

Audited Project Financial Statements

Project No. 42378-017

Loan: 3350-BAN

Period Covered: 1 July 2017 to 30 June 2018

BAN: Power System Expansion and Efficiency Improvement Investment Program – Tranche 3

Prepared by Ashuganj Power Station Company Ltd

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 Ashuganj Power Station Company Ltd under Ministry of Power Energy and Mineral Resources.



Foreign-Aided Projects Audit Directorate
Audit Complex (6th & 11th Floor)
Segunbagicha, Dhaka.



No.1103/FAPAD/S-5/ADB-3350 BAN/2017-18/248

Dated: 31-12-2018

Sub: Audit Inspection Report on the Accounts of "Construction of Ashuganj 400(+/- 5%) MW Combined Cycle Power Plant (East) Project" financed by ADB Loan No. 3350-BAN & IDB BGD-1003 for the year 2017-18.

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. Before issuing this final report there was an exit meeting on the draft report. After dropping the settled observations of exit meeting this final report has been issued. This report consists of eight (8) audit observations.

Enclosure:

1. Auditor's Report.
2. Financial Statements & notes to FS.
3. Management letter.
4. Report on internal control & other issues.
5. Auditor's Report on Special Accounts.

Sd/-
(Sarkar Mohammad Khairul Alam)
Deputy Director
For Director General
Foreign Aided Projects Audit Directorate
Phone: 88-02-8391548

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

No.1103/FAPAD/S-5/ADB-3350 BAN/2017-18/248

Dated: 31-12-2018

Copy for information and necessary action to:-

1. **Secretary**, Economic Relations Division, Ministry of Finance, Sher-e-Bangla Nagar, Dhaka.
2. **Country Director**, Asian Development Bank (ADB), E-31, Sher-e-Bangla Nagar, Agargaon, Dhaka.
3. **Project Director**, Construction of Ashuganj 400(+/- 5%) MW Combined Cycle Power Plant (East) Project, Ashuganj Power Station Company Limited, Ashuganj, Brahmanbaria.
4. Office Copy.

- a) *Replies/comments on the Audit 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-A (SFI) should be responded to through the Ministry concerned and observation in Part-B (Ordinary) should be responded to FAPAD directly.*

Sd/-
(Sarkar Mohammad Khairul Alam)
Deputy Director
For Director General
Foreign Aided Projects Audit Directorate
Phone: 88-02-8391548

Audit Inspection Report

on

**The Accounts of
“Construction of Ashuganj 400 (+/- 5%) MW Combined Cycle
Power Plant (East) Project”
financed by ADB & IDB for the financial year 2017-2018.**

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

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Part-I

- Auditor's Report &
- Management Letter

AUDITOR'S REPORT

Audit Completion Date: 12.11.2018

Secretary

Power Division

Ministry of Power, Energy & Mineral Resources

Bangladesh Secretariat, Dhaka.

We have audited the accompanying financial statement (FY 2017-18) of the "**Construction of Ashuganj (+/-5%) 400 MW Combined Cycle Power Plant (East) Project**" financed by ADB Loan No. 3350-BAN & IDB=BGD-1003 for the year as at 30th June, 2018 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.

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.

In 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 **Construction of Ashuganj (=/- 5%) 400 MW Combined Cycle Power Plant (East) Project**" as at 30th June, 2018 and 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.

The project accounts properly presents the expenditure and receipts for the year ended at June 2018.

Opinion Status: Unqualified.



(Sarkar Mohammad Khairul Alam)

Deputy Director

For Director General

Foreign Aided Projects Audit Directorate

Phone: 88-02-8391548

**CONSTRUCTION OF ASHUGANJ 400 MW
COMBINED CYCLE POWER PLANT (EAST)
PROJECT FINANCIAL STATEMENT
30TH June, 2018**

(Figure in Lakh Taka)

Resources	Notes	Cumulative Prior Period	Current period	Cumulative Current Period
Government of Bangladesh (GOB)	1			
Loan from Development Partner(ADB)-DPA	2		8532.92	8532.92
Loan from Development Partner(IDB)-DPA	2		6203.32	6203.32
Other resources(APSCL)	3	191.20	176.35	367.55
Cash opening balance			-	-
Total Resources (2017-18)		191.20	14912.59	15103.79

Expenditure and Cash				
1.Land Development				
2.DPA (ADB) Plant & Machineries (10% Advance Payment)			8331.63	8331.63
3.DPA(IDB) Plant & Machineries (10% Advance Payment)			6203.32	6203.32
4. DPA (ADB) Consultancy (10% Advance Payment)			201.29	201.29
5. Advertisement, Printing & Stationeries ,etc.		60.89	7.61	68.49
6. Pay & Allowance		92.61	148.90	241.51
7. CD-VAT				
8. CD-VAT (From APSCL Own fund)				
9. Civil Works			0.70	0.70
10. Entertainment		1.99	2.23	4.22
11. Consultancy		9.55		9.55
12. Design Services				
13. Office Equipment & Furniture, etc.		15.21	8.41	23.62
14. Vehicle Rent		7.13	8.09	15.22
15. TA/DA & Honorarium		1.14		1.14
16. Legal Expenses		1.04	0.40	1.44
17. Safety Materials		1.64		1.65
Total Expenditure for 2017-18		191.20	14912.59	15103.79

Cash Closing Balance				
Imprest Account			-	-
Operating Account (RPA)			-	-
Operating Account (GOB)			-	-
Total Expenditure and Cash		191.20	14912.59	15103.79

22/11/18
Md. Ohidul Islam
Manager (Accounts)
Ashuganj 400MW CCPP (East) Project
Ashuganj Power Station Company. Ltd.
Ashuganj, Brahmanbaria-3402.

