

Event Report
Bangladesh Enterprise Institute

Divisional Meeting – CAG Audit Briefing for Civil Society & Media Representatives

Conference Room of Deputy Commissioner, Chittagong

February 29, 2012

Submitted: March 11, 2012

Objective of Event:

1. The CAG audit briefing in Chittagong will provide an opportunity for the CAG to strengthen ties with Chittagong district level civil society and media representatives and expand the understanding of how the institution is serving its oversight functions.
2. The interactive discussion between the civil society/media representatives and the divisional level CAG officials will determine their complementary roles in promoting transparency and accountability for better financial management and use of public resources.

1. Facilitator or Presenter:

Jamil Osman, Project Manager, BEI

Achievements and Observations:

1. A CAG divisional level audit briefing for civil society and media representatives was organized by BEI in Chittagong on 29 February, 2012 at Deputy Commissioner's conference room. About 35 participants attended the meeting out of which 25 civil society personnel, NGO executives, print and electronic media representatives participated in the meeting. The meeting began at 10.00 a.m. and lasted for 2 hours and 15 minutes. Mr. Faiz Ahmed, Deputy Commissioner of Chittagong was the Chief Guest of the meeting but he could not attend it because he went to attend another meeting at Circuit House, Chittagong called by the Minister for Port and Shipping Ministry. However, Mr. Ehsan Elahi, Additional Deputy Commissioner (General), Chittagong acted as Chief Guest of the meeting in the absence of the Deputy Commissioner. Mr. Jamil Osman, Program Manager, BEI acted as moderator/facilitator of the meeting. A key note paper entitled "The role of CAG in ensuring transparency and accountability in Government financial management" was presented by Mr. Mohammed Mahmud Hossain, Divisional Controller of Accounts, Chittagong and Mr. Dipak Kanti Sarkar, Deputy Director, Directorate of Commercial Audit, Chittagong. The power-point presentation was followed by a discussion session, Acting Chief Guest's speech, concluding observations and vote of thanks. Lunch was served after the meeting.

2. The key note paper, presented in Bangla, clearly spelt out both mission and vision of the CAG in terms of his constitutional duties and responsibilities under the provisions of Articles 127-32 of the Constitution: mission to bring transparency and accountability in the financial management of the Government in order to attain good governance; and vision to ensure proper utilization of public resources through effective auditing and establish transparency and accountability in public financial management by providing authentic and appropriate information and data.

3. The functional relationships among the Parliament, the Government and the CAG was duly explained; the overall jurisdiction of the CAG activities, the functions of all the Audit Directorates, the classifications of audit, the results of audit activities; the nature of audit reporting and its contents and format; glossary of audit terms and terminology; the types of audit objections; the importance and role of audit information/contents in assisting the executive organs of the Government for taking appropriate policy decisions, in empowering the people, in strengthening and institutionalizing democracy, in making the Government accountable to the Parliament and in creating pressure on the Government for establishing good governance—all these were discussed in detail.

4. The characteristics of good governance and the role of CAG in establishing good governance were explained in detail; the importance of creating awareness about CAG activities among the civil society and media representatives to enhance the cause of good governance was discussed.

5. The role of the Public Accounts Committee (PAC) in issuing directives on annual audit reports submitted by the CAG was discussed; the amounts of collection made due to audit findings and expenditure incurred in the year 2010 were revealed; the audit activities of the Commercial Audit Directorate, Chittagong Zone for the year 2010-11 were also highlighted; and 2 local case studies—one relating to defalcation of fund in Basic Bank, Jubilee Road Branch, Chittagong and another concerning recovery of money through cash and by way of adjustment from Ministry of Jute and Textile, Chittagong Zone due to audit observations—were discussed in detail.

6. As soon as the presentation was over, a number of civil society and media representatives participated in the open floor discussion. They raised several pertinent issues for interactive discussion. The presenters, the moderator, the CAG/PROGATI representatives and the Additional Deputy Commissioner of Chittagong also participated in the discussion. Those who were unaware of the role of CAG asked some definitional questions; others having some knowledge in this particular field raised some critical issues and asked critical questions. The presenters, the moderator, the CAG/PROGATI representatives tried their best to satisfy the queries of the question raisers. The issues raised and discussed in the meeting generated a great deal of enthusiasm among the discussants.

