

Audited Project Financial Statements

Project Number: 40423-023

Loan/Grant Number: 2881

Period covered: 1 April 2018 to 31 March 2019

IND: Rural Connectivity Investment Program-- Tranche 1

Prepared by Odisha State Rural Road Agency

For the Asian Development Bank

Date 26 December 2019

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 Access to Information Policy and as agreed between ADB and the Odisha State Rural Road Agency.



GOVERNMENT OF ODISHA
ODISHA STATE RURAL ROAD AGENCY
DEPARTMENT OF RURAL DEVELOPMENT

By Fax/Email/Speed post
2nd Floor, EIC, Rural Works Building
Sachibalaya Marg
Bhubaneswar-751001
Email-osrra1@gmail.com

No.28581700012011

Dt.2.11.2019.

To

Shri Deepak Ashish Kaul,
Director (F&A)
National Rural Infrastructure Development Agency,
5th Floor, NBCC Tower, Bhikaji Cama Place,
New Delhi-110066
Email : da.kaul@nic.in

Sub: Submission of APFS for the year 2018-19 in respect of Loan
No. 2881-IND & 3611- IND.

Sir,

In inviting a reference to the subject cited above, it is to submit here with the
APFS for the year 2018-19 under Loan No. 2881-IND & 3611- IND in prescribed
format for favour of kind information and necessary action.

Yours faithfully,

Encl: As above (2 sets).


21/11/19
Chief Executive Officer, OSRRA

Memo No. _____/Dt.

Copy submitted to the Principal Secretary to Govt. in R.D.Deptt., Odisha,
Bhubaneswar for favour of kind information.


21/11/19
Chief Executive Officer, OSRRA

Memo No. _____/Dt.

Copy submitted to the Director, P-II, NRIDA, New Delhi for favour of kind
information.


21/11/19
Chief Executive Officer, OSRRA

Name of the Executing Agency-Orissa State Rural Road Agency
Name of the Implementing Agency Orissa State Rural Road Agency
Name of the Project -ADBAssisted PMGSY (RCIP-I/Tranche-I)
Loan No:-2881-IND

STATEMENT OF RECEIPTS AND PAYMENTS
REPORT FOR THE YEAR/PERIOD ENDED ON 31.03.2019

in (INR) '000


Particulars	Note Reference	During the Current Year for 12 month period	During the Previous Year for 12 month period	Cumulative Project to Date As at [end of CURRENT year]
Opening balance ¹ (A)		2698835.187	240565.98	-
Receipts				
Funds received from Government ²	4		1578300.00	1578300.00
ADB Loan ³	6	143394.299	1065800.00	4870894.299
ADB Grant ³	6			
Co-financier ¹	7			
Co-financier ²	8			
Beneficiary contribution (if any)	9			
Other receipts such as interest income, sale from disposals of fixed assets, etc.	10			
Total Receipts (B)		143394.299	2644100.00	6449194.299
Total (C=A+B)		2842229.486	2884665.980	6449194.299
Payments				
Investment Costs ⁴	11			
Civil Works		812.544	185830.793	3607777.354
Mechanical and Equipment				
Environment and Social Mitigation				
Consultants				
a. Project Management				
b. Capacity Development				
Others				
Subtotal (D)		812.544	185830.793	3607777.354
Recurrent Costs	12			
Salaries				
Accommodation				
Equipment Operation and Maintenance				
Others				
Subtotal (E)				
Total Payments		812.544	185830.793	3607777.354
Financing Charges During Implementation (F)	13			
Total Project Cost (G = D + E + F)		812.544	185830.793	3607777.354
Closing Balance (C - G)		2841416.945	2698835.187	2841416.945

For NANDA RANJAN & JENA
Chartered Accountants

For Odisha State Rural Road Agency


 (C.M. Pattanaik)

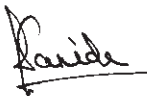
Empowered Officer


 (A.K. Prusty)

Finance Controller

M/s Nanda Ranjan & Jena Sahoo, Partner
Member, No-066424

Chartered Accountants, Bhubaneswar


 (S. Parida)

Chief Executive Officer

Name of the Executing Agency-Orissa State Rural Road Agency
Name of the Implementing Agency-Orissa State Rural Road Agency
Name of the Project -ADB Assisted PMGSY (RCIP-I/Tranche-I)
Loan No:-2881-IND

