

Audited Project Financial Statements

Project Number: 47021-002

Loan Number: 3239-PAK(COL)

Period Covered: 1 July 2019 to 30 June 2020

Pakistan: Federally Administered Tribal Areas Water Resources Development Project

Prepared by Auditor General of Pakistan for Project Management Unit, SDU, Government of Khyber Pakhtunkhwa, Pakistan

For the Asian Development Bank

Date received by ADB: 31 December 2020

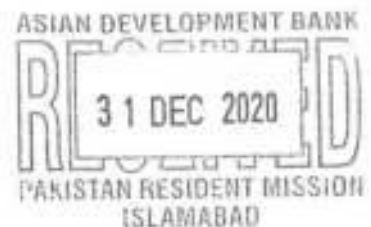
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**Financial Attest Audit Report on the
Accounts of
FATA Water Resources Development Project,
Financed by
Asian Development Bank and
Government of Khyber Pakhtunkhwa
Loan No. 3239- PAK
Government of Khyber Pakhtunkhwa
Planning and Development Department
for the Financial Year 2019-20**

Auditor General of Pakistan Islamabad

*Sent to
S&P wing
21/12/20*





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Planning and Development Department
for the Financial Year 2019-20**

Auditor General of Pakistan Islamabad

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Abbreviations and Acronyms

A.A	Administrative Approval
ADB	Asian Development Bank
DFO	Divisional Forest Officer
ECNEC	Executive Committee of National Economic Council
EOT	Extension of Time
FRDP	FATA Rural Development Project
FWRDP	FATA Water Resources Development Project
IPC	Interim Payment Certificate
IPSAS	International Public Sector Accounting Standards
ISSAI	International Standards of Supreme Audit Institutions
MRS	Market Rate System
PC-I	Planning Commission Proforma-I
PIU	Project Implementation Unit
PMU	Project Management Unit

PREFACE

The Auditor-General conducts audits subject to Articles 169 and 170 of the Constitution of the Islamic Republic of Pakistan 1973, read with Sections 8 and 12 of the Auditor-General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001. The audit of "FATA Water Resources Development Project (FWRDP)" for the financial year 2019-20, financed by the Asian Development Bank and Government of Khyber Pakhtunkhwa, was carried out accordingly.


The Directorate General Audit, Khyber Pakhtunkhwa conducted Financial Attest Audit of "FATA Water Resources Development Project (FWRDP)", financed by the Asian Development Bank and Government of Khyber Pakhtunkhwa during September, 2020 for the period 2019-20 with a view to reporting significant findings to stakeholders. Audit examined the economy, efficiency, and effectiveness aspects of the project. In addition, Audit also assessed, on test check basis, whether the management complied with the applicable laws, rules and regulations in managing the project. The Audit Report indicates specific actions that, if taken, will help the management realize the objectives of the project.

The Report was finalized in light of the discussion and obtaining written response from the Project Management. The Principal Accounting Officer was also requested to convene the DAC meeting however; it was not convened till finalization of this report.

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 Asian Development Bank in terms of its Loan agreement with the Government of Khyber Pakhtunkhwa.

Dated: 17/12/2020
Peshawar



(Lal Muhammad)
Director General Audit
Khyber Pakhtunkhwa

PART-I

1. **PROJECT OVERVIEW**
2. **AUDITOR'S REPORT TO THE MANAGEMENT**
3. **FINANCIAL STATEMENTS**

PROJECT OVERVIEW

Name of Project	:	FATA Water Resources Development Project (FWRDP)
Sponsoring Authority	:	Asian Development Bank & Government of Khyber Pakhtunkhwa
Executing Authority	:	Sustainable Development Unit (SDU), Planning & Development Department, Government of Khyber Pakhtunkhwa through Irrigation, Environment and Agriculture Department
Loan No	:	3239- PAK
PC-I Cost	:	PKR 4933.70 million (USD 47.90 million)
Date of commencement	:	17-04- 2015
Date of commencement (Actual)	:	07-08- 2015
Date of completion (as per PC-I)	:	30-09-2020
Date of approval by ECNEC	:	02-03-2015
Loan closing date	:	30-09-2020
Loan utilization status in 2019-20	:	Rs.590.270 million
Progressive expenditure upto 30-06-19	:	Rs.684.71 million

FINANCIAL STATEMENTS
FATA WATER RESOURCES DEVELOPMENT PROJECT (FWRDP)
ADB LOAN No. 3239-PK
FOR THE YEAR ENDED ON 30th JUNE, 2020


