

Public Expenditure Management Network in Asia
(Grant No. TF 0A4574)

FINANCIAL STATEMENTS
FOR THE PERIOD FROM JANUARY 1, 2019
TO FEBRUARY 29, 2020
WITH INDEPENDENT AUDITORS' REPORT

Independent Auditors' Report

To President of Korea Institute of Public Finance:

We have audited the accompanying statements of income and expenditure and designated account of the Public Expenditure Management Network in Asia ("PEMNA") for the period from January 1, 2019 to February 29, 2020. These project financial statements are the responsibility of the management of the Korea Institute of Public Finance ("KIPF"). Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with International Standards on Auditing (ISA) published by the Auditing and Assurance Standards Board of the International Federation of Accountants (IFAC). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. During this audit, we were provided with all relevant reports for our examination including Interim Financial Report(IFR) previously submitted to the World Bank by KIPF. We examined these reports as well as the project's designated account to see if the expenditures are eligible based on the criteria defined in the terms of the Grant Agreement and procurement plan approved by the World Bank. We also examined to see if any ineligible expenditure were included in the withdrawal applications and reimbursed. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the results of operations of the PEMNA for the period from January 1, 2019 to February 29, 2020, in conformity with MDTF Grant Agreement.

Induk Accounting Corporation
Seoul, Korea
April 17, 2020

Notice to Readers

This report is effective as of April 17, 2020, the auditors' report date. Certain subsequent events or circumstances may have occurred between the auditors' report date and the time the auditors' report is read. Such events or circumstances could significantly affect the accompanying financial statements and may result in modifications to the auditors' report.

Public Expenditure Management Network in Asia (Grant No. TF 0A4574)
STATEMENTS OF INCOME AND EXPENDITURE
THE PERIOD FROM JANUARY 1, 2019 TO FEBRUARY 29, 2020

	NOTES	KRW
		FROM JANUARY 1, 2019 TO FEBRUARY 29, 2020
A-1. Received from the World Bank (DA-D)		500,000,000
A-2. Received from the World Bank (DA-D)		350,000,000
A-3. Received from the World Bank (DA-D)		130,000,000
Total Received from the World Bank (A)		980,000,000
B-1. Training and Workshops		
1. Treasury CoP Seoul Meeting	3	42,196,243
2. Budget CoP Seoul Meeting	4	128,043,089
3. Plenary Conference	5	143,015,994
4. Budget CoP Jakarta Meeting	6	101,627,798
5. Treasury CoP Moscow Meeting	7	135,200,323
6. Budget CoP Dili Meeting	8	29,929,443
		580,012,890
B-2. Operating Cost	9	114,323,164
B-3. Research Project		13,412,750
B-4. Dissemination of PEMNA Outputs	10	70,827,480
Total Expenditures(B)		778,576,284
C. Interest		147,398
D. Balance (A-B+C)		201,571,114

Public Expenditure Management Network in Asia (Grant No. TF 0A4574)
STATEMENTS OF DESIGNATED ACCOUNT
THE PERIOD FROM JANUARY 1, 2019 TO FEBRUARY 29, 2020

	KRW
	FROM JANUARY 1, 2019 TO FEBRUARY 29, 2020
A-1. Received from the World Bank (DA-D)	500,000,000
A-2. Received from the World Bank (DA-D)	350,000,000
A-3. Received from the World Bank (DA-D)	130,000,000
Total Received from the World Bank	980,000,000
B. Balance of designated account (As of Feb 29, 2020)	(201,571,114)
C-1. Additional amount to be claimed from DA-D (The period from Jan 1, 2019 to Feb 29, 2020)	(778,576,284)
Total Amount to be claimed from the World Bank	(778,576,284)
D. Amount claimed in previous applications not yet credited at date of bank statements	-
E. Interest	147,398
F. Difference	-

Public Expenditure Management Network in Asia
NOTES TO FINACIAL STATEMENTS
THE PERIOD FROM JANUARY 1, 2019 TO FEBRUARY 29, 2020

1. GENERAL INFORMATION

The Public Expenditure Management Network in Asia (PEMNA) is a peer-learning network of public expenditure management officials in East Asia and the Pacific (EAP) region. Established in 2012, PEMNA provides a unique forum for public officials to share their knowledge to build stronger national budget and treasury systems across the region. By learning from other countries' experiences, members help their governments manage public resources more efficiently to provide valuable services to citizens, supporting continued growth and development in EAP.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements are prepared in accordance with International Financial Reporting Standards. The significant accounting policies that have been applied for the preparation of the financial statements for the period from January 1, 2019 to February 29, 2020 are described below.

1) Cash and cash equivalents – The Company considers short-term deposits with maturities of three months or less on acquisition date to be cash and cash equivalents.

2) Revenue Recognition - The Company recognizes revenue by percentage-of-completion method in case of R&D revenues. If, in applying the percentage-of-completion method however, neither of the revenue, cost or percentage-of-completion can reasonably be determined, nor is the pertaining revenue certain to be collected, the estimated recoverable amount, which should not be more than costs incurred is credited to income while the costs is charged to expenses.

