

Office of the Comptroller and Auditor General, Bangladesh



CAG NEWS

A Half-yearly Publication



Volume - 9 Issue - 2 July - December, 2011

CAG'S NOTE

Public sector accounting and auditing functions are the pillars for ensuring accountability and transparency of the government and for enhancing good governance. The major function of accounting information is viewed as that of aiding the process of organizational control. Accounting records are the most reliable source of information for the top management in their decision making process. Hence, it is essential that accounting and financial information of the government represents accurate position of the ministries and departments regarding all sorts of transactions in a timely manner.

Through the accounts compilation functions and audit activities, Office of the Comptroller and Auditor General (OCAG) enhances the consistency of the government financial management system and cater to the need for dependable information of the stakeholders.

To further improve the accounting information system and create more professionalism in the public sector, collaboration between OCAG and professional accounting bodies is important. This would create a synergy within the auditors' fraternity of Bangladesh through understanding the intricacies in accounting and auditing practices of public and private sector. Sustainability of these initiatives will help OCAG satisfy its mandate by improving the quality of accounting and auditing functions in the public sector.

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- Discussion meeting in observance of the National Mourning Day held at Audit Bhaban

- CAG attends 4th meeting of the INTOSAI Capacity Building Committee (CBC) - Subcommittee 3 in Vienna, Austria
- Workshop on 'Relationship between the Comptroller and Auditor General and Public Accounts Committee'
- Workshop on 'Implementation of Entity Wide Audit on Duty Exemption and Drawback Office (DEDO)'
- Workshop on 'OCAG-ACC collaboration in detecting and preventing financial irregularities'
- Condolence meeting in honor of former CAG late Gholam Kibria

COMPTROLLER AND AUDITOR GENERAL SUBMITS AUDIT REPORTS TO THE HON'BLE PRESIDENT



CAG submits audit reports to the Hon'ble President on August 29, 2011

The Comptroller and Auditor General (CAG) of Bangladesh Ahmed Ataul Hakeem called on the Hon'ble President Md. Zillur Rahman at Bangabhaban on August 29, 2011 and submitted eight Annual audit reports, two Performance audit reports and 11 Special audit reports.

CAG informed the Hon'ble President that the audit reports include 318 audit observations relating to 13 ministries involving approximately Tk. 3939 (Three thousand nine hundred thirty nine) crores. The audit observations highlighted cases of non-recovery of time-barred loan, defalcation, financial losses, stock deficit, undue advantage to contractors, irregular expenditure, less deduction of Income Tax (IT) and Value Added Tax (VAT) etc.

The Hon'ble President mentioned that proper utilization of taxpayers' money must be ensured for sound public financial management across the government. Effective audit is the best tool for managing the scarce resources of the country as well as achieving good governance, he added. According to Hon'ble President efforts made by the office of the Comptroller and Auditor General are laudable. He emphasized on the need for incorporating the best practices in audit to ensure better accountability and transparency. The Auditor General apprised the Hon'ble President of the immense contributions of the Public Accounts Committee of the 9th Parliament in discussing the audit reports and reducing the back log.

UN GENERAL ASSEMBLY ADOPTS RESOLUTION A/66/209 ON SAI INDEPENDENCE



On December 22, 2011 the 66th United Nations General Assembly adopted the Resolution 'Promoting the efficiency, accountability, effectiveness and transparency of public administration by strengthening supreme audit institutions'.

The UN General Assembly Resolution is the crowning conclusion of the common efforts of all SAIs to strengthen their independence and for recognition of the Lima and Mexico Declarations. This success was only possible, because all members of the INTOSAI community established the necessary conditions in their fields of competence and have thereby given content and credibility to the INTOSAI motto - experientia mutua omnibus prodest (Mutual experience benefits all).

The UN General Assembly Resolution represents a milestone in the nearly 60-year history of INTOSAI. Therein, the General Assembly for the first time expressly recognizes that SAIs can accomplish their tasks objectively and effectively only if they are independent of the audited entity and are protected against outside influence; and also recognizes the important role of SAIs in promoting the efficiency, accountability, effectiveness and transparency of public administration, which is conducive to the achievement of national development objectives and priorities as well as the internationally agreed development goals, including the Millennium Development Goals.

The UN Member States also take note with appreciation of the work of INTOSAI in promoting greater efficiency, accountability, effectiveness, transparency and efficient and effective receipt and use of public resources for the benefit of citizens; and of the Mexico and Lima Declarations.

The UN General Assembly encourages Member States to apply, consistent with their national institutional structures, the principles set out in those Declarations and also encourages the member States and relevant United Nations institutions to continue and to intensify their cooperation with INTOSAI, including in capacity-building, in order to promote good governance by ensuring efficiency, accountability, effectiveness and transparency through strengthened supreme audit institutions.

All SAIs now have at their disposal a resolution of the United Nations, which allows them to require more insistently the application of the basic principles of independence. This is particularly important in the field of capacity building by SAIs

since their institutional independence in particular from the audited agencies has for the first time been recognized by all UN Member States.

The encouragement by the General Assembly to all UN Member States to apply the principles set out in the Declarations of Lima and Mexico will increase the determination of all SAIs and particularly those that are still struggling to achieve the basic elements of their independence.

CAG ATTENDS OPEN GOVERNMENT PARTNERSHIP MEETING IN WASHINGTON, DC, USA



CAG Ahmed Ataul Hakeem attended the Open Government Partnership meeting in Washington, DC, USA on July 12, 2011. The government of the United States of America and Brazil together with the International Steering Committee of the Open Government Partnership organized a high level meeting on Greater transparency, accountability and civic engagement in governance.

The Open Government Partnership (OGP) is a global effort to make governments perform better. Citizens want more transparent, effective and accountable government-with institutions that empower people and are responsive to their aspirations. It takes political leadership, technical knowledge, sustained effort, and investment and collaboration between government and civil society.

The OGP is a new multilateral initiative that aims to secure concrete commitments from governments to promote transparency, empower citizens, fight corruption, and harness new technologies to strengthen governance. In the spirit of multi-stakeholder collaboration, OGP is overseen by a Steering Committee of governments and civil society organizations. United States Secretary of State Hillary Rodham Clinton and Brazilian Foreign Minister Antonio Patriota attended the event and made remarks.

