

Audited Project Financial Statements

Project No. 42466-016
Loan/Grant: 3468-BAN (COL)
Period Covered: 1 July 2019 to 30 June 2020

BAN: MFF: Skills For Employment Investment Program-Tranche 2

Prepared by the Ministry of Finance, Finance Division

For the Asian Development Bank
Received on 31 December 2020

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Office of the Director General
Foreign Aided Projects Audit Directorate
Audit Complex (6th & 11th Floor)
Segunbagicha, Dhaka.



No. 82.08.0000.101.07.031.20.1553

Date: 31-12-2020

Subject: Audit Inspection Report on the accounts of "Skills for Employment Investment Programme (1st Revised)" (Tranche-2) financed by ADB Loan no. 3468-BAN (SF) for the year 2019-2020.

The Auditor's Report along with a Management Letter containing audit observations on the accounts of the above mentioned project is enclosed for your kind information and necessary action.

Enclosures:

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

Sd:-

(Mohammad Jahangir Alam)
Deputy Director
For Director General
Foreign Aided Projects Audit Directorate.
Phone:02-48310247.

The Senior Secretary

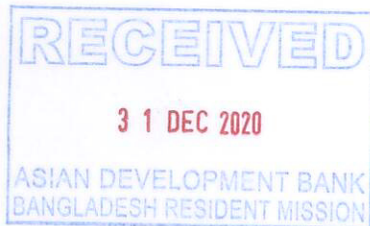
Finance Division
Ministry of Finance
Bangladesh Secretariat, Dhaka.

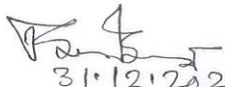
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Date: 31-12-2020

Copy forwarded for kind information and necessary action to:

1. **Secretary**, Economic Relations Division (ERD), Ministry of Finance, Sher-E-Bangla Nagar, Dhaka.
2. **Country Director**, Asian Development Bank (ADB), E-31, Agargaon Sher-E-Bangla Nagar, Dhaka.
3. **Executive Project Director**, Skills for Employment Investment Programme (1st Revised), Prabashi Kayllan Bhaban, Eskaton Garden, 71-72 old Elephant Road, Dhaka.
a) Replies/Comments on the Auditor's Report and Management Letter may please be sent to the undersigned within 30 (thirty) 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.
4. **Office Copy.**




31.12.2020
(Mohammad Jahangir Alam)
Deputy Director
For Director General
Foreign Aided Projects Audit Directorate.
Phone:02-48310247.

Audit Inspection Report

On

**The Accounts of
“Skills for Employment Investment Program(1st Revised)
(Tranche-2)”
Financed under ADB Loan no. 3468-BAN (SF)
for the FY 2019-2020**

**Foreign Aided Projects Audit Directorate,
Segunbagicha, Dhaka.**

INFORMATION RELATING TO AUDIT

01. **Name of the Audit Unit** : “Skills for Employment Investment Program (1st Revised) (Tranche-2)”
02. **Nature of Audit** : Financial & Compliance Audit.
03. **Audit Year** : 2019-2020.
04. **Duration of audit** : 25-10-2020 to 04-11-2020
05. **Audit Team Members.** : Team No-01
Mr. Sattya Gopal Saha, Audit &Accounts Officer.
Md. Ashik Iqbal, Auditor.
06. **Audit Methodology** : ✓ Verification of Financial Statement.
✓ Test check of bill/vouchers.
07. **Scope of audit** : ❖ Certification of Annual Financial Statement.
❖ Check of fund receipts & expenditure made by project authority.
❖ Check of procurement of goods, works & services.
❖ Verification of IPC’s & Invoices.
❖ Audit opinion is limited to the fund receipts and expenditure incurred by the project authority.
❖ Review of Financial Management, Internal Control systems.
❖ Audit opinion is limited to the fund receipts and expenditure incurred by the project authority.
08. **Project Duration** : 06 (Six) years and 06 (Six) months.
09. **Date of Commencement** : July, 2014.
10. **Date of Completion** : December,2020.
11. **Name & Contract No. of PD** : Mr. Md. ZahidulHaque, Ph: +8801713-079052,
E-mail: epd@seip-fd.gov.bd
11. a) **Total Estimated cost** : BDT 210,793.00 lakh (GOB BDT 38,444.00 lakh +
ADB BDT 156,000.00 + SDC BDT.10,889.00 lakh
+ IAS BDT 5,460.00)1stRevised.
- b) **Current year expenditure** : ADB.19344.90 Lakh&GoB3643.63Lakh.
Total=22988.53 Lakh.
- c) **Audit Status** : 5th year (2019-2020)
12. **Executing Ministry** : Finance Division, Ministry of Finance.
13. **Implementing agency** : Finance Division, Ministry of Finance.
14. **Funding Agencies** : ADB, SDC & GoB.
15. **Funding Management System** : Special Account (Imprest Account)
16. **Project Objectives** : The Project objectives are:
The overall objective of the project is to qualitatively and quantitatively expand the skilling capacity of identified public and private training providers of Bangladesh by establishing responsive skill ecosystem and delivery mechanisms through a combination of well- defined set of funding triggers and targeted capacity support. Quality skills training will be strengthened by implementing vocational trainers development program; quality assurance functions and appropriate skills assessment. The project will enhance mid-level trainee targets with expanded partnership with private sector and public sectors. Institutional capacities for

