

Audited Project Financial Statements

Project Number: 45148-008
Loan/Grant Number: 3348/3349
Period covered: 1 January 2019 to 31 December 2019

SRI: Greater Colombo Water and Wastewater Management Improvement Investment Program – Tranche 3

Prepared by National Water Supply and Drainage Board

For the Asian Development Bank
Date by ADB: 28 August 2020

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 National Water Supply Drainage Board.



ජාතික විගණන කාර්යාලය
 தேசிய கணக்காய்வு அலுவலகம்
 NATIONAL AUDIT OFFICE



මගේ අංකය
 எனது இல.
 My No.

WSS/C/GCWMMIP/ADB-3/4/2019A
 ඔබේ අංකය
 உமது இல.
 Your No.

දිනය
 திகதி
 Date } 30 June 2020

The Chairman,
 National Water Supply and Drainage

Report of the Auditor General on the Financial Statements of the Greater Colombo Water and Wastewater Management Improvement Investment Programme – Project 03 for the year ended 31 December 2019

1. Financial Statements
- 1.1 Qualified Opinion

The audit of the financial statements of the Greater Colombo Water and Wastewater Management Improvement Investment Programme – Project 03 for the year ended 31 December 2019 comprising the statement of financial position as at 31 December 2019 and cash flow statement for the year then ended and notes to the financial statements, including a summary of significant accounting policies, was carried out under my direction in pursuance of the provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with Section 4.05 of Article IV of the Loan Agreement No.3348-SRI and Section 4.03 of Article IV of the Loan Agreement No.3349-SRI (SF) of 11 August 2016 entered into between the Democratic Socialist Republic of Sri Lanka and the Asian Development Bank along with the Section 2.10 of the Project Agreement No.3348-SRI dated 11 August 2016 entered into between the National Water Supply and Drainage Board and the Asian Development Bank.

In my opinion, except for the effects of the matters described in the Basis for Qualified Opinion section of my report, the accompanying financial statements give a true and fair view of the financial position of the Programme –Project 03 as at 31 December 2019 and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.



1.2 Basis for Qualified Opinion

- The commitment charges and interest aggregating to US\$ 973,339.44 equivalent to Rs.165.71 million recovered by the Lending Agency in respect of Greater Colombo Water and Wastewater Management Improvement Investment Programme – Project 03 and the Greater Colombo Water and Waste Water Management Improvement Investment Programme-Part-11, which implemented by the Colombo Municipal Council had not been segregated and brought to the financial statements.

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibilities under those standards are further described in the Auditors Responsibilities for the Audit of the Financial Statements section of this report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

1.3 Other Information on Performance of the Project

The other information as stated below does not include in the financial statements and my opinion thereon does not cover the other information.

- Disbursement plan for the additional financing purposes had not been submitted at the time of entering into the loan agreement. Therefore, the fully utilization of funds during the Project period is in doubt.
- The main objective of the Programme - Project 03 is to provide financing gap for the rehabilitation and expansion of the water supply system and reduction in non-revenue water (for both tranche 1 and tranche 2). However, the allocation of US\$ 35 million which equivalent to Rs.4,550 million made under the additional financing arrangement under the loan had not been utilized by the Programme- Project 3 even up to 31 December 2019, due to the low financial progress of 84.12 per cent and 52.11 per cent of above Programme - Project 01 and 02 as at 31 December 2019.

- Out of the total proceeds of the Loan, a sum of US\$ 03 million equivalent to Rs.390 million had been allocated for project development assistance expenses. However, a sum of US\$ 0.48 million equivalent to Rs. 80.63 million represent 16 per cent had only been utilized as at 31 December 2019 even after a lapse of 38 months out of the 44 months of the Project period.
- According to the revised procurement plan of the Project, 43 individual works, goods and consultancy contracts were planned to be awarded under the project development assistance by 29 May 2020. However, only 22 contracts had been awarded and out of that only 14 contracts had been completed by 31 December 2019.
- Contract awarding, entering to the agreement and schedule date of completion, date of final report submission etc; had not been included in the procurement plan in terms of Section 4.2.1 of the Procurement Guidelines.
- Water foot print expert had been recruited without considering specific experience of water, sanitation and water foot print in terms of the scheme of recruitment.
- Transactions of the Project had not been subject to the Internal Audit of the Water Supply and Drainage Board, as required by the Circular No.05 of 26 July 2010 of the Department of Management Audit.

