

Audited Project Financial Statements

Project Number: 42173
Loan: 3051
Period covered: 1 July 2015 to 30 June 2016

BAN: Dhaka Environmentally Sustainable Water Supply Project

Prepared by Dhaka Water Supply and Sewerage Authority

For the Asian Development Bank
Date received by ADB: 24 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 Dhaka Water Supply and Sewerage Authority.

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Foreign-Aided Project Audit Directorate
Audit Complex (6th Floor)
Segunbagicha, Dhaka.

NO: 513/FAPAD/S-1/ADB-3051-BAN/2015-2016/ 963

Dt: 29-12-2016.

Secretary,
Local Govt. Division,
Ministry of LGRD & Co-Operative,
Bangladesh Secretariat, Dhaka.

Sub : Draft Audit Inspection Report on the Accounts Of "Dhaka Environmentally Sustainable Water Supply Project" Financed Under ADB Loan Agreement No. 3051-BAN For The Year 2015-2016.

The Audit Inspection Report along with a Management Letter containing audit observations on the accounts of the above mentioned project is enclosed for your kind information and necessary action.

(A K M Jubaer)

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

Enclosure :

1. Auditor's Report.
2. Financial Statement.
3. Management letter.
4. Auditor's opinion on Impress Account.

NO:513/FAPAD/S-1/ADB-3051-BAN/2015-2016/963

Dt: 29-12-2016.

Copy for information and necessary action to :-

1. **Secretary**, Economic Relations Division, Ministry of Finance, Sher-e-Bangla Nagar, Dhaka.
2. **Country Director**, Asian Development Bank (ADB), E-31, Agargaon, Sher-e-Bangla Nagar, Dhaka.
3. **Project Director**, "Dhaka Environmentally Sustainable Water Supply Project", ~~DEWCP~~ WASA Bhaban, (8th Floor), Kawran Bazar, Dhaka.

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.

(A K M Jubaer)

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

ASIAN DEVELOPMENT BANK
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SOUTH ASIA URBAN DEV'T. AND
WATER DIVISION

Draft Audit Inspection Report

On

The Accounts of
Dhaka Environmentally Sustainable Water Supply Project
Financed Under ADB Loan Agreement No. 3051-BAN(SF)
For the Year 2015-2016.

Part-I

**Executive Summary
&
Audit Finding**

Foreign Aided Projects Audit Directorate
Segunbagicha, Dhaka.

INFORMATION REGARDING AUDIT

- **Name of the Audit Unit** : **Dhaka Environmentally Sustainable Water Supply Project.**
- **Nature of Audit** : Financial Audit.
- **Year of the Audit** : 2015-2016.
- **Duration of Audit** : 18-09-16 to 02-10-16
- **Audit Party** : Team no-03.
Mr. A T M Mostafizur Rahman,
Audit and Accounts Officer.
Mr. Md. Abdus Sattar, Auditor.
- **Audit Methodology** : ❖ Verification of F/S
❖ Test checking of relevant vouchers.
- **Scope of Audit** : ❖ Certification of Annual Financial Statement.
❖ The audit was conducted following International Standards on Auditing (ISA) and practices of INTOSAI/SAI and also as per procedures prescribed by GOB and Development Partner.
❖ Audit opinion is limited to the fund receipts and expenditure incurred by the project authority.
❖ Review of Financial Management & Internal Control systems.
- **Project Duration** : 5 years.
- **Commencement of Project** : October, 2013.
- **Completion** : December, 2019.
- **Total Estimated Cost** : Total Tk. 5248.06 core (1) GOB= Tk. 1738.77core (2) PA Tk. 3499.29 core (3) WASA Tk. 10.00 core
- **Expenditure of audited year (2015-2016)** : Total Tk. 2945.68 lakh (1) GOB: Nil (2) PA Tk. 1846.09 Lakh (3) DPA Tk. 1918.61 Lakh
- **Audit Status(2015-2016)** : 2nd Year
- **Execution Ministry** : Ministry of LGRD and Co-Operatives.
- **Funding Agency** : ADB
- **Fund Management System** : **GOB Funding:**
GOB fund was released by the Local Government Division, Ministry of Local Government, Rural Development & Co-operatives by submitting bills to Chief Accounts Officer, Ministry of LGRD & Cooperatives. GOB funds were kept in the commercial bank vide account no-SNTD-0200002330753 maintained with Agrani Bank, WASA Corporate Branch, Dhaka.

