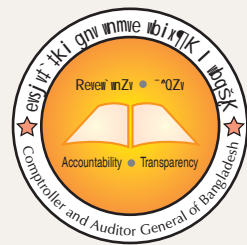




Strategic Plan

2007-2012

Office of the Comptroller and Auditor General of Bangladesh



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Foreword

The Office of the Comptroller and Auditor General of Bangladesh since its inception in 1973 did not have a Strategic Plan as a road map to

- ✓ ascertain its goals
- ✓ determine the strategies to achieve those goals after taking stock of the capacity status
- ✓ pool up all resources to appropriately engage for implementing the strategies
- ✓ establish an efficient internal control management system to ensure effective deliveries
- ✓ assess the successes and failures
- ✓ adopt timely corrective measures
- ✓ sustain the gains
- ✓ carry forward the agenda of producing useful audit reports



It was in January 2003 with my assumption of office of the Comptroller and Auditor General that we for the first time undertook determined steps to draft a strategic Plan (2003-2006) that could be the Magna Carta of SAI Bangladesh. Based on ground realities and extensive interactions with the cross section of our colleagues, academics, private sector professionals and others we launched it in February, 2003 incorporating short, mid, long and tenure term agenda of environment cleansing, skill development, updating age old manuals and modernising auditing approach.

The result had been amazing. Any work started with a well laid planning could never fail though margin of success could vary. In our case the dynamics of change and enhancement brought by our Strategic Plan (2003-2006) are too visible with concrete evidences. We have tried to measure the levels of successes and failures not necessarily in the indoors. We have placed our performance in the open forums to be critically analysed and constructive recommendations brought forward. We are proud of our Strategic Plan (2003-2006) because it has taught us to learn from our past experiences, activate our latent potentialities to the fullest gear and earn the benefits. The Strategic Plan (2003-2006) shall ever

shine as a most outstanding milestone in the history of the audit department of Bangladesh.

We have opted for CAG's Strategic Plan (2007-2012) on the threshold of the previous plan with the purpose of

- ✓ sustaining the gains
- ✓ consolidating our resources
- ✓ moving forward with re-engineered auditing practices
- ✓ producing cost effective quality assured audit reports
- ✓ satisfying the parliament, the civil society, the tax payers, etc
- ✓ creating credible transparency and accountability of the governance

We do not claim perfection. To err is human. But we tried our best to make it more realistic, user friendly and effective. I am grateful to my colleagues for their hardwork and commitment. It is a product of all my associates in the department who extended valuable efforts out of their love for their profession.

Dhaka, June 30, 2007

Asif Ali
Comptroller and Auditor General
of Bangladesh

CAG's Strategic Plan 2003-2006 : An Appraisal

Since assumption of the charge of the Comptroller and Auditor General of Bangladesh in January 2003, CAG Mr. Asif Ali undertook a lot of initiatives for improving audit quality management system and making best use of its available resources through the development of skills at all levels. In line with these initiatives a four phased CAG's "Strategic Plan 2003-2006" had been launched in May, 2003.

In this strategic plan targets were fixed at short-term, mid-term, long-term and tenure-term basis. The achievements and shortcomings with regard to the implementation status of the strategic plan are as follows

Short - term Plan

As against target of improving discipline and office management systems the achievements are

- ✓ 95 % attendance of the employees has been ensured by supervisory officers
- ✓ supervisory officers are inspecting and supervising their sections regularly
- ✓ rational work distribution has been effected to attain efficiency
- ✓ workbooks are maintained according to the format of CAG office
- ✓ special effort has been given on settling pending audit observations and the rate of settlement of audit observations has increased
- ✓ in-house training has been institutionalized in every office
- ✓ all Local Audit Reports (LAR), except issue-based, performance and special audit reports, are issued on the last date of audit

Mid-term plan

Mid-term plan was an attempt to put into operation all available, updated and productive workforce with professional acumen to carry out effective audit. The achievements of the mid-term plan are summarised as below:

- ✓ all the audit directorates took stock of past audit work, identified and prioritized the auditable units, started maintaining permanent audit files and updated them. The list of auditable units under SAI Bangladesh totalling 22040 has been updated.
- ✓ on the basis of materiality, risk factors, annual budget and volume of expenditure of these audit units, the frequency and priority of audit work are determined and audit plan is prepared accordingly

