

Financial Management Assessment of Bangladesh Water Development Board

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CURRENCY EQUIVALENTS

(as of 15 May 2014)

Currency unit	–	taka (Tk)	
Tk1.00	=		\$0.0129
\$1.00	=		Tk77.58

ABBREVIATIONS

ADB	Asian Development Bank
ADG	Additional Director General
ADP	Annual Development Program
BAS	Bangladesh Accounting Standard
BWDB	Bangladesh Water Development Board
CAG	Comptroller and Auditor General
CAD II	Second Command Area Development Project
DPEC	Departmental Project Evaluation Committee
DG	Director General
EA	Executing Agency
ECNEC	Executive Committee of the National Economic Council
ERD	Economic Relations Division
FAC	Financial Accounting Center
FAP	Foreign Aided Project
FAPAD	Foreign Aided Project Audit Directorate
FAR	Financial Administration Regulation
FE	Facilitating Entity
FMA (Q)	Financial Management Assessment (Questionnaires)
GC	Governing Council
GIS	Geographical Information System
GO	Government Order
GOB	Government of Bangladesh
HIMS	Hydrological Information Management System
IA	Implementing agency
ICAB	Institute of Chartered Accountants of Bangladesh
ICT	Information and Communication Technology
IMED	Implementation Monitoring and Evaluation Division
IMIP	Irrigation Management Improvement Investment Project
LMED	Local Government Engineering Division
MIP	Muhuri Irrigation Project
MIS	Management Information System
MOF	Ministry of Finance
MOP	Ministry of Planning
MOWR	Ministry of Water Resources
PD	Project Director
PEC	Project Evaluation Committee
PMIS	Personnel Management Information System
PMU	Project Management Unit
PPTA	Project Preparatory Technical Assistance
RAC	Regional Accounting Centre
RPA	Reimbursable Project Aid
SGIA	Second Generation Imprest Account
SIMS	Scheme Information Management System
WAPRO	Water Resources Planning Organization

WB	World Bank
WMIP	Water Management Improvement Project (under the World Bank)
WMO	Water Management Organization

Financial Management Assessment

A. Introduction:

1. This report describes the financial management capability of Bangladesh Water Development Board (BWDB) to deal with the proposed Irrigation Management Improvement Project (IMIP). It addresses the financial management requirements associated with the proposed Project in a satisfactory manner to comply with ADB requirements, and the capacity building necessary to meet any shortfalls in BWDB's capacity.

2. According to ADB's Guidelines for Financial Management and Analysis of Project, a financial management assessment (FMA) is a review designed to determine whether or not the financial arrangements of the executing agency (EA) or implementation agency (IA) are considered capable of, and adequate for recording all transactions and balances, supporting the preparation of regular and reliable financial statements, safeguarding the entity's assets, and are subject to audit. These guidelines, in addition to a review of other previous reports such as ADB Country Financial Accountability Assessment (CFAA); ii) ADB South West Area Integrated Water Resources Planning and Management Project (SWAIWRPM); iii) ADB Country Governance Assessment (CGA); and iv) ADB Country Procurement Assessment Report (CPAR), describe ADB's approach to undertaking a financial management assessment, and would also include the following steps:

- a. The use of a standard questionnaire to assess the financial management of the EA or IA – in this case BWDB; and
- b. Based on the results of questionnaire, identify issues for review, identify issues of risks associated with the entity's financial management systems and determine the most appropriate risk mitigation measures for both BWDB and ADB.

3. The financial management system undertaken covers a broad range of activities including legal status and statutory reporting requirements, procedures for making payments; accounting policies of transactions; recording and budgeting; financial planning data; record keeping; cost accounting including cost control; internal controls; internal and external audit; cash disbursements; fund flow arrangements, and policies and procedures of BWDB.

4. Based on these responses from BWDB, ADB will undertake to highlight their accounting and financial capacity including risks associated with their financial management systems and proposes the appropriate risk mitigation measures to improve project preparation and implementation. The assessment also draws upon the latest PEFA Assessment done for Bangladesh for a country level assessment, the Governance Risk Assessment and Management Plan (GRAMP) in the Bangladesh Country Partnership Strategy as well as lessons learnt during the implementation of previous projects with BWDB.

5. Although a number of issues have been identified, risk mitigating measures are also proposed. These are summarised in the Risk Assessment Table below.

B. Brief Description of the Executing Agency (EA) and Implementing Agency (IA)

6. BWDB, acting as both an EA and IA, is a statutory body created by Presidential Order No 59 in 1972 to develop and manage water resources in the country and reports directly to the Ministry of Water Resources (MOWR). The position and responsibility of BWDB was further enhanced through the national parliament by the enactment of BWDB Act 2000 and guided by the National Water Policy 1999. Its principal responsibilities are to build, operate and maintain physical infrastructures such as embankment; sluice /regulator; bank revetment; barrage/pumping plant; irrigation canal; dredging and excavation work of river / khal for flood inundation; salinity intrusion; riverbank erosion; and, provide and improve irrigation, drainage and navigation.

7. BWDB has significant experience with ADB funded projects and is currently managing 45 projects involving: a) River training and flood protection along major rivers; b) Other river training works including procurement of dredger and pilot dredging; c) Coastal work including AILA and one cross dam; and d) FCDI work, including drainage, town protection, irrigation projects, embankments at smaller rivers. Of the 45 projects, 6 projects are donor related projects and 39 are funded by the Government of Bangladesh (GOB). Another 9 more government funded projects was recently approved and is currently undergoing the process of implementation.¹ (See Table 2)

C. Country Level Assessment

Progress to Date

8. Establishing good governance is identified as a priority area in the GOB Sixth Five-Year Plan, 2011–FY2015. This includes an effective parliamentary process, sound law and order, pro-people public services, an improved legal and judicial system, strengthened local governance, and a corruption-free society with social justice. In recent years, the government implemented several key governance reforms, including establishing independent information and election commissions, enacting a public money and budget management law, setting up energy and telecommunication regulatory commissions, enacting uniform public procurement law and rules, and expanding e-governance in the public sector.

9. The Open Budget Survey 2012 of the Washington-based International Budget Partnership (IBP) shows that Bangladesh has consistently increased in its Open Budget Index (OBI). Bangladesh scores 58 out of 100 against 42 in 2008 and 48 in 2010, showing a marked improvement

10. In addition to strengthening the Anticorruption Commission (ACC) and revising the ACC law in line with the United Nations Convention against Corruption, the annual declaration of assets by public servants and lower-court judges has been instituted, and a mechanism for handling grievances has been established in line with ministries and agencies.

11. The separation of the judiciary from the executive has promoted neutrality and transparency in the justice system. The Public Service Commission has been reorganized, and civil service recruitment rules have been revised to ensure merit and transparency in public service selection. The 2010 Right to Information Act is expected to contribute to a more transparent and accountable government.

12. There is evidence that the PFM institutional framework in Bangladesh is under transition, and a number of improvements have been implemented. GOB has made efforts to improve PFM within a consistent framework over several years. This has resulted in an improved PFM framework with among others: (i) the consolidation and amendment of the PFM regulatory framework; (ii) the computerization of the budget process and introduction of a new budget classification system; (iii) introduction of the Public Money and Budget Management Act 2009 to ensure the accountability of public resources to Parliament; (iv) introduction of Public Procurement Act 2006 and Public Procurement Rules 2008; (v) introduction of e-Procurement on a pilot basis in select agencies; and (vi) the development and piloting of strengthened expenditure management through a Medium Term Budget Framework (MTBF).

13. Several of areas of weaknesses have, and continue to be, addressed by among others the “Strengthening Public Expenditure Management Program (SPEMP)”. SPEMP is a multiyear project that was initiated in 2008 as a follow on program of support to all key dimensions of GOB public financial management including strengthening multiyear program based budgeting, accounting and internal controls within the MOF as well as line ministries and strengthening oversight institutions including the Comptroller and Auditor General (CAG) and relevant committees of the parliament. With respect to the CAG, the project objectives include (1) strengthening the institutional and legal framework of the office (2) enhancing the scope of the audit functions, and (3) supporting the Financial Management Academy

¹ Source: BWDB – Chief Monitoring Unit 26 Feb 2013

(FIMA) to become a model training institute. Till date, we understand that contracts have been awarded to consultants under this project.

Risk Factors Identified

14. Country level assessments rate Bangladesh as a high-risk environment as concerns public financial management, among others as presented by ADB's own risk assessments as well as consecutive Public Expenditure and Financial Accountability Assessments (PEFA)². Bangladesh ranked 144 out of 176 countries as per Transparency International's Corruption Perception Index in 2012³, and there is a need to strengthen anti-corruption mechanisms. Despite the progress noted, corruption is still perceived to be a major concern throughout the public sector.

15. The governance risks in PFM, procurement, and anticorruption at each sector level mirror national risks. Education sector-specific risks relate to the undue political interventions, use of public property for personal gain, a lack of knowledge of procurement rules, the misuse of financial resources, and government subventions for nonexistent teachers and students.

16. The risk assessment conducted with the ADB Country Partnership Strategy for Bangladesh (2011–2015) states significant risks due to corruption and general weaknesses in public financial management along several dimensions. Weaknesses in areas relevant for the IMIIP are (i) weak and delayed budget approval process (ii) limited performance reporting and assurance provided by financial statements, in particular due to significant delays in availability of audited financial statements and (iii) accounting and auditing standards not according to international standards.

D. Risk Assessment

17. A Financial Management Internal Control and Risk Management Assessment were conducted. The following risk assessments are based on existing circumstances, progress to date, and include recommendations for risk mitigation measures. Details of the basis for our conclusions are given in succeeding paragraphs.

Risk	Risk Assessment *	Remarks / Risk Mitigating Measures
Inherent Risk		
1. Country Specific Risk	Substantial	Political Instability and regular occurrence of 'Hartal'
2. Entity Specific Risk	Substantial	Institutional reforms and training
3. Project Specific Risk	Substantial	Require substantial leadership to push through PPP initiatives and tariff reforms.
Overall Inherent Risks	Substantial	
1. Executing Agency	Moderate	Based on previously managed projects, track record has not been good. Suggest that the formation and qualifications of the PMU staff be closely scrutinized, and prior ADB approval must be a condition of the project to hire staff for the newly formed PMU.
2. Fund Flow and Budgeting Arrangement	Substantial	Long and tedious approval processes on ADP, and this could potentially delay project implementation. Suggest that ADB meet up with all stakeholders to define disbursement with a fixed time frame for approval.

² Ref. Governance Risk Assessment and Risk Management Plan. Dhaka; Asian Development Bank. 2010, Public Expenditure and Financial Accountability Assessment, SPEMP, March 2011 and Public Expenditure and Financial Accountability Assessment of the Ministry of Primary and Mass Education SPEMP, March 2011.

³ India (94), Sri Lanka (79).

