AUDITOR’S REPORT

Audit Completion Date: 12-12-2019.

Secretary
Local Government Division
Ministry of Local Government, Rural Development & Co-operatives
Bangladesh Secretariat, Dhaka-1000.

I. We have audited the accompanying Financial Statement of the “Rural Transport Improvement Project-II (RTIP-II)” financed by IDA Financing Agreement Credit No. 5107-BD & 6327-BD as of 30th June, 2019 and for the year then ended. The 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 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 Statements are 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.

III. In our opinion the Financial Statement gives a fair view in all material aspect of the financial position of “Rural Transport Improvement Project-II (RTIP-II)” financed by IDA credit No. 5107-BD & 6327-BD as of 30th June, 2019 and 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. Opinion Status: Unqualified.

(Md. Tafazzal Hossain)
Deputy Director
For Director General
Foreign Aided Projects Audit Directorate
Phone: Tel: 8391547.
# Second Rural Transport Improvement Project (RTIP-II)
## Project Financial Statement
### 30th June, 2019
(Figure in Lakh Taka)

<table>
<thead>
<tr>
<th>Resources</th>
<th>Notes</th>
<th>Cumulative Prior Period</th>
<th>Current Period</th>
<th>Cumulative Current Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government of Bangladesh</td>
<td>1</td>
<td>75697.45</td>
<td>14686.55</td>
<td>90384.00</td>
</tr>
<tr>
<td>Loan from Development Partner</td>
<td>2</td>
<td>202754.18</td>
<td>17835.78</td>
<td>220589.96</td>
</tr>
<tr>
<td>Other resources</td>
<td>3</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Cash opening balance</td>
<td>4</td>
<td>0.00</td>
<td>705.64</td>
<td>0.00</td>
</tr>
<tr>
<td><strong>Total Resources</strong></td>
<td></td>
<td><strong>278451.63</strong></td>
<td><strong>33227.97</strong></td>
<td><strong>310973.96</strong></td>
</tr>
</tbody>
</table>

## Expenditure and Cash

1. **3.111 Pay of Officers**
   - Notes: 5
   - 821.47
   - 76.33
   - 897.79611

2. **3.1112 Pay of Establishment**
   - Notes: 6
   - 571.36
   - 9.96
   - 581.3228

3. **3.1113 Allowances**
   - Notes: 7
   - 1345.95
   - 71.68
   - 1417.6302

4. **3.2111-32573 Supply & Services**
   - Notes: 8
   - 17585.90
   - 2680.34
   - 20266.2347

5. **3.2581 Repair & Maintenance**
   - Notes: 9
   - 517.73
   - 86.91
   - 604.64246

6. **4.1121-41133 Purchase of Asset**
   - Notes: 10
   - 3465.67
   - 746.08
   - 4211.74933

7. **4.1411 Land Acquisition**
   - Notes: 11
   - 2405.47
   - 148.33
   - 2553.80

8. **4.111304 Civil Works**
   - Notes: 12
   - 251032.44
   - 28396.80
   - 279429.24

**Total Expenditure**

- 277745.99
- 32216.42
- 309962.41

## Cash Closing Balance

- Imrest Account
- Designated Account (RPA) (CONTASA)
  - 705.64
  - 1011.55
  - 1011.55

- Operating Account (GOB) (CDVAT)
  - 0.00
  - 0.00
  - 0.00

**Total Expenditure and Cash**

- 278451.63
- 33227.97
- 310973.96

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(Md. Reazul Islam)
Accounts Officer
RTIP-II, LGED.

(Md. Enamul Haque)
Project Director
RTIP-II, LGED.
Second Rural Transport Improvement Project (RTIP-II)
NOTES TO FINANCIAL STATEMENT
30th June, 2019

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 DPP 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 fiscal year lapse and must be returned to GOB. GOB contributions to the project since inception are as follows (in lac taka).

<table>
<thead>
<tr>
<th></th>
<th>Inception to 30th June 2018</th>
<th>For the year 2018-2019</th>
<th>Inception to 30th June 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Disbursement by GOB</td>
<td>76010.00</td>
<td>15000.00</td>
<td>91010.00</td>
</tr>
<tr>
<td>Less: Refund to GOB</td>
<td>299.58</td>
<td>313.45</td>
<td>613.03</td>
</tr>
<tr>
<td>Total</td>
<td>75710.42</td>
<td>14686.55</td>
<td>90396.97</td>
</tr>
</tbody>
</table>

2. LOAN/GRANT FROM DEVELOPMENT PARTNER:
The World Bank has provided funds to the project to cover it’s share of eligible project expenditures. These funds, which must be repaid to WB after the conclusion of the project, have been drawn by the project in accordance with the following withdrawal procedures (in lac taka).

