

Administration

Appointment of New Directors in the Board

11.1 Mr. Muhammad Abdul Mazid was appointed as Director of the Board in place of Mr. Badiur Rahman with effect from 12 November 2007. Dr. Muhammad Ismail Hossain was appointed as Director of the Board in place of Dr. Sufia Ahmed with effect from 22 January 2008. Dr. Mohammad Ali Taslim was appointed as Director of the Board in place of Dr. Hossain Zillur Rahman with effect from 29 January 2008.

A total of eight meetings of the Board of Directors were held during FY08.

Executive Committee

11.2 Under section 12(1) of Bangladesh Bank Order, 1972 (President's Order No. 127 of 1972) the Executive Committee was constituted as follows:

Dr. Salehuddin Ahmed	Chairman
Mr. Md. Nazrul Huda	Member
Mr. Jafar Ahmad Chowdhury	Member
Dr. Mohammad Ali Taslim	Member
Mr. Md. Asaduzzaman Khan	Secretary

Dr. Mohammad Ali Taslim was selected as member of the Executive Committee in place of Dr. Hossain Zillur Rahman with effect from 12 February 2008.

A total of six meetings of the Executive Committee were held during FY08.

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 the audit process. The present composition of the Committee is as follows:

a) Dr. Momtaz Uddin Ahmed	Convener
b) Mr. Jafar Ahmad Chowdhury	Member
c) Mr. Muhammad Abdul Mazid	Member
d) Dr. Muhammad Ismail Hossain	Member

Mr. Muhammad Abdul Mazid was selected as member of the Audit Committee in place of Mr. Badiur Rahman with effect from 12 February 2008. Dr. Muhammad Ismail Hossain was selected as member of the Audit Committee in place of Dr. Sufia Ahmed with effect from 12 February 2008.

In accordance with the Internal Audit Department Charter approved by the Audit Committee of the Board of Directors of Bangladesh Bank, the Internal Audit Department (IAD) in FY08 identified 40 auditable units (departments/offices/units/cells) and chalked up the audit plan for FY08. Audits were conducted twice a year in the 15 auditable units identified as high risk, and once a year in the other units identified as medium risk or low risk. The audit reports were placed before the Governor and before the Audit Committee of the Board. Three meeting of the Boards Audit Committee were held in FY08. The guidance/directives/recommendations received by the IAD from the Governor and the Audit Committee were conveyed to the relevant auditable units for implementation. Progress reports on

implementation of these guidance/directives/recommendations were placed before the meeting of the Audit Committee. An internal audit expert provided by the IMF has been periodically visiting Bangladesh Bank to assist IAD in strengthening and upgrading the skills in IAD in performing risk based auditing.

Some preliminary work has been in progress since 2006 in strengthening the risk management functions in Bangladesh Bank in the framework of Enterprise wide Risk Management (ERM). The IAD played its role in facilitating and coordinating the preliminary work in identifying risks in different functional/operational areas. Direct engagement in risk management functions is not the role intended or appropriate for IAD; nevertheless, the IAD will play role in assisting and coordinating the work of Bangladesh Bank management in chalking out and implementing a roadmap for ERM in the Bangladesh Bank.

New Appointment in Different Posts

11.4 During FY08, 1 Assistant Director (General Side), 1 Assistant Director (Statistics), 1 Assistant Maintenance Engineer, 13 Assistant Programmer, 2 Senior Computer Operator, 10 Pharmacist and 1 Nurse (Male) have been appointed.

Assistant Director (General Side)	1
Assistant Director (Statistics)	1
Assistant Maintenance Engineer	1
Assistant Programmer	13
Senior Computer Operator	2
Pharmacist	10
Nurse (Male)	1
Total :	29

Retirement, Voluntary Retirement, Resignation, Death, Compulsory Retirement and Removal

11.5 The number of official/staff of the Bank retired / resigned / died / compulsorily retired / removed during FY08 was as under:

Retirement	128
Voluntary Retirement	4
Resignation	15
Death	13
Compulsory Retirement	5
Removal	1
Total :	166

Creation/Abolition of Posts

11.6 In FY08, 10 posts of officers and 4 posts of staff of the Bank have been created. 120 posts have been upgraded and 128 posts of officials have been abolished. As a result, the total number of posts (sanctioned strength) of employees have been increased from 7128 to 7134 at the end of FY08.

