

Audited Project Financial Statements

Project Number: 45207

Loan 3135

Period covered: 1 July 2015 to 30 June 2016

BAN: Irrigation Management Improvement Project

Prepared by the Bangladesh Water Development Board

For the Asian Development Bank

Received on 5 January 2017

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 Ministry of Water Resources.

Foreign Aided Projects Audit Directorate
Audit Complex (6th floor)
Segunbagicha, Dhaka- 1000

NO:496 /FAPAD/S-1/ADB/2015-16/ 344

Date: 29-12-2016

Secretary,
Ministry of Water Resources
Bangladesh Secretariat, Dhaka

Sub: Audit Inspection Report on The Accounts of "Irrigation Management Improvement Project (IMIP)" financed by ADB loan No. 3135 BAN (SF) for the FY 2015-2016.

The Auditor's Report along with a Management Letter containing audit opinion on the accounts of the above-mentioned project is enclosed herewith for your kind information and necessary action.

Enclosure:

1. Auditor's Report
2. Financial Statements
3. Management Letter
4. Auditor's Report on Special Account
5. Audit Opinion on SOE



(A K M Jubaer)

Deputy Director
For Director General
Foreign Aided Projects Audit Directorate
Tel: 9356303.

NO:496 /FAPAD/S-1/ADB/2015-16/ 344

Date: 29-12-2016

Copy for kind information and necessary action:

1. Secretary, Economic Relations Division, Ministry of Finance, Sher-e-Bangla Nagar, Dhaka
2. Country Director, ADB, E-31, Agargaon, Sher-e-Bangla Nagar, Dhaka.
3. Project Director, "Irrigation Management Improvement Project (IMIP)" Hasan Court, (3rd Floor), 23/1 Motijheel, C/A, Dhaka.



(A K M Jubaer)
Deputy Director

For Director General
Foreign Aided Projects Audit Directorate
Tel: 9356303.

Audit Inspection Report

On

The accounts of

‘Irrigation Management Improvement Project
(IMIP)’ Financed by ADB loan No. 3135 BAN (SF) for the
FY 2015-16.

PART-I

Executive Summary
&
Audit Findings

Foreign Aided Projects Audit Directorate
Segunbagicha, Dhaka.

Information Regarding Audit

1.	Name of the Audit Unit	:	'Irrigation Management Improvement Project (IMIP)'.
2.	Nature of Audit	:	Financial Audit
3.	Year of Audit	:	2015-2016
4.	Duration of Audit	:	04-09-2015 to 08-09-2015
5.	Audit Team	:	a) A.T.M Golam Farooq, Audit & Accounts officer. b) Md. Salahuddin, SAS Super (CC).
6.	Audit Methodology	:	✓ Test check of vouchers ✓ Verification of Financial Statement
7.	Scope of Audit	:	✓ The audit was conducted following International Auditing Standards (IAS) and practices of INTOSAI and also as per procedure prescribed by GOB and Development Partner. ✓ Audit opinion is limited to the fund received and expenditure incurred by project authority. ✓ Review of Financial Management and Internal Control System
8.	Project Profile		
	(a) Total Estimated Cost	:	Tk. 45735.72 lakh (GOB- 8935.72 + ADB- 36800.00)
	(b) Current Cost	:	Tk. 2792.42 lakh (GOB- 526.85 lakh + ADB-2265.57 lakh)
	(c) Audit Status	:	2 nd Year Audit
	(d) Duration of Project	:	Four years Ten months
	(e) Commencement of Project	:	August, 2014
	(f) Completion of Project	:	June, 2019
	(g) Executing Ministry	:	Ministry of Water Resources
	(h) Executing Agency	:	Bangladesh Water Development Board (BWDB)
	(i) Funding Agencies	:	ADB & GOB
	(j) Fund Management System	:	<p>GOB: The Ministry of Water Resources released GOB fund in favour of Director (Finance) BWDB. Accordingly the Director (Finance) placed the fund to DD, RAC Dhaka for incurring project expenditure.</p> <p>RPA: The project authority maintained an imprest account with the Bangladesh Bank, Dhaka for RPA fund. The project also maintained an operating account of RPA Fund with Janata Bank, 29 Dilkusha Branch, Dhaka vide No. SND Account No-3936001271.</p> <p>As per withdrawal application the donor provided RPA fund to the imprest account of the project. Then RPA fund is transferred to the project operating accounts mentioned above. Subsequently the RPA fund is disbursed to the DD, RAC, Dhaka to meet up the RPA related expenditure.</p> <p>Direct Payment fund was expended by the Development Partner directly with the concurrence and after vetting of the bills/vouchers by the project Authority</p>

