

Audited Project Financial Statements

Project No. 44213-016 and 44213-017
Loan: 3047 and 3320 - BAN (COL)
Period Covered: 1 July 2016 to 30 June 2017

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 2018

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Foreign-Aided Projects Audit Directorate

Audit Complex (6th & 11th Floor)
Segunbagicha, Dhaka.

NO: 470 /FAPAD/S-3/SESIP/ADB-BAN-44213/2016-2017/117

Date: 29-03-2018.

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. 3047-BAN (SF)& 3320-BAN (SF) for the year 2016-17.

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:

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

Sd/-
(Milupa Akter)
Deputy Director
For Director General
Foreign Aided Projects Audit Directorate
Tel: 9331545.

NO: 470 /FAPAD/S-3/SESIP/ADB-BAN-44213/2016-2017/117

Date: 29-03-2018.

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-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.*

29.03.2018
(Milupa Akter)
Deputy Director
For Director General
Foreign Aided Projects Audit Directorate
Tel: 9331545.

Audit Inspection Report

On

the accounts of
“Secondary Education Sector Investment Program (SESIP)”
financed under ADB Loan No. 3047-BAN (SF) & 3320-BAN (SF)
for the year-2016-17.

PART-I

Executive Summary
&
Audit Findings

Foreign Aided Projects Audit Directorate
Segunbagicha, Dhaka.

INFORMATION REGARDING AUDIT

□ Name of the audit unit	:	<i>Secondary Education Sector Investment Program (SESIP).</i>
□ Nature of Audit	:	Financial Audit.
□ Audit Years	:	2016-17
□ Duration of Audit	:	18-02-2018 to 20-03-2018
□ Audit Team	:	<p>Team No-14</p> <ul style="list-style-type: none"> ✓ Mr. Saiful Islam Sibbir Ahamed Osmani, Audit & Accounts Officer ✓ Mr. A.F.M.S Shakhawat Hossain, Auditor <p>Team No-15</p> <ul style="list-style-type: none"> ✓ Mr. Faruqe Ahmed, Audit & Accounts Officer ✓ Mr. Md. Ziaur Rahman, Auditor <p>Team No-16</p> <ul style="list-style-type: none"> ✓ Mr. Anal Kumar Barua, Audit & Accounts Officer ✓ Mr. Masudur Rahman, Superintendent <p>Team No.-17</p> <ul style="list-style-type: none"> ✓ Mr. Md. Azharul Islam, Audit & Accounts Officer. ✓ Mr. Moniruzzaman, Auditor. <p>Team No-18</p> <ul style="list-style-type: none"> ✓ Mr. Subodh Kumar Roy, Audit & Accounts Officer ✓ Mr. Md. Azizur Rahman, Auditor. <p>Team No-19</p> <ul style="list-style-type: none"> ✓ Mr. Md. Shahidur Rahman, Audit & Accounts Officer ✓ Mr. Monoj Kanti Halder, Superintendent
□ Audit Methodology	:	<ul style="list-style-type: none"> □ Test check of vouchers. □ Verification of FS.
□ 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.
□ Program Duration	:	04 years and 6 months (from July,2013 to December, 2017).
□ Commencement	:	July'2013.

❑ Completion	:	December, 2017.
❑ Total estimated cost	:	Tk. 382692.47 lakh (GOB: Tk. 168192.47 lakh, PA: Tk. 214500.00 lakh) .
❑ Expenditure of the audited year	:	403,32.27 lakh (as per FS).
❑ 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: 20.03.2018

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 2017. 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 2017.

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 depend 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 of Tk. 1646.61lakh found between financial statement (actual expenditure statements prepared by SPSU) and IFR (generated from iBAS) (detailed in para-01-I).
- b) Excess expenditure shown Tk.6,76,657.00 against training of Director, Finance & Procurement wing (detailed in para-01-II).

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, 2017 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.**


29.03.2018

(Milupa Akter)
Deputy Director
For Director General
Foreign Aided-Project Audit Directorate
Phone:9331545.

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


FINANCIAL STATEMENT (FY 2016-2017)