mid-level training would be strengthened and a national governance structure for skills development would be established. The project will support training providers to meet industry skill requirements; finance skills training of 502,000 trainees, with 351,400 job placement. Specifically, the objectives are to:

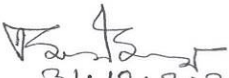
- i) Improve job focused skills along with up-skills of the existing workforce to enhance productivity and growth of industry sector;
- ii) Impart skills training linked to gainful employment or self employment through PKSF partners and their livelihood program;
- iii) Develop a network of training providers that are endorsed by industries for providing training to meet the skills needs of employers;
- iv) Establish and implement a strategy to address the special needs of disadvantaged groups specified in the NSDP and ensure their participation in SEIP programs;
- v) Implement a vocational trainer development program for trainers and assessors and a management leadership program for training provider management reflecting NSDP requirements;
- vi) Strengthen capacity of BTEB in the development of competency standards and training assessment system;
- vii) Support the training providers for capacity development to ensure quality training delivery mechanism;
- viii) Establish and institutionalize a credible recognition of prior learning (RPL) system;
- ix) Support the key government institutions related to skills development to strengthen institutional capacity to meet policy objectives of the NSDP;
- x) Support the establishment and operationalization of a National Human Resource Development Fund (NHRDF);
- xi) Enhance mid-level skills programs with increased numbers of private and public training providers as well as number of trainees.
- xii) Strengthen institutional capacities for mid-level skills training;
- xiii) Implement industry-specific mid and higher level managerial training programs;
- xiv) Strengthen quality assurance and monitoring system;
- xv) Establish a national unified funding mechanism for skills development.
- xvi) Implement skills training for migrant workers.

AUDITOR'S REPORT

Audit Completion Date: 04 -11-2020.

The Senior Secretary
Finance Division
Ministry of Finance
Bangladesh Secretariat, Dhaka.

- I. We have audited the accompanying Financial Statement of the “Skills for Employment Investment Program (1st Revised)(Tranche-2)” financed under ADB Loan no. 3468- BAN (SF) as of 30th June 2020 and for the year ended. According to ISSAI-1570 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 and best practices of INTOSAI and SAI of Bangladesh. 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 true and fair view in all material aspect The financial position “Skills for Employment Investment Program (1st Revised) (Tranche-2)” as on 30th June 2020 due to contingent liability of audit observations. The result of its operations and cash flows for the year ended in accordance with the cash and accrual basis of accounting followed by the Government of Bangladesh.
- IV. Opinion Status: **Unqualified.**


31.12.2020
(Mohammad Jahangir Alam)

Deputy Director
For Director General
Foreign Aided Projects Audit Directorate.
Phone:02-48310247.

587-600

Skills for Employment Investment Program (SEIP) Project
Project Financial Statement (For Tranche-2)
As at 30th June, 2020
ADB Loan No. 3468 BAN (SF)

(Figure in lakh Taka)

Resources	Notes	Total Budget upto 30 June, 2020 (As per RDPP)	Cumulative Actual upto 30 June, 2020	Actual Current period (FY July, 2019 to June, 2020)	Actual prior period upto June, 2019	Unspent Budget
(a)	(b)	(c)	(d)	(e)	(f)	(g) =(c-d)
A. Source of Fund						
Government of Bangladesh			-	-	-	
ADB Loan No. 3468	1		37,889.21	21,245.11	16,644.10	
Other resources (Contribution for Industry Association)	2		844.83	616.47	228.36	
Cash opening balance			-	187.17	-	
Total Resources		-	38,734.04	22,048.75	16,872.46	-
B. Usages of Fund						
B.1 Expenditure**						
a) Revenue Component						
Wages and Salaries			1,739.69	884.88	854.81	
Administrative Expenses			68.27		68.27	
Fees, Charges and Commissions			10.52	5.30	5.22	
Training			1,339.45	872.11	467.34	
Travel and Transport			-		0	
Printing and Stationary			6.78		6.78	
Professional Services			1,399.96	992.61	407.35	
Repairs and Maintenance			-		0	
Interest on Foreign Loan			785.76	512.91	272.85	
Other Miscellaneous Expenditure			30,613.11	16,010.44	14602.67	
Total Revenue		-	35,963.54	19,278.25	16,685.29	
b) Capital Component:						
Buildings and Structures			-	-	-	
Machinery and Equipment			-	-	-	
Total Capital		-	-	-	-	
Sub-total Revenue & Capital (a+b)		-	35,963.54	19,278.25	16,685.29	
C) Contingencies						
Physical Contingencies		-				
Price Contingencies		-				
C) Sub-Total Contingencies		-				
Advance to IPF		-	66.65	66.65	-	
Grand Total (a+b+c)		-	36,030.19	19,344.90	16,685.29	-
B.2 Cash Closing Balance						
Government of Bangladesh			-	-	-	
ADB Loan No. 3468	3		2,703.85	2,703.85	187.17	
Other resources			-	-	-	
Total Cash Closing Balance		-	2,703.85	2,703.85	187.17	-
Total Expenditure and Cash		-	38,734.04	22,048.75	16,872.46	

