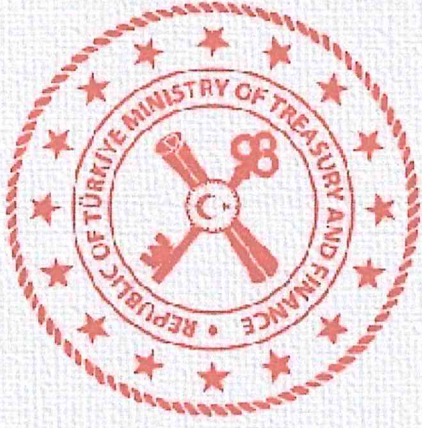




**MINISTRY OF TREASURY AND FINANCE
BOARD OF TREASURY CONTROLLERS**

**SUSTAINABLE CITIES PROJECT
(Grant Agreement)**

**Implemented by
İLLER BANKASI A.Ş.**

**Financed Under International Bank for Reconstruction and Development
(IBRD) Grant Agreement Numbered TF-A5029**

For the Period between 01.01.2024 – 31.07.2024

Prepared by

**Ezel Malik ZENGİN
Treasury Controller**

**Servan KUTLUCAN
Treasury Controller**

**Oğulcan ÇOLAK
Treasury Controller**

**Ömer Faruk KOCAMIŞ
Treasury Controller**

**Rumeysa İZGİ
Treasury Controller**



Report's Number

72/12 – 34/6 – 34/8 – 43/9 – 23/6

INDEPENDENT AUDITOR'S REPORT

June 18, 2025

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EXECUTIVE SUMMARY



EXECUTIVE SUMMARY

A. Project Summary

The Grant Agreement between the Iller Bankasi A.S. and International Bank for Reconstruction and Development (IBRD-World Bank) for Sustainable Cities Project, Grant Numbered TF-A5029 was signed on 28.09.2017 and received a grant of 23.125.000,00 Euro.

Project is implemented by the Iller Bankasi A.S., the Project Management Unit.

The objective of the Project is to contribute to the reform of policies and legislation that guide municipal planning and contribute towards improving sustainable urban development planning practices for participating municipalities.

The Project consists of the following parts:

- **Part A: Sustainable City Planning and Management System**

1. Provision of technical assistance and goods to selected municipalities and their affiliated utilities to ensure comprehensive and integrated planning, including support for spatial, social, environmental and financial/capital investment planning and management.
2. Provision of support to selected municipalities and their affiliated utilities in their preparation of feasibility studies, social and/or environmental impact assessments and engineering designs for Sub-projects.
3. Strengthening the capacity of the Recipient to implement the above described activities and to manage sustainable city systems, including in the areas of contract management, management and implementation of sustainable city investments through:
 - a) Provision of support for embedding city-level actions for climate change, energy efficiency, water and sanitation, urban transport, solid waste management, and urban planning, and in building awareness on international practices to promote and implement sustainable cities actions;
 - b) Provision of training and capacity building to municipalities;
 - c) Preparation of reports and studies that examine required reforms and propose changes with an aim to improving planning practices for integrated and comprehensive planning;
 - d) Provision of Operating Cost for implementation, management, monitoring and evaluation, and coordination activities under Part A of the Project.



- **Part B: Municipal Investments**

Establish and operate a municipality credit facility targeted to infrastructure investments, through the provision of Sub-loans to Sub-borrowers (including municipalities and their affiliated utilities) to finance the cost of goods, works, non-consultant services and consultants' services required to carry out investments in Sub-projects, including in the public transport, water and sanitation, solid waste management, and energy sectors.

- **Part C: Project Management**

Provision of support to the Recipient for implementation of Part B of the Project including provision of goods and consultants' services for supervision and monitoring and evaluation, as well as for public outreach and communication.

B. Objectives of Audit

The objective of the audit is to express an opinion on the Financial Statements of the Sustainable City Project (Grant Agreement) for the period between 01.01.2024-31.07.2024. The audit includes but not limited to the following tasks.

