

AUDITED PROJECT FINANCIAL STATEMENTS

Loan/Grant: Loan N° L-E--3- Grant N° G-I-C-847- Loan N° L-I--847- Grant N° G-C-ASP-847-A

Period covered: FY 2016 - 2017

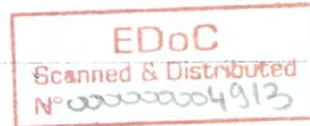
Haor Infrastructure and Livelihood Improvement Project

Climate Adaptation and Livelihood Protection

Prepared by Foreign Aided Project Audit Directorate (FAPAD)

Received on 21 January 2018

The Audited project financial statements are documents owned by the borrower. The views expressed herein do not necessarily represent those IFAD's Board of Directors, Management or Staff. These documents are made publicly available in accordance with the "IFAD Handbook for Financial Reporting and Auditing of IFAD-Financed Projects (2018)" and as agreed between IFAD and the Government of Bangladesh.



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

No. 132/FAPAD/Sector- 6/IFAD/2016-2017/

Date: 09 -01-2018.

The Secretary

Local Government Division

Ministry of Local Govt. Rural Development and Co-operatives,
Bangladesh Secretariat, Dhaka.

Sub: Audit Inspection Report on the accounts of 'HAOR Infrastructure and Livelihood Improvement Project' financed under IFAD Loan No.I-847BD, IFAD Grant No.I-C-847 BD, STF Loan No. E-3BD and ASAP Grant No-G-COFIN-ASP-847A-BD for the year 2016-2017.

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.

Enclosure:

1. Auditor's Report
2. Financial Statement
3. Management letter
4. Auditor's Report on Special Account.
5. Auditor's Report on SOE.

Sd/-
(Tanima Tanim)
Deputy Director
For Director General
Foreign Aided Projects Audit Directorate.
Phone: 02-8391547.

No. 132/FAPAD/Sector- 6/IFAD/2016-2017/ 341

Date: 09 -01-2018.

Copy for information and necessary action to: -

1. Chief Engineer, LGED, LGED Bhaban, Agargaon, Dhaka.
2. Country Portfolio Manager (Bangladesh), Asian and Pacific Division IFAD, Via delserafico- 10700142 Rome, Italy.
- ✓ 3. Project Director, "Haor Infrastructure and Livelihood Improvement Project" LGED Bhaban, Agargaon, 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) Observations in Part-A (SFI) should be responded to through the Ministry concerned and observations in Part-B (Ordinary) should be responded to FAPAD directly.

Sd/-
(Tanima Tanim)
Deputy Director
For Director General
Foreign Aided Projects Audit Directorate.
Phone: 02-8391547.

Information Regarding Audit

| | | | | |
|--|---|--|--|-----------------|
| 1. Name of the audit unit | : | <i>HAOR Infrastructure and Livelihood Improvement Project</i> | | |
| 2. Nature of Audit | : | Financial Audit. | | |
| 3. Audit Year | : | 2016-2017 | | |
| 4. Duration of Audit | : | 31.08.2016 to 25.10.2016. | | |
| 5. Audit Team | : | Audit Team No. 34 1) Md. Humaywn Kabir, Audit & Accounts Officer. 2) Md. Golam Kibria, Super 3) Md. Bashir Uddin, Auditor | | |
| 6. Audit Methodology | : | <input type="checkbox"/> Scrutiny of Project Financial Statement (PFS) <input type="checkbox"/> Verification of Auditable Data <input type="checkbox"/> Test checking of vouchers. | | |
| 7. Scope of Audit | : | <input type="checkbox"/> Certification of Annual Financial Statement. <input type="checkbox"/> The audit was conducted following International Standards on Auditing (ISA) and practices of INTOSAI/ SAI of Bangladesh and also as per procedures prescribed by GOB and Development Partner. <input type="checkbox"/> Audit opinion is limited to the fund receipts and expenditure incurred by the project authority. <input type="checkbox"/> Review of financial management and internal control system. | | |
| 8. Project Duration | : | 7 years (From July/2012 to June/2019) | | |
| 9. Commencement of Project | : | July/ 2012 | | |
| 10. Completion of Project | : | June/2019 | | |
| 11. Total Estimated Project Cost (BDT in Lakh) | : | RPA | IFAD Loan : 3965.55 IFAD Grant : - IFAD Trust Loan: 5755.00 ASAP Grant: 1917.28 | 11637.83 |
| | | GOB | | 2999.73 |
| | | Exchange Gain/Loss | | (88.45) |
| | | Net Interest Gain | | 12.74 |
| | | Cash Opening Balance | | 2888.48 |
| | | Total | | 17450.33 |
| | : | RPA | IFAD Loan, IFAD Grant, STF Loan & ASAP Grant: | 9271.62 |
| | | GOB | | 2999.73 |
| 12. Current Year Project Cost (BDT in Lakh) | | Total | | 12271.35 |

