



Annual Report - 2009

Office of the
Comptroller and Auditor General of Bangladesh

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Vision

Attaining accountability and transparency in Public Financial Management for achieving good governance.

Mission

Conducting effective audit of public sector operations for optimum utilization of public resources providing reliable and objective information to assist in establishing accountability and transparency in government activities.



Contents

● Foreword	5
● Supreme Audit Institution (SAI) of Bangladesh	7
● Annual Audit Reports	14
● Special Audit Reports	16
● Audit Reports Under Process	17
● Audit Reports Highlighted	18
● Parliamentary Committees and the OCAG	25
● Cost and Gains of Audit	27
● Implementation of Audit Recommendations	30
● Settlement of Audit Observations	31
● Reforms and Development	32
● Events and Occasions	34
● Training and Workshops	36
● Financial Management Academy (FIMA)	37
● Automation in SAI Bangladesh: A Way Forward	40
● Challenges Upfront	43



Foreword



My second year in office marks a year of events with greater focus on activities that support the wider institutional capacity building initiatives. During year 2009, the Office of the Comptroller and Auditor General (OCAG) experienced tangible achievements and important results ranging from continuous professional development to effective auditing. To address the need of the day, we have made a shift in our audit focus from traditional compliance based approach to a performance based approach.

A potential contribution as a key oversight agency lies in providing the Parliament timely and objective information on the economic, efficient and effective use of public resources. In this accountability process, the OCAG emphasizes on developing an effective functional and strategic relationship with the Public Accounts Committee (PAC). Since its constitution, the PAC of the 9th Parliament has emphasized on designing a new paradigm for effective disposal of unattended audit observations, made recommendations for remedial measures and focused on determining a roadmap to address these issues.

The year 2009 marked submission of 30 audit reports to the honorable President to be subsequently laid down before the Parliament for discussion in the PAC.

Media support has been emphasized in bringing public attention to audit findings, conclusions and recommendations for the purpose of creating public awareness and interest. The OCAG is in the process of setting an institutional culture of dialogue with the media to increase transparency and accountability. Official audit reports are expected to be made available through the website without compromising confidentiality of the information.

To strengthen our ability to combat corruption, issues regarding prevention and detection of fraud and corruption have received greater importance. The OCAG has developed a networking relationship with other enforcement agencies including the Anti Corruption Commission through concerted action. The office has been playing a role in promoting a culture that rejects waste, values honesty and rational utilization of economic wealth.

Believing in INTOSAI's motto 'Mutual Experience Benefits All' the OCAG has consistently worked for promoting international cooperation. In this context it is my pleasure to refer to the fact that in 2009 my office was elected to the Board of Governors of the ASOSAI held in Islamabad, Pakistan. Following its election to the ASOSAI Governing Board, the office has emphasized on strengthening its bilateral relations with the regional as well as other members of ASOSAI and INTOSAI to foster professional development among the SAIs.

Another significant milestone of 2009 was the launching of the CIDA funded 'Strengthening Comptrollership and Oversight of Public Expenditures (SCOPE) Project'. The project aims to strengthen the capacity of the OCAG and modernize OCAG auditing to the higher level of efficiency, as is observed among the developed SAIs.

To cope with the demand for enhanced capacity of OCAG to enable it to play its expanded role, an Audit Act has been proposed that explicitly mandates the SAI to provide assurance with regard to further strengthening independence of audit as stipulated in the Constitution and ensures overall improvement in government financial management through more efficient and effective audit. The expanded mandate also provides a better

Foreword

statutory framework in accordance with international auditing standards that ensures more independent arrangement for staffing and adequate budget provisions supported by legislation to enhance a more citizen oriented role.

Recruitment of qualified auditors, enhancing the skill base of existing staff and upgrading the quality of audit remain as some of the daunting challenges faced by OAG Bangladesh today. Lessons learnt from the deficiencies in our efforts and inspiration drawn from our achievements - in the context of 2009, will certainly give us the wisdom and strength to move forward with enhanced confidence and resilience for further success in years ahead.

January 1, 2010



Ahmed Ataul Hakeem, FCMA
Comptroller and Auditor General

Supreme Audit Institution (SAI) of Bangladesh



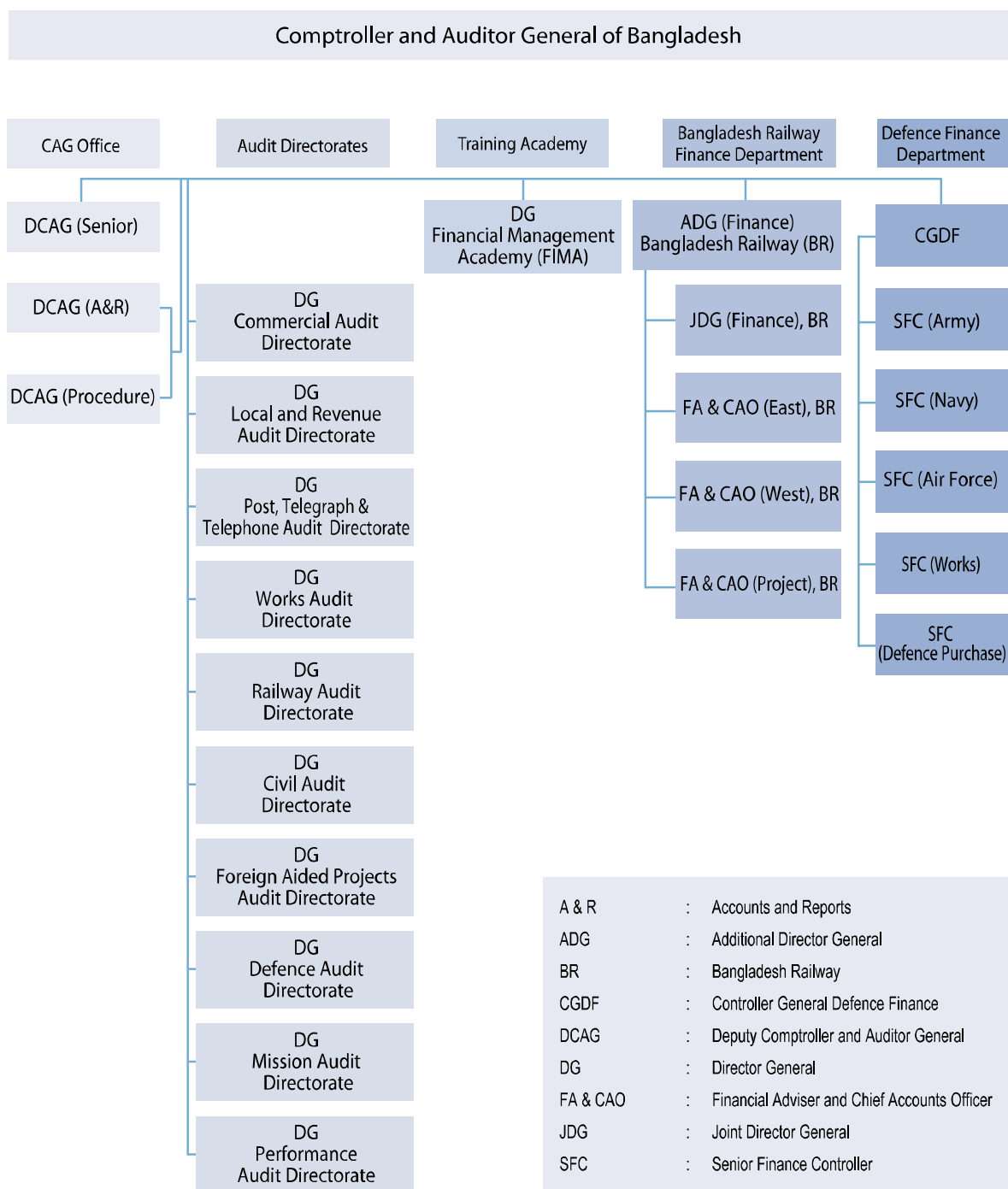
The Office of the Comptroller and Auditor General (OCAG), the Supreme Audit Institution (SAI) of Bangladesh, is responsible for auditing government receipts and public spending and to ascertain whether expenditures have yielded value for money in government offices, public bodies and statutory organizations. Appointed by the President of the Republic, the Comptroller and Auditor General (CAG) heads the Supreme Audit Institution. CAG has the mandate to determine the scope and extent of audit.