In evidencing compliance with agreed project financing arrangements, we are expected to carry out tests to confirm that:

- (a) All funds have been used in accordance with the conditions of the relevant financing agreements, with due attention to economy and efficiency, and only for the purposes for which the financing was provided. Relevant financing agreements include the Grant Agreement numbered TF-A5029.
- (b) Goods, works, and services financed have been procured in accordance with relevant financing agreements, including specific provisions of the World Bank Procurement Guidelines.
- (c) All necessary supporting documents, records, and accounts have been maintained in respect of all project activities, including expenditures reported using Statements of Expenditure (SOE) method of reporting.
- (d) Respective reports issued during the period were in agreement with the underlying books of account.



C. Scope of Audit

The audit was conducted in accordance with International Standards on Auditing. Those Standards require that the auditor plans and performs the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. The audit included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. The audit also included assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

There was no limitation in our scope for the Project's audit.

D. Audit Methodology

Financial Statements

Verified that the financial statements have been prepared in accordance with International Public Sector Accounting Standards.

Audited all SOE submitted to the World Bank in support of requests for periodic replenishment of the project-designated account.

Examined expenditures for eligibility based on criteria defined in the terms of the financing agreement and detailed in the Project Appraisal Document. In addition, we examined;

- (a) the SOEs have been prepared in accordance with the provisions of the relevant financing agreement;
- (b) expenditures have been made wholly and necessarily for the realization of project objectives;
- (c) information and explanation necessary for the purpose of the audit have been obtained;
- (d) supporting records and documents necessary for the purpose of the audit have been retained, and
- (e) the SOEs can be relied upon to support the related withdrawal applications.



Review of Designated Accounts

During the audit of the project financial statements, we reviewed the activities of the project's designated account such as payments made and reconciliation of period-end balances.

Internal Controls

Evaluated significant internal controls to obtain a sufficient understanding of the design of relevant controls, policies and procedures and whether they have been in operation during the period under review.

Compliance with Agreement Terms and Applicable Laws and Regulations

Reviewed, assessed and reported on compliance with the terms and conditions of the Grant Agreement numbered TF-A5029.

Representations by Implementing Agency

Obtained specific written representations from management.

E. Audit Results

For the financial statements of project; our audit resulted with an unmodified opinion. In addition, other reporting responsibilities about the project is included under the "Report on Other Legal and Regulatory Requirements" heading of the report.

F. Management Recommendation

A management letter containing comments and recommendations related to internal control deficiencies and other matters dated 18.06.2025 has been prepared and shared with Iller Bankasi A.S. We believe these matters warrant management's attention.

**INDEPENDENT AUDIT REPORT'S & FINANCIAL
STATEMENTS OF THE PROJECT**



INDEPENDENT AUDITOR'S REPORT

TO ILLER BANKASI A.S.

Opinion

We have audited the Statement of Sources and Uses of Funds, Statement of the Comparison of Budget and Actual Amount, Statement of Withdrawal Application Summary, and Statement of Designated Account of the Sustainable City Project (Grant Agreement) for the period between 01.01.2024-31.07.2024, and notes to the financial statements including a summary of significant accounting policies. The financial statements have been prepared by Iller Bankasi A.S. in accordance with cash basis International Public Sector Accounting Standards and financial reporting provisions outlined in Grant Agreement Numbered TF-A5029.

In our opinion;

The accompanying financial statements present fairly, in all material respects, the financial position and cash flows of the Sustainable City Project (Grant Agreement) for the period between 01.01.2024-31.07.2024, in accordance with cash basis International Public Sector Accounting Standards and financial reporting provisions outlined in Grant Agreement Numbered TF-A5029.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of this report. We are independent of the Iller Bankasi A.S., the Project Management Unit, within the meaning of "IFAC Code of Ethics for Professional Accountants" and have fulfilled our other responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Emphasis of Matter in the Financial Statement

Without modifying our opinion, we draw attention to Note “2” to the financial statements, which describe the basis of accounting. The financial statements are prepared to assist Sustainable Cities Project Management Unit to comply with the financial reporting provisions of the Grant Agreement referred to above. As a result, the financial statements may not be suitable for another purpose.

Going Concern

The Projects financial statements have not been prepared using the going concern basis of accounting. The project ended on January 31, 2024. Disbursements from the grant has been continued for the eligible expenditures until financial closure which is May 31, 2024.

Responsibilities of Management and Those Charged with Governance or Other Appropriate Terms for the Financial Statements

İller Bankası A.Ş., the Project Management Unit is responsible for the preparation and fair presentation of these financial statements in accordance with Grant Agreement Numbered TF-A5029, 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.