Verified
9/11/2020

Md. Shamsuzzaman

Deputy Executive Project Director (FM)
SDCMU/SEIP

Skills for Employment Investment Program (SEIP) Project
NOTES TO FINANCIAL STATEMENT
As at 30th June,2020

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ADB Loan No. 3468 BAN (SF) - RPA Special

The ADB has provided funds to the Project to cover its share of eligible Project expenditures. These funds, 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 Lakh Taka)

Particulars	Cumulative Actual upto 30 June, 2020	Actual Current period (FY July, 2019 to June, 2020)	Actual prior period upto June, 2019
Initial Deposit (Advance) :	8,268.50	4,240.00	4,028.50
RPA (Special Account)	28,834.95	16,492.20	12,342.75
DPA (Reimbursable Project Loan (Interest Charge during implementation)	785.76	512.91	272.85
Non-SOE			-
ADB (RPA Special Account)	-		-
Total	37,889.21	21,245.11	16,644.10

2. OTHER RESOURCES (Contribution from 01 No. of Industry Associations)

Other resources consist of the following :

Particulars	Cumulative Actual upto 30 June, 2020	Actual Current period (FY July, 2019 to June, 2020)	Actual prior period upto June, 2019
Contribution from 05 No. of Industry Associations	844.83	616.47	228.36
Exchange gains/losses	-	-	-
Total	844.83	616.47	228.36

3. CASH

The Project maintains two Bank account,an imprest Bank Account,or revolving fund,which is kept at Bangladesh Bank to hold funds advanced by ADB & ADB Grant and operating account, which is kept at a commercial Bank to hold funds advanced by GOB as well as fund transferred from the imprest Account. Year end cash balances were as follows :

Particulars	Cumulative Actual upto 30 June, 2020	Actual Current period (FY July, 2019 to June, 2020)	Actual prior period upto June, 2019
Imprest Account :			
ADB Loan No. 3468 BAN (SF)-Bangladesh Bank	52.20	52.20	2,384.99
Operating Account :			
Cash Book Balance (Sonali Bank STD. Account No. (A/C No.4425503000041)	2,651.65	2,651.65	187.17
Closing Balance Amount	2,703.85	2,703.85	2,572.16

Handwritten signature
4/11/2020
Satyajit Ghosal
Audit & Accounts Officer
Foreign Aides Project Audit Directorate
Audit Complex (6th Floor)
Segunbagicha, Dh. Ka-1000

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Md. Shamsuzzaman
Deputy Executive Project Director (FM)
SDCMU/SEIP

10/9/20

Skills for Employment Investment Program (SEIP) Project
Project Financial Statement
As at 30th June, 2020
GOB

(Figure in lakh Taka)

Resources	Notes	Total Budget upto 30 June, 2020 (As per RDPP)	Cumulative Actual upto 30 June, 2020	Actual Current period (FY July, 2019 to June, 2020)	Actual prior period upto June, 2019	Unspent Budget
(a)	(b)	(c)	(d)	(e)	(f)	(g) = (c-d)
A. Source of Fund						
Government of Bangladesh	1		19,557.47	3,643.63	15,913.84	
Cash opening balance			-	-	-	
Total Resources**		-	19,557.47	3,643.63	15,913.84	-
B. Usages of Fund						
B.1 Expenditure**						
a) Revenue Component						
Wages and Salaries			14.06	-	14.06	
Administrative Expenses			23.02	12.15	10.87	
Fees, Charges and Commissions			351.27	207.50	143.77	
Training			13,024.62	2,543.00	10,481.62	
Travel and Transport			0.48	0.44	0.04	
Printing and Stationary			5.30	2.37	2.93	
Professional Services			522.98	130.69	392.29	
Repairs and Maintenance			464.54	4.27	460.27	
Interest on Foreign Loan			-	-	-	
Current transfers not elsewhere classified			4,549.34	507.74	4,041.60	
Total Revenue		-	18,955.61	3,408.16	15,547.45	-
b) Capital Component:						
Buildings and Structures			-	-	0	
Machinery and Equipment			601.86	235.47	366.39	
Total Capital		-	601.86	235.47	366.39	-
Sub-total Revenue & Capital (a+b)		-	19,557.47	3,643.63	15,913.84	-
C) Contingencies						
Physical Contingencies			-	-	-	-
Price Contingencies			-	-	-	-
C) Sub-Total Contingencies			-	-	-	-
Advance			-	-	-	-
Grand Total (a+b+c)		-	19,557.47	3,643.63	15,913.84	-
B.2 Cash Closing Balance						
Government of Bangladesh			-	-	-	-
Total Cash Closing Balance		-	-	-	-	-
Total Expenditure and Cash		-	19,557.47	3,643.63	15,913.84	-