Articles 127 to 132 of the Constitution of the People's Republic of Bangladesh provides the CAG complete independence i.e. CAG is not subject to any other authority having access to all documents required for carrying on audit.

Directors General, the heads of the audit directorates are responsible for conducting audit on behalf of the CAG in the government offices as well as the public sector undertakings. Audit observations involving serious financial irregularities are initially developed into advance paras (AP) and subsequently draft paras (DP) after taking into consideration the replies received from the concerned auditee organization and the Principal Accounting Officer (Secretary of the Ministry/Division). The DPs are incorporated in the audit reports after approval of the CAG. Alongside traditional approach to carry out financial, compliance or regularity audits, the office is now conducting performance audit to determine economy, efficiency and effectiveness in the management of public resources, thereby adding value to the governance issues.

In recent years, scope for IT audit has also increased manifold as a result of increased use of Information Communication Technologies (ICT) in the government offices. To keep pace with the auditees OCAG has created a core IT audit group and moving forward to creating an IT audit cell in the OCAG to foster the IT auditing activities.

Organogram



Audit Directorates

Sl.	Directorates	Auditing Areas	Existing Manpower
1.	Commercial Audit Directorate	All public sector entities and state owned enterprises (SOEs) including nationalized commercial banks (NCBs) and financial institutions, autonomous, semi-autonomous bodies and public holding companies	505
2.	Local and Revenue Audit Directorate	All civil government departments, local and statutory bodies including municipalities, city corporations, universities and the National Board of Revenue (NBR)	340
3.	Civil Audit Directorate	Office of the Controller General of Accounts (CGA), 418 Upazila Accounts Offices, 58 District Accounts Offices, 49 Chief Accounts Officer's offices and 6 Divisional Controller of Accounts offices under the CGA	148
4.	Works Audit Directorate	Public works expenditures of the Public Works Department, Roads and Highways Department, Bangladesh Water Development Board, Bangladesh Power Development Board, Dhaka Electric Supply Authority, Water and Sewerage Authority, Bangladesh Civil Aviation Authority, Local Government Engineering Department, Education Engineering Department, Public Health Engineering Department and City Development Authorities	174
5.	Foreign Aided Projects Audit Directorate	All development and technical assistance programs and projects in the public sector funded by foreign aid	169
6.	Railway Audit Directorate	All establishments of Bangladesh Railway, office of the Additional Director General (Finance), Bangladesh Railway and offices under its administrative control	84
7.	Post, Telegraph and Telephone Audit Directorate	All establishments of the Postal Department, Bangladesh Telecommunications Company Limited, Bangladesh Telecommunication Regulatory Commission and the office of the Chief Accounts Officer, Ministry of Post and Telecommunication	154
8.	Defence Audit Directorate	All units/formations of the defence forces, including army, air force and navy, field services organizations like the Department of Meteorology, Geological Survey of Bangladesh, Controller General Defence Finance (CGDF) including the offices of the Defence Finance Department under the CGDF	125
9.	Mission Audit Directorate	All overseas missions, nationalized banks, shipping corporation offices and Biman Bangladesh Airlines offices operating abroad	25
10.	Performance Audit Directorate	Performance audit of selected bodies	25

Office of the Controller General of Accounts (CGA)

The office of the Controller General of Accounts (CGA) was established in 1985 by an office memorandum of the Finance Division to introduce departmentalization of accounts in all the ministries and divisions. Previously CGA office was known as the office of the Accountant General (Civil) along with Accountant General (Works and WAPDA), Accountant General (Post, Telegraph and Telephone) and Additional Accountant General (Foreign). CGA office is solely responsible for preparation and consolidation of accounts. It works independently under the administrative control of the Finance Division but can seek guidance from the Comptroller and Auditor General (CAG) on procedural matters. The duties and responsibilities of this office are performed by six Divisional Controller of Accounts (DCA) offices, 58 District Accounts Offices (DAO), 418 Upazila Accounts Offices (UAO) and 49 offices of the Chief Accounts Officer (CAO).

Objectives:

- Prepare monthly accounts of the government
- Make payments for claims of all civil officers and staff of the government
- Prepare Appropriation Accounts and Finance Accounts of the government
- Administer all accounts offices including CAOs, DCAs, DAOs and UAOs

Functions:

- Maintain the Central Data Processing Unit (CDPU)
- Collect Appropriation Accounts from the DAOs through CAOs and place before the CAG for approval
- Ensure accuracy and timeliness of accounts
- Prescribe forms and methods of keeping accounts with the approval of CAG
- Provide data and information regarding accounts according to the requirements of the Finance Division
- Reconciliation of accounts between the accounts offices and Bangladesh Bank/Sonali Bank and between the accounts office and executive office

Office of the Controller-General, Defence Finance (CGDF)

The Defence Finance Department headed by the Controller-General, Defence Finance was established in 1982 by a government order issued by the Ministry of Finance and Planning. This Department was set up following re-organization of the Military Accounts Department under the Ministry of Defence. The overall functional responsibility of Defence Finance Department has been distributed among seven subordinate offices - Office of the Senior Finance Controller (Army), Office of the Senior Finance Controller (Navy), Office of the Senior Finance Controller (Air Force), Office of the Senior Finance Controller (Defence Purchase), Office of the Senior Finance Controller (Works), Office of the Finance Controller (Bangladesh Ordnance Factory) and Office of the Finance Controller (Miscellaneous).

