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**“CLIMATE ADAPTATION AND MITIGATION PROGRAM
FOR ARAL SEA BASIN” PROJECT
IDA Credit No.5741-UZ**

**MANAGEMENT LETTER
ON THE PROJECT FINANCIAL STATEMENTS
FOR THE PERIOD FROM 01 JANUARY 2018 TO 31 DECEMBER 2018**

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MANAGEMENT LETTER

ADDRESS: 1A, Block A, Labzak Street, Shaykhantahur District, Tashkent, Republic of Uzbekistan

TO: Management of the National Coordination Unit (NCU) of the Project
under the Agency for implementation of projects in the field of agroindustry and food
security

To: Mr. Sh. Shoahmedov,
Agency Director

Dear Mr. Shoahmedov,

Pursuant to audit engagement agreement No.CAMP4ASB/LCS/06 UZ dated 30 March 2018, we have audited the Special Purpose Financial Statements (hereinafter – Financial Statements) of the Project “Climate adaptation and mitigation program for Aral sea basin” (hereinafter – the Project), financed against the credit proceeds (Credit No.5741–UZ) of International Development Association (hereinafter – Association, IDA) for the period from 01 January 2018 to 31 December 2018.

IDA credit financing for Project implementation for total of 10.0 Special Drawing Rights (hereinafter - SDRs) was made available to the Government of Uzbekistan (hereinafter – Government) under IDA-Uzbekistan Credit Agreement No.5741–UZ (hereinafter – Financing agreement) signed on 13 March 2017.

These financial statements were prepared by the Project Management based on the cash flow basis in accordance with International Public Sector Accounting Standards (hereinafter – IPSAS). The financial statements are the responsibility of the Project Management.

We conducted our audit in accordance with the International Standards on Auditing (ISA).

In the course of planning and conducting the audit of the Project Financial Statements, we took into consideration structure of accounting and reporting internal controls in the aim of selection of audit procedures necessary to develop the audit opinion on the financial statements, but not in the aim of determination of accounting and reporting internal controls' adequacy extent.

We consider that we have received a sufficient amount of evidence to create a basis for forming opinions about the audited special financial statements of the Project. During the audit, we did not notice any shortcomings and inaccuracies in accounting. Based on the results of the audit, we did not find any facts from which it could be concluded that the specialized financial statements of the Project are unreliable.

As the aim of our audit is to express an opinion on the Project's financial statements, we did not intend to reveal all significant problems pertaining to the Project. We would be grateful should you decide to update us on the follow up steps in addressing identified problems. Should you need any additional data, please feel free to contact us.

This Management Letter was prepared exclusively for internal use. Therefore, we bear no responsibility should you decide to disclose the information contained in this letter. We avail ourselves to use this opportunity to express our sincere thanks to you and your staff for cooperation and support during the audit.

OBSERVATIONS AND RECOMMENDATIONS ON EXISTING ACCOUNTING SYSTEM AND PRESENTATION OF FINANCIAL STATEMENTS

In order to ensure effective and efficient implementation of the Project «Climate adaptation and mitigation program for Aral sea basin» (hereinafter - Project) under Agency for implementation of projects in the field of agroindustry and food security (hereinafter - Agency) was established National Unit of Coordination (hereinafter – NUC).

1. The results of the audit of the Project financial statements

In course of audit, we have noticed some insignificant shortcomings and inaccuracies, which do not impact on the credibility of financial statements.

The employees of Project have promptly eliminated all shortcomings and inaccuracies that were identified by the auditors in course of audit, and all relevant corrections were included into accounting registers and financial statements of the Project.

Best regards,

Sobir Safaev
Director
TSIAR-FINANS, LLC




14 June 2019