

CAG WRITES

Measuring outputs poses a formidable challenge for everything that we do. This is more important in the realm of training and human resource development efforts. Two fundamental questions to be addressed are whether training has

- n enhanced the knowledge and skill resulting in improved deliveries and
- n effected a productive impact upon the recipients of outputs

The elements of training and expertise development have to be strengthened around our working environment. This is the demand of the day and we all have to pursue it.

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PUBLIC ACCOUNTS COMMITTEE (PAC) MEETINGS

PAC of the National Parliament held the following meetings during July-September, 2005

CAG Asif Ali attended the 35th ASOSAI Governing Board meeting held in Kunming city, China during September 5-7, 2005.

The 35th meeting of the Governing Board (GB) of ASOSAI was inaugurated by Xu Rong Kai, Governor of Yunnan Province on September 5, 2005 at the Green Lake Hotel, Kunming city. Auditor General of China Li Jinhua and Chairman of ASOSAI who is also Chairman, Commission on Audit of Philippines Guillermo N. Carague made welcome addresses. Secretary General (SG) of ASOSAI Vijayendra Nath Kaul, the Comptroller and Auditor General of India delivered introductory remarks.

At the 35th meeting of the Governing Board, the following agenda was covered on September 6, 2005

n Welcome address by Chairman

- n Confirmation of the minutes of the 34th Governing Board meeting held in New Delhi, India during December 1-3, 2004
- n Matters arising from the minutes of the last GB meeting
- n Report of the Chairman of ASOSAI on the GB activities
- n Report of the SG on the secretarial activities and the financial statements for the year 2004
- n ASOSAI Strategic Plan presented by SG
- n Report on the ASOSAI Working Group on Environmental Audit presented by China
- n Date of the 36th Governing Board meeting and 10th ASOSAI Assembly including the reports on preparation presented by China
- n Topics for the 3rd symposium, programme and speakers
- n Training activities and projects for newly established SAIs sponsored by the Asian Development Bank (ADB) and INTOSAI Development Initiatives (IDI) presented by Japan

n ASOSAI Journal and website presented by India

n ASOSAI Research Project presented by India

On September 7, 2005 the following agenda was followed

n Report on INTOSAI Standing Committee on IT audit presented by India

n 'INTOSAI - A model international institution' was presented by Saudi Arabia

n 'Use of modern technology in decision making in INTOSAI' was presented by India

n 'Report on the formation of Board of Auditors in Malaysia' was presented by Malaysia

n Other matters included

3 Report on use of ASOSAI website for augmentation of ASOSAI resources

3 Nomination of Secretary General for 2006-2009

3 Nomination of host-country for the XI ASOSAI Assembly

Members of the ASOSAI Governing Board Bangladesh, Bhutan, China, India (SG), Japan, Malaysia, Pakistan, Philippines (Chairman) and Saudi Arabia were represented by heads of the respective SAIs. Members of Audit Committee, Indonesia and Turkey were represented by the respective heads of SAIs. INTOSAI Development Initiative (IDI) was represented by Ms. Else Karin Kristenseu of Norway.

The decisions unanimously adopted in the 35th ASOSAI GB meeting are expected to be issued from ASOSAI secretariat soon.

WORKSHOP ON 'CAG'S STRATEGIC PLAN (2003-2006)'- Comilla

A day long workshop on 'CAG's Strategic Plan (2003-2006)' was held on July 7, 2005 at the Bangladesh Academy for Rural Development (BARD), Comilla with CAG presiding.

Al-Mamoon Md. Sanaul Huq, Director General, Mission Audit Directorate made an introductory remark about the purpose of the workshop.

M. Abul Kashem, Director General, Local and Revenue Audit Directorate covered the following issues

- n Previous projects
 - 3 Reforms in Government Audit (RIGA)
 - 3 Strengthening the office of the CAG (STAG)
 - 3 Enhancing training facilities for the Financial Management Academy

- n CAG's Strategic Plans (2003-2006)
 - 3 Short
 - 3 Medium
 - 3 Long
 - 3 Tenure

While discussing the short-term plan M. Monirul Islam, Director, Defence Audit Directorate narrated the following

- n Objective of the short-term plan- Enhancing the efficiency of all levels of officials and staff through the establishment of discipline and order

- n Fundamental elements of the short term plan
 - 3 Enforcement of office discipline and improvement of management style
 - 3 Creation of clean and work friendly office environment
 - 3 Human resource development through in-built in-house training programmes side by side with formal institutional courses

- n Short term plan strategies include
 - 3 Punctuality and timely attendance in the office