1.4 Responsibilities of Management and Those charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards and for such internal control as management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Projects ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intend to liquidate the Project or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Project's financial reporting process.

The Project is required to maintain proper books and records of all its income, expenditure, assets and liabilities, to enable annual and periodic financial statements to be prepared by the Project.

1.5 Auditor's Responsibilities for the Audit of the Financial Statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Sri Lanka Auditing Standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the project's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

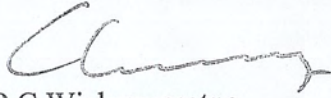
I communicate with those charged with governance regarding, among other matters, significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

2. Report on Other Requirements of the Donor Agency

As required by the Asian Development Bank, I state the followings:

- (a) The basis of opinion and scope and limitations of the audit are as stated above.
- (b) In my opinion:
 - except for the effect of the matters described in the Basis for Qualified Opinion section of my report, I have obtained all the information and explanation that required for the audit and as far as appears from my examination, proper accounting records have been kept by the Project,
 - the funds provided had been utilized for the purposes for which they were provided,
 - the opening and closing balances, withdrawals from and replenishments to the Special (Dollar) Account had been truly and fairly disclosed in the books and records maintained by the Project and the balance as at 31 December 2019 had been satisfactorily reconciled with the accounting records of the Central Bank of Sri Lanka as at that date,

- the Statements of Expenditure submitted could be fairly relied upon to support the applications for reimbursement in accordance with the requirements specified in the Loan Agreements,
- the financial covenants laid down in the Loan Agreements had been complied with.



W.P.C. Wickramaratne

Auditor General

**MINISTRY OF URBAN DEVELOPMENT,
WATER SUPPLY AND HOUSING
FACILITIES**

**NATIONAL WATER SUPPLY &
DRAINAGE BOARD**

**Financial
Statements**

For the year ended 31st December 2019

**GREATER COLOMBO WATER & WASTEWATER
MANAGEMENT IMPROVEMENT
INVESTMENT PROGRAMME (GCWWMIIIP)**

**PROJECT 03 - ADB
LOAN NUMBER – 3348 -SRI**

Ministry of Urban Development, Water Supply and Housing Facilities
Greater Colombo Water & Wastewater Management Improvement
Investment Programme (GCWWMIIIP) – Project 3 ADB

1. General

1.1 Introduction to the Project

The Greater Colombo Water and Wastewater Management Improvement Investment Program aims at delivering better urban water supply services in an effective and efficient manner by reducing the Non-Revenue Water (NRW) mainly in Colombo City. The project will involve both physical network rehabilitation, and institutional and management enhancement to reduce NRW.

The project is designed by the water service provider (NWSDB) to reduce unaccounted flow of water (UFW) of NRW, both in terms of physical losses and commercial losses.

1.1.1 Background for Tranche 03

The Government of Sri Lanka (GOSL) and the Asian Development Bank (ADB) have observed procurement delays in several foreign funded projects causing delays in disbursements. Considering above, the Asian Development Bank (ADB) has provided USD 3Mn as a loan under the Tranche 03 of Greater Colombo Water and Wastewater Management Improvement Investment Programme (GCWWMIIIP) for Project Development Assistance (PDA) to National Water Supply & Drainage Board (NWSDB). The main purpose of this budgetary provision are to identifying and prioritizing sub-projects and make them ready with necessary feasibility studies incorporating water source assessment and conceptual designs for advance procurement process with bid documents for arranging funding sources. It would probably be overcome the delays due to time taken for project preparation and facilitate the advance procurement process for prioritized sub-project implementation.

1.1.2 Sub – Project Prioritization Process

Sub-project prioritization process was done in recently developed criteria followed by the National Planning Department (NPD) and the World Bank for "Prioritization of Infrastructure sub-projects" for donor assistance. This prioritizing criteria is basically governed by Social & Environmental Indicators (SEI) and Financial Economic Indicators (FEI), where giving individual weightage for each category. Long list of sub- projects scheduled by the Corporate Planning Division of NWSDB was considered and evaluated based on the above criteria with due consideration of associated features of SEI & FEI. By assigning the weighted factors under the SEI & FEI, quite comprehensive data gathering was carried out through respective regional support centers (RSC's) of NWSDB. In addition lengthy consultation

process was held with head office, RSCs of NWSDB and SLRM of ADB within that prioritization process. Finally the list of water supply sub-projects have been identified within the Western Central, Western North, Sabaragamuwa, North Western, Uva, Southern and Eastern Regional Support Centres of NWSDB as priority sub-projects for consideration under the donor finances in near future. However, two stages of implementation was further categorized with due consideration for available water right approvals and implementation schedules of some other ear-marked integrated water supply systems. The loan (USD 3Mn) under Tranche 03 is utilized for above projects for establishing the PMU offices, providing the required equipment, consultancy services and other necessary resources for investigation, design, prepare the detail project proposal, estimates and preparing the bid documents.

