

Public sector auditing: Importance and effectiveness

ASIF ALI

PUBLIC Sector enterprises in Bangladesh include nationalised banks and financial institutions, autonomous and semi-autonomous statutory bodies and all other enterprises with the government having 50 per cent or more shares. Government has a huge involvement in terms of grants, subsidies, and liabilities in this sector having an explicit impact upon the economy of the country. Public Sector Auditing is, therefore, one of the important tasks that the office of the C&AG is engaged in. With the changing public sector governance environment due to global competitiveness and greater use of Information Technology (IT), government auditors need to tailor audit approaches suited to the dynamics of contemporary operational situation. Need to establish strong corporate governance standards is a constant pressure on public sector auditors. It is necessary, therefore, to provide tools and strategies to fulfill the increasing demands on the modern day Public Sector Auditor. Challenges to the Public Sector Auditing are:

- + Selecting the right kind of auditing e.g. Financial auditing, Issue based Auditing or Performance Auditing;
- + Assessing internal controls properly;
- + Disappearing documentation in an electronic age;
- + Detecting fraud and other financial irregularities in large organisations;
- + Maintaining and enhancing professional expertise;
- + Framing of appropriate audit plan incorporating effective audit strategies;
- + Assuring high quality auditing;
- + Producing quality assured Audit Report useful to the Parliament and other stake-holders.

Financial or traditional auditing focusing on compliance with budgetary and financial regulations do not fulfill the requirements of total assessment as to the cost-effectiveness of the enterprise which needs to be gradually substituted by strong in-built Internal

Collaboration with the Private Sector Auditing profession through exchange of information and expertise may help strengthen Public Sector Auditing of Comptroller and Auditor General. Experience of the Private Sector enterprises with regard to Internal Controls, Internal Audit, Performance Budgeting etc. may also help CAG's audit to recommend improvements in the Public Sector enterprise management in those important areas.

Auditing System. This is greatly lacking in the Public Sector Enterprises where the existence of Internal Audit is not adequate in most cases. Issue based auditing covering a number of organisations at a time with as many audit parties could bring out meaningful output. System loss, Public Wastes, Procurement weaknesses, Poor inventory control etc. could be substantive areas for issue based auditing. Performance auditing measures the extent of outputs achieved against the targets of goals, money and time. It could be carried out on the organisation as such or one or a number of important issues of the same organisation. Also called Value for Money audit, Performance audit has to a great extent wider purview in the Public Sector Auditing of Bangladesh inquiring into economy, efficiency and effectiveness of public spending. Some of the pertinent queries to be answered in this regard are:

- + Should performance audit be about accountability for the past or about improving the future?
- + Why does performance audit not examine success rather than failure?
- + How performance audit can help to bring about real improvements in public sector provision?
- + Is performance audit compatible with innovation and creativity?
- + Performance audit has to address the following issues:
 - + Performance audit plan is an essential element of the accountability process in all public jurisdictions;
 - + Difficulties of negotiating the grey area between investigating performance and commenting on policy implementation matters.
 - + Implications on performance audit when decisions are difficult to be

separated from implementation;

- + Implementing an effective performance audit programme to add value to the public sector administration and accountability.
- + Assuring quality performance audit, audit of performance indicators (PI) in the public sector has to be taken into cognizance in full scale. Audit of PI relates to the performance management and reporting framework as pre-emptive evaluation of the performance assessment. The following issues are important in this regard:
 - + Developing effective performance information to assist, measure and report on the performance of government agencies;
 - + Purpose of PI auditing;
 - + Guidelines for auditing public sector's PIs;
 - + Making performance information and PIs work in coherence in the public sector.

Globalisation, the connected economy, technological innovation, industry consolidation and other unrelated factors have made the public sector operational environment increasingly complex creating newer risks for the management. Ineffective management of these risks could result in strategic misalignment, narrowing margins and operating losses, product failure and potential litigation - all of which have significant impact on public value. It is necessary, therefore, to fix up an Enterprise Risk Management (ERM) audit strategy to assess the effectiveness of corporate governance processes and risk management activities.