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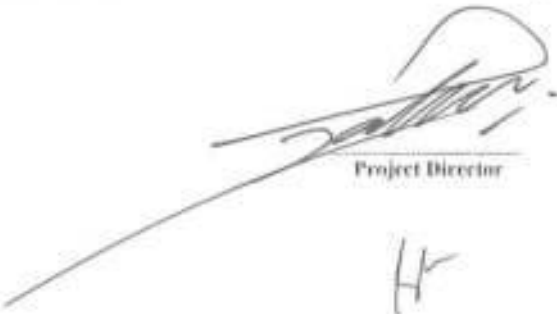
FATA WATER RESOURCES DEVELOPMENT PROJECT

**Statement of Cash Receipts and Payments
For the year ended June 30th, 2020**

Note	2019-20		2018-19	
	Receipts(Payments) Controlled by Project	Payment by Third Parties	Receipts(Payments) Controlled by Project	Payment by Third Parties
Pak Rupees				
Receipts				
External Assistance-ADB	5 502,337,179	114,923	572,337,980	1,154,900
Counterpart Fund-Govt. KP	6 95,000,000		50,000,000	
Total Receipts	597,337,179		622,337,980	
Payments				
Consultancy Services	7 122,791,258		143,090,985	
Operating Expenses	8 99,343,919		85,640,852	
Civil Works	9 277,375,144		29,550,173	
Watershed Management	10 85,246,020		50,000,000	
Special Service Contract	11 0	114,923	0	1,154,900
Total Payments	590,155,341	114,923	358,281,960	1,154,900
Increase (Decrease) in Cash	7,581,838		264,056,020	
Cash at Beginning of Year	303,697,416		39,641,396	
Cash at End of Year	12 311,279,254	0	303,697,416	0

The accompanying notes form an integral part of these financial statements and are to be read therewith.


Audit Officer


Project Director

DATA WATER RESOURCES DEVELOPMENT PROJECT
ASIAN DEVELOPMENT BANK LOAN NO.239/PK/01
SUSTAINABLE DEVELOPMENT UNIT/SDU, PLANNING & DEVELOPMENT DEPARTMENT GOVT. NP.
FOR THE YEAR ENDED JUNE 30, 2020
STATEMENT OF EXPENDITURE (BY DETAIL BREAKUP)

9. Civil Works												
Description	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20
GoP KP Share	-	-	-	-	8,040,693	114,667	-	4,922,459	1,074,797	972,523	-	13,022,096
ADB Share/COE	11,816,007	34,211,883	8,801,881	13,892,207	16,045,206	1,546,888	20,244,244	18,882,883	11,273,271	87,784,217	23,281,201	7,207,221
Total	11,816,007	34,211,883	8,801,881	13,892,207	24,085,899	1,761,555	20,244,244	23,795,342	12,347,568	88,766,744	23,281,201	18,229,317

10. Material Management												
Description	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20
GoP KP Share	-	-	-	-	4,507,020	-	-	-	-	-	-	-
ADB Share/COE	-	-	-	-	40,800,000	-	-	-	-	-	-	-
Total	-	-	-	-	45,307,020	-	-	-	-	-	-	-

11. Consultant Services												
Description	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20
GoP KP Share	-	-	-	-	-	-	-	2,061,782	-	-	-	-
ADB Share/COE	8,361,269	4,744,719	4,058,268	4,472,428	4,185,445	4,029,270	4,201,588	1,776,133	8,385,177	4,142,758	4,308,408	8,301,116
Total	8,361,269	4,744,719	4,058,268	4,472,428	4,185,445	4,029,270	4,201,588	2,061,782	8,385,177	4,142,758	4,308,408	8,301,116

OPERATING EXPENSES

12. Secretariat Administrative Cost (Self-cost)												
Description	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20
GoP KP Share	-	-	-	-	1,133,861	-	-	-	-	-	-	-
ADB Share/COE	4,346,028	4,744,719	4,058,268	4,472,428	4,185,445	4,029,270	4,201,588	1,776,133	8,385,177	4,142,758	4,308,408	8,301,116
Total	4,346,028	4,744,719	4,058,268	4,472,428	5,319,306	4,029,270	4,201,588	1,776,133	8,385,177	4,142,758	4,308,408	8,301,116