1.2 Financial Management

1.2.1 Executing and Implementing Agencies

The executing agency of the project is the Ministry of Urban Development, Water Supply and Housing Facilities and the implementing agency of the project is the National Water Supply and Drainage Board. Project Management Unit (PMU) has been established at No. 65, St. Lawrence Road, Colombo 06 for implementation of the Project.

1.2.2 Fund Flow Arrangement

PMU (NWSDB) manages loan proceeds through direct payment procedures, imprest accounts and reimbursement procedures.

Direct payment procedure by ADB is utilized for payments to contractors above US\$ 100,000.

Reimbursement, liquidation and replenishment through imprest accounts and statement of expenditure (SOE) procedures are utilized for payment on civil works below US\$ 100,000, procurement of goods and recurrent costs (project management).

ADB disburses to the government the OCR loan proceeds and the ADF loan proceeds through the first generation imprest accounts maintained at the Central Bank of Sri Lanka.

PMU (NWSDB) maintains two separate second generation imprest accounts in LKR at Bank of Ceylon for loan funds. These accounts are to make the low value loan payments of the contractors and recurrent expenses of the project.

Imprest fund requests to ADB channel via the Treasury, Ministry of Finance.

The government provides counterpart funds through budgetary support. A separate LKR account with Bank of Ceylon is maintained by the PMU for this purpose.

The government provides 50% of the loan proceeds to NWSDB as a grant and 50% of the loan proceeds on the basis of lending terms that comply with relevant policies and regulations.

2. Project Financing

Asian Develop Bank (ADB) and Government of Sri Lanka (GOSL) are the financing agents for the project. Project Agreement was signed between ADB and NWS&DB on 11th of August 2016.

Fund allocation of the loan and GOSL allocation under the project are shown below.

<i>Item</i>	<i>ADB %</i>	<i>ADB</i>	<i>GOSL %</i>	<i>GOSL</i>	<i>Total</i>
Additional Financing for Project 01	73.10%	23,219,000.00	26.90%	8,544,337.89	31,763,337.89
Contingencies for Project 01			100.00%	3,100,000.00	3,100,000.00
Interest & Commitment Charges for Project 01	100%	1,941,000.00			1,941,000.00
Subtotal of P1		25,160,000.00		11,644,337.89	36,804,337.89
Additional Financing for Project 02	67.30%	9,389,000.00	32.70%	4,561,965.82	13,950,965.82
Contingencies for Project 02			100%	1,430,000.00	1,430,000.00
Interest & Commitment Charges for Project 02	100%	451,000.00			451,000.00
Subtotal of Project 02		9,840,000.00		5,991,965.82	15,831,965.82
Incremental Administrative Costs		3,000,000.00			3,000,000.00
Total		38,000,000.00		17,636,303.71	55,636,303.71

3. Accounting Policies

3.1 Basis of Preparation

3.1.1 Statement of Compliance

The financial statements have been prepared on accrual basis and presented in accordance with Sri Lanka Financial Reporting Standards (SLFRS) and Sri Lanka Accounting Standards (LKAS) laid down by the Institute of Chartered Accountants of Sri Lanka.

The accounts and the financial statements are prepared and presented as required by the section 2.10 (a) of the project agreement dated 11th August 2016 between the Asian Development Bank and the Government of Democratic Socialist Republic of Sri Lanka

reflecting the position of the Government of Sri Lanka as borrower and the National Water Supply and Drainage Board as the Executing Agency.

3.1.2 Financial Statements of the Project

The financial statements of the project comprises the Statement of Financial Position, Statement of Cash Flow, Statement of Changes in Net Assets/ Equity and the Notes thereon. The financial statements have been prepared on the historical cost basis and no adjustments have been made for inflationary factors affecting the financial statements.

3.2 Significant Accounting Policies

3.2.1 Reporting Currency

Financial statements are prepared in Sri Lankan Rupees. Amounts paid from Asian Development Bank in foreign currencies are converted to Sri Lanka Rupees at the conversion rates used by the External Resources Department (ERD).