(k) Project Objectives	:	<ul style="list-style-type: none"> • To reduce poverty by enhancing food security through increased yield of crops. • The IMIP will address Muhuri Irrigation Project (MIP) to be implemented in 2014-15 to 2018-19 • This Project will also undertake feasibility study of (i) Ganges–Kobadak Irrigation Project (GKIP), dry season irrigated area of about 96,000 ha and (ii) Teesta Barrage Project (TBP) dry season irrigation area about 60,000 ha for formulation of Development Project Proposal (DPP) later of under the financial assistances of the Asian Development Bank (ADB). • The Projects targets at rehabilitation of the water infrastructure of the MIP for gross 60,258 ha area in Purshuram, Phulgazi, Chhgyal Naiyyia, Sonagazi and Sadar Upazila of Feni District and Mirsarai Upazila of Chittagong District. The net cultivable area of the project is 28,663 ha; net irrigated area of 17,900 ha (with surface water and ground water) in the pre-project condition ; but the “With –Project “ irrigated area will be 23,600 ha. • The two projects targeted for feasibility study under this project as mentioned above are located respectively in the South Western Region (GKIP) and in the North West Region (TBP). The GKIP covers areas in the Districts of Kushtia, Jhenaidah, Chuadanga and Magura and the TBP covers areas in the Districts of Rangpur, Nilphamari, and Dinajpur.
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Summary of Audit Observations and Findings

Sl. No.	Title	Comments
1.	Status of Financial Statement	Unqualified.
2.	Summary of Management Letter	-
<u>PART-A</u>		
Nil		
<u>PART-B</u>		
Nil		

AUDITOR'S REPORT

Audit completion date: 08.09.2016

Secretary,
Ministry of Water Resources
Bangladesh Secretariat, Dhaka.

I. We have audited the accompanying Financial Statement of '**Irrigation Management Improvement Project (IMIP)**' financed by ADB loan No: 3135-BAN (SF) as on 30, June 2016. The preparation of Financial Statement is the responsibility of the management. Our responsibility is to express an opinion on the financial statement based on our audit.

II. We conducted our audit following International Auditing Standards. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the Financial Statement is free of material misstatement. Audit includes examining, on test basis, evidences supporting the amounts and disclosures in the Financial Statement. Audit also includes assessing the accounting principles used and significant estimates made by the 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 presents a fair view, in all material aspects, of the financial position of the '**Irrigation Management Improvement Project (IMIP)**' as on 30, June 2016 and the results of its operation and cash flows for the year ended on the date in accordance with the cash basis of accounting followed by the Govt. of Bangladesh.

IV. *Opinion Status: Unqualified.*



(A K M Jubaer)

Deputy Director
For Director General
Foreign Aided Projects Audit Directorate
Tel: 9356303.

Irrigation Management Improvement Project (IMIP). ADB Loan No 3135 BAN (SF).

Financial Statement

(Statement of Cash Receipts & Payments and Changes in Cash Balance)

For the year ended 30 June, 2016.

