

Audited Project Financial Statements

Project No. 42378-017

Loan: 3350-BAN

Period Covered: 1 July 2019 to 30 June 2020

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

Prepared by Bangladesh Rural Electrification Board

For the Asian Development Bank
Received on 31 December 2020

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



No: 82.08.0000.301.27.020.20

Date: /12/2020.

Sub: Audit Inspection Report on the accounts of “Pre-Payment E-metering in Dhaka Division under Rural Electrification Program (Phase-1)” financed by ADB under Loan No. 3350- BAN for the financial 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 for your information and necessary action.

Enclosure :

01. Auditor’s Report.
02. Financial Statement.
03. Management Letter.

Sdt

(Nazma Parvin)

Deputy Director

For Director General

Foreign Aided Projects Audit Directorate

Phone: 88-02-48310545

Secretary

Power Division,

Ministry of Power, Energy & Mineral Resources.

Bangladesh Secretariat, Dhaka.

No: 82.08.0000.301.27.020.20.219

Date: 31/12/2020.

Copy for information and necessary action to:

1. Secretary, Economic Relations Division (ERD), Ministry of Finance, Sher-e- Bangla Nagar, Dhaka-1207.
- ✓ 2. **Country Director**, Asian Development Bank (ADB), E-31, Agargaon, Sher-e-Bangla Nagar, Dhaka.
3. **Project Director**, “Pre-Payment E-metering in Dhaka Division under Rural Electrification Program (Phase-1)”, House No. 9 (3rd floor), Road no. 3, Nikunja-2, Khilkhet, Dhaka-1229.

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

4. Office Copy.

Nazma Parvin
31/12/2020

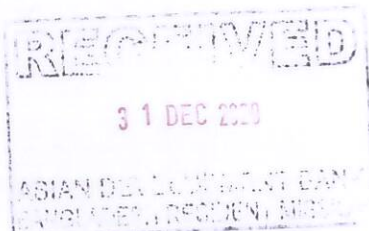
(Nazma Parvin)

Deputy Director

For Director General

Foreign Aided Projects Audit Directorate

Phone: 88-02-48310545



Audit Inspection Report.

On

The Accounts of

**“Pre-Payment E-metering in Dhaka Division under Rural
Electrification Program (Phase-1) ”
financed by ADB under Loan No. 3350- BAN
for the financial year 2019-2020.**

**Foreign Aided Projects Audit Directorate
Audit Complex (6th & 11th Floor), Segunbagicha, Dhaka-1000.**

Information Relating To Audit.

Name of the Project	:	“Pre-Payment E-metering in Dhaka Division under Rural Electrification Program (Phase-1) (Revised) Project.”		
Title of the Project as described in credit Agreement	:	“Pre-Payment e-metering (Phase-1) in Dhaka Division under Rural Electrification Program (1 st Phase) (Revised) Project.”		
Nature of Audit	:	Financial & Compliance Audit		
Sponsoring Ministry /Division	:	Ministry of Power, Energy & Mineral Resources (Power Division).		
Implementing Agency(ies)	:	Bangladesh Rural Electrification Board (BREB).		
Concern Division of Planning Commission	:	Industry and Power		
Loan Agreement Number	:	CREDIT No. ADB Loan No. 3350 - BAN.		
Development Partner	:	Asian Development Bank (ADB)		
Project Number/Code	:	NEW:224099200		
Project Duration	:	01 July/2015 to 30 June/2020 .		
Present status	:	5 th Year.		
Project starting year	:	01 July/2015		
Project Implementation Period	:	Type Of DPP	Date of Commencement	Date of Completion
		Original	01 July/2015	30 June 2018.
		Revised	01 July/2015	30 June 2020 .
Audit year	:	2019-2020		
Audited by FAPAD	:	1. Sreenibash Chandra Sahajee, Audit & Accounts Office 2. Mizanur Rahman SAS Superintendent,		
Estimated Cost and Source of Finance	:		Original	1 st Revision
				2nd Revision
		1	2	3
		Total	43644.69	42727.56
		GOB	10368.57	14,897.00
		P.A.	32,951.45	27,437.91
Current Year Fund	:	Own Fund (BREB/PBS)	324.67	392.65
				162.77
		Opening Balance = BDT 19.28 Lakh		
		GOB = BDT 298.35 Lakh		
		RPA = BDT 9525.70 Lakh		
		Own fund = BDT 51.73 Lakh		
Current year Expenditure	:	TOTAL = BDT 9890.86 Lakh		
		Closing Balance = BDT 4.20 Lakh		
Location of PD Office	:	House No. 9 (3 rd floor), Road no. 3, Nikunj-2, Khilkhet, Dhaka-1229		
Name, Contract and Mail of PD	:	Md. Rafiqul Islam, Phone: T&T: 02-8922458 (T&T), Mobile: 01674327186, e-mail: pdppmbreb@gmail.com		
Location of Project	:	11 Nos of PBS of BREB Under RE Program in Dhaka Division.		

