

Audited Project Financial Statements

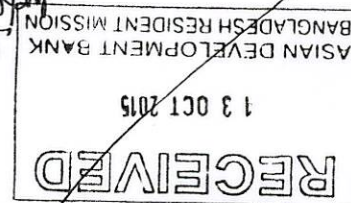
Project Number: 44167
Loan 3138(SF)/Grant 0357(EF)
Period covered: 1 July 2014 to 30 June 2015

BAN: Flood and Riverbank Erosion Risk Management Investment Program – Project 1

Prepared by the Bangladesh Water Development Board
for the Asian Development Bank
Received on 13 October 2015

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.



No:905 /FAPAD/S-5/ADB Loan & Netherlands Grant /2014-15/

Date: -10-2015

The Secretary,
Ministry of Water Resources,
Bangladesh Secretariat, Dhaka.



Sub: Audit Inspection Report on the Accounts of "Flood and Riverbank Erosion Risk Management Investment Program (Tranche-1) Project" Financed under ADB Loan No.3138-BAN (SF) & Netherlands Grant No.0396-BAN (EF) for the Year 2014-2015.

The Auditor's 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.

Enclosure:

1. Auditor's Report.
2. Financial Statement.
3. Management Letter.


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

No: 905/FAPAD/S-5/ADB Loan & Netherlands Grant /2014-15/ 138
Copy for kind information and necessary action to: -

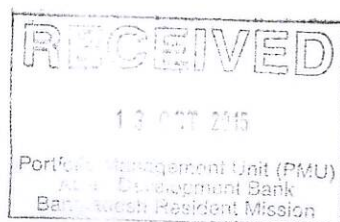
Date: 08 -10-2015

1. The Secretary, Economic Relations Division (ERD), Ministry of Finance, Sher-e-Bangla Nagar, Dhaka.
2. The Country Director, Asian Development Bank, Bangladesh Resident Mission, Plot No E-31, Sher-E-Banglanagor, Dhaka.
3. The Project Director, Flood and Riverbank Erosion Risk Management Investment Program (Tranche-1) Projectz , 28, Toynbee Circular Road (3rd floor), Dhaka.

- a) Replies/comments on the Auditor's Report and Management Letter may please be sent to the undersigned within thirty five(35) days of receipt of this letter in your office.

b) Observations in Part-A should be responded to through the Ministry concerned and observations in Part-B should be responded to FAPAD directly.


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



Audit Inspection Report

On

**The Accounts of
"Flood and Riverbank Erosion Risk Management Investment
Program (Tranche-1) Project" Financed under ADB Loan
No.3138-BAN (SF) & Netherlands Grant No.0396-BAN (EF) for
the Year 2014-2015.**

Part – I

**Executive Summary
&
Audit Findings.**

**Foreign Aided Projects Audit Directorate
Segunbagicha, Dhaka.**

Information Regarding Audit

1. Name of the Audit Unit : *Flood and Riverbank Erosion Risk Management Investment Program (Tranche-1) Project.*
2. Nature of Audit : Financial Audit.
3. Year of Audit : ০৭ 2014-2015. ০৭
4. Duration of audit : 13.11.2015 to 17.11.15.
5. Name of the Team : Md. Sazzad Hussain, Audit & Accounts Officer
G. M Jahurul Islam Siddiqui, Auditor
6. Audit Methodology :
 - Test check of vouchers.
 - Verification of F.S.
7. Scope of Audit :
 - The Audit was conducted following International standard on Auditing (ISA) and practices of INTOSAI/SAI, Bangladesh 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.
 - Equipment Management.
8. Project Duration : 04 (Four) Years & 09 Months
9. Commencement of Project : April, 2014
10. Completion of project : December, 2018
11. Total Estimated Cost : Tk.82856.00 lakh
12. Audit status : 1st year
13. Current Year Expenditure : Tk. 2177.79 Lakh
(GOB= 2104.57 Lac + RPA =73.22 LAC)
14. Sponsoring Ministry : Ministry of Water Resources
15. Executing Agencies : Bangladesh Water Development Board (BWDB).
16. Funding Agency : ADB Loan, Netherland grant & GoB.
17. Fund Management System :
 - i) **GOB:** GOB fund was released by the Ministry of Water Resources by issuing GO to CAO against ADP allocation and was withdrawn by the respective authority through submitting bills to respective Chief Accounts Office.
 - ii) **PA fund:** According to the Procurement plan project office send withdrawal application along with SOE to the donor. After it, Donor deposits the fund in to the imprest account kept in Bangladesh Bank. Then project authority sent a demand letter to BB as per authorization issued by the Ministry of Finance and BB transfer money to the PD's operating bank A/C. Then project authority incurred expenditure according to the procurement plan. For Imprest account ADB loan No 3138-BAN (SF) was maintained with Bangladesh Bank, Motijheel Dhaka for ADB fund respectively. For PD's operating bank A/C. STD No. 0200003218235 maintained in the Agrani Bank, B. WAPDA, CORP. BRANCH, Dhaka.

18. Objectives of the project : The objectives of the program are-

- ❖ To sustain economic growth, poverty reduction and livelihoods of people, living in the areas threatened by riverbank erosion.
- ❖ To enhance resilience to flood and riverbank erosion risks through strengthening the flood and river bank erosion management system, including the knowledge base and underlying institutions;
- ❖ To establish integrated non-structural and structural risk management measures at priority erosion sites and addressing sustainability.

Audit Observations.

