



# BANGLADESH

## PUBLIC EXPENDITURE AND FINANCIAL ACCOUNTABILITY (PEFA) ASSESSMENT 2021



April 2023

**Towards a Resilient PFM System for  
Sustainable Socio-Economic Development  
as an Upper-Middle-Income Country**





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Development as an upper-middle-income Country



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A list of officials with whom the team interacted in the course of the PEFA assessment is provided in Annex-4. The team is grateful to all participants for their inputs and cooperation.

# ABBREVIATIONS AND ACRONYMS

<b>AB</b>	Autonomous Body
<b>ACS</b>	Automated Challan System
<b>ADB</b>	Asian Development Bank
<b>ADP</b>	Asset Disposal Policy
<b>ADP</b>	Annual Development Program
<b>AFS</b>	Annual Financial Statement
<b>AGA</b>	Autonomous Government Agency
<b>APA</b>	Annual Performance Agreement
<b>AML/CFT</b>	Anti-Money Laundering/Combating the Financing of Terrorism
<b>AMS</b>	ADP/RADP Management System
<b>APP</b>	Annual Procurement Plan
<b>ASYCUDA</b>	Automated System for Customs Data
<b>BACS</b>	Budget and Accounting Classification System
<b>BB</b>	Bangladesh Bank
<b>BCC1</b>	Budget Call Circular 1
<b>BCC2</b>	Budget Call Circular 2
<b>BDO</b>	Budget Desk Officers
<b>BDT</b>	Bangladesh Taka
<b>BCG</b>	Budgetary Central Government
<b>BIDA</b>	Bangladesh Investment Development Authority

<b>BIN</b>	Business Identification Number
<b>BMC</b>	Budget Management Committee
<b>BLPA</b>	Bangladesh Land Port Authority
<b>BMD</b>	Bureau of Mineral Development
<b>BMRC</b>	Budget Monitoring and Resource Committee
<b>BMW</b>	Budget Management Wing
<b>BODRA</b>	Bangladesh Open Data Readiness Assessment
<b>BSIC</b>	Bangladesh Standard Industrial Classification
<b>BWDB</b>	Bangladesh Water Development Board
<b>BWG</b>	Budget Working Group
<b>CAD</b>	Civil Audit Directorate
<b>CAFO</b>	Chief Accounts and Finance Officer
<b>CCDR</b>	Country Climate and Development Report
<b>CDMC</b>	Cash and Debt Management Committee
<b>CFA</b>	Central Finance Agency
<b>CG</b>	Central Government
<b>CGA</b>	Controller General of Accounts
<b>CGDF</b>	Controller General Defense Finance
<b>CIC</b>	Central Intelligence Cell
<b>CMSMEs</b>	Cottage, Micro, Small and Medium Enterprises
<b>CN</b>	Concept Note
<b>CPAR</b>	Country Procurement Assessment Report
<b>CPI</b>	Consumer Price Index
<b>CPIA</b>	Country Performance and Institutional Assessment
<b>CPTU</b>	Central Procurement Technical Unit
<b>DAC</b>	Development Assistance Committee
<b>DANIDA</b>	Danish International Development Agency
<b>DCL</b>	Debt and Contingent Liabilities



<b>DDO</b>	Drawing and Disbursing Officer
<b>DMFAS</b>	Debt Management and Financial Analysis System
<b>DGHS</b>	Directorate General of Health Services
<b>DIMAPP</b>	Digitizing Implementation Monitoring and Public Procurement Project
<b>DP</b>	Development Partner
<b>DPA</b>	Direct Project Aid
<b>DPP</b>	Development Project Proposal
<b>DSA</b>	Debt Sustainability Analysis
<b>EBO</b>	Extra-budgetary Operation
<b>EBU</b>	Extra-budgetary Unit
<b>ECF</b>	Extended Credit Facility
<b>ECNEC</b>	Executive Committee of the National Economic Council
<b>EFD</b>	Electronic Fiscal Device
<b>EFT</b>	Electronic Fund Transfer
<b>e-CMS</b>	Electronic Contract Management System
<b>e-GP</b>	Electronic-Government Procurement
<b>e-PMIS</b>	Electronic-Project Management Information System
<b>ERD</b>	Economic Relations Division
<b>EU</b>	European Union
<b>FCDO</b>	Foreign, Commonwealth and Development Office (formerly DFID UK)
<b>FD</b>	Finance Division (Ministry of Finance)
<b>FMIS</b>	Financial Management Information System
<b>FMRP</b>	Financial Management Reform Program
<b>FYP</b>	Five-Year Plan
<b>GAC</b>	Global Affairs Canada
<b>GAT</b>	Government Assessment Team
<b>GBR</b>	Gender Budget Report
<b>GDP</b>	Gross Domestic Product

<b>GFR</b>	General Financial Rules
<b>GFS</b>	Government Finance Statistics
<b>GFSM</b>	Government Finance Statistics Manual
<b>GIFT</b>	Global Initiative for Fiscal transparency
<b>GNI</b>	Gross National Income
<b>GoB</b>	Government of Bangladesh
<b>GRPFM</b>	Gender-Responsive Public Financial Management
<b>HCPEIR</b>	Human Capital Public Expenditure and Institutional Review
<b>iBAS</b>	Integrated Budget and Accounting System
<b>ICT</b>	Information and Communication Technologies
<b>ICU</b>	Internal Control Unit
<b>IDA</b>	International Development Association
<b>IFAC</b>	International Federation of Accountants
<b>IFC</b>	International Finance Corporation
<b>IFPP</b>	INTOSAI Framework of Professional Pronouncements
<b>IIA</b>	Institute of Internal Auditors
<b>IMED</b>	Implementation Monitoring and Evaluation Division
<b>IMF</b>	International Monetary Fund
<b>InfraGov</b>	Infrastructure Governance Assessment
<b>IPEC</b>	Independent Performance Evaluation Committee
<b>IPEG</b>	Independent Performance Evaluation Guideline
<b>IPF</b>	Institute of Public Finance
<b>IPPF</b>	International Professional Practices Framework
<b>IPSAS</b>	International Public Sector Accounting Standards
<b>ISPIIA</b>	International Standards for the Professional Practice in Internal Audit
<b>ISQC-1</b>	International Standard on Quality Control 1
<b>ISSAI</b>	International Standards of Supreme Audit Institutions
<b>IT</b>	Information Technology

<b>JICA</b>	Japan International Cooperation Agency
<b>KPI</b>	Key Performance Indicator
<b>LG</b>	Local Government
<b>LGD</b>	Local Government Division
<b>LGED</b>	Local Government Engineering Department
<b>LGI</b>	Local Government Institution
<b>LG-PFMA</b>	Local Government PFM Assessment
<b>LGRD</b>	Local Government and Rural Development
<b>LGRD&amp;C</b>	Local Government, Rural Development and Cooperatives
<b>LM</b>	Line Ministry
<b>LMIC</b>	Low-Middle-Income Country
<b>LPC</b>	Last Pay Certificate
<b>LTU</b>	Large Taxpayer Unit
<b>M&amp;E</b>	Monitoring and Evaluation
<b>MAPS</b>	Methodology for Assessing Procurement System
<b>MBF</b>	Ministry Budget Framework
<b>MC</b>	Monitoring Cell
<b>MDAs</b>	Ministries, Divisions and Agencies
<b>MDTF</b>	Multi-Donor Trust Fund
<b>MICR</b>	Magnetic Ink Character Recognition
<b>MIS</b>	Management Information System
<b>MOF</b>	Ministry of Finance
<b>MOHFW</b>	Ministry of Health and Family Welfare
<b>MoLGC</b>	Ministry of Local Government and Cooperatives
<b>MOP</b>	Ministry of Planning
<b>MOPME</b>	Ministry of Primary and Mass Education
<b>MSMEs</b>	Micro, Small, and Medium Enterprises
<b>MTBF</b>	Medium-Term Budget Framework

<b>MTDS</b>	Medium-Term Debt Management Strategy
<b>MTMF</b>	Medium-Term Macroeconomic Framework
<b>MTMPS</b>	Medium-Term Macroeconomic Policy Statement
<b>MTRS</b>	Medium-Term Revenue Strategy
<b>MTSBP</b>	Medium-Term Strategy and Business Plans
<b>MYPIP</b>	Multi-Year Public Investment Program
<b>NBR</b>	National Board of Revenue
<b>NCC</b>	National Coordination Committee
<b>NDC</b>	Nationally Determined Contributions
<b>NGO</b>	Non-Governmental Organization
<b>NPL</b>	Non-performing Loan
<b>NSAPR</b>	National Strategy for Accelerated Poverty Reduction
<b>NSC</b>	National Savings Certificate
<b>NSD</b>	National Savings Department
<b>NSW</b>	National Single Window
<b>OCAG</b>	Office of the Comptroller and Auditor General
<b>OECD</b>	Organisation for Economic Co-operation and Development
<b>PAC</b>	Public Accounts Committee
<b>PBL</b>	Policy-Based Loan/Lending
<b>PC</b>	Planning Commission
<b>PE</b>	Public Enterprise
<b>PEC</b>	Project Evaluation Committee
<b>PECT</b>	Program Execution and Coordination Team
<b>PEFA</b>	Public Expenditure and Financial Accountability Assessment
<b>PEMSP</b>	Public Expenditure Management Strengthening Program
<b>PER</b>	Public Expenditure Review
<b>PFM</b>	Public Financial Management
<b>PI</b>	Performance Indicator

<b>PIM</b>	Public Investment Management
<b>PIMA</b>	Public Investment Management Assessment
<b>PIT</b>	Program Implementation Team
<b>PL</b>	Personal Ledger
<b>PM</b>	Prime Minister
<b>PMAP</b>	Project Management Accounting Portal
<b>PMBMA</b>	Public Money and Budget Management Act
<b>PMCU</b>	Project Management and Coordination Unit
<b>PPA</b>	Public Procurement Act
<b>PPP</b>	Public-Private Partnership
<b>PPP</b>	Purchasing Power Parity
<b>PPR</b>	Public Procurement Rule
<b>PR</b>	Performance Report
<b>PROMIS</b>	Procurement Performance Monitoring System
<b>PSDS</b>	Public Sector Debt Statistics
<b>RADP</b>	Revised Annual Development Program
<b>RAP</b>	Reform Action Plan
<b>REER</b>	Real Effective Exchange Rate
<b>RIBEC</b>	Reforms in Budgeting and Expenditure Control
<b>ROM</b>	Results-Oriented Monitoring
<b>ROP</b>	Rules of Procedure (of Parliament)
<b>RMG</b>	Ready-Made Garment
<b>SAE</b>	Self-Accounting Entity
<b>SAI</b>	Supreme Audit Institution
<b>SARTTAC</b>	South Asia Regional Training and Technical Assistance Center
<b>SBL</b>	Sonali Bank Limited
<b>SC</b>	Steering Committee
<b>SCD</b>	Systematic Country Diagnostic

<b>SDG</b>	Sustainable Development Goals
<b>SMEs</b>	Small and Medium Enterprises
<b>SNG</b>	Sub-National Government
<b>SOCB</b>	State-Owned Commercial Bank
<b>SOE</b>	State-Owned Enterprise
<b>SPAs</b>	Statutory Public Authorities
<b>SPEMP</b>	Strengthening Public Expenditure Management Program
<b>SPFMS</b>	Strengthening Public Financial Management Program to Enable Service Delivery
<b>SPIMS</b>	Strengthening Public Investment Management System
<b>SRO</b>	Statutory Regulatory Order
<b>TA</b>	Technical Assistance
<b>TADAT</b>	Tax Administration Diagnostic Assessment Tool
<b>TAS</b>	Transaction Accounting System
<b>TIN</b>	Taxpayer's Identification Number
<b>TNA</b>	Training Needs Analysis/Assessment
<b>TPC</b>	Transfer Pricing Cell
<b>TSA</b>	Treasury Single Account
<b>UCS</b>	Use of Country Systems
<b>UNFCCC</b>	United Nations Framework Convention on Climate Change
<b>UP</b>	Union Parishad
<b>USAID</b>	United States Agency for International Development
<b>VAT</b>	Value-Added Tax
<b>WMA</b>	Ways and Means Advance
<b>Y-o-Y</b>	Year-on-year

# ASSESSMENT METHODOLOGY

This evaluation fully follows the guidelines published by the Public Expenditure and Financial Accountability (PEFA) Secretariat (available at [www.pefa.org](http://www.pefa.org)). The evaluation team used all methodological guidelines and tools developed by the PEFA Secretariat, including the PEFA manuals. The assessment applied the PEFA 2016 methodology using available administrative data based on the PEFA 2016 guidance documents. Each dimension of the indicators was measured against a four-point ordinal scale from 'A' to 'D'. Dimension-specific scores were aggregated to reach an overall score for each indicator. This was done using an appropriate method based on the degree of linkage between the individual dimensions<sup>1</sup>.

## Type of Assessment

This evaluation is the fourth national PEFA Assessment in Bangladesh. It was funded by the World Bank and the Asian Development Bank (ADB). The previous assessments were conducted in 2006, 2010 and 2015, applying separate guidelines concerning the assessment of public financial management (PFM) performance changes using different versions of the PEFA framework. The 2010 PEFA Assessment was conducted using the 2011 evaluation framework, and the 2015 PEFA Assessment was conducted using the 2016 draft evaluation framework.

## Number of Indicators

All 31 PEFA indicators, spread over seven PFM pillars, were used for the assessment.

## Assessment Timing

The evaluation started in October 2021 with a launching ceremony on October 27, 2021. This was followed by a training session concerning PEFA methodology provided by the PEFA Secretariat. Thereafter, data collection was conducted online and on-site between November 2021 and June 2022. A dissemination seminar presenting preliminary results was held from June 26-28, 2022, at the Intercontinental Hotel in Dhaka, Bangladesh.

## Years Covered

The evaluation covered the years 2019, 2020 and 2021, as these are the last three completed fiscal years. This period applies to indicators covering the “last three completed fiscal years”, and 2021 is the “last completed fiscal year” for a number of other dimensions.

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<sup>1</sup> A detailed guideline of the methodology can be downloaded from the PEFA website at [www.pefa.org](http://www.pefa.org).

## Cut-off Date

The cut-off date for the assessment was set at December 31, 2022. It has been used as such for the information collected and assessed, and in consideration of the “at the time of assessment” circumstances relevant to certain dimensions.

## Coverage

This assessment covers the central government, including transfers to local government institutions (LGIs), as well as the transparency of inter-governmental relations. The coverage years for the assessment are fiscal years 2018-19, 2019-20, and 2020-21. Other central government entities covered by the assessment include social security agencies and extra-budgetary units (EBUs) for a number of indicators. The assessment also covers the sub-national governments and public enterprises to the extent required by the PEFA 2016 framework, that is, assessing the fiscal risks arising from the operations of sub-national governments and public enterprises, including the valuation of transfers at the sub-national level.

## Information Sources

The main sources of data for the assessment include: (i) data collected on the <https://drive.google.com> platform; (ii) information from interviews with relevant government officials; and (iii) a review and analysis of additional documents, such as government reports, analytical data, and any other documents prepared by the government that were relevant to the assessment of the PEFA indicators. The evaluation team also attended relevant meetings and consulted diagnostic and analytical reports produced by non-governmental stakeholders, including international organizations and donors. A full list of the meetings with institutions and individuals, as well as the documents and reports used, is presented in Annex 3 of this assessment.

## Fiscal Year of the Country:

July 1 to June 30.

## Exchange Rate

1 Bangladeshi Taka = 0.0095 United States Dollar (December 31, 2022).



# EXECUTIVE SUMMARY

## Rationale and Purpose

1. The objective of the Public Expenditure and Financial Accountability (PEFA) Assessment for 2022 is to provide an assessment of public financial management (PFM) performance based on indicator analysis and other key information. This is to be done in a concise and standardized manner, following the 2016 methodology. This new framework assesses the impact of PFM weaknesses at the three levels of budget outcomes, namely overall fiscal discipline, strategic resource allocation, and efficient service delivery. The framework consists of seven pillars and 31 performance indicators that measure the operational performance of key elements of PFM systems, processes, and institutions.
2. The 2022 PEFA assessment is the fourth assessment to be conducted in Bangladesh. Previous PEFA Assessments were conducted in 2006, 2010, and 2015. The 2016 PEFA assessment showed some improvements compared to the previous 2010 PEFA. However, Bangladesh's overall PFM performance remained below the average score of 'C/C+' for six of the seven PEFA pillars.
3. This assessment was government-led and included consultations with non-state actors, the private sector, and development partners. The World Bank and the Asian Development Bank (ADB) jointly provided technical quality assurance for the assessment through the Management and Oversight Structure. All 31 indicators of the PEFA 2016 methodology were used. Three dimensions of Performance Indicator (PI) 26 were not applicable. As there is not yet a formal internal audit function in the central administration, dimension 26.1 is rated D and dimensions 26.2, 26.3, and 26.4 are rated NA.
4. The peer reviewers included representatives from the World Bank as lead agency, the Asian Development Bank (ADB), the International Monetary Fund (IMF), The Global Affairs Canada, the European Union, Government of Bangladesh (GoB) officials, and the PEFA Secretariat. Issues raised during the peer review of the draft report were addressed through a matrix of the assessment team's responses. The updated/final report was submitted to the PEFA Secretariat for the PEFA Check. The overall assessment will benefit from lessons learned from the World Bank's and other development partners' ongoing PFM reform engagements.
5. The GoB assessment team counterparts provided access to all necessary administrative data. The nature and extent of data collection, the meetings required, and the coordination with government officials were clearly communicated as part of the initial data request. They were reiterated during the PEFA methodology workshop. Given the ongoing COVID-19 pandemic situation, most of the activities were conducted virtually. However, the national consultants held face-to-face meetings with GoB officials whenever possible.

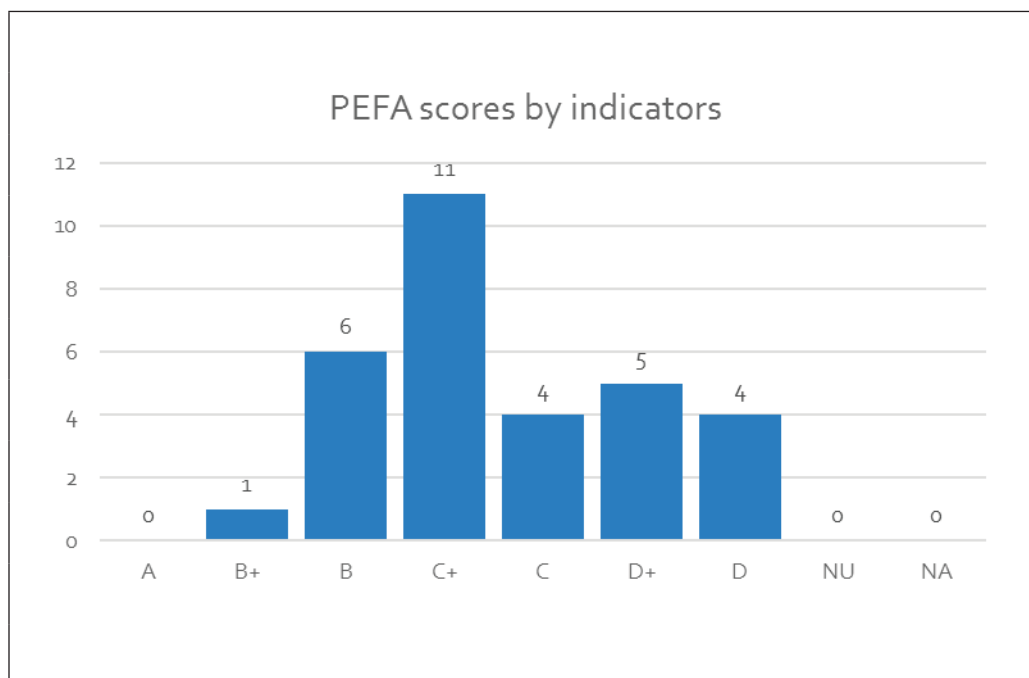
6. The main recipient and owner of the final report is the Finance Division of the Ministry of Finance. As in the past, this report will be published on the official government website and permission will be sought for publication on the PEFA website. A dissemination will be held for stakeholders, including line departments, academia, the Chamber of Commerce, relevant non-state actors and development partners.
7. The results of the diagnostics will be used as part of the dialogue and resource mobilization for the implementation and achievement of the overall PFM reform objectives in order for Bangladesh to achieve and sustain its upper middle income status aspirations. Hence, the theme of the four mutually reinforcing diagnostics is “Towards a resilient PFM system for sustainable socio-economic development as an upper middle-income country”.

## Main Assessment Results

8. An analysis of PFM performance by pillars shows that the pillar “IV. Policy-based fiscal strategy and budgeting” has a good performance. The pillars “V - Predictability and control in budget execution, “VI. Accounting and reporting” and “VII. External scrutiny and audit” have a performance above average. The pillars “I. Budget reliability”, “II. Transparency of public finances” and “III. Management of assets and liabilities” show a basic performance.
9. The analysis of the PEFA scores shows that 9 indicators have a score equal to D or D+, 15 indicators have a score equal to C or C+. Another 7 indicators have a score equal to B or B+ (Figure 1).

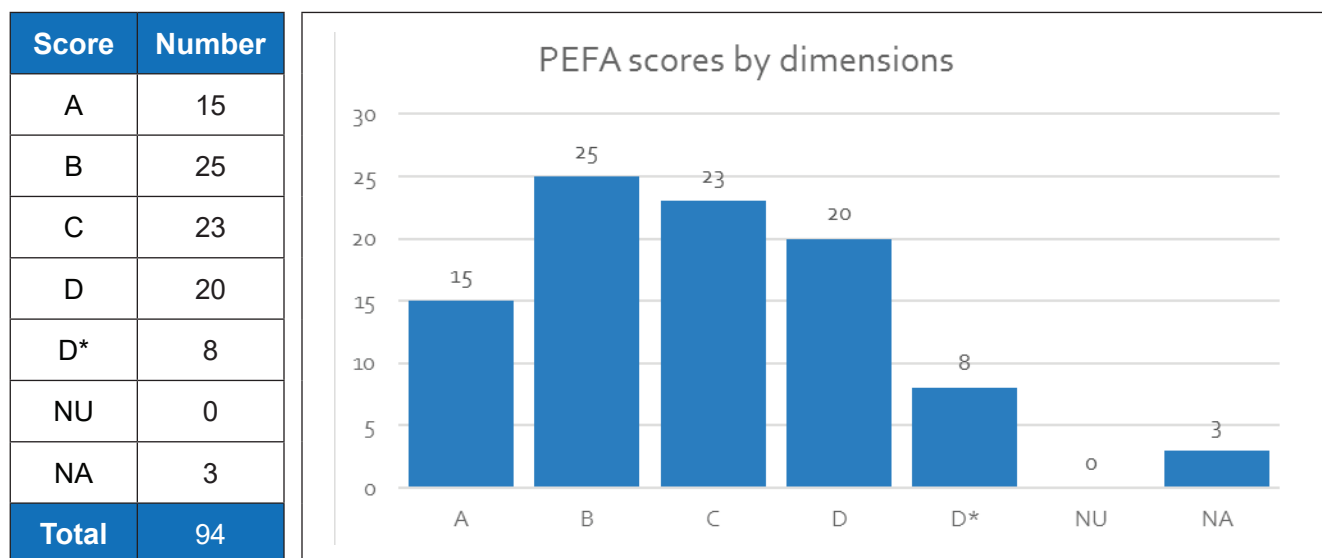
**Figure 1:** PEFA Scores by Indicators

Score	Number
A	0
B+	1
B	6
C+	11
C	4
D+	5
D	4
NU	0
NA	0
<b>Total</b>	<b>31</b>



10. Analysis by dimension shows a more favorable picture. In this regard, 40 dimensions have a score equal to A or B, and 51 dimensions have a score equal to or lower than a C. Three dimensions are not applicable (Figure 2).

**Figure 2:** PEFA Scores by Dimensions



## Main Strengths and Weaknesses of the PFM Systems

### Strengths

**Key strengths are the completeness of budget documentation presented to Parliament, annual performance plans and reports prepared to monitor service delivery, e-procurement which now covers 70% of procurement. In addition, independent review boards have been established for complaint management and financial reporting is comparable to IPSAS cash. The independence of Comptroller and Auditor General is constitutionally guaranteed, and the legislature makes recommendations after reviewing external audit reports on budget execution.**

- In terms of transparency, the budget documentation presented to Parliament is complete (PI-5). Most transfers are formula-driven (PI-7). Annual performance plans and reports are prepared to monitor service delivery (PI-8). With respect to asset and liability management, tracking is done properly, although there are weaknesses in physical tracking (PI-11). Financial assets are reported annually in the financial accounts prepared by the Controller General of Accounts (CGA).
- With regard to budget preparation, projects are selected according to criteria and most of them are subject to economic analysis. A budget strategy is developed and forwarded to the legislature (PI-15). The budget schedule has clear ceilings, which are then approved by the cabinet. It allows sufficient time for ministries, divisions and agencies to prepare budgets (PI-17).
- For monitoring budget execution, cash flows are prepared annually and updated monthly. Ministries, divisions and agencies can plan their expenditures at least one quarter in advance. Budget adjustments are made in a clear and transparent manner (PI-21). In addition, E-procurement now covers 70% of purchases, allowing for accurate tracking. This ensures that over 70% of contracts are awarded using competitive methods. The public has good access to statistics, although there is no annual statistical report. Independent review panels have been established for complaint management (PI-24). At the accounting and reporting level, bank reconciliation of all active headquarters bank accounts is performed within three days. The integrity of financial data is monitored by a team from the Ministry of Finance

(PI-27). The financial reports contain information on cash balances, revenues, expenditures, financial assets and liabilities, and debts. However, they do not provide information on guarantees (PI-29). The financial reports are comparable to the International Public Sector Accounting Standards (IPSAS) cash (PI-29).

14. With respect to external oversight, the independence of the Office of the Controller and Auditor General (OCAG) is constitutionally guaranteed (PI-30). The legislature issues recommendations after reviewing external audit reports on budget execution. These recommendations are generally followed, although not systematically (PI-31).

## Weaknesses

15. The main weaknesses relate to the lack of credibility, transparency and preparation of the budget, as well as some shortcomings in the monitoring of budget execution and in external control.
16. At the level of budget credibility, budget execution deviated significantly from the initial budget. During the evaluation period, both revenues and expenditures deviated from the initial budget, particularly due to the setting of targets rather than estimates at the revenue level (PI-3), as well as because of difficulties related to land acquisition and contracting at the expenditure level (PI-1 & PI-2).
17. In terms of transparency, no extra-budgetary operations were reported in the fiscal reports (PI-6). Information concerning financial transfers to decentralized local governments is provided only at the time of the transfer (PI-7). The government has made little budget information available to the public (PI-9). The monitoring of the sub-national governments (SNGs) is lacking. State-owned enterprises (SOEs) are monitored, albeit with a time lag. Contingent liabilities and fiscal risk monitoring are no longer reported (PI-10). Non-financial assets are not fully tracked, and the disposal of assets is reported for only a few assets (PI-12).
18. In terms of budget preparation, the legislature has less than a month to review the budget (PI-17). At the budget execution monitoring level, only a few entities use a structured and systematic approach for assessing and prioritizing compliance risks for revenue streams. The majority of entities collecting government revenues undertake audits and fraud investigations. However, they do not use a compliance improvement plan, nor do they complete the majority of planned audits and investigations. The selection of audit cases is not sufficiently based on risk analysis. The limited sharing of information between the three income tax branches hampers effective risk management. In addition, there is no medium-term strategy for improving revenue collection. Finally, there is no accurate record of revenue arrears (PI-19).
19. While there are no official records of arrears, it is a common occurrence in practice on the expenditure side. (PI-22). There is no formal internal audit at the budget execution level. Only ex-post reviews of financial compliance have been conducted by the MDAs (PI-26). At the accounting and reporting level, advance accounts are never cleared, except for those related to salaries (PI-27). Financial reports are certified by the OCAG more than 9 months after the end of the fiscal year (PI-29).
20. External auditing covers all GoB entities and primarily focuses on ensuring compliance. However, reports on the central government's budgetary financial statements are submitted more than 9 months after the end of the period, and there is a significant backlog of audit reports. Although there is a follow-up system in line with one of the external audit's recommendations, it is not always enforced (PI-30). Unfortunately, parliamentary committee reports are not available to the public (PI-31).

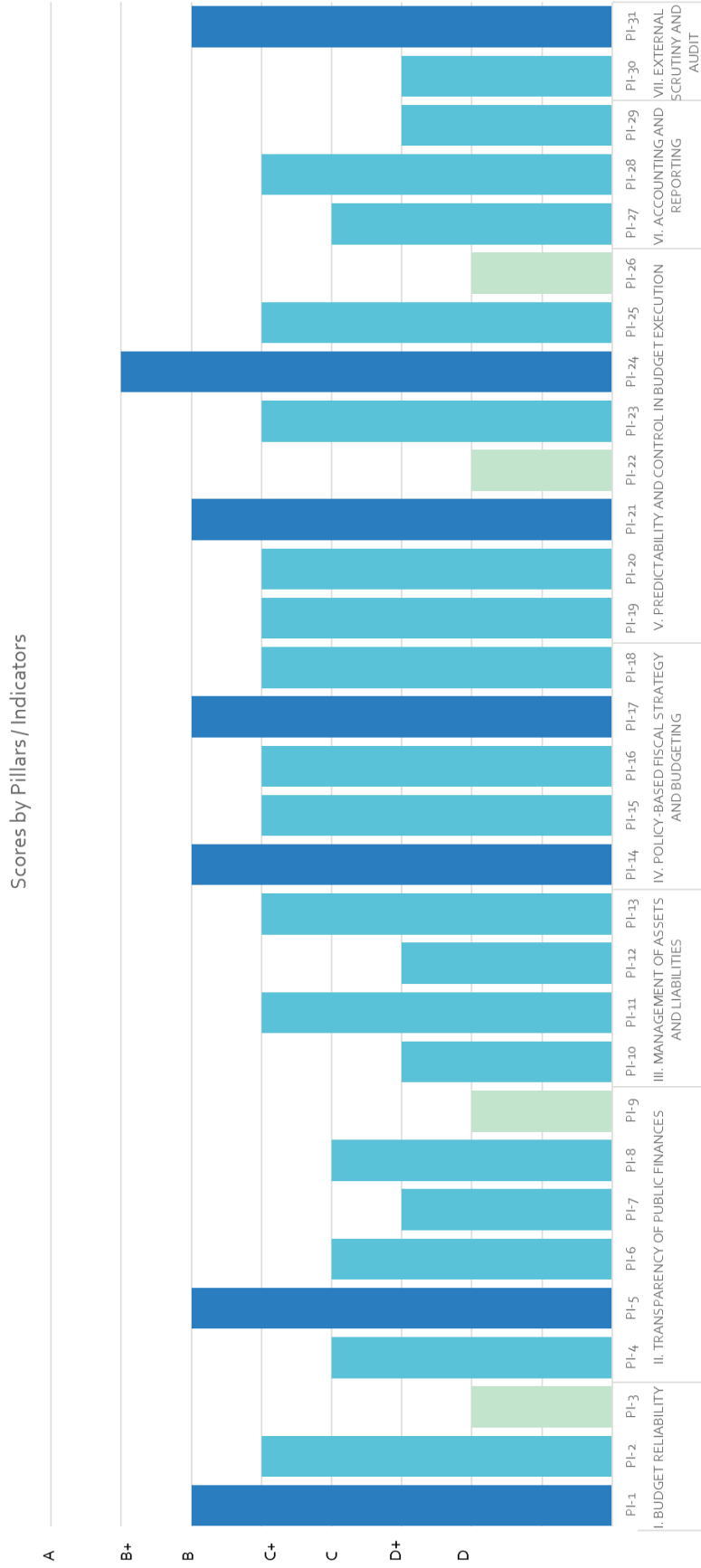
21. The scores for each dimension and indicator are reported in Table 1 and Figure 3 below:

**Table 1:** Summary table of PEFA indicators scores

Indicators /Dimensions		1	2	3	4	
<b>I. Budget reliability</b>						
PI-1	1. Aggregate expenditure outturn	B				B
PI-2	2. Expenditure composition outturn	C	C	A		C+
PI-3	3. Revenue outturn	D	D			D
<b>II. Transparency of public finances</b>						
PI-4	4. Budget classification	C				C
PI-5	5. Budget documentation	B				B
PI-6	6. Central government operations outside financial reports	C	B	D*		C
PI-7	7. Transfers to subnational governments	C	D			D+
PI-8	8. Performance information for service delivery	B	B	D	D	C
PI-9	9. Public access to fiscal information	D				D
<b>III. Management of assets and liabilities</b>						
PI-10	10. Fiscal risk reporting	C	D	C		D+
PI-11	11. Public investment management	C	A	D	B	C+
PI-12	12. Public asset management	C	D	D		D+
PI-13	13. Debt management	B	D	B		C+
<b>IV. Policy-based fiscal strategy and budgeting</b>						
PI-14	14. Macroeconomic and fiscal forecasting	A	B	D		B
PI-15	15. Fiscal strategy	D	A	C		C+
PI-16	16. Medium term perspective in expenditure budgeting	B	A	D	D	C+
PI-17	17. Budget preparation process	A	B	D		B
PI-18	18. Legislative scrutiny of budgets	A	C	A	B	C+
<b>V. Predictability and control in budget execution</b>						
PI-19	19. Revenue administration	B	B	D*	C	C+
PI-20	20. Accounting for revenue	A	A	C		C+
PI-21	21. Predictability of in-year resource allocation	D*	A	B	B	B
PI-22	22. Expenditure arrears	D*	D*			D
PI-23	23. Payroll controls	B	B	C	C	C+
PI-24	24. Procurement management	A	B	B	A	B+
PI-25	25. Internal controls on nonsalary expenditure	A	C	D*		C+
PI-26	26. Internal audit	D	NA	NA	NA	D
<b>VI. Accounting and reporting</b>						
PI-27	27. Financial data integrity	B	D*	D*	B	C
PI-28	28. In-year budget reports	B	B	C		C+
PI-29	29. Annual financial reports	C	D	C		D+
<b>VII. External scrutiny and audit</b>						
PI-30	30. External audit	C	D	D	C	D+
PI-31	31. Legislative scrutiny of audit reports	B	A	C	C	B

Source: Author's calculations

**Figure 3:** PEFA Scores by Pillars/Indicators



Source: based on author's calculation

A visualization of the PEFA Bangladesh 2021 rating can also be found at: <https://public.tableau.com/profile/pefa.bangladesh>.

## Impact of PFM Performance on Budgetary and Fiscal Outcomes

### ► Aggregate Fiscal Discipline

22. The credibility of the budget is weak due to a combination of factors, including unrealistic revenue forecasts, challenges in land acquisition and contracting, and the regular practice of passing a supplementary budget law each year. In addition, some extrabudgetary transactions go unreported, and some public enterprises fail to submit their annual financial statements on time. There is inadequate reporting on asset disposals and debt reporting lacks sufficient detail, although the government has plans to implement a medium-term debt management strategy. While the medium-term budgeting framework includes three-year spending estimates, it is not aligned with strategic plans and lacks strong comparisons to previous frameworks. Nevertheless, budget reports cover all items and are generally timely and accurate, though some revenue data is not highlighted.

**Figure 4:** Strengths and Weaknesses of Aggregate Fiscal Discipline

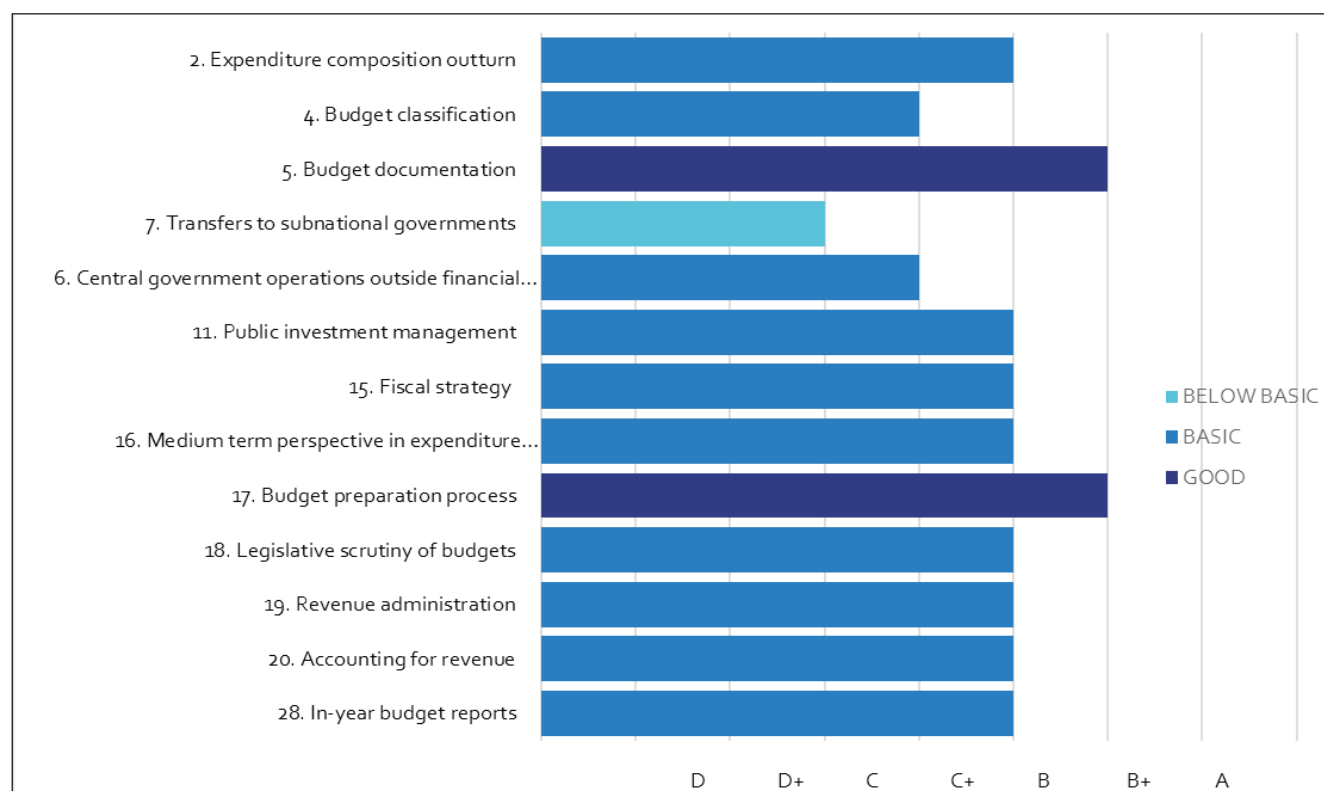


Source: Score of indicators related to the Aggregate Fiscal Discipline

## ► Strategic Allocation of Resources

23. The budget's lack of credibility affects its performance and there is an inconsistency in the use of the budget classification system for formulation, execution, and reporting. Budget reports do not include information on extra-budgetary operations, and details on transfers to SNGs are limited. Physical monitoring of projects included in the budget is sometimes inadequate. While the budget strategy is reported to the legislature, planned actions to address variances are not reported, and the Medium-Term Budget Framework (MTBF) lacks alignment with strategic plans and comparisons with previous MTBFs. Although reporting coverage and comparability are for all budget items, some revenue data is not highlighted.

**Figure 5:** Strengths and Weaknesses in the Strategic Allocation of Resources



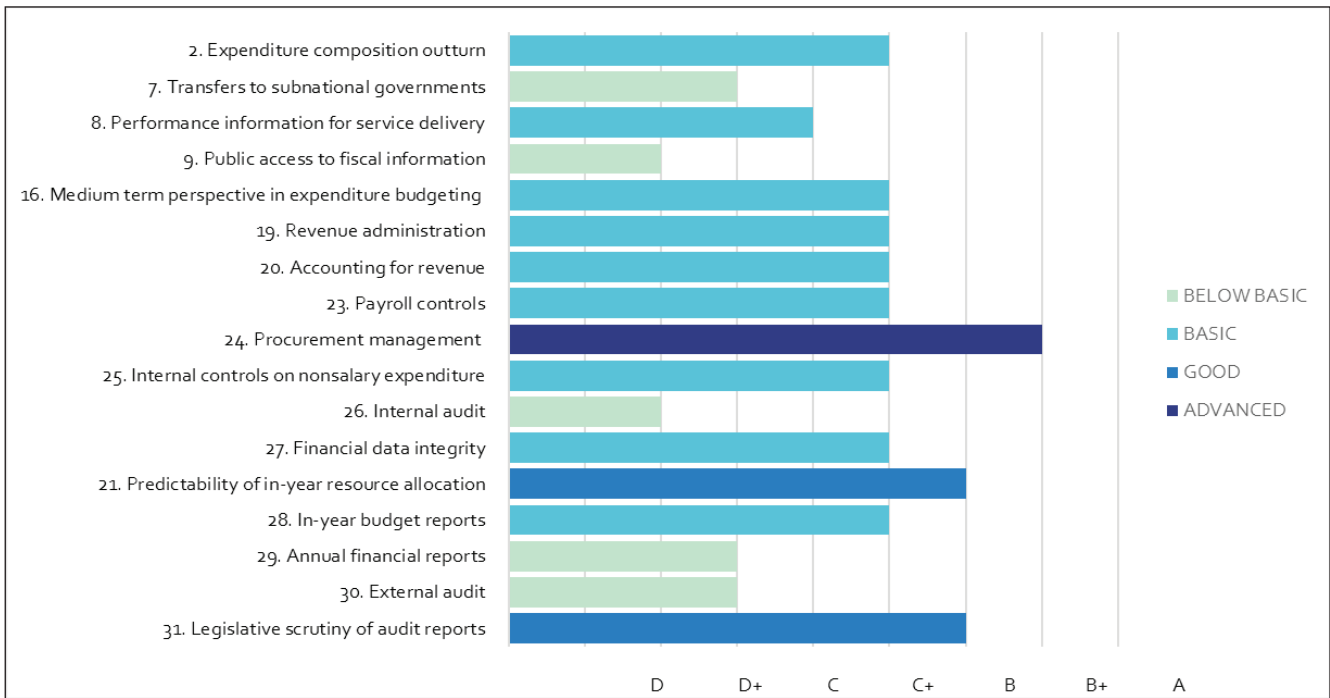
Source: Score of indicators related to the Strategic Allocation of Resources

## ► Efficient Use of Resources for Service Delivery

24. The lack of budget credibility affects the Efficient Use of Resources for Service Delivery. Information about financial transfers to local governments is limited and weakly linked to expenditures. Little budget information is available to the public. The MTBF is not aligned with strategic plans and comparisons with previous MTBFs are weak. There is no reconciliation of estimates and arrears. Payroll control is robust, and e-procurement covers 70% of purchases. There is no formal internal audit, and external audit coverage is less than 50%. The SAI's independence from the executive branch is compromised, and the PAC reports are not disclosed to the public.



**Figure 6:** Strengths and Weaknesses in Efficient Service Delivery

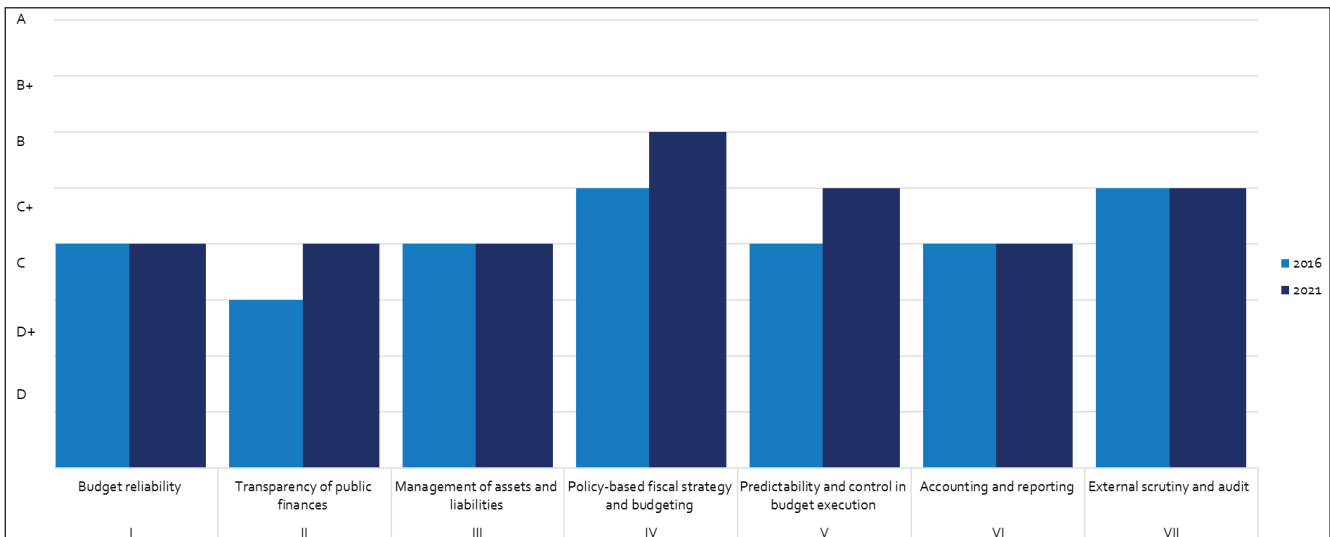


Source: Score of indicators related to the Efficiency of Services Delivery

## Performance Changes since the Previous PEFA Assessment

25. The PFM performance has slightly improved from the previous evaluation, as per Figure 7. Notably, there are improvements in Pillar II, which pertains to the transparency of public finances, and in Pillar V, which deals with predictability and control in budget execution.

