

Audited Project Financial Statements

Project No. 42169-013

Loan: 2862/63/64 BAN

Period Covered: 1 July 2019 to 30 June 2020

Bangladesh: Greater Dhaka Sustainable Urban Transport Project Roads and Highways Department Component

Prepared by Roads and Highways Department
For the Asian Development Bank
Date received by ADB: 31 December 2020

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Office of the Director General
Foreign Aided Projects Audit Directorate
Audit Complex (6th & 11th Floor)
Segunbagicha, Dhaka.

No. 82.08.0000.501.35.026.20.415

Date: 30-12-2020.

Senior Secretary

Road Transport and Highways Division
Ministry of Road Transport & Bridges
Bangladesh Secretariat, Dhaka.

Sub: Audit Inspection Report on the Accounts of “Greater Dhaka Sustainable Urban Transport Project (BRT, Gazipur–Airport)” financed by ADB under Loan No-2862/2863/2864-BAN, AFD & GEF and GOB for the Year 2019-2020.

The Auditor’s Report along with a Management Letter containing audit observations on the accounts of the above mentioned project is enclosed herewith for your kind information and necessary action.

Enclosures:

1. Auditor’s Report.
2. Financial Statements & Notes to FS.
3. Management letter.
4. Audit opinion on Statement of Expenditure (SOE).
5. Auditor’s Report on Special Accounts.

sd.

(K T M Sharif)
Deputy Director

For Director General
Foreign Aided Projects Audit Directorate
Phone: 88-02-8391548

No. 82.08.0000.501.35.026.20.415

Date: 30-12-2020.

Copy for information and necessary action to:

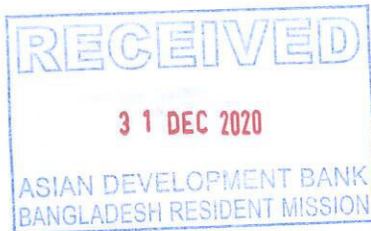
1. The Secretary, Economic Relations Division (ERD), Ministry of Finance, Sher-e-Bangla Nagar, Dhaka.
- ✓ 2. **Country Director**, Asian Development Bank, Bangladesh Resident Mission, Plot No E-31, Sher-E-Bangla Nagar, Dhaka.
3. **The Project Director**, “Greater Dhaka Sustainable Urban Transport Project”, House No. 04, Road No.21, Sector-04, Uttara, Dhaka.

- a) Replies/comments on the Auditor's Report and Management Letter may please be sent to the undersigned within 30 (thirty) days of receipt of this letter in your office.
 - b) Observations in Part-A (SFI) should be responded to through the Ministry concerned and observation in Part-B (Ordinary) should be responded to FAPAD directly

4. Office Copy.

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(Handwritten signature)
(KTM Sharif)
Deputy Director

For Director General
Foreign Aided Projects Audit Directorate
Phone: 88-02-8391548

Audit Inspection Report

On

**The Accounts of
“Greater Dhaka Sustainable Urban Transport Project (BRT, Gazipur–
Airport)” Financed by ADB under Loan
No-2862/2863/2864-BAN, AFD & GEF and GOB
for the FY 2019-2020**

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

Information Regarding Audit

• Name of the Audit Unit	:	“Greater Dhaka Sustainable Urban Transport Project (BRT- Gazipur-Airport).”
• Nature of Audit	:	Financial Audit
• Project Director’s Name Contact and PIU address	:	Mr. Chandan Kumar Basak Designation: Additional Chief Engineer, RHD Contact No: +88 02 8932135, +880 1730354219 Fax No: E-mail Address: pdrhd.gdsutp@gmail.com
• Year of the Audit	:	2019-2020
• Duration of Audit	:	1-12-2012 to 30-06-2022.
• Audit Party	:	Team-20 Md. Shahidur Rahman, Audit & Accounts Officer Md. Maruf Ahmed, SAS Super.
• Audit Methodology	:	<ul style="list-style-type: none"> ▪ Test of Controls- ▪ Verification of FS. ▪ Check of Internal Control System ▪ Compliance to the related Rules & Regulations of GOB and Donor Guidelines. ▪ Substantive Tests- ▪ Documentary, ▪ Test Check of Vouchers, ▪ Physical Verification, ▪ Analytical Review etc.
• Scope of Audit	:	<p>The audit was conducted following International Standards on Auditing (ISA) and practices of International Organization of Supreme Audit Institutions (INTOSAI)/SAI of Bangladesh and also as per procedures prescribed by ADB & GOB.</p> <p>The scope of audit includes selected Administrative units under the Ministry of Road Transport and Bridges that are in receipt of Project funding. These include:</p> <ul style="list-style-type: none"> ➤ Review of Financial Statement. Financial Management Report to form an Audit Opinion. ➤ Find out the cause of irregularities and their impact on project implementation. ➤ Check of fund receipts & expenditure made by Project Authority. ➤ Analyses the various accounting records, reports prepared by the Project Authority. ➤ Check of the Procurement of Works, Goods and Services. ➤ Verification of Bill/Vouchers, IPC, Estimate, Drawing, Design, Tender, C/S, TEC Regulation, MB, Stock and Assets Register. ➤ Verification of Resources, Opening Balance, Scrutinize the DPP, Contract Agreement, Annual Work Plan, Files and other activities of the Project. ➤ Test check of Disbursement Link Indicator (DLI) and Integrated Budget & Accounting System (iBAS). ➤ Review of Internal Control System as well as Internal Audit Report (if any).