Government representatives and members of civil society exchanged their views on the role of openness in improving responsiveness, fostering accountability, creating efficiencies, promoting innovation, fighting corruption, improving performance and capturing dispersed knowledge in support of smarter policies.

Countries that have made progress on a set of common commitments to open government developed by the International Steering Committee are mentioned in the meeting. Performance against these common commitments, as measured by the objective indicators- on fiscal and budget transparency, access to information, asset disclosure, and citizen participation - is the first step toward joining the OGP.

As part of the OGP, founding governments will 'embrace a set of high-level open government principles, pledge country-specific commitments for putting the principles into practice, and invite civil society organizations to assess their individual and collective progress going forward,' according to the initiative's June 2 concept paper. The partnership will be overseen by a steering committee made up of nine governments and nine leading civil society representatives.

PUBLIC ACCOUNTS COMMITTEE (PAC) MEETINGS, JULY-DECEMBER, 2011

The Public Accounts Committee (PAC) and the sub-committees of the PAC of the national Parliament held the following meetings during July-December, 2011 to discuss audit reports of various ministries and divisions:

Public Accounts Committee:

No.	Meeting Date	Discussed audit reports	Audit Directorate
1.	75th meeting July 4, 2011	Ministry of Textile and Jute, 2000-01 to 2004-05	Commercial Audit
2.	76th meeting July 5, 2011	Ministry of Communication, 2002-03 and 2006-07	Railway Audit
3.	77th meeting August 3, 2011	Ministry of Shipping, 2002-04	Local and Revenue Audit
4.	78th meeting August 23, 2011	Ministry of Public Administration, 2004-05 Ministry of Civil Aviation and Tourism, 2003-04, 1996-97 to 2005-06	Commercial Audit
5.	79th meeting September 14, 2011	Ministry of Civil Aviation and Tourism, 2001-02 and 2005-07	Works Audit
6.	80th meeting September 21, 2011	Ministry of Agriculture, 1998-99 to 1999-2000 and 2004-05	Local and Revenue Audit Commercial Audit
7.	81st meeting September 27, 2011	Ministry of Finance, 1997-98 Ministry of Post and Telecommunication, 1993-94 and 1994-95 Ministry of Shipping, 1990-91, 1992-93, 1993-94 Ministry of Civil Aviation and Tourism, 1990-91, 1992-93 Ministry of Information, 1990-91, 1991-92, 1993-94 Ministry of Local Government, Rural Development and Cooperatives, 1992-93, 1993-94 Ministry of Environment and Forest, 1990-91, 1992-93 Ministry of Public Administration, 1991-92, 92-93, 93-94 Ministry of Housing and Public Works, 1990-91, 91-92, 93-94, 94-95 Ministry of Commerce, 1990-91, 92-93 Ministry of Textile and Jute, 1992-93	Local and Revenue Audit Commercial Audit Post, Telegraph and Telephone Audit
8.	82nd meeting October 4, 2011	Ministry of Power, Energy and Mineral Resources, 1991-92 to 1997-98	Works Audit
9.	83rd meeting October 24, 2011	Ministry of Shipping, 2003-04	Local and Revenue Audit
10.	84th meeting November 20, 2011	Ministry of Power, Energy and Mineral Resources, 1993-98, 1996-97 and 2001-02	Commercial Audit
11.	85th meeting November 23, 2011	Ministry of Education, Ministry of Primary and Mass Education, 1996-97	Foreign Aided Projects Audit
12.	86th meeting November 28, 2011	Ministry of Communication, 1999-2000, 2002-03, 03-04, 04-05	Foreign Aided Projects Audit Works Audit
13.	87th meeting December 22, 2011	Ministry of Food, 1991-92	Commercial Audit

PAC Sub-committee 1

No.	Meeting Date	Discussed audit reports	Audit Directorate
1.	21st meeting October 9, 2011	Performance analysis of Operation and management of Chittagong Port Authority under the Ministry of Shipping, 1991-92 Annual audit report of Ministry of Land, 1992-93	Works Audit
2.	22nd meeting October 16, 2011	Ministry of Water Resources, 1992-1995	Works Audit
3.	23rd meeting October 27, 2011	Ministry of Communication, 1990-91 Railway Division, 1990-91 Ministry of Civil Aviation and Tourism, 1993-94	Works Audit Railway Audit Works Audit

No.	Meeting Date	Discussed audit reports	Audit Directorate
4.	24th meeting December 5, 2011	Internal Resources Division, 1992-93 and 1994-95	Local and Revenue Audit
5.	25th meeting December 27, 2011	Ministry of Local Government, Rural Development and Cooperatives, 1992-93 Ministry of Local Government, Rural Development and Cooperatives, 1993-94 Ministry of Local Government, Rural Development and Cooperatives, 1992-93	Works Audit Works Audit Local and Revenue Audit
PAC Sub-committee 4			
No.	Meeting Date	Discussed audit reports	Audit Directorate
1.	39th meeting July 21, 2011	Ministry of Local Government, Rural Development and Cooperatives, 2005-06	Works Audit
2.	40th meeting September 26, 2011	Internal Resources Division, 2005-06	Local and Revenue Audit
3.	41st meeting September 28, 2011	Ministry of Health and Family Welfare, 2005-06 Ministry of Textile and Jute, 2005-06	Commercial Audit

CAG ATTENDS 43RD ASOSAI GOVERNING BOARD MEETING, 1ST ASOSAI-EUROSAI JOINT CONFERENCE AND IDI-ASOSAI STRATEGIC PLANNING MEETING IN ISTANBUL, TURKEY

43rd ASOSAI Governing Board meeting was held on September 19-21, 2011 in Istanbul, Turkey. Delegates from the Governing Board (GB) member SAs as well as observers from INTOSAI Development Initiative (IDI) participated in the meeting.

