

People's Constitution

KAZI S.M. KHASRUL ALAM QUDDUSI

In response to Dr. Fakhrudin Ahmed's maiden speech to the nation, some political leaders came out with the suggestion that certain works are supposed to be done by the political governments, not by the caretaker or interim governments and that many arduous tasks can also be done within the shortest possible time. It is difficult to say how true these are. However, the Fakhrudin government is already exploring avenues to these ends.

The politicians also advised the current government to leave these crucial tasks for them. Though the scourge of political machinations and bloody confrontations is still present in the people's memory, they are now sort of ready to bury the hatchet for the time being and look forward for the better. I believe that the chief adviser's visionary speech has made the nation all the more assured.

In the meantime, however, the current caretaker government has already embarked upon separating the judiciary from the executive. Many of our political leaders used to reckon that this crucial decision was a policy matter and, thus, should be left for the elected government to implement. Reportedly, steps were taken by Barrister Ishtiaq Ahmed during the Latifur Rahman caretaker government to separate the judiciary from the executive.

That move was, however, postponed then due to time constraints, as well as requests from

the winners of 2001 general elections. Whether it is a policy matter or not, and whether it can be executed by the caretaker government or not, the conscious people have really been happy at this courageous step by the current caretaker government. I am, however, enjoying the fact that those political leaders are rather reticent now, and seem to have lost the arguments or the moral strength to oppose the move.

I, however, expected at least a stifled opposition from the political leaders who tormented the people beyond measure with the Constitution as an excuse. Perhaps, they cried so much for the Constitution that they have now run out of steam. However,

endorsed Fakhrudin Ahmed's taking over the rein of the country at a moment of uncertainty and anticipated political tsunami.

Even if there had been any breach of the Constitution in the eyes of the people who forced Iajuddin to take the post of chief adviser, it was the inevitable consequence of President Iajuddin Ahmed's unconstitutional move to take the chief adviser's post in the first place. And, I firmly believe that history will interpret things in this way, no matter whether the ruthlessly partisan legal experts believe it or not. Time will tell how well the Fakhrudin government will fare in accomplishing its tasks.

Fakhrudin Ahmed's taking the CA's post has, however, confirmed one thing for sure, that the people are not for the Constitution, but the Constitution is for the people. And, the people would like the country to be run under the people's Constitution -- epitomizing ensured people's rights and curtailed leaders' (crooked) privileges -- which came into effect when the

leaders' Constitution had failed to deliver.

In no way, however, is this indication of military rule. I reckon that the leaders' Constitution is that one which stipulates holding even farcical elections within 90 days, and that, too, in violation of other articles of the same Constitution. I believe that MA Aziz has also resigned, belatedly though, from the CEC's post as a show of respect to the people's Constitution. Hopefully, other commissioners will also be on the way.

Crackdown on thieves and thugs is also expected to be intensified, which is, again, a reflection of people's will. Admittedly, we saw people's power in Kansat, Shani Akhra, Fulbari and other areas in 2006.

I believe that we have seen people's Constitution coming out victorious over leaders' Constitution this time. It is now more than an open secret that there was external and military pressure behind such a development. But, was there not people's



will as well? Or else, why have the people been so relaxed and happy after this development?

Essentially, after 1991, I have never seen election results going against the prevailing public sentiment. I had, thus, always the belief that the so-called

Constitutionplovers would not able to foist themselves upon the disgruntled people through a sham election.

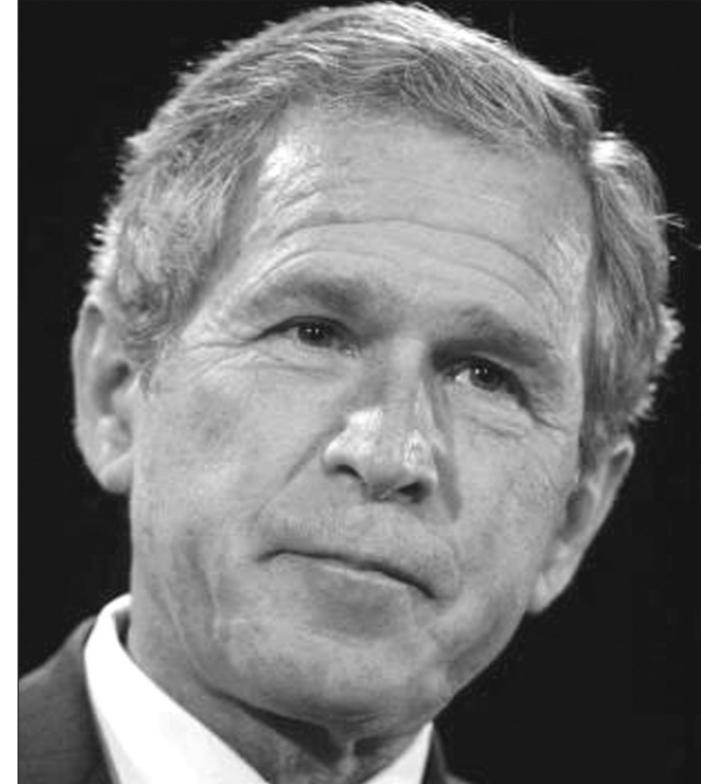
Constitutionplovers would not able to foist themselves upon the disgruntled people through a sham election. And, that has come true and you know how. I mean to say -- you have every right to differ -- that it is less a behind-the-scenes military act