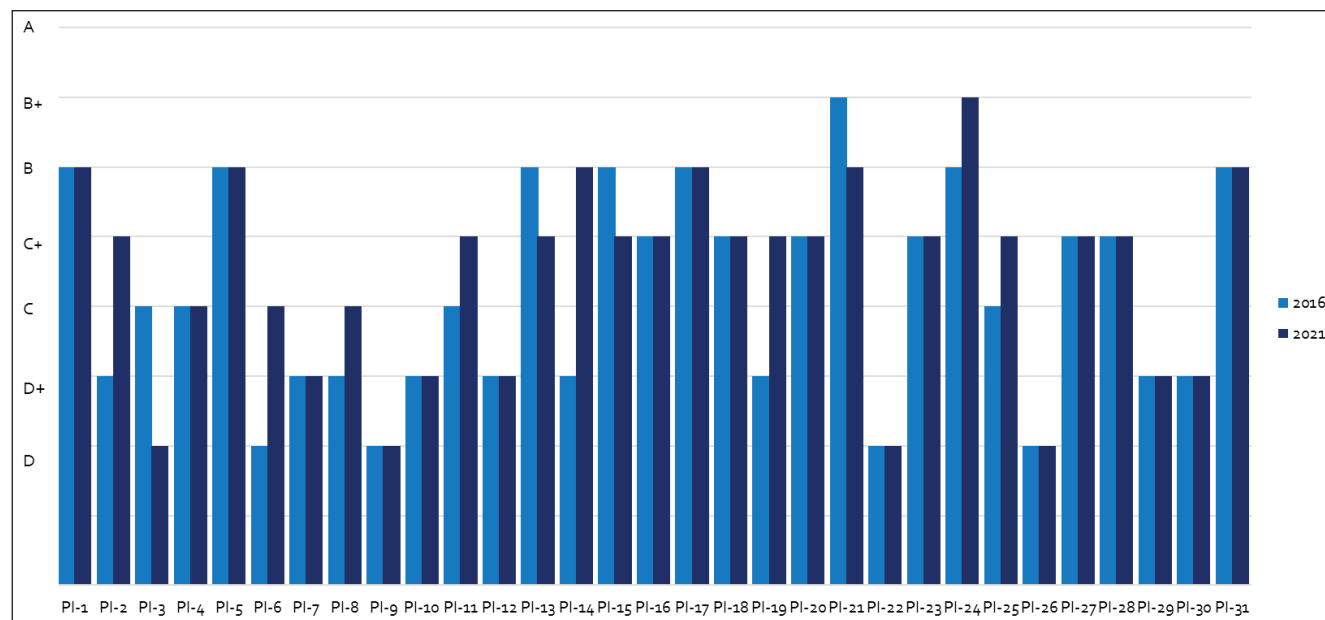
**Figure 7:** Evolution of Pillars between the 2016 and the 2021 PEFA Assessments



Source: Authors calculations from the aggregation of indicator's score

26. The 2021 PEFA Assessment for Bangladesh has been conducted using the 2016 methodology. As such, it was possible to compare scores against the previous assessment, which also used the same methodology (Figure 8).

**Figure 8:** Evolution of Scores by Indicators between the 2016 and the 2021 PEFA Assessments



Source: Authors calculations from the aggregation of indicator's score

27. The previous PEFA assessment found that much of the legal and regulatory framework for effective PFM was already in place. Since then, despite the modernization of information technology (IT) through iBAS++ and the payroll management system, progress in PFM performance has been uneven. It has shown insufficient results in budget credibility, transparency, accounting and reporting, and internal/external audit and oversight. The main problem is that there are still significant delays in the preparation of financial statements, which hampers transparency. The same is true for external audit and oversight. The scores improved for 6 indicators, decreased for 1 indicator and remained unchanged for 15 indicators. Nine indicators could not be compared.

# 1

## PFM CONTEXT

### 1.1. Economic Situation

28. Bangladesh has made rapid socio-economic progress in recent decades, reaching lower-middle income status in 2015. Officially reported gross domestic product (GDP) growth has averaged nearly 6 percent annually since 2000. Strong labor market gains contributed to a sharp decline in poverty, with the national poverty rate falling from 48.9 to 24.5 percent between 2000 and 2016. At the same time, extreme poverty fell from 34.3 to 13.0 percent. However, the pace of poverty reduction has slowed in recent years, even as growth has accelerated, particularly in urban areas and the west of the country. Annual consumption growth of the bottom 40 percent (1.2 percent) lagged behind that of the total population (1.6 percent) from 2010 to 2016. Real GDP growth rebounded as pandemic-related restrictions were gradually lifted in FY21 and accelerated to an estimated 7.2 percent in FY22 as private consumption and investment growth strengthened. Exports grew by 31.3 percent year-on-year (y-o-y), boosted by an increase in ready-made garment (RMG) market share in Europe and the United States. However, the economy is facing new headwinds. Inflation rose to 7.5 percent in the July-September quarter, up from 5.3 percent a year earlier. The increase followed a global spike in commodity prices, prompting the Bangladesh Bank (BB) to raise its key policy rate by 100 basis points. The current account deficit widened as imports rose, exacerbated by a decline in official remittance inflows.
29. GDP growth is expected to slow to 6.1 percent in FY23 (Table 2). Rising inflation, uncertainty about the commodity price outlook, import suppression measures, and deteriorating global growth prospects will weigh on growth. Inflation is expected to dampen private consumption growth, with a disproportionate impact on the poor. Import restrictions and gas rationing will hamper industrial activity and limit private investment. Remittance inflows are expected to increase, supported by higher labor emigration and resilient labor demand in the Gulf region, supported by higher oil prices. However, pressures on the external sector are expected to persist. Export growth is expected to moderate due to slowing global growth. Imports will remain elevated due to higher prices of consumer goods, intermediate goods and raw materials. Subsidy and incentive expenditures are expected to increase in FY23. However, lower government capital expenditure and moderate government consumption are expected to keep the fiscal deficit within 5 percent of GDP.

**Table 2:** Selected Economic Indicators (annual percentage change, unless otherwise indicated)

Selected Economic Indicators	2018-19	2019-20	2020-21
Real GDP growth, at constant market prices	7.88	3.45	6.94
Private Consumption	10.65	7.54	14.38
Government Consumption	17.06	2.82	9.70
Gross Fixed Capital Investment	13.20	4.40	10.32
Exports, Goods and Services	15.53	-14.33	13.69
Imports, Goods and Services	4.18	-8.01	20.02
Real GDP growth, at constant factor prices**	8.01	3.76	7.00
Agriculture	3.26	3.42	3.17
Industry	11.63	3.61	10.29
Services	6.88	3.93	5.73
Inflation (Consumer Price Index)	5.48	5.65	5.56
Current Account Balance (% of GDP)	-1.3	-1.5	-1.1*
Fiscal Balance (% of GDP)	-4.74	-4.92	-3.67*
Debt (% of GDP)	26.47	31.74	32.41*
Primary Balance (% of GDP)	-3.06	-3.08	-1.67*
International poverty rate (\$1.9 in 2011 PPP)	N/A	N/A	N/A

Sources : BBS, iBAS++, Finance Division.

Note: The GDP base year is 2015-16.

\*Provisional.

\*\*Producer prices.

## 1.2. Financial Overview

30. As shown in table 3, total government revenues (including non-tax revenues and grants) grew by a modest 4.5 percent year-on-year to an estimated 9.6 percent of GDP in FY20. Revenue collection growth slowed in the first half of FY20 due to lower trade-related taxes as a result of declining exports and imports. This was exacerbated following the outbreak of the COVID-19 pandemic, as the suspension of international flights and trade caused trade-related taxes to fall by 24.5 percent in the last quarter of FY20. Several measures taken by the National Board of Revenue (NBR) to protect individuals and businesses from the COVID-19 shock negatively affected tax collection, including the continuation of complex new VAT legislation and stagnating tax administration reforms. NBR tax collection is estimated to have declined by 2.5 percent in FY20, 27.3 percent below target. This was the first negative growth in NBR taxes in more than two decades. Although economic activity began to normalize in the early part of FY21, tax collection remained sluggish, as reflected by a modest 3.9 percent increase in the first half of FY21. Despite the widening gap between targeted and actual revenues in recent years, the revenue target for FY21 was set at 43.7 percent higher than estimated FY20 revenues.

31. Government expenditure growth was subdued in FY20 and turned negative in the first five months of FY21. Although total expenditure increased by 6.1 percent in FY20, the growth rate remained well below the average growth rate of the previous ten years (16.5 percent). It was also 20.6 percent below the budget target. Expenditure was particularly constrained in the last quarter as development spending plunged due to stalled development projects associated with the unavailability of foreign experts and the closure of offices. Current expenditures, including subsidies and transfers, could not be executed as planned due to inefficient targeting and preparation. Total expenditure remained subdued in FY21, declining by 7.1 percent in the first five months (July-November) of FY21, driven by a 22.9 percent plunge in development spending following the government's decision to cut back on lower priority projects, targeting an expenditure reduction of 400 billion Bangladesh taka (BDT) (US\$3.8 billion) - 19.5 percent of the FY21 Annual Development Program (ADP). With a slowdown in revenue and expenditure growth, the fiscal deficit widened to an estimated 6.0 percent of GDP in FY20. Spending plans to support households and businesses affected by the COVID-19 pandemic also faced implementation challenges. Although large export-oriented industries were able to benefit from the government's stimulus program, small and micro enterprises struggled to access credit from the banking sector. This was reflected in the slow disbursement rate of the relevant programs and the postponement of completion dates for several of them.
32. Public debt has increased but remained within sustainable levels. Total public debt is estimated at 39.2 percent of GDP in FY20, mostly consisting of domestic debt. The share of external debt remains relatively modest at 13.4 percent of GDP. It consists mainly of long-term loans from multilateral and bilateral lenders at concessional interest rates with generous grace periods. However, the ratio of public debt service to revenues has increased due to the use of high-cost National Savings Certificates (NSCs) (which carry double-digit interest rates). State-owned enterprises (SOEs) remain a source of fiscal pressure, especially in the energy and financial sectors. Subsidies to SOEs increased by 10.8 percent (y-o-y) in FY20. In addition, the GoB provides guarantees and counter-guarantees for loans taken out by SOEs. Despite this, the latest joint World Bank-IMF Debt Sustainability Analysis (May 2020) concluded that Bangladesh remains at low risk of external and public debt distress, even taking into account the economic shock caused by COVID-19.

**Table 3:** Bangladesh Aggregate Fiscal Data, FY 2018-19 to FY 2020-21 (in BDT10 million)

Economic Head	Budget	Actual	Exec. Rate	Budget	Actual	Exec. Rate	Budget	Actual	Exec. Rate
REVENUE	FY-19	FY-19	FY-19	FY-20	FY-20	FY-20	FY-21	Y-21	Y-21
<b>Tax revenues</b>									
Taxes on income, profits, and capital gains	100719	66940	66.5%	113912	75420	66.2%	103945	87340	84.0%
Taxes on property	1400	669	47.8%	1400	667	47.6%	1668	917	55.0%
Taxes on goods and services	164436	128499	78.1%	176691	118461	67.0%	189119	146525	77.5%
Taxes on international trade and transactions	32592	24397	74.9%	36554	23798	65.1%	37866	31592	83.4%
Other taxes	6782	4945	72.9%	11547	3635	31.5%	12401	3416	27.5%
<b>Grants</b>									

Economic Head	Budget	Actual	Exec. Rate	Budget	Actual	Exec. Rate	Budget	Actual	Exec. Rate
Grants from foreign governments	4051	1393	34.4%	4169	1901	45.6%	4013	2317	57.7%
Grants from international organizations	0	0	-	0	660	-	0	660	-
Grants from other government units	0	0	-	0	0	-	0	0	-
<b>Other revenues</b>									
Property income	16599	12089	72.8%	14974	10293	68.7%	14023	14023	100.0%
Sales of goods and services	25633	18701	73.0%	32380	17602	54.4%	28815	16590	57.6%
Fines, penalties, and forfeits	602	686	113.9%	289	603	208.8%	495	894	180.7%
Transfers not elsewhere classified	1795	4448	247.8%	2151	23475	1091.5%	2545	35441	1392.8%
Other revenues	237	259	109.0%	253	186	73.5%	343	246	71.7%
<b>Total revenues</b>	<b>354846</b>	<b>263024</b>	<b>74.1%</b>	<b>394318</b>	<b>276703</b>	<b>70.2%</b>	<b>395232</b>	<b>339960</b>	<b>86.0%</b>
<b>EXPENDITURE</b>									
<b>Operating Expenditures</b>									
Compensation of employees	61047	56197	92.1%	61816	57961	93.8%	68780	59699	86.8%
Interest	51340	50078	97.5%	57070	58316	102.2%	63801	70606	110.7%
Other recurrent expenditures	139282	116075	83.3%	159049	120040	75.5%	179108	135588	75.7%
Capital Expenditures/	30747	20653	67.2%	32328	20473	63.3%	36490	19937	54.6%
Net Outlay for Food Account Operation	365	4219	1155.9%	308	2325	754.9%	567	3718	655.7%
Loans & Advances (Net)	2124	-2 519	-118.6%	937	1205	128.6%	4210	593	14.1%
<b>Development Expenditures</b>									
Scheme	327	184	56.3%	1463	1619	110.7%	2522	2721	107.9%
Non- Annual Development Program (ADP) Special Project	4365	2626	60.2%	5315	3343	62.9%	4722	4108	87.0%
Annual Development Program	173000	149594	86.5%	202721	155718	76.8%	205145	160495	78.2%
Non-ADP FFW and Transfer	1978	789	39.9%	2184	1455	66.6%	2 654	2166	81.6%
<b>Total Expenditures</b>	<b>464575</b>	<b>397896</b>	<b>85.6%</b>	<b>523191</b>	<b>422455</b>	<b>80.7%</b>	<b>567999</b>	<b>459631</b>	<b>80.9%</b>
<b>FINANCING</b>									
Foreign Borrowing-Net	50 016	43397	86.8%	63848	41304	64.7%	76004	45708	60.1%
Foreign Borrowing	60585	53883	88.9%	75390	52935	70.2%	88824	57726	65.0%
Foreign Debt Repayment	-10 569	-10486	99.2%	-11542	-11631	100.8%	-12820	-12018	93.7%

Economic Head	Budget	Actual	Exec. Rate	Budget	Actual	Exec. Rate	Budget	Actual	Exec. Rate
Domestic Borrowing	71227	78745	110.6%	77363	112261	145.1%	109983	82595	75.1%
Borrowing from Banking System (Net)	42030	30895	73.5%	47364	81718	172.5%	84980	32673	38.4%
Long-Term Debt (Net)	23966	21117	88.1%	28094	57930	206.2%	53654	50692	94.5%
Short-Term Debt (Net)	18064	9778	54.1%	19270	23788	123.4%	31326	-18019	-57.5%
Non-Bank Borrowing (Net)	29197	47850	163.9%	30000	30543	101.8%	25003	49922	199.7%
National Savings Schemes (Net)	26197	45000	171.8%	27000	15139	56.1%	20000	43040	215.2%
Others (Net)	3000	2850	95.0%	3000	15403	513.4%	5003	6882	137.6%
<b>Total financing</b>	<b>121 243</b>	<b>122 142</b>	<b>100.7%</b>	<b>141 212</b>	<b>153 564</b>	<b>108.7%</b>	<b>185 987</b>	<b>128 303</b>	<b>69.0%</b>

Source: MoF. Budget documentation for the FY 2017/18 to FY 2019/20.

33. Budgetary Allocations by sectors (as a percentage of total expenditures) are reported in the table below. In FY2018-19, the largest allocation was to Education and Technology at 21.96%, followed by Public Services at 13.15% and Defense Services at 10.46%. In FY2019-20, Education and Technology remained the largest allocation at 21.73%, followed by Public Services at 15.74% and Defense Services at 11.20%. In FY2020-21, Public Services became the largest allocation at 21.59%, followed by Education and Technology at 21.38% and Social Security and Welfare at 11.77%.

34. There were also some notable changes in allocations for specific headings between the fiscal years. For example, Fuel and Energy saw a significant decrease in allocation from 5.45% in FY2018-19 to 0.10% in FY2020-21.

**Table 4:** Budgetary Allocations by Sectors (as a percentage of total expenditures)

Functional Heading	FY2018-19	FY2019-20	FY2020-21
Public Services	13.15	15.74	21.59
Local Government and Rural Development	3.87	3.67	3.84
Defense Services	10.46	11.20	10.01
Public Order and Safety	9.94	9.58	8.95
Education and Technology	21.96	21.73	21.38
Health	6.88	7.16	7.83
Social Security and Welfare	11.40	11.53	11.77
Housing	0.76	0.75	0.72
Recreation, Culture and Religious Affairs	1.77	1.52	1.19
Fuel and Energy	5.45	3.99	0.10
Agriculture	8.25	7.64	7.91
Industrial and Economic Services	0.63	0.65	0.61
Transport and Communication	5.47	4.84	4.11
<b>Total expenditures</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

Source: Budget documentation for the FY 2017/18 to FY 2019/20.

35. Budgetary Allocations by economic classification are reported in table 5 below. The largest economic heading in all three years is “Interest”, which accounted for 20.52%, 22.57%, and 24.03% of expenditures in FY2018-19, FY2019-20, and FY2020-21 respectively. The second largest heading is “compensation of employees”, which accounted for 23.02%, 22.43%, and 20.32% in the same years. “Use of goods and services” is the third largest heading, accounting for 17%, 15.43% ,and 14.77% of expenditures in the respective years. “Subsidies, grants, and social benefits” accounted for significant portions of expenditures, ranging from 9.48% to 12.83% in different years. Other expenses, which include items not classified under the other headings, accounted for a small portion of expenditures in FY2018-19 and FY2019-20, but increased to 6.77% in FY2020-21.
36. Overall, the table shows the changes in the distribution of expenditures across different economic headings over the three fiscal years.

**Table 5:** Budgetary Allocations by Economic Classification (in percentage of total expenditures)

Economic Heading	FY2018-19	FY2019-20	FY2020-21
Compensation of employees	23.02	22.43	20.32
Use of goods and services	17.00	15.43	14.77
Consumption of fixed capital	0.0	0.00	0.00
Interest	20.52	22.57	24.03
Subsidies	10.82	11.31	9.48
Grants	12.83	11.87	12.40
Social benefits	12.54	12.82	12.24
Other expenses	3.29	3.57	6.77
<b>Total expenditures</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

Source: Budget documentation for the FY 2017/18 to FY 2019/20.

### 1.3. Legal and Regulatory Arrangements

#### ► Budgetary Units

37. The ministries/divisions are responsible for policy formulation and monitoring the progress of implementation of various government programs aimed at achieving various development policy objectives. While the political head of a ministry is a minister or state minister, the administrative head and Principal Accounting Officer (PAO) responsible for managing the ministry’s functions is the secretary. A ministry may consist of one or more divisions. The implementation of the government’s development programs and policies at the ministry level is primarily the responsibility of the departments/directorates.

#### ► Social Security

38. Social protection in Bangladesh is enshrined in Article 15 (d) of the Constitution (1972). It is also the cornerstone of the National Social Security Strategy (2015) and the accompanying Action Plan (2018), both of which plan to establish a national social security system covering sickness, maternity benefits and protection, old age pensions, industrial accidents and unemployment benefits for workers in the formal economy. Currently, Bangladesh has 114 disparate social protection programs, mostly focused on food distribution and cash transfers.



## ► Autonomous bodies and corporations

39. The Budget and Accounting Classification Manual defines public corporations and extra-budgetary units in Bangladesh (Table 6). Public corporations are a unit of the central government. They are not financed by the legislative budget of the controlling government. They sell goods and services at economically significant prices. The Government Finance Statistics Manual (GFSM) provides guidance on the compilation of public sector statistics. In Bangladesh, the public sector includes the central government (both budgetary and extra-budgetary). More detailed guidance on distinguishing between the various institutional units that make up the public sector is provided in the GFSM.
40. There are 132 SOEs and 34 Autonomous Bodies (ABs) for which the SOE Monitoring Cell has governance and oversight responsibilities in accordance with the Independent Performance Evaluation Guideline. The SOE Monitoring Cell provided technical assistance to SOEs and Abs to improve their transparency and accountability through the publication of audited financial statements (FS) on the website of the Ministry of Finance.

**Table 6:** Structure of Public Sector – Number of Entities, FY 2020-21(takas in Crores)

Year: 2021	Public Sector				
	Government Sub-sector		Social Security Funds <sup>1</sup>	Public Corporation Sub-sector	
	Budgetary Unit <sup>2</sup>	Extra- budgetary Units		Non-Financial Public Corporations	Financial Public Corporations
	Central	62 MDAs and 135 Departments <b>Total:</b> 106,458 Units	167 Organizations <b>Total:</b> 425 Units	-	132 Organizations <b>Total:</b> 460 Units
Sub-national level	-	<b>Local Government Units</b> City Corporations (12) Hill Tracts Regional Council (1) Local Government Parishad (3) Zila Parishad (61) Municipality (320) Upazila Parishad (492) Union Parishad (4,571) <b>Total:</b> 5,461 units	-	-	-

Sources: <http://www.lgd.gov> Source: iBAS++ report, Finance Division, Bangladesh Bank website

### Notes:

**Depending on management control and funding arrangements, a social security fund is a public-sector entity that** may form part of a particular level of government or be classified as a separate sub-sector of the government **sector** (GFS 2014, paragraph 2.78).

The Budgetary Central Government **is** comprised of all central government entities included in the central government **budget**.

**Table 7:** Structure of Public Sector – Budget Expenditures, FY 2020-21 (takas in Crores)

Year: 2021	Central Government			
	Budgetary Unit	Extra-budgetary Units	Social Security Funds	Total Aggregated
Revenues	362,064	NA	NA	NA
Expenditures	567,999	NA	NA	NA
Transfers to (-) and from (+) other units of general governments	41,794	NA	NA	NA
Liabilities	182,450	NA	NA	NA
Financial assets	40,357	NA	NA	NA
Non-financial Assets	160,864	NA	NA	NA

Source : iBAS++ report, Finance Division.

Note: NA= not available.

**Table 8:** Structure of Public Sector – Actual Expenditures, FY 2020-21 (takas in Crores)

Year: 2021	Central Government			
	Budgetary Unit	Extra-budgetary Units	Social Security Funds	Total Aggregated
Revenues	339,664	16,824	NA	356,488
Expenditures	459,631	39,899	NA	499,530
Transfers to (-) and from (+) other units of general governments	36,459	NA	NA	NA
Liabilities (30/2021)	123,748	NA	NA	NA
Financial assets (30/2021)	27,809	NA	NA	NA
Non-financial Assets (30/2021)	145,844	NA	NA	NA

Source : iBAS++ report, Finance Division

Note: NA= not applicable

## ► External Oversight

41. The Constitution of the People's Republic of Bangladesh mandates the Comptroller and Auditor General (C&AG) to audit the public accounts of the Republic and determine the form and manner of keeping the public accounts.

## 1.4. PFM Institutional Arrangements

42. The Constitution of the People's Republic of Bangladesh (Articles 81-92) provides the legal framework for the basic financial procedures to be followed in the management of public finances. The Public Money and Budget Management Act (PMBMA) of 2009 further elaborates these procedures and adds specificity in certain areas by defining core PFM elements. In addition, there are financial rules (General Financial Rules, Treasury Rules), codes (Account Codes), manuals (Public Expenditure Management Manual and Internal Control Manual) and executive orders to guide the operation of the PFM system. The Rules of Business issued by the Cabinet Division define how the government will conduct its business, and the Allocation of Business made thereunder determines the functions of each ministry/division. The legal framework that guides the process of tax revenue generation is derived from the Constitution of Bangladesh. The relevant articles of the Constitution are elaborated through enactments, rules, and codes, such as the Value Added Tax and Supplementary Duty Act of 2012 (as amended in June 2019), the Income Tax Ordinance of 1984 (as amended until July 2014), the Customs Act of 1969, and the VAT (Alternative Dispute Resolution) Rules. However, both the Income Tax Ordinance and the Customs Act are currently under revision. In addition to these codes and laws, the government issues Statutory Regulatory Orders (SROs) to make changes to the Finance Act and authorize the government to levy and collect taxes. In addition, a tested regulatory framework (the Public Procurement Act of 2006 and Public Procurement Rules of 2008) is in line with international best practices. It is also in place to guide the public procurement functions in the country.
43. The Constitution of the People's Republic of Bangladesh mandates the Comptroller and Auditor General of Bangladesh to audit the public accounts of the Republic, as well as all courts of law and all authorities and officers of the Government (Box 1). The Comptroller and Auditor General (Additional Functions) Act of 1974 also mandates the Auditor General to audit the accounts of statutory public enterprises and local authorities. Bangladesh's Government Auditing Standards are based on the International Standards of Supreme Audit Institutions and are in line with global standards.

### Box 1: The Main Legal and Regulatory Framework of Bangladesh

- *The Constitution of the People's Republic of Bangladesh (Articles 81-92)*
- *Public Money and Budget Management Act (PMBMA) of 2009*
- *Value-Added Tax and Supplementary Duty Act of 2012 (amended in June 2019)*
- *Income Tax Ordinance, 1984 amended up to 2021*
- *Customs Act of 1969 and VAT Rules*
- *Bangladesh Investment Development Authority Act of 2016*
- *Public Procurement Act of 2006 and the Public Procurement Rules of 2008*

*Being a unitary state, Bangladesh has no provincial/state government within the governance structure. The public sector in Bangladesh is comprised of the central government, local government institutions (LGIs), SOEs, and statutory authorities. Bangladesh has a two-tier government system. The ministries/divisions at the Secretariat together constitute the policy-tier, whereas the other tier is engaged in general administration (law and order, land administration, and revenue collection), delivery of public services, and implementation of development programs carried out at the subnational levels (districts and Upazilas that represent the ministries/divisions). There are 8 administrative divisions; 12 city corporations; 320 Pourashavas (municipalities); 61 Zila Parishads (district councils); 492 Upazilla Parishads (Sub-District Councils); and 4,571 Union Parishads (Union Councils).*

## ► Local Government

44. The Constitution of the People's Republic of Bangladesh (Articles 81-92) provides the legal framework for the basic financial procedures to be followed in the management of public finances. The Public Money and Budget Management Act (PMBMA) of 2009 further elaborates these procedures and adds specificity in certain areas by defining core PFM elements. In addition, there are financial rules (General Financial Rules, Treasury Rules), codes (Account Codes), manuals (Public Expenditure Management Manual and Internal Control Manual) and executive orders to guide the operation of the PFM system. The Rules of Business issued by the Cabinet Division define how the government will conduct its business, and the Allocation of Business made thereunder determines the functions of each ministry/division. The legal framework that guides the process of tax revenue generation is derived from the Constitution of Bangladesh. The relevant articles of the Constitution are elaborated through enactments, rules, and codes, such as the Value Added Tax and Supplementary Duty Act of 2012 (as amended in June 2019), the Income Tax Ordinance of 1984 (as amended until July 2014), the Customs Act of 1969, and the VAT (Alternative Dispute Resolution) Rules. However, both the Income Tax Ordinance and the Customs Act are currently under revision. In addition to these codes and laws, the government issues Statutory Regulatory Orders (SROs) to make changes to the Finance Act and authorize the government to levy and collect taxes. In addition, a tested regulatory framework (the Public Procurement Act of 2006 and Public Procurement Rules of 2008) is in line with international best practices. It is also in place to guide the public procurement functions in the country.
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## ► Ministries/Divisions

46. There are currently 62 ministries/divisions/agencies (MDAs) in the government. The Ministry of Finance (MoF) is responsible for government finances, including the national budget, taxation, and economic policy in Bangladesh. It is also responsible for overseeing the functioning of the country's financial institutions and plans. In addition, it implements and controls the government's public expenditure policies and programs. Both fiscal and monetary policies fall under its jurisdiction. The MoF has four divisions, namely:
- Finance Division
  - Economic Relations Division
  - Internal Resources Division
  - Financial Institutions Division
47. Several constitutional offices, such as the Office of the President, the Supreme Court, Bangladesh Election Commission, the Bangladesh Public Service Commission, and the Office of the Comptroller and Auditor General, and the like, also operate independently within the scope of the legal provisions established by the Constitution.

## 1.5. PFM Reform Process

### 1.5.1 Approach to PFM Reform

48. Bangladesh aims to achieve upper middle-income status by 2031 and high-income status by 2041, including zero poverty. To achieve this vision, the Eighth Five-Year Plan (FYP) for 2021-2025 is committed to improving the PFM system through the ongoing PFM Action Plan. It considers PFM as an important part of strengthening the institutional capacity needed to prepare Bangladesh for attaining upper middle-income status. The Public Sector Management and Institutions cluster is the weakest, with an average score of 2.5 in the 2020 Country Performance and Institutional Assessment (CPIA). This compares with an average of 3.0 for International Development Association (IDA) borrowers. The forthcoming update of Bangladesh's 2021 Systematic Country Diagnostic (SCD) also recognizes that as Bangladesh aspires to become an upper middle-income country, institutional weaknesses in the public sector are a major constraint to achieving this goal. More work is needed to address the PFM bottlenecks identified in the existing PEFA scores that affect the efficient allocation, availability, and use of resources. Key public oversight institutions also need to be further strengthened.
49. Over the past three decades, Bangladesh has improved its PFM systems as a key component of its overall governance. To address the remaining PFM bottlenecks, the PFM Action Plan (2018-23) has been approved to support the effective implementation of the PFM Reform Strategy (2016-21). The strategic objectives of the PFM reforms are to: (a) maintain overall fiscal discipline consistent with macroeconomic stability and pro-poor growth; (b) allocate resources in line with government priorities as reflected in the National Plan; (c) promote efficient use of public resources and service delivery through better budget execution; (d) promote accountability through external scrutiny and budget transparency and improve the enabling environment for better PFM outcomes. Within these objectives, the PFM Action Plan provides the implementation roadmap for some priority actions with clear institutional responsibilities among the 13 thematic reform components, the cost-benefit analysis of sub-activities, and the performance indicators to monitor successful implementation.

### 1.5.2 Recent and Ongoing Reform Actions

#### ► Tax strategy

50. A Medium-Term Revenue Strategy (MTRS) is being prepared to guide future NBR reforms. The 8th Five-Year Plan sets clear targets to increase government revenues through a series of tax policy and administration reforms in the areas of VAT, customs, and personal income tax. However, tax policy and administration reforms have been slow in recent years. Attempts to automate VAT and income tax collection have been largely unsuccessful. After many delays, the use of electronic fiscal devices (EFDs) for VAT collection began on a pilot basis in August 2020. So far, the NBR has installed about 8,000 EFDs and plans to install 300,000 EFDs over the next 5 years.

#### ► Planning and budgeting

51. The Ministry of Finance publishes the executive budget proposal and the adopted budget on its website. The Medium-Term Macroeconomic Policy Statement (MTMPS) contains medium-term macroeconomic assumptions and estimates of the budgetary impact of policy changes. A Medium-Term Budgetary Framework (MTBF) is also prepared, which presents the most recently enacted budget and two-year projections of recurrent and capital expenditures for all ministries.

52. The time for budget release from ministries to frontline service delivery units has been reduced to one month, and budgets will be prepared using the new Budget and Accounting Classification System (BACS). A complete dataset of macroeconomic variables has been completed and a dynamic macroeconomic model is expected to help bridge the gap between outlook projections and final budget estimates.

### ► **Accounting and Reporting**

53. The Integrated Budget and Accounting System (iBAS++) is now in use in all ministries. Following the successful rollout of iBAS++ throughout the government for budget preparation and management, and extensive BACS training, iBAS++ was rolled out to missions and autonomous bodies in Bangladesh, contributing to functional improvements in these institutions. The iBAS++ has been implemented in all directorates/departments for budget preparation and management and in all 541 accounting offices across the country under the Controller General of Accounts.

54. The Office of the Comptroller and Auditor General of Bangladesh (OCAG) is undertaking reforms to improve the quality and credibility of the financial reporting system. This will be achieved by prescribing a uniform approach to financial reporting based on International Public Sector Accounting Standards (IPSAS) for all levels of government.

55. Efforts are underway to shift World Bank-financed projects to the use of country systems. This would help improve the timeliness and quality of financial reporting through the IBAS Project Management Accounting Portal (IBAS-PMAP). This is currently being piloted in four projects. Quarterly debt bulletins will be published for the first time in Bangladesh in 2021.

### ► **Procurement and Contract Management**

56. Bangladesh has made significant progress in establishing a robust public procurement system over the past 15 years. This includes the establishment of a nodal agency, the Central Procurement Technical Unit (CPTU), the implementation of a comprehensive capacity development program, and the development of a comprehensive electronic government procurement (e-GP) portal. However, challenges remain, and a World Bank assessment conducted in collaboration with the government of Bangladesh identified several gaps in the system. The assessment resulted in a strategic action plan to address these gaps, including the revision of the Public Procurement Law to remove unfavorable e-procurement procedures and the completion of remaining modules of the e-GP system. The action plan also aims to modernize the system by adopting disruptive technologies, increasing the participation of SMEs and women-owned businesses, promoting citizen participation, and rolling out the Electronic Contract Monitoring (e-CM) system nationwide. The plan also recommends strengthening oversight and monitoring of public procurement, including the capacity and autonomy of the CPTU.

### ► **State-Owned Enterprises (SOEs)**

57. The Government of Bangladesh has approved Independent Performance Evaluation Guidelines for SOEs and Autonomous Bodies. The guidelines will be used by the Independent Performance Evaluation Committee (IPEC), part of the SOE Monitoring Cell in the Ministry of Finance, to conduct independent performance evaluations during each cycle. The results of the evaluations will be used to incentivize better-performing SOEs and provide recommendations for improvement. Additionally, a draft policy and associated procedures for monitoring SOE debt and contingent liabilities are under consultation, and



a comprehensive database and financial monitoring template are being finalized. Data has also been collected to establish a baseline for reducing the ratio of SOE transfers to total public expenditure by 15% by FY22.

### ▶ **External Audit and Legislative Scrutiny**

58. The OCAG promulgated the Government Auditing Standards of Bangladesh, Code of Ethics, and Quality Control System in February 2021, which are fully compliant with the INTOSAI Framework of Professional Pronouncements (IFPP). The Code of Ethics includes an ethics control system in the OCAG, while the quality control system is based on the principles and requirements of the International Standards of Supreme Audit Institutions (ISSAI) 140. With the promulgation of these standards, public sector auditing in Bangladesh will be aligned with the latest international standards. These standards will be used by the Controller General of Accounts (CGA) in preparing the next set of financial statements.

### **1.5.3 Technical assistance from development partners**

#### ▶ **Asian Development Bank (ADB) Policy Based Loan (PBL)**

59. The Asian Development Bank is preparing the proposed Sustainable Economic Recovery Program Policy-based Loan to help the Government of Bangladesh implement reforms to accelerate its economic recovery from the COVID-19 pandemic by: (i) expanding fiscal space through improved public financial management of revenues and public expenditures; and (ii) improving the enabling environment to promote the growth of cottage, micro, small, and medium enterprises (CMSMEs) and associated employment. This is in line with the initiatives of the Eighth Five-Year Plan (2020-2025). The program supports ADB's Strategy 2030 operational priority 1, "Eradicating Remaining Poverty and Reducing Inequalities", operational priority 2, "Accelerating Progress in Gender Equality", and operational priority 6, "Strengthening Governance and Institutional Capacity". A programmatic approach will fund two sub-programs for US\$250 million. Each will be implemented over the period 2021-2023, allowing flexibility to adapt policies to the changing macroeconomic situation. There is a PEFA-related prior action "to obtain a professional assessment of the status of PFM by June 30, 2022, (and) the government will approve the updated PEFA assessment last carried out in 2015". The main objective is "to improve PFM performance based on the updated PEFA assessment by December 31, 2022, for which the government will prepare an updated PFM Action Plan".

#### ▶ **European Union (EU)**

60. In support of the PFM reform strategy (2016-2021), the EU has started implementing targeted technical assistance to strengthen domestic revenue mobilization and domestic accountability. The EU technical assistance is designed to support the NBR, the OCAG, and the National Parliament. With regard to the NBR, it aims at strengthening institutional capacity and improving the revenue administration system. The main areas of assistance are (a) integrity (internal control), (b) revenue risk management, and (c) organization and planning. The EU also provides budget support to the education and social protection sectors.

▶ **Japan International Cooperation Agency (JICA)**

61. The Strengthening Public Investment Management System (SPIMS) project provided support for four years and five months, from February 2014 to June 2018. The objective was to improve public investment management (PIM) capacity, with stronger linkages between public investment projects, national development policies, and fiscal frameworks. The project supported Component 5 of the PFM Reform Action Plan.

▶ **United States Agency for International Development (USAID).**

62. Plans are underway for USAID to assist the NBR in strengthening its internal audit function and improving its tax audit capacity. Support will also be provided in 2017 for the establishment of the National Enquiry Point for Customs Information.

▶ **International Monetary Fund.**

63. The 2019 Article IV Consultation highlighted the importance of better public investment management and tax administration. The IMF welcomed the work to revise the authorities' medium-term debt management strategy. It also urged further progress in strengthening the anti-money laundering and countering the financing of terrorism (AML/CFT) framework. The IMF provided technical assistance on government finance and public sector debt statistics (GFS/PSDS) during the May 20-21 mission. It also provided training through the South Asia Regional Training and Technical Assistance Center (SARTTAC), which is primarily funded by its six member countries.

▶ **Other development partners**

64. Additional support came from Australia, the European Union, the Foreign, Commonwealth and Development Office (FCDO), and the Republic of Korea.

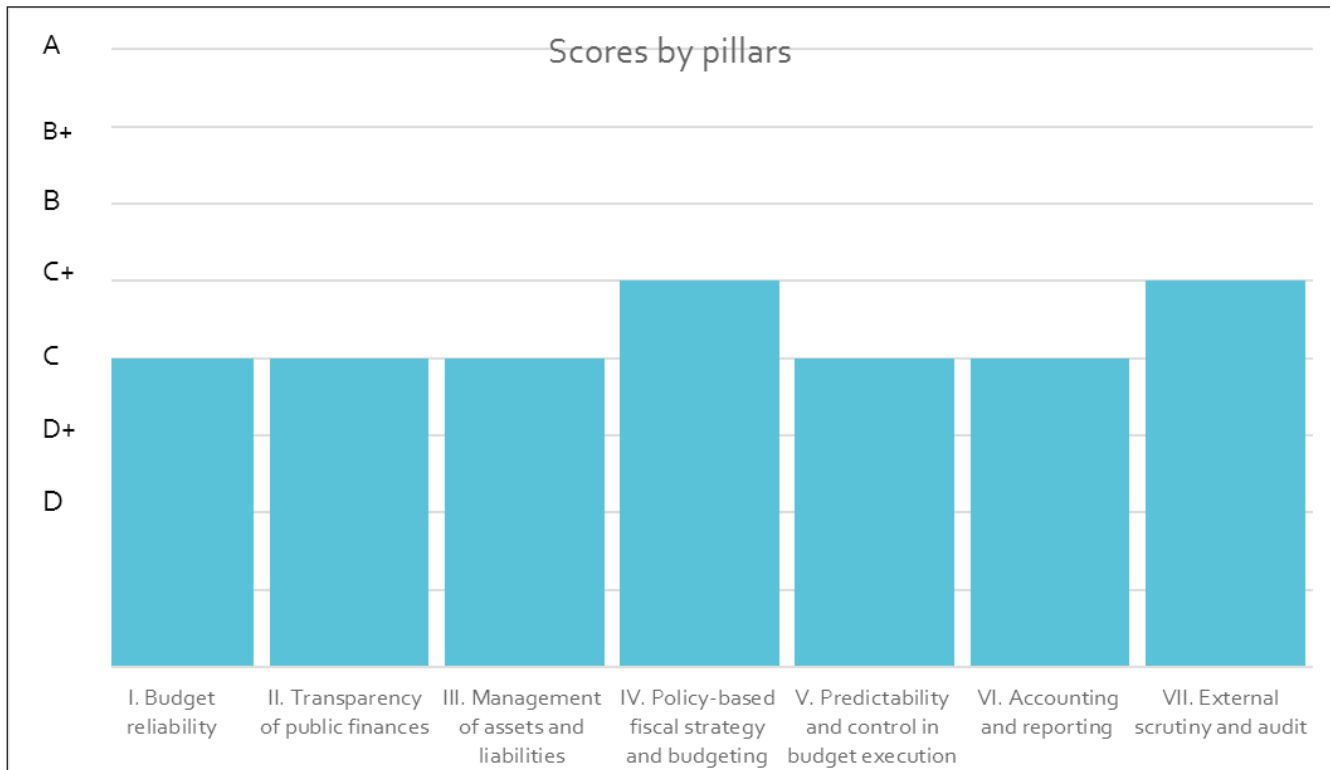


# 2

## ASSESSMENT OF PFM PERFORMANCE

- 65. Overall, the results of the 2021 PEFA Assessment show a relatively robust public financial management system in Bangladesh. However, its overall performance remains at a basic level, as in the 2016 PEFA Assessment. The analysis of the PEFA Assessment results for other countries in the region published on the PEFA Secretariat’s website shows that this situation prevails for most countries.
- 66. An analysis of PFM performance in Bangladesh by pillars shows that Pillar IV (Policy-based fiscal strategy and budgeting) and Pillar VII (External Scrutiny and Audit) have demonstrated a fairly good performance. The other pillars show a basic performance level (figure 9).

**Figure 9:** Consolidated Scores by Pillars for the 2021 PEFA Assessment



Source: author’s calculations from indicators scores

# PILLAR I

## BUDGET RELIABILITY

67. The overall credibility of the budget is relatively good, but there are concerns about the reliability of the budget at the detailed level. In particular, the composition of expenditure outturn (PI-2) is rated C+, indicating a variance in the composition of expenditure by administrative classification of more than 10% in some years. Revenue outturn (PI-3) has a rating of D, indicating significant deviations from initial forecasts in recent years, with revenue being more than 15% below the budgeted target in some years. The main reason for these deviations is that the forecasts were defined more in terms of targets to be achieved rather than realistic estimates.

### PI-1 Aggregate Expenditure Outturn (M1)

#### Summary table

Indicator/Dimension	Score 2016	Score 2021	Brief justification for score
PI-1 Aggregate expenditure outturn compared to original approved budget.	B	B	The overall expenditure outcome deviated by more than 5 percent from budgeted expenditures in 2019/20 and 2020/21; however, it deviated by less than 10 percent in 2018/19 and 2019/20.
1.1 The percentage of actual expenditures compared to the originally budgeted expenditures.	B	B	The overall expenditure outcome deviated by more than 5 percent from the budgeted expenditures in 2019/20 and 2020/21; however, they deviated by less than 10 percent in 2018/19 and 2019/20.

#### ✓ Coverage

**Budgetary central government (BCG).**

#### ✓ Time period

**Last three completed fiscal years.**

#### ► PI-1.1 Aggregate expenditure outturn compared to original approved budget.

68. As annual financial reports have yet to be finalized by the Controller General of Accounts (see PI-29), data used for scoring indicators PI-1 to PI-3 were taken from annual budget reports published on the website of the Ministry of Finance.<sup>2</sup> The published budgets for current years show actual expenditures for the previous year.

<sup>2</sup> <https://mof.gov.bd/site/view/reports/%E0%A6%AC%E0%A6%BE%E0%A6%B0%E0%A7%8D%E0%A6%B7%E0%A6%BF%E0%A6%95%20%E0%A6%AC%E0%A6%BE%E0%A6%9C%E0%A7%87%E0%A6%9F%20%E0%A6%AA%E0%A7%8D%E0%A6%B0%E0%A6%A4%E0%A6%BF%E0%A6%AC%E0%A7%87%E0%A6%A6%E0%A6%A8>

69. Macro-fiscal forecasting has improved in recent years, but the budget nevertheless remains a “political budget.” Actual expenditures (including debt charges and externally funded project expenditures) were below budgeted expenditures by 2.6 percent in FY 2018-19; 9.7 percent in FY2019-20; and 10.5 percent in FY2020-21. The difference widened over the review period because of infrastructure delays related to land acquisition and procurement, which was a particular bottleneck. In compliance with Section 12 of the Public Money and Budget Management Act, 2009 (PMBMA), the GoB regularly presents a revised budget to the Parliament toward the end of the financial year, showing changes that have been made.

### Summary matrix

Year	Total expenditure deviation
2018-19	2.6%
2019-20	9.7%
2020-21	10.5%

## PI-2 Expenditure Composition Outturn (M1)

### Summary table

Indicator/ Dimension	Score 2016	Score 2021	Brief justification for score
PI-2 Expenditure Composition Outturn	D+	C+	<b>The composition variance of expenditures by administrative classification was greater than 10 percent in 2018/19 and 2019/20.</b>
2.1 Expenditure composition outturn by administrative classification.	D	C	The variance in the composition of expenditures by administrative classification (excluding contingency and interest on debt) was greater than 10 percent of the original budget in 2018/19 and 2019/20; however, it was less than 15 percent in the last three years.
2.2 Expenditure composition outturn by economic types.	C	C	The variance in the composition of expenditures by economic type was greater than 10 percent of the original budget in 2018-19 and 2019-20, but less than 15 percent for the last three years.
2.3 Expenditures from contingency reserves.	A	A	Contingency expenditures were less than 1 percent of the original budget. However, the government also uses a global allocation, which is similar to a contingency. It was also less than 1 percent of the original budget.

#### ✓ Coverage

BCG.

#### ✓ Time period

**Last three completed fiscal years.**

70. As shown in the data in the annex 2, the total budgeted expenditure is Tk. 567,999 crore (US\$ 54 billion), and the actual expenditure of the OCG is Rs. 45,9631 crore (US\$ 43.7 billion). It is worth noting that in annex 3, the amounts for real expenditures are in gross terms in the first table (administrative head-wise expenditures). However, these are derived in net in the second table (economic head-wise expenditures).