- 3 Cleanliness in the office environment
- 3 Regular monitoring, supervision and inspection
- 3 Rational work distribution
- 3 Maintenance of daily work book
- 3 Stock taking of the arrear works and taking up crash programmes for updating the backlog
- 3 Regular in-house training for enhancing job proficiency
- 3 Regular briefing and presentations on problems faced during implementations

- n Assessment of results
 - 3 98% office attendance ensured
 - 3 80% of work book is recorded
 - 3 60% monitoring, supervision and inspection done
 - 3 90% cleanliness and improved environment achieved
 - 3 90% in-house training, presentation and briefing held

While describing the challenges ahead M. Monirul Islam pointed out the following challenges

- n Enhancement of auditing skill
- n Freedom from age-old traditional auditing mindset
- n Quality audit management system
- n Appropriate maintenance of records by the auditee
- n Providing full access to the records and books
- n Awareness of the auditee to get audit objections resolved by offering all necessary information
- n Switching over to IT documentations on the part of the auditee
- n Adequate interactions with the parliamentarians, media, academics, tax payers and the civil society
- n Effective overseas collaboration

M. Monirul Islam explained that CAG's Strategic Plan (2003-2006) has addressed each and every challenge by

- n Identifying the critical issues
- n Evolving appropriate measures to overcome the problems through field tested trials
- n Reforms under the umbrella of CAG's Strategic Plan (2003-2006) through U.K. Department for International Development (DFID)- Royal Netherlands Government funded Financial Management Reforms Programme (FMRP) components 1 and 5
- n Opening the door to overseas collaboration with the International Organisation of Supreme Audit Institutions (INTOSAI), Asian Association of Supreme Audit Institutions (ASOSAI), the World Bank and other development partners

M. Moslem Uddin, Director General, Foreign Aided Project Audit Directorate summing up CAG's Strategic Plan (2003-2006) highlighted the following goals achieved

- n An Audit Forum has been formed consisting of DG s of the Financial Management Academy (FIMA) and 10 audit directorates to play as a facilitator to exchange ideas and experiences derived from field audits, to chalk out common strategies targeting quality audit, recommend ways and means to implement the goals of CAG's strategic plan, establish dialogue with the private sector auditors leading to a common platform of knowledge and skill sharing benefiting all etc. The forum has achieved the following so far
 - 3 Held 25 regular meetings and 4 special meetings adopting important decisions on conducting and strengthening the bi-partite and tri-partite meetings among audit, auditee and the concerned ministry, revising the time frame for finalising the audit paras etc.
 - 3 Issued 4 quarterly News Bulletin highlighting its activities and held 4 workshops on certification audit, audit of revenue receipts, etc.
- n Issuance of the following checklists and models by CAG office
 - 3 Audit briefing checklist
 - 3 Monitoring, supervision and inspection checklists
 - 3 Local Audit Report (LAR) model
 - 3 Quality Assurance Team (QAT) checklist
- n Implementation of the following by CAG office
 - 3 CAG's Internal control system survey
 - 3 Internal audit of CAG office by CAG appointed central audit team
 - 3 IT system survey on CAG office and the audit directorates
 - 3 Updating the audit entities and prioritising audit on the basis of urgency, importance, Public Accounts Committee (PAC)/ Ministry's request, media reporting, etc.
 - 3 Rationalisation of the audit programmes (mandays) on the basis of priorities and high cost high value
 - 3 Incorporating the budget of Railway Audit Directorate from the Railway management to the CAG's budget code to establish freedom of audit
 - 3 Reforms in the Railway auditing system
 - 3 Shifting of the Railway Audit Directorate from Chittagong to the capital city of Dhaka
 - 3 Shifting of the head office of the Financial Advisor and Chief Accounts Officer (Projects), Bangladesh Railway from Chittagong to the capital city of Dhaka
 - 3 Updating the Individual Running Ledger Accounts (IRLA) in the

defence services

- n Restructuring of CAG's setup have been effected
 - 3 34 new posts for CAG office, the audit directorates and the Financial Management Academy (FIMA) have been created
 - 3 The post of Director General of FIMA has been upgraded from Grade III (level of Joint Secretary) to Grade II (level of Additional Secretary)

- n Infra-structural development
 - 3 The foundation stone of 8 storey office building of CAG named 'Audit Bhaban' was laid on March 22, 2005 by Hon'ble Finance and Planning Minister M. Saifur Rahman MP. The first phase of 5 storeys is scheduled to be completed by June, 2006
 - 3 The foundation stone of the campus of FIMA was laid on May 19, 2005 by the Hon'ble Finance and Planning Minister M. Saifur Rahman MP. The campus includes academic and administrative blocks, dormitories, library, IT lab, gymnasium, auditorium and playground to be built on 2 acres

