

## **Workshop on Process of Internal Audit and Financial Reporting**

**Venue:** MIS Auditorium, Shahid Dr. Milon Hall, 1st Floor, DGHS, Mohakhali, Dhaka  
Department of Health Service, Ministry of Health & Family Welfare and Finance  
Division

**Date:** 11th April 2022

### **Rapporteur's Report**

#### **A. Introduction:**

Bangladesh is one of the leading countries in South Asia as a role model in Financial Management systems and Discipline. The Finance Division under Ministry of Finance (MoF), Bangladesh is taking the lead in this regard. In recent years the Finance Division has taken several groundbreaking steps in the field of Public Expenditure Management in Bangladesh. For this purpose, the Finance Division, MoF has approved the Public Finance Management Action Plan 2018-2023; where 08 (eight) of the 14 (fourteen) components will be implemented by the Finance Division. Notable among these eight components are the **Integrated Budget Accounting System (iBAS++)**, introduce of **Budget Accounting Classification System (BACS)**, initiate to introduce **Internal Audit System**, etc.

Workshop on **Process of Internal Audit and Financial Reporting** is an important task for **Scheme on Internal Audit and Audit Follow up** which is part of Strengthening Public Financial Management Program to Enable Service Delivery (SPFMS) program. A number of workshops will be held under the Internal Audit and Audit Follow-up scheme; this workshop is a special part of it. The workshop was held on 11<sup>th</sup> April 2022 in MIS Auditorium, Shahid Dr. Milon Hall, DGHS, Mohakhali, Dhaka; under the leadership of Mr. Kabirul Ezdani Khan, Additional Secretary, Budget & Expenditure, Finance Division, Ministry of Finance. Prof Dr. Abul Bashar Mohammad, Khurshid Alam, Director General, Directorate General Health Services MoH&FW, was the chief guest of this event. The workshop was attended by various officials of the Directorate General of Health Services, MoH&FW; PIT members of Finance Division and consultants the of Internal Audit Scheme. Among them were 13 officers of DGHS and 2 officers were from MoH&FW (Details are included in attacement-3).

In this workshop, there was a key-note presenter on Internal Audit and two discussants on two special topics related to Internal Audit: Post Procurement Review and Financial Reporting on iBAS++. After the three presentations, the participants were divided into three groups (each consisted of five participants) for group work. During this group work the participants had discussed and brain stormed on assigned topics. Later on, deliver their group presentation. The three groups brain-stormed various aspects and issues and provided recommendations related to the internal audit matrix (details about the group exercise is mentioned in Section F of this report).

## **B. Opening Ceremony:**

Prof Dr. Abul Bashar Mohammad, Directorate General Health Services was chief guest at this workshop. He mentioned in his inaugural speech that the workshop will be a landmark step to establish an internal audit system in the Directorate General Health Services. He added that DGHS spends a huge portion of its budget on establishing a nationwide health Services network. Chairperson, Mr. Kabirul Ezdani Khan, Additional Secretary, Budget & Expenditure, Finance Division, said that the scope of work of DGHS has increased across the country during Covid Pandemic situation. He also said that the proper use of government funds must be ensured and there must be transparency and accountability in these expenditures. Internal Audit cells will be set up in all ministries and departments in phases. He urged the participant to pay proper attention to the session of the workshop. Then the experts present their topics in three sessions.

The Program Executive and Coordinator (PEC) Mr. Md. Rafiqul Islam, SPFMS Program has conducted the ceremony. After the speech of the Chief Guest and Chairperson, the experts presented their topics in three sessions.

## **C. First Session:**

### **Expenditure Process and Report from iBAS++**

Mr. Md. Rafiqul Islam, Program Executive & Coordinator (PEC), Deputy Secretary, SPFMS Program and Scheme on Internal Audit and Audit Follow-up, has discussed on Expenditure Process and Reporting from iBAS++. During the presentation he discussed the following topics: four modules of iBAS++: Budget Preparation, Budget Execution, General Ledger, Accounting. He briefed about Features, Perimeters, objectives of iBAS++, process flow of iBAS++, Expenditure Report on iBAS++, way of internal-audit controls, financial management, monitoring as well as system audit. He cited various examples along with the presentation.

