

Audited Project Financial Statements

Project Number: 48118-002
Loan/Grant Number: 3466-MYA
Period covered: 1 April 2017 to 30 September 2018

MYA: Greater Mekong Subregion Health Security Project

Prepared by: Ministry of Health and Sports, Myanmar

For the Asian Development Bank
Date received by ADB: 20 June 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 Ministry of Health and Sports, Myanmar.

The Republic of the Union of Myanmar
Office of the Auditor General of the Union
Audit Department

Audit Report

On

Financial Statements of Greater Mekong Subregion Health
Security Project, which is being funded by Asian Development Bank
Loan No.3466, and implemented by Department of Public Health
and Department of Medical Services, Ministry of Health and Sports
for the period of 1.4.2017 to 31.3.2018

Dated ; 24th January , 2019

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Audit Report on the Financial Statements of Greater Mekong Subregion: Health Security Project, which is being funded by Asian Development Bank Loan No.3466 and implemented by Department of Public Health and Department of Medical Services, Ministry of Health and Sports for the period of 1.4.2017 to 31.3.2018

Introduction

1. Ministry of Health and Sports, Department of Public Health and Department of Medical Services and Asian Development Bank (ADB) have signed an agreement on 11.4.2017 for implementation of Greater Mekong Subregion: Health Security Project – Loan No. 3466 in 12 townships in 6 states and regions with loan USD 12 millions. The implementation activities have been started in April 2017. The project period is from 11.4.2017 to 30.9.2022 and 2017–2018 financial year is first year of the project. The Ministry of Health and Sports requested with the letter dated 31.10.2018 relating to audit of the Financial Statements for the period of 1.4.2017 to 31.3.2018 of the project. Therefore, Office of the Auditor General of Union has audited the financial statements with related documents in accordance with Union Auditor General Law as well as Generally Accepted Auditing Standard.

Management's Responsibilities

2. The project's management has responsible to prepare financial statements in line with Financial Management Manual, standard and procedures for Project Accounting, and International Public Sector Accounting Standards–Cash Basis (IPSAS–Cash Basis). In addition, the project's management has responsibility to make sure that the financial statements are free from material misstatements arising from fraud or errors which can lead to the wrong in management decisions on internal control.

Auditor's Responsibilities

3. Auditor's responsibility is conducting audit on the Financial Statements in accordance with generally accepted auditing standards, require us to comply with ethics

for auditors and to give sufficient appropriate audit opinion as per audit findings after conducting audit with reasonable assurance whether material misstatements exist in financial statements such as Statement of Cash Receipts and Payments, Statement of Impress Account, Statement of Expenditure, Statement of Withdrawals, Statement of Budgets and Notes to the Financial Statements.

4. During the audit regarding to figures and disclosures in financial statements, we obtained audit evidences by evaluating errors and deficiencies and applying audit procedures based on auditor's assessment and judgment. In this regard, we obtained sufficient and appropriate audit evidences in order to provide a basis for audit opinion.

Audit Scope

5. During the audit of the financial statements for the period of 1.4.2017 to 31.3.2018 of the Greater Mekong Subregion: Health Security Project, funded by Asian Development Bank Loan No.3466 implemented by Department of Public Health and Department of Medical Services, Ministry of Health and Sports, we audited on expenditures that have been used from project loan at Head Office with documents.

Audit Opinion

6. The financial statements for period of 1.4.2017 to 31.3.2018 on Greater Mekong Subregion: Health Security Project, funded by Asian Development Bank Loan No.3466 and implemented by Department of Public Health and Department of Medical Services, Ministry of Health and Sports have been prepared in accordance with International Public Sectors Accounting Standards – (IPSAS – Cash Basis).



Khine Khine Aung

Director General

Date; 24th January, 2019

CASH RECEIPTS AND PAYMENTS

Statement of Cash Receipts and Payments
Report for the Period Ended, 31 March 2018

PMK

Description	Notes	2017-2018	
Receipts			
Funds Received from ADB		1,719,466,845	
Other Revenue - Gain on exchange		3,697,235.41	
Total Receipts		1,723,164,080	
Payments			
Department of Public Health			
Training and Workshop		25,188,500	
Project Management		19,472,693	
Consulting Service		18,074,146	
Department of Medical Service			
Training		4,200,000	
Project Management		4,372	
Total Payments		66,939,711	

Balance(Receipts - Payments)

1,656,224,369.41

Add; Opening Cash Balance

Foreign Exchange Adjustment

Closing Cash Balance

1,656,224,369.41

Represented by:

Cash at Bank - MEB USD MMK

^ 1,210,850,380.05

Cash at Bank - MEB MMK (OA -12592)

^ 652

Cash at Bank - MEB MMK (OA -12600)

^ 445,373,337.36

Closing Cash Balance

1,656,224,369.41

1,656,224,369.41

Statement of Imprest Account
Greater Mekong Subregion Health Security Project
(2017-2018)

		USD
Description	Notes	Current Year
Add:		
Advances		1,293,805
		1,293,805
Deduct:		
Payments made during the period		
Bank Charges		15
Transfer to (OA -012592)		3,173
Bank transfer charges (OA -012592)		3
Transfer to (OA -012600)		370,090.64
Bank transfer charges (OA -012600)		3
Salary for Consultant		13,508.33
Bank transfer charges		8
		386,800.97
Closing Balance at 31 March 2018		907,004.03

Statement of Expenditure

(2017- 2018)

Greater Mekong Sub-region Health Security Project

Year	Disbursement Category	Total Amount	Output (1)	Output (2)	Output (3)	Project Management
2017-2018	1.Facility Repair and Maintenance					
	2. Equipment (IT)					
	3. Vehicles					
	4.Consulting Service	13,508.33		13,508.33		
	5.Training and Workshop	22,197		19,025.00	3,172.00	
	6. Community Mobilization	-				
	7. Project Management	14,710				14,710
	8. Recurrent Cost	-				
	Total	50,415.33				

Withdrawal Applications

No	Date	Currency	Facility Repair and Maintenance	Equipment (IT)	Vehicle s	Ci g
Imprest Account		USD				
0000 i	15/2/201 8	USD	6,000	342,800	375,000	100
Total Amount in		USD	6,000	342,800	375,000	100

STATEMENTS OF BUDGET AND ACTUAL

Statement of comparison of Budget and Actual amounts
for the year ended 31 March 2018

2017-2018

		Budget	Actual	Difference
		\$	\$	\$
				-
1	Output (1)	210,200		210,200
2	Output (2)	871,900	32,533.33	839,367
3	Output (3)	389,000	3,172	385,828
4	Project Management	325,500	14,710	310,790
				-
				-
				-
	Total	1,796,600	50,415.33	1,746,184.67

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The Greater Mekong Sub- Region Health Security Project
(ADB LOAN: L-3466-MYA)

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2018

Project Information

The Greater Mekong Subregion Health Security Project was established under the Loan No- 3466 MYA signed on (11.4.2017) between the Republic of the Union of Myanmar and Asian Development Bank (ADB).

The objective of the GMS Health Security Project is to improve GMS public health security system performance.

The project consists of the following outputs:

Output 1: Improved GMS cooperation and CDC in border areas : Strengthening (a) regional ,cross border ,and inter-sectorial information sharing and coordination of outbreak control among GMS countries , (b) regional capacity for evidence based CDC , and (c) development of better disease control strategies for MEVs in border areas , and (d) improved CDC Services for MEVs in hotspots along economic corridors in targeted border areas , through support for information exchange , inter sectorial collaboration , simulation exercises , joint outbreak control , strategic planning for MEV disease control strategies in border areas , outreach to MEVs , and improving access of MEVs to CDC .

Output 2: Strengthened national disease surveillance and outbreak response systems: Supporting (a) syndromic reporting at community level , (b) web-based reporting (c) linking of disease surveillance systems including linking clinical and laboratory surveillance, (d) improving capacity for risk analysis , risk communication ,and community preparedness, (e) improving capacity of outbreak response teams including transport and equipment and (f) improving screening and quarantine capacity at border points of entry and quarantine centers , through providing expertise for system design, capacity building , information technology equipment , vehicles and equipment for screening and outbreak control .

Output 3: Improved laboratory services and hospital infection prevention and control : Carrying out (a) Staff training for district and township hospitals for internal quality improvement , (b) preparing standard operating procedures , (c) providing basic equipment , supplies and minor repairs for laboratories and schools , (d) setting up external quality assurance and audit system for compliance with national bio safety and quality guidelines ,and (e) setting up laboratory networks .

The duration of the project is from 11 April 2017 to 30 September 2022.