Following issues were discussed in the meeting:

- Report of the Chairman and Secretary General respectively on GB and Secretariat activities since last meeting
- ASOSAI training activities
- ASOSAI Journal
- Progress in integrating the Declarations of Lima and Mexico into UN documents
- INTOSAI Professional Standards Committee - dissemination of ISSAIs
- INTOSAI Working Group on IT Audit
- INTOSAI Finance and Administration committee: INTOSAI-Donor cooperation
- ASOSAI Working Group on Environment Audit
- First ASOSAI-EUROSAI Joint conference
- 9th ASOSAI Research project

1st ASOSAI-EUROSAI Joint Conference:



Cooperation between ASOSAI and EUROSAI was first proposed by the then EUROSAI President at the 35th EUROSAI Governing Board meeting held in Kiev, Ukraine in July 2009. At the 41st ASOSAI Governing Board meeting held in Islamabad, Pakistan in October 2009, the Turkish Court of

Accounts conveyed the intention of EUROSAI to establish the ASOSAI-EUROSAI cooperation arrangement. Based on this background from September 22-24, 2011 1st ASOSAI-EUROSAI joint conference was held in Istanbul, Turkey.

The Conference theme was, "Challenges for Ensuring Transparency and Accountability in Public Financial Management".

Sub-theme 1: Basic approaches and challenges for ensuring transparency and accountability

- Changes and challenges in management and accountability in the public sector



SAI Bangladesh delegation at the 1st ASOSAI-EUROSAI joint conference held in Istanbul, Turkey during September 22-24, 2011

- The role of International Auditing Standards in strengthening transparency and accountability
- The role of SAs for raising awareness in parliament and in the society for promoting the reinforcement of accountability and transparency in public management: importance of enhancing the performance of the SAs and the impact of their reports
- Managing the challenges in communication facilities of SAs and strengthening their relationship with the media and NGOs
- The impact of technological developments in strengthening public accountability and transparency
- The importance of enhancing accountability and transparency in the struggle against the financial crisis and the role of SAs

Sub-theme 2: The challenges for ensuring transparency and accountability in specific areas of public financial management

- Ensuring accountability in defense expenditures
- Accountability and transparency in public procurement
- Accountability in public debt management
- Accountability and transparency in public aid and subsidies
- The role of SAs in ensuring the accountability and transparency of the tax system
- The effect of E-Government applications on accountability and auditing practices in the public sector

SAI Bangladesh made a presentation on 'The role of Supreme Audit Institution in ensuring transparency and accountability in public procurement: Bangladesh perspective' in the conference.

IDI-ASOSAI Strategic Planning meeting:

A strategic planning meeting for the program on 'Development and Implementation of Strategic Plan' was held on September 25 and 26, 2011 with the administrative support of the Turkish Court of Accounts.

The heads/representatives from the target seven SAIs, namely SAIs of Afghanistan, Bangladesh, Cambodia, Lao PDR, Mongolia, The Philippines and Vietnam, representatives of the IDI, the Training Administrator of ASOSAI (SAI Japan), and, as an observer, ASOSAI secretariat (SAI Korea) attended the meeting. Resource persons from SAIs of India and Turkey were invited to facilitate the discussion.

During the meeting following issues were discussed and agreed on:

- Desired outcomes of the program
- Outputs required in achieving the outcomes, and
- Roles and responsibilities of the parties concerned and corresponding activities

At the end of the meeting, a cooperation agreement was signed by all the parties concerned. CAG Ahmed Ataul Hakeem led a three member delegation from SAI Bangladesh comprising Md. Moslem Uddin, Director General, Works Audit Directorate and Ms. Nurun Nahar, Director General, Civil Audit Directorate.

29TH BATCH BCS AUDIT AND ACCOUNTS CADRE OFFICIALS JOIN

Two Assistant Accountant General (AAG) probationers of 29th batch of BCS Audit and Accounts Cadre joined the Finance Division, Ministry of Finance on August 1, 2011. Subsequently they have joined the Office of the Comptroller and Auditor General of Bangladesh on August 4, 2011. The officials are:

1. Md. Munan Howledar	Bachelor of Social Science (Hons.) Master of Social Science (Political Science)
2. Ms. Subarna Pandit	Bachelor of Social Science (Hons.) Master of Social Science (Journalism and Mass Communication)

The departmental training of the two AAG Probationers has been started on August 7, 2011 at the Financial Management Academy (FIMA).

DIVISIONAL WORKSHOP ON 'ROLE OF AUDIT, AUDITEE AND OTHER ORGANIZATIONS IN PROMOTING GOOD GOVERNANCE'

A Divisional workshop on the 'Role of audit, auditee and other organizations in promoting good governance' was held in Rangpur on July 27, 2011. USAID funded PROGATI (Promoting Governance, Accountability, Transparency and Integrity) project with the support from Bangladesh Enterprise Institute (BEI) organized the workshop.

The main objective of the workshop was to create awareness about the role of OCAG amongst field level officers, generate interactions among stakeholders and OCAG and foster a culture of accountability and transparency in public institutions with a view to reducing the level of corruption.



CAG Ahmed Ataul Hakeem at the divisional workshop on the 'Role of Audit, Auditee and other Organizations in Promoting Good Governance' in Rangpur on July 27, 2011

Niaz Rahman, Finance Controller, Army/Pay-1 made a presentation in the workshop. He highlighted on the structure and activities of OCAG and its role in promoting good governance with a particular focus on how it could work to increase accountability and transparency in public institutions through the exercise of its oversight role. He elaborated on how the various stakeholders, including PAC, civil society and media, could contribute to making such a process meaningful. He also touched on the evolving nature of auditing and cited some examples on various initiatives undertaken by the OCAG to engage with the stakeholders and to connect to larger audience through more interactions with the media. He showed a roadmap for making such engagement deeper through legal and other interactions.

CAG Ahmed Ataul Hakeem underscored that the primary responsibility of ensuring accountability in any organization rests with the head of the office and OCAG can only help in achieving that objective. He assured about regular and timely audit to ensure better accountability. CAG suggested that short course on audit management could be imparted for divisional, district and upazila level officials. He also requested the participants to visit the OCAG website to know more about the audit department and come up with constructive suggestions to help improve the activities of audit department.