<table>
<thead>
<tr>
<th></th>
<th>Inception to 30th June 2018</th>
<th>For the year 2018-2019</th>
<th>Inception to 30th June 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Initial Deposit (Advance)</td>
<td>16531.15</td>
<td>2030.01</td>
<td>18561.16</td>
</tr>
<tr>
<td>DP (Direct Payment)</td>
<td>0.00</td>
<td>1565.32</td>
<td>1565.32</td>
</tr>
<tr>
<td>RPA (SOE Procedure)</td>
<td>186222.98</td>
<td>14240.45</td>
<td>200463.43</td>
</tr>
<tr>
<td>RPA (Non SOE Procedure)</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Others</td>
<td>0.05</td>
<td>0.00</td>
<td>0.05</td>
</tr>
<tr>
<td>Total</td>
<td>202754.18</td>
<td>17835.78</td>
<td>220589.96</td>
</tr>
</tbody>
</table>

3. OTHER RESOURCES:

<table>
<thead>
<tr>
<th></th>
<th>Inception to 30th June 2018</th>
<th>For the year 2018-2019</th>
<th>Inception to 30th June 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project Revenues</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Exchange gains/losses</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

4. CASH:
The project maintains one designated CONTASA (STD) bank account, which is kept at Janata Bank Ltd. to hold imprest fund or revolving funds advanced by WB. Other side GOB (CD/VAT) fund of the project was released by CAO on the basis of GO which was issued by the concerned Ministry. Year end cash balances were as follows (in lac taka).

<table>
<thead>
<tr>
<th></th>
<th>Inception to 30th June 2018</th>
<th>For the year 2018-2019</th>
<th>Inception to 30th June 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Imprest Account</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Operating Account (RPA)</td>
<td>705.64</td>
<td>1011.55</td>
<td>1011.55</td>
</tr>
<tr>
<td>Operating Account (GOB)</td>
<td>0.00</td>
<td>0.00</td>
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</tr>
<tr>
<td>Total</td>
<td>705.64</td>
<td>1011.55</td>
<td>1011.55</td>
</tr>
</tbody>
</table>
AUDIT OPINION ON SOE

We have audited the Statement of Expenditure (SOE) of the “Rural Transport Improvement Project-II (RTIP-II)” for the year ended on 30th June, 2019 submitted to the International Development Association (IDA) for reimbursement of expenditure in accordance with the IDA Financing Agreement Credit No 5107-BD & 6327-BD.

The audit was conducted following International Standards on Auditing. Accordingly, it included such tests of the accounting records and supporting documentation, review of systems of internal control, so far exists, adopting necessary auditing procedures that we considered essential under the circumstances.

WITHDRAWAL/SOE PARTICULARS

The particulars of withdrawals on the basis of Statement of Expenditure (SOE) up to 30th June, 2019 shown in the enclosed statement.

11 (Eleven) numbers withdrawal Applications were submitted by the project authority to IDA for reimbursement for the year 2018-2019.

The presentation and submission of claim to IDA by the project authority was valid and supported by adequate documentation.

INTERNAL CONTROL

01. The project is being implemented by the officials of LGED who were deputed and appointed by the project authority as per DPP.

02. The project activities were executed as per PPR-2008, Delegation of Financial Power and IDA Procurement guideline.

03. Expenditures were incurred by the project authority after obtaining sanction for the competent authority and following rules and regulations both GOB and IDA. Except some lapses which are mentioned in the section-II of this report.

04. Internal as well as External audit are being conducted.

05. As per DPP office equipments and other assets were procured for the project activities.

OPINION:

In our opinion, except above stated position the Statement of Expenditure (SOE) submitted can be relied upon to support the expenditure incurred for the purposes of the project as specified in the particulars of withdrawal applications.

(Md. Tafazzal Hossain)
Deputy Director
For Director General
Foreign Aided Projects Audit Directorate
Phone: Tel: 8391547
OPINION ON SPECIAL ACCOUNT (CONTASA)

I. We have audited the Special Account of “Rural Transport Improvement Project-II (RTIP-II)” under IDA credit no.5107-BD for the year ended 30th June 2019.

II. Our audit was carried out following International Auditing Guidelines. Accordingly, our audit included such review of system of Internal Control, test of the accounting records & supporting documentation, verification of accounts balances and other auditing procedures that we considered important under the circumstances.

III. The accompanying Special Account Statement was prepared on the basis of cash deposits & withdrawals for purpose of complying with the IDA Financing Agreement credit no.5107-BD & 6327-BD

IV. In our opinion, the receipts are properly accounted for and withdrawals were made for the purpose of the project in accordance with the financing agreement credit no.5107-BD and the Special Account Statement gives a fair view of the beginning & ending balances and the account activity for the year ended 30th June, 2019 on the basis of cash deposits & withdrawals.

(Md.Tafazzal Hossain)
Deputy Director
For Director General
Foreign Aided Projects Audit Directorate
Phone: Tel: 8391547