3. Staffing	Substantial	Approximately 28 % staff shortfall or 2,484 vacant positions is a big issue within the BWDB. No management succession plan is noted. PMU staff capability cannot be ascertained at this time as it has not been formed. Staff promotion within BWDB is based on seniority and not on meritocracy. Feni Circle line, which is where the MIP may potentially reside, has a staff shortage of 49% (152 head count against a sanctioned staff position of 299)
4. Accounting Policies and Procedures and Budgeting	Moderate	Integrity and transmission of financial data is unsecured
5. Internal Audit	High	Audit of the RACs –including circle and divisional offices are behind schedule due to staff shortage. Of the 25 RACs, only 4 RACs have been audited in 2012.
6. External Audit	Entity Level – High Project Level - Low	The external audit for BWDB has not been finalized for the last three fiscal years. This needs to be expedited. At the project level, FAPAD normally has no issues with meeting ADBs audit needs.
7. Report and Monitoring	Moderate	Reports are basically manually collated and no MIS can be generated through the existing Accounting software system. Reports submitted are usually not on time.
8. Information System	High	Overall IT system is archaic and vulnerable to breakdown at any time and not in line with modern approach to project management and MIS requirement. To follow up on WB ICT project component.
Overall Control Risk	SUBSTANTIAL	**
<p>* Degree of Risk Assessment: High, Substantial, Moderate, and Low</p> <p>** Close supervision of BWDB' PMU – both from ADB Head Office and regular monthly inspection from ADB - Bangladesh Resident Mission on project progress is recommended.</p>		

II. SUMMARY OF FINDINGS FROM THE FINANCIAL MANAGEMENT ASSESSMENT QUESTIONNAIRES

A. Fund Flow Arrangement:

18. Under the project, fund flow arrangement are basically divided into two components – contributing portion of a Foreign Aided Project (FAP) from the GOB, and FAP funding from ADB or other aid donor agencies.

19. Contributing portion of a FAP from GOB undergoes a very rigorous Development Project Proposal (DPP) with initial data collected from the divisional and circle lines and zone approval, followed by work flow processes involving the Project Management Unit (PMU), Additional Director General (ADG) Planning, ADG Program, ADG Finance, Director General (DG) and Governing Council's (GC) approval from BWDB, before the DPP is send through to the inter-ministerial chain for approval, and this consist of the Ministry of Water Resources (MOWR) – Departmental of Project Evaluation Committee (DPEC) – which consist of representatives from the Planning Commission, Ministry of Finance (MOF), Local

Government Engineering Division (LGED), Director General (DG) of BWDB and the DG of Water Resources Planning Organization (WAPRO), and is usually chaired by the Secretary, MOWR.

20. Following the DPP endorsement by the DPEC, it will be forwarded to the Planning Commission – Ministry of Planning for approval. At the Planning Commission, this DPP will be reviewed by officials within the Planning Division before forwarding the same for consideration through an inter-ministerial Project Evaluation Committee (PEC) headed by representatives from the Agriculture, Water Resources, Rural Institutions and Planning Commission. The PEC task is to ensure that: i) the DPP meets with the government's development goals and objectives; ii) is consistent with the GOB five year Plan; and iii) can be accommodated through available government's fiscal resources. Once the DPP meets with the said parameters, the PEC will recommend the DPP for approval based on the following approval criteria:

- (i) For project costing Bangladesh Taka (TK) 250 million (US \$ 3.16 mil) and below, the approving authority will be the Planning Minister, after final concurrence from the Ministry of Finance (MOF); and
- (ii) For project costing more than TK 250 million, the DPP is placed before the Executive Committee of the National Economic Council (ECNEC) under the auspices of the Prime Minister's Office for consideration through the MOF. Once this is approved, the decision will then be relayed to all the Ministries for information and action. Following the ECNES approval decision, the MOWR will then issue a Government Order (GO) – which is an official government issued administrative approval for BWDB to proceed. For (a) and (b), this item will be automatically included in the Annual Development Plan (ADP) for BWDB to request for disbursement. – (ADP will be further discussed under Budgeting System below).
- (iii) For the disbursement of fund from the GOB, the MOWR will send the fund release proposal received from BWDB to the Finance Division of MOF for their concurrence before fund is ultimately deposited into a Central Account of the BWDB. Fund disbursement from GOB is usually disbursed in 4 quarterly installments, and this fund will then be further disbursed through to the various Regional Accounting Centers (RACs) and subsequently payments to the respective service providers.
- (iv) The process of payment at the RAC to the service providers – assuming that all invoices are submitted according to the contractual work orders as prescribed by the contract agreement, generally, it will take between 3-7 days before funds are ultimately released to the service providers.

21. Similarly for FAP under ADB funding, in addition to the approval processes described in point 8 and 9; the PD will apply for fund disbursement directly to ADB according to the prescribed form. BWDB, will at the same time, also apply to the finance division of the MOF through MOWR for permission to open an imprest account. Once MOF approved the application, it will instruct an authorized Bangladesh Bank to open an imprest account for BWDB against the specific project in foreign currency, and another corresponding account denominated in local currency – opened for the purpose of paying administrative and /or services provided by local service providers, and this banking information will then be transmitted to ADB for the remittance of fund..

22. Typically, by June of each year, the PD of BWDB would have already initiated a proposal for fund usage for the entire year for utilization of the Reimbursable Project Aid (RPA) as per ADP provision for the year.

23. Based on the recent discussion between ADB, BWDB and MOWR, both BWDB and MOWR have committed to obtaining a DPP approval from ECNEC within 5 months commencing from the submission of the draft DPP for ADB's funded projects.⁴

⁴ Source: Draft Aide Memoire TA 8154 Inception Report: 29th Jan -5th Feb.

B. Staff and Organization Structure of BWDB

24. BWDB organization is organized across functional lines at the head office level whose responsibilities are mainly in planning, coordination, monitoring and maintaining liaison with inter-ministerial agencies. Its field units, on the other hand, are organized according to geographical areas with each unit responsible for specific geographical area, and are responsible for carrying out project executions, data collection as well as organizing initial project plan.

25. BWDB policy making body – the governing Council (GC) guides the organizational activities and is headed by a Director General (DG) who is further assisted by 5 Additional DG broken down according to their functional responsibilities, and 6 other functional support and monitoring services. Its field work units, on the other hand, are divided into 8 zones – with each zone covering between 5-8 administrative districts. Beside the administrative district, each zone also manages 2 or more circle lines, and each circle line is again broken down into 2 or more divisions. Currently, there are 30 circle lines with 78 divisional units spread across the 8 zones. The 30 circle lines consist of 19 circle lines which basically implement projects on behalf of BWDB; 6 design circle lines; 1 monitoring circle line and 1 design circle line that reports to the Chief Engineer under the Food for Work program; and 3 hydrology circle lines.⁵ Divisional units are generally considered a very important aspect of project work as it is responsible for its operations and maintenance of infrastructures located within the command area; data collection; initiate project; procurement planning; and administer procurement contract. The details of BWDB organization structure and field units can be found under Table 3: 1- 4.

26. BWDB's accounting and financial functions are under the purview of ADG – Finance who is assisted by a Comptroller of Finance and Accounts, who oversee the reporting functions from the Director of Finance and Director of Accounts, while the Director of (Internal) Audit reports directly to ADG - Finance. The Director of Accounts is responsible for the 25 Regional Account Centers (RACs) and 1 Financial Accounting Center (FAC) – which typically disbursed funds to the RAC for payment to service providers – See Table 3-3

27. Under the IMIP, it is expected that BWDB will appoint a Superintending Engineer as Project Director (PD) to take charge of the day-to-day management and administration of the MIP and its other related activities. In addition, a Board Management and a Project Management Committee chaired by the PD will also be formed to tackle issues relating to operational matters, and meeting members of the Facilitating Entity (FE) and Water Management Organizations (WMO) respectively.⁶

28. However issues relating to the formation of the PMU, organizational set-up, composition and qualifications of staff managing the project, and the reporting channel within BWDB's organization structure have yet to be determined or established and it is suggested that this be crystallized before the commencement of the project.

29. Since Dec 1984, BWDB has undergone a reorganization of its overall corporate structure reducing its staff positions from a high of 18,813 staff to the present staff strength of 6,451 positions against a sanctioned head count of 8,935 positions – which represents a staff shortage of about 28% or 2,484 vacant positions.⁷ In addition to filling these shortfalls, BWDB is also besieged with other challenges such as maintaining junior and mid-level professionals which has also shown to be on a declining trend, and dealing with staff approaching retirement totaling 2701 over the next 5 years – which again compound the present predicament.⁸ Preparation is currently in the final phase of obtaining approval from the Ministry of Finance (after prior approval was obtained from Ministry of Public Administration) for BWDB to increase its current sanctioned staff position from 8,935 to 13,594 or a 52.1% increase which represents an additional head count of 4,659 positions.

⁵ Source: BWDB – Chief Monitoring Unit - 26 Feb 2013.

⁶ Source: TA 8154: Inception report dated 17th Jan 2013.

⁷ Source: BWDB – Director of Staff Development 26 Feb 2013.

⁸ Source: BWDB Director of Staff Development.

30. Of the 88 young engineers recruited in 2005, only 45 stayed with BWDB or a retention rate of 49%.⁹ It also appears that BWDB does not have any management succession plan in place as those sanctioned for retirement will automatically be replaced by their assistant based on a system of seniority. The staff shortage in BWDB is currently being addressed through a continuous hiring process to meet this shortfall - which is currently posing a strain in BWDB's overall operational needs.

C. Accounting Policies and Procedures

31. BWDB has adopted a Cash Accounting System in accordance with the Bangladesh Accounting Standard (BAS) as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB). Its accounting policies and procedures are guided by a few written procedure manuals in accordance to the Bangladesh Accounting System (BAS), Financial Administrative Regulations (FAR), Financial Rules and Policies, Audit Manuals, Audit Codes, Government Accounting Codes, Detailed Job Descriptions, and a Detailed Description on the Rules of Business that essentially describes the overall responsibilities of each of the department under the purview of ADG– Finance. Since the financial regulations are not entirely in line with International Accounting Standards, ADB will agree the form and content of the project financial statements to ensure maximum alignment with Cash Basis IPSAS.

32. These procedure manuals, distributed to all RACs and within the Finance department, also contains among others: duties and responsibilities of finance personnel; delegation of administrative and financial approving authority; detailed guidelines on safeguards, conflict of interest, and disciplinary actions taken in the event of failure to follow such protocol as prescribed under Service Rule 1986. Generally the accounting policies and procedures appear to be adequate, however, these manuals are not regularly updated and the last update that was done on the financial procedure manual was in 2006.

33. All accounting records and supporting documents are retained by the respective RAC offices in charge of the specific project and allows for proper auditing to take place by both internal and external auditors. Monthly reporting is also sent by the respective RAC offices to the Director of Accounts informing them about all project disbursement activities and amount utilized.

