

## RAPPORTEUR'S REPORT

### **WORKSHOP TITLE: "PROCESS OF INTERNAL AUDIT & FINANCIAL REPORTING"**

Date: 13 April 2022;

Venue:-Conference Room, Directorate of Primary Education, Mirpur-2, Dhaka.

#### **1.0 Introduction:**

To strengthen the practicing of the Internal Audit in the five high spending departments in Bangladesh, namely: LGED, PWD, RHD, DGHS, and DPE, the Finance Division took different initiatives under the 'Internal Audit & Audit Follow-Up scheme' of the SPFMS program. As part of this scheme, the Finance Division organizes a day-long workshop in DPE like four other high spending departments titled "Process of Internal Audit & Financial Reporting" on 13 April 2022. The day-long workshop is designed as three segments, namely: inaugural ceremony, lecture session, and group work with presentation (**Workshop Schedule: Annexure-01**). Fifteen participants were present in the workshop, three from the concerned ministry and twelve from the Directorate of Primary Education (**Participants list: Annexure-02**). Mr. Alamgir Mohammad Monsurul Alam, Director General of DPE, was present as Chief Guest, and Mohammad Azad Sallal, Joint Secretary, was the Chairperson of the workshop.

#### **2.0 Inaugural Ceremony:**

##### **2.1 Welcome Address by Program Executive & Coordinator (PEC):**

At first, Md. Rafiqul Islam, Deputy Secretary to the Government and PEC, SPFMS Program, welcomed all to attend the workshop on time. He outlined the workshop's purpose and mentioned that the Public Financial Management (PFM) reforms process in Bangladesh began in 1989, and the Finance Division of the Ministry of Finance issued an Internal Control Manual in 2005. He focused on the PFM Action Plan, which comprises fourteen components, of which the Finance Division will implement eight components. He also mentioned that DLI 9 aimed to establish a modern internal audit function in five high spending departments to ensure rapid and effective action on internal and external audit observations. Mr. Islam also stated that the term 'internal audit' had received escalating attention as a significant component of government financial management. Lastly, he requested for active participation of all distinguished participants.

##### **2.2 Inaugural Speech by the Chief Guest:**

The Honorable Chief guest Mr. Alamgir Mohammad Monsurul Alam, Director General (Grade-1), Directorate of Primary Education, expressed his cordial thanks for attending the workshop. In his voice, he emphasized the term 'Internal Audit.' He said that the Directorate of Primary Education spends a big government budget, and there is no alternative for internal audit to ensure proper utilization of public funds and establish transparency and accountability. He articulated his expectations that practicing internal audits may reduce external audit objections. Finally, he inaugurated the workshop with anticipations that the participants would be actively involved till the end of the workshop to make it successful.

*Please turn over*

### **2.3 Speech by the Chairperson:**

The Chairperson, Mohammad Azad Sallal, Joint Secretary, Finance Division, and PIT member, expressed his gratitude to the honorable chief guest for his kind presence and thanked all the participants for attending the workshop. In his speech, he said that the Finance Division had taken several groundbreaking steps in public expenditure management in Bangladesh in recent years. For this purpose, the Finance Division has approved the Public Finance Management Action Plan 2018-2023, where the Finance Division will implement eight of the fourteen components. Internal Audit and Audit Follow-up scheme is essential among those. This workshop is a part of this scheme. He also said that, after the sessions, the participants are divided into three groups and present their views and recommendations. Finally, he forthrightly urged everyone's help to work together to improve the internal audit function in the public sector.

### **3.0 Workshop Session:**

Basically, the workshop session is designed into two parts. The first three hours are dedicated to lectures and question and answering sessions, and the last one hour is for group work and presentations.

#### **3.1 First session:**

**Topic:** Expenditure Report from iBas++.

**Details:** Md. Rafiqul Islam, Program Executive & Coordinator (PEC), Deputy Secretary, Scheme on Internal Audit and Audit Follow-up, presented this topic. His presentation mainly focused on Integrated Budget and Accounting System (iBas++), where iBASS++ has the following four pivotal modules: Budget preparation, Budget Execution, General Ledger, and Accounting. After then, the presenter gives a glimpse of the process and transaction flow on iBAS++. Finally, he presents how internal audits control financial management. (Presentation slide: Annexure-03)

#### **3.2 Second Session:**

**Topic:** Procurement: Pre & Post Review and Risk Management.

**Details:** Mr. Mohammad Nasir Uddin MCIPS, Senior Consultant (Procurement Specialist), presented the mentioned topic. He explains the need to post procurement review as per The Public Procurement Act 2006 and Public Procurement Rules 2008. He also discusses its methodology and scope. He focused on the delegation of financial power, tendering, and its approval process. Finally, give a deliberation on procurement process compliance with rules and acts. (**Presentation slide: Annexure-04**)

#### **3.3 Third Session:**

**Topic:** Process on Internal Audit, System Audit & Financial Reporting.

**Details:** Mr. Emadul Hannan, CIA, CSRM & Senior Consultant (Internal Audit), conducts a splendid session. His presentation primarily focused on the Internal Audit definition, comparison with External Audit, IA Charter, and overview of the internal audit process. He also focused on the benefits of internal auditing in the public sector, its role, and scope. Eventually, give a glimpse of risk assessment, and then go on group works session and their presentation. (**Presentation slide: Annexure-05**)

*Please turn over*

**3.4 Group Work Session & Presentation:**

Three selected risk areas allow three groups to access and rate risk in matrix form. The first group is assigned to assess procurement risk, whereas the second group gets HR risk, and the third one is engaged for financial risk assessment. Their assessment and recommendations are given below in detail:

**3.4.1. A First Group Presentation:**

Entity	Risks	Likelihood × Impact (1-5 scale)			Factor (F)* (2)	Total points (1) × (2)	Ranking
		Likelihood (1-5) a	Impact (1-5) b	Likely × Impact (a × b) (1)			
Procurement	1.PPA, PPR are not properly followed;	5	5	25	11	275	1
	2.Lack of following time frame;	5	5	25	11	275	2
	3.Unavailability of requisition;	5	3	15	11	165	3
	4. Improper specification;	4	3	12	11	132	4
	5.APP not properly prepared;	3	2	06	11	66	5

**\*Factor Calculation (F) 1-3 scale**

Entity	Total Score (F) (a+b+c+d)	Complexity (1-3) a	Importance (1-3) b	Budget Size (1-3) c	Changes (1-3) d	Cooperation (1-3) e
Procurement	11	2	3	3	1	2

