



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

**ENERGY EFFICIENCY IN PUBLIC BUILDINGS PROJECT**

**Implemented by**

**MINISTRY OF ENVIRONMENT, URBANISATION AND CLIMATE CHANGE  
GENERAL DIRECTORATE OF CONSTRUCTION AFFAIRS**

**Financed Under International Bank for Reconstruction and Development  
(IBRD) Loan Agreement Numbered 9015-TR**

**As of December 31, 2024 and For the Year Then Ended**

**Prepared by**

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**Report's Number**

**83/4 - 43/11 - 39/7 - 35/12**

**INDEPENDENT AUDITOR'S REPORT**

**June 20, 2025**





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

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## **EXECUTIVE SUMMARY**





## EXECUTIVE SUMMARY

### A. Project Summary

The Loan Agreement numbered 9015-TR of Energy Efficiency in Public Buildings Project (EEPB) were signed between the Republic of Türkiye and the International Bank for Reconstruction and Development (IBRD) on December 12, 2019, for a loan of EUR 135.900.000,00. The project is carried out in cooperation with Ministry of Environment, Urbanization and Climate Change (MoEUCC) and the Ministry of Energy and Natural Resources (MoENR). The Project Agreement was approved on 26.02.2020, and the Loan Agreement became effective as of 16.03.2020.

The objectives of the project are to reduce energy use in central government buildings and inform the development of sustainable financing mechanisms to support a scaled-up, National program for energy efficiency in public buildings.

The project consists of the following Components:

#### **Component 1. Energy Efficiency Investments in Central Government Buildings**

(a) Conventional energy efficiency investments in central government buildings.

Carrying out of subprojects to improve energy efficiency performance in selected central government buildings, including central government affiliated buildings, through the provision of studies and renovation works, for:

(i) Simpler renovation investments that reduce energy use in buildings by at least twenty percent with a simple payback period of less than twelve years; and

(ii) Deeper renovation investments that reduce energy use in buildings by at least forty percent with simple payback periods between twelve and twenty years.

(b) Energy service company investments.

Carrying out of subprojects to improve energy efficiency performance in selected in central government buildings, including central government affiliated buildings, that have sufficient baseline energy consumption data and service quality (i.e., proper heating and cooling systems) through the use of Energy Performance Contracts with energy service companies (ESCOs).

(c) Near-Zero Energy Buildings pilot.

Carrying out of pilot, Near-Zero Energy Buildings (NZEB) Subprojects in selected central government buildings, including central government affiliated buildings, that have high demonstration value, determined based on the respective buildings' annual number of





users and/or visitors, and located in different climatic zones in the Barrower's territory, to showcase the concept of NZEB integrated design and renovation techniques and newer technologies.

## **Component 2. Technical Assistance and Implementation Support**

(a) Technical assistance to the Ministry of Environment, Urbanization and Climate Change.

(i) Provision of technical assistance to MoEUCC in areas including, inter alia, development of early Subprojects including communication and outreach to solicit Subproject applications, energy audits, technical design reviews, assessment of ESCO proposals and energy savings monitoring; and provision of monitoring software.

(ii) Provision of support to MoEUCC for the evaluation of early Subprojects and NZEB pilots, including developing case studies to document investment costs, measures, implemented, actual energy savings, and lessons;

(iii) Provision of comprehensive training program in building renovations for, inter alia, design and construction firms, energy managers, MoEUCC staff and provisional branch offices, women in the energy efficiency field, building administrators in operations and maintenance.

(iv) Provision of support for program management and Project implementation to the MoEUCC Project Implementing Unit, including in financial management, procurement, environmental and social safeguards and other technical areas.

(b) Technical assistance to Ministry of Energy and Natural Resources.

Provision of technical assistance to MoENR to:

(i) Build capacity for ESCO market development through the training of ESCOs, provision of regulatory support, and development of procedures, templates and case studies;

(ii) (A) build capacity of MoENR staff on energy efficiency measurement and verification, and energy audits, and (B) revise and update existing training materials;

(iii) Monitor the energy efficiency of Subproject renovations and make enhancements to MoENR's building consumption database;

(iv) Assess the regulatory adjustments needed to support energy efficiency in public buildings and ESCOs, including budgeting rules to allow for budget savings retention, financing of public building renovations, public procurement rules to support ESCOs in the public sector, and public procurement rules in energy efficient equipment and materials;



(v) Develop appropriate financing agreement templates for energy services for the public sector;

(vi) Prepare a market assessment and develop a project pipeline in energy efficiency for municipalities to be presented to a suitable financial institution or institutions acceptable to the Bank in support of a national program for energy efficiency; and

(vii) Develop a plan for a national program efficiency in the public sector (including, inter alia, in respect to central and municipal buildings, public lighting, and water) that would rely on sustainable financing mechanisms to serve the broader public sector in the Borrower's territory.

In 2024, the total amount of EUR 71.525.488,05 was withdrawn from the loan account with the "Advance" and "SOE" disbursement methods. The total amount of EUR 69.144.911,25 was spent from the source withdrawn. As the end of the review period, the amount of EUR 130.842.517,60 was disbursed and the amount of EUR 128.435.504,41 was spent cumulatively.

With the amendment was made on October 3, 2024, the energy use reduction rate in Component 1 (a) (ii) of Loan Agreement numbered 9015-TR was increased to 40%, operating costs were added to the definitions section, the distribution among the components was revised and the project's outcomes framework was revised to be consistent with all agreements.

## **B. Objectives of Audit**

The objective of the audit is to express an opinion on the Financial Statements of the Energy Efficiency in Public Buildings Project for the period ended 31 December 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) The fund have been used in accordance with the conditions of the relevant financing agreement, with due attention to economy and efficiency, and only for the purposes for which the financing was provided. Relevant financing agreement include the Loan Agreement numbered 9015-TR.
- (b) All expenditure has been incurred in accordance with the Loan Agreement numbered 9015-TR, 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).
- (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 special account.

Examined expenditures for eligibility based on criteria defined in the terms of the Loan Agreement numbered 9015-TR and detailed in the Project Appraisal Document. In addition, we examined;

- (a) all expenditure documents have been prepared in accordance with the provisions of the Loan Agreement numbered 9015-TR;
- (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) expenditure documents can be relied upon to support the related withdrawal applications.





### **Review of special account**

During the audit of the project financial statements, we reviewed the activities of the project's special account such as deposit received, 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 Loan Agreement numbered 9015-TR.

### **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 are 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 20.06.2025 has been prepared and shared with the General Directorate of Construction Affairs of Ministry of Environment, Urbanisation and Climate Change. We believe these matters warrant management's attention.

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



## INDEPENDENT AUDITOR'S REPORT

### TO THE GENERAL DIRECTORATE OF CONSTRUCTION AFFAIRS OF MINISTRY OF ENVIRONMENT, URBANISATION AND CLIMATE CHANGE

#### 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 Special Account of the Energy Efficiency In Public Buildings Project as of December 31, 2024, and for the period then ended, and notes to the financial statements including a summary of significant accounting policies. The financial statements have been prepared by the General Directorate of Construction Affairs of Ministry of Environment, Urbanisation and Climate Change in accordance with cash basis International Public Sector Accounting Standards and financial reporting provisions outlined in the Loan Agreement numbered 9015-TR.