SL No	Subject	Comment
	Status of Financial Statement	<i>Unqualified</i>
	Comments on Management Letter:	❖ Non compliance of financial rules
Para No.	Title	Amount Involve
	Part-A	
01.	Unspent GoB fund and RPA fund from another closed project was kept in the FRERMIP project bank A/C instead of surrender into the Govt. account.	Tk.70,40,546.15
	Part-B	
02.	Project authority made payment to DC office, Sirajgonj for land acquisition but during the FY 2014-2015 no land acquisition was completed and no payment was made from this fund.	Tk.18,83,80,000.00
03.	Loss of project fund due to IT deposited from the project fund instead of deduction from paid house rent.	TK.27,945.00

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 regulations.

AUDITOR'S REPORT

Audit Completion Date: 17-09-2015

The Secretary,
Ministry of Water Resources,
Bangladesh Secretariat, Dhaka.

I. We have audited the accompanying financial statement of the "*Flood and Riverbank Erosion Risk Management Investment Program (Tranche-1) Project*" Financed under ADB Loan No-3138-BAN (SF) & Netherlands Grant No.0396-BAN (EF) as of 30 June, 2015 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 in 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 material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An 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, Financial Statement gives a fair view, in all material aspects of the financial position of "*Flood and Riverbank Erosion Risk Management Investment Program (Tranche-1) Project*" as of 30th June, 2015, and the results of its operations and its cash flows for the year then ended in accordance with the cash basis of accounting followed by the Government of Bangladesh.

V. Opinion Status: **Unqualified.**


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

(Flood & Riverbank Erosion Risk Mangement Investment Program Project-1.)

Project Financial Statement

Audit Year:

30th June, 2015

(Figure in lakh Taka)

Recourses	Notes	Cumulative Prior Period	Current period	Cumulative Current period
Government of Bangladesh	1		2104.56	2104.56
Lender/ Donor	2		78.59	78.59
Other resources	3		0	0
Cash opening balance	4		0	0
Total resources			2183.15	2183.15
EXPENDITURE				
Expenditure	5			
Supply & Services			9.12	9.12
River Survey			4.79	4.79
Survey & Investigation			46.02	46.02
Vehicles (Jeep & Motor)			212.17	212.17
Computer Equeipment			21.88	21.88
Land Acquisition			1883.80	1883.80
Total Expenditure			2177.78	2177.78
Cash Closing Balance				
Project Operating Account			4.85	4.85
Operating Account of Field Offices			0.52	0.52
Total Cash			5.37	5.37
Total Expenditure and Cash			2183.15	2183.15

verified
 20/02/2012
 Md. Sazzad Hussain
 Audit & Accounts Officer
 Foreign Aided Projects
 Audit Directorate
 Se gunbagicha, Dhaka

A. M. Aminul Haque
 Project Director
 PMO-FRERMIP,
 BWDB, Dhaka.

1202

(Flood & Riverbank Erosion Risk Mangement Investment Program Project-1)

Notes to the Financial Statement

30th June, 2015

1. GOVERNMENT OF BANGLADESH

(Figure in lakh Taka)

	Inception to 30 th June, 2014	For the year 30 th June, 2015	Inception to 30 th June, 2015
Disbursements by GOB		2163.50	2163.50
Less: Refund to GOB		58.93	58.93
Total:		2104.56	2104.56

2. LOAN FROM LENDER/DONOR

	Inception to 30 th June, 2014	Inception to 30 th June, 2015	Inception to 30 th June, 2015
Initial Advance			
Direct Payments			
SOE Procedures		78.59	78.59
Non SOE Procedures			
Total:		78.59	78.59

3. OTHER RESOURCES

	Inception to 30 th June, 2015	Inception to 30 th June, 2015	Inception to 30 th June, 2015
Project Revenues			
Exchange gain/ losses			
Total:			

4. CASH

	Inception to 30 th June, 2015	Inception to 30 th June, 2015	Inception to 30 th June, 2015
Cash in hand			
Project Operating Account No		4.85	4.85
Field Office		0.52	0.52
Total Cash		5.37	5.37


A. M. Aminul Haque
Project Director
PMO-FRERMIP,
BWDB, Dhaka.

(20)

Special Account Statement

For the year ending 30 June, 2015
Account No _____
Depository Bank Bangladesh Bank
Address Head Office, Motijheel C/A, Dhaka, Bangladesh.
Related loan/ Credit Agreement No ADB Loan No. 3138 BAN(SF) Netherlands Grant
No. 0396BAN(EF)

PART- A ACCOUNT ACTIVITY:

Beginning balance as on 01.07.2014 _____ Nil
Add:
Total amount deposited by the ADB \$36,82,433.00
Total interest earnings if deposited in account _____
Total amount refunded to cover ineligible expenditure _____

Deduct:

Total amount withdrawn \$1,01,000.00
Total service charges if not included above in amount withdrawn
Ending balance on 30.06.15 \$35,81,433.00

PART-B ACCOUNT RECONCILIATION:


1. Amount advanced by World Bank
2. Less: Total amount recovered by World bank
3. Equal: present outstanding amount advanced to the Special Account at fiscal year ended 06-30-2015
4. Ending balance of Special Account at fiscal year ended 06-30-2015
5. Plus: Amount claimed and not yet credited at fiscal year ended 30.06.2015

Application No.	Amount
_____	_____
_____	_____
_____	_____

6. Plus: Amount withdrawn and not yet claimed _____ Nil
7. Less: Interest earning (if included in Special Account) _____ Nil
8. Plus: service charges (if not included in lines 5 and 6 above) _____ Nil
9. Equal: Total advance to Special Account Accounted for at fiscal year ended 30-06-2015 _____

Notes:

1. Explain any discrepancy between totals appearing on lines 3 and 9 above (e.g. amount due to be refunded to cover ineligible expenditures paid from the Special Account)
2. Indicate if amounts appearing on line 6 are eligible for financing by the World Bank and provide reasons for not claiming the expenditures.


A. M. Aminul Haque
Project Director
PMO-FRERMIP,
BWDB, Dhaka.