The Greater Mekong Sub-Region Health Security Project (ADB LOAN:L-3466-MYA)

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2018

1. PROJECT INFORMATION (continued)

The Loan committed by the ADB for GMS-HIS project amounted to US\$ 12 million with the following category allocation:

No.	Category	Amount of Loan Allocated in \$
1.	Facility Repair and Maintenance	900,000
2.	Equipment	3,200,000
3.	Vehicles	700,000
4.	Consulting Service	600,000
5.	Training and Workshops	2,100,000
6.	Community Mobilization	900,000
7.	Project Management	700,000
8.	Recurrent Cost	1,700,000
9.	Interest Charge	400,000
10.	Unallocated	800,000
	TOTAL	12,000,000

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The financial statements have been prepared in accordance with International Public Sector Accounting Standards (IPSAS) with particular emphasis on Cash Basis Financial Reporting under the Cash Basis of Accounting.

Cash Basis of Accounting

The cash basis of accounting recognizes transactions and events only when cash is received or paid by the entity.

The financial statements are presented in Myanmar Kyat (MMK), which is also the Project's functional currency. The financial statements present sources and uses of funds; and the related financial information in relation to the Loan fund withdrawals and disbursements from the Project's Imprest account.

2.2 Recognition of funds from ADB

Fund is recognized as a source when cash is transferred to the Project's Imprest account by ADB and also when the cash has been paid directly by ADB to suppliers and contractors on behalf of the Project.

REPUBLIC OF THE UNION OF MYANMAR - THIRLATER MEKONG SUB-REGION HEALTH SECURITY PROJECT

FINANCIAL YEAR 1456 MYA

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2018

2.3 Recognition of expenditure

Expenditure is recognized when payment is made rather than when it is incurred, except for advance payments to staff, suppliers, and contractors which are initially recognized as advances and recognized as expenditure when they are liquidated by presentation of supporting evidences of payments.

2.4 Equipment and supplies

Equipment and supplies procured are recognized as expenditure when received or when handed over from the contractors or suppliers upon the respective acceptance and approval by the Project Management.

2.5 Foreign exchange differences

Disbursements and withdrawals in foreign currencies other than MMK are converted into MMK at the prevailing exchange rates declared by the Central Bank of Myanmar (or any licensed Bank in Myanmar for suppliers who operate their bank accounts in other than CBM) ruling at the date of transactions.

Monetary items denominated in foreign currencies are translated into MMK for reporting purposes at the closing exchange rate prevailing at the reporting date.

2.6 Sources of funds

Sources of Funds consist of Loans received from the ADB transferred directly to Imprest account. Funds received also comprise direct cash disbursements made by ADB.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

There are no critical judgments made by the Management in the process of applying the Project's accounting policies that have the most significant effect on the amount recognized in these financial statements.

The Republic of the Union of Myanmar
Office of the Auditor General of the Union
Audit Department

Audit Report
on
Financial Statements of "Greater Mekong Sub-region: Health Security
Project", funded by Asian Development Bank Loan No.3466,
Implemented by
Department of Public Health and Department of Medical Services ,
Ministry of Health and Sports
For the period of 1.4.2018 to 30.9.2018

Dated; 19th March, 2019

Restricted

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Restricted

Audit Report on the Financial Statements of "Greater Mekong Sub-region: Health Security Project" funded by Asian Development Bank Loan No.3466 implemented by Department of Public Health and Department of Medical Services, Ministry of Health and Sports for the period of 1.4.2018 to 30.9.2018

Introduction

1. Ministry of Health and Sports, Department of Public Health and Department of Medical Services and Asian Development Bank (ADB) have signed an agreement on 11.4.2017 for implementation of Greater Mekong Sub-region: Health Security Project – Loan No. 3466 in 12 townships in 6 states and regions with loan USD 12 million. The implementation activities have been started in April 2017. The project period is from 11.4.2017 to 30.9.2022. The Ministry of Health and Sports requested with the letter dated 10.12.2018 relating to audit of the Financial Statements for the period of 1.4.2018 to 30.9.2018 of the project. Therefore, Office of the Auditor General of the Union has audited the financial statements with related documents in accordance with Auditor General Law as well as Generally Accepted Auditing Standard.

Management's Responsibilities

2. The project's management is responsible to prepare financial statements in line with Financial Management Manual, standards and procedures for Project Accounting, and International Public Sector Accounting Standards-Cash Basis (IPSAS-Cash Basis). In addition, the project's management has responsibility to make sure that the financial statements are free from misstatements arising from fraud or errors which can lead to the wrong in management decisions on internal control.