13. Utility Charges (Electricity, Gas, Telephone)												
Description	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20
GoP KP Share	-	-	-	-	-	-	-	-	-	-	-	-
ADB Share/COE	22,730	163,452	78,013	79,348	47,875	20,283	107,645	16,287	121,603	29,728	37,370	85,265
Total	22,730	163,452	78,013	79,348	47,875	20,283	107,645	16,287	121,603	29,728	37,370	85,265

14. Staffing Charges												
Description	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20
GoP KP Share	-	9,381	112,201	-	41,455	10,830	-	-	-	-	-	-
ADB Share/COE	-	9,381	112,201	-	41,455	10,830	-	-	-	-	-	-
Total	-	9,381	112,201	-	41,455	10,830	-	-	-	-	-	-

15. Office Rent												
Description	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20
GoP KP Share	-	-	-	-	83,500	-	-	-	-	-	-	-
ADB Share/COE	420,748	-	420,748	-	83,500	-	420,750	46,750	-	-	-	-
Total	420,748	-	420,748	-	83,500	-	420,750	46,750	-	-	-	-

16. Traveling and Conveyance Charge/Per diem												
Description	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20
GoP KP Share	-	-	-	-	-	-	-	-	-	-	-	-
ADB Share/COE	21,880	26,784	47,072	27,440	109,696	70,384	23,304	32,280	82,816	-	-	-
Total	21,880	26,784	47,072	27,440	109,696	70,384	23,304	32,280	82,816	-	-	-

8.6 POL Charges

Description	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Total
Gas EP Share	-	-	-	-	301,370	49,217	-	82,866	47,965	-	-	65,472	516,793
ADB Share/SCF	224,161	590,705	078,900	339,324	429,443	442,956	505,647	247,372	354,487	163,894	57,898	384,264	2,878,637
Total	224,161	590,705	378,900	339,324	730,713	482,175	505,647	300,241	402,452	163,894	57,898	449,736	4,395,430

8.7 Repair & Maintenance/Vehicles

Description	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Total
Gas EP Share	-	-	-	-	108,909	17,674	9,935	36,720	133,041	-	-	100,427	413,719
ADB Share/SCF	89,208	28,781	333,290	218,704	103,671	227,690	188,533	353,932	17,766	92,496	41,900	1,634,020	2,048,738
Total	89,208	28,781	333,290	218,704	109,909	121,244	237,625	225,256	486,672	17,766	92,496	148,327	2,048,738

8.8 Equipment (U & M) including Generator

Description	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Total
Gas EP Share	-	-	-	-	17,170	-	-	54,111	769	-	-	-	52,050
ADB Share/SCF	-	10,800	11,070	-	-	-	19,337	6,918	-	-	-	-	48,125
Total	-	10,800	11,070	-	17,170	-	19,337	61,029	769	-	-	-	100,175

8.9 Rates & Taxes

Description	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Total
Gas EP Share	-	-	-	-	-	-	-	-	-	-	-	-	-
ADB Share/SCF	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-	-	-	-

8.10 Purchase of Vehicles/Registration

Description	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Total
Gas EP Share	-	-	-	-	-	-	-	-	-	-	-	-	-
ADB Share/SCF	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-	-	-	-

8.11 Conference/Seminars/Workshop

Description	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Total
Gas EP Share	-	-	-	-	63,648	-	-	-	-	-	-	-	63,648
ADB Share/SCF	-	696,800	-	572,832	63,180	109,200	493,600	-	7,475,296	-	-	-	5,400,812
Total	-	696,800	-	572,832	126,828	109,200	493,600	-	7,475,296	-	-	-	5,464,460

8.12 Hire of Vehicles

Description	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Total
Gas EP Share	-	-	-	-	241,008	36,406	8,246	74,237	50,440	33,950	-	76,145	519,430
ADB Share/SCF	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	241,008	36,406	8,246	74,237	50,440	33,950	-	76,145	519,430

8.13 Adornment Charges

Description	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Total
Gas EP Share	-	-	-	-	38,468	-	-	31,508	-	-	-	-	69,976
ADB Share/SCF	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	38,468	-	-	31,508	-	-	-	-	69,976

8.14 Miscellaneous/Other Charges

Description	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Total
Gas EP Share	-	-	-	-	112,362	713	3,200	\$1,800	\$3,292	-	80,000	112,036	383,893
ADB Share/SCF	190,486	385,590	409,590	526,952	820,590	80,622	795,368	402,256	487,193	305,550	433,628	318,600	5,202,424
Total	190,486	385,590	409,590	526,952	932,952	81,335	798,568	404,056	514,365	305,550	483,628	431,136	5,586,317