- ✓ checklist for audit teams briefing, rationalization of audit man- days, inspection and supervision of audit teams, review of audit teams works were issued and implemented
- ✓ involvement of higher-level audit staff in the conduct of audit was introduced
- ✓ monitoring, supervision and inspection of field audit teams took institutional shape. Telephonic monitoring from head office and 50% physical on the spot inspection of audit teams with standardised checklist during the last four years resulted in better audit output.
- ✓ the most significant achievement of mid term plan has been the restructuring of Audit Report format. Audit Reports are being compiled at present in three volumes
 - Volume 1 - an executive summary of five pages
 - Volume 2 - audit observations with one page each
 - Volume 3 - Annexure

The traditional voluminous audit report has been replaced by brief, precise and reader-friendly reports. This is a qualitative improvement in audit culture of SAI Bangladesh.

Long-term Plan

The key achievements of the Long-term Plan are

- ✓ formation of "Audit Forum" comprising of Directors General of all Audit Directorates as a think-tank to assist CAG in audit related policy matters
- ✓ identification of New Reform Areas to enhance the quality of audit
- ✓ modernising Financial Management Academy (FIMA) in line with initiatives for human resource development
- ✓ construction of 'Audit Bhaban' leading to a better working environment for SAI personnel

Tenure Plan

CAG's Strategic Plan 2003-2006 aimed at producing quality audit report. The main achievements of CAG's tenure term plan are as follows

- ✓ quality assurance of the audit reports
- ✓ gradual shifting of audit approach from conventional to performance and issue-based audits
- ✓ initiating IT audit
- ✓ timely submission of audit reports to parliament

Some notable achievements of the strategic plan (2003-2006) in respect of enhancing the quality of audit are as follows

- ✓ SAI Bangladesh launched a major initiative to upgrade the skills of staff at all levels. As part of knowledge dissemination, audit reports and annual reports received from different SAIs were reviewed and discussed in presentation sessions.
- ✓ SAI Bangladesh introduced involvement of audited entities in the audit planning process specially for performance and issue- based audits. Efforts are taken to submit preliminary reports on the spot on the last day of completion of audit and communicate the serious irregularities to the audited authorities immediately after audit.
- ✓ the drafting and preparation of audit reports under quality assurance arrangement in each audit directorate and under central quality assurance setup at SAI, headquarters has resulted in production of significantly quality assured audit reports during 2003-2006.
- ✓ SAI Bangladesh conducted pre-emptive audits on request of different ministries and the system for processing the results of audits was improved for timely submission of audit reports to the National Parliament through the Hon'ble President of the Republic.
- ✓ the performance for the years 2003 through 2006 with regard to timelines of audit planning, conducting and management of audits, reporting and follow up of response of auditees, submission of audit reports was assessed and it was found that the objectives have mostly been achieved.

However, along with substantial number of successes, there had been constraints in the implementation of strategic plan 2003-2006 including absence of systematic maintenance of audit related information, lack of field- oriented in-house training, lack of adequate briefing and motivational programme. In the Strategic Plan 2003-2006 particular emphasis was given in ensuring a major shift from traditional compliance audit to performance audit. Although some improvements have been made in this respect with the completion of several performance audits by different audit directorates, there still remains much to be done. Mainly because of lack of trained manpower, the shift in approach has not been remarkable. Against this scenario, in the Strategic Plan of 2007- 2012, performance audit should be given priority.

Strategic Plan Framework : 2007-2012

Vision

Promoting Accountability and Transparency in Public Financial Management for achieving good governance

Mission

Conducting independent audit and evaluating public sector operations to provide reliable and objective information for establishing an honest, efficient and cost-effective government

Core Values

Integrity Objectivity Professionalism Reliability Accountability Ethics

Proposed Goals

Goal-1

Enhancing the professional capacity of audit personnel

Goal-2

Enhancing the quality of audit

Goal-3

Supporting institutional capacity building

Goal-4

Strengthening oversight functions of the Parliament

Goal-5

Attaining high standard of efficiency

Proposed Objectives

1.1 to enhance staff skills and achieve their full potential

1.2 to facilitate dissemination and application of professional guidance

1.3 to conduct follow-up programmes to ensure sustainability of staff development

