

Audited Project Financial Statements

Project No. 42466-015
Loan/Grant: 3131-BAN (SF) and 0391-BAN
Period Covered: 1 July 2015 to 30 June 2016

BAN: MFF: Skills For Employment Investment Program-Tranche 1

Prepared by the Ministry of Finance, Finance Division

For the Asian Development Bank
Received on 31 December 2016

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



No. 515/FAPAD/S-1/ADB/2015-2016/

Date: 29-12-2016.

To
The Secretary
Ministry of Finance, Finance Division,
Bangladesh Secretariat, Dhaka.

Sub: Audit Inspection Report on the accounts of "Skills for Employment Investment Programme (Phase-1) Project" financed by ADB Loan no.3131- BAN (SF) & SDC Grant no.0391-BAN (EF) for the year 2015-2016.

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 & its note.
3. Management letter
4. Opinion on SOE.
5. Opinion on Special Account

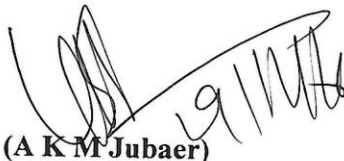
Sd/
(A K M Jubaer)
Deputy Director
For Director General
Foreign Aided Projects Audit Directorate
Tel: 9356303.

No. 515/FAPAD/S-1/ADB/2015-2016/950

Date: 29-12-2016.

Copy forwarded for kind information and necessary action to: -

1. **The Secretary**, Economic Relations Division (ERD), Ministry of Finance, Sher-e-Bangla Nagar, Dhaka.
- ✓ 2. **The Country Director**, Asian Development Bank (ADB), E-31, Agargaon Sher-e-Bangla Nagar, Dhaka.
3. **The National Project Director**, Skills for Employment Investment Programme (Phase-1) Project, UCEP Cheney Tower (2nd floor), 25, Segunbagicha, Dhaka-1000
 - 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) *Observation in Part-A through Ministry Concerned and Part-B (Ordinary) should be responded to FAPAD directly.*


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

Audit Inspection Report

On

**The Accounts of
“*Skills for Employment Investment Program
(Phase-I) Project*”
Financed under ADB Loan no. 3131- BAN(SF)
and SDC Grant No: 0391-BAN (EF)
for the FY 2015-2016**

**Part-I
Executive Summary
&
Audit Findings**

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

INFORMATION RELATING TO AUDIT

01. Name of the Audit Unit : "Skills for Employment Investment Programme (Phase-1) Project"
02. Nature of Audit : Financial Audit.
03. Audit Year : 2015-2016.
04. Duration of audit : -10-2016 to 04-12-2016
05. Audit Team Members. : Md..Nurul Amin Majumder,Audit and Accounts,fficer.
.Kazi Hammad Hossain ,Superintendent.
06. Audit Methodology : ✓ Verification of Financial Statement.
✓ Test check of vouchers.
07. 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 & Equipment Management.
08. Project Duration : 04 (Four) years.
09. Date of Commencement : July, 2014.
10. Date of Completion : December'2017
11. a) Total Estimated cost : Tk.105056.00 lakh (GOB Tk.21,697 lakh +
ADB Tk.78,000.00 + SDC Tk.5,358 lakh)
- b) Current Cost(2015-16) : Tk lakh, (GOB Tk.3513.15 lakh +
ADB Tk 7800.00. lakh)
- c) Audit Status : 2nd year (2015-2016)
12. Executing Ministry : Ministry of Finance, Finance Division.
13. Implementing agency : Ministry of Finance, Finance Division.
14. Funding Agencies : ADB, SDC & GoB.
15. Funding Management System : Special Account (Imp rest Account)

16. Project Objectives

The Project objectives are:


The overall objective of the project is to qualitatively and quantitatively expand the skilling capacity of identified public and private training providers of Bangladesh by establishing responsive skill ecosystem and delivery mechanisms through a combination of well-defined set of funding triggers and targeted capacity support. The project will support training providers to meet industry skill requirements; finance skills training of 260,000 trainees, with 182,000 job placement; implement a vocational trainer development programme; and implement a skills assessment, certification and quality assurance system.

AUDITOR'S REPORT

To,
The Secretary
Ministry of Finance, Finance Division,
Bangladesh Secretariat, Dhaka.

- I. We have audited the accompanying Financial Statement of the "Skills for Employment Investment Programme (Phase-1) Project" financed under ADB Loan no.2425- BAN (SF) and SDC Grant no.0391-BAN (EF) as of 30th June 2016 and for the year then ended. The preparation of the 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 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 Statements are free from materials 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 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 aspect of the financial position of the "Skills for Employment Investment Programme (Phase-1) Project" as of 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.