34. Currently, BWDB's accounting system software uses a 2006 version of MS Great Plains Dynamic Accounting Software. This system is not fully integrated with the project accounting system at the RAC level and most information transmitted is via email and 'post mailing' of thumb drive raising issues of sensitive data security. The accounting system software has not been updated since 2006; there is also no system maintenance of the software, and is vulnerable to breakdown at any time. While the financial system is somewhat structured, it lacks behind more innovative approach to modern financial management and project management system. The present software also does not produce any meaningful Management Information System (MIS).

35. Under the current World Bank funded project – Water Management Improvement Project (WMIP) for BWDB, Information and Communication Technology (ICT) upgrade is among one of the planned project components, and it is advised that this activity be closely coordinated so that the financial and accounting, and project management requirements can be properly integrated with the overall ICT requirements of BWDB.

36. The accounting policies and procedures are adequate.

D. Budgeting System

37. The preparation of BWDB annual budgeting and planning starts from Mar – June each year for its fiscal year which commence from July to Jun of the following year. It goes through a very vigorous process involving the field offices – from divisional and circle lines, which supply all relevant project data and funding requirements for the year, PMU PD then prepares the ADP request for the various projects

⁹ Source: TA 8054 Draft Institutional report Jan 2013.

and sent this through to the Director of Program and Director of Finance, and thereafter up to the chain of command before it is sent through to the MOWR, and following this, to the Planning Commission, MOF before it gets adopted into the ADP. In general, it takes between 3 months (assuming the DPP is meticulously detailed and no objection from any ministries) to 1 year for a DPP approval before it gets adopted into the ADP budget. The detailed process flow is documented under Table 4.

38. According to the regulatory requirements, BWDB is required to prepare a report comparing its actual expenditures against their budgeted expenditure - based on the actual funds released and submits this to MOWR and the Implementation, Monitoring and Evaluation Division (IMED) under the Planning Ministry and MOF. In addition, BWDB also publishes annually its actual financial performances against its budgeted figures and submit the same to these ministries.

39. Based on the time consuming and often time tedious budget approval process, it would perhaps be more efficient if the budgeting process steps be reduced through computerization and linked directly from the division and circle line office right through to the corporate level so that information can be collated more efficiently and hence reducing the paper based transmission of information, improve data security, and reduce time taken for processing the DPP or other administrative requirements.

E. Internal and External Audit

40. The purpose of internal and external auditing is to detect anomaly within the accounting process and to ascertain if policies, procedures and directives have been strictly adhered to and in accordance to the BAS and other administrative regulations. The presence of auditing also served as deterrence against attempt to create security breaches as well as provide an audit trail to determine the extent of any attempted security breach so that action can be taken promptly.

41. BWDB internal audit department audit the financial performances of all the RACs including its circle lines and divisional offices in order to ensure that each office complies with policies and operating procedures in accordance to the procedure manual with respect to payments, receipts, record keeping and debt recovery. It also audits the accounting vouchers to ensure that it complies with the correct accounting codes as prescribed by the GOB. The Director of (Internal) Audit reports its audit findings to the ADG Finance and ADG Finance will in turn submit this to DG. In addition, although the IA department exists, due to short staffing audits are significantly delayed.

42. Best industry practise would require that audit findings be submitted directly to the Board of Directors in a typical commercial setting, and as in the case of BWDB, it should be submitted directly to the Governing Council where the DG will be required to answer to audit anomaly if any. The present reporting channel of the audit department would need to be re-evaluated under the IMIP project.

43. The Comptroller and Auditor General (CAG), an independent Government Ministry, typically audit the projects funded by the GOB. For FAP activities, the current audit practise is to use the Office of Director General – Foreign Aided Project Audit Director (FAPAD) under the auspices of the CAG to perform this task. FAPAD auditors perform its audit annually – usually 4 months after the end of the fiscal year.

44. In addition, there are two other audits that are being performed by CAG on an intermittent basis: i) Special Audit is performed in the event of any complain raised on any project activities or any financial irregularity issues are reported; and ii) Performance Audit is conducted to ensure that the GOB funded projects is properly and efficiently utilized, and that the beneficiaries of the projects received the targeted benefits.

45. BWDB's financial statements are externally audited yearly by an external auditing firm – Narul Azim and Company, which is on the list of approved auditors of the Institute of Chartered Accountants Bangladesh. Selection of external auditors is a yearly event procured through a tendering system based

on TOR provided. At the time of this review, the external auditor's reports for the last three years were not available for review and a follow up is recommended.

46. For the administration of ADB's IMIP project, the external auditing arrangement for ADB's managed projects would need to be revisited, and whether ADB would prefer the appointment of an International Auditing Firm to perform this task instead. This should be agreed upon under the Project and prior to the commencement of the Project.

F. Information Systems

47. Apart from the accounting system which uses a 2006 version of MS Great Plains Dynamic Accounting software, other system that exist within the BWDB are as follows:¹⁰

- Geographical Information System (GIS) with a scheme Database – which is dispersed across different project units within BWDB.
- Personnel Management Information System (PMIS) based on 1993 type database (Foxpro) and considered as outdated and has limited usage.
- Scheme Information Management System (SIMS) which has limited access to information, and,
- Hydrological Information Management System (HIMS) - This is used for flood forecasting and warning system and requires upgrading.

48. The overall Management Information System (MIS) in BWDB is deemed outdated, not integrated, and maintenance and up-keeping of these systems are deemed inadequate, and not in line with the modern approach to corporate MIS requirements – which involves the integration of technical, financial, institutional and project management information system necessary to produce an 'on demand, real time' MIS. As mentioned in point 24 above, as WB has already submitted its ICT proposal to BWDB, it would be advisable for ADB to appoint an IT specialist to review the overall ICT plan so that capacity building or improvements can be incorporated under the WB WMIP – ICT funded component for the purpose of the IMIP project.

III. CONCLUSIONS AND RECOMMENDATIONS

49. BWDG is a statutory organization tasked with numerous responsibilities from building, operating and maintaining physical infrastructures, to providing and improving irrigation, drainage and navigation services. Its on-going reorganization, a tedious and time consuming approval process, information technology constraints, limited operational capacity and staff shortages poses many challenges to its continued efforts to improve and 'right sized' its organizational and operational needs.

50. Some of the main issues to address prior to the commencement of ADB IMIP project are highlighted below and it is recommended that this be considered as follows:

- (i) BWDB needs to ensure that adequate and competent staff is assigned to the PMU as per the provision set in the PAM
- (ii) In addition to the set-up of a Board and Project Management Committee under the proposed PMU for ADB's project, consideration should also be given to the setting up of a Project Performance and Management System (PPMS) whose task is to monitor and evaluate project impacts to ensure that the project facilities are managed effectively and benefits, particularly to the poor, are maximized.
- (iii) The current practice of auditor's report sent through to ADG - Finance is not in accordance to best industry practice, and it is suggested that changes be made so that the audit report is sent directly to the Governing Council.

¹⁰ Source: TA 8054 Draft Institutional report Jan 2013

(iv) ADB is advised to review the last three years external audit Auditor's report which was not available at the time of this review. ADB should also agree with BWDB on a time frame for the completion for the entity level audits. For ADB's managed projects, a copy of this external audit report is also recommended to be sent directly to ADB.

(v) For all of ADB's projects under the project, it is recommended that the assets be insured during constructions and after completion of the projects, and these assets should remain insured during the life of the loan repayment period. BWDB currently does not insure its asset after the project construction period.

(vi) Improvements to BWDB's ICT system are currently being undertaken by WB under their WMIP program, and it would be beneficial for ADB to obtain a copy of ICT proposal so that its IT specialist can review and comment on any shortfall within BWDB IT system and addressed this before WB initiate their ICT reform program. The modern approach to Project Management System and other system integrations will be necessary to improve administrative controls, data accuracy, efficiency, and ultimately produce an on-line and on-demand MIS to meet the expectation for better management decision making process.

(vii) For the preparation of the IMIP project, BWDB would benefit from training its designated PMU - PD and its staff in ADB's procedures in Financial Management, Procurement and Disbursement (especially on the latest ADB User's Guide to Prequalification of Bidders, Jan 2013 - in view of the advance procurement action to be undertaken), and Project Management Reporting System.

IV. SUPPORTING INFORMATION

Table 1: Financial Management Assessment Questionnaires

Topic		Response and Remarks
1. Executing Agency (EA)		
1.1	What is the entity's legal status / registration?	Bangladesh Water Development Board (BWDB), acting as an Executing Agency, is a statutory body created by Presidential Order No 59 in 1972 to develop and manage water resources in the country and reports directly to the Ministry of Water Resources. Thereafter, the position and responsibility of BWDB was further enhanced through the national parliament by the enactment of BWDB Act 2000 and guided by the National Water Policy 1999
1.2	Has the entity implemented an externally financed project in the past (if so, please provide details)?	Yes, BWDB has implemented numerous externally funded projects from ADB, WB, and the Netherlands. Other donors included the EU, WFP, Canada, and JICA. There are currently 45 projects under implementation and 9 more government funded projects was just recently approved. Details of these projects can be found in Table 2.
1.3	What are the statutory reporting requirements for the entity?	There are 5 reports that BWDG prepares regularly for the IMED – Ministry of Planning. These reports basically consist of: 1) Project Monitoring; 2) Physical and Financial target for the year; 3) Quarterly Financial Progress Report; 4) Project Completion Report; and 5) Monthly Implementation Progress Review on ADP utilization. In addition, BWDB is also required to produce an annual

Topic		Response and Remarks
		report after end of each fiscal year (which ends on 30 June) by 30 September and submit the same to the MOWR and IMED. This report will among other things cover Development and O&M programs taken during the year; achievements against targets; statements on fund received and utilization; analysis on organizational and administrative issues; Development and O&M issues; and its achievement levels. Detailed link to these prescribed forms can be found in Table 5.
1.4	Is the governing body for the project independent?	Yes, BWDB is somewhat independent. BWDB reports all its activities to MOWR and will be required to seek approval for all its administrative and project requirements.
1.5	Is the organizational structure appropriate for the needs of the project?	BWDG organization structure is currently undergoing reorganization and staff realignment. There are currently staff shortages of about 28 % or 2,484 vacant positions within the BWDB. At present, the PMU has not been identified or established, and status of where the PMU resides within the organization structure will require further assessment once approved by BWDB.
2. Fund Flow Arrangement		
2.1	Describe (proposed) project fund flow arrangements, including a chart and explanation of the flow of funds from ADB, government and other financiers.	For externally financed projects, there are basically two parts of the fund to be used in project financing: 1) GOB and 2) donors. Funds received from donors including ADB are deposited into an imprest account of an approved commercial bank. The details of the fund flow are described in under point 7 -12 in the main FMA report.
2.2	Are the (proposed) arrangements to transfer the proceeds of loan (from the government/ Finance Ministry) to the entity satisfactory?	The proposed arrangement generally follows approved government protocols, and while it is generally satisfactory, the approval processes to transfer funds are tedious and often time consuming, and improvements can be made to shorten this processes going forward.
2.3	What have been the major problems in the past in receipt of funds by the entity?	The number of steps required to obtain funds are tedious and time consuming.
2.4	In which bank will the Imprest Account be opened?	The MOF, at the request of BWDB, will usually approve the opening of an Imprest account to any authorized commercial bank in Bangladesh under a foreign aided project against the specific project.
2.5	Does the (proposed) Project Management Organization (PMO) have experience in the management of disbursement from ABD?	The establishment of a PMO has not been determined for the project and is still under consideration, and as such, the capability and capacity cannot be established at this time.
2.7.	Does the entity have/ need a capacity to manage foreign exchange risks?	BWDB does not have the capacity to manage foreign exchange risk as this task is undertaken by the MOF on behalf of BWDB
2.8	How are the counterpart fund accessed?	Counterpart funds are assessed based on the approved ADP and are usually released in 4 quarterly installments made through the Finance Division of the MOF into the Central Account of BWDB. The fund request is usually done by BWDG request for funds to the Ministry of Finance through MOWR.
2.9	How are payments made from the	GOB counterpart fund are disbursed by MOF in 4

