AUDITOR'S REPORT

Audit Completion Date: 08-02-2018.

The Secretary
Power Division,
Ministry of Power, Energy and Mineral Resources,
Bangladesh Secretariat, Dhaka.

I. We have audited the accompanying Financial Statement of the "Technical Assistance for Implementation of Bangladesh Power Sector Reform (Phase-II) Project" financed by IDA Credit No.5158-BD and GOB as of 30th June 2017 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 the "Technical Assistance for Implementation of Bangladesh Power Sector Reform (Phase-II) Project" as of 30th June, 2017 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.

(Tanim Tanim)
Deputy Director
For Director General
Foreign Aided Projects Audit Directorate
Tel: 8391547
## Technical Assistance for Implementation of Bangladesh Power Sector Reform (Phase-II)
### Project Financial Statement
#### 30th June, 2017

<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></td>
<td>959.60</td>
<td>254.64</td>
<td>1,214.24</td>
</tr>
<tr>
<td>Loan from Development Partner DPA Cr.3913-BD</td>
<td></td>
<td>447.23</td>
<td></td>
<td>447.23</td>
</tr>
<tr>
<td>Loan from Development Partner RPA Cr.3913-BD</td>
<td></td>
<td>1,584.11</td>
<td></td>
<td>1,584.11</td>
</tr>
<tr>
<td>Others Resources</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash Opening balance Cr.-5158-BD</td>
<td></td>
<td></td>
<td>35.45</td>
<td></td>
</tr>
<tr>
<td>Loan from Development Partner RPA Cr.-5158-BD</td>
<td></td>
<td>4,387.40</td>
<td>1,623.03</td>
<td>5,960.43</td>
</tr>
<tr>
<td>Total Resources</td>
<td></td>
<td>7,328.24</td>
<td>1,913.12</td>
<td>9,260.01</td>
</tr>
</tbody>
</table>

### Expenditure and Cash:

1. Officers Salary                               | 7     | 270.43                  | 91.48          | 361.91                   |
2. Staff Salary                                  |       | 41.13                   | 10.31          | 51.44                    |
3. Bonus                                         |       | 35.51                   | 12.49          | 48.00                    |
4. Travels Transport                             |       | 5.55                    | 0.66           | 6.21                     |
5. Others Organisation                           |       | 170.31                  | 58.39          | 228.70                   |
6. Office Rent                                   |       |                         |                | 59.12                    |
7. Postage & Telegrams                           |       | 0.36                    | 0.15           | 0.71                     |
8. Telephone                                     |       | 17.78                   | 2.88           | 20.66                    |
9. Gas                                          |       | 15.59                   | 15.22          | 30.81                    |
11. Stationery                                   |       | 28.68                   | 4.60           | 33.28                    |
12. Books & Periodicals                         |       | 0.94                    | 0.25           | 1.19                     |
13. Advertisement                               |       | 62.53                   | 5.60           | 68.13                    |
14. Entertainment                               |       | 8.70                    | 3.06           | 11.76                    |
15. Honoariums                                   |       | 21.50                   | 7.82           | 29.32                    |
16. Computer Instruments                        |       | 40.40                   | 9.80           | 40.20                    |
17. Consultancy                                 |       | 4,091.71                | 1,429.11       | 5,520.82                 |
18. Consultancy                                 |       |                         |                | 121.79                   |
19. Others                                      |       | 6.00                    | 1.36           | 7.36                     |
20. Repa. & Maint. Of Vehicles                  |       | 52.63                   | 15.66          | 68.29                    |
21. Com. & Equipment                             |       | 17.79                   | 3.60           | 21.39                    |
22. Vehicles (Jeep)                             |       | 72.26                   |                | 72.26                    |
23. Project Multimedia                          |       | 8.49                    |                | 8.49                     |
24. Computer & Machineries                      |       | 23.36                   |                | 23.36                    |
25. Com. Software                               |       | 33.14                   | 1.06           | 34.20                    |
26. Office Instruments                          |       | 5.46                    | 0.32           | 5.78                     |
27. Furniture                                   |       |                         | 1.99           | 3.06                     |
28. Interface Meter                             |       | 1.61                    |                | 1.61                     |
29. Training                                    |       | 325.44                  |                | 325.44                   |
30. Incr. Operating Cost.                       |       | 1,235.23                | 137.28         | 1,372.51                 |
Total Expenditure                               |       | 7,292.89                | 1,910.28       | 9,203.17                 |

### Cash Closing Balance:
- Op. Ac.(RPA)Cr.-5158-BD                        | 35.45 | 2.84                    |
- Operating Account (GOB)                        | 2.84  |

Total Expenditure and Cash                      |       | 7,328.34                | 1,913.12       | 9,260.01                 |

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**Verified**

[Signature]

Mdt. Moniruzzaman Alam
Director General
Power Cell
Ministry of Power, Energy & Mineral Resources
Government of Bangladesh

Mamnoon Hossain
Director General
Power Cell
Ministry of Power, Energy & Mineral Resources
Government of Bangladesh
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 Performa and Annual Development Programme. GOB contributions to the project since inception are as follows (In Lakh Taka).

<table>
<thead>
<tr>
<th></th>
<th>Inception to 30th June, 2016</th>
<th>For the year 2016 - 2017</th>
<th>Inception to 30th June, 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Disbursement by GOB</td>
<td>1200.00</td>
<td>275.00</td>
<td>1475.00</td>
</tr>
<tr>
<td>Less: Refund to GOB</td>
<td>240.40</td>
<td>20.36</td>
<td>260.76</td>
</tr>
<tr>
<td>Total</td>
<td>959.60</td>
<td>254.64</td>
<td>1214.24</td>
</tr>
</tbody>
</table>

2. LOAN FROM DEVELOPMENT PARTNER

The IDA has provided funds to the Project to cover its share of eligible Project expenditures. These credit funds, which must be repaid to IDA after the conclusion of the project. The IDA funds have been drawn by the project in accordance with the following withdrawal Procedures (In lakh Taka).

<table>
<thead>
<tr>
<th></th>
<th>Inception to 30th June, 2016</th>
<th>For the year 2016 - 2017</th>
<th>Inception to 30th June, 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Initial Deposit (Advance) Cr. 3913-BD</td>
<td>337.19</td>
<td>-</td>
<td>337.19</td>
</tr>
<tr>
<td>DPA (Direct Payment) Cr. 3913-BD</td>
<td>447.23</td>
<td>-</td>
<td>447.23</td>
</tr>
<tr>
<td>RPA (SOE Procedure) Cr. 3913-BD</td>
<td>444.03</td>
<td>-</td>
<td>444.03</td>
</tr>
<tr>
<td>RPA (Non SOE Procedure) Cr. 3913-BD</td>
<td>802.89</td>
<td>-</td>
<td>802.89</td>
</tr>
<tr>
<td>Initial Deposit (Advance) Cr. 5158-BD</td>
<td>500.00</td>
<td>-</td>
<td>500.00</td>
</tr>
<tr>
<td>RPA (SOE Procedure) Cr. 5158-BD</td>
<td>2320.80</td>
<td>1472.46</td>
<td>3803.26</td>
</tr>
<tr>
<td>RPA (Non SOE Procedure) Cr. 5158-BD</td>
<td>1506.60</td>
<td>150.57</td>
<td>1657.17</td>
</tr>
<tr>
<td>Others (Cr. 5158-BD)</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Total</td>
<td>6368.74</td>
<td>1623.03</td>
<td>7991.77</td>
</tr>
</tbody>
</table>

3. Other Resources

Other resources consist of the following:

<table>
<thead>
<tr>
<th></th>
<th>Inception to 30th June, 2016</th>
<th>For the year 2016 - 2017</th>
<th>Inception to 30th June, 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Others (Cr. 5158-BD)</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Interest</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

4. CASH

The Project Maintains two bank account, one of Contasa Account, which is kept at Agrani Bank, Ramna Corporate Branch to hold funds advanced by IDA, and another operating Accounts for GOB Fund, which is kept at a Sonali Bank, Ramna Corporate Branch. Year end Closing balance was as follows (In lakh Taka).

<table>
<thead>
<tr>
<th></th>
<th>Inception to 30th June, 2016</th>
<th>For the year 2016 - 2017</th>
<th>Inception to 30th June, 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Account (RPA) (Cr. 5158-BD)</td>
<td>35.45</td>
<td>2.84</td>
<td>2.84</td>
</tr>
<tr>
<td>Operating (GOB)</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Others (Bank Interest) (Cr.5158-BD)</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>34.45</td>
<td>2.84</td>
<td>2.84</td>
</tr>
</tbody>
</table>
AUDIT OPINION ON SOE

We have audited the Statement of Expenditure (SOE) of the “Technical Assistance for Implementation of Bangladesh Power Sector Reform (Phase-II) Project” financed by IDA Credit No.5158-BD for the year ended on 30th June 2016 submitted to the International Development Association (IDA) for reimbursement of expenditure in accordance with the IDA Credit Agreement (No 5158-BD) dated 23 October, 2012.

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

WITHDRAWAL/SOE PARTICULARS

The particulars of withdrawal on the basis of Statement of Expenditure (SOE) as submitted to the audit party are shown in a statement enclosed herewith (Detailed at Annexed-D)

INTERNAL CONTROL

01. The project is being implemented by the officials who were recruited directly, deputed from PDB & REB and also appointed through outsourcing by the project authority as per TAPP.
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. There is no internal auditing system in this project.
05. As per TAPP office equipments and other assets were procured for the project activities.

OPINION

In our opinion, except as discussed in the Management Letter, the SOE can be relied upon to support the applications for Loan disbursement by the IDA for the expenditure incurred for the purposes of the project as specified in the particulars of withdrawal applications.

Opinion Status: Unqualified.

(Tanima Tanim)
Deputy Director
For Director General
Foreign Aided Projects Audit Directorate
Tel: 8391547
Auditor’s Report on Special Account (CONTASA)

I. We have audited the special account statement of the “Technical Assistance for Implementation of Bangladesh Power Sector Reform (Phase-II) Project” for the year ended 30th June 2017 under provision of IDA credit no. 5158-BD, dated 23 October, 2012.

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 necessary under the circumstances.

III. The accompanying Special Account Statement was prepared on the basis of cash deposits & withdrawals for purpose of complying with the above Credit Agreement. (Annexure-E).

IV. In our opinion, the receipts are properly accounted for and withdrawals were made for the purpose of the project in accordance with the credit agreement and the above Special Account Statement gives a true and fair view of the beginning & ending balances and the account activity for the year ended 30th June, 2017 on the basis of cash deposits & withdrawals.

V. Opinion Status: Unqualified.

(Tanima Tanim)
Deputy Director
For Director General
Foreign Aided Projects Audit Directorate
Tel: 8391547
PROJECT: TA for Implementation of Bangladesh Power Sector Reforms (Ph-ii).

Special Accounts Statement (TK. In Lakh)

For Year Ending: 30.06.2016
Account No. : Contasa No. 1943598
Depositary Bank: Agrani Bank Ltd.,
Address: Rumna Corporate Branch
Banga Bandu Avenue, Dhaka.

Related Loan/ Credit Agreement No. : 5158- BD

Currency : BDT

PART-A ACCOUNT ACTIVITY:
Beginning Balance as on 27.05.2015 : 35.45

ADD:
Total amount deposited by World Bank : 1623.03
Total interest earnings if deposited in account : Nil
Total amount refunded to cover in eligible Expenditure : Nil

DEDUCT:
Total Amount withdrawn : 1655.54
Total services charges, if not included above in amount Withdrawn : Nil
Ending Balance as on 30.06.17 : 2.84

PART-B ACCOUNT RECONCILIATION:

1. Amount advanced by World Bank : 500.00
2. Less: Total amount recovered by World Bank : Nil
3. Equal: Present outstanding amount advanced to the Special Account at fiscal year ended 30.06.2017 : 500.00
4. Ending balance of Special Account at fiscal year ended 30.06.17 : 2.84
5. Plus: Amount claimed and not yet credited at fiscal year end : 0.00
6. Plus: Amounts withdrawn and not yet Claimed : 497.16
7. Less: Interest earning (if not included Special Account) : 0.00
8. Plus: Service Charges (if not included in lines 5 and 6 above) : Nil
9. Equal: Total advance to Special Account Accounted for at fiscal year ended 30.06.17 : 500.00

Note:
1. Explain and discrepancy between totals appearing on lines 3 and 9 above 9 (e.g. amount due to be refunded to cover ineligible expenditures paid from the Special Account).
2. Indicate if amounts appearing on line 6 are eligible for financing by the World Bank and provide reasons for not claiming the expenditures.


Md. Moniruzzaman Alam
Director General
Energy & Mineral Resources
Government of Bangladesh