

# Audited Project Financial Statements

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Project Number: 46168-001  
Loan/Grant Number: 3169-BAN(SF) and 3170-BAN  
Period covered: 1 July 2015 to 30 June 2016

## BAN: South Asia Subregional Economic Cooperation Railway Connectivity: Akhaura-Laksam Double Track Project

Prepared by Bangladesh Railway

For the Asian Development Bank  
Date received by ADB: 29 November 2016

The audited project financial statements are documents owned by the borrower. The views expressed herein do not necessarily represent those of ADB's Board of Directors, Management, or staff. These documents are made publicly available in accordance with ADB's Public Communications Policy 2011 and as agreed between ADB and the Roads and Highways Department.

Foreign Aided Projects Audit Directorate  
Audit Complex, 6<sup>th</sup> Floor  
Segunbagicha, Dhaka.



No. 439/FAPAD/S-3/ADB-EIB & GOB /2015-2016/

Date: -11-2016.

Secretary,  
Ministry of Railway  
Rail Bhabon  
16, Abdul Gani Road, Dhaka-1000.

**Sub: Audit Inspection Report (AIR) on the Accounts of "Construction of Dual Gauge Double Rail Line Conversion of existing Rail Line into Dual Gauge between Akhaura and Laksam (SASEC Railway Connectivity: Akhaura-Laksam Double Truck Project)" financed by ADB, EIB& GOB for the year 2015-2016.**

The Auditor's report along with management letter containing audit observations on the accounts of the above mentioned project is enclosed for your kind information and necessary action.

**Enclosure:**

- (i) Auditor's Report
- (ii) Financial Statement and its Notes
- (iii) Management Letter.

*sd:*  
(Kazi Masuda Sultana)  
Deputy Director  
for Director General  
Foreign Aided Projects Audit Directorate.  
Tel: 9331545

No. 439/FAPAD/S-3/ADB-EIB & GOB /2015-2016/ ১৩

Date: 24-11-2016.

Copy forwarded for kind information and necessary action to:-

1. **Secretary**, Economic Relations Division, Ministry of Finance, Sher-E-Bangla Nagar, Agargaon, Dhaka.
2. **Country Director**, Asian Development Bank (ADB), E-31, Sher-E-Bangla Nagar, Agargaon, Dhaka.
3. **General Manager/Project Director**, "Construction of Dual Gauge Double Rail Line Conversion of existing Rail Line into Dual Gauge between Akhaura and Laksam (SASEC Railway Connectivity: Akhaura -Laksam Double Truck Project)" Rail Bhaban, 16, Abdul Gani Road, Dhaka-1000.

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| <ol style="list-style-type: none"><li>a) Replies/comments on the Auditor's Report and Management Letter may please be sent to the undersigned within 35(thirty five) days of receipt of this letter in your office.</li><li>b) Observations in Part-B (Ordinary) should be responded to FAPAD directly.</li></ol> |
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4. Office Copy.

*sd*  
(Kazi Masuda Sultana)  
Deputy Director  
for Director General  
Foreign Aided Projects Audit Directorate  
Tel: 9331545.

# Audit Inspection Report

On

The Accounts of  
***"Construction of Dual Gauge Double Rail Line Conversion  
of existing Rail Line into Dual Gauge between Akhaura and  
Laksam (SASEC Railway Connectivity: Akhaura–Laksam  
Double Truck Project)"***

Financed by ADB Loan No-3169-BAN and 3170-BAN (SF)  
for the year 2015-2016.

Part-1  
Executive Summary  
&  
Audit Findings

Foreign Aided Projects Audit Directorate,  
Segunbagicha, Dhaka.