Topic		Response and Remarks
	counterpart funds?	quarterly installments through the Central Account of the BWDG for further disbursement through the various Regional Accounting Centers (RACs) for payment against the said project.
2.10	If part of the project is implemented by communities or NGOs does the PMO have the necessary reporting and monitoring features built into its systems to track the use of project proceeds by such agencies?	If part of the project is implemented by NGO or communities, PMO is required under the IMED requirements to regularly report its project progress and status.
2.11	Are the beneficiaries required to contribute to project costs? If beneficiaries have an option to contribute in kind (in the form of labor), are proper guidelines formulated to record and value in the labor contribution?	Beneficiaries are not required to contribute to the project cost. Irrigation Service Charges and licensing fees will continue to apply to all farmers and pump operators in the targeted irrigation areas.
3. Staffing		
3.1	What is the organizational structure of the accounting department? Attach an organization chart.	<p>The current organization structure of the accounting department is shown in Table 3-3. Under the existing organizational structure, BWDB's finance and accounting operations are headed by the Additional Director General (Finance). There is a comptroller of Finance and Account who are in charge of two directors - Directors of Finance and Director of Accounts. Director of (Internal) Audit reports directly to the ADG -Finance. Their composition along with the sanctioned posts is as follows:</p> <p>ADG – Finance: (No of sanctioned post: 7)</p> <p>Controller of Finance and Accounts (No of sanctioned post: 7) One Accounts Officer and the remainder are supporting staff</p> <p>Director of Accounts (No of sanctioned post: 110) Director, Accounts Additional Director in charge of RAC-East Additional Director in charge of RAC-West Additional Director, Accounts There are six Deputy Directors of Finance</p> <p>Director of Finance (No of sanctioned post: 38) Director, Finance Additional Director, Finance Three Deputy Directors</p> <p>Director of (Internal) Audit (No of sanctioned post: 53) Director, Audit Additional Director, Audit There are three Deputy Directors Auditors and support staff</p> <p>Trustee Board - Staff Welfare (No of Sanctioned post: 5)</p>

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3.2	Identify the (proposed) accounts staff, including job title, responsibilities, educational background and professional experience. Attach job descriptions and CVs of key accounting staff.	Key Personnel in the Director of Accounts: Mr. Sanaul Haque, Director Accounts, B Com (Hons) M Com in Accounting, 14 years experience. Mr. Rezaul Karim, Additional Director-RAC West, B Sc (Hons) M Sc in Statistics, 14 years experience. Mr. Kabir Ahmed, Additional Director-RAC East, BSS (Hons) MSS in Economics, 14 years experience. Mr. Ekramul Kabir, Deputy Director, B Com (Hons) M Com in Management, 13 years experience. Mr. Mehedi Hasan, Deputy Director, B Com (Hons) M Com in Marketing, 13 years experience. Mr. Zayed Hossain, Deputy Director, B Sc (Pass).
3.3	Is the project finance and accounting function staffed adequately?	Currently under the ADG Finance Department, there is a sanctioned headcount of 220 against the current staff of 168 positions or about 24% staff shortage or 52 vacant positions. Under the Feni Circle Line office – which is where the MIP project is expected to reside, there is an acute shortage of 49% or 147 vacant positions from the current 152 staff against a sanctioned position of 299 positions. This will need to be addressed before commencement of the MIP project.
3.4	Is the finance and accounts staff adequately qualified and experienced?	The account staffs are graduates from the commerce or accounting field with experiences in different operations of BWDB.
3.5	Are the project accounts and finance staff trained in ADB procedures?	No, staffs have not been trained ADB project management procedures but have experience in working with Foreign Aided Projects. ADB training procedures is therefore recommended.
3.6	What is the duration of the contract with the finance and accounts staff?	Accounts staff are permanent staff of BWDB
3.7	Indicate key positions not contracted yet, and the estimated date of appointment.	Key account staffs of the PMO are all permanent BWDB staff.
3.10	Does the project have written position descriptions that clearly define duties, responsibilities, and line of supervision and limits of authority for all of the officers, managers and staff?	Yes, all BWDB staffs have well defined job descriptions that include tasks and responsibilities and a procedure manual that guides them on operational and financial authority.
3.11	At what frequency are personnel transferred?	Staff rotation occurs every few years.
3.12	What is training policy for the finance and accounting staff?	Training is regularly arranged by the director of training to update staff on the latest financial government regulations and BWDB's accounting system and policies if any.
4. Accounting Policies and Procedures		
4.1	Does the entity have an accounting system that allows for the proper recording of the project financial transactions, including the	Yes, the accounting system adopted by BWDB allows for proper recording of all project financial transactions based on an entity accounting system.

Topic		Response and Remarks
	allocation of expenditures in accordance with the respective components, disbursement categories and sources of funds? Will the project use the entity accounting system?	
4.2	Are controls in place concerning the preparation and approval of transactions, ensuring that all transactions are correctly made and adequately explained?	The control mechanism are guided by BWDB Financial procedure and other administrative and government manuals which stipulates the payment and disbursement approval process; and including the assignment of accounting code which follows the prescribed government accounting codes which specify how all these transactions should be followed and recorded by the accounting department.
4.3	Is the chart of accounts adequate to properly account for and report on project activities and disbursement categories?	Yes, a review of the Chart of Accounts shows that it is adequate to record and report on project activities and its disbursement categories, and meet the requirements of IMED. The chart of account is also consistent with the government prescribed economic and financial code - universal to all government offices.
4.4	Are cost allocations to the various funding sources made accurately and in accordance with established arrangements?	Yes
4.5	Are the General Ledger and subsidiary ledgers reconciled and in balance?	Yes
4.6	Are all accounting and supporting documents retained on a permanent basis in a defined system that allows authorized users easy access?	Yes, all accounting and supporting vouchers are kept at the respective RAC offices where the project is initiated.
Segregation of Duties		
4.7	Are the following functional responsibilities performed by different units or persons (i) authorization to execute a transaction (ii) recording of the transaction, and (iii) custody of assets involved in the transaction?	Yes, the functional responsibilities are segregated as follows: 1. The Project Director at PMO level, with approval from the Chief Engineer – at the zone level authorize execution of transactions for goods and services, 2. Recording of transactions are made at the RAC level, and 3. Custodian of assets is under the responsibilities of the Divisional level.
4.8	Are the functions of ordering, receiving accounting for, and paying for goods and services appropriately segregated?	Yes, ordering, receiving, accounting and paying functions are segregated.
4.9	Are bank reconciliations prepared by someone other than those who make or approve payments?	Yes, bank reconciliation statements are generally prepared by the Account Officer at the RAC level.
Budgeting system		
4.10	Do budgets include physical and financial targets?	Yes, budgets include physical and financial targets.
4.11	Are budgets prepared for all	Yes, budgets are prepared according to ADP

Topic		Response and Remarks
	significant activities in sufficient detail to provide a meaningful tool with which to monitor subsequent performance?	requirements – which undergo stringent checks from within BWDB and inter-ministerial approval for all approved foreign aided projects. Reports on project progress are regularly reported to MOWR, IMED and MOF for ADB funded projects, and other reports will follow ADB report requirements to monitor project performance.
4.12	Are actual expenditure compared to the budget with reasonable frequency, and explanations required for significant variations from the budget.	Yes, actual expenditures are compared to the budgeted expenditures on monthly, quarterly and annual basis. Any variation thereof will require an explanation to the MOWR and IMED. In addition, if the yearly expenditures / achievements are below 95% of the overall budget target, further explanation will be provided by BWDB to MOWR and IMED.
4.13	Are approvals for variations from the budget required in advance or after the fact?	Approvals for budget variation are required in advance from the MOWR and the Planning Commission and approved by MOF
4.14	Who is responsible for preparation and approval of budgets?	The preparation and budget approval process and work flow is described in details under Table 4.
4.15	Are procedures in place to plan project activities collect information from the units in charge of the different components, and prepare the budgets?	Yes, procedures are in place for field offices and for project consultants to plan the project activity requirements with the assistance from the field Zone, Circle Line and Divisional Line under the command area. These are checked by PD before finalizing the budgets.
4.16	Are the project plans and budgets of project activities realistic, based on valid assumptions, and developed by knowledgeable individuals?	Yes, project plans and budgets are generally realistic as it goes through vigorous checks from the technical and planning departments before it gets adopted into the budget.
Payments		
4.17	Do invoice processing procedures provide for (i) Copies of purchase orders and receiving reports to be obtained directly from issuing departments? (ii) Comparison of invoice quantities, prices and terms, with those indicated on the purchase order and with recorded of goods actually received? (iii) Comparison of invoice quantities with those indicated on the receiving reports (iv) Checking the accuracy of calculation?	Yes, payment procedures are very well spelt out in the procedure manual and financial rules and meet with all the 4 criteria as stated in FMAQ 4.17
4.18	Are all invoices stamped PAID, dated, reviewed and approved and clearly marked for account code assignment?	Yes, all invoices paid are clearly stamped PAID, dated, reviewed and approved and account code assigned by the account department.
4.19	Do Controls exist for the preparation of the payroll and changes to the payroll properly authorized	Yes. Account staff generally prepares staff payroll based on their existing records and these are properly checked and approved by RAC or PD.

