

SOCIAL PROTECTION ADMINISTRATION II PROJECT

CREDIT NUMBER 5398-AM

**IMPLEMENTED BY FOREIGN FINANCING PROJECTS MANAGEMENT CENTER
OF THE MINISTRY OF FINANCE OF THE REPUBLIC OF ARMENIA**

**Special Purpose Project Financial Statements
and
Independent Auditor's Report**

for the year ended 31 December 2016

**YEREVAN
May 2017**

SOCIAL PROTECTION ADMINISTRATION II PROJECT

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"SOS-AUDIT" LTD

INDEPENDENT AUDITOR'S REPORT

To the Management of the Foreign Financing Projects Management Center

Opinion

We have audited the accompanying special purpose financial statements of the "Social Protection Administration II Project" (Project) financed by the IDA Credit No. 5398-AM dated 23 May 2014 (Credit Agreement) and implemented by the "Management of the Foreign Financing Projects Management Center" (FFPMC), which comprise the statement of cash receipts and payments, the statement of uses of funds by Project activity for the year ended 31 December 2016, and a summary of significant accounting policies and other explanatory notes.

In our opinion,

1. the special purpose financial statements present fairly in all material respects the cash receipts and payments of the Project for the year ended 31 December 2016 in accordance with International Public Sector Accounting Standard: *Financial Reporting Under the Cash Basis of Accounting*, (IPSAS-Cash Basis);
2. funds have been used in accordance with the conditions of the Credit Agreement concluded between the International Development Association (IDA) and the Republic of Armenia, and World Bank related guidelines, with due attention to economy and efficiency, and only for the purposes for which the financing was provided;
3. supporting documents, records and accounts have been maintained to support expenditures incurred. Expenditures included in the withdrawal applications and reimbursed against are eligible for financing under the Credit Agreement; Interim Unaudited Financial Statements (IFSs) issued by FFPMC during the Reporting year are in agreement with the underlying books of account;
4. The Designated account used have been maintained in accordance with the provision of the Credit Agreement, and World Bank related guidelines;
5. Works, Goods and Services financed have been procured in accordance with the Credit Agreement and World Bank related guidelines.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as issued by International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We are independent of the Project and FFPMC in accordance with the *International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code)*, and we have fulfilled out other ethical requirements in accordance with IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter-Slow Progress the Project implementation

Without qualifying our opinion, we draw your attention to Note 7.2 of these special purpose financial statements disclosing slow progress of the Project implementation and the measures taken by the management of the FFPMC.