

**INTERNATIONAL CONFERENCE ON :  
IMPROVING OVERSIGHT FUNCTIONS :  
CHALLENGES IN THE NEW MILLENNIUM**

10-12 September, 2000  
Venue : Hotel Sonargaon, Dhaka.

**ORGANISED BY :**  
**THE OFFICE OF THE COMPTROLLER & AUDITOR GENERAL OF BANGLADESH**  
**IN ASSOCIATION WITH UNDP & THE WORLD BANK**



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**President**  
Government of the People's Republic of Bangladesh

**Message**

I am indeed glad to know that the Office of the Comptroller and Auditor General of Bangladesh is hosting an International Conference on "Improving Oversight Functions : Challenges in the New Millennium" during 10-12 September, 2000 Dhaka in co-operation with the UNDP and World Bank. This is surely a laudable effort.

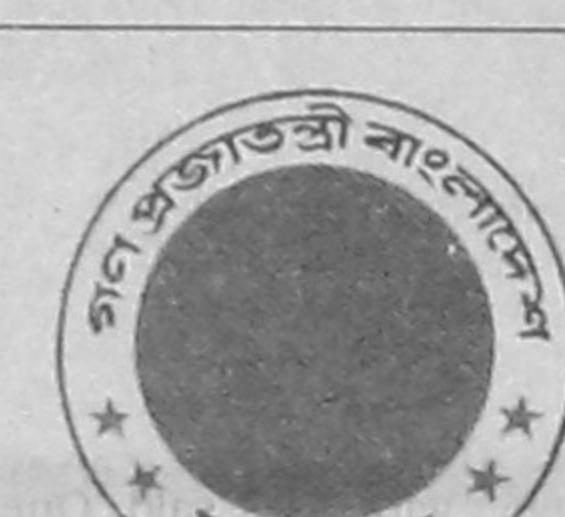
In the process of modernisation of Financial Management system the world over, the importance and effectiveness of Oversight Functions can hardly be over emphasised. In a democratic system, the oversight functions of the Parliament and effective role of the Office of the Comptroller and Auditor General are significant in ensuring people's welfare and good governance. Viewed against this backdrop, the Conference is timely and a right step towards achievement of the desired goals.

I firmly believe that the Dhaka Conference will remain as a milestone in the furtherance and development of oversight functions towards improved Financial Management system in Bangladesh.

I congratulate the organisers of the International Conference and wish the Conference a deserving success.

*Shahabuddin Ahmed*

**Justice Shahabuddin Ahmed**



**Shah AMS Kibria**  
Government of the People's Republic of Bangladesh

**Message**

I am glad to know that an International Conference on "Improving Oversight Functions : Challenges in the New Millennium" is being hosted during 10-12 September, 2000 in Dhaka by the Office of the Comptroller and Auditor-General of Bangladesh in collaboration with UNDP and World Bank. In the present democratic environment, the Conference is a commendable effort in the process of establishing transparency and accountability in Public Administration.

Parliamentary oversight and effective role of the office of the Comptroller and Auditor-General make important contributions in ensuring accountability and sound Financial Management practices.

At the outset of the 21st century newer dimensions have been added in Parliamentary oversight and Comptroller and Auditor General functions in promoting New Public Management and Good Governance. I hope these issues will be highlighted in the conference. I believe that the deliberations and recommendations of the conference will help strengthen the oversight functions and make it more effective.

The Conference, I believe, will help enhance the image of Bangladesh in the international arena. I convey my warm felicitations to the organisers of the Conference.

I wish the Conference all success.  
Joi Bangla, Joi Bangabandhu  
May Bangladesh Live Forever

*Shah AMS Kibria*

**Shah AMS Kibria**



**Message**

I complement the Comptroller and Auditor General of Bangladesh for organising the International Conference on "Improving Oversight Functions : Challenges in the New Millennium" in association with UNDP and World Bank. The organisers of the conference deserve special thanks for choosing a timely subject.

Presence of effective oversight functions is vital for ensuring good governance which ultimately addresses poverty alleviation, the highest concern. I believe, of each and every people of Bangladesh including the World Bank. Ineffective oversight functions pose threat to the use of domestically raised financial resources as well as donor funds 'efficiently, effectively and economically'. The benefits of public programmes will not reach their target recipients, especially the poor people, unless there exist improved oversight functions. I think this is where we can fathom the unquestionable importance of the presence of effective oversight functions in a developing country like Bangladesh.

Improving the Oversight Functions is challenging because there are powerful vested interests which benefit from the *status quo* and, therefore, resist changes. In order to change the situation, presence of courageous political leadership as well as strong civil society, who demand change, is essential. We should not forget that Bangladesh, with much constrained resources, cannot afford a single penny to be misspent.

