

Administration

Appointment of New Directors in the Board

11.1 Mr. Siddiqur Rahman Chowdhury was appointed as Director of the Board in place of Mr. Zakir Ahmed Khan with effect from August 10, 2005 and Dr. Hossain Zillur Rahman was appointed as Director of the Board in place of Prof. Dr. M. Alauddin with effect from March 13, 2006.

10 Assistant Programmers, 3 Assistant Maintenance Engineers, 17 Data Entry/Control Operators have been appointed.

Assistant Director (Law)	1
Assistant Programmer	10
Assistant Maintenance Engineer	3
Data Entry/ Control Operator	17
Total :	31

Board of Directors/Executive Committee Meetings

11.2 A total of nine meetings of the Board of Directors and seven meetings of the Executive Committee were held during FY06.

Retirement, Resignation, Death, Dismissal and Termination

11.5 The numbers of officials/staff of the Bank retired/resigned/died/dismitted during FY06 were as under:

Retirement	72
Resignation	12
Death	11
Dismissal	2
Compulsory Retirement	4
Removal/Termination	1
Total :	102

Audit Committee of the Board

11.3 In line with the international practice for strengthening corporate governance, an Audit Committee comprising of four non-executive directors was formed on August 12, 2002 to assist the Board of Directors in fulfilling its oversight responsibilities for the financial reporting process, the system of internal control over financial reporting and audit process. The present composition of the Committee is as follows:

- | | |
|-------------------------------|----------|
| a) Mr. Khairuzzaman Chowdhury | Convener |
| b) Dr. Momtaz Uddin Ahmed | Member |
| c) Dr. Sufia Ahmed | Member |
| d) Mr. Akhtar Husain Khan | Member |

During the year 2005-2006, 03 (three) meetings of the Audit Committee were held.

Creation/Abolition of Posts

11.6 In FY06, 61 posts of officials at different levels have been created, 60 posts have been upgraded and 66 posts of officials have been abolished. As a result, at the end of FY06, the total number of posts (sanctioned strength) of employees have been increased from 7074 to 7129.

New Appointment in Different Posts

11.4 During FY06, 1 Assistant Director (Law),

Working Strength of Officials and Staff

11.7 During FY06, the number of officials of the Bank decreased from 4222 to 4111. The number

of staff stood at 1370. At the end of FY06, the number of vacant posts was 1648.

Number of Officers on Deputation/Lien

11.8 During FY06, 38 officers of the Bank were on deputation in different institutions at home and abroad. A total of 25 officers of the Bank were on lien during FY06, of which 16 officials were at home and 9 officials were at abroad.

Reorganising Various Departments of the Bank

11.9 During FY06, "Bangladesh Bank Training Academy" has been reorganised. A new Division named "Foreign Exchange Inspection & Vigilance Division" has also been established and existing "Department of Banking Inspection-1" & "Department of Banking Inspection-2" have also been reorganised to some extent during FY06.

Welfare Activities and Approval of Scholarship

11.10 During FY06, an amount of Taka 1.10 million has been provided to the children of the officials of the staff as scholarship and Taka 0.0054 million has been given as medical assistance from the Karmachary/Karmakarta KallyanTahbil. Besides, an amount of Taka 15.28 million has been allotted to Bangladesh Bank Schools, Mosques, Clubs, Freedom Fighters' Welfare Units etc. to carry out their recreation and welfare activities.

Foreign Training and Study

11.11 During FY06, 129 officials of the Bank participated in different training courses/seminars/workshops abroad. Moreover, 7 officials have been allowed to perform their higher studies abroad.

Domestic Training and Study

11.12 A total of 321 officials of the Bank participated in the training courses organized by different institutions of the country during FY06.

Implementation of Performance Management System (PMS)

11.13 As Bangladesh Bank is going through a change process, emphasis has been given on internal communication and awareness. One of the important issues of change programme is the new evaluation system of the employee performance. Bangladesh Bank introduced new evaluation system i.e. Performance Management System (PMS) from Appraisal Year April, 2006 to March, 2007. The PMS launched from April, 2006 through an administrative Circular No. 8 dated 09 April, 2006. Prior to launch the programme, 100 percent employees of Bangladesh Bank have been communicated through 113 sessions of training & workshop. 27 officials drawn from different departments have been trained as corporate trainers for PMS. Moreover, departmental representatives drawn from each department/office have been trained as facilitator to facilitate their departmental goal. Finally, the PMS Manual, PMS Booklet and Competency Dictionary have been finalized and distributed to all Heads of Departments/Offices.

Training Courses, Workshops and Seminars Organized by the Bangladesh Bank Training Academy (BBTA)

11.14 With a view to improving theoretical and practical knowledge as well as increasing the professional skill and efficiency of the officers of Bangladesh Bank, Scheduled Banks, Non-Bank Financial Institutions and other related organizations, the Bangladesh Bank Training Academy (BBTA) conducted a total of 191 training courses/workshops/seminars during FY06, of which 133 training courses/workshops/seminars were held at BBTA premises, Dhaka and 58 were held at other outstation offices of BB. A total of 6456 participants participated, of which 4114 from Bangladesh Bank and 2342 from scheduled banks and other organizations. Courses conducted by BBTA during FY06 are shown in Table 11.1.