STATEMENT OF RECEIPTS AND PAYMENTS
REPORT FOR THE YEAR/PERIOD ENDED 31st March 2019

In (INR) 000

Particulars	ADB ⁴			Co-Financier		Government		Total Expenditure
	Percentage of financing ¹	Actual Expenditure		Actual Expenditure		Actual Expenditure		
		Amount	%	Amount	%	Amount	%	
		1	2	3	4	5	6	
Investment Costs²								8
Civil Works	80%	650.035	80%			162.508	20%	812.544
Mechanical and Equipment								
Environment and Social Mitigation								
Consultants								
a. Project Management								
b. Capacity Development								
c. Others								
Subtotal (A)	80%	650.035	80%			162.508	20%	812.544
Recurrent Costs								
Salaries								
Accommodations								
Equipment Operations and Maintenance								
Others								
Subtotal (B)								
Total Cost (C=A+B)³	80%	650.035	80%			162.508	20%	812.544
% Total Project Cost								
Total Project Cost for [insert prior year period]								

For NANDA RANJAN & JENA
Chartered Accountants


C.A.L.K. Sahoo, Partner
Member, No-066424

For Odisha State Rural Road Agency

M/s Nanda Ranjan & Jena

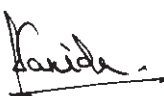
Chartered Accountants, Bhubaneswar


(C.M. Pattanaik)

Empowered Officer


(A.K. Prusty)

Finance Controller


(S. Parida)

Chief Executive Officer

Name of the Executing Agency-Orissa State Rural Road Agency
Name of the Implementing Agency-Orissa State Rural Road Agency
Name of the Project -ADB Assisted PMGSY (RCIP-I/Tranche-I)
Loan No:-2881-IND

FOR THE YEAR ENDED 31.03.2019

Statement of Disbursement

Details of the disbursement by method are given below:

in (INR) '000

Statement of Disbursement	Note	Current Year	Prior Year	Cumulative Project to Date
ADB Fund claimed during the year	6.1			
Reimbursement ³	6.2	4333.156	180657.718	2799362.563
Imprest Fund ³	6.3			
Direct Payment	6.4			
Commitment Letter	6.5			
Subtotal	(A)	4333.156	180657.718	2799362.563
Total Expenditure made during the year¹	(B)	812.544	185830.793	3607777.354
Less:				
Expenditure not yet claimed	(C)	0		
Borrower's share ²	(D)	162.508	5173.075	812097.911
Total Eligible Expenditure claimed (B — C — D = E = A)	(E)	4333.156	180657.718	2799362.563

For NANDA RANJAN & JENA
Chartered Accountants


CA. L.K. Sahoo, Partner
Member, No-066424

For Odisha State Rural Road Agency

M/s Nanda Ranjan & Jena

Chartered Accountants, Bhubaneswar


(C.M. Pattanaik)

Empowered Officer


(A.K. Prusty)

Finance Controller


(S. Parida)

Chief Executive Officer

Name of the Country - INDIA
 Executing Agency-Govt. of Odisha & Odisha State Rural Road Agency
 Implementing Agency - Odisha State Rural Road Agency
 Project – RCIP-I
 Loan No. 2881-IND

NOTESTOTHEFINANCIALSTATEMENTS FORTHEYEARENDED 31st March2019

1. Project Nature and Activities:-

1.1 **Description of the Project**:-To provide connectivity to the unconnected habitations / villages using rural roads

Nature of Activities- Construction and up gradation of rural roads

Commencement & expected completion dates-

Locator- Rural roads in 12 nos of district in Odisha

Brief Nature of the project outputs- Providing basic connectivity to the unconnected habitations by constructing rural roads

1.2 **Give legislative framework**:-Not Applicable

2. **STATEMENT OF COMPLIANCE**

These financial statements have been prepared in accordance with Terms of Reference(TOR) conveyed by Government of India/Ministry of Finance/Department of Economic Affairs vide their letter No.- 5/2/2010-ADB-I dtd.02.09.2013 . This refers to the historical cost convention and on accrual basis of accounting applied with due regard to the General Financial Rules, PWD Codes, Treasury Codes, and similar rules and codes as are in effect and applicable to the operation of the project.

