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RAMP nr. 8863 din 31.05.2017

**REPORT ON PROJECT FINANCIAL STATEMENTS
OF THE NATIONAL AGENCY FOR FISCAL ADMINISTRATION**

**LOAN (8261-RO) FOR THE REVENUE ADMINISTRATION MODERNIZATION
PROJECT (RAMP)**

FOR THE YEAR ENDED 31 DECEMBER 2016

**National Agency for Fiscal Administration
Loan (8261 – RO) for Revenue Administration Modernization Project - RAMP
For the year ended 31 December 2016**

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INDEPENDENT AUDITOR'S REPORT
TO THE NATIONAL AGENCY FOR FISCAL
ADMINISTRATION – PROJECT MANAGEMENT UNIT
– REVENUE ADMINISTRATION MODERNIZATION
PROJECT - RAMP

Report on the Project Financial Statements

1. We have audited the accompanying project financial statements of Revenue Administration Modernization Project for the year ended 31 December 2016. The project is financed by the International Bank for Reconstruction and Development (IBRD) through Loan no. 8261 – RO that was signed on 8 May 2013. The audited project financial statements for the year ended 31 December 2016 consist of: Statement of resources and uses of funds, Statements of expenditures, Statement of SoE, Financial statement of the loan, Budget realisation, Statement of the Treasury Account.

Management's Responsibility for the Financial Statements

2. Management of the Project Management Unit is responsible for the preparation of these financial statements in accordance with the financial reporting provisions included in the ratification law no 212/27.06.2013 and loan agreement 8261-RO dated 8 May 2013, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Audit Standards issued by the Chamber of Auditors of Romania which are based on International Standards on Auditing and in accordance with the appropriate World Bank guidelines. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the project management unit, as well as evaluating the overall presentation of the financial statements.

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5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our unqualified audit opinion.

Unqualified Opinion

6. In our opinion, the financial statements of the Revenue Administration Modernization Project for the year ended 31 December 2016 are prepared, in all material respects, in accordance with the financial reporting provisions of ratification law no 212/27.06.2013 and loan agreement 8261-RO dated 8 May 2013.

Emphasis of matters

7. Without qualifying our opinion, we draw attention to the following matters:
- a) As mentioned in the Note 9 “Legislation and the fiscal environment in Romania “to the financial statements, the legal system from Romania is affected by macroeconomic factors which include influences of the worldwide economic slowdown. As a result of this, the Romanian Government might change the fiscal and monetary policy. Due to the above mentioned aspects there might be a negative impact on the evolution of the Project.
 - b) As mentioned in the Note 7 “Accounting policies and records” to the Project Financial Statements, these financial statements were prepared for complying with the Loan requirements and with the appropriate World Bank guidelines, and therefore are not intended to be a complete presentation of the Project’s operations.

Other Matter

8. This report, including the opinion, has been prepared for the use of the Project Management Unit and submission to the International Bank for Reconstruction and Development and should not be used for any other purposes beside those meant for a financial audit report. Within the boundaries of the law, we do not, in giving this opinion, accept or assume responsibility for any other purposes or to any other person to whose knowledge this report may come to.

Auditor:
MICHALIS PAPADOURIS
CAFR member (authorization no.4276/2012)
for:



BAKER TILLY KLITOU AND PARTNERS S.R.L.
CAFR company member (authorization no. 384/26.05.2003)
Bucharest, 31 May 2017

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List of abbreviations:

RAMP – Revenue Administration Modernization Project

IBRD – International Bank for Reconstruction and Development

WB – World Bank

NAFA – National Agency for Fiscal Administration

NAFA P.M.U. – Project Management Unit, established within NAFA

MOPF – Ministry of Public Finances

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GENERAL INFORMATION

Reporting entity

The Loan Agreement is implemented by NAFA by means of the NAFA P.M.U. within the entity.

