Financial Attest Audit Report on the accounts of Sindh Resilience Project

Project Implementation Unit, Provincial Disaster Management Authority, (PIU-PDMA), Sindh
WB Loan Project ID P155350
WB IDA-5888

Financial Year 2017-18

AUDITOR GENERAL OF PAKISTAN
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**ABBREVIATIONS AND ACRONYMS**

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<th>Abbreviation</th>
<th>Full Form</th>
</tr>
</thead>
<tbody>
<tr>
<td>AGP</td>
<td>Auditor General of Pakistan</td>
</tr>
<tr>
<td>DAC</td>
<td>Departmental Accounts Committee</td>
</tr>
<tr>
<td>DM</td>
<td>Disaster Management</td>
</tr>
<tr>
<td>GFR</td>
<td>General Financial Rules</td>
</tr>
<tr>
<td>IBRD</td>
<td>International Bank for Reconstruction Development</td>
</tr>
<tr>
<td>IDA</td>
<td>International Development Association</td>
</tr>
<tr>
<td>ISSAI</td>
<td>International Standards of Supreme Audit Institutions</td>
</tr>
<tr>
<td>IPSAS</td>
<td>International Public Sector Accounting Standards</td>
</tr>
<tr>
<td>NSO</td>
<td>National Support Organization</td>
</tr>
<tr>
<td>P&amp;D Board</td>
<td>Planning &amp; Development Board</td>
</tr>
<tr>
<td>PDMA</td>
<td>Provincial Disaster Management Authority</td>
</tr>
<tr>
<td>PSC</td>
<td>Program Steering Committee</td>
</tr>
<tr>
<td>SFR</td>
<td>Sindh Financial Rules</td>
</tr>
<tr>
<td>SRP</td>
<td>Sindh Resilience Project</td>
</tr>
<tr>
<td>WB</td>
<td>World Bank</td>
</tr>
</tbody>
</table>
PREFACE

The Auditor General conducts audits under 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 foreign aided project titled “Sindh Resilience Project (PDMA component) for the financial year 2017-18 funded by the World Bank was carried out accordingly.

The Directorate General Audit (Disaster Management), Islamabad conducted audit of foreign aided project titled “Sindh Resilience Project (PDMA component) during October, 2017 for the financial year 2017-18 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 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 has been prepared for submission to the World Bank in terms of loan agreement with Government of Pakistan.

(Adnan Rafique)
Director General

December 31, 2018
Islamabad
PART-I

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

Name of Project: Sindh Resilience Project (PDMA component)  
Sponsoring Authority: World Bank  
Executing Authority: Provincial Disaster Management Authority (PDMA), Sindh  
Loan No. / Project ID: P 155350  
PC-I Cost: Loan: Rs 1,996.70 million, GoS: Rs 499.170 million  
Date of Commencement: 20.06.2016  
Actual Date of Commencement: 13.08.2016  
Date of Completion (as per PC-I): 2021  
Date of Approval as per CDWP: 08.06.2016  
Loan Closing Date: 28.02.2022  
Loan Utilization Status in FY 2017-18: Rs 18.697 million  
Progressive Expenditure upto FY 2017-18: Rs 24.762 million
AUDITOR’S REPORT TO THE MANAGEMENT (Audit Opinion)

We have audited the accompanying financial statements of Sindh Resilience Project comprising Statements of Receipts and Payments, Statement of Cash flows together with the notes forming part thereof for the year ended 2017-18.

Management Responsibility

It is the responsibility of project management to establish and maintain a system of internal controls, and prepare and present the Statement of Cash, 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 June, 2018 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.

December 21, 2018
Islamabad

(Adnan Rafique)
Director General
FINANCIAL STATEMENTS

FOR THE YEAR ENDED ON JUNE 30, 2018
No.PD/SRP/Audit/2018/162

Dated 30th August, 2018

Director General (Audit),
Disaster Management Department,
Auditor-General of Pakistan,
First Floor Block B-II Benevolent Fund Building,
Zero Point,
Islamabad.

SUBJECT: SUBMISSION OF FINANCIAL STATEMENT FOR FY 2017-18
OF SINDH RESILIENCE PROJECT (PDMA COMPONENT)
PROJECT ID 155350, TF / APPROVAL # IDA 58880.