The balance of the special dollar account maintained at the Central Bank of Sri Lanka (CBSL) is converted into Sri Lanka Rupees at the exchange rate prevailing at the month end rate. Any profit or loss arising on conversion is credited or debited to the Dollar Revaluation Account.

3.2.2 Interest and Commitment Fee

In line with NWSDB guidance, interest and commitment charges are not being accounted as an expenditure as it is being accounted as financial expense by the Ministry of Finance and Planning.

3.2.3 Cash and Cash Equivalent

Cash and cash equivalents are defined as cash in hand and cash at bank including special dollar account at CBSL.

3.2.4 Cash Flow Statement

The cash flow statement has been prepared using the 'Direct Method' whereby gross cash receipts and gross cash payments of operating activities, investing activities and financing activities are recognized separately (LKAS 07).


3.2.5 Recognition of the Cost of Work In Progress

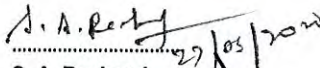
All expenses incurred by the project attributable to GCWWMIP – P3 are shown as work - in - progress under the respective expense categories until the project is completed and the related assets are available for use.

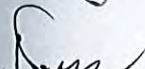
Ministry of Urban Development, Water Supply and Housing Facilities
National Water Supply and Drainage Board
Greater Colombo Water & Wastewater Management Improvement
Investment Programme (GCWWMIP) - Project 03 ADB
Statement of Financial Position as at 31st December 2019


	Notes	SL Rs.	
		31.12.2019	31.12.2018
Non Current Assets			
Assets handed over to NWSDB	01		
Computers and Computer Peripherals		3,759,350.00	-
Office Equipment		1,794,000.00	-
		<u>5,553,350.00</u>	<u>-</u>
Work In Progress			
Consultancy Services	02	59,339,113.84	24,484,972.77
Supply, Delivery & Installation of Computers	03	10,450.00	3,392,820.00
Incremental Operational Cost	04	3,131,250.60	1,660,739.49
Dollar Revaluation	05	(527,679.12)	(610,567.52)
		<u>61,953,135.32</u>	<u>28,927,964.74</u>
Current Assets			
Mobilization Advances	06	368,537.00	1,262,265.00
Special Dollar Account - CBSL Loan No. 3348 - 192		11,078,179.15	3,765,961.91
Cash at Bank (ADB Funds)		4,738,695.90	6,362.68
		<u>16,185,412.05</u>	<u>5,034,589.59</u>
Total Assets		<u>83,691,897.37</u>	<u>33,962,554.33</u>
Current Liability			
Refundable Performance Security	07	-	40,000.00
Payable Retention Money	08	1,772,110.65	741,672.90
Other Payables	09	326,374.39	2,067,750.00
		<u>2,098,485.04</u>	<u>2,849,422.90</u>
Net Assets		<u>81,593,412.33</u>	<u>31,113,131.43</u>
Financed By			
ADB Initial Advance - Loan No. 3348		10,291,733.61	10,291,733.61
ADB - Grant		35,171,395.94	10,181,828.54
Asian Development Bank (ADB) - Loan No. 3348		35,171,395.93	10,181,828.54
Funds Received from NWSDB		958,886.85	457,740.74
		<u>81,593,412.33</u>	<u>31,113,131.43</u>

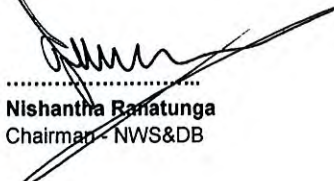
We have prepared the above Statement of Financial Position as at 31st December 2019 and the Statement of Cashflow for the year then ended in respect of ADB and GOSL funded "Greater Colombo Water & Wastewater Management Improvement Investment Programme - Project 3" based on the books and records maintained by the project. We certify to the best of our knowledge and belief the Comprehensive Statement of Financial Position and the Statement of Cashflow for the year then ended have been prepared in accordance with Sri Lanka Financial Reporting Standards and ADB financial procedures.