Those charged with governance are responsible for overseeing the İller Bankası A.Ş., the Project Management Unit’s financial reporting process.

Auditor’s Responsibilities for the Audit of the Financial Statements

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the planning and performance of the audit.



REPUBLIC OF TÜRKİYE
MINISTRY OF TREASURY AND FINANCE
The Board of Treasury Controllers

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We are also required to provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



MANAGEMENT LETTER

TO ILLER BANKASI A.S.

We have audited the financial statements of the "Sustainable Cities Project" (Grant Agreement Numbered TF-A5029) for the Period between 01.01.2024-31.07.2024.

According to International Standards on Auditing, the auditors are required to obtain an understanding of internal control relevant to the audit when identifying and assessing the risk of material misstatement of the financial statements. In making those risk assessments, the auditor considers internal control 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 internal control.

We prepared this Management Letter in order to communicate appropriately to those charged with governance and management deficiencies in internal control that we have identified during the audit and that, in our professional judgement, are of sufficient importance to merit their respective attentions. For this purpose, our recommendations in order of priorities are attached to this Letter.

Our letter is intended solely for Iller Bankası A.S., Ministry of Treasury and Finance, and IBRD, and should not be distributed or used by other parties.

Okan SÜLER
Acting Chairman
The Board of Treasury Controllers

Akif Bülent BOYACIOĞLU
(Audit Partner)
Vice Chairman

Ezel Malik ZENGİN
Treasury Controller

Servan KUTLUCAN
Treasury Controller

Oğulcan ÇOLAK
Treasury Controller

Ömer Faruk KOCAMIŞ
Treasury Controller

Rumeysa İZGİ
Treasury Controller

Date: June 18, 2025

Address: Ministry of Treasury and Finance
The Board of Treasury Controllers
06420, Çankaya, ANKARA/TÜRKİYE



REPUBLIC OF TÜRKİYE
MINISTRY OF TREASURY AND FINANCE
The Board of Treasury Controllers

ANNEX I: Financial Statements of the Project

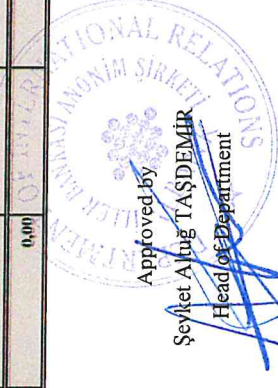
ILLER BANKASI A.Ş.
SUSTAINABLE CITIES PROJECT - GRANT
GRANT NO: TF-0A5029
Withdrawal Application Summary
For the Period: 01.01.2024-31.07.2024

Withdrawal Application Number	Date	Category 1: Goods, Works, Non-Consulting Services, and Consultants' Services	Category 2: Front end Fee	Total	Requested Advance Amount	Value Date	Rejected by WB	Net Reimbursed
In Designated Account Currency - Euro								
Section A: Payment method - Advance/Replenishment								
Approved Withdrawals				1,307,455,34	0,00			(458.829,74)
14 (Documentation)	11.07.2024	1.766.285,08	0,00	1.766.285,08	0,00	12.07.2024	0,00	0,00
15 (Refund Application)	23.07.2024	(458.829,74)	0,00	(458.829,74)	0,00	23.07.2024	0,00	(458.829,74)
Pending Submission								
Sub-Total (A)		1,307,455,34	0,00	1,307,455,34	0,00	90.981,00	0,00	(458.829,74)
Section B: Payment method - Reimbursement								
Approved Withdrawals								
Pending Submission								
Sub-Total (B)		0,00	0,00	0,00	0,00		0,00	0,00
Section C: Payment method - Direct Payment								
Approved Withdrawals								
Pending Submission								
Sub-Total (C)		0,00	0,00	0,00	0,00		0,00	0,00
TOTAL (A+B+C)		1,307,455,34	0,00	1,307,455,34	0,00		0,00	(458.829,74)

Prepared by
Cenk USLOĞLU
Expert

Controlled by
Turhan Atakan GÜLYURDU
Acting Manager

Approved by
Şeyket Aliug TAŞDEMİR
Head of Department



Handwritten signature

İLLER BANKASI A.Ş.
SUSTAINABLE CITIES PROJECT - GRANT (TF-0A5029)
GRANT NO: TF-0A5029
STATEMENT of SOURCES and USES of FUNDS
For the Period: 01.01.2024-31.07.2024
(In EURO)