Donor Funding:

RPA Funding: The project authority maintained Imprest Account (ADB Designated Account) number 3051-BAN(SF) with Bangladesh Bank. The Project authority is maintaining an operating account with Sonali Bank Ltd, SND-0117203000205, Kawran Bazar Branch, WASA Bhaban Dhaka for Donor fund. ADB disbursed the fund to the Imprest account on the basis of withdrawal application submitted by the Project Director.

DPA funding: DPA fund was directly disbursed by ADB to the contractors/suppliers/consultants accounts on the basis of certification of authentication issued by the project director.

• **Project Objectives**

- : ✓ The principle objective of the project shall be to contribute to environmentally sustainable provision and operations of urban water supply, particularly in Dhaka city from surface water instead of ground water resources.
- ✓ Currently 79% supply water is being extracted from ground water resources and rest 21% coming from surface water.
- ✓ Dhaka WASA as well as the government intension to decrease the dependency on ground water resources and target is to reach the dependency as 30% on ground water and 70% on surface water supply by 2030.

SUMMARY OF AUDIT FINDINGS

Sl. no.	Subject	Comments
01.	Status of Financial Statement	<i>Unqualified</i>
02.	Summary of Management Letter:	<ul style="list-style-type: none"> ▪ Non Compliance of financial rules, regulations and conditions of contract documents ▪ Annual physical verification of assets should be conducted.
Para no.	Title	Amount involved (Tk.)
	<u>PART-A</u>	
01	A sports jeep valued not found in the project.	Tk.77,71,000.00
	<u>PART-B</u>	
02	An amount paid to the contractor unduly for Performance Security as a tender item.	Tk. 87,06,750.00
03	An amount paid to the contractor as a tender item unduly for Advance Payment Guarantee.	Tk. 87,06,750.00
04	VAT less deducted from the bill of contractor.	Tk.9,40,540.00
05	Payment made to the contractor unduly as Insurance premium beyond contract provision.	Tk.16,64,968.00
06	Accrued Bank Interest not deposited into govt. account.	Tk. 1,61,30,083.59
07	Sales proceed of tender schedule for an amount not deposited into govt. account.	Tk. 19,14,000.00
08	Loss of govt. revenue for an amount for non deduction of IT and VAT from the bill of house rent.	tk. 2,82,824.80
09	Irregular expenditure incurred by issuing cheque to the Mayor of DCC.	Tk. 17,91,493.00

CAUSES OF IRREGULARITY AND LOSS

- i) Non-compliance of financial rules & regulations.
- ii) Non compliance of NBR.
- iii) Non compliance of PPR'2008.
- iv) Non compliance of conditions of contract.


AUDIT RECOMMENDATION

- i) Due care should be given for compliance of the financial rules / regulations.
- ii) Condition of contract should be followed.
- iii) Internal control should be strengthened.

AUDITOR'S REPORT

Secretary,
Local Govt. Division,
Ministry of LGRD & Co-Operatives.
Bangladesh Secretariat, Dhaka.

- I. We have audited the accompanying financial statement of "***Dhaka Environmentally Sustainable Water Supply Project***" financed under ADB loan No. -3051 BAN 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 have conducted our audit to accordance with 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 materials misstatement. An audit includes examine on a test basis, evidence supporting the amounts and disclosers made in the financial statement. An audit also includes assessing the accounting principals 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 "***Dhaka Environmentally Sustainable Water Supply Project***" as at 30th June, 2016 and 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.***


(A K M Jubaer)
Deputy Director
For Director General
Foreign Aided Projects Audit Directorate.
Phone: 9356303

Dhaka Environmentally Sustainable Water Supply Project(DESWSP)
Financial Statement
30th June,2016

2015

(Figure in Lac)