 D.N.K. Imbuldeniya
 Project Accountant - GCWWMIP


 S. A. Rasheed
 Project Director - GCWWMIP


 R.M.A.S. Weerasena
 Addl. GM (Finance) - NWS&DB


 R.H. Ruvinis
 General Manager - NWS&DB


 Nishantha Bariatunga
 Chairman - NWS&DB

General Manager
National Water Supply &
Drainage Board

Ministry of Urban Development, Water Supply and Housing Facilities
National Water Supply and Drainage Board
Greater Colombo Water & Wastewater Management Improvement
Investment Programme (GCWWMIP) - Project 3 ADB
Statement of Cashflow for the year ended 31st December 2019

	Notes	SL Rs. 31.12.2019	SL Rs. 31.12.2018
Cash flows from operating activities			
Refundable Performance Security		(40,000.00)	(10,000.00)
Cash paid to the consultants		(35,565,078.93)	(21,675,549.87)
Cash paid for the operational expenses		(1,470,511.11)	(1,660,739.49)
Cash paid as advances		893,728.00	(1,262,265.00)
<i>Net cash from operating activities</i>		<u>(36,181,862.04)</u>	<u>(24,608,554.36)</u>
Net Cashflow from Investing Activities			
Payment for purchasing of assets to NWSDB		(2,170,980.00)	(3,392,820.00)
<i>Net cash used in investing activities</i>		<u>(2,170,980.00)</u>	<u>(3,392,820.00)</u>
Cash flows from financing activities			
ADB Loan No. 3348 - 192		49,979,134.79	20,363,657.53
Dollar Revaluation		(82,888.40)	669,798.36
Funds received from NWS&DB		501,146.11	457,740.74
<i>Net cash used in financing activities</i>		<u>50,397,392.50</u>	<u>21,491,196.63</u>
Net Increase in cash and cash equivalents		<u>12,044,550.46</u>	<u>(6,510,177.73)</u>
Cash and cash equivalents at the beginning of the period		3,772,324.59	10,282,502.32
Cash and cash equivalents at the end of the period	10	<u>15,816,875.05</u>	<u>3,772,324.59</u>

**Ministry of Urban Development, Water Supply and Housing Facilities
National Water Supply and Drainage Board
Greater Colombo Water & Wastewater Management Improvement Investment
Programme (GCWWMIP) - Project 3 ADB**

Statement of Changes in Net Assets/ Equity as at 31st December 2019

Amounts in SL Rs.

	ADB	GOSL	Total
Balance as at 31.12.2018	30,655,390.69	457,740.74	31,113,131.43
ADB Direct Payment	-	-	-
ADB Replenishment	49,979,134.79	-	49,979,134.79
GOSL Funds Received the Year	-	501,146.11	501,146.11
Balance as at 31.12.2019	80,634,525.48	958,886.85	81,593,412.33

Ministry of Urban Development, Water Supply and Housing Facilities
National Water Supply and Drainage Board
Colombo Water & Wastewater Management Improvement Investment
Programme (GCWMMIP) - Project 3 ADB
Summary of Expenditures as at 31st December 2019

Amounts in SL Rs.

Type of Expenditure	2017	2018	2019	Grand Total as at 31.12.2019
Assets handed over to NWS&DB	-	-	5,553,350.00	5,553,350.00
Consultancy Services	-	24,484,972.77	34,854,141.07	59,339,113.84
Supply, Delivery & Installation of Computers	-	3,392,820.00	(3,382,370.00)	10,450.00
Incremental Operational Cost	-	1,660,739.49	1,470,511.11	3,131,250.60
Dollar Revaluation	59,230.84	(669,798.36)	82,888.40	(527,679.12)
	59,230.84	28,868,733.90	38,578,520.58	67,506,485.32

Project 3 - ADB
Notes to the Financial Statements

	SL Rs. 31.12.2019	SL Rs. 31.12.2018
Note - 01		
Assets handed over to NWSDB		
Computers and Computer Peripherals		
24 Nos Desktop Computers		
Kurunegala - 04	543,600.00	-
Mathara - 04	543,600.00	-
Sabaragamuwa - 02	271,800.00	-
Trincomalee - 04	543,600.00	-
Head Office - 06	815,400.00	-
Uva - 04	543,600.00	-
	<u>3,261,600.00</u>	-
12 Nos HP Laser Colour Printers		
RSC Office at Kurunegala - 02	63,800.00	-
RSC Office at Mathara - 02	63,800.00	-
RSC Office at Sabaragamuwa - 01	31,900.00	-
RSC Office at Trincomalee - 02	63,800.00	-
Head Office - 03	95,700.00	-
RSC Office at Uva - 02	63,800.00	-
	<u>382,800.00</u>	-
12 Nos External Hard Disk		
RSC Office at Kurunegala - 01	10,450.00	-
RSC Office at Mathara - 02	20,900.00	-
RSC Office at Sabaragamuwa - 01	10,450.00	-
RSC Office at Trincomalee - 02	20,900.00	-
Head Office - 03	31,350.00	-
RSC Office at Uva - 02	20,900.00	-
	<u>114,950.00</u>	-
	<u>3,759,350.00</u>	-
Office Equipment		
6 Nos of Konica Minolta Copier - (EWIS Peripherals)		
RSC Office at Kurunegala - 01	299,000.00	-
RSC Office at Mathara - 01	299,000.00	-
RSC Office at Sabaragamuwa - 01	299,000.00	-
RSC Office at Trincomalee - 01	299,000.00	-
Head Office - 01	299,000.00	-
RSC Office at Uva - 01	299,000.00	-
	<u>1,794,000.00</u>	-
	<u>5,553,350.00</u>	-