- n CAG's following articles were published in the daily news papers of Bangladesh
 - 3 'Environmental auditing - supporting sustainable development' - June 24, 2005
 - 3 'PAC and CAG office : operational relationship' - May 11, 2005

- 3 'Promoting good governance - the role of CAG' - May 22, 2004
- 3 'Public sector auditing : importance and effectiveness' - November 11, 2003
- 3 'In memoriam : As I saw Maqsood A. Choudhury'- December 4, 2003

PRESENTATIONS

NAO UK REPORT ON 'MANAGING THE DEFENCE ESTATE, MINISTRY OF DEFENCE'

A presentation on National Audit Office (NAO), UK Report on 'Managing the Defence Estate: Ministry of Defence' was held on July 9, 2005 at the Financial Management Academy (FIMA) with CAG presiding.

Md. Zakir Hossain, Director General, Defence Audit Directorate covered the following aspects of the report

- n Introduction: The report was presented to the House of Commons, Committee of Public Accounts, UK 25 session 2005-2006, May 25, 2005 by the CAG, UK
- n Three main parts
 - 3 Part-I : The Department faces many challenges in managing the estate but has made good progress to meet those challenges
 - 3 Part-II : Estate rationalisation is complex given operational

- 3 requirements but the department is making progress
- 3 Part III: Good progress has been made towards delivering a better quality estate but the department now needs to ensure that risks are managed at the full benefits realised
- n Executive Summary
- n Recommendations

PERFORMIT (APRIL 2005 VOLUME XXIV) - A QUARTERLY PUBLICATION OF SAI PAKISTAN

A presentation on 'PERFORMIT, April 2005, Volume XXIV' published by the Department of the Auditor General of Pakistan was held on July 12, 2005 at FIMA with CAG presiding. Presentations on the following three articles were made

Md. Delwar Hossain, Senior Finance Controller (Army) while presenting 'Public vs Private Sector - An examination of Neo-Liberal Ideology' covered the following issues

- n Public-private sectors defined
- n Public choice
- n Property right
- n Principal-Agents relationship
- n Empirical evidence
- n Conclusion

Moinul Islam, Financial Specialist (Deputy Secretary), Legal and Judicial Capacity Building Project, Ministry of Law, Justice and Parliamentary Affairs while discussing on 'Reshaping Government Accounting - A component of Project for Improvement of Financial Reporting and Auditing (PIFRA)', covered the following aspects

- n Government Accounting
- n Transition
- n Future
 - 3 Accrual accounting
 - 3 Setting up of a National Accounting Board
- n Analytical review

While dealing with 'Accrual Basis of Accounting in Public Sector', A.K.M. Jashim Uddin, Controller (Finance and Accounts), Bangladesh Water Development Board touched upon the following aspects

- n Accounting
 - 3 Cash basis
 - 3 Modified cash basis
 - 3 Accrual basis
- n Cash basis of accounting
 - 3 Recognises revenues when collected rather than when earned
 - 3 Recognises expenses when paid rather than incurred
 - 3 Assets are not capitalised thereby not recording depreciation or amortisation
 - 3 No pre-paid assets are recorded

- n Modified cash basis of accounting
 - 3 A hybrid combining the features of both cash basis and accrual basis
 - 3 Modified cash basis of accounting includes such items as the capitalisation of assets and recording of liabilities
 - 3 Income statement would report depreciation of and income tax expenses with the balance sheet reflecting assets, accumulated depreciation and liabilities of the entities

- n Additional concepts in modified cash basis of accounting
 - 3 Commitment accounting
 - 3 Physical and financial assets accounting
 - 3 Liabilities accounting

- n Accrual basis of accounting
 - 3 Transactions and other events are recognised when occurred, booked in the accounting records and reflected in the financial statements of the periods to which they relate
 - 3 A method of accounting that recognises expenses when economic benefits have been consumed and the revenues when economic benefits have been generated

Mia Mohammad Shaheed, Additional Project Director, Financial Management Reform Programme dealt with 'Training Performance Auditors - International Programme' as follows

- n The article deals with the 58th International Intensive Training Programme on Performance Auditing held in February-March, 2005 at the Audit and Accounts Training Institute, Lahore, Pakistan
- n Performance Audit Wing, Department of Auditor General of Pakistan has been arranging the programme for the last 25 years

THE COST AND MANAGEMENT JOURNAL OF THE INSTITUTE OF COST AND MANAGEMENT ACCOUNTANTS OF BANGLADESH (March-April, 2005)

A presentation on two articles of 'The Cost and Management Journal of the Institute of Cost and Management Accountants of Bangladesh (Number 2, Volume XXXIII, March-April, 2005) was held on July 24, 2005 at FIMA with CAG presiding.