► **PI-2.1 Expenditure composition Outturn by administrative classification**

71. As can be seen from the table above, composition variance by sector (excluding contingency and interest on debt) has been under 15 percent for all three years of the review period. However, it was more than 10 percent in 2018/19 and 2019/20. A major reason for this is that the MoF retains funds under the public services budget line (as evidenced in the annex). It knows these funds will be transferred to the MDAs during the year, largely for expenditure control purposes (and not contingency purposes), for example, for subsidies. It reflects the institutionalization of the revised budget, as well as insufficient control mechanisms across the GoB.

72. Overspending in some sectors is explained by the development of new projects during the fiscal year. Under-spending in sectors is explained by procurement bottlenecks, and slow project implementation. During 2020/21, it was explained by the impact of the COVID-19 pandemic, particularly its impact on travel. Of note during 2020/21 is the under-spending in the health sector. Despite some emergency funding for the pandemic response, other expenditure programs were not executed. It should also be highlighted that there is a possibility of underreporting of expenditures, particularly with respect to direct project aid.

**Summary matrix**

Year	Composition variance
2018-19	10.8%
2019-20	12.4%
2020-21	10.0%

► **PI-2.2 Expenditure composition outturn by economic type**

73. The table above (and in the annex) shows the composition variance by economic classification of under 15 percent for 2 of the 3 years of the review period. The main items that account for this variation are interest payments and the development budget.

## Summary matrix

Year	Composition variance
2018-19	10.8%
2019-20	12.4%
2020-21	10.0%

### ► PI-2.3 Expenditure from contingency reserves

74. Bangladesh does not use a significant contingency budget (Table 9). It is consistently under 1 percent of the budget (see annex for raw data). However, the Ministry of Finance uses a block allocation each year. It is an amount of the budget that enables the Government to respond to urgent or unexpected events, for example, the COVID-19 pandemic response and energy subsidies. However, this block allocation was also below 1 percent of the budget. Allocations made are subsequently reflected in the supplementary budget. Overall, the contingency share was on average 0.4 percent of the initial budget over the review period, which is consistent with the 2016 PEFA assessment.

**Table 9:** Block Allocation used for Unexpected Expenditures, FY 2018-2021 (takas in Crores and as %)

Fiscal Year	Unexpected Expenditures			Others			Total original allocation as a % of original budget
	Original Allocation	Revised Allocation	Actual Expenditures	Original Allocation	Revised Allocation	Actual Expenditures	
2018-19	2,000.00	700.00	3,201.00	2,806.00	1,863.00	0	1.03%
2019-20	2,500.00	846.00	733.40	2,178.00	711.00	0	0.89%
2020-21	3,000.00	1,821.64	2,116.70	1,536.00	645	0	0.80%

Source: iBAS++, Finance Division.

## PI-3 Revenue outturn (M2)

### Summary table

Indicator/ Dimension	Score 2016	Score 2021	Brief justification for score
PI-3 Aggregate revenue outturn compared to original approved budget.	C	D	<b>Revenue execution showed significant deviations from the initial forecasts, both at the aggregate and detailed levels. The situation has deteriorated compared to the previous evaluation due to the setting of targets rather than realistic estimates.</b>
3.1 Aggregate revenue outturn.	D	D	During the review period, revenues were more than 15 percent below the budgeted target in 2018-19 and 2019-20.
3.2 Revenue composition outturn	B	D	The variance in revenue composition was greater than 15 percent in 2019-20 and 2020-21.

✓ **Coverage**

BCG.

✓ **Time period**

**Last three completed fiscal years.**

### ► **PI-3.1 Aggregate revenue outturn**

75. Aggregate revenue outturn was always significantly below revenue estimates for each of the last three fiscal years (see Annex 3). The targets calculated are not so much based on macroeconomic forecasts and policy changes, but rather on an “incentive” for the revenue authority to collect as much as possible. This includes an established tradition that targets are rarely, if ever, achieved. The authorities have suggested that targets were eased during the COVID-19 pandemic, which accounts for the reduced deviation in 2020-21 (Box 2).

## Box 2: Bangladesh Fiscal Policy and Fiscal Management

The stagnation of global economic activity due to the COVID-19 pandemic has so far entailed (an) adverse impact ... (on the) fiscal management of the country. The slow pace of revenue mobilization and the increase in government expenditure in response to the pandemic has created challenges in the fiscal sector.

In FY 2019-20, revenue mobilization from (the) National Board of Revenue (NBR) stood at Tk. 2,17,794 crore (US\$ 20.7 billion), which is 2.73 percent lower than the previous fiscal year. However, the total revenue mobilization in FY 2019-20 has increased by 5.53 percent as compared to the previous fiscal year, mainly due to an unprecedented 63.77 percent increase in non-tax revenue(s). The revised revenue mobilization target for FY 2020-21 was set at Tk. 3,51,532 crore (US\$ 33.4 billion), which is 11.39 percent of the GDP.

(...)

The government is highly concerned ... (with) maintaining the budget deficit within 5 percent of GDP by increasing efficiency in revenue management. However, due to the increase in government expenditure(s) for (the) COVID-19 pandemic, the actual budget deficit for FY 2019-20 stood at 5.5 percent of GDP.

The budget deficit for FY 2020-21 has been set of Tk. 1,87,451 crore (US\$ 17.8 billion), which is about 6.1 percent of GDP. Net inflow of foreign grants and loans has increased in FY 2019-20.

The inflow of foreign grants and loans in the first eight months of FY 2020-21 (up to February 2021) amounted to US\$ 3.717 billion, up by 6.63 percent from the same period of the previous fiscal year.' The country's external debt outstanding at the end of February 2021 was US\$ 46.8 billion, or 12.52 percent of GDP.

Source: *Bangladesh Economic review 2021 - Chapter 4 (selection)*.

**Table 10:** Aggregate Budgeted and Outturn Revenues, FY2018-2021 (takas in Crores and as %)

Fiscal years	2018-19			2019-20			2020-21		
	Budget	Actual	Percent	Budget	Actual	Percent	Budget	Actual	Percent
Tax revenues	305,929	225,450	73.7%	340,104	221,981	65.3%	344,999	269,790	78.2%
Grants	4,051	1,393	34.4%	4,169	2,561	61.4%	4,013	2,977	74.2%
Other revenues	44,866	36,183	80.6%	50,047	52,159	104.2%	46,221	67,194	145.4%
<b>Total revenues</b>	<b>354,846</b>	<b>263,024</b>	<b>74.1%</b>	<b>394,318</b>	<b>276,703</b>	<b>70.2%</b>	<b>395,232</b>	<b>339,960</b>	<b>86.0%</b>

Source: *iBAS++*, Finance Division.

## Summary matrix

Year	Total revenue deviation
2018-19	25.9%
2019-20	29.8%
2020-21	14.0%

### ► PI-3.2 Revenue Composition Outturn

76. In Bangladesh, taxes on incomes, profits and capital gains, together with taxes on goods and services, have accounted for just under 75 percent of all revenues, that is, for both budgeted and actual revenues for all the review periods (Table 11). Both categories consistently do not attain budgeted amounts by a large margin, again because of high targets set to incentivize collection.

**Table 11:** Detailed Budgeted and Outturn Revenues, FY2018-2021, (takas in Crores and as %)

Fiscal years	2018-19			2019-20			2020-21		
	Budget	Actual	Percent	Budget	Actual	Percent	Budget	Actual	Percent
<b>Tax revenues</b>									
Taxes on income profits and capital gains	100,719	66,940	66.5%	113,912	75,420	66.2%	103,945	87,340	84.0%
Taxes on property	1,400	669	47.8%	1,400	667	47.6%	1,668	917	36.1%
Taxes on goods and services	164,436	128,499	78.1%	176,691	118,461	67.0%	189,119	146,525	9.9%
Taxes on international trade and transactions (115)	32,592	24,397	74.9%	36,554	23,798	65.1%	37,866	31,592	3.0%
Other taxes	6,782	4,945	72.9%	11,547	3,635	31.5%	12,401	3,416	68.0%
<b>Grants</b>									
Grants from foreign governments	4,051	1,393	34.4%	4,169	1,901	45.6%	4,013	2,317	32.9%
Grants from international organizations	0	0		0	660		0	660	-
<b>Other revenues</b>									



Fiscal years	2018-19			2019-20			2020-21		
Economic Head	Budget	Actual	Percent	Budget	Actual	Percent	Budget	Actual	Percent
Property incomes	16,599	12,089	72.8%	14,974	10,293	68.7%	14,023	14,023	16.3%
Sales of goods and services	25,633	18,701	73.0%	32,380	17,602	54.4%	28,815	16,590	33.1%
Fines penalties and forfeits	602	686	114.0%	289	603	208.7%	495	894	110.0%
Transfers not classified elsewhere	1,795	4,448	247.8%	2,151	23,475	1091.4%	2,545	35,441	1519.3%
Other revenues	237	259	109.3%	253	186	73.5%	343	246	16.6%
<b>Total revenues</b>	<b>354,846</b>	<b>263,024</b>		<b>394,318</b>	<b>276,703</b>		<b>395,232</b>	<b>339,960</b>	

Source: iBAS++, Finance Division.

### Summary matrix

Year	Total composition deviation
2018-19	7.8%
2019-20	16.6%
2020-21	21.4%

### ► Ongoing Reforms

Tax audits are likely to improve soon, as handbooks have been developed for income tax and the VAT. The integration of the iBAS++ and the Taxpayer Identification Number (TIN) database also presents opportunities for increased revenue mobilization.

## PILLAR II

# TRANSPARENCY OF PUBLIC FINANCES

77. The overall performance for transparency in 2021 is basic. Some indicators, such as budget documentation and performance achieved for service delivery get a B rating, while others, such as transfers to subnational governments and public access to fiscal information, do not reach the basic threshold. For instance, the budget documentation submitted to Parliament is comprehensive, but reports on budget execution are generally published late (more than 6 months after the end of the year). The same is true for audit reports on the financial statements, which are not available within 12 months after the end of the year. Reliable information on the amounts transferred to subnational governments is also lacking. Recipients only know the amounts when they receive the transfers.

### PI-4 Budget classification (M1)

#### Summary table

Indicator/Dimension	Score 2016	Score 2021	Brief justification of the score
PI-4 Budget classification	C	C	The GoB uses a classification system of administrative, economic, and functional codes, but it is not always used consistently for budget formulation, implementation, and reporting. The GoB's sectoral budget classification is not consistent with the Classification of the Functions of Government (COFOG).
4.1 Budget classification	C	C	The GoB uses a classification system consisting of administrative, economic and functional codes. The annual budget execution reports present expenditures only through the economic and administrative classifications.

✓ **Coverage**  
**BCG.**

✓ **Time period**  
**Last completed fiscal year.**

#### ► **PI-4.1 Budget classification**

78. The new 56-digit Budget and Accounting Classification System (BACS) with roll-ups and side tables can now meet the current and future demands of the PFM system. The BACS can derive financial statements that meet the requirements of the IPSAS format and the IMF Government Finance Statistics Manual

(GFSM) of 2014. The overall structure of the new BACS comprises posted and non-posted segments. Posted segments are divided by “Core Segments” and “Additional Segments,” and non-posted segments are derived from posted ones. (Table 12). Core segments are assigned to all transactions by users at the time that they are posted to the computer-based iBAS++. Core segments comprise four posted segments of 37 digits. These segments include Organization (13 digits); Operations (9 digits); Funds (8 digits); and Economic (7 digits). However, additional segments contain two segments, namely, Mode of Financing (1 digit); and Location (9 digits). There are another 3 non-posted segments, including: Authorization (1 digit); Function (COFOG, 4 digits); and Budget Sector (4 digits). These are derived within the iBAS++ based on posted data. Additional segments need to be posted for the transactions related to projects. Conversely, users do not need to enter coding for derived segments since reports are produced automatically from the posted segments.

79. This new coding structure facilitates budget preparation, control, and reporting. Furthermore, as deemed appropriate, each segment can be configured to provide for varying levels of detail to expand on existing monitoring/control requirements, or to introduce new informational segments and related reporting elements.

**Table 12:** Overall Structure of the New BACS System

Segment	Digits	Purpose
<b>Posted Segments (Users to enter data in iBAS++)</b>		
<b>Core Segment (needed to assign for each transaction)</b>		
<b>1. Organization (5 sub-levels)</b>	13	Identifies the organizational unit (ministry/division, department, and operating unit) responsible for a traction.
<b>2. Operation (4 sub-levels)</b>	9	Identifies whether a transaction is for development or non-development purposes and, if part of an activity/project, to which activity/project relates.
<b>3. Fund (4 sub-levels)</b>	8	Identifies the fund in which a transaction is recorded (Consolidated Fund, Public Account); and for those transactions within the Consolidated Fund, it identifies whether the government, a foreign grant, or a foreign loan funds the traction.
<b>4. Economic (6 sub-levels)</b>	7	Identifies the economic nature of the transaction (tax or non-tax receipts, salaries, goods and services, grants, and so on).
<b>Additional Information</b>		
<b>5. Mode of financing</b>	1	Identifies whether a transaction is a reimbursable project expenditure or derives from direct project assistance.
<b>6. Location</b>	9	Identifies the location to which a transaction should be attributed.
<b>Derived Segments (Pre-defined in iBAS++)</b>		
<b>7. Authorization</b>	1	Identifies whether an expenditure transaction is charged or not.
<b>8. Function</b>	4	Identifies the purpose of a transaction according to Classification of Functions of Government (COFOG).
<b>9. Budget sector</b>	4	Identifies the budgetary sector to which a transaction should be attributed.

80. The iBAS++ has been developed based on a new BACS, which can support budget preparation, execution and production of different types of reports, as required by different stakeholders. Every transaction can be tracked according to administrative unit, function of government, source of funds and economic categories. Appropriations and Finance Accounts have been produced using the new coding structure. The Chart of accounts is very much compatible with the GFSM of 2014, as well as IPSAS standards. However, not all budget documents — such as the budget in brief, the annual financial statement, and the MTBF — have been framed using COFOG. In this regard, it should be noted that the annual reports on the execution of the budget present the expenditures only through the economic and administrative classification, and quarterly reports only compare budget execution with the revised budget, not with the original budget.

### ► Ongoing reforms

There will be further consolidation of the BACS with the new informational segments and reporting. This will help generate a COFOG report from the iBAS++ system.

## PI-5 Budget documentation (M1)

### Summary table

Indicator/Dimension	Score 2016	Score 2021	Brief justification of the score
PI-5 Budget documentation	B	B	<b>The budget documentation fulfills all the basic elements (1-4) and 5 additional elements.</b>
5.1 Budget documentation	B	B	The budget documentation fills all the basic elements (1-4) and 5 additional elements. The exchange rate is now part of the macroeconomic assumptions.

#### ✓ Coverage

BCG.

#### ✓ Time period

**Last budget submitted to the legislature for FY 2021-22.**

### ► PI-5.1 Budget documentation

81. The Medium-Term Macroeconomic Policy Statement (MTMPS) document contains comprehensive macroeconomic assumptions apart from estimates of the budgetary impact of policy changes, not only for the next budget year but also for the medium term. These include estimates of aggregate growth, CPI inflation, GDP deflator, and the exchange rate which is estimated as follows: “Effective demand management by the Bangladesh Bank and positive projections in the external sector will keep the exchange rate stable in the foreign exchange market.”<sup>3</sup> The forecasts cover the real, monetary, fiscal, and external sectors.

<sup>3</sup> Source : MTMPS 2022-2023 on <https://mof.portal.gov.bd>

82. The “Budget at a Glance” table in the Document, “Budget in Brief,” provides a full fiscal table containing both the fiscal deficit and its financing (Table 13). It describes the anticipated financing that covers the current year, the past fiscal year, and the forthcoming fiscal year. The “Budget in Brief” document is part of the budget documentation presented to Parliament every year. The budget documents produce, in a comparable fashion, the prior year’s outturn in the same format as the budget proposal. This is reflected in all the statements in the “Budget in Brief” document and other documents, including the MTMPS. The “Budget in Brief” contains summarized budget data for both revenues and expenditures in accordance with the main heads of budgetary classification containing data for previous, current and forthcoming budget years. The level of debt stock at the beginning of the financial year is now available in the budget documents. The level and trajectory of debt stock is available in the MTMPS document. It is disaggregated by the broad categories of domestic and external debt. Details of financial assets for the beginning of the year are also available in the MTMPS document.
83. The budget speech contains details of new policy initiatives included in the budgetary estimates, and a description of their budgetary implication, especially on the revenue side. However, it is not available. Evidently, these are included in budget estimates, but they are not reported separately. The policy initiatives on the expenditure side are sometimes reported. Therefore, this requirement is not fulfilled. The tax assessments are comprehensive. Therefore, it is impossible to quantify revenue foregone as a result of preferential tax treatments.
84. Very little information about fiscal risk is provided in the budget speech and MTMPS documents. The budget speech of 2022 only states that “The major fiscal risks arise from a few key SOEs, particularly in the transportation (SriLankan Airlines) and energy sector (Ceylon Electricity Board and Ceylon Petroleum Corporation). These entities face significant losses, negative equity and large volumes of debt that is predominantly owed to the state banks, creating significant financial sector risk”. The MTMPS for 2021-22 to 2023-24, published in June 2021, only mentions that “A Credit Risk-Sharing Scheme has been established for (the) SME sector with the amount of Tk. 2,000 crore.” This is to help in reducing the risk of providing loans in this sector. Also, the deficit financing strategy is to strike a balance between domestic and external sources, as the interest rate of foreign loans is still cheaper than that of domestic loans — despite some foreign exchange risk. There is no information about contingent liabilities, such as guarantees and contingent obligations, which are embedded in financing instruments such as public-private partnership contracts.

**Table 13:** Budget Documentation: Basic and Additional Elements

Budget Documentation Elements	Status
<b>Basic elements:</b>	
1. Forecast of the fiscal deficit or surplus (or accrual operating result).	Yes – Budget at a Glance
2. Previous year’s budget outturn, presented in the same format as the budget proposal.	Yes – MTMPS and “Budget in Brief”
3. Current year’s budget (either the revised budget or the estimated outturn), presented in the same format as the budget proposal.	Yes – MTMPS and “Budget in Brief”
4. Aggregated budget data for both revenues and expenditures according to the main heads of the classifications used (see PI-4 Classification of the budget), including data for the current and previous years, in addition to the detailed breakdown of revenue and expenditure estimates.	Yes – MTMPS and “Budget in Brief”
<b>Additional elements:</b>	
5. Deficit financing, describing its anticipated composition.	Yes – MTMPS and “Budget in Brief”
6. Macroeconomic assumptions, including estimates of GDP growth, inflation, interest rates, and the exchange rate.	Yes - Macroeconomic assumptions, including those presented in the 2020 - 21 MTMPS and the Bangladesh economic review of 2021 refer to GDP growth, the exchange rate, interest rates and inflation. These are available on the website of the Finance Division (FD).
7. Debt stock, including details regarding the beginning of the current year (presented in accordance with the Government Finance Statistics (GFS) or other internationally recognized standards).	Yes – MTMPS.
8. Financial assets, including details regarding the beginning of the current year (presented in accordance with the GFS or other internationally recognized standard).	Yes – MTMPS.
9. Summary information of fiscal risks (including contingent liabilities, such as guarantees, and contingent obligations embedded in PPP contracts, and so –n).	No - The MTMPS discusses contingent liabilities from guarantees; however, other fiscal risks (from PPPs and SOEs) are not discussed.
10. Explanation of budget implications of new policy initiatives and major new public investments, with estimates of the budgetary impact of all major revenue policy changes and/or major changes to expenditure programs.	No
11. Documentation concerning the medium-term expenditure framework.	Yes – MTMPS
12. Quantification of tax expenditures.	No

► **Ongoing reforms**

None to report.

**PI-6 Central government operations outside financial reports (M2)**

*Summary Table*

Indicator/Dimension	Score 2016	Score 2021	Brief justification of the score
PI-6 Central government operations outside financial reports	D	C	<b>Expenditures outside of government financial reporting are less than 10 percent of the budgetary central government (BCG) expenditures. Non-financial reporting revenues are less than 5 percent of BCG revenues. Most extra-budgetary units do not publish their financial reports.</b>
6.1 Expenditures outside of financial reports.	D*	C	Expenditures outside of government financial reports are less than 10 percent of BCG expenditures in FY 2020-21.
6.2 Revenues outside financial reports.	D*	B	Revenues outside government financial reports are just above 5 percent of BCG revenues in FY 2020-21.
6.3 Financial reports of extra-budgetary units.	D*	D*	Only 38 percent of the extra-budgetary units (EBUs) published their annual reports in FY 2020-21 and the amount of their total expenditures was not reported.

✓ **Coverage**

**Central government (CG).**

✓ **Time period**

**Last completed fiscal year.**

► **PI-6.1 Expenditures outside of financial reports**

85. The extra-budgetary units (EBUs) have legal identity and autonomy. As such, they have their own budgets. However, they are heavily dependent on aid grants, as well as development grants from the central government budget. In FY 2020-21, 167 EBUs comprised of Autonomous Bodies, extra-budgetary funds, and Statutory Public Authorities (SPAs), engaged in carrying out regulatory services of the central government. They also provided public goods and services and received grants from budgetary central government. The EBUs are overseen by their respective administrative ministries and funded from the government's budget and other sources, such as user fees and donor grants. Detailed expenditures of these organizations/ institutions against government transfers are omitted from the overall fiscal accounts of the central government, except for the expenditures made through the newly developed Personnel Ledger (PL) Accounts system, which is a sub-module of the iBAS++.

86. The major examples of EBUs are the public universities, the Bangladesh Rural Development Board, Education Boards, the Bangladesh Standards and Testing Institutions, the Bangladesh Council for Industrial and Scientific Research, the Bangladesh Atomic Energy Commission, the Bangladesh Computer Council, the Bangladesh Livestock Research Institute, the Textbook Board, the Bangladesh Agricultural Research Institute, and so on.
87. During the budget preparation phase when the EBUs approach the Finance Division (FD) for grants, they are required to submit their revenue and expenditure details of previous financial year to the Budget Desk Officers (BDOs) of the FD. Generally, the FD allows the grant amount after scrutinizing the financial reports of the EBUs. All projects administered by the EBUs are required to enter their expenditure data into the iBAS++. Thus, the government financial report includes the project aid provided to the EBUs' projects.
88. To strengthen the Treasury Single Account (TSA) and ensure better cash management, a sub-module for the EBUs Personal Ledger (PL) Accounts System has been rolled out to different organizations. Separate PL accounts have been created for the EBUs and their projects in the office of the CAFO and the Pension and Fund Management under the Controller General Accounts (CGAs). This module helps in the quarterly release of funds according to economic code distribution. Grants allotted to the EBUs are book-transferred to the PL accounts. The Drawing and Disbursing Officer (DDOs) of the EBUs and their projects are allowed to make payments for salaries, allowances and other bills through the Electronic Fund Transfer (EFT). These funds come from their PL balance amounts/accounts to the recipients' bank accounts at the commercial banks. In this way, the government can easily track its expenditure patterns, as well as the expenditures incurred by the EBUs through the PL account. These are shown on the fiscal accounts of the central government.
89. There are also various kinds of extra-budgetary funds. Some are investment in nature, and some are by contributions, such as, endowment funds and grants, and so on. These latter funds primarily exist to provide social welfare payments to the disadvantaged segments of the society, for example, the Climate Change Trust Fund, the Bangladesh Non-Governmental Organization Foundation Endowment Fund, the Gas Development Fund, the Bangladesh Municipal Development Fund, the Prime Minister's Discretionary Grant/Fund, and so on. Information about these funds is not readily available, and they are not included in the central government accounts.
90. In FY 2020-21, the Government also provided an endowment to 28 extra-budgetary funds. However, currently, there is no Social Security Fund in this country. Beneficiaries of social safety net programs receive transfers from the government, and these are accounted for against the respective MDAs.
91. In FY 2020-21, the actual transfers from the government to the EBUs stood at Tk. 154,686 million (US\$ 1,469.5 million) and the self-finance of the EBUs was amounted to Tk.15,703 million (US\$ 149.2 million). Of this amount, a total of Tk.16,507 million (US\$ 156.8 million) of government grants was spent through the PL account system. Hence,  $Tk. (154,686 + 15,703 - 16,507) = Tk. 153,882$  million (US\$ 1,461.9) was not reported in the fiscal report for FY 2020-21.
92. The Government also transfers grants to projects managed by the EBUs. It was found that the government transferred grants and loans to 628 projects amounting to Tk. 673,694 million (US\$ 6 400.1 million) in the same fiscal year. Of this amount, Tk. 380,114 million (US\$ 3 611.1 million) was provided by the government (of which Tk.139,336 million (US\$ 1 323.7 million) was transferred as grants) and Tk.



293,580 million (US\$ 2 789.03 million) as project aid - of which Tk.91,708 million (US\$ 871.2 million) was transferred as grants - from the country's development partners. Moreover, according to the Planning Commission's list, there are 99 self-financed projects managed by the Extra-Budgetary Operations (EBOs) with a value of Tk. 15,073 million (US\$ 143.2 million).

93. The total actual expenditure incurred by the EBU projects from grants and financed by the EBOs was Tk. 246,117 million<sup>4</sup> (US\$ 2,338.1 million), of which Tk.1,005 million (US\$ 9.5 million) in government grants was spent through the PL account system. Therefore, the total actual expenditure of the EBUs and projects was Tk 398,994 million<sup>5</sup> (US\$ 3,790.5 million). This amount remains unreported in the fiscal reports for FY 2020-21.
94. Total actual operating expenses and the actual development expenses of the BCG was amounted to 4,596,310 million takas<sup>6</sup> (US\$ 43.7 billion)<sup>7</sup>. Hence, 8.68 percent of the total expenditures of the BCG. These remain outside of the government financial reports.

### ► *PI-6.2 Revenue outside of financial reports*

95. Revenue income is generated from tax and non-tax sources. In FY 2020-21, total revenues and foreign grants received by the BCG was amounted to 3,313,430 million takas<sup>8</sup> (US\$ 31.5 billion). Total revenues received by the EBUs through budgetary transfers, own- source revenues, projects grant from government, project aid from DPs, and self-financed projects was amounted to 462,260 million takas<sup>9</sup> (US\$ 4.4 billion). The transfer received by the ABs and projects from the budgetary central government amounted to 294,022 million takas<sup>10</sup> (US\$ 2.8 billion). This was reported in detail in the BCG's financial report. Hence, 5.1 percent of the total revenues of the BCG were to remain outside of the government's financial reports.

### ► *PI-6.3 Financial reports of extra-budgetary units*

96. In FY 2020-21, 63 ABs of 167 ABs published their annual reports on their respective websites after nine months of the fiscal year. However, the total expenditures of these extra-budgetary has not been provided.

### ► **Ongoing reforms**

The government is taking steps to expand TSA coverage of the EBUs.

<sup>4</sup> 139,336 +91,708+15,073 million takas.

<sup>5</sup> 153,882+246,117-1,005 million takas.

<sup>6</sup> 2,901,410+1,694,900 million takas;

<sup>7</sup> Expenditure data presented in PI-6 are different from those presented in PI-2. The amount in PI 6 only shows recurrent expenditures (budgeted expenses of 269,142 million takas (US\$ 2.6 billion) and actual expenses of 257,829 million takas (US\$ 2.4 billion), that is, not the total expenditures.

<sup>8</sup> 3,289,950+23,480 million takas.

<sup>9</sup> 154,686+15,703+139,336+91,708+60,827 million takas.

<sup>10</sup> 154,686+139,336 million takas.

## PI-7 Transfers to subnational governments (M2)

### Summary table

Indicator/Dimension	Score 2016	Score 2021	Brief justification of the score
PI-7 Transfers to subnational governments	D+	D+	<b>More than a majority of transfers are determined by a formula. Reliable information concerning the transfer amount is usually only known at the time of the transfers, that is, two months after the beginning of the fiscal year.</b>
7.1 System for allocating transfers	C	C	The horizontal allocation of more than the majority of transfers from the central to the subnational governments is determined by transparent, rules-based systems.
7.2 Timeliness of information on transfers	D	D	Reliable information concerning the amount of the transfer is usually only known at the time of the transfer, that is, two months after the beginning of the fiscal year.

✓ **Coverage**

**Central Government and the Counties and Districts that have direct financial relationships with it.**

✓ **Time period**

**Last completed fiscal year.**

### ► **PI-7.1 System for allocating transfers**

97. Table 14 represents the budgeted transfers from the CG to the local governments (LGs). In addition, the LGs can submit Development Project Proposals (DPPs) to the Planning Commission through the Local Government Division. Those successful will qualify for co-financing by the CG. Decisions about qualifying projects are made by the Planning Commission, with the final decision made by the Executive Committee of the National Economic Council (ECNEC). Formula transfers following transparent rules-based systems represent just over 56 percent of all transfers.
98. All figures in Table 14 reflect the actual amount as well as the budget amount. In other words, the entire allocated budget was disbursed/transferred to local government institutions.

**Table 14:** Sample Budget/Actual Transfers from Central to Local Governments, FY 2020-2021 only)

	City Corporation		Pourashava		District Council		Upazilla Parishad		Union Parishad		All LG	
	TK million	%	TK million	%	TK million	%	TK million	%	TK million	%	TK million	%
Formula transfer	1,750.00	49.44	2,295.00	56.32	2,250.00	52.79	4,475.20	70.42	6,359.60	37.15	17,129.80	48.46
Non-formula transfer	1,650.00	46.61	1,530.00	37.55	2,000.00	46.93	1,049.80	16.52	2,980.40	17.41	9,210.20	26.05
Additional transfers (grants-in-aid)*	140.00	3.95	250.00	6.13	12.00	0.28	830.00	13.06	7,780.00	45.44	9,012.00	25.49
<b>Total</b>	<b>3,540.00</b>	<b>100</b>	<b>4,075.00</b>	<b>100</b>	<b>4,262.00</b>	<b>100</b>	<b>6,355.00</b>	<b>100.00</b>	<b>17,120.00</b>	<b>100</b>	<b>35,352.00</b>	<b>100</b>

Source: Finance Division

Note: Based on revised budget data.

\* Including allocation under the Third Local Governance Support Project (LGSP-3).

### ► PI-7.2 Timeliness of information regarding transfers

99. The formal delivery of information regarding transfers is made by the Local Government Division (LGD) to the LGs about 2 months into the financial year. This occurs at the same time as they provide the first quarterly tranche. The Minister of Local Government makes the final decision about transfer amounts at about this time. Additional transfer decisions are made after the revised budget, and they may arrive in the final month of the fiscal year. A further constraint to the LGs in budget planning is the timing of the quarterly transfer, which can be 2 months into the quarter. As a result, they operate on own-source revenues for the first two months of the FY and face a rush to spend allocations at the end of the year to avoid returning unspent funds to the treasury.

### ► Ongoing reforms

Nothing to report.

## PI-8 Performance information for service delivery (M2)

### Summary table

Indicator/Dimension	Score 2016	Score 2021	Brief justification of the score
PI-8 Performance information for service delivery	D+	C	The MDA heads sit with the agencies to monitor Annual Development Program (ADP) implementation together with the performance review. Outputs delivered by the MDAs are published.

Indicator/Dimension	Score 2016	Score 2021	Brief justification of the score
8.1 Performance plans for service delivery	C	B	A framework of performance indicators relating to outputs of all the ministries is in place. This is documented in the Ministry Budget Frameworks (MBF) of the line ministries.
8.2 Performance achieved for service delivery	B	B	Information is published annually about the quantity of outputs produced by all ministries.
8.3 Resources received by service delivery units	D	D	The iBAS can generate budget utilization reports. However, no document shows any record of actual resources received by the service delivery units.
8.4 Performance evaluation for service delivery	D	D	Only 5 Supreme Audit Institution (SAI) performance evaluations have been carried out in the last three years, which is only a small fraction of the service delivery units.

✓ **Coverage**

*Central Government. Services managed and financed by other tiers of government should be included if the CG significantly finances such services through reimbursements, earmarked grants or if it uses other tiers of government as implementing agents.*

✓ **Time period**

*Dimension 8.1: Performance indicators and planned outputs and outcomes for the next fiscal year.*

*Dimension 8.2: Outputs and outcomes of the last completed fiscal year.*

*Dimensions 8.3 and 8.4: Last three completed fiscal years.*

► **PI-8.1 Performance plans for service delivery**

100. With the introduction of the Government Performance System in 2014-15, all MDAs are under obligation to enter into Annual Performance Agreements with the Cabinet Division. A framework of performance indicators relating to outputs or outcomes of all the ministries is in place. The Ministry-/Division-level performance target and achievements (outcome basis) are measured and monitored, and this is reflected in section 5 of the respective ministry's MBF. Department performances are enumerated and shown in section 6.1.2 of the MBF. Ministries also report on the EBUs they are supervising. The Ministry of Education has provided its 2020-21 MBF secondary education report as an example. However, there is no link between planned performance and expenditures through the budget.

► **PI-8.2 Performance achieved for service delivery**

101. All ministries prepare annual reports about their relevant performance indicators for the previous year in their MBF reports. This is also a legal requirement. The Department's performances and their achievements are also enumerated and shown in section 6.1.2 of the MBF. Reports about performance achieved for service delivery also include reporting on the EBUs supervised by the ministries. In addition, the MTMPS includes performance targets and past actuals.

### ► *PI-8.3 Resources received by service delivery units*

102. Details of financial resources allocated to service delivery units are readily available in the iBAS reports at the cost center level of the chart of accounts. They are used in Implementation Monitoring and Evaluation Division (IMED) Reports and MDA quarterly reports. In practice, no MDAs collect this information and assemble it into reports, although there are plans to initiate this under the development of sector-wide plans in both education ministries.
103. At the MDA level, the Secretary meets with the agency heads to monitor the Annual Development Program implementation every month. Ministries are required to submit a budget implementation status report to the Ministry of Finance on a quarterly basis. After review and compilation, a quarterly report should be prepared and placed before the Parliament by the Minister of Finance in accordance with the PMBMA of 2009. However, only Ministry Budget Frameworks of the Secondary and Higher Education Division and the Health Services Divisions were provided along with their Annual Performance Agreements. However, none of these documents show any record of actual resources received and recorded by them.
104. Even if the Drawing and Disbursing Officers (DDOs) are supposed to receive their budget online (through the iBAS++) immediately after the budget is approved by Parliament, there are still significant delays. As of July 2021, the budget release was 56.97 percent. This figure increased to 67.89 percent as of December 2021. Hence, budget implementation reports are not produced in a timely manner. No report showing that resources received by frontline service delivery units is collected and recorded.

### ► *PI-8.4 Performance evaluation for service delivery*

105. The Annual Performance Agreements (APAs) contain the vision, mission, and strategic objectives of the MDAs, as well as the priority activities to achieve them. Draft guidelines also exist for the performance evaluations of the SOEs.
106. The SAI, with its limited audit resources, conducts performance audits, but on a limited scale. In 2021, the OCAG submitted 5 Performance Audit Reports, including 2 Climate Performance Audit Reports. These include reports regarding: (i) the Circular Waterways around Dhaka City Project under the Ministry of Shipping; (ii) the Climate-Resilient Afforestation and Reforestation Project under the Ministry of Environment, Forest and Climate Change; (iii) the Flood and River Bank Protection in Hoar (wetlands) Areas under the Ministry of Water Resources; (iv) the Teletalk Bangladesh Limited under the Ministry of Post, Telecommunication and Information Technology; and (v) the Reconstruction of Embankment and River Bank Protection in the District Khulna Project under the Ministry of Water Resources. The Public Accounts Committee (PAC) of the 11th Parliament has discussed two of these reports in 2021. These reports represent a small part of the GoB's expenditures by value.

### ► **Ongoing reforms**

The primary aim of the government's reform program is to improve service delivery.

## PI-9 Public access to fiscal information (M1)

*This indicator assesses the comprehensiveness of fiscal information available to the public based on specified elements of information to which public access is considered critical. As presented in the Table 15, the government makes available all required information to the public — with the exception of the audited annual report (on account of it not being completed, although the SAI backlog is being steadily reduced), and the pre-budget statement.*

### Summary table

Indicator/Dimension	Score 2016	Score 2021	Brief justification of the score
PI-9 Public access to key fiscal information	D	D	<b>Budget execution reports are generally published more than 6 months after the end of the year. Audit reports regarding financial statements are not available within 12 months of the end of the year.</b>
9.1 The documents for which public access is provided (in order to count in the assessment, the full specification of the information benchmark above must be met).	D	D	The GoB does not make available to the public at least four basic elements. Also, quarterly budget execution reports are published with several months' lag; budget performance reports are generally issued more than 6 months after the end of the year; and audit reports regarding financial statements are not available within 12 months of the end of the year.

#### ✓ **Coverage**

BCG.

#### ✓ **Time period**

***Last completed fiscal year (2018/2019).***

### ► **PI-9.1 Public access to key fiscal information**

107. Table 15 provides an overview of the status concerning public access to key fiscal information according to the PEFA criteria.

**Table 15:** Public Access to Key Fiscal Information

Basic Elements	Status
1. Annual executive budget proposal documentation: A complete set of executive budget proposal documents (as assessed in PI-5 Comprehensiveness of information included in budget documentation) is available to the public within one day of the executive submitting them to the legislature <sup>1</sup> .	Yes – published at the same time on the website of the Ministry of Finance.
2. Enacted budget: The annual budget law approved by the legislature is publicized within two weeks of the passage of the law.	Yes – website of Ministry of Finance and extraordinary Gazette
3. In-year budget execution reports: The reports are routinely made available to the public within one month of the end of the period. When a more comprehensive and analytical mid-year report is produced, publication should take place within 3 months of the end of the period.	No – Quarterly budget execution reports are published with several months' lag.
4. Annual budget execution report. The report is made available to the public within six months of the fiscal year's end.	No. Annual budget execution reports are published on the website of the Ministry of Finance, but only after 6 months after the end of the year.
5. Audited annual financial report, incorporating or accompanied by the external auditor's report: The report(s) are made available to the public within twelve months of the end of the year.	Not within 12 months.
Additional elements	
6. Pre-budget statement: The broad parameters for the executive budget proposal regarding expenditures, planned revenues and debts is made available to the public at least four months before the start of the fiscal year and two months before the executive budget proposal is submitted to the legislature.	No - Pre budget statement is not made available to the public.
7. Other external audit reports: All non-confidential reports concerning the central government's consolidated operations are made available to the public within six months of submission.	Yes – website of Comptroller and Auditor General of Bangladesh.
8. Summary of the budget proposal: A simple, clear summary of the Executive's Budget Proposal and/or the enacted budget is accessible to the non-budget experts (often referred to as a 'citizens' budget'). Where appropriate, it is translated into the most commonly spoken local language. It is publicly available within two weeks of the Executive Budget Proposal being submitted to the legislature and within one month of the budget's approval.	Yes – "Budget in Brief" on website.
9. Macroeconomic forecasts: The forecasts, as assessed in PI-14.1, are available within one week of their endorsement.	MTMPS – website.

Information about pre-budget meetings with civil society organizations (CSOs) has been provided by the Government Assessment Team (GAT).

### ► Ongoing reforms

Budget preparation and reporting are major elements of the reform program. They are expected to improve budget execution reports, and annual financial reports during the coming years.



## PILLAR III

# MANAGEMENT OF ASSETS AND LIABILITIES

The performance of this pillar is just above the basic level. There is a lack of monitoring of subnational governments and a lack of comprehensive quantification of all contingent liabilities presented in a report. There are criteria for project selection, and economic analysis is conducted for about 90% of investment projects by value. The total cost and physical progress of major investment projects are monitored, and standard procedures and rules for project implementation are in place. Financial assets are tracked, but not reported annually. Non-financial assets are not fully tracked, and information on the disposal of assets is incomplete. Records of domestic and external debt and guaranteed debt are complete, accurate, and updated, and reconciled at least every 3 months. The medium-term debt management strategy has been updated, but the government does not provide an annual reporting against debt management objectives and target ranges to the legislature.

### PI-10 Fiscal risk reporting (M2)

#### Summary table

Indicator/Dimension	Score 2016	Score 2021	Brief justification of the score
PI-10 Fiscal risk reporting	D+	D+	Monitoring of the SNGs is lacking. State-owned enterprises are monitored, but with delay. Contingent liabilities and fiscal risk monitoring are no longer reported.
10.1 Monitoring of public corporations	D	C	For FY 2020-2021, 75 percent of SOEs published their Annual Financial Statements (AFS) within nine months of the end of the fiscal year.
10.2 Monitoring of sub-national governments (SNGs)	D	D	Less than 50 percent of the municipalities' annual reports are available on their respective websites.
10.3 Contingent liabilities and other fiscal risks	C	C	There is no comprehensive quantification of all contingent liabilities in a single report. However, the MTMPS includes a paragraph with quantification of guarantees issued by the MoF. Also, the "Budget in Brief" statement includes a list of explicit guarantees broken down by sector.

#### ✓ Coverage

*Dimension 10.1: CG-controlled public corporations.*

*Dimension 10.2: Subnational government entities that have direct fiscal relations with the CG.*

*Dimension 10.3: CG.*

#### ✓ Time period

*Last completed fiscal year.*



### ▶ **PI-10. 1 Monitoring of public corporations**

108. Of the 132 SOEs for which the SOE Monitoring Cell has governance and oversight responsibilities, 99 SOEs published their AFS within nine months of the end of the fiscal year (for FY 2020-2021).<sup>11</sup> This results in a percentage of 75 percent.

### ▶ **PI-10. 2 Monitoring of sub-national governments**

109. The guiding laws of the sub-national governments are as follows: the Local Government (City Corporation) Act of 2009; the Local Government (Pourashava)<sup>12</sup> Act of 2009; and the Local Government (Union Parishad) Act of 2009. The monitoring of sub-national governments is weak. Reports from SNGs are not published regularly. The annual reports of some city corporations can be found on their respective websites. In the annual report of the Local Government Division (LGD), only the budget information regarding transfers to the City Corporations, the Pourashavas, the Zila Parishads, and the Upazila and Union Parishads are published. The last report was published in October 2021, that is, 3 months after the end of the fiscal year.

### ▶ **PI-10. 3 Contingent liabilities and other fiscal risks**

110. There is now a new guideline that indicates that contingent liabilities should be monitored quarterly. The “Budget in Brief” statement includes a list of explicit guarantees broken down by sector. Also, the MTMPS includes a paragraph with the quantification of guarantees issued by the MoF, as also highlighted under PI-5. However, this only partially covers the extent of fiscal risks and contingent liabilities to which the GoB is exposed. Thus, there is presently no comprehensive monitoring resulting in a report.

### ▶ **Ongoing reforms**

Draft guidelines exist for an independent performance reporting template for SOEs. In turn, this should improve the monitoring of contingent liabilities and other fiscal risks.

<sup>11</sup> [https://mof.portal.gov.bd/site/view/mof\\_soe\\_audit\\_reports/%E0%A7%A8%E0%A7%A6%E0%A7%A8%E0%A7%A6-%E0%A7%A8%E0%A7%A7](https://mof.portal.gov.bd/site/view/mof_soe_audit_reports/%E0%A7%A8%E0%A7%A6%E0%A7%A8%E0%A7%A6-%E0%A7%A8%E0%A7%A7)

<sup>12</sup> This is the equivalent of a municipality.

## PI-11 Public investment management (M2)

### Summary table

Indicator/Dimension	Score 2016	Score 2021	Brief justification of the score
PI-11 Public investment management	C	C+	There are criteria for project selection. The MTBFs for the outer years include both recurring and capital costs, but they do not define a link between recurring costs and budgets. Economic analysis is performed for 60-70 percent of projects by value. The tracking system is relatively good.
11.1 Economic analysis of investment proposals	D	C	Economic analysis is conducted for about 90 percent of investment projects by value. However, the economic analyses are not reviewed by a specific entity independent of the entity responsible for the project.
11.2 Investment project selection	B	A	Prior to their inclusion in the budget, all major investment projects are prioritized by a central entity (Inter-ministerial Programming Committee) based on the published standard criteria for project selection.
11.3 Investment project costing	D	D	Capital costs for the medium term are now included in the MBF. However, there is no evidence that this projection of the total capital cost of major investment projects, together with the capital costs for the forthcoming budget year, have been translated into budget estimates.
11.4 Investment project monitoring	B	B	The total cost and physical progress of major investment projects are monitored by the implementing government units (ministries, agencies) and the Implementation Monitoring and Evaluation Division (IMED). Standard procedures and rules for project implementation are in place, and information about the implementation of major investment projects is published monthly and annually.

#### ✓ Coverage

CG.

#### ✓ Time period

**Last completed fiscal year.**

For the purpose of this indicator, “major investment projects” are defined as projects meeting the following criteria:

- ▶ The total investment cost of the project amounts to 1 percent or more of total annual budget expenditures; and
- ▶ The project is among the 10 largest projects (by total investment costs) for each of the 5 largest central government units, as measured by the units’ investment project expenditures.

The major investment projects selected for FY 2020-2021 are presented in Table 16.