V. **Opinion Status: *Unqualified.***


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

Skills for Employment Investment Program (SEIP) Project
Project Financial Statement
As at 30th June, 2016

(Figure in lakh Taka)

Resources	Notes	Total Budget upto 30 June, 2016	Cumulative Actual upto 30 June, 2016	Actual Current period (FY July, 2015 to June, 2016)	Actual prior period upto June, 2015	Unspent Budget
(a)	(b)	(c)	(d)	(e)	(f)	(g) =(c-d)
A. Source of Fund						
Government of Bangladesh	1		3,571.65	3,513.15	58.50	
ADB Loan (RPA Special Account)	2a		5,476.79	1,584.29	3,892.50	
ADB Loan (RPA Through GOB)	2b		6,353.27	4,153.11	2,200.16	
ADB Grant (RPA Special Account)	3		1,631.88	1,631.88	-	
Other resources			-	-	-	
Cash opening balance			-	3,885.27	-	
Total Resources		-	17,033.59	14,767.70	6,151.16	-
B. Usages of Fund						
B.1 Expenditure**						
Manpower		502.00	423.16	423.16	0	78.84
Supply & Services		15,807.25	3,756.00	3,746.97	9.03	12,051.25
Repair, Maintenance & Rehabilitation		502.75	252.78	252.78	0	249.97
Grants in Aid		16,470.00	6,665.52	4,408.66	2256.86	9,804.48
Acquisition of Assets		4,992.15	2,536.87	2,536.87	0	2,455.28
Others		293.00	-	-	0	293.00
Total Expenditure		38,567.15	13,634.33	11,368.44	2,265.89	24,932.82
B.2 Cash Closing Balance						
Government of Bangladesh			-	-	-	
ADB Loan (RPA Special Account)			2,940.62	2,940.62		
ADB Loan (RPA Through GOB)			-	-	-	
ADB Grant (RPA Special Account)			289.11	289.11		
Other resources			-	-	-	
Total Cash Closing Balance	4	-	3,399.26	3,399.26	3,885.27	
Total Expenditure and Cash		-	17,033.59	14,767.70	6,151.16	

Verified
20/12/2016
Mr. Nurul Amin Majumdar
Audit & Control Officer
 Foreign Affairs Division
 Ministry of Education, Government of Bangladesh

14.12.16
Abdur Rouf Talukder
Executive Project Director (EPD)
SDCMU/SEIP

Skills for Employment Investment Program (SEIP) Project

NOTES TO FINANCIAL STATEMENT

As at 30th June,2016

1. GOVERNMENT OF BANGLADESH

Fund are allocated by the Government of Bangladesh to cover GOB's share of eligible Project expenditures, 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 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	204.00	4,045.00	4,249.00
Account current	-	-	-
Less.Refund to GOB	145.50	531.85	677.35
Total	58.50	3,513.15	3,571.65

2a. LOAN FROM DEVELOPMENT PARTNER

The ADB has provided funds to the Project to cover it's share of eligible Project expenditures. These funds, which must be repaid to ADB after the conclusion of the Project have been drawn by the Project in accordance with the following withdrawl Procedures (In Lakh Taka)

	Inception to 30th June,2015	For the Year 2015-2016	Inception to 30th June,2016
Intial Deposit (Advance) :	3,892.50	-	3,892.50
RPA (Special Account)		1,584.29	1,584.29
SOE			-
Non-SOE			-
ADB (RPA Special Account)	-		-
Total	3,892.50	1,584.29	5,476.79


2b. RPA Through GOB

	Inception to 30th June,2015	For the Year 2015-2016	Inception to 30th June,2016
ADB (RPA Through GOB)	2,610.00	6,000.00	8,610.00
Less.Refund to GOB	409.84	1,846.89	2,256.73
Total	2,200.16	4,153.11	6,353.27

3. LOAN FROM DEVELOPMENT PARTNER

The ADB has provided funds to the Project to cover it's share of eligible Project expenditures. These funds, which must be repaid to ADB after the conclusion of the Project have been drawn by the Project in accordance with the following withdrawl Procedures (In Lakh Taka)

	Inception to 30th June,2015	For the Year 2015-2016	Inception to 30th June,2016
Intial Deposit (Advance) :	357.01	-	357.01
RPA (Special Account)		1,274.87	1,274.87
SOE			-
Non-SOE			-
ADB (RPA Special Account)	-		-
Total	357.01	1,274.87	1,631.88


 12.14.16
 (Abdul Rouf Talukder)
 Executive Project Director
 Skills for Employment Investment Program
 Finance Division, Ministry of Finance

3. OTHER RESOURCES

Other resources consist of the following :

	Inception to 30th June,2015	For the Year 2015-2016	Inception to 30th June,2016
Project Revenues	-	-	-
Exchange gains/losses	-	-	-
Total	-	-	-

4. CASH


The Project maintains two Bank account,an imprest Bank Account,or revolving fund,which is kept at Bangladesh Bank to hold funds advanced by ADB & ADB Grant and operating account, which is kept at a commercial Bank to hold funds advanced by GOB as well as fund transferred from the imprest Account. Year end cash balances were as follows :

	Inception to 30th June,2015	For the Year 2015-2016	Inception to 30th June,2016
Imprest Account :			
ADB Loan	-	-	-
*ADB Grant (124.88+169.54)	294.42	294.42	
Operating Account :			-
Agrani Bank STD. Account No.(A/C No.0200002936093)	2,940.61	2,940.61	
Agrani Bank STD. Account No.(A/C No.0200003899259)	164.22	164.22	164.22
Closing Balance Amount	3,399.26	3,399.26	164.22

*Transfer in Transit amount of Tk. In lakh 169.54 from ADB Grant Imprest Account.

** The Expenditure category in FY 2014-15 was shown in the FS as per Loan Agreement. However, following new FS format, the DPP cost Categories are shown in FS of FY 2015-16 as year-wise budgetary provision is absent in Loan Agreement but DPP includes Budgetary provision.

** For Tax and VAT, expenditure was separately shown in FY 14-15 as these are Funded from GOB. In FY 2015-16 these are included in supply & Services.

12.14.16

Abdur Rouf Talukder
Executive Project Director (EPD)
SDCMU/SEIP
