

# Audited Project Financial Statements

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Project Number: 42378-016  
Loan 3087  
Period covered: 01 July 2014 to 30 June 2015

## Bangladesh: Power System Expansion and Efficiency Improvement Program – Tranche 2

Prepared by the Ministry of Energy, Power, and Mineral Resources and Dhaka Power  
Distribution Company Limited

For the Asian Development Bank  
Received on 31 December 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 Energy, Power, and Mineral Resources.

Audit Inspection Report

On

**The Accounts of  
“Construction and Expansion of Distribution network of  
North & South Zone under DPDC, Under Power System  
Program (Tranche- II) Project” Financed by ADB Loan  
No. 3087 BAN  
for the year 2014-2015.**

**Part-I**

**Executive Summary  
&  
Audit Finding**

Foreign Aided Project Audit Directorate  
Segunbagicha, Dhaka.

## INFORMATION REGARDING AUDIT

- ✓ **Name of the Audit Unit** : *Construction and Expansion of Distribution network of North & South Zone under DPDC, Under Power System Program (Tranche- II) Project.*
- ✓ **Nature of Audit** : Financial Audit.
- ✓ **Year of the Audit** : 2014-2015.
- ✓ **Duration of Audit** : 02-12-2015 to 07-12-2015.
- ✓ **Audit Party** : **Team:**  
Mr. Md. Azharul Islam, Audit & Accounts Officer.  
Mr. Sultan Mohammad Mahbubur Rahman, S A S Super.
- ✓ **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** : 3 years
- ✓ **Commencement of Project** : July 2013
- ✓ **Completion** : June/2016
- ✓ **Total Estimated Cost** : Tk. 51062.723 lakh
- ✓ **Execution Ministry** : Ministry of Power, Energy and Mineral Resources.
- ✓ **Implementing Agency** : Dhaka Power Distribution Company Limited (DPDC)
- ✓ **Funding Agency** : ADB, DPDC, GOB.
- ✓ **Current Year Expenditure** ADB : 2581.39 Lakh  
DPDC : 721.58 Lakh  
Total : 3304.16 Lakh
- ✓ **Project Objectives** : 1. To construct and expand new distribution network.  
2. To maintain the power distribution network of DPDC.  
3. To ensure quality services to the customers of DPDC.  
4. To keep distribution lines operational with a view to Ensure supply of electricity to customers.  
5. Maintenance of 11/0.4 kv lines to improve the service quality and reliability of electricity supply.

### Summary of Audit Findings

Sl. no.	Subject	Comments
01.	Status of Financial Statement	<i>Unqualified</i>
02.	Summary of Management Letter:	a) Non-compliance of financial rules & regulation and Condition of Contract.
Para no.	TITLE	Amount involved (Tk.)
	<b>PART-A</b>	
	<b>NIL</b>	
	<b>PART-B</b>	
1	VAT & Income Tax less realized.	Tk. 3,07,12,552.00
2	Insurances were not taken out by the Contractor.	

## **Causes of Irregularity and Loss**

- Non-Compliance of financial rules & regulation and condition of contract.

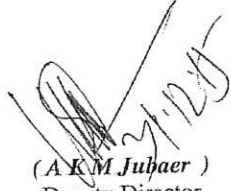
## **Audit Recommendation**

- Due care should be given for compliance of the financial rules & regulations and condition of contract.

## AUDITOR'S REPORT

Secretary  
Power Division  
Ministry of Power, Energy and Mineral Resources  
Bangladesh Secretariat, Dhaka.

- I. We have audited the accompanying Financial Statement of "Construction and Expansion of Distribution network of North & South Zone under DPDC, Under Power System Program (Tranche- II) Project Financed by ADB Loan No. 3087 BAN for the year 2014-2015. Preparation of the 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 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 in the test basis, evidences supporting the amounts and disclosures made 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, except as stated in the preceding paragraph, the Financial Statement gives a fair view in all material aspects of financial position of "Construction and Expansion of Distribution network of North & South Zone under DPDC, Under Power System Program (Tranche- II) Project Financed by ADB Loan No. 3087 BAN for the year 2014-2015.
- IV. Opinion status: *Unqualified*.

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

**Dhaka Power Distribution Company Limited (DPDC)**

**Project Director**

Construction & Expansion of Distribution Network of North & South Zone, under DPDC

**Financial Statement**


For the year ended 30 June, 2015


Lac tk.