Functions:

Accounting:

- Keeping the defence accounts under the administrative control of the Ministry of Defence
- Submission of periodical financial/accounting reports/statements including yearly Appropriation Accounts to the Comptroller and Auditor General (CAG) through the Ministry of Defence
- Compilation and consolidation of the annual accounts in respect of Bangladesh Defence Services receipts and expenditure
- Issue necessary instructions to the Finance Controllers in matters relating to internal audit, accounts, procedure etc.
- Supply/disbursement and control of cash

Internal Audit:

- Carry out internal/primary audit either pre or post (not statutory/test audit) to suit the individual service requirements, depending on their internal practices or authorized internal auditing system
- Assist in statutory/test audit which is to be done by the Directorate of Defence Audit
- General scrutiny of questions dealing with interpretation of rules and regulations and appeals against internal audit/advising decisions given by Finance Controllers

Financial Advice: As Financial Advisers, the Finance Controllers have the following functions:

- Examine and render advice on 'Budget estimate and reviews'
- Assist in the scrutiny of all 'New budget measures'
- Assist in processing all cases with the Government which require Government approval

Office of the Additional Director General/Finance, Bangladesh Railway

Additional Director General/Finance (ADG/Finance) is the head of the overall management of accounts and finance department of Bangladesh Railway (BR). Secretary, Ministry of Communication is the Principal Accounting Officer while ADG/Finance is the adviser for financial and other policy matters of Bangladesh Railway. The responsibilities, functions and activities are carried out by the Joint Director General/Finance and three Financial Advisers and Chief Accounts Officer (FA&CAO) - FA&CAO (East), Chittagong; FA&CAO (West), Rajshahi and FA&CAO (Project). The ADG/Finance and three FA&CAOs are members of the Audit and Accounts Service controlled by the OAG and represents the Ministry of Finance for treasury functions.

Objectives:

- Rendering advice to the administration in all matters involving BR finance, also rendering financial advice on policy matters considering public service obligation (PSO)
- Keeping the accounts of BR in accordance with prescribed rules
- Prompt settlement of proper claims against BR

Functions:

- Comply with BR accounts reporting to Ministry of Finance through CGA
- Consolidate BR Appropriation Accounts on expenditure against budget allocation
- Prepare Finance Accounts including yearend asset and liabilities
- Maintain current accounts, monthly accounts of cash based transactions
- Prepare Subsidiary Accounts based on commercial principles comprising capital statement, balance sheet and profit and loss accounts
- Maintain the traffic accounts by the Additional FA&CAO/Traffic Accounts routed through the pay and cash offices of East and West zones of BR
- Finalize both development and non-development budget estimates and submission of budget proposal for BR to the government. Non-development budget estimate is prepared with the assistance of Senior Budget Officer (SBO) and development budgets estimates are prepared by the project director channeling through the Chief Planning Officer (CPO) to ADG/Finance
- Maintain Settlement Accounts of BR and adjustment to civil accounts, defence accounts and store accounts through the central books and budget unit under FA&CAO (East) office

Human Resource



Supreme Audit Institution requires specialized knowledge and skill to conduct diversified audit. The skill and expertise of OCAG employees are the most important requirement to perform audit efficiently. OCAG officials possess a wide range of academic backgrounds which is often very useful for carrying out the audit, especially performance audit, environmental audit and other modern types of audit.

OCAG also gives its highest priority to enhance its core expertise in accounting and auditing by stressing on required qualifications and training. Presently, the majority of the managerial staff have science and humanities degrees followed by degrees in Finance, Accounting, Financial Management and Business Administration. The number of officials as Certified Accountants and other qualified professional accountants/auditors is still quite low. However, OCAG has adopted policies and undertaken necessary steps to address this matter. Special emphasis has been given on creating a pool of officials as Certified Information Systems Auditor (CISA), Certified Information Security Manager (CISM), Certified Internal Auditor (CIA) and Certified Fraud Examiner (CFE).

OCAG Human Resource

Class	Officer		Staff		Total	Percentage
	I	II	III	IV		
Male	1188	519	1459	274	3440	87
Female	79	34	355	39	507	13
Total	1267	553	1814	313	3947	100

Approximately four thousand officers and staff are presently working in the OCAG. About thirteen percent of the employees are female. Respective ratio is significantly higher at the staff level compared to managerial level. However, female employees have equal access in job placement, training and other engagements.

Annual Audit Reports



In 2009 OCAG audit covered various sectors of the government for the financial year 2006-07. In preparing these reports emphasis has been given on the quality of audit to ensure transparency and accountability of government earnings and expenditure. It is expected that, through these reports, maximum utilization of government funds and minimum wastage of public resources have been assured in respective sectors.

Along with the annual audits comprising mostly regularity audit some special audits have also been conducted by the OCAG on issues of national interest and concern. A list of 14 annual audit reports and four special audit reports is given below. Another five special audit reports and one annual audit report are also under process of finalization by the OCAG. Summaries of seven audit reports with the elaboration of a significant audit observation have been highlighted below.

Audit Directorate	Title of the Report	Financial Year	Ministry
Works Audit Directorate	Report on the accounts of 21 Executive Engineers' offices and two Superintending Engineers' offices under the Roads and Highways Department	2006-07	Ministry of Communication
	Report on the accounts of Public Works Department and Rajshahi Development Authority	2006-07	Ministry of Housing and Public Works
	Report on the accounts of nine offices of the Civil Aviation Authority	2005-07	Ministry of Civil Aviation and Tourism
Commercial Audit Directorate	Report on the accounts of 15 organizations under seven ministries	2006-07	Ministries of Food and Disaster Management; Jute and Textile; Industries; Commerce; Civil Aviation and Tourism; Agriculture; Local Government, Rural Development and Cooperatives
	Report on the accounts of the four nationalized commercial banks and financial institutions	2006-07	Finance Division, Ministry of Finance

Annual Audit Reports

Audit Directorate	Title of the Report	Financial Year	Ministry
	Report on the accounts of Bangladesh Inland Water Transport Corporation and Bangladesh Road Transport Corporation	2006-07	Ministry of Ports, Shipping and Inland Water Transport; Ministry of Communication
Railway Audit Directorate	Report on the accounts of Bangladesh Railway	2006-07	Ministry of Communication
Local and Revenue Audit Directorate	Report on the accounts of various organizations under the Internal Resources Division	2006-07	Ministry of Finance
	Report on the accounts of the City Corporation, Municipalities, Zila Parishad and Upazila Parishad offices	2006-07	Ministry of Local Government, Rural Development and Cooperatives
Foreign Aided Projects Audit Directorate	Report on the accounts of various projects of Roads and Highways Department, Bangladesh Railway, Bangladesh Power Development Board, Financial Management and Audit Unit, Directorate of Health, Directorate of Family Planning and Bangladesh Water Development Board	2006-07	Ministries of Communication, Health and Family Welfare, Water Resources and Power Division
	Report on the accounts of six projects under Local Government Engineering Department, Dhaka City Corporation and Sylhet City Corporation	2006-07	Ministry of Local Government, Rural Development and Cooperatives
Post, Telegraph and Telephone Audit Directorate	Report on the accounts of 78 offices under Bangladesh Postal Department and 95 offices under Telephone and Telegraph Board	2006-07	Ministry of Post and Telecommunication
Mission Audit Directorate	Report on the accounts of six Bangladesh missions abroad	2006-07	Ministry of Foreign Affairs
Defence Audit Directorate	Report on the accounts of various units of Army, Navy, Air Force and Inter Services	2006-07	Ministry of Defence

Special Audit Reports

Audit Directorate	Title of the Report	Ministry
Railway Audit Directorate	Special audit report on Rehabilitation of main line sections (East and West zone) of Bangladesh Railway	Ministry of Communication
Commercial Audit Directorate	Special audit report on Essential Drugs Company Limited	Ministry of Health and Family Welfare
	Special Audit Report on Biman Bangladesh Airlines	Ministry of Civil Aviation and Tourism
Local and Revenue Audit Directorate	Special audit report on Bangabandhu Sheikh Mujib Medical University and Hospital, Dhaka	Ministry of Health and Family Welfare