• Project Duration	:	11 Years
• Commencement of Project	:	01-12-2012
• Completion	:	30-06-2022 (Revised).
▪ Total Estimated Cost of the Project	:	BDT 426832.43 lakh (GOB:142581.25 lakh & RPA:70735.33 lakh), DPA-213515.85 lakh
▪ Component Wise Resource (2019-20)	:	RHD-Part: GOBTk.4463.44+PATk.9681.10+ OB. Tk. 402.76 = Total Tk. 14547.31 Lakh.
	:	BBA-Part: GOB: Tk. 1662.85+ PATk.9219.07+OB: 103.01= Total Tk. 10984.93 Lakh
	:	LGED-Part: GOB: 527.36 lakh + RPA 1380.91 lakh + DPA 786.32 lakh+ OB:369.05 = Total Tk. 3063.64 lakh.
▪ Total expenditure(2019-2020)	:	Tk. 27110.97 lakh.
▪ Component Wise total expenditure	:	RHD-Part: Tk. 13945.94 lakh
	:	BBA-Part: Tk.10694.89 lakh
	:	LGED-Part: Tk. 2470.15 lakh
• Audit Status	:	2019-2020 (7 th Year).
• Executing Ministry	:	Ministry of Road Transport and Bridges.
• Funding Agencies	:	Asian Development Bank (ADB)
• Fund Management System	:	<p>GOB Funding:</p> <p>As per ADP/RADP allocation the Ministry of Road Transport and Bridges. Govt. GOs for GOB fund. On the basis of GOs the Project Director drawn the fund through submitting bills to the concerned Chief Account & Finance Officer (CA&FO).</p> <p>Donor Funding (RPA):</p> <p>Project maintains a Special Account bearing No. 0200009174895 Imprest into Agrani Bank Ltd. Jatiya Press Club 8381, Dhaka. Corp. Branch for RPA fund. The Project Director submits adjustment bill to the Development Partner.</p> <p>Donor Funding (DPA):</p> <p>As per condition of Contractual Agreement, the Consulting Firm submits Invoices/Bills to the Project Director. After scrutinizing, the Project Director forwards the Invoices to the Development Partner (ADB) for making payment. Then the Development Partner makes payment directly to the Consulting Firm.</p>
• Project Objectives	:	The main objectives of the project: The objective of the project is to improve quality of urban life of Gazipur-Tangail area establishing efficient, sustainable, environmentally, friendly, affordable and safe urban transport system through construction of 20 km long Bus Rapid System from Gazipur to Airport.

Causes of irregularities

- Non compliance of financial rules & regulations
- Non compliance of NBR
- Non compliance of PPR-2008
- Non compliance of conditions of contract.
- Non compliance of DPP Provision

Audit Recommendations

- Due care should be given for compliance of the financial rules & regulations.
- Condition of Contract should be followed.
- Internal control should be strengthened.

Part-I

- Auditor's Report &
- Management Letter

AUDITOR'S REPORT

Audit Completion Date: 08-11-2020.

The Secretary

Road Transport and Highways Division
Ministry of Road Transport & Bridges
Bangladesh Secretariat, Dhaka.