**3.4.1. B Recommendations:**

- ✓ Intensive training for the related project;
- ✓ APP prepared by skilled/trained personnel;
- ✓ Without proper requisition, no procurement;
- ✓ The specification must be prepared by skilled & knowledgeable personnel;
- ✓ In every steps/stage time frame must follow & monitoring system should be established/ ensured;

**3.4.2. A Second Group Presentation:**

Entity	Risks	Likelihood × Impact (1-5 scale)			Factor (F)* (2)	Total points (1) × (2)	Ranking
		Likelihood (1-5) a	Impact (1-5) b	Likely × Impact (a × b) (1)			
HR	1.Procrastination in decision making;	5	4	20	8	160	1
	2.Lack of adequate training;	3	4	12	8	96	2
	3.The right person is not the right place;	3	3	9	8	72	3
	4.Lack of skilled human resources;	3	3	9	8	72	4
	5.Lack of suitable working environment;	2	3	6	8	48	5

**\*Factor Calculation (F) 1-3 scale**

Entity	Total Score (F) (a+b+c+d)	Complexity (1-3) a	Importance (1-3) b	Budget Size (1-3) c	Changes (1-3) d	Cooperation (1-3) e
HR	8	2	1	1	2	2

### 3.4.2. B Recommendations:

- ✓ To take decision in proper time;
- ✓ To allocate adequate budget with proper plan for training;
- ✓ To place the right man in the right place;
- ✓ To enhance capacity building through proper training;
- ✓ To ensure working environment;

### 3.4.3. A Third Group Presentation:

Entity	Risks	Likelihood × Impact (1-5 scale)			Factor (F)* (2)	Total points (1) × (2)	Ranking
		Likelihood (1-5) a	Impact (1-5) b	Likely × Impact (a × b) (1)			
Financial	1.Verification of Chalan;	2	5	10	10	100	1
	2.Calculation of VAT/IT;	2	4	8	10	80	2
	3.Update of Cashbook;	3	2	6	10	60	3
	4.Inappropriate utilization of budget;	1	5	5	10	50	4
	5.Authentication of bill /voucher;	2	2	4	10	40	5

#### \*Factor Calculation (F) 1-3 scale

Entity	Total Score (F) (a+b+c+d)	Complexity (1-3) a	Importance (1-3) b	Budget Size (1-3) c	Changes (1-3) d	Cooperation (1-3) e
Financial	10	2	3	3	1	2

### 3.4.3. B Recommendations:

- ✓ Online Chalan Verification;
- ✓ To follow NBR direction;
- ✓ To input properly in cash book and always keep it in checking;
- ✓ Properly verify the documents;
- ✓ Reconciliation of economic code;

### 4.0: Concluding Remarks by Rapporteur:

In the concluding remarks, the rapporteur concisely presents the critical point of the day-long program. He also focused on practicing internal audits in the public sector. Finally, he thanked all the participants for their insightful contributions and bade his gratitude to the honorable chief guest and chairperson for their kind presence.

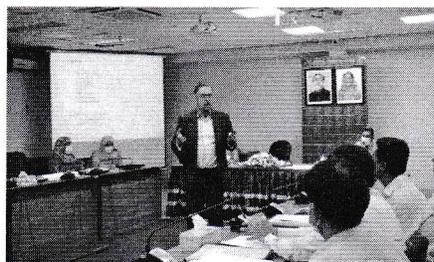
#### **Rapporteur:**

*Syed Asrafujjaman*

*Senior Assistant Secretary*

*Finance Division & PIT member*

*The Glimpses of the day-long workshop*





Strengthening Public Financial Management Program to Enable Service Delivery (SPFMS)

Finance Division, Ministry of Finance

Scheme on Internal Audit and Audit Follow-up

Workshop on

**Process of Internal Audit & Financial Reporting**

**Venue** : DG's Meeting Room (2<sup>nd</sup> Floor), Directorate of Primary Education, Mirpur-2, Dhaka  
**Date** : 13<sup>th</sup> April, 2022, Wednesday  
**Participants** : Officers of Directorate of Primary Education, Ministry of Primary Education and Finance Division

**Workshop Schedule**

Time	Description of Session	Guest/ Speaker/ Resource-person
09.30-10.00	Registration	-
10.00-10.10	Welcome Address	<b>Md. Rafiqul Islam</b> , PEC, SPFMS Program
10.10-10.20	Speech by the Chief-Guest & Inauguration of the Workshop	<b>Alamgir Mohammad Monsurul Alam</b> Director General (Grade-1) Directorate of Primary Education,
10.20-10.30	Speech by the Chairperson	<b>Mohammad Azad Sallal</b> Joint-Secretary, Finance Division & Member of Program Implementation Team, IA Scheme
10.30-11.15	Expenditure Report from iBAS++ Question & Answer	<b>Md. Rafiqul Islam</b> Program Executive and Coordinator (Deputy Secretary), SPFMS Program, Finance Division
-	<i>Health Break</i>	
11.15-12.15	Presentation on Procurement: Pre & Post Review and Risk Management Question & Answer	<b>Mohammad Nasir Uddin</b> Sr. Consultant (Procurement Specialist) IA Scheme, SPFMS Program
12.15-01.15	Presentation on Process of Internal Audit, System Audit & Financial Reporting Question & Answer	<b>Emadul Hannan</b> Sr. Consultant (Internal Audit) IA Scheme, SPFMS Program
01.15-02.00	<i>Prayer &amp; Health break</i>	
02.00-02.30	Group Works (3 Groups)	<b>Emadul Hannan</b> Sr. Consultant (Internal Audit) IA Scheme, SPFMS Program
02.30-03.00	Group Presentations by the Groups	
03.00-03.30	Rapporteur's Report and closing Remarks	Syed Ashrafujjaman, Senior Assistan Secretary, Finance Division & PIT Member

\*Schedule may change due to unavoidable reasons  
 Program Executive & Coordinator IA SPFMS Program. 01711737802