Loan Agreement

The Law no. 212 dated June 2013, ratified the Loan Agreement between Romania (the "Borrower") and the International Bank for Reconstruction and Development (the "Bank") regarding Revenue Administration Modernization Project, and by Government decision no. 1017/2016 the amendment of extension with 2 years of the project period and due date for loan closing date, was signed.

The development objectives of the Revenue Administration Modernization Project (RAMP) are:

- (i) to increase effectiveness and efficiency in collection of taxes and social contributions;
- (ii) to increase tax compliance;
- (iii) to reduce the burden on taxpayers to comply.

Destination of Borrowed Funds

Component 1: Institutional Development

Component 2: Increasing Operational Effectiveness and Efficiency

Component 3: Taxpayer Services and Corporate Communication

Component 4: Project Coordination and Management

The loan amount for RAMP Project is allocated as follows:

Category	Amount of the Loan Allocated (expressed in Euro)	Percentage of Expenditures to be financed (inclusive of Taxes)
(1) Goods, non-consulting services, Consultants' services, including audit, Training and operating costs of the Project	70,000,000	100%
TOTAL AMOUNT	70,000,000	

For the purposes of this Schedule:

- "Goods" means the goods described in the Procurement Guidelines, including commodities, raw material, machinery, equipment, vehicles, and industrial plant;
- "Non-Consultant Services" means the non-consultant services described in the Procurement Guidelines, including the non-consulting services for which the physical aspects of the activity predominate, are bid and contracted on the basis of performance of a

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measurable physical output, and for which performance standards can be clearly identified and consistently applied;

- "*Consultants*" means the consultants described in the Consultant Guidelines, including a variety of private and public entities such as consulting firms, engineering firms, management firms, auditors, multinational organizations, investment and merchant banks, universities, research institutions, government agencies, nongovernmental organizations (NGOs), and individuals;

- "*Training*" means the training and training-related activities, including seminars, workshops and study tours, travel and subsistence allowances for training participants, trainers' fees, rental of training facilities, preparation and reproduction of training materials and other activities incidental to the preparation and implementation of training activities;

- "*Operating Costs*" means the incremental expenses incurred by the Borrower on account of Project implementation, management, and monitoring, for office space rental, utilities, and supplies, bank charges, communications, vehicle operation, maintenance, and insurance, building and equipment maintenance, advertising expenses, translation, travel and supervision (including supervision activities in connection with the Project, salaries of contractual and temporary staff, but excluding salaries, fees, and bonuses of members of the Borrower's civil service).

Other information

The term "*Statement of Expenditures*" means: expense reports used by the Borrower to forward to IBRD the application for reimbursement of payments already made.

The term "*State treasury account*" means: a bank account opened at the State Treasury where NAFA is receiving from the Ministry of Public Finances the requested amount necessary for payments of the eligible expenses.

The eligible expenditures of the project financed through loan provided by IBRD will be pre-financed out of the State budget allocations.

The IBRD loan funds will be disbursed using the reimbursement as disbursing method.

Withdrawal applications will be sent to the Bank periodically by the Borrower (MOPF), according to Disbursement Letter.

The withdrawn amounts will be used by MOPF for legal purposes, according to the legislation in force regarding the Public Debt Law.

The amount necessary for the reimbursement of Loan, of the interest and commissions, is provided by MOPF from the state budget.

Procurement plan prepared by the PMU is updated at least annually and is prior reviewed by the IBRD.