A.18 Purchase of Furniture & Fixtures

Description	Jan-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Total
Office Furniture												8,283	8,283
Office Equipment								30,607					30,607
Office Supplies								30,607				8,283	38,890
Total													

A.19 Purchase of Plant & Machinery

Description	Jan-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Total
Office Furniture													23,420
Office Equipment								107,006	86,240				183,246
Office Supplies								107,006	106,960				213,966
Total													

Grand Total	16,922,511	18,119,104	14,240,515	19,366,183	24,542,682	8,878,762	44,739,461	28,681,863	44,661,251	89,466,196	43,661,251	14,398,698	590,155,541
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13.06.2020	80762334	✓	16,005.00	160.4861	59.70	352,719,238.00	2,487,401.41
20.06.2020	80762336	✓	2,490,706.00	160.4861	2,299.04	389,038,530.00	2,488,604.26
20.06.2020	80762332	✓	142,500.00	160.4861	887.80	389,883,030.00	2,487,716.44
20.06.2020	80762338	✓	14,726,596.00	160.4861	81781.32	374,162,440.00	2,375,928.11
21.06.2020	80762344	✓	24,929.00	160.4861	165.35	374,127,511.00	2,375,772.78
21.06.2020	80762337	✓	62,456.00	160.4861	327.11	374,075,015.00	2,375,448.67
21.06.2020	80762335	✓	4,840,222.00	160.4861	30159.76	389,234,793.00	2,345,286.81
21.06.2020	80762338	✓	346,271.00	160.4861	6388.71	387,898,822.00	2,334,098.26
21.06.2020	80762312	✓	207,209.00	160.4861	2476.66	387,491,213.00	2,334,422.64
20.06.2020	80762336	✓	7,808,681.00	160.4861	48858.39	389,602,852.00	2,385,786.24
20.06.2020	80762339	✓	2,727,419.00	160.4861	16984.74	386,855,133.00	2,368,771.90
07.06.2020	80762340	✓	1,095,701.00	160.4861	5742.07	385,354,432.00	2,385,058.28
02.06.2020	80762343	✓	24,892.00	160.4861	166.04	385,329,540.00	2,364,873.46
04.06.2020	80762345	✓	28,091.00	160.4861	186.64	385,300,550.00	2,364,692.80
09.06.2020	80762346	✓	26,450.00	160.4861	128.89	385,278,109.00	2,364,552.92
09.06.2020	80762348	✓	24,050.00	160.4861	148.55	385,246,058.00	2,364,403.57
09.06.2020	80762347	✓	1,241.00	160.4861	45.12	385,246,058.00	2,364,354.24
09.06.2020	80762347	✓	1,370.00	160.4861	8.64	385,246,058.00	2,364,344.71
11.06.2020	80762345	✓	26,040.00	160.4861	162.26	385,219,458.00	2,364,187.46
16.06.2020	80766428	✓	206,580.00	160.4861	1803.90	385,813,908.00	2,362,283.64
16.06.2020	80766429	✓	3,540.00	160.4861	22.06	385,813,908.00	2,362,281.60
17.06.2020	80766427	✓	41,800.00	160.4861	261.08	385,858,468.00	2,362,000.47
17.06.2020	80766430	✓	61,713.00	160.4861	364.64	385,858,468.00	2,361,615.88
17.06.2020	80762350	✓	24,715.00	160.4861	154.00	385,782,040.00	2,361,481.88
18.06.2020	80762348	✓	83,853.00	160.4861	334.31	385,726,388.00	2,361,127.67
21.06.2020	80766432	✓	270,878.00	160.4861	1686.88	385,457,612.00	2,359,441.69
23.06.2020	80766439	✓	1,983,101.00	160.4861	12419.16	383,454,520.00	2,356,956.56
24.06.2020	80766440	✓	267,182.00	160.4861	1789.49	383,187,432.00	2,345,170.07
24.06.2020	80766441	✓	2,755,295.00	160.4861	17417.49	380,372,167.00	2,327,752.86
24.06.2020	80766431	✓	53,095.00	160.4861	81.32	380,269,117.00	2,327,671.37
24.06.2020	80766437	✓	9,000.00	160.4861	56.08	380,269,117.00	2,327,615.19
26.06.2020	80766426	✓	7,094,707.00	160.4861	44326.07	343,253,410.00	2,183,386.11