**Annexure-02**

**PARTICIPANT LIST**

<b>Sl. No</b>	<b>Name</b>	<b>Designation</b>	<b>Address</b>
1	Mst. Nazma Sheikh	Deputy Secretary	Ministry of Primary & Mass Education
2	Mst. Samsun Nahar	Senior Assistant Secretary	Ministry of Primary & Mass Education
3	Md. Shah Alom	Assistant Secretary	Ministry of Primary & Mass Education
4	Md. Anwar Hossain	Assistant Director	Directorate of Primary Education
5	Md. Abdul Alim	Assistant Director	Directorate of Primary Education
6	Mst. Farzana Parvin	Education Officer	Directorate of Primary Education
7	Mohammad Mejanur Rahman	Assistant Research Officer	Directorate of Primary Education
8	Md. Jahir Uddin Chowdhury	Education Officer	Directorate of Primary Education
9	Mr. Nurul Islam	Assistant Director	Directorate of Primary Education
10	Mr. Monoher Chandra Sarkar	Accountance Officer	Directorate of Primary Education
11	Mr. Nikhil Mridha	Education Officer	Directorate of Primary Education
12	Md. Abu Yeasin	Assistant Accountance Officer	Directorate of Primary Education
13	Md. Gias Uddin	Procurement & Supply Officer	Directorate of Primary Education
14	A F M Jahid Iqbal	Education Officer	Directorate of Primary Education
15	Md. Mostofa Faruk Khan	Assistant Education Officer	Directorate of Primary Education

17/04/2022



**Workshop on  
Process of Internal Audit & Financial Monitoring**

**Presentation on  
Expenditure Process and Report from iBAS++**

Presented By:  
**Md. Rafiqul Islam**  
Program Executive & Coordinator (PEC), Deputy Secretary  
Scheme on Internal Audit and Audit Follow-up  
Strengthening Public Financial Management  
to Enable Service Delivery  
(SPFMS Program)  
Finance Division, Ministry of Finance



### Introduction

iBAS++ (Integrated Budget and Accounting System) is

- \*an integrated financial management system for the government of Bangladesh.
- \*It is a software system to keep track of all types of financial transactions, including receipts and payments.
- \*iBAS++ is centralized internet and oracle-based software that allows budget preparation and distribution to the field offices, fund release, re-appropriation, online submission of pay and other bills, payment processing through EFT, cheque and payment of the government, automated reconciliation etc.

iBAS++ has following four pivotal modules:

•1. Budget Preparation	•2. Budget Execution	•3. General Ledger	•4. Accounting
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### Introduction (Contd.)

- iBAS++ is linked with the Employee Database and Pensioner Database. The system have interfaces with the Core Banking Systems (CBS) of Bangladesh Bank and Sonali Bank. These banks send debit scrolls (listing of bank payments) and credit scrolls (listing of bank receipts) to the respective accounts office from where scrolls are upload in iBAS++ and make those available for Accounting Offices to perform bank reconciliation and to include in the accounts.
- It also has interfaces with Tax Identification Number (TIN) database, National Identification Database (NID) and Ministry of Public Administration Systems.
- The system will also have interface with DMFAS (Debt Management and Financial Analysis) for collecting information like loans and grants disbursement schedule, loan repayment schedule, interest payment schedule, loan and grant disbursement transaction etc.
- iBAS++ will use those information for cash forecasting, reconciliation of project accounts.



### 1. Budget Preparation Module

\*iBAS++ allows budget preparation through a combination of top-down and bottom-up approaches by capturing budget requirements from field offices and matching it with the policy level distribution of resources. It also stores different versions of the proposed budget and allows finalizing one of those.

\*iBAS++ allows preparation of national budget using Medium Term Budget Framework paradigm with the following important activities:

1. Implementation of resource ceilings for different levels of organization;
2. Capturing detailed estimation and projection for operational units and field-level offices;
3. Generation of various financial statements and analysis for presentation to the parliament;
4. Multidimensional analysis of budget versus actual.

\*iBAS++ offer design flexibility which will allow incorporating Forward Baseline Estimation (FBE) and other future changes in budget preparation.



### 2. Budget Execution Module

Operation of budget execution module starts after budget is approved by the parliament. This module helps to perform the following activities:

1. Budget distribution to the subordinate / field offices;
2. Breaking of development budget from summary to detail economic codes;
3. Release of fund for development projects and development programs financed by revenue budget in order to help cash management;
4. Re-appropriation based on delegation of financial power;
5. Recording of quarterly Budget implementation Plan (BIP) and corresponding actual progress.



### Budget Execution Module cont...

**Fund Allocation:**

- Fund Allocation can be done properly through iBAS++. Extra allotment of fund or excess expenditure of budget is controlled automatically by this software. The software is capable to provide verities essential analysis of budget vs allotment.

**Fund Release:**

- There is a process in iBAS++ to release fund quarterly of development projects and program as a result excess fund release of budget and excess expenditure of released fund can be controlled. In the same way, a significant analysis can be made in this connection, which plays a vital role in cash management.

**Re-Appropriation:**

- Re-Appropriation is done by administrative ministry or finance division according to the necessities around the whole year. The work can be accomplished through budget execution module.

### 3. General ledger (GL) Module

**\*Budgetary and accounting controls (e.g. budget checking) is enforced by this module at the backend.**

**\*It helps provide an updated picture of financial assets and liabilities, as well as financial flows.**

### 4. Accounting Module

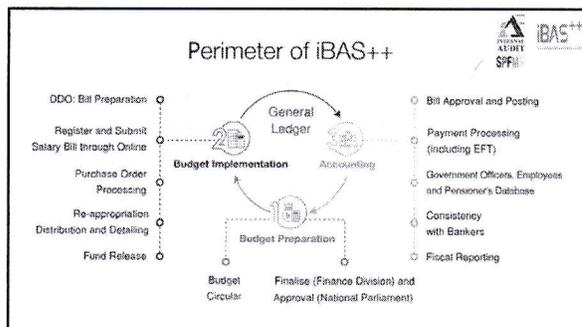
This module provides the following facilities:

1. **Online submission** of all types of bills by field offices;
2. **Online budget control registers** for budget holders;
3. **Online bill status query**;
- 4a **Bill and payment (EFT, cheque, payment orders)** processing in accounting offices and **automatic update** of various registers and ledgers;
- 4b **Automatic update** of sub-ledgers for GPF and loans and advances and access of the employees to those ledgers;
- 4c **Automated service records and Last Pay Certificate (LPC)** ;
- 4d **Automatic calculation** of employee salary based on an employee data base maintained in iBAS++ and loans and advance records;
- 4e **Electronic interface** with treasury banks and automatic bank reconciliations.