In our opinion;

The accompanying financial statements present fairly, in all material respects, the financial position and cash flows of the Energy Efficiency In Public Buildings Project as of December 31, 2024 and for the period then ended in accordance with cash basis International Public Sector Accounting Standards and financial reporting provisions outlined in the Loan Agreement numbered 9015-TR.

#### 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 General Directorate of Construction Affairs of Ministry of Environment, Urbanisation and Climate Change 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 the General Directorate of Construction Affairs of Ministry of Environment, Urbanisation and Climate Change to comply with the financial reporting provisions of the contract 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 will end 31.12.2025.

### **Responsibilities of Management and Those Charged with Governance or other appropriate terms for the Financial Statements**

The General Directorate of Construction Affairs of Ministry of Environment, Urbanisation and Climate Change is responsible for the preparation and fair presentation of these financial statements in accordance with the Loan Agreement numbered 9015-TR 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 General Directorate of Construction Affairs of Ministry of Environment, Urbanisation and Climate Change'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 scepticism throughout the planning and performance of the audit. 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.

### **Report on Other Legal and Regulatory Requirements**

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



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

a) The General Directorate of Construction Affairs of Ministry of Environment, Urbanisation and Climate Change, as of December 31, 2024 has complied with, in all material respects, the requirements of the Loan Agreement numbered 9015-TR.

b) With respect to all expenditures, adequate supporting documentation has been maintained to support claims to the IBRD, and these expenditures are eligible for financing under the Loan Agreement numbered 9015-TR.

Okan SÜLER  
Chairman of  
The Board of Treasury Controllers

Akif Bülent BOYACIOĞLU  
Audit Partner  
Vice Chairman

Selçuk KIRBAŞ  
Senior Treasury  
Controller

Hüseyin TOPAL  
Treasury Controller

Mervenur TOZLUYURT  
Treasury Controller

Betül YÜZER  
Treasury Controller

Date: 20.06.2025

Address: Ministry of Treasury and Finance

The Board of Treasury Controllers

ANKARA/TÜRKİYE



## **ANNEX I: FINANCIAL STATEMENTS**

GENERAL DIRECTORATE OF CONSTRUCTION AFFAIRS  
Energy Efficiency in Public Building Projects  
LOAN/GRANT NO: 9015-TR  
Withdrawal Application Summary  
For the Period: 01.01.2024-31.12.2024

Withdrawal application number	Notes	Date	Category 1 Goods	Category 2 Works	Category 3 Consulting	Category 4 Non-Consulting Services	Total Documented Amount	Advance Requested	Total Requested Amount	Value Date	Rejected	Net Reimbursed Amount
In Designated Account currency - Euro												
Section A: Payment method - Advance/Replenishment												
In local currency - EURO												
Approved withdrawals												
(Withdrawal-24) (Advance reduction and (SOE))	7	17.01.2024	0,00	13.758.567,08	715.006,53	0,00	14.473.563,61	-	14.473.563,61	25.01.2024	0,00	5.473.563,61
(Withdrawal-25) (Advance)		27.02.2024	0,00	0,00	0,00	0,00	-	3.000.000,00	3.000.000,00	1.03.2024	0,00	3.000.000,00
(Withdrawal-26) (Advance)		15.03.2024	0,00	0,00	0,00	0,00	-	6.000.000,00	6.000.000,00	25.03.2024	0,00	6.000.000,00
(Withdrawal-27) (SOE)		29.03.2024	0,00	12.554.495,20	670.166,82	0,00	13.224.662,02	-	13.224.662,02	5.04.2024	0,00	13.224.662,02
(Withdrawal-28) (SOE)		30.04.2024	0,00	12.819.018,42	103.043,22	0,00	12.922.061,64	-	12.922.061,64	7.05.2024	0,00	12.922.061,64
(Withdrawal-29) (SOE)		6.06.2024	0,00	9.083.874,75	370.996,38	0,00	9.454.871,13	-	9.454.871,13	11.06.2024	0,00	9.454.871,13
(Withdrawal-30) (SOE)		25.07.2024	0,00	7.968.906,13	396.691,92	0,00	8.365.598,05	-	8.365.598,05	1.08.2024	0,00	8.365.598,05
(Withdrawal-31) (SOE)		16.09.2024	0,00	3.980.675,50	147.643,23	0,00	4.128.318,73	-	4.128.318,73	19.09.2024	0,00	4.128.318,73
(Withdrawal-32) (SOE)		18.10.2024	0,00	5.598.877,98	58.093,19	0,00	5.657.971,16	-	5.657.971,16	25.10.2024	0,00	5.657.971,16
(Withdrawal-33) (SOE)		2.12.2024	0,00	185.030,32	1.113.411,39	0,00	1.298.441,71	-	1.298.441,71	5.12.2024	0,00	1.298.441,71
(Withdrawal-34) (Advance reduction and (SOE))		20.12.2024	0,00	9.880.668,33	642.636,70	0,00	10.523.305,03	-	10.523.305,03	27.12.2024	0,00	2.000.000,00
Sub-Total (A)			0,00	75.831.113,71	4.217.689,38	0,00	80.048.793,08	9.000.000,00	89.048.793,08			71.525.488,04
Section B: Payment method - Reimbursement												
Approved withdrawals												
Pending Submission												
Sub-Total (B)												
Section C: Payment method - Direct Payment												
Approved withdrawals												
Pending submission												
Sub-Total (C)												
TOTAL (A+B+C)			0,00	75.831.113,71	4.217.689,38	0,00	80.048.793,08	9.000.000,00	89.048.793,08			71.525.488,04

Prepared by

Controlled by

Approved by

Date  
Name Elife Gülriş SAYGI  
Title Finance specialist

M. Gökhan KARAGÖZLÜ  
Şube Müdürü  
Date  
Name Esra TURAN TOMBAK  
Title Head Of Department

Date  
Name  
Title

Namik GÜVER  
Acting General Manager

19.06.2025

GENERAL DIRECTORATE OF CONSTRUCTION AFFAIRS  
Energy Efficiency in Public Building Project  
STATEMENT OF SOURCES AND USES OF FUNDS  
As of December 31, 2024 and For The Year Then Ended.  
(In EURO)