Topic		Response and Remarks
Policies And Procedures		
4.20	What is the basis of accounting (e.g. cash, accrual)?	Cash basis.
4.21	What accounting standards are followed?	Bangladesh Accounting Standards (BAS)
4.22	Does the project have an adequate policies and procedures manual to guide activities and ensure accountability?	Yes. Project are generally guided by BWDB financial procedure manual and other government issued guidelines and procedures that guides receipt and payments and ensures all these activities are in accordance to prescribed policies and are subjected to annual internal and external audits.
4.23	Is the accounting policy and procedure manual updated for the project activities?	The accounting policy and procedure manual was last updated in 2006.
4.24	Do procedures exist to ensure that only authorized persons can alter or establish a new accounting principle, policy or procedure to be used by the entity?	Yes, the procedures are guided by FAR.
4.25	Are there written policies and procedures covering all routine financial management and related administrative activities?	Yes, as guided by FAR.
4.26	Do policies and procedures clearly define conflict of interest and related party (transaction real and apparent) and provide safeguards to protect the organization from them?	Under the Service Rule 1986, there are policies and procedures that define conflict of interest and how they should be reported.
4.27	Are manuals distributed to appropriated personnel?	Yes
Cash and Bank		
4.28	Indicate names and positions of authorized signatories in the bank account	Project Director and Project Accounts Officer are the authorized signatories in the bank account
4.29	Does the organization maintain an adequate, up-dated cashbook, recording receipts and payments?	Yes.
4.30	Do controls exist for the collection, timely deposit and recording of receipt at each collection location?	Yes
4.31	Are the bank and cash reconciled on a monthly basis?	Yes.
4.32	Are all unusual items on the bank reconciliation reviewed and approved by a responsible official?	Yes. Generally the Cashier of RAC office prepares the bank reconciliation and all unusual items – if any, and this will be approved by the head of the respective RAC office.
4.33	Are all receipts deposited on a timely basis?	Yes, all receipts are deposited in a timely manner.
Safeguard over Assets		
4.34	Is there a system of adequate safeguards to protect assets from fraud, waste and abuse?	Yes, these are guided under the FAR and other government manuals and policies within BWDB.

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4.35	Are subsidiary records of fixed assets and stocks are kept up to date and reconciled with controlled accounts?	Yes, subsidiary records of fixed assets are kept up to date and reconciled with controlled accounts at least once a year
4.36	Are there periodic physical inventories of fixed assets and stocks?	Yes, once a year.
4.37	Are assets sufficiently covered by the insurance policies?	Projects for constructions are covered by insurance and insurance coverage will not be provided after project completion. This will need to be addressed by ADB on its projects
Other Offices and Implementing entities		
4.38	Are there any other regional offices or implementing entities participating?	No
4.39	Has the project established controls and procedures for flow of funds, financial information, accountability and audits in relation to the other offices or entities?	N.A
4.40	Does information among the different offices/ implementing agencies flow in an accurate and timely fashion?	N.A
4.41	Are periodic reconciliation performed among the different offices/ implementing agencies?	N.A
Other		
4.42	Has the project advised employees, beneficiaries and other recipients to whom to report if they suspect fraud, waste or misuse of project resources?	Yes, these are clearly defined under the Service Rule 1986.
5. Internal Audit		
5.1	Is there an internal audit department in the entity?	Yes, there is an internal audit department under ADG Finance.
5.2	What are the qualifications and experience of the audit department staff?	The Director of Audit has one Director and three Deputy Directors. Their qualification and experience are as follows: Director, B. Com(Hons), M.Com in Accounting, FCMA, 17 years of experience Deputy Director, B Com (Pass), 32 years of experience Deputy Director, M Sc, 35 years of experience. Deputy Director: Vacant position
5.3	To whom does the internal auditor report?	Internal auditor reports its findings to the Director of Audit, who in turn sent this to the ADG Finance and then to DG.
5.4	Will the internal audit department include the project in its work project?	Yes, the internal audit covers all the circle and divisional lines including the Project. For MIP, the PIU is expected to reside within the Feni Circle Line.
5.5	Are actions taken on the internal audit findings?	Yes, follow up actions are under the responsibilities of ADG Finance.
6. External Audit		
6.1	Is the entity financial statement	Yes, financial statements are audited yearly by an

Topic		Response and Remarks
	audited regularly by an independent auditor? Who is the auditor?	external auditor's firm – Narul Azim and Company to audit Receipts and Payments Account, Contributory and General Provident Funds, Loans and Advances, and the general Financial Statements of BWDB.
6.2	Are there any delays in audit of the entity? When are the audit report issued?	Yes, there is delay in the audit in the entity for financial year 2010 and 2012, and currently awaiting MOWR decision for submission to external auditing. The entity usually is being audited within 4 months after the close BWDB accounts and audit report issued within 60 days thereafter.
6.3	Is the audit of the entity conducted according to the international standards on auditing?	According to BWDB, audits are conducted according to BAS which follows the International Auditing Standard.
6.4	Were there any major accountability issues brought out in the audit report of the past three years?	At the point of this report, this cannot be established and a follow up is necessary.
6.5	Will the entity auditor audit the project accounts or will another auditor be appointed to audit the project financial statements?	Yes, GOB funded projects are being audited by CAG and FAP are audited by FAPAD
6.6	Are there any recommendations made by the auditors in prior audit reports or management letters that have not yet been implemented?	According to BWDB, most recommendations made by the auditors have been implemented.
6.7	Is the project subject to any kind of audit from an independent government entity (e.g. the supreme audit institution) in addition to the external audit?	Yes, Comptroller and Auditor General (CAG)
6.8	Has the project prepared acceptable terms of reference for an annual audit	This will be addressed before the implementation of the project.
7. Reporting and Monitoring		
7.1	Are financial statements prepared for the entity in accordance with which accounting standards?	Yes, financial statements are prepared in accordance to BAS.
7.2	Are financial statements prepared for the implementing unit?	Yes
7.3	What is the frequency of preparation of financial statements? Are the reports prepared in a timely fashion so as to useful to management for decision making?	BWDG prepares yearly financial statement and is reported to be on time.
7.4	Does the reporting system need to be adapted to report on the project components?	Yes, this is part of the requirement under IMED reporting.
7.5	Does the reporting system have the capacity to link the financial information with the project's physical progress? If separate systems are used to gather and	No, the current financial software system does not support and allow for real time project information as most of the RACs are not linked and information and data transmission are generally transmitted by email and thumb drive. Controls on security data is considered poor

Topic		Response and Remarks
	compile physical data, what controls are in place to reduce the risk that the physical data may not synchronize with the financial data?	and are not synchronized.
7.6	Does the project have established financial management reporting responsibilities that specify what reports are to be prepared, what they are to contain, and how they are to be used?	Financial Management Reporting is based on report requirements for MOWR, IMED and MOF. The report requirements links under IMED are shown in Table 5.
7.7	Are financial management reports used by management?	Yes
7.8	Do the financial reports compare actual expenditures with budgeted and project allocations?	Yes
7.9	Are financial reports prepared directly by the automated accounting system or are they prepared by spreadsheets or some other means?	The accounting software system currently adopted by BWDG is arcane and not automated and is generally prepared using Excel spreadsheet for data consolidation.
8. Information Systems		
8.1	Is the financial management system computerized?	Financial management system is using an old software package - MS Great Plains Dynamic Accounting software since 2006 and has never been updated and may not be appropriate to manage the upcoming project. Further review will be required.
8.2	Can the system produce the necessary financial reports?	No, the system cannot produce the necessary reports and has to be manually tabulated due to its non-linkages with the RACs.
8.3	Is the staffs adequately trained to maintain the system?	There is currently no technician to maintain the system and is vulnerable to breakdown.
8.4	Does the management organization and processing system safeguard the confidentiality, integrity and availability of the data?	The current practice of transferring information through internet and 'post-mailing' of thumb drive does not really safeguard nor promote confidentiality and integrity of data as these data are not encrypted. It is expected that when the WB funded ICT component is implemented, it will address these issues.

Table 2: Projects under Implementations of BWDB (Tkmillion)¹¹

Sl no.	Project name	Total cost	Donor Name	Completion date
01.	Upper-Surma-Kushiyara project	13260.00	GOB	June, 2014
02.	New Dakatia and Old Dakatia Little Feni River Basin Improvement Project	15379.64	GOB	June, 2014
03.	Water Management Improvement Project (Special Revised)	98227.56 (GoB-9813.20 & PA-88414.36)	GOB World Bank	June, 2014
04.	Secondary Towns Integrated Flood Protection Project Phase-II	51973.11 (GoB-14652.35 & PA-37320.76)	GOB ADB & OPEC	June, 2013
05.	Feasibility Study & Detailed Design of Ganges Barrage Project(PC-2)	4564.00	GOB	June, 2013
06.	River Bank Protection & Development and Town Protection Project (4 th Phase)(1 st Revised)	19133.81	GOB	June, 2013
07.	Emergency 2007 Cyclone Recovery & Restoration Project(Component C & Sub-component D-2) (ECRRP)	33923.40 (PA-33923.40)	World Bank	June, 2014
08.	Protection of Teesta River Left Bank from Teesta Barrage to Chandimari (1 st Revised)	15061.45	GOB	June, 2013
09.	Gorai River Restoration Project (Phase-II)	94215.00	GOB	June, 2013
10.	Faridpur Town Protection Project	17654.00	GOB	June, 2013
11.	Charfession & Monpura Town Protection Project in Bhola District	14287.56	GOB	June, 2015
12.	Protection of Faridpur FCD Project (Area-1) from Erosion of Padma River at Bakshipur-Sengram Area in Rajbari District, Bank Protection of the Naboganga River at Mohajan Bazar Area in Narail District and River Bank Erosion Protection of the Gorai River at Khoksa & Kumarkhali Upazila under Kustia District	9835.05	GOB	June, 2014
13.	Rehabilitation of Bhutiar Beel & Barnal Salimpur-Kolabashukhali Flood Control and Drainage Project in Khulna District (Phase-II)	2134.00	GOB	June, 2013
14.	Protection of Shahbazpur Gas Field from Erosion of Meghna River under Borhanuddin Upazila of Bhola district (Phase-II)	13410.25	GOB	June, 2013
15.	Protection of Left Bank of the Jamuna River from Bahadurabad Ghat to futani	41700.71	GOB	June, 2014

¹¹ Source: BWDB – Chief Monitoring Unit 26 Feb 2013.