**GOVERNMENT OF ROMANIA
MINISTRY OF PUBLIC FINANCE
NATIONAL AGENCY FOR FISCAL ADMINISTRATION
IBRD LOAN (8261-RO)
FOR REVENUE ADMINISTRATION MODERNIZATION PROJECT - RAMP
Special purpose project's financial statements
for the year ended 31 December 2016**

National Agency for Fiscal Administration

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1. STATEMENT OF SOURCES AND USES OF FUNDS

1.1 Statement of the IBRD Loan Account for the Revenue Administration Modernization Project – RAMP as at 31 December 2016

Loan No 8261 - RO

Date of Approval 8 May 2013

	<i>Cumulative as at 31 Dec 2015 EUR</i>	<i>Cumulative as at 31 Dec 2016 EUR</i>
Loan amount approved	70,000,000.00	70,000,000.00
Less: Total drawings from loan	7,726,783.02	14,097,250.11
Loan amount not disbursed	62,273,216.98	55,902,749.89

1.2 Summary of Funds Received and Uses of Funds as at 31 December 2016

	<i>Cumulative as at 31 Dec 2015 RON</i>	<i>Fiscal Year 2016 RON</i>	<i>Cumulative as at 31 Dec 2016 RON</i>
Opening cash balance	0.00	0.00	0.00
State Treasury Account transactions			
Add: Pre-financing by the Government	35,683,256.82	29,670,205.83	65,353,462.65
Less: Project expenditure	35,683,256.82	29,670,205.83	65,353,462.65
Closing cash balance	0.00	0.00	0.00

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2. STATEMENT OF EXPENDITURES

2.1 Project expenditure by component

Component/ Description	Cumulative as at 31 Dec 2015 RON	Expenditures for the year ended as at 31 Dec 2016 RON	Cumulative as at 31 Dec 2016 RON
<i>Component 1: Institutional Development</i>	2,288,270.20	4,896,466.90	7,184,737.10
SC1: Organizational Development	1,451,607.24	3,410,024.48	4,861,631.72
RAMP/CS/2 Development of NAFA's Analytical Capacity	1,061,001.51	848,333.06	1,909,334.57
RAMP/CS/3 Organizational Development: Management Systems	390,605.73	467,975.22	858,580.95
RAMP/7 Modeling SW licenses		110,724.00	110,724.00
RAMP/13 Logistics for training (Year 2016)		1,982,992.20	1,982,992.20
SC2: Internal Control & Public Audit	378,573.33	0.00	378,573.33
RAMP/CS/4 Development of internal control functions	378,573.33	0.00	378,573.33
SC3: Human Resources & Training	458,089.63	447,904.07	905,993.70
RAMP/CS/5 Policy and strategy development for HR	458,089.63	447,904.07	905,993.70
SC4: Legal Framework & Appeals		1,038,538.35	1,038,538.35
RAMP/23 Training for Fiscal Procedural Code		837,597.17	837,597.17
RAMP/CS/6 Improved Appeals Process and Review of Legislation and Rulings Development		200,941.18	200,941.18
SC5: Business Process Re-engineering			
<i>Component 2: Increasing Operational Effectiveness and Efficiency</i>	26,503,819.11	19,996,244.88	46,500,063.99
SC1: Operational functions	3,361,681.73	2,393,612.49	5,755,294.22
RAMP/CS/10 Audit development and Audit techniques improvement	793,256.49	1,060,680.62	1,853,937.11
RAMP/CS/14 Review of High Volume Revenue Processing Operations	1,040,897.11		1,040,897.11
RAMP/CS/11 – Operational assistance for Management of High Net Worth Individuals	666,370.59		666,370.59
RAMP/CS/13 – Enforcement Development	363,052.14		363,052.14
RAMP/CS/12 – Anti-fraud and Business Intelligence Development	498,105.40	1,213,015.04	1,711,120.44
RAMP/CS/24 Specialized Training on Organization and Functioning of Banking Sector		63,970.97	63,970.97
RAMP/CS/25 Specialized Training on Organization		55,945.86	55,945.86