Resources	Notes	Cumulative upto June-2014	Current Period-2015-16	Cumulative upto Current Period June-2016
1	2	3	4	5
Government of Bangladesh(GOB)			12,455.00	12,455.00
Government of Bangladesh			500.00	500.00
Loan from ADB-RPA-Sonali Bank Ltd. SND-205		1,845.00	1,506.65	3,352.74
Loan from ADB Direct Payment		1,918.61	3,582.22	5,500.83
BB.Loan A/c# 3051 BAN (SF)		1.09	1.09	-
RPA Sonali Bank Ltd. SND-205			817.93	-
Other resources-Bank Interest			161.38	161.38
Other resources-Tender Schedule sales			19.14	19.14
Total Resources		3,764.70	19,043.42	21,989.09
Expenditure of and Cash	Code			
Pay of Officer-32 nos	4500		143.02	143.02
Pay of Staff-24 nos	4600		67.94	67.94
Allowances	4700		0.36	0.36
Power Supply(Gondhrabpur & Bishnondi)	4821		0.35	0.35
Gas & Fuel (8+20)	4822		22.46	22.46
Stationary	4828		9.10	9.10
Training for capacity building & Skill development	4840		0.02	0.02
Work shop/ Seminer	4842			
Road Cutting			590.50	590.50
a. Management ,design & Supervision Consultant fo intake , WTP & related Raw & Treated water pipes,International 352MM &National1378 MM	4874		1,262.19	1,262.19
b. Management supervision consultant for DNI(ICB-02.7),International 24MM & National595 MM			668.09	668.09
c. NGO for assiting RP implementation in the area of intake, Raw water transmission route, WTP & Finished Water Transmission route up			170.18	170.18
e. NGO for assiting RP implementation in the area of DNI(ICB-02.7)			40.09	40.09
f. External Monitoring Agency for the supervision of Resettlement NGO				
Honorarium/Fees	4883		9.47	9.47
Testing Fees	4885		22.21	22.21
Survey(Geo Technical Survey)	4886	4.51	37.71	42.21
Others(Midterm Evaluation of the Project)	4899			
Repair, Maintenance & Rehabilitation	4900			
Repair & maintenance Vehicles	4901		24.95	24.95
Computer & Office Accessories	4911		1.06	1.06
Office Establishment	4921		34.66	34.66
a. Resettlement (Compensation due to corps loss/business loss) in the area of intake, Raw Water Transmission route,WTP, Finished Water Transmission Route & distribution reinforcement	4986		5.00	5.00
Others Repairs & Maintenance	4991		22.32	22.32
a. Jeeps(3 nos) 2200-2700cc	6807		199.47	199.47
b. Double Cabin Pick up (5 nos)2000-2500cc		189.42		189.42
c. Motorcycle (20 nos) 150 cc			21.12	21.12
d. Equipment for Video Conferance			20.93	20.93
e. Tally & Misc software & Webside Development			12.74	12.74
a. Desktop Computer (20 nos)	6815		3.37	3.37
a. Domestic Water Meter(40907nos)	6843		19.65	19.65
b. Regular Valves(2258 nos)			103.51	103.51
c. Special Valves(506 nos)			390.64	390.64
d. Bulk Water Meter(285 Nos)			149.64	149.64
e. Data Loggers(246 nos)			114.30	114.30
b. Land acquisition for Raw transmission pipe line Meghna-Bhulta and Bhulta-134 acres DC Narayangonj			75.74	75.74
b. Land acquisition for Raw transmission pipe line Meghna-Bhulta and Bhulta-134 acres DC Narayangonj			10,700.00	10,700.00
Construction Works	7000			
a. Dmarkation pillar, boundary wall, land development etc			2.01	2.01
e. Distribution network Improvement (75mm-450mm & 376 km in MODS zone-6 acres		2,685.22	1,959.08	4,644.31
Guard Shade			33.15	33.15
TDS Expenses	7900	22.09	478.52	500.61
Vat Expenses		44.43	624.07	668.50
Bank Charge			30.69	30.69
CD & VAT			84.81	84.81
Total Expenditure		2,945.67	18,155.09	21,100.76
Cash Closing Balance				
Agrani Bank Ltd			111.08	111.08
Government of Bangladesh-COVT			466.30	466.30
Sonali Bank Ltd. SND-205		317.93	312.95	312.95
BB.Loan A/c# 3051 BAN (SF)		1.09		
Total Expenditure & Cash		3,764.70	19,043.42	21,989.09