Audit Reports Under Process

No.	Audit Directorate	Title of the Report	Type of Report
1.	Works Audit Directorate	Performance audit report on Roads and Highways Department (2003-04 to 2005-06)	Performance Audit
2.	Local and Revenue Audit Directorate	Report on Export subsidies and cash incentives provided to the exporters through commercial banks (2005-2007)	Special Audit
		Report on Money refunded through the office of the Director General, Duty Exemption and Drawback Office (DEDO) and various banks (2002-2007)	
		Report on Commissioner of Taxes, Large Taxpayer Unit (LTU-VAT), Dhaka (2006-2007)	
		Report on Commissioner of Taxes, Large Taxpayer Unit (LTU-Taxes), Dhaka (2006-2007)	
3.	Commercial Audit Directorate	Annual audit report on Ministry of Power, Energy and Mineral Resources (2006-2007)	Annual Audit

Audit Reports Highlighted

Ministry of Communication Roads and Highways Department

Report: Report on the accounts of 21 Executive Engineers' offices and two Superintending Engineers' offices of Roads and Highways Department, Ministry of Communication for the financial year 2006-2007 includes 23 audit observations involving Tk. 1041.2 million (m).

Major observations:

1. Loss of Tk. 13.9 m due to irregular selection of contractor and awarding of works violating Public Procurement Regulation (PPR)-2003.
2. Serious financial irregularities amounting to Tk. 174.9 m for awarding contracts without competitive bids using forged tender advertisement.
3. Loss of Tk. 13.7 m due to payment made to the contractor without completion of the work.

Significant observation elaborated: Loss of Tk. 13.9 m due to irregular selection of contractor and awarding of works violating Public Procurement Regulation (PPR)-2003.

A work order was issued for Tk. 13.9 m against the tenderer's Expression of Interest (EOI) for Tk. 7.6 m. The bid was for construction of an approach road under the office of an Executive Engineer. The original EOI was 40% less than the estimated cost while the awarded work order was 9.9% higher than the estimated cost. In addition, EOIs were submitted two days after the deadline for submission of bids. The Executive Engineer's office was not able to provide any documentation supporting the extension of the deadline or for issuing the work order at a higher rate than the EOI.

Audit Reports Highlighted

Ministry of Communication Bangladesh Railway

Report: Report on the accounts of Bangladesh Railway of the Ministry of Communication for the financial year 2006-2007 includes eight audit observations involving Tk. 113.2 m.

Major observations:

1. Loss of Tk. 47.9 m due to non-deduction of Value Added Tax (VAT) violating the terms of the contract.
2. Loss to Tk. 44.7 m due to non-realization of money from persons responsible for shortfall of 5141 Metric Tons (MT) of goods in 25 stock sheets.

Significant observation elaborated: Loss of Tk. 47.9 m due to non-deduction of Value Added Tax (VAT) violating the terms of the contract.

The offices of the Chief Commercial Manager of Bangladesh Railway, East and West zones failed to collect 15% VAT on lease value from the commercial operators of trains managed on lease. Total VAT unrealized in the East zone was Tk. 20.3 m and that in the West zone was Tk. 27.6 m. Non-deduction of VAT deprived the government Tk. 47.9 m in revenue.

Audit Reports Highlighted

Ministry of Housing and Public Works

Report: Report on the accounts of the Public Works Department and the Rajshahi Development Authority of the Ministry of Housing and Public Works for the financial year 2006-2007 includes 24 audit observations involving Tk. 181.4 m.

Major observations:

1. Loss of Tk. 12.2 m due to non-realization of earnest money and performance security from the contractor for non-completion of the construction works.
2. Non-realization of Tk. 19.6 m from the plot owners as fees for conversion of residential plots to commercial ones.
3. Payment amounting to Tk. 11.05 m was irregularly made to the contractor despite use of low quality deformed bar for construction.

Significant observation elaborated: Non-realization of Tk. 19.6 m from the plot owners as fees for conversion of residential plots to commercial ones.

The office of the Executive Engineer, Public Works Department failed to collect conversion fees from the plot owners who constructed commercial structures on residential plots. According to the directives issued by the Ministry of Housing and Public Works, conversion fee at a rate of 25% of land value is applicable for conversion of residential plots for non-residential or commercial use. The department failed to collect the conversion fees from 32 allottees. The total loss in conversion fee amounts to Tk. 19.6 m.

Audit Reports Highlighted

Ministry of Civil Aviation and Tourism

Report: Report on the accounts of nine offices of the Civil Aviation Authority of the Ministry of Civil Aviation and Tourism for the financial year 2005-2007 includes ten audit observations involving Tk. 1300.9 m and US\$ 13.4 m.

Major observations:

1. Non-realization of aeronautical and non-aeronautical fees and charges amounting to Tk. 882.3 m and US\$ 4.6 m from operating airlines.
2. Loss of US\$ 8.9 m due to non-realization of landing, boarding and overflying charges and failure to levy surcharge on bills not cleared within the stipulated time.
3. Loss of Tk. 23.7 m due to non-deduction of VAT and Income Tax from the contractors' bill.

Significant observation elaborated:

Non-realization of aeronautical and non-aeronautical fees and charges amounting to Tk. 882.3 m and US\$ 4.6 m from operating airlines.

Three airports under the Civil Aviation Authority failed to collect aeronautical and non-aeronautical fees, boarding bridge charges, embarkation and overflying charges from various operating airlines. The airport authorities failed to realize these charges which have been due for a long period. Total fees accrued over the two years (2005-06 and 2006-07) amounts to Tk. 882.3 m and US\$ 4.6 m.

Audit Reports Highlighted

Ministry of Health and Family Welfare

Report: Special audit report on the Essential Drugs Company Ltd. of the Ministry of Health and Family Welfare for the financial year 2006-2007 includes 15 audit observations involving Tk. 209.3 m.

Major observations:

1. Loss of Tk. 82.4 m due to procurement of goods without following the PPR-2003.
2. Loss of Tk. 6.07 m due to non-receipt of procured goods despite full payment made to the supplier.

Significant observation elaborated: Loss of Tk. 6.07 m due to non-receipt of procured goods despite full payment made to the supplier.

Essential Drugs Company Ltd. issued work orders to 11 suppliers for supplying different raw materials. One of the suppliers supplied the raw materials but the quantity was 6827.4 kg less than that mentioned in the work order, which is a violation of the conditions of the work order. In spite of this the supplier was paid in full. The cost of the deficit material amounts to Tk. 6.07 m.

Audit Reports Highlighted

Ministry of Finance

Report: Report on the accounts of four nationalized commercial banks e.g. Bangladesh Shilpa Bank, Agrani Bank, Sonali Bank and Janata Bank of the Ministry of Finance for the financial year 2006-2007 includes 39 audit observations involving Tk. 7057.03 m.