Auditor's Responsibilities

3. Auditor's responsibility is conducting audit on the Financial Statements in accordance with generally accepted auditing standards, require us to comply with ethics for auditors and to express appropriate audit opinion as per audit findings after conducting audit with reasonable assurance whether material misstatements exist in financial statements such as Statement of Cash Receipts and Payments, Statement of Imprest Account, Statement of Expenditure, Statement of Withdrawals, Statement of Budgets and Notes to the Financial Statements.

4. During the audit regarding to figures and disclosures in financial statements, we obtained audit evidences for evaluating errors and deficiencies and applying audit procedures based on auditor's assessment and judgment. In this regard, we obtained sufficient and appropriate audit evidences in order to provide a basis for audit opinion.

Audit Scope

5. During the audit of the financial statements for the period of 1.4.2018 to 30.9.2018 of the "Greater Mekong Sub-region Health Security Project" funded by Asian Development Bank Loan No.3466 and implemented by Department of Public Health and Department of Medical Services, Ministry of Health and Sports, we audited the expenditures that have been used from project loan at Heat office with work plan, actual implementation activities, work completion reports and vouchers for expenditure with documents.

Audit Opinion

6. The financial statements for period of 1.4.2018 to 30.9.2018 on "Greater Mekong Sub-region Health Security Project" funded by Asian Development Bank

restricted

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Loan No.3466, implemented by Department of Public Health and Department of Medical Services, Ministry of Health and Sports have been properly prepared in accordance with International Public Sectors Accounting Standards – (IPSAS –Cash Basis).



Khine Khine Aung

Director General



Date; 19th March, 2019

restricted



GREATER MEKONG SUBREGION HEALTH SECURITY PROJECT
STATEMENT OF RECEIPTS AND PAYMENTS (BY ADB CATEGORY OF EXPENDITURES)
FOR THE YEAR 2018-2019 (APRIL TO SEPTEMBER)

USD

		Actual		
		Mar 18 Period to date	From April '18 to 30 Sep'19	Cumulative to date
FINANCING				
Balance B/F				
FINANCING				
ADB Credit				
Initial Deposit (Loan)		1,293,805.00		1,293,805.00
Replenishment (Loan)				-
ADB Direct Payments				-
TOTAL FINANCING (A)		1,293,805.00	-	1,293,805.00
PROJECT EXPENDITURES: (PM)				
Code	Category			
01-2701	Facility Repair and Maintenance			
02-1501	Equipment		133,459.21	133,459.21
03-1502	Vehicles			-
04-2101	Consulting Services	13,508.33	60,268.00	73,776.33
05-2401	Training and Workshops	19,024.55	123,329.02	142,353.56
06-2702	Community Mobilization			-
07-2703	Project Managements	14,681.40	17,875.66	32,557.05
08-2704	Recurrent Cost	26.00	4,130.38	4,146.38
09-6901	Interest Charge			-
Total - PM (B)		47,240.27	339,052.27	386,292.54
PROJECT EXPENDITURES: (MS)				
Code	Category			
01-2701	Facility Repair and Maintenance			0
02-1501	Equipment		18,443.80	18,444
03-1502	Vehicles			0
04-2101	Consulting Services		25,661.00	25,661
05-2401	Training and Workshops	3,172.51	47,711.62	50,884
06-2702	Community Mobilization			0
07-2703	Project Managements		10,542.72	10,543
08-2704	Recurrent Cost	3.00	596.48	599
09-6901	Interest Charge			0
Total - MS (C)		3,175.51	102,955.63	106,131.14
TOTAL PROJECT EXPENDITURES (B+C) = (D)		50,415.78	442,007.90	492,423.68
Balance C/F		1,243,389.22		\$01,384.32
Cash at Bank		1,243,389.22		\$01,384.32
Balance as DA		907,004.03		635,073.03
Balance as OA 012600		336,384.70		57,656.43
Balance as OA 012592		0.49		103,651.86
Total Balance on 30.9.2018		1,243,389.22		801,384.32
Difference				

GREATER MEKONG SUBREGION HEALTH SECURITY PROJECT
STATEMENT OF EXPENDITURES (BY ADB OUTPUT
FOR THE YEAR 2018-2019 (APRIL TO SEPTEMBER)