(Authorized Signature) (BSC)

Nisar Ahmad
O.G-1, A-3, 317
National Bank of Pakistan
Peshawar Cantt. 807, 0385

Office of the
BSC (BSC) Peshawar
National Bank of Pakistan
Peshawar Cantt. 807, 0385

1-11
12/19/18
PAID WATER RESOURCES DEVELOPMENT PROJECT FUND
A-05

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(Signature)

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Project Management Unit "Fata Water Resources Development Project"
Statement Of Withdrawal
Financing Agreement 3239-PAK(COL)

Serial No.	W/A No.	Date of Appl.	Amount Claimed		Amount Repurchased		Difference		Date of Receipt	Remarks
			US\$	PKR	US \$	PKR	US \$	PKR		
1	FW020	26-07-19	1,909,148.80	306,391,845.00	1,909,148.80	306,391,845.00	-	-	26.07.2019	
2	FW022	06-12-19	1,268,001.61	196,345,334.00	1,190,173.00	184,131,762.00	77,828.61	12,213,552.00	27.12.2019	The difference in amounts of Rs.12,213,552. was received later on from ADB through Withdrawal application No. FW022 on 12-03-2020
3	FW022	06-12-19			77,828.61	12,213,552.00			12.03.2020	
Grand Total			3,177,150.41	502,737,179.00	3,177,150.41	502,737,179.00				

FATA WATER RESOURCES DEVELOPMENT PROJECT
DESIGNATED US DOLLAR ACCOUNT STATEMENT

For the period Ending

June 30, 2020

Account No.

US & Account No. A-93

Depository Bank

National Bank of Pakistan

Address

MAIN BRANCH PESHAWAR
CHAFI

Credit No.

3219(PAK)C/D

Currency

Opening Balance as on 01/07/2019

ADB Advance during Financial Year 2019-20

Total funds available

Deduction

Expenditure during Financial Year 2019-20

Less: Total paid

Balance as per Books of PMU FWRDP on 30/06/2020

Balance as per Bank Statement of NBP on 30/06/2020

Difference:

US \$	PKR
2,414,746.40	303,697,416.00
3,177,150.41	502,737,179.00
5,591,896.51	806,434,595.00
3,760,997.59	512,599,299.00
3,760,997.59	512,599,299.00
1,830,898.92	293,835,296.00
2,175,028.89	341,910,748.00
344,129.97	48,075,452.00

CHEQUES ISSUED BUT NOT PRESENTED UNTIL JUNE 30, 2020

Cheques		Rs.	DOLLAR RATE	USD AMOUNT
Date	No.			
28-08-19	43891405	2020	174.1556	16.26990647
11-03-20	80752276	3000	174.1556	24.16322743
04-05-20	80752316	104835	160.4861	653.234143
15-05-20	80752329	104835	160.4861	653.234143
19-06-20	82666442	1175683	160.4861	7325.762169
24-06-20	82666443	74070	160.4861	461.5352981
24-06-20	82666444	74070	160.4861	461.5352981
26-06-20	82666449	2383517	160.4861	14851.85944
26-06-20	82666451	29237400	160.4861	182180.2636
29-06-20	82666452	414000	160.4861	2579.662662
29-06-20	82666453	10587600	160.4861	65972.06861
29-06-20	82666454	75951	160.4861	473.2559393
29-06-20	82666456	3563221	160.4861	22202.67674
29-06-20	82666458	142500	160.4861	887.9273657
29-06-20	82666459	70950	160.4861	442.0943621
30-06-20	82666461	24000	160.4861	149.5456616
30-06-20	82666462	18900	160.4861	117.7672085
30-06-20	82666463	18900	160.4861	117.7672085
Grand Total		48075452		299570.62


Audit Officer


Project Director

FATA WATER RESOURCES DEVELOPMENT PROJECT

Notes to the Financial Statements For the year ended June 30th, 2020

1 Reporting Entity

The financial statements are for FATA Water Resources Development Project (FWRDP). The financial statements encompass the reporting entity as defined in the Financing Agreement between the Islamic Republic of Pakistan and the Asian Development Bank. The Loan Agreement was signed between ADB & Islamic Republic of Pakistan on April 17th, 2015 for an amount of US \$ 47.9 million which has been reduced to US \$ 40,033 . The project became effective from April 17, 2015 with the closing date of September 30th, 2020.

