

# Assessing importance of audit in a limited resource environment

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ANOTHER financial year has already begun. Much talked about and well thought out objectives of eradication of poverty, enhancement of the standard of education and ensuring better healthcare are set. Attention of the public is focused on how the task of development would be executed with less foreign borrowing and more local resources. For an effective development that ensures better life for the people it is imperative that committed resources are collected. As such the agencies engaged in that task are incessantly asked by the authority to gear up their action and move fast to reach the target.

A write-up in an esteemed national daily revealed that the monthly target of revenue collection for the month of July has been set at Tk one thousand five hundred 28 crore. But the receipt has been one thousand four hundred 31 crore. The balance 90 crore remains unrecovered though the monthly target has been set at four hundred crore less than the average monthly target of the fiscal year. Of the many reasons for non-recovery may be improper assessment or absence of good number of clients beyond the tax net. If audit could be used in the estimation stage and the objections raised by audit were adhered to the assessment, collection of revenue and its recording could give a better picture. One example of direct contribution of audit is found in the report of the auditor general of Canada's April 2002 publication. It revealed that under 'fairness provisions', the Canada Customs and Revenue Agency waived or cancelled \$185.3 million in interest and penalties. But audit opined that the agency does not record the amounts waived in interest and penalties and the reasons for waiving them is still a concern. Some eminent scholars claim that audit can really contribute in the GDP growth is proven by this type of reports.

The concept of productive administration may be thought of at this stage. In order to make an administration productive, assessment of what has been achieved and what went wrong needs to be frequently done. In simpler term it can be stated as a work of constant comparison between what is done with what has to be done in order to determine what is to be done. Present day audit can help administration in that task. Before we explain how audit can do that some background information are needed.

The present day audit report often speak not good of executives rather there is a tendency to highlight only failure. Little attempt has been taken by audit to identify the reasons for such failure. It only mentions about non-compliance of probity and propriety. The executive has seldom sought the help of audit to mitigate their inadequacies. Audit has also not come

forward because of the non response of the audit to what has been told by audit. As a result, amount summing upto Taka 15,000 crore for audit objections remains outstanding since independence.

Reasons for such attitude can be ascertained by analysing the socio economic perspective of the period when the objections were raised. In the early fifties the country was in a state of restlessness due to direct threat on its culture by the foreign rulers. The question of financial discipline was of less concern to those who spent the money.

Again in the sixties when more money was infused in the economy, the share of Bangladesh (then East Pakistan) though quite negligible, the accounts keeper and the user of that money did pay attention to how the money was to be exhausted than to why the money was to be spent. The audit objections remained the same. In

all forms of irregularity, malpractice or white elephant purchase. People are conscious of what is happening with the money and want to know more about how best that can be utilized. The international agencies are calling us corrupt, they are citing examples to prove their statements. Obvious reason for such comments is the non-accounting of the thousands of dollars that have come to the country and non-conspicuous result out of spending from that fund. The question is where the money has gone.

Practice of fraud is common all over the world. Enron or WorldCom are cases of fraudulent practice. Question of ethics has cropped up as a sequel. Audit seems to have brought to the forefront the question of accountability. Better audit means better accountability. The process of better audit is not difficult or cumbersome rather simple and straight: How the money is

purpose of providing educational grant to non-government schools is to bring more students to academic institutions, spread educational facilities to every nook and corner of the country. But without ascertaining the area that would be covered by grant receiving schools and commitment of those running the schools, it is undeniable that such sanction of grant would only mean spending tax-payers' money for a noble cause without result.

Since modern day audit brings auditee and auditor on the same plank in determining plans and subsequent clearance it is imperative that both possess a clear and complete knowledge of the organization that is being audited. At all the stages of audit, that is, from planning, examination to report writing the auditee needs to be involved. One reason for non-compliance of the audit objections or observation is the non-involvement of auditee in the audit process. Such proposition may seem ridiculous to many who believe that audit is something quite pious and untouchable. If we believe that the money of the government is something not to be amass by a few and that everybody is accountable for what he possesses on behalf of the government then the user and overseeing agency may both work together to find out the right way and ascertain what goes wrong in the system.

If we look at some countries around we may find that in spite of political or geographical problems their financial discipline remains commendable because of the ever alert system of overseeing agency. The agencies engaged in revenue collection or tax administration are not failing in their duty, audit remains aware of what is happening in financial administration, provides information to make necessary adjustment where needed. To keep the ball rolling in the positive direction it is imperative that the audit should be relied upon. In our country the wheat scam could be early detected if proper audit were carried out not only of the storehouses but also of what had been stored.