This conference has offered the opportunity to discuss issues and concerns of oversight functions which is relevant to the areas of expertise of the delegates. I wish the outcome of the conference will be useful in designing the appropriate reform programmes for developing oversight functions in Bangladesh.

*Frederick T. Temple*  
Country Director  
World Bank Office, Dhaka

**Message**

## **The Role of Financial Oversight Functions in Bangladesh**

**Syed Sajedul Karim**  
Controller General, Defence Finance  
&  
Convenor of the Conference

'Oversight' means keeping an eye on in a watchful and responsible manner or discharging regulatory supervision. Oversight is carried out by a broad spectrum of institutions and in many ways depending on the context and purpose. Oversight can be exercised internally by the organisation or system itself or it can be mandated more formally and legally through external institutions. Examples of internal oversight include internal audits, financial oversight by organizational management, Ministry of Finance and governing boards, assessments of internal control, and other appropriate activities. External oversight is exercised by institutions, such as the judiciary, C&AG's office, Parliamentary Committees, Election Commission, Ombudsman's office, Anti-Corruption Bureau, Media and Civil Society as a whole.

There is an increasing realization that lack of good governance in public administration is seriously retarding economic and social development in Bangladesh. Good governance is a precondition for development. Transparency and accountability are its twin pillars. Sustainable and equitable growth has become difficult to achieve without transparency and accountability of public institutions and private enterprise. Good governance requires that government business should be transparent and government should account for how it has exercised the authority conferred on it and the results it has achieved. Public officials and entities entrusted with managing public finances have a responsibility to report on their performance to those from whom they receive authority and to those to whom they provide services. The information revolution has engendered a greater awareness, assertiveness and demand for accountability in society. Fundamental to transparency and accountability is systematic oversight.

Economic and social development in Bangladesh is well below potential. Among the many reasons to explain this, undeniably a weak public administration must top the list. The system loss of resources misappropriated and/or misappropriated and the opportunities lost is unaffordable for a developing country like Bangladesh. It is therefore necessary to improve financial accountability in public administration. Regrettably, Bangladesh oversight institutions charged with evaluating the management and performance of organizations and officials responsible for public funds have yet to succeed in establishing an effective, transparent and accountable Public Administration. Far too many infringements and violations of rules and regulations take place with scant regard for reprimand or penalty. A measure of the effectiveness of an oversight institution is how much it *prevents* through its deterrent effect rather than how much it actually catches. Most oversight institutions in Bangladesh need to be strengthened so that they can do their jobs without interference from powerful quarters in politics, bureaucracy and the private sector.

The International Conference on "Improving Oversight Functions : Challenges in the New Millennium" being hosted by the Comptroller & Auditor General in association with the World Bank and UNDP from 10-12 September, 2000 in Dhaka will focus on three critical oversight areas in the domain of financial accountability. The role and effectiveness of

Parliamentary Control of Public Expenditures, Public Sector Auditing and Private Sector Auditing will be discussed, areas in need of reforms will be identified and recommendations for improvements will be made. The deliberations, it is hoped, will provide added impetus, inspiration and instruction to the ongoing financial management reforms initiated by the Government of Bangladesh with the assistance of UNDP and DFID. The following section provides a brief description of the three oversight functions.

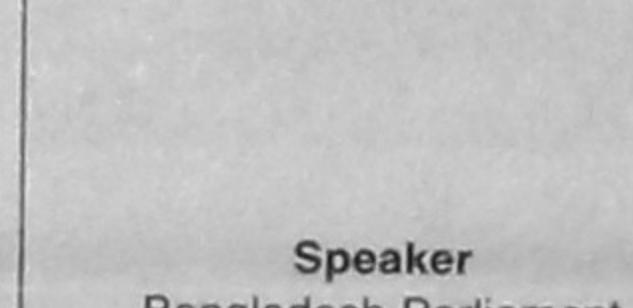
**Parliamentary Control of Public Expenditures**

Parliament is the ultimate authority for overseeing the activi-

ties of individual issues of public importance. The objective of Parliamentary oversight is to review the government's financial and operational management and performance, seek answers to questions from accountable officials, recommend punitive steps, where necessary, and demand corrective action.

**Public Sector Auditing**

The Comptroller and Auditor General of Bangladesh is the legislative external auditor of the Government of Bangladesh. His authority for exercising his functions is rooted in the Constitution



**Speaker**  
Bangladesh Parliament

**Message**

The International Conference on "Improving Oversight Functions : Challenges in the New Millennium" organised by the Comptroller & Auditor General's Office in cooperation with UNDP and the World Bank is indeed commendable.