### Features of iBAS++

- It is an automated government financial transaction system
- It confirms quality of information
- It also ensures timely provision of financial services
- It eases delivery of government financial services to the citizens at large.

e-Services iBAS++

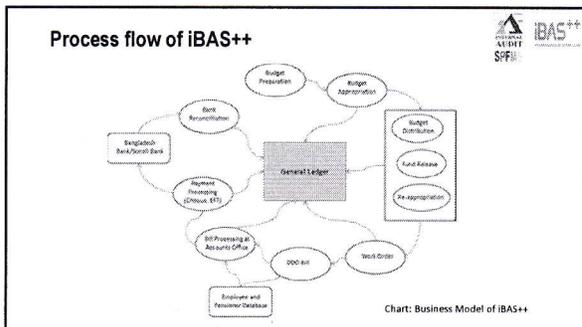


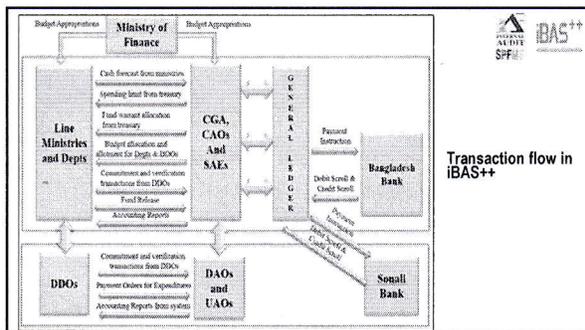
### Objectives of iBAS++:

**\* To improve the comprehensiveness and timeliness of in-year budget out-turn reports that will enable decision-making by budget controlling offices, to strengthen better cash management and enhance fiscal discipline and transparency.**

**Other objectives are:**

1. To capture expenditure and receipt transactions, including non-cash generated (approved book transfer) transactions for the purposes of control, analysis, accounting and reporting.
2. To assist in effective budgetary monitoring and control, budget preparation, fund allocation, fund release, budget execution, budget re-appropriation, online bill submission, payment through cheque or EFT (Electronic Fund Transfer), automatic bank reconciliation and accounting, including statutory reporting obligations for Annual Financial Accounts.
3. To record and control the mechanisms for managing the receipts and expenditures of Government.
4. To provide a complete picture of financial assets and liabilities of the government at a given point of time.
5. To generate reports on all forms in BC-1 and BC-2, receipt & expenditure summary detail report, budget analysis report, ADP-RADP reports etc.





### Expenditure report on iBAS++

DDOs- Budget Expenditure Authority can run different types of reports on Budget Execution, Observes Budget Execution Reports and Reconciliation with Budget Register, Bill Register and Cash Book Register; ensuring no additional expenditure incurred by Accounts Offices and keep integrity of Budget Expenditure.

Reports available in iBAS++ are:

- Autonomous Organization
- Budget – 3 Years Comparison
- Budget Actual Summary
- Budget Execution- Project
- Budget Utilization – Details
- Filed level Budget Distribution
- Ministry Fiscal Report
- Quarterly Execution – Summary
- Quarterly – Budget Execution
- Revenue

### Expenditure report on iBAS++ (Contd..)

- The functionalities, work flows and way of operation in iBAS++ ensure internal central Budget Execution.
- Initiatives has undertaken to integrate iBAS++ with e-GP system and developing new module on Assets management.
- Integration of iBAS++ with e-GP's Contract and Supply Management functionalities will ensure more control. Developing Assets Register for Public Resources will help misuse of public funds.

### How internal audit controls financial Management & monitoring

- Budget Control:** Budget control is an important regulation in iBAS++. The extra expanse of spending so much budget can be controlled very easily.
- Re-appropriation:** In iBAS++, the regulation is very effective in adjusting the revenue and capital expenditure. The Ministry/ division does not have the power to adapt between recurring expenditure and capital expenditure economic code. In this case, Ministry of Finance may adjust the recurring expenditure and capital expenditure to the economic code.
- Colling in pension/ salary payment:** iBAS++ has control over the payment of pension and salaries. Salary is fixed through pay fixation on iBAS++. The dues of the officer/employees paid in the light of fixed salary. The pension is determined in the light of the salary fixed through the pay fixation and next final salary. The maximum limit of salary and pension control by iBAS++.
- Role based user:** In iBAS++ each user is given a roll according to his/ her responsibilities. The work is done under the responsibility. As a result, the payment system is controlled through this checker and maker system.

### System audit :

...a systematic and independent examination to determine whether activities and related results comply with the planned arrangements and whether these arrangements are implemented effectively and are suitable to achieve objectives'

- System Audit:** Focus on quality capability of quality management system
- Process Audit:** Focus on quality capability of products and their processes
- Product Audit:** Focus on quality characteristics of finished products

### System audit :

Digital Space and Audit are as follows:

- Auditing Auto System
- CAAT/ GAS
- Audit Automation

What are the impacts of computerized system and the Auditor function?

Typical Challenges IA:

- Complexity of the Computer system
- Non-existence of visible evidence
- Possibility of systematic errors
- Non retention of files and data
- Lack of audit Tail

**iBAS++**  
INTEGRATED BUDGET & ACCOUNTING SYSTEM



**Q/A**

**CAAT-Computer-Assisted Audit Tools**  
ACL, IDEA etc...

**GAS-Generalized  
Audit Software**



**Q/A**

4/17/2022





**Workshop on Process of Internal Audit and Financial Reporting**  
 MIS Auditorium, Shahid Dr. Milton Hall, 1<sup>st</sup> Floor, DGHS, Mohakhali, Dhaka  
 Date: 11<sup>th</sup> April 2022, Time: 11:00am to 12:00pm

**Presentation on Procurement  
 Pre & Post Review and Risk Management**

Organized by  
 Scheme on Internal Audit and Audit Follow-up  
 SPFMS, Finance Division, MoF

Presented by  
 Mohammad Nisar Uddin MCIPS  
 Sr. Consultant (Procurement Specialist)

### Need to Post Procurement Review

The Public Procurement Act 2006 (PPA) and Public Procurement Rules 2008 (PPR) provide comprehensive and clear instructions for all steps of the procurement process like planning, evaluation, award, methods, approval thresholds, record keeping, etc.

PPR (Rules-46) requires that the records of procurement activities shall be reviewed periodically by independent Consultants and the findings of procurement post review shall be submitted to the Procuring Entity and CPTU (Central Procurement Technical Unit).