and more an articulation of people's Constitution.

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A man apart

HOWARD FINEMAN



GEORGE W. Bush wanted to be Harry Truman (patron saint of embattled presidents) in his State of the Union speech, but he may have reminded voters of Slim Pickens in "Dr. Strangelove." You know the famous scene: the giddy pilot in a cowboy hat hops aboard his own payload to Armageddon.

Say this about the president: he is going to stick with his vision, his strategy and his decisions on Iraq -- no matter what the world, the American voters, the new Democratic Congress, the '08 presidential contenders or even his fellow Republicans want.

All the buzz before the speech was that Bush would do something of a quick shuffle past Iraq. Yes, there was much domestic throat clearing -- more than a half hour's worth of it (though not a single mention of Katrina and New Orleans) -- but when it came time to turn to Iraq and the "war on terror" he did not flinch.

Nothing he said was remarkably new -- which, in and of itself, was nothing short of remarkable.

Bush said, with all earnestness, that his goal in Iraq and the Middle East was -- and our goal must be -- to "remove" conditions that inspire hatred" there.

However, it is hard to find a dispassionate observer of the war who thinks that we have achieved that goal. Sadly, even many of our own military people say that just the opposite is true. Our presence has inflamed hatred, not doused it.

Without a trace of irony, he told the

people of 2001 general elections. Whether it is a policy matter or not, and whether it can be executed by the caretaker government or not, the conscious people have really been happy at this courageous step by the current caretaker government. I am, however, enjoying the fact that those political leaders are rather reticent now, and seem to have lost the arguments or the moral strength to oppose the move.

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Oriental Bank scam and auditing

IFTEKHAR HOSSAIN

THE Oriental Bank stench is continually increasing. As per the January 24 issue of The Daily Star it is now estimated to be Taka 595 crores. For those of us who are bank auditors and regulators, self-criticism is required on what role we play in prevention and detection of such frauds. The goal should be to create an environment where potential fraudsters think twice before embarking on the road to amassing quick money overnight, and to quickly catch them and send to jail.

Bangladesh Bank, the regulator of the banking sector, is to be commended for detection of the Oriental

Bank fraud. Now it is up to the regulator, and indeed the society, to mete out quickly exemplary punishment to the perpetrators. The bigger challenge, however, is to repair the hole in the environment which allowed such massive fraud. Was it fully due to the political corruption, or are there also weaknesses in the control environment?

Statutory bank auditors are appointed by the shareholders in the Annual General Meeting (AGM). The audit is conducted by chartered accounting firms as per Bangladesh Standards on Auditing (BSA). These standards are adopted from the International Standards on Auditing

(ISA). How many of the bank auditors have really gone through BSA 240: The auditor's responsibility to consider fraud and error in an audit of financial statements? We quote it to protect ourselves when allegations are made against us that we are not being able to detect fraud. However, do we ask ourselves whether we are complying with its requirements?

When we start a bank audit do we comply with BSA 240.20: "In planning the audit, the auditor should discuss with other members of the audit team the susceptibility of the entity to material misstatements in the financial statements resulting from fraud or error."

Again, BSA 240.22 requires the

auditor to make inquiries of the management to obtain an understanding of: "(i) Management's assessment of the risk that the financial statements may be materially misstated as a result of fraud; and (ii) the accounting and internal control system management has put in place to address such risk."

Do we send adequately trained people who can discuss these issues with management, or do we send personnel who do not have either the courage to talk with the managing director/board or the technical capacity?

The general defence put forward by some independent bank auditors is that the extremely low audit fees do not allow him to comply with the require-

ments of BSA 220: Quality Control for Audit Work.