Verified
DBB
04/11/2020

21/9/20
Md. Shamsuzzaman
Deputy Executive Project Director (FM)
SDCMU/SEIP

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Skills for Employment Investment Program (SEIP) Project
NOTES TO FINANCIAL STATEMENT
As at 30th June, 2020

GOVERNMENT OF BANGLADESH

and 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 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)

Particulars	Cumulative Actual upto 30 June, 2020	Actual Current period (FY July, 2019 to June, 2020)	Actual prior period upto June, 2019
Disbursement by GOB	25,403.63	3,643.63	21,760.00
Account current	-	-	-
Less. Refund to GOB	5,846.16	-	5,846.16
Total	19,557.47	3,643.63	15,913.84

** In DPP, the GOB allocation is not explicitly divided in two different tranches. As a result, GOB allocation has been shown separately under Tranche-1 report (along with ADB Loan 3131- and ADB grant 0391). After closing of Tranche-1, The cumulative GOB allocation and expenditure will be shown in Tranche-2 report along with ADB Loan 3468)

2. Objective of the Project:

The overall objective of the project is to qualitatively and quantitatively expand the skilling capacity of identified public and private training providers of Bangladesh by establishing responsive skill ecosystem and delivery mechanisms through a combination of well-defined set of funding triggers and targeted capacity support. Quality skills training will be strengthened by implementing vocational trainers' development program; quality assurance functions and appropriate skills assessment. The project will enhance mid-level trainee targets with expanded partnership with private sector and public sectors. Institutional capacities for mid-level training would be strengthened and a national governance structure for skills development would be established. The project will support training providers to meet industry skill requirements; finance skills training of 502,000 trainees (including existing targets of 260,000 trainees) with at least 351,400 job placements. Specifically, the objectives are to:

- i) Improve job focused skills along with up-skilling of the existing workforce to enhance productivity and growth of industry sectors;
- (ii) Impart skills training linked to gainful employment or self-employment through PKSF partners and their livelihood programs;
- (iii) Develop a network of training providers that are endorsed by industries for providing training to meet the skills needs of employers;
- (iv) Establish and implement a strategy to address the special needs of disadvantaged groups specified in the NSDP and ensure their participation in SEIP programs;
- (v) Implement a vocational trainer development program for trainers and assessors and a management leadership program for training provider management reflecting NSDP requirements;
- (vi) Strengthen capacity of BTEB in the development of competency standards and training assessment system;
- (vii) Support the training providers for capacity development to ensure quality training delivery mechanism;
- (viii) Establish and institutionalize a credible recognition of prior learning (RPL) system;
- (ix) Support the key government institutions related to skills development to strengthen institutional capacity to meet policy objectives of the NSDP;
- (x) Support the establishment and operationalization of a National Human Resources Development Fund (NHRDF).
- (xi) Enhance mid-level skills programs with increased numbers of private and public training providers as well as number of trainees.
- (xii) Strengthen institutional capacities for mid-level skills training.
- (xiii) Implement industry-specific mid and higher level managerial training programs.
- (xiv) Strengthen quality assurance and monitoring system.
- (xv) Establish a national unified funding mechanism for skills development.
- (xvi) Implement skills training for migrant workers.

3. Basis of preparation and summary of significant Accounting Policies applied:

The accounts and financial statements of the SEIP Project have been maintained and prepared under cash basis of accounting.

4. International Public Sector Accounting Standards (IPSAS), as applicable in Bangladesh and Guidelines laid in the FAPAD audit manual have been followed in preparation of financial statement and any departure there from has been adequately disclosed.

[Handwritten Signature] 04/11/2020
Sattya Chopal Saha
Audit & Accounts Officer
Foreign Aid Projects Unit (Dedicated)
Audit Computer (6th Floor)
Sagarmahalaya, Dhaka-100

[Handwritten Signature] 21.9.20
Md. Shamsuzzaman
Deputy Executive Project Director (FM)
SDCMU/SEIP