### Methodology in Post Procurement Review

- Schedule / Plan of Post Procurement Review
- Public Procurement Act 2006 (PPA) and Public Procurement Rules 2008 (PPR)
- e-GP Guideline
- Delegation of Financial Power (DoFP)
- Own judgement
- Policy of Ministry of Commerce (CCI&E), NBR, Banking & Insurance, Drug and Narcotics Administration, Atomic Energy, Environmental Department, City Corporation, RAJUK, etc

The Auditor shall obtain Annual Procurement Plan and the list of all signed contracts, work orders executed by the PE in each financial year and shall select a sample of contracts (≤15% that to be covered ≤ 30% of the corresponding value) to be reviewed, taking care to have adequate distribution among different methods (DTM, RFQ, OTM, LTM, QCBS, FBM, LCM, SSS, SIC, etc.) of procurement.

### Scope of Post Procurement Review

The Auditor will review the procurement contracts awarded in the financial year and -

- Determine whether the procurement processes and contracting proceedings are in accordance with Public Procurement Act and Rules.
- Review whether Standard Tender/Proposal Document is followed & tender document is prepared in line with the act and rules;
- Assess the extent to which Value-for-Money is being achieved in the procurement process as required by the Procuring Entities;
- Verify whether the contract of Goods, Works and Consulting Services completed according to the required specifications and Contractual Terms;
- Verify whether documentation and record keeping systems that are in place are adequate for ensuring post review requirements;
- Determine remedies to correct the identified deficiencies.

#### Time schedule for tender submission (R-61/4, Schedule 3)

SL	Goods / Works / Services	Advertisement to Submission		
1	Open Tendering Method (OTM)	At least 14 days for ≤ 2 Crore	At least 21 days for 2-5 Crore	At least 28 days for ≥ 5 Crore
2	Open Tendering Method for two stages	1st Stage at least 42 days	2nd Stage 21 days	
3	Limited Tendering Method (LTM)	At least 14 days as per DoFP	at least 7 days for Re-Advertisement	≤ 7 days for Emergency
4	Request for Quotation	≤ 10 days		
5	Emergency / DTM	At least 10 days as per DoFP		
6	Re-Advertisement	10 days for ≤ 2 Crore	14 days for ≥ 2 Crore	7 days for Emergency

#### Approval Time Frame Table [Rule 8(14)]

Approving Authority	TSC	TEC	Approving Time	NOA	Total	
					Without TSC	With TSC
PD/PM / AO	2 weeks	2 weeks	1 week	1 week	4 weeks	6 weeks
HOPE	2 weeks	3 weeks	2 weeks	1 week	6 weeks	8 weeks
Board of Directors	3 weeks	3 weeks	2 week - Secretaries 2 Week Approval	1 week	8 weeks	11 weeks
Minister	3 weeks	3 weeks	2 week - Secretaries - HOPE 2 week - recommend - Secretary 1 Week Approval	1 week	9 weeks	12 weeks
CCGP Single	3 weeks	3 weeks	3 week - Secretaries - HOPE 3 week - recommend - Secretary 1 week - Secretaries - HOPE	1 week	10+ weeks	13+ weeks
CCGP Complex	4 weeks	4 weeks	3 week - Secretaries - HOPE 3 week - recommend - Secretary 1 week - recommend - Minister	1 week	11+ weeks	15+ weeks

### Delegation of Financial Power (DoFP)

SL	Methods of Procurement	Particulars	Approving Authority from Revenue Budget					CCGP
			Uptila Level Office	District Level Office	Divisional Level Office	PD/Deo of Ministry / MDA / Division	CCGP	
LTA (Value should have include in Budget and confirming PPA & PPR procedure)	Goods / Service	≤ 25 Lacs	✓	✓	✓	✓	✓	N/A
	Works	≤ 3 Crore	✓	✓	✓	✓	✓	N/A
Outsourcing	Catering, ambulance, transport, event management, repairing & Maintenance, etc related services	Value should have include in Budget and confirming PPA & PPR procedure	N/A	≤ 20 Lacs	≤ 30 Lacs	≤ 50 Lacs	Full	N/A
Goods	Any Competitive Methods	Value should have include in Budget, Approved Procurement Plan and confirming PPA & PPR procedure	≤ 15 Lacs	≤ 30 Lacs	≤ 50 Lacs	≤ 2 Crore	≤ 50 Crore	≤ 50 Crore
Works	Any Competitive Methods	Value should have include in Budget, Approved Procurement Plan and confirming PPA & PPR procedure	≤ 20 Lacs	≤ 50 Lacs	≤ 1 Crore	≤ 5 Crore	≤ 50 Crore	≤ 50 Crore
Service	Any Competitive Methods	Value should have include in Budget, Approved Procurement	N/A	N/A	N/A	≤ 1 Crore	≤ 10 Crore	≤ 10 Crore

SL	Methods of Procurement	Particulars	Approving Authority Development Budget					CCGP
			District Level Office	Divisional Level Office	PD/Deo of Ministry / MDA	Ministry / Division	CCGP	
LTA (Value should have include in Budget and confirming PPA & PPR procedure)	Goods / Service	≤ 25 Lacs	✓	✓	✓	✓	✓	N/A
	Works	≤ 3 Crore	✓	✓	✓	✓	✓	N/A
Outsourcing	Catering, ambulance, transport, event management, repairing & Maintenance, etc related services	Value should have include in Budget and confirming PPA & PPR procedure	≤ 10 Lacs	≤ 20 Lacs	≤ 30 Lacs	Full	N/A	
Goods	Any Competitive Methods	Value should have include in Budget, Approved Procurement Plan and confirming PPA & PPR procedure	≤ 05 Crore	≤ 10 Crore	≤ 20 Crore	≤ 100 Crore	≤ 100 Crore	
Works	Any Competitive Methods	Value should have include in Budget, Approved Procurement Plan and confirming PPA & PPR procedure	≤ 15 Crore	≤ 20 Crore	≤ 30 Crore	≤ 100 Crore	≤ 100 Crore	
Service	Any Competitive Methods	Value should have include in Budget, Approved Procurement Plan and confirming PPA & PPR procedure	≤ 03 Crore	≤ 05 Crore	≤ 07 Crore	≤ 30 Crore	≤ 30 Crore	