Sl. No.	Resources	Notes	Cumulative Prior Period	Current Period	Cumulative Current Period
1	Government of Bangladesh		0.00	0.00	0.00
2	Loan from Development Partner (ADB)		0.00	2581.39	2581.39
3	GOB of CD/VAT		0.00	0.00	0.00
4	Other Resources (DPDC own fund)		0.00	722.77	722.77
5	Cash Opening Balance		0.00	0.00	0.00
<b>Total Resources for the year</b>			<b>0.00</b>	<b>3304.16</b>	<b>3304.16</b>

<b>Expenditure and Cash</b>					
1	Pay of Officers		0.00	0.00	0.00
2	Pay of Staff		0.00	0.00	0.00
3	Allowances		0.00	0.00	0.00
4	Supplies & Services		0.00	0.00	0.00
5	Rep. Main & Rehabilitation		0.00	0.00	0.00
6	Officer Furniture & Equipments		0.00	1.19	1.19
7	Transport & Vehicles		0.00	0.00	0.00
8	Machinery & Equipment (10% Mobilization)		0.00	2581.39	2581.39
9	Installation Cost		0.00	721.58	721.58
10	CD/VAT (32% of Machinery Cost)		0.00	0.00	0.00
11	IT & VAT		0.00	0.00	0.00
12	Interest During the Construction (IDC)		0.00	0.00	0.00
13	Miscellaneous		0.00	0.00	0.00
<b>Total Expenditure for the year</b>			<b>0.00</b>	<b>3304.16</b>	<b>3304.16</b>

Cash Closing Balance		0.00	0.00	0.00
Operating Accounts (GOB)		0.00	0.00	0.00
Operating Accounts (RPA)		0.00	0.00	0.00
CD/VAT		0.00	0.00	0.00
<b>Total Expenditure and Cash</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

*Verified*  
  
 MD AZHARUL ISLAM  
 Audit & Accounts Officer  
 Foreign Aided Project Audit Directorate  
 Audit Complex  
 Segunbagicha, Dhaka.

  
 (Md. Kutub-ur-Alam)  
 Project Director  
 C&E of Distribution Network of North & South  
 Zone, under DPDC

# Dhaka Power Distribution Company Limited (DPDC)

Project Director

Construction and Expansion of Distribution Network of North & South Zone under  
DPDC

## NOTES TO FINANCIAL STATEMENT

30<sup>th</sup> June' 2015

### 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 Program 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.

	Inception to 30 <sup>th</sup> June 2014	For the year 2014-2015	Inception to 30 <sup>th</sup> June 2015
Disbursement by GOB	0.00	0.00	0.00
Less: Refund to GOB	0.00	0.00	0.00
<b>Total =</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

### 2. LOAN FROM DEVELOPMENT PARTNER

The ADB has provided funds to the project to cover its 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 withdrawal procedures

	Inception to 30 <sup>th</sup> June 2014	For the year 2014-2015	Inception to 30 <sup>th</sup> June 2015
Initial Deposit (Advance)	0.00	0.00	0.00
DPA (Director Payment)	0.00	2581.39	2581.39
RPA (SOE Procedure)	0.00	0.00	0.00
RPA (Non SOE Procedure)	0.00	0.00	0.00
Others	0.00	0.00	0.00
<b>Total =</b>	<b>0.00</b>	<b>2581.39</b>	<b>2581.39</b>


### 3. OTHER RESOURCES

Other resources consist of the following:

	Inception to 30 <sup>th</sup> June 2014	For the year 2014-2015	Inception to 30 <sup>th</sup> June 2015
Project Revenues (DPDC Own Fund)	0.00	722.77	722.77
Exchange gains/losses	0.00	0.00	0.00
<b>Total =</b>	<b>0.00</b>	<b>722.77</b>	<b>722.77</b>

### 4. CASH

	Inception to 30 <sup>th</sup> June 2014	For the year 2014-2015	Inception to 30 <sup>th</sup> June 2015
Impress Accounts	0.00	0.00	0.00
Operating Account (RPA)	0.00	0.00	0.00
Operating Account (GOB), CD/VAT	0.00	0.00	0.00
CD/VAT	0.00	0.00	0.00
<b>Total =</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

  
Md. Kutub-ul-Alam  
Project Director  
DN, N & S, DPDC