## Information relating to Audit

<b>Name of the Audit Unit</b>	: <i>Construction of Dual Gauge Double Rail Line Conversion of existing Rail Line into Dual Gauge between Akhaura and Laksam (SASEC Railway Connectivity: Akhaura – Laksam Double Truck Project).</i>
<b>Nature of Audit</b>	: Financial Audit.
<b>Year of Audit</b>	: 2015-2016
<b>Duration of audit</b>	: 20-09-2016 to 26-09-2016
<b>Name of Audit team</b>	: Party No-20: Mr. Abu Bakker Shaik, A&AO. Mr. Md. Ashik Iqbal, Auditor.
<b>Audit Methodology</b>	: Test check of vouchers. Verification of F/S.
<b>Scope of Audit</b>	: Certification of Annual Financial statement. Review of Financial Management, Internal Control systems.
<b>Duration</b>	: 06 years (July, 2014 to June, 2020)
<b>Commencement (original)</b>	: 2014-2015
<b>Completion (original)</b>	: 2019-2020
<b>Original Estimated cost</b>	: 650454.50 lakh (GOB.102666.22 lakh+ PA.547788.28 lakh {ADB-411813.28, EIB-135975.00 lakh})
<b>Current Expenditure</b>	: GOB=1144.83 lakh, ADB-DPA=26340.52 lakh, RPA= Nil
<b>Executing Ministry</b>	: Ministry of Railways.
<b>Implementing Agency</b>	: Bangladesh Railway.
<b>Funding Agencies</b>	: ADB,EIB & GOB
<b>Project Objectives</b>	: The objectives that will have to be achieved by Akhaura-Laksam project are listed as follows:- <ul style="list-style-type: none"><li>• To start the process to convert Dhaka-Chittagong railway corridor from Meter Gauge (MG) to Broad Gauge (BG) by constructing Dual Gauge as an interim measure.</li><li>• To improve the load bearing capacity of railway track so that new locomotives of higher axle load can be operated in Dhaka-Chittagong corridor.</li><li>• To contribute to improved connectivity for regional and International Freight (container) traffic along the Trans Asian Railway from India North East to Chittagong.</li><li>• To improve financial performance through lowering operating costs.</li><li>• To provide a higher quality of service to passengers.</li><li>• To improve reliability for freight services by providing capacity that affords container block trains with equal priority to intercity passenger trains.</li><li>• To reduce traffic congestion and air pollution through diversion of some road traffic to rail.</li></ul>

## Summary of Audit Findings

Sl. No.	Subject	Opinion
	Status of Financial Statement	Un-qualified
	Comments on Management Letter:	<ul style="list-style-type: none"> <li>• Non-compliance of financial rules and regulations.</li> <li>• Internal control should be improved.</li> </ul>
Para	Title	Amount (Tk.)
	<b>Part-A</b> Nil	
	<b>Part-B</b>	
01.	Less deduction of VAT & IT from the Contractors IPC.	BDT 1,27,35,789.38
02.	Expenditure incurred as training allowance, beyond the budget provision not entitled and thus recoverable.	BDT. 60,000.00



### **Causes of irregularity & loss:**

- Non-compliance of financial rules and regulations.

### **Audit Recommendations:**

- Due care should be given for compliance of the Govt. Financial Rules and regulation.

## AUDITOR'S REPORT

Audit Completion Date. 26.09.2016

Secretary  
Ministry of Railway  
Rail Bhabon, 16, Abdul Gani Road, Dhaka-1000.

I. We have audited the accompanying Financial Statement of the "*Construction of Dual Gauge Double Rail Line Conversion of existing Rail Line into Dual Gauge between Akhaura and Laksam (SASEC Railway Connectivity: Akhaura –Laksam Double Truck Project)*" as of 30th June 2016 and for the year then ended. The preparation of Financial Statement is the responsibility of Management. Our responsibility is to express an opinion on the Financial Statement based on our audit.

II. We conducted our audit following International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Financial Statement is free of material misstatement. An audit includes examining, on a test basis, evidences supporting the amounts and disclosures in the Financial Statement. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall Financial Statement presentation. We believe that our audit provides a reasonable basis for our opinion.

III. In our opinion, the Financial Statement gives a fair view in all material aspects of the financial position of "*Construction of Dual Gauge Double Rail Line Conversion of existing Rail Line into Dual Gauge between Akhaura and Laksam (SASEC Railway Connectivity: Akhaura –Laksam Double Truck Project)*" as of 30th June 2016. The results of its operations and cash flows for the year then ended in accordance with the cash basis of accounting followed by the Government of Bangladesh.