3. **SIGNIFICANT ACCOUNTING POLICIES**

3.1 **Financial Statements**

This comprises of the Statement of Receipts and Payments, the Statements of Expenditure by Category and Financier, the Statement of Disbursement and related notes and appendices to the financial statements

3.2 **Basis of measurement**

Financial statements have been prepared under the historical cost convention and on [accrual basis of accounting

3.3 **Changes in accounting policies**

These financial statements have been prepared in accordance with Terms of Reference(TOR) conveyed by Government of India/Ministry of Finance/Department of Economic Affairs vide their letter No.- 4/12/2013-ADB-IIDtd. 27.08.2013

3.4 **Fund Flow mechanism**

Describe the fund flow mechanism, in particular, whether the IA/EA control funds or whether all payments are centralized -OSSRA maintains only one bank account opened with a scheduled bank i.e. State Bank of India in the name of OSRRA in which all the funds received from MORD as well as Govt. of Odisha are credited. Thereafter the PIUs submit the demands for funds to OSRRA and authorizations are issued to the PIUs for making payments at their level through online portal of Govt. of India viz OMMAS.

3.5 **Advances and other receivables**

Describe treatment of advances against expenditures:-Advances as and when paid are considered as expenditure in the SOE & enclosed annexure and any recovery in the interim payment certificate, the net amount paid after recovery are considered as expenditure



3.6 Cash and cash equivalents

Cash equivalents comprise [define components of cash]. Explain if the entity controls unspent advances, only petty cash, or has a nil balance, as applicable: - All payment are made through Bank only. No cash balance is maintained.

3.7 Accrued and other liabilities

*Disclose any major liabilities which have not been accrued under the cash basis policy:-
- NIL-*

3.8 Income

i) Describe nature of different types of income and how they are recognized. For example grants, sale of proceeds of fixed assets, interest income on bank accounts etc:- Income has been recognized as interest accrued on bank accounts and reflected in Annexure-I.

ii) [Include if applicable] Free of cost office space, electricity and certain other services provided by {insert name} are not valued and accordingly, are not recognized in these financial statements as income of the Project:- NA

3.9 Foreign currency transactions and translation

(a) Functional and presentation currency

Items included in the financial statements of the Project are measured using the currency of the primary economic environment in which the entity operates (the functional currency), which is the Indian Rupee (INR).

(b) Transactions and balances:-No Transactions in foreign currency

3.10 Allocation of Common Costs

No common costs are allocated to different output/activities.

3.11 Interest Expenses and Financial Charges

No financial charges & interest have been allocated to the Project by the borrower.



4. **Funds Received from the Government:-**


Government of Odisha provides fund to Orissa State Rural Road Agency based on executing program submitted through budgetary support.

	in (INR)'000		
	<i>Current Year</i>	<i>Prior Year</i>	<i>Cumulative Year to date</i>
Government Counterpart funding			
Amount Reimbursable to Government			NIL

5. **DATE OF AUTHORIZATION**

These financial statements have been authorized for issue by the Management of the Orissa State Rural Road Agency on 02/11/2019

For NANDA RANJAN & JENA
Chartered Accountants



CA. L. K. Sahoo, Partner
Member, No-066424

For Odisha State Rural Road Agency

M/s Nanda Ranjan & Jena
Chartered Accountants, Bhubaneswar


(C.M. Pattanaik)

Empowered Officer


(A.K. Prusty)

Finance Controller


(S. Parida)

Chief Executive Officer

Place: Bhubaneswar
Date: 02/11/2019

Name of the Executing Agency-Orissa State Rural Road Agency
Name of the Implementing Agency-Orissa State Rural Road Agency
Name of the Project –ADB Assisted PMGSY (RCIP-I/Tranche-I)
Loan No:-2881-IND

**NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31st March 2019**

6. Funds Received from ADB

6.1 Funds Received from ADB through Reimbursement Method :-

In (INR) '000

ADB Source of Funds - Method of Withdrawal	Note Reference	During the Current Year	During the Previous Year	Cumulative Project to Date
ADB Loan				
- By Reimbursement Method	6.1	143394.299	264547.257	2839500.592
- By Imprest Account 1	6.2			
- By Direct Payment	6.3			
- By Commitment Procedure	6.4			
ADB Loan Total		143394.299	264547.257	2839500.592
ADB Grant		-	-	-
ADB Loan and Grant Total		143394.299	264547.257	2839500.592

**For NANDA RANJAN & JENA
 Chartered Accountants**


**CA.L.K.Sahoo, Partner
 Member, No-066424**

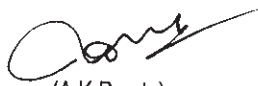
For Odisha State Rural Road Agency

M/s Nanda Ranjan & Jena

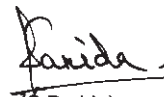
Chartered Accountants, Bhubaneswar


(C.M. Pattanaik)