7. Mr. Mohammad Shariful Quader, Regional Controller of News, Bangladesh Betar, Chittagong thanked the organizers for arranging an important audit briefing for civil society and media representatives of Chittagong district. He wanted to know the meaning of 'Performance Audit' and how did the audit department perform such audit function. Mr.

Mohammed Mahmud Hossain, Divisional Controller of Accounts, Chittagong and Mr. Dipak Kanti Sarkar, Deputy Director, Directorate of Commercial Audit, Chittagong replied to his queries. They clarified that Performance Audit is distinctly separate from traditional expenditure based audit. It is concerned with value for money. In other words, all government purchases must fulfill 4 E's or criteria i.e. economy in transactions, efficiency in generating outputs, effectiveness in rendering performances and environment-friendliness to consumption, use and depreciation. He further explained that, until then, performance audit was done on a limited scale in Bangladesh because such specialized nature of auditing required specialized nature of training to develop special skill and aptitude by the officials of the audit department and to understand how to make value judgments on the performances of auditee entities in terms of 4 E's. They also informed the participants that the Audit Department has a training academy in Dhaka named "Financial Management Academy" which happened to be the center of excellence for financial management training in South East Asia. Officers and auditors are regularly trained here in matters of performance audit and related issues.

8. Mr. Mahbub-ul-Alam, Project Manager, Aporajeyo Bangladesh praised the officials of Audit Department for maintaining the ratio of 1: 122 and 1:123 in respect of expenditure to collection out of audit observations during the years 2009 and 2010 respectively. He enquired about how audit could help in controlling the huge wastages of public money misused by the officials of public service oriented government departments such 'Biman Bangladesh', 'Water and Sewerage Authority', 'Bangladesh Telecommunication Company Limited', Bangladesh Road Transport Corporation etc. Mr. Mahmud Hossain replied that the Comptroller and Auditor General of Bangladesh has constitutional obligations to safeguard wastages of public money in public offices. Audit activities are regularly carried out by several audit Directorates working under him in all government and semi-government organizations, corporations and autonomous bodies throughout the year to detect misappropriation of public funds. Audit objections are raised against the officials who are involved in this process. The oversight functions carried out by the Audit Department are very much effective because if any funds wasted or misappropriated by any authority, it must account for committing such financial irregularities and if such funds are unrecovered, the matter is placed before the Public Accounts Committee of the Parliament and necessary legal measures are taken against the defaulters.

9. Mr. Md. Mainul Islam, Program Officer, World Vision Bangladesh thanked the organizers for arranging a meeting with civil society and media representatives of Chittagong, which, he thought, would benefit the participants in learning the functions of the Audit Department. He requested the presenters to explain the reasons as to why they revealed a position of financial recovery by Commercial Audit Directorate, Chittagong in the financial year 2010-11 out of audit observations to the tune of Taka 16.00 crore only by way of cash collection and adjustments against a huge demand of Taka 1814.40 crore during the same period. Mr. Dipak Kanti Sarkar, Deputy Director, Directorate of Commercial Audit, Chittagong explained that audit activity of the audit department has become a continuous process. The audit demand and collection figures shown in one of the slides during presentation did not necessarily reflect the actual demand and collection figures of a particular year. These might have reflected the cumulative totals brought forward from the previous year. Moreover, demands from audit objections in a financial year usually take a number of years for final settlement

some of which are settled not through actual payment but by way of satisfactory replies from the auditee entities. Mr. Md. Mainul Islam further asked him whether he could cite any examples that might disclose the other way round i.e. audit collection figure exceeding the demand figure. Mr. Sarker expressed his inability to readily show any such instance at that moment. He, however, referred to a particular case of Bakhraabad Gas Distribution where hundreds of crores of Taka was realized in a particular year out of audit observations.