If auditees are involved in the audit process the nature of audit and the style of reporting would be more meaningful. The incumbent would be more aware of what they are doing and what they would do in the future. A change of mindset is needed at this point. Instead of looking at the auditors as foe and the auditees as guilty of misdeed all the time both auditor and auditee can act together for the betterment of financial administration which is very much needed at this time of resource constraints.

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the late sixties when the question of liberation became prominent the spenders of government money again closed their eyes and ear to what audit was showing or it raised.

Even after independence when millions of taka started coming to the country the audit raised objections, made observations on how the government money was spent and how the financial irregularities were perpetuated but little had been adhered to by the auditee. This resulted in corrupt financial administration.

It is undeniable that audit as we practice in the country is not adequate to cater to the demands of time. The clients complain about the inadequacy of information and evidence in the audit reports. The members of Public Accounts Committee also expressed dissatisfaction about the quality and contents of the reports. The donor agencies, development partners often raise the question on the effectiveness of audit itself.

Over the years the budget has been inflated; the expense has risen in all heads of accounts. Audit in its manifold ways can help the spender of scanty resources determine where to put more and where less would not be harmful. Examples of developing countries reveal that the advisory roles of audit not only help in minimizing the wastage but also restructuring the plan of the government where needed.

Everyday issues those draw attention of the public are all about corruption, embezzlement and wastage of government money in

spent, why the money is spent, what is the benefit accruing out of such expenditure? Better audit will find answer to all these questions so long audit was confined to the first question with little or no emphasis on the other two numbers. The results of the findings of audit are reflected in financial audit reports. These reports are not complete in their format and contents; especially they are not sufficient to provide information to the management to take decision, say, for economy of expenditure, efficiency in performance or effectiveness of programmes. The same old objections are repeated, same old language and jargon used and same old reply sought. Time passes, the executives are changed, the policy makers are gone, and the objections remain unsettled and even lose significance.

Now the premise is set, the reasons established, an elaborate route map is to be developed. Let's start with the purpose of audit. The objective and plan for audit are to determine whether the expenditure of the government has achieved the target. The question that becomes pertinent is what are the criteria on which achievement of target would be fixed? The project proforma or programme files may state the criteria to be followed in audit. But it does not speak how the targets have been set; neither does it tell how the criteria would be met. If we consider the targets well set can we determine whether they have been set judiciously or in exact manner? For example the

situation in the economy. We should support the real sector and efforts should be made to ensure fiscal discipline and curtail unnecessary expenditure. We can also stop unjustified annual outflow of billion of dollars. Though government has already constituted Public Revenue Commission and Public Expenditure Commission to take steps on prioritising expenditure and bringing reforms in the overall budgetary system, we want to see how fruitful result can be achieved.

We know that we have not so much of resources or in other words, we have not been able to make resources required for a country

in monetary policy are necessary in order to encourage the growth of domestic savings. To suit everyone's pocket new schemes should be introduced with attractive rate of interests, ceiling of investment should be revised, more facilities should be offered to the wage earners and facilities of investment for the small savers should be widened in both rural and urban areas.

Thrift and savings at all stages are prerequisite in attaining self-sufficiency. Not only on October 31, we can draw the attention of our people to the importance of thrift throughout the year. Sometimes the question of thrift or savings gives rise

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where nearly 135 million people live. The aid giving countries have tightened their flows and it is true that we are not receiving much assurance of foreign aid or assistance from donor countries. We will have to depend on our own resources. So mobilisation of more domestic savings is needed.

Without capital development cannot be ensured. Government can take some proper steps which can help bring quick economic development. Certain positive steps should be taken to encourage the saving habit in the country. Certain immediate steps can be taken to reorganise, overhaul and strengthen the entire institutional machinery for savings in the country. The National Savings Organisation of Bangladesh and its management should be completely reformed, reorganised, put on a sound basis and the government could give it all the incentives for mobilising domestic resources like savings.

Not only institutional reforms, certain policy changes in savings and

to question of ability. According to some, saving increases when income increases. Saving, no doubt, is inseparably linked with income, but it is not always true that saving increases with the increase of income. The main basis of saving is the will and eagerness to save in the life of an individual. Savings mean a good family budget, that means spending according to earning, that means proper utilisation of income by controlling the expenditure. In the sphere of national economy saving means prosperity, checking inflation, arresting price hike, accumulation of capital, mobilisation of resources, checking wastage or unnecessary expenditure and creation of employment opportunities.

