

Audited Project Financial Statements

Project Number: 51126-002

Loan Number: 3845

Period covered: 4 August 2020 to 30 June 2021

Pakistan: Sindh Secondary Education Improvement Project

Prepared by School Education and Literacy Department, Government of Sindh

For the Asian Development Bank

Date received by ADB: 31 December 2021

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 School Education and Literacy Department, Government of Sindh.



Financial Attest Audit Report
on the Accounts of
Sindh Secondary Education Improvement Project (SSEIP)
Asian Development Bank
Loan Nos.3845-PAK
Planning and Development Department,
Government of Sindh
For the Financial Year 2020-21

AUDITOR GENERAL OF PAKISTAN

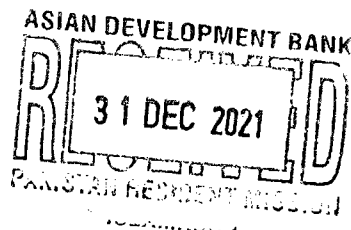


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Abbreviations & Acronyms

ADB	Asian Development Bank
BISE	Board of Intermediate & Secondary Education
ECNEC	Executive Committee of the National Economic Council
GFR	General Financial Rules
GoS	Government of Sindh
IPSAS	International Public Sector Accounting Standards
KBCA	Karachi Building Control Authority
PMU	Project Implementation Unit
PC1	Planning Commission Proforma 1
PD	Project Director
PIU	Project Implementation Unit
PPPs.	Public Private Partnerships
SEF	Sindh Education Foundation
SELD	Sindh Education & Literacy Department
SSEIP	Sindh Secondary Education Improvement Project
SST	Sindh Sales Tax

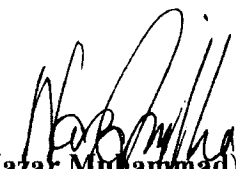
P R E F A C E

The Auditor-General conducts audit in terms of Articles 169 and 170(2) 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 Sindh Secondary Education Improvement Project (SSEIP), Government of Sindh funded by ADB Loan No.3845-PAK, was carried out accordingly.

The Directorate General Audit Sindh Karachi conducted audit of the Sindh Secondary Education Improvement Project, (SSEIP), Government of Sindh funded by ADB loan No.3845-PAK during August 2021 for the Financial Year 2020-21 with a view to report significant findings to stakeholders. Audit examined the economy, efficiency, and effectiveness aspects of the Sindh Secondary Education Improvement Project. In addition, Audit also assessed, on test check basis whether the management complied with 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 audit observations included in this report have been finalized in the light of discussion in Exit Conference meeting.

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 & recommendations.

The Audit Report has been prepared for submission to the Asian Development Bank in terms of Loan Agreements, Loan No. 3845-PAK .


(Nazar Muhammad)
Director General

Dated: 17-12-2021

Place: Karachi

PART-I

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

PROJECT OVERVIEW

Name of Project:	Sindh Secondary Education Improvement Project, Karachi (SSEIP)	
Sponsoring Authority:	Asian Development Bank (ADB)	
Project No.	511126-002	
Executing Agency:	School Education & Literacy Department, Government of Sindh, Pakistan (SELD)	
ADB Loan Numbers:	Credit No.3845-PK	
PC-1 Cost:	Rs13,103.475 million	100%
	US\$82.5 million	
ADB (FEC) Share	Rs11,912.259 million	91%
	US\$75 million	
GoS Share	Rs1,191.225 million	9%
	US\$ 7.5 million	
Approval by ECNEC	29-08-2019	
Date of Commencement:	04-08-2020	
Date of completion as per PC-I	30-06-2026	
Loan Utilization Status in F.Y 2020-21	Rs13.125	
GoS Expenditure	Rs23.473	
ADB Expenditure	Rs13.125	
Progressive Expenditure during the F.Y 2020-21	Rs36.598 million	

AUDITOR'S REPORT TO THE MANAGEMENT

We have audited the accompanying financial statements of Sindh Secondary Education Improvement Project (SSEIP) that comprises of Statement of Receipts and Payments, Statement of Comparison of Budget and Actual together with the notes forming part thereof for the Period from 1st July 2020 to 30th June, 2021.

Management Responsibility

It is the responsibility of project management to establish and maintain a system of internal control, and prepare and present the Statement of Receipts and Payments in conformity with the requirements of Cash Basis IPSAS, Financial Reporting under the Cash Basis of Accounting Standard.

Auditor's Responsibility

The responsibility of the auditor is to express an opinion on the financial statements based on the audit conducted. We conducted our audit in accordance with the International Standards of Supreme Audit Institutions. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. The audit process includes examining, on a 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 opinion.


Opinion

In our opinion:

- a) The financial statements present fairly, in all material respects, the cash receipts and payments by the project for the year ended 30th June, 2021 in accordance with Cash Basis IPSAS, Financial Reporting under the Cash Basis of Accounting Standard.
- b) The expenditure has been incurred in accordance with the requirements of legal agreements.

