

Global crisis is a wake-up call to fix accounting flaws

The chief executive of Confederation of Asian and Pacific Accountants suggests best practices in accounting and auditing

STAR BUSINESS REPORT

The global economic crisis can work as a wake-up call for public sector entities around the world for introducing better accounting, auditing and financial management, an expert said yesterday.

"Failure to implement public sector financial management could lead to a crisis, as seen during the recent economic crisis," said Brian Blood, chief executive of Confederation of Asian and Pacific Accountants (CAPA).

Blood spoke at a technical session of a daylong event styled "Strengthening Bangladesh Public Sector Accounting & Auditing -- Global Reforms and the Way Forward", at Sonargaon Hotel in Dhaka.

The Institute of Chartered Accountants of Bangladesh (ICAB) and CAPA jointly organised the daylong international conference.

Many governments around the world do not know what their capital is because of their archaic budgetary and accounting practices, which do not record and report assets and liabilities other than cash, Blood said.

"They do not know what their

balance sheets look like. Is it acceptable for any government entity?" he asked. "Only accrual-based system can achieve more results and transparency needed for any decision making."

For Bangladesh, stakes in transition to the accrual system from the cash system seem to be very high, Blood said. "The journey will not be easy, but with the strong will from the government it can be done," he said.

Jennifer K Thomson, manager of financial management at the World Bank, said countries should consider moving to a more sophisticated accounting system to use donor funds effectively and efficiently.

"Global aid flows will be around \$500 billion in the next three years, which means a lot of money will be around. It is very important to make best of it," she said.

"So, there is a huge need for high quality accounting and auditing in the public sector, as most of donor money passes through government entities. We need a good balance-sheet that will help the decision making process," Thomson said.

The high quality financial reporting is a signal to the outside world about a country's economy and how

a country is operating, she said. "It will also help attract foreign direct investment."

The World Bank official said it is absolutely critical for setting up the environment for transparency, which underpins the foundation for financial stability and growth.

Thomson urged the government, private sector and professional bodies to form partnership, share knowledge and move toward implementing best practices of accounting and auditing.

Ahmed Ataul Haqueem, comptroller and auditor general of Bangladesh, admitted that the accrual system is a superior system. "But we will have to introduce it on a pilot basis and we will retain the existing cash-based system. Our cash-based system, however, is in line with international standards."

"Once we get desired results from the experiment, we will be able to switch over to the accrual accounting and auditing system."

Geoff Applebee, chairman of public sector financial management of CAPA, said the government should have a clear vision before changing financial management in the public sector for the better.

Beef up negotiation skills

Rehman Sobhan advises govt on how to gain more from India

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An eminent economist has asked the government to strengthen its negotiation skills with India to benefit more from the market of the neighbouring country.

India is an emerging economic power and has already created an opportunity for Bangladesh by allowing duty- and quota-free access of its products, said Prof Rehman Sobhan at a seminar in Dhaka yesterday.

"You have to launch a series of negotiations to harness the potential of the Indian market. Do not hope the relationship with India will give you everything that you want; it needs negotiations," he said.

He also said Pakistan is highly restricted in the Indian market, but the trade volume of Pakistan with India is bigger than that of Bangladesh.

While talking on 'India-Bangladesh-Myanmar relations: challenges for mutual development', he said one of the barriers in sub-regional cooperation is the peculiar central government-dominated political dynamics in the region.

He said Bangladesh should resolve the existing problems with Myanmar also, as the country is located in between India and China, two emerging Asian economic powerhouses.

Sobhan, also the chairman of Centre for Policy Dialogue (CPD), was speaking at the seminar organised by Bangladesh Enterprise Institute (BEI) at its office.



Prof Rehman Sobhan, second from left, chairman of Centre for Policy Dialogue, speaks at a seminar on "Indo-Bangladesh-Myanmar relations", organised by Bangladesh Enterprise Institute (BEI) at its office in Dhaka yesterday. Dr Zillur R Khan, professor emeritus of University of Wisconsin; Farooq Sobhan, president of BEI; and Dr Kamal Hossain, president of Gano Forum, are also seen.