GOB expense

GOB Expense

21/07/16
A.A. M Ferdous
Sr. Finance & Accounts Officer
PMU, DESWSP
Dhaka WASA

৳1 = BDT 70.325

21/7/16
Md. Mahmudul Islam
Overseeing Engineer
Project - 1310
PMU, DESWSP, Dhaka WASA

Dhaka Environmentally Sustainable Water Supply Project (DESWSP)
NOTES TO FINANCIAL STATEMENT
As on 30, June 2015

1 GOVERNMENT OF BANGLADESH

Fund are allocated by the Government of Bangladesh to cover GOBS share of eligible project expenditures, as specified in the development project Proforma (DPP) and annual development program (ADP). GOB contribution to the project since inception are as follows (In Lakh Taka)

	Figure in Lac		
	Inception to 30 June 2015	For the Year 2015-16	Cumulative to 30 June 2015
Disbursement by GOB	-	-	12,955.00
Less-Refund to GOB	-	-	-
Total	-	-	-

2 LOAN/GRANT FROM DEVELOPMENT PARTNER:

The ADB Has Provided funds to the project to cover its share of eligible project expenditures which must be repaid to donor after the conclusion, have been drawn by the project in accordance with the following withdrawal procedures ((In Lakh Taka)

	Inception to 30 June 2015	For the Year 2014-15	Cumulative to 30 June 2015
Initial Deposite (Advance)	-	-	-
DPA(Direct Payment)	1,918.61	3,582.22	5,500.83
RPA (SOE Procedure)	1,846.09	1,506.64	3,352.73
RPA (NonSOE Procedure)	-	-	-
Others	-	-	-
Total	-	5,088.86	8,853.56

3 OTHER RESOURCES:

Other resources consist of the following:

	Inception to 30 June 2015	For the Year 2015-16	Cumulative to 30 June 2015
Project Revenues	-	-	-
Exchange Gains/Losses	-	-	-
Others	-	180.53	180.53
Total	-	180.53	180.53

4 CASH

The project maintains an imprest bank account of Bangladesh Bank, one operating account for RPA fund.

	Inception to 30 June 2015	For the Year 2015-16	Cumulative to 30 June 2015
Imprest Account-Bangladesh Bank	1.09	-	-
Operating Account (RPA)	817.93	310.98	310.98
Government of Bangladesh (GOB)	-	111.08	111.08
CD & VAT	-	466.30	466.30
Others	-	-	-
Total	819.02	888.36	888.36

(Signature)
A. A. M. Ferdous
 Sr. Finance & Accounts Officer
 PMU, DESWSP
 Dhaka WASA

(Signature)
Engr. Md. Mahmudul Islam
 Superintending Engineer &
 Project Director
 PMU, DESWSP, Dhaka WASA

Audit Inspection Report

On

The Accounts of
Dhaka Environmentally Sustainable Water Supply Project
Financed Under ADB Loan Agreement No. 3051-BAN(SF)
For the Year 2014-2015.

PART-II

Annexure

Foreign Aided Projects Audit Directorate
Segunbagicha, Dhaka.

Annexure----

Statement showing the particulars of VAT less deducted from the bills of contractor in the office of the PD, DESWSP.

NAME OF CONTRACT OR	PACK AGE #	INVOICE #	TOTAL AMOUNT PAID (TK.)	VAT TO BE DEDUCTED	VAT DEDUCTED	VAT LESS DEDUCTED
M/S RPL-FSL-CRFG JV	# 2.7	# 03 (LOCAL)	19473713.00	11.68.422.00	10.71.054.00	97.368.00
-DO-	-DO-	# 03(FOREIGN)	3,24,18,764.00	19.45,125.00	17.83,031.00	1,62,094.00
-DO-	-DO-	#04 (LOCAL)	72,17,800.00	4,33,068.00	3,96,979.00	36,089.00
-DO-	-DO-	#04 (FOREIGN)	5,61,18,397.00	33,67,103.00	30,86,511.00	2,80,592.00
-DO-	-DO-	#05 (LOCAL)	20,19,037.00	1,21,142.00	1,11,047.00	10,095.00
-DO-	-DO-	#05 (FOREIGN)	6,09,18,184.00	36,55,091.00	33,50,500.00	3,04,591.00
-DO-	-DO-	#06 (LOCAL)	22,38,707.00	1,34,322.00	1,23,128.00	11,194.00
		#06(FOREIGN)	77,03,119.00	4,62,187.00	4,23,670.00	38,517.00
					TOTAL	9,40,540.00