	Notes	Current Period (2024)	Previous Period (2023)	Cumulative
I-SOURCES OF FUNDS				
A- IBRD Grant (EU Financed)		(458.829,74)	1.010.511,05	22.666.170,26
1- Special Account	6, 7	(458.829,74)	1.010.511,05	22.666.170,26
TOTAL FUNDS RECEIVED		(458.829,74)	1.010.511,05	22.666.170,26

II-A USES OF FUNDS by COMPONENT

I-INVESTMENT COST

A-Sustainable City Planning and Management Systems

TOTAL USES OF FUNDS by COMPONENT	2/d, 6	1.347.483,25	1.169.450,15	22.666.170,26
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II-B USES OF FUNDS by CATEGORY

Category 1- Goods, Consultants' Services, Training and Operating Costs

TOTAL USES OF FUNDS by CATEGORY	2/d, 6	1.347.483,25	1.169.450,15	22.666.170,26
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Cash at the Beginning of the Period	1.01.2024	1.806.312,99
Cash at the End of the Period	31.07.2024	0,00

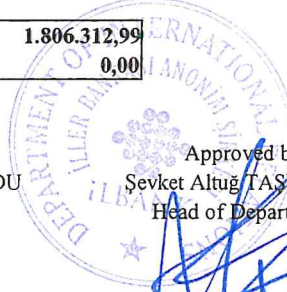
Prepared by
Cenk USLUOĞLU
Expert



Controlled by
Turhan Atakan GÜLYURDU
Acting Manager



Approved by
Şevket Altuğ TAŞDEMİR
Head of Department



ILLER BANKASI A.S.
STATEMENT of COMPARISON BUDGET and ACTUAL AMOUNT
SUSTAINABLE CITIES PROJECT - GRANT
GRANT NO: TF-0A5029
For the Period: 01.01.2024-31.07.2024

	Notes	Current Period				Cumulative		
		Actual	Final Budget	Original Budget	Progress (%)	Actual	Planned	Progress (%)
Sources of Funds		1	2		3=1/2	4	5	6=4/5
IBRD Grant (EU Financed)	5/a	-458.829,74	380.000,00	380.000,00	0%	22.666.170,26	23.125.000,00	98%
Total Sources of Funds		-458.829,74	380.000,00	380.000,00	0%	22.666.170,26	23.125.000,00	98%
Uses of Funds								
1 By Component								
A-Sustainable City Planning and Management Systems	5/b	1.347.483,25	1.400.000,0	1.400.000,0	96%	22.666.170,26	23.125.000,00	98%
Total Uses Of Funds By Component		1.347.483,25	1.400.000,00	1.400.000,00	96%	22.666.170,26	23.125.000,00	98%
2 By Expenditure Category								
Category 1 - Goods, Consultants' Services, Training and Operating Costs	5/b	1.347.483,25	1.400.000,0	1.400.000,0	96%	22.666.170,26	23.125.000,00	98%
Total Uses Of Funds By Component		1.347.483,25	1.400.000,00	1.400.000,00	96%	22.666.170,26	23.125.000,00	98%

Prepared by
Cenk USLUOĞLU
Expert

Controlled by
Turhan Atakan GÜLYURDU
Acting Manager

Approved by
Şevket Altuğ TAŞDEMİR
Head of Department

ILLER BANKASI A.S.
SUSTAINABLE CITIES PROJECT - GRANT
GRANT NO: TF-0A5029
SPECIAL ACCOUNT STATEMENT
ACCOUNT NO: 99900248-5151
For the Period: 01.01.2024-31.07.2024
(In EURO)

Opening Balance (01.01.2024)	Notes		1.806.312,99
Reimbursements to SA			0,00
Refunds to SA	6		10.902,78
Available Funds			1.817.215,77
Payments Made for Expenditures	6	1.358.386,03	
Service charges for the account		0,00	
Total Project Investments		1.358.386,03	
Refund to WB	7	458.829,74	
Closing Balance (31.07.2024)			0,00