Table 11.1 Statement on different training courses, workshops and seminars organized by the Bangladesh Bank Training Academy during FY06

Sl. no	Subjects	Number	No. of participants
1	2	3	4
1. Foundation		2	80
i) Foundation Course -2005 (Assistant Director)		1	68
ii) Foundation Course -2005 (Assistant Programmer)		1	12
2. In service Training (Cash)		2	59
3. Special Training Courses		102	2913
a) For Bangladesh Bank officials		64	1539
i) Financial Management in the Banking Sector		1	26
ii) Internal Control and Compliance		2	43
iii) E-Banking, E- Mail/Internet and its Audit		2	54
iv) English Writing Skill Development		1	25
v) English Language Proficiency		4	91
vi) Inflation Forecasting and Targeting Techniques		2	25
vii) SME and Micro Credit Management		1	22
viii) Governance within the Bangladesh Bank: Administrative Circulars, Regulations, Policies		1	26
ix) Foreign Exchange and Foreign Trade		2	56
x) Advanced Monetary Policy		1	17
xi) Microsoft Office		8	209
xii) IT Security of Bangladesh Bank		3	77
xiii) Banking Supervision and Report Writing: A Contemporary Approach		3	77
xiv) Web Development		1	19
xv) Off-Site Supervision in Monitoring and Evaluation of Banks		1	20
xvi) Achieving Operational Excellence		1	26
xvii) HR Policies and Procedures		1	26
xviii) Auditing for Central Bankers		1	20
xix) Accounting Principles and Techniques		3	67
xx) Accounting for Bankers		3	85
xxi) Risk Management and Basel-II		2	44
xxii) Focus Group		1	26
xxiii) Facility Management (Safety/Security)		1	12
xxiv) Islamic Banking : Principles and Operations		1	27
xxv) Banking Laws and Regulations		1	23
xxvi) Treasury Management with Derivatives		1	22
xxvii) Bank Branch Inspection and Compliance thereof		2	77
xxviii) Central Banking and its Role - Present and Future Challenges		1	24
xxix) Money Market and Capital Market - Problems and Prospects		1	27
xxx) Report Writing and Analytical Skill Development		1	13
xxxi) Supervision and Regulations of Non-Bank FIs		1	17
xxxii) Risk Based Auditing		1	30
xxxiii) Monitoring Foreign Exchange Transaction		1	27
xxxiv) Procurement Regulation, 2004 and its Application		1	24
xxxv) Liquidity Forecasting		1	14
xxxvi) HR Management System		1	19
xxxvii) Computer Maintenance and Trouble Shooting		1	28
xxxviii) Reserve Management and Dealing Room Operation		1	24
xxxix) Currency Management and Payment System		1	24
xxxx) Core Risks Management and Basel		1	26

Sl. no	Subjects	Number	No. of participants
1	2	3	4
b) For the Officers of Commercial Banks		38	1374
i) Money and Banking Data Reporting		8	276
ii) Foreign Exchange Transaction Reporting Techniques		8	278
iii) Money Laundering Prevention		2	73
iv) Detection, Disposal of Forged and Mutilated Note		15	557
v) Issues in Anti-Money Laundering		5	190
4. Workshops/Seminars		29	1067
i) Filling up of CIB-01 Form		27	968
ii) FDI and External Debt Statistics Reporting		2	99
5. Workshops/Seminars (Bangladesh Bank)		9	323
i) A Lecture on Modern Innovative Banking		1	26
ii) New Financial Instruments and Derivatives		1	44
iii) Global Banking		1	32
iv) Modern Inspection Techniques		1	37
v) ACU Mechanism		1	35
vi) Auditing by External Auditors		1	33
vii) Ethics in Banking		1	34
viii) Banking Inspection - The Modern Approach (A Round Table Discussion)		1	52
ix) Corporate Governance of Banking Companies		1	30
6. Special Training Workshops/Seminars/ Course (As per request)		47	2014
i) Training Course for the Officers of Internal Audit Department (Conducted by Audit Expert Mr. Mark Adams, IMF)		1	32
ii) Special Course on Credit Reporting (For Officers of DBI)		1	50
iii) Training on Guidelines for Micro Credit Institutions		2	220
iv) Trade Not Aid		1	30
v) Trading of Government Securities in Primary and Secondary Market		1	45
vi) Examination of Accounting System of Banks-as Large Tax-payers Unit		1	13
vii) Floating Exchange Rate and its Impact		1	35
viii) Credit Risk Grading Manual		1	90
ix) Bond Pricing in Case of Upfront Tax & Mark to Market		1	47
x) Training for DMBs on Software Prepared for Cash Transaction Reporting		2	335
xi) Monetary, Fiscal and Financial Policy-1-TP-31		1	20
xii) Guideline for Determination of CAMELS Rating for Banking Company		1	29
xiii) Credit Risk Management		2	80
xiv) Core Risk Management for Non-Bank Financial Institutions (NBFIs)		1	18
xv) Development of Bond market in Bangladesh		1	14
xvi) An Examination of Revenue and Expenditure Causality in Bangladesh, 1974-2004		1	35
xvii) Export Financing and Costing		1	30
xviii) Bank Ownership and Efficiency in China : What will happen in the world's largest nation		1	60
xix) Interest Rate Sensitivity of Investment Spending in Bangladesh: A VAR Approach		1	50
xx) Monetary and Financial Policy II : Financial Intermediation Governance and Central Banking		1	25
xxi) Performance Management System (PMS)		24	756
Grand total :		191	6456

