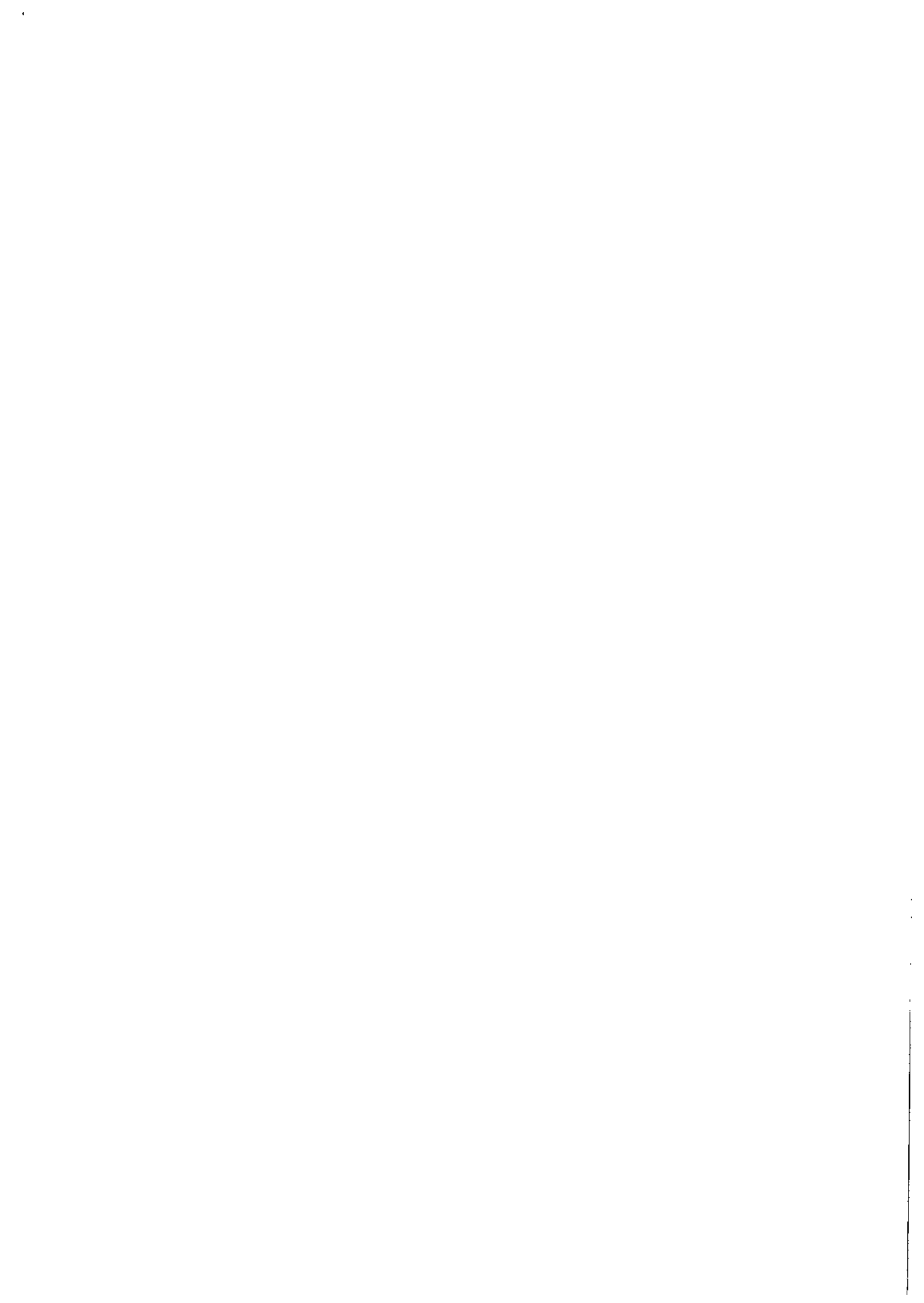
Other information

The term “*Statement of Expenditures*” means: expense reports used by the Recipient to forward to IBRD the applications for advance.

The IBRD grant funds were disbursed using the advance as disbursing method.

Withdrawal applications were sent to the Bank periodically by the Recipient (MOPF), according to Disbursement Letter.

Procurement plan prepared by the MOPF was updated regularly and it was prior reviewed by the IBRD.



