

Audited Project Financial Statements

Project No. 44213-016 and 44213-017
Loan: 3047 and 3320 -BAN (COL)
Period Covered: 1 July 2015 to 30 June 2016

BAN: Secondary Education Sector Investment Program - Tranche 1 and Tranche 2

Prepared by the Ministry of Education

For the Asian Development Bank
Received on 31 March 2017

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 Public Communications Policy (2011) and as agreed between ADB and the Ministry of Local Government, Rural Development and Co-operatives

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



NO: 455 /FAPAD/S-3/SESIP/ADB-BAN-44213/2015-2016/

Date: -03-2017.


The Secretary
Ministry of Education
Bangladesh Secretariat, Dhaka.

Sub: Audit Inspection Report on the Accounts of "Secondary Education Sector Investment Program (SESIP)" Financed Under ADB Loan No. BAN-44213 for the year 2015-2016.

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

Enclosure:

1. Auditor's Report
2. Financial Statement & Notes
3. Management Letter


(Md. Abul Kalam Azad)
Deputy Director
For Director General
Foreign Aided Projects Audit Directorate
Tel: 9361788.

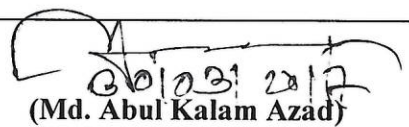
NO: 455 /FAPAD/S-3/SESIP/ADB-BAN-44213/2015-2016/75

Date: 30-03-2017.

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-1207.
3. **Program Director**, "Secondary Education Sector Investment Program (SESIP)", Shikkha Bhaban, Dhaka,

*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) Reply of the observation in part-A should be sent through Ministry concerned and part-B directly to FAPAD.*


(Md. Abul Kalam Azad)
Deputy Director
For Director General
Foreign Aided Projects Audit Directorate
Tel: 9361788.

Audit Inspection Report

On

the accounts of
***“Secondary Education Sector Investment Program
(SESIP)”***, financed under ADB Loan No. BAN- 44213
for the year-2015-2016.

PART-I

Executive Summary
&
Audit Findings

Foreign Aided Project Audit Directorate
Segunbagicha, Dhaka.

INFORMATION REGARDING AUDIT

<input type="checkbox"/> Name of the audit unit	:	<i>Secondary Education Sector Investment Program (SESIP).</i>
<input type="checkbox"/> Nature of Audit	:	Financial Audit.
<input type="checkbox"/> Audit Years	:	2015-2016
<input type="checkbox"/> Duration of Audit	:	31-01-2017 to 04-02-2017
<input type="checkbox"/> Audit Team	:	<ol style="list-style-type: none"> 1. Mr Abu Daud Md. Touhidul Islam Khandoker Audit & Accounts Officer. 2. Mr. Kazi Shameem Hasan Audit & Accounts Officer 3. Mr. Touhidur Rahman Audit & Accounts Officer 4. Mr. Md. Mofizur Rahman Audit & Accounts Officer 5. Mr. Abu Bakker Shaikh Audit & Accounts Officer 6. Mr. Golam Mohammed Sarker Audit & Accounts Officer 7. Mr Sonjoy Kumar Roy, Auditor. 8. Mr. Mansurur Rahman, Auditor 9. Mr. G.M Jahurul Islam Siddiqui, Auditor 10. Mr. Abdul Wahab, Auditor 11. Mr. Ashik Iqbal, Auditor 12. Mr. Anuj Chandra Paul, Auditor
<input type="checkbox"/> Audit Methodology	:	<input type="checkbox"/> Test check of vouchers. <input type="checkbox"/> Verification of FS.
<input type="checkbox"/> Scope of Audit	:	<ul style="list-style-type: none"> ❖ Certification of Annual Financial Statement. ❖ Audit was conducted following International Standard on Auditing and practices of INTOSAI/SAI Bangladesh and also as per procedures Prescribed by GOB and Development Partner. ❖ Audit Opinion is limited to the fund receipts and expenditure incurred by the Program authority. ❖ Review of Financial Management, Internal Control Systems.
<input type="checkbox"/> Program Duration	:	04 years and 6 months (from July,2013 to December, 2017).
<input type="checkbox"/> Commencement	:	July'2013.
<input type="checkbox"/> Completion	:	December, 2017.
<input type="checkbox"/> Total estimated cost	:	Tk. 165814.00 lakh (GOB: Tk. 93814 lakh, PA: Tk. 72000 lakh) .
<input type="checkbox"/> Expenditure of the audited year	:	26788.06 lakh (as per FS).
<input type="checkbox"/> ADB contribution of the audited year	:	44 Million \$
<input type="checkbox"/> Executing Ministry	:	Ministry of Education.