Location of Auditable Documents	:	PD office, House No. 9 (3rd floor), Road no. 3, Nikunj-2, Khilkhet, Dhaka-1229.
Category of Special Account	:	RPA (SOE)
Operating Account (GOB)	:	Janata Bank Ltd, BREB Branch,Dhaka. Account No. 004001033(SND-GOB).
Fund Disbursement Procedure:	:	<p>GOB Funding: The GOB fund for the project was provided in the Annual Development Programme (ADP). GOB fund was released by the Ministry of Power Division, Ministry of Power, Energy & Mineral Resources (Power Division).. As per Govt. order Project authority placed & passed their bill vouchers from the Chief Accounts Office (CAO), Power Division, Ministry of Power, Energy & Mineral Resources (Power Division).. The Govt. cheque was kept in Janata Bank Ltd, BREB Corporate Br. Khilkhet , Dhaka for clearing purpose.</p> <p>Donor Funding: Donors (RPA) fund was provided directly by the donor (ADB) to the Project Authority nominated Bank Account after getting Withdrawal Applications from the Project Director.</p>
Project Objectives	:	<p>The Overall objective of the Project is</p> <p>(a)100% Collection of electricity revenue in advance that will increase cash flow and contribute in national GDP.</p> <p>(b) To keep the Consumer free from hassle of the present system as well as to enhance better the improved service to the customer.</p> <p>(c) To improved the commercial performance / financial efficiency of the utility.</p> <p>(d) To enable accurate & transparent financial reports by Computerized customer data base.</p> <p>(e) Eliminate present tedious conventional billing system, ledger keeping, meter reading etc.</p> <p>(f) Reduce the overhead cost of the PBSs.</p> <p>(g) To enable enable the consumers to control the use of electricity as per their budget / requirements and of the d it will reduce the overall peak demand of the system.</p>

AUDITOR'S REPORT

Audit Completion Date: 27.10.2020.

Secretary

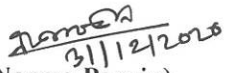
Power Division,
Ministry of Power, Energy & Mineral Resources.
Bangladesh Secretariat, Dhaka.

- I. We have audited the accompanying Financial Statement of the (FY 2019-2020) "Pre-Payment E-metering in Dhaka Division under Rural Electrification Program (Phase-1)" financed by ADB Loan No.3350-BAN as on 30th June 2020& for the year then ended. According to ISSAI 1570 the Preparation of the 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 and practice of INTOSAI/SAI of Bangladesh. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Financial Statements is 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.

The results of our audit disclosed the following material aspect which affects the financial statement:

- a) CD/VAT amounting to Tk. 16,56,89,000.00 was understated in the Financial Statement as expenditure (Para-01)
- III. In our opinion and according to the statement of ISSAI 1705, except as stated in the preceding paragraph the financial statement gives a true and fair view in all material aspects of the financial position of " Pre-Payment E-metering in Dhaka Division under Rural Electrification Program (Phase-1)" financed by ADB Loan No. 3350-BAN as on 30th June 2020 due to contingent liability of audit observations. 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. The Project accounts were not properly present the expenditure and receipts for the year ended at 30-06-2020.

V. Opinion Status: Qualified.


(Nazma Parvin)
Deputy Director
For Director General
Foreign Aided Projects Audit Directorate
Phone: 88-02-48310545

Financial Statement & Notes

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FINANCIAL STATEMENT
office of the Project Director
Pre-payment e-metering of Dhaka Division Under Rural Electrification Program (Phase-1)
FY: 2019-2020