DISCUSSION SESSION ON 'MEDIA AND COMMUNICATIONS IN AID OF OCAG EFFECTIVENESS'

A discussion session on 'Media and Communication in aid of OCAG effectiveness' was held at a local hotel on August 23, 2011. Strengthening Comptrollership and Oversight of Public Expenditure (SCOPE) project organized the session. Kenneth M. Dye, former Comptroller and Auditor General of Canada and special adviser to SCOPE project, made a presentation on the session discussion theme.

To improve the effectiveness of OCAG, enhancement of relationship with the media is important. With this in mind, both internal and external communication strategy as well as a media handbook is drafted by the project. Salient features of the drafts are mentioned below:

- Need for an internal communication strategy
 - o Making employees aware of OCAG's mission, vision and mandate
 - o Providing employees feedback on the quality, quantity and timeliness of their performance

- o Being receptive to employees' concerns and problems
- o Receiving feedback from employees
- Internal communication strategy - key messages
 - o Employees are the most valuable and enduring assets
 - o Improve internal communication based on openness and mutual trust
 - o Employees' right to receive feedback
 - o Being sensitive to employees' needs
- External communication - objectives
 - o To enhance accountability of the government
 - o Create well informed media that can report objectively and accurately
 - o Create interest in the activities of OCAG
 - o Allay of fear of OCAG as a fault finding agency
 - o Raise awareness among parliamentarians in general
- Recipients of external communications
 - o Primary audience - Parliamentarians and members of the Public Accounts Committee
 - o Secondary audience - Government and media
 - o Tertiary audience - General people, similar institutions
- Media strategy - purpose
 - o Support the OCAG's overall mission statement using a communication strategy
 - o To ensure that media relations are no longer an issue of concern
 - o To allow the OCAG to respond to and generate media coverage as desired
- Focus of media strategy
 - o On an issue or set of issues
 - o Define the key stakeholders
 - o Articulate key messages from audit findings and recommendations
 - o Identify how other communication initiatives could relate to the media strategy

Senior officials of the audit department, representatives from the print and electronic media and SCOPE project officials were present in the occasion.

PRESENTATION SESSIONS

ENVIRONMENTAL MANAGEMENT FOR THE PROTECTION OF NATURAL RESOURCES OF THE AMAZON REGION

A presentation session on 'Environmental management for the protection of natural resources of the Amazon region' was held on October 3, 2011 at the CAG office. Md. Kamal Anwar, Director, Local and Revenue Audit Directorate and Mohammad Amimul Ehsan Kabir, Deputy Director, Financial Management Academy (FIMA) made the presentation. CAG Ahmed Ataul Hakeem presided. Issues discussed in the presentation were as follows:

The Supreme Audit Institutions of Brazil, Colombia, Ecuador and Peru jointly conducted this audit. It is an example of an integrated response to a common trans-border framework.

- Amazon Cooperation Treaty (ACT) was signed in July 3, 1978.
- Scope of audit: Audit was conducted between January 1 to December 31, 2009. The scope confined within the formal

institutions of the four countries.

- Objective of the audit
 - o Evaluate the level of compliance with the commitments made in ACT
 - o Evaluate the efforts undertaken by the government entities relative to territorial organizations
- Audit results
 - o Implementation of commitments accepted under the ACT
 - o Ecologic and economic macro-zoning of the Amazon basin
 - o Cultural diversity and respect towards the rights of indigenous peoples of the Amazon
 - o Natural protection areas of the Amazon
- Main theme
 - o Similar diversity in ecology, biodiversity, climate, rainfall, temperature etc. with culturally diversified population and many languages
 - o The common goal is to improve the preservation of nature and framing appropriate laws with proper implementation which will ensure the eco-system (flora and fauna) for the betterment of the region
- Comparison with Bangladesh scenario
 - o Diversified eco-system with many rivers of Padma basin
 - o High rainfall, warm and humid climate
 - o Naturally distributed forest with specific characteristics like evergreen hill and mangrove forest
- What can be done
 - o Coordinated management like the ACT countries after signing territorial environmental agreement with neighboring countries
 - o Take initiatives with our neighbors for assessing the natural resources for proper management and preservation of the ecosystem
 - o Propose joint audit program for modern and scientific management for Sundarban mangrove forest with cross border forest sharing countries
- Final consideration
 - o In the audit result four SAIs of Amazon region analyze the compliance with the commitment made in the ACT
 - o Audit report also urges the governments to take ownership of the challenges set forth in the recommendations and the international community to provide the necessary support.

Senior officials of audit department were present in the presentation session.

HOW TO INTEGRATE ETHICS AND INTEGRITY INTO AUDITING PRACTICES OF AN SAI

Md. Nurul Islam, Director General, Mission Audit Directorate attended a seminar on 'How to integrate ethics and integrity into auditing practices of an SAI' from October 11 to 14, 2011 in Seoul, Republic of Korea. The seminar was organized by ASOSAI in collaboration with the Board of Audit and Inspection (BAI) of Korea. Based on the experiences of the seminar Md. Nurul Islam made a presentation on October 25, 2011. CAG Ahmed Ataul Hakeem presided. Salient features of the presentation were:

- The Seminar was intended to
 - o Orient the participants to the best management practices of various ASOSAI member SAIs for integrating ethics and integrity into the auditing practices

- o Identify ways and means for integrating ethics and integrity into the auditing practices, and
- o Explore the role of management level of SAls in integrating ethics and integrity into the auditing practices
- Necessity of integrating ethics and integrity into auditing practices
 - o Ethical and professional audit practice is the best safeguard against risks to integrity, including improper conduct and corruption
 - o Integration of ethics and integrity into auditing practices of the SAI is essential for ensuring that audit reports are credible and satisfies the need of all the stakeholders

Necessary factors for integrating ethics and integrity into auditing practices, problems and solutions:

- Integrity: Auditors have a duty to adhere to high standards of behavior e.g. honesty, fairness, candidness and truthfulness in the course of their work and in their relationship with the officials of audited bodies
 - o In order to sustain public confidence, the conduct of auditors should be above suspicion and reproach
 - o Commitment from management level and staff level that has power to influence an organization's culture and behavior
 - o SAls may take steps for examination of issues related to integrity in real time and publish the findings as soon as possible to the occurrence of the events
- Causes of integrity problems
 - o Lack of understanding of the details of the clauses of code of ethics and their relevance to their work
 - o People have different views regarding what is ethical and what is unethical
 - o Lack of encouraging environment to those who are promoting ethics and integrity in auditing practices
- Integrity: Lessons learnt
 - o Remuneration of officers/staff may be increased
 - o Increase of remuneration of officers/staff will help to strengthen the level of integrity
 - o Daily allowance during field audit can be increased for auditors
- Independence: Independence from the audited entity and other interest groups is indispensable for auditors
- Competence, conduct in relation to public communication are also important

Economy, efficiency and effectiveness of operations in SAI Bangladesh:

- Reward and punishment scheme
 - o SAI may establish rewarding mechanisms for those displaying outstanding performance in ethics and integrity
 - o SAI may provide all means of protection and immunity for the employees against any situation
- Increasing awareness
 - o Training on integrity and ethics is not enough
 - o Encouraging auditors to ask questions about ethics
 - o Encouraging discussions about ethical considerations in meetings, answer their ambiguities and prevent possible misinterpretations
 - o Dissemination of best practices through regular meeting,

seminar, workshop, and presentation on model audit reports of developed SAls can be regularly arranged to increase awareness for implementing the code of ethics in auditing practices

- o Training sessions on the code of ethics – basic idea of the necessity of integrating ethics and integrity into auditing practices, necessary factors, challenges and solutions may be included in every training course for officers and staff in the Financial Management Academy (FIMA).

Senior officials of the audit department were present in the presentation session.

KNOWLEDGE SHARING SESSION BASED ON THE STUDY TOUR TO NATIONAL AUDIT DEPARTMENT, MALAYSIA

Strengthening Comptrollership and Oversight of Public Expenditure (SCOPE) project organized a study tour to the National Audit Department (NAD) of Malaysia from October 7-21, 2011. Four officials of the OCAG participated in the study tour and made a presentation on their experience in Malaysia on December 28, 2011. The presentation was divided into following four parts:

1. IT Management in NAD, e-SPP (Audit Management System) and IT Audit in Malaysia
2. Progress on pilot financial and compliance audit conducted by the SCOPE core group
3. Overview of the Financial audit procedure at the NAD, Malaysia
4. Recommendations and Implementation

1. IT Management in NAD, e-SPP (Audit Management Software) and IT Audit in Malaysia

A. IT Management in NAD

IT Organization was setup based on the functions of each section:

- Management section
 - o ICT planning and management of NAD
 - o Secretariat for various ICT steering committees
 - o Management of divisional administration and finance/ expenditure
- Operation, network and security section
 - o Manage ICT operation
 - o Technical support and help desk
 - o Data center and server management
 - o IT asset management
 - o ICT security management
- Application/software section
 - o Development and maintenance of application systems (in-house and outsourced)
 - o Database administration
 - o Development and maintenance of NAD portal/websites
- Application system - Five different applications are running for different purposes

- o e-ARS - To calculate the accountability index
- o SISFAN - File Management System
- o SPA - Asset Management System
- o e-TRANS - Vehicle Management System
- o e-SPP - Audit Management System

B. e-SPP - Audit Management System software

- Development of e-SPP is directed by the government
 - o ICT steering committee is constituted of:
 - Auditor General (Chairman)
 - Deputy Auditor General (Member)
 - Directors of all Sectors (Member)
 - Director of ICT Department (Secretary)
 - o Meet twice in a year
 - o Development of e-SPP initiated in 2006
 - o Formed a working group to define and document the requirements
- Achievements of e-SPP
 - o Central automation of audit planning process
 - o Database for all audit activities
 - o Monitoring of audit progress
 - o Performance measurement
 - o Centralized knowledge sharing
 - o Optimum utilization of human resources

C. IT Audit in Malaysia

- Need for IT Audit
 - o Confidentiality - Protection of sensitive information from unauthorized user
 - o Integrity - Accuracy and completeness, validity in accordance with business values and expectations
 - o Availability - When required
 - o Reliability - Degree of consistency
 - o Compliance - With legal and regulatory requirement
- IT Audit - scope
 - o IT audit is not an independent audit
 - o Part of financial or performance audit
 - o Two major areas: existing IT operations and IT projects
 - o Based on ASOSAI IT audit guideline

2. Progress on Pilot Financial and Compliance Audit Conducted by SCOPE Core Group

To perform financial/compliance audit more skilfully and effectively, SCOPE project has arranged extensive and continuous training on the International Standards for Supreme Audit Institutions (ISSAIs) and on the use of Computer Assisted Audit Techniques (CAATs).

Pilot audit teams are conducting model audits on the Ministries of Social Welfare and Health and Family Welfare by implementing the relevant ISSAIs and applying CAATs, using IDEA software.

The objectives of the pilot audit of the Ministry of Social Welfare are:

- o To obtain reasonable assurance about whether the financial statements of the Ministry of Social Welfare as a whole are free from material misstatement, enabling the auditor to express an opinion on whether the financial statements are prepared, in all material respects, in accordance with applicable financial reporting framework; and
- o To report on the financial statements, and communicate as required by the relevant INTOSAI standards (ISSAIs)

- Scope of audit
 - o The pilot audit will be conducted on the Ministry of Social Welfare for the fiscal year 2010-2011
 - o Auditable units are:
 - Ministry of Social Welfare
 - National Social Welfare Council
 - National Foundation for the Disabled
 - Directorate of Social Services
 - Social Welfare offices at districts and upazillas
 - CAO, DAOs, UAOs, and
 - The units of various autonomous bodies
 - o Attestation of financial accountability of the Ministry of Social Welfare, expression of opinions on financial statements, such as the Appropriation Accounts
 - o Audit of financial systems and transactions including an evaluation of compliance with applicable statutes and regulations
 - o Audit of internal control and internal audit functions
 - o Audit of the probity and propriety of administrative decisions taken within the audited entity
 - o Reporting of any other matters arising from or relating to the audit that the OCAG may consider necessary
 - o Take into consideration the effect of information technology on the audit procedures, including the availability of data and the expected use of Computer Assisted Audit Techniques
- Audit Strategy
 - o Assigning of responsibilities to complete the fieldwork in a fixed period
 - o Giving sufficient time and notice to the auditee units, preferably giving lists of sample transactions well in advance, so that they can prepare accordingly
 - o Allocating more audit time to areas that are considered to be risky, such as project expenditure, General Provident Fund, pension, grants in aid and procurement
- Audit Methodology
 - o Understanding all the auditee units
 - o Initial risk assessment
 - o Evaluation of internal control system
 - o Conducting preliminary analytical procedures
 - o Using IDEA software for risk assessment, audit planning and for selection of transactions for audit sampling and testing
 - o Conduct audit tests (substantial analytical procedures and test of transactions) - using risk based approach
 - o Preparation of audit report