30-Jun-2017

(A) TOTAL RESOURCES:				(In lac Taka)			
SL NO.	RESOURCES	NOTES	Total Budget (As per RDPP)	CUMULATIVE ACTUAL PRIOR PERIOD (UP TO 30TH JUNE 2016)	ACTUAL EXPENDITURE CURRENT PERIOD (FY 2016-2017)	CUMULATIVE ACTUAL (CURRENT PERIOD UP TO 30TH JUNE 2017)	UNSPENT BALANCE AS ON 30TH JUNE 2017
1	Government of Bangladesh (GOB)	1		45,844.68	40,332.27	86,176.95	-
2	RPA through (GOB)	2		-	-	-	-
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)				45,844.68	40,332.27	86,176.95	-
(B) TOTAL EXPENDITURE:							-
(I) REVENUE EXPENDITURES:							-
1	Salary Officer		9383.92	3,229.85	3,349.57	6,579.42	2,804.50
2	Salary Staff		861.10	150.10	168.18	318.28	542.82
3	Allowances		9866.80	1,985.94	2,457.22	4,443.16	5,423.64
4	Incremental Recurrent Cost		6393.75	-	-	-	6,393.75
5	Travelling Allowance		2316.11	589.98	617.18	1,207.16	1,108.95
6	Rent Office		1440.00	2.61	3.76	6.37	1,433.63
7	Out Sourcing Staff		861.50	132.89	331.66	464.55	396.95
8	Postage		426.00	-	-	-	426.00
9	Telephone		446.40	22.31	11.63	33.94	412.46
10	Gas		81.60	16.73	23.55	40.28	41.32
11	Fuel		690.10	96.48	173.34	269.82	420.28
12	Bank Comission/Charge		648.75	229.48	90.71	320.19	328.56
13	Office Stationery		1273.00	91.56	60.28	151.84	1,121.16
14	Advertisement		78.00	29.83	38.21	68.04	9.96
15	Entertainment		32.00	11.93	10.55	22.48	9.52
16	Honorarium		76.00	33.18	23.34	56.52	19.48
17	Internet/Broad Brand		3775.55	12.33	19.98	32.31	3,743.24
18	Others		1098.00	739.85	349.84	1,089.69	8.31
19	Workshop, Seminar and Meetings		2702.84	311.04	115.10	426.14	2,276.70
20	Education and Tarining Materials		5696.18	620.81	1,195.39	1,816.20	3,879.98
21	Studies and Sub-Contract		7389.54	153.80	102.44	256.24	7,133.30
22	Training (Overseas)		10485.30	989.29	461.23	1,450.52	9,034.78
23	Training (Local)		75289.11	13,364.83	8,442.66	21,807.49	53,481.62
24	Research expenses		25.00	-	-	-	25.00
25	Consultant (International)		3694.60	1,157.72	853.10	2,010.82	1,683.78
26	Consultant (National)		2256.83	751.54	777.38	1,528.92	727.91
27	Vehicles repiar		138.60	43.43	70.21	113.64	24.96
28	Computer and Officer equipment repiar		275.00	57.29	40.71	98.00	177.00
29	Office equipment repiar		244.00	-	-	-	244.00
30	Others equipment repiar		618.00	-	-	-	618.00
31	Interest on foreign debt		4326.00	-	-	-	4,326.00
32	Teachers/Staff Salary		13537.50	1,688.93	1,304.00	2,992.93	10,544.57
33	Stipend		25964.67	11,824.11	5,134.29	16,958.40	9,006.27
34	Reading Habit Development		240.00	-	-	-	240.00

Verified

MD. AZHARUL ISLAM
Audit & Accounts Officer
Foreign Aided Project Audit Directorate
Audit Complex
Segunbagicha, Dhaka.


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

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35	Block Allocation for contingenc, price escalation and others under revenue expenditure.		2000.00	-	-	-	2,000.00
36	Sale proceeds/Revinue diposited			-	-	-	-
37	Bank Interest diposited			-	-	-	-
Sub -Total:			194,631.75	38,337.84	26,225.51	64,563.35	130,068.40
(II) CAPITAL EXPENDTIURES:							
38	Vehicles		3739.00	999.36	563.80	1,563.16	2,175.84
39	Computer and Other Equipment		16076.27	2,068.69	5,956.06	8,024.75	8,051.52
40	Office Equipments		13645.10	151.11	-	151.11	13,493.99
41	Learning Materials		881.92	93.88	297.00	390.88	491.04
42	Furniture		14127.02	543.80	4.90	548.70	13,578.32
43	Science equipments		35800.00		-	-	35,800.00
44	Equipments			-	-	-	-
45	Civil Works		69657.90	3,650.00	7,285.00	10,935.00	58,722.90
46	CD/VAT (Custom Duty)		25173.00	-	-	-	25,173.00
47	Physical Contingencies		8960.51	-	-	-	8,960.51
48	Price Contingencies			-	-	-	-
Sub -Total:			188,060.72	7,506.84	14,106.76	21,613.60	166,447.12
Total balance (B):			382,692.47	45,844.68	40,332.27	86,176.95	296,515.52
(C) Total Balance(Cash):							
Cash, Closing balance (RPA):				-	-		-
Cash, Closing balance (GOB):				-	-		-
Total balance (C):			-	-	-	-	-
Total Expenditure & Cash(B+C):			382,692.47	45,844.68	40,332.27	86,176.95	296,515.52

(Md. Abu Sayed SK)

Joint Program Director (Additional Secretary)

Verified



MD. AZHARUL ISLAM
Audit & Accounts Officer
Foreign Aided Project Audit Directorate
Audit Complex
Segunbagicha, Dhaka.

GOVERNMENT OF PEOPLES' REPUBLIC OF BANGLADESH
SECONDARY EDUCATION SECTOR INVESTMENT PROGRAM
NOTES TO FINANCIAL STATEMENTS
30TH JUNE 2017

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 in 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 must returned to GOB. GOB Contributions to the project since inception are as follows (in lac taka).

(Figure in Lac TK.)

	Inception to 30th Jun-16	For the Year 2016-2017	Inception to 30th Jun-17
Disbursement by GOB	51,038.00	51,863.00	102,901.00
Refund to GOB	5,193.32	11,530.73	16,724.05
Total:	45,844.68	40,332.27	86,176.95

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 a FY lapse and must returned to GOB. RPA Through GOB Contributions to the project since inception are as follows (in lac taka).

(Figure in Lac TK.)

	Inception to 30th Jun-16	For the Year 2016-2017	Inception to 30th Jun-17
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 it's 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-16	For the Year 2016-2017	Inception to 30th Jun-17
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-16	For the Year 2016-2017	Inception to 30th Jun-17
Sale proceeds/revenue received	-	-	-
Project revenues	-	-	-
Exchange gains/losses	-	-	-
Bank Interest gain	-	-	-
Total:	-	-	-

Note : Deposit 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-16	For the Year 2016-2017	Inception to 30th Jun-17
Imprest A/C (DOSA)	-	-	-
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)