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and Functioning of Insurance Sector			
SC2: Application software	3,712,318.19	1,250,866.51	4,963,184.70
RAMP/CS/1- Project definition, integration and implementation	3,712,318.19	1,250,866.51	4,963,184.70
SC3: IT infrastructure & implementation	19,429,819.19	16,351,765.88	35,781,585.07
RAMP/1-WS Workstations, monitors and multifunctional printer	9,856,532.09		9,856,532.09
RAMP/1-SR – Hardware, software & tr. for primary, secondary centre and data warehouse	9,573,287.10	91,015.95	9,664,303.05
RAMP/4 – Network improvement for datacenters (in 2 lots)		16,260,749.93	16,260,749.93
<i>Component 3: Taxpayer Services and Corporate Communication</i>	<i>4,716,801.64</i>	<i>2,654,342.44</i>	<i>7,371,144.08</i>
SC1: Taxpayer Services	1,136,667.73	1,920,469.00	3,057,136.73
RAMP/CS/15 Develop and implement New Taxpayer Service Concept	1,136,667.73	1,920,469.00	3,057,136.73
SC2: Corporate Communication	3,580,133.91	733,873.44	4,314,007.35
RAMP/CS/17 - Annual surveys	2,410,619.17	733,873.44	3,144,492.61
RAMP/CS/16 Design Communication Strategy and Develop Public Relations Skills	1,169,514.74		1,169,514.74
<i>Component 4: Project Coordination and Management</i>	<i>2,174,365.87</i>	<i>2,123,151.61</i>	<i>4,297,517.48</i>
SC1: Project Management Unit	2,174,365.87	2,123,151.61	4,297,517.48
RAMP/CS/ 20 procurement adviser	815,368.20	411,940.24	1,227,308.44
RAMP/CS/ 21 IT procurement adviser	912,988.73	658,116.82	1,571,105.55
RAMP/CS/ 22 translation services	125,433.40	66,089.34	191,522.74
RAMP/16 training	77,911.16		77,911.16
RAMP/18 operational costs	5,799.18	6,905.80	12,704.98
RAMP/18 operational costs bank charges	17,940.99	16,003.49	33,944.48
RAMP/20 training project management	55,220.72		55,220.72
RAMP/21 training PMU	43,886.49	67,660.75	111,547.24
RAMP/9 licenses project management	40,498.28		40,498.28
RAMP/CS/23 financial audit	25,159.25	24,727.42	49,886.67
RAMP/22 training project management	54,153.08		54,153.08
RAMP/CS/27 Revenue administration consultant		438,534.78	438,534.78
RAMP/CS/26 Information Technology Consultant		433,172.97	433,172.97
<i>Other expenses</i>	<i>6.39</i>		<i>6.39</i>
SC2: Change Management			
Total Project Expenditure - Project Funds	35,683,256.82	29,670,205.83	65,353,462.65

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2.2 Project expenditure by category

Category	<i>Cumulative as at 31 Dec 2015 RON</i>	<i>Expenditures for the year ended as at 31 Dec 2016 RON</i>	<i>Cumulative as at 31 Dec 2016 RON</i>
(1) Goods, non-consulting services, consultants' services, including audit, training and operating costs of the Project	35,683,256.82	29,670,205.83	65,353,462.65

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3. SUMMARY OF STATEMENTS OF EXPENDITURES

During 2016 the below withdrawal applications were submitted.

<i>Withdrawal Application</i>	<i>Total amount claimed (EUR)</i>	<i>Amount paid</i>	<i>Amount as at</i>	<i>of which amount claimed under SOE(EUR)</i>
7	404,405.19	404,405.19	11.03.2016	701.30
8	490,054.33	490,054.33	14.04.2016	901.88
9	417,521.01	417,521.01	22.07.2016	6,152.25
10	803,506.52	803,506.52	04.10.2016	51,402.52
11	697,173.58	697,173.58	03.11.2016	4,163.82
12	2,132,566.93	2,132,566.93	18.11.2016	4,374.17
13	1,425,239.53	1,425,239.53	23.12.2016	2,801.54
Total 2016	6,370,467.09	6,370,467.09		70,497.48