We should not forget that we live in a developing country. Bangladesh has a high population growth rate, high density of population, a low literacy rate, poor health condition, low income and very low per capita savings. Though traditionally saving means postponement of luxury

consumption, in the context of Bangladesh, it might mean sacrifice in the real term by reducing essential consumption. Considering all the truths one is to save for the future benefit of his children and the welfare of the family.

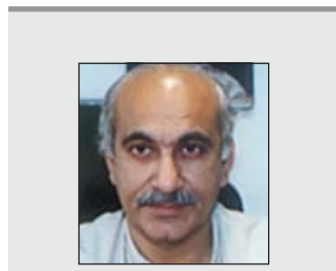
Saving is a human instinct. It is inherent in all rational beings as are the instincts of future care and procreation. There is a natural propensity in human nature to strive to earn and save to spend. The archaeological discoveries of earthen pots and remnant structure of stores, tend one to believe that even thousands of years old civilisation had well-developed sense of saving and self-preservation. In rural areas, in spite of some people's extravagant and lavish expenditure, ordinary women folk are perhaps in better position to preach on the wisdom of savings for hard time. The housewife's lifting of fistful of rice from every day's ration, to be put away before it is cooked, is indeed a symbolic act.

The World Thrift Day is the day of launching a worldwide drive to popularise the idea of thrift and savings. The observance of the day stimulates public attention and activity and in connection with matters of importance seems to have its appeal and effectiveness. The day which concerns a matter of vital national interest to both developed and developing countries, deserves to be observed widely and with due earnestness in our country also every year.

Thrift is a virtue. "Savings for development" is a slogan which must reach every household of the country. The traditional role of savings providing individual security must be blended with the social goals of development and progress.

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# A Paris diary



M.J. AKBAR

WHEN you take a taxi in Paris you expect to be taken for a ride. The good news is that even a ride in Paris is enchanting. In the parks along the avenues the handsome, adult tress have turned to rust before the fall. In the stylised square garden of Louis XIII at Marais the trees are still a light bright green but there is a feel of a last flutter in the air. The gardener out there is either a mathematician or a barber. The trees have been haircut into identical oblongs. In another place, another city this affection might have seemed gauche. Paris carries it off with panache. Louis XIII clearly took a singular decision and the citizens of this district, Marais, left their inheritance alone -- it would have been gauche to interfere. The centuries-old bakeries of this *arrondissement* have become shoeshops now but are still called bakeries. Everything changes and nothing changes. The Eiffel Tower wears electricity over its steel, and a lighthouse beam rotates at the top, searching for nothing more significant than attention. You can still crunch the leaves on the banks of the Seine, but the famous lovers are not around any longer to steal kisses. That stands to reason. There is nothing to steal these days, for no one has anything to hide in this Age of Just Do It. Lovers do not need the silence of the Seine; they are all in their drawing rooms, searching for inspiration from television during a pause. The fact of the matter is that sex has become a matter of fact. Even in Paris.

YOU and I shrug. A Parisian does not shrug. A Parisian does a tap dance with his shoulders. There is nothing indifferent or diffident about a shrug in Paris. It is full of pathos, and fit for opera. The reason may be trivial, or not. The reaction is never less than momentous. When a lady in a car a good foot lower than our taxi loses the balance of her nerves in the middle of a well-structured traffic jam on the Rue Bonaparte, and begins to scream, our driver responds with a Parisian shrug, some silence and then well-meaning advice on how she should spend her time home with her children before he slips through a glimmer in between the cars. I can report that the authorities are trying to do something about these famous traffic jams. The Rue Rivoli for instance now has a separate lane for taxis and buses, although every owner of a car has not been informed of this change. That jam has yet to become butter. The Parisian traffic settles in the mind before it congeals on the street. The Frenchman will never surrender his fundamental rights, having won them at such substantial cost two hundred years ago. The primary right of the motorist is to press the accelerator with as much force as he presses the brake, in quick succession. He also has the right to gesticulate his attitude towards life with both hands, while driving.

TWO centuries after the first, a second French Revolution is taking place. The French are speaking English. Arguably this achievement is on par with beheading the Bourbons, dealing with Danton, surviving the hope and despair of Napoleon

and coming to terms with Waterloo. In 1815 the French accepted the victory of the English on the battlefield; they are learning to accept the victory of English in the classroom, the cafe and even the coiffure. Waiters now actually bring food when you ask for beef instead of *boeuf*, throwing in an indulgent smile for free. This is a stunning philosophical and psychological somersault. It would however be incorrect to say that all the old fire has died out. There are still twentieth century cabdrivers who, when it is midnight and wet, curl their upper

Nord shows a young man leaping into the air because he has successfully mastered "Wall Street English". I had heard of cockney English, pidgin English, Indian English, Oxbridge English and BBC English. What was Wall Street English? It was a triumph of positioning. The French have bypassed the channel and moved directly across the Atlantic to Wall Street American. English has been shown its place, as it were.