	Notes	Current Period	Previous Period	Cumulative
<b>I-SOURCES OF FUNDS</b>				
A- IBRD Loan	4	71.525.488,05	34.775.130,06	130.842.507,60
A-1 Special Account		71.525.488,05	34.775.130,06	130.842.507,60
A.1.1 SOE		80.048.793,08	26.274.730,06	124.865.412,64
A.1.2 Net Advance		-8.523.305,03	8.500.400,00	5.977.094,96
A.1.2.1 Advance		9.000.000,00	9.500.400,00	28.500.399,99
A.1.2.2 Advance Close (-)		-17.523.305,03	1.000.000,00	-22.523.305,03
A-2 Refunds		0,00	10,00	10,00
A-2.1 Refunds Special Account		0,00	10,00	10,00
<b>Total Funds Received</b>		<b>71.525.488,05</b>	<b>34.775.140,06</b>	<b>130.842.517,60</b>
<b>II-USES OF FUNDS</b>				
<b>II A-INVESTMENT COSTS (BY COMPONENT)</b>				
<b>Component 1. Energy Efficiency Investments in Central Government Buildings</b>				
(a) Conventional energy efficiency investments in central government buildings,		69.144.911,25	38.753.508,52	128.435.504,41
(a) (i) Goods, Works, Consulting and Non Consulting Services		69.144.911,25	38.753.508,52	128.435.504,41
(b) Energy/Service Company Investments		-	-	-
<b>Total Uses of Funds by Component</b>		<b>69.144.911,25</b>	<b>38.753.508,52</b>	<b>128.435.504,41</b>
<b>II B-INVESTMENT COSTS (BY CATEGORY)</b>				
Category 1-Goods		-	-	-
Category 2-Works		66.292.973,30	36.659.904,81	119.529.205,65
Category 3-Consulting		2.851.937,95	2.093.303,71	8.905.888,76
Category 4-Non-consulting		0,00	300,00	410,00
<b>Total Uses of Funds by Category</b>		<b>69.144.911,25</b>	<b>38.753.508,52</b>	<b>128.435.504,41</b>
<b>TOTAL USES</b>		<b>69.144.911,25</b>	<b>38.753.508,52</b>	<b>128.435.504,41</b>

Cash at the beginning of the period

01.01.2024

26.436,39

Cash at the end of the period

31.12.2024

2.407.013,20

Prepared by

Date  
Name Elife Gülriz SAYGI  
Title Finance Specialist

Controlled by

M. Gökhan KARAGÖZLÜ  
Sube Müdürü

Date  
Name Esra TURAN TOMBAK  
Title Head Of Department

Approved by

Namık GÜVER  
Acting General Manager

19.06.2025



STATEMENT OF COMPARISON BUDGET AND ACTUAL AMOUNT GENERAL DIRECTORATE OF CONSTRUCTION AFFAIRS LOAN NO: 9015-TR Energy Efficiency in Public Building Projects 01.01.2024-31.12.2024 In EURO									
		Current Period				Cumulative			
	NOTES	Actual	Final Budget	Original Budget	Variance %	Actual	Planned	Progress %	
		1	2		3=1/2	4	5	6=4/5	
Sources of Funds									
	4	71.525.488,05	71.525.488,04	67.106.703,89	100,00%	130.842.507,59	135.900.000,00	96,28%	
	9	-	-	-	-	10,00	-	-	
Total Sources of Funds		71.525.488,05	71.525.488,04	67.106.703,89	100,00%	130.842.517,59	135.900.000,00	94,52%	
Uses of Funds									
1		69.144.911,25	69.144.911,25	67.106.703,89	100,00%	128.435.504,41	135.900.000,00	94,51%	
Component 1 -Energy Efficiency Investments in Central Government Buildings		69.144.911,25	69.144.911,25	67.106.703,89	100,00%	128.435.504,41	135.900.000,00	94,51%	
(a) Conventional energy efficiency investments in central government buildings,		69.144.911,25	69.144.911,25	67.106.703,89	100,00%	128.435.504,41	135.900.000,00	94,51%	
(a) (i) Goods, Works, Consulting and Non Consulting Services		69.144.911,25	69.144.911,25	67.106.703,89	100,00%	128.435.504,41	135.900.000,00	94,51%	
(b) EnergyService Company Investments		-	-	-	-	-	-	-	
2		69.144.911,25	69.144.911,25	67.106.703,89	100,00%	128.435.504,41	135.900.000,00	94,51%	
Category 1 - Goods		-	-	-	-	-	-	-	
Category 2 - Works		66.292.973,30	66.292.973,30	64.750.287,13	100,00%	119.529.205,65	127.746.000,00	93,57%	
Category 3 - Consulting		2.851.937,95	2.851.937,95	2.356.416,76	100,00%	8.905.888,76	8.154.000,00	109,22%	
Category 4 - Non Consulting Services		-	-	-	-	410,00	-	-	
Total		69.144.911,25	69.144.911,25	67.106.703,89	100,00%	128.435.504,41	135.900.000,00	92,78%	

Prepared by   
Date  
Name Elife Gülriz SAYGI  
Title Financial Specialist

  
M. Gökhan KARAGÖZLÜ  
Şube Müdürü

Controlled by  
Date  
Name Esra TURAN TOMBAK  
Title Head Of Department  


Approved by  
Date  
Name Namık GÜVER  
Title Acting General Manager  
  
19.06.2025

GENERAL DIRECTORATE OF CONSTRUCTION AFFAIRS

Energy Efficiency in Public Building Projects

SPECIAL ACCOUNT STATEMENT

ACCOUNT NO: 94 14 32 017

For the year ended. December 31, 2024

(In EURO)

Notes

Opening Balance (01.01.2024)			26.436,39
Reimbursements to SA	4		71.525.488,05
Refunds to SA			0,00
Available Funds			71.551.924,43
Payments Made for Expenditures		69.144.911,25	
Total Project Investments		69.144.911,25	
Closing Balance (31.12.2024)			2.407.013,19

Prepared by

Date

Name Elife Gülriz SAYGI

Title Finance Specialist

Controlled by

Date

Name Esra TURAN TOMBAK

Title Head Of Department

Approved by

Date

Name Namik GÜVER

Title Acting General Manager

M. Gökhan KAYAAGÖZLÜ  
Şube Müdürü

19.06.2025

**MINISTRY OF ENVIRONMENT, URBANIZATION AND CLIMATE CHANGE  
GENERAL DIRECTORATE OF CONSTRUCTION AFFAIRS**

**ENERGY EFFICIENCY IN PUBLIC BUILDINGS PROJECT  
(LOAN NO. 9015-TR)**

**NOTES TO PROJECT FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED DECEMBER 31, 2024**

**1. PROJECT OBJECTIVES AND STRUCTURE**

The General Directorate of Construction Affairs, which was carried out as the Directorate of Building Works under the Nafia Nezaret in 1848 and the Ministry of Nafia in 1920, was renamed as the Directorate of Building Works under the Ministry of Public Affairs established in 1934 after the proclamation of the Republic, and as the General Directorate of Construction Affairs under the Ministry of Zoning and Settlement established in 1957, and currently operates under the Ministry of Environment, Urbanization and Climate Change.

The duties, authorities and responsibilities of the General Directorate of Construction Affairs, which are determined by the Presidential Decree No. 1 on the Organization of the Presidency published on 10.07.2018, are as follows

- To determine the general principles, strategies and standards regarding all kinds of buildings belonging to Public Institutions and Organizations and to ensure their implementation,
- To determine the procedures and principles regarding public investment projects and works and transactions related to construction, and the qualifications of studies and projects, and to ensure their implementation,
- To prepare the requirement programs of the buildings and facilities belonging to the Public Institutions and Organizations within the scope of the general budget, to make or have made the studies and projects and cost calculations, to approve or have approved, to construct, strengthen, modify and repair the main ones,
- If requested and deemed appropriate, to make or have made, approve or have approved the projects, cost calculations and constructions of the buildings and facilities included in the investment programs of special budget administrations, regulatory and supervisory institutions and social security institutions,
- To carry out or have carried out all kinds of surveys, plans, projects, cost calculations and construction works in the fields of duty of the Ministry,
- To perform the duties assigned to the Ministry by Law No. 5543,
- Pursuant to Law No. 5543, to carry out or have carried out, approve or have approved the survey and planning works related to all kinds of buildings and dwellings to be built by Public Institutions and Organizations for permanent settlement, to carry out or have carried out the construction of all kinds of buildings to be built for permanent settlement,
- To perform the duties assigned to the Ministry by the Law No. 4708 on Building Inspection,
- To inspect the buildings, including those built or commissioned by Public Institutions and Organizations, in terms of the safety of life and property and compliance with the legislation and technique, to request and ensure that the detected contradictions and deficiencies are eliminated,

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Energy Efficiency in Public Buildings Projects (EPPB) Loan Agreement (9015-TR), CTF Loan TF0B0782 and CTF Grant TF0B0853 were signed between the Republic of Türkiye and the International Reconstruction and Development Bank (IBRD) on December 12, 2019. The project is carried out in cooperation with our Ministry of Environment, Urbanization and Climate Change (MoEUCC) and the Ministry of Energy and Natural Resources (MENR).