- I. We have audited the accompanying Financial Statement (FY 2019-2020) of the **“Greater Dhaka Sustainable Urban Transport Project (BRT, Gazipur–Airport)”** Financed by ADB under Loan No. 2862/2863/2864-BAN, AFD, GEF and GOB as of 30th June 2020 and for the year then ended. According to ISSAI 1570 the preparation of Financial Statement is the responsibility of 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 statement is free of material 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 and according to the statement of ISSAI 1705, the result of our audit disclosed the following aspect which affects the financial statements:
 - a) Total resources and expenditure up to 2018-2019 mentioned in audited F.S of 2018-19 changed in FS of 2019-2020 without making any explanation and supporting documentation for changing (Para-01).
 - b) There mentioned in financial statement an expenditure was incurred as “Special Project Organization (Dhaka BRT)” and “Capital Block Allocation” amounting to Tk. 2,86,95,000.00 (1,21,95,000.00 +1,65,00,000.00) but the explanation and supporting documents of the expenditure could not be produced for audit verification (Para-04).
 - c) Bills-vouchers, procuring (processing) files and procuring records & documents of Tk. 29,21,388.00 could not be produced for audit verification (Para-06).
 - d) Special Accounts statement as well as reconciliation Statement of the project was not found.
- IV. Except as stated in the preceding paragraphs the FS gives a fair view. Our opinion and according to the statement of ISSAI 1705, the financial statement gives a true and fair view in all material respects of the financial position of **“Greater Dhaka Sustainable Urban Transport Project (BRT, Gazipur–Airport)”** financed by ADB under Loan No. 2862/2863/2864-BAN, AFD, GEF and GOB as of 30th June 2020. The result of its operation and cash flows for the year ended in accordance with the cash basis of accounting followed by the Government of Bangladesh.
- V. Opinion Status: **Qualified.**

(K-T M Sharif)
Deputy Director

For Director General

Foreign Aided Projects Audit Directorate

Phone: 88-02-8391548

Financial Statement

Greater Dhaka Sustainable Urban Transport Project (BRT, Gazipur-Airport)
RHD Part

ADB Loan No: 2862/2863(SF)/2864(SF)-BAN

Project Financial Statement

As on 30th June 2020 ②

(Amount in Lakh Taka)

Economic Code	Resources	Notes	Cumulative up to Prior Period	Current Period (2019-2020)	Cumulative up to Current Period
a	b	c	d	e	f=d+e
A. Source of Fund					
	Government of Bangladesh	5.00	27,181.27	4,463.44	31,644.71
	Loan from Development Partner	6.00	30,601.49	9,681.10	40,282.59
	Other Resources	7.00	0.82	-	0.82
	Cash Opening Balance	8.00	-	402.76	-
	Total Resources		57,783.58	14,547.31	71,928.13
B. Usages of Fund					
B.1 Expenditure					
	Revenue				
3111101	Officers Salary		211.71	54.63	266.34
3111201	Staff Salary		20.83	4.90	25.73
3111310-3111335	Allowances		190.65	43.15	233.80
3241101-3211309	Supply and Services		536.87	57.15	594.02
3257101	Consultancy		10,805.32	2,205.12	13,010.44
3258101-3258108	Repairs and Maintenances		51.28	17.09	68.36
	Capital				
4112101-4112310	Acquisition of Goods		527.02	-	527.02
4141101	Land Acquisition		16,871.95	1,904.97	18,776.92
4111302	Civil Works		24,767.46	9,371.98	34,139.44
4111302	Special Project Organization (Dhaka BRT)		735.72	121.95	857.67
3821104	CD/VAT on Capital		-	-	-
4111302	Capital Block Allocation		2,662.02	165.00	2,827.02
	Total Expenditure		57,380.82	13,945.94	71,326.76
B.2 Cash Closing Balance					
	Government of Bangladesh		-	-	-
	ADB (Imprest Account)		402.44	280.48	280.48
	AFD (Imprest Account)		0.32	320.89	320.89
	Cash and Balance		402.76	601.37	601.37
	Total Expenditure and Cash (B1+B2)		57,783.58	14,547.31	71,928.13

Verified

Md. Shahidur Rahman
Audit & Accounts Officer
Foreign Aided Project Audit Directorate
Audit Complex (6th & 11th Floor)
Dhaka

(Chandan Kumar Basak)
ID No. 005051
Project Director (ACE), RHD
GDSUTP (BRT, Gazipur-Airport)
House-04 Road-21 Sector-04 Uttara Dhaka

90 Reporting Entity:

This financial statement relates to Greater Dhaka Sustainable Urban Transport Project (BRT, Gazipur-Airport) which is executed and implemented by the Government of Bangladesh and is funded by Asian Development Bank (ADB), Agence Francaise de Developpement (AFD) and Global Environmental Facility (GEF) under the Financing Agreement (the Agreement) dated 17 December 2012, 25 October 2017 respectively. The closing date of Greater Dhaka Sustainable Urban Transport Project (BRT, Gazipur-Airport) is 30 June 2022. The administrative closing date is 30 June 2022.