(Figure in lakh Taka)

Resources	Notes	Cumulative prior period June-2015	Current Period	Cumulative Current Period, June, 2016
1. Government of Bangladesh	1	207.96	539.31	747.27
2. Loan from Development partner in Imprest Account maintained Bangladesh Bank.	2	1,166.85	291.81	1,458.66
3. Received Loan Transferred in to Operating Account in Janata Bank Ltd by Bangladesh Bank.			2,513.90	2,513.90
4. Other resources DPA		360.44	836.09	1,196.53
5. Cash opening balance (RPA) Janata Bank Ltd.		-	341.17	
6. Cash opening balance (Imprest) in Bangladesh Bank.			536.85	
Total Resources		1,735.25	5,059.13	5,916.36
Expenditure and Cash				
1. Salary of Out sourced (4601)			2.93	2.93
2. Allowances (4700) GOB		1.98	5.34	7.32
3. Supplies (4800) GOB		5.48	20.59	26.07
Miscellaneous Tax GOB Code 4814		162.32	433.47	595.79
4. Consulting Services:				-
RPA		288.83	843.78	1,132.61
DPA		360.44	836.09	1,196.53
5. Studies, Training & workshop (4840)			35.74	35.74
GOB			-	-
RPA			-	-
DPA			-	-
6. Repair & Maintenance (4900)		1.95	9.52	11.47
7. Purchase of Motor Vehicles:				-
RPA			-	-
DPA			-	-
GOB		7.44	0	7.44
8. Purchase of Office Equipment.				-
RPA			-	-
DPA			-	-
GOB		28.79	7.73	36.52
9. Electrification		-	-	-
RPA			-	-
DPA			-	-
GOB			-	-
10. Civil Works				-
RPA		-	537.51	537.51
DPA			-	-
GOB			59.72	59.72
11. CD VAT				-
Total Expenditure		857.23	2,792.42	3,649.65
Cash Closing Balance				
Imprest Account		536.85	828.66	828.66
Operating Account (RPA)		341.17	1,438.05	1,438.05
Total Expenditure and Cash		1,735.25	5,059.13	5,916.36

Verified:

[Signature]
A.T.M. Golam Farooq
Audit & Accounts Officer
Foreign Aided Projects Audit Directorate
Audit Complex (6th Floor)
Segunbagicha, Dhaka-1000

[Signature]
(Mohammad. Shahabuddin)
Project Director
&
Addl. Chief Engineer
IMIP, MIP
BWDB, Dhaka.

Irrigation Management Improvement Project (IMIP). ADB Loan No 3135 BAN (SF).
Notes To Financial Statement.
2015-2016

1. GoB Fund

Fund are allocated by the Government of Bangladesh to cover GoB's share of eligible project expenditure as specified in the project proforma and in the annual Development programme for each of the project. Any allocated funds that have not been expended by the end of a fiscal year will be lapse and must be returned to GoB. GoB contribution to the project since inception are as follows

(in lakh taka)

	Inception to 30th june,2015	For the year 2015-2016	Inception to 30th June 2016
Disbursement by GoB	275.00	675.00	950.00
Less: Refund	67.04	135.69	202.73
	207.96	539.31	747.27

2.Loan from Donor (ADB)

ADB has provided funds to the project to cover its share of eligible project expenditure. These fund is not refundable after the completion of the project which has been drawn by the project in accordance with the following withdrawal procedure:

(in lakh taka)

	Inception to 30th june,2015	For the year 2015-2016	Inception to 30th June 2016
RPA Fund	1,166.85	2,805.72	3,972.57
Other resources.(DPA)	360.45	836.09	1196.54

3.Cash :-

The project maintain one Imprest account with Bangladesh Bank to hold fund of ADB .One operating imprest Account with Janata Bank Ltd. 29.Dilkusha corporate Branch.Dhaka,Bangladesh.

(in lakh taka)

	Inception to 30th June.2015	For the year 2015-2016	Inception to 30th June.2016
IMPREST ACCOUNT.	536.85	828.66	828.66
Operating account(RPA)	341.17	1,438.05	1,438.05
Total	878.02	2266.71	2266.71

Verified:

8.09.16
A.T.M Golam Farooq
 Audit & Accounts Officer
 Foreign Aided Projects Audit Directorate
 Audit Complex (6th Floor)
 Segunbagicha, Dhaka-1000

31.7.16
 (Mohammad. Shahabuddin)
 Project Director
 &
 Addl. Chief Engineer
 IMIP,MIP
 BWDB, Dhaka.