Dear Sir,

Reference your letter # 34-Audit Plan(HQ)/TP/2018-19/Vol-II/155 dated
4th July, 2018. Please find enclosed required Financial Statement for FY 2017-18 for
mandatory audit attestation by your department.

2. We would appreciate for your early completion of the said audit.

MUHAMMAD ALI SHAIKH
Project Coordinator
Sindh Resilience Project (PDMA)

Enclosed:
Financial Statement FY 2017-18
## SINDH RESILIENCE PROGRAMME

**PDMA (COMPONENT) - CREDIT No: 5888 (Pk)**

### Statement of Cash Receipts and Payments

For the year ended June 30, 2018

### RECEIPTS

<table>
<thead>
<tr>
<th>NOTES</th>
<th>FY-2017-2018</th>
<th>FY-2016-2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>GoS Funding</td>
<td>Donor Funding</td>
</tr>
<tr>
<td>Receipts from IDA (WB)</td>
<td>3</td>
<td>-</td>
</tr>
<tr>
<td>Receipts from GoS (1st Qtr)</td>
<td>1.461</td>
<td>-</td>
</tr>
<tr>
<td><strong>TOTAL RECEIPTS</strong></td>
<td>1.461</td>
<td>29,657</td>
</tr>
</tbody>
</table>

### PAYMENTS

<table>
<thead>
<tr>
<th>NOTES</th>
<th>FY-2017-2018</th>
<th>FY-2016-2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>GoS Funding</td>
<td>Donor Funding</td>
</tr>
<tr>
<td>Improving Risk Identification and using Risk Information for Development Decision - Making</td>
<td>4-1</td>
<td>-</td>
</tr>
<tr>
<td>Strengthening Disaster Risk Management Agencies</td>
<td>4-2</td>
<td>-</td>
</tr>
<tr>
<td>Enhancing Fiscal Resilience</td>
<td>4-3</td>
<td>-</td>
</tr>
<tr>
<td>Capital Expenditure</td>
<td>4-4</td>
<td>-</td>
</tr>
<tr>
<td>Operational Expenditure</td>
<td>4-5</td>
<td>1.461</td>
</tr>
<tr>
<td><strong>TOTAL PAYMENTS</strong></td>
<td>1.461</td>
<td>17,236</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>FY-2017-2018</th>
<th>FY-2016-2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net payments</td>
<td>1.461</td>
<td>17,236</td>
</tr>
<tr>
<td>Net Receipts</td>
<td>1.461</td>
<td>29,657</td>
</tr>
<tr>
<td>Increase/Decrease in cash</td>
<td>-</td>
<td>12,421</td>
</tr>
<tr>
<td>Cash at the beginning of the Year</td>
<td>-</td>
<td>0.281</td>
</tr>
<tr>
<td>Increase/Decrease in cash</td>
<td>-</td>
<td>12,421</td>
</tr>
<tr>
<td>Cash at the end of the year</td>
<td>-</td>
<td>12,702</td>
</tr>
</tbody>
</table>

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**AHMED SAQLIB**  
Financial Management Specialist,  
SRP, PDMA (Component)

**MUHAMMAD ALI SHAIKH**  
Project Coordinator,  
SRP, PDMA (Component)
## Sindh Resilience Programme

**PDMA (Component) - Credit No: 5888 (Pk)**

**Cash Flow Statement**

For the year ended June 30, 2018

<table>
<thead>
<tr>
<th>NOTES</th>
<th>FY-2017-2018</th>
<th>FY-2016-2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>GoS Funding</td>
<td>Donor Funding</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Cash at the beginning of the Year</strong></td>
<td>-</td>
<td>0.281</td>
</tr>
<tr>
<td><strong>Receipts During the year</strong></td>
<td>3</td>
<td>1.461</td>
</tr>
<tr>
<td><strong>Extra Budgetary Receipts</strong></td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Available Funds</strong></td>
<td>-</td>
<td>1.461</td>
</tr>
<tr>
<td><strong>Payments During The Year</strong></td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Improving Risk Identification and using Risk Information for Development Decision - Making</td>
<td>4-1</td>
<td>-</td>
</tr>
<tr>
<td>Strengthening Disaster Risk Management Agencies</td>
<td>4-2</td>
<td>-</td>
</tr>
<tr>
<td>Enhancing Fiscal Resilience</td>
<td>4-3</td>
<td>-</td>
</tr>
<tr>
<td>Capital Expenditure</td>
<td>4-4</td>
<td>-</td>
</tr>
<tr>
<td>Operational Expenditure</td>
<td>4-5</td>
<td>1.461</td>
</tr>
<tr>
<td><strong>Total Payments During The Year</strong></td>
<td>-</td>
<td>1.461</td>
</tr>
<tr>
<td><strong>Cash at the end of the year</strong></td>
<td>-</td>
<td>12.702</td>
</tr>
</tbody>
</table>