SL	Method of Procurement	Particulars	Approving Authority					CCGP
			District Level Office	Divisional Level Office	PD/Deo of Ministry / MDA	Ministry / Division	CCGP	
LTA (Value should have include in Budget and confirming PPA & PPR procedure)	Goods / Service	≤ 25 Lacs	✓	✓	✓	✓	✓	N/A
	Works	≤ 3 Crore	✓	✓	✓	✓	✓	N/A
Outsourcing	Catering, ambulance, transport, event management, repairing & Maintenance, etc related services	Value should have include in Budget and confirming PPA & PPR procedure	≤ 10 Lacs	≤ 20 Lacs	≤ 30 Lacs	Full	N/A	
	Goods	Any Competitive Methods	≤ 05 Crore	≤ 10 Crore	≤ 20 Crore	≤ 100 Crore	≤ 100 Crore	
Works	Any Competitive Methods	Value should have include in Budget, Approved Procurement Plan and confirming PPA & PPR procedure	≤ 15 Crore	≤ 20 Crore	≤ 30 Crore	≤ 100 Crore	≤ 100 Crore	
	Service	Any Competitive Methods	≤ 03 Crore	≤ 05 Crore	≤ 07 Crore	≤ 30 Crore	≤ 30 Crore	

### Compliance with Rules & Acts (1/6)

- Public Procurement Act 2006 (PPA)
- Public Procurement Rules 2008 (PPR)
- e-GP Guideline
- Delegation of Financial Power (DoFP)

**1. Procurement Plan (Schedule 5, R-15)**

- Approved Procurement Plan and Annual Procurement Plan (PP & APP)
- Requirement definition / Specification / ToR (notes, correspondence, communication with requisitioned, justification if brand name is used etc.)
- Official Cost Estimate/ Current Market Price

### Compliance with Rules & Acts (2/6)

**2. Procurement Opportunities (Schedule 10 & 11, R-90)**

- Advertisement of bid opportunities in newspaper, in CPTU's website, Organizational websites / dg market, etc.
- Tender/Proposals followed by PPR-2008, e-GP guidelines with appropriate terms and condition
- Tender/Proposals followed by DP's guidelines

**3. Tender/Proposal Evaluation (R-7 & 8, R-33 to 35, Schedule-2)**

- Days allowed in tender/proposal documents for preparation, submission and opening
- Actual days between opening and completion/submission of evaluation
- No of responsive tenders/proposals
- Confirming in due diligence
- No of non-responsive tenders/proposals with reasons
- Re-invitation of tenders/proposals recommended by TEC/PEC
- Procurement proceedings annulled/cancelled

### Compliance with Rules & Acts (3/6)

**4. Tender preparation and Submission (R-32, 61 & 62, Schedule-2)**

- No of sale/issuance of tender/proposal documents
- Pre-tender/proposal meeting and distribution of notes
- No of Tenderer/Consultant participated (Submission)
- Days allowed per Rule for Preparation and Submission

**5. Formation of TOC/POC and TEC/PEC (R-7 & 8, Schedule-2)**

- No of members in TOC/POC
- No of member in TOC/POC from TEC/PEC
- Approval date of TOC/POC
- No of members in TEC/PEC
- No of external members in TEC/PEC
- Authority approved TEC/PEC with date

**Compliance with Rules & Acts (4/6)**

- 6. Tender/Proposal Evaluation (R-7 & 8, R-33 to 35, Schedule-2.)**
  - Days allowed in tender/proposal documents for preparation, submission and opening
  - Actual days between opening and completion/submission of evaluation
  - No of responsive tenders/proposals
  - Confirming in due diligence
  - No of non-responsive tenders/proposals with reasons
  - Re-invitation of tenders/proposals recommended by TEC/PEC
  - Procurement proceedings annulled/cancelled
- 7. Approved of Tender/Proposal (R-36, 102)**
  - Days actual between submission of evaluation and approval
  - Approving Authority (AA) as per DoFP
  - Evaluation report was sent as per PPR to the AA
  - Date of approval decision received by PE
  - Date of issuance of NOA/PO/LOI
  - Authority other than AA, if any, made additional review of the evaluation report
  - Authority higher or lower than AA, if any, approved the Tenders/Proposals

**Compliance with Rules & Acts (5/6)**

- 8. Awards of Contract (R-37, Schedule VI)**
  - Procurement processing lag/lead-time (i.e., Days actual between opening and issuance of NOA/PO/LOI)
  - Days actual between IFT/RFP and issuance of NOA/PO/ LOI contract signing
  - Contract award made within the initial tender/proposal validity period
  - Publication of award in CPTUs website/PE's website/others
- 9. Completion of Contract (R-39, 40, 41)**
  - Days per original contract time specified for Supply/Execution/ Perform
  - Quality ensured by QC team
  - Days actual for Supply/Execution/Perform
  - Amount of Liquidity Damage (LD) imposed

**Compliance with Rules & Acts (6/6)**

- 10. Complaints and Appeal (R-42)**
  - Complaint, if any, lodged and reasons thereof
  - Resolution of complaints per Rules
  - Modifications resulting from resolution of complaints
  - Appeal to Independent Review
  - Panel Review Panel's decision and follow-on
- 11. Contract Amendment / variation (R-77 to 80)**
  - No of times contract completion period extended and with no of days
  - Variation/Extra Work/Repeat/Additional Delivery Orders etc. made
  - No and amount of such orders

**Main Consideration in a procurement files with special focus on the following aspects, documentation and procedures**

- Procuring Entity's Capacity: Adequacy of Staff; Role of Procurement Agents/Consultants;
- Procurement Plans and Monitoring;
- Advertising;
- Pre/Post qualification, Short-listing
- Tender Opening, Proposal opening;
- Tendering Documents, Modifications;
- Tender Validity Extensions, Proposal Validity Extensions;
- Evaluation, Proposal, Approval and Awards;
- Issuance of Notification of Award and suspension of procurement proceedings thereafter, if any;
- Signed Contracts;

**Main Consideration in a procurement files**

- Contract Amendments and Variation Orders;
- Actual Contract Payments vs. Contract Award Amount;
- Securities (for Tender, Performance, Advances, Insurance, Liability, etc.);
- Contractor's Claims;
- Damages and Penalties for Delays, non-compliance with Functional Guarantees etc.
- Protests from Tenderers/Contractors/suppliers/ Consultants;
- Reasons for Slow Progress of Completion;
- Delays in Payments, Imports, Customs, etc. if any;
- Contractual Disputes and Their Resolution;
- Other Relevant Matters, etc.