	Bazar in Dewangonj & Islampur Upazilla and Harindhara to Hargila in Islampur Upazilla under Jmalpur District			
16.	Protection of Chandpur Irrigation Project Area from the Erosion of the Meghna River (Haimchar) and Protection of Left Bank of the River Meghna at Bancharampur	18388.74	GOB	June, 2013
17.	Protection of Chandpur Irrigation Project from Erosion of the Meghna River at Ibrahimpur-Sakhua adjacent to Puran Bazar of Chandpur District	17095.48	GOB	June, 2013
18.	Capital (Pilot) Dredging of River System in Bangladesh (Phase-I)	102812.00	GOB	June, 2014
19.	Buriganga River Restoration Project (New Dhaleswar-Pungli-Bangshi-Turug-Buriganga River System)	94409.00	GOB	December, 2013
20.	Excavation of Chandana Barasia River	5953.00	GOB	June, 2013
21.	Procurement of Dredgers and Ancillary Equipment for River Dredging of Bangladesh	130988.00	GOB	June, 2014
22.	Rehabilitation of BWDB'S Structures Damaged by Cyclone AILA in Coastal Area	34663.28	GOB	June, 2013
23.	Re-excavation of Bemalia, Langan and Balbhadra River under Nasirnagar Upazila in Brahmanbaria District	4242.00	GOB	June, 2013
24.	Protection of Right Bank of Jamuna River at Kazipur Upazilla Under Sirajgong District	28540.00	GOB	June, 2013
25.	Rehabilitation & Strengthening of Both Bank of Gumti River	7337.00	GOB	June, 2013
26.	River Bank Protection at Tamaruddin and Baglabazar of Polder 73/1(A+B) at Hatiya Upazilla under Noakhali District.	6059.22	GOB	December, 2014
27.	Protection of Shaghata Bazar and Adjacent Area from the Erosion of Jamuna River under Shaghata Upazilla of Gaibandha District and Protection of Left Bank of the Brahmaputra River at Shahiber Alga (near BOP camp) in Datbhanga Union under Roumari Upazilla of Kurigram District	17031.00	GOB	June, 2013
28.	River Bank Protective Work of Left bank Erosion of the Padma River at Different Places in Sujanagar Upazilla and Right Bank Erosion of the Jamuna River at Raghunathpur in Bera Upazilla of District Pabna	20089.00	GOB	June, 2013
29.	Procurement of 6 nos. Dredgers and	40716.00	GOB	September, 2014

	Ancillary Crafts & Accessories for Ministry of Water Resources & Ministry of Shipping (Mongla Port-1 no., BIWTA-3 nos., BWDB-2 nos.)	(GoB-23782.00 & PA-16934.00)	India	
30.	Kalni-Kushiyara River Management Project	60983.31	GOB	June, 2014
31.	Protection of Flood Embankment along the Right Bank of Jamuna River at Antarpara, Daripara and adjacent area under Bogra District	11686.89	GOB	June, 2014
32.	Bank Protective Work along the left Bank of Madhumati River at Fukra And along the Both Banks of Madaripur Billrute Channel at Koligram and Manikdaha in Gopalganj District.	3230.00	GOB	June, 2013
33.	Char Development & Settlement Project-4 (CDSP-IV)	27661.31 (GoB-3704.12 & PA-23957.19)	GOB IFAD Netherlands	December, 2016
34.	Pre-monsoon Flood Protection & Drainage Improvement in Haor Area	68494.00	GOB	June, 2013
35.	Removal of Drainage Congestion from the Kobadak River Basin (phase-II)	26155.00	GOB	June, 2015
36.	Excavation of a Pilot Channel at the Downstream of Feni Regulator Under Sonagazi Upazila of Feni District and Bank Protective Works on the Left Bank of Feni River at Pashchimjoar Under Mirsarai Upazila of Chittagong District	6386.00	GOB	June, 2014
37.	Naogaon Town Protection Project	7325.00	GOB	June, 2013
38.	Protection of Right Bank of Jamuna River at Bogra District	21446.00		June, 2016
39.	South –West Area Integrated Water Resources Management Project	29406.79 (GoB-5782.45 & PA-23624.34)	GOB ADB	June, 2014
40.	Teesta Barrage Project Phase-II, (1 st Revised)	24863.00	GOB	June, 2015
41.	Re-Excavation of Connecting Rivers Development of Irrigation Facilities and Fish Culture project of Gaznar Beel Area Under Sujanagar Upazila in Pabna District	36171.00	GOB	June, 2013
42.	Tarail-Pachuria Integrated Water Resources Management Project	28145.00	GOB	June, 2013
43.	Construction of Additional Pump Station At Goranchatbari In P.S Mirpur, Dhaka	7983.00	GOB	June, 2013
44.	Flood Control, Drainage and Irrigation Project of Right Bank of Surma River	4570.50	GOB	June, 2014
45.	Main River Flood and Bank Erosion Risk Management Programme	1570.00 (GoB-549.00 & PA-1021.00)	GOB ADB	June, 2014

Table 3: Newly Approved Project List of BWDB for Fiscal Year 2012-2013 (TK million)

SI no.	Project name	Total cost	Donor Name	Completion date
01.	Protection of the Bhurungamari-Madargonj Road from the Erosion of the Dudhkumar River near at Sonahat Bridge under Bhurungamari Upazila and Protection of the Left Bank of Teesta River from Gunaigach to Bazra Senior Madrasa under Ulipur Upazila of Kurigram District	4174.00	GOB	June, 2014
02.	Protection of Alatuli Area of Chapai Nawabgonj District from the Erosion of the Padma River	16551.00	GOB	June, 2013
03.	Integrated Water Management Project of Polder 34/2 in Bagerhat District	16726.12	GOB	June, 2015
04.	BholaTown Protection Project (Phase-III)	10328.83		June, 2015
05.	Protection of Bairagirhat and Chilmari Bandor from the Erosion of the Right bank of Brahmaputra River at Chilmari and Ulipur Upazila in Kurigram District (Phase-II)	19136.03	GOB	June, 2016
06.	Protection of the Left Bank of Padma River from Komorpur to Shara-Jhaudia in Ishaardi Upazila under Pabna District and Tilokpur to Gouripur in Lalpur Upazila under Natore District	21020.00	GOB	June, 2014
07.	Protection of Louhajong Upazilla Complex area under Louhajong Upazilla in Munshigonj District from the Erosion of the River Padma	2447.04	GOB	June, 2014
08.	Rehabilitation of Works of Teesta Main Canal and Related Structure under Command area of Teesta Barrage Project (phase-1)	1465.00	GOB	June, 2014
09.	Rehabilitation of the Ganges-Kobadak Irrigation Project	16472.00	GOB	June, 2016