**Table 16:** List of Major Investment Projects for FY 2020-2021 (units in lakh taka\*)

Ministry Name	Project Name	Estimated Cost	Start Date	End Date	Total Allocation
26- Science and Technology Ministry	Construction of Rooppur Nuclear Power Plant	11309291	07/01/2016	12/30/2025	1016678
50-Road Transport and Highways Division	Dhaka Mass Transit Development Project	2349007	07/01/2012	6/30/2024	554283
51- Railways Ministry	Railway Connecting to Padma Bridge (1st Revised)	3924680	01/01/2016	6/30/2024	545486
56- Power division	Materbari 2 x 600 MW Ultra Super Critical Coal Fired Power Project	3598446	07/01/2014	6/30/2023	420000
25- Secondary and Higher Education Division	Development of selected non-govt. Secondary Schools	1064905	01/01/2018	12/31/2020	378569
24- Primary and mass education Ministry	Primary Education Stipend Project (Phase-3)	1376634	07/01/2015	6/30/2021	371200
24- Primary and mass education Ministry	Development of 4th Primary Education Program (PEDP-4)	3839716	07/01/2018	6/30/2023	339600
27- Health services Division	Covid-19 Emergency Response and Pandemic Preparedness (WB- GoB ) (1st Revised)	678659	04/01/2020	6/30/2023	301860
27- Health services Division	# Physical Facilities Development (PFD)	1167626	01/01/2017	6/30/2022	236500
50- Road Transport and Highways Division	SASEC Road connecting Project-II: Improvement of Elenga-Hatikamrul-Rangpur to a 4-lane Road (1st revised)	1666239	09/01/2016	12/31/2024	220000
53- Ministry of Civil Aviation and Tourism	Expansion of Hazrat Shajalal International Airport (1st Phase) (1st Revised)	2139906	07/01/2016	6/30/2025	217125
59- Bridges Division	Construction of Padma Multipurpose Bridge (2nd Revised)	3019339	01/01/2009	6/30/2021	209992

Ministry Name	Project Name	Estimated Cost	Start Date	End Date	Total Allocation
51- Railways Ministry	Construction of Bangabandhu Sheikh Mujib Railway Bridge	1678095	07/01/2016	12/31/2023	205775
56- Power Division	Power Grid Network Strengthening Project under PGCB (Revised)	1432630	10/01/2016	6/30/2024	170284
32- Housing and public works Ministry	Excavation and Development 100'-00' Wide khal along both sides of Purbachal Link Road (form Kuril to Balu River)	1032966	09/01/2015	12/31/2021	143575
59- Bridges Division	Construction of Multilane Road Tunnel under the River Karnaphuli	1037442	11/01/2015	12/31/2022	142500
24- Primary and mass education Ministry	Need based Infrastructure Development of Government Primary Schools (Phase-I)	912385	07/01/2016	12/31/2022	134606
25- Secondary and Higher Education Division	Vertical Extension of Selected non-gov. Secondary Schools	523737	01/01/2018	12/31/2020	131500
37- Local Government Division	Dhaka Environmentally Sustainable Water Supply Project	524806	10/01/2013	12/31/2020	127100
50- Road Transport and Highways Division	Dhaka Mass Rapid Transit Development Project (Line-5): Northern Road	4123855	09/01/2019	12/31/2028	127000

Source : Programming Division, Bangladesh Planning Commission

Note : Lakh taka refers to 100,000 units of Bangladeshi currency.

### ► PI-11.1 Economic analysis of investment proposals

111. In 2016, a Development Project Handbook was developed requiring that economic analyses be prepared for projects, including cost-benefit analyses, as well as environmental, disaster, climate change and gender impacts. The relevant focal point has shared two investment projects where the economic analysis embedded in the Development Project Proposal (DPP). Ministries were also piloted to refine a new set of PIM tools in 2018, as outlined in the Power and Energy and Local Government and Rural Development Sector Strategy Papers.

112. In FY 2020-21, a total of 1,639 projects were included in the Annual Development Program. Economic analysis was carried out for 1,100 of these projects, implying that 67 percent of the projects underwent economic analysis. Table 17 shows that only one project, representing 10.2 percent by value of the largest projects, was not subjected to an economic analysis. However, the economic analyses are not reviewed by a specific entity independent of the entity responsible for the project.

**Table 17:** Economic Analysis of Investment Proposals for FY 2020-21 (takas in Crores)

SL	Ministry Name	Project Name	Estimated Cost (Taka, millions)	Economic Analysis
1591	Ministry of Science and Technology	Construction of Rooppur Nuclear Power Plant	11,309,291	Done
221	Road Transport and Highways Division	Dhaka Mass Rapid Transit Development Project (Line-5): Northern Road	4,123,855	Done
189	Ministry of Railways	Railway Connecting to Padma Bridge (1st Revised)	3,924,680	Done
1687	Ministry of Primary and Mass Education	Development of 4th Primary Education Programme (PEDP-4)	3,839,716	Not done
1897	Power Division	Materbari 2 x 600 MW Ultra Super Critical Coal Fired Power Project	3,598,446	Done
48	Bridges Division	Construction of Padma Multipurpose Bridge (2nd Revised)	3,019,339	Done
435	Road Transport and Highways Division	Dhaka Mass Transit Development Project	2,349,007	Done
104	Ministry of Civil Aviation and Tourism	Expansion of Hazrat Shajalal International Airport (1st Phase) (1st revised)	2,139,906	Done
187	Ministry of Railways	Construction of Bangabandhu Sheikh Mujib Railway Bridge	1,678,095	Done
424	Road Transport and Highways Division	SASEC Road connecting Project-II: Improvement of Elenga-Hatikamrul-Rangpur to a 4-lane Road (1st revised)	1,666,239	Done

Source: Programming Division, Planning Commission.

### ► *PI-11.2 Investment project selection*

113. Each year prior to preparing the ADP and the revised ADP (RADP), the Planning Commission issues comprehensive guidelines for preparing these documents. This includes the criteria for new project selection to be included in the ADP and the RADP. This is applicable to all investment projects and guides for prioritization of projects by the Planning Commission. Based on the guidelines circulated by the Planning Commission, the MDAs' proposed investment projects are sent to the planning commission through an online database system (the ADP/RADP Management System). Then the proposals are scrutinized by the Sector Divisions of the Planning Commission, considering the guidelines. They then send it to the Programming Division through the ADP/RADP Management System (AMS). After rigorous scrutinization by the Programming Division officers, all the proposals are sent through the AMS for the final consideration of the central project selection committee, that is, the Inter-ministerial Programming Committee. The Inter-ministerial Programming Committee discusses all the proposals received through the online database system on the basis of standard criteria of project selection. The Officers of the related Ministry/Division and agency also participate in the meeting. After a thorough discussion, the investment projects are selected and prioritized by the Inter-ministerial Programming Committee, again considering standard criteria of project selection and prioritization.

### ► *PI-11.3 Investment project costing*

114. In 2018, GoB developed a Multi-Year Public Investment Program (MYPIP) tool in order to strengthen public investment planning by taking a multi-annual approach. Table 18 presents the estimated cost, the total allocation, and the GoB allocation for each project for the FY 2020-21.

**Table 18:** Estimated Cost and Allocation of Most Important Projects for FY 2020-21 (in takas in Crores and as %)

SL	Ministry Name	Project Name	Estimated Cost	Total Allocation	GOB Allocation	PA Allocation	Project cost % of ADP Allocation <sup>2</sup>
1591	Ministry of Science and Technology	Construction of Rooppur Nuclear Power Plant	11,309,291	1,016,678	216,678	800,000	55.13
221	Road Transport and Highways Division	Dhaka Mass Rapid Transit Development Project (Line-5): Northern Road	4,123,855	127,000	111,400	15,600	20.10
189	Ministry of Railways	Railway Connecting to Padma Bridge (1st Revised)	3,924,680	545,486	235,486	310,000	19.13
1687	Ministry of Primary and Mass Education	Development of 4th Primary Education Programme (PEDP-4)	3,839,716	339,600	218,920	120,680	18.72

SL	Ministry Name	Project Name	Estimated Cost	Total Allocation	GOB Allocation	PA Allocation	Project cost % of ADP Allocation <sup>2</sup>
1897	Power Division	Materbari 2 x 600 MW Ultra Super Critical Coal Fired Power Project	3,598,446	420,000	46,000	374,000	17.54
48	Bridges Division	Construction of Padma Multipurpose Bridge (2nd Revised)	3,019,339	209,992	209,992	0	14.72
435	Road Transport and Highways Division	Dhaka Mass Transit Development Project	2,349,007	554,283	176,283	378,000	11.45
104	Ministry of Civil Aviation and Tourism	Expansion of Hazrat Shajalal International Airport (1st Phase) (1st Revised)	2,139,906	217,125	37,125	180,000	10.43
187	Ministry of Railways	Construction of Bangabandhu Sheikh Mujib Railway Bridge	1,678,095	205,775	44,575	161,200	8.18
424	Road Transport and Highways Division	SASEC Road connecting Project-II: Improvement of Elenga-Hatikamrul-Rangpur to a 4-lane Road (1st revised)	1,666,239	220,000	165,000	55,000	8.12

Source: Programming Division, Planning Commission.

115. In theory, there is a provision in the Development Project Proforma to include estimates for the future recurrent costs of completed projects. However, there is no evidence that this information has been translated into budget estimates. For example, the projections of the total capital costs of major investment projects, together with the capital costs for the forthcoming budget year, have not been translated into budget estimates. Given that the recurrent and development budgets are developed separately, there is no formal linkage between recurrent costs as laid out in project documents and the budget.
116. The Budget Call Circular (BCC) requires such information for ongoing projects to be included in project documents. However, the link between such information and the MTBF is not systematic. In practice, recurrent expenditures are regularly requested for completed investment projects. The MoF piloted the Medium-Term Strategy and Business Plan (MTSBP) in the Ministry of Agriculture. This was intended to support the inclusion of recurrent costs in the MTSBP. However, this pilot was never rolled out to other ministries.

## ► **PI-11.4 Investment project monitoring**

117. In June 2019, the Ministry of Planning (MOP) produced a new M&E Policy Study. The major spending ministries maintain databases concerning the financial and physical progress of approved projects (about 1,200 in number, at present). Figures are reported to the MOP's IMED at least every month. The IMED has staff who go to the field for monitoring purposes. They then prepare reports and send them to the respective ministries, agencies and project directors to comply with the suggestions made in the reports.
118. The annual reports covering physical (including quality assurance) and financial monitoring are available on the MOP website. The MDAs also produce progress reports concerning project implementation. However, the database is not completely accurate with respect to physical monitoring. Although the IMED may comment on the reports submitted, there is no clear procedure for ensuring that any comments are acted upon.

## ► **Ongoing reforms**

Reforms to public investment are ongoing and have already witnessed improvements. Costing, economic analysis and monitoring are expected to improve in the coming years under the JICA-financed project.

## **PI-12 Public asset management (M2)**

### **Summary table**

Indicator/Dimension	Score 2016	Score 2021	Brief justification of the score
PI-12 Public asset management	<b>D+</b>	D+	Financial assets are tracked, but not reported annually. Non-financial assets are not fully tracked, and disposal of assets are incompletely reported.
12.1 Financial asset monitoring	C	C	The government maintains a record of its holdings in the major financial asset classes. However, it does not publish an annual performance report.
12.2 Non-financial asset monitoring	D	D	Reports on assets are not produced by the MDAs.
12.3 Transparency of asset disposal.	D	D	Information about transfers and assignments is not reflected in budget documentation, financial reports, or any other reports.

#### ✓ **Coverage**

Dimension 12.1: CG.

Dimension 12.2: BCG.

Dimension 12.3: CG for financial assets and BCG for non-financial assets.

#### ✓ **Time period**

Last completed fiscal year.



### ► **PI-12.1 Financial asset monitoring**

119. The Controller General of Accounts (CGA) reports on financial assets annually as part of its annual finance accounts. The Debt Service Liability Management Reports present financial assets arising from lending and on-lending to SOEs, and so on. Equity is also included in these reports. The Finance Division of the MoF maintains detailed records of its holdings in major categories of financial assets. It is reported through a publication entitled “Debt Service Liability (Lending-On lending) Accounts and Guidelines”. The report is available at the Finance Division’s website.<sup>13</sup>

### ► **PI-12.2 Non-financial assets monitoring.**

120. The monitoring of non-financial assets is disaggregated and occurs at the MDA level, where they maintain fixed asset registers. In some cases, monitoring and verification of non-financial assets are carried by the internal inspections and the external audit. Reports concerning assets are not produced by the MDAs. Consequently, there is no consolidation of non-financial assets from each MDA into a report. Rules exist, although they are not included in the legislation. Information regarding usage and age is patchy depending on the budget unit. Deputy Commissioners of each district maintain asset registers for Sairat Mahal (sand and water bodies, bazaars, and so on). In some cases, asset registers for minor assets are also uploaded onto the websites<sup>14</sup>.

121. The Bureau of Mineral Development (BMD) is responsible for leasing out and issuing licenses for subsoil assets, as well as for maintaining a database of all mineral assets. The same is also available on the BMD’s website.<sup>15</sup> In addition, Petrobangla holds shares or interest in any company formed for the purpose of exploration and exploitation of oil, gas and mineral resources. Petrobangla is maintaining its management information system (MIS) and uploading monthly data. This data contains the number of gas fields, the number of wells, their daily extraction capacity and the actual monthly extraction. The report also contains the monthly and annual sales data, and it is uploaded onto the website<sup>16</sup>.

### ► **PI-12.3 Transparency of asset disposal**

122. Responsibility for the sale and disposal of non-financial assets lies with the MDAs and the Bangladesh Investment Development Authority (BIDA), which was established under the Bangladesh Investment Development Authority Act of 2016 (Act 36 of 216). Earlier, the Privatization Commission was responsible for the disposal of SOEs to private ownership by direct sale through open tenders. There is a provision in the Bangladesh Investment Development Authority Act of 2016 to transfer or offload shares of SOEs to the prospective local or foreign investors. This is done by following the rules framed under Act<sup>17</sup>. The process of the handing over of public ownership of assets of the SOEs or offloading

<sup>13</sup> [https://mof.portal.gov.bd/sites/default/files/files/mof.portal.gov.bd/page/6199c62e\\_f590\\_43ae\\_a7d9\\_2d96ba135713/DSL%20Book%202019-2020.pdf](https://mof.portal.gov.bd/sites/default/files/files/mof.portal.gov.bd/page/6199c62e_f590_43ae_a7d9_2d96ba135713/DSL%20Book%202019-2020.pdf)

<sup>14</sup> (<http://www.comilla.gov.bd/bn/site/page/w98X-%E0%A6%B8%E0%A6%AE%E0%A7%8D%E0%A6%AA%E0%A6%A6-%E0%A6%93-%E0%A6%B2%E0%A6%9C%E0%A6%BF%E0%A6%B8%E0%A7%8D%E0%A6%9F%E0%A6%BF%E0%A6%95>).

<sup>15</sup> <http://mic.bomd.gov.bd/home>

<sup>16</sup> [http://www.petrobangla.org.bd/sites/default/files/files/petrobangla.portal.gov.bd/monthly\\_report/9d4f11ff\\_d50f\\_45f1\\_87c1\\_c6a714eba314/2022-06-13-03-54-897c2ed808698eaeb6f77058afcd\\_0b20.pdf](http://www.petrobangla.org.bd/sites/default/files/files/petrobangla.portal.gov.bd/monthly_report/9d4f11ff_d50f_45f1_87c1_c6a714eba314/2022-06-13-03-54-897c2ed808698eaeb6f77058afcd_0b20.pdf)

<sup>17</sup> The Bangladesh Investment Development Act 2016; Section 8 and 23, The Delegation of Financial Power 2015- Serial 6, General Financial Rules – chapter 8, Office memorandum of MoPA dated May 11, 1999)

of shares through the Stock Exchange by issuing Initial Public Offerings (IPOs), needs to be reported to the government regularly under the law. As the rules for handing over the assets of shares of SOEs have yet to be formulated, no SOE has been handed over to private owners since 2016.

123. The disposal of other non-financial assets is regulated by the MOF General Financial Rules, Chapter 8, as well as the Delegation of Financial Power (see chapter regarding the disposal of government properties). An office memorandum of the Ministry of Public Administration is issued for the disposal of non-financial assets, such as motor vehicles, computers, office equipment and other machineries. There is a committee in every ministry headed by a Joint Secretary. This committee declares the office equipment out of order or unusable. Experts from different organizations are also included in that committee. A distinct procedure has been laid out in the office memorandum. Thus, assets are declared obsolete and can be sold by auction or destroyed with the permission of the head of the ministry. In most of the cases, the MDAs are following the procedure for disposing of the asset(s).

124. **In summary**, procedures and rules for the transfer or disposal of non-financial assets are established. The provision to provide information to the government concerning the disposal/transfer of the assets or shares of the SoEs is embedded in the law. Information about the transfers and disposals could not be verified, as they are not reflected in budget documentation, financial reports, or any other reports.

### ► Ongoing reforms

Ongoing reforms to SOEs are expected to generally improve public asset management.

## PI-13 Debt management (M2)

### Summary table

Indicator/Dimension	Score 2016	Score 2021	Brief justification of the score
PI-13 Management of and reporting on debt and expenditure arrears	B	C+	Debt management and reporting has been weak since 2015, although reports are now starting to be published and the MTDS has been updated.
13.1 Reporting of debt and guarantees	B	B	Records of domestic and external debts and guaranteed debts are complete, accurate, and updated and reconciled at least every 3 months. Statistical reports are issued quarterly and can be found on the website of the MOF.
13.2 Approval of debt and guarantees	D	D	The government is authorized by law to borrow and issue guarantees. Annual borrowing is approved by the Parliament. However, actions are fragmented between different offices of the Ministry of Finance, which does not have a coordinating role in debt monitoring.

Indicator/Dimension	Score 2016	Score 2021	Brief justification of the score
13.3 Debt management strategy	A	B	The medium-term debt management strategy has been updated, but the government does not provide an annual reporting against debt management objectives and target ranges to the legislature. There is also no evidence that the government's annual plan for borrowing is consistent with the approved strategy. The score for the previous assessment should have been a B.

✓ **Coverage**

*Dimensions 13.1 and 13.2: CG.*

*Dimension 13.3: CG.*

✓ **Time period**

*Dimension 13.1: At the time of assessment.*

*Dimension 13.2: Last completed fiscal year.*

*Dimension 13.3: At the time of assessment, with reference to the last three completed fiscal years.*

► **PI-13.1 Reporting of debts and guarantees**

125. Public debt data recording and management in Bangladesh is fragmented among various debt offices. Currently, the Economic Relations Division (ERD) maintains records of public external debt data. The Finance Division along with Bangladesh Bank (BB) and the National Savings Department (NSD) keep and maintain records of wholesale and retail domestic public debt data, respectively, through the new automated system.
126. Currently, there is no single database in which all public debt data are consolidated. The ERD uses the Data Management and Financial Analysis System (DMFAS) 6 for the recording of external public debt data and the BB uses its own system. The Finance Division keeps the record of contingent liabilities and publishes it on the website, along with the budget documents, each year. Presently, the Finance Division of the Ministry of Finance has established a server to introduce a central database for debt management offices. It includes all debt outstanding and contingent liabilities through the DMFAS 6 software. It does so by creating a gateway between the DMFAS 6 and the IBAS++ of the Finance Division. Records of domestic and external debts and guaranteed debts are complete, accurate, and updated and reconciled every 6 months by the Cash and Debt Management Committee (CDMC), which is chaired by the Secretary of Finance.
127. The MOF has the responsibility for Debt Sustainability Analysis. Under the Strengthening Public Financial Management Program to Enable Service Delivery (SPFMS) program, a debt recording system with a scientific back-up track is going to be established. Quarterly Debt Bulletins have been published since April 2021 on the MoF website, albeit with time lags. The bulletin covers all data related to outstanding debts and contingent liabilities. The last debt bulletins were published in March, April, June, August and November 2022. A quarterly bulletin is also published on the MOF's website<sup>18</sup>.

<sup>18</sup> [https://mof.portal.gov.bd/sites/default/files/files/mof.portal.gov.bd/page/157830c6\\_9eaa\\_4ce7\\_be70\\_72b67c0f06e5/3rd%20Debt%20Bulletin%20Final.pdf](https://mof.portal.gov.bd/sites/default/files/files/mof.portal.gov.bd/page/157830c6_9eaa_4ce7_be70_72b67c0f06e5/3rd%20Debt%20Bulletin%20Final.pdf)

### ► **PI-13.2 Approval of debts and guarantees**

128. According to Section 21 of the Public Money and Budget Management Act (PMBMA) of 2009, the government is authorized to raise loans and issue guarantees. Loans and the issuance of guarantees can only be undertaken by the Minister of Finance, according to the government circular and to sections 21 and 22 of the PMBMA. There was another piece of legislation called the Public Debt Act of 1944 to manage public debt. However, this law is going to be replaced by the Public Debt Act of 2021. Annual borrowing is approved by the Parliament. The criteria have been established by a government circular and uploaded to the FD's website<sup>19</sup>. These are made against transparent criteria, but not against fiscal targets.

### ► **PI-13.3 Debt management strategy**

129. Although the Medium-Term Debt Management Strategy (MTDMS) was recently updated, the previous MTDMS was conducted seven years ago (conducted in FY 2014-15). Therefore, the practice of the annual updating of the MTDMS was not established. A current MTDS covering the period from FY 2021-22 to FY 2023-24 has been prepared with support from the SPFMS project of the Finance Division. The new MTDS has been approved and published on the MOF's website.<sup>20</sup> It includes target ranges, such as interest rates, refinancing and foreign current risks.

130. The government does not provide an annual report against debt management objectives and target ranges to the legislature. Furthermore, there is no evidence that the government's annual plan for borrowing is consistent with the approved strategy.

### ► **Ongoing reforms**

- Quarterly reporting should improve, as a couple of reports have already been completed, albeit though with time lags. There were recent publications of the Debt Bulletin in appropriate areas.
- The Public Debt Act of 2021 has now been passed.

<sup>19</sup> [www.mof.gov.bd/en/#](http://www.mof.gov.bd/en/#)

<sup>20</sup> <https://mof.portal.gov.bd/site/page/6fe3a32e-c3f9-480d-854f-afa6d0c5050e/Medium-Term-Debt-Management-Strategy->

## PILLAR IV

# POLICY-BASED FISCAL STRATEGY AND BUDGETING

131. The government's preparation of macroeconomic and fiscal forecasts is rated highly, while its analysis of the fiscal impact of policy proposals and reporting on fiscal outcomes are rated poorly. The highest score was given for the budget preparation process and the lowest score for debt management. The alignment of strategic plans and medium-term budgets and consistency of budgets with previous year's estimates also received low ratings.
132. Regarding policy-based fiscal strategy and budgeting, the budget calendar allows sufficient time for MDAs to prepare budgets. Forecasts include monetary variables from the Bangladesh Bank's monetary policy statements and assumptions are more robust. Rules on budget review and approval procedures and budget adjustments are in place, but the legislature still has less than a month to review the budget.

### PI-14 Macroeconomic and fiscal forecasting (M2)

#### Summary table

Indicator/Dimension	Score 2016	Score 2021	Brief justification of the score
PI-14 Macroeconomic and fiscal forecasting	D+	B	The forecasts include monetary variables from the Bangladesh Bank's monetary policy statements. There is no macro-fiscal sensitivity analysis. Exchange rates and interest rates are now included in the assumptions.
14.1 Macroeconomic forecast	C	A	The government prepares forecasts of the main macroeconomic indicators for the fiscal year and the following two fiscal years. The forecasts are reviewed twice by the National Council for the Coordination of Fiscal and Monetary Policies. The underlying assumptions now concern the GDP growth rate, the exchange rate, and inflation. This was not the case in 2016.
14.2 Fiscal forecasts	C	B	The government prepares forecasts of revenues, expenditures and the budget balances for the budget year and the following two fiscal years. These forecasts, together with underlying assumptions, are then submitted to the legislature.
14.3 Macro-fiscal sensitivity analysis	D	D	The macro-fiscal forecasts prepared by the government do not include a qualitative assessment of the impact of alternative macroeconomic assumptions.

#### ✓ Coverage

Dimension 14.1: Whole economy.

Dimensions 14.2 and 14.3: CG.

✓ **Time period**

Last three completed fiscal years.

► **PI-14.1 Macroeconomic forecasts**

133. Macroeconomic forecasting informs the top-down elements of the budget process (Table 19). The government prepares and uses macroeconomic projections in the preparation of the annual budget covering GDP growth, inflation, expenditures, budget deficits, revenues and main risks which includes risks to debt. However, it does not include risks to revenues and expenditures, which are discussed qualitatively in the MTMPS.

134. Forecasts are prepared by the MoF and the Central Bank. There is an equivalent of a fiscal council called the National Council for the Coordination between the Fiscal Policy and the Monetary Policy. This Council meets twice a year and reviews the macroeconomic variables. Projections do not include different macro-forecast scenarios<sup>21</sup>.

**Table 19:** Production of Macroeconomic Forecasts

Item	2018/19 Budget	2019/20 Budget	2020/21 Budget
GDP Growth	Yes	Yes	Yes
Inflation	Yes	Yes	Yes
Interest rates	Yes	Yes	Yes
Exchange Rates	Yes	Yes	Yes
Exports	Yes	Yes	Yes
Imports	Yes	Yes	Yes
Revenues	Yes	Yes	Yes
Expenditures	Yes	Yes	Yes
Investment, private and public	Yes	Yes	Yes
Average monthly salaries	Yes	Yes	Yes
Current Account Balance	Yes	Yes	Yes

<sup>21</sup> *Medium Term Macroeconomic Policy Statement (MTMPS) 2021-22, Chapter 2.*

### ► *PI-14.2 Fiscal forecasts*

135. The government produces estimates for the coming fiscal year and medium-term forecasts (for two subsequent years) of the major sources of government revenues. It has done so for at least three years (Table 20). The initial revenue forecast exercise is done by the Macroeconomic Wing of the Finance Division. These forecasts are then presented and discussed in the MTMF working group meeting with representations from the National Board of Revenue, the Bangladesh Bank, the Economic Relations Division, the Bangladesh Bureau of Statistics, the Planning Commission and relevant agencies having involvement in economic affairs. Upon assessment by various agency members, the forecasts are presented before the Coordination Council for final approval. Then, the headline numbers are provided to the National Board of Revenue. It then segregates the forecasts into different sources of revenue, considering ongoing and future policy and administrative changes.
136. Both revenue and expenditure forecasts are published in the Medium-Term Macroeconomic Policy Statement. It includes the figures and summary information concerning the assumptions and methodology used for major revenue types. However, there is no explanation of differences from the previous year's forecast.

**Table 20:** Published Fiscal Forecasts

Main Budget Items	2018/19 Budget	2019/20 Budget	2020/21 Budget
Aggregate revenues	Yes	Yes	Yes
Detailed revenues	Yes	Yes	Yes
Aggregate expenditures	Yes	Yes	Yes
Detailed expenditures	Yes	Yes	Yes
Budget balance	Yes	Yes	Yes
Explanation of differences from previous year's forecast	No	No	No

### ► *PI-14.3 Macro-fiscal sensitivity analysis.*

137. The macro-fiscal forecasts prepared by the government do not include a qualitative assessment of the impact of alternative macroeconomic assumptions. However, there is no comprehensive assessment of the fiscal impact of policy changes. The fiscal forecasts do not present any quantitative analyses, nor do they build various scenarios to foster strategic conversations within the government and amongst decision makers. There is no explanation of upside and downside risks. Internally, different scenario analyses are done to finalize forecasting, but they are not published.

### ► **Ongoing reforms**

Macro-fiscal forecasting is currently in the preparation stage. However, the guidelines and capacity have been improved with data ready for modelling. A full model should become operational in the coming years.

## PI-15 Fiscal strategy (M2)

### Summary table

Indicator/Dimension	Score 2016	Score 2021	Brief justification of the score
PI-15 Fiscal strategy	B	C+	Analysis of the fiscal impact of policy proposals is done on an ad hoc basis. Fiscal strategy adoption is robust, as is reporting to the legislature. However, actions planned to address deviations are not included in reports.
15.1 Fiscal impact of policy proposals	D	D	The government only prepares estimates of the fiscal impact of some proposed changes in revenue and expenditure policy for the current budget year.
15.2 Fiscal strategy adoption	A	A	The government has adopted, submitted to the legislature, and published a current fiscal strategy that includes explicit time-based quantitative fiscal goals and targets, together with qualitative objectives for at least the current budget year and the following two fiscal years.
15.3 Reporting on fiscal outcomes	B	C	The government prepares an internal report concerning the progress made against its fiscal strategy. However, it did not submit to the legislature a report that describes progress made against its fiscal strategy along with the annual budget. The score in 2016 should have been a C.

#### ✓ Coverage

CG.

#### ✓ Time period

*Dimension 15.1: Last three completed fiscal years.*

*Dimensions 15.2 and 15.3: Last completed fiscal year.*

### ► PI-15.1 Fiscal impact of policy proposals

138. With NBR involvement, the Macroeconomic Wing conducts some fiscal analysis regarding major revenue changes. However, it does not include expenditures, which have some qualitative weaknesses according to the government. It prepares a working paper on significant changes (for example, the revised VAT), which is then provided to the ministerial-level Coordination Council as part of the Council's decision-making process. In some cases, the NBR produces a more limited assessment of changes to duty rates by conferring with trade bodies and external institutions. It may conduct impact studies to tax changes, such as the International Finance Corporation's Regulatory Impact Assessment for the changes proposed to Customs Act.



139. The fiscal impact of the policy changes is measured using simple estimations or value judgements within the MTMF framework, rather than using standard econometric modelling. Documents detailing these fiscal impact assumptions and methodology were not available.

### ► **PI-15.2 Fiscal strategy adoption**

140. The government has set at least 3-year, medium-term fiscal objectives (with quantitative targets) in a fiscal strategy document for each of the last three years. This occurred at the start of the annual and medium-term budget process. These objectives and targets are stated in the Medium-Term Macroeconomic Policy Statement (MTMPS), which is published on the website of the MOF. It also accompanies the budget submission to the Parliament, as required by the 2009 Public Money and Budget Management Act. The statement includes an analysis providing information about the budget allocations. Based on just one macroeconomic scenario with some specific assumptions regarding the exchange rate, growth, and so on, the government sets three-year quantitative targets (as a percentage of GDP) for core indicators (revenues, expenditures, the fiscal deficit, financing, and debt) for the upcoming fiscal year, as well as the next two subsequent fiscal years<sup>22</sup>.

### ► **PI-15.3 Reporting on fiscal outcomes**

141. The government prepares an internal report on the progress made against its fiscal strategy, but this does not result in a document. The MTMPS does not describe progress made against its fiscal strategy. Chapter XII - Progress in Implementation of Commitments Made in the Budget of the Budget Speech presents the implementation status of some of the key commitments made for the current fiscal year. However, it does not provide the reasons for any deviation from the objectives and targets defined in the government's fiscal strategy.

### ► **Ongoing reforms**

It is possible that with the development of a macro-fiscal model that it will also be used to estimate the fiscal impact of new policy proposals.

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<sup>22</sup> *Medium Term Macroeconomic Policy Statements (MTMPS) 2021-22, Chapters 1 and 2.*

## PI-16 Medium-term perspective in expenditure budgeting (M2)

### Summary table

Indicator/Dimension	Score 2016	Score 2021	Brief justification of the score
PI-16 Medium-term perspective regarding expenditure budgeting	C+	C+	The MTBF includes 3-year expenditure estimates, including caps for MDAs. These forecasts are consistent with the strategic plans. However, comparisons with previous MTBFs are weak.
16.1 Medium-term expenditure estimates	A	B	The budget presents estimates of expenditures for the budget year and the following two fiscal years by economic and administrative classification. The score for the previous assessment should have been B.
16.2 Medium-term expenditure ceilings	A	A	The overall and ministry-level expenditure ceilings for the budget year and the following two fiscal years are approved by the government before the first budget circular is issued.
16.3 Alignment of strategic plans and medium-term budgets	D	D	There is limited evidence of linkages between planning documents and strategies and the determination of budget ceilings for the current year, as well as forecasts based on a review of several key ministries.
16.4 Consistency of budgets with previous year's estimates	D	D	The budget documents do not provide any explanation of the changes in spending estimates between the second year of the last medium-term budget and the first year of the current medium-term budget, even at the aggregate level.

✓ **Coverage:**

**BCG.**

✓ **Time period**

*Dimensions 16.1, 16.2 and 16.3: Last budget submitted to the legislature.*

*Dimension 16.4: The "last medium-term budget" relates to the budget approved by the legislature for last completed fiscal year, and "the current medium-term budget" relates to the budget approved by the legislature for the current fiscal year.*

### ► PI-16.1 Medium-term expenditure estimates

142. The Government of Bangladesh prepares its budget using the Medium-Term Budget Framework. The MTBF presents the budget estimate for the forthcoming year and projections for the two outer years for all ministries. The GoB implemented a newly developed Budget and Accounting Classification System (BACS) along with the advanced version of the Integrated Budget and Accounting system (iBAS++) in 2018 (including 4 digits for COFOG). However, each Ministry Budget Framework (MBF) only presents estimates of expenditures for the budget year and the following two fiscal years by economic classifications, as published on the website of the Ministry of Finance<sup>23</sup>.

<sup>23</sup> [https://mof.gov.bd/site/view/budget\\_mof/%E0%A7%A8%E0%A7%A6%E0%A7%A7%E0%A7%AF-%E0%A7%A8%E0%A7%A6%E0%A6%8F%E0%A6%AE-%E0%A6%9F%E0%A6%BF-%E0%A6%AC%E0%A6%BF-%E0%A6%8F%E0%A6%AB/MTBF](https://mof.gov.bd/site/view/budget_mof/%E0%A7%A8%E0%A7%A6%E0%A7%A7%E0%A7%AF-%E0%A7%A8%E0%A7%A6%E0%A6%8F%E0%A6%AE-%E0%A6%9F%E0%A6%BF-%E0%A6%AC%E0%A6%BF-%E0%A6%8F%E0%A6%AB/MTBF)

### ▶ *PI-16.2 Medium-term expenditure ceilings*

143. The MBFs provide a statement of expenditure priorities and expenditure allocations by ministries and divisions. Budget ceilings for the current and subsequent 2 fiscal years are determined by the Budget Monitoring and Resources Committee (BMRC), reflecting the annually updated macro-fiscal framework. According to government officials, the ceilings are to take into consideration prioritization, reflecting the Five-Year Plans and other strategic documents, as well as the absorptive capacity — although this was not evidenced. The ceilings are to consider government priorities as laid out in the 5-Year Plans and ministry policy documents (for example, strategies), as well as the absorptive capacity of ministries and historical allocations. The aggregate and ministry-level expenditure ceilings for the budget year and the following two fiscal years are approved by a ceiling setting committee before the first budget circular is issued.

### ▶ *PI-16.3 Alignment of strategic plans and medium-term budgets*

144. The MBFs include the strategic direction of each ministry. This was addressed with the development of the Medium-Term Strategy and Business Plans. However, to date, this has only been prepared by the Ministry of Agriculture, and it has not been rolled out to other ministries. However, the fact that the ADP is prepared on an annual basis hinders the alignment of medium-term budget forecasts with strategic priorities.

145. There is limited evidence of linkages between planning documents and strategies and the determination of budget ceilings for the current year and forecasts based on a review of several key ministries. The analysis was conducted based on the FY2020-21 forecast in the FY2019-20 budget, as well as the actual budget submission for FY2020-21. There appears to be a link between the medium-term framework's second-year estimates and the setting of the annual budget for the following fiscal year for most MDAs. Therefore, it cannot be said that the budget process allows for reconciliation of the budget ceilings with a ministry's costed budget based on strategic plans.

### ▶ *PI-16.4 Consistency of budgets with previous year's estimates*

146. The differences in the forecasted budget relative to the submitted budget are not clearly explained in the MBFs or other documents. The government engages in a deliberative process during which there is the possibility of changes to the initial budget allocations before final ceilings are agreed for the development and operating budgets. These changes can be made in a tripartite ministerial meeting including the Finance Ministry, the Planning Commission, and the line ministry. The budget ceilings are confirmed in the tripartite meetings, although there is a possibility for limited adjustments to the development budget in select cases, for example, after the National Economic Council meeting chaired by the Prime Minister.

### ▶ **Ongoing reforms**

Budget preparation and execution is a major element of ongoing reforms. It is likely that the alignment of strategic plans with the MTBFs, as well as comparisons with previous year's MTBFs, will improve.

## PI-17 Budget preparation process (M2)

### Summary table

Indicator/Dimension	Score 2016	Score 2021	Brief justification of the score
PI-17 Budget preparation process	B	B	The budget calendar allows sufficient time for the MDAs to prepare budgets, and the BCC includes caps that are subsequently approved by the cabinet. However, the legislature still has less than a month to review the budget.
17.1 Budget calendar	A	A	After receiving the Budget Call Circular (BCC) 1, the ministries are given roughly two months to produce their budget frameworks. There is a fixed budget calendar which is adhered to.
17.2 Guidance on budget preparation	B	B	Comprehensive and clear budget circulars are issued to the budget units, covering the total budget expenditures for the entire fiscal year. The approval of ceilings by the Cabinet takes place after the first circular's distribution to budgetary units (BCC 1), but before the budgetary units have completed their submissions.
17.3 Budget submission to the legislature	D	D	The budget proposal is always submitted on the first Thursday in June and approved by June 30, giving the legislature less than a month to review the budget.

#### ✓ Coverage

BCG.

#### ✓ Time period

Dimension 17.1 and 17.2: Last budget submitted to the legislature.

Dimension 17.3: Last three completed fiscal years.

### ► PI-17.1 Budget calendar

147. There is a fixed budget calendar which is adhered to. There are two BCCs. After the issuance of BCC 1, usually around the last week of December, ministries are given over two months to produce their budget frameworks based on one budget ceiling. This ceiling encompasses both the development and non-development budgets. Ministries are then given from the beginning of April to mid-May to produce their final budget submissions after receiving the BCC 2. However, the ministries are in discussions with the Ministry of Finance before the BCC 2 to determine the different ceilings for the development and operating budgets. Therefore, they can have a sense of the amounts at an earlier time.

### ► PI-17.2 Guidance concerning budget preparation

148. The approval of ceilings by the Cabinet takes place after the first circular's distribution to the budgetary units (BCC 1), but before the budgetary units have completed their submissions. The Ministry of Planning manages the ADP budget and issues its own circular much later in the budget calendar. The separation of the ADP budget from the rest of the budget, while issuing a single budget ceiling for each ministry in the initial budget call circular (BCC 1), complicates the line ministries' budgeting processes.

The budget is also submitted to the Cabinet with very limited time for its review before the budget is then sent to the Parliament.

### ► **PI-17.3 Budget submission to the legislature**

149. The budget proposal is always submitted on the first Thursday of June and approved by June 30th, giving the legislature less than a month to review the budget. The budget for FY 2018-19 was presented on June 7, 2018. The budget for FY 2019-20 was presented on June 13, 2019, and the budget for 2020-21 was presented on June 11, 2020.

### ► **Ongoing reforms**

There are none to report, although there is no reason why the budget could not be submitted to the legislature earlier.

## **PI-18 Legislative scrutiny of budgets (M1)**

### **Summary table**

Indicator/Dimension	Score 2016	Score 2021	Brief justification of the score
PI-18 Legislative scrutiny of budgets	<b>D+</b>	C+	The rules regarding budget review and approval procedures and budget adjustments are in place.
18.1 Scope of budget scrutiny.	A	A	The legislature analyzes all aspects of revenues and expenditures, fiscal policies, as well as the MTMPS and its priorities.
18.2 Legislative procedures for budget scrutiny.	D	C	Procedures for reviewing budget proposals are approved by the legislature and are followed. Rule 111 of the Rules of Procedure does not allow for committees to scrutinize the budget.
18.3 Timing of budget approval.	A	A	The budget is always approved by June 30th in time for the start of the fiscal year.
18.4 Rules for budget adjustments by the executive.	A	B	The rules concerning in-year amendments to the budget are laid down by the Constitution, and they are adhered to in <b>most</b> instances. However, appropriations are sometimes overspent and then regularized by a Supplementary Appropriation at the end of the year. The situation was the same in 2016, so the score should have been a B.

#### ✓ **Coverage**

BCG.

#### ✓ **Time period**

*Dimension 18.1, 18.2 and 18.4: Last completed fiscal year.*

*Dimension 18.3: Last three completed fiscal years.*

### ► **PI-18.1 Scope of budget scrutiny**

150. Documents scrutinized include all noted in PI-5. Once the draft budget has been reviewed by the executive, it is passed to the legislature to initiate a debate and review of all aspects of revenues and expenditures, fiscal policies, the MTBF, and priorities therein. All legislative decisions are published in the Official Gazette.

### ► **PI-18.2 Legislative procedures for budget scrutiny**

151. The legislative procedures to review budget proposals are approved by the legislature in advance of the budget and published on the website of the Parliament<sup>24</sup>. The budget review procedure is laid down in the Rules of Procedure of Parliament (Rules 111-127), which are respected by Members of Parliament and by the Executive. Parliamentary rules only allow for a general discussion of the budget.<sup>25</sup>

152. An estimates committee exists, and it is mandated with scrutinizing estimates, as referred to it by Parliament to improve the efficiency of public expenditures. However, the functions of this Committee are not fully transparent.

### ► **PI-18.3 Timing of budget approval**

153. The legislature has at least three weeks for deliberations/debates in line with the Rules of Procedures. The budget is approved by Parliament by the end of June. The budget was always approved before June 30th for each of the last three fiscal years.

### **Summary matrix**

<b>Year</b>	<b>Date of Budget Approval</b>
2018-19	June 28
2019-20	June 30
2020-21	June 30

<sup>24</sup> <http://www.parliament.gov.bd/>

<sup>25</sup> [http://www.parliament.gov.bd/images/pdf/how\\_com\\_works.pdf](http://www.parliament.gov.bd/images/pdf/how_com_works.pdf)

## ► **PI-18.4 Rules for budget adjustments by the Executive**

154. Although following strict procedures for enactment, a revised budget is usually approved by the Legislature, as proposed by the Executive. The rules regarding in-year amendments to the budget are laid down by the Constitution, the General Financial Rules (GFR) and the PMBMA of 2009. They are always adhered to. Amendments to the budget are only allowed under the revised budget, which typically takes place once a year (Box 3).
155. Article 90 of the Constitution prohibits overspending of any appropriation to a ministry or division. However, on occasions, appropriations are sometimes overspent and then regularized by a Supplementary Appropriation at the end of the year. Article 91 states that the President can authorize expenditures in excess of the appropriation. However, a supplementary financial statement must be presented setting out the estimated amount of expenditure to the Parliament, or setting out an excess financial statement, once again, setting out the amount of the excess.

### **Box 3: Rules for In-year Amendments to the Budget without Ex-ante Legislative Approval**

#### **PMBMA of 2009, Section 12 - Revised budget**

- (1) If necessary, the finance minister shall lay before the Parliament a revised budget of each financial year;
- (2) The revised budget, as far as possible, shall be laid within the month of March of each year.

#### **PMBMA of 2009, Section 14 - Fund transfer and re-appropriation**

- (1) Without prior approval of the Parliament, no fund shall be transferred or reappropriated from one grant to another grant or from charged expenditure to other expenditure, except from the unexpected expenditure head.
- (2) Without prior consent of (the) Finance Division, no re-appropriation shall be made from revenue expenditure to capital expenditure or from capital expenditure to revenue expenditure within the same grant or from pay and allowances codes to any other codes.

## ► **Ongoing reforms**

- Parliamentary oversight is a major element of reform, but it has not thus far achieved many concrete outputs. This report may well determine the nature of future reforms.
- Technical assistance is being provided by the European Union (EU) to strengthen the institutional capacity of the National Parliament and improve the performance of the Parliamentary Financial Oversight Committees.

## PILLAR V

# PREDICTABILITY AND CONTROL IN BUDGET EXECUTION

156. In terms of revenue collection, the government has a good system in place for informing taxpayers of their obligations, managing revenue risk and providing information on revenue collections. However, the government has a low performance in the areas of macro-fiscal sensitivity analysis, fiscal impact of policy proposals and revenue arrears monitoring.
157. Regarding expenditure management, the government has a good system in place for the integration of payroll and personnel records, procurement monitoring, and procurement complaints management. However, the government needs to improve in the areas of compliance with payment controls, coverage of internal audit and response to internal audits.

### PI-19 Revenue administration (M2)

#### Summary table

Indicator/Dimension	Score 2016	Score 2021	Brief justification of the score
PI-19 Revenue administration	D+	C	The NBR ensures that the taxpayers understand their tax obligation. It also manages revenue risks, carries out internal audits, and publishes revenue arrears data.
19.1 Rights and obligations for revenue measures	B	B	The NBR, which collects <b>most</b> of the revenues, regularly publishes booklets and brochures regarding how to meet tax obligations. Online tax filing and calculation assistance are also available for all types of income. Laws have been uploaded on the website, but appeal rights are not clearly explained.
19.2 Revenue risk management	D	B	A profiling and risk management system is in place for all types of taxes within the NBR. In addition, there is a specialized tax investigation unit that deals exclusively with the identification of unregistered taxpayers and ensures compliance.
19.3 Revenue audit and investigation	D	D*	The NBR undertakes fraud audits and investigations, but it does not use a compliance improvement plan. Audits and cases settled in 2019/20 declined due to the lockdown under the COVID-19 pandemic. Also, data were not yet available.
19.4 Revenue arrears monitoring	D	D*	The NBR publishes revenue arrears data in its annual reports. Data for 2020-21 were not available yet due to the COVID-19 pandemic.



✓ **Coverage**

CG.

✓ **Time period**

Dimension 19.1 and 19.2: At the time of assessment.

Dimension 19.3 and 19.4: Last completed fiscal year.

► **PI-19.1 Rights and obligations regarding revenue measures**

158. The rights and obligations are clearly defined in relevant pieces of legislation guiding the activities of the NBR. According to the December 2021 fiscal report from the website of the MoF<sup>26</sup>, the GoB's revenues are collected by the NBR. Tables 21 and 22 show that most of the share of the government revenues comes from NBR sources (89 percent for FY 2021).

**Table 21:** Estimated and Actual Sources of Revenues for FY 2021 (takas in Crores)

Source of Revenue	Revised Target	Actual Collection
I. Tax revenues	316,000.0	266,798.6
A. NBR tax revenues	301,000.0	259,881.8
B. Non-NBR tax revenues	15,000.0	6,916.8
II. Non-tax revenues	35,532.0	22,519.5
<b>Total</b>	<b>351,532.0</b>	<b>289,318.1</b>

Sources: Budget in Brief, FY 2021-22, Ministry of Finance, National Board of Revenue (NBR) and Office of the Controller General of Accounts (CGA).