3. Overview of the Financial Audit Procedure at the NAD, Malaysia

The National Audit Department of Malaysia conducts attestation audits (financial audit) to give an opinion as to whether the Financial Statements concerned for the year show true and fair view as well as whether the accounting records were maintained properly and updated accordingly.

Audit Certification

- Audit certification of the federal government's financial statement for the year ended December 31, 2008:
'The Federal Government's Financial Statement for the year ended December 31, 2008 as a whole reflected a true and fair view of the financial position of the Federal Government and the accounting records were also properly maintained and kept up-to date'.

Implementation of Audit Recommendations

- In 2007, a total of 360 recommendations were proposed. Follow-up audits conducted up to April 1, 2009 revealed that the respective ministries/departments/government companies had taken action on 338 (93.9%) recommendations
- As for the Auditor General's Report for the year 2006, actions on 201 (93.9%) from 214 recommendations have been taken

Basis for Audit Opinion

- Until now the Auditor General has not issued any qualified report. The Financial Audit Cell compiles all financial audit reports and sends them to the Auditor General

Final Financial Statements

- Financial statements of the pay centers are prepared by the Accountant General's offices and the final financial statements for a particular year (January - December) are received by the Auditor General's office by the end of March of the following year.

Comparison with OACG Bangladesh

- o Most of the OACG officials would be able to attain the same level or even higher level of understanding of the INTOSAI audit standards when compared to the understanding levels of the NAD officials
- o Serious attempts should be made to train OACG officials in having thorough understanding of INTOSAI audit standards
- o In trying to implement INTOSAI audit standards in Bangladesh keeping in mind the country's special situations, the OACG Bangladesh may benefit from adopting some of the ways, policies and procedures followed by the National Audit Department of Malaysia

4. Recommendations and Implementation

- Recommendations - AMMS
 - o Rollout plan with definite milestone - Audit Management and Monitoring System (AMMS)
 - o Technical working group formation
 - o Joint application development workshops
 - o Common functionalities based on the NAD, Malaysia e-SPP modules, tailor made approaches may be undertaken

- o Sustainability issues - Technology transfer/transfer of knowledge
- o Newly recruited staff are required to be involved and get familiarized with the AMMS
- o Provision for data input into the system both in Bengali and English
- o Emphasis on training and adequate awareness program

• Recommendations - IT Auditing

- o Integrating IT Auditing into Financial Audit
- o Conduct specialized type of IT audit which intends to cover project implementation, ICT systems and IT security issues
- o Separate IT Audit Cell at OACG may be established
- o IT Audit core group to perform as trainers to ensure sustainability of the training efforts
- o To access the accounting database an optical fiber network link need to be established with the Controller General of Accounts (CGA) server
- o Use of CAATs- Using IDEA software to analyze data for audit planning and execution

• Recommendations - Training

- o Courses on IT, IT Audit, IT Controls, CAATs and performance auditing recommended
- o Courses to be conducted in English and focus more towards field attachment

Senior officials of audit department, representatives from the SCOPE project and members of the pilot audit team were present in the occasion.

BANGLADESH RAILWAY REFORM PROJECT

Government of Bangladesh has undertaken 'Bangladesh Railway (BR) Sector Improvement Project' to revitalize the railway sector. Component 3 of this project is 'Improving financial governance through implementing financial and accounting system'. Under this component Working Paper-9 on 'New accounting architecture for Bangladesh Railway and other aspects' was prepared and submitted by the respective consulting firm. Approval of the Comptroller and Auditor General is required for implementation of the new accounting system in the BR.

OACG Bangladesh formed a committee comprising senior officials of the Additional Director General/Finance, Bangladesh Railway office to give comments on the report. On August 16, 2011 a presentation session was held at the CAG office on the working paper. Salient features of the presentation are mentioned below:

- Background of Bangladesh Railway reform project
 - o National Land Transport Policy (NLTP) was adopted in 2004
 - o NLTP outlines BR as an entity with greater commercial focus and autonomy
 - o Introduction of improved accounting system
- Six components of BR reform project
 - o Restructuring BR into Lines of Business (LOB)
 - o Preparing an asset register for BR and identifying the assets as well as the liabilities to be transferred to different LOB
 - o Improving financial governance by implementing modern financial management and accounting systems
 - o Improving human resource governance
 - o Provide advisory services and support for the

transformation of BR into a state-owned corporate entity

- o Provide legal services for the reform process
- LOB structure of Railway: LOB is a simple direct structure which is business led from top to bottom. This structure provides freedom for Railway management to make decisions and deliver on each business unit
- LOB structure of BR approved by the Ministry of Communication: under the Director General of BR following eight LOBs will operate -
 - o Passenger: Revenue earning LOB
 - o Freight: Revenue earning LOB
 - o Infrastructure: Cost center LOB
 - o Rolling Stock: Cost center LOB
 - o Projects: Cost center LOB
 - o Finance and Accounts: Cost center LOB
 - o Corporate services: Cost center LOB
 - o Land assets: Revenue earning LOB
- Functions of LOB heads
- Present BR accounting practices
 - o Primarily cash based system but accrual system is followed in income generation
 - o Balance sheet and Profit & Loss statement once in a year
 - o Centralized accounting of income generation
 - o Decentralized processing of payroll and pension
- Recommendations on new accounting architecture
 - o Implementation of accrual based accounting system
 - o Implementation of dual accounting concept
 - o Commercialization of Bangladesh Railway
 - o Implementation of LOB concept
 - o Budget on the basis of new 13 digit account code
 - o Implementation of new accounting system using Enterprise Resource Planning (ERP) software
- Decision required from the OCAG
 - o Approval of the Comptroller and Auditor General on the new accounting architecture
 - o Continuation of implementation of ERP software

Senior officials of the audit department and Bangladesh Railway were present in the occasion.