2.1 to help auditees identifying and managing risks

2.2 to assist improved governance

2.3 to supplement the Poverty Reduction Strategy Paper effort by the government

2.4 to provide meaningful information for the stakeholder

3.1 to facilitate the implementation of audit systems and procedures in line with best practices

3.2 to enhance capacity of the Financial Management Academy

3.3 to fully computerize the Audit Department

4.1 to provide quality assured service to stakeholders

4.2 to provide effective auditorial support to concerned parliamentary committees

4.3 to help implement audit recommendations

4.4 to accelerate the paces of settlement of audit observations

5.1 to meet audit expectations gap

5.2 to enhance image of the audit department

5.3 to strengthen relationship with other SAIs and different international association of SAIs

Introduction

The strategic plan of the office of the Comptroller and Auditor General (CAG) of Bangladesh for the period 2007-2012 reflects our future course of action. The first ever strategic plan 2003-2006 of SAI Bangladesh witnessed tremendous achievement as well as some non-achievement. The present strategic plan (2007-2012) has been prepared contemplating upcoming needs to face the challenges of the new millennium. It aspires to progress further in the direction of strategic shift to cope up with rapid changing trend of globalisation and the qualitative changes in the audit environment. This strategic document has been carefully set in conformity with the Poverty Reduction Strategy Paper (PRSP) which has identified the reduction of poverty as the greatest moral imperative of our time. The broad action agenda on good governance under this strategic plan is to strengthen audit system to ensure accountability and transparency for improved Public Financial Management (PFM).

This strategic plan of CAG stretching from July 2007 to June 2012 promises best efforts for mobilizing limited resources to establish accountability and transparency in public spending. We have set five goals in this strategic plan that can significantly improve the quality of public financial management keeping in perspective the poverty reduction strategy of the government. The goals are highlighted as under

Goal-1 Enhancing the Professional Capacity of Audit Personnel

A key component in strengthening the capacity is to enhance the professional competence of audit personnel. The Office of the Comptroller and Auditor General (CAG) will strive to provide a working environment that promotes personnel creativity.

Goal-2 Enhancing the Quality of Audit

The office of the CAG aims at producing quality assured credible audit reports with improved audit management.

Goal-3 Supporting Institutional Capacity Building

The institutional capacity building requires implementation of better systems to ensure strategic development of the SAI as an institution. It also demands strengthening the office of the CAG by restructuring and recruiting the required number of appropriate staff.

Goal-4 Strengthening Oversight Functions of the Parliament

Strong parliamentary oversight is essential to promote good governance. Scrutinising the audit observations and making recommendations and reviewing settlement of audit observations will ensure accountability and transparency.

Goal-5 Attaining High Standard of Efficiency

The prime aim of the office of the CAG is to strengthen auditing practices to international standards for attaining excellence with cost effectiveness.

Goal-1

Enhancing the Professional Capacity of Audit Personnel

| Strategy | Performance Indicators | Detailed work plan | Responsibility | Target Date |
|--|---|--|---|--|
| <ul style="list-style-type: none"> ✓ to support professional and personal development (HRD) ✓ to attract and retain competent and motivated staff ✓ to recognise the achievement of staff | <ul style="list-style-type: none"> ✓ sustain continuing professional education (CPE) ✓ sustain in-house training programme ✓ assess quality of work done ✓ introduce rewards and punishment | <ul style="list-style-type: none"> ✓ continue presentation sessions and review audit reports, publications of other SAs and professional bodies ✓ in-house training on relevant topics to be provided involving speakers from auditee, specialized training academy, subject matter specialists etc ✓ arrangement of seminars, workshops, in depth training at home and abroad including study tour to familiarise with new systems needs to be made ✓ Financial Management Academy should arrange some special training on different topics/aspects and arrange refreshers courses. Evaluation of training imparted to be done by the management where the trainees work ✓ holding special seminar programme to assess performance of staff both by Directorates and centrally by CAG and identify the best staff to reward in cash and kind/with certificate /foreign tour etc. | <ul style="list-style-type: none"> ✓ CAG Secretariat ✓ all audit directorates ✓ all accounts offices | <ul style="list-style-type: none"> ✓ throughout 2007-2012 |