| | | |
|--------------------------------|---|--|
| 13. Executing Ministry | : | Ministry of Local Government, Rural Development & Co-operatives |
| 14. Implementing agency | : | Local Government Engineering Department (LGED) |
| 15. Funding agencies | : | IFAD, STF, ASAP & GOB. |
| 16. Project Area | : | Netrokona, Kishoreganj, Sunamganj, Hobiganj & B. Baria (05 districts) |
| 17. Fund flow system | : | <p>GOB funding: GOB fund of the project was released by the Administrative Ministry of Local Government, Rural Development & Co-operatives on the basis of ADP allocation. The fund was drawn by submitting bills/vouchers to concerned CAO & District Accounts Office.</p> <p>RPA funding: The Project authority (Project Director) incurred expenditure from Donor's (RPA) fund as required from SAFE Account No. IFAD Loan No.1-847-BD, IFAD Grant No. IC-847-BD, Trust Loan-E-3-BD and ASAP Trust Grant No-G-COFIN-ASP-847A-BD and there Operating Account bearing No. SND.031436061046, Janata Bank Ltd., Sher-e-Bangla Nagar Corporate Branch, Agargaon, Dhaka on the basis of authorization issued by the Ministry of Finance.</p> |
| 18. Project objectives | : | <p>The goal of the project is to contribute to the reduction of poverty in the Haor Basis. The development objective of the project is to improve living standards and reduce vulnerability of the poor. The main outcomes expected from the project include;</p> <ul style="list-style-type: none"> ❖ enhanced access to markets, livelihood opportunities and social services; ❖ enhanced village mobility, reduction in production losses and protection against extreme weather events; ❖ enhanced access to fishery resources and conservation of biodiversity, follow up SCBRMP learning; ❖ enhanced production, diversification and marketing of crop and livestock produce; and ❖ efficient, cost effective and equitable use of project resources. |

Auditor's Report

Audit Completion Date : 25/11/2017

The Secretary

Local Government Division
Ministry of LGRD and Co-operatives
Bangladesh Secretariat, Dhaka.

I. We have audited the accompanying Financial Statement of the ***“HOAR Infrastructure and Livelihood Improvement Project”*** financed under IFAD Loan No.I-847BD, IFAD Grant No.I-C-847BD, STF Loan No.E-3BD and ASAP Grant No-G-COFIN-ASP-847A-BD as of 30th June 2017 and for the year then ended. Preparation of the Financial Statement is the responsibility of the Management. Our responsibility is to express an opinion on the Financial Statement based on our audit.

II. We have 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 also 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, the Financial Statement gives a true and fair view in all material respects of the financial position of the ***‘HOAR Infrastructure and Livelihood Improvement Project’*** financed under IFAD Loan No.I-847BD, IFAD Grant No.I-C-847BD, STF Loan No.E-3BD and ASAP Grant No-G-COFIN-ASP-847A-BD as of 30th June 2017 and the results of its operations and the cash flows for the year then ended in accordance with cash basis of accounting followed by the Government of Bangladesh.

IV. Opinion Status: ***Unqualified.***

Tanima
09.01.18

(Tanima Tanima)
Deputy Director
For Director General
Foreign Aided Projects Audit Directorate.
Phone: 02-8391547.