Output	Department of Public Health			Department of Medical Services			Total	
	Local Currency of MMK	Sum of USD Currency	Local Currency of MMK	Sum of USD Currency	Local Currency of MMK	Sum of USD Currency		
Output -1								
Consulting Services	8,250,000.00	5,500.00			8,250,000.00	5,500.00		
Project Managements	6,323,000.00	4,777.19	13,579,600.00	9,783.57	19,904,600.00	4,560.76		
Recurrent Cost	6,000.00	2.00			6,000.00	2.00		
Training and Workshops	63,940,900.00	48,293.73			63,940,900.00	48,293.73		
Sub Total output -1	76,521,900.00	58,572.92	13,579,600.00	9,783.57	92,101,500.00	68,356.49		
Output -2								
Equipment	166,700,000.00	125,906.34			166,700,000.00	125,906.34		
Project Managements	3,270,200.00	2,469.94			3,270,200.00	2,469.94		
Recurrent Cost	2,600,000.00	1,963.75			2,600,000.00	1,963.75		
Training and Workshops	98,854,720.00	74,663.69			98,854,720.00	74,663.69		
Sub Total output -2	271,424,920.00	205,033.72			271,424,920.00	205,033.72		
Output -3								
Training and Workshops			65,413,700.00	47,128.05	65,413,700.00	47,128.05		
Sub Total output -3			65,413,700.00	47,128.05	65,413,700.00	47,128.05		
Output -4								
Consulting Services	77,714,655.00	54,768.00	36,309,007.00	25,561.00	114,523,663.00	80,429.00		
Equipment	10,000,000.00	7,562.87	25,600,000.00	18,443.80	35,600,000.00	25,996.67		
Project Managements	14,372,168.00	10,628.53	1,053,700.00	759.15	15,125,868.00	11,387.68		
Recurrent Cost	2,858,283.00	2,154.63	829,309.00	596.48	3,687,592.00	2,751.11		
Training and Workshops	492,000.00	371.60	810,000.00	583.57	1,302,000.00	955.17		
Sub Total output -4	105,137,107.00	75,475.62	65,102,216.00	46,044.01	170,239,323.00	121,519.64		
Grand Total	455,083,927.00	339,052.27	144,095,516.00	103,585.63	599,179,443.00	442,007.90		

GREATER MEKONG SUBREGIONAL HEALTH SECURITY PROJECT
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
FOR THE YEAR 2018-2019 (APRIL TO SEPTEMBER)

Category I		USD			
	Category	Loan Agreement	Actual up to Sept'19- USD	Variance-USD	Utilization%
200	Facility Repair and Maintenance	900,000.00	0.00	900,000.00	0%
1000	Equipment	3,200,000.00	151,903.02	3,048,096.98	5%
1500	Vehicles	700,000.00	0.00	700,000.00	0%
2100	Consulting Services	600,000.00	99,437.33	500,562.67	17%
2400	Training and Workshops	2,100,000.00	193,237.69	1,906,762.31	9%
2700	Community Mobilization	900,000.00	0.00	900,000.00	0%
2703	Project Managements	700,000.00	43,099.78	656,900.22	6%
3004	Recurrent Cost	1,700,000.00	4,745.86	1,695,254.14	0%
9001	Interest Charge	400,000.00	0.00	400,000.00	0%
	Unallocated	800,000.00		800,000.00	0%
	Total	12,000,000.00	492,423.68	11,507,576.32	4%
Government Category)					
	Heading	Mini Budget (18-19)- USD	Mini Actual (18-19)- USD	Variance-USD	Utilization%
0	Salary & Honorarium Fees	56,823.53	0.00	56,823.53	
0	Travelling Allowance	78,235.29	16,880.40	61,354.89	22%
1	Equipment, Labour & Services Charges	967,071.62	169,182.14	797,889.48	17%
	Maintenance Cost	558,617.65	0.00	558,617.65	0%
	Education & Social Expenses	193,729.06	104,042.33	89,686.72	54%
	Refreshment Cost		0.00	0.00	
	Machinery Equipment	2,431,580.15	151,903.02	2,279,677.13	6%
	Total-	4,286,057.29	342,007.90	3,944,049.40	10%

**The Greater Mekong Sub-Region Health Security Project
(ADB LOAN:L-3466-MYA)**

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2018

Project Information

The Greater Mekong Subregion Health Security Project was established under the Loan No- 3466 MYA signed on (11.4.2017) between the Republic of the Union of Myanmar and Asian Development Bank (ADB).

The objective of the GMS Health Security Project is to improve GMS public health security system performance.