Working Strength of Officials and Staff

11.7 During FY08, the number of officials of the Bank decreased from 4084 to 4031. The number of staff stood at 1273. At the end of FY08, the number of vacant posts was 1830.

Number of Officers on Deputation/Lien

11.8 During FY08, 68 officials of the Bank were on deputation in different institutions of the country. A total of 22 officials of the Bank were on lien during FY08, of which 13 officials were at home and 9 officials were abroad.

Reorganizing of the Department of the Bank

11.9 During FY08, "Department of Public Relation & Publications" has been renamed as "Department of Printing & Publications". Secretary's Department has been absorbed in Governor's Secretariat.

Welfare Activities and Approval of Scholarship

11.10 During FY08, an amount of Taka 1.98 million has been provided to the children of officials and staff as scholarship and Taka 0.08 million has been given as medical assistance

from the Karmachary/Karmakarta Kallyan Tahbil. Besides, an amount of Taka 21.16 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 FY08, 192 officials of the Bank participated in different training courses/seminars/ workshops abroad. Moreover, 19 officials were allowed to perform their higher studies abroad.

Domestic Training and Study

11.12 A total of 378 officials of the Bank participated in the training courses organised by different institutions (other than BBTA) within the country during FY08. Moreover, 7 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 the important issues of change programme is the new evaluation system of the employee's performance. Bangladesh Bank introduced new effective evaluation system i.e. Performance Management System (PMS) from Appraisal Year 2007-2008. Prior to actual evaluation, intensive workshops/training programmes were held throughout head office and branch offices covering all supervisory level employees to make them enable to appraise their appraisees. Now it is expected that a full-fledged evaluation through PMS will be possible from the year 2007-2008.

Training Courses, Workshops and Seminars Conducted 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, Financial Institutions and other related organisations, the Bangladesh Bank Training Academy (BBTA) conducted a total of 122 training courses/workshops/seminars during FY08, of which 79 training courses/workshops/seminars were held at BBTA premises, Dhaka and 43 were held at other outstation offices of BB. A total of 3745 participants participated, of which 2486 from Bangladesh Bank and 1259 from scheduled banks and other organisations. Courses conducted by the BBTA during FY08 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 FY08

Sl. no	Subjects	Number of courses	No. of participants
1	2	3	4
1.	Foundation	1	12
	Foundation Course -2007 (Assistant Director)	1	12
2.	Special Training Courses		
	a) For Bangladesh Bank officials	31	731
	i) Human Resource Management	1	12
	ii) Procurement Regulation of BB	1	25
	iii) In Service Training	1	30
	iv) Microsoft Office	1	22
	v) Treasury Management & Dealing Room Operation	1	23
	vi) Monetary & Fiscal Policy- Theory & Practices	1	17
	vii) Leadership, Team Building & Negotiation Skills	1	18
	viii) Credit Grading System	1	17
	ix) Foreign Exchange Risk Management	1	26
	x) International Cooperation Related to AML/CFT.	1	40
	xi) Financing Small & Medium Enterprises	1	19
	xii) Foreign Investment & Profit Remittance in Respect of Banking Companies	1	20
	xiii) The Emerging Framework of Financial Regulations	1	18
	xiv) Asset & Liability/ balance Sheet Risks	1	28
	xv) Banking Laws, Regulations and Practices	1	24
	xvi) Internet and E-Mail	3	71
	xvii) Banking Supervision & Report Writing Techniques	1	19
	xviii) Refreshers Course	1	17
	xix) Foreign Exchange & Foreign Trade	1	23
	xx) English & Bengali Language Proficiency & Writing Skill Development	2	43
	xxi) Risk Based Auditing	1	29
	xxii) Safety, Security & Crisis Management	1	26
	xxiii) Central Banking and its Role: Present & Future Challenges	1	18
	xiv) Stress Management, Time Management & Change Management	1	27
	xv) Managing & Appraising Employee Performance	1	22
	xvi) Operational Risk Management	1	27
	xvii) Foreign Exchange Transaction Reporting to FEPD, Bangladesh Bank	2	70

