

Event Report  
Bangladesh Enterprise Institute

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

Conference Room of Deputy Commissioner, Comilla

February 27, 2012

Submitted: March 5, 2012

**Objective of Event:**

1. The CAG audit briefing in Comilla will provide an opportunity for the CAG to strengthen ties with Comilla 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 ascertain their complementary roles in promoting transparency and accountability for better financial management and use of public resources.
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**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 Comilla on 27 February, 2012 at Deputy Commissioner's conference room. About 30 civil society personnel, NGO executives, print and electronic media representatives participated in the meeting. The meeting began at 10.30 a.m. and lasted for 2 hours and 30 minutes. Mr. Rezaul Ahsan, Deputy Commissioner of Comilla attended the meeting as Chief Guest and Mr. Jamil Osman, Program Manager, BEI acted as moderator. 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, Chief Guest's speech and vote of thanks by Mr. M. Humayun Kabir, Vice President of BEI. 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 relationship 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 were also highlighted; and 2 case studies relating to audit observations were cited as examples.

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/BEI/PROGOTI representatives, the Deputy Commissioner and the Additional Deputy Commissioners of Comilla also participated in the discussion. Those who were unaware of the role of CAG asked some elementary and definitional questions; others having some knowledge in this particular field raised some critical issues and asked critical questions. The presenters, the moderator, the CAG/BEI/PROGOTI 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. During the course of presentation, the presenters cited an example of audit observation in which an audit objection was raised to the Local Govt. Authority to the tune of Taka 15,69,178 due to non-deduction of income tax at source from a contractor which the Local Authority was bound to deduct as per National Board of Revenue's circular no.7 issued in 1974. The Local Govt. Authority replied that income tax deduction at source was duly complied with effect from 17.10.1988 as per circular no. 4 of NBR. Obviously, the reply was not accepted by the audit authority. Subsequently, the audit objection was incorporated in the audit report and placed before PAC of the 7<sup>th</sup> Parliament. The PAC asked the respective Local Authority to collect the defaulted amount from the concerned officials responsible for the lapse. Now, Mr. Mohammad Mizanur Rahman Chowdhury, President of the Journalist

Forum of Comilla expressed his sincerest thanks and gratitude to the organizers for arranging such an important meeting that provided the journalists and civil society personnel an opportunity to interact with officials of the Comptroller and Auditor General working for an oversight institution. He said that this sort of interaction will definitely benefit both the parties as far as allocation and proper utilization of public money and resources are concerned. He then raised a pertinent question as to why the officials would be held responsible to pay the defaulted amount who had no knowledge of the NBR's circular before 1988 since those circulars were neither readily available to them nor systematically maintained in the district offices. One of the presenters Mr. Mahmud Hossain admitted that information gap did prevail in those years because NBR was not, at that time, as much forthcoming in its publicity as it is now. Mr. Jamil Osman, the moderator pointed out that, with the promulgation of 'Right to Information Act, 2009', the proactive disclosure of information has become mandatory for every government organization and government officials should always keep themselves well informed about government circulars as far as the question of safeguarding public money and public properties are concerned.

8. Mr. Mizanur Rahman Choudhury raised another vital issue regarding tempering of tender documents. He asked the CAG officials present in the meeting what would happen, from the audit point of view, to the fate of a tender if any tempering in the documents of the lowest bidder should subsequently be discovered after the award of the contract. Mr. Mahmud Hossain pointed out that audit function is not confined to expenditure audit only rather tempering of tender documents also comes under the purview of audit. Once tempering is discovered, appropriate measures are recommended by the Audit Authority. He mentioned that there are several ways of intellectual tempering apart from documental tempering. He cited an audit observation in respect of 'Bangladesh Biman' where it was found that a bulk purchase of aircraft spare-parts was made for certain number of years which, however, exceeded the normal life-span of that aircraft. After audit observation, due punishment was handed over by the Biman Authority to the officials who were involved in such type of fraudulent activities. Mr. Jamil Osman referred to the provisions of Procurement Law, 2006 wherein due punishments are provided for this type of fraudulent cases.