**Q & A  
Session**

4/17/2022

**-The END-**

**Thank You to all**

## Risk-Based Internal Audit (RBIA) for Better Assurance

Strengthening Public Financial Management Program to Enable Service Delivery (SPFMS)  
Finance Division, Ministry of Finance

Emadul Hannan, CIA, CRMA  
Sr. Consultant (Internal Audit)

11 and 13 April 2022, Dhaka Bangladesh

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### Agenda

1. Internal Audit (IA)
  - IA Definition,
  - IA Approach,
  - IA Charter and
  - IA Value
  - RBIA process
  - Audit Universe
  - Risk Assessment
  
2. Workshop to understand
  - Risks matrix and scoring
  - Audit Universe

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### What is Internal Audit – Mission Statement

Internal Audit is an independent review and consulting function providing Management and the AC (Audit Committee)/PAO (Principal Accounting Officer) assurance that:

- effective internal controls exist to maintain process integrity
- measures and reporting are accurate and reliable
- there is compliance with policies and regulations

- In this sense, IA is critical sounding to Management/PAO **highlighting risks and Internal Controls that are not being adequately managed** by the MDAs
- IA is here to **add value** by supporting the management of the department on all levels to **better manage the business and the Internal Control Systems**

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### IA and EA (C&AG) Comparison

No.	Criterion	External Audit (C&AG)	Internal Audit
1.	Position inside the organisation	The External Auditors are not part of the organisation. Their objectives are set by the Constitution and their legislation. Their clients are the parliamentarians and citizens of Bangladesh.	The Internal Auditors are part of the organisation. Their objectives are determined by the ministry Head. Their clients are the managers.
2.	Objectives	The primary objective of the C&AG is to provide an independent opinion on financial statements, plus a review of internal controls and performance as allowed by legislation.	The internal auditor's scope of work is comprehensive. It can review all aspects of the organisation: both financial and non-financial and also focus on future events as a result of the continuous review and evaluation of control processes as determined by the IIA Audit Charter.
3.	Standards	is governed by international public sector auditing standards	Follows the IIA's international standards for professional practice

Extracts from draft IA Manual

### IA and EA (C&AG) Comparison-contd.

No.	Criterion	External Audit (C&AG) (INTOSAI /ISSAIs)	Internal Audit
4.	Approach to Internal Control	External audit regards the internal control system only from the materiality perspective.	Internal audit regards all the aspects regarding the organisation's systems of internal controls.
5.	Review of compliance & regularity issues	C&AG has powers to review and report across the GOB	Internal audit can review such areas within the ministry and included in annual audit plan, or as required by the ministry Head
6.	Results	Meets statutory requirements and provides recommendations to improve system and processes.	Identifies problems and makes recommendations to improve compliance with controls or to improve the performance of the organisation. Helps facilitate resolution of matters raised during audits, internal and external.

Extracts from draft IA Manual

### IA Charter (IIA Standard 1000)

- The IA function has a formally defined IA charter approved by the PAO and the Chairman of the AC.
- The IA charter has the following minimum content:
  - Mission
  - Role & Scope
  - Organization
  - Independence
  - Responsibility, and
  - Performance measurement.

The IIA standard describes "The internal audit charter is a formal document that defines the internal audit activity's purpose, authority, and responsibility. The internal audit charter establishes the internal audit activity's position within the organization, including the nature of the chief audit executive's functional reporting relationship with the board/AC/PAO; authorizes access to records, personnel, and physical properties relevant to the performance of engagements; and defines the scope of internal audit activities."

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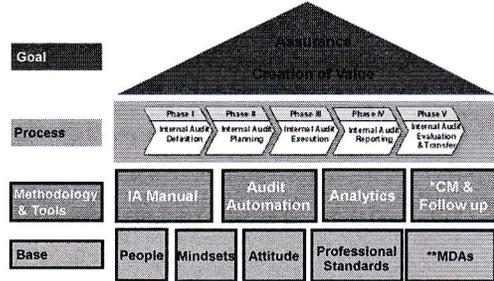
## Your Role

The Internal Auditors are a key element of the Good Governance framework and – together with external audit – the **acting hand** of the PAO or Audit Committee.  
You are the extra pair of eyes of PAO.



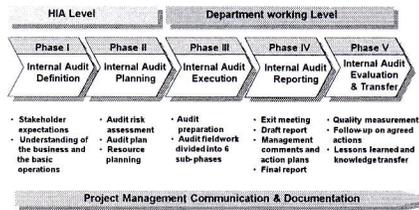
By executing your role in an effective way you contribute significantly to the "checks and balances" at department level and thus to good Governance in the Ministry

## The Internal Audit Assurance and Value "House"

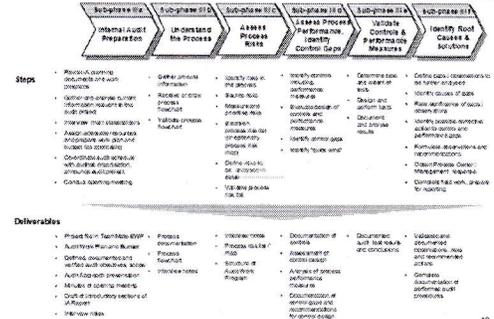


## The Internal Audit Process (IAP) - Overview

The IAP methodology has been developed to best suit department needs and to provide a standard process that can be consistently applied by all departments' Internal Audit functions ministry wide.  
It comprises 5 phases:



## IA Execution (Phase 3)– Overview on Steps and Deliverables



## Benefits of internal auditing in the public sector?

By providing unbiased, objective assessments of whether public resources are managed responsibly and effectively to achieve intended results, internal auditors help public sector organizations achieve accountability and integrity, improve operations, and instill confidence among citizens and stakeholders.

Assurance-based audit (ABA): ABA is using the risk-based approach to co-ordinate all the assurance activities in the public sector to ensure that

- Duplication is minimized (C&AG can depend on IA),
- Departments' process and procedure are improved
- Efficiency of operation is improved
- Public assets are protected
- Reporting and information are reliable
- Compliance of rules and regulations are ensured

## Next steps: What is Audit Universe

- An audit universe (AU) is the collective grouping of auditable 'components' – sometimes also called auditable areas, units or entities – that support the development of the internal audit plan and help to identify appropriate internal audit coverage that the Head of Internal Audit can then prioritise,
- The followings may be considered to find the AU:
  - Strategy and goals of MDA
  - Major Projects
  - Top spending areas
  - Functions and Organogram
  - Previous audit issues and risks

### Generic System and Processes

1. Budgetary Processes and Expenditure control
2. Accounting and Reporting
3. Pay and allowances/personnel management
4. Purchase ordering and payment of goods and services
5. Stocks and stores (including write offs)
6. Receipts/income/debtors
7. Asset management (including repairs and maintenance)
8. Debt/cash management
9. Capital expenditure
10. Subsidies and grants and
11. Performance reviews

