

# Audited Project Financial Statements

---

Project No. 40540-014

Loan: 2949-BAN

Period Covered: 1 July 2017 to 30 June 2018

## BAN: South Asia Subregional Economic Cooperation Road Connectivity Project

Prepared by Bangladesh Land Port Authority

For the Asian Development Bank  
Received on 31 December 2018

The audited project financial statements are document 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 Access to Information Policy and as agreed between ADB and Bangladesh Land Port Authority.

Foreign Aided Projects Audit Directorate  
Audit Complex (6<sup>th</sup> & 11<sup>th</sup> Floor)  
Segunbagicha, Dhaka.



No. 554 /FAPAD/S-1/ADB-2949-BAN/(SF)/BLPA/2017-2018/

Date: 31 -12-2018

The Secretary,  
Ministry of Shipping,  
Bangladesh Secretariat, Dhaka.

**Sub: Audit Inspection Report on the accounts of "SASEC Road connectivity project: Improvement of Benapol & Burimari Land Port Project" financed by ADB Loan No. 2949- BAN (SF) for the year 2017-2018**

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.

  
(Mohammad Amimul Ehsan Kabir)

Deputy Director  
For Director General  
Foreign Aided Projects Audit Directorate  
Tel: 9331027.

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

No.554 /FAPAD/S-1/ADB-2949-BAN/(SF)/BLPA/2017-2018/ 1107 Date: 31-12-2018

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 Project Director, SASEC Road connectivity project: Improvement of Benapol & Burimari Land Port", TCB Bhaban, 01, Kawranbazar, Dhaka-1215.

- a) 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.  
b) Observations in Part-B (Ordinary) should be responded to FAPAD directly.

4. Office Copy.

  
(Mohammad Amimul Ehsan Kabir)

Deputy Director  
For Director General  
Foreign Aided Projects Audit Directorate  
Tel: 9331027.

# Audit Inspection Report

**On**

**The Accounts of  
“SASEC Road connectivity project:  
Improvement of Benapol & Burimari Land Port”  
financed by ADB Loan No.2949-BLPA /BAN(SF)  
for the year 2017-2018.**

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

**Foreign Aided Projects Audit Directorate  
Audit Complex (6<sup>th</sup> Floor), Segunbagicha, Dhaka.**

## INFORMATION RELATING TO AUDIT

01.	Name of the audit unit	: "SASEC Road connectivity project: Improvement of Benapol & Burimari Land Port Project"
02.	Nature of audit	: Financial Audit.
03.	Audit year	: 2017-2018.
04.	Duration of audit	: 14-11-2018 - 22-11-2018 & 28-11-2018
05.	Audit team members.	Md. Saïdul haque , Audit & Accounts Officer. Mr. Al-Monsur , Super.
06.	Audit methodology	: Verification of Financial Statement (F.S) 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	: 6 years (Six) (revised).
09.	Date of commencement	: : July/ 2013.
10.	Date of completion	: : June/2019
11.	Total estimated cost	: Total =Tk.15690.33 lakh. : GOB( FE) Tk.2384.18 lakh, PA(DPA) Tk.13306.16 lakh
12.	Current Budget (2017-18)	Total = Tk. 5100.00 lakh GOB= Tk.600.00 lakh. + PA = Tk.4500.00 lakh
13.	Current cost(2017-18)	Total = Tk. 4800.352 lakh GOB= Tk.600.00 lakh. + PA = Tk.4200.352 lakh
14.	Current Status:	: 5 <sup>th</sup> years.
15.	Executing Ministry	: Ministry of Shipping.
16.	Implementing agency	: Bangladesh Land Port Authority (BLPA), Dhaka.
17.	Funding Agencies	: ADB & GOB.
18.	Fund management system	: <b>GOB Fund:</b> GOB fund of the project was released by the M/O Shipping against ADP allocation and was withdrawn by submitting bills to concerned Chief Accounts Officer (CAO), M/O Shipping by the Project Director of BLPA. During the financial year 2017-18 only Tk. 600.00 lakh was allocated by the Government of Bangladesh which was withdrawn from the CAO, Ministry of Shipping. which was also withdrawn from the concerned CAO office. Later on that fund was transferred to: Project operating bank account No.SND- 0117203000206, Sonali bank limited, Kawran Bazar "hotel branch, Dhaka.All bills are checked and passed by the PD, BPLA.
19.	Project Objectives	: The main objective of the project is to improve physical infrastructure at Benapole and Burimari land ports and to enhance the capacity of Bangladesh Land Port Authority (BPLA).

## SUMMARY OF AUDIT FINDINGS

Sl. no.	Subject	Comments	Nature of Irregularities & Risk
1.	<b>Status of Financial Statement</b>	<i>Unqualified</i>	
2.	<b>Summary of Management Letter:</b>	Non-compliance of Government Financial Rules & Regulations.	
Para No.	Title	Amount involved/ Comments	
	<b>PART-A Nil</b>		
	<b>PART-B Nil</b>		

### Causes of Irregularity and Loss:

- ❖ Non-compliance to the financial rules & regulations.
- ❖ Lack of adequate internal control system in the area of accounts maintenance & records keeping.
- ❖ Weak financial management of project authority.
- ❖ Progress report of the project was not supported by sufficient auditable documents.

