

Audited Project Financial Statements

Project Number: 32234-053
Loan/Grant Number: 3097-BAN
Period covered: 1 July 2015 to 30 June 2016

BAN: MFF - Railway Sector Investment Program - Tranche 3

Prepared by Bangladesh Railway

For the Asian Development Bank
Date received by ADB: 24 November 2016

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 Roads and Highways Department.



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

No. ১০৫./FAPAD/S-1/BG100 &MG50/ADB-3097 BAN/2015-2016/

Date: 31-10-2016.

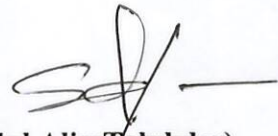
The Secretary
Ministry of Railway
Bangladesh Secretariat
Dhaka-1000.

Sub: Audit Inspection Report on the accounts of "Procurement of 100 Meter Gauge and 50 Broad Gauge Passenger Carriages for Bangladesh Railway Project" financed under ADB Loan No.3097-BAN (SF) for the year 2015-2016.

The Auditor's Report along with a Management letter containing audit observations on the accounts of the abovementioned project is enclosed for your kind information and necessary action.

Enclosure:

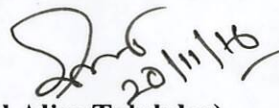
1. Auditor's Report.
2. Financial Statement.
3. Management Letter.


(Md. Abdul Alim Talukder)
Deputy Director
For Director General
Foreign Aided Projects Audit Directorate.
Tel: 9331027

No. ১০৫./FAPAD/S-1/BG100 &MG50/ADB-3097 BAN/2015-2016/১২৭ Date: ৩১-১০-২০১৬.

Copy for kind information and necessary action to:

1. The Secretary, Economic Relations Division, Ministry of Finance, Sher-e-Bangla Nagar, Dhaka.
2. The Country Director, Asian Development Bank, Agargoan, Dhaka.
3. Project Director, Procurement of 100 Meter Gauge and 50 Broad Gauge Passenger Carriages for Bangladesh Railway Project, Rail Bhaban, 6th floor, 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. Observations in part-A (SFI) should be responded through the Ministry concerned and observation in part-B (Ordinary) should be responded directly to FAPAD.
4. Office Copy.


(Md. Abdul Alim Talukder)
Deputy Director
For Director General
Foreign Aided Projects Audit Directorate.
Tel:9331027

Audit Inspection Report

On

The Accounts of
“Procurement of 100 Meter Gauge and 50 Broad Gauge
Passenger Carriages for Bangladesh Railway Project”
financed under ADB Grant No.3097-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	:	<i>Procurement of 100 Meter Gauge and 50 Broad Gauge Passenger Carriages for Bangladesh Railway Project.</i>
Nature of Audit	:	Financial Audit
Audit Year	:	2015-2016
Duration of Audit	:	08-11-2016 to 10-11-2016
Audit Team No.	:	Party No. 06 1) Md. Taz Uddin Ahmed, A&AO 2). Mr. Krishna Pada Mondal, SAS Super.
Audit Methodology	:	Test check of Vouchers.
Scope of Audit	:	<ul style="list-style-type: none"> • Certification of Annual Financial Statement(AFS) • Test check of relevant vouchers. • Audit opinion is limited to the fund receipt and expenditure incurred by the project authority. • Review of Financial Management, Internal Control System. • Equipment management.
Project Profile	:	
Name of the Project	:	Procurement of 100 Meter Gauge and 50 Broad Gauge Passenger Carriages for Bangladesh Railway Project.
Commencement & Completion (Duration)	:	From July,2013 to June'2017 (4 years)
Total estimated cost of project:	:	GOB- Tk.33681.79lakh (including FE) RPA- Tk.0.00 lakh DPA- Tk. 79345.06 lakh DP- Tk.0.00 lakh Total Tk.113026.85 lakh
Total current year budget:	:	GOB- Tk.11534.00 lakh (including F.E) RPA - Tk.0.00 lakh DPA - Tk.28658.00lakh DP - Tk.0.00 lakh Total Tk.30318.68 lakh
Total current year expenditure:	:	GOB - Tk.116.74 lakh (including FE) GOB- CDVAT-Tk.11400.00 lakh (not confirmed by actual expenditure through custom payment. RPA - Tk.0.00 lakh DPA - Tk. 18801.94 lakh (actual Tk.10841.92 lakh as per W/A No.0001-0003) DP - Tk.184.20 lakh(not shown in the F.S) Total Tk.30318.68 lakh(as per F.S)
Executing Ministry	:	Ministry of Railways.
Funding Agencies	:	ADB Loan No.3097-BAN(SF)
Implementing Agencies	:	Bangladesh Railway.
Fund disbursement Procedure	:	GOB: Fund released by the concerned Ministry as per ADP allocation through G.Os and expenditure was made through submitting bills to FA&CAO/Project,