Zillur R Khan, professor emeritus of University of Wisconsin, and adjunct professor of Rollins College, USA, said the scope of Saarc and Asean needs to be broadened by an amendment to the charters allowing both bilateral and multilateral negotiations for problem solving through joint select committees.

Cooperation based on bilateral or trilateral agreements on common areas of interest, such as energy, transport and water, might accelerate the process of development, he said.

"Immigration, border disputes and security issues could also produce faster and positive outcomes."

Former state minister for foreign affairs Abul Hasan Chowdhury

stressed the need for building confidence in the relationship between Bangladesh and India.

A good relationship between India and Bangladesh might face crisis if the Teesta, Tipaimukh and other hanging issues are not resolved amicably, he added.

Enam Ahmed Chowdhury, adviser to the BNP chairperson, said, if the non-tariff and para-tariff barriers are not addressed by the Indian side, Bangladesh will not be able to export its goods to this potential market.

BEI President Farooq Sobhan moderated the programme, also joined by scholars, academicians, researchers and diplomats.



Shafiqur Islam Tuhin, director of Sufiana, attends the opening of the online brand oriented variety shop at Banani in Dhaka recently. Bangladeshi cricketers Khaled Masud Pilot and Mushfikur Rahim were also present.



Rashed Maqsood, Citi country officer of Bangladesh, exchanges documents after signing a deal at a programme in Dhaka recently with Hosne-Ara Begum, executive director of TMSS, a microfinance institution, to disburse special agricultural loans to selected farmers in the country.

Chittagong trade fair begins today

STAFF CORRESPONDENT, Chittagong

The 20th Chittagong International Trade Fair begins today in the port city with an aim to explore international markets for local products.

Commerce Minister GM Quader is scheduled to inaugurate the month-long showcase organised by Chittagong Chamber of Commerce and Industry (CCCI).

Awami League Lawmaker MA Latif, Thai Ambassador to Bangladesh Tassanawadee Miancharoen and President of the Federation of Bangladesh Chambers of Commerce and Industry AK Azad are also scheduled to be present at the inauguration.

Murshed Murad Ibrahim, president of CCCI, expressed his satisfaction about the arrangement of the show at a press meet at the chamber's conference room in Chittagong yesterday.

He said the fair will help promote local products in the international market.

For the first time, India is taking part in the show that will remain open from 10am to 10pm everyday, said the organisers.

Thailand is the partner country of the event where businesses from other countries, including China,

Manikganj poultry farmers protest hike in feed prices

OUR CORRESPONDENT, Manikganj

Members of Manikganj Poultry Farm and Dealers Association formed a human chain in the district yesterday protesting price hike of poultry feed and one-day chicks.

The association urged the government to take necessary steps to control the spiralling prices of the poultry items and save the sector.

Around 200 members of the association from different upazilas participated in the protest in front of Manikganj Press Club.

The association's president Abdul Mannan and vice president Rathin Saha highlighted different problems that the sector is facing now.

The feed producers and hatchery owners discriminatedly increased the prices of poultry feed and one-day

chicks, causing extra charges for general and poultry farmers to run business, said one of the leaders of the body.

"We now buy a 50kg sack of poultry feed at Tk 1,900 and each one-day bird at Tk 70, up from Tk 1,750 and Tk 20 two months back," he said.

These increasing prices are making general mass bound to pay more to meet their daily poultry need, he said. "But the poultry farmers are not getting any benefit in the process."

Fahmida Akter, owner of Khandaker Poultry Farm at Nabagram village under Manikganj sadar upazila, said the sector employs a lot of youths.

The government should come forward and ensure fair prices of poultry feed and one-day chicks for the greater interest of the youths as well as the country, she said.