9. Mr. Kazi Toufiqul Hoque, Project Director, 'Comilla Attanibedita Mahila Sangstha' thanked the organizers for arranging a meeting with the civil society and media representatives of Comilla which, he thought, would benefit the participants in learning the functions of the CAG, the most important oversight body of the government. He asked how civil society and media could supplement the role of CAG. Mr. Jamil Osman replied to his query and 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. One of the presenters Mr. Dipak Kanti Sarker opined that the matter could be other way round. The journalists or civil society representatives might use the website of the Audit department to go into the details of corruption and fraudulent cases through investigative journalism and bring them to the notice

of the government and the public at large. Mr. M. Humayun Kabir, Vice-President, BEI cited the example of '2G Spectrum' case in India which emanated from audit findings and for which 2 Central Ministers had to resign from their posts on charges of corruption. Mr. Mahmud Hossain supplemented Mr. Kabir's arguments and pointed out that 'Bofors' scandal in India also owes its origin to the Audit department. Mr. Kabir reminded the participants that, after the promulgation of the Right to Information Act, 2009 it has now become very difficult for the government officials to avoid punishment for not disclosing information to the public on application. He referred to a certain case where punishment recommended by the Information Commission for a government official for non-compliance with the provision of RTI Act was also upheld by the Supreme Court deciding on a petition made by the appellant.

10. Mr. Abul Hasnat Babul, Editor of 'The Weekly Abhivadan' thanked the organizers for arranging a useful and important discussion meeting. He commented that more of such kind of meetings should be arranged by the organizers in future in other districts to disseminate the knowledge regarding the activities of the CAG to a cross-section of people of the society. Power-point presentation should be supplemented by a detailed hand-out for possible use by the media in course of time. Also more time is required to discuss the issues in detail because those who work for the private sector are very much interested to know the modus operandi of the oversight institutions in order to associate themselves in this process in an effective manner. People do not know much about audit. How could they be informed about audit findings? Most of the reporting of the journalists about corruption and malpractices of politicians and government officials are ignored. How does the Audit department take into cognizance the reporting of the journalists? Although a certain limit to election expenditure is imposed on the candidates, nobody bothers to observe this rule of the Election Commission. People are not informed. There is no accountability of the NGOs as far as their incomes and expenditure are concerned. The CAG should find out a way to control such malpractices. Corruption in tax and other departments is rampant. The Anti Corruption Commission is a toothless tiger. Mr. Jamil Osman informed the audience that BEI under PROGATI project has been organizing this kind of meeting for last few years in several districts. However, interaction with the media representatives is taking place for the first time in Comilla. This year BEI will arrange 5 more meetings in Chittagong, Rajshahi, Bogra, Khulna and Jessore. Mr. Mahmud Hossain assured the participants that, in future, presentation materials would be more elaborate and the extension of time beyond 2 hours is under active consideration. Mr. Dipak Kanti Sarker informed the meeting that all necessary documents relating to audit observations are available in the audit department's website and anybody interested to know the results of audit could avail himself of this opportunity. He further disclosed that election expenditure does not fall under the CAG audit purview. Mr. Jamil Osman told the audience that election expenditure could be verified from the income tax records of any candidate. However, normal practice is to conceal the actual amount of election expenses to make oneself eligible for the contest. Mr. Md. Rezaul Ahsan, Deputy Commissioner of Comilla informed the participants that recently, the Election Commission has constituted a 5-member committee headed by the Deputy Commissioners in the districts of Narayanganj and Comilla to act as watchdog for election expenses and report the same to the Election Commission on a regular basis. Mr. Dipak Kanti Sarker revealed that the Audit Department has an effective media cell which regularly collects and compiles the important media reporting; then the concerned Audit Directorates proceed to institute audit investigations as deemed necessary

and take actions accordingly. He further clarified that all NGOs are administratively and financially controlled by the NGO Bureau and the activities of NGO Bureau very much comes within the jurisdiction of audit.