Dated: 17-12-2021

Place: Karachi


(Nazar Muhammad)
Director General

FINANCIAL STATEMENTS

**Sindh Secondary Education Improvement Project (SSEIP)
ADB Assisted**

As On PERIOD ENDED 30th JUNE, 2021

Project Receipt and Expenditure Statement

Notes to the Financial Statement


Sindh Secondary Education Improvement Project (SSEIP)
STATEMENT OF CASH RECEIPTS AND PAYMENTS
FOR THE YEAR ENDED JUNE 30, 2021


		2020-21	
		Receipts Controlled by Project	Receipts Controlled by Third Parties
Receipts			
Receipts - ADB	8	130,131,808	-
Counter Funds- GoS	9	59,530,000	-
Total Receipts		189,661,808	-

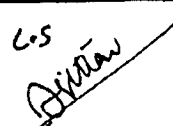
Payments

Pay & Allowances	10	20,455,617	
Goods	11	4,166,278	-
Operational Expenditures	12	11,976,085	
Total Payments		36,597,980	-

Cash at Beginning of year	-	-
Increase (Decrease) in Cash	153,063,828	-
Amount Lapsed/ Surrender for the Year GoS	(36,056,696)	-
Cash at at end of year	117,007,132	


Prepared By:
 Chief Financial Management
 Specialist- SSEIP


Checked By:
 Budget & Finance Officer
Budget & Finance Officer
 Sindh Secondary Education Improvement Project
 School Education & Literacy Department
 Government of Sindh


Approved By:
 project Director
Project Director
 Sindh Secondary Education Improvement Project
 School Education & Literacy Department
 Government of Sindh

Sindh Secondary Education Improvement Project (SSEIP)

NOTES TO FINANCIAL NOTES
FOR THE YEAR ENDED JUNE 30, 2021

1. GOAL & OBJECTIVES OF THE CHEME

The Financial Statements are for Sindh Secondary Education Improvement Project (SSEIP) encompasses the reporting entity as defined in Project Agreement between Government of Sindh and Asian Development Bank signed on 25th June, 2020.

The project aims to support to improve the performance of the Sindh province's secondary education sector, including developing better school infrastructure/ blocks, strengthening the school examination system and improving teachers capacity. Sindh Secondary Education Improvement Project (SSEIP) is functioning under School Education & Literacy Department (SELD), Government of Sindh and it is jointly funded by Asian Development Bank and Government of Sindh (GoS). The School Education & Literacy Department (SELD) is an executing agency (EA) and responsible for overall management and coordination of the project, as agreed jointly between the GoS and ADB.

The project has three outputs,

- Output -1: New Secondary School Blocks constructed and operated under EMO Program.
- Output -2: Teaching Capacity in five key subjects improved.
- Output -3: Secondary education examination system strengthening.

2. Financing

ADB assisted Sindh Secondary Education Improvement Project (SSEIP) is under implementation as per ECNEC approved PC-1 which is jointly funded by Asian Development Bank with 90% share, amounting US\$ 75 million and Government of Sindh with 10% share, amounting to US\$ 7.5 million, hence total project cost is US\$ 82.5 million equivalent to PKR. 13,103.475 Million.

3. Certificate by Project Management of Utilization of Funds

The funds received and expenditure incurred during the period ended on 30th June, 2021, in all material respect was meant for the purpose of project.

4. Accounting Convention and Statement of Compliance

The financial statements have been prepared in accordance with the cash IPSAS financial reporting under the cash basis accounting.

5. Currency

- 5.1 The amounts in financial statements are in Pak Rupees.
- 5.2 No foreign currency payment transaction incurred during the period and amount received in revolving fund assignment account is converted in Pak Rupees at the rate SBP advice.

6. Reporting Period

The reporting period of these financial statements is the financial period commencing from 01 July 2020 to June 30, 2021.

7. Recognition of Expenditures

Expenditure is recognized on the date when payment is made or cheque is issued. Financial year to which payment pertains is determined by the date on which cheque or Payment advice issued.

8. External Assistance/ receipts from ADB

External assistance received in form of credit from Asian Development Bank under the project agreement dated 25 June, 2020. Following amount received from ADB by submission of advance withdrawal application (WA) and transferred in revolving fund assignment account maintained with NBP Income Tax Building Branch, Karachi.

2020-21

	US\$	Rate	PKR
WA	823,713.92	157.9818	130,131,808

9. Receipts of Funds from GoS

Funds transferred in lapsable assignment account by finance department maintained with maintained with NBP Income Tax Building Branch- Karachi, after approval of DRO.

2020-21

Counterpart funds	PKR 59,530,000
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10. PAY & ALLOWANCES

2020-21

Pay & Allow Staff (GoS)

11,497,219

Pay & Allow Staff (ADB)

8,958,398

20,455,617

11. Goods

Tangible items like office equipment, furniture or others are categorized under goods by ADB. PIU purchased office furniture under goods category during the FY 2020-21.

12. Operating Expenditures

2020-21

Office Rent

6,500,000

Transport POL

929,209

Office Stationary

779,670

Printing Stationary

484,571

Utilities

400,224

Advertisement

286,101

Postage & Telegraph

8,500

Bank Fees/ Rat


21,980


Other

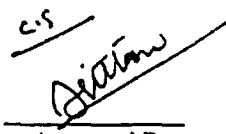
2,565,830

Total Operating Expenditure

11,976,085


Prepared By:
Chief Financial Management
Specialist- SSEIP


Checked By:
Budget & Finance Officer
Budget & Finance Officer
Sindh Secondary Education Improvement Project
School Education & Literacy Department
Government of Sindh


Approved By:
Project Director
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