In accordance with the Loan and Grant Agreement, the responsibility for the implementation of the project lies with the Ministry of Environment and Urbanization General Directorate of Construction Affairs (GDCA).

## PROJECT DESCRIPTION

The objectives of the project are to reduce energy consumption in public buildings and to develop and scale appropriate sustainable financing and institutional mechanisms to support the National program.

The project consists of the following Components:

### **Component 1. Energy Efficiency Investments in Central Government Buildings**

#### **(a) Conventional energy efficiency investments in central government buildings,**

Carrying out of subprojects to improve energy efficiency performance in selected central government buildings, including central government affiliated buildings, through the provision of studies and renovation works, for:

- Simpler renovation investments that reduce energy use in buildings by at least twenty (20) percent with a simple payback period of less than twelve (12) years; and
- Deeper renovation investments that reduce energy use in buildings by at least thirty (30) percent with simple payback periods between twelve (12) and twenty (20) years.

#### **(b) Energy service company investments.**

Carrying out of subprojects to improve energy efficiency performance in selected in central government buildings, including central government affiliated buildings, that have sufficient baseline energy consumption data and service quality (i.e., proper heating and cooling systems) through the use of Energy Performance Contracts with energy service companies (ESCOs).

#### **(c) Near-Zero Energy Buildings pilot.**

Carrying out of pilot, Near-Zero Energy Buildings ("NZEB") Subprojects in selected central government buildings, including central government affiliated buildings, that have sufficient baseline energy consumption data and service quality (i.e., proper heating and cooling systems).



## **Component 2. Technical assistance and Implementation Support**

### **(a) Technical assistance to the Ministry of Environment and Urbanization**

- Provision of technical assistance to MoEUCC in areas including, inter alia, development of early Subprojects including communication and outreach to solicit Subproject applications, energy audits, technical design reviews, assessment of ESCO proposals and energy savings monitoring; and provision of monitoring software.
- Provision of support to MoEUCC for the evaluation of early Subprojects and NZEB pilots, including developing case studies to document investment costs, measures, implemented, actual energy savings, and lessons;
- Provision of comprehensive training program in building renovations for, inter alia, design and construction firms, energy managers, MoEUCC staff and provisional branch offices, women in the energy efficiency field, building administrators in operations and maintenance.
- Provision of support for program management and Project implementation to the MoEUCC Project Implementing Unit, including in financial management, procurement, environmental and social safeguards and other technical areas.

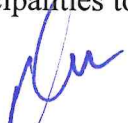
### **(b) Technical assistance to Ministry of Energy and Natural Resources**

Provision of technical assistance to MoENR to:

- build capacity for ESCO market development through the training of ESCOs, provision of regulatory support, and development of procedures, templates and case studies;
- (A) build capacity of MoENR staff on energy efficiency measurement and verification, and energy audits, and (B) revise and update existing training materials;
- Monitor the energy efficiency of Subproject renovations and make enhancements to MoENR's building consumption database;
- Assess the regulatory adjustments needed to support energy efficiency in public buildings and ESCOs, including budgeting rules to allow for budget savings retention, financing of public building renovations, public procurement rules to support ESCOs in the public sector, and public procurement rules in energy efficient equipment and materials;
- Develop appropriate financing agreement templates for energy services for the public sector;
- Prepare a market assessment and develop a project pipeline in energy efficiency for municipalities to be presented to a suitable financial institution or institutions

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acceptable to the Bank in support of a national program for energy efficiency; and

- Develop a plan for a national program efficiency in the public sector (including, inter alia, in respect to central and municipal buildings, public lighting, and water) that would rely on sustainable financing mechanisms to serve the broader public sector in the Borrower's territory.

**The goal of the project;** To develop a transition plan to reduce energy consumption in public buildings, develop and scale appropriate sustainable financing and institutional mechanisms to support the National program.

**Closing date;** December 31, 2025

<b>Project Components</b>	<b>Amount of the Loan Allocated (expressed in USD )</b>	<b>Percentage of Expenditures to be financed (Inclusive of taxes)</b>
<b>Component 1. Energy Efficiency Investments In Central Government Buildings</b>	<b>196.2 millions USD</b> <i>(150 millions USD IBRD, 46.2 millions USD CTF Loan)</i>	% 100
<b>Component 2. Technical assistance and Implementation Support</b>	<b>3.8 millions USD</b> <i>(3.8 Millions USD Grant)</i>	%100
<b>TOTAL BUDGET</b>	<b>200.000.000</b>	

#### **First Amendment to the Legal Agreements**

In line with the request of the Ministry, the following amendments were requested to be made to the Loan Agreements and Grant Agreement, and the said amendment letter was approved on 05 October 2023 and the results and framework of the project were revised to be in line with all Agreements.

- a) Revision of the energy use reduction rate in section 1(a)(ii) of Schedule 1 of all Agreements,
- b) Adding the definition of "Operating Expenses" to the Definitions section of all Agreements,
- c) Amending the table in Section III.A of Schedule 2 of the IBRD Loan Agreement according to the new distribution among the components and revising the related references in the agreement,

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- d) Components of the table in Section IV.A.2 of Schedule 2 of the TTF Loan Agreement and revise the relevant references in the agreement accordingly,
- e) Amend Section III.A of Schedule 2 of the TTF Grant Agreement in accordance with the new distribution among the components in line with the Loan Agreements and revise the corresponding references in the agreement; and
- f) Revision of the results framework of the project to be in line with all Agreements.

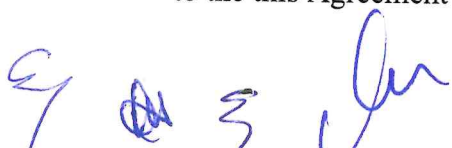
In this framework, the Loan Agreements (9015-TR, TF0B0782) and the Grant Agreement (TF0B0853) were amended by the Amendment Letter signed between the World Bank and the Ministry of Treasury and Finance on October 5, 2023.

***IBRD Loan (9015-TR), CTF Loan (TFB0782), CTF Grant (TF0B0853)***

1. Part 1(a)(ii) of Schedule 1 of the Legal Agreements, respectively, is hereby amended to read as follows:  
“(ii) deeper renovation investments that reduce energy use in buildings by at least forty (40) percent”
2. The following new definition is hereby added in alphabetical order to the Legal Agreements, respectively, to read as follows and the remaining definition are renumbered to maintain alphabetical order:  
“Operating Costs” means reasonable incremental expenses directly incurred by the Borrower, through MOEUCC, in respect to Project implementation, management and monitoring, including office supplies and equipment, including its maintenance and repair, vehicle maintenance and repair, travel, communication, publication of procurement notices, communication, translation and interpretation, publication fees, and other miscellaneous expenses directly associated with the Project and agreed between the Bank and the Borrower, through MOEUCC, but excluding salaries of officials and employees of the Borrower.”