- + Information Technology (IT) Risk Assessment and Information System (IS) auditing for the Public Sector have assumed growing necessity in our country. The following issues are

important:

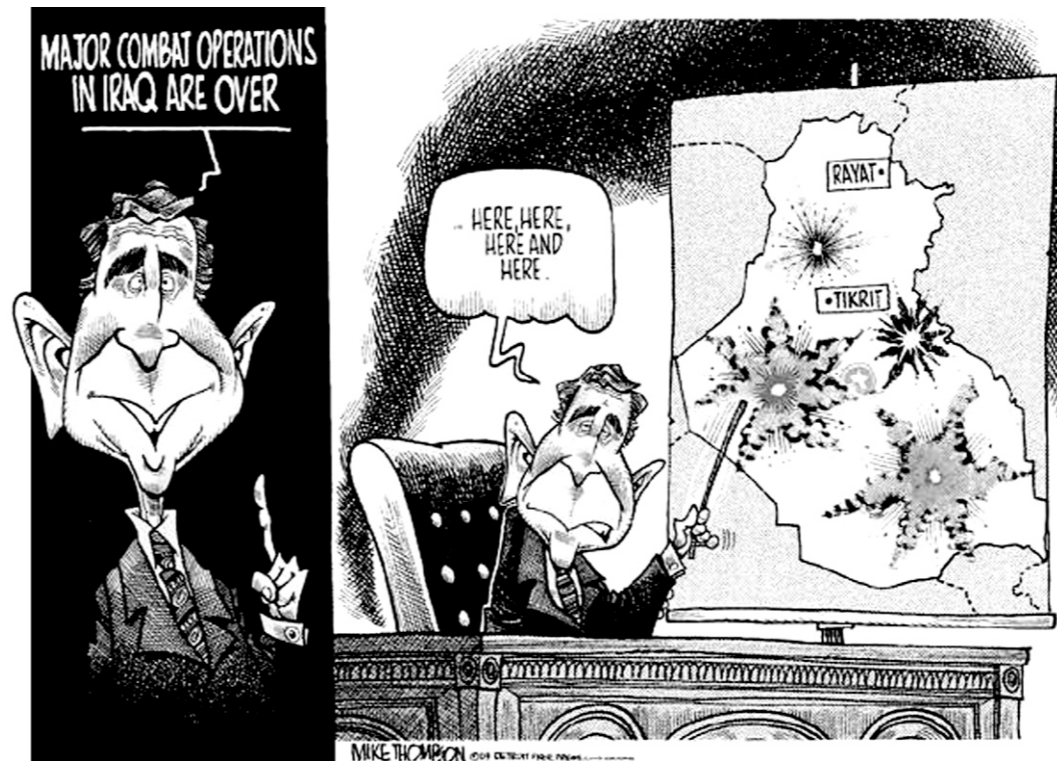
- + A practical approach to public sector enterprise-wide IT risk assessment;
- + Developing a risk-based IS audit work-plan;
- + Integrated auditing approach putting IT risks into the right operational context.
- + Audit impacts of commercial confidentiality as and when appropriate in the public sector involves the following issues:
 - + Increasing incidences of commercial confidentiality in the public sector;
 - + Audit implications of commercial confidentiality;
 - + Preparing audit reports that explore the relevant issues without disclosing commercially sensitive information;
 - + Establishing an accountability

frame-work that will balance government's requirements for accountability to the use of public resources and commercial interests. Collaboration with the Private Sector Auditing Profession through exchange of information and expertise may help strengthen Public Sector Auditing of Comptroller and Auditor General. Experience of the Private Sector Enterprises with regard to Internal Controls, Internal Audit, Performance budgeting etc. may also help CAG's audit to recommend improvements in the Public Sector Enterprise management in those important areas. Recently a presentation on "Bank Loan Management and the Internal Audit

perspective in Grameen Bank" in CAG's office by the Dy. Managing Director of Grameen Bank demonstrated how a highly skilled, proactive and field oriented Internal Audit structure has ensured a viable and productive banking by complementing the management's efforts of maintaining a sustainable framework through Enterprise Risk Management and keep vigilance on the performance indicators.

CAG office has taken full stock of the public sector auditing perspectives and is in the process of fixing up appropriate audit strategies to carry out effective audit and recommend necessary measures to improve upon the Public Sector Enterprise Management. Recently announced short, mid, long and CAG's tenure term Work Plans encompass strategies to produce quality assured audit report in which Public Sector Enterprise auditing has been duly prioritised.