Shah Md. Aminul Haq, Human Resource Development and Financial Management Specialist, German Technical Co-operation Project, Local Government Division while presenting 'Information and Communication Technology: Growth of Engine and Poverty Alleviation: Asian Region' written by Md. Saidur Rahman Sarker touched upon the following aspects

- n Information Communication Technology (ICT): Application and sharing of information resources across a network
 - 3 Human resources (HR)

- 3 Hardware
- 3 Application software
- 3 Communication devices
- 3 Network
- 3 Controller
- 3 Interface
- 3 Services
- n Impact of ICT
 - 3 Revolutionary changes in lifestyle
 - 3 Reshaping the economic activities
 - 3 Spectacular growth
- n Author's viewpoint: ICT's application in service and manufacturing industry and its implication in economic growth and poverty reduction
 - 3 Survival of service industry
 - o 70% of service sector in the world are based on ICT
 - o To analyse choice of investment and decision
- n Critical success factor for survival in competitive market
 - 3 Survival of manufacturing industry
 - 3 ICT vs Poverty
- n Information and communication are valuable commodities enhancing the function of markets for well being of poor under the background of
 - 3 Globalisation
 - 3 New economy
 - 3 Weakness in Asia
 - 3 Use of ICT: Digital divide
- n IT User: In developed world 1 in 100
- n In Asia 1 in 10000
- n Means of improvement
 - 3 Work culture has to be changed
 - 3 Information structure needs to be re-organised matching with requirements and international connectivity
 - 3 Associated hardware should be made at an affordable cost
 - 3 More liberalised tele policy has to be in place
 - 3 Full scale implementation has to be ensured

Kazi Golam Tousif, Area Finance Controller (Army), Chittagong Cantonment while covering the article 'Organisational Culture and its Implications on Performance - a Bangladesh Perspective' a research paper written by Sadia Afroze narrated the following

- n Organisational culture defined
- n Culture and its continuance
- n Methodology of the study
- n Survey of population
- n Findings of the study

- n Main areas recognised for change
- n Recommendations

SUMMARY OF ACT OF THE REPUBLIC OF INDONESIA (NO. 5 YEAR 1973) ON THE SUPREME AUDIT BOARD

A presentation on 'Summary of Act of the Republic of Indonesia Number 5 of the year 1973 on the Supreme Audit Board' was held on August 10, 2005 at FIMA with CAG presiding. Ms. Farmeen Mowla, Deputy Finance Controller (Works), Defence Services, Dhaka Cantonment focused on the following aspects

- n Approved by the President on July 16, 1973
- n Enacted through Staff Gazette No. 39 of 1973
- n The Act includes the three segments namely Preamble, Content and Elucidation
- n Comparison with Bangladesh

ISSUES TO BE CONSIDERED FOR AUDITING JUTE SECTOR

A presentation session on 'Issues to be considered for auditing jute sector' was held on August 17, 2005 at FIMA with CAG presiding.

Shish Haider Chowdhury, Finance and Administrative Officer, International Jute Study Group (IJSC) while making the presentation narrated the following

- n Jute : A versatile fibre with diverse application
- n Jute sector narratives
 - 3 Jute is cultivated on 1.6 million hectares
 - 3 Farmers : 12 million
 - 3 Other farm workers, industrial labour, etc. are also involved
- n Jute, Kenaf and allied fibres
 - 3 World production of jute, kenaf and allied fibres was 3291.80 thousand tons in 2003-2004 of which jute was 2801 thousand tons and kenaf/mesta 490.7 thousand tons
- n Major jute producing countries included Bangladesh, India, China, Myanmar, Thailand, Indonesia, Vietnam, Cambodia and Nepal
- n World production of jute, kenaf and allied fibres

n Area, production and yield of jute in Bangladesh

n Problems in jute cultivation

3 Delay in sowing due to delay of rain

3 Attack by caterpillar, mites and nematodes and consequent production loss

3 Non-availability of good quality seeds

3 Scarcity of retting water

3 Scarcity of labour on account of migration of agricultural workers to profession like rickshaw and van driving, etc,

n Bangladesh jute sector at a glance - Average of last three years (2002-2005)

- n Types of audit required in jute sector
 - 3 Financial audit
 - 3 Performance audit

- n Financial audit - may include audits of the following items
 - 3 Segments of financial statements reflecting financial information, such as, statements of revenue and expenses, cash receipts and disbursements, fixed assets, budget estimates, and variances between estimated and actual financial performance
 - 3 Internal controls
 - 3 Compliance with laws and regulations and rectification of errors
- n Performance audit to focus on
 - 3 Economy and efficiency
 - 3 Programme results