In the backdrop of institutionalisation of Parliamentary democracy in Bangladesh, it is important to have Parliamentary oversight and efficient functioning of the institutions responsible for ensuring accountability and transparency. Parliamentary oversight functions add pro-people dimension in government administration and development efforts. I believe that the deliberations of the Conference and its recommendations would strengthen Parliamentary oversight functions and enhance the endeavours of the Auditors General's Office.

I sincerely believe that the Dhaka Conference will be a befitting success and open a new horizon in oversight functions in ensuring financial discipline and skill development. My congratulations to all associated with this Conference.

I wish the Conference all success.

*Humayun Rasheed Choudhury*

**Humayun Rasheed Choudhury MP**

ties of the government and holding it to account. Exercising this oversight is the job of three standing committees charged with the overall assessment of government and other committees with a specific ministry-wise mandate. The Public Accounts Committee (PAC) examines the government's annual Appropriations and Finance Accounts and the income and expenditure accounts of state corporations and other concerns; and scrutinizes the C&AG's audit reports. The Public Undertakings Committee (PUC) examines the reports and accounts of Public Undertakings and whether their affairs are being managed in conformity with sound business principles and prudent commercial practices; and scrutinizes the C&AG's audit reports on Public Undertakings.

The Public Estimates Committee (PEC) examines the government's budgetary estimates to ascertain whether they are prepared to ensure efficiency and economy in administration, offer alternatives for improving efficiency and economy, and address organizational improvements or administrative reforms. Standing Committees on Ministries (SCMs) monitor and assess the strategic objectives of a concerned Ministry. Depending on importance, scale and outlay, they may also delve

Comptroller and Auditor General (Additional Functions) Act, 1974. His mandate empowers him to perform a dual function, namely, to keep government accounts, prepare the annual Appropriation and Finance Accounts, and also to audit and report on the Public Accounts of the Republic and the accounts of statutory Public Bodies. The C&AG's audit reports are submitted to the President who causes them to be laid before Parliament.

Parliamentary Committees - the Public Accounts Committee in particular, on the basis of the C&AG's audit reports hold the public bodies and parastatals to account for their actions.

Supreme Audit Institutions (SAIs) or National Audit Offices through financial and compliance audits of government departments and public sector organizations report on the validity of financial information and the extent to which the bureaucracy operates within stated authorities. Performance audits provide an assessment of the management of financial, human and physical resources with due regard to economy, efficiency and effectiveness. Such information is necessary for knowing which government programs are working and which are not, and why. The focus of activities in the C&AG's office in Bangladesh, at present, is on financial and compliance audits. However, increasingly more emphasis is being placed on value for money audits.

**Private Sector Auditing**

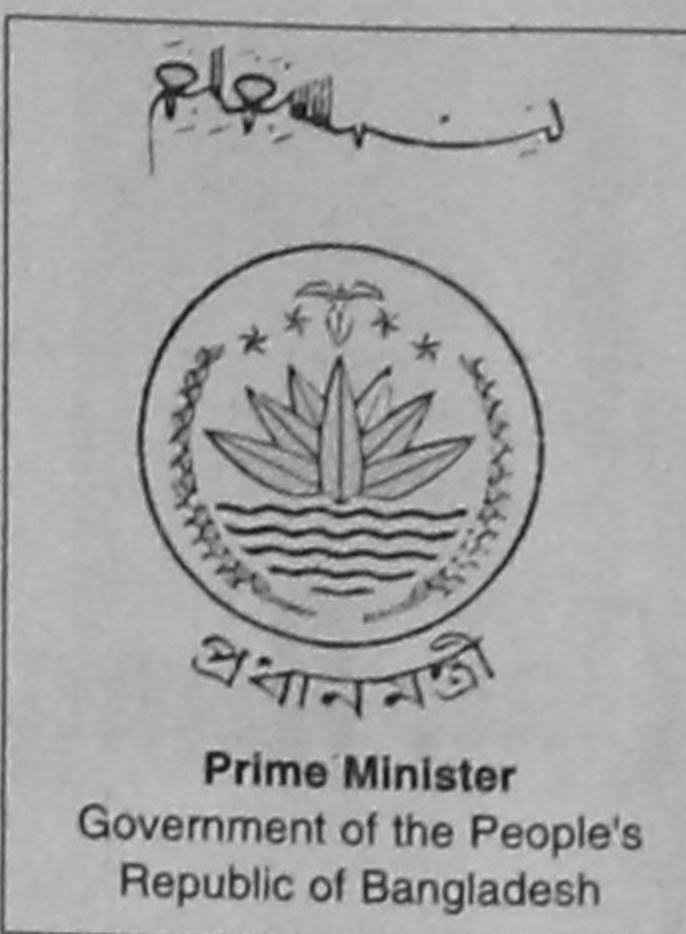
Private business firms and companies are required to be audited by Chartered Accountant (CA) firms under the Bangladesh Companies Act, 1994. Private auditing firms also audits many public corporations. The Chartered Accountants Ordinance, 1973 provides the basic legal framework for private sector auditors who are expected to follow International Accounting Standards formulated by the International Federation of Accountants in carrying out their audits.

