

## Administration

### Appointment of New Directors in the Board

11.1 Mr. Md. Nazrul Huda was appointed as Director of the Board in place of Mr. Md. Allah Malik Kazemi with effect from 11 June 2007. Mr. Jafar Ahmad Chowdhury was appointed as Director of the Board in place of Mr. Akhtar Husain Khan with effect from 21 November 2006. Dr. Mohammad Tareque was appointed as Director of the Board in place of Mr. Siddiqur Rahman Chowdhury with effect from 13 February 2007. Mr. Badiur Rahman was appointed as Director of the Board in place of Mr. Sk. A K Motahar Hossain with effect from 1 March 2007. Mr. Sk. A K Motahar Hossain was appointed as Director of the Board in place of Mr. Md. Abdul Karim with effect from 17 January 2007 and Mr. Md. Abdul Karim was appointed as Director of the Board in place of Mr. Khairuzzaman Chowdhury with effect from 3 August 2006.

### Board of Directors/Executive Committee Meetings

11.2 A total of ten meetings of the Board of Directors and six meetings of the Executive Committee were held during FY07.

### 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 12 August 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) Dr. Momtaz Uddin Ahmed	Convener
b) Dr. Sufia Ahmed	Member
c) Mr. Jafar Ahmad Chowdhury	Member
d) Mr. Badiur Rahman	Member

During FY07, 3 (three) meetings of the Audit Committee were held.

### New Appointment in Different Posts

11.4 During FY07, 115 Assistant Director (General Side), 10 Assistant Director (Statistics), 2 Medical Officer and 1 Data Entry/Control Operator have been appointed.

Assistant Director (General Side)	115
Assistant Director (Statistics)	10
Medical Officer	2
Data Entry/ Control Operator	1
<b>Total :</b>	<b>128</b>

### Retirement, Voluntary Retirement, Resignation, Death, Dismissal and Compulsory Retirement

11.5 The number of official/staff of the Bank retired/resigned/died/dismissed during FY07 was as under:

Retirement	144
Voluntary Retirement	4
Resignation	12
Death	12
Dismissal	2
Compulsory Retirement	6
<b>Total :</b>	<b>180</b>

### **Creation/Abolition of Posts**

11.6 In FY07, 25 posts have been upgraded and 30 posts of officials have been abolished. As a result, the total number of posts (sanctioned strength) of employees stood at 7128 at the end of FY07.

### **Working Strength of Officials and Staff**

11.7 During FY07, the number of officials of the Bank decreased from 4111 to 4084. The number of staff stood at 1318. At the end of FY07, the number of vacant posts was 1726.

### **Number of Officers on Deputation/Lien**

11.8 During FY07, 50 officials of the Bank were on deputation in different institutions of the country. A total of 24 officials of the Bank were on lien during FY07, of which 14 officials were at home and 10 officials were abroad.

### **Reorganizing Department of the Bank**

11.9 During FY07, "Financial Institutions Department" has been renamed as "Department of Financial Institutions and Markets".

### **Welfare Activities and Approval of Scholarship**

11.10 During FY07, an amount of Taka 2.16 million has been provided to the children of officials and staff as scholarship and Taka 0.06 million has been given as medical assistance from the Karmachary/Karmakarta Kallyan Tahbil. Besides, an amount of Taka 17.20 million has been allotted to Bangladesh Bank Schools, Mosques, Clubs, Day Care Center, Freedom Fighters' Welfare Units etc. to carry out their recreation and welfare activities.

### **Foreign Training and Study**

11.11 During FY07, 101 officials of the Bank participated in different training courses/seminars/workshops abroad. Moreover, 13 officials were allowed to perform their higher studies abroad.

### **Domestic Training and Study**

11.12 A total of 287 officials of the Bank participated in the training courses organized by different institutions (other than BBTA) within the country during FY07. Moreover, 3 officials were allowed education leave to pursue their higher studies in the country.

### **Implementation of Performance Management System (PMS)**

11.13 Bangladesh Bank is going through a change process. One of most the important issues of change programme is the new evaluation system of the employees' performance. Bangladesh Bank introduced new evaluation system i.e. Performance Management System (PMS) from appraisal Year April, 2006 through an administrative Circular No. 8 dated 9 April, 2006. Prior to launch the programme 100 percent employees of Bangladesh Bank have been communicated. The authority requested all officials to evaluate their employees' performance through PMS for the year 2006-2007. For the first time, the Departments/Offices evaluated their employees through PMS for the appraisal year 2006-2007. The authority requested all GMs of the Offices and Departments to prepare and submit Half-Yearly Review based on 30-09-2007 and it is decided to have full-fledged evaluation through PMS for the appraisal year 2007-2008.

### **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 92 training courses/workshops/seminars during FY07, of which 66 training courses/workshops/seminars were held at BBTA premises, Dhaka and 26 were held at other

**Table 11.1 Statement on different training courses, workshops and seminars organized by the Bangladesh Bank Training Academy during FY07**