**HMED SAQIB,**
Financial Management Specialist,
SRP, PDMA (Component)

**MUHAMMAD ALI SHAikh**
Project Coordinator,
SRP, PDMA (Component)
NOTES TO THE FINANCIAL STATEMENT
FOR THE PERIOD ENDED JUNE 30, 2018

1. THE PROJECT
Sindh Government had conceived a project titled Sindh Resilience Project (SRP) with assistance of World Bank to improve resilience of the people and economic assets to floods and drought. The SRP has two components, (i) SRP – Irrigation (Component) and (ii) SRP – PDMA (Component).

The Sindh Resilience Project – PDMA (Component) will primarily focus on key disaster management institutions in terms of strengthening operational systems and capacities at the provincial and district levels. In addition, the Component will support other departments at the Government of Sindh – through the Provincial Disaster Management Authority (PDMA) Sindh to develop greater ‘fiscal resilience’ through strengthening financial capacity and risk financing mechanisms, and mainstream disaster risk reduction in development planning and budgeting processes.

The Sindh Resilience Project – PDMA (Component) was approved by CDWP on 8th June 2016 at cost of Rs.2,495.897 million including 80% of foreign funding through World Bank amounting to Rs.1,996.70 million for five years from 2016-17 to 2020-22 and 20% of GoS funding amounting to Rs.499.197 million.

2. SIGNIFICANT ACCOUNTING POLICIES
Following accounting policies have been applied in dealing with items, which are considered material to Sindh Resilience Project (PDMA Component) financial statements

2.1 BASIS OF PREPARATION
The financial statement has been prepared in accordance with International Public Sector Accounting Standard (IPSAS) Cash Basis.

2.2 ACCOUNTING CONVENTION
These financial statements have been prepared under the historical cost convention with cash basis of accounting. Accordingly, expenses are recognized when paid rather incurred.

2.3 CURRENCY
The financial statements have been prepared in equivalent Pak Rupees. The received foreign currency amounts were translated / converted into Pak Rupees at the SBP Weighted Average Buying Rate of exchange rate prevailing on the date of transfer of funds by the donor and payments were translated notionally at the SBP rate of exchange at which the foreign currency was purchased by the SBP (date of receipt of funds from the donor in SBP). The financial statements have been prepared in Pak Rupees.

2.4 GOODS / PHYSICAL ASSETS
Fixed Assets are stated at cost.

2.5 GOVERNMENT FUNDS & GRANT
Funds allocated to Project from Government of Sindh & Donor Agencies are not recognized till these have been accounted for by the State Bank of Pakistan against the Special Account maintained with the National Bank of Pakistan, Income Tax Building Branch, Karachi.

No future related funding commitments have been recognized against any financing source.

2.6 FOREIGN EXCHANGE TRANSACTIONS
Transaction in local and foreign currencies is accounted for in compliance with the Finance Division O.M. No. F.2. (1) - BR-II/2007-949 dated 2nd August,2013.

2.7 PROVISIONS
Due to cash basis of accounting, no provision is recognized in the financial statements. However, if there is any event which may have a legal or other obligation with contingent financial implications, then it is identified by a separate disclosure in the notes to the financial statements.