## **D. Second Session:**

### **Procurement Pre & Post Review and Risk Management**

Mr. Mohammad Nasir Uddin MCIPS, Senior Consultant (Procurement Specialist), presented on procurement, pre & post review and risk management. He presents the need of post procurement review as per The Public Procurement Act 2006 and Public Procurement Rules 2008. He also discusses methodology and scope of post Procurement review. He presented the time schedule for tender, delegation of financial power, tender approval time frame table, compliance with rules and acts, main aspects, documentations, procedure consider in a procurement file, Methodology in Post Procurement Review, Scope of Post Procurement Review. At the same time, he discussed various issues related to the public procurement.

## **E. Third Session:**

### **Process of Internal Audit System**

Mr. Emadul Hannan, Senior Consultant, Internal Audit and Audit follow-ups under SPFMS. Mr. Emadul delivered and discussed some of the important aspect of Internal Audit such as:

- Definition and meaning of Internal Audit;
- Function and value of Internal Auditors;
- IA Approach, IA Charter and IA Value,
- FBIA process,
- Audit Universe and Risk Assessment,
- Risks matrix and scoring,

- Basic Values for Internal Audit.

He gave various examples along with the presentation. At the end of the presentation, he divided the participating team into three groups and conducted the group exercise.

## **F. Group Exercise:**

At this stage, the participants in the workshop were divided into three groups. Each Group identified and assessed minimum 5 risks in three areas i.e. Procurement Risk, Human Resources Risk, Financial Risk and presented in a Risk Control Matrix.

## **G. Conclusion and Recommendations:**

Through this day-long workshop, participants learned about various issues on Internal Audit of DGHS. At the end of the sessions, three brainstorming groups were formed. These three groups identify and recommend issues for internal audit related to human resource risk, financial risk, procurement risk of DGHS. As a result of this workshop, we hope that DGHS will take an initiative to build up an Internal Audit team and unit as well as to achieve some success of Internal Audit.

**Recommendation:** The Brain storming group recommended the following matters for the purpose of establishing internal audit system in the Directorate General of Health Services (DGHS):

### **Recommendations for Procurement risk issues:**

- APP needs to be modified.
- The market price committee must be formed.
- NOA must be issue.
- Performance must be taken in accordance with security rules.
- According to the rules of PPR-2008, advertisement should be given in widely circulated newspapers.

### **Recommendations for Human Resource issues:**

- Create new posts according to todays' health needs.
- Rules & polices for maximum number of OSD;
- Follow PSN (Procurement of Services No consulting) policies
- Monitor activities & payments;
- Skilled workers cannot be provided by out sourcing;
- Emergency recruitment rules;
- Job Satisfaction Increased;
- Promotion steps identified & controlled;
- Lateral entry blocked;

### **Recommendations for financial risk issues:**

- APP should be submitted by PE within July of the Financial year;
- APP should be prepared by a committee composed of officers & efficient staff;
- Demand for budget should be placed on time;
- Demand should be need based & realistic;
- Regular training of officers & stuffs on financial rules and also refreshes training;
- DDO should take initiative more proactive on budget execution;
- DDO should follow financial rules to avoid audit objection;
- Incentive or rewarding for good performance.

In order to establish internal audit of Directorate General of Health Services (DGHS), the above mention point was identified for further discussions, debates, research and advocacy and policy considerations. The participants were enthusiastic about the day-long workshop. They also showed keen interest in establishing an internal audit system in the DGHS. In this way, we will be able to establish audit system among the five major high expenditure Ministry/ Division/ Departments of the government. As a result, we hope to achieve some success of Internal Audit.

Thanks, and gratitude to the respected PIT Head, Mr. Kabirul Ezdani Khan, Additional Secretary, Budget and Expenditure Management, Finance Division for his kind suggestions and instructions and to Mr. Md. Rafiqul Islam, Program Executive and Coordinator, SPFMS Program for his continuous efforts and cooperation.

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## Attachment:1