Empowered Officer


(A.K. Prusty)

Finance Controller


(S. Parida)

Chief Executive Officer

Annexure 6

Not Applicable

Name of the Executing Agency-Orissa State Rural Road Agency
Name of the Implementing Agency-Orissa State Rural Road Agency
Name of the Project –ADB Assisted PMGSY (RCIP-I/Tranche-I)
Loan No:-2881-IND

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR/PERIOD ENDED 31st March 2019

6.6 Details of disbursement claimed under the Statement of Expenditure (SOE) Procedure are given below

DISBURSEMENT CLAIMED UNDER STATEMENT OF EXPENDITURE (SOE) PROCEDURE
FOR THE YEAR/PERIOD ENDED 31st March 2019

in (INR) '000

W/A No. 1.	SO E Sheet No. 2	Category 3	Total Amount Paid 4	ADB Financing % 5	Net Eligible Expense 6 (4x5)	Amount Reimbursed 7	Imprest Fund Replenish ed/ Liquidate d 8	Total Disburseme nt Using SOE Procedure 7 + 8 = 9
00001	1	Civil Works	812.544	80%	650.035	4333.156		4333.156
	2	Mechanical and Equipment						
00002	1	Consultants						
	2	Salaries						
	3	Accommodation						
00005	1	Environment and Social Mitigation						
	2	Equipment Operation and Maintenance						
		Total	812.544		650.035	4333.156		4333.156
		Total for (prior year)						

For NANDA RANJAN & JENA
Chartered Accountants


CA. L.K. Sahoo, Partner
Member, No-066424

For Odisha State Rural Road Agency

M/s Nanda Ranjan & Jena

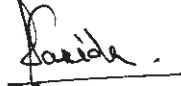
Chartered Accountants, Bhubaneswar


(C.M. Pattanaik)

Empowered Officer


(A.K. Prusty)

Finance Controller


(S. Parida)

Chief Executive Officer

Annexure 8

---As per Annexure 4---

Name of the Executing Agency-Orissa State Rural Road Agency
Name of the Implementing Agency-Orissa State Rural Road Agency
Name of the Project –ADBAssisted PMGSY (RCIP-I/Tranche-I)
Loan No:-2881-IND

STATEMENT OF APPROPRIATION VS. ACTUAL

Cost Categories	For the current year ended 31 st March 2019				For the Prior year ended 31 st March 2018				Cumulative from [beginning of Project] to year to date			
	Budgeted Expenditures	Actual Expenditures	Utilization Percentage	Variance	Budgeted Expenditures	Actual Expenditures	Utilization Percentage	Variance	Program Budgeted Expenditures	Actual Expenditures	Utilization Percentage	Variance
	INR '000	INR '000	%	INR '000	INR '000	INR '000	%	INR '000	INR '000	INR '000	%	INR '000
Investment Costs												
Civil Works	812.544	812.544	100	-	185830.793	185830.793	100	-	3607777.354	3607777.354	100	
Mechanical and Equipment												
Environment and Social Mitigation												
Consultants												
a. Project Management												
b. Capacity Development												
Others												
Subtotal												
Recurrent Costs												
Salaries												
Accommodation												
Equipment Operation and Maintenance												
Others												
Subtotal												
Total Payments												
Financing Charges during Implementation												
Total Project Cost												
Grand total of expenditures in USD												

For NANDA RANJAN & JENA
Chartered Accountants


CA.L.K. Sahoo, Partner
Member, No-066424

For Odisha State Rural Road Agency

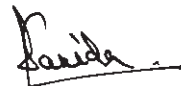
M/s Nanda Ranjan & Jena
Chartered Accountants, Bhubaneswar


(C.M. Pattanaik)

Empowered Officer


(A.K. Prusty)

Finance Controller


(S. Parida)

Chief Executive Officer

Name of the Executing Agency-Orissa State Rural Road Agency
Name of the Implementing Agency-Orissa State Rural Road Agency
Name of the Project –ADB Assisted PMGSY (RCIP-I/Tranche-I)
Loan No:-2881-IND

EXPENDITURE BY OUTPUT COMPONENTS

In INR '000

	Unallocable common costs			Output 1 ¹			Output 2			Output 3			Total Expenditure		
	Prior Year	Current Year	Cum to Date	Prior Year	Current Year	Cum to Date	Prior Year	Current Year	Cum to Date	Prior Year	Current Year	Cum to Date	Prior Year	Current Year	Cum to Date
Investment Costs															
Civil Works				185830.793	812.544	360777.354							185830.793	812.544	360777.354
Mechanical Equipment															
Environment and Social Mitigation															
Consultants															
a. Project Management															
b. Capacity Development															
Others															
Subtotal (A)															
Recurrent Costs															
Salaries															
Accommodation															
Equipment Operation and Maintenance															
Others															
Subtotal (B)															
Total Cost (C=A+B)															
% Total Project Cost															