□ Implementing Agency	:	Directorate of Secondary and Higher Education (DSHE)
□ Funding Agencies	:	ADB and GOB
□ Funding System	:	DSHE follow the regular government system for budget execution and payment made through the CGA system. Fund was released by Ministry of Education. Afterwards Program Director reallocated the GOB fund for his own office and the concerned offices. Later on the fund was drawn by concerned offices through submission of bills to Chief Accounts Office (CAO) Ministry of Education, DCA, DAOs and UAOs.
□ Program objectives	:	<p>The specific objectives of the project are:</p> <ul style="list-style-type: none"> a) To provide support to enhance quality and relevance of secondary education through reviewing the quality and relevance of secondary level curriculum ; b) To support activity based science teaching and teachers training ; c) To provide relevant teaching-learning materials and science equipment to schools and madrasahs; d) To organize e-learning media campaign to popularize science subject at secondary level; e) To improve assessment and examination system based on pedagogy and taxonomy of learning; f) To facilitate enhanced use of ICT for pedagogy and establishment of school information Hub in selected institutions; g) To increase equitable access & retention and reduction of dropout rate; h) To support pro-poor through providing stipends and harmonize the stipend programs; i) To strengthen education management and governance through decentralization; j) To increase capacity of teachers on life skill based education; k) To strengthen the EMIS; l) To support capacity building of DSHE.

AUDITOR'S REPORT

Audit Completion date: 06.03.2017

The Secretary

Ministry of Education

Bangladesh Secretariat, Dhaka.

We have audited the accompanying financial statements of the “Secondary Education Sector Investment Program (SESIP)” for the year ended 30 June 2016. iBAS generated Expenditure Statement and Books of accounts of the program comprise of the sources and uses of funds, Notes to the Expenditure by activity of budget Vs. Actual and related explanatory notes for the year ended 30 June 2016 .

Program management is responsible for the preparation and fair presentation of these financial statements in accordance with the accounting policy framework as described in the financial statements as followed by the Government of Bangladesh on a cash basis accounting, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Government Auditing standards adopted by the Office of the Comptroller and Auditor General Bangladesh which are based on Auditing Standards issued by International Organization of Supreme Audit Institutions (INTOSAI), Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depends on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's presentation and fair presentation of the consolidated financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates

made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

The result our audit disclosed the following material aspects which affected the financial statement.

a) Discrepancy found between current year Program Financial Statement & previous year Program Financial Statement.

(I) Cumulative resource as of 30th June 2015 was shown Tk.1578254.52 Lakh but in the current year Program Financial Statement (2015-2016) it was shown Tk.19056.62 Lakh as cumulative prior period (up to June 2015) resource. So, Program financial Statement was under stated.

b) Discrepancy of Tk. 87.64 lakh found between financial statement/IFR (generated from iBAS) and actual expenditure statements (prepared by SPSU)

c) Discrepancies also found in expenditure between last year Program financial Statement & current year Program financial Statement (detailed in para-01).

In our opinion, except stated on the preceding paragraph the financial statements present true and fairly, in all material respects, the financial position of Statements of the “Secondary Education Sector Investment Program (SESIP)” as of June 30, 2016 and of its receipts and payments, budgeted allocations and cash flows for the year then ended in accordance with Cash Basis Accounting Standards followed by the Government of Bangladesh.

Opinion Status: **Qualified.**



30/03/2017
(Md. Abul Kalam Azad)

Deputy Director
For Director General
Foreign Aided-Project Audit Directorate
Phone: 9361788.

GOVERNMENT OF THE PEOPLE'S REPUBLIC OF BANGLADESH
SECONDARY EDUCATION SECTOR INVESTMENT PROGRAM
LOAN NO: 3047-BAN (S)