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TALKING BOOKS

Discovering delights of intellectual exploration

YASMEEN MURSHED

AT this age, with a sense of time flying superphonically by, one tends to focus on the essentials of life. In my case these are my faith, my family and my books in precisely that order, so trying to think of an interesting yet meaningful subject for a weekly column, "Books" seemed the obvious choice. The title is admittedly taken from the BBC weekly programme about films but it seemed to describe precisely what I want to do in this column talk about books. All kinds of books, old books, new books, rare books, books-that-I-enjoy, books-that-I-hate and books-even-yet-to-be-written books. I am sure the Beeb will forgive this mild plagiarism.

So Reader(s), in the plural I hope, you will join me on my armchair travels through time and space to glimpse the unique vision that hundreds of writers have shared vividly, exuberantly, often passionately and sometimes prosaically and boringly with those granted the gift of the written word. I do not want to turn this into a review of books but to invite you to participate in "a melancholy of mine own, compounded of many simples, extracted from many objects," indeed a personal perspective on what has been a life-long passion -- reading books.

Reading is an activity that most of us engage in throughout our lives, be it the compulsory reading of school texts, quick scans of the newspaper headlines before rushing off to work, heading lugubriously through arid business reports or the other compulsory readings of adulthood. The written word is a constant companion in the lives of more and more people all over the world. But it is not the prosaic reading of everyday necessity that I plan to write about -- no, my column is a paean to reading for pleasure, reading to stretch the mind and gladden the heart, reading to while away rainy monsoon afternoons and cool winter nights, reading for a lifetime of mental engagement and emotional entanglement!

have been an inveterate reader since early childhood and in those early days of discovery each book was a complete world in which I could immerse myself thus shutting out my surroundings. As Stevenson wrote: This was the world and I was king; For me the bees came by to sing,

For me the swallows flew. At that age I agreed passionately with my favourite authors and what the book told me, however fantastical, became true and as tangible as the book itself. Each story, each event took on a physical reality for me and I was the protagonist in imagination and emotion. However time moved on and I found that, while living the life found in the pages of a book and the words of a favourite author my suffice in childhood.

It's a paean to reading for pleasure, reading to stretch the mind and gladden the heart, reading to while away rainy monsoon afternoons and cool winter nights, reading for a lifetime of mental engagement and emotional entanglement!

hood and even young adulthood, as one grows older one should be able to disassociate oneself from the thoughts and ideas put forward by others, to begin critical discernment and discover the delights of intellectual exploration.

The Turkish writer, Orhan Pamuk wrote in *The White Castle* "if you have a book in your hand, no matter how complex or difficult to understand the book may be, when you have finished it, you can, if you wish, go back to the beginning, read it again, and thus understand that which is difficult and, with it, understand life as well."

This reading and writing, for there must be the latter for us to be able to do the former, have become inextricably a part of civilization. From the earliest time people have felt the urge to express themselves in writing, to leave behind tangible proof of their existence in the stone tablets or papyrus rolls or parchment scroll or paper pages that we readers recognise as "books" today.

The Greek poet Martial said two thousand years ago, Homer on parchment pages! The Iliad and all the adventures Of Ulysses, foe of Priam's kingdom!

All locked within a piece of skin Folded into several little sheets!

There is an acute sense of anticipation and delight in first picking up the "several little sheets" of a new book new, of course only in the sense of unread. One is set to embark upon a marvelous adventure beset with fresh and intriguing new delights and the keenness of anticipation which can only be spoiled by the boredom or incomprehensibility of the writing. Alas most modern fiction falls into one or the other of the latter categories simply because it has become fashionable to be elliptical and to forget the plot for chapters at a time. For fiction my motto is like Alice's "start from the beginning and go on until the end," but sadly the splendid art of Dickens and Goldsmith, Austen and Bronte, Steinbeck and Hemingway, finds its home only in the pen of a Seth or Atwood and eludes many of their other contemporaries.

A book that has enthralled me recently is *A History of Reading* by Alberto Manguel (pub: Vintage Canada). Although it was first published in 1996 I had never heard of it until I came upon it by chance in a Toronto bookstore. A first glance told me that it was going to be a veritable treasure trove. How right my instincts were! Everyone who enjoys reading and is fascinated by arcane but interesting facts, as I am, will find this book captivating.