Notes to the Financial Statements (Contd...)

	SL Rs. 31.12.2019	SL Rs. 31.12.2018
Note - 02		
Consultancy Services		
Soil Investigation	111,827.65	111,827.65
NBRO	5,862,926.42	4,320,063.42
Geo Engineering Consultants	1,419,857.86	1,396,305.51
Engineering & Laboratory Services	1,877,870.15	-
Soil Tech (Pvt) Ltd	9,272,482.08	5,828,196.58
Topographical Surveying Works		
P.K.W.Karunaratne	4,217,616.00	4,217,616.00
G.P.V. Sunil Kusumsiri	20,811,098.83	7,737,200.00
B.U.S.Fernando	7,423,409.80	-
Colombo Institute of Engineering	3,090,800.00	-
	35,542,924.63	11,954,816.00
Individual Consultancy		
N. Srikan - Water Footprint	4,130,999.44	1,431,000.00
D.M. Asoka Bandara - Hydraulic Network Modeler	1,980,000.00	1,560,000.00
H.T.Hewawasam - Social Safeguard Expert	1,365,162.50	483,600.00
J.M.A.Manathunga - Environment Safeguard	936,000.00	-
B. Kamaladasa - Water Resource Engineer	398,250.00	-
S. Ruthiralingam - Geotechnical	150,000.00	-
S. Shanmugasivanandan - Hydrologist	126,000.00	-
Buddhika De Silva - Environmental Safeguard	90,000.00	-
	9,176,411.94	3,474,600.00
Other Services - Salaries		
P.G. Samurda Gimhan	918,000.00	812,000.00
M.P.I. Deshan Wijewardhana	596,700.00	596,700.00
Manushika Thilakarathne	295,050.00	295,050.00
T.H. Umesh Madushan	1,618,495.00	794,000.00
B.M.A.K. Lekamge	88,200.00	88,200.00
H.S.Nafra	572,670.00	-
A.M.S.E.L. Atapattu	264,600.00	-
D.P.D. Pushpakumari	352,170.00	-
	4,705,885.00	2,585,950.00
Other Services - Vehicle Hiring		
K.A.J.D. Gunathilake	641,410.19	641,410.19
	641,410.19	641,410.19
	59,339,113.84	24,484,972.77
Note - 03		
Supply, Delivery & Installation of Computers, Printers and Hard Drives		
RSC - Sabaragamuwa	-	282,735.00
RSC - Matara	-	565,470.00
RSC - Bandarawela	-	565,470.00
RSC - Kurunagala	-	565,470.00
RSC - Trincomalee	-	565,470.00
NWSDB - P&D Division	-	848,205.00
01 No of External Hard Disk - RSC Office at Kurunegala	10,450.00	-
	10,450.00	3,392,820.00

Notes to the Financial Statements (Contd...)

Note - 09

Other Payables
Office Network (Pvt) Ltd
P.G. Samurda Gimahan
T.H. Umesh Madushan
WHT

SL Rs. 31.12.2019	SL Rs. 31.12.2018
-	1,857,820.00
-	72,000.00
-	80,000.00
326,374.39	57,930.00
<u>326,374.39</u>	<u>1,857,820.00</u>

Note - 10

Cash and cash equivalents at the end of the period
Special Dollar Account - CBSL Loan No. 3348 - 192
Cash at Bank (ADB Funds)

11,078,179.15	3,765,961.91
4,738,695.90	6,362.68
<u>15,816,875.05</u>	<u>3,772,324.59</u>

Note - 11

Interest and Commitment Charges

Interest and commitment charges deducted under the loan are as follows.