Major observations:

1. Loss of Tk. 1346.9 m due to not paying back the loan amount in spite of rescheduling of the loan four times by the bank.
2. Loss amounting to Tk. 1288.2 m due to increasing loan limit and sanction of loan without collateral by providing block loan facilities.
3. Loss of Tk. 808.6 m due to exemption of interest without considering the Cost of Fund.

Significant observation elaborated: Loss of Tk. 808.6 m due to exemption of interest without considering the Cost of Fund.

Ministry of Finance directives to the nationalized commercial banks and financial institutions for waiver of interest outlines that bank/financial institution must ensure that provisions have been made for Cost of Fund recovery before waiving any interest. However, in this case, Sonali Bank Ltd. failed to ensure Cost of Fund recovery before waiving interest amounting to Tk. 808.6 m from a textile manufacturer.

Audit Reports Highlighted

Ministry of Local Government, Rural Development and Cooperatives

Report: Report on the accounts of the City Corporation, Municipalities, Zila Parishad and Upazila Parishad offices of the Ministry of Local Government, Rural Development and Cooperatives for the financial year 2006-2007 includes ten audit observations involving Tk. 82.2 m.

Major observations:

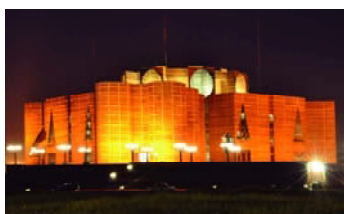
1. Loss of Tk. 16.2 m due to non-deposit of government receipts against sale of tender schedules to government exchequer.
2. Loss of Tk. 14.4 m due to non-deposit of interest accrued against the Annual Development Program (ADP) fund which was deposited in the scheduled bank.
3. Loss of Tk. 18.9 m due to non-deduction of 15% VAT on the lease amount.

Significant observation elaborated: Loss of Tk. 18.9 m due to non-deduction of 15% VAT on the lease amount.

The accounts of Dhaka City Corporation, five municipalities and two Upazila Parishad offices revealed that the authorities failed to deduct 15% VAT on the total value of lease amount. Respective organizations admitted their failure and mentioned that steps would be taken to recover the VAT. The total amount is Tk. 18.9 m.

Parliamentary Committees and the OCAg

Public Accounts Committee (PAC) meetings



The Comptroller and Auditor General submits the audit reports to the Hon'ble President of the Republic who shall cause them to be laid before the Parliament in accordance with Article 132 of the Constitution. Prior to submission, the Prime Minister is apprised about the reports in compliance with the Rules of Business. These reports are later discussed by the Public Accounts Committee (PAC) of the Parliament.

The PAC deals with important observations and comments of the audit reports through threadbare scrutiny, simultaneously giving hearing to the Principal Accounting Officers (Secretaries of different ministries) and concerned officials. PAC findings include the responses of the ministries and executive agencies along with the recommendations of the committee. PAC recommendations are usually accepted by the executive departments. OCAg provides necessary support to PAC for effective functioning.

In 2009 the Public Accounts Committee (PAC) and the PAC subcommittees of the 9th Parliament held the following meetings to discuss the status of the audit reports of various ministries and divisions:

Public Accounts Committee (PAC):

No.	Meeting Date	Agenda	Audit Directorate
1.	1st meeting, April 27, 2009	<ul style="list-style-type: none"> • Introductory meeting • State of audit reports submitted and objections settled to date 	<ul style="list-style-type: none"> • All audit directorates
2.	2nd meeting, May 25, 2009	<ul style="list-style-type: none"> • Implementation status of PAC recommendations • Formation of subcommittees for settlement of long pending audit observations of different ministries 	<ul style="list-style-type: none"> • All audit directorates
3.	3rd meeting, October 20, 2009	<ul style="list-style-type: none"> • Ministry of Primary and Mass Education, 2002-2003 • Ministry of Communication, Roads and Railway Division, 2001-2002 • Special audit on Pay fixation of Bangladesh Bank employees (1997-98) 	<ul style="list-style-type: none"> • Foreign Aided Projects, Railway and Commercial Audit Directorate
4.	4th meeting, December 20, 2009	<ul style="list-style-type: none"> • Ministry of Primary and Mass Education, 2002-2003 • Ministry of Communication, Roads and Railway Division, 2001-2002 	<ul style="list-style-type: none"> • Foreign Aided Projects and Railway Audit Directorate

Parliamentary Committees and the OCAg

No.	Meeting Date	Agenda	Audit Directorate
PAC Subcommittee-1 :			
1.	1st meeting, October 28, 2009	• Status regarding un-discussed audit reports and un-discussed audit observations of discussed reports upto 1990 already submitted to the Parliament	• Foreign Aided Projects, Local and Revenue, Commercial, Civil, Defence, Works and PT&T Audit Directorate
2.	2nd meeting, November 4, 2009	• Progress report on the decision of the first meeting on Ministries of Finance, Education, Communication, Housing and Public Works, Local Government, Rural Development and Cooperatives	• Works Audit Directorate and Local and Revenue Audit Directorate
3.	3rd meeting, December 17, 2009	• Activities of the Ministries of Home, Foreign Affairs, nationalized banks under the Ministry of Finance and the audit directorates on the un-discussed audit observations	• Commercial, Mission, Local and Revenue, Civil Audit Directorate
PAC Subcommittee-2 :			
1.	1st meeting, December 8, 2009	• Special audit report 1997-98 of Shilpa Bank, Ministry of Finance	• Commercial Audit Directorate
2.	2nd meeting, December 21, 2009	• Special audit report 1997-98 of Shilpa Bank, Ministry of Finance	• Commercial Audit Directorate
PAC Subcommittee-3 :			
1.	1st meeting, October 28, 2009	• Ministry of Finance, 2005-06	• Commercial Audit Directorate
PAC Subcommittee-4 :			
1.	1st meeting, November 2, 2009	• Ministry of Finance, 2005-06	• Commercial Audit Directorate
2.	2nd meeting, November 11, 2009	• Ministry of Finance, 2005-06	
3.	3rd meeting, November 22, 2009	• Ministry of Finance, 2005-06	
4.	4th meeting, December 13, 2009	• Biman Bangladesh Airlines and Bangaldesh Parjatan Corporation, Ministry of Civil Aviation and Tourism, 2005-06	
5.	5th meeting, December 24, 2009	• Ministry of Industries, 2005-06	

Cost and Gains of Audit



Audit observations result in recovery and adjustment of significant amount of public money each year. In 2009, a total amount of Tk. 57149 m has been recovered and adjusted. Audit directorate wise recovery and adjustment against audit observations is shown in the following table:

Sl.	Audit Directorates	Recovery	Adjustment	Total (Tk.)
1.	Commercial Audit	292,10,73,962	3417,07,68,764	3709,18,42,726
2.	Works Audit	2,35,40,476	26,13,19,357	28,48,59,833
3.	Local and Revenue Audit	29,83,60,278	493,45,80,475	523,29,40,753
4.	Foreign Aided Projects Audit	15,80,73,000	637,97,88,000	653,78,61,000
5.	Defence Audit	2,87,66,227	2,68,57,079	5,56,23,306
6.	Post, Telegraph and Telephone Audit	27,10,678	696,20,43,337	696,47,54,015
7.	Mission Audit	33,93,033	2,65,29,397	2,99,22,430
8.	Railway Audit	3,33,63,393	3,16,67,095	6,50,30,488
9.	Civil Audit	1,42,04,758	87,25,06,586	88,67,11,344
	Total	348,34,85,805	5366,60,60,090	5714,95,45,895

Total amount of money recovered and adjusted in 2009 is Tk. 57149 m.