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### IA Role and Scope- Risks relevant for IA (Sample only)

- Relevant business risks for IA are grouped into 3 categories:

Minimum Role	Extended Role	Off-Frame
<ul style="list-style-type: none"> <li>• Logistics</li> <li>• Financial instruments</li> <li>• Asset Protection</li> <li>• Measurement / monitoring</li> <li>• Procurement</li> <li>• IT Security</li> <li>• Health and safety</li> <li>• Information relevance</li> <li>• Financial reporting</li> <li>• Compliance</li> <li>• Revenue collection</li> <li>• Contracts</li> <li>• Budgeting</li> <li>• IT Infrastructure</li> <li>• CAPEX projects</li> <li>• Liquidity / cash flow</li> <li>• Taxation</li> <li>• Employment</li> <li>• Fraud &amp; corruption</li> </ul>	<ul style="list-style-type: none"> <li>• Outsourcing</li> <li>• Hiring / Retaining</li> <li>• Business interruption</li> <li>• Reputation</li> <li>• Resource availability</li> <li>• Service / product quality</li> <li>• Budget / planning</li> <li>• Efficiency / Productivity</li> <li>• Pension funding</li> <li>• Catastrophe</li> <li>• Environmental</li> <li>• Social security</li> </ul>	<ul style="list-style-type: none"> <li>• Business Plan</li> <li>• Economic influences</li> <li>• Competitor actions</li> <li>• Capacity</li> <li>• Interest rates</li> <li>• Personal security</li> <li>• Business portfolio</li> <li>• Shareholder relations</li> <li>• Capital availability</li> <li>• Future regulations</li> <li>• Government / public influence*</li> <li>• Currency</li> </ul>

IA lead

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\*CAPEX: Capital Expenditure

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### Risk Assessment, Consideration and Scoring

Risk scoring methodology would be used by assigning scores to each auditable activity on the scale of 1 to 3 (1=low; 2=medium; 3= high). Further, aggregate risk scores can be rated as "low" (1-5), "Moderate" (6-10), or "high" (11-15). High-risk departments will be determined through risk assessments that will consider identifiable auditable process/activity for example based on the following factors:

- **Complexity of control environment** - this risk factor reflects the potential for errors or misappropriation to go undetected because of a complicated environment and nature of transaction / activity. The control environment represents the collective policies, procedures, routines, physical safeguards and staff in place. Essential to a favorable control environment is the tone at the top, adherence to documented policies and procedures, reliable systems, prompt detection and correction of errors, adequate staffing and controlled turnover of personnel. Conversely, lack of supervision, high error rates, lack of documentation, and unmanageable backlogs of work, high turnover, and non-routine transactions are symptoms of a poor control environment.

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### Risk Assessment, Consideration and Scoring

- **Entity functional scope** - the criticality of an activity for audit purposes can be judged by the extent of the scope of its functions (e.g., policy formulation or citizen-facing) and the number of people engaged.
- **Entity budget size** - the comparative size and nature of the budget (capital/development, payroll, other-recurrent operating budget) and procurement packages.
- **Changes in People/Systems** - changes impact internal controls and financial reporting. Change usually occurs to effect improvement in the long term, but often has short-term offsets that require increased audit coverage. Changes can include reorganizations, policy shifts; functional expansion or reduction; new regulations or laws; personnel turnover. Audit activities not subject to change require less audit coverage.
- **Comfort with operating management** - this criterion reflects the confidence that the audit team places in management and its commitment to internal control. Comfort is characterized by factors such as past audit interaction, understanding of management in the work environment, and feelings about the quality and level of staffing.

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### Basic values for Internal Audit

- **Creates business value** and is aligned with the goals and risks of the Ministry and departments
- **Acts independently** and excels in **objectivity, professionalism** and also in **common sense**
- Has "**guts**" and does not need to be on the center stage
- **Learns permanently** and exchanges knowledge to contribute towards best practice and standardization
- Is **not the "police"** but works in an atmosphere of **partnership**, and supports management running the business by alerting them to pitfalls at an early stage
- Is a "**preacher**" and **educator of good governance** within the department

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### Workshop



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### Exercise- (Second Session)

- Three groups
- Quiz on Risks and Control, multiple-choice questions (MCQ) - on screen
- Each group identify and assess minimum 5 risks in three areas and show in Risk Control Matrix.
  - Procurement risk
  - Human Resource risk
  - Financial risk
- One or all members can present their thoughts and justification of risk rating.

### Risk Matrix Scoring

S.No.	Entry (Procurement, HR, Finance)	Risks	Likelihood X Impact (1-5 scale)			Factor (F) <sup>2</sup>	TGW points	Ranking as per total factored risk points
			Likelihood (1-5)	Impact (1-5)	(LxI) = (1)			
1								
2								
3								
4								
5								

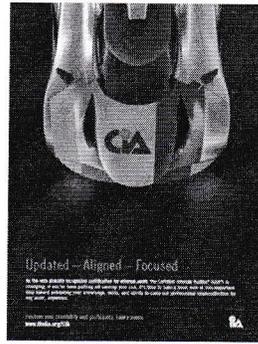
#### \*Factor calculation (F) 1-3 scale

Entry	Total score (T)	Complexity (1-3)	Importance (1-3)	Budget size (1-3)	Changes (1-3)	Cooperation (1-3)
	(a+b+c+d+e+f)	a	b	c	d	e
Procurement						
HR						
Finance						

### Risk Control Matrix- Sample

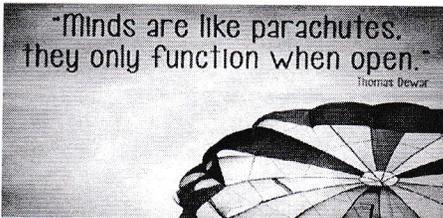
Area	Objective	Key Risk	Impact	Control	Residual Risk	Rating
Procurement	Procurement of IT services	IT services not meeting requirements	High	Regular communication and clear requirements	Medium	High
HR	Recruitment of IT staff	IT staff not having required skills	Medium	Thorough interview process and training	Low	Medium
Finance	IT budget management	IT budget exceeding allocated amount	Low	Regular budget reviews and approvals	Low	Low

### Way forward-Prepare for CIA certification



Improve your efficiency and proficiency

In case of any question(s) please contact [emadul.hannan@gmail.com](mailto:emadul.hannan@gmail.com) or telephone: 01717160262



Many thanks