***IBRD Loan (9015-TR)***

3. The second paragraph of the preamble of the IBRD Loan Agreement is hereby amended to read as follows:  
“ WHEREAS the Republic of Turkiye and the Bank, acting as an implementing entity of the Clean Technology Fund (“CTF”), intend to enter into a loan agreement (“CTF Loan Agreement”) for the purpose of providing a concessional loan in an amount of forty-six million two hundred thousand Dollars (USD 46,200,000) to the Republic of Turkiye assist in financing Part 1(a) (ii), Part 1 (b), Part 1(c) and Part 2 (a) of the Project, on the terms and conditions set forth in the CTF Loan Agreement”
4. Section 2.01 of the IBRD Loan Agreement is hereby amended to read as follows:  
“2.01. The Bank agrees to lend to the Borrower the amount of one hundred thirty-five million nine hundred thousand Euros (EUR 135,900,000), as such amount may be converted from time-to-time through a Currency Conversion (“Loan”), to assist in financing Part 1(a) (i) of the project described in Schedule 1 to the this Agreement (“Project”).”



5. The table Section III.A of Schedule 2 to the IBRD Loan Agreement is hereby amended as set forth in Attachment 1 of the Amendment Letter.

***CTF Loan (TF0B0782)***

6. The second paragraph of the preamble to the CTF Loan Agreement is hereby amended to read as follows:

“ WHEREAS the Republic of Turkiye and the World Bank intend to enter into a loan agreement (“IBRD Loan Agreement”) for the purpose of providing a loan in an amount of one hundred thirty-five million nine hundred thousand Euros (EUR 135,900,000) to the Republic of Turkiye to assist in financing Part 1 (a)(i) of the Project, on the terms and conditions set forth in the IBRD Loan Agreement.

7. Section 2.01 of the CTF Loan Agreement is hereby amended to read as follows:  
“2.01. The World Bank agrees to lend to the Borrower, on the terms and conditions set forth or referred to in this Agreement, the amount of forty-six-million two hundred thousand United States Dollars (USD 46,200,000) (“Loan”), to assist in financing Part 1(a)(ii), Part 1(b), Part 1 (c) and Part 2 (a) of the project described in Schedule I to this Agreement (“Project”),”
8. Table in Section IV.A.2 of Schedule 2 to the CTF Loan Agreement is hereby amended as set forth in Attachment 2 to the Amendment Letter.

***CTF Grant (TF0B0853)***

9. The Second and third paragraphs of the preamble of the CTF Grant Agreement are hereby amended to read as follows:

“ WHEREAS the Republic of Turkiye and the World Bank intend to enter into a loan agreement (“IBRD Loan Agreement”) for the purpose of providing a loan in an amount of one hundred thirty-five million nine hundred thousand Euros (EUR 135,900,000) to the Republic of Turkiye to assist in financing Part 1 (a) (i) of the Project, on the terms and conditions set forth in the IBRD Loan Agreement.

“WHEREAS the Republic of Turkiye and the World Bank, acting as an implementing entity of the Clean Technology Fund (“CTF”), intend to enter into a loan agreement (“CTF” Loan Agreement) for the purpose of providing a concessional loan in an amount of forty-six million two hundred thousand Dollars (USD 46.200.000) to the Republic of Turkiye to assist in financing Part 1 (a) (ii), Part 1 (b) , Part 1 (c) and Part 2 (a) of the Project, on the terms and conditions set forth in the CTF Loan Agreement”

10. Section III.A of Schedule 2 to the CTF Grant Agreement is hereby amended as set forth in Attachment 3 of the Amendment Letter.

Except as specifically amended herein, all the other terms and conditions of the Legal Agreements shall remain in full force and effect.





The implementation, coordination and supervision of Energy Efficiency Project Loan Agreement / Clean Technology Fund Loan and Grant Agreements in Public Buildings: General Director of Construction Affairs / Asst. (Project Director / Deputy Project Director) and Head of External Investments Department (Project Coordinator).

Project Coordinator; responsible to the Project Director for taking, implementing, and directing all technical, administrative, legal, and financial measures necessary for the project to be carried out and finalized following its goals and objectives.

The Project Coordinator provides the coordination and supervision of EEPB. The Project Coordinator is responsible for taking, managing, and directing all types of technical, managerial, legal, and financial measures necessary to complete the project. Tenders, contracts, and payments are performed under the coordination of the General Directorate of Construction Affairs (GDCA) (General Manager /Deputy General Manager) as the Tendering/Payment Officer. GDCA has established a Project Implementation Unit (PIU) under the Department of External Investments for the implementation of the project. PIU is responsible for the implementation and monitoring of the project. In addition to the Head of Department, Branch Managers, technical and administrative personnel involved in the project, Procurement Specialist (2), Finance Specialist (1), Project Assistant (1), Finance Assistant (1), Environmental Engineer (1), Occupational Health and Safety Specialist (1), Social Specialist (1), Communication and Stakeholder Engagement Specialist (1), Civil Engineers (3), Electrical Engineer (1) and Mechanical Engineers (2) are responsible to the Project Director for the implementation and execution of the project.

As of the end of the review period, progress payments of EUR 38.753.508,52 were made from Loan resources.

## 2. MAIN ACCOUNTING POLICIES

For the 9015-TR Loan Account of the Project; there is a Project Special Account numbered 94 14 32 017 opened at the Central Bank of the Republic of Türkiye.

(a) The Project uses the cash basis of accounting to account for the project transactions. Under that basis, the income or expense is included in the income statement of the period to which it belongs.

(b) Eligible expenditures shall be made either as direct payments from the loan account or through payments from the special account (advance) as per the disbursement letter.

(c) Within the Energy Efficiency in Public Building Project the transactions from the International Bank for Reconstruction and Development (IBRD) Loan Agreement are recorded and monitored in terms of EUROS. Transactions made in other currencies are translated into EUROS using the currency sale exchange rate of the Central Bank of the Republic of Türkiye effective at the date of the transaction.

(d) Project sources and uses of funds are monitored in line with the chart of accounts recommended by the Board of Treasury Controllers using a computerized recording system. Expenditures for all parts of the project are recorded in the books of project under this system and project financial tables and statements are produced by the system.





### 3. FINANCIAL STATEMENTS

In accordance with the Loan Agreements, funds provided under the project are restricted to project purposes only. The project funds remaining unused at the end of the project will be returned in per the relevant provisions of the loan agreement. Unaudited interim financial statements regarding project uses of funds for each calendar quarter are submitted to the World Bank to the World Bank Client Connection and is uploaded to the system in due time via the Client Connection.

### 4. SOURCE OF FUNDS (IBRD LOAN 9015-TR)

The methods that can be applied for spending from credit are defined as Direct Payment, Special Commitment, Reimbursement, and Advance in the letter of use of funds.