Cost and Gains of Audit



The audit conducted by the audit directorates under the OCAG leads to savings and other efficiency gains worth millions of Taka that has been deposited to the government exchequer every year. An analysis of directorate wise annual expenditure and the recovery and adjustments made by these offices was carried out. Respective analysis reveals that 122 Taka is saved for every one Taka spent against operating cost of these offices in 2009.

(In Taka)

Sl.	Audit Directorates	Budget of 2009	Expenditure in 2009	Recovery and Adjustment in 2009	Ratio (Expenditure : Recovery)
1.	Commercial Audit	15,27,32,000	14,08,12,000	3709,18,42,726	1:263
2.	Works Audit	4,85,18,151	4,77,39,954	28,48,59,833	1:6
3.	Local and Revenue Audit	9,91,11,000	8,24,19,289	523,29,40,753	1:63
4.	Foreign Aided Projects Audit	4,47,33,430	4,47,06,787	653,78,61,000	1:146
5.	Defence Audit	3,24,18,000	3,05,35,900	5,56,23,306	1:2
6.	Post, Telegraph and Telephone Audit	4,01,00,300	4,01,00,300	696,47,54,015	1:174
7.	Mission Audit	2,36,78,236	2,36,40,069	2,99,22,430	1:1.3
8.	Railway Audit	2,33,89,271	2,32,63,451	6,50,30,488	1:3
9.	Civil Audit	3,63,62,526	3,62,99,835	88,67,11,344	1:24
	Total	50,10,42,914	46,95,17,585	5714,95,45,895	1:122

Cost and Gains of Audit



Existing pre-audit function carried out by the the accounts offices under the Office of the Controller General of Accounts contributes in deposit of a significant amount of revenue in the government exchequer each year. In 2009, the following amount has been adjusted through book transfer against Value Added Tax (VAT) and Income Tax (IT).

Sl.	Economic Code (EC)	IT/VAT	Amount (Tk.)
1.	EC - 0101	Income Tax (IT)	3,27,27,248.18
2.	EC - 0111	IT	141,56,67,259.60
3.	EC - 0301	Value Added Tax (VAT)	20,73,92,180.00
4.	EC - 0311	VAT	597,84,09,455.40
5.	EC - 0313	VAT	1,72,43,24.33
6.	EC - 0391	VAT	5,32,931.00
	Total		763,64,53,398.51

Tk. 7636 m has been deposited as VAT and IT in 2009.

Implementation of Audit Recommendations



Audit reports prepared by the audit directorates incorporate recommendations for the audited organizations as an aid to the management. These recommendations are made to ensure proper financial management in these auditee organizations. Result shows that on an average about 22 percent of these audit recommendations are implemented by the auditee organizations. Audit directorate wise statistics is given below.

Sl.	Name of Audit Directorate	Implementation Rate (%)
1.	Commercial Audit Directorate	35%
2.	Local and Revenue Audit Directorate	40%
3.	Defence Audit Directorate	20%
4.	Mission Audit Directorate	11%
5.	Railway Audit Directorate	6%
	Average	22%

Settlement of Audit Observations



A total of 43 audit observations have been settled in 2009 by the office of the Comptroller and Auditor General of Bangladesh. However, these are subject to the final approval of the Public Accounts Committee (PAC) as respective reports have already been submitted to the PAC. Total amount involved in these observations is Tk. 27.4 m. The number of audit observations settled by the audit directorates and the amount involved are shown below.

Sl.	Audit Directorate	No. of Observations Settled	Amount Involved (Taka)
1.	Foreign Aided Projects Audit Directorate	3	2,24,52,827.83
2.	Local and Revenue Audit Directorate	2	3,38,387.69
3.	Commercial Audit Directorate	1	7,70,735.00
4.	Works Audit Directorate	19	16,04,825.50
5.	Civil Audit Directorate	2	49,136.93
6.	Defence Audit Directorate	8	7,41,924.46
7.	Mission Audit Directorate	8	14,93,812.00
	Total	43	2,74,51,649.41

Reforms and Development

The OCAG has been working in collaboration with the development partners to modernize the auditing process. The office has initiated a number of reform activities aiming towards enhancing the capacity to meet the challenges of conducting quality assured audit.

SCOPE [Strengthening Comptrollership and Oversight of Public Expenditures Project](#)

SCOPE is a Canadian International Development Agency (CIDA) funded project implemented by the OCAG. The five year long Tk. 720 m project started operation in 2009. The overall purpose of the project is to enable the OCAG to effectively carry out its constitutional obligations through institutional and organizational developments. The project has three interrelated components:

- Organizational Strengthening
- Human Resource Development
- Strengthening Partnership

As its first initiative, performance audit and financial audit core groups have been created comprising of OCAG officials of various levels for enhancing the capability in these areas. The core group members have undergone training and will be involved in pilot auditing.

The project started implementation of IT infrastructure in the OCAG and the audit directorates. This will enable the OCAG to use intranet for real time communication and its workforce to function in an IT environment. Gradual application of IT facilities as well as Computer Assisted Audit Techniques will enable the OCAG to perform all of its audit activities in a paperless environment.

The OCAG and SCOPE have also undertaken programs on gender equality issues on the perspectives of global concerns and government of Bangladesh commitment. Gender equality issues are aimed at creating positive atmosphere in recruitment, promotion and other service conditions. This would lead to introducing gender responsive budgeting and auditing in SAI Bangladesh.

Reforms and Development



Financial Management Reform Program (FMRP)

MTBF Ministry System Audit

Government of Bangladesh has introduced the Medium Term Budget Framework (MTBF) in its budgetary process. From a traditional, centrally driven planning and budgeting system that focuses on projects and dual budgets, government is now shifting towards a process which makes the line ministries more accountable for their activities and performance with a more integrated budget structure.

Under the MTBF, respective ministries have to establish the link between the objectives and policies with the available resource inputs. Line ministries are currently embracing this process resulting in improved planning and budgeting capacity. To examine the effectiveness of the Medium Term Budget Framework (MTBF) system and to determine the status of the line ministries in its implementation, OCAG has conducted the MTBF Ministry system audit and finalized the reports in 2009. Financial Management Reform Program (FMRP) provided technical support to audit the following five MTBF ministries for the financial year 2007-08:

- Ministry of Environment and Forest
- Ministry of Fisheries and Livestock
- Ministry of Water Resources
- Ministry of Science and Information Communication Technology
- Rural Development and Cooperatives Division

Events and Occasions

Year in Review - 2009

CAG Apprises Prime Minister of Audit Reports



CAG apprises the Hon'ble Prime Minister Sheikh Hasina of audit reports on April 19, 2009

Hon'ble Prime Minister Sheikh Hasina requested the CAG to strengthen the auditing activities to foster the development of the country by ensuring transparency and accountability while the CAG apprised her about the audit reports on April 19, 2009.