Central Bank Strengthening Project

11.15 The project and its objective: Bangladesh Bank has been implementing the Central Bank Strengthening Project (CBSP) with financial assistance of the International Development Association (IDA). The objective of the project is to develop Bangladesh Bank into an effective and modern central bank through strengthening its capability to play due role as the country's monetary authority as well as regulatory and supervisory authority of the banking sector.

Estimated cost and duration: The project commenced from July 2003 and is expected to be completed by June 2008. It is a project with a total cost of USD 43.50 million of which IDA will provide USD 37.00 million and the rest will be borne by the Bangladesh Bank.

Main components: CBSP has three major components segregated into a number of sub-components with the budgetary allocation for each component and subcomponent as under:

Financial cost estimate of the project		
Components	Costs (USD million)	% of total
I. Reorganization and Modernization		
a. Functional Reorganization	1.55	3.56
b. Automation	32.58	74.90
c. Human Resources Development	3.94	9.06
II. Capacity Building		
a. Strengthening Research Department	0.76	1.75
b. Strengthening Prudential Regulations and Supervision	0.30	0.69
c. Strengthening the Accounting and Auditing standards	0.20	0.46
III. Strengthening the Legal Framework	1.14	2.62
IV. Unallocated	0.36	0.83
V. Project Launch Workshop, Bid Evaluation, Project Evaluation and Miscellaneous, CD/VAT	2.67	6.14
Total Project Cost :	43.50	100

Implementation Status

Based on the major areas, the project has been split into seven components. The main

components of the project and developments made so far against them are in brief as follows:

A. Reorganization and Modernization

Functional Reorganization

In order to make the activities of Bangladesh Bank dynamic, functional reorganization of the Bank has been accomplished by abolishing and merging a number of departments. Besides, functions of some departments have been reorganized. The PriceWaterHouseCoopers Development Associates, UK Limited has been working as the Modernization Expert (firm). They have carried out Cultural and Value survey and arranged a number of workshops for identification of Departmental Objectives. They are currently working on shared services identification in the Bank and will start Business Process Reengineering (BPR) soon, which are key inputs for successful implementation of the automation projects.

Automation

With a view to introducing automation of overall functions of Bangladesh Bank, preparation of procuring an information system (computer, accessories, software, IT solution etc.) has been completed. The total information system will be implemented in six different packages namely Hardware and Software; LAN, WAN, OA, Intranet & Electrical; Banking Application; Enterprise Resource Planning; CIB Online and Enterprise Data Warehouse.

Human Resources Development

In order to implement this component BB has been utilizing the services of an International HR consultant. A modern performance based promotion policy has been formulated for the officers/employees of the Bank and for evaluation of their performances. It is worth mentioning that a modern and target based Performance Management System (PMS) has been effective since 1 April 2006. The Board of Directors has approved a Recognition and

Award policy on 17 November 2005. The consultant is now working on Training Need Assessment (TNA) for the officials of BB.

B. Capacity Building

Strengthening Research Department

To enhance the quality of research work of Bangladesh Bank a Policy Analysis Unit (PAU), headed by a Research Advisor, has been established in its Research Department. The unit has published a Monetary Policy Review and a Financial Sector Review for the first time. In addition, the unit has also published a number of Working Papers and Policy Notes.

Strengthening Prudential Regulations and Supervision

An international Bank Supervision Expert has been working in this field. In order to formulate and implement more appropriate policies and techniques and to enhance the efficiency of officers of Bangladesh Bank in supervisory activities, a number of draft policies on different issues including licensing, good governance, accounting policies (disclosure), loan classification and provisioning, capital adequacy, liquidity risk management and credit risk management have been formulated which are under consideration of the Bank management.

Strengthening the Accounting and Auditing Standards

Bangladesh Bank has adopted International Accounting Standards (IAS) as its accounting framework and International Standards on Auditing (ISA) as the auditing standard from financial year 2003. Hiring of a Financial Management Consultant in order to prepare a comprehensive Financial Management Manual is under process.

C. Strengthening the Legal Framework

In order to strengthen the legal framework as well as capacity building for in-house counsels, Bangladesh Bank is using the services of A. Hossain and Associates, a Bangladeshi law firm with international collaboration of Gide Loyrette Nouel (GLN), France. The firm arranged special training for BB officials having law background. Besides, they have compiled circulars, directions issued by the Bank and prepared draft reports on Bank Company Ain 1991, Financial Institutions Act (FIA) 1993 and the Bangladesh Bank Order 1972. Moreover, they have been conducting training sessions for permanently recruited officials on regular basis. They are providing on-going legal advice to the BB departments on various issues.