HAOR INFRASTRUCTURE AND LIVELIHOOD IMPROVEMENT PROJECT

IFAD Loan No.I-847- BD, IFAD Trust No.E-3- BD Grant No. I-C-847-BD &

ASAP TRUST GRANT No: G-COFIN-ASP-847A-BD

Project Financial Statement for the year ended 30th June, 2017

(Figure In Lac Tk)

| | Resources | Notes | Cumulative Prior Period | Current Period | Cumulative Current Period |
|----|--|-------|-------------------------|------------------|---------------------------|
| | Government of Bangladesh | 1 | 10,131.70 | 2,999.73 | 13,131.43 |
| | IFAD Loan No.I-847- BD. | 2 | 19,076.64 | 3,965.55 | 23,042.19 |
| | IFAD Trust Loan No.E-3- BD. | | 11,592.43 | 5,755.00 | 17,347.43 |
| | IFAD Grant No.I-C-847-BD. | | 346.79 | - | 346.79 |
| | ASAP TRUST GRANT No: G-COFIN-ASP-847A-BD | | 2,579.05 | 1,917.28 | 4,496.33 |
| | Others Resources | 3 | | | |
| | a) Exchange Gain/Loss | | (109.78) | (88.45) | (198.23) |
| | b) Net Interest Gain | | 7.59 | 12.74 | 20.33 |
| | Cash Opening Balance | 4 | - | 2,888.48 | |
| | Total Resources | | 43,624.42 | 17,450.33 | 58,186.27 |
| | Expenditure | 5 | | | |
| 1 | Civil Works (GOB) | | 9,537.01 | 2,859.95 | 12,396.96 |
| 2 | Civil Works (RPA) | | 23,821.85 | 7,028.07 | 30,849.91 |
| 3 | Vehicles & Equipment ASSET (GOB) | | 123.78 | - | 123.78 |
| 4 | Vehicles & Equipment ASSET (RPA) | | 870.88 | - | 870.88 |
| 3 | Salaries & Allowances (RPA) | | 2,671.66 | 897.93 | 3,569.59 |
| 4 | Consulting Services (GOB) | | 52.71 | 32.24 | 84.95 |
| 5 | Consulting Services (RPA) | | 289.08 | 108.91 | 397.99 |
| 6 | Operating Cost (GOB) | | 370.52 | 85.37 | 455.89 |
| 7 | Operating Cost (RPA) | | 1,441.11 | 274.82 | 1,715.93 |
| 8 | Vehicles & Equipment (GOB) | | 31.73 | 8.49 | 40.21 |
| 9 | Vehicles & Equipment (RPA) | | 91.23 | 17.46 | 108.69 |
| 10 | Training & Workshops (GOB) | | 15.97 | 13.68 | 29.65 |
| 11 | Training & Workshops (RPA) | | 1,418.43 | 944.43 | 2,362.85 |
| | Total Expenditure | | 40,735.94 | 12,271.34 | 53,007.28 |
| | CASH CLOSING BALANCE :- | | | | |
| | IFAD Loan No.I-847- BD | | 0.02700 | 19.58 | 19.58 |
| | IFAD Trust No.I-C-847-BD | | 1.92600 | 2.00 | 2.00 |
| | IFAD Grant No.E-3- BD | | 0.01000 | 8.60 | 8.60 |
| | ASAP TRUST GRANT No: G-COFIN-ASP-847A-BD | | 13.79000 | 0.03 | 0.03 |
| | Project Operating Account PMU & DIST. | | 2,872.73000 | 5,148.78 | 5,148.78 |
| | Sub- Total : | | 2,888.48300 | 5,178.99 | 5,178.99 |
| | Total Expenditure & Cash: | | 43,624.42173 | 17,450.33 | 58,186.27 |

Verified
(Signature)
 20.12.2017
 Md. Humayun Kabir
 Audit & Accounts Officer
 Foreign Aided Projects Audit Directorate
 Audit Complex (5th Floor)
 Segunbagicha, Dhaka-1000

(Signature)
 12-11-2017
 (Gopal Chandra Sarker)
 Project Director
 Haor Infrastructure & Livelihood
 Improvement Project
 P.O. Box 12, GPO, Dhaka