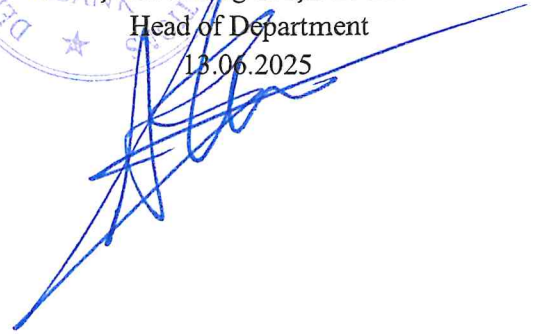
Prepared by
Cenk USLUOĞLU
Expert
13.06.2025



Controlled by
Turhan Atakan GÜLYURDU
Acting Manager
13.06.2025



Approved by
Şevket Altığ TAŞDEMİR
Head of Department
13.06.2025





ILLER BANKASI A.S.

Sustainable Cities Project - Component A No: TF-0A5029

NOTES TO THE PROJECT FINANCIAL TABLES

For the Period: 01.01.2024-31.07.2024

1. THE OBJECTIVES and STRUCTURE of THE PROJECT

Grant Agreement (TF-0A5029 – EU Financed) is signed between the International Bank for Reconstruction and Development (the World Bank) and (ILBANK) on 28 September 2017. The Grant Agreement will provide financing for the technical assistance needs of Metropolitan Municipalities to improve their planning tools and practices. The grant will enable the preparation of feasibility reports and projects as well as technical assistance to municipalities.

Bank is responsible for the preparation and dissemination of the data on the utilization of the grant at regular intervals in a format to be agreed with the World Bank.

The project is managed under the coordination of Project Management Unit (PMU) established under International Relations Department of ILBANK. The Operational Manual which is prepared for the purpose of carrying out the work and operations of the PMU in a healthy manner, entered into force with the decision of the Board of Directors of ILBANK dated March 16, 2017 and 12/257 numbered.

PMU consists of a project manager and Directorates of Technical Management, Contract Management, Financial Management, Business Development and Disaster Management:

PMU ensures the coordination between the team responsible for Sustainable Cities Project – Component A in World Bank and ILBANK; and carries out the selection of the Municipalities and/or Administrations, relations with the Ministry of Treasury and Finance and the Presidency of Strategy and Budget, and the selection of individual consultant and consulting firms, during the preparation and execution phases of the project; together with the Word Bank and ILBANK units assigned within the scope of the project. Coordination of procurements within the scope of the sub-projects, coordination of technical and environmental affairs of the sub-projects, and disbursement of grant proceeds.

2. ACCOUNTING POLICIES

The PMU, currently organized under the Department of International Relations of ILBANK in accordance with the provisions of the Grant Agreement, ensures that the amount drawn from the Grant and disbursed to the Municipalities/Administrations are recorded on a “cash basis” within the ILBANK accounting system. On the other hand, PMU ensures that the records regarding:

- The amount of World Bank grant,
- The amount withdrawn from the grant,
- The amount paid to the suppliers/contractors/consultants and to the Municipalities/Administrations to be paid to the tax offices on behalf of them as per the provisions of the Sub-Grant Agreements,

are kept within the accounting software of Department of Accounting and Financial Affairs of ILBANK, in order to monitor in terms of grant categories and expenditure items in euro and contract currency.

The Sustainable Cities Project – Component A (Grant)’s bookkeeping is kept within the accounting system of Department of Accounting and Financial Affairs of ILBANK. With the current software, progress payment data is entered into to the software by the staff of Department of International Relations and the system automatically controls the accuracy of the calculations. The progress payments with correct calculations are sent to the Accounting and Financial Affairs Department for accounting by adding the value date and expenditure data after the payment is made.

The following policies shall be followed in accounting records of ILBANK:

- a) ILBANK will use cash based accounting related to the Project. According to cash basis accounting the withdrawals form the Grant to the Special Account are recorded as a “Funds Allocated To Our Bank” in Euro.
- b) In accordance with the sub-grant agreements concluded with the Municipalities / Administrations, upon the request of the Municipalities / Administrations, the payment amount will be deducted from the funds allocated to our bank.
- c) The amount determined after the required deductions for tax, stamp duty, decision tax, VAT withholding, etc., as per the local regulations and the conditions of the contract will be transferred directly to the account of the supplier/consultant/contractor

providing the services/goods/works from the Special Account by International Relations Department PMU. The total amount of the deductions will be paid to the related account of the Municipality/Administrations who are responsible to pay to the tax offices on behalf of the contractor.