- n Economy and efficiency audit determine
 - 3 Whether the entity is acquiring, protecting and using its resources (such as personnel, property and space) economically and efficiently
 - 3 The causes of inefficiencies or uneconomical practices
 - 3 Whether the entity has complied with laws and regulations on matters of economy and efficiency

- n Programme audit determines
 - 3 The extent to which the desired results or benefits established by the legislative or other authorising body are being achieved
 - 3 The effectiveness of organisation, programmes, activities or functions
 - 3 Whether the entity has complied with the appropriate laws and regulations applicable to the programme

- n Issues to be considered in audit
 - 3 Research and development capabilities
 - 3 Trade facilitation arrangement
 - 3 Constrains of infrastructure for exports
 - 3 Jute machinery
 - 3 Raw jute price
 - 3 Conversion cost
 - 3 Productivity and processing efficiency
 - 3 Product development and quality
 - 3 Skill development and working environment
 - 3 Market promotion and development
 - 3 Fierce resistance from synthetic fibre
 - 3 Retting
 - 3 Diversification

- 3 Supply chain constraints
- 3 Financial management

NAO, UK REPORT ON 'ENVIRONMENT AGENCY, EFFICIENCY IN WATER RESOURCE MANAGEMENT'

A presentation on National Audit Office (NAO), UK Report on 'Environment Agency, Efficiency in Water Resource Management' was held on August 23, 2005 at FIMA with CAG presiding.

Tanveer Akhter Hossain Khan, Deputy Director, Foreign Aided Projects Audit Directorate covered the following aspects

- n Mandate : Section 9 of the National Audit Act, 1983 for presentation to the House of Commons, Committee on Public Accounts
- n Objectives of audit
 - 3 Assess the extent to which the management of water resources was efficient in general terms
 - 3 Identify those activities where scope for efficiency improvement was optimum
- n Audit Methodology : Audit was carried out in collaboration with Pricewaterhouse Coopers based on
 - 3 Wide range of sources of evidences
 - 3 Meeting with the appropriate people
 - 3 Reviews of files and management information
 - 3 Regional surveys
 - 3 Comments from stakeholders
- n Audit Approach: To review efficiency as applied to Environment Agency's management of water resources
- n Structure of the Report
 - 3 Part-I: Audit approach, methodology, information about the auditee, summary of audit findings
 - 3 Part 2: Main body of the report
 - 3 Part 3: Annexures/Appendix
- n Object of Audit: Environment Agency
 - 3 23 private companies manage the public water supply
- n Major findings
 - 3 The Environment Agency needs better information on the cost of different water resource activities
 - 3 There could be better control over the development of the monitoring network
 - 3 Regional charges for the operations delivery workforce could be more consistent
 - 3 Visits to water monitoring sites could be prioritised more consistently

- 3 Use of new technology could facilitate more efficient methods of data collection
- 3 Cross subsidy with flood risk management needed to be remedied
- n Recommendations

INTOSAI DEVELOPMENT INITIATIVE (IDI) - ANNUAL REPORT 2004

A presentation on 'INTOSAI Development Initiative - Annual Report 2004' by Taslimuddin Mohammad Rashedul Islam, Senior Finance Controller (Defence Purchase) was held on August 24, 2005 at FIMA with CAG presiding. The main features of the presentation included

- n Message from Bjarne Mork Eiden, Auditor General of Norway and also the Chairman of the IDI Board as described below
 - 3 IDI co-operates with internal stakeholders of INTOSAI community such as SAs, Regions, Standing Committees, various working groups and also with external stakeholders such as relevant development co-operation agencies and professional organisations
 - 3 The 18th INTOSAI Congress, XVIII INCOSAI took place in Budapest, Hungary in October 2004 where IDI's Advisory Committee met to take stock taking of the latest status
 - 3 IDI is a programme of INTOSAI created in 1986 to help develop audit capabilities of SAs of developing countries through offering training and capacity building
 - 3 In 1996, IDI launched 'Long Term Regional Training Programme' to establish and enhance training infrastructure in INTOSAI regions
 - 3 IDI operates from Norway where its Secretariat is located. SAs, multilateral donors and development co-operation agencies finance IDI's activities
 - 3 Some SAs have provided subject matter experts, training specialists etc. besides hosting IDI workshops
- n Message from the Director General of the IDI Secretariat
 - 3 IDI Secretariat consists of 15 staff members
 - 3 IDI's 'Train the Trainers programmes' have produced about 200 training specialists
 - 3 Exploring the potential of e-learning is one of the important IDI strategic goals
 - 3 Since 2002, IDI has been working actively on 'Environmental Audit', 'IT Audit' and 'Audit of Privatisation'
 - 3 IDI has been recognised as the training arm of INTOSAI
- n IDI Board's Annual Report, 2004
 - 3 IDI was established as a 'Foundation' on May 25, 1999 by the Norwegian Parliament through an enactment
 - 3 Arabic, English, French, Spanish and German are the working languages of IDI
 - 3 IDI shares premises with the office of the Auditor General of Norway in Oslo, Norway