\*\* Provisional

**Table 22:** Estimated and Actual Sources of Revenues for FY 2021 (percentage)

Entities	Revised Target (%)	Actual Collection (%)
NBR	85.63	89.83
Non-NBR	14.37	10.17
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

Sources: Author's calculations

<sup>26</sup> <https://mof.gov.bd/site/page/0f0724a1-73e5-47f5-b65f-a0c3f84381f7/Monthly-Fiscal-Reports>

159. The NBR regularly publishes booklets and brochures that provide guidance regarding how to discharge tax obligations. The laws have been uploaded on the website,<sup>27</sup> but the appeal rights are not clearly explained. Every year, the NBR observes a week-long “Income Tax Fair” at the peak return filing season. Taxpayers have access to tax information and can receive tax help. They can also avail themselves of single-point tax compliance services. Every tax office conducts a month-long tax service campaign during the peak return filing season. In addition, tax offices advertise essential tax information in newspapers and on social media on a regular basis. Moreover, online tax filing and calculation aids are available for all types of revenues.
160. There are grievance redress procedures for revenue administration. The existing laws have specific provisions about the procedures of appeal filing and disposal, and there is a timeline within which all appeals and applications of taxpayers must be completed. However, appeal rights are not fully explained on the NBR website.

### ► **PI-19.2 Revenue risk management**

161. Risk profiling and the risk management system are in place within the NBR for all tax types. All tax types have dedicated activities (such as special field survey schemes, social media campaigns, and meeting with business associations) for identifying potential taxpayers who are required to register. In addition, there is a dedicated Tax Survey Unit that deals exclusively with the identification of unregistered taxpayers to ensure compliance<sup>28</sup>.
162. As for return filing and declarations, the NBR conducts special drives for locating non-filers and stop-filers to ensure compliance. The filing rate, both for income tax and the VAT, has increased over the years. All tax types have strong legal provisions (including penalties, interest, property and income attachments, and so on), including practices for enforcement of tax delinquencies and late payments.
163. The NBR follows a comprehensive reporting system for income, assets, liabilities and expenses for both corporate and non-corporate taxpayers. All field offices must report to the NBR on a monthly basis about their activities and performance in ensuring tax registration, return filing, collection and other major tax-related compliance activities. In addition, “Month revenue meetings” are held every month at the NBR headquarters, where the heads of field offices present their activities and performance, as well as their own strategies and workplans.
164. However, an IMF technical assistance mission in March 2019 found that the reform needs in the NBR are significant. The review concluded that the NBR is characterized to a large extent by: (i) manual procedures with low levels of automation (especially for income tax); (ii) no structured Customer Relationship Management (CRM) processes; (iii) poor performance on most operational indicators; (iv) a fragmented organizational structure; (v) limited coordination and cooperation across the three wings; and (vi) duplication of functions among them. A follow-up mission in February 2020 concluded that there had been very little progress in these areas.

<sup>27</sup> <http://bdlaws.minlaw.gov.bd/act-672.html>

<sup>28</sup> *The effectiveness of the risk management system is evident from the high rate of expansion of the tax base. In 2016, the number of registered income taxpayers was about 1.8 million, which increased to 7.5 million in 2022.*

### ► PI-19.3 Revenue audit and investigation

165. Audit and investigation for all tax types are core functions for all field offices within the NBR. In addition, there are specialized audit and investigation units that deal exclusively with tax evasion (for example, the Customs Intelligence and Investigation Directorate, and the VAT Intelligence and Investigation Directorate). Regarding the management of tax evasion and tax avoidance of high-risk groups, two specialized units are operating at the central level, namely: the Central Intelligence Cell (CIC) and the Transfer Pricing Cell (TPC).
166. Since its inception in 2004, the CIC has been dealing with High-Net-Worth Individuals (HNWI) and specialized corporate entities in terms of ensuring compliance with income tax, VAT and customs. The TPC was established in 2014, but it came into operation in 2018. It ensures transfer pricing compliance of entities engaging in international transactions. For dealing with large taxpayers, both income tax and VAT have separate Large Taxpayer Units. In addition, the NBR regularly forms teams and taskforces to deal with revenue risks.
167. There are strict legal provisions defining the “time limit” for the completion of audits, and all audit cases, as selected by the NBR, are completed within that time. Audits are carried out in the respective NBR wings, including the Income Tax, Customs and VAT wings (Table 23).

**Table 23:** Statement Showing Settlement of Audit List Cases and Collection of Taxes

Assessment year	Total Number of Returns Submitted under Universal Self-assessment System	Number of Returns Selected for Audit	Percentage of Returns Selected for Audit	Number of Cases Settled	Cases being Processed
(1)	(2)	(3)	(4)	(5)	(6)
2017-18	13,90,266	24,701	1.88	24,701	-
2018-19	15,79,454	26,737	1.66	26,237	-
2019-20	17,59,077	16,615	0.94	2,705	13,910
2020-21	23,25,487	-	-	-	(The process is continuing.)

Source: NBR.

168. The decline in audits and cases settled in 2019/20 is almost entirely due to the lockdown during the COVID-19 pandemic.

## ► PI-19.4 Revenue arrears monitoring

169. Revenue arrears are not clearly defined by the legislation and there are no procedures for managing arrears. NBR nevertheless recognizes revenue arrears in two broad categories: disputed arrears (amount contains arrears that are disputed either in administrative appeals or in courts) and undisputed arrears. The undisputed arrears and total collection in NBR, taken from NBR Annual Reports of 2018-19 and 2019-20 are as follows:

**Table 24:** Undisputed Arrears and Total Collection in NBR (billions BDT and %)

Fiscal Year	Total undisputed arrears (BDT billions)	Total collection (BDT Billions)	Arrears as a percentage of collection
2018-19	401.66	2.207.72	18.2
2019-20	434.08	2.164.52	20.2 *

Sources: NBR Annual Reports for 2018-19 and 2019-20.

**Note:** \*Arrears collection efforts were affected by the COVID-19 pandemic in the latter half of FY 2019-20.

170. Field units (the collection and enforcement centers) maintain case records of arrears that contain the age of the arrears. Revenue arrears older than 12 months are less than 50 percent of total undisputed arrears.

171. Revenue arrears are regularly monitored and reported in the monthly revenue meeting. Also, the yearly stock of revenue arrears is published in annual reports for tax types and as a total tax.

## ► Ongoing reforms

- Draft tax audit handbooks for income taxes and VAT have been prepared to enable audits to become more systematic. The IBAS++ has also integrated the Taxpayer Identification Number (TIN) and Business Identification Number (BIN) databases, further enabling audit and risk assessments.
- In line with international standards, including the World Trade Organization's Trade Facilitation Agreement, the Government of Bangladesh has committed to the implementation of a National Single Window (NSW) system. It has also committed to the associated reform and modernization of Customs and other border management agency requirements under the supervision of the Bangladesh Land Port Authority (BLPA) and the Ministry of Commerce (MoC). The Government also has a financing agreement with the International Development Association (IDA), a member of the World Bank Group, for financing the cost of the Bangladesh Regional Connectivity Project 1 (BRCP-1), which is being jointly implemented by the BLPA, the NBR, and the Ministry of Commerce.

## PI-20 Accounting for Revenues (M1)

### Summary table

Indicator/Dimension	Score 2016	Score 2021	Brief justification of the score
PI-20 Accounting for Revenues	C+	C+	Revenue reporting is comprehensive and is produced on a monthly basis. Transfers are normally done daily, but some can take up to a week to reach a cash account. There is no reconciliation of contributions and arrears.
20.1 Information on revenue collections	A	A	The Ministry of Finance prepares a consolidated report on a monthly basis, covering all types of revenues over the period covered by the collection.
20.2 Transfer of revenue collections	A	A	<b>Most</b> transfers are made the same day, even if <b>some</b> can take up to a week.
20.3 Revenue accounts reconciliation.	C	C	Reconciliation is performed only between collections and revenues received, and not between established entitlements and arrears.

✓ **Coverage**

CG.

✓ **Time period**

**At the time of assessment.**

### ► **PI-20.1 Information about revenue collection**

172. There was progress in revenue recording resulting from the introduction of the A-Challan system in 2019, which currently covers 115 of the 196 government services. It collects about 20 percent of the total budget revenues through the recently introduced web-based A-Challan system. It is brought to the TSA the same day. Thus, it is a continuous process for all revenue sources, with each agency's Field Officers (that is, the three wings of the NBR) collecting taxes and compiling and supplying information to the Ministry of Finance.

173. The Ministry of Finance compiles a monthly consolidated Monthly Fiscal Report<sup>29</sup> covering revenue types. For the period covered by the collection, it circulates the report to the NBR, the FD, as well as within the MoF. More frequent reports can also be generated by the iBAS.

174. The VAT is now fully operational in Bangladesh, and it is computerized. This has enabled the distribution of BINS, as well as an increase in VAT payers by 10 percent during 2019.

<sup>29</sup> <http://www.mof.gov.bd>

## ► PI-20.2 Transfer of revenue collections

175. All cash revenues received are paid into or transferred immediately to the Bangladesh Bank's Treasury Single Account. This is done by the Sonali Bank, which has clear instructions to effect immediate transfers for any amount under Tk10,000 (US\$). Offices that are linked to the Treasury, such as customs, are treated in a similar manner with no receipts held in situ. Income tax payment orders for amounts over Tk 10,000 are paid by bank draft or pay order. The CGA officials explained that revenue collections can be delayed briefly in depositing to the BB by the local tax collecting office, but the system works immediately once deposits are made.

*In summary*, most transfers are made the same day, even if some can take up to a week.

## ► PI-20.3 Revenue account reconciliation

176. Each cash deposit is reconciled immediately by the Bangladesh Bank. Reconciliation is also done between collections and transfers. However, it is not carried out for tax assessments and arrears. Revenue data collection accounting is done on a cash basis, with no arrears recorded in the iBAS. Payment orders and checks can be retained by tax officers with a view to manipulating targets. This creates a gap in information for the CGA and other interested stakeholders concerning vital revenue information. This could represent a substantial loss of resources for the budget.

## ► Ongoing reforms

- Despite revenue mobilization being a key reform element, there is, as yet no concrete move towards restoring the reporting and monitoring of tax assessments and arrears.

## PI-21 Predictability of in-year resource allocation (M2)

### Summary table

Indicator/Dimension	Score 2016	Score 2021	Brief justification of the score
PI-21 Predictability of in-year resource allocation	B+	B	Cash flows are prepared annually and updated monthly, but the CGA is still in the process of identifying the inventory of all bank accounts. The MDAs can plan expenditures at least one quarter in advance. Budget adjustments are made only through the revised budget and are done in a clear and transparent manner.
21.1 Consolidation of cash balances.	C	D*	<b>Most</b> bank balances and cash are likely to be consolidated daily. However, the CGA is still in the process of identifying the inventory of all bank accounts, and evidence has been provided only for bank accounts held at the Bangladesh Bank. The situation was likely the same in 2016.

Indicator/Dimension	Score 2016	Score 2021	Brief justification of the score
21.2 Cash forecasting and monitoring.	A	A	Cash flows are prepared annually with the budget. They are then forecasted, monitored and updated monthly based on actual receipts and payments.
21.3 Information on commitment ceilings.	B	B	The MDAs can plan expenditures at least a quarter in advance.
21.4 Significance of in-year budget adjustments.	A	B	Significant adjustments to budget allocations are made only through the revised budget, but the Parliament is not informed of these adjustments in advance. The situation was the same in 2016.

✓ **Coverage**

BCG.

✓ **Time period**

*Dimension 21.1: At the time of assessment.*

*Dimensions 21.2, 21.3 and 21.4: Last completed fiscal year.*

► **PI-21.1 Consolidation of cash balances**

177. The Government of Bangladesh has implemented a circular on February 8, 2006. According to provisions of that circular, the transaction of Government Account follows the procedures as stated below:

- The Bangladesh Bank is maintaining the Government Account, namely the TSA, on behalf of the Government (Box 4 and Figure 11).
- Most of the government cash flows go through the TSA, and the Bangladesh Bank keeps the record accordingly.
- Every day, the Bangladesh Bank publishes the daily cash balance statement and sends it to the FD for cash management.
- Some transactions may not trigger the TSA channel, as some special accounts are maintained outside of it.
- The Bangladesh Bank conducts all government transactions through its 10 branches. Government transactions are also done in 731 branches of Sonali Bank Limited, which is engaged in treasury-related work on behalf of the Bangladesh Bank.
- At the end of the day, the Bangladesh Bank maintains the cash position or cash balance of the government by consolidating the transaction in the debit and credit scroll.

#### **Box 4: Structure and coverage of the TSA**

##### **Structure of the TSA**

One government account is maintained in the Bangladesh Bank. The ledger number of this account is 0001, which is the TSA of the Government. There are 119 sub-ledgers under the government's main account, which is maintained in the Bangladesh Bank. One sub-ledger is used for each Ministry/Division separately. This is done for the convenience of identifying and preserving each transaction. There will be a prominent government account number for each Ministry or Division. For example, since the two-digit code of the Ministry of Youth and Sports is 36, the account number of this ministry is 3600.

In addition to the main bank sub-ledger of the concerned ministry, a separate sub-ledger is maintained for each of the Directorates, under which there is departmental accounting system. For example, this could include Bank Account No. 5000 of the Roads and Highways Division. The sub-ledger number of the Roads and Highways Directorate under this designation is 5002.

There is a separate sub-ledger for each of the accounts. This is done for the convenience of inclusion of government accounts for transactions made under special accounts used for foreign aid. In case of transfer of any money under these accounts, both the receipt and the payment are shown on both sides.

Similarly, a separate sub-ledger is maintained in addition to the main bank sub-ledger of the concerned ministries for the convenience of identifying the major revenue and expenditure sectors of the Government, such as VAT, income tax, loan and loan interest payments, and so on. These are maintained separately.

The annual transactions of all the above sub-ledgers are consolidated at the end of the year as the original account number 0001. However, after the reconciliation of the accounts with the CGA, this consolidation will be completed on the basis of the authority given by the CGA.

##### **Coverage of TSA**

No MDA is allowed to open bank accounts in commercial banks. All transactions by the MDAs are routed through the TSA. Revenue earnings offices deposit government receipts to the TSA and cost centers make their expenditures through pay points from the TSA. Autonomous Bodies and SOEs are outside the coverage of the BCG. As such, they maintain their own accounts in commercial banks.

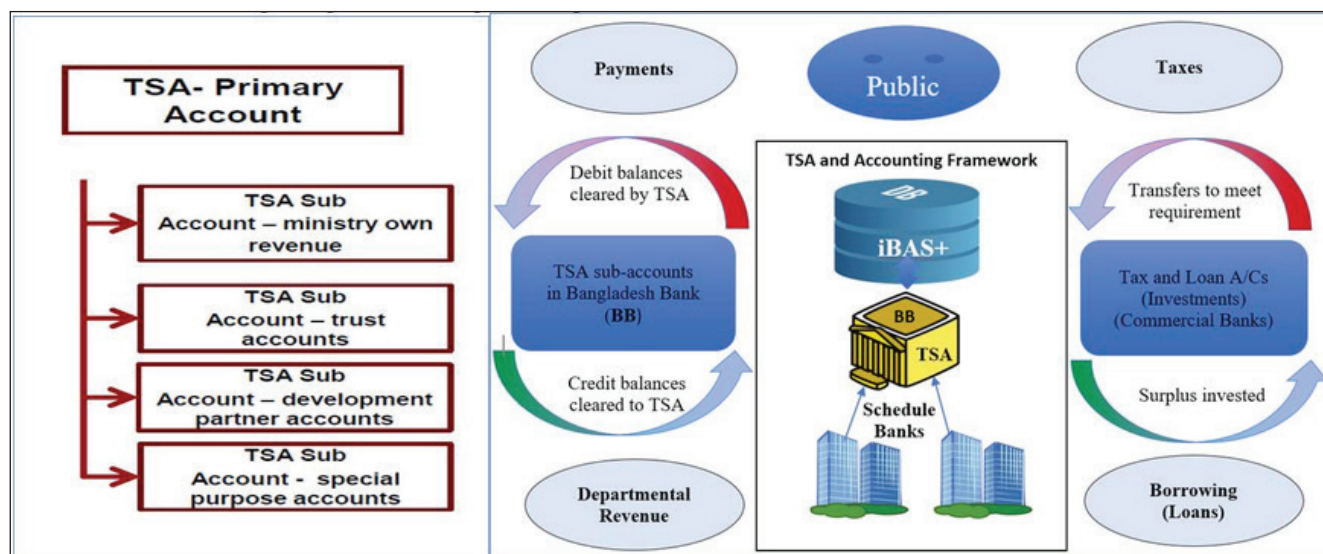
The Sonali Bank acts as an agent for the BB (apart from the 9 BB outlets in the country) at the Upazila level for both receipt and expenditure transactions. At the district level, it works as an agent only for receipt transactions. BB loans to the Government are reported to the CGA and consolidated in their monthly accounts. Issues, redemptions, and interest payments for retail debt instruments in all distribution channels are also reported to, booked, and consolidated by the CGA daily. This is done using debit scrolls with relevant bank branches dealing with retail debt instruments.

There is a significant reduction in cash holding by the Sonali Bank as the agent of the Central Bank. The differences between the revenue collection figures of the CGA and the NBR have decreased significantly. In addition, the introduction of the Automated Chalan System (ACS) for receipts, the Electronic Fund Transfer (EFT), as well as the use of Magnetic Ink Character Recognition (MICR) for payment have brought about a significant change. This has been recognized in the Inspection Report on Payments and Accounts Guideline issued by the Office of the Comptroller and Auditor General of Bangladesh in January 2021.

However, the CGA is still in the process of identifying the stock of all bank accounts used by the GoB. Hence, an explanation was only provided for the process of consolidation of the various sub-ledgers/windows at the BB, which does not include all bank accounts.



**Figure 10:** Structure of the Treasury Single Account



Source: iBAS Development Team, Finance Division

### ► PI-21.2 Cash forecasting and monitoring

178. Cash flows are prepared annually alongside the budget. They are then monitored and updated monthly on the basis of actual receipts and payments. They are also reported monthly to the Cash and Debt Management Committee (CDMC) that meets quarterly. The Committee is chaired by the Senior Secretary of the FD and includes senior officers from the BB, the Economic Relations Division (ERD), the CGA and the NBR.
179. The Bangladesh Bank assesses the daily cash position and lends to the government through the Ways and Means Advance (WMA), which is a mechanism meant for short-term borrowing. The Bank can also advance overdrafts to the government if cash is needed after full utilization of WMA facilities. This overdraft (OD) facility, known as OD current, can be provided for an unlimited amount. The interest in the WMA and the OD current is incurred on a daily basis. When revenues exceed payments at the end of the day, the excess is credited to the overdraft and thereafter to the WMA. If there is excess revenue, the amount is credited to the TSA current account, which earns no interest. The Government also issues treasury bills and bonds through an auction calendar to finance the budget deficit.
180. At the end of every day, the Bangladesh Bank prepares a “Daily Summary of Receipts and Payments of Government Accounts” showing the position of net difference; the application of the Ways and Means position; the overdraft balances; and interest charged. This daily summary is then forwarded to the Controller General of Accounts.

181. At the local level, although the DDOs now receive the budget online (through the iBAS++), there are still some delays in the case of a few directorates (for example, the Directorate General of Health Services (DGHS)) in the distribution of the budget to the field level. Due to a lack of awareness, the DDOs continue to wait for the Government Order, which details the amount allocated for their offices. Moreover, the predictability of funds is one of the main challenges faced at the local level when it comes to budget execution.

### ▶ **PI-21.3 Information on commitment ceilings**

182. In the case of the development budget, funds are released on a quarterly basis. Currently, the quarterly budget is the rigid ceiling, running for the first three quarters. The budget units' expenditures are reviewed in the fourth quarter. At this point, the budget amount can be revised downward if the previous quarter's allocation is underspent. Alternatively, if the approval has been processed through the correct channels, the allocation can be revised up, although this is the exception rather than the rule. As no budget unit is allowed to carry forward expenditures from one budget year to the next, no arrears exist across the government. After strict reviews at the end of Q3, the Q4 allocations are released, thereby providing the MDAs with ceilings for expenditures at least 3 months in advance. In the case of the non-development budget, the MDAs may spend from the budget allocation for which no quarterly release of funds is required, that is, except for grant transfers to individual agencies.

### ▶ **PI-21.4 Significance of in-year budget adjustments**

183. The internal rules and regulations for the adjustments to the original budget appropriations are published on the MOF's website in Bangla and in English. All rules for virements and adjustments are clearly documented for all levels from the Parliament to the MDAs. Significant adjustments to budget allocations can only take place through the revised budget, of which there is one per fiscal year. This is carried out in a clear and transparent manner, but no evidence was given that adjustments were made "in a transparent and predictable way". For example, the GoB made a request to the Parliament before revising the budget.

### ▶ **Ongoing reforms**

- The government intends to bring the bank accounts of the EBOs and other entities within the TSA to ensure that the cash balance position is accurately known.

## PI-22 Expenditure arrears (M1)

### Summary table

Indicator/Dimension	Score 2016	Score 2021	Brief justification of the score
PI-22 Expenditure arrears	D	D	No official backlog exists. Actual backlogs are not known.
22.1 Stock of expenditure arrears.	D*	D*	No backlogs officially exist, although they probably do at the MDA level.
22.2 Expenditure arrears monitoring	D*	D*	According to the GoB, there is no data concerning arrears, but the follow-up of arrears is not done effectively by the MDAs.

#### ✓ Coverage

BCG.

#### ✓ Time period

*Dimension 22.1: Last three completed fiscal years.*

*Dimension 22.2: At the time of assessment.*

### ► PI-22.1 Stock of expenditure arrears

184. There is no data concerning expenditure arrears from the iBAS. Also, no extra monitoring is done, although arrears likely exist. The FD issues a circular each May to all budget units reminding them that all invoices, bills, and so on should be finalized and paid by the 20th of June. This includes zero tolerance for invoices submitted after June 20th. By local definition, arrears do not exist, although unpaid bills do exist at the MDA level. However, they are not inputted into the iBAS. The FD maintains that the size of these invoices is negligible. Recent history has not revealed any major emergence of an arrears problem, but no information was provided. For instance, GoB payment deadlines are not always met in various areas, such as debt service, payroll (including the payment of contractual staff), scholarships, and so on. Even an incomplete payment can become an arrear if beneficiaries are not informed of the default before the deadline is met.

### ► PI-22.2 Expenditure arrears monitoring

185. Arrears data were not provided during the assessment. As noted, information on arrears is not available from the iBAS. The FD ensures that unpaid bills are paid by the 20th of June with zero tolerance. Nevertheless, it is likely that some invoices are not paid within the legal deadlines at the MDA level. Also, career changes are not reflected quickly enough in the payroll, but this information has not been provided.

### ► Ongoing reforms

- There is nothing to report. However, the GoB's lack of using arrears to finance any deficit renders this a low priority.

## PI-23 Payroll controls (M1)

### Summary table

Indicator/Dimension	Score 2016	Score 2021	Brief justification of the score
PI-23 Payroll controls	C+	C+	The payroll system is fully automated in the central budget office, but there is no evidence of robust payroll control.
23.1 Integration of payroll and personnel records.	B	B	The manual payroll in each MDA is supported by full documentation for all changes made to personnel records each month, and it is checked against the previous month's payroll data. Staff hiring and promotions are controlled by a list of approved staff positions.
23.2 Management of payroll changes.	B	B	Employees are paid monthly, with some exceptions. Retroactive adjustments are rare but may exceed 3% of the total wage payment. All payroll's change information is uploaded to the system.
23.3 Internal controls of payroll.	C	C	The payroll control system has improved, and there are sufficient controls in place to ensure the integrity of most payroll data. However, no audit has yet been carried out to show that it is now able to ensure high data integrity
23.4 Payroll audit.	C	C	A partial annual salary audit is in place by the SAI for each MDA.

#### ✓ Coverage

CG.

#### ✓ Time period

Dimension 23.1, 23.2 and 23.3: At the time of assessment.

### ► PI-23.1 Integration of payroll and personnel records

186. All central government employees are under covered by the online payroll pay-fixation system. All employee payroll records of an employee starting from entry employment to retirement are uploaded to the online payroll pay-fixation system, which is linked to the iBAS++. There is a monthly reconciliation by each responsible officer, but the reconciliation is often still manual and needs to be cross-checked, including an absentee list, a service book and monthly spot checks.<sup>30</sup>

187. As far as the Autonomous Bodies (ABs) are concerned, a sub-module for the ABs (the Personal Ledger (PL) accounts system) has been implemented in various organizations. According to this method, separate PL accounts have been created for the ABs and projects in the Office of the Chief Accounts and Finance Officer (CAFO) Pension and Fund Management. This module helps in the automatic quarterly fund release and economic code wise distribution. The DDOs of ABs and the projects are allowed to make payments for salaries, allowances, and other bills through the EFT from the balance amounts of their PL account balances accounts to the recipients' bank accounts in the commercial

<sup>30</sup> www.pay fixation. gov.bd.

banks. In this way, the government can easily track their expenditure patterns and the expenditure. The expenditures incurred by the ABs through the PL account reflected in accounts are shown on the fiscal accounts of the central government.

188. There is a monthly reconciliation by each responsible officer, but the reconciliation is often still done manually. As such, it needs cross-checking, including an absentee list, the service book, and monthly random checks. An audit report of the MoH payroll (which is funded by the World Bank) showed a significant lack of compliance between payroll and personnel records.

### ► **PI-23.2 Management of payroll changes**

189. Employees are paid monthly, with some exceptions. Retroactive adjustments are rare but may exceed 3% of the total wage payment. Whenever there is a change in any payroll due to the promotion/upgradation/replacement, upgrading, or changing of pay, an employee submits all the information, including the government orders in, to the online payroll fixation system. Once submitted, the relevant Accounts Office checks the information and gives their approval in the system. The payroll system, iBAS++, has a control mechanism that detects anomalies and prevents anyone from submitting claims more than once a month, unless they are partial claims. If an employee receives a payment in excess of his or her entitlement, the employee is required to return the overpayment to the Treasury. The evaluation team was provided with an example of a payment slip for a festival allowance that was wrongly received due to an accounting error and was returned to the Treasury by the employee on 10/11/2021.

### ► **PI-23.3 Internal payroll controls**

190. The control environment became more robust with the automation of the payroll system and the introduction of the online submission of pay for all government employees. The system itself checks any unauthorized claim by any claimant. In addition, there is a separate Internal Control Unit (ICU) in the CGA, which is responsible for monitoring the payroll system. In most cases, the unit carries out this function through the physical verification. Reconciliation and aggregation are now performed by the system. However, no audit has yet been carried out to show that it is now capable of ensuring high-integrity data.

### ► **PI-23.4 Payroll audit**

191. Payroll audit is part of the annual compliance audit by OCAg. It is carried out by various Audit Directorates. With the automation of the payroll system, this is now a low-risk area within the budgetary central government (BCG). However, the key observations that were raised during audits typically include wrong fixation of pay, allowing increments that the employees are not entitled to, and so on. An audit report of MoH Payroll (WB Funded) also showed significant lack of compliance between payroll and personnel records.

### ► **Ongoing reforms**

- There is nothing to report. The general audit reform may well emphasize an increase in payroll audits.

## PI-24 Procurement (M2)

### Summary table

Indicator/Dimension	Score 2016	Score 2021	Brief justification of the score
PI-24 Procurement	B	B+	<b>All</b> procurement is registered in the databases. The management of procurement complaints is satisfactory.
24.1 Procurement monitoring.	B	A	Data is accurate and complete for <b>all</b> of methods of acquiring goods, services, and works.
24.2 Procurement methods.	B	B	The total value of contracts awarded through competitive methods in over 70 percent of contracts is competitive. The grade should have been a “D” in 2016.
24.3 Public access to procurement information.	B	B	Public access to data is satisfactory, but annual procurement statistics are not published. Complaint management is satisfactory.
24.4 Procurement complaints management.	B	A	The complaints system meets all required criteria. The score in 2016 should have been an “A”.

#### ✓ **Coverage**

CG.

#### ✓ **Time period**

*Last completed fiscal year.*

### ► **PI-24.1 Procurement monitoring**

192. Bangladesh spends about US\$25 billion on public procurement annually, equivalent to about 40 percent of its annual budget. There has been an exponential growth of e-GP. Specifically, 70 percent of public procurement expenditures (US\$17.5 billion) was processed through the e-GP in FY21, as compared to 2 percent at the start of the project in FY17.

193. E-procurement currently covers 70 percent of relevant procurement (US\$17.5 Billion in 2021) (Table 25). Procurement monitoring currently covers 100 percent of e-procurement. The electronic-Project Management Information System (e-PMIS) module of the e-GP system collects data and analyzes performance regarding the successfully completed procurement processes. It compares them to procurement plans in terms of numbers and values. It also analyzes financial information, such as the original contract price as compared to the completion cost of contracts. There is a comprehensive list of contract awards and values thereof. It covers goods, services, and works. All contracts processed through e-GP system are published on the e-GP website at: <https://www.eprocure.gov.bd/resources/common/SearchNOA.jsp>

194. By law, all manually processed contracts valued at over BDT 10 million (US\$ 95 thousand) for works and BDT 5 million (US\$ 47.5 thousand) for services are published on the CPTU website, as reported in table 26.

**Table 25:** Manual Procurement

	2018-19		2019-20		2020-21	
	No. of contracts	Contract value (BDT)	No of contracts	Contract value (BDT)	No of contracts	Contract value (BDT)
Good	181	16,056,200,397	60	8,598,307,050	192	19,609,956,905
Works	84	71,000,749,192	33	33,815,061,510	63	34,869,341,512
Services	98	8,377,066,857	83	24,376,353,993	155	19,038,780,853
<b>Total</b>	<b>363</b>	<b>95,434,016,445</b>	<b>176</b>	<b>66,789,722,553</b>	<b>410</b>	<b>73,518,079,270</b>

Source : <https://cptu.gov.bd/contract-award/contract-award-list.html>

195. In summary, the databases provide comprehensive information on acquisitions, their values, and who won the contracts. The total amount of contracts registered in the databases is BDT 345.8 billion (US\$ 3.3 billion) for 2020-21. This is higher than the amount of budgetary expenditure, excluding salaries and debt interest, executed during that year, which is BDT 329.3 billion (US\$ 3.1 billion). This is because a number of contracts have been registered by EBUs and some contracts registered in 2020-21 will be paid in the 2021-22 budget.

### ► **PI-24.2 Procurement methods**

196. Open competition is the default method of procurement in Bangladesh. Contract awards for e-procurement in the last year or so indicate that all tenders used either national or international competitive tender methods, representing 70 percent of all procurement. The methods used are approved by the heads of the MDAs. The grade should have been a “D” in 2016.

197. All records are captured except for those that are manually processed. This includes those procurements with a tender value of less than BDT 10 million for goods and works and less than BDT 5 million for services. Except for the few direct procurements, all the procurements are done through competitive methods.

### ► **PI-24.3 Public access to procurement information**

198. The e-Procurement website publishes all relevant procurement statistics<sup>31</sup>. All legislation and regulations and 100 percent of bidding opportunities are posted on the CPTU website. In the case of all procurement for goods and works higher than BDT 10 million and services higher than 5 million, public access to procurement information is provided through the annual procurement plan, the invitation for

<sup>31</sup> <https://www.eprocure.gov.bd>



tender notice, the notification of awards, and the contract award information, which are published on the CPTU website<sup>32</sup>. Hence, information pertaining to procurement plans and contract awards above certain thresholds is published on the CPTU website but there is no overall annual statistics report.

**Table 26:** Public Access to Procurement Information (Y/N)

Legal/ regulatory Framework	Procurement Plans	Bidding opportunities	Contract awards	Complaint data	Statistics
Yes	Yes	Yes	Yes	Yes	No
PPA: <a href="https://cptu.gov.bd/procurement-policy-and-procedure-documents/procurement-act.html">https://cptu.gov.bd/procurement-policy-and-procedure-documents/procurement-act.html</a>  Provide links for Public Procurement Act of 2006 Public Procurement Act of 2006 Draft Act of Bangladesh Public Procurement Authority (BPPA)  PPR : <a href="https://cptu.gov.bd/upload/policyandprocedure/2019-04-11-17-21-44-PPA-2006,-PPR-2008-with-all-Amendments-up-to-January,-2019.pdf">https://cptu.gov.bd/upload/policyandprocedure/2019-04-11-17-21-44-PPA-2006,-PPR-2008-with-all-Amendments-up-to-January,-2019.pdf</a>  e-GP guidelines: <a href="https://www.eprocure.gov.bd/help/guidelines/eGP%20Guidelines.pdf">https://www.eprocure.gov.bd/help/guidelines/eGP Guidelines.pdf</a>	<a href="https://www.eprocure.gov.bd/resources/common/SearchAPP.jsp">https://www.eprocure.gov.bd/resources/common/SearchAPP.jsp</a>	<a href="https://cptu.gov.bd/advertisement-notices.html">https://cptu.gov.bd/advertisement-notices.html</a>  <a href="https://www.eprocure.gov.bd/resources/common/AllTenders.jsp?h=t">https://www.eprocure.gov.bd/resources/common/AllTenders.jsp?h=t</a>	<a href="https://cptu.gov.bd/contract-award/contract-award-list.html">https://cptu.gov.bd/contract-award/contract-award-list.html</a>	<a href="https://cptu.gov.bd/review-panel/brief-judgment.html">https://cptu.gov.bd/review-panel/brief-judgment.html</a>	Statistics are presented at: <a href="https://www.eprocure.gov.bd/RegistrationDetails.jsp">https://www.eprocure.gov.bd/RegistrationDetails.jsp</a>  There is no overall annual statistics report.  The website <a href="http://www.citizen.cptu.gov.bd">www.citizen.cptu.gov.bd</a> is accessible.

#### ► **PI-24.4 Management of procurement complaints**

199. Table 27 outlines the key questions concerning the procurement complaints process. The complaints system meets all 6 criteria. All required criteria were met in 2016, so the score should have been an “A”. (See also Table 28 regarding Review Panel decisions).

32 <http://www.cptu.gov.bd/>



**Table 27:** Effectiveness of an Independent Administrative e-Procurement Complaint System

Key Questions	Satisfaction of criteria
Are complaints reviewed by a body which:	Yes. The Review Panel is independent. PPA, Section- 30. PPR, Rule 58.
(1) Is not involved in any capacity in procurement transactions or in the process leading to contract award decisions?	Yes. It is not involved in contract awards. All are retired government officials (The 3 members include: 1 ex-government official, 1 judiciary member, and 1 business community member from the Chamber of Commerce).
(2) Does not charge fees that prohibit access by concerned parties?	Yes. The complaint is free, and the review has a charge of a maximum of BDT 25,000 (Rule 57). Fees levied on complainants when lodging complaints to the Review Panel fall into two categories: (i) a 'registration fee,' which is non-refundable and goes toward covering some of the costs of the procedure; and (ii) a 'security fee,' which is refundable and is intended to discourage frivolous complaints. It is forfeited only in the event of such frivolous complaints (based on the decision of the Review Panel). Both fees are based on the value of the contracts. Registration fees range from US\$120 on contracts valued up to US\$120,000; and US\$300 on contracts valued above US\$1.2 million. The fees appear reasonable considering the context. The security fee is about US\$600. This also appears reasonable, especially given the rarity of forfeiture.
(3) Follows processes for submission and resolution of complaints that are clearly defined and publicly available?	Yes. Guidelines published on the website are based on legislation. PPR, Rule 56-60. <a href="https://cptu.gov.bd/review-panel/guideline-related-applications.html">https://cptu.gov.bd/review-panel/guideline-related-applications.html</a>
(4) Exercises the authority to suspend the procurement process?	Yes. Procurement award cannot be announced until appeal finished. PPR, Rule 59.
(5) Issues decisions within the timeframe specified in the rules/regulations?	Yes. Timeframe specified. Three hearings, 12 days to dispose the case for a Max $3 \times 3,500 = 10,500$ $7+7+5+12=31$ days.
(6) Issues decisions that are binding on all parties (without precluding subsequent access to an external higher authority)?	Yes. PPR, Rule 60(5). Binding on all parties, who can then go to court if the dispute remains unresolved.

## ► Ongoing reforms

The Central Procurement Technical Unit is nearing the end of a five-year (July 2017-June 2022) projected called the “Digitizing Implementation Monitoring and Public Procurement Project (DIMAPPP)”. Major achievements noted in June 2021 are as follows:

- Increase in transparency: In 2007, 15 percent of tenders were advertised. Presently, 100 percent are advertised in the e-GP. The publication of contract award information was 15 percent in 2007. It is now 100 percent.
- Savings of time: For the open tendering method, it would take an average of 100 days, starting from the tender invitation up to contract signing. Currently, it has come down to 59 days.
- Increase in skills: In 2007, 10 percent of contracts were awarded within the stipulated time. It is now 90 percent.
- Increase in competition: In 2007, on average, the competition for every tender was 4. Now it has increased to 16 (including open and limited tenders).
- The e-Procurement system is expected to be rolled out further, thereby improving monitoring and the use of competitive methods.

## PI-25 Internal controls on non-salary expenditures (M2)

### Summary table

Indicator/Dimension	Score 2016	Score 2021	Brief justification of the score
PI-25 Internal controls on non-salary expenditures	C	C+	<b>The segregation of duties is prescribed throughout the expenditure process. However, there is no formal commitment control system, and audit reports indicate that compliance is a significant problem.</b>
25.1 Segregation of duties.	A	A	The appropriate segregation of duties is prescribed throughout the expenditure process. Responsibilities are clearly defined.
25.2 Effectiveness of expenditure commitment controls.	D	C	Commitment controls have been established, but they are done manually and not through the iBAS, which provides only partial coverage.
25.3 Compliance with payment rules and procedures.	D	D*	According to the regulations, most payments must comply with established rules and procedures, and exceptions must be properly authorized and justified. However, no evidence was provided, and the OCAg for FY 2015-16 and FY 2016-17 audit reports revealed instances of non-compliance.

#### ✓ Coverage

CG.

#### ✓ Time period

At the time of assessment.

### ▶ *PI-25.1 Segregation of duties*

200. The MoF Finance Division developed a generic manual for internal control in 2005. However, it has not been adapted to any specific MDA. The functions of authorization, recording, custody of assets, reconciliation and audit are on paper and are well organized. Yet, as confirmed by OCAG Audit Reports before the review period, the gap between reality and theory remains an issue (PI-25.3). Where there is no formal reconciliation, authorization can be circumvented, with the same person performing many duties. The MoF's CGA has put in place an Internal Control Unit (ICU) that works on tracking exceptions reported by the system with a good degree of success. Thus, some cases have been identified and resolved.

### ▶ *PI-25.2 Effectiveness of expenditure commitment controls*

201. Commitment control is the process by which the budget is allocated to each spending unit. Each unit cannot spend more than the budget allocated. Executives have no authority to go beyond the budget appropriation approved by the Parliament. Also, no procuring entity is entitled to spend more than the annual budget appropriation. However, during budget execution, commitment control is done by manual checking as there is, as yet no automated control system through the iBAS++.

202. Regarding public procurement, there is an obligation in the Public Procurement Act of 2006 to prepare an Annual Procurement Plan (APP) before commencing any procurement process<sup>33</sup>. The APP is based on the budget allocated to the spending agency. The Head of the Procuring Entity approves the APP once the availability of the budget is confirmed. Moreover, if the official cost estimate aligns with the budget, then the procuring entity can move forward with the tender invitation. According to the PPR, the total Procurement Plan and updated Annual Procurement Plan needs to be published on their notice boards. Where applicable, these plans should be included on their websites, as well as the websites of the concerned Department, Directorate or organizations. This process should limit the accumulation of arrears, but no quantification was provided to support this assumption. This is the same for wages arrears (see PI-22).

### ▶ *PI-25.3 Compliance with payment rules and procedures*

203. There are instances of infringement of financial rules and regulations which have been reported in the OCAG reports for FY 2015-16 and 2016-17. However, there is no data to indicate how significant these cases may be.

### ▶ **Ongoing reforms**

- The iBAS ++ is expected to strengthen commitment controls through a feature for cash forecasts from ministries and spending limits imposed by the Treasury.
- Internal audit is a significant element of the reform program. It is hoped that much of its development would improve controls.

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<sup>33</sup> Rule 16 (7), The Public Procurement Rules, 2008.

## PI-26 Internal audit (M1)

### Summary table

Indicator/Dimension	Score 2016	Score 2021	Brief justification for score
PI-26 Internal audit	D	D	<b>There is no formal internal audit. There are some ex-post financial compliance reviews that remain within the MDAs.</b>
26.1 Coverage of internal audit.	D	D	Five high-spending departments have internal audit units, but the functions of these units have not yet been implemented.
26.2 Nature of audits and standards applied	NA	NA	Ex-post internal controls are primarily focused on financial compliance reviews.
26.3 Implementation of internal audits and reporting.	NA	NA	Internal control is still based on inspection, and the implementation of internal audit is not yet effective.
26.4 Response to internal audits.	NA	NA	Management sometimes provides explanations following audits, but there are no established procedures to follow up on these recommendations.

#### ✓ Coverage

CG.

#### ✓ Time period

*Dimensions 26.1 and 26.2: At the time of assessment.*

*Dimension 26.3: Last completed fiscal year.*

*Dimension 26.4: Audit reports used for the assessment should have been issued in the last three fiscal years.*

### ► PI-26.1 Coverage of internal audit

204. There is no formal internal audit in place. Internal Audit Scheme was initially planned to start in 2018 but due to some dispute regarding implementation rotation either in the Ministries or in the Departments, it was delayed, and also the Covid pandemic situation has affected the progress of this scheme.

205. There are nevertheless pockets of an internal audit function in some ministries (for example, the Ministry of Education, the Ministry of Roads and Highways, the Ministry of Housing and Public Works, and the Ministry of Health). This means that internal audit is operational for central governmental entities. However, they represent only 23.2 percent of budgeted expenditures. Also, where internal audit exists, there are few qualified auditors. Their functions are largely transactional and entail compliance testing according to the MDA audit heads. They are responsible to their Secretaries /Principal Accounting Officers.

### ▶ *PI-26.2 Nature of audits and standards applied*

206. Audit work is done ex-post and carried out on a compliance basis, and not on a risk basis. According to heads of internal audit, the standards applied are not based on the IPSAS because no auditors have passed the relevant exams. The internal audit personnel are not qualified but gain their experience on the job and through workshops and some training programs that the relevant MDA may organize, or in which it may participate.

### ▶ *PI-26.3 Implementation of internal audits and reporting*

207. There is no formal internal audit. Internal audit effectiveness is limited. Where internal audit exists, there are no systematic audit plans. Reports are issued immediately after an internal audit is completed. According to the heads of internal audit, these reports go to the MDA management. However, they are not circulated to the SAI or the MoF. They are only used by the MDAs that have an internal audit function in place.

### ▶ *PI-26.4 Response of internal audits*

208. The results of the audits conducted by the internal audit units are submitted to the MDA Heads, who in turn ask the concerned departments to respond. However, there is no centralized database of internal audit function findings to monitor the extent of management responses.

### ▶ **Ongoing reforms**

- Internal audit is a significant element of the reform program. The latest phase of the Strengthening Public Financial Management Program to Enable Service Delivery (SPFMS) for 2018/19 - 2022/23 highlights, for the first time, the establishment of a fully functioning internal audit for the Government of Bangladesh.
- There is a Scheme of Internal Audit and Audit Follow-up under this program which began in August 2021. The Scheme has already achieved several important milestones, which include, among others, a sensitization workshop on internal audit in the public sector; the establishment of an internal audit unit within the Finance Division; the holding of short-term training courses on the fundamentals of internal audit; and the conducting of a series of workshops concerning the process of internal audit and financial reporting with the major spending departments of the government. It notes the internal audit responsibilities are not currently comprehensive and focused almost exclusively on ex-post financial compliance. Internal audit reports were not envisaged until 2022/23. Overall, internal audit is passing through a phase of transition. A model internal audit charter and risk-based audit charter have been drafted, and sensitization is ongoing for principal accounting officers.

## PILLAR VI

# ACCOUNTING AND REPORTING

209. Overall, this pillar has a basic performance, with some areas for improvement in the management of revenue arrears, revenue audit and investigation, integration of payroll and personnel records, segregation of duties, and submission of financial reports for external audit.
210. There are also some strengths, such as the availability of online assistance for filing and calculating taxes, the existence of a profiling and risk management system for revenue collection, and the existence of a formal charter for auditing financial documents. Regarding accounting and reporting, the coverage and comparability of reports are good, but they are not fully compliant with cash IPSAS and have recently been submitted to external audit.

### PI-27 Financial data integrity reports (M2)

#### Summary table

Indicator/Dimension	Score 2016	Score 2021	Brief justification of the score
PI-27 Financial data integrity	C+	C	<b>A bank reconciliation is performed from an accounting control point of view. Advances are regularly adjusted. Financial data integrity processes are monitored by a departmental finance team. Access and changes to records are limited and recorded.</b>
27.1 Bank account reconciliation.	D	B	A monthly bank reconciliation is performed for all active headquarters' bank accounts, usually within four weeks of the end of each month.
27.2 Suspense accounts.	A	D*	The new GoB budget classification includes suspense accounts. However, no information about the monthly reconciliation was provided. It is likely that the situation was the same in the previous assessment.
27.3 Advance accounts.	D	D*	Reports generated by the iBAS++ show an imprest account balance of 0.3 percent of FY 2020/21 government expenditures. However, no information about the monthly reconciliation was provided. It is likely that the situation was the same in the previous assessment.

Indicator/Dimension	Score 2016	Score 2021	Brief justification of the score
27.4 Financial data integrity processes	A	B	Access to and changes in records are limited and recorded, creating an audit trail. The Internal Control Unit (ICU) within the CGA has a formal charter to check documents and vouchers for all accounts, payments, subsidiary registers, provident funds and pensions, but there is no dedicated MDA team reporting to the Ministry of Finance on data integrity. The situation was likely the same before.