### Audit Recommendations:

- ❖ Due care should be given for compliance with the Govt. financial rules and regulations.
- ❖ Financial management should be improved.
- ❖ Regular & close supervision of the project authority is required for getting optimum service delivery.
- ❖ Financial transactions should be correctly reflected in F.S.

# AUDITOR'S REPORT

Audit completion date: 28-11-2018.

**Secretary**  
Ministry of Shipping  
Bangladesh Secretariat, Dhaka.

- I. We have audited the accompanying Financial Statement of the "SASEC Road connectivity project: Improvement of Benapol & Burimari Land Port project" financed by ADB Loan No. 2949-BAN (SF) as of 30<sup>th</sup> June 2018 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 the FS Expenditure shown TK.6,00,00,000.00 from GOB Fund . On details Scrutiny of cash book and bank statement it was shown that actual expenditure TK.5,94,85,692.00. So Excess expenditure TK.5,14,308.00 in the FS.
- III. In our opinion, the Financial Statement gives a fair view in all material aspects of the financial position of the "SASEC Road connectivity project: Improvement of Benapole & Burimari Land Port Project" as of 30<sup>th</sup> June, 2018 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.***

*Amimul*

(*Mohammad Amimul Ehsan Kabir*)

Deputy Director  
For Director General  
Foreign Aided Projects Audit Directorate  
Tel: 9331027.

(15)

**SASEC Road Connectivity Project: Improvement of Benapole and Burimari Land Port**  
**Project Financial Statement**  
**30<sup>th</sup> June, 2018**

(Figure in Lac Taka)

Resources	Notes	Cumulative Prior Period	Current Period	Cumulative Current Period
Government of Bangladesh	1	894.08	600.00	1494.08
Loan from Development Partner (ADB/DPA)	2	4683.38	4200.35	8883.73
Other Resources	3	-	-	-
Cash Opening Balance	4	-	-	-
<b>Total Resources</b>		<b>5577.46</b>	<b>4800.35</b>	<b>10377.81</b>

Expenditure and Cash					
1	Civil Work (DPA) Benapole	5	3502.08	3760.13	7262.21
2	Civil Works (GOB) Benapole	5	524.68	511.31	1035.99
3	Civil Work (DPA) Burimari		750.28	379.57	1129.85
4	Civil Works (GOB) Burimari		98.28	59.96	158.24
5	Service & Supplies- Consultant (DPA)	5	431.01	60.66	491.67
6	Service & Supplies- Consultant (GOB)	5	246.25	28.54	274.79
7	Service & Supplies (GOB)	5	15.55	0.18	15.73
8	Office equipment (GOB)	5	9.33	-	9.33
<b>Total Expenditure</b>			<b>5577.46</b>	<b>4800.35</b>	<b>10377.81</b>
Cash Closing balance					
Imprest Account					
Operating Account (RPA)					
Operating Account (GOB)					
<b>Total Expenditure and Cash</b>			<b>5577.46</b>	<b>4800.35</b>	<b>10377.81</b>

*Kaluy*

*Ami*

*67*

  
**Md. Habibur Rahman**  
 (Joint Secretary)  
 Project Director  
 SASEC Road Connectivity Project



**SASEC Road Connectivity Project: Improvement of Benapole and Burimari Land Port**  
**Notes to Financial Statement**  
**30<sup>th</sup> June, 2018**

**1. GOVERNMENT OF BANGLADESH**

Fund are allocated by the Government of Bangladesh to Bangladesh to cover GOB's share of eligible project expenditure, as specified in the project Pro-forma 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 is as follows ( In Lakh Taka)

	Inception to 30 <sup>th</sup> June, 2017	For the year 2017-2018	Inception to 30 <sup>th</sup> June, 2018
Disbursement by GOB	981.00	600.00	1581.00
Less: Refund to GOB	86.92	-	86.92
<b>Total</b>	<b>894.08</b>	<b>600.00</b>	<b>1494.08</b>

**2. LOAN FROM DEVELOPMENT PARTNER**

The (name of the Development partner) has provided funds to the project to cover its share of eligible project expenditures. These funds, which must be repaid to (name lender/donor) after the conclusion of the project, have been drawn by the by the project in accordance with the following withdrawal procedures ( In lakh Taka)

	Inception to 30 <sup>th</sup> June, 2017	For the year 2017-2018	Inception to 30 <sup>th</sup> June, 2018
Initial Deposit (Advance)			
DPA (Direct Payment)	4683.38	4200.35	8883.73
RPA (SOE Procedure)			
RPA (Non SOE Procedure)			
Others			
<b>Total</b>	<b>4683.38</b>	<b>4200.35</b>	<b>8883.73</b>

**3. OTHER RESOURCES**

Other resources consist of the following:

	Inception to 30 <sup>th</sup> June, 2017	For the year 2017-2018	Inception to 30 <sup>th</sup> June, 2018
Project Revenues			
Exchange gains/losses			
<b>Total</b>			

**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 GOB as well as funds transferred from the imprest bank account. Year and cash balances were as follows ( In Lakh Taka)

	Inception to 30 <sup>th</sup> June, 2017	For the year 2017-2018	Inception to 30 <sup>th</sup> June, 2018
Imprest Account			
Operating Account (RPA)			
Operating Account (GOB)			
<b>Total</b>			

*Handwritten signature*

*Handwritten signature*

*Handwritten signature*

**Md. Habibur Rahman**  
 (Joint Secretary)  
 SASEC Road Connectivity Project