

Audited Project Financial Statements

Project No. 40540-018

Loan: 3883-BAN

Period Covered: 1 July 2020 to 30 June 2021

Bangladesh: South Asia Subregional Economic Cooperation Dhaka -Northwest Corridor Road Project, Phase 2-Tranche 2

Prepared by Roads and Highways Department
For the Asian Development Bank
Date received by ADB: 31 December 2021

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 Access to Information Policy and as agreed between ADB and Roads and Highways Department.

AUDITOR'S REPORT

Audit Completion Date: 30-11-2022

The Secretary

Road Transport and Highway Division
Ministry of Roads and Bridges
Bangladesh Secretariat, Dhaka.

Opinion: Unqualified

We have audited the accompanying Financial Statements of “SASEC Road Connectivity Project-2: Improvement of Elenga-Hatikumrul-Rangpur Road to a 4-Lane Highway (Dhaka-Northwest Corridor Project, phase-2)” which comprise of the statement of cash receipts and expenditure, statement of comparison of budget and actual expenditure as at and for the year ended on 30th June 2022 and a summary of significant accounting policies and other explanatory notes.

In our opinion, the project Financial Statements present fairly, in all material respects the cash and cash equivalents of the Project as on 30th June 2022 and the funds received and expenses incurred for the year then ended in accordance with the IPSAS Financial Reporting Under the Cash Basis of Accounting and the requirements of Project Accounting Manual issued by the Finance Division, Ministry of Finance, Government of Bangladesh as well as those of ADB guidelines and agreement.

Basis for opinion

We conducted our audit in accordance with the ‘Government Auditing Standards of Bangladesh’ (GASB) issued by the Office of the Comptroller and Auditors General (OCAG) of Bangladesh which are based on the International Standards of Supreme Audit Institutions (ISSAIs) issued by International Organization of Supreme Audit Institutions (INTOSAI). Our responsibilities under those standards are further described in the Auditor’s responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Project in accordance with the ‘Code of Ethics’ issued by the OCAG Bangladesh which is based on ISSAI 130- Code of Ethics (INTOSAI Code), and we have fulfilled our other ethical responsibilities in accordance with these ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

This audit of the project financial statements has been conducted to comply with the specific requirements of the Development Partner as specified in the related Loan agreement. OCAG reserves all the rights to incorporate any audit observation from this report in the CAG’s audit report for being laid before parliament to fulfill the constitutional responsibilities.

Responsibilities of Management for the Financial Statements and internal Controls:

Management of the Project Management Unit (the “PMU”) of Road Transport and Highway Division, Ministry of Roads and Bridges is responsible for the preparation and fair presentation of these special purpose financial statements in accordance with the International Public Sector Accounting Standard (“IPSAS”) Financial Reporting Under the Cash Basis of Accounting issued by the International Public Sector Accounting Standards board (the

IPSASB) of the International Federation of Accountants (IFAC), the requirements of project Accounting Manual issued by the Finance Division, MoF, GoB as well as those of the ADB's guidelines and agreement and for such internal control as management determines is necessary to enable the preparation of special purpose financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Special Purpose Financial Statements:

Our objectives are to obtain reasonable assurance about whether the financial statement are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with GASB which are based on ISSAI will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these special purpose financial statements.

As part of an audit in accordance with the Government Auditing Standards of Bangladesh which are based on ISSAIs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatements of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieve fair presentation.

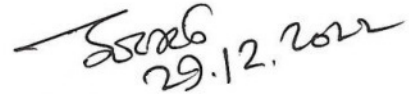
Report on Requirements of the Development Partner

In accordance with the ADB Loan No. 3592-BAN, 3593-BAN (COL)& 3883-BAN, between the Government of Bangladesh and ADB, we also report that:

- (a) in our opinion the funds were utilized for the purposes described in the Financing Agreements and agreed Project's annual work plans;
- (b) in our opinion, comments on Designated Account is not provided since no designated bank account is maintained. DPA payment is made directly to the account of the contractor and RPA portion of payment is paid through iBAS++. Entry of all transactions of the payment were not made into iBAS++ resulting in mismatch

between iBAS++ and project financial statement (PFS).

- (c) In our opinion, project expenditures disbursed and expenses claimed are in compliance with established proper procedures and according to the provisions of the financing agreements/ loan Disbursement handbook, and guidelines on Financial Management and Analysis of Project issued by the ADB;
- (d) except for the amount as described in detail in the Section II of this report, in our opinion procurement of goods, services and civil works have been made in accordance with the Financing Agreements and ADB Procurement guidelines, and;
- (e) The PMU has complied with covenants specified in the ADB Loan agreement No. 3883-BAN,3592-BAN &3593-BAN (COL); .


29.12.2022

(Md. Abdul Quddus Prodhan)

Deputy Director

For Director General

Foreign Aided Projects Audit Directorate

Tel: +8802226663607.