10. Mr. Ehsan Elahi, the ADC, Chittagong expressed his concern about huge backlog of audit observations/objections in every government department. He said that small cases of audit objections say, upto Taka 4000 or 5000 should be written off through an easy procedure. Mr. Jamil Osman enquired whether audit officials at field levels are authorized to write off upto certain financial limit. Mr. S.M. Manzur Ahamed, Deputy Director, Local and Revenue Audit informed the meeting that audit officials might resort to General Financial Rules of the Finance Division for writing off a very limited amount of demand raised through audit findings. Mr. Ehsan Elahi said that, in any case, audit should concentrate on big cases because small cases consume a lot of time and energy for the audit department.

11. Mr. Ali Haider, Special Correspondent, 'Bonik Barta' congratulated the organizers for arranging such an important meeting. He said that so long CAG officials did not interact with the public in this manner and it was good to see that CAG officials made themselves accountable to the public for their work. He then mentioned corrupt practices in respect of procurement and tax evasion in various organizations such as Chittagong Port Authority, Sylhet Gas Field, KAFCO etc. Also the NGOs were involved in those kinds of corrupt practices. The media regularly revealed those through a good number of investigative reports but nothing happened, government did not take action against any corrupt politicians or govt. officials. He expressed his concern about huge wastages and plundering of public money by the ministers and the bureaucrats. He asked if there was any way-out by which CAG could prevent the occurrence of such incidents. He asserted that it was high time somebody took the initiative and let it be the CAG. Mr. Dipak Kanti Sarkar reminded the participants that the CAG works within the mandate given to him by the Articles 127-32 of the Constitution of Bangladesh. The mandate has got its own limitations. However, the CAG could take help of the media cell established in the CAG office and initiate its own investigation and report back its findings to the Ministry or the Public Accounts Committee of the Parliament to recover the misappropriated fund from the persons involved in the process. He further revealed that all audit related information could be obtained from the website of the audit department. However, all NGOs do not automatically come under the purview of audit since the jurisdictions of the Audit Directorates encompass only those institutions that have at least 51% share of the government.

12. Mr. Swagata Dhar, Manager (Training & Communication), Bangladesh Institute of Theatre Arts (BITA) praised the organizers on behalf of the civil society of Chittagong for taking such a unique step at the district level. He welcomed the discussion of the meeting and requested the organizers to hold such meetings at the remotest corners of Bangladesh for the sake of raising awareness among the common masses. He reiterated that civil society has been always by the people, with the people and for the people. He then raised a pertinent question as to how civil society could help audit authority in the discharge of its oversight functions. Mr. Mohammed Mahmud Hossain replied that the civil society is the most

important factor in the social evolutionary process and social dynamism. The attitudinal changes among different stakeholders for the establishment of rule of law, ethical and moral values and above all good governance could be precipitated by the civil society. It acts as a deterrent force for those who are always inclined to corruption, mismanagement and misappropriation of public funds. Audit exposes the corrupt individuals before the civil society through a formal process whereas the civil society and the media representatives bring them to justice through an informal process i.e. continuous pressure from social forces.

13. Ms. Jasmeen Sultana Paru, Chief Executive, ELLMA thanked the organizers for the arrangement of a discussion meeting with the civil society and media representatives. She said that it was a much needed discussion meeting since everyday we discovered a continuous deterioration of values in our society. She wondered where these would lead us to. She said that a certain check and balance should always be there to stop this kind of social degeneration and the role of the oversight bodies could not be over-emphasized in this regard. She told the participants of the meeting that she has been currently holding the post of Vice-President, Transparency International Bangladesh for Chittagong Region. She opined that, the more the oversight institutions, both in the public and the private sector, could play their role, the more the society would gain in terms of transparency and accountability.

14. Mr. Md. Khorshed Alam Khan, Component Manager, PROGATI informed the meeting that audit objections amounting to Taka 12,000 crores still remained unsettled in the Public Accounts Committee of the Parliament. If these were promptly acted upon by the respective institutions then a major trend for public accountability would ensue. He said that the media and the civil society are the most effective weapons by means of which social accountability could be readily established. They are more powerful than any other oversight bodies. They play the role of watchdogs in the society. General public must be informed about the financial irregularities done by individuals and institutions. Public awareness is a great help in the fight against corruption and in the establishment of good governance. Media and civil society could seek information from the media cell of the CAG.