Figure 1: ORGANIZATION STRUCTURE OF BWDB

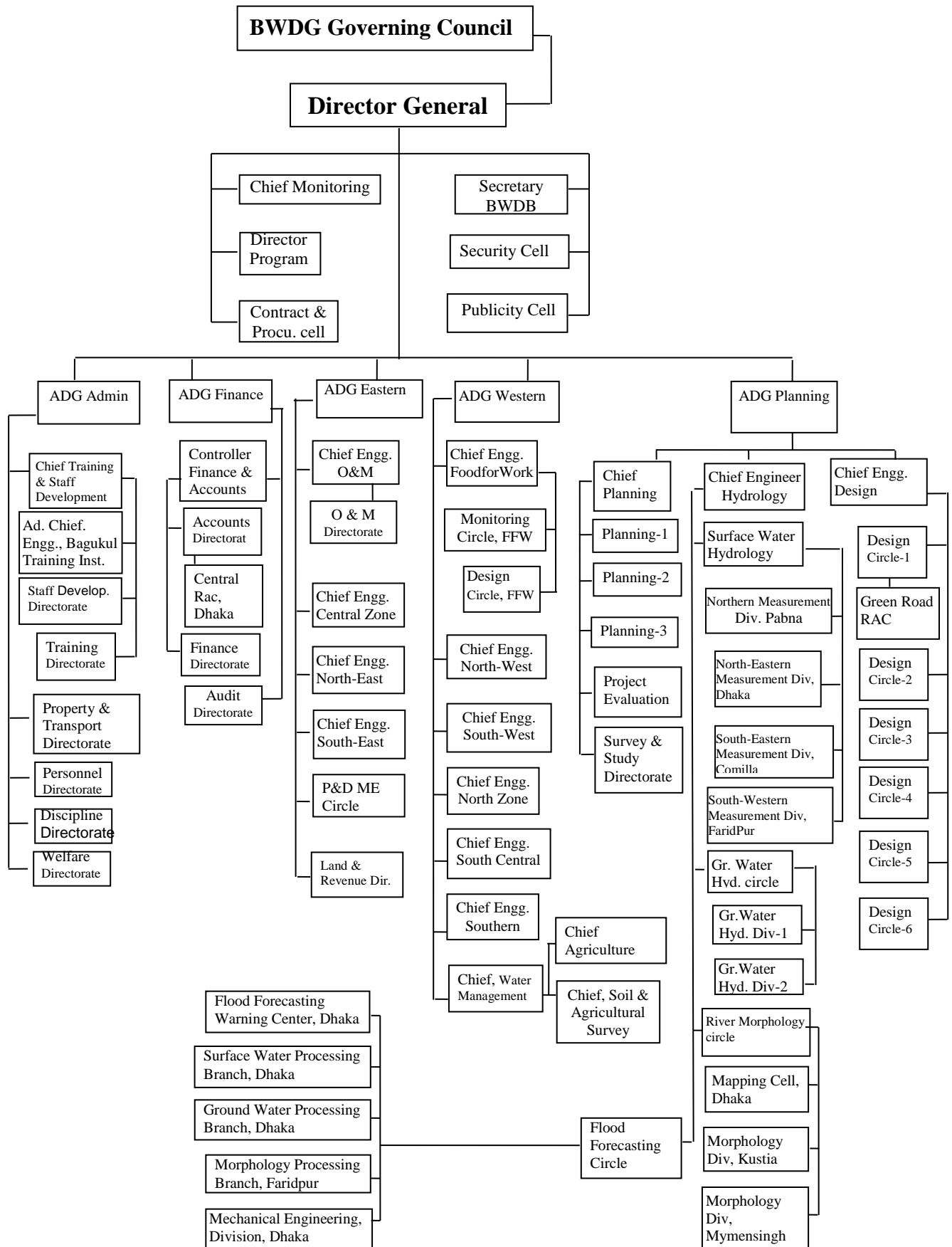


Figure 2: Structure of Zonal Offices

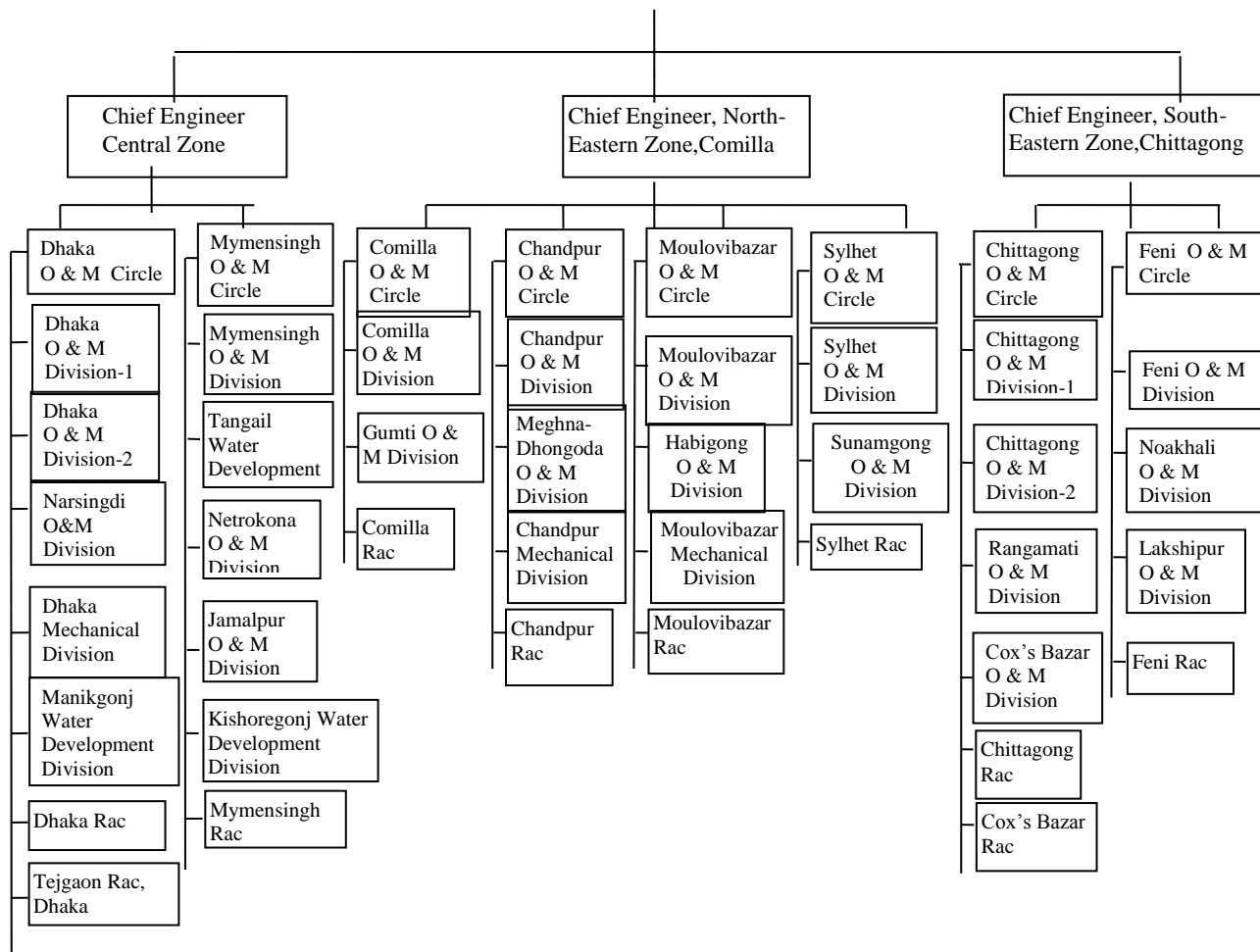


Figure 3: Organization of West Zone

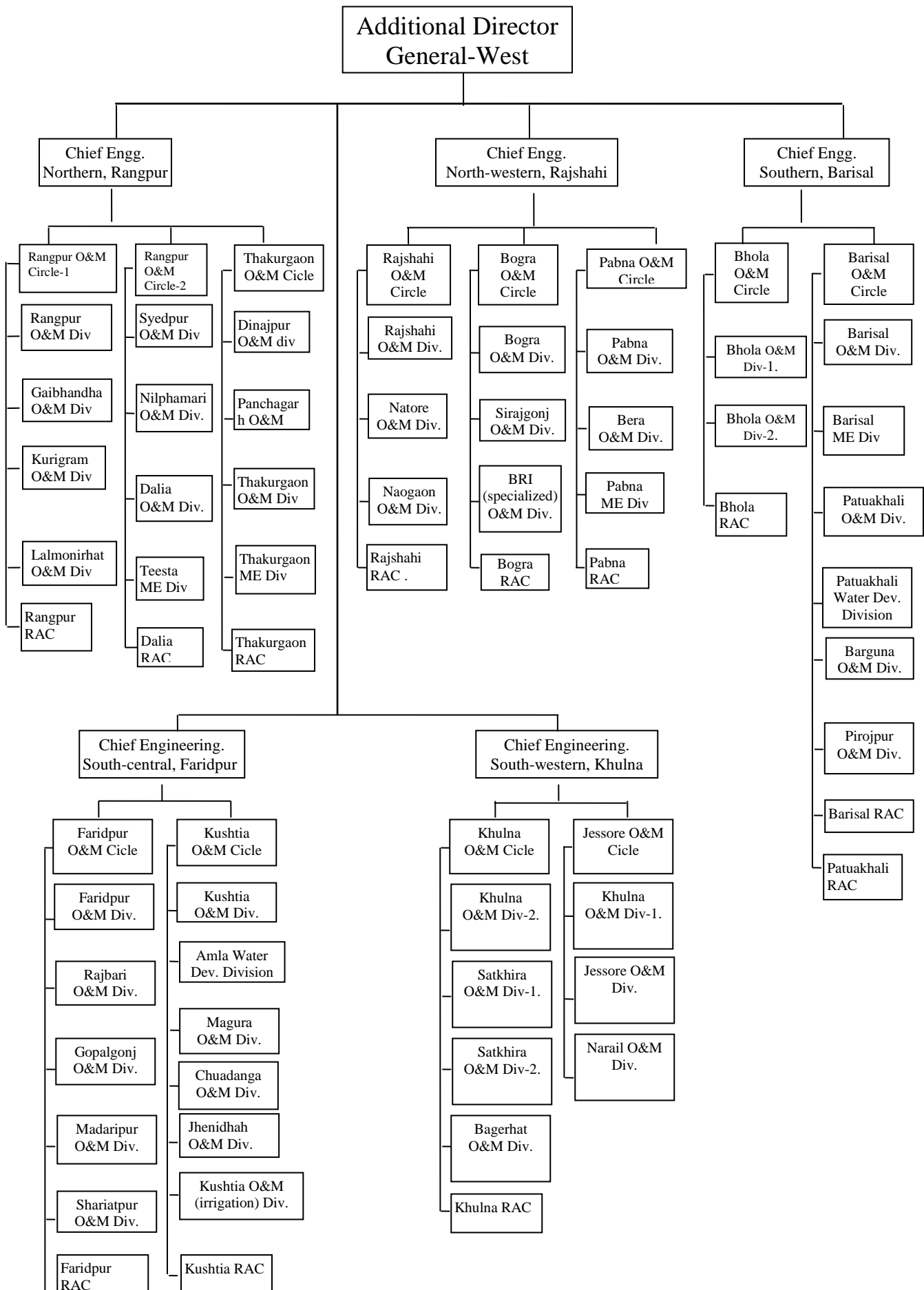
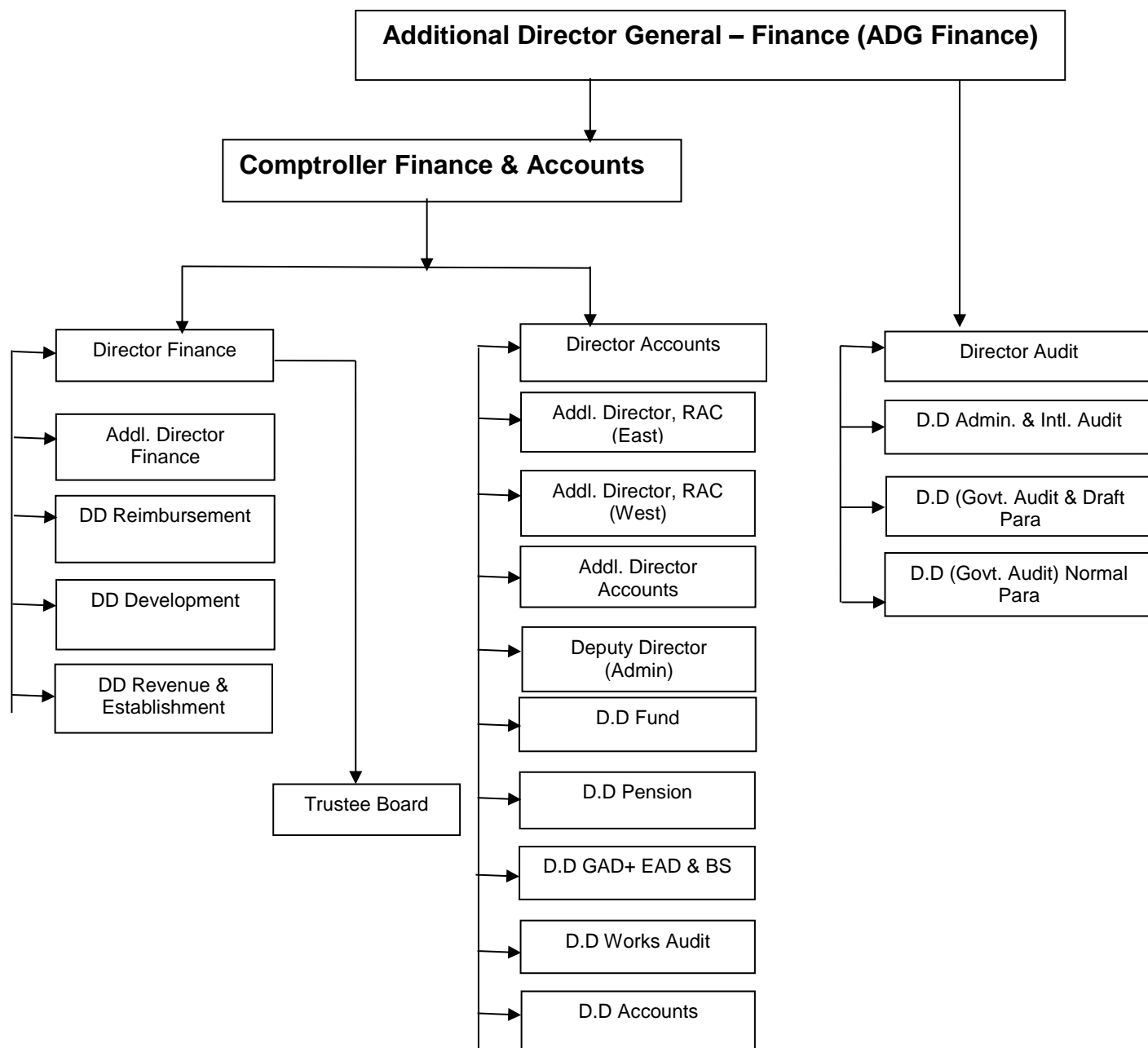


Figure 4: Organizational Set Up of ADG – Finance



Designation	Numbers
Directors	3
Additional Directors	4
Deputy Directors	12
Accounts officers	20
Accountants	14
Other staff	167
Sanctioned Position	220
Existing Position	168
Gap	52 positions (24%)

Figure 5: Field Units by Zone

Field Units Organized Across Geographical Lines and Reports to ADG East, ADG West and ADG Planning.