Financial Statement & Notes

South Asia Sub regional Economic Cooperation (SASEC) Dhaka-North West Corridor Road Project -Phase 2 (SASEC Road Connectivity Project -2 "Improvement of Elenga-Hatikamrul-Rangpur to a 4 Lane Highway")

Sarak Bhaban, Tejgaon, Dhaka-1208, Bangladesh

Project Financial Statement

As on 30th June 2022

(Amount in Lakh Taka)

Resources		Notes	Cumulative up to Prior Period	Current Period (FY 2021 -2022)	Cumulative up to Current period
(a)	(b)	(d)	(e)	(f)=(d+e)	
A. Source of Fund					
Government of Bangladesh	5.00	308,791.00	120,000.00	428,791.00	
Loan from Development Partner (Asian Development Bank)-Direct Project Aid	6.00	98,426.60	105,058.22	203,484.82	
Loan from Development Partner (Asian Development Bank)-Reimbursible Project Aid (RPA) through GOB	6.00	19,284.05	18,700.00	37,984.05	
Other Recourses	7.00	-	-	-	
Cash opening Balance	8.00	-	-	-	
Total Resources =		426,501.65	243,758.22	670,259.87	
B. Usages of Fund					
B.1 Expenditure					
Revenue Exp.:					
Economic Code	Economic Code wise Item description				
3111101	Officer's Salary	387.89	139.84	527.73	
3111310-3111338	Officer's allowances	294.24	111.66	405.90	
3241101-3255101	Other Supplies and Services (TA/DA, Fuel, Gas, Printing, Honorium etc)	241.25	78.21	319.46	
3221104	Vehicle Registration Fee	12.99	-	12.99	
3211131	Outsourcing of staff	451.28	196.59	647.87	
3257101	Consultancy Services (PIC)	13,039.90	6,000.00	19,039.90	
3257101	NGO Service	696.92	120.00	816.92	
3258101	Repairs and Maintenance (Vehicles)	17.43	5.93	23.36	
Capital Expenditure:					
	Acquisition of Assets	1,087.60	-	1,087.60	
4141101	Land acquisition	291,721.24	113,307.07	405,028.31	
4141102	Resettlement	3,436.71	926.10	4,362.81	
4111302	Relocation of Utility	11,546.72	1,934.08	13,480.80	
4111302	Civil Work	103,567.48	117,758.22	221,325.70	
Total Expenditure =		426,501.65	240,577.70	667,079.35	
B.2 Cash Closing Balance					
Government of Bangladesh			3,179.74	3,179.74	
ADB (Imprest Account)			-	-	
Total Expenditure and Cash (B1+B2) =		426,501.65	243,757.44	670,259.09	

Syeda Shabnaz Tarannum
(Syeda Shabnaz Tarannum)
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Assistant Project Director (SDE, C.C.), RHD
SASEC Road Connectivity Project-2

J. Prakash Chowdhury
(Joy Prakash Chowdhury)
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Sarak Bhaban, Tejgaon, Dhaka.

Dr. Md Waliur Rahman
(Dr. Md Waliur Rahman)
ID No: 005083
Project Director (ACE, C.C.), RHD
SASEC Road Connectivity Project-2
Sarak Bhaban, Tejgaon, Dhaka

Verified
13/12
13/12
As Officer
As Director

South Asia Sub regional Economic Cooperation (SASEC) Dhaka-North West Corridor Road Project -Phase 2
(SASEC Road Connectivity Project -2 "Improvement of Elega-Hatikamrul-Rangpur to a 4 Lane Highway"

Sarak Bhaban, Tejgaon, Dhaka-1208, Bangladesh
Notes to the Accounts

5.00 GOVERNMENT OF BANGLADESH

Funds are allocated by the Government of Bangladesh to cover GoB's share of eligible project expenditures, as specified in the Development Project Pro-forma (DPP) and in the Annual Development Programme (ADP) 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 contributions to the project since inception are as follows (In lakh Taka)

	(In Lakh Taka)		
	Inception to 30th June 2021	For the year 2021- 2022	Inception to 30th June 2022
Disbursement by GOB	308,802.61	120,000.00	428,802.61
Less: Refund Surrender	11.61	0.78	12.39
Total:	308,791.00	119,999.22	428,790.22

6.00 LOAN FROM DEVELOPMENT PARTNER

The Asian Development Bank (ADB) has provided funds to the project to cover it's share of eligible project expenditures. These funds, which needs to be repaid to ADB, have been drawn by the project in accordance with the following withdrawal procedures (In Lakh Taka)

	(In Lakh Taka)		
	Inception to 30th June 2021	For the year 2021- 2022	Inception to 30th June 2022
Initial Deposit (Advance)	-	-	-
DPA (Direct Payment Procedure)	98,426.60	105,058.22	203,484.82
RPA Through GoB	19,284.05	18,700.00	37,984.05
RPA (Non SOE Procedure)	-	-	-
Total:	117,710.65	123,758.22	241,468.87

Loan wise break down from Asian Development Bank:

The break down of ADB's Loan are given below:

	(In Lakh Taka)		
Loan no	Inception to 30th June 2021	For the year 2021- 2022	Inception to 30th June 2022
3592 BAN	77,366.92	1,045.89	78,412.81
3593 BAN-COL	13,039.90	6,000.00	19,039.90
3883 BAN	27,303.83	116,712.33	144,016.16
Total:	117,710.65	123,758.22	241,468.87

7.00 OTHER RESOURCES

115523.41 Lakh taka was authorized to DDO of respective DC Offices among which 113307.07 Lakh taka was spent through DC offices within June, 2022. The rest 2216.34 Lakh taka is shown in Cash Closing Balance.

1889.50 Lakh taka was disbursed for Resettlement. 926.10 Lakh taka spent within June 2022. The rest amount 963.40 Lakh taka is shown in Cash Closing Balance.

8.00 CASH OPENING BALANCE

N/A

Harun

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