FINANCIAL STATEMENT (FY 2015-2016)
30-June-2016

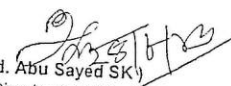
(A) TOTAL RESOURCES:							
SL NO.	RESOURCES	NOTES	Total Budget (As per RDPP)	CUMULATIVE ACTUAL PRIOR PERIOD (UP TO 30TH JUNE 2015)	ACTUAL EXPENDITURE CURRENT PERIOD (FY 2015- 2016)	CUMULATIVE ACTUAL (CURRENT PERIOD UP TO 30TH JUNE 2016)	(In Tac Taka) UNSPENT BALANCE AS ON 30TH JUNE 2016
1	Government of Bangladesh (GOB)	1					
2	RPA through (GOB)	2		19,056.62	26,788.06	45,844.68	-
3	Loan from lender/donor (RPA)	3		-	-	-	-
4	Loan from lender/donor (DPA)	3		-	-	-	-
5	Bank Interest Gain	3		-	-	-	-
6	Refund from Stipend	3		-	-	-	-
7	Others Resources	2		-	-	-	-
8	Refund from Field/Other Resource	3		-	-	-	-
9	Sale proceeds/Revenue Received	4		-	-	-	-
10	Cash, Opening balance (IMPREST)	5		-	-	-	-
11	Cash, Opening balance (RPA)	5		-	-	-	-
12	Cash, Opening balance (GOB)	5		-	-	-	-
(A) TOTAL RESOURCES:				19,056.62	26,788.06	45,844.68	-
(B) TOTAL EXPENDITURE:							
(I) REVENUE EXPENDITURES:							
1	Salary Officer						-
2	Salary Staff		9383.92	535.39	2,694.46	3,229.85	6,154.07
3	Allowances		861.10	21.65	128.45	150.10	711.00
4	Incremental Recurrent Cost		9866.80	611.07	1,374.87	1,985.94	7,880.86
5	Travelling Allowance		6393.75	-	-	-	6,393.75
6	Rent Office		2316.11	122.08	467.90	589.98	1,726.13
7	Out Sourcing Staff		1440.00	-	2.61	2.61	1,437.39
8	Postage		861.50	22.37	110.52	132.89	728.61
9	Telephone		426.00	-	-	-	426.00
10	Gas		446.40	6.03	16.28	22.31	424.09
11	Fuel		81.60	5.71	11.02	16.73	64.87
12	Bank Comission/Charge		690.10	10.74	85.74	96.48	593.62
13	Office Stationery		648.75	104.94	124.54	229.48	419.27
14	Advertisement		1273.00	32.54	59.02	91.56	1,181.44
15	Entertainment		48.00	15.32	14.51	29.83	18.17
16	Honorarium		32.00	6.08	5.85	11.93	20.07
17	Internet/Broad Band		56.00	20.79	12.39	33.18	22.62
18	Others		3775.55	2.22	10.11	12.33	3,763.22
19	Workshop, Seminar and Meetings		898.00	149.62	590.23	739.85	158.16
20	Education and Training Materials		2952.84	39.11	271.93	311.04	2,641.80
21	Studies and Sub-Contract		5696.18	298.44	322.37	620.81	5,075.37
22	Training (Overseas)		7389.54	-	153.80	153.80	7,235.74
23	Training (Local)		10485.30	822.06	167.23	989.29	9,496.01
24	Research expenses		75289.11	7,381.33	5,983.50	13,364.83	61,924.28
25	Consultant (International)		25.00	-	-	-	25.00
26	Consultant (National)		3694.60	280.48	877.24	1,157.72	2,536.88
27	Vehicles repair		2256.83	74.05	677.49	751.54	1,505.29
28	Computer and Officer equipment repair		138.60	13.62	29.81	43.43	95.17
29	Office equipment repair		275.00	21.90	35.39	57.29	217.71
30	Others equipment repair		244.00	-	-	-	244.00
31	Interest on foreign debt		618.00	-	-	-	618.00
32	Teachers/Staff Salary		4326.00	-	-	-	4,326.00
33	Stipend		13537.50	619.62	1,069.31	1,688.93	11,848.57
34	Reading Habit Development		25964.67	6,601.48	5,222.63	11,824.11	14,140.56
			240.00	-	-	-	240.00

MD. ABU SAYED SK

(Additional Secretary)
Joint Program Director
Secondary Education Sector
Investment Program (SESIP)
DSHE, Ministry of Education

My Doc. ISESIPAudit 2006-2007(1)