Manguel says that, "the history of reading is the history of each of its readers. Like the act of reading itself a history of reading jumps forward to our time to me, to my experience as a reader -- and then goes back to a different page in a distant country or time." But the danger of this immersion into the world of books is the inescapable fact that "you cannot embark on life that one-off coach ride, once again when it is over" and reading can only be a second hand experience however enjoyable it may be.

Perhaps to that extent those who are incorrigible bookworms live vicariously and physical fulfillment pales in the face of intellectual enjoyment. To quote Diane Ackerman,

"The heart has a curfew. We can tell folk where and how we were, But we cannot tell them who. What a pantomime our lives."

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Hindus and Muslims

ARDESHIR COWASJEE

Brought to me the other day, by a Zoroastrian to whom it was given by a Christian in Switzerland, was a copy of an article entitled 'The Muslim Rule in India', written by a Muslim on the life and works of a Hindu scholar and historian. The common link between the Muslim writer, M H Faruqui, the Hindu historian, Bishambhar Nath Pande, my Zoroastrian friend and our mutual Christian friend is that all are men of goodwill, educated, rational and untouched by bigotry.

The article was first published in July 1998 in 'Impact International', based in London, which describes itself as 'a global Muslim newsmagazine', which started life in 1971 and is currently distributed in 85 countries. It is edited by M H Faruqui, a prolific writer on all matters pertaining to Islam, and has a readership of over 100,000.

Dr Bishambhar Nath Pande, author and editor and a senior member of the Congress party, disciple of Gandhi and friend of Nehru, was at the forefront of every non-cooperation movement against the British and was sent to jail eight times. He was first nominated to the Rajya Sabha in 1976 and lastly in 1988.

He received an honorary doctorate from Soka University, Tokyo, in 1992, and the Khuda Bakhsh Award for his untiring work towards communal harmony in his country. Congress had in it a streak of Hindutva militancy which only really surfaced at the time of the Babri mosque incident, and it was this latent tendency that made Dr Pande's work all the more important. He authored ten books in English and fifteen in Hindi. He died in 1998 at the age of 92.

Pande was an extremely cautious historian, realizing that the history of India was largely compiled by the British for purposes of expediency, and thus were many myths created, as always happens when history is expediently distorted, amongst them exaggerations about the impact of the Muslim conquest and the Muslim rule over India and its Hindus. The Muslims were generally depicted, in history and in school textbooks, as murderous tyrants, intolerant of the Hindus and their mode of worship.

The educational policies dictated by various governments-general were aimed at strengthening the communal differences, playing off one community against the other, which the rulers deemed would be greatly to the advantage of the Raj. To use Pande's own words: "History was compiled by European writers whose main objective was to produce histories that would serve their policy of divide and rule."

Faruqui quotes from a lecture given by Pande in 1985, the Khuda Bakhsh Annual Lecture: "Thus under a definite

policy the Indian history books textbooks were so falsified and distorted as to give an impression that the medieval [i.e. Muslim] period of Indian history was full of atrocities committed by Muslim rulers on their Hindu subjects and the Hindus had to suffer terrible indignities under Muslim rule. And there were no common factors [between Hindus and Muslims] in social, political and economic life."

He did not just talk; he acted. During the period Pande was governor of Orissa and thus chancellor of the state's five universities, he completely overturned the state curriculum, revised all the textbooks and set straight the historical record.

One of Pande's revelations of the truth and the overturning of an alleged historical incident concerned Tipu Sultan of Mysore, who, according to Indian textbooks, was responsible for the suicide of 3,000 Brahmins who objected to his forcibly trying to convert them to Islam. It transpired that the story emanated from a history of Mysore, written by a Victorian Englishman, and that no such incident had ever taken place. Tipu, whose own prime minister and commander-in-chief were Brahmins, far from indulging in forcible conversions, gave annual grants to 136 Hindu temples.

Pande, as relates Faruqui, has dispelled certain allegations against Emperor Aurangzeb who ruled over the Mughal Empire from 1658 to 1707, and who continues to be one of the most maligned of Muslim rulers, famed for his brutality, his bigotry, intolerance, murderous instincts and fanaticism -- renowned as a 17th century 'fundo', Osama bin Laden and Mulla Omar rolled-into-one of his day.

