RUE

"Minskavtodor-Center"

Management Letter (Report)

of the independent audit of the financial statements of the "Modernization of the Transit Corridor" project as at and for the period from 1 January 2022 to 12 September 2022

LLC «Kept»

30 September 2022

This Management Letter (Report) contains 5 pages kept

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Ref. No. 3009-03

Date: 30 September 2022

We performed our audit of the financial statements of the "Modernization of the Transit Corridor" project No. 8459 as at and for the period ended 12 September 2022 as per Contract No. TCIP/SSS-01/2022 dated 19 April 2022. The audit was performed in 1 stage: from 15 September 2022 to 30 September 2022.

This Report contains information on the methodology of performing the audit and its results.

The Report was prepared solely for the use and benefit of RUE "Minskavtodor-Center" (hereinafter referred to as the Company) and the World Bank (hereinafter referred to as the Bank) and may not be distributed or used wholly or partly in any format by any other party. The Report is dated 30 September 2022 and LLC Kept is not responsible for and does not perform any procedures in respect of any subsequent events that may influence this Report. The transfer of this Report by RUE "Minskavtodor-Center" to any other third party is subject to a written authorization of LLC Kept and it shall be a full and unmodified version of the document and be accompanied exceptionally with the materials and documents approved by LLC Kept.

During preparation of this Report we performed analysis based on the International Standards on Auditing, the relevant guidelines of the World Bank, the requirements of the Law of the Republic of Belarus "On Auditing" (as amended) No. 56-3 of 12 July 2013, and the national auditing rules.

For the preparation of this Report we relied solely on the information provided by you. If there are issues or circumstances that have not been communicated to us, our comments may need to be adjusted to take these issues and circumstances into consideration.

The report based on the results of the audit of the financial statements as at and for the period ended 12 September 2022 prepared in compliance with the legislation of the Republic of Belarus is presented to the management in a separate document.

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1 Description of audit procedures and their results

1.1 Accounting and internal control systems, inventory count procedure

While planning and performing the audit, we analyzed the state of the expense accounting system of the financial statements as well as of the internal control system of RUE "Minskavtodor-Center". The executive body of RUE "Minskavtodor-Center" is responsible for the administration and the performance of the accounting and internal control systems.

We considered the performance of the accounting and internal control systems only to determine the scope of work required to prepare the auditor's report on the reliability of the financial statements. The work performed during the audit does not mean carrying out full and overall audit of the accounting and internal control systems of RUE "Minskavtodor-Center" to identify all possible deficiencies. The identified comments on the financial accounting and tax accounting of the Company are presented in the Management Letter on audit of the financial statements of the Company prepared in accordance with the laws of the Republic of Belarus dated 30 September 2022.

1.2 Procedure of preparation of the financial statements on the project

During the audit engagement we analyzed the procedure of presentation and disclosure of information in the following forms of the financial statements of RUE "Minskavtodor-Center" as at the reporting date:

- The statement of project sources and uses of funds;
- Designated account statement;
- Transit account statement;
- The statement of uses of funds by project activity;
- Notes to the financial statements.

1.2.1 Balance under the contract

The statement of uses of funds by project activity for the period from 1 January 2022 to 12 September 2022 indicates the balance of funds under the contract in the amount of USD 3,416,980.48. Under the agreement, a total of USD 250,000,000 is to be provided; as at 12 September 2022, USD 247,791,210.13 was used; the balance is BYN 2,208,789.87. The amount in the statement of uses of funds by project activity exceeds the actual balance under Agreement No. 8459-BY. According to the comments of RUE "Minskavtodor-Center", the balance under the contract exceeds the actual balance under Agreement No. 8459-BY due to foreign exchange differences and also as a result of a major contract concluded with Kapsch TrafficCom Transportation S.A.U, which slightly exceeded the limit. RUE "Minskavtodor-Center" required less money to complete the project in 2022 than originally anticipated. The project has been completed. No additional funding is anticipated.

1.3 Procedure for the use of funds from external sources

While performing the audit we determined that funds from external sources were used in compliance with the terms of the corresponding financial agreements and letters of expenditure, with due attention to their economy and efficiency, and only for the intended purpose. We have not found significant errors and deficiencies.

1.4 Procedure for purchasing goods and services

While performing the audit we determined that goods and services were purchased in compliance with the general terms, corresponding financial agreement and the Letter of Expenditure. We have not found material errors or violations.

1.5 Availability of primary supporting documents

While performing the audit we determined that all accounting records are confirmed by necessary documents, all supporting documents are recorded in the accounting. Accounting records comply with the information included in the financial statements for the World Bank. We have not found material errors or violations.

1.6 Procedure for the use of the designated account

While performing the audit we determined that the designated account was used in compliance with the general terms, corresponding financial agreements and the Letter of Expenditure. We have not found material errors or violations.

1.7 Other issues

No other issues have been found as a result of the audit.

Team Lead, Engagement Partner ____________________ V.S. Pavlenko

Auditor, Engagement manager ____________________ O. M. Andrievskaya

The Report was received on ____ ________________2022

Title, name DZMITRY RUSETSKI Signature