IV. Opinion Status:-Unqualified.

  
(Kazi Masuda Sultana)

Deputy Director  
for Director General  
Foreign Aided Projects Audit Directorate  
Tel: 9331545.



**Construction of Dual Gauge Double Rail Line and Conversion of Existing Rail  
Line into Dual Gauge Between Akhaura and Laksam Project**

**Financial Statement**

**30<sup>th</sup> June, 2016**

Figure in Lac Taka

<b>Resources</b>	<b>Notes</b>	<b>Cumulative prior period</b>	<b>Current period</b>	<b>Cumulative current period</b>
Government of Bangladesh	1	12501.95	1144.83	13646.78
Lender/Donor	2	--	26340.52	26340.52
Other resources	3	--		
Cash opening balance	4	--		
<b>Total Resources</b>		<b>12501.95</b>	<b>27485.35</b>	<b>39987.30</b>
<b>Expenditure</b>	5			
<b>Expenditure</b>				
4500 Manpower(Pay of Officers)		0.12	26.00	26.12
4600 Manpower (Pay of Establishment)		--	-	
4700 Manpower(Allowances)		0.13	8.96	9.09
4800 Supply and Services		1.69	9.75	11.44
4800 Supervision Consultant		-	2622.23	2622.23
4900 Repair, Maintenance & Rehabilitation			47.74	47.74
<b>Total Rev. Exp.</b>		<b>1.94</b>	<b>2714.68</b>	<b>2716.62</b>
6800 Procurement of Assets		--	-	
6900 Acquisition of Land		12500.00	1052.38	13552.38
7000 Construction (GOB)		--	-	-
7000 Construction (RPA)		--	-	-
7000 Construction (DPA)		--	23718.29	23718.29
7900 CDVAT		--		
7980 Physical & Price Contingency		--		
<b>Total CAP. Exp.</b>		<b>12500.00</b>	<b>24770.67</b>	<b>37270.67</b>
<b>Total Expenditure</b>		<b>12501.94</b>	<b>27485.35</b>	<b>39987.30</b>
<b>Cash Closing Blance</b>				
Imprest Account		-	-	-
Operating Account (RPA/PA)		-	-	-
Operating Account (GOB)		-	-	-
<b>Total Expenditure And Cash</b>		<b>12501.94</b>	<b>27485.35</b>	<b>39987.30</b>



Engr. Md. Mozammel Haque

*verified  
Cume no.*



## NOTES TO THE FINANCIAL STATEMENT

### 1. GOVERNMENT OF BANGLADESH

Figure in Lac Taka

	Inception to 30 <sup>th</sup> June, 2015	For the Year 30 <sup>th</sup> June, 2016	Inception to 30 <sup>th</sup> June, 2016
Disbursements by GOB	12506.00	2687.50	15193.50
Less : Refunds to GOB	4.05	1542.67	1546.72
<b>Total :</b>	<b>12501.95</b>	<b>1144.83</b>	<b>13646.78</b>

### 2. LOAN FROM LENDER/DONOR

	Inception to 30 <sup>th</sup> June, 2015	For the Year 30 <sup>th</sup> June, 2016	Inception to 30 <sup>th</sup> June, 2016
Initial Advance	-	-	-
Direct Payments	-	26340.52	26340.52
SOE Procedures	-	-	-
Non SOE Procedures	-	-	-
<b>Total :</b>		<b>26340.52</b>	<b>26340.52</b>

### 3. OTHER RESOURCES

	Inception to 30 <sup>th</sup> June, 2015	For the Year 30 <sup>th</sup> June, 2016	Inception to 30 <sup>th</sup> June, 2016
Project Revenues	-	-	-
Exchange gains/losses	-	-	-
<b>Total :</b>	-	-	-

### 4. CASH:

	Inception to 30 <sup>th</sup> June, 2015	For the Year 30 <sup>th</sup> June, 2016	Inception to 30 <sup>th</sup> June, 2016
Cash on hand	-	-	-
Special Account	-	-	-
Project Operating Account No.	-	-	-
Operating Account of Field station	-	-	-
<b>Total :</b>	-	-	-

*verified*