- d) The amount of sub-grant used by the Municipalities/Administrations based on Sub-Grant Agreements will be recorded to the following account:

3 - Deposits and Other Foreign Resources

385 - Funds Allocated to Our Bank (Foreign Currency)

38501 - World Bank Sustainable Cities Project

The total amount of expenses for the Sustainable Cities Project – Component A is **EUR 22.666.170,26** as of the **July 31, 2024**.

- e) The Special Account with T.C. Ziraat Bank is in Euro. The prevailing selling exchange rate for Euro/TL of T.C. Ziraat Bank will applied for the above mentioned payments from the Special Account.
- f) Accounting transactions will be recorded in Euro as the currency of Grant Agreement. The collection in local currency is converted into Euro at the rate of T.C. Ziraat Bank prevailing at the date of collection for preparation of the Statement of Source and Use of the Funds. The payments in Euro are recorded using the exchange rate of Euro/TL prevailing at the date of payment.

3. STATEMENT OF FINANCE

The use of the funds in Special Account is limited by only project objectives in conformity with the provisions of the Grant Agreement between the World Bank and ILBANK. The unused project funds at the end of the project may be cancelled in accordance with the provisions of the related Grant Agreement. The assets obtained by using the Project funds are belong to the Municipality/Administrations and the usage of the assets limited by the project objectives until the project completion. The grant-user agencies keep the necessary records in accordance with the requirements of the Law no. 5018 to monitor/control the assets during period of the project and Sub-Projects.

Turhan Atakan GÜLYURDU
Contract Management Manager

[Signature]

Sevket Altug TASDEMİR
Head Of
Department

[Signature]

4. CASH POSITION AT JULY 2024

The entire amount of EUR 22.666.170,26 were disbursed as of May 24, 2024. Unallocated funds in total 458.829,74 Euros were refunded to World Bank on July 23, 2024. As of 31 July 2024, there is no balance in the special account.

T.C. ZİRAAT BANK SPECIAL ACCOUNT (ACCOUNT NO: 99900248-5151)	
31.07.2024 Balance	-

5. EXPLANATION on BUDGET REALIZATION

- The original budget, final budget, and planned budget sections under the title “Sources of Funds” in “Statement of Comparison Budget and Actual Amount” are generated using the ratios provided in the Project Appraisal Document (PAD) prepared under the SCP-I scope (since there is no projections for Grant projects) and calculated in EUR based on the percentage of USD amounts in the PAD (SCP-I) projection.
- The original budget and final budget sections under the title “Uses of Funds” in “Statement of Comparison Budget and Actual Amount” were determined by taking into account the closing date of the project and the remaining project amount. Planned budget section is calculated by adding the expenditure amount realized until the year 2023 to the estimated expenditure amount for the year 2024.

6. EXPLANATION on REFUNDS to SA

The amount of EUR 10.902,78 was refunded to the special account on April 04, 2024. This refund relates to the reimbursement of an overpayment made during the current period and does not constitute an additional source for the special account. The difference between the expenditure amount in the Statement of Sources and Uses of Funds Table and the amount shown in the Special Account Table is due to this refund amount.

7. EXPLANATION on REFUNDS to WB

The closing date for the Turkey Sustainable Cities Project – Component A was January 31, 2024. The disbursement deadline was four months after the closing date specified in the Agreement. An amount of EUR 22.666.170,26 were disbursed as of May 24, 2024. Unallocated funds totaling EUR 458.829,74 was refunded by ILBANK to the World

Bank on July 23, 2024 (at the latest by July 31, 2024 in accordance with the Disbursement Guidelines for Investment Project Financing (February 2017) and the loan overview section in the World Bank Client Connection system).



Turhan Atakan GÜLYURDU
Contract Management Manager

YAG

Şevket Altuğ TAŞDEMİR
Head Of
Department

[Handwritten signature]



MINISTRY OF TREASURY AND FINANCE
BOARD OF TREASURY CONTROLLERS

SUSTAINABLE CITIES PROJECT
(Grant Agreement)

Implemented by
ILLER BANKASI A.S.