4. FINANCIAL STATEMENT OF THE LOAN

4.1 Total disbursements as at 31 December 2016

	<i>Amount EUR</i>
As at 8 May 2013	0
During 2013	0
As at 31 Dec 2013	0
During 2014	0
As at 31 Dec 2014	0
During 2015	7,726,783.02
As at 31 Dec 2015	7,726,783.02
During 2016	6,370,467.09
As at 31 Dec 2016	14,097,250.11
Total disbursements	14,097,250.11

4.2 IBRD payments during the period 1 Jan 2016- 31 Dec 2016

Withdrawal application	Beneficiary name	Type	Ccy	Amount claimed	Category	Ccy	Amount paid	Value date
7	MOPF	Reimbursement	EUR	404,405.19	1	EUR	404,405.19	11.03.2016
8	MOPF	Reimbursement	EUR	490,054.33	1	EUR	490,054.33	14.04.2016
9	MOPF	Reimbursement	EUR	417,521.01	1	EUR	417,521.01	22.07.2016
10	MOPF	Reimbursement	EUR	803,506.52	1	EUR	803,506.52	04.10.2016
11	MOPF	Reimbursement	EUR	697,173.58	1	EUR	697,173.58	03.11.2016

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12	MOPF	Reimbursement	EUR	2,132,566.93	1	EUR	2,132,566.93	18.11.2016
13	MOPF	Reimbursement	EUR	1,425,239.53	1	EUR	1,425,239.53	23.12.2016
				6,370,467.09			6,370,467.09	

5. BUDGET REALIZATION

Component/Description	Allocated per component as per PAD EUR	31.12.2015	31.12.2015	31.12.2015	31.12.2016	31.12.2016	31.12.2016
		Accumulated to date EUR	Deviation EUR	Budget realization (%)	Accumulated to date EUR	Deviation EUR	Budget realization (%)
Component 1: Institutional Development	6,860,000	514,336	6,345,664	7.50%	1,605,465	5,254,535	23.40%
Component 2: Increasing Operational Effectiveness and Efficiency	57,700,000	5,973,244	51,726,756	10.35%	10,422,782	47,277,218	18.06%
Component 3: Taxpayer Services and Corporate Communication	2,920,000	1,056,317	1,863,683	36.18%	1,642,359	1,277,641	56.25%
Component 4: Project Coordination and Management	2,520,000	490,076	2,029,924	19.45%	961,316	1,558,684	38.15%
Total Project Expenditure - Project Funds	70,000,000	8,033,973	61,966,027	11.48%	14,631,922	55,368,078	20.90%

The total budget realization up to 31 December 2016 is 20.90%.

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6. PROJECT COMMITMENTS

Project commitments as at 31 December 2016 are stated below:

Ctr No	Contract Reference Number	Objective of the agreement	Supplier	Signing date	Contract currency	Initial Contract Value in contract CCY	Add 2015 in contract CCY	Add 2016 in contract CCY	Contract value in contract CCY	Contract value in EUR	Cumulative payments as at 2016 in EUR	Remaining value of the contracts EUR
1	RAMP/CS/20	Procurement adviser	PFA Voicu C Victor Constantin	24.12.2013	EUR	524,050.00	-10,969.91		513,080.09	513,080.09	275,689.56	237,390.53
2	RAMP/CS 22	Translation	SC International Consulting Alliance SRL	24.01.2014	EUR	79,994.88	-1,667.57	4,416.00	82,743.31	82,743.31	43,048.20	39,695.11
3	RAMP/20	Training project management	SC Trilex Consulting SRL	23.05.2014	EUR	12,573.60			12,573.60	12,573.60	12,582.19	
4	RAMP/CS/21	IT procurement adviser	Craig Russel Neal (USA)	31.07.2014	USD	1,191,200.00	-519,200.00		672,000.00	492,961.05	352,262.51	140,698.54
5	RAMP/9	Project Management Licenses	SC Comparex Romania	16.09.2014	EUR	9,175.80			9,175.80	9,175.80	9,157.12	
6	RAMP/CS/2	Development of NAFA's Analytical Capacity	SC Ernst & Young SRL	16.09.2014	EUR	433,833.00	-6,297.75		427,535.25	427,535.25	428,788.99	
7	RAMP/CS/17	Annual Survey	Deloitte Consultantia SRL	23.09.2014	EUR	1,046,870.00		-16,209.60	1,030,660.40	1,030,660.40	708,005.78	322,654.62
8	RAMP/CS/11	Operational assistance for Management of High Net Worth Individuals	Accounting and Audit Reform Consultants (AARC) Ltd (Ireland)	29.09.2014	EUR	175,901.81			175,901.81	175,901.81	149,516.54	26,385.27