FRANCE's argument with America is political and cultural, not linguistic.

## BYLINE

**THE true beauty of Paris is not in the tourist brochures or the sales pitch of cathedrals, however wondrous they may be. It lies in the love with which an anonymous architect has shaped the unknown cornice. Every corner of this city is a small dream; every district a collective inspiration preserved with passion. In the Second World War the French surrendered to the Germans rather than let Paris be destroyed by the Luftwaffe and artillery of Adolf Hitler. Six decades later the French have recovered the pride they lost in 1940.**



lip at the sound of English and insist, with all the familiar ardour and zeal, that they are going in exactly the opposite direction to which you desire to travel. There is a glint in their eye as they leave you stranded and miserable on the Champs D'Elysee, the warmth of an excellent meal and fine company oozing out of your pores with each icicle of rain. But these are yesterday's warriors, content with minor triumphs in meaningless skirmishes. The war is lost. English is taught in every school.

The French are, though, trying to salvage a last laugh from this horrendous defeat. An advertisement inside a train on the fast Metro between St. Germain and Gare du

There is muted glee in the French government over having slipped a bit of smooth oil under the feet of George Bush as the American President strides purposefully towards war with Iraq. The Americans lost their way when they got stuck in a confrontation of words, specifically the United Nations resolution meant to authorise President Bush's demolition of Saddam Hussein. France, with the open help of Russia, has bought some very expensive time at a very cheap price for Saddam. Of course Iraq will pay for this through some fancy deals in oil and weapons with Paris, but that can only be to the greater glory of the tricolour Republic. There is also some superior sniffing going on at

India has arrived, via Hollywood.

the manner in which the British have remained faithful to their American masters. Add to the sniff some mock horror: the poodle is supposed to be a French dog, is it not, so why is Tony Blair behaving like one ha ha ha? The only serious sign of British independence from America on Iraq is visible in some of the British media, which still knows how to laugh at itself better than the French. A plaintive cartoon in *Private Eye* has George Bush saying: "The only way to find out if Saddam has got those weapons is to attack him and see if he uses them."

THE headquarters of the police and the headquarters of religion are literally next door to each other in Paris. Symbolic? Where should the wages of sin be paid? In prison or the confession box? Which is more necessary for the common good? The plain cell of the prefecture or the magnificent cathedral of Notre Dame?

One of the real dangers of this city is that even the mundane can tempt you towards philosophy. That is the power of beauty. Of all the sights of Paris nothing is grander than the Notre Dame, particularly now that the darkness of centuries has been scrubbed from its walls. The soul can search for sublimity here.

Luckily the police headquarters reminds me of The Pink Panther. I half expect Peter Sellers to come tumbling out, closely pursued by a tumbling Herbert Lom, both tripping into the Seine. Does my fancy exaggerate when I notice a veritable Inspector Clouseau on the street? The police officer does have an expression that says that there is no point in trusting him too much. Tales of petty crime abound. I suppose they would in any city with so many tourists. Indians of course have the best stories. One is spreading word that all he did was look up at the flight timings at Charles de Gaulle airport to find that his suitcases had vanished from under his nose. He must have taken his time to read that screen. Or maybe he was confused to find French written in the English script. When he complained to the police they apparently told him that he was the 24th person to make a similar complaint within the hour. I just hope the other 23 were not Indians from the same flight.

THE true beauty of Paris is not in the tourist brochures or the sales pitch of cathedrals, however wondrous they may be. It lies in the love with which an anonymous architect has shaped the unknown cornice. Every corner of this city is a small dream; every district a collective inspiration preserved with passion. In the Second World War the French surrendered to the Germans rather than let Paris be destroyed by the Luftwaffe and artillery of Adolf Hitler. Six decades later the French have recovered the pride they lost in 1940. But if they had lost Paris as well in 1940 there would have been nothing to recover from the rubble.

It was a good bargain. The best contemporary bargain in the city could be a bar Buddha Bar, just off the city's most fashionable shopping area behind the Torcadoro and Place l'Concorde, is setting the style in evening environment, decor and music. They might want to improve their food though. Guess which song they are fusing their local genius to right now? *Indipop*. Things that go oooooooooooooo into the night with an Indian warble and Hindi words like *Payon mein ghungroo lagte hain*....

India has arrived, via Hollywood.