The ICAB Fee Schedule of July 2004

states a minimum fee of Tk 250,000 for banks, increasing with the total assets or total turnover amount of the bank.

The extremely low audit fee is a fact as

shown in Table 1 on some sample

private commercial banks as per their

audited accounts for year 2005 pub-

lished in the newspapers.

10 of the 14 banks (71%) were audited below the minimum fee of the ICAB schedule.

A comparison was made between the audit fee and the managing director's annual remuneration. As shown in Table 2 there is considerable variation between what the bank's pay to its chief executive and what is paid to the

audit fee to MD's annual remuneration.

Some managing director/board's

try to justify the low audit fee by saying

that they have no control on the audit

fee which is approved in the AGM by the shareholders.

The fact, however, is that in most cases the board controls a majority share of the votes, and

it may be to their advantage not to

have a quality audit.

Table 1

Audit fee	Number of banks in sample
Up to Tk 1 lakh	5
Tk 100,001 to 2 lakh	4
Tk 200,001 to 3 lakh	3
Tk 400,001 to 5 lakh	1
More than Tk 5 lakh	1
Total	14

Table 2

Ratio of audit fee to MD's annual remuneration	Number of banks in sample
Up to 2%	5
2.1 to 4%	4
4.1 to 10%	3
Above 10%	2
Total	14

In view of the Oriental Bank fraud, it

is high time that the banking regulator and the regulator of the independent audit profession (The Institute of Chartered Accountants of Bangladesh) look closely at this issue of statutory bank audit quality and bank audit cost.

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Asean moving ahead

IMRAN KHALID

At least for one aspect, the 12th summit of Asean (Association of Southeast Asian Nations) in the central Philippines city of Cebu was certainly different from all the previous gatherings of the 39-year old association.

Aside from the routine business of pompous declarations and ostentatious resolutions, which have increasingly become the trade-mark of this regional club, the Asean summit, for the first time, took an emphatic step towards its graduation from a "talk shop" to a politically and economically integrated bloc -- ostensibly with an EU-style complexion.

Since 1967, when the five founding members established this club with a one-point agenda of applying

the brakes on the spread of communism in the region, the organization has passed through many phases of structural and strategic evolution.

But, despite creating a rather glamorous image for itself, Asean has so far failed to play a palpable role in the political, social and economic coherence and elevation of the lives of 570 million inhabitants of the Asean region.

Factually speaking, visa-free travel is perhaps the only tangible benefit that Asean citizens are enjoying at the moment, other than this, they have not yet developed a "feel" about the bloc. This is the major dilemma of Asean that, even after the passage of four decades, it is still struggling to make its presence felt among its citizens.

And at the just-concluded Cebu summit, the Asean leaders have finally agreed to draft their first ever charter, with the ambition to trans-

form the bloc, known for managing matters by consensus and for staying out of the internal affairs of member states, into a coherent, rules-based institution along the same pattern as that of the European Union. All the leaders mutually agreed to formally give consent to the proposal put forward by the group of "eminent persons" from all ten members.

The proposal asks for the initiation of the economic integration, and for turning Asean into a unified market similar to the European Union. Accordingly, a task force has been commissioned to draft the charter in this direction. The basic outlines of the blueprint favour the retention of existing decision-making by consensus wherever possible, but it also gives the opportunity to the members to vote on issues where agreement could not

be reached.

At the same time, the charter also empowers the club to impose suspension or withdrawal of membership in case of serious breaches of the charter by any member states. Obviously, all this boisterous talk about EU style integration and operating regulations sounds pretty good for an organization that has so far evaded the question of regional integration because of the existing economic and political diversity of its members.

Though the first draft of the charter, which is scheduled to be presented for discussion at the next Asean gathering in Singapore later this year, is not likely to be as stiff as that of the EU on the operating rules and regulations there is every reason to expect some drastic recommendations towards the creation of a free-trade zone by 2015. The Asean region encompasses very divergent political and economic textures; on the one hand, the ten-member cluster is a mix of monarchy like Brunei, military dictatorship of Myanmar and democracy like Singapore, while on the economic front there is huge variation among the member states, ranging from Singapore's per-capita GDP of \$28,000 to Laos's \$2,000.

On the face of it, unlike the European Union's somewhat homogenous political, economic and social composition that made the integration a relatively easier job, the Asean bloc has inherited fairly deep political and economic disparity among its members that will certainly make it very difficult for a swift and smooth economic integration in less than a decade, as is being projected by the Asean

technocrats.