For NANDA RANJAN & JENA
Chartered Accountants


CA.L.K.Sahoo, Partner
Member, No-066424

For Odisha State Rural Road Agency

M/s Nanda Ranjan & Jena
Chartered Accountants, Bhubaneswar


(C.M. Pattanaik)
 Empowered Officer


(A.K. Prusty)
 Finance Controller


(S. Parida)
 Chief Executive Officer

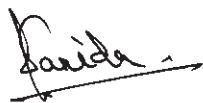
Management Assertion letter

To,

**M/s Nanda Ranjan & Jena,
Chartered Accountant, Bhubaneswar.**

This assertion letter is provided in connection with your audit of the financial statement of the PMGSY Project for the year ended 31.03.2019. We acknowledge our responsibility for the fair presentation of the financial statements in accordance with the cash basis of accounting followed by the Government of India, and we confirm, to the best of our knowledge and belief, the following representations made to you during your audit.

- The project financial statements are free of material misstatements, including omissions.
- Project funds have been used for the purposes for which they were provided.
- Project expenditures are eligible for financing under the Loan/Credit agreement.
- There have been no irregularities involving management or employees who have a significant role in internal control or that could have a material effect on the project financial statements.
- We have made available to you all books of account and supporting documentation relation to the project.
- The project has complied with the conditions of all relevant legal agreements, including the Financing Agreement, the Project Agreement, the Project Appraisal Document, the Minutes of Negotiations, and the Borrower's Project Implementation Plan.

**Chief Executive Officer, OSRRA****Finance Controller**

Excerpt from CAG Auditing Standards (2nd Edition, 2002) Chapter IV, Reporting Standards**12. The form and contract of audit option and report.****12.1 The form and content of all audit opinions and reports are founded on the following general principles:**

- (a) **Title.** The opinion or report should be preceded by a suitable title or heading, helping the reader to distinguish it from statements and information issued by others.
- (b) **Signature and date.** The opinion or report should be properly signed. The inclusion of a date informs the reader that consideration has been given to the effect of events or transactions about which the auditor became aware up to that date (which, in the case of regularity (financial) audits, may be beyond the period of the financial statement).
- (c) **Objectives and scope.** The opinion or report should include reference to the objectives and scope of the audit. This information establishes the purpose and boundaries of the audit.
- (d) **Completeness.** Opinion should be appended to and published with the financial statements to which they relate, but performance reports may be free standing. The auditor's opinions and reports should be presented as prepared by the auditor. In exercising its independence CAG may acquire information time to time, which in the national interest can not be freely disclosed. This can affect the completeness of the audit report. In this situation the auditor should consider the need to make a report, possibly including confidential or sensitive material in a separate, unpublished report.
- (e) **Addressee.** The opinion or report should identify those to whom it is addressed, as required by the circumstances of the audit engagement and local regulations or practice. This is unnecessary where formal procedures exist for its delivery.
- (f) **Identification of subject matter.** The opinion or report should identify the financial statements (in the case of regularity (financial) audits) or area (in the case of performance audits) to which relates. This includes information such as the name of the audited entity, the date and period covered by the financial statements and the subject matter that has been audited.
- (g) **Legal basis.** Audit opinions and reports should identify the legislation or other authority providing for the audit.
- (h) **Compliance with standards.** Audit opinions and reports should indicate the auditing standards or practice followed in conducting the audit, thus providing the reader with an assurance that the audit has been carried out in accordance with generally accepted procedures.
- (i) **Timelines.** The audit opinion or report should be available promptly to be of greatest use to readers and users, particularly those who have to take necessary action.



Report of the Comptroller and Auditor General of India

To,
Chief Executive Officer,
OSRRA.

We have audited the accompanying financial statements of the PMGSY Project financed under Asian Development Bank Loan No. 2881-IND, which comprise the statement of receipts and payments, the statement of expenditure by Category and Financier, the Statement of Disbursement and related notes for the year ended 31.03.2019.

These statements are the responsibility of the Project's management. Our responsibility is to express an opinion on the accompanying financial statements based on our audit.