Goal-2

Enhancing the Quality of Audit

| Strategy | Performance Indicators | Detailed work plan | Responsibility | Target Date |
|--|---|---|--|--|
| <ul style="list-style-type: none"> ✓ to plan audit properly ✓ to improve audit quality management system ✓ to improve performance, issue based, entity wide, forensic, information technology, government wide and develop certification audit ✓ to have appropriate reporting system in place | <ul style="list-style-type: none"> ✓ involve auditees in planning stage ✓ maintain updated permanent file for each audit entity ✓ field audit teams are briefed properly and regularly ✓ ensure Local Audit Report (LAR)s are discussed and issued timely ✓ maintain timeliness in conducting and tabling audit reports ✓ acceptance and implementation of audit recommendations ✓ improve Audit Monitoring System (AMS) and bring all audit directorates under Local Area Network (LAN) | <ul style="list-style-type: none"> ✓ collect data and information, analyse risk and materiality and prepare audit plan properly taking into account entity based (instead of unit based) audit involving audit entity ✓ form audit planning committee both at the directorates and CAG secretariat ✓ sustain audit briefing sessions and provide briefing checklists ✓ inspect, supervise and review audit teams work and arrange feed back sessions half yearly with the audit teams ✓ strengthen quality assurance committee (QAC) both at audit directorate and CAG's secretariat ✓ determine maximum number of performance, issue-based, special and other audits to be carried out by all the audit directorates ✓ LARs of issue based, performance and special audits to be discussed with the Principal Accounting Officers (PAOs) ✓ ensure timely submission of quality assured audit reports strictly following time table and changed audit format ✓ follow-up audit report(s) to be submitted with specific observations as to whether the Public Accounts Committee (PAC) recommendations are acted upon in full ✓ arrange workshop with the auditee to exchange views on impact of audit | <ul style="list-style-type: none"> ✓ Deputy Comptroller and Auditor General (Accounts and Reports) ✓ all Directors General (Audit) | <ul style="list-style-type: none"> ✓ throughout 2007-2012 |

Goal-3

Supporting Institutional Capacity Building

| Strategy | Performance Indicators | Detailed work plan | Responsibility | Target Date |
|--|---|--|---|--|
| <ul style="list-style-type: none"> ✓ to introduce better systems for sustainable development of SAI ✓ to pursue International Organisation of Supreme Audit Institutions (INTOSAI), Asian Organisation of Supreme Audit Institutions (ASOSAI) and SAI Bangladesh Auditing Standards ✓ to enhance capacity of the Financial Management Academy (FIMA) ✓ to restructure Audit Directorates ✓ to formulate Audit Act ✓ to recruit required manpower | <ul style="list-style-type: none"> ✓ preparing and updating of audit manuals and audit checklists and ensuring that these are in use ✓ adherence to auditing standards ✓ Financial Management Academy (FIMA) restructured and its scope broadened ✓ new Audit Directorates created and working well ✓ Audit Act acted upon in full ✓ Audit Bhavan, FIMA and Audit Complex etc. are complete | <ul style="list-style-type: none"> ✓ develop new audit manuals and update/revise old audit manuals ✓ prepare audit checklists department wise as well as subjects/issues wise (e, g, audit of capital assets, investment, privatisation, public debt etc.) ✓ internal Control mechanism to be strengthened (office wise supervision, inspection and surprise visit to be carried out) ✓ DG Audit Forum to be made more proactive to comply with professional standards ✓ take initiative to implement Audit Act to uphold and ensure independence of CAG to have authority to appoint subject matter specialists, to recruit required manpower, to pursue full-fledged internal audit system to be introduced by GOB in all ministries and departments ✓ full computerisation of CAG office along with networking facilities; capacity building with logistic support, IT audit with Computer Assisted Audit Techniques (CAAT) software introduced ✓ computerisation of accounting system of CGDF and Railway Finance Department in harmony with the CGA accounting system. Electronic data flow of CGA (Civil Audit and other three accounting circles of GOB) to be linked with direct networking ✓ IT unit to be established in CAG for providing IT support to all audit directorates ✓ computerisation of concurrent audit system of Local and Revenue Audit Directorate at the Central Revenue Audit Directorate (CRAD) Dhaka Airport, Chittagong and Benapole port with a customised software to match with the existing networking system introduced by Customs and VAT authorities ✓ FIMA to be strengthened and capacity enhanced for conducting standardised PFM training facilities to meet the training needs across the government as well as those of the audit department ✓ formal training redesigned giving it more of practical orientation alongside theoretical insight ✓ guidelines to be issued by FIMA to sustain CPE ✓ periodical review and updating of syllabus and course modules ✓ implement international training courses and award professional certificates ✓ for rationalisation of audit jurisdiction and effective conduct of audit, restructure the audit directorates based on the volume of work and specialisation ✓ LAD could be divided into three audit directorate such as (i) Revenue Audit Directorate (ii) Local and Autonomous Organisation Audit Directorate (iii) Other Government office Audit Directorate. Similarly, Commercial Audit Directorate could be divided into two directorates such as (i) Bank and Financial Institutions Audit Directorate (ii) Other Commercial Organisations Audit Directorate including Corporations and Companies ✓ 2nd phase of Audit Bhavan, construction of FIMA and unfinished work of Audit Complex to be completed | <ul style="list-style-type: none"> ✓ Government of Bangladesh ✓ Comptroller and Auditor General (CAG) ✓ Audit Directorates ✓ Controller General of Accounts (CGA) ✓ Controller General Defence Finance (CGDF) ✓ Additional Director General (Finance), Bangladesh Railway | <ul style="list-style-type: none"> ✓ throughout the plan period |

