

Pro-Poor Eastern Infrastructure Development Project – Component “B”

1. Opinion

So far as appears from my examination and to the best of information and according to the explanations given to me, except for the effects of the adjustments arising from the matters referred to in paragraph 5 of this report, I am of opinion that,

- (a) The Project had maintained proper accounting records for the year ended 31 December 2012 and the financial statements give a true and fair view of the Project’s state of affairs as at 31 December 2012 in accordance with General Accepted Accounting Principals,
- (b) the funds provided had been utilized for the purposes for which they were provided,
- (c) the withdrawals from and replenishments to the Special (Yen) Account during the year ended 31 December 2012 had been truly and fairly disclosed in the books and records maintained by the Project and the balance as at 31 December 2012 had been satisfactorily reconciled with the accounting records of the Central Bank of Sri Lanka as at that date,
- (d) the statements of expenditure (SOEs) submitted could be fairly relied upon to support the applications for reimbursement in accordance with the requirements specified in the Loan Agreement,
- (e) satisfactory measures had been taken by the management to rectify the issues highlighted in my previous year audit report, and;
- (f) the financial covenants laid down in the Loan agreement had been complied with.

2. Financial Statements

2.1 Special (Yen) Account

According to the Financial Statements and information made available, the operations of the special (Yen) Account during the year under review is given below.

	Japanese Yen	Rs.
Balance as at 01 January 2012	421,006	573,031
Add :		
Foreign Exchange gain	-	107,768
Less :		
Withdrawals	421,006	675,799
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Balance as at 31 December 2012	-	-
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2.2 Physical Performance

The Project had planned to train 668 school leavers under 15 Vocational Training Programmes organized by the Institute for Construction Training And Development (ICTAD) during the project period. However, only 621 students or 93 per cent had completed the training programmes as at the end of the year under review.

3. Audit Observation

Although the Project activities had been completed in 2010, the completion report had not been submitted to the audit. Further, the ICTAD had taken over two years period withdrawal of Rs.573,031 from the special (Yen) Account in Central Bank of Sri Lanka.