35	Block Allocation for contingenc price escalation and others under revenue expenditure	2000.00	-	-	-	2,000.00
36	Sale proceeds/Revenue deposited					
37	Bank Interest deposited					
Sub -Total:		194,631.75	17,818.64	20,519.20	34,337.84	156,293.92
(II) CAPITAL EXPENDITURES:						
38	Vehicle					
39	Computer and Other Equipment	3739.00	331.57	667.79	999.35	2,739.64
40	Office Equipments	16076.27	813.29	1,255.40	2,068.99	14,007.58
41	Printing Materials	13345.10	93.12	57.99	151.11	13,493.99
42	Furniture	881.92		93.88	93.88	788.04
43	Science equipments	14127.02	-	543.80	513.80	13,583.72
44	Equipments	35800.00				35,800.00
45	Civil Works					
46	CD/VAT (Custom Duty)	69657.90	-	3,650.00	3,650.00	66,007.90
47	Physical Contingencies	25173.00	-	-	-	25,173.00
48	Price Contingencies	8960.51	-	-	-	8,960.51
Sub -Total:		188,060.72	1,237.98	6,268.86	7,506.84	180,553.88
Total balance (B):		302,692.47	19,056.62	26,788.06	45,844.68	336,847.80
(C) Total Balance(Cash):						
Cash, Closing balance (RPA):						
Cash, Closing balance (GOB):						
Total balance (C):						
Total Expenditure & Cash(B+C):		302,692.47	19,056.62	26,788.06	45,844.68	336,847.80


 (Md. Abu Sayed SK)
 Joint Program Director (Additional Secretary)

Verified
29/03/2017

8 a.

GOVERNMENT OF PEOPLES' REPUBLIC OF BANGLADESH
SECONDARY EDUCATION SECTOR INVESTMENT PROGRAM
NOTES TO FINANCIAL STATEMENTS
30TH JUNE 2016

1. GOVERNMENT OF BANGLADESH:

Funds are allocated by the Government of Bangladesh to cover GOB's Share of eligible project expenditures as specified in the project proforma and the Annual Development Program for each year of the project. Any allocated funds that have not been expended by the end of a FY lapse and are returned to GOB. GOB Contributions to the project since inception are as follows (in lac taka).

	Inception to 30th Jun-15	For the Year 2015-2016	(Figure in Lac Tk.) Inception to 30th Jun-16
Disbursement by GOB			
Refund to GOB	20,853.00	30,185.00	51,038.00
Total:	1,796.38	3,396.94	5,193.32
	19,056.62	26,788.06	45,844.32

2. GOVERNMENT OF BANGLADESH:

Funds are allocated by the Government of Bangladesh to cover GOB's (RPA through GOB) Share of eligible project expenditures as specified in the project proforma and in the Annual Development Program for each year of the project. Any allocated funds that have not been expended by the end of FY lapse and must be returned to GOB. RPA Through GOB Contributions to the project since inception are as follows (in lac taka).

	Inception to 30th Jun-15	For the Year 2015-2016	(Figure in Lac TK.) Inception to 30th Jun-16
Disbursement by GOB			
Refund to GOB	-	-	-
Total:	-	-	-

3. LOAN FROM DONOR:

ADB has provided funds to the Secondary Education Sector Development Project Financed Under ADB Loan No: 3047-BAN (SF) to cover its Share of eligible project Expenditures. This fund, which must be repaid to ADB after the conclusion of the project. Have been drawn by the project in accordance with the following withdrawal procedures (in lac taka).

	Inception to 30th Jun-15	For the Year 2015-2016	Inception to 30th Jun-16
Initial Deposit (Advance)	-	-	-
DPA (Direct Payment)	-	-	-
RPA (SOE Procedure)	-	-	-
RPA (Non SOE Procedure)	-	-	-
Refund from Stipend	-	-	-
Others	-	-	-
Total:	-	-	-

4. OTHER RESOURCES:

Other resources consist of the following.

	Inception to 30th Jun-15	For the Year 2015-2016	Inception to 30th Jun-16
Sale proceeds/revenue received	-	-	-
Project revenues	-	-	-
Exchange gains/losses	-	-	-
Bank Interest gain	-	-	-
Total:	-	-	-

Note : Deposite to Government Account.

5. CASH:

The Program maintained two bank accounts: (a) a current account No: 0200002758024, which is kept Agrani Bank, National Press club Branch, Dhaka, (b) Special account(Stipend) STD A/c No:0200002758028 , Agrani Bank, National Press club branch, Dhaka, Bangladesh.