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9	RAMP/CS/16	Design Communication Strategy and Develop Public Relations Skills	Ecorys Polska Sp. Zo.o (Poland)	13.10.2014	EUR	259,568.28	259,568.28	259,568.28	259,568.28
10	RAMP/CS/4	Development of internal control functions	Pricewaterhouse Coopers Tax Advisors & Accountants SRL	24.10.2014	EUR	212,350.00	208,240.00	85,331.91	122,908.09
11	RAMP/CS/14	Review of high volume revenue processing operations	Pricewaterhouse Coopers Tax Advisors & Accountants SRL	28.10.2014	EUR	275,032.00	273,701.20	233,437.23	40,263.97
12	RAMP/CS/12	Anti-Fraud and Business Intelligence Development	Pricewaterhouse Coopers Tax Advisors & Accountants SRL	17.11.2014	EUR	561,410.00	546,922.00	383,775.52	163,146.48
13	RAMP/CS/10	Audit development and Audit techniques improvement	Accounting and Audit Reform Consultants (AARC) Ltd (Ireland)	02.12.2014	EUR	586,971.28	586,971.28	410,879.91	176,091.37
14	RAMP/CS/1	Project definition, integration and implementation	Ernst & Young SRL	05.12.2014	EUR	2,950,270.00	2,882,166.11	1,114,567.44	1,767,598.67
15	RAMP/CS/13	Enforcement Development	Pricewaterhouse Coopers Tax Advisors & Accountants SRL	10.12.2014	EUR	234,707.20	234,707.20	81,899.50	152,807.70
16	RAMP/CS/15	Develop and implement New Taxpayer Service Concept	CRC Sogema Inc (Canada)	23.01.2015	EUR	843,480.00	843,480.00	674,784.00	168,696.00

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17	RAMP/1 - WS	Workstations, monitors and multifunctional printer	ETA2U SRL	17.02.2015	EUR	2,220,840.00	2,220,840.00	2,218,486.26		
18	RAMP/CS/23	Financial Audit	Baker Tilly Klitou and Partners SRL PricewaterhouseCoopers Management Consultants SRL	28.02.2015	EUR	34,645.60	33,710.40	11,135.15	22,575.25	
19	RAMP/CS/3	Organizational Development: Management Systems	eCoopers Management Consultants SRL	03.03.2015	EUR	195,064.40	191,603.58	190,344.79		
20	RAMP/CS/5	Policy and Strategy Development for HR	KPMG Advisory SRL	10.03.2015	EUR	514,031.73	478,545.27	202,676.75	275,868.52	
21	RAMP/22	Prince2 Project Management Training for RAMP Team Leaders	SC Trilex Consulting SRL	14.04.2015	EUR	12,201.60	12,201.60	12,182.92		
22	RAMP/1-SR	Hardware, Software and Training for Primary, Secondary and Data Warehouse Centers	Telekom Romania Communication SA	22.05.2015	EUR	2,229,537.98	2,227,515.38	2,185,315.20	42,200.18	
23	RAMP/CS/6	Improved appeals process and review of legislation and rulings development	Accounting and Audit Reform Consultants (AARC) Ltd (Ireland)	18.08.2015	EUR	437,818.50	437,818.50	43,781.85	394,036.65	
24	RAMP/CS/25	Specialized Training on Organization and Functioning of Insurance Sector	Pro Fiduciaria SRL	22.01.2016	EUR	14,424.00	14,424.00	14,166.35		
25	RAMP/CS/24	Specialized Training on Organization and Functioning of Banking	Institutul Bancar Roman	08.02.2016	EUR	12,475.00	12,475.00	12,389.19		
26	RAMP/23	Training for Fiscal Procedural Code	KPMG TAX SRL	08.02.2016	EUR	196,516.75	196,382.15	188,027.79	-134.60	