**GOVERNMENT OF ROMANIA
MINISTRY OF PUBLIC FINANCE
Grant for Strengthening Financial Accountability of the Public Sector - TF018442
Special purpose project's financial statements
for the period November 15, 2015 – March 31, 2017**

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1. STATEMENT OF SOURCES AND USES OF FUNDS

1.1 Statement of the IBRD Grant Account for the Project for the period November 15, 2015 – March 31, 2017

Grant No TF018442

Date of Approval November 14, 2015

	<i>Cumulative as at March 31, 2017 USD</i>
Grant amount approved	488,100
Less: Total drawings from grant	488,100
Grant amount not disbursed	0

1.2 Summary of Funds Received and Uses of Funds for the period November 15, 2015 – March 31, 2017

	<i>Cumulative as at Nov 15, 2015</i>	<i>Cumulative as at Nov 30, 2016</i>	<i>Fiscal Year 2016</i>	<i>Cumulative as at March 31, 2017</i>
	<i>USD</i>	<i>USD</i>	<i>USD</i>	<i>USD</i>
Opening cash balance	0.00	150,000.00	150,000.00	488,100
Project expenditure	0.00	59,510.06	221,567.81	487,718.55
Closing cash balance	0.00	90,489.94	-71,567.81*	381.45

*Explanation: Advanced payments from the state budget.

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2. STATEMENT OF EXPENDITURES

2.1 Project expenditure by component

Component/ Description	<i>Cumulative as at Nov 30, 2015</i>	<i>Expenditures for the year ended as at Dec 31, 2016</i>	<i>Cumulative as at March 31, 2017</i>
	<i>USD</i>	<i>USD</i>	<i>USD</i>
<i>Component A: Introduction of the Results-informed Budgeting</i>	0	0	195,118.93
<i>Component B: Improving the Quality of Governance and Financial Reporting of State Owned Enterprises</i>	20,484	157,885.03	235,385.03
<i>Component C: Project management, monitoring and evaluation</i>	39,026.06	63,682.78	57,214.60*
Total Project Expenditure - Project Funds	59,510.06	221,567.81	487,718.56

*Reconsideration (minus) of study visits expenditures (cofinanced from the MOPF's budget).

2.2 Project expenditure by category

Category	<i>Cumulative as at Nov 30, 2015</i>	<i>Expenditures for the year ended as at Dec 31, 2016</i>	<i>Cumulative as at March 31, 2017</i>
	<i>USD</i>	<i>USD</i>	<i>USD</i>
Goods < 10%	27,009.74	35,248.66	35,248.66
Consultants' services (including audit)	20,484	149,646.11	432,410.73
Operating costs <10%	0	811.49	8,860.36
Training < 30%	0	11,198.81	11,198.81

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3. SUMMARY OF STATEMENTS OF EXPENDITURES

During 2016-2017 the below withdrawal applications were submitted.

<i>Withdrawal Application</i>	<i>Total amount claimed (USD)</i>	<i>Amount paid</i>	<i>Amount as at</i>	<i>of which amount claimed under SOE (USD)</i>
1	150,000	150,000	10-Jun-2016	-
2	0	0	19-Dec-2016	101,802.45
3	101,802.45	101,802.45	10-Jan-2017	-
4	145,089.70	145,089.70	13-Feb-2017	145,089.70
5	91,207.85	91,207.85	24-Mar-2017	134,575
6	0	0	18-May-2017	106,251.40
Total	488,100	488,100		487,718,55

4. FINANCIAL STATEMENT OF THE GRANT

4.1 Total disbursements as at March 31, 2017

	<i>Amount</i>
	<i>USD</i>
As at Nov 15, 2015	0
During 2015	0
As at Nov 30, 2016	150,000
During 2016	150,000
As at Dec 31, 2016	150,000
During 2017	338,100
As at March 31, 2017	338,100
Total disbursements	338,100

4.2 IBRD payments during the period ended March 31, 2017

<i>Withdrawal application</i>	<i>Beneficiary name</i>	<i>Type</i>	<i>Ccy</i>	<i>Amount claimed</i>	<i>Category</i>	<i>Ccy</i>	<i>Amount paid</i>	<i>Value date</i>
1	MOPF	Advance	USD	150,000	DA-A	USD	150,000	10-Jun-2016
2	MOPF	Documentation of prior advance	USD	0	1	USD	0	19-Dec-2016
3	MOPF	Advance	USD	101,802.45	DA-A	USD	101,802.45	10-Jan-2017
4	MOPF	Advance and documentation of	USD	145,089.70	1	USD	145,089.70	13-Feb-2017