	<p>Bangladesh Railway. GOB fund was used for the purpose of establishment cost of the project officials deputed from revenue man power, CDVAT, pre-shipment inspection cost (PSI) and Port charge etc.</p> <p>RPA: There is no provision for RPA in this project.</p> <p>DPA: Direct Payment of ADB fund was made through L/C as per contract agreement, terms and conditions. After fulfill of terms & conditions, P.D issued request for payment of DPA on the basis of documentations.</p> <p>Bill payment system:</p> <p>(i) GOB: Bills are submitted to the FA & CAO/ Project against GOB fund for establishment cost. GOB fund is used against CDVAT which is sent to the Customs authority of Chittagong (Account current) for payment of CDST&VAT claims on the basis of Customs assessment.</p> <p>(ii) RPA: No RPA fund was used for the project during 2015-2016.</p> <p>(iii) DPA: 90% DPA payment is made from ADB HQ, Manila to the supplier on the basis of Shipment documentations against L/C for received procurement documents of Carriages and rest 10% DPA is cleared by the ADB on the basis of survey report for receiving final report issued by the project authority through LC.</p> <p>Budget & payment system:</p> <ol style="list-style-type: none"> 1. Project budget is prepared by the Bangladesh Rail ways of the concerned project authority which is forwarded by the competent authority of Bangladesh Railway with all correspondent documents along with compilation of FA & CAO/Project (Development). 2. Project accounting system (GOB): Cash basis. 3. ADB fund was disbursed directly to the contractor's nominated bank account against L/C payment. Payment request was sent by the PD as well as Bangladesh Bank authority and Sonali bank authority against L/C payment of foreign procurement.
Project Objectives	<p>: The main objectives of the project are to:</p> <ol style="list-style-type: none"> i) Provide modern, safe and improved quality carriages for passenger service. ii) Replace over aged passenger carriages. iii) Meet the shortage of passenger carriages. iv) Operate new trains to meet the increasing demand of passengers. v) Increase revenue earning of Bangladesh Railway.

SUMMARY OF AUDIT FINDINGS

	Subject	Comments
	Status of Financial Statement	Unqualified
	Summary of Management Letter	
Para No	Title	Amount involved (Tk in lakh)
	PART-A Nil	
	PART-B Nil	

Causes of Irregularity and Loss

- Not Applicable.

Audit Recommendation

- Not Applicable.

AUDITOR'S REPORT

Audit Completion Date: 25-10-2016

The Secretary
Ministry of Railways,
Bangladesh Secretariat
Dhaka-1000.

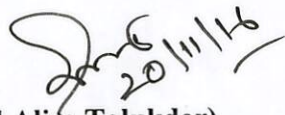
I. We have audited the Financial Statement of the "Procurement of 100 Meter Gauge and 50 Broad Gauge Passenger Carriages for Bangladesh Railway" as at 30 June'2016 and for the year then ended. The preparation of the Financial Statement (F.S) is the responsibility of the Management. Our responsibility is to express an opinion on the Financial Statement based on our audit.

II. We conducted our audit following International Standards on Auditing. Those standards require that we plan and perform audit to obtain reasonable assurance about whether the Financial Statement is free of material misstatement. 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, except as stated in the following paragraphs the Financial Statement gives a fair view in all material respects of the financial position of "Procurement of 100 Meter Gauge and 50 Broad Gauge Passenger Carriages for Bangladesh Railway" as at 30 June'2016 and the results of its operations and cash flows for the year the ended in accordance with the cash basis of accounting followed by the Government of Bangladesh.