RESOURCES	Notes	Cumulative Prior Period	Current Period	In Lakh Taka Cumulative Current Period
Opening Balance (Own Fund)		-	19.28	-
Government of Bangladesh	1	7,943.65	298.35	8,242.00
Loan from Development Partner	2	11,974.35	9,525.70	21,500.05
Other Resources (Own Fund)	3	66.00	51.73	117.73
Cash / Opening Balance	4			
Total Resources		19,984.00	9,895.06	29,859.78
Expenditure and Cash				
a) Local Currency:				
(i) Pay & Allowances		4.43	12.68	17.11
(ii) Supplies & Service		332.92	157.86	490.78
(iii) Repairs and Maintenance		1.49	3.16	4.65
(iv) Asset Procurement		206.70	191.47	398.17
(v) Land Acquisition & Procurement				-
(vi) Construction Work				-
(vii) Establishment Cost (Construction)		1.71	-	1.71
(viii) CD VAT		7,443.11	-	7,443.11
(ix) Misc. Capital Expenditure			-	-
Sub Total (a)		7,990.37	365.16	8,355.53
b) Foreign Currency				
(i) DPA		11,893.97	9,525.70	21,419.67
(ii) RPA		80.38	-	80.38
Sub Total (b)		11,974.35	9,525.70	21,500.05
Total Expenditure (a+b)		19,964.72	9,890.86	29,855.58
Cash / Closing Balance	4	19.28	4.20	4.20
Imprest Account			-	-
Operating (RPA)		-	-	-
Operating (GOB)		-	-	-
Total Expenditure & Cash		19,984.00	9,895.06	29,859.78

Confirmed by
 24/4/2020
 Greenibash Chandra Sarajee
 Audit and Accounts Officer
 Prepayment e-Metering (Phase-1)
 BREG, Dhaka-1229
 30-6-20
 Md. Rokunuzzaman Khar
 Assistant Engineer
 Prepayment e-Metering (Phase-1)
 BREG, Dhaka-1229

30/6/20
 Md. Rafiqul Islam
 Project Director
 Prepayment e-Metering (Phase-1)
 BREG, Dhaka-1229

PROJECT FINANCIAL STATEMENT

office of the Project Director

Pre-payment e-metering of Dhaka Division Under Rural Electrification Program (Phase-1)

FY: 2019-2020

1. Government of Bangladesh

Funds are allocated by the Government to cover GOB'S share of eligible project expenditure, as specified in the Project Proforma and in the Annual Development Programme for each year 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 are as follows (in lac taka)

	Inception to 30-Jun-19	For the Year 30-Jun-20	Figur In Taka Inception to 30-Jun-20
Disbursements by GOB	9,610.50	300.00	9,910.50
Less: Refund to GoB	1,666.85	1.65	1,668.50
Total	7,943.65	298.35	8,242.00

2. Loan from Lender/Donor

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

	Inception to 30-Jun-19	For the Year 30-Jun-20	Inception to 30-Jun-20
Initial Deposit (Advance)	-	-	-
DPA (Direct Payment)	11,893.97	9,525.70	21,419.67
RPA (SOE Procedure)	80.38	-	80.38
RPA (Non SOE Procedure)	-	-	-
Others/Own fund	-	-	-
Total	11,974.35	9,525.70	21,500.05

3. Other resources;

Other resources consist of the following:

	Inception to 30-Jun-19	For the Year 30-Jun-20	Inception to 30-Jun-20
Own Fund	66.00	51.73	117.73
Project revenue	-	-	-
Exchange gains/losses	-	-	-
Less: Return/Closing balance	-	-	-
Total	66.00	51.73	117.73

4. Cash

The project maintain two Bank accounts, an Imprest Bank account, or Revolving fund, which is kept at Bangladesh Bank to hold funds advance by ADB, an operating account, which is kept at a commercial Bank to hold funds advance by BREB OWN Fund as well as funds transferred from the imprest Bank account. Year end cash balance were as follows (in taka).

	Inception to 30-Jun-19	For the Year 30-Jun-20	Inception to 30-Jun-20
Imprest account	-	-	-
Operating account (RPA)	-	-	-
Operating account (GOB)	-	-	-
Operating account (Own fund)	19.28	4.20	4.20
Year end Total Cash Balance	19.28	4.20	4.20

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(স্বাঃ মাহিনুন্ন হক)
প্রশাসক

RKhan
30-6-20
Md. Rokunuzzaman Khan
Assistant Engineer
Prepayment e-Metering (Phase-1)
BREB, Dhaka-1220

৩০/৬/২০
Md. Rafiqul Islam
Project Director
Prepayment e-Metering (Phase-1)
BREB, Dhaka-1220