Capitalized Interest as per CS-DRMS Report 814-1

Year	Loan No. 3348	
	USD	LKR
2017	7,075.19	1,086,792.34
2018	115,002.29	19,464,670.47
2019	300,548.12	53,942,025.36
Total	422,625.60	74,493,488.17

Capitalized Commitment Fee as per CS-DRMS Report 814-1

Year	Loan No. 3348	
	USD	LKR
2017	201,898.60	30,877,414.07
2018	178,016.23	29,737,958.27
2019	170,799.01	30,601,845.53
Total	550,713.84	91,217,217.87

Capitalization - Interest and Commitment Fee - As per LFIS

Year	Loan No. 3348	
	USD	
2017	208,973.79	
2018	293,018.52	
2019	471,347.13	
Total	973,339.44	

Interest and commitment charges shown above under Loan No. 3348 include the interest and commitment charges applicable to CMC also. There is no proper source for segregating the applicable amounts of interest and commitment fees to the NWS&DB and CMC separately.

DETAILED RECONCILIATION (ADB LOAN/ GRANT FUNDS RECEIVED)

LOAN NO. 3348

AS OF 31.12.2019

(CUMULATIVE FROM 1ST WA UP TO FYE)

WA Nos.	Disbursement Method (Reimbursement, Direct etc)	Per APFS (amount in the books and reported in the project)				Per LFIS		Difference (a-b)	Reason for Difference (timing, forex, pending, rejected etc)
		Date	In local Currency	Exchange rate	USD Equivalent (a)	Value Date	In USD (b)		
C0001	Initial Advance	29.11.2017	10,283,405.50	153.6152	66,942.63	26.10.2017	66,942.63	-	
C0002	Advance funds	24.07.2018	10,213,692.41	159.5204	64,027.50	02.07.2018	64,027.50	-	
C0003	Advance funds	27.08.2018	10,138,813.17	160.8731	63,023.67	24.08.2018	63,023.67	-	
C0004	Advance funds	14.03.2019	8,323,847.22	178.9307	46,519.95	13.03.2019	46,519.95	-	
C0005	Advance funds	24.06.2019	9,733,952.11	176.7773	55,063.36	24.06.2019	55,063.36	-	
C0006	Additional Advance	31.10.2019	24,163,364.76	181.6011	133,057.37	31.10.2019	133,057.37	-	
C007	Advance funds	31.10.2019	7,812,406.68	181.6011	43,019.60	31.10.2019	43,019.60	-	
Total			80,669,481.85		471,654.08		471,654.08	-	

**Ministry of Urban Development, Water Supply and Housing Facilities
National Water Supply and Drainage Board
Greater Colombo Water & Wastewater Management Improvement Investment
Programme (GCWWMIP) - Project 3 ADB
Utilization of Funds as at 31.12.2019**

Amount agreed to be provided	Budgetary provision for the year		Funds utilized during the year		Funds utilized up to 31 st December 2019	
	USD (Mn)	LKR (Mn)	USD (Mn)	LKR (Mn)	USD (Mn)	LKR (Mn)
ADB	38.00	4,940.00	0.21	37.93	0.35	64.82
GOSL	17.64	2,293.00	0.00	0.50	0.01	0.96
Total	55.64	7,233.00	0.21	38.44	0.36	65.78

**GREATER COLOMBO WATER & WASTE WATER MANAGEMENT IMPROVEMENT INVESTMENT
PROGRAMME - ADB PROJECT 03
TRIAL BALANCE AS AT 31.12.2019**