2.8 OFFSETTING
Neither assets-liabilities nor fund flow & expenditure have been set off in the financial statements.

AHMED SADIQ
Financial Management Specialist,
SRP, PDMA (Component)

MUHAMMAD AJI SHAHIDI
Project Coordinator
SRP, PDMA (Component)
## SINDH RESILIENCE PROGRAMME

PDMA (COMPONENT) - CREDIT No: 5888 (Pk)

NOTES TO THE FINANCIAL STATEMENT

For the year ended June 30, 2018

<table>
<thead>
<tr>
<th>Note 3 Receipts</th>
<th>FY-2017-2018</th>
<th>FY-2016-2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>GoS Funding</td>
<td>Donor Funding</td>
</tr>
<tr>
<td>Receipts from IDA - AF</td>
<td></td>
<td>29,656,570</td>
</tr>
<tr>
<td>Receipts from GoS (1st Qtr)</td>
<td>1,460,922</td>
<td>-</td>
</tr>
<tr>
<td>Total Receipts</td>
<td>1,460,922</td>
<td>29,656,570</td>
</tr>
</tbody>
</table>

AHMED SADIQUB
Project Coordinator,
SRP, PDMA (Component)

MUHAMMAD ALI SHAIKH
Project Coordinator,
SRP, PDMA (Component)
### Sindh Resilience Programme

**PDMA (Component) - Credit No: 5888 (Pak)**

**Notes to the Financial Statement**

For the year ended June 30, 2018

**Note - 4**

#### FY-2017-2018 FY-2016-2017

<table>
<thead>
<tr>
<th></th>
<th>Gos Funding</th>
<th>Donor Funding</th>
<th>Total</th>
<th>Gos Funding</th>
<th>Donor Funding</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>4-1 Improving Risk Identification and using Risk Information for Development</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>4-2 Strengthening Disaster Risk Management Agencies</strong></td>
<td>5,850,000</td>
<td>5,850,000</td>
<td>650,000</td>
<td>650,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capacity Assessment of PDMA Sindh and DDMAs</td>
<td>5,850,000</td>
<td>5,850,000</td>
<td>650,000</td>
<td>650,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>4-3 Enhancing Fiscal Resilience</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>4-4 Capital Expenditure</strong></td>
<td></td>
<td></td>
<td></td>
<td>510,000</td>
<td>510,000</td>
<td></td>
</tr>
<tr>
<td>Furniture Fixture</td>
<td></td>
<td></td>
<td></td>
<td>851,308</td>
<td>851,308</td>
<td></td>
</tr>
<tr>
<td>I.T. Equipments</td>
<td></td>
<td></td>
<td></td>
<td>179,000</td>
<td>179,000</td>
<td></td>
</tr>
<tr>
<td>Office Equipments</td>
<td></td>
<td></td>
<td></td>
<td>1,540,308</td>
<td>1,540,308</td>
<td></td>
</tr>
<tr>
<td><strong>4-5 Operational Expenditure</strong></td>
<td>1,460,922</td>
<td>7,426,734</td>
<td>8,887,656</td>
<td>1,494,741</td>
<td>1,494,741</td>
<td></td>
</tr>
<tr>
<td>Salaries and Benefits</td>
<td>2,578,565</td>
<td>2,578,565</td>
<td></td>
<td>2,344,155</td>
<td>2,344,155</td>
<td></td>
</tr>
<tr>
<td>Rent of Office Premises</td>
<td>1,380,725</td>
<td>1,380,725</td>
<td></td>
<td>35,654</td>
<td>35,654</td>
<td></td>
</tr>
<tr>
<td>Other Operational Expenditures</td>
<td>1,460,922</td>
<td>11,386,024</td>
<td>12,846,946</td>
<td>3,874,550</td>
<td>3,874,550</td>
<td></td>
</tr>
<tr>
<td><strong>Total Expenditure</strong></td>
<td>1,460,922</td>
<td>17,236,024</td>
<td>18,696,946</td>
<td>6,064,858</td>
<td>6,064,858</td>
<td></td>
</tr>
</tbody>
</table>

**MIMED SAQUIB**

Financial Management Specialist, PDMA (Component)

**MUHAMMAD ALI SHAIKH**

Project Coordinator, SRP PDMA (Component)
d) Total of acceptances;
e) Particulars of outstanding forward exchange contracts (e.g. rate, dates, rupees and foreign currency amounts etc.)
f) Total of outstanding liabilities under documentary credits;
g) Other – please give details.

9 Other Information:
A list of other banks, or branches of your bank, where you are aware that relationship has been established during the period.

Yours truly,

For and on behalf of
Director General Audit (DM),
Islamabad

Authorized by

Client Signature
 AHMED SAQUIB
Financial Management Specialist
Sindh Resilience Project (PDMA)
Government of Sindh

Authorized Signatory

(Authorized Signatory)