The Office of the Comptroller and Auditor General (OCAG) of Bangladesh finalized 30 audit reports of the year 2004-05 and 2005-06. CAG informed the Hon'ble Prime Minister about the changes brought in the quality of audit reports laying importance on the overall performance of an organization according to the requirements of the Public Accounts

Committee of the parliament. He mentioned that the ongoing reforms in the audit department are aimed at making the audit reports more effective through ensuring timeliness and enhancing the quality of audit.

Strengthening Comptrollership and Oversight of Public Expenditures (SCOPE) Project Launched

The launching ceremony of Strengthening Comptrollership and Oversight of Public Expenditures (SCOPE) project was held at a local hotel in Dhaka on February 5, 2009. The Canadian International Development Agency (CIDA) funded five-year project aims at strengthening the capacity of OCAG to improve the quality of auditing to carry out its constitutional obligations.

Dr. Mashiur Rahman, Adviser to the Hon'ble Prime Minister, Government of Bangladesh was the Chief Guest while H. E. Robert McDougall, High Commissioner of Canada to Bangladesh was present as Special Guest. CAG Ahmed Ataul Hakeem presided.

Secretary, Finance Division, Ministry of Finance Dr. Mohammad Tareque, Secretaries, high officials of the government and audit department were present in the ceremony.

Events and Occasions



International Activities

SAI Bangladesh Delegation Visits OAG Canada and Related Institutions

A delegation led by CAG Ahmed Ataul Hakeem visited different audit related offices and parliamentary institutions in Canada including the Office of the Auditor General, Canada (Federal) from June 9-19, 2009. The objective of this visit was to benefit from SAI Canada's rich experience in introducing modern audit approaches as well as to familiarize with the best practices in government audit in global perspective.

Deputy Comptroller and Auditor General (Senior) Md. Amir Khasru; Director General, Commercial Audit Directorate and Project Director, SCOPE Project, A K M Jashim Uddin; Director General, Performance Audit Directorate, Gour Chandra Roy and Additional Deputy Comptroller and Auditor General Md. Saifur Rahman were the other members of the delegation.

SAI Bangladesh Elected to ASOSAI Governing Board



The Comptroller and Auditor General of Bangladesh Ahmed Ataul Hakeem has been elected as a member of Governing Board of the Asian Organization of Supreme Audit Institutions (ASOSAI) for 2009-2012 securing third highest votes in the XI ASOSAI Assembly held in Islamabad, Pakistan from 12-15 October, 2009.

In recognition of the recent achievements of the OAG, the SAI Bangladesh was elected as a member of the Governing Board of the 45 member regional association. Twelve countries contested in the election for six positions in the Governing Board. The other countries elected are Kuwait, Indonesia, Turkey, Vietnam and Iraq. CAG led a three-member delegation including Mohammad Abul Kashem, Controller General Defence Finance and M. Murshidul Huq Khan, Additional Deputy Comptroller and Auditor General.

Auditors General of Nepal, Sri Lanka and Bhutan Visit CAG Office

Auditor General of Nepal Bhadreshwar Upadhyay, Auditor General of Sri Lanka Sembakuttigie Swarnajothy and Auditor General of Bhutan Ugen Chewang paid a courtesy visit to the CAG office on November 11, 2009. The delegate was in Dhaka to attend a regional seminar on 'Financial Oversight and the Role of Public Accounts Committees' held during November 8-12, 2009.

The Comptroller and Auditor General of Bangladesh Ahmed Ataul Hakeem heartily welcomed the delegate at CAG office. He shared ideas about the developments of auditing in SAI Bangladesh and hoped that the meeting would strengthen ties among the SAIs. The Auditors General thanked the CAG for his hospitality and spoke on auditing and accounting practices in their respective SAIs. Senior officials of the audit department were present in the occasion and exchanged views and experiences regarding audit.

Training and Workshops



As part of the continuous professional development, more emphasis has been given on acquisition of advanced auditing skills in SAI Bangladesh. Accordingly, 8 officers were sent abroad to attend short training courses and workshops during the year 2009 as shown in the following table:

Sl.	Participants' Name	Training/Workshop /Seminar Attended	Country and Date
1.	Farmeen Mowla Director, Performance Audit Directorate	Instructional Techniques Workshop of EBTP program	China, 11 to 29 May 2009
2.	Md. Shofiqul Islam Director (MIS), CAG office		
3.	Shahana Parbeen ACAG (Audit), CAG office		
4.	Bikash Chandra Mitra Deputy Director Performance Audit Directorate		
5.	Abul Foyez Mohd Abid Director General Foreign Aided Projects Audit Directorate	Seminar on Social Security Audit for ASOSAI members	China, 1 to 8 September 2009
6.	Md. Shahidur Rahman Chowdhury Assistant Comptroller and Auditor General CAG Office	IT Audit Course	Malaysia, 2 to 13 November, 2009
7.	A. K. M. Jashim Uddin Director General Commercial Audit Directorate	Debt Management Conference	Switzerland, 9 to 11 November, 2009
8.	A H M Shamsur Rahman Additional Deputy Comptroller and Auditor General, CAG Office	ASOSAI Seminar on Audit of Privatization	India, 9 to 20 November, 2009

Financial Management Academy (FIMA)



Financial Management Academy (FIMA) is the training wing of the Supreme Audit Institution of Bangladesh. This academy is utilized as a platform for enhancing professionalism of the officers and staff of Audit and Accounts Department. FIMA is entrusted with the responsibility for imparting training to upgrade and enhance the auditing and accounting knowledge and skills of OAG officials through systematic and planned training programs. It also imparts training on different aspects of financial management to the officials and staff across the government. Training offered in 2009 is shown in the following table.

Departmental Courses

Name of Course	Batch	Number of participants
Departmental Training of BCS: Audit and Accounts cadre	27th	23
Training on Performance Audit	1st	29
Training on Performance Audit	2nd	25
Training on Performance Audit	3rd	26
Subordinate Accounts Service (SAS) Part-1	98th	15
Subordinate Accounts Service (SAS) Part-1	99th	19
Subordinate Accounts Service (SAS) Part-1	100th	19
Subordinate Accounts Service (SAS) Part-2	97th	15
Subordinate Accounts Service (SAS) Part-2	98th	25
Subordinate Accounts Service (SAS) Part-2	99th	15
Refreshers Course - BCS: Audit and Accounts cadre	24th	10
12th Orientation Course :SAS superintendent	1st	24
12th Orientation Course :SAS superintendent	2nd	23
12th Orientation Course :SAS superintendent	3rd	23

Financial Management Academy (FIMA)

Courses for Civil Servants across the Government

Name of Course	Batch	Number of participants
Training in Budgeting and Accounts System (TIBAS)		23
Training on Report Writing for Government Officials	1st	25
Training on Report Writing for Government Officials	2nd	25
Training on Report Writing for Government Officials	3rd	25
Training on Report Writing for Government Officials	4th	25

Departmental Training Course of the 27th Batch BCS: Audit and Accounts Cadre

The departmental training course of the 27th batch of BCS: Audit and Accounts cadre officers are going on at FIMA. To make the departmental training more effective and meaningful some additional topics such as 'Change we need: global and Bangladesh perspective', 'Event management', 'How to make an exception' are included in the training sessions with a view to develop the capability of the probationary officers to face the challenges ahead in an efficient way.