15. Mr. Ehsan Elahi, the Acting Chief Guest of the meeting in his speech told the audience that there is no alternative to CAG audit function and for the sake of transparency and accountability this institution would continue to exist in its own right. He proposed to add the element of 'honesty' with the concepts 'transparency' and 'accountability' for attaining good governance. He emphasized the need for publicity of audit discourse in Radio, TV and newspapers for the greater benefit of the masses. He proposed to bring all NGOs under the purview of statutory audit. He praised the contents of the power-point presentation slides and thought that those slides would be very useful for him in the discharge of his duties related to audit activities.

16. Mr. Jamil Osman in his concluding observations reiterated the role of CAG in promoting transparency and accountability in the public sector. He informed the audience that, BEI in collaboration with DAI and USAID, has been organizing this kind of meetings for the last few years in several districts. This year it has already arranged 2 meetings one in Comilla and the other in Chittagong. BEI will arrange 4 more meetings in Rajshahi, Bogra, Khulna and Jessore. He pointed out that on the one hand the role of CAG has been assigned by Articles 127-32 of the Constitution to ensure transparency and accountability in government financial

management and on the other hand the civil society and media representatives have moral obligation to exercise their right to freedom of expression under Article 39 of the Constitution. By resorting to Right to Information Act, 2009 they could unearth and publicize various unlawful activities of government officials in financial matters and bring them to the notice of the CAG for proper audit verification and consequential action. He said the roles of CAG and civil society/media people are complementary. He further clarified to the audience that the project 'PROGATI' stood for promoting good governance, accountability, transparency and integrity. So, the 'honesty' factor has already been there in this project. Finally, he thanked the participants for attending the meeting and for taking part in the discussion. He also thanked the DC, ADC and other officials of the DC's office for extending their full cooperation and support without which this meeting could not have been held.

17. Overall the objectives of the meeting were fully achieved. The meeting provided an opportunity for the CAG divisional representatives to make it absolutely clear to the audience i.e. the civil society and media representatives as to how the CAG, as per provisions of the constitution of Bangladesh and by means of official networks spread all over the country, carries out his duties and responsibilities to safeguard the public money and resources and ensure their optimum utilization in terms of financial propriety and discipline. The interactive discussions between the civil society/media representatives and the divisional level CAG officials have successfully generated enormous enthusiasm and created awareness, mutual understanding and trust for essential contributory and complementary roles of both the stakeholders in ensuring good governance by promoting transparency and accountability in government financial management.

18. BEI in its earlier phases had arranged several audit briefings with the civil society representatives. Six joint meetings with both the civil society and the media representatives are being organized this year. The reaction of the print and electronic media community was highly favorable in both the meetings in Comilla and Chittagong. The media and the civil society representatives have welcomed such efforts of BEI and made suggestions to organize more of such meetings in other districts.

19. The meeting got both print and electronic media coverage. The local newspapers 'The Daily Purbakon' and 'Bonik Barta' provided a good coverage of the meeting. The Bangladesh Television (BTV) and 'NTV' provided news coverage of the meeting in their evening bulletins. All these indicate that the meeting was well appreciated by the print and electronic media community.

General Recommendations:

1. The participants showed a great deal of interest not only in CAG audit activities but also oversight functions of other oversight institutions. In future, the activities of Anti-corruption Commission and Information Commission may be taken together with the CAG audit briefing so that the participants may have a comprehensive view about the functions of these three oversight institutions.

2. Instead of 2-hour meeting a day long (6 hours) workshop may be arranged with the civil society and media representatives. Three power-point presentations may be made
one by CAG, one by ACC and the other by information Commission officials.
3. CAG Audit Briefings may also be organized through Radio and TV talk shows. These may also be publicized through participation of the concerned stakeholders in the 'Round Table Conference' to be organized by Newspapers.