Financed Under International Bank for Reconstruction and Development
(IBRD) Grant Agreement Numbered TF-A5029

For the Period between 01.01.2024-31.07.2024

Prepared by

Ezel Malik ZENGİN
Treasury Controller

Servan KUTLUCAN
Treasury Controller

Oğulcan ÇOLAK
Treasury Controller

Ömer Faruk KOCAMIŞ
Treasury Controller

Rumeysa İZGİ
Treasury Controller



MANAGEMENT LETTER

Ref: Independent Auditor Report's dated June 18, 2025



Report on Other Legal and Regulatory Requirements

The conclusions drawn from the audits conducted within the scope of the other reporting requirements are as follows;

a) İller Bankası A.S., between 01.01.2024-31.07.2024 has complied with, in all material respects, the requirements of the Grant Agreement Numbered TF-A5029.

b) With respect to SOEs, adequate supporting documentation has been maintained to support claims to the IBRD for reimbursement of expenditures incurred, and these expenditures are eligible for financing under the Grant Agreement Numbered TF-A5029.

Okan SÜLER
Chairman of
The Board of Treasury Controllers

Akif Bülent BOYACIOĞLU
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Date: 18.06.2025

Address: Ministry of Treasury and Finance

The Board of Treasury Controllers 06420, Devlet Mh, ANKARA/TÜRKİYE



AUDIT FINDINGS OF THE PREVIOUS YEAR

FINDING NUMBER: 1	AUDITEE: İller Bankası AŞ.
FINDING:	Refunding of Unallocated Funds.
CONDITION Closing date for the Turkey Sustainable Cities Project-Component A: Sustainable City Planning and Management Systems (EU financed: Euro 23.125 million - Grant) which is being executed by İLBANK is January 31, 2024. There are still unallocated funds in total EUR 458.829,74. On the other hand, the disbursement deadline date is 4 months after the closing date, corresponding to May 31, 2024.	
CRITERIA - CAUSE - IMPACT 1) Grant Agreement, Schedule 2, Section IV: Withdrawal of Grant Proceeds: <i>"B.2. The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is June 30, 2020."</i> 2) Extension Notice: With the official letter dated September 30, 2022; World Bank agreed to İLBANK request and therefore the Closing date has been established as January 31, 2024. 3) Disbursement Letter, I - Disbursement Arrangements, (ii) Disbursement Deadline Date: <i>"The disbursement deadline date is 4 months after the Closing Date specified in the Agreement."</i> Considering the terms of Grant Agreement and its annexes, unallocated funds of EUR 458.829,74 should be refunded.	
RECOMMENDATION It is recommended that all undocumented Designated Account balances should be refunded to the Bank.	
RESPONSE OF THE AUDITEE IN 2023 Sustainable Cities Project-Component A: Sustainable City Planning and Management Systems Grant Agreement has been signed with the amount of 23.125.000,00 Euros. As of May 24, 2024, 22.666.170,26 Euros has been disbursed. Unallocated funds in total 458.829,74 Euros will be refunded by İLBANK in any case not later than two months following the Application Deadline Date (at the latest July 31, 2024) according to article 8 of the Disbursement Letter attached to the Disbursement Guidelines for Investment Project Financing (February 2017) and loan overview section in the World Bank Client Connection system.	



REPUBLIC OF TÜRKİYE
MINISTRY OF TREASURY AND FINANCE
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FINAL OPINION OF THE AUDITORS IN 2023

OPEN

The finding will be followed up in the next audit period to verify whether remedial actions are taken regarding audit concerns.

RESPONSE OF THE AUDITEE IN 2024

The closing date for the Turkey Sustainable Cities Project – Component A was January 31, 2024. The disbursement deadline was four months after the closing date specified in the Agreement. An amount of EUR 22.666.170,26 were disbursed on May 24, 2024. Unallocated funds totaling EUR 458.829,74 was refunded by İLBANK to the World Bank on July 23, 2024 (at the latest by July 31, 2024 in accordance with the Disbursement Guidelines for Investment Project Financing (February 2017) and the loan overview section in the World Bank Client Connection system).

FINAL OPINION OF THE AUDITORS IN 2024

ADDRESSED

It has been confirmed from the bank statement during the financial audit that unallocated funds - EUR 458,829.74- were refunded to the World Bank by ILBANK on July 23, 2024.