Goal-4

Strengthening Oversight Functions of the Parliament

| Strategy | Performance Indicators | Detailed work plan | Responsibility | Target Date |
|--|--|---|---|--|
| <ul style="list-style-type: none"> ✓ to enhance relationship with Parliamentary committees ✓ to table high quality audit report on time ✓ to respond to the requirement of Parliamentary Committees ✓ to expedite the audit observation settlement process | <ul style="list-style-type: none"> ✓ effective communication with the Public Accounts Committee (PAC), Public Undertakings Committee (PUC) and Estimate Committee (EC) and the other stakeholders ✓ number of audit reports tabled before the PAC ✓ follow up of PAC, PUC, EC recommendations ✓ settlement of audit observations with the ministries | <ul style="list-style-type: none"> ✓ strengthening liason with the permanent office set up for each committee PAC, PUC and EC regarding fixing up of agenda and holding of meetings ✓ make necessary arrangements to work closely with the Parliamentary committees through audit briefings ✓ holding workshops, seminars periodically with the Parliamentarians and auditees ✓ follow-up reports to be submitted to PAC, PUC, EC as feedback of the recommendations made and on the actions taken by the executives and the audit ✓ holding bilateral and tripartite audit observations settlement meetings to be continued ✓ scrutinising replies to audit observations for expediting of settlement of long pending audit observations | <ul style="list-style-type: none"> ✓ all audit directorates ✓ Deputy Comptroller and Auditor General (Accounts and Reports) ✓ Comptroller and Auditor General (CAG) ✓ Public Accounts Committee (PAC) | <ul style="list-style-type: none"> ✓ throughout 2007-2012 |

Goal-5

Attaining High Standard of Efficiency

| Strategy | Performance Indicators | Detailed work plan | Responsibility | Target Date |
|--|--|---|---|--|
| <ul style="list-style-type: none"> ✓ to develop cost effective outputs ✓ to strengthen auditor-auditee relationship ✓ to promote international co-operation | <ul style="list-style-type: none"> ✓ ratio of costs to benefits ✓ number of seminars, workshops held and recommendations taken care of ✓ number of Memorandum of Understanding (MOU) signed, membership attained in INTOSAI and ASOSAI committees ✓ conduct and follow up internal control system and internal audit system survey | <ul style="list-style-type: none"> ✓ develop a system to compare benefits against costs of audit ✓ to create a core group in each audit directorate to conduct issue based, performance, forensic and special audits ✓ working relationship to be developed to determine the needs and satisfaction of clients ✓ seminars and workshops to be arranged periodically including International seminars and workshops ✓ exchange of delegates, training facilities, participation in INTOSAI and ASOSAI training initiatives etc. to be ensured. Knowledge gained to be disseminated in the respective offices through in-house training and FIMA ✓ create opportunity for peer review amongst DGs and with ASOSAI members ✓ adhere to implement INTOSAI and ASOSAI Guidelines and Audit Standards ✓ sustain the regular publication of CAG Newsletter, quarterly journal REVIEW and Annual Reports on a regular basis and address the feedback received thereon | <ul style="list-style-type: none"> ✓ Comptroller and Auditor General ✓ all audit directorates | <ul style="list-style-type: none"> ✓ throughout 2007-2012 |

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