As of the end of the review period, the uses in the project were made from the special account with the "Advance" and Statement of Expenditures (SOE) methods.

In 2024, a total of EUR 71,525,488.04 was drawn from the IBRD 9015-TR loan account, consisting of EUR 9,000,000.00 advance renewal (Applications No. 2 and 3), EUR 80,048,793.03 SOE method, EUR 17,523,305.03 advance closure. EUR 9.000.000,00 with drawdown application No.1 and EUR 8.523.305,03 with drawdown application No.11, the advance ceiling was reduced.

For the period under review, the opening balance of the project special account was EUR 26,436.39. The account balance of the Loan Special Account at the end of the period is EUR 2,407,013.19.

During the review year, a commitment fee and interest payment of EUR 998.046,00 was made on 16 January 2024 and EUR 1.969.629,00 was made on 15 July 2024 for The Loan. There were no principal repayments made for the loan during the review year.

### 5. PENDING APPLICATION

There are no pending applications for the project review period.

### 6. CASH BALANCES

Project Special Account is the designated bank account opened in the Central Bank of the Republic of Türkiye Administrative Center of the General Directorate of Operations Funds and Banking Operations Directorate. The account number Energy Efficiency in Public Buildings Loan Special Account is 94 14 32 017(EUR).

In Disbursement Letters: Energy Efficiency Loan Agreement in Public Buildings (9015-TR) Advance balance ceiling is EUR 15.000.000,00.

As of the end of the review period, the uses in the project were made from the special account with the "Advance" and Statement of Expenditures (SOE) methods.

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In 2024, a total of EUR 71,525,488.04 was drawn from the IBRD 9015-TR loan account, consisting of EUR 9,000,000.00 advance renewal (Applications No. 2 and 3), EUR 80,048,793.03 SOE method, EUR 17,523,305.03 advance closure. EUR 9,000,000.00 with drawdown application No.1 and EUR 8,523,305.03 with drawdown application No.11, the advance ceiling was reduced.

"As of the end of the review period: A total of EUR 71,525,488.04 was withdrawn from the IBRD 9015-TR Loan Account to the Project Special Account No. 94 14 32 017, and progress payments amounting to EUR 69,144,911.25 were made from the said special account within the scope of consultancy and construction works tendered under the Energy Efficiency in Public Buildings Project. The account balance of the Project Special Account at the end of the period is EUR 2,407,013.19"

## 7. WITHDRAWAL APPLICATION

As of the review period, from the Energy Efficiency Public Building Project Loan Account No. IBRD 9015-TR :94 14 32 017, withdrawal applications numbered 24, 25, 26, 18-rev-1, 19, 20, 21, 22 ve 23–rev, which were created and approved through the World Bank Client Connection System, were made.

In 2023, a total of EUR 3.497.068,068,24 was withdrawn, including EUR 2.496.868,24 SOE and EUR 1.000.200,00, but there was a deficit in the account due to an intermediary bank deduction of EUR 10, and this amount was returned to the special account by the PIU in November 2023. In the first withdrawal of 2024, in order to offset the SOE expenditure which was 10 EUR more; 14.473.563,61 funds were withdrawn for the SOE expenditure of 14.473.573,61 EUR (in other words, -10 EUR SOE notification was made), and the mathematical discrepancy in the withdrawal number 24 arose from this situation.

In 2024, a total of EUR 71,525,488.04 was drawn from the IBRD 9015-TR loan account, consisting of EUR 9,000,000.00 advance renewal (Applications No. 2 and 3), EUR 80,048,793.03 SOE method, EUR 17,523,305.03 advance closure. EUR 9,000,000.00 with drawdown application No.1 and EUR 8,523,305,03 with drawdown application No.11, the advance ceiling was reduced.

## 8. REFUNDS TO THE ACCOUNTS

During the review period, no return refund to the Special Account.

## 9. INTERMEDIARY BANK CHARGES

During the review period no Intermediary Bank charges.

## 10- BUDGET OVERRUN

In the Budget Table in Annex-10a; while the Loan Budget is 135.900.000,00 EUR, the planned expenditure is 138.427.898,78 EUR and this difference is due to the contract amount under the works contracts category.

The budget overrun in planning will be addressed by transferring part of the contracts signed under the IBRD 9015-TR Loan to the Energy Efficiency in Public Buildings-2 Loan, as agreed with the World Bank.

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M. Gökhan KARAGÖZLÜ  
Sivil-M

Esra TURAN TOMBAK  
Dilek Töken

Nazım ER  
Gökhan MERT V.





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

**ENERGY EFFICIENCY IN PUBLIC BUILDINGS PROJECT**

**Implemented by**  
**MINISTRY OF ENVIRONMENT, URBANISATION AND CLIMATE CHANGE**  
**GENERAL DIRECTORATE OF CONSTRUCTION AFFAIRS**

**Financed Under International Bank for Reconstruction and Development**  
**(IBRD) Loan Agreement Numbered 9015-TR**

**As of December 31, 2024 and For the Year Then Ended**

**Prepared by**

**Selçuk KIRBAŞ**  
**Senior Treasury Controller**

**Hüseyin TOPAL**  
**Treasury Controller**

**Mervenur TOZLUYURT**  
**Treasury Controller**

**Betül YÜZER**  
**Treasury Controller**



**MANAGEMENT LETTER**

**Ref: Independent Auditor's Report dated June 20, 2025**





**MANAGEMENT LETTER**  
**TO MINISTRY OF ENVIRONMENT, URBANISATION AND CLIMATE CHANGE**  
**General Directorate of Construction Affairs**

We have audited the financial statements of "Energy Efficiency in Public Buildings Project" (IBRD Loan Agreement Numbered 9015-TR) as of December 31, 2024, and for the year then ended.

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 General Directorate of Construction Affairs, Ministry of Treasury and Finance, and IBRD, and should not be distributed or used by other parties.