	Inception to 30th Jun-15	For the Year 2015-2016	Inception to 30th Jun-16
Imprest A/C (DOS)	-	-	-
Opening Balance (STD A/C)	-	-	-
Opening Balance (Stipend A/C)	-	-	-
Opening Balance (Curr. A/C)	-	-	-
Total:	-	-	-

(Md. Abu Sayed SK)

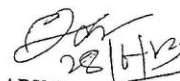
JOINT PROGRAM DIRECTOR (Additional Secretary)

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PROGRAM INFORMATION SHEET
PART "A" PROGRAM PROFILE

1. Reporting Period	:	2015-2016					
2. Sector	:	Education					
3. Name of Implementation Agency	:	Directorate of Secondary & Higher Education.					
4. Name of the Administrative Ministry/Division	:	Ministry of Education					
5. Name of the Aided Project and Code Number in the ADP	:	Secondary Education Sector Investment Program					
6. (a) Total Cost of the Project (Lakh Taka)	:	5-2531-5026					
(b) Name of the Bank (s), where Project A/C is operated:	:	382692.47					
i) Imprest Account No: Secondary Education Investment Program-3047-BAN-(SF) and 3320 -BAN-(SF)	:	Bangladesh Bank, Motijee Commercial Area, Dhaka, Bangladesh.					
ii) STD Account No: (RPA)	:						
iii) Current Account No: (GOB) 0200002758024	:	Agrani Bank, National Press Club Branch, Dhaka.					
iv) Special Account No: (Stipend) 0200002758028	:	Agrani Bank, National Press Club Branch, Dhaka.					
7. Approval Status	:	<table border="1"> <tr> <td>Approved✓</td> <td>Recommended</td> <td>Revised</td> <td>Unapproved</td> <td>Unapp</td> </tr> </table>	Approved✓	Recommended	Revised	Unapproved	Unapp
Approved✓	Recommended	Revised	Unapproved	Unapp			
8. Project Implementation Period	:	January 14- December 2017					
9. Whether the Program is financed by more than one donor	:	<table border="1"> <tr> <td>Yes</td> <td>No</td> </tr> </table>	Yes	No			
Yes	No						
10. Details of Lied up aid	:						
(a) Name of the Donor/Agency	:	ADB					
(b) Loan /Grant	:	LOAN					
(c) Loan/Grant number and date	:	3047-BAN-(SF) and 3320 -BAN-(SF)					
(d) Amount in Donor's currency (Million)	:	214500.00 Lac (PA)					
	:	168192.47 Lac (GOB)					

PART "B" DONORWISE ALLOCATION AND UTILISATION STATUS		
11. Please use exchange rate	Donor's currency (In Million)	(Taka in Lakh)
Name of Donor:	ADB	
* Please give donor wise disbursed and undisbursed figures in case of multiple Donor Program.		
12. Undisbursed Project Aid as on 30.06.2016	ADB	
Name of Donor:		
13. Allocation and disbursement status (Annex-A)	ADB	
14. Status of allocation and utilization out of CONTASA/SAFE/RPA Accounts for FY 2015-2016:		
(a) Amount released /allotted by Finance Division:		
(b) (i) Expenditure made:		
(ii) Balance in the Bank A/C:		
(c) Amount claimed for reimbursement	-	-
(d) Amount reimbursed by the Donor	-	-

Signature :	
Name	MD. ABU SAYED SK
Designation	(Additional Secretary) Joint Program Director
Phone	Secondary Education Sector Investment Program (SESIP) DSHE, Ministry of Education

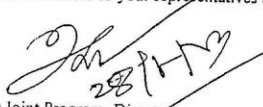
MANAGEMENT REPRESENTATION LETTER

To
The Director General
FAPAD
Audit Complex, 6th Floor
Segunbagicha, Dhaka, Bangladesh.

In Connection with your proposed/scheduled audit of the financial statements of the Secondary Education Sector Investment Program financed by Loan No: 3047 BAN (SF) as on 30 June 2016 and for the year then ended, we acknowledge our responsibility for the fair presentation of the financial statements and confirm, to the best of our knowledge and belief, the following representations:

- The financial statements are free of material misstatements, including omissions.
- The Program has complied with all aspects of ADB, Loan No: 3047 BAN (SF) and 3320 BAN (SF) that could have a material effect on the financial statements in the event of noncompliance.
- The project has complied with the financial rules and regulations of the Government of Bangladesh.
- There have been no irregularities involving management or employees who have a significant role in the accounting and internal control systems or that could have a material effect on the financial statements.
- All Program expenditures are eligible under the loan/credit agreement, properly authorized and correctly accounted for.
- The expenditures shown in the financial statements represent only goods and services acquired and used solely for the purposes of the Program.
- There have been no events subsequent to 30 June 2016, which require adjustment of or disclosure in the financial statements.
- We will make available to your representatives all books of accounts and supporting documentation.

Signature by Joint Program Director:


MD. ABU SAYED SK
(Additional Secretary)
Joint Program Director
Secondary Education Sector
Investment Program (SESIP)
DSHE, Ministry of Education

Signature by Head Accountant for the Project:

