AUDITOR’S REPORT

Audit completion date: 11.12.2019

Secretary
Local Govt. Division
Ministry of LGRD & Co-operatives
Bangladesh Secretariat, Dhaka.

I. We have audited the accompanying Financial Statement of the “Local Governance Support Project -3” financed by IDA under Financing Agreement No. 5946-BD as on 30th June, 2019 and for the year then ended. The preparation of 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 following International Standards of 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 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, except non-compliance of financial rules and regulations in subsequent observations along with the management letter following the Financial Statement gives a true & fair view in all material aspects of the financial position of “Local Governance Support Project -3” as at 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.

The Project accounts properly present the expenditure and receipts for the year ended at 30-06-2019.

(IV) Revised Opinion Status: Unqualified.

(Taslema Sultana)
Deputy Director
For Director General
Foreign Aided Projects Audit Directorate
Phone: 02-9361788

[Ref: Project Audit Manual, FAPAD. Page: 4.7.1]
# Local Governance Support Project-3 (LGSP-3)

## Project Financial Statement

As on 30 June, 2019

<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>87,383.57</td>
<td>46,555.38</td>
<td>133,938.95</td>
</tr>
<tr>
<td>Loan From Development Partner</td>
<td>2</td>
<td>123,318.73</td>
<td>59,651.67</td>
<td>182,970.40</td>
</tr>
<tr>
<td>Cash Opening Balance</td>
<td>-</td>
<td>-</td>
<td>13,135.69</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Resources</strong></td>
<td></td>
<td>210,702.30</td>
<td>119,342.74</td>
<td>316,909.35</td>
</tr>
</tbody>
</table>

### Expenditure

1. **Salary & Allowances** | 45.90 | 50.51 | 96.41 |
2. **Basic Block Grant (BBG) and Performance Based Grant (PBG)** | 193,589.76 | 105,164.55 | 298,754.31 |
3. **Expanded Block Grant (EBG)** | 1,881.00 | 1,948.00 | 3,829.00 |
4. **Technical Know-how Fee of Consultant and Pay of DF and other Staff** | 699.52 | 1,627.71 | 2,327.23 |
5. **Training, Workshop and Study Tour** | 8.30 | 47.29 | 55.59 |
6. **Vehicle, Furniture, Computer, Printer, Photocopier etc** | 115.65 | 0.20 | 115.85 |
7. **Audit Fee, MIS, Survey etc** | 788.89 | 1,896.38 | 2,685.27 |
8. **Other Expenses** | 437.59 | 614.73 | 1,052.32 |

**Total Expenditure:** 197,566.61 111,349.37 308,915.98

### Cash Closing Balance:

- CONTASA: 10,100.56 7,285.03 7,285.03
- DOSA: 1,134.23 385.40 385.40
- Operating Account (SBL, Ramna) for BBG, PBG: 1,476.24 101.45 101.45
- Operating Account (SBL, LO) for BBG, PBG: - - -
- Operating Account (SBL, LO) for EBG: - - -
- Operating Account: DDLG: 10.01 221.49 221.49
- Unspent GOB Balance: 399.07 - -
- Advance: PMU: - 15.58 -

**Total Cash Closing Balance:** 13,135.69 7,993.37 7,993.37

**Total Expenditure and Cash:** 210,702.30 119,342.74 316,909.35

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S M Abdul Motalib  
Senior Finance Specialist  
Local Governance Support Project-3  
Local Government Division

Dr. Md. Ismail Kabi  
Secretary  
Deputy Project Director (Admin, Finance & Proc.)  
Local Government Support Project-3  
Local Government Division

Sardar Sarafat Ali  
National Project Director  
Local Governance Support Project-3
LOCAL GOVERNANCE SUPPORT PROJECT-3 (LGSP-3)
NOTES TO THE 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 expenditure, as specified in the Development Project Proforma and in the Annual Development Programme for each 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 contribution to the project since inception are as follows (In Lakh Taka).

<table>
<thead>
<tr>
<th></th>
<th>Inception to 30th June, 2018</th>
<th>For the year 30th June, 2019</th>
<th>Inception to 30th June, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Disbursements by GOB</td>
<td>87,462.00</td>
<td>48,000.00</td>
<td>135,462.00</td>
</tr>
<tr>
<td>Less: Refunds to GOB</td>
<td>78.43</td>
<td>1,444.62</td>
<td>1,523.05</td>
</tr>
<tr>
<td>Total</td>
<td>87,383.57</td>
<td>46,555.38</td>
<td>133,938.95</td>
</tr>
</tbody>
</table>

2 LOAN FROM DEVELOPMENT PARTNER
The World Bank has provided funds to the project to cover its share of eligible project expenditure. These funds, which must be repaid to the World bank after conclusion of the project, have been drawn by the project in accordance with the withdrawal procedures (In Lakh Taka).