Sl. no	Subjects	Number of courses	No. of participants
1	2	3	4
	b) For the Officers of Commercial Banks	39	1259
	i) Money and Banking Data Reporting	5	169
	ii) Foreign Exchange Transaction Reporting Techniques	3	109
	iii) Detection, Disposal of Forged and Mutilated Note	8	287
	iv) Accounting for Bankers	9	286
	v) Bank Branch Inspection and Compliance thereof	5	193
	vi) Course on Managing Core Risk in Banks	4	93
	vii) Credit Grading System	1	26
	viii) Credit Risk Grading	3	76
	ix) Credit Risk Grading & CAMELS Rating	1	20
3.	Workshops/Seminars	22	730
	i) Filling up of CIB-01 Form	18	621
	ii) Mobilizing Micro Finance for Poverty Alleviation	1	40
	iii) Course on Major Policy Issues/Directives of Central bank	2	47
	iv) Interactive Session on Major Policy Issues of Banking Sector	1	22
4.	Workshops/Seminars (Bangladesh Bank)	23	797
	i) Repo and Reverse Repo of Treasury Bills	1	32
	ii) Internet Based Banking	1	33
	iii) Macroeconomic Impact of the Budget	1	23
	iv) Workshop on Major Policy Issues/Directives of Central bank	1	43
	v) Executive Development Seminar	2	85
	vi) Workshop on Implementation of Basel-2	7	243
	vii) Financing Agriculture & SME by Commercial Banks	1	40
	viii) International Cooperation Related to AML/CFT	1	40
	ix) Monetary Policy Framework in Bangladesh	1	29
	x) Role of Leasing Companies	1	27
	xi) Manners & Etiquette	1	40
	xii) Impact of Electronic Money in Payment System	1	33
	xiii) Group Lending	1	40
	xiv) Current Banking Issues & Operational Aspects	1	40
	xv) Inflation Targeting	1	27
	xvi) Presentation Techniques	1	22
5.	Special Training/ Workshops/Seminars/ Course (As Per Request)	6	216
	i) ICT Activities of BB under Security Policy	1	27
	ii) System Check of Commercial Banks	2	54
	iii) Core Risk Management on CRM, ICC & ICT	3	135
	Grand Total :	122	3745

Central Bank Strengthening Project (IDA Credit No. 3792 BD)

11.15 Bangladesh Bank is implementing the Central Bank Strengthening Project (CBSP) with financial assistance of the International Development Association (IDA). The main objective of the project is to transform

Bangladesh Bank into a modern and dynamic central bank capable to play appropriate regulatory and supervisory role in the monetary and banking sector. It is a project with a total cost of USD 43.46 million of which IDA will provide USD 37.0 million and the rest USD 6.46 million will be borne by the Bangladesh Bank. The project commenced in late 2003 and is expected to be completed by 2009. The main components of the project are: (A) Reorganisation and Modernization (Functional Reorganisation, Automation, Human Resources Development); (B) Capacity Building (Strengthening Research Department, Strengthening Prudential Regulations and Supervision, Strengthening Accounting and Auditing; and (C) Strengthening the Legal Framework.

The main activities against different components of the project are-

A. Reorganisation and Modernization Functional reorganisation

In order to make the activities of Bangladesh Bank more dynamic, functional reorganisation of the Bank has been accomplished through abolishing and merging a number of departments of the Bank. Besides, functions of some departments have been reorganised. Formulation of Departmental Objectives and Key Performance Indicators was done ensuring that they are perfectly aligned with the overall mission and vision of the Bank. With a view to successfully implement the Enterprise Resources Planning and Banking Application Solutions, Standard Operating Procedures of several related departments have been prepared. The capacity of the Bangladesh Bank Training Academy has been enhanced, positioned as a full-fledged centre and has been shifted to its new campus at Mirpur.