EVENTS

DISCUSSION MEETING IN OBSERVANCE OF THE NATIONAL MOURNING DAY HELD AT AUDIT BHABAN

The great architect of our independence, Father of the Nation Bangabandhu Sheikh Mujibur Rahman sacrificed his life for the cause of sustaining the independence and prosperity of the country. Though the conspirators killed him giving a heinous stigma to the image of the nation, the killers could not obliterate his ideal. CAG Ahmed Ataul Hakeem made these remarks while presiding over a discussion meeting at Audit Bhaban on August 15, 2011 to commemorate the 36th anniversary of martyrdom of Bangabandhu Sheikh Mujibur Rahman.

CAG also urged upon all concerned especially those who work in the Audit Department to play their respective role in establishing the Shonar Bangla as dreamt by the Father of the Nation thus repaying the debt we owe to this great leader.

CAG said that Bangabandhu was very much vocal against corruption, thus soon after the creation of Bangladesh, he made a provision in the constitution to establish an independent Office of the Comptroller and Auditor General so that the CAG can play his due role in establishing transparency and accountability in the public affairs.

Officers and staff of all level of the Office of the Comptroller and Auditor General of Bangladesh attended the meeting. The program ended with a doa mahfil seeking divine blessings for the departed souls of Bangabandhu and members of his family along with other relatives martyred on August 15, 1975.

CAG ATTENDS 4TH MEETING OF THE INTOSAI CAPACITY BUILDING COMMITTEE (CBC)-SUBCOMMITTEE 3 IN VIENNA, AUSTRIA

4th meeting of the INTOSAI Capacity Building Committee (CBC) - Subcommittee 3 was held at the Austrian Court of Audit headquarters in Vienna on September 8-9, 2011. According to the Goal 2 of the INTOSAI Strategic Plan 2005-2010, Subcommittee 3 shall promote best practices and quality assurance through voluntary peer reviews by:

- i. Developing guidelines on and providing best practice examples of how to undertake voluntary peer reviews and establish global and regional mechanisms for initiating them
- ii. Assessing and documenting existing peer review arrangements in the INTOSAI community
- iii. Disseminating the results of peer reviews as appropriate and as agreed by participating SAls
- iv. Fostering an environment where such voluntary reviews are seen as beneficial to both the SAI undertaking the review and the SAI choosing to undergo it

In line with the above mentioned goals, the 4th meeting discussed the following issues:

- Looking back - review of progress since last meeting
 - o Peer review guide and checklist
 - o Peer review documentation
 - o Additional means to promote peer reviews
- Assess and document existing peer review arrangement
 - o Information on current/new peer review project
 - o Further development of the peer review documentation
 - o Raising awareness
- Foster an environment where peer reviews are seen as beneficial
 - o INTOSAI Journal on peer reviews
 - o Development of a practical and continuous process for presentation of the guide
 - o INTOSAI website and CBC website
- Update the peer review guidelines and provide further good practices
 - o Feedback on guide and checklist
 - o Framework on value and benefits of SAls
- Development of an action plan covering the period 2011-2016

CAG Ahmed Ataul Hakeem led a two member delegation from SAI Bangladesh including Mohammad Zakir Hossain, Director General, Post, Telephone and Telegraph Audit Directorate.

WORKSHOP ON 'RELATIONSHIP BETWEEN THE COMPTROLLER AND AUDITOR GENERAL AND PUBLIC ACCOUNTS COMMITTEE'

A workshop on 'Relationship between the Comptroller and Auditor General and Public Accounts Committee' was held at a local hotel in Dhaka on August 18, 2011. Strengthening Comptrollership and Oversight of Public Expenditure (SCOPE) project organized the workshop. Dr. Mashiur Rahman, Adviser to the Hon'ble Prime Minister and Dr. Muhiuddin Khan Alamgir, MP, Chairman, Public Accounts Committee were present as the Guests of Honor.

Kenneth M. Dye, FCA former Auditor General of Canada and special adviser to SCOPE project made a presentation at the workshop. Following issues were discussed in the presentation:

- Cordial but not cozy: Relationship between CAG and PAC
- PAC purpose, objectives and activities
- Five principles of effective accountability
 - o Clear rules and responsibilities
 - o Clear objectives and performance expectations
 - o Performance expectation balances with capacities
 - o Reporting of credible and timely information on what was achieved and learned
 - o Informed review and feedback on performance
- Office of the Auditor General: Purpose
- PAC rights and powers
 - o Automatic referral of OAG reports
 - o Calling witness
 - o Taking testimony
 - o Protection of witness
 - o Calling for documents
- Organization and resources
- How do the media help the PAC
- Duties of PAC secretariat
- Lines of Enquiry
- Operational issues

Rajesh Dayal, Performance Audit Specialist of SCOPE project presented on the up to date status of performance audit of forest management in Bangladesh. Issues mentioned in the presentation were:

- Forest inventory
- Illegal logging on forest land
- Encroachment on forest lands
- Loss of revenues due to illegal activities
- Legal cases
- Coordination between forest department and other departments
- Revenue collection and reporting
- Gender aspects of social forestry

Senior officials of the audit department and representatives of SCOPE project were present in the workshop.

WORKSHOP ON 'IMPLEMENTATION OF ENTITY WIDE AUDIT ON DUTY EXEMPTION AND DRAWBACK OFFICE (DEDO)'

A workshop on the key findings from the pilot audit on DEDO using newly developed manual on DEDO was held at the CAG office on August 21, 2011. USAID funded PROGATI project and Bangladesh Enterprise Institute (BEI) organized the workshop.