Public Expenditure Management Network in Asia
NOTES TO FINACIAL STATEMENTS
THE PERIOD FROM JANUARY 1, 2019 TO FEBRUARY 29, 2020

3. Treasury CoP Seoul Meeting

	KRW
	FROM JANUARY 1, 2019 TO FEBRUARY 29, 2020
Participants' Airfare and Accommodation Cost	31,582,374
Participants' Subsistence Allowance	10,613,869
	42,196,243

4. Budget CoP Seoul Meeting

	KRW
	FROM JANUARY 1, 2019 TO FEBRUARY 29, 2020
Service Payments (Interpreters)	7,192,573
Service Payments (Photographer)	1,540,000
Meeting Package	28,103,000
Shipping Cost	152,560
Participants' Airfare	50,906,000
Participants' Accommodation Cost	29,267,400
Participants' Subsistence Allowance	10,881,556
	128,043,089

5. Plenary Conference

	KRW
	FROM JANUARY 1, 2019 TO FEBRUARY 29, 2020
Service Payments (Interpreters)	15,244,654
Service Payments (Photographer)	788,895
Service Payments (MC)	2,511,416
Meeting Materials - Stationery	517,840
Souvenirs	5,624,800
Shipping cost	65,000
Participants' Airfare	64,211,976
Participants' Accommodation Cost	45,206,582
Participants' Subsistence Allowance	8,844,831
	143,015,994

Public Expenditure Management Network in Asia
NOTES TO FINACIAL STATEMENTS
THE PERIOD FROM JANUARY 1, 2019 TO FEBRUARY 29, 2020

6. Budget CoP Jakarta Meeting

	KRW
	FROM JANUARY 1, 2019 TO FEBRUARY 29, 2020
Service Payments (Interpreters)	1,619,509
Service Payments (Photographer)	2,959,069
Service Payments (presenters)	119,700
Meeting Package	24,160,125
Meeting Materials - Stationery	51,200
Printing	1,062,614
Participants' Airfare	47,948,659
Participants' Accommodation Cost	16,250,548
Participants' Subsistence Allowance	6,201,657
Ground Transfer	1,254,717
	101,627,798

7. Treasury CoP Moscow Meeting

	KRW
	FROM JANUARY 1, 2019 TO FEBRUARY 29, 2020
Service Payments (Interpreters)	8,964,936
Service Payments (Photographer)	2,916,722
Participants' Visa Fee	1,620,060
Participants' Airfare	62,138,200
Participants' Accommodation Cost	49,973,035
Participants' Subsistence Allowance	9,587,370
	135,200,323

Public Expenditure Management Network in Asia
NOTES TO FINACIAL STATEMENTS
THE PERIOD FROM JANUARY 1, 2019 TO FEBRUARY 29, 2020

8. Budget CoP Dili Meeting

	KRW
	FROM JANUARY 1, 2019 TO FEBRUARY 29, 2020
Service Payments (Photographer)	1,773,500
Meeting Materials - Stationery	150,000
Participants' Air fare (Cancellation fee)	23,495,850
Participants' Accommodation Cost (Cancellation fee)	4,510,093
	29,929,443

9. Operating Cost

	KRW
	FROM JANUARY 1, 2019 TO FEBRUARY 29, 2020
Secretariat Operating Cost for 2019 Plenary Conference	17,455,685
Secretariat Operating Cost for 2019 B-CoP Jakarta Meeting	15,606,646
Secretariat Operating Cost for 2019 T-CoP Moscow Meeting	25,707,878
Secretariat Operating Cost for 2020 B-CoP Dili Meeting (Cancellation fee)	3,482,730
PEMNA - World Bank Implementation Support Meeting	2,451,930
Office Equipment	3,337,920
MDTF FY2018 Financial Audit Fee	3,000,000
MDTF FY2019 Financial Audit Fee	4,000,000
Secretariat Service Cost for PEMNA Activities (Mar-Jul)	19,625,420
Secretariat Service Cost for PEMNA Activities (Aug-Nov)	15,343,760
Secretariat Service Cost for PEMNA Activities (Dec)	4,311,195
	114,323,164

Public Expenditure Management Network in Asia
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10. Dissemination of PEMNA Outputs

	KRW
	FROM JANUARY 1, 2019 TO FEBRUARY 29, 2020
PEMNA Report Publication	7,590,000
Online Survey	1,226,207
Website	50,152,740
Extension of SSL Certificate and SharePoint	171,564
PEMNA Promotional materials	1,221,000
Completion Report	9,673,969
Look back on PEMNA	792,000
	70,827,480

Management Letter

Mr. Kim, Yu-Chan
Korea Institute of Public Finance (KIPF)

Management Letter from Induk Accounting Corporation to the President of KIPF

We have recently completed our audit of the project ‘Public Expenditure Management Network in Asia (Grant No. TF 0A4574) for the period from January 1 to February 29, 2019 in accordance with International Standards on Auditing (ISA) published by the International Auditing and Assurance Standards Board of the International Federation of Accountants (IFAC).

The purpose of this letter is to comment on the accounting records, systems, and controls that were examined during the course of this audit; identify specific deficiencies and areas of weakness in systems and controls and make recommendation for their improvement; report on instances of non-compliance with the terms of the financial agreement; quantify and report expenditures that are considered to be ineligible and either paid out of the designated account(s) or which have been claimed from the World Bank; communicate with matters that have come to our attention during the audit which might have a significant impact on the implementation of the project; and bring to the KIPF’s attention any other matters that the auditor considers pertinent.

During our audit of the project in accordance with the ISAs, we did not find any matters that have come to our attention that we consider pertinent to be brought to KIPF’s attention. In our view, based on the audited statements, the PEMNA Secretariat executes the financial resources for the project in accordance with the Grant Agreement. The PEMNA Secretariat under the KIPF, a government-funded research institute with a longstanding tradition of fiscal prudence, has a reliable internal control system. Furthermore, we believe that the KIPF’s sound financial status will continue to secure a stable environment for KIPF to carry out the mission of PEMNA and the scope of its activities.

We would be pleased to discuss the above noted matters with you at your convenience. If you have any questions or concerns, please do not hesitate to contact us.

Yours truly,

Induk Accounting Corporation

Seoul, Korea
April 17, 2020