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		prior advance						
5	MOPF	Advance and documentation of prior advance	USD	91,207.85	1	USD	91,207.85	24-Mar-2017
6	MOPF	Documentation of prior advance	USD	0	1	USD	0	18-May-2017

5. BUDGET REALIZATION

Component/Description	Allocated per component as per Procurement Plan no.4 USD	31.03.2017	31.03.2017	31.03.2017
		Accumulated to date USD	Deviation USD	Budget realization (%)
<i>Component A:</i> Introduction of the Results-informed Budgeting	175,561	195,118.93	11,019.55	111.14
<i>Component B:</i> Improving the Quality of Governance and Financial Reporting of State Owned Enterprises	208,600	235,385.03	26,785.03	112.84
<i>Component C:</i> Project management, monitoring and evaluation	99,500	57,214.60	-42,285.40*	57.50
Total Project Expenditure - Project Funds	484,661+ 3,439 (economy to cover exchange rate differences) = 488,100	487,718.56	381.45	99.92%

*Reconsideration (minus) of study visits expenditures (cofinanced from the MOPF's budget).

The total budget realization up to March 31, 2017 is **99.92%**.

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6. PROJECT COMMITMENTS

Project commitments as at November 30, 2016 are stated below:

Ctr No	Contract Reference Number	Objective of the agreement	Supplier	Signing date	Contract ccy	Contract Value	Contract value USD	Cumulative payments as at March 31, 2017	Remaining value of the contracts
1	CS/1	Consultants' services	Martin Johnson	28.07.2016	USD	53,986	53,986	53,986 + 10,620.57 (VAT paid by the MoPF)	0
2	CS/2	Consultants' services	Jan Marusinec	28.07.2016	USD	44,700	44,700	44,700 + 8,793.64 (VAT paid by the MoPF)	0
3	CS/3	Consultants' services	Costel Dorin Todor	28.07.2016	USD	42,000	41,143.72	41,143.72	0
4	CS/4	Consultants' services	Mihai Vilnoiu	20.09.2016	USD	18,000	18,000	18,000	0
5	CS/5	Consultants' services	Mihai Păunescu	09.08.2016	USD	17,875	17,875	17,875	0
6	CS/6	Consultants' services	Constantino Navarro	22.07.2016	USD	48,000	48,000	48,000 + 9,085.89 (VAT paid by the MoPF)	0
7	CS/7	Consultants' services	Axel Kravatzky	25.07.2016	USD	48,000	48,000	48,000 + 9,064.16 (VAT paid by the MoPF)	0
8	CS/8	Consultants' services	Albert Hrabak	25.07.2016	USD	48,000	48,000	48,000 + 8,996.06 (VAT paid by the MoPF)	0
9	CS/9	Consultants' services	Corina Murafa	22.07.2016	USD	32,000	32,000 (VAT included)	32,000 (VAT included)	0

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10	CS/10	Consultants' services	Carmen Mataragiu	25.07.2016	USD	18,000	18,000	18,000	0
11	CS/11	Consultants' services	Dan Paulopol-Necula	22.07.2016	USD	6,000	6,000	6,000	0
12	LCS/12	Audit	Baker Tilly Klitou & Partners	29.11.2016	EUR	9,525.60	10,145.69	10,145.69	0
13	G/13	Goods	SC Dante International SA	20.10.2016	RON	109,800	27,009.74	27,009.74	0
14	G/14	Goods	Statcon Schafer	26.09.2016	EUR	6,500	6,887.42	6,887.42 + 1,351.50 (VAT paid by the MoPF)	0
15	T/15	Training	SC Fortuna Business Travel SRL	10.10.2016	RON	48,648.75	11,198.81	11,198.81	0
16	Translation and interpretation	Operating Costs	SC International Consulting Alliance SRL	31.12.2015	RON	-	8,726.19	8,726.19	0
17	Bank charges							134.17	0
		Total project commitments						487,718,55	0

All contracts are approved by IBRD through the procurement plan.