We conducted our audit in accordance with the Auditing Standards promulgated by the Comptroller and Auditor General of India. Those standards require that we plan and perform the audit to obtain responsible assurance about whether the financial statements are free of material misstatement. Our audit examines, on 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 the overall statement presentation. We believe that our audit provides a reasonable basis for our pinion.

In our opinion, the financial statements present fairly, in all material respects, the sources and applications of funds of project for the year ended 31.03.2019 in accordance with Govt. of India accounting standards except to **"no separate books of accounts have been maintained for ADB loan projects as required by the section 2.09 of the ADB Project Agreement"**


In addition, in our opinion, subject to the audit observations mentioned above;

- (a) Proceeds of the loan from ADB have been utilized for the purposes as per ADB Loan/Project Agreement.
- (b) Financial covenants in the loan agreement 2881 dated 2nd April 2013 has been complied with.
- (c) (i) with respect to SOEs, adequate supporting documentation has been maintained to support claims to the Asian Development Bank for reimbursements of expenditures incurred; and (ii) except for ineligible expenditures as detailed in the audit observations, if any, appended to this audit report, expenditures are eligible for financing under the Loan Agreement.

Date: 02-11-2019
Place: Bhubaneswar



For M/s Nanda & Ranjan Jena
Chartered Accountant,


L K Sahoo, FCA
(Partner, Memb. No – 066424)
UDIN-19066424AAAABM9315

MANAGEMENT LETTER

We have audited the APFS-ADB Loan 2881 for the Financial Year 2018-19 as per the guidelines of the TOR for Audit of ADB assisted projects by Comptroller and Audit General of India. During our course of audit, we observed deficiencies in the internal controls. Herewith we are addressing to the management internal control issues along with our suggestions in this management letter.

No Separate Books of Accounts maintained:

As per section 2.09 of the ADB project agreement that separate accounts to be maintained, however, we observed no separate sets of accounts are being maintained loan wise. Accounts are being maintained in OMAS for all ADB loans together along with other government aided funds like PMGSY. As per the explanation obtained from the management, it is not possible to maintain accounts for each on going ADB project loan separately at the state level, but in future initiative will be taken for maintenance of separate loan wise accounts for new loans.

Since no books of accounts for each loan separately maintained, it is a cumbersome procedure to trace the expenditure accounted for and payment made in accounting package (OMAS) with the bill/voucher/SOE from divisions.

Suggestions:

Separate accounts must be maintained as required by the ADB project agreement. Maintenance of separate accounts will reflect the loan wise financial movements like expenditure, payments and reimbursement for each loan, which will facilitate the management to have better control over individual loans.

Further it is suggested to prepare reconciliation statement for the expenditure accounted for and payments made between in OMAS and SOE from divisions on monthly basis to ensure the correctness of posting of vouchers into OMAS.



Requisition for Payment

As per normal practice divisions send requisition to the head office for payments to contracts towards mobilisation advance, running bills and release of security deposits. On the basis of requisition, Empowerment Officer (EO) of OSRRA issues authorisation to the concerned divisions to make payment. In many instances, we observed the running bill number was not mentioned in the requisition.

Suggestions:

Division must send the requisition along with the calculations and a copy of the verified invoice. As a result HO can re-check the bills and calculations before remitting the fund to the divisions.

Further it may be suggested to maintain register for requisitions received from the divisions with particulars like requisition letter number, date, division name, requisition amount and amount remitted against the requisition and remarks for non-acceptance of requisition if any. Maintenance of this register will facilitate the management to have better control over payments, delays etc.

Delays in Completion of works

Mostly the work orders are issued to the contractors having time line of one year, however, we observed in many cases the work is being continuing for several years. However extension of time (EOT) has been granted to the contractors for the delays. Further penalty for liquidated damage has been deducted from the contractors payments in case of delays due to negligence of contractors.

Suggestions:

Management must obtain written communications from the divisions for the reason of delays and must access the reason of delay for each contract individually.

Contract/ Bill Register

A bill register is being maintained for each ADB loan separately in excel utility depicting the contract particulars, invoice details, deductions and payment



details from the beginning of the loan. However it does not reflect financial year-wise bill processed, deductions and payments.

Suggestions:

The bill register must be maintained for each financial year, which must reflect the bills processed, deductions made and payment made and claim submitted to ADB in that particular financial year. After annual audit the year wise bill register must be freezed and approved by the concerned officials. A detailed consolidated register must be prepared from the year wise bill registers to reflect the project up to date status.