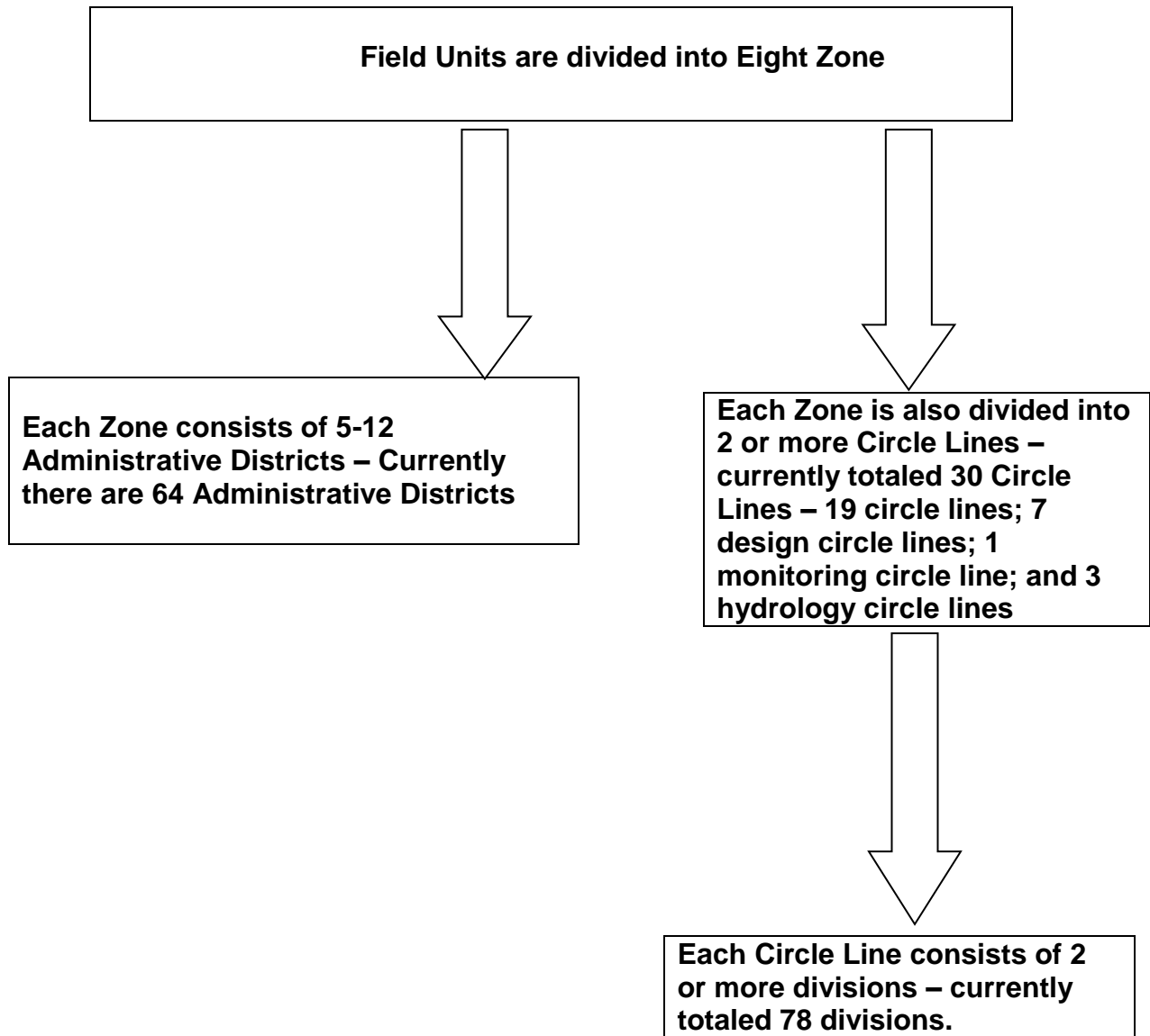
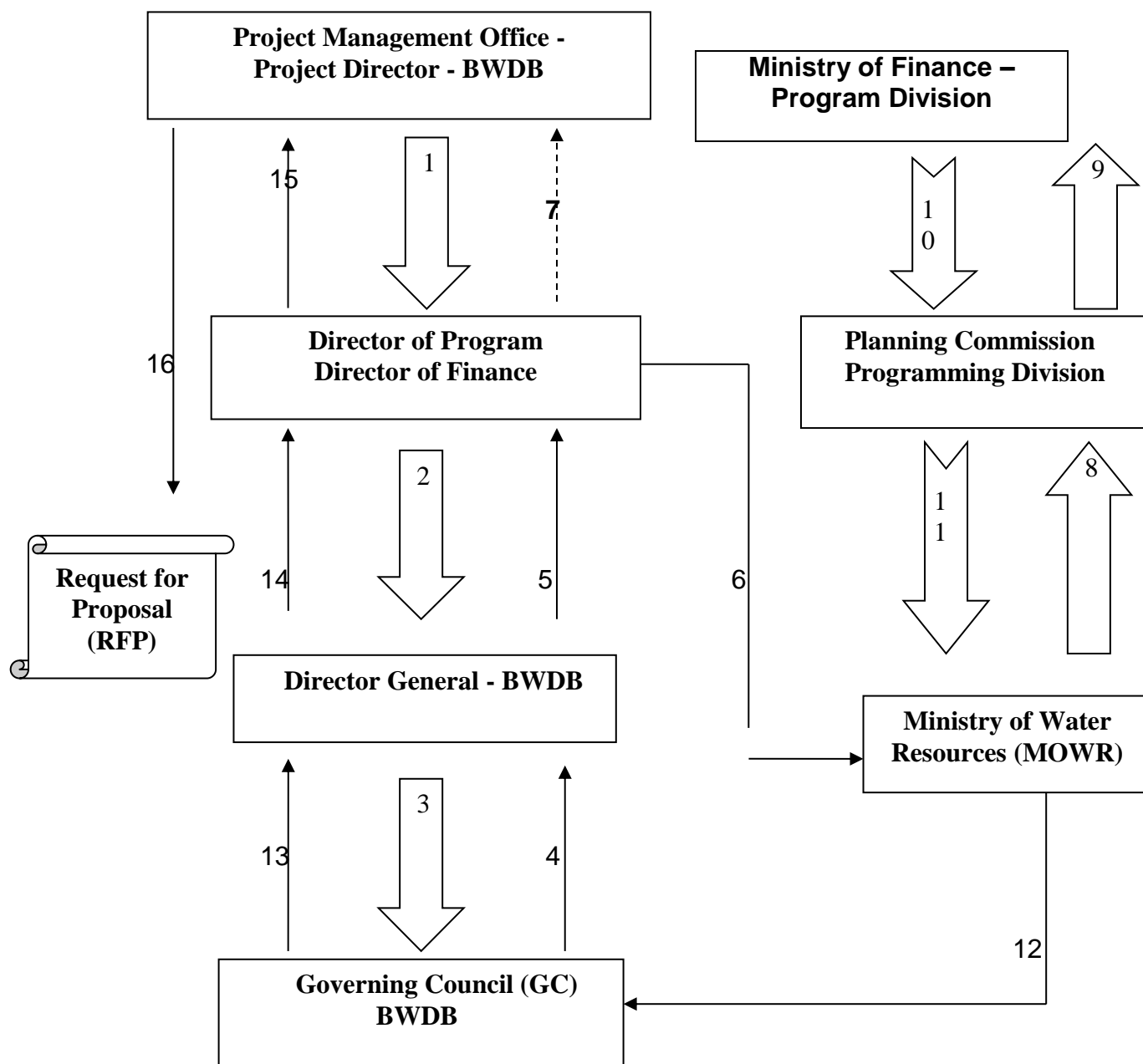


Figure 6: BWDB Budgeting Flow of Approvals

BWDB: Budgeting Work Flow for ADP Approval – Refer to FMAQ 4.14

**Work Flow Processes of ADP Approval:**

1. The Project Director (PD) prepares the budget for all the projects in close consultation with the Chief Engineers, Executive Engineers, Superintend Engineers and Project consultants of the respective Zones, Circle Lines, and Divisional offices associated with each project and consolidate this into the Annual Development Program (ADP) fund requirements. It is also assumed that, at this stage, the PD would also have obtained concurrence with the Office of Chief Planning for his concurrence after reviewing the entire technical and financial proposal

sent through to them from the respective divisional and circle lines. The PD submits the ADP proposal to Director of Finance (DOF) and Director of Program (DOP).

2. The DOF and DOP, upon receipt of ADP from PD, checks, verify and endorsed PD's ADP proposal against all planned project disbursement for the year and sent this to the Director General (DG).

3. The DG reviews the final ADP, endorses it and sent it to the Board's Governing Council (GC) for consideration.

4. Once the GC review the ADP proposal from DG and there are no issues, will then approved the ADP and sent it back to DG.

5. The DG, after receiving approval from the GC, will passes on the decision to DOP and DOF.

6. The DOP, on behalf of DOF will then submit this ADP request to the Ministry of Water Resources (MOWR) – Department of Project Evaluation Committee (DPEC) for consideration.

7. DOP will at the same time inform PD that they have submitted the ADP to MOWR for consideration.

8. After MOWR endorses the ADP, it will then submit the said ADP to the Planning Commission – Programming Division - for consideration.

9. Planning Commission – Programming Division – makes the final review and submits its recommendations to the Ministry of Finance (MOF).

10. At the MOF, it reviews final ADP requirements and once approved, will then transmit the same back to the Planning Commission.

11. The Planning Commission, upon receiving the same approval, will inform MOWR.

12. At the MOWR, once this approval has been received, it will then on behalf of the GOB, issued a Government Order (GO) - which is an official government issued administrative approval for BWDG to proceed with its ADP.













13. Once the GO approval has been sent to the GC, they will acknowledged and in turn inform the DG.

14. The DG then sent this ADP GO approval to DOF and DOP.

15. DOP will on behalf of DOF informs PD of the ADP GO approval.

16. The PD, upon receipt of the ADP GO order will commence preparation of the detailed project components for the purposes of tendering out each project component listed in their approved ADP.

Table 4 : Financial Reporting Forms for IMED – Ministry of Planning**IMED Formats (Revised in 2003)**

Sl. No.	Name of the Format	Download Format
1	IMED-01/2003 (Revised) (For individual Projects)	 _doc  _pdf
2	IMED-02/2003 (Revised) (Component-wise Physical and Financial Target for current year)	 _doc  _pdf
3	IMED-03/2003 (Revised) (For Quarterly Progress Report)	 _doc  _pdf
4	IMED-04/2003 (Revised) (For Completion Report)	 _doc  _pdf
5	IMED-05/2003 (Revised) (For Monthly Progress Report)	 _doc  _pdf
6	Proposal for No Cost Time Extension	 _doc
7	Procurement Related Format	 _excel

http://www.imed.gov.bd/index.php?option=com_content&task=view&id=268&Itemid=359