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7. ACCOUNTING POLICIES AND RECORDS

Basis for preparation of special purpose financial statements

The special purpose project's financial statements are prepared in USD. Therefore, the inter-banking exchange rate of the BRD Société Générale and Banca Transilvania was used for payments made in RON currency.

The accounting records of the project are maintained by the MOPF in accordance with the accrual basis of accounting in compliance with the Operational Manual approved by the WB.

The Project Financial Statements are prepared for complying with the Grant requirements and with the appropriate World Bank guidelines.

Eligible categories and expenditures

Eligible expenditures mean expenditures in respect of the reasonable cost of goods, consultant's services including audit, non-consulting services, training and operating costs required for the Project and to be financed out of proceeds of the Grant allocated to the eligible Category in accordance with the Grant Agreement.

Funding

The sources of funds identified for Project implementation are the external sources, granted by the WB through the Grant.

Contribution from general budgetary allocations and MOPF's own sources:

Within Project activities, the MOPF covered the expenditures which are usually spent in order to achieve reform objectives (such as salaries of MPF staff involved in the implementation of grant activities, their operational expenditures, costs during study visits which were organized within the grant) and they were estimated at approx. \$210,000 USD.

Use of funds

Using of funds represents the amounts paid for the purpose of the Project through the MOPF.

The invoices for services not paid as of 31 December 2016 will be reported as uses of funds at the date of payment.

The invoices for services not paid as of 31 December 2016 are presented in the annex.

Conversion of amounts paid to Grant currency (USD):

For payments in local currency the National Bank of Romania exchange rate at the date of invoice' issuance day is used.

For payments in foreign currencies - EUR (other than the Grant currency) the inter-banking exchange rate of the BRD Société Générale/Banca Transilvania at the date of payment of the respective foreign currency is used.

Accounting system

The accounting system is established according to the Accounting Law no. 82/1991 republished, with subsequent alterations and completions and to the Accounting Plan approved by Order of the Minister of Public Finance no. 1917/2005. Therefore, the payments in foreign currencies to foreign

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contractors are converted in local currency using the exchange rate of the National Bank of Romania on the date of the payment.

8. STATEMENT OF ACCOUNTS

	<i>Cumulative as at Nov 15, 2015</i>	<i>Cumulative as at Nov 30, 2016</i>	<i>Fiscal Year 2016</i>	<i>Cumulative as at March 31, 2017</i>
	<i>USD</i>	<i>USD</i>	<i>USD</i>	<i>USD</i>
Opening cash balance	0.00	150,000.00	150,000.00	488,100
Project expenditure	0.00	59,510.06	221,567,81	487,718.55
Closing cash balance	0.00	90,489.94	-71,567.81*	381.45

*Explanation: Advanced payments from the state budget.

9. LEGISLATION AND FISCAL ENVIRONMENT IN ROMANIA

The legislation and fiscal environment in Romania and their implementation into practice are subject to different interpretations. The project team benefitted from Tax Policy Department's support during project implementation, especially with regard to fiscal regime for international individual consultants.

10. PROJECT FINANCIAL STATEMENTS PRESENTATION

The special-purpose Project Financial Statements were prepared for complying with the Grant requirements and with the appropriate World Bank guidelines.

11. SUBSEQUENT EVENTS

In the subsequent period December 2016 - March 2017 no following contracts were concluded:

Crt No	Contract Reference Number	Objective of the agreement	Supplier	Signing date	Contract ccy	Contract Value	Contract Value EUR
-	-	-	-	-	-	-	-

During period Dec 2016 – March 2017 the following withdrawal applications were submitted:

Withdrawal application	Beneficiary name	Type	Ccy	Amount claimed	Category	Ccy	Amount paid	Value date
3	MOPF	Advance	USD	101,802.45	DA-A	USD	101,802.45	10-Jan-2017
4	MOPF	Advance and documentation of prior advance	USD	145,089.70	1	USD	145,089.70	13-Feb-2017

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5	MOPF	Advance and documentation of prior advance	USD	91,207.85	1	USD	91,207.85	24-Mar-2017
6	MOPF	Documentation of prior advance	USD	0	1	USD	0	18-May-2017

Mihaela Grigorescu
Project Manager



Date: 30.05.2017

Iuliana Geantă
Accounting Manager



Constanța Coconu
Financial Manager