✓ **Coverage**

*Dimension 27.1: CG.*

*Dimensions 27.2, 27.3 and 27.4: BCG.*

✓ **Time period**

*Dimensions 27.1, 27.2 and 27.3: At the time of assessment, covering the preceding fiscal year.*

*Dimension 27.4: At the time of assessment.*

► **PI-27.1 Bank account reconciliation**

211. With the introduction of the iBAS++, bank reconciliation between the CGA and the Bangladesh Bank (BB) has become faster. The Bangladesh Bank receives and makes payment in the government accounts through its 10 branch offices. The BB appointed Sonali Bank Limited (SBL) as its agent for performing the treasury operations in the places where it does not have a branch. The SBL reports transaction data to the Bangladesh Bank and sends the hard copies of the documents (the Challans) to the CGA. Debit and credit scrolls are matched for active budgetary central government bank accounts held at the Bangladesh Bank and the Sonali Bank.
212. The Bangladesh Bank consolidates all the data concerning government receipts and payments through its branches, and the SBL sends it to the CGA. It also sends the hard copies of the documents (the challans which are received through its own branch offices) to the CGA. Apart from these transactions through the BB branch offices and the SBL, the CGA office sends some debit advice directly to the Accounts and Budgeting Department of the Bangladesh Bank for inter-governmental account transfer or for transfer from a government account to the account of different government bodies. The Accounts and Budgeting Department of the Bangladesh Bank carries out those transactions and reports to the CGA.
213. As the CGA is in the possession of both the documents (hard copy of the treasury challans) and information regarding the transactions, it can verify and reconcile the government account transactions. It matches the amount in the hard copy of the challan with the data received from the Bangladesh Bank. If it finds any difference between the amounts, it looks further into the issue and reconciles the matter immediately.



214. Evidence of monthly reconciliation was also provided for external borrowing and savings certificates issued by the National Savings Department (NSD) of the Ministry of Finance for the fiscal years 2019-20; 2020-21; and 2021-22.

### ► **PI-27.2 Suspense accounts**

215. The new GoB budget classification includes suspense accounts. There is a specific suspense account code under the Public Account of the Republic for the Civil Accounts. There was no suspense balance in FY 2018-19 and FY 2020-21. In FY 2019-20, there was a balance of Tk. 2,800, which was quite insignificant. Regarding the railways, there is a Railway Capital Suspense Code under the Consolidated Fund. However, no suspense balance was reported during the period under review.

### ► **PI-27.3 Advance accounts**

216. The government sometimes allows advances against some economic codes to perform specific works. At present, the monitoring of advances is done manually in account offices through the iBAS++. This system has the required functionalities of creating advance ledgers for the specific economic code and the clearing thereof. For example, if there is sufficient budget in technical assistance (TA) expenses (3244101), then the Head of Office may allow an advance for travel against the TA advance code (3244103). The advance will subsequently be adjusted by transferring the expenditure to TA expenses.

217. There are approximately 30,000 “Drawing and Disbursing Officers” who may hold authority for permanent advances set at between Tk. 200 to Tk. 90,000 (US\$), depending on the budget expenditure foreseen, and later historically recorded. This is used for meeting day-to-day petty office expenses, and it is replenished periodically. There is no fixed bank for these accounts, so any commercial bank can be used. There are also clear treasury rules for the management and control of these accounts. The accounts are not cleared because they are considered permanent. The limit of this advance is periodically reviewed and adjusted up or down, depending on the expenditure review.

218. At present, the TA advance is granted against the final head (3244101), and the account offices keep the records in Objection Books. This advance needs to be cleared within 6 months, or at the end of the GoB’s fiscal year, whichever is earlier. In the case of an unadjusted advance, there is a provision to inform the concerned DDO by the account office. In the case of a transfer of the advance to a recipient, the information regarding the advance is written in the books. No pension is sanctioned without clearing the advances.

219. Usually, a 50 percent advance is allowed for Transfer TA. In some cases, a maximum of 75 percent can be allowed with the permission of Head of the Department. This advance is booked against the code “Advance against TA on transfers” (7213102) in the public accounts. Thus, the information about the allowed advance is written in the audit register and in the LPC. When the advance recipient submits the bill to the transferred place, then the advance clears automatically. The concerned account office of the transferred location keeps the records of the advance.



220. Regarding travel and transfers (that is, being moved from one service unit to another), advances have to be cleared within 6 months, or at the end of the GoB's fiscal year, whichever is earlier. However, the monitoring of the adjustment of advances is weak.
221. The reports generated from the iBAS++ show an imprest account balance of 0.3 percent of FY 2020/21 government expenditures. However, no information about the monthly reconciliation was provided.

#### ► **PI-27.4 Financial data integrity processes**

222. Data integrity processes are to a large extent ensured by an Internal Control Unit within the MoF's CGA, which has a formal charter to check paperwork and supporting documents. It also maintains vouchers for all accounts, payments, sub-ledgers, provident funds, and pensions using a check list that is updated regularly. Checking is done on a random sampling basis. The unit reports to a Deputy CGA.
223. The iBAS system requires passwords to be changed by the individual users (who have varying levels of access) every 3 months. If a user does not follow this rule, then that person is locked out of the system. However, this is not always fully enforced. Therefore, all transactions through the system have a complete audit trail. Any transaction that does not fall into standard parameters generates an exception report. This report is delivered automatically to the ICU for follow-up and action. Thus, there is an audit trail report.
224. There is no dedicated team from the MDAs reporting to the MoF regarding data integrity. This reflects the lack of a formal internal audit function. A Financial Data Integrity Manual was prepared in 2015. A committee has been formed recently to update and revise it.

#### ► **Ongoing reforms**

There is nothing to report. However, the negligible nature of suspense and advance accounts renders their improvement a low priority.

## PI-28 In-year budget reports (M1)

### Summary table

Indicator/Dimension	Score 2016	Score 2021	Brief justification of the score
PI-28 In-year budget reports	C+	C+	The coverage and comparability of the reports includes all budget forecast items. Reports are accurate, except for some revenue data that is not highlighted.
28.1 Coverage and comparability of reports.	A	B	Quarterly budget execution reports of the consolidated fund are published on the website of the MoF. They are presented according to the administrative and economic classifications, with partial aggregation. The score for the previous assessment should have been a B.
28.2 Timing of in-year budget reports.	C	B	Quarterly reports are published at the beginning of the month following the end of the quarter. The score for the previous assessment should have been a D.
28.3 Accuracy of in-year budget reports	C	C	The reports are useful for analyzing budget execution, but inaccuracies in the data (usually concerning revenue estimates) are not highlighted. There is no analysis of budget execution, even on a biannual basis.

#### ✓ **Coverage**

BCG.

#### ✓ **Time period**

Last completed fiscal year.

### ► **PI-28.1 Coverage and comparability of reports**

225. Budget execution status can be tracked by various reports generated automatically by the iBAS++. These reports are comprehensive in nature, having same level of disaggregation, as in budget preparation. Usually, a budget is being prepared at the department and/or ministry level, and funds are then distributed to other field-level offices for incurring expenditures. The projects managed by the budgetary central government entities receive their budget release at the very onset of the financial year. Projects run by the ABs or SOEs receive their funding in quarterly installments. Projects with special accounts make their expenditures from commercial bank accounts and enter their information ex-post in the iBAS++.
226. Account offices under the CGA, the Controller General Defense Finance (CGDF) and/or the Railway Circle are responsible for making payments against bills sent by the executives. All bills are processed through the iBAS++ and an electronic advice is automatically sent to the Bangladesh Bank for payment. Budget execution reports are automatically generated in the iBAS++ at cost at the central level. Ministries and departments can oversee the reports and take corrective measures for better budget implementation. In addition, the Macroeconomic Wing of the MOF also has the responsibility

for producing a Monthly Fiscal Report and uploading it onto the MoF's website. However, they are currently three months in arrears. These reports cover all items of budget estimates. They are also compliant with the GFS of 2014, thereby allowing for direct comparison with the original budget.

227. Quarterly budget execution reports of the consolidated fund are published on the website of the MoF just after the end of each quarter (Table 29). The coverage and classification of data of the quarterly reports allows for a direct comparison of the Consolidated Fund Income and the Expenditures-Ministry/Division to the revised budget. They are presented according to the administrative and economic classifications.
228. Approximately, 10 percent of the budget is transferred to the ABs and local government institutions. The transfer of funds is captured in the iBAS++ at the summary level. Since 2018, a sub-module of automatic fund releases to the ABs has been in operation. Thus, funds allocated to the ABs are transferred to the PL accounts opened against their name in the Public Account of the Republic. The DDO of the AB is authorized to make an EFT order to the Bangladesh Bank. In this way, a detailed budget execution report is produced in the iBAS++. At present, almost 3 percent of funds transferred are being processed in the PL account system. However, neither monthly nor quarterly reports include all items of budget estimates, such as transfers to the de-concentrated units.

### ► **PI-28.2 Timing of in-year budget reports**

229. The first statement of the quarterly budget execution reports is published on the website of the Ministry of Finance immediately after the end of the period<sup>34</sup>.

**Table 28:** Status of the Publication of Budget Execution Reports

Title of Budget Execution Report	Date of Publication
Budget Implementation Progress Report: 2022 - 23 of the fiscal year for the first Quarter (July - September).	29/01/2023
Budget Implementation: 2021 - 2022 fiscal year, 3rd quarter, statement 2	31/03/2022
Budget Implementation: 2021 - 2022 fiscal year, 2nd quarter, statement 2	01/01/2022
Budget Implementation: 2021 - 2022 fiscal year, 1st quarter, statement 2	01/10/2021
Budget Implementation: 2020 - 2021 fiscal year, 4th Final, (concluding) statement 2	01/07/2021
Budget Implementation: 2020 - 2021 fiscal year, 3rd quarter, statement 2	01/04/2021
Budget Implementation: 2020 - 2021 fiscal year, 2nd quarter, statement 2	01/01/2021
Budget Implementation: 2020 - 2021 fiscal year, 1st quarter, statement 2	01/10/2020

Source : <https://mof.portal.gov.bd/>

<sup>34</sup> <https://mof.gov.bd/site/page/0f0724a1-73e5-47f5-b65f-a0c3f84381f7>

230. In summary, budget execution reports are prepared quarterly, and issued within four weeks from the end of each quarter.

### ► **PI-28.3 Accuracy of in-year budget reports**

231. The information is considered sound and meaningful, and it is used by a wide audience beyond the GoB, including civil society organizations. However, data issues are not highlighted in the report. Expenditures for the commitment stage are not provided because the GoB does not operate a commitment system. Revenue data is seen as the least accurate data by the GoB, although estimates are accurate enough to render the reports useful.

### ► **Ongoing reforms**

Financial reporting is a major element of reform. The production of Budget Execution Reports improved significantly during the assessment. Future reports may improve the reporting of revenue data.

## **PI-29 Annual financial reports (M1)**

### *Summary table*

Indicator/Dimension	Score 2016	Score 2021	Brief justification of the score
PI-29 Annual financial reports	<b>D+</b>	D+	<b>Financial reports are submitted to an external audit more than 9 months after the end of the fiscal year. They have been done using a combination of national and cash IPSAS.</b>
29.1 Completeness of annual financial reports.	D	C	Financial reports for the budgetary central government are prepared annually and are comparable with the initial budget at a certain level of aggregation. They contain information about revenues, expenditures, financial assets and liabilities and debts, but not guarantees.
29.2 Submission of the reports for external audit.	D	D	Financial reports are submitted to an external audit more than 9 months after the end of the fiscal year.
29.3 Accounting standards.	C	C	For the period under review, the formats of the appropriation and finance accounts have been done using a combination of national and cash IPSAS.

#### ✓ **Coverage**

BCG.

#### ✓ **Time period**

*Dimension 29.1: Last completed fiscal year.*

*Dimension 29.2: Last annual financial report submitted for audit.*

*Dimension 29.3: Last three years' financial reports.*

### ► **PI-29.1 Completeness of annual financial reports.**

232. The Public Moneys and Budget Management Act of 2009, Section 17(2) states that the Principal Accounting Officer of a Ministry/Division/Other Institution will prepare the appropriation accounts at the end of the financial year and submit the accounts to the Comptroller and Auditor General (CAG) for audit. Section 17(4) of the Act directs the Controller General of Accounts to prepare the finance accounts and submit the accounts to the CAG. Section 4 of the Comptroller and Auditor General (Additional Functions) Act of 1974 states that: “The Auditor-General shall prepare annually (audited) appropriation accounts and finance accounts showing disbursements or the annual receipts and disbursements for the purposes of the Government, distinguished under the respective heads thereof, and shall submit these accounts to the President on such dates as he may, with the concurrence of the President, determine”.
233. The annual financial reports of Budgetary Central Government (BCG) comprise the appropriation and the finance accounts. The finance accounts are the Financial Statement of the Budgetary Central Government. They disclose receipts, payments, and different balances. The appropriation accounts are a Special Purpose Financial Statement that presents comparisons of the budget with actual payments against each appropriation and grant.
234. The GoB’s cash basis supposedly clears all outstanding amounts payable before closing a fiscal year. Although negligible, there is no method to account for creditors that should have been paid in a given fiscal year. The few cases that arise are obliged to create new payment invoices for submission in the following fiscal year. This could potentially represent a material liability for the GoB, although historically this has not been the case.

### ► **PI-29.2 Submission of reports for audit**

235. There were delays in the preparation of the appropriation and finance accounts until FY 2021-2020. These were not taken into account in the evaluation period. One of the main causes of backlogs identified during the review is the incomplete data migration among different versions of the iBAS, namely the Green iBAS, and the iBAS++. The Annual Financial Statements (AFS) for FY 2015-16, 2016-17 and 2017-18 were generated from the system after the accounting information was updated. Table 30 presents the status of submission of the financial statements and audit reports during the last three fiscal years.

**Table 29:** Status of Submission of Financial Statements and Audit Reports, as of September 2022

Financial Year	Annual Financial Statements	Submitted by the CGA to the OCAG	Comments
2015-16	Appropriation Accounts	October 30, 2019 (52 months from year-end)	
	Finance Accounts	October 25, 2020 (52 months from year-end)	<a href="http://www.cga.gov.bd/site/page/de64ad65-e5e7-42fe-93ae-f5421c97bbf3/">http://www.cga.gov.bd/site/page/de64ad65-e5e7-42fe-93ae-f5421c97bbf3/-</a>
2016-17	Appropriation Accounts	November 18, 2021 (53 months from year-end)	Audited accounts received by the OCAG from the Civil Audit Directorate (CAD) on March 4, 2021, and returned to the CAD on September 2, 2021, for correction. However, it was not yet received by the OCAG.
	Finance Accounts	March 20, 2022 (57 months from year-end)	
2017-18	Appropriation Accounts	April 27, 2022 (45 months from year-end)	
	Finance Accounts	April 18, 2022 (45 months from year-end)	
2018-19	Appropriation Accounts		
	Finance Accounts	October 13, 2022 (39 months from year- end)	the CGA submitted the finance accounts to the CAD on October 13, 2022.
2019-20	Appropriation Accounts		
	Finance Accounts	October 13, 2022 (24 months from year- end)	The CGA submitted the finance accounts to the CAD on October 13, 2022.
2020-21	Appropriation Accounts		
	Finance Accounts	October 15, 2022 (15 months from year- end)	The CGA submitted the finance accounts to the CAD on October 13, 2022.

Source: CGA, based on official letters.

### ▶ **PI-29.3 Accounting standards**

236. Annual financial reports are prepared using a combination of IPSAS and GoB accounting standards, which accommodate the 'modified cash' basis of accounting. The new appropriation and finance accounts format is compliant with the requirements of the Cash, Accounts Code (Government Accounting Standards) and the Budget and Accounting Classification System (BACS). These standards are disclosed in the most recent financial statements.

### ▶ **Ongoing reforms**

- The Annual Financial Statements (AFS) for FY 2021-22 have been submitted to the Comptroller and Auditor General within 9 months after the end of the period. The Finance Accounts for 2021-22 were approved by the Senior Secretary of Finance on January 23, and the CGA submitted it to the OCAG on January 24, 2023. This means that the score would have improved from D to C if FY 2021-22 would have been taken into account.
- The SPFMS proposed formats have been designed and deployed in the iBAS++ on a test basis. After the draft AFS formats are approved by the OCAG by November 15, 2021, the appropriation and finance accounts (with a yearly flow) can be generated from the system by December 31, 2021, for financial years 2018 -19 to 2020-21. The CGA has used them since the 2018-19 fiscal year.
- Annual financial reporting deteriorated temporarily during the implementation of the IBAS++ reform. However, it is expected to improve thereafter and to be produced in a timely manner.

## PILLAR VII

# EXTERNAL SCRUTINY AND AUDIT

237. Overall performance in this pillar is slightly above baseline.
238. Government entities are audited by the Office of the Comptroller and Auditor General (OC&AG), but there is a significant backlog of audit reports and the follow-up system is not always applied, resulting in a grade of D+ for external audit. On the other hand, legislative scrutiny of audit reports is good, with hearings covering all audited entities, and legislative recommendations are followed up, although not systematically. However, there are weaknesses in the transparency of legislative scrutiny of audit reports, as committee reports are not uploaded to any website.
239. Audit coverage and standards are also basic, with financial reports of central government entities representing the majority of total expenditure and revenue audited by the OCAG in the last three completed fiscal years.
240. In terms of parliamentary oversight, it is positive that there are hearings covering all audited entities. In addition, the legislature makes recommendations and some follow-up is done, although not systematically. The Committee's reports are also made available to the media. The CAG is relatively independent of the executive but must submit its report on budget execution to the President before it is sent to Parliament.



## PI-30 External audit (M1)

### Summary table

Indicator/Dimension	Score 2016	Score 2021	Brief justification of the score
PI-30 External audit	D+	D+	All government entities are subject to an OCAG audit, which focuses on compliance. There is a significant backlog of audit reports. There is a follow-up system, but it is not always applied. The SAI is independent in the performance of its duties.
30.1 Audit coverage and standards.	D	C	Financial reports of the central government entities, which represent the <i>majority</i> of total expenditures and revenues, have been audited by the OCAG during the last 3 completed fiscal years.
30.2 Submission of audit reports to the legislature	D	D	Audit reports submitted to the Parliament are currently more than nine months overdue.
30.3 External audits follow up.	D	D	A process for the systemic follow-up of external audit recommendations has been established within the government entities. However, there has been no follow-up concerning recommendations.
30.4 Supreme Audit Institution (SAI) independence.	C	C	The independence of the OCAG is guaranteed by its constitutional mandate. The OCAG has unrestricted and timely access to all audited entities under his/her jurisdiction, but the Constitution provides that the OCAG must submit his/her report to the President before it is transmitted to the Parliament.

#### ✓ Coverage

CG.

#### ✓ Time period

Dimensions 30.1, 30.2 and 30.3: Last three completed fiscal years.

Dimension 30.4: At the time of assessment.

### ► **PI-30.1 Audit coverage and standards**

241. The OCAG has adopted the Government's Auditing Standards of Bangladesh, which are based on the International Standards of Supreme Audit Institutions. They are also consistent with the global standards.<sup>35</sup> During the assessment period (2018-2019; 2019-2020; and 2020-2021), the OCAG conducted average audits of 52.95 percent, 61.17 percent and 62.41 percent, respectively (copy enclosed), where financial audit coverage is 100 percent. Audit activities cover public enterprises and Autonomous Government Agencies (AGAs). However, engagement is limited due to inadequate resources. The OCAG has a workforce of approximately 4,000, and it can field roughly 500 teams of 3 auditors. However, recently, in order to provide audit coverage with limited audit resources, a major shift in the audit approach has taken place, that is, from a unit-based to an entity-based approach. This has significantly brought down the number of auditable units, which will enable the audit directorates to deploy teams on a regular basis.

242. The OCAG's main external audit thrust is compliance auditing. Other auditing (special and performance) is on a demand basis, given the limited resources of the organization. The OCAG produces an annual report each year and it is available on its website<sup>36</sup>.

### ► **PI-30.2 Submission of audit reports to the legislature**

243. In Bangladesh, in accordance with Article 132 of the Constitution, the reports of the Auditor-General relating to the public accounts of the Republic shall be submitted to the President, who shall cause them to be laid before Parliament. Hence, the CAG<sup>37</sup> submits his reports relating to the public accounts of the Republic to the Honorable President, and these reports are then presented to the Parliament. The Minister of Finance presents the reports before the House (Table 31).

244. In the last three fiscal years, only the 2013-2014 annual finance accounts were submitted to the Parliament within nine months of the OCAG receiving the financial reports. All other AFS were submitted within more than 9 months.

<sup>35</sup> [http://www.cagbd.org/methodology/gov\\_aud\\_standard/govt\\_auditing\\_standards\\_frd.pdf](http://www.cagbd.org/methodology/gov_aud_standard/govt_auditing_standards_frd.pdf)

<sup>36</sup> <http://www.cagbd.org/in.php?cp=plist&ty=areport>

<sup>37</sup> Authority provided to CAG by Article 132 of the Constitution and Section 4 of CAG (Additional Functions) Act, 1974.

**Table 30:** Status of Submission of Financial Statements and Audit Reports, as of September 2022

Financial Year	Annual Financial Statements	Submitted by the CGA to the OCA	Certified by the CAG	Submitted to the Honorable President by the CAG	Presented to Parliament
2013-14	Appropriation Accounts	October 25, 2017	November 28, 2017 (1 month of receipt from the CGA)	April 23, 2018 (6 months of receipt from the CGA)	July 1, 2018 (8 months of receipt from the CGA)
	Finance Accounts	October 25, 2017	November 13, 2017 (1 month of receipt from the CGA)	April 23, 2018 (6 months of receipt from the CGA)	July 1, 2018 (8 months of receipt from the CGA)
2014-15	Appropriation Accounts	November 22, 2017	January 28, 2018 (2 months of receipt from the CGA)	September 11, 2019 (24 months of receipt from the CGA)	January 23, 2020 (26 months of receipt from the CGA)
	Finance Accounts	November 22, 2017	March 19, 2018 (4 months of receipt from the CGA)	September 11, 2019 (24 months of receipt from the CGA)	January 23, 2020 (26 months of receipt from the CGA)
2015-16	Appropriation Accounts	October 30, 2019	November 10, 2020 (11 months of receipt from the CGA)	March 2, 2021 (16 months of receipt from the CGA)	June 14, 2021 (19 months of receipt from the CGA)
	Finance Accounts	October 25, 2020	October 13, 2021 (1 month of receipt from the CGA)	March 6, 2022 (5 months of receipt from the CGA)	Not yet
2016-17	Appropriation Accounts	November 18, 2021	March 28, 2022 (4 months of receipt from the CGA)	Not yet	Not yet
	Finance Accounts	March 20, 2022	March 28, 2022 (8 days of receipt from the CGA)	Not yet	Not yet
2017-18	Appropriation Accounts	April 27, 2022	June 9, 2022 (1 month and 13 days of receipt from the CGA)	Not yet	Not yet
	Finance Accounts	April 18, 2022	June 9, 2022 (1 month and 21 days)	Not yet	Not yet

Source: CGA based on official letters.

### ▶ **PI-30. 3 External audit follow-up**

245. The coordination between the OCAG and the line ministries on follow-up of audit observations had been an issue. However, with the creation of new audit directorates since 2018, the coordination is gaining strength. The total response time for the audited entities has been revised since the last PEFA assessment from 90 days to 49 days. There are audit cells in the line ministries headed by a Deputy Secretary/Joint Secretary to review the draft audit observations and give responses within the stipulated time.

### ▶ **PI-30. 4 Supreme Audit Institution (SAI) independence**

246. The independence of the OCAG is guaranteed by the Constitution. Articles 128-132<sup>38</sup> elaborate on its mandate. The Auditor-General is appointed by the President and shall not be removed from his office except by an order of the President passed pursuant to a resolution of Parliament. It must be supported by a majority of not less than two-thirds of the total number of Members of Parliament. Actions must be taken on the grounds of proven misbehavior or incapacity, or (s)he can resign.

247. Like other budgeting entities, the OCAG's budget is approved by Parliament and independently executed by the OCAG. The OCAG plans its audit engagements independently, which is consistent with its criteria as clearly defined in the standards and manuals (which can be found online). The OCAG has unrestricted access to records, documentation and information of the entities audited. According to Article 132 of the Constitution, the CAG submits his audit reports to the President of the Republic, who then causes them to be laid before the Parliament.

### ▶ **Ongoing reforms**

Audit is a significant element of the reform program. It should improve coverage, standards, and timing (which was badly affected by the COVID-19 pandemic).

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<sup>38</sup> <http://www.cagbd.org/in.php?cp=constitution>

## PI-31 Legislative scrutiny of audit reports (M2)

### Summary table

Indicator/Dimension	Score 2016	Score 2021	Brief justification of the score
PI-31 Legislative scrutiny of audit reports	B	B	Hearings occur and cover all audited entities. The legislature issues recommendations, and there is follow-up — although it is not systematic. Committee reports are released to the media.
31.1 Timing of audit report scrutiny	D	B	The scrutiny of audit reports pertaining to the annual financial reports has been completed by the legislature within six months from receipt of the reports.
31.2 Hearings on audit findings.	A	A	Hearings occur and cover all audited entities.
31.3 Recommendations on audit by the legislature.	A	C	The legislature issues recommendations, and there is follow-up — although it is not systematic.
31.4 Transparency of legislative scrutiny of audit reports.	B	C	Committee reports are shared with the media immediately after they are tabled. The media are briefed about the committee deliberations through a press release. However, the press releases are not currently uploaded to any website. The score for the previous evaluation should have been a C.

#### ✓ Coverage

CG.

#### ✓ Time period

Last three completed fiscal years.

### ► PI-31.1 Timing of audit report scrutiny

248. The Rules of Procedures of Parliament (ROP) lay down the procedures for the review of audit reports by the Standing Committee of Public Accounts (PAC) (Table 32). According to precedence, as soon as the CAG's reports are placed with the Parliament, they stand referred to the PAC. The PAC then starts examination of the reports within a few days. The timing for a discussion of the reports depends on the number of audit reports. There are instances of the inclusion of audit reports being put on the agenda within 3-4 weeks of their submission before the Parliament. The PAC generally meets twice a month. Depending on the review backlog, the Committee can also meet more frequently.

249. The Audit Report for the 2015-16 AFS was submitted to the Parliament on June 16, 2022, and reviewed by the PAC on August 11, 2022. The 2017-18 Audit Report was submitted to the Parliament on January 23, 2021. The PAC scrutiny started on February 26, 2021, and finished within 3 months of submission.

**Table 31:** Status of Submission of Appropriation and Finance Accounts certified by CAG to the Parliament

Financial Year	Annual Financial Statements	Presented to Parliament	Reviewed by Parliament
2013-14	Appropriation Accounts	July 1, 2018 (8 months of receipt from the CGA)	Yet to be reviewed by the PAC.
	Finance Accounts	July 1, 2018 (8 months of receipt from the CGA)	Reviewed by the PAC on August 11, 2022, at its 83rd sitting.
2014-15	Appropriation Accounts	January 23, 2020 (26 months of receipt from the CGA)	Yet to be reviewed by the PAC.
	Finance Accounts	January 23, 2020 (26 months of receipt from the CGA)	Reviewed by the PAC on August 11, 2022, at its 83rd sitting.
2015-16	Appropriation Accounts	June 14, 2021 (19 months of receipt from the CGA)	Yet to be reviewed by the PAC.
	Finance Accounts	June 16, 2022 (8 months of receipt from the CAG)	Reviewed by the PAC on August 11, at its 83rd sitting.
2016-17	Appropriation Accounts	Not yet	Not yet
	Finance Accounts	Not yet	Not yet
2017-18	Appropriation Accounts	January 23, 2021	February 26, 2021,
	Finance Accounts	January 23, 2021	February 26, 2021.

Sources: OCAg and PAC Secretariats.

**In summary**, the scrutiny of audit reports pertaining to the annual financial reports has been completed by the legislature within six months from receipt of the reports.

### ▶ *PI-31.2 Hearings on audit findings*

250. The PAC sends for relevant documents regarding the audit objections and hears the principal accounting officers, as well as other relevant persons in committee sittings. All reports with qualified or adverse opinions are heard.

### ▶ *PI-31.3 Legislative recommendations on audits*

251. After examination of the audit reports, the PAC issues recommendations and sends the reports to the Parliament. The current PAC has a huge backlog of audit objections, but it tries to clear up as many as it can examine within its tenure. Accordingly, it places the PAC's reports with the Parliament. The COVID-19 pandemic has added to the backlog. Recommendations carry less weight if actions take place after a lapse of some years. Follow-up exists, but it is not systematic. The PAC Secretariat issues minutes with recommendations regarding the day of confirmation or by the next working day. It may take three to seven days to issue the minutes only in a few exceptional cases.

### ▶ *PI-31.4 Transparency of legislative scrutiny of audit reports*

252. The previous practice of holding press conferences by the PAC Chair to encourage public access is not being followed. However, Committee reports are shared with the media immediately after they are tabled. However, they are not currently uploaded to any website.

### ▶ **Ongoing reforms**

- Strengthening Parliamentary oversight is a significant element of PFM reform. Support to the legislature should enable improved timing and quality of scrutiny. Transparency is expected to improve when a secure website is developed. The upgraded system is expected to be completed by December 2022.





# 3

## OVERALL ANALYSIS OF PFM PERFORMANCE

253. The objective of this chapter is to present an integrated analysis using information provided in the preceding sections 2 and 3, as well as to derive some overall conclusions about the performance of the PFM systems. In particular, the analysis seeks to assess how the performance of PFM systems may affect the government's ability to deliver the intended fiscal and budgetary outcomes. It will also identify the main strengths and weaknesses of the PFM system.

### 3.1. PFM Strengths and Weaknesses

#### 3.1.1 Aggregate fiscal discipline

##### Strengths

254. Budget documentation provided to the Parliament is consistent and comprehensive. Information is published annually about the quantity of outputs produced and achieved for all ministries. The total cost and physical progress of major investment projects are monitored by the implementing government unit. Standard procedures and rules for project implementation are in place, and information about the implementation of major investment projects is published annually.

255. The Appropriation Act calls for strict procedures and the budget has always been approved before June 30th. The government has submitted to the legislature and published a current fiscal strategy. It includes explicit, time-based quantitative fiscal goals and targets, along with an annual budget and report that describes progress. The government prepares forecasts of revenues, expenditures and the budget balances for the next three fiscal years and then submits them to the legislature. The legislature initiates a debate and reviews all aspects of revenues and expenditures, fiscal policies, the MTMPS, including priorities therein.

256. Appropriate segregation of duties is prescribed throughout the expenditure process. The MDAs can plan and commit expenditures at least one quarter in advance. No arrears officially exist. Cash flows are prepared annually alongside the budget. All revenue reaches a Treasury account within a day of payment, either directly to a Treasury account or branch of the Sonali Bank. Significant adjustments to budget allocations only take place through the revised budget, of which there is one per fiscal year. This is carried out in a clear and transparent way. The Ministry of Finance compiles a monthly fiscal report covering all types of revenues and expenditures.

257. Payroll is well controlled and process changes to personnel records are generally made within a month. Most of the contracts awarded (by value) have used competitive methods. All legislation and statistics concerning procurements, as well as data about the resolution of procurement complaints, are posted on the CPTU and e-procurement websites. Access and changes to records are restricted and recorded, resulting in an audit trail. As the Internal Control Unit (ICU) within the MoF, the CGA has a formal charter to check paperwork and supporting documents and vouchers for all accounts, payments, sub-ledgers, provident funds, and pensions. The independence of the CAG is guaranteed by the Constitution.

## Weaknesses

258. Deviation of budget execution by function has been over 15 percent for all of the last 3 years. This is because revenue fell short of the target during the same period. Quarterly expenditure reports generated through the iBAS do not produce a detailed account of resources received by the delivery units. Performance evaluations are conducted only by the OCAG, and those covered in the last three years are less than 2 percent of service delivery function. In addition, annual budget execution reports and audited annual financial reports, incorporating or accompanied by the OCAG's report, are not made available to the public within twelve months of the end of the year.

259. The Medium-Term Debt Management Strategy was seven years outdated. It has been updated only recently. Not all of the comprehensive management and statistical reports covering debt service, stock, and operations are produced. Most SOEs do not submit their annual reports to the SOE Financial Reporting and Coordination Unit of the MFDP. Except for a few city corporations, other SNGs do not publish annual reports. The macro-fiscal forecasts prepared by the government do not include a qualitative assessment of the impact of alternative macroeconomic assumptions. No expenditure policy proposals in the annual budget estimates align with the strategic plans. The budget documents do not provide an explanation of any of the changes to medium-term expenditure estimates.

260. There is no formalized internal audit procedure. When internal audits are performed in a ministry, reports are not shared, discussed, or coordinated with the OCAG, or other bodies. Annual audit programs do not exist. Advance accounts are never cleared, except for salary-related accounts. Financial reports are submitted for external audit more than 9 months after the end of the year. Reports are currently 8 months behind.

261. The external audit reports coverage was less than 50 percent of government entities over the last 3 years. Audit is mainly compliance. A review can take as little as a week. However, the current backlog means that reviews are about 9 months behind. One financial audit report (2017-18) has been received by the legislature in the last three fiscal years. This occurred in January 2021. The OCAG submits its audit reports to the President, who causes them to be laid before Parliament instead of submitting them directly. The PAC reports are not disclosed to the public.

### 3.1.2 Strategic allocation of resources

#### Strengths

262. The documentation submitted to the Parliament is relatively comprehensive. Information about the quantity of outputs produced by all ministries is published annually. The total cost and physical progress of major investment projects are monitored by the implementing government units. Standard procedures and rules for project implementation are in place, and information about the implementation of major investment projects is published annually.
263. The GoB establishes its budget for medium-term forecasts of revenues and expenditures. Cash flow forecasts are prepared alongside the budget and updated monthly on the basis of actual receipts and payments. Budget execution is closely monitored. Responsibilities are clearly delineated. Significant adjustments to budget allocations only take place through the revised budget. No arrears officially exist. The Ministry of Finance compiles a monthly fiscal report covering all types of revenues, expenditures and collections.
264. In public procurement, most of the contracts awarded in value used competitive methods. All legislation, procurement plans, bidding opportunities, contract awards, statistics and data concerning resolution of procurement complaints are posted on the CPTU and the e-procurement websites. Complaints are handled in a clear and transparent manner. Reports compare the actual revenues and expenditures to the budget. They also include information on assets, liabilities and cash balances. Finally, the independence of the OCAG is guaranteed by constitutional mandate.

#### Weaknesses

265. The deviation of budget execution was high during the last 3 fiscal years because of the shortfall in revenues. Resources received by delivery units are not included in quarterly budget execution reports. Annual reports and AFS are published more than one year after the end of the fiscal year. Very few performance evaluations have been conducted. The SAI is the only organization to conduct such evaluations.
266. The Medium-Term Debt Management Strategy was outdated and updated only recently. Loans and the issuance of guarantees can be made by the Minister of Finance according to the PM&BM Act. No reports from the SNGs are published. Most SOEs do not submit their annual reports to the SOE wing of the Finance Division. No expenditure policy proposals in the annual budget estimates align with the strategic plans. The macro-fiscal forecasts prepared by the government do not include a qualitative assessment of the impact of alternative macroeconomic assumptions. Internal audit does not verify the strategic allocation of resources because there is no formal internal audit.
267. The strategic allocation of resources cannot be verified in the financial reports, which are submitted for external audit more than 9 months after the end of the fiscal year. There is also a backlog of audited financial statements. The statement for FY 2017-18 was presented in January 2021.

### 3.1.3 Efficient service delivery

#### Strengths

268. The iBAS can generate budget allocation utilization reports, including the quantity of outputs produced for all ministries. It is published annually and provides partial information about the efficiency of service delivery. This is reinforced by the fact that more than 70 percent of the value of contracts is awarded using competitive methods, which are recorded within the e-procurement system.
269. All revenue reaches the Sonali Bank within one day. Expenditure forecasts are updated monthly on the basis of actual receipts and payments, and the control is adequate. Budget users can commit expenditures at least a quarter in advance. Important adjustments can be done only through a revised budget submitted to the legislature. A consolidated report is produced monthly. The independence of the OCAG is guaranteed by its constitutional mandate. The OCAG has adopted INTOSAI standards.

#### Weaknesses

270. The MDA quarterly reports contain output indicators, but they do not present details about resources received by the delivery units. Thus, they do not have a good idea of the efficiency of service delivery. This is not compensated by performance audits. Only the SAI conducts such audits, but they cover less than 2 percent of the service delivery function. Finally, the public does not have a clear view of the efficiency of service delivery. The efficiency of service delivery is hampered by the lack of alignment of the annual budget estimates with the strategic plans of the ministries. The budget documents do not provide an explanation of any of the changes to medium-term expenditures.
271. Service delivery efficiency is not properly assessed because of the absence of annual audit programs and the production of annual performance audit reports. The audit reports are mainly done for compliance. Financial reports are submitted for external audit quite late, generally more than 9 months after end of the fiscal year. The independence of the arrangements for publicizing reports is hampered by routing them through the President instead of independently to the Parliament. Committee reports are not disclosed to the public.

272. Performance of the PEFA Indicators by Budgetary Outcomes is presented in the table below:

**Table 32:** Performance of the PEFA Indicators by Budgetary Outcomes

Pillar	Indicator	1. Aggregate fiscal discipline	2. Strategic allocation of resources	3. Efficient service delivery
<b>I. Budget reliability</b>	1. Aggregate expenditure outturn	GOOD		
	2. Expenditure composition outturn		BASIC	BASIC
	3. Revenue outturn	BELOW BASIC		
<b>II. Transparency of public finances</b>	4. Budget classification		BASIC	
	5. Budget documentation		GOOD	
	6. Central government operations outside of financial reports	BASIC	BASIC	
	7. Transfers to subnational governments		BELOW BASIC	BELOW BASIC
	8. Performance information for service delivery			BASIC
	9. Public access to fiscal information			BELOW BASIC
	10. Fiscal risk reporting	BELOW BASIC		
<b>III. Management of assets and liabilities</b>	11. Public investment management	BASIC	BASIC	
	12. Public asset management	BELOW BASIC		
	13. Debt management	BASIC		
<b>IV. Policy-based fiscal strategy and budgeting</b>	14. Macroeconomic and fiscal forecasting	GOOD		
	15. Fiscal strategy	BASIC	BASIC	

Pillar	Indicator	1. Aggregate fiscal discipline	2. Strategic allocation of resources	3. Efficient service delivery
	16. Medium -term perspective in expenditure budgeting	BASIC	BASIC	BASIC
	17. Budget preparation process		GOOD	
	18. Legislative scrutiny of budgets		BASIC	
<b>V. Predictability and control in budget execution</b>	19. Revenue administration		BASIC	BASIC
	20. Accounting for revenues		BASIC	BASIC
	21. Predictability of in-year resource allocations	GOOD		GOOD
	22. Expenditure arrears	BELOW BASIC		
	23. Payroll controls			BASIC
	24. Procurement management			ADVANCED
	25. Internal controls on non-salary expenditures	BASIC		BASIC
	26. Internal audit			BELOW BASIC
<b>VI. Accounting and reporting</b>	27. Financial data integrity			BASIC
	28. In -year budget reports	BASIC	BASIC	BASIC
	29. Annual financial reports			BELOW BASIC
<b>VII. External scrutiny and audit</b>	30. External audit			BELOW BASIC
	31. Legislative scrutiny of audit reports			GOOD

Source: Authors' calculations

## 3.2. Effectiveness of internal control framework

273. There is a well-defined regulatory framework comprised of different rules and regulations to establish internal control across the government. However, compliance with the framework is an issue. Examples of such non-compliance abound in the audit observations raised by the OCAG. Internal audit, as part of internal control, is still virtually nonexistent.

### Management oversight and environment for control

274. While there are adequate rules and regulations in place to establish strong internal control, the lack of tailored manuals in the MDAs remains a concern. Despite this, the government has implemented a comprehensive public administration training policy to cultivate an efficient civil service capable of delivering quality services to the public. Additionally, all government agencies have an established organizational structure with defined roles and responsibilities for each position.

275. The focus of the management and control environment in the MDAs tends to be on day-to-day operations rather than implementing structural reforms like auditing, which necessitates additional resources. Annual Performance Agreements (APAs) are signed by MDAs with the Cabinet Division to determine their performance targets for the year, and annual reports assessing their performance are required. However, a more concerted effort is needed to promote greater transparency and accountability in the management and control of government agencies.

### Risk Assessment & Management

276. Risk identification is not widely practiced by MDAs, which is a significant gap in tax collection. Procedures exist but are often not followed, according to the OCAG. Few entities assess risks, and little evidence of risk mapping was provided.

### Instituting Controls

277. The lack of adequate manuals in MDAs, combined with ineffective internal audit, results in widespread non-compliance with existing internal control regulations. The ability to perform routine tasks is also hampered by a lack of capacity within the administrations.

### Accounting, Information & Communication Systems

278. With the implementation of the integrated budgeting and accounting system (iBAS++), audits are now fairly robust and reliable. However, iBAS++ does not provide all the data/information needed to prepare the financial and appropriation accounts. The financial statements for the fiscal year 2021-2022 have not yet been closed within 9 months after the end of the fiscal year. The forms and formats of the financial statements also need to be finalized. It is planned to introduce a new module in iBAS++ to verify the quantity and quality of purchased goods and services.

## Self-Assessment & Monitoring

279. Evaluation and monitoring procedures are well established but still incomplete. Implementation Monitoring and Evaluation Division (IMED) follows up with MDAs and management is required to respond to all requests. Senior accountants are required to hold monthly meetings to review the progress of development projects under the Annual Development Program (ADP), with the participation of department/agency heads. Reconciliations are handled by iBAS++. However, reconciliations for externally funded projects are done manually through special accounts with the Controller General of Accounts (CGA).

## On-going reforms

280. Recently, the FD established a policy hub to guide the process of establishing internal audit functions in major spending ministries, despite challenges arising from the non-availability of trained internal auditors. Once established, the internal control environment will improve significantly.

## 3.3. Performance changes since the previous assessment

281. There have been some improvements in government financial management and reporting since the previous assessment, and no particular deterioration, despite the slow implementation of audit procedures within the administration. Expenditures not included in government financial reports account for less than 10% of BCG expenditures, and revenues not included in financial reports account for less than 5% of BCG revenues, while the extent of extra-budgetary operations could not be determined during the previous evaluation. A performance indicator assessment framework for all departmental outputs is now in place, and the linkages between outputs in this framework and expenditures have improved. An economic analysis is carried out for 60-70% of investment projects, and standard project selection criteria are now published. The government supports the preparation of its budget with forecasts of key macroeconomic indicators and underlying assumptions and submits them to the legislature. Procedures for reviewing budget proposals are approved by the legislature prior to budget hearings and are followed. Although manual and not run through iBAS, commitment controls are in place and financial data integrity processes are monitored by a team from the Ministry of Finance. Payroll and contract management are better controlled and over 70% of contracts are now on an electronic platform.

## By pillars

### ► Budget reliability

282. Overall, there has been no significant change between 2016 and 2021, with a rating of “C” in both years. The analysis shows some improvements in budgetary and fiscal performance, but there are still areas of concern that require attention.

283. In terms of aggregate expenditure outturn, there has been a slight improvement, with a rating of “B” in both 2016 and 2021. However, there were deviations from budgeted expenditures in the last three years. Expenditure composition outturn has seen mixed results, with a rating of “D+” in 2016 and an improvement to “C+” in 2021. However, the variance in the composition of expenditures by administrative



classification was still greater than 10% in 2018/19 and 2019/20. Revenue outturn has deteriorated over time, with a rating of “C” in 2016, a downgrade to “D” in 2021, and continued significant deviations from initial forecasts.

### ► *Transparency of public finances*

284. Overall, Bangladesh has made some improvements in budget documentation and budget classification, but there are still further rooms from improvement, such as expenditure outside financial reports, financial reports of extrabudgetary units, and public access to fiscal information. There is no improvement regarding budget classification, which is still not consistent with COFOG and always used consistently for formulation, implementation, and reporting.

### ► *Management of assets and liabilities*

285. The country has made progress in some areas, such as public investment management, but there are areas where there is still room for improvement. For example, the country needs to enhance its monitoring of subnational governments, contingency liabilities, and transparency of asset disposal. In terms of debt management, the country’s medium-term debt management strategy has been updated, but there are still issues with coordinating debt monitoring across different offices of the Ministry of Finance.

### ► *Policy-based fiscal strategy and budgeting*

286. Overall, the analysis suggests that there has been some improvement in certain areas, such as the quality of macroeconomic and fiscal forecasting and the adoption of a current fiscal strategy with clear goals and targets. However, there are also areas where there has been limited progress, such as the alignment of strategic plans and medium-term budgets and the lack of a qualitative assessment of the impact of alternative macroeconomic assumptions in the government’s macro-fiscal forecasts.

### ► *Predictability and control in budget execution*

287. In general, the country’s performance has improved in some areas, such as predictability and control in budget execution and accounting for revenue. However, there are still areas of concern, such as revenue arrears monitoring and expenditure arrears.

### ► *Accounting and reporting*

288. Overall, the government’s accounting and reporting practices are considered to be at a basic level for most indicators. Some indicators have improved over time, such as financial data integrity processes and the coverage and comparability of in-year budget reports, while others did not improve, such as the completeness of annual financial reports and the timing of in-year budget reports.