The designated representative of Greater Dhaka Sustainable Urban Transport Project (BRT, Gazipur-Airport) for Government of Bangladesh is Ministry of Road Transport and Bridges, People's Republic of Bangladesh. Project Implementation Units (PIU) for Greater Dhaka Sustainable Urban Transport Project (BRT, Gazipur-Airport) are Roads and Highways Department (RHD), Bangladesh Bridge Authority (BBA) and Local Government and Engineering Department (LGED).

The objectives of Greater Dhaka Sustainable Urban Transport Project (BRT, Gazipur-Airport) are:

- Construction of 20.5 km dedicated bus lane, out of which 4.5 km will be elevated along with 8-lane Tongi bridge,
- Construction of 6 flyovers,
- Construction of 24 km of high capacity storm drain from Joydebpur intersection to Tongi river,
- Construction of 2 bus terminals at Gazipur and Airport and 1 bus depot at Gazipur,
- Improvement of 113 access road (56 Kilometers),
- The BRT system will have 25 stations along to its total length,
- Development of 08 kitchen markets,
- Procurement of Articulated buses and Intelligent Transpiration System (ITS).

2.00 Financial Statements

This Financial Statement has been presented in Bangladeshi Taka. The financial statement comprises of the Statement of Receipts and Payments, Statements of Expenditure (SoE) and Reconciliation Statements.

3.00 Financial Reporting Framework

This financial statement has been prepared in accordance with Generally Accepted Accounting Principles, as applicable in Bangladesh. This refers to the cash basis accounting applied with due regard to the General Financial Rules and similar financial rules and codes as are in effect and applicable to the operation of the project. The financial statement has been prepared to ensure maximum alignment with the principles of the cash basis of International Public Sector Standards (IPSAS).

4.00 Reporting period

The financial statement apply to the financial period ended from 01 July 2019 to 30 June 2020 (the Period).
The principal accounting policies applied in the preparation of these financial statement are set out below:

4.01 Basis of preparation

The financial statement is prepared in accordance with ADB's Handbook for Borrowers on the Financial Management and Analysis of Projects. The financial statement is prepared on cash basis of accounting in which revenue is recognized when received and expenses are recognized when paid.

4.02 Measurement basis

The financial statement has been prepared using cash basis of accounting.

4.03 Changes in accounting policies

There have been no material changes in accounting policies during the Period.

4.04 Foreign currency translation

Foreign currency transactions are translated at the exchange rates prevailing at the date of the transactions.

4.05 Cash and cash equivalents

Cash and cash equivalents comprise of balances in the bank, which pertain to funds received from ADB which is restricted to the implementation of Greater Dhaka Sustainable Urban Transport Project (BRT, Gazipur-Airport).



4.06 Inventories

Inventory comprising of stationery and office equipment are not capitalized, but treated as expenditure during the year of purchase. Therefore, financial value of stock balances at year-end is not shown as assets in the financial statements.

4.07 Receipts and disbursements

a) Receipts

Receipts are accounted in the period in which such receipts are received. Receipts consist of external assistance received of loan and grant proceeds from ADB and AFD. Direct payments by ADB for contractors of Greater Dhaka Sustainable Urban Transport Project (BRT, Gazipur-Airport) have been included in receipts in the year of such disbursements.

b) Payments

Payments are accounted in the period in which such disbursements are made. Payments consist of expenses towards stipulated components of Greater Dhaka Sustainable Urban Transport Project (BRT, Gazipur-Airport).

4.08 Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the reporting period.

4.09 Compliance with Laws, Regulations and others:

The project has complied with relevant Government laws and regulations such as Public Procurement ACT 2006 and Public Procurement Rules-2008, General Financial Rules, Income Tax Ordinance 1984, Finance Act'19, VAT Act - 2012 and other applicable laws and regulations. In Addition,

(A) The project has utilized all proceeds of the loan withdrawn from the loan account only for the purposes of the projects in accordance with the Loan Agreement and no proceeds of the loan have been utilized for other purposes; and

(B) The Project was in compliance as at the end of reporting period with all financial covenants of the loan agreement.

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 Greater Dhaka Sustainable Urban Transport Project (BRT, Gazipur-Airport) 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 surrender to GoB. GoB contributions to the project since inception are as follows.

(In Lakh Taka)

Description	Inception to 30th June 2019	For the year 2019-2020	Inception to 30th June 2020
Disbursement by GoB	27408.36	6711.46	34119.82
Less: Refund / Surrender to GoB	227.09	2248.01	2475.10
Total	27181.27	4463.44	31644.71

6.00 Loan from Development Partner

Asian Development Bank (ADB), Agence Francaise de Developpement (AFD) and Global Environment Facility (GEF) have provided funds to the project to cover it's share of eligible project expenditures. These funds, which need to be repaid to donors, have been drawn by the project in accordance with the following withdrawal procedures.