The objective of FWRDP is to provide perennial irrigation supplies in three agencies (Dajaur, Khyber and Muhmand) through construction of small reservoirs, diversion weirs, conveyance channels, development of command area, improvement of watershed management in catchment area of sub projects and Utilization of barren/cultivated new lands available for agriculture purpose.

The project is implemented through Sustainable Development Unit(SDU), P& D Deptt, KP, Peshawar.

Financing

The financing is made in the form of Credit based on Standard Asian Development Bank terms. The Financing Loan Agreement No is 3239-PAK(SF).

2 Certification by Project Management on Application of Funds

The FWRDP management certifies that the funds have been applied/expenditures have been incurred for the purposes intended in the financing agreement.

3 Accounting Convention and Statement of Compliance

These Financial Statements have been prepared in accordance with Cash Basis International Public Sector Accounting Standards (IPSAS), Financial Reporting under the Cash Basis of Accounting standards.

The accounting policies have been applied consistently throughout the period.

4 Significant Accounting Policies

4.1 Foreign Currency Transaction

Cash receipts and payments arising from transactions in US \$ are recorded in Pak Rupees by applying the US \$ amount at the exchange rate between the Pak Rupee and US \$ at on the date of receipts and payments.

4.2 Reporting Currency

All amount in the Financial Statements are in Pak Rupees.

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 /deputationist employees are accounted for in their respective departments while no service terminal benefits are paid to the contractual employees.


Audit Officer
Project Director


FATA WATER RESOURCES DEVELOPMENT PROJECT
Notes to the Financial Statements
For the year ended June 30th, 2020

5. External Assistance-ADB

External assistance was received in the form of Loan from ADB under the Loan agreement dated April 17, 2015. The following amount were received by the Project during the period:

		2019-20		2018-19	
		US \$	Pak Rupees	US \$	Pak Rupees
SOE Procedures	5.1	1,177,150	502,737,179	4,609,815	572,337,980
Direct Payment	5.2	742	114,923	10,692	1,154,900
		<u>1,177,892</u>	<u>502,852,102</u>	<u>4,620,505</u>	<u>573,492,880</u>

5.1 This represents funds transferred by the Asian Development Bank to the FWRDP Project's Designated Assignment Account maintained with the National Bank of Pakistan Main Branch Peshawar Cantt bearing account No A-95 on the basis of Withdrawal Application submitted by the project management.

5.2 The amount of Rs.114,922.63 was deducted from withdrawal applications due to wrongly payment of 100% from ADB share instead of 90%. The amount was re-adjusted and directly paid to the provincial treasury(KPK Govt) by the ADB.

5.3 There has been no instance of non compliance with the terms and conditions of the financing agreement between the Asian Development Bank and Govt which have resulted in cancellation of Credit.

5.4 Undrawn External Assistance

Undrawn Credit at reporting date represents amounts specified in the Financing Agreement between the Asian Development Bank and Government of Pakistan that the bank will disburse for FWRDP Project Purposes.

	Note	2019-20	2018-19
		Amounts in US \$	Amounts in US \$
Total Loan Amount		40,033,000	47,900,000
Advances from the Bank up to June 30, 2020		<u>3,177,150</u>	<u>7,609,003</u>
Closing Balance		<u>36,855,850</u>	<u>40,290,997</u>

	2019-2020	2018-19
	Amounts in Pak Rupees	Amounts in Pak Rupees
6. Counterpart Fund-Govt; KP	95,000,000	50,000,000
	<u>95,000,000</u>	<u>50,000,000</u>

6.1 Expenditure of Rs.77,556,042/- has been incurred from Govt; KP. A/c and the remaining balance of Rs.17,443,958/- has been surrendered to the Finance Department (NMAs) KP for the Financial year 2019-20.