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# King leads the revolution Of Africa and a folk tale

M SHAFIULLAH

THE star attraction of the north African counties is the overshadowing presence of the great Sahara with its many splendours in the south and the blue water of the Mediterranean washing the northern shores. It's a fascinating mix of African, Islamic, Arab, Berber and European influences. For the unconventional but enterprising travellers who do take risk to explore parts of the mighty Sahara it is discovering a superb natural beauty -- unspoilt and uncrowded. To be face to face with the thousand and one shapes and sizes of God-crafted rocks and the pre-historic cave paintings of the Acaucus Mountain some two thousand kilometers south to Tripoli is once-in-a-lifetime experience. On the northern shore again Carthaginian, Phoenician, Roman and the Greek gods crossed their road and the successors built Leptis Magna and Cyrene on the coast. A visit to Leptis Magna is widely regarded as the best tour of Roman archaeological ruins in the Mediterranean coast. Unique feature of the countries are that inhospitable terrain of Sahara burns, overwhelms them in the south, hosts the tribes in the oases and the Mediterranean climate and olive groves south coastal populace in the north.

For the 'prestige-seeking' West-bound Bangladesh diplomats, the region holds no charm, hardly any attraction for an assignment. But then some are thrown out into the

proverbial lion's den, who struggle to survive and then come out with rare experience to share on occasions. Africa, to quote Col. Muammar Gaddafi, great leader for 34 years of the Libyan '1st September' Revolution, is the continent of tribes. On 31st December 1998 tour-guide Hasan drove his passengers from dusty former slave trade centre of Gadhames for hours to reach a destination just before sun set to mark the new year's eve. The 4-wheeler stopped at the edge of a salt lake, as if it suddenly came out of the heart of Sahara! The team of men and women instantaneously looked at each other in sheer disbelief that their long shadow under the setting sun were reflecting on the water in the desert lake. The guide asked his folk who were momentarily lost in thought, to scale the horizon for a lesson about the geographic location of the spot. Hasan explained Gadhames falls in the crossroad of borders of Algeria, Libya and Tunisia and had been a convenient caravan route as well as market place for once flourishing slave trade of hinterland of mid-Sahara.

Tuareg tribe predominate the region. National national boundary among the nations in Sahara may perhaps exist in the survey map but for the tribal people in the desert only a different tribe is their boundary for each other. The tribal elder welcomed the tourists in his spacious tent. Tuaregs wear a blue or white head gear tied in such a way

that it covers most of the face and a long flowing unstitched cloth to protect against sun and dust. They speak Berber dialect. The guide acted as the interpreter for the team. The Chief said that Sunni sect of Islam is the predominant religion and is one of the few things which unites a number of fairly disparate groups. After surveying the composition of his guests in the tent the host assured that there were small number of adherents to Christian and Jewish faiths in the region. Tuareg women play a much more active role in the tribal life. A curious western diplomat asked for how long he would continue as chief of the tribe, the elder recalled a story which runs like this: Africa is a land of animals, forest and tribes. Lion is the king of forest. After ruling the disparate hybrids of animals for a long time the lion felt ageing and the ailing. Out of exhaustion he once fell at the edge of the forest. Hours after a young lion while on look out for a kill of the day was enraged to behold the insolence of a bevy of flies covering the fallen king from head to toe. The young one sought the permission of the ruler of the jungle to drive out the audacious flying insects. The old one in an agonizing roar forbade to do so advising that although the sitting flies were irritating him but they no longer could suck his blood, for their stomach were full. If he drives them out, another bevy of hungry insects would suck the last ounce of his blood. Inexperienced of jungle rule, in disdain the young lion smashed

by paw a few of the fat flies who could not fly, drove the rest and went for hunt. Soon a fresh wave of hungry flies sat on the oozing body. Roar of the old lion was heard no more. And silence fell on the forest. Tribal people take lesson from animal kingdom, the chief concluded.

In the African tribal system how a king ensured his long rule and that of his successor was illustrated in another folk tale. According to legend the king of the Garamantian empire in Fezzan in the south-western Sahara spent uneasy nights after his prime minister submitted in audience that there was discontent among his subjects. Unlike the present day flatterers, those were the times of the truthful and plain speaking ministers who submitted that the reason for rebellion against the king was that the lion's share of the meagre source of water, dates and camel milk were being consumed by the royal household leaving too little for too many subjects. The Monarch asked what was the likely success of the rebellion against the king. In the tribal tradition the prime minister conveyed to the king that the prospect of success was cent per cent. The shrewd Monarch mused for a while and decreed, "Tell my subjects that the king will lead the revolution."

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