Consolidation to raise transparency in govt bodies Accountants tell international conference

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Consolidation of public sector bodies will improve financial management, transparency and accountability in Bangladesh, accountants told an international conference yesterday.

"Consolidation of more than 1,500 public bodies in the UK in 2009-10 was a major change towards transparency and accountability," said Gillian Fawcett, head of public sector of Association of Chartered Certified Accountants, the global body for professional accountants.

She said consolidation that means a number of small firms to be made into a big one helps streamline planning, budgeting, forecasting and reporting processes.

But Fawcett said success of change depends on commitment from politicians, government offi-

cers and fund providers. "Share the benefits of changes with the politicians," she urged the Bangladesh accountants.

The Institute of Chartered Accountants of Bangladesh (ICAB) and the Confederation of Asian and Pacific Accountants (CAPA) coorganised the international conference at Sonargaon Hotel.

The theme of the conference is "Strengthening Bangladesh public sector accounting and auditing: global reforms and the way forward".

Sumita Shah, public sector specialist of Institute of Chartered Accountants in England and Wales, said it is vital to define public sector bodies before consolidation.

Sujeewa Mudalige, president of Institute of Chartered Accountants of Sri Lanka, shared his country's experiences on international accounting practices.

"It has been made mandatory that all the public sector banks have to comply with the international accounting system. All universities are in the pipeline to follow the rules," said Mudalige.

The Lankan top accountant said government bodies have to finish their audited accounting by two months of year-ending.

Masud Muzaffar, a former accountant general of Pakistan, said separation of accounting and auditing functions was a significant development achieved by his country in 2001.

"Combined auditing and accounting functions caused a conflict of interest situation and was against the international best practices," said Muzaffar.

Professional accountants of Bangladesh and experts on public sector auditing and accounting from Asia and the Pacific attended the conference.

More border haats to see light

DIPLOMATIC CORRESPONDENT

India and Bangladesh have agreed to set up more border haats in the border areas of Tripura, Assam and Meghalaya, a Tripura minister said in Agartala yesterday.

Border haats in Tripura would start in 2012-13 and one more market centre would be set up along the Meghalaya border, Tripura's Commerce Minister Jitendra Chaudhury said quoting Union Minister Anand Sharma.

"The Tripura government has proposed to set up four border haats along the border with Bangladesh," Chaudhury said, according to Indian news agency IANS.

As per the bilateral agreement, the border haats are to be set up within five kilometres of the international border.

The haats will sell local agricultural and horticultural products, spices, minor forest products (excluding timber), fresh and dry fish, dairy and poultry products, cottage industry items, wooden furniture, handloom and handicraft items.

Trading in these haats would be held once or twice a week, and a spending cap of \$50 will be imposed per head.

No local tax will be imposed on the trading and both Indian and Bangladeshi currencies will be accepted.



Manfred Everz, managing director of CASA EVERZ, the parent company of Dr Mauch branded footwear, and Syed Nasim Manzur, managing director of Apex Adelchi Footwear Ltd, attend the launch of Dr Mauch branded footwear at Spectra Convention Centre in Dhaka yesterday. The new footwear will be found at the stores of Apex Adelchi.

BB introduces online monitoring system

UNB, Dhaka

Bangladesh Bank introduced new software yesterday to monitor the overall export process in the country, which is expected to help ensure transparency in export process, boost export earnings and cut time.

Dr Atiur Rahman, central bank governor, inaugurated the software 'EXP Online monitoring System' at a function. The software was in place on an experimental basis from November 1 last year.

Two major objectives of the new system are to receive export information from banks in a web based environment through a series of

check points and analyse data to monitor the overall export process in the country.

"The monitoring of export activities has become effective and faster with the introduction of the system. Both exporters and authorised dealers will benefit from the new system," Rahman said.

The new system will also help cut banks' working hours and costs to a large extent, he said.

Export earnings and remittance are increasing despite the global economic crisis, Rahman said.

The export earnings registered 14.28 percent growth as of January, he added.