The project consists of the following outputs:

Output 1: Improved GMS cooperation and CDC in border areas : Strengthening (a) regional ,cross border and inter sectorial information sharing and coordination of outbreak control among GMS countries , (b) regional capacity for evidence based CDC , and (c) development of better disease control strategies for MEVs in border areas , and (d) improved CDC Services for MEVs in hotspots along economic corridors in targeted border areas , through support for information exchange , intersectorial collaboration , simulation exercises , joint outbreak control , strategic planning for MEV disease control strategies in border areas , outreach to MEVs , and improving access of MEVs to CDC.

Output 2: Strengthened national disease surveillance and outbreak response systems: Supporting (a) syndromic reporting at community level , (b) web-based reporting (c) linking of disease surveillance systems including linking clinical and laboratory surveillance, (d) improving capacity for risk analysis , risk communication and community preparedness, (e) improving capacity of outbreak response teams including transport and equipment and (f) improving screening and quarantine capacity at border points of entry and quarantine centers , through providing expertise for system design, capacity building , information technology equipment , vehicles and equipment for screening and outbreak control .

Output 3: Improved laboratory services and hospital infection prevention and control : Carrying out (a) Staff training for district and township hospitals for internal quality improvement , (b) preparing standard operating procedures , (c) providing basic equipment , supplies and minor repairs for laboratories and schools , (d) setting up external quality assurance and audit system for compliance with national bio safety and quality guidelines ,and (e) setting up laboratory networks .

The duration of the project is from 11 April 2017 to 30 September 2022.

**The Greater Mekong Sub-Region Health Security Project
(ADB LOAN:L-3466-MYA)**

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2018

1. PROJECT INFORMATION (continued)

The Loan committed by the ADB for GMS -HS project amounted to US\$ 12 million with the following category allocation:

No.	Category	Amount of Loan Allocated in \$
1.	Facility Repair and Maintenance	900,000
2.	Equipment	3,200,000
3.	Vehicles	700,000
4.	Consulting Service	600,000
5.	Training and Workshops	2,100,000
6.	Community Mobilization	900,000
7.	Project Management	700,000
8.	Recurrent Cost	1,700,000
9.	Interest Charge	400,000
10.	Unallocated	800,000
	TOTAL	12,000,000

2. SIGNIFICANT ACCOUNTING POLICIES

2-1 FINANCIAL REPORTING UNDER INTERNATIONAL PUBLIC SECTOR ACCOUNTING STANDARDS (IPSAS)

In accordance with International Public Sector Accounting Standards (IPSAS), notes to the financial statements of an entity should:

- Present any information about the basis of preparation of the financial statements and the specific accounting policies selected and applied for significant transactions and other events, and
- Provide additional information which is not presented on the face of the financial statements but is necessary for a fair presentation of the entity's cash receipts, cash payments, cash balances and other statements as statement of financial position

2-2 SIGNIFICANT ACCOUNTING POLICIES

The principle accounting policies adopted in the preparation of these financial statements are set out below:

A Basis of Preparation

The financial statements have been prepared in accordance with International Public Sector Accounting Standards (IPSAS) with particular emphasis on Cash Basis Financial Reporting under the Cash Basis of Accounting

B Cash Basis of Accounting

The cash basis of accounting recognizes transactions and events only when cash is received or paid by the entity.

C Foreign Currency Transactions

Foreign currency translation for the income and expenditure account items are converted using the actual historic exchange rate at the conversion from special to local account. Where part of the expenditures has to be met from the proceeds of subsequent draw downs from special to local account, this is done on First in First

out (FIFO) basis. All local expenditures paid from the local accounts/currency are translated back to the USD at the actual rate used for the transfer from special to local account. Cash balances held in foreign currency are reported using the closing rate. Gains/Losses on foreign currency transactions/balances are dealt within the Statement of Special Account Activities

2.3 Recognition of funds from ADB

Fund is recognized as a source when cash is transferred to the Project's Imprest account by ADB and also when the cash has been paid directly by ADB to suppliers and contractors on behalf of the Project.

2.4 Recognition of expenditure

Expenditure is recognized when payment is made rather than when it is incurred, except for advance payments to staff, suppliers, and contractors which are initially recognized as advances and recognized as expenditure when they are liquidated by presentation of supporting evidences of payments.

2.5 Equipment and supplies

Equipment and supplies procured are recognized as expenditure when received or when handed over from the contractors or suppliers upon the respective acceptance and approval by the Project Management.

2.6 Sources of funds

Sources of Funds consist of Loans received from the ADB transferred directly to Imprest account. Funds received also comprise direct cash disbursements made by ADB.