(In Lakh Taka)

Description	Inception to 30th June 2019	For the year 2019-2020	Inception to 30th June 2020
Asian Development Bank (ADB)	23,866.45	4,949.18	28,815.63
Agence Francaise de Developpement (AFD)	6,735.04	4,731.92	11,466.96
Global Environmental Facility (GEF)	-	-	-
Total	30,601.49	9,681.10	40,282.59

6.01 Loan from Asian Development Bank (ADB)

The Asian Development Bank (ADB) has provided funds to the project to cover its share of eligible project expenditures. These funds, which need to be repaid to ADB, have been drawn by the project in accordance with the following withdrawal procedures.

(In Lakh Taka)

Description	Inception to 30th June 2019	For the year 2019-2020	Inception to 30th June 2020
Initial Deposit (Advance)	-	-	-
RPA (SOE Procedure)	-	-	-
RPA (Non SOE Procedure)	1,306.73	472.61	1,779.34
RPA (Imprest)	1,137.34	-	1,137.34
Others RPA	-	-	-
DPA (Direct Payment)	21,422.38	4,476.57	25,898.95
Total	23,866.45	4,949.18	28,815.63

6.02 Loan from Agence Francaise de Developpement (AFD)

The Agence Francaise de Developpement (AFD) has provided funds to the project to cover its share of eligible project expenditures. These funds, which need to be repaid to AFD, have been drawn by the project in accordance with the following withdrawal procedures.

(In Lakh Taka)

Description	Inception to 30th June 2019	For the year 2019-2020	Inception to 30th June 2020
Initial Deposit (Advance)	-	-	-
RPA (SOE Procedure)	-	-	-
RPA (Non SOE Procedure)	-	-	-
RPA (Imprest)	6,735.04	4,731.92	11,466.96
Others RPA	-	-	-
DPA (Direct Payment)	-	-	-
Total	6,735.04	4,731.92	11,466.96

6.03 Grant from Global Environmental Facility (GEF)

The Global Environment Facility (GEF) has provided funds to the project to cover its share of eligible project expenditures. These funds, which need to be repaid to GEF, have been drawn by the project in accordance with the following withdrawal procedures. During the year there is no fund withdrawal from GEF.

(In Lakh Taka)

Description	Inception to 30th June 2019	For the year 2019-2020	Inception to 30th June 2020
Initial Deposit (Advance)	-	-	-
RPA (SOE Procedure)	-	-	-
RPA (Non SOE Procedure)	-	-	-
RPA (Imprest)	-	-	-
Others RPA	-	-	-
DPA (Direct Payment)	-	-	-
Total	-	-	-

7.00 Other Resources - N/A

Other resources consist of the following:

(In Lakh Taka)

Description	Inception to 30th June 2019	For the year 2019-2020	Inception to 30th June 2020
Project Revenues	-	-	-
Exchange gains/losses	0.82	-	0.82
Total	0.82	-	0.82

8.00 CASH

The project maintains two bank account, two imprest account, or revolving fund which is kept in Bangladesh Bank to hold funds advanced by ADB and AFD respectively. Two separate sub bank account for imprst fund. One bank account is maintained for GoB funded expenditure. Year-end cash balances were as follows

(In Lakh Taka)

Description	Inception to 30th June 2019	For the year 2019-2020	Inception to 30th June 2020
Imprest Account-ADB	402.44	280.48	280.48
Imprest Account-AFD	0.32	320.89	320.89
Operating Account (GoB)	-	-	-
Operating Account Sub-Account	-	-	-
Total	402.76	601.37	601.37

Verified

Md. Shafiqur Rahman
Audit & Accounts Officer
Foreign Aided Project Audit Directorate
Audit Complex (6th & 11th Floor)
Segunbagicha, Dhaka.


(Chandan Kumar Basak)
ID No. 005051
Project Director (ACE), RHD
GDSUTP (BRT, Gazipur-Airport)
House-04 Road-21 Sector-04 Uttara Dhaka.

AUDITOR'S REPORTS ON SPECIAL ACCOUNT

It is the responsibility to provide **Special Accounts Statement** by the Project authority. But Project authority could not provide Special Accounts Statement.

As a result, it is not possible to express audit opinion accurately.

Because of the significance of the matters, we are unable to express an opinion on the Special Accounts.

Opinion Status: **Disclaimer.**



(KT M Sharif)
Deputy Director
For Director General
Foreign Aided Projects Audit Directorate
Phone: 88-02-8391548