- 3 IDI is composed of 185 SAIs. IDI reports to the INTOSAI when it assembles in INCOSAI which is its supreme governing body
- 3 INTOSAI recognises seven regional groups established for promoting professional and technical co-operation among the member SAIs on regional basis
 - o AFROSAI: African Organisation of Supreme Audit Institutions
 - o ARABOSAI: Arab Organisation of SAIs
 - o ASOSAI: Asian Organisation of SAIs
 - o CAROSAI: Caribbean Organisation of SAIs
 - o EUROSAI: European Organisation of SAIs
 - o OLACEFS: Organizacao Latino-Americana e do Caribe das Entidades Fiscalizadoras Superiores
 - o SPASAI: South Pacific Association of SAIs
- n Operations in 2004
 - 3 Financial Statements, December 2004
 - 3 IDI Events Calendar, 2004
 - 3 IDI Forward Calendar, 2005
 - 3 IDI Advisory Committee

BANGLADESH ECONOMIC REVIEW - 2005

A presentation on 'Bangladesh Economic Review- 2005' issued by the Finance Division of the Ministry of Finance was delivered by Ranjit Kumar Chakravarty, Deputy Financial Advisor (Deputy Secretary), Finance Division, on August 29, 2005 at FIMA with CAG presiding. M.A. Sattar Bhuyan, Economic Advisor, Finance Division was special guest. The main aspects covered were

- n Objectives of the review
- n Main contents
- n Macro-economic indicators
 - 3 Gross Domestic Product (GDP)
 - 3 Savings and investments
 - 3 Inflation
 - 3 Revenue policies and management
 - 3 Monetary and loan management and market improvement
 - 3 Foreign sector
- n Reforms
 - 3 Revenue sector
 - 3 Financial sector
 - 3 Other sectors
- n Comparative analysis of macro economic indicators with global, Asian and SAARC perspectives

LECTURE ON 'AID AND PUBLIC PRIVATE PARTNERSHIPS IN BANGLADESH'

Governor, Bangladesh Bank Dr. Salehuddin Ahmed was guest speaker on 'Aid and Public-Private Partnerships in Bangladesh' at the Financial Management Academy (FIMA) on July 5, 2005. Comptroller and Auditor General Asif Ali and senior officials of the Audit and Accounts Service were present on the occasion.

The Governor touched upon the different approaches and programmes of both the government and non-government organizations (NGO) to uplift the poor from acute poverty along with the pursuit of traditional macro-growth strategy. These include among others, expenditures directly targeted to the poor, income transfer to supplement consumption, measures to provide access and ownership to income generating assets and creation of employment opportunities with reasonable wage rates. He highlighted government efforts and private sector economic growth for faster human development through active interventions in education, health-care, nutrition services, micro-credit programmes, agriculture, small and medium enterprises and infrastructure development sectors. The thrust of aid by the multilateral donors is now on the efficacy of institutional capacity in utilising aid. He emphasised on a constructive relationship between the public and private sectors based on a concept of partnership that could be the key to successful utilisation of aid in Bangladesh.

In his concluding remarks CAG touching upon CAG's oversight role on aid stressed on qualitative change of audit dimensions while auditing development projects and social sector programmes and measuring the comparative outputs of government and private sector particularly NGOs in different social sector involvements relating to the Poverty Reduction Strategy Paper (PRSP).

CAG MEETS WORLD BANK VICE PRESIDENT

CAG Asif Ali met Praful C. Patel, Vice President, South Asia Region, World Bank (WB) at the Pan Pacific Sonargaon Hotel, Dhaka at his invitation on July 23, 2005. The visit of the WB Vice President to Bangladesh was intended to further strengthen the partnership between Bangladesh and the World Bank in meeting the development challenges of the country.

The meeting was aimed at better understanding the issues facing the regulatory and oversight agencies in Bangladesh and discussing as to how these agencies could be strengthened to greater efficiency and effectiveness. Others attending the meeting included Omar Faruque, Chairman, Bangladesh Tele Communication Regulatory Commission (BTRC), M. Azizul Islam, Chairman, Securities and Exchange Commission and Mohammad Rumi Ali, Deputy Governor, Bangladesh Bank. Ms. Christine Wallich, Country Director, World Bank, Dhaka Office was present during the discussions.