Verified
22-11-2018
FARUQUE AHMED
AUDIT & ACCOUNTS OFFICER
FOREIGN AID PROJECT AUDIT DIRECTORATE
AUDIT COMPLEX (6TH FLOOR)
SEGUNDBAGICHA, DHAKA

22-11-18
Engr. Kshitish Chandra Biswas
Project Director (Chief Engineer)
Ashuganj 400 MW CCPP (East)
Ashuganj Power Station Co. Ltd.
Ashuganj, Brahmanbaria.

**CONSTRUCTION OF ASHUGANJ 400 MW
COMBINED CYCLE POWER PLANT (EAST)
NOTES TO THE FINANCIAL STATEMENT
30TH June, 2018.**

1. GOVERNMENT OF BANGLADESH:

(Figure in Lakh Taka)

	Inspection to 30 th June, 2017	For the Year 2017-2018	Inspection to 30 th June, 2018
Disbursement by GOB			
Less: Refund to GOB			
Total			

2. LOAN/GRANT FROM DEVELOPMENT PARTNER:

	Inspection to 30 th June, 2017	For the Year 2017-2018	Inspection to 30 th June, 2018
Initial Deposit(Advance)	-	-	-
DPA (Direct Payment)ADB		8532.92	8532.92
DPA (Direct Payment)IDB		6203.32	6203.32
RPA (SOE Payment)		-	-
RPA (Non SOE Payment)		-	-
Others		-	-
Total	-	14736.24	14736.24

3. OTHERS RESOURCES:

Other resources consist of the following:

	Inspection to 30 th June, 2017	For the Year 2017-2018	Inspection to 30 th June, 2018
APSCL	191.20	176.35	367.55
Exchange gains/losses			
Total	191.20	176.35	367.55

CASH:

	Inspection to 30 th June, 2017	For the Year 2017-2018	Inspection to 30 th June, 2018
Imprest Account	-	-	-
Operating Account (RPA)	-	-	-
Operating Account (GOB)	-	-	-
Total	-	-	-

22/11/18
Md. Ghidul Islam
Manager (Accounts)
Ashuganj 400MW CCPP (East) Project
Ashuganj Power Station Company, Ltd.
Ashuganj, Brahmanbaria-3402.

Verified
22-11-2018
FARUQUE AHMED
AUDIT & ACCOUNTS OFFICER
FOREIGN AIDED PROJECT AUDIT DIRECTORATE
AUDIT COMPLEX (6TH FLOOR)
SEGUNBAGICHA, DHAKA

22.11.18.
Engr. Kshitish Chandra Biswas
Project Director (Chief Engineer)
Ashuganj 400 MW CCPP (East)
Ashuganj Power Station Co. Ltd.
Ashuganj, Brahmanbaria.

Summary of Audit observations

Subject	Amount Involved	Risk Assessment	Remarks
Status of Financial Statement		Medium	Un-qualified <i>Internal control is in place. Fund management is satisfactory.</i>
Summary of Management Letter			<i>Government orders should be maintained properly.</i>

PART-A

Para no.	Title	Amount Involved (BDT.)	Risk Assessment	Remarks
01	Deducted revenue an amount of Tk. 65,99,156.00 at source from the bill but did not deposit into Govt. account.	65,99,156.00	High	
02	Loss of project money amounting to Tk. 24,33,152/= due to appointment of DPD without the DPP provision.	24,33,152/=	High	
03	Despite of having DPP provision on vehicle purchase an amount of Tk. 8,08,510/= has been incurred by hiring a transport unnecessarily.	8,08,510/=	High	
04	Irregular payment of BDT. 3,87,934/= for purchase of equipment for consultants' residence which was beyond the Contract.	3,87,934/=	High	
05	Revenue loss amount of BDT. 5,41,87,015.28 due to non-deduction of income Tax and VAT at source from the foreign contractors' bill.	5,41,87,015.28	High	

PART-B

06	Insurances were not taken out by the Contractor Violating Contract Agreement.	-	Medium	
07	Violating of project agreement due to amalgamated account was maintained instead of separate account involved Tk. 176.45 lakh	176.45 lakh	Medium	
08	Revenue amounting to BDT. 1,01,555.89 due to non deduction of Income Tax and VAT.	1,01,555.89	Medium	

Overall Comments on Observations

Causes of irregularities & loss

- Non compliance of financial rules & regulations

Audit Recommendations

- Due care should be given for compliance of the Govt. financial rules and regulations.