7. Consultancy Services

	Note	2019-2020	2018-19
		Amounts in Pak Rupees	Amounts in Pak Rupees
7.1 Project Management		127,791,258	143,090,985
7.2 Design & Development		<u>127,791,258</u>	<u>143,090,985</u>

8. Operating Expenses

	Note	2019-20	2018-19
		Amounts in Pak Rupees	Amounts in Pak Rupees
8.1 Incremental Administration Cost (Salaries)		52,228,448	51,701,290
		<u>52,228,448</u>	<u>51,701,290</u>

	Note	2019-20	2018-19
		Amounts in Pak Rupees	Amounts in Pak Rupees
8.2 Utilities		793,959	681,041
8.3 Stationery Charges		186,758	204,819
8.4 Office Rent		3,018,137	1,402,497
8.5 Travelling and Conveyance Charges/per diem		437,496	418,976
8.6 P.O. Charges		4,395,630	4,277,920
8.7 Repair & Maintenance (Vehicle)		2,048,739	316,097
8.8 Equipment O&M including Generator		100,175	632,571
8.9 Rates & Taxes		23,638,540	20,303,562
8.10 Purchase of Vehicles (Registration)		0	0
8.11 Conference/ Seminars / Workshop		9,464,460	0
8.12 Hire of Vehicles		519,430	310,301
8.13 Advertisement Charges		69,974	205,714
8.14 Misc (Others)		3,580,317	5,001,984
8.15 Purchase of Furniture & Fixtures		38,890	0
8.16 Purchase of Plant & Machinery		218,966	0
		<u>47,515,471</u>	<u>33,939,562</u>

Note	2019-20	2018-19
	Amounts in Pak Rupees	
	277,374,144	71,372,014
	<u>277,374,144</u>	<u>8,178,509</u>
		<u>79,550,123</u>

10 - Watershed Management

Note	2019-20	2018-19
	Amounts in Pak Rupees	
10.1 Payment to DFO Rhyber	9,721,020	9,300,000
10.2 Payment to DFO Bajaur	47,207,400	22,300,000
10.3 Payment to DFO Mohmand	28,317,600	18,000,000
	<u>85,246,020</u>	<u>50,000,000</u>

11 - Special Services Contract

Note	2019-20	2018-19
	Amounts in Pak Rupees	
11.1 Purchase of QuickBook Software	-	351,000
11.2 QuickBook Training (15 days)	-	460,000
	<u>0</u>	<u>811,000</u>

12 - Cash and Bank

Note	2019-20	2018-19
	Amounts in Pak Rupees	
12.1 Cash at Bank	311,279,254	303,697,416
	<u>311,279,254</u>	<u>303,697,416</u>

13 - Authorization for Issue

These financial statements have been authorized for issue by the Project Director on 25th August, 2017

14 - General

Figures have been rounded off to the nearest rupee.


Audit Officer


Project Director




**OFFICE OF THE
DIRECTOR GENERAL AUDIT
KHYBER PAKHTUNKHWA
PESHAWAR**

DGA = 9211306
Fax: = 9222417
PBX: = 211250-54

Auditor's Report to the Management (Audit Opinion)

We have audited the accompanying financial statements of "FATA Water Resources Development Project", financed by the Asian Development Bank & Government of Khyber Pakhtunkhwa under Loan No. 3239- PAK for the year ended upto 30th June, 2020.

The preparation of these financial statements is the responsibility of the Management. Our responsibility is to express an opinion on the accompanying statements based on our audit.


We conducted our examination in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of misstatements. Our audit includes examining, on test basis, evidence supporting the amounts and disclosures in the Financial Statements. Our audit also includes assessing the accounting principles and significant estimates made by management, as well as evaluating the overall statement presentation. We believe that our audit provides a reasonable basis for opinion.

In our opinion, (A) the aforementioned financial statements and appended notes that were also the subject of the audit, fairly present in all material respects the financial position of the project and the results of its operations for the year ended up to 30-06-2020, in conformity with Acceptable Accounting Standards, applied on a basis consistent in all material respects with that of the previous year; (B) all proceeds of the loan withdrawn from Asian Development Bank only for the purposes of the Project as agreed between the Asian Development Bank and Government of Khyber Pakhtunkhwa in accordance with the Loan Agreement; and no proceeds of the loan have been utilized for other purposes; and (C) the Project Management Unit was in compliance as at the date of the Financial Statements of the year of audit with all financial covenants of the Loan Agreement.

In addition:

(1) With respect to Statements of Expenditure, adequate supporting documentation has been maintained to support claims to the Asian Development Bank for re-imbursements of expenditures incurred; and (2) the expenditures of Rs.590.270 million excluding Rs.127.791 million (record not produced for Audit examination vide Para 4.2.3) is eligible for financing under Loan Agreement No 3239-PAK

Dated: / 7 / 12 / 2020
Peshawar


(Lal Muhammad)
Director General Audit
Khyber Pakhtunkhwa