CAG emphasised on the introduction of new audit dimensions in performance auditing and social sector auditing that required skill development, field tested audit guidelines, greater auditee awareness to respond to audit and stronger operational relationship between the Public Accounts Committee and CAG.

INAUGURATION OF 24TH BCS (AUDIT AND ACCOUNTS) CADRE DEPARTMENTAL TRAINING

The departmental training course of the 24th Bangladesh Civil Service (BCS) (Audit and accounts) cadre Assistant Accountant General (AAG) probationers was inaugurated at the Financial Management Academy on July 18, 2005. Comptroller and Auditor General of Bangladesh Asif Ali and Finance Secretary to the Government of Bangladesh Zakir Ahmed Khan were present as guests of honour.

During two years of probationary training, they will receive training at FIMA for one year and eight months and a four month foundation training at the Bangladesh Public Administration Training Centre (BPATC). The short profile of the probationers are given below

CAG urged upon the probationers to inculcate the spirit of discipline, integrity, commitment and hard work during the training. They should also learn accounting and auditing skills to enhance their professional acumen. Finance Secretary called upon them to cultivate positivism, dynamism and professionalism setting aside all kind of inertia and frustration.

TRAINING PROGRAMME ON "INFORMATION SYSTEM (IS) AUDIT FOR SENIOR MANAGERS"

A training programme on 'IS Audit for Senior Managers' was inaugurated by CAG Asif Ali on July 11, 2005 at the Financial Management Academy organised by the Financial Management Reform Programme (FMRP). It was divided into two groups spreading over 11-12 and 13-14th July, 2005. Directors General, Directors and Deputy Directors of different audit directorates and senior audit managers were familiarised with IS audit techniques totalling 40 in two groups of 20 each. The course contents included

- n IS awareness
- n Requirements for increasing IS audit capacity and capability
- n Controls in an IS environment
- n IS control auditing
- n Computer Assisted Audit Techniques (CAATs)
- n Value for money audit of IS

FOREIGN AFFAIRS TRAINING ACADEMY (FATA) PROBATIONERS OF BCS FOREIGN SERVICE CADRE VISIT CAG OFFICE

The following probationary Assistant Secretaries of the 22nd batch of the Bangladesh Civil Service (Foreign Service) cadre now under training at FATA visited the office of the CAG on August 18, 2005 at the invitation of CAG office

Kazi Russel Parvez
Muhammad Mizanur Rahman
S.M. Mahbubul Alam

Dewan Ali Ashraf
Rahat Bin Zaman
Md. Mosharraf Hossain
S.M. Nazmul Hasan
Ms. Ishrat Jahan
Mohammad Nazrul Islam
Dewan Hossne Ayub

The team was led by Jamil Majid, Principal of the Foreign Service Academy that also included Noor-E-Helal Saifur Rahman, Vice Principal, FATA. A.M.M. Sanaul Huq, Director General, Mission Audit Directorate and M. Shahad Chowdhury, Director General, Works Audit Directorate made a presentation on 'The Role of the Supreme Audit Institution of Bangladesh' to explain the activities of the office of CAG and its controlled offices.

FMRP PRESENTATION ON 'FINANCIAL SYSTEMS SUPPORT STRATEGY'

A presentation on 'Financial Systems Support Strategy' was organised by the Financial Management Reform Programme (FMRP) at FIMA on September 14, 2005 with CAG presiding.

Ian Thomas, International Consultant, Component 6 of FMRP covered the following issues

- n Component 6 objectives
- n FMIS focus : Software systems delivery implementation

- n FMRP software systems (transaction accounting)
 - 3 Fully automate all government expenditure at place of payment
 - 3 Improve accounting processes, controls and reconciliation
 - 3 Detailed reporting - daily and on demand

- n System implementation
 - 3 Year 2: Chief Accounts Offices (CAOs) and 20 District Accounts

- 3 Offices (DAOs) implemented
- 3 Year 3: (planned): 5 Divisional Controller of Accounts (DCAs), 42 CAOs and 38 DAOs
- 3 Year 3-4: put in place systems for capture at all Upazilla Accounts Offices (UAOs) /projects
- n Wide Area Network (WAN) : Technology issues
 - 3 National communication backbone
 - o Establishing WAN 'access points' at all main locations (cities and towns)
 - o Inter-connection of these 'access points' to and from WAN backbone
 - 3 'Last-mile' connections
 - o Connection of each accounting office to its nearest backbone 'access point'
 - 3 Internet connection and user access
 - 3 Wide Area Network Action Plan
 - 3 IT systems support
 - 3 Conclusion

VISITORS CALL ON CAG

The following visitors called on the Comptroller and Auditor General of Bangladesh during July - September, 2005.