The unravelling of this myth began in Allahabad, when Pande was chairman of the municipality and was dealing with a land dispute. One party had filed as evidence a bunch of 'farmans' in order to prove that Aurangzeb had not only gifted the disputed land for the construction of a Hindu temple but had also provided cash for its maintenance. Pande was sure that they were fake, bearing in mind Aurangzeb's reputation as a hater of Hindus, temples and statues of deities. So he showed the 'farmans' to a lawyer friend, a Brahmin and a scholar of Persian, who declared them to be genuine.

Pande believed firmly in the innate goodness of human nature, and remained to the end optimistic that India would eventually find its way out of its periodic bouts of communal violence, and that, with the setting right of the national curricula and a revision of all textbooks relating to subcontinental history, the heritage of communal discord and the distrust and hatred of one community for another would fade away into oblivion.

On the subject of the Muslim conquest and subsequent ruthlessness of

the conquerors, one can do no better than turn to Hindu and Brahmin Pandit Jawaharlal Nehru - to his book 'The Discovery of India', and to what he had to say on the expansion of Islam and its arrival in India at the end of the 12th century:

"... frequent intercourse [trade and cultural relations] led to Indians getting to know the religion, Islam. Missionaries also came to spread the new faith and they were welcomed. Mosques were built. There was no objection raised either by the state or the people, nor were there any religious conflicts..."

"Mahmud's raids are a big event in Indian history... Above all, they brought Islam, for the first time, to the accompaniment of ruthless military conquest. So far, for over 300 years, Islam had come peacefully as a religion and taken its place among the many religions of India without trouble or conflict... Yet when he [Mahmud] had established himself as a ruler... Hindus were appointed to high office in the army and the adminis-

Ramadan promise

SYED F HUSSAIN

THE "Ramadan Promise" is a simple device for simple-minded Muslims. Muslims who have absolute belief in each and every word of the Holy Quran and who are serious about raising their position (Muqam) from that of a simple Muslim to the higher position of a 'Mumin'. A Mumin is a slave who is assured of his success by Allah in both the worlds. The "Ramadan Promise" is NOT a Sunnah or a religious binding but a skill to REMOVE one bad habit by REPLACING it with a good one thus helping oneself to organize his/her life to be nearer to his creator.

How to go about it?

Under the system, one is required to abstain consciously from committing habitual sins. Furthermore, he needs to replace the bad habit by at least ONE command from the holy Quran and/or a Sunnah (the Prophet's sayings). The practice should continue with full alert for 40 days including the 29/30 days of Ramadan. The number 40 has a great significance in almost all religions and faiths so is the month of Ramadan to Muslims. When one successfully practices the Ramadan Promise at least for the 40 continuous days with full awareness and consciousness then by the grace of Allah this noble practice becomes part of one's habit and remains with the person for the rest of his/her life. After about 5-10 years one will find him/herself a new individual worthy of receiving special favour from his/her Lord. One can witness the fruits of his/her "Ramadan Promise" in this life as well as in the life hereafter.

Mechanism and examples

Quitting one of the bad habits and replacing it with a good deed within a year (Ramadan to Ramadan) could be a personal triumph to any one. Undesirable habits like backbiting (Geebat), cheating, smoking, drinking, gambling, lying, stealing, taking bribes, breaking promises, wasting (own and others') time, being selfish and lazy, having an uncontrollable temper, making fun of others, to hurt some one's feelings, coming late to and going early from work, doing injustice to himself and others etc. A few more serious bad habits may be added to this list, which may be very personal and known to individuals only. It is

OUR TAKE

Tinted car glasses to go

JAMILUR RAHMAN

TINTED glasses of cars are going to be removed by Sunday. This is the latest plan of the home ministry to curb crime in the city. The argument in favour of not allowing cars to have tinted glasses might be strong. After all, police would like to see the passengers and what they are carrying. The criminals using cars with tinted glasses will be at a disadvantage, or that is what we go to believe.

So the city roads will be cleared of the vehicles which carry passengers not visible from outside. It will certainly add the much-talked-about transparency to the 'suspect cars'. The ministry's decision will also force the 'hazy beings' travelling under the cover of tinted glasses to think up something new to avoid detection. The home ministry strongly felt that something had to be done to contain crime. Hence, the embargo on painted glass.