Okkan SÜLER  
Chairman of The Board of Treasury Controllers

Akif Bülent BOYACIOĞLU  
(Audit Partner)  
Vice Chairman

Selçuk KIRBAŞ  
Senior Treasury  
Controller

Hüseyin TOPAL  
Treasury Controller

Mervenur TOZLUYURT  
Treasury Controller

Betül YÜZER  
Treasury Controller

Date: 20.06.2025

Address: Ministry of Treasury and Finance

The Board of Treasury Controllers 06420, Dikmen, ANKARA/TÜRKİYE



### AUDIT FINDINGS OF THE PREVIOUS YEAR

FINDING NUMBER	MoEUCC.2023.TR9015.1
FINDING	Non-compliance with Contract Provisions
<b>CONDITION</b> <p>During the bidding process of REN-WORKS-P06R, there have been no clarifications requested by the contractors regarding the warranty articles was declared by the PIU. This indicates that all contractors have accepted the related article.</p> <p>The following discrepancies have been detected for REN-WORKS-P06R Lot1 (Kocaeli Public Hospital and Kandıra Eczacı M. Dinç Public Hospital), Lot3 Site-1 (Sakarya Hendek Public Hospital)</p> <p>1- Despite being envisaged in Article 18.2.5 of Electrical Renovation Works Technical Specification annex to the contract, 10-year physical durability guarantee has not been provided by the contractor or the manufacturer.</p> <p>2- In case of failure by the manufacturer to fulfill warranty obligations, it is mandatory to obtain an international insurance guarantee according to the provisions of article 18.2.5 of the Electrical Renovation Works Technical Specification annexed to the contract. However, there is no warranty certificate from any <b>international insurance company</b>.</p> <p>3- It has been determined that PV panels could not be activated because TEİAŞ had not approved the project yet.</p>	
<b>CRITERIA - CAUSE - IMPACT</b> <p><b>Criteria:</b></p> <p><b>Contract Annex Construction Works Technical Specification / Electrical Renovation Works Technical Specification</b></p> <p><i>"18.2 Photovoltaic Solar Panels</i></p> <p><i>4. Panels will have a product warranty of at least 12 years and a linear energy warranty of 25 years. The linear energy guarantee will provide at least 90% of the panel power after 12 years and at least 80% after 25 years. It is mandatory to have a warranty certificate provided by international insurance companies in case the panel manufacturer finds itself in a situation where it cannot fulfill this responsibility.</i></p> <p><i>5. At least 10 years of physical durability warranty must be provided for solar panels. This warranty will be documented by both the Contractor and the manufacturer. "</i></p> <p><b>Cause -Impact:</b></p> <p>The absence of a warranty certificate from the manufacturer, as well as the requirement for a warranty certificate provided by international insurance companies, as stated in the contracts under the title of technical specifications, may lead to inconsistencies in the contracts. The lack of warranty documents could prevent the beneficiary from accessing the warranty in the event of a malfunction, potentially increasing the cost of PV panels and risking the sustainability of the project.</p>	



#### RECOMMENDATION

In order to fulfill the contractual provisions, it is recommended to increase controls regarding warranty certificates for ongoing projects, to activate the PV panels as soon as possible and to deliver the warranty documents to the beneficiary with a minutes after they are obtained.

#### RESPONSE OF THE AUDITEE IN 2023

- 1- The warranty documents for the works in question are available and attached.
  - 2- In the Technical Specifications, the section "International insurance guarantee is mandatory" was left by mistake. In line with the opinions and suggestions of the audit, this article of the Technical Specifications will be revised in parallel with the practice in the tenders to be held in the future.
  - 3- This issue is within the scope of TEİAŞ's duty, authority and responsibility. We have communicated verbally and in writing with the authorities of the aforementioned Institution regarding the issue and the process is being meticulously followed by us.
- However, since the planning of the works in question is carried out within the scope of TEİAŞ's own plans and programs within the corporate functioning of TEİAŞ, the process may take time.
- In the coming periods, the commissioning process will be carried out by TEİAŞ in line with our request for the commissioning of PV panels.
- In the coming period, actions will be taken in line with the opinions and recommendations of the audit team regarding the works and transactions subject to the findings.

#### FINAL OPINION OF THE AUDITORS IN 2023

##### OPEN

The documents submitted has not include any evidence concerning the issues in finding. Therefore, these issues will be review in the next audit period.

#### RESPONSE OF THE AUDITEE IN 2024

- 1- The warranty documents for the works in question are available and attached.
- 2- In the tenders held in 2024, in line with the opinions and suggestions of the Audit team; tender documents (technical specifications) have been revised and these documents are presented in the annex.
- 3- The process related to TEİAŞ has been followed and the SPP has been commissioned, and the relevant documents are attached.

#### FINAL OPINION OF THE AUDITORS IN 2024

##### ADDRESSED

The warranty certificate submitted by the MoEUCC, the amendments made to the contract conditions of the tenders held in 2024, and the commissioning form of the PV panels have been noted. The corrective actions taken by MoEUCC are deemed sufficient.





<b>FINDING NUMBER</b>	<b>MoEUCC.2023.TR9015.2</b>
<b>FINDING</b>	<b>Non-compliance with Contract Provisions</b>
<b>CONDITION</b> <p>During the bidding process of REN-WORKS-P08, there have been no clarifications requested by the contractors regarding the warranty articles and for this reason no explanation was declared by the PIU. This indicates that all contractors have accepted the related article.</p> <p>The following discrepancies have been detected for REN-WORKS-P08 Lot1 (Izmir Institute of High Technology):</p> <ol style="list-style-type: none"><li>1- Although the physical durability warranty of 10 years should have been submitted by both contractor and manufacturer according to contracts article 2.2.5, they have not submitted any warranty certificate.</li><li>2- In case of failure by the manufacturer to fulfill warranty obligations, it is mandatory to obtain an international insurance guarantee according to the provisions of article 2.2.5 of the Electrical Renovation Works Technical Specification annexed to the contract. However, there is no warranty certificate from any <b>international insurance company</b>.</li><li>3- It has been detected that PV panels could not be activated because TEİAŞ had not approved the project yet.</li></ol>	
<b>CRITERIA - CAUSE - IMPACT</b> <p><b>Criteria:</b></p> <p><b>Contract Annex Construction Works Technical Specification / Electrical Renovation Works Technical Specification</b></p> <p><i>"2.2 Photovoltaic Solar Panels</i></p> <p><i>4. Panels will have a product warranty of at least 12 years and a linear energy warranty of 25 years. The linear energy guarantee will provide at least 90% of the panel power after 12 years and at least 80% after 25 years. It is mandatory to have a warranty certificate provided by international insurance companies in case the panel manufacturer finds itself in a situation where it cannot fulfill this responsibility.</i></p> <p><i>5. At least 10 years of physical durability warranty must be provided for solar panels. This warranty will be documented by both the Contractor and the manufacturer.</i></p> <p><b>2.5 Warranty and Maintenance Contract</b></p> <p><i>The entire system shall be under manufacturer's warranty for at least 2 years, starting from the date of integration of the PV system into the national grid. During the warranty period, all repairs and spare parts replacements that are not caused by misuse will be made free of charge. All manufacturing items (panel, cable, etc.) within the scope of the PV system will be TSE certified."</i></p> <p><b>Cause -Impact:</b></p> <p>The absence of a warranty certificate from the manufacturer, as well as the requirement for a warranty certificate provided by international insurance companies, as stated in the contracts under the title of technical specifications, may lead to inconsistencies in the contracts. The lack of warranty documents could prevent the beneficiary from accessing the warranty in the event of a malfunction, potentially increasing the cost of PV panels and risking the sustainability of the project.</p>	



#### **RECOMMENDATION**

In order to fulfill the contractual provisions, it is recommended to increase controls regarding warranty certificates for ongoing projects, to activate the PV panels as soon as possible and to deliver the warranty documents to the beneficiary with minutes after they are obtained.

#### **RESPONSE OF THE AUDITEE IN 2023**

1- The warranty documents for the works in question are available and attached.

2- In the Technical Specifications, the section "International insurance guarantee is mandatory" was left by mistake. In line with the opinions and suggestions of the audit, this article of the Technical Specifications will be revised in parallel with the practice in the tenders to be held in the future.

3- This issue is within the scope of TEİAŞ's duty, authority and responsibility. We have communicated verbally and in writing with the authorities of the aforementioned Institution regarding the issue and the process is being meticulously followed by us.

However, since the planning of the works in question is carried out within the scope of TEİAŞ's own plans and programs within the corporate functioning of TEİAŞ, the process may take time.

In the coming periods, the commissioning process will be carried out by TEİAŞ in line with our request for the commissioning of PV panels.