ACC CODE	DESCRIPTION	Rs:	
		Dr	Cr
00/002	Computer & Pheriperals A/C	3,759,350.00	
00/005	Office Equipment Account	1,794,000.00	
00/055	Colombo institute for Engineering Survey A/C	3,090,800.00	
056/	Office Network (Pvt) Ltd	10,450.00	
00/272/01	Unclaimable VAT	269,100.00	
00/060	Soil Tech (Pvt) Ltd.	1,877,870.15	
00/106/04	Mobilization Advance A/C - Soil Tech	368,537.00	
191/01	Funds Received from NWSDB		958,886.85
00/192	ADB Loan A/C -3348		35,171,395.93
00/193	ADB Initial Advance A/C		10,291,733.61
00/193/01	ADB Grant A/C		35,171,395.94
194/	Central Bank	11,078,179.15	
200/	Cash Book A/C No. 7040575	4,738,695.90	
204/	Exchange Rate Fluctuation		527,679.12
261/	Retention - Recurrent Expenditure		9,130.00
00/261/01	Retention A/C - G.P.V.Sunil Kusumsiri		462,830.50
261/02	Retention - Geo Engineering Consultants		330,227.25
261/03	Retention - P.K.W.Karunaratne		245,300.00
00/261/05	Retention A/C - Soil Tech (Pvt) Ltd.		169,943.00
00/261/06	Retention A/C -B.U.S.Fernando		554,679.90
274/	WHT Payable A/C		326,374.39
401/	Salaries	4,705,885.00	
423/	Press Notice	1,881,768.75	
425/	ISO Water Footprint Assessment	17,745.00	
427/	Vehicle Hiring - K.A.J.D. Gunathilake	641,410.19	
436/	Bank Charges	3,750.00	
443/	Topograpraphical Surveying Works - G.P.V. Sunil Kusumsiri	20,811,098.83	
00/443/01	Topographical Surveying Works A/C - P.K.W.Karunaratne	4,217,616.00	
00/443/02	Topographical Surveying Works A/C - B.U.S.Fernando	7,423,409.80	
00/444/01	Consultancy A/C Water Footprint - N.Srikan	4,130,999.44	
00/444/02	Consultancy A/C Hydrolic Network - D.M.Ashoka Bandara	1,980,000.00	
00/444/03	Consultancy A/C Social Safeguard Expert - H.T.Hewawasam	1,365,162.50	
00/444/04	Consultancy A/C Environment Safeguard - J.M.A.Manathunga	936,000.00	
00/444/05	Consultancy A/C Water Resourse Engineer - B.Kamaladasa	398,250.00	
00/444/06	Consultancy A/C Dam & Geotechnical - S.Ruthiralingam	150,000.00	
00/444/07	Consultancy A/C Hydrologist - S.Shanmugasivanandan	126,000.00	
00/444/08	Consultancy A/C Envirronmental Safeguard - Buddhika De Silva	90,000.00	
448/	Soil Investigation A/C - NBRO	111,827.65	
448/01	Soil Investigation A/C - Geo Engineering Consultants	5,862,926.42	
448/02	Soil Investigation A/C - Engineering & Laboratory Services	1,419,857.86	
449	Interest on Subsidiary Loan No. 3348	958,886.85	
		84,219,576.49	84,219,576.49

Management Assertion Letter

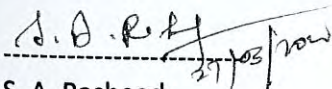
Auditor General
Auditor General's Department
No. 306/72, Polduwa Road
Battaramulla

Financial Statements of Greater Colombo Water and Wastewater Management Improvement Investment Programme – Project 03 ADB (GCWWM IIP – P3) for the Year ended 31st December 2019

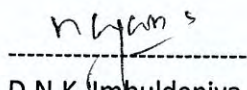
This refers to the financial statements of the Greater Colombo Water and Wastewater Management Improvement Investment Programme – Project 03 ADB for the year ended 31st December 2019 comprised with the Statement of Financial Position, Statement of Cash Flow, Statement of Changes in Net Assets/ Equity presented herewith in terms of Section 2.10 (a) of the project agreement dated 11th of August 2016 between the Asian Development Bank and the Government of Democratic Socialist Republic of Sri Lanka for audit purposes.

We acknowledge our responsibility for the fair presentation of the financial statements in accordance with Sri Lanka Accounting Standards and we confirm that to the best of our knowledge and belief, the following representations made to you for audit of above mentioned financial statements.

- (a) The financial statements of the Greater Colombo Water and Wastewater Management Improvement Investment Programme – Project 03 ADB for the year ended 31 December 2019 are free of material misstatements including omissions.
- (b) The funds provided by the Lending / Donor Agency have been used for the purposes for which they were provided.
- (c) The expenditure of the Project are eligible for financing under the Loan Agreement.
- (d) The management or employees who have a significant role in internal control and made a material effect on the financial statements of the Project have not involved in any irregular activities.
- (e) All books of accounts, supporting documents and other necessary information requested by your staff are made available to complete the audit timely.
- (f) The Project has complied with the condition of all relevant legal requirements including Loan Agreements, Project Appraisal Documents, Minutes of Discussion and the Borrowers Project Implementation Plans.



S. A. Rasheed
Project Director
GCWWM IIP – P3 ADB



D.N.K. Umbuldeniya
Project Accountant
GCWWM IIP – P3 ADB