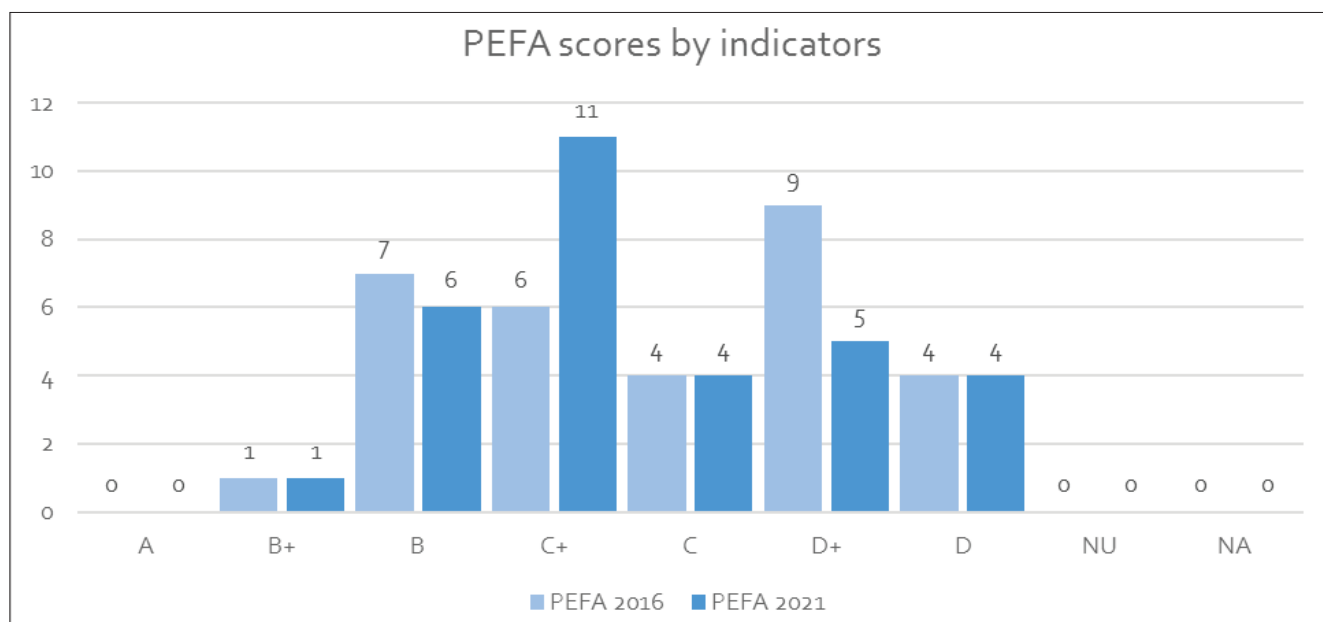
### ► *External scrutiny and audit*

289. Overall, there have been limited improvements in external scrutiny and audit in the country over the past five years. The analysis shows that while there has been some improvement in timing of legislative scrutiny of audit reports, the coverage and standards of external audits, submission of audit reports to the legislature, and external audit follow-up have all remained at low levels. The independence of the Supreme Audit Institution has also not improved significantly.

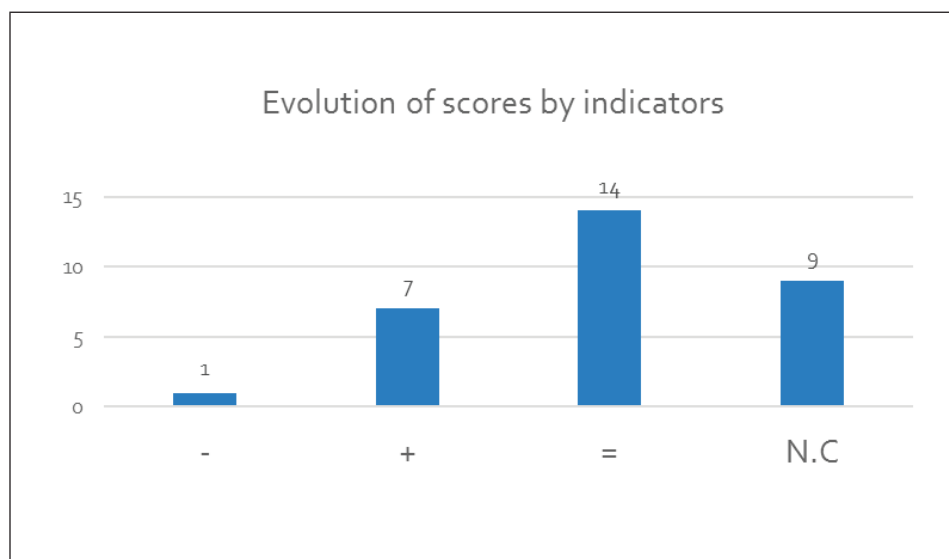
## By indicators

290. By indicators, the scores improved for 7 indicators, decreased for 1 indicator, and remained unchanged for 14 indicators. 9 indicators were not comparable (Figure 12).

**Figure 11:** PEFA Scores by Indicators



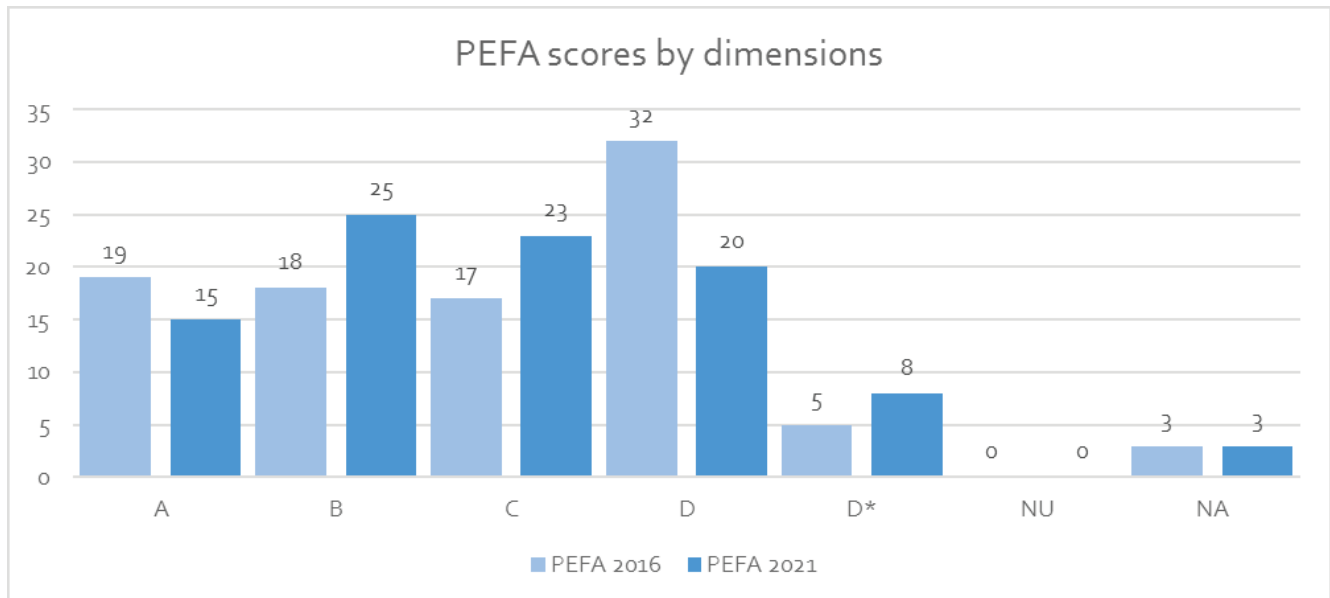
Ind	PEFA 2016	PEFA 2021
A	0	0
B+	1	1
B	7	6
C+	6	11
C	4	4
D+	9	5
D	4	4
NU	0	0
NA	0	0
<b>Total</b>	<b>31</b>	<b>31</b>



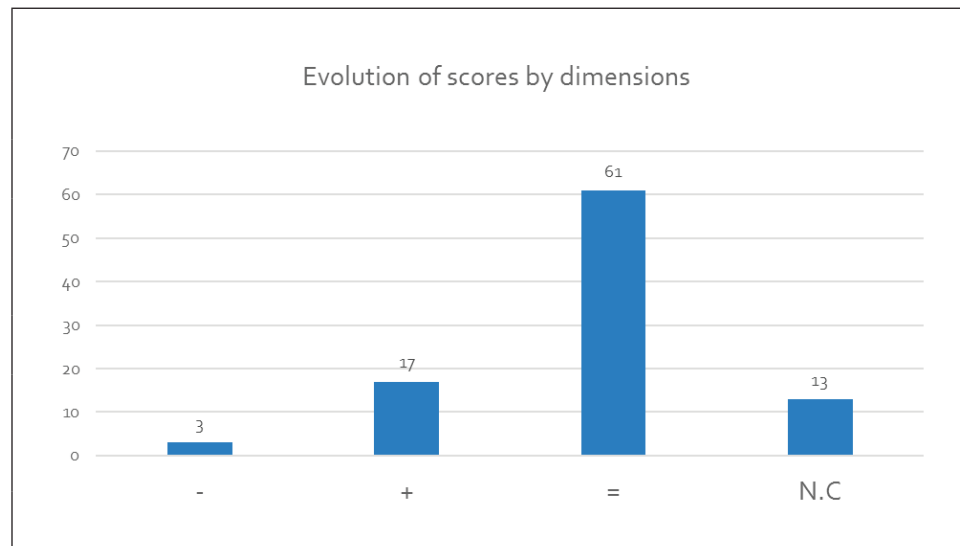
## By dimensions

291. By dimensions, the scores improved for 17 dimensions, decreased for 3 dimensions, and remained unchanged for 61 dimensions. 13 dimensions were not comparable.

**Figure 12:** PEFA Scores by Dimensions



Ind	PEFA 2016	PEFA 2021
A	19	15
B	18	25
C	17	23
D	32	20
D*	5	8
NU	0	0
NA	3	3
<b>Total</b>	<b>94</b>	<b>94</b>





# Annex 1

## Indicators performance summary

Label	2016	2021	Comp	Evol	Current justification	Previous justification
I-Budget reliability	C	C	Yes			
PI-1 Aggregate expenditure outturn	B	B	Yes	=	The overall expenditure outcome deviated by more than 5% from budgeted expenditures in 2019/20 and 2020/21 but by less than 10% in 2018/19 and 2019/20.	
1.1 Aggregate expenditure outturn	B	B	Yes	=	The overall expenditure outcome deviated by more than 5% from budgeted expenditures in 2019/20 and 2020/21 but by less than 10% in 2018/19 and 2019/20.	Aggregate expenditure outturn was between 90% and 110% of approved aggregate budgeted expenditure in at least two of the last three years.
PI-2 Expenditure composition outturn	D+	C+	Yes	+	The composition variance of expenditures by administrative classification was greater than 10% in 2018/19 and 2019/20.	
2.1 Expenditure composition outturn by function	D	C	Yes	+	The variance in the composition of expenditures by administrative classification (excluding contingency and interest on debt) was greater than 10% of the original budget in 2018/19 and 2019/20, but less than 15% in the last three years.	Variance in expenditure composition by functional classification was more than 15% in the last three years.

Label	2016	2021	Comp	Evol	Current justification	Previous justification
2.2 Expenditure composition outturn by economic type	C	C	Yes	=	The variance in the composition of expenditures by economic type was greater than 10% of the original budget in 2018-19 and 2019-20 but less than 15% for the last three years.	Variance in expenditure composition by economic classification was less than 15% in at least two of the last three years.
2.3 Expenditure from contingency reserves	A	A	Yes	=	Contingency expenditure was less than 1 percent of the original budget. However, the government also uses a global allocation, which is similar to a contingency, but which was also less than 1% of the original budget.	Bangladesh does not use a significant contingency budget as it was on average 2.2 percent of the annual budget over the review period.
PI-3 Revenue outturn	C	D	Yes	-	<b>Revenue execution showed significant deviations from the initial forecasts, both at the aggregate and detailed levels. The situation has deteriorated compared to the previous evaluation due to the setting of targets rather than realistic estimates.</b>	
3.1 Aggregate revenue outturn	D	D	Yes	=	During the period under review, revenues were more than 15 percent below the budgeted target in 2018-19 and 2019-20.	In two of the review years, revenue fell short of the budgeted target by over 8 percent.
3.2 Revenue composition outturn	B	D	Yes	-	The variance in revenue composition was greater than 15% in 2019-20 and 2020-21.	The variance in revenue composition was under 10 percent in two of the last three years

Label	2016	2021	Comp	Evol	Current justification	Previous justification
II-Transparency of public finances	D+	C	Yes	+		
PI-4 Budget classification	C	C	Yes	=	The GoB uses a classification system of administrative, economic, and functional codes, but it is not always used consistently for formulation, implementation, and reporting. The GoB's sectoral budget classification is not consistent with COFOG.	
4.1 Budget classification	C	C	Yes	=	The GoB uses a classification system consisting of administrative, economic and functional codes. The annual budget execution reports present expenditures only through the economic and administrative classification.	Government uses a classification system made up of administrative and economic codes (no functional codes) used for formulation, execution, and reporting with bridging to (at least level 2 of GFS standard—2 digits) of GFS Manual 2001 used for reporting annually to the IMF.
PI-5 Budget documentation	B	B	Yes	=	The budget documentation fulfills all the basic elements (1-4) and 5 additional elements.	
5.1 Budget documentation	B	B	Yes	=	The budget documentation fills in all the basic elements (1-4) and 5 additional elements. The exchange rate is now part of the macroeconomic assumptions.	Budget documentation fulfills all basic elements (1-4) and 5 of the additional elements.

Label	2016	2021	Comp	Evol	Current justification	Previous justification
PI-6 Central government operations outside financial reports	D	C	Yes	+	Expenditures outside of government financial reporting are less than 10% of BCG expenditures. Non-financial reporting revenues are less than 5% of BCG revenues. Most extra-budgetary units do not publish their financial reports.	
6.1 Expenditure outside financial reports	D*	C	Yes	+	Expenditure outside government financial reports is less than 10% of BCG expenditure in FY 2020-21	No extra-budgetary operations were reported in fiscal reports for 2013-14
6.2 Revenue outside financial reports	D*	B	Yes	+	Revenue outside government financial reports is about 5% of BCG revenue in FY 2020-2.1	No extra-budgetary operations were reported in fiscal reports for 2013-14
6.3 Financial reports of extrabudgetary units	D*	D*	Yes	=	Only 38 percent of the extra-budgetary units (EBUs) published their annual reports in FY 2020-21 and the amount of their total expenditures was not reported.	No extra-budgetary operations were reported in fiscal reports for 2013-14
PI-7 Transfers to subnational governments	D+	D+	Yes	=	More than the majority of transfers are determined by a formula. Reliable information on the transfer amount is usually only known at the time of the transfers, two months after the beginning of the fiscal year.	



Label	2016	2021	Comp	Evol	Current justification	Previous justification
7.1 System for allocating transfers	C	C	Yes	=	The horizontal allocation of more than the majority of transfers from central to subnational governments is determined by transparent, rules-based systems.	Some horizontal allocation transfers to subnational governments from central government is determined by transparent, rule-based systems. Formula transfers represent just over 51% of all transfers.
7.2 Timeliness of information on transfers	D	D	Yes	=	Reliable information on the amount of the transfer is usually only known at the time of the transfer, two months after the beginning of the fiscal year.	The bulk of financial transfers are provided alongside first reliable information on size of transfer 2 months into the FY.
<b>PI-8 Performance information for service delivery</b>	<b>D+</b>	<b>C</b>	<b>Yes</b>	<b>+</b>	<b>MDAs heads sit with the agencies to monitor ADP implementation together with the performance review. Outputs delivered by the MDAs are published.</b>	
8.1 Performance plans for service delivery	C	B	Yes	+	A framework of performance indicators relating to outputs of all the ministries is in place. This is documented in the MBF of the line ministries.	A framework of performance indicators relating to outputs or outcomes of all ministries is in place. This is documented in ministry budget framework of line ministries. However, weak linkages between planned performance and expenditures exist.
8.2 Performance achieved for service delivery	B	B	Yes	=	Information is published annually on the quantity of outputs produced by all ministries.	Information is published annually on quantity of outputs produced achieved for all ministries.

Label	2016	2021	Comp	Evol	Current justification	Previous justification
8.3 Resources received by service delivery units	D	D	Yes	=	iBAS can generate budget utilization reports. However, no document shows any record of actual resources received by service delivery units.	iBAS can generate budget allocation utilization reports. At MDA level, Secretary sits with agency heads to monitor ADP implementation every month using iBAS reports (including budget implementation reports), IMED reports, and MDA quarterly reports. However, MDAs do not assemble this information to detail resources received by delivery units.
8.4 Performance evaluation for service delivery	D	D	Yes	=	Only 5 SAI performance evaluations have been carried out in the last three years which is only a small fraction of the service delivery units.	Only supreme audit institution conducts performance evaluations. Only 4 performance evaluations have been prepared in the last 3 years, which is less than 2% of service delivery function.
PI-9 Public access to fiscal information	D	D	Yes	=	<b>Budget execution reports are generally published more than 6 months after the end of the year. Audit reports on financial statements are not available within 12 months of end of the year.</b>	
9.1 Public access to fiscal information	D	D	Yes	=	The GoB does not make available to the public at least four basic elements. Quarterly budget execution reports are published with several months' lag; budget performance reports are generally issued more than 6 months after the end of the year; audit reports on financial statements are not available within 12 months of year-end.	The Government makes available to public only 3 of the basic elements and 3 of additional elements.

Label	2016	2021	Comp	Evol	Current justification	Previous justification
III-Management of assets and liabilities	C	C	No	N.C		
PI-10 Fiscal risk reporting	D+	D+	Yes	=	Monitoring of SNGs is lacking. State-owned enterprises are monitored, but with delay. Contingent liabilities and fiscal risk monitoring are no longer reported.	
10.1 Monitoring of public corporations	D	C	Yes	+	For FY 2020-2021, 75% of SOEs published their AFS within nine months of the end of the fiscal year.	
10.2 Monitoring of subnational governments	D	D	Yes	=	Less than 50% of the municipalities' annual reports are available on their respective websites.	Government receives financial reports from just under 30% of public corporations within 9 months of fiscal year-end.
10.3 Contingent liabilities and other fiscal risks	C	C	Yes	=	There is no comprehensive quantification of all contingent liabilities in a report, but the MTMPS includes a paragraph with quantification of guarantees issued by MoF and the "Budget in Brief" statement includes a list of explicit guarantees broken down by sector.	There is no comprehensive monitoring resulting in a report. Under ECF program with IMF, there is a structural benchmark setting out the ceiling on guarantees to be issued. This is monitored to meet program obligation.
PI-11 Public investment management	C	C+	Yes	+	There are criteria for project selection. MTBFs for outer years include both recurring and capital costs, but do not define a link between recurring costs and budget. Economic analysis is performed for 60-70% of projects by value. The tracking system is relatively good.	

Label	2016	2021	Comp	Evol	Current justification	Previous justification
11.1 Economic analysis of investment proposals	D	C	Yes	+	Economic Analysis is conducted for about 90% of Investment projects by value. However, the economic analyses are not reviewed by a specific entity independent of the entity responsible for the project.	There is no formal economic appraisal process.
11.2 Investment project selection	B	A	Yes	+	Prior to their inclusion in the budget, all major investment projects are prioritized by a central entity (Inter-ministerial Programming Committee) based on published standard criteria for project selection.	Prior to their inclusion in the budget, all major investment projects are prioritized by a central entity on basis of standard criteria for projects election.
11.3 Investment project costing	D	D	Yes	=	Capital costs for the medium term are now included in the MBF. However, there is no evidence that projections of the total capital cost of major investment projects, together with the capital costs for the forthcoming budget year have been translated into budget estimates.	There is no formal linkage between recurrent costs as laid out in project documents and budget.
11.4 Investment project monitoring	B	B	Yes	=	The total cost and physical progress of major investment projects are monitored by the implementing government units (ministries, agencies) and Implementation Monitoring and Evaluation Division (IMED). Standard procedures and rules for project implementation are in place and information on the implementation of major investment projects is published monthly and annually.	Project implementation monitoring and reporting arrangements are in place for ensuring value for money and fiduciary integrity. The total cost and physical progress of major investment projects are monitored by implementing government unit. Standard procedures and rules for project implementation are in place. Annual reports covering physical and financial monitoring for all approved projects of the Annual Development Program, which cover all ministries/divisions, are available on Ministry of Planning website.

Label	2016	2021	Comp	Evol	Current justification	Previous justification
PI-12 Public asset management	D+	D+	Yes	=	Financial assets are tracked but not reported annually. Non-financial assets are not fully tracked, and disposal of assets is incompletely reported.	
12.1 Financial asset monitoring	C	C	Yes	=	The government maintains a record of its holdings in the major financial asset classes, but does not publish an annual performance report.	The government maintains a record of its holdings in major categories of financial assets.
12.2 Nonfinancial asset monitoring	D	D	Yes	=	Reports on assets are not produced by MDAs.	Fixed asset registers exist. Reports on assets are not produced.
12.3 Transparency of asset disposal	D	D	Yes	=	Information on transfers and assignments is not reflected in budget documentation, financial reports or any other reports.	Rules exist as laid down by government, but noncompliance occurs. However, information is not provided in budget documents, financial reports, or other reports to the legislature or public on transfers and disposals of assets.
PI-13 Debt management	B	C+	No	N.C	Debt management and reporting has been weak since 2015 although reports are now starting to be published and the MTDS has been updated.	

Label	2016	2021	Comp	Evol	Current justification	Previous justification
13.1 Recording and reporting of debt and guarantees	B	B	Yes	=	Records of domestic and external debt and guaranteed debt are complete, accurate, and updated and reconciled at least every 3 months. Statistical reports are issued quarterly on the web site of the MOF.	Ministry of Finance has taken over responsibility for debt sustainability analysis and now produces monthly, quarterly, and annual reports on domestic and foreign debt. Data is accurate as there has been no significant issues with reconciliation of data over PEFA review period. There is a time lag of six weeks after the month end to finalize monthly accounts based on complete set of data inputted in database outside of DMFAS.
13.2 Approval of debt and guarantees	D	D	Yes	=	The government is authorized by law to borrow and issue guarantees. Annual borrowing is approved by Parliament. However, actions are fragmented between different offices of the Ministry of Finance, which does not have a coordinating role in debt monitoring.	Loans and issuance of guarantees can only be made by the Minister of Finance although this is not detailed in primary legislation. They are made against transparent criteria but not against fiscal targets.
13.3 Debt management strategy	A	B	No	N.C	The medium-term debt management strategy has been updated but the government does not provide an annual reporting against debt management objectives and target ranges to the legislature. There is also no evidence that the government's annual plan for borrowing is consistent with the approved strategy. The score for the previous assessment should have been B.	A Medium-Term Debt Management Strategy is now prepared annually. The strategy is available on MoF website. The MTMPS, which is presented before Parliament with the budget documents, reports on the status of debt. The 2014 report covered domestic and foreign debt over a 3-year horizon. It sets target levels for interest rates, refinancing, and exchange rate risk, which is used for annual planning.

Label	2016	2021	Comp	Evol	Current justification	Previous justification
IV-Policy-based fiscal strategy and budgeting	C+	B	No	N.C		
PI-14 Macroeconomic and fiscal forecasting	D+	B	Yes	+	The forecasts include monetary variables from the Bangladesh Bank's monetary policy statements. There is no macro-fiscal sensitivity analysis. Exchange rates and interest rates are now included in the assumptions.	
14.1 Macroeconomic forecasts	C	A	Yes	+	The government prepares forecasts of the main macroeconomic indicators for the fiscal year and the following two fiscal years. The forecasts are reviewed twice by the National Council for Coordination of Fiscal and Monetary Policies. The underlying assumptions now concern the GDP growth rate, the exchange rate and inflation, which was not the case in 2016.	The Government prepares forecasts of key macroeconomic indicators for the budget year and the two following fiscal years.
14.2 Fiscal forecasts	C	B	Yes	+	The government prepares forecasts of revenue, expenditure and the budget balance for the budget year and the two following fiscal years. These forecasts, together with underlying assumptions are submitted to the legislature.	The government prepares forecasts of revenue, expenditure and the budget balance for the budget year and the two following fiscal years.
14.3 Macroeconomic sensitivity analysis	D	D	Yes	=	The macro-fiscal forecasts prepared by the government do not include a qualitative assessment of the impact of alternative macroeconomic assumptions.	The macro-fiscal forecasts prepared by the Government do not include a qualitative assessment of impact of alternative macroeconomic assumptions.

Label	2016	2021	Comp	Evol	Current justification	Previous justification
PI-15 Fiscal strategy	B	C+	No	N.C	Analysis of the fiscal impact of policy proposals is ad hoc. Fiscal Strategy adoption is robust as is reporting to the legislature, though actions planned to address deviations are not included in reports.	
15.1 Fiscal impact of policy proposals	D	D	Yes	=	The government only prepares estimates of the fiscal impact of some proposed changes in revenue and expenditure policy for the budget year.	The Government prepares estimates of fiscal impact of some proposed changes in revenue and expenditure policy for budget year.
15.2 Fiscal strategy adoption	A	A	Yes	=	The government has adopted, submitted to the legislature, and published a current fiscal strategy that includes explicit time-based quantitative fiscal goals and targets together with qualitative objectives for at least the budget year and the following two fiscal years.	The Government has adopted, submitted to the legislature, and published a current fiscal strategy that includes explicit time-based, quantitative fiscal goals and targets together with qualitative objectives for at least the budget year and the following two fiscal years.
15.3 Reporting on fiscal outcomes	B	C	No	N.C	The government prepares an internal report on the progress made against its fiscal strategy but did not submit to the legislature along with the annual budget a report that describes progress made against its fiscal strategy. The score in 2016 should have been a C.	The Government has submitted to the legislature along with the annual budget a report that describes progress made against its fiscal strategy and provides an explanation of the reasons for any deviation from objectives and targets set.
PI-16 Medium term perspective in expenditure budgeting	C+	C+	No	N.C	The MTBF includes 3-year expenditure estimates, including caps for MDAs. These forecasts are consistent with the strategic plans. However, comparisons with previous MTBFs are weak.	



Label	2016	2021	Comp	Evol	Current justification	Previous justification
16.1 Medium-term expenditure estimates	A	B	No	N.C	The budget presents estimates of expenditures for the budget year and the following two fiscal years by economic and administrative classification. The score for the previous assessment should have been B.	The budget presents estimates of expenditure for the budget year and two following fiscal years by economic, functional, and administrative classifications.
16.2 Medium-term expenditure ceilings	A	A	Yes	=	The overall and ministry-level expenditure ceilings for the budget year and the following two fiscal years are approved by the government before the first budget circular is issued.	Aggregate and ministry-level expenditure ceilings for the budget year and two following fiscal years are approved by Government before first budget circular is issued. The budget ceilings are approved by the Budget Monitoring and Resource Committee sometime in October. The budget circular is issued in early November.
16.3 Alignment of strategic plans and medium-term budgets	D	D	Yes	=	There is limited evidence of linkages between planning documents and strategies and the determination of budget ceilings for the current year and forecasts based on review of several key ministries.	Medium-term strategic plans are prepared for some ministries. No expenditure policy proposals in the annual budget estimates align with the strategic plans.
16.4 Consistency of budgets with previous year's estimates	D	D	Yes	=	The budget documents do not provide any explanation of the changes in spending estimates between the second year of the last medium-term budget and the first year of the current medium-term budget, even at the aggregate level.	The budget documents do not provide an explanation of any of changes to expenditure estimates between the second year of last medium-term budget and first year of current medium-term budget even at the aggregate level.

Label	2016	2021	Comp	Evol	Current justification	Previous justification
<b>PI-17 Budget preparation process</b>	B	B	Yes	=	The budget calendar allows sufficient time for MDAs to prepare budgets, and the BCC includes caps that are subsequently approved by the cabinet. However, the legislature still has less than a month to review the budget.	
17.1 Budget calendar	A	A	Yes	=	After receiving BCC1, ministries are given roughly two months to produce their budget framework. There is a fixed budget calendar which is adhered to.	After receiving BCC1, ministries are given roughly two months to produce their budget framework. There is a fixed budget calendar, which is largely adhered to.
17.2 Guidance on budget preparation	B	B	Yes	=	Comprehensive and clear budget circulars are issued to the budget units, covering the total budget expenditures for the entire fiscal year. The approval of ceilings by Cabinet takes place after the first circular's distribution to budgetary units (BCC1) but before the budgetary units have completed their submission.	A comprehensive and clear budget circular exists. Two budget circulars are issued to budgetary units. BCC1 provides one aggregate ceiling for both development and non-development budgets. BCC2 provides a separate ceiling for each. Prior to BCC2, ministerial-level Budget Monitoring and Resources Committee (chaired by Minister for Finance and including major spending ministries) approved the budget ceilings.
17.3 Budget submission to the legislature	D	D	Yes	=	The budget proposal is always submitted on the first Thursday in June and approved by June 30, giving the legislature less than a month to review the budget.	The budget proposal is always submitted on the first Thursday of June (i.e., between June 1 and 7) and approved by June 30, giving the legislature less than a month to review the budget.
<b>PI-18 Legislative scrutiny of budgets</b>	C+	C+	No	N.C	<b>The rules regarding budget review and approval procedures and budget adjustments are in place.</b>	

Label	2016	2021	Comp	Evol	Current justification	Previous justification
18.1 Scope of budget scrutiny	A	A	Yes	=	The legislature analyzes all aspects of revenues and expenditures, fiscal policies, MTMPS and its priorities.	The legislature initiates debate and review on all aspects of revenue and expenditure, fiscal policies, MTMPS, and priorities therein.
18.2 Legislative procedures for budget scrutiny	C	C	Yes	=	Procedures for reviewing budget proposals are approved by the legislature and are followed. Rule 111 of the Rules of Procedure does not allow for committees to scrutinize the budget.	Rules of Procedures of Parliament have been approved by the legislature. The procedures do not allow for committees to scrutinize the budget, although this happens in practice.
18.3 Timing of budget approval	A	A	Yes	=	The budget is always approved by June 30th in time for the start of the fiscal year.	The budget is always approved by June 30 in time for the start of the fiscal year.
18.4 Rules for budget adjustment by the executive	A	B	No	N.C	The rules on in-year amendments to the budget are laid down by the Constitution and they are adhered to in most instances. However, appropriations are sometimes overspent and then regularized by a Supplementary Appropriation at the end of the year. The situation was the same in 2016 so the score should have been a B.	Only allowed under a revised budget that has strict procedures for enactment and is always adhered to.

Label	2016	2021	Comp	Evol	Current justification	Previous justification
V-Predictability and control in budget execution	C	C+	No	N.C		
PI-19 Revenue administration	D+	C+	Yes	+	<b>NBR makes sure that the taxpayers understand their tax obligation, manages revenue risks, carries out internal audit and publishes revenue arrears data.</b>	
19.1 Rights and obligations for revenue measures	B	B	Yes	=	The NBR, which collects most of revenues, regularly publishes booklets and brochures on how to meet tax obligations. Online tax filing and calculation assistance are also available for all types of income. Laws have been uploaded on the website but appeal rights are not clearly explained.	Entities collecting the majority of revenues provide payers with access to comprehensive and up-to date information on main revenue obligation areas and on rights, including, at a minimum, redress processes and procedures.
19.2 Revenue risk management	D	B	Yes	+	A profiling and risk management system is in place for all types of taxes within the NBR. In addition, there is a specialized tax investigation unit that deals exclusively with the identification of unregistered taxpayers and ensures compliance.	Entities collecting less than 50% of revenues use approaches that are partly structured and systematic for assessing and prioritizing compliance risks for some revenue streams.
19.3 Revenue audit and investigation	D	D*	Yes	=	NBR undertakes fraud audits and investigations but does not use a compliance improvement plan. Audits and cases settled in 2019/20 declined due to the lockdown under COVID and data were not available yet.	Entities collecting majority of government revenue undertake audits and fraud investigations but do not use a compliance improvement plan nor complete the majority of planned audits and investigations.

Label	2016	2021	Comp	Evol	Current justification	Previous justification
19.4 Revenue arrears monitoring	D	C	Yes	+	NBR publishes revenue arrears data in its annual reports. Data for 2020-21 were not available yet due to the Covid-19 period, but the stock of revenue arrears by 2019-20 was just above 20% of the total revenue collection for the year.	The Annual Report of NBR for FY12/13 indicates that tax arrears stood at Tk72.68 billion and collection of Tk9.91 billion. This data is unreliable as arrears are not fully monitored.
<b>PI-20 Accounting for revenue</b>	<b>C+</b>	<b>C+</b>	<b>Yes</b>	<b>=</b>	<b>Reporting on revenues is comprehensive and produced monthly. Transfers are normally daily, but some can take up to a week to reach a cash account. There is no reconciliation of contributions and arrears.</b>	
20.1 Information on revenue collections	A	A	Yes	=	The ministry of Finance prepares a consolidated report on a monthly basis covering all types of revenue and the period covered by the collection.	Ministry of Finance compiles a consolidated report on a monthly basis covering all revenue types and period covered by the collection.
20.2 Transfer of revenue collections	A	A	Yes	=	Most transfers are made the same day even if some can take up to a week.	All revenue reaches a treasury account within a day of payment either directly to a treasury account or branch of Sonali Bank.
20.3 Revenue accounts reconciliation	C	C	Yes	=	Reconciliation is performed only between collections and revenues received and not between established entitlements and arrears.	Reconciliation only occurs between collections and receipts (immediately), not assessments and arrears.

Label	2016	2021	Comp	Evol	Current justification	Previous justification
PI-21 Predictability of in-year resource allocation	B+	B	No	N.C	Cash flows are prepared annually and updated monthly but CGA is still in the process of identifying the inventory of all bank accounts. MDAs can plan expenditures at least one quarter in advance. Budget adjustments are made only through the revised budget in a clear and transparent manner.	
21.1 Consolidation of cash balances	C	D*	Yes	-	Most bank balances and cash are likely to be consolidated daily. However, CGA is still in the process of identifying the inventory of all bank accounts and evidence has been provided only for bank accounts held at Bangladesh Bank. The situation was likely the same in 2016.	CGA consolidates all treasury single accounts daily and treasury single sub-accounts monthly.
21.2 Cash forecasting and monitoring	A	A	Yes	=	Cash flows are prepared annually with the budget. They are then forecasted and monitored and updated monthly based on actual receipts and payments.	Cash flows are prepared annually alongside the budget, then forecasts are made. Cash flows are monitored and updated monthly on basis of actual receipts and payments
21.3 Information on commitment ceilings	B	B	Yes	=	MDAs can plan expenditures at least a quarter in advance.	MDAs can plan and commit expenditures at least one quarter in advance. The quarterly budget is the rigid ceiling running for first three quarters; budget units' expenditures are reviewed for fourth quarter, at which point the last quarter ceiling can be revised. In the case of non-development budget, MDAs can spend against budget allocation for which no quarterly fund release is required, with the exception of grant transfers to different agencies.

Label	2016	2021	Comp	Evol	Current justification	Previous justification
21.4 Significance of in-year budget adjustments	A	B	No	N.C	Significant adjustments to budget allocations are made only through the revised budget, but Parliament is not informed of these adjustments in advance. The situation was the same in 2016.	Significant adjustments to budget allocations only take place through the revised budget of which there is one per fiscal year. This is carried out in a clear and transparent way.
<b>PI-22 Expenditure arrears</b>	<b>D</b>	<b>D</b>	<b>Yes</b>	<b>=</b>	<b>No official backlog exists. Actual backlogs are not known.</b>	
22.1 Stock of expenditure arrears	D*	D*	Yes	=	No backlogs officially exist, although they probably do at the MDA level.	CGA implements a strict cut-off date for submission of current year invoices/claims to ensure that all tokens are cleared before year-end. However, systems and processes are not yet in place to generate reliable arrears data.
22.2 Expenditure arrears monitoring	D*	D*	Yes	=	According to the GoB, there is no data on arrears, but the follow-up of arrears is not done effectively by the MDAs.	Systems and processes are not yet in place to generate reliable arrears data. As noted in PI-28.3, expenditure for both commitment and payment stage are not provided in in-year budget reports.
<b>PI-23 Payroll controls</b>	<b>C+</b>	<b>C+</b>	<b>Yes</b>	<b>=</b>	<b>The payroll system is fully automated in the central budget office, but there is no evidence of robust payroll control.</b>	

Label	2016	2021	Comp	Evol	Current justification	Previous justification
23.1 Integration of payroll and personnel records	B	B	Yes	=	The manual payroll in each MDA is supported by full documentation for all changes made to personnel records each month and checked against the previous month's payroll data. Staff hiring and promotion is controlled by a list of approved staff positions.	The manual payroll in each MDA is supported by full documentation for all changes made to personnel records each month and checked against previous month's payroll data. Staff hiring is controlled against positions approved by Ministry of Public Administration and Ministry of Finance. Promotion is also guided by set rules where number of positions to be filled by promotion is clearly defined.
23.2 Management of payroll changes	B	B	Yes	=	Employees are paid monthly, with some exceptions. Retroactive adjustments are rare but may exceed 3% of the total wage payment.	It can take up to 3 months to process changes to personnel records although majority are made within a month. Retroactive payments exist but are not widespread.
23.3 Internal control of payroll	C	C	Yes	=	The payroll control system has improved and there are sufficient controls in place to ensure the integrity of most payroll data, but no audit has yet been carried out to show that it is now able of ensuring high data integrity.	Changes can only be made by two staff signatures (including certifying officer) providing a full audit trail. Reconciliation and aggregation is not carried out at central level.
23.4 Payroll audit	C	C	Yes	=	A partial annual salary audit is in place by the SAI for each MDA.	Annual partial audit is in place by the supreme audit institution for each MDA.



Label	2016	2021	Comp	Evol	Current justification	Previous justification
PI-24 Procurement management	B	B+	No	N.C	All procurement a registered in databases. Procurement complaints management is satisfactory.	
24.1 Procurement monitoring	B	A	Yes	+	Data is accurate and complete for all of methods of acquiring goods, services, and work.	Records are maintained for most procurement methods of goods, works, and services covering type of procurement, value, and awardees' name with price. It compares well with procurement plans and analyzes date for e-GP contracts as stored in database. The e-GP covers over 30% of contracts. Over 90% of procurement of Roads and Highways Department, Local Government Engineering Department, Bangladesh Water Development Board, and Bangladesh Rural Electrification Board are conducted through e-Ipswich is about 25% of total procurement by value. These agencies report quarterly on procurement performance through the e-GP system.
24.2 Procurement methods	B	B	No	N.C	The total value of contracts awarded through competitive methods in over 70% of contracts are competitive. The grade should have been a "D" in 2016.	Most agencies follow open competitive methods by default as per the law, which is systematically implemented, and records are maintained at agency level. Non-competitive methods require approval of head of agency. Open procurement method is over 70% of total value of contracts.

Label	2016	2021	Comp	Evol	Current justification	Previous justification
24.3 Public access to procurement information	B	B	Yes	=	Public access to data is satisfactory, but annual procurement statistics are not published. Complaint management is satisfactory.	All legislation and regulations, government procurement plans, bidding opportunities, contract awards, and data on resolution of procurement complaints but not annual procurement statistics are posted on CPTU website covering most procurement of government operations (over 75%). The process of updating the website is continuous as and when a document is updated or approved. For example, procurement plan in E-GP is uploaded as soon as approved and is then immediately available.
24.4 Procurement complaints management	B	A	No	N.C	The complaints system meets all required criteria. The score in 2016 should have been an "A".	The complaints system meets most criteria (5 out of 6), including mandatory criteria of not involved in any capacity in procurement transactions or in the process leading to contract award decisions.
PI-25 Internal controls on nonsalary expenditure	C	C+	Yes	+	<b>Segregation of duties is prescribed throughout the expenditure process. However, there is no formal commitment control system and audit reports indicate that compliance is a significant problem.</b>	
25.1 Segregation of duties	A	A	Yes	=	Appropriate segregation of duties is prescribed throughout the expenditure process. Responsibilities are clearly defined.	A generic manual has appropriate segregation of duties prescribed throughout expenditure process. Responsibilities are clearly laid down. The functions of authorization, recording, custody of assets, reconciliation, and audit are well organized on paper, yet as confirmed by OC&AG Audit Reports, the gap between reality and theory remains an issue.

Label	2016	2021	Comp	Evol	Current justification	Previous justification
25.2 Effectiveness of expenditure commitment controls	D	C	Yes	+	Commitment controls have been established, but they are done manually and not through iBAS, which provides only partial coverage.	There is no formal commitment control system.
25.3 Compliance with payment controls	D	D*	Yes	=	According to the regulations, most payments must comply with established rules and procedures and exceptions must be properly authorized and justified. However, no evidence was provided and OCAG for FY 2015-16 and 2016-17 audit reports revealed instances of non-compliance.	SAL reports indicate that compliance is a significant problem but no data exists to indicate to what extent. Exceptions are usually properly authorized and justified.
<b>PI-26 Internal audit</b>	<b>D</b>	<b>D</b>	<b>Yes</b>	<b>=</b>	<b>There is no formal internal audit. There are some ex- post financial compliance reviews that remain within the MDAs.</b>	
26.1 Coverage of internal audit	D	D	Yes	=	Five high-spending departments have internal audit units, but the functions of these units are not yet implemented.	There is no formal internal audit function in place despite the fact that some personnel are assigned as internal audit heads.
26.2 Nature of audits and standards applied	NA	NA	Yes	=	Ex-post internal controls are primarily focused on financial compliance reviews.	Ex post checking are carried out on a compliance basis not on risk basis. Standards applied are notice based. MDAs lack qualified internal auditors. Personnel gain experience on the job and through workshops and some training programs that the relevant MDA may organize.

Label	2016	2021	Comp	Evol	Current justification	Previous justification
26.3 Implementation of internal audits and reporting	NA	NA	Yes	=	Internal control is still based on inspection and the implementation of internal audit is not yet effective.	Internal audit effectiveness is limited; there are no systematic audit plans. Ex post review reports are issued to MDA management, but these are not circulated to the supreme audit institution or Ministry of Finance.
26.4 Response to internal audits	NA	NA	Yes	=	Management sometimes provides explanations following audits, but there are no established procedures to follow up on these recommendations.	There is no formal annual audit program. There is no mechanism to assess extent to which actions taken by management on ex post review of transactions.
<b>VI-Accounting and reporting</b>	<b>C</b>	<b>C</b>	<b>No</b>	<b>N.C</b>		
<b>PI-27 Financial data integrity</b>	<b>C+</b>	<b>C</b>	<b>No</b>	<b>N.C</b>	<b>A bank reconciliation is performed from an accounting control point of view. Advances are regularly adjusted. Financial data integrity processes are monitored by a departmental team of Finance. Access and changes to records are limited and recorded.</b>	
27.1 Bank account reconciliation	D	B	Yes	+	A monthly bank reconciliation is performed for all active headquarters bank accounts, usually within four weeks of the end of each month.	Bank reconciliation from an accounting control perspective does not take place. The IBAS++ bank reconciliation functionality is not in use.
27.2 Suspense accounts	A	D*	No	N.C	The new GoB budget classification includes suspense accounts but no information on the monthly reconciliation was provided. It is likely that the situation was the same in the previous assessment	All government entity suspense accounts are cleared rigorously every financial year, barring one. The Bangladesh Railway suspense account is never cleared although close inspection reveals it to be an emergency contingency account.

Label	2016	2021	Comp	Evol	Current justification	Previous justification
27.3 Advance accounts	D	D*	No	N.C	Reports generated by iBAS++ show an imprecise account balance of 0.3% of FY 2020/21 government expenditures but no information on the monthly reconciliation was provided. It is likely that the situation was the same in the previous assessment.	Reconciliation of advance accounts is carried out quarterly and within one month of the end of a given period. Advance accounts are never cleared except for salary-related accounts.
27.4 Financial data integrity processes	A	B	No	N.C	Access to and changes in records are limited and recorded, creating an audit trail. The Internal Control Unit (ICU) within the CGA has a formal charter to check documents and vouchers for all accounts, payments, subsidiary registers, provident funds and pensions, but there is no dedicated MDA team reporting to the Ministry of Finance on data integrity. The situation was the same before.	Access and changes to iBAS++ records is restricted and recorded, resulting in an audit trail. Internal Control Unit within CGA/MoF has a formal charter to check paperwork and supporting documents and vouchers for all accounts, payments, subledger, provident funds, and pensions.
PI-28 In-year budget reports	C+	C+	No	N.C	<b>The coverage and comparability of the reports include all budget forecast items. Reports are accurate, with the exception of some revenue data that is not highlighted.</b>	
28.1 Coverage and comparability of reports	A	B	No	N.C	Quarterly budget execution reports of the consolidated fund are published on the website of the MoF. They are presented according to the administrative classification and economic classification with partial aggregation. The score for the previous assessment should have been B.	Coverage and classification of data allows direct comparison to the original budget. Information includes all items of budget estimates, including transfers to de-concentrated units.

Label	2016	2021	Comp	Evol	Current justification	Previous justification
28.2 Timing of in-year budget reports	C	B	No	N.C	Quarterly reports are published at the beginning of the month following the end of the quarter. The score for the previous assessment should have been D.	Accounts for April, May, and June (preliminary) 2015, were closed and reported on June 7, July 9, and August 23, 2015, respectively (i.e., within 8 weeks of month-end).
28.3 Accuracy of in-year budget reports	C	C	Yes	=	The reports are useful for analyzing budget execution, but inaccuracies in the data (usually concerning revenue estimates) are not highlighted. There is no analysis of budget execution, even on half-year basis.	Reports are useful but data inaccuracies (usually regarding revenue estimates) are not highlighted. Expenditures made to de-concentrated units are included within the reports. Expenditure is captured at payment stage.
PI-29 Annual financial reports	D+	D+	Yes	=	<b>Financial reports are submitted to an external audit more than 9 months after the end of the fiscal year. They have been done using a combination of national and cash IPSAS.</b>	
29.1 Completeness of annual financial reports	D	C	Yes	+	Financial reports for budgetary central government are prepared annually and are comparable with the initial budget at a certain level of aggregation. They contain information on revenue, expenditure, financial assets and liabilities and debt, but not on guarantees.	Reports compare expenditure to budget but do not allow for revenue comparisons with the budget. Cash balances are included.
29.2 Submission of reports for external audit	D	D	Yes	=	Financial reports are submitted to an external audit more than 9 months after the end of the fiscal year.	Financial reports are submitted for external audit more than 9 months after fiscal year-end.