<table>
<thead>
<tr>
<th></th>
<th>Inception to 30th June, 2018</th>
<th>For the year 30th June, 2019</th>
<th>Inception to 30th June, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>RPA (Report Based)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>BBG, PBG and EBG (DOSA)</td>
<td>111,368.73</td>
<td>58,251.67</td>
<td>169,620.40</td>
</tr>
<tr>
<td>Other Activities (CONTASA)</td>
<td>11,950.00</td>
<td>1,400.00</td>
<td>13,350.00</td>
</tr>
<tr>
<td>Total</td>
<td>123,318.73</td>
<td>59,651.67</td>
<td>182,970.40</td>
</tr>
</tbody>
</table>

3 OTHER RESOURCES.
Other resources consists of the following

<table>
<thead>
<tr>
<th></th>
<th>Inception to 30th June, 2018</th>
<th>For the year 30th June, 2019</th>
<th>Inception to 30th June, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project Revenues</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Exchange Gains (/ Losses)</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 special account namely: DOSA and CONTASA. The DOSA has been maintaining at Bangladesh Bank for Basic Block Grant (BBG), Expanded Block Grant (EBG) and Performance Based Grant (PBG) fund advanced by IDA and the CONTASA has been maintaining at commercial bank to deal with funds for remaining project activities other than BBG, PBG and EBG. In addition, the project has been operating bank account against DOSA in commercial bank. Year end cash balance were as follows (In Lakh Taka).

<table>
<thead>
<tr>
<th>Account Description</th>
<th>Inception to 30th June, 2018</th>
<th>For the year 30th June, 2019</th>
<th>Inception to 30th June, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>CONTASA</td>
<td>10,100.56</td>
<td>7,285.03</td>
<td>7,285.03</td>
</tr>
<tr>
<td>DOSA</td>
<td>1,134.23</td>
<td>385.40</td>
<td>385.40</td>
</tr>
<tr>
<td>Operating Account for BBG and PBG (Sonali Bank Ltd, Ramna Corporate Br)</td>
<td>1,476.24</td>
<td>101.45</td>
<td>101.45</td>
</tr>
<tr>
<td>Operating Account for BBG and PBG (Sonali Bank Ltd, Local Office, Dhaka)</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Operating Account for EBG (Sonali Bank Ltd, Local Office, Dhaka)</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>DDLG Operating Account</td>
<td>10.01</td>
<td>437.75</td>
<td>437.75</td>
</tr>
<tr>
<td>Unspent GOB Balance</td>
<td>399.07</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>PMU Advance</td>
<td>15.58</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>13,135.69</strong></td>
<td><strong>8,209.63</strong></td>
<td><strong>8,209.63</strong></td>
</tr>
</tbody>
</table>

8.9.19
S M Abdul Motiullah
Senior Finance Specialist
Local Governance Support Project-3

08.9.2019
Dr. Md. Golam Kab
Joint Secretary
Deputy Project Director (Admin. Finance & Local Government Support Project-3)

12.12.19
(Proshon Kanti Paul)
Audit & Accounts Officer
Foreign Aided Projects Audit Directorate
Audit Complex (6th Floor)
Segunbagicha, Dhaka-1000
Auditor’s Report on Special Account
(DOSA for fiscal transfer)

- We have audited the Special Account Statements of “Local Governance Support Project - 3” for the year ended 30th June, 2019 under the provision of IDA Financing Agreement No. 5946-BD dated 6th March, 2017.

- Our audit was carried out following International Auditing Guidelines. Accordingly our audit included such review of systems of internal control, tests of accounting records and supporting documentation, verification of accounts balances and other auditing procedures that we considered necessary under the circumstances.

- The accompanying Special Account Statement was prepared on the basis of cash deposits and withdrawals for the purpose of complying with the above financing Agreement.

- In our opinion, reimbursements made by IDA are properly accounted for and withdrawals were made for the purpose of the project in accordance with the Financing Agreement.

(Taslima Sultana)
Deputy Director
For Director General
Foreign Aided Projects Audit Directorate
Phone: 02-9361788
Auditor’s Report on Special Account  
(CONTASA for all the activities other than fiscal transfers)

* We have audited the Special Account Statements of “Local Governance Support Project - 3” for the year ended 30th June, 2019 under the provision of IDA Financing Agreement No. 5946-BD dated 6th March, 2017.

* Our audit was carried out following International Auditing Guidelines. Accordingly our audit included such review of systems of internal control, tests of accounting records and supporting documentation, verification of accounts balances and other auditing procedures that we considered necessary under the circumstances.

* The accompanying Special Account Statement was prepared on the basis of cash deposits and withdrawals for the purpose of complying with the above Financing Agreement.

* In our opinion, reimbursements made by IDA are properly accounted for and withdrawals were made for the purpose of the project in accordance with the Financing Agreement.

(Taslema Sultana)  
Deputy Director  
For Director General  
Foreign Aided Projects Audit Directorate  
Phone: 02-9361788