IV. Opinion Status: **Unqualified.**

Date:


(Md. Abdul Alim Talukder)
Deputy Director
For Director General
Foreign Aided Projects Audit Directorate
Tel: 9331027

Name of the Project: Railway Sector Invest Program-Project 3
(Sub-project: Procurement of 100 Meter Gauge and 50 Broad Gauge
Passenger Carriages for Bangladesh Railway).

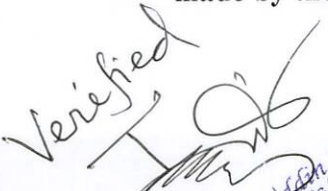
Project Financial Statement

30th June 2016

(Figure in Lakh Taka)

Resources	Notes	Cumulative Prior Period	Current Period	Cumulative Current Period
Government of Bangladesh	1	555.83	11516.74	12072.57
* Lender/Donor	2	0.00	18801.94	18801.94
Other resources	3	0.00	0.00	0.00
Cash opening balance	4	0.00	0.00	0.00
Total Resources		555.83	30318.68	30874.51
Expenditure				
1. GOB (Salary)	5	5.78	50.09	55.87
2. GOB (LC commissioning & others)	5	476.94	-	476.94
3. GOB (Pre-shipment Inspection Fee)	5	-	31.68	31.68
4. GOB (Transportation)	5	-	12.00	12.00
5. GOB (Port Charge)	5	-	13.00	13.00
6. GOB (Survey)	5	-	6.46	6.46
7. GOB (Stationary)	5	-	0.99	0.99
8. GOB (Fuel and lubricant)	5	-	1.60	1.60
9. GOB (TA Bill)	5	-	0.92	0.92
10. GOB (Equipment & Furniture)	5	73.11	-	73.11
11. GOB (CD & VAT)	5	-	11400.00	11400.00
* 12. PA (ADB) (Overseas training)	5	-	96.00	96.00
* 13. PA (ADB) (Procurement of Carriages)	5	-	18705.94	18705.94
Total Expenditure		555.83	30318.68	30874.51
Cash Closing Balance				
ADB Account		-	-	-
Project Operating Account of ADB		-	-	-
Operating Account of GOB		-	-	-
Total Expenditure and Cash		555.83	30318.68	30874.51

Note : * Financial Statement (FS) has been prepared on the basis of payment request made by the Project Director.

Verified

 Md. Ahmed
 Asst. Director
 Floor


 31.10.16
 Chief Mechanical Engineer/Development
 Bangladesh Railway
 Dhaka-1000

NOTES TO THE FINANCIAL STATEMENT

1. GOVERNMENT OF BANGLADESH:

GOB fund was provided through Government Order's issued by the Ministry of Railway which is withdrawn from FA&CAO/Project, Bangladesh Railway, Dhaka, through submitting bills.

	Inception to 30 June 2015	For the year 2015-16	Inception to 30 June 2016
Disbursements by GOB	558.00	11534.00	12092.00
Less: Refunds to GOB	2.17	17.26	19.43
Total:	555.83	11516.74	12072.57

2. LOAN FROM LENDER / DONOR:

Donor fund used on the basis of issued advices from Project Director and disbursement is made through LC by Sonali Bank Ltd. with the consent of Bangladesh Bank.

DONOR (ADB- 3097 BAN - SF)	Inception to 30 June 2015	For the year 2015-16	Inception to 30 June 2016
Initial Advance	-	-	-
Direct Payments (Project Aid)	-	18801.94	18801.94
SOE Procedures	-	-	-
Non SOE Procedures	-	-	-
Total:	-	*18801.94	18801.94

Note : * Financial Statement (FS) has been prepared on the basis of payment request made by the Project Director.

3. OTHER RESOURCES:

	Inception to 30 June 2015	For the year 2015-16	Inception to 30 June 2016
Project Revenues	-	-	-
Exchange gains/ losses	-	-	-
Total:	-	-	-

4. CASH:

	Inception to 30 June 2015	For the year 2015-16	Inception to 30 June 2016
Cash on hand	-	-	-
Special Account	-	-	-
Project Operating Account No.	-	-	-
Operating Account of Field stations	-	-	-
Total:	-	-	-

[Signature]
Engineer/Development