



SAI Bangladesh

Experience regarding promotion, monitoring and assessment of internal control implementation in the public sector

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The OCG – An Introduction

- The Office of the Comptroller and Auditor General of Bangladesh (OCG) performs statutory audit of the Republic.
- SAI Bangladesh plays key role to establish Internal Control in Public sector by assisting and assessing internal control of the government departments.
- The Audit Code, Manuals give specific instructions and guidelines to assess the internal control system of public sector.
- The public sector auditors are also instructed to gather sufficient skills to assess internal control system.

Promotion:

- SAI Bangladesh is continuously supporting and assisting public sector institutions to establish effective and strong internal control system in their organizations.
- SAI Bangladesh issued “Code of Ethics” according to the INTOSAI guidelines in 2001. Code of Ethics can be treated as a model for other organizations to strengthen their internal control.
- The Public Accounts Committees (PAC) of all the Parliament put emphasis on having efficient and effective internal control in government operations.

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Promotion:

- The Public Accounts Committee (PAC) of the 7th Parliament in its 3rd report in 1998 expressed their concern for weak internal control system in almost all the government organizations.
- PAC recommended to strengthen internal control and internal audit in public sector.
- The PAC also instructed the ministry of finance to study the feasibility of formulating a National Internal Audit Policy for government organizations with the assistance of Comptroller & Auditor General (CAG) Office and concerned specialists in the field, and send a report to the Committee.

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Monitoring:

- Observations regarding internal control of public sector organizations are included in the CAG's reports that are placed in the Parliament.
- PAC upon hearings make recommendation to take remedial measures accordingly.
- The Office of the Comptroller & Auditor General (OCAG) persuaded Ministry of Finance for promoting internal control system in government organizations.

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Monitoring:

- Ministry of Finance issued Internal Control Manual in 2005 for public sector organizations.
- The manual is based on generally accepted principles and practices of internal control applied to the situation and needs of the Government of Bangladesh.
- This manual provides detail procedure and checklists for internal control system.
- It also includes monitoring steps and control activities.

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Monitoring:

- Government of Bangladesh **also** enacted Public Money and Budget Management Act'2009
- The topmost priority was given on the establishment of strong internal control system and monitoring the controls by the top management in the Act.

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Assessment:

- On the recommendation of the Public Accounts Committee (PAC) of the 7th Parliament in 1998 the SAI Bangladesh conducted a survey on internal control system of 10 organizations in the year 2000-2001.
- SAI Bangladesh also conducted a survey on internal auditing system of 7 organizations in the year 2000.
- The report was submitted to the Parliament in 2004.

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Assessment:

SAI Bangladesh gave emphasis on the following issues during conducting the survey on internal control system:

- Organizational Structure
- Job specification
- Human resource planning and development
- Authority and approval
- Supervision
- Safeguarding of Public resource
- Budgetary control

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Assessment:

- Accounts keeping
- Cash management
- Internal auditing process
- Risk analysis
- Control environment
- Preventive and Detective Controls

✓ In that survey INTOSAI guidelines of that time were followed. It also took into consideration the criteria mentioned in the COSO model.

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Assessment:

Some common observations were pointed out in the survey report. Those were

- Weak internal control in most of the organizations
- Proper risk assessment and risk management not practiced
- Job description not specific
- Lack of professional skills and unaware of accountability among the employees
- Absence of administrative, accounting and monitoring control though there were guidelines

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Assessment:

- Absence of standard structure of internal control
- Weakness of or non-existence of internal audit in the organization
- Lack of independence of the internal auditors
- Internal audit departments are engaged in the activities not related to their job descriptions etc.

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Assessment:

- SAI Bangladesh at present regularly assesses the internal control system during the audit and it is included in the report.
- Conducting Foreign Aided Projects audit the internal control system is assessed.
- The current state of affairs of the internal control condition are reflected in the reports giving recommendations of remedial measures.
- The public sector auditors are also instructed to gather sufficient skills to assess internal control system.

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Conclusion

- Still there are a number of important areas that require further attention.
- It is also expected that this Sub-Committee meeting will provide a common platform for discussion
- It will help risk management in the public sector and internal control reporting in Bangladesh as well as in global context.

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Thank You