11. Professor Lokman Hakim, Executive Director of 'Page Development Center' thanked the organizers and told the discussants that interactive discussion raises confidence among the participants. In such meetings budget related activities of the concerned district should be discussed so that local people might have some idea about the CAG functions in the local area. Mr. Mahmud Hossain said that the organizers would take a serious note of it.

12. Mr. Sultan Mahmud Yusuf, Executive Director, Grameen Unnayan Sangstha expressed his concern about tax evasion of Grameen Phone Ltd. Mr. Jamil Osman informed the meeting that some lapses regarding tax collection did happen in the past few years but now this is being corrected by the Bangladesh Telecommunication Regulatory Commission by imposing rigorous penalties on Grameen Phone company.

13. Ms. Salma Akhter, Executive Director, Shristy Samaj Kallan Sangstha asked about the meaning of 'Performance Audit' and how it is performed. Mr. S. M. Manzur Ahamed, Deputy Director, Local and Revenue Audit Directorate, Dhaka answered the question. He 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-friendly to consumption, use and depreciation. He further explained that performance audit is done on a limited scale in Bangladesh because this requires specialized training and appropriate value judgment on the part of the auditors.

14. Mr. Tajul Islam, Additional Deputy Commissioner of Comilla raised a departmental (D.C. office) audit issue relating to audit objection of Taka 3,09,030 due to non-deduction of income tax at source from government leased property during the year 2001-10. He wanted to discuss and settle the audit objection with the audit officials present in the meeting. Mr. Md. Khorshed Alam Khan, Component Manager, PROGATI reminded him that the purpose of the meeting was meant to discuss general audit related issues for which the civil society and media representatives have interests in learning the subject but specific D.C. office related issues would only reduce the time allotted for this meeting.

15. Mr. Md. Khorshed Alam Khan, Component Manager, PROGATI extended his heartfelt thanks to the organizers for the arrangement of a fruitful meeting. He said that, BEI in collaboration with DAI and by utilizing the fund of the USAID, has been arranging this kind of meetings for last few years to create awareness among the cross-section of people about the government's oversight activities being conducted by the CAG, the Anti-corruption Commission and the Information Commission which would facilitate the cause of good governance in every sphere of the administration.

16. Mr. Md. Rezaul Ahsan, Deputy Commissioner of Comilla and the Chief Guest of the meeting, thanked the organizers for organizing a constructive dialogue between the officials of the Audit Department and the civil society/media representatives. He said that the subject

matter of audit is vast. This meeting has covered a number of areas but more should be covered in other meetings. Audit should concentrate on cases involving huge amount of money rather than petty cases which could be summarily disposed of. BEI has been doing an excellent job by focusing on the establishment of good governance through oversight institutions of the government. The government is trying hard to establish good governance by other means also namely, citizen's charter, one stop service, e-service etc. Both the public sector and the private sector must endeavor to achieve the government's objectives i.e. to establish transparency and accountability in the delivery of public services.

17. Finally, Mr. M. Humayun Kabir, Vice-President of BEI expressed his heartfelt thanks and gratitude to the Deputy Commissioner, the ADCs and all other staff of the D.C. office who have made this program a success.

18. 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.

19. BEI in its earlier phases had arranged several audit briefings with the civil society representatives. This is for the first time a joint meeting with both the civil society and the media representatives has been organized. The reaction of the print and electronic media community was highly favorable. Along with the civil society representatives they have welcomed such efforts of BEI and made suggestions to organize more of such meetings in other districts.

20. The meeting got both print and electronic media coverage. The local newspaper 'The Daily Ruposhi Bangla' provided a full coverage of the meeting. The Bangladesh Television (BTV) and 'Banglavisision' gave a good coverage of the meeting in their evening news bulletin. This shows that the meeting was well appreciated by the print and electronic media community and they were ready to support the cause of good governance in right earnest.

### **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. The MRDI has developed the content and format of the presentation materials. The BEI, having a vast experience in the field of audit and audit related issues, may be given this task in future for better results.