Automation

With a view to introduce automation in the overall functions of Bangladesh Bank, 700 PCs were purchased using BB's own fund. In addition, to procure a lot of another 1400 PCs, a

contract has been signed in March 2008 with Patimas International Sendirian Berhad, a Malaysian company, for supply, installation and commissioning of Standard Hardware & Software including related Training and Technical support. This contract will also be funded from BB's own resources. To build a communication network amongst departments, head office and branch offices of BB, another contract has been signed in October 2007 with ST Electronics (Info-software) Pvt. Limited. First shipment of HP Servers and other ancillary items has already arrived. This package is expected to be completed in late 2009. Besides, first stage bidding process & evaluation of Enterprise Resources Planning and Banking Software packages have been completed and now 2nd stage bidding process is undergoing. Enterprise Data Warehouse and System Integration packages are under evaluation process. For successful implementation of the IT packages, an IT Programme Manager has been selected.

Human Resources Development

A modern performance based promotion policy has been formulated for the officers of the Bank and promotions are being given under the new policy. A modern and target based Performance Management System (PMS) has been made effective since 1 April 2006. Besides, a Recognition and Award policy for the officers/employees of the Bank has been implemented. Moreover, Training Need Assessment (TNA) for the officers of the Bank has been conducted, a new Training Policy and Procedure has been adopted and the same is now being followed. Human Resources Department of the Bank has been reorganised to ensure more focused role and effectiveness. Optical Mark Reader (OMR), prescribed application form, website disclosure, first day orientation are being used in the recruitment process. A National HR Consultant was appointed to review and implement the recommendation made by International HR Consultant. He submitted Structural Reorganisation Policy, Promotion Policy, Rotation/ Transfer Policy and Recruitment Policy

for BB officials, which are now being reviewed by BB Authority. Besides, the service of National HR Consultant was instrumental in helping BB to implement the new PMS properly.

B. Capacity Building

Strengthening Research Department:

A Policy Analysis Unit (PAU) was established in the Research Department to enhance the quality of research work of Bangladesh Bank and subsequently from 20 August 2007 it has been transformed into a separate entity. The PAU is publishing Monetary Policy Review & Financial Sector Review on a semi annual basis and has published several Monetary Policy Notes and a number of Working Papers on different economic and financial issues. Initially, the costs of PAU was borne from CBSP, however, this unit is now running under BB's regular budget.

Strengthening Prudential Regulations and Supervisions

In order to formulate and implement more appropriate policies and techniques for enhancing the efficiency of officers of Bangladesh Bank in supervisory activities, a number of draft policies on licensing, good governance, accounting policies (disclosure), loan classification and provisioning, capital adequacy, liquidity risk management and credit risk management have been formulated and adopted. Besides, with a view to supervise the financial institutions, a comprehensive inspection manual has been prepared which is under review of the Bank Management.

Strengthening Accounting and Auditing Standards

Bangladesh Bank has adopted International Accounting Standards (IAS) as its accounting framework and International Standards on Auditing (ISA) for auditing standard from financial year 2003. In order to support the strengthening initiative, BB has utilised the services of Financial Management Consultant

(a local Audit Firm with international affiliation). The firm offered various training courses for the official of Accounts & Budgeting Department and Internal Audit Department. Besides, the firm also prepared a Financial Management Manual and an Internal Audit Manual, which are now being reviewed by BB.

C. Strengthening the Legal Framework:

In order to strengthening the legal framework of the banking sector, Legal Counsels hired under CBSP has reviewed the existing laws (BBO,

BCA and FIA) and submitted their recommendations for necessary amendments to these Acts to transform them into modern pieces of legislatures. BB authority has decided to review the consistency of draft BBO, BCA and FIA prepared by the Legal Counsels and then translate the same into Bengali. In order to build in-house legal capacity, the Law Department has been restructured and officials of Law Department along with BB officials having academic background in Law were trained. In addition, a separate Law Library has been set up in that Department.