WORLD BANK TEAM

A World Bank (WB) team headed by P.K. Subramanian, Lead Financial Management Specialist, South Asia Region met the CAG on September 19, 2005. He was accompanied by Michael Jacobs, MSc, FCPA, Advisor on Government Audit, WB and Ms. Surraiya Zannath and Burhanuddin Ahmed, Senior Financial Management Specialists of WB Dhaka office. The main theme of discussion was 'Gap Analysis of National and International Public Sector Accounting and Auditing Standards in South Asian Countries' with the following objectives

- n Providing each country and other interested stakeholders a common well based knowledge as to where the countries stand against internationally developed norms of financial reporting and audit
- n Assessing the cases and consequences of the prevailing variances
- n Charting paths for improved compliance with international standards
- n Offering a basis for measuring interim compliance

The information will make available a sound basis on which the country can go forward in improving Public Financial Management (PFM). The outcome intended for the exercise is quicker implementation of more effective PFM through better quality

accounting and public audit processes in South Asian countries like Afghanistan, Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka and to provide greater stimulus for more cost effective outcome of government spending. Use of the standards developed by INTOSAI and International Federation of Accountants (IFAC) would be the technical validity of the proposed framework.

During the first phase of the project an exercise will be conducted in Bangladesh, Pakistan and Sri Lanka with the co-operation of the respective SAIs and the Controllers General of Accounts to assist the development and testing of the pilot framework.

CIDA DELEGATION

A Canadian International Development Agency (CIDA) delegation headed by Robert Beadle, Counsellor, Head of Development Co-operation, Canadian High Commission, Dhaka called on CAG on September 25, 2005 to discuss the proposed CIDA funded 'Strengthening Comptrollership and Oversight in Public Expenditure (SCOPE) Project'. He was accompanied by Ms. Masuda Anwar, Senior Development Manager, Bangladesh Programme, Ottawa, Ms. Elaine Nickerson, Assistant Director, Operation, Ms. Joanne Cassidy Cole, CIDA Officer, Omar Farooq Khan, Senior Development Advisor, Jesmul Hassan, Governance Advisor and A.K. Nasim Hyder, Consultant.

The main features of the preliminary project design of SCOPE are

- n Consistent with the governance priority of CIDA's Bangladesh Country Development Programme Framework (CDPF), 2003-2008
- n Consistent with the Government of Bangladesh's Poverty Reduction Strategy Paper (PRSP)
- n The purposes of the project is aimed at CAG office
 - 3 Organisational strengthening
 - 3 Human resource development
 - 3 Strengthening partnership

The proposal will be examined by the CAG office before the draft Project Profile is prepared and forwarded to the government for necessary action.
RECIPIENTS OF OVERSEAS TRAINING, July - September, 2005

READERS' RESPONSES
STATE AUDIT BUREAU, STATE OF QATAR

With reference to your letter No. CAG/Publication/CAG NEWS-2/2005 dated August 3, 2005, this is to confirm receiving the CAG NEWS (Volume 2, Issue 2). In this respect, I would like to express my deep appreciation for your kind efforts.

Abdullah Saoud Al-Thani
President of the State Audit Bureau, State of Qatar

August 31, 2005

SPECIAL SECRETARY, FINANCE DEPARTMENT, GOVERNMENT OF WEST
BENGAL, INDIA

I thank you for sending me a copy of the CAG News April-June 2005 of the SAI Bangladesh.

I found the contents to be very useful and the narration of the issues discussed in the fields of capacity building, transparency and financial reporting quite informative. The layout, editing, printing and the graphics were also quite good. In particular, I was pleasantly surprised to find a short report on the Indian Civil Services Delegation on 20th June, 2005 of which I was also a part.

Debashis Sen, IAS
Special Secretary, Finance Department,
Government of West Bengal, India

September 5, 2005

K.A. RABBANI AND CO., CHARTERED ACCOUNTANTS

I feel privileged and honoured for having been included in your mailing list for CAG NEWS that I peruse with great interest. I have only admiration for its rich content and classy look. The one comment I would make is a request to highlight your news item on CAG's yearly strategic plan and its implementation by printing it on, say, the last page and presenting it in a tabular form for propagating this very important aspect of CAG office. This could be inspirational and spur action from other government and private agencies also.

K. Atique-e-Rabbani B.Tech (Hons), UK, FCA
Principal, K.A. Rabbani and Co.

August 22, 2005