The CA firms are required to certify that the accounting records and books of the audited organization are in accordance with generally accepted accounting standards and that the accounts present a true and fair picture of the transactions that have taken place during the audited period. Shareholders are interested in knowing about a company's ability to generate profits, while institutional lenders are interested in knowing about its ability to repay its loans. The National Board of Revenue (NBR) is interested in knowing whether the certified accounts portray a true picture of the company's profitability in order that it can make a proper tax assessment.

**Conclusion**

The future will usher in accelerating change driven by constant improvements and innovations in information technology. Oversight institutions, like everyone else, have to be sensitive to the changes taking place and respond accordingly. Globalization has created an interdependence and interconnectedness between nations.

This demands conformance with international norms. The role of government is changing - it is doing more and different things in different ways. This demands that oversight institutions make appropriate adjustments. The three oversight institutions that are the focus of this conference have to constantly remind themselves that their credibility and effectiveness are directly related to their independence and the quality of their work. This means that they must pay continuous attention to providing relevant, objective and timely information for their users, emphasize quality in all their work, have suitably qualified and trained people in their ranks, keep abreast of modern methodologies and best practices in their respective areas, and making full use of information technology.



**Prime Minister**  
Government of the People's Republic of Bangladesh

**Message**

I am happy to learn that an International Conference on "Improving Oversight Functions : Challenges in the New Millennium" is being organised in Dhaka by the office of the Comptroller and Auditor General of Bangladesh in cooperation with UNDP and the World Bank.

National Parliament, the office of the Comptroller & Auditor General and similar institutions being entrusted with oversight functions play a significant role ensuring balanced, optimum and efficient utilisation of our resources. I believe that the outcome and recommendations resulting from the deliberations of the conference will be helpful in ensuring accountability and transparency in Public Administration towards good governance.

I wish the conference all success.

Joi Bangla, Joi Bangabandhu  
May Bangladesh live forever

*Sheikh Hasina*



**Message**

I feel honoured to host the International Conference on "Improving Oversight Functions : Challenges in the New Millennium", in cooperation with UNDP and World Bank.

With the advent of the new millennium, new concepts are emerging in globalisation process, government administration and modern management practices. Oversight functions play a significant role in ensuring pro-people administration, participatory management and professional development towards establishing good governance. Parliamentary oversight functions and the responsible role of the office of the Comptroller and Auditor-General make important contribution in establishing financial discipline.

In the context of a developing country, it is not the shortage of resources but rather misuse, wastage and corruption, which are the principal bottlenecks towards optimisation of resources. Efficient, pragmatic and effective oversight functions are necessary which act as an aid to good management practices. I believe the Conference will deliberate on issues of determining the needs of audit, identification of appropriate reforms, international cooperation and make realistic recommendations to this effect.

The kind participation of the distinguished foreign delegates would make the Conference meaningful and productive. We feel encouraged, inspired.

My sincere thanks and gratitude to the officials and staff who have worked hard as well as those who have cooperated for the success of the Conference.

*Syed Yusuf Hossain*

**Syed Yusuf Hossain**  
Comptroller & Auditor General



**Message**

The dramatic expansion of representative government that has taken place in the 1990s has brought with it a dramatic increase in the general public's interest in and insistence on accountability in the public sector. The old slogan "no taxation without representation" is now in a growing number of countries being taken one step further because the voters consider their right to know how "their resources" in the public realm are being spent. This move towards greater accountability has taken place in tandem with the dramatic expansion of the Internet and electronic communication, making it easier than ever before for ordinary citizens to acquire information — also about issues pertaining to public finances.

Against this background, the international conference on "Improving Oversight Functions : Challenges in the New Millennium" is both a timely manifestation of this world-wide trend and a welcome opportunity to explore its institutional and practical ramifications. I applaud the Office of the Comptroller and Auditor-General for having seized the opportunity to host this important conference intended to highlight the roles of principal oversight institutions in Bangladesh and the various methods and ways available to improve their effectiveness.

UNDP is proud to assist the conference financially through the STAG project and to sponsor it jointly with the World Bank. We are committed to promote good governance and to contribute towards the world-wide momentum towards greater accountability in the public sector. We hope that this conference will yield practical solutions for strengthening the Comptroller and Auditor-General's office, the various Parliamentary Committees concerned and the accounting profession. I extend my best wishes to the organisers and wish the conference great success.

*Jorgen Lissner*

**Jorgen Lissner**  
UNDP Resident Representative in Bangladesh