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27	RAMP/7	Modeling software licenses	MBL Computers SRL	11.03.2016	RON	110,724.00	110,724.00	24,734.50	24,497.00	
28	RAMP/13	Logistics for training (Year 2016)	LDK Consultants Engineers & Planners SRL	21.03.2016	RON	2,291,579.76	2,246,387.88	503,380.96	442,016.61	61,364.35
29	RAMP/CS/27	Revenue administration Consultant	David Tansey	06.05.2016	EUR	419,900.00	419,900.00	419,900.00	96,270.30	323,629.70
30	RAMP/CS/26	Information technology consultant	Ali Rammal	18.05.2016	USD	607,880.00	607,880.00	540,070.42	96,611.59	
31	RAMP/4	Network Improvement for Datacenters (in 2 Lots)	Datanet Systems SRL – asociere cu Nova Tech Integrated solutions	31.08.2016	USD	4,531,704.00	4,531,704.00	4,065,173.68	3,618,348.80	446,824.88
32	RAMP/8	E Audit Tool - Licences and Training	Caseware Idea Inc	20.12.2016	EUR	145,195.00	145,195.00	145,195.00	0	145,195.00
33	RAMP/14	Logistics for training (Year 2016)	LDK Consultants Engineers & Planners SRL	30.12.2016	RON	3,069,191.62	3,069,191.62	675,899.41		675,899.41
			TOTAL							5,745,930.29

All contracts are approved by IBRD through the procurement plan.

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7. ACCOUNTING POLICIES AND RECORDS

Basis for preparation of special purpose financial statements

The special purpose project's financial statements are prepared in local currency (RON). Therefore, the inter-banking exchange rate of the Romanian Commercial Bank was used for payments made in foreign currency.

The accounting records of the project are maintained by the PMU in accordance with the accrual basis of accounting in compliance with the Operational Manual approved by the WB.

The Project Financial Statements are prepared for complying with the Loan requirements and with the appropriate World Bank guidelines.

Eligible categories and expenditures

Eligible expenditures mean expenditures in respect of the reasonable cost of goods, consultant's services including audit, non-consulting services, training and operating costs required for the Project and to be financed out of proceeds of the Loan allocated to the eligible Category in accordance with the Loan Agreement.

Funding

The sources of funds identified for Project implementation are the external sources, granted by the WB through the Loan.

External Contribution from the World Bank Loan:

The Government of Romania will provide initial advances for the Project implementation that will be further recovered from the WB Loan, which represents the ultimate financial source for the Project implementation support. The WB funds will cover all eligible expenditures and will be accessed according to the Loan Agreement provisions.

Government of Romania Contribution from budgetary funds:

The Government of Romania will advance all the funds for the part of the Project financed from the WB, funds that will be further recovered in full from the Loan proceeds.

Contribution from general budgetary allocations and Implementation Agencies' own sources:

Within Project activities, NAFA could also provide funds, when necessary, from their own budgets to cover some implementation costs, non-eligible for financing from the Project funds. Also, NAFA contribution will cover the salaries of the PMU staff.

According to Public Debt Law the loan will be recorded by the Ministry of Public Finance.