In the recent past, police made little impact on the crime situation. Let's see why. Criminals are apparently thinking and moving ahead of the men and a handful of women too, chasing them. Police bosses have admitted that the professional criminals are better equipped (if not better trained) and have all modern sophisticated communication gadgets at their disposal. They outnumber, outmanoeuvre and outwit the poor fellows in charge of protecting citizens.

That is the oft-repeated story of crime and (no) punishment. Small wonder, criminologists, lawyers, jurists and of course the retired bureaucrats are closely examining the syndrome of 'unusual proliferation of crime'. Their findings get regular coverage in the press. Civil society members are also very vocal about the crime situation. There is an aura of the issue being addressed rightly.

But the criminals are untruffed as their only concern, the law enforcing mechanism, has failed to deliver.

The root causes behind the surge in criminality, like poverty, social unrest and ever-declining standards of ethics and morality in politics, have been identified by the experts. But few of them seem to know how the malady should be treated.

Now, the painted glass is the object of great suspicion. The criminals, we are told, are carrying arms and all kinds of contraband goods taking advantage of their poor visibility behind the dark glass of a car.

It sounds a bit like the ruse that the villains of vintage thrillers resorted to in the dim and distant past. Do we have to believe that removal of such glass will greatly affect the mobility of criminals? If that were true, why police are acting so late? After all, the unusual rise in crime in the city is nothing new, nor is it unknown that criminals don't love to be in full public glare. The tinted glass might have given them what they wanted. But what were police doing all these days? At best, they have discovered something not so special. At worst, people might begin to think how long they would have to bear with these routine discoveries which do not make them more secure.

Jamilur Rahman is an Assistant Editor of The Daily Star.

taught the truth, are not misled by rulers and politicians who, as with the British, practise the 'divide and rule' policy for their own survival and their prolongation in the seats of power. What easier way is there to do this than to distort history, facts, the truth and the minds and hearts of the present and future generations?

The federal and provincial ministers of education of the Islamic Republic of Pakistan are neither educationists nor is the subject of education dear to their minds or to their hearts. It is doubtful whether any of them have either the will or the ability to completely revise the national curricula when it comes to this country's history, consign the present textbooks on the subject to the WPB (their rightful place) and produce a new set of textbooks that deal with the compulsory subject, 'Pakistan studies', which are not deliberately designed to cripple the minds of our children.

Ardeshir Cowasjee is a renowned Pakistani columnist.

highly unlikely that a single person will possess all these bad habits.

One should evaluate and take an account of his/her own bad habits (if possible in the month of Shawal, the month before Ramadan). One should make a list of easily avoidable bad habits in him/her and easily achievable good practices of the prophet's Sunnah. Most importantly one requires to be spiritually ready to start his/her Ramadan Promise, starting with simple ones.

Open promise: It is important that the Ramadan Promise is to be known to very close ones, i.e. wife or other family members, colleagues and close friends. In case one breaks his/her promise even unconsciously, others who witness the promise i.e. partners, siblings, children or friends can help the person to remind about the Ramadan Promise that he/she made. It helps the person get back on track. Children or youngsters also should be encouraged to make their own Ramadan Promises and the promise to be known to their parents. A good and simple example to start with is to avoid or minimize 'vain talk' or backbiting (Geebat). This may be replaced for example, by pointing out some goodness in that person. Another example, showing pride (show off) may be replaced with offering 'Salam' salutation/greetings first to others irrespective of their social status. But most rewarding Ramadan Promise is to have a vow to memorise a few verses (minimum 3 ayats) from any part of the holy Quran, understand its real meanings, and practice it in one's own daily life. Also recite those verses in their daily prayers.

Private/personal promises: This second type of Ramadan Promise is not difficult to keep. It is a promise to oneself and only witness is Allah as he may not be able to let his weakness known to others. The bad habit may be replaced with one or more good deeds. An example of this kind of Promise is to avoid one of his/her secret bad habits and replace it with regular 'Tahajud Prayers' or secretly helping the needy etc. Again most rewarding good action remains to memorise a few verses (minimum 3 ayats) from the holy Quran, to understand its real messages and mend one's daily life accordingly. The verses are also to be used in one's daily prayers so that one understands what he/she is saying to the Lord in the Salat (5 daily prayers).