Sl. no	Subjects	Number	No. of participants
1	2	3	4
<b>1. Foundation</b>		<b>2</b>	<b>112</b>
i) Foundation Course -2006 (Assistant Director)		1	100
ii) Foundation Course -2007 (Assistant Director)		1	12
<b>2. Special Training Courses</b>		<b>53</b>	<b>1546</b>
<b>a) For Bangladesh Bank officials</b>		<b>28</b>	<b>646</b>
i) Banking Laws and Regulations		1	26
ii) Foreign Exchange and Foreign Trade		2	46
iii) Banking Supervision: Techniques and Report Writing		2	46
iv) Microsoft Office		3	73
v) Central Banking and its Role: Present and Future Challenges		1	25
vi) Research Methodology: Analysis and Presentation of Data		1	14
vii) Report Writing and Analytical Skill Development		1	15
viii) Off -site Supervision in Monitoring and Evaluation of Banks and Fls		1	17
ix) Development of Securities Market		1	24
x) Debt Securitization		1	15
xi) Issue Accounts and Maintenance of Books		1	24
xii) IFRS and IAS and its application in Bangladesh Bank		1	18
xiii) Accounting for Bankers		3	81
xiv) Bank Branch Inspection and Compliance thereof		1	40
xv) Banking Laws , Regulations and Practice		1	26
xvi) Internet and E-mail		2	55
xvii) Inflation Forecasting and Targeting Techniques		1	17
xviii) Credit Risk Grading		1	25
xix) English and Bengali Language Proficiency and Writing Skill Development		1	21
xx) Risk Based Auditing		1	18
xxi) Payment and Settlement System		1	21
<b>b) For the Officers of Commercial Banks</b>		<b>25</b>	<b>900</b>
i) Money and Banking Data Reporting		7	249
ii) Foreign Exchange Transaction Reporting Techniques		7	253
iii) Detection, Disposal of Forged and Mutilated Note		6	215
iv) Accounting for Bankers		2	80
V) Bank Branch Inspection and Compliance thereof		2	72
VI) Course on Managing Core Risk in Banks		1	31
<b>3. Workshops/Seminars</b>		<b>25</b>	<b>881</b>
i) Filling up of CIB-01 Form		21	752
ii) FDI and External Debt Statistics Reporting		1	20
iii) Orientation Course		1	18
iv) CAMELS Rating		1	32
v) Regional Conference for Discussion on Banking Operation		1	59

Sl. no	Subjects	Number	No. of participants
1	2	3	4
<b>4. Workshops/Seminars (Bangladesh Bank)</b>		<b>8</b>	<b>312</b>
i) Mechanism and Effectiveness of Repo and Reverse Repo		1	35
ii) Causes and Remedy of Banking System Failure		1	36
iii) Government Rules and Regulations on Income Tax, VAT and Tax at Source		1	36
iv) Workshop on Current Issues of Banking Sector		1	43
v) Executive Development Seminar		1	76
vi) Basel II : A Modern Approach		1	23
vii) MIS in Bangladesh Bank		1	34
viii) Manners and Etiquette		1	29
<b>5. Special Training Workshops/Seminars/ Course (as per request)</b>		<b>4</b>	<b>381</b>
i) ICT Audit Checklist for Scheduled Banks and Financial Institutions		1	26
ii) Intensive Training Programme for Legally Qualified Officers		1	31
iii) CAMELS Rating		1	284
iv) Core Inflation Measures for Bangladesh		1	40
<b>Grand total :</b>		<b>92</b>	<b>3232</b>

outstation offices of BB. A total of 3232 participants participated, of which 1451 from Bangladesh Bank and 1781 from scheduled banks and other organizations. Courses conducted by the BBTA during FY07 are shown in Table 11.1.

### 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

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
<b>I. Reorganization and Modernization</b>		
a. Functional Reorganization	1.55	3.56
b. Automation	32.58	74.90
c. Human Resources Development	3.94	9.06
<b>II. Capacity Building</b>		
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
<b>Total Project Cost :</b>	<b>43.50</b>	<b>100</b>

### 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 finalised the goals and objectives of 27 Departments of the Bank. Goals and objectives of the branch offices have been identified. As part of Business Process Reengineering (BPR), five existing working process is identified and documented. Considering this experience, other BPR initiatives will be implemented with a view for successfully implementing of the automation projects.

#### Automation

With a view to introducing automation of overall functions of Bangladesh Bank, various steps have been taken to procure an information system (computer, accessories, software, IT solution etc). The total information system will be implemented in six different packages. Name and implementation stages of these packages are as follows: 1. Hardware and Software- is pending for WB decision; 2. LAN, WAN, OA, Intranet & Electrical- preparation of Bid Evaluation Report is at the final stage; 3. Banking Application- bids evaluation is under process; 4. Enterprise Resource Planning- bids evaluation is under process; 5. IT System Integration Firm- evaluation of EOIs is under process and 6. Electronic Data Warehouse- draft bidding document sent to the WB for no objection.

#### Human Resources Development

In order to implement this component BB has utilized the services of an International HR consultant. Her contract was expired on 13 February 2007. A National HR Advisor is going to be appointed to help implementing the proposals that was suggested by International HR Consultant. The Board of Directors has

approved a 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 Monetary Policy Review and Financial Sector Review. In addition, the Unit has published a number of Working Papers and Policy Notes and has arranged a number of seminars and training courses conducted by International Experts and the Economists of PAU.

### **Strengthening Prudential Regulations and Supervision**

An international Bank Supervision Expert was hired in this field. In order to enhance the efficiency of officers of Bangladesh Bank in supervisory activities a number of policies have been suggested by the consultant. A risk based inspection manual was submitted by the consultant and is under review of the BB Team. Department of Off-site Supervision started using early warning matrix for supervision purpose.

### **Strengthening 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. Process mapping for Accounts and Budgeting Department has been completed. A local CA firm is going to be employed soon as a Financial Management Consultant in order to prepare a comprehensive Financial Management Manual and an Internal Audit Manual.

### **C. Strengthening the Legal Framework**

In order to strengthen the legal framework as well as capacity building for in-house counsels, Bangladesh Bank has used 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 they will submit final drafts on BBO, BCA, FIA, BB Staff Regulation & Code of Conduct and a report on restructuring of Law Department soon.