Annexure----

Statement showing the particulars of payment made to the contractor for Performance
Guarantee unduly:

NAME OF CONTRACTOR & PKG #	CONTRACT AMOUNT	INVOICE NO.	PARTICULARS OF ITEM FOR WHICH PAID & TENDER ITEM NO.	AMOUNT PAID(TK)
M/S RPL-FSL-CRFG JV	USD 2,75,53,925.00 BDT 34,42,26,657.00	# 06	PERFORMANCE SECURITY TENDER ITEM NO-4.1.1.1	52,65,000.00
			TOTAL:	52,65,000.00

Annexure----

Statement showing the particulars of payment made to the contractor unduly for
Advance Payment Guarantee.

NAME OF CONTRACTOR & PKG #	CONTRACT AMOUNT	INVOICE NO.	PARTICULARS OF ITEM FOR WHICH PAID & TENDER ITEM NO.	AMOUNT PAID(TK)
M/S RPL-FSL-CRFG JV	USD 2,75,53,925.00 BDT 34,42,26,657.00	# 06	ADVANCE PAYMENT GUARANTEE TENDER ITEM NO-4.1.1.2	34,41,750.00
			TOTAL:	34,41,750.00

Name of Bank and Brance	Account no. and date of opening	Accrued date of interest	Amount of tk. as interest
Agrani Bank Ltd. Wasa Corp.Brance 4786.Dhaka ENV.SUS.Water SUP. Washa Bhabon 5 th floor Kawran bazaar Dhaka.	0200002330753 date : 02 th Sep.2015	30-06-2014	8309.40
		30-12-2014	32686.10
		30-06-2015	94025.38
		31-12-2015	36887.60
		30-06-2016	13816919.51
		Total=	13980518.59
Sonali Bank Ltd. 1172 - Kawran bazaar B.B Avenue Dhaka.	0117203000205 date : 27 th may 2015	31-12-2015	815660.00
		30-06-2016	1333905.00
		Total=	2149565.00

Grand Total = 1,61,30,083.59

Showing statements in the particulars of deductible IT & VAT on house rent of DORP NGO from the effective date to 30th June 2016.

House rent paid by whome	Paid to whome	Paid amount of TK.	Deductable IT @ 5% amount of TK.	Deductable VAT @ 9% amount of tk.	Interest @2% TK.for delay period	Total deductible amount of TK.
DORP	Masud Ahmed.S/O : Sahabuddin.H #GPO- GA- 21,Shahajadpur.gulshan. Dhaka.	3,10,000	88,371.50	1,59,068.70	35,384.60	2,82,824.80
Do	Md. Nazim uddin.S/O : Md. Azizur Rahaman, H # 06, Sector -12, Uttara. Dhaka.	3,10,000				
Do	Md. Samsul Alam. S/O: Late obayedul Haque, West hazi nagar, Demra narayangonj.	1,55,000				
Do	Md. Nurul Islam, md. Kalaiya Mia, Salondhi, noyapara, mohammadpur, Arihajar- Narayangonj.	3,53,400				
Do	Almas uddin Buiyan, S/o: late Md. Riaz uddin Buiyan. Gandabpur.Uttar para rupgonj ; narayangonj.	1,59,030				
Do	Md. Hafiz Uddin. team leader, WESWSP project. 36/2 east sewrapara. Mirpur ,Dhaka 1216	4,80,000				
	Total =	17,67,430	88,371.50	1,59,068.70	35,384.60	2,82,824.80