In the coming period, actions will be taken in line with the opinions and recommendations of the audit team regarding the works and transactions subject to the findings.

#### **FINAL OPINION OF THE AUDITORS IN 2023**

##### **OPEN**

The documents submitted has not include any evidence concerning the issues in finding. Therefore, these issues will be review in the next audit period.

#### **RESPONSE OF THE AUDITEE IN 2024**

1- The warranty documents for the works in question are available and attached.

2-In the tenders held in 2024, in line with the opinions and suggestions of the Audit team; tender documents (technical specifications) have been revised and these documents are presented in the annex.

3-The process related to TEİAŞ has been followed and the SPP has been commissioned, and the relevant documents are attached.

The arrangements required by the Commission during the provisional acceptance procedures will be completed by 20.06.2025. Until 10.07.2025, the system will be commissioned by completing the acceptance procedures by the Acceptance Commission.

#### **FINAL OPINION OF THE AUDITORS IN 2024**

##### **PARTIALLY ADDRESSED**

The warranty certificate submitted by the MoEUCC, as well as the amendments made to the contract conditions of the tenders held in 2024, have been noted.



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On the other hand, although progress has been made in the commissioning phase of the PV panels at Izmir Institute of High Technology, since they have not yet been commissioned, this part of the finding will be followed-up in the next audit period.





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<b>FINDING NUMBER</b>	<b>MoEUCC.2023.TR9015.3</b>
<b>FINDING</b>	<b>Using Incorrect Exchange Rate in Evaluation of Financial Offer</b>
<b>CONDITION</b> <p>During the bidding process of "EPPB/WB/MOEU/REN-WORKS-P05R", financial offers for procurement of the project were opened on 15.03.2024 (last offer has been submitted on 15.03.2024). All offers should have been converted into local currency using the TCMB selling rate of exchange 28 days before the offer opening date. In this bidding, TCMB selling rate of exchange dated 14.03.2023 was used instead of 15.02.2023. However this did not affect the result of the tender.</p>	
<b>CRITERIA - CAUSE - IMPACT</b> <p><b>Criteria:</b></p> <p><b>Invitation To Bid For Construction Works-Section I Procurement Procedures-Part II- Offer Information Form</b></p> <p><b>Article of TST 32.1</b></p> <p><i>"All offers will be submitted in Turkish Lira or US Dollars.</i></p> <p><i>At the evaluation and comparison stage; The currency to be used to convert bids made in different currencies into a single currency at the selling rate of exchange will be Turkish Lira (TL).</i></p> <p><i>Valid selling rate date: The valid date is 28 (twenty-eight) days before the last offer submission date."</i></p> <p><b>Cause -Impact:</b></p> <p>The absence of an adequate control system for evaluating financial offers indicates deficiency in control systems as intended. This practice increases the risk of awarding the tender to an incorrect bid among the bidders.</p>	
<b>RECOMMENDATION</b> <p>It is recommended that the necessary control systems will be established, especially in the evaluation of financial offers.</p>	
<b>RESPONSE OF THE AUDITEE IN 2023</b> <p>The date error in question was made by mistake and we are aware of the importance and potential impact of the risk identified by the audit team.</p> <p>Therefore, in order to avoid similar issues in future tender evaluation documents, the process will be carried out meticulously by strengthening the control and audit mechanisms in line with the Audit Team's recommendation during the preparation of the evaluation report.</p>	
<b>FINAL OPINION OF THE AUDITORS IN 2023</b> <p><b>OPEN</b></p> <p>The finding will be followed up in the next audit period to verify whether necessary actions are taken regarding audit concerns.</p>	



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**RESPONSE OF THE AUDITEE IN 2024**

In order to avoid similar problems in the tender evaluation documents, the process is carried out meticulously by strengthening the control and audit mechanisms in line with the recommendation of the Audit Team during the preparation of the evaluation report, and in this context, necessary arrangements have been made in the tender document (in TST 32.1) and presented in the annex.

**FINAL OPINION OF THE AUDITORS IN 2024**

**ADDRESSED**

We believe that this approach will help prevent similar issues in the future. We support the continuation of the process in line with the principles of transparency and compliance with the relevant legislation.



**AUDIT FINDING OF THE CURRENT YEAR**

<b>FINDING NUMBER</b>	<b>MoEU.2024.TR9015.1</b>
<b>FINDING</b>	<b>Non-compliance with Contract Provisions</b>
<b>CONDITION</b> <p>During the OTSC conducted under the contract titled “Energy Efficiency in Public Buildings Located in İzmir Province (Ren-Works-P08) Lot 1: İzmir Institute of High Technology,” it was observed that a record indicated that 8 personnel from the beneficiary institution, İzmir Institute of Technology, received training on the Building Management System (BMS) on 20.03.2024. However, it was found that only one of these individuals, a staff member named Adem CEYLAN, is currently working in the building, and that this person is also insufficiently skilled in using the BMS. Additionally, it was determined that the training videos and manuals prepared within this scope were not delivered to the institution in question.</p>	
<b>CRITERIA - CAUSE - IMPACT</b> <p><b>Criteria:</b> <i>Annex of Contract General Technical Specification</i> <b>“26.3 Operation and Maintenance, Instructions and Manuals</b> <i>The Contractor shall also deliver ... instructions and manuals to facilitate the operation and maintenance of the installed plant.</i> <i>These manuals shall include, but not be limited to, the following</i> <i>....</i> <i>-Training records (video and minutes)</i> <b>26.4 Installation Operation Trainings</b> <i>The Contractor shall make the necessary organisation to provide the building personnel with the maintenance and operation trainings of the machines and installations to be installed within the scope of the work. All organisations related to the training will be made by the Contractor and will be recorded at the end of the training, in addition, the trainings will be video recorded and the operation and maintenance instructions will be given in the annex of the manual.</i> <i>....”</i></p> <p><b>Cause -Impact:</b> Although the beneficiary institution’s staff member Adem CEYLAN is listed among the training participants, the failure to properly understand the training, the delayed delivery of training materials (videos and manuals) to the institution, and the lack of effective follow-up of these processes have led to the personnel’s inability to use the systems efficiently. This situation hampers the monitoring and evaluation of energy-saving targets, thereby diminishing the long-term impact of the project and jeopardizing the sustainability of the investment.</p>	





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**RECOMMENDATION**

It is recommended that training sessions be designed to include practical, hands-on components to strengthen users' system operation capabilities. Furthermore, the timely delivery of training materials to beneficiary institutions should be ensured and documented.

In addition, It is recommended that the protocols signed with beneficiaries during the selection process of applications aimed at improving energy efficiency be further developed to ensure beneficiary commitment and active utilization of the installed systems within the scope of the project.

**RESPONSE OF THE AUDITEE**

After the field audit carried out within the scope of the contract titled "Energy Efficiency in Public Buildings in Izmir Province (Ren-Works-P08) Lot 1: Izmir Institute of Technology", 3 more people currently working at the Institution have been trained by the contractor company and the related document is attached.

**FINAL OPINION OF THE AUDITORS**

**OPEN**

The provision of additional training to personnel who had not previously participated is a positive development. However, no action has been reported regarding the timely provision of training materials or the improvement of protocols signed with beneficiaries. The implementation of the recommended measures in these areas will be followed-up in the upcoming audit period.