The financial statements will include only the amounts paid for the Project until the reporting date.

Use of funds

Using of funds represents the amounts paid for the purpose of the Project through the National Agency for Fiscal Administration.

The invoices for services not paid as of 31 December 2016 will be reported as uses of funds at the date of payment.

The invoices for services not paid as of 31 December 2016 are the following:

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Ref. Contract RAMP/13 – “Logistics for training (Year 2016)”

Invoice no: 414/22.12.2016

Amount: 209,300.58 RON

Ref. Contract RAMP/4 – “Network Improvement for Datacenters (in 2 Lots)”

Invoice no: 161186/13.12.2016

Amount: 163,315.20 RON

Invoice no: 161187/13.12.2016

Amount: 1,915,085.06 RON

Conversion of amounts paid to Loan currency (EUR) for reimbursement purposes:

For payments in local currency the National Bank of Romania exchange rate at the date of payment is used.

For payments in foreign currencies (other than the Loan currency) the inter-banking exchange rate of the Romanian Commercial Bank at the date of purchase of the respective foreign currency is used. The resulting amount is further converted to the Loan currency (EUR) at the National Bank of Romania exchange rate at the date of payment.

Accounting system

The accounting system is established according to the Accounting Law no. 82/1991 republished, with subsequent alterations and completions and to the Accounting Plan approved by Order of the Minister of Public Finance no. 1917/2005. Therefore, the payments in foreign currencies to foreign contractors are converted in local currency using the exchange rate of the National Bank of Romania on the date of the payment.

8. STATEMENT OF TREASURY ACCOUNT

Treasury Account

Period: year 2016

Account no. : RO20TREZ23A510103650100X

Treasury : A.T.C.P.M.B.

Loan: 82610 RO

Currency : RON

	<i>Year 2016</i>
	<i>RON</i>
Balance as at 1 January	0.00
Cash receipts	29,670,205.83
Total cash receipts	29,670,205.83
Payments from treasury account	
Payments made in the reporting period	29,670,205.83
Total payments from treasury account	29,670,205.83
Balance as at 31 December	0.00

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9. LEGISLATION AND FISCAL ENVIRONMENT IN ROMANIA

The legislation and fiscal environment in Romania and their implementation into practice change frequently and are subject to different interpretations by various Ministries of the Government. Over recent years, Romania has undergone substantial legal and economic changes.

Due to the current situation determined by the internal and international financial crisis there is an uncertainty with regard to the future legislative policy of the Romanian Government and its impact on the evolution of the National Agency for Fiscal Administration.

Therefore, it is not possible to estimate what changes may occur or the resulting effect of any such changes on the Project development or future results of its development.

10. PROJECT FINANCIAL STATEMENTS PRESENTATION

The special-purpose Project Financial Statements were prepared for complying with the Loan requirements and with the appropriate World Bank guidelines.

11. SUBSEQUENT EVENTS

In the subsequent period January - April 2017 the following contracts were concluded:

Crt No	Contract Reference Number	Objective of the agreement	Supplier	Signing date	Contract ccy	Contract Value	Contract Value EUR
34	RAMP/CS/8	Training for Penal Code	International Consulting Expertise SRL	07.03.2017	RON	241,320.10	53,369.33
35	RAMP/CS/9	Training for Civil Code	International Consulting Expertise SRL	07.03.2017	RON	213,831.10	47,289.98

During period January - April 2017 the following withdrawal applications were submitted:

Withdrawal application	Beneficiary name	Type	Ccy	Amount claimed	Category	Ccy	Amount paid	Value date
WA no 14	MOFP	Reimbursement	EUR	534,671.82	1	EUR	534,671.82	24.01.2017
WA no 15	MOFP	Reimbursement	EUR	525,219.64	1	EUR	525,219.64	10.03.2017

Daniela Manoli
RAMP Project Manager

Adina Ionita
RAMP Financial Manager

Date: 31 May 2017