Label	2016	2021	Comp	Evol	Current justification	Previous justification
29.3 Accounting standards	C	C	Yes	=	For the period under review, the formats of Appropriation and Finance Accounts have been a combination of national and Cash IPSAS.	Reports are based on accounting standards (combination of IPSAS and Government standards) and consistently applied over time and disclosed in financial reports.
<b>VII-External scrutiny and audit</b>	<b>C+</b>	<b>C+</b>	<b>No</b>	<b>N.C</b>		
<b>PI-30 External audit</b>	<b>D+</b>	<b>D+</b>	<b>Yes</b>	<b>=</b>	<b>All government entities are subject to OC&amp;AG audit and the audit focuses on compliance. There is a significant backlog of audit reports. There is a follow-up system, but it is not always applied. The SAI is independent in the performance of its duties.</b>	
30.1 Audit coverage and standards	D	C	Yes	+	Financial reports of central government entities representing the majority of total expenditures and revenues have been audited by OCAG during the last 3 completed FY.	Coverage is less than 50% of government entities over last 3 years. Audit is mainly compliance. OC&AG has adopted INTOSAI standards.
30.2 Submission of audit reports to the legislature	D	D	Yes	=	Audit reports submitted to the Parliament are currently more than nine months overdue.	Timeliness of legislature's scrutiny, which is a key factor in effectiveness of accountability function, is of serious concern. For FY11/12, the Annual Appropriation A/c took 13 months from receipt from CGA and 28 months from year-end; and the Annual Finance A/c took 9 months from receipt from CGA and 28 months from year-end for submission to the President. The report has not yet reached Parliament for legislative scrutiny. Independence in the arrangements for publicizing reports is hampered by routing through the President instead of directly to Parliament.

Label	2016	2021	Comp	Evol	Current justification	Previous justification
30.3 External audit follow-up	D	D	Yes	=	A process for systemic follow-up of external audit recommendations has been established within government entities. However, there has been no follow-up on recommendations.	There is a process for timely and systemic follow-up of external audit recommendations and/or observations for an audited entity, but there are aberrations. Neither Executive nor audited entity has made a formal response on audits for which follow-up was expected during the last three completed fiscal years.
30.4 Supreme Audit Institution independence	C	C	Yes	=	The independence of the CAG is guaranteed by its constitutional mandate. He has unrestricted and timely access to all audited entities under his jurisdiction, but the Constitution provides that the CAG must submit his report to the President before it is transmitted to Parliament.	Independence of OC&AG is guaranteed by its constitutional mandate. Independence in the arrangements for publicizing reports is hampered by routing through President instead of independently to Parliament. The approval of budget is not independent of Executive, for example, by PAC pre-approving SAI budget as an agent of the legislature.
PI-31 Legislative scrutiny of audit reports	B	B	No	N.C	<b>Hearings exist and cover all audited entities. The legislature issues recommendations and there is follow-up on them, although this is not systematic. Committee reports are released to the media.</b>	
31.1 Timing of audit report scrutiny	D	B	Yes	+	Scrutiny of audit reports on annual financial reports has been completed by the legislature within six months from receipt of the reports.	Currently there is a two-year backlog. The Pao the 10th Parliament has so far reviewed audit reports on the financial statement covering 2008-09 to 2010-11. FY11/12 audit reports are yet to Belaid before Parliament.



Label	2016	2021	Comp	Evol	Current justification	Previous justification
31.2 Hearings on audit findings	A	A	Yes	=	Hearings exist and cover all audited entities.	In-depth hearings presently occur 2 times a month with responsible officers from audited entities in order to explain findings of audits. The hearings take place in presence of OC&AG staff.
31.3 Recommendations on audit by the legislature	A	C	Yes	-	The legislature issues recommendations and these are followed up, though not systematically.	Recommendations are issued, and after 4 meetings progress on follow-up is examined in fifth meeting.
31.4 Transparency of legislative scrutiny of audit reports	B	C	No	N.C	Committee reports are shared with the media immediately after they are tabled and they are briefed about the committee deliberations through press release, but they are not currently uploaded to any website. The score for the previous evaluation should have been C.	Although hearings are not held publicly, PAC has encouraged public hearings as a general rule and also briefs the press after hearings. Committee reports are provided to the full chamber of the legislature and published on an official website or by other means easily accessible to the public.

# Annex 2

## Summary of Observations on the Internal Control Framework

Internal Control Components and Elements	Summary of Observations
<b>1. Control environment</b>	
1.1 The personal and professional integrity and ethical values of management and staff, including a supportive attitude toward internal control consistently throughout the organization.	There are sufficient rules and regulations supportive of establishing robust internal control. However, there is a lack of tailored manuals in the MDAs. This is compounded by the lack of a regular audit of the SAI.
1.2. Commitment to competence	This is compromised by a lack of capacity to undertake existing tasks. Therefore, even if the FD is committed to improvements, this does not necessarily filter down to the MDAs.
1.3. The “tone at the top” (that is, management’s philosophy and operating style)	Management is more preoccupied with “day-to-day” tasks than widespread reform, which will also require extra capacity. However, Bangladesh has come a long way in implementing reforms since the 1990s. These reforms helped to create a critical mass of effective change agents who can take forward additional reforms.
1.4. Organizational structure	All offices within the government have a formal organizational structure with defined roles and responsibilities for their respective positions. The approval of the organizational structure passes through a rigorous screening process at different layers of the administration.
1.5. Human resource policies and practices	
<b>2. Risk assessment</b>	In 2003, the government adopted a comprehensive Public Administration Training Policy. The goal was to put in place an effective and innovative public service capable of delivering quality and cost-effective services to the people. <sup>3</sup>
2.1 Risk identification	Risk identification is not widely practiced by the MDAs. This is a serious deficiency with respect to tax collection.
2.2 Risk assessment (significance and likelihood)	Few entities assess risk.

Internal Control Components and Elements	Summary of Observations
2.3 Risk evaluation	Given the situation described herein, this is weak.
2.4 Risk appetite assessment	Few entities assess risk.
2.5 Responses to risk (transfer, tolerance, treatment, or termination)	There is little evidence of responses to risk.
<b>3. Control activities</b>	
3.1 Authorization and approval procedures	Procedures are good, but they are often not complied with, according to the OCAG.
3.2 Segregation of duties (authorizing, processing, recording, reviewing)	Procedures exist and are generally complied with.
3.3 Controls over access to resources and records	Procedures exist, but they are often not complied with, according to the OCAG.
3.4 Verifications	With the introduction of the Integrated Budgeting and Accounting System (iBAS++), the verifications are now quite robust and reliable. There is a plan to check acquired goods and services with agreed quantity and quality by introducing a new module in the iBAS++.
3.5 Reconciliations	EFT reconciliations are duly taken care of by the iBAS++. However, data reconciliations with the Economic Relations Division (ERD) concerning the revenues of the direct project aid and reimbursable project aid are done manually through special accounts with the NBR.
3.6 Reviews of operating performance	The MDAs are under an obligation to produce Annual Reports to reflect their strategic and operating performance. Under the MTBF, the MDAs are required to set performance indicators against which their performance can be evaluated.
3.7 Reviews of operations, processes, and activities	The MDAs are required to sign Annual Performance Agreements (APAs) with the Cabinet Division. The Division sets their performance targets for a particular year. These are then extensively reviewed by the Cabinet Division.
3.8 Supervision (assigning, reviewing and approving, and guidance and training)	The system of supervision exists at every layer in the hierarchy. What is done at a particular layer is reviewed by the officials of higher layers.

Internal Control Components and Elements	Summary of Observations
<p><b>4. Information and communications</b></p>	<p>The iBAS++ does not fully support the provision of data/ information required for the preparation of finance and appropriation accounts. These accounts have not been finalized for the last 3 years. Priority needs to be given to bringing all payments and receipts from government funds under the purview of the iBAS++. The forms and formats for annual accounts also need to be finalized.</p>
<p><b>5. Monitoring</b></p>	
<p>5.1 Ongoing monitoring</p>	<p>There is a system of ongoing monitoring of development projects. This is done by the heads of the MDAs. There is a mandatory requirement that Principal Accounting Officers must convene monthly meetings to review the progress of development projects within the Annual Development Program (ADP). The heads of departments/ agencies attend these meetings.</p>
<p>5.2 Evaluations</p>	<p>The evaluation exercise is carried out by the Implementation Monitoring and Evaluation Division (IMED) of the Ministry of Planning. This is a regular exercise carried out for public investment projects.</p>
<p>5.3 Management responses</p>	<p>Management responses are mandatory. The IMED then follows up with the MDAs.</p>

# Annex 3

## Sources of Information

### Calculation of Budget Variances for PI-1, 2 and 3

#### ► Calculations for PI-1.1 and PI-2.1 (Takas in Crore)

#### Data for year 2018/19

Administrative Head	Budget	Actual	Adjusted Budget	Deviation	Absolute Deviation	Percent
Finance Division	60,994	64,499	59,693	4,806	4,806	8.1%
Local Government Division	29,153	27,840	28,531	-691	691	2.4%
Ministry of Defense	29,066	31,701	28,446	3,255	3,255	11.4%
Secondary and Higher Education Division	24,895	24,453	24,364	89	89	0.4%
Road Transport and Highways Division	24,380	21,843	23,860	-2,017	2,017	8.5%
Power Division	22,936	29,549	22,447	7,102	7,102	31.6%
Ministry of Primary and Mass Education	22,465	19,929	21,986	-2,057	2,057	9.4%
Public Security Division	21,424	21,599	20,967	6,32	6,32	3.0%
Health Services Division	18,166	14,525	17,779	-3,254	3,254	18.3%
Ministry of Railways	14,557	9,723	14,247	-4,524	4,524	31.8%
Ministry of Agriculture	13,914	12,171	13,617	-1,446	1,446	10.6%
Ministry of Science and Technology	12,201	12,391	11,940	450	450	3.8%
Ministry of Disaster Management and Relief	9,658	7,923	9,452	-1,529	1,529	16.2%
Bridges Division	9,114	6,317	8,920	-2,603	2,603	29.2%
Ministry of Water Resources	7,093	7,553	6,942	612	612	8.8%
Technical and Madrasa Education Division	5,702	5,226	5,580	-354	354	6.4%

Ministry of Social Welfare	5,591	5,468	5,472	-5	5	0.1%
Medical Education and Family Welfare Division	5,227	3,990	5,116	-1,125	1,125	22.0%
Ministry of Housing and Public Works	4,963	5,959	4,857	1,102	1,102	22.7%
Ministry of Food	4,524	7,928	4,428	3,500	3,500	79.0%
21 (= sum of rest)	62,402	59,129	61,071	-1,943	1,943	3.2%
<b>Allocated expenditures</b>	<b>408,428</b>	<b>399,717</b>	<b>399,717</b>	<b>0</b>	<b>43,096</b>	
Interest	51,340	50,078				
Contingency	4,806	2,563				
<b>Total expenditures</b>	<b>464,574</b>	<b>452,358</b>				
Aggregate outturn (PI-1)						97.4%
Composition (PI-2) variance						10.8%
Contingency share of budget						0.6%

## Data for year 2019/20

Administrative Head	Budget	Actual	Adjusted Budget	Deviation	Absolute Deviation	Percent
Finance Division	69,064	71,051	61,741	9,311	9,311	15.1%
Local Government Division	34,241	29,448	30,610	-1,163	1,163	3.8%
Ministry of Defense	32,520	36,389	29,072	7,317	7,317	25.2%
Secondary and Higher Education Division	29,624	25,864	26,482	-619	619	2.3%
Road Transport and Highways Division	29,274	23,586	26,170	-2,584	2,584	9.9%
Power Division	26,065	29,204	23,301	5,903	5,903	25.3%
Ministry of Primary and Mass Education	24,040	20,459	21,491	-1,032	1,032	4.8%
Public Security Division	21,920	19,365	19,596	-231	231	1.2%
Health Services Division	19,944	13,908	17,830	-3,922	3,922	22.0%
Ministry of Science and Technology	16,439	12,680	14,696	-2,015	2,015	13.7%
Ministry of Railways	16,277	14,956	14,551	405	405	2.8%
Ministry of Agriculture	14,053	11,529	12,563	-1,033	1,033	8.2%
Ministry of Disaster Management and Relief	9,871	7,784	8,825	-1,041	1,041	11.8%
Bridges Division	8,564	6,684	7,656	-971	971	12.7%
Ministry of Water Resources	7,932	6,603	7,091	-488	488	6.9%
Technical and Madrasa Education Division	7,454	6,047	6,663	-616	616	9.2%
Ministry of Social Welfare	6,881	6,670	6,152	519	519	8.4%
Ministry of Housing and Public Works	6,603	5,494	5,903	-408	408	6.9%
Medical Education and Family Welfare Division	5,788	3,725	5,174	-1,449	1,449	28.0%
Ministry of Food	4,814	6,444	4,304	2,141	2,141	49.7%
21 (= sum of rest)	70,076	54,622	62,645	-8,024	8,024	12.8%
<b>Allocated expenditures</b>	<b>461,443</b>	<b>412,514</b>	<b>412,514</b>	<b>0</b>	<b>51,190</b>	
Interest	57,070	58,316				
Contingency	4,678	1,444				
<b>Total expenditures</b>	<b>523,191</b>	<b>472,275</b>				
Aggregate outturn (PI-1)						90.3%
Composition (PI-2) variance						12.4%
Contingency share of budget						0.3%

## Data for year 2020/21

Administrative Head	Budget	Actual	Adjusted Budget	Deviation	Absolute Deviation	Percent
Finance Division	94,471	95,000	83,484	11,515	11,515	13.8%
Local Government Division	36,103	32,211	31,904	307	307	1.0%
Ministry of Defense	34,842	35,473	30,790	4,684	4,684	15.2%
Secondary and Higher Education Division	33,118	29,614	29,267	348	348	1.2%
Road Transport and Highways Division	29,442	26,333	26,018	315	315	1.2%
Ministry of Primary and Mass Education	24,937	23,212	22,037	1,175	1,175	5.3%
Power Division	24,853	21,370	21,963	-593	593	2.7%
Health Services Division	22,883	17,185	20,222	-3,037	3,037	15.0%
Public Security Division	22,658	20,151	20,023	128	128	0.6%
Ministry of Science and Technology	17,946	11,587	15,859	-4,272	4,272	26.9%
Ministry of Railways	16,338	11,960	14,438	-2,479	2,479	17.2%
Ministry of Agriculture	15,442	12,926	13,646	-720	720	5.3%
Ministry of Disaster Management and Relief	9,836	7,988	8,692	-704	704	8.1%
Technical and Madrasa Education Division	8,345	6,654	7,374	-720	720	9.8%
Ministry of Water Resources	8,089	7,818	7,149	669	669	9.4%
Bridges Division	7,979	3,943	7,051	-3,108	3,108	44.1%
Ministry of Social Welfare	7,919	7,593	6,998	595	595	8.5%
Ministry of Housing and Public Works	6,936	6,418	6,129	289	289	4.7%
Medical Education and Family Welfare Division	6,362	4,462	5,622	-1,161	1,161	20.6%
Ministry of Food	6,047	7,612	5,343	2,268	2,268	42.5%
21 (= sum of rest)	71,847	57,993	63,491	-5,498	5,498	8.7%
<b>Allocated expenditures</b>	<b>506,393</b>	<b>447,501</b>	<b>447,501</b>	<b>0</b>	<b>44,586</b>	
Interest	57,070	58,316				
Contingency	4,536	2,762				
<b>Total expenditures</b>	<b>567,999</b>	<b>508,578</b>				
Aggregate outturn (PI-1)						89.5%
Composition (PI-2) variance						10.0%
Contingency share of budget						0.5%



► **Calculations for PI-2.2**

**Data for year 2018/19**

Economic Head	Budget	Actual	Adjusted Budget	Deviation	Absolute Deviation	Percent
<b>Operational Expenditures</b>						
Compensation of employees	61,047	56,197	52,284.8	3,911.9	3,911.9	7.5%
Interest	51,340	50,078	43,971.3	6,106.7	6,106.7	13.9%
Other recurrent expenditures	139,282	116,075	119,291.6	-3,216.3	3,216.3	2.7%
Capital expenditures/2 (Statement IV)	30,747	20,653	26,334.0	-5,681.0	5,681.0	21.6%
Net Outlay for Food Account Operation/3 (Statement VIII)	365	4,219	312.6	3,906.4	3,906.4	1249.6%
Loans and advances (Net) /4 (Statement VIA?)	2,124	-2,519	1,819.1	-4,338.1	4,338.1	238.5%
<b>Development Expenditures</b>						
Scheme/5 (Statement X)	327	184	280.1	-96.1	96.1	34.3%
Non-ADP Special Project (Statement VIA)	4,365	2,626	3,738.5	-1,112.5	1,112.5	29.8%
Annual Development Program/6 (Statement IX)	173,000	149,594	148,169.8	1,424.2	1,424.2	1.0%
Non-ADP FFW? and Transfer/7 (Statement X)	1,978	789	1,694.1	-905.1	905.1	53.4%
<b>Total Expenditures</b>	<b>464,575</b>	<b>397,896</b>	<b>397,896.0</b>	<b>0.0</b>	<b>30,698.3</b>	
Composition variance						7.7%

## Data for year 2019/20

Economic Head	Budget	Actual	Adjusted Budget	Deviation	Absolute Deviation	Percent
<b>Operational Expenditures</b>						
Compensation of employees	61,816	57,961	49,914.0	8,047.1	8,047.1	16.1%
Interest	57,070	58,316	46,081.7	12,234.3	12,234.3	26.5%
Other recurrent expenditures	159,049	120,040	128,425.3	-8,385.4	8,385.4	6.5%
Capital expenditures/2 (Statement IV)	32,328	20,473	26,103.5	-5,630.5	5,630.5	21.6%
Net Outlay for Food Account Operation/3 (Statement VIII)	308	2325	248.7	2,076.3	2,076.3	834.9%
Loans and advances (Net) /4 (Statement VIA)	937	1,205	756.6	448.4	448.4	59.3%
<b>Development Expenditures</b>						
Scheme/5 (Statement X)	1,463	1,619	1,181.3	437.7	437.7	37.1%
Non-ADP Special Project (Statement VIA)	5,315	3,343	4,291.6	-948.6	948.6	22.1%
Annual Development Program/6 (Statement IX)	202,721	155,718	163,688.8	-7,970.8	7,970.8	4.9%
Non-ADP FFW and Transfer/7 (Statement X)	2,184	1,455	1,763.5	-308.5	308.5	17.5%
<b>Total Expenditures</b>	<b>523,191</b>	<b>422,455</b>	<b>251,529.8</b>	<b>8,790.2</b>	<b>36,822.1</b>	
Composition variance						14.6%

## Data for year 2020/21

Economic Head	Budget	Actual	Adjusted Budget	Deviation	Absolute Deviation	Percent
<b>Operational Expenditures</b>						
Compensation of employees	68,780	59,699	55,657.7	4,041.5	4,041.5	7.3%
Interest	63,801	70,606	51,628.5	18,977.5	18,977.5	36.8%
Other recurrent expenditures	179,108	135,588	144,936.0	-9,348.2	9,348.2	6.4%
Capital Expenditure/2 (Statement IV)	36,490	19,937	29,528.1	-9,591.1	9,591.1	32.5%
Net Outlay for Food Account Operation/3 (Statement VIII)	567	3,718	458.8	3,259.2	3,259.2	710.3%
Loans and advances (Net) /4 (Statement VIA)	4,210	593	3,406.8	-2,813.8	2,813.8	82.6%
<b>Development Expenditures</b>						
Scheme/5 (Statement X)	2,522	2,721	2,040.8	680.2	680.2	33.3%
Non-ADP Special Project (Statement VIA)	4,722	4,108	3,821.1	286.9	286.9	7.5%
Annual Development Program/6 (Statement IX)	205,145	160,495	166,005.6	-5,510.6	5,510.6	3.3%
Non-ADP FFW and Transfer/7 (Statement X)	2,654	2,166	2,147.6	18.4	18.4	0.9%
<b>Total Expenditures</b>	<b>567,999</b>	<b>459,631</b>	<b>285,615.9</b>	<b>4,525.1</b>	<b>48,031.3</b>	
Composition variance						16.8%

► **Calculations for PI-3 (Taka in Crone)**

**Data for year 2018/19**

Economic Head	Budget	Actual	Adjusted Budget	Deviation	Absolute Deviation	Percent
<b>Tax revenues</b>						
Taxes on income, profit and capital gains	100,719	66,940	74,656	-7,716	7,716	10.3%
Taxes on property	1,400	669	1,038	-369	369	35.6%
Taxes on goods and services	164,436	128,499	121,885	6,613	6,613	5.4%
Taxes on international trade and transactions	32,592	24,397	24,158	238	238	1.0%
Other taxes	6,782	4,945	5,027	-82	82	1.6%
<b>Grants</b>						
Grants from foreign governments	4,051	1,393	3,003	-1,609	1,609	53.6%
Grants from international organizations	0	0	0	0	0	0
<b>Other revenues</b>						
Property income	16,599	12,089	12,304	-215	215	1.7%
Sales of goods and services	25,633	18,701	19,000	-299	299	1.6%
Fines, penalties and forfeits	602	686	446	239	239	53.6%
Transfers not elsewhere classified	1,795	4,448	1,330	3,117	3,117	234.3%
Premiums, fees, and claims related to non-life insurance and standardized guarantee schemes	0	0	0	0	0	0
Sum of rest	237	259	176	83	83	47.0%
<b>Total revenues</b>	<b>354,846</b>	<b>263,024</b>	<b>263,024</b>	<b>0</b>	<b>20,582</b>	
Overall variance						74.1%
Composition variance						7.8%

## Data for year 2019/20

Economic Head	Budget	Actual	Adjusted Budget	Deviation	Absolute Deviation	Percent
Tax revenues						
Taxes on income, profit and capital gains	113,912	75,420	79,934	-4,514	4,514	5.6%
Taxes on property	1,400	667	982	-316	316	32.1%
Taxes on goods and services	176,691	118,461	123,988	-5,527	5,527	4.5%
Taxes on international trade and transactions	36,554	23,798	25,651	-1,853	1,853	7.2%
Other taxes	11,547	3,635	8,103	-4,468	4,468	55.1%
Grants						
Grants from foreign governments	4,169	1,901	2,925	-1,024	1,024	35.0%
Grants from international organizations	0	660	0	660	660	0
Other revenues						
Property income	14,974	10,293	10,508	-214	214	2.0%
Sales of goods and services	32,380	17,602	22,722	-5,120	5,120	22.5%
Fines, penalties and forfeits	289	603	203	401	401	197.6%
Transfers not elsewhere classified	2,151	23,475	1,509	21,966	21,966	1455.5%
Premiums, fees, and claims related to non-life insurance and standardized guarantee schemes	0	0	0	0	0	0
Sum of rest	253	186	177	8	8	4.7%
<b>Total revenues</b>	<b>394,318</b>	<b>276,703</b>	<b>276,703</b>	<b>0</b>	<b>46,070</b>	
Overall variance						70.2%
Composition variance						16.6%

## Data for year 2020/21

Economic Head	Budget	Actual	Adjusted Budget	Deviation	Absolute Deviation	Percent
Tax revenues						
Taxes on income, profit and capital gains	103,945	87,340	89,409	-2,069	2,069	2.3%
Taxes on property	1,668	917	1,435	-518	518	36.1%
Taxes on goods and services	189,119	146,525	162,671	-16,146	16,146	9.9%
Taxes on international trade and transactions	37,866	31,592	32,571	-979	979	3.0%
Other taxes	12,401	3,416	10,667	-7,251	7,251	68.0%
Grants						
Grants from foreign governments	4,013	2,317	3,452	-1,135	1,135	32.9%
Grants from international organizations	0	660	0	660	660	0
Other revenues						
Property income	14,023	14,023	12,062	1,961	1,961	16.3%
Sales of goods and services	28,815	16,590	24,785	-8,195	8,195	33.1%
Fines, penalties and forfeits	495	894	426	468	468	110.0%
Transfers not elsewhere classified	2,545	35,441	2,189	33,252	33,252	1,519.3%
Sum of rest	343	246	295	-49	49	16.6%
<b>Total revenues</b>	<b>395,232</b>	<b>339,960</b>	<b>339,960</b>	<b>0</b>	<b>72,683</b>	
Overall variance						86.0%
Composition variance						21.4%

## List of Government of Bangladesh Ministries and Divisions Met during the PEFA Assessment

SL	Ministry/Division	Address
1	President's Office	Bangobhaban, Dhaka.
	A. Public Division	Bangobhaban, Dhaka.
	B. Personal Division	Bangobhaban, Dhaka.
2	Prime Minister's Office	Old Parliament Bhaban, Tejgaon, Dhaka.
3	Armed Forces Division	Dhaka Cantonment, Dhaka.
4	Cabinet Division	Building Number: 1, Bangladesh Secretariat, Dhaka.
5	**	**
6	Ministry of Chattogram Hill Tracts Affairs	Building Number: 4, Bangladesh Secretariat, Dhaka.
7	Ministry of Primary and Mass Education	Building Number: 6, Bangladesh Secretariat, Dhaka.
8	Ministry of Agriculture	Building Number: 4, Bangladesh Secretariat, Dhaka.
9	Ministry of Civil Aviation and Tourism	Building Number: 6, Bangladesh Secretariat, Dhaka.
10	Ministry of Commerce	Building Number: 3, Bangladesh Secretariat, Dhaka.
11	Ministry of Road Transport and Bridges	Building Number: 7, Bangladesh Secretariat, Dhaka.
	A. Road Transport and Highways Division	Building Number: 7, Bangladesh Secretariat, Dhaka.
	B. Bridges Division	Bridges Bhaban, New Airport Road, Banani, Dhaka.
12	Ministry of Cultural Affairs	Building Number: 6, Bangladesh Secretariat, Dhaka.
13	Ministry of Defence	Ganobhabon Complex, Shere Bangla Nagar, Dhaka-1207
14	Ministry of Food	Building Number: 4, Bangladesh Secretariat, Dhaka.
15	Ministry of Education	Building Number: 6, Bangladesh Secretariat, Dhaka.
	A. Secondary And Higher Education Division	Building Number: 6, Bangladesh Secretariat, Dhaka.
	B. Technical And Madrasha Education Division	Building Number: 6, Bangladesh Secretariat, Dhaka.
16	Ministry of Power, Energy and Mineral Resources	Building Number: 6, Bangladesh Secretariat, Dhaka.
	A. Power Division	Building Number: 6, Bangladesh Secretariat, Dhaka.
	B. Energy and Mineral Resources Division	Building Number: 6, Bangladesh Secretariat, Dhaka.
17	Ministry of Environment, Forest and Climate Change	Building Number: 6, Bangladesh Secretariat, Dhaka.
18	Ministry of Public Administration	Building Number:1, Bangladesh Secretariat, Dhaka
	(A) Bangladesh Public Service Commission Secretari	Agargaon, Sher-E-Bangla Nagar, Dhaka-1207
19	Ministry of Fisheries and Livestock	Building Number: 6, Bangladesh Secretariat, Dhaka.
20	Ministry of Finance	Building Number: 7, Bangladesh Secretariat, Dhaka.
	A. Finance Division	Building Number:, Bangladesh Secretariat, Dhaka.
	B. Economic Relations Division	Block Number: 8, Shere Bangla Nagar, Dhaka-1207
	C. Internal Resources Division	Building Number: 6, Bangladesh Secretariat, Dhaka.
	D. Financial Institutions Division	Building Number: Y, Bangladesh Secretariat, Dhaka.
21	Ministry of Foreign Affairs	Segun Bagicha, Dhaka.
22	Ministry of Health and Family Welfare	Building Number: 3, Bangladesh Secretariat, Dhaka.
	A. Health Services Division	Building Number: 3, Bangladesh Secretariat, Dhaka.
	B. Medical Education and Family Welfare Division	Building Number: 3, Bangladesh Secretariat, Dhaka.

23	Ministry of Home Affairs	Building Number: 8, Bangladesh Secretariat, Dhaka.
	A. Public Security Division	Building Number: 8, Bangladesh Secretariat, Dhaka.
	B. Security Services Division	Building Number: 8, Bangladesh Secretariat, Dhaka.
24	Ministry of Housing and Public Works	Building Number: 5, Bangladesh Secretariat, Dhaka.
25	Ministry of Industries	91, Motijhel C/A, Dhaka.
26	Ministry of Information and Broadcasting	Building Number: 4, Bangladesh Secretariat, Dhaka.
27	Ministry of Textiles and Jute	Building Number: 6, Bangladesh Secretariat, Dhaka.
28	Ministry of Labour & Employment	Building Number: 7, Bangladesh Secretariat, Dhaka.
29	Ministry of Law, Justice and Parliamentary Affairs	Building Number: 4, Bangladesh Secretariat, Dhaka.
	A. Law and Justice Division	Building Number: 4, Bangladesh Secretariat, Dhaka.
	B. Legislative and Parliamentary Affairs Division	Building Number: 4, Bangladesh Secretariat, Dhaka.
	C. Bangladesh Parliament Secretariat	Shere Bangla Nagar, Dhaka-1207.
30	Ministry of Land	Building Number: 4, Bangladesh Secretariat, Dhaka.
31	Ministry of Local Government, Rural Development and Co-operatives	Building Number: 7, Bangladesh Secretariat, Dhaka.
	A. Local Government Division	Building Number: 7, Bangladesh Secretariat, Dhaka.
	B. Rural Development and Co-operatives Division	Building Number: 7, Bangladesh Secretariat, Dhaka.
32	Ministry of Planning	Planning Commission Campus, Sher-e- Bangla Nagar, Dhaka, Bangladesh
	A. Planning Division	Block Number: 4, Shere Bangla Nagar, Dhaka-1207
	B. Statistics and Informatics Division	Statistics Building, E-27/A, Agargaon, Dhaka.
	C. Implementation Monitoring & Evaluation Division	Block Number: 12, Shere Bangla Nagar, Dhaka.
33	Ministry of Posts, Telecommunications and Information Technology	Building Number: 7, Bangladesh Secretariat, Dhaka.
	A. Posts and Telecommunications Division	Building Number: 7, Bangladesh Secretariat, Dhaka.
	B. Information & Communication Technology Division	Bangladesh Computer Council (BCC), Bhaban [Level-5], Agargaon, Sher-e-Bangla Nagar, Dhaka-1207
34	Ministry of Religious Affairs	Building Number: 8, Bangladesh Secretariat, Dhaka.
35	Ministry of Disaster Management and Relief	Building Number: 4, Bangladesh Secretariat, Dhaka.
36	Ministry of Shipping	Building Number: 6, Bangladesh Secretariat, Dhaka.
37	Ministry of Social Welfare	Building Number: 6, Bangladesh Secretariat, Dhaka.
38	Ministry of Women and Children Affairs	Building Number: 6, Bangladesh Secretariat, Dhaka.
39	Ministry of Water Resources	Building Number: 7, Bangladesh Secretariat, Dhaka.
40	Ministry of Youth and Sports	Building Number: 7, Bangladesh Secretariat, Dhaka.
41	Ministry of Liberation War Affairs	Govt. Transport Pool Bhaban, Bd. Secretariat Link Road, Dhaka.
42	Ministry of Expatriates' Welfare and Overseas Employment	71-72, Old Elephant Road, Escarton Garden, Probashi Kalyan Bhaban, Dhaka
43	Ministry of Railways	Rail Bhaban, 16 Abdul Gani Road, Dhaka.
44	Ministry of Science and Technology	Building Number: 6, Bangladesh Secretariat, Dhaka.



# Collected Documentation

## ▶ (PI-1)

- **Statement - 1:**  
Comparison of Consolidated Fund Income and Expenditures-Ministry/Division 2018-19.pdf
- **Statement - 1:**  
Comparison of Consolidated Fund Income and Expenditures-Ministry/Division 2019-20.pdf
- **Statement - 1:**  
Comparison of Consolidated Fund Income and Expenditures-Ministry/Division 2020-21.pdf
- **Statement - 2:**  
Comparison of Consolidated Fund Income and Expenditures-Ministry/Division 2018-19.docx
- **Statement - 2:**  
Comparison of Consolidated Fund Income and Expenditures-Ministry/Division 2019-20.docx
- **Statement - 2:**  
Comparison of Consolidated Fund Income and Expenditures-Ministry/Division 2020-21.docx
- BOOST Bangladesh (2011-20) Expenditure v1.7.xlsx
- Budget Sector 2018-19, 19-20, 20-21 V1.xlsx

## ▶ (PI-2)

- Budget Sector 2018-19, 19-20, 20-21 V1.xlsx
- Statements (see PI-1)

## ▶ (PI-3)

- Budget Sector 2018-19, 19-20, 20-21 (see PI-2)
- Gender Budget 2018-19, 19-20, 20-21.xlsx
- Statements (see PI-1)

## ▶ (PI-4)

- COFOG mapping 2020-21.pdf

- ▶ **(PI-5)**
  - BMRC 25.11.2019.pptx
  - Cabinet Budget 2020-21.pptx
  - Combined-Summary BMRC CC FY20-21-UK.docx
  - PPT HPM Budget 2020-21.pptx
  
- ▶ **(PI-6)**
  - List of extrabudgetary units (EBO) - 2020-21.xlsx
  - Operational BACS FPV (EBO)
  
- ▶ **(PI-7)**
  - Local Government (LG) Grants 2020-21.xlsx
  - City Corporation Law (PI 7).pdf
  - Relevant Extracts from LGI Laws (PI-7).docx
  - Union Porishod Law (PI 7).pdf
  - Upazila Porishod Law (PI 7).pdf
  - Zilla Porishod Law (PI 7).pdf
  
- ▶ **(PI-8)**
  - 125 MBF Secondary Education Bangla 2020-21.pdf
  - 127 MBF Health Services Bangla 2020-21.pdf
  - Department of Secondary and Higher Education APA 2020-21.pdf
  - Health Service Division APA 2020-21.pdf
  - Budget Distribution Report July 2020 Agriculture.pdf
  - Budget Distribution Report July 2020 PMEM.pdf
  
- ▶ **(PI-9)**
  - Pre-budget meeting with CSO.docx
  
- ▶ **(PI-10)**
  - List of Guarantees.pdf
  
- ▶ **(PI-11)**
  - 2020-2021 revised annual development programme (RAD BOOK).pdf
  - All project list of RADP 2020-21.pdf
  - Dev. project book Final-2016.pdf
  - DPP Format ENG 2016.pdf
  - Feasibility Study Format.pdf

- Feasibility Study Notification.pdf
- Implementation Monitoring & Evaluation Division - IMED Annual Report 2020-21.pdf
- Inter-ministerial Programming Committee Notification.pdf
- Local Government and Rural. Development (LGRD). SECTOR STRATEGY PAPER (SSP).pdf
- Monitoring & Evaluation Policy Study.pdf
- Ministry Assessment Format (MAF).pdf
- Monitoring Report of IMED 2020-2021.pdf
- Multi-Year Public Investment Programme (MYPIP) - Local Government and Rural. Development (LGRD).pdf
- PIM Tools Notification.pdf
- Sector Appraisal Format (SAF).pdf
- ADP Guidelines 2020-2021.pdf
- Dev. project book Final-2016.pdf
- Interministerial Programming Committee Notification.pdf
- Major Project list of RADP allocation 2020-21.xlsx
- New unapproved Project Selected for RADP 2020-2021.pdf
- PEC Formation.pdf
- RADP ALI project list of allocation 2020-21.xlsx
- Translation of ADP Guidelines 2020-2021.docx

▶ **(PI-12)**

- Non-financial Asset DC Office Kishorganj.pdf
- Transparency of asset disposal.pdf
- DSL Book 2019-2020
- Financial Assets 2020-21.pdf
- Delegation of Financial Powers Non-Dev -Dev
- General Financial Rules Chapter 8.pdf
- Office Memorandum of MoPA for disposal of Asset.pdf
- The Bangladesh Investment Development Act 2016.pdf

▶ **(PI-13)**

- 49th CDMC Working Paper.pdf
- 125th Cash and Debt Management Technical Committee (CDMTC) Final Minutes.pdf
- CDMC 48 Minutes.pdf
- CDMTC 125 Notice.pdf
- CDMTC 126 Notice.pdf
- Meeting Minutes- CDMTC 123th meeting.pdf
- Working paper-125.pdf

- Working Paper 48 CDMC.pdf
  - Medium term debt management strategy.pptx
  - MTDS Draft as of 22.12.2021.docx
- ▶ **(PI-14)**
- Macro Edited version.pdf
  - Macro june30 2022.docx
- ▶ **(PI-15)**
- Medium Term Macroeconomic Policy Statement (MTMPS) 2017-18.pdf
  - MTMPS 2019-20.pdf
  - MTMPS 2020-21.pdf
  - MTMPS 2021-22.pdf
- ▶ **(PI-16)**
- Recommendations - Agriculture.pdf
  - Recommendations - Fisheries.pdf
  - Recommendations -Environment.pdf
  - Estimate for FY 2021-22 and Projections for FY 2022-23 and 2023-24.xlsx
- ▶ **(PI-17)**
- MoF- Medium-Term Expenditure Ceilings.pdf
- ▶ **(PI-18)**
- Rules of Procedure (Bangladesh Parliament) Rules 111 to 127.pdf
- ▶ **(PI-19)**
- Information collected from <http://www.taxesinspection.gov.bd/>
- ▶ **(PI-20)**
- 20.A1. Tax Payment to Treasury - Regular Challan.jpg
  - 20.B.1. Tax Payment to Treasury - Automated Challan.jpg
- ▶ **(PI-21)**
- Banking arrangements for government transactions.docx

- ▶ **(PI-22)**
- ▶ **(PI-23)**
  - Report on the health sector payroll database and procurement of machine and equipment.pdf
  - Payroll evidence.pdf
  - Pay Fixation Transfer 06-09-16.pdf
  - Pay-Civil 2015.pdf
  - PayFixation-Circular-II.pdf
  - Payroll Controls report with TA by OCAG.zip
- ▶ **(PI-25)**
  - IBAS ID Sheet control
- ▶ **(PI-24)**
  - Bangladesh Public Procurement Act 24 2006.pdf
  - PPR Complaint Appeal.pdf
  - PPR Disaster.pdf
  - PPR Appeal Schedule.pdf
- ▶ **(PI-26)**
  - Internal Audit report of PWD.pdf
  - SPFMS IA Scheme Signed copy.pdf
- ▶ **(PI-27)**
  - Advance report.pdf
  - EFI Insight Cash Management and Commitment Control - Principles and Problems in Practice.pdf
  - Financial data integrity- bank account reconciliation.pdf
  - Suspense report 2020-2021 (up to June).pdf
- ▶ **(PI-28)**
  - <https://mof.gov.bd/site/page/0f0724a1-73e5-47f5-b65f-a0c3f84381f7>
- ▶ **(PI-29)**
  - Timing of submission of FS (CGA) as of July 2022-2.docx

▶ **(PI-30)**

- List of audit reports submitted to His Excellency the President.pdf
- Timing of submission of FS (CGA) as of July 2022.docx
- Additional Function Act 1974.pdf
- Constitution Bangladesh-Article 88.pdf
- Government Auditing Standard (Audit Engagement and Type of Audit).pdf
- PAC meeting.pdf

▶ **(PI-31)**

- PAC Hearings.docx
- Regulations on Public Accounts Committee.docx

The information collected and classified by indicators has been compiled on a Google Drive which is available at the following link:

<https://drive.google.com/drive/folders/1uOqPBy2iS4f-sJgJGDs8D55t5CHk1eO5?usp=sharing>

# Annex 4

## List of GAT members of the PEFA 2021

### Finance Division:

1. Mr. Tahmid Hasnat Khan, Additional Secretary, Budget-2, Finance Division.
2. Md. Abdur Rahman Khan, Additional Secretary, Implementation, Finance Division.
3. Ms. Rehana Perven, Additional Secretary, Macroeconomic, Finance Division.
4. Dr. Mohammad Altaf-Ul- Alam, Additional Secretary, TDM, Finance Division.
5. Dr. Mohammad Abu Yusuf, Additional Secretary, Budget-6.
6. Mr. Hasan Khaled Foisal, Joint Secretary, Debt Management.
7. Mr. Mohammed Walid Hossain, Joint Secretary, Budget-4.
8. Md. Firoz Ahmed, Additional Director General-2 (Joint Secretary), Monitoring Cell.
9. Mr. Abu Daiyan Mohammad Ahsanullah, Joint Secretary, Budget-1.
10. Md. Tarikul Islam Khan, Joint Secretary, Budget-3.
11. Mr. Mahedi Masuduzzaman, Joint Secretary, Budget-7.
12. Mr. T K M Moshfiqur Rahman, Deputy Secretary, Budget-16.
13. Mr. Muhammad Faruq-Uz-Zaman, Deputy Secretary, Budget-4.
14. Ms. Milia Sharmin, Deputy Secretary, Budget-19.
15. Mr. Muhammad Anisuzzaman, Deputy Secretary, Budget-1.
16. Md. Touhidul Islam, Deputy Secretary, Budget-3.
17. Mr. Muhammad Ali Prince, Deputy Secretary, Budget-26.
18. Md. Tajul Islam, Deputy Secretary, Budget-21.
19. Md Zakir Hossain, Deputy Secretary, Budget-11.
20. Ms. Nasrin Akther, Deputy Secretary, Budget-23.
21. Md. Ruhul Amin, Deputy Secretary, Budget-14.
22. Mst Rukshana Rahman, Deputy Secretary, Budget-24.
23. Mr. Chowdhury Ashraful Karim, Deputy Secretary, Expenditure Management-5.
24. Mr. Shahriar Jamil, Senior Assistant Secretary, Budget-22.
25. Mr. Syed Khaled Bin Hafiz, Financial Analyst, Monitoring Cell.

## **Strengthening Public Financial Management Program to Enable Service Delivery (SPFMS), Finance Division:**

1. Ms. Saima Shahin Sultana, Program Executive and Coordinator (PEC), Scheme on Strengthening of State-owned Enterprises' Governance.
2. Ms. Bilquis Jahan Rimi, Additional Secretary, Expenditure Management-2 (Additional Charge of PEC), Scheme on Improvement of Public Financial Services Delivery through Implementation of BACS and iBAS++.
3. Mr. Md. Nazrul Islam, Program Executive and Coordinator (PEC), Scheme on Improving the Budget Process through Capacity Development of BMCs and BWGs.
4. Mr. Md. Rafiqul Islam, Program Executive and Coordinator (PEC), Scheme on Internal audit and Audit Follow-up, Public Sector Performance Management, and Parliamentary Oversight.
5. Ms. Fatema Begum, Program Executive and Coordinator (PEC), SPFMS and Focal person of PEFA 2021, Domestic Revenue Mobilization, Accountability Oversight, Planning & Procurement.
6. Ms. Tanima Tasmin, Program Executive and Coordinator (PEC), Scheme on Improving Pension Management System and Quality & Timeliness of Financial Reporting.
7. Dr. Manwar Hossein Malla, Program Executive and Coordinator (PEC), Scheme on Improvement of Fiscal Forecasting Through Development of Macro econometric Model and Scheme on Strengthening the capacity of Treasury and Debt Management Wing.

## **iBAS++ team from Strengthening Public Financial Management Program to Enable Service Delivery (SPFMS), Finance Division:**

1. Mr. Abu Saleh Md Zainal Abedin, Team Leader.
2. Mr. Abul Basher Md. Amir Uddin, Senior Functional Consultant (BACS and iBAS++ Rollout).
3. Mr. Sabbir Ahmed Khan, Sr. Consultant (Accounting Code & Manual).
4. Mr. Sumon Kumar Shorma, Consultant (SAE & SOE Implementation).

## **Office of the Controller General of Accounts (CGA):**

1. Mr. Md. Mamun-UI- Mannan, Chief Accounts and Finance Officer, Pension and Fund Management.
2. Mohammed Kabir Hossain, CPFA, Additional Controller General of Accounts (Accounts & Procedure).
3. Mr. Kazi Kaium Hossen, Deputy Controller General of Accounts (Accounts-1).



### **Office of the Comptroller and Auditor General (OCAG):**

1. Mr. Bikash Chandra Mitra, Director General, IT and Public Service Audit Directorate.
2. Mr. Md. Saidur Rahman Sarker, Additional Deputy Comptroller and Auditor General (AQAC).

### **Central Procurement Technical Unit (CPTU):**

1. Mr. Mohammed Shoheler Rahman Chowdhury, Director General, Central Procurement Technical Unit (CPTU).
2. Md. Shamimul Haque, Director (Additional Secretary).
3. Md. Mosharraf Hussain, Senior System Analyst.

### **Planning Commission:**

1. Mr. Mohammad Alamgir Hossain, Deputy Chief, PIM Reform Wing.

### **National Board of Revenue (NBR):**

1. Mr. Md. Shabbir Ahmed, Additional Commissioner of Taxes, Range-2, Appeal Zone-4.

### **National Parliament (PAC Secretariat):**

1. Mr. Md. Faisal Morshed, Deputy Secretary, Public Accounts Committee.

### **Line Ministries:**

1. Dharitri Kumar Sarkar, Deputy Secretary, Ministry of Environment, Forest and Climate Change.
2. Mr. ABM Shafiqul Haidar, Joint Secretary (Planning), Ministry of Disaster Management and Relief.
3. Mr. Mohammad Faruk Hossain, Deputy Secretary, Ministry of Disaster Management and Relief.
4. Most. Ferdousi Begum, Joint Secretary (Budget and Audit), Ministry of Women and Children's Affairs.







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