CAG Ahmed Ataul Hakeem addressing during the workshop on 'DEDO audit manual implementation' at Audit Bhavan on August 21, 2011

A presentation on 'DEDO audit manual implementation' was jointly made by BEI and DEDO audit team members. Salient features of the presentation were:

- Responses on draft DEDO Audit Manual
 - o Feedback from presentation at the Audit Bhavan
 - o Feedback from presentation at the NBR
 - o Feedback from presentation at the DEDO
 - o Feedback from the Audit team
- Synopsis of draft DEDO audit manual
 - o Introduction
 - o Objectives and scope of DEDO audit
 - o Legal framework
 - o Major guidelines
 - o Drawback facility
 - o Flow chart
 - o Documents required
 - o Time to process a claim
 - o Drawback claims paid by Banks
 - o Common errors/non-compliance
- Objectives and scope of DEDO audit
 - o Review management of drawback system
 - o Examine the internal control mechanism
 - o Examine adequacy of deterrent measures
 - o Representative sampling
 - o System review
- Basic principles of DEDO manual
- Audit process improvement
- AIR quality improvements
- Comparison between previous and present draft report
 - o Precision
 - o Due consideration of auditees' responses on audit observations

- o Performance orientation of audit
- o Higher level and extensive discussion with auditee
- o Management letter includes precise audit findings
- Way Forward
- Challenges
 - o Inclusion of comments from the experts of DEDO operation in the draft DEDO audit manual
 - o Inclusion of a chapter on performance audit of DEDO in the manual
 - o Inclusion of a chapter on examining effectiveness of internal control in the manual

CAG Ahmed Ataul Hakeem stressed on the need for development of an audit guideline in Bengali which could be more realistic providing room for enough flexibility instead of a manual. He also put emphasis on the participative audit to replace one sided traditional audit.

Participants in the workshop agreed that Auditor-Auditee partnership has to be strongly pursued for enhancing transparency and accountability of the executives which will ultimately lead to good governance in the society. Officials from the OCAg, Internal Resources Division (IRD) and the National Board of Revenue (NBR) were present in the workshop.

WORKSHOP ON "OCAG-ACC COLLABORATION IN DETECTING AND PREVENTING FINANCIAL IRREGULARITIES"

A workshop on 'OCAG-ACC (Anti-Corruption Commission) Collaboration in Detecting and Preventing Financial Irregularities' was held at Bangladesh Institute of International and Strategic Studies (BIISS) on August 1, 2011. Bangladesh Enterprise Institute (BEI) organized the workshop. The objective of the workshop was to facilitate the development of an institutional framework of OCAG-ACC collaboration in detecting and preventing financial irregularities. CAG Ahmed Ataul Hakeem was present as the guest of honor.

Manindra Chandra Datta, Deputy Comptroller and Auditor General (Accounts and Reports) presented the key-note paper in the workshop. In his deliberation he covered the issues of conceptual framework consisting of pillars of integrity, accountability relationship among government, parliament, OCAG and ACC.

While the missions of OCAG is conducting effective audit of public sector operations for optimum utilization of public resources, the mission of ACC is to combat, control and prevent corruption. Describing the respective mandates of the two bodies, the presenter mentioned that, OCAG was constitutionally created in 1973 and mandated through Articles 127-132 of the Constitution. ACC was created in 2004 and was reconstituted in 2007 by an executive order. A new Act was proposed in the parliament in 2009 is yet to be passed.

It was argued that, whether the two agencies are sufficiently capable to play their respective roles while acting alone or may benefit from probable collaboration with each other. Though each agency has its own laws, procedures and methodologies to operate, it was suggested that a minimum framework could be worked out for further cooperation. The proposed framework will ensure that none of the agencies will lose its own jurisdiction, also will not encroach upon each other's operational areas.

It was mentioned that, identifying the methods and procedures to facilitate collaboration between the two organizations are important. Since constitutionally, till the submission of audit reports to the Hon'ble President there is no scope for OCAG to disseminate audit information. However, once the audit reports are tabled in the parliament those become public documents and ACC could well utilize the reports for further investigation under the CRPC codes.

It was stated that the media could be an important intermediary between OCAG and ACC in information sharing and exchange of experience. Recently OCAG has started providing audit reports to the media in compliance with Right to Information (RTI) Act. To facilitate the process OCAG has opened a 'Media and Communication Cell' at its head office.

In recommendations it was suggested that the Public Accounts Committee (PAC) may be made a party in the whole process of OCAG-ACC collaboration processes since both require PAC's support and cooperation. A joint committee comprising of officials of OCAG-ACC could be constituted to work out the details of the collaboration issues which could ultimately lead to an acceptable framework.

Legal issues raised could be incorporated in the proposed Audit Act. The proposed ACC Act placed in the parliament should be passed to provide necessary legal protection to build up a viable and sustainable working relationship between OCAG and ACC.

Senior officials of the audit department and Anti-Corruption Commission were present in the workshop.

CONDOLENCE MEETING IN HONOR OF FORMER CAG LATE GHOLAM KIBRIA



A condolence meeting in honor of the memory of late Gholam Kibria, former Comptroller and Auditor General of Bangladesh was held at the Audit Bhaban on August 18, 2011. Gholam Kibria passed away on August 10, 2011. BCS Audit and Accounts Association organized the meeting while CAG Ahmed Ataul Hakeem presided.

Gholam Kibria was the fourth CAG of Bangladesh and served from March 30, 1989 to December 31, 1991. During his tenure as the CAG of Bangladesh Gholam Kibria had significant contribution to the development of auditing practices in the Supreme Audit Institution of Bangladesh. He incorporated modern auditing techniques in the financial and compliance auditing. Later in 1993 he worked as the International Monetary Fund (IMF) Budget Adviser, Ministry of Finance, Government of Mongolia and worked as Advisor to the Ministry of Finance, Government of Uzbekistan.

Former and present officials of BCS Audit and Accounts Cadre were present in the meeting and recalled the illustrious career of Gholam Kibria and his enormous contribution for the betterment of public sector auditing in Bangladesh. They paid rich tributes to his sincerity, integrity and professionalism. Gholam Kibria was born on January 1, 1932. He left behind his wife, one daughter and two sons.

CAG NEWS

Published by the Office of the Comptroller and Auditor General, Audit Bhaban, 77/7 Kakrail, Dhaka 1000, Bangladesh
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