

Auditor selection

An executing agency for an ADB-financed project is to have the project accounts and financial statements, and, where required, those of the executing agency itself, audited each fiscal year in accordance with the agreed upon auditing standards by independent auditors whose qualifications, experience, and terms of reference are acceptable to ADB. [OM J7-p6](#)

Requirements on Auditing Standards and Auditor Engagement in ADB Projects states that although borrowers are responsible for auditor selection, appointment and performance.... auditors must be acceptable to ADB. [read more \(5.4.2\)](#)

EA Treatment of ADB Grants

The grant is recognized as income over the period necessary to match them with the related costs, for which they are intended to compensate, on a systematic basis, and should not to be credited directly to equity. [IAS 20.12](#)

With reference to the Financial Management and Analysis of Projects, for the purpose of WACC computation, grant funds provided to the project also have an opportunity cost. As such, it is proposed that grants be treated in a similar fashion to equity and the cost of grant be assumed to be the cost of equity [\(3.5.2\)](#).

Treatment of Surplus loan funds

Surplus loan funds, if any, should, in principle, be cancelled as soon as they are identified during implementation and upon completion of the project. At the request of the borrower concerned, however, ADB may agree to the use of surplus loan proceeds for purposes that are in accordance with the broad objectives of the project. [OM H6](#), [PAI 5.05](#) and [PAI 5.06](#),

Economic valuation of social projects

There are number of resources available that provide Statistics on current

economic, financial and social data as follows:

ADB source:

<http://www.adb.org/Statistics/default.asp>

World Bank source:

<http://web.worldbank.org/WBSITE/EXTERNAL/DATAS/TATISTICS/0,,menuPK:232599-pagePK:64133170-piPK:64133498-theSitePK:239419,00.html>

United Nations source:

<http://unstats.un.org/unsd/demographic/default.htm>

Sample paragraphs for RRP appendices

Cost Estimates

Financing Plan

Implementation Arrangement

Disbursement Arrangement

Accounting and Auditing Arrangements

Anticorruption

Financial Analysis

Financial Evaluation

Financial Management

Annual Project Accounts and Financial Statements

The **Annual Project Accounts** (APA) may comprise a Statement of Receipts and Payments (Cash Flow Statement). A [checklist](#) was made available in the intranet to assist in the review of APA. Project reporting requirements will usually be specified in the RRP and in the loan agreements. The component parts of the APA should be specified. The APA should include: (a) a summary of funds received showing ADB funds, any cofinancing and counterpart funds separately; (b) a summary of expenditures shown under the main project components and by main categories of expenditures (as referenced in loan and appraisal documentation) for the year ending 31 December 20xx and cumulative expenditures on the Project to date; and (c) statement of fund balance as of 31 December 20xx. [read more](#)

Annual Financial Statement basically comprise: (i) Statement of Accounting Policies; (ii) Statement of Financial Performance or Income Statement; (iii) Statement of Financial Position or Balance Sheet; (iv) Statement of Changes in Equity; (v) Statement of

Cash Flows; and (vi) Notes to the Financial Statements. [read more](#)

Imprest Accounts

The **imprest fund procedure** is one where ADB makes an advance disbursement from the loan account for deposit to an imprest account (the Account) to be used exclusively for ADB's share of eligible expenditures. Guidelines and procedure on the establishment and maintenance of imprest account is available in the Loan Disbursement Handbook. [read more](#)

Financial Accounting and Reporting

To ensure that ADB receive accurate and timely financial information, the Handbook for Borrowers on the Financial Management and Analysis of Projects should be given to the executing and implementing agency together with the sample audit letter as provided in the [PAI 5.09](#).

Links ◊ Links ◊ Links ◊ Links ◊ Links ◊ Link

RSCG

[Financial Management Stand-alone tools](#)
[Link to FM CoP database \(C3\)](#)

Treasury

[ADB Indicative Lending Rates – LBL](#)
[Inflation rates](#)
[World Bank Prices and Rate](#)
[ADB Loan Charges as of Dec 2007](#)

CTLA

[CTLA loan amortization calculator](#)
Local currency converter

ADB Loan Products

[Update on ADB lending products](#)
[IEI Staff Instruction on Cost Sharing and Eligibility of Expenditures](#)
[Sub-sovereign non-sovereign Public Sector Financing Facility](#)
[Local Currency Loan](#)

ADB Projects guides and procedures

[Operations Toolkit](#)
[e-handbook](#)
[Disclosure Management System](#)