In addition, FIMA arranges presentation sessions, debate, study tours and attachments at various offices under OCAG. A magazine titled "FIMA Smriti Katha" is going to be published by the probationary officers.

New Campus of FIMA

FIMA has been shifted to its new campus at Mirpur in June, 2009. Under the FIMA Institutional Development and Construction Project four separate buildings are being constructed. The administrative and academic building has already been completed which are equipped with modern facilities needed for training activities such as lecture and workshop rooms, meeting rooms, computer labs, library and an auditorium.



Newly constructed Financial Management Academy (FIMA) building in Mirpur, Dhaka.

Financial Management Academy (FIMA)

Other Activities

Computer Lab and Internet facilities:

A computer lab has recently been established with internet facilities. Participants of the SAS part - 1 and part - 2 courses as well as other training courses have to get themselves oriented in basic computer skills during their respective training courses. In addition to that, faculty members are required to be familiar with IT. Special arrangements have been made for the faculty members to use Information Technology in delivering their sessions.

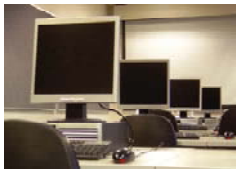
Group Presentation:

To make the training sessions more interesting and time fitting, group presentation has been introduced for the SAS part -1 and part- 2 participants. Participants are divided into various groups based on their offices and required to make presentation on their respective offices. Group presentations are also made after completion of a study tour to share the experiences of the trainees.

Book review and Cultural programs:

To make the participants more informed about the current global issues, book review sessions have been included in different training modules. FIMA occasionally arranges cultural program at the end of each training course. Cultural programs are also arranged celebrating the national day like Bengali new year etc.

Automation in SAI Bangladesh: A Way Forward



As the Supreme Audit Institution (SAI) of Bangladesh, the OICAG is leading the way in the use of modern information technology based audit techniques towards achieving the goal of 'Digital Bangladesh'. Assisted by the SCOPE project OICAG is currently implementing an integrated action plan for automating its audit processes and for creating its own ICT (Information and Communication Technologies) infrastructure.

The main objective of OICAG is to provide high quality audit services to the National Parliament and the stakeholders. Use of ICT will enable to enhance the efficiency and effectiveness of the processes that support the delivery of the audit services including:

- Development of policies
- Planning, performance and management of audits
- Processing of the results of audit and
- Preparation of audit reports

To manage these activities successfully, OICAG intends to make full use of available information by organizing it appropriately taking advantage of the latest developments in information and communication technologies.

Objectives:

The objectives of OICAG ICT strategic plan are to:

- Create an appropriate technology infrastructure consisting of adequate number of computers and a Local Area Network (LAN)
- Create sustainable capacity to conduct audit in an IT environment
- Use advanced computer assisted audit techniques and other tools
- Implement computerized solutions for audit management, automation of audit workflow and communications
- Update and modernize financial audit methodologies and procedures in accordance with the international auditing standards

Automation in SAI Bangladesh: A Way Forward

Network Infrastructure:



To provide its audit staff with the right information technology resources to perform their work and to gather and share information, OCAG is building an integrated and reliable IT infrastructure. The construction of a Wide Area Network (WAN) for OCAG is at the final stages of completion. The network will comprise a modern state-of-the-art data centre and network infrastructure in Audit Bhaban and Audit Complex. Each of the two buildings will have its own LAN infrastructure using Gigabit Ethernet technology.

The two buildings will be connected by high speed fiber connectivity with full redundancy. Although in the first phase about 350 users will be connected to the network, the network will have a capacity to accommodate up to 1000 users. In the second phase, the OCAG offices located in remote locations in other cities like Chittagong, Rajshahi etc. will be integrated in the WAN.

Installation of a network will have a visible impact by immediately improving internal communications through use of email and will motivate staff to use IT on a daily basis. It is expected that the computer network will help foster an IT culture in the organization. Development of an IT culture is considered very important in view of the environment in which SAI Bangladesh operates.

Information Technology Audit:



As information technology has advanced, government organizations have become increasingly dependent on computerized information systems to carry out their operations and to process, maintain and report essential information. As a consequence, the reliability of computerized data and of the systems that process, maintain and report these data are a major concern to audit. OCAG has accorded topmost priority to capacity building for auditing in IT environments.

Faced with the challenges posed by rapid computerization of the financial management and accounting systems among its auditees, OCAG is introducing automated auditing techniques and upgrade the skills of its staff to empower them to conduct audits in computerized environments. In particular OCAG staff will be trained to use two very effective IT based audit software i.e. IDEA (Interactive Data Extraction and Analysis) and TeamMate, the electronic working papers software. Use of IDEA software enables the auditor to access and analyze financial data from the audited agencies computer systems resulting in vast increases in audit efficiency and effectiveness.

TeamMate is a knowledge based system which helps the auditor to document the audit electronically and eventually move to a paperless audit environment. TeamMate will also help OCAG to automate the audit related business processes like audit planning and scheduling, time and cost management. The IDEA and TeamMate

Automation in SAI Bangladesh: A Way Forward

software will be acquired and key OCAG staff will be given intensive training in their usage under the SCOPE project.

To obtain the maximum benefit from the deployment of software tools like the TeamMate and IDEA, it is necessary to provide the users with facilities like mobile and networked computing, ability to share information and participating in collective planning exercises. Accordingly OCAG officers and key staff are being provided with laptop computers to enable them to effectively utilize the various functionalities of the software.

An intranet is an effective tool for improving internal communications and providing staff with access to important resources. The OCAG intranet which is being developed with the assistance of SCOPE project will contain all audit reference materials such as audit manuals and supporting materials (guides, forms, checklists, audit programs, past audit reports) and will be accessible by staff over the network. It will improve office-wide communication as it will have an electronic notice board, staff contacts and information about meeting and other official activities.

Audit Management and Monitoring System (AMMS):

One of the main applications to be implemented over the OCAG LAN is the Audit Management and Monitoring System (AMMS). The AMMS is a computerized database application that will help the audit directorates to more efficiently plan and schedule audit assignments and monitor and track disposition of the large number of audit observations made by the OCAG. The AMMS will enhance the efficiency and effectiveness of the audit management process and will facilitate preparation of better quality audit reports.

Personnel Management System (PMS):

The LAN will also provide the platform for a proposed Personnel Management System (PMS). As a first step in this direction a computerized database based on information gathered from OCAG staff in the Training Needs Analysis exercise has been developed.

The implementation of office wide automation and use of IT based audit tools like IDEA, TeamMate and AMMS promises to significantly increase the efficiency of OCAG operations. In particular, use of computer assisted audit techniques will enable to track virtually all expenditure thereby enhancing its effectiveness as an agency which enforces accountability and transparency in the use of public resources.

Challenges Upfront

- Empowerment and strengthening of the OCAG
- Enhancing the quality of audit through proper human resource management
- Develop a mechanism to ensure immediate action on the audit observations by the stakeholders as well as the executives
- Implementation of physical audit along with document based audit in concerned offices particularly in the public works related departments
- Implementation of a legal framework for the executives to respond on the audit observations
- Establishing an incentive system for performance evaluation of officer and staff involved in the auditing activities
- Considering the global perspective, ensuring early enactment of the Audit Act.

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